

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 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.

Main Initiatives of “One Yamato 2023”

- 1. Optimal allocation of management resources based on data analysis
- 2. Reinforcement of Group infrastructure
- 3. Transformation into a partner that supports the entire supply chain
- 4. Creation of the “EC Ecosystem”
- 5. Promotion of data and innovation strategies
- 6. Reform of management structure and reinforcement of governance
- 7. HR strategies that support the “innovating delivery business”
- 8. Improvement of capital efficiency
- 9. Strengthening of sustainable management

Main Initiative 1. Optimal Allocation of Management Resources Based on Data Analysis

Through development of the database and the advancement of algorithm development, we are improving the accuracy of the demand and workload forecast for each region and promoting 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.

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 facilities owned by various Group companies in the TA-Q-BIN network
 - Establish bases in optimal locations to improve service level
 - Consolidate transportation between facilities and other operations
- Sorting facilities**
 - ▶ Reinforce functions and improve productivity through automation by digitalizing and consolidating 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 in 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 through efforts 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 the 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 the fiscal year ending March 31, 2024 (compared with the fiscal year ended March 31, 2021)

Main Initiative 3. Transformation into a Partner That Supports the Entire Supply Chain

We aim to become a management partner for our corporate clients by providing consistent business solutions to the downstream, midstream, and upstream supply chains through strategic account management and by supporting the innovation of supply chains and business processes and the implementation of structural reforms.

⇒ For more details, please refer to page 28.

Main Initiative 4. Creation of the “EC Ecosystem”

We are reinforcing 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 24.

Main Initiative 5. Promotion of Data and Innovation Strategies

In addition to the renewal of our core systems, we are strengthening the development of our digital data and reinforcing 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 are promoting the reinforcement of open innovation through activities such as discovering and collaborating with start-up companies and investing in start-ups to create new business. ⇒ For more details, please refer to page 32.

Main Initiative 6. Reform of Management Structure and Reinforcement of Governance

From April 2021, we launched a new Group management structure that focuses on the new Yamato Transport, which centralizes the diverse management resources of each Group company. We have implemented measures that optimize management systems in order to maximize corporate value by effectively utilizing the management resources of the Group.

Main Initiative 7. HR Strategies That Support the “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 divisions and function divisions, who will grow to become top performers and leaders of the Yamato Group. ⇒ For more details, please refer to page 42.

Main Initiative 8. Improvement of 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 ended March 31, 2021 to the fiscal year ending March 31, 2024
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Main Initiative 9. Strengthening of Sustainable Management

To promote 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 34.

Planned Figures for “One Yamato 2023”

Performance Targets					Investment Plan ¥400 billion	
	2021/3 Results	Target	2024/3 Growth	Growth rate		
Consolidated operating revenues	¥1,695.8 billion	¥2,000 billion	+¥304.1 billion	+17.9%	▶ Growth Investments: ¥200 billion	
Consolidated operating profit	¥92.1 billion	¥120 billion	+¥27.8 billion	+30.3%	▶ Current Investments: ¥200 billion	
Consolidated operating profit margin	5.4%	6.0%	+0.6pt.	-	Forecast of Future Growth (Fiscal year ending March 31, 2024)	
Consolidated ordinary profit	¥94.0 billion	¥120 billion	+¥25.9 billion	+27.6%	▶ Consolidated Operating Profit ¥120 billion (+30.3% compared with the fiscal year ended March 31, 2021)	
Profit attributable to owners of parent	¥56.7 billion	¥72 billion	+¥15.2 billion	+27.0%	▶ Operating Revenue per Employee* +15% compared with the fiscal year ended March 31, 2021	
ROE	10.0%	Over 10%	-	-	▶ Composition of Operating Expenses Other expenses Personnel expenses Subcontracting expenses 55% in the fiscal year ended March 31, 2021 50% in the fiscal year ending March 31, 2024	

* Converted number of employees based on different working hours