

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

Since its foundation in 1919, the Yamato Group has created a large number of services that were unprecedented in their time, starting with *TA-Q-BIN*. By doing so, the Group has established itself as a corporate group that serves as a crucial part of social infrastructure. As we have just moved beyond the significant milestone of our 100-year anniversary, we are seeing significant changes occurring rapidly in our business environment, including the diversification of customer expectations and needs, the shift to EC (e-commerce) in various industries, a decline in the overall population, the deterioration of infrastructure in rural communities, a shrinking workforce, and climate change and resource shortages. To realize a sustainable society under these circumstances, the active participation of corporations in the resolution of social and environmental issues is becoming even more important. Furthermore, the global spread of COVID-19 has accelerated changes to people's lifestyles and the structure of the logistics industry.

Under such an environment, the Yamato Group will transition to a "One Yamato" management structure, which will gather together the diverse management resources of each Group company, in April 2021. The Group will also work to provide value throughout the entire supply chain. By doing so, we will enhance convenience for our individual customers while supporting the overall management of our corporate clients to help them better respond to change. In addition, we will further strengthen our initiatives toward sustainability and promote the creation of "new logistics ecosystems" with the aim of resolving social issues as a crucial part of social infrastructure. Through these efforts, we will contribute to the creation of an enriched society, a goal laid out in our management philosophy, and realize sustainable growth and the improvement of corporate value.

Logistics Bases*¹

Approx. **200**

Domestic Parcel Delivery
Market Share*²

(Year Ended March 31, 2020)

No. **1** (42.0%)

Proportion of Japan Covered by
TA-Q-BIN Network

(As of March 2020)

100%

EAZY CREW*³

(As of January 2021)

Over **10,000**

TA-Q-BIN Centers*⁴

(As of March 2020)

Approx. **3,700**

Employees

(As of March 2020)

Approx. **224,000**

TA-Q-BIN Annual Delivery Amount

(Year Ended March 31, 2020)

Approx. **1.79 billion parcels**

Sales Drivers

(As of March 2020)

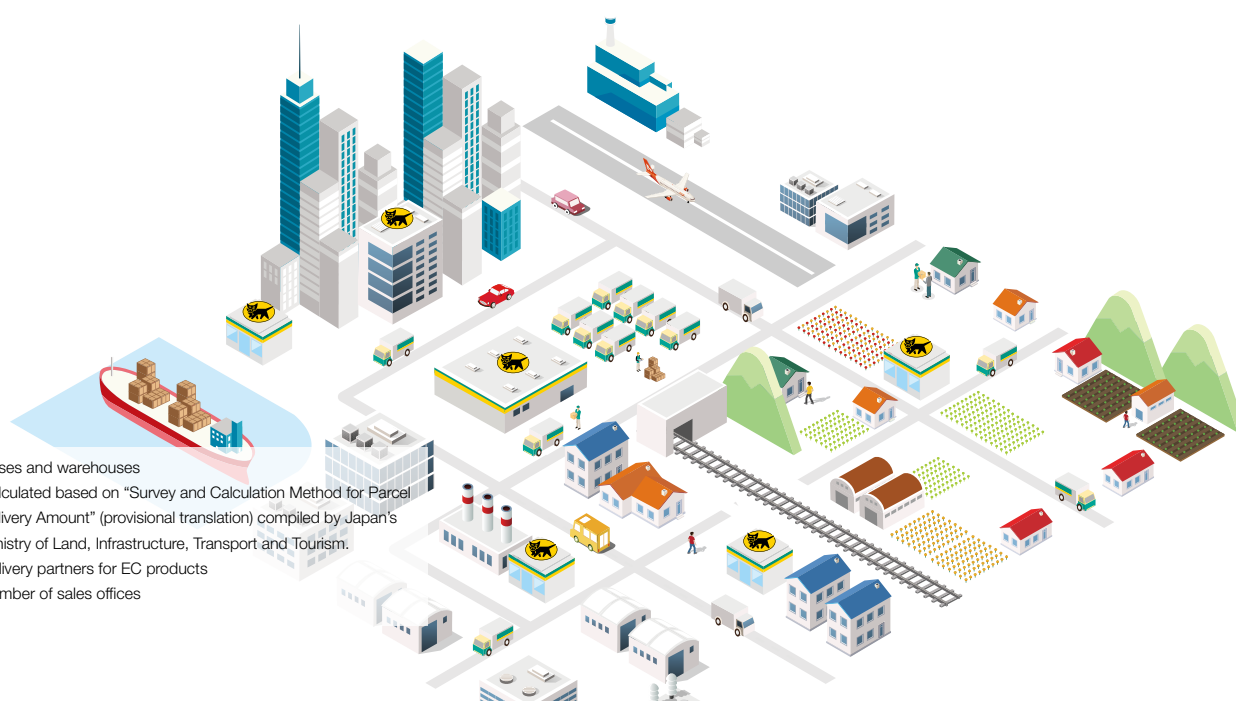
Approx. **60,000**

*1 Bases and warehouses

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

*3 Delivery partners for EC products

*4 Number of sales offices



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Forward-Looking Statements

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

Editorial Policy

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

Group Corporate Philosophy

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

Core Values

1. We all represent the Company.

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

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

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

3. We conduct ourselves both professionally and ethically.

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



Company founder
Yasuomi Ogura

Incorporating the Founding Spirit within Our Core Values

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

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

Management Philosophy

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

Overview of Our Group
Corporate Philosophy



Stakeholders

**Management
Philosophy**

Our Management Philosophy serves as the purpose for operating our businesses and provides the direction toward which we should aim as a company.

**Corporate
Stance**

Our Corporate Stance serves as our promise to society and represents our basic approach that we constantly implement with the aim of realizing our Management Philosophy.

**Employee Code of
Conduct**

The Employee Code of Conduct lays out the ideal approach and mindset that all members of the Yamato Group should have as they engage in their daily work in accordance with the Management Philosophy and Corporate Stance.

Yamato Corporate Philosophy

Core Values

Our Core Values encapsulate our fundamental way of thinking and can be considered as the spirit of our founding. Within our Group Corporate Philosophy, we position these Core Values as the foundation of the Yamato Group.

Value Creation Process

<p>Business Environment / Social Issues</p> <ul style="list-style-type: none"> • Diversification of customer expectations and needs • Rapid progress of EC adoption in various industries • Declining population and decaying regional infrastructure • Declining working population • Climate change and resource scarcity <p>Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic</p> <ul style="list-style-type: none"> • Lifestyles: Further growth of EC and shift to omni-channel approaches, including non-face-to-face interactions • Logistics structure: Total optimization of inventory and supply routes 	<p>Issues Facing the Yamato Group</p> <p>Management structure centered on TA-Q-BIN</p> <p>Strategies: TA-Q-BIN alone unable to accommodate rising demand from the EC market and corporate logistics</p> <p>Management Systems: Weak management structure for quick decision-making due to dependence on individual skills based on intuition and experience</p> <p>Organizational and Corporate Culture: The Yamato Group's sound culture, "Participatory Management," no longer practiced</p>
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Management Resources / Strengths

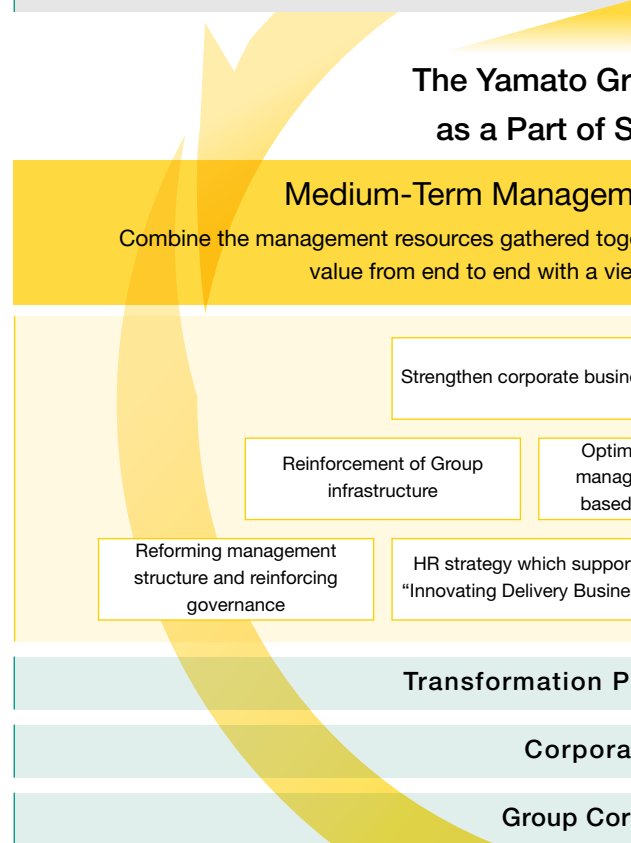
Customer Foundation	Corporate clients	▶ Number of client companies: Over 2 million ▶ <i>Yamato Business Members</i> : Approx. 1.3 million
	Consumers	▶ <i>Kuroneko Members</i> : Approx. 45 million
Human Resources	Sales representatives	▶ Account sales representatives and sales drivers: Over 60,000
	Customer representatives	▶ Guest operators and call center operators: Approx. 25,000
Logistics Network	Base network	▶ Bases and warehouses: Approx. 200 ▶ <i>TA-Q-BIN</i> centers: Approx. 3,700
	Transportation and delivery network	▶ Trunk-route, BtoB middle mile, <i>TA-Q-BIN/EAZY</i> last mile
Information	Physical and digital customer contact points	▶ Account sales representatives, sales drivers, guest operators, call center operators, <i>Kuroneko Members</i> , <i>Yamato Business Members</i>
	Data	▶ Cargo-related data: Over 2 billion parcels a year
Financial Foundation	Soundness	▶ Credit rating: AA-

Value Creation

For consumers: Further enhancing the convenience of delivery services

For corporate clients: Supporting corporate value by providing services that also providing support for manufacturing sales, and increasing the quality of life

For society: Reducing environmental burden and improving the quality of life



Guided by its Core Values, which represent the Group’s founding spirit, the Yamato Group aims to achieve the goal adopted under its Management Philosophy of contributing to an enriched society. Under the “One Yamato” management structure, we will gather together the management resources that we have long cultivated through our business activities, including our human resources, logistics networks, and customer foundation. Combining these resources in an optimal manner, we will provide value to our individual customers, corporate clients, and society as whole with a view toward transforming our supply chain to respond to the accelerating shift toward EC in all industries. Through these efforts, we will realize sustainable corporate value improvement.



We Provide

Enhancement of lifestyles
 Improvement (not only enhancing logistics efficiency but also management issues such as adjusting inventories, optimizing efficiency of back-office work)
 Resilience, enhancing environmental resilience, and improving

Group’s Important Role
Social Infrastructure

Management Plan “One Yamato 2023”
 Gather under “One Yamato” in an optimal manner to provide value toward transforming the supply chain

Business Process

- Creating the best solution for the “EC ecosystem”
- Promoting data and innovation strategies
- Improving capital efficiency
- Strengthening sustainable management

Management Plan “YAMATO NEXT100”

Corporate Governance

Corporate Philosophy

Targets (Fiscal year ending March 31, 2024)

Financial

- Consolidated operating revenues: **¥2,000 billion**
- Consolidated operating profit: **¥120 billion**
- Consolidated operating profit margin: **6.0%**
- Profit attributable to owners of parent: **¥72 billion**
- ROE: **10%** or higher

Environment / Social*

- Reduce GHG*¹ emissions: **-10%*²** compared with the fiscal year ending March 31, 2021
- Reduce GHG emission intensity: **-10%*²** compared with the fiscal year ending March 31, 2021
- Use of electricity generated via renewable energy sources: **30%**
- Improvement in operating revenue per employee*³: **+16%** compared with the fiscal year ending March 31, 2021
- Overtime hours per employee: **-20%** compared with the fiscal year ending March 31, 2021
- Annual paid leave utilization: **90%**
- Serious traffic accidents*⁴: **zero**
- Number of traffic accidents: **-50%** compared with the fiscal year ended March 31, 2020
- Serious occupational diseases*⁵: **zero**
- Reduce frequency of lost workday injuries: **-20%** compared with the fiscal year ended March 31, 2020

* Excerpts from Sustainable Medium-Term Plans 2023

*¹ Greenhouse gas
 *² In house emissions of consolidated companies in Japan and Swan Co., Ltd.
 *³ Converted number of employees based on different working hours
 *⁴ Fatal accidents for which the Company is responsible
 *⁵ Work-related deaths

Please see pages 30–33 for details on environmental and social targets.