

**Main Questions and Answers (summary) for the 3rd quarter results
announcement of fiscal year ending March 31 2024,
and the announcement of the Medium-term Management Plan**

Q 1 Please explain how you plan to address the volume difference (the risk of lower-than-expected volume), which was the reason for the decline in operating profit in the 3rd quarter (Oct.-Dec.).

- In this 3rd quarter (Oct.-Dec.), with parcel delivery volume being sluggish, Yamato worked on optimizing operating costs, such as by improving the utilization of the TA-Q-BIN network while making flexible use of the EC logistics network. However, productivity in the last-mile domain declined, due to peak season demand being even weaker than expected.
- Under these circumstances, together with reinforcing the TA-Q-BIN network, in order to strengthen resilience towards the risk of weaker-than-expected volume, Yamato will strengthen peak control by expanding the scope of seasonal charges and upper limits on capacity, as well as strengthening "bottom control", by amending the contracts with large corporate clients whose volume differences (weaker-than-expected volume) is expanding.

Q 2 In the full-year forecast for fiscal year ending March 31 2024, you raised the volume forecast for parcel delivery, while lowering your pricing expectations from the previous forecast. Please explain how the acquisition of new corporate clients, and pricing optimization with existing corporate clients, which you are currently working on, affects these numbers.

- With parcel delivery volume being sluggish, we are strengthening initiatives towards expanding new businesses, mainly with large corporate clients, with the aim of making full use of the TA-Q-BIN network capacity. We raised the volume forecasts because we are starting to see positive results of these initiatives starting from the 3rd quarter.
- New business with large corporate clients usually begins with us offering the use of parcel delivery services at competitive prices, so we are anticipating a temporary decline in average pricing. However, we will improve profitability in the mid-term, by optimizing pricing based on the value provided, and by expanding the scope of our proposals including Contract Logistics and forwarding.
- As for pricing for existing corporate clients, we will continue to promote optimization, in consideration of factors such as the business relations with each client, the current pricing that is being applied, as well as the pricing revisions so far.

Q 3 Please explain your thinking on growing volume and raising pricing for parcel deliveries in the next Medium-term Management Plan.

- We have set plans based on policies for each customer segment, and the total of these plans is used to determine the volume handled and average unit price forecast for the fiscal year ending March 31, 2027.
- While working to grow volume by expanding our value provision, including “Carbon Neutral Deliveries” and the expansion of our service line-up, we will promote the optimization of pricing based on the value provided, mainly with corporate clients to which we apply discounted fares, based on cost increases due to changes in the external environment such as the decline in working population.

Q 4 Please explain your initiatives for structural reforms of network operations, which will drive profit growth in the next Medium-term Management Plan.

- Yamato is working on consolidating and enlarging its pickup and delivery facilities, as a core strategy of our business structure reforms towards sustainable growth. We created the overall design and started working on initiatives during the period of the current Medium-term Management Plan “One YAMATO 2023”. We will continue working on these reforms, with the aim of completing them during the next Medium-term Management Plan period.
- As for the reforms of how we deliver and work (“software” side), which we are working on in parallel to the consolidation and enlargement of pickup and delivery facilities (“hardware” side), by adding new operations that utilize technologies, we will maintain and improve safety, quality as well as the working conditions and motivation of our employees and partners, while seeking to achieve positive effects to our profit by making our operations more efficient.

Q 5 You mention business expansion through M&A in the next Medium-term Management Plan. Please explain your thinking as to how you will generate economic effects.

- In the growth domain, including CL (Contract Logistics) and the global business, we will seek organic growth, as well as business expansion with M&A as one of the methods.
- The consideration and execution of M&A will be promoted together by the business side and a team dedicated to M&A. We will promote M&A with discipline, funding deals using interest-bearing debt in principle, and using a threshold of an ROIC of 10% or above within 3 years of the acquisition.