

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

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 Listing: Tokyo Stock Exchange
 Stock code: 9064
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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 first quarter of fiscal year 2022 (cumulative: from April 1, 2021 to June 30, 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 three months ended June 30, 2021	419,841	7.1	12,734	27.9	16,249	54.3	11,705	239.0
June 30, 2020	392,015	2.7	9,953	—	10,532	—	3,453	—

(Note) Comprehensive income: For the three months ended June 30, 2021: 17,439 million yen (276.8 %)
 For the three months ended June 30, 2020: 4,627 million yen (— %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended June 30, 2021	31.55	—
June 30, 2020	9.04	—

(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 three months ended June 30, 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
	Millions of yen	Millions of yen	%
As of June 30, 2021	1,119,518	586,940	51.7
March 31, 2021	1,089,991	584,287	52.9

(Reference) Equity: As of June 30, 2021: 579,094 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 June 30, 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	—				
Fiscal 2022 (Forecast)		23.00	—	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
Half year	840,000	4.2	28,000	4.0	31,000	11.0	11,000	(22.5)	29.65
Full year	1,765,000	4.1	95,000	3.1	98,000	4.2	54,000	(4.8)	145.54

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

* Notes

(1) Changes in significant subsidiaries during the three 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 12.

(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 12.

(4) Number of issued shares (common shares)

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

As of June 30, 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 June 30, 2021:	17,550,686 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 three months ended June 30, 2021:	371,024,970 Shares
For the three months ended June 30, 2020:	381,972,729 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 Three Months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” of the attached materials to the quarterly financial results report on page 7.
- 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.

Attached Materials
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1. Qualitative Information on Settlement of Accounts for the Three Months

(1) Explanation of operating results

During the first three months ended June 30, 2021, the economic environment continued to be affected by the global spread of the novel coronavirus disease (COVID-19). Amid that situation, business sentiment has been showing signs of improvement particularly in the manufacturing industry, yet the outlook for economic recovery remains difficult to project particularly with the pandemic resurging at home and abroad.

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 by 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 three months ended June 30, 2021 are as follows.

(Millions of yen)				
Item	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Change	Growth (%)
Operating revenue	392,015	419,841	27,825	7.1
Operating profit	9,953	12,734	2,780	27.9
Ordinary profit	10,532	16,249	5,716	54.3
Profit attributable to owners of parent	3,453	11,705	8,252	239.0

For the three months ended June 30, 2021, operating revenue amounted to 419,841 million yen, up 27,825 million yen from the previous year.

This is largely attributable to having achieved an increase in the parcel delivery volume as a result of taking action in the burgeoning e-commerce domain and is a result of having focused on optimizing logistics for customers, despite a recoiling of demand after it had surged under the government’s first state of emergency declaration in the same period of the previous year.

Operating expenses amounted to 407,107 million yen, up 25,044 million yen from the previous year.

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” initiated in April 2021, 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 three months ended June 30, 2021, operating profit amounted to 12,734 million yen, up 2,780 million yen from the previous fiscal year.

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 to the straight-line method as their depreciation method for property, plant and equipment from the declining-balance method previously, and have accordingly modified useful lives of some vehicles, in order to allocate costs in a manner that better reflects actual use of assets.

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

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 make sure that employees practice full hygiene management, and

focused 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-Q-BIN.

① Increasing productivity across the entire Yamato Group

In order to address the 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. Moreover, our Professional Service Function Division has been 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 advancing proposals for helping to address customers' business challenges by optimizing management resources for corporate business such as previously dispersed sales functions, logistics and distribution functions, and the trunk-route transportation network connecting our distribution centers. In addition, our Corporate Solutions Control Center, which consolidates sales information, created optimal proposals for all of our corporate clients and launched initiatives to promote frontline sales activities. Moreover, we have been working to provide comprehensive value across entire supply chains by streamlining distribution for customers, 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. We have been tapping ever-expanding e-commerce (EC) demand by making functional improvements, such that include promoting systemic improvement of our EAZY CREW delivery partners and implementing schemes that prevent third parties from identifying personal information on delivery slips when dropping off packages in front of residences. In addition, above and beyond deliveries, we have been engaging in initiatives for sales support to producers enlisting Live Commerce functions, and proposing solutions in upstream domains of logistics, particularly in areas that include e-commerce company procurement and inventory liquidation.

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 "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. During the three months ended June 30, 2021, the business unit has been focusing 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 upgrade 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 The Retail Business Unit continues to address customer needs and is providing a variety of pick-up methods. Moreover, it launched QR code payment settlement with the aim of ensuring greater convenience by promoting cashless payment for payment of TA-Q-BIN fees and packaging material rates taking into account customers’ changing lifestyles. In addition, working in collaboration with the Transportation Function Division and Digital Function Division, the Retail Business Unit has been striving 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.
- ③ In terms of profitability, operating revenue from customers amounted to 207,002 million yen, up 3.4% from 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 269,400 million yen, down 3.3% from the previous year, as a result of parcels from e-commerce companies, which had shown a dramatic increase in the previous year, having been shifted to the Corporate Business Unit.
Although operating expenses decreased by 1.0% from the previous 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 87.0% from the previous year.

● **Corporate Business Unit**

- ① The Corporate Business Unit provides value across entire corporate logistics supply chains, including midstream and upstream domains of business. During the three months ended June 30, 2021, it took on initiatives that included planning supply chain management (SCM) strategies that contribute to customers’ business decisions, above and beyond improving and streamlining logistics operations, and it furthermore engaged in account management, which involved developing effective projects and assuming responsibility through to management and operation. In addition, for customers who have turned to services in the downstream realm of their supply chains, the business unit sought to provide value in the midstream and upstream domains. This involved building relationships of trust with such customers, identifying supply chain and managerial issues, and proposing solutions to address such issues.
- ② 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."

- ③ For a major cosmetics company of French origin with whom we have entered into a strategic partnership, with the aim of developing an optimal supply chain for domestic distribution, the business unit has been working to bring about greater convenience by helping strengthen the sales structure for store staff, shortening lead times with respect to merchandise purchased from the official online shopping website, and developing diverse means of taking receipt of merchandise.
- ④ 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.
- ⑤ Operating revenue from customers amounted to 190,355 million yen, up 10.0% from the previous fiscal year, mainly as a result of the business unit tapping growing e-commerce demand, promoting logistics optimization of corporate clients, and encountering recovery of import-export freight movement, which had been stagnant due to the global spread of COVID-19. Operating profit was 8,126 million yen, up 306.6% from the previous year.

(Reference)

Category	(Million parcels / units)			
	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Change	Growth (%)
Parcel delivery TA-Q-BIN/TA-Q-BIN Compact/EAZY/Nekopos	491	539	48	9.8
Kuroneko DM-Bin	194	212	18	9.7

● **Other**

- ① During the three months ended June 30, 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 22,483 million yen, up 20.5% from the previous year. Operating profit was 4,697 million yen, up 4,354 million yen from the previous 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 three months ended June 30, 2021, the entire Yamato Group carried out the "Zero Traffic Accidents Campaign" in order to improve safety awareness on a Group-wide basis and also sought to prevent occupational accidents. 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 Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative. During the three months ended June 30, 2021, we have continued to work to furthermore strengthen our Group governance with the aim of enhancing sound Group management based on "One Yamato Structure."
- ③ The Yamato Group has been promoting sustainability initiatives with the aim of striking a balance between sustainable growth and the development of a sustainable society, based on its transformation plan "YAMATO NEXT100," which serves as a grand design for management over the medium to long term. In addition, we have formulated the Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023, with the aim of achieving our two visions stated as "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 for the creation of a sustainable future. We are currently seeking to evolve into a company that supports society’s development in a manner that meets current and future needs of our customers and communities, and have accordingly been working toward strengthening sustainable management upon having set specific actions to be taken on each materiality and targets to be achieved by the fiscal year ending March 31, 2024.

- ④ Under the “Environmental” component of its Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023, the Yamato Group aims to reduce the environmental burden of its business activities. To such ends, we have set absolute targets as well as targets for areas in the logistics industry where we can contribute to the widespread use of innovative technology, such as materials and vehicles. Given that these targets also cover initiatives and business opportunities in collaboration with diverse partners, we will work to increase the resilience of our customers, partners, and local communities, and to create environmental value. During the three months ended June 30, 2021, we have been 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 shifting to use of vehicles that produce lower greenhouse gas emissions, 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 Under the “Social” component of its Sustainable Medium-Term Environmental Plan 2023 and Medium-Term Social Plan 2023, the Yamato Group has incorporated initiatives to meet international standards and needs in order to realize an enriched society through its business activities. Given that our targets also cover labor and human rights-related issues, we have been developing a work environment in which we respect diverse personnel and in which employees are able to play active roles. In addition, we have been creating an employee-friendly and rewarding working environment for our approximately 220,000 employees, who we regard as the Group’s greatest asset.
- 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).” During the three months ended June 30, 2021, we opened our Neko Support Station Fujisawa Sustainable Smart Town (SST) location in Fujisawa City, Kanagawa Prefecture, for supporting healthy and sustainable development of the community as well as safe and comfortable lives of local residents. Our initiatives in this new locally-based community have involved 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 1,119,518 million yen as of June 30, 2021, up 29,526 million yen from the end of the previous fiscal year. The increase was largely attributable to increases in notes and accounts receivable - trade, and contract assets of 6,909 million yen and investment securities of 6,346 million yen mainly due to fair value assessment.

Liabilities increased 26,873 million yen to 532,577 million yen from the end of the previous fiscal year. The increase was largely attributable to increases in short-term borrowings of 20,000 million yen and accrued expenses of 58,475 million yen mainly due to recording of summer bonuses, despite a decrease in provision for bonuses of 24,066 million yen and a decrease in income taxes payable of 23,995 million yen due to payment of income taxes.

Total net assets were 586,940 million yen, up 2,653 million yen from the end of the previous fiscal year. The major factors included an increase in accumulated other comprehensive income of 5,509 million yen mainly due to fair value assessment of investment securities, despite a decrease in retained earnings of 3,343 million yen due to cumulative effects of changes in accounting policies.

Accordingly, the equity ratio changed to 51.7% from 52.9% of the previous fiscal year.

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

As ramifications from the global spread of COVID-19 persist, the prospect of full-fledged economic recovery remains difficult to foresee amid resurgence of the virus in Japan and abroad, and despite business sentiment having been showing signs of improvement, particularly in the manufacturing industry. 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. 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 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. In so doing, we will take into account critical challenges with respect to achieving greater productivity while addressing increasing demand particularly in e-commerce given the shrinking labor population and other such changes in the business environment.

The Yamato Group has made changes to the consolidated earnings forecasts for the half year and for the full year of the fiscal year ending March 31, 2022 since the announcement made on April 28, 2021.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	241,523	236,572
Notes and accounts receivable - trade	212,766	-
Notes and accounts receivable - trade, and contract assets	-	219,675
Accounts receivable - installment	45,643	45,049
Merchandise and finished goods	392	417
Work in process	117	67
Raw materials and supplies	1,770	1,619
Other	27,508	39,318
Allowance for doubtful accounts	(1,341)	(1,359)
Total current assets	528,379	541,360
Non-current assets		
Property, plant and equipment		
Buildings and structures	367,718	367,287
Accumulated depreciation	(214,421)	(215,816)
Buildings and structures, net	153,296	151,470
Vehicles	199,976	200,365
Accumulated depreciation	(185,268)	(184,177)
Vehicles, net	14,708	16,188
Land	174,140	174,144
Leased assets	36,645	37,262
Accumulated depreciation	(10,467)	(10,974)
Leased assets, net	26,178	26,287
Other	137,034	140,713
Accumulated depreciation	(99,046)	(99,456)
Other, net	37,988	41,256
Total property, plant and equipment	406,312	409,348
Intangible assets	29,555	33,857
Investments and other assets		
Investment securities	52,231	58,578
Other	74,892	77,820
Allowance for doubtful accounts	(1,379)	(1,446)
Total investments and other assets	125,744	134,951
Total non-current assets	561,612	578,157
Total assets	1,089,991	1,119,518

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	153,860	143,864
Short-term borrowings	34,000	54,000
Lease obligations	5,054	5,436
Income taxes payable	32,099	8,103
Deferred installment income	4,781	4,779
Provision for bonuses	40,173	16,106
Other	119,401	182,946
Total current liabilities	389,369	415,237
Non-current liabilities		
Lease obligations	26,098	26,162
Retirement benefit liability	71,834	72,301
Other	18,401	18,875
Total non-current liabilities	116,334	117,340
Total liabilities	505,704	532,577
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	431,571	428,789
Treasury shares	(39,549)	(39,549)
Total shareholders' equity	556,070	553,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,883	20,719
Foreign currency translation adjustment	(1,316)	(350)
Remeasurements of defined benefit plans	5,730	5,438
Total accumulated other comprehensive income	20,297	25,807
Non-controlling interests	7,919	7,845
Total net assets	584,287	586,940
Total liabilities and net assets	1,089,991	1,119,518

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

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Operating revenue	392,015	419,841
Operating costs	366,891	391,642
Operating gross profit	25,124	28,199
Selling, general and administrative expenses	15,171	15,464
Operating profit	9,953	12,734
Non-operating income		
Interest income	57	46
Dividend income	379	470
Gain on investments in investment partnerships	–	2,925
Electric vehicle subsidies	373	–
Other	306	512
Total non-operating income	1,117	3,955
Non-operating expenses		
Interest expenses	173	199
Share of loss of entities accounted for using equity method	206	169
Other	158	70
Total non-operating expenses	537	439
Ordinary profit	10,532	16,249
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	38	–
Penalty income	–	53
Total extraordinary income	39	53
Extraordinary losses		
Loss on retirement of non-current assets	67	67
Loss on valuation of investment securities	118	–
Loss associated with measures to address COVID-19	1,163	–
Other	–	5
Total extraordinary losses	1,349	72
Profit before income taxes	9,222	16,230
Income taxes	5,740	4,462
Profit	3,482	11,767
Profit attributable to non-controlling interests	29	61
Profit attributable to owners of the parent	3,453	11,705

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Profit	3,482	11,767
Other comprehensive income		
Valuation difference on available-for-sale securities	1,350	4,998
Foreign currency translation adjustment	(892)	960
Remeasurements of defined benefit plans, net of tax	686	(292)
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total other comprehensive income	1,145	5,671
Comprehensive income	4,627	17,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,461	17,215
Comprehensive income attributable to non-controlling interests	166	223

**(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.

(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 first 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 first three months ended June 30, 2021, as a result of this change, operating revenue increased by 5 million yen, and operating costs increased by 902 million yen, while operating profit, ordinary profit and profit before income taxes each decreased by 896 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 quarterly 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 quarterly 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 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 quarter of the fiscal year under review are each 2,336 million yen increased more than would have been the case using the previous method.

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 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	200,277	173,081	18,655	392,015	–	392,015
Inter-segment operating revenue or transfers	78,455	5,652	27,627	111,735	(111,735)	–
Total	278,733	178,734	46,283	503,751	(111,735)	392,015
Segment profit	7,628	1,998	343	9,970	(17)	9,953

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 adjustment of negative 17 million yen of segment profit includes group-wide expenses of negative 3,987 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 3,970 million yen.

3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

II. For the three months ended June 30, 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	207,002	190,355	22,483	419,841	-	419,841
Inter-segment operating revenue or transfers	62,397	8,381	30,740	101,519	(101,519)	-
Total	269,400	198,736	53,224	521,361	(101,519)	419,841
Segment profit	992	8,126	4,697	13,816	(1,082)	12,734

- 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 adjustment of negative 1,082 million yen of segment profit includes group-wide expenses of negative 3,162 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 2,080 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 three months ended June 30, 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 quarter of the fiscal year under review, operating revenue and segment profit in the Retail Business Unit were 113 million yen and 113 million yen lower, respectively, than would have been the case using the previous method; operating revenue and segment profit in the Corporate Business Unit were 938 million yen and 981 million yen lower, respectively, and; operating revenue and segment profit in Other were 1,057 million yen and 198 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 their 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 quarter of the fiscal year under review, segment profit in the Retail Business Unit, Corporate Business Unit and Other were 1,918 million yen, 333 million yen, and 84 million yen higher, respectively, than would have been the case using the previous method.

(Important subsequent matters)

Transfer of shares of a subsidiary

At its meeting held on July 20, 2021, the Board of Directors resolved to transfer 51% of the Company's holdings of issued common shares of its subsidiary Yamato Home Convenience Co., Ltd. ("YHC") to ART CORPORATION. The Company concluded the share transfer agreement on the same day. Effective from the fourth quarter of the fiscal year under review, the Company intends to 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.

1. Reason for the transfer of shares

As a leading company in the moving industry, ART CORPORATION regards moving as a services sector endeavor and accordingly engages in various services that align with its customer's desires and has accordingly gained a very favorable reputation among its customers. In recent years, ART CORPORATION has expanded its business domain with the aim of serving as a company that proposes solutions for achieving better lifestyles, above and beyond relocation services.

YHC enables its customers to realize "easy and secure relocation of living space" by offering its "My Moving" simple and trouble-free service for one-person households and its "Household TA-Q-BIN" service for delivery of large furniture and home appliances.

In October 2020, the two companies began looking into options for partnership geared to providing greater convenience to customers in the relocation services market. Upon having considered options for roughly half a year, management determined that it will be possible to engage in partnership drawing on reciprocal customer referrals along with management resources of both companies. We accordingly determined that it will be possible to provide a variety of services that address diverse needs of customers ranging from those with minimal belongings to those with substantial belongings by leveraging the strengths of both companies. We also determined that it will be possible to provide transportation services that offer higher quality and higher efficiency by drawing on the networks of both companies.

2. Name of the transferee of shares

ART CORPORATION

3. Date of share transfer

January 17, 2022 (planned)

4. Name of the subsidiary and its description of business

(1) Name Yamato Home Convenience Co., Ltd.

(2) Description of business Moving business for one-person households, transportation business for large household goods, etc.

5. Number of shares to be transferred and number of shares held after transfer

(1) Number of shares to be transferred 9,225 shares

(2) Number of shares held after transfer 8,863 shares (49% of voting rights)

6. Impact on operating performance

The Company is likely to record extraordinary losses of approximately 3.5 billion yen in the fiscal year ending March 31, 2022, in association with the transfer of consolidated subsidiary shares.

3. Supplementary Information

Operating revenue by segment

Business segment	Income	For the three months ended June 30, 2020		For the three months ended June 30, 2021		Change (%)
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	
Retail Business Unit	Transportation income	271,520	69.3	261,737	62.3	(3.6)
	Logistical support income	2,654	0.7	1,820	0.4	(31.4)
	Others	6,328	1.6	6,745	1.6	6.6
	Eliminations	(80,225)	(20.5)	(63,300)	(15.1)	(21.1)
	Total	200,277	51.1	207,002	49.3	3.4
Corporate Business Unit	Transportation income	145,518	37.1	142,195	33.9	(2.3)
	Logistical support income	49,652	12.7	58,117	13.8	17.0
	Others	5,855	1.5	7,616	1.8	30.1
	Eliminations	(27,945)	(7.1)	(17,574)	(4.2)	(37.1)
	Total	173,081	44.2	190,355	45.3	10.0
Other	Transportation income	10,609	2.7	12,214	2.9	15.1
	Others	39,940	10.2	44,684	10.6	11.9
	Eliminations	(31,894)	(8.1)	(34,415)	(8.2)	7.9
	Total	18,655	4.8	22,483	5.4	20.5
Total		392,015	100.0	419,841	100.0	7.1

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.