



YAMATO
HOLDINGS

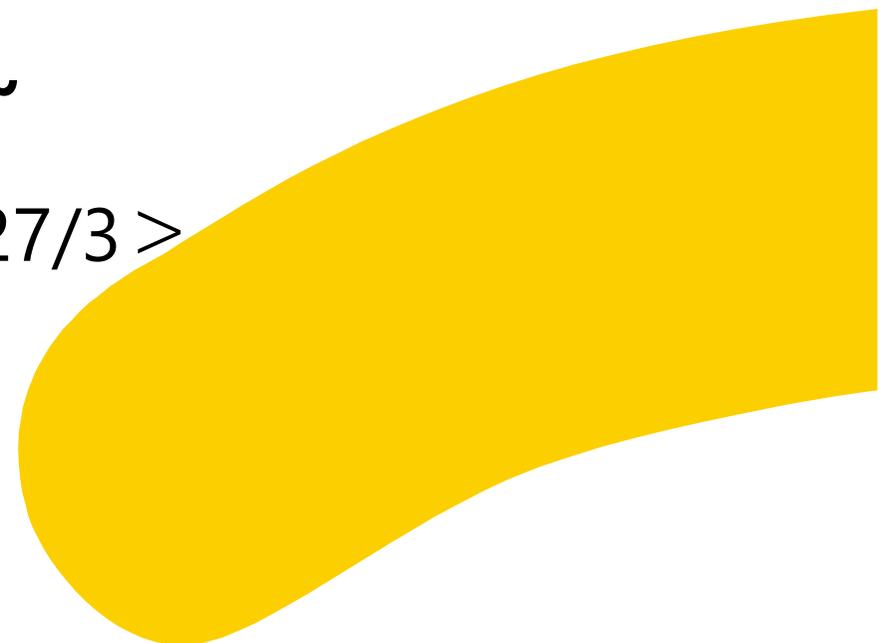
Yamato Group Medium-term Management Plan

Sustainability Transformation 2030 ~1st Stage~

< FY2025/3 ~ FY2027/3 >

February 5, 2024

Yamato Holdings Co., Ltd.



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“Sustainability Transformation (SX) 2030 ~1st Stage~”
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Since its founding, the Yamato Group has been helping to **enrich our society** through **“Delivery”**.

It is our responsibility, to create a sustainable society, in the age of heightened uncertainty that lies ahead.

As a member of society, the Yamato Group will create **“New Logistics”** and **“New Value”**, together with a diverse range of partners, with **innovation as our starting point**, and face head-on the challenges posed to us from the future.

1. Direction of our management (1) Our aspiration



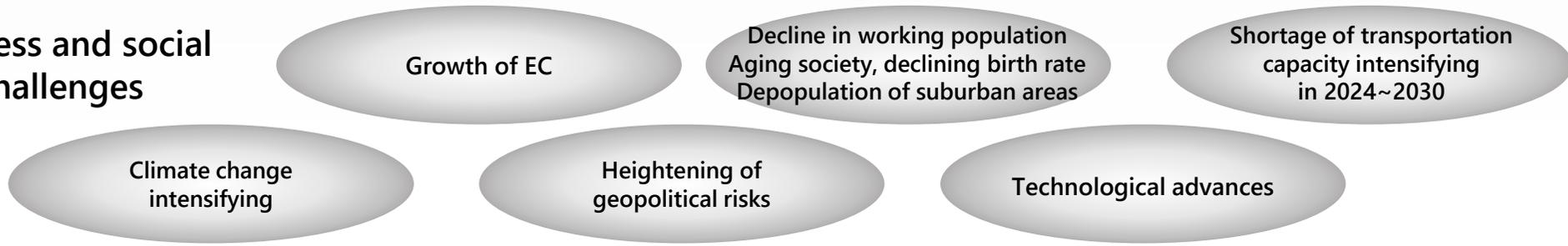
Management Philosophy

Yamato helps enrich our society by enhancing our social infrastructure, creating more convenient services for evolving lifestyles and industries, and developing innovative logistics and distribution systems.



Heightened uncertainty

Business and social challenges



1. Direction of our management (2) Growth image under "SX2030"

Dramatic profit growth through the reinforcement of the EXP business (base domain) and business portfolio reform (expansion of business domain)

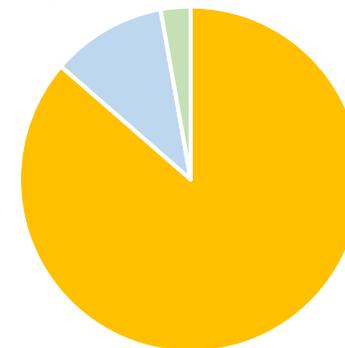
FY2027/3 plan

Operating revenue	2,000~2,400 bn yen
Operating profit	120~160 bn yen
Operating margin	6% or above
Profit attributable to owners of parent	80~100 bn yen
ROE	12% or above
ROIC	8% or above

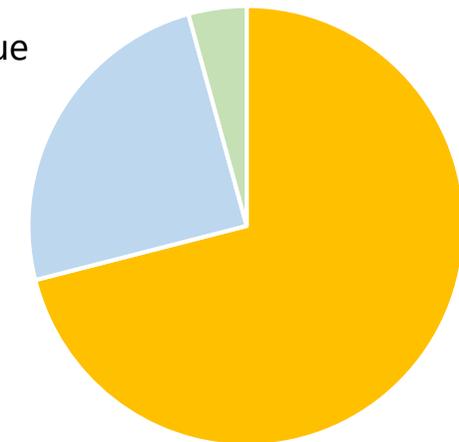
Business portfolio reform

Breakdown of operating revenue

- Base domain (EXP・GS*)
- Growth domain (CL・Global)
- New domain



FY2024/3
1,765bn yen



FY2027/3
2,400bn yen

Image for FY2031/3

Operating margin: 8% or above ROE:16% or above ROIC:12% or above

*EXP: Domestic transportation and delivery business, centered around transportation (TA-Q-BIN) services that pay consideration to climate change
GS: Group support (Yamato System Development Co., Ltd., etc.) CL: Contract Logistics

2. Assumptions for the Plan

(1) Review of current Mid-term Management Plan "One YAMATO 2023**"

With significant changes in the environment such as the spread of the COVID-19 pandemic, instability in global affairs as well as global inflation, Yamato promoted structural reforms towards sustainable growth

Achievements	Review of business portfolio	<ul style="list-style-type: none"> Promoted reforms of the Group management structure, and started operating under the "One YAMATO" structure (Integrated 9 Group companies into Yamato Transport) Transferred shares of Yamato Home Convenience and Yamato Staff Supply Withdrawal from the overseas TA-Q-BIN business. Partnership with the Japan Post Group
	Started business structure reform to achieve sustainable growth	<ul style="list-style-type: none"> Established "EC logistics network" to address growing EC demand Started reforms based on overall design of consolidating and enlarging Sales Offices (pickup and delivery facilities)
Challenges	External costs going above expectations	<ul style="list-style-type: none"> Addressing rise in resource and energy prices, hourly wages etc., due to changes in external environment
	Addressing sluggish demand, and volume fluctuations	<ul style="list-style-type: none"> Enhancing cost control ability, to address sluggish demand due to consumption shifting back from online to offline, as well as the impact from inflation etc., and volume fluctuations between the peak and slow seasons
	Countermeasures	<ul style="list-style-type: none"> Bring down fixed costs through business structure reform Pricing strategy that reflects rise in external costs, and addresses volume fluctuations, including unexpected levels of volume

2. Assumptions for the Plan

(2) Business environment and social issues

Opportunities

Threats

Growth of EC

Capture demand from EC, which is a growth area

Expansion of in-house Logistics by EC players

Decline in working population
Aging society,
declining birth rate
Depopulation of suburban areas

Growing needs related to a longevity society and regional revitalization

Cost increase due to the intensifying competition for talent.
Higher cost of maintaining nationwide network

Shortage of transportation capacity intensifying in 2024~2030

Expectations for improvements in inefficient business practices in the logistics industry.
Growing needs for sustainable and efficient logistics

Shortage of transportation partners (resources), increase in expenses

Climate change intensifying

Growing demand for logistics with low environmental impact

Cost increase from introduction of carbon tax.
Opportunity loss caused by natural disasters, increase in restoration costs, etc.

Heightening of geopolitical risks

Development of block economies and supply chains (increase in safety inventory, regional and domestic transportation, etc.)

Rise in resources and energy prices

Technological advances

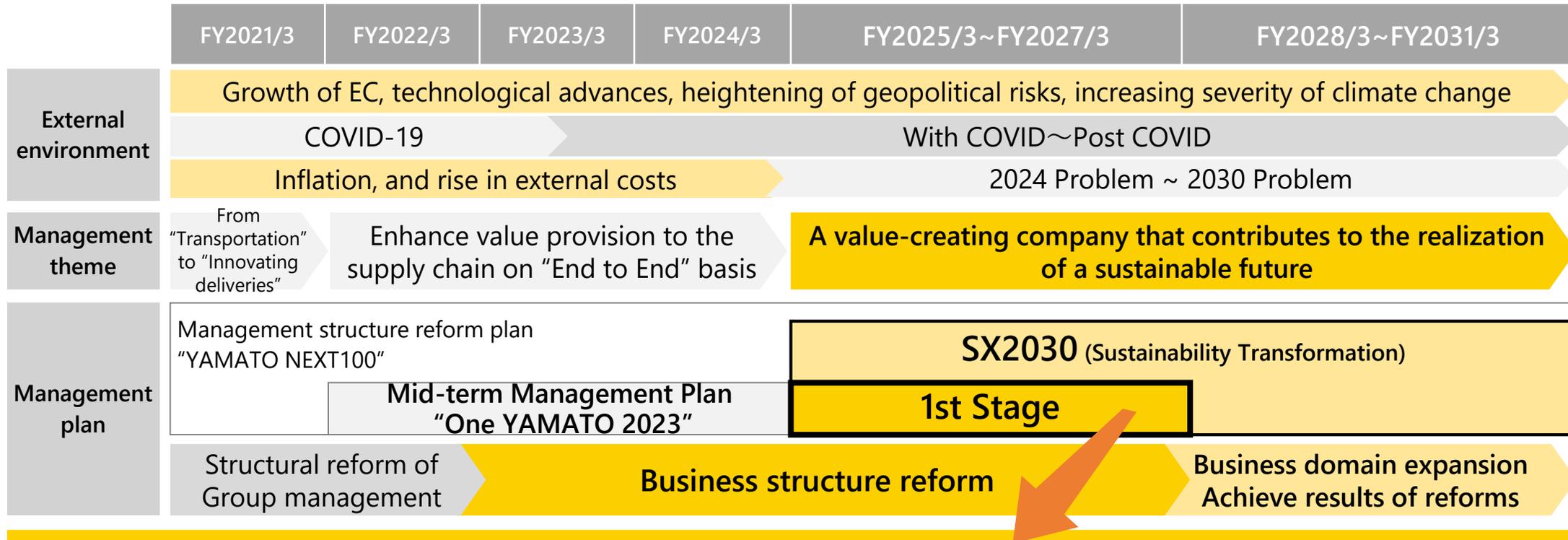
Resource optimization and enhancement of operational efficiency by introducing advanced technologies, and the creation of new growth models

Emergence of disruptive business models.
System outages, loss or leakage of information due to cyber attacks etc.

2. Assumptions for the Plan

(3) Positioning of Mid-term Management Plan "SX2030 ~1st Stage~"

Period to reinforce TA-Q-BIN network, and reform business portfolio



Base domain	Profit growth by reinforcing the TA-Q-BIN network
Growth domain	Expansion of the corporate business domain (deepening solutions on an "End to End" basis to the supply chain, business alliances, M&A, etc.)
New domain	Develop new business model to address the needs of customers and society becoming more diverse
Group management platform	HR, digitalization, environment & society, corporate governance
Embed management that places more focus on capital efficiency within the Group	

3. (1) Basic policy and targets ① Key management KPIs

	<u>FY2024/3 Forecasts</u>	<u>FY2027/3 Targets</u>	<u>Growth / Growth rate</u>
Operating Revenue	1,765 bn yen	2,000~2,400 bn yen	+ 235 bn yen / + 13% ~ + 635 bn yen / + 36%
Operating Profit	40 bn yen	120~160 bn yen	+ 80 bn yen / + 200% ~ + 120 bn yen / + 300%
Operating Margin	2.3%	6% or above	+ 3.7pt or above
Ordinary Profit	40 bn yen	120~160 bn yen	+ 80 bn yen / + 200% ~ + 120 bn yen / + 300%
Profit Attributable to Owners of Parent	36 bn yen	80~100 bn yen	+ 44 bn yen / + 122% ~ + 64 bn yen / + 178%
ROE	6.0%	12% or above	+ 6.0pt or above
ROIC*	4.1%	8% or above	+ 3.9pt or above

*ROIC: NOPAT (net operating profit after tax)/invested capital (interest-bearing debt (average of beginning and end of fiscal period)+equity capital (average of beginning and end of fiscal period))

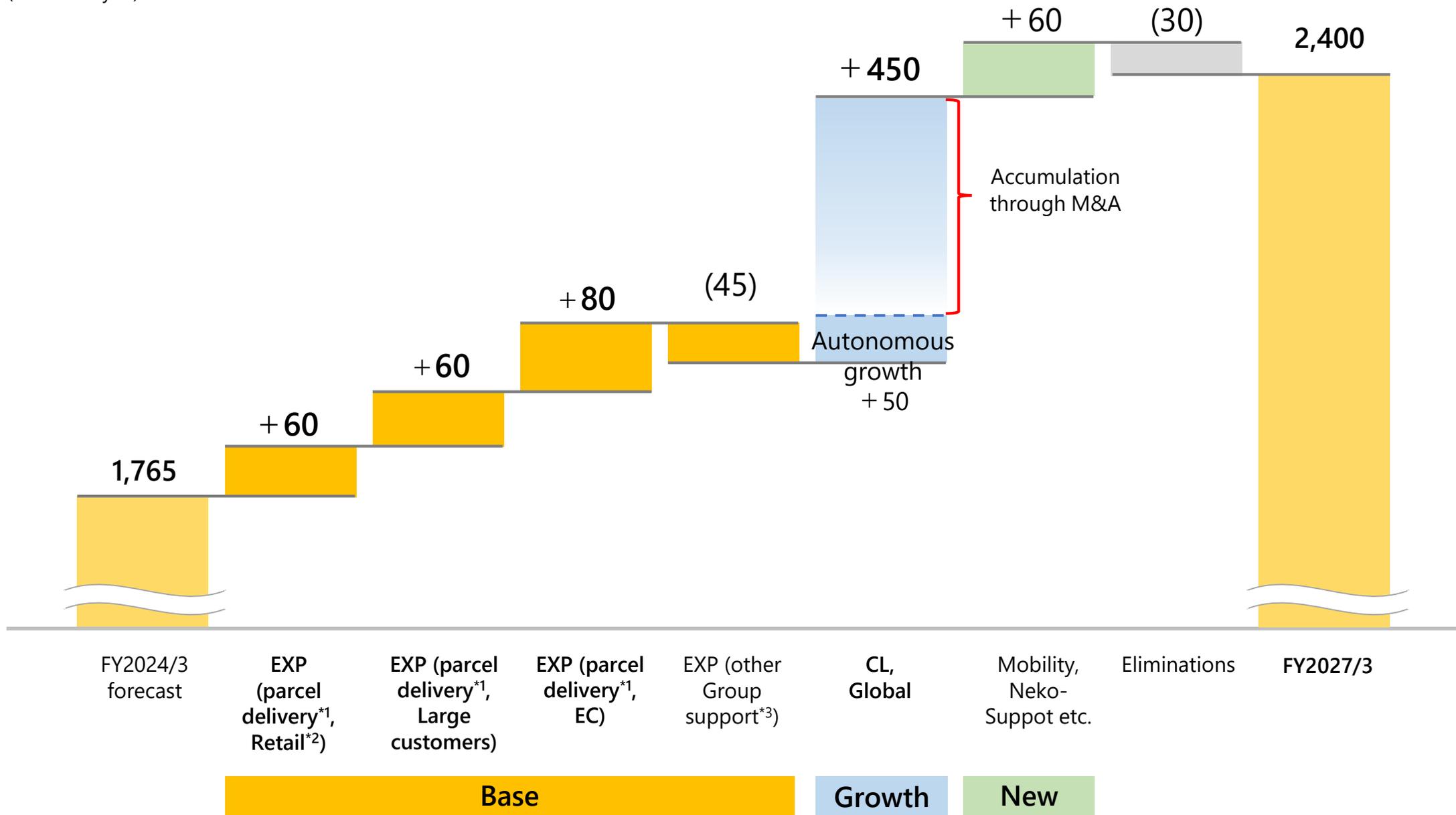
3. (1) Basic policy and targets ② Image of Group business structure

Domain / business			〈Image of operating revenue mix by domain/business〉	
			FY2024/3	FY2027/3
New	Mobility and Neko-support (Regional co-creation) business, etc.	Businesses that address the diversification of needs from customers and society	50 bn yen	110 bn yen + 120%
	Global business	Cross-border transportation to/from Japan, and regional offices abroad	210 bn yen	660 bn yen + 214%
Growth	CL business (Contract Logistics)	Participates in and supports inventory management, distribution processing, and logistics planning of client companies		
	Base	EXP business (Express)	Domestic transportation and delivery business, centered around transportation (TA-Q-BIN) services that pay consideration to climate change	1,635 bn yen
Group support business			135 bn yen	125 bn yen (7)%

Note : Numbers exclude consolidation adjustments 9

3. (1) Basic policy and targets ③ Image of operating revenue growth

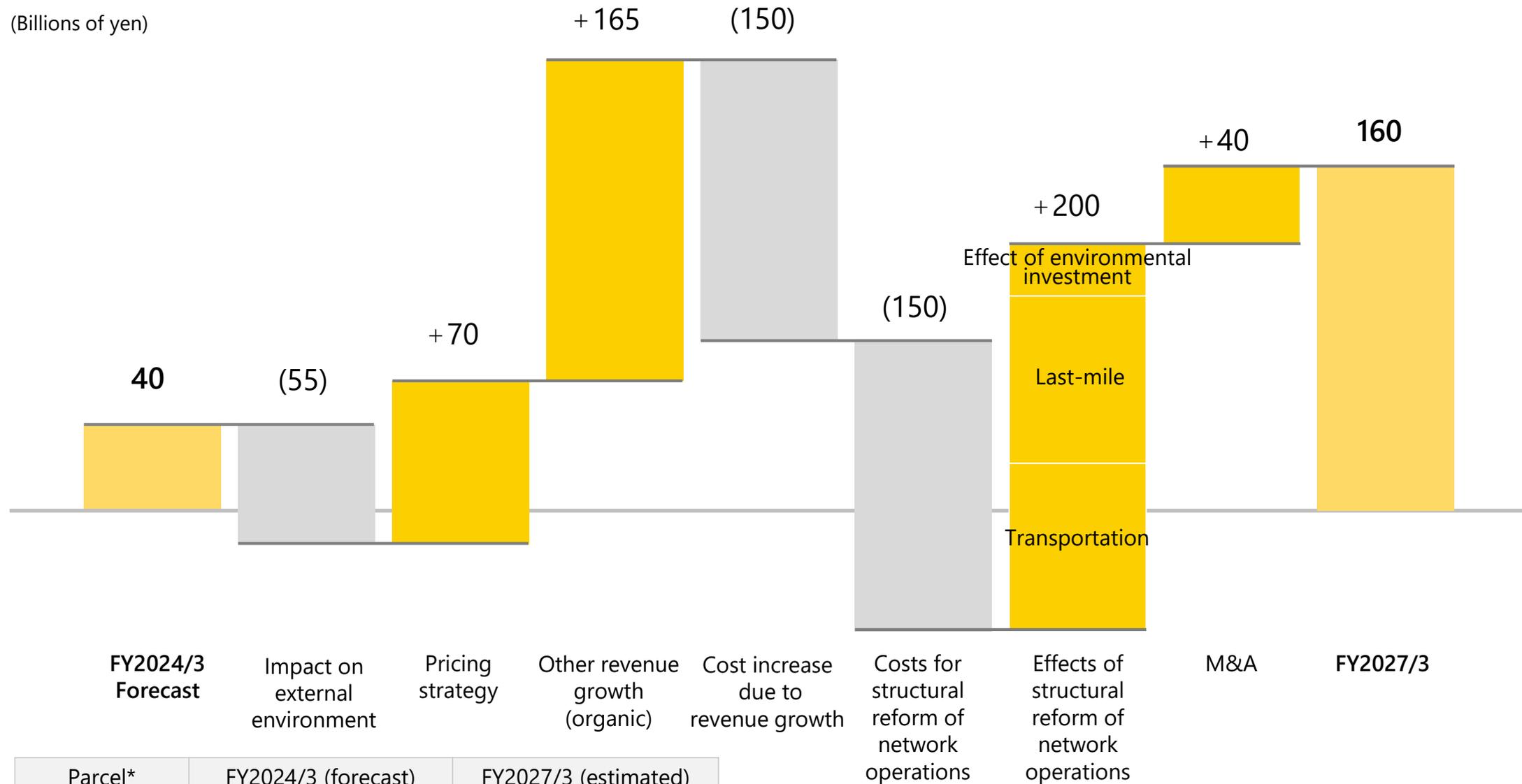
(Billions of yen)



*1 Parcel delivery: Total of TA-Q-BIN, TA-Q-BIN Compact and EAZY *2 Retail: Individuals and mid-to-small corporates *3 Decline following share transfer of Yamato Staff Supply, etc.

3. (1) Basic policy and targets ④ Image of operating profit growth

(Billions of yen)



Parcel*	FY2024/3 (forecast)	FY2027/3 (estimated)
Delivery Volume	1,890 million	2,080 million
Unit price	721 yen	760 yen

*Parcel: Total of TA-Q-BIN, TA-Q-BIN Compact, EAZY 11

3. (1) Basic policy and targets

⑤ Image of balance sheet and capital efficiency improvements

Balance sheet

Maintain financial soundness, while actively investing in growth, including investments funded by debt

【Financial discipline】

Capital ratio : around 45~50%

D/E ratio : 0.3~0.5 times

【Financial soundness】

Credit rating (R&I): AA-

FY2024/3

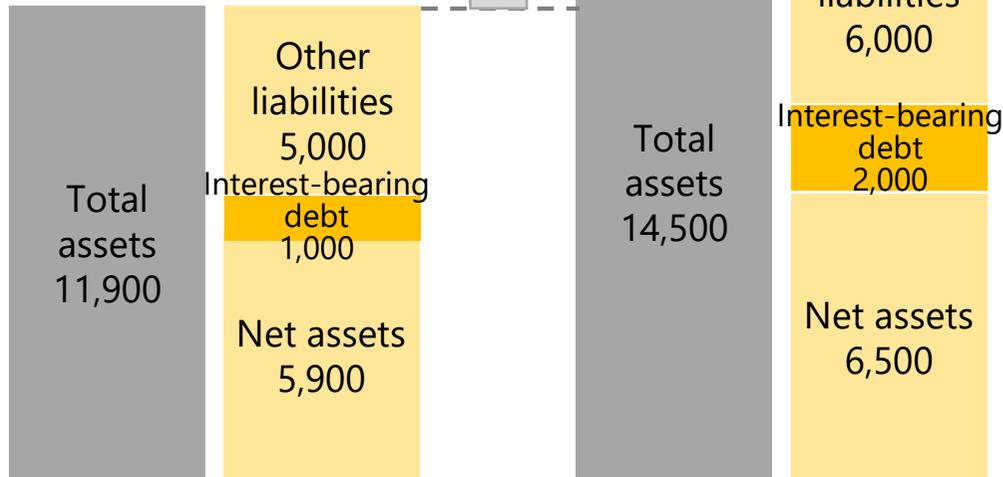
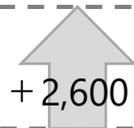
Capital ratio : 49.0%
D/E ratio : 0.17x

FY2027/3

without the impact from M&A

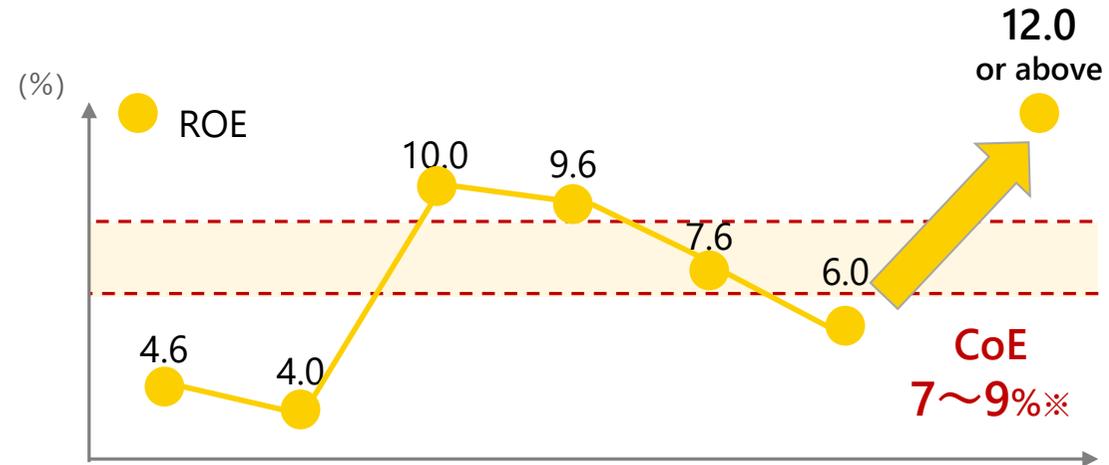
Capital ratio : 45.0%
D/E ratio : 0.30x

Unit: JPY 100MM

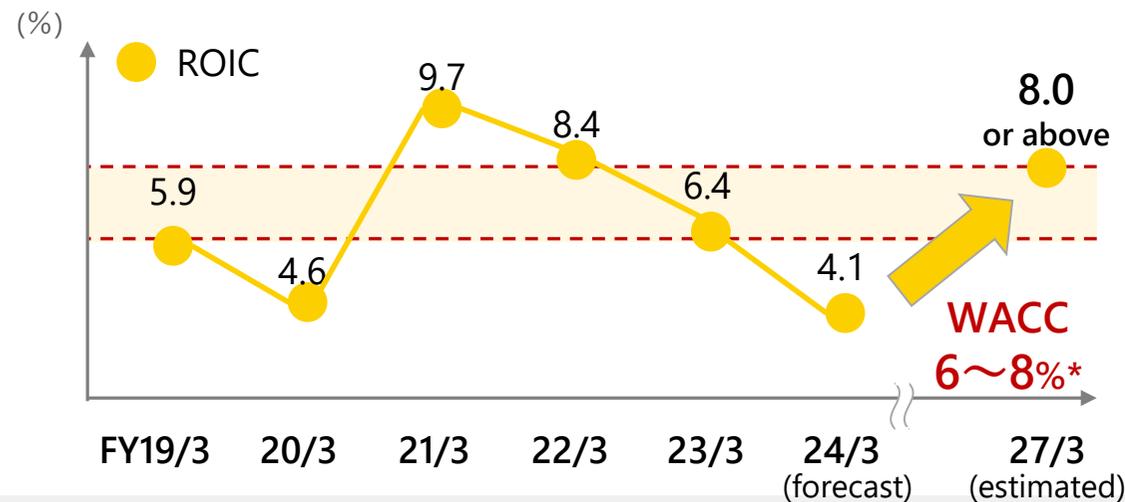


Capital efficiency

ROE(vs CoE(cost of shareholders equity))



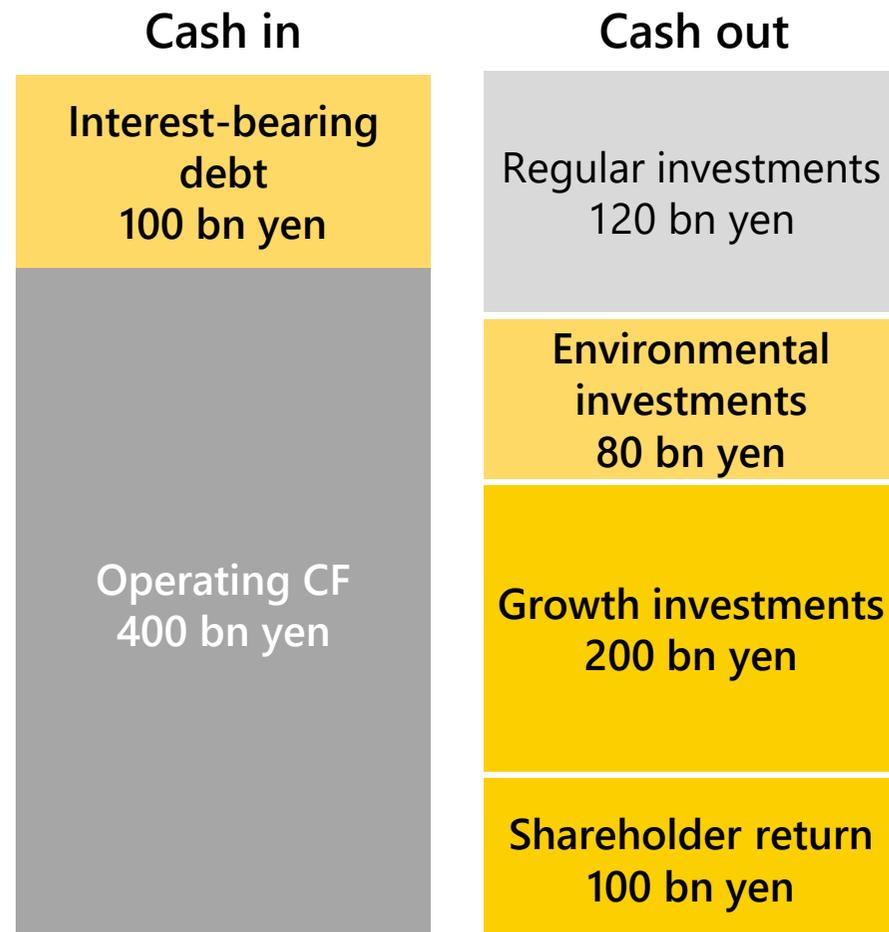
ROIC(vs WACC(weighted average cost of capital))



* Assumptions for the period during the Mid-term Management Plan (FY2025/3~FY 2027/3) 12

3. (1) Basic policy and targets ⑥ Capital allocation

Promote active growth investments, while maintaining financial soundness.
Conduct appropriate shareholder return in consideration of capital efficiency



Cumulative image for the 3-years (FY2025/3~FY2027/3)
without the impact from M&A

Investment policy

■ Growth investments

- Focus on facilities strategy, digitalization, creation and expansion of new businesses
→ Set ROI at a level above WACC

■ Environmental investments

- Invest from the standpoint of GHG emissions reduction and enhancing financial value

Shareholder return policy

■ Dividends

- Focus on stability and continuity of dividend
- Aim to grow dividend per share, while being mindful of DOE*
- Dividend payout ratio : **40% or above**
- Total shareholder return ratio : **50% or above**

■ Acquisition of our own shares

- Consider acquisitions flexibly, based on factors such as the progress of disciplined growth investments (ROI above WACC), cash flow, share price, etc.

3. (1) Basic policy and targets ⑦ Investment plan

Total investment 400 bn yen	Investments in the following areas, over the 3-year period		Objective
without the impact from M&A			
Growth investment 200 bn yen	140 bn yen	Facilities strategy	Enhance productivity and reduce fixed costs Create a worker-friendly workplace
	50 bn yen	Promoting DX	Productivity improvement through operational reform Enhance value provision to customers
	10 bn yen	New businesses	Create new businesses that contribute to future business growth and to a sustainable future
Environmental investment 80 bn yen	40 bn yen	3,250 Evs* and charging equipment	Realize a low carbon society, and provide corporate clients with logistics services that have low environmental impact
	40 bn yen	Solar power generation, batteries, etc.	
Regular investment 120 bn yen	50 bn yen	Repair of existing TA-Q-BIN facilities, internal combustion vehicles, etc.	Maintain existing network
	70 bn yen	Maintenance of other facilities and existing systems, etc.	Maintenance of existing business, etc.

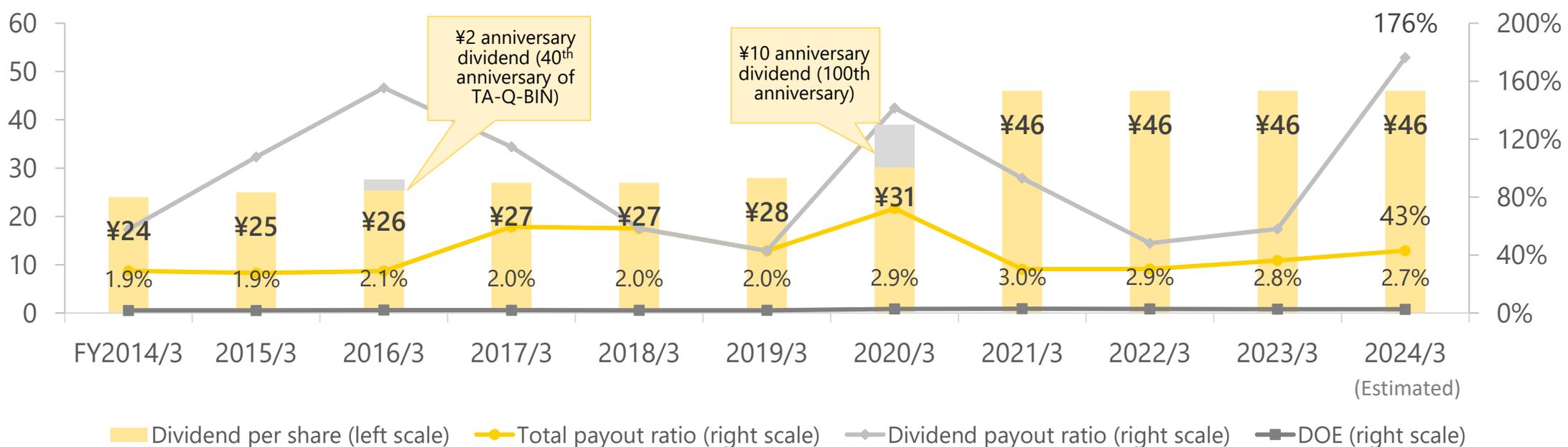
* Total EV introduction plan: 8,500 units (investment 3,250, operating lease 5,250) 14

3. (1) Basic policy and targets ⑧ Shareholder return

Focus on stability and continuity of dividend.
 Aim to grow dividend per share (DPS), while being mindful of DOE*

- Dividend payout ratio** : 40% or above
- Total shareholder return ratio** : 50% or above
- Acquisition of our own shares** : Consider acquisitions flexibly, based on factors such as the progress of disciplined growth investments (ROI above WACC), cash flow, share price, etc.

Results and forecast of shareholder return(FY2014/3~FY2024/3 Estimate)



*DOE: Dividend on Equity Ratio 15

3. (2) Overview of strategies for each business ① Base domain (EXP* business)

Expand business revenue by achieving carbon neutrality of TA-Q-BIN, enhancing the service line-up, improving customer experience, and strengthening the pricing strategy based on factors including the rise in external costs

Expansion of value provision

- Differentiation through the Carbon Neutrality Declaration of TA-Q-BIN, and the visualization of GHG emissions



- Address diverse customer needs, by redefining the standards of our services, and broadening the line-up of transportation service
- Improve convenience of TA-Q-BIN related services and customer experience through Kuroneko Members
- Strengthen services in the EC domain

Standard services		Value-add functions (examples)
TA-Q-BIN, Cool TA-Q-BIN, etc.	All	Speed delivery (next-day delivery even to far-away locations)
	Corporate clients	Size expansion (TA-Q-BIN, Cool TA-Q-BIN)
	Kuroneko Members	More convenient offering of time slots for pickup and redelivery

Strengthen pricing strategy

- Establish pricing structure in conjunction with the review of our service line-up, and the offering of better convenience through the Kuroneko Members program
- Strengthen pricing strategy, especially for corporate clients, in order to address changes in the external environment such as the decline in working population

1 Review of individual contracts with corporate clients

- Charge appropriate pricing by regularly reviewing terms of business with each client
- Expand types of surcharge items, in accordance with the value provided, the operational burden and downside risks of volume

2 Revision of Reported Fares

- Review each fiscal year, based on factors such as the rise in external costs
- Based on the policy of increasing the number of high-price point customers, revise fares in accordance with market conditions and the competitive environment etc.

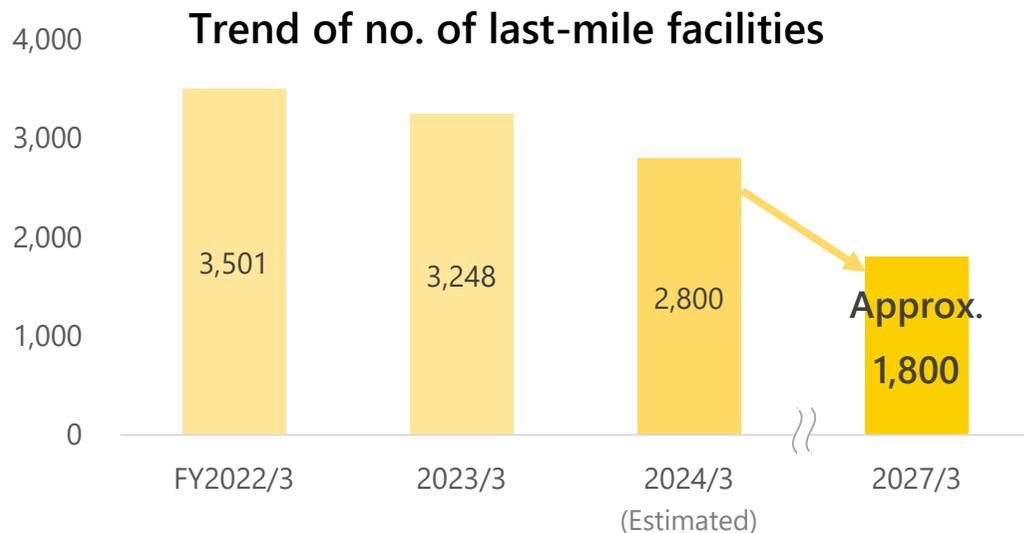
*EXP: Domestic transportation and delivery business, centered around transportation (TA-Q-BIN) services that pay consideration to climate change

3. (2) Overview of strategies for each business ① Base domain (EXP business)

Promote structural reforms of network operations, and shift to a structure to lower the cost per parcel, and achieve steady profit growth

Facilities: Consolidate and enlarge facilities

Establish a flexible structure that can absorb volume volatility, by optimizing the allocation of facilities and resources, and concentrating the power of employees and workers, and create a work environment that provides safety and comfort to employees and partners



Operations: Reinforce operations using technology

In conjunction with initiatives related to hardware, change the way we deliver and work, use technologies to establish processes and support operations

Transportation

- Digitalize work instructions (allows flexible changes to sorting based on volume etc.)

Last-mile

- Automatic work allocation based on work model and volume
- Integrate labor management and operational management using IT systems

Network control

- Dynamic routing of parcels in consideration of internal and external costs
- Full digitalization of paper slips

Promote management based on per-unit cost, and convert the cost structure

3. (2) Overview of strategies for each business ② Growth domain (CL*•Global business)

Utilize TA-Q-BIN network and freighter transport to promote business solutions that contribute to supply chain reforms of our clients, while seeking to expand business through M&A and alliances

1 Domestic CL (Contract Logistics) business

① α + TA-Q-BIN

Provide value-add services that lead to “delivery (EXP)” mainly by each regional branch

② 3PL•LLP

Provide business solutions that contribute to clients’ supply chain reforms, such as optimizing inventory and logistics, as well as reducing GHG emissions (total no. of new starts during the 3 years: 70)

2 Global business

① Cross-border EC to/from Japan

By strengthening proposals towards the growing cross-border EC, achieve growth in TA-Q-BIN deliveries (60% share in cross-border EC to Japan: outlook for 2024/3 is 37%)

② Automotive high-tech

Capture the opportunity of changes in the supply chain, utilize the existing client base and strengthen proposals in Japan, U.S. & Mexico, India and ASEAN

M&A strategy

Scope

Consider acquisition of several companies, while focusing on compatibility with the growth strategies of our domestic CL business and global business

Sector : Automotive, high-tech, food cold chain, health care etc.

Region : Japan, U.S. & Mexico, India, Southeast Asia

Process

Promote by the division responsible for revenue, and the dedicated M&A team

Early assignment of person in charge of PMI
→ raise the probability of the post-acquisition growth strategy

Discipline

In principle, acquisitions will be funded using interest-bearing debt

Assumption: ROIC of 10% or above within 3 years of acquisition

3. (2) Overview of strategy by business ③ Initiatives to create new value

Create new value with a diverse range of partners, while utilizing existing management resources, to realize a sustainable future

	Policy	Overview	Advantage
Mobility	Develop platform and ecosystem that achieves both decarbonization and the right economics, and contribute to the overall sustainability of society and the logistics industry	<ul style="list-style-type: none"> Fleet management of commercial EVs*1 Provide renewable energy Green logistics (joint transportation and delivery) 	<ul style="list-style-type: none"> Utilize environmental platform, established ahead of industry peers through environmental investments, including the ability to introduce and purchasing power of commercial EVs and solar power generation equipment Business platform with corporate clients and logistics partners
Neko-Support (Regional co-creation)	“Convenience store of service”, that addresses diverse needs of local communities	<ul style="list-style-type: none"> Provide new services and serve as a hub to the community, instead of simply the sending and receiving of parcels Address the longevity society, through initiatives such as “Kuroneko monitoring Service” *2 	<ul style="list-style-type: none"> Face-to-face contact points nationwide, including in airports and retail facilities Connection with local companies and governments, etc. Utilization of existing facilities
Freighters	Capture new demand by providing stable and speedy transportation	<ul style="list-style-type: none"> Provide transportation services to customers who value speed, such as in the transport of perishable foods Diversify modes of trunk-route transportation, also in consideration of the “2024 Problem” 	<ul style="list-style-type: none"> Flexible route-setting and scheduling using Yamato’s own planes Connection with local companies and governments, etc. The Volume of TA-Q-BIN (when there is vacant space)

*1 Introduction support, including maintenance *2 Kuroneko monitoring service “Hello Light Visit Plan”

3. (3) Reinforcement of the Group's management platform ① HR strategy

Promote HR strategy that is linked to management strategy, and support and motivate employees

Optimization of organization and headcount, and revise evaluation and compensation scheme, following structural reforms of the business

- Clarify roles based on job descriptions
- Renew allocation, evaluation and compensation process based on HR management policy
- Make positions more visible, allocate employees optimally through internal recruitment scheme, and strategically allocate employees in focus areas

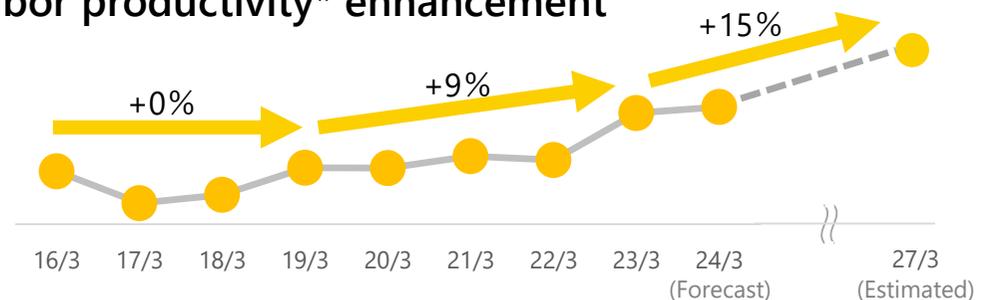
HR management structure that promotes independent and autonomous career development

- Clarify open positions and standard career paths
- Enhance training program for better performance
- Expand hiring channels (hiring based on referrals, re-hire former employees, etc.)

Further enhance support to and motivation of diverse employees

- Establish welfare policy that matches the diversifying lifestyles of employees
- Reinforce occupational health support by the company in accordance with health management
- Continue initiatives to promote human rights due diligence, diversity, and participation of women

Labor productivity* enhancement



Enhancement of engagement

*Human productivity: (Consolidated operating revenue – consolidated outsourcing expenses)/ consolidated wage expenses 20

3. (3) Reinforcement of the Group's management platform ② Digital strategy

Actively promote digital investments to support business structural reform, while bringing digital development and operations inhouse and controlling costs, including the use of partner vendors stationed in Yamato's offices

Digital investments

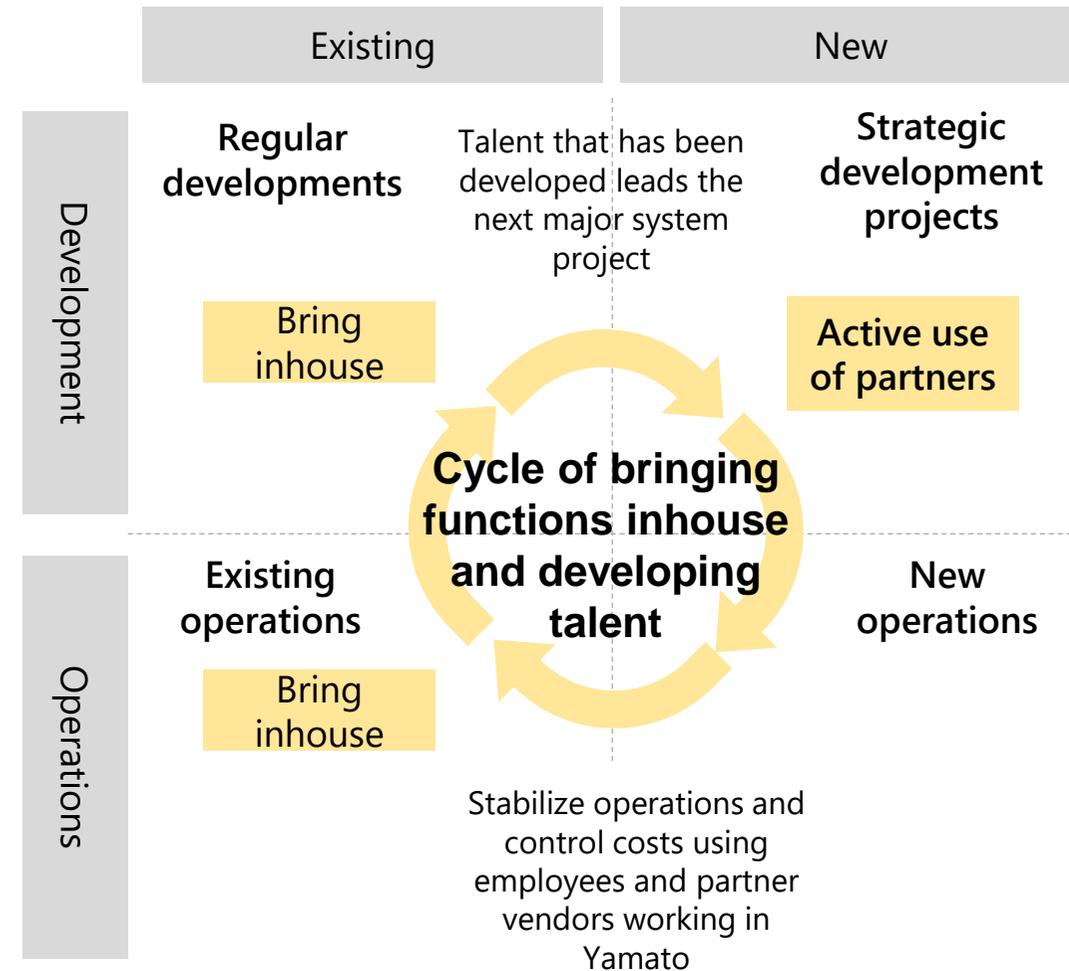
Total digital investments of 76 billion yen in 3 years

Main areas of investment:

- Revamping operations through the use of technology
- Stress-free customer experiences
- New businesses
- Back office reforms
- Support for modification and maintenance of existing systems, etc.

Execution structure

Bring digital developments and operations inhouse, including the use of partner vendors that work in our offices, while using the capabilities of large-scale system integrators for strategic development projects, to support the execution of management strategies



3. (3) Reinforcement of the Group's management platform

③ Environmental and social strategies

Create a future in which companies and society can thrive together, as an infrastructure that supports a sustainable society

【Environment】 Achieve sustainable management

Achieve resilient logistics that can withstand changes in the environment, and serves as social infrastructure

1 Greenhouse gas (GHG) emissions reduction

- Reduce Scope1,2 by 25.2% from FY2021/3
Introduce 8,500 EVs (including operating lease 5,250 EVs), 310 PVs (225 onsite, 85 offsite)
- Completed setting of and working on Scope 3 emission reduction target

2 Provide resource recycling solutions

- 65% or more of paper materials to be renewable resources/ recycled paper
- Promote a recycling business model

3 Accelerate green & resilient logistics

- Accelerate electrification of vehicles. Maximize use of renewable energy (changed EV introduction target for FY2031/3: 20,000→23,500 vehicles, about 60% of all pickup and delivery vehicles)
- Visualize GHG emissions, and utilize carbon neutrality of "TA-Q-BIN, Compact and EAZY" in conjunction with ISO14068-1: 2023

【Society】 Create value for multi-stakeholders

Pursue management that enhances the well-being of companies and supply chains, thereby creating long-term value for society and companies

1 Enhance employee engagement

- Improved employee comfort and job satisfaction

2 Diversity & Inclusion

- Female manager ratio of 10%

3 Build a sustainable supply chain

- Obtained 100% support from major suppliers regarding compliance with Code of Conduct
- Build suitable relationships with partners
- Based on the "Yamato Group Responsible Procurement Policy" and "Partnership Building Declaration", continuously promote improvement activities through regular employee training sessions on appropriate business engagement, regular discussions with partner companies and questionnaires

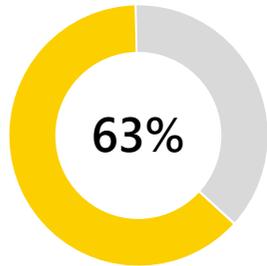
*Numbers represent consolidated entities in Japan and Swan Co., Ltd. 22

3. (3) Reinforcement of the Group's management platform ④ Corporate governance

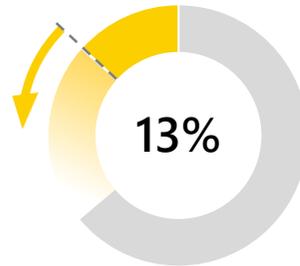
Grow corporate value by continuing to strengthen effective governance structure, and enriching dialogue with and disclosure to shareholders and investors

Highly effective governance structure

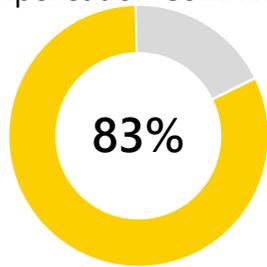
Ratio of independent outside Directors at the Board of Directors



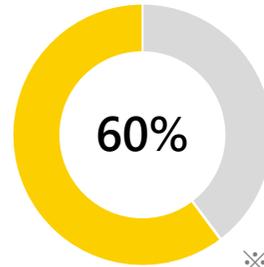
Ratio of female Directors (Promote diversification)



Ratio of independent outside Directors at the Nomination and Compensation Committee



Ratio of outside Audit & Supervisory Board members



※As of Feb. 2024

Compensation scheme that focuses on enhancing corporate and shareholder value

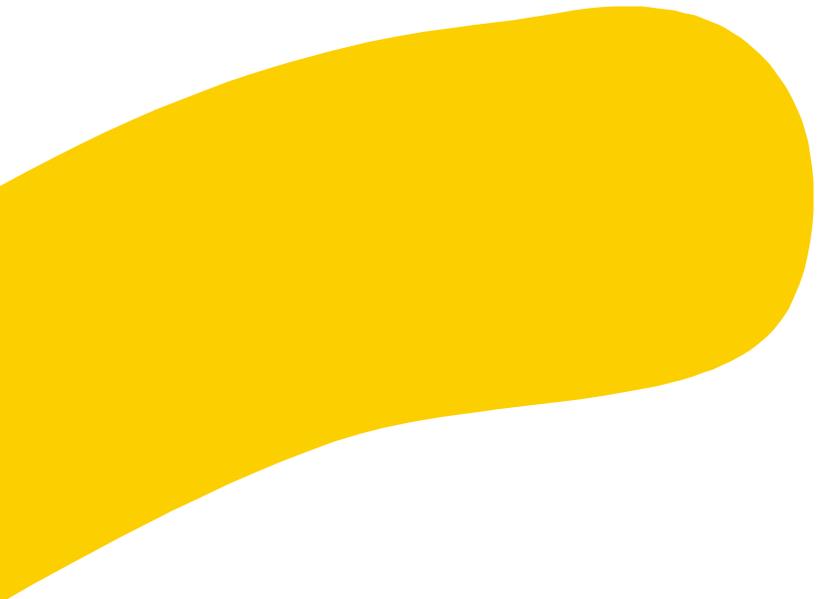
- Improve the linkage with performance, which motivates the achievement of business results
- Linked to medium- and long-term corporate value, promoting shared interests with shareholders

Enrich dialogue with and disclosure to shareholders and investors

- Ensure sufficient opportunities for dialogue with the President and other Executive Officers as well as independent outside Directors
- Provide feedback to the Board of Directors on opinions and requests from shareholders and investors, as necessary, and reflect in management

Engagement activity plan

Type of activity	Person in charge	No. per year
Results announcement presentation	President and each Executive Officer	4
Small meetings	President and each Executive Officer	2
	Independent outside Directors	1
Business presentations, etc.	Each Executive Officer	2
Visits to overseas investors (Europe, U.S., Asia)	President and Executive Officer in charge of IR	4
1 on 1 IR meetings	President, Executive Officer in charge of IR, and IR manager	More than 300



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