

Medium-Term Management Plan “One Yamato 2023”

(From the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024)

Under “One Yamato 2023,” the new medium-term management plan due to conclude at the end of the fiscal year ending March 31, 2024, we will offer value to individual and corporate customers, as well as society as a whole. We will accomplish this by combining the management resources centralized under One Yamato into an optimal form and supporting the entire supply chain, from suppliers and manufacturers to consumers, based on the accelerated adoption of EC in all industries brought on by rapid changes to lifestyle and the distribution structure.

The Approach to Formulating “One Yamato 2023”

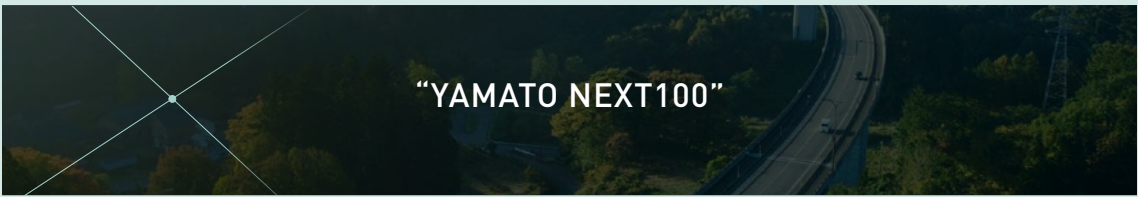
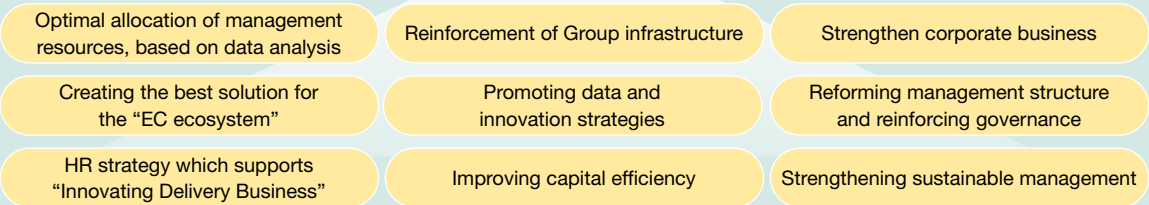
Viewing the accelerated progress of EC adoption in all industries as an opportunity, the Yamato Group will work to provide value from end to end, spanning from the BtoC domain, an area where the Group boasts strengths, to upstream domains.

- ▶ Based on “YAMATO NEXT100,” respond to further growth in EC-related demand in light of the accelerated progress of EC in all industries, brought on by rapid changes to lifestyle and the distribution structure over the past year
- ▶ Expand and sophisticate Yamato’s value provision to the entire supply chain by utilizing the strength of having the last-mile network, as well as the logistics network, including warehouses that can respond to changes in the supply chain

Proactively face the needs of customers and society as “One Yamato,” in both name and practice, and make the lives of individual customers more convenient while supporting the overall management of corporate clients, thereby becoming the “best partner of both individual and corporate customers”

One Yamato 2023

Improve Corporate Value



Overview and Summary of the Transformation Plan “YAMATO NEXT100” as a Grand Design for Management Reform over the Medium to Long Term

Business Environment

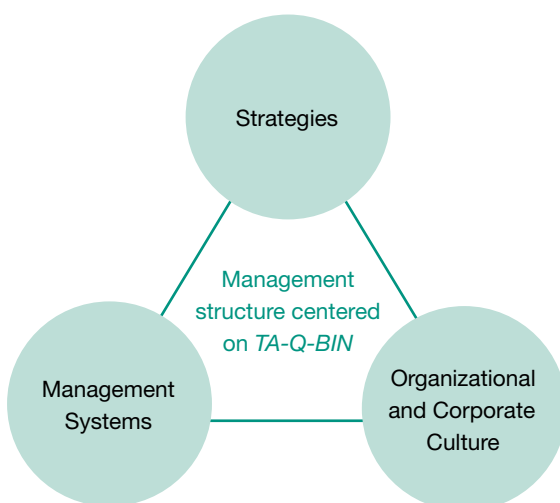
Social Issues

-  Diversification of customer needs
-  Rapid growth of EC market
-  Declining population and decaying regional infrastructure
-  Declining working population
-  Climate change and resource scarcity

Challenges for the Yamato Group

- ▶ Deepen understanding of customers to create new services in addition to diversifying package delivery methods
- ▶ Actively position Yamato at the forefront of the rapidly growing EC market, in view of opportunity for high growth. To that end, restructure management structure and shift to data-driven management
- ▶ Build a supply chain as regional infrastructure to contribute to the sustainability of local communities in which Yamato is deeply rooted
- ▶ Achieve “minimal workforce personnel in response to growing workload” through thorough mechanization
- ▶ Fulfill responsibilities for sustainability as a crucial part of social infrastructure

Awareness of Issues under the Premise of Reform



- ▶ **Strategies** TA-Q-BIN alone unable to accommodate rising demand from the EC market and corporate logistics
- ▶ **Management Systems** Weak management structure for quick decision-making due to dependence on individual skills based on intuition and experience
- ▶ **Organizational and Corporate Culture** The Yamato Group’s sound culture, “Participatory Management,” no longer practiced

The Yamato Group’s strategies, management systems, and organizational and corporate culture centered on TA-Q-BIN do not fully address customer and social needs.

Overview and Summary of the Transformation Plan “YAMATO NEXT100” as a Grand Design for Management Reform over the Medium to Long Term

The Purpose of YAMATO NEXT100

As a social infrastructure provider, Yamato will confront social issues and continuously contribute to the realization of a prosperous society in the next era by creating a “new logistics ecosystem,” meeting the needs of customers and society.

Yamato will offer innovative solutions to customers by combining its various management resources throughout the Yamato Group.

Basic Strategy and Structure Reform of “YAMATO NEXT100”

▶ The Basic Strategy of YAMATO NEXT100

1 Transform into a management that can boldly address customer and social needs

- ▶ Address customer needs on a customer segment basis
- ▶ Transform management systems (expedite decision-making process)
- ▶ Reduce the distance between management and the front lines and unify all Group efforts: One Yamato

2 Shift to a data-based digital management

- ▶ Through the digitalization and optimization of logistics operations, strengthen customer relationships by building an environment where sales drivers can devote more time to serving customers
- ▶ Optimize the allocation of management resources by improving accuracy of demand and business volume forecasts
- ▶ Visualize management and achieve objective and scientific decision-making

3 Evolve into a group with a management that creates a logistics ecosystem openly through co-development

- ▶ Create new delivery partnerships with third parties in addition to maintaining the existing company delivery channels—evolving from a “Delivery Business” to a “Delivery Innovation Business”

▶ Structural Transformation

Three Business Reforms

- ▶ 1. Digital transformation of TA-Q-BIN
- ▶ 2. Establishment of an EC ecosystem
- ▶ 3. Strengthening of corporate logistics business

Three Infrastructure Reforms

- ▶ 1. Renewal of the Group’s management systems
- ▶ 2. Shift to data-driven management
- ▶ 3. Sustainability initiatives under the theme “Management embodying the environment and society”

Progress and Outcomes of “YAMATO NEXT100”

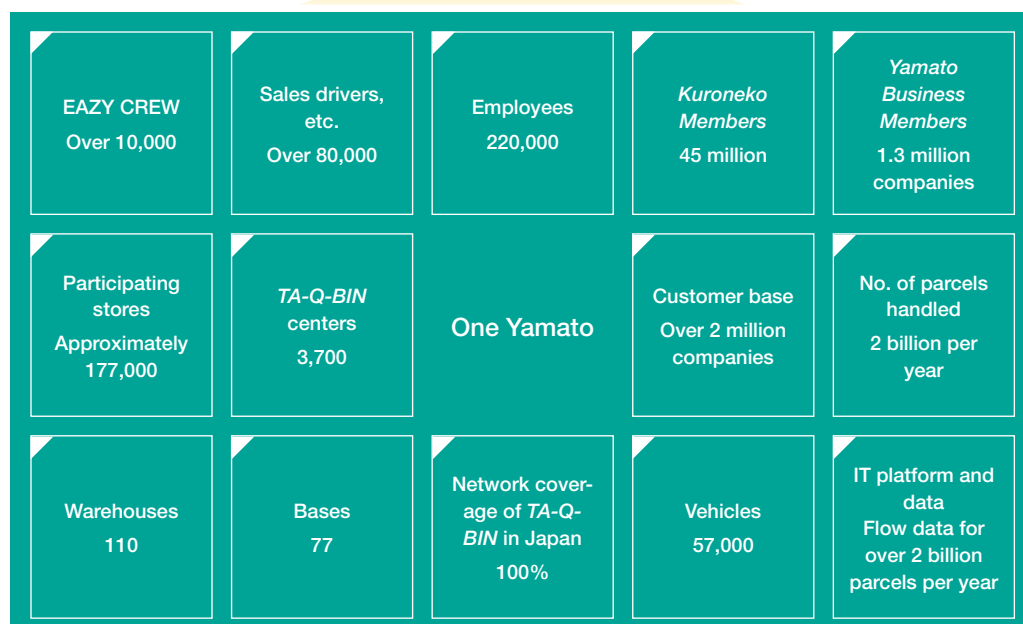
While centralizing the Yamato Group's management resources in advance of the transition to the new management system in April 2021, as a result of management structure reform under “YAMATO NEXT100,” we have been able to meet the sudden rise in demand caused by the unexpected changes to lifestyle and the distribution structure brought on by the COVID-19 pandemic and accelerated progress of EC adoption in all industries

- 1 Transform into a management that can boldly address customer and social needs**
 - ▶ Develop a system that is capable of solving customer and social issues by consolidating the Group's management resources, which have been decentralized up to now, led by personnel responsible for each business and function division
- 2 Shift to a data-based digital management**
 - ▶ Promote optimal allocation of management resources based on workload forecasts through data analysis
 - ▶ Optimize pickup and delivery and trunk-route transportation
 - Progress in improving productivity and optimizing costs
- 3 Evolve into a management that creates a logistics ecosystem openly through co-development**
 - ▶ Respond to EC adoption in all industries
 - Release and expand functionality of *EAZY*, a new delivery service for the EC market, and collaborate with partners to create and expand a delivery network
 - Co-develop with EC businesses and others to establish an EC ecosystem
 - ▶ Strengthen corporate logistics business
 - Promote account management and leverage the strength of last-mile delivery to expand and strengthen areas that offer added value other than delivery

The Spread of COVID-19



Respond to EC Adoption in All Industries as One Yamato



Note: As of January 2021 (Annual *TA-Q-BIN* delivery amount forecast for the fiscal year ending March 31, 2021)

Medium-Term Management Plan “One Yamato 2023” (From the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024)

“One Yamato 2023” Main Initiatives

In order to further accelerate the progress of management structure reform as set out in “YAMATO NEXT100,” we will carry out the nine main initiatives stated in “One Yamato 2023.”

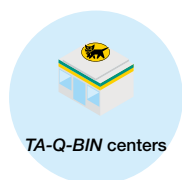
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| <p>1. Optimal allocation of management resources, based on data analysis</p> <hr/> <p>2. Reinforcement of Group infrastructure</p> <hr/> <p>3. Strengthen corporate business</p> <hr/> | <p>4. Creation of the best solutions for the “EC ecosystem”</p> <hr/> <p>5. Promoting data and innovation strategies</p> <hr/> <p>6. Reforming management structure and reinforcing governance</p> <hr/> | <p>7. HR strategy which supports “Innovating Delivery Business”</p> <hr/> <p>8. Improving capital efficiency</p> <hr/> <p>9. Strengthening sustainable management</p> <hr/> |
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Main Initiative **1. Optimal Allocation of Management Resources Based on Data Analysis**

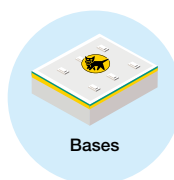
Through development of the database and advancement of algorithm development, we will improve the accuracy of the demand and workload forecast for each region and promote the optimal allocation of Group management resources to respond to the changing and diversifying needs of customers, both individual and corporate. Furthermore, in addition to optimizing and standardizing the transportation process, including trunk-route transportation, we will improve the productivity of the entire network by increasing the time employees spend with customers on the front line and expanding pickup and delivery capabilities. We will accomplish this by appropriately allocating personnel and vehicles at each base, as well as through operation work reform, automation, and digitalization.

□ Improve accuracy of workload forecasting based on data analysis to improve productivity

▶ Achieve business growth by increasing time spent and points of contact with customers



- Improve delivery productivity and create time for sales activities
- Reduce the number of processes, such as loading onto trucks



- Optimize allocation of personnel and vehicles and improve operation work efficiency
- Optimize trunk-route transportation

Main Initiative **2. Reinforcement of Group Infrastructure**

We aim to reinforce the value we offer to customers and improve productivity through the following methods: “reinforce value offered through reallocation of bases and expansion of functionality and improve productivity,” “optimize transportation functions, add functions, and expand to an open delivery network,” and “promote Business Process Re-engineering (BPR).”

1 Reinforce value offered through reallocation of bases and expansion of functionality and improve productivity

Pickup and delivery bases

- Reallocate bases owned by various Group companies in the TA-Q-BIN network
- Optimal location for service level improvement
- Consolidation of transportation between facilities and other operations

Sorting facilities

- Reinforce functions and improve productivity through automation by digitalization, as well as consolidation of operations in certain facilities
- Expand sorting capacity by as much as **50%**

2 Optimize transportation functions, add functions, and expand to an open delivery network

- ▶ Reallocate trunk-route, middle-mile, and last-mile transportation functions of various Group companies on the network and further promote the total optimization of transportation and delivery processes
- ▶ Utilize local networks that can cope with high-frequency, small- to middle-lot deliveries and develop Yamato's original TMS (Transport Management System), thereby expanding transportation functions that cater to the diverse needs of each region
- ▶ Make sophisticated pickup and delivery tools to further strengthen collaboration with partners, such as EAZY CREW, which caters to diverse customer needs related to EC. Expand support to partner companies, such as building portal sites for drivers, providing leased vehicles, and enriching safety training and welfare

3 Promote Business Process Re-engineering (BPR)

- ▶ Promote operational efficiency across the Company, through standardization and digitalization of administrative operations, with the Professional Service Function Division taking the lead
- Cut down on administrative work by **approximately 40%*** (create time and contact points with customers for employees on the front line)
- ▶ Optimize Group sourcing and procurement
- Consolidate sourcing and procurement at the Group level, with a focus on fair and sustainable trading practices, thereby optimizing costs

* Rough estimate of effects of initiative at the end of March 2024 (compared with the fiscal year ending March 31, 2021)

Main Initiative 3. Strengthen Corporate Business

We aim to become a business partner that supports the entire supply chain, from suppliers and manufacturers to stores and consumers by seamlessly integrating warehouses, bases, trunk-routes, middle-mile networks, last-mile networks, and new local transport functions across Japan through visualization of digital information.

⇒ For more details, please refer to page 20

Main Initiative 4. Creating the Best Solution for the “EC Ecosystem”

We will continue to reinforce initiatives aimed at establishing an EC ecosystem in which EC operators, customers, and delivery persons can enjoy the benefits of the accelerated progress of EC adoption in all industries.

⇒ For more details, please refer to page 22

Main Initiative 5. Promoting Data and Innovation Strategies

In addition to the renewal of our core systems, we will continue to develop our digital data and reinforce our digital platform in order to further advance the use of data. Furthermore, starting with the KURONEKO Innovation Fund, which was established in April 2020, we will promote the reinforcement of open innovation, such as discovering and collaborating with start-up companies and investing in start-ups to create new business.

1 Developing digital data and establishing a digital platform

- Promote the development of digital data and expansion of our digital platform in order to further advance the use of data
- Expand the Yamato Digital Platform, which focuses on data acquisition mechanisms that utilize cutting-edge technology and cloud technology, to support the digital aspects of the nine main initiatives

2 Promotion of innovation-based strategies

- Create new businesses through open innovation
- Reform the entire company through corporate innovation

⇒ For more details, please refer to page 24

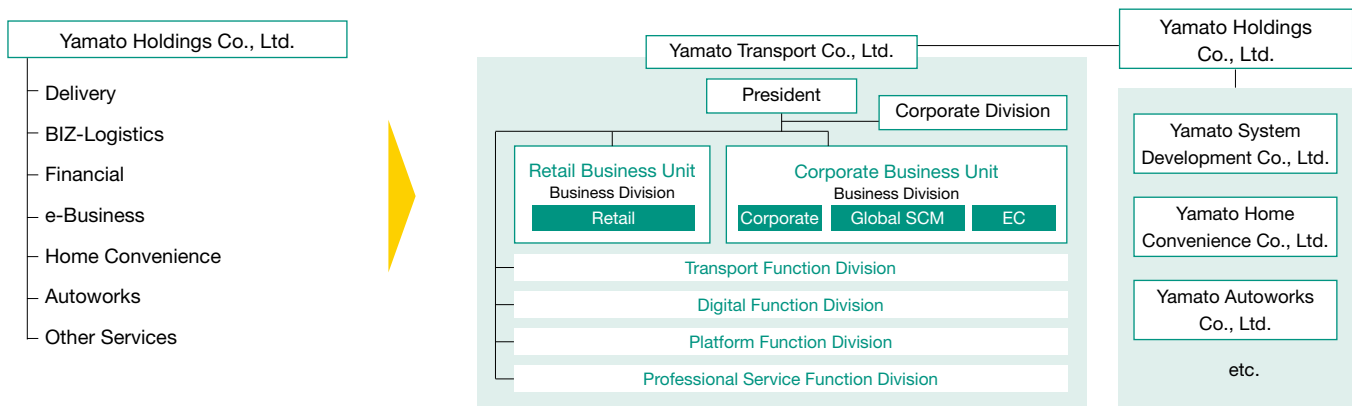
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Main Initiative 6. Reforming Management Structure and Reinforcing Governance

On April 1, 2021, Yamato Transport Co., Ltd. will integrate seven Group companies into the new management structure One Yamato, which comprises four business divisions, four function divisions, and corporate division, which will comprise the retail and corporate sales divisions.

□ New management structure overview

- Yamato Holdings Co., Ltd. will continue to exist in order to separate management supervision and execution and to maintain and further improve management transparency.
- We will establish a governance structure that accelerates decision-making by integrating seven Group companies, with the new “Yamato Transport” as the core entity.



Main Initiative 7. HR Strategy Which Supports “Innovating Delivery Business”

Under the new management structure, we will renew the HR system in order to clarify the roles and responsibilities of each employee on the front line, thereby improving the evaluation process, and to train specialized personnel in the business and functional divisions, who will grow to become top performers and leaders of the Yamato Group.

□ Key policies

- ▶ Strengthen the organization and train specialized personnel through Kuroneko Academy, our training organization that helps employees learn and grow
- ▶ Promote additional focus on mid-career hires
- ▶ Reinforce sustainability measures, which focus on human rights issues
 - Educate employees on human rights
 - Promote “decent work”^{*}

^{*} Work that ensures dignity, equality, fair income, and safe working conditions

Main Initiative 8. Improving Capital Efficiency

We will improve shareholder value through timely and appropriate measures based on stable dividends (with an awareness of DOE), taking into account the future growth potential (operating profit) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors.

□ Targets (Fiscal year ending March 31, 2024)

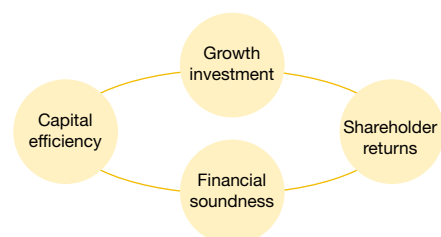
ROE of over 10%^{*1}

Dividend payout ratio of over 30%

Total return ratio of over 50%^{*2}

^{*1} Fiscal year ending March 31, 2024

^{*2} Cumulative ratio of the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2024



Main Initiative 9. Strengthening Sustainable Management

We aim to establish a medium-term plan and targets through the fiscal year ending March 31, 2024, with the aim of realizing our two visions set forth for the creation of a sustainable future. ⇒ For more details, please refer to page 28

Planned Figures for “One Yamato 2030”

Performance Targets

	2021/3	2024/3		
	Forecast*	Plan	Growth	Growth rate
Consolidated operating revenues	¥1,680 billion	¥2,000 billion	+¥320 billion	+19.0%
Consolidated operating profit	¥82 billion	¥120 billion	+¥38 billion	+46.3%
Consolidated operating profit margin	4.9%	6.0%	+1.1pts	-
Consolidated ordinary profit	¥82 billion	¥120 billion	+¥38 billion	+46.3%
Profit attributable to owners of parent	¥43 billion	¥72 billion	+¥29 billion	+67.4%
ROE	7.8%	Over 10%	+2.2pts	-

* As of January 29, 2021

Investment Plan

▶ Growth Investments: ¥200 billion

- Digital investments, including revamping the core systems and expanding the functions of *EAZY*: ¥100 billion
- Investment in buildings, such as automated logistics operations and establishing work consolidation centers: ¥50 billion
- Deployment of automated warehouses and equipment related to supply chain solutions, such as the distribution of pharmaceuticals: ¥50 billion

▶ Current Investments: ¥200 billion

- Extension and structural alteration of logistics facilities: ¥60 billion
- Replacement of vehicles and introduction of environmentally friendly vehicles: ¥60 billion
- Expansion and replacement of management systems related to existing services and internal personnel safety: ¥50 billion
- Replacement of sorting equipment for parcels and equipment related to service provision: ¥30 billion

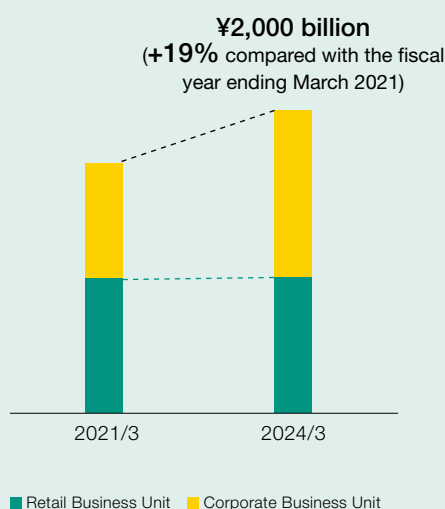
Total: ¥400 billion

Image of Future Growth

▶ Operating Profit Target

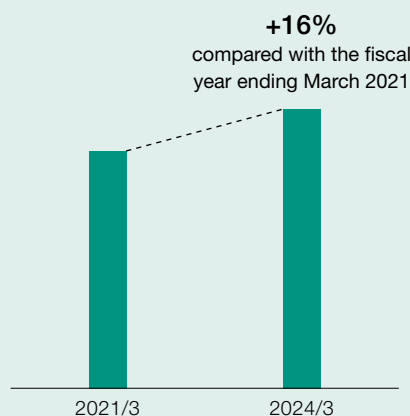
¥120 billion in the fiscal year ending March 31, 2024
(+46% compared with the fiscal year ending March 31, 2021)

▶ Operating Revenues



▶ Operating Revenue per Employee*

* Converted number of employees based on different working hours



Number of employees has remained almost unchanged

▶ Composition of Operating Expenses

