

Section 12 Trends in postal service and correspondence delivery business

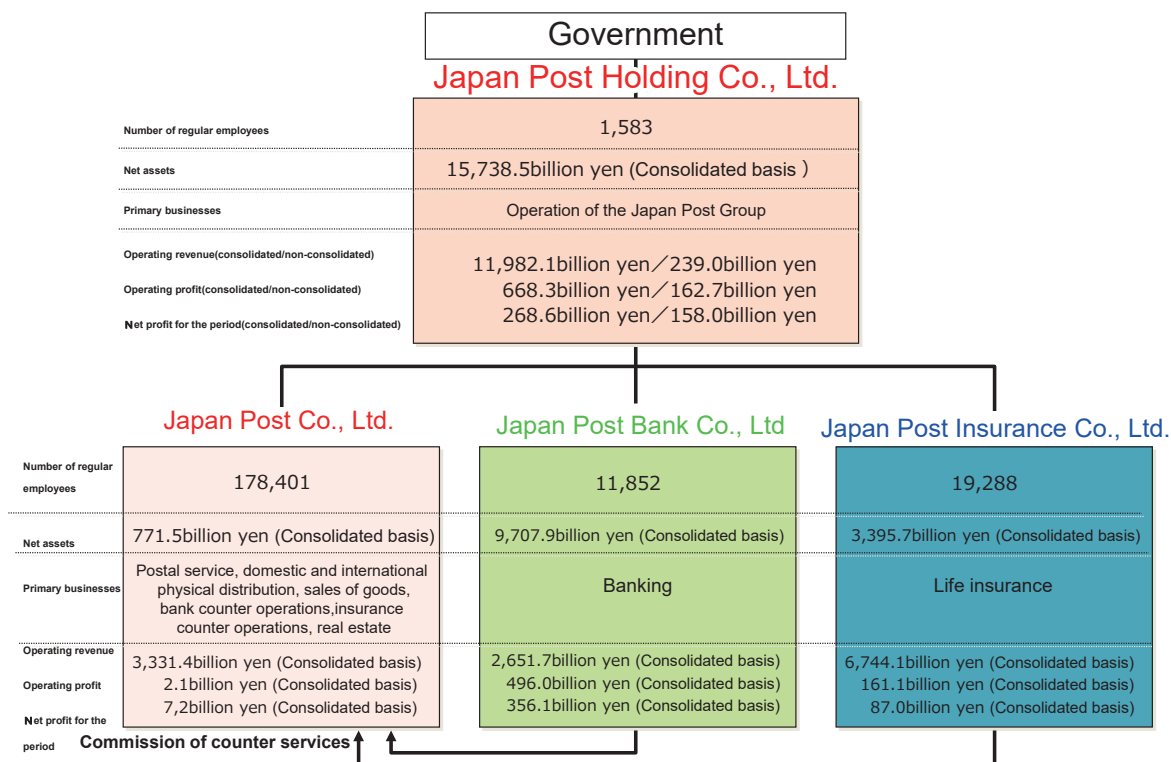
1. Postal service

(1) Japan Post Group

Japan Post Group has operated as a holding company structure since October 1, 2012, consisting of four companies (Figure 2-1-12-1). Japan Post Holdings holds 100% of the issued shares of Japan Post, as well as 61.5%

of the voting rights of Japan Post Bank shares and 49.8% of the voting rights of Japan Post Insurance shares (as of the end of March 2024).

Figure 2-1-12-1 Japan Post Group organization chart



*1 Number of employees (regular employees) as of September 30, 2023.

*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 2024 and disclosure reports (2023)

The consolidated financial results for Japan Post Group in FY2023 show an operating revenue of approxi-

mately 12 trillion yen and a net profit for the period of 26.86 billion yen (Figure 2-1-12-2).

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

(100 million yen)

Fiscal year	2018	2019	2020	2021	2022	2023
Operating revenue	127,749	119,501	117,204	112,647	111,385	119,821
Operating profit	8,306	8,644	9,141	9,914	6,576	6,683
Net profit for the period	4,794	4,837	4,182	5,016	4,310	2,686

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

(2) Japan Post Co., Ltd.

A Financial status

For FY2023, Japan Post (consolidated) reported operating revenues of 3.3237 trillion yen, operating income of 6.3 billion yen, ordinary income of 2.1 billion yen, and net income of 7.2 billion yen, indicating a decrease in both revenue and profit.

By business segment, the postal and logistics busi-

ness recorded operating revenues of 1.9755 trillion yen, operating expenses of 2.0441 trillion yen, and an operating loss of 68.6 billion yen, a decrease of 101.6 billion yen compared to the previous fiscal year. The post office business recorded operating revenues of 1.1129 trillion yen, operating expenses of 1.0399 trillion yen, and an op-

erating profit of 72.9 billion yen, an increase of 23.6 billion yen compared to the previous fiscal year (Figure

2-1-12-3).

Figure 2-1-12-3 Changes in Japan Post's (consolidated) operating profit and loss

(100 million yen)

Fiscal year	2018	2019	2020	2021	2022	2023
Postal/logistics business	1,213	1,475	1,237	1,022	328	△ 686
Post office business	596	445	377	245	493	729
International logistics business	103	△ 86	35	287	107	95
Japan Post (consolidated)	1,820	1,790	1,550	1,482	837	63

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

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

Additionally, the postal business of Japan Post recorded an operating loss of 21.1 billion yen for FY2022.



Figure (related data) Postal service income and expenditure

Source: Prepared based on Japan Post Co., Ltd. "Postal Service Income and Expenditure"

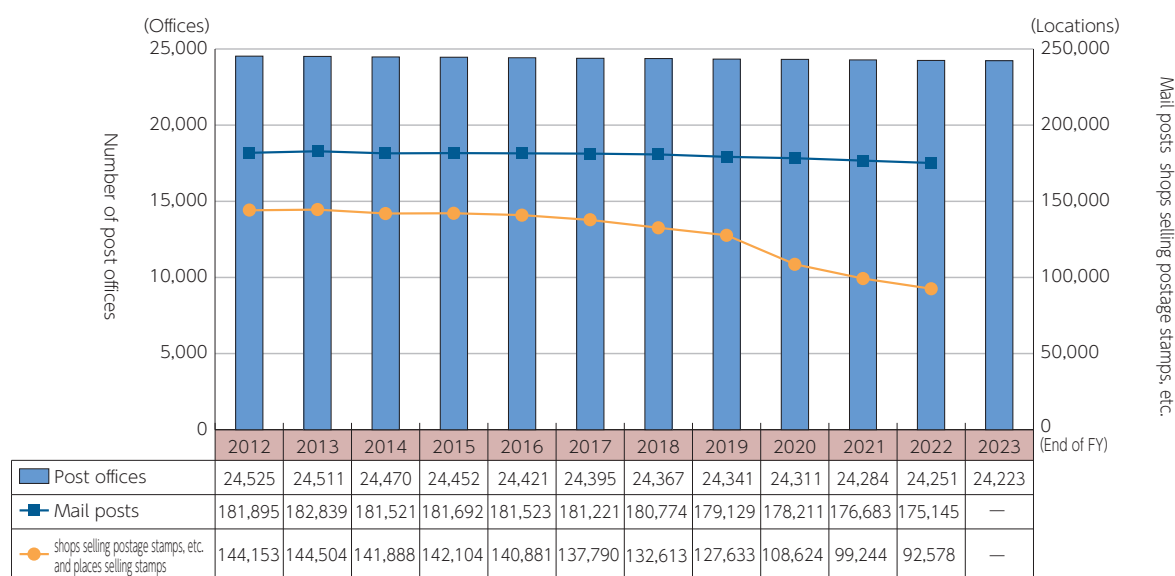
URL: <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00378>

(Data collection)

B Number of postal facilities

As of the end of FY2023, the number of postal offices stood at 24,223, remaining stable (Figure 2-1-12-4).

Figure 2-1-12-4 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

This includes 20,143 directly managed post offices (including branch offices and temporarily closed post

offices) and 4,080 simplified post offices (including temporarily closed simplified post offices).



Figure (related data) Breakdown of the number of post offices (as of the end of FY2023)

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

URL: <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00380>

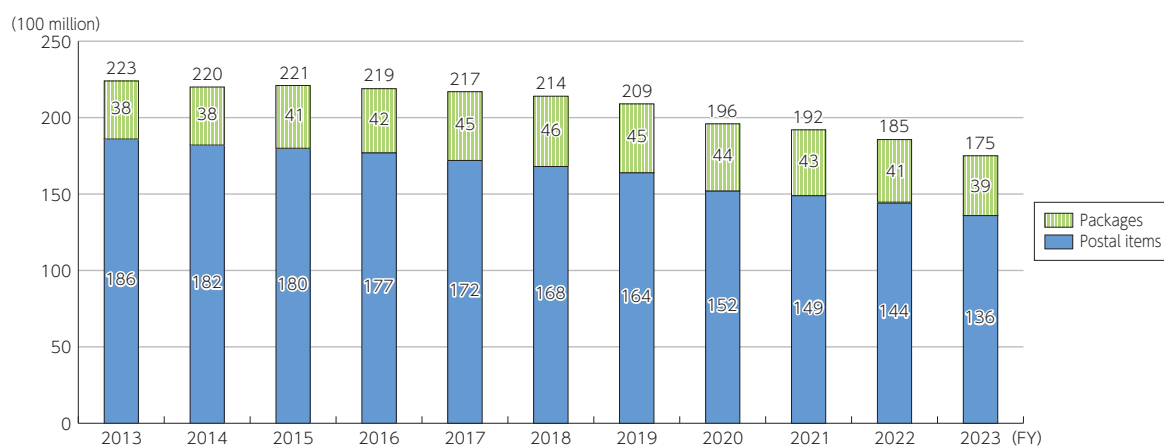
(Data collection)

C Volume of accepted postal items

The total volume of accepted postal items for FY2023

was 17.46084 billion pieces (**Figure 2-1-12-5**).

Figure 2-1-12-5 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 Motor Truck Transportation Business Act, and not as parcels as defined by the Postal Act.

(Source) Prepared based on Japan Post "Number of Accepted Postal Items" for each FY

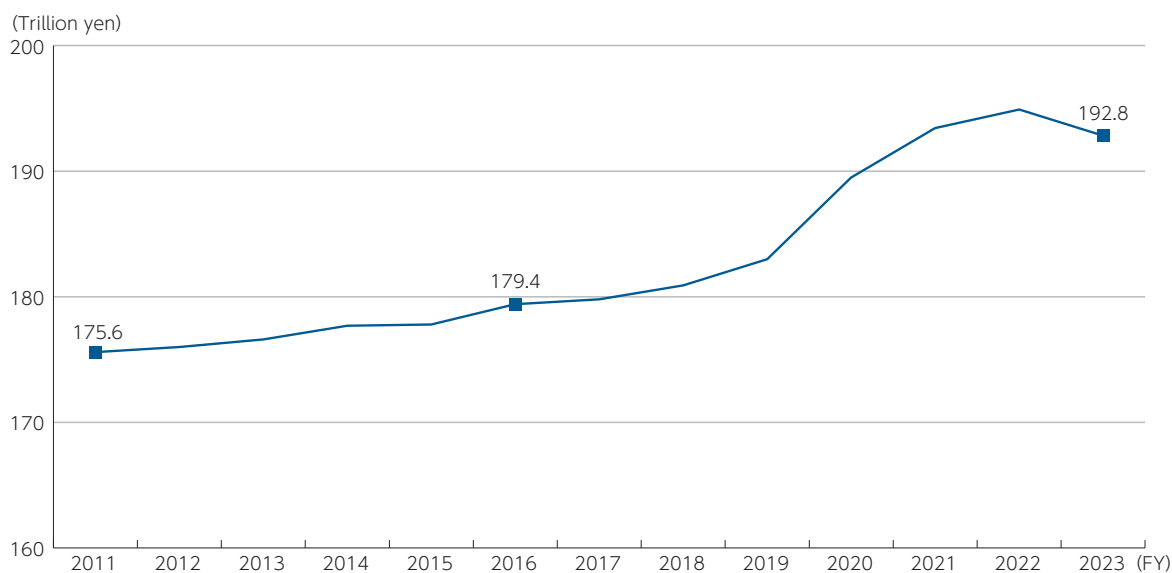
(3) Japan Post Bank Co., Ltd.

Japan Post Bank operates through its directly managed branches (233 branches) and delegates banking agency operations to post offices (approximately 20,000 offices).

The balance of deposits at Japan Post Bank, including

postal savings from the national era, was 192.8 trillion yen at the end of FY2023, a decrease of 67.2 trillion yen (25.8%) from the peak of 260.0 trillion yen at the end of FY1999 (**Figure 2-1-12-6**).

Figure 2-1-12-6 Changes in the balance of deposits of Japan Post Bank Co., Ltd.



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

(Source) Prepared based on Japan Post Bank Securities Report

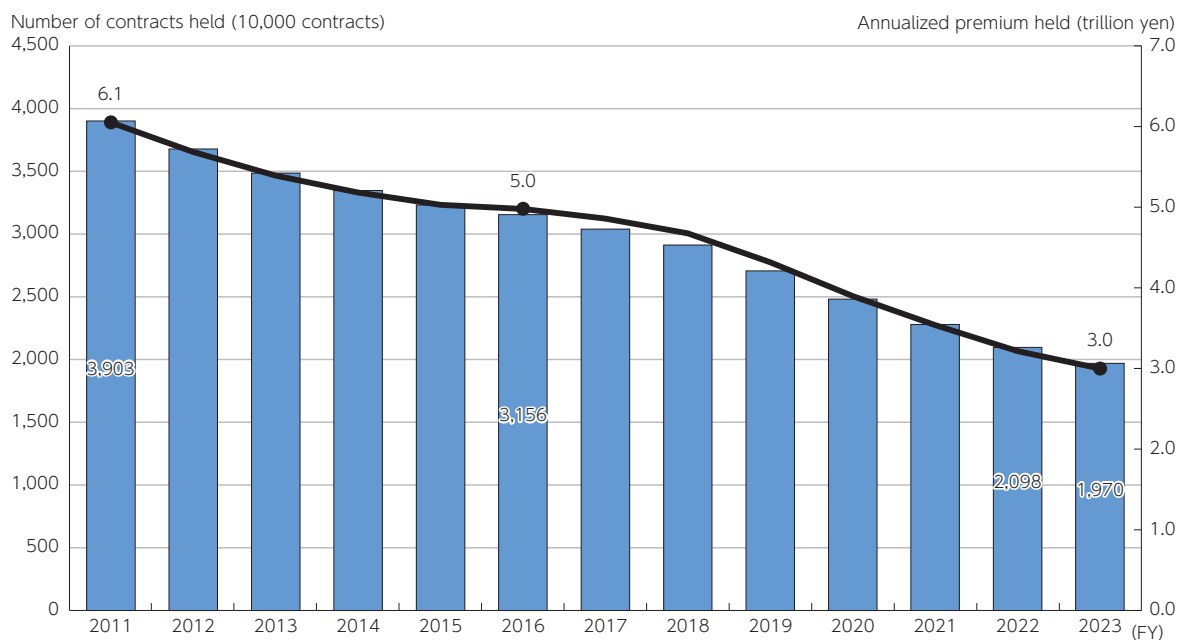
(4) Japan Post Insurance Co., Ltd.

Japan Post Insurance operates through its branches (82 branches) and delegates insurance solicitation operations to post offices (approximately 20,000 offices).

The number of policies in force, including simple life insurance from the national era, was 19.7 million at the end of FY2023, a decrease of 64.62 million (76.6%) from

the peak of 84.32 million at the end of FY1996. The annualized premium income was 3.0 trillion yen at the end of FY2023, a decrease of 4.7 trillion yen (61.0%) compared to the end of FY2008 (7.7 trillion yen) **(Figure 2-1-12-7)**.

Figure 2-1-12-7 Changes in the number of insurance contracts and annualized premiums for Japan Post Insurance



(Source) Prepared based on Japan Post Insurance Securities Report

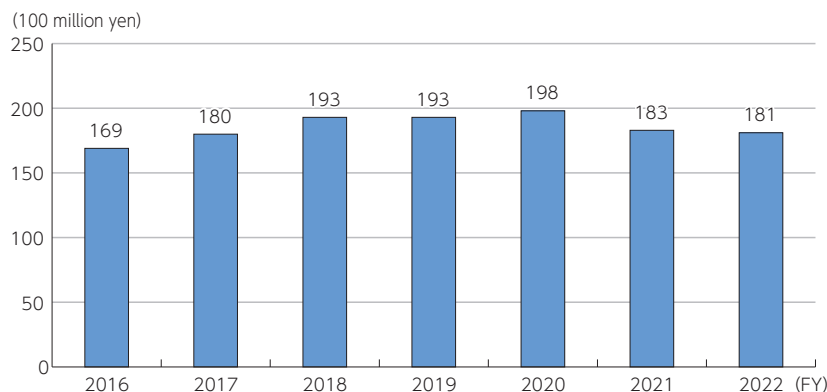
2. Correspondence delivery service

(1) Sales of correspondence delivery business

The sales of the specified correspondence delivery business for FY2022 were 18.1 billion yen, a decrease of

1.1% from the previous fiscal year (**Figure 2-1-12-8**).

Figure 2-1-12-8 Changes in correspondence delivery service operator sales



(2) Number of correspondence delivery service providers

Since the enforcement of the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) in April 2003, there have been no new entrants into the general correspondence delivery business¹, but

as of the end of FY2023, 596 providers have entered the specified correspondence delivery business². The number of entrants into the first-class service has been increasing.



Figure (related data) Changes in the number of specified correspondence delivery service operators
URL: <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00385>
(Data collection)



Figure (related data) Changes in the number of business operators by type of service provided
Source: MIC "Promotion of Utilization of AI and RPA in Local Governments"
URL: <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00386>
(Data collection)

(3) Correspondence delivery handling performance

The number of accepted correspondence delivery items for FY2022 was 20 million pieces, a decrease of

0.3% from the previous fiscal year.



Figure (related data) Changes in the number of correspondences accepted
URL: <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00387>
(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).