

KAIKAKU 2019 for NEXT100

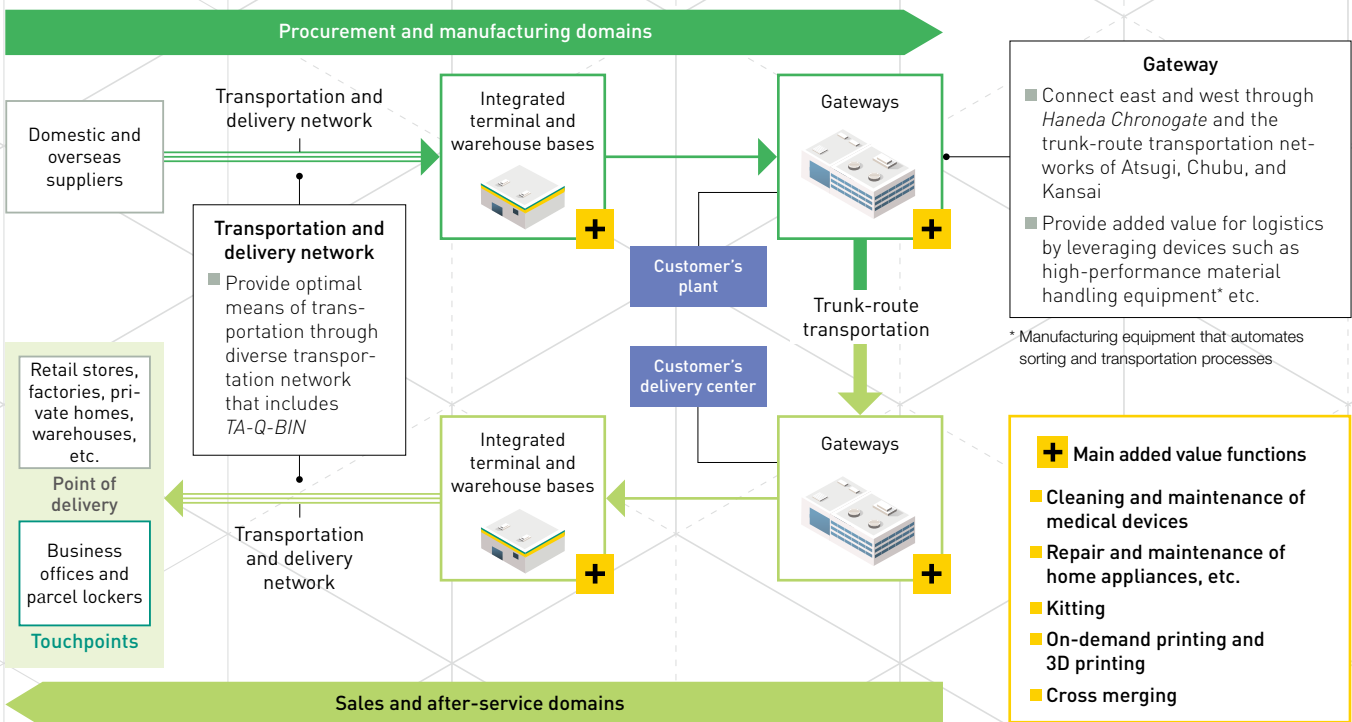
Reform of Revenue and Business Structure Geared to Achieving Discrete Growth

Further evolving the “Value Networking” design, which we commenced in 2013, we are concentrating our efforts on developing new third-party logistics that provide solutions throughout the entire supply chain of our corporate customers, with the goal of creating the next pillar of our business after *TA-Q-BIN*. In order to provide solutions that contribute to the resolution of issues faced by our corporate customers in Japan and overseas, we will effectively leverage aspects of our network such as *Haneda Chronogate*, the gateways connecting major cities in Kanto, Chubu, and Kansai, our cross-border network extending primarily throughout Asia, in addition to our existing “last mile” network. At the same time, we are working to strengthen account management across the entire Group.



Supporting the Upstream and Downstream Supply Chains of Our Corporate Customers on an Integrated Basis

Through providing logistics solutions that leverage its more than 100 warehouses across Japan and an advanced transportation and delivery network built up through the *TA-Q-BIN* home delivery service, the Yamato Group provides services designed to optimize the supply chains of its corporate customers. By supporting the supply chains of our corporate customers on an integrated basis, such as cleaning medical devices used at hospitals and maintenance and repairs of home appliances or commercial equipment, we are providing high added value in a variety of ways through reducing logistics processes, lowering logistics costs, and optimizing lead times, while improving inventory turnover and alleviating the stress of end users.



We will provide solutions to corporate customers by strengthening account management and leveraging the management resources of the entire Group.



Yasuharu Kosuge
 Managing Executive Officer
 Responsible for Global Corporate Business Division and President, Yamato Logistics Co., Ltd.

As the next pillar of its business after *TA-Q-BIN*, the Yamato Group is focusing its efforts on developing new third-party logistics that provide solutions for the entire supply chains of corporate customers. What sets our third-party logistics apart from others for the most part is that it proposes a mechanism that creates benefits for all parties by encompassing not only the Yamato Group's corporate customers (clients) but also their supply chain as a whole, including their suppliers and sales channels. We call this "demand perspective" and believe that addressing the requests and issues not only of our clients but also of the customers of our clients, who are the recipients of packages, will help to maximize our clients' revenue.

The Yamato Group's network is a major strength in resolving issues throughout the entire supply chain of its corporate customers. Yamato Transport currently has approximately 70 large-scale logistics terminals and approximately 4,000 business offices that serve as *TA-Q-BIN* pickup and delivery bases in Japan. This network can be broadly divided into three categories. The first is the pickup side of the network, which collects packages and transports them to the terminals; the second is terminal-to-terminal trunk-route transportation; and the third is the delivery side of the network, the "last mile" from arrival terminal to destination.

Previously, *TA-Q-BIN* services were incorporated into this network. However, we can create new solutions for corporate customers by choosing the optimal means of transportation from a variety of methods, not only providing services through *TA-Q-BIN* sales drivers on the pickup side and delivery side. Moreover, since the density of trunk-route transportation increases by combining packages other than those of *TA-Q-BIN*, we can respond to the high-frequency, small-lot transportation needs of corporate

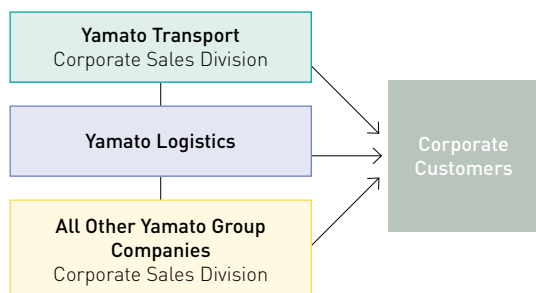
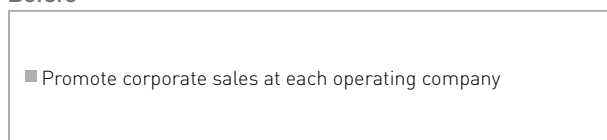
customers while keeping down transportation costs. Furthermore, although the Yamato Group operates warehouses at more than 100 locations across Japan, approximately 30 of these are integrated logistics terminals. At the bases that form our network, we can provide value unique to the Group that helps to revolutionize the logistics operations of our corporate customers by visualizing the entire supply chain through ICT while providing a variety of functions, such as merging, repairing, and cleaning.

In order to promote our solutions business, it is important to form deep relationships with corporate customers and help resolve the issues they face, after becoming an expert in their industries and businesses. This requires the provision of solutions that cover the entire supply chain of corporate customers by comprehensively leveraging the expertise, functions, and other strengths of the entire Yamato Group, rather than the provision of functions by operating companies on an individual basis. Efforts to bolster account management across the entire Group are also essential.

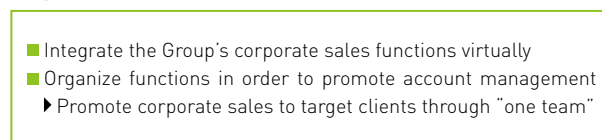
The Yamato Group is developing a mechanism for corporate sales personnel at Group companies to cooperate with one another. At the same time, we are promoting the cultivation of human resources who will lead solution-based sales and establishing a mechanism to enable corporate sales personnel to propose and sell Group products regardless of the Group company to which they belong, as well as implementing training for that purpose. Our goal is to be recognized as a business partner by our corporate customers through providing solutions. To achieve that goal, we will further refine our strengths and services to heighten the value we deliver to customers.

▶ System for Promoting Corporate Sales

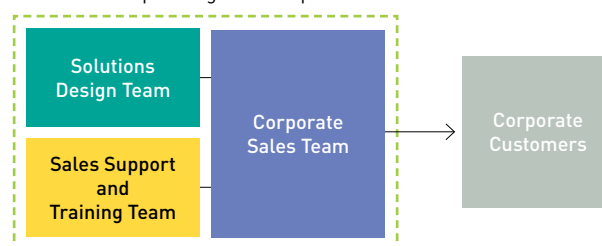
Before



After



Yamato Group's Integrated Corporate Sales Team*



* Launched on a full scale as of October 2019