

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

Company name: Yamato Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange
 Stock code: 9064
 URL: <http://www.yamato-hd.co.jp/>
 Representative: Yutaka Nagao, President
 Contact: Atsushi Kashimoto, Executive Officer, in charge of Financing and Accounting
 Tel: +81-3-3541-4141 (from overseas)

Scheduled date of the submission of quarterly securities report: August 14, 2020
 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 first quarter of fiscal year 2021 (cumulative: from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended								
June 30, 2020	392,015	2.7	9,953	—	10,532	—	3,453	—
June 30, 2019	381,726	0.3	(6,100)	—	(9,323)	—	(9,747)	—

(Note) Comprehensive income: For the three months ended June 30, 2020: 4,627 million yen (— %)
 For the three months ended June 30, 2019: (10,534) million yen (— %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended		
June 30, 2020	9.04	—
June 30, 2019	(24.72)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2020	1,083,474	540,896	49.2
March 31, 2020	1,100,739	562,835	50.4

(Reference) Equity: As of June 30, 2020: 533,253 million yen As of March 31, 2020: 555,173 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	15.00	—	26.00	41.00
Fiscal 2021	—				
Fiscal 2021 (Forecast)		16.00	—	16.00	32.00

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

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

Ordinary dividends: 16.00 yen
 Commemorative dividends: 10.00 yen

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

(Percentages represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	805,000	0.6	24,000	286.2	24,000	779.0	14,000	—	37.12
Full year	1,638,000	0.5	64,000	43.2	63,000	55.1	33,000	47.8	88.28

(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.: 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 June 30, 2020:	411,339,992 shares
As of March 31, 2020:	411,339,992 shares
- b. Number of treasury shares as of the end of the period

As of June 30, 2020:	33,270,666 shares
As of March 31, 2020:	26,124,409 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended June 30, 2020:	381,972,729 shares
For the three months ended June 30, 2019:	394,274,405 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.

Attached Materials
Index

- 1. Qualitative Information on Settlement of Accounts for the Three Months..... 2
 - (1) Explanation of operating results 2
 - (2) Explanation of financial position 8
 - (3) Explanation of consolidated earnings forecasts and other forward-looking statements 8
- 2. Consolidated Financial Statements and Significant Notes Thereto..... 9
 - (1) Consolidated balance sheet 9
 - (2) Consolidated statement of income and consolidated statement of comprehensive income..... 11
 - Consolidated statement of income (cumulative)..... 11
 - Consolidated statement of comprehensive income (cumulative) 12
 - (3) Notes to consolidated financial statements 13
 - (Notes to premise of going concern) 13
 - (Notes on significant changes in the amount of shareholders' equity)..... 13
 - (Changes in scope of consolidation and equity method application) 13
 - (Application of specific accounting for preparing the quarterly consolidated financial statements) 13
 - (Segment information, etc.) 13
- 3. Supplementary Information 15
 - Operating revenue by business..... 15

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

(1) Explanation of operating results

During the first three months ended June 30, 2020, the economic environment deteriorated substantially due to the global spread of the novel coronavirus disease (COVID-19). The outlook for economic recovery both in Japan and overseas remains unknown given uncertainties as to the status of COVID-19 transmission ahead and timing as to when the pandemic might subside. Moreover, in the logistics industry COVID-19 has been spurring accelerated growth in the e-commerce domain due to factors that include consumption from people staying home amid a scenario of changes in lifestyles and the business environment brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education. On the other hand, the industrial business encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Ramifications of this situation with respect to the business environment going forward remain uncertain.

Under such circumstances, the Yamato Group aims to continuously contribute to the realization of a prosperous society by creating a “new logistics ecosystem” that meets the needs of customers and society. To such ends, we are promoting initiatives based on our transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term. These initiatives involve engaging in business transformations encompassing the threefold aims of giving rise to the digital transformation (DX) of TA-Q-BIN, establishing an e-commerce ecosystem, and strengthening the corporate logistics business. These initiatives also involve engaging in infrastructure transformations encompassing the threefold aims of renewing Group management systems, shifting to data-driven management style, and implementing sustainability initiatives. During the three months ended June 30, 2020, we addressed the spread of COVID-19 while striving to continually provide logistics services, including TA-Q-BIN, with the safety of customers and employees as the top priority. We have also been addressing diversifying needs by embarking on efforts to provide new delivery services tailored to the burgeoning e-commerce domain. This has entailed striving to identify issues encountered by our customers due to changes in lifestyles and the business environment. We have also been working to address customers’ business challenges. This has entailed strengthening account management on a Group-wide basis and providing solutions tailored to pharmacies engaged in the remote prescription domain of the telehealth field.

Our consolidated financial results for the three months ended June 30, 2020 are as follows.

Item	(Millions of yen)			
	For the three months ended June 30, 2019	For the three months ended June 30, 2020	Change	Growth (%)
Operating revenue	381,726	392,015	10,288	2.7
Operating profit	(6,100)	9,953	16,054	—
Ordinary profit	(9,323)	10,532	19,856	—
Profit attributable to owners of parent	(9,747)	3,453	13,201	—

For the three months ended June 30, 2020, operating revenue amounted to 392,015 million yen, up 10,288 million yen from the previous year. This is largely attributable to having achieved an increase in the parcel delivery volume as a result of having taken action in the burgeoning e-commerce domain.

For the three months ended June 30, 2020, operating expenses amounted to 382,062 million yen, down 5,765 million yen from the previous year. This is largely attributable to having incurred lower subcontracting expenses as a result of having increased efficiency of collection and delivery through optimal allocation of management resources and having promoted heightened efficiency of our trunk-route transportation. Meanwhile, the decrease in operating expenses was incurred despite an increase in personnel expenses in part as a result of having furnished consolation payments to compensate employees engaged in work on a daily basis so that we are able to maintain logistics services necessary for people’s lives and corporate activities, even under circumstances whereby the government had declared a state of emergency associated with the spread of COVID-19.

As a result, for the three months ended June 30, 2020, operating profit amounted to 9,953 million yen, up 16,054 million yen from the previous fiscal year.

Initiatives for the entire Yamato Group

- ① In response to the spread of COVID-19 and to ensure that customers can use TA-Q-BIN with peace of mind, we have been making sure that employees practice full hygiene management, implementing contact-free deliveries and other infection prevention measures when interacting with customers, using our website and other channels to share information, and continuing to provide logistics services, including TA-Q-BIN.
- ② We have been engaging in reform of the Group management structure geared to achieving sustainable growth, and accordingly promoting initiatives to achieve our three business transformations and three infrastructure transformations, based on our transformation plan “YAMATO NEXT100” which has been formulated to serve as a grand design for management of the Yamato Group over the medium to long term going forward.
- ③ In order to promote “Inclusive Management” that enables personnel to focus more on our customers, we have been shifting to data-driven management style which has involved streamlining and standardizing our logistics operations through digital transformation (DX), and have been giving rise to objective and scientific decision-making largely by implementing demand and operating amount forecasts and making optimal allocations of management resources, on the basis of data analysis.
- ④ In response to social needs, we have been working toward creating a logistics service that caters specifically to the shift to e-commerce by industries and establishing an e-commerce ecosystem in order to capitalize on the high growth potential of e-commerce. More specifically, we have started to provide our new “EAZY” delivery service that improves convenience, safety, and efficiency with respect to purchase, delivery, and pick-up by connecting e-commerce users and e-commerce companies, and delivery service providers across the board in real-time using digital information, through our partnerships with major e-commerce companies.
- ⑤ In order to strengthen corporate logistics business, we have been combining the Group’s management resources for corporate business such as specialist human resources at each Group company, logistics and distribution functions, and the trunk-route transportation network connecting our distribution centers. We have also been promoting initiatives for addressing customers’ business challenges and building a database to provide solutions based on highly accurate, real-time information. Moreover, we have also been strengthening management of our international business, continuing on from the previous fiscal year.
- ⑥ In order to strike a balance between sustainable growth and the development of a sustainable society, we have been promoting sustainability initiatives, and have furthermore been taking steps to address material issues that have been identified with the aim of increasing the efficiency of transportation and providing delivery that is better for the planet, our lifestyles, and the economy, by attentively connecting people with resources and data. This effort has been underpinned by our dual visions in terms of paving the way to a sustainable future, one of which is “Connect. Deliver the Future via Green Logistics.” and the other of which is, “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind.’”
- ⑦ With the aim of revamping the Group’s management structure in order to further enhance a management structure that enables us to confront customer and social needs, we have been promoting development of a framework in order to shift to a management structure comprising four Business Divisions (Retail, Regional Corporate, Global Corporate, and EC), a fully optimized organization structured according to customer segments effective from April 2021, and four Functional Divisions (Transportation, Platform, IT, Professional Service).

Summary of each operating segment

● Delivery

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

Category	(Million parcels / units)			
	For the three months ended June 30, 2019	For the three months ended June 30, 2020	Change	Growth (%)
TA-Q-BIN	419	491	71	17.1
Kuroneko DM-Bin	273	194	(79)	(29.1)

- 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 During the three months ended June 30, 2020, we have been taking steps to ensure consistent operations of our TA-Q-BIN network, with the safety of customers and employees as the top priority in response to the spread of COVID-19. In addition, we have been engaging in streamlining collection and delivery, labor operations and administrative tasks by promoting digitization of our overall logistics operations, and in advancing structural reform of trunk-route transportation for the purpose of optimizing the entire network for streamlining transportation.
- ③ With respect to the burgeoning e-commerce domain, we have started to provide our new "EAZY" delivery service that improves convenience, safety, and efficiency with respect to purchase, delivery, and pick-up by connecting e-commerce users and e-commerce companies, and delivery service providers across the board in real-time using digital information, through our partnerships with major e-commerce companies. Continuing on from the previous fiscal year, we have been continuing to work in conjunction with flea market websites and e-commerce companies to provide greater convenience by developing a service environment where individual customers ship merchandise easily from convenience stores and PUDO station open-type parcel lockers, and offering a service environment enabling customers who have purchased a product to specify either a TA-Q-BIN Center, convenience store or PUDO station as a location for pick-up.
- ④ As for individual customers, we have been taking steps to offer greater convenience by providing services that enable such customers to complete TA-Q-BIN sending procedures using their smartphones, and providing them with access to features such as online payment settlement and anonymous delivery. Meanwhile with respect to corporate clients, we have been promoting initiatives for addressing their business challenges. Such efforts have involved striving to identify issues encountered by our customers due to changes in the business environment and strengthening account management in coordinated efforts of the Group. A specific example of such initiatives is our provision of solutions tailored to pharmacies engaged in the remote prescription domain.
- ⑤ We have been taking steps to improve services for residents geared toward resolving issues facing communities. In part, this has involved collaborating with numerous municipalities and companies in efforts that entail helping those who have difficulties doing their shopping and helping to watch over elderly residents. Moreover, we have also been helping to revitalize local industry particularly through initiatives that involve supporting tourism and helping to expand sales channels for locally produced products.
- ⑥ Operating revenue amounted to 327,114 million yen, up 7.6% from the previous fiscal year owing to a higher parcel delivery volume as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 6,571 million yen, an improvement of 16,389 million yen from the previous year due to factors that include a higher parcel delivery volume, increased efficiency of collection and delivery through optimal allocation of management resources amid a scenario where there was a higher rate of customers at home as a result of them refraining from going out, and efforts to promote heightened efficiency of our trunk-route transportation.

● **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, 2020, we took steps to strengthen ties with pharmaceutical distributors with our sights set on developing more sophisticated solutions in the remote prescription domain, thereby addressing challenges encountered by our customers due to changes in the business environment.
- ③ Operating revenue amounted to 33,693 million yen, down 2.9% from the previous fiscal year mainly resulting from decreases in our handling of overseas lifestyle support services and fine art transport due to restrictions placed on movement and cancellations of art exhibitions associated with the spread of COVID-19. Operating profit amounted to 157 million yen, down 80.1% from the previous year.

● Home Convenience

- ① In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through daily lifestyle support businesses that draw on the Yamato Group's nationwide network. During the three months ended June 30, 2020, we have worked to improve the quality of our "My Moving" moving-related services for one-person households who are individual customers and expand the service territory.
- ② Operating revenue amounted to 5,952 million yen, down 12.3% from the previous fiscal year mainly due to a decrease in moving demand as a result of the spread of COVID-19, as well as a decrease in our handling of some customer business as a result of carrying out adequate pricing initiatives with respect to the "Raku Raku Household TA-Q-BIN" service. As for profits, the segment posted an operating loss of 2,128 million yen.

● e-Business

- ① In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing solution platform business that combines logistics technology and financial technology with information technology. In addition to the conventional information technologies, we are promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations to accelerate growth of the Yamato Group businesses.
- ② As a service for helping our customer streamline their operations and ensuring greater convenience of end-users, we offer the "Multi-value Charge Service" which facilitates cashless payments involving e-money and other payment options of a user's choice, such that are made to individuals from business enterprises involved in second-hand item purchasing and e-commerce returned merchandise. During the three months ended June 30, 2020, we began offering "Telework Support Solutions" that enable users to build teleworking environments and make it possible for them to handle functions such as the placement and acceptance of orders and billing using the Internet, thereby addressing challenges encountered by our customers due to changes in the business environment.
- ③ Operating revenue amounted to 6,654 million yen, down 1.9% from the previous fiscal year mainly as a result of system support for addressing the lower rate of taxation recoiling from the previous fiscal year, and despite increased use of the "Web-based Shipment Control Service" for assisting with order-acceptance and dispatching operations as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 2,219 million yen, up 13.3% from the previous fiscal year mainly due to firm results with respect to use of our highly profitable existing services.

● Financial

- ① In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection of mail-order products and business-to-business transaction settlement.
- ② With respect to our payment settlement services, in addition to providing our mainstay service "TA-Q-BIN Collect," we have also been promoting increased customer use of both our "Kuroneko Web Collect" comprehensive internet-based transaction settlement service, "Kuroneko Pay After Delivery Services" and our e-money settlement services. During the three months ended June 30, 2020, we launched a program to support adoption of our online "Kuroneko Bill Settlement" agency service for comprehensive billing that arises in business-to-business receivables transactions but poses an obstacle to promoting telework arrangements, thereby addressing challenges encountered by our customers due to changes in the business environment.
- ③ Operating revenue amounted to 10,168 million yen, down 47.5% from the previous fiscal year mainly due to scope of consolidation changes associated with a partial transfer of Yamato Lease Co., Ltd., which engages in the lease service business, and despite an increase in use of our "TA-Q-BIN Collect," "Kuroneko Web Collect," and "Kuroneko Pay After Delivery Services," as a result of having taken action in the burgeoning e-commerce domain. Operating profit amounted to 1,533 million yen, down 9.7% from the previous year.

- **Autoworks**

- ① In the Autoworks Business, we offer vehicle maintenance services that enable servicing without the need to stop business operations, thereby facilitating operational safety and extended vehicle uptime of medium-sized transportation companies that have multiple locations. Furthermore, we provide services that help our customers improve their asset utilization ratios, by adding options of “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs” which provide coverage for such assets and employees.
- ② During the three months ended June 30, 2020, we launched business operations of our Kashiwa plant, which constitutes our 26th location hosting a “Superworks” maintenance plant for achieving operational efficiency. We also further strengthened our network and carried out initiatives to increase sales of our maintenance services through close communication with customers.
- ③ Operating revenue amounted to 5,479 million yen, down 14.1% from the previous year mainly as a result of a decrease in fuel sales volume. Operating profit amounted to 1,193 million yen, down 16.8% from the previous year.

- **Other**

- ① The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. During the three months ended June 30, 2020, we carried out initiatives to increase sales of our services amid a scenario of stagnating economic activity associated with the spread of COVID-19.
- ② Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies decreased 89.6% from the previous fiscal year to 42 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, 2020, the Yamato Group 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.
- ② Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management. Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities of management, and we have implemented measures and bolstered management systems as part of our corporate governance initiative. Moreover, we engaged in efforts to furthermore strengthen our Group governance with the aim of enhancing sound Group management. During the three months ended June 30, 2020, we engaged in efforts that included strengthening the merchandise inspection systems of the overall Yamato Group and upgrading the whistle-blower system.
- ③ The Yamato Group recognizes that its approximately 220,000 employees are the Group’s greatest asset, and accordingly acts to create an employee-friendly and rewarding working environment where employees can take a vibrant approach to work, in order to heighten employee satisfaction and to serve as a company where a diverse range of talent chooses to work. Continuing on from the previous fiscal year, we are engaging in efforts that include building appealing personnel systems, adopting a performance evaluation scheme that encourages independent and autonomous behavior, and re-establishing an educational system.
- ④ The Yamato Group recognizes that climate change is a crucial issue with respect to making the notion of a sustainable society a reality, and accordingly identifies and evaluates risks and opportunities associated with climate change. Moreover, we have been taking action to achieve the vision of virtually zero carbon

dioxide emissions (in-house emissions), established as a long-term goal, through efforts that involve shifting to use of vehicles that produce lower carbon dioxide emissions, developing and introducing next-generation mobility including electric vehicles, and handling collection and delivery in a manner that does not involve use of automobiles. Moreover, we have been engaging in other initiatives that involve reducing carbon dioxide emissions by heightening the efficiency of our trunk-route transportation to major cities and extending operations served by our “Super-Full Trailer SF25,” which helps reduce long-haul driver workloads. 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.

- 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, 2020, we promoted our “combined passenger-cargo” operations using scheduled-route passenger buses and railways, thereby helping to improve lifestyle services for local residents by keeping scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. In addition, for residents in suburban areas which are undergoing changes with respect to people’s life stages, we have been providing support for community development geared to ensuring that local residents are able to lead comfortable lives. Our efforts have involved helping to revitalize local communities where we have our business locations, and providing such residents with lifestyle support services that include handling shopping and housekeeping on their behalf.
- ⑥ Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can experience the joy of working autonomously. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko DM-Bin, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.
- ⑦ The Yamato Group has been promoting sustainability initiatives with the aim of striking a balance between sustainable growth and the development of a sustainable society, based on its transformation plan “YAMATO NEXT100,” which serves as a grand design for management over the medium to long term. Under our “Connect. Deliver the Future via Green Logistics” and “Through Co-Creation and Fair Business Activities, Help Create a Society That ‘Leaves No One Behind’” visions for a sustainable future, we will achieve logistics that are friendly to the environment, lifestyle, and economy by connecting people, resources, and data in a highly sophisticated manner, and making transportation more efficient. Moreover, we will accordingly promote initiatives with respect to material issues identified in relation to the environment and material issues related to society, the former of which include Energy & Climate, Atmosphere, Resource Circulation & Waste, and Resilience of Companies & Society, and the latter of which include Labor, Human Rights & Diversity, Safety & Security, Data Utilization & Security, Supply Chain Management, and Local Community.

(2) Explanation of financial position

Total assets were 1,083,474 million yen as of June 30, 2020, down 17,265 million yen from the end of the previous fiscal year. The decrease was largely attributable decreases in investments in leases and assets for rent of 53,886 million yen and 11,059 million yen, respectively, associated with having excluded Yamato Lease Co., Ltd. from the scope of consolidation, despite a 44,483 million yen increase in cash and deposits.

Liabilities increased 4,673 million yen to 542,577 million yen from the end of the previous fiscal year. The increase was largely attributable to a 51,473 million yen increase in accrued expenses upon having recognized scheduled payments of summer bonuses, despite a 20,312 million yen decrease in provision for bonuses, a 20,000 million yen decrease in short-term borrowings, and a 11,729 million yen decrease in income taxes payable due to the payment of income taxes.

Total net assets were 540,896 million yen, down 21,938 million yen from the end of the previous fiscal year. The major factors included the recording of profit attributable to owners of parent of 3,453 million yen, payment of dividends of surplus of 10,015 million yen and purchase of treasury shares amounting to 16,365 million yen.

Accordingly, the equity ratio changed to 49.2% from 50.4% of the previous fiscal year.

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

The economic environment deteriorated substantially due to the global spread of COVID-19. The outlook for economic recovery both in Japan and overseas remains unknown given uncertainties as to the status of COVID-19 transmission ahead and timing as to when the pandemic might subside. Moreover, in the logistics industry COVID-19 has been spurring accelerated growth in the e-commerce domain due to factors that include consumption from people staying home amid a scenario of changes in lifestyles and the business environment brought about by developments such as companies promoting telework arrangements and a shift to online services in the fields of medicine and education. On the other hand, the industrial business encountered dwindling overall economic activity, including worldwide stagnation of the production activities in manufacturing industry and international trade, sharply declining inbound travel demand due to restrictions placed on movement, and voluntary suspension of business activities particularly in the service industry. Ramifications of this situation with respect to the business environment going forward remain uncertain.

Amid that business environment, the Yamato Group has calculated its consolidated earnings forecasts based on the premise that it will continue to provide TA-Q-BIN and other logistics services with the safety of customers and employees as the top priority, underpinned by the assumption that the current situation will persist in Japan.

For the full fiscal year ending March 31, 2021, we deem that operating revenue is likely to exceed that of the previous fiscal year largely as a result of our taking action in the burgeoning e-commerce domain. Meanwhile, we deem that operating expenses are likely to fall below those of the previous fiscal year despite increases in expenses associated with developing delivery networks and promoting structural reform, due to our ongoing efforts to strengthen cost controls particularly through optimal allocations of management resources and heightened efficiency of our trunk-route transportation. As a result, operating profit is likely to exceed that of the previous fiscal year.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	197,226	241,710
Notes and accounts receivable - trade	213,980	204,784
Accounts receivable - installment	46,088	45,264
Lease receivables and investments in leases	53,886	—
Merchandise and finished goods	552	458
Work in process	165	292
Raw materials and supplies	3,497	3,186
Other	28,925	41,427
Allowance for doubtful accounts	(1,439)	(1,440)
Total current assets	542,884	535,683
Non-current assets		
Property, plant and equipment		
Buildings and structures	362,314	364,913
Accumulated depreciation	(208,753)	(210,774)
Buildings and structures, net	153,561	154,138
Vehicles	214,177	209,053
Accumulated depreciation	(193,345)	(192,453)
Vehicles, net	20,831	16,599
Land	175,158	175,158
Leased assets	31,260	37,928
Accumulated depreciation	(8,501)	(11,684)
Leased assets, net	22,759	26,244
Other	161,292	135,219
Accumulated depreciation	(109,768)	(97,980)
Other, net	51,524	37,238
Total property, plant and equipment	423,835	409,379
Intangible assets	20,965	22,416
Investments and other assets		
Investment securities	40,310	43,876
Other	74,306	73,490
Allowance for doubtful accounts	(1,562)	(1,372)
Total investments and other assets	113,054	115,994
Total non-current assets	557,855	547,790
Total assets	1,100,739	1,083,474

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	147,081	142,332
Short-term borrowings	75,500	55,500
Current portion of bonds payable	10,000	10,000
Lease obligations	3,578	5,037
Income taxes payable	20,377	8,647
Deferred installment income	5,028	4,846
Provision for bonuses	35,866	15,553
Other	111,379	167,541
Total current liabilities	408,811	409,459
Non-current liabilities		
Long-term borrowings	14,000	14,000
Lease obligations	21,760	24,718
Retirement benefit liability	79,230	79,820
Other	14,102	14,578
Total non-current liabilities	129,093	133,118
Total liabilities	537,904	542,577
Net assets		
Shareholders' equity		
Share capital	127,234	127,234
Capital surplus	36,813	36,813
Retained earnings	441,746	435,184
Treasury shares	(54,770)	(71,136)
Total shareholders' equity	551,024	528,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,157	9,370
Foreign currency translation adjustment	(317)	(1,209)
Remeasurements of defined benefit plans	(3,692)	(3,004)
Total accumulated other comprehensive income	4,148	5,156
Non-controlling interests	7,662	7,642
Total net assets	562,835	540,896
Total liabilities and net assets	1,100,739	1,083,474

(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, 2019	For the three months ended June 30, 2020
Operating revenue	381,726	392,015
Operating costs	374,114	366,891
Operating gross profit	7,612	25,124
Selling, general and administrative expenses	13,713	15,171
Operating profit (loss)	(6,100)	9,953
Non-operating income		
Interest income	38	57
Dividend income	399	379
Electric vehicle subsidies	—	373
Other	251	306
Total non-operating income	689	1,117
Non-operating expenses		
Interest expenses	96	173
Share of loss of entities accounted for using equity method	3,393	206
Other	422	158
Total non-operating expenses	3,911	537
Ordinary profit (loss)	(9,323)	10,532
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	—	38
Total extraordinary income	1	39
Extraordinary losses		
Loss on retirement of non-current assets	45	67
Impairment loss	45	—
Loss on valuation of investment securities	0	118
Loss associated with measures to address COVID-19	—	1,163
Total extraordinary losses	91	1,349
Profit (loss) before income taxes	(9,413)	9,222
Income taxes	257	5,740
Profit (loss)	(9,670)	3,482
Profit attributable to non-controlling interests	76	29
Profit (loss) attributable to owners of parent	(9,747)	3,453

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Profit (loss)	(9,670)	3,482
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,978)	1,350
Foreign currency translation adjustment	709	(892)
Remeasurements of defined benefit plans, net of tax	355	686
Share of other comprehensive income of entities accounted for using equity method	50	(0)
Total other comprehensive income	(863)	1,145
Comprehensive income	(10,534)	4,627
(Breakdown)		
Comprehensive income attributable to owners of parent	(10,407)	4,461
Comprehensive income attributable to non-controlling interests	(126)	166

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

Not applicable.

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

Not applicable.

(Changes in scope of consolidation and equity method application)

Material changes in scope of consolidation

Effective from the three months ended June 30, 2020, Yamato Lease Co., Ltd. is excluded from the scope of consolidation upon partial transfer of its shares.

Moreover, effective from the three months ended June 30, 2020, YMT-GB, an investment limited partnership, has been established and is included in the scope of consolidation.

Material changes in scope of equity method application

Effective from the three months ended June 30, 2020, Yamato Lease Co., Ltd. is included in the scope of the equity method, having been excluded from the scope of consolidation upon partial transfer of its shares.

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

Calculation of tax expenses

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

(Segment information, etc.)

[Segment information]

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

For the three months ended June 30, 2019

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	303,946	34,703	6,783	6,782	19,358
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					
Operating revenue from customers	6,379	3,771	381,726	—	381,726
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.

For the three months ended June 30, 2020

(Millions of yen)

	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial
Operating revenue					
Operating revenue from customers	327,114	33,693	5,952	6,654	10,168
Inter-segment operating revenue or transfers	14,439	3,360	2,182	11,350	7
Total	341,553	37,053	8,135	18,004	10,176
Segment profit (loss)	6,571	157	(2,128)	2,219	1,533

	Autoworks	Other (Notes 1, 2)	Total	Reconciliation (Note 3)	Amount recorded in consolidated statement of income (Note 4)
Operating revenue					
Operating revenue from customers	5,479	2,953	392,015	—	392,015
Inter-segment operating revenue or transfers	8,089	37,427	76,858	(76,858)	—
Total	13,569	40,380	468,874	(76,858)	392,015
Segment profit (loss)	1,193	28,206	37,753	(27,799)	9,953

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

3. Supplementary Information

Operating revenue by business

Business segment		For the three months ended June 30, 2019		For the three months ended June 30, 2020		Change (%)	Fiscal year ended March 31, 2020	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)		Amount (Millions of yen)	Ratio (%)
Delivery	TA-Q-BIN	280,237	73.4	309,279	78.9	10.4	1,217,572	74.7
	Kuroneko DM-Bin	17,260	4.5	13,073	3.3	(24.3)	64,104	3.9
	Express	10,042	2.6	9,240	2.4	(8.0)	41,608	2.6
	Others	23,069	6.0	23,253	5.9	0.8	97,496	6.0
	Eliminations	(26,662)	(7.0)	(27,733)	(7.1)	4.0	(110,713)	(6.8)
	Total	303,946	79.6	327,114	83.4	7.6	1,310,067	80.4
BIZ-Logistics	Logistics	23,690	6.2	24,296	6.2	2.6	99,414	6.1
	Trading logistics service	9,723	2.5	10,080	2.6	3.7	41,796	2.6
	Others	8,000	2.1	6,712	1.7	(16.1)	31,669	1.9
	Eliminations	(6,711)	(1.8)	(7,395)	(1.9)	10.2	(28,946)	(1.8)
	Total	34,703	9.1	33,693	8.6	(2.9)	143,934	8.8
Home Convenience	Home convenience	9,280	2.4	8,136	2.1	(12.3)	39,210	2.4
	Eliminations	(2,496)	(0.7)	(2,183)	(0.6)	(12.5)	(11,404)	(0.7)
	Total	6,783	1.8	5,952	1.5	(12.3)	27,805	1.7
e-Business	Credit card solution	2,657	0.7	2,530	0.6	(4.8)	11,529	0.7
	IT operating	2,095	0.5	1,923	0.5	(8.2)	8,138	0.5
	Web-based mail order solution	1,266	0.3	1,043	0.3	(17.6)	6,190	0.4
	Others	12,267	3.2	14,176	3.6	15.6	53,309	3.3
	Eliminations	(11,504)	(3.0)	13,019	(3.3)	13.2	(48,589)	(3.0)
	Total	6,782	1.8	6,654	1.7	(1.9)	30,579	1.9
Financial	Payment	7,315	1.9	8,567	2.2	17.1	29,448	1.8
	Lease service	10,020	2.6	—	—	—	40,306	2.5
	Credit & Finance	834	0.2	741	0.2	(11.2)	3,344	0.2
	Others	1,894	0.5	880	0.2	(53.5)	6,848	0.4
	Eliminations	(706)	(0.2)	(20)	(0.0)	(97.1)	(2,875)	(0.2)
	Total	19,358	5.1	10,168	2.6	(47.5)	77,072	4.7
Autoworks	Truck solution	12,831	3.4	11,880	3.0	(7.4)	49,806	3.1
	Others	2,174	0.6	2,310	0.6	6.3	8,734	0.5
	Eliminations	(8,626)	(2.3)	(8,710)	(2.2)	1.0	(33,618)	(2.1)
	Total	6,379	1.7	5,479	1.4	(14.1)	24,922	1.5
Other	JITBOX Charter service	3,261	0.9	2,629	0.7	(19.4)	13,373	0.8
	Others	45,928	12.0	39,306	10.0	(14.4)	71,724	4.4
	Eliminations	(45,417)	(11.9)	(38,982)	(9.9)	(14.2)	(69,334)	(4.3)
	Total	3,771	1.0	2,953	0.8	(21.7)	15,763	1.0
	Total	381,726	100.0	392,015	100.0	2.7	1,630,146	100.0