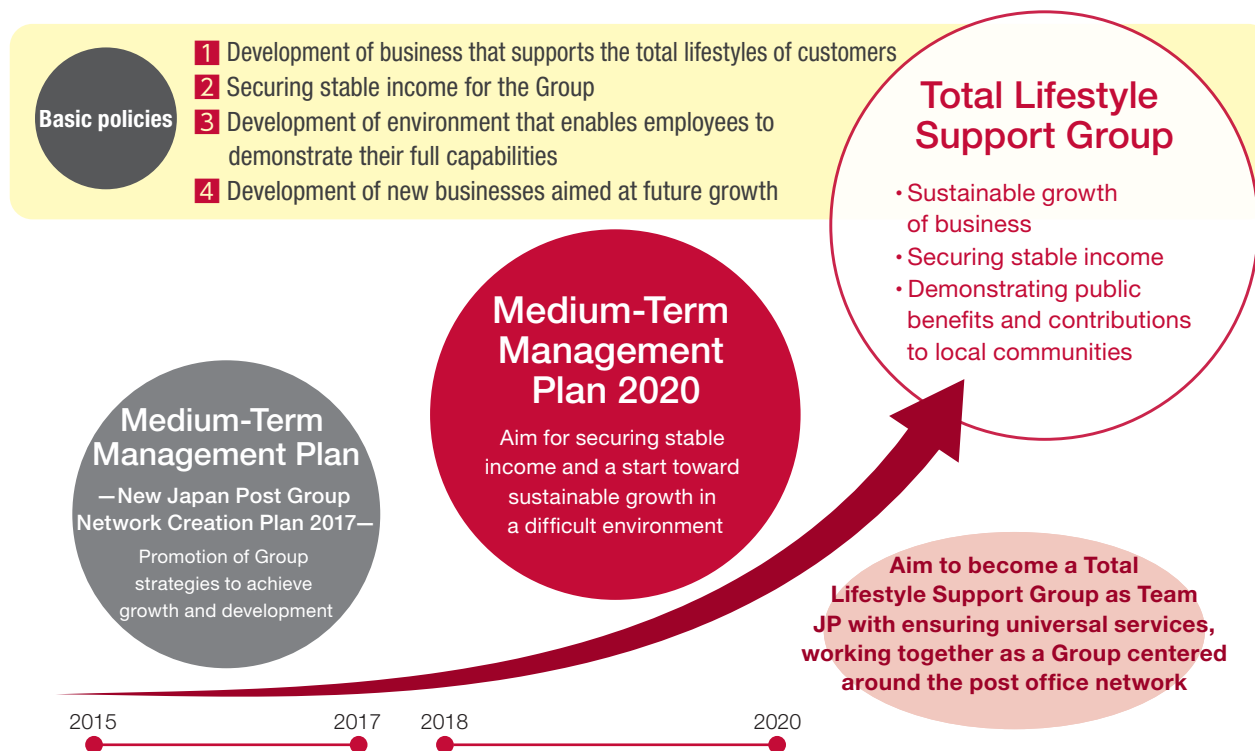


Overview and Progress of Medium-Term Management Plan 2020

Overview of Medium-Term Management Plan 2020 (2018–2020)

Aim for securing stable income and a start toward sustainable growth in a difficult environment.



Numerical targets for 2021/3 and dividend policy

Results for 2020/3

Group consolidated

Earnings per share of at least **100 yen***

Dividends per share of at least **50 yen**

(Implementation of stable dividends)

* Assuming the current number of issued shares (excluding treasury stock), net income attributable to Japan Post Holdings of approximately 405 billion yen

Earnings per share **119.64 yen**

Dividends per share **50 yen**

Japan Post Co., Ltd.

- Consolidated net operating income 90 billion yen
- Postal and domestic logistics business 40 billion yen
- Post office business 30 billion yen
- International logistics business 20 billion yen
- Consolidated net income 65 billion yen

- Number of Yu-Pack handled Approx. +200 million (compared to FY2018/3)

- Consolidated net operating income 179.0 billion yen
- Postal and domestic logistics business 147.5 billion yen
- Post office business 44.5 billion yen
- International logistics business (8.6 billion yen)
- Consolidated net income 87.1 billion yen

- Number of Yu-Pack handled Approx. 970 million (+30 million)

Investment Plan for the Period Covered by the Medium-Term Management Plan (2018–2020)

Under the Medium-Term Management Plan, we plan to promote infrastructure improvements to increase customer satisfaction, sales capabilities and operational efficiencies, which will ultimately strengthen our management foundations. Our plan includes investment in: post office and other construction work in the postal and domestic logistics business and the post office business; real estate development in the post office business; building of a new accounting system in the international logistics business; purchase of ATMs in the banking business; and building of a next-generation open system in the life insurance business.

Business segment	Details	Amount (Total for 2018–2020)	Effect
Postal and domestic logistics (180 billion yen)	Post office and other construction work	78 billion yen	Improving service environment
	Postal system renewal and upgrading	30 billion yen	Periodic postal system renewal and upgrading
Post office (270 billion yen)	Real estate development	180 billion yen	Expansion of real estate revenue
	Post office and other construction work	60 billion yen	Improving service environment
International logistics (150 billion yen)	Renewal of ship	15 billion yen	Achieving stable business operation
	Building of a new accounting system	12 billion yen	IT infrastructure renewal and upgrading
Banking (130 billion yen)	Development of a total information system	30 billion yen	Improving customer convenience and operation efficiency and securing stable business operation
	Renewal of auto cashier	22 billion yen	Strengthening internal controls on cash management
	Reconstruction of an Operation Support Center	20 billion yen	Reconstructing of buildings that have become too old or too narrow
	Purchase of ATMs	19 billion yen	Improving customer convenience and secure stable business operation
Life insurance (150 billion yen)	Building of a next-generation open system	49 billion yen	Improving a system infrastructure for utilization of ICT
	Development of core systems	41 billion yen	Improving customer convenience through the provision of new products and services, and operation efficiency
	Introduction of new mobile devices for sales	12 billion yen	Improving customer convenience and operation efficiency
Others (120 billion yen)	Building of a data center	34 billion yen	Strengthening management foundations
	Next generation PNET	30 billion yen	Strengthening management foundations

Notes: 1. The table shows our investment plan as of May 15, 2018 when Medium-Term Management Plan 2020 was announced.
2. The table does not include growth investments, such as capital partnerships and M&As.

Numerical targets for 2021/3 and dividend policy

Results for 2020/3

Japan Post Bank Co., Ltd.

- Consolidated net ordinary income 390 billion yen
- Consolidated net income 280 billion yen
(Reference) Earnings per share: 74 yen
- Secure capital adequacy ratio of about 10%
(After consideration of strengthening of financial regulations)
- Investment trusts balance about +1.7 trillion yen*
- Secure dividends per share of 50 yen
(Implementation of stable dividends)

* The cumulative total of "sales amount – cancellation amount" for three years (not market price basis)

- Consolidated net ordinary income 379.1 billion yen
- Consolidated net income 273.4 billion yen
- Capital adequacy ratio 15.55%
(non-consolidated, domestic standard)
- Net assets of investment trusts +15.8 billion yen
- Dividends per share 50 yen

Japan Post Insurance Co., Ltd.

- Earnings per share 155 yen
(Reference) Consolidated net income: 93 billion yen
- Aim to increase dividends per share to 76 yen while ensuring the soundness of management

* We recognize that we are presently facing difficulties to achieve the target for annualized premiums for policies in force for the fiscal year ending March 31, 2021 (approximately ¥4.9 trillion).

- Earnings per share 267.40 yen
- Dividends per share 76 yen

Note: The numerical targets for 2021/3 and dividend policy are as of May 15, 2018, when Medium-Term Management Plan 2020 was announced. Interest rates, foreign exchange rates, and stock prices, which are the premise of each numerical target, are set based on the situation at the end of December 2017.

Shareholder Return Policy

Japan Post Holdings Co., Ltd. considers returning profits to shareholders to be an important management measure and sets out its basic policy to continuously provide stable return to shareholders in accordance with the results of operations.

With regard to dividends from retained earnings, the Company aims to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, the Company intends to sustain stable dividends per share. Given the current adversity of the business environment, mainly due to the impact of COVID-19, the Company will determine dividends for the fiscal year ending March 31, 2021, in light of the Company's profit level and the amount available for distribution.

The decision-making body concerning dividends from retained earnings is set to be the Board of Directors as per the provisions of the Articles of Incorporation in order to ensure flexible management operations. In addition, it is stipulated that dividends from retained earnings are to be paid with March 31 and September 30 of each year as record dates.

The full-year dividend for the fiscal year under review was 50 yen per share for common stock (including the 25 yen per share interim dividend), based on a comprehensive determination of earnings and other matters.

The dividend for the fiscal year ending March 31, 2021, has been left undecided, as the outlook for the business environment in which the Japan Post Group operates remains unclear at present due to the impact of COVID-19 pandemic, and the Company's results may change significantly depending on future developments. The Company will consider the payment of a year-end dividend while closely monitoring results going forward.

In the past, the Company has paid dividends from retained earnings biannually, as an interim dividend and year-end dividend, but in view of the uncertainty surrounding the future business environment, and the present situation regarding the amount available for distribution, the Company will pay no interim dividend and only a year-end dividend for the fiscal year ending March 31, 2021.

Internal reserves will be utilized mainly for investments to capture growth opportunities and capital policies with awareness on capital efficiency, aiming at enhancement of corporate value.

In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from retained earnings or other appropriation of retained earnings (excluding disposition of loss) of the Company shall not be effective without approval of the Minister for Internal Affairs and Communications.

Dividends from retained earnings with record dates belonging to the fiscal year ended March 31, 2020, are as follows.

Resolution date	Total dividends (¥ million)	Dividend per share
November 14, 2019, Board of Directors' resolution	101,096	25.00 yen
May 15, 2020, Board of Directors' resolution	101,096	25.00 yen

Real Estate Business Development—Accelerate Growth in Real Estate Earnings

The Japan Post Group Medium-Term Management Plan 2020 targets operating income in the overall Group's real estate business of ¥33 billion for the fiscal year ending March 31, 2021, but it achieved ¥35 billion in the fiscal year ended March 31, 2020.

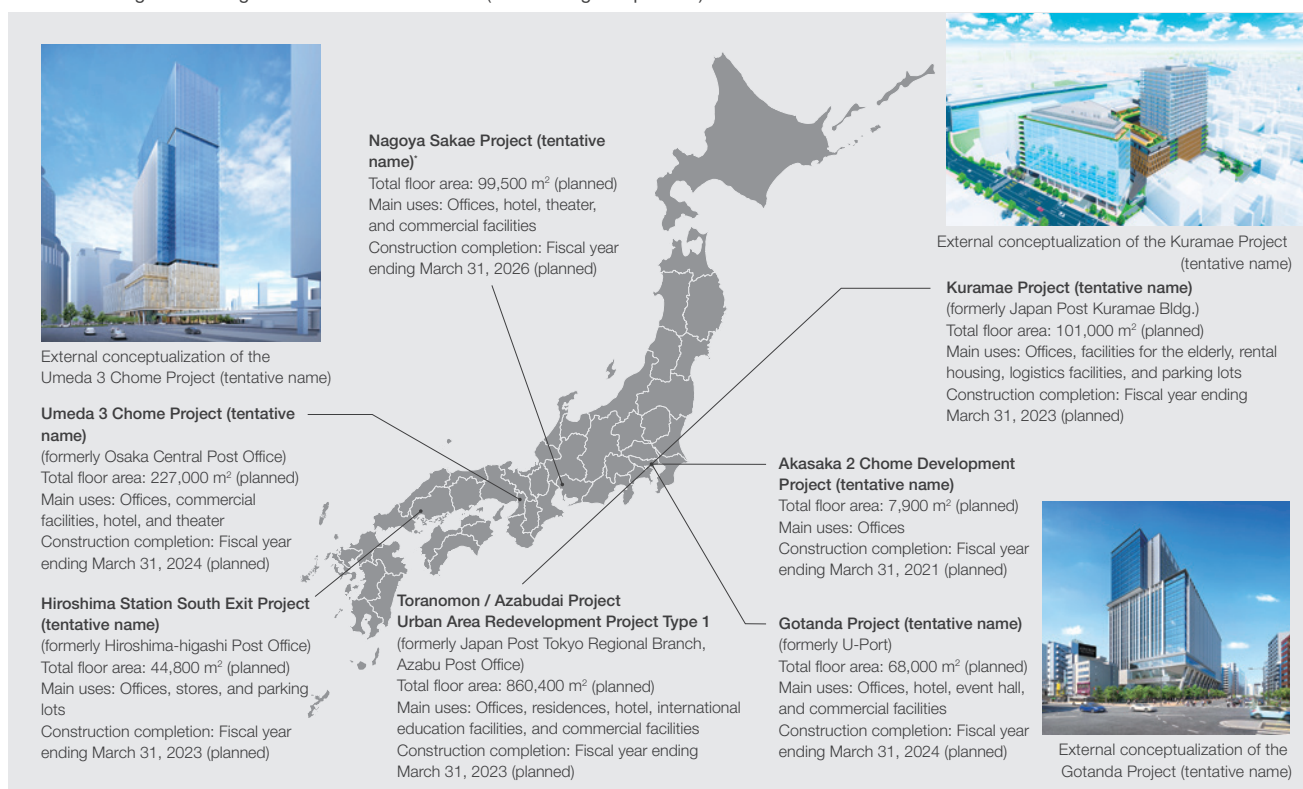
In the fiscal year ended March 31, 2020, several properties were completed, including rental housing, facilities for the elderly, and nursery schools. The Company also made preparations for construction starts on new properties including the "Umeda 3 Chome Project (tentative name)," "Hiroshima Station South Exit Project (tentative name)," "Kuramae Project (tentative name)," "Gotanda Project (tentative name)," and the non-Group property "Akasaka 2 Chome Development Project (tentative name)."

The Company also manages rent and administration of the Hotel Mielparque.

With the establishment of Japan Post Real Estate Co., Ltd. in 2018, we are engaging in joint development projects with other companies and acquiring profit-making properties, as well as accelerating development utilizing former sites of post offices and Company housing. Going forward, we will continue to pursue a variety of initiatives in the real estate business, with the aim of growing it into the fourth earnings pillar that will support the Group's management base.

However, the COVID-19 pandemic has had an enormous impact on the global economy and the economy of Japan as well, which could also lead to a setback in the real estate market. The spread of the virus is also likely to cause reductions in tenant rent and delayed completion of projects currently under development. Hence, in running our real estate business, we will continue to monitor activity and impacts on the market, and implement all necessary measures in a timely manner.

Forthcoming undertakings in the real estate business (forthcoming completions)



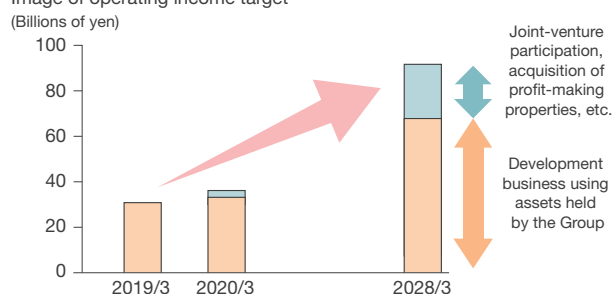
Securing new sources of revenue

In the fiscal year ended March 31, 2020, as part of its tie-up with Hulic Co., Ltd., the Company acquired profit-making properties, such as the "Akasaka 2 Chome Development Project (tentative name)."

We also joined the joint venture in charge of the "Nagoya Sakae Project (tentative name)" (participation through the corporate consortium headed by Mitsubishi Estate Co., Ltd.).*

We will continue to work to select blue-chip non-Group projects and cultivate revenue sources.

Image of operating income target**



* As of July 1, 2020, the Company is designated a project candidate.

** The graph for 2028/3 represents the targets and policies as of May 15, 2018, when Medium-Term Management Plan 2020 was announced.

Adaptation to digitalization and other changes in the business environment

To adapt to the changes in the socioeconomic environment, the Japan Post Group will work to transition to a robust business structure combining both real and digital components. It is realized through further pursuing digitalization, along with increasing the value of the real networks of post offices as a point of contact with customers and pickup-delivery systems.

Undertakings by Japan Post

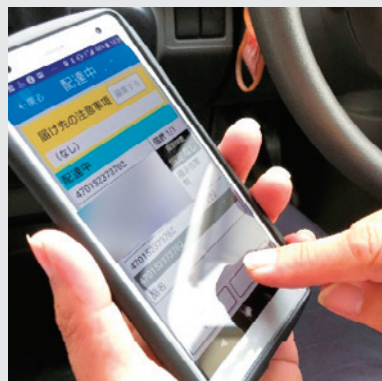
In addition to expansion in the traditional e-commerce market, growth in mail-order sales has occasioned prominent growth in the parcel market. Japan Post aims to capture this growing market by leveraging its superior edge in small parcel delivery, which is its forte, partnering with e-commerce sites to spread and expand its service of leaving parcels in designated areas, and looking into revising operations using cutting-edge technology, such as AI-powered automatic routing systems and delivery robots.

Capitalizing on the growing parcel market

- **Leverage our superior edge in small parcel delivery**
- **Penetration and expansion of the service of leaving parcels in designated areas**
- **Feasibility studies on revising operations using cutting-edge technology, such as AI-powered automatic routing systems and delivery robots**



Delivery robot



Example of operating an AI-driven delivery services support system

Undertakings by Japan Post Bank

Japan Post Bank will work to provide “new convenience” that can be used anywhere and anytime, through the use of new technologies such as Fintech (intersection of the financial services and technology sectors) in addition to enhancing and expanding financial channels for the convenience of customers.

We are also working to enhance customer service by reallocating management resources from transaction services (routine services at bank counters, etc.) to consulting services by digitizing these services and improving the efficiency of operations using digital technologies.

Service enhancement and operational efficiency through digitalization

- **Expanding payment settlement services with the release of “Yucho Pay,” “the Yucho Bankbook App,” and other smartphone app services**
- **Improving the quality of customer service and operational efficiency through the use of digital technologies, such as the introduction of artificial intelligence (AI) in call centers**

Undertakings by Japan Post Insurance

The COVID-19 pandemic has made it more important to provide non-face-to-face customer interaction. We are looking into the further use of digital technologies to upgrade our environment to provide insurance services without restrictions on time or location. These services include existing non-face-to-face digital contact such as customers’ “My Page,” where they can confirm the details of their policies, and conduct procedures such as change of registered address and telephone number.

The COVID-19 pandemic

Greater importance of non-face-to-face customer contact

- **My Page and other tools to enable non-face-to-face service**

Expansion of existing digital contact points