

## Consolidated Financial Results for the Year Ended March 31, 2017 <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 23, 2017

Scheduled date of the commencement of dividend payment: June 2, 2017

Scheduled date of the submission of annual securities report: June 16, 2017

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 2017 (from April 1, 2016 to March 31, 2017)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended								
March 31, 2017	1,466,852	3.6	34,885	(49.1)	34,884	(49.8)	18,053	(54.2)
March 31, 2016	1,416,413	1.4	68,540	(0.6)	69,426	(2.1)	39,424	5.0

(Note) Comprehensive income: For the year ended March 31, 2017: 22,916 million yen ((6.4) %)  
 For the year ended March 31, 2016: 24,482 million yen ((47.1) %)

	Basic earnings per share	Diluted earnings per share <sup>1)</sup>	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to operating revenue
For the year ended	Yen	Yen	%	%	%
March 31, 2017	45.37	—	3.4	3.2	2.4
March 31, 2016	96.45	95.64	7.1	6.4	4.8

(Reference) Equity in earnings of affiliates: For the year ended March 31, 2017: (799) million yen  
 For the year ended March 31, 2016: — 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, 2017	1,114,672	545,559	48.4	1,367.51
March 31, 2016	1,089,436	543,855	49.4	1,349.56

(Reference) Equity: As of March 31, 2017: 539,179 million yen As of March 31, 2016: 537,821 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, 2017	73,324	(73,999)	(18,777)	228,926
March 31, 2016	49,715	(30,230)	(16,833)	249,261

## 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 2016	—	13.00	—	15.00	28.00	11,280	29.0	2.1
Fiscal 2017	—	13.00	—	14.00	27.00	10,700	59.5	2.0
Fiscal 2018 (Forecast)	—	13.00	—	14.00	27.00		62.6	

(Note) Breakdown of year-end dividends in fiscal year ended March 31, 2016: Ordinary dividends: 13.00 yen  
Commemorative dividends: 2.00 yen

## 3. Consolidated earnings forecasts for fiscal year 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		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	708,000	0.2	(3,000)	—	(3,000)	—	(6,000)	—	(15.22)
Full year	1,470,000	0.2	30,000	(14.0)	30,000	(14.0)	17,000	(5.8)	43.12

### \* Notes

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

(Note) For details, please see "3. Consolidated Financial Statements and Significant Notes Thereof, (5) Notes to consolidated financial statements (Changes in accounting policies)" of the attached materials to the financial results report on page 22.

- (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, 2017:	411,339,992 shares
As of March 31, 2016:	411,339,992 shares
  - b. Number of treasury shares as of the end of the period
 

As of March 31, 2017:	17,062,391 shares
As of March 31, 2016:	12,823,544 shares
  - c. Average number of shares during the period
 

For the year ended March 31, 2017:	397,930,271 shares
For the year ended March 31, 2016:	408,742,891 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 27.

\*Financial results reports are not required to be audited.

### \*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 pages 9 to 10.
- The Company plans to hold a financial results meeting for analysts on May 1, 2017. 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 2017

In the fiscal year ended March 31, 2017, the economic environment was plagued by ongoing uncertainties ahead due to factors such as effects of shifting U.S. government policy as a consequence of the administration changing hands and the political situation in Europe, yet gradual economic recovery held course amid underlying strengths in corporate earnings. Moreover, although small parcel volume has continued to increase partially due to accelerating growth in the mail order market, conditions surrounding the logistics industry have been increasingly severe amid further tightening of the domestic labor market. Operating in this environment, we worked toward achieving the objectives of the Long-Term Management Plan “DAN-TOTSU Management Plan 2019” and the Medium-Term Management Plan “DAN-TOTSU Three-Year Plan STEP.” To that end, we focused on creation of a business model for generating substantial added value by building a premium-quality network to enable efficient logistics and fusing together the Group’s business resources.

In the Delivery Business, revenues increased against a backdrop of delivery volume having hit a new record high thanks to efforts geared to adding more points of service access for the “TA-Q-BIN Compact” and “Nekopos” services, along with continued growth in the mail order market. Still, earnings have come under pressure from factors that include rising labor costs such as those involving our outsourcing workforce needed in order to maintain service quality amid further tightening of the labor market.

In the non-delivery businesses, 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.

In addition, we recorded payments for specially acknowledged working hours additionally recognized as the result of a fact-finding investigation into working hours of employees, which was carried out in the course of promoting “reforming working styles” across the entire Group.

Our consolidated financial results for the fiscal year ended March 31, 2017 were as follows.

Item	Fiscal 2016	Fiscal 2017	Change	(Millions of yen)	
				Growth (%)	
Operating revenue	1,416,413	1,466,852	50,439	3.6	
Operating income	68,540	34,885	(33,654)	(49.1)	
Ordinary income	69,426	34,884	(34,541)	(49.8)	
Profit attributable to owners of parent	39,424	18,053	(21,370)	(54.2)	

During the fiscal year ended March 31, 2017, we purchased treasury shares of 4.23 million shares, for a total acquisition cost of about 10.0 billion yen as measures for shareholder return.

#### Initiatives for the entire Yamato Group

- a. The Yamato Group has been pursuing its “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. On the other hand, working environment has been deteriorating amid a situation where our efforts to build an operational framework have not kept pace with a recently surging mail order market and other such developments. To address such issues we launched initiatives for promoting “reforming working styles” on a Group-wide basis, and accordingly on February 1, 2017 Yamato Transport Co., Ltd. established a “office for reforming working styles,” while respective Group companies established “working styles innovation committees.” Moreover, successive fact-finding investigations into working hours across the

entire Group have revealed issues whereby many employees find themselves unable to take long enough breaks. We are taking this matter very seriously, and accordingly have been taking steps to develop a more employee friendly working environment. As such, we have decided to make payments for specially acknowledged working hours additionally recognized as part of our efforts to heighten employee satisfaction. Moreover, to ensure that this never happens again we have been implementing “reforming working styles” throughout the entire Group, with such efforts centered on the “office for reforming working styles” of Yamato Transport Co., Ltd., and the “working styles innovation committees” of respective Group companies.

- c. To further promote 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 have been making more effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Atsugi Gateway,” “Chubu Gateway” and “Okinawa International Logistics Hub” facilities, in addition to our existing “last mile” network.
- d. In our business looking toward overseas markets, we have been working to forge inter-regional collaboration while strengthening our capabilities in respective geographic regions in order to invigorate our cross-border transportation services involving shipping between five points in Japan, East Asia, Europe and the Americas, with a focus on the ASEAN region. During the fiscal year ended March 31, 2017, we have been actively promoting efforts to build our cross-border network by further extending it geographically over the ASEAN and East Asian regions. For instance, we have acquired a cross-border line-haul trucking company headquartered in Malaysia, reached agreement involving investment in an international logistics enterprise based in Guangzhou, China. In January, we have launched TA-Q-BIN services domestically in Thailand and in March, we have made the decision to commence sales involving “International Cool TA-Q-BIN” services there.
- e. With the aim of improving customer convenience particularly in the mail order market, we have been working to establish an environment that ensures customers ease in picking up their parcels. To that end, we have embarked on efforts to build an open-type network of parcel lockers primarily in train stations and other such locations. Moreover, we have started reviewing opportunities for rolling out cutting-edge technologies with our sights set on development of next-generation logistics services. Our efforts to that end have included collaborating with major companies that provide Internet services and also embarking on our “RoboNeko Yamato” project which involves providing on-demand delivery services that make use of automated driving technologies.

## Summary of each operating segment

### ● Delivery

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

Category	(Million parcels/units)			
	Fiscal 2016	Fiscal 2017	Change	Growth (%)
TA-Q-BIN	1,731	1,867	136	7.9
Kuroneko DM-Bin	1,536	1,542	5	0.4

- 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. With respect to working environment of our employees, we have been developing a framework for broad reform of work arrangements for employees given the urgent need to improve the workplace environment with the aim of securing labor capacity amid substantially increasing parcel volume brought about by the recently surging mail order market and the tightening labor market. Moreover, we have embarked on initiatives geared to making the working environment more employee-friendly upon having made decisions with respect to taking action in areas of “reforming working styles.” This includes improving and implementing thorough labor management, encouraging a work-life balance, modifying service level, placing controls on total TA-Q-BIN volume, and revising basic fees for TA-Q-BIN delivery services.
- c. Given expectations for growth in the mail order 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 at reasonable fees, and otherwise engaging in efforts to provide greater convenience to our customers who use mail-order services by collaborating with multiple flea market websites and offering delivery services at a greater number of service access points.
- d. With respect to corporate clients, we have been accurately pinpointing managerial challenges and

actively proposing solutions to address those challenges. Moreover, we worked to boost profitability by making proposals that provide high added value using the Group's business resources.

- 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. Operating revenue amounted to 1,151,028 million yen, up 3.5% from the year-ago period due to an increase in delivery volume of TA-Q-BIN resulting from continuous efforts to increase sales to mail-order business operators, initiatives pursued to increase the use of the "TA-Q-BIN Compact" and "Nekopos" services. As for profits, the segment posted operating income of 5,638 million yen, down 85.2% from the year-ago period. The decrease is attributable to a situation where earnings have come under pressure amid factors such as rising labor costs including those involving outsourcing workforce in order to maintain service quality amid further tightening of the labor market, an increase in expenses attributable to external factors such as a higher size-based enterprise tax, and the recording of lump-sum payments to cover working hours additionally recognized.

#### ● 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 mail-order industry and others, we are offering one-stop services involving various types of logistical support in line with customer needs, including support for facilitating everything from placing and accepting orders to visual monitoring of inventories and enabling speedier shipments. During the fiscal year ended March 31, 2017, these operations generated favorable results due to factors that included an increased volume of business-to-business logistics related services launched in the previous fiscal year.
- 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, 2017, we have been actively promoting efforts to increase sales, in part by working to bring in new customers.
- d. Operating revenue amounted to 108,643 million yen, up 1.7% from the year-ago period due to favorable results from services related to business-to-business logistics. As for profits, the segment posted operating income of 4,072 million yen, down 17.0% from the year-ago period mainly due to lackluster results in overseas transport services and a decrease in business involving product recalls.

#### ● 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 and moving-related services. In the fiscal year ended March 31, 2017, we aggressively forged ahead with efforts to increase the sales of "Comfortable Lifestyle Support Service," which aims to help customers resolve everyday inconveniences associated with house cleaning, home organization and storage, and collection of unwanted items.
- 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, 2017, we actively worked to increase sales involving services for facilitating procurement of return presents of hometown tax payments and other such goods, and office support services.
- d. Operating revenue amounted to 49,163 million yen, up 0.4% from the year-ago period mainly due to

favorable results with respect to use of our Comfortable Lifestyle Support Service and our service for facilitating procurement. As for profits, the segment posted an operating income of 1,076 million yen, down 6.1% from the year-ago period mainly due to a decrease of highly profitable one-off business.

● **e-Business**

- a. In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively conducting 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, 2017, use of this service increased particularly among our existing large-lot customers, against a backdrop that included mail-order market growth.
- c. For customers whose needs involve managing products on an individual basis, such as telecommunications equipment business operators, the Yamato Group has been developing its “setup and logistics solutions business” which offers services that involve bringing tasks of affixing data to products and partial processing of merchandise into alignment with information system functions such as serial acceptance/dispatch control in warehouses and inventory tracking. During the fiscal year ended March 31, 2017, we aggressively forged ahead with efforts to increase the sales of these services to IoT equipment business operators, drawing on the setup technologies and logistics know-how we have amassed so far.
- d. Operating revenue amounted to 45,639 million yen, up 5.3% from the year-ago period mainly as a result of having achieved a greater volume of business in the “setup and logistics solutions business.” Operating income was 9,368 million yen, up 4.0% 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 and our e-money settlement services. During the fiscal year ended March 31, 2017, we provided a wide range of payment settlement services to our customers who use the “TA-Q-BIN Collect” service by promoting use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery” services, and concurrently worked to increase profitability. With our e-money related services, we persisted in our efforts to increase sales generated by our “Multi e-money Settlement Terminals” rental service.
- c. In the lease services business, we have been generating steady 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 77,985 million yen, up 7.6% from the year-ago period due to steady results of lease services business. As for profits, operating income was 8,243 million yen, down 5.3% from the year-ago period largely due to lackluster results with respect to volume handled through our mainstay TA-Q-BIN Collect service.

● **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, 2017, we took steps to expand sales by aggressively marketing out “Repairworks” services entailing periodic on-site customer visits.
- c. Operating revenue amounted to 24,613 million yen, up 0.6% from the year-ago period as a result of an increase in the number of vehicles serviced. As for profits, operating income amounted to 3,273 million yen, down 2.9% from the year-ago period largely as a result of initial investment in new services.

● **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, 2017, service use grew steadily due to favorable results with respect to chilled transport and other optional services, in addition to the existing services.
- b. Operating income in Other excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 3.5% from the year-ago period to 2,182 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, 2017, we held the “6th Yamato Transport 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 2.99 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 230 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, 2017, we initiated our “combined passenger-cargo” operations using scheduled-route passenger buses in Hokkaido and Kumamoto prefecture, which is in addition to Iwate prefecture and Miyazaki prefecture with such operations already, thereby helping to improve lifestyle services for local residents both by keeping scheduled bus 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, in Miyazaki prefecture we handled “Cool TA-Q-BIN” shipments by implementing a scheduled-route passenger bus equipped with a storage box exclusively for chilled and frozen goods which is the first in Japan. Moreover, we continued to engage 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 1,928 such endeavors thus far.
- e. In order to earn the confidence of Yamato Group’s customers and society acting as a company that forms an important part of social infrastructure, we embarked on Group-wide initiatives with respect to “reforming working styles.” To such ends, we forged ahead in developing a more comfortable working environment for employees through efforts that included promoting management in conformity with



compliance, reviewing our management rules on working hours, and a framework for broad reform of work arrangements for our employees.

**(2) Overview of financial position for fiscal 2017**

Total assets were 1,114,672 million yen as of March 31, 2017, up 25,235 million yen from the end of the previous fiscal year. The major factor in this was an increase in investment securities of 22,783 million yen.

Liabilities increased 23,531 million yen to 569,113 million yen from the end of the previous fiscal year. The major factors in this were recording of provision for special wage payments of 15,129 million yen and an increase in notes and accounts payable - trade of 7,280 million yen.

Total net assets were 545,559 million yen, up 1,703 million yen from the end of the previous fiscal year. The major factors included the recording of profit attributable to owners of parent of 18,053 million yen, payment of dividends of surplus of 11,158 million yen and purchase of treasury shares amounting to 10,002 million yen.

Accordingly, the equity ratio decreased by 1.0% from the end of the previous fiscal year to 48.4%.

**(3) Overview of cash flows for fiscal 2017**

Net cash provided by operating activities amounted to 73,324 million yen, which is an increase of 23,609 million yen compared with the year-ago period. The major factor here included an increase in accrued consumption taxes of 19,044 million yen.

Net cash used in investing activities was 73,999 million yen. Compared with the year-ago period, the amount of net cash used increased by 43,769 million yen. This was largely attributable to expenditures of 23,788 million yen used for the purchase of investment securities, which is an increase of 21,943 million yen compared with the year-ago period, and also reflects proceeds from sales of property, plant and equipment of 1,874 million yen, which is a decrease in proceeds of 15,398 million yen compared with the year-ago period.

Net cash used in financing activities was 18,777 million yen. Compared with the year-ago period, the amount of net cash used increased by 1,944 million yen. This is largely attributable to a net balance of loans payable of 5,295 million yen, which is a decrease of 22,786 million yen compared with the year-ago period, and a 19,933 million yen decrease in proceeds from issuance of bonds compared with the year-ago period, while expenditures of 10,005 million yen used for the purchase of treasury shares, which is a decrease of 40,007 million yen compared with the year-ago period.

As a result of the above, cash and cash equivalents were 228,926 million yen as of March 31, 2017, down 20,335 million yen from the end of the previous fiscal year.

**(4) Future outlook**

Going forward, the economic environment is likely to remain one that is plagued by ongoing uncertainties ahead due to factors such as effects of U.S. government policy and the political situation in Europe, despite the prospect of gradual economic recovery holding course amid underlying strengths in corporate earnings. Small parcel deliveries are likely to increase due in part to accelerating growth in the mail order market, while at the same time we are likely to face a severe business environment in the logistics industry going forward amid tightening of the domestic labor market.

In that environment, we will engage in “reforming working styles” and endeavor to improve and develop working environment across the entire Yamato Group, while redesigning the business model of the overall Delivery Business so that it is better aligned with the coming era. In the fiscal year ending March 31, 2018, our outlook calls for a severe business environment during the first half as we carry out negotiations on volumes and pricing during the period amid continuing upward momentum with respect to total TA-Q-BIN volume. Beginning in the second half, however, we expect there to be a trend of recovering earnings amid a scenario where initiatives involving controls on total volume and pricing begin taking effect, thereby helping to curb subcontracting expenses and other such costs.

We expect operating revenue will be 1,470.0 billion yen, with operating income at 30.0 billion yen, ordinary

income at 30.0 billion yen and profit attributable to owners of parent at 17.0 billion yen.

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

The Yamato Group will 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 increasing employee satisfaction, strengthening both legal and financial governance, and pursuing CSR initiatives.
- b. With respect to the “reforming working styles” of Yamato Transport Co., Ltd. which is at the core entity of the Group, we will pursue efforts geared to placing top priority on “heightening employee satisfaction through efforts that involve overhauling the workplace into a more upbeat working environment for employees.” In addition to improving and developing working environment to such ends, we will also set our sights on redesigning and transforming the business model of the overall Delivery Business so that it is better aligned with the coming era, and accordingly pursue initiatives under a basic framework that is five-fold in terms of improving and implementing thorough labor management, encouraging a work-life balance, modifying service level, placing controls on total TA-Q-BIN volume, and revising basic fees for TA-Q-BIN delivery services.
- c. 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, back-office and sorting operations, by means of stepping up efforts that involve linking systems with business operators and setting up open-type parcel lockers, as well as promoting active use of cutting-edge technologies. Moreover, to further achieve growth of the business going forward, we will promote initiatives geared to management centered on “reforming working styles,” and enlist the entire Group in efforts to establish working environments and personnel systems that are more employee-friendly. We will secure new sources of labor by promoting diversity-related initiatives that involve creating a greater variety of work arrangements than has been the case thus far, and by expanding opportunities that enable women, seniors, foreign nationals and others to actively flourish in the workplace.
- d. 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. Furthermore, 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.
- e. With respect to establishing business foundations in overseas markets primarily in Asia, we will promote cross-border opportunities leveraging the Yamato Group’s capabilities such as those available through the “Okinawa International Logistics Hub.” We will make the notion of a borderless logistics network that provides value-added functions a reality by engaging in efforts to expand our cold chain business primarily in Asia. In part, we have issued international standards relating to small-lot chilled and frozen goods delivery services in collaboration with international standards-setting organizations.
- 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, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	249,593	230,128
Notes and accounts receivable - trade	197,382	208,130
Accounts receivable - installment	43,647	46,141
Lease investment assets	48,894	50,777
Merchandise and finished goods	738	739
Work in process	184	216
Raw materials and supplies	1,935	1,818
Deferred tax assets	14,907	20,684
Other	27,777	29,154
Allowance for doubtful accounts	(1,079)	(1,282)
<b>Total current assets</b>	<b>583,982</b>	<b>586,510</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	326,888	341,134
Accumulated depreciation	(189,315)	(196,244)
<b>Buildings and structures, net</b>	<b>137,572</b>	<b>144,889</b>
Machinery and equipment	56,006	61,092
Accumulated depreciation	(38,920)	(41,561)
<b>Machinery and equipment, net</b>	<b>17,085</b>	<b>19,531</b>
Vehicles	196,054	194,073
Accumulated depreciation	(178,128)	(177,671)
<b>Vehicles, net</b>	<b>17,925</b>	<b>16,401</b>
Land	176,139	178,620
Lease assets	15,410	16,448
Accumulated depreciation	(6,838)	(8,446)
<b>Lease assets, net</b>	<b>8,572</b>	<b>8,001</b>
Construction in progress	23,538	11,749
Other	91,936	85,968
Accumulated depreciation	(67,128)	(60,092)
<b>Other, net</b>	<b>24,807</b>	<b>25,876</b>
<b>Total property, plant and equipment</b>	<b>405,641</b>	<b>405,070</b>
Intangible assets		
Software	14,525	18,149
Other	6,434	3,522
<b>Total intangible assets</b>	<b>20,960</b>	<b>21,671</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Investments and other assets		
Investment securities	*1 31,498	*1 54,281
Long-term loans receivable	1,009	1,360
Lease deposits	16,452	16,231
Net defined benefit asset	54	117
Deferred tax assets	27,007	26,643
Other	3,737	3,564
Allowance for doubtful accounts	(908)	(778)
Total investments and other assets	78,851	101,420
Total non-current assets	505,454	528,162
Total assets	1,089,436	1,114,672
Liabilities		
Current liabilities		
Notes and accounts payable - trade	148,456	155,736
Short-term loans payable	55,933	60,974
Lease obligations	2,509	2,427
Income taxes payable	19,782	14,399
Deferred installment income	5,894	6,010
Provision for bonuses	30,676	31,948
Provision for special wage payments	—	*2 15,129
Other	84,844	85,222
Total current liabilities	348,097	371,848
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	90,515	89,900
Lease obligations	5,387	4,866
Deferred tax liabilities	2,799	3,162
Net defined benefit liability	71,551	70,952
Other	7,229	8,383
Total non-current liabilities	197,483	197,264
Total liabilities	545,581	569,113

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Net assets		
Shareholders' equity		
Capital stock	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	402,375	409,270
Treasury shares	(29,075)	(39,077)
Total shareholders' equity	537,348	534,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,790	10,975
Foreign currency translation adjustment	750	(422)
Remeasurements of defined benefit plans	(10,067)	(5,614)
Total accumulated other comprehensive income	473	4,938
Non-controlling interests	6,034	6,379
Total net assets	543,855	545,559
Total liabilities and net assets	1,089,436	1,114,672

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

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Operating revenue	1,416,413	1,466,852
Operating cost	1,306,200	1,385,492
Operating gross profit	110,212	81,359
Selling, general and administrative expenses		
Personnel expenses	22,912	24,543
Provision for bonuses	884	999
Retirement benefit expenses	1,061	1,390
Commission fee	4,586	4,168
Taxes and dues	5,632	8,315
Provision of allowance for doubtful accounts	201	709
Depreciation	2,125	2,120
Other	6,213	6,616
Total selling, general and administrative expenses	41,672	46,474
Operating income	68,540	34,885
Non-operating income		
Interest income	138	155
Dividend income	694	691
Gain on sales of vehicles	425	249
Rent income	304	317
Other	893	630
Total non-operating income	2,456	2,044
Non-operating expenses		
Interest expenses	547	430
Share of loss of entities accounted for using equity method	—	799
Other	1,022	816
Total non-operating expenses	1,570	2,045
Ordinary income	69,426	34,884
Extraordinary income		
Gain on sales of non-current assets	354	157
Gain on sales of investment securities	53	599
Other	10	—
Total extraordinary income	418	757

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Extraordinary loss		
Loss on retirement of non-current assets	286	220
Impairment loss	1,154	1,284
Loss on valuation of investment securities	—	210
Disaster recovery expenses for the Kumamoto Earthquake	—	885
Other	324	3
Total extraordinary loss	1,766	2,603
Profit before income taxes	68,078	33,037
Income taxes - current	27,434	22,093
Income taxes - deferred	980	(7,421)
Total income taxes	28,414	14,672
Profit	39,663	18,364
Profit attributable to non-controlling interests	238	311
Profit attributable to owners of parent	39,424	18,053

(Consolidated statement of comprehensive income)

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit	39,663	18,364
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,975)	1,268
Foreign currency translation adjustment	(418)	(1,174)
Remeasurements of defined benefit plans, net of tax	(10,787)	4,456
Share of other comprehensive income of entities accounted for using equity method	—	0
Total other comprehensive income	(15,181)	4,551
Comprehensive income	24,482	22,916
(Breakdown)		
Comprehensive income attributable to owners of parent	24,165	22,518
Comprehensive income attributable to non-controlling interests	316	398



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

For the year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	127,234	70,209	395,352	(43,007)	549,789
Changes of items during period					
Dividends of surplus			(10,674)		(10,674)
Change of scope of consolidation			87		87
Profit attributable to owners of parent			39,424		39,424
Purchase of treasury shares				(50,006)	(50,006)
Disposal of treasury shares		(1,636)		11,207	9,570
Retirement of treasury shares		(30,915)	(21,815)	52,731	—
Change in ownership interest of parent related to transactions with non-controlling interests		(843)			(843)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(33,396)	7,022	13,932	(12,441)
Balance at end of current period	127,234	36,813	402,375	(29,075)	537,348

	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	13,847	1,169	715	15,731	5,678	571,199
Changes of items during period						
Dividends of surplus						(10,674)
Change of scope of consolidation						87
Profit attributable to owners of parent						39,424
Purchase of treasury shares						(50,006)
Disposal of treasury shares						9,570
Retirement of treasury shares						—
Change in ownership interest of parent related to transactions with non-controlling interests						(843)
Net changes of items other than shareholders' equity	(4,057)	(418)	(10,783)	(15,258)	355	(14,903)
Total changes of items during period	(4,057)	(418)	(10,783)	(15,258)	355	(27,344)
Balance at end of current period	9,790	750	(10,067)	473	6,034	543,855

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

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

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	68,078	33,037
Depreciation	46,758	46,126
Impairment loss	1,154	1,284
Increase (decrease) in net defined benefit liability	2,376	1,897
Increase (decrease) in provision for bonuses	443	1,283
Increase (decrease) in provision for special wage payments	—	15,129
Interest and dividend income	(833)	(846)
Interest expenses	778	587
Share of loss (profit) of entities accounted for using equity method	—	799
Loss (gain) on sales of non-current assets	(195)	(154)
Loss on retirement of non-current assets	286	220
Loss (gain) on sales of investment securities	(53)	(599)
Loss (gain) on valuation of investment securities	—	210
Decrease (increase) in notes and accounts receivable - trade	(15,422)	(15,594)
Decrease (increase) in inventories	473	19
Increase (decrease) in notes and accounts payable - trade	(9,137)	7,454
Other, net	(15,810)	14,353
Subtotal	78,897	105,207
Interest and dividend income received	837	837
Interest expenses paid	(791)	(582)
Income taxes paid	(29,227)	(32,138)
Net cash provided by (used in) operating activities	49,715	73,324
Cash flows from investing activities		
Payments into time deposits	(1,451)	(2,008)
Proceeds from withdrawal of time deposits	1,484	806
Purchase of property, plant and equipment	(37,426)	(43,986)
Proceeds from sales of property, plant and equipment	17,273	1,874
Purchase of investment securities	(1,845)	(23,788)
Proceeds from sales of investment securities	109	1,599
Payments of loans receivable	(1,150)	(1,418)
Collection of loans receivable	1,059	1,028
Other payments	(10,350)	(9,087)
Other proceeds	2,067	981
Net cash provided by (used in) investing activities	(30,230)	(73,999)

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,917	(2,925)
Repayments of finance lease obligations	(3,209)	(2,877)
Proceeds from long-term loans payable	38,931	43,720
Repayment of long-term loans payable	(16,766)	(35,499)
Proceeds from issuance of bonds	19,933	—
Purchase of treasury shares	(50,013)	(10,005)
Cash dividends paid	(10,675)	(11,155)
Cash dividends paid to non-controlling interests	(45)	(52)
Other, net	(904)	17
Net cash provided by (used in) financing activities	(16,833)	(18,777)
Effect of exchange rate change on cash and cash equivalents	(654)	(882)
Net increase (decrease) in cash and cash equivalents	1,997	(20,335)
Cash and cash equivalents at beginning of period	247,051	249,261
Increase in cash and cash equivalents from newly consolidated subsidiary	213	—
Cash and cash equivalents at end of period	249,261	228,926

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

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

Not applicable.

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

#### 1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 39  
Names of major consolidated subsidiaries:  
Yamato Transport Co., Ltd.  
Yamato Global Express Co., Ltd.  
Yamato Global Logistics Japan Co., Ltd.  
Yamato Packing Service Co., Ltd.  
Yamato Home Convenience Co., Ltd.▯  
Yamato Financial Co., Ltd.  
Yamato Autoworks Co., Ltd.

Okinawa Yamato Transport Co., Ltd.  
Yamato Logistics Co., Ltd.  
Yamato Multi-Maintenance Solutions Co., Ltd.  
YAMATO TRANSPORT U. S. A., INC.  
Yamato System Development Co., Ltd.  
Yamato Lease Co., Ltd.  
YAMATO ASIA PTE. LTD.

In the fiscal year under review, Yamato International Logistics (Hong Kong) Ltd., which is the surviving company, implemented an absorption-type merger and the two companies Yamato Transport (HK) Ltd. and Yamato Payment Service (HK) Ltd., were absorbed in the merger, and changed its corporate name to Yamato Logistics (HK) Ltd.

YAMATO INVESTMENT (HONG KONG) LIMITED, established during the fiscal year under review, is included in the scope of consolidation from the fiscal year under review.

- (2) Non-consolidated subsidiaries, etc.  
YAMATO LOGISTICS INDIA PVT. LTD. 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: 14  
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 GD EXPRESS CARRIER BHD., Packcity Japan Co., Ltd. and GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD. upon having newly acquired stock of those three entities, and also encompasses 11 subsidiaries of GD EXPRESS CARRIER BHD.

- (2) Non-consolidated subsidiaries and affiliates not accounted for by equity method  
Entities not subject to the equity method such as YAMATO LOGISTICS INDIA PVT. LTD. 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.

### (Changes in accounting policies)

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

As a result, we posted 189 million yen increases across the board in operating income, ordinary income, and profit before income taxes for the fiscal year ended March 31, 2017.

### (Additional information)

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the fiscal year ended March 31, 2017, the Company has applied the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016).

### (Consolidated balance sheet)

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

(Millions of yen)

	Fiscal 2016	Fiscal 2017
Investment securities	1,169	21,693

\*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, income/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, income/loss, assets and other items by reportable segment

For the year ended March 31, 2016

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	1,111,875	106,822	48,981	43,357	72,446
Inter-segment operating revenue or transfers	66,080	12,553	15,246	30,366	3,342
Total	1,177,956	119,375	64,228	73,724	75,789
Segment income	38,176	4,905	1,146	9,009	8,702
Segment assets	649,899	60,471	21,436	43,619	242,963
Others					
Depreciation	33,961	2,160	532	4,240	4,065
Investment in entities accounted for using equity method	—	—	—	—	—
Increases of property, plant and equipment and intangible assets	34,976	2,839	716	6,413	7,466

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated financial statements (Note 4)
Operating revenue					
Operating revenue from customers	24,458	8,470	1,416,413	—	1,416,413
Inter-segment operating revenue or transfers	27,539	49,860	204,989	(204,989)	—
Total	51,998	58,330	1,621,402	(204,989)	1,416,413
Segment income	3,372	26,515	91,829	(23,288)	68,540
Segment assets	24,264	11,267	1,053,923	35,513	1,089,436
Others					
Depreciation	782	296	46,039	699	46,739
Investment in entities accounted for using equity method	—	—	—	—	—
Increases of property, plant and equipment and intangible assets	696	692	53,801	143	53,945

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 income is 24,889 million yen.

3. Adjustments made are as follows.

(1) The adjustment of (23,288 million yen) of segment income resulted from eliminating transactions among segments, etc.

(2) The adjustment of 35,513 million yen of segment assets includes eliminations of intersegment receivables and payables, etc. of (164,797 million yen) and group-wide assets of 200,311 million yen not allocated to each reportable segment.

(3) The adjustment of 143 million yen of increases of property, plant and equipment and intangible assets includes the Company's capital investment of 141 million yen.

4. We made an adjustment between segment income and operating income in the consolidated statement of income.

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 income	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 income	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 income is 34,409 million yen.
3. Adjustments made are as follows.
- (1) The adjustment of (32,264 million yen) of segment income 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 income and operating income in the consolidated statement of income.
5. As stated in "Changes in accounting policies," the Company has applied the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" from the fiscal year ended March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.
- As a result, for the fiscal year ended March 31, 2017, segment income of the Delivery Business increased by 169 million yen. The effect of this application on other segments is immaterial.



## 2. Relevant information

For the year ended March 31, 2016

### (1) Information by product and service

	(Millions of Yen)			
	TA-Q-BIN	Kuroneko DM-Bin	Other	Total
Operating revenue from customers	939,470	82,701	394,241	1,416,413

### (2) Information by region

#### a. Operating revenue

				(Millions of Yen)
Japan	North America	Other	Total	
1,390,082	11,480	14,850	1,416,413	

#### b. Property, plant and equipment

				(Millions of Yen)
Japan	North America	Other	Total	
404,091	431	1,118	405,641	

### (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, 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.

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

For the year ended March 31, 2016

(Millions of Yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Impairment loss	816	192	—	—	9

	Autoworks	Other	Total	Corporate or eliminations	Consolidated
Impairment loss	136	—	1,154	—	1,154

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

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

For the year ended March 31, 2016

Descriptions are omitted, as the monetary value is immaterial.

For the year ended March 31, 2017

Descriptions are omitted, as the monetary value is immaterial.

**(Per share information)**

	Fiscal 2016	Fiscal 2017
Net assets per share	1,349.56 yen	1,367.51 yen
Basic earnings per share	96.45 yen	45.37 yen
Diluted earnings per share	95.64 yen	—

Notes: 1. Diluted earnings per share for fiscal 2017 is not presented since no potential shares exist.

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

	Fiscal 2016	Fiscal 2017
Basic earnings per share		
Profit attributable to owners of parent	39,424 million yen	18,053 million yen
Amount not belonging to ordinary shareholders	— million yen	— million yen
Profit attributable to owners of parent concerning common shares	39,424 million yen	18,053 million yen
Average number of shares during the period	408,742 thousand shares	397,930 thousand shares
Diluted earnings per share		
Adjustments in profit attributable to owners of parent	15 million yen	— million yen
(Administrative fees (net of tax))	(15 million yen)	(— million yen)
Increase in number of common shares	3,643 thousand shares	— thousand shares
(Bonds with subscription rights to shares)	(3,643 thousand shares)	(— thousand shares)
Potential shares that have no dilutive effects and thus are not included in the calculation of "diluted earnings per share."	—	—

**(Important subsequent matters)**

Not applicable.

#### 4. Others

##### Operating revenue by business

(Millions of yen)

Business segment		Fiscal year ended March 31, 2016	Ratio	Fiscal year ended March 31, 2017	Ratio	Change
			%		%	%
Delivery	TA-Q-BIN	1,004,969	71.0	1,047,668	71.4	4.2
	Kuroneko DM-Bin	87,545	6.2	85,383	5.8	(2.5)
	Express	42,800	3.0	42,272	2.9	(1.2)
	Others	94,837	6.7	99,497	6.8	4.9
	Eliminations	(118,277)	(8.4)	(123,793)	(8.4)	4.7
	Total	1,111,875	78.5	1,151,028	78.5	3.5
BIZ-Logistics	Trading logistics service	38,806	2.7	35,583	2.4	(8.3)
	Sales and Logistics	36,243	2.5	40,390	2.8	11.4
	Multi maintenance	15,490	1.1	13,916	0.9	(10.2)
	Products Logistics *1	4,297	0.3	4,390	0.3	2.2
	Others	42,246	3.0	43,637	3.0	3.3
	Eliminations	(30,262)	(2.1)	(29,275)	(2.0)	(3.3)
Total	106,822	7.5	108,643	7.4	1.7	
Home Convenience	Home convenience	42,108	3.0	42,016	2.9	(0.2)
	Business convenience	17,773	1.3	17,847	1.2	0.4
	Technical Network	4,408	0.3	3,951	0.3	(10.4)
	Eliminations	(15,308)	(1.1)	(14,651)	(1.0)	(4.3)
	Total	48,981	3.5	49,163	3.4	0.4
e-Business	e-logistics solution	10,275	0.7	11,465	0.8	11.6
	Credit card solution	9,441	0.7	9,711	0.7	2.9
	IT operating solution	6,413	0.5	6,834	0.5	6.6
	Web-based mail order solution	5,850	0.4	5,625	0.4	(3.8)
	Others	46,580	3.3	53,954	3.7	15.8
	Eliminations	(35,204)	(2.5)	(41,952)	(2.9)	19.2
	Total	43,357	3.1	45,639	3.1	5.3
Financial	Payment *2	37,617	2.6	37,403	2.5	(0.6)
	Lease	32,054	2.3	36,040	2.5	12.4
	Credit & Finance	3,424	0.2	3,650	0.2	6.6
	Others	2,777	0.2	4,021	0.3	44.8
	Eliminations	(3,427)	(0.2)	(3,131)	(0.2)	(8.6)
	Total	72,446	5.1	77,985	5.3	7.6
Autoworks	Truck solution	47,232	3.3	47,472	3.2	0.5
	Others	7,227	0.5	7,888	0.5	9.1
	Eliminations	(30,001)	(2.1)	(30,746)	(2.1)	2.5
	Total	24,458	1.7	24,613	1.7	0.6
Other	JITBOX Charter service	7,524	0.5	9,126	0.6	21.3
	Others	52,565	3.7	63,984	4.4	21.7
	Eliminations	(51,620)	(3.6)	(63,333)	(4.3)	22.7
	Total	8,470	0.6	9,777	0.7	15.4
Total		1,416,413	100.0	1,466,852	100.0	3.6

\*1. Effective from the fiscal year ended March 31, 2017, the name of the Export Factory category in the BIZ-Logistics segment has been changed to the Products Logistics.

\*2. Effective from the fiscal year ended March 31, 2017, the name of the TA-Q-BIN Collect category in the Financial segment has been changed to the Payment.