

Large Meeting
(Fiscal Year Ended March 31,2026)
Summary of Q&A
(May 28, 2026)

Q Given that the Group's shareholding ratio in each of Japan Post Bank and Japan Post Insurance is less than 50%, are you considering treating them as equity-method affiliates rather than consolidated subsidiaries? This would likely have no material impact on cash flow or the Group's net income, and would also improve transparency.

A Although the Postal Service Privatization Act requires Japan Post Holdings to fully divest its shareholdings in Japan Post Bank and Japan Post Insurance, an amendment to the Act is currently being deliberated in the Diet, and a review of the provisions concerning the disposal of such shares is also being discussed.

In addition to these circumstances, this matter also needs to be considered from the perspective of maintaining the Group unity and the sustainable provision of universal services.

Therefore, at this time, we are not in a position to make a decision on structural changes, such as converting the subsidiaries to equity-method affiliates or disposing of additional shares. We intend to make our decisions based on future developments.

Q The postal business has measures in place to improve revenues, including revisions to postal charge and system reforms; however, the post office business continues to experience a structural decline in income, while also carrying substantial fixed costs. Looking ahead over the next five to ten years, the business is likely to become even more challenging. What measures are being considered to transform the business into one that generates returns commensurate with the cost of capital?

A A common challenge across all of Japan Post's operations is that personnel expenses account for more than three-quarters of all costs, and that securing personnel is particularly difficult in regional areas. That said, the challenge lies in how to secure bases and personnel while maintaining the service levels required as a provider of local infrastructure and universal services.

One solution would be to increase flexibility in post office counter operating hours and provide services while reducing the number of personnel required. Currently, approximately 2,000 post offices suspend counter operations during lunch hours, and the policy under the Medium-term Management Plan is to increase this number to 10,000. In addition, we plan to expand half-day closures of post office counters from the current four post offices to approximately 150.

Furthermore, we will implement the optimal placement of post offices facing issues such as aging facilities and insufficient earthquake resistance, taking into account regional trends. By comprehensively combining these initiatives, we will work to achieve structural improvements.

Q Even if postal charge revisions are implemented, revenue is expected to come under pressure

again within a few years due to the decrease in mail volume. In addition to structural reforms such as a review of collection and delivery bases, how much room do you see for further cost reductions? Furthermore, the plan is to consolidate collection and delivery bases to 2,700 bases during the period of the Medium-term Management Plan, but how much room do you think there is for further reductions in the long term?

A The goal is to consolidate the current approximately 3,200 collection and delivery bases to approximately 2,700. This consolidation will be particularly focused on regional areas.

In urban areas, we believe we are not necessarily required to continue the traditional model of using large post offices as delivery hubs and making deliveries from those hubs, as exemplified by the Ginza Post Office and Kyobashi Post Office.

By further expanding centralized handling through the mechanization of mail sorting by delivery route at upstream regional distribution post offices, it will be possible to transition to a model with multiple smaller delivery bases, while also positioning urban post offices as target assets for redevelopment. Even with an increase in the number of smaller delivery bases, we believe that overall profitability can be achieved through improvements in the efficiency of assets, personnel, and delivery distances.

In addition to promoting centralized handling and reorganizing delivery bases, we will advance structural transformation by combining various streamlining measures, such as optimizing transportation schedules using AI, integrated delivery of mail and small parcels, and creating delivery routes using AI.

Q As you transform into a comprehensive logistics company, what level of synergy do you expect the Group to generate? Please give us specific examples of synergies you anticipate.

A Tonami Holdings is already a wholly owned subsidiary, and we expect synergies to generate profits of approximately 1.0 billion over the next five years.

Specific examples of synergies include the expansion of parcel handling entrusted by JP Logistics, which is a subsidiary of Japan Post, to Tonami Holdings. The Group is advancing a division of roles by concentrating parcels originating in the Kanto region and destined for the Hokuriku region on Tonami Holdings, which is based in the Hokuriku region.

In addition, in Yokohama, we have integrated the collection and delivery bases of JP Logistics and Tonami, and are working to improve efficiency by allocating responsibilities by geographic area.

We hold a 19.9% stake in LOGISTEED Holdings, and are also considering investments by LOGISTEED Holdings in the forwarding business of our subsidiary Toll Holdings, as well as in certain contract logistics business in Asia.

Going forward, we will explore more specific, project-based collaborations and synergies, including determining which types of parcels should be handled jointly in which countries and regions, and how to make joint proposals. While specific figures are yet to be determined, we aim

to generate synergies on a meaningful scale.

At the same time, through discussions on improving efficiency through the use of new technologies such as AI, and a review of universal service standards and cost structures, we aim to build a system that can provide stable services on a sustainable basis without relying on repeated charge revisions.

Q The profitability of the post office business appears to be below the Group's overall level of profitability. Should this business be managed on a standalone basis, or should it be evaluated from the Group-wide perspective, taking into account factors such as dividends from Japan Post Bank and Japan Post Insurance? In addition, could you comment on the possibility of reviewing the commissions received from the two companies.

A As you pointed out, we acknowledge that looking solely at ROA gives the impression of profitability being at a low level. While considering the structure of our business, which involves substantial fixed costs, we will continue to pursue further profit improvement through measures such as flexible counter operating hours and efficient use of personnel.

The post office network is a valuable asset for the entire Japan Post Group, and we intend to expand this business from the perspective of how to leverage its value as a community-based financial, postal, and logistics hub.

In addition, we hold annual discussions with both Japan Post Bank and Japan Post Insurance regarding the commissions we receive from them. While the commissions may fluctuate depending on the volume of their services handled at post offices, there is a fixed component. We will continue to discuss the commission structure with them to ensure that it remains mutually beneficial for all parties.

However, both Japan Post Bank and Japan Post Insurance are publicly listed companies, and therefore the commission structure should not be revised solely on the basis of the Company's profitability. While discussions for review may take place whenever new products, new services, or new entrusted operations arise, the basic policy is to maintain the stable operation of the current framework while ensuring profitability for the post office business and providing sustainable services through operational efficiency improvements on the part of Japan Post.

Q Regarding the positioning and strategy of Yu ID, is it primarily a cost reduction measure or a measure aimed at increasing revenue?

A In parallel with Yu ID, we have developed a Group-wide customer management platform and established a system that enables the centralized management of customer information related to deposits, insurance, trading, and parcels, etc. which were previously managed separately. We are currently working to accumulate customer data and link it to Yu ID, with the aim of expanding revenue through the utilization of customer information. Accordingly, Yu ID is positioned as a revenue growth initiative rather than a cost reduction measure.

Going forward, we will analyze centralized customer information using AI and other technologies to propose the optimal products and services for each customer. Furthermore, through AI-powered recommendation support, we aim to expand our services not only in existing areas but also in new fields. Through these initiatives, we aim to expand the Group's revenue and enhance its corporate value.

Q The current ROA for the real estate business is around 2.5%. Considering factors such as unrealized gains, this seems low. Can you tell us what factors are behind this?

A We recognize that the current ROA is low. One of the factors is that many of our owned properties are relatively new, resulting in a heavy facility depreciation burden at present. However, we expect these depreciation expenses to decrease over time, leading to an increase in profits.

In addition, amid the current environment of rising rents, particularly for offices, we operate competitive real estate and anticipate future internal growth.

Since privatization, construction costs have remained relatively reasonable, and until now, we have focused on rental property development with the aim of building a stable management base. As a result, compared with typical developers, our revenue structure has a lower proportion of residential built-for-sale and rotational-type business, and fee-based business.

Going forward, although it will take some time, we plan to improve the ROA by increasing the proportion of these businesses, combined with a reduced depreciation burden and internal growth through rent revisions.

Q What is the development potential of the Group's owned properties? Up until now, the utilization of former post office sites has often involved joint development with other companies. Going forward, how should we view the rationale and advantages of independently owning and investing in properties outside the Group? Is it correct to understand that the Group expects to accumulate expertise and see an upside to revenues by being directly involved?

A For example, in the Shirokane 1-chome West Central Area Urban Redevelopment Project, Japan Post owns company housing located within the redevelopment area. As a rights holder, Japan Post is participating in the project, while Japan Post Real Estate is participating as an acquirer of reserved floors. Accordingly, the Group is involved in the project in two capacities.

In residential developments, Japan Post acquires rental floor space in the lower floors as rights-based floor space, while Japan Post Real Estate acquires floor space for built-for-sale in the middle and upper floors as reserved floor space, and then sells the units jointly with other developers.

In the Nihonbashi 1-Chome East Area Urban Redevelopment Project, Japan Post participates as the land rights holder of the Nihonbashi Post Office site, while Japan Post Real Estate acquires reserved floor space. Both companies are therefore involved in the project as rights holders. They

will acquire floor space in the lower levels of the south office building for use as postal facilities, while also acquiring rental floor space on the middle floors.

Until now, due to a lack of expertise in large-scale development, our projects have mainly been joint ventures with other developers. However, having gained experience, we now plan to independently develop projects that we can manage ourselves. In particular, there are abundant business opportunities in residential built-for-sale projects utilizing former company housing sites, and we are working to establish a system that will allow us to develop these projects independently. However, depending on the scale and price range of the project, joint ventures are often more rational, and we will assess the performance of each project and make our decisions accordingly.

Q Rather than indiscriminately acquiring land unrelated to the Group, is the strategy to create greater value by acquiring land adjacent to existing post offices and undertaking integrated development of the site? Even in the current environment of elevated construction costs, is it correct to understand that the idea is to improve viability through the acquisition of adjacent land?

A We intend to actively pursue initiatives that will further enhance the value of our owned properties by involving the surrounding areas. On the other hand, we are already working on the acquisition of completely separate external properties. While we need to improve our information gathering and negotiation capabilities, we also intend to pursue the challenge of independently acquiring and developing land outside the Group.

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.

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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