May 11, 2021

To all those concerned


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|---|---|---|
| Company Name: | HAMAKYOREX Co., Ltd. | |
| Title of Representative | Representative Director and President | Hidenori Osuka |
| | (Code: | 9037 TSE 1st Sectio |
| Inquiries: | Operating Officer Corporate Planning Office | Yoshiyuki Takeuchi |
| | (Tel. 053-444-0055) | |


# Notification of New Mid-Term Management Plan (New Three-Year Plan)

This is notification that a new mid-term management plan (covering from April 2021 to March 2024) was formulated and approved during a meeting of the Hamakyorex Board of Directors held on May 11, 2021, with the goal of further improving business performance.

1. Basic principles
   (1) We will maintain a high awareness of costs and transform into a cost-competitive logistics company, through the participation of all members in management processes that value harmony and communication.
   (2) We will help our customers to generate logistics profits (i.e., reduce logistics costs), and will value attitudes and partnerships that allow us to prosper together with our customers.
   (3) We will set lofty goals without being beholden to conventions, and apply the combined knowledge of all employees towards achieving these goals.

2. Business expansion policies

The Japanese economy had gradually picked up pace since the state of emergency was lifted in May 2020 and there were some signs of recovery. However, the economy has once again transitioned back into a state of uncertainty with no indication that the rate of COVID-19 infections will become contained. Our industry continues to experience a difficult business climate with issues such as a downturn in consumer spending and a shortage of labor.

We see this situation as an opportunity to meet the needs of customers in reducing their logistics costs. We will therefore propose high-quality logistics solutions optimally suited to today's ever-changing social environments, and aim for further growth focusing on our core logistics center business (3PL business).

We will continue to follow the course set with our important keywords of "day-to-day income and expenditures," "participation of all members," and "communication," and will continue to challenge ourselves to reach greater heights.

We will aim for a consolidated operating income of 12.4 billion yen by the 2024 March period through the following efforts.

(1) Business expansion focusing on 3PL business

(I) Establish DX Promotion Division and streamline the workforce at our logistics centers.

·Introduce logistics robots in Kanto-area logistics centers and reduce the number of dispatch and receiving workers.

·Make use of camera authentication technology and automated transport robots to further reduce the number of staff needed.

(II) EC logistics expansion ("last mile") and in-house delivery efforts.

EC logistics is expected to grow, and we will leverage knowledge from our existing EC logistics center business to increase the number of EC logistics contracts we received ("last mile") and promote in-house delivery.

(III) Consider business profit and risks, and actively engage in capital investment.

·Actively introduce manpower-saving equipment even in existing logistics centers.

·Actively build our own warehouses for logistics centers.

(2) Fusion of group companies with 3PL business

(I) Convert Kinbutsu Rex terminals into logistics centers in an attempt to strengthen synergy.

(II) Attempt to strengthen synergy in areas where the Kinbutsu Rex network has a strong presence.

(3) Transport business efforts

(I) Use Kinbutsu Rex terminals to promote home delivery services using mini trucks.

(II) Promote freight rate revisions to improve working environment.

(4) Efforts to obtain new customers

(I) Apply sales and marketing efforts towards obtaining new customers throughout the entire group, regardless of existing organizations, duties, and group companies.

(II) Aim to obtain contracts from 15 companies per year for logistics center business.

(5) Overseas strategy efforts

(I) Attempt needs-based overseas expansion in order to improve domestic customer satisfaction.

(II) Expand completed vehicle transport business in India, and promote the development of cold chain distribution.

(6) ESG efforts

(I) Logistics center business: Reduce $CO_2$ emissions by introducing solar power generation systems.

Reduce time vehicles spend on standby by introducing a receiving time management system.

(II) Truck transport business: Introduce vehicles with low CO2 emissions.

(III) All businesses: Increase loading ratio and improve vehicle efficiency through making joint deliveries.
Introduce materials with a lower environmental burden in warehouse facilities
(such as recycled pallets and platform protectors).

3. Forecast of consolidated financial results

(Millions of Yen)

| | Year ending March 31 2022 | Year ending March 31 2023 | Year ending March 31 2024 |
|---|---|---|---|
| | Consolidated | Consolidated | Consolidated |
| Net Sales | 125,000 | 130,000 | 135,000 |
| Operating profit | 11,000 | 11,500 | 12,100 |
| Ordinary profit | 11,500 | 11,800 | 12,400 |
| Profit attributable to owners of parent | 6,750 | 6,900 | 7,200 |
| Earnings per share | 358.84 | 366.81 | 382.76 |
| Operating revenue ordinary profit ratio | 9.2% | 9.1% | 9.2% |
| Capital investment | 9 billion yen | 9 billion yen | 9 billion yen |
| Target ROE | 10% or higher | 10% or higher | 10% or higher |

4. Forecast by segment

(Millions of Yen)

| | Year ending March 31 2022 | | Year ending March 31 2023 | | Year ending March 31 2024l | |
|---|---|---|---|---|---|---|
| | Center | Truck transport | Center | Truck transport | Center | Truck transport |
| Net Sales | 76,400 | 48,600 | 80,400 | 49,600 | 84,400 | 50,600 |
| Operating profit | 8,600 | 2,400 | 8,950 | 2,550 | 9,400 | 2,700 |

5. Cash dividend policy

Distributing profits to all our shareholders is an important issue for Hamakyorex. We aim to distribute profits through increasing share value over the medium-long term as well as direct profit distribution. In order to expand our business, we plan to strategically apply internal reserve funds in areas such as building logistics centers and investing in AI and robot research etc. Our policy is to distribute regular dividends to all our shareholders by attempting to increase earnings through expanding our business. Our goal is to achieve a dividend payout ratio of 30% over the medium to long term.