Summary of Financial Results Briefings for the Fiscal Year Ended March 31, 2019

1. Outline of the briefing
   (1) Date  April 26, 2019 (Fri.) 4:30 PM to 5:30 PM
   (2) Venue  Main Meeting Room, 2nd floor of the Company Headquarters (2-9-2, Kyobashi, Chuo-ku, Tokyo, Japan)
   (3) Attendees  <The Company>
                  Yasuo Nakatani, President and Chief Executive Officer
                  Takashi Jinguji, Executive Vice President and Executive Officer
                  Seiki Sato, Senior Vice President and Executive Officer
                  Nobukazu Hayashi, Senior Vice President and Executive Officer
                  Hiromoto Fujitani, Vice President and Executive Officer
   <The press/institutional investors/analysts, etc.>  56 persons
   (4) Subject  (i) Summary of financial results, FY2019 plan, Concept of the Mid-term Management Plan,
                  Explanation of supplementary material
   (ii) Q&A

2. Main Q&A (summary)
   Q1. In the consolidated financial forecasts, adjusted operating income and EBIT are forecast to decrease and increase, respectively, for the first half of the year, but increase and decrease, respectively, for the full year. Would you please explain the reason?
   A1. We recognized a big exchange loss for the first half of FY2018 but don’t expect it to be as big for the first half of FY2019. Also, gain on business reorganization was recognized for the second half of FY2018, but we don’t expect any similar factor for the second half of FY2019 at this point. Accordingly, EBIT is unbalanced compared to adjusted operating income.

   Q2. I understand that you will reduce unprofitable projects in executing portfolio strategy. Please elaborate on the plan?
   A2. We may determine to discontinue part of our existing businesses or withdraw from certain businesses we have worked on for a long time. We will definitely consider withdrawing from businesses not related to our focused segments.

   Q3. What are the rational reasons for excluding the profitable forwarding business (Nisshin Transportation) from the scope of consolidation?
   A3. Operating margin of the entire Company is 4.4%, and we intend to improve it to 5% in the medium term. Although operating margin of the forwarding business is around 2 to 3%, it is essential for expansion of 3PL business. And by making it our associate accounted for by the equity method through a transfer to a strong company and coordinating it effectively with our 3PL business, we believe it will help expand the business. In the Mid-term Management Plan, we will aim to expand our business by coordinating our less profitable businesses with strong companies.

   Q4. How are you addressing the cost rise?
   A4. Our customers are aware of the labor shortage issue, and we set the revised fee taking into account the unit price rise. For the unit price rise, we will explain what we can do to save on costs and ask for their understanding for the part beyond our control, and therefore it will take approximately six months before we can charge and receive appropriate fees from customers.
Q5. Why do you expect revenues of the Automobile business for FY2019 to remain unchanged even though major automobile manufacturers are expected to decrease their production level? Do you think you can avoid a decline in profit even if sales decrease through efforts such as productivity improvement?

A5. We expect to record the same level of revenues as last year as we have received orders from automobile-related customers other than major customers of VANTEC. Also, VANTEC’s truck business has high truck utilization rate and can maintain profitability due to sharing with SAGAWA EXPRESS even if volume of automobile parts decreases. We intend to increase the importance of VANTEC’s truck business within the Group.

Q6. It seems the effect of collaborative innovation with SG Holdings on sales and profit is expected to slow down for FY2019. Why? Three years have passed since the alliance was formed. What is the timeline for management integration?

A6. The planned values are conservative considering the fact that some projects may take a few months to a year before they start generating the expected level of sales and the competitive environment. Also, we think the management integration is a consideration after we achieve our targets of revenues of ¥20 billion and operating income of ¥2 billion, so we will catch up in the first half. In addition, we believe our efforts in collaborative innovation are going well and we are positive about them, but we also think we need to discuss whether we can share future goals.

Q7. Operating income exceeded the plan for the first nine months of FY2018, but not in 4Q. What happened in 4Q?

A7. In 4Q, we recognized a large amount of strategic investments, including temporary expenses, totaling ¥2.4 billion while it was originally planned to be ¥2.1 billion. Excluding such strategic investments, operating income was the same level as the FY2017.

3. At the meeting venue