

Company Briefing
(Financial Results for the Fiscal Year Ended March 31, 2022)
Summary of Q&A
(May 24, 2022)

Q. Regarding the shareholder return policy, are there any impact from the amount of earnings or the proceeds from the sale of shares in the two financial subsidiaries?

A. We have implemented share repurchases of approximately 1.38 trillion yen, compared to proceeds of approximately 1.50 trillion yen from the sale of the two financial subsidiaries in the past. We will use the proceeds from the sale of the two financial subsidiaries and other gains to invest in appropriate investment opportunities, including M&A and other growth investments, depending on the situation, as well as to improve returns to shareholders and capital efficiency by conducting share repurchases in a flexible manner.

Q. With regard to the share repurchases of up to 200.0 billion yen, which is planned to be implemented in the current fiscal year, are there any possibility of additional share repurchases if the share repurchases are completed early?

A. In the previous fiscal year as well, we conducted share repurchases from the market with a volume that would not adversely affect the share price. Based on this volume, we believe that 200.0 billion yen is close to the maximum feasible amount, but this amount may be changed if there is a change in the market environment.

Q. Regarding the consolidated financial results forecast, how is the progress of your efforts to shift to an increase in income, given that the planned decrease in income will reduce the source of funds for shareholder returns?

A. We will continue to build a structure that will enable us to increase income by strengthening our core businesses, where interest income was strong in the previous fiscal year, and we will also secure resources for shareholder returns by growing our real estate business and new businesses. The previous fiscal year was a time of planting seeds as the first year of the Group Medium-Term Management Plan, and the strengthening of core businesses is progressing well.

Q. What is the progress toward the realization of digital post offices?

A. In addition to promoting individual measures to realize digital post offices, we are working to enhance human resources of JP Digital Co., Ltd. We plan to increase the number of employees to approximately 200 by the end of the fiscal year ending March 31, 2024, including mid-career hires, secondees from the Group companies, and human resources from partner companies including the Rakuten Group. In addition, we have designated Otemachi Post Office as a DX demonstration experiment office, and will launch services as needed and expand throughout the organization, starting with those that are feasible.

Q. What is the status of preparations for implementing M&As?

A. Our basic policy is to strengthen core businesses and promote DX not on our own, but by forming capital and business alliances with leading partners to speed up the process. In addition to the drone-related business, which was the subject of a capital and business alliance in the previous fiscal year, we are currently considering a variety of possible fields, such as delivery robots and the use of AI in the development and promotion of financial products. Based on the experience of impairment losses on Toll Holdings Limited, we will make prudent investment decisions in light of our investment criteria and execute investments in a disciplined manner.

Q. Regarding Japan Post Co.'s consolidated financial results forecast for the fiscal year ending March 31, 2023, was it already planned in the Medium-term Management Plan or was it newly prepared based on the previous year's results, changes in the environment, and other factors?

A. Plans for the volume of mail handled and remittance settlements were created based on a downward trend, while plans for the status of insurance sales and the Global Forwarding business were formulated based on the previous year's results, current conditions, and other factors.

Q. What kind of expenses will be incurred by JP Rakuten Logistics? Which will post income, Japan Post Co. or JP Rakuten Logistics alone?

A. JP Rakuten Logistics is a third-party logistics (3PL) company, and its expenses include personnel costs for warehouse operations, operating costs including material handling, and other costs such as warehouse buildings and systems that require investment. Although Japan Post Co.'s income may increase due to an increase in the number of Yu-Pack and Yu-Packet items, JP Rakuten Logistics will primarily post income.

Q. What is the income and loss status of JP Rakuten Logistics? What are the details of the impact on the number of Yu-Pack items?

A. Although we do not disclose non-consolidated income and loss, we are currently in the investment phase for warehousing and systems, and plan to move into the commercialization phase by promoting the acquisition of new store operators over a three-to-five-year plan. Although the overall number of Yu-Pack items grew at a sluggish pace in the previous fiscal year due mainly to the severe competitive environment, the collaboration with the Rakuten Group has been progressing steadily, and investments are being made to further increase the number of items.

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.

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