

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 <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: August 13, 2019
 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 rounded down.)

1. Consolidated financial results for the first quarter of fiscal year 2020 (cumulative: from April 1, 2019 to June 30, 2019)

(1) Consolidated operating results

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended								
June 30, 2019	381,726	0.3	(6,100)	—	(9,323)	—	(9,747)	—
June 30, 2018	380,690	7.1	9,578	—	9,429	—	2,638	—

(Note) Comprehensive income: For the three months ended June 30, 2019: (10,534) million yen (— %)
 For the three months ended June 30, 2018: 2,486 million yen (— %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended		
June 30, 2019	(24.72)	—
June 30, 2018	6.69	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2019	1,100,227	556,376	49.9
March 31, 2019	1,123,659	573,388	50.4

(Reference) Equity: As of June 30, 2019: 549,035 million yen As of March 31, 2019: 565,841 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	14.00	—	14.00	28.00
Fiscal 2020	—				
Fiscal 2020 (Forecast)		15.00	—	16.00	31.00

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

3. Consolidated earnings forecasts for fiscal year 2020 (from April 1, 2019 to March 31, 2020)

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of the Parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	807,000	2.3	12,000	(48.8)	9,000	(60.5)	1,000	(90.0)	2.54
Full year	1,695,000	4.3	72,000	23.4	69,000	27.2	38,000	48.0	96.38

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

* Notes

(1) Changes in significant subsidiaries during the three 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.: Yes
- b. Changes other than a: None
- c. Changes in accounting estimates: None
- d. Restatement: None

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

(4) Number of issued shares (common shares)

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

As of June 30, 2019:	411,339,992 shares
As of March 31, 2019:	411,339,992 shares
- b. Number of treasury shares as at the end of the period

As of June 30, 2019:	17,065,587 shares
As of March 31, 2019:	17,065,526 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended June 30, 2019:	394,274,405 shares
For the three months ended June 30, 2018:	394,275,707 shares

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

*Proper use of earnings forecasts and other noteworthy events

- Descriptions of the above financial projections and other data are based on information currently available to the Company and certain assumptions that the Company considers to be reasonable. Actual financial results may differ significantly from the projections for various reasons. For points to note when using such assumptions and financial projections, please see "1. Qualitative Information on Settlement of Accounts for the three 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 post supplementary materials on quarterly financial results on the Company's website promptly after the announcement of the quarterly financial results.

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

(1) Explanation of operating results

During the three months ended June 30, 2019, the economic environment was plagued by ongoing uncertainties ahead due to factors that have included effects of political trends overseas, yet economy has been gradually recovering amid underlying strengths in corporate earnings. Moreover, the logistics industry continues to face a severe business environment due to an upward trend with respect to small parcel volume by expansion of the e-commerce market brought about by rapidly changing styles of consumption and tightening of the domestic labor market.

Under such circumstances, the Yamato Group has been striving to enhance its management foundations in order to continue achieving sustainable growth and thereby enable the Group to keep providing high-quality services based on “KAIKAKU 2019 for NEXT100” medium-term management plan, which while “Work Style Reform” 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 initiatives to rebuild our “last one mile” network that include adequate pricing initiatives and enhancement of collection and delivery structure to live up to the trust and expectations of customers in order to regain profitability and expand collection and delivery capacity.

In the non-delivery businesses, we took steps to expand our existing service offerings by enlisting the strengths of the Group companies, while also strengthening account management on a Group-wide basis as we aggressively promoted solution sales for addressing customers’ business challenges.

Our consolidated financial results for the three months ended June 30, 2019 are as follows.

Item	(Millions of yen)			
	For the three months ended June 30, 2018	For the three months ended June 30, 2019	Change	Growth (%)
Operating revenue	380,690	381,726	1,036	0.3
Operating profit	9,578	(6,100)	(15,679)	–
Ordinary profit	9,429	(9,323)	(18,753)	–
Profit attributable to owners of the Parent	2,638	(9,747)	(12,386)	–

As mentioned above, operating revenue amounted to 381,726 million yen, up 1,036 million yen from the previous year. This is largely attributable to an increase in the TA-Q-BIN unit price, amid promotion of structural reforms in the Delivery Business. Operating expenses amounted to 387,827 million yen, up 16,715 million yen from the previous year. This is largely attributable to an increase in personnel expenses and despite a decrease in commission expenses, mainly as a result of having increased the workforce looking toward building collection and delivery structure.

As a result, operating loss amounted to 6,100 million yen, a deterioration of 15,679 million yen from the previous year.

Ordinary loss amounted to 9,323 million yen, a deterioration of 18,753 million yen from the previous year, mainly as a result of an increase of 2,924 million yen in share of loss of entities accounted for using equity method due to impairment of goodwill relating to the affiliates overseas.

As a result, loss attributable to owners of the Parent amounted to 9,747 million yen, a deterioration of 12,386 million yen from the previous year.

Initiatives for the entire Yamato Group

- ① The Yamato Group has been taking steps on a Group-wide basis to develop an vibrant working environment, which is more “employee-friendly” and “rewarding,” centered on the “Office for Work Style

Reform” 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 “Work Style Reform” 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 competitiveness 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.

- ② We continued to drive initiatives for a robust corporate culture. We worked on enhancing efficiency and credibility in operations, by improving our transport structure and digital technologies to enable visual monitoring of operating volumes. We actively engaged in ESG-related initiatives for achieving sustainable growth, which has involved implementing safety and environmental measures, undertaking efforts to prosper communities, and taking drastic and comprehensive measures to rebuild Group governance.
- ③ 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 effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Okinawa International Logistics Hub,” and respective gateways linking major cities in the Kanto, Chubu, and Kansai regions, in addition to our existing “last one mile” network, and will also strengthen account management on a Group-wide basis.
- ④ In our business looking toward global markets, we have been working to collaborate among five regions, Japan, East Asia, South East Asia, Europe and the Americas. Meanwhile, we have also been strengthening our capabilities in each geographic region to respond to the growth of cross-border logistics, and have also been taking steps to strengthen management of our businesses that involve global operations. In addition, we have been actively promoting efforts to build cross-border networks that provide substantial added value by leveraging our certification under international standards pertaining to small parcel chilled and frozen goods delivery services, such that has already been acquired by eight Yamato Group companies.
- ⑤ With the aim of improving customer convenience particularly in the e-commerce market, we have been continuously working to establish an environment that ensures customers ease in picking up and sending their parcels. We have been actively promoting efforts to build an open-type network of parcel lockers, and have worked on other efforts for the development of next-generation logistics services including utilization of automated driving technologies. Moreover, in order for addressing social issues such as the intensifying labor shortage, and better responding to the rapidly expanding e-commerce demand, we have been engaging in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in carrying out structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.

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 three months ended June 30, 2018	For the three months ended June 30, 2019	Change	Growth (%)
TA-Q-BIN	418	419	1	0.3
Kuroneko DM-Bin	339	273	(66)	(19.5)

- ① In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people’s lives.
- ② Amid a severe business environment due to an upward trend with respect to small parcel volume by expansion of the e-commerce market brought about by rapidly changing styles of consumption and tightening of the domestic labor market, during the three months ended June 30, 2019, we continued to promote our initiatives to rebuild our “last one mile” network that include adequate pricing initiatives and enhancement of collection and delivery structure to live up to the trust and expectations of customers in order to regain profitability and expand collection and delivery capacity. In addition, we have been

engaging in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in carrying out structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.

- ③ In the growing e-commerce market, we have been expanding sales of the “TA-Q-BIN Compact” and “Nekopos” services which enable customers to send small parcels simply in respond to diversifying needs brought about by changing customer lifestyles, and have proceeded with offering a greater number of drop-off points for sending parcels by collaborating with multiple flea market websites. During the three months ended June 30, 2019, we have been working in conjunction with flea market websites and e-commerce companies to provide greater convenience by developing a service environment where individual customers ship merchandise from convenience stores and PUDO station open-type parcel lockers. Moreover, we have been offering a service environment enabling customers who have purchased a product to specify either a business office of Yamato Transport Co., Ltd., a convenience store or a PUDO station as a location for pick-up, and we have opened a “Kuroneko Stand” self-operated store where customers are able to pick up and drop off parcels anytime 24 hours a day, 365 days a year.
- ④ 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 strengthen account management on a Group-wide basis and boost profitability by making proposals that provide high added value using the Group’s business resources.
- ⑤ We have been taking steps to improve services for residents geared toward resolving issues facing communities. In part, this has involved collaborating with numerous municipalities and companies in efforts that entail helping those who have difficulties doing their shopping and helping to watch over elderly residents. Moreover, we have also been helping to revitalize local industry particularly through initiatives that involve supporting tourism and helping to expand sales channels for locally produced products.
- ⑥ Operating revenue amounted to 303,946 million yen, up 1.6% from the previous year owing to a higher TA-Q-BIN unit price amid promotion of structural reforms in the Delivery Business. As for profits, operating loss amounted to 9,817 million yen, a deterioration of 16,004 million yen from the previous year due to increasing expenses related to our reform initiatives and other factors.

● BIZ-Logistics

- ① In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- ② For e-commerce, we are offering various one-stop services including placing and accepting orders, visual monitoring of inventories for customers and enabling speedier shipments. Moreover, we have been providing services to medical device-related business operators that help such customers revolutionize logistics through our comprehensive support extending beyond delivery to encompass cleaning, maintaining and relending surgical equipment returned by hospitals. During the three months ended June 30, 2019, we promoted efforts to increase sales of this service, particularly among our existing customers.
- ③ Operating revenue amounted to 34,703 million yen, down 6.4% from the previous year mainly as a result of maintenance and recall services falling back from the previous fiscal year. Operating profit amounted to 792 million yen, down 29.1% from the previous year mainly as a result of having incurred upfront expenses to achieve business growth.

● Home Convenience

- ① Given the situation where there were inappropriately billings to corporate clients for moving-related services provided to their employees, Home Convenience Business has been taking steps to prevent a recurrence of such incidents through efforts that have included improving the organizational framework, comprehensively inspecting all moving-related services, fundamentally overhauling the moving business, and revamping product design.

- ② Operating revenue amounted to 6,783 million yen, down 25.6% from the previous year. The decrease was due to having stopped all moving-related services, including those involving individual customers. As for profits, the segment posted an operating loss of 2,991 million yen.

● e-Business

- ① In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology to accelerate growth of the Yamato Group businesses. In addition to the conventional information technologies, we are promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations.
- ② We have been offering the “Certified Web Retrieval Service” for the financial industry which enables subscribers to safely and simply submit documentation. The service helps our customers streamline their administrative operations by enabling service subscribers to use their smartphones, personal computers and other such devices to upload identification papers and other documents necessary when completing application processes. During the three months ended June 30, 2019, we actively expanded sales of the service to the banking and insurance industry, and use of this service increased.
- ③ Operating revenue amounted to 6,782 million yen, up 9.0% from the previous year mainly as a result of our having expanded sales of “Certified Web Retrieval Service” and our “Information Technology Asset Management Service” that provides comprehensive support encompassing everything from procurement of personal computers and other IT assets to management of such assets. Operating profit was 1,958 million yen, up 0.4% from the previous year.

● Financial

- ① In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products, business-to-business transaction settlement, and vehicle leasing.
- ② With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service, “Kuroneko Pay After Delivery Services” and our e-money settlement services. During the three months ended June 30, 2019 we have been taking steps to expand sales of our “Raku-uru Cart” service. This service helps business operators newly enter the e-commerce market, which is necessary for expansion going forward, by providing one-stop support in terms of shopping cart function, payment settlement and delivery services. Moreover, we also enhanced functionality of our “Kuroneko Pay After Delivery Services” with launch of the “smartphone-based payment” feature that enables users to select from various payment options displayed on their smartphone device after having received products, which is in addition to the already available “payment slip-based payment” feature whereby a payment slip is sent by postal mail to the customer who has made a purchase.
- ③ Operating revenue amounted to 19,358 million yen, down 2.3% from the previous year mainly due to a decrease in “TA-Q-BIN Collect” delivery volume due to a shrinking market for cash-on-delivery brought about by changing payment settlement needs, and despite increases in the use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery Services.” Operating profit amounted to 1,697 million yen, down 0.7% from the previous year.

● Autoworks

- ① In the Autoworks Business, we provide value to logistics operations and logistics service providers in the form of “improvement of vehicle maintenance convenience” and “reduced maintenance expenses,” as well as services that help our customers improve their asset utilization ratios, by adding options of “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets.

- ② During the three months ended June 30, 2019, we achieved greater use of maintenance services as a result of having carried out initiatives to increase sales of such services through close communication with customers.
- ③ Operating revenue amounted to 6,379 million yen, up 5.4% from the previous year largely as a result of an increase in the number of vehicles serviced. Operating profit was 1,433 million yen, up 14.8% from the previous year mainly due to progress made in streamlining business processes, particularly in terms of standardizing and enabling visual monitoring of business operations by introducing production methods of manufacturers.

- **Other**

- ① The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the three months ended June 30, 2019, service use grew steadily due to favorable results with respect to existing services.
- ② Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 60.8% from the previous year to 406 million yen.

ESG Initiatives

- ① The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. Accordingly, its transport safety management practices in that regard involve drawing up its Safety Management Regulations, building up its transport safety management systems, and formulating fiscal year plans, all centered on respective Group companies whose main operations involve transport. During the three months ended June 30, 2019, the entire Yamato Group including its overseas operations carried out the “Zero Traffic Accidents Campaign” in order to improve safety awareness 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 3.34 million people have now participated.
- ② 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 the Group-wide initiatives with respect to “Work Style Reform” 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.
- ③ The Yamato Group will continue to carry out drastic and comprehensive measures to rebuild Group governance, with the aim of enhancing sound Group management, with efforts being spearheaded by our “Group Governance Project.” During the three months ended June 30, 2019, in order to foster a sense of ethics throughout the Group, further instill our corporate philosophy, and promote such practices in our operations, we partially revised our Corporate Stance which constitutes our corporate philosophy, our Employee Code of Conduct, and other such documents, and continued to implement ethics education for all of our employees, carrying on from the previous fiscal year.
- ④ The Yamato Group recognizes climate change, air pollution, depletion of resources, and loss of biodiversity as important issues to address in order to realize a sustainable society. We have been implementing measures to address climate change by shifting to use of vehicles that produce lower carbon dioxide emissions, introducing small commercial-use EV trucks to our fleets, and handling collection and delivery in a manner that does not involve use of automobiles. 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.
- ⑤ Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on the concept of “Creating Shared Value (CSV).” During the three months ended June 30, 2019, we promoted our “combined passenger-cargo” operations using scheduled-route passenger buses and railways, thereby helping to improve lifestyle services for local residents by keeping

scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. With the aim of stimulating the economies of local regions while improving convenience for tourists, particularly for the increasing numbers of overseas visitors, etc., we promoted initiatives involving our hands-free travel service which has entailed expanding our offerings to include baggage check services and same-day delivery of tourists' luggage to their lodging facilities. For residents of suburban housing complexes which are undergoing changes with respect to people's life stages, we have been providing support for community development geared to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf. We have been working with government bodies 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 locally produced products in respective regions throughout Japan. We are currently involved in 1,023 initiatives now being implemented or otherwise under discussion.

- ⑥ Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can freely enjoy a lifestyle as a member of each community. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such as actively employing them 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.

(2) Explanation of financial position

Total assets were 1,100,227 million yen as of June 30, 2019, down 23,432 million yen from the end of the previous fiscal year. The decrease was largely attributable to a 29,409 million yen decrease in cash and deposits, despite an increase in income taxes receivable of 7,756 million yen.

Liabilities decreased 6,420 million yen to 543,850 million yen from the end of the previous fiscal year. The decrease was largely attributable to a 20,563 million yen decrease in provision for bonuses, a 18,331 million yen decrease in income taxes payable due to the payment of income taxes, and a 15,199 million yen decrease in notes and accounts payable - trade, despite a 53,822 million yen increase in accrued expenses mainly as a result of having recognized scheduled payments of summer bonuses.

Total net assets were 556,376 million yen, down 17,012 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in retained earnings of 16,145 million yen due to the recording of loss attributable to owners of the Parent of 9,747 million yen and payment of dividends of surplus of 5,519 million yen.

Accordingly, the equity ratio changed to 49.9% from 50.4% of the previous fiscal year.

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

Going forward, the economic environment is likely to be plagued by ongoing uncertainties ahead due to factors such as effects of political trends overseas, yet economy has been gradually recovering amid underlying strengths in corporate earnings. Meanwhile, the severe business environment affecting the logistics industry is likely to persist amid factors that include further tightening of the domestic labor market, amid a continued upward trend with respect to small parcel volume brought about by rapidly changing styles of consumption and other such trends.

In that environment, the Yamato Group will place a management focus on "Work Style Reform" and endeavor to improve and develop the working environment, while in the Delivery Business promoting its "structural reforms in the Delivery Business." Meanwhile, we will persist with ongoing efforts that involve expanding collection and delivery capacity by promoting initiatives to rebuild our "last one mile" network and engaging in adequate pricing initiatives. In addition, we will expand our revenue base by strengthening account management on a Group-wide basis and promoting solution sales geared toward addressing customers' business challenges. As for expenditures, we will focus on controlling costs in line with operating volumes despite the likelihood of increases in outlays associated with our reform initiatives. The consolidated earnings forecasts reflect the effects of the current suspension of moving-related services by our consolidated subsidiary Yamato Home Convenience Co., Ltd.

The Yamato Group has made changes to the consolidated earnings forecasts for the half year and for the full year of the fiscal year ending March 31, 2020 since the announcement made on April 26, 2019.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	195,954	166,545
Notes and accounts receivable - trade	220,159	219,989
Accounts receivable - installment	44,802	45,027
Lease receivables and investments in leases	54,537	54,692
Merchandise and finished goods	642	683
Work in process	194	213
Raw materials and supplies	2,410	2,161
Other	33,032	41,355
Allowance for doubtful accounts	(1,475)	(1,455)
Total current assets	550,258	529,212
Non-current assets		
Property, plant and equipment		
Buildings and structures	352,141	353,612
Accumulated depreciation	(204,191)	(205,828)
Buildings and structures, net	147,950	147,784
Vehicles	208,031	210,280
Accumulated depreciation	(183,835)	(185,563)
Vehicles, net	24,195	24,716
Land	175,995	175,995
Leased assets	31,537	31,516
Accumulated depreciation	(9,531)	(9,495)
Leased assets, net	22,006	22,021
Other	167,940	168,522
Accumulated depreciation	(109,170)	(110,537)
Other, net	58,769	57,985
Total property, plant and equipment	428,918	428,504
Intangible assets	20,624	21,000
Investments and other assets		
Investment securities	54,013	48,215
Other	70,847	74,406
Allowance for doubtful accounts	(1,002)	(1,112)
Total investments and other assets	123,858	121,509
Total non-current assets	573,401	571,014
Total assets	1,123,659	1,100,227

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	158,938	143,738
Short-term borrowings	60,800	55,800
Lease obligations	2,791	3,613
Income taxes payable	23,747	5,415
Deferred installment income	5,341	5,181
Provision for bonuses	35,844	15,280
Other	122,961	174,531
Total current liabilities	410,423	403,560
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	19,500	19,500
Lease obligations	20,142	20,472
Retirement benefit liability	74,508	75,109
Other	15,696	15,207
Total non-current liabilities	139,847	140,289
Total liabilities	550,270	543,850
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	431,497	415,351
Treasury shares	(39,085)	(39,085)
Total shareholders' equity	556,459	540,314
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,975	11,250
Foreign currency translation adjustment	(515)	194
Remeasurements of defined benefit plans	(3,078)	(2,722)
Total accumulated other comprehensive income	9,381	8,721
Non-controlling interests	7,547	7,341
Total net assets	573,388	556,376
Total liabilities and net assets	1,123,659	1,100,227

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

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Operating revenue	380,690	381,726
Operating cost	358,649	374,114
Operating gross profit	22,041	7,612
Selling, general and administrative expenses	12,462	13,713
Operating profit (loss)	9,578	(6,100)
Non-operating income		
Interest income	33	38
Dividend income	376	399
Other	285	251
Total non-operating income	695	689
Non-operating expenses		
Interest expenses	60	96
Share of loss of entities accounted for using equity method	468	3,393
Other	315	422
Total non-operating expenses	844	3,911
Ordinary profit (loss)	9,429	(9,323)
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	37	—
Total extraordinary income	37	1
Extraordinary losses		
Loss on retirement of non-current assets	56	45
Impairment loss	820	45
Loss on valuation of investment securities	0	0
Other	0	—
Total extraordinary losses	877	91
Profit (loss) before income taxes	8,589	(9,413)
Income taxes	5,879	257
Profit (loss)	2,709	(9,670)
Profit attributable to non-controlling interests	71	76
Profit (loss) attributable to owners of the Parent	2,638	(9,747)

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Profit (loss)	2,709	(9,670)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,104	(1,978)
Foreign currency translation adjustment	(978)	709
Remeasurements of defined benefit plans, net of tax	(349)	355
Share of other comprehensive income of entities accounted for using equity method	(0)	50
Total other comprehensive income	(223)	(863)
Comprehensive income	2,486	(10,534)
(Breakdown)		
Comprehensive income attributable to owners of the Parent	2,251	(10,407)
Comprehensive income attributable to non-controlling interests	235	(126)

**(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.

(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 first quarter under review.

(Changes in accounting policies)

The Group has applied IFRS 16 Leases to some of its overseas consolidated subsidiaries effective from the beginning of this fiscal year, and as such generally recognizes all leases of a lessee as assets and liabilities. In its application of the accounting standard, the Group has adopted an approach that involves recognizing the cumulative effect of applying the accounting standard at the date of its initial application, as a transitional measure.

In addition, the effect of this application on quarterly consolidated financial statements is immaterial.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2018

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	299,175	37,071	9,114	6,220	19,820
(2) Inter-segment operating revenue or transfers	16,771	2,975	2,854	9,633	736
Total	315,947	40,046	11,968	15,854	20,556
Segment profit (loss)	6,186	1,118	(3,005)	1,951	1,710

	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	6,051	3,236	380,690	—	380,690
(2) Inter-segment operating revenue or transfers	8,127	25,414	66,513	(66,513)	—
Total	14,179	28,651	447,204	(66,513)	380,690
Segment profit (loss)	1,249	18,607	27,818	(18,239)	9,578

Notes: 1. Other includes business-to-business distribution via JITBOX Charter and shared services, etc.

2. Operating revenue in Other includes dividends which the Company received from the Group companies as a pure holding company and the effect of this on operating revenue and segment profit is 18,593 million yen.

3. The adjustment of segment profit resulted from eliminating transactions among segments, etc.

4. An adjustment was made between segment profit and operating profit in the consolidated statement of income.

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

In the Home Convenience 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 820 million yen for the three months ended June 30, 2018.

II For the three months ended June 30, 2019

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

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
(1) Operating revenue from customers	303,946	34,703	6,783	6,782	19,358
(2) Inter-segment operating revenue or transfers	13,705	3,038	2,494	10,478	692
Total	317,652	37,742	9,278	17,261	20,050
Segment profit (loss)	(9,817)	792	(2,991)	1,958	1,697

	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	6,379	3,771	381,726	—	381,726
(2) Inter-segment operating revenue or transfers	7,984	43,806	82,200	(82,200)	—
Total	14,363	47,578	463,926	(82,200)	381,726
Segment profit (loss)	1,433	36,712	29,787	(35,888)	(6,100)

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

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

3. Supplementary Information

Operating revenue by business

Business segment		For the three months ended June 30, 2018		For the three months ended June 30, 2019		Change (%)	Fiscal year ended March 31, 2019	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)		Amount (Millions of yen)	Ratio (%)
Delivery	TA-Q-BIN	274,260	72.0	280,237	73.4	2.2	1,199,084	73.8
	Kuroneko DM-Bin	19,814	5.2	17,260	4.5	(12.9)	73,062	4.5
	Express	10,188	2.7	10,042	2.6	(1.4)	41,615	2.6
	Others	24,862	6.5	23,069	6.0	(7.2)	100,698	6.2
	Eliminations	(29,950)	(7.9)	(26,662)	(7.0)	(11.0)	(117,237)	(7.2)
	Total	299,175	78.6	303,946	79.6	1.6	1,297,222	79.8
BIZ-Logistics	Sales and Logistics *1	13,547	3.6	12,448	3.3	(8.1)	53,137	3.3
	Reverse Logistics *1	5,320	1.4	4,329	1.1	(18.6)	19,982	1.2
	Healthcare Logistics *1	4,526	1.2	4,460	1.2	(1.4)	18,164	1.1
	Trading logistics service	10,252	2.7	9,723	2.5	(5.2)	41,829	2.6
	Others *1	10,519	2.8	10,452	2.7	(0.6)	41,297	2.5
	Eliminations	(7,095)	(1.9)	(6,711)	(1.8)	(5.4)	(26,973)	(1.7)
	Total	37,071	9.7	34,703	9.1	(6.4)	147,437	9.1
Home Convenience	Home convenience *2	11,974	3.1	9,280	2.4	(22.5)	46,040	2.8
	Eliminations	(2,859)	(0.8)	(2,496)	(0.7)	(12.7)	(12,636)	(0.8)
	Total	9,114	2.4	6,783	1.8	(25.6)	33,404	2.1
e-Business	Credit card solution	2,177	0.6	2,657	0.7	22.1	9,373	0.6
	IT operating	1,695	0.4	2,095	0.5	23.6	7,470	0.5
	Web-based mail order solution	1,287	0.3	1,266	0.3	(1.6)	5,844	0.4
	Others	12,692	3.3	12,267	3.2	(3.3)	50,827	3.1
	Eliminations	(11,632)	(3.1)	(11,504)	(3.0)	(1.1)	(46,922)	(2.9)
	Total	6,220	1.6	6,782	1.8	9.0	26,592	1.6
Financial	Payment	7,847	2.1	7,315	1.9	(6.8)	32,162	2.0
	Lease	10,060	2.6	10,020	2.6	(0.4)	40,181	2.5
	Credit & Finance	870	0.2	834	0.2	(4.1)	3,479	0.2
	Others	1,791	0.5	1,894	0.5	5.7	7,056	0.4
	Eliminations	(749)	(0.2)	(706)	(0.2)	(5.8)	(2,913)	(0.2)
	Total	19,820	5.2	19,358	5.1	(2.3)	79,966	4.9
Autoworks	Truck solution	12,666	3.3	12,831	3.4	1.3	50,486	3.1
	Others	2,165	0.6	2,174	0.6	0.4	9,620	0.6
	Eliminations	(8,780)	(2.3)	(8,626)	(2.3)	(1.8)	(34,121)	(2.1)
	Total	6,051	1.6	6,379	1.7	5.4	25,985	1.6
Other	JITBOX Charter service	2,818	0.7	3,261	0.9	15.7	12,609	0.8
	Others	27,514	7.2	45,928	12.0	66.9	51,651	3.2
	Eliminations	(27,096)	(7.1)	(45,417)	(11.9)	67.6	(49,556)	(3.0)
	Total	3,236	0.9	3,771	1.0	16.5	14,705	0.9
Total		380,690	100.0	381,726	100.0	0.3	1,625,315	100.0

Effective from the first quarter of the fiscal year ending March 31, 2020, changes have been made to the business segments, mainly for the purposes of enhancing functions of the respective operations and streamlining management. The principal changes are shown below. Accordingly, the segment information for the three months ended June 30, 2018 and the fiscal year ended March 31, 2019 have been restated to reflect the new classification.

*1. In the BIZ-Logistics segment, the segment information has been changed as follows.

- Sales and Logistics as well as e-Logistics solution are presented as Sales and Logistics.
- Multi maintenance, Technical Network, and Setup and Logistics solution that belonged to Others is presented as Reverse Logistics.
- Medical Logistics and e-On Demand solution that belonged to Others are presented as Healthcare Logistics.
- Products Logistics is included in Others.

*2. In the Home Convenience segment, Business convenience is included in Home convenience.