

Promotion of Digital Strategies That Support the Transformation of "One Yamato 2023"

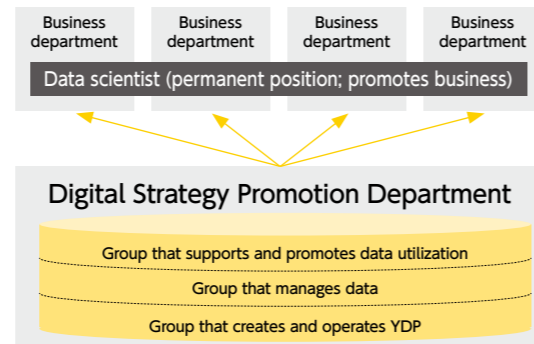
We are promoting Groupwide digital transformation (DX) with the aim of changing the organization and operations and of drastically reforming all of our Group businesses through digital technology. With the shift to data-driven management as a fundamental strategy, in addition to updating the existing core systems, we are engaging in the maintenance of digital data and the strengthening of our digital foundation to further advance the utilization of data.

Digital Strategies

Digital Strategies	Key Results and Initiatives from the Fiscal Year Ended March 31, 2022
<ul style="list-style-type: none"> Creation of digital platform through incorporating cutting-edge technologies 	<ul style="list-style-type: none"> Completion of the Yamato Digital Platform (YDP) → Promotion of connecting with, analyzing, and utilizing data in real time by transitioning from the existing system to the YDP
<ul style="list-style-type: none"> Data-driven management (Employment of forecast-based decision-making and implementation of measures) 	<ul style="list-style-type: none"> Shortening of the improvement cycle for the advancement and enhancement of accuracy for workload forecasts by improving forecast models Launch of the development of workload forecasts that respond to changes in the business environment and in-house operations quickly and flexibly
<ul style="list-style-type: none"> Integration of corporate customer data to strengthen account management 	<ul style="list-style-type: none"> Completion of the integration of customer data across the entire Group Reinforcement of account management by visualizing and analyzing income and expenditures for each customer
<ul style="list-style-type: none"> Improvement of service levels through real-time freight flow data 	<ul style="list-style-type: none"> Improvement of the convenience of each function provided to <i>Kuroneko Members</i> Development of a system that provides information on the domestic and international location of parcels and temperature changes in real time
<ul style="list-style-type: none"> Optimization and advancement of resource allocation by visualizing operations and costs 	<ul style="list-style-type: none"> Development of a real-time dashboard that visualizes the operational status of sorting facilities and trunk-route transportation

Promotion System

In Yamato Transport's Digital Strategy Department, which promotes Groupwide digital strategies, a team is assigned to operate and reinforce the digital foundation, which is the platform for digital strategies; process and analyze data; and support data utilization across all departments. At the same time, data scientists are permanently stationed in each business department to promote the utilization of data and collaboration between the Digital Strategy Department and each business department. Under this promotion system, we support the digital aspects of structural reforms through repeated decision-making and hypothesis verification based on data.



Development of DX-Savvy Human Resources

In the fiscal year ended March 31, 2022, we launched the Yamato Digital Academy (YDA), a digital training program that comprises a position-based training curriculum to raise the level of digital literacy among employees, including executive officers, and rapidly train human resources in the digital domain. During the period of the current medium-term management plan, approximately 1,000 people are expected to enroll in the Yamato Digital Academy. In the first year of the plan, approximately 300 people participated in training and are now leveraging the knowledge and skills they have learned in their work.

Furthermore, to recruit DX-savvy human resources, we hold competitive events for data analysis and system development, which utilize delivery data in ways close to actual conditions, to promote understanding of the Yamato Group's initiatives among external human resources in the digital domain and to engage in securing talented human resources.

Yamato Digital Academy Initiatives (Fiscal Year Ended March 31, 2022)

Target	Vision	Content of Training	Attendance Results
Executive Officers	Analysis of management resources essential for DX, risk awareness improvement, and implementation of data-driven management	DX promotion and development of policies	All executives of Yamato Holdings and Yamato Transport
Digital Department	Recognized as a partner by business department leadership and at the core of project promotion	Data science, project management, architect training, etc.	Approximately 160 employees
Business Department (Head Office)	Collaborate with the digital department, promote reform as a DX leader, and contribute to enhancing profitability	DX leader human resource development program	Approximately 40 people
Business Department (Regional Branches)	Master digital tools to promote further advancement and efficiency through devices unique to the front line	Digital tool training, etc.	Approximately 110 employees

Events Held in the Fiscal Year Ended March 31, 2022			
Data analysis competition	Two times	39 participants	
Hackathon	Two times	53 participants	

Examples of Initiatives

1 Advancement of Workload Forecasts

We are utilizing data extracted from various services operated under the Yamato Digital Platform to advance workload forecasts and improve operational efficiency. Regarding workload forecasts, in addition to improving forecast models on a monthly basis through a machine learning model, we have created an algorithm to gather information from interviews with medium- and large-lot customers, such as sales implementation schedules and sales estimates, and reflect this in our forecasts to improve their accuracy. We aim to balance the provision of stable, high-quality services with optimized costs by creating personnel and vehicle plans for *TA-Q-BIN* sales offices, sorting terminals, and trunk-route transportation based on daily forecasts created up to three months in advance to carry out actual operations. Furthermore, to improve the efficiency of operations, we are providing an environment where frontline employees, including sales drivers and guest operators, are even more customer-facing. We are achieving this by making pickup and delivery operations more efficient through the development of functions that automatically create a route by scanning the delivery address and time period on delivery slips and digitalizing and streamlining back-office work, such as inventory of materials and reporting abnormalities with packages. We will create a system to adjust and optimize operations according to factors including customer demand and capacity with the aim of further improving efficiency of operations.



2 Provision of Solutions That Utilize Data

By not only delivering products but also providing their tracking information leading up to their current form as added value, we are working to provide services and optimize the supply chain to meet the needs of diverse corporate clients. For example in logistics for special pharmaceuticals, which require strict temperature controls, we are utilizing the Yamato Digital Platform and IoT devices, which can track package data in real time. Through this we have created a system capable of real-time monitoring of packages for information on their location, temperature, humidity, exposure to light, and vibrations due to shocks, from the receipt of packages to delivery. As a result we are contributing to maintaining the quality of and reducing waste for pharmaceuticals.



Image of monitoring system

3 Provision of More Convenient Pickup Experiences by Enhancing *Kuroneko Members* Functions

From March 2022, we shifted *Kuroneko Members*, the service for individual clients that has over 50 million registered members, to the Yamato Digital Platform. By utilizing various data under the Yamato Digital Platform, we provide services that fit customers' lifestyles and meet their diverse needs, such as unifying and providing various forms of information,* which users previously had to check the attempted delivery notice or homepage for, in addition to real-time coordination with delivery status.

- * Newly provided information for *Kuroneko Members*:
 - Details of packages (sender, product name, and size)
 - Barcode for receiver (when collecting a package away from home)
 - Number and passcode for home delivery boxes
 - Pickup and delivery regulations for applicable areas

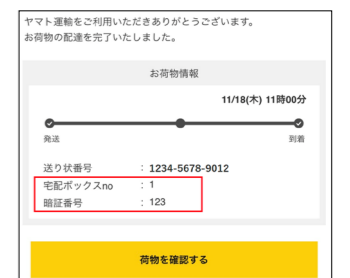


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Digital Investment

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

Results of Digital Investment for the Fiscal Year Ended March 31, 2022

Digital Investment	2022/3 (Results)
Enhancement of value provided to customers	¥8.0 billion
Improvement of operational efficiency for transportation and delivery	¥6.2 billion
Creation and maintenance of digital infrastructure	¥11.8 billion
Other	¥1.8 billion
Total	¥27.8 billion