

Questions and Answers (Digest)

The Financial Results Meeting for the first three months of the fiscal year ending March 31, 2017 held on July 29, 2016

Q1 Please go over the factors underpinning your upward revision to the full-year forecast for operating income.

- We upwardly revised the full-year forecast for operating income to reflect an increase in our full-year forecast for TA-Q-BIN delivery volume and unit price, made on the basis of prevailing circumstances.
- As for expenses, our previous forecast was conservative primarily with respect to the unit price of fuel. As such, the upward revision to the operating income forecast is also attributable to the prevailing downturn in expenses relative to our previous estimates.

Q2 Please update us on your revenue and expense outlook for the latter half of the fiscal year.

- On the revenue front, our initiatives to collect adequate fees with respect to large-lot clients could have an effect on our results in the latter half and beyond.
- As for expenses to be incurred in the latter half and beyond, we anticipate an increase in social insurance premiums associated with an expanded scope of social insurance eligibility. Our previous forecast in this regard remains unchanged because the matter of how much those premiums are likely to increase is under review.

Q3 Please provide us with details on the current situation regarding your new TA-Q-BIN services.

- Delivery volume has remained firm.
- The rate of growth is likely to slow somewhat in the latter of this fiscal year due to a pullback from an increase in the amount of volume in the latter half of the previous fiscal year. However, the situation looks promising given that we are taking in more BtoB deliveries and the like.

- As for revamping the framework for Nekopos deliveries, we are now at the trial stage with respect to making deliveries using part-timers and Kuroneko Mates. We have not yet set a time line for launching full-scale operations. Also, we don't think this will result in substantial cost reductions immediately.

Q4 Please touch on your circumstances with respect to recruitment as the labor market continues to tighten.

- Although it has been difficult to attract manpower in some geographic regions, the effect of the tightening labor market on recruitment remains limited at this stage.

Q5 Please share your thoughts on the competitive landscape.

- The competitive landscape remains largely unchanged at the present time.
- We are hearing that our competitors remain on the offensive regarding low unit pricing, with respect to our small parcel deliveries such as Kuroneko DM-Bin services.