

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

Since its founding in 1919 as Yamato Transport Co., Ltd., the Yamato Group has created a large number of services that were unprecedented 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. Recently, there have been major changes in the business environment surrounding Yamato. Against the background of the emergence and spread of COVID-19 and uncertain international circumstances, changes to consumption behavior and logistics structures have accelerated. Accordingly, the active participation of corporations in resolving social and environmental issues is becoming increasingly important to the achievement of a sustainable society.

Under these circumstances, the Yamato Group has transformed its business structure, which had been centered on our TA-Q-BIN services, and stepped up initiatives that aim to enable the provision of wide-ranging value covering the entire business process of customers. This transformation was based on our medium-term management plan "One Yamato 2023", which utilizes the One Yamato management structure to centralize the management resources of each Group company.

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.

Group Summary*

* The fiscal year ended March 31, 2022, or as of March 2022

Operating revenues

¥1,793.6 billion

Operating profit

¥77.1 billion

Operation facilities for corporate clients*1

Approx. 400

TA-Q-BIN sales offices

Approx. 3,500

Network coverage of TA-Q-BIN in Japan

100%

Overseas development

25 countries and regions

Number of employees

Approx. 216,000

Sales drivers

Approx. 60,000

Domestic parcel delivery market share*2

No. 1 (46.6%)

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

Approx. 2.27 billion parcels

EAZY annual delivery amount

Approx. 460 million parcels

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

*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

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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 available at the time this report was created. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, customer demand, foreign currency exchange rates, tax laws, and other regulations. Yamato Holdings therefore cautions readers that actual results may differ materially from these predictions.

Editorial Policy

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

Guidelines Referenced

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

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Group Corporate Philosophy

The Yamato Group's foundation lies in its Core Values, which serve as the spirit of the Group's founding and have remained unchanged since their establishment in 1931. Supported by our Group Corporate Philosophy, 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.

Management Philosophy

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

Core Values

1. We all represent the Company.

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

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

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

3. We conduct ourselves both professionally and ethically.

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



Company founder
Yasuomi Ogura

Incorporating the Founding Spirit within Our Core Values

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

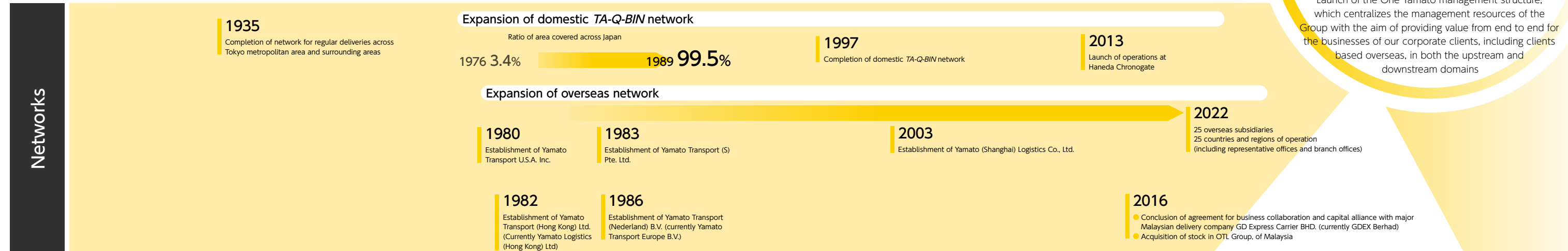
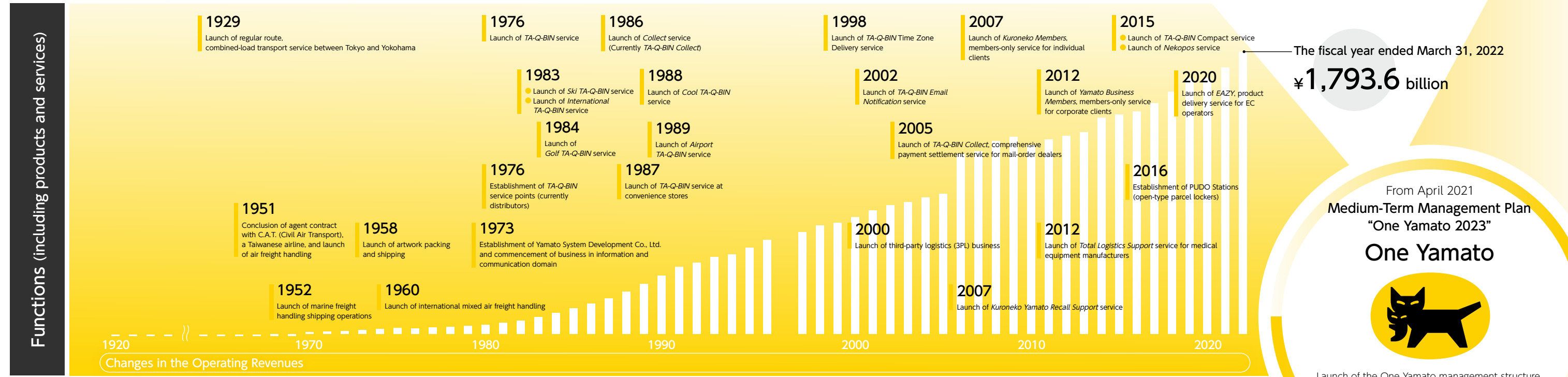
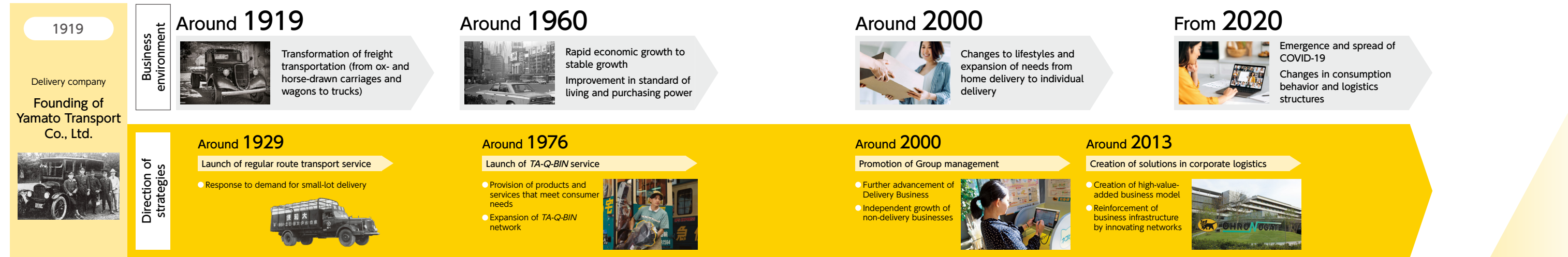
Personnel involved in our transport businesses work on their own individual routes on a daily basis, which means it can take a certain amount of time before the direction of upper management is communicated to them. Yasuomi Ogura believed that the independence of each employee who places importance on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

Overview of Our Group Corporate Philosophy



History of Expanding the Value We Provide

The Yamato Group, founded in 1919 as Yamato Transport Co., Ltd., has developed into what it is today by anticipating changes of the era and proposing products and services required by customers. After commencing a route-based, regular delivery service (Japan's first regular route transport service), we launched the *TA-Q-BIN* service to meet the delivery needs of countless customers. Today, we are working to further expand the value we provide to meet the needs of our customers and society under the One Yamato management structure in order to transform our supply chain in response to changes in consumption behavior and logistics structures.



Structural Reforms Aimed at Achieving Sustainable Growth

In light of the shift to EC (e-commerce) across all industries, which has been accelerated by changes in consumption behavior and logistics structures, the Yamato Group has commenced structural reforms aimed at realizing sustainable growth and the improvement of corporate value over the medium to long term. Based on the medium-term management plan "One Yamato 2023," which is set to conclude at the end of the fiscal year ending March 31, 2024, we are reviewing operational structures and promoting reforms in terms of both revenues and cost in accordance with the One Yamato management structure, which centralizes Group management resources.

Identification of Issues

The primary reason for commencing these reforms is that the Yamato Group's strategies, management systems, and organizational and corporate culture centered on *TA-Q-BIN* do not fully address customer and social needs regarding the rapidly changing business environment and steadily worsening social issues.

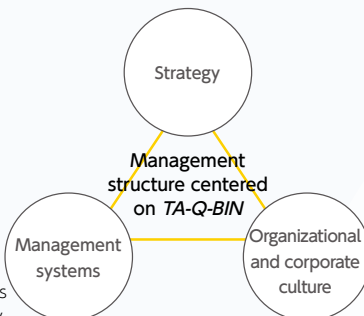
Business Environment / Social Issues

- Diversification of customer expectations and needs
- Rapid progress of EC (e-commerce) adoption in various industries
- Declining population and decaying regional infrastructure
- Declining working population
- Climate change and resource scarcity
- Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic

Consumer behaviors: 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

Issues with the Management Structure

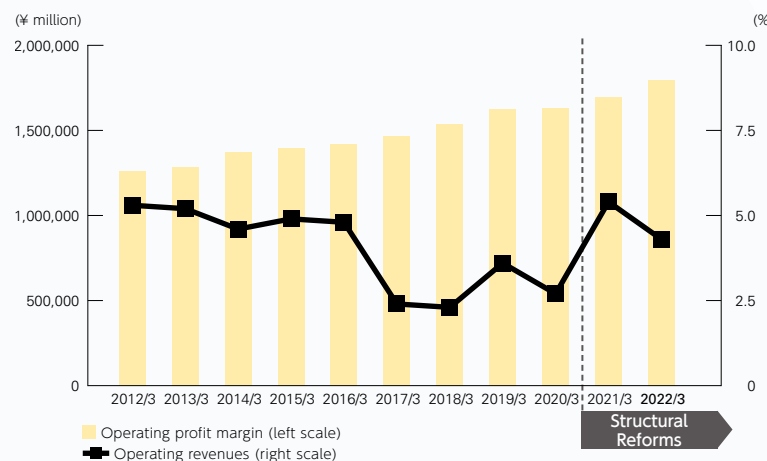


One Yamato



Comprises Yamato Transport, which has integrated **nine** Group companies, and operating companies in and outside of Japan

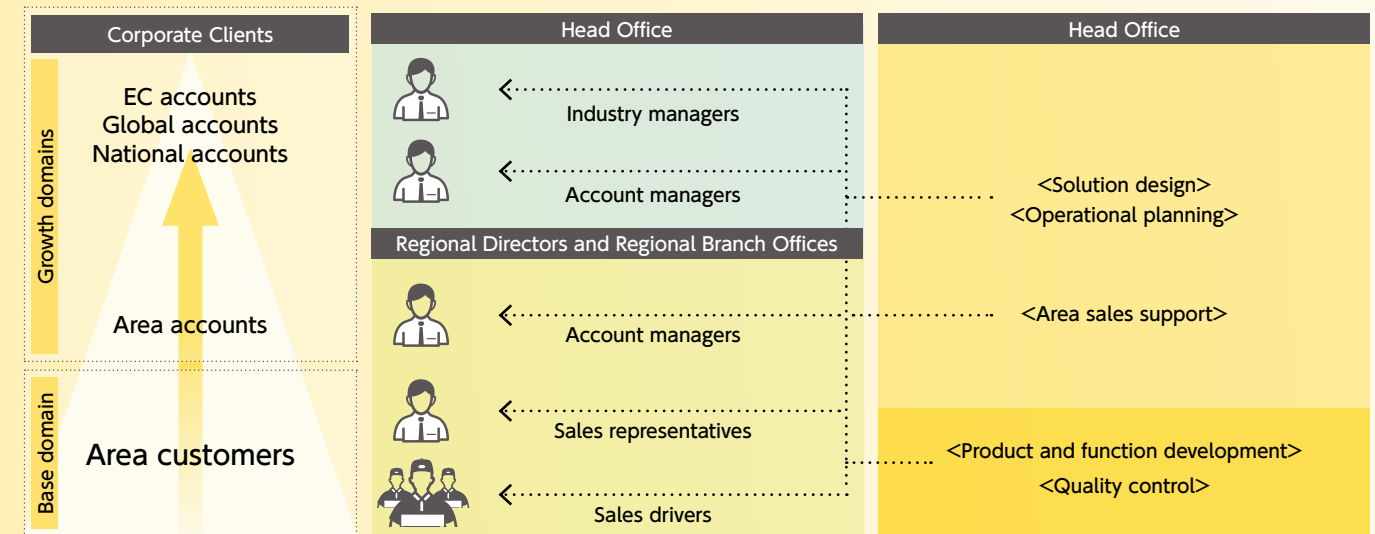
Changes in Operating Revenues and Operating Profit Margin



Aiming to be a company that provides value from end to end to the businesses of our corporate clients in both the upstream and downstream domains

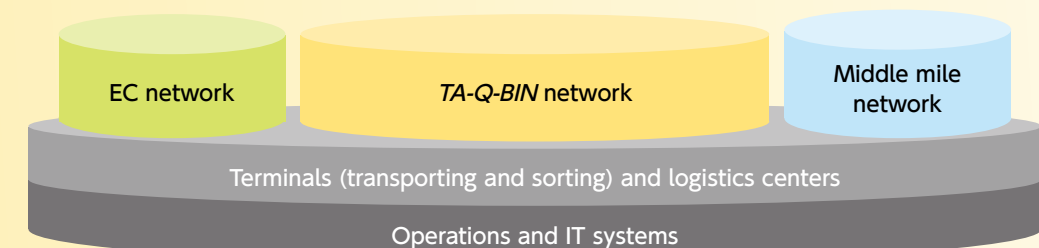
Provision of Value for Corporate Clients from End to End ▶ Please refer to page 20.

- Increase *TA-Q-BIN* revenues by providing value-added proposals to area customers that utilize their own broad customer base
- Increase revenues through comprehensive value provision to the business supply chains of account customers



Structural Reform of Networks and Operations ▶ Please refer to page 26.

- Create a dedicated last mile network that focuses on urban areas in response to growth in the EC domain, corporate domains, and refrigerated delivery services
- Optimize the *TA-Q-BIN* network based on the capacity of the new last mile network (consolidate and increase the size of bases)



- 1 Establish and develop EC logistics network
- 2 Establish middle mile network
- 3 Consolidation and enlargement of *TA-Q-BIN* sales offices
- 4 Launch dedicated refrigerated delivery bases
- 5 Reform operations and build IT systems

Value Creation Process

Business Environment / Social Issues

- 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

Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic

- **Consumption behavior:** 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

Our Vision

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



Sustainable corporate value improvement

Management Resources / Strengths (As of March 31, 2022)

Customer Foundation	Corporate clients	▶ Yamato Business Members: Approx. 1.48 million
	Consumers	▶ Kuroneko Members: Approx. 54 million
Human Resources	Sales representatives	▶ Account sales representatives and sales drivers: Approx. 60,000
	Customer representatives	▶ Guest operators and call center operators: Approx. 25,000
Logistics Network	Base network	▶ Corporate operation facilities: Approx. 400
	Transportation and delivery network	▶ Sales offices (TA-Q-BIN): Approx. 3,500 ▶ Last mile (TA-Q-BIN / EAZY / Middle mile) Global transportation (Forwarding / Asian cross-border land transportation)
Information	Physical and digital customer contact points	▶ Account sales representatives / sales drivers / guest operators / call center operators / Kuroneko Members / Yamato Business Members, etc.
	Data	▶ Over 2.2 billion parcels a year ▶ The Yamato Digital Platform (YDP)
Financial Foundation	Soundness	▶ Credit rating: AA-

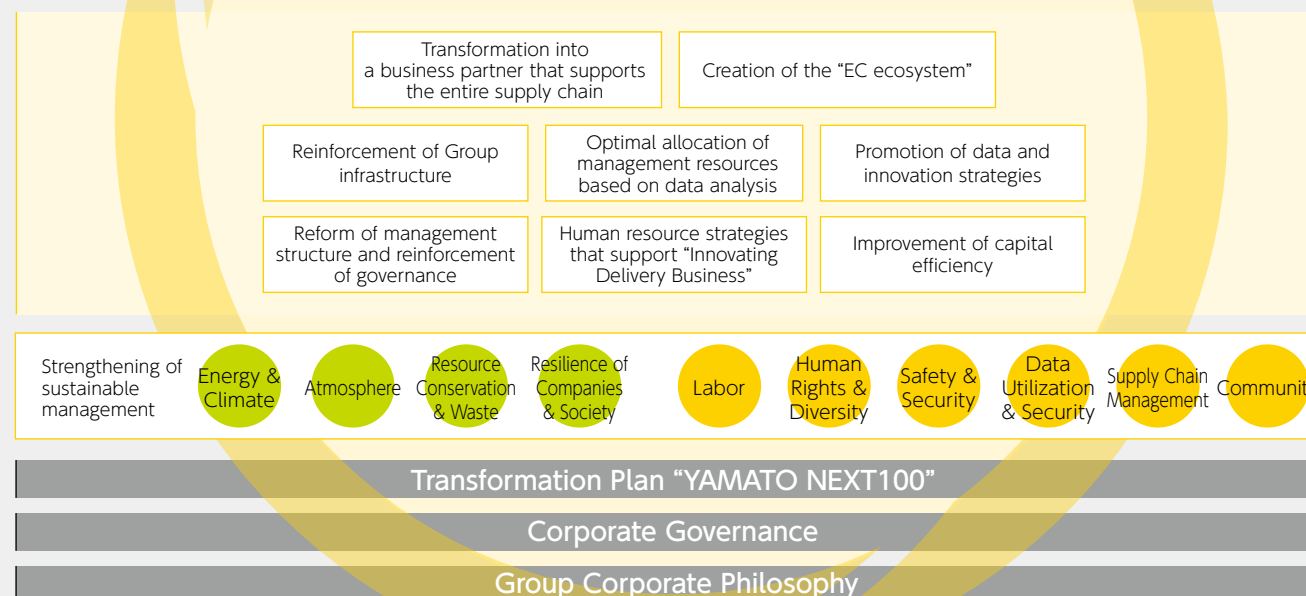
Value We Provide

- For consumers: **Further enhancing the convenience of lifestyles**
- For corporate clients: **Supporting corporate value improvement (not only enhancing logistics efficiency but also providing support for management issues such as adjusting inventories, optimizing sales, and increasing the efficiency of back-office work)**
- For society: **Reducing environmental burden, enhancing environmental resilience, and improving quality of life**

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

Medium-Term Management Plan "One Yamato 2023"

Combine the management resources gathered together under "One Yamato" in an optimal manner to provide value from end to end with a view toward transforming the supply chain



Targets (Fiscal year ending March 31, 2024)

Financial	Consolidated operating revenues: ¥2 trillion	
	Consolidated operating profit: ¥120 billion	
	Consolidated operating profit margin: 6.0% Profit attributable to owners of parent: ¥72 billion	
ROE: 10% or higher		
Environmental*	Reduce GHG* ¹ emissions: -10%*² compared with the fiscal year ended March 31, 2021	
	Reduce GHG emission intensity: -10%*² compared with the fiscal year ended March 31, 2021	
	Use of electricity generated via renewable energy sources: 30%	
* ¹ Greenhouse gas * ² In house emissions of consolidated companies in Japan and Swan Co., Ltd. (Scope 1 & Scope 2)		
Social*	Improvement in operating revenue per employee* ³ : +15% compared with the fiscal year ended March 31, 2021	
	Overtime hours per employee: -20% compared with the fiscal year ended March 31, 2021	
	Annual paid leave utilization: 90%	
	* ³ Converted number of employees based on different working hours	
	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		
* ⁴ Fatal accidents for which the Company is responsible * ⁵ Incident involving a fatality		

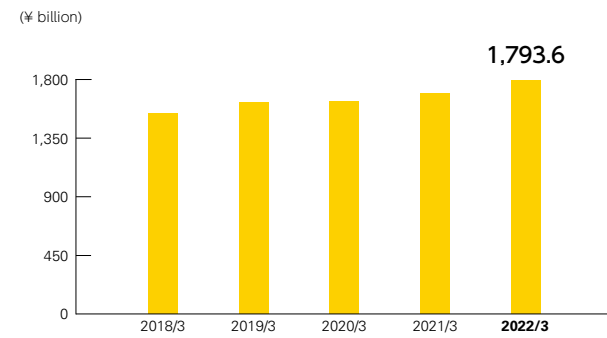
* Excerpts from "Sustainable Medium-Term Plans 2023"
Please see pages 34-35 for details on environmental and social targets.

Performance Highlights (Year Ended March 31, 2022)

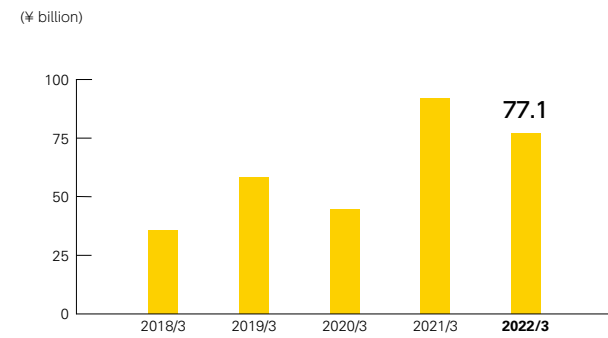
Financial Information

Operating revenues amounted to ¥1,793,618 million, up 5.8% year on year, owing to Yamato's focus on increasing the number of parcels handled by the Company and the optimization of logistics for corporate clients in response to the accelerated growth of the EC domain. As a result of increasing costs following the promotion of our medium-term management plan "One Yamato 2023" and the trend of rising fuel prices, operating profit came to ¥77,199 million, down 16.2% year on year. Profit attributable to owners of parent was ¥55,956 million, down 1.3% year on year, and ROE was 9.6%, decreasing 0.4 of a percentage point. This was due to recording gains on investments in investment partnerships and gains from sale of cross-shareholdings. However, there was also the cost of revising the system for employees' retirement benefits and a loss on sale of shares following the business transfer of associated companies, which reduced taxable income for the fiscal year ended March 31, 2022.

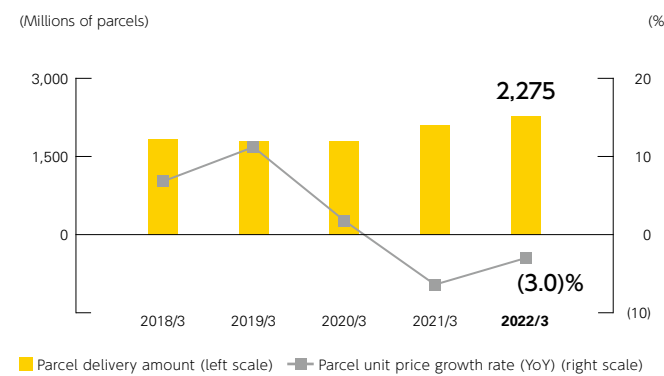
Operating Revenues



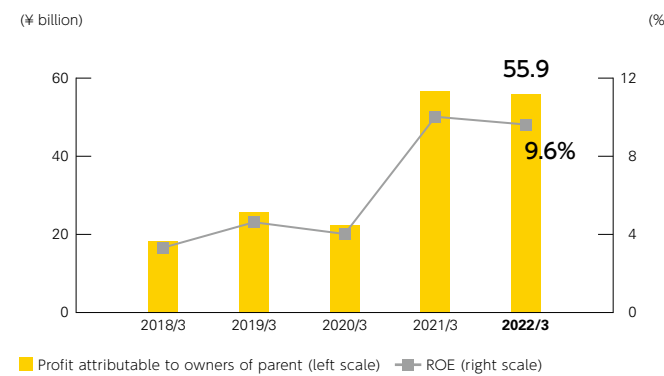
Operating Profit



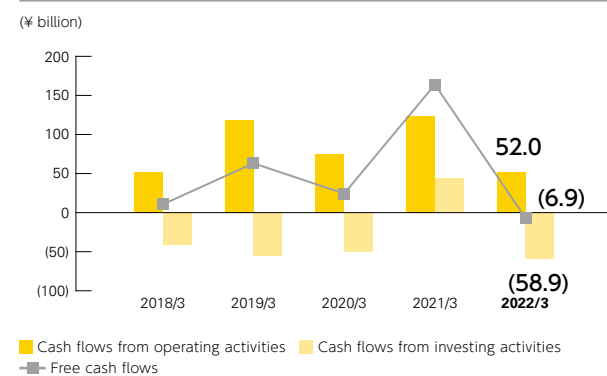
Parcel Delivery Amount / Parcel Unit Price Growth Rate (YoY)



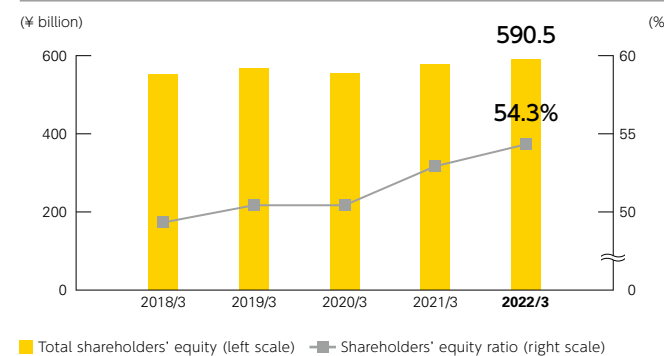
Profit Attributable to Owners of Parent / ROE



Operating and Investing Cash Flows / Free Cash Flows*1



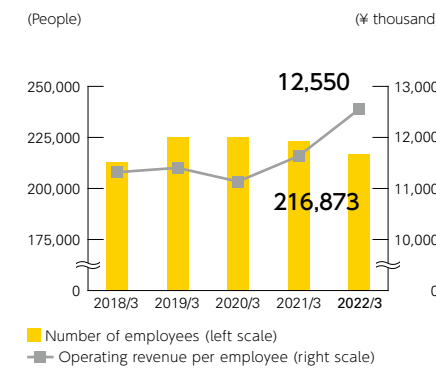
Total Shareholders' Equity / Shareholders' Equity Ratio



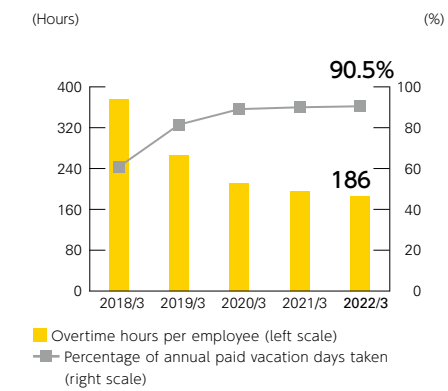
Non-Financial Information

We are working to strengthen sustainable management to achieve both sustainable business growth and the development of a sustainable society. In Sustainable Medium-Term Plans 2023, we have set out targets and specific actions to address material issues in 2023. In the first year of these plans, the fiscal year ended March 31, 2022, we steadily developed initiatives to achieve these targets under the sustainability promotion system we have been maintaining. We will continue to promote measures for reinforcing sustainable management and enhance related training. At the same time, we will make improvements in light of issues that arose in the first year of the plan by reviewing measures and adding new ones.

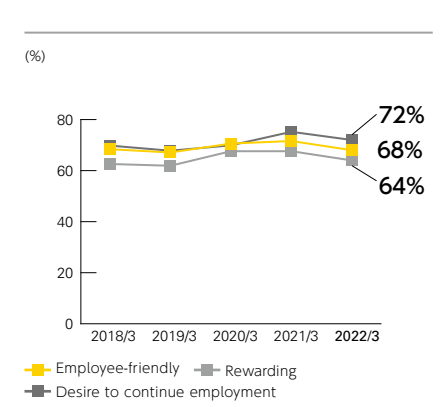
Number of Employees*2 / Operating Revenue per Employee*3



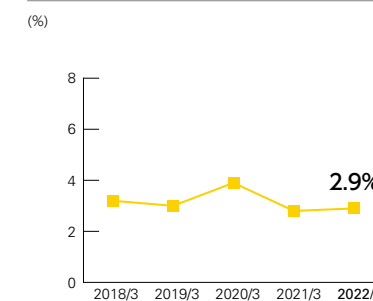
Overtime Hours per Employee*4 / Percentage of Annual Paid Vacation Days Taken*5



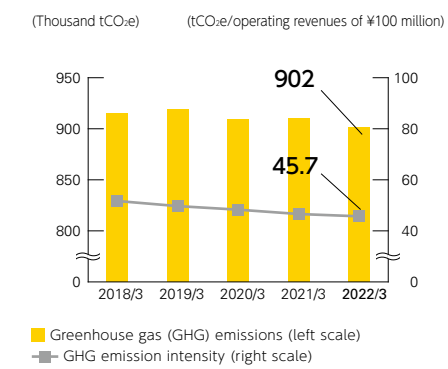
Working Styles Awareness Surveys*6



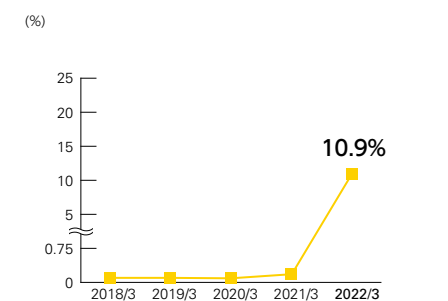
Rate of Resignation*7



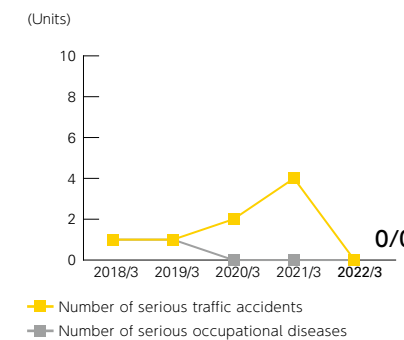
Greenhouse Gas (GHG) Emissions*8 / GHG Emission Intensity



Percentage of Electricity Generated via Renewable Energy Sources*8*9



Number of Serious Traffic Accidents*10 / Number of Serious Occupational Diseases*11



*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities
 *2 Number of employees as of March 31, 2022
 *3 Calculated using the average number of employees and the number of part-time workers (after conversion into full-time employees) during the fiscal period
 *4 Scope: Full-time employees of Yamato Group companies in Japan
 *5 $\frac{\text{Number of annual paid vacation days taken per employee in respective fiscal year}}{\text{Number of annual paid vacation days granted per employee in respective fiscal year}} \times 100$
 (Scope: Full-time employees of Yamato Group companies in Japan)
 *6 We administer awareness surveys regarding working styles on an annual basis in order to come up with more effective workstyle reform initiatives centered on management. (Scope: Full-time and part-time employees of Yamato Group companies in Japan)
 *7 $\frac{\text{Number of employee resignations in respective fiscal year (of their own accord)}}{\text{Number of registered employees as of respective fiscal year-end} + \text{Number of employee resignations in the respective fiscal year (including those due to retirement, etc.)}} \times 100$
 (Scope: Full-time employees of Yamato Group companies in Japan)
 *8 Scope: consolidated companies in Japan and Swan Co., Ltd.
 *9 Electricity generated via renewable energy sources (MWh) ÷ Total power generated (MWh)
 *10 Fatal traffic accidents (for which the employee is responsible)
 *11 Incidents involving a fatality