

Structural Reforms Aimed at Achieving Sustainable Growth

In light of the shift to EC (e-commerce) across all industries, which has been accelerated by changes in consumption behavior and logistics structures, the Yamato Group has commenced structural reforms aimed at realizing sustainable growth and the improvement of corporate value over the medium to long term. Based on the medium-term management plan "One Yamato 2023," which is set to conclude at the end of the fiscal year ending March 31, 2024, we are reviewing operational structures and promoting reforms in terms of both revenues and cost in accordance with the One Yamato management structure, which centralizes Group management resources.

Identification of Issues

The primary reason for commencing these reforms is that the Yamato Group's strategies, management systems, and organizational and corporate culture centered on *TA-Q-BIN* do not fully address customer and social needs regarding the rapidly changing business environment and steadily worsening social issues.

Business Environment / Social Issues

- Diversification of customer expectations and needs
- Rapid progress of EC (e-commerce) adoption in various industries
- Declining population and decaying regional infrastructure
- Declining working population
- Climate change and resource scarcity
- Further acceleration of the shift toward EC in all industries due to the COVID-19 pandemic

Consumer behaviors: Further growth of EC and shift to omni-channel approaches, including non-face-to-face interactions

Logistics structure: Total optimization of inventory and supply routes

Issues with the Management Structure

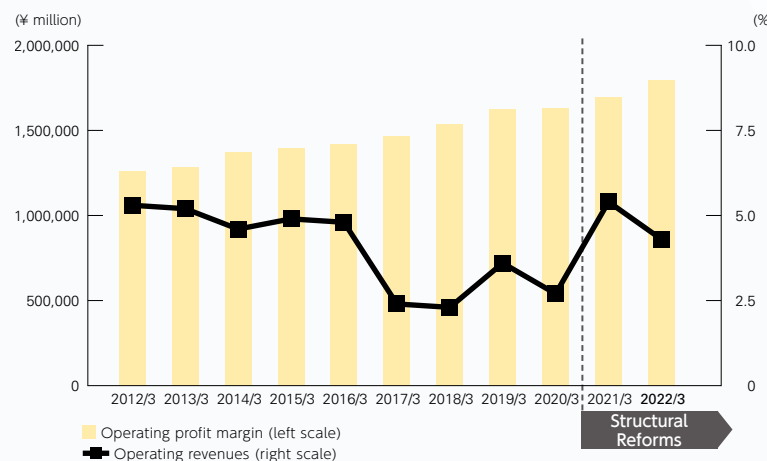


One Yamato



Comprises Yamato Transport, which has integrated **nine** Group companies, and operating companies in and outside of Japan

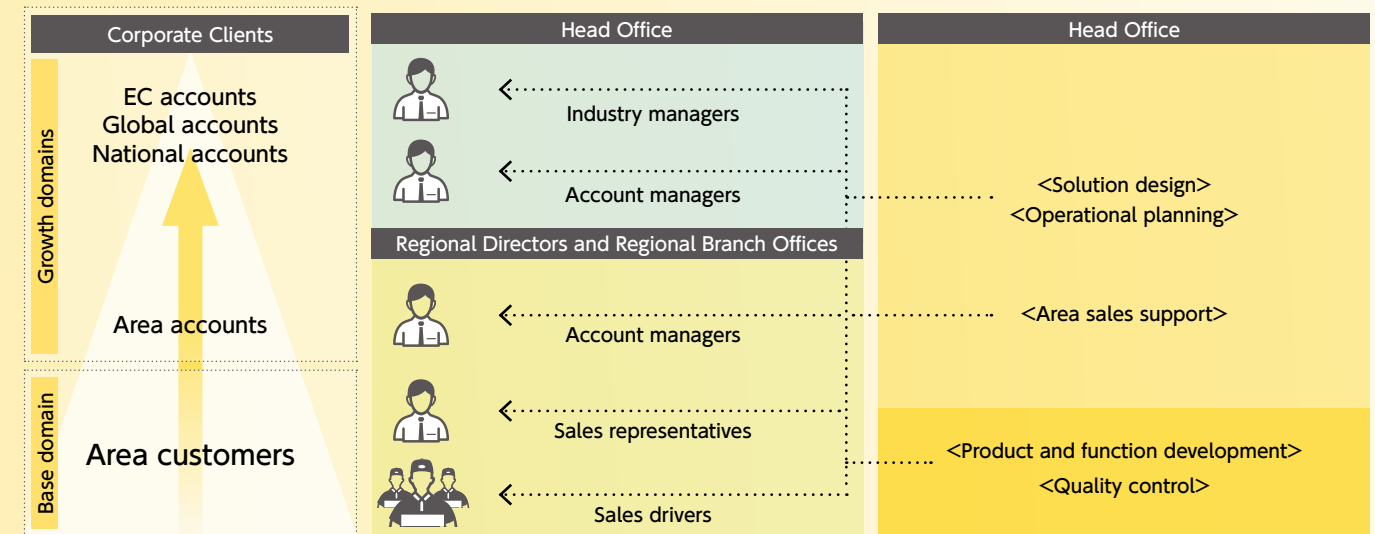
Changes in Operating Revenues and Operating Profit Margin



Aiming to be a company that provides value from end to end to the businesses of our corporate clients in both the upstream and downstream domains

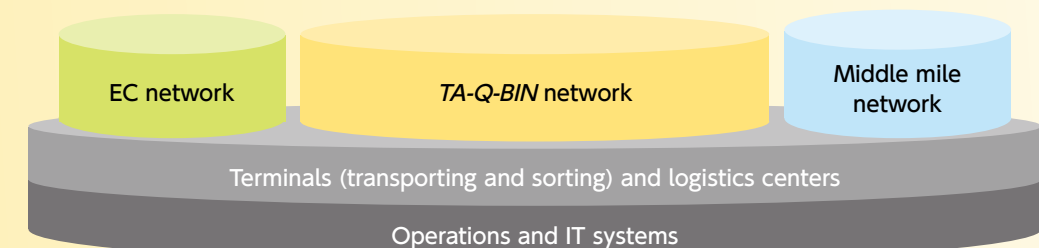
Provision of Value for Corporate Clients from End to End ▶ Please refer to page 20.

- Increase *TA-Q-BIN* revenues by providing value-added proposals to area customers that utilize their own broad customer base
- Increase revenues through comprehensive value provision to the business supply chains of account customers



Structural Reform of Networks and Operations ▶ Please refer to page 26.

- Create a dedicated last mile network that focuses on urban areas in response to growth in the EC domain, corporate domains, and refrigerated delivery services
- Optimize the *TA-Q-BIN* network based on the capacity of the new last mile network (consolidate and increase the size of bases)



- 1 Establish and develop EC logistics network
- 2 Establish middle mile network
- 3 Consolidation and enlargement of *TA-Q-BIN* sales offices
- 4 Launch dedicated refrigerated delivery bases
- 5 Reform operations and build IT systems