

## **Summary of Q&A at Financial Results Conference Call for the 3rd Quarter of FY2019**

**Q1. Operating income for 3Q (Oct. - Dec.) excluding the effect of IFRS 16 “Leases” decreased by ¥1 billion year-on-year. Could you explain why? (3Q of FY2018: ¥9.2 billion→3Q of FY2019: ¥8.2 billion)**

A1. Major components of the decrease included net impact of deconsolidation of Nisshin Transportation and Hitachi Travel Bureau (current HTB-BCD Travel) and consolidation of PALENET (¥(0.3) billion), effects of incorporating risks in forwarding business (¥(0.3) billion) and exchange fluctuations (¥(0.1) billion), and a decrease due to a backlash from robust demands before the consumption tax hike. However, they were more or less what we had expected.

**Q2. Was everything going as planned?**

A2. Yes. The initial plan for operating income for 3Q excluding the effect of IFRS 16 “Leases” was ¥8.4 billion, which was almost achieved despite an impact of incorporating risks in forwarding business of ¥(0.3) billion. Operating income for the nine months was ¥23.4 billion (+¥0.4 billion), slightly exceeding the plan of ¥23 billion.

**Q3. Domestic organic revenues for the first half increased by 4% year-on-year, but the increment decreased to 1% for 3Q (Oct. - Dec.). Could you explain why? (Was there any kind of environmental change?)**

A3. There were no significant changes in projects, etc. It was mainly because of a decrease due to a backlash from robust demands before the consumption tax hike.

**Q4. Operating income for the nine months exceeded the plan by ¥0.4 billion. Why is it that the forecast for the full year has not been revised?**

A4. We didn't revise the forecast for the full year in consideration of the continuing decline in the handling volume in forwarding (China/Asia) and automobile-related businesses due to the trade friction and customers' environmental changes, in addition to uncertainties associated with various risks including the impact of the 2019 novel coronavirus.

**Q5. As for the results by business category, could you explain why revenues and operating income of forwarding business significantly decreased year-on-year?**

A5. It was mainly due to the effect of deconsolidating Nisshin Transportation (revenues and operating income decreased by ¥14.7 billion and ¥0.53 billion, respectively) and deteriorated earnings in forwarding business in China and Asia.

**Q6. How was the collaborative innovation with the SG Holdings going?**

A6. The detailed figures are disclosed on the materials. The effects of the collaborative innovation increased steadily.

**Q7. Were there any customers whose handling volume drastically decreased due to the effect of the consumption tax hike?**

A7. Although it was not such a drastic decrease, the handling volume of customers in home appliances and consumer goods sectors decreased.