

# Message from the Chief Financial Officer



We will steadily implement structural reform initiatives based on the medium-term management plan “One Yamato 2023.” We aim to improve corporate value over the medium to long term by promoting digital transformation and the reinforcement of Group infrastructure while maximizing the value we provide to customers by focusing on the centralization of management resources in growth domains.

## Toshizo Kurisu

Executive Officer and Vice President  
Responsible for overseeing Finance, Public Relations and Digital

### ● Promotion of Structural Reform Aimed at Sustainable Growth

Amid changes to people’s lifestyles and the structure of the logistics industry that have been spurred by the global spread of COVID-19 and the acceleration of the shift to EC (e-commerce) in all industries, we have met rapidly increasing demand and increased revenues in the fiscal year ended March 31, 2021. This was achieved by proceeding with initiatives based on the transformation plan “YAMATO NEXT100,” which we formulated in January 2020 as a grand design for our management over the medium to long term. Furthermore, we achieved an increase in profit by optimally allocating management resources based on data analysis and demand forecasting to improve the efficiency of pickup and delivery and trunk-route transportation, as well as by creating a new delivery network in cooperation with our delivery partners to expand pickup and delivery capacity and optimize costs.

In January 2021, we formulated the medium-term management plan “One Yamato 2023,” which is scheduled to finish in the fiscal year ending March 31, 2024. Additionally, we launched a new Group management structure in April 2021 that is centered on the new Yamato Transport, which centralizes the management resources for each Group company.

We formulated the medium-term management plan “One Yamato 2023” with the transformation plan “YAMATO NEXT100” as a foundation and based on the accelerated changes to the business environment spurred by the COVID-19 pandemic. The plan includes targets for the fiscal year ending March 31, 2024 for consolidated operating revenues of ¥2,000 billion, consolidated operating profit of ¥120 billion, a consolidated operating profit margin of 6.0%, and ROE of over 10%. We will also promote structural reform initiatives with the aim of sustainable growth beyond the end of the fiscal year ending March 31, 2024 and medium- to long-term improvement of corporate value.

We are promoting the main initiatives of “One Yamato 2023” across the entire Group, including the creation of an “EC ecosystem”; the strengthening of the corporate logistics business; the reinforcement of Group infrastructure, which includes reviewing the location of services and promoting business process re-engineering (BPR); and the promotion of data strategies focused on the shift to data-driven management

to further increase the Yamato Group’s growth potential and profitability in the first year of the plan (the fiscal year ending March 31, 2022). We are also working to improve our business management in line with the new structure.

### ● Financial Strategy and Investment Aimed at Creating Future Cash Flows

Investment decisions are made based on whether or not they will increase corporate value over the medium to long term. In the three-year period between the fiscal years ending March 31, 2022 and the fiscal year ending March 31, 2024, we expect to invest a cumulative ¥400 billion to promote the main initiatives of “One Yamato 2023.”

Of this amount, we plan to invest a total of ¥200 billion in growth. This includes ¥100 billion for digital investments to revamp core systems and expand the functions of the new delivery service *EAZY*, which is geared toward e-commerce companies; ¥50 billion for investments in buildings, such as automating logistics operations and establishing work consolidation centers; and ¥50 billion for developing automated warehouses and equipment for supply chain solutions, such as the distribution of pharmaceuticals.

In addition, as current investments to maintain the business, we expect to invest ¥60 billion in the extension and structural alteration of logistics facilities, ¥60 billion in the replacement of vehicles and introduction of environmentally friendly vehicles, ¥50 billion in the expansion and replacement of management systems related to existing services and internal personnel safety, and ¥30 billion in the replacement of sorting equipment for parcels and equipment related to service provision.

Through these investments, we aim to increase growth potential and profitability by achieving growth in the EC and Corporate business domains and improving productivity in the areas of transport and delivery services, sorting, and administrative work through the optimal allocation of management resources based on data analysis and the strengthening of Group infrastructure. Furthermore, in response to changes in the business environment and customer needs, we will implement optimal investments in areas such as the examination and implementation of proactive collaboration with external partners, regardless of our policy of self-reliance, in domains

that require management speed or resilience in response to the fluctuation of demand.

In regard to financial strategy, as a company responsible for social infrastructure, our basic policy is to maintain and improve financial soundness, taking into account business continuity; the impact of COVID-19, which remains uncertain; and increasingly severe disasters.

In terms of fundraising, we will do so in a timely and appropriate manner, with an awareness of financial soundness and efficiency. We will strive to maintain our credit rating (AA-, Rating and Investment Information, Inc.) while keeping in mind an optimal capital structure from the perspective of financial stability.

In April 2020, we transferred 60% of the issued common share of Yamato Lease Co., Ltd. to Fuyo General Lease Co., Ltd. to strengthen the competitiveness of the lease service business and achieve joint ventures with partner companies aimed at expanding business domains. We also transferred 51% of the issued common share of Yamato Home Convenience Co., Ltd. to ART MOVING COMPANY Co., Ltd. in January 2022 to further increase convenience for customers in the moving market.

We will continue to promote initiatives, such as reorganization in anticipation of future business growth and reallocation of management resources to highly profitable businesses, with the aim of improving capital efficiency.

### ● Basic Stance on Capital Policies and Shareholder Returns

In regard to capital policy and shareholder returns, we will consider timely and appropriate measures based on the future growth potential (operating revenues) and profitability (operating profit margin) of our businesses, financial soundness (status of cash creation, cash and cash equivalents, and capital adequacy ratio levels), investment progress, capital efficiency, and other factors, with a basic policy of stable dividends (with an awareness of the ratio of dividends to shareholders’ equity). The key indicators for capital policies will be ROE of 10% or more (fiscal year ending March 31, 2024), a dividend payout ratio of 30% or more, and a total return ratio of 50% or more (cumulative for the period from

the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024).

In the fiscal year ended March 31, 2021, we paid dividends of ¥46 per share and achieved a payout ratio of 30.4%. In the fiscal year ending March 31, 2022, we plan to pay out an interim dividend of ¥23 per share (already paid), a final year dividend of ¥23 per share, and a full-year dividend of ¥46 per share.

### ● Changes to Segment Disclosure of Financial Results

Following the launch of the new management structure in April 2021, we have changed the classification of reportable segments from the first quarter of the fiscal year ending March 31, 2022. We changed from six business segments to two business segments—the Retail Business Unit, which engages in providing high-quality, small-lot transportation services, including *TA-Q-BIN*, and providing value that meets the needs of consumers and regular business clients, and the Corporate Business Unit, which engages in providing value across the entire corporate logistics supply chain, including the upstream and downstream business domains. Furthermore, this fiscal period is the first year of the new “One Yamato” management structure and we are engaging in a phased enhancement of segment information. To ensure that all of our shareholders and investors understand the Yamato Group’s financial situation, we will continue striving to disclose information in an appropriate and timely manner.

### ● Improvement of Corporate Value over the Medium to Long Term

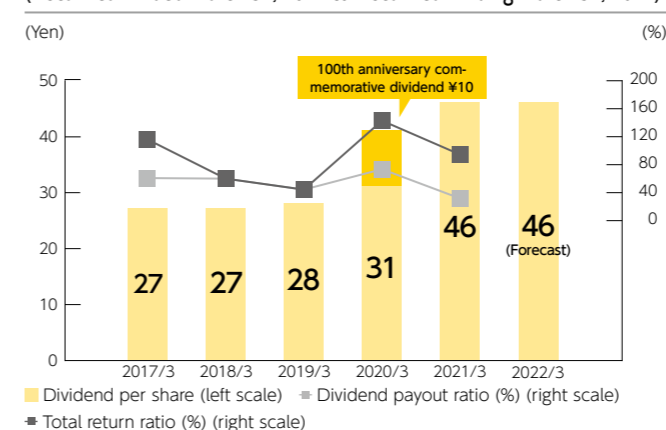
The Yamato Group has positioned ROE as a key indicator for improving shareholder value. We will strive to improve ROE by increasing profitability through optimizing the allocation of management resources and implementing growth strategies while remaining cognizant of an optimal capital structure.

Additionally, we will continue to strengthen corporate governance to achieve sustainable growth and a sustainable society. We will also promote Groupwide efforts to achieve the sustainable targets for society and the environment established in Sustainable Medium-Term Plans 2023, based on our sustainability vision and material issues (materiality) as laid out in “YAMATO NEXT100.”

As part of this, we will endeavor to enhance information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) while identifying and evaluating the risks, opportunities, and impacts associated with climate change in recognition of its importance in improving the Yamato Group’s corporate value over the medium to long term and realizing a sustainable society.

Going forward, we will aim to improve corporate value through not only the financial aspect of enhancing ROE but also the promotion and disclosure of initiatives aimed at the sustainable development of society and the business and through constructive dialogues with all of our shareholders and investors.

### Shareholder Return Results and Forecasts\* (Fiscal Year Ended March 31, 2017 to Fiscal Year Ending March 31, 2022)



\* The forecast dividend figures are the figures announced on November 12, 2021.