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Rebuilding Our Earning Power through Front-line Capabilities and Teamwork

Introduction: My Resolve and Mission as the New President

I would like to express my sincere gratitude to our shareholders, investors, and other stakeholders for their continued support.

In 2026, I became representative director and president of Yamato Holdings Co., Ltd. The operating environment surrounding the logistics industry is at a historic turning point. As I take the helm of the Yamato Group, I feel both the weight of this responsibility and a strong sense of mission to lead the Group toward the future of a renewed Yamato that lies beyond this transformation. In these turbulent times, we must ask ourselves what we should steadfastly retain of our established strengths, and what we should boldly change to achieve future growth. Let me take this opportunity to unequivocally affirm my resolve and mission under the Yamato Group's new organizational structure.

Management Philosophy: Enrich the Community and Maximize Our Competitive Advantage through Front-Line Capabilities

The Internet age was just beginning to take shape when I joined the Yamato Group in the late 1990s. I joined with the conviction that I wanted to connect producers with communities throughout Japan and enrich everyone in the process. I also believed that the *TA-Q-BIN* network would be indispensable social infrastructure for the emerging society of the future.

Since then, I have been involved in a wide range of fields, from logistics operations in Japan and worldwide to IT, corporate sales, and Group management strategies. Throughout my career, I have consistently held to—and placed at the core of my management philosophy—the fact that the Yamato Group's primary competitive advantage is its front-line capabilities. Sales Drivers who interact directly with customers on the front lines throughout Japan, and employees at facilities that support our vast network, think and act on their own initiative to make our customers happy. A spirit of inclusive management has been the driving force that has enabled us to overcome numerous challenges and innovate.

As president, my foremost mission is to restore the front-line capabilities that are the DNA of the Yamato Group. This will not involve top-down, uniform instructions. Rather, our goal is to create an environment that maximizes teamwork and empowers all front-line employees to feel they are participating in management. I am confident this is the most reliable approach for adapting to a rapidly changing market environment and generating sustainable growth in corporate value.

Fully Leveraging Our Solid Foundation and Rebuilding Earning Power

To date, the Yamato Group has boldly pursued forward-looking investments such as network restructuring and digitalization in order to build a foundation for sustainable growth over the medium to long term. Within this process, we acknowledge the considerable concern our recent performance has caused shareholders and investors.

However, the resilient logistics network and data environment we have built to date are a solid foundation for future growth. The Group intends to fully exercise the potential of its many resources and translate it into quantifiable economic value.

In doing so we are not waiting passively for investment results. We are taking a proactive approach, rigorously reviewing past investments and asset holdings and then taking action to deploy them as efficiently as possible. Our operating environment is changing with ever greater speed, so we will not rest on past successes as we work to rebuild the Group's earning power. Furthermore, we will generate a return on capital that exceeds the cost of capital as quickly as possible.

Three Core Strategies for Rebuilding Earning Power

Our top priority for a new phase of growth is generating a return on capital that exceeds the cost of capital as quickly as possible. We intend to improve corporate value with emphasis on the following three core strategies.

Strategy 1 Comprehensive Review with No Exceptions

We intend to rebuild earning power in the Express Business and other core operations by reviewing and concentrating resources, rather than just continuing as in the past. We are determined to go beyond simply improving our day-to-day operations. We will rigorously review the results of past large-scale investments, then fundamentally restructure our network without being constrained by our existing assets or approaches.



1. Conclude Domestic Freighter Operations

As part of our business restructuring aimed at enhancing corporate value over the medium to long term, we have decided to discontinue domestic freighter operations by around June 2027. When operations began in April 2024, we anticipated a modal shift to air transportation in response to the logistics “2024 Problem.” However, air transportation costs rose significantly due to the depreciation of the yen and high fuel prices, making it impossible to foresee achieving commercial viability. When initial assumptions no longer hold due to changes in the environment, objectively assessing whether to continue a business and promptly deciding to withdraw is also a critical responsibility of management. We will maximize the use of alternative transportation methods, including passenger flight networks, to keep our customers’ logistics moving and minimize any impact. Taking this opportunity, we will further tighten investment discipline across the Group and concentrate management resources on growth areas offering greater certainty.

2. Optimize Pricing and Operating Costs

We intend to generate returns quickly by using the following two-pronged approach to maximize network profitability. This will establish an earnings foundation that is resilient to changes in the operating environment.

- **Large corporate clients:** Prioritize profitability by reviewing the overall transaction structure, including how risks associated with volume fluctuations resulting from the transition to new contract models are shared.
- **Small corporate clients and individuals:** Improve profitability by prioritizing capacity allocation.
- **Operating cost controls:** Eliminate downward cost rigidity by fundamentally reviewing inter-facility transportation routes and schedules, and by optimizing the agile deployment of personnel and outsourced vehicles.

3. Monetize Non-Core Assets and Reorganize Group Companies

We are establishing a precise, optimal capital allocation cycle based on objective evaluation criteria derived from the cost of capital. While continuing to retain critical core assets that are difficult to replace, we have completed the large-scale restructuring of non-core assets that did not meet our criteria, including non-operating real estate, at the end of the previous fiscal year.

Furthermore, as part of the reorganization of Group companies, in September 2026 we sold our entire stake in Yamato Credit Finance Co., Ltd., which removed approximately ¥40 billion in liabilities from our balance sheet. This increased ROIC and enabled us to concentrate our resources on our core logistics business. In addition, for Nakano Shokai Co., Ltd., which became a consolidated subsidiary in 2024, we squarely addressed the challenges it currently faces and revised its business plan to reflect actual conditions. Based on this revised plan, we are strengthening PMI and working to improve Groupwide profitability through initiatives such as increasing cross-selling to Yamato Transport’s customer base and building low-cost facilities utilizing our real estate development capabilities.

Strategy 2 Transform the Business Portfolio

We will integrate our long-established nationwide transportation network and warehousing capabilities to make our business for corporate clients a new pillar of growth.

Our strengths include our last-mile network, which reaches people’s doorsteps throughout Japan, and the customer base we have built through *TA-Q-BIN*. This network of direct connections with end users is precisely why our proposals for optimizing entire supply chains that incorporate upstream warehouse operations and international transportation are so effective, and why they can create value such as increasing sales opportunities for customers.

1. Break Down Organizational Silos and Optimize Personnel Allocation

Formerly, the *TA-Q-BIN* Business, the Contract Logistics Business and the Global Business operated independently, preventing us from fully leveraging our combined strengths. We are now strategically deploying core personnel with strong operational management capabilities to the Contract Logistics Business to strengthen collaboration across our businesses. We are shifting to an integrated account-based sales approach that directly targets the upstream segments of customer supply chains to expand our project pipeline.

2. Capture Opportunities Resulting from Amendments to the Act on Advancement of Integration and Streamlining of Distribution Business

The revised Act on Advancement of Integration and Streamlining of Distribution Business came into effect in April 2026 and requires shipping companies to appoint a chief logistics officer (CLO). As a result, there is a growing need among client companies for the comprehensive outsourcing of logistics operations. We will steadily capture revenue opportunities by serving as a strategic partner that assumes responsibility for customers' CLO functions on their behalf, enabling both regulatory compliance and greater supply chain efficiency.

3. Contract Logistics Business: Rollout Integrated Business Solution Hubs*

We have integrated warehousing functions with the *TA-Q-BIN* transport network at four facilities: Koriyama (Fukushima Prefecture); Shinonome (Koto Ward, Tokyo); Konan (Shiga Prefecture); and Hayashima (Okayama Prefecture).

- **Customer value:** Increase sales opportunities by extending order cutoff times through the handling of all operations—from inventory storage to shipping—within our facilities. Shorten lead times and reduce GHG emissions by eliminating the need for separate pickup operations.
- **Cost synergies:** Strengthen business-to-business (B2B) logistics capabilities by leveraging our existing network. Improve profit margins by integrating warehouse operations and trunk-route transport.
- **Effective use of real estate:** Deploy expertise gained from past M&As and other initiatives to convert surplus space into high-value-added, large-scale contract logistics centers.

4. Selection, Concentration, and Investment Discipline in the Global Business

Expansion in scale alone is not our goal. Rather, we are focusing on target lanes connecting markets where we have strengths, including Japan, North America, China, Southeast Asia, and India. We will enhance profitability by supporting Japanese companies in their global expansion, offering integrated services spanning in-plant logistics, service-parts facility operations, and international freight forwarding to and from Japan, as well as comprehensive cross-border e-commerce solutions. We will improve capital efficiency by rigorously applying hurdle rates tailored to the characteristics of each business and ensuring disciplined decision-making when undertaking M&As and new investments aimed at achieving non-linear growth.

Strategy 3 AI and Data-Driven Management

We are combining our front-line experience and intuition with the power of data to incorporate rigorous, data-driven cost management into our business processes.

1. Improve Back-Office Efficiency and Redeploy Resources to the Front Line

We are integrating generative AI and other advanced technologies into back-office business processes to automate and streamline routine administrative tasks. Our objectives are to reduce costs, and more importantly, to free up human resources for redeployment to front-line, customer-facing roles. Our systematic reskilling programs support employees in smoothly transitioning to specialized roles in areas such as corporate sales and logistics management, thereby establishing a solid foundation for restoring profitability.

2. Increase the Sophistication of Transport and Delivery Operations

We take seriously the fact that, during the third quarter of FY2026/3, when demand normally peaks, we were unable to adjust resources quickly enough in response to lower-than-expected shipment volumes from large corporate clients, revealing the downward rigidity of our cost structure. We also recognize that we have experienced delays in our efforts to improve the efficiency of short-distance transport in urban areas.

- **Enhance control capabilities:** Improve forecasting accuracy and promote agile resource allocation in response to emerging fluctuations in volume. Apply the expertise in deploying data gained in last-mile delivery to short-distance urban transport in order to optimize vehicle dispatch and route planning.
- **Co-create with partner companies:** Move beyond simple rate negotiations by using AI and data to jointly implement and share optimal fleet management practices, thereby maximizing truck load efficiency and utilization rates and increasing productivity for both parties. Progressively roll out this approach in Kansai and Chubu.

Shaping the Future with Inclusive Management Focused on People

Since becoming president, I have visited Group locations throughout Japan to speak directly with numerous front-line employees. My goal is to integrate management and front-line operations so that everyone is moving in the same direction and maximizing the speed of transformation.

My visits have reaffirmed my conviction that the added value we deliver to customers always comes from our employees on the front lines. Advances in digitalization are great, but they can never replace the sincere dedication of our people—the true foundation of the Yamato Group's business.

* Facilities that integrate inventory management and value-added processing with nationwide transport and distribution. Nine such facilities are currently in operation, including four new sites.

Creating an environment in which each of our approximately 170,000 employees can work with pride and a sense of fulfillment is an absolute prerequisite for sustainable growth. Truck drivers underpin Japan's logistics, particularly last-mile delivery and sophisticated transport operations. These people and all the employees who support them are highly skilled professionals who are essential workers sustaining social infrastructure.

I am firmly committed to championing the recognition these professionals deserve—something I regard as my responsibility as a business leader—so that they can fulfill their roles with pride. In addition, the resilience of our network relies on the dedicated efforts of our employees as well as of transport partners and contract collection and delivery providers throughout Japan. Amid a challenging operating environment marked by persistent inflation, we recognize that working with our partners to create mutually beneficial trading conditions that appropriately account for rising costs is essential to maintaining and developing the logistics network—a critical component of social infrastructure—over the long term.

In recent years, the Yamato Group has welcomed numerous mid-career hires with diverse expertise ranging from digital technology and logistics to corporate solutions. Their mission is to help maximize the Group's strengths by seamlessly integrating their expertise with the operational capabilities we have developed on the front lines over many years. We will further enhance our organizational capabilities by complementing our solid foundation based on inclusive management with new external insights.

This is the real objective in incorporating the latest AI and digital technologies in business processes. We are raising operational efficiency with technology to reduce the workload on the front lines, and intend to use the time and resources freed up to deliver high-value services only people can provide, along with solution-based sales that directly address customer issues. This is key to enhancing the expertise of individual employees and further solidifying the Group's competitiveness.

We are maximizing the potential of our people by strategically investing in human capital, including through ongoing increases in compensation. This represents more than a simple increase in costs. It is a clear expression of our management policy to recognize the dedication of our front-line employees and work together with them to build a sustainable future. In addition, we will further accelerate initiatives to enhance the environment for reskilling and structure a fair evaluation system, which will enable employees to increase their market value by autonomously taking on challenges. By creating an environment that empowers diverse employees to work autonomously, take pride in their work, and grow, we aim to become an attractive corporate group where talent developed through mutual learning and healthy competition is highly valued throughout society, even beyond the Yamato Group.

I am committed to collaborating with our front-line professionals to resolve challenges through teamwork and achieve sustainable growth in corporate value.

To Our Shareholders and Investors

We are currently in the midst of a major transformation unprecedented in the history of the Yamato Group. We will not stop moving toward our vision for 2030 of being a value-creating company that contributes to the realization of a sustainable future.

Our shareholders and investors are focusing closely on a recovery in profitability in the near term and enhanced corporate value over the medium to long term. Achieving these two objectives at the same time is my mission under the new management structure. The new management team is firmly united and will execute our plans with a sense of urgency based on a clear and resolute strategy. We are counting on your continued support and invite you to share our outlook for a new stage of growth for the Yamato Group that will result from bold transformation.



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