

Teleconference of the Financial Results  
for the Six Months Ended September 30, 2020  
Summary of Q&A  
(November 13, 2020)

Q With regard to the non-consolidated balance sheet of Japan Post Holdings, how much is the amount available for distribution under the current situation?

A The precise calculation method for the amount available for distribution is prescribed in the Companies Act (reference: Article 461, paragraph (2) of the Companies Act). I will not detail the provisions, but as of the end of September, an estimate of the amount available for distribution was around ¥630.0 billion. However, please note that the final amount available for distribution will be determined at the end of March next year (the non-consolidated balance sheet (net assets) of Japan Post Holdings is on page 13 of the Summary of Consolidated Financial Results).

Q Japan Post Holdings has just disclosed the annual dividend of ¥50 per share. Are you planning to conduct reclassification of capital accounts toward the end of this fiscal year?

A As it is difficult to conduct reclassification of amounts from other capital surplus to retained earnings by the end of the fiscal year, the source of dividends is expected to be capital surplus. In light of this, the fourth line of Note 2 of “Dividends” on page 2 of the Summary of Consolidated Financial Results says, “The source of dividends for the fiscal year ending March 31, 2021 is to be capital surplus.”

Q After paying dividends with other capital surplus as the source, will you conduct reclassification of capital accounts after a general meeting of shareholders, or do you not have such a plan at all?

A We are not able to say anything definitive at this time. In our case, however, we can compensate for deficits by the resolution of the board of directors, and we will appropriately make a decision when accounts have been settled at the end of the fiscal year.

Q Respective plans for the three businesses of Japan Post (postal and domestic logistics, post office, and international logistics) have not been changed. Please tell us whether performances have been strong or weak compared to the plans.

A With regard to the postal and domestic logistics business, the parcel volume related to e-commerce increased due to increased stay-at-home consumption, while the volume of mail items handled decreased due to the impact of COVID-19. As many countries still continue to suspend international mail services, the increase in income from parcels have been offset by the decrease in income from mail services.

With regard to the post office business, insurance commissions have significantly decreased. However, because operations have not been fully resumed and we are continuing to refrain from sales activities, expenses were not dispensed as expected. Accordingly, profits have not declined too much. We are currently resuming business operations aimed at regaining the trust, and are not expecting any recovery in income in the second half.

With regard to the international logistics business, although we recorded a significant loss for the global express business in the first quarter due to the impact of COVID-19 and a cyber-attack, the losses are starting to bottom out in the second quarter. In any case, however, income in the global express business in particular has not recovered, and we need to continue pressing forward with the cost reduction and other measures. We will continue our efforts to improve profitability, including sales of unprofitable businesses.

Q The post office business seems to be performing slightly better than the plan. Is this trend not enough to upwardly revise the plan?

A We consider the overall situation is not good enough to upwardly revise our forecast for profits.

Q The Basic Approach to the Medium-term Management Plan states that returning profits to shareholders is an important management measure. Does this mean that dividends per share will increase?

A We have set out our basic policy to continuously provide stable return to shareholders, in accordance with the results of operation. For the period of the current Medium-term Management Plan, we have disclosed our dividend policy and plan stating that we will aim to pay annual dividends of ¥50 or more per share.

We have decided to pay dividends once as the year-end dividend for this fiscal year, but maintained the stability of dividend payments with an annual dividend of ¥50 per share, which is the same amount as the previous fiscal year.

Q As for the Basic Approach to the next Medium-term Management Plan, which has just been announced, will you keep the Basic Approach unchanged and elaborate it in the future?

A We will formulate the Medium-term Management Plan including numerical targets, which we are aiming to release in May next year. Although we are planning to further develop the Plan with this Basic Approach as the basis, as stated in the disclaimer, the content of the next Medium-term Management Plan may change.

End

Full Year Financial Results Forecast for the Fiscal Year Ending March 31, 2021 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.

The actual future results may vary considerably depending upon various factors, such as interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in the economic and financial environment, changes in the competitive environment, the occurrence of large-scale disasters, etc. and changes in laws and regulations. The company disclaims any responsibility to update any forward-looking statements contained herein to the extent permitted by law or stock exchange rule.