

The following is an English translation of the Notice of the 155<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, 2020

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

To Our Shareholders

## **Notice of the 155<sup>th</sup> Ordinary General Meeting of Shareholders**

We are pleased to announce that the 155<sup>th</sup> Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. (hereinafter “the Company”) will be held as described below.

**In light of the recent effect of novel coronavirus disease (hereinafter COVID-19), the Company has decided to hold the meeting, taking appropriate measures beforehand to avoid infection. In order to prevent the spread of infection, you are encouraged to exercise your voting rights prior to the meeting by mail or by electromagnetic means such as the Internet, if at all possible. Shareholders are urged to refrain from coming to the venue on the date of the meeting.**  
**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 22, 2020.**

### **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 22, 2020.

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

Please review the “Exercise of Voting Rights via the Internet” on page 4 and enter your vote for each of the items by 5:00 p.m., Monday, June 22, 2020.

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

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

## **The 155<sup>th</sup> Ordinary General Meeting of Shareholders**

**1. Date and Time:** Tuesday, June 23, 2020, 10:00 a.m. (The reception desk will open at 9:00 a.m.)

**2. Venue:** Seminar Room, Yamato Konan Building 10F,  
13-26, Konan 2-chome, Minato-ku, Tokyo

\* This year, considering the effect of COVID-19, the Company will hold the General Meeting of Shareholders at its own building to ensure the steady use of the venue. Furthermore, to prevent the spread of infection, the size of the venue has been reduced and the width of the space between the seats has been increased, resulting in significantly fewer available seats compared to typical years. Therefore, the Company will limit the number of shareholders who can attend to approximately 50 persons. Please understand that once the maximum number of shareholders is reached, you may not be admitted to enter even if you come to the venue.

### **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 155<sup>th</sup> Fiscal Year (from April 1, 2019 to March 31, 2020)
2. Report of the Non-consolidated Financial Statements for the 155<sup>th</sup> Fiscal Year (from April 1, 2019 to March 31, 2020)

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

- |                |  |
|----------------|--|
| Agenda Item 1: | Partial Amendments to the Articles of Incorporation                                  |
| Agenda Item 2: | Election of Nine (9) Directors   |
| Agenda Item 3: | Election of Two (2) Audit & Supervisory Board Members                                |
| Agenda Item 4: | Revision of Remuneration Amount for Directors  |
| Agenda Item 5: | Introduction of Performance-Linked and Share-Based Remuneration System for Directors |

### **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.
  - ◎ Operational particulars of the General Meeting of Shareholders on the day of the meeting is provided in “Measures for Preventing Infection of the Novel Coronavirus Disease (COVID-19) at the 155th Ordinary General Meeting of Shareholders” posted separately on the Company’s website.
  - ◎ If future developments necessitate a major change in whether to hold or in the way the general meeting of shareholders will be run, shareholders will be informed via on our website.

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

## Exercise of Voting Rights via the Internet

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

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

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

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

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

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

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

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

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

1. Please access the Website for Exercising Voting Rights.

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

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

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

Internet Help Dial: Securities Agent Dept. of  
Mizuho Trust & Banking Co., Ltd.

**0120-768-524 (toll-free only from  
Japan)**

Business hours: 9 a.m. to 9 p.m. (JST)  
on weekdays

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## **Reference Documents for the General Meeting of Shareholders**

### **Agenda Item 1. Partial Amendments to the Articles of Incorporation**

We propose to make a partial amendment to the Articles of Incorporation as described below.

#### **1. Reasons for Amendment**

To seek to enhance and improve the audit structure, the Company will increase the upper limit of the number of Audit & Supervisory Board Members specified in Article 30 of the Articles of Incorporation, which is four (4), by one (1) to five (5).

#### **2. Details of Proposed Amendment**

Current Articles of Incorporation and proposed amendments are as follows.

(Underlining denotes amendment.)

Current Articles of Incorporation	Proposed Amendments
(Number of Audit & Supervisory Board Members) Article 30: The Company shall have not more than <u>four (4)</u> Audit & Supervisory Board Members.	(Number of Audit & Supervisory Board Members) Article 30: The Company shall have not more than <u>five (5)</u> Audit & Supervisory Board Members.

## Agenda Item 2. Election of Nine (9) Directors

The terms of all the eight (8) Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of nine (9) Directors to strengthen our management structure.

The following are the candidates for Directors.

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

No.	Name of Candidate	Attributes of Candidate	Current Position at the Company	Attendance to the Board of Directors Meetings
1	Masaki Yamauchi	<span>Reelection</span> <span>Male</span>	Chairperson of the Board of Directors	16/16 (100%)
2	Yutaka Nagao	<span>Reelection</span> <span>Male</span>	Representative Director, Executive Officer and President	16/16 (100%)
3	Haruo Kanda	<span>Reelection</span> <span>Male</span>	Representative Director, Executive Officer and Vice President	16/16 (100%)
4	Kenichi Shibasaki	<span>Reelection</span> <span>Male</span>	Representative Director, Executive Officer and Vice President	16/16 (100%)
5	Masakatsu Mori	<span>Reelection</span> <span>Outside</span> <span>Independent</span> <span>Male</span>	Director	16/16 (100%)
6	Mariko Tokuno	<span>Reelection</span> <span>Outside</span> <span>Independent</span> <span>Female</span>	Director	16/16 (100%)
7	Yoichi Kobayashi	<span>Reelection</span> <span>Outside</span> <span>Independent</span> <span>Male</span>	Director	16/16 (100%)
8	Shiro Sugata	<span>Reelection</span> <span>Outside</span> <span>Independent</span> <span>Male</span>	Director	12/12 (100%)
9	Noriyuki Kuga	<span>New election</span> <span>Outside</span> <span>Independent</span> <span>Male</span>		

New election New candidates for Directors

Reelection Candidates for Directors to be reelected

Outside Candidates for Outside Directors

Independent Independent officers

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	45,200
		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, Executive Officer and President	
		Apr. 2019	Chairperson of the Board of Directors (current)	
		(Important Concurrent Positions at Other Organizations)		
		None		
Attendance to the Board of Directors Meetings FY2020/3: 16/16 (100%)				
[Reasons for nomination as a candidate for Director] Masaki Yamauchi possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he had been acting as Representative Director, Executive Officer and President of the Company from April 2015 to March 2019, after having served as Representative Director and President of the Company's subsidiary Yamato Logistics Co., Ltd., and as Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd. Accordingly, in order to maintain and enhance an entire management balance as Chairperson of the Board of Directors, the Company proposes his reelection as Director.				

No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
2	Yutaka Nagao (Aug. 31, 1965)	Apr. 1988	Joined the Company	17,600
		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, Executive Officer and President (current)	
	Reelection	(Important Concurrent Positions at Other Organizations)		
	Attendance to the Board of Directors Meetings FY2020/3: 16/16 (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, Executive Officer and President of the Company. Accordingly, in order to enhance the management of the Group and promote its growth, the Company proposes his reelection as Director.		



No.	Name of Candidate (Date of Birth)	Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations)		Number of Shares Owned
3	Haruo Kanda (Sep. 26, 1952)  Attendance to the Board of Directors Meetings FY2020/3: 16/16 (100%)	Jan. 1985	Joined the Company	32,200
		Apr. 2004	General Manager of Human Resources	
		Aug. 2005	Executive Officer	
		Nov. 2005	Executive Officer of Yamato Transport Co., Ltd.	
		Jul. 2006	Managing Executive Officer	
		Apr. 2008	Managing Executive Officer of the Company	
		Jun. 2008	Representative Director and Managing Executive Officer	
		Apr. 2013	Representative Director and Senior Managing Executive Officer	
		Apr. 2014	Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit	
		Reelection		
Apr. 2015	Representative Director, Executive Officer and Vice President (current)			
Apr. 2019	Responsible for overseeing Management, Assistant to President, Shared Value Creation			
Mar. 2020	Responsible for overseeing Management, Assistant to President, Shared Value Creation and Internal Audit (current)			
		(Important Concurrent Positions at Other Organizations)		
		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, Executive Officer and Vice President 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)  Attendance to the Board of Directors Meetings FY2020/3: 16/16 (100%)	Apr. 1980	Joined the Company	29,900
		Jun. 1997	Regional Branch Manager of Saitama Regional Branch	
		Jun. 1999	General Manager of Education Division	
		Apr. 2003	General Manager of Operation Division	
		Feb. 2006	Representative Director, President and Executive Officer of Yamato Financial Co., Ltd.	
		Apr. 2006	Executive Officer of the Company	
		Apr. 2012	Managing Executive Officer	
		Apr. 2016	Senior Managing Executive Officer	
		Apr. 2017	Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy	
		Jun. 2018	Director and Senior Managing Executive Officer	
		Apr. 2019	Representative Director, Executive Officer and Vice President (current)	
		Apr. 2019	Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit	
		Mar. 2020	Responsible for overseeing Managing Section (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 and President of the Company's subsidiary Yamato Financial Co., Ltd., and Executive Officer, Managing Executive Officer and Senior Managing Executive Officer of the Company. Since April 2019, he has been serving as Representative Director, Executive Officer and Vice President. 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)		Apr. 1969	Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd)
			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)
		Reelection Outside Independent	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)
Attendance to the Board of Directors Meetings FY2020/3: 16/16 (100%)	Nov. 2013	Vice Chairman of IUJ		
	Apr. 2018	Senior Advisor of IUJ (current)		
	(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.				

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
6	Reelection Outside Independent  Mariko Tokuno (Oct. 6, 1954)  Attendance to the Board of Directors Meetings FY2020/3: 16/16 (100%)	Jan. 1994	Joined Louis Vuitton Japan KK	2,100
		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	Reelection Outside Independent	Apr. 1973	Joined ITOCHU Corporation	2,400
		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	
	Yoichi Kobayashi (Jul. 21, 1949)	Apr. 2015	Senior Advisor	
		Apr. 2016	Vice Chairman	
		Jun. 2018	Director of the Company (current)	
	Attendance to the Board of Directors Meetings FY2020/3: 16/16 (100%)	(Important Concurrent Positions at Other Organizations) None  [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.		

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
8	Shiro Sugata (Nov. 17, 1949)	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)	
		Jun. 2019	Director of the Company (current)	
Attendance to the Board of Directors Meetings FY2020/3: 12/12 (100%)		(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 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
9	New election Outside Independent	Apr. 1979	Joined Tokyo Electron Ltd.	0
		Apr. 2002	Vice President & General Manager	
		Oct. 2004	President & Representative Director, Tokyo Electron BP Ltd.	
		Oct. 2006	Executive Vice President of TOKYO ELECTRON DEVICE LIMITED	
		Jun. 2007	Corporate Director and Executive Vice President	
		Jun. 2011	Senior Executive Vice President & Representative Director	
		Jun. 2016	Chairman of the Board (current)	
		Noriyuki Kuga (Aug. 25, 1955)	(Important Concurrent Positions at Other Organizations) Chairman of the Board of TOKYO ELECTRON DEVICE LIMITED (Scheduled to retire in June 2020) [Reasons for nomination as a candidate for Outside Director] Noriyuki Kuga 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.	

[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.

Notes:

1. There are no particular vested interests between the Company and the candidates.
2. Additional information regarding the candidates of Outside Directors is as follows.
  - (1) Independent officers  
The Company appointed Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi and Shiro Sugata as independent officers provided for under the provisions of Tokyo Stock Exchange, Inc. and registered the individuals as such with that exchange. The Company plans on having the officers keep their position if their reelection is approved. In addition, if the election of Noriyuki Kuga is approved, the Company will appoint him as an independent officer.  
Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi, Shiro Sugata and Noriyuki Kuga satisfy the requirements for Criteria for Determining Independence of the Company on page 20.
  - (2) The number of years as Outside Director of the Company  
Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi and Shiro Sugata have been serving as the Company's Outside Directors for seven years, three years, two years and one year, respectively, as of the closing of this General Meeting of Shareholders.
  - (3) Inappropriate conducts of business occurred and corrective and preventive measures implemented against such conducts during the past five years at another company at which a candidate served as a director  
Since June 2016, Mariko Tokuno has been serving as an Outside Director of Mitsubishi Materials Corporation. During this time, cases have been discovered in which said Mitsubishi Materials Corporation's consolidated subsidiaries Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal MFG Co., Ltd, and Diamet Corporation manufactured and sold products that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of data. In addition, Mitsubishi Materials Corporation also received revocation of JIS certification for copper slag aggregate manufactured at its Naoshima Smelter & Refinery.  
Although she was unaware of each of these cases until they were revealed, as an Outside Director at Mitsubishi Materials Corporation she has routinely spoken out from the perspective of enhancing governance structure. Since each of these cases was revealed, she has been conducting investigations relating to these cases, identifying root causes, and providing advice on measures to prevent reoccurrences. After Mitsubishi Materials Corporation Group formulated measures etc. to enhance governance structure, she has been making efforts to further enhance governance structure by overseeing the progress of these measures and providing the Board of Directors with necessary comments and advice regarding issues and the like.
3. Agreement on liability limitation  
The Company has concluded an agreement with Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi and Shiro Sugata regarding liability limitation according to Article 423, paragraph (1) of the Companies Act. According to the agreement, the maximum liability amount is the minimum amount stipulated by Article 425, paragraph (1) of the Companies Act. If the reelection proposal is approved, the Company will continue its agreement with them. In addition, if the election of Noriyuki Kuga is approved, the Company will conclude the said agreement with him.



### Agenda Item 3. Election of Two (2) Audit & Supervisory Board Members

The term of one (1) Audit & Supervisory Board Member, namely Hiroyuki Kanae, will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of one (1) successor Audit & Supervisory Board Member. In addition, we would like to propose the one (1) additional Audit & Supervisory Board Member to further enhance and improve the audit structure, on the condition that the agenda item 1 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally proposed and the upper limit of the number of Audit & Supervisory Board Members increases.

The following are the candidates for Audit & Supervisory Board Members.

Ryuji Matsuda is a candidate for Outside Audit & Supervisory Board Member as a replacement for Hiroyuki Kanae.

Yoshihide Shimoyama is a candidate for Outside Audit & Supervisory Board Member to be elected on the condition the agenda item 1 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally proposed and the upper limit of the number of Audit & Supervisory Board Members increases.

The Audit & Supervisory Board has already approved this agenda item.

No.	Name of Candidate (Date of Birth)	Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
1	New election Outside Independent  Ryuji Matsuda (Apr. 30, 1955)	Apr. 1986 Registered as Attorney at Law and Certified Public Accountant Joined Kawai, Takeuchi, Nishimura and Inoue Law Office	0
		Jan. 1988 Joined Miyake, Hatazawa and Yamazaki Law Office	
		Jul. 1992 Established Matsuda Law Office (current)	
		(Important Concurrent Positions at Other Organizations) Attorney at law of Matsuda Law Office	
		Director (who is an Audit & Supervisory Committee Member) of SQUARE ENIX HOLDINGS CO., LTD. (Scheduled to retire in June 2020)	
		[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member] Ryuji Matsuda is a qualified attorney at law, and possesses considerable insight into finance and accounting. The Company proposes the election of Ryuji Matsuda as Outside Audit & Supervisory Board Member in order to draw on his expertise with respect to the Company's audit structure.  Although he does not have previous experience contributing to corporate management, the Company has determined that he will appropriately perform duties as Outside Audit & Supervisory Board Member because, in addition to the reasons above, he has served as an outside audit & supervisory board member at other companies.	

No.	Name of Candidate (Date of Birth)	Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations)	Number of Shares Owned
		Apr. 1976    Joined Nihon Cement Co., Ltd. (currently: Taiheiyo Cement Corporation)	
		Apr. 2006    General Manager of Technology Planning Department, Central Research Laboratory	
		Mar. 2008    President and Representative Director of Taiheiyo Consultant Co., Ltd.	
		Apr. 2015    Advisor	
2	New election Outside Independent  Yoshihide Shimoyama (Apr. 24, 1951)	(Important Concurrent Positions at Other Organizations) Outside Audit & Supervisory Board Member of NIPPON HUME CORPORATION  [Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member] The Company proposes the election of Yoshihide Shimoyama as Outside Audit & Supervisory Board Member in order to draw on his experience as a director and an outside audit & supervisory board member at other companies with respect to the Company's audit structure.  The Company has determined that he will appropriately perform duties as Outside Audit & Supervisory Board Member because he possesses abundant experience and considerable insight in the fields of management and audit.	0

Notes:

1. There are no particular vested interests between the Company and the candidates.
2. Additional information regarding the candidates of Outside Audit & Supervisory Board Members are as follows.  
Independent officers  
If the election of Ryuji Matsuda and Yoshihide Shimoyama is approved, the Company will appoint them as independent officers provided under the provisions of Tokyo Stock Exchange, Inc. Ryuji Matsuda and Yoshihide Shimoyama satisfy the requirements for Criteria for Determining Independence of the Company on page 20.
3. Agreement on liability limitation  
If the election of Ryuji Matsuda and Yoshihide Shimoyama is approved, the Company will conclude an agreement with them regarding liability limitation according to Article 423, paragraph (1) of the Companies Act. According to the agreement, the maximum liability amount is the minimum amount stipulated by Article 425, paragraph (1) of the Companies Act.

**[Reference] Management Structure After Agenda Items 1, 2 and 3 Are Approved (Planned)**

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

**Notes:**

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

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

### 1. Criteria for determining independence

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

### 2. Independence requirements for Outside Officers

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

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

#### **Agenda Item 4. Revision of Remuneration Amount for Directors**

Remuneration for the Company's Directors has remained at the monthly amount of up to 45 million yen (of which up to 6 million yen is allocated to Outside Directors) approved at the 153rd Ordinary General Meeting of Shareholders held on June 28, 2018 up to the current day. With respect to this agenda item, the Company requests the approval for the revision of the remuneration amount for Directors from monthly amount to annual amount, and the establishment of a new provision that the base remuneration amount shall be up to 431 million yen (of which up to 109 million yen is allocated to Outside Directors) per year and the amount of short-term performance-linked remuneration paid to Directors (excluding Outside Directors) shall be up to 245 million yen per year.

Furthermore, remuneration for Directors will not include the amount of employee's salary for a Director who also holds an employee post, as was previously the case.

The Company has set the above remuneration amounts in order to realize a competitive remuneration level for recruiting and retaining talented human resources amid its rapidly changing business environment as well as fair and impartial treatment in consideration of responsibilities and results. To this end, the Company has made reference to remuneration levels at other Japanese companies, while considering various factors, such as an increase in Director's responsibilities, the increase in transparency and vigor of Board of Director's operations, and an increase in the appointment of Directors with the aim of enhancing management oversight.

Furthermore, the amount of remuneration including short-term performance-linked remuneration for each Director has been decided by the Board of Directors in light of recommendations based on the result of deliberations conducted in the Nomination and Compensation Committee (more than half of whose members are Outside Directors and the Chairperson is an Outside Director). Since objectivity and transparency in the remuneration determination process are ensured, the Company also seeks to pay short-term performance-linked remuneration within the upper limit amount, as with base remuneration, without obtaining approval at a General Meeting of Shareholders going forward.

The current number of Directors is eight (8) (including four (4) Outside Directors). Following the approval of agenda item 2, the number of Directors shall be nine (9) (including five (5) Outside Directors).

In addition, the Company proposes that remunerations for Directors (excluding Outside Directors) be composed of base remuneration with a fixed amount (fixed remuneration) based on the details of this agenda item, short-term performance-linked remuneration (variable remuneration) and the share-based remuneration (variable remuneration) mentioned in the agenda item 5. "Introduction of Performance-Linked and Share-Based Remuneration System for Directors." The Company also proposes that remuneration for Outside Directors be composed of only base remuneration with a fixed amount (fixed remuneration) based on the details of this agenda item.

## **Agenda Item 5. Introduction of Performance-Linked and Share-Based Remuneration System for Directors**

In order to further strengthen motivation of the Company's Directors to contribute to an improvement in medium- to long-term business performance and increase in the corporate value, the Company seeks to introduce performance-linked remuneration system for Directors (excluding Outside Directors; the same shall apply hereinafter in this agenda item) (hereinafter referred to as the "System"), and newly set the remuneration amount associated with the System.

The Company seeks to pay Directors a remuneration based on the System within the System's remuneration limit as newly set pursuant to this agenda item. The amount, contents and other particulars of said remuneration are as described below under "Amount and contents, etc., of remuneration under the System." The Company plans to increase the ratio of performance-linked remuneration in remuneration structure for officers for the purpose of turning it into a remuneration system that more closely links remuneration to medium- to long-term growth of the Company, and to corporate value and shareholder value. The level at which the System's remuneration limit would be reset pursuant to this agenda item takes into account this restructuring of the remuneration structure for officers.

The Company requests the approval of this agenda item for additional remuneration to Directors, apart from the remuneration for base remuneration (amount of up to 322 million yen per year) and for short-term performance-linked remuneration (amount of up to 245 million yen per year) to Inside Directors in the agenda item 4.

Following the approval of agenda item 2, the total number of Directors who are eligible to the System at the conclusion of this General Meeting of Shareholders shall be four (4).

### **Amount and contents, etc., of remuneration under the System**

The System is the share-based remuneration system, under which the Company's shares are acquired through a trust using the money contributed by the Company, and delivery, etc. of the Company's shares (as described in 4. below) to the Directors of the Company shall be conducted through such trust based on the level of growth of the corporate value and shareholder value, and other factors.

1. Individuals eligible to the System  
Directors of the Company (excluding Outside Directors)
2. Maximum amount of money to be contributed by the Company  
Subject to the three fiscal years (hereinafter referred to as the "Applicable Period"), for each Applicable Period, the Company contributes the sum of money up to 519 million yen to the trust as the remuneration to the Directors of the Company. The trust shall acquire the Company's shares through the stock market or subscribing for the Company's disposal of treasury shares by using money entrusted by the Company. At the time of establishing the trust, the Company's shares will be acquired through stock markets.  
Specifically, the Company will introduce the System for the three fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024 (hereinafter, such three-fiscal-year period is referred to as the "Initial Period," and the Initial Period and each three consecutive fiscal years following the Initial Period are respectively referred to as "Applicable Period"), as well as each Applicable Period thereafter, and contribute money as defined below to the trust as the funds for the trust to acquire the Company's shares for the purpose of providing the Company's shares, etc. to Directors.  
The Company will contribute funds of up to 519 million yen as necessary funds for the Initial Period upon establishing the trust (scheduled in August 2020).  
Furthermore, after the expiration of the Initial Period, in principle, the Company shall make

additional contributions to the trust, of up to 519 million yen for each Applicable Period until the termination of the System. However, in the case of making such additional contributions, if the Company's shares (excluding a number of the Company's shares that have not yet been provided to Directors equivalent to points granted to them for each Applicable Period up to the immediately preceding Applicable Period) and money remain in the trust asset (hereinafter referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the market value on the final day of the immediately preceding Applicable Period) and additionally contributed money shall not exceed 519 million yen.

During the Applicable Period encompassing the Initial Period, the Company may additionally contribute funds to the trust, such that the cumulative amount of contributions made during the Applicable Period are to be no more than the respective upper limits aforementioned.

- (Note 1) In addition to contributions of the above money to the trust as necessary funds to provide the Company's shares, etc. to Directors, the Company contributes money as necessary funds to provide the Company's shares, etc. to executive officers, etc. who do not also serve as Directors (hereinafter referred to as "Executive Officers"), of up to 858 million yen in the Initial Period and up to 858 million yen in each subsequent Applicable Period (however, if there are any Remaining Shares, etc. related to the portion of Executive Officers, the amount less the amount of the Remaining Shares, etc.).

3. Calculation method and maximum number of the Company's shares acquired by Directors  
The number of the Company's shares to be delivered to Directors of the Company shall be determined, using a specific calculation formula, on the basis of the points granted according to the level of growth of the corporate value and shareholder value, and other factors, with one point corresponding to one share of the Company's share.

(Formula for the calculation of basic points)

The basic amount determined by the Director's rank and title ÷ Average of closing prices of the Company's shares at the Tokyo Stock Exchange in the month preceding the fiscal year in which the medium-term management plan starts

- \* Any fractions of less than one are rounded down.
- \* The basic amount levels are to be appropriately established based on the responsibilities, in reference particularly to objective remuneration survey data of an external expert organization in order to ensure competitive remuneration levels that enable the Company to recruit and retain talented human resources.

Based on the performance evaluation for each year in the medium-term management plan, points are granted to the Company's Inside Directors in June every year.

(Formula for the calculation of points to be granted)

Basic points X Performance-linked coefficient

- \* Any fractions of less than one are rounded down.
- \* The performance-linked coefficient is determined in the range of 0% to 150% based on the Company's performance evaluation indices for the medium-term management plan (such as ROE and TSR, and ESG indices). The performance evaluation indices are determined through deliberations by the Nomination and Compensation Committee.

The total number of points to be granted to each Director shall be up to 134,200 points per fiscal year. (However, if there is a share split, allotment of shares without contribution, a consolidation of shares, etc., with regard to the Company's shares, after the approval of this agenda item, the upper limit on the number of points, the number of points granted, and the

conversion ratio shall be adjusted in a reasonable manner proportional to the relevant ratio, etc.)

In the Initial Period, up to 402,600 shares shall be acquired without delay after the establishment of the trust.

- (Note 2) In addition to the granting of the above number of points per fiscal year as the total number for each Director, the Company grants up to 221,800 points per fiscal year as the total number for each Executive Officer. (However, if there is a share split, allotment of shares without contribution, a consolidation of shares, etc., with regard to the Company's shares, the upper limit on the number of points, the number of points granted, and the conversion ratio shall be adjusted in a reasonable manner proportional to the relevant ratio, etc.)
- In the Initial Period, up to 665,400 shares shall be acquired without delay after the establishment of the trust.
- As the sum of the Directors portion and the Executive Officers portion, up to 1,068,000 shares shall be acquired.

4. Method and timing for delivery, etc. of the Company's shares to Directors  
Delivery, etc. of the Company's shares means that if requirements specified in the Regulations on Share-based Remuneration for Officers are satisfied, the Company's shares are delivered for a certain percentage of the "Number of Points Fixed" described below, and money equivalent to the market value of the Company's shares is paid for the remaining percentage. The trust may sell the Company's shares in order to make the monetary provisions.  
The number of points for Directors, which serves as the base for the delivery, etc. of the Company's shares, shall be the number of points granted to the Director by his or her retirement (points calculated in this way are hereinafter referred to as the "Number of Points Fixed") in principle. If a Director retires and satisfies beneficiary requirements, the Director receives the Company's shares in the number in accordance with the Number of Points Fixed from the trust after his or her retirement by going through the specified beneficiary determination procedures.
5. Voting rights in the Company's shares within the trust  
Voting rights pertaining to the Company's shares held by the trust are not to be exercised during the trust period to ensure the neutrality of the Company's management.
6. Other contents of the System  
Other contents and details concerning the System shall be determined by the Board of Directors of the Company.



## Reference for the Agenda Item 4 and Agenda Item 5

- Total remuneration for Directors for which approval is being requested at this General Meeting of Shareholders (maximum amount)

(Millions of yen)

	Before revision		After revision (156 <sup>th</sup> fiscal year onwards)	
	Inside Director	Outside Director	Inside Director	Outside Director
Base remuneration	468	72	(i) 322	109
Short-term performance-linked remuneration		–	245	–
Medium- to long-term performance-linked remuneration	–	–	(ii) 173	–

- (i) Remuneration for which approval is being requested according to the agenda item 4 at this General Meeting of Shareholders.
- (ii) Remuneration for which approval is being requested according to the agenda item 5 at this General Meeting of Shareholders.
- \* The remuneration amount before revision represents the monthly amount of up to 45 million yen (of which up to 6 million yen is allocated to Outside Directors) converted into the annual amount.
- \* With regard to the medium- to long-term performance-linked remuneration, while the Company requests the approval for the amount of contributions to the trust of up to 519 million yen for the three fiscal years, the above table shows the amount that was converted into the amount for one fiscal year in consideration of comparison with the base remuneration and short-term performance-linked remuneration.

If the agenda items 4 and 5 are approved and adopted as originally proposed at this General Meeting of Shareholders, the Company plans to revise the remuneration system with a greater focus on strengthening the links to the business results and increasing corporate value and shareholder value over the medium- to long-term. For related information, refer to “Notice Regarding the Introduction of Performance-Linked and Share-Based Remuneration System for Officers in Line With the Revision of Officer Remuneration System” on our website (<https://www.yamato-hd.co.jp/english/index.html>).

[Reference]

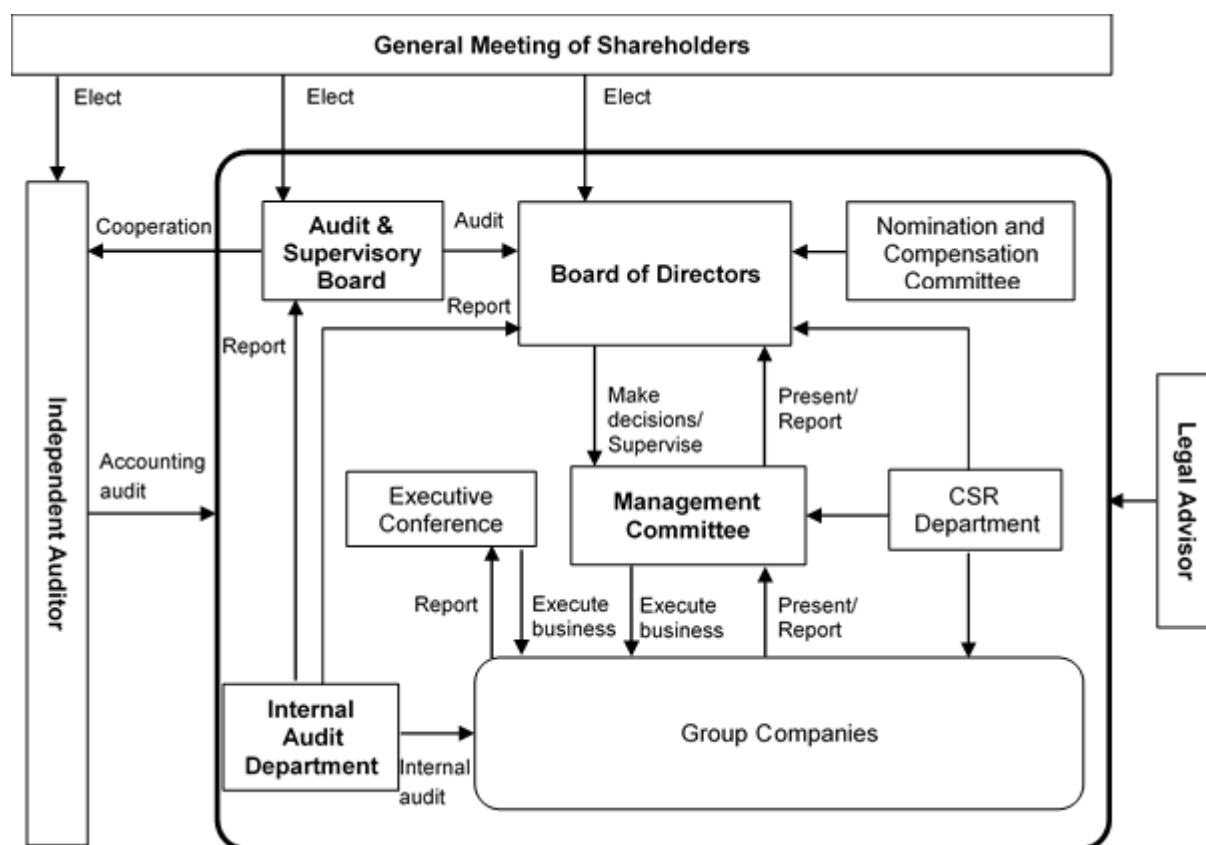
### Basic Views on Corporate Governance

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

### Corporate Governance System

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

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



(Attached Documents)

## **Business Report**

(From April 1, 2019 to March 31, 2020)

### **1. Status of the Corporate Group**

#### **(1) Operating Performance**

In the fiscal year ended March 31, 2020, the economic environment deteriorated substantially from January 2020 onward due to the global spread of COVID-19, despite gradual economic recovery having held course amid underlying strengths in corporate earnings until the nine months of the fiscal year ended March 31, 2020. The outlook for economic recovery both in Japan and overseas remains unknown given uncertainties as to the potential pace of COVID-19 transmission ahead and timing as to when the pandemic might subside.

Meanwhile, amid a scenario of e-commerce market expansion brought about by rapidly changing styles of consumption, in addition to the severe business environment of logistics industry continued during the nine months of the fiscal year ended March 31, 2020, as a result of factors that included tightening of the domestic labor market and a slowdown in personal spending due to effects of Japan's consumption tax hike, from January 2020 onward, the logistics industry encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade amid the spread of COVID-19, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Ramifications of this situation with respect to the business environment going forward remain uncertain.

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 "Work Style Reform" 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." At the same time, we have been continuing to provide our logistics services such as those of our TA-Q-BIN business in a manner that places top priority on safety of our customers and employees in terms of addressing the spread of COVID-19.

In the Delivery Business, we worked to strengthen cost controls while engaging in adequate pricing initiatives and promoting sales to new customers in order to regain profitability. Moreover, we have been taking steps to ensure consistent operations of our TA-Q-BIN network, as an element of social infrastructure, in a manner that addresses changes in demand and logistics brought about by spread of COVID-19.

In the non-delivery businesses, we took steps to expand our existing service offerings by making the best use of the strengths of the Group companies, while also strengthening account management on a Group-wide basis as we aggressively promoted solution sales for addressing customers' business challenges.

Our consolidated financial results for the fiscal year ended March 31, 2020 were as follows.

(Millions of yen)				
Item	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change	Growth (%)
Operating revenue	1,625,315	1,630,146	4,831	0.3
Operating profit	58,345	44,701	(13,644)	(23.4)
Ordinary profit	54,259	40,625	(13,633)	(25.1)
Profit attributable to owners of the Parent	25,682	22,324	(3,358)	(13.1)

As mentioned above, operating revenue amounted to 1,630,146 million yen, up 4,831 million yen from the previous fiscal year.

This is largely attributable to an increase in the TA-Q-BIN unit price, amid promotion of structural reforms in the Delivery Business. Operating expenses amounted to 1,585,445 million yen, up 18,475 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 structure.

As a result, operating profit amounted to 44,701 million yen, down 13,644 million yen from the previous fiscal year.

Ordinary profit amounted to 40,625 million yen, largely attributable to having recorded impairment of goodwill relating to the affiliates overseas as a share of loss of entities accounted for using equity method.

As a result, profit attributable to owners of the Parent amounted to 22,324 million yen, down 3,358 million yen from the previous fiscal year.

### Initiatives for the entire Yamato Group

- (i) The Yamato Group took steps on a Group-wide basis to develop a vibrant working environment, which is more “employee-friendly” and “rewarding,” centered on the “Office for Work Style Reform” 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 “Work Style Reform” in order to practice “Inclusive Management,” a Yamato Group founding principle. Moreover, we have pursued 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 for a robust corporate culture. We worked on enhancing efficiency and credibility in operations, by improving our transport structure and digital technologies to enable visual monitoring of operating amount. We actively engaged in ESG-related initiatives for achieving sustainable growth, which has involved implementing safety and environmental measures, undertaking efforts to prosper communities, and taking drastic and comprehensive measures to rebuild Group governance.
- (iii) To further evolve our “Value Networking” design, we strove to craft 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 have made 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, and have been striving to strengthen account management on a Group-wide basis.
- (iv) In our business looking toward global markets, we worked to collaborate among five regions, Japan, East Asia, South East Asia, Europe and the Americas. Meanwhile, we also strengthened our capabilities in each geographic region to respond to the growth of cross-border logistics, and also took steps to strengthen management of our businesses that involve global operations. In addition, we actively promoted 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 continuously worked to establish an environment that ensures customers ease in picking up and sending their parcels. We have been actively promoting efforts to build an open-type network of parcel lockers, and have worked on other efforts for the development of next-generation logistics services including utilization of automated driving technologies. Moreover, in order for addressing social issues such as the intensifying labor shortage, and better responding to the rapidly expanding e-commerce demand, we have engaged in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in carrying out structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.
  - (vi) We have engaged in reform of the Group management structure geared to achieving sustainable growth, and have accordingly formulated our transformation plan “YAMATO NEXT100” which will serve as a grand design for management of the Group over the medium to long term going forward. At the same time, we have promoted enhancement of customer contact points and otherwise gave rise to the digital transformation (DX) of TA-Q-BIN looking to improve productivity, while also took steps to build logistics services by collaborating with major e-commerce business operators with our sights set on establishing an e-commerce (EC) ecosystem.

## Business strategies of each business segment

### Delivery

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

Category	(Million parcels / units)			
	Fiscal year ended	Fiscal year ended	Change	Growth (%)
	March 31, 2019	March 31, 2020		
TA-Q-BIN	1,803	1,799	(3)	(0.2)
Kuroneko DM-Bin	1,211	987	(224)	(18.5)

- (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) Until the nine months of the fiscal year ended March 31, 2020, we continued to face a severe business environment as a result of factors that included tightening of the domestic labor market and a slowdown in personal consumption due to effects of Japan’s consumption tax hike, amid a scenario of e-commerce market expansion brought about by rapidly changing styles of consumption. Under those circumstances, we worked to strengthen cost controls while engaging in adequate pricing initiatives and promoting sales to new customers in order to regain profitability. In addition, we have been engaging in

streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in carrying out structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation. From January 2020 onward, we encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade amid the spread of COVID-19, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Under those circumstances, we have been taking steps to ensure consistent operations of our TA-Q-BIN network, as an element of social infrastructure, in a manner that addresses changes in demand and logistics.

- (iii) In the growing e-commerce market, we expanded sales of the “TA-Q-BIN Compact” and “Nekopos” services which enable customers to send small parcels simply in respond to diversifying needs brought about by changing customer lifestyles, and have proceeded with offering a greater number of drop-off points for sending parcels by collaborating with multiple flea market websites. During the fiscal year under review, we have been continuing to work in conjunction with flea market websites and e-commerce companies to provide greater convenience by developing a service environment where individual customers ship merchandise easily from convenience stores and PUDO station open-type parcel lockers, and offering a service environment enabling customers who have purchased a product to specify either a TA-Q-BIN Center, convenience store or PUDO station as a location for pick-up. As for individual customers, we promoted efforts to increase sales of services enabling customers to complete TA-Q-BIN sending procedures using their smartphones, and providing them with access to features such as online payment settlement and anonymous delivery.
- (iv) With respect to corporate clients, we accurately pinpointed managerial challenges and actively proposed solutions to address those challenges. During the fiscal year under review, we have been continuing to strengthen account management in coordinated efforts of the Group, and boosting profitability by making proposals that provide high added value using the Group’s business resources.
- (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 1,310,067 million yen, up 1.0% from the previous fiscal year owing to a higher TA-Q-BIN unit price amid promotion of structural reforms in the Delivery Business. Operating profit amounted to 27,249 million yen, down 33.2% from the previous fiscal year mainly due to an increase in personnel expenses and despite a decrease in commission expenses.

## **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 e-commerce, we are offering various one-stop services including placing and accepting orders, visual monitoring of inventories for customers and enabling speedier shipments. Moreover, we have been providing services to medical device-related business operators that help such customers revolutionize logistics through our comprehensive support extending beyond delivery to encompass cleaning, maintaining and relending surgical equipment returned by hospitals. During the fiscal year under review, we

promoted efforts to increase sales of this service, particularly among our existing customers.

- (iii) Operating revenue amounted to 143,934 million yen, down 2.4% from the previous fiscal year mainly due to a decrease in our handling of some customer business as a result of carrying out adequate pricing initiatives in services designed for e-commerce. Operating profit was 4,975 million yen, up 49.5% from the previous fiscal year mainly as a result of overhauling distribution centers.

### **Home Convenience**

- (i) Given the situation where there were inappropriately billings to corporate clients for moving-related services provided to their employees, Home Convenience Business continued to take steps to prevent a recurrence of such incidents through efforts that have included fundamentally overhauling the moving business and revamping product design. During the fiscal year under review, we started providing individual customers with our new “My Moving” moving-related services for single people, and accordingly worked to improve quality and expand the service territory.
- (ii) Operating revenue amounted to 27,805 million yen, down 16.8% from the previous fiscal year mainly due to a decrease in moving demand as a result of the spread of COVID-19, in addition to effects of having suspended moving-related services. As for profits, the segment posted an operating loss of 10,061 million yen.

### **e-Business**

- (i) In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology. In addition to the conventional information technologies, we are promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations to accelerate growth of the Yamato Group businesses.
- (ii) 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 promoted efforts to expand sales of the “Multi-value Charge Service” which facilitates payments to individuals from business enterprises involved in second-hand item purchasing and e-commerce returned merchandise, and accordingly enables such individuals to receive cashless payments in the form of e-money and other options of their choice.
- (iii) Operating revenue amounted to 30,579 million yen, up 15.0% from the previous fiscal year mainly generated from our outsourcing services that have in part involved establishing systems for cashless reward point operations accompanying Japan’s consumption tax hike, and also due to progress achieved with respect to expanding sales of our “IT Asset Management Optimization Service” involving total support encompassing everything from equipment procurement to asset management of personal computers and other information technology assets. Operating profit was 10,668 million yen, up 22.1% from the previous fiscal year.

## 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, with respect to our “Kuroneko Pay After Delivery Services,” we have been taking steps to expand sales of the “smartphone-based payment” feature that enables users to select from various payment options displayed on their smartphone device after having received products, which is in addition to the already available “payment slip-based payment” feature whereby a payment slip is sent by postal mail to the customer who has made a purchase.
- (iii) Operating revenue amounted to 77,072 million yen, down 3.6% from the previous fiscal year mainly due to a decrease in “TA-Q-BIN Collect” delivery amount due to 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 6,322 million yen, up 1.3% from the previous fiscal year mainly due an absence of the loss on valuation of inventories in the lease service business recognized in the previous fiscal year.

## Autoworks

- (i) In the Autoworks Business, we provide value to logistics operations and logistics service providers in the form of “improvement of vehicle maintenance convenience” and “reduced maintenance expenses,” as well as 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) During the fiscal year under review, we achieved greater use of maintenance services as a result of having carried out initiatives to increase sales of such services through close communication with customers.
- (iii) Operating revenue amounted to 24,922 million yen, down 4.1% from the previous fiscal year mainly as a result of a decrease in fuel sales volume. Operating profit was 4,295 million yen, down 3.1% from the previous fiscal year.

## Other

- (i) The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-amount delivery. During the fiscal year under review, 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 14.7% from the previous fiscal year to 1,893 million yen.



## ESG Initiatives

- (i) The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. Accordingly, its transport safety management practices in that regard involve drawing up its Safety Management Regulations, building up its transport safety management systems, and formulating fiscal year plans, all centered on respective Group companies whose main operations involve transport. During the fiscal year under review, the entire Yamato Group including its overseas operations carried out the “Zero Traffic Accidents Campaign,” and Yamato Transport Co., Ltd. held the “9th Nationwide Safety Competition,” in order to improve safety awareness on a Group-wide basis and engaged in efforts to heighten safety awareness and improve driving skills. 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 3.40 million people have now participated.
- (ii) 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 promoted management in conformity with compliance and worked on the Group-wide initiatives with respect to “Work Style Reform” through developing a vibrant 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. As a result, we have made progress particularly in terms of reducing total working hours and improving the rate of annual paid vacation acquisition, as well as improving employees’ awareness regarding work.
- (iii) The Yamato Group carried out drastic and comprehensive measures to rebuild Group governance, with the aim of enhancing sound Group management, with efforts being spearheaded by our “Group Governance Project” in place at the Company. During the fiscal year under review, in order to foster a sense of ethics throughout the Group, further instill our corporate philosophy, and promote such practices in our operations, we partially revised our Corporate Stance, which constitutes our corporate philosophy, as well as our Employee Code of Conduct, and furthermore implemented ethics education for all of our employees. Meanwhile, we also engaged in efforts that entailed developing personnel who are responsible for strengthening merchandise inspection systems of the overall Group and enhancing compliance at our respective Group companies.
- (iv) The Yamato Group recognizes climate change, air pollution, decrease of resources, and loss of biodiversity as important issues to address in order to realize a sustainable society. We have been implementing measures to address climate change by shifting to use of vehicles that produce lower carbon dioxide emissions, introducing small commercial-use EV trucks to our fleets, and handling collection and delivery in a manner that does not involve use of automobiles. During the fiscal year under review, we reduced carbon dioxide emissions by heightening the efficiency of our trunk-route transportation to major cities, and we extended the zone of operations served by our Super-Full Trailer SF25, which helps reduce long-haul driver workloads. Accordingly, such routes now also encompass Fukuoka Prefecture in Japan’s Kyushu region, in addition to the previous destinations of Kanagawa Prefecture in the Kanto region and Osaka in the Kansai region. 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 250 thousand participants so far.
- (v) Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on the concept of “Creating Shared Value (CSV).” During the fiscal year under review, we promoted our “combined passenger-cargo” operations using scheduled-route passenger buses and railways, thereby helping to improve lifestyle services for local residents by keeping scheduled bus and railway networks running in hilly

and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. With the aim of stimulating the economies of local regions while improving convenience for tourists, particularly for the increasing numbers of overseas visitors, etc., we promoted initiatives involving our hands-free travel service which has entailed expanding our offerings to include baggage check services and same-day delivery of tourists' luggage to their lodging facilities. For residents in suburban areas which are undergoing changes with respect to people's life stages, we have been providing support for community development geared to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf. 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. The number of the Yamato Group's initiatives, including the ones under discussion, totaled 1,102.

- (vi) Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can freely enjoy a lifestyle as a member of each community. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.
- (vii) The Yamato Group has positioned the theme "Sustainability initiatives – Management embodying the environment and society" as one element of its business transformations under its transformation plan "YAMATO NEXT100" formulated in January 2020, which is to serve as a grand design for the Group's management over the medium to long term. The Yamato Group cites dual visions in terms of paving the way to a sustainable future, one of which is "Connect. Deliver the Future via Green Logistics" and the other of which is, "Through Co-Creation and Fair Business Activities, Help Create a Society That Leaves No One Behind." Underpinned by those two visions, we will take steps to address material issues that have been identified with the aim of increasing the efficiency of transportation and providing delivery that is better for the planet, our lifestyles, and the economy, by attentively connecting people with resources and data.

## Yamato Group Sustainability Initiatives – Management Embodying the Environment and Society

Under its two visions for a sustainable future, the Yamato Group will achieve the next level logistics friendly to the environment, society, and economy by attentively connecting people; resources and data, and increasing the efficiency of transportation.

### ■ Vision: Connect. Deliver the Future via Green Logistics

By leveraging cutting-edge connections between data, people, and resources, we will increase the efficiency of transportation and provide delivery that is better for the planet, our lifestyles, and the economy. We will support a strong, smart society by striving toward carbon neutrality and by creating business models based on sustainable resource use and consumption.

Materiality	Priority	Goal	Value Created
Energy & Climate	Carbon neutrality	<ul style="list-style-type: none"> <li>Carbon neutrality by 2050<sup>*1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Driving renewable energy growth by stimulating demand</li> <li>Mitigating climate risk such as natural disasters</li> <li>Promoting widespread use of innovative low-carbon technologies</li> <li>Facilitating the availability of low-carbon products</li> </ul>
Atmosphere	Logistics that protect the atmosphere	<ul style="list-style-type: none"> <li>Reduction of air pollutants from vehicles (reduction of NOx and PM from urban area deliveries)</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to the health of local communities by preventing air pollution</li> <li>Utilizing data to optimize transportation, thereby reducing traffic</li> </ul>
Resource Conservation & Waste	Resource efficient logistics and business	<ul style="list-style-type: none"> <li>Use environmentally friendly materials, and shift to delivery using reusable and minimal packaging</li> </ul>	<ul style="list-style-type: none"> <li>Shifting to a circular economy by creating resource recovery networks</li> <li>Improving efficiency and economic gains by leveraging the sharing economy</li> </ul>
Resilience of Companies & Society	Logistics infrastructure that promotes a society in harmony with the environment	<ul style="list-style-type: none"> <li>Strengthened collaboration to combat environmental changes</li> </ul>	<ul style="list-style-type: none"> <li>Fostering collaboration to support a sustainable society</li> <li>Improving society's resilience to climate change</li> <li>Promoting a low-carbon society through smart mobility</li> </ul>

<sup>\*1</sup> Emissions from the Yamato Group: Scope 1 (direct emissions) and Scope 2 (indirect emissions from use of electricity and other forms of power).

### ■ Initiatives to Achieve the SDGs

The Yamato Group supports international initiatives for building a sustainable society. Toward this end, we became a signatory of the UN Global Compact in April 2014.

The Sustainable Development Goals (SDGs) adopted by the UN in September 2015 represent a set of common targets for the international community to achieve together by 2030. The Yamato Group is now working through its businesses to solve the many urgent social issues facing the world indicated in the SDGs.

■ **Vision: Through Co-Creation and Fair Business Activities, Help Create a Society That “Leaves No One Behind”**<sup>\*2</sup>

As a social infrastructure company, Yamato Group will contribute to improving the quality of life (QOL) of various people, including employees and customers, by reducing and eliminating various inequalities and obstacles in society. We will do this by delivering goods and value to everyone through fair and efficient business processes. By promoting digital innovation and our strengths offline, as well as co-creation with various partners, we will be a leader in solving social challenges and creating a society that leaves no one behind.

<sup>\*2</sup> To leave no one behind: Basic philosophy of the SDGs

Materiality	Priority	Goal	Value Created
Labor	Creating work environments that are fair, worker-friendly, and engaging	<ul style="list-style-type: none"> <li>• Achieve “Decent Work”<sup>*3</sup> by 2030 by creating workplaces that are employee friendly and that foster employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling employee work-life balance</li> <li>• Promoting physical and mental health of employees</li> <li>• Ensuring enough workers to continue stable business activities</li> <li>• Providing a model of industry best practices related to labor practices</li> </ul>
Human Rights & Diversity	Creating a vibrant society that respects human rights and diversity	<ul style="list-style-type: none"> <li>• Empowerment of socially vulnerable people</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting a society where human rights are respected and protected</li> <li>• Sparking innovation through diverse ideas</li> <li>• Creating job opportunities for diverse individuals, including women and people with disabilities</li> <li>• Reducing and eliminating of social inequality and obstacles</li> </ul>
Safety & Security	Ensuring road and occupational safety, improving quality of services and business processes	<ul style="list-style-type: none"> <li>• Establish business processes that can significantly reduce accidents on the road and at worksites</li> </ul>	<ul style="list-style-type: none"> <li>• Creating safe cities</li> <li>• Ensuring health and safety of employees</li> <li>• Providing a sense of security and well-being</li> </ul>
Data Utilization & Security	Robust information security, utilization of data from operating vehicles and from transportation for social impact	<ul style="list-style-type: none"> <li>• “Creating Shared Value” by utilizing data</li> </ul>	<ul style="list-style-type: none"> <li>• Protecting personal data (respecting human rights)</li> <li>• Solving environmental and social challenges</li> </ul>
Supply Chain Management	A resilient and sustainable supply chain that considers the environment and society	<ul style="list-style-type: none"> <li>• Build a resilient and robust supply chain and co-creation model</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing to ensure appropriate and stable business activities</li> <li>• Mitigating reputational risks</li> <li>• Creating synergy from environmental conservation activities</li> <li>• Providing an efficient and robust labor practices model</li> </ul>

Materiality	Priority	Goal	Value Created
Community	Building strong communities through co-creation	<ul style="list-style-type: none"> <li>Build a business model that accelerates the revitalization of local economies</li> </ul>	<ul style="list-style-type: none"> <li>Revitalizing local economies</li> <li>Improving Japan's global competitiveness through regional revitalization</li> <li>Building a foundation for co-creation of a sustainable society</li> </ul>

\*3 Decent work: Work that dignity, equality, fair income, and safe working conditions. This is a goal set by the ILO (International Labor Organization), and is also implemented in the SDGs and the Japanese government's strategy.

## Examples of major initiatives for our materialities

Environment	Materiality	Energy and Climate	Priority	Carbon neutrality
	Goal	Carbon neutrality by 2050 <sup>*1</sup>		

<sup>\*1</sup> Emissions from the Yamato Group: Scope 1 (direct emissions) and Scope 2 (indirect emissions from use of electricity and other forms of power)

### Shifting to low-carbon vehicles

The Yamato Group is promoting greenhouse gas (GHG) emissions reduction by monitoring energy consumption, conducting analysis, and taking a variety of measures including shifting to low-carbon vehicles such as hybrid vehicles and electric vehicles (EV), and using electrically power assisted bicycles and hand-pushed trolleys for pickup and delivery services in urban areas. Although we own 33,146 low-emission vehicles as of March 2020, since the fiscal year ended March 31, 2020, we have been gradually introducing 500 small-sized commercial-use EV, which can be driven without a medium-sized vehicle driver's license. Going forward, to accelerate the efficiency of home deliveries and CO<sub>2</sub> emission reductions, we will proactively promote the development and introduction of next-generation mobility, including EVs, with the aim of introducing around 5,000 such vehicles, which is half of our small-sized pickup and delivery vehicles, by 2030.

### Making trunk-route transportation more efficient and promoting cooperative transport

The Yamato Group is reducing CO<sub>2</sub> emissions by making trunk-route transportation to major cities more efficient and introducing the Super-Full Trailer SF25 (a 25-meter-long connected trailer) which helps reduce the workload of long-distance transportation drivers. Since March 2020, we have increased the area covered by these trailers from the previous Kanto (Kanagawa Prefecture) to Kansai (Osaka Prefecture) route to extend as far as Kyushu (Fukuoka Prefecture). We are also conducting joint trunk-route transportation with other logistics companies using the Super-Full Trailer SF25. As this initiative was accredited by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in March 2019 under a law relating to logistics efficiency, it qualifies for subsidy aimed at improving efficiency. Going forward, the Group will continue to contribute to the greater efficiency of transportation and a reduction in fuel consumption for the industry as a whole.

Social	Materiality	Community	Priority	Building strong communities through co-creation
	Goal	Build a business model that accelerates the revitalization of local economies		

### **Providing lifestyle support utilizing locations in the community**

Amid the declining birthrate and aging population, the population of Japan is centralizing in certain urban areas while thinning out in regional communities. In such communities, it is anticipated that community members will face various lifestyle-related issues going forward due to the rapid progression of the aging population. Leveraging its management resources, the Yamato Group has been operating the “Nekosapo lifestyle support service” since April 2016 to provide more comfortable lives for the people living in Tokyo’s Tama New Town area. We also opened “Nekosapo Station Terrace Mall Matsudo” at Terrace Mall Matsudo, a large-scale retail facility in Chiba Prefecture, in October 2019. Despite the aging of its population in the large-scale housing complex area established in the 1960s, Matsudo City has become popular among dual-income households and families raising children in recent years due to its easy access to central Tokyo. We are promoting urban development with the aim of enabling community members of all ages to live comfortably and with peace of mind. We have been collaborating with local governments, local companies, etc. to provide lifestyle-related services, including providing support for housework and shopping needs on behalf of local residents, with the aim of being a community base that connects a variety of generations living within the community.

### **Promoting “combined passenger-cargo” operations to improve lifestyle services for local residents**

Yamato Transport Co., Ltd. has been conducting “combined passenger-cargo” operations with the goal of improving lifestyle-related services for local residents by maintaining bus networks and increasing the efficiency of logistics in various regions nationwide. It is also promoting the stimulation of economies of local regions while improving convenience for tourists by providing a “hands-free travel” service using this initiative in a portion of tourist areas. In February 2020, we launched a “combined passenger-cargo” service for making TA-Q-BIN deliveries via bus routes operated by Kokusai Kogyo Company Limited in Hanno, Saitama Prefecture. While factors such as a declining population have reduced passenger numbers, making it difficult to maintain existing bus routes, this initiative has created a new source of revenue for Kokusai Kogyo Company Limited in delivering TA-Q-BIN parcels while also reducing the hours that sales drivers of Yamato Transport Co., Ltd. spend driving, freeing up time which they can use to improve service quality by enhancing communication with customers. Furthermore, it also contributes to a reduction in CO<sub>2</sub> emissions. Going forward, we will continue to revitalize local communities and find solutions for issues faced by regions such as those with aging and declining populations.

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

As a social infrastructure provider, the Yamato Group will confront social issues. In order to continuously contribute to the realization of a prosperous society by creating a “new logistics ecosystem” that meets the needs of customers and society, we will tackle the issues below based on our transformation plan “YAMATO NEXT100,” which has been formulated as a grand design and is the framework for management over the medium to long term.

- (i) In response to the spread of COVID-19 and to ensure that customers can use TA-Q-BIN with peace of mind, we are making sure that employees practice full hygiene management, implementing contact-free deliveries and other infection prevention measures when interacting with customers, and using our website and other channels to share information. We will strive to continue providing logistics services, including TA-Q-BIN, with the safety of customers and employees as the top priority.
- (ii) In order to further enhance a management structure that enables us to confront customer and social needs, we will reorganize from our current structure based on functions to a new structure that is based on four customer segments (Retail, Regional Corporate, Global Corporate, and EC), and we aim to realize management that can carry out timely responses centered on the perspective of our customers by reducing the distance between management and our frontline personnel to realize swift decision making. We will also continue to carry out measures to strengthen Group governance, including inspecting all of the Group’s products and services, monitoring the operation of the whistle-blower system, and implementing ethics education for employees, with the aim of enhancing sound Group management.
- (iii) In order to promote “Inclusive Management” that enables frontline personnel to focus more on our customers, we will shift to a data-driven management style. We will advance the digital transformation of our TA-Q-BIN service to realize a stable revenue base for the service and create an environment that allows sales drivers to spend more time for providing services for customers. We will use data analysis and AI to improve the accuracy of demand and operating amount forecasts, optimize and standardize our transport and delivery process and overall operations, and increase the productivity of collections, deliveries, and trunk-route transportation. At the same time, we aim to increase the productivity of sorting operations over our entire logistics network by introducing a sorting system that uses digitalization and robotics to innovate existing sorting processes.
- (iv) In response to social needs, we will work toward the establishment of an EC (e-commerce) ecosystem which capitalizes on the high growth potential of the EC market by creating a logistics service that caters specifically to the shift to EC in various industries. Through co-creation with EC businesses and logistics operators, we can combine external delivery resources with the Yamato Group’s bases and digital foundation to provide an EC delivery service that meets the various needs of EC businesses, customers, and deliverers, while building an open digital platform that collectively controls all processes, including ordering, transportation, deliveries, inventory management, settlement, and returns.
- (v) In order to strengthen corporate logistics business with the aim of realizing new growth, we will combine the Group’s management resources for corporate business, such as specialist human resources at each Group company, logistics and distribution functions, and the trunk-route transportation network connecting our distribution centers, to promote customer-orientated account management while also continuing to strengthen management of our businesses that involve global operations. We will also build a database to strengthen our ability to propose corporate logistics solutions based on highly accurate, real-time information and develop solutions that optimize the entire supply chains of our corporate clients.
- (vi) We will strike a balance between sustainable growth and the development of a sustainable society by promoting sustainability initiatives and practicing management embodying the environment and society. Under “Connect. Deliver the Future via Green Logistics” and



“Through Co-Creation and Fair Business Activities, Help Create a Society That Leaves No One Behind,” our two visions for a sustainable future, we will achieve logistics that are friendly to the environment, society, and economy by attentively connecting people, resources, and data, and making transportation more efficient.

- (vii) We will bring about an employee-friendly, rewarding working environment where employees can take a vibrant approach to work, heighten employee satisfaction, and become a company where a diverse range of talent will choose to work by continuing initiatives such as building appealing personnel systems, adopting a performance evaluation scheme that facilitates a vibrant approach to work by rewarding employee independence and autonomy, and re-establishing an educational system.

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	FY2017/3 152 <sup>nd</sup>	FY2018/3 153 <sup>rd</sup>	FY2019/3 154 <sup>th</sup>	FY2020/3 155 <sup>th</sup>
Operating revenue	1,466,852	1,538,813	1,625,315	1,630,146
Profit attributable to owners of the Parent	18,053	18,231	25,682	22,324
Basic earnings per share (Yen)	45.37	46.24	65.14	56.78
Total assets	1,114,672	1,114,870	1,123,659	1,100,739
Net assets	545,559	557,586	573,388	562,835
Net assets per share (Yen)	1,367.51	1,395.74	1,435.15	1,441.20

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

### (4) Delivery Volume of Small Parcels

(Million parcels / units)				
Item	FY2017/3 152 <sup>nd</sup>	FY2018/3 153 <sup>rd</sup>	FY2019/3 154 <sup>th</sup>	FY2020/3 155 <sup>th</sup>
TA-Q-BIN	1,867	1,836	1,803	1,799
Kuroneko DM-Bin	1,542	1,464	1,211	987

## (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, 2020 totaled 64,739 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 (4,573 units)	15,580
		Konan Building	4,620
Financial	Yamato Lease Co., Ltd.	Purchase of vehicles for leasing	23,515

## (7) Financing Activities

Not applicable.

## (8) Principal Creditors

		(Millions of yen)
Creditors	Outstanding borrowing	
Mizuho Bank, Ltd.		39,000
Sumitomo Mitsui Banking Corporation		20,500
MUFG Bank, Ltd.		20,000

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

## (9) Employees

		(Persons)
Business area	Number of employees	Changes from previous fiscal year-end
Delivery	202,770	(371)
BIZ-Logistics	8,181	(26)
Home Convenience	4,790	145
e-Business	3,495	(2)
Financial	799	(10)
Autoworks	2,211	47
Other	2,699	37
Total	224,945	(180)

Note: The above numbers include 126,201 part timers (a year-on-year decrease of 1,337).

## (10) Vehicles

		(Units)
Business area	Number of vehicles	Changes from previous fiscal year-end
Delivery	50,878	2,385
BIZ-Logistics	1,016	(10)
Home Convenience	1,553	(289)
e-Business	57	0
Financial	965	239
Autoworks	807	(3)
Other	1,218	(21)
Total	56,494	2,301

## (11) Major Subsidiaries

Business area	Company	Share capital	Ownership	Principal business activities
		(Millions of yen)	(%)	
Delivery	Yamato Transport Co., Ltd.	50,000	100.00	TA-Q-BIN; Kuroneko DM-Bin
	Okinawa Yamato Transport Co., Ltd.	50	100.00	TA-Q-BIN, Kuroneko DM-Bin in Okinawa
	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
Autoworks	Yamato Lease Co., Ltd.	30	100.00	General lease services
	Yamato Autoworks Co., Ltd.	30	100.00	Vehicle management service business; vehicle maintenance service; sales of fuel and auto parts; repair and sales of freezers, refrigerators and cargo-handling delivery equipment; agent services for nonlife insurance

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

Note: On April 1, 2020, Yamato Lease Co., Ltd. was excluded from the scope of consolidation following the transfer of a portion of its shares held by the Company.

Note: The status of a specified wholly owned subsidiary company as of March 31, 2020 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	524,956

## (12) Major Offices

Business area	Company	Head office location	Number of offices (stores)
Delivery	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	7,376
	Okinawa Yamato Transport Co., Ltd.	Itoman City, Okinawa	40
	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	305
BIZ-Logistics	Yamato Logistics Co., Ltd.	Chuo-ku, Tokyo	86
	Yamato Global Logistics Japan Co., Ltd.	Chuo-ku, Tokyo	71
	YAMATO TRANSPORT U. S. A., INC.	California, U.S.A.	25
Home Convenience	Yamato Home Convenience Co., Ltd.	Chuo-ku, Tokyo	172
e-Business	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	32
Financial	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	43
	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	53
Autoworks	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	106
Other	Yamato Holdings Co., Ltd.	Chuo-ku, Tokyo	1
	YAMATO BOX CHARTER CO., LTD	Chuo-ku, Tokyo	61
	YAMATO (CHINA) CO., LTD	Shanghai, China	1
	YAMATO INVESTMENT (HONG KONG) LIMITED	Hong Kong	1
	YAMATO ASIA PTE. LTD.	Singapore	1

Note: On April 1, 2020, Yamato Lease Co., Ltd. was excluded from the scope of consolidation following the transfer of a portion of its shares held by the Company.

## 2. Overview of Shares (As of March 31, 2020)

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

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

(3) Number of Shareholders: 52,713 persons

### (4) Principal Shareholders

Shareholders	Number of shares owned	Ownership percentage
	(Thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,817	12.15
Japan Trustee Services Bank, Ltd. (Trust Account)	30,770	7.99
Yamato Employees' Shareholding Association	22,265	5.78
Nippon Life Insurance Company	14,770	3.83
Meiji Yasuda Life Insurance Company	14,327	3.72
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	11,230	2.92
Mizuho Bank, Ltd.	10,247	2.66
Yamato Trading-Partner Shareholding Association	8,432	2.19
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,761	1.76
JP MORGAN CHASE BANK 385151	6,233	1.62

Notes: 1. Although the Company holds 26,124,409 of its own shares as treasury shares, it is excluded from the above list of principal shareholders.

2. Ownership percentage is calculated exclusive of own shares.

### 3. Officers and Executives

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

Position	Name	Responsibilities and important concurrent positions at other organizations
Chairperson of the Board of Directors	Masaki Yamauchi	
Representative Director, Executive Officer and President	Yutaka Nagao	
Representative Director, Executive Officer and Vice President	Haruo Kanda	Responsible for overseeing Management, Assistant to President, responsible for Shared Value Creation and Internal Audit
Representative Director, Executive Officer and Vice President	Kenichi Shibasaki	Responsible for overseeing Managing Section
Director	Masakatsu Mori	Senior Advisor of the International University of Japan (IUJ) Outside Director of Stanley Electric Co., Ltd. Outside Director of Kirin Holdings Company, Limited
Director	Mariko Tokuno	Outside Director of Happinet Corporation Outside Director of Mitsubishi Materials Corporation
Director	Yoichi Kobayashi	
Director	Shiro Sugata	Special Corporate Advisor of USHIO INC. Outside Director of JSR Corporation Outside Director of Yokogawa Electric Corporation
Full-time Audit & Supervisory Board Member	Yoshihiro Kawasaki	
Full-time Audit & Supervisory Board Member	Mamoru Matsuno	
Audit & Supervisory Board Member	Hiroyuki Kanae	Partner of Anderson Mori & Tomotsune 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. Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi and Shiro Sugata serve as 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. Mamoru Matsuno, Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his experience in internal auditing duties over many years.
  5. Hiroyuki Kanae, Audit & Supervisory Board Member, possesses considerable insight into finance and accounting related matters through his services as an attorney.
  6. 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.
  7. Yoichi Kobayashi, Director, resigned from his position as Vice Chairman of ITOCHU Corporation on June 30, 2019.
  8. Hiroyuki Kanae, Audit & Supervisory Board Member, holds an important concurrent position at Anderson Mori & Tomotsune, a law firm that provides legal consultation services to the Company. However, the total value of these services during the current fiscal year was less than 0.1% of operating revenue.  
There are no significant relationships between the Company and the other organizations where concurrent positions are held by other Outside Directors and Outside Audit & Supervisory Board Members.
  9. On March 1, 2020, there were changes in responsibilities as follows:



Position	Name	Before	After
Representative Director, Executive Officer and Vice President	Haruo Kanda	Responsible for overseeing Management, Assistant to President, responsible for Regional Co-creation Project	Responsible for overseeing Management, Assistant to President, responsible for Shared Value Creation and Internal Audit
Representative Director, Executive Officer and Vice President	Kenichi Shibasaki	Supervisor of ESG Strategy, Marketing Strategy, Public Relations Strategy, Financing Strategy, Investor Relations Strategy, and Legal Strategy, and responsible for Internal Audit	Responsible for overseeing Managing Section

## (2) Limited Liability Agreements

The Company's Articles of Incorporation allow for the conclusion of agreements with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members limiting liability stipulated in the Companies Act, Article 423, paragraph (1). Thus, the Company has concluded Limited Liability Agreements with Directors, Masakatsu Mori, Mariko Tokuno, Yoichi Kobayashi and Shiro Sugata, 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	418	Including 58 million yen for 5 Outside Directors
Audit & Supervisory Board Members	5	70	Including 22 million yen for 2 Outside Audit & Supervisory Board Members
Total	15	488	

### 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	Masakatsu Mori	Attended all 16 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 all 16 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 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	Shiro Sugata	Attended all 12 meetings of the Board of Directors held after June 25, 2019 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 16 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 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 14 of 16 meetings of the Board of Directors held in the fiscal year under review, and offered necessary comments based on his expertise and rich experience in finance and accounting. Furthermore, he attended all 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 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)	16
(3) Remuneration to be paid to the Accounting Auditor by the Company and subsidiaries	282

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

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

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

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

### (4) Non-Audit Services

The Company entrusts the Accounting Auditor with advisory services, etc. for the Group's reorganization as non-audit services outside the scope of services prescribed in the Certified Public Accountant Act, Article 2, paragraph (1).

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

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

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

- 1) Corporate framework ensuring that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the proper business operation of the corporate group consisting of the Company and its subsidiaries
  - i. To ensure that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and to ensure the proper business operation of the Company and each Group company, the Company has established the “Group Corporate Philosophy” and the “Statement of Compliance.” The Representative Director of the Company is responsible for ensuring that 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 declares it shall have no relationship with antisocial forces, and shall station employees to perform related businesses in the CSR Department of the Company and each Group company. The CSR Department makes systematic efforts in collaboration with outside specialized institutions, such as police and attorneys, to prevent antisocial forces from being involved in management and prevent possible damage caused by antisocial forces.
- 2) Framework for storing and managing information related to execution of duties by directors of the Company

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

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

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

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

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

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

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

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

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

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

- 1) Execution of duties by directors

The Board of Directors holds 16 meetings which are attended by the directors and audit & supervisory board members. Those in attendance adopt resolutions on individual proposals in accordance with decision-making standards, and also discuss matters and make resolutions with respect to issues of managerial importance encompassing areas such as growth strategy, investment, capital management policy and human resources strategy.

- 2) Compliance

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

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

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

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

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

3) Risk management

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

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

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

4) Audit structure

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

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

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

As a pure holding company, the Company conducts its business with the goal of maximizing the entire Group’s corporate value. Accordingly, with respect to the appropriation of surplus, the Company’s policy is to pay dividends with the goal of having a payout ratio of 30% of profit attributable to owners of the 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, 2020)

(Millions of yen)

Assets		Liabilities	
<b>Current assets</b>	<b>542,884</b>	<b>Current liabilities</b>	<b>408,811</b>
Cash and deposits	197,226	Notes and accounts payable - trade	147,081
Notes and accounts receivable - trade	213,980	Short-term borrowings	75,500
Accounts receivable - installment	46,088	Current portion of bonds payable	10,000
Lease receivables and investments in leases	53,886	Lease obligations	3,578
Inventories	4,215	Income taxes payable	20,377
Other	28,925	Deferred installment income	5,028
Allowance for doubtful accounts	(1,439)	Provision for bonuses	35,866
		Other	111,379
<b>Non-current assets</b>	<b>557,855</b>		
<b>Property, plant and equipment</b>	<b>423,835</b>	<b>Non-current liabilities</b>	<b>129,093</b>
Buildings and structures	153,561	Long-term borrowings	14,000
Machinery and equipment	21,835	Lease obligations	21,760
Vehicles	20,831	Deferred tax liabilities	2,064
Land	175,158	Retirement benefit liability	79,230
Leased assets	22,759	Other	12,037
Construction in progress	6,417		
Other	23,270	<b>Total liabilities</b>	<b>537,904</b>
<b>Intangible assets</b>	<b>20,965</b>		
Software	18,182	<b>Net assets</b>	
Other	2,782	<b>Shareholders' equity</b>	<b>551,024</b>
<b>Investments and other assets</b>	<b>113,054</b>	Share capital	127,234
Investment securities	40,310	Capital surplus	36,813
Long-term loans receivable	5,723	Retained earnings	441,746
Leasehold deposits	18,670	Treasury shares	(54,770)
Retirement benefit asset	123	<b>Accumulated other comprehensive income</b>	<b>4,148</b>
Deferred tax assets	45,611	Valuation difference on available-for-sale securities	8,157
Other	4,176	Foreign currency translation adjustment	(317)
Allowance for doubtful accounts	(1,562)	Remeasurements of defined benefit plans	(3,692)
		<b>Non-controlling interests</b>	<b>7,662</b>
		<b>Total net assets</b>	<b>562,835</b>
<b>Total assets</b>	<b>1,100,739</b>	<b>Total liabilities and net assets</b>	<b>1,100,739</b>

## Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

<b>Operating revenue</b>	<b>1,630,146</b>
Operating cost	1,526,102
<b>Operating gross profit</b>	<b>104,043</b>
Selling, general and administrative expenses	59,342
<b>Operating profit</b>	<b>44,701</b>
Non-operating income	
Interest and dividend income	1,095
Other revenue	1,281
	2,377
Non-operating expenses	
Interest expenses	422
Share of loss of entities accounted for using equity method	4,168
Other	1,861
	6,452
<b>Ordinary profit</b>	<b>40,625</b>
Extraordinary income	
Gain on sales of non-current assets	7,954
Gain on sales of investment securities	1,299
Other	8
	9,262
Extraordinary losses	
Loss on retirement of non-current assets	424
Impairment loss	990
Loss on valuation of investment securities	2,347
Loss on liquidation of business	1,206
Other	338
	5,306
<b>Profit before income taxes</b>	<b>44,581</b>
Income taxes-current	23,025
Income taxes-deferred	(1,346)
	21,678
<b>Profit</b>	<b>22,902</b>
Profit attributable to non-controlling interests	578
<b>Profit attributable to owners of the Parent</b>	<b>22,324</b>

## Consolidated Statement of Comprehensive Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

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Profit	22,902
Other comprehensive income	
Valuation difference on available-for-sale securities	(4,927)
Foreign currency translation adjustment	198
Remeasurements of defined benefit plans, net of tax	(613)
Share of other comprehensive income of entities accounted for using equity method	(273)
Total other comprehensive income	<u>(5,616)</u>
Comprehensive income	<u>17,285</u>
 (Breakdown)	
Comprehensive income attributable to owners of the Parent	17,091
Comprehensive income attributable to non-controlling interests	194

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## Consolidated Statement of Changes in Equity

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance as of April 1, 2019	127,234	36,813	431,497	(39,085)	556,459
Cumulative effects of changes in accounting policies			(640)		(640)
Restated balance	127,234	36,813	430,856	(39,085)	555,819
Changes during period					
Dividends of surplus			(11,433)		(11,433)
Profit attributable to owners of the Parent			22,324		22,324
Purchase of treasury shares				(15,685)	(15,685)
Disposal of treasury shares		(0)	(0)	0	0
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	10,890	(15,684)	(4,794)
Balance as of March 31, 2020	127,234	36,813	441,746	(54,770)	551,024

(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, 2019	12,975	(515)	(3,078)	9,381	7,547	573,388
Cumulative effects of changes in accounting policies						(640)
Restated balance	12,975	(515)	(3,078)	9,381	7,547	572,748
Changes during period						
Dividends of surplus						(11,433)
Profit attributable to owners of the Parent						22,324
Purchase of treasury shares						(15,685)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(4,817)	197	(613)	(5,232)	114	(5,118)
Total changes during period	(4,817)	197	(613)	(5,232)	114	(9,913)
Balance as of March 31, 2020	8,157	(317)	(3,692)	4,148	7,662	562,835

## 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.

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: 19

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, GEDE ADVISORY INDONESIA and one other company were included in the scope of the equity method as GD EXPRESS CARRIER BHD., an affiliate accounted for using the equity method, newly acquired their 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, 2019 and March 31, 2020 that is the consolidated closing date.

#### **(5) Accounting Policies**

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

Available-for-sale securities

Securities with fair market value:

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

Securities without fair market value:

Stated at the cost by moving-average method

##### **2) Valuation Basis and Methods for Inventories**

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

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

Property, plant and equipment:  
(excluding leased assets)

Declining-balance method

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

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

Intangible assets:  
(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 Accounting Policies

Certain subsidiaries which apply the International Financial Reporting Standards adopted IFRS 16 Leases ("IFRS 16") from the fiscal year under review. In line with this adoption, lessees, in principle, recognize all leases as assets and liabilities on the balance sheet. In applying IFRS 16, retained earnings have been adjusted for the cumulative effects of changes in accounting policies at the beginning of the fiscal year under review resulting from the transitional treatment.

In addition, the effect of this application on the consolidated financial statements and per share information is immaterial.

## 3. Notes to the Consolidated Balance Sheet

**(1) Accumulated depreciation of property, plant and equipment: 520,368 million yen**

**(2) Balance of liabilities on guarantee**

Guarantee of obligation for debt financing: 175 million yen



#### 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 Land and others	Trading logistics services business of Yamato Global Logistics Japan Co., Ltd. (Chuo-ku, Tokyo) Other 16 premises	990

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

During the fiscal year under review, the Group recognized a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of trading logistics services business of Yamato Global Logistics Japan Co., Ltd. and 16 other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 990 million yen to extraordinary losses as an impairment loss.

A main breakdown of this decrease shows that 720 million yen was attributable to buildings and structures, 73 million yen was attributable to land and 66 million yen was attributable to software.

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 4.32%. 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)	17,065	9,059	0	26,124
Total	17,065	9,059	0	26,124

Note: The increase of 9,059 thousand shares of treasury shares of common shares resulted from an increase of 9,058 thousand shares due to the purchase of treasury shares and other increases.

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 15, 2019	Common shares	5,519	14	March 31, 2019	June 4, 2019
The Board of Directors Meeting on October 31, 2019	Common shares	5,914	15	September 30, 2019	December 10, 2019

#### 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 20, 2020	Common shares	10,015	Retained earnings	26	March 31, 2020	June 4, 2020

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

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

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

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

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

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

The table below shows the amounts recorded on the consolidated balance sheet as of March 31, 2020, 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	197,226	197,226	—
(2) Notes and accounts receivable - trade	213,980		
Allowance for doubtful accounts	(52)		
	213,927	213,503	(424)
(3) Accounts receivable - installment	46,088		
Allowance for doubtful accounts	(1,218)		
Deferred installment income	[5,028]		
	39,841	44,808	4,966
(4) Investment securities			
Available-for-sale securities	26,466	26,466	—
Shares of subsidiaries and associates	8,045	9,229	1,183
(5) Notes and accounts payable - trade	[147,081]	[147,081]	—
(6) Short-term borrowings	[75,500]	[75,497]	(2)
(7) Long-term borrowings	[14,000]	[14,001]	1

- 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 borrowings and (7) Long-term borrowings

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

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

(Millions of yen)

Classification	Amount on the consolidated balance sheet
Investment securities	
Shares of subsidiaries and associates	2,162
Others	3,636

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	1,441.20 yen
(2) Basic earnings per share	56.78 yen

## 8. Important Subsequent Matters

### Transactions, etc. under common control

At its meeting held on January 23, 2020, the Board of Directors resolved to reorganize the Company's management structure from that of a pure holding company to that of an operating company, upon conducting an absorption-type merger and absorption-type company split involving eight consolidated subsidiaries, including Yamato Transport Co., Ltd., on April 1, 2021. On the other hand, to avoid problems such as delays in various procedures due to the effect of the spread of COVID-19, resolutions were made at a meeting of the Board of Directors held on May 15, 2020 to change the details of absorption-type merger and absorption-type company split, to remove the Company from the parties of the said reorganization, and to perform reorganization involving the absorption-type merger and absorption-type company split between Yamato Transport Co., Ltd., which is a consolidated subsidiary of the Company, and seven consolidated subsidiaries, including Yamato Logistics Co., Ltd. and Yamato Global Logistics Japan Co., Ltd.

### 1. Overview of transactions

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

##### 1) Names, and contents of businesses, of the companies involved in the business combination

###### i. Surviving company

Name: Yamato Transport Co., Ltd.  
Content of business: Small parcel delivery services for the general public and corporations (TA-Q-BIN, Kuroneko DM-Bin, etc.)

###### ii. Disappearing company

Name: Yamato Global Express Co., Ltd.  
Content of business: Small parcel delivery services for corporations (domestic air cargo transport business, etc.)

Name: Yamato Logistics Co., Ltd.  
Content of business: Logistics services for corporations (total support services including logistics, medical products distribution services, maintenance support service, and recall support service)

Name: Yamato Global Logistics Japan Co., Ltd.  
Content of business: International air cargo service, handling of marine cargo, import/export customs clearance services, overseas lifestyle support services including international moving, fine art transport business

Name: Yamato Packing Service Co., Ltd.  
Content of business: Packing / cargo transportation services

Name: Yamato Packing Technology Institute Co., Ltd.  
Content of business: R&D and sale of packaging containers and materials

Name: Yamato Financial Co., Ltd.  
Content of business: Settlement services targeting business customers and general consumers (TA-Q-BIN Collect service, Internet total settlement service, etc.)

##### 2) Date of the business combination April 1, 2021 (planned)

##### 3) Legal form of the business combination Absorption-type merger with six subsidiaries, namely Yamato Global Express Co., Ltd., Yamato Logistics Co., Ltd., Yamato Global Logistics Japan Co., Ltd., Yamato Packing Service Co., Ltd., Yamato Packing Technology Institute Co., Ltd. and Yamato Financial Co.,

Ltd. as the disappearing companies and Yamato Transport Co., Ltd. as the surviving company.

- 4) Name of the company after the business combination  
The name will not change.
- (2) Absorption-type company split in which Yamato Transport Co., Ltd. is the successor company
  - 1) Names of businesses and the contents thereof
    - Name of business: Web-based Mail Order Solution Business of Yamato System Development Co., Ltd.
    - Content of business: Offering a package consisting not only of services related to launch of a mail order business, but also, to fully support the customer's business, creating a tailor-made IT system and managing it.
    - Name of business: Regional Operation Management Department of Yamato System Development Co., Ltd.
    - Content of business: Sales department
  - 2) Date of the business combination  
April 1, 2021 (planned)
  - 3) Legal form of the business combination  
Absorption-type company split with Yamato System Development Co., Ltd. as the splitting company and Yamato Transport Co., Ltd. as the successor company.
  - 4) Name of the company after the business combination  
The name will not change.
- (3) Overview of the transaction including its purpose  
The Company has formulated the transformation plan "YAMATO NEXT100." This plan has been formulated as a grand design, which is the framework of the next medium-term management plan, based on the results and challenges of the current medium-term management plan "KAIKAKU 2019 for NEXT100" and changes in the external environment. Based on this plan, in April 2021, the Company will shift its current management structure into a management structure comprised of four Business Divisions (Retail, Regional Corporate, Global Corporate, and EC) and four Functional Divisions, with the objective of reforming the current system of partial optimization of functional units to a fully optimized organization structured according to customer segments to further improve the speed of management.
2. Overview of accounting procedures to be applied  
The transaction will be accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

## Non-consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Assets		Liabilities	
<b>Current assets</b>	<b>193,519</b>	<b>Current liabilities</b>	<b>186,602</b>
Cash and deposits	77,832	Trade accounts payable	1,779
Trade accounts receivable	91	Short-term borrowings	70,000
Short-term loans receivable	106,365	Current portion of bonds payable	10,000
Income taxes receivable	7,953	Income taxes payable	34
Other	1,276	Accrued expenses	123
		Deposits received	103,777
		Provision for bonuses	110
		Other	777
<b>Non-current assets</b>	<b>331,437</b>	<b>Non-current liabilities</b>	<b>11,345</b>
<b>Property, plant and equipment</b>	<b>7,161</b>	Long-term borrowings	10,000
Vehicles	4	Deferred tax liabilities	1,107
Buildings	718	Provision for retirement benefits	89
Tools, furniture and fixtures	517	Other	148
Land	5,840		
Other	80		
		<b>Total liabilities</b>	<b>197,948</b>
		<b>Net assets</b>	
<b>Intangible assets</b>	<b>465</b>	<b>Shareholders' equity</b>	<b>321,846</b>
Software	378	Share capital	127,234
Other	87	Capital surplus	36,822
		Legal capital surplus	36,822
		Retained earnings	212,559
<b>Investments and other assets</b>	<b>323,810</b>	Other retained earnings	212,559
Investment securities	20,393	General reserve	188,965
Shares of subsidiaries and associates	291,880	Retained earnings brought forward	23,594
Long-term loans receivable	25,683	Treasury shares	(54,770)
Other	404		
Allowance for doubtful accounts	(10,561)	<b>Valuation and translation adjustments</b>	<b>5,161</b>
Allowance for investment loss	(3,990)	Valuation difference on available-for-sale securities	5,161
<b>Total assets</b>	<b>524,956</b>	<b>Total net assets</b>	<b>327,007</b>
		<b>Total liabilities and net assets</b>	<b>524,956</b>



## Non-consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

<b>Operating revenue</b>	<b>49,864</b>
Selling, general and administrative expenses	13,952
<b>Operating profit</b>	<b>35,911</b>
Non-operating income	
Interest and dividend income	1,254
Other revenue	29
	1,283
Non-operating expenses	
Interest expenses	89
Other	553
	643
<b>Ordinary profit</b>	<b>36,551</b>
Extraordinary income	
Compensation for delay damages	8
	8
Extraordinary losses	
Loss on valuation of investment securities	128
Loss on valuation of shares of subsidiaries and associates	5,725
Provision of allowance for doubtful accounts	10,561
Provision of allowance for investment loss	3,990
Other	343
	20,748
<b>profit before income taxes</b>	<b>15,811</b>
Income taxes-current	36
Income taxes-deferred	(394)
	(358)
<b>Profit</b>	<b>16,169</b>

## Non-consolidated Statement of Changes in Equity

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					
	Share capital	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, 2019	127,234	36,822	0	36,822	188,965	18,858
Changes during period						
Dividends of surplus						(11,433)
Profit						16,169
Purchase of treasury shares						
Disposal of treasury shares			(0)	(0)		(0)
Net changes in items other than shareholders' equity						
Total changes during period	–	–	(0)	(0)	–	4,735
Balance as of March 31, 2020	127,234	36,822	–	36,822	188,965	23,594

(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, 2019	207,824	(39,085)	332,796	8,701	341,497
Changes during period					
Dividends of surplus	(11,433)		(11,433)		(11,433)
Profit	16,169		16,169		16,169
Purchase of treasury shares		(15,685)	(15,685)		(15,685)
Disposal of treasury shares	(0)	0	0		0
Net changes in items other than shareholders' equity				(3,540)	(3,540)
Total changes during period	4,735	(15,684)	(10,949)	(3,540)	(14,489)
Balance as of March 31, 2020	212,559	(54,770)	321,846	5,161	327,007

## Notes to Non-consolidated Financial Statements

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

### 2. Summary of Significant Accounting Policies

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

Available-for-sale securities

Securities with fair market value:

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

Securities without fair market value:

Stated at the cost by moving-average method

Shares of subsidiaries and associates

Stated at the cost by moving-average method

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

Property, plant and equipment:

Primarily the straight-line method

Intangible assets:

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

#### (3) Accounting Method for Provision

Allowance for doubtful accounts:

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

Allowance for investment loss:

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

Provision for bonuses:

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

Provision for retirement benefits:

To provide for employees' retirement benefits, provision for retirement benefits is recorded based on the projected retirement benefit obligations and related pension assets as of the end of the fiscal year ended March 31, 2020.

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. Notes to the Non-consolidated Balance Sheet**

(1)	Accumulated depreciation of property, plant and equipment:	598 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:	425 million yen
(3)	Monetary receivables from, and monetary payables to, subsidiaries and associates	
	Short-term monetary receivables:	106,819 million yen
	Long-term monetary receivables:	24,643 million yen
	Short-term monetary payables:	104,349 million yen

**4. Notes to the Non-consolidated Statement of Income**

Transaction with subsidiaries and associates:	Operating revenue	49,790 million yen
	Operating expenses	2,035 million yen
	Non-operating transactions	715 million yen

## 5. 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)	17,065	9,059	0	26,124

Note: The increase of 9,059 thousand shares of treasury shares of common shares resulted from an increase of 9,058 thousand shares due to the purchase of treasury shares and other increases.

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.

## 6. Notes to Tax Effect Accounting

Detailed deferred tax assets and deferred tax liabilities

	(Millions of yen)
<b>Deferred tax assets</b>	
Provision for bonuses	33
Provision for retirement benefits	27
Loss on valuation of investment securities	726
Shares of subsidiaries and associates	48,655
Tax loss carried forward	481
Other	4,619
<b>Subtotal</b>	<b>54,543</b>
Allowance for devaluation	(53,984)
<b>Total</b>	<b>559</b>
<b>Deferred tax liabilities</b>	
Valuation difference on available-for-sale securities	(1,621)
Other	(45)
<b>Total</b>	<b>(1,667)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>(1,107)</b>

## 7. 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 2 persons
Subsidiaries	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	1,000	Domestic air cargo transport business	Direct holdings 100.00%	None
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 1 person
Subsidiaries	Yamato Home Convenience Co., Ltd.	Chuo-ku, Tokyo	480	Moving and lifestyle support services	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%	None
Subsidiaries	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	30	General lease services	Direct holdings 100.00%	Concurrent 1 person
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	7,287	—	—
			Repayment of working capital	8,676		
			Repayment of loans for capital funding	1,296	Short-term loans receivable	2,864
			Receipt of interest	13		
			Funding	(28,620)		
			Payment of interest	5	Deposits received	38,684
Subsidiaries	Yamato Global Express Co., Ltd.	Executive management	Funding	(782)		
			Payment of interest	0	Deposits received	6,069
Subsidiaries	Yamato Global Logistics Japan Co., Ltd.	Executive management  Loans for funding	Repayment of working capital	1,933		
			Loans for capital funding	1,450		
			Repayment of loans for capital funding	7,000	—	—
			Receipt of interest	16		
Subsidiaries	Yamato Home Convenience Co., Ltd.	Executive management  Loans for funding	Loans for working capital	11,132	Long-term loans receivable	13,927
			Receipt of interest	8		
Subsidiaries	Yamato System Development Co., Ltd.	Executive management	Funding	4,376		
			Payment of interest	1	Deposits received	19,793
Subsidiaries	Yamato Financial Co., Ltd.	Executive management	Funding	(11,628)		
			Payment of interest	1	Deposits received	18,902
Subsidiaries	Yamato Credit & Finance Co., Ltd.	Executive management  Loans for funding	Loans for working capital	6,500	Short-term loans receivable	6,461
			Repayment of working capital	391	Long-term loans receivable	6,500
			Receipt of interest	10		
Subsidiaries	Yamato Lease Co., Ltd.	Executive management  Loans for funding	Loans for working capital	20,000		
			Repayment of working capital	1,233	Short-term loans receivable	94,272
			Receipt of interest	118		
Subsidiaries	Yamato Autoworks Co., Ltd.	Executive management	Funding	(152)		
			Payment of interest	0	Deposits received	7,837

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) The amount of "Funding" records the net amount of increase or decrease during the period.
- 4) The dealing amount of working capital to Yamato Global Logistics Japan Co., Ltd. and Yamato Home Convenience Co., Ltd. records the net amount of increase or decrease during the period.
- 5) The dealing amount of repayment of working capital to Yamato Credit & Finance Co., Ltd. and Yamato Lease Co., Ltd. records the net amount of increase or decrease during the period.
- 6) To prepare for loss of business in subsidiaries, an allowance for doubtful accounts of 10,325 million yen for loans receivable was recorded in the fiscal year under review. As a result, the balance of allowance for doubtful accounts amounted to 10,325 million yen.

**8. Per Share Information**

- (1) Net assets per share
- (2) Basic earnings per share

848.90 yen

41.13 yen



(TRANSLATION)

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

### **INDEPENDENT AUDITOR'S REPORT**

May 15, 2020

**Deloitte Touche Tohmatsu LLC**  
**Tokyo Office**

Koichi Yano  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant  
(seal)

Yoshihiro Ishida  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant  
(seal)

Shinji Seki  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant  
(seal)

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

#### **Audit Opinion**

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements, namely, the Consolidated Balance Sheet as of March 31, 2020 of Yamato Holdings Co., Ltd. (the "Company"), and the Consolidated Statement of Income and Consolidated Statement of Changes in Equity for the fiscal year from April 1, 2019 to March 31, 2020, and the Notes to the Consolidated Financial Statements. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. and its consolidated subsidiaries (collectively, the "Group") as of March 31, 2020, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

#### **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial

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

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

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

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

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

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

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

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

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

#### Interest

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

End

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

(TRANSLATION)

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

**INDEPENDENT AUDITOR'S REPORT**

May 15, 2020

**Deloitte Touche Tohmatsu LLC**  
**Tokyo Office**

Koichi Yano  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant  
(seal)

Yoshihiro Ishida  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant  
(seal)

Shinji Seki  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant  
(seal)

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

**Audit Opinion**

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements, namely, the Non-consolidated Balance Sheet as of March 31, 2020 of Yamato Holdings Co., Ltd. (the "Company"), and the Non-consolidated Statement of Income and Non-consolidated Statement of Changes in Equity for the 155<sup>th</sup> fiscal year from April 1, 2019 to March 31, 2020, and the Notes to Non-consolidated Financial Statements and the accompanying supplemental schedules (collectively, the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. as of March 31, 2020, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these Financial Statements in

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

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

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

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

Our responsibilities are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Financial Statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these Financial Statements.

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

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

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

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

order to eliminate or reduce obstruction factors.

**Interest**

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

End

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

## Audit Report of the Audit & Supervisory Board

### AUDIT REPORT

Regarding the performance of duties by the Directors for the 155<sup>th</sup> business year from April 1, 2019 to March 31, 2020, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

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

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

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

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

## 2. Audit Results

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

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

### (2) Results of Audit of Non-consolidated Financial Statements and Supplemental 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 15, 2020

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

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



## **Access to the Venue**

**Date and time:** Tuesday, June 23, 2020, 10:00 a.m. (The reception desk will open at 9:00 a.m.)

**Meeting venue:** Seminar Room, Yamato Konan Building 10F,  
13-26, Konan 2-chome, Minato-ku, Tokyo

**TEL:** 03-3541-4141

**Please note that the venue of the 155<sup>th</sup> Ordinary General Meeting of Shareholders has been changed from last year.**

**The provision of gifts to attendants has been cancelled this year.**

- **Train**  
JR Line and Keikyu Line: 10 minutes walk from Shinagawa Station  
(Konan Exit (East Exit))
- **Bus**  
Toei Bus: 1 minute walk from Shokuniku-Shijō Mae bus stop

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

### **<Measures to prevent the spread of COVID-19>**

- In this General Meeting of Shareholders, in order to mitigate the risk of infection through physical contact at the venue, the Company will limit the number of shareholders who can attend to approximately 50 persons. Please understand that once the maximum number of shareholders is reached, you may not be admitted to enter even if you come to the venue.
- It is possible to exercise your voting rights by mailing the enclosed Voting Rights Exercise Form or via the Internet. Please consider the use of these methods.
- The Company will livestream the General Meeting of Shareholders over the Internet so that shareholders may view it from home. The Company also asks that you consider utilizing this method. For details regarding how to view the livestream, etc., please refer to the instructions that will be sent at a later date.
- Those who have a fever of 37.5 degrees Celsius or above, or appear to be unwell may be refused entry to the venue. In addition, it may take more time than usual to enter the venue.
- The Company asks that shareholders wear a face mask and disinfect their hands using alcohol disinfectant, etc. upon arriving at the venue. Shareholders who do not cooperate with wearing a face mask or disinfecting their hands may be refused entry to the venue.
- If future developments such as the situation regarding the spread of COVID-19 and announcements by the government ahead of the General Meeting of Shareholders necessitate a major change in the holding of the meeting or in the way the meeting will be run, the Company will revise the information at its website below as needed.  
<https://www.yamato-hd.co.jp/investors/stock/meeting/>