

Main Questions and Answers

Meeting for The Financial Results for the First Quarter of the fiscal year ending March 31, 2022 held on August 13, 2021

Q1 Please explain the progress of your efforts to create the "EC ecosystem".

- In order to capture continued growing EC demand and lead to sustainable growth in our company, we are promoting the construction of an EC network that reduces operating costs and increases delivery capacity by expanding EAZY CREW, which handles the delivery of EC packages, and by starting the operation of an EC sorting center, which streamlines sorting and transportation operations.
- In the first quarter of this fiscal year, we clarified the areas that each network should cover as appropriate based on data such as cargo flow, product composition, and population density, in order to optimize combination of the EC delivery network and the TA-Q-BIN network. We will optimize the network toward the second half of this term.

Q2 Please explain the progress of your investment in digital field and facilities under your medium-term management plan.

- We carefully examine the content of our investments and determine their priorities and timing.
- Regarding digital investment, we promoted the construction of a real-time IT platform and digitization to improve customer experience.
- We are flexibly promoting the investment in automation of logistics operations, consolidation of facilities, and the cargo sorting equipments, including cooperation with our partners, regardless of our own facilities and equipments.

Q3 Please tell us the reason why the revenue of Retail Business Unit decreased from the previous fiscal year in the new form of segment disclosure.

- Operating revenue from external customers increased as a result of working towards optimum way of delivery to meet diversifying needs of customers and focusing on acquiring parcels from small businesses in collaboration with Corporate Business Unit.
- In the first quarter of the previous fiscal year, while the EC delivery network (which belongs to Corporate Business Unit) was underdeveloped, Retail Business Unit handled the rapidly increased delivery of parcels from EC operators. In this first quarter, in contrast, since the development of EC delivery network has progressed and it could handle the considerable amount of delivery of parcels from EC operators, the revenue of Retail Business Unit decreased from the previous fiscal year.