

Digital Strategy

The Yamato Group has positioned digital strategy as one of the fundamental strategies for sustainable corporate value increase. Therefore, we are continuously reinforcing the digital-related human resources, organization, technological capabilities, and governance of the entire Group. We are actively promoting digital investments and initiatives such as bringing development and operations inhouse and recruiting and developing human resources to drive digital transformation (DX) in cooperation with the Business Department.

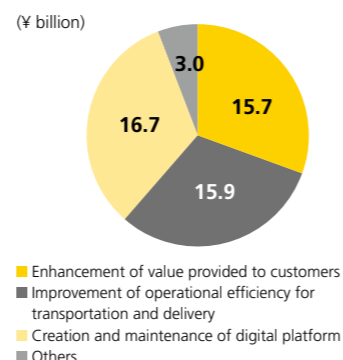
Our Vision Under “Sustainability Transformation 2030 (SX2030) ~1st Stage~”

- **Active digital investments to generate effects of business structural reform**
 - Promote projects in cooperation with the Business Department and roll out enhancements of the digital platform
- **Bring digital development and operations inhouse**
 - In strategic development projects, acquire new technologies and speed up development through the use of partners reducing costs by bringing regular development and operations projects inhouse
- **Execute talent development cycle**
 - Promote new graduate and mid-career hiring based on market environment and needs
 - Enhance the technological capabilities of human resources with digital skills and increase digital literacy in the Business Department

Digital Investment

Under the previous medium-term management plan “One YAMATO 2023,” we executed digital investments of ¥51.3 billion in the three years spanning the fiscal year ended March 31, 2022, to the fiscal year ended March 31, 2024. We promoted investments linked to our business structure reforms, such as revamping our digital platform, increasing the efficiency of transport and delivery operations, and increasing the value provided to customers. In executing the investments, we maximized the impact of our investments by closely examining their validity and priority through Digital Governance Meetings, which regulate Groupwide digital investment, and monitoring their progress and results. During the Medium-Term Management Plan “SX2030 ~1st Stage~,” we expect to make digital investments (growth investments) totaling ¥50.0 billion over the three-year period from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2027, aiming to increase profitability and profit growth, including the construction of a fully-digital operation that will contribute to increased efficiency in transport and delivery operations.

Breakdown of Digital Investment (Fiscal year ended March 31, 2022 to fiscal year ended March 31, 2024)



Development and Recruitment of Human Resources with Digital Skills

To strengthen our development and operational structure over the medium and long term, we revamped the Digital Specialist System, which is the foundation of our talent recruitment and retention, and began rolling it out. We have created a personnel system that is competitive in the market, providing evaluation and compensation based on specialized skills and business contributions according to the definitions of duties, and offering working conditions that allow a more balanced work style. We leverage this to promote enhancement of our ability to hire and retain human resources with digital skills.

Number of human resources with digital skills
Approx. 270 (FY 2021/3) ➤ **Approx. 680** (FY 2024/3)

Initiatives Aimed at Development of Human Resources with Digital Skills (Fiscal Year ended March 31, 2024)

Target	Vision	Content of Training	Attendance Results
Digital Department	Having a high level of expertise, while striving to acquire new skills to continue responding to changes and contributing to business structure reforms on the digital front	Technology training according to definition of duties and skills, such as programming, system development, and project management	Approximately 430 employees
Business Department (Regional Branches)	Collaborate with the Digital Department, promote business structural reforms, and contribute to enhancing profitability	Training aimed at enhancing IT literacy and digital skills	Approximately 180 employees
Business Department (System administrators at Regional Branches)	Support the use of digital tools on the front line to promote further advancement and efficiency through creative innovation	Training aimed at reinforcing digital utilization skills	Approximately 110 employees
Total			Approximately 720 employees

Moreover, we work to develop human resources with digital skills through the visualization of individual skills and training, while also conducting training to enhance digital literacy for the Business Department. We aim to strengthen cooperation between the Digital Department and the Business Department and maximize the effect of these measures.

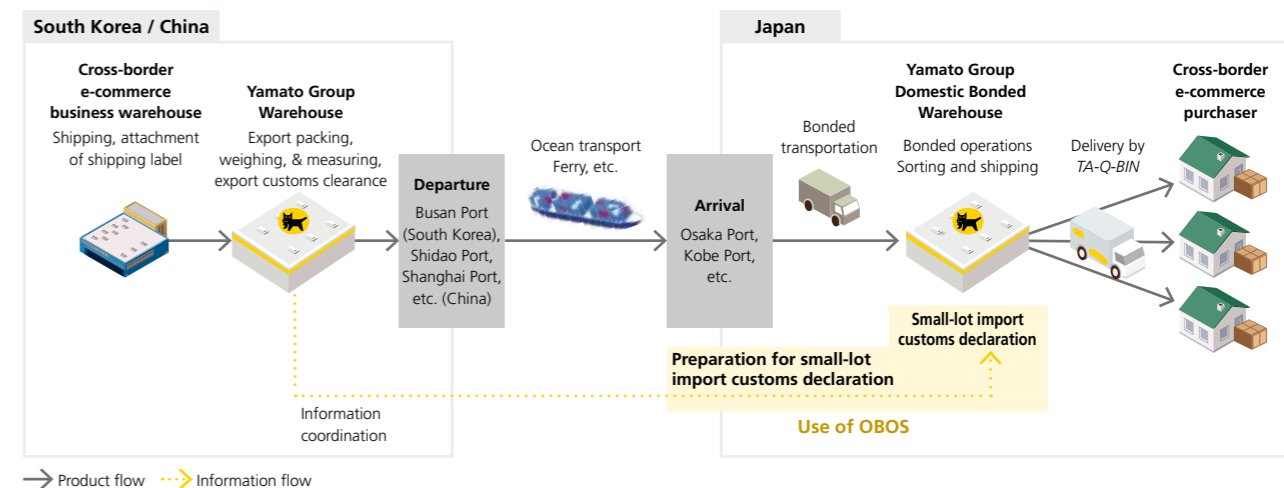
Expansion of Value Provided Together with the Business Department

Development and Provision of Systems for Supply Chain Optimization of Cross-Border E-Commerce Businesses

The global market for cross-border e-commerce is expanding. In Japan, the individual buyer segment is expanding, with imports of items such as apparel, cosmetics, and other products from South Korea and China resulting from the spread of social media and other factors. The primary mode of transport is air, where simple import declaration procedures using manifests and the like are applied. The procedure for ocean transportation is not simple, as it requires time and effort to prepare customs declarations for each purchaser. However, the recent market expansion and changes in the external environment are driving an increase in needs among cross-border e-commerce businesses for the use of ocean transportation, which enables large-volume transportation, while reducing transportation costs and GHG emissions.

In a joint undertaking with LIBERTYCOM, a company with extensive experience in developing import / export customs clearance and bonded systems for small-parcel cargo, Yamato Transport has developed OBOS,* a system that facilitates these procedures for small-parcel ocean cargo. OBOS automatically sorts the cargo data for an entire shipment into small-lot data that can be used for import customs clearance, thereby streamlining the import customs procedure. Furthermore, by linking the customs declaration data to the tracking number attached to the parcels, cargo that has import approval can be quickly identified and sent out for delivery inside Japan, enabling speedy customs clearance and bonded cargo operations for the maximum volume of small-lot cargo, and contributing to optimal logistics and cost reduction for cross-border e-commerce businesses. We have obtained patents for this technology, and we are promoting expansion of the corporate business domain through appropriate, high-quality customs operations through the use of data.

* Ocean BtoC Operation System



Digitalization of Shipping Label Data to Support the Building of Fully-Digital Operations

The Yamato Group is proceeding with the building of fully-digital operations within the structural reforms of its network operations, aiming for automation of work instructions and optimal allocation of management resources according to operation volume. An essential part of achieving this is the digitalization and use in operations of parcel information, such as delivery address and requested delivery time. To this end, we are working to digitalize shipping labels by providing a shipping label printing system and linking with the systems of e-commerce platform operators. In addition, we are also working to digitalize shipping label information by using AI-OCR* technology for parcels with handwritten shipping labels, for example when customers directly send items purchased as gifts from department stores and so forth. Through these efforts, we aim to increase the rate of digitalization without compromising customer convenience.

The digitalization rate for our current cargo is about 90%, and we will achieve full-digitalization of parcels by increasing the convenience of the shipping label printing system, increasing the reading accuracy of handwritten shipping labels, and introducing a system to automatically correct reading errors. These initiatives will help to optimize resource allocation, streamline operations, and expand the value provided to customers.

* Optical character recognition (OCR): technology that uses artificial intelligence (AI) to convert image text at high resolution into character data
 → For information about building fully-digital operations, see P.24.