

Questions and Answers (Digest)
The Financial Results Meeting
for the first three months of the fiscal year ending March 31, 2019
held on July 31, 2018

Q1 Please explain the rationale underpinning your upward revision to the full-year forecast, and update us on your earnings outlook from the second quarter onward.

- We have upwardly revised our forecasts overall given prevailing circumstances in our respective businesses.
- Our outlook from the second quarter onward envisages an ongoing trend of increasing reform-related expenses incurred from promoting “reforming working styles” initiatives and business structural reforms, against an ongoing situation of adequate pricing initiatives centered on large-lot corporate clients.
We have also factored in effects of the situation involving inappropriate billing by Yamato Home Convenience Co., Ltd.

Q2 Please let us know about progress being made with respect to systemic improvements geared to expanding your collection and delivery capacity.

- Currently, we are carefully moving forward with respect to developing a framework of drivers for early evening and night deliveries, as we also painstakingly design a framework for operations tailored to our respective geographic areas.
- In geographic areas where we have initially introduced operations by drivers for early evening and night deliveries, we are finding that outcomes are as originally anticipated. Handover between sales drivers is proceeding smoothly, and this has the follow-on benefit of more effective collection and delivery, and so forth.
- Going forward, we will continue to build a collection and delivery systems geared to expanding our collection and delivery capacity.

Q3 Please explain the potential effects of the situation involving inappropriate billing by Yamato Home Convenience Co., Ltd.

- In the first quarter, the estimated effect of the incident amounts to 3.1 billion yen based on investigation results.
- Moreover, we assume that operations will not resume this fiscal year with respect to new contracts and new orders for corporate moving-related services. Based on that assumption, we anticipate that this situation will in total have negative effects of 9.5 billion yen on consolidated operating revenue and 6.0 billion yen on consolidated operating profit.