

Major Q&A in the Results Announcement Presentation for the Fiscal Year Ended March 2022 (Summary)

Q 1 How do you plan to grow the operating profit of the Corporate Business Unit in the fiscal year ending March 2023?

- Under the Medium-term Management Plan “One YAMATO 2023”, we are working on providing the existing TA-Q-BIN services, as well as building a platform to provide value from “End to End”, the upstream to the downstream of our corporate clients’ businesses, both in Japan as well as overseas.
- In the fiscal year ended March 2022, which marks the first year of the Plan, we consolidated the management resources of 9 Group companies into Yamato Transport, and established the “Corporate Sales and Account Management structure” that faces corporate clients as “One YAMATO”.
- We are starting to win mandates for solution projects that contribute to the entire supply chain of our clients, mainly clients that have global supply chains, and we expect these to lead to results in the 2nd year of the Plan and onwards.
- In the fiscal year ending March 2023, we had redesigned our sales structure for corporate clients, and penetrate account management to each region, in order to further strengthen client relations and enhance value provision.

Q 2 Please explain the timeline in which you will realize the details and results of structural reforms of costs.

- Under the Medium-term Management Plan “One YAMATO 2023”, we are focusing on reforming our revenue structure as well as cost structure to optimize of overall networks and operations.
- The TA-Q-BIN network and operations, which we have built over the years to address individual customers, covering the delivery needs of a vast number of customers, must be redesigned based on the current status of customers and parcel mix, as well as future changes. We are fundamentally reforming the TA-Q-BIN network, with the aim of adding capacity, improving quality, and optimizing sorting, administration and management work and costs related to transportation between terminals as well as in each facility.
- In order to capture the growing demand for e-commerce and achieve profit growth, we established a delivery structure using EAZY CREW since the fiscal year ended March 2021, and from the year ended March 2022 we began working on building a logistics network for e-commerce, with a more simplified operation process covering pick-up from major e-commerce operators to sorting, transportation and last mile deliveries, and were able to build capacity in a short period of time.

- In the fiscal year ending March 2023, which marks the second year of the Medium-term Plan, we will establish last mile facilities (EC Delivery Centers) that integrate sorting terminal and delivery functions, and focus on e-commerce parcels, as well as consolidate and reallocate small TA-Q-BIN Centers in our existing network to improve quality and optimize costs of the overall network.
- We will redefine the functions of our sorting terminals, by integrating the receiving terminals (bases) with delivery centers, as well as separating the functions of dispatching terminals (bases) and receiving terminals (bases), thereby optimizing intra-terminal transportation costs as well as operation, administration and management costs in each facility.
- The timeframe of consolidating and re-allocating the facilities depends on the availability of properties suitable for our network and operation strategy, but we will work to achieve a certain level of results during the Medium-term Plan period.

Q 3 Please explain your thinking for pricing of parcel delivery in the consolidated forecast for the fiscal year ending March 2023, as well as current initiatives.

- With the growth in e-commerce related demand, there has been an increase in volume of small-sized TA-Q-BIN parcels and Nekopos, which is the non-face-to-face delivery service, as well as shipments from large e-commerce operators, which led to the year-on-year decline in average pricing of parcel delivery in the fiscal year ended March 2022.
- We are assuming the same level of the average unit pricing for parcel delivery (total of TA-Q-BIN, TA-Q-BIN Compact, EAZY and Nekopos) for the fiscal year ending March 2023 as in the fiscal year ended March 2022.
- As fuel and other procurement costs are rising due to instability in the international situation and other factors, we are promoting to optimize prices by negotiating with our corporate clients to share some of the cost increases.