

Message from the President



Under the new Yamato Group that focuses on Yamato Transport, which centralizes diverse management resources, we will aim to support the entire supply chain not only for consumers but also suppliers and manufacturers, while strengthening our sustainability management to achieve business growth and increase corporate value.

Yutaka Nagao

Representative Director,
President and Executive Officer

Launch of the New Group Management System that Focuses on Yamato Transport

On April 1, 2021, Yamato Transport will be reborn as the new “Yamato Transport” by centralizing the management resources of seven Group companies. We will launch the new Group management structure, with “Yamato Transport” at its core, comprising four business divisions (Retail, Corporate, Global SCM, and EC (E-Commerce)), four functional divisions (Transport, Digital, Platform, and Professional Service), and corporate, which will comprise the retail and business unit.

I will become the president of both Yamato Holdings and Yamato Transport; however, I do not see this as a return to the role of president. Instead, I am prepared to assume the role of president of the new “Yamato Transport” while acting as the president of Yamato Holdings, which will be maintained as a holding company.

Yamato Holdings has remained as a holding company, in light of the impact of COVID-19 on various procedures involved in this process, including receiving government permission. However, the Company’s function has been tailored to management supervision, and under the new Group management system that focuses on Yamato Transport, we will achieve business growth and increase corporate value. We will accomplish this by making maximum use of centralized management resources, meeting the needs of our customers and society, and increasing the speed of decision-making.

In the more than 100 years since the Yamato Group’s founding, we have carried out innovations that anticipated the demands of the era and have contributed to the creation of an enriched society as a social infrastructure provider. However, I am very conscious of the fact that we are unable to adequately respond to the needs of customers

and society that have changed rapidly, such as the diversity of customer needs, the adoption of e-commerce (EC) in various industries, the declining working population, rural depopulation, and climate change.

Therefore, in order to continue to respond to the speed of changes in the future, the personnel in the managerial ranks share the sense of risk that there are limits to the existing management structure, which was centered on *TA-Q-BIN*. So, in January 2020, we formulated the Transformation Plan “YAMATO NEXT100” as a grand design for our management over the medium to long term.

Following this, as set forth in “YAMATO NEXT100,” we have been able to swiftly and firmly respond to the unexpected lifestyle changes and rapid increase in parcels brought on by the COVID-19 pandemic. This was as a result of carrying out Groupwide initiatives, such as refining the forecast workload based on data analysis and optimally allocating personnel and vehicles based on these predictions, and flexibly utilizing the management resources of each Group company to meet the new needs of businesses. Additionally, the launch of *EAZY*, a new delivery service for EC that responds to customer needs in real time by utilizing digital data and an open delivery network, in June 2020, a few months earlier than scheduled, also aided in meeting these needs.

Furthermore, we are fulfilling our serious role as a social infrastructure provider by delivering the COVID-19 vaccine nationwide through the seamless nexus of our Group network. This is certainly the result of our prompt virtual activation of the new management system and I have confidence in the capabilities of our management structure from April onward.

Aim for Growth by Creating an EC Ecosystem and Offering Value across the Whole Supply Chain with the Medium-Term Management Plan “One Yamato 2023”

Following the formulation of “YAMATO NEXT100,” COVID-19 spread across the world. Under these circumstances, where the future status of infections and a return to normalcy remains unclear, it has become difficult to predict the recovery of internal and external environments. However, what is certain is that the issues affecting the

supply chain in the future are becoming increasingly more diverse due to changes in lifestyle brought on by the COVID-19 pandemic.

Under “One Yamato 2023,” the new medium-term management plan due to conclude at the end of the fiscal year ending March 31, 2024, which was formulated to

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realize “YAMATO NEXT100,” the Yamato Group is taking the accelerated progress of EC adoption in all industries as an opportunity for business growth. Under this plan, we set forth the goal of making our last-mile network an even more sustainable strength, while aiming to offer value across the whole supply chain, not just in the BtoC domain. We aim to become a Lead Logistics Partner (LLP) that solves customers’ management issues extending across the entire supply chain. I believe this is an important mission that should be addressed as a new business domain, rather than an extension of an existing one. In order to realize this goal, we will consolidate Group sales organizations and management resources, which have been decentralized up to now, into “One Yamato” and, under segment-based business divisions, we will focus on customers and enact proposals that contribute to solving their issues. In addition, we will establish a new corporate solutions control center to consolidate business information and support operating activities on the front line so

that we can always provide optimal proposals to all our corporate clients, no matter their size. Also, in addition to *TA-Q-BIN* and *EAZY*, we will organically combine the current local BtoB networks owned by Yamato Global Express into all of our bases to provide seamless digitalization and visualization. We can thereby offer value across the whole supply chain by means such as optimizing inventory, reducing logistics costs through small-lot, high-frequency delivery of goods, and reducing the loss of sales opportunities by optimizing lead times.

In order to create an optimal solution for an EC ecosystem where buyers, sellers, and deliverers can develop together, we will expand *EAZY CREW* as a partner. We will also improve the functions of *EAZY*, which is based on real-time communication with customers, and provide solutions for upstream domains, such as procurement and inventory movement, for major and minor EC operators, as well as manufacturers and retailers, that want to strengthen the EC domain in the future.

High Productivity through One Yamato

As the most important policy under “One Yamato 2023,” we will continue to carry out management based on data analysis. Beginning with the reallocation of bases by improving the accuracy of demand and workload forecasts for each region, we will improve productivity across the entire network by consolidating trunk-route transportation and reducing transportation between bases, as well as appropriately allocating personnel and vehicles at each base. At the same time, we will enhance the time employees spend with customers and pickup and delivery capabilities by optimizing and standardizing the delivery process through operational work reform, automation, and digitalization. This will substantially reduce the burden on the front line.

Each Yamato Group company has bases across Japan, including approximately 110 business warehouses,

77 sorting terminals, and approximately 3,700 *TA-Q-BIN* centers, which we will appropriately reallocate within the network. By adding essential functions and promoting automation at all bases, we will increase sorting functions across the entire network by up to 1.5 times in comparison to the current fiscal year.

I also expect to see a significant improvement in productivity and a reduction in operating costs by consolidating sorting costs at each site at a single location and through increased automation.

In addition, regarding the issue of administrative operations, by promoting Business Process Re-engineering (BPR) that aims to standardize and digitalize administrative operations, we expect to reduce administrative work on the front line by approximately 40%.

Strengthen Sustainable Management for the Sustainable Development of Society and Business

Under “YAMATO NEXT100,” we have clearly positioned sustainability initiatives as part of our infrastructure reforms and incorporated them into our grand design for sustainable management. The background for doing this was our awareness of two issues.

The first issue is that, while we have been focusing on important sustainability issues, such as climate change, safety, and labor, we were unable to measure the results of these initiatives sufficiently. As a result, we could not show any quantitative results of our efforts. The other issue is the ability to clearly convey our vision and commitment to ESG (environmental, social, and governance) matters.

Therefore, we once again formulated a vision for the environment and society, and specified the materiality (important material issues) to be addressed, taking into account the opinions of diverse stakeholders, with the aim of achieving both sustainable business growth and the

development of a sustainable society. Using this as a foundation, we also formulated a medium-term target for each material issue under “One Yamato 2023.” To achieve these targets, we will aim to incorporate each sustainability initiative into our business activities.

Furthermore, based on the new Group management system, in addition to reinforcing and maintaining both the separation of management supervision and execution and management transparency, we will bring management and the front line closer together and accelerate decision-making capabilities.

For a corporate group like ourselves, with a network that spans across Japan and overseas and 220,000 Group employees, we believe that sustainability management is a major responsibility and an essential mission for our sustainable growth.

Increase Sustainable Corporate Value by Offering New Prosperity

The mission of the Yamato Group is, as laid out in our Management Philosophy, “to help enrich our society.”

Under One Yamato, we must further increase our management speed, and through our commitment to the whole supply chain, we must continue to create new value for individual and corporate customers, as well as society as a whole. We must continue to help enrich society over the next 100 years, too.

In addition, the targets for the fiscal year ending March

31, 2024, as set out in “One Yamato 2023,” are consolidated operating revenues of ¥2,000 billion, consolidated operating profit of ¥120 billion, a consolidated operating profit margin of 6%, and ROE levels of 10%. With these targets as a waypoint, we will continue to look ahead to the changes three or five years in the future, constantly refining growth strategies and action plans to achieve sustainable growth and increase corporate value over the medium to long term.

February 2021

