

YAMATO GROUP

CONSOLIDATED FINANCIAL SUMMARY

for the Second Quarter of the Fiscal Year
Ending March 31, 2020



YAMATO HOLDINGS CO., LTD.

November 1, 2019

1. Financial Results for the Second Quarter 2020/3 - Cumulative (Overview)

- In the second quarter 2020/3 (cumulative), **revenue increased while profit decreased.**

- 1) In the Delivery Business, **TA-Q-BIN unit price exceeded expectations amid continuous promotion of our adequate pricing initiatives.** However, operating revenue fell below the previous forecast amount largely due to **TA-Q-BIN delivery amount (excl. Nekopos) that was lower than anticipated** mainly as a result of a **downturn in delivery amount among large-lot corporate clients.**
- 2) **Operating profit fell below the previous forecast amount** despite having achieved lower operating expenses than anticipated largely due to progress made in **reviewing development of our collection and delivery structure in line with operating amount.**
- 3) We have been engaging in **adequate pricing initiatives and increasing delivery amount**, while also focusing on **controlling costs in line with operating amount** by continuing to promote “structural reforms in the Delivery Business.” Meanwhile, we have been strengthening **account management** on a Group-wide basis and **promoting solution sales** for addressing customers' business challenges.

- Full-year operating results forecast

- Operating revenue: ¥1,670 billion (Decrease by ¥25 billion compared to the previous forecast)
- Operating profit: ¥62 billion (Decrease by ¥10 billion compared to the previous forecast)
- Profit attributable to owners of the Parent: ¥32 billion (Decrease by ¥6 billion compared to the previous forecast)

1. Consolidated operating revenue: ¥800.1 billion
(YoY increase by ¥10.9 billion; decrease by ¥6.8 billion compared to the previous forecast)
2. Consolidated operating profit: ¥6.2 billion
(YoY decrease by ¥17.2 billion; decrease by ¥5.7 billion compared to the previous forecast)
3. Full-year operating results forecast
Revenue and profit are likely to increase amid initiatives making the Group's full-scale efforts although we have revised the forecasts downward relative to the previous forecast based on the following assumptions:
 - (1) Amount
 - TA-Q-BIN total delivery amount for the full year of the fiscal year ending March 31, 2020 is expected to increase by 2.5% compared to the previous fiscal year.
 - TA-Q-BIN (excl. Nekopos) delivery amount is expected to take an upward turn in the second half of the fiscal year ending March 31, 2020.
 - (2) Unit price
 - TA-Q-BIN unit price (excl. Nekopos) will continue to increase year on year.
 - (3) Operating revenue
 - In terms of our new moving-related services for single people in the Home Convenience segment, we will keep careful consideration on geographic area coverage and service scope for corporate clients.
 - (4) Operating expenses
 - We will build an adequate collection and delivery structure toward December when we encounter peak TA-Q-BIN delivery amount.
 - We will focus our efforts on controlling costs largely by adequate operation planning in line with operating amount during the fourth quarter.

2. Financial Results for the Second Quarter 2020/3 - Cumulative (Overview)

(Billions of Yen)	Second Quarter 2019/3 Actual	Second Quarter 2020/3 Actual	YoY Change	
			Amount	[%]
Operating revenue				
Delivery	623.1	640.4	+17.2	+2.8
Non-Delivery	165.9	159.7	(6.2)	(3.8)
Total	789.1	800.1	+10.9	+1.4
Operating profit	23.4	6.2	(17.2)	(73.5)
[Profit margin]	3.0%	0.8%	-	-
Ordinary profit	22.7	2.7	(20.0)	(88.0)
[Profit margin]	2.9%	0.3%	-	-
Profit attributable to owners of the Parent	9.9	(3.4)	(13.4)	-
[Profit margin]	1.3%	(0.4)%	-	-

1. Operating revenue: ¥800.1 billion (YoY increase by ¥10.9 billion)

- (1) Delivery Business: Revenue increased due to adequate pricing initiatives and an increase in delivery amount of the "Nekopos" service.
- (2) Non-delivery Business: Revenue decreased largely due to discontinuing of moving-related services, reactionary decline from the previous one-off businesses and delays in acquiring new projects

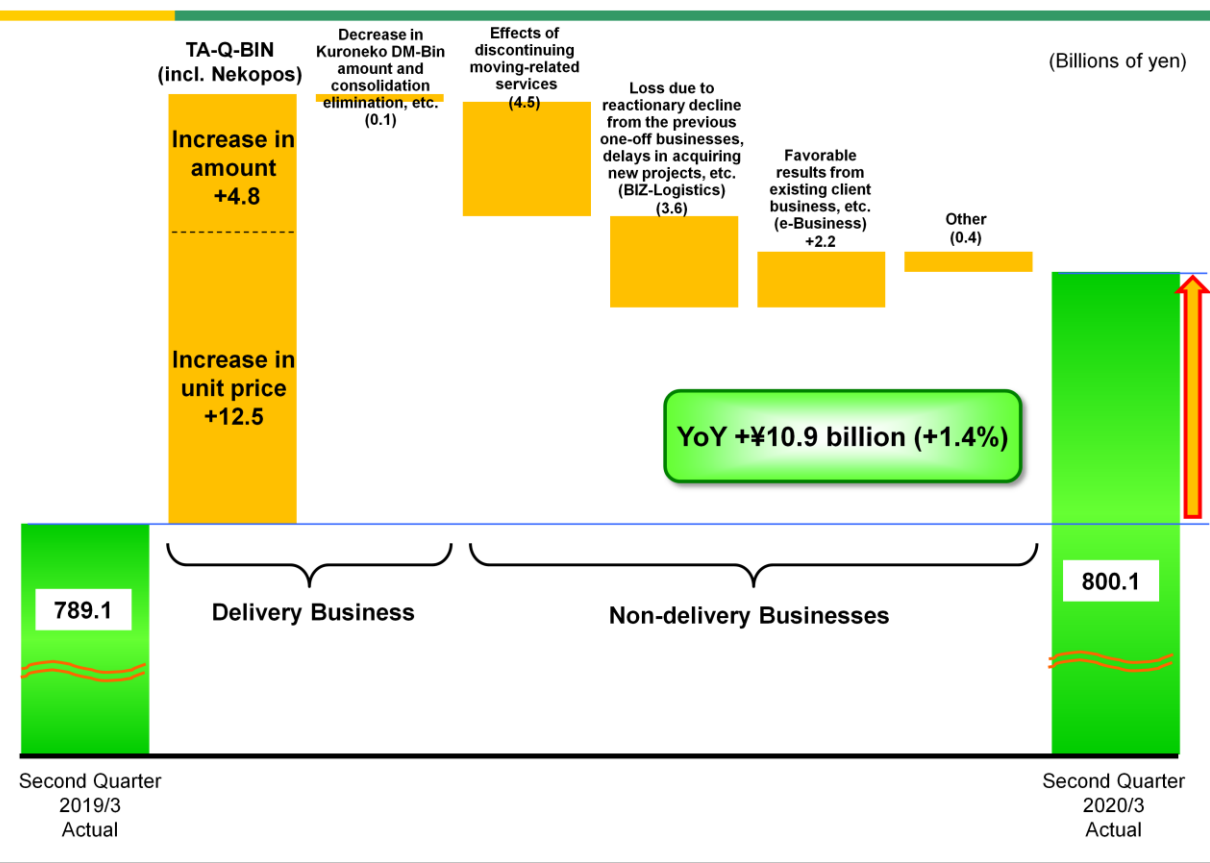
2. Operating profit: ¥6.2 billion (YoY decrease by ¥17.2 billion)

Operating profit decreased as operating revenue increase was insufficient to absorb higher operating expenses.

3. Non-operating loss: ¥3.4 billion (YoY increase by ¥2.8 billion)

- (1) Non-operating income: ¥1.2 billion (YoY increase by ¥0.0 billion)
- (2) Non-operating expenses: ¥4.7 billion (YoY increase by ¥2.8 billion)
 - Share of loss of entities accounted for using equity method: ¥3.6 billion (YoY increase by ¥2.6 billion)

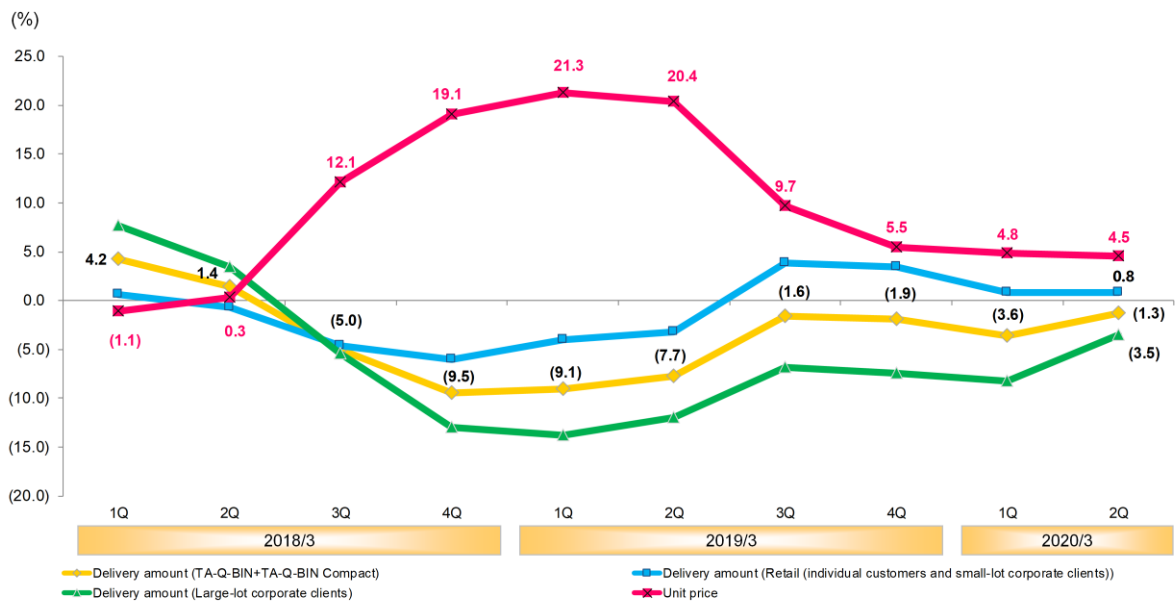
3. YoY Analysis of Consolidated Operating Revenue (Second Quarter 2020/3 - Cumulative)



4. Quarterly YoY Trends of TA-Q-BIN Delivery Amount (excl. Nekopos)

(Second Quarter 2020/3)

- Delivery amount was lower than in the previous fiscal year, while the range of YoY contraction in delivery amount narrowed. (YoY (1.3)%)
- Unit price increased. (YoY +4.5%)

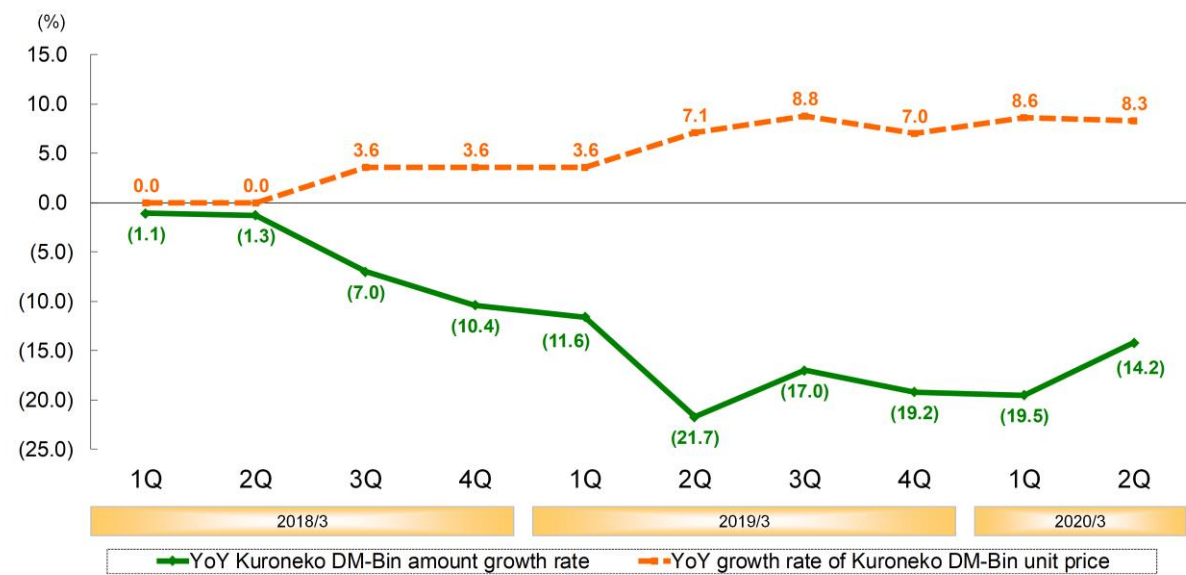


Unit price trend by market (Second quarter 2020/3)

Retail (individual customers and small-lot corporate clients) +2.7%
Large-lot corporate clients +5.9%

5. Quarterly YoY Trends of Kuroneko DM-Bin (Second Quarter 2020/3)

- The range of YoY contraction in delivery amount narrowed. (YoY (14.2)%)
- Unit price increased. (YoY +8.3%)



Shipment amount by market (Second quarter 2020/3)

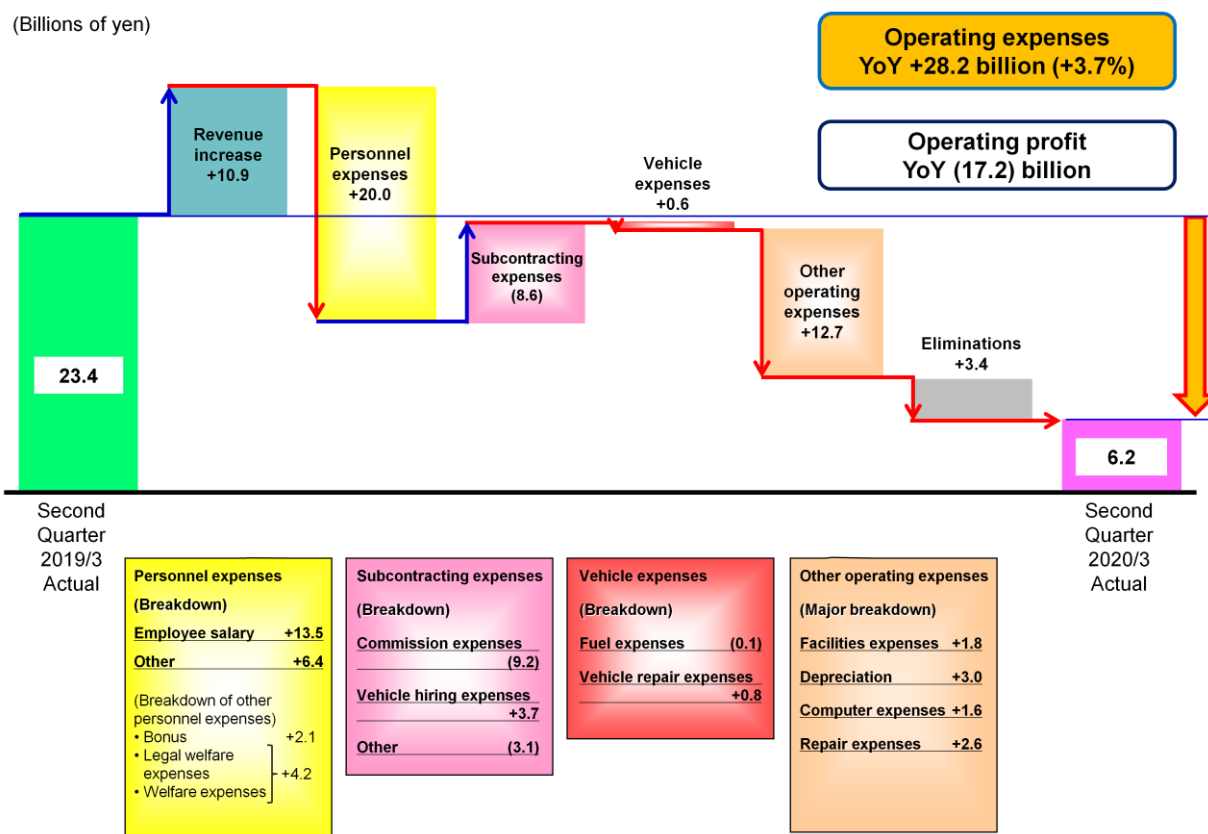
From TA-Q-BIN Centers: (13.6)%
From corporate sales branch offices: (14.5)%

Shipment unit price by market (Second quarter 2020/3)

From TA-Q-BIN Centers: +7.2%
From corporate sales branch offices: +8.3%

6. YoY Analysis of Consolidated Operating Expenses (Second Quarter 2020/3 - Cumulative)

(Billions of yen)



1. Personnel expenses +¥20.0 billion +4.9%
Mainly as a result of having increased the workforce to build collection and delivery structure
 - (1) Employee salary +¥13.5 billion
 - (2) Bonus +¥2.1 billion
 - (3) Welfare expenses and legal welfare expenses +¥4.2 billion
2. Subcontracting expenses ¥(8.6) billion (2.8)%
 - (1) Commission expenses ¥(9.2) billion (7.3)%
Curtailing of expenses for delivery outsourcing
 - (2) Vehicle hiring expenses +¥3.7 billion +3.9%
Increased mainly due to higher per-vehicle hiring rates
 - (3) Other subcontracting expenses ¥(3.1) billion (3.8)%
3. Vehicle expenses +¥0.6 billion +2.7%
 - (1) Fuel expenses ¥(0.1) billion (1.4)%
Due to a lower unit price of fuel
 - (2) Vehicle repair expenses +¥0.8 billion +7.1%
4. Other operating expenses +¥12.7 billion +7.8%
 - (1) Depreciation +¥3.0 billion +13.4%
Mainly vehicles, machinery and equipment, and buildings
 - (2) Facilities expenses +¥1.8 billion +5.5%
Nagareyama Base, etc.
 - (3) Computer expenses +¥1.6 billion +9.1%
Expenses related to Eighth NEKO System, etc.
 - (4) Repair expenses +¥2.6 billion +40.3%
Improving working environments to promote "Work Style Reform," etc.

7. Summary of Consolidated Operating Expenses (Second Quarter 2020/3 - Cumulative)

(Millions of Yen)	Second Quarter 2019/3 Actual	Second Quarter 2020/3 Actual	YoY Change	
			Amount	[%]
Operating revenue	789,131	800,126	+10,994	+1.4
Operating expenses	765,696	793,912	+28,216	+3.7
Personnel expenses	405,717	425,746	+20,028	+4.9
Employee salary	277,072	290,602	+13,530	+4.9
Other personnel expenses	128,645	135,144	+6,498	+5.1
Subcontracting expenses	309,340	300,668	(8,671)	(2.8)
Commission expenses	126,863	117,634	(9,228)	(7.3)
Vehicle hiring expenses	97,330	101,086	+3,756	+3.9
Other subcontracting expenses	85,145	81,946	(3,199)	(3.8)
Vehicle expenses	23,864	24,511	+647	+2.7
Fuel expenses	12,374	12,204	(169)	(1.4)
Other operating expenses	163,433	176,162	+12,729	+7.8
Depreciation	22,510	25,527	+3,017	+13.4
Elimination	(136,658)	(133,176)	+3,482	-
Operating profit	23,435	6,213	(17,221)	(73.5)

8. Summary of Operating Expenses in Delivery Business (Second Quarter 2020/3 - Cumulative)

(Millions of Yen)	Second Quarter 2019/3 Actual	Second Quarter 2020/3 Actual	YoY Change	
			Amount	[%]
Operating revenue	623,137	640,422	+17,285	+2.8
Operating expenses	608,156	643,985	+35,829	+5.9
Personnel expenses	351,344	371,021	+19,677	+5.6
Employee salary	240,123	253,677	+13,554	+5.6
Other personnel expenses	111,220	117,343	+6,122	+5.5
Subcontracting expenses	180,482	178,018	(2,464)	(1.4)
Commission expenses	73,342	67,031	(6,311)	(8.6)
Vehicle hiring expenses	92,371	96,667	+4,296	+4.7
Other subcontracting expenses	14,768	14,319	(449)	(3.0)
Vehicle expenses	21,147	22,009	+861	+4.1
Fuel expenses	10,318	10,335	+17	+0.2
Other operating expenses	114,928	127,457	+12,529	+10.9
Depreciation	15,295	18,420	+3,124	+20.4
Elimination	(59,746)	(54,520)	+5,225	-
Operating profit	14,980	(3,562)	(18,543)	-

(Note) The figures above include operating expenses related to overseas TA-Q-BIN services.

9. Operating Results Forecast for the Fiscal Year Ending March 31, 2020 (Breakdown by Business Segment)

(Millions of Yen)		Fiscal year ended March 31, 2019 Actual	Fiscal year ending March 31, 2020 (July 2019 Forecast) A	Fiscal year ending March 31, 2020 (New Forecast) B	Forecast Change (B-A)		YoY Change	
					Amount	[%]	Amount	[%]
Operating revenue								
	Delivery	1,297,222	1,350,000	1,337,000	(13,000)	(1.0)	+39,777	+3.1
	BIZ-Logistics	147,437	153,000	152,000	(1,000)	(0.7)	+4,562	+3.1
	Home Convenience	33,404	42,000	32,000	(10,000)	(23.8)	(1,404)	(4.2)
	e-Business	26,592	27,000	28,000	+1,000	+3.7	+1,407	+5.3
	Financial	79,966	83,000	81,000	(2,000)	(2.4)	+1,033	+1.3
	Autoworks	25,985	27,000	27,000	0	0.0	+1,014	+3.9
	Other	14,705	13,000	13,000	0	0.0	(1,705)	(11.6)
	Total	1,625,315	1,695,000	1,670,000	(25,000)	(1.5)	+44,684	+2.7
Operating profit								
	Delivery	40,787	50,000	41,000	(9,000)	(18.0)	+212	+0.5
	BIZ-Logistics	3,329	4,000	5,000	+1,000	+25.0	+1,670	+50.2
	Home Convenience	(7,764)	(3,000)	(7,000)	(4,000)	-	+764	-
	e-Business	8,740	10,000	11,000	+1,000	+10.0	+2,259	+25.9
	Financial	6,244	7,000	7,000	0	0.0	+755	+12.1
	Autoworks	4,433	5,000	5,000	0	0.0	+566	+12.8
	Other	19,372	39,000	40,000	+1,000	+2.6	+20,627	+106.5
	Subtotal	75,144	112,000	102,000	(10,000)	(8.9)	+26,855	+35.7
	Elimination	(16,798)	(40,000)	(40,000)	0	-	(23,201)	-
	Total	58,345	72,000	62,000	(10,000)	(13.9)	+3,654	+6.3
Ordinary profit		54,259	69,000	59,000	(10,000)	(14.5)	+4,740	+8.7
	[Profit margin]	3.3%	4.1%	3.5%	-	-	-	-
Profit attributable to owners of the Parent		25,682	38,000	32,000	(6,000)	(15.8)	+6,317	+24.6
	[Profit margin]	1.6%	2.2%	1.9%	-	-	-	-
Amount (Thousands of Units)	TA-Q-BIN / TA-Q-BIN Compact	1,668,280	1,690,000	1,664,000	(26,000)	(1.5)	(4,280)	(0.3)
	Nekopos	135,250	184,000	184,000	0	0.0	+48,749	+36.0
	Kuroneko DM-Bin	1,211,525	1,060,000	1,060,000	0	0.0	(151,525)	(12.5)
Unit price (Yen)	TA-Q-BIN / TA-Q-BIN Compact	702	722	724	+2	+0.3	+22	+3.1
	Nekopos	191	195	200	+5	+2.6	+9	+4.7
	Kuroneko DM-Bin	60	63	63	0	0.0	+3	+5.0

1. Operating revenue

(1) Delivery

Updated forecasts for delivery amount and unit price of TA-Q-BIN (excl. Nekopos) and unit price of Nekopos in view of the prevailing circumstances

(2) Home Convenience

Updated the previous forecast to account for discontinuation of services other than the new moving-related services for single people

(3) BIZ-Logistics, e-Business, Financial

Updated the previous forecast in view of the prevailing circumstances

2. Operating profit

Decreased forecasts for operating expenses and operating profit by ¥15.0 billion and ¥10.0 billion respectively in comparison with the previous forecasts, by taking efforts to control costs mainly of personnel expenses and subcontracting expenses in line with operating amount

3. Ordinary profit

Updated the previous forecast due to a change in the operating profit forecast

4. Profit attributable to owners of the Parent

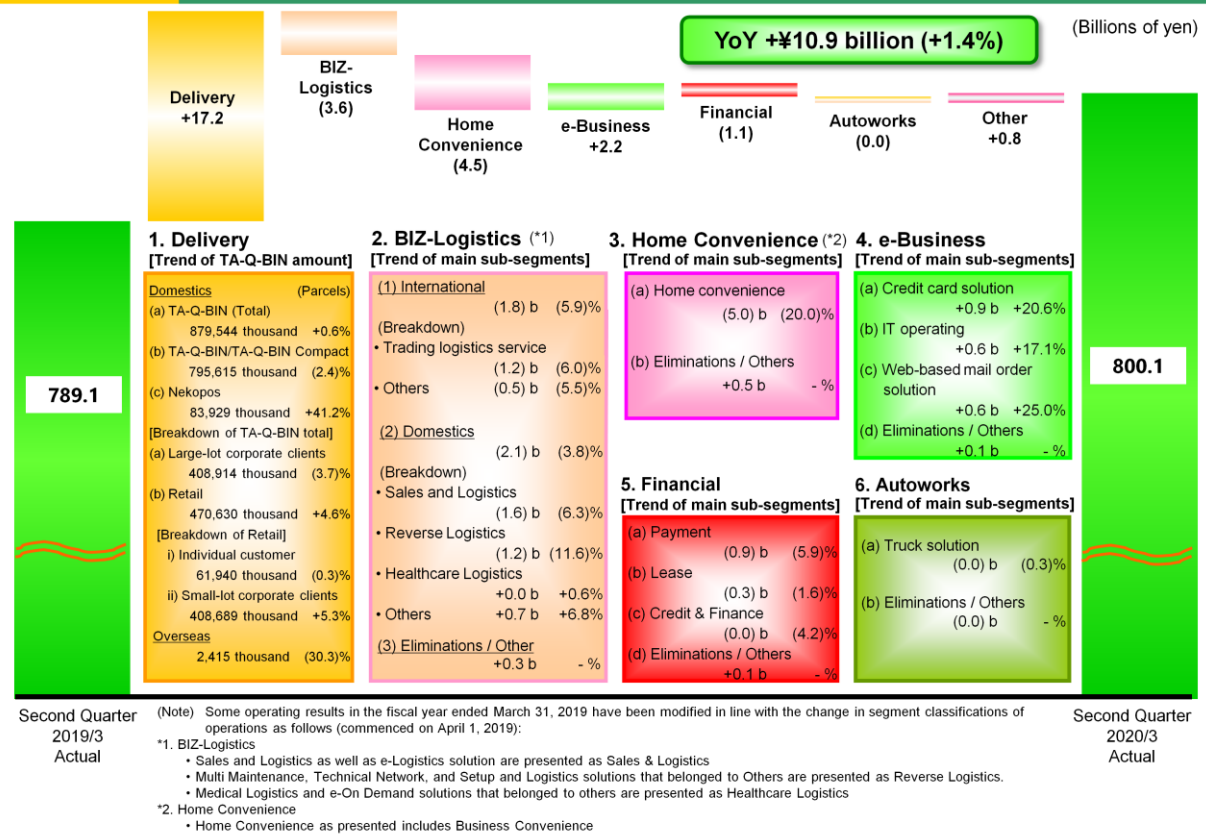
Updated the previous forecast due to the lower ordinary profit forecast

10. Operating Results Forecast for the Fiscal Year Ending March 31, 2020
(Breakdown of Operating Expenses)

(Millions of Yen)	Fiscal year ended March 31, 2019 Actual	Fiscal year ending March 31, 2020 (July 2019 Forecast) A	Fiscal year ending March 31, 2020 (New Forecast) B	Forecast Change (B-A)		YoY Change	
				Amount	[%]	Amount	[%]
Operating revenue	1,625,315	1,695,000	1,670,000	(25,000)	(1.5)	+44,684	+2.7
Operating expenses	1,566,969	1,623,000	1,608,000	(15,000)	(0.9)	+41,030	+2.6
Personnel expenses	821,715	873,000	860,000	(13,000)	(1.5)	+38,284	+4.7
Employee salary	564,377	601,000	591,000	(10,000)	(1.7)	+26,622	+4.7
Other personnel expenses	257,338	272,000	269,000	(3,000)	(1.1)	+11,661	+4.5
Subcontracting expenses	629,645	614,000	612,000	(2,000)	(0.3)	(17,645)	(2.8)
Commission expenses	256,817	237,000	235,000	(2,000)	(0.8)	(21,817)	(8.5)
Vehicle hiring expenses	201,377	201,000	206,000	+5,000	+2.5	+4,622	+2.3
Other subcontracting expenses	171,449	176,000	171,000	(5,000)	(2.8)	(449)	(0.3)
Vehicle expenses	46,656	50,000	50,000	0	0.0	+3,343	+7.2
Fuel expenses	23,981	25,000	25,000	0	0.0	+1,018	+4.2
Other operating expenses	342,602	377,000	376,000	(1,000)	(0.3)	+33,397	+9.7
Depreciation	51,346	56,000	55,000	(1,000)	(1.8)	+3,653	+7.1
Elimination	(273,649)	(291,000)	(290,000)	+1,000	-	(16,350)	-
Operating profit	58,345	72,000	62,000	(10,000)	(13.9)	+3,654	+6.3
Total number of employees (Persons)	225,125	234,700	232,000	(2,700)	(1.2)	+6,875	+3.1
Full-time	97,587	100,500	100,000	(500)	(0.5)	+2,413	+2.5
Part-time	127,538	134,200	132,000	(2,200)	(1.6)	+4,462	+3.5
Capital expenditure (Millions of Yen)	83,514	85,000	85,000	0	0.0	+1,485	+1.8

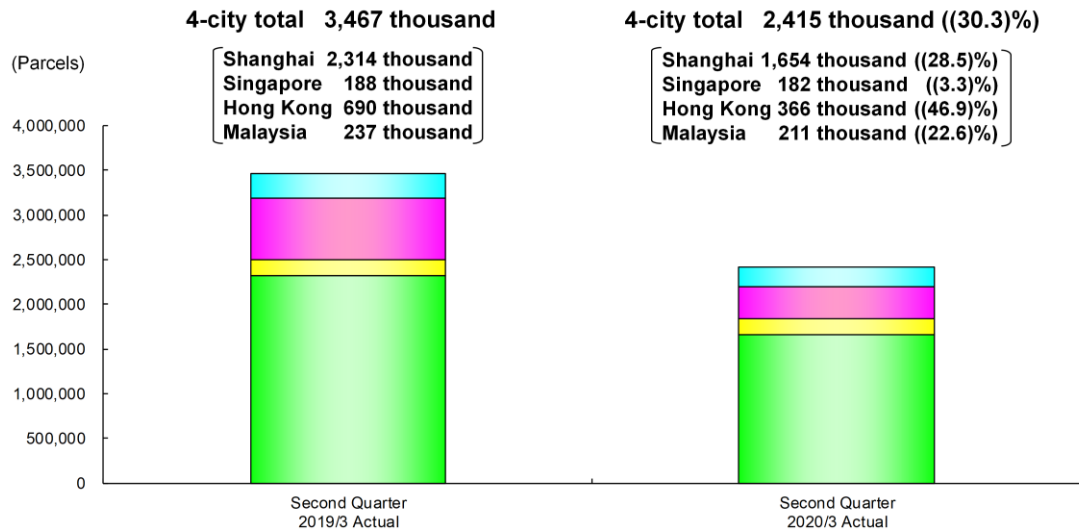
1. Personnel expenses: Updated the previous forecast based on progress being made in reviewing development of our collection and delivery structure in line with operating amount
2. Subcontracting expenses
 - (1) Commission expenses: Updated the previous forecast by taking efforts to control costs in line with operating amount
 - (2) Vehicle hiring expenses: Updated the previous forecast on the basis of the higher per-vehicle hiring contract rates
 - (3) Other subcontracting expenses: Updated the previous forecast on the basis of updated revenue forecasts for Delivery and Home Convenience
3. Other operating expenses: Updated the previous forecast for depreciation in view of the prevailing circumstances such as the timing of capital expenditure

[Reference] YoY Analysis of Consolidated Operating Revenue (Second Quarter 2020/3 - Cumulative)



[Reference] YoY Trends of TA-Q-BIN Business Overseas (Second Quarter 2020/3 - Cumulative)

Delivery amount at [4 overseas cities
(under direct control of Yamato Group)]




Delivery amount at [4 overseas cities + Taiwan]

Second Quarter 2019/3
(Actual)
55,296 thousand

Second Quarter 2020/3
(Actual)
54,168 thousand ((2.0)%)

Delivery amount decreased due to the latest review of unprofitable transactions, etc.



These presentation materials (with explanatory notes) and the minutes of the financial results meeting Q&A are posted in PDF format on the Company's website in the Investor Relations section.

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