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Notice Regarding the Update of the Yamato Group Medium-Term Management Plan “Sustainability Transformation 2030 ~1st Stage~”

Yamato Holdings Co., Ltd. (Head Office: Chuo-ku, Tokyo; President: Yutaka Nagao) announces that it has decided today to update its medium-term management plan “Sustainability Transformation 2030 ~1st Stage~” (hereinafter referred to as “SX2030 ~1st Stage~”), which has the fiscal year ending March 31, 2027 as its final year.

1. Background

Yamato Group has set its long-term vision for 2030 to become a “value-creating company that contributes to the realization of a sustainable future,” aiming to continuously enhance corporate value in the future through our management philosophy of “Helping to enrich our society”, despite growing uncertainties due to factors such as climate change, the decline in the working population, the progression of depopulation, and the intensifying shortage of transportation capacity. Yamato Group has been advancing various initiatives, positioning “SX2030 ~1st Stage~,” which covers the three years through the fiscal year ending March 31, 2027, as the “three years to strengthen the TA-Q-BIN network and transform the business portfolio”.

In the first year (the fiscal year ended March 31, 2025), with the impacts of rising prices and the “2024 issue,” some strategic initiatives to address changes in the business environment did not achieve the expected results, resulting in a gap between the plan and actual earnings. After implementing countermeasures, both our revenues and profit turned to growth from the second half of the fiscal year. In the first half results for the fiscal year ending March 31, 2026 announced today, operating profit improved by 11.2 billion yen year on year, with clear progress seen in profitability improvement in the TA-Q-BIN business and profit growth in the corporate business.

Accordingly, while maintaining the long-term vision and business policy of “SX2030 ~1st Stage~,” we have revised the quantitative targets for the final year (the fiscal year ending March 31, 2027) based on the accumulation of initiatives currently in sight.

Yamato Group will continue to strengthen the profit growth drivers that have progressed in the first half of the fiscal year, and work to enhance corporate value through strengthened balance sheet management and optimized capital allocation. At the same time, we aim to achieve sustainable growth by driving both growth strategies and structural reforms from a medium- to long-term perspective.

2. Key Management Metrics

(Billions of Yen)

Management Metrics	Actual results for the fiscal year ended March 31, 2025	Forecast for the fiscal year ending March 31, 2026	Target for the fiscal year ending March 31, 2027
Operating revenue	1,762.6	1,880.0	1,940.0
Operating profit	14.2	40.0	60.0
Operating profit margin	0.8%	2.1%	3.1%
Ordinary profit	19.5	40.0	60.0
Profit attributable to owners of parent	37.9	24.0	36.0
ROE	6.5%	4.1%	6% or above
ROIC	1.4%	3.7%	5% or above

3. Main Strategies

(1) Strengthening profit growth drivers

- Pricing optimization

The average TA-Q-BIN unit price is on an upward trend, up 1.8% year on year in this second quarter, thanks to progress in negotiations with corporate clients, and increased parcel volume in the TA-Q-BIN domain which has relatively high unit prices. We will continue to optimize pricing in line with added value, and further improve profitability.

- Growth in the business for corporates

The pipeline for both Contract Logistics and Global businesses continues to expand steadily. We are accelerating the provision of solutions for EC and BtoB clients as a partner across the entire supply chain. In addition, we will pursue further growth through M&A and strategic business alliances.

- Optimization of operating costs

The review of transportation operations has led to an improvement in transportation costs. We will further enhance efficiency in trunk-route transportation and optimize vehicle dispatch processes, to further optimize costs.

- Reduction of indirect costs

We will streamline back-office and administrative operations, and optimize personnel allocation to achieve structural cost reductions.

(2) Initiatives for further growth

- Full-scale promotion of data-driven management

We will utilize evolving technologies such as generative AI across the organization to optimize transportation operations through automated vehicle dispatch, reform back-office processes, and optimize pricing. We will promote optimal personnel allocation and talent development initiatives in parallel, aiming for profit growth through structural cost reductions and value creation.

- Commercialization of green mobility

By integrating our expertise in people, vehicles, and energy, we developed new solution businesses. We provide logistics companies and shippers with one-stop services such as EV Lifecycle Services, energy management (Yamato Energy Management Co., Ltd.), and online medical services (MY MEDICA Inc.) Through these initiatives, we will help corporate clients address safety and environmental challenges, and create new sources of revenue.

4. Financial Strategy to Maximize Capital Efficiency

(1) Strengthening balance sheet management

- Optimization of assets owned

We will consider effective utilization, disposal, or off-balancing of real estate and other assets owned, while steadily reducing strategic equity holdings

- Pursuit of optimal capital structure

While maintaining financial discipline, we will strategically utilize interest-bearing debt to lower the WACC (Weighted Average Cost of Capital), thereby establishing an optimal capital structure and achieving sustainable enhancement of corporate value.

* Target equity ratio: approximately 45%

(2) Optimization of capital allocation

- “Growth investments” to accelerate business portfolio transformation

We will make disciplined investments that contribute to improving the profitability of the base domain, such as strengthening the TA-Q-BIN network and advancing DX, as well as conduct M&A, where clear synergies can be expected in the growth domain.

* Discipline: maximize capital efficiency based on metrics such as ROIC

- “Shareholder returns” to maximize shareholder value

- Dividend policy: We will continue to focus on stability and continuity, targeting a payout ratio of 40% or higher.

- Share buybacks: We have completed the 50 billion yen share buyback announced in November 2024.

We will consider additional share buybacks, taking into account the progress of growth investments, cash flow trends and the share price.