**Summary of Financial Results Briefing (Online) for the 2nd Quarter of FY2021**

1. Outline of the briefing
(1) Date:
   October 27, 2021 (Wed) 3:15 PM to 4:00 PM for Media
       4:30 PM to 5:30 PM for Analysts / Institutional investors

(2) Attendees:
   Yasuo Nakatani (Representative Executive Officer, President and Chief Executive Officer)
   Takashi Jinguji (Representative Executive Officer, Executive Vice President and Executive Officer)
   Seiki Sato (Senior Vice President and Executive Officer, General Manager, Corporate Strategy Office)
   Nobukazu Hayashi (Senior Vice President and Executive Officer, General Manager, Financial Strategy Office)
   Kiyoshi Nagao (Vice President and Executive Officer, General Manager, Business Management Headquarters)

(3) Subject:
   Summary of financial results for the 2nd Quarter of FY2021, Supplementary Materials, Q&A

2. Main Q&A (Summary)
(1) About the financial results for the 2nd quarter ended September 30, 2021
   Q1. Operating income for 2Q (three months) of ¥8.7 billion seems relatively low compared to 1Q. Please explain the background.
       A1. The situations in Japan differ depending on industries. In particular, in apparel-related business, storage fee decreased with lower shipment of autumn and winter clothes due to a lockdown in Vietnam. In the automobile industry, production volume decreased in September due to the semiconductor shortage. In Japan, weak movements in home appliance parts affected the 2Q results, but we expect the volume of distribution customers will increase.

   Q2. Operating income for 2Q (three months) is almost in line with the plan. Is it correct to assume it’s because global business exceeded the plan and domestic business fell below the plan? Also, please tell us about the outlook of global and domestic businesses after 3Q.
       A2. Global business has made up for a volume decrease in apparel- and automobile-related volume in domestic business. Although the outlook for apparel- and automobile-related business remains uncertain after 3Q, global business is strong and we think freight costs in freight forwarding business will remain high for the rest of the current fiscal year.

   Q3. Please explain why Others, in “Environmental / volume changes, etc.,” in the breakdown of variations for operating income became negative (-¥0.84 billion) compared to 1Q.
       A3. We recorded approximately ¥0.6 billion as expenses for the structural reform and projects including consulting fees. We expect to continue recording these expenses to some extent.
Q4. Profit is forecast to decrease in 2nd half. Is it because the semiconductor shortage or COVID-19 will have larger impact on profit? Or is it just a conservative forecast?
A4. Based on the situations up to 1H, there are no factors leading to an upward revision of revenues of ¥690 billion at this point. We plan to achieve operating income of a minimum of ¥37.5 billion.

Q5. ¥1.1 billion is incorporated in operating income forecast as an additional risk. Please tell us about its impact on the full-year plan.
A5. We believe we can achieve the full-year plan of operating income of ¥37.5 billion as the additional risk can be covered by contributions from the distribution industry and new projects to be launched.

Q6. Do you expect any impact from shortages of parts other than semiconductors?
A6. Other than semiconductors, shortages of parts have already affected production of home appliances and ICT equipment.

Q7. What is the outlook for the volume in ocean and air freight forwarding?
A7. The volume itself has not increased from the pre-COVID level, but freight cost hike has contributed to earnings. In freight to and from Japan, ocean freight export increased slightly while the volume increased slightly in various regions overseas. We expect that the volume will not increase much and the price will remain high for the rest of the current fiscal year and start to return to normal after FY2022.

Q8. VANTEC seems to be doing better than expected. How is it?
A8. The semiconductor shortage is starting to affect it from September. It may still continue after October, so we are carefully monitoring.

(2) About the progress of the Mid-term Management Plan

Q9. What do you aim by becoming a “leading 3PL company in Asia”?
A9. We aim to grow 3PL revenues in Asia including Japan. We are planning to make investments of several tens of billions of yen in India and other Asian countries and currently examining how much of an increase in revenues we can expect.

Q10. What do you mean by “Growth Vehicle”?
A10. It means making aggressive investments and playing an integral role in overseas growth. We listed North America, India, and Turkey, but we will invest in Southeast Asia and China if we see opportunities.

Q11. Please tell us about the deal with a manufacturing customer in North America (south area).
A11. The deal is with a construction machinery manufacturer and scheduled to start in 2H of FY2021. As our business targeting manufacturing customers including automobile manufacturers is growing, we
intend to create a scheme to acquire truck business companies in this area in our future M&A strategy.

Q12. What sort of needs do you expect for the intermodal transportation in Europe?
A12. MARS is strong in the intermodal transportation with its main routes connecting Turkey, Italy, and Luxemburg and recently opened a new route to Czech Republic and Slovakia. As the new route is used mainly by automobile manufacturers transporting large volume and can expect demand for intermodal transportation in light of the need to reduce CO₂ emissions, we purchased 90 railway wagons. We intend to grow the intermodal business as it will play a crucial role in our future environmental strategy.

(3) Other

Q13. You mentioned before that you would use treasury shares for M&As, but why did you cancel treasury shares in September?
A13. We were considering M&A schemes using cash and treasury shares. But we secured certain amount of cash and concluded that there is no need to use treasury shares as we can raise additional funds through borrowing if needed. So we canceled treasury shares with the objective of improving capital efficiency and shareholder value.

Q14. I suppose canceling treasury shares was also to maintain the listing on the Prime Market of TSE. But to meet the needs for quick management decision-making, I think a MBO is also one of the options as a strategy, rather than maintaining the listing. What do you think?
A14. We do not have enough reason to choose MBO at this point and also cannot deny the possibility of raising capital in the stock market. If we execute a MBO, we will most likely incur debts and struggle to repay them, which is not desirable as a company. Under the current circumstances, we believe it is important that we transfer to the Prime Market and maintain the listing.