



YAMATO  
HOLDINGS

# Yamato Group IR Presentation Material

< Second Quarter of the Fiscal year ending March 2025 >

November 5, 2024  
Yamato Holdings Co., Ltd.

# 1. Summary of consolidated earnings (1st half of FY2025/3)

## 【Results for 1H of FY2025/3】

Operating revenue 840.4 bn yen ((9.5) bn yen vs. forecast, (26.1) bn yen YoY)

Operating profit (15.0) bn yen ((10.0) bn yen vs. forecast, (27.3) bn yen YoY)

Profit attributable to owners of parent (11.1) bn yen ((4.1) bn yen vs. forecast, (16.5) bn yen YoY)

## 【Comparison with forecast (Q2: July-Sep.)】

- Delivery volume for the 3 parcel delivery services continued to grow in the Corporate domain (large corporate clients), while the Retail domain (individuals and small corporate clients) did not reach the expected level, despite signs of improvement
- The average unit price for the 3 parcel delivery products fell short of the forecast due to changes in volume mix of the Retail and Corporate domains, despite efforts to optimize pricing (the effects of pricing optimization should be reflected from the latter half of this fiscal year)
- In addition to the above, it is still taking time to generate sales from clients for Yamato's freighters
- Operating costs in the last-mile domain were in line with expectations, but exceeded our forecast in the transportation domain, where we are still in progress of optimizing the entire trunk-route network, due to the decline in loading efficiency and higher unit costs for consignment etc.

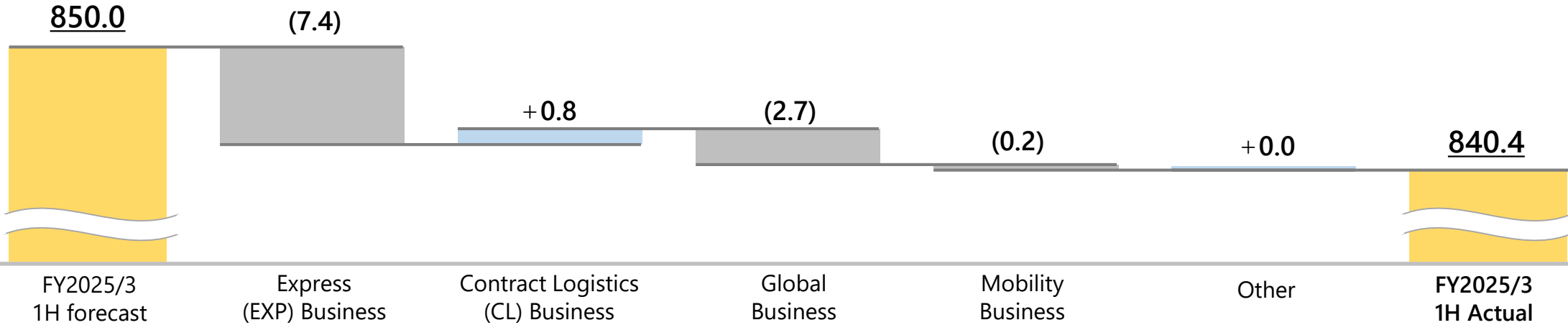
## 【Comparison with previous fiscal year (Q2: July-Sep.)】

- Operating revenues declined due to lower volume for post-box delivery products (Kuroneko DM-Bin), and the absence of the COVID vaccine mandate and the large recall mandate, despite growth in revenue from 3 parcel delivery services and the Global Business
- Operating expenses increased due to operating costs in the transportation domain resulting from lower loading efficiency, and upfront costs associated with the execution of strategies in the Medium-term Management Plan, thereby pushing down operating profit
  - **Aim to improve profitability by strengthening the execution structure from October, and accelerating and reviewing each initiative**

# 2. Reasons for increase/decrease in operating revenues and operating profit (1st half of FY2025/3, vs. forecast)

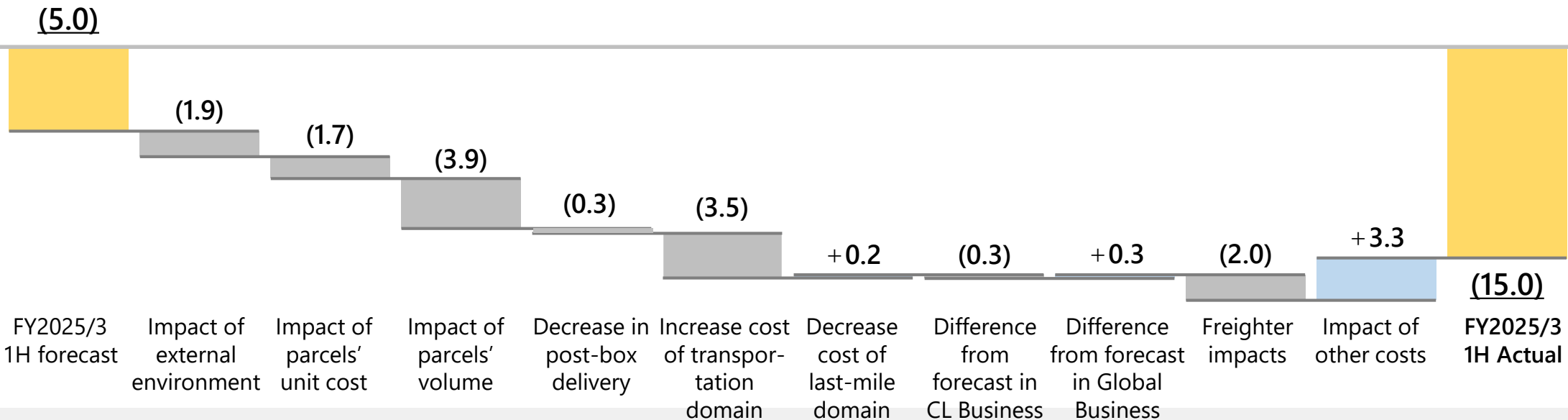
## Operating revenue

(Billions of Yen)



## Operating profit

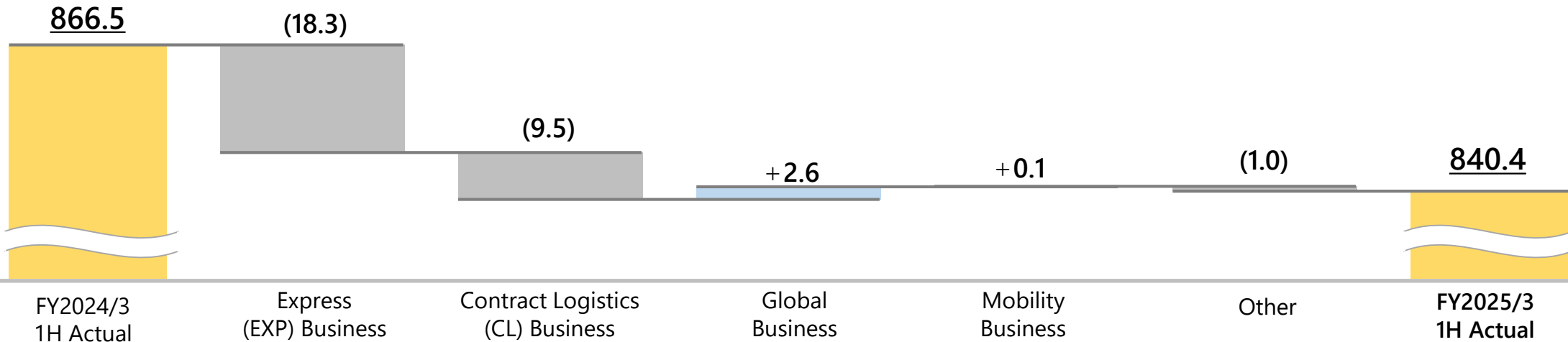
(Billions of Yen)



### 3. Reasons for increase/decrease in operating revenues and operating profit (1st half of FY2025/3, vs. same period of FY2024/3)

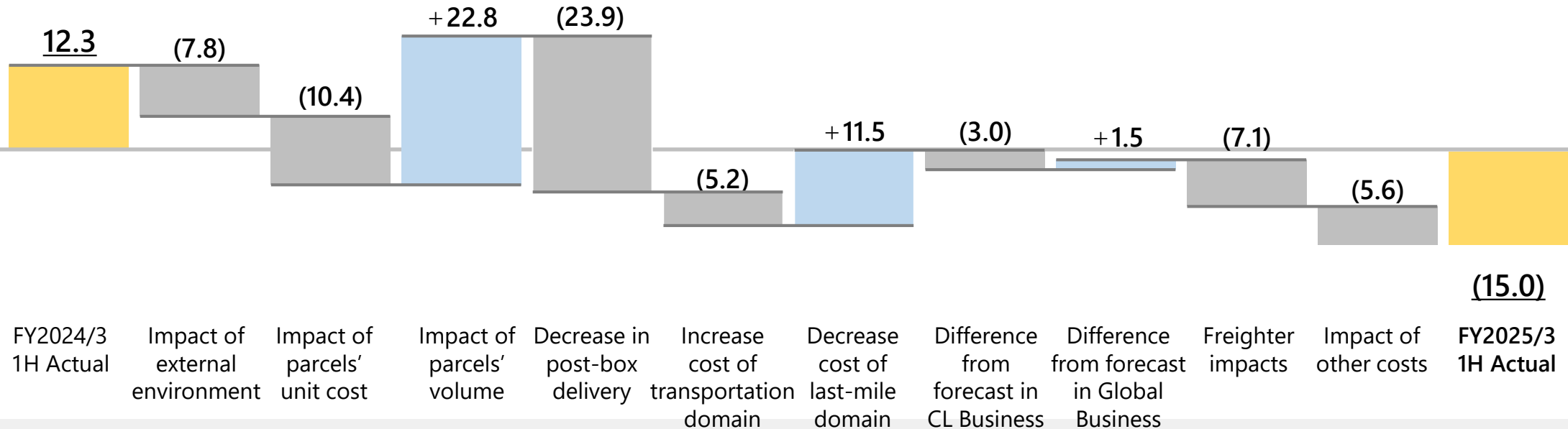
#### Operating revenue

(Billions of Yen)



#### Operating profit

(Billions of Yen)



# 4. Key initiatives and future actions

## Key initiatives

## Status in Q2 (July-Sep.)

## Policy for the 2H

### Grow parcel delivery volume in the Retail domain

- Volume\* in the Retail domain was lower than expected, due to continued sluggish consumption: (1.0)% vs. forecast, (0.6)% YoY
- The year-on-year improvement continued, with Q2 being (0.6)%, compared to (7.0)% in Q4 and (3.3)% in Q1

- Enhance service lineup to meet diverse needs
- Establish environment to strengthen sales activities
  - ☞ Will increase Retail volume to a level close to the previous year: (0.2)% YoY in 2H

### Pricing optimization in the Corporate domain

- Impact from change in parcel mix continued, and the unit price\* in the Corporate domain was lower than expected: (1.3)% vs. forecast, (2.8)% YoY
- Progress was made in negotiations for Cool TA-Q-BIN rates, and new rates will apply to over 70% of clients in Oct. 2024

- Promote negotiations for seasonal surcharge and to evenly spread volume
- Negotiate with approximately 1,800 companies, mainly low-margin clients
  - ☞ Raise Corporate unit price to above the previous fiscal year: +0.3% YoY in 2H, which will push up profit by +0.7bn yen

### Cost optimization in the Transportation domain

- Costs were higher than expected, due to higher labor costs and partner outsourcing unit costs
- Transportation costs were higher than expected, due to issues with dispatch planning and performance management process of trucks: +3.5bn yen vs. forecast, +5.1bn yen YoY

- Strengthen execution structure and improve dispatch planning and performance management process
- Assess the effects of structural reform initiatives, and accelerate / review
  - ☞ +2.8bn yen profit contribution in 2H from transportation cost optimization

### Capturing freighter demand

- Taking time to generate revenue from clients  
Operating loss of 3.7bn yen in Q2, 7.1bn yen in 1H : (2.0)bn yen vs. forecast

- Horizontal expansion of projects that have been contracted to other companies in the same industry
- Change timetable based on demand trends (from October)
  - ☞ Operating loss of 6.0bn yen in 2H

# 5. Retail domain (EXP business)

• Seek to grow parcel delivery revenue by expand service lineup to meet diverse needs, and strengthen sales activities of Sales Drivers (SDs)

## Status in first half

(Billions of Yen)	FY2024/3 1H Actual	FY2025/3 1H Actual	YoY Change	
			Amount	[%]
Operating revenue	755.8	737.4	(18.3)	(2.4)
Operating profit	(3.1)	(27.8)	(24.6)	-

- ✓ **Retail domain (individuals and small corporate clients)**  
: Unit price +1.1%, Volume (1.9)% YoY
- Unit prices increased due to the revision of reported fares in Apr. 2024
- Volume declined due to sluggish consumer spending, etc.  
→ Although parcel delivery revenue was lower than expected, the negative difference from the previous year narrowed  
YoY difference: (3.0)bn yen in Q1 → (0.4)bn yen in Q2

➤ **"Okihai Delivery" for Kuroneko Members (from June 10)**

- Providing a pleasant receiving experience, reducing re-deliveries as well as GHG emissions

【July-Sep. results (YoY)】

- No. of parcels that can be designated for Okihai: 239%
- No. of parcels designated for Okihai: 308%

➤

**Not-at-home ratio: 9.1%\*1**

\*1 Lower than in Q2 of FY2021/3 as 10.1%, during the COVID pandemic

## Policy for the second half

- (1) Enhance service lineup (ongoing measures)**
  - ① Provide tool to allow inbound customers to send parcels without the need for writing by hand (from Oct. 1)**
    - Provide tools to hotels, airports and other tourist facilities nationwide, that allow users to issue slips for sending parcels using their smartphones  
→ **Improve convenience for tourists and capture growing demand**
  - ② Offer speed services utilizing Yamato's freighters (from Oct. 4)**
    - Operations between Haneda Airport and Shin-Chitose Airport/Kitakyushu Airport started in Aug.  
→ **Charge additional fee for speedy deliveries**
  - ③ Provide GHG emissions visualization service (started with specific customers at the end of Oct.)**
    - Provide clients a tool to visualize GHG emissions of shipped TA-Q-BIN parcels, in accordance with ISO14083:2023\*2, through a system of business membership  
→ **Support clients' environmental initiatives and promote use of TA-Q-BIN**
- (2) Strengthen SD sales activities (additional measures)**
  - ① Consolidate backyard operations to the upper level**
    - Consolidate sales administration and system-related customer service operations to the upper level, thereby establishing an environment in which TA-Q-BIN sales offices and SDs can focus on sales activities  
→ **Increase volume of high-value-add Retail domain business**

\*2 International Standard ISO 14083:2023: Standard for calculating GHG emissions from transportation for logistics companies 5

# 6. Corporate domain (EXP business)

- Accelerate growth of Corporate business by improving profitability through charging appropriate rates, and strengthening collaboration with CL Business
  - Strengthen pricing negotiations with low-profitability clients
  - Strengthen proposals covering the entire supply chain (upstream to downstream) through collaboration with CL Business

## Status in first half

- ✓ Corporate domain (large corporate clients)
  - : Unit price (2.5)%, Volume +8.5% YoY
- Although parcel delivery volume increased due to progress in new client acquisitions and other factors, unit price declined due to changes in the mix, including client composition
  - Parcel delivery revenue increased but did not reach expectations
- Promoted pricing strategies (to charge appropriate prices and rates)
  - Strengthened negotiations with corporate clients to optimize pricing, in accordance with shipment volume, the operational burden, etc.
- Strengthened solution sales to expand CL and Global Business

### 【Initiatives to optimize pricing】

- Application of revised Cool TA-Q-BIN rates
  - Revised the temperature-control additional charges in Apr. 2024, and negotiating individual contracts with corporate clients

- Over 70% of all corporate clients will start paying revised charge from Oct.

- To be applied to all clients by the end of Mar. 2025

\*Cool TA-Q-BIN unit price (TA-Q-BIN fares + additional charge)  
revision rate: approx. 8%\*

## Policy for the second half

- ✓ Pricing optimization
  - Promote application of seasonal surcharges to low-margin clients, in consideration of capacity constraints in the December peak season
  - After identifying low-margin clients with no potential for business in the upstream area (approx. 1,800 companies), promote pricing optimization negotiations
- ✓ Strengthen proposals for the entire supply chain (upstream to downstream)
  - In cooperation with the CL Business, which is strengthening and expanding its functions, including through M&A, we will propose solutions that help solve issues and support business growth of clients who use parcel delivery services
    - For details on M&A opportunities, please refer to pages 13-21

\* Calculated based on Cool TA-Q-BIN fares and charges by size

# 7. Structural reforms of network operations (EXP business)

- In the transportation domain, halt cost increases due to lower efficiency transportation and loading at each terminal
- Review and accelerate structural reforms based on the effects of the measures

## Status in first half

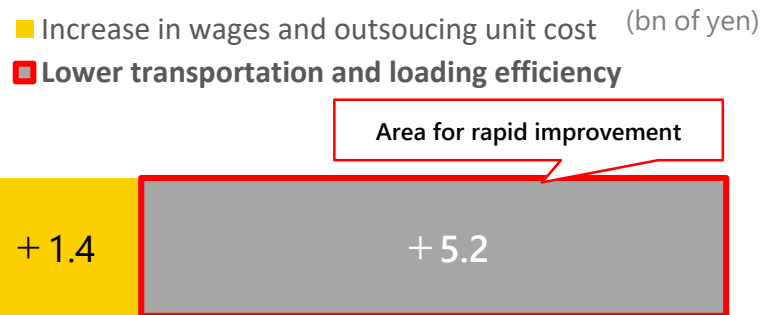
- ✓ **Operating costs in the transportation domain**
  - Expenses were higher than expected due to changes in the external environment, including support for transportation partners and wage hikes
  - While we focused on reform measures, there were issues with the basic planning and performance management at each terminal, which led to increased costs due to lower transportation and loading efficiency

## Policy for the second half

- ✓ **Improve dispatch planning and performance management process for trucks**
  - Optimize loading efficiency of parcels
  - Maximize utilization of inhouse vehicles
  - Optimization of overall truck dispatch by coordinating among terminals
    - Promote optimization of transportation costs
- ✓ **Acceleration of structural reforms**
  - Reduce costs for next year and onwards, by accelerating and reviewing initiatives based on their effects

- **Consolidation and enlargement of last-mile pickup & delivery facilities**
    - Progress has been made in optimizing costs associated with consolidation
    - Review functions and operational structure for consolidated / enlarged facilities
  - **Regional consolidation of trunk-route transportation**
    - Assess overall effectiveness based on trials
  - **Establish fully-digitalized operations**
    - Prioritize and promote based on the above review and verification
- \*The number of locations to be consolidated and the amount of investment for this fiscal year.

### Operating costs in the Transportation domain (YoY)



※ Transportation domain: trunk-route transport, intra-regional transportation, in-terminal operations  
 Last-mile domain: pickup & delivery, administrative work and operations in sales office

Please see P. 33 for status of cost per unit



# 8. Value creation using freighters

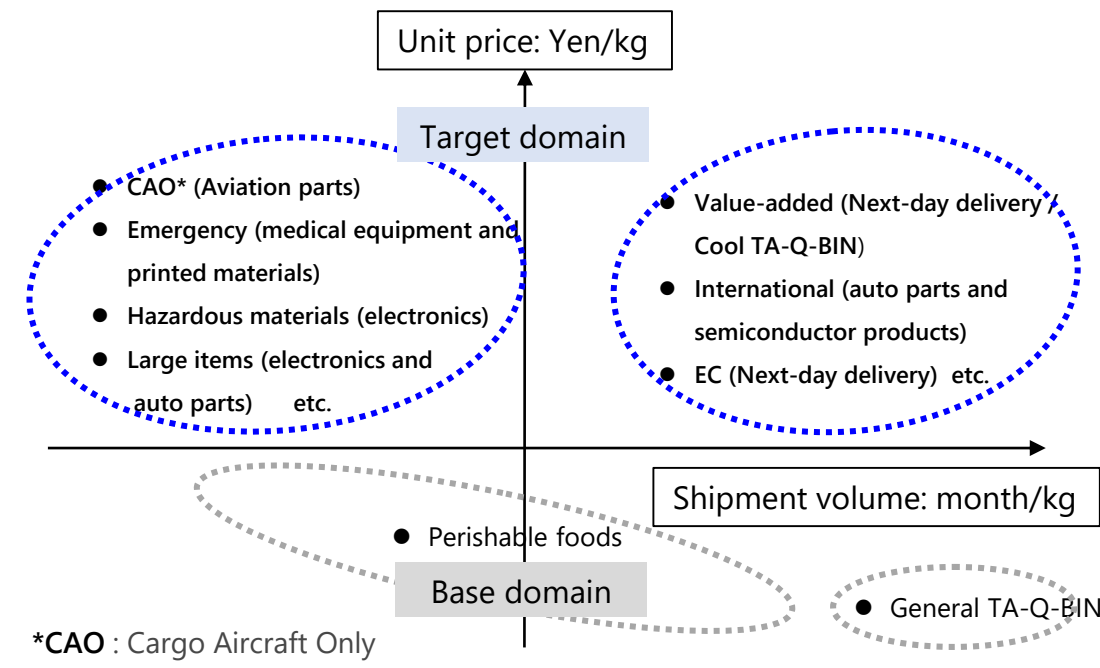
• Yamato is capturing new demand triggered by the so-called “2024 problem” and other factors, including the switch from truck transportation, and demand for speedy transportation to capture commercial opportunities, but revenues from clients are significantly lower than initially expected

## Status in first half

- ✓ **Established a stable operation system**
  - Secured stable operations, including the addition of Haneda Airport in Aug.
  - Flexible operations even in natural disasters such as typhoons
    - Maintained the expected loading rate from Aug. onwards, by loading TA-Q-BIN parcels in the space unused client cargo
  
- ✓ **Status of sales to clients**
  - Potential market is expanding, with the “2024 problem” causing freight rates for chartered truck transportation to rise, and supply shortages to become more severe
  - Although progress is being made in developing new demand, the accumulation of mandates has been delayed, and revenue from sales to clients is significantly lower than initially expected
    - **Need to strengthening the sales capability of the corporate sales teams in each region of Japan**

## Policy for the second half

- ✓ **Accelerate acquisition of external cargo sales**
  - Strengthen approach to targets identified from success cases
  - Establish a dedicated team to propose and design operations after hooking, thereby shorten lead time from contract signing to operation



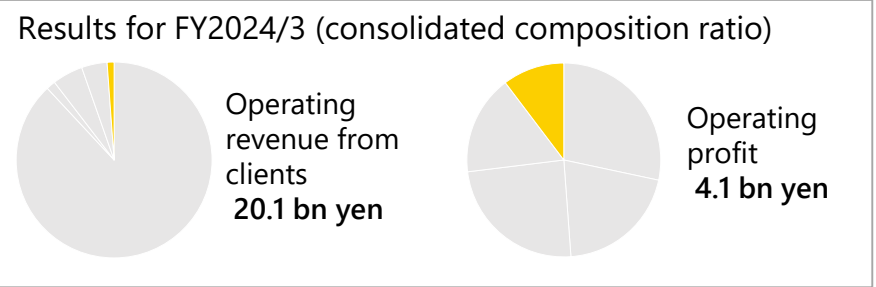
※ Revenues and expenses, etc. related to freighters are booked in the EXP business segment

# 9. Mobility business

- Develop infrastructure and ecosystem that combine decarbonization and economic efficiency, and contribute to the sustainability of society and the logistics industry as a whole
- Launched "EV Life Cycle Service", a one-stop support service for commercial vehicle users to introduce and operate EVs

## Growth strategy

### Earnings



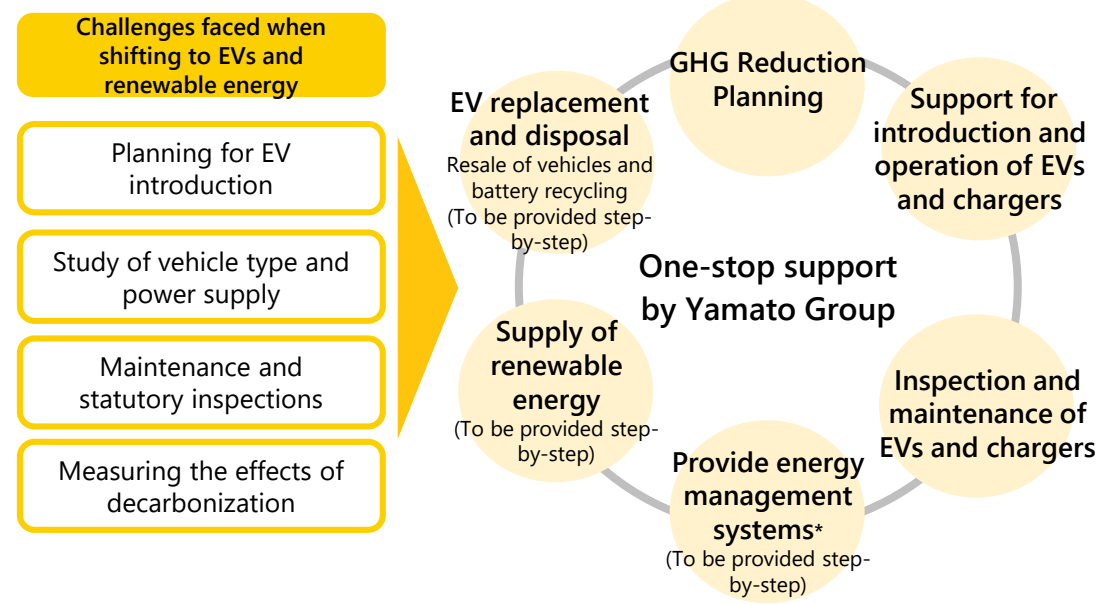
### Key Strategies

Utilize Yamato Group's knowhow, based on the vehicle maintenance service, to create a business model that achieves both decarbonization and economic efficiency for corporate clients

- **Business environment**
  - Various decarbonization initiatives are expanding across all industries
  - Businesses that use vehicles are considering the introduction and use of EVs, but progress has been slow
- **Yamato Group's strengths**
  - Knowhow on EVs, solar power generation equipment and energy management, accumulated through environmental investments and experiments
  - 72 maintenance bases nationwide, open 24 hours a day, 365 days a year, centered around Yamato Autoworks
  - Can provide total support to logistics operators, including the maintenance of a wide range of vehicles including EVs, insurance and fuel sales, and maintenance and management of logistics facilities etc.

## EV Life Cycle Services

- ✓ **Overview of service**
  - Provide one-stop support for questions, concerns, and operations that arise when clients shift to EVs and renewable energy, thereby achieving both decarbonization and economic efficiency
  - Aim for a business model with high added value and high profit margin



\* Developed inhouse by Yamato Group using support from NEDO (New Energy and Industrial Technology Development Organization)

# 10. Consolidated earnings forecast (key indicators)

- Revised down in light of first-half results and future outlook
- Aim to improve profitability by strengthening the execution system in October and accelerating the resolution of issues
- At the same time, promote strategies to transform its business portfolio, such as expanding Corporate business domain through M&A, and the commercialization of new business models to cater to the diversifying needs of customers and society, in order to enhance corporate value over the medium to long term

(Billions of Yen)	FY2024/3 Actual	FY2025/3 Forecast as of August 2024	FY2025/3 New Forecast	Forecast Change		YoY Change	
				Amount	[%]	Amount	[%]
				Operating revenue	1,758.6	1,780.0	1,730.0
Operating profit	40.0	50.0	10.0	(40.0)	(80.0)	(30.0)	(75.0)
Profit margin [%]	2.3	2.8	0.6	(2.2)	—	(1.7)	—
Ordinary profit	40.4	50.0	10.0	(40.0)	(80.0)	(30.4)	(75.3)
Profit attributable to owners of Parent	37.6	32.0	5.0	(27.0)	(84.4)	(32.6)	(86.7)
ROE [%]	6.3	5.4	0.9	(4.5)	—	(5.4)	—
ROIC [%]	4.2	4.9	1.0	(3.9)	—	(3.2)	—

# 11. Shareholder return

- **Focusing on stability and continuity**

→ Although the forecast for profit attributable to owners of parent has been revised downward, the annual dividend remains unchanged at 46 yen per share

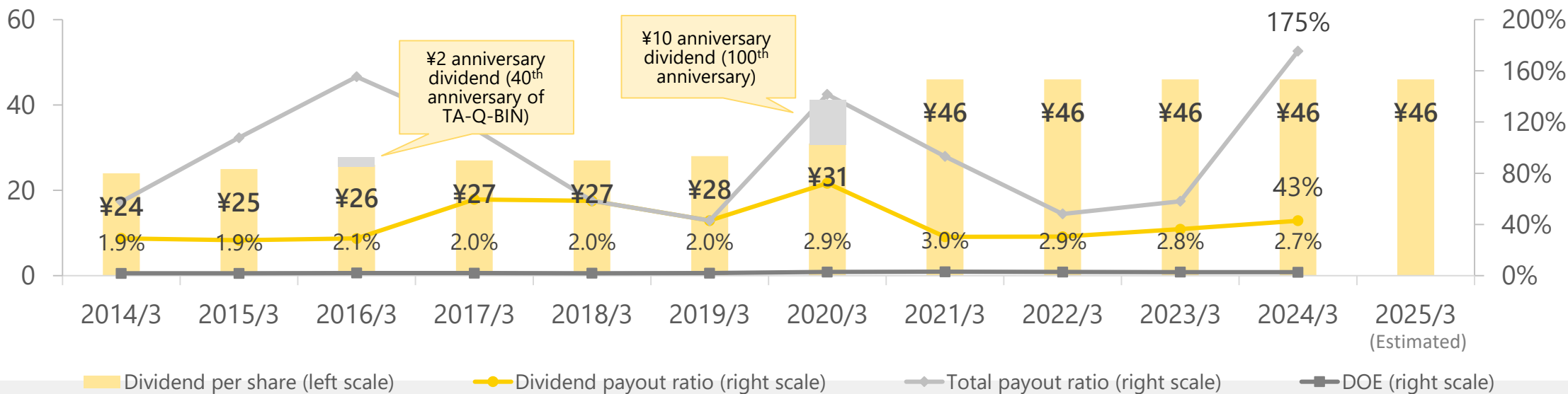
**Policy** (Current Mid-Term Management Plan period: FY2025/3~FY2027/3)

**Dividend payout ratio** : 40% or above

**Total payout 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 of shareholder return (FY2014/3~FY2025/3 Estimate)



\*DOE: Dividend on Equity Ratio

## 12. Shareholder return (Buybacks of own shares)

- Decided to repurchase up to 50 billion yen of own shares from the viewpoint of capital efficiency
  - Continue to make effective use of debt and strengthen balance sheet management

### Buybacks of own shares (announced on Nov. 5, 2024)

- Total acquisition amount : 50 billion yen (maximum)
- No. of shares to be acquired : 39 million (maximum)
  - ※ 11.36% of total number of issued shares (excluding treasury shares)
- Acquisition period : Nov. 18, 2024~ Sep. 30, 2025

# Acquisition of Shares of Nakano Shokai Co., Ltd. (to Make It a Consolidated Subsidiary)

# 13. Overview of the share acquisition

## Objective

- ① Expand Contract Logistics (CL) Business
- ② Generate synergies with the Express (EXP) Business
- ③ Achieve cost synergies by jointly using resources of both companies, etc.  
(in the CL and EXP Businesses)

## Key metrics of Nakano Shokai (FY2023/9)

Private company (not listed)			
Sales	86.7bn yen	Total assets	34.3bn yen
Operating profit (EBITDA)	4.6bn yen 5.9bn yen)	Net assets	8.9bn yen
		ROIC	21%

## Acquisition Cost Stake

Acquisition Cost	46.9bn yen
Stake	87.7%

## Acquisition date

December 1, 2024 (scheduled)  
(For Yamato's fiscal year ending March 2025, Nakano Shokai will be consolidated only during January-March of 2025)

## Funding

Use cash-on-hand

## EV-EBITDA-Ratio

Approx. 6.5x (Post-Synergy※)

※Expectation of the Fiscal year ending September 2027

# 14. Our aspiration

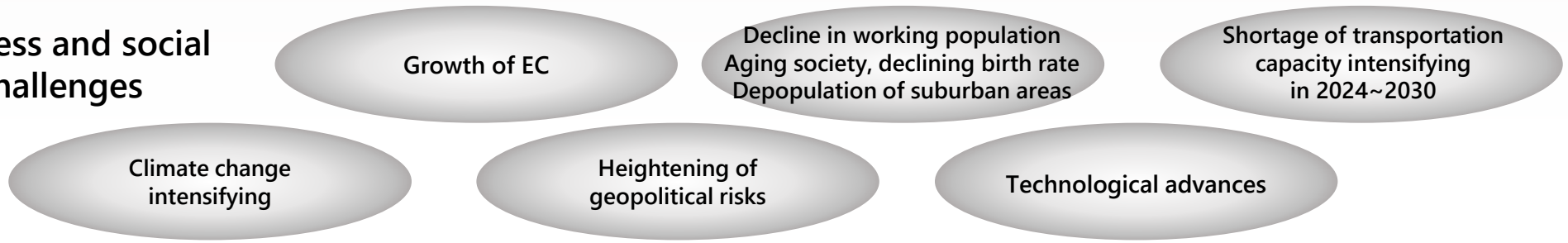
## Management Philosophy

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





# 15. Direction of our management

from our Mid-Term Management Plan material



(Growth image under "SX2030 ~1st Stage~")

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

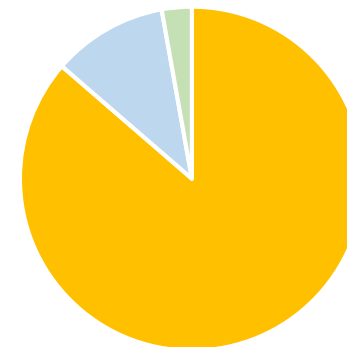
FY2027/3 plan

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

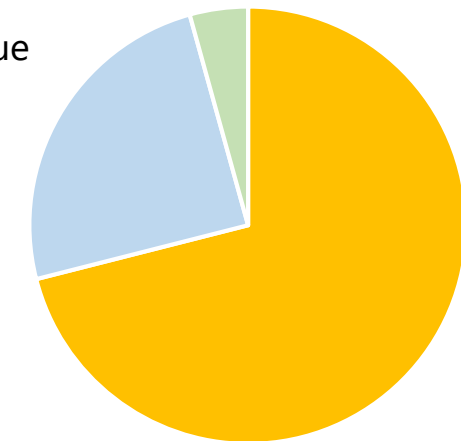
Business portfolio reform

Breakdown of operating revenue

- Base domain
- Growth domain
- New domain



FY2024/3  
1,758.6bn 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

# 16. Yamato's business portfolio reform ~expand the Corporate business domain

## Growth of CL Business and expansion of EXP Business through M&A

→Support supply chain reforms of corporate clients (grow no. of clients that use 3PL・LLP)

### Growth strategy of CL Business

FY March 2024 results (% of consolidated results)



\* Includes one-off impact from COVID vaccine and large recall mandates

#### Earnings

- Business environment
  - Logistics is becoming more complicated, driven by expansion of EC, and increase in small-lot high-frequency deliveries
  - Growing demand for outsourcing
- Growth in no. of clients using 3PL and LLP (※1)
  - Seek to grow CL Business and expand EXP Business, by providing one-stop solutions including last-mile deliveries
  - Provide more customized 3PL and LLP proposals
  - Support supply chain reforms of corporate clients

#### Key strategies

### M&A strategy※2

While continuing organic growth of existing businesses, Yamato will aim for further growth and corporate value enhancement by promoting M&A and strategic business alliances

#### Target

- Expect multiple acquisitions, while ensuring compatibility with Yamato's growth strategy
  - Sector: Auto parts, high-tech, food cold chain, healthcare, etc.
  - Region: Japan, U.S. & Mexico, India, Southeast Asia
  - Size: Expecting maximum size by FY March 2027 to be 400bn yen in operating revenue, and 40bn yen in operating profit

#### Yamato Group's strengths

- Wide-ranging customer base in Japan, built through the TA-Q-BIN business
  - Established through real and digital contact points with customers, including approx. 60,000 Sales Drivers nationwide
- Stable financial base

#### Financial discipline

- Promote initiatives with discipline, to achieve synergies and reduce cost of capital
  - Funding: Use interest-bearing debt in principle
  - Monitoring: Conduct regular monitoring, based on quantitative standards such as "ROIC of 10% or above within 3 years of acquisition" etc.

※1 LLP (Lead Logistics Partner): Partner that engages in and supports clients' planning and strategy, on top of logistics administration and operations

※2 This section explains the overall M&A strategy of Yamato Group, including the Global Business etc.

Engages in contract logistics business using its strengths in the integrated provision of multiple functions, tailored to clients' needs, its highly efficient management model, and flexible trunk-route transportation network

Basic data	<ul style="list-style-type: none"> <li>Headquarters: 3-18-5 Naka-Kasai, Edogawa-ku, Tokyo</li> <li>Established: August 16, 1988</li> <li>Listed/not listed: Not listed</li> <li>Fiscal year end: September</li> </ul>	Financials	<table border="1"> <thead> <tr> <th>(JPY bn)</th> <th>FY21/9</th> <th>FY22/9</th> <th colspan="2">FY23/9</th> </tr> </thead> <tbody> <tr> <td>Operating revenue</td> <td>61.2</td> <td>76.3</td> <td colspan="2">86.7</td> </tr> <tr> <td>Operating profit</td> <td>0.9</td> <td>3.5</td> <td colspan="2">4.6</td> </tr> <tr> <td>OP margin</td> <td>1.6%</td> <td>4.7%</td> <td colspan="2">5.4%</td> </tr> <tr> <td>Net profit</td> <td>0.8</td> <td>2.1</td> <td colspan="2">3.2</td> </tr> </tbody> </table>				(JPY bn)	FY21/9	FY22/9	FY23/9		Operating revenue	61.2	76.3	86.7		Operating profit	0.9	3.5	4.6		OP margin	1.6%	4.7%	5.4%		Net profit	0.8	2.1	3.2	
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Overview of business	<ul style="list-style-type: none"> <li>Contract logistics business                             <ul style="list-style-type: none"> <li>Storage, warehouse operations, transportation services</li> <li>Sub-leasing of logistics facilities reconfigured to accommodate clients' needs</li> </ul> </li> <li>Main sectors/domains of its clients                             <ul style="list-style-type: none"> <li>Retailers</li> <li>Makers &amp; suppliers of food etc.</li> <li>Upstream logistics for EC operators</li> </ul> </li> </ul>	B/S	<table border="1"> <thead> <tr> <th>(JPY bn)</th> <th>FY23/9</th> <th rowspan="2">Return on capital</th> <th colspan="2">FY23/9</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>34.3</td> <td>ROIC</td> <td colspan="2">21%</td> </tr> <tr> <td>Total liabilities (out of which, interest-bearing debt)</td> <td>25.4 6.5</td> <td>ROE</td> <td colspan="2">43%</td> </tr> <tr> <td>Total net assets</td> <td>8.9</td> <td></td> <td colspan="2"></td> </tr> </tbody> </table>				(JPY bn)	FY23/9	Return on capital	FY23/9		Total assets	34.3	ROIC	21%		Total liabilities (out of which, interest-bearing debt)	25.4 6.5	ROE	43%		Total net assets	8.9								
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Total net assets	8.9																														
Resources	Human resources	<ul style="list-style-type: none"> <li>Approx. 3,100 (1,500 full-time, 1,600 part-time)                             <ul style="list-style-type: none"> <li>out of which, 1,400 are warehouse-related, 700 are drivers</li> </ul> </li> </ul>	Strengths	<ul style="list-style-type: none"> <li><b>Integrated provision of multiple functions, depending on client needs</b> <ul style="list-style-type: none"> <li>Provides multiple functions, including ordering of construction/refurbishments tailored to client needs</li> <li>Expands the areas of consignment from each client, thereby improving profitability</li> </ul> </li> <li><b>Highly efficient inhouse manager model</b> <ul style="list-style-type: none"> <li>Prioritizes the training of warehouse managers who proactively think of ways to improve profits, profitability, and efficiency. Makes costs variable instead of fixed, for example by using temporary workers</li> </ul> </li> <li><b>Flexible transportation network</b> <ul style="list-style-type: none"> <li>Trains drivers so that any driver can transport goods to any location, thereby achieving high vehicle efficiency</li> <li>Established an automatic vehicle assignment system, which also includes partners' vehicles</li> </ul> </li> </ul>																											
	Assets	<ul style="list-style-type: none"> <li>No. of facilities : 51 in Japan                             <ul style="list-style-type: none"> <li>Covers major cities in Tohoku, Kanto, Kansai and Kyushu regions</li> <li>Aside from the above, the company has approx. 100 facilities that it sub-leases to clients</li> </ul> </li> <li>Operates 3,500~5,000 vehicles per day, including partners' vehicles                             <ul style="list-style-type: none"> <li>30% inhouse, 70% partners (the company owns approx. 400 vehicles)</li> <li>Vehicles operate 24hrs a day. 1~6.5 operations per vehicle per day, depending on the distance</li> </ul> </li> </ul>																													

# 18. Synergies and the PMI structure

## Expansion of CL Business and EXP Business (Corporate business)

### 【Generate revenue synergies】

Increase sales opportunities by utilizing client base, and promote the provision of solutions

### 【Achieve cost synergies】

Promote the integrated use of warehouse and transportation networks

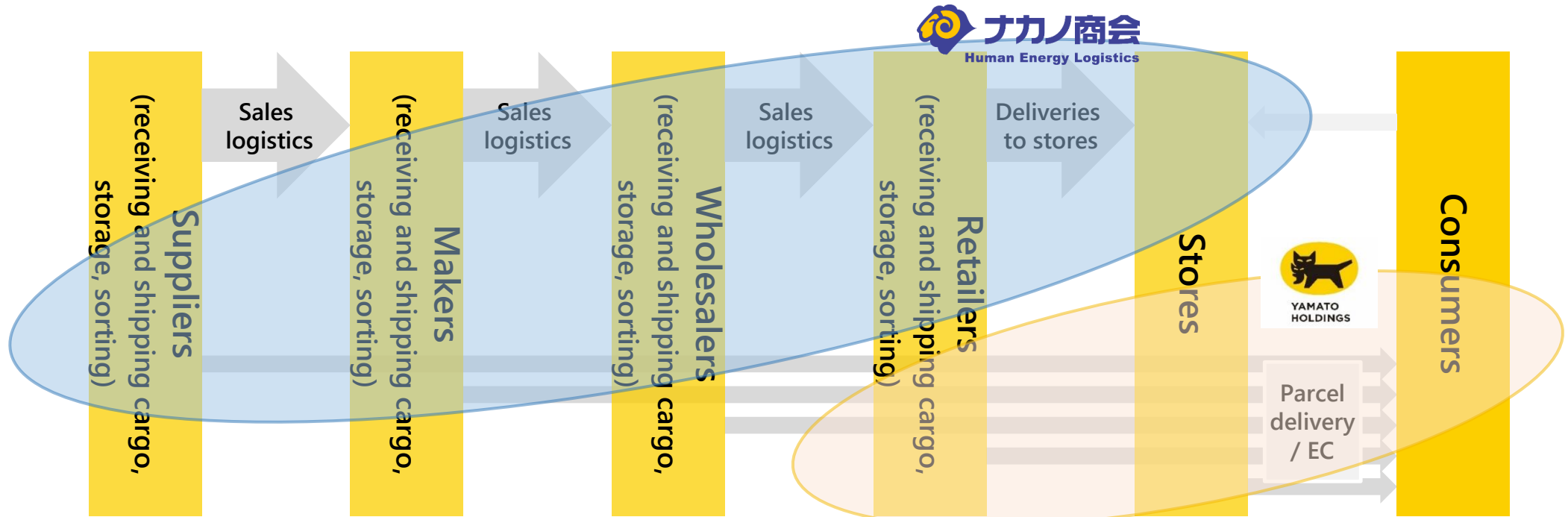


**PMI structure to generate synergies**

- Increase sales opportunities by utilizing the client base of both companies, that do not overlap in sector/domain
- Provide comprehensive solution proposals spanning the entire supply chain, from upstream to downstream
- Utilize Nakano Shokai's resources and knowhow
- Promote the integrated operations of warehouse and transportation networks of both companies
- Have set up a PMI (Post Merger Integration) structure with cross-divisional members, and currently analyzing the issues and tasks, including sustainability initiatives
- At the same time as closing, start executing the synergy generation plan and establish a mechanism for periodic monitoring

# 19. Generating revenue synergies

Increase sales opportunities by utilizing the client bases of Nakano Shokai and Yamato's CL Business, which differ in sector/domain. Propose comprehensive solutions for the entire supply chain, from upstream to downstream



## Client base of Nakano Shokai 【Sales of 86.7bn yen (FY2023/9)】

- Nakano Shokai's clients are corporate clients, mainly retailers, makers and suppliers of food etc., and wholesalers in between
- Also has strengths in the upstream logistics domain of EC operators (warehouse operations, transportation between facilities, etc.)

## Client base of our CL business 【Sales of 89bn yen (FY2024/3)】

- Strengths in its intricate store delivery network, close to consumers
- Has corporate clients in sectors not covered by Nakano Shokai, such as communications, services, medical and electronics

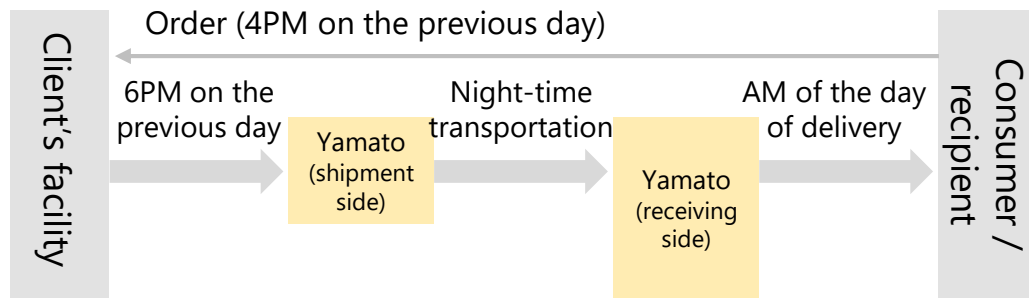
# 20. Examples of revenue synergies

## Customized logistics & transportation services

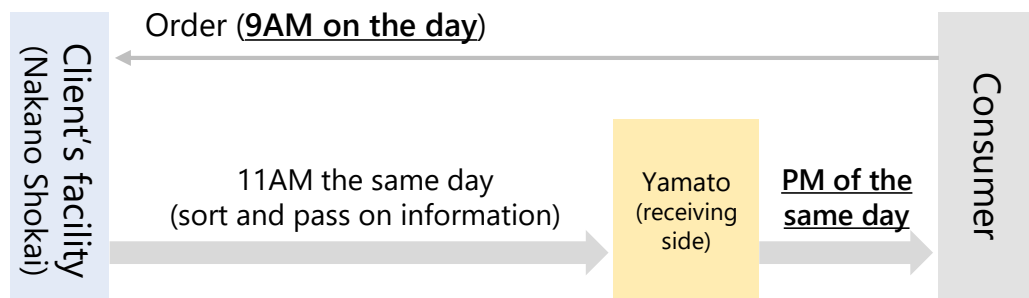
Logistics & transportation that cater to the needs of each corporate client

(Example) Shorter lead time, with Nakano Shokai handling the logistics to the prefecture close to consumers, and Yamato handling the ensuing deliveries

### Current Next day delivery



### Future Same day delivery

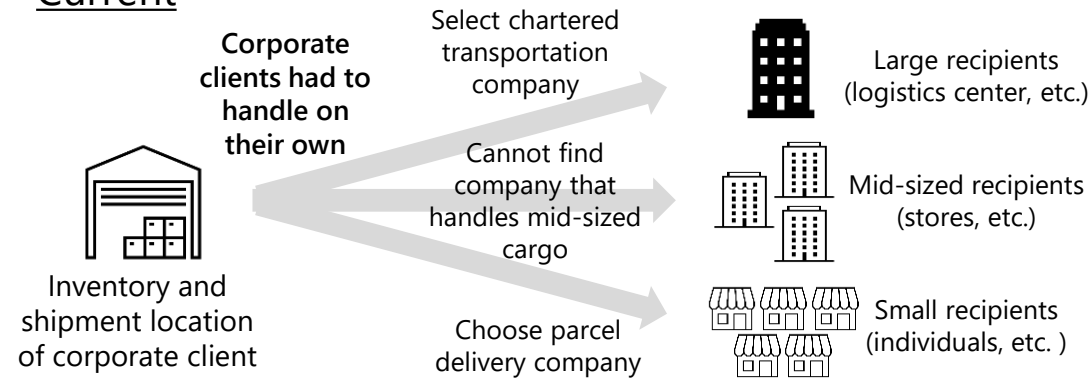


## Provide delivery services according to clients' cargo volume and item size

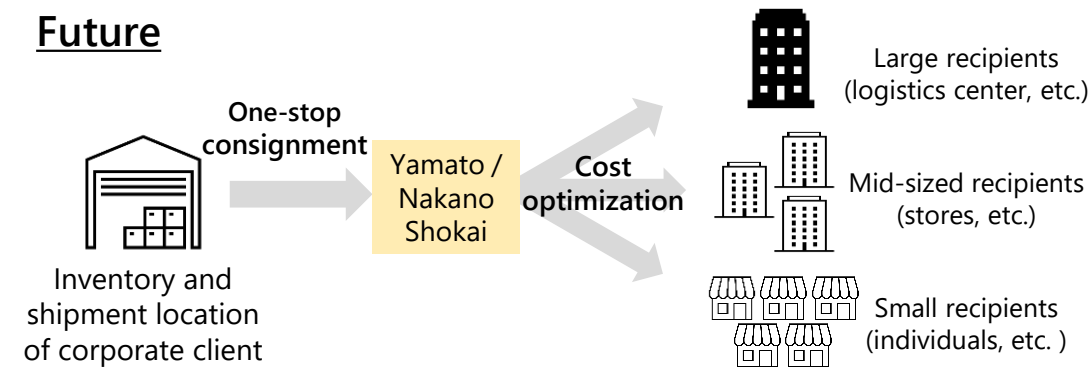
One-stop delivery services for corporate clients

(Example) Utilize the transportation & delivery networks of both companies, to provide the optimal transportation & delivery method based on cargo volume and size, and comprehensively manage the flow from the location of inventory to the destination, thereby optimizing costs

### Current



### Future

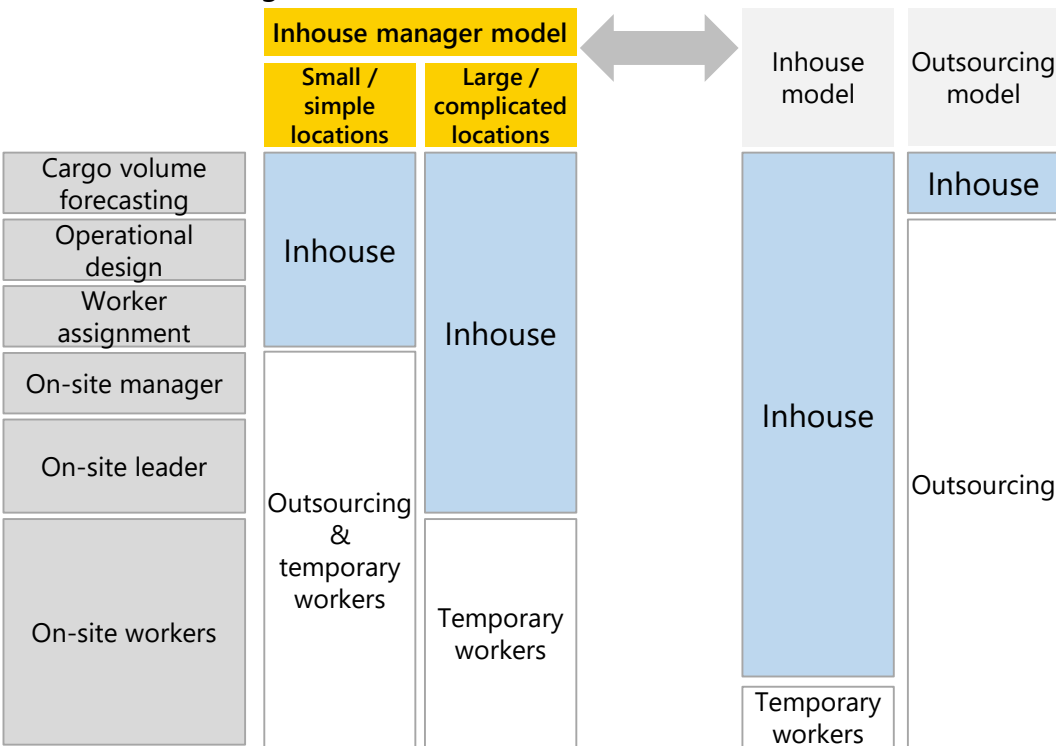


# 21. Achieving cost synergies

## Utilize Nakano Shokai's resources and knowhow Promote the integrated use of Nakano Shokai's and Yamato's warehouse and transportation network

### "Inhouse Manager Model"

Nakano Shokai prioritizes the **training of warehouse managers** who proactively think of ways to improve profits, profitability, and efficiency, while making its worker costs **variable instead of fixed (outsources or uses temporary workers)**, thereby making it possible to flexibly adapt to fluctuations in cargo volume

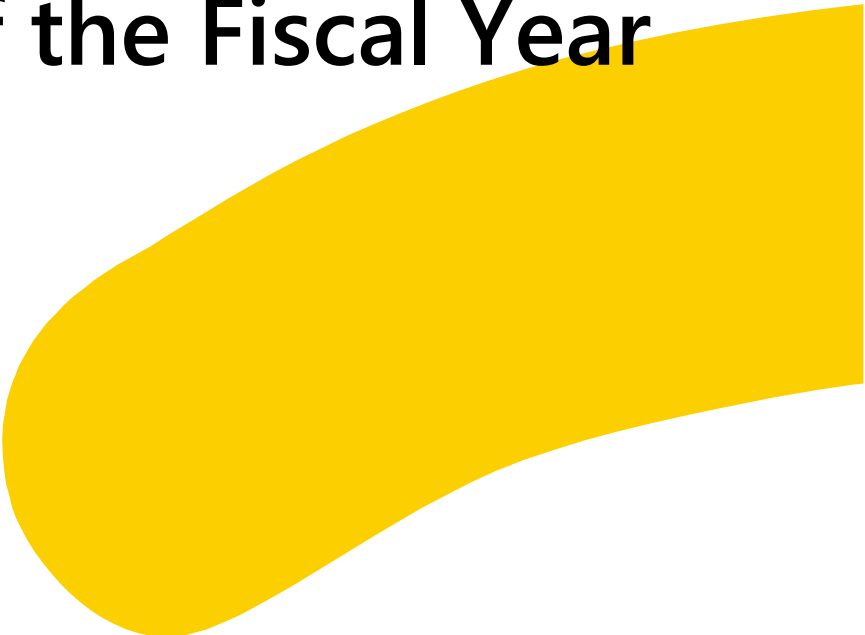


### Transportation network

Promote integrated operations of Nakano Shokai's and Yamato's transportation network and resources, and **utilize Nakano Shokai's knowhow at Yamato Transport**, thereby expanding the Corporate business domain

Resources	<ul style="list-style-type: none"> <li>• Approx. 700 inhouse drivers               <ul style="list-style-type: none"> <li>– Licensed to drive large trucks, which are crucial in the Corporate business domain</li> </ul> </li> <li>• 3,500~5,000 operations per day, including partners' vehicles               <ul style="list-style-type: none"> <li>– 30% inhouse, 70% partners (owns approx. 400 vehicles)</li> <li>– Vehicles operate 24 hours a day, with 1~6.5 operations per day per vehicle, depending on the distance travelled</li> </ul> </li> </ul>
Knowhow	<ul style="list-style-type: none"> <li>• <b>Driver training to avoid dependence on individual drivers</b> <ul style="list-style-type: none"> <li>– Manuals that outline the operational process, which differs by client</li> <li>– Conducts driver training using the license scheme, making it possible for drivers to deliver to any client location, thereby achieving high vehicle operation efficiency</li> </ul> </li> <li>• <b>Automatic vehicle assignment system, including for partners' vehicles</b> <ul style="list-style-type: none"> <li>– Developed to systemize vehicle assignment knowhow, and automate operations</li> <li>– High vehicle operation efficiency by assigning minimal number of vehicles needed</li> </ul> </li> </ul>

# **Overview of Consolidated Results for the Second Quarter of the Fiscal Year Ending March 2025**





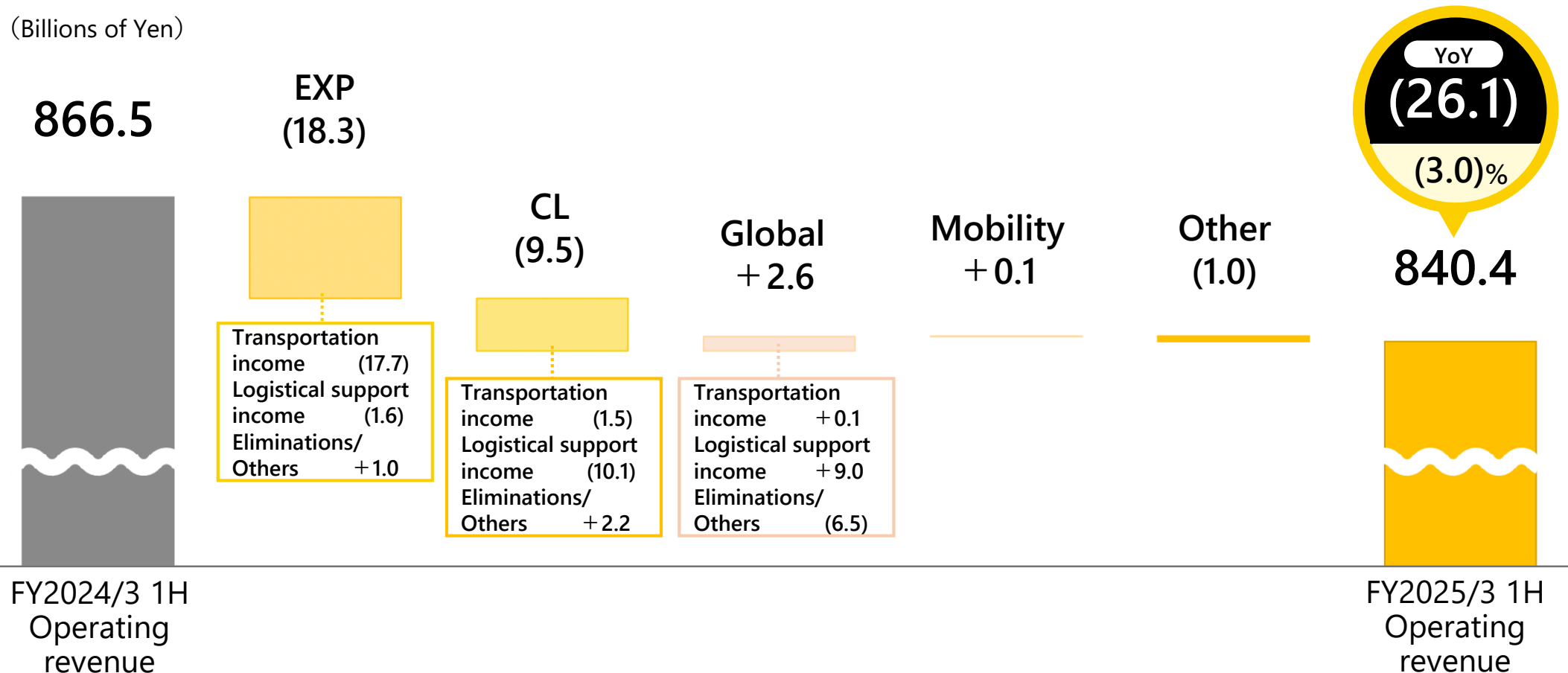
## 22. Operating results for the 1st half of FY2025/3

(Billions of Yen)	FY2024/3 H1 Actual	FY2025/3 H1 Actual	YoY Change	
			Amount	[%]
Operating revenue	866.5	840.4	(26.1)	(3.0)
Operating profit	12.3	(15.0)	(27.3)	—
Profit margin [%]	1.4	(1.8)	(3.2)	—
Ordinary profit	12.6	(13.6)	(26.2)	—
Profit margin [%]	1.5	(1.6)	(3.1)	—
Profit attributable to owners of Parent	5.3	(11.1)	(16.5)	—
Profit margin [%]	0.6	(1.3)	(2.0)	—

# 23. YoY analysis of operating revenue by segment

- 【EXP】** Delivery volume grew mainly for cross-border EC and BtoB-EC, but operating revenue decreased due to a decline in post-box delivery volume etc.
- 【CL】** Operating revenue decreased due to the negative impact compared to the previous year, when we had demand for COVID-19 vaccines and the large-scale recall etc.
- 【Global】** Operating revenue increased by the increase in cross-border EC volume etc.

(Billions of Yen)



# 24. Quarterly trends of parcel delivery

- **Delivery volume:** Overall volume was increased YoY due to an improvement in the Retail domain and increase in the Corporate domain, despite continued weakness in home delivery demand due to sluggish consumption.
- **Delivery pricing:** Although we focused on optimizing pricing, the overall unit price was lower than in the same period of the previous year due to the continued change in the volume mix between the Retail and Corporate domains

## Delivery volume

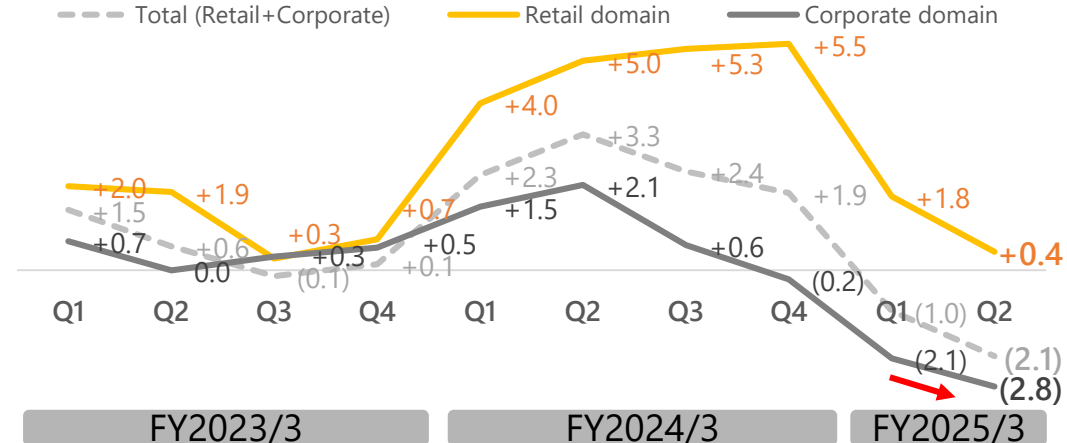
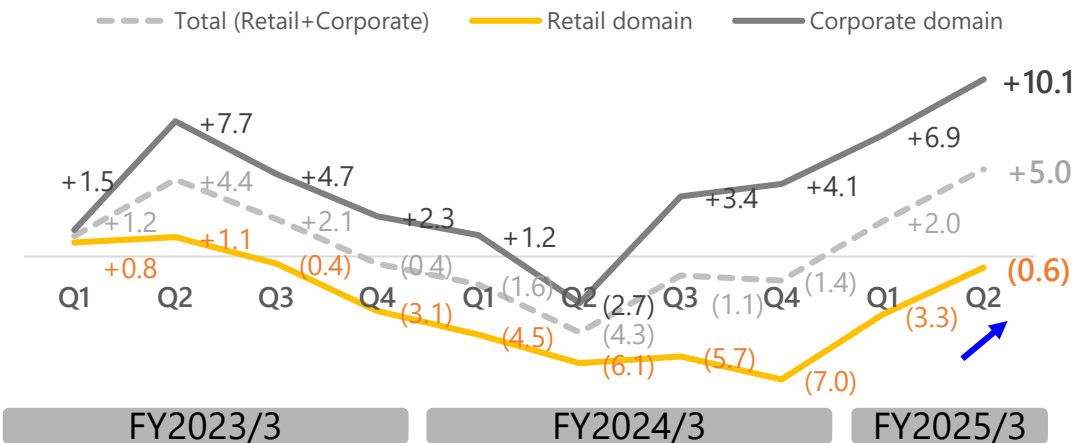
## Unit price

(Thousands of Units)		FY2024/3 H1	FY2025/3 H1	YoY Change[%]
TA-Q-BIN/TA-Q-BIN Compact/EAZY*		911,958	944,172	+ 3.5
EAZY		235,185	231,035	(1.8)
*break down	Retail domain	436,664	428,244	(1.9)
	Corporate domain	475,294	515,928	+ 8.5
Nekopos/ Kuroneko Yu-Packet		212,716	195,300	(8.2)
Kuroneko Yu-Mail		372,014	56,297	(84.9)

(Yen)		FY2024/3 H1	FY2025/3 H1	YoY Change[%]
TA-Q-BIN/TA-Q-BIN Compact/EAZY		720	708	(1.7)
Nekopos/ Kuroneko Yu-Packet		190	190	0.0
Kuroneko Yu-Mail		67	79	+17.9

Volume trend of three parcel delivery products by domain (YoY)

Unit price trend of three parcel delivery products by domain (YoY)



# 25. Summary of operating expenses

- Although unit prices of wages and outsourcing increased, progress was made in optimizing operating costs by linking it to volume, mainly in the last-mile domain, which led to a decline in personnel expenses and delivery commission
- Increases in transportation costs due to lower transportation and loading efficiency, and initial expenses to execute strategies outlined in the Medium-term Management Plan, such as the promotion of facilities strategy and digital transformation, as well as the starting of freighter operations

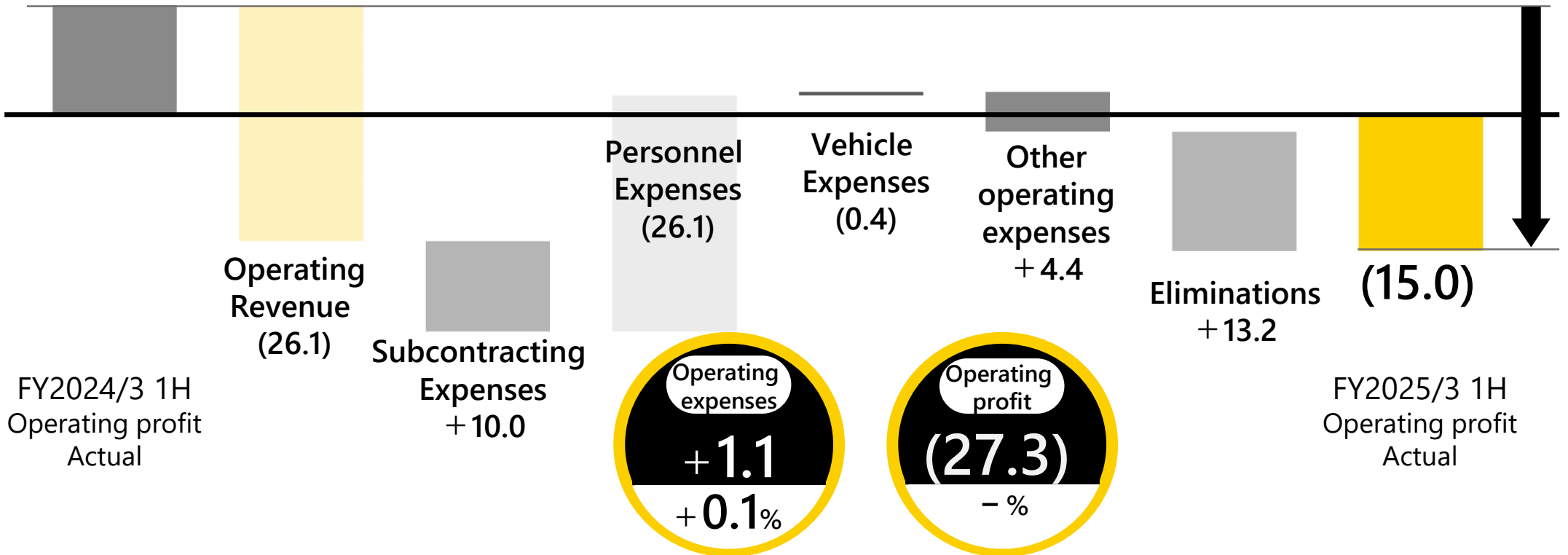
(Billions of Yen)	FY2024/3 H1 Actual	FY2025/3 H1 Actual	YoY Change	
			Amount	[%]
Operating revenue	866.5	840.4	(26.1)	(3.0)
Operating expenses	854.2	855.4	+1.1	+0.1
Subcontracting expenses	319.9	329.9	+10.0	+3.1
Commission expenses	178.4	176.7	(1.6)	(0.9)
Delivery commission	47.1	42.8	(4.2)	(9.0)
Operating outsource	21.0	21.3	+0.2	+1.3
Other commission expenses	110.2	112.5	+2.3	+2.1
EC logistics network	22.4	14.7	(7.6)	(34.2)
Other	87.8	97.8	+9.9	+11.4
Vehicle hiring expenses	103.3	114.1	+10.8	+10.5
Other subcontracting expenses	38.1	39.0	+0.8	+2.2
Personnel expenses	425.0	398.9	(26.1)	(6.1)
Employee salary	288.5	268.0	(20.4)	(7.1)
Legal welfare expenses	53.3	50.8	(2.5)	(4.8)
Retirement benefit expenses	12.6	13.5	+0.8	+6.4
Bonus/Other personnel expenses	70.4	66.5	(3.9)	(5.5)
Vehicle expenses	27.2	26.8	(0.4)	(1.5)
Vehicle repair expenses	13.3	13.1	(0.2)	(1.5)
Fuel expenses	13.9	13.6	(0.2)	(1.5)
Other operating expenses	177.9	182.4	+4.4	+2.5
Depreciation	21.5	23.4	+1.8	+8.7
System expenses	28.7	30.0	+1.2	+4.3
Other	127.6	128.9	+1.3	+1.1
Facilities expenses	42.6	46.0	+3.3	+7.9
Other	84.9	82.9	(2.0)	(2.4)
Total	950.2	938.2	(12.0)	(1.3)
Eliminations	(96.0)	(82.8)	+13.2	—
Operating profit	12.3	(15.0)	(27.3)	—

※ Eliminations decreased due to the deconsolidation of Yamato Staff Supply Co., Ltd. (Q3 FY2024~)

# 26. YoY analysis of operating expenses

(Billions of yen)

12.3



Subcontracting expenses	
Commission expenses	(1.6)
Delivery commission	(4.2)
Operating outsource	+0.2
EC logistics network	(7.6)
Other	+9.9
Vehicle hiring expenses	+10.8
Other subcontracting expenses	+0.8

Personnel expenses	
Employee salary	(20.4)
Legal welfare expenses	(2.5)
Retirement benefit expenses	+0.8
Bonus/Other personnel expenses	(3.9)

Vehicle expenses	
Vehicle repairing expenses	(0.2)
Fuel expenses	(0.2)

Other operating expenses	
Depreciation	+1.8
System expenses	+1.2
Facilities expenses	+3.3
Other	(2.0)

# 27. Summary of operating expenses (Q2: July – Sep.)

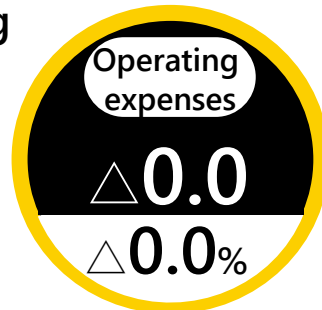
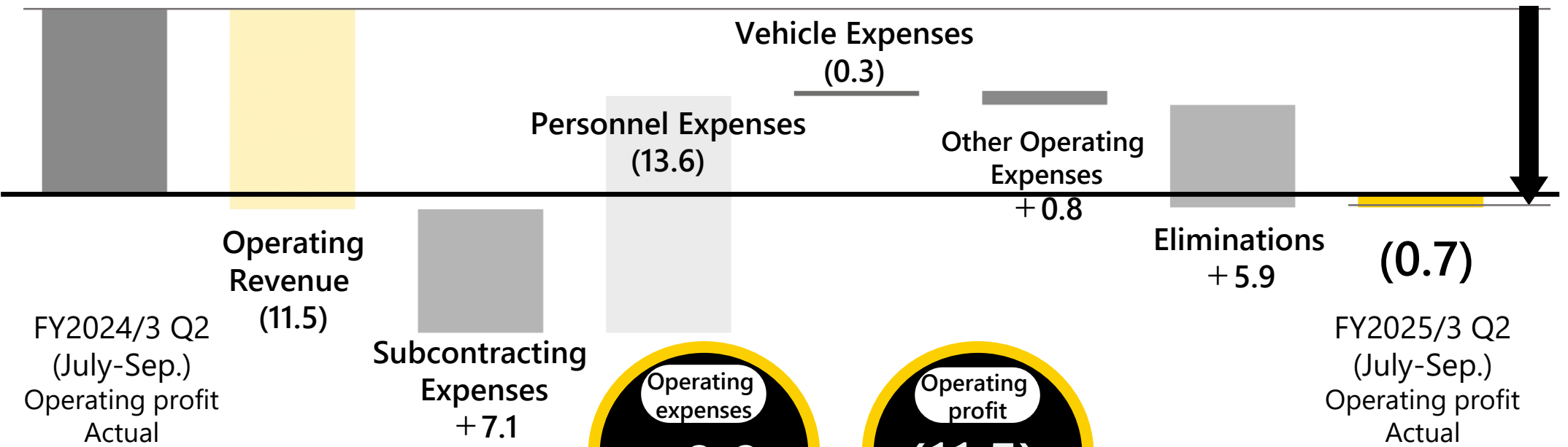
(Billions of Yen)	FY2024/3 Q2 Actual	FY2025/3 Q2 Actual	YoY Change	
			Amount	[%]
Operating revenue	446.3	434.7	(11.5)	(2.6)
Operating expenses	435.6	435.5	(0.0)	(0.0)
Subcontracting expenses	161.5	168.6	+7.1	+4.4
Commission expenses	90.0	89.8	(0.2)	(0.3)
Delivery commission	23.9	22.1	(1.8)	(7.6)
Operating outsource	10.5	11.2	+0.7	+6.7
Other commission expenses	55.6	56.4	+0.8	+1.5
EC logistics network	11.1	7.2	(3.9)	(35.3)
Other	44.4	49.2	+4.8	+10.8
Vehicle hiring expenses	52.4	59.3	+6.8	+13.1
Other subcontracting expenses	19.0	19.5	+0.4	+2.6
Personnel expenses	215.6	202.0	(13.6)	(6.3)
Employee salary	145.6	135.5	(10.0)	(6.9)
Legal welfare expenses	27.0	25.7	(1.3)	(4.8)
Retirement benefit expenses	6.3	6.8	+0.4	+6.9
Bonus/Other personnel expenses	36.6	33.9	(2.6)	(7.4)
Vehicle expenses	14.2	13.9	(0.3)	(2.1)
Vehicle repair expenses	6.6	6.4	(0.1)	(2.3)
Fuel expenses	7.6	7.4	(0.1)	(2.0)
Other operating expenses	91.3	92.1	+0.8	+1.0
Depreciation	11.0	11.6	+0.6	+5.7
System expenses	14.4	14.7	+0.3	+2.4
Other	65.8	65.7	(0.0)	(0.1)
Facilities expenses	21.5	22.9	+1.4	+6.6
Other	44.3	42.8	(1.5)	(3.4)
Total	482.7	476.8	(5.9)	(1.2)
Eliminations	(47.1)	(41.2)	+5.9	—
Operating profit	10.7	(0.7)	(11.5)	—

※ Eliminations decreased due to the deconsolidation of Yamato Staff Supply Co., Ltd. (3Q FY2024~)

# 28. YoY analysis of operating expenses (Q2: July – Sep.)

(Billions of yen)

10.7



Subcontracting expenses	
Commission expenses	(0.2)
Delivery commission	(1.8)
Operating outsource	+ 0.7
EC logistics network	(3.9)
Other	+ 4.8
Vehicle hiring expenses	+ 6.8
Other subcontracting expenses	+ 0.4

Personnel expenses	
Employee salary	(10.0)
Legal welfare expenses	(1.3)
Retirement benefit expenses	+ 0.4
Bonus/Other personnel expenses	(2.6)

Vehicle expenses	
Vehicle repairing expenses	(0.1)
Fuel expenses	(0.1)

Other operating expenses	
Depreciation	+ 0.6
System expenses	+ 0.3
Facilities expenses	+ 1.4
Other	(1.5)

# 29. Operating expenses (Quarterly / YoY change)

(Billions of Yen)	FY2024/3												FY2025/3					
	Q1 Apr.- June	YoY Change		Q2 July- Sep.	YoY Change		Q3 Oct.- Dec.	YoY Change		Q4 Jan.- Mar.	YoY Change		Q1 Apr.- June	YoY Change		Q2 July- Sep.	YoY Change	
		Amount	[%]		Amount	[%]		Amount	[%]		Amount	[%]		Amount	[%]		Amount	[%]
<b>Operating revenue</b>	420.2	(3.9)	(0.9)	446.3	(13.2)	(2.9)	500.2	(11.9)	(2.3)	391.7	(12.9)	(3.2)	405.6	(14.5)	(3.5)	<b>434.7</b>	<b>(11.5)</b>	<b>(2.6)</b>
<b>Operating expenses</b>	418.6	(3.1)	(0.7)	435.6	(8.3)	(1.9)	462.2	(1.6)	(0.3)	402.1	(8.9)	(2.2)	419.8	+1.2	+0.3	<b>435.5</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>Subcontracting expenses</b>	158.4	+1.3	+0.9	161.5	(6.4)	(3.8)	180.3	(1.1)	(0.6)	151.8	+0.7	+0.5	161.3	+2.9	+1.8	<b>168.6</b>	<b>+7.1</b>	<b>+4.4</b>
Commission expenses	88.3	+6.2	+7.6	90.0	+0.2	+0.3	101.7	+2.9	+3.0	82.9	+1.3	+1.7	86.9	(1.3)	(1.6)	<b>89.8</b>	<b>(0.2)</b>	<b>(0.3)</b>
Delivery commission	23.1	+1.1	+5.2	23.9	(0.2)	(0.9)	29.0	+1.3	+4.8	20.7	(0.5)	(2.6)	20.7	(2.4)	(10.5)	<b>22.1</b>	<b>(1.8)</b>	<b>(7.6)</b>
Operating outsource	10.5	+1.7	+20.2	10.5	+1.4	+16.5	13.0	+1.9	+17.9	9.0	+0.5	+6.2	10.0	(0.4)	(4.1)	<b>11.2</b>	<b>+0.7</b>	<b>+6.7</b>
Other commission expenses	54.6	+3.3	+6.4	55.6	(0.9)	(1.7)	59.6	(0.3)	(0.6)	53.2	+1.4	+2.7	56.1	+1.4	+2.7	<b>56.4</b>	<b>+0.8</b>	<b>+1.5</b>
EC Logistics network	11.2	+1.1	+11.7	11.1	(0.8)	(7.0)	12.0	(1.3)	(10.2)	8.9	(2.0)	(18.5)	7.5	(3.7)	(33.0)	<b>7.2</b>	<b>(3.9)</b>	<b>(35.3)</b>
Other	43.4	+2.1	+5.2	44.4	(0.1)	(0.3)	47.6	+1.0	+2.2	44.2	+3.4	+8.4	48.5	+5.1	+11.9	<b>49.2</b>	<b>+4.8</b>	<b>+10.8</b>
Vehicle hiring expenses	50.9	+0.5	+1.2	52.4	+0.5	+1.0	58.1	+1.4	+2.6	51.0	+1.3	+2.7	54.8	+3.9	+7.7	<b>59.3</b>	<b>+6.8</b>	<b>+13.1</b>
Other subcontracting expenses	19.1	(5.4)	(22.1)	19.0	(7.2)	(27.5)	20.4	(5.5)	(21.4)	17.7	(1.9)	(10.0)	19.4	+0.3	+1.8	<b>19.5</b>	<b>+0.4</b>	<b>+2.6</b>
<b>Personnel expenses</b>	209.3	(2.6)	(1.2)	215.6	(5.6)	(2.6)	213.8	(11.4)	(5.1)	189.8	(17.4)	(8.4)	196.9	(12.4)	(6.0)	<b>202.0</b>	<b>(13.6)</b>	<b>(6.3)</b>
Employee salary	142.8	(1.6)	(1.1)	145.6	(2.3)	(1.6)	144.6	(8.5)	(5.6)	131.7	(11.9)	(8.3)	132.4	(10.3)	(7.3)	<b>135.5</b>	<b>(10.0)</b>	<b>(6.9)</b>
Legal welfare expenses	26.3	+0.8	+3.4	27.0	(0.5)	(2.1)	26.4	(0.8)	(3.2)	24.7	(1.6)	(6.3)	25.1	(1.2)	(4.7)	<b>25.7</b>	<b>(1.3)</b>	<b>(4.8)</b>
Retirement benefit expenses	6.3	+0.2	+4.0	6.3	+0.1	+2.3	6.3	(0.0)	(1.3)	6.2	(0.2)	(3.2)	6.6	+0.3	+5.9	<b>6.8</b>	<b>+0.4</b>	<b>+6.9</b>
Bonus/Other personnel expenses	33.8	(2.1)	(5.8)	36.6	(2.8)	(7.3)	36.3	(1.9)	(5.1)	27.0	(3.6)	(12.0)	32.6	(1.2)	(3.6)	<b>33.9</b>	<b>(2.6)</b>	<b>(7.4)</b>
<b>Vehicle expenses</b>	13.0	+0.3	+2.6	14.2	+0.4	+2.9	14.3	+0.1	+1.4	10.8	+0.2	+2.8	12.9	(0.1)	(0.9)	<b>13.9</b>	<b>(0.3)</b>	<b>(2.1)</b>
Vehicle repair expenses	6.7	+0.2	+4.5	6.6	+0.2	+3.9	7.5	+0.3	+4.9	5.0	+0.2	+6.3	6.7	(0.0)	(0.7)	<b>6.4</b>	<b>(0.1)</b>	<b>(2.3)</b>
Fuel expenses	6.2	+0.0	+0.6	7.6	+0.1	+2.1	6.7	(0.1)	(2.3)	5.8	(0.0)	(0.1)	6.2	(0.0)	(1.0)	<b>7.4</b>	<b>(0.1)</b>	<b>(2.0)</b>
<b>Other operating expenses</b>	86.6	(0.2)	(0.3)	91.3	+1.1	+1.3	98.2	+4.3	+4.6	88.3	+2.5	+2.9	90.2	+3.6	+4.2	<b>92.1</b>	<b>+0.8</b>	<b>+1.0</b>
Depreciation	10.5	+0.3	+3.6	11.0	+0.5	+5.4	11.3	+0.7	+7.5	11.4	+1.0	+9.8	11.7	+1.2	+11.9	<b>11.6</b>	<b>+0.6</b>	<b>+5.7</b>
System expenses	14.3	+1.1	+8.6	14.4	+1.0	+8.2	14.9	+1.4	+11.0	13.9	+0.9	+7.3	15.2	+0.8	+6.1	<b>14.7</b>	<b>+0.3</b>	<b>+2.4</b>
Other	61.7	(1.7)	(2.8)	65.8	(0.4)	(0.7)	71.9	+2.0	+3.0	62.9	+0.5	+0.9	63.2	+1.4	+2.4	<b>65.7</b>	<b>(0.0)</b>	<b>(0.1)</b>
Facilities expenses	21.0	+0.8	+4.4	21.5	+1.0	+4.9	22.8	+1.3	+6.2	22.7	+2.1	+10.7	23.0	+1.9	+9.3	<b>22.9</b>	<b>+1.4</b>	<b>+6.6</b>
Other	40.6	(2.6)	(6.2)	44.3	(1.4)	(3.2)	49.0	+0.7	+1.6	40.2	(1.6)	(3.9)	40.1	(0.4)	(1.2)	<b>42.8</b>	<b>(1.5)</b>	<b>(3.4)</b>
<b>Total</b>	467.4	(1.2)	(0.3)	482.7	(10.4)	(2.1)	506.8	(8.0)	(1.6)	440.9	(13.8)	(3.1)	461.4	(6.0)	(1.3)	<b>476.8</b>	<b>(5.9)</b>	<b>(1.2)</b>
<b>Eliminations</b>	(48.8)	(1.9)	—	(47.1)	+2.1	—	(44.5)	+6.4	—	(38.8)	+4.9	—	(41.5)	+7.2	—	<b>(41.2)</b>	<b>+5.9</b>	<b>—</b>
<b>Operating profits</b>	1.5	(0.8)	(33.9)	10.7	(4.8)	(31.2)	38.0	(10.3)	(21.4)	(10.3)	(3.9)	—	(14.2)	(15.8)	—	<b>(0.7)</b>	<b>(11.5)</b>	<b>—</b>



# 30. Investment plan and status

- Revised forecast to 80 billion yen in light of the current business environment and the investment efficiency of the project.

	Objective	1H Results 25.3 bn yen	Forecast for FY2025/3		
			Previous Forecast 150 bn yen	New Forecast 80 bn yen	Change (70) bn yen
<b>Growth investment</b>	Facilities strategy	9.0 bn	64.5 bn	27.0 bn	(37.5) bn
	Promoting DX	3.6 bn	17.0 bn	13.0 bn	(4.0) bn
	New businesses	0.0 bn	1.0 bn	1.0 bn	+0.0 bn
<b>Environmental investment</b>	Solar power generation, batteries, etc.	0.3 bn	9.0 bn	5.0 bn	(4.0) bn
	EV charging equipment※	0.7 bn	5.0 bn	4.0 bn	(1.0) bn
<b>Regular investment</b>	Repair facilities, internal combustion vehicles, etc.	2.2 bn	26.5 bn	13.0 bn	(13.5) bn
	Maintenance of other facilities and existing systems, etc.	9.3 bn	27.0 bn	17.0 bn	(10.0) bn

# 31. Operating results forecast for FY2025/3

- Despite efforts to optimize pricing, revised volume and unit prices in light of changes in volume composition by market, and reviewed operating earnings in light of the situation where it is taking time to acquire external sales revenue from freighters
- Review operating profit reflecting the status of operating revenue and the progress of structural reforms
  - Further strengthen efforts to optimize pricing and cost control

(Billions of Yen)	FY2024/3 Actual	FY2025/3 Forecast as of August 2024	FY2025/3 New Forecast	Forecast Change		YoY Change	
				Amount	[%]	Amount	[%]
				Operating revenue	1,758.6	1,780.0	1,730.0
Operating profit	40.0	50.0	10.0	(40.0)	(80.0)	(30.0)	(75.0)
Profit margin [%]	2.3	2.8	0.6	(2.2)	—	(1.7)	—
Ordinary profit	40.4	50.0	10.0	(40.0)	(80.0)	(30.4)	(75.3)
Profit attributable to owners of Parent	37.6	32.0	5.0	(27.0)	(84.4)	(32.6)	(86.7)

TA-Q-BIN/ TA-Q-BIN Compact/ EAZY	Volume (Thousands of Units)*	1,886,170	1,968,500	1,952,800	(15,700)	(0.8)	+ 66,629	+ 3.5	
	EAZY	476,143	465,300	484,600	+ 19,300	+ 4.1	+ 8,456	+ 1.8	
	*break down	Retail domain	893,303	909,300	883,800	(25,500)	(2.8)	(9,503)	(1.1)
		Corporate domain	992,866	1,059,200	1,069,000	+ 9,800	+ 0.9	+ 76,133	+ 7.7
	Unit Price (Yen)	721	725	714	(11)	(1.5)	(7)	(1.0)	
Nekopos/ Kuroneko Yu-Packet	Volume (Thousands of Units)	409,650	366,000	380,200	+ 14,200	+ 3.9	(29,450)	(7.2)	
	Unit Price (Yen)	190	196	189	(7)	(3.6)	(1)	(0.5)	
Kuroneko Yu-Mail	Volume (Thousands of Units)	626,550	120,900	109,500	(11,400)	(9.4)	(517,050)	(82.5)	
	Unit Price (Yen)	68	79	80	+1	+1.3	+12	+17.6	

※ The figure for Kuroneko Yu-Mail for FY2024/3 includes the figure for Kuroneko DM-Bin.

※ Retail domain: individuals and small corporates /Corporate domain: large corporates

# 32. Operating results forecast for FY2025/3 (Breakdown of operating expenses and others)

- Focus on resolving issues in the transportation domain and strive to control overall operating expenses

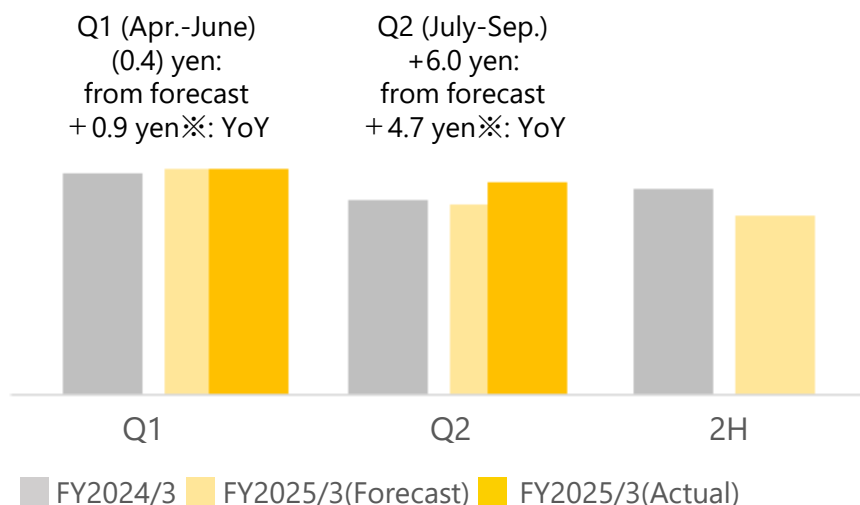
(Billions of Yen)	FY2024/3 Actual	FY2025/3 Forecast as of August 2024	FY2025/3 New Forecast	Forecast Change		YoY Change	
				Amount	[%]	Amount	[%]
				Operating revenue	1,758.6	1,780.0	1,730.0
Operating expenses	1,718.5	1,730.0	1,720.0	(10.0)	(0.6)	+1.4	+0.1
Subcontracting expenses	652.1	673.2	666.8	(6.4)	(1.0)	+14.6	+2.2
Commission expenses	363.1	367.2	357.6	(9.6)	(2.6)	(5.5)	(1.5)
Delivery commission	96.9	95.7	89.6	(6.1)	(6.4)	(7.3)	(7.5)
Operating outsource	43.1	44.9	46.9	+2.0	+4.5	+3.7	+8.8
Other commission expenses	223.1	226.6	221.1	(5.5)	(2.4)	(2.0)	(0.9)
EC Logistics network	43.3	28.2	25.6	(2.6)	(9.2)	(17.7)	(41.0)
Other	179.7	198.4	195.5	(2.9)	(1.5)	+15.7	+8.8
Vehicle hiring expenses	212.6	225.7	230.8	+5.1	+2.3	+18.1	+8.6
Other subcontracting expenses	76.3	80.3	78.4	(1.9)	(2.4)	+2.0	+2.6
Personnel expenses	828.8	798.0	794.6	(3.4)	(0.4)	(34.2)	(4.1)
Employee salary	564.9	538.7	537.9	(0.8)	(0.1)	(27.0)	(4.8)
Legal welfare expenses	104.6	101.3	100.6	(0.7)	(0.7)	(4.0)	(3.9)
Retirement benefit expenses	25.2	26.8	26.8	0.0	0.0	+1.5	+6.1
Bonus/Other personnel expenses	133.8	131.2	129.3	(1.9)	(1.4)	(4.5)	(3.4)
Vehicle expenses	52.5	51.0	51.7	+0.7	+1.4	(0.8)	(1.5)
Vehicle repair expenses	25.9	24.7	25.4	+0.7	+2.8	(0.5)	(2.2)
Fuel expenses	26.5	26.3	26.3	0.0	0.0	(0.2)	(0.9)
Other operating expenses	364.5	376.6	371.4	(5.2)	(1.4)	+6.8	+1.9
Depreciation	44.2	51.0	48.2	(2.8)	(5.5)	+3.9	+8.8
System expenses	57.7	60.6	60.0	(0.6)	(1.0)	+2.2	+3.9
Other	262.5	265.0	263.2	(1.8)	(0.7)	+0.6	+0.3
Facilities expenses	88.2	94.3	94.3	0.0	0.0	+6.0	+6.9
Other	174.3	170.7	168.9	(1.8)	(1.1)	(5.4)	(3.1)
Total	1,898.0	1,898.8	1,884.5	(14.3)	(0.8)	(13.5)	(0.7)
Eliminations	(179.4)	(168.8)	(164.5)	+4.3	—	+14.9	—
Operating profit	40.0	50.0	10.0	(40.0)	(80.0)	(30.0)	(75.0)
Total number of employees (Persons)	177,430	165,000	165,000	0	0.0	(12,430)	(7.0)
Full – time	88,917	85,600	85,600	0	0.0	(3,317)	(3.7)
Part – time	88,513	79,400	79,400	0	0.0	(9,113)	(10.3)
Capital expenditure (Billions of Yen)	62.9	150.0	80.0	(70.0)	(46.7)	+17.0	+27.2

※ From Q1 FY2025/3, capital expenditures include the amount of finance leases. The figures for FY2024/3 have been changed to the same standard calculation method.

# Structural reform of network operations

## (Status of cost per parcel)

### ➤ Transportation domain (Trunk-route and intra-regional transportation, Terminal operations)



#### Cost per parcel in transportation domain (Q2)

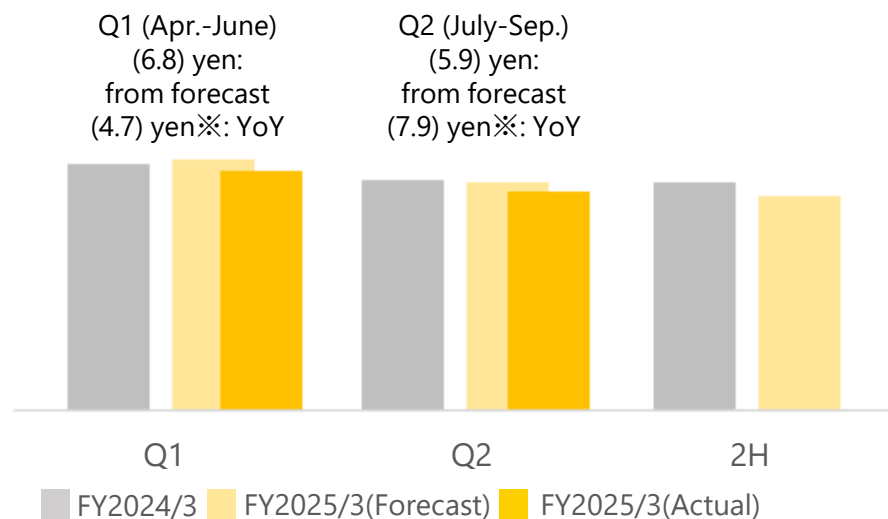
< Main factors for difference from forecast: +6.0 yen >

- Decline in loading efficiency: +3.3 yen
- Increase in labor and partner unit costs: + 2.7 yen

< Main factors for difference with previous period: + 4.7 yen※ >

- Increased productivity due to increased workload: (1.4) yen
- Decline in loading efficiency: + 3.3 yen
- Increase in labor and partner unit costs: + 2.8 yen

### ➤ Last-mile domain (Pick-up and delivery, operations and admin work in Last-mile Offices)



#### Cost per parcel in last-mile domain (Q2)

< Main factors for difference from forecast: (5.9) yen >

- Increased productivity due to increased workload : (5.1) yen
- Productivity improvement and personnel optimization through measures: (1.8) yen
- Increase in labor and partner unit costs: + 1.0 yen

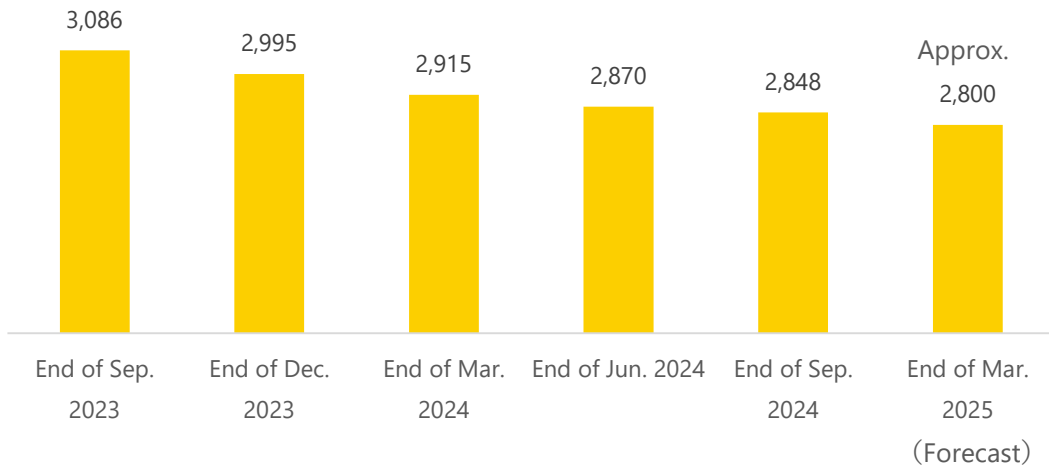
< Main factors for difference with previous period: (7.9) yen※ >

- Increased productivity due to increased workload : (6.4) yen
- Productivity improvement and personnel optimization through measures: (7.9) yen
- Increase in labor and partner unit costs: + 6.5 yen

Figures are total of outsourcing expenses and employee wages related to the operations.

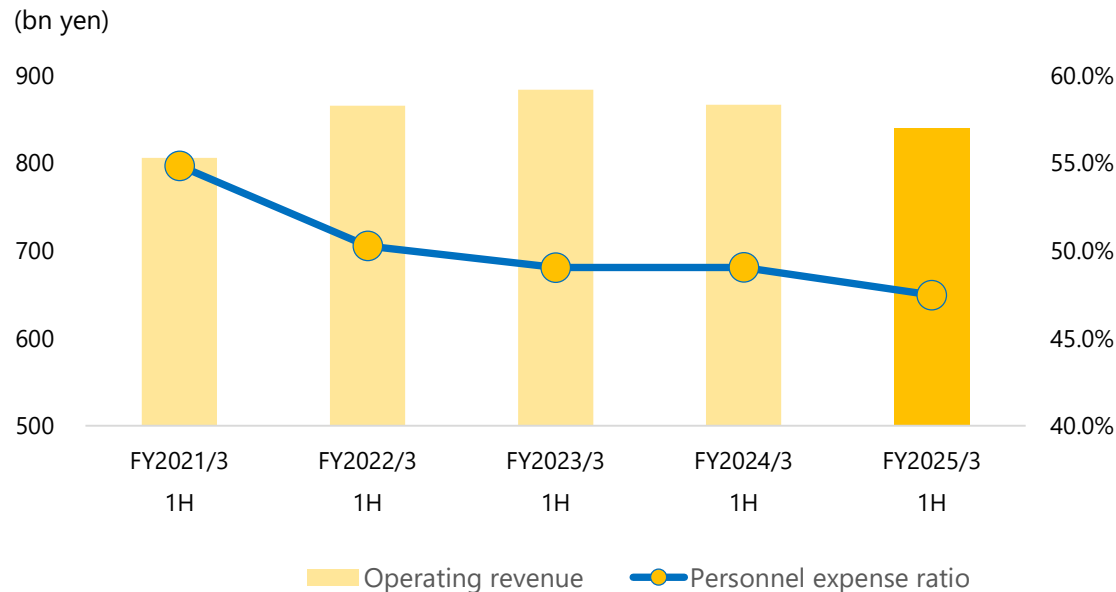
※ Excluding the impact of the transfer of post-box delivery service operations and the commencement of freighters operations.

Trend of no. of last-mile facilities



- ✓ Revised the number of last-mile pickup/delivery facilities (forecast) at the end of this fiscal year to 2,800 (+100 compared to the forecast of the beginning of this fiscal year)
- ✓ Promote consolidation toward 1,800 facilities by the end of FY2027/3, after carefully examining plans for each region to ensure effectiveness.

Trend of operating revenue and personnel expense ratio



- ✓ Optimize headcount, through the implementation of the consolidation and enlargement of facilities and the transfer of post-box delivery business to Japan Post
- ✓ Although operating revenues was lower than the previous period, the ratio of personnel expense in operating revenues declined
- ✓ Continues to focus on optimizing the headcount of mainly indirect personnel, by enhancing operational efficiency

# Capital and business alliance with Red Horse (RH) Group

- Grow volume and provide value to upstream areas in the expanding hometown tax payment market, by leveraging RH Group's know-how and Yamato Group's three-temperature-zone transportation and logistics functions
- Aim to establish a new business model that contributes to the better development of local communities

## Strengths of both Groups

### RH Group's strengths



Rich knowhow in supporting hometown tax payments, and high market share in the industry

- Track record of working with approx. 220 municipalities, and approx. 8,000 providers of hometown gifts
- In-house operated BPO centers and call centers
- Administration system that can simultaneously connect with the largest number of donation portal sites in the industry
- A producer-directed EC mall with 500,000 members, "A producer-directed OWL".



### Yamato Group's strengths

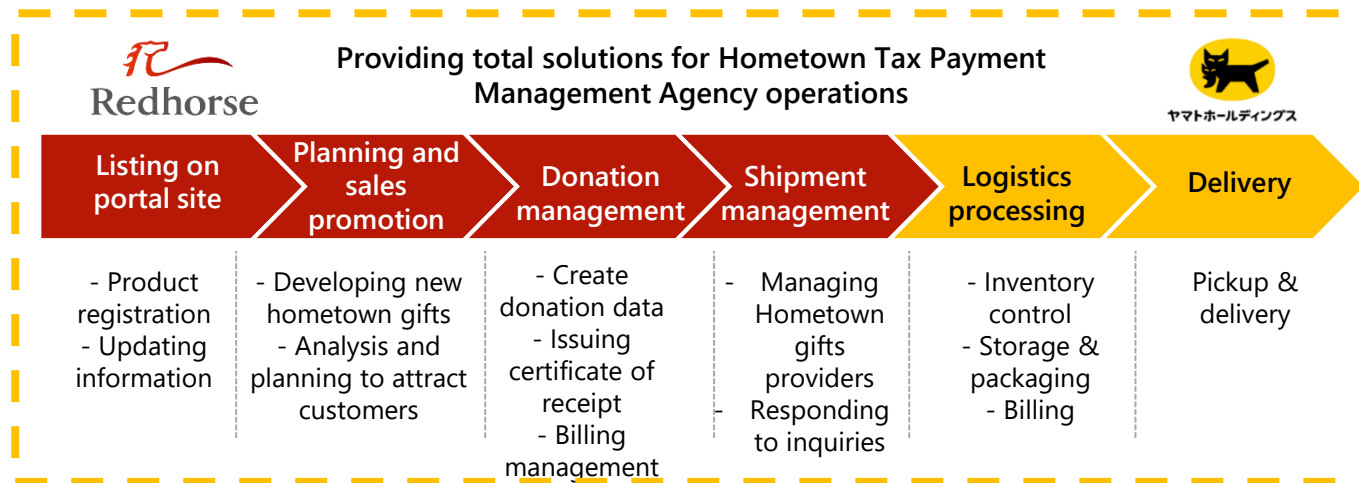


Nationwide customer base, and transportation and logistics functions in three temperature zones

- Transportation and delivery network and logistics functions in three temperature zones (room temperature, chilled, frozen)
- Approx. 60,000 Sales Drivers
- Customer base built through TA-Q-BIN and alliances with approx. 700 local governments

## Objective of capital and business alliance

- ✓ Strengthen efforts to revitalize local communities
  - Through initiatives to discover local products and expand distribution and sales channels, establish a "business model that enables autonomous and self-sustaining regional revitalization"
    - Contribute to the revitalization of local communities
- ✓ Enhancement of Hometown Tax Payment Management Agency function
  - Provide total solutions from planning to last-mile deliveries
  - Utilize Yamato Transport's customer base and sales resources
    - Expand volume by strengthening proposal capabilities to municipalities (room temperature and temperature-controlled Cool deliveries)



\*For more information, please refer to our release [https://www.yamato-hd.co.jp/english/news/2024/pdf/newsrelease\\_20240930\\_en02.pdf](https://www.yamato-hd.co.jp/english/news/2024/pdf/newsrelease_20240930_en02.pdf)

# Supplementary Materials

< Results for the Second Quarter of  
the Fiscal Year Ending March 2025 >



# 1. Operating results by segment

## FY2025/3 H1

(Billions of Yen)	Express Business	CL Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Operating Revenues								
Unaffiliated Customers	737.4	38.9	41.0	10.0	12.9	840.4	—	840.4
Inter-segment	18.4	2.3	1.7	16.7	23.6	62.9	(62.9)	—
Total	755.9	41.2	42.8	26.7	36.5	903.3	(62.9)	840.4
Operating Expenses	783.7	38.7	38.3	24.7	32.9	918.5	(63.1)	855.4
Operating Profit	(27.8)	2.4	4.5	2.0	3.5	(15.1)	0.1	(15.0)
Profit Rate (%)	(3.7)	6.0	10.5	7.8	9.7	(1.7)	—	(1.8)

## FY2024/3 H1

(Billions of Yen)	Express Business	CL Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Operating Revenues								
Unaffiliated Customers	755.8	48.4	38.3	9.9	13.9	866.5	—	866.5
Inter-segment	20.1	4.6	1.9	17.2	41.6	85.5	(85.5)	—
Total	775.9	53.1	40.3	27.1	55.6	952.1	(85.5)	866.5
Operating Expenses	779.1	47.5	37.2	24.8	51.2	940.0	(85.8)	854.2
Operating Profit	(3.1)	5.5	3.0	2.3	4.3	12.1	0.2	12.3
Profit Rate (%)	(0.4)	10.4	7.5	8.6	7.9	1.3	—	1.4

## 【Change】

(Billions of Yen)	Express Business	CL Business	Global Business	Mobility Business	Other	Total	Reconciliation	Consolidated
Operating Revenues								
Unaffiliated Customers	(18.3)	(9.5)	+ 2.6	+ 0.1	(1.0)	(26.1)	—	(26.1)
Inter-segment	(1.7)	(2.3)	(0.1)	(0.4)	(18.0)	(22.6)	+ 22.6	—
Total	(20.0)	(11.8)	+ 2.5	(0.3)	(19.0)	(48.7)	+ 22.6	(26.1)
Operating Expenses	+ 4.5	(8.7)	+ 1.0	(0.1)	(18.2)	(21.5)	+ 22.7	+ 1.1
Operating Profit	(24.6)	(3.0)	+ 1.5	(0.2)	(0.8)	(27.2)	(0.0)	(27.3)
[%]								
Operating Revenues	(2.6)	(22.3)	+ 6.3	(1.3)	(34.3)	(5.1)	—	(3.0)
Operating Expenses	+ 0.6	(18.5)	+ 2.8	(0.5)	(35.6)	(2.3)	—	+ 0.1
Operating Profit	—	(55.1)	+ 49.8	(10.1)	(19.2)	—	(31.4)	—



## 2. Delivery volume and unit price

### TA-Q-BIN・TA-Q-BIN Compact・EAZY

	Q1		Q2		1H	
	Apr.-June	YoY[%]	July-Sep.	YoY[%]		YoY[%]
Delivery Volume (Thousands)*	451,245	+ 2.0	492,926	+ 5.0	944,172	+ 3.5
EAZY	113,558	(2.3)	117,477	(1.3)	231,035	(1.8)
*breakdown Retail domain (individuals and small corporates)	205,279	(3.3)	222,965	(0.6)	428,244	(1.9)
Corporate domain (large corporates)	245,966	+ 6.9	269,961	+ 10.1	515,928	+ 8.5
Unit-price (Yen)	706	(1.0)	710	(2.1)	708	(1.7)

### Nekopos・Kuroneko Yu-Packet

	Q1		Q2		1H	
	Apr.-June	YoY[%]	July-Sep.	YoY[%]		YoY[%]
Delivery Volume (Thousands)	99,665	(8.2)	95,634	(8.2)	195,300	(8.2)
Unit-price (Yen)	190	0.0	189	0.0	190	0.0

### Kuroneko Yu-Mail

	Q1		Q2		1H	
	Apr.-June	YoY[%]	July-Sep.	YoY[%]		YoY[%]
Delivery Volume (Thousands)	33,068	(83.6)	23,228	(86.4)	56,297	(84.9)
Unit-price (Yen)	78	+ 16.4	81	+ 19.1	79	+ 17.9

※ The figure for Kuroneko Yu-Mail for FY2024/3 is the figure for Kuroneko DM-Bin

# 3. Employee breakdown

(Number)	FY2024/3 H1			FY2025/3 H1			Change			
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	[%]
Total Employees	91,091	98,862	189,953	87,755	85,779	173,534	(3,336)	(13,083)	(16,419)	(8.6)
Express Business	82,278	93,348	175,626	79,321	80,189	159,510	(2,957)	(13,159)	(16,116)	(9.2)
Contract Logistics Business	1,655	3,186	4,841	1,485	2,854	4,339	(170)	(332)	(502)	(10.4)
Global Business	2,580	357	2,937	2,411	240	2,651	(169)	(117)	(286)	(9.7)
Mobility Business	1,564	614	2,178	1,508	596	2,104	(56)	(18)	(74)	(3.4)
Other	3,014	1,357	4,371	3,030	1,900	4,930	+16	+543	+559	+12.8

# 4. Financial position and cash flows

Balance sheet (Billions of Yen)	As of March 31, 2024	As of September 30, 2024	
			YoY Change
Total assets	1,135.8	1,099.2	(36.6)
Current assets	496.3	448.7	(47.6)
Cash and deposits	195.0	164.3	(30.6)
Notes and accounts receivable – trade, and contract assets	212.0	205.9	(6.1)
Non-current assets	639.5	650.5	+11.0
Buildings and structures	165.5	166.8	+1.2
Software	36.6	34.5	(2.0)
Total liabilities	543.9	524.4	(19.4)
Interest-bearing debt	92.5	103.2	+10.7
Total net assets	591.9	574.8	(17.1)
Shareholders' equity	569.3	550.2	(19.1)
Accumulated other comprehensive income	16.4	18.4	+2.0
Equity	585.7	568.6	(17.1)
Equity Ratio [%]	51.6	51.7	+0.1
D/E Ratio [times]	0.16	0.18	+0.02

Cash flows (Billions of Yen)	FY2024/3 H1 Actual	FY2025/3	
		H1 Actual	YoY Change
Cash flows from operating activities	24.0	4.5	(19.4)
Cash flows from investing activities	(19.1)	(35.6)	(16.5)
Free cash flows*	4.8	(31.1)	(35.9)
Cash flows from financing activities	0.4	(0.0)	(0.4)

※ Free cash flows = Cash flows from operating activities + Cash flows from investing activities

# 5. Capital expenditure and depreciation

(Billions of Yen)	FY2024/3		FY2025/3			
	H1 Actual	[%]	H1 Actual	[%]	Change	
					Amount	[%]
Capital Expenditure	21.9	100.0	25.3	100.0	+ 3.4	+ 15.5
Vehicles	0.4	2.1	1.0	4.1	+ 0.5	+ 119.2
Office / Buildings and Accompanying Facilities	9.1	41.7	11.0	43.4	+ 1.8	+ 20.2
Automatic Sorting Equipment	1.5	7.0	1.1	4.7	(0.3)	(23.7)
Others Hardware Office Equipment	4.6	21.3	4.9	19.6	+ 0.2	+ 6.1
Digital Investment	6.1	27.8	7.1	28.3	+ 1.0	+ 17.6
(Billions of Yen)	FY2024/3		FY2025/3			
	H1 Actual	21.5	H1 Actual	23.4	Change	
					Amount	[%]
Depreciation					+ 1.8	+ 8.7

※ From Q1 FY2025/3, capital expenditures include the amount of finance leases. The figures for FY2024/3 have been changed to the same standard calculation method.

# Supplementary Materials

< Forecast for the Fiscal Year Ending March 2025 >

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# 1. Operating revenue by segment

(Billions of Yen)	FY2024/3		FY2025/3		Change	
	Actual	[%]	Forecast	[%]	Amount	[%]
Express Business	1,548.5	88.1	1,528.0	88.3	(20.5)	(1.3)
Contract Logistics Business	89.0	5.1	66.0	3.8	(23.0)	(25.9)
Global Business	74.0	4.2	91.0	5.3	+16.9	+22.9
Mobility Business	20.1	1.1	20.0	1.2	(0.1)	(0.8)
Other	26.7	1.5	25.0	1.4	(1.7)	(6.5)
<b>Total</b>	<b>1,758.6</b>	<b>100.0</b>	<b>1,730.0</b>	<b>100.0</b>	<b>(28.6)</b>	<b>(1.6)</b>

※ Due to the reclassification of reportable segments from the FY2025/3 Q1, the figures for the FY2024/3 have been restated in accordance with the new segment classifications. Also, these have been updated from the reference figures disclosed at the time of the full-year financial results for the FY2024/3 to the finalized figures.

## 2. Operating profit by segment

(Billions of Yen)	FY2024/3		FY2025/3		Change	
	Actual	[%]	Forecast	[%]	Amount	[%]
Express Business	11.3	28.4	(13.9)	(127.5)	(25.2)	—
Contract Logistics Business	9.7	24.3	5.4	49.5	(4.3)	(44.3)
Global Business	6.6	16.7	8.5	78.0	+1.8	+27.6
Mobility Business	4.1	10.3	3.3	30.3	(0.8)	(20.1)
Other	8.1	20.3	7.6	69.7	(0.5)	(6.4)
Total	39.9	100.0	10.9	100.0	(29.0)	(72.7)
Reconciliation	0.0	—	(0.9)	—	(0.9)	—
Consolidated	40.0	—	10.0	—	(30.0)	(75.0)

※ Due to the reclassification of reportable segments from the FY2025/3 Q1, the figures for the FY2024/3 have been restated in accordance with the new segment classifications. Also, these have been updated from the reference figures disclosed at the time of the full-year financial results for the FY2024/3 to the finalized figures.

# 3. Employee Breakdown

(Number)	FY2024/3 Actual			FY2025/3 Forecast			Change			
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	[%]
Total Employees	88,917	88,513	177,430	85,600	79,400	165,000	(3,317)	(9,113)	(12,430)	(7.0)
Express Business	80,338	82,728	163,066	77,000	74,000	151,000	(3,338)	(8,728)	(12,066)	(7.4)
Contract Logistics Business	1,546	2,979	4,525	1,400	2,600	4,000	(146)	(379)	(525)	(11.6)
Global Business	2,469	260	2,729	2,500	200	2,700	+ 31	(60)	(29)	(1.1)
Mobility Business	1,521	600	2,121	1,600	600	2,200	+ 79	0	+ 79	+ 3.7
Other	3,043	1,946	4,989	3,100	2,000	5,100	+ 57	+ 54	+ 111	+ 2.2

※ Due to the reclassification of reportable segments from the FY2025/3 Q1, the figures for the FY2024/3 have been restated in accordance with the new segment classifications.





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