

Questions and Answers (Digest)

**The Financial Results Meeting
for the first six months of the fiscal year ending March 31, 2016
held on October 30, 2015**

- Q1 Please update us on the new TA-Q-BIN services, in terms of the current status of those services, your outlook in that regard and their profitability.
- With respect to our new TA-Q-BIN services, going forward we will continue to actively add more service access points and otherwise work to come up with a greater range of scenarios for customer use of those services. At the same time, we will develop services that deliver greater convenience, drawing on information technology solutions in implementing features such as the “anonymous delivery^{*3}” option which has launched on a limited basis.
 - As for our TA-Q-BIN Compact service, we have initiated a cash-on-delivery option and have otherwise been taking steps to develop it. We will also work to increase sales particularly to small-lot commercial customers.
 - As for our Nekopos service, we have been generating a greater volume of business particularly in the realm of flea market website applications. In the first half of the fiscal year, we successfully teamed up with major companies that control much of the share of that market. In the second half of the fiscal year, we plan to work with various customers with the aim of increasing handling volume.
 - As for profitability, the Nekopos service is highly profitable given that its unit pricing is several times higher than that of our discontinued Kuroneko Mail service, while the cost structure remains largely unchanged. Meanwhile, operating our information systems in handling tasks such as sending e-mail notifications after posting deliveries has a minimal impact on our costs because we are able to use our currently available systems in that regard.
- Q2 Kuroneko DM-Bin delivery volume has been decreasing. Please update us on the measures you are taking in that regard.
- It was anticipated that discontinuance of our Kuroneko Mail service would cause a decrease in delivery volume amounting to the portion of deliveries for our individual customers which were roughly 10% of the overall volume.
 - We have been providing further explanations concerning the definition of postal mail “correspondence” and other such matters to our medium- and small-lot customers who have been slow in transitioning to Kuroneko

* Service that allows the delivery and handling of merchandise to be carried out without the sender and the receiver disclosing personal information.

DM-Bin, and we are also re-engaging in marketing efforts in that regard.

- Q3 In the full-year forecast just released you project further growth in TA-Q-BIN volume over the second half. How do you intend to achieve that growth?
- We have been handling a healthy volume of TA-Q-BIN business because volume of our existing TA-Q-BIN services is increasing and volume involving our new services also appears to be growing. We expect such trends to continue in the second half of this fiscal year as well.
 - In addition, given opportunities emerging with respect to small-lot customers getting started with mail order, we are actively engaging in marketing geared toward encouraging them to use our “YES!(Yamato Ec Solutions)” package services for mail-order businesses.
- Q4 Why did you lower your projection for capital expenditure by 3.0 billion yen? Also, do you think that level of investment is likely to remain unchanged going forward?
- We lowered our projection for capital expenditure largely as a result of having reviewed our capital investment priorities pertaining to renovation and repair of facilities such as our TA-Q-BIN centers and base terminals.
 - In the future, we do not expect to substantially increase that amount of investment. However, in our strong-performing lease services business we expect to keep up our investment in vehicles going forward.
- Q5 The “Other, net” line item of cash flows from operating activities was in positive territory in the first half of last fiscal year, but is in negative territory in the first half of this fiscal year. Could you please explain why that is?
- The negative figure is due to a one-time increase in accrued consumption in the fiscal year ended March 31, 2015, attributable to the 3% hike in Japan’s rate of consumption tax, which was raised from 5% to 8% in April 2014.
- Q6 Are you considering the possibility of reviewing the ROE target under the Medium-Term Management Plan, in light of this round of revisions made to the earnings forecasts?
- We regard our Medium-Term Management Plan target for ROE exceeding 9% by the fiscal year ending March 31, 2017 as a milestone on the way to achieving our Long-Term Management Plan target calling for ROE surpassing 11% by the fiscal year ending March 31, 2020.
 - We will aggressively pursue initiatives geared toward boosting profitability of our business operations with the aim of achieving our ROE targets.