

**Main Questions and Answers**  
**Meeting for the Financial Results for the Second Quarter of**  
**the Fiscal Year Ending March 31, 2023**

Q 1 Please explain why 1st half operating profit was below the previous forecast, as well as the background behind the recent downward revision of the full-year operating profit forecast.

- In the 1st half, we continued to work on structural reforms of network operations, and made steady progress in trunk-route transportation in the 2nd quarter, such as making more flexible use of resources based on the workload.
- However, we are still in the process of optimizing operating costs based on the workload, mainly in the intra-region transportation and operations in Terminals, and because expenses based on external factors such as fuel, electricity costs and hourly wages increased more than we expected, operating profit was below our previous forecast.
- As for the 2nd half, we have made conservative assumptions for delivery volume and operating revenue, considering the current business environment and demand trends, and based our operating profit forecast on them, also factoring in the progress of structural reforms and the rise in expenses due to external factors.
- Although operating profit declined due to the full-fledged structural reforms of network operations which we had been working on from the 2nd half of the last fiscal year to the 1st half of this fiscal year, we expect to enter a profit growth trend as operating costs are optimized in the 2nd half onwards.

Q 2 Please explain the status of optimizing the entire network operations.

- Through the period of current medium-term management plan, we have been working on optimizing the existing network as well as the establishment of the EC logistics network. We have embedded the process of outsourcing trunk-route transportation between Terminals to our transportation partners based on workload forecasts.
- In the 2nd half, we will work on further optimizing Intra-region transportation (short-distance transportation between Terminals and the TA-Q-BIN Sales offices), as well as the sorting operations within Terminals. In order to appropriately allocate resources based on the workload, we will fundamentally review our current operations, as well as the respective scopes of operations (role and positioning) of Yamato and external partners.

Q 3 Please explain the top line growth outlook in the 2nd half onwards, for both the Base and Growth domains.

- Looking back over the past 10 years, there has been significant growth in the number of parcels from large corporate clients, while the volume from the wide range of customers (Area customers), which our Sales Drivers pick up, has not increased that much. With this business environment, we are positioning Area customers as the Base domain and we will aim for steady revenue growth by providing thorough and detailed services.
- In the Growth domain, we will provide value to EC clients, as well as the Global, National and Regional accounts. With the "TA-Q-BIN +  $\alpha$ " value provision through close collaboration between Sales Drivers and our corporate sales team, we will convert Area customers into Accounts, and by providing value to clients' businesses on an End-to-end basis, such as by innovating their supply chains and optimizing their logistics and inventory, we will aim for even stronger revenue growth.