

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2022 <under Japanese GAAP>

Company name: Yamato Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange
 Stock code: 9064
 URL: <https://www.yamato-hd.co.jp/>
 Representative: Yutaka Nagao, President
 Contact: Toshizo Kurisu, Executive Officer and Vice President, Responsible for Finance
 Tel: +81-3-3541-4141 (from overseas)

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Scheduled date of the commencement of dividend payment: —

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

1. Consolidated financial results for the third quarter of fiscal year 2022 (cumulative: from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the nine months ended								
December 31, 2021	1,372,386	5.9	79,172	(11.8)	85,183	(6.5)	47,779	(16.0)
December 31, 2020	1,295,676	3.0	89,747	79.2	91,130	94.6	56,870	81.1

(Note) Comprehensive income: For the nine months ended December 31, 2021: 49,283 million yen ((20.7) %)
 For the nine months ended December 31, 2020: 62,108 million yen (91.7 %)

	Basic earnings per share	Diluted earnings per share
For the nine months ended	Yen	Yen
December 31, 2021	128.78	—
December 31, 2020	151.58	—

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year 2022, and figures in the consolidated operating results for the nine months ended December 31, 2021, are those after applying the accounting standard and relevant revised ASBJ regulations.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	1,195,800	610,240	50.4
March 31, 2021	1,089,991	584,287	52.9

(Reference) Equity: As of December 31, 2021: 602,136 million yen As of March 31, 2021: 576,367 million yen

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year 2022, and figures in the consolidated financial position as of December 31, 2021, are those after applying the accounting standard and relevant revised ASBJ regulations.

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
Fiscal 2021	Yen —	Yen 16.00	Yen —	Yen 30.00	Yen 46.00
Fiscal 2022	—	23.00	—		
Fiscal 2022 (Forecast)				23.00	46.00

(Note) Revisions to the forecasts most recently announced: None

3. Consolidated earnings forecasts for fiscal year 2022 (from April 1, 2021 to March 31, 2022)

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,780,000	5.0	70,000	(24.0)	76,200	(19.0)	50,000	(11.8)	134.95

(Note) Revisions to the forecasts most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

(Note) For details, please see "2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements (Application of specific accounting for preparing the quarterly consolidated financial statements)" of the attached materials to the quarterly financial results report on page 15.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- a. Changes due to revision to accounting standards, etc.: Yes
- b. Changes other than a: Yes
- c. Changes in accounting estimates: Yes
- d. Restatement: None

(Note) For details, please see "2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements (Changes in accounting policies)" of the attached materials to the quarterly financial results report on page 15.

(4) Number of issued shares (common shares)

- a. Number of issued shares as of the end of the period (including treasury shares)

As of December 31, 2021:	388,575,592 shares
As of March 31, 2021:	388,575,592 shares
- b. Number of treasury shares as of the end of the period

As of December 31, 2021:	17,551,317 shares
As of March 31, 2021:	17,550,515 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended December 31, 2021:	371,024,707 shares
For the nine months ended December 31, 2020:	375,172,368 shares

*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*Proper use of earnings forecasts and other noteworthy events

- Descriptions of the above financial projections and other data are based on information currently available to the Company and certain assumptions that the Company considers to be reasonable. Actual financial results may differ significantly from the projections for various reasons. For points to note when using such assumptions and financial projections, please see "1. Qualitative Information on Settlement of Accounts for the Nine Months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" of the attached materials to the quarterly financial results report on page 10.
- The Company plans to post supplementary materials on quarterly financial results on the Company's website promptly after the announcement of the quarterly financial results.

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1. Qualitative Information on Settlement of Accounts for the Nine Months

(1) Explanation of operating results

During the nine months ended December 31, 2021, the economic environment exhibited signs of improving business sentiment amid gradual resumption of economic activity associated with authorities having fully lifted state of emergency declarations with the number of new cases of the novel coronavirus disease (COVID-19) having remained stable at low levels nationwide. Still, the outlook for full-scale economic recovery remains difficult to project due to rapid proliferation of new coronavirus variants, which is in addition to an ongoing scenario of global supply chain disruptions, high raw material prices, US dollar appreciation, and high crude oil prices.

Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in consumer behavior and lifestyles brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education.

Under such circumstances, the Yamato Group embarked on a new Group management structure centered on the “New Yamato Transport,” which combines management resources of our respective Group companies, with the aim of sustainably increasing its corporate value through contribution to the creation of an enriched society as stated under its Management Philosophy. In addition, we took steps to furthermore provide comprehensive value by meeting the needs of our customers and society by transforming supply chains in response to changing lifestyles and changing distribution structure, based on the medium-term management plan, “One Yamato 2023,” with the fiscal year ending March 31, 2024 set as its final fiscal year.

Our consolidated financial results for the nine months ended December 31, 2021 are as follows.

Item	(Millions of yen)			
	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	Change	Growth (%)
Operating revenue	1,295,676	1,372,386	76,710	5.9
Operating profit	89,747	79,172	(10,574)	(11.8)
Ordinary profit	91,130	85,183	(5,946)	(6.5)
Profit attributable to owners of parent	56,870	47,779	(9,090)	(16.0)

For the nine months ended December 31, 2021, operating revenue amounted to 1,372,386 million yen, up 76,710 million yen from the year-ago period.

This is largely attributable to our having achieved an increase in parcel delivery volume as a result of taking action in the burgeoning e-commerce domain, and also a result of our having focused on optimizing logistics for customers.

Operating expenses amounted to 1,293,213 million yen, up 87,285 million yen from the year-ago period.

This was due to factors that include an increase in strategic costs associated with our promotion of the medium-term management plan, “One Yamato 2023,” in addition to factors that include an increase in transportation costs associated with higher delivery volume, along with a rising unit price of fuel, despite progress achieved in optimizing costs by making optimal allocations of management resources.

As a result, for the nine months ended December 31, 2021, operating profit amounted to 79,172 million yen, down 10,574 million yen from the year-ago period.

Ordinary profit amounted to 85,183 million yen, down 5,946 million yen from the year-ago period despite recording of 4,240 million yen in gain on investments in investment partnerships.

Profit attributable to owners of parent amounted to 47,779 million yen, down 9,090 million yen from the year-ago period mainly due to recording of 14,999 million yen in loss on revision of retirement benefit plan under extraordinary losses.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review.

In addition, effective from the first quarter of the fiscal year under review, the Company and its domestic consolidated subsidiaries have changed from the declining-balance method to the straight-line method as their depreciation method for property, plant and equipment in order to allocate costs in a manner that better reflects actual use of assets, and have accordingly modified useful lives of some vehicles.

Details are shown on “2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements (Changes in accounting policies).”

In January 2022, the Company transferred 51% of the Company's holdings of issued common shares of Yamato Home Convenience Co., Ltd. ("YHC") to ART CORPORATION. Effective from the fourth quarter of the fiscal year under review, the Company will make YHC an equity method affiliate rather than its current designation as a consolidated subsidiary, given that the Company holds 49% of the voting rights in YHC, down from 100% previously as a result of the transfer of shares.

Initiatives for the entire Yamato Group

The Yamato Group has been continuously working to increase its corporate value based on the medium-term management plan, "One Yamato 2023," aiming to provide comprehensive value with respect to diversifying needs of customers and society.

Furthermore, in response to the spread of COVID-19 and to ensure that customers can use TA-Q-BIN with peace of mind, we have continued to take steps that include making sure that employees practice full hygiene management, promoting workplace vaccinations among employees who wish to be vaccinated, and otherwise placing focus on implementing contact-free deliveries and other infection prevention measures when interacting with customers, using our website to share information, and continuing to provide logistics services, including TA-QBIN.

① Increasing productivity across the entire Yamato Group

In order to address the changing and increasingly diverse needs of our customers, we have continued working to optimally allocate the Group's management resources while striving to improve the accuracy of our demand and operating amount forecasts on the basis of data analysis. In addition, we have been coordinating efforts to the Retail Business Unit, Corporate Business Unit, Transportation Function Division, and Digital Function Division with respect to optimizing and standardizing our delivery process by transforming work operations, and shifting to automation and digitization, thereby increasing the amount of time frontline personnel interact with our customers, expanding our collection and delivery capabilities, and enabling us to make improvements in safety and quality. In September 2021, Yamato Management Service Co., Ltd., which handles bookkeeping and accounting operations as well as personnel affairs for respective companies of the Yamato Group, was combined with Yamato Transport Co., Ltd. by means of absorption-type merger, thereby enabling us to make progress in achieving optimal allocations of specialist human resources in our accounting and HR operations. Moreover, our Professional Service Function Division has been operating under the "One Yamato Structure" in spearheading efforts to reduce the administrative and indirect operations workload of our frontline personnel by engaging in business process re-engineering (BPR), which has involved standardizing and digitizing such tasks.

② Increasing operating revenue through growth in the corporate client domain

For our corporate clients who have been coping with changes in consumer behavior and lifestyles caused by the spread of COVID-19, we have been working to provide comprehensive value across entire customer supply chains, which has involved building transportation networks with the addition of networks for corporate enterprises to TA-Q-BIN and EAZY transportation modes, and organically combining that with respective sites of the Yamato Group.

In addition, we have been continuing to tap expanding e-commerce (EC) demand by promoting systemic development of our EAZY CREW delivery partners, while also proposing solutions in upstream domains of logistics, particularly in areas that include e-commerce company procurement and inventory liquidation. We have also been placing focus on providing comprehensive value in part by launching the "digital return and sending service" for e-commerce companies, which entails shifting to digital procedures for returns of purchased merchandise, simplifying procedures in terms of hassles encountered when purchasers would previously make a return request by telephone or in preparing delivery slips, and making it possible to return items without the need for delivery slips from nearby business offices, PUDO Station parcel lockers, and certain convenience stores. Moreover, we served as the official logistics services partner of the Tokyo 2020 Olympic Games held from July to September 2021, which involved facilitating smooth and safe operations with respect to logistics design and implementation during the event by providing comprehensive logistics services in addition to TA-Q-BIN.

③ Promoting strategies for achieving sustainable enhancement of corporate value

With the aim of sustainably enhancing our corporate value, we have engaged in initiatives under our medium-term management plan "One Yamato 2023" plan that involve promoting data and innovation

strategies, reforming management structure and reinforcing governance, engaging in HR strategy which supports “Innovating Delivery Business,” improving capital efficiency, and strengthening sustainable management.

Our data strategy aims at maintaining digital data and enhancing digital platforms to achieve more sophisticated use of data. Meanwhile, our innovation strategy moved forward with initiatives to promote open innovation, which entails discovering and collaborating with startups, as well as to invest in such startups with the aim of creating new businesses, particularly using the “KURONEKO Innovation Fund.” We are also working on strengthening governance based on the new Group management structure through ongoing efforts to strengthen corporate governance. This will entail separating management supervision and execution, maintaining and enhancing management transparency, as well as enhancing governance with an emphasis on decision-making speed.

When it comes to HR strategy which supports “Innovating Delivery Business,” we will promote initiatives for enhancing our digital education programs with the aims of increasing digital literacy of all employees including management and rapidly developing digitally literate employees. In order to strike a balance between sustainable growth and the development of a sustainable society, we have been engaging in business in a manner that involves considering the environment and society, in part by streamlining transportation in a manner that involves attentively connecting people with resources and data. These efforts have been underpinned by our dual visions, one of which is “Connect. Deliver the Future via Green Logistics.” and the other of which is, “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind.’”

Business strategies of each segment

The Company has changed its classification of reportable segments, effective from the first quarter of the fiscal year under review. As such, figures for the previous corresponding period have been restated to the new reportable segments to enable segment comparisons.

● **Retail Business Unit**

- ① The Retail Business Unit provides high-quality parcel delivery services such as TA-Q-BIN and has otherwise been working to provide value that addresses needs of our customers by drawing on the distinctive characteristics of TA-Q-BIN in terms of its points of contact with a broad range of customers. The business unit continued to focus on proposing solutions that draw on the Group’s management resources in collaboration with the Corporate Business Unit, in a manner whereby frontline personnel grasp customer changes associated with lifestyles and the business environment, thereby serving as a starting point for business of the entire Yamato Group. Moreover, it has also been working in collaboration with the Platform Function Division, in part through efforts to provide services that make delivery and pick-up more convenient, particularly the “Kuroneko Members” service, which has more than 50 million registered members, and the “Yamato Business Members” service, which is used by more than 1.3 million corporate clients, and also through efforts to upgrade various services other than those involving transportation that are beneficial in terms of people’s lives and business.
- ② During the nine months ended December 31, 2021, we took steps to improve customer convenience with respect to the “TA-Q-BIN Request by Smartphone” service, which enables customers to complete TA-Q-BIN sending procedures using their smartphones via a service-specific website that makes it possible for them to take care of everything from preparing shipping labels to paying TA-Q-BIN fees. Such improvements included expanding the list of delivery options available in terms of targeting leisure interests through delivery options such as Golf TA-Q-BIN, Ski TA-Q-BIN, Airport TA-Q-BIN, and Round-Trip TA-Q-BIN, and also adding online receipt download functionality.
- ③ Working in collaboration with the Transportation Function Division and Digital Function Division, the Retail Business Unit continued to strive to improve the accuracy of demand and operating amount forecasts in respective geographic regions, and has been endeavoring to increase productivity by appropriately allocating personnel and by heightening efficiency of collection and delivery and of our trunk-route transportation.
- ④ In terms of profitability, operating revenue from customers amounted to 687,910 million yen, up 1.9% from the same period of the previous fiscal year, mainly as a result of the business unit having engaged in efforts to optimally deliver parcels in alignment with diversifying needs and it having focused on acquiring parcels from small businesses in collaboration with the Corporate Business Unit. Operating revenue of the Retail Business Unit overall amounted to 899,104 million yen, down 2.6% from the same period of the

previous fiscal year, as a result of parcels from e-commerce companies, which had shown a dramatic increase in the previous fiscal year, having been shifted to the Corporate Business Unit.

Although operating expenses decreased by 1.6% from the same period of the previous fiscal year largely due to lower personnel expenses, and despite higher transportation costs associated with rising unit price of fuel and higher delivery volume, operating profit decreased by 17.8% from the same period of the previous fiscal year.

● Corporate Business Unit

- ① The Corporate Business Unit has been seeking to provide value across entire corporate logistics supply chains, including midstream and upstream domains of business. To such ends, the business unit has been taking on initiatives that include planning supply chain management (SCM) strategies that contribute to customers' business decisions, above and beyond improving and streamlining logistics operations, and furthermore engaging in account management, which involves developing effective projects and assuming responsibility through to management and operations.
- ② Moreover, for retailers who are developing physical stores and e-commerce omni-channel sales frameworks, the business unit has been promoting efforts to optimize inventory and distribution through centralized management, thereby liquidating sales inventories with customers' omni-channel operations by combining restructured business facilities and transportation networks under the "One Yamato Structure." We also focused our efforts on proposal-based sales that contribute to providing comprehensive value by engaging in integrated management encompassing all of the Yamato Group's logistics services for companies, extending from procurement of merchandise for stores and merchandise for official online shopping websites, to storage, packaging and delivery.
- ③ For the ever-growing e-commerce domain, the business unit has been promoting sales expansion of the "EAZY" delivery service, which enables greater purchase, delivery and pick-up convenience and safety. In addition, to optimize logistics for e-commerce vendors with stores in online shopping malls, we used our partnerships with major e-commerce companies to implement initiatives to further improve convenience and expand sales for services that completely or partially replace operational functions from order receiving to shipping and delivery. Furthermore, the business unit has also been engaging in efforts involving cross-border e-commerce amid growing demand, such that involve achieving shorter lead times up through delivery by seamlessly linking import customs clearance systems with the domestic delivery network.
- ④ During the nine months ended December 31, 2021, the business unit has been actively engaging in a focused marketing approach that has led to greater use of new TA-Q-BIN services, while tapping needs involving items we had not previously handled such as furniture and household appliances, as well as locally sourced rice and specialty products, as a result of our offering TA-Q-BIN delivery for larger items to address needs for increasingly diverse and larger parcel sizes among corporate clients serving a wider range of business domains.
- ⑤ Operating revenue from customers amounted to 619,937 million yen, up 10.4% from the same period of the previous fiscal year, mainly as a result of the business unit tapping growing e-commerce demand, promoting logistics optimization of corporate clients, and flexible response for recovery of import-export freight movement, which had been stagnant due to the global spread of COVID-19. Meanwhile, operating profit amounted to 21,438 million yen, down 32.0% from the same period of the previous fiscal year mainly due to factors on the expenditure front in terms of an increase in transportation costs associated with higher delivery volume, as well as an increase in strategic costs associated with our promotion of the medium-term management plan, "One Yamato 2023."

(Reference)

(Million parcels / units)

Category	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	Change	Growth (%)
Parcel delivery TA-Q-BIN/TA-Q-BIN Compact/EAZY/Nekopos	1,599	1,739	140	8.8
Kuroneko DM-Bin	619	623	4	0.7

- **Other**

- ① During the nine months ended December 31, 2021, we promoted efforts to expand sales for transportation by transport box taking advantage of its network consisting of multiple companies and for vehicle maintenance services.
- ② Operating revenue from customers was 64,538 million yen, up 8.3% from the same period of the previous fiscal year. Operating profit was 12,880 million yen, up 8,231 million yen from the same period of the previous fiscal year.

ESG Initiatives

- ① 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 nine months ended December 31, 2021, we cultivated safety awareness, which involved holding awards ceremonies to recognize drivers who have remained accident-free for many years in ten locations nationwide. Due to COVID-19, we refrained from holding our “Safety Classes for Children,” which we have been continually offering to children in day care facilities, kindergartens and elementary schools across Japan since 1998 with the aim of convey the importance of traffic safety.
- ② Striving to maximize corporate value is one of the top priorities of management, and we have implemented measures and bolstered management systems in our corporate governance initiative. In addition, we have been carrying out business activities in accordance with the law and social norms and actively promoting compliance management, based on our Group Corporate Philosophy. During the nine months ended December 31, 2021, we drew up the Yamato Group Human Rights Policy, following on our Yamato Group Environmental Policy established in August 2021, for the purpose of identifying, preventing and addressing risk of human rights violations associated with business activities, while also clearly expressing our intentions within the Company and beyond with respect to fulfilling our responsibilities for respecting human rights in alignment with needs of the times and international policies.
- ③ The Yamato Group has been working toward strengthening sustainable management upon having formulated its Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023, underpinned by the two visions of “Connect. Deliver the Future via Green Logistics” and “Through Co-Creation and Fair Business Activities, Help Create a Society That Leaves No One Behind,” set forth in the transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term.
- ④ Under the “Environmental” component of the plan, we have set aggregate targets for reducing the environmental burden of our business activities and have otherwise set targets for areas in the logistics industry where the Yamato Group is able to bring about widespread use of innovative technology, such as with respect to materials and vehicles. We are furthermore working to create environmental value on the basis of having also set targets in terms of engaging in green logistics in collaboration with diverse partners and providing products and services that have less impact on the environment. During the nine months ended December 31, 2021, we embarked on field testing of collection and delivery operations enlisting compact battery electric vehicle (BEV) trucks featuring a walk-through, ultra-low-floor design with the aim of introducing drivers to very practical low-carbon vehicles placing due consideration on the environment. We have continued taking action to achieve the vision of virtually zero carbon dioxide emissions (in-house emissions) by 2050, established as a long-term goal. This entails efforts that include adopting collection and delivery methods that do not generate greenhouse gas emissions through use of hand trucks, bicycles and other such modes of transportation, and using electricity derived from renewable energy. Due to COVID-19, we refrained from holding our “Kuroneko Yamato Environmental Class” sessions, which we have been continually offering nationwide since 2005, with the aim of providing support for environmental education of children who will bear responsibilities of the next generation.
- ⑤ In addition, under the “Social” component of the plan, we have been continuing to take on initiatives that involve developing a work environment in which we respect diverse personnel and in which employees are able to play active roles, while also working to realize an enriched society in part by addressing social challenges and promoting community development enlisting a co-creation approach. During the nine months ended December 31, 2021, we set our sights on developing a sustainable pharmaceutical network by embarking on field testing to assess the economic feasibility of using unmanned drones to transport

items such as pharmaceutical products required by locally-based medical institutions and prescription medicine delivered to private residences. This involved working in collaboration with participants that include the town of Wake in Okayama Prefecture and pharmaceutical manufacturers and wholesalers.

- ⑥ Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on the concept of “Creating Shared Value (CSV).” We continue to engage in various initiatives to such ends. For instance, we have been operating our community-based Neko Support Station locations enlisting close local ties and facilitating healthy and sustainable development of local communities, along with lifestyles of safety and comfort among local residents. We have also been setting up housekeeping support services, monitoring services that use “HelloLight” IoT light bulbs, consultation services for everyday life, and holding events that enable interaction among community members.
- ⑦ Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can experience the joy of working autonomously. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.

(2) Explanation of financial position

Total assets were 1,195,800 million yen as of December 31, 2021, up 105,809 million yen from the end of the previous fiscal year. The major factor in this was an increase of 81,997 million yen in notes and accounts receivable - trade, and contract assets.

Liabilities increased 79,855 million yen to 585,559 million yen from the end of the previous fiscal year. The increase was largely attributable to a 46,448 million yen increase in notes and accounts payable - trade and a 36,000 million yen increase in short-term borrowings.

Total net assets were 610,240 million yen, up 25,953 million yen from the end of the previous fiscal year. This was mainly due to the recording of profit attributable to owners of parent of 47,779 million yen while we paid dividends of surplus of 19,689 million yen.

Accordingly, the equity ratio changed to 50.4% from 52.9% of the previous fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Amid a situation where the economic environment continues to be affected by the spread of COVID-19, the outlook for full-scale economic recovery remains difficult to project due to rapid proliferation of new coronavirus variants, which is in addition to an ongoing scenario of global supply chain disruptions, high raw material prices, US dollar appreciation, and high crude oil prices. Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in consumer behavior and lifestyles brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education.

Under such circumstances, the Yamato Group has been working to provide comprehensive value in addressing needs of its customers and society with its sights set on transforming the supply chain in response to changing lifestyles and distribution structures, based on the medium-term management plan, "One Yamato 2023," with the fiscal year ending March 31, 2024 set as its final fiscal year.

During the fiscal year ending March 31, 2022, we will continue to address growing e-commerce demand by accelerating development of our e-commerce delivery networks, improving pick-up convenience, and providing solutions tailored to e-commerce companies and sellers. In addition, working in collaboration with our respective Business Divisions and Functional Divisions operating under the One Yamato Structure, we will also increase operating revenue by not only organically combining TA-Q-BIN, e-commerce delivery, and middle-mile networks with our network of business facilities, and streamlining distribution but also by focusing on providing value across the entire supply chain through efforts that involve making backyard operations related to stores and e-commerce operations more efficient, reducing sales opportunity loss and optimizing inventories.

As for expenditures, we will continue to focus on optimizing costs, which will involve enlisting data analysis with respect to making optimal allocations of management resources and further streamlining trunk-route transportation, while also promoting strategies encompassing transformation of networks with the aim of tapping increasing demand particularly with respect to e-commerce, based on the medium-term management plan, "One Yamato 2023."

The Yamato Group has made changes to the consolidated earnings forecasts for the full year of the fiscal year ending March 31, 2022 since the announcement made on November 12, 2021.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	241,523	209,495
Notes and accounts receivable - trade	212,766	-
Notes and accounts receivable – trade, and contract assets	-	294,763
Accounts receivable – installment	45,643	48,627
Merchandise and finished goods	392	252
Work in process	117	198
Raw materials and supplies	1,770	2,009
Other	27,508	40,386
Allowance for doubtful accounts	(1,341)	(1,431)
Total current assets	528,379	594,301
Non-current assets		
Property, plant and equipment		
Buildings and structures	367,718	372,821
Accumulated depreciation	(214,421)	(217,909)
Buildings and structures, net	153,296	154,912
Vehicles	199,976	203,620
Accumulated depreciation	(185,268)	(180,887)
Vehicles, net	14,708	22,733
Land	174,140	178,917
Leased assets	36,645	39,124
Accumulated depreciation	(10,467)	(12,222)
Leased assets, net	26,178	26,902
Other	137,034	139,655
Accumulated depreciation	(99,046)	(100,407)
Other, net	37,988	39,247
Total property, plant and equipment	406,312	422,712
Intangible assets	29,555	41,245
Investments and other assets		
Investment securities	52,231	60,843
Other	74,892	78,151
Allowance for doubtful accounts	(1,379)	(1,455)
Total investments and other assets	125,744	137,539
Total non-current assets	561,612	601,498
Total assets	1,089,991	1,195,800

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	153,860	200,308
Short-term borrowings	34,000	70,000
Lease obligations	5,054	5,187
Income taxes payable	32,099	9,894
Deferred installment income	4,781	4,777
Provision for bonuses	40,173	14,664
Other	119,401	146,098
Total current liabilities	389,369	450,931
Non-current liabilities		
Lease obligations	26,098	24,641
Retirement benefit liability	71,834	90,189
Other	18,401	19,797
Total non-current liabilities	116,334	134,627
Total liabilities	505,704	585,559
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	431,571	456,318
Treasury shares	(39,549)	(39,551)
Total shareholders' equity	556,070	580,814
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,883	19,721
Foreign currency translation adjustment	(1,316)	(921)
Remeasurements of defined benefit plans	5,730	2,522
Total accumulated other comprehensive income	20,297	21,321
Non-controlling interests	7,919	8,104
Total net assets	584,287	610,240
Total liabilities and net assets	1,089,991	1,195,800

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Operating revenue	1,295,676	1,372,386
Operating costs	1,158,103	1,245,685
Operating gross profit	137,572	126,701
Selling, general and administrative expenses	47,825	47,528
Operating profit	89,747	79,172
Non-operating income		
Interest income	159	144
Dividend income	915	1,330
Gain on investments in investment partnerships	222	4,240
Other	1,279	1,395
Total non-operating income	2,577	7,110
Non-operating expenses		
Interest expenses	537	595
Share of loss of entities accounted for using equity method	331	266
Other	325	238
Total non-operating expenses	1,194	1,100
Ordinary profit	91,130	85,183
Extraordinary income		
Gain on sale of non-current assets	706	1
Gain on sale of investment securities	38	881
Gain on liquidation of subsidiary	-	1,210
Gain on transition of retirement benefit plan	-	1,419
Other	220	53
Total extraordinary income	965	3,566
Extraordinary losses		
Loss on retirement of non-current assets	236	274
Impairment losses	222	1,555
Loss on sale of investment securities	-	431
Loss on valuation of investment securities	354	48
Loss on revision of retirement benefit plan	-	14,999
Loss associated with measures to address COVID-19	1,163	-
Other	2	202
Total extraordinary losses	1,980	17,510
Profit before income taxes	90,115	71,239
Income taxes	33,086	23,289
Profit	57,028	47,950
Profit attributable to non-controlling interests	158	170
Profit attributable to owners of parent	56,870	47,779

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit	57,028	47,950
Other comprehensive income		
Valuation difference on available-for-sale securities	3,858	4,152
Foreign currency translation adjustment	(834)	385
Remeasurements of defined benefit plans, net of tax	2,057	(3,212)
Share of other comprehensive income of entities accounted for using equity method	(1)	7
Total other comprehensive income	5,079	1,333
Comprehensive income	62,108	49,283
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	61,689	48,804
Comprehensive income attributable to non-controlling interests	419	479

**(3) Notes to consolidated financial statements
(Notes to premise of going concern)**

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Changes in scope of consolidation and equity method application)

Material changes in scope of consolidation

Effective from the first quarter of the fiscal year under review, 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., are excluded from the scope of consolidation given that they have ceased to exist as a result of an absorption-type merger in which Yamato Transport Co., Ltd. is the surviving company.

Effective from the second quarter of the fiscal year under review, Yamato Management Service Co., Ltd. is excluded from the scope of consolidation given that it has ceased to exist as a result of an absorption-type merger in which Yamato Transport Co., Ltd. is the surviving company. In addition, Yamato (China) Transport Co., Ltd. is also excluded from the scope of consolidation upon conclusion of liquidation.

Material changes in scope of equity method application

Effective from the third quarter of the fiscal year under review, SCG YAMATO EXPRESS CO., LTD. and GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD. are excluded from the scope of equity method due to sale of such equity holdings.

(Application of specific accounting for preparing the quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the third quarter under review.

(Changes in accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As such, whereas revenue derived from certain business transactions including transportation income involving the Yamato Group's mainstay service, TA-Q-BIN, was previously recognized when parcels, etc. were consigned to TA-Q-BIN, the Company will now recognize such revenue upon fulfillment of performance obligations.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year under review, and thus the new accounting policy was applied from such opening balance. However, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the first quarter of the fiscal year under review were accounted for based on the contractual terms after all contract modifications were reflected. Consequently, this cumulative effect was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year under review.

For the nine months ended December 31, 2021, as a result of this change, operating revenue increased by 381 million yen, and operating costs decreased by 1,595 million yen, while operating profit, ordinary profit and profit before income taxes each increased by 1,976 million yen. In addition, retained earnings as of the beginning of the fiscal year under review decreased by 3,343 million yen.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Notes and accounts receivable - trade, and contract assets"

under current assets from the consolidated balance sheet as of the end of the first quarter of the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

Application of Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review. In the future, the Company will furthermore apply new accounting policy stipulated by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations subject to the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). In addition, this application has no impact on the consolidated financial statements is immaterial.

Changes in accounting policies which are difficult to distinguish from changes in accounting estimates and changes in accounting estimates

Changes in depreciation method for property, plant and equipment and changes in useful life

Effective from the first quarter of the fiscal year under review, the Company and its domestic consolidated subsidiaries have changed to the straight-line method as their depreciation method for property, plant and equipment (excluding leased assets) from the declining-balance method previously (however, the straight-line method has been adopted for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and for facilities attached to buildings and structures acquired on or after April 1, 2016). Overseas consolidated subsidiaries have been using the straight-line method thus far.

Based on its medium-term management plan, “One Yamato 2023,” the Yamato Group has transitioned to its “One Yamato” management structure, which has involved transforming to a fully optimized organization structured according to customer segments and further accelerating management. To such ends, Yamato Transport Co., Ltd. carried out absorption-type mergers and absorption-type company splits involving seven Group companies in April 2021. In so doing, we were able to review our use of property, plant and equipment in Japan.

We consequently changed to the straight-line method, upon having deemed that the straight-line method of allocating costs more rationally reflects actual use of assets given that we expect our asset use in Japan to remain consistent.

In addition, the Company and its domestic consolidated subsidiaries conducted surveys on actual use of property, plant and equipment, on the occasion of reviewing changes to the depreciation method of property, plant and equipment. Effective from the first quarter of the fiscal year under review, they consequently revised useful life figures of some vehicles based on more realistic, economically feasible forecast periods. This change will apply into the future.

As a result, operating profit, ordinary profit, and profit before income taxes for the first nine months of the fiscal year under review are each 9,117 million yen increased more than would have been the case using the previous method.

(Additional information)

Revision of retirement benefit plan

In April 2021, the Company resolved to revise its retirement benefit plan in terms of accordingly changing benefit levels of the lump-sum benefit plan with July 2021 serving as the date of revision with respect to its regulations and October 2021 serving as the date on which the regulations take effect, and in terms of carrying out transition of its corporate pension fund plan to a defined contribution pension plan from the defined-benefit corporate pension plan.

For the accounting treatment associated with transition of the plan, the Company has applied the “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1, December 16, 2016) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No. 2, February 7, 2007). As a result, with respect to past service costs incurred due to changes made to benefit levels of the lump-sum benefit plan, the Company recorded loss on revision of retirement benefit plan of 14,999 million yen under extraordinary losses for the second quarter of the fiscal year under review. Furthermore, with respect to gains and losses arising from plan transition upon transition of the corporate pension fund plan to a defined contribution pension plan from the defined-benefit corporate pension plan, the Company recorded a gain on

transition of retirement benefit plan of 1,419 million yen under extraordinary income for the third quarter of the fiscal year under review.

(Segment information, etc.)

[Segment information]

I. For the nine months ended December 31, 2020

1. Information regarding the amounts of operating revenue and profit or loss by reportable segment

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Reconciliation (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Operating revenue						
Operating revenue from customers	674,769	561,307	59,599	1,295,676	–	1,295,676
Inter-segment operating revenue or transfers	248,365	34,553	86,981	369,900	(369,900)	–
Total	923,134	595,860	146,581	1,665,576	(369,900)	1,295,676
Segment profit	56,197	31,530	4,648	92,376	(2,629)	89,747

- Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).
2. The reconciliation of negative 2,629 million yen of segment profit includes group-wide expenses of negative 12,971 million yen not allocated to each reportable segment (general and administrative expenses of the Company as a pure holding company) and eliminating transactions among segments of 10,342 million yen.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

2. Information regarding impairment losses of non-current assets or goodwill, etc. by reportable segment (Significant impairment losses on non-current assets)

Descriptions are omitted, as the value is immaterial.

II. For the nine months ended December 31, 2021

1. Information regarding the amounts of operating revenue and profit or loss by reportable segment

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Reconciliation (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Operating revenue						
Operating revenue from customers	687,910	619,937	64,538	1,372,386	-	1,372,386
Inter-segment operating revenue or transfers	211,193	20,864	94,014	326,073	(326,073)	-
Total	899,104	640,802	158,553	1,698,460	(326,073)	1,372,386
Segment profit	46,178	21,438	12,880	80,497	(1,324)	79,172

- Notes: 1. Other includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (information systems development), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).
2. The reconciliation of negative 1,324 million yen of segment profit includes group-wide expenses of negative 8,425 million yen not allocated to each reportable segment (general and administrative expenses of the Company as a pure holding company) and eliminating transactions among segments of 7,100 million yen.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

2. Disclosure of changes, etc. in reportable segments

(Changes in reportable segments)

Effective from the first quarter of the fiscal year under review, the Company has changed its classification of reportable segments to reflect its transition to a management structure consisting of four Business Divisions (Retail, Corporate, Global SCM, and EC) and four Functional Divisions in April 2021.

The change mainly involves transition to a dual business unit structure consisting of the "Retail Business Unit" and the "Corporate Business Unit" based on customer segments, from the previous six operating segment structure based on categories of business at that time.

The segment information for the nine months ended December 31, 2020 has been prepared and presented according to the new classification of reportable segments.

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition, etc." from the beginning of the first quarter of the fiscal year under review as stated under "2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements (Changes in accounting policies)," and has likewise changed its method of calculating business segment profit or loss as a result of it having changed its accounting method for revenue recognition.

As a result, for the first nine months of the fiscal year under review, operating revenue and segment profit in the Retail Business Unit were 928 million yen and 928 million yen higher, respectively, than would have been the case using the previous method; operating revenue and segment profit in the Corporate Business Unit were 1,197 million yen and 748 million yen higher, respectively, and; operating revenue and segment profit in Other were 1,745 million yen lower and 299 million yen higher, respectively.

(Changes in depreciation method for property, plant and equipment and changes in useful life)

Effective from the first quarter of the fiscal year under review, the Company has changed to the straight-line method as its depreciation method for property, plant and equipment (excluding leased assets), as stated under "2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements (Changes in accounting policies)." In addition, the Company has reviewed useful lives of some vehicles. This change will apply into the future.

As a result, for the first nine months of the fiscal year under review, segment profit in the Retail Business Unit, Corporate Business Unit and Other were 7,668 million yen, 1,186 million yen, and 262 million yen higher, respectively, than would have been the case using the previous method.

3. Information regarding impairment losses of non-current assets or goodwill, etc. by reportable segment (Significant impairment losses on non-current assets)

In Other segment, the Company has decreased the book value of an asset group with diminished profitability to the recoverable value, and has accordingly recorded impairment losses of 1,555 million yen for the nine months ended December 31, 2021.

(Important subsequent matters)

Purchase and cancellation of treasury shares

At its meeting held on February 9, 2022, the Board of Directors resolved matters related to the purchase of treasury shares of the Company in accordance with the provisions of the Articles of Incorporation, pursuant to Article 459, paragraph (1), item (i) of the Companies Act, and also resolved cancellation of treasury shares of the Company in accordance with the provisions of Article 178 of the Companies Act.

1. Reason of purchase and cancellation of treasury shares

The Company purchases and cancels its treasury shares to implement flexible capital policies in accordance with changes in the business environment with the aim of enhancing shareholder value.

2. Content of matters related to the purchase of treasury shares

Type of shares to be purchased	Common shares of the Company
Total number of shares to be purchased	Up to 10,000,000 shares (Ratio to the total number of issued shares (excluding treasury shares): 2.69%) (Note) The aforementioned treasury shares do not include the Company's shares held by BBT (Board Benefit Trust).
Total acquisition price of shares to be purchased	Up to 20.0 billion yen
Acquisition period	From February 16, 2022 to May 31, 2022
Acquisition method	Through the market

3. Content of cancellation of treasury shares

Type of shares to be cancelled	Common shares of the Company
Total number of shares to be cancelled	All of the treasury shares to be purchased through 2. above
Scheduled date of share cancellation	June 23, 2022

3. Supplementary Information

Operating revenue by segment

Business segment	Income	For the nine months ended December 31, 2020		For the nine months ended December 31, 2021		Change (%)
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	
Retail Business Unit	Transportation income	894,896	69.1	877,403	63.9	(2.0)
	Logistical support income	8,607	0.7	3,328	0.2	(61.3)
	Others	25,459	2.0	21,138	1.5	(17.0)
	Eliminations	(254,193)	(19.6)	(213,959)	(15.6)	(15.8)
	Total	674,769	52.1	687,910	50.1	1.9
Corporate Business Unit	Transportation income	493,763	38.1	468,258	34.1	(5.2)
	Logistical support income	159,259	12.3	179,120	13.1	12.5
	Other	18,661	1.4	24,943	1.8	33.7
	Eliminations	(110,377)	(8.5)	(52,385)	(3.8)	(52.5)
	Total	561,307	43.3	619,937	45.2	10.4
Other	Transportation income	33,937	2.6	36,665	2.7	8.0
	Other	125,606	9.7	136,287	9.9	8.5
	Eliminations	(99,944)	(7.7)	(108,414)	(7.9)	8.5
	Total	59,599	4.6	64,538	4.7	8.3
Total		1,295,676	100.0	1,372,386	100.0	5.9

Due to the shift of the management structure from the first quarter of the fiscal year under review, the Company discloses the details of operating revenue by segment instead of operating revenue by business, which was disclosed until the previous fiscal year.