

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Stock code: 9064
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Scheduled date of the submission of quarterly securities report: November 8, 2023
 Scheduled date of the commencement of dividend payment: December 8, 2023
 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 second quarter of fiscal year ending March 31, 2024 (cumulative: from April 1, 2023 to September 30, 2023)

(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 second quarter of the fiscal year ending/ended								
March 31, 2024	866,582	(1.9)	12,358	(31.5)	12,641	(30.8)	5,384	(48.0)
March 31, 2023	883,755	2.1	18,048	(43.0)	18,275	(50.5)	10,358	(29.2)

(Note) Comprehensive income: For the second quarter of the fiscal year ending March 31, 2024: 10,342 million yen ((15.0)%
 For the second quarter of the fiscal year ended March 31, 2023: 12,170 million yen ((41.3)%)

	Basic earnings per share	Diluted earnings per share
For the second quarter of the fiscal year ending/ended	Yen	Yen
March 31, 2024	15.07	—
March 31, 2023	28.57	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	1,117,973	589,556	52.2
March 31, 2023	1,107,587	616,430	55.1

(Reference) Equity: As of September 30, 2023: 583,267 million yen As of March 31, 2023: 610,380 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
Fiscal year ending/ended	Yen	Yen	Yen	Yen	Yen
March 31, 2023	—	23.00	—	23.00	46.00
March 31, 2024	—	23.00			
March 31, 2024 (Forecast)			—	23.00	46.00

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

3. Consolidated earnings forecasts for fiscal year 2024 (from April 1, 2023 to March 31, 2024)

(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	1,785,000	(0.9)	65,000	8.2	65,000	11.9	52,000	13.3	148.21

(Note) Changes from most recently announced forecast: Yes

* Notes

(1) Changes in significant subsidiaries during the period (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, (4) 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 14.

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

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

(4) Number of issued shares (common shares)

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

As of September 30, 2023:	379,824,892 shares
As of March 31, 2023:	379,824,892 shares
- b. Number of treasury shares as of the end of the period

As of September 30, 2023:	28,598,758 shares
As of March 31, 2023:	17,552,067 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2023:	357,157,582 shares
For the six months ended September 30, 2022:	362,616,940 shares

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

*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 Six Months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 8 of the attached materials to the quarterly financial results report.
- 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 Six Months

(1) Summary of operating results

During the six months ended September 30, 2023, there are signs of inflation slowing down globally, due to factors including increased stability in the COVID-19 pandemic, as well as in natural resources and energy prices, which had been rising due to the instability in global affairs. Meanwhile in Japan, it remains hard to anticipate a full-fledged economic recovery, due to factors such as the current further weakening of the Japanese yen, despite the fact that companies are continuing to pass on the rise in costs to their prices, as well as the recovery in consumption of services and capital expenditures

Moreover, COVID-19 has triggered a change in consumption behavior and lifestyles, as well as the expansion of e-commerce in various industries, driven by more people working from home, as well as medical treatment and education taking place online.

Under these circumstances, the Yamato Group is promoting initiatives to provide comprehensive value to address the diversifying needs of customers and society, in order to achieve sustainable corporate value enhancement through “Helping to enrich our society” which is part of our Management Philosophy, under the Group management structure in which we brought together the management resources of each Group company.

Our consolidated financial results for the six months ended September 30, 2023 are as follows:

Item	(Millions of yen)			
	For the six months ended September 30, 2022	For the six months ended September 30, 2023	Change	Growth (%)
Operating revenue	883,755	866,582	(17,172)	(1.9)
Operating profit	18,048	12,358	(5,690)	(31.5)
Ordinary profit	18,275	12,641	(5,633)	(30.8)
Profit attributable to owners of parent	10,358	5,384	(4,974)	(48.0)

For the six months ended September 30, 2023, operating revenue was 866,582 million yen, down 17,172 million yen from the same period of the previous year. This was attributable to factors such as our price optimization efforts, while parcel volume and demand for international transportation declined.

Operating expenses was 854,224 million yen, down 11,482 million yen from the same period of the previous year. This was attributable to factors such as our focus on optimizing operating expenses, in the face of the continuing increase in costs due to changes in the external environment such as natural resource prices, energy prices and hourly wages.

As a result, for the six months ended September 30, 2023, operating profit was 12,358 million yen, down 5,690 million yen from the same period of the previous year.

In the six months ended September 30, 2023, the Yamato Group made a resolution in the Board of Directors' meeting held on July 27 to enter into a strategic business alliance with World Holdings Co., Ltd., and transferred 51% of the shares of our consolidated subsidiary Yamato Staff Supply Co. Ltd., to World Staffing Co., Ltd., which is a consolidated subsidiary of World Holdings Co., Ltd. Following this share transfer, the ratio of voting rights of Yamato Staff Supply Co. Ltd. owned by Yamato Holdings Co., Ltd. became 49%, making Yamato Staff Supply Co. Ltd. an entity accounted for using the equity method of Yamato Holdings Co., Ltd. from the second quarter of the current consolidated fiscal year.

Moreover, as a result of the above, the 14,055 employees of Yamato Staff Supply Co. Ltd., which were included in the “Other” segment as of the end of the previous consolidated fiscal year, have been excluded starting from the second quarter of the current consolidated fiscal year.

Initiatives for the entire Yamato Group

The Yamato Group is working on initiatives to realize sustainable corporate value enhancement through “Helping to enrich our society”, which is in our management philosophy, and to enhance the comprehensive value provision to address the diversifying needs of customers and society. In order to address the rise in costs resulting from changes in the external environment, we are optimizing our pricing, as well as responding to cost increases at our business partners in a timely and appropriate manner, thereby maintaining and strengthening

the transportation and delivery network as well as establishing an environment to continue providing higher quality services to our customers.

① Structural reforms of our network operations

We are working to establish and expand a designated network optimized for the diversifying needs for logistics, including the EC demand as well as the shift in BtoB logistics towards small-lot and high frequency deliveries. We are also promoting initiatives to reinforce our existing network, such as consolidating and enlarging the TA-Q-BIN Sales offices, in contrast with our previous strategy of opening many small offices, in order to be able to make adjustments more flexibly in accordance with fluctuations in parcel volume, as well as redefining the functions of our Terminals, and making transportation and delivery, sorting and administration more efficient.

In the six months ended September 30, 2023, based on the Basic Agreement signed with Japan Post Group, we are using the management resources of both Groups to establish transportation services that improve the convenience for customers and grow our businesses, while addressing the “2024 Problem” faced by the logistics industry, as well as carbon neutrality.

② Enhancing value provision to corporate clients

Amid the increasing risk factors such as global politics and economics as well as supply chains forming “blocks”, together with environmental issues, the Yamato Group has positioned the solutions business, which aims to solve clients’ management issues across the entire supply chain, as a new growth area. In this context, the Yamato Group continues to establish and expand dedicated networks by integrating sales and operations, while utilizing the Group’s management resources to the fullest, in order to expand the value we provide to the entire supply chain, from Japan to the world.

In addition, the Yamato Group is promoting green logistics, such as the introduction of EVs and temperature-controlled deliveries without using dry ice, in order to achieve our goal of net zero greenhouse gas (GHG) emissions (own emissions) by 2050. In the six months ended September 30, 2023, we continued developing the GHG emissions visualization tool that is in conjunction with the international standard ISO 14083:2023, with the aim of optimizing inventory owned by clients and their production activities, and building a supply chain with less environmental impact, while at the same time working to reduce our own emissions.

③ Promoting strategies for achieving sustainable enhancement of corporate value

The Yamato Group is working to promote digital and HR strategies, as well as enhancing sustainable management and governance, which will serve as the platform to expand the value provided to the supply chain on an “End to End” basis, while realizing the sustainable enhancement of corporate value.

As for our digital strategy, we are establishing a structure that integrates “Business and Digital”, while expanding the value provided to clients and improving operational efficiency, by utilizing our digital information platform “Yamato Digital Platform”, which can grasp all sorts of information on a real-time basis, and connect it to both internal and external systems. In the six months ended September 30, 2023, we began developing an organizational structure to collect and analyze customers’ voices, as well as promote the improvement and design of services, using digital technologies, with the aim of further enhancing the value customers feel when they experience our services.

In terms of our HR strategy, we are establishing the optimal talent portfolio to create new value-add, as well as accommodating a diverse variety of employees and boosting their motivation, based on our “Human Resources Management Policy” that links the growth of employees to the growth of the Group.

As for strengthening our sustainable management, we are promoting initiatives to address the materiality specified based on our two visions, towards mid to long-term corporate value enhancement and realizing a sustainable society, 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’”.

In terms of the environment, we are continuing to promote measures such as “introducing 20,000 EVs”, “introducing 810 solar power generation equipment” and “improving the usage rate of renewable energy-based electricity”, in order to achieve the target of “48% reduction in GHG in 2030, compared to fiscal year ended March 2021” and “net zero GHG emissions (own emissions) by 2050”. In the six months ended September 30, 2023, we began the introduction of approximately 900 2-ton EV trucks nationwide.

Moreover, we are promoting measures to realize sustainable logistics, including initiatives to optimize EV

operations, utilize electricity derived from renewable sources, and the development of an energy management system.

In terms of the society, we are continuing to work on initiatives to realize an enriched society valuing the diversity of our talent, and creating a work environment that brings out the best of our employees, while addressing various social issues, and helping to build local communities through co-creation.

As for enhancing our governance, we will continue to reinforce our corporate governance, by measures such as separating the oversight and execution in our management, as well as maintaining and strengthening management transparency. We are also engaging in business structural reforms through a governance structure focusing on the speed of decision-making.

Business strategies of each segment

● Retail Business Unit

- ① The Retail Business Unit provides high-quality small-lot parcel delivery services such as TA-Q-BIN, while serving as the starting point of business for the entire Group, and has been working to provide value that addresses the needs of our customers by utilizing our strength of having points of contact with customers that originates through the provision of TA-Q-BIN services, with our front-line employees monitoring and capturing changes in our customers in their lifestyles and business environments, and working with the sales people in charge of corporate clients and proposing solutions that utilize the Group's management resources. The Retail Business Unit has also been working to provide services that make sending and receiving 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 1.6 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 is working to reinforce the TA-Q-BIN network, with the aim of enhancing productivity of the overall network operations. In the six months ended September 30, 2023, we continued to conduct trials to consolidate and enlarge TA-Q-BIN sales offices mainly in the urban areas, in contrast with our previous strategy of opening many small offices, as well as establish a network designated to temperature-controlled deliveries, while establishing a system to flexibly adjust the delivery area and routes based on fluctuations in the workload.
- ③ Operating revenue of the Retail Business Unit from external clients amounted to 430,789 million yen, down 1.6% year-on-year, as a result of the rise in the unit price of parcels, while there was a decline in volume. Operating profit increased 6,861 million yen year-on-year, due to factors including progress made in optimizing operating costs.

● Corporate Business Unit

- ① The Corporate Business Unit is integrating sales and operations and promoting the establishment and expansion of the designated network, with the aim of enhancing value provision to the entire supply chain that connects Japan to the world, while taking a step further than improving the quality and efficiency of logistics operations, to strengthen account management, which involves making improvement proposals based on management issues faced by clients, and engaging in effective project development as well as management and operations.
- ② In the urban areas where EC demand is concentrated, the Unit has been building an EC logistics network with more simplified operations covering sorting, transportation and last-mile deliveries, as well as using 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, with the aim of optimizing logistics for e-commerce vendors with stores in online shopping malls.

- ③ In cross border EC for which growth is accelerating, we are working on initiatives to enhance value provided on an “End to End” basis over the supply chain, such as connecting the IT system for import customs clearance with the domestic delivery network, in order to shorten the lead-time to delivery. In the six months ended September 30, 2023, we began operating a new scheme using the 3-temperature zone logistics network (regular temperature, chilled and frozen), with the aim of expanding the “meal services business” of a restaurant chain operator with which we signed the Lead Logistics Partner agreement. By utilizing this scheme, in which we have secured a shipment and delivery structure that can adapt flexibly to demand, as well as stable transportation capacity, we will optimize the entire supply chain, which will lead to lower GHG emissions, as well as contribute to productivity improvement of customers of the meal services by adjusting the delivery times.
- ④ Operating revenue from customers was 407,446 million yen, down 2.1% year-on-year, mainly as a result of the decline in international transportation volume. Operating profit declined 12,658 million yen year-on-year, due to factors including the increase in expenses to consign deliveries to the Retail Unit.

(Reference)

Category	(Million parcels / units)			
	For the six months ended September 30, 2022	For the six months ended September 30, 2023	Change	Growth (%)
TA-Q-BIN/TA-Q-BIN Compact/EAZY	940	911	(28)	(3.0)
Nekopos	209	212	2	1.4
Kuroneko DM-Bin	400	372	(28)	(7.1)

● **Other**

- ① During the six months ended September 30, 2023, we continued to promote efforts to expand sales for transportation by transport box taking advantage of the network consisting of multiple corporate groups and for vehicle maintenance services.
- ② Operating revenue from customers was 28,346 million yen, down 4.7% year-on-year. Operating profit was 6,811 million yen, down 3.8% year-on-year.

Initiatives such as safety and regional co-creation

- 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 annual plans, all centered on respective Group companies whose main operations involve transport. During the six months ended September 30, 2023, we continued to conduct the “Traffic Safety Class for Children” at kindergartens and elementary schools. Moreover, the entire Yamato Group carried out the “Zero Traffic Accidents Campaign” and “Campaign to Prevent Work-related Accidents” in order to improve safety awareness.
- ② 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 operate the Neko Support Station as a local community facility that supports the healthy and sustainable development of the local community, and the safe and comfortable lives of people in the area. We also provide housekeeping support services, monitoring services that use “HelloLight” IoT light bulbs, consultation services for everyday life, and hold events that enable interaction among community members. Moreover, in the six months ended September 30, 2023, Yamato Transport signed a basic agreement regarding the partnership with a retailer that operates drug stores in Hokkaido. In order to address social issues faced by Hokkaido, such as population decline, the aging society and declining birthrate, as well as the difficulty of maintaining logistics networks due to the vast area and snowfall, and to realize a sustainable regional economy, Yamato Group is working to enhance shopping support using the TA-Q-BIN sales offices and mobile

vending vehicles, make it possible to receive parcels at drug stores, have items purchased in stores delivered to people's homes, as well as provide efficient and stable deliveries of merchandise to retailers.

- ③ Aspiring to be a company that continually evolves in step with society, and led by the 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, 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

(Assets, liabilities and net assets)

Total assets were 1,117,973 million yen as of September 30, 2023, up 10,386 million yen from the end of the previous fiscal year. The increase was largely attributable to the increase in cash and deposits of 4,940 million yen, while investment securities increased 6,348 million yen due to mark-to-market evaluation and other factors.

Liabilities increased 37,261 million yen to 528,417 million yen from the end of the previous fiscal year. The increase was largely attributable to the 20,000 million yen increase in short-term borrowings, while bonds payable increased 20,000 million yen due to the issuance of green bonds.

Total net assets were 589,556 million yen, down 26,874 million yen from the end of the previous fiscal year. The major factors included profit attributable to owners of the parent being 5,384 million yen, and conducting 8,343 million yen of dividends of surplus, as well as the acquisition of 28,851 million yen of our own shares.

As a result, the equity ratio changed to 52.2% from 55.1% in the previous fiscal year.

(Cash flows)

Net cash provided by operating activities for the six months ended September 30, 2023 amounted to 24,000 million yen. Compared with the same period of the previous fiscal year, the amount of net cash provided decreased by 3,238 million yen. This is largely attributable to the profit before income taxes being 10,266 million yen, and income decreasing by 7,165 million yen, and the 1,524 million yen decrease in consumption taxes payable, while accrued expenses increased 6,227 million yen.

Net cash used in investing activities was 19,161 million yen, a decrease in spending of 12,330 million yen compared with net cash provided in investing activities in the same period of the previous fiscal year. This is largely attributable to a 6,008 million yen decrease in purchase of property, plant and equipment, the 5,253 million yen decrease in other expenses, and the 1,265 million yen proceeds from the sale of the shares of a subsidiary with a subsequent change in the scope of consolidation in the six months ended September 30, 2023.

Net cash from financing activities was 413 million yen, an increase of 17,663 million yen compared with net cash used in financial activities in the same period of the previous fiscal year. This was largely attributable to the 19,928 million yen increase from the issuance of bonds, the net increase of 15,600 million yen in short-term borrowings, as well as the 18,834 million yen spent to acquire our own shares in the six months ended September 30, 2023.

As a result of the above, cash and cash equivalents were 189,452 million yen as of September 30, 2023, up 6,227 million yen from the end of the previous fiscal year.

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

In the business environment surrounding Yamato Group, there are signs of inflation slowing down globally, due to factors including increased stability in the COVID-19 pandemic, as well as in natural resources and energy prices, which had been rising due to the instability in global affairs. Meanwhile in Japan, it remains hard to anticipate a full-fledged economic recovery, due to factors such as the current further weakening of the Japanese yen, despite the fact that companies are continuing to pass on the rise in costs to their prices, as well as the recovery in consumption of services and capital expenditures

Under these circumstances, the Yamato Group is promoting initiatives to provide comprehensive value to address the diversifying needs of customers and society, in order to achieve sustainable corporate value enhancement through “Helping to enrich our society” which is part of our Management Philosophy, under the Group management structure in which we brought together the management resources of each Group company.

As for the full-year earnings forecast, operating revenue is expected to be lower than the previous forecast, due to the current demand trends as well as the performance in the first half of the fiscal year. Operating profit is expected to be lower than the previous forecast, although the Company will continue to focus on optimizing operating costs. Ordinary profit and profit attributable to owners of parent are expected to be below the previous forecast, due to the decrease in operating profit.

Due to these and other factors, the Yamato Group has made changes to the consolidated earnings forecasts for the fiscal year ending March 31, 2024, since the announcement made on August 3, 2023. The change is as follows;

Consolidated earnings forecasts for the full year of the fiscal year ending March 31, 2024

	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
Forecast as of August 3, 2023 (A)	1,820,000	80,000	80,000	58,000	165.37
New Forecast (B)	1,785,000	65,000	65,000	52,000	148.21
Forecast Change (B-A)	(35,000)	(15,000)	(15,000)	(6,000)	—
Forecast Change (%)	(1.9)	(18.8)	(18.8)	(10.3)	—

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	185,373	190,314
Notes and accounts receivable - trade, and contract assets	216,251	215,216
Accounts receivable - installment	50,509	51,939
Merchandise and finished goods	168	145
Work in process	322	176
Raw materials and supplies	2,089	1,872
Other	31,406	33,494
Allowance for doubtful accounts	(1,474)	(1,465)
Total current assets	484,647	491,693
Non-current assets		
Property, plant and equipment		
Buildings and structures	381,218	388,767
Accumulated depreciation	(227,735)	(231,803)
Buildings and structures, net	153,483	156,964
Vehicles	196,140	192,844
Accumulated depreciation	(165,934)	(165,371)
Vehicles, net	30,205	27,473
Land	179,811	179,820
Leased assets	47,257	48,466
Accumulated depreciation	(13,110)	(14,360)
Leased assets, net	34,146	34,105
Other	151,195	151,610
Accumulated depreciation	(105,825)	(108,308)
Other, net	45,369	43,302
Total property, plant and equipment	443,017	441,665
Intangible assets	43,759	43,202
Investments and other assets		
Investment securities	42,758	49,107
Other	95,400	94,374
Allowance for doubtful accounts	(1,996)	(2,070)
Total investments and other assets	136,163	141,411
Total non-current assets	622,940	626,279
Total assets	1,107,587	1,117,973

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	160,766	150,113
Short-term borrowings	10,000	30,000
Lease liabilities	5,415	6,023
Income taxes payable	16,911	9,005
Deferred installment income	4,797	4,992
Provision for bonuses	36,918	42,950
Other	109,949	116,701
Total current liabilities	344,758	359,786
Non-current liabilities		
Bonds payable	—	20,000
Lease liabilities	32,858	32,329
Retirement benefit liability	98,295	100,098
Other	15,244	16,203
Total non-current liabilities	146,398	168,630
Total liabilities	491,156	528,417
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,839	36,839
Retained earnings	473,891	470,932
Treasury shares	(39,835)	(68,676)
Total shareholders' equity	598,130	566,329
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,280	12,842
Foreign currency translation adjustment	1,781	3,232
Remeasurements of defined benefit plans	1,188	862
Total accumulated other comprehensive income	12,250	16,937
Non-controlling interests	6,049	6,289
Total net assets	616,430	589,556
Total liabilities and net assets	1,107,587	1,117,973

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Operating revenue	883,755	866,582
Operating costs	839,037	827,450
Operating gross profit	44,718	39,132
Selling, general and administrative expenses	26,669	26,773
Operating profit	18,048	12,358
Non-operating income		
Interest income	109	181
Dividend income	1,248	1,107
Green Innovation Fund Project Subsidy	—	479
Other	1,193	858
Total non-operating income	2,551	2,627
Non-operating expenses		
Interest expenses	405	690
Share of loss of entities accounted for using equity method	1,324	855
Other	595	797
Total non-operating expenses	2,324	2,344
Ordinary profit	18,275	12,641
Extraordinary income		
Gain on sales of non-current assets	1	3
Gain on sales of investment securities	—	1,377
Penalty income	75	—
Total extraordinary income	76	1,381
Extraordinary losses		
Loss on retirement of non-current assets	151	201
Loss on valuation of investment securities	2	—
Payments for retirement and other	—	3,545
Dismantlement expenses	753	—
Other	12	10
Total extraordinary losses	920	3,756
Profit before income taxes	17,432	10,266
Income taxes	6,989	4,832
Profit (loss)	10,442	5,434
Profit (loss) attributable to non-controlling interests	83	50
Profit (loss) attributable to owners of parent	10,358	5,384

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	10,442	5,434
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,156)	3,783
Foreign currency translation adjustment	2,729	1,430
Remeasurements of defined benefit plans, net of tax	169	(295)
Share of other comprehensive income of entities accounted for using equity method	(15)	(10)
Total other comprehensive income	1,727	4,908
Comprehensive income	12,170	10,342
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,073	10,070
Comprehensive income attributable to non-controlling interests	96	271

(3) Consolidated statement of cash flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	17,432	10,266
Depreciation	20,667	21,594
Increase (decrease) in retirement benefit liability	2,610	1,803
Increase (decrease) in provision for bonuses	6,345	6,125
Share of loss (profit) of entities accounted for using equity method	1,324	855
Decrease (increase) in trade receivables	3,914	(814)
Increase (decrease) in trade payables	(17,523)	(13,006)
Other, net	2,414	7,635
Subtotal	37,185	34,460
Interest and dividends received	1,362	1,283
Interest paid	(437)	(713)
Income taxes paid	(10,872)	(11,030)
Net cash provided by (used in) operating activities	27,238	24,000
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,867)	(14,858)
Proceeds from sale of property, plant and equipment	143	198
Purchase of investment securities	(873)	(951)
Proceeds from sale of investment securities	2,212	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	1,265
Loan advances	(696)	(986)
Proceeds from collection of loans receivable	1,099	1,099
Other payments	(15,330)	(10,077)
Other proceeds	2,820	5,149
Net cash provided by (used in) investing activities	(31,492)	(19,161)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,000	20,600
Repayments of lease liabilities	(2,819)	(2,877)
Proceeds from issuance of bonds	—	19,928
Purchase of treasury shares	(10,024)	(28,858)
Dividends paid	(8,433)	(8,346)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(612)	—
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	18	—
Other, net	(377)	(32)
Net cash provided by (used in) financing activities	(17,249)	413
Effect of exchange rate change on cash and cash equivalents	1,009	974
Net increase (decrease) in cash and cash equivalents	(20,494)	6,227
Cash and cash equivalents at beginning of period	180,603	183,225
Cash and cash equivalents at end of period	160,109	189,452

**(4) 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 to the scope of consolidation and/or the application of the equity method)

Major changes to the scope of consolidation

During the six months ended September 30, 2023, Yamato Staff Supply Co., Ltd. has been removed from the scope of consolidation, as a result of the partial transfer of its shares.

Major changes to the scope of the equity method

During the six months ended September 30, 2023, Yamato Staff Supply Co., Ltd. has been removed from the scope of consolidation, and included in the scope of the equity method, as a result of the partial transfer of its shares.

(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 second quarter under review.

(Segment information, etc.)

[Segment information]

Information regarding the amounts of operating revenue and profit or loss by reportable segment
For the six months ended September 30, 2022

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Reconciliation (Note 2)	Amount recorded in consolidated financial statements (Note 3)
Operating revenue						
Operating revenue from customers	437,653	416,363	29,738	883,755	—	883,755
Inter-segment operating revenue or transfers	143,731	8,774	56,054	208,560	(208,560)	—
Total	581,384	425,137	85,793	1,092,316	(208,560)	883,755
Segment profit (loss)	(1,479)	12,517	7,080	18,118	(69)	18,048

- Notes: 1. Other includes 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 69 million yen of segment profit includes group-wide expenses of negative 3,890 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 3,821 million yen.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

For the six months ended September 30, 2023

(Millions of yen)

	Retail Business Unit	Corporate Business Unit	Other (Note 1)	Total	Reconciliation (Note 2)	Amount recorded in consolidated financial statements (Note 3)
Operating revenue						
Operating revenue from customers	430,789	407,446	28,346	866,582	—	866,582
Inter-segment operating revenue or transfers	166,264	6,818	57,940	231,023	(231,023)	—
Total	597,053	414,265	86,286	1,097,606	(231,023)	866,582
Segment profit (loss)	5,382	(140)	6,811	12,052	305	12,358

- Notes: 1. Other includes 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 305 million yen of segment profit includes group-wide expenses of negative 3,740 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 4,046 million yen.
3. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

3. Others

Operating revenue by segment

Business segment	Income	For the six months ended September 30, 2022		For the six months ended September 30, 2023		Change (%)
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	
Retail Business Unit	Transportation income	567,698	64.2	581,596	67.1	2.4
	Logistical support income	1,394	0.2	1,838	0.2	31.8
	Others	13,518	1.5	14,669	1.7	8.5
	Eliminations	(144,957)	(16.4)	(167,314)	(19.3)	15.4
	Total	437,653	49.5	430,789	49.7	(1.6)
Corporate Business Unit	Transportation income	299,212	33.9	304,954	35.2	1.9
	Logistical support income	133,795	15.1	115,345	13.3	(13.8)
	Others	16,629	1.9	15,939	1.8	(4.2)
	Eliminations	(33,275)	(3.8)	(28,792)	(3.3)	(13.5)
	Total	416,363	47.1	407,446	47.0	(2.1)
Other	Transportation income	12,152	1.4	11,595	1.3	(4.6)
	Others	77,488	8.8	78,149	9.0	0.9
	Eliminations	(59,902)	(6.8)	(61,398)	(7.1)	2.5
	Total	29,738	3.4	28,346	3.3	(4.7)
Total		883,755	100.0	866,582	100.0	(1.9)