

# Message from the Chief Financial Officer

## Contributing to Improving Shareholder Value and Corporate Value by Supporting Management Strategies from a Financial Perspective



PROFILE

**Toshizo Kurisu** | Representative Director, Executive Officer and Vice President

### Q1 Please share your approach to financial strategies and awareness of your role as CFO.

I believe that my role as CFO is to support management strategies from a financial perspective to realize sustainable growth and the improvement of corporate value in the medium to long term. I am also aware of the need to continuously enhance the overall market price of the shares as shareholders value and place importance on earnings per share (EPS) and ROE accordingly. By promoting medium- to long-term strategies centered on business structure reforms, the Yamato Group aims to achieve ROE of over 13%. As CFO, I engage in implementing investments that increase the profitability of the business and its growth potential while engaging in maintaining and strengthening shareholder returns and optimizing balance sheets. I hope to continuously enhance shareholder value by achieving ROE that fully exceeds shareholder capital costs.

### Q2 Two years have passed since the launch of Medium-Term Management Plan "One YAMATO 2023." Please explain the second-year results and business performance evaluation.

When creating the "One YAMATO Structure," we engaged in formulating a plan to fully transform our business structure. While Yamato's performance in fiscal 2022 did not fully meet the targets adopted under the Medium-Term Management Plan "One YAMATO 2023," I believe that we are steadily implementing measures to enhance profitability, which is always a challenge, by defining our vision for facilities and personnel. By doing so, we can gradually generate results.

In the structural reform of network operations, we are lowering the break-even point by reducing fixed costs through consolidation and enlargement of sales offices. At the same time, we are optimizing all costs by flexibly allocating the management resources of both Yamato and our partners in response to fluctuations in workload. We are also aggregating and standardizing administrative operations in tandem with facility strategies, making steady progress toward our ideal cost structure.

Furthermore, measures including a resolution to liquidate our overseas consolidated subsidiaries and the introduction of the Japanese Group Relief System helped to secure net income for the fiscal year ended March 31, 2023. We will strive to continue enhancing income by also addressing tax aspects as part of Yamato's financial strategies.

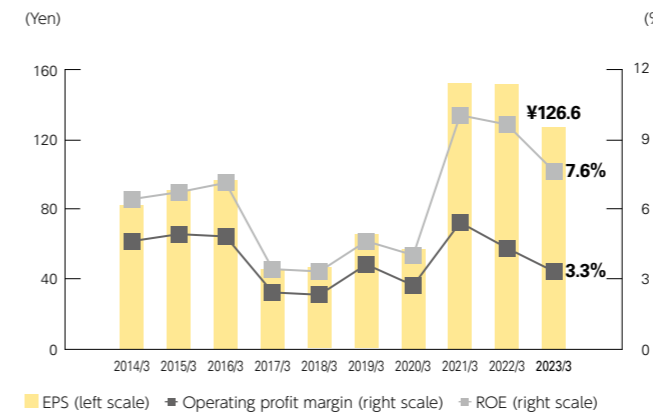
### Q3 Have you considered how to enhance ROE, which is a KPI, going forward?

Increasing operating revenues and operating profit—namely, strengthening earning power—are essential for enhancing ROE. To this end, it is important to expand value provision to the "End to End" and to receive corresponding compensation, and

we are advancing the expansion of the corporate business domain and structural reform of network operations in an integrated manner.

At the same time, we are optimizing balance sheets, promoting the selection and concentration of our businesses, products, and services to make full use of management resources, and actively examining collaboration with business partners. In addition, we are continuing to reduce our cross-shareholdings and, while we sold four assets in fiscal 2022 for approximately ¥2.7 billion, we will continue to sell stocks that we deem to lack significance to the Company, as appropriate. Meanwhile, while condensing our balance sheets, we intend to maintain a certain level of shareholders' equity ratio, which is required as a corporate group that serves as a crucial part of social infrastructure.

EPS/Operating Profit Margin/ROE (Fiscal Year Ended March 31, 2014, to Fiscal Year Ended March 31, 2023)



### Q4 Please explain your approach toward and plans for investment.

My basic approach is investment that contributes to customer value. Regarding the establishment of large-scale facilities, which began in the fiscal year ending March 1, 2024, we are moving forward with a balance between properties we rent and properties we own with an emphasis on the speed of expansion. We will reinforce verification and monitoring of the results of investments to ensure that we can make a return on investments within as short a time as possible. We will also actively promote investment based on digital, human resource, and environmental strategies that support business structure reforms.

### Q5 Please explain Yamato's capital policies going forward.

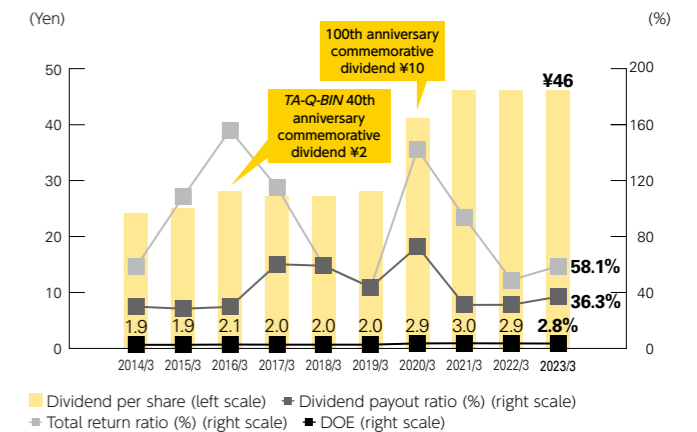
We intend to carefully select and prioritize business investments (capital investments, strategic investments, and M&As) that will contribute to enhancing shareholder value through capital created from profit growth due to business structure reforms.

Regarding fundraising, we issued our first green bonds in July 2023, with a five-year maturity and a total amount of ¥20.0

billion, to promote our environmental strategies. Meanwhile, we intend to continue utilizing debt in working capital and capital investments necessary for business structure transformation and will strive to manage our balance sheet based on capital efficiency, such as shareholders' equity ratio, while maintaining our credit rating (Rating and Investment Information, Inc.: AA-) with an awareness of optimal capital structure.

Our basic policy for shareholder returns is to pay out stable dividends with an awareness of DOE (ratio of dividends to shareholders' equity) based on factors including growth potential, profitability, financial soundness (cash and cash equivalents and shareholders' equity ratio), progress in investments, and capital efficiency. We aim for 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). While we have implemented stable dividends over the long term, we believe that we should also be aware of dividend yield in the future, and will discuss capital policies and shareholder returns as we formulate the next medium-term management plan.

Shareholder Return Results (Fiscal Year Ended March 31, 2014, to Fiscal Year Ended March 31, 2023)



### Q6 Finally, what is your message for stakeholders?

Two years have passed since the launch of "One YAMATO structure." The numerical management systems of each company, which used to be separate, are gradually being developed and corporate activities can be visualized through various indicators. As a result, while reflecting these appropriately in management strategies and financial strategies, we are aiming for operating profit margin of 7% or more and ROE of 13% or more in the medium to long term. Additionally, at the same time as we show our concrete strategies to shareholders in our next medium-term management plan, we will realize sustainable growth and improvement of medium- to long-term corporate value through the implementation of these strategies and dialogues.