

The following is an English translation of the Notice of the 154<sup>th</sup> Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy.

Stock code: 9064  
June 3, 2019

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

To Our Shareholders

## **Notice of the 154<sup>th</sup> Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 154<sup>th</sup> Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. (hereinafter “the Company”), which will be held as described below.

**If you are unable to attend the meeting in person, you can exercise your voting rights by mail or by electromagnetic means such as the Internet. Please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights. All votes must be received by 5:00 p.m., Monday, June 24, 2019.**

### **When exercising voting rights by attending the meeting in person**

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

### **When exercising voting rights by mail**

Please indicate your vote “for” or “against” each of the items on the enclosed Voting Rights Exercise Form, and return the form to the Company by 5:00 p.m., Monday, June 24, 2019.

### **When exercising voting rights via the Internet**

Please review the “Exercise of Voting Rights via the Internet” on page 3 and enter your vote for each of the items by 5:00 p.m., Monday, June 24, 2019.

## **The 154<sup>th</sup> Ordinary General Meeting of Shareholders**

- 1. Date and Time:** Tuesday, June 25, 2019, 10:00 a.m. (The reception desk will open at 9:00 a.m.)
- 2. Venue:** Ginza Blossom (Chuo Kaikan) Hall  
15-6, Ginza 2-chome, Chuo-ku, Tokyo  
(Please note that the venue of the 154<sup>th</sup> Ordinary General Meeting of Shareholders has been changed from last year, and refer to “Access to the Venue” at the end of the Notice.)

### **3. Objectives of Meeting**

#### **Matters to be reported:**

1. Report of the Business Report, the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 154<sup>th</sup> Fiscal Year (from April 1, 2018 to March 31, 2019)
2. Report of the Non-consolidated Financial Statements for the 154<sup>th</sup> Fiscal Year (from April 1, 2018 to March 31, 2019)

#### **Matters to be resolved:**

- Agenda Item 1: Election of Eight (8) Directors  
Agenda Item 2: Election of One (1) Audit & Supervisory Board Member  
Agenda Item 3: Election of One (1) Substitute Audit & Supervisory Board Member

### **4. Items Decided for the Convocation of Meeting**

#### **(1) Treatment of duplicate voting**

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

#### **(2) Diverse exercise of voting rights**

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

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

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

## Exercise of Voting Rights via the Internet

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

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

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

\* QR Code is registered trademarks of DENSO WAVE INCORPORATED.

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

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

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

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

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

1. Please access the Website for Exercising Voting Rights.

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

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

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

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

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## Reference Documents for the General Meeting of Shareholders

### Agenda Item 1. Election of Eight (8) Directors

The terms of all the nine (9) Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of eight (8) Directors. The following are the candidates for Directors.

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

No.	Name of Candidate	Attributes of Candidate	Current Position at the Company	Attendance to the Board of Directors Meetings
1	Masaki Yamauchi	<span>Reelection</span>	Director and Chairman	19/19 (100%)
2	Yutaka Nagao	<span>Reelection</span>	Representative Director, President and Executive Officer	19/19 (100%)
3	Haruo Kanda	<span>Reelection</span>	Representative Director, Vice President and Executive Officer	18/19 (95%)
4	Kenichi Shibasaki	<span>Reelection</span>	Representative Director, Vice President and Executive Officer	16/16 (100%)
5	Masakatsu Mori	<span>Reelection</span> <span>Outside</span> <span>Independent</span>	Director	19/19 (100%)
6	Mariko Tokuno	<span>Reelection</span> <span>Outside</span> <span>Independent</span>	Director	18/19 (95%)
7	Yoichi Kobayashi	<span>Reelection</span> <span>Outside</span> <span>Independent</span>	Director	16/16 (100%)
8	Shiro Sugata	<span>New election</span> <span>Outside</span> <span>Independent</span>		

New election New candidates for Directors    Reelection Candidates for Directors to be reelected    Outside Candidates for Outside Directors  
Independent officers

[Reference]

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

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

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
1	Masaki Yamauchi (Jan. 11, 1961)	Apr. 1984	Joined the Company	39,900
		Apr. 2005	Executive Officer	
		Apr. 2005	President, Tokyo Regional Office	
		Nov. 2005	Executive Officer of Yamato Transport Co., Ltd.	
		Nov. 2005	General Manager of Human Resources and Administration	
		Mar. 2007	Executive Officer of the Company	
		Mar. 2007	Responsible for Human Resources Strategy	
		May 2007	Responsible for Management Strategy	
		Apr. 2008	Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd.	
		Apr. 2011	Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	
		Jun. 2011	Director and Executive Officer of the Company	
		Apr. 2015	Representative Director, President and Executive Officer	
		Apr. 2019	Director and Chairman (current)	
	Reelection	(Important Concurrent Positions at Other Organizations)		
	Attendance to the Board of Directors Meetings	None		
	FY2019/3: 19/19 (100%)	None		
		[Reasons for nomination as a candidate for Director] Masaki Yamauchi possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he had been acting as Representative Director, President and Executive Officer of the Company from April 2015 to March 2019, after having served as Representative Director and President of the Company's subsidiary Yamato Logistics Co., Ltd., and as Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd. Accordingly, in order to maintain and enhance an entire management balance as Director and Chairman, the Company proposes his reelection as Director.		

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
2	Yutaka Nagao (Aug. 31, 1965)	Apr. 1988	Joined the Company	12,700
		Apr. 2004	Regional Branch Manager of Yamaguchi Regional Branch	
		Apr. 2006	Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd.	
		Apr. 2009	General Manager of TSS Sales Promotion Office	
		Apr. 2010	Executive Officer and President of Kanto Regional Office	
		Apr. 2013	Managing Executive Officer	
		Apr. 2015	Executive Officer of the Company	
		Apr. 2015	Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.	
		Jun. 2017	Director and Executive Officer of the Company	
		Apr. 2019	Representative Director, President and Executive Officer (current)	
	Reelection	(Important Concurrent Positions at Other Organizations)		
	Attendance to the Board of Directors Meetings FY2019/3: 19/19 (100%)	None		
		[Reasons for nomination as a candidate for Director] Yutaka Nagao possesses experience and achievements developed in the course of taking on leadership roles in the Group's core, the Delivery Business. In that regard, he has acted as Managing Executive Officer and Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd, and Director and Executive Officer of the Company. Since April 2019, he has been serving as Representative Director, President and Executive Officer of the Company. Accordingly, in order to enhance the management of the Group and promote its growth, the Company proposes his reelection as Director.		

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
3	Haruo Kanda (Sep. 26, 1952)		Jan. 1985	Joined the Company
			Apr. 2004	General Manager of Human Resources
			Aug. 2005	Executive Officer
			Nov. 2005	Executive Officer of Yamato Transport Co., Ltd.
			Jul. 2006	Managing Executive Officer
			Apr. 2008	Managing Executive Officer of the Company
			Jun. 2008	Representative Director and Managing Executive Officer
			Apr. 2013	Representative Director and Senior Managing Executive Officer
		Reelection	Apr. 2014	Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit
			Apr. 2015	Representative Director, Vice President and Executive Officer
	Attendance to the Board of Directors Meetings FY2019/3: 18/19 (95%)		Apr. 2019	Executive Assistant to President on Corporate Management, in charge of Regional Co-creation Project (current)
		(Important Concurrent Positions at Other Organizations)		29,200
		None		
		[Reasons for nomination as a candidate for Director] Haruo Kanda possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Representative Director, Vice President and Executive Officer of the Company since April 2015, after having served as Executive Officer of the Company's subsidiary Yamato Transport Co., Ltd., and subsequently serving as an executive officer supervising administrative departments responsible for human resources strategy, network strategy, legal affairs, CSR strategy and audit. Accordingly, the Company proposes his reelection as Director.		



No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned	
4	Kenichi Shibasaki (Oct. 16, 1955)		Apr. 1980	Joined the Company	26,500
			Jun. 1997	Regional Branch Manager of Saitama Regional Branch	
			Jun. 1999	General Manager of Education Division	
			Apr. 2003	General Manager of Operation Division	
			Feb. 2006	Representative Director, President and Executive Officer of Yamato Financial Co., Ltd.	
			Apr. 2006	Executive Officer of the Company	
			Apr. 2012	Managing Executive Officer	
			Apr. 2016	Senior Managing Executive Officer	
		Reelection	Apr. 2017	Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy	
			Jun. 2018	Director and Senior Managing Executive Officer	
			Apr. 2019	Representative Director, Vice President and Executive Officer (current)	
		Attendance to the Board of Directors Meetings FY2019/3: 16/16 (100%)	Apr. 2019	Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit (current)	
			(Important Concurrent Positions at Other Organizations) None		
			[Reasons for nomination as a candidate for Director] Kenichi Shibasaki possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he had been acting as Director and Senior Managing Executive Officer since June 2018, after having served as Representative Director, President and Executive Officer of the Company's subsidiary Yamato Financial Co., Ltd. and Managing Executive Officer and Senior Managing Executive Officer of the Company. Since April 2019, he has been serving as Representative Director, Vice President and Executive Officer. Accordingly the Company proposes his reelection as Director.		

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
5	Masakatsu Mori (Jan. 22, 1947)  Attendance to the Board of Directors Meetings FY2019/3: 19/19 (100%)	Apr. 1969	Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd)	11,200
		May 1972	Qualified as Certified Public Accountant	
		Sep. 1981	Partner (business partner) of Arthur Andersen & Co. (currently: Accenture Japan Ltd)	
		Feb. 1989	President of Andersen Consulting (currently: Accenture Japan Ltd) Board Member of Andersen Consulting (Global) (currently: Accenture)	
		Apr. 2003	Representative Director and Chairman of Accenture Japan Ltd	
		Sep. 2007	Corporate Advisor of Accenture Japan Ltd	
		Oct. 2009	President of the International University of Japan (IUJ)	
		Apr. 2013	Senior Advisor of IUJ	
		Jun. 2013	Director of the Company (current)	
		Nov. 2013	Vice Chairman of IUJ	
6	Mariko Tokuno (Oct. 6, 1954)  Attendance to the Board of Directors Meetings FY2019/3: 18/19 (95%)	Apr. 2018	Senior Advisor of IUJ (current)	1,000
		(Important Concurrent Positions at Other Organizations)		
		Senior Advisor of the International University of Japan		
		Outside Director of Stanley Electric Co., Ltd.		
		Outside Director of Kirin Holdings Company, Limited		
		[Reasons for nomination as a candidate for Outside Director] Masakatsu Mori possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that his advice regarding overall management of the Company will contribute to further enhancing our management structure, and proposes his reelection as Outside Director.		
		Jan. 1994	Joined Louis Vuitton Japan KK	
		Apr. 2002	Senior Director for Sales Administration	
		Mar. 2004	Vice President of Tiffany & Co. Japan Inc.	
		Aug. 2010	Representative Director and President of Christian Dior Japan KK	
Sep. 2013	Representative Director, President and CEO of Ferragamo Japan KK			
Jun. 2017	Director of the Company (current)			
(Important Concurrent Positions at Other Organizations)				
Outside Director of Happinet Corporation				
Outside Director of Mitsubishi Materials Corporation				
[Reasons for nomination as a candidate for Outside Director] Mariko Tokuno possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that her advice regarding overall management of the Company will contribute to further enhancing our management structure, and proposes her reelection as Outside Director.				

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
7	Yoichi Kobayashi (Jul. 21, 1949)  Attendance to the Board of Directors Meetings FY2019/3: 16/16 (100%)	Apr. 1973	Joined ITOCHU Corporation	600
		Jun. 2004	Executive Officer	
		Apr. 2006	Managing Executive Officer	
		Jun. 2006	Representative Executive Managing Director	
		Apr. 2008	Representative Senior Managing Director	
		Apr. 2011	Representative Director and Executive Vice President	
		Apr. 2015	Senior Advisor	
		Apr. 2016	Vice Chairman (current)	
		Jun. 2018	Director of the Company (current)	
		(Important Concurrent Positions at Other Organizations) Vice Chairman of ITOCHU Corporation		
		[Reasons for nomination as a candidate for Outside Director] Yoichi Kobayashi possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that his advice regarding overall management of the Company will contribute to further enhancing our management structure, and proposes his reelection as Outside Director.		
8	Shiro Sugata (Nov. 17, 1949)  New election Outside Independent	Apr. 1972	Joined USHIO INC.	0
		Jan. 1993	President of BLV LICHT- UND VAKUUMTECHNIK GmbH	
		Jun. 2000	Director and Corporate Senior Vice President of USHIO INC.	
		Apr. 2004	Director and Corporate Executive Vice President	
		Jun. 2004	Representative Director and Corporate Executive Vice President	
		Mar. 2005	President and CEO	
		Oct. 2014	Director and Corporate Advisor	
		Jun. 2016	Corporate Advisor	
		Jul. 2017	Special Corporate Advisor (current)	
		(Important Concurrent Positions at Other Organizations) Special Corporate Advisor of USHIO INC. Outside Director of JSR Corporation Outside Director of Yokogawa Electric Corporation		
		[Reasons for nomination as a candidate for Outside Director] Shiro Sugata possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that his advice regarding overall management of the Company will contribute to further enhancing our management structure, and proposes his election as Outside Director.		

Notes:

- There are no particular vested interests between the Company and the candidates.
- Additional information regarding the candidates of Outside Directors is as follows.
  - Independent officers  
The Company appointed Masakatsu Mori, Mariko Tokuno and Yoichi Kobayashi as independent officers provided for under the provisions of the Tokyo Stock Exchange, Inc. and registered the individuals as

such with that exchange. The Company plans on having the officers keep their position if their reelection is approved. In addition, if the election of Shiro Sugata is approved, the Company will appoint him as an independent officer and register the individual as such with that exchange.

Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi and Shiro Sugata satisfy the requirements for Criteria for Determining Independence of the Company on page 16.

- (2) The number of years as Outside Director of the Company  
Masakatsu Mori, Mariko Tokuno and Yoichi Kobayashi have been serving as the Company's Outside Directors for six years, two years and one year, respectively, as of the closing of this General Meeting of Shareholders.
- (3) Inappropriate conducts of business occurred and corrective and preventive measures implemented against such conducts during the past five years at another company at which a candidate served as a director
  - (1) Since June 2016, Mariko Tokuno has been serving as an Outside Director of Mitsubishi Materials Corporation. During this time, cases have been discovered in which said Mitsubishi Materials Corporation's consolidated subsidiaries Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal MFG Co., Ltd, and Diamet Corporation manufactured and sold products that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of data. In addition, Mitsubishi Materials Corporation also received revocation of JIS certification for copper slag aggregate manufactured at its Naoshima Smelter & Refinery.  
Although she was unaware of each of these cases until they were revealed, as an Outside Director at Mitsubishi Materials Corporation she has routinely spoken out from the perspective of enhancing governance structure. Since each of these cases was revealed, she has been conducting investigations relating to these cases, identifying root causes, and providing advice on measures to prevent reoccurrences. After Mitsubishi Materials Corporation Group formulated measures etc. to enhance governance structure, she has been making efforts to further enhance governance structure by overseeing the progress of these measures and providing the Board of Directors with necessary comments and advice regarding issues and the like.
  - (2) From June 2006 to March 2015, Yoichi Kobayashi served as a Representative Director of ITOCHU Corporation. In January 2018, ITOCHU Corporation received a cease and desist order from the Japan Fair Trade Commission for activities in breach of Japan's Antimonopoly Act regarding its sales of uniforms to the West Japan Railway Company during the period from April 2014 to September 2016. Additionally, in July 2018, ITOCHU Corporation received a cease and desist order from the Japan Fair Trade Commission for activities in breach of Japan's Antimonopoly Act regarding its sales of uniforms to ALL NIPPON AIRWAYS CO., LTD. during the period from December 2013 to March 2017, and in October 2018 it received a cease and desist order and a penalty payment order from the Japan Fair Trade Commission for activities in breach of Japan's Antimonopoly Act regarding its sales of uniforms to NTT DOCOMO, INC. during the period from December 2014 to March 2017.

3. Agreement on liability limitation

The Company has concluded an agreement with Masakatsu Mori, Mariko Tokuno and Yoichi Kobayashi regarding liability limitation according to the Companies Act, Article 423, Paragraph 1. According to the agreement, the maximum liability amount is the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1. If the reelection proposal is approved, the Company will continue its agreement with them. In addition, if the election of Shiro Sugata is approved, the Company will conclude the said agreement with him.

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

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

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

The Audit & Supervisory Board has already approved this proposal.

Name of Candidate (Date of Birth)	Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
New election	Sep. 1992	Joined Kyushu Yamato Transport Co., Ltd.	7,500
	Apr. 2003	Regional Branch Manager of Kagoshima Regional Branch of Yamato Transport Co., Ltd.	
	Feb. 2006	General Manager of Division of Service Quality Improvement	
	Apr. 2010	Executive Officer and President of Shikoku Regional Office	
	Jun. 2015	Audit & Supervisory Board Member (current)	
Yoshihiro Kawasaki (Nov. 12, 1954)	(Important Concurrent Positions at Other Organizations) None [Reasons for nomination as a candidate for Audit & Supervisory Board Member] The Company proposes the election of Yoshihiro Kawasaki as an Audit & Supervisory Board Member. The Company has determined that he will provide appropriate oversight of Group-wide management from an objective perspective based on his experience of auditing the Group's core, the Delivery Business, after having served as Executive Officer and President of Shikoku Regional Office and Full-time Audit & Supervisory Board Member of the Company's subsidiary Yamato Transport Co., Ltd.		

### Notes:

1. There are no particular vested interests between the Company and the candidate.
2. Agreement on liability limitation  
If the election of Yoshihiro Kawasaki is approved, the Company will conclude an agreement with him regarding liability limitation according to the Companies Act, Article 423, Paragraph 1. According to the agreement, the maximum liability amount is the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1.

### Agenda Item 3. Election of One (1) Substitute Audit & Supervisory Board Member

The resolution for the election of Koji Okawa, who was elected as a substitute Audit & Supervisory Board Member at the 150th Ordinary General Meeting of Shareholders held on June 23, 2015, is to remain in effect until commencement of this General Meeting of Shareholders. Accordingly, to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, we would like to propose the election of one (1) substitute Audit & Supervisory Board Member. In addition, the effectiveness of the election under this proposal may be cancelled on the basis of resolution of the Board of Directors and with approval of the Audit & Supervisory Board, provided that such cancellation is prior to the assumption of office. The following is the candidate for substitute Audit & Supervisory Board Member. Motoharu Yokose is a candidate for substitute Outside Audit & Supervisory Board Member. The Audit & Supervisory Board has already approved this proposal.

Name of Candidate (Date of Birth)	Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
	Jan. 1972    Joined Asahi & Co. (currently: KPMG AZSA LLC)	
	Oct. 1975    Registered as a Certified Public Accountant	
	May 1995    Representative Partner of KPMG AZSA LLC	
	May 2001    Executive Partner of KPMG AZSA LLC	
	Jun. 2006    Audit & Supervisory Board Member of Yamato Transport Co., Ltd.	
	Jul. 2006    Corporate Advisor of Asahi Tax Corporation (current)	
	Jun. 2009    Audit & Supervisory Board Member of the Company	
	Jun. 2017    Audit & Supervisory Board Member of Yamato Transport Co., Ltd. (current)	
Outside Independent	(Important Concurrent Positions at Other Organizations) Corporate Advisor of Asahi Tax Corporation Executive Director of Nomura Real Estate Private REIT, Inc.	0
Motoharu Yokose (Jan. 31, 1948)	[Reasons for nomination as a candidate for substitute Audit & Supervisory Board Member] The Company proposes the election of Motoharu Yokose as a substitute Outside Audit & Supervisory Board Member in order to draw on his expertise related to finance and accounting as a certified public accountant with respect to the Company's audit structure. Although Motoharu Yokose does not have previous experience contributing to corporate management, the Company has determined that he will appropriately perform duties as Outside Audit & Supervisory Board Member because, in addition to the reasons above, he served as Audit & Supervisory Board Member of the Company from June 2009 and Audit & Supervisory Board Member of the Company's subsidiary Yamato Transport Co., Ltd. from June 2006.	

#### Notes:

1. There are no particular vested interests between the Company and the candidate.
2. Additional information regarding the candidate of Outside Audit & Supervisory Board Member is as follows.  
Motoharu Yokose served as Outside Audit & Supervisory Board Member of the Company from June 2009 to June 2017.

Furthermore, he previously served as Outside Audit & Supervisory Board Member of the Company's subsidiary Yamato Transport Co., Ltd. from June 2006 to June 2016, and has been serving in the said position again since June 2017.

Motoharu Yokose satisfies requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc. and the requirements for Criteria for Determining Independence of the Company on page 16.

3. Agreement on liability limitation

If the election of Motoharu Yokose is approved and he assumes office as an Audit & Supervisory Board Member, the Company will conclude an agreement with him regarding liability limitation according to the Companies Act, Article 423, Paragraph 1. According to the agreement, the maximum liability amount is the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1.

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

### **1. Criteria for determining independence**

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

### **2. Independence requirements for Outside Officers**

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

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



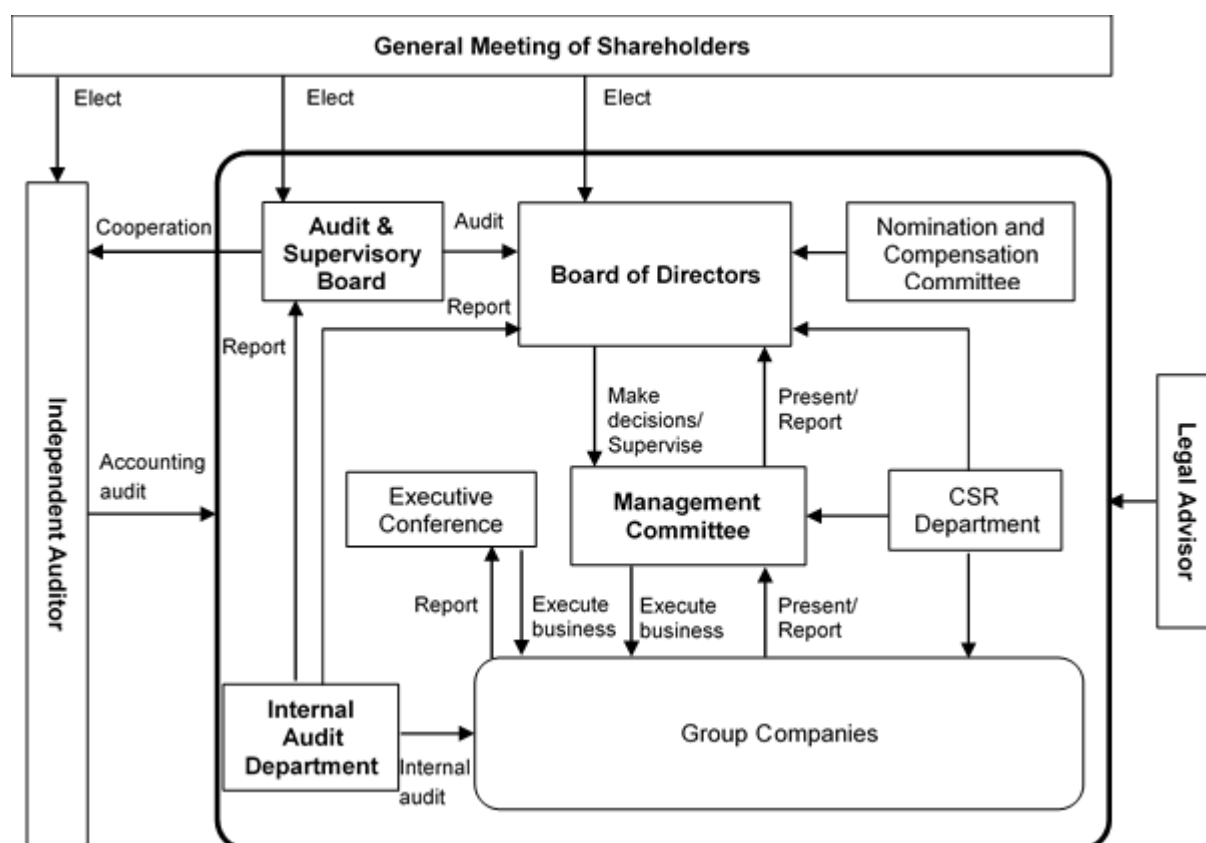
## Basic Views on Corporate Governance

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

## Corporate Governance System

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

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



## **Board of Directors**

The Board of Directors shall deliberate on and decide the basic policies aimed at increasing the Company's corporate value, and supervise the execution of business.

- The Board of Directors shall make important decisions concerning the Company's business and supervise the execution of duties by executive directors and executive officers.
- The Board of Directors shall recognize the medium-term management plan as one of the commitments to shareholders and do its utmost to achieve the goals of the plan. In addition, the Board of Directors shall sufficiently analyze the initiatives aimed at realizing the goals of the medium-term management plan as well as the extent to which the plan's objectives are being achieved. In addition to providing explanations to shareholders, such analyses shall be reflected in future management plans.
- The Board of Directors shall encourage executive officers to demonstrate a healthy entrepreneurial spirit and not excessively avoid or curb risk, while at the same time establishing a framework that enables it to ensure accountability.
- The scope of responsibility of each executive officer shall be decided by the Board of Directors and disclosed. Executive officers shall execute business in accordance with internal regulations.

The Board of Directors comprises a diverse group of officers with different areas of knowledge regarding the Yamato Group's businesses, as well as differing backgrounds including areas of professional expertise experience, gender, and global awareness. At least one third of the members of the Board of Directors shall be, in principle, independent Outside Directors who supervise from an independent and objective position.

## **Audit & Supervisory Board**

In fulfilling their role and duties, including auditing the execution of duties by Directors, appointing and dismissing the Accounting Auditor and exercising authority with respect to audit compensation, the Audit & Supervisory Board and its members shall make appropriate decisions from an independent, objective position, based on their fiduciary responsibility to shareholders.

- In order to adequately fulfill its role and duties, including the function of auditing the Company's business and accounting, the Audit & Supervisory Board and its members shall exercise their authority actively and proactively, and appropriately state their opinions at Board of Directors Meetings as well as to members of senior management.
- The full-time Audit & Supervisory Board members shall attend Board of Directors meetings and other important meetings related to the execution of business, express reasonable opinions, hold effective Audit & Supervisory Board meetings, and ensure that information is shared and that members work together in a coordinated manner.
- The Audit & Supervisory Board shall regularly hold information exchange meetings for the purpose of sharing information with outside directors, thereby ensuring more robust gathering of information and encouraging teamwork.

At least half of the Audit & Supervisory Board Members shall be Outside Audit & Supervisory Board Members. At least one member of the Audit & Supervisory Board shall be a full time member. Individuals with appropriate experience and ability as well as the necessary knowledge of finance, accounting, and legal affairs, shall be elected. In particular, at least one member of the Audit & Supervisory Board shall have adequate knowledge of finance and accounting.

## **Nomination and Compensation Committee**

The Nomination and Compensation Committee shall be an advisory committee of the Board of Directors, and deliberate on particularly important matters such as nomination and

compensation, thereby raising management transparency.

- The Nomination and Compensation Committee shall deliberate on matters related to the appointment or dismissal of senior management members based on business performance and multi-faceted observations and evaluation, thereby verifying the validity of such decisions.
- The Nomination and Compensation Committee shall decide policies related to the compensation, etc. of senior management members.
- The successor to a Representative Director shall be proposed to the Board of Directors, after deliberation by the Nomination and Compensation Committee based on multi-faceted observations and evaluation in regard to the track record, human nature, etc. of multiple candidates, including those with a referral from the incumbent Representative Director.

The Nomination and Compensation Committee shall comprise Outside Directors and the same number or fewer internal Directors.

## Efforts to Improve Corporate Governance

### Medium-Term Management Plan

	DAN-TOTSU Three-Year Plan HOP	DAN-TOTSU Three-Year Plan STEP	KAIKAKU 2019 for NEXT100
2002-	2011-	2014-	2017-

### Board of Directors and Audit & Supervisory Board

- Shortened the term of directors to one year (June 2003)
- Appointed outside directors (June 2005)
- Implemented evaluation of effectiveness of the Board of Directors (June 2016)
- Transitioned to a structure in which outside directors made up one-third of all directors (June 2015)
- Appointed a female outside director (June 2017)

### Committees, etc.

- Established the Nomination and Compensation Committee (June 2005)
- Established the Compliance and Risk Committee (August 2006)

### Corporate Structure and Other Systems and Initiatives

- Introduced executive officer system (June 2004)
- Eliminated retirement benefit system for corporate officers (June 2004)
  - Disclosed ROE target in medium-term management plan (January 2005)
  - Introduced performance-linked compensation system (April 2005)
  - Transitioned to a pure holding company (November 2005)
    - Introduced succession plans (July 2006)
- Established interim holding companies to be responsible for regional management (Southeast Asia and East Asia) Southeast Asia (January 2014), East Asia (April 2017)
- Established an advisory board (October 2014)
  - Established Corporate Governance Guidelines (September 2015)
  - Implemented corporate officer training (October 2015)
  - Abolished adviser position (June 2018)

(Attached Documents)

## Business Report

(From April 1, 2018 to March 31, 2019)

### 1. Status of the Corporate Group

#### (1) Operating Performance

In the fiscal year ended March 31, 2019, the economic environment was plagued by ongoing uncertainties ahead due to factors that have included effects of political developments overseas, yet gradual economic recovery held course amid underlying strengths in corporate earnings. Moreover, the logistics industry continues to face a severe business environment partially due to tightening of the domestic labor market, which is in addition to an upward trend with respect to small parcel volume partially due to expansion of the e-commerce market brought about by rapidly changing styles of consumption.

Under such circumstances, the Yamato Group has been striving to enhance its management foundations in order to continue achieving sustainable growth and thereby enable the Group to keep providing high-quality services based on “KAIKAKU 2019 for NEXT100” medium-term management plan, which while “reforming working styles” is centered on management, focuses on reforms in the three areas of “structural reform in the Delivery Business,” “reform of revenue and business structure geared to achieving discrete growth,” and “reform of Group management structure geared to achieving sustainable growth.”

In the Delivery Business, we promoted our initiatives to rebuild our “last mile” network that include adequate pricing initiatives and enhancement of collection and delivery systems to live up to the trust and expectations of customers in order to strike a balance between regaining profitability and expanding collection and delivery capacity. As a result, our financial performance was firm due to rise in TA-Q-BIN unit price, despite increasing expenses related to our reform initiatives.

In the non-delivery businesses, we took steps to expand our existing service offerings by enlisting the strengths of Group companies, while also drawing on Group-wide ties as we aggressively promoted solution sales geared toward addressing customers’ business challenges.

Our consolidated financial results for the fiscal year ended March 31, 2019 were as follows.

(Millions of yen)				
Item	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Change	Growth (%)
Operating revenue	1,538,813	1,625,315	86,501	5.6
Operating profit	35,685	58,345	22,659	63.5
Ordinary profit	36,085	54,259	18,173	50.4
Profit attributable to owners of parent	18,231	25,682	7,450	40.9

As mentioned above, operating revenue amounted to 1,625,315 million yen, up 86,501 million yen from the previous fiscal year. This is largely attributable to an increase in the TA-Q-BIN unit price, and despite a decrease in TA-Q-BIN delivery volume amid promotion of structural reforms in the Delivery Business. Operating expenses amounted to 1,566,969 million yen, up 63,841

million yen from the previous fiscal year. This is largely attributable to an increase in personnel expenses and despite a decrease in commission expenses, mainly as a result of having increased the workforce looking toward building collection and delivery systems.

As a result, operating profit amounted to 58,345 million yen, up 22,659 million yen from the previous fiscal year.

Ordinary profit amounted to 54,259 million yen, up 18,173 million yen from the previous fiscal year, mainly as a result of an increase of 3,517 million yen in share of loss of entities accounted for using equity method due to impairment losses of goodwill relating to affiliates overseas and other factors.

Extraordinary income amounted to 1,822 million yen, largely attributable to having recorded compensation for delay damages of 1,775 million yen incurred through the outcome of litigation. Extraordinary losses were 3,823 million yen largely due to having recorded impairment loss of 2,087 million yen and loss on valuation of investment securities of 1,396 million yen.

As a result, profit before income taxes was 52,258 million yen, and profit attributable to owners of parent (after deducting income taxes (including income taxes - deferred) and profit attributable to non-controlling interests) was 25,682 million yen, up 7,450 million yen from the previous fiscal year.

Meanwhile, based on investigation results into the situation where Yamato Home Convenience Co., Ltd. was found to have inappropriately billed employees of corporate clients for moving services, we previously recorded an estimated effect of the incident amounting to 3,104 million yen. However, the effect of the incident ultimately amounted to 2,025 million yen as a result of our having made progress in addressing client issues.

### **Initiatives for the entire Yamato Group**

- (i) The Yamato Group has been taking steps on a Group-wide basis to develop an upbeat working environment, which is more “employee-friendly” and “rewarding,” centered on the “Office for Reforming Working Styles” established in Yamato Transport Co., Ltd., and its “Working Styles Innovation Committees” in its respective Group companies, as a means of placing utmost priority on “reforming working styles” in order to practice “inclusive management,” a Yamato Group founding principle. Moreover, we have been pursuing our “Value Networking” design, on the basis of creating business models for generating a high level of added value through the combined efforts of our respective businesses, while at the same time contributing to growth strategies and international competitive strengths of the Japanese economy. Meanwhile, we are also taking steps to forge a robust corporate culture that acts as a foundation for business creation and development.
- (ii) We continued to drive initiatives geared toward forging a more robust corporate culture. To that end, we worked on enhancing the efficiency and dependability of operations, in part by improving our transport systems and by using our information technology network to enable visual monitoring of operating volumes. Moreover, we actively engaged in CSR-related activities linked to Yamato Group business endeavors, such as through safety and environmental measures, and efforts to prosper communities and drastic and comprehensive rebuilding of governance across the Group.
- (iii) To further evolve our “Value Networking” design, we have been crafting business models that deliver a high level of added value by leveraging the Yamato Group’s business network. Also, to address varied customer needs in Japan and overseas, we will make more effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Okinawa International Logistics Hub,” and respective gateways linking major cities in the Kanto, Chubu, and Kansai regions, in addition to our existing “last mile” network.

- (iv) In our business looking toward global markets, we have been working to forge collaboration among five regions, Japan, East Asia, South East Asia, Europe and the Americas, while strengthening our capabilities in each geographic region to respond to the growth of cross-border logistics. In addition, we have been actively promoting efforts to build cross-border networks that provide substantial added value by leveraging our certification under international standards pertaining to small parcel chilled and frozen goods delivery services, such that has already been acquired by eight Yamato Group companies.
- (v) With the aim of improving customer convenience particularly in the e-commerce market, we have been continuously working to establish an environment that ensures customers ease in picking up their parcels. To that end we have been actively promoting efforts to build an open-type network of parcel lockers primarily in train stations, convenience stores and other such locations, and have worked on other efforts for the development of next-generation logistics services including the utilization of automated driving technologies. Moreover, we have been taking steps that involve digitization, automation and streamlining of our overall logistics operations in order to address challenges presented by society such as the labor shortage as it intensifies, and in order to better serve the rapidly expanding e-commerce market. In the fiscal year ended March 31, 2019, we initiated joint trunk-route transportation enlisting multiple companies using long connected trailers that enable large-volume transport, and gained approval in that regard from Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) under Japan's Act on Advancement of Integration and Streamlining of Distribution Business.

## Business strategies of each business segment

### Delivery

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

Category	(Million parcels / units)			
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Change	Growth (%)
TA-Q-BIN	1,836	1,803	(33)	(1.8)
Kuroneko DM-Bin	1,464	1,211	(253)	(17.3)

- (i) In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people's lives.
- (ii) Amid a severe business environment partially due to tightening of the domestic labor market, which is in addition to an upward trend with respect to small parcel volume partially due to expansion of the e-commerce market brought about by rapidly changing styles of consumption, during the fiscal year under review, continuing on from the previous fiscal year, we promoted our initiatives to rebuild our "last mile" network that include adequate pricing initiatives and enhancement of collection and delivery systems to live up to the trust and expectations of customers in order to strike a balance between regaining profitability and expanding collection and delivery capacity. In addition, we also engaged in efforts geared to structural reform of trunk-route networks for the purposes of further streamlining transportation and optimizing the entire network.
- (iii) In the still growing e-commerce market, we have been taking steps to expand sales of the "TA-Q-BIN Compact" and "Nekopos" services which enable customers to send small parcels simply, and proceeded with offering a greater number of drop-off points for sending by collaborating with multiple flea market websites. During the fiscal year under review, we teamed up with e-commerce companies in offering a service environment where customers who have purchased a product are able to specify either a business office of

Yamato Transport Co., Ltd., a convenience store or an open-type parcel locker (PUDO station) as a location for pick-up, while also promoting use of our “Kuroneko Members” service for individual customers. Meanwhile we have also been working in conjunction with flea market websites and e-commerce companies in efforts to provide greater convenience by developing a service environment that makes it easier for individual customers to ship merchandise from PUDO station open-type parcel lockers.

- (iv) With respect to corporate clients, we have been accurately pinpointing managerial challenges and actively proposing solutions to address those challenges. Moreover, we have been working to boost profitability by making proposals that provide high added value using the Group’s business resources. During the fiscal year under review, we made efforts to support business of our customers through initiatives that have included promoting membership in the “Yamato Business Members” service for corporate clients, offering them enhanced features that provide greater convenience.
- (v) We have been taking steps to improve services for residents geared toward resolving issues facing communities. In part, this has involved collaborating with numerous municipalities and companies in efforts that entail helping those who have difficulties doing their shopping and helping to watch over elderly residents. Moreover, we have also been helping to revitalize local industry particularly through initiatives that involve supporting tourism and helping to expand sales channels for locally produced products.
- (vi) Operating revenue amounted to 1,297,222 million yen, up 7.9% from the previous fiscal year owing to a higher TA-Q-BIN unit price despite a decrease in TA-Q-BIN delivery volume for the fiscal year under review as a result of promotion of “structural reforms in the Delivery Business.” Amid increasing expenses related to our reform initiatives, operating profit amounted to 40,787 million yen, an improvement of 34,030 million yen from the previous fiscal year.

## **BIZ-Logistics**

- (i) In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- (ii) For the e-commerce industry and others, we are offering one-stop services for various types of logistical support services in line with customer needs, including placing and accepting orders, visual monitoring of inventories for customers and enabling speedier shipments. During the fiscal year under review, we promoted efforts to increase sales of this service, particularly among our existing customers.
- (iii) For medical service providers, we have been developing medical device loaner support (storage, cleaning and delivery) and other services that help revolutionize logistics operations. During the fiscal year under review, use of this service increased particularly among our existing large-lot customers.
- (iv) Operating revenue amounted to 147,437 million yen, up 1.6% from the previous fiscal year mainly as a result of our having expanded sales of trading logistics services and maintenance services, and also due to progress made in providing industry-specific solutions. Operating profit amounted to 3,329 million yen, down 52.8% from the previous fiscal year mainly as a result of having incurred upfront expenses to achieve business growth.

## **Home Convenience**

- (i) In the Home Convenience Business, we have been working toward enabling customers to achieve greater convenience and comfort in their lives through lifetime lifestyle support businesses and corporate enterprise business that draw on the Yamato Group’s nationwide network.



- (ii) Operating revenue amounted to 33,404 million yen, down 25.5% from the previous fiscal year. The decrease was partially a result of having stopped taking new orders with respect to all moving-related services, including those involving individual customers, resulting from a situation involving inappropriate billing for moving-related services provided to employees of corporate clients. Meanwhile, although we previously recorded an estimated effect of the incident amounting to 3,104 million yen based on investigation results regarding such inappropriate billing, the effect of the incident ultimately amounted to 2,025 million yen as a result of our having made progress in addressing the issues of clients. As for profits, the segment posted an operating loss of 7,764 million yen partially because of the stop on taking new orders with respect to all moving-related services, and also because of the aforementioned effect of the incidents on profits.

## **e-Business**

- (i) In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology. In addition, with the aim of helping to accelerate growth of Yamato Group businesses, we have been moving beyond conventional information technologies through efforts geared to promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations.
- (ii) We have been offering the “Certified Web Retrieval Service” for the financial industry which enables subscribers to safely and simply submit documentation. The service helps our customers streamline their administrative operations by enabling service subscribers to use their smartphones, personal computers and other such devices to upload identification papers and other documents necessary when completing application processes. During the fiscal year under review, we actively expanded sales of the service to the banking and insurance industry.
- (iii) Operating revenue amounted to 26,592 million yen, down 2.6% from the previous fiscal year mainly due to effects of a decrease in the number of projects involving system processing for customers stemming from a decrease in TA-Q-BIN delivery volume, and despite having increased sales of the “Certified Web Retrieval Service” and having made progress in capturing more system configuration business as a result of enhanced sales activities for our existing customers. Operating profit amounted to 8,740 million yen, up 10.0% from the previous fiscal year mainly due to firm results with respect to use of our highly profitable existing services.

## **Financial**

- (i) In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products, business-to-business transaction settlement, and vehicle leasing.
- (ii) With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service, “Kuroneko Pay After Delivery Services” and our e-money settlement services. During the fiscal year under review, we have been taking steps to expand sales of our “Raku-uru Cart” service. This service helps business operators newly enter the e-commerce market, which is poised for expansion going forward, by providing one-stop support in terms of shopping cart function, payment settlement and delivery services. Moreover, we focused on improving our service offerings in part by promoting increased sales of our ID-linked “Kuroneko Pay” service that links “Kuroneko Member” information with purchases to

promote greater convenience to customers who use online shopping while also helping e-commerce companies increase their sales.

- (iii) In the lease services business, we have been working to expand business of financial leases primarily involving trucks and installment sales. We have also been developing peripheral operations that include providing vehicle referrals and resale support, while forging ahead in making proposals involving total solutions related to vehicles.
- (iv) Operating revenue amounted to 79,966 million yen, down 3.6% from the previous fiscal year mainly due to a decrease in “TA-Q-BIN Collect” delivery volume largely stemming from a shrinking market for cash-on-delivery brought about by changing payment settlement needs, and despite increases in the use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery Services.” Operating profit was 6,244 million yen, down 21.1% from the previous fiscal year.

### **Autoworks**

- (i) In the Autoworks Business, the Yamato Group provides its 24-hour-a-day, 365-day-a-year service that enables customers to service their vehicles without stopping operation, which involves carrying out periodic maintenance under a membership framework, thereby providing value to logistics operations providers in the form of “improvement of vehicle maintenance convenience” and “maintenance expense reduction.” Furthermore, we provide services that help our customers improve their asset utilization ratios, by adding options of “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets.
- (ii) In vehicle maintenance services, we have embarked on efforts to handle new areas of business. For instance, this has involved providing support for reducing workloads of sales drivers and ensuring safe vehicle operation, carrying out inspections and maintenance of small electric trucks with lower exhaust emissions and large electric buses that are being put to use in tourism destinations, and developing the “Smart Tenko” driver roll call system which enables transportation companies to achieve higher quality operation management by drawing on data regarding employees and vehicles using Internet of things (IoT) technologies.
- (iii) Operating revenue amounted to 25,985 million yen, up 5.5% from the previous fiscal year largely as a result of an increase in the number of vehicles serviced. Operating profit was 4,433 million yen, up 7.1% from the previous fiscal year mainly due to progress made in streamlining business processes, particularly in terms of standardizing and enabling visual monitoring of business operations by introducing production methods of manufacturers.

### **Other**

- (i) The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. During the fiscal year under review, service use grew steadily due to favorable results with respect to existing services.
- (ii) Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies decreased 1.5% from the previous fiscal year to 2,219 million yen.

### **CSR Initiatives**

- (i) The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. During the fiscal year under review, the entire Yamato Group including its overseas operations carried out the “Zero Traffic Accidents Campaign,” and Yamato

Transport Co., Ltd. held the “8th Nationwide Safety Competition” and engaged in efforts to enhance the skills of the Group’s professional drivers with respect to safe vehicle operation, while also heightening safety awareness and improving driving skills on a Group-wide basis. In addition, since 1998 we have been holding our “Safety Classes for Children,” through which we convey the importance of traffic safety, in day care facilities, kindergartens and elementary schools across Japan. A total of about 3.28 million people have now participated.

- (ii) The Yamato Group works to ensure that its distribution mechanisms are environmentally sound, under its policy of “Nekology” (combining “Kuroneko” with “ecology”) for promoting its environmental conservation initiatives. We also hold “Kuroneko Yamato Environmental Class” sessions designed to provide support for environmental education of children who will bear responsibilities of the next generation. We have held such classes on an ongoing basis nationwide since 2005, attracting about 240 thousand participants so far.
- (iii) 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 freely enjoy a lifestyle as a member of the workforce. 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. During the fiscal year under review, our special subsidiary Swan Co., Ltd. (Swan), operator of Swan Bakery, entered into a franchise agreement with a partner company in Vietnam and opened a Swan Cafe & Bakery location in the city of Ho Chi Minh, Vietnam, which made that establishment Swan’s first franchisee overseas.
- (iv) Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on “Creating Shared Value (CSV).” During the fiscal year under review, we have promoted our “combined passenger-cargo” operations using scheduled-route passenger buses and railways in 14 prefectures nation-wide, thereby helping to improve lifestyle services for local residents by keeping scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. In tourism destinations, our efforts that also helped revitalize local communities included our launch of hands-free travel service drawing on our “combined passenger-cargo” operations, targeting foreign visitors to Japan. In addition, for residents of suburban housing complexes which are undergoing changes with respect to people’s life stages, we have been providing support for community development geared to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf. Moreover, we have been working with government bodies in efforts geared to revitalizing communities and resolving issues by leveraging the Yamato Group’s management resources with respect to initiatives that include helping to watch over elderly residents, supporting tourism, and expanding sales channels for locally produced products in respective regions throughout Japan. We are currently involved in 966 initiatives now being implemented or otherwise under discussion.
- (v) In order to earn the confidence of Yamato Group’s customers and society through acting as a company that forms an important part of social infrastructure, we have been promoting management in conformity with compliance and working on Group-wide initiatives with respect to “reforming working styles” through developing upbeat working environment which is more “employee-friendly” and “rewarding” for employees, such as promoting reviewing our management rules on working hours and creating new working styles for our employees.

## **(2) Issues to Be Addressed**

The Yamato Group aims to enhance its management foundations in order to continue achieving sustainable growth over the coming century. To such ends, we intend to address the following issues based on our “KAIKAKU 2019 for NEXT100” medium-term management plan looking toward our 100-year anniversary in 2019.

- (i) Our efforts to forge a robust corporate culture will involve placing top priority on ensuring levels of quality that instill customer confidence while strengthening ESG, which is to say increasing employee satisfaction, strengthening both legal and financial governance, and pursuing CSR initiatives. When it comes to increasing employee satisfaction in particular, we will place utmost priority on “reforming working styles,” thereby practicing the Yamato Group founding principle of “inclusive management” by making “employee-friendly” and “rewarding” working environments a reality across the entire Yamato Group. To such ends, we will take action that includes securing workforce capacity by upgrading to more appealing personnel systems that attract a diverse range of talent, while also fostering employee pride and motivation through initiatives that entail re-establishing an educational system and adopting a performance evaluation scheme that facilitates an upbeat approach to work by rewarding employee independence and autonomy.
- (ii) Given the situation where Yamato Home Convenience Co., Ltd. (YHC) inappropriately billed corporate clients for moving-related services provided to their employees, we considered information and advice from an “investigation committee consisting of external independent experts” established within the Company, including a survey of facts relating to the incidents, analysis of the causes thereof, and proposals for measures to prevent recurrence, as well as administrative sanctions and business improvement orders issued to YHC by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Accordingly, YHC has submitted reports to MLIT with respect to the improvement measures according to the orders, and has otherwise been taking steps to prevent a recurrence of such incidents through efforts that have included improving the organizational framework, comprehensively inspecting all moving-related services, fundamentally overhauling the moving business, and revamping product design. We have conducted another review to assess YHC’s contractual compliance involving all of its moving-related services, including those for its individual customers, and have furthermore stopped YHC from taking new orders involving services that are not in compliance until YHC has finished re-designing product offerings so that they comply with contracts. Meanwhile, the Group Governance Project established at the Company has been spearheading efforts that involve comprehensively inspecting all of the Group’s products and services, improving operations of the whistle-blower system, and implementing ethics education for employees. In so doing, we will continue to carry out drastic and comprehensive measures to rebuild Group governance, with the aim of enhancing sound Group management.
- (iii) With respect to “reforming working styles” of Yamato Transport Co., Ltd. which is at the core entity of the Group, we will persist with initiatives that include “improving and implementing thorough labor management” and “encouraging a work-life balance” through efforts geared to placing top priority on “heightening employee satisfaction by bringing about a working environment where employees can take an upbeat approach to work.” At the same time, in addressing the issue of the labor shortage as it extends into the future, we will work to heighten productivity across every aspect of Group operations, including collection and delivery operations, back-office and sorting operations, by linking systems with business operators, more swiftly setting up open-type parcel lockers (PUDO station), and optimizing the entire network, as well as active use of cutting-edge technologies. Furthermore, we will strike a balance between regaining profitability and expanding collection and delivery capacity through our efforts currently underway with respect to

- “rebuilding our ‘last mile’ network to make it more efficient” and “carrying out continuous and adequate pricing initiatives.”
- (iv) We will contribute to Japanese economic growth strategies by pushing ahead with our “Value Networking” design which aspires to revolutionize logistics. We will persist with efforts to further develop our “last mile” network, the greatest strength of the Yamato Group, by making use of our “Haneda Chronogate,” and “Okinawa International Logistics Hub” facilities, as well as respective gateways linking major cities in the Kanto, Chubu, and Kansai regions. Meanwhile, we will work toward creating a business model that can generate a high level of added value that improves logistics speed, quality and costs, by fusing our business resources in areas such as information, logistics and transaction settlement within this network. Moreover, we will strengthen account sales geared to our corporate clients in Japan and overseas on a Group-wide basis, and otherwise work toward proposing solutions that address our customers’ challenges.
  - (v) In our business looking toward global markets, leveraging certifications under international standards pertaining to chilled and frozen goods delivery services acquired by eight Yamato Group companies, we have been actively promoting efforts to build cross-border networks that provide substantial added value. In responding to the growth of cross-border logistics, we will continue working to forge collaboration among five regions, Japan, East Asia, South East Asia, Europe and the Americas, while strengthening our capabilities in each geographic region.
  - (vi) With the aim of enhancing our management foundations, we will incorporate cutting-edge digital technologies as we create new businesses and bring about evolution and innovation of our existing ones. In addition, to heighten our “capacity to generate earnings” leveraging the collective strengths of the Group, we will reform the structure of Group management and upgrade to a management system that combines three components: accounts management, managerial accounting, and human resources (performance evaluation).
  - (vii) We will build a platform that links us with government bodies and corporations in various regions throughout Japan, with the aim of providing support to people in their daily lives and revitalizing their local communities. We will strive to become the group of companies which is the most appreciated and trusted by society by creating value that can be shared among corporations and society through our core operations.

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

### (3) Business Performance and Changes in Financial Position

(Millions of yen)				
Item	FY2016/3 151 <sup>st</sup>	FY2017/3 152 <sup>nd</sup>	FY2018/3 153 <sup>rd</sup>	FY2019/3 154 <sup>th</sup>
Operating revenue	1,416,413	1,466,852	1,538,813	1,625,315
Profit attributable to owners of parent	39,424	18,053	18,231	25,682
Basic earnings per share (Yen)	96.45	45.37	46.24	65.14
Total assets	1,089,436	1,114,672	1,114,870	1,123,659
Net assets	543,855	545,559	557,586	573,388
Net assets per share (Yen)	1,349.56	1,367.51	1,395.74	1,435.15

- Notes: 1. The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, the amount of total assets for the fiscal year ended March 31, 2018, has been retrospectively adjusted using figures that reflect the application of the aforementioned standard, etc.
2. Basic earnings per share is calculated based on the average number of shares outstanding in each fiscal year and net assets per share is calculated based on the total number of shares outstanding at the end of each fiscal year.

### (4) Delivery Volume of Small Parcels

(Million parcels / units)				
Item	FY2016/3 151 <sup>st</sup>	FY2017/3 152 <sup>nd</sup>	FY2018/3 153 <sup>rd</sup>	FY2019/3 154 <sup>th</sup>
TA-Q-BIN	1,731	1,867	1,836	1,803
Kuroneko DM-Bin	1,536	1,542	1,464	1,211

## (5) Principal Business Activities

The Yamato Group is active in the following business areas:

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

## (6) Capital Expenditure

The capital expenditure for the fiscal year ended March 31, 2019 totaled 83,514 million yen and the principal components were as follows:

(Millions of yen)			
Business area	Company	Content of investment	Amount invested
Delivery	Yamato Transport Co., Ltd.	Purchase of vehicles (6,445 units)	23,950
		New Konan Building	3,213
		Nagareyama Base	4,377
BIZ-Logistics	Yamato Global Logistics Japan Co., Ltd.	Tokyo Global Logi Gate	2,770
Financial	Yamato Lease Co., Ltd.	Purchase of vehicles for leasing	27,154

## (7) Financing Activities

Not applicable.

## (8) Principal Creditors

		(Millions of yen)
Creditors	Outstanding borrowing	
Mizuho Bank, Ltd.		27,000
MUFG Bank, Ltd.		25,010
Sumitomo Mitsui Banking Corporation		8,290

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

## (9) Employees

		(Persons)
Business area	Number of employees	Changes from previous fiscal year-end
Delivery	203,141	11,708
BIZ-Logistics	8,207	570
Home Convenience	4,645	(217)
e-Business	3,497	(84)
Financial	809	(19)
Autoworks	2,164	(12)
Other	2,662	83
Total	225,125	12,029

Note: The above numbers include 127,538 part timers (a year-on-year increase of 7,976).

## (10) Vehicles

		(Units)
Business area	Number of vehicles	Changes from previous fiscal year-end
Delivery	48,493	2,913
BIZ-Logistics	1,026	(5)
Home Convenience	1,842	(122)
e-Business	57	(1)
Financial	726	55
Autoworks	810	33
Other	1,239	179
Total	54,193	3,052



## (11) Major Subsidiaries

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

Business area	Company	Capital stock	Ownership	Principal business activities
Other	YAMATO BOX CHARTER CO., LTD	400	100.00	Transportation service; box charter business
	YAMATO (CHINA) CO., LTD	(Millions of RMB) 50	100.00	Management of regional operations in East Asia, business development and market research
	YAMATO INVESTMENT (HONG KONG) LIMITED	(Millions of HK\$) 713	100.00	Management of regional operations in East Asia, business development and market research
	YAMATO ASIA PTE. LTD.	(Millions of S\$) 352	100.00	Management of regional operations in Southeast Asia, business development and market research

Note: The status of a specified wholly owned subsidiary company as of March 31, 2019 is as follows.

(Millions of yen)			
Company	Location	Book value of the shares in the Company	Total assets of the Company
Yamato Transport Co., Ltd.	16-10, Ginza 2-chome, Chuo-ku, Tokyo	239,575	536,657

## (12) Major Offices

Business area	Company	Head office location	Number of offices (stores)
Delivery	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	7,384
	Okinawa Yamato Transport Co., Ltd.	Itoman City, Okinawa	39
	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	302
BIZ-Logistics	Yamato Logistics Co., Ltd.	Chuo-ku, Tokyo	128
	Yamato Global Logistics Japan Co., Ltd.	Chuo-ku, Tokyo	68
	YAMATO TRANSPORT U. S. A., INC.	New Jersey, U.S.A.	30
Home Convenience	Yamato Home Convenience Co., Ltd.	Chuo-ku, Tokyo	174
e-Business	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	34
Financial	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	47
	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	64
Autoworks	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	110
Other	Yamato Holdings Co., Ltd.	Chuo-ku, Tokyo	1
	YAMATO BOX CHARTER CO., LTD	Chuo-ku, Tokyo	60
	YAMATO (CHINA) CO., LTD	Shanghai, China	1
	YAMATO INVESTMENT (HONG KONG) LIMITED	Hong Kong	1
	YAMATO ASIA PTE. LTD.	Singapore	1

## 2. Overview of Shares (As of March 31, 2019)

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

(2) Number of Shares Issued: 411,339,992 shares

(3) Number of Shareholders: 36,434 persons

### (4) Principal Shareholders

Shareholders	Number of shares owned	Ownership percentage
	(Thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,017	11.16
Japan Trustee Services Bank, Ltd. (Trust Account)	27,016	6.85
JPMorgan Chase Bank, N.A. 380055	25,615	6.50
Yamato Employees' Shareholding Association	19,589	4.97
Nippon Life Insurance Company	14,770	3.75
Meiji Yasuda Life Insurance Company	14,314	3.63
Mizuho Bank, Ltd.	10,247	2.60
SSBTC Client Omnibus Account	9,428	2.39
Yamato Trading-Partner Shareholding Association	8,165	2.07
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,515	1.65

Notes: 1. The Company holds 17,065,526 of its own shares as treasury shares, but this does not include voting rights. Therefore, the Company has been omitted from the above list of principal shareholders.

2. Ownership percentage is calculated exclusive of own shares.

### 3. Officers and Executives

#### (1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and important concurrent positions at other organizations
Director and Chairman	Makoto Kigawa	Outside Director of Komatsu Ltd. Outside Director of Seven Bank, Ltd.
Representative Director, President and Executive Officer	Masaki Yamauchi	
Representative Director, Vice President and Executive Officer	Haruo Kanda	
Director and Senior Managing Executive Officer	Kenichi Shibasaki	Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy
Director, Executive Officer	Yutaka Nagao	Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.
Director	Toshitaka Hagiwara	Adviser of Komatsu Ltd. Outside Director of Zensho Holdings Co., Ltd. Outside Director of Hino Motors, Ltd. Outside Director of Takamatsu Construction Group Co., Ltd.
Director	Masakatsu Mori	Senior Advisor of the International University of Japan (IUJ) Outside Director of Stanley Electric Co., Ltd. Outside Director of Kirin Holdings Company, Limited
Director	Mariko Tokuno	Outside Director of Happinet Corporation Outside Director of Mitsubishi Materials Corporation
Director	Yoichi Kobayashi	Vice Chairman of ITOCHU Corporation
Full-time Audit & Supervisory Board Member	Etsuo Ogawa	
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	
Audit & Supervisory Board Member	Hiroyuki Kanae	Attorney at law
Audit & Supervisory Board Member	Takashi Yamashita	Representative of Takashi Yamashita CPA Office Outside Director of Shin Nippon Biomedical Laboratories, Ltd.

- Notes:
1. Toshitaka Hagiwara, Masakatsu Mori, Mariko Tokuno and Yoichi Kobayashi are Outside Directors.
  2. Hiroyuki Kanae and Takashi Yamashita serve as Outside Audit & Supervisory Board Members.
  3. The Company appoints all Outside Directors and Outside Audit & Supervisory Board Members as independent officers provided under the provisions of the Tokyo Stock Exchange, Inc. and registers the individuals as such with that exchange.
  4. Etsuo Ogawa, Audit & Supervisory Board Member, has experienced Director, responsible for Financing and Accounting of the Company and possesses considerable insights into finance and accounting related matters.
  5. Mamoru Matsuno, Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience in internal auditing duties over many years.
  6. Hiroyuki Kanae, Audit & Supervisory Board Member, is conversant with corporate legal affairs as an attorney and possesses considerable insight into finance and accounting related matters.
  7. Takashi Yamashita, Audit & Supervisory Board Member, is a qualified Certified Public Accountant and

- Tax Accountant, and possesses considerable insights into finance and accounting related matters.
8. Hitoshi Kanamori, Representative Director, Vice President and Executive Officer, passed away on January 12, 2019 and thus retired.
  9. On March 28, 2019, Masakatsu Mori, Director, resigned as Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited and assumed office as Outside Director of the company.
  10. There are no significant relationships between the Company and the other organizations where concurrent positions are held by Outside Directors and Outside Audit & Supervisory Board Members.
  11. On April 1, 2019, there were changes in responsibilities and important concurrent positions at other organizations as follows:

Position	Name	Responsibilities and important concurrent positions at other organizations
Director and Chairman	Masaki Yamauchi	
Representative Director, President and Executive Officer	Yutaka Nagao	
Representative Director, Vice President and Executive Officer	Haruo Kanda	Vice President of Management Integration, responsible for Regional Co-creation Project
Representative Director, Vice President and Executive Officer	Kenichi Shibasaki	Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit
Director	Makoto Kigawa	Outside Director of Komatsu Ltd. Outside Director of Seven Bank, Ltd.

## (2) Limited Liability Agreements

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

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

### 1) Total Amount Paid as Remuneration

Position	Number paid	Amount paid	Remarks
	Persons	Millions of yen	
Directors	10	419	Including 54 million yen for 4 Outside Directors
Audit & Supervisory Board Members	5	70	Including 21 million yen for 2 Outside Audit & Supervisory Board Members
Total	15	490	

## 2) Policies Related to Methods for Calculation and Determination of Officer Remuneration

To ensure the objectivity and transparency of policies for determining officer remuneration, deliberations are conducted through the Nomination and Compensation Committee, more than half of whose members are outside directors, with the Board of Directors making resolutions. Director remuneration comprises fixed remuneration that reflects external standards and performance-based amounts. In addition, a certain percentage of their remuneration is allocated to purchase shares of Company through the Officers and Executives' Shareholding Association. The remuneration of Audit & Supervisory Board Members and outside officers is fixed in keeping with the nature of their work.

### (4) Outside Officers

#### Principal Activities

Position	Name	Principal activities
Director	Toshitaka Hagiwara	Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.
Director	Masakatsu Mori	Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.
Director	Mariko Tokuno	Attended 18 of 19 meetings of the Board of Directors held in the fiscal year under review, and provided necessary comments and advice on overall management as appropriate from her perspective as a manager with rich experience and profound critical insight.
Director	Yoichi Kobayashi	Attended all 16 meetings of the Board of Directors held after June 28, 2018 when he was appointed as Director, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.
Audit & Supervisory Board Member	Hiroyuki Kanae	Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and offered necessary comments based on his expertise and rich experience as an international attorney. Furthermore, he attended all 19 meetings of the Audit & Supervisory Board held in the fiscal year under review, as well as regular exchanges held between the Representative Director and President, Outside Directors and the Audit & Supervisory Board Members. He submitted questions mainly concerning foreign operation risk, and examined the execution of the Directors' duties.
Audit & Supervisory Board Member	Takashi Yamashita	Attended all 19 meetings of the Board of Directors held in the fiscal year under review, and offered necessary comments based on his expertise and rich experience in finance and accounting. Furthermore, he attended 18 of 19 meetings of Audit & Supervisory Board held in the fiscal year under review, as well as regular exchanges held between the Representative Director and President, Outside Directors and the Audit & Supervisory Board Members. He submitted questions mainly concerning finance and accounting, and examined the execution of the Directors' duties.

## 4. Accounting Auditor

(1) Name Deloitte Touche Tohmatsu LLC

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

(Millions of yen)	
Type of remuneration	Amount paid
(1) Remuneration paid or payable to the Accounting Auditor concerning the operation prescribed in the Certified Public Accountant Act, Article 2, Paragraph 1	266
(2) Remuneration other than (1)	2
(3) Remuneration to be paid to the Accounting Auditor by the Company and subsidiaries	268

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

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

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

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

### (4) Non-Audit Services

The Company entrusts the Accounting Auditor with services that have involved the training programs offered to financial officers of the Company and business companies as non-audit services outside the scope of services prescribed in the Certified Public Accountant Act, Article 2, Paragraph 1.

## **5. Corporate Governance and Company Policy, and Operational Status**

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

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

- 1) Corporate framework ensuring that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
  - i. To ensure that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and to ensure the proper business operation of the Company and each Group company, the Company has established the “Group Corporate Philosophy” and the “Statement of Compliance.” The Representative Director of the Company is responsible for ensuring that these two directives are fully understood by directors of the Company and each Group company. At the same time, directors shall perform their businesses in accordance with these directives.
  - ii. To ensure that the above directives are fully understood, the Company establishes “Compliance and Risk Committee” headed by the executive officer who oversees the Group’s compliance framework and shall monitor the undertaking of the Group-wide compliance and risk management. The Head of the committee shall monitor compliance at the Company and each Group company and report the situation to the Board of Directors of the Company.
  - iii. The Company shall develop a whistle-blower system for the Group to allow employees to report any compliance violations by directors of the Company and each Group company.
  - iv. In the “Corporate Stances” of the “Group Corporate Philosophy,” the Company shall declare its policy to thoroughly block any kind of relationship with antisocial forces and organizations that pose a threat to the order and safety of civil life, and shall station employees to perform related businesses in the CSR Department of the Company and each Group company. The CSR Department makes systematic efforts in collaboration with outside specialized institutions, such as police and attorneys, to prevent antisocial forces from being involved in management and prevent possible damage caused by antisocial forces.
- 2) Framework for storing and managing information related to execution of duties by directors of the Company

Directors of the Company shall prescribe the retention period of the documents and the division in charge in the organization regulations and organization management regulations and prepare, store and manage the material documents in relation to the execution of duties by directors and minutes of each meeting.
- 3) Policy and framework for managing risks of loss of the Company and its subsidiaries
  - i. The Company shall assign an executive officer (to serve concurrently as an executive officer in charge of overall compliance management) to oversee Group-wide risk



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

- 6) Framework ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
  - i. To ensure the proper business operation of the Company and each Group company, the Company shall establish "Group Corporate Philosophy." The Company and each Group company shall formulate their company rules and execute business operations accordingly.
  - ii. The Company shall assign an executive officer to be in charge of basic strategy for Group-wide management, and station employees to perform related businesses at the Management Strategy Department at the Company and each Group company.
  - iii. The Company, as a pure holding company, shall be responsible for the planning and control of each Group company's operation in accordance with the executive management contract that prescribes the management duties that the Company will execute with respect to each Group company.
  - iv. Each Group company shall execute business operations in accordance with the management policy formulated by the Company, and shall obtain the approval of the Company's Board of Directors Meeting or the management committee in advance, when executing material matters. In addition, all material management matters shall be reported to the Company's related division.
- 7) Appointment of supporting personnel, when audit & supervisory board members of the Company request such personnel
 

The Internal Audit Department shall provide support to audit & supervisory board members and personnel shall be appointed when deemed necessary in consultation with the Audit & Supervisory Board.
- 8) Securing independence of the personnel in the preceding item from directors and effectiveness of instructions from audit & supervisory board members
 

The personnel in the preceding item cannot hold a concurrent position that has the duties of planning or control of business operations. Accordingly, reassignment, evaluation, or disciplinary action against the supporting personnel requires the approval of the Audit & Supervisory Board in advance.
- 9) Framework for reporting to audit & supervisory board members by directors and employees of the Company and framework for reporting to audit & supervisory board members of the Company by directors, audit & supervisory board members and employees of subsidiaries, or those who have received reports from the said persons
  - i. In addition to matters designated by law, directors and employees of the Company and directors, audit & supervisory board members and employees of each Group company shall report the following to audit & supervisory board members of the Company without delay.
    - a. Material violations of laws and regulations and the Articles of Incorporation as well as misconduct, by directors or employees
    - b. Crucial information obtained through whistle blowing
    - c. Other facts that threaten to cause significant losses to the Company and each Group company
  - ii. The Company and each Group company shall create a framework to ensure that persons who have reported to audit & supervisory board members of the Company and each Group company are not treated disadvantageously because of the said report.

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

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

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

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

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

- 1) Execution of duties by directors

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

- (2) Compliance

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

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

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

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

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

3) Risk management

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

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

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

4) Audit structure

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

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

### **(3) Policy on Decision of Appropriation of Surplus**

As a pure holding company, the Company conducts its business with the goal of maximizing the entire Group’s corporate value. Accordingly, with respect to the appropriation of surplus, the Company’s policy is to pay dividends with the goal of having a payout ratio of 30% of profit attributable to owners of parent. Retained earnings are used to facilitate the growth of the Group as a whole through capital expenditure—to strengthen the network, one of our management resources, and develop new businesses and products, for example—and investments are aimed

at raising the corporate value in the future. Finally, the use of treasury shares is strategically positioned for flexible utilization, such as M&A, as a part of our capital policy.

## Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
<b>Current assets</b>	<b>550,258</b>	<b>Current liabilities</b>	<b>410,423</b>
Cash and deposits	195,954	Notes and accounts payable - trade	158,938
Notes and accounts receivable - trade	220,159	Short-term loans payable	60,800
Accounts receivable - installment	44,802	Lease obligations	2,791
Lease receivables and investment assets	54,537	Income taxes payable	23,747
Inventories	3,247	Deferred installment income	5,341
Other	33,032	Provision for bonuses	35,844
Allowance for doubtful accounts	(1,475)	Other	122,961
<b>Non-current assets</b>	<b>573,401</b>	<b>Non-current liabilities</b>	<b>139,847</b>
<b>Property, plant and equipment</b>	<b>428,918</b>	Bonds payable	10,000
Buildings and structures	147,950	Long-term loans payable	19,500
Machinery and equipment	22,582	Lease obligations	20,142
Vehicles	24,195	Deferred tax liabilities	4,180
Land	175,995	Retirement benefit liability	74,508
Leased assets	22,006	Other	11,515
Construction in progress	8,391	<b>Total liabilities</b>	<b>550,270</b>
Other	27,796		
<b>Intangible assets</b>	<b>20,624</b>	<b>Net assets</b>	
Software	17,312	<b>Shareholders' equity</b>	<b>556,459</b>
Other	3,311	Capital stock	127,234
<b>Investments and other assets</b>	<b>123,858</b>	Capital surplus	36,813
Investment securities	54,013	Retained earnings	431,497
Long-term loans receivable	4,039	Treasury shares	(39,085)
Leasehold deposits	18,342	<b>Accumulated other comprehensive income</b>	<b>9,381</b>
Retirement benefit asset	161	Valuation difference on available-for-sale securities	12,975
Deferred tax assets	44,385	Foreign currency translation adjustment	(515)
Other	3,917	Remeasurements of defined benefit plans	(3,078)
Allowance for doubtful accounts	(1,002)	<b>Non-controlling interests</b>	<b>7,547</b>
<b>Total assets</b>	<b>1,123,659</b>	<b>Total net assets</b>	<b>573,388</b>
		<b>Total liabilities and net assets</b>	<b>1,123,659</b>

## Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

<b>Operating revenue</b>	<b>1,625,315</b>
Operating cost	1,513,988
<b>Operating gross profit</b>	<b>111,327</b>
Selling, general and administrative expenses	52,981
<b>Operating profit</b>	<b>58,345</b>
Non-operating income	
Interest and dividend income	1,036
Other	1,330
	2,367
Non-operating expenses	
Interest expenses	275
Share of loss of entities accounted for using equity method	4,872
Other	1,305
	6,453
<b>Ordinary profit</b>	<b>54,259</b>
Extraordinary income	
Gain on sales of non-current assets	9
Gain on sales of investment securities	37
Compensation for delay damages	1,775
	1,822
Extraordinary losses	
Loss on retirement of non-current assets	309
Impairment loss	2,087
Loss on valuation of investment securities	1,396
Other	30
	3,823
<b>Profit before income taxes</b>	<b>52,258</b>
Income taxes-current	24,651
Income taxes-deferred	1,656
	26,308
<b>Profit</b>	<b>25,949</b>
Profit attributable to non-controlling interests	267
<b>Profit attributable to owners of parent</b>	<b>25,682</b>

## Consolidated Statement of Comprehensive Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

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Profit	25,949
Other comprehensive income	
Valuation difference on available-for-sale securities	(115)
Foreign currency translation adjustment	(1,661)
Remeasurements of defined benefit plans, net of tax	2,541
Share of other comprehensive income of entities accounted for using equity method	273
Total other comprehensive income	1,038
Comprehensive income	26,987
 (Breakdown)	
Comprehensive income attributable to owners of parent	26,577
Comprehensive income attributable to non-controlling interests	410

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## Consolidated Statement of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance as of April 1, 2018	127,234	36,813	416,854	(39,081)	541,821
Changes of items during period					
Dividends of surplus			(11,039)		(11,039)
Profit attributable to owners of parent			25,682		25,682
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	14,642	(4)	14,638
Balance as of March 31, 2019	127,234	36,813	431,497	(39,085)	556,459

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2018	12,958	1,146	(5,618)	8,486	7,279	557,586
Changes of items during period						
Dividends of surplus						(11,039)
Profit attributable to owners of parent						25,682
Purchase of treasury shares						(4)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	16	(1,661)	2,539	895	268	1,163
Total changes of items during period	16	(1,661)	2,539	895	268	15,801
Balance as of March 31, 2019	12,975	(515)	(3,078)	9,381	7,547	573,388

## Notes to Consolidated Financial Statements

### 1. Basis of Preparation of the Financial Statements

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

#### (2) Scope of Consolidation

1) Number of Consolidated Subsidiaries: 39

Names of major consolidated subsidiaries:

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

Yamato Multi-Maintenance Solutions Co., Ltd. is excluded from the scope of consolidation effective from the fiscal year ended March 31, 2019, because it ceases to exist upon absorption-type merger having been carried out with Yamato Logistics Co., Ltd., the surviving company.

2) Non-consolidated Subsidiaries, etc.

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

#### (3) Application of Equity Method

1) Number of Affiliates Accounted for Using Equity Method: 17

Names of major equity method affiliates:

GD EXPRESS CARRIER BHD.	Packcity Japan Co., Ltd.	GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD.
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Effective from the fiscal year under review, GDEX PROPERTIES SDN. BHD. was included in the scope of the equity method as GD EXPRESS CARRIER BHD., an affiliate accounted for using the equity method, newly acquired its shares.

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

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

### 3) Special Note on the Application of Equity Method

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

### (4) Closing Date of Consolidated Subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC., and other ten overseas subsidiaries have December 31 as their financial year end. Financial statements as of this closing date were used in the preparation of the consolidated financial statements. However, the consolidated figures have been adjusted as required to reflect significant transactions occurring between December 31, 2018 and March 31, 2019 that is the consolidated closing date.

### (5) Accounting Policies

#### 1) Valuation Basis and Methods for Securities

##### Available-for-sale securities

Securities with fair market value:	Stated at the fair market value based on the quoted market price as of the fiscal year end (valuation differences are recognized in net assets; the cost of securities sold is the moving-average method)
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Securities without fair market value:	Stated at the cost by moving-average method
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#### 2) Valuation Basis and Methods for Inventories

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

#### 3) Depreciation and Amortization Methods of Non-current Assets

Property, plant and equipment:  
(excluding leased assets)

Declining-balance method  
However, the straight-line method is adopted for buildings acquired on or after April 1, 1998 (excluding fixtures) and for facilities attached to buildings and structures acquired on or after April 1, 2016.  
For overseas consolidated subsidiaries' assets, straight-line method based on estimated useful lives is adopted.

Intangible assets:  
(excluding leased assets)

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

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.

#### 4) Accounting Method for Provision

##### Allowance for doubtful accounts:

The allowance for doubtful accounts is provided to prepare for loss 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 prospective uncollectible amount is provided.

##### Provision for bonuses:

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

This provision is not applicable for overseas consolidated subsidiaries.

#### 5) Method of Accounting for Retirement Benefits

##### i. Method of attributing expected retirement benefit to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the fiscal year under review.

##### 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.

#### 6) Basis of Revenue Recognition

##### Deferred installment income

The prorated amounts for the shopping loan service are recognized as income when the due date comes.

#### 7) Accounting for Consumption Tax and Local Consumption Tax

The tax exclusion method is applied.

## 2. Changes in Presentation

### Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities.”

## 3. Notes to the Consolidated Balance Sheet

### (1) Accumulated depreciation of property, plant and equipment: 506,728 million yen

### (2) Balance of liabilities on guarantee

Guarantee of obligation for debt financing:	191 million yen
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#### 4. Notes to the Consolidated Statement of Income

##### Impairment loss

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

(Millions of yen)			
Use of asset	Type of asset	Region	Amount of impairment loss
Branch and distribution center and other	Buildings and structures Leased assets and others	Head Office of Yamato Home Convenience Co., Ltd.	2,087
		(Chuo-ku, Tokyo), Kansai	
		Management Branch (Osaka City, Osaka) and thirteen other premises	
		Other ten premises	

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

Although Yamato Transport Co., Ltd. previously grouped a regional branch and subordinate branches as one unit, in light of changes to the scope of management due to organizational restructuring aimed at business structure reform, these units have been changed to include all base branches in groupings in addition to the regional branches, including subordinate branches.

During the fiscal year under review, the Group recognized a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of Head Office of Yamato Home Convenience Co., Ltd., Kansai Management Branch and 21 other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 2,087 million yen to extraordinary loss as an impairment loss.

A main breakdown of this decrease shows that 606 million yen was attributable to buildings and structures, 453 million yen was attributable to leased assets and 451 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 4.55%. Where the recoverable value is calculated based on net realizable value, the amount is valued based mainly on real estate appraisal standards, assessed value of property tax or the posted land price.

## 5. Notes to the Consolidated Statement of Changes in Equity

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

	Number of shares as of beginning of fiscal year under review	Number of increased shares in fiscal year under review	Number of decreased shares in fiscal year under review	Number of shares as of end of fiscal year under review
Issued shares				
Common shares	411,339	—	—	411,339
Total	411,339	—	—	411,339
Treasury shares				
Common shares (Note)	17,064	1	0	17,065
Total	17,064	1	0	17,065

Note: The increase of one thousand shares of treasury shares of common shares resulted from an increase of one thousand shares due to the purchase of shares less than one unit.

The decrease of 0 thousand shares of treasury shares of common shares resulted from a decrease of 0 thousand shares due to the sale of shares less than one unit.

### (2) Dividends

#### 1) Payments of dividends

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date on and after
		Millions of yen	Yen		
The Board of Directors Meeting on May 17, 2018	Common shares	5,519	14	March 31, 2018	June 6, 2018
The Board of Directors Meeting on October 31, 2018	Common shares	5,519	14	September 30, 2018	December 10, 2018

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

Resolution	Type of shares	Total amount of dividends	Source of dividend	Dividend per share	Record date	Effective date on and after
		Millions of yen		Yen		
The Board of Directors Meeting on May 15, 2019	Common shares	5,519	Retained earnings	14	March 31, 2019	June 4, 2019

## **6. Notes to the Financial Instruments**

### **(1) Matters concerning the status of financial instruments**

#### **1) Policy on financial instruments**

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

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

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

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

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

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

Short-term loans payable and long-term loans payable are mainly used to raise capital for the Group's financial business. Most loans payable are procured at fixed rates of interest.

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

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

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

## (2) Matters concerning fair value of financial instruments

The table below shows the amounts recorded on the consolidated balance sheet as of March 31, 2019, their fair values, and differences between them. Some financial instruments are excluded because it is extremely difficult to identify their fair value (see Note 5).

(Millions of yen)			
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	195,954	195,954	—
(2) Notes and accounts receivable - trade	220,159		
Allowance for doubtful accounts	(108)		
	220,050	219,921	(128)
(3) Accounts receivable - installment	44,802		
Allowance for doubtful accounts	(1,129)		
Deferred installment income	[5,341]		
	38,330	43,602	5,271
(4) Investment securities			
Available-for-sale securities	33,741	33,741	—
Shares of subsidiaries and associates	9,036	9,036	—
(5) Notes and accounts payable - trade	[158,938]	[158,938]	—
(6) Short-term loans payable	[60,800]	[60,788]	(11)
(7) Long-term loans payable	[19,500]	[19,506]	6

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



(6) Short-term loans payable and (7) Long-term loans payable

The fair value of short-term loans payable and long-term loans payable is computed as the present value on the basis of the total amount of principal and interest discounted at the interest rate applicable to new loans carrying the same conditions.

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

(Millions of yen)

Classification	Amount on the consolidated balance sheet
Investment securities	
Shares of subsidiaries and associates	5,650
Others	5,584

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

**7. Per Share Information**

(1) Net assets per share	1,435.15 yen
(2) Basic earnings per share	65.14 yen

## Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
<b>Current assets</b>	<b>178,599</b>	<b>Current liabilities</b>	<b>172,206</b>
Cash and deposits	94,584	Operating accounts payable	1,070
Operating accounts receivable	78	Short-term loans payable	30,000
Short-term loans receivable	79,725	Income taxes payable	177
Income taxes receivable	3,615	Accrued expenses	89
Other	596	Deposits received	140,346
		Provision for bonuses	84
		Other	439
<b>Non-current assets</b>	<b>358,057</b>	<b>Non-current liabilities</b>	<b>22,952</b>
<b>Property, plant and equipment</b>	<b>6,574</b>	Bonds payable	10,000
Vehicles	7	Long-term loans payable	10,000
Buildings	664	Deferred tax liabilities	2,725
Tools, furniture and fixtures	52	Provision for retirement benefits	79
Land	5,840	Other	147
Other	8		
		<b>Total liabilities</b>	<b>195,159</b>
		<b>Net assets</b>	
<b>Intangible assets</b>	<b>346</b>	<b>Shareholders' equity</b>	<b>332,796</b>
Software	344	Capital stock	127,234
Other	2	Capital surplus	36,822
		Legal capital surplus	36,822
		Other capital surplus	0
<b>Investments and other assets</b>	<b>351,136</b>	Retained earnings	207,824
Investment securities	24,840	Other retained earnings	207,824
Shares of subsidiaries and associates	297,977	General reserve	188,965
Long-term loans receivable	34,447	Retained earnings brought forward	18,858
Other	156	Treasury shares	(39,085)
Allowance for investment loss	(6,286)		
		<b>Valuation and translation adjustments</b>	<b>8,701</b>
		Valuation difference on available-for-sale securities	8,701
		<b>Total net assets</b>	<b>341,497</b>
<b>Total assets</b>	<b>536,657</b>	<b>Total liabilities and net assets</b>	<b>536,657</b>

## Non-consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

<b>Operating revenue</b>	<b>29,445</b>
Selling, general and administrative expenses	10,053
<b>Operating profit</b>	<b>19,391</b>
Non-operating income	
Interest and dividend income	1,139
Other	27
	1,167
Non-operating expenses	
Interest expenses	70
Other	145
	216
<b>Ordinary profit</b>	<b>20,342</b>
Extraordinary income	
Gain on sales of investment securities	37
Other	0
	37
Extraordinary loss	
Loss on valuation of investment securities	38
Loss on valuation of shares of subsidiaries and associates	20,361
Provision of allowance for investment loss	4,415
Other	0
	24,815
<b>Loss before income taxes</b>	<b>4,435</b>
Income taxes-current	690
Income taxes-deferred	189
	880
<b>Loss</b>	<b>5,316</b>

## Non-consolidated Statement of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	
					General reserve	Retained earnings brought forward
Balance as of April 1, 2018	127,234	36,822	0	36,822	188,965	35,215
Changes of items during period						
Dividends of surplus						(11,039)
Loss						(5,316)
Purchase of treasury shares						
Disposal of treasury shares			0	0		
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	0	0	—	(16,356)
Balance as of March 31, 2019	127,234	36,822	0	36,822	188,965	18,858

(Millions of yen)

	Shareholders' equity			Valuation and translation adjustments	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Total retained earnings				
Balance as of April 1, 2018	224,181	(39,081)	349,156	9,256	358,413
Changes of items during period					
Dividends of surplus	(11,039)		(11,039)		(11,039)
Loss	(5,316)		(5,316)		(5,316)
Purchase of treasury shares		(4)	(4)		(4)
Disposal of treasury shares		0	0		0
Net changes of items other than shareholders' equity				(554)	(554)
Total changes of items during period	(16,356)	(4)	(16,360)	(554)	(16,915)
Balance as of March 31, 2019	207,824	(39,085)	332,796	8,701	341,497

## Notes to Non-consolidated Financial Statements

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

### 2. Summary of Significant Accounting Policies

#### (1) Valuation Basis and Methods for Securities

Available-for-sale securities

Securities with fair market value:

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

Securities without fair market value:

Stated at the cost by moving-average method

Shares of subsidiaries and associates

Stated at the cost by moving-average method

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

Property, plant and equipment:

Primarily the straight-line method

Intangible assets:

Straight-line method, but software is amortized by the straight-line method over the estimated useful life (five years).

#### (3) Accounting Method for Provision

Provision for bonuses:

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

Allowance for investment loss:

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

Provision for retirement benefits:

To provide for employees' retirement benefits, provision for retirement benefits is recorded based on the projected retirement benefit obligations and related pension assets as of the end of the fiscal year ended March 31, 2019.

i. Method of attributing expected retirement benefit to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the fiscal year under review.

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

#### **(4) Method of Accounting for Retirement Benefits**

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

#### **(5) Accounting for Consumption Tax and Local Consumption Tax**

The tax exclusion method is applied.

### **3. Changes in Presentation**

#### **Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”**

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities.”

### **4. Notes to the Non-consolidated Balance Sheet**

(1) Accumulated depreciation of property, plant and equipment:	515 million yen
(2) Balance of liabilities on guarantee	
i. Joint and several guarantee based on clearing agreements with other transportation companies:	300 million yen
ii. Guarantee of obligation for debt financing	413 million yen
(3) Loans receivable from, and loans payable to, subsidiaries and associates	
Short-term loans receivable:	80,092 million yen
Long-term loans receivable:	33,355 million yen
Short-term loans payable:	140,649 million yen

### **5. Notes to the Non-consolidated Statement of Income**

Transaction with subsidiaries and associates:	Operating revenue	29,408 million yen
	Operating expenses	1,842 million yen
	Non-operating transactions	624 million yen

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

### Class and Total Number of Treasury Shares:

				(Thousands of shares)
	Number of shares as of beginning of fiscal year under review	Number of increased shares in fiscal year under review	Number of decreased shares in fiscal year under review	Number of shares as of end of fiscal year under review
Common shares (Note)	17,064	1	0	17,065

Note: The increase of one thousand shares of treasury shares of common shares resulted from an increase of one thousand shares due to the purchase of shares less than one unit.

The decrease of 0 thousand shares of treasury shares of common shares resulted from a decrease of 0 thousand shares due to the sale of shares less than one unit.

## 7. Notes to Tax Effect Accounting

Detailed deferred tax assets and deferred tax liabilities

		(Millions of yen)
<b>Deferred tax assets</b>		
Provision for bonuses		25
Accrued enterprise tax		23
Provision for retirement benefits		24
Loss on valuation of investment securities		1,276
Shares of subsidiaries and associates		45,683
Loss carried forward		27
Other		2,051
<b>Deferred tax assets</b>	<b>Subtotal</b>	49,112
Allowance for devaluation		(48,966)
<b>Deferred tax assets</b>	<b>Total</b>	145
<b>Deferred tax liabilities</b>		
Valuation difference on available-for-sale securities		(2,844)
Other		(26)
<b>Deferred tax liabilities</b>	<b>Total</b>	<b>(2,871)</b>
<b>Net deferred tax assets (liabilities)</b>		<b>(2,725)</b>

## 8. Notes to Dealings with Related Parties

Subsidiaries, etc.						(Millions of yen)
Status	Company	Location	Capital	Main business	Holding of voting rights	Relationship
						Concurrent positions held by officers
Subsidiaries	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	50,000	TA-Q-BIN; Kuroneko DM-Bin	Direct holdings 100.00%	Concurrent 3 persons
Subsidiaries	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	1,000	Domestic air cargo transport business	Direct holdings 100.00%	Concurrent 1 person
Subsidiaries	Yamato Global Logistics Japan Co., Ltd.	Chuo-ku, Tokyo	1,880	International air cargo and marine cargo transport business	Direct holdings 100.00%	Concurrent 2 persons
Subsidiaries	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	1,800	System development	Direct holdings 100.00%	Concurrent 2 persons
Subsidiaries	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	1,000	Settlement service for payment of merchandise	Direct holdings 100.00%	Concurrent 2 persons
Subsidiaries	Yamato Credit & Finance Co., Ltd.	Toshima-ku, Tokyo	500	Installment credit and finance services	Direct holdings 70.00%	Concurrent 1 person
Subsidiaries	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	30	General lease services	Direct holdings 100.00%	None
Subsidiaries	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	30	Vehicle management service business	Direct holdings 100.00%	Concurrent 1 person



(Millions of yen)

Status	Company	Relationship Business relationships	Dealings	Dealing amount	Account item	Balance at end of period
Subsidiaries	Yamato Transport Co., Ltd.	Executive management  Loans for funding	Receipt of executive management fee	5,355	—	—
			Repayment of working capital	8,676	Short-term loans receivable Long-term loans receivable	9,972 2,864
			Repayment of loans for capital funding	7,589		
			Receipt of interest	45		
			Funding	27,857	Deposits received	67,304
			Payment of interest	6		
Subsidiaries	Yamato Global Express Co., Ltd.	Executive management	Funding	691	Deposits received	6,851
			Payment of interest	0		
Subsidiaries	Yamato Global Logistics Japan Co., Ltd.	Executive management  Loans for funding	Repayment of working capital	63	Short-term loans receivable Long-term loans receivable	1,933 5,550
			Loans for capital funding	5,550		
			Repayment of loans for capital funding	2,804		
			Receipt of interest	14		
			Funding	1,431	Deposits received	15,417
Subsidiaries	Yamato System Development Co., Ltd.	Executive management  Entrusted with system operation and management	Payment of interest	1		
			Payment of system operation and maintenance costs	1,243	Operating accounts payable	212
Subsidiaries	Yamato Financial Co., Ltd.	Executive management	Funding	2,588	Deposits received	30,530
			Payment of interest	1		
Subsidiaries	Yamato Credit & Finance Co., Ltd.	Executive management  Loans for funding	Loans for working capital	6,852	Short-term loans receivable	6,852
			Receipt of interest	2		
Subsidiaries	Yamato Lease Co., Ltd.	Executive management  Loans for funding	Loans for working capital	32,524	Short-term loans receivable Long-term loans receivable	55,506 20,000
			Receipt of interest	68		
Subsidiaries	Yamato Autoworks Co., Ltd.	Executive management	Funding	1,587	Deposits received	7,990
			Payment of interest	0		

Notes: Trade terms and decision policy of the dealing

- 1) The executive management fee is determined reasonably through mutual consultation, considering the business contents, etc.
- 2) Interest on deposits received and loans receivable is determined based on market interest rates.
- 3) System operation and maintenance costs are determined through mutual consultation in the same way as for general transactions.
- 4) The amount of "Funding" records the net gain or loss during the period.
- 5) Of loans for working capital to Yamato Global Logistics Japan Co., Ltd., Yamato Credit & Finance Co., Ltd. and Yamato Lease Co., Ltd., the dealing amount of short-term loans receivable records the net amount of increase or decrease during the period.

## 9. Per Share Information

- |                          |            |
|--------------------------|------------|
| (1) Net assets per share | 866.14 yen |
| (2) Loss per share       | 13.49 yen  |

(TRANSLATION)

## **Audit Report of Accounting Auditor on Consolidated Financial Statements**

### **Independent Auditors' Report**

May 8, 2019

**Deloitte Touche Tohmatsu LLC**

Yoshihiro Tsuda  
Designated Limited Liability and  
Engagement Partner  
Certified Public Accountant  
(seal)

Yoshihiro Ishida  
Designated Limited Liability and  
Engagement Partner  
Certified Public Accountant  
(seal)

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

We have audited the consolidated financial statements, namely, the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements of Yamato Holdings Co., Ltd. for the consolidated fiscal year from April 1, 2018 to March 31, 2019, in accordance with the Companies Act, Article 444, Paragraph 4.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. and its consolidated subsidiaries for the related consolidated fiscal year, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Interest

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

End

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

(TRANSLATION)

## **Audit Report of Accounting Auditor on Non-consolidated Financial Statements**

### **Independent Auditors' Report**

May 8, 2019

**Deloitte Touche Tohmatsu LLC**

Yoshihiro Tsuda  
Designated Limited Liability and  
Engagement Partner  
Certified Public Accountant  
(seal)

Yoshihiro Ishida  
Designated Limited Liability and  
Engagement Partner  
Certified Public Accountant  
(seal)

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

We have audited the non-consolidated financial statements, namely, the Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, and Notes to Non-consolidated Financial Statements of Yamato Holdings Co., Ltd., for the 154<sup>th</sup> business year from April 1, 2018 to March 31, 2019, in accordance with the Companies Act, Article 436, Paragraph 2, Item (1).

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the non-consolidated financial statements and accompanying detailed statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and accompanying detailed statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and accompanying detailed statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and accompanying detailed statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the non-consolidated financial statements and accompanying detailed statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the

overall presentation of the non-consolidated financial statements and accompanying detailed statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Audit Opinion

In our opinion, the non-consolidated financial statements and accompanying detailed statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. for the business year under review, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Interest

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

End

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

## Audit Report of the Audit & Supervisory Board

### AUDIT REPORT

Regarding the performance of duties by the Directors for the 154<sup>th</sup> business year from April 1, 2018 to March 31, 2019, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

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

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

Based on the above methods, we examined the business report and supporting schedules, non-consolidated financial statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, and Notes to the Non-consolidated Financial Statement) and supporting schedules, as well as consolidated financial statements (Consolidated Balance

Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements) related to the relevant business year.

## 2. Audit Results

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

- 1) In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- 2) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- 3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the performance of duties of the Directors regarding the internal control system. Furthermore, as stated in the Business Report, it has been revealed that the Company's subsidiary Yamato Home Convenience Co., Ltd. inappropriately billed corporate clients. The Audit & Supervisory Board recognizes that the Company is engaged in the drastic and comprehensive rebuilding of Group governance with the aim of enhancing sound Group management spearheaded by the Group Governance Project established at the Company, and we will pay close attention to the status of its implementation.

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

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

### (3) Results of Audit of Consolidated Financial Statements

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

May 10, 2019

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

Full-time Audit & Supervisory Board Member	Etsuo Ogawa	(seal)
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	(seal)
Outside Audit & Supervisory Board Member	Hiroyuki Kanae	(seal)
Outside Audit & Supervisory Board Member	Takashi Yamashita	(seal)

## **Access to the Venue**

**Date and time:** Tuesday, June 25, 2019, 10:00 a.m. (The reception desk will open at 9:00 a.m.)

**Meeting venue:** Ginza Blossom (Chuo Kaikan) Hall  
15-6, Ginza 2-chome, Chuo-ku, Tokyo

**TEL:** 03-3542-8585

**Please note that the venue of the 154<sup>th</sup> Ordinary General Meeting of Shareholders has been changed from last year.**

### **Tokyo Metro**

**Yurakucho Line:** 3 minutes walk from Shintomicho Station (Exit 1)

**Hibiya Line:** 10 minutes walk from Higashi-ginza Station (Exit 5)

**Ginza Line:** 15 minutes walk from Ginza Station (Exit A12)

### **Toei Subway**

**Asakusa Line:** 10 minutes walk from Higashi-ginza Station (Exits A7 or A8)

### **JR**

**Yamanote Line and Keihin-Tohoku Line:** 20 minutes walk from Yurakucho Station (Central Exit)

**Note:** Vehicle parking will not be available at the meeting venue.