Express Business

In the Express Business, we are optimizing pricing in line with our value-added services and reviewing existing operations to transform our core *TA-Q-BIN* Business into a structure capable of generating stable profits. In addition to enhancing profitability and business sustainability through these reforms, we will make full use of our resilient network, which is part of the social infrastructure, to add value beyond *TA-Q-BIN*, helping to address social issues such as Japan's declining population and regional disparities. By achieving robust business growth as we help to resolve social issues, we will evolve into a value-creating company that contributes to the realization of a sustainable future.

Operating Environment and Customer Issues

- Expansion of the parcel delivery market in Japan driven by ongoing e-commerce growth
- Diversification of customer needs due to changing lifestyles
- Establishment of a sustainable logistics network in anticipation of labor shortages and environmental requirements (GHG emission reductions, etc.)

Yamato's Strengths and Capital

- A resilient nationwide *TA-Q-BIN* network and last-mile customer contact points
- Top market share and brand strength in Japan (ranked No. 1 in overall corporate brand strength for three consecutive years[1])
- A proprietary data platform that accumulates shipment information for approximately 2.3 billion parcels annually, along with customer data, and utilizes it in real time

Value Creation Strategy

Improve capital efficiency by transitioning to a resilient earnings structure that responds flexibly to rising costs and demand fluctuations

Improve Capital Efficiency =

Profit growth

- Pricing optimization — Increase income
- Optimization of operating costs — Increase income
- Indirect cost reduction — Increase income

Optimization of invested capital

- Review of pickup and delivery facilities (Asset governance) — Reduce assets



- Create an environment that enables us to focus on customers and provide superior service
- Develop products and services that meet diversifying needs



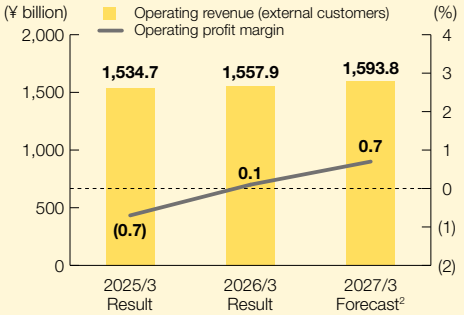
- Revise transportation processes to flexibly adapt to fluctuations in shipment volume
- Improve productivity in the last-mile domain



- Consolidate and relocate pickup and delivery facilities based on regional market characteristics
- Establish new facilities that integrate inventory management and distribution processing functions into the transportation and delivery network

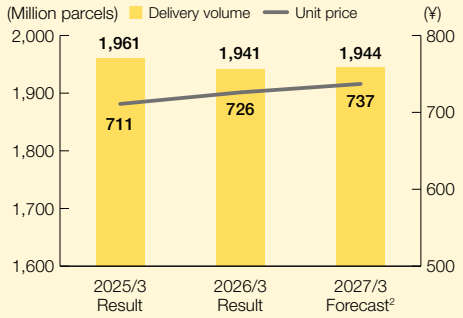
▶ Growth Domain (page 22)

Performance Highlights



Operating profit (¥ billion)	2025/3 Result	2026/3 Result	2027/3 Forecast[2]
	(10.5)	2.2	12.1

Parcel Delivery Volume/Unit Price for *TA-Q-BIN* Products[3]



1. Source: Nikkei Research Inc., "Brand Strategy Survey" (2023–2025 editions)
2. Forecast announced on August 3, 2026
3. Total for *TA-Q-BIN*, *TA-Q-BIN Compact*, and *EAZY*

Express Business: Carrying Out Our Strategy and Providing Value

Optimizing Pricing

To respond swiftly and flexibly to rising external procurement costs and daily fluctuations in demand amid a rapidly changing market environment and generate stable cash flow, we are further strengthening our efforts to optimize pricing and thereby improve business profitability by ensuring that the prices we charge reflect the value we provide. We are moving away from across-the-board price increases and instead pursuing a pricing strategy tailored to each customer's business characteristics and shipping conditions.

TA-Q-BIN Domain

Serving individual and small-business customers at *TA-Q-BIN* sales offices nationwide, with operations handled mainly by Sales Drivers, the *TA-Q-BIN* domain accounts for 46%* of total parcel delivery volume. With relatively high unit prices, this domain provides a strong earnings foundation for the Company.

* Scope: Three *TA-Q-BIN* products (*TA-Q-BIN, TA-Q-BIN Compact*, and *EAZY*) in FY2026/3

Key Strategy Maintain Appropriate Pricing and Expand Market Share

Pass on cost increases by setting appropriate prices

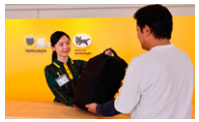
We conduct annual reviews of our delivery charges to pass on increases in external costs, such as fuel and labor costs, and thereby maintain or increase our unit rates.

Expand market share by enhancing convenience and sales capabilities

We enhance convenience by developing products and providing services that meet diverse customer needs. At the same time, we are reviewing staffing and operational workflows to enable our front-line Sales Drivers to focus on sales and proposals, thus driving the expansion of our market share and parcel delivery volume.

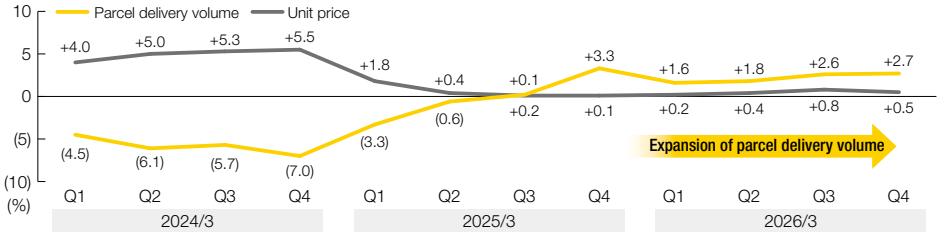
Case Study Capturing Inbound Demand and Strengthening Support for Tourism

To enhance temporary baggage storage and same-day delivery service at tourist destinations and hotels, we are expanding service contact points and providing a multilingual tool for printing out shipping labels.



Providing home delivery and temporary baggage storage services at the Osaka-Kansai Expo held in 2025

TA-Q-BIN Domain: Parcel Delivery Volume and Unit Price (Year-on-Year Change)



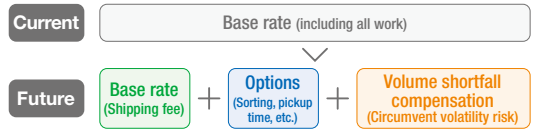
Corporate Domain

This domain serves large corporate clients through dedicated sales representatives based at the Group's corporate branches. These representatives arrange for trucks to collect cargo from customers' warehouses and logistics centers. It also accounts for more than half of our total parcel delivery volume. We negotiate freight charges, pickup and delivery terms, and other conditions individually with each customer, and review contract details annually.

Key Strategy Enhance Pricing Strategies and Provide Added Value

More detailed contracts and controls on volatility (fluctuation risk)

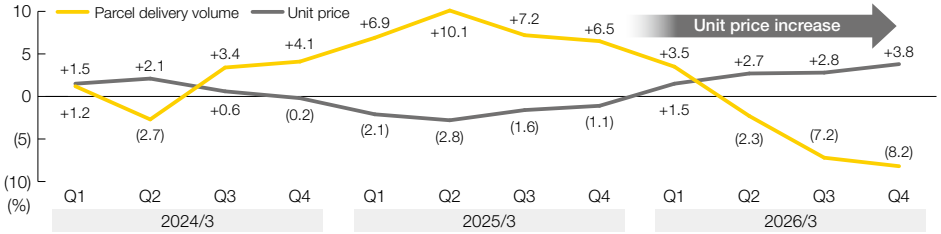
We are revising our fee structure to clearly separate base rates from service fees for sorting, specific pickup times, or other options to ensure that we receive appropriate compensation in line with customer needs and the value we provide. We are also transitioning to a fee structure that mitigates losses and fluctuation risks associated with external procurement costs by gradually introducing, for selected customers, volume shortfall compensation when shipment volumes fall significantly below plan and seasonal surcharges for peak periods such as the end of the year.



Optimize the customer portfolio and concentrate resources on high-margin accounts

For accounts with low profitability, we are negotiating terms to improve margins in order to shift to a strong portfolio that maximizes profit. We will enhance overall profitability by prioritizing the allocation of our limited capacity to high-profit accounts.

Corporate Domain: Parcel Delivery Volume and Unit Price (Year-on-Year Change)



Optimizing Operating Costs and Reducing Indirect Costs

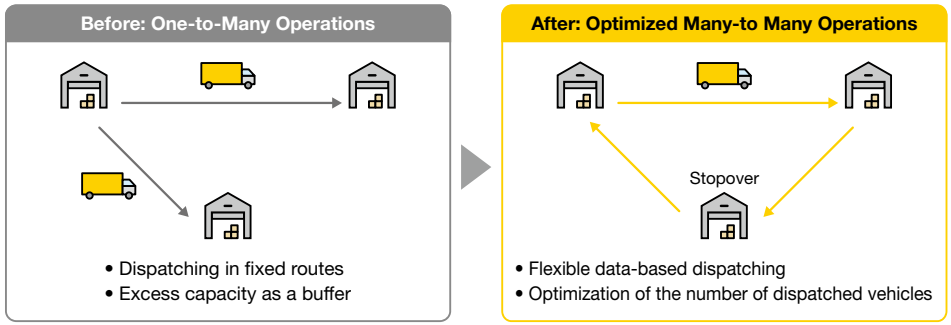
Transportation Domain

Previously, arranging trunk-route transportation between terminals relied on staff at each location making decisions based on their personal experience. This made it difficult to respond quickly to daily fluctuations in demand and led to the issue of downward cost rigidity arising from inefficiencies due to the need to maintain reserve vehicles as a buffer.

To address this, we have established a specialized organization to centrally manage vehicle dispatch, and are working to optimize the entire network. Moreover, since FY2026/3 we have been discussing with our transportation partners how to improve efficiency in urban areas where shipping is concentrated. We began short-distance urban transportation with centralized dispatch using AI in the Tokyo metropolitan area in March 2026. By using flexible, data-driven dispatching to optimize the number of vehicles, we have eliminated losses from the deadheading that is a part of traditional fixed-route, individual ("one-to-many") dispatch and transitioned to optimized, AI-driven ("many-to-many") operations.

This initiative reduced the number of active vehicles in the Tokyo metropolitan area by more than 30% in the first quarter of FY2027/3, reducing costs by approximately ¥600 million. We plan to expand this model to the Chubu and Kansai regions from the second half of FY2027/3 to drive further cost reductions.

More Efficient Short-Distance Urban Transportation



Impact of Measures

Q1 FY2027/3

30% improvement in transportation efficiency in the Tokyo metropolitan area

Future Rollout

- **¥2 billion in annual cost savings** (FY2027/3 estimate)
- **Expansion of service to the Chubu and Kansai regions**

Last-Mile Domain

Measures to optimize operating costs in the last-mile domain include using data and AI to improve productivity on the front line and streamlining fixed expenses, such as administrative costs.

Reviewing Pickup and Delivery Facilities

We are looking beyond our current setup to reconsider the placement and operational strategies of our pickup and delivery facilities. In addition to fundamentally redesigning our service areas based on comparisons with our competitors and detailed data, we are consolidating administrative tasks previously dispersed across various locations and reducing excess reserve vehicles and personnel used as buffers. These measures will optimize the entire network, which will in turn reduce invested capital and significantly cut fixed costs related to vehicle maintenance.

Optimizing Fixed Costs

We are streamlining the parcel-sorting process prior to the departure of Sales Drivers, enabling them to start their rounds earlier. By using the time freed up for sales activities and increasing delivery volume per driver, we are strictly managing outsourcing costs. We are also reducing fixed costs at the facility level by consolidating active facilities on weekends, when parcel volume is lower.

Optimizing Indirect Staffing and Improving Productivity

Through organizational streamlining and a review of work processes, we are reassigning administrative staff from the head office or management departments to customer-facing departments, thereby strengthening front-line pickup and delivery capabilities. Furthermore, by reallocating time freed up through the optimization of morning operations to maximize the pickup and delivery capacity of our Sales Drivers, we are strictly limiting the use of outsourcing and raising productivity across the organization.

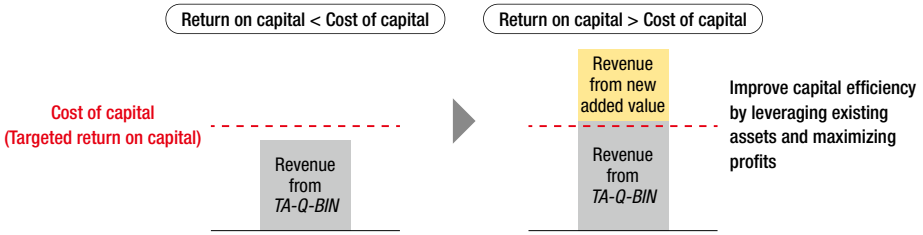
Adding Value Beyond *TA-Q-BIN*

The source of the Yamato Group's competitiveness lies in its nationwide *TA-Q-BIN* last-mile network. However, declining parcel volume due to a shrinking population in rural areas makes it difficult to ensure sufficient profitability to maintain the necessary infrastructure of vehicles, personnel, and facilities through the *TA-Q-BIN* parcel delivery function alone. Without scaling back our nationwide network, we will lower the break-even point at regional locations and transform the entire network to ensure sustainable profitability by maximizing the use of existing vehicles and personnel during idle periods and adding new value to our core transportation function. Furthermore, we will evolve this network beyond in-house use into a platform that helps resolve a wide range of issues facing local communities.

Basic Strategy Collaborate with Government Bodies and Business Partners to Offer New Value-Added Transportation Services as a Business, Without the Need for Additional Investment

We use our network as a platform to provide comprehensive services including joint delivery in depopulated areas and handling pre- and post-shipment processes on behalf of producers. This will create new revenue streams, and support local community infrastructure and key industries such as agriculture, which will in turn secure and expand cargo volume going forward.

Envisioned Revenue Structure at Rural *TA-Q-BIN* Pickup and Delivery Facilities



Case Study Support for Agricultural Producers

Background and Issues

In Japan's rural areas, the agricultural workforce is aging and the labor shortage is becoming increasingly severe. Not only is it becoming difficult for farmers to transport harvested crops to cooperative sorting facilities* or warehouses, a shortage of workers for sorting and packing at peak harvest season has become a problem.

Value Provided by the Yamato Group

In collaboration with local governments and Japan Agricultural Cooperatives (JA), we are using our existing network and facilities to support agricultural producers. We utilize our strengths in mixed freight and temperature-controlled transport to collect produce from multiple farmers and deliver it in bulk to sorting facilities on their behalf. In addition, we use available space at our pickup and delivery facilities and our own staff to undertake tasks including inspection, weighing, packing, and applying shipping labels.

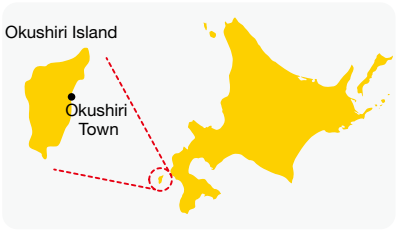
This initiative minimizes the workload for farmers, helping to maximize shipment volumes and reduce harvest losses. It also alleviates the burden on JA for cargo acceptance or collection, creating an environment where it can focus on its core operations, such as sorting produce and supporting farmers. For the Yamato Group, it secures additional revenue from new added value and underpins sustainable growth in *TA-Q-BIN* parcel delivery volume in rural areas.

* Sorting facility: A facility where agricultural produce undergoes quality inspection for size, shape, color, and other factors, then is graded and temporarily stored.

Case Study Support for Shopping and Mobility on Okushiri Island, Hokkaido

Background and Issues

Okushiri Island has a population of approximately 2,100, about 41% of whom are elderly. Public transportation is limited to a single taxi operator and bus service nine times per day, leading to transit gaps in terms of both location and time for daily activities such as shopping and visits to medical facilities.



Value Provided by the Yamato Group

In partnership with SATUDORA HOLDINGS CO., LTD., we sell daily necessities at *TA-Q-BIN* sales offices and use mobile sales vehicles to sell food and household goods, turning the needs of local residents who face difficulties with everyday shopping into new revenue opportunities. In addition, in August 2025, we launched pilot operation of Shima Noriai (island ride-sharing) in collaboration with the Ministry of Land, Infrastructure, Transport and Tourism and Okushiri Town. This public ride-sharing service utilizes existing pickup and delivery vans and available Sales Driver capacity during the day to transport both cargo and passengers. Based on the results of this pilot, we plan to transition to full-scale fee-based operations as a self-sustaining business from FY2027/3 onward. Development of elements of the service such as fares, compensation, and a reservation system is underway.


Mobile sales vehicle equipped to carry refrigerated and frozen goods


Passenger boarding the Shima Noriai public ride-sharing service