

# Digital Strategy

The Yamato Group has positioned digital strategy as one of the fundamental strategies that support business structural reforms. Therefore, we are reinforcing the digital organizational capabilities, technological capabilities, quality, and governance of the entire Group. Based on a new digital platform that understands and communicates various information in real time, we are effectively utilizing data in business activities while expanding the value we provide to customers and accelerating the enhancement of operational efficiency.

## Reform of Development and Operational Structures and Reinforcement of Governance

- ▶ **Creation of structure that promotes the integration of business and digital departments**  
Revision of development and operational structures, entrusted to system subsidiary, through Group reorganization
- ▶ **Development of human resource cultivation and recruitment measures aimed at further reinforcing development and operational structures**  
Includes revision of human resource system, reinforcement of recruitment, and development of technological capability training process
- ▶ **Reduction of vendor dependence on development projects**  
Reinforcement of technological regulations through Technology Governance Team
- ▶ **Reinforcing governance of Groupwide digital investments**  
Promotion of maintenance and enhancement of development quality and speed, and optimization of development and operational costs by closely examining their validity and order of priority of digital investments at Digital Governance Meetings

## Digital Investment

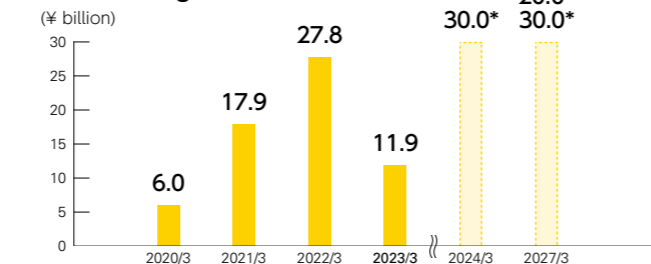
Under the medium-term management plan "One YAMATO 2023," we expect to make digital investments of ¥100 billion in the three years spanning the fiscal year ended March 31, 2022, to the year ending March 31, 2024. During the actual promotion of digital strategy, we carry out the necessary investments after closely examining their validity and priority through Digital Governance

### Results of Digital Investment

Digital Investment	2022/3	2023/3
Enhancement of value provided to customers	¥8.0 billion	¥4.7 billion
Improvement of operational efficiency for transportation and delivery	¥6.2 billion	¥5.2 billion
Creation and maintenance of digital platform	¥11.8 billion	¥1.5 billion
Others	¥1.8 billion	¥0.5 billion
<b>Total</b>	<b>¥27.8 billion</b>	<b>¥11.9 billion</b>

Meetings, which regulate Groupwide digital investment. Between the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022, we mostly completed investments in building a new digital platform. From the fiscal year ended March 31, 2023 onward, we will prioritize investments that enhance the value we provide to customers and contribute to operational efficiencies.

### Trends in Digital Investment Amount



\* Estimated amount as of the start of the fiscal year ending March 31, 2024

## Development and Recruitment of Human Resources

The Yamato Group is engaging in the development of human resources with digital skills and strengthening of technological capabilities through close cooperation between the Digital Department and Business Department to realize sustainable business growth.

Under the Yamato Digital Academy (YDA), a digital training program launched in the fiscal year ended March 31, 2022, we spent the first year engaging in measures such as enhancing fundamental digital literacy and skills. In the fiscal year ended March 31, 2023, the second year, in addition to the above, the Digital Department and managers in charge of practical work in the Business Department (Regional Branch Offices), which deals with customers on the front line, promoted gaining skills and knowledge that can be utilized in actual work, increasing the rate of in-house system development and operation, and enhancing the efficiency of front-line operations and quality of service.

Additionally, we have strengthened systems for bringing necessary development and operation in-house by reinforcing the hiring of new graduate recruits and mid-career hires and developing the human resource system and training process.

### Initiatives Aimed at Development of Human Resources with Digital Skills (Fiscal year ended March 31, 2023)

Target	Vision	Content of Training	Attendance Results
Digital Department	Recognized as a partner by business department leadership and at the core of project promotion	Training aimed at strengthening skills necessary in work as digital-specialized personnel, such as planning, development, operation, and maintenance	Approximately 220 employees
Business Department (Head Office)	Collaborate with the digital department, promote business structural reforms, and contribute to enhancing profitability	Training aimed at enhancing IT literacy and digital skills	Approximately 130 employees
Business Department (Regional Branches)	Master digital tools to promote further advancement and efficiency through devices unique to the front line	Training aimed at reinforcing digital utilization skills on the front line	Approximately 200 employees
<b>Total</b>			<b>Approximately 550 employees</b>

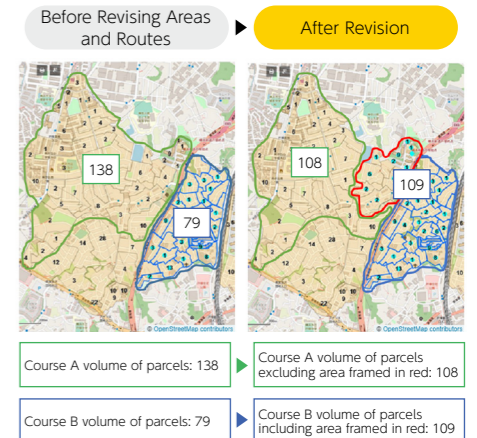
## Value Creation Utilizing New Digital Platform and Digital Data

We are supporting the expansion of the value we provide to customers and the enhancement of operational efficiency from a digital perspective by utilizing the Yamato Digital Platform (YDP), our new digital platform, which understands various data in real time and collaborates with internal and external systems.

### 1 Enhancement of Last Mile Operation Efficiency That Utilizes Digital Data

In promoting the structural reform of network operations, we are engaging in measures within the existing TA-Q-BIN network that include appropriate allocation of Yamato resources in line with workload, consolidation and enlargement of sales offices, and revision of sales driver (SD) workstyles and structure. Area Management System, a tool developed to support the design of delivery areas and routes for SDs, who are responsible for last mile, consolidates information on the parcels for pickup and delivery (such as area, time, person responsible, classification, and volume) and visualizing it on a map. As a result we have significantly reduced the time needed to design areas and routes, which previously required analogue data aggregation and study and are promoting the enhancement of delivery operation productivity by SDs based on data.

Additionally, in conjunction with consolidation and enlargement of sales offices, we will introduce a mechanism (Last-mile Management System) for flexibly adjusting the delivery area and route in response to fluctuations in daily workload in the second half end of the fiscal year ending March 31, 2024. We will further enhance operational efficiency by integrating this with measures for innovating SD workstyles and structure, such as allocation of Delivery Drivers (DD, specialized for delivery) in key urban areas.



### Area Management System Image

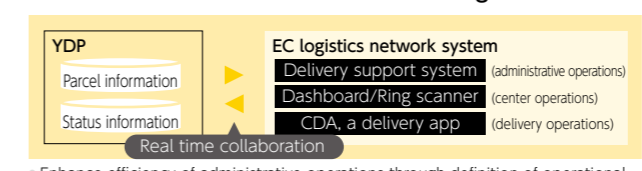
By confirming the volume of parcels by area based on various factors, including delivery day and time, information such as fluctuation in volume and uneven workload for each SD can be quickly understood, leading to a revision of routes.

### 2 Creation and Development of EC Logistics Network

Under our EC logistics network, we are creating and expanding terminals specialized for dispatching EC parcels (EC sorting centers) and EC delivery centers in collaboration with business partners. In this collaboration, Yamato Transport provides an operation system that links data, such as parcel information and customer requests for change, in real time,

thereby enhancing service quality and operational efficiency through smooth management of business partner operations.

### Real-Time Connection of YDP and EC Logistics Network



- ▶ Enhance efficiency of administrative operations through definition of operational standards and digitalization
- ▶ Flexibly respond to changes in workload by visualizing workload and progress of work in real time, etc.

### 3 Advancement of Fulfillment Service

In the operation of the fulfillment service that acts as an agent for a series of operations, from ordering products to their storage and shipping, order data from an order management system for EC operators is linked in real time to shipping operations. This improves the efficiency of shipping operations in warehouses, reduces dead stock, and shortens lead times, thereby contributing to the enhancement of customer experiences.

## TOPIC

### Selection of DX Stocks 2023

Yamato was selected for Digital Transformation Stocks (DX Stocks)\* 2023. During this selection, we were recognized for our efforts to promote business structure reforms in response to the changing times, to promote the transformation of each customer's entire supply chain and enhance operational efficiency based on data analysis, and to create an organization and corporate culture. We will continue advancing initiatives for business structure reforms based on a structure for promoting data utilization through collaboration between the Business Department and Digital Department.

\* Organized jointly by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan to select and introduce TSE-listed companies that create in-house systems for enhancing corporate value while promoting DX and displaying outstanding performance in utilizing digital technology

