

Teleconference of the Financial Results
for the Three Months Ended June 30, 2022
Summary of Q&A
(August 10, 2022)

Q You said your financial results forecast remain unchanged. But in terms of net income, Japan Post Co. has achieved 49.6% of its full-year forecast, and that percentage appears to be high. Doesn't this mean that your progress is exceeding the plan?

A Japan Post Co.'s financial results for the first and third quarter tend to show strong progress against the financial results forecast for net income, but that is because the amount of income taxes is comparatively small compared to profit before income taxes in the first and third quarters.

This is due to the fact that, since losses for tax purposes are recorded on a cash out basis, the reserve for bonuses for the six months from December to May, which is three months longer than the period for expenses for accounting purposes, recorded on an accrual basis, is included as a loss in the first quarter.

This mismatch between accounting expenses and tax losses will not occur in the second quarter or in the full-year results.

Q The volumes of Yu-Pack and Yu-Packet items handled have declined year-on-year. Do you have any plans to address those declines?

A As well as continuing to take measures to control costs, we will cooperate with Rakuten Group and Sagawa Express, provide delivery services with convenience for customers sending and receiving parcels, and expand logistics solutions leveraging our warehouses.

Q The international logistics business saw the corporate/other businesses make a profit in the first quarter of the last fiscal year. Was this due to a special factor?

A Yes, that was due to a special factor. That was because the impact of the suspension of depreciation caused by the sale of the global express business was adjusted by reducing expenses at the corporate.

Q Why did the global logistics business see profit decline year-on-year?

A The improvement in the Australian economy led to increased revenue of the global logistics business, but this was more than offset by higher expenses caused by soaring fuel costs and other factors.

Q The post office business saw personnel expenses significantly decrease by ¥27.8 billion mainly due to the transition to the Japan Post Insurance's new sales system. Will this year-on-year decrease occur at the same pace every quarter in this fiscal year?

A We expect a decrease in personnel expenses of the post office business at an approximately similar pace in each quarter of this fiscal year, resulting in an approximately ¥95 billion decrease in personnel expenses in a year.

Q Looking at the consolidated financial results of Japan Post Co., extraordinary gains increased significantly year-on-year. Is this increase in line with the initial plan?

A That is attributable to the sale of some company-owned apartments and other real estate and is in line with the initial plan.

Q The post office business saw insurance commissions decline significantly. Do you expect them to recover in the future?

A It depends on insurance sales in the future. If the number of new policies increases, the trend will change.

Q The postal and domestic logistics business saw an increase in personnel expenses. Does this mean that the control measures are losing their momentum?

A The increase in personnel expenses in the postal and logistics business is largely due to JP Rakuten Logistics, Inc., which became a consolidated subsidiary in the second quarter of the fiscal year ended March 31, 2022. We have been vigorously implementing measures to control costs.

Q Japan Post Holdings announced today that it will accept Japan Post Insurance's offer to repurchase shares of the insurer. Will this have any impact on the schedule for Japan Post Holdings' plan to sell shares of Japan Post Bank?

A No, there will be no impact.

This document contains forward-looking statements, including forecasts and targets, for the Japan Post Group and its group companies as of the date of this conference, and they are based primarily on judgments reached by Japan Post Holdings Co., Ltd. (the "Company") based on information available at the time of the conference, forecasts, and assumptions made at the time of the conference.

Therefore, please be aware that actual results may vary depending upon various factors, such as the impact of the spread of COVID-19, geopolitical risks, economic conditions and trends, and changes in laws and regulations.

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