



In the postal and domestic logistics business, we conduct comprehensive reviews of product and operations systems and strengthen service infrastructure to support an expansion in parcels.



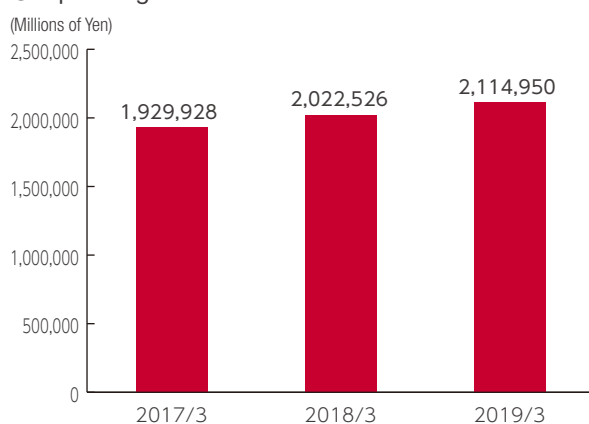
## Business Overview

In addition to providing postal services at the fairest possible rates across Japan, Japan Post Co. is commissioned by the Japanese government to sell documentary stamps and issues donation-added New Year's postcards. Japan Post Co. provides Yu-Pack, Yu-Mail and other parcel delivery services as well as logistics services from the design, proposal and formation to operation of an optimal logistics strategy for customers in order to meet diverse customer needs in line with growth in the e-commerce market.

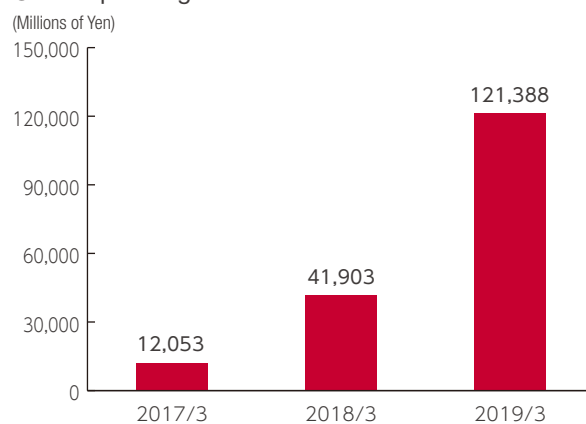
## Financial Results for the Year Ended March 2019

In the postal and domestic logistics business, operating income increased, mainly due to the rise in income in the parcel field in line with the revision of price per unit and increased volume of Yu-Pack handled. Despite an increase in operating expenses in line with this, the amount was more than offset by the increase in operating income. As a result, ordinary income amounted to ¥2,119,332 million (up ¥93,795 million year-on-year) and net ordinary income amounted to ¥124,457 million (up ¥80,720 million year-on-year). In addition, operating income amounted to ¥2,114,950 million (up ¥92,423 million year-on-year) and net operating income amounted to ¥121,388 million (up ¥79,484 million year-on-year) in the postal and domestic logistics business of Japan Post Co. (consolidated) for the fiscal year ended March 31, 2019.

### ● Operating income



### ● Net operating income



### Strengths

- Ability to deliver to 31 million locations daily
- Efficient delivery of small parcels through the use of motorcycles
- High-quality parcel pickup and delivery service

### Challenges

- Continued decline in the volume of mail due primarily to proliferation of the Internet
- Increase in parcel redelivery, difficulty in securing labor and rising labor unit costs, etc.
- Decrease in sufficient workers for the future

### Future policy

- Conduct comprehensive reviews of products and operations systems
- Expand measures to increase revenue
- Strengthen service infrastructure to support an expansion in parcels
- Enhance convenience and productivity for the future through utilization of advanced technology

## Future Growth Strategy

### Conduct comprehensive reviews of products and operations systems

Amid a decline in the volume of mail due mainly to proliferation of the Internet, demand for Yu-Pack and other such services is increasing primarily on the back of expansion in the e-commerce market. In order to respond to this environment, we will work to provide highly convenient postal, pickup and delivery services, and conduct reviews of products, services and operations to meet growing demand for small parcels with the aim of strengthening postal and logistics functions and securing stable profits.

### Expand revenue

In response to changes in lifestyle and society, including an increase in double-income and single-person households, we will continue working to provide highly convenient postal, pickup and delivery services. In addition, we will strive to maintain and expand the use of mail primarily by providing social media-related services using smartphones and other devices, including New Year's postcards, and activities conveying the joy of letter-writing. We will also seek to increase revenue by creating and strengthening a sales system that can meet diverse customer needs.

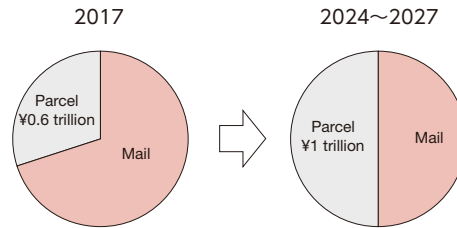
### Strengthen service infrastructure to support an expansion in parcels

With the aim of enhancing operational efficiency at post offices, we will strive to strengthen service infrastructure to support an expansion in parcels. Specifically, we will enhance productivity of pickup and delivery services through a review of operations, bolster transport capacity through the borrowing of facilities, and increase efficiency and transport capacity through a review of transport methods for Yu-Pack and other items. By doing so, we seek to establish a facility, transport and pickup/delivery system that meets the increase in parcels. In addition, to secure the necessary labor force for operations we will undertake region-specific and effective measures to recruit workers and lay the groundwork for them to stay on the job.

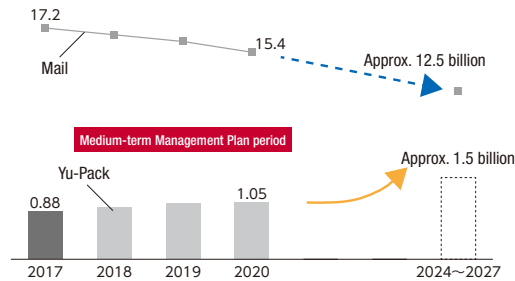
### Enhance convenience and productivity for the future through utilization of advanced technology

In order to improve efficiency in delivery operations and other areas, we are pushing ahead with the use of artificial intelligence (AI) and the Internet of things (IoT) through co-creation with a startup company as a means to visualize business and enhance productivity. In addition, we will actively utilize advanced technology such as drones, delivery robots and automated driving.

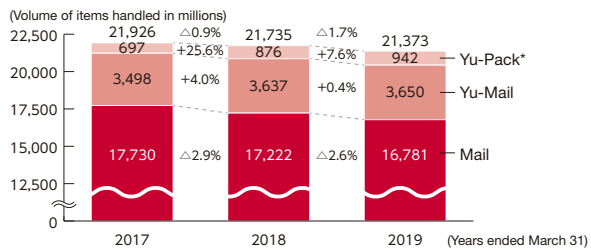
#### Image of business (revenue) ratio



#### Volume handled



#### Trends in volume of items handled



\*Including Yu-Packet



Utilizing self-driving cars



In the post office business, we will strive to ensure harmonious coexistence with the local community by maintaining, strengthening and making maximum use of our post office network through the deployment of unique and diverse post offices in accordance with regional needs.



## Business Overview

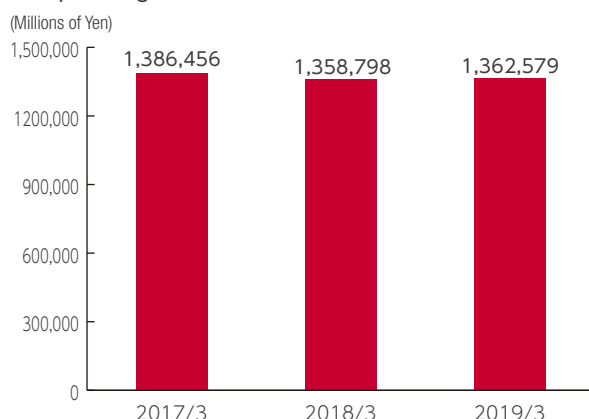
In the post office business, in addition to counter operations related to postal and logistics business, we provide banking counter operations commissioned from Japan Post Bank Co. and insurance counter operations commissioned from Japan Post Insurance Co., as well as merchandise business, real estate business and affiliated financial services at post offices nationwide, which serve as sales hubs for providing services to customers.

## Financial Results for the Year Ended March 2019

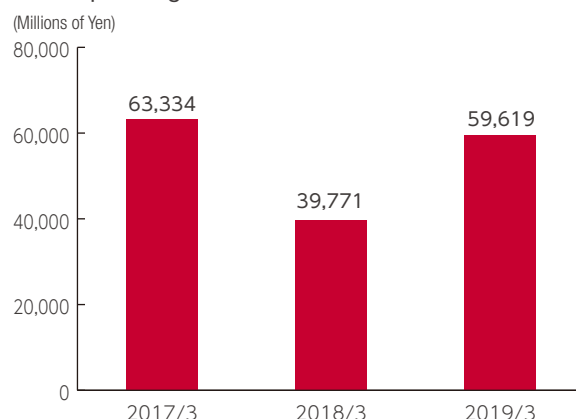
In the post office business, operating income remained roughly on par with the previous fiscal year. The fall in insurance commissions in line with a decrease in new policy sales for Japan Post Insurance Co. and lower income in the merchandise business due to the contraction of certain businesses were offset by increases in postal service and banking commissions associated with increases in acceptance and sales at post offices, and by increases in income from third-party financial product agency services and the real estate business, which were both steady.

On the other hand, operating expenses decreased year-on-year and, as a result, ordinary income amounted to ¥1,363,757 million (up ¥3,081 million year-on-year), and net ordinary income amounted to ¥59,840 million (up ¥18,856 million year-on-year). In addition, operating income amounted to ¥1,362,579 million (up ¥3,780 million year-on-year) and net operating income amounted to ¥59,619 million (up ¥19,848 million year-on-year) in the post office business of Japan Post Co. (consolidated) for the fiscal year ended March 31, 2019.

### ● Operating income



### ● Net operating income



#### Strengths

- A post office network of over 24,000 locations throughout Japan
- Provision of diverse products and services inside and outside the Group

#### Challenges

- Maintain and strengthen post office network in regions where the population is declining
- Decrease in the volume of mail handled in line with the population decline

#### Future policy

- Develop unique and diverse post offices in accordance with regional needs
- Strengthen competitiveness by enhancing sales productivity
- Promote greater efficiency in counter operations, etc.

## Future Growth Strategy

### Develop unique and diverse post offices in accordance with regional needs

In order to develop unique and diverse post offices in accordance with regional needs, we will work to expand products and services that utilize our post office network and provide products and services that meet regional needs. In addition, we will ensure diversification of counter business hours in line with local needs and make changes for each location.

To enhance customer convenience, we will continue striving to optimize the post office network, for example, by establishing new post offices that will include branches adjacent to convenience stores, inside shopping centers and in local government facilities, and by reviewing post office locations. We will also facilitate greater utilization of our post office network by leasing certain post office assets to other companies.

The Watch Over Service will continue to be provided with the aim of increasing the convenience of local customers and contributing to safe and secure living.

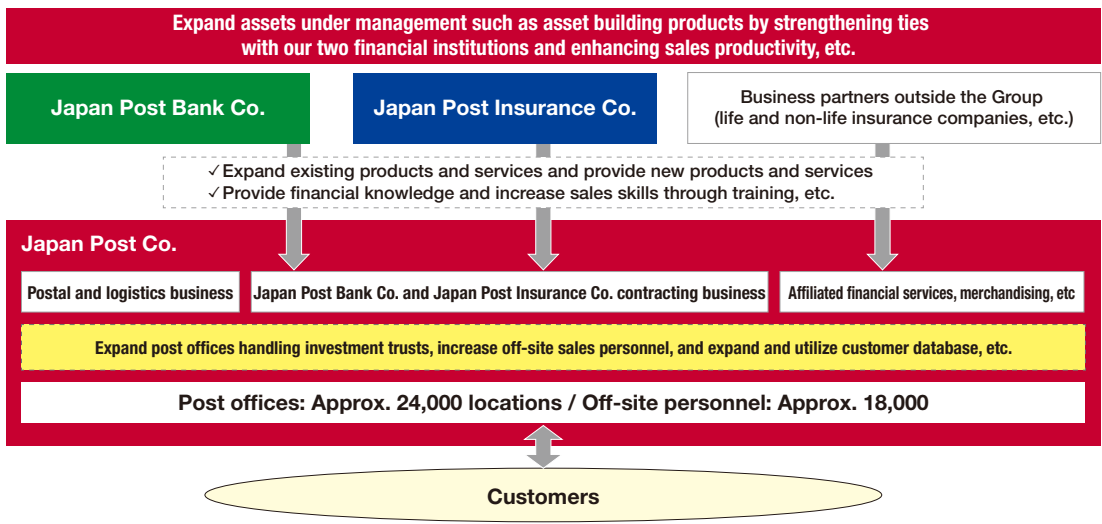
### Examples of unique and diverse post offices that meet regional needs



### Strengthen competitiveness by enhancing sales productivity

To enhance sales productivity, we will reinforce employees' sales capabilities through various training programs. We will also provide comprehensive financial consulting services in order to recommend products and services that meet customer needs.

In addition, we will strive to establish sales foundations by increasing the number of off-site sales personnel and expanding and utilizing sales support systems. Through these initiatives, we will enhance our competitiveness, promote the shift away from savings toward asset building, and maintain and increase the number of insurance policies in force at Japan Post Insurance Co. while working to improve business quality.



### Promote greater efficiency in counter operations, etc.

By deploying various cash management machines such as automatic cash dispensers at all post office counters, we aim to mechanize cash management that was previously partially handled by hand and enhance the efficiency of daily fund management operations at post offices.



A cash management machine installed in a post office





We are going to achieve the provision of seamless solutions by rolling out integrated logistics services in Japan and overseas through the development of contract logistics in the domestic market, enhancing Toll’s growth strategy and the synergy between Japan Post Co. and Toll.

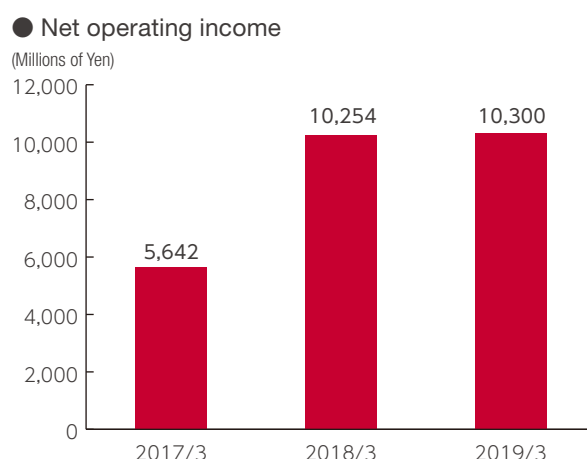
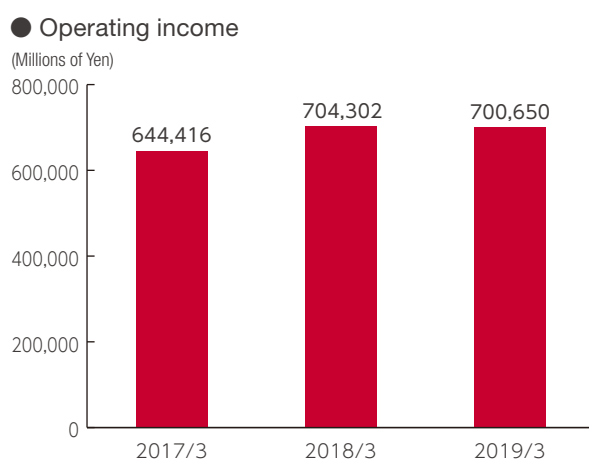


## Business Overview

Toll Holdings Limited and the companies under its umbrella provide the services of express and freight forwarding in Australia and New Zealand, a full line of international freight forwarding services, chiefly to exports from Asia, and other logistics services to sectors of natural resources industry and governmental operations as a 3PL provider in the Asia-Pacific Region including transport and warehousing services.

## Financial Results for the Year Ended March 2019

In the international logistics segment, ordinary income amounted to ¥701,256 million (down ¥3,634 million year-on-year) and net ordinary income amounted to ¥5,094 million (down ¥1,449 million year-on-year). As for Japan Post Co., (consolidated), operating income amounted to ¥700,650 million (down ¥3,652 million year-on-year) and net operating income (EBIT) amounted to ¥10,300 million (up ¥45 million year-on-year) for the fiscal year ended March 31, 2019. This result was primarily driven by the increase in profits in the section of Corporate/Other, even though we experienced net operating income (EBIT) declines in the units of Global Express, Global Logistics and Global Forwarding due to China’s economic slowdown and temporary expense increases to address the natural disasters that occurred.



### Strengths

- International logistics hubs in approximately 50 countries
- Toll City, cargo vessels, and other facilities to meet demand in rapidly growing fields including pharmaceuticals

### Challenges

- Focus on growth fields
- Establishment of an effective integrated IT system and rollout of state-of-the-art administrative systems
- Exercise of the synergy between Japan Post Co. and Toll

### Future policy

- Toll’s growth strategy
- Enhancement of corporate platform and utilization of cutting-edge technology
- Advancement of the synergy between Japan Post Co. and Toll, and expansion of revenue

# Future Growth Strategy

## Toll's growth strategy

Japan Post Co. aims to establish solid market positions in major markets by focusing on the industries of energy, retail, and industrials. We will allocate our business resources concentrating to profitable areas and the regions with high growth potentials including the Oceania Region and Singapore, in which Toll chiefly operates, and Asia and the United States that are rapidly growing. The Global Forwarding division will also focus on the trade lanes (between China and the United States, among Asian countries, and between Asia and Oceania) that are experiencing high growth. The Global Express division will aim to take advantage of the growth in the e-commerce market. The Global Logistics division will incorporate the rapid growth in the industries of pharmaceutical and technology as well as the fields of governmental operations, natural resources, and retail in which Toll has expertise.



Toll logistics facility

The Global Logistics division will incorporate the rapid growth in the industries of pharmaceutical and technology as well as the fields of governmental operations, natural resources, and retail in which Toll has expertise.

## Strengthen corporate foundations and respond to technological advances

Japan Post Co. will engage in the reformation of our IT infrastructure and platform including the establishment of an IT organization that will fully utilize the latest IT technology by integrating the IT systems that differ from division to division to improve efficiency. To do so, we will also build a new financial accounting system as well as centralize and integrate several financial systems that differ from division to division. Additionally, we will work to deploy cutting-edge administrative systems including telematics.



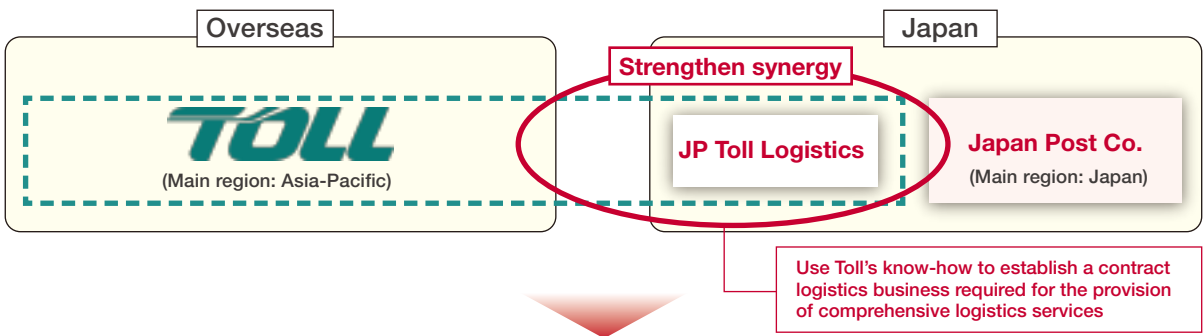
SiTadeL Control Tower for vehicle operation throughout Singapore

## Strengthen synergy between Japan Post Co. and Toll and expand revenue

We aim to provide seamless solutions by enhancing the synergy between Toll Holdings which offers BtoB logistics services overseas and Japan Post Co. which has a strong customer base in Japan and by rolling out BtoB logistics services, especially contract logistics services. Specifically, we are going to offer integrated contract logistics services through JP TOLL LOGISTICS Co., which was founded on October 1, 2018, with Toll's know-how. In addition, we are going to conduct sales activities towards Japanese companies together with Japan Desk which has been deployed in Toll.

### Engage in contract logistics services in Japan by strengthening synergies

**Key initiative within the Medium-term Management Plan period** Strengthen synergy between Toll, which mainly engages in BtoB logistics operations overseas, and Japan Post Co., which has a strong customer base in Japan, and expand BtoB logistics in Japan, particularly contract logistics



**Future goal** Provide integrated solutions through the development of a comprehensive logistics business in Japan and overseas



Japan Post Bank Co. seeks to enhance corporate value by promoting the provision of high-quality customer-oriented financial services, diversification and sophistication of investment management and funds flow to regional communities.



## Business Overview

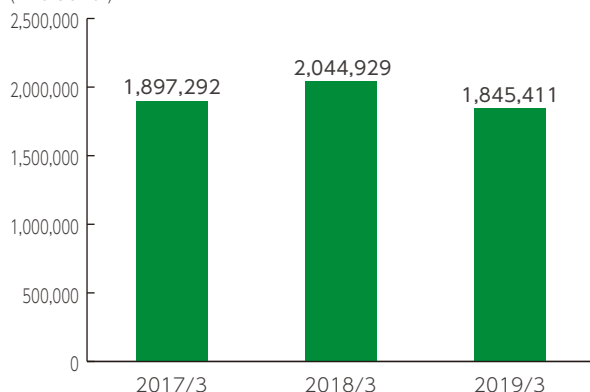
Under the Banking Act, Japan Post Bank Co. and its subsidiaries engage in the deposits, securities investment, remittances and credit card businesses as well as counter sales of Japanese government bonds, investment trusts and insurance products.

## Financial Results for the Year Ended March 2019

In the banking business, deposits at Japan Post Bank Co. as of March 31, 2019 totaled ¥180,999,134 million (up ¥1,116,374 million year-on-year). Net interest income dropped mainly due to a decrease in interest on Japanese government bonds. Meanwhile, net other operating income increased primarily owing to a rise in gains on foreign exchanges. In the adverse business environment from factors such as a low yen interest rate, ordinary income amounted to ¥1,845,411 million (down ¥199,517 million year-on-year), and net ordinary income amounted to ¥373,976 million (down ¥125,666 million year-on-year).

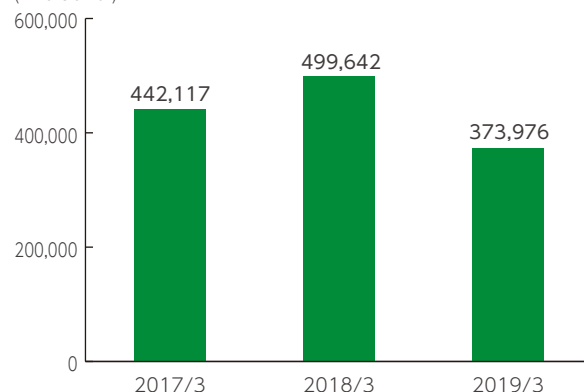
### ● Ordinary income

(Millions of Yen)



### ● Net ordinary income

(Millions of Yen)



Notes: The graphs show ordinary income and net ordinary income of the banking business segment of Japan Post Group.

### Strengths

- High recognition, branding power and creditworthiness
- Sense of security and trust from individual customers
- Largest number of customers nationwide among other Japanese banks

### Challenges

- Diversification of and changes in customer needs
- Declining net interest income affected by persistent ultra-low yen interest rates

### Future policy

- Provision of high-quality customer-oriented financial services
- Diversification and sophistication of investment management
- Funds flow to regional communities, and others

## Future Growth Strategy

### Provision of high-quality customer-oriented financial services

With customers' asset-building needs clearly on the rise, we have been nurturing the investment trust sales business as a major source of revenue. For example, we increased the number of post offices handling investment trusts to 1,540 in October 2018 and have launched a service to open investment trust accounts via mail order at post offices making investment trust referrals. We have also been increasing the number of, and nurturing, financial consultants, and as of April 1, 2019, their numbers have grown to 1,700. Moreover, to develop human resources with professional skills among post office employees, we have provided more tablet devices as a sales support tool and conducted training by accompanying their sales activities.

In enhancing our settlement services, we have launched Yucho Biz Direct, an Internet banking service for corporate customers. As future efforts, we will also accelerate the installation of compact ATMs with a 16-language compatibility in anticipation of an increase in inbound tourists. At the same time, we will continue to actively promote collaboration with regional financial institutions by encouraging the use of the Bank's ATM network by making it available to them without any charge.

### Diversification and sophistication of investment management

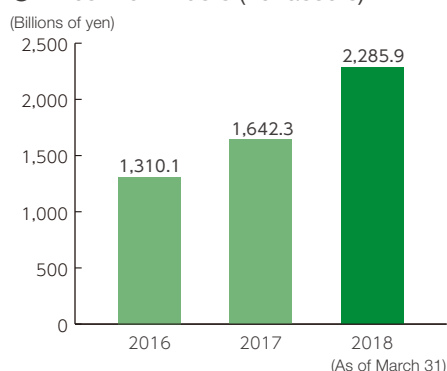
In the fiscal year ended March 31, 2019, under a portfolio management framework subdivided into seven in line with the specific risk characteristics of each investment product, we continued to adjust our portfolio to market conditions while pursuing diversification and sophistication of investment management. Responding to the decline in revenues from yen interest rate assets due to the effects of low interest rates, the Bank has built up risk assets, such as overseas credit assets and alternative assets, in line with prudent asset and liability management as well as risk management. The Bank is also targeting enhanced diversification in revenue sources, including through the development of new investment areas and the leveraging of derivatives.

To further improve earnings through private equity investment, Japan Post Investment Corporation invests mainly in domestic companies, enacting investment decisions based on an assessment of business performance and securing the support of management at companies in which it is investing. The company also provides equity funding in concert with other fund managers of the highest caliber. As of March 31, 2019, it had invested ¥13.3 billion in five projects.

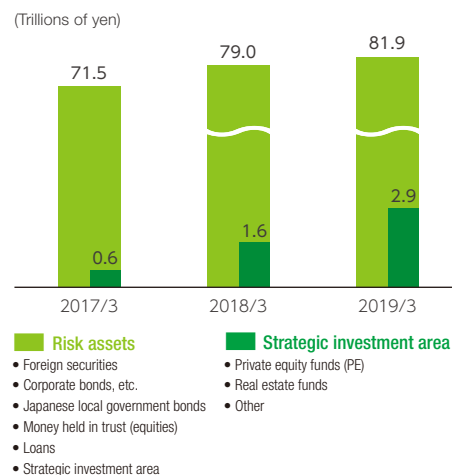
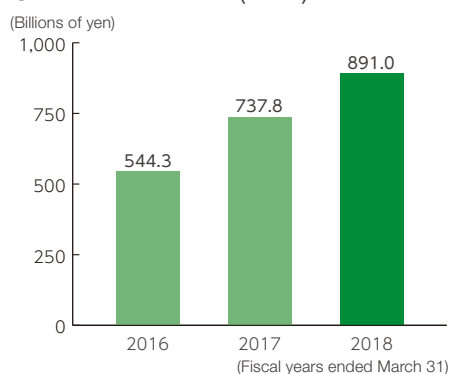
### Funds flow to regional communities, and others

In line with our efforts to direct the important funds of our customers to local communities, we have been working with regional financial institutions since the fiscal year ended March 31, 2017 to actively promote participation in regional vitalization funds. We have also been promoting funds flow to regional economies by investing in local government bonds and providing loans to local governments. Going forward, we will continue to cooperate and collaborate with regional financial institutions and local governments to contribute to the development and growth of regional economies. We will dually promote investment in regional vitalization funds and reinforce our collaboration with regional financial institutions by encouraging the use of our ATM network and by sharing administrative work with regional financial institutions.

#### Investment trusts (net assets)



#### Investment trusts (sales)





## JP JAPAN POST INSURANCE

Basing on “reliability” and “trustworthiness”, Japan Post Insurance Co. endeavors to enhance corporate value by pursuing customer-first business operations, achieving sustainable growth and maintaining sound business operations.



### Business Overview

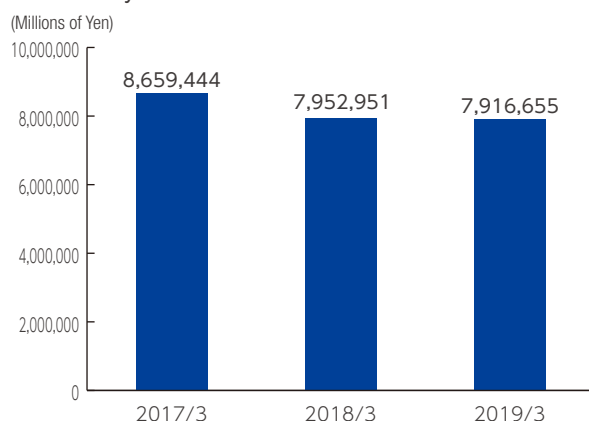
Licensed and approved under the Insurance Business Act, Japan Post Insurance Co. engages in the underwriting of life insurance and asset management business, including securities investment and loans.

### Financial Results for the Year Ended March 2019

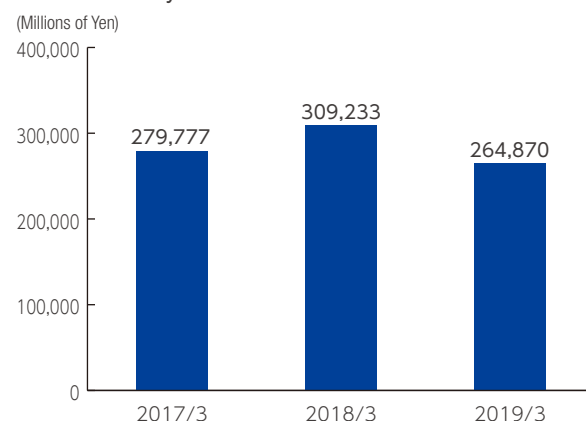
In the life insurance business, while we acquired 1,711,000 new policies amounting to ¥5,563,886 million for individual insurance, there was a decrease in the number of policies in force and an increase in investment expenses\*. As a result, ordinary income amounted to ¥7,916,655 million (down ¥36,295 million year-on-year), and net ordinary income amounted to ¥264,870 million (down ¥44,363 million year-on-year).

\* In order to secure investment income in a low yen interest rate environment, we are diversifying asset management through such means as increasing investment in hedged foreign bonds. This has caused an increase in hedging costs and other investment expenses.

#### ● Ordinary income



#### ● Net ordinary income



Notes: The graphs show ordinary income and net ordinary income of the life insurance business segment of Japan Post Group.

#### Strengths

- Reliable and trustworthy post office network
- Simple procedures and smaller coverage amounts
- Extremely large customer base centered on post office customers

#### Challenges

- Providing products and services matched to diverse customer needs
- Securing stable investment income in the low yen interest rate environment

#### Future policy

- Customer-first sales activities and improvement in solicitation quality
- Strengthening of sales activities focusing on protection needs and cultivation of new customer base
- Improve customer services and enhance efficiency in back-office administration through the use of ICT\*
- Diversification of asset management and sophistication of risk management

\* ICT (Information and Communication Technology): A general term for technologies related to information and communication

## Future Growth Strategy

### Sales and product strategy

#### (Strengthening of sales activities focusing on protection needs, improvement in solicitation quality, cultivation of new customer base, development of new products, and establishment of sales foundation)

Japan Post Insurance Co. will provide products and services that truly satisfy customers by adequately addressing their intention, based on thoroughgoing customer-first solicitation activities, while recognizing the setting of a roadmap for the reversal and growth of policies in force as one of our biggest challenges and strengthening measures to both acquire more new policies and retaining policies (i.e., reduce the number of lapsed or surrendered policies).

We will further focus on the training of post office offsite sales personnel and counter sales personnel and improving the sales skills of sales personnel in accordance with customers' protection needs in order to enhance and instill protection-oriented sales activities.

As for solicitation quality, we will further enhance efforts toward improvement, such as further strengthening the confirmation of intent of elderly customers by being thorough in having a family member present at policy signings, in addition to the incorporation of policy continuation indicators in the performance evaluation and sales allowance.

In cultivating new customer bases, we will create opportunities to meet more customers through Feel Secure with Kampo activities, life plan consultation meetings, and other initiatives. In addition, we will advance the development of new customer bases by strengthening approaches to uninsured and young- and middle-aged customer segments, including the family members of existing policyholders, utilizing the Family Registration Scheme and "Sukoyakanpo" health support application, as well as by strengthening solicitation in worksite and internal markets (within the Japan Post Group) through whole sale activities.

As for the development of new products, we began sales from April 2019 of products with relaxed underwriting criteria and the advanced medical rider. We will utilize these products to lead to more new policies by increasing the volume of sales activities and the closing rate. In addition, we will continue to further study the development of protection-type products including third sector products so that we can respond appropriately to the diverse needs of customers.

Our efforts also include establishment of the sales foundation. Starting from April 2019, we have introduced new mobile devices for sales personnel in a phased manner with the aim of further increasing the efficiency of sales activities.



Product with relaxed underwriting criteria

先進医療特約

Non-participation advanced medical rider

### Administrative services strategy

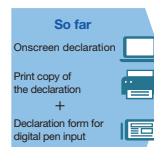
#### (Improving customer service and enhancing efficiency in back-office administration)

As initiatives to improve customer services, we intend to expand the scope of claims that can be handled by the "insurance procedure support system," introduce an "onscreen declaration/automated assessment system" and also introduce an "application form printing system" for printing application forms in which data is prepared in advance.

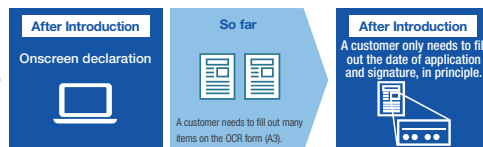
In addition, we will press ahead with services that aim to offer "simple, easy-to-understand claim procedures, anywhere, anytime" for customers by promoting multi-channel access for various claims through measures such as introducing claim procedures using Web (My Page) and other digital technology.

Furthermore, we will promote the utilization of digital technologies to enhance efficiency in back-office administration.

Onscreen declaration/automated assessment system (outline)



Application form printing system (outline)



### Asset management strategy

#### (Diversification of asset management and sophistication of risk management)

In the fiscal year ended March 31, 2019, in addition to the start of in-house management of U.S. corporate bonds, we implemented a new investment strategy for in-house management of Japanese equities that takes into account the growth potential of companies. We also began investment in overseas real estate and private equity funds managed by Japan Post Investment Corporation\* ("JP Investment"). Thus, we are steadily making progress with diversifying asset management.

In the fiscal year ending March 31, 2020, we will promote further diversification by expanding the target assets in each asset class we have invested in so far and enhancing the asset management methods.

\* JP Investment is a company managing private equity funds. Established in February 2018 jointly with Japan Post Bank Co.

#### Key ongoing initiatives

- Diversification of investment products (expand the target currencies in foreign bond investments, expand alternative investments, etc.)
- Expansion of in-house management (U.S. corporate bonds, equities)
- Enhancing of asset management methods (derivative transactions, etc.)
- Further promotion of ESG investment • Sophistication of ALM and risk management

## Hospital Business

Japan Post Holdings Co. operates three Teishin Hospitals (Chiyoda-ku, Tokyo; Nakagyo-ku, Kyoto; and Naka-ku, Hiroshima) in Japan (as of April 1, 2019). Teishin Hospitals are open for not only Group employees and their families, but also for use by any member of the public, operating to contribute to everyone in the community.

In operating these hospitals, we actively endeavor to improve the quality of safe and secure medical care from the perspective of patients, collaborate with community medical institutions and enhance emergency medical care.



Tokyo Teishin Hospital

## Hotel Business

Japan Post Holdings Co. owns 53 *Kanpo no Yado* inns (including two that are temporarily closed) and other facilities across Japan. As lodging facilities, we operate *Kanpo no Yado* inns that are traditional Japanese-style inns featuring hot springs, located primarily near tourist destinations; Rafre Saitama, which is a modern hotel located near Saitama Shintoshin Station; and *Kanpo no Sato Shobara* located in the great outdoors where guests can enjoy tennis and other sports. In addition, we also operate U-Port Recreation Center in Setagaya-ku, Tokyo, featuring tennis courts, a heated indoor swimming pool and other sports facilities.

In the fiscal year ended March 31, 2019, we received 1.29 million overnight guests and 2.05 million day guests. In operating these facilities, we will work to enhance our services to attract more guests. At the same time, we will implement measures to increase revenue, such as reinforcing advertisement and visibility through the increased use of websites and responding to the growing demand from foreign visitors, as well as measures to improve productivity, including strict management of food and other costs and streamlining workflow.



Kanpo no Yado inn Atami (Main Building)