

Overview of the Previous Medium-Term Management Plan, "One YAMATO 2023"

Under the Transformation Plan YAMATO NEXT100, announced in 2020, and the previous Medium-Term Management Plan, "One YAMATO 2023," launched in April 2021, the Group weathered huge changes in the business environment. These included a rapid surge and subsequent fallback in demand due to the spread of COVID-19, a stall in the global economy associated with instability in international relations, a slump in consumption driven by a decrease in real wages, and increases in resource and energy prices as well as hourly wage rates. Due to these and other factors, the Company did not achieve its targets, including operating profit of ¥120 billion and ROE of 10% or higher. Nevertheless, the Group shifted to a structure that directly addresses customer needs through a program of Group management structure reform, promoted business structure reform, and worked steadily to achieve expansion of the corporate business domain, structural reform of network operations, and reinforcement of its management foundation (digital strategy, human resource strategy, and environmental strategy).

► Overview of One YAMATO 2023

	2022/3	2023/3	2024/3
Operating revenues	¥1,793.6 billion	¥1,800.6 billion	¥1,758.6 billion
Operating profit	¥77.1 billion	¥60.0 billion	¥40.0 billion
Operating profit margin	4.3%	3.3%	2.3%
Ordinary profit	¥84.3 billion	¥58.0 billion	¥40.4 billion
Profit attributable to owners of parent	¥55.9 billion	¥45.8 billion	¥37.6 billion
ROE	9.6%	7.6%	6.3%

Group Management Structure Reform

In April 2021, we created the One YAMATO structure by centralizing the management resources of nine Group companies to build a structure that directly addresses customer needs. We are also proceeding to review our business portfolio and, in tandem with this, in the fiscal year ended March 31, 2024, we started initiatives with the Japan Post Group and World Holdings Co., Ltd. to contribute to the sustainable development of Japanese society through the optimization of management resources across the entire logistics industry.

Main Results

Creation of One YAMATO Management Structure

Centralization and redeployment of management resources by integrating nine Group companies as one Yamato Transport

Review of Business Portfolio

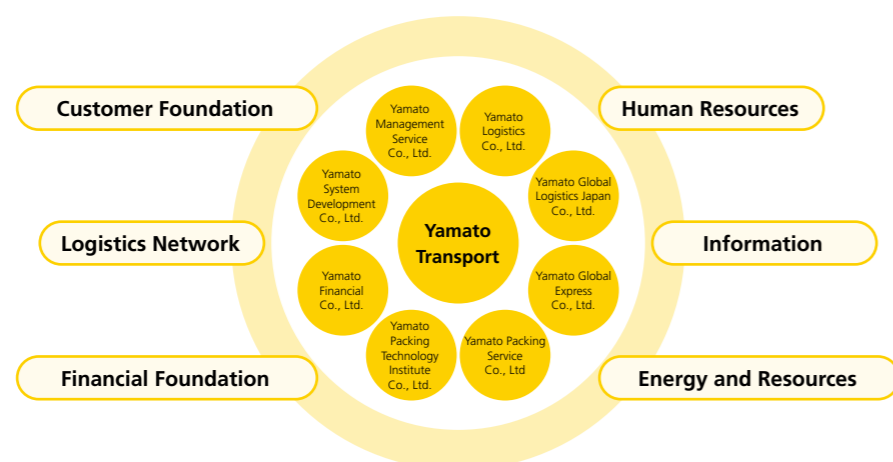
- Transfer of shares issued by Yamato Lease Co., Ltd. and Yamato Home Convenience Co., Ltd.* (wholly-owned subsidiary-equity-method affiliates)
 - * Transfer of all shares is scheduled for January 1, 2025
- Withdrawal from development of TA-Q-BIN in East Asia and Southeast Asia
- Start of contracting postbox delivery services to Japan Post

Issues to be Addressed

Delivery of Results after Completing the Management Structure

Ongoing Review of Business Portfolio

► One YAMATO Management Structure



Business Structure Reforms: Expansion of Corporate Business Domain

In response to expanding e-commerce (EC) demand and changes in the supply chains of corporate customers, we strengthened our proposal sales under the One YAMATO structure by utilizing information obtained by Sales Drivers (SDs) through their observations from contact with customers. We also built deeper relationships with individual corporate customers and worked to expand the value we provided for customers' entire supply chains, such as support for logistics and inventory optimization.

Main Results

Expansion of Value Provision

- Captured EC demand that expanded rapidly during the COVID-19 pandemic
- Provision of cross-border EC for Japan and logistics in three temperature ranges for food distributors
- Creation of Lead Logistics Partner (LLP) projects

Strengthening of Pricing Strategy

Set a policy of revising TA-Q-BIN delivery charges and fees each fiscal year based on changes in the external environment

Issues to be Addressed

Expansion of Growth Domains

Acceleration of growth in Contract Logistics (CL) and Global Businesses

Setting and Receiving of Appropriate Pricing Based on Value Provided

Strengthening of individual negotiations for receiving appropriate delivery charges based on shipment volume and load on operations

Business Structure Reforms: Structural Reform of Network Operations

To respond to changes in customer needs and the distribution structures, we worked to maintain and reinforce our transportation and delivery network and to create a business environment that continues to provide customers with excellent services. Working with partners, we are building an EC logistics network, working to respond more flexibly to fluctuations in operation volume, and realize more efficient transport between facilities by consolidating and enlarging pickup and delivery facilities, which had previously been in a small, multi-store format, mainly in urban areas.

Main Results

Consolidation and Enlargement of Last-Mile Pickup and Delivery Facilities

Completed overall plan and started execution (Total number of pickup and delivery facilities as of March 31, 2024: 2,915)

Creation of EC Logistics Network

Created extendable capacity in response to expansion of EC demand through cooperation with partners

Issues to be Addressed

Completion of Consolidation and Enlargement of Last-Mile Pickup and Delivery Facilities

Redefinition of Terminal Functions

Creation of a Fully-Digital Operation

Automation of work instructions and optimal allocation of management resources according to operation volume

Reinforcement of Management Foundation

As a way of reinforcing the management foundation to support business structure reforms, we promoted our Sustainable Medium-Term Plans 2023 along with our digital strategy, human resource strategy, and environmental strategy.

Main Results

Digital Strategy

- Built a structure for planning and development together with business
- Built the new digital platform, Yamato Digital Platform

Human Resource Strategy

Formulated Human Resources Management Policy and clarified definition of duties

Environmental Strategy

- Achieved target for GHG emissions reduction: Reduced 11% compared with the fiscal year ended March 31, 2021
- Carbon neutrality declaration for the three parcel delivery products

Issues to be Addressed

Digital Strategy

Increase in operation productivity via the utilization of technology

Human Resource Strategy

- Building an optimal human resource portfolio for creation of added value
- Enhancement of employee-friendliness and job satisfaction for diverse employees

Environmental Strategy

- Ascertainment of actual emissions volume in the supply chain (Scope 3) and setting of reduction targets
- Contribution to society and the overall logistics industry based on know-how accumulated in environmental investment