

Questions and Answers (Digest)

The Financial Results Meeting for the fiscal year ended March 31, 2016 held on May 2, 2016

Q1 Please go over your forecast assumptions for TA-Q-BIN and DM-Bin.

- As for TA-Q-BIN, with launch of new Nekopos services onto a growth market our forecast assumptions with respect to this fiscal year substantially factor in Nekopos delivery volume in TA-Q-BIN delivery volume growth, as was the case in the previous fiscal year.
- The decrease in TA-Q-BIN unit price is a result of a shifting product mix due to growth from new services and large mail-order businesses. Going forward, we will work to collect adequate fees from customers by forging ahead with efforts to combine service offerings with value-added services. These initiatives are likely to have some effect on our results in the latter half.
- As for DM-Bin delivery volumes, we think decreases in those volumes resulting from discontinuance of the Kuroneko Mail service will level off, but we are taking a conservative view in that regard partially given a shrinking print media market.

Q2 What are your thoughts regarding external and internal factors that cause the operating results forecasts for FY2017 to diverge from the current Medium-Term Management Plan (FY2015-FY2017).

- We reckon that external factors not anticipated when the plan was drafted will amount to approximately 10.0 billion yen, with respect to a growing size-based enterprise tax burden, an expanded scope of social insurance eligibility and a rise in retirement benefit expenses.
- As for internal factors, the disparity is partially attributable to insufficient revenues. In terms of the “Value Networking” design, although certain areas of business have achieved substantial growth, results overall have been adversely affected by factors that include our discontinuance of the Kuroneko Mail service, along with slow progress made in developing new TA-Q-BIN services and creating business models oriented to providing high added value, and

moves to overhaul operating structures overseas.

- We regard this fiscal year as a year for establishing a solid footing to achieve growth under the Medium-Term Management Plan “JUMP” (FY2018- FY2020) of next fiscal year, and are accordingly reinforcing growth investment in order to bring about a rebound in revenues.

Q3 Please tell us about your growth investment, in terms of size and content.

- Objectives of our growth investment revolve around the dual aims of strengthening our capabilities and expanding business.
- To strengthen our capabilities we intend to enhance and tap new resources in fields involving information, logistics and financial technologies (IT/LT/FT), while to expand business we will focus on extending our networks overseas, as we are now doing through our recent alliance with GDEX.
- Our efforts to both strengthen our capabilities and expand our businesses will center on forming alliances, and in some cases we will also consider M&A initiatives in that regard.

Q4 Please go over developments involving the parcel locker business with Neopost.

- A distinguishing aspect of this venture is that it involves an open-type arrangement which will enable us to share use of parcel lockers with other companies. It is premised on the notion that, as in other countries, it would not be cost-effective for individual delivery companies to set up lockers of their own. This fiscal year, precedence will likely be given to investment geared to helping accelerate the set up and expansion of the locker network in the first year.

Q5 Please explain your assumptions this fiscal year regarding overseas business.

- We assume that TA-Q-BIN delivery volume will be roughly on par with results this fiscal year.
- We will place priority on strengthening BtoB and cold chain business. Meanwhile, in BtoC we will take steps to upgrade means available for picking up parcels.
- We intend to give rise to synergies, by organically connecting those operations

and performing value-added shipment and delivery services in a manner that links forwarding, logistics and TA-Q-BIN operations.

- Whereas we regard ASEAN as a priority, the manner in which we form in-house alliances between geographic regions in areas such as North America, Europe, South Asia, Southeast Asia and Japan is likely to be of key importance.

Q6 What are your thoughts regarding ROE?

- We believe that ROE will remain an important benchmark of our performance going forward.
- While it may be possible to recalculate ROE by including external factors, effects of Kuroneko Mail service discontinuance and other such developments, we believe it will ultimately be necessary to look at the bigger picture in ensuring that our business portfolio itself is highly profitable.