

## Consolidated Financial Results for the Year Ended March 31, 2018

### <under Japanese GAAP>

Company name: Yamato Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Stock code: 9064  
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Scheduled date of the ordinary general meeting of shareholders: June 28, 2018  
 Scheduled date of the commencement of dividend payment: June 6, 2018  
 Scheduled date of the submission of annual securities report: June 22, 2018  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

### 1. Consolidated financial results for fiscal year 2018 (from April 1, 2017 to March 31, 2018)

#### (1) Consolidated operating results

(Percentages indicate 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 year ended								
March 31, 2018	1,538,813	4.9	35,685	2.3	36,085	3.4	18,231	1.0
March 31, 2017	1,466,852	3.6	34,885	(49.1)	34,884	(49.8)	18,053	(54.2)

(Note) Comprehensive income: For the year ended March 31, 2018: 22,772 million yen ((0.6)%)  
 For the year ended March 31, 2017: 22,916 million yen ((6.4)%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating revenue
For the year ended	Yen	Yen	%	%	%
March 31, 2018	46.24	—	3.3	3.2	2.3
March 31, 2017	45.37	—	3.4	3.2	2.4

(Reference) Equity in earnings of affiliates: For the year ended March 31, 2018: (1,355) million yen  
 For the year ended March 31, 2017: (799) million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2018	1,115,433	557,586	49.3	1,395.74
March 31, 2017	1,114,672	545,559	48.4	1,367.51

(Reference) Equity: As of March 31, 2018: 550,307 million yen As of March 31, 2017: 539,179 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of Yen
March 31, 2018	51,728	(41,174)	(36,930)	202,863
March 31, 2017	73,324	(73,999)	(18,777)	228,926

## 2. Dividends

	Annual dividends					Total annual dividends	Payout ratio (consolidated)	Dividends on equity (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2017	—	13.00	—	14.00	27.00	10,700	59.5	2.0
Fiscal 2018	—	13.00	—	14.00	27.00	10,645	58.4	2.0
Fiscal 2019 (Forecast)	—	14.00	—	14.00	28.00		30.7	

## 3. Consolidated earnings forecasts for fiscal year 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	760,000	4.1	8,000	—	8,000	—	4,000	—	10.15
Full year	1,600,000	4.0	58,000	62.5	58,000	60.7	36,000	97.5	91.31

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes due to revision to accounting standards, etc.: None
  - b. Changes other than a: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None
- (3) Number of issued shares (common shares)
  - a. Number of issued shares as of the end of the period (including treasury shares)
 

As of March 31, 2018:	411,339,992 shares
As of March 31, 2017:	411,339,992 shares
  - b. Number of treasury shares as of the end of the period
 

As of March 31, 2018:	17,064,197 shares
As of March 31, 2017:	17,062,391 shares
  - c. Average number of shares during the period
 

For the year ended March 31, 2018:	394,276,572 shares
For the year ended March 31, 2017:	397,930,271 shares

(Note) For details of the number of shares used to calculate consolidated basic earnings per share, please refer to "Per share information" on page 28.

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

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

- Descriptions of the above financial projections and other data are based on information currently available to the Company and certain assumptions that we consider 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. Overview of Operating Results and Others, (4) Future outlook" of the attached materials to the financial results report on page 10.
- The Company plans to hold a financial results meeting for analysts on May 2, 2018. The materials distributed at this financial results meeting shall be posted on the Company's website after the meeting has been held.

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## 1. Overview of Operating Results and Others

### (1) Overview of operating results for fiscal 2018

In the fiscal year ended March 31, 2018, the economic environment was plagued by ongoing uncertainties ahead due to factors that have included effects of political developments overseas, yet gradual economic recovery held course amid underlying strengths in corporate earnings. Moreover, the logistics industry continues to face a severe business environment partially due to tightening of the domestic labor market, which is in addition to an upward trend with respect to small parcel volume partially due to expansion of the e-commerce market brought about by rapidly changing styles of consumption.

Under such circumstances, the Yamato Group strived to enhance its management foundations in order to continue achieving sustainable growth and thereby enable the Group to keep providing high-quality services by drawing up its “KAIKAKU 2019 for NEXT100” medium-term management plan, which while “reforming working styles” is centered on management, focuses on reforms in the three areas of “structural reform in the Delivery Business,” “reform of revenue and business structure geared to achieving discrete growth,” and “reform of Group management structure geared to achieving sustainable growth.”

In the Delivery Business, we promoted our “structural reforms in the Delivery Business” initiatives which involve “improving and developing the employee working environment,” “placing controls on total TA-Q-BIN volume,” “optimizing the entire TA-Q-BIN delivery network,” “boosting efficiency by enhancing the ‘last mile’ network,” and “revising TA-Q-BIN basic fees and respective service standards.” This also involved gaining understanding and cooperation from many of our clients, particularly in terms of having made progress in negotiating review of our rates with respect to our corporate clients, and adjusting shipping schedules per requests made to some of our large-lot corporate clients. As a result, since the third quarter, our financial performance has remained on path to recovery due to TA-Q-BIN delivery volume taking a downward turn and the TA-Q-BIN unit price beginning to rise due to our adequate pricing initiatives, despite increasing expenses incurred largely from promoting our focus on “reforming working styles.”

In the non-delivery businesses, results were firm since we took steps to expand our existing service offerings by enlisting the strengths of Group companies, while also drawing on Group-wide ties as we aggressively promoted solution sales geared toward addressing customers’ business challenges.

Our consolidated financial results for the fiscal year ended March 31, 2018 were as follows.

Item	Fiscal 2017	Fiscal 2018	Change	(Millions of yen)	
				Growth (%)	
Operating revenue	1,466,852	1,538,813	71,961	4.9	
Operating profit	34,885	35,685	800	2.3	
Ordinary profit	34,884	36,085	1,201	3.4	
Profit attributable to owners of parent	18,053	18,231	178	1.0	

As mentioned above, operating revenue amounted to 1,538,813 million yen, up 71,961 million yen from the year-ago period. This is largely attributable to an increase in the TA-Q-BIN unit price due to our adequate pricing initiatives, and despite a decrease in TA-Q-BIN delivery volume amid promotion of structural reforms in the Delivery Business. Operating expenses amounted to 1,503,127 million yen, up 71,161 million yen from the year-ago period. This is largely attributable to an increase in labor costs, including those of outsourcing workforce, in conjunction with higher delivery volume until the first half of the fiscal year and initiatives to reduce employee workloads, and also attributable to increases in commission expenses and other subcontracting expenses and personnel expenses amid progress made in employee recruitment. As a result, operating profit amounted to 35,685 million yen, up 800 million yen from the year-ago period partially due to effects of a decrease in amounts recorded as payments for specially acknowledged working hours recognized in the fiscal year ended March 31, 2017.

#### Initiatives for the entire Yamato Group

- a. The Yamato Group has been taking steps on a Group-wide basis to develop an upbeat working environment, which is more “employee-friendly” and “rewarding,” centered on the “Office for Reforming Working Styles” established in Yamato Transport Co., Ltd., and its “Working Styles Innovation

Committees” in its respective Group companies, as a means of placing utmost priority on “reforming working styles” in order to practice “inclusive management,” a Yamato Group founding principle. Moreover, we have been pursuing our “Value Networking” design, on the basis of creating business models for generating a high level of added value through the combined efforts of our respective businesses, while at the same time contributing to growth strategies and international competitive strengths of the Japanese economy. Meanwhile, we are also taking steps to forge a robust corporate culture that acts as a foundation for business creation and development.

- b. We continued to drive initiatives geared toward forging a more robust corporate culture. To that end, we worked on enhancing the efficiency and dependability of operations, in part by improving our transport systems and by using our information technology network to enable visual monitoring of operating volumes. Moreover, we actively engaged in CSR-related activities linked to Yamato Group business endeavors, such as through environmental and safety measures, and efforts to prosper communities.
- c. To further evolve our “Value Networking” design, we have been crafting business models that deliver a high level of added value by leveraging the Yamato Group’s business network. Also, to address varied customer needs in Japan and overseas, we will make more effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Atsugi Gateway,” “Chubu Gateway” and “Okinawa International Logistics Hub” facilities, as well as “Kansai Gateway” facility, which started its operation in November 2017, in addition to our existing “last mile” network.
- d. In our business looking toward overseas markets, we have been working to forge collaboration among five regions, Japan, East Asia, South East Asia, Europe and the Americas, while strengthening our capabilities in each geographic region to respond to the growth of cross-border logistics. In the fiscal year ended March 31, 2018, we signed a comprehensive partnership agreement with the leading specialist for express parcel delivery in France. The agreement was entered into for the purpose of expanding our cross-border small parcel chilled and frozen transport business between Japan and France, and contains a cross license agreement for sharing both companies’ know-how with respect to small parcel chilled and frozen transport. Furthermore, we have been promoting efforts to build cross-border networks that provide substantial added value primarily focusing on our cold chain network with initiatives involving seven Yamato Group companies acquiring certification under international standards pertaining to chilled and frozen goods delivery services, including Vietnam where the Group started handling of Cool TA-Q-BIN services in September 2017.
- e. With the aim of improving customer convenience particularly in the e-commerce market, we have been working to establish an environment that ensures customers ease in picking up their parcels. Moreover, to that end we have been actively promoting efforts to build an open-type network of parcel lockers primarily in train stations, convenience stores and other such locations. Also, we continued to conduct practical trial runs of our “RoboNeko Yamato” project which involves providing on-demand delivery services that make use of automated driving technologies and worked on other efforts for the development of next-generation logistics services, and we have been picking up the pace with respect to utilizing cutting-edge technologies geared to streamlining transportation, in part by adopting trailers with a new specification never before used in Japan. Moreover, in October 2017, we installed Japan’s first automated fit-to-size packing system at our Atsugi Gateway facility, and have otherwise been taking steps that involve digitization and automation of our overall logistics operations in order to address challenges presented by society such as the labor shortage as it intensifies going forward, and in order to better serve the rapidly expanding e-commerce market.

## Summary of each operating segment

### ● Delivery

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

Category	Fiscal 2017	Fiscal 2018	Change	(Million parcels/units)
				Growth (%)
TA-Q-BIN	1,867	1,836	(30)	(1.7)
Kuroneko DM-Bin	1,542	1,464	(77)	(5.0)

- a. 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.
- b. Amid a severe business environment partially due to tightening of the domestic labor market, which is in addition to an upward trend with respect to small parcel volume partially due to expansion of the

e-commerce market brought about by rapidly changing styles of consumption, we have promoted our “structural reforms in the Delivery Business” initiatives which involve “improving and developing the employee working environment,” “placing controls on total TA-Q-BIN volume,” “optimizing the entire TA-Q-BIN delivery network,” “boosting efficiency by enhancing the ‘last mile’ network,” and “revising TA-Q-BIN basic fees and respective service standards.” With respect to our objective of “improving and developing the employee working environment,” we have taken steps geared to ensuring that employees are able to take lunch breaks while also preventing situations where they are subject to long working hours. To that end, we set earlier deadlines for accepting TA-Q-BIN deliveries, and we changed to a framework of five designated time slots for TA-Q-BIN deliveries, from six time slots previously. In addition, having revised our TA-Q-BIN basic fees in October 2017, we gained understanding and cooperation from many of our clients particularly in terms of having made progress in negotiating review of our rates with respect to our corporate clients, and adjusting shipping schedules per requests made to some of our large-lot corporate clients. We continue engaging in such dialogue with corporate clients with whom negotiations have been underway.

- c. In the still growing e-commerce market, we have been taking steps to expand sales of the “TA-Q-BIN Compact” and “Nekopos” services which enable customers to send small parcels simply, and proceeded with offering a greater number of drop-off points for sending by collaborating with multiple flea market websites. During the fiscal year ended March 31, 2018, we have been taking steps to provide greater convenience to our customers. This has involved efforts such as collaborating with business operators who provide open platforms for e-commerce companies, and offering a service environment where customers who have purchased a product are able to specify either a business office of Yamato Transport Co., Ltd., a convenience store or an open-type parcel locker (PUDO) as a location for pick-up. This has also involved upgrading the “My Calendar” service of the “Kuroneko Members” service with the introduction of a new feature that enables customers to specify pick-up locations, in addition to their desired days of the week and time slots.
- d. With respect to corporate clients, we have been accurately pinpointing managerial challenges and actively proposing solutions to address those challenges. Moreover, we have been working to boost profitability by making proposals that provide high added value using the Group’s business resources. During the fiscal year ended March 31, 2018, we have promoted the use of our new “B2 Cloud” shipping label issuance service which operates using a cloud-based platform. Moreover, we have been working to provide new services that help e-commerce companies do business. For instance, we have been releasing to the public application programming interfaces (APIs) designed to facilitate convenient parcel pick-up and delivery, available through our “Yamato Business Members” service for corporate clients.
- e. In our business geared toward revitalizing communities, we have been taking steps to improve services for residents by collaborating with numerous municipalities and companies in efforts to provide support with regard to helping those who face difficulties doing their shopping and watching over elderly residents. Moreover, we have also been helping to revitalize local industry through initiatives that include lending support for enabling communities to achieve higher sales of locally produced products by offering swift delivery to Asia of perishable goods and other agricultural products in a manner that ensures they stay fresh.
- f. The TA-Q-BIN unit price increased as a result of our having taken on adequate pricing initiatives that involved revising TA-Q-BIN basic fees and negotiating review of our rates with respect to our corporate clients. As a result, operating revenue amounted to 1,201,745 million yen, up 4.4% from the year-ago period. Operating profit has remained on a path to recovery from the third quarter onward amid increasing expenses largely as a consequence of promoting our focus on “reforming working styles.” As a result, operating profit amounted to 6,758 million yen, up 19.9% from the year-ago period, for the fiscal year ended March 31, 2018.

#### ● BIZ-Logistics

- a. 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.
- b. For the e-commerce industry and others, we are offering one-stop services for various types of logistical support services in line with customer needs, including placing and accepting orders, visual monitoring of inventories for customers and enabling speedier shipments. During the fiscal year ended March 31, 2018,

these operations generated favorable results due to factors that included an increased volume of existing services.

- c. For medical service providers, we have been developing medical device loaner support (storage, cleaning and delivery) and other services that help revolutionize logistics operations. During the fiscal year ended March 31, 2018, results were firm due to an increase in use of such services among newly gained customers.
- d. Operating revenue amounted to 121,939 million yen, up 12.2% from the year-ago period mainly due to favorable results from existing services for e-commerce business operators, and progress made in offering industry-specific solutions. Operating profit amounted to 4,087 million yen for the fiscal year ended March 31, 2018, up 0.4% from the year-ago period.

● **Home Convenience**

- a. In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through lifetime lifestyle support businesses and corporate enterprise support business that draw on the Yamato Group's nationwide network.
- b. With respect to individual customers, the Yamato Group operated a variety of services to assist in daily life such as the "Raku Raku Household TA-Q-BIN" service for delivering large furniture items and home appliances, moving-related services and "Comfortable Lifestyle Support Service" which aims to help customers resolve everyday inconveniences "inside the home." During the fiscal year ended March 31, 2018, we continued to take steps to achieve greater business volume with respect to our "Raku Raku Household TA-Q-BIN" service that makes it easy for customers to send large packages by linking up with flea market website applications, and we also aggressively forged ahead with efforts to increase sales of our "Comfortable Lifestyle Support Service."
- c. For our corporate clients, we have been developing our business support services including "Technical Network Business" where we combine the networks of the Yamato Group and our construction and installation contractors so that we can provide one-stop support in handling everything from household equipment delivery and set-up, to installation and maintenance of such equipment. During the fiscal year ended March 31, 2018, we have steadily worked on receiving orders for office relocations.
- d. Operating revenue amounted to 48,900 million yen, down 0.5% from the year-ago period mainly due to controls placed on workloads during the peak moving and relocation season as we promote our focus on "reforming working styles," and despite favorable results with respect to use of our "Raku Raku Household TA-Q-BIN" service and "Comfortable Lifestyle Support Service." Operating profit amounted to 522 million yen for the fiscal year ended March 31, 2018, down 51.4% from the year-ago period.

● **e-Business**

- a. In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combine logistics technology and financial technology with information technology. In addition, with the aim of helping to accelerate growth of Yamato Group businesses, we have been moving beyond conventional information technologies through efforts geared to promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations.
- b. With respect to services for assisting with order-acceptance and dispatching operations, the Yamato Group provides a "Web-based Shipment Control" that comprehensively supports such operations as dispatch information processing, printing of delivery slips, and freight tracking. In the fiscal year ended March 31, 2018, use of this service increased particularly among our existing large-lot customers, against a backdrop that included e-commerce market growth.
- c. For our customers who mainly make use of pamphlets, catalogs and other such promotional materials in their marketing activities, we have been developing our e-On Demand Solutions business which involves providing total solutions in terms of systems for ordering promotional products, warehouse storage, administration, delivery and other logistics functions, and printing. During the fiscal year ended March 31, 2018, use of such services increased among newly gained customers and existing customers.
- d. Operating revenue amounted to 46,480 million yen, up 1.8% from the year-ago period mainly as a result of having achieved a greater volume of business in the "Web-based Shipment Control" and an increase in use of e-On Demand Solutions business among customers. Operating profit was 10,587 million yen, up 13.0% from the year-ago period.

## ● Financial

- a. In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products, business-to-business transaction settlement, and vehicle leasing.
- b. With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service, “Kuroneko Pay After Delivery Services” and our e-money settlement services. During the fiscal year ended March 31, 2018, we provided a wide range of payment settlement services to our customers by promoting use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery Services,” and concurrently worked to increase profitability. Moreover, we took steps to improve our services in the e-commerce market, which is poised for expansion going forward. This involved launching sales of our “Raku-uru Cart” service that helps business operators enter the e-commerce market, and providing one-stop options in terms of payment settlement, delivery support and shopping cart features.
- c. In the lease services business, we have been generating favorable results with respect to financial leases primarily involving trucks and installment sales. We have also been developing peripheral operations that include providing vehicle referrals and resale support, while forging ahead in making proposals involving total solutions related to vehicles.
- d. Operating revenue amounted to 82,981 million yen, up 6.4% from the year-ago period, mainly due to favorable results in the lease services business. Operating profit was 7,912 million yen, down 4.0% from the year-ago period, mainly due to a decline in delivery volume of our mainstay service “TA-Q-BIN Collect” in line with shrinking market for cash-on-delivery.

## ● Autoworks

- a. In the Autoworks Business, the Yamato Group develops its “24-hour-a-day, 365-day-a-year service that enables customers to service their vehicles without stopping operation,” thereby providing value to logistics operations and logistics service providers in the form of “improvement of vehicle maintenance convenience” and “reduced maintenance expenses.” Furthermore, to better provide one-stop service solutions geared toward customer business operations, we have added services for “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.
- b. In the fiscal year ended March 31, 2018, we took steps to expand sales by aggressively marketing out “Repairworks” services entailing periodic on-site customer visits.
- c. Operating revenue amounted to 24,641 million yen, up 0.1% from the year-ago period largely as a result of an increase in the number of vehicles serviced. Operating profit was 4,141 million yen, up 26.5% from the year-ago period, mainly due to progress made with respect to streamlining business processes, particularly in terms of standardizing and enabling visual monitoring of our business operations.

## ● Other

- a. 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 fiscal year ended March 31, 2018, service use grew steadily due to favorable results with respect to existing services.
- b. Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 3.2% from the year-ago period to 2,252 million yen.

## CSR Initiatives

- a. The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. During the fiscal year ended March 31, 2018, the entire Yamato Group including its overseas operations carried out the “Zero Accident Campaign,” and Yamato Transport Co., Ltd. held the “7th Nationwide Safety Competition” and engaged in efforts to enhance the skills of the Group’s professional drivers with respect to safe vehicle operation, while also heightening safety awareness and improving driving skills on a Group-wide basis. In addition, since 1998 we have been holding our “Safety Classes for Children,” through which we convey the importance of traffic safety, in day care facilities, kindergartens and elementary schools across Japan. A total of about 3.00 million people have now participated.



- b. The Yamato Group works to ensure that its distribution mechanisms are environmentally sound, under its policy of “Nekology” (combining “Kuroneko” with “ecology”) for promoting its environmental conservation initiatives. We also hold “Kuroneko Yamato Environmental Class” sessions designed to provide support for environmental education of children who will bear responsibilities of the next generation. We have held such classes on an ongoing basis nationwide since 2005, attracting about 240 thousand participants so far.
- c. Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can freely enjoy a lifestyle as a member of the workforce. 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.
- d. Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on “Creating Shared Value (CSV).” During the fiscal year ended March 31, 2018, we have been promoting our “combined passenger-cargo” operations using scheduled-route passenger buses and railways in the ten geographic regions of Iwate prefecture, Miyazaki prefecture, Hokkaido, Kumamoto prefecture, Hyogo prefecture, Nagano prefecture, Wakayama prefecture, Tokushima prefecture, Gifu prefecture and Aichi prefecture thereby helping to improve lifestyle services for local residents both 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 February, we also initiated joint transport arrangements under our “combined passenger-cargo” operations in Miyazaki prefecture, in partnership with other transportation companies with the aim of further streamlining distribution. In addition, we have been continuously promoting efforts to achieve streamlining of logistics operations and realize next-generation logistics services at our Next Delivery SQUARE facility which assumes the role of providing collective delivery services and other aspects of logistics infrastructure within the Fujisawa Sustainable Smart Town (Fujisawa SST) community which opened in Kanagawa Prefecture’s Fujisawa City. Moreover, we engaged in efforts geared to revitalizing communities and resolving issues by leveraging the Yamato Group’s management resources, with respect to initiatives that include helping to watch over elderly residents, supporting tourism, and expanding sales channels for specialty products in respective regions throughout Japan. As a result, we have worked with government bodies on 2,087 such endeavors thus far.
- e. In order to earn the confidence of Yamato Group’s customers and society through acting as a company that forms an important part of social infrastructure, we have been promoting management in conformity with compliance and working on Group-wide initiatives with respect to “reforming working styles” through developing upbeat working environment which is more “employee-friendly” and “rewarding” for employees, such as promoting reviewing our management rules on working hours and creating new working styles for our employees.

**(2) Overview of financial position for fiscal 2018**

Total assets were 1,115,433 million yen as of March 31, 2018, up 761 million yen from the end of the previous fiscal year. The major factors in this were increases of 15,968 million yen in notes and accounts receivable - trade associated largely with revenue increased in the Delivery Business, and 5,559 million yen in investment securities largely due to fair value assessment of investment securities held by the Company and the Financial Business, despite a decrease of 25,706 million yen in cash and deposits.

Liabilities decreased 11,266 million yen to 557,846 million yen from the end of the previous fiscal year. The decrease was largely attributable to a 23,621 million yen decrease in loans payable of the Financial Business, etc.

Total net assets were 557,586 million yen, up 12,027 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings of 7,584 million yen due to the recording of profit attributable to owners of parent of 18,231 million yen and payment of dividends of surplus of 10,645 million yen.

Accordingly, the equity ratio changed to 49.3% from the previous fiscal year’s 48.4%.

### **(3) Overview of cash flows for fiscal 2018**

Net cash provided by operating activities amounted to 51,728 million yen, which is a decrease of 21,596 million yen compared with the year-ago period. The major factor here included the recording of provision for special wage payments of 15,129 million yen in the previous fiscal year.

Net cash used in investing activities was 41,174 million yen. Compared with the year-ago period, the amount of net cash used decreased by 32,825 million yen. This was largely attributable to a decrease in purchase of investment securities.

Net cash used in financing activities was 36,930 million yen. Compared with the year-ago period, the amount of net cash used increased by 18,152 million yen. This is largely attributable to a 28,919 million yen increase in repayment of loans payable.

As a result of the above, cash and cash equivalents were 202,863 million yen as of March 31, 2018, down 26,063 million yen from the end of the previous fiscal year.

### **(4) Future outlook**

Going forward, the economic situation is likely to remain one that is plagued by ongoing uncertainties ahead due to factors such as effects of political developments overseas, despite the prospect of gradual economic recovery holding course amid underlying strengths in corporate earnings. Meanwhile, the severe business environment affecting the logistics industry is likely to persist amid factors that include further tightening of the domestic labor market, amid a continued upward trend with respect to small parcel volume brought about by rapidly changing styles of consumption and other such trends.

In that environment, we will place a management focus on “reforming working styles” and endeavor to improve and develop the working environment, while in the Delivery Business promoting our “structural reforms in the Delivery Business.” We anticipate an increase in operating revenue for the fiscal year ending March 31, 2019, in comparison with the fiscal year ended March 31, 2018, given the likelihood of moderate increases in unit price due to our adequate pricing initiatives, and despite a decrease in TA-Q-BIN delivery volume due to persisting controls on total volume. As for expenditures, we will focus on controlling outsourcing costs amid the likelihood of rising personnel expenses primarily with respect to employee salaries incurred in process of promoting our “reforming working styles” initiatives.

We expect operating revenue will be 1,600.0 billion yen, with operating profit at 58.0 billion yen, ordinary profit at 58.0 billion yen and profit attributable to owners of parent at 36.0 billion yen.

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

In order to achieve sustainable growth, the Yamato Group will continuously take steps to bring about an approach to management that places top priority on employee satisfaction, which is to say improving working environment (“reforming working styles”), in a manner that first takes prevailing changes in the business environment into account. At the same time, we will push ahead in bringing about transformation of the overall Group’s business model so that it is better aligned with the coming era, and will also work to satisfy our shareholders, customers, society and employees. To such ends, the Yamato Group will pursue the following strategies:

- a. Our efforts to forge a robust corporate culture will involve placing top priority on ensuring levels of quality that instill customer confidence while strengthening ESG, which is to say increasing employee satisfaction, strengthening both legal and financial governance, and pursuing CSR initiatives. When it comes to increasing employee satisfaction in particular, we will place utmost priority on “reforming working styles,” thereby practicing the Yamato Group founding principle of “inclusive management” by making “employee-friendly” and “rewarding” working environments a reality across the entire Yamato Group. To such ends, we will take action that includes securing workforce capacity by upgrading to more appealing personnel systems that attract a diverse range of talent, while also fostering employee pride and motivation through initiatives that entail re-establishing an educational system and adopting a performance evaluation scheme that facilitates an upbeat approach to work by rewarding employee independence and autonomy.

- b. With respect to “reforming working styles” of Yamato Transport Co., Ltd. which is at the core entity of the Group, we will persist with initiatives that include “improving and implementing thorough labor management” and “encouraging a work-life balance” through efforts geared to placing top priority on “heightening employee satisfaction by bringing about a working environment where employees can take an upbeat approach to work.” At the same time, in addressing the issue of the labor shortage as it extends into the future, we will work to heighten productivity across every aspect of Group operations, including collection and delivery operations, back-office and sorting operations, by linking systems with business operators and more swiftly setting up open-type parcel lockers, as well as promoting active use of cutting-edge technologies. Furthermore, we will strike a balance between expanding collection and delivery capacity and regaining profitability through our efforts currently underway with respect to “rebuilding our ‘last mile’ network to make it more efficient” and “carrying out continuous and adequate pricing initiatives.”
- c. We will contribute to Japanese economic growth strategies by pushing ahead with our “Value Networking” design which aspires to revolutionize logistics. We will persist with efforts to further develop our “last mile” network, the greatest strength of the Yamato Group, by making use of our “Haneda Chronogate,” “Atsugi Gateway,” “Chubu Gateway” and “Okinawa International Logistics Hub” facilities, as well as “Kansai Gateway” facility, which started its operation in November 2017. Meanwhile, we will work toward creating and developing a business model that can generate a high level of added value that improves logistics speed, quality and costs, by fusing our business resources in areas such as information, logistics and transaction settlement within this network.
- d. In our business looking toward overseas markets, leveraging certifications under international standards pertaining to chilled and frozen goods delivery services acquired by seven Yamato Group companies, we have been actively promoting efforts to build cross-border networks that provide substantial added value. In responding to the growth of cross-border logistics, we will continue working to forge collaboration among five regions, Japan, East Asia, South East Asia, Europe and the Americas, while strengthening our capabilities in each geographic region.
- e. With the aim of enhancing our management foundations, we will incorporate cutting-edge digital technologies as we create new businesses and bring about evolution and innovation of our existing ones. In addition, to heighten our “capacity to generate earnings” leveraging the collective strengths of the Group, we will reform the structure of Group management and upgrade to a management system that combines three components: accounts management, managerial accounting, and human resources (performance evaluation).
- f. We will build a platform that links us with government bodies and corporations in various regions throughout Japan, with the aim of providing support to people in their daily lives and revitalizing their local communities. We will strive to become the group of companies which is the most appreciated and trusted by society by creating value that can be shared among corporations and society through our core operations.

## **2. Fundamental Approach to Selection of Accounting Standards**

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

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

#### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	230,128	204,422
Notes and accounts receivable - trade	208,130	224,099
Accounts receivable - installment	46,141	46,692
Lease investment assets	50,777	52,641
Merchandise and finished goods	739	749
Work in process	216	146
Raw materials and supplies	1,818	1,919
Deferred tax assets	20,684	19,245
Other	29,154	30,328
Allowance for doubtful accounts	(1,282)	(1,365)
Total current assets	586,510	578,880
Non-current assets		
Property, plant and equipment		
Buildings and structures	341,134	336,986
Accumulated depreciation	(196,244)	(198,538)
Buildings and structures, net	144,889	138,447
Machinery and equipment	61,092	65,522
Accumulated depreciation	(41,561)	(43,686)
Machinery and equipment, net	19,531	21,835
Vehicles	194,073	197,587
Accumulated depreciation	(177,671)	(180,329)
Vehicles, net	16,401	17,257
Land	178,620	174,959
Lease assets	16,448	15,669
Accumulated depreciation	(8,446)	(9,074)
Lease assets, net	8,001	6,595
Construction in progress	11,749	16,200
Other	85,968	91,421
Accumulated depreciation	(60,092)	(61,660)
Other, net	25,876	29,760
Total property, plant and equipment	405,070	405,057
Intangible assets		
Software	18,149	17,259
Other	3,522	2,872
Total intangible assets	21,671	20,131

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Investments and other assets		
Investment securities	*1 54,281	*1 59,841
Long-term loans receivable	1,360	2,978
Lease deposits	16,231	17,391
Net defined benefit asset	117	129
Deferred tax assets	26,643	28,340
Other	3,564	3,730
Allowance for doubtful accounts	(778)	(920)
Allowance for investment loss	–	(126)
Total investments and other assets	101,420	111,363
Total non-current assets	528,162	536,553
Total assets	1,114,672	1,115,433
Liabilities		
Current liabilities		
Notes and accounts payable - trade	155,736	155,323
Short-term loans payable	60,974	66,952
Current portion of bonds	–	10,000
Lease obligations	2,427	2,239
Income taxes payable	14,399	11,019
Deferred installment income	6,010	5,900
Provision for bonuses	31,948	33,208
Provision for special wage payments	*2 15,129	–
Other	85,222	110,392
Total current liabilities	371,848	395,037
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	89,900	60,300
Lease obligations	4,866	3,548
Deferred tax liabilities	3,162	4,650
Net defined benefit liability	70,952	75,495
Other	8,383	8,814
Total non-current liabilities	197,264	162,809
Total liabilities	569,113	557,846

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	409,270	416,854
Treasury shares	(39,077)	(39,081)
Total shareholders' equity	534,241	541,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,975	12,958
Foreign currency translation adjustment	(422)	1,146
Remeasurements of defined benefit plans	(5,614)	(5,618)
Total accumulated other comprehensive income	4,938	8,486
Non-controlling interests	6,379	7,279
Total net assets	545,559	557,586
Total liabilities and net assets	1,114,672	1,115,433

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

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Operating revenue	1,466,852	1,538,813
Operating cost	1,385,492	1,452,485
Operating gross profit	81,359	86,327
Selling, general and administrative expenses		
Personnel expenses	24,543	25,701
Provision for bonuses	999	1,100
Retirement benefit expenses	1,390	1,168
Commission fee	4,168	6,928
Taxes and dues	8,315	8,061
Provision of allowance for doubtful accounts	709	813
Depreciation	2,120	1,923
Other	6,616	7,211
Total selling, general and administrative expenses	46,474	50,642
Operating profit	34,885	35,685
Non-operating income		
Interest income	155	136
Dividend income	691	844
Gain on sales of vehicles	249	278
Rent income	317	369
Other	630	967
Total non-operating income	2,044	2,596
Non-operating expenses		
Interest expenses	430	271
Share of loss of entities accounted for using equity method	799	1,355
Other	816	569
Total non-operating expenses	2,045	2,196
Ordinary profit	34,884	36,085
Extraordinary income		
Gain on sales of non-current assets	157	179
Gain on sales of investment securities	599	1,639
Other	—	3
Total extraordinary income	757	1,821

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Extraordinary loss		
Loss on retirement of non-current assets	220	1,148
Impairment loss	1,284	3,241
Loss on valuation of investment securities	210	55
Provision of allowance for investment loss	-	126
Provision of allowance for doubtful accounts	-	136
Disaster recovery expenses for the Kumamoto Earthquake	885	-
Other	3	75
Total extraordinary loss	2,603	4,783
Profit before income taxes	33,037	33,123
Income taxes - current	22,093	14,621
Income taxes - deferred	(7,421)	(186)
Total income taxes	14,672	14,435
Profit	18,364	18,688
Profit attributable to non-controlling interests	311	456
Profit attributable to owners of parent	18,053	18,231



(Consolidated statement of comprehensive income)

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit	18,364	18,688
Other comprehensive income		
Valuation difference on available-for-sale securities	1,268	2,514
Foreign currency translation adjustment	(1,174)	1,569
Remeasurements of defined benefit plans, net of tax	4,456	0
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	4,551	4,084
Comprehensive income	22,916	22,772
(Breakdown)		
Comprehensive income attributable to owners of parent	22,518	21,779
Comprehensive income attributable to non-controlling interests	398	992

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

For the year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	127,234	36,813	402,375	(29,075)	537,348
Changes of items during period					
Dividends of surplus			(11,158)		(11,158)
Profit attributable to owners of parent			18,053		18,053
Purchase of treasury shares				(10,002)	(10,002)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	6,895	(10,001)	(3,106)
Balance at end of current period	127,234	36,813	409,270	(39,077)	534,241

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	9,790	750	(10,067)	473	6,034	543,855
Changes of items during period						
Dividends of surplus						(11,158)
Profit attributable to owners of parent						18,053
Purchase of treasury shares						(10,002)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	1,184	(1,173)	4,453	4,464	345	4,810
Total changes of items during period	1,184	(1,173)	4,453	4,464	345	1,703
Balance at end of current period	10,975	(422)	(5,614)	4,938	6,379	545,559

For the year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	127,234	36,813	409,270	(39,077)	534,241
Changes of items during period					
Dividends of surplus			(10,645)		(10,645)
Decrease in retained earnings owing to changes in scope of equity method application			(2)		(2)
Profit attributable to owners of parent			18,231		18,231
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	7,584	(4)	7,580
Balance at end of current period	127,234	36,813	416,854	(39,081)	541,821

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,975	(422)	(5,614)	4,938	6,379	545,559
Changes of items during period						
Dividends of surplus						(10,645)
Decrease in retained earnings owing to changes in scope of equity method application						(2)
Profit attributable to owners of parent						18,231
Purchase of treasury shares						(4)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	1,983	1,569	(4)	3,548	899	4,447
Total changes of items during period	1,983	1,569	(4)	3,548	899	12,027
Balance at end of current period	12,958	1,146	(5,618)	8,486	7,279	557,586

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

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	33,037	33,123
Depreciation	46,126	46,435
Impairment loss	1,284	3,241
Increase (decrease) in net defined benefit liability	1,897	2,232
Increase (decrease) in provision for bonuses	1,283	1,256
Increase (decrease) in provision for special wage payments	15,129	(15,129)
Interest and dividend income	(846)	(980)
Interest expenses	587	391
Share of loss (profit) of entities accounted for using equity method	799	1,355
Loss (gain) on sales of non-current assets	(154)	(106)
Loss on retirement of non-current assets	220	1,148
Loss (gain) on sales of investment securities	(599)	(1,639)
Loss (gain) on valuation of investment securities	210	55
Decrease (increase) in notes and accounts receivable - trade	(15,594)	(18,774)
Decrease (increase) in inventories	19	227
Increase (decrease) in notes and accounts payable - trade	7,454	(477)
Other, net	14,353	11,691
Subtotal	105,207	64,049
Interest and dividend income received	837	929
Interest expenses paid	(582)	(384)
Income taxes paid	(32,138)	(12,866)
Net cash provided by (used in) operating activities	73,324	51,728
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2,008)	(2,282)
Proceeds from withdrawal of time deposits	806	1,880
Purchase of property, plant and equipment	(43,986)	(36,671)
Proceeds from sales of property, plant and equipment	1,874	6,631
Purchase of investment securities	(23,788)	(1,708)
Proceeds from sales of investment securities	1,599	2,689
Payments of loans receivable	(1,418)	(4,537)
Collection of loans receivable	1,028	1,103
Other payments	(9,087)	(9,667)
Other proceeds	981	1,388
Net cash provided by (used in) investing activities	(73,999)	(41,174)

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,925)	13,252
Repayments of finance lease obligations	(2,877)	(2,570)
Proceeds from long-term loans payable	43,720	4,000
Repayment of long-term loans payable	(35,499)	(40,876)
Purchase of treasury shares	(10,005)	(4)
Cash dividends paid	(11,155)	(10,640)
Cash dividends paid to non-controlling interests	(52)	(92)
Other, net	17	0
Net cash provided by (used in) financing activities	(18,777)	(36,930)
Effect of exchange rate change on cash and cash equivalents	(882)	313
Net increase (decrease) in cash and cash equivalents	(20,335)	(26,063)
Cash and cash equivalents at beginning of period	249,261	228,926
Cash and cash equivalents at end of period	228,926	202,863

## (5) Notes to consolidated financial statements

### (Notes to premise of going concern)

Not applicable.

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

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 40

Names of major consolidated subsidiaries:

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

YAMATO (CHINA) CO., LTD. is included in the scope of consolidation effective from the fiscal year under review, due to being newly established by the Company.

As of April 1, 2018, Yamato Multi-Maintenance Solutions Co., Ltd. ceases to exist upon absorption-type merger having been carried out with Yamato Logistics Co., Ltd., the surviving company.

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

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

#### 2. Application of equity method

##### (1) Number of affiliates accounted for by equity method: 16

Names of major equity method affiliates:

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

Effective from the fiscal year under review, the scope of equity method application encompasses SCG YAMATO EXPRESS CO., LTD. and one other company, largely due to their increased materiality.

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

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

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

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

## (Consolidated balance sheet)

\*1 Investment securities for non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	Fiscal 2017	Fiscal 2018
Investment securities	21,693	23,609

\*2 Provision for special wage payments

Fiscal 2017

The provision for special wage payments has been recorded on the basis of the estimated amount of payment with respect to consideration for labor to be paid on the basis of working hours deemed subject to consideration as a result of the fact-finding investigation regarding work performed during the fiscal year ended March 31, 2017.

## (Segment information)

1. Segment information

(1) Summary of reportable segment

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

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

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

### Type of services by reportable segment

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

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

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

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

For the year ended March 31, 2017

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,151,028	108,643	49,163	45,639	77,985
Inter-segment operating revenue or transfers	66,560	13,357	14,593	34,671	3,049
Total	1,217,588	122,001	63,757	80,310	81,034
Segment profit	5,638	4,072	1,076	9,368	8,243
Segment assets	638,179	69,956	22,341	47,879	252,745
Others					
Depreciation	32,416	2,574	541	4,368	4,402
Investment in entities accounted for using equity method	305	5,056	—	—	—
Increases of property, plant and equipment and intangible assets	31,610	4,798	708	3,445	7,379

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated financial statements (Note 4)
Operating revenue					
Operating revenue from customers	24,613	9,777	1,466,852	—	1,466,852
Inter-segment operating revenue or transfers	28,185	60,875	221,294	(221,294)	—
Total	52,799	70,653	1,688,146	(221,294)	1,466,852
Segment profit	3,273	35,477	67,149	(32,264)	34,885
Segment assets	25,798	11,941	1,068,842	45,830	1,114,672
Others					
Depreciation	735	410	45,448	665	46,114
Investment in entities accounted for using equity method	—	—	5,362	13,711	19,073
Increases of property, plant and equipment and intangible assets	263	591	48,796	197	48,993

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services.  
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 34,409 million yen.  
3. Adjustments made are as follows.  
(1) The adjustment of (32,264 million yen) of segment profit resulted from eliminating transactions among segments, etc.  
(2) The adjustment of 45,830 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of (150,291 million yen) and group-wide assets of 196,122 million yen not allocated to each reportable segment.  
(3) The adjustment of 13,711 million yen of investment in entities accounted for using equity method pertains to the amount of investment in those entities accounted for using equity method which are not allocated to respective reportable segments.  
(4) The adjustment of 197 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 179 million yen.  
4. We made an adjustment between segment profit and operating profit in the consolidated statement of income.



For the year ended March 31, 2018

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,201,745	121,939	48,900	46,480	82,981
Inter-segment operating revenue or transfers	69,670	13,799	13,805	39,189	2,899
Total	1,271,415	135,739	62,705	85,670	85,880
Segment profit	6,758	4,087	522	10,587	7,912
Segment assets	662,581	74,571	21,993	49,068	258,790
Others					
Depreciation	32,916	2,157	582	4,120	5,232
Investment in entities accounted for using equity method	523	5,348	—	—	—
Increases of property, plant and equipment and intangible assets	34,380	3,588	897	2,022	11,644

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated financial statements (Note 4)
Operating revenue					
Operating revenue from customers	24,641	12,125	1,538,813	—	1,538,813
Inter-segment operating revenue or transfers	30,299	44,273	213,936	(213,936)	—
Total	54,940	56,398	1,752,749	(213,936)	1,538,813
Segment profit	4,141	17,217	51,226	(15,541)	35,685
Segment assets	28,013	13,543	1,108,561	6,871	1,115,433
Others					
Depreciation	695	373	46,078	344	46,423
Investment in entities accounted for using equity method	—	—	5,871	13,957	19,829
Increases of property, plant and equipment and intangible assets	830	803	54,168	313	54,482

- Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services.  
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 17,482 million yen.  
3. Adjustments made are as follows.  
(1) The adjustment of 15,541 million yen of segment profit resulted from eliminating transactions among segments, etc.  
(2) The adjustment of 6,871 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of (154,668 million yen) and group-wide assets of 161,540 million yen not allocated to each reportable segment.  
(3) The adjustment of 13,957 million yen of investment in entities accounted for using equity method pertains to the amount of investment in those entities accounted for using equity method which are not allocated to respective reportable segments.  
(4) The adjustment of 313 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 304 million yen.  
4. We made an adjustment between segment profit and operating profit in the consolidated statement of income.

## 2. Relevant information

For the year ended March 31, 2017

### (1) Information by product and service

	(Millions of Yen)			
	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
Operating revenue from customers	981,002	81,276	404,572	1,466,852

### (2) Information by region

#### a. Operating revenue

				(Millions of Yen)
Japan	North America	Other	Total	
1,441,672	9,789	15,389	1,466,852	

#### b. Property, plant and equipment

				(Millions of Yen)
Japan	North America	Other	Total	
403,527	364	1,177	405,070	

### (3) Information by major customer

Of operating revenue from customers, because no single revenue from any one customer accounts for 10% or more of the operating revenue of the consolidated statement of income, descriptions are omitted.

For the year ended March 31, 2018

### (1) Information by product and service

	(Millions of Yen)			
	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
Operating revenue from customers	1,035,052	78,789	424,971	1,538,813

### (2) Information by region

#### a. Operating revenue

				(Millions of Yen)
Japan	North America	Other	Total	
1,510,741	10,848	17,223	1,538,813	

#### b. Property, plant and equipment

				(Millions of Yen)
Japan	North America	Other	Total	
403,241	369	1,447	405,057	

### (3) Information by major customer

Of operating revenue from customers, because no single revenue from any one customer accounts for 10% or more of the operating revenue of the consolidated statement of income, descriptions are omitted.

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

For the year ended March 31, 2017

(Millions of Yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	764	322	178	—	0

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	18	—	1,284	—	1,284

For the year ended March 31, 2018

(Millions of Yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	2,426	685	38	—	—

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	91	—	3,241	—	3,241

4. Information regarding amortization and unamortized balance of goodwill by reportable segment

For the year ended March 31, 2017

Descriptions are omitted, as the monetary value is immaterial.

For the year ended March 31, 2018

Descriptions are omitted, as the monetary value is immaterial.

**(Per share information)**

	Fiscal 2017	Fiscal 2018
Net assets per share	1,367.51 yen	1,395.74 yen
Basic earnings per share	45.37 yen	46.24 yen

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis for calculating "basic earnings per share" is as follows.

	Fiscal 2017	Fiscal 2018
Profit attributable to owners of parent	18,053 million yen	18,231 million yen
Amount not belonging to ordinary shareholders	— million yen	— million yen
Profit attributable to owners of parent concerning common shares	18,053 million yen	18,231 million yen
Average number of common shares during the period	397,930 thousand shares	394,276 thousand shares

**(Important subsequent matters)**

Not applicable.

#### 4. Others

##### Operating revenue by business

(Millions of yen)

Business segment		Fiscal year ended March 31, 2017	Ratio	Fiscal year ended March 31, 2018	Ratio	Change
			%		%	%
Delivery	TA-Q-BIN	1,047,668	71.4	1,099,341	71.4	4.9
	Kuroneko DM-Bin	85,383	5.8	82,542	5.4	(3.3)
	Express	42,272	2.9	42,456	2.8	0.4
	Others	99,497	6.8	102,856	6.7	3.4
	Eliminations	(123,793)	(8.4)	(125,453)	(8.2)	1.3
	Total	1,151,028	78.5	1,201,745	78.1	4.4
BIZ-Logistics	Trading logistics service	35,583	2.4	39,075	2.5	9.8
	Sales and Logistics	40,390	2.8	46,493	3.0	15.1
	Multi maintenance	13,916	0.9	15,586	1.0	12.0
	Products Logistics	4,390	0.3	4,797	0.3	9.3
	Others	43,637	3.0	46,788	3.0	7.2
	Eliminations	(29,275)	(2.0)	(30,800)	(2.0)	5.2
Total	108,643	7.4	121,939	7.9	12.2	
Home Convenience	Home convenience	42,016	2.9	41,938	2.7	(0.2)
	Business convenience	17,847	1.2	16,396	1.1	(8.1)
	Technical Network	3,951	0.3	4,428	0.3	12.1
	Eliminations	(14,651)	(1.0)	(13,863)	(0.9)	(5.4)
	Total	49,163	3.4	48,900	3.2	(0.5)
e-Business	e-logistics solution	11,465	0.8	12,381	0.8	8.0
	Credit card solution	9,711	0.7	9,733	0.6	0.2
	IT operating*	6,834	0.5	6,971	0.5	2.0
	Web-based mail order solution	5,625	0.4	5,433	0.4	(3.4)
	Others	53,954	3.7	54,976	3.6	1.9
	Eliminations	(41,952)	(2.9)	(43,016)	(2.8)	2.5
Total	45,639	3.1	46,480	3.0	1.8	
Financial	Payment	37,403	2.5	34,907	2.3	(6.7)
	Lease	36,040	2.5	40,498	2.6	12.4
	Credit & Finance	3,650	0.2	3,768	0.2	3.2
	Others	4,021	0.3	6,785	0.4	68.7
	Eliminations	(3,131)	(0.2)	(2,979)	(0.2)	(4.9)
	Total	77,985	5.3	82,981	5.4	6.4
Autoworks	Truck solution	47,472	3.2	48,768	3.2	2.7
	Others	7,888	0.5	8,868	0.6	12.4
	Eliminations	(30,746)	(2.1)	(32,994)	(2.1)	7.3
	Total	24,613	1.7	24,641	1.6	0.1
Other	JITBOX Charter service	9,126	0.6	10,467	0.7	14.7
	Others	63,984	4.4	48,935	3.2	(23.5)
	Eliminations	(63,333)	(4.3)	(47,277)	(3.1)	(25.4)
	Total	9,777	0.7	12,125	0.8	24.0
Total		1,466,852	100.0	1,538,813	100.0	4.9

Effective from the fiscal year ended March 31, 2018, the name of the IT operating solution category in the e-Business segment has been changed to the IT operating.