

Base Domain: Reinforcement of the TA-Q-BIN Network and Expansion of Value Proposition

We are increasing the service lineup, enhancing customer experience value, and expanding our value proposition through measures such as carbon neutral delivery for the three parcel delivery services. At the same time, we are strengthening our pricing strategy in response to external environmental changes. Furthermore, we will promote structural reforms of our network operations to strengthen our TA-Q-BIN network as part of social infrastructure, converting it to a structure that can achieve steady profit growth.

Express Business

Provision of domestic parcel delivery services centered on TA-Q-BIN

Results for Fiscal Year Ended March 31, 2024



Expansion of Value Provision

In the retail domain, we are working to strengthen sales to small corporates by leveraging the connection between our Sales Drivers (SDs) and customers, aiming to back these efforts by expanding our service lineup. On the other hand, in the corporate domain, in the fiscal year ended March 31, 2024, we started promoting efforts to win accounts that will propel expansion of our Contract Logistics (CL) Business and Global Business expansion. Going forward, we will also strengthen our negotiations to optimize pricing.

► Expansion of Value Provision

Item	Quantity	Unit	Other
Carbon neutral transportation and visualization of GHG emissions	↗	↗	—
Provision of "Okihai" for Kuroneko Members	↗	—	Cost ↘
Provision of speedy transportation using freighters	↗	↗	Other transportation revenue ↗

TOPICS

Carbon Neutral Delivery

In January 2024, we made a Carbon Neutrality Declaration in accordance with the international standard. We will continue working to reduce GHG emissions associated with our business activities and we will continue to realize carbon neutrality for our target products (TA-Q-BIN, TA-Q-BIN COMPACT, and EAZY) through measures such as offsetting via the use of carbon credits. We will use this carbon neutral transportation as a new factor for differentiating ourselves to expand sales of our service.



Carbon Neutral Delivery

Provision of Okihai Service for Kuroneko Members

From June 2024, we added *Okihai*, an unattended delivery service, as a new method for receiving deliveries for approximately 57 million registered users of our Kuroneko Members (a membership service for individuals).

We will respond to an increase in needs for non-face-to-face reception of deliveries, which has been driven by diversification of lifestyles and growth in demand for e-commerce, as we contribute to better customer convenience when receiving packages. In the July to September period following the launch of *Okihai*, we saw a significant year-on-year increase in both the number of deliveries that can be designated for *Okihai* and the number of deliveries designated for *Okihai*, while the not-at-home ratio was 9.1%. This was below the level of 10.1% for July-September 2020, which was affected by the COVID-19 pandemic, and is also contributing to productivity gains in last-mile services.

► Capital and Business Alliance with the Red Horse (RH) Group

In September 2024, Yamato Holdings concluded a capital and business alliance agreement with the RH Group, which has extensive expertise and industry share in the hometown tax system support. Using the Yamato Group's three-temperature-range logistics processing and transport and delivery functions, we will increase delivery volume and promote the provision of value in upstream areas in the expanding hometown tax system market.

	RH Group's strengths	Yamato Group's strengths
Strengths of both groups	Extensive expertise and industry share in hometown tax payment system support <ul style="list-style-type: none"> 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 OWL online market, a direct-to-customer e-commerce mall with 500,000 members 	Nationwide customer base and logistics processing and transportation and delivery functions in three temperature ranges <ul style="list-style-type: none"> Transportation and delivery network and logistics processing functions that handle three temperature ranges (room temperature, refrigerated, and frozen) Approximately 60,000 Sales Drivers Customer base built through TA-Q-BIN service and alliances with approximately 700 local governments

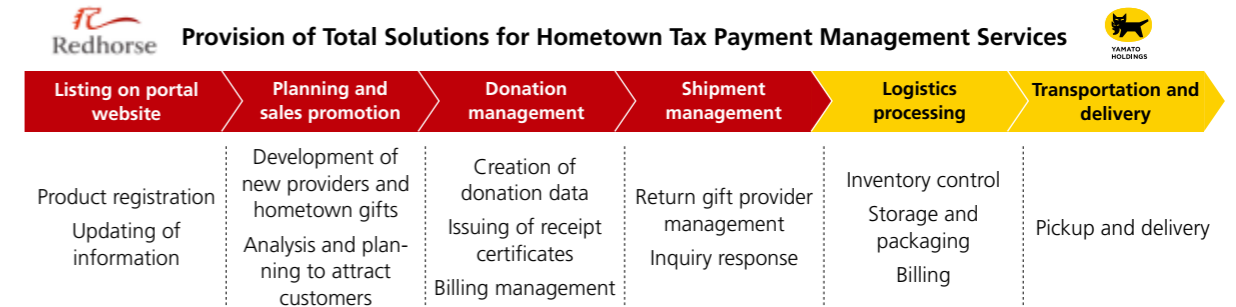
Strengthening efforts for regional revitalization

- 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)

Vision



For more details, please refer to our corporate website.

https://www.yamato-hd.co.jp/english/news/2024/pdf/newsrelease_20240930_en02.pdf

► Pricing Strategy

As the working-age population in Japan declines, we are promoting a pricing strategy to ensure an appropriate consideration commensurate to the value we provide in order to deal with increases in wages and the unit prices of our partners, as well as increases in resource and energy prices.

We revise our notified fares (retail prices) every year based on changes in the external environment and also revise individual contracts with corporate customers. In the corporate domain (large corporates) in particular, we are promoting efforts to win accounts that will drive expansion of our CL Business and Global Business, while carefully negotiating optimization of pricing based on factors such as fluctuation in operation volume and operation load. Looking ahead, we will continue to continuously revise pricing, including our charging system, such as application of seasonal surcharges, in order to realize and increase profitability.

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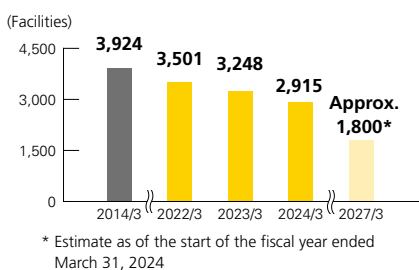
Structural Reform of Network Operations

In order to respond to the expansion of e-commerce and changes in customer needs and the structure of logistics, and to reinforce our TA-Q-BIN network as a part of social infrastructure in a more efficient and continuous manner, we have been promoting initiatives to optimize operating costs, such as consolidating and enlarging last-mile pickup and delivery facilities, consolidating the regions for trunk-route transportation, and establishing fully-digital operations.

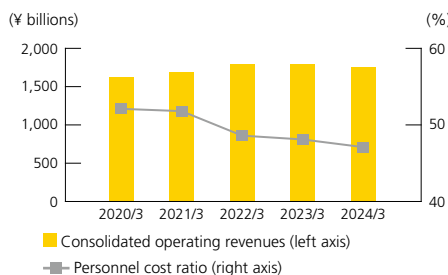
► Consolidation and Enlargement of Last-Mile Pickup and Delivery Facilities

We had been opening large numbers of small-scale, last-mile pickup and delivery facilities for parcel delivery, mainly in urban areas, but we are now working to consolidate and enlarge them. In this way, we will work to optimize transport, operation, administration, and management costs by reducing transport between facilities and realizing more a flexible operational design. We will also increase safety, quality, and ease of working through the use of digital technology and the establishment of a good working environment.

Trend in No. of Last-Mile Pickup and Delivery Facilities

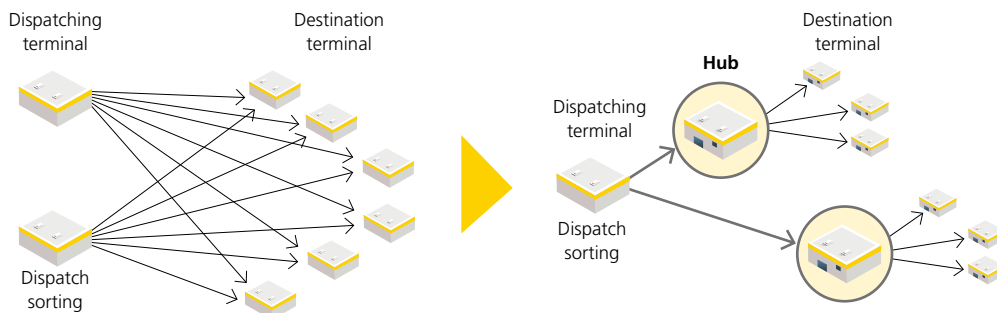


Trend in Consolidated Operating Revenues and Personnel Cost Ratio



► Regional Consolidation of Trunk-Route Transportation

Previously, we sorted parcels at the dispatch terminal by the destination terminal for transport and in some cases where a full load for a large truck was not available for a direction with little freight, the cargo was collected with frontline ingenuity and transported at an adjacent terminal. However, the environment is changing, with changes in cargo movements due to the expansion of e-commerce and increasingly severe shortages of transportation capacity. Against this backdrop, there has been a growing need to establish a reliable, continuous transport model to reduce long-distance operations while improving loading efficiency, and our policy is to proceed with regional consolidation while appropriately discerning its effects. At the same time, we will work to improve dispatch planning and the performance management process of trucks at each terminal.



► Establishing Fully Digital Operations

In parallel with our initiatives to consolidate and enlarge last-mile pickup and delivery facilities and regionally consolidate truck-route transportation, we are engaged in transforming our operations using technology. We are building operations that have instructions issued by the system to prevent drivers getting lost, working environments in which the status of operations can be managed by managers in real time even when they are off site, and networks that can transport only the required cargo at the required place and time. These will realize a reduction in operating costs by relieving management of certain tasks and increasing work productivity. It will also increase safety by abolishing unreasonable driving and work operations and help to increase job satisfaction by visualizing employees' level of fulfillment at work.