

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Stock code: 9064
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Scheduled date of the submission of quarterly securities report: February 9, 2018
 Scheduled date of the commencement of dividend payment: —
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than 1 million yen are discarded.)

1. Consolidated financial results for the third quarter of fiscal year 2018 (cumulative: from April 1, 2017 to December 31, 2017)

(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 nine months ended December 31, 2017	1,171,775	4.8	32,131	(44.7)	32,378	(44.4)	17,429	(51.2)
December 31, 2016	1,118,143	3.1	58,063	(6.5)	58,263	(7.7)	35,719	(6.3)

(Note) Comprehensive income: For the nine months ended December 31, 2017: 24,549 million yen ((31.2)%)
 For the nine months ended December 31, 2016: 35,676 million yen ((4.8)%)

	Basic earnings per share	Diluted earnings per share
For the nine months ended	Yen	Yen
December 31, 2017	44.21	—
December 31, 2016	89.63	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2017	1,150,746	559,365	48.0
March 31, 2017	1,114,672	545,559	48.4

(Reference) Equity: As of December 31, 2017: 552,130 million yen As of March 31, 2017: 539,179 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	13.00	—	14.00	27.00
Fiscal 2018	—	13.00	—		
Fiscal 2018 (Forecast)				14.00	27.00

(Note) Revisions to the forecasts most recently announced: None

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 profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,530,000	4.3	31,000	(11.1)	31,000	(11.1)	14,500	(19.7)	36.78

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

* Notes

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

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

(Note) For details, please see "2. Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to consolidated financial statements, (Application of specific accounting for preparing the quarterly consolidated financial statements)" of the attached materials to the quarterly financial results report on page 13.

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

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

(4) Number of issued shares (common shares)

- a. Number of issued shares as of the end of the period (including treasury shares)

As of December 31, 2017:	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 December 31, 2017:	17,063,966 shares
As of March 31, 2017:	17,062,391 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended December 31, 2017:	394,276,825 shares
For the nine months ended December 31, 2016:	398,516,345 shares

*Quarterly financial results reports are not required to be subjected to quarterly reviews.

*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. Qualitative Information on Settlement of Accounts for the Nine Months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" of the attached materials to the quarterly financial results report on page 8.
- The Company plans to hold a financial results meeting for analysts on January 31, 2018. The materials distributed at this financial results meeting shall be posted on the Company's website after the meeting has been held.

Attached Materials

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

(1) Explanation of operating results

During the nine months ended December 31, 2017, 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.” Moreover, we have issued requests to our large-lot corporate clients that include asking that they adjust their shipping schedules and cut down on re-deliveries, and at the same time we are making progress in negotiating review of our rates with respect to our corporate clients. Accordingly, many of our clients have already shown their understanding and willingness to cooperate in this regard, and we continue engaging in such dialogue with those corporate clients with whom negotiations have been underway. As a result, during the nine months ended December 31, 2017, 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 nine months ended December 31, 2017 are as follows.

(Millions of yen)

Item	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017	Change	Growth (%)
Operating revenue	1,118,143	1,171,775	53,632	4.8
Operating profit	58,063	32,131	(25,931)	(44.7)
Ordinary profit	58,263	32,378	(25,885)	(44.4)
Profit attributable to owners of parent	35,719	17,429	(18,289)	(51.2)

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, 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 this fiscal year, 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.
- 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, during the nine months ended December 31, 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	(Million parcels / units)			
	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017	Change	Growth (%)
TA-Q-BIN	1,437	1,445	7	0.5
Kuroneko DM-Bin	1,147	1,111	(36)	(3.1)

- 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. During the nine months ended December 31, 2017, we have revised TA-Q-BIN basic fees in October. Moreover, we have issued requests to our large-lot corporate clients that include asking that they adjust their shipping schedules and cut down on re-deliveries, and at the same time we are making progress in negotiating review of our rates with respect to our corporate clients. Accordingly, many of our clients have already shown their understanding and willingness to cooperate in this regard, and we continue engaging in such dialogue with corporate clients with whom negotiations have been underway.

- c. Given expectations for growth in the 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 at reasonable fees, and proceeded with offering a greater number of drop-off points for sending by collaborating with multiple flea market websites. During the nine months ended December 31, 2017, 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.
- 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 nine months ended December 31, 2017, 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. During the nine months ended December 31, 2017, operating revenue increased amid a higher TA-Q-BIN unit price as a result of adequate pricing, despite 4.5% negative growth in TA-Q-BIN delivery volume. As a result, operating revenue amounted to 921,792 million yen for the nine months ended December 31, 2017, up 3.9% from the year-ago period.
- g. During the nine months ended December 31, 2017, operating profit has remained on path to recovery amid increasing expenses largely as a consequence of promoting our focus on “reforming working styles.” As a result, operating profit amounted to 9,696 million yen for the nine months ended December 31, 2017, down 73.2% from the year-ago period.

● 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 nine months ended December 31, 2017, 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 nine months ended December 31, 2017, results were firm due to an increase in use of such services among newly gained customers.

- d. Operating revenue amounted to 89,479 million yen, up 13.6% from the year-ago period due to favorable results from existing services for e-commerce business operators. As for profits, the segment posted operating profit of 3,057 million yen, down 6.5% from the year-ago period due to increased costs of outsourcing work in some services such as overseas relocations.

● **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 nine months ended December 31, 2017, 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" heading toward the season of year-end demand.
- 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 nine months ended December 31, 2017, we have steadily worked on receiving orders for office relocations.
- d. Operating revenue amounted to 35,344 million yen, up 2.4% from the year-ago period, due mainly to favorable results with respect to use of our "Raku Raku Household TA-Q-BIN" service and "Comfortable Lifestyle Support Service," in addition to orders received for one-off business. As for profits, the segment posted operating loss of 300 million yen, despite an improvement of 163 million yen 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 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 nine months ended December 31, 2017, 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 nine months ended December 31, 2017, use of such services increased among newly gained customers and existing customers.
- d. Operating revenue amounted to 35,168 million yen, up 4.1% 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 8,382 million yen, up 15.1% 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 nine months ended December 31, 2017, 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 proceeded to combine operations that involve performing calculations with respect to our various payment settlement services, with the aims of slashing customer costs, streamlining operations and heightening convenience.
- 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 62,546 million yen, up 7.8% from the year-ago period, mainly due to favorable results in the lease services business, although delivery volume of our mainstay service “TA-Q-BIN Collect” declined mainly due to shrinking market for cash-on-delivery. Operating profit was 6,326 million yen, up 1.4% from the year-ago period.

● 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 nine months ended December 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 18,472 million yen, down 0.5% from the year-ago period largely as a result of sluggish sales of vehicle equipment. Operating profit was 3,518 million yen, up 24.6% from the year-ago period.

● 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 nine months ended December 31, 2017, 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 6.0% from the year-ago period to 1,830 million yen.

CSR Initiatives

- a. The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. During the nine months ended December 31, 2017, 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 nine months ended December 31, 2017, we have been promoting our “combined passenger-cargo” operations using scheduled-route passenger buses in Iwate prefecture, Miyazaki prefecture, Hokkaido, Kumamoto prefecture, Hyogo prefecture, Nagano prefecture, Wakayama prefecture, and Tokushima prefecture, 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. We have also initiated verification trial runs of “combined passenger-cargo” operations using railway through cooperation with the railroad corporation in Gifu prefecture. 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 2,041 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) Explanation of financial position

(Assets, liabilities and net assets)

Total assets were 1,150,746 million yen as of December 31, 2017, up 36,074 million yen from the end of the previous fiscal year. The major factors in this were increases in notes and accounts receivable - trade of 68,071 million yen and investment securities of 8,115 million yen, despite a decrease of 59,501 million yen in cash and deposits.

Liabilities increased 22,268 million yen to 591,381 million yen from the end of the previous fiscal year. The increase was largely attributable to a 38,394 million yen increase in notes and accounts payable - trade, despite a 16,827 million yen decrease in loans payable.

Total net assets were 559,365 million yen, up 13,806 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings of 6,782 million yen due to the recording of profit attributable to owners of parent of 17,429 million yen and payment of dividends of surplus of 10,645 million yen.

Accordingly, the equity ratio changed to 48.0% from the previous fiscal year's 48.4%.

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

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.

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." During the nine months ended December 31, 2017, our financial performance has remained on a path to recovery as results begin to emerge with respect to changes in our earnings structure, particularly as a result of our efforts entailing negotiations with our corporate clients largely involving TA-Q-BIN delivery volumes and review of our rates.

Through reforms currently underway, we are working to keep achieving sustainable growth and enhance profitability in order to improve corporate value going forward.

The Yamato Group has made changes to the consolidated earnings forecasts for the full fiscal year ending March 31, 2018, from the previous announcement made on October 31, 2017, upon having taken into account results of the nine months ended December 31, 2017.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	230,128	170,627
Notes and accounts receivable - trade	208,130	276,202
Accounts receivable - installment	46,141	48,266
Lease investment assets	50,777	52,740
Merchandise and finished goods	739	651
Work in process	216	314
Raw materials and supplies	1,818	1,871
Other	49,839	61,183
Allowance for doubtful accounts	(1,282)	(1,230)
Total current assets	586,510	610,626
Non-current assets		
Property, plant and equipment		
Buildings and structures	341,134	341,071
Accumulated depreciation	(196,244)	(201,281)
Buildings and structures, net	144,889	139,789
Vehicles	194,073	203,093
Accumulated depreciation	(177,671)	(182,547)
Vehicles, net	16,401	20,545
Land	178,620	178,263
Lease assets	16,448	15,891
Accumulated depreciation	(8,446)	(8,938)
Lease assets, net	8,001	6,953
Other	158,810	168,341
Accumulated depreciation	(101,653)	(105,133)
Other, net	57,157	63,207
Total property, plant and equipment	405,070	408,759
Intangible assets	21,671	19,764
Investments and other assets		
Investment securities	54,281	62,397
Other	47,916	50,060
Allowance for doubtful accounts	(778)	(861)
Total investments and other assets	101,420	111,596
Total non-current assets	528,162	540,119
Total assets	1,114,672	1,150,746

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	155,736	194,130
Short-term loans payable	60,974	51,846
Lease obligations	2,427	2,286
Income taxes payable	14,399	10,138
Deferred installment income	6,010	6,028
Provision for bonuses	31,948	11,919
Provision for special wage payments	15,129	—
Other	85,222	122,196
Total current liabilities	371,848	398,547
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	89,900	82,200
Lease obligations	4,866	3,757
Net defined benefit liability	70,952	72,600
Other	11,545	14,275
Total non-current liabilities	197,264	192,833
Total liabilities	569,113	591,381
Net assets		
Shareholders' equity		
Capital stock	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	409,270	416,053
Treasury shares	(39,077)	(39,080)
Total shareholders' equity	534,241	541,020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,975	15,369
Foreign currency translation adjustment	(422)	139
Remeasurements of defined benefit plans	(5,614)	(4,399)
Total accumulated other comprehensive income	4,938	11,110
Non-controlling interests	6,379	7,234
Total net assets	545,559	559,365
Total liabilities and net assets	1,114,672	1,150,746

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

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Operating revenue	1,118,143	1,171,775
Operating cost	1,024,925	1,101,017
Operating gross profit	93,218	70,758
Selling, general and administrative expenses	35,154	38,626
Operating profit	58,063	32,131
Non-operating income		
Interest income	114	98
Dividend income	675	820
Other	801	883
Total non-operating income	1,592	1,803
Non-operating expenses		
Interest expenses	323	213
Share of loss of entities accounted for using equity method	492	907
Other	575	435
Total non-operating expenses	1,392	1,556
Ordinary profit	58,263	32,378
Extraordinary income		
Gain on sales of non-current assets	156	155
Gain on sales of investment securities	200	477
Total extraordinary income	357	633
Extraordinary loss		
Loss on retirement of non-current assets	150	176
Impairment loss	595	1,653
Disaster recovery expenses for the Kumamoto Earthquake	878	—
Other	3	—
Total extraordinary loss	1,628	1,829
Profit before income taxes	56,992	31,182
Income taxes	21,061	13,442
Profit	35,930	17,739
Profit attributable to non-controlling interests	210	309
Profit attributable to owners of parent	35,719	17,429

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	35,930	17,739
Other comprehensive income		
Valuation difference on available-for-sale securities	2,154	5,033
Foreign currency translation adjustment	(4,469)	562
Remeasurements of defined benefit plans, net of tax	2,060	1,214
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(254)	6,810
Comprehensive income	35,676	24,549
(Breakdown)		
Comprehensive income attributable to owners of parent	35,252	23,602
Comprehensive income attributable to non-controlling interests	424	947

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

Not applicable.

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

Not applicable.

(Changes in scope of consolidation and equity method application)

Material changes in scope of consolidation

YAMATO (CHINA) CO., LTD. is included in the scope of consolidation effective from the first quarter ended June 30, 2017, due to being newly established by the Company.

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

Calculation of tax expenses

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

(Segment information, etc.)

[Segment information]

I For the nine months ended December 31, 2016

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

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
(1) Operating revenue from customers	887,270	78,801	34,517	33,772	58,018
(2) Inter-segment operating revenue or transfers	50,070	10,307	11,342	25,959	2,293
Total	937,340	89,109	45,860	59,732	60,312
Segment profit (loss)	36,237	3,269	(463)	7,282	6,240

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated statement of income (Note 4)
Operating revenue					
(1) Operating revenue from customers	18,557	7,205	1,118,143	—	1,118,143
(2) Inter-segment operating revenue or transfers	22,105	54,379	176,458	(176,458)	—
Total	40,663	61,584	1,294,601	(176,458)	1,118,143
Segment profit (loss)	2,824	35,581	90,971	(32,908)	58,063

- 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. The adjustment of segment profit resulted from eliminating transactions among segments, etc.
4. We made an adjustment between segment profit and operating profit in the consolidated statement of income.

2. Information regarding impairment losses of non-current assets or goodwill, etc. by reportable segment
(Significant impairment loss on non-current assets)

In the BIZ-Logistics segment, the Company has decreased the book value of an asset group with diminished profitability to the recoverable value, and has accordingly recorded an impairment loss of 595 million yen for the nine months ended December 31, 2016.

II For the nine months ended December 31, 2017

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

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
(1) Operating revenue from customers	921,792	89,479	35,344	35,168	62,546
(2) Inter-segment operating revenue or transfers	52,411	10,942	11,193	29,523	2,175
Total	974,204	100,421	46,538	64,691	64,722
Segment profit (loss)	9,696	3,057	(300)	8,382	6,326

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated statement of income (Note 4)
Operating revenue					
(1) Operating revenue from customers	18,472	8,971	1,171,775	—	1,171,775
(2) Inter-segment operating revenue or transfers	23,897	37,592	167,736	(167,736)	—
Total	42,369	46,564	1,339,512	(167,736)	1,171,775
Segment profit (loss)	3,518	17,461	48,142	(16,010)	32,131

- 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. The adjustment of segment profit resulted from eliminating transactions among segments, etc.
4. We made an adjustment between segment profit and operating profit in the consolidated statement of income.

2. Information regarding impairment losses of non-current assets or goodwill, etc. by reportable segment (Significant impairment loss on non-current assets)

In the Delivery segment and BIZ-Logistics segment, the Company has decreased the book value of asset groups with diminished profitability to the recoverable values, and has accordingly recorded impairment losses of 967 million yen and 685 million yen, respectively, for the nine months ended December 31, 2017.

3. Supplementary Information

Operating revenue by business

Business segment		For the nine months ended December 31, 2016		For the nine months ended December 31, 2017		Change (%)	Fiscal year ended March 31, 2017	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)		Amount (Millions of yen)	Ratio (%)
Delivery	TA-Q-BIN	811,757	72.6	845,346	72.1	4.1	1,047,668	71.4
	Kuroneko DM-Bin	63,818	5.7	62,409	5.3	(2.2)	85,383	5.8
	Express	32,083	2.9	32,092	2.7	0.0	42,272	2.9
	Others	73,378	6.6	78,377	6.7	6.8	99,497	6.8
	Eliminations	(93,768)	(8.4)	(96,433)	(8.2)	2.8	(123,793)	(8.4)
	Total	887,270	79.4	921,792	78.7	3.9	1,151,028	78.5
BIZ-Logistics	Trading logistics service	24,651	2.2	28,401	2.4	15.2	35,583	2.4
	Sales and Logistics	30,161	2.7	34,549	2.9	14.5	40,390	2.8
	Multi maintenance	9,999	0.9	10,868	0.9	8.7	13,916	0.9
	Products Logistics	3,250	0.3	3,575	0.3	10.0	4,390	0.3
	Others	32,677	2.9	35,517	3.0	8.7	43,637	3.0
	Eliminations	(21,939)	(2.0)	(23,431)	(2.0)	6.8	(29,275)	(2.0)
	Total	78,801	7.0	89,479	7.6	13.6	108,643	7.4
Home Convenience	Home convenience	28,809	2.6	29,814	2.5	3.5	42,016	2.9
	Business convenience	14,217	1.3	13,384	1.1	(5.9)	17,847	1.2
	Technical Network	2,870	0.3	3,380	0.3	17.8	3,951	0.3
	Eliminations	(11,378)	(1.1)	(11,235)	(1.0)	(1.3)	(14,651)	(1.0)
	Total	34,517	3.1	35,344	3.0	2.4	49,163	3.4
e-Business	e-logistics solution	8,684	0.8	9,229	0.8	6.3	11,465	0.8
	Credit card solution	7,066	0.6	7,379	0.6	4.4	9,711	0.7
	IT operating*	5,073	0.5	5,249	0.4	3.5	6,834	0.5
	Web-based mail order solution	4,474	0.4	4,416	0.4	(1.3)	5,625	0.4
	Others	40,607	3.6	41,346	3.5	1.8	53,954	3.7
	Eliminations	(32,133)	(2.9)	(32,453)	(2.8)	1.0	(41,952)	(2.9)
	Total	33,772	3.0	35,168	3.0	4.1	45,639	3.1
Financial	Payment	28,124	2.5	27,066	2.3	(3.8)	37,403	2.5
	Lease	26,640	2.4	30,098	2.6	13.0	36,040	2.5
	Credit & Finance	2,784	0.2	2,851	0.2	2.4	3,650	0.2
	Others	2,824	0.3	4,766	0.4	68.8	4,021	0.3
	Eliminations	(2,355)	(0.2)	(2,236)	(0.2)	(5.1)	(3,131)	(0.2)
	Total	58,018	5.2	62,546	5.3	7.8	77,985	5.3
Autoworks	Truck solution	36,782	3.3	37,687	3.2	2.5	47,472	3.2
	Others	5,859	0.5	6,756	0.6	15.3	7,888	0.5
	Eliminations	(24,084)	(2.1)	(25,971)	(2.2)	7.8	(30,746)	(2.1)
	Total	18,557	1.7	18,472	1.6	(0.5)	24,613	1.7
Other	JITBOX Charter service	6,726	0.6	7,650	0.7	13.7	9,126	0.6
	Others	57,000	5.1	41,382	3.5	(27.4)	63,984	4.4
	Eliminations	(56,521)	(5.1)	(40,062)	(3.4)	(29.1)	(63,333)	(4.3)
	Total	7,205	0.6	8,971	0.8	24.5	9,777	0.7
	Total	1,118,143	100.0	1,171,775	100.0	4.8	1,466,852	100.0

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