

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.



April 21, 2021

Company name: Japan Post Holdings Co., Ltd.
Representative: MASUDA Hiroya
Director and Representative Executive Officer,
President & CEO
(Code number: 6178, First Section of the
Tokyo Stock Exchange)
Contact: IR Office (Phone: +81-3-3477-0206)

Notice Concerning Partial Business Transfer of Subsidiary Company

Japan Post Holdings Co., Ltd. (Chiyoda-ku, Tokyo, President & CEO Hiroya Masuda), Japan Post Co., Ltd. (Chiyoda-ku, Tokyo, President & CEO Kazuhide Kinugawa) and Toll Holdings Limited (Managing Director Thomas Knudsen, hereinafter "Toll") a subsidiary of Japan Post Co., Ltd. resolved to transfer the global express business of Toll (hereinafter the "Express Business") to Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd, NZ Logistics Holdings Limited, affiliates of Allegro Funds Pty Ltd (collectively "Allegro"), at the board of directors meeting held today (hereinafter the "Transfer").

Details

1. Reasons for Transfer of Business

Following the buyout of Toll in 2015 with the intention of growing and expanding the global logistics strategy, Japan Post Group has aimed for business growth through various measures. However, Toll has experienced substantial deterioration in financial results due to the economic downturn in Australia, which led to the announcement of "Recognition of Impairment Loss, Revision of the Consolidated Financial Results Forecast for the Fiscal Year Ended March 31, 2017 and Recognition of Loss on Valuation of Stocks of Subsidiaries and Affiliates on the Non-consolidated Financial Results of a Subsidiary" in April 2017.

Since then, in an effort to improve Toll's financial results and to construct the basis for accelerating future growth, Japan Post Group has taken measures such as management replacement, employee downsizing, and integration of company divisions. Despite these measures, the competitive business environment, effect of the targeted cyber-attack and decline in domestic and international demand caused by the COVID-19 epidemic have contributed to creating an increasingly challenging environment for Toll.

Given these circumstances, Japan Post Group has considered various business strategical options aiming to enhance Toll's growth, but ultimately decided that the best option would be to sell the Express Business that has a particularly immense deterioration in financial results. As is stated in "Notice Concerning the Decision to Consider the Partial Sale of Business in Toll Holdings Limited" dated November 5, 2020, Japan Post Group has decided to consider the sale of the Express Business and have been working to move forward with the consideration of the Business Transfer.

After careful consideration by Japan Post Group, Toll signed an agreement to Transfer the Express Business to Allegro.

In order to conclude the Transfer, it is necessary to obtain approval from Australia's Foreign Investment Review Board and New Zealand's Overseas Investment Office as well as meeting various conditions including the completion of internal restructure of Toll. These procedures are expected to be completed by the end of June, 2021.

The Transfer includes the Express Business conducted by Toll as well as properties, liabilities, and employees owned by Toll in relation to the Express Business. The net proceeds are approx. JPY 0.7 billion (AUD 7.8 million). Furthermore, the amount of final payment will be finalized after adjustments are made per increase/decrease in working capital at the time of closing.

(Note) Calculated by AUD 1 = JPY 84.36

2. Details of the Business Transfer

(1) Company Outline

(1) Trade Name	Toll Holdings Limited
(2) Location	Melbourne, Victoria, Australia
(3) Name and Title of Representative	Thomas Riber Knudsen (Managing Director)
(4) Business Description	Integrated logistics company that manages a forwarding business, 3PL business, and Express Business
(6) Establishment	1888
(7) Major Shareholders and Shareholding Ratio	Japan Post Co., Ltd. 100%

(2) Outline of Business Subject to Transfer

The Express Business provides road, rail, sea and air freight service utilizing Toll's network in Australia and New Zealand.

(3) Operating results of the Express business

	Fiscal year ended March 31, 2020	Third quarter of the fiscal year ended March 31, 2021
Operating Revenue	AUD 2,969 million	AUD 2,042 million
Operating Profit and Loss (EBIT)	△ AUD 100 million	△ AUD 83 million

(Note) The consolidated book value of the business subject to the Transfer is AUD 820 million (approx. JPY 69 billion).

3. Outline of Allegro Funds Pty Ltd

(1) Trade Name	Allegro Funds Pty Ltd	
(2) Location	Sydney, Australia	
(3) Name and Title of Representative	Adrian Loader (Founder and Managing Director)	
(4) Business Description	Private Equity	
(5) Establishment	2004	
(6) Relationship between the listed company and the fund	Relationship between the listed company and the fund	Not applicable
	Relationship between the listed company and the managing partner	Not applicable
	Relationship between the listed company and the local agent	Not applicable

4. Schedule

(1) Date of Resolution of the Board of Directors	April 21, 2021
(2) Contract Date	April 21, 2021
(3) Business Transfer Date	End of June, 2021 (schedule)

5. Future prospects

Due to the Transfer of business, recognition of JPY 67.4 billion (Impairment loss of JPY 61.9 billion, other extraordinary loss JPY 5.4 billion) is expected on the consolidated financial results for the fiscal year ended March 31, 2021. While the present record of extraordinary loss falls under the minimal standard criteria of timely disclosure, Japan Post Group is closely reviewing the effects of the Transfer on the consolidated financial results after March 31, 2021.

End