

**Conference Call on Financial Results
for the Fiscal Year Ended March 31, 2022
Summary of Q&A**

Date & Time: Friday, May 13, 2022, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Shareholder Return>

Q: Am I right in understanding that the shareholder return policy during the Medium-Term Management Plan period is linked to net income?

- We have established the new Japan Post Insurance sales system and set our sales targets. The environment for ordinary business operations, including new product sales under the notification system, is in place. With this in mind, we have added specific numerical targets to our current shareholder return policy.
- Your understanding is correct. We will use net income as a benchmark to make decisions regarding shareholder returns.

Q: Regarding the acquisition of treasury stock, would it be done in two stages, with about half of the acquisition amount being acquired through ToSTNeT-3 and the other half being purchased from the market?

- We are considering a combination of ToSTNeT-3 and market purchases as you have described.
- In consideration of the acquisition of treasury stock, we will continue to ensure that the ratio of voting rights of JAPAN POST HOLDINGS Co., Ltd. will be maintained at 50% or less. Therefore, depending on the status of the ratio of voting rights or the market price, the amount of treasury stock to be acquired may be significantly less than initially estimated.

Q. In this fiscal year's forecast, the total payout ratio is expected to exceed 50% based on dividends alone. Given the future profit outlook, will the acquisition of treasury stock be limited to this time? Or will you continue to consider acquisition of treasury stocks, allowing the total payout ratio to exceed the 50% ceiling?

- Instead of returning 40 to 50% of profits for a single fiscal year to the shareholders every fiscal

year, we aim to return 40 to 50% of profits on average in the medium term.

- Therefore, depending on profit levels, the total payout ratio may exceed this range.
- As indicated, we would like to be flexible, aiming for a medium-term average total payout ratio of 40 to 50%.

<Sales>

Q What is the status of new policy sales after April 2022?

- In April 2022, the new Japan Post Insurance sales system was put in place, which brought major changes such as stronger management, the introduction of a customer assignment system, and the launch of new medical riders.
- We will disclose the specific number of policies in our financial results for 1Q. In the meantime, however, I can tell you that although the daily new policy sales exceeded last year, it has not reached our initial forecast. We have been focusing on operational environment enhancements and organizational changes following the launch of the new system, as well as greeting customers in April.
- However, the numbers are gradually rising and the mindset of sales staff, which was an issue in the previous fiscal year, is also improving.
- We intend to continue to achieve results by introducing new medical riders, firmly establishing activities under the customer assignment system, and further increasing the volume of our activities.

Q. What are the prospects for new policy sales in FY23/3?

- We expect the number of policies in FY23/3 to be about half that of FY19/3, a period before solicitation quality issue surfaced. We expect premiums to be about 40% of the FY19/3 level.

<Financial Result Forecast>

Q. The forecast for core profit for FY23/3 is about ¥ 220.0 billion. Is this based on the revised method for calculating core profit? Also, what would be the amount of core profit for FY22/3, if the revision is reflected?

- The forecast for FY23/3 reflects the revised calculation method for core profit.
- Please understand that the core profit for FY22/3 will be approximately ¥ 430.0 billion when reflecting the revision. This takes into account ¥ 7.3 billion in hedging costs related to foreign exchange, etc. as described on page 6 of the presentation materials.

Q. What is the breakdown of the ¥ (210.0) billion in core profit?

- The factors for changes are listed on page 24 of the Conference Call materials.
- The breakdown of the core profit of ¥ (210.0) billion is as follows:
 - (1) Increase in operating expenses, etc. associated with the intake of consultants from Japan Post Co. and stabilization of business operations: ¥ (70.0) billion
 - (2) Decrease in the volume of policies in force: ¥ (60.0) billion
 - (3) Decrease in positive spread due to an increase hedging costs, among other factors: ¥ (80.0) billion
- For item (3), it should be assumed that about three-quarters of the increase is due to the increase in hedging costs.

Q. Have you changed your future projections for increases in operating expenses, etc.?

- We expect personnel expenses to increase due to the intake of consultants. However, we expect commissions to be gradually reduced throughout the Medium-Term Management Plan period.
- Other non-personnel expenses are also expected to increase going forward as we stabilize business operations.
- Although there will be factors that will increase costs under the new Japan Post Insurance sales system from FY23/3 onward, we will continue to make progress in cost reduction efforts as outlined in the Medium-Term Management Plan. Therefore, there is no modification in expected

necessary expenses for FY26/3, which was disclosed the Medium-Term Management Plan.

Q. The net income forecast for FY23/3 is ¥71.0 billion, which is lower than the ¥78.0 billion net income forecast for FY24/3. Is the net income for FY23/3 expected to be lowest during the Medium-Term Management Plan period? Are there any deviations from the assumptions made when the Medium-Term Management Plan was formulated?

- Although the Medium-Term Management Plan shows forecasts for FY24/3 and FY26/3, the profit forecast for FY23/3 is the lowest, as assumed at the time of the Medium-Term Management Plan's formulation.
- There are some deviations from the assumptions made when the Medium-Term Management Plan was formulated: 1) new policies in FY22/3 were lower than expected; 2) necessary expenses were reviewed; and 3) the market environment for asset management was reviewed.
- The profit level for the current fiscal year will decline temporarily due to the preceding increase in expenditures associated with the establishment of the new system. However, we expect to be able to achieve the profit targets of the Medium-Term Management Plan by firmly establishing a sales promotion with appropriate solicitation quality.

Q. What is the status of the excess provision of contingency reserves, by New and Postal Life Insurance categories?

- For the Postal Life Insurance category, we accumulated approximately ¥250.0 billion of additional policy reserves which were funded by contingency reserves at the end of March, 2021. With this operation, we also provided excess of the standard amount (excess provision) for contingency reserves in order to restore the level of them.
- The excess provision for contingency reserves is as follows.
 - End of March 2021: Approx. ¥50.0 billion (see FY21/3 3Q Conference Call materials, page 23)
 - End of March 2022: Approx. ¥70.0 billion (see FY22/3 Conference Call materials, page 3)
 - End of March 2023: Approx. ¥55.0 billion (see FY22/3 Conference Call materials, page 24)
- Please note that all of the above were conducted under the Postal Life Insurance category.

Q. What is your projection for insurance claims payments for COVID-19 in FY23/3? Do you expect to see an increase as compared with FY22/3?

- Overall hospitalization benefits payments are on a downward trend.
- However, in the case of payments of insurance claims for COVID-19, the peak in the number of claims tends to be about two months after the peak in the number of patients. We therefore expect the peak in the number of claims for COVID-19 infections that occurred in February and March 2022 to be in April and May 2022.
- Insurance payments for COVID-19 thereafter will depend on the COVID-19 infection situation going forward.

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