

Teleconference of the Financial Results  
for the Fiscal Year Ended March 31, 2022  
Summary of Q&A  
(May 13, 2022)

Q What is the Company's position on the acquisition of treasury stock that was announced on the same day of the financial results announcement?

A The acquisition of treasury stock was decided on to enhance shareholder returns and improve capital efficiency in light of the Company's highest net income attributable to Japan Post Holdings for the fiscal year ended March 31, 2022 since it was listed on the stock exchange. The source of funds will be mainly cash held, and borrowing will also be considered. The amount was determined based on the status of our retained earnings, our cash position, and market conditions, and also with an eye toward a figure that would result in a total divided ratio of 100%.

Q Would you consider a total divided ratio of 100% as one of the guidelines in your future capital policy?

A We have a policy of returning profits to shareholders through a stable dividend of ¥50 per share and flexible treasury stock acquisitions during the period of JP Vision 2025, and we do not have a total divided ratio in mind.

Q What is your view on the increase in the government's shareholding ratio as a result of the acquisition of treasury stock?

A All of these treasury stock acquisition will be purchased from the market. As a result, the government's shareholding ratio will increase, but this does not pose any particular legal issues. The government will have room for additional sales, and we understand that the Ministry of Finance will consider how to handle such sales.

Q Is there any relationship between the acquisition of treasury stock and the sale of Japan Post Bank shares?

A We have set a goal to sell our shares in Japan Post Bank to the extent that the holding ratio comes to 50% or less as early as possible during the JP Vision 2025 period, and we would like to sell the shares at an appropriate time, taking into consideration factors including the impact on the Group's consolidated performance, market conditions, and criteria for maintaining the

Prime Market listing. As mentioned above, the acquisition of treasury stock was decided to enhance shareholder returns and improve capital efficiency in light of business performance, and is not directly related to the sale of Japan Post Bank shares.

Q What is the capital adequacy ratio?

A On a consolidated basis, Japan Post Bank has a large impact, and there is a possibility that valuation gains will decrease due to a rise in US interest rates, but at present, both Japan Post Bank and the consolidated Group have sufficient capital adequacy ratios.

Q Regarding treasury stock acquisitions, is there any possibility that the maximum amount of shares cannot be fully repurchased due to restrictions imposed by insider information in connection with the sale of Japan Post Bank shares?

A We leave the treasury stock acquisitions to the discretion of securities companies, so as long as we do not possess insider information at the time of entrustment, no particular problem arises. The amount was determined as feasible in consideration of the current trading volume of shares.

Q What are the details of Japan Post Co.'s earnings forecast by segment for the fiscal year ending March 31, 2023?

A In the postal and domestic logistics business, we expect an increase in revenues and income from parcels through collaboration with other companies and strengthening of logistics solutions, but on the other hand, we also expect a continuation of the downward trend in mail volume due to the progress of digitization, an increase in personnel expenses due to higher unit wages and an increase in non-personnel expenses due to soaring oil prices, resulting in higher revenue and lower income.

In the post office business, we expect a decrease in commissions from Japan Post Bank and Japan Post Insurance, but expect an increase in profit due to a decrease in personnel expenses resulting from the dispatch of consultants to Japan Post Insurance.

In the international logistics business, profit is expected to decrease due to mitigation of the impact of higher unit price of ocean freight transportation in the Global Forwarding business.

Q What initiatives are you taking to increase the volume of Yu-Pack handled?

A Although the volume of Yu-Pack handled fell short of the plan due to a reactionary decline following the increase in stay-at-home consumption, a severe competitive environment, and other factors, we intend to increase the volume by strengthening cooperation with Rakuten

Group, Sagawa Express, and other companies, expanding logistics solutions using our warehouses, and providing highly convenient sending and receiving services such as Yu-Packet Post.

Q What is the expected effect of the collaboration with Rakuten Group on the volume of Yu-Pack handled?

A The number of parcels sent by Rakuten Group has increased since before the collaboration, and we expect a further increase in the future as well due to the effect of the collaboration. However, we would like to refrain from giving a specific impact amount.

Q Do you expect the profit improvement in the post office business to continue?

A While personnel expenses are expected to decrease due to the dispatch of consultants to Japan Post Insurance, commissions are also expected to decrease, but since commissions are paid in installments over multiple years, the structure is such that commissions on new policies sold by consultants in previous years will decrease in stages, and we plan to improve profitability in FY2022. Although commissions from Japan Post Bank and Japan Post Insurance are in a difficult situation, they will be compensated for by digital transformation (DX), for example, by cost reductions through improved operational efficiency, such as the use of tablets at post office counters. In addition, to enhance the value of the post office network, we will also promote expansion of administrative work contracts from local governments and strengthening of cooperation with regional financial institutions.

Q Isn't the plan for the international logistics business conservative?

A In the previous fiscal year, the impact of rising ocean freight transportation unit prices in the Global Forwarding business was very large, and while this has continued to be the case, it is not expected to continue for the entire period of the current fiscal year, and the Company plans a decrease in profit.

The full year financial results forecast 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 the impact of the spread of COVID-19, 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.