

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Stock code: 9064
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Scheduled date of the submission of quarterly securities report: February 12, 2021
 Scheduled date of the commencement of dividend payment: —
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

1. Consolidated financial results for the third quarter of fiscal year 2021 (cumulative: from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the nine months ended								
December 31, 2020	1,295,676	3.0	89,747	79.2	91,130	94.6	56,870	81.1
December 31, 2019	1,257,724	0.0	50,077	(32.6)	46,830	(36.4)	31,406	(27.3)

(Note) Comprehensive income: For the nine months ended December 31, 2020: 62,108 million yen (91.7%)
 For the nine months ended December 31, 2019: 32,405 million yen ((21.5) %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended		
December 31, 2020	151.58	—
December 31, 2019	79.66	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2020	1,139,507	573,104	49.6
March 31, 2020	1,100,739	562,835	50.4

(Reference) Equity: As of December 31, 2020: 565,208 million yen As of March 31, 2020: 555,173 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	15.00	—	26.00	41.00
Fiscal 2021	—	16.00	—		
Fiscal 2021 (Forecast)				19.00	35.00

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

Breakdown of year-end dividends in fiscal year ended March 31, 2020:

Ordinary dividends: 16.00 yen
 Commemorative dividends: 10.00 yen

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

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,680,000	3.1	82,000	83.4	82,000	101.8	43,000	92.6	114.93

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

* Notes

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

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

(Note) For details, please see "2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements (Application of specific accounting for preparing the quarterly consolidated financial statements)" of the attached materials to the quarterly financial results report on page 14.

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

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

(4) Number of issued shares (common shares)

- a. Number of issued shares as of the end of the period (including treasury shares)
 - As of December 31, 2020: 388,575,592 shares
 - As of March 31, 2020: 411,339,992 shares
- b. Number of treasury shares as of the end of the period
 - As of December 31, 2020: 17,550,271 Shares
 - As of March 31, 2020: 26,124,409 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - For the nine months ended December 31, 2020: 375,172,368 Shares
 - For the nine months ended December 31, 2019: 394,274,306 shares

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

*Proper use of earnings forecasts and other noteworthy events

- Descriptions of the above financial projections and other data are based on information currently available to the Company and certain assumptions that the Company considers to be reasonable. Actual financial results may differ significantly from the projections for various reasons. For points to note when using such assumptions and financial projections, please see "1. Qualitative Information on Settlement of Accounts for the Nine Months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" of the attached materials to the quarterly financial results report on page 9.
- The Company plans to post supplementary materials on quarterly financial results on the Company's website promptly after the announcement of the quarterly financial results.

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

(1) Explanation of operating results

During the nine months ended December 31, 2020, economic activities which had been stagnant due to the global spread of the novel coronavirus disease (COVID-19) began to reopen. Whereas business sentiment has been showing signs of improvement, particularly in the manufacturing industry, the outlook for economic recovery both in Japan and overseas remains unknown particularly with the pandemic spreading at home and abroad amid uncertainties as to the status of COVID-19 transmission ahead and timing as to when the pandemic might subside. Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in lifestyles and the business environment brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education.

Under such circumstances, the Yamato Group aims to contribute consistently to the realization of a prosperous society by creating a “new logistics ecosystem” that meets the needs of customers and society. To such ends, we are promoting initiatives based on our transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term. These initiatives involve engaging in business transformations encompassing the threefold aims of giving rise to the digital transformation (DX) of TA-Q-BIN, establishing an e-commerce ecosystem, and strengthening the corporate logistics business, while combining the Group’s management resources prior to launch of the new management system in April 2021. These initiatives also involve engaging in infrastructure transformations encompassing the threefold aims of renewing Group management systems, shifting to data-driven management style, and implementing sustainability initiatives. During the nine months ended December 31, 2020, as the future spread of COVID-19 and when the pandemic might subside being unclear, with the safety of our customers and employees as the top priority, we strove to continually provide logistics services, including TA-Q-BIN. In so doing, we have been working to identify issues encountered by our customers due to changes in lifestyles and the business environment, and have furthermore been expanding sales for new delivery services and improving convenience in response to the accelerating shift to e-commerce across all industries. We have also been engaging in initiatives that entail providing solutions for facilitating supply chain transformation aims of business operators working to enhance their operations in the e-commerce domain. This has involved strengthening account management on a Group-wide basis and furthermore addressing new needs in the remote prescription domain of the telehealth field and in the field of education in promoting the GIGA School concept. Moreover, we have also been expanding collection and delivery capacity as well as optimizing costs. This has involved building new delivery networks underpinned by alliances with our delivery partners, while also promoting increased efficiency of collection, delivery and trunk-route transportation by shifting to data-driven management style and optimally allocating management resources enlisting demand forecasting based on data analysis.

Our consolidated financial results for the nine months ended December 31, 2020 are as follows.

Item	(Millions of yen)			
	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	Change	Growth (%)
Operating revenue	1,257,724	1,295,676	37,951	3.0
Operating profit	50,077	89,747	39,670	79.2
Ordinary profit	46,830	91,130	44,300	94.6
Profit attributable to owners of parent	31,406	56,870	25,463	81.1

For the nine months ended December 31, 2020, operating revenue amounted to 1,295,676 million yen, up 37,951 million yen from the previous year. This is largely attributable to having achieved an increase in the parcel delivery volume as a result of having taken action in the burgeoning e-commerce domain.

For the nine months ended December 31, 2020, operating expenses amounted to 1,205,928 million yen, down 1,718 million yen from the previous year. This was mainly due to optimizing costs by increasing the efficiency of collection and delivery through the optimal allocation of management resources based on data analysis and by promoting increased efficiency of our trunk-route transportation amid increasing parcel delivery volume.

As a result, for the nine months ended December 31, 2020, operating profit amounted to 89,747 million yen, up 39,670 million yen from the previous fiscal year.

Initiatives for the entire Yamato Group

- ① In response to the spread of COVID-19 and to ensure that customers can use TA-Q-BIN with peace of mind, we have been making sure that employees practice full hygiene management, implementing contact-free deliveries and other infection prevention measures when interacting with customers, using our website and other channels to share information, and continuing to provide logistics services, including TA-Q-BIN.
- ② We have been engaging in reform of the Group management structure geared to achieving sustainable growth, and accordingly promoting initiatives to achieve our three business transformations and three infrastructure transformations while combining the Group's management resources prior to launch of the new management system in April 2021, based on our transformation plan "YAMATO NEXT100" which has been formulated to serve as a grand design for management of the Yamato Group over the medium to long term going forward.
- ③ In order to promote "Inclusive Management" that enables personnel to focus more on our customers, we have been shifting to data-driven management style which has involved streamlining and standardizing our logistics operations through digital transformation (DX), and have been giving rise to objective and scientific decision-making largely by implementing demand and operating amount forecasts and making optimal allocations of management resources, on the basis of data analysis.
- ④ In response to social needs, we have been working toward creating a logistics service that caters specifically to the shift to e-commerce by industries and establishing an e-commerce ecosystem in order to capitalize on the high growth potential of e-commerce. In the nine months ended December 31, 2020, we promoted efforts to expand sales for our new "EAZY" delivery service that improves convenience, safety, and efficiency with respect to purchase, delivery, and pick-up by connecting e-commerce users and e-commerce companies, and delivery service providers across the board in real-time using digital information, through our partnerships with major e-commerce companies. Additionally, to optimize logistics for e-commerce vendors with stores in online shopping malls, we promoted efforts to expand sales for services that completely or partially replace operational functions from order receiving to shipping and delivery. Moreover, based on alliances with partners with digital technology, we have started providing services that make it possible to pick up products purchased through e-commerce from supermarkets, drugstores and other such establishments that serve as customer lifelines. We are also embarking on initiatives to facilitate sales to consumers enlisting Live Commerce functions in alliance with live streaming service providers, with the aim of building a new innovating delivery business model.
- ⑤ In order to strengthen corporate logistics business, we have been combining the Group's management resources for corporate business such as specialist human resources at each Group company, logistics and distribution functions, and the trunk-route transportation network connecting our distribution centers. We have also been promoting initiatives for addressing customers' business challenges and building a database to provide solutions based on highly accurate, real-time information. Furthermore, we will continue to strengthen the management of our international businesses. During the nine months ended December 31, 2020, we have also been engaging in initiatives that entail providing solutions for facilitating supply chain transformation aims of business operators working to enhance their operations in the e-commerce domain. This has involved working to identify issues encountered by our customers due to changes in lifestyles and the business environment and furthermore addressing new needs in the remote prescription domain of the telehealth field and in the field of education in promoting the GIGA School concept.
- ⑥ In order to strike a balance between sustainable growth and the development of a sustainable society, we have been promoting sustainability initiatives, and have furthermore been taking steps to address material issues that have been identified with the aim of increasing the efficiency of transportation and providing delivery that is better for the planet, our lifestyles, and the economy, by attentively connecting people with resources and data. This effort has been underpinned by our dual visions in terms of paving the way to a sustainable future, one of which is "Connect. Deliver the Future via Green Logistics." and the other of which is, "Through Co-Creation and Fair Business Activities, Help Create a Society That 'Leaves No One Behind.'"
- ⑦ We have been continuing efforts to revamp the Group's management structure in order to further enhance a management structure that enables us to confront customer and social needs. In April 2021, we will begin shifting to a new Group management structure with the aim of transforming to a fully optimized organization structured according to customer segments in order to further accelerate management. The Group management structure will consist of business units under the Company, which serves as a pure

holding company, upon the integration of consolidated subsidiary Yamato Transport Co., Ltd. and seven other Group companies. The Group Management structure will consist of: Retail Division in charge of Retail Business Division; Corporate Division in charge of Corporate Business Division, Global SCM Business Division, and EC Business Division; Functional Divisions, and Corporate function.

- ⑧ We have drawn up the Yamato Group's medium-term management plan, "One Yamato 2023," with the fiscal year ending March 31, 2024 set as its final fiscal year. Grounded on progress and results achieved with respect to initiatives implemented based on our transformation plan "YAMATO NEXT100, the "One Yamato 2023" plan takes into account the accelerating industry-wide shift to e-commerce prompted by rapidly changing lifestyles and distribution structure. Under the plan, the Group will aim to provide value to our individual and corporate clients, as well as society as a whole. To such ends, we will facilitate transformation across the entire supply chain extending from suppliers and manufacturers to consumers, fully leveraging our business resources concentrated under our concept of serving as a truly "One Yamato."

Summary of each operating segment

● Delivery

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

Category	(Million parcels / units)			
	For the nine months ended: December 31, 2019	For the nine months ended: December 31, 2020	Change	Growth (%)
TA-Q-BIN	1,390	1,599	209	15.0
Kuroneko DM-Bin	761	619	(142)	(18.7)

- ① In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people's lives.
- ② In the nine months ended December 31, 2020, as the future spread of COVID-19 and when the pandemic might subside being unclear, with the safety of our customers and employees as the top priority, we pursued stable operations of our TA-Q-BIN network. In addition, we have been engaging in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in advancing structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.
- ③ With respect to the burgeoning e-commerce domain, we promoted efforts to expand sales for our new "EAZY" delivery service that improves convenience, safety, and efficiency with respect to purchase, delivery, and pick-up by connecting e-commerce users and e-commerce companies, and delivery service providers across the board in real-time using digital information, through our partnerships with major e-commerce companies. Moreover, based on alliances with partners with digital technology, we have started providing services that make it possible to pick up products purchased through e-commerce from supermarkets, drugstores and other such establishments that serve as customer lifelines. We are also embarking on initiatives to facilitate sales to consumers enlisting Live Commerce functions in alliance with live streaming service providers, with the aim of building a new innovating delivery business model.
- ④ As for individual customers, we have been taking steps to offer greater convenience by providing services that enable such customers to complete TA-Q-BIN sending procedures using their smartphones, and providing them with access to features such as online payment settlement and anonymous delivery. Meanwhile with respect to corporate clients, we have been promoting initiatives for addressing their business challenges. Such efforts have involved striving to identify issues encountered by our customers due to changes in the business environment and strengthening account management in coordinated efforts of the Group. A specific example of such initiatives is our provision of solutions tailored to pharmacies engaged in the remote prescription domain.
- ⑤ We have been taking steps to improve services for residents geared toward resolving issues facing communities. In part, this has involved collaborating with numerous municipalities and companies in efforts that entail helping those who have difficulties doing their shopping and helping to watch over elderly residents. Moreover, we have also been helping to revitalize local industry particularly through initiatives that involve supporting tourism and helping to expand sales channels for locally produced products.
- ⑥ Operating revenue amounted to 1,091,318 million yen, up 7.4% from the previous fiscal year owing to a higher parcel delivery volume as a result of having taken action in the burgeoning e-commerce domain.

Operating profit amounted to 76,639 million yen, an increase of 41,832 million yen from the previous fiscal year from increasing the efficiency of collection and delivery through the optimal allocation of management resources based on data analysis and promoting increased efficiency of our trunk-route transportation amid increasing parcel delivery volume.

● BIZ-Logistics

- ① In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- ② We have been promoting a Group-wide approach to account management with the aim of providing total logistics solutions that facilitate supply chain transformation, thereby addressing challenges encountered by our customers due to changes in the business environment, amid the accelerating industry-wide shift to e-commerce. During the nine months ended December 31, 2020, we worked to provide solutions support efforts to build highly efficient supply chains that strike a balance between physical establishments and e-commerce for the sake of business operators working to enhance their operations in the e-commerce domain, while developing retail stores. In addition, to optimize logistics for e-commerce vendors with stores in online shopping malls, we promoted efforts to expand sales for services that completely or partially replace operational functions from order receiving to shipping and delivery, thereby addressing challenges encountered by our customers due to changes in the business environment.
- ③ Operating revenue amounted to 106,630 million yen, down 1.5% from the previous fiscal year mainly resulting from decreases in our handling of overseas lifestyle support services and fine art transport due to restrictions placed on movement and cancellations of art exhibitions associated with the spread of COVID-19, despite progress made in expanding sales generated by trading logistics services, which provided emergency transport of medical and sanitary products and also tapped increasing demand for cross-border e-commerce, also associated with the spread of COVID-19. Operating profit amounted to 3,379 million yen, down 18.0% from the previous year.

● Home Convenience

- ① In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through daily lifestyle support businesses that draw on the Yamato Group's nationwide network. During the nine months ended December 31, 2020, we promoted efforts to increase sales of our "My Moving" moving-related services for one-person households.
- ② Operating revenue amounted to 19,042 million yen, down 8.8% from the previous fiscal year mainly due to a decrease in moving demand as a result of the spread of COVID-19, as well as a decrease in our handling of some customer business as a result of carrying out adequate pricing initiatives with respect to the "Raku Raku Household TA-Q-BIN" service. As for profits, the segment posted an operating loss of 5,021 million yen.

● e-Business

- ① In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology. In addition to the conventional information technologies, we are promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations to accelerate growth of the Yamato Group businesses.
- ② As a service for helping our customer streamline their operations and ensuring greater convenience of end-users, we offer the "Multi-value Charge Service" which facilitates cashless payments involving e-money and other payment options of a user's choice, such that are made to individuals from business enterprises involved in second-hand item purchasing and e-commerce returned merchandise. During the nine months ended December 31, 2020, for business operators wishing to introduce this service we began providing features that enable swift and inexpensive service access without the need to develop such systems in advance.

- ③ Operating revenue amounted to 21,757 million yen, down 4.6% from the previous fiscal year mainly as a result of system support for addressing the lower rate of taxation recoiling from the previous fiscal year, and despite increased use of the “Web-based Shipment Control Service” for assisting with order-acceptance and dispatching operations as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 8,521 million yen, down 0.8% from the previous year.

● Financial

- ① In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products and business-to-business transaction settlement.
- ② With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service, “Kuroneko Pay After Delivery Services” and our e-money settlement services. In the nine months ended December 31, 2020, we worked to expand sales of our “Raku-uru Cart” service, which helps business operators newly enter the e-commerce market by providing one-stop support in terms of shopping cart function, payment settlement, and delivery services, thereby addressing challenges encountered by our customers due to changes in the business environment.
- ③ Operating revenue amounted to 30,383 million yen, down 47.9% from the previous fiscal year mainly due to scope of consolidation changes associated with a partial transfer of Yamato Lease Co., Ltd., which engages in the lease service business, and despite an increase in use of our “TA-Q-BIN Collect,” “Kuroneko Web Collect,” and “Kuroneko Pay After Delivery Services,” as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 4,846 million yen, down 2.6% from the previous year.

● Autoworks

- ① In the Autoworks Business, we offer vehicle maintenance services that enable servicing without the need to stop business operations, thereby facilitating operational safety and extended vehicle uptime of medium-sized transportation companies that have multiple locations. Furthermore, we provide services that help our customers improve their asset utilization ratios, by adding options of “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets and employees.
- ② During the nine months ended December 31, 2020, we launched business operations of our Ehime plant, which constitutes our 28th location hosting a “Superworks” maintenance plant for achieving operational efficiency. We also further strengthened our network and carried out initiatives to increase sales of our maintenance services through close communication with customers.
- ③ Operating revenue amounted to 16,614 million yen, down 11.8% from the previous year mainly as a result of a decrease in fuel sales volume. Operating profit amounted to 3,044 million yen, down 14.6% from the previous year.

● Other

- ① The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the nine months ended December 31, 2020, we continued to work to expand sales of our services with the future spread of COVID-19 and when the pandemic might subside being unclear.
- ② Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies decreased 34.2% from the previous fiscal year to 1,105 million yen.

ESG Initiatives

- ① The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. Accordingly, its transport safety management practices in that regard involve drawing up its Safety Management Regulations, building up its transport safety management systems, and formulating fiscal year plans, all centered on respective Group companies whose main operations involve transport. During the nine months ended December 31, 2020, we persisted with efforts to improve safety awareness. Whereas COVID-19 caused us to postpone our annual “Nationwide Safety Competition,” which is normally held for the purpose of heightening safety awareness and improving driving skills taking, we presented awards in respective geographic regions to drivers who have consistently excelled in terms driving safely with no accidents. Due to COVID-19, we refrained from holding our “Safety Classes for Children,” which we have been continually offering to children in day care facilities, kindergartens and elementary schools across Japan since 1998 with the aim of convey the importance of traffic safety.
- ② Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative. Moreover, we engaged in efforts to furthermore strengthen our Group governance with the aim of enhancing sound Group management. During the nine months ended December 31, 2020, we continued to engage in efforts that included strengthening the merchandise inspection systems of the overall Yamato Group and upgrading the whistle-blower system.
- ③ The Yamato Group recognizes that its approximately 220,000 employees are the Group’s greatest asset, and accordingly acts to create an employee-friendly and rewarding working environment where employees can take a vibrant approach to work, in order to heighten employee satisfaction and to serve as a company where a diverse range of talent chooses to work. In the nine months ended December 31, 2020, we continued to engage in efforts that include building appealing personnel systems, adopting a performance evaluation scheme that encourages independent and autonomous behavior, and re-establishing an educational system. We also introduced newly designed uniforms focused on “employee-friendly” and “environmentally friendly” while using plant-based materials that contribute to reducing carbon dioxide, realizing further increases in functionality, safety, and comfort.
- ④ The Yamato Group recognizes that climate change is a crucial issue with respect to making the notion of a sustainable society a reality, and accordingly identifies and evaluates risks and opportunities associated with climate change. Moreover, we have been taking action to achieve the vision of virtually zero carbon dioxide emissions (in-house emissions), established as a long-term goal, through efforts that involve shifting to use of vehicles that produce lower carbon dioxide emissions, developing and introducing next-generation mobility including electric vehicles, and handling collection and delivery in a manner that does not involve use of automobiles. Moreover, we have been engaging in other initiatives that involve reducing carbon dioxide emissions by heightening the efficiency of our trunk-route transportation to major cities and extending operations served by our “Super-Full Trailer SF25,” which helps reduce long-haul driver workloads. During the nine months ended December 31, 2020, we engaged in field testing involving next-generation collection and delivery mobility using modes of transport that do not emit carbon dioxide during operation, given our aims of creating diverse employment opportunities and further increasing the efficiency of collection and delivery. Due to COVID-19, we refrained from holding our “Kuroneko Yamato Environmental Class” sessions, which we have been continually offering nationwide since 2005, with the aim of providing support for environmental education of children who will bear responsibilities of the next generation.
- ⑤ Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on the concept of “Creating Shared Value (CSV).” During the nine months ended December 31, 2020, we promoted our “combined passenger-cargo” operations using scheduled-route passenger buses and railways, thereby helping to improve lifestyle services for local residents by keeping scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. In addition, for residents in suburban areas which are undergoing changes with respect to people’s life stages, we have been providing support for community development geared to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf.

- ⑥ Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can experience the joy of working autonomously. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.
- ⑦ The Yamato Group has been promoting sustainability initiatives with the aim of striking a balance between sustainable growth and the development of a sustainable society, based on its transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term. Under our “Connect. Deliver the Future via Green Logistics” and “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind’” visions for a sustainable future, we will achieve logistics that are friendly to the environment, lifestyle, and economy by connecting people, resources, and data in a highly sophisticated manner, and making transportation more efficient. Moreover, we will accordingly promote initiatives with respect to material issues identified in relation to the environment and material issues related to society, the former of which include Energy & Climate, Atmosphere, Resource Circulation & Waste, and Resilience of Companies & Society, and the latter of which include Labor, Human Rights & Diversity, Safety & Security, Data Utilization & Security, Supply Chain Management, and Local Community.

(2) Explanation of financial position

Total assets were 1,139,507 million yen as of December 31, 2020, up 38,768 million yen from the end of the previous fiscal year. The increase was largely attributable to increases in notes and accounts receivable - trade, and in cash and deposits, of 68,864 million yen and 18,514 million yen, respectively, despite decreases in investments in leases and assets for rent of 53,886 million yen and 11,062 million yen, respectively, associated with having excluded Yamato Lease Co., Ltd. from the scope of consolidation.

Liabilities increased 28,498 million yen to 566,403 million yen from the end of the previous fiscal year. The major factors in this were increases in notes and accounts payable - trade of 35,765 million yen and accrued expenses of 16,932 million yen, despite a decrease in borrowings of 45,500 million yen.

Total net assets were 573,104 million yen, up 10,269 million yen from the end of the previous fiscal year. The major factors included an increase in retained earnings of 56,870 million yen as a result of the amount recorded for profit attributable to owners of parent, and a decrease in treasury shares of 15,221 million yen due to purchase and cancellation of treasury shares, despite a decrease in retained earnings of 50,915 million yen.

Accordingly, the equity ratio changed to 49.6% from 50.4% of the previous fiscal year.

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

Economic activities which had been stagnant due to the global spread of COVID-19 began to reopen. Whereas business sentiment has been showing signs of improvement, particularly in the manufacturing industry, the outlook for economic recovery both in Japan and overseas remains unknown particularly with the pandemic spreading at home and abroad amid uncertainties as to the status of COVID-19 transmission ahead and timing as to when the pandemic might subside. Meanwhile, COVID-19 has accelerated growth in the e-commerce domain across all industries amid a scenario of changes in lifestyles and the business environment brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education.

Amid these conditions, for the full fiscal year ending March 31, 2021, we deem that operating revenue is likely to exceed that of the previous fiscal year largely as a result of factors that include our efforts to provide solutions that combine the Group's management resources to address new challenges being faced by our customers, in addition to our active efforts with respect to establishing and reinforcing e-commerce delivery networks in response to the accelerating industry-wide shift to e-commerce. Meanwhile, in terms of operating expenses, we are continuing to work to optimize operating expenses by increasing the efficiency of collection and delivery through the optimal allocation of management resources based on data analysis and by promoting increased efficiency of our trunk-route transportation.

The Yamato Group has made changes to the consolidated earnings forecasts for the full year of the fiscal year ending March 31, 2021 since the announcement made on October 30, 2020.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	197,226	215,740
Notes and accounts receivable - trade	213,980	282,845
Accounts receivable - installment	46,088	46,601
Lease receivables and investments in leases	53,886	—
Merchandise and finished goods	552	454
Work in process	165	403
Raw materials and supplies	3,497	1,638
Other	28,925	35,231
Allowance for doubtful accounts	(1,439)	(1,377)
Total current assets	542,884	581,539
Non-current assets		
Property, plant and equipment		
Buildings and structures	362,314	366,490
Accumulated depreciation	(208,753)	(212,106)
Buildings and structures, net	153,561	154,383
Vehicles	214,177	216,276
Accumulated depreciation	(193,345)	(197,400)
Vehicles, net	20,831	18,875
Land	175,158	174,280
Leased assets	31,260	37,899
Accumulated depreciation	(8,501)	(12,334)
Leased assets, net	22,759	25,564
Other	161,292	136,302
Accumulated depreciation	(109,768)	(98,386)
Other, net	51,524	37,916
Total property, plant and equipment	423,835	411,021
Intangible assets	20,965	26,613
Investments and other assets		
Investment securities	40,310	47,499
Other	74,306	73,900
Allowance for doubtful accounts	(1,562)	(1,065)
Total investments and other assets	113,054	120,334
Total non-current assets	557,855	557,968
Total assets	1,100,739	1,139,507

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	147,081	182,847
Short-term borrowings	75,500	34,000
Current portion of bonds payable	10,000	10,000
Lease obligations	3,578	4,991
Income taxes payable	20,377	26,841
Deferred installment income	5,028	4,803
Provision for bonuses	35,866	13,910
Other	111,379	156,200
Total current liabilities	408,811	433,595
Non-current liabilities		
Long-term borrowings	14,000	10,000
Lease obligations	21,760	25,330
Retirement benefit liability	79,230	80,827
Other	14,102	16,650
Total non-current liabilities	129,093	132,808
Total liabilities	537,904	566,403
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	441,746	431,741
Treasury shares	(54,770)	(39,548)
Total shareholders' equity	551,024	556,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,157	11,753
Foreign currency translation adjustment	(317)	(1,153)
Remeasurements of defined benefit plans	(3,692)	(1,632)
Total accumulated other comprehensive income	4,148	8,967
Non-controlling interests	7,662	7,895
Total net assets	562,835	573,104
Total liabilities and net assets	1,100,739	1,139,507

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

(Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Operating revenue	1,257,724	1,295,676
Operating costs	1,163,282	1,158,103
Operating gross profit	94,441	137,572
Selling, general and administrative expenses	44,364	47,825
Operating profit	50,077	89,747
Non-operating income		
Interest income	124	159
Dividend income	893	915
Other	794	1,502
Total non-operating income	1,812	2,577
Non-operating expenses		
Interest expenses	331	537
Share of loss of entities accounted for using equity method	3,812	331
Other	916	325
Total non-operating expenses	5,059	1,194
Ordinary profit	46,830	91,130
Extraordinary income		
Gain on sales of non-current assets	7,920	706
Other	—	258
Total extraordinary income	7,920	965
Extraordinary losses		
Loss on retirement of non-current assets	253	236
Impairment loss	696	222
Loss on valuation of investment securities	0	354
Loss associated with measures to address COVID-19	—	1,163
Other	73	2
Total extraordinary losses	1,023	1,980
Profit before income taxes	53,727	90,115
Income taxes	22,095	33,086
Profit	31,631	57,028
Profit attributable to non-controlling interests	224	158
Profit attributable to owners of the parent	31,406	56,870

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Profit	31,631	57,028
Other comprehensive income		
Valuation difference on available-for-sale securities	1,112	3,858
Foreign currency translation adjustment	(1,131)	(834)
Remeasurements of defined benefit plans, net of tax	1,066	2,057
Share of other comprehensive income of entities accounted for using equity method	(274)	(1)
Total other comprehensive income	774	5,079
Comprehensive income	32,405	62,108
(Breakdown)		
Comprehensive income attributable to owners of parent	31,999	61,689
Comprehensive income attributable to non-controlling interests	405	419

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

Not applicable.

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

Not applicable.

(Changes in scope of consolidation and equity method application)

Material changes in scope of consolidation

Effective from the first quarter of the fiscal year ending March 31, 2021, Yamato Lease Co., Ltd. is excluded from the scope of consolidation upon partial transfer of its shares.

Moreover, effective from the first quarter of the fiscal year ending March 31, 2021, YMT-GB, an investment limited partnership, has been established and is included in the scope of consolidation.

Material changes in scope of equity method application

Effective from the first quarter of the fiscal year ending March 31, 2021, Yamato Lease Co., Ltd. is included in the scope of the equity method, having been excluded from the scope of consolidation upon partial transfer of its shares.

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

Calculation of tax expenses

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

(Segment information, etc.)

[Segment information]

I For the nine months ended December 31, 2019

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

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,016,547	108,303	20,876	22,805	58,275
Inter-segment operating revenue or transfers	43,427	9,116	9,234	33,418	2,115
Total	1,059,975	117,420	30,110	56,224	60,390
Segment profit (loss)	34,806	4,123	(7,656)	8,591	4,973

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated statement of income (Note 4)
Operating revenue					
Operating revenue from customers	18,838	12,076	1,257,724	—	1,257,724
Inter-segment operating revenue or transfers	24,630	58,446	180,389	(180,389)	—
Total	43,469	70,523	1,438,114	(180,389)	1,257,724
Segment profit (loss)	3,563	36,542	84,943	(34,866)	50,077

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services, etc.
2. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment profit is 36,523 million yen.
3. The adjustment of segment profit resulted from eliminating transactions among segments, etc.
4. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

2. Information regarding impairment losses of non-current assets or goodwill, etc. by reportable segment
(Significant impairment loss on non-current assets)
Descriptions are omitted, as the value is immaterial.

II For the nine months ended December 31, 2020

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

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,091,318	106,630	19,042	21,757	30,383
Inter-segment operating revenue or transfers	45,081	11,515	8,680	35,616	24
Total	1,136,400	118,146	27,723	57,374	30,407
Segment profit (loss)	76,639	3,379	(5,021)	8,521	4,846

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated statement of income (Note 4)
Operating revenue					
Operating revenue from customers	16,614	9,928	1,295,676	—	1,295,676
Inter-segment operating revenue or transfers	24,844	53,744	179,508	(179,508)	—
Total	41,459	63,673	1,475,185	(179,508)	1,295,676
Segment profit (loss)	3,044	24,994	116,403	(26,656)	89,747

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services, etc.
 2. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment profit is 29,568 million yen.
 3. The adjustment of segment profit resulted from eliminating transactions among segments, etc.
 4. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

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

(Significant impairment loss on non-current assets)
 Descriptions are omitted, as the value is immaterial.

3. Supplementary Information

Operating revenue by business

Business segment		For the nine months ended December 31, 2019		For the nine months ended December 31, 2020		Change (%)	Fiscal year ended March 31, 2020	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)		Amount (Millions of yen)	Ratio (%)
Delivery	TA-Q-BIN	945,588	75.2	1,025,378	79.1	8.4	1,217,572	74.7
	Kuroneko DM-Bin	49,275	3.9	41,452	3.2	(15.9)	64,104	3.9
	Express	31,814	2.5	31,354	2.4	(1.4)	41,608	2.6
	Others	74,338	5.9	83,468	6.4	12.3	97,496	6.0
	Eliminations	(84,468)	(6.7)	(90,335)	(7.0)	6.9	(110,713)	(6.8)
	Total	1,016,547	80.8	1,091,318	84.2	7.4	1,310,067	80.4
BIZ-Logistics	Logistics	73,812	5.9	76,062	5.9	3.0	99,414	6.1
	Trading logistics service	30,428	2.4	33,910	2.6	11.4	41,796	2.6
	Others	24,405	1.9	21,936	1.7	(10.1)	31,669	1.9
	Eliminations	(20,341)	(1.6)	(25,278)	(2.0)	24.3	(28,946)	(1.8)
	Total	108,303	8.6	106,630	8.2	(1.5)	143,934	8.8
Home Convenience	Home convenience	30,115	2.4	27,726	2.1	(7.9)	39,210	2.4
	Eliminations	(9,239)	(0.7)	(8,683)	(0.7)	(6.0)	(11,404)	(0.7)
	Total	20,876	1.7	19,042	1.5	(8.8)	27,805	1.7
e-Business	Credit card solution	8,592	0.7	7,792	0.6	(9.3)	11,529	0.7
	IT operating	6,201	0.5	6,007	0.5	(3.1)	8,138	0.5
	Web-based mail order solution	5,208	0.4	3,868	0.3	(25.7)	6,190	0.4
	Others	40,663	3.2	44,331	3.4	9.0	53,309	3.3
	Eliminations	(37,861)	(3.0)	(40,241)	(3.1)	6.3	(48,589)	(3.0)
	Total	22,805	1.8	21,757	1.7	(4.6)	30,579	1.9
Financial	Payment	22,477	1.8	25,503	2.0	13.5	29,448	1.8
	Lease service	30,151	2.4	—	—	—	40,306	2.5
	Credit & Finance	2,538	0.2	2,291	0.2	(9.7)	3,344	0.2
	Others	5,275	0.4	2,668	0.2	(49.4)	6,848	0.4
	Eliminations	(2,168)	(0.2)	(81)	(0.0)	(96.3)	(2,875)	(0.2)
	Total	58,275	4.6	30,383	2.3	(47.9)	77,072	4.7
Autoworks	Truck solution	38,946	3.1	36,812	2.8	(5.5)	49,806	3.1
	Others	6,575	0.5	6,666	0.5	1.4	8,734	0.5
	Eliminations	(26,683)	(2.1)	(26,863)	(2.1)	0.7	(33,618)	(2.1)
	Total	18,838	1.5	16,614	1.3	(11.8)	24,922	1.5
Other	JITBOX Charter service	10,432	0.8	8,936	0.7	(14.3)	13,373	0.8
	Others	62,813	5.0	57,413	4.4	(8.6)	71,724	4.4
	Eliminations	(61,169)	(4.9)	(56,421)	(4.4)	(7.8)	(69,334)	(4.3)
	Total	12,076	1.0	9,928	0.8	(17.8)	15,763	1.0
Total		1,257,724	100.0	1,295,676	100.0	3.0	1,630,146	100.0