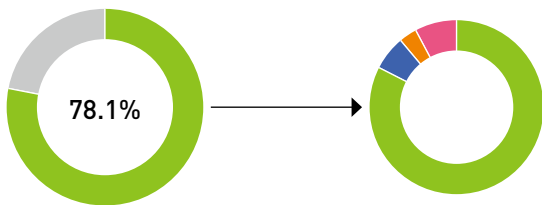




# Delivery

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.

## Composition Ratio of Operating Revenues



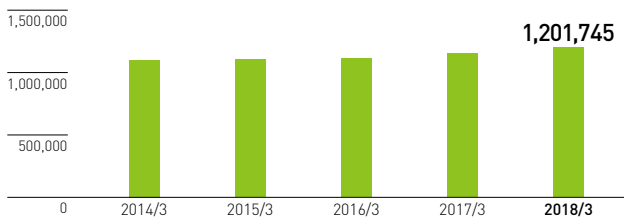
Breakdown of the Composition Ratio of Operating Revenues

■ <i>TA-Q-BIN</i>	71.4%
■ Kuroneko DM-Bin	5.4%
■ Express	2.8%
■ Others	6.7%
Eliminations	(8.2)%

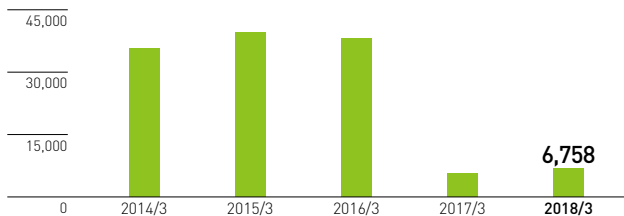
## A Look Back at the Year Ended March 31, 2018

- Promoted “Structural Reform in the Delivery Business,” while placing “Reforming Working Styles” at the center of our management
- In addition to moving up the cut-off time for accepting *TA-Q-BIN* collection and delivery requests, revised the number of time slots for *TA-Q-BIN* deliveries from six to five in an effort to ensure our employees can properly take breaks and prevent long working hours
- Revised *TA-Q-BIN* basic fees in October 2017. Negotiated revisions to fees for our corporate clients and made progress with requests to certain large-lot clients to adjust *TA-Q-BIN* shipment volumes
- Raised *TA-Q-BIN* unit price from the third quarter on. Realized a recovery in business performance amid rising investments and expenses due to promoting “Reforming Working Styles” and other measures
- Promoted the expansion of sales of *TA-Q-BIN Compact* and *Nekopos* to respond to the continued growth in the e-commerce market. At the same time, collaborated with multiple flea market websites to expand shipment counter
- As a result of the above, revenues and profit increased year on year

## Operating Revenues (¥ million)



## Operating Profit (¥ million)



## Efforts to Upgrade Touchpoints as Part of “Structural Reform in the Delivery Business”

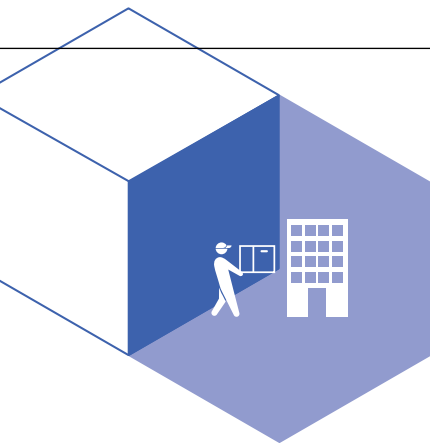
As part of our efforts to reform our business structure in order to realize sustainable growth, we are working to upgrade the touchpoints where customers can receive packages. In the fiscal year ended March 31, 2018,



we promoted the establishment of designated Pick Up & Drop Off (PUDO) stations, which function as re-delivery locations when recipients are not home as well as delivery points for products purchased through e-commerce websites, and increased the number of stations, primarily at train stations, supermarkets, and drugstores in the Tokyo metropolitan area. These efforts were undertaken in order to reduce the number of re-deliveries and improve the convenience of receiving packages in accordance with customer lifestyles.

Additionally, we have been collaborating with e-commerce companies to create a service environment where customers who have purchased a product are able to specify either a business office of Yamato Transport, a convenience store, or a PUDO station as a pickup location. At the same time, we have been taking other steps to improve the convenience of receiving packages for our customers. These include the *My Calendar* service for *Kuroneko Members*, which allows customers to select the most convenient day and time for deliveries, as well as the addition of a new feature that allows customers to designate pickup locations.

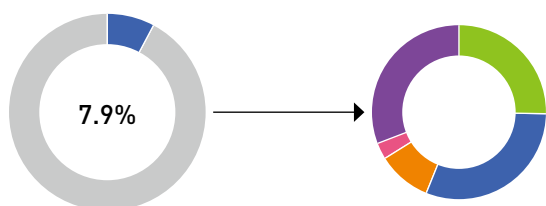
By continuing these efforts, we will establish a foundation that allows us to adapt to the changing business environment as we aim to realize sustainable business growth going forward.



# BIZ-Logistics

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.

## Composition Ratio of Operating Revenues



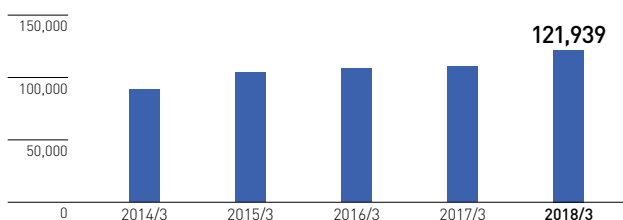
### Breakdown of the Composition Ratio of Operating Revenues

Trading logistics service	2.5%
Sales and Logistics	3.0%
Multi maintenance	1.0%
Products Logistics	0.3%
Others	3.0%
Eliminations	(2.0)%

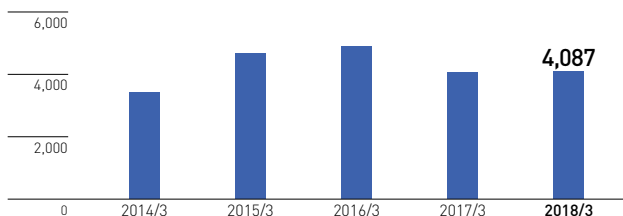
## A Look Back at the Year Ended March 31, 2018

- Offered a wide variety of logistics support services for the e-commerce industry, including services for placing and accepting orders, visually monitoring inventories, and promoting speedier shipments, on a one-stop basis in line with customer needs. Realized solid performance in terms of revenues due to the favorable performance of existing services
- Expanded use by new customers through services that help revolutionize logistics operations, including medical device loaner support (storage, cleaning, and delivery), a service we developed for medical service providers
- As a result of the above, revenues and profit rose year on year

## Operating Revenues (¥ million)



## Operating Profit (¥ million)



## Introduction of Japan's First Automated Fit-To-Size Packing System at Atsugi Gateway

The Yamato Group is working to enhance its value-added functions with the aim of further evolving its "Value Networking" design. In addition, we are actively promoting the digitization and automation of our overall logistics



operations in order to respond to social issues such as the declining workforce, which will become an even more serious problem going forward, as well as the expansion of the e-commerce market. As part of these efforts, Yamato Packing Technology Institute Co., Ltd., which develops packing materials used in the transportation field, introduced a fit-to-size packing system at the *Atsugi Gateway*. Operations of this system were commenced in October 2017.

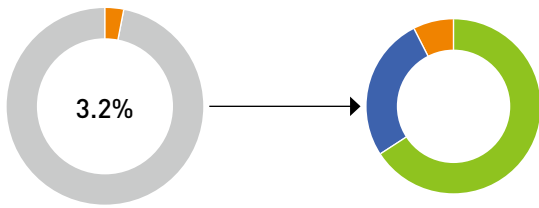
This fit-to-size packing system automatically measures the three sides of a product and creates the most appropriately sized cardboard box for that product. In addition, the system automates various processes, including processes for packing and attaching invoices. By doing so, the fit-to-size packing system achieves productivity levels that are approximately 10 times higher than those of conventional packing done by hand. Also, through packing that best suits the shape of the product, this system contributes to reducing environmental burden by improving loading efficiency during shipping and reducing the amount of cushioning materials that need to be used. Furthermore, this system helps reduce the amount of space needed to store packing materials.



# Home Convenience

In the Home Convenience Business, the Yamato Group is working toward enabling customers to achieve greater convenience and comfort in their lives through lifetime lifestyle support businesses and corporate enterprise support business that draw on the Yamato Group's nationwide network.

## Composition Ratio of Operating Revenues



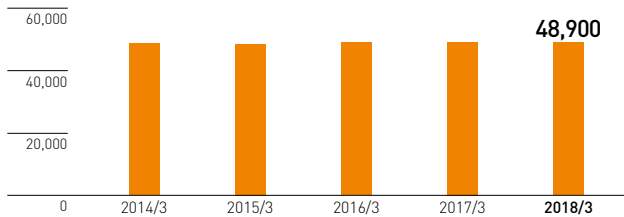
Breakdown of the Composition Ratio of Operating Revenues

Home convenience	2.7%
Business convenience	1.1%
Technical Network	0.3%
Eliminations	(0.9)%

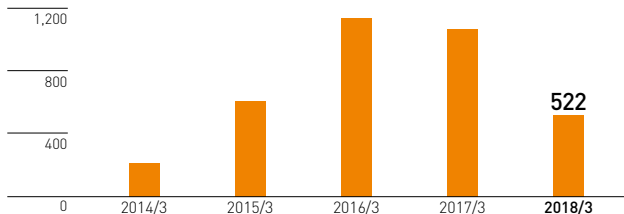
## A Look Back at the Year Ended March 31, 2018

- Worked to increase volume of the *Raku Raku Household TA-Q-BIN* service, which makes it easier to send large packages, in collaboration with flea market apps. At the same time, actively promoted the expansion of sales of the *Comfortable Lifestyle Support* service, which works to reduce daily household inconveniences
- Steadily acquired orders for office relocations and other projects through our business support services for corporate clients, including the one-stop *Technical Network Business* service that covers everything from household equipment delivery and setup to installation and maintenance
- Promoted “Reforming Working Styles” and engaged in efforts to control workloads during peak moving and relocation season
- Despite the above, revenues and profit declined year on year

## Operating Revenues (¥ million)



## Operating Profit (¥ million)



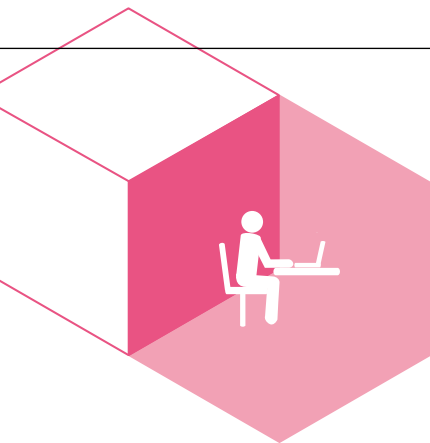
## Commencement of Delivery Service for Large Products in Collaboration with Flea Market Apps

Yamato Home Convenience Co., Ltd. collaborated with Mercari, Inc. to commence the provision of *Large-Item Raku Raku Mercari Delivery*, a new delivery service for the flea market app Mercari, in April 2017. Mercari is a rapidly growing service, with monthly distribution volumes totaling



¥10.0 billion and the number of items listed per day reaching over 1 million. While Yamato Transport has been working with Mercari in the provision of the *Raku Raku Mercari Delivery* service since April 2015, there were instances where this service could not respond to transactions involving larger items such as furniture and household appliances. In light of this, we received a large number of requests from customers for a service that could handle such transactions.

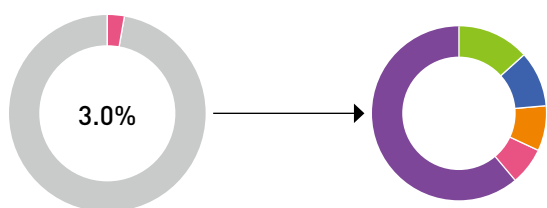
Yamato Home Convenience offers services including the shipping of furniture and household appliances. The company also possesses a nationwide shipping network for large items. With the *Large-Item Raku Raku Mercari Delivery* service, staff members from Yamato Home Convenience visit the homes of sellers to pack and pick up items being sold. In addition, these staff members unpack and set up items once they have reached their destination and collect used packing materials. In these ways, *Large-Item Raku Raku Mercari Delivery* is an easy-to-use, highly convenient service.



# e-Business

In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing the solution platform business that combines logistics technology and financial technology with information technology. In addition, with the aim of helping to accelerate growth of Yamato Group businesses, we have been moving beyond conventional information technologies through efforts geared to promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of Things (IoT), and other such innovations.

## Composition Ratio of Operating Revenues



### Breakdown of the Composition Ratio of Operating Revenues

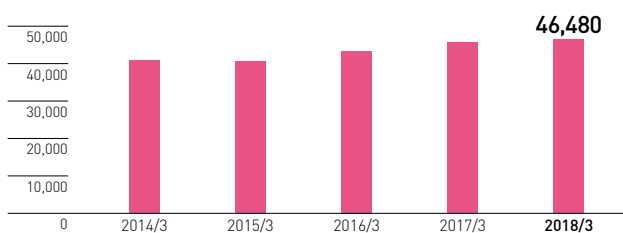
e-logistics solution	0.8%
Credit card solution	0.6%
IT operating*	0.5%
Web-based mail order solution	0.4%
Others	3.6%
Eliminations	(2.8)%

\* Starting with the fiscal year ended March 31, 2018, the name of IT operating solution has been changed to "IT operating."

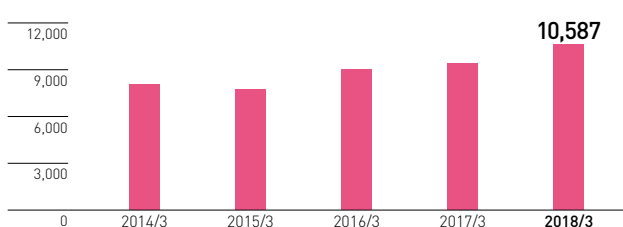
## A Look Back at the Year Ended March 31, 2018

- Against a backdrop of e-commerce market growth, expanded service use particularly among existing large-lot customers through the *Web-Based Shipment Control* service, which provides comprehensive support for such operations as dispatch information processing, delivery slip printing, and package tracking
- Increased use of services among new and existing customers through the e-On Demand Solutions business, which is geared toward customers who mainly make use of pamphlets, catalogues, and other such promotion materials in their marketing activities and involves the provision of total solutions in terms of systems for ordering promotion products, warehouse storage, administration, delivery and other logistic functions, and printing
- As a result of the above, revenues and profit increased year on year

## Operating Revenues (¥ million)



## Operating Profit (¥ million)



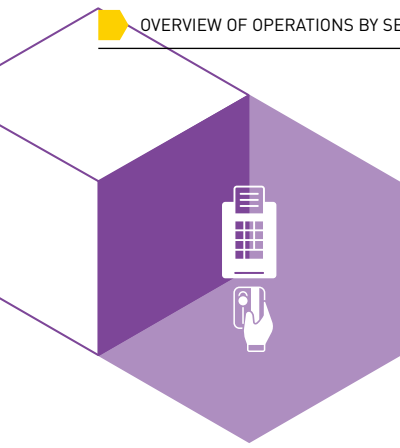
## Provision of Online Service to General Insurance Companies for Collecting Documentation

Yamato System Development Co., Ltd. offers an online service for collecting documentation. With this service, personal identification and other necessary documents can be submitted online easily and with peace of mind via smartphone, PC, and other devices, without having to download a specialized app. Users are able to submit documents via this service 24 hours a day, 365 days a year, for processes where submitting documentation is necessary, such as opening a bank account, applying for a credit card loan, and receiving an inspection for leasing real estate. Accordingly, this service helps corporations resolve the issue of lengthy response time due to inadequate document preparation. It also eliminates the need for users to make copies of documents and send them via mail. In these ways, the service improves convenience levels for both corporations and users. In addition, as this service guarantees high levels of security, including conformance with PCI DSS,\* it enables the secure transmission, receipt, and management of personal information.



Receiving high praise for these various features, this service was introduced at SBI Insurance Co., Ltd. in 2018. Going forward, we intend to actively promote the introduction of this service at not only general insurance companies but also life insurance companies. We also plan on expanding the service's features in such ways as enabling the collection of necessary documentation for insurance product applications, insurance payments, and various other procedures.

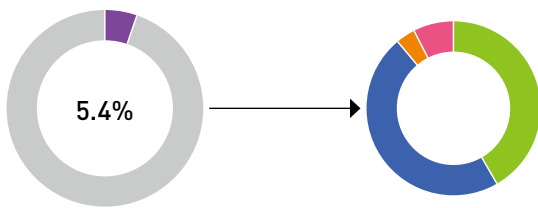
\* An abbreviation for Payment Card Industry Data Security Standard, a global security standard for the credit card industry



# Financial

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.

## Composition Ratio of Operating Revenues



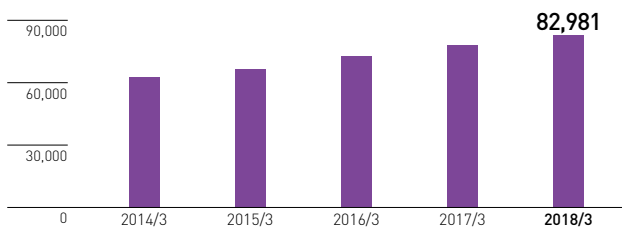
Breakdown of the Composition Ratio of Operating Revenues

Payment	2.3%
Lease	2.6%
Credit & Finance	0.2%
Others	0.4%
Eliminations	(0.2)%

## A Look Back at the Year Ended March 31, 2018

- Provided a wide range of payment settlement services to our customers by promoting use of the *Kuroneko Web Collect* and *Kuroneko Pay After Delivery* services
- Launched sales of the *Raku-uru Cart* service to enable business operators to enter the e-commerce market, which is expected to continue to expand going forward. Promoted efforts to enhance our services in such ways as providing one-stop options in terms of payment settlement, delivery support, and shopping cart features
- Generated favorable sales in the lease services business with regard to financial leases primarily involving trucks, and installment sales. At the same time, developed peripheral operations, including vehicle referrals and resale support, and promoted proposals for total solutions related to vehicles
- Experienced a decline in the delivery volume of the mainstay service *TA-Q-BIN Collect* following the shrinking market for cash on delivery
- As a result of the above, revenues increased year on year while profit decreased

## Operating Revenues (¥ million)



## Operating Profit (¥ million)



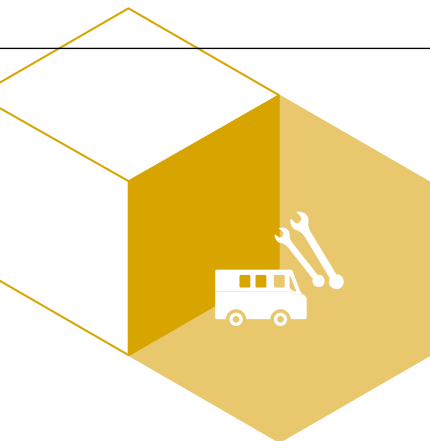
## Provision of Platforms That Simplify Operation of E-Commerce Businesses

Many new e-commerce business operators have to undertake a wide range of duties with only a small team of people, and there is often little room to sufficiently allocate management resources toward efforts to improve customer satisfaction.



In particular, to manage an e-commerce website, business operators must conclude contracts with each vendor that provides functions, and the online administration screen for managing these functions differ from function to function. These factors have made operating an e-commerce website extremely complex.

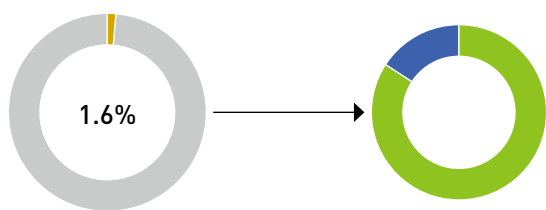
To address this issue, Yamato Financial Co., Ltd. established a new shopping cart feature for e-commerce websites and, in January 2018, began offering this feature as the *Raku-uru Cart* service, which integrates the payment settlement and delivery support functions of the Yamato Group. The *Raku-uru Cart* service can be easily introduced even by operators who lack sufficient know-how related to websites, including on how to launch a new e-commerce site. In addition, users are able to manage invoice issuance and payment settlement functions via the same screen, allowing for the highly efficient management of online stores. Also, *Raku-uru Cart* offers a diverse range of payment settlement services and services that allow users to select their desired pickup location. In this manner, *Raku-uru Cart* links the various services of the Yamato Group to offer enhanced functions that can be used in accordance with consumers' lifestyles.



# Autoworks

In the Autoworks Business, the Yamato Group develops its “24-hour-a-day, 365-day-a-year service that enables customers to service their vehicles without stopping operation,” thereby providing value to logistics operations and logistics service providers in the form of “improvement of vehicle maintenance convenience” and “reduced maintenance expenses.” Furthermore, to better provide one-stop service solutions geared toward customer business operations, we have added services for “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “offering insurance plans tailored to customer risk management needs,” which provide coverage for such assets.

## Composition Ratio of Operating Revenues



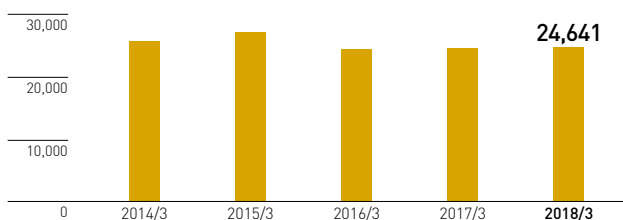
### Breakdown of the Composition Ratio of Operating Revenues

Truck solution	3.2%
Others	0.6%
Eliminations	(2.1)%

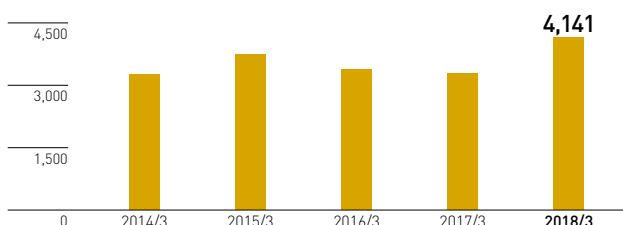
## A Look Back at the Year Ended March 31, 2018

- Took steps to expand sales through such means as proactively promoting sales of our *Repairworks* service, which entails periodic on-site customer visits
- Realized an increase in the number of vehicles serviced
- Made progress with regard to streamlining business processes such as standardizing and visually monitoring business operations
- As a result of the above, both revenues and profit were up year on year

## Operating Revenues (¥ million)



## Operating Profit (¥ million)



## Commenced Inspection and Maintenance Services for Commercial Electric Vehicles as a New Business Domain

In the Autoworks Business, we commenced inspection and maintenance services for commercial electric vehicles. As the use of commercial electric vehicles in logistics operations is expected to become more widespread going forward, we view these services as a new business domain that focuses on the changing business environment. In the fiscal year ended March 31, 2018, Yamato Transport introduced compact electric trucks, which significantly reduce environmental burden due to the fact that they do not generate exhaust emissions. In addition, as these trucks require significantly less components for assembly, they reduce the number of disposal parts that need to be replaced within a set time cycle. Accordingly, the trucks help reduce running costs. These trucks also have less oscillation compared with diesel vehicles, reducing the physical burden on our sales drivers. Furthermore, Yamato Autoworks Okinawa Co., Ltd. has commenced inspection and maintenance services for large-sized electric buses that have been introduced by Okinawa Ship's Agency Corporation, a company that conducts ship agency operations for cruise ships. In these ways, we are actively promoting expansion into this new business domain.



Going forward, we will promote inspection and maintenance services for our customers without stopping operations. We will also work to make these services more sophisticated. At the same time, by promptly responding to new technologies and features such as low-emission vehicles, we will provide support for high-quality logistics services going forward.



# Other Services

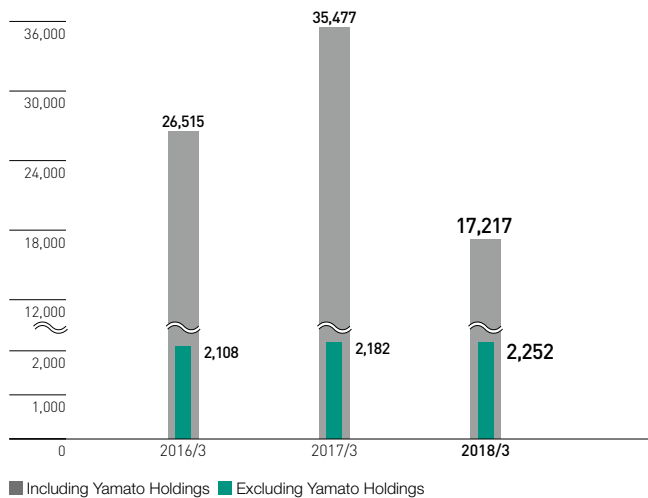
Through Other Services, we provide a broad range of shared services such as the arterial route transportation business and the box charter business. The *JITBOX Charter* service provides transportation by transport box. The service takes advantage of a network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the fiscal year ended March 31, 2018, service use grew steadily due to favorable results with respect to existing services.

Excluding such factors as dividends that Yamato Holdings received from Group companies, operating profit of Other Services increased 3.2%, to ¥2,252 million.



JITBOX Charter

## Operating Profit (¥ million)



## Track Record of JITBOX Charter (Units)

