

Impact of COVID-19 Infections and the Company's Strategy

In January 2020, we formulated the Transformation Plan “YAMATO NEXT100” as a grand design for our management over the medium to long term. This plan is a management agenda that responds to social changes in the course of and after the adverse effects of the COVID-19 pandemic. In order to respond to the needs of customers and society and continuously contribute to the creation of a prosperous society in the next era, we are advancing management structure reforms while paying maximum attention to the safety of our customers, employees, and business partners.

Impact of COVID-19 Infections and the Transformation Plan “YAMATO NEXT100”

Medium-Term Impact of COVID-19 Infections

Opportunities

- Rapid progression in the shift to EC in response to lifestyle changes in the course of or after the adverse effects of COVID-19
- Emergence of new needs, as medical care, education, and other services which have conventionally involved face-to-face meetings, become available online
- Increase in external outsourcing needs for logistics from the perspectives of EC expansion and BCP
- Improvement in pickup and delivery productivity by responding to the need for sending and receiving parcels without face-to-face interaction
- Improvement in productivity due to the progression of diverse work styles, such as teleworking, and enhancements to operational efficiency through the use of technologies

Risks

- Rise in operational costs due to the establishment of a system that prioritizes safety and to the response to changing work volumes
- Delays in work and difficulty with business continuity in the event that COVID-19 spreads to an employee or business partner
- Decline in demand due to self-restraint, the suspension of operations at stores, factories, and other business sites, and the postponement and cancellation of events
- Decline in BtoB demand due to global stagnation in production activities in the manufacturing industry and trade (automotive-related, electronic devices, etc.)
- Decrease in demand caused by reduced consumption from inbound tourism following travel restrictions (department stores and other stores)

Awareness of Issues under “YAMATO NEXT100”

Awareness of Issues at the Time “YAMATO NEXT100” Was Formulated

Social Issues

Challenges for the Yamato Group

Impact of COVID-19 Infections

Diversification of customer expectations and needs

Deepen the understanding of customers to create new services in addition to diversifying package delivery methods

Acceleration of changes to lifestyles and the business environment

Rapid progress of EC adoption in various industries

Actively position Yamato at the forefront of the rapidly growing EC market, in view of opportunity for high growth. To that end, restructure management structure and shift to data-driven management

Acceleration in the progress of EC adoption in various industries

Declining population and decaying regional infrastructure

Build a supply chain as regional infrastructure to contribute to the sustainability of local communities in which Yamato is deeply rooted

Increased severity of issues facing local communities

Declining working population

Achieve “minimal workforce personnel in response to growing workload” through thorough mechanization

Emerging need for operational structure that considers increased workloads due to EC expansion and the risk of infection

Climate change and resource scarcity

Fulfill responsibilities for sustainability as a social infrastructure company

Growing importance of sustainability in corporate management

“YAMATO NEXT100” is a management agenda that will respond to social changes in the course of and after the adverse effects of COVID-19

Overview of “YAMATO NEXT100”

Purpose

As a social infrastructure provider, Yamato will confront social issues and continuously contribute to the realization of a prosperous society in the next era by creating a new logistics ecosystem, meeting the needs of customers and society.

Basic Strategy

1. Update the Group's management systems to boldly address customer and social needs
2. Transition to data-driven management
3. Evolve into a management that facilitates an open logistics ecosystem through co-development

Structural Transformation

Three Business Reforms

1. Digital transformation of *TA-Q-BIN*
2. Establishment of an EC ecosystem
3. Strengthening of corporate logistics business

Three Infrastructure Reforms

1. Renewal of the Group's management systems
2. Shift to data-driven management
3. Sustainability initiatives under the theme “Management embodying the environment and society”

Road Map for “YAMATO NEXT100”

Business reforms	Short term (–Mar. 2021)	Medium term (Apr. 2021–Mar. 2024)	Long term (Apr. 2024–)
Digital transformation of <i>TA-Q-BIN</i>	Stabilize profit base by eliminating inefficiency and significantly improving forecast model accuracy using data analytics and AI	Achieve stable growth under new management structure	
Establishment of an EC ecosystem	Launch new delivery service for EC market Begin collaboration with major EC companies	Expand new delivery service for EC market Collaborate extensively with major EC companies Launch new EC platform	Operate open platform at full-scale utilizing both real and digital infrastructures
Strengthening of corporate logistics business	Develop Yamato-specific solutions based on consolidating group sales organizations and account management	Expand developed solution Restore growth in global businesses	Establish extensive corporate business

▶ Please see [pages 16–21](#) for details on efforts toward our three business reforms.

Infrastructure reforms

Renewal of the Group's management systems	Promote construction and maintenance of One Yamato management structure	Establish and operate One Yamato management structure ● Scale back decision-making structure and define responsibilities	
	Dramatically improve cost structure		
	Integrate individual HR system and talent pool	Establish a new HR system that supports “One Yamato” management structure	
Shift to data-driven management	Establish data-driven management foundation ● Establish foundation and organization ● Begin updating the existing core systems	Promote digital transformation ● Expand revenue and profit by leveraging infrastructure and organization	Accelerate innovation ● Implement latest cutting-edge technology and accelerate to create new business
Sustainability initiatives under the theme “Management embodying the environment and society”	Build structure linked to businesses and capable of executing sustainability initiatives	Execute sustainability initiatives ● Progress toward “connect. Deliver the future via green logistics” ● Start “through co-creation and fair business activities, help create a society that leaves no one behind”	