

Teleconference of the Financial Results for the Fiscal Year Ended March 31, 2025

Summary of Q&A

(May 15, 2025)

Q Regarding the ¥600 billion capital increase for Japan Post Co., what is the basis for this amount, and what specific uses will it be put to?

A In March 2025, we completed the third partial sale of our shares of Japan Post Bank. The proceeds of this sale amounted to just over ¥600 billion. We will use these proceeds to subscribe to the new shares issued by Japan Post Co., thereby enhancing its business base and allocating funds for growth investments in areas such as strengthening logistics capabilities.

Specifically, these funds will be used in four areas. The first is investment to expand Japan Post Co.'s capabilities in the logistics field, where the funds will be used for purposes such as strengthening parcel-handling capacity at regional distribution offices. The second is investment in the post office network to enhance post office environments and increase their value and attractiveness. The third area is strategic IT investment, where the funds will be used for the P-DX initiatives we are pursuing in the postal and domestic logistics business, as well as measures such as the deployment of tablet-type PC devices at post office counters. The fourth area is M&A. Specifically, the funds will be used to acquire the shares of Tonami Holdings, for which we recently made a successful takeover bid.

Q What is the reason behind the figure of ¥250 billion for share repurchases in the fiscal year ending March 31, 2026?

A We implemented share repurchases totaling ¥350 billion in the fiscal year ended March 31, 2025. For the fiscal year ending March 31, 2026, we decided on the figure of ¥250 billion based on the relatively shorter repurchase period, as well as the current share price.

I should also note that the total return ratio is expected to be around 100%, and we believe this is a sufficient scale of share repurchases in terms of shareholder returns.

Q How do you view the Yu-Pack unit price, in terms of the results for the fiscal year ended March 31, 2025?

A Our approach to unit prices remains unchanged. As before, we aim to pass on cost increases. At the same time, we believe that in the current competitive environment, Japan Post Co.'s ability to raise unit prices is limited by the need to secure the volumes required to maximize profits in the face of price offensives by our competitors.

In the fiscal year ending March 31, 2026, we will continue to work to set appropriate prices and secure profits through better service quality, with a consciousness of maximizing net income.

Q What are your views on the volumes and unit prices of Yu-Pack and Yu-Packet in the plan for the fiscal year ending March 31, 2026?

A In terms of volumes, we expect a year-on-year increase of 110 million units to 670 million units for Yu-Pack, and a year-on-year increase of 160 million units to 700 million units for Yu-Packet. Yu-Pack will see an increase in volumes primarily for corporate customers with low unit prices, as in the fiscal year ended March 31, 2025. For Yu-Packet, we expect the current growth trend in low-priced small-sized products to continue, but we will negotiate with corporate customers to revise rates, and we hope to raise unit prices.

Q You forecast a substantial decline in profit for the post office business segment in the fiscal year ending March 31, 2026. Will this situation continue? What is the outlook?

A In the post office business segment, we have suspended the practice of inviting customers to post offices in response to the issue of the inappropriate use of private financial information. In this context, banking commissions and insurance commissions are expected to continue to decline in the fiscal year ending March 31, 2026. We do not believe that we should let this situation continue, and we hope to work toward recommencing the practice of inviting customers to visit post offices.

Q An increase in profit is planned for the postal and domestic logistics business segment in the fiscal year ending March 31, 2026, due to the effect of the increase in postal fees. Will the segment then return to losses in the fiscal year ending March 31, 2027? What are your views on the business operating environment?

A Both revenue and profit are expected to increase in the postal and domestic logistics business segment in the fiscal year ending March 31, 2026, due to factors including the effect of the revision of postal fees and an increase in parcel revenue. We plan for operating income of ¥29 billion. Conditions are expected to be difficult in the fiscal year ending March 31, 2027, with the persistence, to some extent, of the current high prices and rising personnel expenses per employee. The immediate effect of the revision of postal fees will also be waning, so we aim to increase revenue from the parcels business.

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.

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