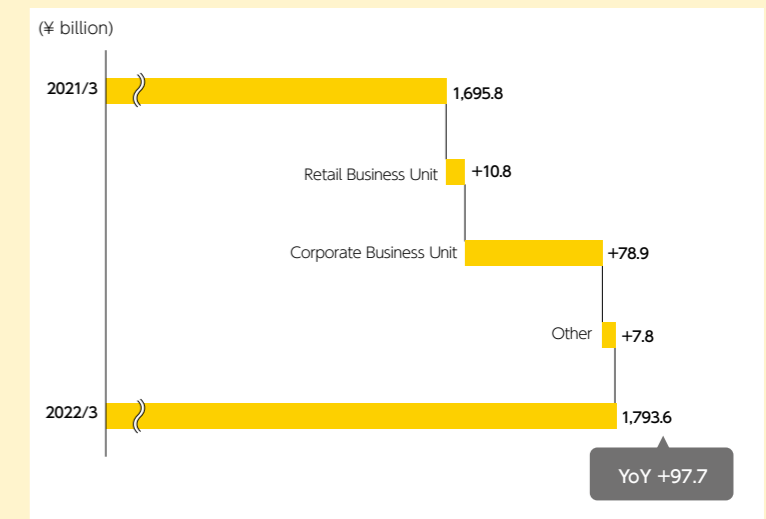


Ten-Year Summary and Business Highlights

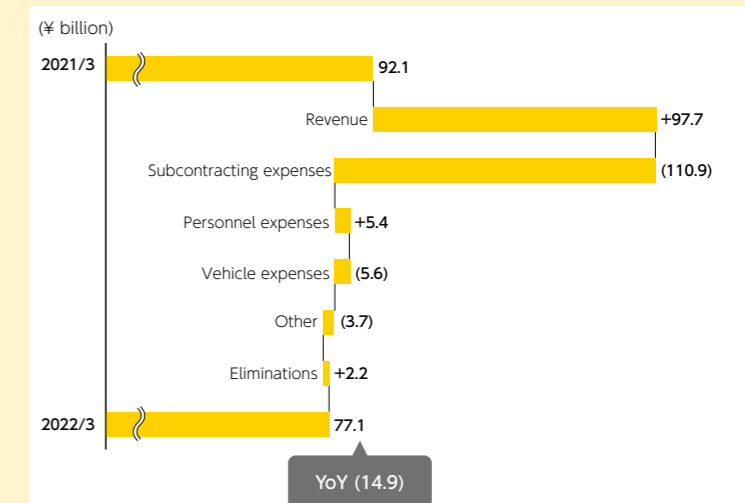
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	Millions of Yen 2022/3	Thousands of U.S. Dollars 2022/3
RESULTS OF OPERATIONS:											
Operating revenues	¥1,282,373	¥1,374,610	¥1,396,708	¥1,416,413	¥1,466,852	¥1,538,813	¥1,625,315	¥1,630,146	¥1,695,867	¥1,793,618	\$14,654,940
Operating costs	1,181,833	1,274,470	1,290,714	1,306,200	1,385,492	1,452,485	1,513,988	1,526,102	1,538,524	1,654,085	13,514,875
Selling, general and administrative expenses	34,336	37,043	37,046	41,672	46,474	50,642	52,981	59,342	65,220	62,333	509,298
Operating profit	66,202	63,096	68,947	68,540	34,885	35,685	58,345	44,701	92,121	77,199	630,767
Profit before income taxes	64,283	65,882	69,157	68,078	33,037	33,123	52,258	44,581	91,759	81,040	662,149
Income taxes	29,562	31,003	31,554	28,414	14,672	14,435	26,308	21,678	34,825	23,968	195,840
Profit attributable to owners of parent	35,144	34,776	37,533	39,424	18,053	18,231	25,682	22,324	56,700	55,956	457,195
PER SHARE OF COMMON STOCK:											
Basic earnings	¥ 81.85	¥ 82.22	¥ 90.41	¥ 96.45	¥ 45.37	¥ 46.24	¥ 65.14	¥ 56.78	¥ 151.55	¥ 151.03	\$ 1.23
Diluted earnings	79.84	80.18	88.26	95.64	—	—	—	—	—	—	—
Cash dividends	23.00	24.00	25.00	28.00	27.00	27.00	28.00	41.00	46.00	46.00	0.38
Net assets per share	1,261.35	1,316.12	1,368.66	1,349.56	1,367.51	1,395.74	1,435.15	1,441.20	1,553.45	1,611.34	13.17
Stock price (closing), end of year	1,740	2,224	2,772	2,247	2,332.5	2,668.5	2,859	1,697	3,035	2,293	—
FINANCIAL POSITION:											
Working capital	¥ 186,868	¥ 179,999	¥ 209,171	¥ 235,884	¥ 214,661	¥ 164,599	¥ 139,834	¥ 134,072	¥ 139,010	¥ 128,037	\$ 1,046,143
Total shareholders' equity	534,451	551,379	565,521	537,821	539,179	550,307	565,841	555,173	576,367	590,542	4,825,090
Total assets	950,152	1,032,134	1,082,531	1,089,436	1,114,672	1,114,870	1,123,659	1,100,739	1,089,991	1,086,854	8,880,260
Capital expenditures	48,052	79,530	52,022	53,945	48,993	54,482	79,838	55,033	55,431	78,572	641,982
Depreciation and amortization	37,935	42,265	46,058	46,739	46,114	46,423	51,346	55,083	48,861	35,524	290,254
Net cash provided by operating activities	73,949	80,075	92,620	49,715	73,324	51,728	118,093	74,433	123,921	52,016	425,008
KEY RATIOS:											
Operating profit margin (%)	5.2	4.6	4.9	4.8	2.4	2.3	3.6	2.7	5.4	4.3	
Net margin (%)	2.7	2.5	2.7	2.8	1.2	1.2	1.6	1.4	3.3	3.1	
Return on assets (ROA) (%)	3.8	3.5	3.5	3.6	1.6	1.6	2.3	2.0	5.2	5.1	
Return on equity (ROE) (%)	6.7	6.4	6.7	7.1	3.4	3.3	4.6	4.0	10.0	9.6	
Current ratio (%)	162.4	151.8	158.6	167.8	157.7	141.7	134.1	132.8	135.7	136.3	
Shareholders' equity ratio (%)	56.2	53.4	52.2	49.4	48.4	49.4	50.4	50.4	52.9	54.3	
Asset turnover (Times)	1.4	1.4	1.3	1.3	1.3	1.4	1.5	1.5	1.5	1.6	
Interest coverage ratio (Times)	109.3	154.7	174.9	126.6	83.1	135.0	215.5	108.4	125.8	100.3	
Price earnings ratio (PER) (Times)	21.3	27.0	30.7	23.3	51.4	57.7	43.9	29.9	20.0	15.2	
Price book-value ratio (PBR) (Times)	1.4	1.7	2.0	1.7	1.7	1.9	2.0	1.2	2.0	1.4	
NON-FINANCIAL DATA:											
Number of employees	177,108	193,146	197,056	196,582	201,784	213,096	225,125	224,945	223,191	216,873	
Full-time	84,422	87,279	88,247	89,112	90,737	93,534	97,587	98,744	96,829	94,473	
Part-time	92,686	105,867	108,809	107,470	111,047	119,562	127,538	126,201	126,362	122,400	
Parcel delivery amount											
(Millions of parcels)	1,487	1,665	1,622	1,731	1,867	1,836	1,803	1,799	2,096	2,275	
Unit price (Yen)	591	574	595	578	559	597	664	676	633	614	
Kuroneko DM-Bin handling volume											
(Millions of units)	2,112	2,084	1,901	1,536	1,542	1,464	1,211	987	826	824	
Unit price (Yen)	61	61	61	57	55	56	60	65	67	67	

Foreign currency translation: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥122.39 to U.S.\$1.
Note: On March 31, 2015, we ceased accepting items for Kuroneko Mail Service and from April 1 launched Kuroneko DM-Bin.

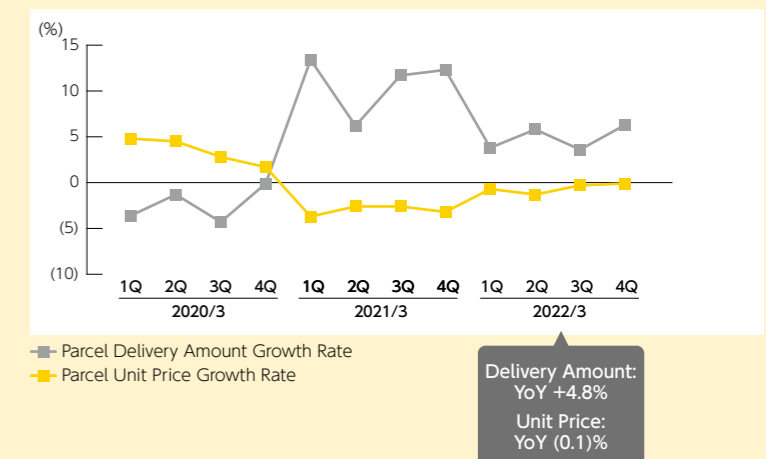
Analysis of Operating Revenues



Analysis of Operating Profit



Quarterly YoY Growth Rates of Parcel Delivery Amount and Unit Price (Excluding Nekopos)



Consolidated Balance Sheet

March 31, 2022

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
CURRENT ASSETS:			
Cash and cash equivalents (Notes 2.e and 16)	¥ 182,645	¥ 241,523	\$ 1,492,316
Notes and accounts receivable, and contract assets (Notes 16 and 17):			
Trade	218,923	212,766	1,788,731
Installment (Note 6)	48,055	45,643	392,641
Allowance for doubtful accounts	(1,457)	(1,342)	(11,902)
Inventories (Note 7)	2,216	2,281	18,108
Prepaid expenses and other current assets	30,463	27,508	248,897
Total current assets	480,845	528,379	3,928,791
PROPERTY, PLANT AND EQUIPMENT—At cost:			
Land	179,651	174,141	1,467,853
Buildings and structures	376,844	367,719	3,079,045
Vehicles	197,105	199,977	1,610,463
Machinery and equipment	135,149	128,533	1,104,248
Leased assets (Note 15)	39,653	36,645	323,991
Construction in progress	3,165	6,345	25,861
Others	2,471	2,156	20,192
Total	934,038	915,516	7,631,653
Accumulated depreciation	(504,159)	(509,203)	(4,119,283)
Net property, plant and equipment	429,879	406,313	3,512,370
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8 and 16)	33,942	40,003	277,328
Investments in and advances to unconsolidated subsidiaries and affiliates, net of valuation allowance of ¥439 million (\$3,583 thousand) in 2022 and ¥371 million in 2021 (Note 16)	17,882	16,942	146,105
Long-term loans	1,872	1,634	15,296
Software	38,588	22,082	315,288
Lease deposits	20,519	20,122	167,655
Deferred tax assets (Note 14)	54,198	45,625	442,829
Other assets (Notes 2.k and 11)	9,130	8,891	74,598
Total investments and other assets	176,131	155,299	1,439,099
TOTAL	¥1,086,855	¥1,089,991	\$ 8,880,260

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
CURRENT LIABILITIES:			
Short-term bank loans (Notes 10 and 16)	¥ 15,000	¥ 20,000	\$ 122,559
Current portion of long-term debt (Notes 10 and 16)	4,850	19,055	39,631
Notes and accounts payable:			
Trade	165,346	153,860	1,350,977
Other	18,440	12,221	150,664
Income taxes payable	14,396	32,099	117,623
Accrued expenses	81,905	83,036	669,212
Deferred profit on installment sales (Notes 6 and 16)	4,714	4,781	38,517
Other current liabilities (Notes 12 and 17)	48,156	64,317	393,465
Total current liabilities	352,807	389,369	2,882,648
LONG-TERM LIABILITIES:			
Long-term debt (Note 10)	26,038	26,099	212,751
Liability for employees' retirement benefits (Notes 2.k and 11)	94,142	71,835	769,196
Deferred tax liabilities (Note 14)	1,914	5,194	15,636
Other long-term liabilities (Note 12)	13,720	13,207	112,100
Total long-term liabilities	135,814	116,335	1,109,683
COMMITMENTS LIABILITIES (Note 15)			
EQUITY (Notes 13 and 23):			
Common stock—authorized, 1,787,541,000 shares in 2022 and 2021; issued, 388,575,592 shares in 2022 and 2021	127,235	127,235	1,039,585
Capital surplus	36,813	36,813	300,786
Retained earnings	464,495	431,572	3,795,201
Treasury stock—at cost, 22,084,421 shares in 2022 and 17,550,515 shares in 2021	(49,552)	(39,549)	(404,865)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	11,499	15,884	93,953
Foreign currency translation adjustments	(513)	(1,317)	(4,194)
Remeasurements of defined employees' retirement benefit plans (Notes 2.k and 11)	566	5,730	4,624
Total	590,543	576,368	4,825,090
Non-controlling interests	7,691	7,919	62,839
Total equity	598,234	584,287	4,887,929
TOTAL	¥1,086,855	¥1,089,991	\$ 8,880,260

Consolidated Statement of Income

Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING REVENUES (Note 17)	¥1,793,618	¥1,695,867	\$14,654,940
OPERATING COSTS AND EXPENSES:			
Operating costs	1,654,085	1,538,524	13,514,875
Selling, general and administrative expenses	62,333	65,221	509,298
Total operating costs and expenses	1,716,418	1,603,745	14,024,173
Operating profit	77,200	92,122	630,767
OTHER INCOME (EXPENSES):			
Interest and dividend income	1,562	1,154	12,761
Interest expense	(786)	(742)	(6,418)
(Loss) gain on sales and disposal of property, plant and equipment—net	(361)	255	(2,947)
Loss on impairment of long-lived assets (Note 9)	(2,420)	(877)	(19,775)
Gain on sales of investment securities (Note 8)	14,431		117,908
(Loss) gain on sales of shares of subsidiaries and affiliates—net	(2,222)	38	(18,157)
Loss on valuation of investment securities (Note 8)	(49)	(355)	(398)
Loss on valuation of investment in unconsolidated subsidiaries and affiliates		(18)	
Gain on investments in investment partnerships	4,510	232	36,852
Share of loss of entities accounted for using equity method	(243)	(766)	(1,984)
Provision of allowance for doubtful accounts in unconsolidated subsidiaries and affiliates	(57)		(466)
Gain on liquidation of subsidiaries	1,210		9,887
Gain on transition of retirement benefit plan (Note 11)	1,420		11,601
Loss on revision of retirement benefit plan (Note 11)	(14,999)		(122,551)
Electric vehicle subsidies		656	
Loss associated with measures to address COVID-19		(1,163)	
Other—net	1,844	1,224	15,069
Other income (expenses)—net	3,840	(362)	31,382
PROFIT BEFORE INCOME TAXES	81,040	91,760	662,149
INCOME TAXES (Note 14):			
Current	29,293	38,252	239,347
Deferred	(5,325)	(3,427)	(43,507)
Total income taxes	23,968	34,825	195,840
PROFIT	57,072	56,935	466,309
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1,116	234	9,114
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	¥ 55,956	¥ 56,701	\$ 457,195

	Yen		U.S. Dollars (Note 1)
	2022	2021	2022
PER SHARE OF COMMON STOCK (Notes 2.q and 19):			
Basic earnings	¥151.03	¥151.55	\$1.23
Cash dividends applicable to the year	46.00	46.00	0.38

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
PROFIT	¥57,072	¥56,935	\$466,309
OTHER COMPREHENSIVE INCOME (Note 18):			
Unrealized (loss) gain on available-for-sale securities	(5,415)	7,926	(44,245)
Foreign currency translation adjustments	794	(994)	6,486
Remeasurements of defined employees' retirement benefit plans	(5,283)	9,422	(43,160)
Share of other comprehensive income of entities accounted for using equity method	108	3	886
Total other comprehensive (loss) income	(9,796)	16,357	(80,033)
COMPREHENSIVE INCOME	¥47,276	¥73,292	\$386,276
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of parent	¥47,210	¥72,849	\$385,736
Non-controlling interests	66	443	540

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2022

	Thousands		Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Accumulated Other Comprehensive Income								
			Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, APRIL 1, 2020	385,216	¥127,235	¥36,813	¥441,747	¥(54,771)	¥ 8,158	¥ (317)	¥ (3,692)	¥555,173	¥7,662	¥562,835
Profit attributable to owners of parent				56,701					56,701		56,701
Cash dividends, ¥42 per share				(15,960)					(15,960)		(15,960)
Purchase of treasury stock	(14,191)				(35,694)				(35,694)		(35,694)
Retirement of treasury stock				(50,916)	50,916						
Net change in the year						7,726	(1,000)	9,422	16,148	257	16,405
BALANCE, MARCH 31, 2021	371,025	127,235	36,813	431,572	(39,549)	15,884	(1,317)	5,730	576,368	7,919	584,287
Cumulative effects of changes in accounting policies (Note 4)				(3,343)					(3,343)	(229)	(3,572)
RESTATED BALANCE		127,235	36,813	428,229	(39,549)	15,884	(1,317)	5,730	573,025	7,690	580,715
Profit attributable to owners of parent				55,956					55,956		55,956
Cash dividends, ¥53 per share				(19,690)					(19,690)		(19,690)
Purchase of treasury stock	(4,534)				(10,003)				(10,003)		(10,003)
Disposal of treasury stock											
Net change in the year						(4,385)	804	(5,164)	(8,745)	1	(8,744)
BALANCE, MARCH 31, 2022	366,491	¥127,235	¥36,813	¥464,495	¥(49,552)	¥11,499	¥ (513)	¥ 566	¥590,543	¥7,691	¥598,234

	Thousands of U.S. Dollars (Note 1)									
	Accumulated Other Comprehensive Income									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Employees' Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, MARCH 31, 2021	\$1,039,585	\$300,785	\$3,526,201	\$(323,140)	\$129,781	\$(10,757)	\$ 46,818	\$4,709,273	\$64,706	\$4,773,979
Cumulative effects of changes in accounting policies (Note 4)			(27,316)					(27,316)	(1,875)	(29,191)
RESTATED BALANCE	1,039,585	300,785	3,498,885	(323,140)	129,781	(10,757)	46,818	4,681,957	62,831	4,744,788
Profit attributable to owners of parent			457,195					457,195		457,195
Cash dividends, \$0.43 per share			(160,879)					(160,879)		(160,879)
Purchase of treasury stock				(81,727)				(81,727)		(81,727)
Disposal of treasury stock		1		2				3		3
Net change in the year					(35,828)	6,563	(42,194)	(71,459)	8	(71,451)
BALANCE, MARCH 31, 2022	\$1,039,585	\$300,786	\$3,795,201	\$(404,865)	\$ 93,953	\$ (4,194)	\$ 4,624	\$4,825,090	\$62,839	\$4,887,929

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	
OPERATING ACTIVITIES:			
Profit before income taxes	¥ 81,040	¥ 91,760	\$ 662,149
Adjustments for:			
Income taxes—paid	(46,738)	(25,390)	(381,881)
Depreciation and amortization	35,570	48,898	290,630
Loss (gain) on sales and disposal of property, plant and equipment—net	361	(255)	2,947
Loss on impairment of long-lived assets	2,420	877	19,775
Gain on sales of investment securities	(14,431)		(117,908)
Loss (gain) on sales of shares of subsidiaries and affiliates—net	2,222	(38)	18,157
Loss on valuation of investment securities	49	355	398
Loss on valuation of investment in unconsolidated subsidiaries and affiliates		18	
Share of loss of entities accounted for using equity method	243	766	1,984
Changes in assets and liabilities, net of effects from previously consolidated subsidiaries:			
Increase in notes and accounts receivable	(13,434)	(24,967)	(109,762)
Decrease in inventories	144	1,517	1,179
Increase in notes and accounts payable	11,537	10,026	94,262
Increase in liability for employees' retirement benefits	21,823	1,942	178,303
Other—net	(28,789)	18,412	(235,225)
Total adjustments	(29,023)	32,161	(237,141)
Net cash provided by operating activities	52,017	123,921	425,008
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	348	2,084	2,846
Purchases of property, plant and equipment	(40,779)	(32,075)	(333,189)
Proceeds from sales of investment securities	18,638	100	152,286
Purchases of investment securities	(5,690)	(793)	(46,495)
Decrease in investments in and advances to unconsolidated subsidiaries and affiliates	1,423	93,437	11,625
Payment for sales of shares of subsidiaries resulting in change in scope of consolidation (Note 22)	(7,313)	(484)	(59,752)
Collection of loans	1,259	1,078	10,289
Payment of loans	(1,466)	(1,480)	(11,976)
Other	(25,363)	(17,789)	(207,236)
Net cash (used in) provided by investing activities	(58,943)	44,078	(481,602)
FINANCING ACTIVITIES:			
Repayments of short-term debt—net	(10,663)	(55,904)	(87,121)
Repayments of long-term debt	(14,000)	(15,500)	(114,388)
Dividends paid	(19,741)	(16,138)	(161,295)
Purchase of treasury stock—net	(10,057)	(35,708)	(82,176)
Other	5	3	41
Net cash used in financing activities	(54,456)	(123,247)	(444,939)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	701	(130)	5,732
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(60,681)	44,622	(495,801)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	241,285	196,663	1,971,443
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2.e)	¥180,604	¥241,285	\$1,475,642

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2022

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2021 consolidated financial statements to conform them to the classifications and presentations used in 2022.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamato Holdings Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.39 to \$1, the approximate rate of exchange at March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2022, include the accounts of the Company and its 30 (39 in 2021) significant subsidiaries (together, the "Group").

Effective from the fiscal year ended March 31, 2022, 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., Yamato Financial Co., Ltd., and Yamato Management Service Co., Ltd. have been excluded from the scope of consolidation due to absorption-type mergers in which Yamato Transport Co., Ltd. is the surviving company. In addition, YAMATO (CHINA) TRANSPORT CO., LTD. and Yamato Home Convenience Co., Ltd. have also been excluded from the scope of consolidation due to the conclusion of liquidation and partial transfer of its shares, respectively.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The unconsolidated subsidiaries, whose combined assets, net sales, profit and retained earnings in the aggregate are not significant to the consolidated financial statements, have not been consolidated with the Company.

There were 22 (23 in 2021) affiliates accounted for by the equity method.

Effective from the fiscal year ended March 31, 2022, Yamato Home Convenience Co., Ltd. has been excluded from the scope of consolidation due to partial transfer of its shares and has been included in the scope of the equity method. In addition, SCG YAMATO EXPRESS CO., LTD. and GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD. have been excluded from the scope of the equity method due to transfer of their shares.

Investments in the unconsolidated subsidiaries and several affiliates not accounted for by equity method are stated at cost, less a valuation allowance representing possible losses on the investments that are deemed to be other than temporary. If the equity method of accounting had been applied to the investments in such companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that profit is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and

equipment and investment properties and incorporation of the cost model accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Affiliated Companies for the Equity Method—ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the affiliate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that profit is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign affiliate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Revenue Recognition—Principal performance obligations in the principal businesses relating to revenues recognized from contracts with customers in the Group and the normal timing of satisfaction of performance obligation (the normal timing of recognizing revenues) are as follows:

(1) Retail Business Unit

Retail Business Unit mainly provides small-parcel delivery services such as TA-Q-BIN. In this service, the Group provides a service to collect and deliver cargoes at the customer's request based on a contract with the customer, and revenue from this service is recognized in accordance with satisfaction of performance obligations measured by the progress of delivery, because other companies are not required to perform the transportation process that has already been performed, even if delivery to the designated delivery destination cannot be completed.

(2) Corporate Business Unit

In addition to the same transportation services as Retail Business Unit, Corporate Business Unit provides logistics support services, such as cargo storage and logistics services for inbound and outbound shipments, in order to provide value to the entire supply chain of its customers. The Group provides logistics support services, which include the collection, storage, packing, and delivery of cargo based on contracts with customers, and recognizes each contractually agreed-upon process as a performance obligation, and recognizes revenue for each process under contract in accordance with satisfaction of performance obligations measured by the progress of the work, as the customer receives the economic benefit of the work as it progresses.

e. Cash Equivalents—Cash equivalents in the consolidated statement of cash flows are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents in the consolidated statement of cash flows include time deposits, certificates of deposit, and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

The difference between cash and cash equivalents in the accompanying consolidated balance sheet and cash and cash equivalents in the accompanying consolidated statement of cash flows was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Cash and cash equivalents presented in the consolidated balance sheet	¥182,645	¥241,523	\$1,492,316
Time deposits due beyond three months	(2,041)	(238)	(16,674)
Cash and cash equivalents presented in the consolidated statement of cash flows	¥180,604	¥241,285	\$1,475,642

f. Inventories—Inventories are stated at the lower of cost determined by the first-in, first-out method or net selling value.

Notes to Consolidated Financial Statements

g. Investment Securities—Investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group had no trading securities at March 31, 2022 and 2021.

Equity securities with no market price and investments in capital are stated at cost determined by the moving-average method.

Investments in the limited partnership for investment partnerships and similar partnerships, which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act are stated at net amount of equity interest in the partnership based on the most recent financial statements available according to the reporting date stipulated in the partnership agreement.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment excluding leased assets is computed by the straight-line method. Depreciation of leased assets is computed by the straight-line method over the lease period with no residual value carried.

The range of useful lives is principally as follows:

Buildings and structures	7–60 years
Vehicles	2– 7 years
Machinery and equipment	2–20 years

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

i. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Other Assets—Amortization of intangible assets is computed by the straight-line method.

Depreciation of leased assets is computed by the straight-line method over the lease period with no residual value carried.

k. Retirement and Pension Plans—The Company and consolidated subsidiaries mainly have contributory trusted pension plans and unfunded retirement benefit plans. In addition, defined contribution retirement plans were introduced along with these defined benefit retirement plans.

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligations attributed to service performed up to the end of the current fiscal year.

Past service costs are recognized in profit or loss in full in the fiscal year in which it arises. Actuarial gains and losses are amortized on a straight-line basis over a period within the average remaining service period of the eligible employees (mainly five years) on and after the fiscal year following the fiscal year in which it arises.

Actuarial gains and losses are recognized within equity on the consolidated balance sheet after adjusting for tax effects, and funded status is recognized as a liability or asset.

l. Asset Retirement Obligations—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a

reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as reconciliation to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Leases—For a lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

For a lessor, all finance leases that deem to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee are recognized as investments in leases.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

o. Foreign Currency Transactions—All short and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

p. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date.

q. Per Share Information—Basic earnings per share is computed by dividing profit attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

For the years ended March 31, 2022 and 2021, diluted earnings per share is not disclosed because the Company had no dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

r. Accounting Changes and Error Corrections—Under ASBJ Statement No. 24, "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections," accounting treatments are required as follows:

(1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

Notes to Consolidated Financial Statements

s. *Performance-Based Share Remuneration Plan “Board Benefit Trust (BBT)”*—The Company has introduced a performance-based share remuneration plan “Board Benefit Trust (BBT)” for the directors (except for outside directors) and executive officers who do not concurrently serve as directors of the Company (“Officers”). This plan purports to further enhance the connection between Officers’ remuneration and performance and share value of the Company, and raise their motivation to make contributions to increase the Company’s long-term performance and corporate value by sharing not only the benefits of a rise in share prices but also the risk of a decline in share prices with shareholders.

The Plan is a performance-based share remuneration plan in which the trust acquires the Company’s shares using money contributed by the Company as the source of funds, and Officers are provided with the Company’s shares and cash equivalent to the market value of the Company’s shares (“Shares of the Company”) through the trust in accordance with “Regulation for Benefit of Shares to Officers” established by the Company. As a general rule, Officers shall be entitled to receive Shares of the Company at the time of retirement.

The Company applies the same accounting method as stipulated in the ASBJ PITF No.30, “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employee etc. through Trusts.”

The book value (excluding incidental costs) of the Company’s shares held by the trust bank is accounted for as treasury stock in the equity section of the Company’s consolidated balance sheet. The book value and number of treasury stock held by the trust bank at March 31, 2022 and 2021, were both ¥1,376 million (\$11,246 thousand) and 483,700 shares, respectively.

t. *New Accounting Pronouncements*

Implementation Guidance on Accounting Standard for Fair Value Measurement

In June 2021, the ASBJ revised ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

When the ASBJ had issued this guidance in July 2019, the ASBJ had decided to take approximately one year to consider matters because it had been required to discuss with related parties and consider the measurement of the fair value of investment trusts and the notes to fair value for investments in partnerships, etc., in which the net amount of equity interest is recorded on the balance sheet. As a result of discussion and consideration, the ASBJ has revised and issued the guidance.

The revised guidance will be applied from the beginning of fiscal year ending March 31, 2023.

The application of the revised guidance has no impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Impairment of Long-Lived Assets

Amount recorded in the consolidated financial statements for the current fiscal year based on accounting estimates that may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Property, plant and equipment	¥429,879	¥406,313	\$3,512,370
Intangible assets	45,646	29,555	372,959

In cases where there are indications that an asset may be impaired, an impairment test is performed based on the future cash flows generated by the asset. The cash-generating unit, which is used to determine whether it is necessary for an asset to recognize impairment loss, is the smallest unit in an asset group generating cash inflows generally independent of cash inflows from other assets or asset groups. The criteria of the asset groups are the management accounting classification and the unit used for investment decision making, and the grouping of Yamato Transport Co., Ltd. was reviewed in consideration of the management accounting classification, the unit used for investment decision making, etc., in accordance with the transition to a new group management structure in the fiscal year ended March 31, 2022, and the four Business Divisions of Retail, Corporate, Global SCM, and EC were grouped as the smallest cash flow generating units, and assets associated with the four Functional Divisions of Transportation, Digital, Platform, and Professional Services, as well as Corporate Division, were classified as common assets. Because the Retail Business Unit holds most of the above property, plant and equipment and intangible assets, the undiscounted future cash flows used in determining recognition of impairment losses on those assets of the business are based on future management plans that include significant assumptions, such as the unit price and the transaction volume of TA-Q-BIN. These assumptions may have a

material impact on the consolidated financial statements for the following fiscal year and thereafter if it becomes necessary for them to be reconsidered due to uncertain economic conditions and the operating conditions of the Group.

4. ACCOUNTING CHANGE

Application of Accounting Standard for Revenue Recognition—In March 2020, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” An entity should recognize revenue by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has applied the standards from the beginning of the fiscal year ended March 31, 2022, and recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As such, whereas revenue from certain business transactions including transportation income involving the Yamato Group’s mainstay service, TA-Q-BIN, was previously recognized at a point in time, such as when parcels were consigned to TA-Q-BIN, the Company recognizes such revenue in accordance with satisfaction of performance obligations.

The application is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, was added to or deducted from the opening balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy is applied from such opening balance. However, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the fiscal year ended March 31, 2022, were accounted for based on the contractual terms after all contract modifications were reflected. As a result, this cumulative effect was added to or deducted from the opening balance of retained earnings of the fiscal year ended March 31, 2022.

For the fiscal year ended March 31, 2022, as a result of this change, operating revenues decreased by ¥2,082 million (\$17,010 thousand), operating costs decreased by ¥1,998 million (\$16,323 thousand), operating profit and profit before income taxes each decreased by ¥84 million (\$687 thousand), and retained earnings as of the beginning of the fiscal year ended March 31, 2022, decreased by ¥3,343 million (\$27,316 thousand).

In addition, the effect of this change on basic earnings per share for the fiscal year ended March 31, 2022, is immaterial. Net assets per share decreased by ¥9.22 (\$0.08).

Application of Accounting Standard for Fair Value Measurement—In July 2019, the ASBJ issued ASBJ Statement No. 30, “Accounting Standard for Fair Value Measurement,” ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories,” ASBJ Statement No. 10, “Accounting Standard for Financial Instruments,” ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement,” ASBJ Guidance No. 19, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments.”

ASBJ tried ensuring consistency between Japanese accounting standards and international accounting standards mainly for guidance and disclosures on fair value of financial instruments and issued “Accounting Standard for Fair Value Measurement,” etc. based on the fact that International Accounting Standards Board and Financial Accounting Standards Board had already issued detailed guidance on fair value measurement, which are almost identical to each other. As the basic policy in developing accounting standards for fair value measurement, ASBJ incorporated basically all of the matters defined in IFRS 13 Fair Value Measurement from a standpoint of increasing comparability of financial statements among domestic and foreign companies by using a unified measurement method. Furthermore, ASBJ defined alternative accounting treatment to the individual matters without impairing comparability of financial statements considering accounting practices, etc. common in Japan.

The Company has applied the standards from the beginning of the fiscal year ended March 31, 2022, and prospectively applied new accounting policy stipulated by the standards subject to the transitional treatment provided for in paragraph

Notes to Consolidated Financial Statements

19 of ASBJ Statement No. 30 and paragraph 44-2 of ASBJ Statement No. 10.

In addition, this application has no impact on the consolidated financial statements.

Changes in Depreciation Method for Property, Plant and Equipment and Changes in Useful Life—Effective from the fiscal year ended March 31, 2022, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment (excluding leased assets) from the declining-balance method to the straight-line method. However, the straight-line method has already been adopted for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and for facilities attached to buildings and structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries have been using the straight-line method thus far.

Based on its medium-term management plan, “One Yamato 2023,” the Yamato Group transitioned to its “One Yamato” management structure with the purpose of transforming to a fully optimized organization structured according to customer segments and improving management speed. To this end, Yamato Transport Co., Ltd. carried out the absorption-type merger and absorption-type company split involving seven consolidated subsidiaries of the Company in April 2021. Taking this opportunity, the Company and its domestic consolidated subsidiaries reviewed their use of property, plant and equipment in Japan.

They have consequently changed to the straight-line method based on judgment that allocating costs by the straight-line method reflects actual use of assets more rationally because they expect their asset use in Japan to remain consistent. In addition, they conducted surveys on actual use of property, plant and equipment, on the occasion of reviewing changes to the depreciation method of property, plant and equipment. Effective from the fiscal year ended March 31, 2022, they have consequently changed useful lives of some vehicles based on more realistic, economically feasible forecast periods and applied this change prospectively.

As a result, operating profit and profit before income taxes for the fiscal year ended March 31, 2022, each increased by ¥13,076 million (\$106,837 thousand) compared with previous method.

5. BUSINESS COMBINATIONS

a. Transactions under Common Control

At the meeting held on December 17, 2020, the Board of Directors of the Company resolved to conclude contracts involving the absorption-type merger and absorption-type 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., and they implemented the absorption-type merger and absorption-type split on April 1, 2021.

Outline of Business Combination

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

Name and business of the companies involved in the business combination

Surviving company

Name: Yamato Transport Co., Ltd. (“YTC”)

Business: Small parcel delivery services for the general public and corporations (TA-Q-BIN, Kuroneko DM-Bin, etc.)

Dissolving company

Name: Yamato Global Express Co., Ltd. (“YGX”)

Business: Small parcel delivery services for corporations (domestic air cargo transport business, etc.)

Name: Yamato Logistics Co., Ltd. (“YLC”)

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. (“YGL”)

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. (“YPC”)

Business: Packing/cargo transportation services

Name: Yamato Packing Technology Institute Co., Ltd. (“YPTI”)

Business: R&D and sale of packaging containers and materials

Name: Yamato Financial Co., Ltd. (“YFC”)

Business: Settlement services targeting business customers and general consumers (TA-Q-BIN Collect service, Internet total settlement service, etc.)

Date of the business combination

April 1, 2021

Legal form of the business combination

Absorption-type merger with YGX, YLC, YGL, YPC, YPTI and YFC as dissolving companies and YTC as the surviving company

Name of the company after the business combination

The name did not change.

(2) Absorption-type split in which Yamato Transport Co., Ltd. is the successor company

Name and content of business involved in the business combination

Name: Web-based Mail Order Solution Business of Yamato System Development Co., Ltd. (“YSD”)

Content: 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: Regional Operation Management Department of YSD

Content: Sales department

Date of the business combination

April 1, 2021

Legal form of the business combination

Absorption-type split with YSD as the absorbed company and YTC as the successor company

Name of the company after the business combination

The name did not change.

(3) Outline and purpose of business combination

Based on the “YAMATO NEXT100,” the grand design for the medium-term management of the Yamato Group, under the Company, which is the pure holding company, the Yamato Group shifted to group management structure consisting of the Retail Business Unit, which manages the Retail Business Division, the Corporate Business Unit, which manages the Corporate Business Division, the Global SCM Business Division, and the EC Business Division, the Functional Divisions, and the Corporate Division with the purpose of transforming to a fully optimized organization structured according to customer segments and improving management speed.

Outline of Accounting Treatment

The transaction was accounted for as a transaction under common control in accordance with ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” and ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures.”

b. Business Divestiture

At the meeting held on July 20, 2021, the Board of Directors of the Company resolved to transfer 51% of the issued common shares of Yamato Home Convenience Co., Ltd. (“YHC”), which is the Company’s consolidated subsidiary, held by the Company, to ART MOVING COMPANY Co., Ltd. (“ART”), and concluded a share transfer contract on the same day. As

Notes to Consolidated Financial Statements

a result of transfer, the Company's ratio of voting rights in YHC decreased from 100% to 49%, and YHC has been changed from a consolidated subsidiary of the Company to an affiliate accounted for by equity method from the fiscal year ended March 31, 2022. In addition, ART changed its name on January 1, 2022.

Outline of Business Divestiture

Name of the successor company in the business divestiture

ART MOVING COMPANY Co., Ltd. (former ART CORPORATION)

Name and business of the company divested in the business divestiture

Name: Yamato Home Convenience Co., Ltd.

Business: Single-person moving and transportation of large furniture and appliance

Reason for business divestiture

As one of the leading companies in the moving industry, ART regards moving as a service business and is highly regarded by customers for providing various services that reflect their needs. In recent years, it is expanding its business domains with the aim of becoming a company that not only provides moving service but also proposes better lifestyles. YHC provides Single-Person Moving (simple and easy moving service for single-person) and Household TA-Q-BIN (delivery service for large furniture and appliance) to realize easy and secure moving of living space.

In October 2020, both companies began considering collaboration to further improve convenience for customers in the moving market. The Company determined that both companies would be able to provide a diverse range of services that meet diverse needs, from customers with few packages to customers with many packages by utilizing each other's strengths, and higher quality and more efficient transportation services by utilizing networks of both companies through approximately six months of study and collaboration such as reciprocal customer referrals and utilizing the business resources of both companies. The Company concluded the share transfer contract with the aim of realizing them.

Date of business divestiture

January 17, 2022 (deemed date: March 31, 2022)

Legal form of the business divestiture

Transfer of shares for which the consideration received is only assets such as cash, etc.

Outline of Accounting Treatment

Gain or loss from the transaction

Loss on sales of shares of subsidiaries: ¥2,673 million (\$21,837 thousand)

Appropriate book value of assets and liabilities related to the transferred business and its main breakdown

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥10,655	\$ 87,055
Long-lived assets	1,266	10,341
Total assets	¥11,921	\$ 97,396
Current liabilities	¥ (5,003)	\$(40,877)
Long-term liabilities	(467)	(3,819)
Total liabilities	¥ (5,470)	\$(44,696)

Accounting treatment

The difference between the book value of the transferred shares for consolidated purposes and the selling price is recorded as loss on sales of shares of subsidiaries in other expenses in the consolidated statement of income.

Reportable Segment in Which the Divested Business Was Included

Other segment

Estimated Amount of Profit or Loss Related to Divested Business Recognized in the Consolidated Statement of Income for the Fiscal Year Ended March 31, 2022

	Millions of Yen	Thousands of U.S. Dollars
Operating revenues	¥33,469	\$273,461
Operating loss	(3,012)	(24,612)

6. INSTALLMENT RECEIVABLES

Sales recorded on the installment basis were 0.2% and 0.3% of operating revenues in 2022 and 2021, respectively.

Annual maturities of installment receivables at March 31, 2022, and related amortization of deferred profit on installment sales are as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars	
	Receivables	Deferred Profit on Installment Sales	Receivables	Deferred Profit on Installment Sales
2023	¥22,061	¥2,147	\$180,255	\$17,543
2024	10,863	1,185	88,759	9,682
2025	6,460	579	52,781	4,730
2026	3,537	283	28,901	2,309
2027	1,869	147	15,270	1,203
2028 and thereafter	3,265	373	26,675	3,050
Total	¥48,055	¥4,714	\$392,641	\$38,517

7. INVENTORIES

Inventories at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Merchandise	¥ 187	¥ 392	\$ 1,527
Work in process	167	118	1,369
Raw materials and supplies	1,862	1,771	15,212
Total	¥2,216	¥2,281	\$18,108

8. INVESTMENT SECURITIES

Investment securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Non-current:			
Marketable equity securities	¥21,562	¥35,833	\$176,175
Non-marketable equity securities	3,813	931	31,156
Other	8,567	3,239	69,997
Total	¥33,942	¥40,003	\$277,328

Notes to Consolidated Financial Statements

Information regarding each category of the securities classified as available-for-sale at March 31, 2022 and 2021, is as follows:

	Millions of Yen			
	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	¥10,643	¥11,572	¥653	¥21,562
	Millions of Yen			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	¥14,842	¥21,635	¥644	¥35,833
	Thousands of U.S. Dollars			
	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale: Equity securities	\$86,961	\$94,553	\$5,339	\$176,175

Information for available-for-sale securities, which were sold during the years ended March 31, 2022 and 2021, is as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2022			
Available-for-sale:			
Equity securities	¥18,638	¥14,431	¥—
Other			
Total	¥18,638	¥14,431	¥—
	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2021			
Available-for-sale:			
Equity securities	¥ 1	¥ —	¥ —
Other	15	2	
Total	¥16	¥ 2	¥ —
	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
March 31, 2022			
Available-for-sale:			
Equity securities	\$152,286	\$117,908	\$—
Other			
Total	\$152,286	\$117,908	\$—

Loss on valuation of available-for-sale securities for the year ended March 31, 2022 and 2021, were ¥49 million (\$398 thousand) and ¥355 million, respectively.

9. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2022 and 2021. As a result, the Group recognized an impairment loss of ¥2,420 million (\$19,775 thousand) as other expense for the asset groups of the head office and the Tokyo Regional Branch of Yamato Home Convenience Co., Ltd. and 6 other asset groups for the year ended March 31, 2022, and ¥877 million as other expense for asset groups of idle assets of Yamato Transport Co., Ltd. and 10 other asset groups for the year ended March 31, 2021, due to no future use, continuous operating losses of those units or significant declines in market prices. The carrying amounts of the relevant asset groups were written down to their recoverable amounts. In the case where the net selling prices were used as recoverable amounts, idle assets were evaluated at zero, and the relevant asset groups other than idle assets were evaluated mainly based on Real Estate Appraisal Standards, assessed value of fixed assets, and posted land prices. In the case where the recoverable amounts were measured at its value in use, the discount rates used for computation of present value of future cash flows for the years ended March 31, 2022 and 2021, were 5.23% and 5.96%, respectively.

10. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2022 and 2021, consisted of notes to banks and bank overdrafts. The weighted-average interest rates applicable to the bank loans as of March 31, 2022 and 2021, were approximately 0.055% and 0.073%, respectively.

Long-term debt at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
0.160% to 0.299% loans from banks due 2021 to 2022		¥14,000	
Lease obligations	¥30,888	31,154	\$252,382
Total	30,888	45,154	252,382
Less current portion	(4,850)	(19,055)	(39,631)
Total	¥26,038	¥26,099	\$212,751

Annual maturities of long-term debt at March 31, 2022, are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥ 4,850	\$ 39,631
2024	4,330	35,377
2025	3,255	26,601
2026	2,198	17,962
2027	1,528	12,483
2028 and thereafter	14,727	120,328
Total	¥30,888	\$252,382

11. RETIREMENT AND PENSION PLANS

The Group has defined benefit retirement plans and defined contribution retirement plans for employees.

The defined benefit retirement plans provide, under most circumstances, that employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from the consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages exceeding the standard retirement age.

In addition, the Company resolved to revise retirement benefit plan of the Group in April 2021. Based on the resolution, the Group has changed benefit levels of the lump-sum benefit plan with July 2021 as the date of revision with respect to its regulations and October 2021 as the date on which the regulations take effect, and carried out the transition from defined benefit corporate pension plan to defined contribution pension plan.

As a result, with respect to past service costs incurred due to changes made to benefit levels of the lump-sum benefit plan, the Group recorded loss on revision of retirement benefit plan of ¥14,999 million (\$122,551 thousand) as other expense for the fiscal year ended March 31, 2022. Furthermore, with respect to gains and losses arising from the transition from defined benefit corporate pension plan to defined contribution pension plan, the Group recorded gain on transition of retirement benefit plan of ¥1,420 million (\$11,601 thousand) as other income.

Notes to Consolidated Financial Statements

(1) Defined Benefit Retirement Plans

The changes in defined benefit obligation for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥183,859	¥177,835	\$1,502,237
Service cost	14,317	14,016	116,976
Interest cost	169	177	1,381
Actuarial loss arising during the year	1,849	1,129	15,109
Retirement benefits paid	(9,901)	(8,967)	(80,894)
Past service cost arising during the year	14,999		122,551
Decrease due to transition to defined contribution pension plans	(52,271)		(427,087)
Decrease due to change in scope of consolidation	(1,544)	(331)	(12,612)
Balance at end of year	¥151,477	¥183,859	\$1,237,661

The changes in plan assets for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥112,181	¥ 98,728	\$ 916,584
Expected return on plan assets	855	984	6,988
Actuarial gain arising during the year	1,334	10,564	10,896
Contributions from the employer	3,827	4,540	31,271
Retirement benefits paid	(2,034)	(2,244)	(16,620)
Decrease due to transition to defined contribution pension plans	(57,158)		(467,015)
Decrease due to change in scope of consolidation	(1,654)	(391)	(13,511)
Balance at end of year	¥ 57,351	¥112,181	\$ 468,593

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Defined benefit obligation of funded plan	¥ 12,935	¥ 66,676	\$ 105,691
Plan assets	(57,351)	(112,181)	(468,593)
	(44,416)	(45,505)	(362,902)
Defined benefit obligation of unfunded plan	138,542	117,183	1,131,970
Net liability arising from defined benefit obligation	¥ 94,126	¥ 71,678	\$ 769,068

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Liability for employees' retirement benefits	¥94,142	¥71,835	\$769,196
Asset for employees' retirement benefits	(16)	(157)	(128)
Net liability arising from defined benefit obligation	¥94,126	¥71,678	\$769,068

The amount of the liability and asset for employees' retirement benefits that are offset individually by the Company and subsidiaries are combined.

The components of net periodic benefit costs for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Service cost	¥14,317	¥14,016	\$116,976
Interest cost	169	177	1,381
Expected return on plan assets	(855)	(984)	(6,988)
Recognized actuarial (gain) loss	(488)	3,897	(3,980)
Past service cost	14,999		122,551
Gain on transition to defined contribution pension plans	(1,420)		(11,601)
Others	(76)	125	(621)
Net periodic benefit costs	¥26,646	¥17,231	\$217,718

Amounts recognized in other comprehensive income (before income tax effect adjustments) in respect of defined benefit retirement plans for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Actuarial (loss) gain	¥(7,510)	¥13,337	\$(61,360)
Total	¥(7,510)	¥13,337	\$(61,360)

Amounts recognized in accumulated other comprehensive income (before income tax effect adjustments) in respect of defined benefit retirement plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized actuarial gain	¥406	¥8,108	\$3,317
Total	¥406	¥8,108	\$3,317

Plan assets as of March 31, 2022 and 2021, consisted of the following:

	2022	2021
General accounts	57%	30%
Debt investments	22	23
Equity investments		24
Others	21	23
Total	100%	100%

Assumptions used for the years ended March 31, 2022 and 2021, were set forth as follows:

	2022	2021
Discount rate	0.1%	0.1%
Expected rate of return on plan assets	1.0%	1.0%

The expected rate of return on plan assets is determined on the basis of the distribution of plan assets, past performance of respective assets that make up investments of plan assets, and market trends.

(2) Defined Contribution Retirement Plans

The amounts contributed to the defined contribution retirement plans of the Group for the years ended March 31, 2022 and 2021, were ¥6,886 million (\$56,263 thousand) and ¥3,060 million, respectively.

Notes to Consolidated Financial Statements

(3) Other Items

The effect of partial transition from defined benefit corporate pension plans to defined contribution pension plans for the year ended March 31, 2022, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Decrease of defined benefit obligation	¥ 52,271		\$ 427,087
Decrease of plan assets	(57,158)		(467,015)
Recognized actuarial gain	6,307		51,529
Total	¥ 1,420		\$ 11,601

12. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥9,646	¥8,927	\$78,814
Additional provisions associated with the acquisition of property, plant and equipment	456	840	3,722
Reconciliation associated with passage of time	105	107	861
Reconciliation associated with changes in accounting estimates	(138)	(19)	(1,126)
Reduction associated with settlement of asset retirement obligations	(138)	(206)	(1,130)
Others	(3)	(3)	(26)
Balance at end of year	¥9,928	¥9,646	\$81,115

Changes in accounting estimates were recorded as it became evident that the estimate of the discounted cash flows required for future asset retirement would change at the beginning of the year. A reconciliation has been prepared for the change, which resulted in a decrease of the asset retirement obligation for the years ended March 31, 2022 and 2021, by ¥138 million (\$1,126 thousand) and ¥19 million, respectively.

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital

equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity.

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of 30.6% for the years ended March 31, 2022 and 2021.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Accrued expenses	¥ 11,871	¥ 12,265	\$ 96,996
Legal welfare expense	1,970	2,027	16,097
Enterprise tax	1,958	2,312	15,995
Allowance for doubtful accounts	510	492	4,171
Tax loss carryforwards	3,656	11,593	29,869
Liability for employees' retirement benefits	29,229	24,591	238,818
Loss on valuation of land	20,485	20,759	167,371
Loss on impairment of long-lived assets	3,856	4,326	31,505
Loss on valuation of investment securities	1,062	1,167	8,680
Unrealized profit	3,812	3,047	31,150
Loss on valuation of telephone subscription rights	398	417	3,249
Other	8,679	8,251	70,915
Total of tax loss carryforwards and temporary differences	87,486	91,247	714,816
Less valuation allowance for tax loss carryforwards	(3,651)	(11,588)	(29,835)
Less valuation allowance for temporary differences	(23,915)	(26,637)	(195,397)
Total valuation allowance	(27,566)	(38,225)	(225,232)
Deferred tax assets	¥ 59,920	¥ 53,022	\$ 489,584
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (2,756)	¥ (5,807)	\$ (22,517)
Other	(4,880)	(6,784)	(39,874)
Deferred tax liabilities	¥ (7,636)	¥ (12,591)	\$ (62,391)
Deferred tax assets—net	¥ 52,284	¥ 40,431	\$ 427,193

Notes to Consolidated Financial Statements

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2022, are as follows:

Year Ending March 31	Millions of Yen		
	Deferred Tax Assets Relating to Tax Loss Carryforwards	Less Valuation Allowances for Tax Loss Carryforwards	Net Deferred Tax Assets Relating to Tax Loss Carryforwards
2023	¥ 41	¥ (41)	¥ —
2024	45	(45)	
2025	91	(91)	
2026	86	(86)	
2027	540	(540)	
2028 and thereafter	2,853	(2,848)	5
Total	¥3,656	¥(3,651)	¥ 5

Year Ending March 31	Thousands of U.S. Dollars		
	Deferred Tax Assets Relating to Tax Loss Carryforwards	Less Valuation Allowances for Tax Loss Carryforwards	Net Deferred Tax Assets Relating to Tax Loss Carryforwards
2023	\$ 332	\$ (332)	\$ —
2024	371	(371)	
2025	742	(742)	
2026	699	(699)	
2027	4,416	(4,416)	
2028 and thereafter	23,309	(23,275)	34
Total	\$29,869	\$(29,835)	\$34

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2021, was as follows:

	2021
Normal effective statutory tax rate	30.6%
Per capita levy of local taxes	3.4
Difference of tax rates for foreign subsidiaries	0.1
Valuation allowance	2.6
Share of profit or loss of entities accounted for using equity method	0.3
Other—net	1.0
Actual effective tax rate	38.0%

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates for the year ended March 31, 2022, was omitted since the difference between both the rates was less than 5% of the normal effective statutory tax rates.

15. LEASES

The Group leases certain building, machinery, computer equipment and other assets as the lessee.

Future rental payments under non-cancelable operating leases at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Due within one year	¥ 7,496	¥ 5,451	\$ 61,245
Due after one year	22,608	21,079	184,721
Total	¥30,104	¥26,530	\$245,966

16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans and bonds, in order to expand its business based on its investment plan to expand its network. Cash surpluses, if any, are invested in low risk financial assets. Derivatives are not used for speculative purposes, but to manage exposure to interest fluctuation risk. Certain consolidated subsidiaries conduct installment sales operations.

(2) Nature and Extent of Risks Arising from Financial Instruments and the Risk Management for Financial Instruments

Receivables such as notes and accounts receivable and installment sales receivable are exposed to customer credit risk. Therefore, the Group minimizes customers' credit risk by monitoring collections and accrued receivables at due dates.

Investment securities are mainly equity securities of the companies with which the Group has business relationships or capital alliances. Such securities are exposed to the risk of market price fluctuations.

Most payment terms of payables such as notes and accounts payable are less than one year.

Short-term bank loans and long-term bank loans are mainly related to a financial business. Bank loans are mainly variable interest rate loans.

Accounts payable and bank loans exposed to liquidity risks are managed by each company of the Group, such as through fund settlement, bookkeeping, monitoring of the balances outstanding, and managing cash flows.

(3) Fair Value of Financial Instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the fair value may change due to the adoption of different assumptions, etc.

Fair value of financial instruments at March 31, 2022 and 2021, were as follows:

March 31, 2022	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Trade notes and accounts receivable, and contract assets	¥218,923		
Allowance for doubtful accounts	(158)		
	218,765	¥218,777	¥ 12
Installment sales receivable	48,055		
Allowance for doubtful accounts	(936)		
Deferred profit on installment sales	(4,714)		
	42,405	46,956	4,551
Available-for-sale securities	21,562	21,562	
Shares of affiliates	6,668	10,127	3,459
	15,000	15,000	
Liabilities:			
Short-term loans			

March 31, 2021	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Trade notes and accounts receivable, and contract assets	¥212,766		
Allowance for doubtful accounts	(29)		
	212,737	¥212,754	¥ 17
Installment sales receivable	45,643		
Allowance for doubtful accounts	(1,020)		
Deferred profit on installment sales	(4,781)		
	39,842	44,600	4,758
Available-for-sale securities	35,833	35,833	
Shares of affiliates	7,003	13,194	6,191
	34,000	33,997	(3)
Liabilities:			
Short-term loans			

Notes to Consolidated Financial Statements

March 31, 2022	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Difference
Assets:			
Trade notes and accounts receivable, and contract assets	\$1,788,731		
Allowance for doubtful accounts	(1,286)		
	1,787,445	\$1,787,542	\$ 97
Installment sales receivable	392,641		
Allowance for doubtful accounts	(7,648)		
Deferred profit on installment sales	(38,517)		
	346,476	383,658	37,182
Available-for-sale securities	176,175	176,175	
Shares of affiliates	54,481	82,746	28,265
Liabilities:			
Short-term loans	122,559	122,559	

Cash and cash equivalents are omitted because they are settled in a short period of time and their carrying amounts approximate fair value.

Trade notes and accounts receivable, and contract assets are presented after deducting allowances for doubtful accounts set up for trade notes and accounts receivable, and contract assets not settled in a short period of time.

Installment sales receivable is presented after deducting the relevant allowance for doubtful accounts and deferred profit on installment sales.

Equity securities with no market price and investments in capital are not included in available-for-sale securities or shares of affiliates. The amount of these financial instruments recorded as investment securities on the consolidated balance sheet at March 31, 2022 and 2021, were ¥3,894 million (\$31,820 thousand) and ¥1,014 million, respectively, and the amount of these financial instruments recorded as investments in unconsolidated subsidiaries and affiliates on the consolidated balance sheet at March 31, 2022 and 2021, were ¥7,362 million (\$60,154 thousand) and ¥5,225 million, respectively.

Investments in partnerships and other similar entities that are recorded on the consolidated balance sheet at net amount of equity interest are omitted. The amount of these investments recorded as investment securities on the consolidated balance sheet at March 31, 2022 and 2021, were ¥8,486 million (\$69,333 thousand) and ¥3,156 million, respectively.

Trade notes and accounts payable are omitted because most of them are due within one year and their carrying amounts approximate fair value.

(4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2022	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥182,645	¥ —	¥ —
Trade notes and accounts receivable, and contract assets	218,883	40	
Installment sales receivable	22,061	22,729	3,265
Total	¥423,589	¥22,769	¥3,265

March 31, 2021	Millions of Yen		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥241,523	¥ —	¥ —
Trade notes and accounts receivable, and contract assets	212,686	80	
Installment sales receivable	21,358	21,990	2,295
Total	¥475,567	¥22,070	¥2,295

March 31, 2022	Thousands of U.S. Dollars		
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	\$1,492,316	\$ —	\$ —
Trade notes and accounts receivable, and contract assets	1,788,404	327	
Installment sales receivable	180,255	185,711	26,675
Total	\$3,460,975	\$186,038	\$26,675

(5) Matters Concerning the Breakdown of the Fair Value of Financial Instruments by Level and Other Items

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated by the market price of the asset or liability formed in the active market among observable inputs

Level 2 fair value: Fair value calculated by observable inputs excluding inputs of Level 1

Level 3 fair value: Fair value calculated by unobservable inputs

When multiple inputs that have a significant influence on the fair value calculation are used, the fair value is classified into the lowest priority level in the fair value calculation among the levels to which those inputs belong.

Financial instruments recorded on the consolidated balance sheet at fair value

March 31, 2022	Millions of Yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Available-for-sale securities:				
Equity securities	¥21,562	¥—	¥—	¥21,562
Total assets	¥21,562	¥—	¥—	¥21,562

March 31, 2022	Thousands of U.S. Dollars			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Available-for-sale securities:				
Equity securities	\$176,175	\$ —	\$ —	\$176,175
Total assets	\$176,175	\$ —	\$ —	\$176,175

Financial instruments other than those recorded on the consolidated balance sheet at fair value

March 31, 2022	Millions of Yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Trade notes and accounts receivable, and contract assets	¥ —	¥218,777	¥—	¥218,777
Installment sales receivable		46,956		46,956
Shares of affiliates:				
Equity securities	10,127			10,127
Total assets	¥10,127	¥265,733	¥—	¥275,860
Short-term loans	¥ —	¥ 15,000	¥—	¥ 15,000
Total liabilities	¥ —	¥ 15,000	¥—	¥ 15,000

March 31, 2022	Thousands of U.S. Dollars			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Trade notes and accounts receivable, and contract assets	\$ —	\$1,787,542	\$—	\$1,787,542
Installment sales receivable		383,658		383,658
Shares of affiliates:				
Equity securities	82,746			82,746
Total assets	\$82,746	\$2,171,200	\$—	\$2,253,946
Short-term loans	\$ —	\$ 122,559	\$—	\$ 122,559
Total liabilities	\$ —	\$ 122,559	\$—	\$ 122,559

Notes to Consolidated Financial Statements

Available-for-sale securities and shares of affiliates

Marketable equity securities are valued using the market prices. Since marketable equity securities are traded in active markets, their fair value is classified as Level 1 fair value.

Trade notes and accounts receivable, and contract assets

The fair value of these assets is determined using the discounted present value method based on the amount of the receivable, the period to maturity and the interest rate that takes into account credit risk for each receivable classified by certain time periods and is classified as Level 2 fair value.

Installment sales receivable

The fair value of installment sales receivable is determined using the discounted present value method based on the amount of the receivable, the period to maturity and the interest rate that takes into account credit risk for each receivable classified by certain time periods and is classified as Level 2 fair value.

Short-term loans

The fair value of short-term loans is determined using the discounted present value method based on the total amount of principal and interest and the interest rate that takes into account the remaining term of the debt and credit risk and is classified as Level 2 fair value.

17. REVENUE RECOGNITION

(1) Information about Disaggregated Revenues from Contracts with Customers

	Millions of Yen			
	2022			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	¥1,144,359	¥598,306	¥ 50,968	¥1,793,633
Logistical support income	3,587	249,638		253,225
Others	28,184	33,023	171,975	233,182
Revenues from contracts with customers	1,176,130	880,967	222,943	2,280,040
Other revenues			4,583	4,583
Total	1,176,130	880,967	227,526	2,284,623
Internal segment revenues or transfers	(3,716)	(42,691)	(18,327)	(64,734)
Operating revenues by reportable segments	1,172,414	838,276	209,199	2,219,889
Intersegment revenues or transfers	(279,017)	(26,091)	(121,163)	(426,271)
Operating revenues from external customers	¥ 893,397	¥812,185	¥ 88,036	¥1,793,618

	Thousands of U.S. Dollars			
	2022			
	Retail Business Unit	Corporate Business Unit	Other	Total
Transportation income	\$ 9,350,105	\$4,888,521	\$ 416,435	\$14,655,061
Logistical support income	29,311	2,039,691		2,069,002
Others	230,277	269,815	1,405,144	1,905,236
Revenues from contracts with customers	9,609,693	7,198,027	1,821,579	18,629,299
Other revenues			37,446	37,446
Total	9,609,693	7,198,027	1,859,025	18,666,745
Internal segment revenues or transfers	(30,361)	(348,804)	(149,746)	(528,911)
Operating revenues by reportable segments	9,579,332	6,849,223	1,709,279	18,137,834
Intersegment revenues or transfers	(2,279,741)	(213,177)	(989,976)	(3,482,894)
Operating revenues from external customers	\$ 7,299,591	\$6,636,046	\$ 719,303	\$14,654,940

Notes: "Other" includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (development of information systems), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).

Other revenues consist of transactions related to financial instruments included in the scope of ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," such as installment sales.

(2) Information that Provides a Basis for Understanding Revenue from Contracts with Customers

The same information as in Note 2, "Summary of Significant Accounting Policies" is omitted.

None of the contracts include significant financial elements or variable consideration, and the contractual consideration for services is generally received within 30–70 days from the time of revenue recognition. The contractual consideration for transportation services provided to individual customers in the Retail Business Unit is received at the time the parcel is accepted.

(3) Information about the Relationship between the Satisfaction of Performance Obligations under Contracts with Customers and Cash Flows from Such Contracts, and the Amount and Timing of Revenue Expected to be Recognized in Subsequent Periods from Contracts with Customers that Existed at the End of the Current Fiscal Year

Balance of receivables, contract assets and contract liabilities from contracts with customers

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Receivables from contracts with customers, beginning of fiscal year	¥178,323	\$1,457,007
Receivables from contracts with customers, end of fiscal year	188,005	1,536,112
Contract assets, beginning of fiscal year	4,146	33,878
Contract assets, end of fiscal year	4,689	38,311
Contract liabilities, beginning of fiscal year	11,444	93,507
Contract liabilities, end of fiscal year	12,887	105,296

Contract assets are mainly recognized in TA-Q-BIN transactions and are recognized based on the estimated revenue from the progress of deliveries up to the end of the fiscal year. Contract assets are reclassified to receivables from contracts with customers when the consolidated subsidiary's rights to the consideration become unconditional.

Contract liabilities mainly relate to advances received from customers who have subscribed to the Kuroneko Member Discount program for TA-Q-BIN transactions. Contract liabilities are reversed upon the recognition of revenue.

Among the revenues recognized during the fiscal year ended March 31, 2022, the amount included in the opening balance of contract liabilities was ¥9,558 million (\$78,097 thousand).

The amount of revenue recognized in the fiscal year ended March 31, 2022, from performance obligations satisfied in prior periods was not material.

Transaction prices allocated to remaining performance obligations

The Group applies the practical expedient in noting transaction prices allocated to the remaining performance obligations and does not include performance obligations with original expected contractual terms of one year or less and performance obligations for which the entity is entitled to receive consideration directly corresponding to the value to the customer of the portion of the obligation that has been performed by the entity to date. As a result, there were no significant performance obligations that should have been noted as the transaction price allocated to the remaining performance obligations.

The performance obligations with original expected contractual terms of one year or less mainly relate to TA-Q-BIN transactions in the Retail Business Unit.

In addition, there were no material amounts of consideration arising from contracts with customers that were not included in the transaction price.

Notes to Consolidated Financial Statements

18. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrealized gain on available-for-sale securities:			
Adjustments arising during the year	¥ 10,727	¥10,487	\$ 87,647
Reclassification adjustments to profit or loss	(19,124)	(72)	(156,258)
Amount before income tax effect	(8,397)	10,415	(68,611)
Income tax effect	2,982	(2,489)	24,366
Total	¥ (5,415)	¥ 7,926	\$ (44,245)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 1,437	¥ (994)	\$ 11,740
Reclassification adjustments to profit or loss	(643)		(5,254)
Total	¥ 794	¥ (994)	\$ 6,486
Remeasurements of defined employees' retirement benefit plans:			
Adjustments arising during the year	¥ (1,528)	¥ 9,435	\$ (12,485)
Reclassification adjustments to profit or loss	(5,982)	3,902	(48,875)
Amount before income tax effect	(7,510)	13,337	(61,360)
Income tax effect	2,227	(3,915)	18,200
Total	¥ (5,283)	¥ 9,422	\$ (43,160)
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	¥ 111	¥ 1	\$ 910
Reclassification adjustments to profit or loss	(3)	2	(24)
Total	¥ 108	¥ 3	\$ 886
Total other comprehensive (loss) income	¥ (9,796)	¥16,357	\$ (80,033)

19. EARNINGS PER SHARE

Basic earnings per share ("EPS") for the years ended March 31, 2022 and 2021, was as follows:

Year Ended March 31,	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Profit Attributable to Owners of Parent	Weighted-average Shares	EPS	
2022	¥55,956	370,488	¥151.03	\$1.23
2021	¥56,701	374,150	¥151.55	

20. SEGMENT INFORMATION

(1) Description of Reportable Segments

The Group identifies operating segments as components of entity for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to the segments and assess their performance.

Under the Company, which is the pure holding company, the Group manages business operations by customer segment and operates through group management structure consisting of the Retail Business Unit, which manages the Retail Business Division that provides delivery services for individual customers and mid-to-small sized corporations, the Corporate Business Unit, which manages the Corporate Business Division, the Global SCM Business Division, and the EC Business Division, that provide transportation services etc. for large corporations, and Other.

The Group defines the reportable segments as follows:

Retail Business Unit:	Delivery services for individual customers and mid-to-small sized corporations
Corporate Business Unit:	Transportation services for large corporations, planning and operation of logistics centers, customs services, air cargo agency services
Other:	Development and operation of IT systems, car maintenance services, sales of fuel, non-life insurance agency services, cargo vehicle transportation services

(2) Methods of Measurement for the Amounts of Segment Revenues, Segment Profit, Segment Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Notes to Consolidated Financial Statements

(3) Information about Segment Revenues, Segment Profit, Segment Assets, and Other Items

Millions of Yen						
2022						
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	¥ 893,397	¥812,185	¥ 88,036	¥1,793,618	¥ —	¥1,793,618
Intersegment revenues	279,017	26,091	121,163	426,271	(426,271)	
Total segment revenues	¥1,172,414	¥838,276	¥209,199	¥2,219,889	¥(426,271)	¥1,793,618
Segment profit	¥ 44,464	¥ 17,178	¥ 16,559	¥ 78,201	¥ (1,001)	¥ 77,200
Segment assets	749,718	194,571	156,573	1,100,862	(14,007)	1,086,855
Other:						
Depreciation and amortization	17,538	13,265	3,812	34,615	909	35,524
Investment in entities accounted for using equity method	630	6,668		7,298	5,662	12,960
Increase of tangible and intangible fixed assets	56,587	12,066	7,246	75,899	2,673	78,572
Millions of Yen						
2021						
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	¥ 882,537	¥733,191	¥ 80,139	¥1,695,867	¥ —	¥1,695,867
Intersegment revenues	313,736	48,842	116,206	478,784	(478,784)	
Total segment revenues	¥1,196,273	¥782,033	¥196,345	¥2,174,651	¥(478,784)	¥1,695,867
Segment profit	¥ 50,806	¥ 40,317	¥ 6,989	¥ 98,112	¥ (5,990)	¥ 92,122
Segment assets	762,635	176,604	165,253	1,104,492	(14,501)	1,089,991
Other:						
Depreciation and amortization	29,291	13,639	4,501	47,431	1,431	48,862
Investment in entities accounted for using equity method	430	8,602		9,032	2,159	11,191
Increase of tangible and intangible fixed assets	34,413	5,875	7,668	47,956	7,476	55,432
Thousands of U.S. Dollars						
2022						
	Retail Business Unit	Corporate Business Unit	Other	Total	Reconciliation	Consolidated
Segment revenues:						
Segment revenues from customers	\$7,299,591	\$6,636,046	\$ 719,303	\$14,654,940	\$ —	\$14,654,940
Intersegment revenues	2,279,741	213,177	989,976	3,482,894	(3,482,894)	
Total segment revenues	\$9,579,332	\$6,849,223	\$1,709,279	\$18,137,834	\$(3,482,894)	\$14,654,940
Segment profit	\$ 363,294	\$ 140,357	\$ 135,298	\$ 638,949	\$ (8,182)	\$ 630,767
Segment assets	6,125,642	1,589,765	1,279,296	8,994,703	(114,443)	8,880,260
Other:						
Depreciation and amortization	143,301	108,381	31,144	282,826	7,428	290,254
Investment in entities accounted for using equity method	5,149	54,481		59,630	46,258	105,888
Increase of tangible and intangible fixed assets	462,348	98,590	59,201	620,139	21,843	641,982

Notes: "Other" includes Yamato Home Convenience Co., Ltd. (lifestyle support services), Yamato System Development Co., Ltd. (development of information systems), and Yamato Autoworks Co., Ltd. (collective vehicle management agent business for transportation companies).

Reconciliations are as follows:

- Reconciliations of segment profit for the years ended March 31, 2022 and 2021, of ¥1,001 million (\$8,182 thousand) and ¥5,990 million, respectively, include group-wide expenses that are not allocated to each reportable segment (general administrative expenses of the Company, which is a pure holding company) of ¥10,384 million (\$84,845 thousand) and ¥19,578 million, and intersegment eliminations of ¥9,383 million (\$76,663 thousand) and ¥13,588 million, respectively.
- Reconciliations of segment assets at March 31, 2022 and 2021, of ¥14,007 million (\$114,443 thousand) and ¥14,501 million, respectively, include intersegment eliminations of assets and liabilities of ¥108,626 million (\$887,540 thousand) and ¥191,758 million, and group-wide assets which are not allocated to each reportable segment of ¥94,619 million (\$773,097 thousand) and ¥177,257 million, respectively.
- Reconciliations of investments in entities accounted for using equity method at March 31, 2022 and 2021, of ¥5,662 million (\$46,258 thousand) and ¥2,159 million, respectively, are investments that are not allocated to each reportable segment.
- Reconciliations of increases of tangible and intangible fixed assets for the years ended March 31, 2022 and 2021, of ¥2,673 million (\$21,843 thousand) and ¥7,476 million, respectively, are the Company's capital investment.

Segment profit is reconciled with operating profit in the consolidated statement of income.

Segment assets of the Retail Business Unit at March 31, 2022 and 2021, of ¥749,718 million (\$6,125,642 thousand) and ¥762,635 million, respectively, include assets of the Functional Divisions of Yamato Transport Co., Ltd. of ¥524,780 million (\$4,287,772 thousand) and ¥543,672 million, respectively. Increase of tangible and intangible fixed assets of the Retail Business Unit for the years ended March 31, 2022 and 2021, of ¥56,587 million (\$462,348 thousand) and ¥34,413 million, respectively, include the amount of increase of the Functional Divisions of Yamato Transport Co., Ltd. of ¥36,936 million (\$301,789 thousand) and ¥18,588 million, respectively.

(4) Changes in Reportable Segments

Effective from the fiscal year ended March 31, 2022, the Company has changed its classification of reportable segments to reflect its transition to a management structure consisting of four Business Divisions (Retail, Corporate, Global SCM, and EC) and four Functional Divisions in April 2021.

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

The segment information for the year ended March 31, 2021, was prepared and presented according to the new classification of reportable segments.

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

The Company has changed its method of calculating profit or loss of operating segment because it has changed its accounting method for revenue recognition due to application of the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended March 31, 2022, as stated under Note 4, "Accounting Change."

As a result, for the fiscal year ended March 31, 2022, segment revenues and segment profit of the Retail Business Unit each decreased by ¥52 million (\$422 thousand); segment revenues and segment profit of the Corporate Business Unit increased by ¥369 million (\$3,014 thousand) and decreased by ¥150 million (\$1,227 thousand), respectively; and segment revenues and segment profit of Other decreased by ¥2,399 million (\$19,602 thousand) and increased by ¥118 million (\$962 thousand), respectively, compared with previous method.

(6) Changes in Depreciation Method for Property, Plant and Equipment and Changes in Useful Life

Effective from the fiscal year ended March 31, 2022, the Company has changed to the straight-line method as its depreciation method for property, plant and equipment (excluding leased assets), as stated under Note 4, "Accounting Change." In addition, the Company has also changed useful lives of some vehicles, and applied this change prospectively.

As a result, for the fiscal year ended March 31, 2022, segment profit of the Retail Business Unit, Corporate Business Unit and Other increased by ¥10,995 million (\$89,832 thousand), ¥1,735 million (\$14,179 thousand), and ¥346 million (\$2,826 thousand), respectively, compared with previous method.

[Related Information about Reportable Segments]

(1) Information about Products and Services

Operating revenues from customers for the years ended March 31, 2022 and 2021, were as follows:

Millions of Yen							
2022				2021			
TA-Q-BIN	Kuroneko	DM-Bin	Other	Total	TA-Q-BIN	Kuroneko	DM-Bin
¥1,322,534	¥54,323	¥416,761	¥1,793,618	¥1,269,483	¥53,010	¥373,374	¥1,695,867
Thousands of U.S. Dollars							
2022				2021			
TA-Q-BIN	Kuroneko	DM-Bin	Other	Total	TA-Q-BIN	Kuroneko	DM-Bin
\$10,805,902	\$443,852	\$3,405,186	\$14,654,940				

(2) Information about Geographical Areas

The disclosure of operating revenues by geographical areas for the years ended March 31, 2022 and 2021, were omitted since operating revenues to external customers in Japan account for more than 90% of the amount of operating revenues in the consolidated statements of income.

The disclosure of property, plant and equipment by geographical areas at March 31, 2022 and 2021, were omitted since property, plant and equipment in Japan account for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

Notes to Consolidated Financial Statements

(3) Information about Loss on Impairment of Long-Lived Assets by Reportable Segments

Loss on impairment of long-lived assets by reportable segments for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen					
	2022					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	¥—	¥701	¥1,719	¥2,420	¥—	¥2,420

	Millions of Yen					
	2021					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	¥332	¥498	¥47	¥877	¥—	¥877

	Thousands of U.S. Dollars					
	2022					
	Retail Business Unit	Corporate Business Unit	Other	Total	Eliminations or Group-Wide	Consolidated
Loss on impairment of long-lived assets	\$—	\$5,726	\$14,049	\$19,775	\$—	\$19,775

21. RELATED PARTY DISCLOSURES

Transactions of the Group and related parties for the year ended March 31, 2021, were as follows:

Category	Name of Company	Address	Paid-in Capital	Business	Ratio of Voting Rights	Relation with Related Party
Affiliated company	Yamato Lease Co., Ltd	Toshima-ku, Tokyo	¥30 million	General Leasing	40.0%	Loan for operating fund Interlocking directorate

Millions of Yen			
Transactions during the year ended March 31, 2021		Balance at March 31, 2021	
Summary of Transaction	Transacted Amount	Title of Account	Amount
Repayment of loan for operating fund	¥94,273	—	¥—

22. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

In January 2022, the Company sold 51% of the shares of Yamato Home Convenience Co., Ltd. As a result, Yamato Home Convenience Co., Ltd. was excluded from the scope of consolidation.

The assets and liabilities of Yamato Home Convenience Co., Ltd. at the time of sales and reconciliation between the selling price and the payment for sales of shares are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Current assets	¥10,655	\$ 87,055
Long-lived assets	1,266	10,341
Current liabilities	(5,003)	(40,877)
Long-term liabilities	(467)	(3,819)
Investment account after sales of shares	(3,161)	(25,823)
Loss on sales of shares	(2,673)	(21,837)
Other	(617)	(5,040)
Selling price		
Incidental cost for sales of shares	(111)	(907)
Cash and cash equivalents	(7,202)	(58,845)
Net payment for sales of shares	¥ (7,313)	\$(59,752)

In April 2020, the Company sold 60% of the shares of Yamato Lease Co., Ltd. As a result, Yamato Lease Co., Ltd. was excluded from the scope of consolidation.

The assets and liabilities of Yamato Lease Co., Ltd. at the time of sales and reconciliation between the selling price and the payment for sales of shares are as follows:

	Millions of Yen
	2021
Current assets	¥ 93,168
Long-lived assets	14,055
Current liabilities	(99,275)
Long-term liabilities	(2,820)
Investment account after sales of shares	(2,051)
Gain on sales of shares	38
Other	4
Selling price	3,119
Cash and cash equivalents	(3,603)
Net payment for sales of shares	¥ (484)

23. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2022, was approved at the Company's Board of Directors meeting held on May 17, 2022:

	Millions of Yen	Thousands of U.S. Dollars
	Year-end cash dividends, ¥23 (\$0.19) per share*	¥8,440

* The total cash dividends approved at the Company's Board of Directors meeting held on May 17, 2022, include the dividends of ¥11 million (\$91 thousand) for the share of the Company held by "Board Benefit Trust (BBT)".