

Message from the President



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The Japan Post Group will leverage its greatest strength—the post office network—to realize a “Co-creation Platform” supporting customers and local communities.

Introduction

Thank you for your support of the Japan Post Group. I would like to express our heartfelt sympathy to all those affected by the COVID-19 pandemic.

We have prepared Annual Report 2021 to provide investors and all stakeholders with a deeper understanding of the Group. We hope you find it useful.

Celebrating our 150th anniversary

For the 150th year since the founding of Japan’s modern postal service, the Japan Post Group is looking back to its origins, and reaffirming the principle of “Everything for Our Customers.”

The Group was founded in 1871, and celebrated its 150th anniversary on April 20, 2021. I would like to thank you for your continued support over the years.

MAEJIMA Hisoka, the father of Japan’s modern postal service, famously said, “Do not hesitate to work behind the scenes. Always aspire yourself to bring

others good.” Based on this founding credo, the national postal service has continued to serve and contribute to local communities as Japan has grown and changed, from the Meiji era to the present day. The trust built with customers during that time is the foundation for today’s Japan Post Group.

As a corporate group that plays an integral part in local communities and lifestyles, we believe that all of our services are designed to please and satisfy our customers throughout Japan. This has not changed from the beginning, and never will. In our recently announced Medium-Term Management Plan “JP Vision 2025,” we present a vision for the Japan Post Group as a “Co-creation Platform” supporting

customers and local communities, providing a new level of value to people of all ages everywhere.

As we mark this important milestone of 150 years since the founding of Japan’s modern postal service, the Group is looking back to its origins. With simple honesty, sincerity, and humility, as well as a sense of gratitude, we are reaffirming the principle of “Everything for Our Customers.”

Business environment facing the Japan Post Group and results of the fiscal year ended March 31, 2021

Despite tough business conditions, Japan Post Group companies focused on providing customer-oriented services.

The Group placed priority on regaining customer trust during the fiscal year ended March 31, 2021, making a concerted effort as a corporate group. The business environment for Group companies continued to be strained by the COVID-19 pandemic, a decline in mail volume, and ultra-low interest rates.

In the postal and domestic logistics business segment, ordinary income from parcels rose with the increase in use of Yu-Pack to meet the growth in e-commerce due mainly to stay-at-home consumption, but this was insufficient to offset declines in income from a falloff in international and standard mail, among others. Net ordinary income fell as a result.

In the post office business segment, net ordinary income decreased due to a sharp decline in insurance commission income, as post offices refrained from proactively selling Japan Post Insurance products.

In the international logistics business segment, the global express, logistics, and forwarding businesses operated by Toll Holdings Limited recorded revenue declines, centered on the global express business. However, ordinary income rose in the Asia division of the global logistics business on large-scale handling of supplies for preventing the spread of COVID-19, which

along with cost-cutting measures that kept ordinary expenses below the increase in ordinary income, resulted in an overall gain in net ordinary income. Of note, in April 2021, Toll Holdings decided to sell its global express business to affiliated companies of Allegro Funds Pty Ltd.

In the banking business segment, business environment continued to be strained by continued low interest rates. Net interest income fell owing to a decline in interest from securities, but this was offset by a gain in net other operating income from a decrease in foreign currency funding costs, and net ordinary income rose overall.

In the life insurance business segment, ordinary income declined mainly as a result of the decrease in policies held, but net ordinary income rose owing to lower operating expenses reflecting a decline in new policies.

As a result, for the Japan Post Group overall, consolidated ordinary income in the fiscal year ended March 31, 2021, amounted to ¥11,720.4 billion, with net ordinary income of ¥914.1 billion, and net income attributable to Japan Post Holdings of ¥418.2 billion.

Aiming to realize a “Co-creation Platform” supporting the lives and lifestyles of customers.

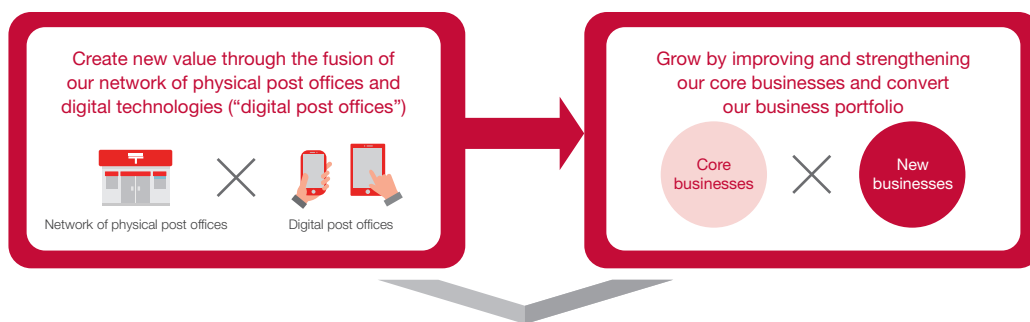
The Japan Post Group announced its new Medium-Term Management Plan “JP Vision 2025” in May 2021. The aim of this plan, amid a harsh operating environment, is to take our greatest asset, the network of more than 24,000 post offices deeply rooted in the communities throughout Japan, and make this business foundation stronger and more valuable. The plan was formulated based on the basic concept for the new management plan announced in November 2020, and incorporates a wide range of viewpoints, including those of frontline employees at each of our Group companies, and people outside the Group. For details, please see pages 12–19.

Our ultimate goal is to realize a “Co-creation Platform” supporting customers and local communities.

“Co-creation” means creating, together with partners, products and services that offer value, and that when combined produce even greater value. By

thinking of our approximately 24,000 post office network as a platform, and actively pursuing collaboration with a wide range of companies and local communities, we aim to jointly create new products and services.

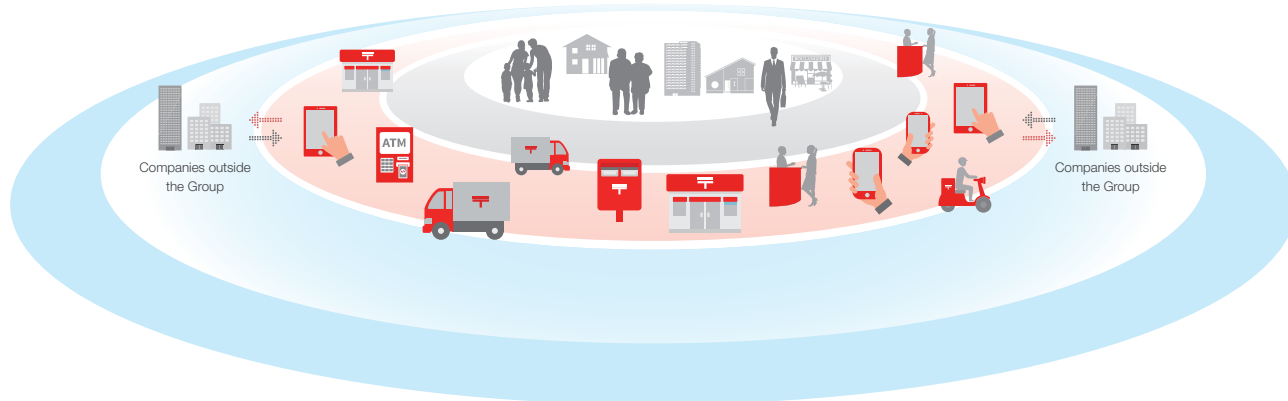
Specifically, by embracing digital transformation (DX), we will fuse “digital post offices” with our network of physical post offices. By combining the security and trust of a physical location with the convenience of digital service, we will provide customers throughout Japan with greater usefulness, peace of mind, expediency, and abundance. In addition to enhancing and strengthening the core businesses (postal and logistics service, banking, and life insurance), which include universal service, by expanding our real estate business, pursuing new businesses including M&A, and investing in venture companies, we plan to transform our existing business portfolio and achieve new growth for the corporate group.



A “Co-creation Platform” supporting customers and local communities

We will leverage our network of post offices, the Group’s greatest strength, to provide integrated services of the Group while seeking partnership with a diverse range of companies, etc., outside the Group, which we have never had before.

Such efforts will help local customers enjoy safe, secure, comfortable, and prosperous lives.



One of the measures the Japan Post Group has taken to realize this vision of a “Co-creation Platform” supporting customers and local communities is the capital and business alliance launched with the Rakuten Group in March 2021. By combining the unique aspects and strengths of both the digital and

physical sectors, we will maximize the synergistic benefits of the partnership and create new value for customers. We will continue to explore the broader potential for deepening our collaborative relationship with the Rakuten Group.


Japan Post Group’s sustainability

JP Vision 2025 takes ESG management to a new stage.

By building a “Co-creation Platform” supporting customers and local communities, the Japan Post Group aims to support people throughout their lives in this era of the 100-year lifespan, contribute to the development and revitalization of local communities across Japan, and realize a sustainable society.

Regarding the global issue of climate change, we recognize that the Japan Post Group has a significant role to play, considering that its business operations comprise a great many facilities, vehicles, and

employees both in Japan and overseas. As such, the JP Vision 2025 calls for achieving carbon neutrality by 2050. Along with accelerating existing measures to switch to electric vehicles (EVs), we will take steps to achieve carbon neutrality for local communities utilizing the post office network, and pursue environmental, social, and governance (ESG) investment related to climate change, in order to support the realization of carbon neutrality for Japan and the world.

Japan Post Group
Environmental Challenge  **JP JAPAN POST GROUP**

Japan Post Group's GHG Emission Reduction Target **2031/3** (Compared to the 2020/3 level) **46% reduction** → **We will aim to be carbon neutral by 2050.**

Targets are for Scope 1 and Scope 2, and exclude increases due to new businesses such as the real estate business.

One specific initiative is an agreement concluded in April 2021 between Tokyo Electric Power Company Holdings, Incorporated, Japan Post Holdings, and Japan Post for a strategic alliance to jointly pursue measures to promote carbon neutrality for Japan Post. Starting in fall 2021, we plan to conduct a demonstration experiment that includes installing fast-charging stations for local EV users at post offices in Numazu (Shizuoka Prefecture) and Oyama (Tochigi Prefecture), as well as switching to renewable energy and utilizing solar power generation. Amid the current focus around

the world on measures to address climate change, through such partnerships with various companies we will utilize our respective management resources and know-how to contribute to achieving carbon neutrality for Japan.

For further information on the Group’s ESG management, please see pages 50–57. We recognize that this is just the first step, and that we will need to maintain and enhance our efforts going forward. By implementing the strategies in JP Vision 2025, we will advance ESG management to a new stage.

Everything for Our Customers

Gain trust through customer-oriented services and fundamental reform of our corporate culture

Since the revelation of issues concerning solicitation quality of Japan Post Insurance products in 2019, the Japan Post Group has refrained from selling life insurance and investment trust products. In October 2020, we commenced operations aimed at regaining customer trust, issuing an apology as a corporate group and vowing to abide by the principles in our “Pledge to Regain Customers’ Trust.” We will continue measures to make a fresh start as a truly customer-oriented corporate group, drawing on the advice of the outside

experts on the JP Reform Execution Committee, and providing customer-oriented services as we work toward fundamental reform of our corporate culture.

We believe that everything about the Japan Post Group must change to a form desired by customers. We have taken to heart the maxim of “Everything for Our Customers” and are striving with simple honesty, sincerity, and humility in a full-fledged effort to be an organization trusted by customers.

Pledge to Regain Customers’ Trust

Pledge for our vision

We pledge to remain close beside each and every one of our customers, giving top priority to customer satisfaction and peace of mind, and to be a company that they can trust.

Pledge for our activities

- We are committed to customer-oriented business operations and providing satisfying and courteous services for customers.
- We will carefully listen to feedback from customers in order to reflect it in the improvement of our services.
- We will enhance the expertise of our employees so that they can provide accurate and easy-to-understand explanations to satisfy our customers.
- We will comply with laws and regulations and provide high-quality services that our customers can use with a peace of mind.
- We will provide products and services that will bring joy to our customers based on their needs.

In conclusion

We have adopted JP Vision 2025 as the guiding principle for the Japan Post Group going forward, and will work steadily for its implementation. For the concept of a “Co-creation Platform” supporting customers and local communities, we are determined to make the Group an indispensable part of society. During this first year of growth as we mark the major milestone of our 150th anniversary, the Japan Post Group will accelerate its efforts to realize a “Co-creation Platform” supporting customers and local communities. We appreciate your continued support.

