Conducted on May 9, 2024

Yamato Holdings Co., Ltd.

Main Questions and Answers (summary) Meeting for the Financial Results for the Fiscal Year Ended March 31, 2024

Q 1 What are your thoughts on growing parcel delivery volume and raising unit prices in the fiscal year ending March 31, 2025.

- In the fiscal year ending March 31, 2025, we expect the business environment to gradually improve from the second quarter onwards, backed by aggressive wage increases by Japanese companies and other factors, although consumption will remain sluggish for the time being due to the decline in real wages, and Yamato has established policies for each customer segment when planning our volume and pricing.
- Yamato revised the reported fares in April 2023 and promoted pricing optimization for corporate clients to which discounted rates are applied, in light of rising costs associated with changes in the external environment in the fiscal year ended March 31, 2024.
- However, parcel delivery volume was lower than what we expected at the beginning of the fiscal year, mainly due to continued weak demand, especially in the Retail domain, resulting in downward pressure on operating revenues.
- In the fiscal year ending March 31, 2025, Yamato will increase the handling volume in the Retail domain, where it maintains a relatively high price level, by strengthening sales in each region and responding to customer needs by leveraging the Group's strengths in pickup and delivery.
- In the Corporate domain (large corporates), where we have seen results in steadily increasing parcel delivery revenues since the second half of the fiscal year ended March 31, 2024, we will expand operating revenue by developing total solutions for a wide range of customers through contract logistics and forwarding while further strengthening account sales and increasing parcel volume, in addition to meeting growing cross-border EC demand.
- At the same time, we will continue to strengthen negotiations with clients in order to charge the appropriate rates, in light of cost increases due to changes in the external environment, and the operational burden caused by increased volume, and other factors.

Q 2　Please explain the progress of structural reforms of network operations, and the outlook for the fiscal year ending March 31, 2025.

- In the fiscal year ended March 31, 2024, there was a temporary mismatch with our capacity in some areas, due to weak parcel delivery volume. However, we steadily promoted efforts to strengthen bottom control, by consolidating and enlarging the last-mile pickup and delivery facilities, for which our strategy used to be to have many small facilities, redefine terminal functions, and build system platforms to innovate "sorting operations" and "delivery methods".
- In the fiscal year ending March 31, 2025, we are expecting around the same amount of costs and benefits related to the structural reforms of network operations. Although the outsourcing of mailbox delivery services to Japan Post will result in a year-on-year increase in outsourcing expenses in accordance with volume, we will control total operating costs through the reallocation of management resources within the Yamato Group, thereby supporting revenue growth in the focus area of parcel delivery.

  In addition, we aim to increase the profit contribution in the 3rd quarter onwards from the streamlining of operations, although there will be some upfront costs in relation to the consolidation and enlargement of last-mile pickup and delivery facilities, improving the efficiency of trunk-route transportation, and establishing fully digital operations.