

Teleconference of the Financial Results  
for the Nine Months Ended December 31, 2019  
Summary of Q&A  
(February 14, 2020)

Q Net income exceeded 100% of the plan for the fiscal year ending March 31, 2020. What is the background for not revising the forecast?

A The forecast was not revised mainly because for Japan Post Co., the fourth quarter is relatively the slack season for its Postal and Domestic Logistics Business in terms of volume handled; commissions in the Post Office Business are expected to further decrease due to the business suspension order for its insurance business; and uncertainty surrounds the future of the International Logistics Business.

Q How do you analyze the insurance commissions of the Post Office Business compared to three months ago, from October through December, excluding the effects of funds to maintain the post office network? In addition, why have personnel expenses declined?

A Commissions during the three months of October through December, excluding the effects of funds to maintain the post office network, decreased by roughly ¥13.0 billion in real terms. Personnel expenses decreased largely affected by the decline in sales commissions, aside from the decrease in the number of personnel. For the nine months ended December 31, 2019, commissions and personnel expenses decreased by more or less the same amount, but given that the decrease in commissions will have a cumulative effect, going forward, we expect net income to deteriorate.

Q The media have reported that sales commissions for insurance sales is to transition from a pay-per product model to a subscription business model in the future. Does this also apply to the commissions paid by Japan Post Insurance to Japan Post Co.?

A It is the basic idea to revise sales targets and commissions consistently with the shift in focus of sales activities from acquiring new policies to a subscription business, but the specific system and other details are currently under consideration.

Q Revenue and income in the Postal and Domestic Logistics Business both increased for the nine months ended December 31, 2019, but they declined for the three months from October through December. Why?

A The Postal and Domestic Logistics Business performed well due to an increase in the volume of Mail handled mainly owing to the election and the special demand ahead of the consumption tax hike up to the first half, but these factors have since disappeared. Furthermore, revenues from New Year's postcards decreased by around 10% year on year.

Q The volume of Yu-Pack handled seems to have bottomed out recently with a smaller rate of decline. What were the trends in the past couple of months? Also, what is the outlook for February through March?

A We have been making various sales efforts, and the impact of the price hike on volume decrease has worn off after a certain period of time. However, further efforts are required, as the volume of Yu-Pack handled, excluding Yu-Packet, has not turned to an increase.

Q Can you tell us about your efforts to increase the volume of Yu-Pack handled, including pricing?

A We continue our sales activities assuming the securing of appropriate profits, and will not cut prices to increase the volume handled. Our current focus is to promote our services in terms of easy drop off and pick up, and a sales approach of solving customers' issues.

Q Other companies are said to revise their prices for 60-size and 80-size parcels. Does this impact your sales measures?

A These revisions may impact individual transactions, but our sales activities for small parcels remain unaffected, promoting the convenience of Yu-Packet.

Q What is your outlook for revenue and income in the International Logistics Business, amid the coronavirus and a price decrease in crude oil among others causing downturn in the Australian economy?

A As net operating income for the third quarter, which is the peak season, declined year on year, the current fiscal year is expected to end in a struggle against forecasts. The economic climate in Australia and China along with the impact of the novel coronavirus do not allow for an optimistic view of the next fiscal year either, but we will continue to improve business for a steady recovery.

Q What is the current timeline for normalizing insurance sales after the administrative dispositions?

A The business suspension order is effective until the end of March unless it is extended, but we have not decided whether we will immediately resume business once the order is lifted. Currently, we are focusing on steadily implementing our

business improvement plan and further investigations of insurance policies. There are no announcements to be made on resuming business at this stage.

Q Is it possible to quantitatively measure the impact of the novel coronavirus (COVID-19)? For example, how about the proportion of China-related businesses in the operating income of the previous fiscal year?

A Annual sales of about ¥50.0 billion is generated from EMS, our international mail service, the majority of which is China-related. However, we think that the surge in EMS shipments to China, including parcels containing masks, as reported by some media, is a passing phenomenon.

Q The former President committed to the numerical targets of an EPS of ¥100 and a DPS of ¥50 at the closing of the six months ended September 30, 2019. Will the new management maintain this policy?

A The Medium-term Management Plan targets an EPS of ¥100 and a DPS of ¥50, which the previous management announced as a commitment, remains effective and unchanged under the new management.

Q Can you give us a timeline for disclosing your medium- to long-term vision?

A We plan to prepare the next Medium-term Management Plan next year, and will possibly disclose any individual topics in advance like the initiatives in the real estate business announced at the end of January. We believe that we need to show our vision for future growth, including the progress in tackling Japan Post Insurance's insurance policy issue and our future steps after that.

Q You mentioned that you will flexibly consider share repurchases, but the fiscal year is about to end. Do you have any comments on this point?

A Our top priority at present is to restore trust, and in this climate of uncertainty prevailing over the future, specific methods are still under consideration. We will always place importance on shareholder returns, but specifics are not available at this time.

End

Forecasts and other forward-looking statements presented in this document are based on information available to Japan Post Holdings Co., Ltd (the "Company") at present and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward-looking statements.

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