

Teleconference of the Financial Results  
for the Six Months Ended September 30, 2023  
Summary of Q & A  
(November 13,2023)

Q How do you assess Japan Post Co.'s progress in each segment against the plan for the first half of the fiscal year?

A In the postal and domestic logistics business, the volume of parcels fell short of the plan but its expenses also decreased. As a result, the net operating loss was only slightly worse than planned. In the post office business, insurance commissions from the acquisition of new insurance policies came in slightly below target, but there was also a downturn in expenses. As a result, the net operating income exceeded the plan. The international logistics business fell slightly short of the plan, with income coming in above target in Global Logistics but below target in Global Forwarding. Overall, the results have been somewhat ahead of the plan, and we expect this trend to continue in the second half of the fiscal year. Therefore, we have left the full-year financial results forecast unchanged.

Q How do you assess the results and future trends in the real estate business?

A This business is progressing largely as planned. We believe that the full-year result will also be in line with the plan, with profits expected from the sale of units in large properties.

Q With the postal and domestic logistics business facing difficult conditions, is there a chance that postal fees may be raised?

A Japan Post Co.'s business plan, announced at the end of the last fiscal year, stated that an increase in postal fees would be considered based on the status of income and expenditure in each area of operations. We are currently engaged in the internal consideration of a range of options, based on the loss recorded by the postal business in the status of income and expenditure in each area of operations disclosed in July this year. According to the provisions of the Postal Act, the postal business is required to generate enough income to offset its expenditures, and we also believe that an increase in postal fees is inevitable from an institutional perspective.

Q Looking ahead, what is your timeline for raising postal fees?

A We hope to implement the increase in the next fiscal year. However, this will require a revision of the Ordinance of the Ministry of Internal Affairs and Communications, necessitating coordination with the Japanese government. At present, we cannot provide a specific timeline for this matter.

Q How are negotiations progressing with corporate customers regarding the raise in Yu-Pack fees?

A We raised the basic shipping fees in October, and we are right now engaged in negotiating corporate contracts managed by post offices. For large contracts managed by the head office, we will negotiate the revision of rates when these contracts come due for renewal.

Q How many times and in what range are you considering raising postal fees?

A Given the nature of postal fees as a form of public utility charge, any increase through the revision of the Ordinance of the Ministry of Internal Affairs and Communications requires consultation with the Consumer Affairs Agency and passage of ministerial meetings on prices. Therefore, we cannot provide any explicit information on the number and range of a postal fee increase at present. Having said that, the postal business currently has losses of around ¥20.0 billion, and we believe that it will be necessary to raise fees to a level that will offset these losses and ensure an appropriate profit. We do not think that the postal business will be allowed to keep generating losses.

Q How did you calculate the cost of equity as 5%?

A Calculations were made based on the capital asset pricing model (CAPM) using share price data and other data for the past five years, but we will refrain from providing a detailed explanation here.

This document is a summary of Q&A session for this conference and includes certain revisions and corrections to help readers better understand the points in the dialogue.

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 preparation of this document, forecasts, and assumptions made at the time of preparation.

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

This document does not constitute an offer to sell or a solicitation of an offer to buy any stock or other securities of the Company or any of its subsidiaries, or an offer to sell securities in the U.S. or to U.S. citizens. The Company's securities have not been and are not planned to be registered under the U.S. Securities Act of 1933 (the "Securities Act"). Securities may not be offered or sold in the United States except with registration or an exemption from registration under the Securities Act. When securities are offered or sold in the United States, an English language prospectus prepared in accordance with the U.S. Securities Act is used. A prospectus containing detailed information about the issuer and its management, as well as its financial statements, may be obtained from the issuer or seller of such securities.