

Section 12 Trends in Postal Service and Correspondence Delivery Business

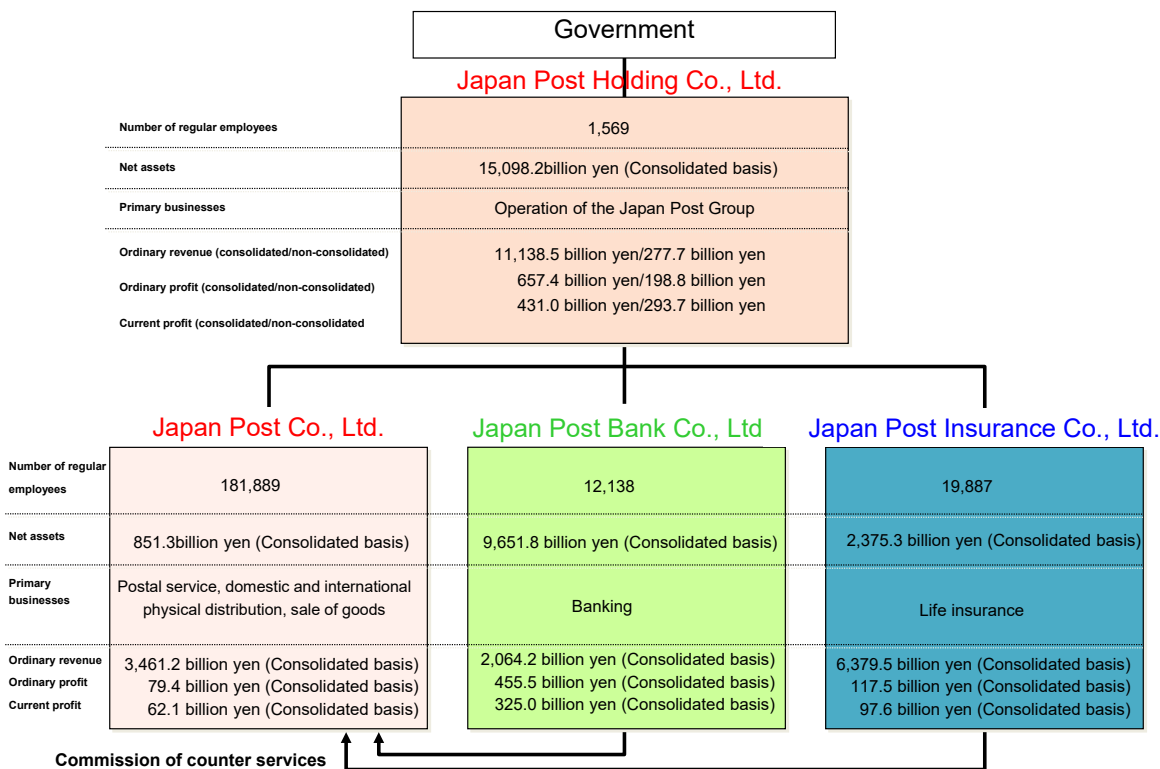
1. Postal service

(1) Japan Post Group

On October 1, 2012, Japan Post Group switched to a four-company structure with Japan Post Holdings Co., Ltd. as a holding company (Figure 4-12-1-1). Japan Post Holdings holds 100% of the issued stocks of Japan

Post, 60.6% of proportion of voting rights held of Japan Post Bank, and 49.8% of proportion of voting rights held of Japan Post Insurance (as of the end of March 2023).

Figure 4-12-1-1 Japan Post Group organization chart



*1 Number of employees (regular employees) as of September 30, 2022.

*2 The "current net profit" of each company is the current net profit attributable to parent company shareholders.

(Source) Based on financial results for the period ending March 2023 and disclosure reports (2022)

In the fiscal 2022 consolidated statement of the Japan Post Group, ordinary revenue was about 11.1 trillion yen, while current net profit was 431 billion yen (Figure 4-12-1-2).

Figure 4-12-1-2 Japan Post Group management

Fiscal year	2017	2018	2019	2020	2021	2022
Ordinary revenue	129,203	127,749	119,501	117,204	112,647	111,385
Ordinary profit	9,161	8,306	8,644	9,141	9,914	6,574
Current profit	4,606	4,794	4,837	4,182	5,016	4,310

(100 million yen)

(Source) Based on Japan Post Holdings Co., Ltd. "Overview of Financial Results"

(2) Japan Post Co., Ltd.**a Financial condition**

In fiscal 2022, Japan Post (consolidated) operating revenue was 3.4515 trillion yen, operating profit was 83.7 billion yen, ordinary profit was 79.4 billion yen, and current net profit was 62.1 billion yen, for a decrease in both income and profit.

Looking by business reveals that operating revenue for postal service and physical distribution was 1.9978

trillion yen, operating expenses were 1.9649 trillion yen, and operating profit was 32.8 billion yen (a decrease of 69.3 billion yen over the previous term), and operating revenue for post office counter service was 1.74 trillion yen, operating expenses were 1.247 trillion yen, and operating profit was 49.3 billion yen (an increase of 24.7 billion yen over the previous term) (**Figure 4-12-1-3**).

Figure 4-12-1-3 Changes in Japan Post's (consolidated) operating profit and loss

(100 million yen)

Fiscal year	2017	2018	2019	2020	2021	2022
Postal/physical distribution	419	1,213	1,475	1,237	1,022	328
Post office counter service	397	596	445	377	245	493
International physical distribution	102	103	△ 86	35	287	107
Japan Post (consolidated)	865	1,820	1,790	1,550	1,482	837

*The segment name was changed from "financial counter service" to "post office counter service" during the March 2022 term.

(Source) Based on Japan Post Holdings Co., Ltd. "Overview of Financial Results"

The operating profit for postal service of Japan Post was 7.8 billion yen in fiscal 2021.

**Figure (related data) Postal service income and expenditures**

Source: Based on Japan Post Co., Ltd. "Postal Service Income and Expenditures"

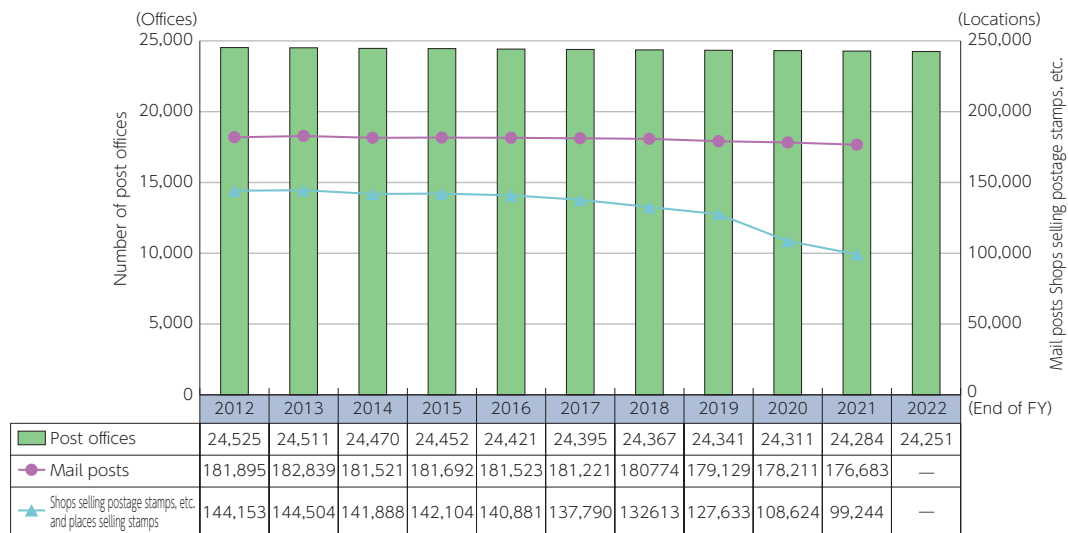
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(Data collection)

b Number of facilities related to postal services

As of the end of fiscal 2022, the number of facilities related to postal services remained almost unchanged at

24,251 post offices (**Figure 4-12-1-4**).

Figure 4-12-1-4 Changes in the number of facilities related to postal services

(Source) "Japan Post Group Disclosure Report" Based on Japan Post "Information on the number of postal offices (open data)" website

The breakdown of the number of post offices as of the end of fiscal 2022 reveals that there were 20,142 directly managed post offices (including satellite offices and

closed locations) and 4,109 simple post offices (including closed locations).

**Figure (related data) Breakdown of the number of post offices (as of the end of fiscal 2022)**

Source: Based on Japan Post Co., Ltd. "Information on the number of postal offices (open data)" website

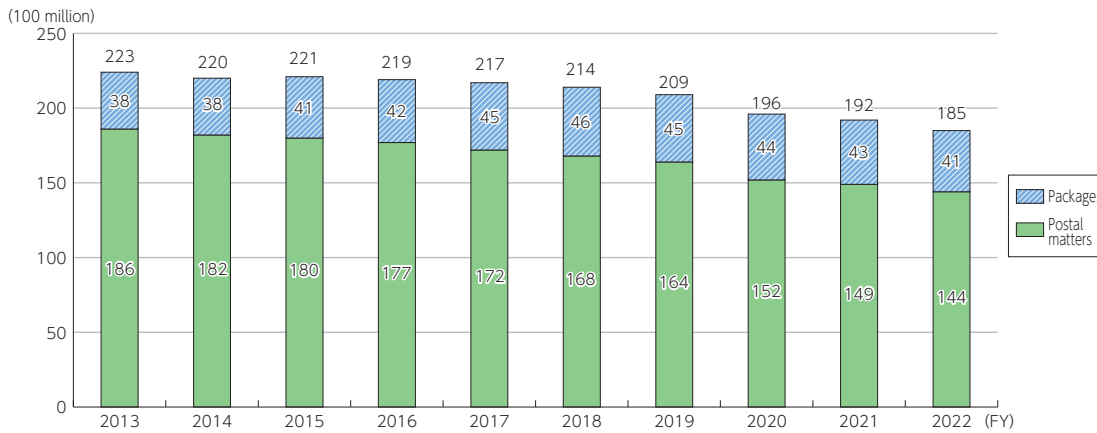
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c Number of postal items accepted

A total of 18,538,32 billion postal items were accepted in fiscal 2022 (Figure 4-12-1-5).

Figure 4-12-1-5 Changes in the total number of postal items accepted



*Following the privatization of postal services, Yu-Pack and Yu-Mail are now provided as packages as defined by the Trucking Business Act, and not as parcels as defined by the Postal Act.

(Source) Based on Japan Post "Number of Postal Items Accepted" material released each fiscal year

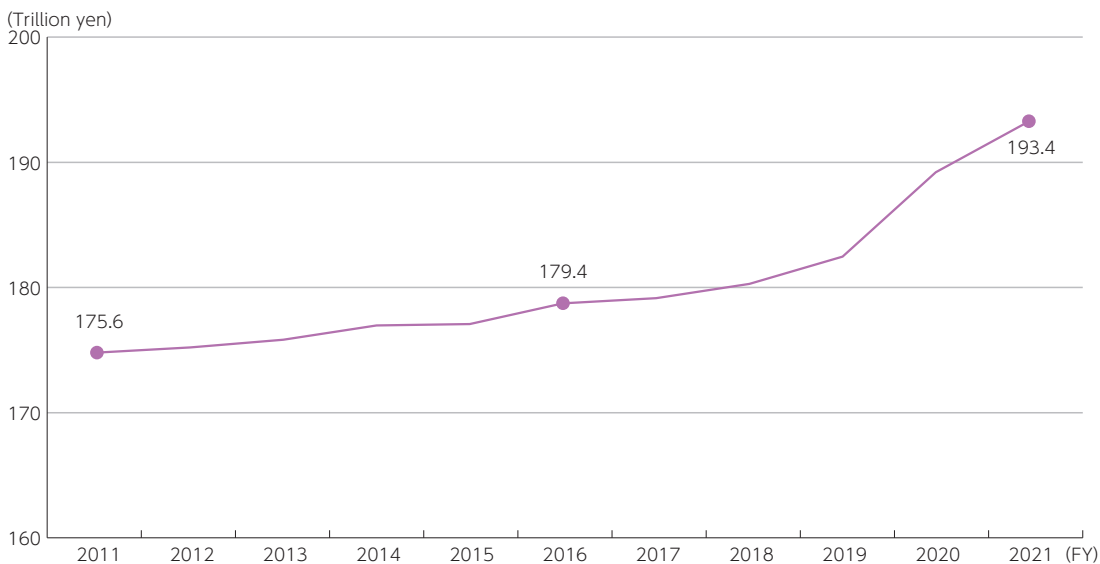
(3) Japan Post Bank Co., Ltd.

Japan Post Bank conducts business at 233 directly managed offices, while commissioning bank agency services to about 20,000 post offices.

The balance of deposits of Japan Post Bank (including postal savings from when the organization was managed

by the government) was 193.4 trillion yen at the end of fiscal 2021. The balance has decreased 66.6 trillion yen (25.6%) from the peak of 260.0 trillion yen at the end of fiscal 1999 (Figure 4-12-1-6).

Figure 4-12-1-6 Changes in the balance of deposits of Japan Post Bank



*The figure is the sum of savings before and after postal service privatization.

(Source) Based on Japan Post Bank Securities Report

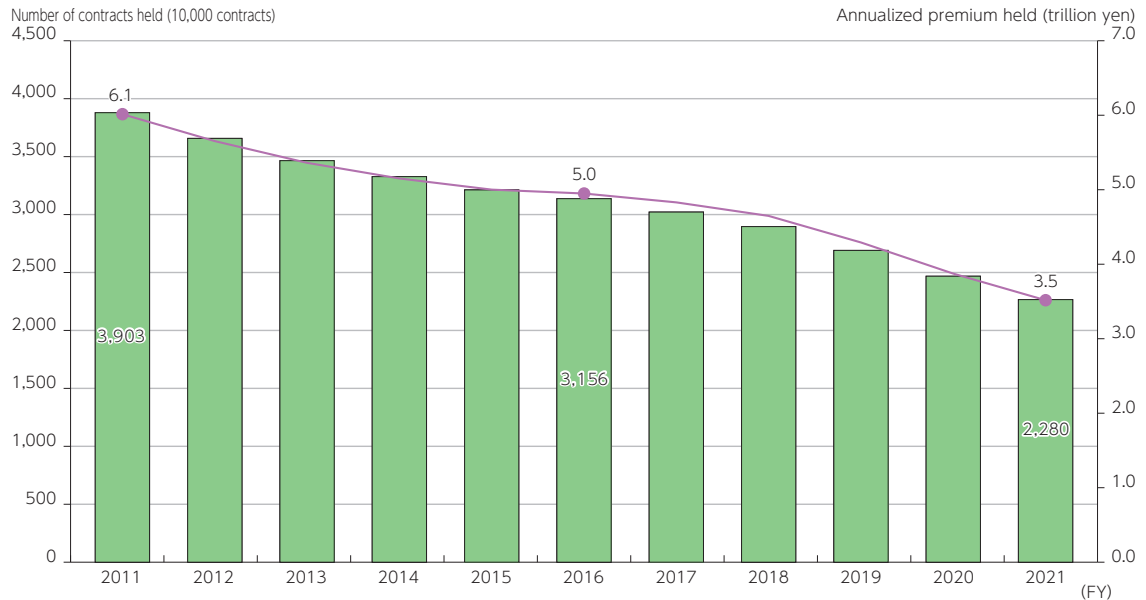
(4) Japan Post Insurance Co., Ltd.

Japan Post Insurance conducts business at 82 branch offices, while commissioning insurance solicitation to about 20,000 post offices.

There were 22.8 million insurance contracts with Japan Post Insurance (including postal life insurance from when the organization was managed by the govern-

ment) at the end of fiscal 2021. The number has decreased 61.52 million (72.9%) from the peak of 84.32 million at the end of fiscal 1996. Annualized premiums also decreased by 4.2 trillion yen (54.5%) from 7.7 trillion yen at the end of fiscal 2008, to 3.5 trillion yen at the end of fiscal 2021 (**Figure 4-12-1-7**).

Figure 4-12-1-7 Changes in the number of insurance contracts and annualized premiums for Japan Post Insurance



(Source) Based on Japan Post Insurance Securities Report

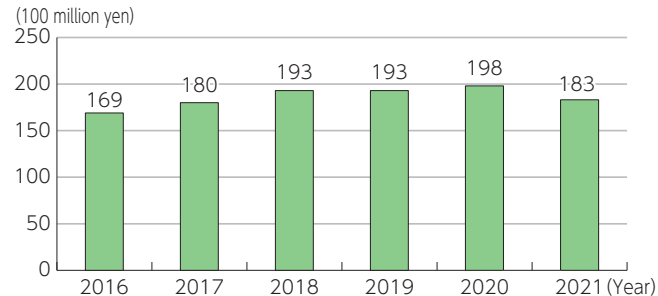
2. Correspondence delivery service

(1) Sales of correspondence delivery service

In fiscal 2021, sales of specified correspondence delivery service were 18.3 billion yen, a 7.6% decrease from

the previous fiscal year (**Figure 4-12-2-1**).

Figure 4-12-2-1 Changes in correspondence delivery service operator sales



(2) Number of correspondence delivery service operators

Although no operators have entered the general correspondence delivery service business¹ following the enforcement of the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) in April

2003, 583 operators have entered the specified correspondence delivery service business² as of the end of fiscal 2022. Looking at type of provided service reveals that providers of Class 1 services are increasing.



Figure (related data) Changes in the number of specified correspondence delivery service operators
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 (Data collection)



Figure (related data) Changes in the number of business operators by type of service provided
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(3) Correspondence handling record

In fiscal 2021, 20.06 million correspondences were handled (a 4.7% decrease from the previous fiscal year).



Figure (related data) Changes in the number of correspondences accepted
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 (Data collection)

¹ “Nationwide full-scale entry” business that can deliver all types of correspondences on condition of providing general correspondence delivery service across the country.

² “Specific service type” business with ingenuity. The organization must perform one of three types of specified correspondence delivery service (Class 1 to 3).