

Questions and Answers (Digest)

**The Financial Results Meeting
for the first six months of the fiscal year ending March 31, 2018
held on November 1, 2017**

Q1 Please provide us with details on the current situation regarding negotiations with your large-lot corporate clients, and regarding how you plan to proceed with negotiations going forward.

- We have concluded roughly 90% of our negotiations being carried out with 1,000 companies over the first half of the fiscal year, and we are also successively proceeding in carrying out negotiations with the remaining 9,000 large-lot corporate clients.
- We are getting a somewhat of a head start in carrying out negotiations with our small-lot corporate clients.
- We are making progress in negotiations with our low-profit clients with respect to establishing more adequate unit pricing when contracts come up for renewal. Note that we intend to continue such efforts to review pricing on an ongoing basis next fiscal year and beyond.

Q2 Please provide us with details on changes in volumes and unit pricing in the second half of the fiscal year and thereafter.

- In the second half we expect that positive results will be seen emerging from negotiations particularly with our large-lot corporate clients and the small-lot corporate clients that we are getting a head start with, albeit the timing varies depending on the client, and such negotiation outcomes will take effect over the next fiscal year.
- This is likely to improve profits in the second half of the fiscal year, despite the likelihood of a temporary downturn in volume.
- Over the medium to long term, we will expand delivery capacity, and also increase delivery volume while restoring profitability.

Q3 Please update us on the current situation with respect to personnel recruitment and let us know about progress being made with respect to your delivery-specific drivers.

- We are making progress in reducing recruitment losses by revamping recruitment processes, which in part involves integrating recruitment which up to this point has

been carried out in disparate geographic areas. We have also been making progress in attracting new employees by promoting our reforming working styles program.

- We have been forging ahead in conducting preliminary trials in limited geographic areas with respect to use of delivery-specific drivers (“Anchor Cast”).