Conducted on November 2, 2023
Yamato Holdings Co., Ltd.

Main Questions and Answers (summary) Meeting for the Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

Q1 Please explain why you revised the full-year operating profit forecast.

- In the first half, operating revenue was 6,400 million yen lower than the previous forecast, due to factors such as consumers returning to offline spending, as well as inflation. However, as a result of our focus on optimizing operating costs, operating profit ended up at a level similar to the previous forecast.
- As for the second half, although we will expand our business mainly with the large corporate clients, we expect volume to remain weak due to factors such as the continuous sluggishness in EC demand. We have revised down the full-year operating revenue forecast by 35,000 million yen from the previous forecast.
- Under these circumstances, we promote structural reforms of our business and focus on controlling our expenses including operating costs. However, we have revised down the full-year operating profit by 15,000 million yen, compared to the previous forecast.

Q2 Please share your views on the market environment going forward, as well as the thinking behind the latest forecast for parcel delivery volume and pricing.

- EC demand was weaker than expected in the first half, due to consumers returning to offline spending, as well as the impact from inflation.
- In the second half, we anticipate a gradual recovery in market conditions, but we expect the difficult situation to persist.
- With parcel delivery volume being lower than expected, we are reinforcing our sales activities to expand business with large corporate clients, in order to make maximum use of the TA-Q-BIN network capacity, and we expect this to have a certain level of impact in the second half onwards.
- Pricing optimization for existing corporate clients is progressing mostly according to plan, and we will continue adjusting our pricing in the second half. However, we revised our forecast for average pricing, due to the expected increase in volume with new large corporate clients.

Q 3　Please explain your outlook on future operating expenses, including measures to address the "2024 Problem" in the logistics industry.

- We focus on establishing suitable operations, based on volume forecasts that take into consideration factors such as clients' activities. By promoting initiatives to strengthen the TA-Q-BIN network, such as consolidating and enlarging sales offices, reviewing terminal functions, and reforming workstyle and operational structure through systemization, we maintain and enhance safety and quality as well as the work environment and motivation of employees and partners, as we work to optimize operation costs.
- The "upper limit on overtime" for drivers will apply from April 2024. The Yamato Group has already reformed the workstyles of its employees, and the work hours of our employees is already appropriate.
- Under these circumstances, we are discussing with each of our partners about topics such as reviewing the process of trunk-route transportation, in parallel with reviewing the functions served by our terminals. We will continue to take appropriate measures to our partner companies, in consideration of the rise of external costs, such as fuel and wage costs, enhance transportation efficiency, and thereby optimize operation costs.

Q 4　You have the policy of reviewing the reported fares every fiscal year. Please explain your thinking in relation to this.

- As indicated in February of this year, we review reported fares etc. every fiscal year in order to reflect the impact of the changes in the external environment, including the "2024 Problem" of the logistics industry on our rates, etc. in a timely and appropriate manner.
- We will continue our effort to optimize pricing, while we improve the work environment of employees and logistics partners, maintain and reinforce the transportation and delivery network, and establish an environment to continuously provide high quality services to our customers.