

Annual Securities Report

(Pursuant to Article 24, paragraph (1) of the Financial Instruments and Exchange Act)

Business year
(158th Fiscal Year)

From: April 1, 2022
To: March 31, 2023

Yamato Holdings Co., Ltd.

(E04187)

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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[Company name]	ヤマトホールディングス株式会社 (<i>Yamato Holdings Kabushiki Kaisha</i>)
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PART 1 INFORMATION ON THE COMPANY

I. Overview of the Company

1. Changes in Principal Management Indicators, etc.

(1) Consolidated management indicators, etc.

Fiscal Year		154th	155th	156th	157th	158th
Closing Month and Year		March 2019	March 2020	March 2021	March 2022	March 2023
Operating revenue	(Millions of yen)	1,625,315	1,630,146	1,695,867	1,793,618	1,800,668
Ordinary profit	(Millions of yen)	54,259	40,625	94,019	84,330	58,066
Profit attributable to owners of parent	(Millions of yen)	25,682	22,324	56,700	55,956	45,898
Comprehensive income	(Millions of yen)	26,987	17,285	73,292	47,276	46,114
Net assets	(Millions of yen)	573,388	562,835	584,287	598,233	616,430
Total assets	(Millions of yen)	1,123,659	1,100,739	1,089,991	1,086,854	1,107,587
Net assets per share	(Yen)	1,435.15	1,441.20	1,553.45	1,611.34	1,684.87
Basic earnings per share	(Yen)	65.14	56.78	151.55	151.03	126.64
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	50.4	50.4	52.9	54.3	55.1
Return on equity	(%)	4.6	4.0	10.0	9.6	7.6
Price earnings ratio	(Times)	43.9	29.9	20.0	15.2	17.9
Cash flows from operating activities	(Millions of yen)	118,093	74,433	123,921	52,016	89,953
Cash flows from investing activities	(Millions of yen)	(54,872)	(49,943)	44,078	(58,943)	(49,420)
Cash flows from financing activities	(Millions of yen)	(70,947)	(22,368)	(123,247)	(54,456)	(38,617)
Cash and cash equivalents at end of period	(Millions of yen)	194,650	196,662	241,284	180,603	183,225
Number of employees	(Number of people)	225,125	224,945	223,191	216,873	210,197

- Notes:
- Diluted earnings per share are not presented since no potential shares exist.
 - In calculating the net assets per share for the 156th and thereafter, the Company's shares held by the Board Benefit Trust (BBT) are included in the treasury shares deducted from the number of shares outstanding as of the end of the fiscal period. In addition, in calculating the basic earnings per share, the Company's shares held by BBT are included in the treasury shares deducted from the calculation of the average number of shares during the period.
 - The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 157th Fiscal Year, and the principal management indicators, etc. relating to the 157th and the 158th Fiscal Years are those after applying the accounting standard and relevant ASBJ regulations.
 - The Company and its domestic consolidated subsidiaries have changed from the declining-balance method that was previously applied as their depreciation method for property, plant and equipment to the straight-line method from the 157th Fiscal Year in order to allocate costs in a manner that better reflects actual use of assets, and have accordingly modified useful lives of some vehicles. The principal management indicators, etc. relating to the 157th and 158th Fiscal Years are those after applying such change.

(2) The Reporting Company's management indicators, etc.

Fiscal Year		154th	155th	156th	157th	158th
Closing Month and Year		March 2019	March 2020	March 2021	March 2022	March 2023
Operating revenue	(Millions of yen)	29,445	49,864	44,864	48,010	47,189
Ordinary profit	(Millions of yen)	20,342	36,551	22,686	43,205	42,116
Net income or net loss (-)	(Millions of yen)	(5,316)	16,169	12,622	47,168	52,255
Share capital	(Millions of yen)	127,234	127,234	127,234	127,234	127,234
Total Number of Issued Shares	(Thousands of shares)	411,339	411,339	388,575	388,575	379,824
Net assets	(Millions of yen)	341,497	327,007	294,863	310,596	333,868
Total assets	(Millions of yen)	536,657	524,956	489,922	403,163	425,145
Net assets per share	(Yen)	866.14	848.90	794.73	847.49	921.59
Dividend per share		28.00	41.00	46.00	46.00	46.00
[Interim dividend per share (included above)]	(Yen)	[14.00]	[15.00]	[16.00]	[23.00]	[23.00]
Basic earnings per share or net loss per share (-)	(Yen)	(13.49)	41.13	33.74	127.32	144.17
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	63.6	62.3	60.2	77.0	78.5
Return on equity	(%)	(1.5)	4.8	4.1	15.6	16.2
Price earnings ratio	(Times)	(211.9)	41.3	90.0	18.0	15.7
Payout ratio	(%)	(207.6)	99.7	136.3	36.1	31.9
Number of employees	(Number of people)	244	284	389	25	21
Total shareholder return	(%)	108.2	66.2	118.0	92.0	92.8
[Benchmark index: TOPIX including dividends]	(%)	[95.0]	[85.9]	[122.1]	[124.6]	[131.8]
Highest share price	(Yen)	3,559.0	2,940.0	3,160.0	3,395.0	2,522.0
Lowest share price	(Yen)	2,654.0	1,289.0	1,641.0	2,130.0	2,008.0

- Notes:
1. Diluted earnings per share are not presented for the 155th Fiscal Year and thereafter since no potential shares exist.
 2. Diluted earnings per share are not presented for the 154th Fiscal Year since there was a net loss per share and no potential shares exist.
 3. In calculating the net assets per share for the 156th and thereafter, the Company's shares held by the Board Benefit Trust (BBT) are included in the treasury shares deducted from the number of shares outstanding as of the end of the fiscal period. In addition, in calculating the basic earnings per share, the Company's shares held by BBT are included in the treasury shares deducted from the calculation of the average number of shares during the period.
 4. The dividend per share of 41 yen in the 155th Fiscal Year includes the 100th anniversary commemorative dividend of 10 yen.
 5. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 157th Fiscal Year, and the principal management indicators, etc. relating to the 157th and the 158th Fiscal Years are those after applying the accounting standard and relevant ASBJ regulations.
 6. The Company has changed from the declining-balance method that was previously applied as their depreciation method for property, plant and equipment to the straight-line method from the 157th Fiscal Year in order to allocate costs in a manner that better reflects actual use of assets, and have accordingly modified useful lives of some vehicles. The principal management indicators, etc. relating to the 157th and 158th Fiscal Years are those after applying such change.
 7. Highest share price and lowest share price are those recorded on the Prime Market of the Tokyo Stock Exchange from April 4, 2022. The prices before this date were those recorded on the 1st Section of the Tokyo Stock Exchange.

2. History

The Company's predecessor (Yamato Transport Co., Ltd.) established in Kyobashi-ku Tokyo on November 29, 1919 with a share capital of 100,000 yen. Daini Yamato Transport Co., Ltd. was established as a procedure to increase capital in February 1929, and it merged with Yamato Transport Co., Ltd. and changed its name to Yamato Transport Co., Ltd. with a share capital of 250,000 yen.

Nov. 1919	Founded in Kyobashi-ku, Tokyo with a share capital of 100,000 yen and four vehicles.
Apr. 1929	Commenced regular delivery service between Tokyo and Yokohama (Japan's first regular route transport service).
May 1949	Listed its shares with the resumption of the Tokyo Stock Exchange.
Mar. 1950	Commenced forwarding business.
Jan. 1951	Signed a contract with Civil Air Transport (CAT) and started air freight agency operations.
Jan. 1952	Commenced sea cargo handling operations.
Oct. 1957	Established Yamato Shoji Co., Ltd. (currently: Yamato Autoworks Co., Ltd.)
Jun. 1958	Commenced the packing and shipping of artworks.
Aug. 1958	Entered into agency agreement with Japan Airlines Co., Ltd. and commenced handling cargo for domestic air routes.
Feb. 1960	Commenced handling mixed cargo for international air routes.
Apr. 1966	Commenced marketing of general port transportation business.
Jan. 1973	Separated the computer division and established Yamato System Development Co., Ltd.
Jan. 1976	Commenced the "TA-Q-BIN" small-lot delivery system service.
Mar. 1977	Established Kyokuto Lease Co., Ltd. (currently: Yamato Lease Co., Ltd.)
Mar. 1980	Established YAMATO TRANSPORT U.S.A., INC.
Sep. 1981	The Company's shares moved to the 1st Section of the Tokyo Stock Exchange.
Oct. 1982	Change of characters for Japanese trade name (with no change to English name).
Jul. 1985	Commenced new service that commodified moving services.
Sep. 1985	Established Yamato Home Services Co., Ltd. (currently: Yamato Home Convenience Co., Ltd.)
Jul. 1986	Established Yamato Collect Service Co., Ltd. (currently: Yamato Financial Co., Ltd.)
Oct. 1986	Established Yamato Transport Netherlands B.V. (Currently: YAMATO TRANSPORT EUROPE B.V.)
Jul. 1988	Commenced the "Cool TA-Q-BIN" service, Japan's first refrigerated delivery system.
Dec. 1996	Commenced Year-end/New Year TA-Q-BIN services. Operating 365 days a year.
Mar. 1997	Commenced "Kuroneko Mail" service nationwide.
Nov. 1997	Commenced service to Ogasawara Islands, completing the nationwide TA-Q-BIN network.
Apr. 2003	The logistics business was partially split and merged with Yamato Logistics Co., Ltd. The ocean forwarding business, customs clearance business, artworks transportation business and international moving business were separated and merged with Yamato Global Freight Co., Ltd. Shikoku Yamato Transport Co., Ltd. merged with Yamato Transport Co., Ltd. Kyushu Yamato Transport Co., Ltd. merged with Yamato Transport Co., Ltd.
Oct. 2003	The moving division was separated and merged with Yamato Home Convenience Co., Ltd. The car maintenance services division was separated and merged with Yamato Autoworks Co., Ltd.
Oct. 2004	Yamato Logistics Co., Ltd. and Yamato Parcel Service Co., Ltd. were combined with Yamato Global Freight Co., Ltd. through an absorption-type merger, and that company changed its name to Yamato Logistics Co., Ltd.
Nov. 2004	Established Yamato Management Services Co., Ltd. to handle bookkeeping and accounting operations as well as personnel affairs for companies in the Yamato Group.
Apr. 2005	Became involved in the management of Fine Credit Co., Ltd. (currently: Yamato Credit & Finance Co., Ltd.)
Nov. 2005	With the transition to a pure holding company, Yamato Transport Co., Ltd. changed its name to Yamato Holdings Co., Ltd. Delivery business, etc. was transferred to the Yamato Transport Successor Preparatory Company (currently: Yamato Transport Co., Ltd.)
Apr. 2008	Yamato Transport Co., Ltd.'s express business separated and merged with Yamato Global Express Co., Ltd.
Aug. 2008	Yamato Logistics Co., Ltd. split into Yamato Logistics Co., Ltd. conducting the logistics business, etc. and Yamato Global Logistics Japan Co., Ltd. conducting the international logistics services business, etc.
Aug. 2013	Completed construction of the integrated logistics terminal Atsugi Gateway.
Sep. 2013	Completed construction of the integrated logistics terminal Haneda Chronogate.
Oct. 2013	Established YAMATO RHQ DEVELOPMENT PTE. LTD (currently: YAMATO ASIA PTE. LTD.)
Mar. 2015	Abolished "Kuroneko Mail" service.
Apr. 2015	Commenced TA-Q-BIN Compact, Nekopos and the new post service Kuroneko DM-Bin.
Jan. 2016	Executed business and capital alliance with major Malaysian delivery company GD EXPRESS CARRIER BHD. (currently: GDEX BHD.)

Jul. 2016	Packcity Japan Co., Ltd., a joint venture company with Neopost Shipping S.A. (France), commenced open-type parcel delivery locker business.
Aug. 2016	Agreed to acquire the shares of three OTL Group companies, which are based in Malaysia and operate cross-border land transportation, and their business in Vietnam.
Sep. 2016	Completed construction of the integrated logistics terminal Chubu Gateway.
Nov. 2017	Commenced operations of the integrated logistics terminal Kansai Gateway.
Apr. 2020	60% of the issued common shares of Yamato Lease Co., Ltd. were transferred to Fuyo General Lease Co., Ltd.
Jun. 2020	Commenced the new "EAZY" delivery service for EC business operators.
Apr. 2021	Seven companies including Yamato Logistics Co., Ltd. and Yamato Financial Co., Ltd. were involved with Yamato Transport Co., Ltd. in absorption-type mergers and absorption-type company splits.
Sep. 2021	Yamato Management Services Co., Ltd. merged with Yamato Transport Co., Ltd.
Jan. 2022	51% of the issued common shares of Yamato Home Convenience Co., Ltd. were transferred to ART MOVING COMPANY Co., Ltd.
Apr. 2022	Due to the revision of the Tokyo Stock Exchange's market categories, transferred from the 1st Section to the Prime Market of the Tokyo Stock Exchange.

3. Description of Business

The Yamato Group (the Group) comprises YAMATO HOLDINGS CO., LTD. (the Company), 44 subsidiaries and 28 affiliates and operates in two types of business segments, namely the Retail Business Unit and the Corporate Business Unit, based on their customer segments.

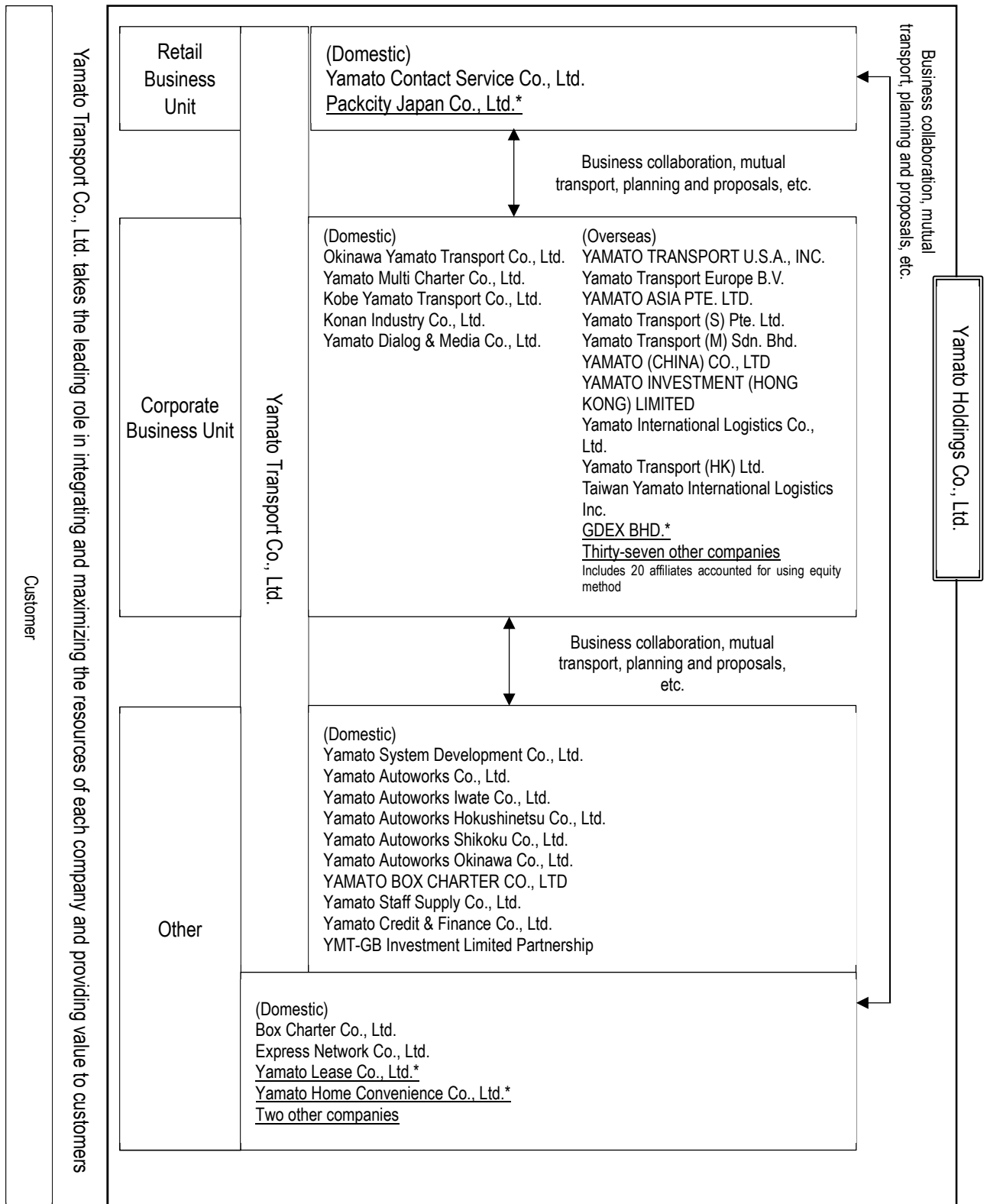
The description of business and the positioning and relationship to reportable segments are as follows.

The Company is categorized as a specified listed company pursuant to Article 49, paragraph (2) of the Cabinet Office Order on Restrictions on Securities Transactions. Accordingly, criteria for considering a material fact to be of minor importance for purposes of insider trading regulations are determined on the basis of consolidated figures.

Business segment	Description of business	Main companies
Retail Business Unit	Engages in providing small-lot transportation services, including TA-Q-BIN.	Yamato Transport Co., Ltd., YAMATO CONTACT SERVICE CO., LTD., Packcity Japan Co., Ltd.
	Home delivery business for individuals and small and medium-sized corporate customers	
Corporate Business Unit	Provides value to the entire corporate logistics supply chain.	Yamato Transport Co., Ltd., Okinawa Yamato Transport Co., Ltd., Yamato Multi Charter Co., Ltd., Kobe Yamato Transport Co., Ltd., Konan Industry Co., Ltd., Yamato Dialog & Media Co., Ltd., YAMATO TRANSPORT U.S.A., INC., YAMATO TRANSPORT EUROPE B.V., YAMATO ASIA PTE. LTD.*, YAMATO TRANSPORT (S) PTE. LTD., YAMATO TRANSPORT (M) SDN. BHD., YAMATO CHINA CO., LTD., YAMATO INVESTMENT (HONG KONG) LIMITED*, YAMATO INTERNATIONAL LOGISTICS CO., LTD., Yamato Logistics (HK) Ltd., TAIWAN YAMATO INTERNATIONAL LOGISTICS INC., GDEX BHD., 37 other companies
	Transportation services for large corporations, planning and operation of logistics centers, customs services, air cargo agency service business, settlement services business	
Other	Engages in maximizing the Group's value to the customer by utilizing IT and maintenance functions and various forms of transportation business that support both the retail and corporate business segments.	Yamato Transport Co., Ltd., Yamato System Development Co., Ltd., Yamato Autoworks Co., Ltd., Yamato Autoworks Iwate Co., Ltd., Yamato Autoworks Hokushinetsu Co., Ltd., Yamato Autoworks Shikoku Co., Ltd., Yamato Autoworks Okinawa Co., Ltd., YAMATO BOX CHARTER CO., LTD., Yamato Staff Supply Co., Ltd., Yamato Credit & Finance Co., Ltd., YMT-GB Investment Limited Partnership, Box Charter Co., Ltd., Express Network Co., Ltd., Yamato Lease Co., Ltd., Yamato Home Convenience Co., Ltd., 2 other companies
	Development, operation and management of IT systems, vehicle maintenance business, fuel sales business, nonlife insurance agent business, cargo vehicle transportation service, roll box pallet transportation service	

* At the Company's Board of Directors meeting held on February 17, 2023, the Company resolved to liquidate YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED.

The following business structure chart shows the status of the above corporate group.



- The company that submits consolidated financial statements
- No marking Consolidated subsidiary
- Underlined Non-consolidated subsidiary or affiliate
- * Affiliate accounted for using equity method

4. Status of Subsidiaries and Associates

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship
(Consolidated subsidiary) Yamato Transport Co., Ltd. *1 *2	Tokyo Chuo-ku	50,000	Retail Business Unit Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other 4 Company officers None Entrusted with the Company's administrative operations, etc. Leasing facilities. None
YAMATO CONTACT SERVICE CO., LTD.	Tokyo Toshima-ku	20	Retail Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other 1 Company officer None None None None
Okinawa Yamato Transport Co., Ltd.	Okinawa Prefecture Itoman City	50	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other 1 Company officer 375 million yen in loans for funding. None None None
Yamato Multi Charter Co., Ltd.	Kyoto City Fushimi-ku	96	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other 1 Company officer None None None None
Kobe Yamato Transport Co., Ltd.	Kobe City Chuo-ku	20	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other 1 Company officer None None None None
Konan Industry Co., Ltd.	Hamamatsu City Minami-ku	20	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
Yamato Dialog & Media Co., Ltd.	Tokyo Chuo-ku	100	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
YAMATO TRANSPORT U.S.A., INC.	California U.S.A.	Millions of US\$ 4	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YAMATO TRANSPORT EUROPE B.V.	Schiphol-Rijk The Netherlands	Millions of euro 8	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YAMATO ASIA PTE. LTD. *1	Singapore	Millions of S\$ 352	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	2 Company officers 80 million yen in loans for funding. None None None
YAMATO TRANSPORT (S) PTE. LTD.	Singapore	Millions of S\$ 55	Corporate Business Unit	100 (84.4)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YAMATO TRANSPORT (M) SDN. BHD.	Selangor Malaysia	Millions of RM 125	Corporate Business Unit	60 (60)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
YAMATO CHINA CO., LTD.	Shanghai China	Millions of RMB 50	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
YAMATO INVESTMENT (HONG KONG) LIMITED *1	Hong Kong	Millions of HK\$ 970	Corporate Business Unit	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
YAMATO INTERNATIONAL LOGISTICS CO., LTD.	Shanghai China	Millions of RMB 120	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Yamato Logistics (HK) Ltd.	Hong Kong	Millions of HK\$ 760	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
TAIWAN YAMATO INTERNATIONAL LOGISTICS INC.	Taipei Taiwan	Millions of NT\$ 21	Corporate Business Unit	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Yamato System Development Co., Ltd.	Tokyo Koto-ku	1,800	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	2 Company officers None Entrusted with the Company's system operation and management. None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
Yamato Autoworks Co., Ltd.	Tokyo Chuo-ku	30	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	2 Company officers None None None None
Yamato Autoworks Iwate Co., Ltd.	Iwate Prefecture Kitakami City	1	Other	95 (95)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Yamato Autoworks Hokushinetsu Co., Ltd.	Niigata City Nishi-ku	30	Other	95 (95)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Yamato Autoworks Shikoku Co., Ltd.	Kagawa Prefecture Nakatado-gun	1	Other	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
Yamato Autoworks Okinawa Co., Ltd.	Okinawa Prefecture Itoman City	30	Other	100 (100)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None
YAMATO BOX CHARTER CO., LTD.	Tokyo Chuo-ku	400	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
Yamato Staff Supply Co., Ltd.	Tokyo Chuo-ku	150	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer 413 million yen in loans for funding. None None None
Yamato Credit & Finance Co., Ltd.	Tokyo Toshima-ku	500	Other	70	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None 26,761 million yen in loans for funding. None None None
YMT-GB Investment Limited Partnership	Tokyo Shibuya-ku	3,000	Other	99.5	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Box Charter Co., Ltd.	Tokyo Chiyoda-ku	230	Other	56	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Express Network Co., Ltd.	Tokyo Minato-ku	112	Other	100	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
(an equity method affiliate)						
Packcity Japan Co., Ltd.	Tokyo Chiyoda-ku	1,500	Retail Business Unit	49 (49)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None

Name	Location	Share capital (Millions of yen)	Description of business	Ratio of voting rights held (%)	Relationship	
GDEX BHD.	Selangor Malaysia	Millions of RM 337	Corporate Business Unit	23.1 (23.1)	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	None None None None None
Yamato Lease Co., Ltd.	Tokyo Toshima-ku	30	Other	40	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	1 Company officer None None None None
Yamato Home Convenience Co., Ltd.	Tokyo Chuo-ku	100	Other	49	Concurrent positions held by officers Financial assistance Business transactions Leasing of facilities Other	2 Company officers None None None None
20 other companies						

*1. Yamato Transport Co., Ltd., YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED are categorized as specified subsidiaries.

*2. The operating revenue (excluding internal operating revenue among the consolidated companies) of Yamato Transport Co., Ltd. accounts for more than 10% of consolidated operating revenue. However, since the operating revenue of that company (including inter-segment sales or transfer) accounts for more than 90% of the operating revenue under the Retail Business Unit and the Corporate Business Unit in the segment information, the main profit and loss information has been omitted.

Note: The figures in parentheses in the Ratio of voting rights held are the indirect holding ratios.

5. Status of Employees

(1) Consolidated companies

As of March 31, 2023

Business segment	Number of employees (Number of people)
Retail Business Unit	170,835
Corporate Business Unit	18,671
Other	20,670
Corporate	21
Total	210,197

Notes: 1. Employees in the Retail Business Unit include employees in the Transportation department and Headquarters of Yamato Transport Co., Ltd.
2. The number for "Corporate" is the number of employees of the Company.

(2) Status of the Reporting Company

As of March 31, 2023

Number of employees (Number of people)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
21	53.6	25.6	11,420,516

Note: Average annual salary (including tax) includes non-standard allowances and bonuses.

(3) Status of the labor union

Yamato Transport Labor Union, etc. are organized in the Yamato Group. There are no particular matters to describe in relation to labor-management relations.

(4) Percentages of female employees in managerial positions, percentages of male employees who have taken childcare leave, and gender pay gaps

The Yamato Group actively presents exemplary ways of working for its diverse employees to follow, so that they all have opportunities to achieve success. We pursue diversity, fairness, and inclusiveness in the workplace for our employees, including part-time and fixed-term employees who work under limited conditions for working hours and/or places of work, among others.

Current fiscal year					
Reporting Company and consolidated subsidiary	Female employees in managerial positions (%) (Note 1)	Male employees who have taken childcare leave (%) (Note 2)	Gender pay gap (%) (Notes 1 and 3)		
			All employees	Permanent employees	Part-time and fixed-term employees
Yamato Transport Co., Ltd.	6.3	13.9	42.7	76.7	95.9
YAMATO CONTACT SERVICE CO., LTD.	17.9	50.0	58.1	53.1	113.5
Okinawa Yamato Transport Co., Ltd.	9.3	5.9	46.7	75.5	89.4
Yamato Multi Charter Co., Ltd.	0.0	0.0	38.7	75.2	78.4
Konan Industry Co., Ltd.	5.6	—	66.4	75.5	99.7
Yamato System Development Co., Ltd.	7.3	57.1	61.1	78.3	66.1
Yamato Autoworks Co., Ltd.	6.7	12.5	61.4	75.7	81.8
YAMATO BOX CHARTER CO., LTD.	4.3	20.0	53.8	72.2	96.8
Yamato Staff Supply Co., Ltd.	25.0	0.0	87.0	75.2	87.8
Yamato Credit & Finance Co., Ltd.	6.6	—	—	—	—

- Notes:
1. The percentages were calculated in accordance with the provision of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. These calculated percentages are of employees who have taken childcare leave as specified in Article 71-4, item (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 3. In regard to gender pay gaps, the Company's personnel and wage systems are not gender-based. The gaps shown above are attributed mostly to the fact that many female employees are part-timers who work fewer hours, and to differences in numbers of employees between the lines of work.

II. Business Overview

1. Management Policy, Management Environment and Tasks to be Addressed

The management policy and management environment of the Yamato Group and its tasks to be addressed are as follows.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(1) Management policy

With the Management Philosophy that 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, we are developing products and services that are useful for enhancing the convenience of lifestyles.

In the future, as part of the social infrastructure, we will continuously contribute to the creation of an enriched society by creating a “new logistics ecosystem” that meets the needs of customers and addresses social issues head on. In addition, we are also aiming for stable management by promoting improved efficiency and working towards strengthening profitability such as by working to enhance productivity.

(2) Objective indicators to judge the management environment, the management strategy and the status of achievement of the management goals

In the economic environment during the fiscal year ended March 31, 2023, the impact of COVID-19 weakened and there has been progress toward the normalization of economic activities. However, the global economy is slowing down due to the ongoing monetary tightening by major central banks in the U.S. and Europe against global inflation, including high energy prices and surging raw material prices accompanying the unstable international situation. Furthermore, in Japan, personal consumption has stagnated due to rising prices, making it difficult to foresee a full-fledged economic recovery.

Meanwhile, COVID-19 has triggered the teleworking trend, and promoted a shift to online services in the fields of medicine and education, changing consumer behaviors and lifestyles, and the industry is becoming more e-commerce oriented.

Under such circumstances, we at the Yamato Group aim to realize sustainable enhancement of corporate value through “contribution to the creation of an enriched society” as stated in our Management Philosophy. To this end, under a group management framework that mobilizes the management resources of each Group company, we are working to provide comprehensive value to meet the needs of customers and society by transforming our supply chain in response to changing lifestyles and distribution structures, based on the medium-term management plan “One Yamato 2023.”

Note that for the fiscal year ending March 31, 2024, the final fiscal year of the medium-term management plan, in consideration of factors such as rising prices, consumer trends and other changes in our external environment, we have revised our targets to consolidated operating revenue of 1.86 trillion yen, consolidated operating profit of 80.0 billion yen (consolidated operating profit margin of 4.3%) and ROE of 8.3%.

In the future, we will deepen the initiatives of reforming business structures based on changes in our external environment and progress in preexisting management structure reforms. For network operation structure reforms, in addition to tackling the transformation of our TA-Q-BIN network, which serves as our business foundation, and establishing and expanding dedicated networks that are optimized for logistics needs in segmented growth domains such as our “e-commerce logistics network,” “network designated to temperature-controlled deliveries,” and “transportation & delivery network dedicated to corporate clients,” we will promote the reinforcement of our existing networks with the consolidation and enlargement of our business offices as our starting point. Based on this new business foundation, we will endeavor to expand the value we provide to the customers’ “end to end” supply chain that expands beyond Japan to the rest of the world as well as promote digital, HR and environmental strategies that underpin business structure reforms to elevate profitability and growth power going forward. Additionally, we will continue to reinforce our foundation for the sustainable enhancement of corporate value by endeavoring to strengthen sustainable management and corporate governance.

Moreover, in order to accommodate challenges such as coping with the medium- to long-term declining trend of the working-age population and the “overtime work cap (2024 issue)” accompanying the Act on the Arrangement of Related Acts to Promote Work Style Reform promulgated in 2018 as well as ongoing cost increases accompanying price hikes, etc., Yamato Transport Co., Ltd. revised its reported freight rates, etc. effective April 3, 2023. We will continue to maintain and strengthen our transportation and delivery network and create an environment in which we can continue to provide better service to our customers by reviewing our reported freight rates, etc. every year, considering the impact of changes in the external environment, and by responding to our logistics partners and others in a timely and appropriate manner.

(3) Business and financial issues that require priority action

In the business environment surrounding the Yamato Group, the impact of COVID-19 has weakened and there is progress toward the normalization of economic activities. However, the global economy is slowing down due to ongoing monetary tightening by major central banks in the U.S. and Europe against global inflation, including high energy and raw material prices accompanying the unstable international situation.

Furthermore, in Japan, personal consumption has stagnated due to rising prices, making it difficult to foresee a full-fledged economic recovery. In addition, the logistics industry is facing challenges such as coping with the medium- to long-term declining trend of the working-age population and the “overtime work cap (2024 issue)” accompanying the Act on the Arrangement of Related Acts to Promote Work Style Reform promulgated in 2018. Under these circumstances, at the Yamato Group we will continue to accelerate the following initiatives (i) through (iii) in order to realize sustainable enhancement of corporate value through “contribution to the creation of an enriched society” as stated in our Management Philosophy.

In order to cope with the above challenges in the logistics industry and ongoing cost increases accompanying price hikes, etc., the Company has revised its reported freight rates, etc. effective April 3, 2023. We will continue to maintain and strengthen our transportation and delivery network and create an environment in which we can continue to provide better service to our customers by reviewing our reported freight rates, etc. every year, considering the impact of changes in the external environment, and by responding to our logistics partners and others in a timely and appropriate manner.

(i) Structural reform of network operations

We are promoting structural reform of our network and operations in order to meet the changing and diversifying needs of our customers, and to respond more flexibly to the fluctuating workloads. In order to maintain and improve the safety and quality of the existing TA-Q-BIN network and operations, as well as comfort and job satisfaction, and to optimize operating costs, we will continue to consolidate and increase the size of our bases, and reform the working style, personnel allocation, and framework at each base by subdividing and specializing job definitions and streamlining work operations through the use of IT systems. Moreover, in order to reduce the administrative operations of our frontline employees, we will continue to promote business process re-engineering (BPR) by standardizing our operations as well as digitizing such tasks.

(ii) Expansion of corporate business area

The Yamato Group is focusing on the solutions business as a new growth area, aiming to solve customers' management issues that extend throughout the entire supply chain, amid increasing risk factors such as global political and economic blockages in the supply chain and environmental issues.

In providing solutions, Sales and Operations work together with a thorough understanding of the customer's industry, business purpose, and strategy, and then make full use of the Yamato Group's management resources, including its domestic and international bases, transportation and delivery network, contract logistics, international forwarding and other logistics functions, finance, and IT systems. In this way, we aim to become a lead logistics partner (LLP) that not only manages and operates logistics for our customers, but is also involved in logistics strategy and planning. While leveraging the vast customer bases in Japan that we have cultivated through TA-Q-BIN, we will create optimal proposals based on sales information that is consolidated to our headquarters, facilitating frontline sales initiatives as well as improving our solution design and operational design. Thus, we will provide value to our customers across the entire supply chain from Japan to global areas by streamlining backyard operations related to stores and e-commerce operations, reducing opportunity loss in sales and optimizing inventories.

Furthermore, we will strive to achieve net-zero in-house GHG emissions by 2050. To this end, we will contribute to the realization of sustainable logistics by promoting green logistics such as the introduction of EVs and cold storage transportation without using dry ice to reduce the Company's emissions, and at the same time, optimizing customers' inventory and production activities and realizing reductions in their GHG emissions while creating a more environmentally responsible supply chain through visualization of customers' GHG emissions.

(iii) Promoting strategies for achieving sustainable enhancement of corporate value

The Yamato Group is working to strengthen its digital strategy, HR strategy, sustainable management, and governance as the foundation for expanding the value it provides to the “end to end” supply chain and enhancing sustainable corporate value.

With regard to the digital strategy, we have strengthened our DX promotion framework and are working to promote DX in tandem with our business, such as expanding the value we provide to customers by utilizing our digital infrastructure and optimizing our management resources. Regarding HR strategy, we are working to build an optimal human resources portfolio to create new added value and to improve the work comfort and job satisfaction of our diverse employees.

To strengthen sustainable management, we are working on each of the identified key issues (material issues) to enhance corporate value and realize a sustainable society over the medium to long term based on our two visions: “Connect. Deliver the Future via Green Logistics.” and “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind.’” With regard to the Environment, in order to realize “net-zero (in-house) GHG emissions in 2050” and “48% reduction in GHG emissions in 2030 (compared with FY2020),” we will continue to implement measures such as “introduction of 20,000 EVs,” “introduction of 810 solar power generation units,” and “increase in the use of electricity derived from renewable energy sources.” In addition, with regard to Social, we will continue to work toward the creation of an enriched society by, for example, respecting the diversity of human resources, creating a work environment where employees can play an active role, addressing various social issues, and promoting community development through co-creation.

We will also continue to strengthen governance by separating management supervision and execution, maintaining and enhancing

management transparency, as well as enhancing corporate governance, and promote management reforms through a governance structure with an emphasis on the speed of decision-making.

2. Approach to Sustainability and Associated Initiatives

The Yamato Group's approach to sustainability and its associated initiatives are as follows.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(1) Promotion of sustainable management

As we face pressing issues that must be addressed by society as a whole, such as climate change, a shrinking workforce, and human rights and inequality, there is an increasing need for each company to respond to those social challenges. In considering these circumstances, the Yamato Group promotes sustainable management with the aim of enhancing its corporate value over the medium to long term and realizing a sustainable society.

(i) Governance

The Company deliberates and resolves important items related to sustainability at the Management Committee and the Board of Directors. In addition, in order to promote sustainable management, with the President as the Committee Chair and the members consisting of the Yamato Transport officers (Senior Managing/Managing Executive Officers, etc.) and the Presidents of major Group Companies, the Yamato Group Environment Committee and the Yamato Group Social Promotion Committee meet once a year to deliberate and resolve sustainability issues. Also, in the area of "Environment," four subcommittees (Energy, Climate & Atmosphere; Resource Conservation & Waste; Management and Collaboration; and Products and Services) and in the "Social" area, three subcommittees (Human Rights & Diversity; Supply Chain Management; and Local Community) meet three times a year to discuss measures and check on their progress.

(Sustainability Promotion System)



(Roles of Yamato Group Environment Committee and Social Promotion Committee)

Yamato Group Environment Committee	<p>A. The decision-making body for initiatives with regard to environmental issues of the Yamato Group. It clarifies the direction of our initiatives, and examines, deliberates, and makes decisions with regard to environmental issues while confirming the status of operations of the environmental management system.</p> <p>B. The Yamato Holdings Representative Director and President performs the top management role of Environment Executive Officer, which includes receiving reports from the committee's members. The Environment Executive Officer evaluates the results of the committee's activities, conducts a review (Top Management Review) and determines future policy and other matters.</p>
Yamato Group Social Promotion Committee	<p>A. The decision-making body for initiatives with regard to social promotion of the Yamato Group. It clarifies the direction of our initiatives with respect to important issues concerning society and local regions, and examines, deliberates and makes decisions with regard to policies for social promotion.</p> <p>B. The Yamato Holdings Representative Director and President performs the top management role of supervision, which includes receiving reports from the Yamato Group Social Promotion Committee and from each company in the Yamato Group. The President evaluates the results of the committee's activities, conducts a review, and determines future policy and other matters.</p>

(ii) Strategy





















With a view to the improvement of corporate value over the medium to long term and the realization of a sustainable society, in our "YAMATO NEXT 100" grand design for medium- to long-term management, the Company adopted its vision for the environment and

society as well as identified the key materiality that it should address with priority. Moreover, under the “Yamato Group Environmental Policy,” the “Yamato Group Human Rights Policy,” the “Basic Policy on Diversity” and the “Yamato Group Responsible Procurement Policy,” we are promoting initiatives based on our “Sustainable Medium-Term Plans 2023,” through which we set forth concrete actions to take towards our materiality and achievement targets for 2023.

(Vision for the Environment and Society)

<p>Environmental Vision</p>	<p>Connect. Deliver the future via green logistics.</p> <p>The Yamato Group will further promote its vision of “Connect. Deliver the future via green logistics.” By leveraging cutting-edge connections between data, people, and resources, we will increase the efficiency of transportation and provide delivery services that are better for the planet, our customers’ lifestyles, and the economy. We will also support a strong, smart society by striving toward virtually zero greenhouse gas emissions^{*1} and by creating business models based on sustainable resource use and consumption.</p> <p>*1 In-house emissions (Scope 1 & Scope 2)</p>
<p>Social Vision</p>	<p>Through co-creation and fair business activities, help create a society that “leaves no one behind.”^{*2}</p> <p>As a social infrastructure company, the Yamato Group will contribute to improving the quality of life of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair and efficient business processes.</p> <p>By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.</p> <p>*2 To leave no one behind: A basic philosophy of the SDGs</p>

(Material issues)

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

(iii) Risk management

The Company deliberates and resolves challenges and risks in promoting sustainable management at meetings of the Yamato Group Environment Committee and the Yamato Group Social Promotion Committee. In addition, important items are discussed and resolved at the Management Committee and the Board of Directors as necessary.

Information on risk management with respect to climate change is stated under “Response to climate change.”

(iv) Indicators and targets

The Company has set forth achievement targets for its material issues in its “Sustainable Medium-Term Plans 2023.” Information on specific targets and progress therein is published in the Company’s Integrated Report.

(Integrated Report 2022_Strengthening of Sustainable Management)

https://www.yamato-hd.co.jp/english/investors/library/annualreport/pdf/e_ir2022_1_00_A3.pdf

Note that information on progress during the fiscal year ended March 31, 2023 is scheduled to be published in the “Integrated Report 2023” to be publicly released in the fiscal year ending March 31, 2024.

(2) Promotion of HR strategies that support management strategies

Under the “One Yamato Structure,” which is centered on Yamato Transport and centralizes the management resources of the Group, the Yamato Group is pursuing initiatives geared towards the realization of sustainable business growth through providing enhanced value to customers’ “end to end” supply chain.

By promoting HR strategies linked with management strategies based on the “Yamato Group Human Resources Management Policy,” which indicates the ideal personnel profile necessary for those initiatives as well as its approach regarding human resource management, the Yamato Group will proceed to realize the sustainable enhancement of corporate value through “contribution to the creation of an enriched society” as stated in its Management Philosophy.

(i) Strategy

The Yamato Group is tackling business structure reforms by transforming its preexisting business structure centered on TA-Q-BIN and expanding the value it provides to the customers’ “end to end” supply chain. We have established a human resources management system to support these initiatives and have expressly documented the approach that forms our foundation for expanding human resources management activities based on jobs in the form of the “Yamato Group Human Resources Management Policy.” Through the promotion of various HR measures based on this policy, we will draw out the activity and contributions of each individual employee to the fullest and proceed to generate higher added value.

(Yamato Group Human Resources Management Policy)

Yamato endeavors to create value for the future, and further advance itself to continuously help enrich our society.
Yamato recognizes employee’s contribution and growth through fair evaluation and feedback, and aims to foster an inclusive work environment where each individual feels actively engaged.
Yamato encourages employees who take ownership with a customer-centric perspective and sincerity, and rewards those who constantly strive to be at their best with challenging opportunities and personal growth.

i. Building an optimal human resources portfolio to create added value

In conjunction with the consolidation and enlargement of our business offices and the revision of our terminal functions that we are promoting as “structural reform of network operations,” which is one of our management strategy pillars, we will promote the reassignment of human resources who handle administrative duties and work operations for TA-Q-BIN. Additionally, we will subdivide definitions of jobs for “sales drivers” who originally handled numerous functions that included collection, delivery and sales, and in city areas where demand is concentrated, we will establish new jobs dedicated to delivery work. As such, we will proceed to define jobs according to the needs of our customers and employees and appropriately assign human resources and tie those efforts into improved job satisfaction and productivity.

Additionally, we will proceed to promote the recruitment and development of human resources needed to generate customer value in growth domains. On the recruitment front, we will clearly indicate human resource requirements and standards and bolster the recruitment of specialized human resources for each domain, including corporate sales, contract logistics operations and digital, together with human resources to serve as future management candidates. On the human resource development front, alongside presenting standard career paths for each human resource model with human resource requirements for successors to the President at the highest level, we will enhance specialized training to cultivate the knowledge and skills required in business management and develop core human resources in each domain.

More specifically, starting in the fiscal year ended March 31, 2022, we have been implementing systematic training for both domestic and overseas corporate sales personnel to outfit themselves with the mindset, knowledge and skills required of them in order to develop them into corporate sales personnel capable of playing active roles in global business. Additionally, we are endeavoring to maximize

performance by creating a structure through which managers evaluate and support the quality and quantity of actions in actual sales activities.

In the fiscal year ended March 31, 2023, in an effort to form a deep understanding of our customers' industries, business and supply chains as a whole and enhance knowledge and skills for making concrete proposals to address their management challenges, we tackled the implementation of training in management analysis, more practical corporate sales courses and solution sales skill enhancement training, the acquisition of related qualifications, the improvement of language skills, and other efforts.

Additionally, in the fiscal year ended March 31, 2022, we commenced digital education programs made up of a position-based training curriculum, and have been working towards raising the digital literacy of all employees including senior management and developing digitally literate employees.

Investment in human capital based on a "right people in the right positions" approach is needed in order to build such an optimal human resources portfolio linked to our business strategies. We will put a structure in place for monitoring investments and the actualization of their effects over the medium to long term, which will include the establishment of "human productivity" as a key indicator, and will proceed to promote associated initiatives.

ii. Improving work comfort and job satisfaction for diverse employees

To establish a foundation for realizing sustainable growth, we promote the fostering of a corporate culture that respects human rights and diversity and measures to put a work environment in place where our employees can thrive. Moreover, we will link measures to boost an actual sense of employees' own growth through their work as well as their true sense of contributing to the forward development of the company to the improvement of employees' work comfort and job satisfaction and, in the process, their engagement.

The Yamato Group has positioned the "development of an environment in which non-Japanese employees are not left behind in the workplace" and the "development of an environment in which diverse human resources can play active roles and support of women's empowerment" as priority challenges. Following a survey of the workplace environment at the terminals of Yamato Transport, where roughly 90% of the approx. 9,500 non-Japanese individuals employed with the Yamato Group work, we found that insufficient explanations and understanding regarding treatment and the nature of duties after entering the company that stemmed from language issues was leading to inconvenience and a lack of work comfort for non-Japanese employees. To resolve this issue, we prepared a multilingual manual that contributes to the understanding of working regulations and the nature of duties, and are promoting its utilization in the workplace. Additionally, as a measure aimed at the promotion of female employees to managerial positions, we are promoting a "development program aimed at female employees who seek to be a head of business offices." In this program, both participants and their superiors prepare development plans for program participants and conduct training with "doing away with unconscious bias" as its theme. In doing so, we back up the empowerment of ambitious female employees.

(ii) Indicators and targets

(Indicators aimed at FY2027)

	Indicator	Period	Growth rate
Improvement of work productivity	Human productivity ^{*1}	FY2023→FY2027	+15% (aim)
		FY2019→FY2023	+9% (actual)
		FY2015→FY2019	0% (actual)

^{*1} (Consolidated operating revenue — consolidated subcontracting expenses)÷Consolidated personnel expenses

	Indicator	Record high value	FY2023	FY2027	
Improvement of engagement	Employee awareness survey ^{*2}	Work comfort	72%	66%	Level exceeding record high value ^{*3}
		Job satisfaction	68%	61%	
		Desire to continue working	75%	70%	
		True sense of employee growth	72%	67%	
		True sense of contribution to company	74%	68%	

^{*2} Applicable scope: Consolidated subsidiaries in Japan and Swan Co., Ltd.

^{*3} Applicable period: FY2017 onwards

(Indicators and targets under Sustainable Medium-Term Plans with fiscal year ending March 31, 2024 as final year)

Material issues	Indicators and FY2024 targets	FY2022 actual	FY2023 actual
Labor	Improvement in operating revenue per employee (versus FY2021 growth rate)	+7.9%	+11.2%
	Reduction in overtime work per employee 20% reduction compared with FY2021 ^{*1}	Reduced by 11.4%	Reduced by 7.0%
	90% annual paid leave utilization ^{*2}	90.5%	98.1%
Human rights & diversity	Number of women in management (executives) 2x compared with FY2021 (672 women)/10% of all managers are women ^{*2}	1.0x (348 women)/5.6%	1.1x (369 women)/5.7%
	2.5% percentage rate of employees with disabilities ^{*2}	2.6%	2.9%
	100% attendance at human rights training for all employees (full-timers) ^{*2}	Holding of human rights training for new operational executives	Holding of human rights training for all eligible employees

^{*1} Applicable scope: Consolidated subsidiaries in Japan

^{*2} Applicable scope: Consolidated subsidiaries in Japan and Swan Co., Ltd.

(3) Response to climate change

The Yamato Group recognizes that identifying the risks and opportunities that climate change issues pose to society and enterprises, evaluating the impact, and developing countermeasures are essential for business sustainability. Based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), we conducted a scenario analysis for Yamato Transport during the year ended March 31, 2022. By clarifying the business impact of climate change issues and focusing on items that will have a significant impact, we will work on measures to improve sustainability of our business and enhance our corporate value by engaging in dialogue with our stakeholders.

(i) Governance

The Yamato Group deliberates and resolves on environmental issues, including climate change, based on an environmental management framework with the Environment Committee as the decision-making body, while the Board of Directors supervises the execution of these decisions.

Specifically, the President and Representative Director chairs the Environment Committee and is responsible for overseeing environmental management. Then, important items discussed by the Environment Committee, such as Basic Policy on environmental issues, including climate change, are deliberated and resolved by the higher-level Management Committee and the Board of Directors. In addition, as environmental officers, the Executive Officers in charge of environmental fields and overseeing each region, and the Presidents of Group companies are responsible for ensuring the implementation, maintenance, and oversight of environmental management, including the preparation of the necessary management resources.

Furthermore, in principle, all general managers and heads of field organizations are "environmental managers," responsible for managing risks and opportunities related to the environment, including climate change.

(ii) Strategy

STEP 1: Assessment of risk importance

[Criteria for assessing importance]

We have established the level of importance in accordance with three grades (high, medium and low) based on criteria for evaluating the financial impact of revenue and costs incurred over a one-year period.

High: 10 billion yen or greater; medium: 1 billion yen or greater but less than 10 billion yen; low: less than 1 billion yen

[Assumed time period]

Short term (up to 2023); medium term (from 2024 to 2030); long term: (2031 and beyond)

Impacts of climate change on the Yamato Group					Magnitude of impacts	Occurance timing	
Risks			Risks	Opportunities			
Category	Type	Risk driver					
Transition Risks	Policy and Legal	(i) Carbon Pricing	Profit may decline if we cannot pass carbon tax on to prices.	Revenue may increase if low-carbon transport is sold as added value.	High	Medium-term	
		(ii) Strengthened emissions reporting requirements	Revenue may decrease due to a loss in reputation if false reporting is made and found. System development costs and personnel expenses may increase in response to requests by business partners for precise reporting of GHG emissions.	—	Low	Medium-term	
	Technology	(iii) Rising expectations for adding new technologies and high value to services	Revenue may decrease in the event of delays in responding to the transportation means and the deeper penetration of materials for curbing CO ₂ emissions accompanying the shift to a low carbon society.	We may be chosen by customers as partners and revenue may increase if we introduce transportation means that will curb CO ₂ emissions as the shift to a low carbon society takes place.	Low	Medium-term	
		(iv) Request for low-carbon transport	Expenses for introducing low-carbon vehicles and equipment will increase.	If we promote low-carbon transport by introducing electric vehicles, energy used for vehicles may change from fossil fuels to electricity and procurement costs may fall.	Medium	Medium-term	
	Market	(v) Change in energy mix	Expenses for energy used for vehicles and facilities may increase due to sharp rises in fuel prices and electricity prices caused by the deeper penetration of renewable energy, etc.	The energy self-sufficiency rate may rise and energy costs may fall, reflecting the introduction of renewable energy power generation facilities and solar power systems and the promotion of energy-savings activities.	Medium	Medium-term	
		(vi) Rise in consumers and customers' environmental awareness	Our service may be avoided and revenue may fall if we fail to fully respond to the rising awareness of corporate and organizational clients of the need to reduce CO ₂ emissions throughout the supply chain and consumers' rising awareness of climate change and ethical consumption.	In eco-friendly corporate and organizational clients and those in EU countries, if expectations for reduced CO ₂ emissions throughout the supply chain and growing consumer expectations relating to climate change and ethical consumption are met, our service will be chosen, thereby resulting in revenue increase. If consumers actively use delivery lockers and pickup services at sales offices, redelivery due to absence may be reduced and delivery efficiency may improve, which may reduce working hours and related costs.	High	Medium-term	
	Reputation	(vii) Criticism of the industrial sector	Expectations for the transport industry are high because it affects Scope 3 emissions in other industries. If it fails to achieve low-carbon transport, revenue may decline.	—	Low	Medium-term	
		(viii) Impact on funding	If we are categorized as a company that is not environmentally sustainable, funding may become difficult.	Funding may diversify with a shift to a low carbon society, and funding by a variety of means may become easier. Higher evaluation for our environmental initiatives will result in an expansion in investment and stock price stabilization.	Low	Medium-term	
	Physical Risks	Acute	(ix) Increase in frequency and severity of extreme weather events	More frequent extreme weather events may lead to the more frequent suspension of business due to their effects on employees, delays in the recovery of facilities affected by extreme weather, and power and fuel supply disruptions, which in turn may cause a decrease in revenue.	Increasing our capability to deal with natural disasters may increase demand from customers that are concerned about more extreme natural disasters, and this may increase revenue.	Medium	Short-term
				If customers' facilities and products are affected and shipments stop, revenue may fall. Damage to logistics facilities and equipment and cargo may increase losses and repair costs.	We may reduce losses of business opportunities and expenses for restoration by relocating at an early stage business sites to places where the risk of natural disasters is low.		
Chronic		(x) Rising sea levels	(x) Rising sea levels	Costs may increase due to the impact of increased insurance premiums and expenses for flood disaster measures at logistics sites located in coastal areas	—	Low	Long-term
			(xi) Change in rainfall patterns and extreme changes in weather patterns	Decreases in shipments from customers significantly affected by climate change and water risk may cause a decrease in revenue. Delays in delivery due to disruptions to roads caused by flooding may increase related expenses.	—	Low	Medium-term
			(xi) Rise in average temperatures	Rising average temperatures may increase health damage, including heat stroke, to employees and may lead to difficulty in hiring employees and an increase in employees who leave the company, which in turn leads to increases in expenses, including personnel cost and recruiting expense. Rising average temperatures may cause an increase in energy consumption for temperature control at logistics facilities, which may result in an increase in utility costs. Local specialties may not be able to be harvested, which may cause a decrease in revenue from the delivery of fresh produce.	—	Low	Long-term

STEP 2: Definition of scenario categories

In the scenario analysis that we performed in the fiscal year ended March 31, 2022, we envisioned the below two scenarios for Yamato Transport based on information from the UN Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA)^{*1}, and so forth.

- A. 1.5°C Scenario^{*2}: The incurrence of costs associated with reducing carbon emissions will become necessary and we must enforce stricter regulations and higher fuel and electricity costs; however, sustainability is the key to creating and offering competitive products in the society under this scenario.
- B. 4°C Scenario: While we will continue to practice our current style of management, incurring costs to address damages from natural disasters, etc. in each area of operation will become necessary in the society under this scenario.

*1 IPCC: RCP8.5

IEA: Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario, Stated Policies Scenario, etc.

*2 See 2°C Scenario for items with no scenario for 1.5°C

STEP 3: Evaluation of business impact

In the fiscal year ended March 31, 2022, recognizing the possibility that the introduction of a carbon tax and abnormal weather and disasters would exert a particularly large impact on revenue and costs among the risks that we extracted, we performed the below analysis and business impact evaluation.

●Items evaluated

- A. Financial impact from introduction of carbon tax
- B. Financial impact from decreasing revenues and increasing repair costs for facilities and equipment due to abnormal weather and disasters

●Details

- A. Financial impact assessment regarding introduction of carbon tax

We calculated business impact in 2030 and 2050 related to calculations upon the full introduction of a carbon tax. As a result of estimating the impact from cost increases with the carbon tax price assumed to be 130 dollars/t for 2030 and 250 dollars/t for 2050, we calculated that estimate to be 13.3 billion yen for 2030 and 25.6 billion yen for 2050.

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

As a result of estimating business impact of the decrease in revenues due to abnormal weather such as increasingly severe typhoons and heavy rain caused by linear rainbands, and the increase in damaged facility and equipment repair costs^{*3}, we calculated that estimate to be 1.9 billion yen for 2030 and 3.8 billion yen for 2050.

*3 Estimated using disasters that occurred in past as reference

STEP 4: Direction of countermeasures

- A. Introduction of carbon tax

The Yamato Group is working towards its high adopted target of virtually zero in-house emissions by the year 2050 in order to reduce greenhouse gas (GHG) emissions.

- a. Having adopted a reduction of 48% compared with FY2021 as our target value for 2030, our primary planned measures for realizing that target include introducing 20,000 low-carbon vehicles (mainly EVs) and 810 solar power generation units by 2030. By doing so, we estimate reduction effects of 6.1 billion yen by 2030 compared to if we did not take this initiative.
- b. Should we achieve virtually zero in-house emissions by also bolstering other measures, such as introducing EVs with cartridge batteries and other low-carbon vehicles and increasing the use of electricity derived from renewable energy sources through the further installation of solar power generation equipment, with a view to 2050, we envision that we will be able to eliminate the financial impact of a carbon tax.
- c. We are looking into introducing internal carbon pricing with the aim of proactive capital investment in low-carbon transition.

- B. Decrease in revenues due to abnormal weather and disasters and increase in damaged facility and equipment repair costs

In addition to store openings utilizing a hazard map and regular updates to its BCP manual, the Yamato Group examines the communication of information on adapting to climate change to internal members and external partners. In the future, we will perform demonstrations of utilization models of renewable energy that boosts resilience and EVs with cartridge batteries.

Furthermore, we will continue to examine countermeasures by reevaluating business impact while adding preconditions, including elevating assumptions of places and scales of occurrence.

(iii) Risk management

A dedicated department has been established in our Company to oversee the promotion of measures related to climate change throughout the Yamato Group. In addition, each Group company has appointed an environmental officer (President and Representative Director) and an environmental promotion representative (Promoter), as the entire Group promotes action against climate change. The Yamato Group Environment Committee, chaired by the President and Representative Director and composed mainly of Yamato Transport Executive Officers, regional managers, and Presidents of major Group companies, meets once a year to deliberate and resolve issues and risks related to the environment, including climate change. In addition, important items are discussed and resolved at the Management Committee and the Board of Directors as necessary.

(iv) Indicators and targets

A. Indicators used in evaluations of climate-related risks and opportunities in accordance with strategy and risk management processes

As indicators to manage response to climate change, for migration risk, the Yamato Group refers to energy-related indicators such as “carbon pricing” published in the World Energy Outlook by the IEA. For physical risk, we reference data such as flood occurrence frequency to understand changes in trends using the likes of materials based on climate change that are disclosed by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Education, Culture, Sports, Science and Technology, and the Japan Meteorological Agency.

B. Greenhouse gas (GHG) emissions

(Unit: tCO₂e)

	FY2019	FY2020	FY2021	FY2022
Scope 1	668,367	661,193	668,554	673,213
Scope 2	268,228	255,694	252,307	229,042
Scope 1 & Scope 2 total (in-house emissions)	936,594	916,887	920,861	902,254
Scope 3	1,381,380	1,716,512	1,750,716	2,297,206
Scope 1, Scope 2 & Scope 3 total	2,317,975	2,633,398	2,671,577	3,199,460

- Applicable scope of Scope 1 & Scope 2: Consolidated subsidiaries in Japan and Swan Co., Ltd.
- Applicable scope of Scope 3: Categories 1, 2, 3, 4, 5, 6, 7, 11 and 12

C. Targeted and actual figures used in climate change-related risk and opportunity management

[Targeted GHG emission reductions*]

Short term: 10% reduction by 2023 compared with FY2021

Medium term: 48% reduction by 2030 compared with FY2021

Long term: Virtually zero emissions by 2050

*In-house emissions (Scope 1 & Scope 2)

[Actual GHG emissions*]

902,254 tCO₂e for FY2022 (2% reduction compared with FY2021)

*In-house emissions (Scope 1 & Scope 2)

[Targeted ratio of electricity derived from renewable energy sources]

Short term: 40% of overall electricity by 2023*

Medium term: 70% of overall electricity by 2030

*To achieve the short-term target for GHG emission reductions, the targeted ratio was raised from the ratio (30% of overall electricity) set when formulating the Medium-Term Environmental Plan.

[Actual ratio of electricity derived from renewable energy sources]

11% of overall electricity for FY2022

Note that the actual figure for FY2023 is scheduled to be published in the “Integrated Report 2023” to be publicly released in the fiscal year ending March 31, 2024.

In parallel with implementing measures aimed at achieving the above targets, we are considering obtaining accreditation for the SBT 1.5°C.

Note that disclosures on “2. Approach to Sustainability and Associated Initiatives” have been made with the judgment that there are no significant differences between the situation at the Company and its consolidated subsidiaries and the situation in the Yamato Group, including its non-consolidated subsidiaries, etc.

3. Business and Other Risks

Among the matters related to business conditions, accounting conditions, etc., as described in the Annual Securities Report, the major risks that are recognized as having a significant impact on the Yamato Group's business results, etc., from the perspective of their impact on management and the likelihood that they will materialize, are categorized as risks related to the business environment and corresponding strategies, and risks related to business operations, and they are summarized as follows.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(1) Risks related to the business environment and corresponding strategies

(i) Risks due to changes in the market and competitive environment

The global economy is slowing down due to the ongoing monetary tightening by major central banks in the U.S. and Europe against global inflation, including high energy prices and surging raw material prices accompanying the unstable international situation. The progress in the shift to e-commerce is also changing the competitive environment surrounding the Yamato Group, not only intensifying competition with logistics providers, but also making it more important to have strategic relationships with EC platforms that are converting to in-house logistics, as well as the need to be aware of start-ups that have the potential to change business practices through digital means. In such an environment, failure to respond to the changing and diversifying needs of consumers and the logistics needs of corporate customers who are restructuring their existing distribution structures could result in a decline in operating revenues and missed growth opportunities, which could affect the Yamato Group's business results. In addition, if we do not work on corporate activities for the development of a sustainable society, we may face a decline in customer support, deterioration in relationships with the regional society, difficulty in securing talented human resources, and higher financing costs. This may affect the business results of the Yamato Group in the mid- to long-term.

In light of these risks, the Yamato Group is working to achieve sustainable growth by expanding the value it provides to the "end to end" supply chain to address the diversifying needs of customers and society.

In the expansion of corporate business area, we are working to provide value to the entire supply chain of our customers, such as by helping optimize logistics costs through balancing adjustment of inventories and reduction of lead time for delivery and transportation, in response to the growing demand for e-commerce and changes in the supply chains of corporate customers.

Furthermore, in the structural reform of network operations, we are establishing an e-commerce logistics network mainly in the urban areas in response to growing e-commerce demand. At the same time, we are working on the improvement in productivity of the entire logistics network as well as the optimization of operating costs by consolidating and increasing the size of TA-Q-BIN offices, which had been small and multi-store operations, redefining terminal functions, and promoting improvement in work operation efficiency using IT systems, among others.

In addition, while promoting our digital strategy, HR strategy and environmental strategy that support these business transformations, we strive to strengthen sustainable management and reinforce corporate governance, which serves as the foundation for initiatives to sustainably enhance corporate value.

(ii) Risks due to the declining working population

Many of the businesses operated by the Yamato Group are labor-intensive, and it is essential for us to secure high-quality human resources as our workforce and to assign them to their positions appropriately. If the supply-and-demand for labor becomes even tighter due to a decline in Japan's working population and it is not possible to secure sufficient human resources including transportation and delivery partners, or if costs significantly increase due to more intense competition over human resources, the Yamato Group's business results may be affected.

In light of these risks, the Yamato Group is building an environment in which employees are motivated to work and can advance through an attractive personnel and evaluation system that contributes to the acquisition and retention of human resources, and promoting the re-hiring of employees who have reached retirement age and possess knowledge and expertise. It is also developing a workplace environment in which human rights and diversity are respected and employees can work with greater peace of mind, and working to strengthen cooperation with our transportation and delivery partners, including in terms of safety and quality. Furthermore, we are working to optimize the allocation of management resources based on data analysis, optimize and standardize transportation processes including trunk lines, reduce inter-base transportation by consolidating and increasing the size of bases, and improve overall network productivity through operational reform, automation, and digitalization of work, while promoting business process reform (BPR) to standardize, computerize, and consolidate administrative and indirect operations.

(iii) Risks involved in the evolution of technology

The logistics industry in which the Yamato Group operates is undergoing various changes due to the evolution of technology, such as resource optimization through the utilization of AI, IoT, big data, and more, the automation of warehouse operations through the utilization of robotics, and reformation of trunk route transportation and last-mile delivery through the utilization of drones and automated driving. If the Yamato Group is unable to respond appropriately to the emergence of new business models expected in the short to mid-term, or if there is a misunderstanding of technological trends or inadequacies in the implementation method of cutting-edge technologies, the investment effect may not be achieved as expected, which may affect the Yamato Group's business results.

In light of these risks, the Yamato Group is bringing together internal and external digital specialist personnel to promote the implementation of cutting-edge technologies. We are also striving to quickly detect technologies and business models that could become a threat to the Yamato Group through direct investment and CVC funds in the digital field, as well as to create new growth models through open innovation.

(iv) Risks involved in information security

In addition to confidential business information, the Yamato Group also holds a great deal of personal and customer information through its logistics operations and commissioned information processing. If information were to be leaked externally or data were to be lost due to causes such as cyber-attacks or inadequate management, the business results of the Yamato Group may be affected due to damaged public trust, claims for damage compensation, and doubts about the digital strategy we are promoting. In addition, if the TA-Q-BIN system were to go down due to a cyber-attack, etc., and TA-Q-BIN deliveries were to be suspended nationwide, the Yamato Group's business results could be affected by lost revenue opportunities, etc.

In light of these risks, the Yamato Group is engaged in organizational and personnel-based measures as well as multi-layered technical measures assuming more advanced and more sophisticated cyber-attacks. Security measures include 24 hours a day and 365 days a year monitoring against unauthorized access to the network and unauthorized entry into the facility. In addition, as a countermeasure against system outages due to broad-based disasters, we have decentralized data centers for critical systems and operate mutual backups. As a countermeasure against system breakdowns, we have maintenance contracts with manufacturers to deal with hardware degradation over time and potential bugs in their products, and we are constantly coordinating information on problems or defects.

(v) Risks involved in depopulation of the region

Japan, which is the Yamato Group's main market, is experiencing a decline in the total population as well as a variety of issues in regional lifestyles and regional economies. In depopulated and aging regions, declining delivery efficiency and a shortage of human resources for pickup and delivery have become apparent. In the future, the business results of the Yamato Group may be affected if problems such as the decline of the regional social infrastructure due to a shrinkage of the local economy become more serious, or if it becomes more difficult to maintain a logistics network that covers the entire country in fine detail from a mid- to long-term perspective due to the decreasing profitability in such regions.

In light of these risks, the Yamato Group is working to reinforce the existing network, such as by consolidating and increasing the size of its bases mainly in urban areas, reforming the working style of employees through subdividing and specializing job definitions, and appropriately allocating personnel in tandem with the reform, in order to improve productivity across its entire logistics network. Additionally, the offices in charge of regional management will take the lead in promoting initiatives to contribute to the sustainability of local communities by rebuilding supply chains as local infrastructure in cooperation with local stakeholders, including local governments.

(vi) Risks involved in climate change

The Yamato Group uses a large number of vehicles to carry out its business. If global environmental issues, including climate change, become more serious, and if greenhouse gas (GHG) emission regulations or reduction obligations are tightened, or if carbon taxes are raised, the Yamato Group's business results may be affected due to increased costs for the introduction of low-carbon vehicles and facility renovations, etc. Also, with consumers becoming increasingly conscious of environmentally friendly consumption and with corporate customers' demands to reduce GHG emissions throughout their supply chains, if we are unable to meet the expected low-carbon transportation, operating revenues may decrease due to a decline in customer support, which may affect the Yamato Group's operating results among others. In addition, if the transition to a low-carbon society does not progress, the long-term effects could include frequent suspension of business activities due to damage to employees and facilities, road cutoffs, or power and fuel supply outages caused by more severe or more frequent natural disasters, which could affect the Yamato Group's operating results.

In light of these risks, the Yamato Group has set a medium-term target of reducing GHG emissions by 48% by 2030 compared to the fiscal year ended March 31, 2021, and is promoting initiatives such as "introduction of 20,000 EVs," "introduction of 810 solar power generation units," and "increase in the use of electricity derived from renewable energy sources," in order to achieve the long-term target of effectively zero GHG emissions (in-house emissions) by 2050. In addition, the entire Group is working to improve its resilience by strengthening its crisis management system in anticipation of various emergency situations caused by natural disasters. Specifically, we are conducting drills based on the business continuity plan (BCP), assessing the risk of flood damage to facilities, reallocating bases, and continuously reviewing manuals related to post-disaster response, suspension of pickup and delivery, maintenance work, etc. in preparation for unexpected disasters.

(vii) Risks involved in M&A and capital and business alliances

The Yamato Group has been implementing capital and business alliances and the like with overseas logistics companies in order to respond to the expansion of cross-border logistics with the goal of sustainable growth. However, if we are unable to achieve the expected results due to changes in the business environment or competition, or if unforeseen business problems occur, our business results may be affected.

In light of these risks, the Yamato Group makes decisions on investment projects after thoroughly examining the business model we should aim for based on the results of feasibility studies and other factors, and in light of the business feasibility determination rules, continues to conduct periodic monitoring after investment.

(2) Risks related to business operations

(i) Risks involved in compliance

The Yamato Group promotes management that places the utmost priority on compliance. However, it may not be possible to completely avoid compliance risks in products and services, work and safety, and the entire supply chain, and if a situation that infringes on a law or regulation were to occur, the Yamato Group's social trust and brand image could be damaged, and additional costs could be incurred in response to that occurrence. This may affect the business results of the Yamato Group.

In light of these risks, in order to improve the soundness of our Group management, the Yamato Group is striving to enhance our Group governance by appropriately operating our product management process based on our product management regulations, implementing philosophy training for employees, and working to quickly discover and appropriately respond to inappropriate cases through our whistle blower system and questionnaires for cooperating companies and partners.

(ii) Risks involved in large-scale natural disasters

The Yamato Group's main business is the transportation of parcels by vehicle, and we operate our business assuming the safety and health of our employees, the maintenance of our vehicles and facilities, and the stable supply of fuel and electricity. In the event of an unexpected large-scale natural disaster, the Yamato Group's business results could be affected by a shortage of human resources due to employees becoming victims, business stoppages due to damage or submersion of vehicles, information equipment, or facilities, power or water outages or shortages of fuel or supplies, incurring repair or replacement costs for vehicles or facilities, or a decrease in shipment volume due to customers becoming victims, from immediately after the disaster and over the medium to long term.

In light of these risks, the Yamato Group, as a corporate group responsible for social infrastructure, has formulated a business continuity plan (BCP) to ensure that we can continue to provide stable services even in unexpected situations. In addition, in light of our experience of the Great East Japan Earthquake that occurred in 2011 and other such disasters, we are working to strengthen the crisis management system throughout the Group to respond to a variety of hypothetical emergency situations. We then conduct BCP drills, assess the risk of flood damage to our facilities, and reallocate our bases, as well as continuously review manuals related to post-disaster response, suspension of pickup and delivery, maintenance work, etc., in preparation for unexpected disasters. In the event of an emergency, based on our basic BCP policy, which is centered on "placing the highest priority on human life," "aiming for early restoration of the business of each Group company," and "meeting the expectations of the local community as a social infrastructure," we will establish an internal task force in accordance with our standards, respond in cooperation with the Group companies, and work to provide value to the affected areas and customers in response to their issues.

(iii) Risks involved in serious traffic accidents and occupational accidents

The Yamato Group conducts its business activities using vehicles on public roads, and if a serious traffic accident were to arise, the Yamato Group could suffer a drop in social trust, discontinuation of the use of its vehicles due to administrative punishment, discontinuation of business operations at its offices due to the violation point system, revocation of its business license, and other measures. This could result in business being disrupted or suspended. In addition, causing a serious occupational accident that impairs the occupational safety of employees and others could affect the business results of the Yamato Group.

In light of these risks, the Yamato Group places the utmost priority on respect for human life, and is working to promote transportation safety management, to formulate and comply with rules to ensure safety, to maintain facilities and systems, to provide safety education and raise awareness among employees, to implement periodic checks by the Audit Division on the status of compliance with laws and regulations in operations and maintenance management, and to ensure occupational safety.

(iv) Risks involved in labor-related laws and systems

Many of the businesses operated by the Yamato Group are labor-intensive, and it is essential for us to secure high-quality human resources as our workforce and to assign them to their positions appropriately. In the event of revisions to laws, regulations, systems related to labor, social insurance, or the like, the Yamato Group's business results may be affected due to a significant increase in costs to comply with such revisions. In addition, the application of overtime caps to vehicle driving operations will begin in April 2024, which will reduce capacity for long-distance transportation in the transportation industry and increase the cost of outsourcing to transportation partners, which may affect the Yamato Group's business results.

In light of these risks, the Yamato Group is working to promote the development of a working environment and HR system that appropriately complies with laws and regulations, as well as strengthen relationships with transportation and delivery partners and improve productivity by promoting digital transformation. In addition, we will expand the use of trailers, including the Super Full Trailer SF25, which contributes to more efficient long-distance transportation, promote modal shifts, and improve transportation efficiency based on data analysis, and toward building a sustainable logistics network, in addition to trucks, railroad, ferries, and cargo space under passenger aircraft floors, which have been responsible for long-distance transportation until now, we will begin operating dedicated cargo aircraft (freighters) as a new mode of transportation from April 2024.

(v) Risks due to the influence of international situations and the like

If the regions in which the Yamato Group conducts its business activities or the regions in which its major clients conduct their business activities are affected by terrorism, war, or other international conflicts or trade disputes, the business results of the Yamato Group may be affected by stagnating logistics caused by disruptions in the supply chain or the like, as well as employee evacuations or other similar reasons. In addition, as the Yamato Group's main business is the transportation of parcels by vehicle, a constant, stable, and appropriate supply of fuel such as diesel oil is essential in order to carry out the business. If supply were to be restricted or fuel prices were to skyrocket due to international situations or the like, the business results of the Yamato Group may be affected.

In light of these risks, the Yamato Group has established an account management structure that faces corporate customers as "One Yamato," including those overseas, and is promoting initiatives to expand the value it provides by combining a variety of transportation methods by land, sea, and air for the globally extending supply chains of its customers. In addition, we are promoting measures to reduce fuel use, such as improving efficiency of transportation and delivery based on data analysis, modal shifts, the introduction of more fuel-efficient vehicles, and the promotion of cart pickup and delivery, as well as optimizing pricing to customers in light of soaring fuel prices etc.

(vi) Risks involved in infectious diseases

Many of the businesses operated by the Yamato Group are labor-intensive, and we operate our businesses assuming the safety and health of our employees. In the event of an unforeseen outbreak of an infectious disease, the business results of the Yamato Group may be affected due to a lack of human resources because of employee illness, costs involved in providing hygienic supplies, and increased difficulty in continuing business.

In light of these risks, in the event of an unforeseen large outbreak of an infectious disease, the Yamato Group will set up a liaison office for countermeasures, and will plan and promote countermeasures based on the infection situation within the Company and government measures. Then, to ensure that our customers can use TA-Q-BIN with peace of mind, we will pay utmost attention to employee hygiene management, as well as supporting parcel deliveries without face-to-face contact and taking measures to prevent infection when taking care of customers in person, and disseminating information through our website and other means, thereby ensuring the continuation of TA-Q-BIN and other logistics services with customer and employee safety as our top priority.

(vii) Risks due to influence from the financial market

The Yamato Group acquires the necessary funding by utilizing Group funds as well as borrowing from financial institutions and issuing bonds while referring to our investment plans for business continuity and growth. The future economic situations of Japan and abroad may make it

difficult to procure funding if the financial markets become dysfunctional or if financial institutions are selective in their lending, and interest expenses may increase due to rising interest rates.

In light of these risks, we will maintain and strengthen our financial soundness in terms of cash generation, cash and deposits held, equity ratio levels, and the like, as well as strive to appropriately diversify our funding sources and timing.

4. Management's Analysis of Financial Conditions, Business Results and Cash Flows

(1) Overview of the business results, etc.

An overview of the Yamato Group's financial conditions, business results and cash flows for the fiscal year ended March 31, 2023 is provided below.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(i) Financial conditions and business results

i. Financial conditions

Total assets were 1,107,587 million yen, up 20,732 million yen from the end of the previous fiscal year.

Liabilities were 491,156 million yen, up 2,535 million yen from the end of the previous fiscal year.

Net assets were 616,430 million yen, up 18,196 million yen from the end of the previous fiscal year.

ii. Business results

In the economic environment during the fiscal year ended March 31, 2023, the impact of COVID-19 weakened and there has been progress toward the normalization of economic activities. However, the global economy is slowing down due to the ongoing monetary tightening by major central banks in the U.S. and Europe against global inflation, including high energy prices and surging raw material prices accompanying the unstable international situation. Furthermore, in Japan, personal consumption has stagnated due to rising prices, making it difficult to foresee a full-fledged economic recovery.

Meanwhile, COVID-19 has triggered the teleworking trend, and promoted a shift to online services in the fields of medicine and education, changing consumer behaviors and lifestyles, and the industry is becoming more e-commerce oriented.

Under these circumstances, we at the Yamato Group aim to realize sustainable enhancement of corporate value through "contribution to the creation of an enriched society" as stated in our Management Philosophy. To this end, under a group management framework that mobilizes the management resources of each Group company, we worked to provide comprehensive value to meet the needs of customers and society by transforming our supply chain in response to changing lifestyles and distribution structures, based on the medium-term management plan "One Yamato 2023," which ends in the fiscal year ending March 31, 2024.

Our consolidated financial results for the fiscal year ended March 31, 2023 were as follows.

Category	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Growth (%)
Operating revenue (Millions of yen)	1,793,618	1,800,668	7,050	0.4
Operating profit (Millions of yen)	77,199	60,085	(17,114)	(22.2)
Ordinary profit (Millions of yen)	84,330	58,066	(26,264)	(31.1)
Profit attributable to owners of parent (Millions of yen)	55,956	45,898	(10,057)	(18.0)

For the fiscal year ended March 31, 2023, operating revenue amounted to 1,800,668 million yen, up 7,050 million yen year-on-year. This is attributable to our having achieved an increase in parcel delivery volume as a result of taking action in the e-commerce domain, which continues to grow, and also a result of our having focused on optimizing logistics for customers.

Operating expenses amounted to 1,740,583 million yen, up 24,164 million yen year-on-year. This was due to factors that include an increase in costs associated with the promotion of the medium-term management plan "One Yamato 2023," such as the fact that we are in the process of optimizing transportation and delivery operations in the e-commerce logistics network, which we are building to accommodate the growing demand for e-commerce, and our existing network, along with increases in hourly wage rates, fuel, and electricity costs.

As a result, for the fiscal year ended March 31, 2023, operating profit amounted to 60,085 million yen, down 17,114 million yen year-on-year.

Initiatives for the entire Yamato Group

The Yamato Group continued its efforts to stably provide TA-Q-BIN and other logistics services while paying attention to employee hygiene management. Based on our medium-term management plan “One Yamato 2023,” we are working on the following initiatives to expand comprehensive value offering that addresses the diversifying needs of customers and society.

(a) Expansion of value offering to corporate customers

In response to the growing demand for e-commerce and changes in the supply chains of corporate customers, we have continued to provide value to the entire supply chain of our customers, such as by having sales drivers and corporate sales representatives work together to solve customers’ issues, and maximizing the use of our bases and transportation and delivery network to help optimize logistics costs through balancing adjustment of inventories and reduction of lead time for delivery and transportation.

(b) Structural reform of network operations

In response to growing EC demand, we are building an EC logistics network that simplifies the operational process from sorting and transportation to the last mile, mainly in urban areas. On top of this, in order to respond more flexibly to fluctuating business volume, we continued to improve productivity of the entire logistics network as well as the optimization of operating costs. We did so by consolidating and increasing the size of TA-Q-BIN offices, which had been small and multi-store operations, redefining terminal functions, improving work operation efficiency using IT systems, and promoting initiatives to improve safety, quality, and work comfort, among others.

(c) Promoting strategies for achieving sustainable enhancement of corporate value

With the aim of sustainably enhancing our corporate value, we have engaged in initiatives under our medium-term management plan “One Yamato 2023” that involve promoting data and innovation strategies, reforming management structure and reinforcing governance, engaging in HR strategy, improving capital efficiency, and strengthening sustainable management.

With regard to our digital strategy, we continue to prepare and make use of digital data and enhance our digital platform in order to further sophisticate our use of data, as well as to improve our services and operations by utilizing digital data.

In terms of our innovation strategy, we moved forward with initiatives to promote open innovation, which entails discovering and collaborating with startups, as well as co-creating new businesses through investment.

In terms of HR strategy, we are working to create an environment that maximizes the value created by employees by, for example, establishing a multilayered human resource management system in which employees can work autonomously for their own growth and a diverse range of human resources can play an active role.

We are also working on strengthening our corporate governance by separating management supervision and execution, maintaining and enhancing management transparency, and focusing on decision-making speed.

As for strengthening sustainable management, in order to strike the right balance between sustainable growth and the development of a sustainable society, we have been engaging in business in a manner that involves considering the environment and society, in part by streamlining transportation in a manner that involves attentively connecting people with resources and data. These efforts have been underpinned by our dual visions, 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.’” With regard to the environment in particular, in order to realize “net-zero (in-house) GHG emissions in 2050” and “48% reduction in GHG emissions in 2030 (compared with FY2020),” we are promoting measures such as “introduction of 20,000 EVs,” “introduction of 810 solar power generation units,” and “increase in the use of electricity derived from renewable energy sources.” In addition, in September 2022, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclosed information on risks and opportunities of climate change affecting our business activities on our corporate website in accordance with the TCFD recommendations. We will continue to accelerate our sustainability efforts, including addressing climate change and social issues, to promote sustainable corporate growth.

Business strategies of each segment

○ Retail Business Unit

- (a) The Retail Business Unit provides TA-Q-BIN and other high-quality, small-lot transportation services. As the starting point for the entire Group's business, our front-line employees identify changes in customers' lifestyles and business environments accompanying such changes, and work with corporate sales representatives to propose solutions that leverage the Group's management resources, thereby taking advantage of the points of contact with customers created through the TA-Q-BIN services, and providing value in response to customer needs. Moreover, we are also working through efforts to provide services that make delivery and pick-up more convenient, particularly the "Kuroneko Members" service, which has more than 50 million registered members, and the "Yamato Business Members" service, which is used by more than 1.5 million corporate clients, and also through efforts to upgrade various services other than those involving transportation that are beneficial in terms of people's lives and business.
- (b) During the fiscal year ended March 31, 2023, we launched a service that streamlines TA-Q-BIN shipping procedures for corporate customers using smartphones to further improve the customer experience, and also launched a new payment service compatible with smartphones called "Nyan Pay" to promote cashless transactions. We also worked to improve customer convenience by expanding the functions of the TA-Q-BIN online pickup request service, and by collaborating with flea market operators and condominium delivery locker service providers to expand the function that allows non-face-to-face sending of goods from condominium delivery lockers.
- (c) Operating revenue from customers amounted to 894,574 million yen, up 0.1% from the previous fiscal year, as a result of the business unit having engaged in efforts to optimally ship and deliver parcels in alignment with diversifying needs. Operating expenses increased by 5.1% from the previous fiscal year due to an increase in costs associated with our promotion of the medium-term management plan, "One Yamato 2023," and operating profit decreased by 12,165 million yen from the previous fiscal year.

○ Corporate Business Unit

- (a) The Corporate Business Unit has been seeking to provide value across entire corporate logistics supply chains, including midstream and upstream domains of business. To such ends, the business unit has been taking on initiatives that include planning supply chain management (SCM) strategies that contribute to customers' business decisions, above and beyond improving and streamlining logistics operations, and furthermore engaging in strengthening of account sales, which involves developing effective projects and assuming responsibility through to management and operations.
- (b) In urban areas where EC demand continues to grow and is concentrated, we are building an EC logistics network that simplifies the operational process from sorting and transportation to the last mile. 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 operations from order receiving to shipping and delivery. Furthermore, the business unit has also been engaging in efforts involving cross-border e-commerce amid growing demand, such that involve achieving shorter lead times up through delivery by seamlessly linking import customs clearance systems with the domestic delivery network.
- (c) Moreover, for retailers who are developing physical stores and e-commerce omni-channel sales frameworks, the business unit has been promoting efforts to optimize inventory and distribution through centralized management, thereby liquidating sales inventories with customers' omni-channel operations by combining larger, more-centralized operational centers with transportation and delivery networks. We also focus our efforts on proposal-based sales that contribute to providing comprehensive value by engaging in integrated management encompassing all of the Yamato Group's logistics services for companies, extending from procurement of merchandise for stores and merchandise for official online shopping websites, to storage, packaging and delivery.
- (d) During the fiscal year ended March 31, 2023, we executed a "Co-Creation Logistics Partnership Agreement" with a general food manufacturer to optimize the entire supply chain from raw material procurement to sales. The "Lead Logistics Partner Agreement" was executed to reduce entire logistics cost by optimizing tire manufacturers' logistics and inventory, increase the value of tire manufacturers to their customers, and realize logistics with less environmental impact through visualization and reduction of GHG emissions. We are also continuing our efforts to expand the value we provide to the "end to end" supply chain by fully utilizing the management resources of the Yamato Group. For example, we have established a direct-to-consumer (D2C) distribution scheme for a food retailer, utilizing a base that combines a sorting terminal and cold storage function of Yamato Transport Co., Ltd. We have also executed a "Logistics Partnership Agreement" with a fashion company for the realization of a sustainable supply chain, and a "Lead Logistics Partner Agreement" for the establishment of a sustainable supply chain in response to changes in the business environment of the food service industry.
- (e) Operating revenue from customers amounted to 846,053 million yen, up 4.2% from the previous fiscal year, as a result of the business unit tapping growing e-commerce demand and promoting initiatives to optimize logistics for corporate clients. Operating expenses increased by 3.4% from the previous fiscal year due to an increase in costs associated with our promotion of the medium-term management plan, "One Yamato 2023," and operating profit decreased by 4,040 million yen from the previous fiscal year.

(Reference)

Category	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Growth (%)
TA-Q-BIN/TA-Q-BIN Compact/EAZY (Million units)	1,890	1,926	35	1.9
Nekopos (Million units)	384	413	28	7.4
Kuroneko DM-Bin (Million parcels)	824	800	(23)	(2.9)

○ Other

- (a) During the fiscal year ended March 31, 2023, we continued to promote efforts to expand sales for transportation by transport box taking advantage of its network consisting of multiple companies and for vehicle maintenance services.
- (b) Operating revenue from customers was 60,040 million yen, down 31.8% from the previous fiscal year. In addition, operating profit was 13,900 million yen, down 2,658 million yen from the previous fiscal year.

ESG Initiatives

- (a) 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 ended March 31, 2023, we resumed "Safety Classes for Children" at kindergartens and elementary schools, which had been postponed due to the impact of COVID-19. In addition, the "Zero Traffic Accident Campaign" and "Industrial Accident Prevention Campaign" were conducted throughout the Group to raise safety awareness.

- (b) Maximization of corporate value is one of the top priorities of management, and we have implemented measures and bolstered management systems in our corporate governance initiative. In addition, we have been carrying out business activities in accordance with the law and social norms and actively promoting compliance management, based on our Group Corporate Philosophy.
 - (c) The Yamato Group has been working toward strengthening sustainable management upon having formulated its Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023. These efforts have been underpinned by our dual visions, 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,’” set forth in the transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term.
 - (d) Under the “Environmental” component of the plan, in addition to aggregate targets for reducing the environmental burden of our business activities, we also set targets for areas in the logistics industry where the Yamato Group is able to bring about widespread use of innovative technology, such as with respect to materials and vehicles, as well as green logistics in collaboration with various partners and the provision of products and services with low environmental impact. In this way, we are working to create environmental value. In addition, as efforts toward realization of carbon neutrality, we also continue to promote our independent project “Introduction and Operation of EVs for the Realization of Green Delivery” and the joint project “Construction and Operation of Energy Management System and Large-Scale Demonstration for Commercial Electric Vehicles” which were adopted by the New Energy and Industrial Technology Development Organization (NEDO) in July 2022.
 - (e) In addition, under the “Social” component of the plan, we have taken on initiatives that involve developing a work environment in which we respect diverse personnel and in which employees are able to play active roles, while also working to realize an enriched society in part by addressing various social challenges and promoting community development utilizing a co-creation approach. We will continue to contribute to the realization of a society that respects human rights and diversity through the “Universal Manners Certification Test” for Yamato Group employees to acquire knowledge to improve universal manners, such as appropriate support in receiving and sending packages at the homes of people with disabilities and at TA-Q-BIN offices, and through promotion activities led by customer service managers.
 - (f) 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).” We continue to engage in various initiatives to such ends. For instance, we have been operating our community-based Neko Support Station locations utilizing close local ties and facilitating healthy and sustainable development of local communities, along with lifestyles of safety and comfort among local residents. We have also been setting up housekeeping support services, expanding the “Kuroneko monitoring service: Hello Light Visit Plan” that uses “HelloLight” IoT light bulbs, providing consultation services for everyday life, and holding events that enable interaction among community members. In March 2023, as a member of the local community, we executed a logistics partnership agreement with a business operator involved in the sports business that seeks to coexist in harmony with the local community. As an official logistics partner, we will utilize the logistics network and management resources of the Yamato Group to establish optimal logistics considering the scenery and customer flow lines within the sports facilities, thereby contributing to the realization of a sustainable community where sports facilities and the town are integrated.
 - (g) 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.
- (ii) Cash flows
- Cash flows from operating activities

Net cash provided by operating activities amounted to 89,953 million yen, which is an increase of 37,937 million yen compared with the previous fiscal year. This is largely attributable to a 27,053 million yen increase in accrued consumption taxes and a 25,578 million yen decrease in the payment of income taxes, as well as profit before income taxes being 56,815 million yen, which was a decrease of 24,224 million yen.
 - Cash flows from investing activities

Net cash used in investing activities amounted to 49,420 million yen, which is a decrease of 9,522 million yen compared with the previous fiscal year. This is largely attributable to the payment of 7,313 million yen for sale of shares of subsidiaries resulting in change in scope of consolidation in the previous fiscal year, other payments of 7,769 million yen, and payments related to the purchase of property, plant and equipment decreasing by 5,343 million yen, as well as the 13,922 million yen decrease in proceeds from sale of investment securities.

○ Cash flows from financing activities

Net cash used in financing activities was 38,617 million yen, which is a decrease of 15,838 million yen compared to the previous fiscal year. This is largely attributable to the 14,000 million yen repayment of long-term borrowings in the previous fiscal year.

As a result of the above, cash and cash equivalents were 183,225 million yen as of March 31, 2023, up 2,621 million yen from the end of the previous fiscal year.

(iii) Production, orders received and sales results

Operating revenue by segment is as follows.

Since service focused on the cargo transport business is the main product of the Yamato Group, production and orders received have been omitted from the description.

Business segment	Income	Fiscal year ended March 31, 2022 (From April 1, 2021 To March 31, 2022)		Fiscal year ended March 31, 2023 (From April 1, 2022 To March 31, 2023)		Change (%)
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	
Retail Business Unit	Transportation income	1,144,359	63.8	1,191,264	66.2	4.1
	Logistical support income	3,587	0.2	3,352	0.2	(6.6)
	Other	28,183	1.6	25,858	1.4	(8.3)
	Eliminations	(282,733)	(15.8)	(325,901)	(18.1)	15.3
	Total	893,396	49.8	894,574	49.7	0.1
Corporate Business Unit	Transportation income	598,306	33.4	617,221	34.3	3.2
	Logistical support income	249,637	13.9	259,525	14.4	4.0
	Other	33,022	1.8	33,357	1.9	1.0
	Eliminations	(68,780)	(3.8)	(64,051)	(3.6)	(6.9)
	Total	812,185	45.3	846,053	47.0	4.2
Other	Transportation income	50,967	2.8	24,616	1.4	(51.7)
	Other	176,558	9.8	155,187	8.6	(12.1)
	Eliminations	(139,490)	(7.8)	(119,763)	(6.7)	(14.1)
	Total	88,035	4.9	60,040	3.3	(31.8)
Total		1,793,618	100.0	1,800,668	100.0	0.4

(2) Details of analysis and investigation concerning the status of business results, etc. from a management perspective

The recognition of the status of the Yamato Group's business results, etc. and details of the analysis and investigation from a management perspective are as follows.

Forward-looking statements in the text are based on the judgment of the Yamato Group as of the date of submission of the Annual Securities Report.

(i) Recognition of the status of financial conditions and business results and details of the analysis and investigation

i. Financial conditions

Total assets were 1,107,587 million yen as of March 31, 2023, up 20,732 million yen from the end of the previous fiscal year. This is largely attributable to the increase in property, plant and equipment of 13,138 million yen due to the establishment of new bases and the acquisition of vehicles, mainly in the Retail Business Unit, and to the increase in deferred tax assets of 10,093 million yen.

Liabilities increased 2,535 million yen to 491,156 million yen from the end of the previous fiscal year. This is largely attributable to an increase in lease liabilities of 7,384 million yen, as well as a decrease in short-term borrowings of 5,000 million yen.

Net assets were 616,430 million yen, up 18,196 million yen from the end of the previous fiscal year. The major factors included profit attributable to owners of parent of 45,898 million yen, as well as the 16,783 million yen distribution of capital surplus and the acquisition of 10,001 million yen of treasury shares.

As a result, the equity ratio increased to 55.1% from the 54.3% in the previous fiscal year.

ii. Business results

For the consolidated fiscal year ended March 31, 2023, operating revenue amounted to 1,800,668 million yen, up 7,050 million yen year-on-year. This is attributable to our having achieved an increase in parcel delivery volume as a result of taking action in the e-commerce domain, which continues to grow, and also a result of our having focused on optimizing logistics for customers.

Operating expenses amounted to 1,740,583 million yen, up 24,164 million yen year-on-year. This was due to factors that include an increase in costs associated with the promotion of the medium-term management plan "One Yamato 2023," such as the fact that we are in the process of optimizing transportation and delivery operations in the e-commerce logistics network, which we are building to accommodate the growing demand for e-commerce, and our existing network, along with increases in hourly wage rates, fuel, and electricity costs.

As a result, for the fiscal year ended March 31, 2023, operating profit amounted to 60,085 million yen, down 17,114 million yen year-on-year.

Ordinary profit amounted to 58,066 million yen, down 26,264 million yen from the previous fiscal year, mainly due to the increase in the share of loss of entities accounted for using equity method of 3,915 million yen as well as the recording of 4,510 million yen in gain on investments in investment partnerships in the previous fiscal year.

Profit attributable to owners of parent amounted to 45,898 million yen, down 10,057 million yen from the previous fiscal year, mainly due to the decrease in gain on sale of investment securities of 13,342 million yen, the booking of 14,999 million yen in loss on revision of retirement benefit plan in the previous fiscal year, as well as to the decrease in income taxes-deferred of 6,298 million yen that accompanied the booking of deferred tax assets following the approval of the liquidation of an overseas consolidated subsidiary in the fiscal year ended March 31, 2023 and other factors.

Basic earnings per share was 126.64 yen, down 24.39 yen from the previous fiscal year.

○ Retail Business Unit

Operating revenue from customers amounted to 894,574 million yen, up 0.1% from the previous fiscal year, as a result of the business unit having engaged in efforts to optimally ship and deliver parcels in alignment with diversifying needs. Operating expenses increased by 5.1% from the previous fiscal year due to an increase in costs associated with our promotion of the medium-term management plan, "One Yamato 2023," and operating profit decreased by 12,165 million yen from the previous fiscal year.

○ Corporate Business Unit

Operating revenue from customers amounted to 846,053 million yen, up 4.2% from the previous fiscal year, as a result of the business unit tapping growing e-commerce demand and promoting initiatives to optimize logistics for corporate clients. Operating expenses increased by 3.4% from the previous fiscal year due to an increase in costs associated with our promotion of the medium-term management plan, "One Yamato 2023," and operating profit decreased by 4,040 million yen from the previous fiscal year.

○ Other

Operating revenue from customers was 60,040 million yen, down 31.8% from the previous fiscal year. In addition, operating profit was 13,900 million yen, down 2,658 million yen from the previous fiscal year.

(ii) Details of the analysis and investigation of cash flows as well as information concerning financial resources for capital and liquidity of funds

i. Cash flows

Cash flows for the fiscal year ended March 31, 2023 are as described in "II. Business Overview 4. Management's Analysis of Financial Conditions, Business Results and Cash Flows (1) Overview of the business results, etc. (ii) Cash flows."

ii. Financial resources for capital and liquidity of funds

The Yamato Group compares investment plans for business continuity and business growth such as in relation to network building and digital innovation and is aware of financial soundness and efficiency such as cash generation, balance of cash and deposits and equity ratio levels, and in addition to using the Group's funds, borrows from financial institutions and issues corporate bonds to generate the required funds.

From a financial soundness perspective, we are aware of an equity ratio of about 50% and strive to maintain a credit rating level (AA-, Rating and Investment Information, Inc.). In terms of shareholder returns, we aim for a dividend payout ratio of 30% and a total return ratio of 50% based on the profit attributable to owners of parent.

(iii) Extent to which target indicators are being achieved

The Yamato Group supports the reforms of the entire supply chain and for the fiscal year ending March 31, 2024, the final fiscal year of the medium-term management plan "One Yamato 2023," which aims to offer value to individuals, corporate customers as well as society as a whole, we are targeting consolidated operating revenue of 2 trillion yen, and targets for consolidated operating profit of 120,000 million yen (consolidated operating profit margin of 6.0%) and ROE of 10.0%.

For the fiscal year ended March 31, 2023, operating revenue amounted to 1,800,668 million yen, up 7,050 million yen year-on-year. This is attributable to our having achieved an increase in parcel delivery volume as a result of taking action in the e-commerce domain, which continues to grow, and also a result of our having focused on optimizing logistics for customers.

Operating expenses amounted to 1,740,583 million yen, up 24,164 million yen year-on-year. This was due to factors that include an increase in costs associated with the promotion of the medium-term management plan "One Yamato 2023," such as the fact that we are in the process of optimizing transportation and delivery operations in the e-commerce logistics network, which we are building to accommodate the growing demand for e-commerce, and our existing network, along with increases in hourly wage rates, fuel, and electricity costs. As a result, for the fiscal year ended March 31, 2023, operating profit amounted to 60,085 million yen, down 17,114 million yen year-on-year.

Regarding our consolidated financial results forecast for the fiscal year ending March 31, 2024, the final fiscal year of the medium-term management plan, in consideration of factors such as rising prices, consumer trends and other changes in our external environment, we have revised our targets to consolidated operating revenue of 1.86 trillion yen, consolidated operating profit of 80.0 billion yen (consolidated operating profit margin of 4.3%) and ROE of 8.3%.

Note that Yamato Transport Co., Ltd. revised its reported freight rates, etc. as of April 3, 2023. We will continue to maintain and strengthen our transportation and delivery network and create an environment in which we can continue to provide better service to our customers by reviewing our reported freight rates, etc. every year, considering the impact of changes in the external environment, and by responding to our logistics partners and others in a timely and appropriate manner.

Additionally, as we move forward, we will continue to realize sustainable business growth by tackling structural reform of network operations and the expansion of our corporate business domains.

(iv) Significant accounting estimates and assumptions used in these estimates

The Yamato Group's consolidated financial statements are created based on the accounting standards generally accepted in Japan. For matters that need to be estimated when creating these consolidated financial statements, the accounting estimates are based on reasonable standards. Significant accounting estimates and the assumptions used in these estimates are shown in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant accounting estimates)."

5. Significant Management Contracts

Not applicable

6. Research and Development Activities

The Yamato Group is engaged in initiatives that include those for research and development concerning digital technology to realize the improvement of logistics services. The total amount of research and development activities in the fiscal year ended March 31, 2023 was 1,782 million yen, which is broken down into 1,678 million yen for the consolidated subsidiary Yamato Transport Co., Ltd. (Retail Business Unit and Corporate Business Unit) and 103 million yen for the Company (as a whole).

III. Property, Plant and Equipment

1. Overview of Capital Investments

The Yamato Group recorded the capital investment of 46,912 million yen (including intangible assets and leasehold deposits), concentrated on growth investment to improve the quality of the service of TA-Q-BIN, our mainstay service, and increase the “End-to-End” value offered to supply chains.

The Retail Business Unit recorded the capital investment of 32,951 million yen for the establishment of the new “Tokyo Rail Gate cooling facilities” and the purchase of vehicles, among others.

The Corporate Business Unit recorded the capital investment of 7,135 million yen for the extension, remodeling, and refurbishment of offices, among others.

The Corporate segment (the Company) recorded the capital investment of 5,294 million yen for the construction of new buildings, among others. There are no particular matters to state in relation to Other.

In addition, there were no eliminations or sales, etc. of major facilities in the fiscal year ended March 31, 2023.

2. Overview of Major Facilities

The Yamato Group’s major facilities are as follows, together with the figures by segment and according to the disclosure method for the main property, plant and equipment. Further, major facilities are described with the inclusion of intangible assets.

(1) Segment breakdown

Business segment	Book value (Millions of yen)								Number of employees (Number of people)
	Vehicles	Buildings and structures	Machinery and equipment	Land (Ground area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Retail Business Unit	27,729	124,900	15,036	155,113 (1,866) [6,080]	22,001	8,027	31,227	384,036	170,835
Corporate Business Unit	2,397	18,277	3,040	13,741 (141) [743]	7,544	5,053	4,945	54,998	18,671
Other	78	8,705	841	5,930 (16) [380]	5,119	575	4,331	25,582	20,670
Corporate	0	1,280	36	6,632 (1)	—	381	858	9,189	21
Total	30,205	153,163	18,955	181,417 (2,026) [7,205]	34,665	14,037	41,363	473,807	210,197

(2) The Reporting Company

Name of business location (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Head office (Chuo-ku, Tokyo)	Corporate	—	0	1,280	36	6,632 (1)	—	381	858	9,189	21

(3) Domestic subsidiaries

Company name (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Yamato Transport Co., Ltd. Head office (Chuo-ku, Tokyo)	Retail Business Unit Corporate Business Unit	—	1	988	99	2,789 (2) [2]	10,612	311	34,849	49,653	2,505
Yamato Transport Co., Ltd. Overseeing Hokkaido Area (Atsubetsu-ku, Sapporo City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,223	3,470	174	2,327 (181) [320]	176	424	6	7,803	6,883
Yamato Transport Co., Ltd. Overseeing Tohoku Area (Izumi-ku, Sendai City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,688	4,744	1,004	2,323 (124) [673]	8,283	626	9	18,681	11,416
Yamato Transport Co., Ltd. Overseeing Tokyo Area (Ota-ku, Tokyo)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	3,785	60,520	3,708	103,807 (256) [364]	724	1,458	477	174,482	30,002
Yamato Transport Co., Ltd. Overseeing Minami Kanto Area (Tsurumi-ku, Yokohama City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	4,026	17,149	4,302	10,294 (155) [984]	594	1,380	101	37,848	24,716
Yamato Transport Co., Ltd. Overseeing Kita Kanto Area (Chuo-ku, Saitama City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	4,213	8,826	2,423	6,697 (181) [818]	468	1,435	104	24,169	21,933
Yamato Transport Co., Ltd. Overseeing Hokushinetsu Area (Nishi-ku, Niigata City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	1,574	2,717	154	5,980 (136) [437]	237	516	4	11,185	10,918
Yamato Transport Co., Ltd. Overseeing Chubu Area (Toyota City, Aichi Prefecture)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	2,691	17,552	1,653	5,953 (251) [664]	365	671	16	28,904	18,167
Yamato Transport Co., Ltd. Overseeing Kansai Area (Ibaraki City, Osaka Prefecture)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	5,423	13,086	3,490	13,229 (209) [845]	742	1,511	158	37,643	28,301
Yamato Transport Co., Ltd. Overseeing Chu-Shikoku Area (Kita-ku, Okayama City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	2,224	2,883	220	3,901 (199) [621]	338	640	5	10,213	13,641
Yamato Transport Co., Ltd. Overseeing Kyushu Area (Higashi-ku, Fukuoka City)	Retail Business Unit Corporate Business Unit	Business offices Warehouses	2,285	4,018	418	7,351 (247) [760]	389	1,125	8	15,596	15,637
YAMATO CONTACT SERVICE CO., LTD. (Toshima-ku, Tokyo)	Retail Business Unit	—	—	56	—	— [9]	2	23	105	189	1,478

Company name (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
Okinawa Yamato Transport Co., Ltd. (Itoman City, Okinawa Prefecture)	Corporate Business Unit	—	741	6,497	199	1,057 (24) [68]	—	235	127	8,857	1,451
Yamato Multi Charter Co., Ltd. (Fushimi-ku, Kyoto City)	Corporate Business Unit	—	124	74	3	2,215 (11) [23]	6,450	6	32	8,908	384
Kobe Yamato Transport Co., Ltd. (Chuo-ku, Kobe City)	Corporate Business Unit	—	5	40	0	209 (2) [32]	151	5	7	419	102
Konan Industry Co., Ltd. (Minami-ku, Hamamatsu City)	Corporate Business Unit	—	0	298	1	642 (13) [64]	6	9	2	961	482
Yamato Dialog & Media Co., Ltd. (Chuo-ku, Tokyo)	Corporate Business Unit	—	—	15	—	— [0]	—	7	44	68	36
Yamato System Development Co., Ltd. (Koto-ku, Tokyo)	Other	—	—	3,782	—	3,562 (5) [23]	3,006	371	1,972	12,696	2,696
Yamato Autoworks Co., Ltd. (Chuo-ku, Tokyo)	Other	—	54	4,327	723	1,405 (9) [213]	1,169	79	803	8,564	2,057
Yamato Autoworks Iwate Co., Ltd. (Kitakami City, Iwate Prefecture)	Other	—	0	—	14	— [8]	—	3	—	17	59
Yamato Autoworks Hokushinetsu Co., Ltd. (Nishi-ku, Niigata City)	Other	—	0	0	45	— [11]	—	0	—	47	63
Yamato Autoworks Shikoku Co., Ltd. (Nakatado-gun, Kagawa Prefecture)	Other	—	1	2	7	— [8]	236	2	—	250	48
Yamato Autoworks Okinawa Co., Ltd. (Itoman City, Okinawa Prefecture)	Other	—	1	4	49	— [1]	478	11	—	547	20
YAMATO BOX CHARTER CO., LTD. (Chuo-ku, Tokyo)	Other	—	20	68	1	— [109]	210	54	41	396	1,404
Yamato Staff Supply Co., Ltd. (Chuo-ku, Tokyo)	Other	—	0	21	0	— [5]	17	2	109	150	14,055
Yamato Credit & Finance Co., Ltd. (Toshima-ku, Tokyo)	Other	—	—	476	—	962 (1)	—	26	966	2,431	240
YMT-GB Investment Limited Partnership (Shibuya-ku, Tokyo)	Other	—	—	—	—	—	—	—	—	—	—
Box Charter Co., Ltd. (Chiyoda-ku, Tokyo)	Other	—	—	15	—	— [0]	—	19	385	419	22
Express Network Co., Ltd. (Minato-ku, Tokyo)	Other	—	—	5	—	— [0]	0	2	52	60	6

(4) Overseas subsidiaries

Company name (Location)	Business segment	Facilities	Book value (Millions of yen)								Number of employees (Number of people)
			Vehicles	Buildings and structures	Machinery and equipment	Land (Ground area 1,000 m ²)	Leased assets	Other property, plant and equipment	Intangible assets	Total	
YAMATO TRANSPORT U.S.A., INC. (California, U.S.A.)	Corporate Business Unit	—	109	133	156	74 (8) [42]	—	1,798	34	2,306	365
YAMATO TRANSPORT EUROPE B.V. (Schiphol-Rijk, The Netherlands)	Corporate Business Unit	—	0	27	58	— [25]	—	27	4	117	176
YAMATO ASIA PTE. LTD. (Singapore)	Corporate Business Unit	—	—	—	—	—	—	—	—	—	2
YAMATO TRANSPORT (S) PTE. LTD. (Singapore)	Corporate Business Unit	—	1	24	0	— [8]	—	99	8	134	148
YAMATO TRANSPORT (M) SDN. BHD. (Selangor, Malaysia)	Corporate Business Unit	—	1	—	—	— [3]	—	13	11	27	119
YAMATO CHINA CO., LTD. (Shanghai, China)	Corporate Business Unit	—	—	—	—	— [0]	—	8	0	8	—
YAMATO INVESTMENT (HONG KONG) LIMITED (Hong Kong)	Corporate Business Unit	—	—	—	—	—	—	—	—	—	—
YAMATO INTERNATIONAL LOGISTICS CO., LTD. (Shanghai, China)	Corporate Business Unit	—	3	10	—	— [18]	—	111	10	135	216
Yamato Logistics (HK) Ltd. (Hong Kong)	Corporate Business Unit	—	0	25	—	— [18]	—	476	39	542	232
TAIWAN YAMATO INTERNATIONAL LOGISTICS INC. (Taipei, Taiwan)	Corporate Business Unit	—	—	14	6	— [14]	—	154	0	175	196

- Notes:
1. The figures for vehicles, buildings and structures, machinery and equipment, leased assets, other property, plant and equipment and intangible assets are the book values after deducting accumulated depreciation.
 2. The above includes leased facilities between consolidated companies.
 3. The areas of land shown in () are the areas owned by the Company, the figures shown in [] indicate the areas of leased land.
 4. Other property, plant and equipment refers to tools, furniture and fixtures, etc.
 5. Intangible assets are software, etc.
 6. The above does not include provisional balances.

3. Planned Capital Investments and Disposals of Property

The Yamato Group's capital investment plan is adjusted by the Company following individual decisions by each consolidated company, considering investment efficiencies and cash flow trends for the purpose of strengthening the service framework and increasing productivity. Significant capital investment plans as of March 31, 2023 are as follows.

Company name	Business segment	Content of investment	Planned investment amount (Millions of yen)		Funding method	Start and completion planned date	
			Total amount	Amount already paid		Start	Completion
Yamato Transport Co., Ltd.	Retail Business Unit	Purchase of vehicles (1,896 units)	11,748	—	Own funds and corporate bonds	2023.4	2024.3
	Corporate Business Unit	Purchase of loading equipment and business and communications equipment	10,040	—	Own funds	2023.4	2024.3
YAMATO HOLDINGS CO., LTD.	Corporate	Construction of new buildings (17,676 m ²)	15,395	4,230	Own funds	2022.5	2024.10

IV. Status of the Reporting Company

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

(i) Total number of shares

Type	Total number of shares authorized (Shares)
Common shares	1,787,541,000
Total	1,787,541,000

(ii) Issued shares

Type	Number of issued shares as of the end of the fiscal year (Shares) (March 31, 2023)	Number of issued shares as of the filing date (Shares) (June 16, 2023)	Stock exchange on which the company is listed	Details
Common shares	379,824,892	379,824,892	Tokyo Stock Exchange Prime Market	Shares for which the rights of shareholders are not restricted Number of shares per unit: 100
Total	379,824,892	379,824,892	—	—

(2) Status of Stock Acquisition Rights, etc.

(i) Details of stock option system

Not applicable

(ii) Details of rights plan

Not applicable

(iii) Status of other stock acquisition rights, etc.

Not applicable

(3) Status of Exercise of Moving Strike Convertible Bonds, etc.

Not applicable

(4) Changes in the Total Number of Issued Shares and Capital, etc.

Date	Change in the number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in the amount of share capital (Millions of yen)	Share capital balance (Millions of yen)	Change in the amount of legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
April 1, 2018- March 31, 2019	—	411,339,992	—	127,234	—	36,822
April 1, 2019- March 31, 2020	—	411,339,992	—	127,234	—	36,822
October 13, 2020*	(22,764,400)	388,575,592	—	127,234	—	36,822
April 1, 2021- March 31, 2022	—	388,575,592	—	127,234	—	36,822
June 23, 2022*	(8,750,700)	379,824,892	—	127,234	—	36,822

*A decline due to the cancellation of treasury shares.

(5) Composition of Shareholders

As of March 31, 2023

Category	Status of shares (Number of shares per unit: 100)								Status of shares less than one unit (Shares)
	National and local government bodies	Financial institutions	Financial instrument business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Number of people)	1	86	31	625	613	88	46,846	48,290	—
Number of shares held (Units)	20	1,585,065	91,934	267,058	939,216	292	911,969	3,795,554	269,492
Ratio of the number of shares held (%)	0.00	41.76	2.42	7.04	24.74	0.01	24.03	100	—

Note: "Individuals and others" includes 170,683 units of treasury shares and "Number of less than one unit of stock" includes 67 treasury shares of less than one unit of stock.

(6) Status of Major Shareholders

As of March 31, 2023

Name	Location	Number of shares held (Thousands of shares)	The ratio of the number of shares held relative to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	59,132	16.30
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	27,884	7.69
Yamato Employees' Shareholding Association	16-10, Ginza 2-chome, Chuo-ku, Tokyo	27,763	7.65
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	14,814	4.08
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo Within the Nippon Life Securities Management Department	14,770	4.07
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	10,247	2.82
Yamato Trading-Partner Shareholding Association	16-10, Ginza 2-chome, Chuo-ku, Tokyo	8,462	2.33
TOYOTA MOTOR CORPORATION	1 Toyota-cho, Toyota City, Aichi Prefecture	5,748	1.58
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity Building A, 15-1 Konan 2-chome, Minato-ku, Tokyo)	5,268	1.45
Sompo Japan Insurance Inc.	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	5,133	1.42
Total	—	179,226	49.41

Notes: 1. The number of shares related to trust operations in the aforementioned number of shares owned is as follows.

The Master Trust Bank of Japan, Ltd. (Trust Account)

59,132 thousand shares

Custody Bank of Japan, Ltd. (Trust Account)

27,884 thousand shares

2. Although the Company holds 17,068 thousand of its own shares as treasury shares, it is excluded from the above list of major shareholders.

3. Although the publicly available Substantial Shareholding Report dated November 19, 2015 shows that BlackRock Japan Co., Ltd. and five other joint holders hold 21,326 thousand shares as of November 13, 2015, the Company is unable to confirm the exact number of shares actually held as of March 31, 2023, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	8-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,987	1.41
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	946	0.22
BlackRock Asset Management Ireland Limited	Dublin, Republic of Ireland JP Morgan House, International Financial Services Center	1,918	0.45
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, USA	5,870	1.38
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, USA	5,626	1.32
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	976	0.23
Total	—	21,326	5.02

4. Although the publicly available Substantial Shareholding Report (amended report) dated January 31, 2022 shows that MUFG Bank Ltd. and two other joint holders hold 16,513 thousand shares as of January 24, 2022, the Company is unable to confirm the exact number of shares actually held as of March 31, 2023, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
MUFG Bank Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	656	0.17
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	11,099	2.86
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	4,757	1.22
Total	—	16,513	4.25

5. Although the publicly available Substantial Shareholding Report (amended report) dated March 23, 2022 shows that Mizuho Bank, Ltd. and two other joint holders hold 26,040 thousand shares as of March 15, 2022, the Company is unable to confirm the exact number of shares actually held as of March 31, 2023, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	11,247	2.89
Mizuho Trust & Banking Co., Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,790	0.46
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	13,002	3.35
Total	—	26,040	6.70

6. Although the publicly available Substantial Shareholding Report (amended report) dated August 22, 2022 shows that Nomura Asset Management Co., Ltd. and one other joint holder hold 22,416 thousand shares as of August 15, 2022, the Company is unable to confirm the exact number of shares actually held as of March 31, 2023, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	600	0.16
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	21,816	5.74
Total	—	22,416	5.90

7. Although the publicly available Substantial Shareholding Report (amended report) dated October 20, 2022 shows that Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other joint holder hold 20,381 thousand shares as of October 14, 2022, the Company is unable to confirm the exact number of shares actually held as of March 31, 2023, so this is not included in the above Status of Major Shareholders. The details of such Substantial Shareholding Report (amended report) are as follows.

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	10,814	2.85
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	9,566	2.52
Total	—	20,381	5.37

(7) Status of Voting Rights

(i) Issued shares

As of March 31, 2023

Category	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	Common shares 17,068,300	—	Number of shares per unit: 100
Shares with full voting rights (other)	Common shares 362,487,100	3,624,871	As above
Number of less than one unit of stock	Common shares 269,492	—	—
Total number of issued shares	379,824,892	—	—
Total number of voting rights	—	3,624,871	—

Note: The commons shares in the cell for “Shares with full voting rights (other)” includes 483,700 of the Company’s shares held by the Board Benefit Trust (BBT) (Number of voting rights: 4,837 units).

(ii) Treasury shares, etc.

As of March 31, 2023

Name of shareholder	Address of shareholder	Number of shares held under own name	Number of shares held under the names of others	Total number of shares held	The ratio of the number of shares held relative to the total number of issued shares (%)
The Company	16-10, Ginza 2-chome, Chuo-ku, Tokyo	17,068,300	—	17,068,300	4.49
Total	—	17,068,300	—	17,068,300	4.49

Note: The aforementioned treasury shares do not include the Company’s shares held by BBT (Board Benefit Trust).

(8) Details of Stock Ownership System for Officers and Employees

The Company has, in accordance with a resolution of the 155th Ordinary General Meeting of Shareholders convened on June 23, 2020, established the "Stock Benefit Trust (BBT [Board Benefit Trust], hereinafter the "System")," a performance-linked stock compensation plan, in order to clarify the linkage between the compensation of Directors (excluding Outside Directors) and executive officers who do not concurrently serve as directors (hereinafter "Officers") and the Company's business performance and stock value and also to have the Officers share not only the benefits of higher stock prices but also the risks of lower stock prices with shareholders, thereby raising awareness of contributing to improving the Company's medium- to long-term business performance and increasing its corporate value.

(i) Overview of the System

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 (hereinafter 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 (hereinafter the "Company's Shares, Etc.") through the Trust in accordance with the Regulations on Share-based Remuneration for Officers established by the Company. In principle, the Company's shares, etc. are paid to the Officers at the time of their retirement.

The Company introduced the System for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024 (hereinafter, such three-fiscal-year period is referred to as the "Initial Period," and the Initial Period and each three consecutive fiscal years following the Initial Period are respectively referred to as "Applicable Period"), as well as each Applicable Period thereafter and contributed 1,377 million yen (including 519 million yen for Directors) to the Trust as the source of funds to acquire the Company's shares for the purpose of granting the Company's Shares, Etc. to the Officers in the Initial Period. Furthermore, after the expiration of the Initial Period, in principle, the Company shall make additional contributions to the Trust, of up to 1,377 million yen (including 519 million yen for Directors) for each Applicable Period until the termination of the System. However, in the case of making such additional contributions, if the Company's shares (excluding a number of the Company's shares that have not yet been provided to Directors equivalent to points granted to them for each Applicable Period up to the immediately preceding Applicable Period) and money remain in the trust asset (hereinafter referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the market value on the final day of the immediately preceding Applicable Period) and additionally contributed money shall not exceed 1,377 million yen (including 519 million yen for Directors). The acquisition of the Company's shares by the Trust shall be through the stock market or by a method of underwriting the treasury shares disposed by the Company, funded by the contributed funds.

(ii) The total number of the Company's shares intended to be acquired under the System

The trustee of the Trust, Mizuho Trust & Banking Co., Ltd., has acquired 483,700 shares from the stock market with the 1,377 million yen contributed to the Trust by the Company to grant the Company's Shares, Etc. to Officers in the Initial Period. Future acquisition plans are yet to be made.

(iii) The scope of persons eligible to receive beneficiary rights and other rights under the System

Officers who have retired and satisfy the beneficiary requirements prescribed in the Regulations on Share-based Remuneration of Officers.

2. Status of Acquisition of Treasury Shares, etc.

[Class of shares, etc.] Acquisition of common shares in accordance with Article 155, items (iii) and (vii) of the Companies Act

(1) Status of acquisition in accordance with a resolution of the general meeting of shareholders

Not applicable

(2) Status of acquisition in accordance with a resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolution by the Board of Directors (February 9, 2022) (Acquisition period: February 16, 2022–May 31, 2022)	10,000,000	20,000,000,000
Treasury shares acquired before the current fiscal year	4,533,000	9,999,781,500
Treasury shares acquired in the current fiscal year	4,217,700	10,000,095,552
Total number of shares and total amount remaining under the resolution	1,249,300	122,948
Proportion not exercised as of the last day of the current fiscal year (%)	12.49	0.00
Treasury shares acquired in the current period	—	—
Proportion not exercised as of the filing date (%)	12.49	0.00

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolution by the Board of Directors (May 10, 2023) (Acquisition period: May 17, 2023–February 29, 2024)	22,000,000	50,000,000,000
Treasury shares acquired before the current fiscal year	—	—
Treasury shares acquired in the current fiscal year	—	—
Total number of shares and total amount remaining under the resolution	—	—
Proportion not exercised as of the last day of the current fiscal year (%)	—	—
Treasury shares acquired in the current period*	1,170,000	2,997,588,200
Proportion not exercised as of the filing date (%)	94.68	94.00

* Treasury shares acquired in the current period do not include shares acquired in the period from June 1, 2023 until the Annual Securities Report filing date.

(3) Details of acquisitions not based on resolution of the general meeting of shareholders or resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired in the current fiscal year	751	1,668,634
Treasury shares acquired in the current period*	9	20,691

* Treasury shares acquired in the current period do not include shares purchased as less than one unit of stock in the period from June 1, 2023 until the Annual Securities Report filing date.

(4) Status of disposal and holdings of acquired treasury shares

Category	Current fiscal year		Current period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Acquired treasury shares that were offered to subscribers	—	—	—	—
Acquired treasury shares that were cancelled	8,750,700	19,717,427,268	—	—
Acquired treasury shares that were transferred due to merger, share exchange, share issuance or company split	—	—	—	—
Other*1 (Sales due to demand for sales of less than one unit of stock)	105	228,780	—	—
Number of treasury shares held*2,3	17,068,367	—	18,238,376	—

- *1. The number of shares in the current period does not include shares for which there was a demand for sales of less than one unit of stock in the period from June 1, 2023 until the Annual Securities Report filing date.
- *2. The number of treasury shares held in the current period does not include shares acquired in accordance with a resolution of the Board of Directors or the change in shares due to purchases or sales of less than one unit of stock in the period from June 1, 2023 until the Annual Securities Report filing date.
- *3. The number of treasury shares held in the current fiscal year and in the current period does not include the Company's shares held by the Board Benefit Trust (BBT).

3. Dividend Policy

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.

The Company pays dividends of surplus twice a year with an interim dividend and year-end dividend, and these dividends of surplus are determined by resolution of the Board of Directors. In addition, apart from the matters prescribed in each item of Article 459, paragraph (1) of the Companies Act, the Company prescribes the interim dividend and year-end dividend and the record date, and the fact that the dividends of surplus can be paid by resolution of the Board of Directors in its Articles of Incorporation.

For the current fiscal year, the year-end dividend is set at 23 yen per share and when combined with the interim dividend of 23 yen per share, results in annual dividend of 46 yen. In addition, even in relation to the amount of dividend for the next period, we plan to determine this based on the profit attributable to owners of parent in accordance with the Basic Policy.

The dividends of surplus for the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
November 7, 2022 Board of Directors' resolution	8,343	23
May 17, 2023 Board of Directors' resolution	8,343	23

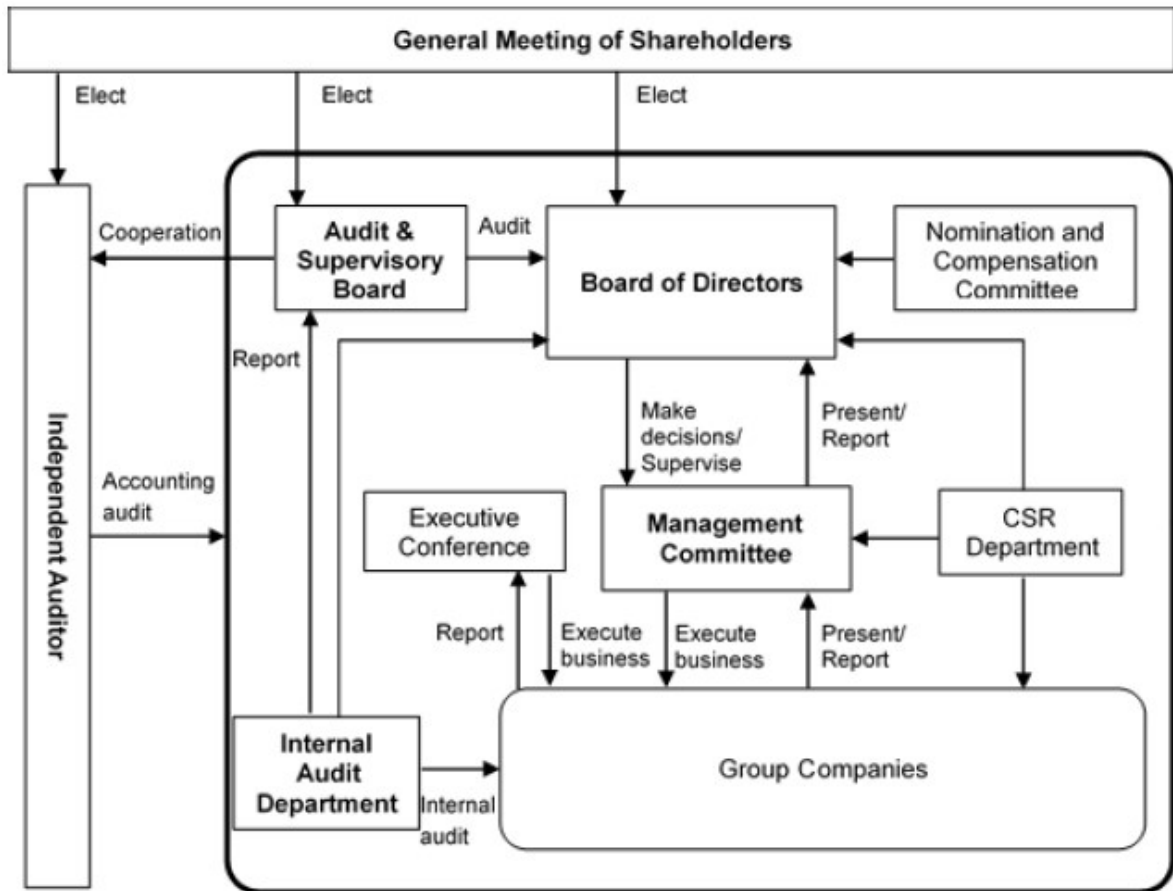
4. Status of Corporate Governance, etc.

(1) Overview of Corporate Governance

(i) 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.

A schematic diagram of the status of the preparation of matters such as the oversight and internal controls for the Company's business execution and management is as follows.



(ii) Overview of the corporate governance framework and the reasons for adopting such framework

The Company is a company with an Audit & Supervisory Board. In addition to the Board of Directors supervising important management decision-making and business execution, 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.

In addition, apart from this, we have established a Management Committee and Executive Conference as executive management organizations related to management decision-making and execution. We adopted this management structure for prompt and appropriate decision-making on important matters. In addition, to increase management transparency, we have established a Nomination and Compensation Committee, as an advisory committee to the Board of Directors to deliberate on particularly important matters such as nominations and compensation. The Company can have up to 12 Directors and up to five Audit & Supervisory Board Members in accordance with the Articles of Incorporation and as of the filing date, the Company's Board of Directors comprised a total of nine members including five Outside Directors and the Audit & Supervisory Board comprised a total of five members including three Outside Audit & Supervisory Board Members. In addition, to clarify the management responsibilities in each fiscal year, the Directors' terms of office are one year.

The objectives, authority, chairperson and members of the Board of Directors, Management Committee, Executive Conference, Nomination and Compensation Committee, Audit & Supervisory Board as of the filing date are as follows.

i. Board of Directors

(a) Objectives and authority

Convened for the purpose of deliberating and deciding on important matters concerning the Basic Policy for executive management and other management matters, and apart from the matters prescribed in laws and regulations and in the Articles of Incorporation, it decides on all matters prescribed in the Board of Directors Regulation including matters related to medium to long-term management plans.

(b) Chairperson and Members

Comprised of all Directors.

Directors:

Yutaka Nagao, Toshizo Kurisu, Yasuharu Kosuge, Kenichi Shibasaki
Mariko Tokuno (Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Chairperson, Outside Director)
Noriyuki Kuga (Outside Director), Charles Yin (Outside Director)

Furthermore, the following Audit & Supervisory Board Members attend the Board of Directors and express their opinions when deemed necessary.

Audit & Supervisory Board Members:

Yoshihiro Kawasaki, Tsutomu Sasaki, Takashi Yamashita (Outside Audit & Supervisory Board Member)
Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

ii. Management Committee

(a) Objectives and authority

Apart from deliberating and determining important matters related to business execution other than matters to be resolved by the Board of Directors, convened for the purpose of prior deliberation on matters submitted to the Board of Directors. It determines each matter prescribed in the Management Committee Regulations including matters concerning the start of sales of major new products and services by subsidiaries and affiliates and changes to existing services.

(b) Chairperson and Members

Comprised of Executive Directors, Executive Officers and Full-time Audit & Supervisory Board Members.

Executive Directors:

Yutaka Nagao (Chairperson, Representative Director, Executive Officer and President), Toshizo Kurisu, Yasuharu Kosuge

Executive Officers:

Tomoki Otani, Shinji Makiura, Atsushi Kashimoto

Full-time Audit & Supervisory Board Members:

Yoshihiro Kawasaki, Tsutomu Sasaki

iii. Executive Conference

(a) Objectives and authority

Apart from reporting the status of execution of business for which the executive officers are in charge, convened for the purpose of discussing matters under investigation and shared matters.

(b) Chairperson and Members

Comprised of Executive Officers.

Executive Officers:

Yutaka Nagao (Chairperson, Representative Director, Executive Officer and President), Toshizo Kurisu, Yasuharu Kosuge, Tomoki Otani, Shinji Makiura, Atsushi Kashimoto

iv. Nomination and Compensation Committee

(a) Objectives and authority

The Committee deliberates and verifies the appropriateness of the details of agenda items concerning the appointment and dismissal of Directors, Audit & Supervisory Board Members, and Executive Officers and the method for determining the compensation to be received by Directors and Executive Officers to bring them up at the Board of Directors Meeting.

(b) Chairperson and Members

Comprised of Directors elected by resolution of the Board of Directors, with a majority being Outside Directors.

Directors:

Mariko Tokuno (Head of the Committee, Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Outside Director), Noriyuki Kuga (Outside Director), Charles Yin (Outside Director), Yutaka Nagao

v. Audit & Supervisory Board

(a) Objectives and authority

The Audit & Supervisory Board is convened for the purpose of receiving reports, consulting and resolving important matters concerning audits. Apart from the matters prescribed in laws and regulations or the Articles of Incorporation, it determines all matters prescribed in the Audit & Supervisory Board regulations including the audit policy, the method for studying the operations and financial positions, and the determination of other matters concerning the execution of duties by Audit & Supervisory Board Members.

(b) Chairperson and Members

Comprised of Audit & Supervisory Board Members.

Audit & Supervisory Board Members:

Yoshihiro Kawasaki (Chairperson, Full-time Audit & Supervisory Board Member), Tsutomu Sasaki, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

Note: There are proposals on the agenda items (Matters to be resolved) for the Ordinary General Meeting of Shareholders to be convened on June 23, 2023 for the "Election of eight (8) Directors" and the "Election of one (1) Audit & Supervisory Board Member." If such agenda items are approved as proposed the chairpersons and members of the Board of Directors, the Management Committee, and the Audit & Supervisory Board shall be as follows. This also describes the details of matters to be resolved (Titles and members of the Nomination and Compensation Committee) at the Board of Directors and Audit & Supervisory Board scheduled to be convened immediately following such Ordinary General Meeting of Shareholders.

i. Board of Directors

Directors:

Yutaka Nagao, Toshizo Kurisu, Yasuharu Kosuge, Mariko Tokuno (Outside Director), Yoichi Kobayashi (Outside Director), Shiro Sugata (Chairperson, Outside Director), Noriyuki Kuga (Outside Director), Charles Yin (Outside Director)

Audit & Supervisory Board Members:

Tsutomu Sasaki, Yoshito Shoji, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

ii. Management Committee

Executive Directors:

Yutaka Nagao (Chairperson, Representative Director, Executive Officer and President), Toshizo Kurisu, Yasuharu Kosuge

Executive Officers:

Tomoki Otani, Shinji Makiura, Atsushi Kashimoto

Full-time Audit & Supervisory Board Members:

Tsutomu Sasaki, Yoshito Shoji

v. Audit & Supervisory Board

Audit & Supervisory Board Members:

Tsutomu Sasaki (Chairperson, Full-time Audit & Supervisory Board Member), Yoshito Shoji, Takashi Yamashita (Outside Audit & Supervisory Board Member), Ryuji Matsuda (Outside Audit & Supervisory Board Member), Yoshihide Shimoyama (Outside Audit & Supervisory Board Member)

(iii) Basic approach to internal control systems and status of development

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, as follows.

- i. 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
 - (a) 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.
 - (b) To ensure that the above directives are fully understood, the Company establishes the "Compliance and Risk Committee" headed by the Executive Officer who oversees the Group's compliance and risk management 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.
 - (c) 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.
 - (d) In "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 departments responsible for compliance and risk management of the Company and each Group company. Departments responsible for compliance and risk management make systematic efforts in collaboration with outside specialized institutions, such as the police and attorneys, to prevent antisocial forces from being involved in management and prevent possible damage caused by antisocial forces.
- ii. 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.
- iii. Policy and framework for managing risks of loss of the Company and its subsidiaries
 - (a) The Company shall assign an executive officer to oversee Group-wide compliance and risk management. Employees shall be stationed to perform related businesses in the department responsible for the compliance and risk management of the Company and each Group company.
 - (b) 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.
 - (c) Large companies under the Companies Act in the Group companies shall establish a division in charge of risk management, and assign an officer in charge of the same. Departments responsible for compliance and risk management of the Company shall oversee this, and monitor and manage the risk status at each Group company in a timely manner.
 - (d) 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.
- iv. Framework ensuring the efficiency of execution of duties by directors of the Company and its subsidiaries
 - (a) 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.
 - (b) The Company shall hold the Board of Directors Meeting once or more 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 Executive Directors, Executive Officers, and Full-time Audit & Supervisory Board Members.
 - (c) 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.

- v. 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
- (a) 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 displayed and distributed etc. and training implemented.
 - (b) Large companies under the Companies Act in the Group companies shall establish a division in charge of compliance promotion, and assign an officer in charge of the same. Departments responsible for compliance and risk management of the Company shall oversee this, and monitor and manage the status of compliance promotion at the Group in a timely manner.
 - (c) 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.
 - (d) 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.
 - (e) The Company shall establish a whistle-blower system for the Group to develop an environment in which compliance violations are promptly reported.
- vi. Framework ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
- (a) To ensure the proper business operation of the Company and each Group company, the Company shall establish the "Group Corporate Philosophy." The Company and each Group company shall formulate their company rules and execute business operations accordingly.
 - (b) 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.
 - (c) 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.
 - (d) 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.
- vii. 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.
- viii. 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.
- ix. 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
- (a) 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.
 - Material violations of laws and regulations and the Articles of Incorporation as well as misconduct, by directors or employees
 - Crucial information obtained through whistle blowing
 - Other facts that threaten to cause significant losses to the Company and each Group company
 - (b) 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.
- x. 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.
- xi. Framework ensuring the effectiveness of auditing by Audit & Supervisory Board Members of the Company
- (a) 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.

- (b) The Company shall establish regular meetings between Audit & Supervisory Board Members and the Representative Director to exchange opinions.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.

(iv) Overview of the agreement on liability limitation

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 Article 423, paragraph (1) of the Companies Act. The Company has entered into an agreement on liability limitation with all Outside Directors and Audit & Supervisory Board Members in accordance with such Articles of Incorporation. The amount of liability allowed for in those agreements is as per the minimum amount of liability provided for under Article 425, paragraph (1) of the Companies Act.

(v) Summary of the 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. The insureds of this policy include Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries, and the insureds do not pay the insurance premium. This policy covers losses, such as the amount of indemnification and litigation expenses incurred by the insureds in case where claims for the insureds' action (or omission) based on their position in the Company is brought forward. However, in order not to lose appropriateness of the execution of operation by the insureds, the policy does not cover the insureds' criminal acts or illegal acts done intentionally.

(vi) Requirements for resolution to elect Directors

The Company prescribes in its Articles of Incorporation that a resolution to elect Directors shall be made by a majority of the votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present and that such resolutions shall not be conducted by cumulative voting.

(vii) Organizational body to determine dividends of surplus, etc.

The Company prescribes in its Articles of Incorporation that unless otherwise provided for by laws and regulations, the Company may, by resolution of the Board of Directors, determine dividends of surplus and other matters set forth in the items of Article 459, paragraph (1) of the Companies Act. This is for the purpose of flexibly returning profits to shareholders by giving authority on dividends of surplus, etc. to the Board of Directors.

(viii) Exemption of liabilities of Directors and Audit & Supervisory Board Members

The Company prescribes in its Article of Incorporation that pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a person who was formerly a Director) and an Audit & Supervisory Board Member (including a person who was formerly an Audit & Supervisory Board Member) from his/her liability for damages for their acts stipulated under Article 423, paragraph (1) of the Companies Act arising from neglecting his/her duties to the extent permitted by laws and regulations. This is for the purpose of establishing an environment in which Directors and Audit & Supervisory Board Members can adequately demonstrate their abilities and accomplish their expected roles when executing their duties.

(ix) Requirements for special resolutions of the general meeting of shareholders

For the smooth operation of the general meeting of shareholders, the Company prescribes in its Articles of Incorporation that resolutions as prescribed in Article 309, paragraph (2) of the Companies Act shall be made by at least two-thirds of the votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.

(x) Activities of the Board of Directors, etc.

i. Activities of the Board of Directors and the Nomination and Compensation Committee

During the fiscal year ended March 31, 2023, the Company held the Board of Directors Meeting and the Nomination and Compensation Committee Meeting once or more a month. Attendance of each Director and Audit & Supervisory Board Member is as follows.

Title	Name	Board of Directors Meeting	Nomination and Compensation Committee Meeting
President	Yutaka Nagao	100% (18 of 18 meetings)	100% (12 of 12 meetings)
Executive Officer and Vice President	Toshizo Kurisu	100% (14 of 14 meetings)*2	—
Executive Officer and Vice President	Yasuharu Kosuge	100% (14 of 14 meetings)*2	—
Director	Kenichi Shibasaki	100% (18 of 18 meetings)	—
Outside Director	Mariko Tokuno	100% (18 of 18 meetings)	100% (12 of 12 meetings)
Outside Director	Yoichi Kobayashi	100% (18 of 18 meetings)	100% (12 of 12 meetings)
Outside Director	Shiro Sugata	100% (18 of 18 meetings)	100% (12 of 12 meetings)
Outside Director	Noriyuki Kuga	100% (18 of 18 meetings)	100% (9 of 9 meetings)*3
Outside Director	Charles Yin	100% (14 of 14 meetings)*4	100% (9 of 9 meetings)*3
Audit & Supervisory Board Member	Yoshihiro Kawasaki	100% (18 of 18 meetings)	—
Audit & Supervisory Board Member	Tsutomu Sasaki	100% (14 of 14 meetings)*4	—
Outside Audit & Supervisory Board Member	Takashi Yamashita	100% (18 of 18 meetings)	—
Outside Audit & Supervisory Board Member	Ryuji Matsuda	100% (18 of 18 meetings)	—
Outside Audit & Supervisory Board Member	Yoshihide Shimoyama	100% (18 of 18 meetings)	—
Chairperson of the Board of Directors*5	Masaki Yamauchi	100% (4 of 4 meetings)*6	100% (3 of 3 meetings)*7
Director*5	Haruo Kanda	100% (4 of 4 meetings)*6	—
Outside Director*5	Masakatsu Mori	100% (4 of 4 meetings)*6	100% (3 of 3 meetings)*7
Audit & Supervisory Board Member*5	Mamoru Matsuno	100% (4 of 4 meetings)*6	—

- Notes:
1. The numbers in parentheses indicate the number of meetings attended/the number of meetings held during the term of office.
 2. He was appointed as Director at the Ordinary General Meeting of Shareholders held on June 23, 2022. His attendance as Executive Officer prior thereto is not included.
 3. He was elected as member of the Nomination and Compensation Committee at the Board of Directors Meeting held on June 23, 2022.
 4. He was appointed as Director and Audit & Supervisory Board Member at the Ordinary General Meeting of Shareholders held on June 23, 2022.
 5. The titles presented above are those held during the terms of office.
 6. He retired due to the expiration of his term of office at the Ordinary General Meeting of Shareholders held on June 23, 2022.
 7. He retired due to the expiration of his term of office at the Board of Directors Meeting held on June 23, 2022.

ii. Specific details of discussion

(a) Board of Directors

The Board of Directors checks and supervises the status of business execution, the status of initiatives in each business area based on medium- to long-term management strategies, matters related to corporate governance, etc. In the fiscal year ended March 31, 2023, the Board discussed matters, including reinforcement of corporate sales capabilities in global and other domains, revisions to reported freight rates for TA-Q-BIN and other services, structural reform of network operations, the status of the promotion of sustainable management, the status of company-wide risk management and internal control, assessment of the effectiveness of the Board of Directors, and the status of dialogue with shareholders and investors.

(b) Nomination and Compensation Committee

- The Committee deliberated on and determined matters concerning the appointment and dismissal of Directors, Audit & Supervisory Board Members, and Executive Officers, policies regarding the compensation to be received by Directors and Executive Officers, and processes to increase objectivity and transparency, verified the appropriateness of the details thereof, and brought them up at the Board of Directors Meetings.
- In order to sustainably strengthen corporate competitiveness, the Committee deliberated on matters related to nomination processes for developing and selecting candidates for the person who will succeed the President in the future.

(2) Status of Officers

(i) List of Officers

i. The status of officers as of June 16, 2023 (the Filing Date of the Annual Securities Report) is as follows.

13 men and 1 woman (ratio of women: 7.1%)

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Representative Director, Executive Officer and President	Yutaka Nagao	August 31, 1965	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch</p> <p>Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd.</p> <p>Apr. 2009 General Manager of TSS Sales Promotion Office, Yamato Transport Co., Ltd.</p> <p>Apr. 2010 Executive Officer and President of Kanto Regional Office, Yamato Transport Co., Ltd.</p> <p>Apr. 2013 Managing Executive Officer, Yamato Transport Co., Ltd.</p> <p>Apr. 2015 Executive Officer of the Company</p> <p>Apr. 2015 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd.</p> <p>Jun. 2017 Director and Executive Officer of the Company</p> <p>Apr. 2019 Representative Director, Executive Officer and President (current)</p> <p>Apr. 2021 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd. (current)</p>	Note 3	30
Representative Director, Executive Officer and Vice President	Toshizo Kurisu	September 29, 1960	<p>Apr. 1983 Joined the Company</p> <p>Jul. 1999 General Manager of Accounting Division</p> <p>Jun. 2002 General Manager of Finance Division</p> <p>Apr. 2006 Executive Officer</p> <p>Apr. 2012 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd.</p> <p>Apr. 2017 Representative Director and Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2019 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd.</p> <p>Mar. 2020 Managing Executive Officer of the Company</p> <p>Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Feb. 2022 Executive Officer and Vice President of the Company</p> <p>Feb. 2022 Responsible for Finance, Public Relations and Digital</p> <p>Feb. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)</p>	Note 3	35
Representative Director, Executive Officer and Vice President	Yasuharu Kosuge	June 21, 1961	<p>Apr. 1985 Joined the Company</p> <p>Jun. 1997 Project Manager of Work System Project</p> <p>Feb. 2002 Regional Branch Manager of Okayama Regional Branch</p> <p>Apr. 2004 Regional Branch Manager of Yokohama Regional Branch</p> <p>May 2006 Regional Branch Manager of Kita Tokyo Regional Branch of Yamato Transport Co., Ltd.</p> <p>Apr. 2011 General Manager of Corporate Sales Division of Yamato Transport Co., Ltd.</p> <p>Apr. 2014 Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2016 Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2019 Managing Executive Officer of the Company</p> <p>Apr. 2019 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd.</p> <p>Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Feb. 2022 Senior Managing Executive Officer of the Company</p> <p>Feb. 2022 Responsible for Management Strategy and Human Resources</p> <p>Feb. 2022 Representative Director and Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)</p>	Note 3	6

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Director	Kenichi Shibasaki	October 16, 1955	<p>Apr. 1980 Joined the Company</p> <p>Jun. 1997 Regional Branch Manager of Saitama Regional Branch</p> <p>Jun. 1999 General Manager of Education Division</p> <p>Apr. 2003 General Manager of Operation Division</p> <p>Feb. 2006 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd.</p> <p>Apr. 2006 Executive Officer of the Company</p> <p>Apr. 2012 Managing Executive Officer</p> <p>Apr. 2016 Senior Managing Executive Officer</p> <p>Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy</p> <p>Jun. 2018 Director and Senior Managing Executive Officer</p> <p>Apr. 2019 Representative Director, Executive Officer and Vice President</p> <p>Apr. 2019 Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit</p> <p>Mar. 2020 Responsible for overseeing Managing Section</p> <p>Feb. 2022 Representative Director of the Company</p> <p>Jun. 2022 Director (current)</p>	Note 3	38
Director	Mariko Tokuno	October 6, 1954	<p>Jan. 1994 Joined Louis Vuitton Japan KK</p> <p>Apr. 2002 Senior Director for Sales Administration, Louis Vuitton Japan KK</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> <p>Outside Director of Shiseido Company, Limited</p>	Note 3	5
Director	Yoichi Kobayashi	July 21, 1949	<p>Apr. 1973 Joined ITOCHU Corporation</p> <p>Jun. 2004 Executive Officer</p> <p>Apr. 2006 Managing Executive Officer</p> <p>Jun. 2006 Representative Executive Managing Director</p> <p>Apr. 2008 Representative Senior Managing Director</p> <p>Apr. 2011 Representative Director and Executive Vice President</p> <p>Apr. 2015 Senior Advisor</p> <p>Apr. 2016 Vice Chairman</p> <p>Jun. 2018 Director of the Company (current)</p>	Note 3	6
Director	Shiro Sugata	November 17, 1949	<p>Apr. 1972 Joined USHIO INC.</p> <p>Jan. 1993 President of BLV LICHT- UND VAKUUMTECHNIK GmbH</p> <p>Jun. 2000 Director and Corporate Senior Vice President of USHIO INC.</p> <p>Apr. 2004 Director and Corporate Executive Vice President</p> <p>Jun. 2004 Representative Director and Corporate Executive Vice President</p> <p>Mar. 2005 President and CEO</p> <p>Oct. 2014 Director and Corporate Advisor</p> <p>Jun. 2016 Corporate Advisor</p> <p>Jul. 2017 Special Corporate Advisor</p> <p>Jun. 2019 Director of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Outside Director of Yokogawa Electric Corporation</p>	Note 3	—
Director	Noriyuki Kuga	August 25, 1955	<p>Apr. 1979 Joined Tokyo Electron Ltd.</p> <p>Apr. 2002 Vice President and General Manager</p> <p>Oct. 2004 President and Representative Director of Tokyo Electron BP Ltd.</p> <p>Oct. 2006 Executive Vice President of TOKYO ELECTRON DEVICE LIMITED</p> <p>Jun. 2007 Corporate Director and Executive Vice President</p> <p>Jun. 2011 Senior Executive Vice President and Representative Director</p> <p>Jun. 2016 Chairman of the Board</p> <p>Jun. 2020 Director of the Company (current)</p>	Note 3	1

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Director	Charles Yin	May 29, 1964	<p>Feb. 1990 Joined L3, Inc. (New York)</p> <p>Mar. 1992 Vice President</p> <p>Sep. 1996 Joined Fuji Xerox Asia Pacific Pte. Ltd. (Singapore)</p> <p>Aug. 2007 CEO of Worldwide City Group (Hong Kong)</p> <p>Jul. 2018 Executive Chairman (current)</p> <p>Jun. 2022 Director of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Executive Chairman of Worldwide City Group (Hong Kong)</p> <p>Chairman of China-Japan CEO Forum</p> <p>Chairman of China-Japan Asia CEO Forum</p>	Note 3	—
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	November 12, 1954	<p>Sep. 1992 Joined Kyushu Yamato Transport Co., Ltd.</p> <p>Apr. 2003 Regional Branch Manager of Kagoshima Regional Branch of Yamato Transport Co., Ltd.</p> <p>Feb. 2006 General Manager of Division of Service Quality Improvement</p> <p>Apr. 2010 Executive Officer and President of Shikoku Regional Office</p> <p>Jun. 2015 Audit & Supervisory Board Member</p> <p>Jun. 2019 Full-time Audit & Supervisory Board Member of the Company (current)</p>	Note 4	10
Full-time Audit & Supervisory Board Member	Tsutomu Sasaki	November 13, 1964	<p>Apr. 1987 Joined the Company</p> <p>Apr. 2005 General Manager of TA-Q-BIN Sales Division III</p> <p>Jul. 2006 General Manager of Product Development Division of Yamato Transport Co., Ltd.</p> <p>Apr. 2007 General Manager of Manufacturer Solution Sales Division</p> <p>Apr. 2009 General Manager of Global Sales Division</p> <p>Apr. 2011 General Manager of Sales Strategy Division</p> <p>Apr. 2017 Executive Officer of the Company</p> <p>Sep. 2018 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd.</p> <p>Apr. 2019 Managing Executive Officer of the Company</p> <p>Mar. 2020 Representative Director, Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2021 Senior Managing Executive Officer of the Company</p> <p>Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Feb. 2022 Attached to the President of the Company</p> <p>Jun. 2022 Full-time Audit & Supervisory Board Member of the Company (current)</p>	Note 5	12
Audit & Supervisory Board Member	Takashi Yamashita	February 18, 1956	<p>Oct. 1983 Joined Asahi Accounting Company</p> <p>Mar. 1987 Registered as Certified Public Accountant</p> <p>May 2003 Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC)</p> <p>Aug. 2014 Established Takashi Yamashita CPA Office, Representative (current)</p> <p>Jan. 2015 Registered as Certified Tax Accountant</p> <p>Jun. 2017 Outside Audit & Supervisory Board Member of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Representative of Takashi Yamashita CPA Office</p> <p>Outside Director of SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.</p>	Note 6	—
Audit & Supervisory Board Member	Ryuji Matsuda	April 30, 1955	<p>Apr. 1986 Registered as Attorney at Law and Certified Public Accountant</p> <p>Jul. 1992 Established Matsuda Law Office (current)</p> <p>Jun. 2007 Audit & Supervisory Board Member of SQUARE ENIX CO., LTD.</p> <p>Jun. 2008 Audit & Supervisory Board Member of Seika Corporation</p> <p>May 2012 Auditor of the Japan Federation of Bar Associations</p> <p>Jun. 2014 Auditor of ASahi GROUP ARTS FOUNDATION (currently: ASahi GROUP FOUNDATION) (current)</p> <p>Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)</p> <p>(Important Concurrent Positions at Other Organizations)</p> <p>Attorney at Law, Matsuda Law Office</p>	Note 7	—

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Yoshihide Shimoyama	April 24, 1951	Apr. 1976 Joined Nihon Cement Co., Ltd. (currently: Taiheiyo Cement Corporation) Apr. 2006 General Manager of Technology Planning Department, Central Research Laboratory Mar. 2008 President and Representative Director of Taiheiyo Consultant Co., Ltd. Apr. 2015 Advisor Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current) (Important Concurrent Positions at Other Organizations) Outside Audit & Supervisory Board Member of NIPPON HUME CORPORATION	Note 7	1
Total					149

- Notes:
1. Directors Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata, Noriyuki Kuga and Charles Yin are Outside Directors.
 2. Audit & Supervisory Board Members Takashi Yamashita, Ryuji Matsuda and Yoshihide Shimoyama are Outside Audit & Supervisory Board Members.
 3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2022.
 4. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.
 5. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2022.
 6. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
 7. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
 8. Important Concurrent Positions at Other Organizations are as of March 31, 2023.
 9. The Company has introduced an executive officer system. Of the six executive officers, the following three do not concurrently serve as Directors.

Title	Name
Senior Managing Executive Officer	Tomoki Otani
Senior Managing Executive Officer	Shinji Makiura
Managing Executive Officer	Atsushi Kashimoto

ii. The Company has proposed the “Election of eight (8) Directors” and “Election of one (1) Audit & Supervisory Board Member” as agenda items (Matters to be resolved) at the Ordinary General Meeting of Shareholders held on June 23, 2023, and if these agenda items are approved as proposed, the status of the Company’s officers should be as follows.

Note that this also includes a description of the matters to be resolved (titles) at the Board of Directors and Audit & Supervisory Board meetings scheduled to be convened immediately following such Ordinary General Meeting of Shareholders.
12 men and 1 woman (ratio of women: 7.7%)

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Representative Director, Executive Officer and President	Yutaka Nagao	August 31, 1965	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch</p> <p>Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd.</p> <p>Apr. 2009 General Manager of TSS Sales Promotion Office, Yamato Transport Co., Ltd.</p> <p>Apr. 2010 Executive Officer and President of Kanto Regional Office, Yamato Transport Co., Ltd.</p> <p>Apr. 2013 Managing Executive Officer, Yamato Transport Co., Ltd.</p> <p>Apr. 2015 Executive Officer of the Company</p> <p>Apr. 2015 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd.</p> <p>Jun. 2017 Director and Executive Officer of the Company</p> <p>Apr. 2019 Representative Director, Executive Officer and President (current)</p> <p>Apr. 2021 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd. (current)</p>	Note 3	30
Representative Director, Executive Officer and Vice President	Toshizo Kurisu	September 29, 1960	<p>Apr. 1983 Joined the Company</p> <p>Jul. 1999 General Manager of Accounting Division</p> <p>Jun. 2002 General Manager of Finance Division</p> <p>Apr. 2006 Executive Officer</p> <p>Apr. 2012 Representative Director, Executive Officer and President of Yamato Financial Co., Ltd.</p> <p>Apr. 2017 Representative Director and Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2019 Representative Director, Executive Officer and President of Yamato Transport Co., Ltd.</p> <p>Mar. 2020 Managing Executive Officer of the Company</p> <p>Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Feb. 2022 Executive Officer and Vice President of the Company</p> <p>Feb. 2022 Responsible for Finance, Public Relations and Digital</p> <p>Feb. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)</p>	Note 3	35

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Representative Director, Executive Officer and Vice President	Yasuharu Kosuge	June 21, 1961	<p>Apr. 1985 Joined the Company</p> <p>Jun. 1997 Project Manager of Work System Project</p> <p>Feb. 2002 Regional Branch Manager of Okayama Regional Branch</p> <p>Apr. 2004 Regional Branch Manager of Yokohama Regional Branch</p> <p>May 2006 Regional Branch Manager of Kita Tokyo Regional Branch of Yamato Transport Co., Ltd.</p> <p>Apr. 2011 General Manager of Corporate Sales Division of Yamato Transport Co., Ltd.</p> <p>Apr. 2014 Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2016 Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Apr. 2019 Managing Executive Officer of the Company</p> <p>Apr. 2019 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd.</p> <p>Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Feb. 2022 Senior Managing Executive Officer of the Company</p> <p>Feb. 2022 Responsible for Management Strategy and Human Resources</p> <p>Feb. 2022 Representative Director, Senior Managing Executive Officer of Yamato Transport Co., Ltd.</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of the Company (current)</p> <p>Jun. 2022 Representative Director, Executive Officer and Vice President of Yamato Transport Co., Ltd. (current)</p>	Note 3	6
Director	Mariko Tokuno	October 6, 1954	<p>Jan. 1994 Joined Louis Vuitton Japan KK</p> <p>Apr. 2002 Senior Director for Sales Administration, Louis Vuitton Japan KK</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>	Note 3	5
Director	Yoichi Kobayashi	July 21, 1949	<p>Apr. 1973 Joined ITOCHU Corporation</p> <p>Jun. 2004 Executive Officer</p> <p>Apr. 2006 Managing Executive Officer</p> <p>Jun. 2006 Representative Executive Managing Director</p> <p>Apr. 2008 Representative Senior Managing Director</p> <p>Apr. 2011 Representative Director and Executive Vice President</p> <p>Apr. 2015 Senior Advisor</p> <p>Apr. 2016 Vice Chairman</p> <p>Jun. 2018 Director of the Company (current)</p>	Note 3	6
Director	Shiro Sugata	November 17, 1949	<p>Apr. 1972 Joined USHIO INC.</p> <p>Jan. 1993 President of BLV LICHT- UND VAKUUMTECHNIK GmbH</p> <p>Jun. 2000 Director and Corporate Senior Vice President of USHIO INC.</p> <p>Apr. 2004 Director and Corporate Executive Vice President</p> <p>Jun. 2004 Representative Director and Corporate Executive Vice President</p> <p>Mar. 2005 President and CEO</p> <p>Oct. 2014 Director and Corporate Advisor</p> <p>Jun. 2016 Corporate Advisor</p> <p>Jul. 2017 Special Corporate Advisor</p> <p>Jun. 2019 Director of the Company (current)</p>	Note 3	—
Director	Noriyuki Kuga	August 25, 1955	<p>Apr. 1979 Joined Tokyo Electron Ltd.</p> <p>Apr. 2002 Vice President and General Manager</p> <p>Oct. 2004 President and Representative Director of Tokyo Electron BP Ltd.</p> <p>Oct. 2006 Executive Vice President of TOKYO ELECTRON DEVICE LIMITED</p> <p>Jun. 2007 Corporate Director and Executive Vice President</p> <p>Jun. 2011 Senior Executive Vice President and Representative Director</p> <p>Jun. 2016 Chairman of the Board</p> <p>Jun. 2020 Director of the Company (current)</p>	Note 3	1

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Director	Charles Yin	May 29, 1964	Feb. 1990 Joined L3, Inc. (New York) Mar. 1992 Vice President Sep. 1996 Joined Fuji Xerox Asia Pacific Pte. Ltd. (Singapore) Aug. 2007 CEO of Worldwide City Group (Hong Kong) Jul. 2018 Executive Chairman (current) Jun. 2022 Director of the Company (current)	Note 3	—
Full-time Audit & Supervisory Board Member	Tsutomu Sasaki	November 13, 1964	Apr. 1987 Joined the Company Apr. 2005 General Manager of TA-Q-BIN Sales Division III Jul. 2006 General Manager of Product Development Division of Yamato Transport Co., Ltd. Apr. 2007 General Manager of Manufacturer Solution Sales Division Apr. 2009 General Manager of Global Sales Division Apr. 2011 General Manager of Sales Strategy Division Apr. 2017 Executive Officer of the Company Sep. 2018 Representative Director, Executive Officer and President of Yamato Logistics Co., Ltd. Apr. 2019 Managing Executive Officer of the Company Mar. 2020 Representative Director, Senior Managing Executive Officer of Yamato Transport Co., Ltd. Apr. 2021 Senior Managing Executive Officer of the Company Apr. 2021 Senior Managing Executive Officer of Yamato Transport Co., Ltd. Feb. 2022 Attached to the President of the Company Jun. 2022 Full-time Audit & Supervisory Board Member of the Company (current)	Note 4	12
Full-time Audit & Supervisory Board Member	Yoshito Shoji	April 22, 1961	Apr. 1980 Joined the Company Nov. 2007 General Manager of Finance Division, Yamato Transport Co., Ltd. Apr. 2019 Managing Executive Officer Mar. 2020 Director and Managing Executive Officer, Yamato Management Services Co. Apr. 2021 General Manager, Professional Service Function Division, Yamato Transport Co., Ltd. Apr. 2022 General Manager of Project Group, Finance Division Feb. 2023 Human Resources Department of the Company Jun. 2023 Full-time Audit & Supervisory Board Member (current)	Note 5	6
Audit & Supervisory Board Member	Takashi Yamashita	February 18, 1956	Oct. 1983 Joined Asahi Accounting Company Mar. 1987 Registered as Certified Public Accountant May 2003 Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC) Aug. 2014 Established Takashi Yamashita CPA Office, Representative (current) Jan. 2015 Registered as Certified Tax Accountant Jun. 2017 Outside Audit & Supervisory Board Member of the Company (current)	Note 6	—
Audit & Supervisory Board Member	Ryuji Matsuda	April 30, 1955	Apr. 1986 Registered as Attorney at Law and Certified Public Accountant Jul. 1992 Established Matsuda Law Office (current) Jun. 2007 Audit & Supervisory Board Member of SQUARE ENIX CO., LTD. Jun. 2008 Audit & Supervisory Board Member of Seika Corporation May 2012 Auditor of the Japan Federation of Bar Associations Jun. 2014 Auditor of ASAHU GROUP ARTS FOUNDATION (currently: ASAHU GROUP FOUNDATION) (current) Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)	Note 7	—

Title	Name	Date of birth	Brief career summary	Term	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Yoshihide Shimoyama	April 24, 1956	Apr. 1976 Joined Nihon Cement Co., Ltd. (currently: Taiheiyo Cement Corporation) Apr. 2006 General Manager of Technology Planning Department, Central Research Laboratory Mar. 2008 President and Representative Director of Taiheiyo Consultant Co., Ltd. Apr. 2015 Advisor Jun. 2020 Outside Audit & Supervisory Board Member of the Company (current)	Note 7	1
Total					106

- Notes:
1. Directors Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata, Noriyuki Kuga and Charles Yin are Outside Directors.
 2. Audit & Supervisory Board Members Takashi Yamashita, Ryuji Matsuda and Yoshihide Shimoyama are Outside Audit & Supervisory Board Members.
 3. One year from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 23, 2023.
 4. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2022.
 5. Four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 23, 2023.
 6. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
 7. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
 8. The Company has introduced an executive officer system. Of the six executive officers, the following three do not concurrently serve as Directors.

Title	Name
Senior Managing Executive Officer	Tomoki Otani
Senior Managing Executive Officer	Shinji Makiura
Managing Executive Officer	Atsushi Kashimoto

(ii) Information about Outside Directors (and other outside officers)

The Company has elected five Outside Directors and three Outside Audit & Supervisory Board Members. There is no human relationship, capital relationship, business relationship, or other interest between the Company and the Outside Directors and Outside Audit & Supervisory Board Members and between the Company and the companies where the Outside Directors and Outside Audit & Supervisory Board Members are, or were, officers or employees.

The Outside Directors provide remarks and advice that are necessary for overall management as appropriate and improve the management in cooperation with the Accounting Audit and Internal Audit Departments.

The Outside Audit & Supervisory Board Members attend meetings of the Audit & Supervisory Board and meetings between the President and the Outside Directors and Audit & Supervisory Board Members, which are regularly held. They provide remarks that are necessary from the standpoint of the Audit & Supervisory Board Members, confirm the job execution status of Directors, and ask questions about management measures.

The Company has the five Outside Directors, of the nine Directors in total, to check its management from an objective point of view, and its functioning is strengthened by having more than half of all the Directors being Outside Directors. In order to strengthen the auditing function over the Company's business execution, three of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members, and its functioning is strengthened by having more than half of all the Audit & Supervisory Board Members being Outside Audit & Supervisory Board Members.

The following is the Company's ideas about the election of Outside Directors and Outside Audit & Supervisory Board Members as of June 16, 2023 (the Filing Date of the Annual Securities Report).

In addition, the Company has proposed the "Election of eight (8) Directors" as an agenda item (Matters to be resolved) at the Ordinary General Meeting of Shareholders held on June 23, 2023. If this agenda item is approved as proposed, the Outside Directors as of the filing date should be elected.

<Outside Directors>

Name	Reasons for the election of the Outside Director
Mariko Tokuno	<p>Mariko Tokuno possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business, as a corporate manager. She has been utilizing this insight to furnish advice on the Company's general management from a managerial standpoint in addition to the standpoint of customers and employees, particularly regarding business execution, business strategy, and human resources strategy. Accordingly, in order to further enhance our management structure, the Company has elected her as an Outside Director.</p> <p>The Company appointed Mariko Tokuno as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered her as such with that exchange. Mariko Tokuno satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Yoichi Kobayashi	<p>Yoichi Kobayashi possesses abundant experience and considerable insight, particularly in the fields of marketing/sales and global business, as a corporate manager. He has been utilizing this insight to furnish advice on the Company's general management from a managerial standpoint, particularly regarding business execution, business strategy, and investment resources strategy. Accordingly, in order to further enhance our management structure, the Company has elected him as an Outside Director.</p> <p>The Company appointed Yoichi Kobayashi as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Yoichi Kobayashi satisfies the requirements for Criteria for Determining Independence of the Company.</p>
Shiro Sugata	<p>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. He has been utilizing this insight to furnish advice on the Company's general management from a managerial standpoint, particularly regarding business execution, business strategy, increasing productivity, and cost structure reform. Accordingly, in order to further enhance our management structure, the Company has elected him as an Outside Director.</p> <p>The Company appointed Shiro Sugata as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Shiro Sugata satisfies the requirements for Criteria for Determining Independence of the Company.</p>

Name	Reasons for the election of the Outside Director
Noriyuki Kuga	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. He has been utilizing this insight to furnish advice on the Company's general management from a managerial standpoint, particularly regarding business execution, financial strategy, and corporate governance. Accordingly, in order to further enhance our management structure, the Company has elected him as an Outside Director. The Company appointed Noriyuki Kuga as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Noriyuki Kuga satisfies the requirements for Criteria for Determining Independence of the Company.
Charles Yin	Charles Yin possesses abundant experience and considerable insight, particularly in the fields of marketing/sales, IT/digital technology and global business as a corporate manager. He has been utilizing this insight to furnish advice on the Company's general management from a managerial standpoint, particularly regarding business execution and global business strategy. Accordingly, in order to further enhance our management structure, the Company has elected him as an Outside Director. The Company appointed Charles Yin as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Charles Yin satisfies the requirements for Criteria for Determining Independence of the Company.

<Outside Audit & Supervisory Board Members>

Name	Reasons for the election of the Outside Audit & Supervisory Board Member
Takashi Yamashita	The Company has elected Takashi Yamashita as an 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. The Company appointed Takashi Yamashita as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Takashi Yamashita satisfies the requirements for Criteria for Determining Independence of the Company.
Ryuji Matsuda	The Company has elected Ryuji Matsuda as an Outside Audit & Supervisory Board Member in order to draw on his sophisticated expertise as a lawyer with respect to the Company's audit structure. The Company appointed Ryuji Matsuda as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Ryuji Matsuda satisfies the requirements for Criteria for Determining Independence of the Company.
Yoshihide Shimoyama	The Company has elected Yoshihide Shimoyama as an Outside Audit & Supervisory Board Member in order to draw on his experience as a member of the Board of Directors and an Outside Audit & Supervisory Board Member at other companies with respect to the Company's audit structure. The Company appointed Yoshihide Shimoyama as an independent officer, as provided for under the provisions of Tokyo Stock Exchange, Inc., and registered him as such with that exchange. Yoshihide Shimoyama satisfies the requirements for Criteria for Determining Independence of the Company.

For electing the Outside Directors and Outside Audit & Supervisory Board Members, the Company has established the following original criteria for determining their independence from the Company, based on the Criteria for Determining Independence shown by Tokyo Stock Exchange, Inc.

The Company has appointed all of the Outside Directors and Outside Audit & Supervisory Board Members as independent officers, as provided for under the provisions of the Tokyo Stock Exchange, Inc., and registered them as such with that exchange.

<Criteria for Determining Independence>

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

- i. A party who is a major business partner¹ 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;
- ii. A major business partner² of the Company, or otherwise if such party is a corporation or other such entity, a person who executes business thereof;

- iii. A consultant, accounting professional or legal professional who receives substantial monetary consideration and/or other economic benefits³ from the Company besides officer remuneration;
- iv. A consultant, accounting professional, legal professional or other such professional who is a member of a corporation or other such entity⁴ that provides professional services acting as a major business partner of the Company;
- v. A major shareholder⁵ of the Company, or otherwise if such major shareholder is a corporation or other such entity, a person who executes business thereof;
- vi. A recipient of donations⁶ from the Company or a person who executes business thereof;
- vii. A party who fell under (i) through (vi) above in the past three years;
- viii. A CPA or member of an audit corporation that served as the accounting auditor of the Company in the past three years;
- ix. A person who served in the past ten years as a Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Executive Officer, or employee of the Company;
- x. A close relative⁷ of a person (limited to consequential persons⁸) with respect to whom any of the aforementioned apply.

Note 1: Refers to business partners with whom the transaction value in the most recent business year exceeds 2% of the full-year consolidated operating revenue of said Group.

Note 2: Refers to business partners with whom the transaction value in the most recent business year exceeds 2% of the full-year consolidated operating revenue of the Company or financial institutions whose loans to the Company in the same business year exceed 2% of the consolidated total assets of the Company.

Note 3: Refers to monetary consideration or other economic benefits in excess of 10 million yen for the full year in the most recent business year.

Note 4: Refers to corporations or other entities that have received payments from the Company that are 2% or more than the consolidated operating revenue of that corporation or entity on average over the most recent three business years.

Note 5: Refers to a party or corporation that directly or indirectly holds 10% or more of the total voting rights of the Company.

Note 6: Refers to donations that exceed 10 million yen in a single business year or donations in excess of 2% of the full-year operating revenue of the most recent business year of the party that received the donations when that party is a corporation.

Note 7: Refers to a spouse or a relative within the second degree.

Note 8: "Consequential persons" refers to Directors (excluding Outside Directors), Executive Officers and persons who execute business in a position of General Manager or higher as well as persons belonging to an audit corporation or accounting office who are CPAs, persons belonging to a legal professional corporation or law office who are lawyers, or other persons objectively and rationally determined to have consequentiality equivalent thereto.

(3) Information about Audits

1) Information about audits by Audit & Supervisory Board Members

i. Organization, staff, and procedures of audits by Audit & Supervisory Board Members

The Audit & Supervisory Board is comprised of two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members. Yoshihiro Kawasaki, Full-time Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience in business management, business operation and as a Full-time Audit & Supervisory Board Member of the Company's subsidiary, Yamato Transport Co., Ltd. over many years. Takashi Yamashita, Outside Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his services as a certified public accountant. Ryuji Matsuda, Outside Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his services as an attorney. Yoshihide Shimoyama, Outside 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. The Company has assigned a dedicated person who supports the Audit & Supervisory Board Members to ensure a system where their audit work is executed smoothly.

The Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings and oversee the execution of duties by the Directors in accordance with the audit policy, allocation of work, etc., thereby enhancing sound management and social trust in the Company. The Audit & Supervisory Board Members hold Group Audit & Supervisory Board Members' Liaison Meetings on a regular basis and discuss the audit policy and method with the full-time audit & supervisory board members of the Group's major business companies, exchange information, and strengthen the relationships with them. They also hold regular reporting sessions with internal auditors and exchange information with them. The Audit & Supervisory Board Members maintain independence from the Accounting Auditors and monitor and verify whether they implemented appropriate audits, and they receive reports from the Accounting Auditors regarding the performance of their duties and seek explanations as necessary.

ii. Activities of Audit & Supervisory Board Members and Audit & Supervisory Board

In the fiscal year under review, the Audit & Supervisory Board held 18 meetings, made 17 resolutions (about the audit plan, the audit report, agenda items on the election of Audit & Supervisory Board Members at the General Meeting of Shareholders, evaluated reappointing the Accounting Auditors, and other items) and issued 34 reports (details of the reports based on the whistleblowing system, the status of implementing the internal audit, the operational status of the internal control system, and others) throughout the year. Each meeting lasted about 78 minutes on average. The following shows the attendance records of the Audit & Supervisory Board Members.

Title	Name	Attendance at Audit & Supervisory Board meetings
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	18 of 18 meetings (100%)
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	4 of 4 meetings (100%)
Full-time Audit & Supervisory Board Member	Tsutomu Sasaki	14 of 14 meetings (100%)
Outside Audit & Supervisory Board Member	Takashi Yamashita	18 of 18 meetings (100%)
Outside Audit & Supervisory Board Member	Ryuji Matsuda	18 of 18 meetings (100%)
Outside Audit & Supervisory Board Member	Yoshihide Shimoyama	18 of 18 meetings (100%)

* The attendance at Audit & Supervisory Board meetings of Mamoru Matsuno, Full-time Audit & Supervisory Board Member, is his attendance at the Audit & Supervisory Board meetings that were held before his retirement on June 23, 2022. The attendance at Audit & Supervisory Board meetings of Tsutomu Sasaki, Full-time Audit & Supervisory Board Member, is his attendance at the Audit & Supervisory Board meetings that were held after his appointment on June 23, 2022.

The Audit & Supervisory Board set the following as its significant audit items: the status of decision making by Directors, the status of initiatives to reinforce the internal control system and Group companies' management, the compliance risk management systems, information management systems, and the progress concerning key initiatives to further materialize the three business transformations and the three infrastructure transformations prescribed as basic policies in "One Yamato 2023," our Medium-term Management Plan. In addition, the Audit & Supervisory Board received detailed explanation for impairment of Yamato Transport Co., Ltd.'s non-current assets and valuation of shares of the Company's subsidiaries and associates, which were recognized as *Key Audit Matters (KAM)* for the fiscal year ended March 31, 2023, from the finance department and the Accounting Auditor and asked them questions.

The Audit & Supervisory Board Members attended the Board of Directors meetings, oversaw the proceedings of management and the resolutions, and expressed their opinions as necessary. The total attendance rate was 100%. The Audit & Supervisory Board held semi-annual meetings to exchange opinions with the President and exchanged opinions based on the audit reports and audit findings. It also received reports from Directors, Executive Officers, and general managers in charge of business departments and exchanged opinions with them as necessary.

The Full-time Audit & Supervisory Board Members attended meetings of the management committee and other important meetings. The Full-time and Outside Audit & Supervisory Board Members exchanged opinions with the representative directors of Group companies as necessary.

2) Information about internal audits

The Company has established the Internal Audit Department as an independent organization. Under the internal audit supervisor of the Company, there are 173 internal auditors within the Group. According to the annual audit plan, they audit whether the Company and Group companies properly and efficiently execute their businesses. As for audit results, the Company has established a dual-reporting structure, including monthly reports to the President and Audit & Supervisory Board Members as well as regular reports to the Board of Directors and the Audit & Supervisory Board. The Company holds regular audit meetings within the Group and discusses audit policies and problems and improvement proposals based on audit results with internal auditors. The Company also makes efforts to improve and maintain the effectiveness of internal control over financial reporting in cooperation with the internal control departments of Group companies. In addition, internal auditors, Audit & Supervisory Board Members, and the Accounting Auditors regularly exchange information with each other on audit plans and audit results. They also attend each other's audits. The Company is thus working to strengthen coordination in its three-pillar audit system for effective audits.

3) Information about accounting audits

i. Name of audit firm

Deloitte Touche Tohmatsu LLC

ii. Years of continuous auditing

Since 1983

iii. Certified public accountants who executed the audit duties

Designated Engagement Partner CPA Koichi Yano

Designated Engagement Partner CPA Shinji Seki

Designated Engagement Partner CPA Yusuke Kumei

iv. Composition of assistants who supported audit duties

The auditing team for the Company includes 10 other CPAs and 34 other assistants.

v. Policy and reason for appointing audit firm

The Company comprehensively takes into account the capabilities of the Accounting Auditors to properly react to the Company's business size, diversification and internationalization of its business domains in line with the development of Group management and environmental changes, such as revisions to the laws, orders, and criteria with respect to accounting. And it evaluates the Accounting Auditors according to the evaluation criteria for selecting and reappointing or not reappointing the Accounting Auditors set by the Audit & Supervisory Board. Based on the above, the Company confirms the Accounting Auditors' quality control system, independence, and expertise before electing the Accounting Auditors.

Moreover, the Audit & Supervisory Board evaluates whether the election of the Accounting Auditors is proper or not according to the criteria for the election and reappointment or not of the Accounting Auditors.

If the Company's Audit & Supervisory Board recognizes a fact about the Accounting Auditors, as the Company's accounting auditors, 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 Auditors based on that fact and shall dismiss the Accounting Auditors if there is consent from 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 Auditors, as the Company's accounting auditors, are insufficient for performing audit services, it shall deliberate on the non-reappointment of the Accounting Auditors based on that fact and shall resolve an agenda item for the non-reappointment of the Accounting Auditors to be submitted to the General Meeting of Shareholders.

The details of the criteria for the election of the Accounting Auditor are as follows.

(Details of criteria for election of Accounting Auditor)

a. Overview of audit firm

b. Audit implementation system, etc.

c. Estimated audit fee amount

vi. Evaluation of audit firm by the Audit & Supervisory Board and its Members

The Audit & Supervisory Board has set the criteria for electing and reappointing or not reappointing the Accounting Auditors. According to the criteria, the Audit & Supervisory Board monitors and verifies whether the Accounting Auditors maintain independence and implement appropriate audits and receives reports from the Accounting Auditors regarding the performance of their duties and carries out evaluations after seeking explanations as necessary.

In addition, the Audit & Supervisory Board received notice from the Accounting Auditors that “the system for ensuring that duties are performed correctly” (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, November 16, 2021) and other relevant standards and sought explanations as necessary.

As a result, the Audit & Supervisory Board has determined that the audit firm is well qualified as the Accounting Auditors of the Company after comprehensively evaluating and considering its audit quality, independence and expertise, and effectiveness of communication with Audit & Supervisory Board Members and senior executives.

The details of the criteria for the reappointment or non-reappointment of the Accounting Auditors are as follows.

(Details of criteria for reappointment or non-reappointment of Accounting Auditors)

- a. Quality control of audit firm
- b. Independence and expertise of the audit team
- c. Estimated audit fee amount, etc.
- d. Communication with Audit & Supervisory Board Members, etc.
- e. Relationships with corporate managers, etc.
- f. Group audits
- g. Handling of fraud risk

4) Details of audit fees and other matters

i. Audit fees paid to auditing certified public accountants, etc.

Classification	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	104	25	76	9
Consolidated subsidiaries	207	19	188	16
Total	311	44	264	25

The details of the non-audit services at the Company included advice, guidance, etc. on the response to financial information disclosures related to climate change and others for the fiscal year ended March 31, 2022, and provision of lectures in training for employees and others for the fiscal year ended March 31, 2023.

The details of the non-audit services at consolidated subsidiaries included advice, guidance, etc. on the provision of financial services for both the fiscal year ended March 31, 2022, and that ended March 31, 2023.

ii. Remuneration to the same network (Deloitte) as the auditing CPAs, etc.

(Excluding i.)

Classification	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	—	99	—	22
Consolidated subsidiaries	118	77	129	68
Total	118	176	129	91

The details of the non-audit services at the Company included the advisory service related to the reorganization of the Group's organization for the fiscal year ended March 31, 2022, and advice on the introduction of the Japanese Group Relief System for the fiscal year ended March 31, 2023.

The details of the non-audit services at consolidated subsidiaries included the tax advisory service related to overseas subsidiaries for both the fiscal year ended March 31, 2022, and that ended March 31, 2023.

iii. Details of fees for other significant audit certification services

Not applicable

iv. Policy on determining audit fees

The Company determined audit fees to the auditing CPAs and others after considering the number of days needed for audits, the Company's business size and characteristics, and others.

v. Reason for the Audit & Supervisory Board's consent to fees for Accounting Auditors

The Audit & Supervisory Board agreed with the audit fees to the Accounting Auditors according to Article 399, paragraph (1) of the Companies Act after it made the necessary inspection of the details of the Accounting Auditors' audit plans, implementation status of their accounting audits, grounds for calculating estimated fee amounts, and other factors.

(4) Remuneration for Directors (and other officers)

1) Total amount of remuneration by category of Directors (and other officers) and by type of remuneration as well as the number of eligible Directors (and other officers)

Categories of Directors (and other officers)	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)				Number of eligible Directors (and other officers) (Persons)
		Basic remuneration	Short-term performance-linked remuneration	Medium- to long-term performance-linked stock compensation*	Of the left, non-monetary remuneration, etc.	
Directors	372	222	108	41	41	6
Outside Directors	76	76	—	—	—	6
Audit & Supervisory Board Members	48	48	—	—	—	3
Outside Audit & Supervisory Board Member	33	33	—	—	—	3

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

2) Total amount of remuneration, etc. to those whose total remuneration, etc. was 100 million yen or more

Name	Total amount of remuneration, etc. (Millions of yen)	Category of Directors (or other officers)	Category of companies	Total amount by type of remuneration (Millions of yen)			
				Basic remuneration	Short-term performance-linked remuneration	Medium- to long-term performance-linked stock compensation *	Of the left, non-monetary remuneration, etc.
Yutaka Nagao	124	Director	Reporting company	71	37	15	15

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

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

The short-term performance-linked remuneration (variable) is based on the basic remuneration (fixed) determined by position, with a proportion set for each position and a standard amount set. Then the amount of the payment for each individual is determined within the range of 0% to 150% of the standard amount, depending on the Company's achievement rate of performance indicators and the mission assessment of each individual. The performance indicators are consolidated operating revenue, consolidated operating profit, and profit attributable to owners of parent.

The medium- to long-term performance-linked stock compensation (variable) is based on the basic remuneration (fixed) determined by position, with a proportion set for each position and a standard amount set. Then the amount of the payment for each individual is determined within the range of 0% to 150% of the standard amount, depending on the Company's achievement rate of performance indicators and the mission assessment of each individual. The performance indicators are ROE, TSR, and ESG indicators. One point per share is granted each fiscal year as the number of points obtained by dividing the amount of medium- to long-term performance-linked Stock Compensation (variable) by the average closing price of the Company's shares on the Tokyo Stock Exchange during the month preceding the fiscal year in which the Medium-term Management Plan is initiated.

The above indicators for performance-linked remuneration are used to better link remuneration to corporate performance and also to achieve greater transparency and objectivity.

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 2022 through June 2023.

<Formula for calculating performance-linked remuneration>

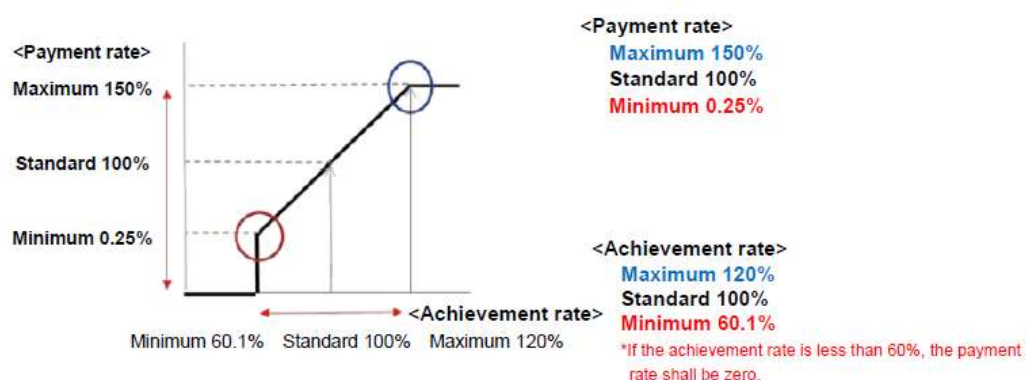
Variable remuneration	Performance indicator	Indicator rate for each Director	Actual	Target	Achievement rate
			(Millions of yen)	(Millions of yen)	%
Short-term performance indicator	i. The Group's consolidated operating revenue	○ 30%	1,793,600	1,815,000	98.8
	ii. The Group's consolidated operating profit	○ 30%	77,200	95,000	81.3
	iii. The Group's consolidated profit	○ 30%	56,000	53,000	105.6
	iv. Mission evaluation (individual)	○ 10%		-	

[(i. Achievement rate × 0.3 + ii. Achievement rate × 0.3 + iii. Achievement rate × 0.3) + Mission evaluation (individual) 10% maximum]

Variable remuneration	Performance indicator	Details	Indicator rate for each Director	Actual	Target	Achievement rate
				%	%	%
Medium- to long-term performance indicator	i. ROE	┆	○ 40%	9.6	10	96.0
	ii. TSR	Relative TSR TOPIX including dividends	○ 30%	77.1 (TOPIX 102.0 including dividends)	100	75.6
	iii. ESG indicators	TSR comparison Greenhouse gas emissions single-year target *3% reduction from FY2020	○ 20%	(2.0)	(3)	66.7
	iv. Medium- to long-term innovative action targets	Mission evaluation (individual)	○ 10%		-	

[(i. Achievement rate × 0.4 + ii. Achievement rate × 0.3 + iii. Achievement rate × 0.2) + Mission evaluation (individual) 10% maximum]

<Reference: Relationship between target achievement rate and payment rate>



Achievement rate on short-term performance indicator in the fiscal year ended March 31, 2022: 85.7%

(i. 98.8% × 0.3 + ii. 81.3% × 0.3 + iii. 105.6% × 0.3)

Achievement rate on medium- to long-term performance indicator in the fiscal year ended March 31, 2022: 74.4%

(i. 96.0% × 0.4 + ii. 75.6% × 0.3 + iii. 66.7% × 0.2)

4) 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 and medium- to long-term performance-linked remunerations paid to Directors (excluding Outside Directors) shall amount to not more than 245 million yen and 173 million yen per year, respectively. The Company has deemed that these are competitive remuneration levels for recruiting and retaining talented persons 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 and 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 8.00 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.

5) 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 persons.

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), short-term performance-linked remuneration (variable) and medium- to long-term performance-linked stock compensation (variable), considering the remuneration level at other companies and other factors. 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)

Basic remuneration (fixed) 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, attaining sustainable growth, and also because the Company seeks to offer remuneration levels competitive for recruiting and retaining talented persons.

v) Timing of delivery and conditions

The Company pays its basic remuneration (fixed) and short-term performance-linked remuneration (variable) as monetary sums on a monthly basis encompassing twelve equal installments annually. The medium- to long-term performance-linked stock compensation (variable) will be granted once a year in the form of points around June, which will be distributed at the time of retirement in accordance with the Stock Compensation Rules for Officers with the accumulated points up to the time of retirement being converted into one share per point.

6) 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 decides the amounts of basic remuneration (fixed), short-term performance-linked remunerations (variable) and medium- to long-term performance-linked stock compensation (variable) for individual Directors upon having taken into consideration findings reported by the Nomination and Compensation Committee, where Independent Outside Directors occupy the majority of its members and which is chaired by one of the Outside Directors, so that it will assess each of the Directors while taking factors such as Company-wide business results into consideration.

7) Others

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. In order to implement a process with high objectivity and transparency for activities of the Nomination and Compensation Committee to decide remuneration and other compensation for individual Directors in the fiscal year ended March 31, 2023, the Company held 12 meetings of the Nomination and Compensation Committee, and the decision was made by the Board of Directors upon having taken into consideration the amount of remuneration for individual Directors and details of calculation of such amount based on the policy for determining remuneration and other compensation for individual Directors.

(5) Status of Shareholdings

1) Standards and approach to investment share classification

The Company classifies shares owned purely for investment purposes as those held solely for the purpose of receiving profit from a change in their value or from their dividends. Among investment shares owned for any purpose other than a pure investment purpose, the Company classifies shares it deems to be significant for holding, having taken into account comprehensively their relationship with the Group's business developments, profitability, possibility for creating business opportunities, and other factors from medium and long-term perspectives.

2) Investment shares owned for any purpose other than a pure investment purpose

i. Shareholding policies, method of verification of reasonableness for shareholdings, and the Board of Directors' examination on appropriateness of shareholdings of individual issues

The Company has a policy that it holds shares it deems to be significant for holding, having taken into account comprehensively their relationship with the Group's business developments, profitability, possibility for creating business opportunities, and other factors from medium and long-term perspectives.

Each year, the Board of Directors examines the benefits and risks associated with holding them, quantitatively and qualitatively, and determines whether or not to continue holding them on the basis of trading performance, market prices, and other factors. The Company reduces the shareholdings if it has found poor holding significance as a result of the examination.

During the fiscal year ended March 31, 2023, at the Board of Directors meeting held on December 15, 2022, the Company examined the trading-related profit, dividend income, and evaluation difference amounts, verified their relationship with the Group's business developments and possibility to create future business opportunities from medium to long-term perspectives, and comprehensively determined whether or not to continue holding those shares. The Company plans to reduce the number of shares it deemed to be of poor holding significance while taking into account the possible impact on the market.

During the fiscal year ended March 31, 2023, the Company sold the shares of four issues (part of the shares of three issues).

ii. Number of issues and carrying amount on balance sheet

	Number of issues (Issues)	Total carrying amount on balance sheet (Millions of yen)
Unlisted shares	9	2,409
Shares other than those not listed	22	16,966

(Issues whose number of shares increased during the fiscal year under review)

Not applicable

(Issues whose number of shares decreased during the fiscal year under review)

	Number of issues (Issues)	Total sale amount associated with decrease in number of shares (Millions of yen)
Unlisted shares	—	—
Shares other than those not listed	4	2,785

iii. Information on the number of shares and carrying amount on balance sheet by issue of specified investment shares

Specified investment shares

Issue name	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Holding purpose, reason for increase in number of shares, and quantitative holding effect*1	Holding or non- holding of Company shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on balance sheet (Millions of yen)	Carrying amount on balance sheet (Millions of yen)		
ANA HOLDINGS INC.	1,305,500	1,305,500	For maintaining and developing the transportation network	Yes
	3,754	3,349		
Nippon Yusen Kabushiki Kaisha*2	618,600	206,200	For maintaining and developing the transportation network	Yes
	1,910	2,218		
Isetan Mitsukoshi Holdings Ltd.	906,000	906,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	1,342	876		
Palantir Technologies Inc.	1,075,268	1,075,268	For accelerating digital data-driven management	No
	1,213	1,806		
SEINO HOLDINGS CO., LTD.	802,000	802,000	For maintaining and developing the transportation network	Yes
	1,170	893		
NIPPON EXPRESS HOLDINGS, INC.	137,700	137,700	For maintaining and developing the transportation network	Yes
	1,097	1,159		
Mizuho Financial Group, Inc.*3	517,167	781,349	For conducting stable and smooth financial transactions	No
	971	1,224		
Dai Nippon Printing Co., Ltd.	226,000	226,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	837	650		
JGC HOLDINGS CORPORATION	451,528	451,528	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	740	661		
Sumitomo Mitsui Financial Group, Inc.	133,393	133,393	For conducting stable and smooth financial transactions	No
	706	521		
Kewpie Corporation	245,000	245,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	545	573		
Oisix ra daichi Inc.	219,700	219,700	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	504	662		
RAKSUL INC.*2	300,000	150,000	For maintaining and developing the transportation network	No
	412	453		
J. FRONT RETAILING Co., Ltd.*3	290,500	581,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	384	579		
Rengo Co., Ltd.	360,000	360,000	For facilitating business activities through stable supply	Yes
	309	281		

Issue name	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Holding purpose, reason for increase in number of shares, and quantitative holding effect*1	Holding or non- holding of Company shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on balance sheet (Millions of yen)	Carrying amount on balance sheet (Millions of yen)		
KAJIMA CORPORATION	161,500	161,500	For facilitating business activities through stable supply	Yes
	258	240		
ENEOS Holdings, Inc.	535,000	535,000	For facilitating business activities through stable supply	No
	248	245		
Mitsubishi UFJ Financial Group, Inc.*3	241,700	483,400	For conducting stable and smooth financial transactions	No
	204	367		
Rakuten Group, Inc.	208,000	208,000	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	No
	127	201		
Sompo Holdings, Inc.	19,950	19,950	For facilitating insurance transactions, etc. needed for business activities	No
	104	107		
Suzuki Motor Corporation	16,800	16,800	For maintaining and developing medium and long- term business relationships in the Corporate Business Unit, etc.	Yes
	80	70		
MITSUMURA PRINTING Co., Ltd.	31,728	31,728	For facilitating business activities through stable supply	Yes
	38	46		
Tokio Marine Holdings, Inc.*4	—	187,000	For facilitating insurance transactions, etc. needed for business activities	No
	—	1,332		

*1. The outline of the business alliance, etc. is in line with the holding purpose. In addition, the quantitative shareholding effect is not described because it falls under business confidentiality. At the Board of Directors meeting held on December 15, 2022, the Company examined the trading-related profit, dividend income, and evaluation difference amounts, verified their relationship with the Group's business developments and possibility to create future business opportunities from medium to long-term perspectives, and comprehensively determined whether or not to continue holding those shares.

*2. The increase in the number of shares is due to a stock split.

*3. The Company sold part of the shares during the fiscal year ended March 31, 2023.

*4. The Company sold the shares during the fiscal year ended March 31, 2023.

3) Investment shares owned for a pure investment purpose

Not applicable

4) Investment shares whose purpose was changed from a pure investment purpose to any other purpose during the fiscal year ended March 31, 2023

Not applicable

5) Investment shares whose purpose was changed from any other purpose other than a pure investment purpose to a pure investment purpose during the fiscal year ended March 31, 2023

Not applicable

V. Financial Information

1. Preparation of the consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963 (“Regulation on Financial Statements”)).

The Company is a company filing non-consolidated financial statements prepared in accordance with special provisions and prepares non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements.

2. About audit certificate

Pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, the consolidated financial statements of the Company for the fiscal year (April 1, 2022, to March 31, 2023) and the non-consolidated financial statements for the 158th fiscal year of the Company (April 1, 2022, to March 31, 2023) were audited by Deloitte Touche Tohmatsu LLC.

3. About special initiatives to secure the adequacy of the consolidated financial statements, etc.

The Company implements special initiatives to secure the adequacy of the consolidated financial statements, etc. Specifically, the Company joins the Financial Accounting Standards Foundation to prepare a system that can adequately grasp the details of the financial accounting standards and other matters and properly respond to changes therein.

1. Consolidated Financial Statements, etc.
(1) Consolidated Financial Statements
(i) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	182,644	185,373
Notes and accounts receivable - trade, and contract assets	*1218,922	*1216,251
Accounts receivable – installment	48,055	50,509
Merchandise and finished goods	186	168
Work in process	167	322
Raw materials and supplies	1,861	2,089
Other	30,462	31,406
Allowance for doubtful accounts	(1,456)	(1,474)
Total current assets	480,844	484,647
Non-current assets		
Property, plant and equipment		
Buildings and structures	376,844	381,218
Accumulated depreciation	(219,830)	(227,735)
Buildings and structures, net	157,013	153,483
Machinery and equipment	77,631	77,642
Accumulated depreciation	(56,029)	(58,689)
Machinery and equipment, net	21,601	18,953
Vehicles	197,104	196,140
Accumulated depreciation	(171,897)	(165,934)
Vehicles, net	25,207	30,205
Land	179,650	179,811
Leased assets	39,653	47,257
Accumulated depreciation	(11,286)	(13,110)
Leased assets, net	28,366	34,146
Construction in progress	3,165	12,379
Other	59,988	61,173
Accumulated depreciation	(45,114)	(47,136)
Other, net	14,873	14,037
Total property, plant and equipment	429,878	443,017
Intangible assets		
Software	38,588	38,149
Other	7,058	5,609
Total intangible assets	45,646	43,759

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	¥247,972	¥242,758
Long-term loans receivable	6,162	5,258
Leasehold deposits	20,519	22,317
Retirement benefit asset	15	20
Deferred tax assets	54,197	64,291
Other	3,229	3,513
Allowance for doubtful accounts	(1,611)	(1,996)
Total investments and other assets	130,484	136,163
Total non-current assets	606,010	622,940
Total assets	1,086,854	1,107,587
Liabilities		
Current liabilities		
Notes and accounts payable - trade	165,346	160,766
Short-term borrowings	15,000	10,000
Lease liabilities	4,850	5,415
Income taxes payable	14,395	16,911
Deferred installment income	4,714	4,797
Provision for bonuses	38,942	36,918
Other	¥3109,558	¥3109,949
Total current liabilities	352,807	344,758
Non-current liabilities		
Lease liabilities	26,038	32,858
Deferred tax liabilities	1,913	482
Retirement benefit liability	94,141	98,295
Provision for share awards for directors (and other officers)	—	162
Other	13,719	14,599
Total non-current liabilities	135,814	146,398
Total liabilities	488,621	491,156

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,839
Retained earnings	464,494	473,891
Treasury shares	(49,551)	(39,835)
Total shareholders' equity	578,991	598,130
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,498	9,280
Foreign currency translation adjustment	(513)	1,781
Remeasurements of defined benefit plans	565	1,188
Total accumulated other comprehensive income	11,551	12,250
Non-controlling interests	7,690	6,049
Total net assets	598,233	616,430
Total liabilities and net assets	1,086,854	1,107,587

(ii) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	*1 1,793,618	*1 1,800,668
Operating costs	1,654,085	1,687,241
Operating gross profit	139,532	113,426
Selling, general and administrative expenses		
Personnel expenses	27,498	26,046
Provision for bonuses	1,084	1,077
Retirement benefit expenses	711	1,190
Provision for share awards for directors (and other officers)	—	162
Commission expenses	10,895	9,364
Taxes and dues	10,133	9,399
Provision of allowance for doubtful accounts	815	677
Depreciation	2,529	2,494
Other	10,460	5,359
Total selling, general and administrative expenses	*2 62,333	*2 53,341
Operating profit	77,199	60,085
Non-operating income		
Interest income	192	245
Dividend income	1,369	1,669
Gain on sale of vehicles	355	298
Rental income	246	434
Gain on investments in investment partnerships	4,510	—
Other	1,943	1,537
Total non-operating income	8,618	4,184
Non-operating expenses		
Interest expenses	785	904
Share of loss of entities accounted for using equity method	242	4,158
Other	459	1,140
Total non-operating expenses	1,487	6,203
Ordinary profit	84,330	58,066
Extraordinary income		
Gain on sale of non-current assets	*3 3	*3 95
Gain on sale of investment securities	15,312	1,970
Penalty income	55	125
Gain on liquidation of subsidiaries	1,210	—
Gain on transition of retirement benefit plan	1,419	—
Other	37	15
Total extraordinary income	18,038	2,207

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on retirement of non-current assets	*4,360	*4,499
Impairment losses	*5,242	*5,194
Loss on sale of investment securities	3,104	4
Loss on valuation of investment securities	48	2
Demolition and removal expenses	—	753
Provision of allowance for doubtful accounts	190	182
Loss on revision of retirement benefit plan	14,999	—
Other	206	21
Total extraordinary losses	21,328	3,458
Profit before income taxes	81,040	56,815
Income taxes-current	29,293	23,017
Income taxes-deferred	(5,324)	(11,623)
Total income taxes	23,968	11,393
Profit	57,071	45,421
Profit (loss) attributable to non-controlling interests	1,115	(476)
Profit attributable to owners of parent	55,956	45,898

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	57,071	45,421
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,415)	(2,222)
Foreign currency translation adjustment	793	2,292
Remeasurements of defined benefit plans, net of tax	(5,282)	677
Share of other comprehensive income of entities accounted for using equity method	108	(54)
Total other comprehensive income	* (9,795)	* 692
Comprehensive income	47,276	46,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	47,210	46,597
Comprehensive income attributable to non-controlling interests	66	(483)

(iii) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	127,234	36,813	431,571	(39,549)	556,070
Cumulative effects of changes in accounting policies			(3,343)		(3,343)
Restated balance	127,234	36,813	428,228	(39,549)	552,727
Changes during period					
Dividends of surplus			(19,689)		(19,689)
Profit attributable to owners of parent			55,956		55,956
Purchase of treasury shares				(10,002)	(10,002)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	—	0	36,266	(10,002)	26,263
Balance at end of period	127,234	36,813	464,494	(49,551)	578,991

	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 at beginning of period	15,883	(1,316)	5,730	20,297	7,919	584,287
Cumulative effects of changes in accounting policies					(229)	(3,572)
Restated balance	15,883	(1,316)	5,730	20,297	7,689	580,714
Changes during period						
Dividends of surplus						(19,689)
Profit attributable to owners of parent						55,956
Purchase of treasury shares						(10,002)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(4,384)	803	(5,164)	(8,745)	1	(8,744)
Total changes during period	(4,384)	803	(5,164)	(8,745)	1	17,519
Balance at end of period	11,498	(513)	565	11,551	7,690	598,233

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	127,234	36,813	464,494	(49,551)	578,991
Changes during period					
Dividends of surplus			(16,783)		(16,783)
Profit attributable to owners of parent			45,898		45,898
Purchase of treasury shares				(10,001)	(10,001)
Disposal of treasury shares			(0)	0	0
Cancellation of treasury shares		(0)	(19,717)	19,717	—
Change in ownership interest of parent due to transactions with non-controlling interests		25			25
Net changes in items other than shareholders' equity					
Total changes during period	—	25	9,397	9,715	19,138
Balance at end of period	127,234	36,839	473,891	(39,835)	598,130

	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 at beginning of period	11,498	(513)	565	11,551	7,690	598,233
Changes during period						
Dividends of surplus						(16,783)
Profit attributable to owners of parent						45,898
Purchase of treasury shares						(10,001)
Disposal of treasury shares						0
Cancellation of treasury shares						—
Change in ownership interest of parent due to transactions with non-controlling interests						25
Net changes in items other than shareholders' equity	(2,218)	2,295	622	699	(1,641)	(942)
Total changes during period	(2,218)	2,295	622	699	(1,641)	18,196
Balance at end of period	9,280	1,781	1,188	12,250	6,049	616,430

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	81,040	56,815
Depreciation	35,570	41,626
Impairment losses	2,420	1,994
Increase (decrease) in retirement benefit liability	21,822	4,633
Increase (decrease) in provision for bonuses	(757)	(2,056)
Interest and dividend income	(1,561)	(1,914)
Interest expenses	785	904
Share of loss (profit) of entities accounted for using equity method	242	4,158
Loss (gain) on sale of non-current assets	0	(94)
Loss on retirement of non-current assets	360	499
Loss (gain) on sale of investment securities	(12,208)	(1,965)
Loss (gain) on valuation of investment securities	48	2
Decrease (increase) in trade receivables	(13,433)	1,234
Decrease (increase) in inventories	144	(356)
Increase (decrease) in trade payables	11,536	(5,259)
Other, net	(28,261)	9,845
Subtotal	97,748	110,066
Interest and dividends received	1,784	1,948
Interest paid	(778)	(900)
Income taxes paid	(46,738)	(21,160)
Net cash provided by (used in) operating activities	52,016	89,953
Cash flows from investing activities		
Payments into time deposits	(2,040)	(4,107)
Proceeds from withdrawal of time deposits	270	4,107
Purchase of property, plant and equipment	(40,778)	(35,435)
Proceeds from sale of property, plant and equipment	348	1,391
Purchase of investment securities	(5,690)	(1,751)
Proceeds from sale of investment securities	18,872	4,950
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	*2 (7,313)	—
Loan advances	(5,574)	(3,191)
Proceeds from collection of loans receivable	6,556	3,930
Other payments	(27,945)	(20,175)
Other proceeds	4,351	862
Net cash provided by (used in) investing activities	(58,943)	(49,420)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,000)	(5,000)
Repayments of lease liabilities	(5,662)	(5,689)
Repayments of long-term borrowings	(14,000)	—
Purchase of treasury shares	(10,057)	(10,025)
Dividends paid	(19,670)	(16,770)
Dividends paid to non-controlling interests	(70)	(380)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(777)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	18
Other, net	5	7
Net cash provided by (used in) financing activities	(54,456)	(38,617)
Effect of exchange rate change on cash and cash equivalents	701	705
Net increase (decrease) in cash and cash equivalents	(60,681)	2,621
Cash and cash equivalents at beginning of period	241,284	180,603
Cash and cash equivalents at end of period	*1 180,603	*1 183,225

Notes to Consolidated Financial Statements

(Significant matters forming the basis of preparing the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 29

Major consolidated subsidiaries are described in "I. Overview of the Company, 4. Status of Subsidiaries and Associates." Effective from the beginning of the fiscal year under review, Yamato Web Solutions Co., Ltd. has been excluded from the scope of consolidation given that it has ceased to exist as a result of an absorption-type merger in which Yamato System Development Co., Ltd. is the surviving company.

(2) Unconsolidated 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 unconsolidated subsidiaries are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for using equity method: 24

Major entities accounted for using equity method are described in "I. Overview of the Company, 4. Status of Subsidiaries and Associates."

Effective from the fiscal year under review, Sweetmag Solutions (M) Sdn. Bhd. and one other company have been included in the scope of the equity method due to the new acquisition of shares by GDEX BHD., an entity accounted for using the equity method.

(2) Unconsolidated 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 unconsolidated 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, retained earnings and other financial results corresponding to the ownership held by the Company.

(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.

3. Closing date of consolidated subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC. and nine other 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, 2022, and March 31, 2023, which is the consolidated closing date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities

Available-for-sale securities

Other than stocks and other securities with no market price

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

Stocks and other securities with no market price

Stated at cost using the moving-average method.

Investments in investment limited partnerships and similar partnerships

(Investments deemed to be securities pursuant to Article 2, paragraph (2) of the Financial Instruments and Exchange Act)

Stated at the net amount of the Company's interest in the partnership based on the most recent financial statements available according to the reporting date stipulated in the partnership agreement.

(ii) 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)

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Straight-line method

(ii) Intangible assets (excluding leased assets)

Straight-line method

However, software is amortized by the straight-line method over the estimated useful life (five years or less).

(iii) Leased assets

Straight-line method where the useful life of leased assets shall be equal to the lease period and their residual value shall be zero.

(3) Accounting method for significant provisions

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided to prepare for losses from uncollectible credits. For ordinary receivables, the amount is estimated using the rate based on the historical bad debt experience. For special receivables with higher uncertainty, collectivity is considered on individual cases and the prospective uncollectible amount is provided.

(ii) Provision for bonuses

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

This provision is not applicable for overseas consolidated subsidiaries.

(iii) Provision for share awards for directors (and other officers)

In preparation for the payment of shares based on the Regulations on Share-based Remuneration for Directors (and Other Officers), the expected amount of compensation is recorded according to the points allocated to Directors (and other officers).

(4) Method of accounting for retirement benefits

(i) Method of attributing expected retirement benefits 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.

(ii) Method of recognizing actuarial differences and prior service costs

The entire amount of prior service cost is recognized in profit or loss in the fiscal year during which it arises.

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 (mainly five years), which is within the average remaining years of service of the eligible employees.

(iii) Method of accounting for unrecognized actuarial difference

Unrecognized actuarial difference is accounted for in remeasurements of defined benefit plans, after adjusting for tax effects,

under accumulated other comprehensive income of net assets.

(5) Accounting method for significant revenues and costs

Revenue from contracts with customers

The following is a summary of the principal performance obligations in the Company's and its consolidated subsidiaries' principal businesses relating to revenues from contracts with customers and the normal time at which such performance obligations are satisfied (the normal time for recognizing revenues).

(i) Retail Business Unit

The Retail Business Unit provides small parcel delivery services such as TA-Q-BIN for consumers and small to medium-sized corporations. In this transportation service, based on contracts with customers, the Company provides pickup and delivery services at the request of customers, and revenues from these services are recognized in proportion to the satisfaction of performance obligations measured by the progress of deliveries since other companies are not required to re-perform the transportation process that has already been executed even if the delivery to the designated destination cannot be completed.

(ii) Corporate Business Unit

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

(6) Scope of cash and cash equivalents in consolidated statement of cash flows

The funds (cash and cash equivalents) in the consolidated cash flow statement consist of cash on hand and short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value and which mature or become due within three months from the date of acquisition. Bank overdrafts are included in cash equivalents, excluding the case when they are clearly recognized as fundraising activities similar to short-term borrowings.

(Significant accounting estimates)

(Impairment of non-current assets)

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

The following is a list of items that have been recognized in the consolidated financial statements for the fiscal year under review based on accounting estimates and that may have a material effect on the consolidated financial statements for the following fiscal year.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Property, plant and equipment	429,878	443,017
Intangible assets	45,646	43,759

(2) Information on significant accounting estimates for identified items

When there is an indication that an asset may be impaired, the Company assesses whether impairment is necessary based on the future cash flows of the asset. The cash flow generating unit, which is the unit used to determine whether impairment is required, is the smallest unit of the asset group identified as generating cash inflows that are generally independent of the cash inflows of other assets or asset groups.

The criteria of the asset groups are the management accounting classification and the unit used for investment decision making, and for Yamato Transport Co., Ltd., the four businesses of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the Transportation department and Headquarters were classified as common assets.

The majority of the above property, plant and equipment and intangible assets are held by the Retail Business Unit, and the undiscounted future cash flows used in determining the recognition of impairment losses on non-current assets for this business segment are based on future business plans that include TA-Q-BIN unit prices and TA-Q-BIN volumes as key assumptions. If these assumptions need to be revised due to uncertain future economic and business conditions, it could have a material impact on the consolidated financial statements in subsequent periods.

(Changes in presentation)

(Consolidated statement of income)

"Rental income," which was included in "Other" under "Non-operating income" in the previous fiscal year, is separately presented in the fiscal year under review. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 2,190 million yen presented in "Other" under "Non-operating income" in the consolidated statement of income for the previous fiscal year has been reclassified as 246 million yen in "Rental income" and 1,943 million yen in "Other."

(Additional information)

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

The Company has adopted the Board Benefit Trust (BBT) performance-linked and share-based remuneration system (the "System"). The purpose of the System 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 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 were 483 thousand shares of such treasury shares at a book value of 1,376 million yen as of March 31, 2022, and 483 thousand shares at a book value of 1,376 million yen as of March 31, 2023.

(Dissolution and liquidation of subsidiaries)

At the Company's Board of Directors meeting held on February 17, 2023, the Company resolved to liquidate its consolidated subsidiaries, YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED.

(1) Reasons for dissolution and liquidation

As the Company progresses with the reconstruction of an appropriate governance structure that aligns with business scale, characteristics, country/region-specific factors, and the growth stage of overseas operations, the Company has determined the need to reorganize the current management structure with an intermediate holding company based on the previous overseas governance framework. Consequently, the Company decided to initiate the liquidation of YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED.

(2) Name, business content and ownership of the subsidiaries

(i) Name	YAMATO ASIA PTE. LTD.
(ii) Description of business	Management of regional operations in Southeast Asia, business development and market research
(iii) Ownership	100% owned by the Company
(i) Name	YAMATO INVESTMENT (HONG KONG) LIMITED
(ii) Description of business	Management of regional operations in East Asia, business development and market research
(iii) Ownership	100% owned by the Company

(3) Timing of dissolution and liquidation

- Board of Directors resolution (the Company)	February 17, 2023
- Extraordinary General Meeting of Shareholders (companies concerned)	July 2023 (planned)
- Completion of liquidation	October 2023 (planned)

(4) Status and total liabilities of the subsidiaries

(YAMATO ASIA PTE. LTD.)

Net assets	3,675 million yen
Total assets	3,767 million yen
Total liabilities	92 million yen

YAMATO INVESTMENT (HONG KONG) LIMITED

Net assets	6,172 million yen
Total assets	6,176 million yen
Total liabilities	3 million yen

(5) Impact on profit/loss due to the dissolution and liquidation

The impact caused by expenses incurred due to the dissolution and liquidation of the subsidiaries on profit and loss is minor.

(6) Significant impact of the dissolution and liquidation on business activities

The impact of the dissolution and liquidation of the subsidiaries on business activities is minor.

(Consolidated balance sheet)

*1 The amounts of notes and accounts receivable - trade and contract assets arising from contracts with customers are as follows:
(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Notes receivable - trade	1,242	979
Accounts receivable - trade	186,762	184,569
Contract assets	4,688	4,793

*2 The amounts of "Investment securities" invested in unconsolidated subsidiaries and affiliates are as follows:
(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investment securities	14,030	10,522

*3 The amounts of contract liabilities in "Other" of "Current liabilities" are as follows:
(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Contract liabilities	12,887	14,263

(Consolidated statement of income)

*1 Revenue from contracts with customers
Regarding operating revenue, the Company does not separately present revenues from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Revenue recognition), 1. Information that breaks down revenue from contracts with customers."

*2 Research and development expenses included in general and administrative expenses are as follows:
(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Research and development expenses	3,428	1,782

*3 Gain on sale of non-current assets is as follows:
(Millions of yen)

Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Vehicles	2	Tools, furniture and fixtures	88
Land	1	Buildings and structures	4

*4 Loss on retirement of non-current assets is as follows:
(Millions of yen)

Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Buildings and structures	190	Buildings and structures	188

*5 Impairment losses
Fiscal year ended March 31, 2022

(Millions of yen)

Use of asset	Type of asset	Region	Impairment losses
Branch, distribution center, etc.	Software, vehicles and others	Yamato Home Convenience Co., Ltd. Seven premises including Head Office (Chuo-ku, Tokyo) and Tokyo Management Branch (Suginami-ku, Tokyo) and one other lot	2,420

The Yamato Group reviewed the grouping of Yamato Transport Co., Ltd. in consideration of the management accounting classification and the unit used for investment decision making in accordance with the transition to a new group management structure in the fiscal year under review. The four Business Divisions of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the four Functional Divisions of Transportation, Digital, Platform, and Professional Services, as well as corporate divisions were classified as common assets.

During the fiscal year under review, the Group recognized no future usage and a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of the Head Office of Yamato Home Convenience Co., Ltd., Tokyo Management Branch and six other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 2,420 million yen to extraordinary losses as impairment losses.

A main breakdown of this decrease shows that 1,275 million yen was attributable to software, 674 million yen was attributable to other intangible assets and 400 million yen was attributable to vehicles.

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 5.23%. Where the recoverable value is calculated based on net realizable value, idle assets are assumed to be zero, and assets other than idle assets are valued based mainly on real estate appraisal standards, the assessed value of property tax or the posted land price.

Fiscal year ended March 31, 2023

(Millions of yen)

Use of asset	Type of asset	Region	Impairment losses
Sales office and other	Software, machinery and equipment, other	Yamato Credit & Finance Co., Ltd. Credit Card Payment Business Unit and Deferred Payment Outsourcing Business Unit (Toshima-ku, Tokyo) and three other lots	1,994

The Yamato Group uses management accounting classification and the unit used for investment decision making as criteria, and for Yamato Transport Co., Ltd., the four businesses of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the Transportation department and Headquarters were classified as common assets.

During the fiscal year under review, the Group recognized no future usage and a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of the Credit Card Payment Business Unit of Yamato Credit & Finance Co., Ltd. and four other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 1,994 million yen to extraordinary losses as impairment losses.

A main breakdown of this decrease shows that 1,013 million yen was attributable to software and 740 million yen was attributable to machinery and equipment.

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 (mainly 5.29%). Where the recoverable value is calculated based on net realizable value, idle assets are assumed to be zero, and assets other than idle assets are valued based mainly on real estate appraisal standards, the assessed value of property tax or the posted land price.

(Consolidated statement of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities		
Amount arising during the year	10,727	(303)
	Million yen	Million yen
Reclassification adjustments	(19,124)	(1,970)
Before tax effects adjustments	(8,397)	(2,274)
Tax effects	2,982	51
Valuation difference on available-for-sale securities	(5,415)	(2,222)
Foreign currency translation adjustment		
Amount arising during the year	1,436	2,143
Reclassification adjustments	(642)	—
Before tax effects adjustments	793	2,143
Tax effects	—	149
Foreign currency translation adjustment	793	2,292
Remeasurements of defined benefit plans, net of tax		
Amount arising during the year	(1,528)	488
Reclassification adjustments	(5,981)	492
Before tax effects adjustments	(7,509)	981
Tax effects	2,227	(304)
Remeasurements of defined benefit plans, net of tax	(5,282)	677
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the year	111	1
Reclassification adjustments	(2)	(55)
Share of other comprehensive income of entities accounted for using equity method	108	(54)
Total other comprehensive income	(9,795)	692

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2022

1. Class and total number of issued shares and treasury shares

	Number of shares at beginning of the fiscal year (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares at end of the fiscal year (Thousand shares)
Issued shares				
Common shares	388,575	—	—	388,575
Total	388,575	—	—	388,575
Treasury shares				
Common shares*	17,550	4,533	0	22,084
Total	17,550	4,533	0	22,084

Note: The number of treasury shares of common shares includes the Company's shares held by the Board Benefit Trust (BBT) (483 thousand shares at the beginning of the fiscal year under review and 483 thousand shares at the end of the fiscal year under review).

The increase of 4,533 thousand shares of treasury shares of common shares is mainly due to an increase of 4,533 thousand shares as a result of the purchase of treasury shares. The decrease of 0 thousand shares of treasury shares of common shares is due to the sale of shares less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Not applicable

3. Dividends

(1) Payments of dividends

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 17, 2021 Board of Directors	Common shares	11,145	30	March 31, 2021	June 3, 2021
November 12, 2021 Board of Directors	Common shares	8,544	23	September 30, 2021	December 10, 2021

Notes: 1. The total amount of dividends resolved by the Board of Directors on May 17, 2021, includes dividends of 14 million yen for the Company's shares held by the Board Benefit Trust (BBT).

2. The total amount of dividends resolved by the Board of Directors on November 12, 2021, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 17, 2022 Board of Directors	Common shares	8,440	Retained earnings	23	March 31, 2022	June 2, 2022

Note: The total amount of dividends resolved by the Board of Directors on May 17, 2022, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

Fiscal year ended March 31, 2023

1. Class and total number of issued shares and treasury shares

	Number of shares at beginning of the fiscal year (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares at end of the fiscal year (Thousand shares)
Issued shares				
Common shares	388,575	—	8,750	379,824
Total	388,575	—	8,750	379,824
Treasury shares				
Common shares*	22,084	4,218	8,750	17,552
Total	22,084	4,218	8,750	17,552

Notes: 1. The decrease of 8,750 thousand shares of common shares is due to the cancellation of treasury shares held.

2. The number of treasury shares of common shares includes the Company's shares held by the Board Benefit Trust (BBT) (483 thousand shares at the beginning of the fiscal year under review and 483 thousand shares at the end of the fiscal year under review).

The increase of 4,218 thousand shares of treasury shares of common shares is mainly due to the purchase of 4,217 thousand treasury shares.

The decrease of 8,750 thousand shares of treasury shares of common shares is mainly due to the cancellation of 8,750 thousand treasury shares.

2. Share acquisition rights and treasury share acquisition rights

Not applicable

3. Dividends

(1) Payments of dividends

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 17, 2022 Board of Directors	Common shares	8,440	23	March 31, 2022	June 2, 2022
November 7, 2022 Board of Directors	Common shares	8,343	23	September 30, 2022	December 9, 2022

Notes: 1. The total amount of dividends resolved by the Board of Directors on May 17, 2022, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

2. The total amount of dividends resolved by the Board of Directors on November 7, 2022, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 17, 2023 Board of Directors	Common shares	8,343	Retained earnings	23	March 31, 2023	June 2, 2023

Note: The total amount of dividends resolved by the Board of Directors on May 17, 2023, includes dividends of 11 million yen for the Company's shares held by the Board Benefit Trust (BBT).

(Consolidated statement of cash flows)

*1 Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	182,644	185,373
	Million yen	Million yen
Time deposits with maturity over 3 months	(2,040)	(2,148)
Cash and cash equivalents	180,603	183,225

*2 Major components of assets and liabilities of companies that ceased to be consolidated subsidiaries by sales of shares in the fiscal year ended March 31, 2022

The following is the breakdown of assets and liabilities on the sale of the shares of Yamato Home Convenience Co., Ltd., when it ceased to be a consolidated subsidiary by the sale of its shares, and the selling price and amount of proceeds from the sale of the shares of Yamato Home Convenience Co., Ltd.

Current assets	10,654	Million yen
Non-current assets	1,265	
Current liabilities	(5,003)	
Non-current liabilities	(467)	
Investment account after the sale of the shares	(3,160)	
Loss on the sale of the shares	(2,672)	
Other	(616)	
Selling amount of the shares	0	
Incidental expense on the sale of the shares	(110)	
Cash and cash equivalents	(7,202)	
Net: Expense by the sale	(7,313)	

3 Details of significant non-cash transactions

Amount of assets and liabilities related to newly recorded lease transactions

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Amount of assets related to lease transactions	—	11,385
	Million yen	Million yen
Amount of liabilities related to lease transactions	—	11,796

Note: The amounts of assets and liabilities related to lease transactions in the previous fiscal year are omitted due to their lack of significance.

(Leases)

(Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Components of leased assets

Property, plant and equipment:

Mainly buildings and dedicated cargo aircraft (freighters) in the Retail Business Unit and computer-related equipment of Yamato System Development Co., Ltd.

(2) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant matters forming the basis of preparing the consolidated financial statements), 4. Accounting policies, (2) Depreciation and amortization methods for significant depreciable and amortizable assets."

2. Operating lease transactions

Future lease payments to be made under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Due within one year	7,495	9,784
Due after one year	22,608	44,460
Total	30,103	54,244

(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 the 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

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

2. Matters concerning fair value of financial instruments

Carrying amounts on the consolidated balance sheet, fair values and the differences between them were as follows.

As of March 31, 2022

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Notes and accounts receivable - trade, and contract assets	218,922		
Allowance for doubtful accounts	(157)		
	218,765	218,777	11
(2) Accounts receivable - installment	48,055		
Allowance for doubtful accounts	(936)		
Deferred installment income	[4,714]		
	42,405	46,955	4,550
(3) Investment securities			
Available-for-sale securities	21,562	21,562	—
Shares of affiliates	6,667	10,127	3,459
(4) Short-term borrowings	[15,000]	[15,000]	—

Notes: 1. Items recognized as liabilities are shown in square parentheses [] both under Carrying amount on the consolidated balance sheet and Fair value.

2. Cash and deposits are omitted because they are settled in a short period of time and their carrying amounts approximate fair value.
3. Notes and accounts receivable - trade, and contract assets are presented after deducting allowances for doubtful accounts set up for notes and accounts receivable - trade and contract assets not payable in the short term.
4. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
5. Stocks and other securities that have no market price are not included in Investment securities. Such financial instruments are unlisted equity and investments in capital, which amounted to 11,256 million yen on the consolidated balance sheet.
6. Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at a net amount equivalent to the Company's ownership interest are omitted. The amount of this investment on the consolidated balance sheet is 8,485 million yen.
7. Notes and accounts payable - trade are omitted because most of them are due within one year and their carrying amounts approximate fair value.

8. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years
Cash and deposits	182,644	—	—
Notes and accounts receivable - trade, and contract assets	218,882	40	—
Accounts receivable - installment	22,061	22,729	3,264
Total	423,588	22,769	3,264

9. Repayment schedule of long-term borrowings after the consolidated balance sheet date

Not applicable

As of March 31, 2023

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Notes and accounts receivable - trade, and contract assets	216,251		
Allowance for doubtful accounts	(260)		
	215,990	216,028	37
(2) Accounts receivable - installment	50,509		
Allowance for doubtful accounts	(942)		
Deferred installment income	[4,797]		
	44,769	49,135	4,366
(3) Investment securities			
Available-for-sale securities	21,000	21,000	—
Shares of affiliates	4,309	5,805	1,496
(4) Short-term borrowings	[10,000]	[10,000]	—

Notes: 1. Items recognized as liabilities are shown in square parentheses [] both under Carrying amount on the consolidated balance sheet and Fair value.

2. Cash and deposits are omitted because they are settled in a short period of time and their carrying amounts approximate fair value.
3. Notes and accounts receivable - trade, and contract assets are presented after deducting allowances for doubtful accounts set up for notes and accounts receivable - trade and contract assets not payable in the short term.
4. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
5. Stocks and other securities that have no market price are not included in Investment securities. Such financial instruments are unlisted equity and investments in capital, which amounted to 10,053 million yen on the consolidated balance sheet.
6. Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at a net amount equivalent to the Company's ownership interest are not included in Investment securities. The amount of this investment on the consolidated balance sheet is 7,395 million yen.
7. Notes and accounts payable - trade are omitted because most of them are due within one year and their carrying amounts approximate fair value.
8. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years
Cash and deposits	185,373	—	—
Notes and accounts receivable - trade, and contract assets	216,213	37	—
Accounts receivable - installment	22,182	23,546	4,780
Total	423,769	23,583	4,780

9. Repayment schedule of long-term borrowings after the consolidated balance sheet date
Not applicable

3. Matters concerning the breakdown of the fair value of financial instruments by level and other items

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

- Level 1 fair value Of the inputs related to the observable fair value calculation, the fair value is calculated based on the market price of the asset or liability formed in the active market.
- Level 2 fair value Of the inputs related to the observable fair value calculation, the fair value is calculated based on inputs other than the inputs used in level 1.
- Level 3 fair value Fair value is calculated using inputs for calculating unobservable fair value.

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

(1) Financial instruments carried on the consolidated balance sheet at fair value

As of March 31, 2022

Item	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	21,562	—	—	21,562
Total assets	21,562	—	—	21,562

As of March 31, 2023

Item	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	21,000	—	—	21,000
Total assets	21,000	—	—	21,000

(2) Financial instruments other than those carried on the consolidated balance sheet at fair value

As of March 31, 2022

Item	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	—	218,777	—	218,777
Accounts receivable - installment	—	46,955	—	46,955
Investment securities				
Shares of affiliates				
Stocks	10,127	—	—	10,127
Total assets	10,127	265,733	—	275,860
Short-term borrowings	—	15,000	—	15,000
Total liabilities	—	15,000	—	15,000

As of March 31, 2023

Item	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	—	216,028	—	216,028
Accounts receivable - installment	—	49,135	—	49,135
Investment securities				
Shares of affiliates				
Stocks	5,805	—	—	5,805
Total assets	5,805	265,163	—	270,969
Short-term borrowings	—	10,000	—	10,000
Total liabilities	—	10,000	—	10,000

Note: Explanation of valuation techniques used and inputs related to the calculation of fair value

Investment securities

Listed stocks are valued using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1 fair value.

Notes and accounts receivable - trade, and contract assets

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

Accounts receivable - installment

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

Short-term borrowings

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

(Securities)

As of March 31, 2022

1. Available-for-sale securities

(Millions of yen)

	Type of asset	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Stocks	18,174	6,602	11,572
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	18,174	6,602	11,572
Items whose carrying amount does not exceed acquisition cost	(1) Stocks	3,387	4,041	(653)
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	3,387	4,041	(653)
Total		21,562	10,643	10,918

2. Available-for-sale securities sold during the fiscal year ended March 31, 2022

(Millions of yen)

Type of asset	Sale proceeds	Total gain on sale	Total loss on sale
(1) Stocks	18,638	14,430	—
(2) Debentures	—	—	—
(3) Other	0	—	—
Total	18,638	14,430	—

3. Securities for which impairment losses are recognized

During the fiscal year ended March 31, 2022, the Company recorded impairment losses on securities of 48 million yen.

For impairment of listed stocks, if the market prices at the end of the year dropped 30% or more from the book value, the full amount is impaired. With respect to other securities, if the net realizable value at the end of the year dropped by 30% or more from the book value, impairment is made for the amount deemed necessary by the Company, taking into consideration the possibility of recovery.

As of March 31, 2023

1. Available-for-sale securities

(Millions of yen)

	Type of asset	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Stocks	17,189	6,742	10,447
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	17,189	6,742	10,447
Items whose carrying amount does not exceed acquisition cost	(1) Stocks	3,810	4,064	(253)
	(2) Debentures	—	—	—
	(3) Other	—	—	—
	Subtotal	3,810	4,064	(253)
Total		21,000	10,807	10,193

2. Available-for-sale securities sold during the fiscal year ended March 31, 2023

(Millions of yen)

Type of asset	Sale proceeds	Total gain on sale	Total loss on sale
(1) Stocks	2,786	1,970	4
(2) Debentures	—	—	—
(3) Other	0	—	—
Total	2,787	1,970	4

3. Securities for which impairment losses are recognized

During the fiscal year ended March 31, 2023, the Company recorded impairment losses on securities of 2 million yen.

For impairment of listed stocks, if the market prices at the end of the year dropped 30% or more from the book value, the full amount is impaired. With respect to other securities, if the net realizable value at the end of the year dropped by 30% or more from the book value, impairment is made for the amount deemed necessary by the Company, taking into consideration the possibility of recovery.

(Retirement benefits)

1. Overview of retirement benefit plans adopted

As a defined benefit plan, the Yamato Group has adopted a lump-sum retirement allowance system and a corporate pension fund system. The Group has also established a defined contribution system.

2. Defined benefit plan

(1) Reconciliation between the balance at beginning of period and the balance at end of period of retirement benefit obligations

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Balance of retirement benefit obligations at beginning of period	183,858	Million yen	151,477	Million yen
Service cost	14,316		14,233	
Interest cost	169		150	
Actuarial gains and losses accrued	1,849		169	
Retirement benefits paid	(9,900)		(10,720)	
Past service cost incurred	14,999		—	
Decrease resulting from transition to defined contribution pension plan	(52,271)		—	
Decrease resulting from exclusion of subsidiaries from consolidation	(1,543)		—	
Balance of retirement benefit obligations at end of period	151,477		155,309	

Note: Some consolidated subsidiaries have adopted the simplified method in calculating the amount of retirement benefit obligations.

(2) Reconciliation between the balance at beginning of period and the balance at end of period of pension plan assets

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Balance of plan assets at beginning of period	112,180	Million yen	57,351	Million yen
Expected return on plan assets	855		573	
Actuarial gains and losses accrued	1,333		657	
Contribution from employer	3,827		1	
Retirement benefits paid	(2,034)		(1,549)	
Decrease resulting from transition to defined contribution pension plan	(57,157)		—	
Decrease resulting from exclusion of subsidiaries from consolidation	(1,653)		—	
Balance of plan assets at end of period	57,351		57,034	

(3) Reconciliation between ending balance of retirement benefit obligations and plan assets and retirement benefit liability/asset recorded on the consolidated balance sheet

	As of March 31, 2022	As of March 31, 2023
Retirement benefit obligations of funded plans	12,935 Million yen	11,802 Million yen
Plan assets	(57,351)	(57,034)
	(44,415)	(45,232)
Retirement benefit obligations of unfunded plans	138,541	143,507
Net amount of liabilities and assets recorded on the consolidated balance sheet	94,126	98,274
Retirement benefit liability	94,141	98,295
Retirement benefit asset	(15)	(20)
Net amount of liabilities and assets recorded on the consolidated balance sheet	94,126	98,274

Note: As for liabilities and assets with respect to retirement benefits, the amounts that were offset in the presentation by the Company and each consolidated subsidiary were added up.

(4) Amounts of retirement benefit expenses and their components

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Service cost	14,316 Million yen	14,233 Million yen
Interest cost	169	150
Expected return on plan assets	(855)	(573)
Recognition of actuarial gains and losses	(487)	492
Recognition of past service cost	14,999	—
Gain and loss resulting from transition to defined contribution pension plan	(1,419)	—
Other	(76)	52
Retirement benefit expenses associated with defined benefit plan	26,646	14,355

(5) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Actuarial gains and losses	(7,509) Million yen	981 Million yen
Total	(7,509)	981

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows:

	As of March 31, 2022	As of March 31, 2023
Unrecognized actuarial gains and losses	405 Million yen	1,387 Million yen
Total	405	1,387

(7) Plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows:

	As of March 31, 2022	As of March 31, 2023
General account	57 %	58 %
Debentures	22	22
Other	21	20
Total	100	100

(ii) Method for setting the long-term expected rate of return on plan assets

The Company set the expected long-term rate of return on plan assets taking into account the allocation of plan assets, the historical result of each component asset of the plan assets and market trends.

(8) Actuarial assumptions

Major actuarial assumptions

	As of March 31, 2022	As of March 31, 2023
Discount rate	0.1 %	0.1 %
Long-term expected rate of return	1.0	1.0

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were 6,885 million yen as of March 31, 2022, and 10,795 million yen as of March 31, 2023.

(Tax effect accounting)

1. Detailed deferred tax assets and deferred tax liabilities

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Provision for bonuses	11,871	11,197
	Million yen	Million yen
Unpaid legal welfare expenses	1,970	1,880
Accrued enterprise tax	1,957	1,906
Excess allowance for doubtful accounts	510	525
Tax loss carryforwards*	3,655	4,257
Retirement benefit liability	29,228	30,776
Loss on valuation of land	20,484	20,484
Impairment losses	3,855	4,242
Loss on valuation of investment securities	1,062	919
Investments in subsidiaries and associates	—	10,627
Unrealized gain on non-current assets	3,812	3,944
Loss on valuation of telephone subscription rights	397	393
Other	8,679	9,427
Subtotal	87,486	100,584
Allowance for devaluation for tax loss carryforwards*	(3,651)	(4,257)
Allowance for devaluation for the total deductible temporary difference, etc.	(23,914)	(24,584)
Subtotal	(27,566)	(28,841)
Total	59,920	71,743
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(2,755)	(2,703)
Reserve for reduction entry	(183)	(174)
Other	(4,697)	(5,055)
Total	(7,636)	(7,933)
Net deferred tax assets	52,284	63,809

*Tax loss carryforwards and amounts of their deferred tax assets by carryforward period

As of March 31, 2022

(Millions of yen)

	Within 1 year	After 1 year up to 2 years	After 2 years up to 3 years	After 3 years up to 4 years	After 4 years up to 5 years	After 5 years	Total
Tax loss carryforwards	40	45	90	85	540	2,852	3,655
Allowance for devaluation	(40)	(45)	(90)	(85)	(540)	(2,848)	(3,651)
Deferred tax assets	—	—	—	—	—	4	4

Note: Tax loss carryforwards were calculated by multiplying the statutory effective tax rate.

As of March 31, 2023

(Millions of yen)

	Within 1 year	After 1 year up to 2 years	After 2 years up to 3 years	After 3 years up to 4 years	After 4 years up to 5 years	After 5 years	Total
Tax loss carryforwards	23	50	35	2	—	4,144	4,257
Allowance for devaluation	(23)	(50)	(35)	(2)	—	(4,144)	(4,257)
Deferred tax assets	—	—	—	—	—	—	—

Note: Tax loss carryforwards were calculated by multiplying the statutory effective tax rate.

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Statutory effective tax rate of the reporting company's consolidated financial statements	—	30.6%
(Adjustments)		
Inhabitant per capita taxes	—	4.7
Difference of tax rates applied to overseas subsidiaries	—	(0.1)
Allowance for devaluation	—	(17.0)
Equity in net income of affiliates	—	2.2
Other	—	(0.3)
Effective rate of income taxes after application of deferred tax accounting	—	20.1

Note: The figures as of the end of the previous fiscal year are omitted because the difference between the statutory tax rate and the effective tax rate after applying tax effect accounting was equal to or less than 5% of the statutory tax rate.

3. Accounting for corporate income tax and local corporate tax or tax effect accounting related to these taxes

The Company and some of its domestic consolidated subsidiaries have obtained approval for the application of the Japanese Group Relief System during the current fiscal year, and therefore, starting from the next fiscal year, will transition from the independent taxation system to the Japanese Group Relief System. Regarding the accounting treatment and disclosure related to tax effect accounting for corporate income tax and local corporate tax, the Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021) from the end of the current fiscal year.

(Business combinations)

(Transactions under common control, etc.)

Absorption-type merger between consolidated subsidiaries

At a meeting of the Board of Directors held on January 20, 2022, the Company resolved to conclude an absorption-type merger agreement between the Company's consolidated subsidiaries Yamato System Development Co., Ltd. and Yamato Web Solutions Co., Ltd., and such absorption-type merger took effect as of April 1, 2022.

The overview of the absorption-type merger is as follows.

1. Overview of the transaction

(1) Absorption-type merger in which Yamato System Development Co., Ltd. is the surviving company

(i) Names of combined companies and their businesses

i. Surviving company

Name: Yamato System Development Co., Ltd.

Description of business: Research, development, provision of information on computer utilization systems and consulting services, commissioned information processing, operation and management of computer systems and related services

ii. Absorbed company

Name: Yamato Web Solutions Co., Ltd.

Description of business: Temporary staffing business, fee-based job placement business, research, development, provision of information on computer utilization systems and consulting services

(ii) Business combination date

April 1, 2022 (Effective date on and after)

(iii) Legal form of business combination

An absorption-type merger in which Yamato Web Solutions Co., Ltd. is the absorbed company and Yamato System Development Co., Ltd. is the surviving company.

(iv) Name after business combination

There is no change in the name.

(2) Overview of the transaction including its purpose

The merger of Yamato System Development Co., Ltd., which is responsible for the Yamato Group's IT functions, and Yamato Web Solutions Co., Ltd., which provides website design, construction, and operation, as well as temporary staffing services, will promote the optimal allocation of specialized personnel in the IT domain and further utilization of management resources, thereby strengthening the growth potential of the business.

2. Overview of accounting treatment implemented

The merger was treated as transactions under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

Acquisition of additional shares of a subsidiary

The Company acquired additional shares of Yamato Dialog & Media Co., Ltd. (a consolidated subsidiary of the Company) held by DHL eCommerce Japan K.K., thereby making Yamato Dialog & Media Co., Ltd. a wholly owned subsidiary of the Company as of September 26, 2022.

The overview is as follows.

1. Overview of the transaction

(1) Name of combined company and its business

Name of combined company: Yamato Dialog & Media Co., Ltd.

Description of business: Various operations related to direct marketing

(2) Business combination date

September 26, 2022 (Effective date on and after)

(3) Legal form of business combination

Acquisition of shares from non-controlling interests

(4) Name after business combination

There is no change in the name.

(5) Other matters about transaction

By making Yamato Dialog & Media Co., Ltd. a wholly owned subsidiary, the Company will increase management agility and strengthen the growth potential of the business.

2. Overview of accounting treatment implemented

The acquisition was treated as transactions with non-controlling interests under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

3. Matters regarding additional acquisition of shares of the subsidiary

Acquisition cost and its breakdown

Consideration for acquisition	Cash and deposits	612 million yen
Acquisition cost		612 million yen

4. Matters regarding changes in equity of the Company attributable to transactions with non-controlling interests

(1) Main reasons for changes in capital surplus

Additional acquisition of shares of the subsidiary

(2) Amount of capital surplus increased by transactions with non-controlling interests

22 million yen

(Asset retirement obligations)

Asset retirement obligations reported on the consolidated balance sheet

1. Overview of the relevant asset retirement obligations

There are obligations to restore sites to their original conditions based on facility lease contracts and fixed-term land leasehold contracts.

2. Method for calculating the relevant asset retirement obligations

The Company calculated the amount of the relevant asset retirement obligations by estimating the expected period of use at 15 to 38 years and applying the yields on Japanese government bonds due in the expected period of use as the discount rates.

3. Change in the total amount of the relevant asset retirement obligations

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Beginning balance	9,646	9,927
	Million yen	Million yen
Increase by purchase of property, plant and equipment	455	22
Adjustment amount over time	105	103
Increase (decrease) by change in estimate	(137)	(6)
(Decrease by implementing the asset retirement obligations)	(138)	(448)
Other increase (decrease)	(3)	10
Balance at end of period	9,927	9,608

4. Change in the estimate for the relevant asset retirement obligations

As the Company found that the amount of the retirement cost for the relevant assets will change from the estimated amount at the beginning of each period by obtaining new information on the cost, it changed the estimate for the relevant asset retirement obligations, reducing the amount by 137 million yen in the fiscal year ended March 31, 2022, and by 6 million yen in the fiscal year ended March 31, 2023.

(Revenue recognition)

1. Information that breaks down revenue from contracts with customers

Fiscal year ended March 31, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total
Transportation income	1,144,359	598,306	50,967	1,793,632
Logistical support income	3,587	249,637	—	253,225
Other	28,183	33,022	171,975	233,181
Revenue from contracts with customers	1,176,130	880,966	222,942	2,280,039
Other revenue (Note 2)	—	—	4,583	4,583
Total	1,176,130	880,966	227,526	2,284,622
Operating revenue or transfers within the segment	(3,715)	(42,690)	(18,327)	(64,733)
Operating revenue by reportable segment	1,172,414	838,276	209,198	2,219,889
Inter-segment operating revenue or transfers	(279,017)	(26,090)	(121,163)	(426,271)
Operating revenue from customers	893,396	812,185	88,035	1,793,618

Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total
Transportation income	1,191,264	617,221	24,616	1,833,103
Logistical support income	3,352	259,525	—	262,877
Other	25,858	33,357	151,751	210,967
Revenue from contracts with customers	1,220,475	910,104	176,368	2,306,948
Other revenue (Note 2)	—	—	3,436	3,436
Total	1,220,475	910,104	179,804	2,310,385
Operating revenue or transfers within the segment	(2,563)	(47,596)	(7,772)	(57,932)
Operating revenue by reportable segment	1,217,911	862,508	172,032	2,252,452
Inter-segment operating revenue or transfers	(323,337)	(16,454)	(111,991)	(451,783)
Operating revenue from customers	894,574	846,053	60,040	1,800,668

Notes: 1. Other includes Yamato System Development Co., Ltd. (information systems development) and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).

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

2. Information that provides a basis for understanding revenue from contracts with customers

Information that forms the basis for understanding revenue from contracts with customers is presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant matters forming the basis of preparing the consolidated financial statements), 4. Accounting policies, (5) Accounting method for significant revenues and costs” and thus omitted.

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

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that existed at the end of the fiscal year under review

(1) Balance of contract assets and liabilities, etc.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Receivables from contracts with customers (beginning balance)	178,323	188,004
Receivables from contracts with customers (balance at end of period)	188,004	185,549
Contract assets (beginning balance)	4,146	4,688
Contract assets (balance at end of period)	4,688	4,793
Contract liabilities (beginning balance)	11,444	12,887
Contract liabilities (balance at end of period)	12,887	14,263

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

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

Among the revenues recognized during the previous fiscal year, the amount included in the contract liability balance at the beginning of the period was 9,558 million yen.

The amount of revenue recognized in the previous fiscal year from performance obligations satisfied in prior periods was not material.

Among the revenues recognized during the fiscal year under review, the amount included in the contract liability balance at the beginning of the period was 10,427 million yen.

The amount of revenue recognized in the fiscal year under review from performance obligations satisfied in prior periods was not material.

(2) Transaction prices allocated to remaining performance obligations

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

The performance obligations with an initial expected term of one year or less mainly relate to courier services such as TA-Q-BIN in the Retail Business Unit.

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

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Yamato Group are components of the Group for which discrete financial information is available and which are regularly reviewed by the Company's Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Yamato Group is operated through a Group management structure under Yamato Holdings Co., Ltd., which is a pure holding company, and manages business operations by customer segment with the Retail Business Unit, which manages the Retail Business that provides delivery services to individuals and small to mid-sized corporations, the Corporate Business Unit, which manages the Corporate Business, Global SCM Business and EC Business that provide transportation services, etc. to large corporations and others.

Accordingly, Yamato Group's two reportable segments are the Retail Business Unit and the Corporate Business Unit.

Type of services by reportable segment

Reportable segment	Type of services
Retail Business Unit	Small parcel delivery services for consumers and small to mid-sized corporations
Corporate Business Unit	Transportation services for large corporations, planning and operation of logistics centers, customs services, air cargo agency services
Other	Development and operation of IT systems, car maintenance services, sales of fuel, non-life insurance agency services, cargo vehicle transportation services

2. Method for calculating amounts of operating revenue, profit/loss, assets and other items by reportable segment

The accounting method used for reported business segments complies with the accounting policy that has been adopted in preparing the consolidated financial statements.

3. Information regarding the amounts of operating revenue, profit/loss, assets and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded in consolidated financial statements (Note 3)
Operating revenue						
Operating revenue from customers	893,396	812,185	88,035	1,793,618	—	1,793,618
Inter-segment operating revenue or transfers	279,017	26,090	121,163	426,271	(426,271)	—
Total	1,172,414	838,276	209,198	2,219,889	(426,271)	1,793,618
Segment profit (loss)	44,463	17,178	16,559	78,200	(1,001)	77,199
Segment assets (Note 4)	749,717	194,571	156,572	1,100,861	(14,006)	1,086,854
Others						
Depreciation	17,538	13,264	3,811	34,615	909	35,524
Investments in entities accounted for using equity method	630	6,667	—	7,298	5,661	12,959
Increase of property, plant, equipment and intangible assets (Note 4)	56,586	12,066	7,245	75,898	2,673	78,572

Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).

2. Adjustments made are as follows.

- (1) The adjustment of negative 1,001 million yen of segment profit includes group-wide expenses which have not been allocated to each reportable segment (general and administrative expenses of the Company, which is a pure holding company) of negative 10,384 million yen, as well as eliminations of transactions among segments of 9,382 million yen.
- (2) The adjustment of negative 14,006 million yen of segment assets includes eliminations of inter-segment receivables and payables, etc. of negative 108,626 million yen and group-wide assets of 94,619 million yen not allocated to each reportable segment.
- (3) The adjustment of 5,661 million yen of investment in entities accounted for using the equity method pertains to the amount of investment in those entities accounted for using the equity method which are not allocated to respective reportable segments.
- (4) The adjustment of 2,673 million yen of increases of property, plant, equipment and intangible assets is the Company's capital investment amount.

3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

4. The segment assets and the increase in property, plant, equipment and intangible assets of the Retail Business Unit include the 524,780 million yen of segment assets of the Functional Divisions of Yamato Transport Co., Ltd. as well as the 36,936 million yen increase in their property, plant, equipment and intangible assets, respectively.

Fiscal year ended March 31, 2023

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded in consolidated financial statements (Note 3)
Operating revenue						
Operating revenue from customers	894,574	846,053	60,040	1,800,668	—	1,800,668
Inter-segment operating revenue or transfers	323,337	16,454	111,991	451,783	(451,783)	—
Total	1,217,911	862,508	172,032	2,252,452	(451,783)	1,800,668
Segment profit (loss)	32,298	13,138	13,900	59,337	747	60,085
Segment assets (Note 4)	788,000	181,737	142,258	1,111,996	(4,409)	1,107,587
Others						
Depreciation	21,883	14,796	4,097	40,777	780	41,557
Investments in entities accounted for using equity method	768	4,309	—	5,077	4,311	9,389
Increase of property, plant, equipment and intangible assets (Note 4)	38,972	9,101	2,324	50,398	5,292	55,691

- Notes: 1. Other includes Yamato System Development Co., Ltd. (information systems development) and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).
2. Adjustments made are as follows.
- (1) The adjustment of 747 million yen of segment profit includes group-wide expenses which have not been allocated to each reportable segment (general and administrative expenses of the Company, which is a pure holding company) of negative 7,385 million yen, as well as eliminations of transactions among segments of 8,132 million yen.
 - (2) The adjustment of negative 4,409 million yen of segment assets includes eliminations of inter-segment receivables and payables, etc. of negative 112,276 million yen and group-wide assets of 107,867 million yen not allocated to each reportable segment.
 - (3) The adjustment of 4,311 million yen of investment in entities accounted for using the equity method pertains to the amount of investment in those entities accounted for using the equity method which are not allocated to respective reportable segments.
 - (4) The adjustment of 5,292 million yen of increases of property, plant, equipment and intangible assets is the Company's capital investment amount.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.
4. The segment assets and the increase in property, plant, equipment and intangible assets of the Retail Business Unit include the 540,416 million yen of segment assets of the Transportation department and Headquarters of Yamato Transport Co., Ltd. as well as the 23,630 million yen increase in their property, plant, equipment and intangible assets, respectively.

[Related information]

Fiscal year ended March 31, 2022

1. Information about products and services

(Millions of yen)

	TA-Q-BIN	Kuroneko DM-Bin	Others	Total
Operating revenue from customers	1,322,534	54,323	416,760	1,793,618

2. Information about geographical areas

(1) Operating revenue

The information is omitted because external operating revenue from customers in Japan accounted for more than 90% of total operating revenue in the consolidated statement of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about main customers

The information is omitted because there is no external operating revenue from a specific customer that accounted for 10% or more of total operating revenue in the consolidated statement of income.

Fiscal year ended March 31, 2023

1. Information about products and services

(Millions of yen)

	TA-Q-BIN	Kuroneko DM-Bin	Others	Total
Operating revenue from customers	1,357,418	52,856	390,393	1,800,668

2. Information about geographical areas

(1) Operating revenue

The information is omitted because external operating revenue from customers in Japan accounted for more than 90% of total operating revenue in the consolidated statement of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about main customers

The information is omitted because there is no external operating revenue from a specific customer that accounted for 10% or more of total operating revenue in the consolidated statement of income.

[Information regarding impairment losses of non-current assets by reportable segment]

Fiscal year ended March 31, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other	Total	Corporate or eliminations	Consolidated
Impairment losses	—	700	1,719	2,420	—	2,420

Fiscal year ended March 31, 2023

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other	Total	Corporate or eliminations	Consolidated
Impairment losses	748	280	966	1,994	—	1,994

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2022

Not applicable

Fiscal year ended March 31, 2023

Not applicable

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2022

Not applicable

Fiscal year ended March 31, 2023

Not applicable

[Related party information]

Fiscal year ended March 31, 2022

Not applicable

Fiscal year ended March 31, 2023

Not applicable

(Per share information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,611.34 Yen	1,684.87 Yen
Basic earnings per share	151.03 Yen	126.64 Yen

- Notes: 1. The Company's shares held by the Board Benefit Trust (BBT), which are booked as treasury shares in the shareholders' equity section, are included in the treasury shares that are deducted from the number of shares outstanding as of the end of the fiscal period when calculating net assets per share. In addition, they are included in the treasury shares that are deducted from the average number of shares during the period when calculating basic earnings per share. The number of treasury shares as of the end of the fiscal periods that were deducted when calculating net assets per share was 483,000 shares as of the end of the previous fiscal year and 483,000 shares as of the end of this fiscal year. The average number of treasury shares during the fiscal periods that were deducted when calculating basic earnings per share was 483,000 shares for the previous fiscal year and 483,000 shares for this fiscal year.
2. Diluted earnings per share are not presented since no potential shares exist.
3. The basis for calculating "basic earnings per share" is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent (Millions of yen)	55,956	45,898
Amounts not belonging to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent concerning common shares (Millions of yen)	55,956	45,898
Average number of common shares during the period (Thousand shares)	370,487	362,445

(Significant subsequent events)

(Purchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 10, 2023, the Company resolved matters pertaining to the purchase of treasury shares in accordance with the provisions of the Articles of Incorporation pursuant to Article 459, paragraph (1), item (i) of the Companies Act, and the cancellation of treasury shares in accordance with Article 178 of the same Act.

1. Reason for purchase and cancellation of treasury shares

To improve capital efficiency and enhance shareholder returns

2. Description of matters pertaining to the acquisition of treasury shares

Type of shares to be acquired Common shares of the Company

Total number of shares to be acquired Up to 22,000,000 shares

(Ratio to total number of shares issued (excluding treasury shares): 6.06%)

Note: The aforementioned treasury shares do not include the Company's shares held by the Board Benefit Trust (BBT).

Total acquisition cost of the shares Up to 50.0 billion yen

Period of acquisition From May 17, 2023 to February 29, 2024

Method of acquisition On-market purchases

3. Details of cancellation of treasury shares

Type of shares to be cancelled Common shares of the Company

Total number of shares to be cancelled All treasury shares acquired in accordance with 2. above

Scheduled date of cancellation March 29, 2024

(Issuance of bonds)

At a meeting of the Board of Directors held on May 17, 2023, the Company resolved to issue unsecured bonds (with inter-bond pari passu clause) (Green Bonds) as follows.

1. Total amount issued 20.0 billion yen
2. Amount of bonds to be offered 100 million yen
3. Issue price 100 yen per 100 yen of each bond amount
4. Interest rate The maximum interest rate shall be set at that of the secondary market yield plus 0.5% on JGBs with the same remaining maturity as the redemption date.
5. Method of redemption Lump-sum redemption on maturity
6. Redemption period 5 years
7. Time of issuance From July 2023 onward (planned)
8. Use of funds Environment-related investments

(v) Annexed consolidated detailed schedules

[Detailed schedule of corporate bonds]

Not applicable

[Detailed schedule of borrowings]

Classification	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	15,000	10,000	0.047	—
Current portion of long-term borrowings	—	—	—	—
Current portion of lease liabilities	4,850	5,415	5.567	—
Long-term borrowings (excluding current portion)	—	—	—	—
Lease liabilities (excluding current portion)	26,038	32,858	3.560	2024-2043
Other interest-bearing debt	—	—	—	—
Total	45,889	48,273	—	—

Note: The repayment schedule for lease liabilities (excluding the current portion) for five years after the consolidated balance sheet date is as follows.

(Millions of yen)

	After 1 year up to 2 years	After 2 years up to 3 years	After 3 years up to 4 years	After 4 years up to 5 years
Lease liabilities	4,982	3,730	2,885	2,083

[Detailed schedule of asset retirement obligations]

Pursuant to the provision of Article 92-2 of the Regulation on Consolidated Financial Statements, the information is omitted because the amounts of asset retirement obligations at the beginning and end of the fiscal year ended March 31, 2023, were not more than 1% of the total of liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2023.

(2) Other

(i) Status after the closing date

Not applicable

(ii) Quarterly information for the fiscal year ended March 31, 2023

Cumulative period	First quarter	Second quarter	Third quarter	Fiscal year ended March 31, 2023
Operating revenue (Millions of yen)	424,159	883,755	1,395,967	1,800,668
Profit before income taxes (Millions of yen)	1,706	17,432	62,168	56,815
Profit attributable to owners of parent (Millions of yen)	320	10,358	39,087	45,898
Basic earnings per share (Yen)	0.88	28.57	107.83	126.64

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	0.88	27.71	79.30	18.80

(iii) Significant lawsuits, etc.

Not applicable

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	37,338	40,236
Trade accounts receivable	* 70	* 71
Short-term loans receivable	* 3,960	* 14,736
Income taxes refund receivable	6,648	6,847
Other	* 968	* 1,491
Total current assets	48,986	63,383
Non-current assets		
Property, plant and equipment		
Buildings	1,156	1,280
Tools, furniture and fixtures	571	381
Land	6,536	6,632
Construction in progress	476	5,095
Other	46	36
Total property, plant and equipment	8,787	13,426
Intangible assets		
Software	1,090	857
Other	1	1
Total intangible assets	1,091	858
Investments and other assets		
Investment securities	29,315	26,771
Shares of subsidiaries and associates	293,118	295,784
Long-term loans receivable	* 24,631	* 16,089
Deferred tax assets	–	8,862
Other	1,709	1,728
Allowance for doubtful accounts	(2,605)	(402)
Allowance for investment loss	(1,874)	(1,357)
Total investments and other assets	344,296	347,477
Total non-current assets	354,176	361,762
Total assets	403,163	425,145

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade accounts payable	* 583	* 442
Short-term borrowings	15,000	10,000
Income taxes payable	391	434
Deposits received	* 72,690	* 79,564
Provision for bonuses	4	3
Other	* 950	* 220
Total current liabilities	89,620	90,665
Non-current liabilities		
Deferred tax liabilities	2,506	—
Provision for retirement benefits	118	128
Provision for share awards for directors (and other officers)	—	162
Other	321	321
Total non-current liabilities	2,946	611
Total liabilities	92,566	91,277
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus		
Legal capital surplus	36,822	36,822
Other capital surplus	0	—
Total capital surplus	36,822	36,822
Retained earnings		
Other retained earnings		
General reserve	138,965	138,965
Retained earnings brought forward	46,819	62,573
Total retained earnings	185,785	201,539
Treasury shares	(49,551)	(39,835)
Total shareholders' equity	300,291	325,761
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,305	8,106
Total valuation and translation adjustments	10,305	8,106
Total net assets	310,596	333,868
Total liabilities and net assets	403,163	425,145

(ii) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	*148,010	*147,189
Selling, general and administrative expenses	*1,211,036	*1,270,022
Operating profit	36,973	40,167
Non-operating income		
Interest and dividend income	*1,465	*1,823
Leasing income	*1,521	*1,2017
Gain on investments in investment partnerships	4,368	—
Other	*1,506	*1,568
Total non-operating income	7,862	4,408
Non-operating expenses		
Interest expenses	*143	*17
Facility charges	1,521	2,017
Other	66	435
Total non-operating expenses	1,630	2,459
Ordinary profit	43,205	42,116
Extraordinary income		
Gain on sale of investment securities	9,873	1,970
Gain on sale of shares of subsidiaries and associates	—	16
Reversal of allowance for doubtful accounts	496	—
Reversal of allowance for investment loss	5	517
Other	12	9
Total extraordinary income	10,387	2,513
Extraordinary losses		
Loss on valuation of investment securities	44	—
Loss on sale of shares of subsidiaries and associates	110	—
Provision of allowance for doubtful accounts	411	1,020
Demolition and removal expenses	—	753
Loss on debt waiver	3,986	—
Other	150	40
Total extraordinary losses	4,703	1,814
Profit before income taxes	48,888	42,815
Income taxes-current	1,624	1,909
Income taxes-deferred	94	(11,348)
Total income taxes	1,719	(9,439)
Profit	47,168	52,255

(iii) Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	127,234	36,822	—	36,822	138,965	19,340	158,306
Changes during period							
Dividends of surplus						(19,689)	(19,689)
Profit						47,168	47,168
Purchase of treasury shares							
Disposal of treasury shares			0	0			
Net changes in items other than shareholders' equity							
Total changes during period	—	—	0	0	—	27,478	27,478
Balance at end of period	127,234	36,822	0	36,822	138,965	46,819	185,785

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(39,549)	282,814	12,048	294,863
Changes during period				
Dividends of surplus		(19,689)		(19,689)
Profit		47,168		47,168
Purchase of treasury shares	(10,002)	(10,002)		(10,002)
Disposal of treasury shares	0	0		0
Net changes in items other than shareholders' equity			(1,743)	(1,743)
Total changes during period	(10,002)	17,476	(1,743)	15,733
Balance at end of period	(49,551)	300,291	10,305	310,596

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	127,234	36,822	0	36,822	138,965	46,819	185,785
Changes during period							
Dividends of surplus						(16,783)	(16,783)
Profit						52,255	52,255
Purchase of treasury shares							
Disposal of treasury shares						(0)	(0)
Cancellation of treasury shares			(0)	(0)		(19,717)	(19,717)
Net changes in items other than shareholders' equity							
Total changes during period	—	—	(0)	(0)	—	15,754	15,754
Balance at end of period	127,234	36,822	—	36,822	138,965	62,573	201,539

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(49,551)	300,291	10,305	310,596
Changes during period				
Dividends of surplus		(16,783)		(16,783)
Profit		52,255		52,255
Purchase of treasury shares	(10,001)	(10,001)		(10,001)
Disposal of treasury shares	0	0		0
Cancellation of treasury shares	19,717	—		—
Net changes in items other than shareholders' equity			(2,198)	(2,198)
Total changes during period	9,715	25,469	(2,198)	23,271
Balance at end of period	(39,835)	325,761	8,106	333,868

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation bases and methods for assets

Valuation bases and methods for securities

Available-for-sale securities

Other than stocks and other securities with no market price

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

Stocks and other securities with no market price

Stated at cost using the moving-average method.

Investments in investment limited partnerships and similar partnerships

(Investments deemed to be securities pursuant to Article 2, paragraph (2) of the Financial Instruments and Exchange Act)

Stated at the net amount of the Company's interest in the partnership based on the most recent financial statements available according to the reporting date stipulated in the partnership agreement.

Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

2. Depreciation and amortization methods of non-current assets

(1) Property, plant and equipment

Depreciated using the straight-line method.

(2) Intangible assets

Amortized using the straight-line method.

However, software is amortized by the straight-line method over the estimated useful life (five years or less).

3. Accounting method for provisions

(1) Allowance for doubtful accounts

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

(2) Allowance for investment loss

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

(3) Provision for bonuses

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

(4) Provision for retirement benefits

To provide for employees' retirement benefits, a 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, 2023.

(i) Method of attributing expected retirement benefits 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.

(ii) 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 time (mainly five years), which is within the average remaining years of service of the eligible employees.

(5) Provision for share awards for directors (and other officers)

In preparation for the payment of shares based on the Regulations on Share-based Remuneration for Directors (and Other Officers), the expected amount of compensation is recorded according to the points allocated to Directors (and other officers).

4. Accounting method for revenues and costs

The Company mainly engages in executive management of its subsidiaries. Under the executive management contracts, the Company provides management and planning guidance to its subsidiaries. Since the economic benefits of these services are provided equally over the contract period, the Company recognizes revenue when the performance obligations are satisfied, which is measured by the passage of time.

5. Other significant matters for preparing non-consolidated financial statements

(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.

(Significant accounting estimates)

(Valuation of shares of subsidiaries and associates)

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

The following is a list of items that have been recognized in the non-consolidated financial statements for the fiscal year under review based on accounting estimates and that may have a material effect on the non-consolidated financial statements for the following fiscal year.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Shares of subsidiaries and associates	293,118	295,784
Allowance for investment loss	(1,874)	(1,357)

(2) Information on significant accounting estimates for identified items

In principle, shares of subsidiaries and associates are stated at the cost by the moving-average method. In the event of a decline in the net realizable value, the Company determines whether or not to recognize a write-down based on estimates of the business plans and other factors of the relevant company. In determining whether or not to recognize a write-down, certain assumptions are made with respect to business plans and other estimates. These assumptions are subject to uncertain future economic and business conditions, which may have a material impact on the non-consolidated financial statements for the next and subsequent periods.

(Changes in presentation)

(Non-consolidated balance sheet)

"Vehicles" in "Property, plant and equipment" presented separately in the previous fiscal year, is included in "Other" in the current fiscal year because the amount became immaterial. The non-consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, "Vehicles" of 0 million yen in "Property, plant and equipment" is included in "Other" in the non-consolidated balance sheet for the previous fiscal year.

(Additional information)

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

The Company has adopted the Board Benefit Trust (BBT) performance-linked and share-based remuneration system. The purpose of the system 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 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.

The outline of this system is presented in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Additional information)" and thus omitted.

(Dissolution and liquidation of subsidiaries)

At the Company's Board of Directors meeting held on February 17, 2023, the Company resolved to liquidate its subsidiaries, YAMATO ASIA PTE. LTD. and YAMATO INVESTMENT (HONG KONG) LIMITED.

Details are shown on "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Additional information)."

(Non-consolidated balance sheet)

*Monetary receivables and payables to subsidiaries and associates are as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Short-term monetary receivables	4,378	15,465
Long-term monetary receivables	23,328	14,769
Short-term monetary payables	73,037	79,892

Contingent liabilities are as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Joint and several guarantee based on clearing agreements with other transportation companies	300	300
Guarantee of obligation for debt financing	304	298

(Non-consolidated statement of income)

*1. Volume of transactions with subsidiaries and associates is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	47,873	47,197
Operating expenses	3,678	2,844
Non-operating transactions	2,217	3,078

*2. Major expense items and amounts included in selling, general and administrative expenses are as follows:

Since the Company is a pure holding company, all expenses are included in general and administrative expenses.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Personnel expenses	1,293	1,096
[Provision for bonuses (included above)]	4	3
[Provision for retirement benefits (included above)]	14	11
[Provision for share awards for directors (and other officers) (included above)]	—	162
Advertising expenses	1,054	187
Commission expenses	3,837	2,141
Computer expenses	1,947	1,674
Depreciation	773	580

(Securities)

The fair values of the stocks of subsidiaries and affiliates are not stated because they do not have market prices.

The carrying amounts of non-marketable equity securities of subsidiaries and affiliates are as follows.

(Millions of yen)

Classification	As of March 31, 2022	As of March 31, 2023
Shares of subsidiaries	292,989	295,655
Shares of affiliates	129	129

(Tax effect accounting)

1. Detailed deferred tax assets and deferred tax liabilities

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Provision for bonuses	1 Million yen	1 Million yen
Accrued enterprise tax	43	48
Provision for retirement benefits	36	39
Loss on valuation of investment securities	797	643
Shares of subsidiaries and associates	59,894	61,649
Other	1,593	804
Subtotal	62,367	63,186
Allowance for devaluation	(62,367)	(51,972)
Total	—	11,213
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(2,313)	(2,294)
Other	(192)	(57)
Total	(2,506)	(2,351)
Net deferred tax assets (liabilities)	(2,506)	8,862

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Allowance for devaluation	(21.3)	(26.1)
Non-taxable dividend income	(23.7)	(28.7)
Non-deductible amount of donations	17.9	1.9
Other	0.0	0.3
Effective rate of income taxes after application of deferred tax accounting	3.5	(22.0)

3. Accounting for corporate income tax and local corporate tax or tax effect accounting related to these taxes

The Company has obtained approval for the application of the Japanese Group Relief System during the current fiscal year, and therefore, starting from the next fiscal year, will transition from the independent taxation system to the Japanese Group Relief System. Regarding the accounting treatment and disclosure related to tax effect accounting for corporate income tax and local corporate tax, the Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021) from the end of the current fiscal year.

(Business combinations)

The information on business combinations is presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Business combinations)” and thus omitted.

(Revenue recognition)

Information that forms the basis for understanding revenues from contracts with customers is presented in “V. Financial Information, 2. Non-consolidated Financial Statements, etc., (1) Non-consolidated Financial Statements, Notes to Non-consolidated Financial Statements (Significant accounting policies), 4. Accounting method for revenues and costs” and thus omitted.

For all services, the consideration for transactions does not include significant financial elements or variable consideration, and the consideration for transactions with subsidiaries is received primarily at the end of each quarter.

(Significant subsequent events)

(Purchase and cancellation of treasury shares)

Information on purchase and cancellation of treasury shares is presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant subsequent events)” and thus omitted.

(Issuance of bonds)

Information on the issuance of bonds is presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1)

Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant subsequent events)” and thus omitted.

(iv) Annexed detailed schedules

[Detailed schedule of property, plant and equipment, etc.]

(Millions of yen)

Classification	Asset type	Balance at beginning of period	Increase	Decrease	Depreciation/ amortization in the fiscal year	Balance at end of period	Accumulated depreciation/ amortization
Property, plant and equipment:	Buildings	1,156	395	0	271	1,280	504
	Tools, furniture and fixtures	571	16	0	205	381	670
	Land	6,536	95	—	—	6,632	—
	Construction in progress	476	5,050	431	—	5,095	—
	Other	46	2	—	11	36	20
	Total	8,787	5,560	432	488	13,426	1,195
Intangible assets	Software	1,090	137	29	341	857	803
	Other	1	1	0	0	1	0
	Total	1,091	139	30	342	858	804

[Detailed schedule of allowance and provisions]

(Millions of yen)

Account item	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	2,605	1,020	3,223	402
Allowance for investment loss	1,874	—	517	1,357
Provision for bonuses	4	3	4	3
Provision for share awards for directors (and other officers)	—	162	—	162

(2) Details of Major Assets and Liabilities

This information has been omitted as the consolidated financial statements have been prepared.

(3) Other

(i) Status after the closing date

Not applicable

(ii) Significant lawsuits, etc.

Not applicable

VI. Outline of Share-Related Administration of the Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Share unit	100 shares
Sale of shares of less than one unit and incremental purchase of shares	
Office for handling business	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Head Office Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.
Administrator of shareholders' register	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Forwarding office	–
Sale and incremental purchase fees	The amount equivalent to the commission for the consignment of the sale and purchase of 100 shares, divided proportionally by the number of shares sold or added to one unit
Method of public notice	Electronic public notice If an announcement by an electronic public notice is not possible due to accidents or other unavoidable reasons, it shall be done by publication in the Nihon Keizai Shimbun. URL for public notice https://www.yamato-hd.co.jp
Special benefits for shareholders	None

Note: Pursuant to the Company's Articles of Incorporation, shareholders of the Company may not exercise any rights other than the rights listed below with respect to shares of less than one unit held by them.

- (1) Rights listed in each item of Article 189, paragraph (2) of the Companies Act
- (2) The right to make a request pursuant to the provisions of Article 166, paragraph (1) of the Companies Act
- (3) The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by the shareholder
- (4) The right to request the sale of shares of less than one unit

VII. Reference Information on the Reporting Company

1. Information about Parent of the Reporting Company

Not applicable

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report and Attachments and Confirmation Letter

Fiscal year (the 157th term) (from April 1, 2021, to March 31, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on June 17, 2022

(2) Internal Control Report and Attachments

Filed with the Director-General of the Kanto Local Finance Bureau on June 17, 2022

(3) Quarterly Securities Reports and Confirmation Letters

First quarter of the 158th term (from April 1, 2022, to June 30, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2022

Second quarter of the 158th term (from July 1, 2022, to September 30, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on November 9, 2022

Third quarter of the 158th term (from October 1, 2022, to December 31, 2022)

Filed with the Director-General of the Kanto Local Finance Bureau on February 8, 2023

(4) Extraordinary Reports

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022

This is an Extraordinary Report based on Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs

(5) Amended Shelf Registration Statements

Filed with the Director-General of the Kanto Local Finance Bureau on May 20, 2022

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022

Filed with the Director-General of the Kanto Local Finance Bureau on June 5, 2023

(6) Share Repurchase Reports

Reporting period (from May 1, 2023, to May 31, 2023)

Filed with the Director-General of the Kanto Local Finance Bureau on June 14, 2023

PART 2 INFORMATION ON GUARANTORS, ETC., FOR THE REPORTING COMPANY

Not applicable

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 14, 2023

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Koichi Yano

Designated Engagement Partner,
Certified Public Accountant:

Shinji Seki

Designated Engagement Partner,
Certified Public Accountant:

Yusuke Kumei

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Yamato Holdings Co., Ltd. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2022 to March 31, 2023, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a

whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of Yamato Transport Co., Ltd.'s non-current assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group provides delivery and other logistics services. As described in "Significant accounting estimates" in the notes to the consolidated financial statements, as of March 31, 2023, the Group's main assets subject to accounting standards related to impairment of non-current assets are property, plant and equipment of ¥443,017 million and intangible assets of ¥43,759 million. Among these balances, property, plant and equipment of ¥386,242 million, and intangible assets of ¥40,574 million are attributed to Yamato Transport Co., Ltd. ("Yamato Transport"), a consolidated subsidiary. As of March 31, 2023, there were indications that certain assets or asset groups of Yamato Transport and other subsidiaries may be impaired, and the Group recognized an impairment loss of ¥1,994 million.</p> <p>Yamato Transport grouped its four businesses, Retail, Corporate, Global SCM, and EC, as the smallest cash flow generating units, and assets associated with the Transportation department and Headquarters were classified as common assets.</p> <p>Yamato Transport estimates the total undiscounted future cash flows for certain assets or asset groups with indications of impairment, such as continuous operating losses, and compares the total undiscounted future cash flows per asset or asset group to their carrying amounts in order to determine whether any impairment loss should be recognized.</p> <p>Undiscounted future cash flows are estimated based on the future management plan approved by the Board of Directors. The future management plan includes significant assumptions, such as forecasted delivery unit prices and estimated future transaction volume. These estimated delivery unit prices and transaction volume involve uncertainty because they can be affected by future changes in the market.</p> <p>While delivery unit prices are a significant assumption, they are based on past agreements with customers, and are relatively stable. However, delivery volume estimation involves a high degree of uncertainty because it is affected by the growth rate of the e-commerce ("EC") market and the economic environment. Therefore, we have identified the estimated delivery volume, a significant assumption used in estimating the undiscounted future cash flows that involve subjective judgment from the management, as a key audit matter.</p>	<p>Our audit procedures related to Yamato Transport's impairment assessment on its non-current assets included the following, among others:</p> <p>We obtained an understanding of Yamato Transport's overall business environment through inquiry of the departments in charge and inspection of the minutes of the Board of Directors' meetings, management meetings, business execution meetings and other important approval documents. Our understanding included information on delivery unit prices, delivery volume, external delivery resources, unit commission expenses, number of employees, the circumstances of labor management, and internal transfer of services between divisions.</p> <p>We evaluated Yamato Transport's internal controls related to the estimation of total undiscounted future cash flows for assets or asset groups when there are impairment indications. Those controls include methods used by management to check the reliability and appropriateness of the data relating to profit and loss information of assets or asset groups and significant assumptions used, such as delivery unit prices and delivery volume, and the review and approval process of the accounting estimates by management at the appropriate levels.</p> <p>We tested the estimated undiscounted future cash flows for consistency by comparing the undiscounted future cash flows with the next fiscal year's budget and future management plan approved by the Board of Directors. In addition, we evaluated the accuracy of the estimates prepared by management by comparing the budgets and management plan from the previous years with the corresponding actual results.</p> <p>Regarding the delivery volume, which is the main variable factor included in the estimates based on the future management plan, we inquired with management regarding the correlation between the expected level for delivery volume and the pickup and delivery capacity as well as the status of negotiations with main customers regarding delivery volume. In addition, we compared the estimated delivery volume with available external data related to the total volume of domestic parcel delivery market, including market share, and recent delivery volume published by peer companies. We also conducted a trend analysis on the degree of growth for the overall delivery market based on the historical results.</p>

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing

so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Yamato Holdings Co., Ltd. as of March 31, 2023.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Yamato Holdings Co., Ltd. as of March 31, 2023, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

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

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

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

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

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 14, 2023

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Koichi Yano

Designated Engagement Partner,
Certified Public Accountant:

Shinji Seki

Designated Engagement Partner,
Certified Public Accountant:

Yusuke Kumei

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of Yamato Holdings Co., Ltd. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 158th fiscal year from April 1, 2022 to March 31, 2023, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and its financial performance and for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matter

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

Valuation of shares of subsidiaries and associates	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit

<p>The Company, as a holding company of the group that provides delivery and other logistics services, owns shares of subsidiaries and associates within the group. As described in “Significant accounting estimates” in the notes to the non-consolidated financial statements, the Company’s total assets of 425,145 million yen as of March 31, 2023 included shares of subsidiaries and associates in the amount of 295,784 million yen, which had no market value. The Company recorded an allowance for investment loss of 1,357 million yen on those shares, some of which had a net realizable value lower than carrying value during this fiscal year.</p>	<p>Our audit procedures related to examining the Company's valuation of shares of subsidiaries and associates included the following, among others:</p>
<p>The Company records its shares of subsidiaries and associates at the acquisition cost on its balance sheet. If the net realizable value has declined by 30% or more compared to the carrying value at the end of the fiscal year and there is not sufficient evidence to support the possibility that the net realizable value will recover, the carrying value is written down to the net realizable value and the difference is recorded as a loss for the current fiscal year. If the decline in the net realizable value is less than 30% of the carrying value, but the recovery in the net realizable value deems to take a long period of time, the Company records an allowance for investment loss to prepare for any investment loss taking into consideration the financial position of the subsidiaries and associates and the recoverability of the carrying value of investments.</p>	<p>We evaluated the Company's internal controls over the valuation of shares of subsidiaries and associates, including the reconciliation of the financial position of each of the subsidiaries and associates used in the valuation with the latest financial information available, and the review and approval by management at the appropriate level to ensure that the valuation of shares of subsidiaries and associates whose net realizable value has significantly declined due to deterioration in the financial position is conducted completely and timely.</p>
<p>The recoverability of the net realizable value is evaluated based on the future management plan approved by the Board of Directors, and whether the underlying business plan is feasible and rational and whether the net realizable value is expected to recover within around five years.</p>	<p>Regarding shares of subsidiaries and associates whose net realizable value declined in comparison to the carrying value, we assessed the consistency of the business plan that supports the net realizable value with the next fiscal year’s budget approved by the Board of Directors as well as the future management plan. In addition, we assessed the estimates in the future plan for management bias by comparing the budgets and management plans in the previous fiscal years with the actual results.</p>
<p>There is a high degree of uncertainty and subjective judgments made by management involved in significant assumptions used for estimating the recoverability as they are affected by the progress of initiatives to expand its business and manage costs in the future management plan. Therefore, we identified this as a key audit matter.</p>	<p>We tested the feasibility and rationality of initiatives to expand the business and manage costs, which were the main variables in the estimates of the future management plan by making inquiries of management and performing a trend analysis using historical results.</p>

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

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

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

[Cover]

[Document title]	Written Confirmations
[Clause of stipulation]	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 16, 2023
[Company name]	ヤマトホールディングス株式会社 (<i>Yamato Holdings Kabushiki Kaisha</i>)
[Company name in English]	YAMATO HOLDINGS CO., LTD.
[Title and name of representative]	Yutaka Nagao, President
[Title and name of Chief Financial Officer (CFO)]	Toshizo Kurisu, Vice President, Responsible for Finance
[Address of registered headquarters]	16-10, Ginza 2-chome, Chuo-ku, Tokyo
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

1. Matters related to appropriateness of statements contained in the Annual Securities Report

Yutaka Nagao, President of the Company, and Toshizo Kurisu, Chief Financial Officer confirmed that statements contained in the Company's Annual Securities Report for the 158th term (from April 1, 2022, to March 31, 2023) were appropriate under the Financial Instruments and Exchange Act and related laws and regulations.

2. Special notes

There are no significant matters to report.

[Cover]

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 16, 2023
[Company name]	ヤマトホールディングス株式会社 (<i>Yamato Holdings Kabushiki Kaisha</i>)
[Company name in English]	YAMATO HOLDINGS CO., LTD.
[Title and name of representative]	Yutaka Nagao, President
[Title and name of Chief Financial Officer (CFO)]	Toshizo Kurisu, Vice President, Responsible for Finance
[Address of registered headquarters]	16-10, Ginza 2-chome, Chuo-ku, Tokyo
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

1. Matters related to the basic framework for internal control over financial reporting

Yutaka Nagao, President, and Toshizo Kurisu, Chief Financial Officer, are responsible for the design, implementation and maintenance of internal control over financial reporting of Yamato Holdings Co., Ltd. (the "Company") and have designed, implemented and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control is designed to achieve its objectives to a reasonable extent when each basic element of internal control is organically linked and functions in an integrated manner. Therefore, there is a possibility that misstatements in financial reporting may not be completely prevented or detected by internal control over financial reporting.

2. Matters related to scope of assessment, record date, and assessment procedures

The assessment of internal control over financial reporting was conducted with the record date of March 31, 2023, which is the end of the current fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we assessed internal controls that may have a material impact on the entire financial reporting on a consolidated basis (company-wide internal controls), and then, based on the results, we selected business processes to be assessed. In assessing the business process, after analyzing the selected business process, we assessed the effectiveness of internal control by identifying key control points that have a significant impact on the reliability of financial reporting and by assessing the design and operation of such key control points. The scope of the assessment of internal control over financial reporting was determined for the Company, its consolidated subsidiaries and equity-method affiliates based on the materiality of the effects on the reliability of financial reporting. The materiality of the effects on the reliability of financial reporting was determined by considering the significance of the monetary and qualitative effects. Based on the results of the assessment of company-wide internal control conducted for the Company and its 14 consolidated subsidiaries, the scope of the assessment of internal control over business processes was reasonably determined. Consolidated subsidiaries and equity-method affiliates that were deemed to be insignificant in terms of monetary and qualitative importance were not included in the scope of the assessment of company-wide internal control.

With respect to the scope of the assessment of internal control over business processes, business locations with approximately 2/3 of operating revenues in the previous fiscal year were designated as "important business locations." For the selected important business locations, the business processes leading to operating revenue, subcontracting expenses and personnel expenses among operating costs, trade accounts receivable among notes and accounts receivable - trade and contract assets, trade accounts payable among notes and accounts payable - trade, and accrued expenses among other current liabilities as accounts that are significantly related to corporate business objectives were subject to assessment. In addition, regardless of the selected important business locations, we have added, as material business processes to be assessed, to the scope of assessment, which includes other business locations as well, the business processes related to significant accounts that have a high possibility of material misstatements and involve estimates and forecasts, and business processes related to businesses or operations that engage in high-risk transactions, taking into account their impact on financial reporting.

3. Matters related to the results of assessment

Based on the results of the above assessment, we concluded that the Company's internal control over financial reporting as of the end of the fiscal year under review, was effective.

4. Supplementary information

Not applicable

5. Special notes

Not applicable