

Message from the Chief Financial Officer

Based on our new management transformation plan, YAMATO NEXT100, we will carry out the necessary investments to grow our business and improve our cost structure while pursuing further capital efficiency. In these ways, we will aim to improve corporate value over the medium to long term.

Atsushi Kashimoto

Executive Officer
Responsible for Finance and
Investor Relations Department



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. Under our current medium-term management plan, KAIKAKU 2019 for NEXT100, we have focused on the appropriate execution of recurring investments for the maintenance and expansion of logistics networks, including land, buildings, and vehicles, as well as growth investments for “Work Style Reform” and digital innovation.

Under our new management transformation plan, YAMATO NEXT100, we are planning to make a total of ¥400.0 billion in investments over its four-year period, from the fiscal year ending March 31, 2021 through the fiscal year ending March 31, 2024. We are planning to dedicate this

amount to recurring investments aimed at maintaining and expanding our logistics networks, which include introducing electric vehicles and other low-carbon vehicles, as well as growth investments aimed at shifting toward data-driven management, which includes the digital transformation of our *TA-Q-BIN* service and construction of the Yamato Digital Platform. In addition to this ¥400.0 billion, we are also looking at the functions necessary for Group growth by M&A and alliances with third parties to expedite the speed.

These investments will serve to secure a stable revenue base for the *TA-Q-BIN* service which, coupled with growth in e-commerce and corporate domains as well as reforms to Groupwide cost structure, will lead to an improvement in medium to long term corporate value.

In terms of financial strategy, we will work to maintain and improve financial stability as a basic policy while also placing emphasis on capital efficiency. When making investments, we will engage in fundraising activities with an awareness of financial stability and efficiency. Further, 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.

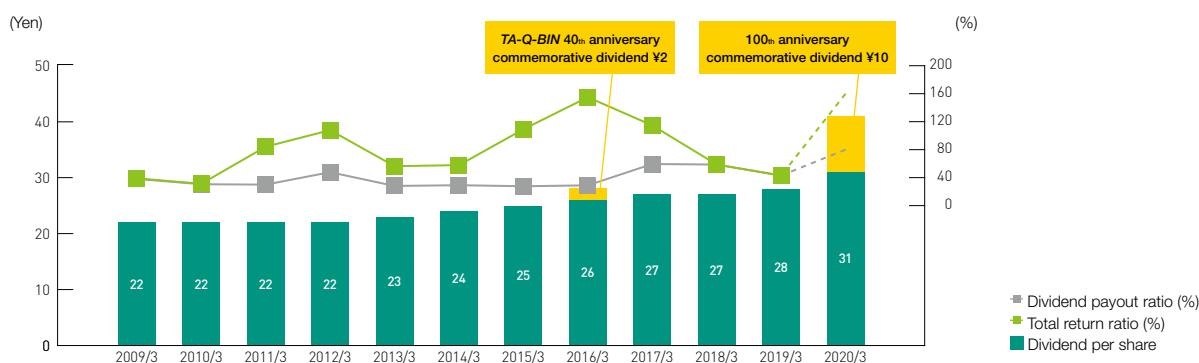
Basic Stance on Capital Policies and Shareholder Returns

We will examine the timely implementation of appropriate capital policies aimed at achieving stable and flexible shareholder returns. These policies will be based on future growth potential and profitability of our businesses, financial soundness, investment progress, capital efficiency, and other factors. The key indicators for capital policies will be ROE of 10% or more, 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 ending March 31, 2021 to the fiscal year ending March 31, 2024).

For the fiscal year ended March 31, 2019, we distributed annual dividends of ¥28 per share, with a payout ratio of 43.0%. On November 29, 2019, during the fiscal year ended March 31, 2020, the Company celebrated its 100-year anniversary. To show our appreciation to our shareholders, we are planning to add a commemorative ¥10 dividend to our regular dividend of ¥31 per share, for an annual dividend totaling ¥41 per share.

Furthermore, to enhance shareholder value, the Company decided to repurchase and cancel its treasury stock as a flexible capital policy in response to changes in the business environment. The Company will acquire up to 35 million shares of common stock (8.88% of total issued shares excluding treasury stock) with a total share acquisition price of up to ¥50.0 billion through market purchase during the period of February 6, 2020 to September 30, 2020. All shares acquired through this process will then be cancelled.

Shareholder Return Results and Forecasts



Improving 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.

At the same time, we will continue to strengthen corporate governance to achieve sustainable growth and a sustainable society. We will also promote Groupwide efforts to achieve the targets of our sustainability visions and materiality (important issues) laid out in “YAMATO NEXT100,” and in turn, create new value. In addition to disclosing such non-financial information in an honest and fair manner, reported from a medium to long term perspective, we also engage in active IR and SR initiatives that include maintaining constructive dialogues with shareholders and investors with the goal of improving corporate value.