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November 5, 2024

Company name: Yamato Holdings Co., Ltd.
Name of representative: Yutaka Nagao, Representative Director and President
(Securities code: 9064; Tokyo Stock Exchange, Prime Market)
Inquiries: Atsushi Kashimoto, Managing Executive Officer
(Responsible for Investor Relations)
(Telephone: +81- 3-3541-4141)

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

Yamato Holdings Co., Ltd. (the "Company") hereby announces that it has resolved, at the Board of Directors meeting held on November 5, 2024, to acquire 87.7% of issued shares of Nakano Shokai Co., Ltd. ("Nakano Shokai") and make it a subsidiary of the Company. The details are as follows:

1. Reason for the acquisition of shares

Under the Medium-term Management Plan "Sustainability Transformation 2030 ~1st Stage~", which ends in the fiscal year ending March 31, 2027, Yamato Group is working to transform its business portfolio, by expanding earnings to achieve profit growth in the base domain (Express ("EXP") Business), strengthening the TA-Q-BIN network, and expanding in the growth domain (Contract Logistics ("CL") Business and the Global Business).

Meanwhile, Nakano Shokai comprehensively provides multiple functions tailored to the needs of its clients, which are mainly retailers, manufacturers and suppliers of food products, as well as the upstream logistics domain of e-commerce operators, including the subleasing of logistics facilities reconfigured to match client specifications, in addition to storage, warehouse operations and transportation services.

The Company decided to acquire the shares because the addition of Nakano Shokai to the Yamato Group will expand the corporate business domain through (1) expansion of the CL Business, (2) generation of synergies with the EXP Business, and (3) achieving cost synergies (CL and EXP Businesses) through joint use of resources of both companies.

2. Overview of the subsidiary (Nakano Shokai) subject to change

(1)	Name	Nakano Shokai Co., Ltd.
(2)	Location	3-18-5 Naka-Kasai, Edogawa-ku, Tokyo
(3)	Name and title of representative	Hiromu Numazawa, Representative Director and President
(4)	Description of business	Contract logistics business, etc.
(5)	Share capital	100 million yen
(6)	Date of establishment	August 16, 1988

(7)	Major shareholders and ownership ratios	Hiromu Numazawa 81.6% NS Support Co., Ltd. 18.4%	
(8)	Relationship between the Company and said company	Capital relationship	None
		Personnel relationship	None
		Business relationship	There are business relationships, including the outsourcing of sorting operations of EC parcels from Yamato Transport Co., Ltd., a consolidated subsidiary of the Company

(9) Consolidated operating results and consolidated financial positions of said company for the last three years

As of / Fiscal year ended	September 30,2021	September 30,2022	September 30,2023
Consolidated net assets	4,029	6,028	8,919
Consolidated total assets	28,689	32,781	34,320
Consolidated net assets per share (Yen)	617.03	923.14	575.80
Consolidated net sales	61,241	76,329	86,770
Consolidated operating profit	966	3,587	4,652
Consolidated ordinary profit	1,655	3,553	4,671
Profit attributable to owners of parent	872	2,199	3,205
Consolidated earnings per share (Yen)	133.60	336.80	206.94
Dividend per share (Yen)	30	50	40

(Millions of yen, unless otherwise noted)

3. Overview of the counterparty to the acquisition of shares

(1)	Name	Hiromu Numazawa
(2)	Address	Ichikawa City, Chiba Prefecture
(3)	Relationship between the Company and said individual	There are no applicable capital, personnel or business relationships, nor is the individual an affiliated party

4. Number of shares to be acquired, acquisition costs, and shareholding before and after acquisition

(1)	Number of shares held before the change	0 shares (Number of voting rights: 0 units) (Ratio of voting rights held: 0.0%)
(2)	Number of shares to be acquired	Total number of shares to be transferred and underwritten through third party allotment: 20,365,960 shares (Number of voting rights: 20,365,960 units)
(3)	Acquisition cost	Total cost of shares to be transferred and underwritten through third party allotment: 46,943 million yen
(4)	Number of shares held after the change	20,365,960 shares (Number of voting rights: 20,365,960 units) (Ratio of voting rights held: 87.7%)

5. Timetable

(1)	Date of resolution at the meeting of the Board of Directors	November 5, 2024
(2)	Date of conclusion of the agreement	November 5, 2024
(3)	Date of share acquisition	December 1, 2024 (scheduled)

6. Future outlook

The impact from Nakano Shokai to the Company's consolidated earnings is expected to start from the fourth quarter of the fiscal year ending March 31, 2025, and the impact on the consolidated earnings for the current fiscal year will be minimal.

(Reference) Consolidated financial results forecasts for the current fiscal year (released on November 5, 2024) and actual consolidated results for the previous fiscal year

(Millions of yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Consolidated financial results forecasts for the current fiscal year (Fiscal year ending March 31, 2025)	1,730,000	10,000	10,000	5,000
Actual consolidated results for the previous fiscal year (Fiscal year ended March 31, 2024)	1,758,626	40,059	40,458	37,626

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

November 5, 2024

Yamato Holdings Co., Ltd.

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1. 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 4.6bn yen　Net assets 8.9bn yen (EBITDA 5.9bn 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

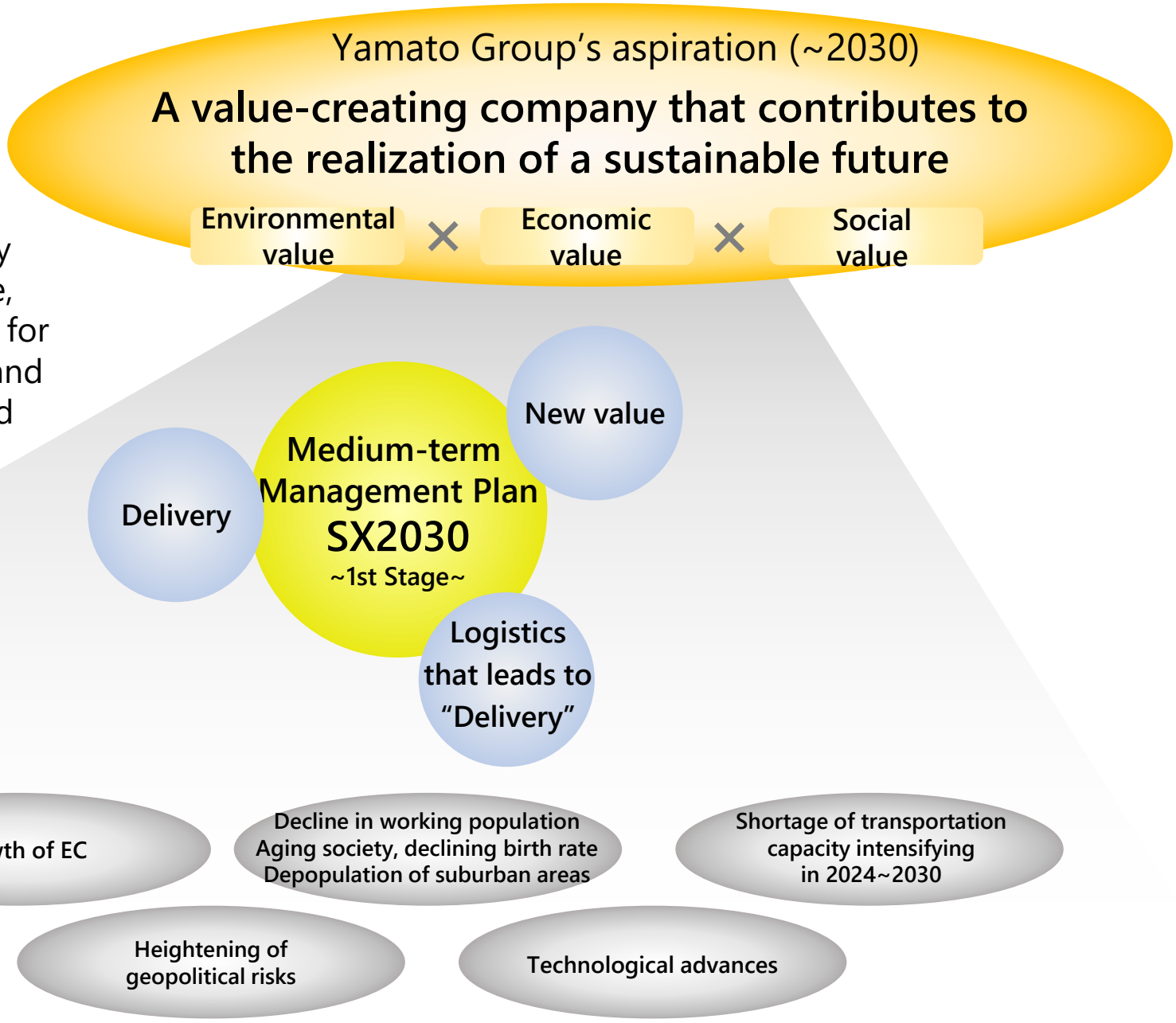
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2. Our aspiration

from our Mid-Term Management Plan material

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.



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3. Direction of our management
(Growth image under “SX2030 ~1st Stage~”)

from our Mid-Term Management Plan material

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

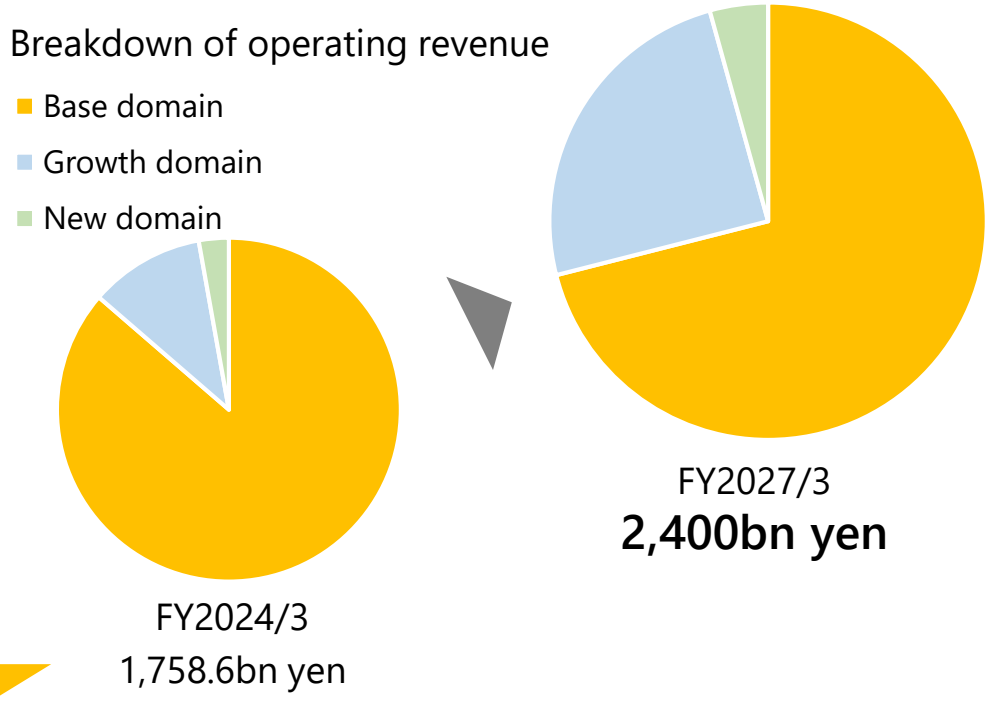


Image for FY2031/3

Operating margin: 8% or above ROE:16% or above ROIC:12% or above

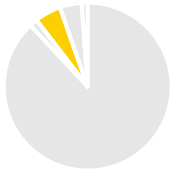
*EXP: Domestic transportation and delivery business, centered around transportation (TA-Q-BIN) services that pay consideration to climate change

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4. 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

Earnings	FY March 2024 results (% of consolidated results)  Operating revenue from clients **89bn yen**  Operating profit **9.7bn yen** * Includes one-off impact from COVID vaccine and large recall mandates
Key strategies	• 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

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.

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5. Overview of Nakano Shokai

ナカノ商会 Human Energy Logistics

YAMATO HOLDINGS

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		• Headquarters: 3-18-5 Naka-Kasai, Edogawa-ku, Tokyo • Established: August 16, 1988 • Listed/not listed: Not listed • Fiscal year end: September
Overview of business		• Contract logistics business – Storage, warehouse operations, transportation services – Sub-leasing of logistics facilities reconfigured to accommodate clients' needs • Main sectors/domains of its clients – Retailers – Makers & suppliers of food etc. – Upstream logistics for EC operators
Resources	**Human resources**	• Approx. 3,100 (1,500 full-time, 1,600 part-time) – out of which, 1,400 are warehouse-related, 700 are drivers
	Assets	• No. of facilities：51 in Japan – Covers major cities in Tohoku, Kanto, Kansai and Kyushu regions – Aside from the above, the company has approx. 100 facilities that it sub-leases to clients • Operates 3,500~5,000 vehicles per day, including partners' vehicles – 30% inhouse, 70% partners (the company owns approx. 400 vehicles) – Vehicles operate 24hrs a day. 1~6.5 operations per vehicle per day, depending on the distance

Financials

P/L

(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

B/S

(JPY bn)	FY23/9
Total assets	34.3
Total liabilities	25.4
(out of which, interest-bearing debt)	6.5
Total net assets	8.9

Return on capital

	FY23/9
ROIC	21%
ROE	43%

Strengths

- **Integrated provision of multiple functions, depending on client needs**
  - Provides multiple functions, including ordering of construction/refurbishments tailored to client needs
  - Expands the areas of consignment from each client, thereby improving profitability
- **Highly efficient inhouse manager model**
  - 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
- **Flexible transportation network**
  - Trains drivers so that any driver can transport goods to any location, thereby achieving high vehicle efficiency
  - Established an automatic vehicle assignment system, which also includes partners' vehicles

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6. 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

- **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**

【Achieve cost synergies】

Promote the integrated use of warehouse and transportation networks

- Utilize Nakano Shokai's resources and knowhow
- **Promote the integrated operations of warehouse and transportation networks of both companies**

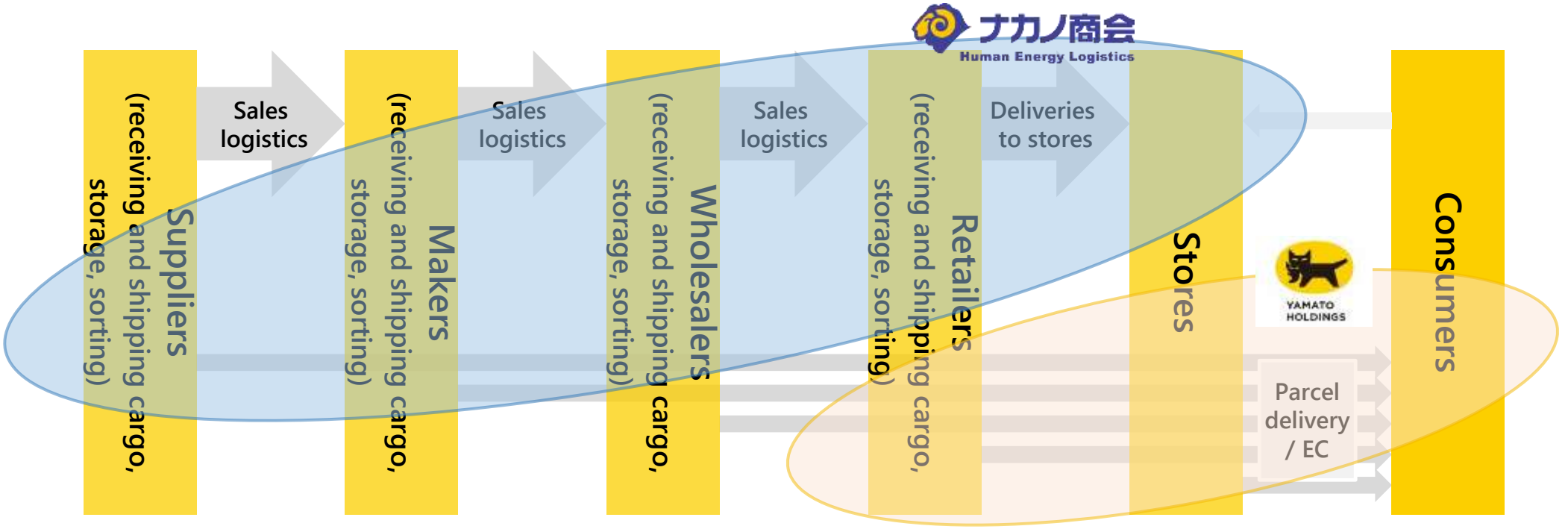
PMI structure to generate synergies

- 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

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7. 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

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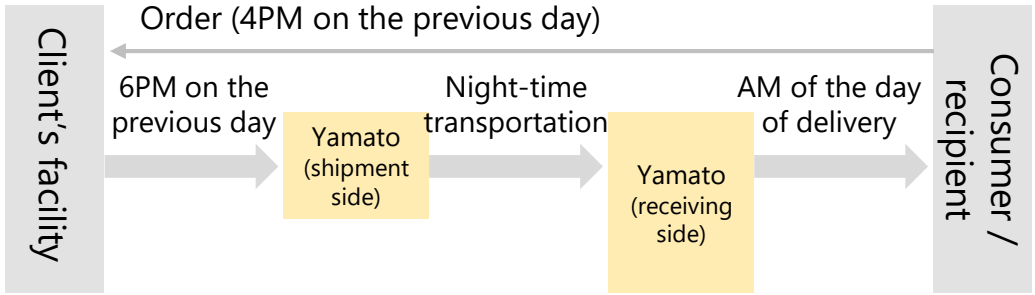
8. Examples of revenue synergies

Customized logistics & transportation services

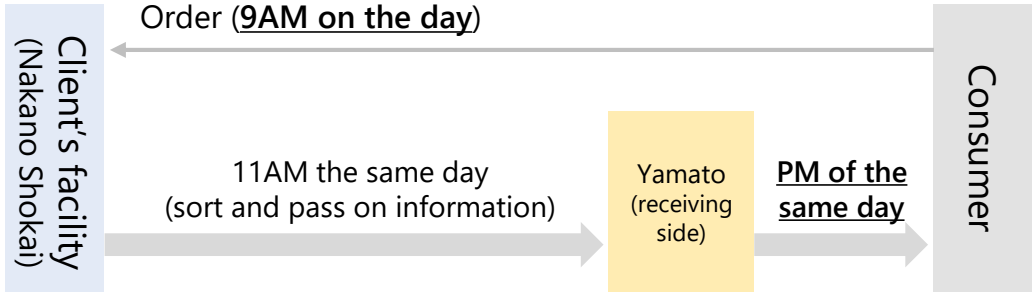
Logistics & transportation that cater to the needs of each corporate client

(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

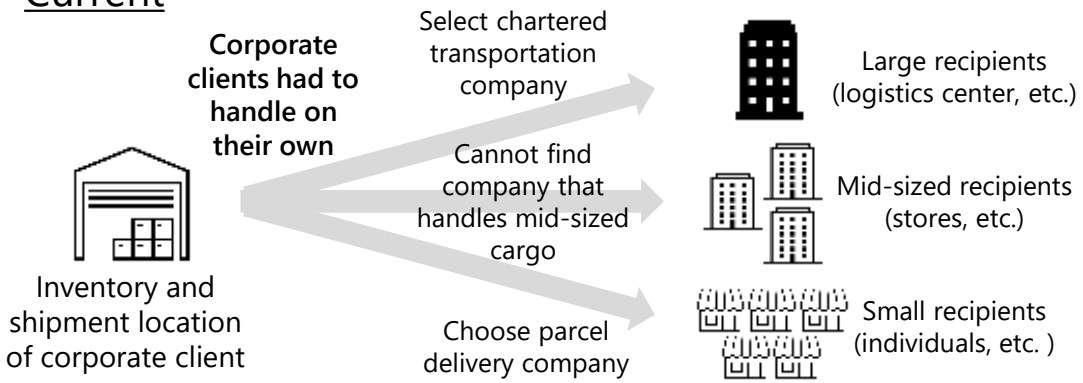


Provide delivery services according to clients' cargo volume and item size

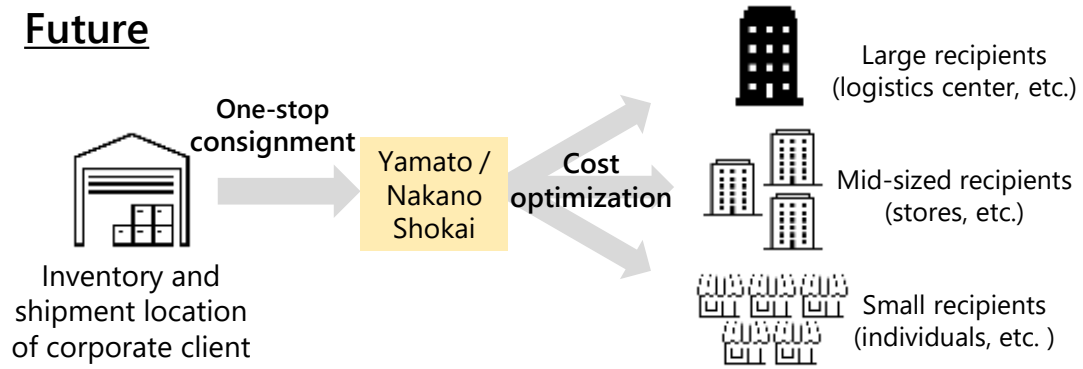
One-stop delivery services for corporate clients

(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



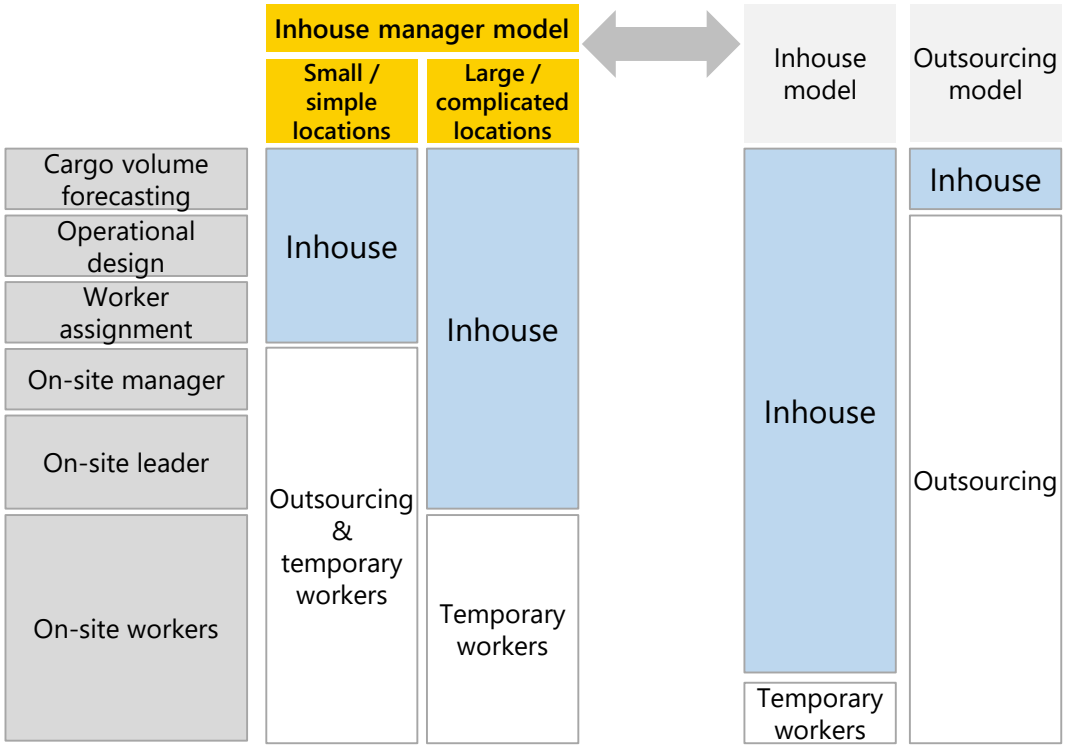
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9. Achieving cost synergies

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	• Approx. 700 inhouse drivers – Licensed to drive large trucks, which are crucial in the Corporate business domain • 3,500～5,000 operations per day, including partners' vehicles – 30% inhouse, 70% partners (owns approx. 400 vehicles) – Vehicles operate 24 hours a day, with 1～6.5 operations per day per vehicle, depending on the distance travelled
Knowhow	• **Driver training to avoid dependence on individual drivers** – Manuals that outline the operational process, which differs by client – Conducts driver training using the license scheme, making it possible for drivers to deliver to any client location, thereby achieving high vehicle operation efficiency • **Automatic vehicle assignment system, including for partners' vehicles** – Developed to systemize vehicle assignment knowhow, and automate operations – High vehicle operation efficiency by assigning minimal number of vehicles needed

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