

## Consolidated Financial Results for the Year Ended March 31, 2020 <under Japanese GAAP>

Company name: Yamato Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Stock code: 9064  
 URL: <http://www.yamato-hd.co.jp/>  
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Scheduled date of the ordinary general meeting of shareholders: June 23, 2020  
 Scheduled date of the commencement of dividend payment: June 4, 2020  
 Scheduled date of the submission of annual securities report: June 23, 2020  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

### 1. Consolidated financial results for fiscal year 2020 (from April 1, 2019 to March 31, 2020)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March 31, 2020	1,630,146	0.3	44,701	(23.4)	40,625	(25.1)	22,324	(13.1)
March 31, 2019	1,625,315	5.6	58,345	63.5	54,259	50.4	25,682	40.9

(Note) Comprehensive income: For the year ended March 31, 2020: 17,285 million yen ((36.0) %)  
 For the year ended March 31, 2019: 26,987 million yen (18.5 %)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating revenue
For the year ended	Yen	Yen	%	%	%
March 31, 2020	56.78	—	4.0	3.7	2.7
March 31, 2019	65.14	—	4.6	4.8	3.6

(Reference) Equity in earnings of affiliates: For the year ended March 31, 2020: (4,168) million yen  
 For the year ended March 31, 2019: (4,872) million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	1,100,739	562,835	50.4	1,441.20
March 31, 2019	1,123,659	573,388	50.4	1,435.15

(Reference) Equity: As of March 31, 2020: 555,173 million yen As of March 31, 2019: 565,841 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of Yen
March 31, 2020	74,433	(49,943)	(22,368)	196,662
March 31, 2019	118,093	(54,872)	(70,947)	194,650

## 2. Dividends

	Annual dividends					Total annual dividends	Payout ratio (consolidated)	Dividends on equity (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2019	—	14.00	—	14.00	28.00	11,039	43.0	2.0
Fiscal 2020	—	15.00	—	26.00	41.00	15,929	72.2	2.9
Fiscal 2021 (Forecast)	—	—	—	—	—		—	

(Note 1) Breakdown of year-end dividends in fiscal year ended March 31, 2020: Ordinary dividends: 16 yen

Commemorative dividends: 10 yen

(Note 2) The dividend forecasts for the fiscal year ending March 31, 2021 is presently uncertain. We will make an announcement promptly after the dividend forecasts become available.

## 3. Consolidated earnings forecasts for fiscal year 2021 (from April 1, 2020 to March 31, 2021)

The consolidated earnings forecasts for the fiscal year ending March 31, 2021 is presently uncertain because it is difficult to reasonably estimate the impact of the novel coronavirus disease (COVID-19) at this time. We will make an announcement promptly after the consolidated earnings forecasts become available.

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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:                                  | None |
| c. Changes in accounting estimates:                       | None |
| d. Restatement:                                           | None |

(Note) For details, please see “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to consolidated financial statements (Changes in accounting policies)” of the attached materials to the quarterly financial results report on page 21.

(3) Number of issued shares (common shares)

- |                                                                                    |                    |
|------------------------------------------------------------------------------------|--------------------|
| a. Number of issued shares as of the end of the period (including treasury shares) |                    |
| As of March 31, 2020:                                                              | 411,339,992 shares |
| As of March 31, 2019:                                                              | 411,339,992 shares |
| b. Number of treasury shares as of the end of the period                           |                    |
| As of March 31, 2020:                                                              | 26,124,409 shares  |
| As of March 31, 2019:                                                              | 17,065,526 shares  |
| c. Average number of shares during the period                                      |                    |
| For the year ended March 31, 2020:                                                 | 393,170,633 shares |
| For the year ended March 31, 2019:                                                 | 394,275,053 shares |

(Note) For details of the number of shares used to calculate consolidated basic earnings per share, please refer to “Per share information” on page 26.

\*Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

### \*Proper use of earnings forecasts and other noteworthy events

- The consolidated earnings forecasts for the fiscal year ending March 31, 2021 is presently uncertain because it is difficult to reasonably estimate the impact of COVID-19 at this time. We will make an announcement promptly after the consolidated earnings forecasts become available. For details, please see “1. Overview of Operating Results and Others, (4) Future outlook” of the attached materials to the financial results report on page 9.
- The Company plans to post supplementary materials on financial results on the Company’s website promptly after the announcement of the financial results.

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## 1. Overview of Operating Results and Others

### (1) Overview of operating results for the fiscal year ended March 31, 2020

In the fiscal year ended March 31, 2020, the economic environment deteriorated substantially from January 2020 onward due to the global spread of COVID-19, despite gradual economic recovery having held course amid underlying strengths in corporate earnings until the nine months of the fiscal year ended March 31, 2020. The outlook for economic recovery both in Japan and overseas remains unknown given uncertainties as to the potential pace of coronavirus transmission ahead and timing as to when the pandemic might subside. Meanwhile, amid a scenario of e-commerce market expansion brought about by rapidly changing styles of consumption, in addition to the severe business environment of logistics industry continued during the nine months of the fiscal year ended March 31, 2020, as a result of factors that included tightening of the domestic labor market and a slowdown in personal spending due to effects of Japan's consumption tax hike, from January 2020 onward, the logistics industry encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade amid the spread of COVID-19, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Ramifications of this situation with respect to the business environment going forward remain uncertain.

Under such circumstances, the Yamato Group has been striving to enhance its management foundations in order to continue achieving sustainable growth and thereby enable the Group to keep providing high-quality services based on "KAIKAKU 2019 for NEXT100" medium-term management plan, which while "Work Style Reform" is centered on management, focuses on reforms in the three areas of "structural reform in the Delivery Business," "reform of revenue and business structure geared to achieving discrete growth," and "reform of Group management structure geared to achieving sustainable growth." At the same time, we have been continuing to provide our logistics services such as those of our TA-Q-BIN business in a manner that places top priority on safety of our customers and employees in terms of addressing the spread of COVID-19.

In the Delivery Business, we worked to strengthen cost controls while engaging in adequate pricing initiatives and promoting sales to new customers in order to regain profitability. Moreover, we have been taking steps to ensure consistent operations of our TA-Q-BIN network, as an element of social infrastructure, in a manner that addresses changes in demand and logistics brought about by spread of COVID-19.

In the non-delivery businesses, we took steps to expand our existing service offerings by making the best use of the strengths of the Group companies, while also strengthening account management on a Group-wide basis as we aggressively promoted solution sales for addressing customers' business challenges.

Our consolidated financial results for the fiscal year ended March 31, 2020 were as follows.

Item	(Millions of yen)			
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change	Growth (%)
Operating revenue	1,625,315	1,630,146	4,831	0.3
Operating profit	58,345	44,701	(13,644)	(23.4)
Ordinary profit	54,259	40,625	(13,633)	(25.1)
Profit attributable to owners of the Parent	25,682	22,324	(3,358)	(13.1)

As mentioned above, operating revenue amounted to 1,630,146 million yen, up 4,831 million yen from the previous fiscal year. This is largely attributable to an increase in the TA-Q-BIN unit price, amid promotion of structural reforms in the Delivery Business. Operating expenses amounted to 1,585,445 million yen, up 18,475 million yen from the previous fiscal year. This is largely attributable to an increase in personnel expenses and despite a decrease in commission expenses, mainly as a result of having increased the workforce looking toward building collection and delivery structure.

As a result, operating profit amounted to 44,701 million yen, down 13,644 million yen from the previous fiscal year.

Ordinary profit amounted to 40,625 million yen, largely attributable to having recorded impairment of goodwill relating to the affiliates overseas as a share of loss of entities accounted for using equity method.

As a result, profit attributable to owners of the Parent amounted to 22,324 million yen, down 3,358 million yen from the previous fiscal year.

### Initiatives for the entire Yamato Group

- ① The Yamato Group took steps on a Group-wide basis to develop a vibrant working environment, which is more “employee-friendly” and “rewarding,” centered on the “Office for Work Style Reform” established in Yamato Transport Co., Ltd., and its “Working Styles Innovation Committees” in its respective Group companies, as a means of placing utmost priority on “Work Style Reform” in order to practice “Inclusive Management,” a Yamato Group founding principle. Moreover, we have pursued our “Value Networking” design, on the basis of creating business models for generating a high level of added value through the combined efforts of our respective businesses, while at the same time contributing to growth strategies and international competitive strengths of the Japanese economy. Meanwhile, we are also taking steps to forge a robust corporate culture that acts as a foundation for business creation and development.
- ② We continued to drive initiatives for a robust corporate culture. We worked on enhancing efficiency and credibility in operations, by improving our transport structure and digital technologies to enable visual monitoring of operating amount. We actively engaged in ESG-related initiatives for achieving sustainable growth, which has involved implementing safety and environmental measures, undertaking efforts to prosper communities, and taking drastic and comprehensive measures to rebuild Group governance.
- ③ To further evolve our “Value Networking” design, we strove to craft business models that deliver a high level of added value by leveraging the Yamato Group’s business network. Also, to address varied customer needs in Japan and overseas, we have made effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Okinawa International Logistics Hub,” and respective gateways linking major cities in the Kanto, Chubu, and Kansai regions, in addition to our existing “last mile” network, and have been striving to strengthen account management on a Group-wide basis.
- ④ In our business looking toward global markets, we worked to collaborate among five regions, Japan, East Asia, South East Asia, Europe and the Americas. Meanwhile, we also strengthened our capabilities in each geographic region to respond to the growth of cross-border logistics, and also took steps to strengthen management of our businesses that involve global operations. In addition, we actively promoted efforts to build cross-border networks that provide substantial added value by leveraging our certification under international standards pertaining to small parcel chilled and frozen goods delivery services, such that has already been acquired by eight Yamato Group companies.
- ⑤ With the aim of improving customer convenience particularly in the e-commerce market, we have continuously worked to establish an environment that ensures customers ease in picking up and sending their parcels. We have been actively promoting efforts to build an open-type network of parcel lockers, and have worked on other efforts for the development of next-generation logistics services including utilization of automated driving technologies. Moreover, in order for addressing social issues such as the intensifying labor shortage, and better responding to the rapidly expanding e-commerce demand, we have engaged in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in carrying out structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.
- ⑥ We have engaged in reform of the Group management structure geared to achieving sustainable growth, and have accordingly formulated our transformation plan “YAMATO NEXT100” which will serve as a grand design for management of the Group over the medium to long term going forward. At the same time, we have promoted enhancement of customer contact points and otherwise gave rise to the digital transformation (DX) of TA-Q-BIN looking to improve productivity, while also took steps to build logistics services by collaborating with major e-commerce business operators with our sights set on establishing an e-commerce (EC) ecosystem.

## Summary of each operating segment

### ● Delivery

The delivery amount of TA-Q-BIN and Kuroneko DM-Bin services are as follows.

(Million parcels / units)				
Category	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change	Growth (%)
TA-Q-BIN	1,803	1,799	(3)	(0.2)
Kuroneko DM-Bin	1,211	987	(224)	(18.5)

- ① In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people's lives.
- ② Until the nine months of the fiscal year ended March 31, 2020, we continued to face a severe business environment as a result of factors that included tightening of the domestic labor market and a slowdown in personal consumption due to effects of Japan's consumption tax hike, amid a scenario of e-commerce market expansion brought about by rapidly changing styles of consumption. Under those circumstances, we worked to strengthen cost controls while engaging in adequate pricing initiatives and promoting sales to new customers in order to regain profitability. In addition, we have been engaging in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in carrying out structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation. From January 2020 onward, we encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade amid the spread of COVID-19, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Under those circumstances, we have been taking steps to ensure consistent operations of our TA-Q-BIN network, as an element of social infrastructure, in a manner that addresses changes in demand and logistics.
- ③ In the growing e-commerce market, we expanded sales of the "TA-Q-BIN Compact" and "Nekopos" services which enable customers to send small parcels simply in respond to diversifying needs brought about by changing customer lifestyles, and have proceeded with offering a greater number of drop-off points for sending parcels by collaborating with multiple flea market websites. During the fiscal year under review, we have been continuing to work in conjunction with flea market websites and e-commerce companies to provide greater convenience by developing a service environment where individual customers ship merchandise easily from convenience stores and PUJO station open-type parcel lockers, and offering a service environment enabling customers who have purchased a product to specify either a TA-Q-BIN Center, convenience store or PUJO station as a location for pick-up. As for individual customers, we promoted efforts to increase sales of services enabling customers to complete TA-Q-BIN sending procedures using their smartphones, and providing them with access to features such as online payment settlement and anonymous delivery.
- ④ With respect to corporate clients, we accurately pinpointed managerial challenges and actively proposed solutions to address those challenges. During the fiscal year under review, we have been continuing to strengthen account management in coordinated efforts of the Group, and boosting profitability by making proposals that provide high added value using the Group's business resources.
- ⑤ We have been taking steps to improve services for residents geared toward resolving issues facing communities. In part, this has involved collaborating with numerous municipalities and companies in efforts that entail helping those who have difficulties doing their shopping and helping to watch over elderly residents. Moreover, we have also been helping to revitalize local industry particularly through initiatives that involve supporting tourism and helping to expand sales channels for locally produced products.
- ⑥ Operating revenue amounted to 1,310,067 million yen, up 1.0% from the previous fiscal year owing to a higher TA-Q-BIN unit price amid promotion of structural reforms in the Delivery Business. Operating profit amounted to 27,249 million yen, down 33.2% from the previous fiscal year mainly due to an increase in personnel expenses and despite a decrease in commission expenses.

## ● BIZ-Logistics

- ① In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- ② For e-commerce, we are offering various one-stop services including placing and accepting orders, visual monitoring of inventories for customers and enabling speedier shipments. Moreover, we have been providing services to medical device-related business operators that help such customers revolutionize logistics through our comprehensive support extending beyond delivery to encompass cleaning, maintaining and relending surgical equipment returned by hospitals. During the fiscal year under review, we promoted efforts to increase sales of this service, particularly among our existing customers.
- ③ Operating revenue amounted to 143,934 million yen, down 2.4% from the previous fiscal year mainly due to a decrease in our handling of some customer business as a result of carrying out adequate pricing initiatives in services designed for e-commerce. Operating profit was 4,975 million yen, up 49.5% from the previous fiscal year mainly as a result of overhauling distribution centers.

## ● Home Convenience

- ① Given the situation where there were inappropriately billings to corporate clients for moving-related services provided to their employees, Home Convenience Business continued to take steps to prevent a recurrence of such incidents through efforts that have included fundamentally overhauling the moving business and revamping product design. During the fiscal year under review, we started providing individual customers with our new “My Moving” moving-related services for single people, and accordingly worked to improve quality and expand the service territory.
- ② Operating revenue amounted to 27,805 million yen, down 16.8% from the previous fiscal year mainly due to a decrease in moving demand as a result of the spread of COVID-19, in addition to effects of having suspended moving-related services. As for profits, the segment posted an operating loss of 10,061 million yen.

## ● e-Business

- ① In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology. In addition to the conventional information technologies, we are promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations to accelerate growth of the Yamato Group businesses.
- ② We have been offering the “Certified Web Retrieval Service” for the financial industry which enables subscribers to safely and simply submit documentation. The service helps our customers streamline their administrative operations by enabling service subscribers to use their smartphones, personal computers and other such devices to upload identification papers and other documents necessary when completing application processes. During the fiscal year under review, we promoted efforts to expand sales of the “Multi-value Charge Service” which facilitates payments to individuals from business enterprises involved in second-hand item purchasing and e-commerce returned merchandise, and accordingly enables such individuals to receive cashless payments in the form of e-money and other options of their choice.
- ③ Operating revenue amounted to 30,579 million yen, up 15.0% from the previous fiscal year mainly generated from our outsourcing services that have in part involved establishing systems for cashless reward point operations accompanying Japan’s consumption tax hike, and also due to progress achieved with respect to expanding sales of our “IT Asset Management Optimization Service” involving total support encompassing everything from equipment procurement to asset management of personal computers and other information technology assets. Operating profit was 10,668 million yen, up 22.1% from the previous fiscal year.

## ● Financial

- ① In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products, business-to-business transaction settlement, and vehicle leasing.
- ② With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service, “Kuroneko Pay After Delivery Services” and our e-money settlement services. During the fiscal year under review, we have been taking steps to expand sales of our “Raku-uru Cart” service. This service helps business operators newly enter the e-commerce market, which is poised for expansion going forward, by providing one-stop support in terms of shopping cart function, payment settlement and delivery services. Moreover, with respect to our “Kuroneko Pay After Delivery Services,” we have been taking steps to expand sales of the “smartphone-based payment” feature that enables users to select from various payment options displayed on their smartphone device after having received products, which is in addition to the already available “payment slip-based payment” feature whereby a payment slip is sent by postal mail to the customer who has made a purchase.
- ③ Operating revenue amounted to 77,072 million yen, down 3.6% from the previous fiscal year mainly due to a decrease in “TA-Q-BIN Collect” delivery amount due to a shrinking market for cash-on-delivery brought about by changing payment settlement needs, and despite increases in the use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery Services.” Operating profit was 6,322 million yen, up 1.3% from the previous fiscal year mainly due an absence of the loss on valuation of inventories in the lease service business recognized in the previous fiscal year.

## ● Autoworks

- ① In the Autoworks Business, we provide value to logistics operations and logistics service providers in the form of “improvement of vehicle maintenance convenience” and “reduced maintenance expenses,” as well as services that help our customers improve their asset utilization ratios, by adding options of “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets.
- ② During the fiscal year under review, we achieved greater use of maintenance services as a result of having carried out initiatives to increase sales of such services through close communication with customers.
- ③ Operating revenue amounted to 24,922 million yen, down 4.1% from the previous fiscal year mainly as a result of a decrease in fuel sales volume. Operating profit was 4,295 million yen, down 3.1% from the previous fiscal year.

## ● Other

- ① The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-amount delivery. During the fiscal year under review, service use grew steadily due to favorable results with respect to existing services.
- ② Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies decreased 14.7% from the previous fiscal year to 1,893 million yen.

## 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 fiscal year under review, the entire Yamato Group including its overseas operations carried out the “Zero Traffic Accidents Campaign,” and Yamato Transport Co., Ltd. held the “9th Nationwide Safety



Competition,” in order to improve safety awareness on a Group-wide basis and engaged in efforts to heighten safety awareness and improve driving skills. In addition, since 1998 we have been holding our “Safety Classes for Children,” through which we convey the importance of traffic safety, in day care facilities, kindergartens and elementary schools across Japan. A total of about 3.40 million people have now participated.

- ② In order to earn the confidence of Yamato Group's customers and society through acting as a company that forms an important part of social infrastructure, we have promoted management in conformity with compliance and worked on the Group-wide initiatives with respect to “Work Style Reform” through developing a vibrant working environment which is more “employee-friendly” and “rewarding” for employees, such as promoting reviewing our management rules on working hours and creating new working styles for our employees. As a result, we have made progress particularly in terms of reducing total working hours and improving the rate of annual paid vacation acquisition, as well as improving employees' awareness regarding work.
- ③ The Yamato Group carried out drastic and comprehensive measures to rebuild Group governance, with the aim of enhancing sound Group management, with efforts being spearheaded by our “Group Governance Project” in place at the Company. During the fiscal year under review, in order to foster a sense of ethics throughout the Group, further instill our corporate philosophy, and promote such practices in our operations, we partially revised our Corporate Stance, which constitutes our corporate philosophy, as well as our Employee Code of Conduct, and furthermore implemented ethics education for all of our employees. Meanwhile, we also engaged in efforts that entailed developing personnel who are responsible for strengthening merchandise inspection systems of the overall Group and enhancing compliance at our respective Group companies.
- ④ The Yamato Group recognizes climate change, air pollution, decrease of resources, and loss of biodiversity as important issues to address in order to realize a sustainable society. We have been implementing measures to address climate change by shifting to use of vehicles that produce lower carbon dioxide emissions, introducing small commercial-use EV trucks to our fleets, and handling collection and delivery in a manner that does not involve use of automobiles. During the fiscal year under review, we reduced carbon dioxide emissions by heightening the efficiency of our trunk-route transportation to major cities, and we extended the zone of operations served by our Super-Full Trailer SF25, which helps reduce long-haul driver workloads. Accordingly, such routes now also encompass Fukuoka Prefecture in Japan's Kyushu region, in addition to the previous destinations of Kanagawa Prefecture in the Kanto region and Osaka in the Kansai region. We also hold “Kuroneko Yamato Environmental Class” sessions designed to provide support for environmental education of children who will bear responsibilities of the next generation. We have held such classes on an ongoing basis nationwide since 2005, attracting about 250 thousand participants so far.
- ⑤ 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 fiscal year under review, we promoted our “combined passenger-cargo” operations using scheduled-route passenger buses and railways, thereby helping to improve lifestyle services for local residents by keeping scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. With the aim of stimulating the economies of local regions while improving convenience for tourists, particularly for the increasing numbers of overseas visitors, etc., we promoted initiatives involving our hands-free travel service which has entailed expanding our offerings to include baggage check services and same-day delivery of tourists' luggage to their lodging facilities. For residents in suburban areas which are undergoing changes with respect to people's life stages, we have been providing support for community development geared to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf. We have been working with government bodies in efforts geared to revitalizing communities and resolving issues by leveraging the Yamato Group's management resources with respect to initiatives that include helping to watch over elderly residents, supporting tourism, and expanding sales channels for locally produced products in respective regions throughout Japan. The number of the Yamato Group's initiatives, including the ones under discussion, totaled 1,102.
- ⑥ 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 freely enjoy a lifestyle as a member of each community. 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.

- ⑦ The Yamato Group has positioned the theme “Sustainability initiatives – Management embodying the environment and society” as one element of its business transformations under its transformation plan “YAMATO NEXT100” formulated in January 2020, which is to serve as a grand design for the Group’s management over the medium to long term. The Yamato Group cites dual visions in terms of paving the way to a sustainable future, 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.” Underpinned by those two visions, we will take steps to address material issues that have been identified with the aim of increasing the efficiency of transportation and providing delivery that is better for the planet, our lifestyles, and the economy, by attentively connecting people with resources and data.

**(2) Overview of financial position for the fiscal year ended March 31, 2020**

Total assets were 1,100,739 million yen as of March 31, 2020, down 22,920 million yen from the end of the previous fiscal year. The decrease was largely attributable to the recording of share of loss of entities accounted for using equity method, a 13,702 million yen decrease in investment securities mainly due to fair value assessment and sale, and a 6,178 million yen decrease in notes and accounts receivable - trade mainly in the Financial Business.

Liabilities decreased 12,366 million yen to 537,904 million yen from the end of the previous fiscal year. The decrease was largely attributable to an 11,856 million yen decrease in notes and accounts payable - trade mainly in the Financial Business and a 12,957 million yen decrease in non-current asset payment obligations mainly in the Delivery Business, despite a 9,200 million yen increase in borrowings.

Total net assets were 562,835 million yen, down 10,553 million yen from the end of the previous fiscal year. The major factors included the recording of profit attributable to owners of the Parent of 22,324 million yen, payment of dividends of surplus of 11,433 million yen and purchase of treasury shares amounting to 15,685 million yen.

Accordingly, the equity ratio was at the same level as in the previous fiscal year at 50.4%.

**(3) Overview of cash flows for the fiscal year ended March 31, 2020**

Net cash provided by operating activities amounted to 74,433 million yen, which is a decrease of 43,660 million yen compared with the previous fiscal year. This is largely attributable to a 7,676 million yen decrease due to the recording of profit before income taxes of 44,581 million yen, a 15,540 million yen decrease in trade payables, and a 16,289 million yen increase in income taxes paid.

Net cash used in investing activities was 49,943 million yen. Compared with the previous fiscal year, the amount of net cash used decreased by 4,928 million yen. This is largely attributable to a 6,794 million yen increase in purchase of property, plant and equipment, despite increases in proceeds from sales of property, plant and equipment of 8,927 million yen and proceeds from sales of investment securities of 1,897 million yen.

Net cash used in financing activities was 22,368 million yen. Compared with the previous fiscal year, the amount of net cash used decreased by 48,578 million yen. This is largely attributable to the absence in the fiscal year under review of the 10,000 million yen recorded for redemption of bonds in the previous fiscal year and a 56,142 million yen increase in proceeds from borrowings, despite a 15,687 million yen increase in purchase of treasury shares.

As a result of the above, cash and cash equivalents were 196,662 million yen as of March 31, 2020, up 2,012 million yen from the end of the previous fiscal year.

**(4) Future outlook**

The economic environment deteriorated substantially due to the global spread of COVID-19. The outlook for economic recovery both in Japan and overseas remains unknown given uncertainties as to the potential pace of coronavirus transmission ahead and timing as to when the pandemic might subside. The logistics industry encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Ramifications of this situation with respect to the business environment going forward remain uncertain.

Under such circumstances, as it is difficult to reasonably calculate the consolidated earnings forecasts for the fiscal year ending March 31, 2021 at this time, they have not yet been determined. We will make an announcement promptly after the consolidated earnings forecasts become available.

**(5) Operational and financial issues to be addressed**

As a social infrastructure provider, the Yamato Group will confront social issues. In order to continuously contribute to the realization of a prosperous society by creating a "new logistics ecosystem" that meets the needs of customers and society, we will tackle the issues below based on our transformation plan "YAMATO NEXT100," which has been formulated as a grand design and is the framework for management over the medium to long term.

- ① In response to the spread of COVID-19 and to ensure that customers can use TA-Q-BIN with peace of mind, we are making sure that employees practice full hygiene management, implementing contact-free deliveries and other infection prevention measures when interacting with customers, and using our website and other channels to share information. We will strive to continue providing logistics services, including TA-Q-BIN, with the safety of customers and employees as the top priority.
- ② In order to further enhance a management structure that enables us to confront customer and social needs, we will reorganize from our current structure based on functions to a new structure that is based on four customer segments (Retail, Regional Corporate, Global Corporate, and EC), and we aim to realize management that can carry out timely responses centered on the perspective of our customers by reducing the distance between management and our frontline personnel to realize swift decision making. We will also continue to carry out measures to strengthen Group governance, including inspecting all of the Group's products and services, monitoring the operation of the whistle-blower system, and implementing ethics education for employees, with the aim of enhancing sound Group management.
- ③ In order to promote "Inclusive Management" that enables frontline personnel to focus more on our customers, we will shift to a data-driven management style. We will advance the digital transformation of our TA-Q-BIN service to realize a stable revenue base for the service and create an environment that allows sales drivers to spend more time for providing services for customers. We will use data analysis and AI to improve the accuracy of demand and operating amount forecasts, optimize and standardize our transport and delivery process and overall operations, and increase the productivity of collections, deliveries, and trunk-route transportation. At the same time, we aim to increase the productivity of sorting operations over our entire logistics network by introducing a sorting system that uses digitalization and robotics to innovate existing sorting processes.
- ④ In response to social needs, we will work toward the establishment of an EC (e-commerce) ecosystem which capitalizes on the high growth potential of the EC market by creating a logistics service that caters specifically to the shift to EC in various industries. Through co-creation with EC businesses and logistics operators, we can combine external delivery resources with the Yamato Group's bases and digital foundation to provide an EC delivery service that meets the various needs of EC businesses, customers, and deliverers, while building an open digital platform that collectively controls all processes, including ordering, transportation, deliveries, inventory management, settlement, and returns.
- ⑤ In order to strengthen corporate logistics business with the aim of realizing new growth, we will combine the Group's management resources for corporate business, such as specialist human resources at each Group company, logistics and distribution functions, and the trunk-route transportation network connecting our distribution centers, to promote customer-orientated account management while also continuing to strengthen management of our businesses that involve global operations. We will also build a database to strengthen our ability to propose corporate logistics solutions based on highly accurate, real-time information and develop solutions that optimize the entire supply chains of our corporate clients.
- ⑥ We will strike a balance between sustainable growth and the development of a sustainable society by promoting sustainability initiatives and practicing management embodying the environment and society. Under "Connect. Deliver the Future via Green Logistics" and "Through Co-Creation and Fair Business Activities, Help Create a Society That Leaves No One Behind," our two visions for a sustainable future, we will achieve logistics that are friendly to the environment, society, and economy by attentively connecting people, resources, and data, and making transportation more efficient.
- ⑦ We will bring about an employee-friendly, rewarding working environment where employees can take a vibrant approach to work, heighten employee satisfaction, and become a company where a diverse range of talent will choose to work by continuing initiatives such as building appealing personnel systems, adopting a performance evaluation scheme that facilitates a vibrant approach to work by rewarding employee independence and autonomy, and re-establishing an educational system.

## 2. Fundamental Approach to Selection of Accounting Standards

The Yamato Group has adopted Japanese GAAP because the Group engages in business primarily in Japan. However, we intend to give ongoing consideration to IFRS and other accounting standards aligned with upcoming expansion into Asia and other locations overseas.

### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	195,954	197,226
Notes and accounts receivable - trade	220,159	213,980
Accounts receivable - installment	44,802	46,088
Lease receivables and investments in leases	54,537	53,886
Merchandise and finished goods	642	552
Work in process	194	165
Raw materials and supplies	2,410	3,497
Other	33,032	28,925
Allowance for doubtful accounts	(1,475)	(1,439)
Total current assets	550,258	542,884
Non-current assets		
Property, plant and equipment		
Buildings and structures	352,141	362,314
Accumulated depreciation	(204,191)	(208,753)
Buildings and structures, net	147,950	153,561
Machinery and equipment	70,201	73,397
Accumulated depreciation	(47,619)	(51,562)
Machinery and equipment, net	22,582	21,835
Vehicles	208,031	214,177
Accumulated depreciation	(183,835)	(193,345)
Vehicles, net	24,195	20,831
Land	175,995	175,158
Leased assets	31,537	31,260
Accumulated depreciation	(9,531)	(8,501)
Leased assets, net	22,006	22,759
Construction in progress	8,391	6,417
Other	89,347	81,477
Accumulated depreciation	(61,551)	(58,206)
Other, net	27,796	23,270
Total property, plant and equipment	428,918	423,835
Intangible assets		
Software	17,312	18,182
Other	3,311	2,782
Total intangible assets	20,624	20,965

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Investments and other assets		
Investment securities	54,013	40,310
Long-term loans receivable	4,039	5,723
Leasehold deposits	18,342	18,670
Retirement benefit asset	161	123
Deferred tax assets	44,385	45,611
Other	3,917	4,176
Allowance for doubtful accounts	(1,002)	(1,562)
Total investments and other assets	123,858	113,054
Total non-current assets	573,401	557,855
Total assets	1,123,659	1,100,739
Liabilities		
Current liabilities		
Notes and accounts payable - trade	158,938	147,081
Short-term borrowings	60,800	75,500
Current portion of bonds payable	–	10,000
Lease obligations	2,791	3,578
Income taxes payable	23,747	20,377
Deferred installment income	5,341	5,028
Provision for bonuses	35,844	35,866
Other	122,961	111,379
Total current liabilities	410,423	408,811
Non-current liabilities		
Bonds payable	10,000	–
Long-term borrowings	19,500	14,000
Lease obligations	20,142	21,760
Deferred tax liabilities	4,180	2,064
Retirement benefit liability	74,508	79,230
Other	11,515	12,037
Total non-current liabilities	139,847	129,093
Total liabilities	550,270	537,904

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	431,497	441,746
Treasury shares	(39,085)	(54,770)
Total shareholders' equity	556,459	551,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,975	8,157
Foreign currency translation adjustment	(515)	(317)
Remeasurements of defined benefit plans	(3,078)	(3,692)
Total accumulated other comprehensive income	9,381	4,148
Non-controlling interests	7,547	7,662
Total net assets	573,388	562,835
Total liabilities and net assets	1,123,659	1,100,739

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Operating revenue	1,625,315	1,630,146
Operating cost	1,513,988	1,526,102
Operating gross profit	111,327	104,043
Selling, general and administrative expenses		
Personnel expenses	26,092	28,553
Provision for bonuses	1,022	1,125
Retirement benefit expenses	997	1,160
Commission expenses	6,704	9,348
Taxes and dues	9,412	9,511
Provision of allowance for doubtful accounts	1,267	1,152
Depreciation	1,412	1,677
Other	8,092	9,099
Total selling, general and administrative expenses	52,981	59,342
Operating profit	58,345	44,701
Non-operating income		
Interest income	153	173
Dividend income	883	921
Gain on sales of vehicles	267	191
Other	1,063	1,089
Total non-operating income	2,367	2,377
Non-operating expenses		
Interest expenses	275	422
Share of loss of entities accounted for using equity method	4,872	4,168
Foreign exchange losses	158	648
Other	1,147	1,213
Total non-operating expenses	6,453	6,452
Ordinary profit	54,259	40,625
Extraordinary income		
Gain on sales of non-current assets	9	7,954
Gain on sales of investment securities	37	1,299
Compensation for delay damages	1,775	-
Other	-	8
Total extraordinary income	1,822	9,262



(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary losses		
Loss on retirement of non-current assets	309	424
Impairment loss	2,087	990
Loss on valuation of investment securities	1,396	2,347
Loss on liquidation of business	–	1,206
Other	30	338
Total extraordinary losses	3,823	5,306
Profit before income taxes	52,258	44,581
Income taxes-current	24,651	23,025
Income taxes-deferred	1,656	(1,346)
Total income taxes	26,308	21,678
Profit	25,949	22,902
Profit attributable to non-controlling interests	267	578
Profit attributable to owners of the Parent	25,682	22,324

**(Consolidated statement of comprehensive income)**

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	25,949	22,902
Other comprehensive income		
Valuation difference on available-for-sale securities	(115)	(4,927)
Foreign currency translation adjustment	(1,661)	198
Remeasurements of defined benefit plans, net of tax	2,541	(613)
Share of other comprehensive income of entities accounted for using equity method	273	(273)
Total other comprehensive income	1,038	(5,616)
Comprehensive income	26,987	17,285
(Breakdown)		
Comprehensive income attributable to owners of the Parent	26,577	17,091
Comprehensive income attributable to non-controlling interests	410	194

### (3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	127,234	36,813	416,854	(39,081)	541,821
Changes during period					
Dividends of surplus			(11,039)		(11,039)
Profit attributable to owners of the Parent			25,682		25,682
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	14,642	(4)	14,638
Balance at end of period	127,234	36,813	431,497	(39,085)	556,459

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,958	1,146	(5,618)	8,486	7,279	557,586
Changes during period						
Dividends of surplus						(11,039)
Profit attributable to owners of the Parent						25,682
Purchase of treasury shares						(4)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	16	(1,661)	2,539	895	268	1,163
Total changes during period	16	(1,661)	2,539	895	268	15,801
Balance at end of period	12,975	(515)	(3,078)	9,381	7,547	573,388

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	127,234	36,813	431,497	(39,085)	556,459
Cumulative effects of changes in accounting policies			(640)		(640)
Restated balance	127,234	36,813	430,856	(39,085)	555,819
Changes during period					
Dividends of surplus			(11,433)		(11,433)
Profit attributable to owners of the Parent			22,324		22,324
Purchase of treasury shares				(15,685)	(15,685)
Disposal of treasury shares		(0)	(0)	0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	10,890	(15,684)	(4,794)
Balance at end of period	127,234	36,813	441,746	(54,770)	551,024

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,975	(515)	(3,078)	9,381	7,547	573,388
Cumulative effects of changes in accounting policies						(640)
Restated balance	12,975	(515)	(3,078)	9,381	7,547	572,748
Changes during period						
Dividends of surplus						(11,433)
Profit attributable to owners of the Parent						22,324
Purchase of treasury shares						(15,685)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(4,817)	197	(613)	(5,232)	114	(5,118)
Total changes during period	(4,817)	197	(613)	(5,232)	114	(9,913)
Balance at end of period	8,157	(317)	(3,692)	4,148	7,662	562,835

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	52,258	44,581
Depreciation	51,358	55,104
Impairment loss	2,087	990
Increase (decrease) in retirement benefit liability	1,935	1,863
Increase (decrease) in provision for bonuses	2,646	26
Interest and dividend income	(1,036)	(1,095)
Interest expenses	405	440
Share of loss (profit) of entities accounted for using equity method	4,872	4,168
Loss (gain) on sales of non-current assets	(9)	(7,953)
Loss on retirement of non-current assets	309	424
Loss (gain) on sales of investment securities	(37)	(1,299)
Loss (gain) on valuation of investment securities	1,396	2,347
Decrease (increase) in trade receivables	3,222	4,478
Decrease (increase) in inventories	(295)	(702)
Increase (decrease) in trade payables	3,772	(11,767)
Other, net	6,547	12,214
Subtotal	129,434	103,823
Interest and dividends received	1,028	1,087
Interest paid	(401)	(443)
Compensation for delay damages received	1,775	-
Income taxes paid	(13,744)	(30,034)
Net cash provided by (used in) operating activities	118,093	74,433
Cash flows from investing activities		
Payments into time deposits	(2,981)	(1,273)
Proceeds from withdrawal of time deposits	3,206	1,985
Purchase of property, plant and equipment	(48,058)	(54,852)
Proceeds from sales of property, plant and equipment	4,233	13,160
Purchase of investment securities	(513)	(584)
Proceeds from sales of investment securities	80	1,977
Loan advances	(2,949)	(3,237)
Collection of loans receivable	1,250	1,635
Other payments	(10,185)	(9,644)
Other proceeds	1,044	889
Net cash provided by (used in) investing activities	(54,872)	(49,943)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,342)	50,000
Repayments of lease obligations	(2,822)	(4,366)
Repayments of long-term borrowings	(33,600)	(40,800)
Redemption of bonds	(10,000)	-
Purchase of treasury shares	(4)	(15,691)
Dividends paid	(11,035)	(11,431)
Dividends paid to non-controlling interests	(142)	(79)
Other, net	0	0
Net cash provided by (used in) financing activities	(70,947)	(22,368)
Effect of exchange rate change on cash and cash equivalents	(486)	(109)
Net increase (decrease) in cash and cash equivalents	(8,212)	2,012
Cash and cash equivalents at beginning of period	202,863	194,650
Cash and cash equivalents at end of period	194,650	196,662

## **(5) Notes to consolidated financial statements**

### **(Notes to premise of going concern)**

Not applicable.

### **(Significant matters forming the basis of preparing the consolidated financial statements)**

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 39

Names of major consolidated subsidiaries:

Yamato Transport Co., Ltd.	Okinawa Yamato Transport Co., Ltd.
Yamato Global Express Co., Ltd.	Yamato Logistics Co., Ltd.
Yamato Global Logistics Japan Co., Ltd.	YAMATO TRANSPORT U. S. A., INC.
Yamato Home Convenience Co., Ltd.	Yamato System Development Co., Ltd.
Yamato Financial Co., Ltd.	Yamato Lease Co., Ltd.
Yamato Autoworks Co., Ltd.	YAMATO BOX CHARTER CO., LTD
YAMATO (CHINA) CO., LTD.	YAMATO INVESTMENT (HONG KONG) LIMITED
YAMATO ASIA PTE. LTD.	

##### (2) Non-consolidated subsidiaries, etc.

OTL ASIA SDN. BHD. and certain other subsidiaries are not included within the scope of consolidation. The total assets, operating revenue, profit, and retained earnings of these non-consolidated subsidiaries are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

#### 2. Application of equity method

##### (1) Number of affiliates accounted for using equity method: 19

Names of major equity method affiliates:

GD EXPRESS CARRIER BHD.	Packcity Japan Co., Ltd.
GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD.	

Effective from the fiscal year under review, GEDE ADVISORY INDONESIA and one other company were included in the scope of the equity method as GD EXPRESS CARRIER BHD., an affiliate accounted for using the equity method, newly acquired their shares.

##### (2) Non-consolidated subsidiaries and affiliates not accounted for using equity method

Entities not subject to the equity method such as OTL ASIA SDN. BHD. and certain other non-consolidated subsidiaries and YAMATO UNYU (THAILAND) CO., LTD. and certain other affiliated companies are excluded from the scope of entities accounted for using the equity method because they do not exert a significant influence on the consolidated financial statements even when taken together as a group, given immateriality of their profit, retained earnings and other financial results corresponding to the ownership held by the Company.

##### (3) Special note on the application of equity method

The fiscal year-end dates of certain entities accounted for using the equity method differ from the consolidated fiscal year-end date, and accordingly the financial statements have been prepared on the basis of the financial statements and provisional financial results for the respective fiscal years of each of those entities.

### **(Changes in accounting policies)**

Certain subsidiaries which apply the International Financial Reporting Standards adopted IFRS 16 Leases ("IFRS 16") from the fiscal year under review. In line with this adoption, lessees, in principle, recognize all leases as assets and liabilities on the balance sheet. In applying IFRS 16, retained earnings have been adjusted for the cumulative effects of changes in accounting policies at the beginning of the fiscal year under review resulting from the transitional treatment.

In addition, the effect of this application on the consolidated financial statements and per share information is immaterial.

**(Segment information, etc.)**

1. Segment information

(1) Summary of reportable segment

The reportable segments of the Yamato Group are constituent units of the Yamato Group whose separate financial information can be obtained. The Board of Directors of the Company periodically examines these segments to decide on the allocation of management resources and evaluate business performance.

The Yamato Group consists of six business segments under the umbrella of the Company, a pure holding company, and these business segments have been formed according to business activity. Business management is conducted based on this business segment.

Accordingly, based on this business segment, the Yamato Group has the following six reportable segments: Delivery business, BIZ-Logistics business, Home Convenience business, e-Business, Financial business, and Autoworks business.

Type of services by reportable segment

Reportable segment	Type of services
Delivery	Small parcel delivery services for consumers and corporations
BIZ-Logistics	Business-to-business distribution
Home Convenience	Moving and other lifestyle support services for consumers
e-Business	Information services for corporations, such as ASP services and development of information systems
Financial	Financial services for consumers and corporations, such as settlement
Autoworks	Collective vehicle management agent business for transportation companies

(2) Method of calculating operating revenue, profit/loss, assets and other items by reportable segment

The accounting method used for reported business segments complies with accounting policy that has been adopted in preparing the consolidated financial statements.



(3) Information regarding the amounts of operating revenue, profit/loss, assets and other items by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,297,222	147,437	33,404	26,592	79,966
Inter-segment operating revenue or transfers	64,136	12,281	12,623	41,153	2,856
Total	1,361,359	159,719	46,027	67,746	82,823
Segment profit (loss)	40,787	3,329	(7,764)	8,740	6,244
Segment assets	718,911	77,462	12,281	44,136	257,207
Others					
Depreciation	37,221	2,574	514	3,531	6,000
Investment in entities accounted for using equity method	426	4,836	—	—	—
Increases of property, plant and equipment and intangible assets	56,896	5,212	763	1,570	7,103

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated financial statements (Note 4)
Operating revenue					
Operating revenue from customers	25,985	14,705	1,625,315	—	1,625,315
Inter-segment operating revenue or transfers	31,415	46,297	210,764	(210,764)	—
Total	57,400	61,002	1,836,079	(210,764)	1,625,315
Segment profit (loss)	4,433	19,372	75,144	(16,798)	58,345
Segment assets	29,378	22,385	1,161,762	(38,102)	1,123,659
Others					
Depreciation	644	621	51,108	238	51,346
Investment in entities accounted for using equity method	—	—	5,262	9,251	14,514
Increases of property, plant and equipment and intangible assets	512	7,647	79,706	132	79,838

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services, etc.  
2. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment profit is 18,593 million yen.  
3. Adjustments made are as follows.  
(1) The adjustment of negative 16,798 million yen of segment profit resulted from eliminating transactions among segments, etc.  
(2) The adjustment of negative 38,102 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of negative 184,579 million yen and group-wide assets of 146,476 million yen not allocated to each reportable segment.  
(3) The adjustment of 9,251 million yen of investment in entities accounted for using equity method pertains to the amount of investment in those entities accounted for using equity method which are not allocated to respective reportable segments.  
(4) The adjustment of 132 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 130 million yen.  
4. We made an adjustment between segment profit and operating profit in the consolidated statement of income.

Fiscal year ended March 31, 2020

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,310,067	143,934	27,805	30,579	77,072
Inter-segment operating revenue or transfers	56,762	13,836	11,398	43,188	2,814
Total	1,366,830	157,770	39,204	73,767	79,887
Segment profit (loss)	27,249	4,975	(10,061)	10,668	6,322
Segment assets	687,610	74,998	12,648	47,451	245,234
Others					
Depreciation	41,585	3,301	433	3,230	4,725
Investment in entities accounted for using equity method	439	1,549	—	—	—
Increases of property, plant and equipment and intangible assets	41,852	3,184	324	1,883	4,333

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated financial statements (Note 4)
Operating revenue					
Operating revenue from customers	24,922	15,763	1,630,146	—	1,630,146
Inter-segment operating revenue or transfers	30,976	66,018	224,996	(224,996)	—
Total	55,899	81,782	1,855,142	(224,996)	1,630,146
Segment profit (loss)	4,295	36,045	79,495	(34,794)	44,701
Segment assets	29,567	22,457	1,119,968	(19,228)	1,100,739
Others					
Depreciation	677	841	54,795	287	55,083
Investment in entities accounted for using equity method	—	—	1,989	8,045	10,034
Increases of property, plant and equipment and intangible assets	1,638	636	53,854	1,178	55,033

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services, etc.
2. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment profit is 37,023 million yen.
3. Adjustments made are as follows.
- (1) The adjustment of negative 224,996 million yen of segment profit resulted from eliminating transactions among segments, etc.
  - (2) The adjustment of negative 19,228 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of negative 151,149 million yen and group-wide assets of 131,920 million yen not allocated to each reportable segment.
  - (3) The adjustment of 8,045 million yen of investment in entities accounted for using equity method pertains to the amount of investment in those entities accounted for using equity method which are not allocated to respective reportable segments.
  - (4) The adjustment of 1,178 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 996 million yen.
4. We made an adjustment between segment profit and operating profit in the consolidated statement of income.
5. As described in "Changes in accounting policies," certain subsidiaries which apply the International Financial Reporting Standards adopted IFRS 16 Leases (IFRS 16) from the fiscal year under review. In line with this adoption, lessees, in principle, recognize all leases as assets and liabilities on the balance sheet.
- In addition, the effect of this application on segment information is immaterial.

2. Information regarding impairment losses of non-current assets by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	546	265	1,275	—	—

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	—	—	2,087	—	2,087

Fiscal year ended March 31, 2020

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	266	677	46	—	—

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	—	—	990	—	990

**(Per share information)**

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share (Yen)	1,435.15	1,441.20
Basic earnings per share (Yen)	65.14	56.78

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.  
2. The basis for calculating "basic earnings per share" is as follows.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit attributable to owners of the Parent (Millions of yen)	25,682	22,324
Amount not belonging to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of the Parent concerning common shares (Millions of yen)	25,682	22,324
Average number of common shares during the period (Thousands of shares)	394,275	393,170

**(Important subsequent matters)**

(Transactions, etc. under common control)

At its meeting held on January 23, 2020, the Board of Directors resolved to reorganize the Company's management structure from that of a pure holding company to that of an operating company, upon conducting an absorption-type merger and absorption-type company split involving eight consolidated subsidiaries, including Yamato Transport Co., Ltd., on April 1, 2021.

On the other hand, to avoid problems such as delays in various procedures due to the effect of the spread of COVID-19, resolutions were made at a meeting of the Board of Directors held on May 15, 2020 to change the details of absorption-type merger and absorption-type company split, to remove the Company from the parties of the said reorganization, and to perform reorganization involving the absorption-type merger and absorption-type company split between Yamato Transport Co., Ltd., which is a consolidated subsidiary of the Company, and seven consolidated subsidiaries, including Yamato Logistics Co., Ltd. and Yamato Global Logistics Japan Co., Ltd.

## 1. Overview of transactions

## (1) Absorption-type merger in which Yamato Transport Co., Ltd. is the surviving company

## a. Names, and contents of businesses, of the companies involved in the business combination

## i. Surviving company

Name: Yamato Transport Co., Ltd.  
Content of business: Small parcel delivery services for the general public and corporations (TA-Q-BIN, Kuroneko DM-Bin, etc.)

## ii. Disappearing company

Name: Yamato Global Express Co., Ltd.  
Content of business: Small parcel delivery services for corporations (domestic air cargo transport business, etc.)

Name: Yamato Logistics Co., Ltd.  
Content of business: Logistics services for corporations (total support services including logistics, medical products distribution services, maintenance support service, and recall support service)

Name: Yamato Global Logistics Japan Co., Ltd.  
Content of business: International air cargo service, handling of marine cargo, import/export customs clearance services, overseas lifestyle support services including international moving, fine art transport business

Name: Yamato Packing Service Co., Ltd.  
Content of business: Packing / cargo transportation services

Name: Yamato Packing Technology Institute Co., Ltd.  
Content of business: R&D and sale of packaging containers and materials

Name: Yamato Financial Co., Ltd.  
Content of business: Settlement services targeting business customers and general consumers (TA-Q-BIN Collect service, Internet total settlement service, etc.)

- b. Date of the business combination  
April 1, 2021 (planned)
  - c. Legal form of the business combination  
Absorption-type merger with six subsidiaries, namely Yamato Global Express Co., Ltd., Yamato Logistics Co., Ltd., Yamato Global Logistics Japan Co., Ltd., Yamato Packing Service Co., Ltd., Yamato Packing Technology Institute Co., Ltd. and Yamato Financial Co., Ltd. as the disappearing companies and Yamato Transport Co., Ltd. as the surviving company.
  - d. Name of the company after the business combination  
The name will not change.
- (2) Absorption-type company split in which Yamato Transport Co., Ltd. is the successor company
- a. Names of businesses and the contents thereof
    - Name of business: Web-based Mail Order Solution Business of Yamato System Development Co., Ltd.
    - Content of business: Offering a package consisting not only of services related to launch of a mail order business, but also, to fully support the customer's business, creating a tailor-made IT system and managing it.
    - Name of business: Regional Operation Management Department of Yamato System Development Co., Ltd.
    - Content of business: Sales department
  - b. Date of the business combination  
April 1, 2021 (planned)
  - c. Legal form of the business combination  
Absorption-type company split with Yamato System Development Co., Ltd. as the splitting company and Yamato Transport Co., Ltd. as the successor company.
  - d. Name of the company after the business combination  
The name will not change.
- (3) Overview of the transaction including its purpose  
The Company has formulated the transformation plan "YAMATO NEXT100." This plan has been formulated as a grand design, which is the framework of the next medium-term management plan, based on the results and challenges of the current medium-term management plan "KAIKAKU 2019 for NEXT100" and changes in the external environment.  
Based on this plan, in April 2021, the Company will shift its current management structure into a management structure comprised of four Business Divisions (Retail, Regional Corporate, Global Corporate, and EC) and four Functional Divisions, with the objective of reforming the current system of partial optimization of functional units to a fully optimized organization structured according to customer segments to further improve the speed of management.

2. Overview of accounting procedures to be applied  
The transaction will be accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

#### 4. Others

##### Operating revenue by business

Business segment		Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		Change (%)
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	
Delivery	TA-Q-BIN	1,199,084	73.8	1,217,572	74.7	1.5
	Kuroneko DM-Bin	73,062	4.5	64,104	3.9	(12.3)
	Express	41,615	2.6	41,608	2.6	(0.0)
	Others	100,698	6.2	97,496	6.0	(3.2)
	Eliminations	(117,237)	(7.2)	(110,713)	(6.8)	(5.6)
	Total	1,297,222	79.8	1,310,067	80.4	1.0
BIZ-Logistics	Logistics *1	101,012	6.2	99,414	6.1	(1.6)
	Trading logistics service	41,829	2.6	41,796	2.6	(0.1)
	Others *1	31,568	1.9	31,669	1.9	0.3
	Eliminations	(26,973)	(1.7)	(28,946)	(1.8)	7.3
	Total	147,437	9.1	143,934	8.8	(2.4)
Home Convenience	Home convenience *2	46,040	2.8	39,210	2.4	(14.8)
	Eliminations	(12,636)	(0.8)	(11,404)	(0.7)	(9.7)
	Total	33,404	2.1	27,805	1.7	(16.8)
e-Business	Credit card solution	9,373	0.6	11,529	0.7	23.0
	IT operating	7,470	0.5	8,138	0.5	8.9
	Web-based mail order solution	5,844	0.4	6,190	0.4	5.9
	Others	50,827	3.1	53,309	3.3	4.9
	Eliminations	(46,922)	(2.9)	(48,589)	(3.0)	3.6
	Total	26,592	1.6	30,579	1.9	15.0
Financial	Payment	32,162	2.0	29,448	1.8	(8.4)
	Lease	40,181	2.5	40,306	2.5	0.3
	Credit & Finance	3,479	0.2	3,344	0.2	(3.9)
	Others	7,056	0.4	6,848	0.4	(2.9)
	Eliminations	(2,913)	(0.2)	(2,875)	(0.2)	(1.3)
	Total	79,966	4.9	77,072	4.7	(3.6)
Autoworks	Truck solution	50,486	3.1	49,806	3.1	(1.3)
	Others	9,620	0.6	8,734	0.5	(9.2)
	Eliminations	(34,121)	(2.1)	(33,618)	(2.1)	(1.5)
	Total	25,985	1.6	24,922	1.5	(4.1)
Other	JITBOX Charter service	12,609	0.8	13,373	0.8	6.1
	Others	51,651	3.2	71,724	4.4	38.9
	Eliminations	(49,556)	(3.0)	(69,334)	(4.3)	39.9
	Total	14,705	0.9	15,763	1.0	7.2
Total		1,625,315	100.0	1,630,146	100.0	0.3

Changes have been made to the business segments, mainly for the purposes of enhancing functions of the respective operations and streamlining management. The principal changes are shown below. Accordingly, the segment information for the fiscal year ended March 31, 2019 have been restated to reflect the new classification.

\*1. Effective from the fiscal year ended March 31, 2020, in the BIZ-Logistics segment, the segment information has been changed as follows.

- Products Logistics is included in Others.
- Four business divisions, namely Sales and Logistics, Multi maintenance, Technical Network and e-Logistics solution, as well as four business divisions, namely Medical Logistics, Documents Logistics, e-On Demand solution and Setup and Logistics solution that belonged to Others, are presented as Logistics.

\*2. Effective from the fiscal year ended March 31, 2020, in the Home Convenience segment, Business convenience is included in Home convenience.