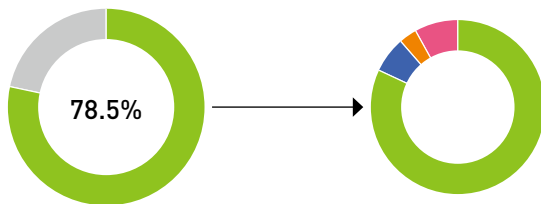


Overview of Operations by Segment

Delivery

With the goal of being one of Japan's "most recognized and most endeared companies," the Delivery Business is engaged in business development centered on *TA-Q-BIN* services to help enrich society.

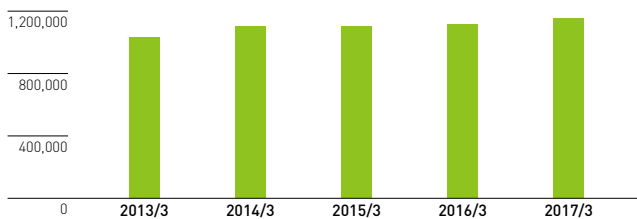
Composition Ratio of Operating Revenues



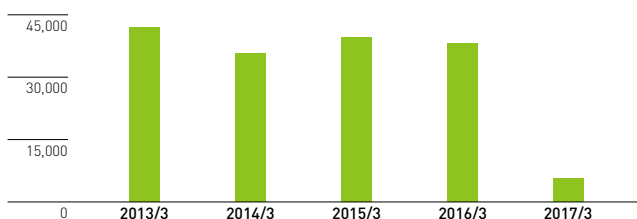
Breakdown of the Composition Ratio of Operating Revenues

■ <i>TA-Q-BIN</i>	71.4%
■ <i>Kuroneko DM-Bin</i>	5.8%
■ Express	2.9%
■ Others	6.8%

Operating Revenues (¥ million)



Operating Profit (¥ million)



A Look Back on the Year Ended March 31, 2017

- Delivery volumes grew due to such factors as the continued rise in sales to mail-order business operators and efforts to increase use of the *TA-Q-BIN Compact* and *Nekopos* services
- Promoted collaboration with multiple flea market websites, thereby offering delivery services at a greater number of access points
- Established a system to improve the workplace environment and reform working arrangements for employees with the aim of securing labor capacity in response to the significant rise in parcel volumes, which has been brought about by the recent rapid expansion of the e-commerce market, and the tightening labor market
- Cost increase due to external factors such as a rise in labor costs, including those involving outsourcing workforce in order to maintain service quality, and the expansion of size-based enterprise tax
- Payments for specially acknowledged working hours were additionally recognized
- As a result of the above, operating revenues increased while operating profit decreased

Commenced Operation of Open-Type Parcel Lockers

Recently, nearly 20% of packages delivered to homes end up having to be re-delivered, and reducing the number of re-deliveries has become a significant issue for the entire home delivery industry. To

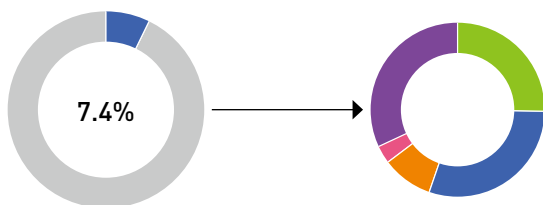


address this issue and improve the level of convenience for users of our services, we established the joint venture Packcity Japan together with the France-based Neopost Group in May 2016 and commenced the operation of open-type parcel lockers that can be used jointly by numerous operators. By establishing parcel lockers in train stations and other locations to serve as not only a destination for re-delivery when the recipient is not at home but also as a delivery point for products purchased through e-commerce websites, we make it possible for users to receive their packages in a way that best fits their individual lifestyle and contribute to reducing the percentage of re-deliveries. By the end of the fiscal year ending March 31, 2018, we intend to establish a total of 3,000 parcel lockers, primarily in the Tokyo metropolitan area. In the second half of the fiscal year, we will further enhance the convenience and usability of this service in such ways as incorporating a feature that allows users to not only receive packages but also send them.

BIZ-Logistics

Guided by the slogan of “LOGINNOVATION,” which encapsulates its goal of achieving logistics innovation, the BIZ-Logistics Business devotes its efforts to satisfying and inspiring the Yamato Group’s corporate customers, as well as the consumers they serve, through the creation of innovative logistics solutions.

Composition Ratio of Operating Revenues



Breakdown of the Composition Ratio of Operating Revenues

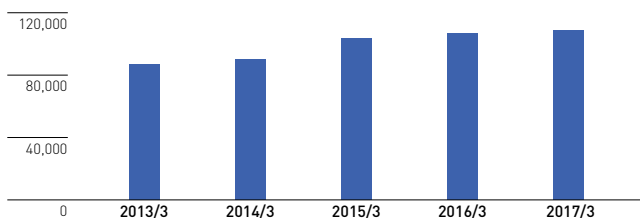
Trading logistics service	2.4%
Sales and Logistics	2.8%
Multi maintenance	0.9%
Products Logistics*	0.3%
Others	3.0%

* Starting with fiscal year ended March 31, 2017, the name of “Export Factory” has been changed to “Products Logistics.”

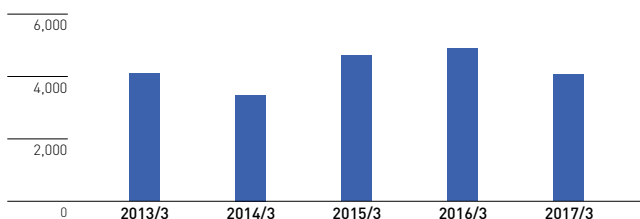
A Look Back at the Year Ended March 31, 2017

- Favorable results from services related to B2B logistics
- Actively promoted sales in such ways as acquiring new customers for services that help revolutionize logistics operations, including medical device loaner support (storage, cleaning, and delivery) for medical service providers
- Sluggish movement of goods in the trading logistics services of the overseas business
- Number of recalls decreased for multi maintenance services compared with the previous fiscal year
- As a result of the above, operating revenues rose while operating profit declined

Operating Revenues (¥ million)



Operating Profit (¥ million)



Total Support for Japanese Companies Entering the E-Commerce Industry in China

At Yamato Global Logistics Japan Co., Ltd., which provides international logistics services, we commenced one-stop support services for Japanese companies utilizing JD Worldwide, a cross-border

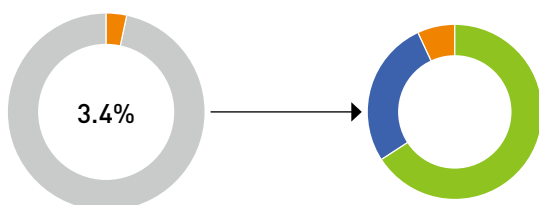


e-commerce platform in China that handles Japanese products. These services cover everything from setting up stores to displaying and delivering products. Collaborating with the major Chinese e-commerce mall operator JD.com, Inc. and with JD.com’s official partner in overseas e-commerce malls FRANK, we are providing guidance to Japanese manufacturers, retailers, and e-commerce business operators on opening stores and displaying products on JD.com’s e-commerce websites. In addition, by leveraging the parcel shipping service *Yamato China Direct*, products can be shipped from designated warehouses in Japan to buyers in China in as little as four days. This service allows sellers and store operators to totally outsource operations, from backyard operations to store management and delivery to end users. The service also allows buyers to easily purchase Japanese products via the Internet.

Home Convenience

We provide lifestyle support services that help solve inconveniences at home. In addition, leveraging our networks, we provide a range of solutions to corporate customers in both the private and public sectors to support sales growth and help reduce costs.

Composition Ratio of Operating Revenues



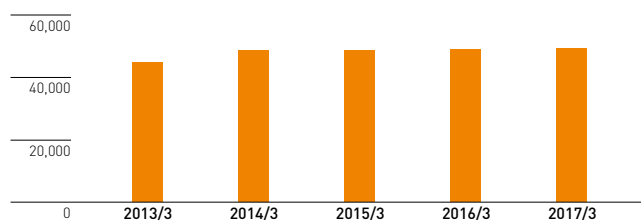
Breakdown of the Composition Ratio of Operating Revenues

Home convenience	2.9%
Business convenience	1.2%
Technical Network	0.3%

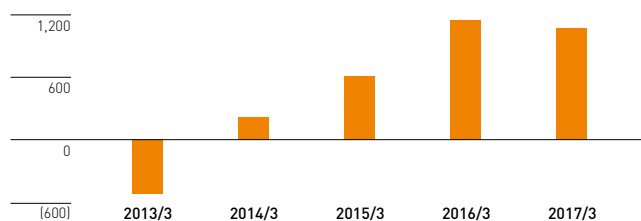
A Look Back at the Year Ended March 31, 2017

- Solid results from the *Comfortable Lifestyle Support Service* and other services that help address everyday inconveniences, including those relating to house cleaning, home organization and storage, and purchase of unwanted items
- Actively promoted sales of procurement services for return goods from *Furusato Nozei* (a tax scheme that allows taxpayers to divert part of their residential tax to a specified local government) and other goods, as well as office support services
- Decreased sales in the “Technical Network Business” due to the shrinking market in household-energy equipment as well as a decrease in highly profitable one-off projects
- As a result of the above, operating revenues was up while operating profit was down

Operating Revenues (¥ million)



Operating Profit (¥ million)



Commenced Operations of Home Appliances Recycling Service

In October 2016, we commenced operations of the *Kuroneko Home Appliances Recycling Service* in collaboration with authorized home appliance business operators. This service allows customers to recycle

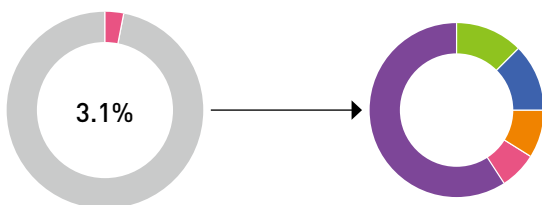


electrical appliances that are covered under the Home Appliance Recycling Act at the same time as they use other Yamato Home Convenience services such as moving services, the *Comfortable Lifestyle Support Service*, and the *Raku Raku Household TA-Q-Bin E-Commerce Total Support Service*. Leveraging the know-how we have cultivated in moving services and household goods delivery, this service handles all aspects of home appliance recycling, from the pickup of electronic appliances and transport to the nearest collection center to product confirmation and delivery to recycling facilities. In these ways, the service eliminates the need for customers to recycle items through separate collection services or transport large electronic appliances to recycling facilities themselves.

e-Business

Supported by ICT (Information and Communication Technology), the e-Business will incorporate the “Value Networking” design and provide optimal solutions that combine logistics functions with financial settlement functions to contribute to customers’ business development.

Composition Ratio of Operating Revenues



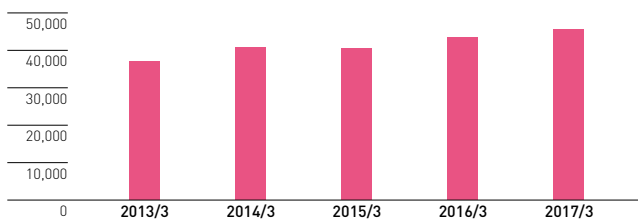
Breakdown of the Composition Ratio of Operating Revenues

■ e-logistics solution	0.8%
■ Credit card solution	0.7%
■ IT operating solution	0.5%
■ Web-based mail order solution	0.4%
■ Others	3.7%

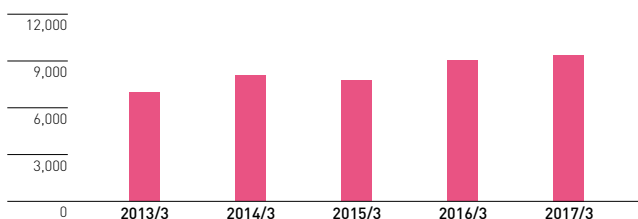
A Look Back at the Year Ended March 31, 2017

- Continued strong results from the “Setup and Logistics Solution Business,” which is geared toward mobile virtual network operators (MVNOs)
- Centered on existing large-lot customers, use of the *Web-Based Shipment Control Service*, which provides comprehensive support for such operations as dispatch information processing, printing of delivery slips, and freight tracking, increased on the back of growth in the e-commerce market
- As a result of the above, both operating revenues and operating profit increased

Operating Revenues (¥ million)



Operating Profit (¥ million)



Providing Cutting-Edge Logistics Services Using 3D Printers

The 3D printing market is expected to grow further in the future. For this market, we started the provision of the *On Demand 3D Printing Service*, the first service in Japan to combine a nationwide speedy transportation network with 3D printing functions. We also established the 3D Printing Center at *Haneda Chronogate*, which provides made-to-order products and mixed model/low-volume production services needed by business operators on a one-stop basis, covering everything from the creation of 3D printing data to molding and product delivery. At the moment, the center primarily handles products for medical use, such as therapeutic equipment and 3D models. The services the center provides allow for substantial reductions in both production time and delivery time.



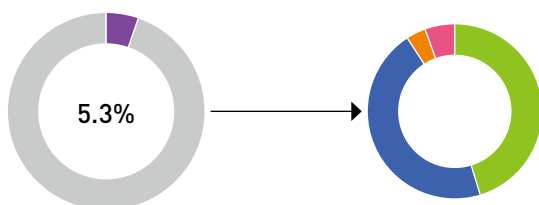
Going forward, we hope to expand such services beyond products for medical use to include such areas as made-to-order trial products for manufacturers. At the same time, we will set our sights on entering markets in overseas countries, starting with the ASEAN region.



Financial

Providing settlement and financial solutions in Japan and overseas, the Financial Business aims to become a cooperative partner that realizes consumer convenience and business operator logistics reform, while striving to respond to a variety of settlement means.

Composition Ratio of Operating Revenues



Breakdown of the Composition Ratio of Operating Revenues

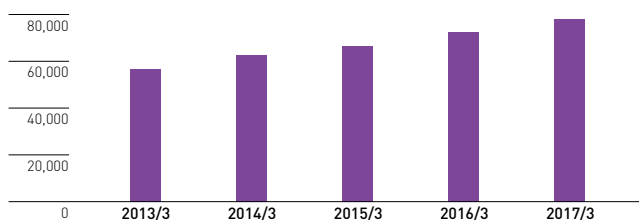
■ Payment*	2.5%
■ Lease	2.5%
■ Credit & Finance	0.2%
■ Others	0.3%

* Starting with the fiscal year ended March 31, 2017, the name of *TA-Q-BIN Collect* has been changed to "Payment"

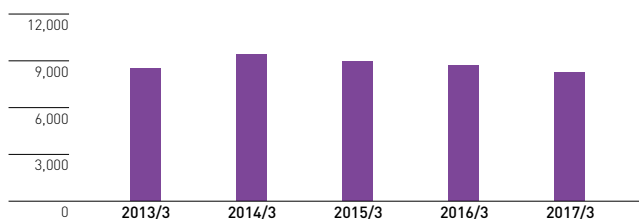
A Look Back at the Year Ended March 31, 2017

- Encouraged use of *Kuruneko Web Collect* and *Kuruneko Pay After Delivery* services with customers who use *TA-Q-BIN collect*
- Generated steady results in the lease services businesses with respect to financial leases, primarily involving trucks, and installment sales
- For e-money related services, promoted efforts to increase sales generated by our *Multi e-money Settlement Terminals Rental Service*
- Stagnant growth in the payment business (formerly the *TA-Q-BIN Collect* business) due to the shrinking market for cash-on-delivery settlements
- As a result of the above, operating revenues rose while operating profit declined

Operating Revenues (¥ million)



Operating Profit (¥ million)



Offering New Payment Functions in Collaboration with Fintech Operators in Malaysia

The e-commerce market in Malaysia is expanding rapidly, with an average annual growth rate of 17%. At Yamato Financial Co., Ltd., we are collaborating with the Malaysian Fintech operator Soft Space Sdn. Bhd.



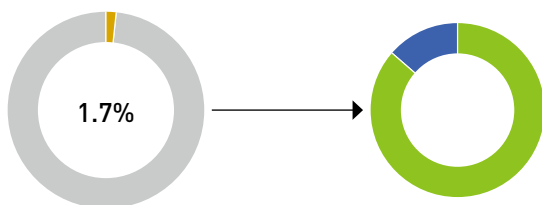
and began providing new payment functions that leverage "mPOS"*, which settles payments using smartphones and tablets, in October 2016. These functions help meet the needs of e-commerce business operators in Malaysia. Through the introduction of "mPOS" in the *Credit Card On Delivery Service* offered by Yamato Transport (M) Sdn. Bhd., we are making it possible to simultaneously conduct deliveries and settle payments. This, in turn, helps eliminate buyer uneasiness regarding settling payment before a product is delivered and realizes smooth payment and receipt at the entrance of a buyer's residence. In addition, by offering buyers a wide range of payment options, we are increasing opportunities for repeat and additional sales, thereby helping to improve the sales levels of distributors.

* Abbreviation for "mobile point of sales."

Autoworks

Based on a vision to transform our vehicle maintenance services into the No. 1 autoworks for logistics and distribution business operators, the Autoworks Business is developing a vehicle maintenance service offered around the clock, 365 days a year without downtime.

Composition Ratio of Operating Revenues



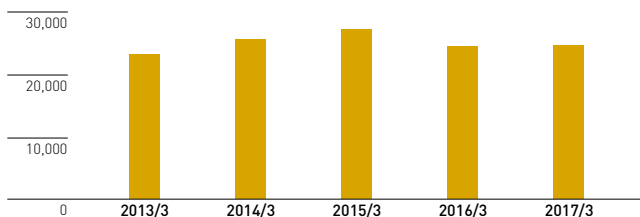
Breakdown of the Composition Ratio of Operating Revenues

Truck solution	3.2%
Others	0.5%

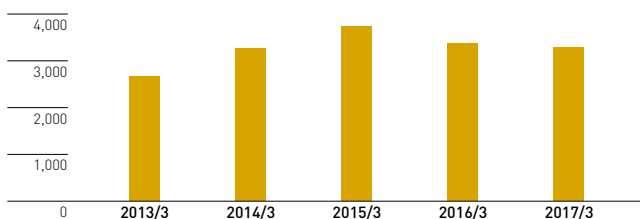
A Look Back at the Year Ended March 31, 2017

- Increased number of vehicles serviced due to the aggressive promotion of *Repairworks* road service, which entails periodic on-site customer visits
- Unit price of fuel declined and initial investment in new services was carried out
- As a result of the above, operating revenues rose while operating profit declined

Operating Revenues (¥ million)



Operating Profit (¥ million)



Promoting Accident Prevention with the *Repair Network*

In terms of vehicle repair, a service that is evolving on a day-to-day basis, the workload of service operators is gradually increasing due to such factors as the strict adherence to legal



inspections, repairs resulting from the wide variety of car models of numerous manufacturers, and declining vehicle maintenance costs. At Yamato Autoworks Co., Ltd., to address such issues through a one-stop process, we added a service within our *Repairworks* road service, which handles customer inquiries by visiting their offices with purpose-built trucks equipped with maintenance equipment. This newly added service, entitled *Repair Network*, involves regular visits by expert licensed mechanics and is being offered at all our plants across Japan. In addition to steadily implementing legal inspections, *Repair Network* also conducts regular service and inspections to predict and prevent accidents. In these ways, *Repair Network* supports the continuous operation of safe logistics.

Other Services

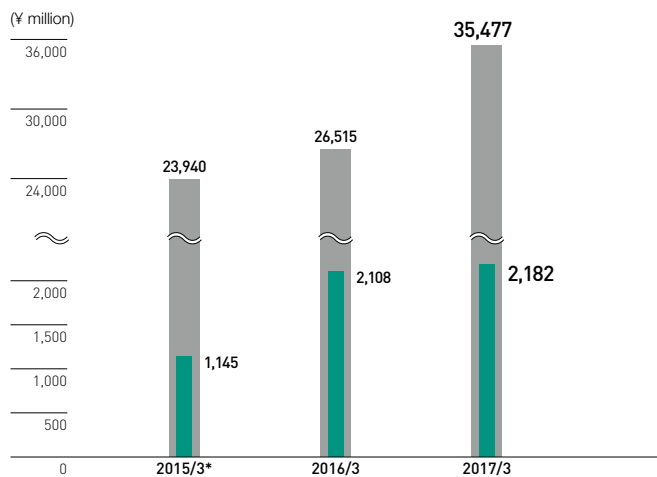
Through Other Services, we provide a broad range of shared services such as the arterial route transportation business and the box charter business. The *JITBOX Charter* service provides transportation by transport box. The service takes advantage of a network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the fiscal year ended March 31, 2017, service use grew steadily due to favorable results with respect to chilled transport and other optional services, in addition to existing services.

Excluding dividends that Yamato Holdings Co., Ltd., received from the Group companies, operating profit in Other Services increased 3.5% from the previous year, to ¥2,182 million.



JITBOX Charter

Operating Profit



■ Including Yamato Holdings ■ Excluding Yamato Holdings

* Amounts for the fiscal year ended March 31, 2015, have been reclassified to the reportable segments for the fiscal year ended March 31, 2016.

Track Record of JITBOX Charter

