

Teleconference Q&A Session Summary for 2Q of FY2021 (Ending March 2022)

Q1: The dividend forecast for the full year has been increased from 50 yen to 100 yen. Your basic policy is to keep on paying stable dividends. Can we assume that you intend to maintain the same level of dividends in the future?

A1: I have to say, the results for the second quarter and the revised full year forecast are largely based on the market condition under COVID-19. We assume that the impact may continue through the next fiscal year. We expect a temporary decline during stabilization of the market. However, we positively plan and prepare for the next fiscal year and beyond to maintain this level of dividend.

Q2: What are the trends of gross profit margin?

A2: Compared to the same period of the previous year, gross profit margin has declined. On the other hand, amount of gross profit has increased due to the continued rise in freight and increase in handling volume.

Q3: What is your medium- to-long-term forecast for international air and sea freight transportation demand as well space supply?

A3: On the assumption that there is no impact from re-emergence of COVID-19 and geopolitical risks, we believe that demand will remain stable. On the other hand, we expect that supply is unlikely to recover significantly even in the next fiscal year and beyond.

Q4: How do you suppose the post-pandemic market in your next management plan?

A4: Current situation with COVID-19 may continue through the next fiscal year. As for air freight capacity, we are not sure whether passenger flights will resume to pre-pandemic level or not. Actually 60% of world air cargo by volume used to be carried by passenger flights belly before the pandemic. People's behavior pattern has changed a lot.

Q5: What is your forecast of your earnings for the 3rd quarter (October-December 2021)?

A5: We see the current situation as favorable. For example, there are signs of recovering production in the automobile sector. We expect this to have a positive impact.

Q6: Please tell me about charter flights during the period.

A6. During the first half of this fiscal year, we handled approximately 30,000 tons on our chartered flights. Average percentage used per flight was over 90%. Profitability within the group as a whole has been in line with expectations.

Q7: How is your procurement for sea freight?

A7: For sea freight, unlike air freight, it is difficult to procure large space in advance. We will continue to strengthen our relationship with shipping lines with a view to making long-term contracts which makes a win-win situation for us.

End