

JP Vision 2025, the New Medium-Term Management Plan

In order to advance our business foundation of the nationwide network of 24,000 post offices to make it stronger and more valuable, we formulated the new Medium-Term Management Plan “JP Vision 2025” which ends in 2025 with the aim of realizing a “Co-creation Platform,” by which we create new products and services together with our partners and support customers and local communities.

Amid the business environment with a decline in mail volume, persistent low interest rates, and significant changes in society due to COVID-19, in order to increase corporate value and contribute to sustainable development of society in the future, it is indispensable for the Japan Post Group to transform our business portfolio by, for

example, improving and strengthening our core businesses (the postal and domestic logistics business, the banking business, and the life insurance business including universal services) through utilization of digital technology, and in addition, securing earnings opportunities through development of new businesses. The Japan Post Group has been devoting itself entirely to regaining customers’ trust through a concerted effort to transform ourselves into a truly customer-oriented group. As we reach the historic milestone of the 150th anniversary of the foundation of Japan’s modern postal service, we will take the Group into a new era by steadily implementing the growth strategies under the JP Vision 2025.

Dialog with stakeholders concerning the formulation of the Medium-Term Management Plan

Prior to the formulation of the Medium-Term Management Plan, the Japan Post Group announced the “Japan Post Group Basic Approach to the Group Medium-Term Management Plan (2021–2025)” in November 2020. In addition, the Group solicited opinions through the use of a website for Group employees among other means and held direct opinion exchanges between the President & CEO of Japan Post Holdings and frontline employees across Japan.

Employees expressed many opinions concerning goals that the Japan Post Group should strive to achieve in the future, such as

reviewing sales management methods from the perspectives of front-line employees and customers, increasing efficiency and productivity of operations, and developing new businesses.

In addition, external experts including the Postal Service Privatization Committee and the JP Reform Execution Committee provided a wide variety of opinions such as strategies for future growth (Co-creation Platform), promotion of digital transformation (DX), and setting financial and non-financial targets.

The JP Vision 2025 has been built up based on these opinions, etc.

Achievements under the previous Medium-Term Management Plan (2018–2020)

Basic policies	1	Development of business that supports the total lifestyles of customers	3	Development of environment that enables employees to demonstrate their full capabilities
	2	Securing stable income for the Group	4	Development of new businesses aimed at future growth

Numerical targets and results on a Group consolidated basis

	2021/3 business targets (Announced May 2018)		Results of 2021/3
Group consolidated	Earnings per share	At least 100 yen	103.44 yen
	(Net income attributable to Japan Post Holdings)	(410.0 billion yen + α)	(418.2 billion yen)
	Dividends per share	At least 50 yen	50 yen

* The estimated value of “410.0 billion yen + α” for “net income attributable to Japan Post Holdings” for the fiscal year ended March 31, 2021 under the Medium-term Management Plan is calculated using the holding ratio of Japan Post Bank and Japan Post Insurance as of May 2018 (89%). The holding ratio of Japan Post Insurance for the fiscal year ended March 31, 2021 was 64.5%, which was different from the precondition.

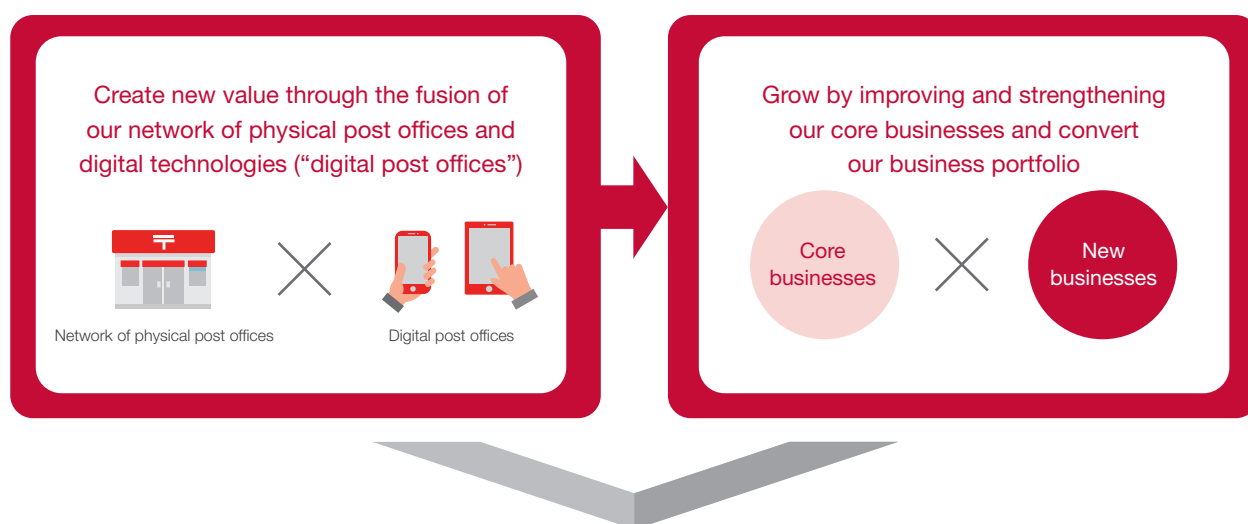
Vision of the Japan Post Group

A “Co-creation Platform” supporting customers and local communities is a concept based on which the Japan Post Group strives to support livelihood and life of customers across Japan by deeming the post office network, the greatest strength of the Group, as a platform; promoting participation of and actively collaborating with various corporations and local communities; creating new products and services together with our partners; and thereby providing heightened convenience, security, comfortability, and prosperity to those customers.

In order to realize the foregoing, the Japan Post Group works to combine both real and digital components through promotion of DX and transform our business portfolio.

With respect to the promotion of DX, the Japan Post Group will increase the value of the platform itself and provide new value to customers through a fusion of our network of physical post offices, the strength of the Group, and “digital post offices.”

As for the conversion of our business portfolio, the Japan Post Group will work not only to improve and strengthen our core businesses such as the postal and domestic logistics business, the banking business, and the life insurance business, but also to expand the real estate business and promote new businesses, etc. The Japan Post Group will achieve new growth through enhancement of our universal services and business expansion supported by these services.



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.



Challenges we face to realize the “Co-creation Platform” supporting customers and local communities, and our Group’s strengths

Changes in social environmental surrounding the Group

Continuing low birth rate and aging population



Increasing need for responding to ultra-aging society



Rising social concerns over the increase in elderly single-person households, etc.



Concerns over the sustainability of social infrastructure

Further digitalization



Increasing use of services that can be fully used via smartphones



Penetration of cashless transactions



Emergence of digital divide issues

Identify challenges that we should tackle to grow

JP JAPAN POST

- Utilizing motorcycle mobility for the last one mile of logistics
- Service and operational reforms with maximum use of data we possess

JP JAPAN POST BANK

- Enhancing safe and secure services and business reform through the promotion of DX
- Boosting the flow of funds into local communities; strengthen community relations functions

JP JAPAN POST INSURANCE

- Transitioning to a new sales style
- Providing insurance services satisfying diverse protection needs of customers in all age groups

JP JAPAN POST HOLDINGS

- Strengthening coordination within the Group
- Proactively forming partnership with companies, etc., outside the Group
- Growth strategies to provide new value

JP Vision 2025

Value Creation

Regaining customers' trust

Aiming for new growth

A "Co-creation Platform" supporting customers and local communities

Providing lifelong support in an era of the 100-year lifespan



[Customers]

Providing high quality customer-oriented services



[Local communities]

Contributing to regional development and revitalization



[Shareholders]

Enhancing shareholder returns



[Employees]

Creating friendly workplaces for employees



[Environment]

Creating a sustainable society



Group's Strengths

Nationwide network of post offices

Delivery network and finance network

Vast customer base

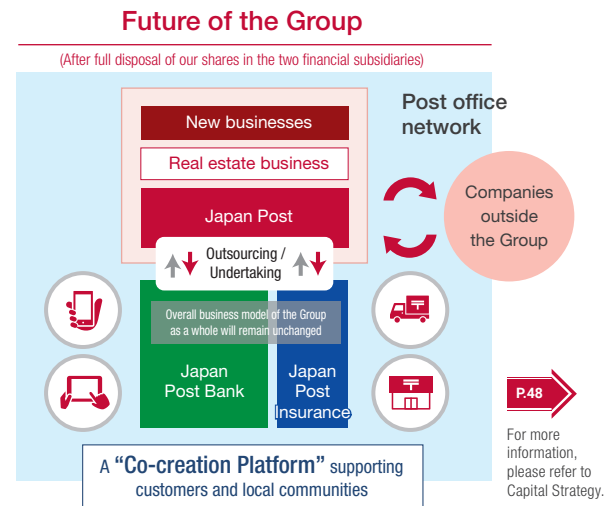
Trust in post offices and deep understanding of local communities

Extensive customer data

Disposal of shares in our two financial subsidiaries and the future of the Japan Post Group

We aim to reduce our stakes in Japan Post Bank and Japan Post Insurance to 50% or less as early as possible in the JP Vision 2025 period. While we also look to full disposal of our shares in the two financial subsidiaries in the future, our vision that we conduct business together as a group with our post office network at the core remains unchanged.

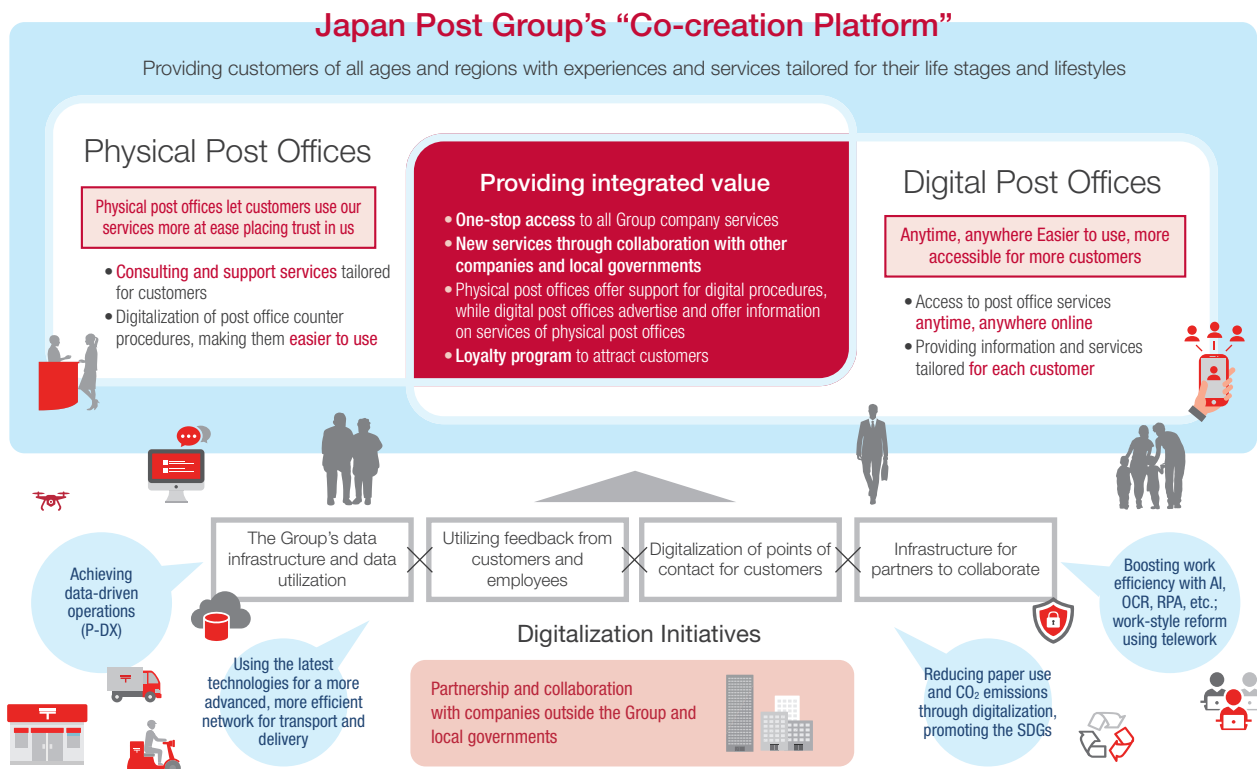
* We sold shares in Japan Post Insurance corresponding to the treasury stock acquired by Japan Post Insurance in May 2021, and established a stock disposal trust in June 2021. Accordingly, our stake in Japan Post Insurance became approximately 49.9%.



Group-wide promotion of DX to provide new value

Group-wide promotion of DX will integrate the security of our network of physical post offices with the convenience of “digital post offices,” providing new value to customers of a wide range of ages and communities.

More specifically, we will promote partnership and collaboration with companies outside the Group and local governments by driving creation of infrastructure for partnership and utilization of data within the Group. In addition, digitalization of all work processes will create a workplace where employees can work efficiently at ease, allowing them to focus on services for customers.



Regaining customers' trust and reforming corporate culture

We will faithfully do our utmost to regain customers' trust which has been greatly damaged by the scandals since the year before last. An effort to regain customers' trust and a step toward growth strategies are not two separate initiatives but are the ones required to be jointly tackled in order for us to be needed and selected by customers and local communities.

In addition, in order to enable us to provide customer-oriented services, we will boldly reform the Japan Post Group's corporate culture from aspects of both strengthening of governance and HR development and strategy.

With respect to strengthening of governance, we will introduce a system of Group CxOs who implement cross-organizational adjustments and provide advice for the Group's main fields including finance and accounting, IT, risk management, human resources, etc. We will build a system that can detect and respond to "conduct risks" promptly and thoroughly manage risks of the Group as a whole. In addition, we will promote integrated management of Japan Post

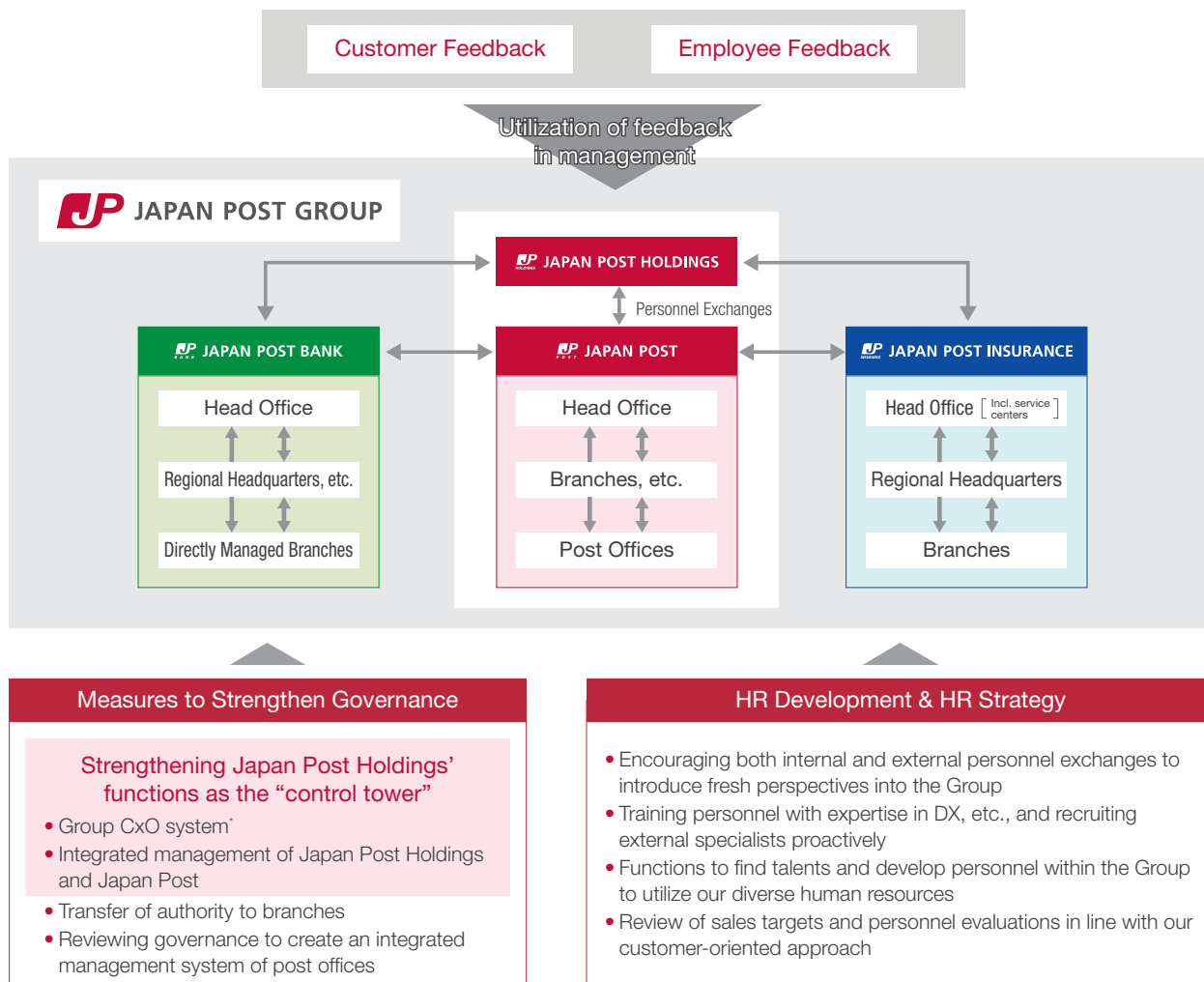
Holdings and Japan Post. At the same time, Japan Post will transfer part of its authority to branches and review the management structure to operate post offices in an integrated manner. As described above, we will work to strengthen group governance so that both the speed of management decision-making and the frontline mobility and ability to respond are heightened concurrently.

As for HR development and strategy, we will review sales targets and the personnel evaluation system focused mainly on sales amounts. We will also push forward with creation of a framework in which we promote personnel exchanges within the Group, recruit external specialists, and find and develop diverse Group human resources.

In addition, we will reform ourselves into an organization which is open to feedback from customers and employees and allows for open communication inside and outside the Group.

Through these and other measures, we will faithfully do our utmost to reform our corporate culture.

Group's Corporate Culture Reformation



* Introduction of a system with Group CEO (Chief Executive Officer), Group CFO (Chief Financial Officer), Group CCO (Chief Compliance Officer), etc.

Major targets

Japan Post Group

Financial Targets

Consolidated net income	510 billion yen Note: Includes consolidated net income attributable to noncontrolling interests (interests other than the parent company, Japan Post)
Consolidated net income attributable to Japan Post Holdings	280 billion yen* Note: Assuming an approx. 89% stake in Japan Post Bank, we aim to achieve a net income of 420 billion yen
ROE (based on shareholders' equity)	Approx. 4% (Aiming for further improvement in future)
Dividend policy	Stable issue of annual dividend of 50 yen per share

ESG Targets

To build a sustainable society, the Group will provide lifelong support in an era of the 100-year lifespan, and contribute to the development and revitalization of regional communities all over Japan.

Greenhouse gas emissions	46% reduction by 2031/3 (compared to 2020/3) ^{*1,*2} ▼ Aiming to achieve carbon neutral by 2050 ^{*2}
Women in management roles	Ratio of women in management positions at our Head Office: 30% by 2031/3 ^{*3,*4}

Financial Targets * Calculated on the assumption of a 50% stake in Japan Post Bank and a 49.9% stake in Japan Post Insurance.

ESG Targets *1 Includes Scope 1 (direct emissions from our companies) and Scope 2 (emissions from the use of electricity, etc., supplied by other companies) emissions. Increases due to new businesses, including real estate business, are not included.
*2 The achievement of these targets assumes that Japan will become carbon neutral to a considerable degree through the widespread adoption of renewable energy, etc. The Group will assist the push toward carbon neutral societies in both Japan and the rest of the world.
*3 The figure is the percentage of management positions filled by women at the head offices of our four main Group companies. The target is the percentage as of April 1, 2031 as the results of initiatives up to the end of the fiscal year ending March 31, 2031.
*4 The Group will also work to improve the work environment and train human resources to boost the number of employees pursuing management and executive positions, thereby increasing the number of women in management positions in locations other than our head offices.

Japan Post	
Consolidated net operating income	49 billion yen
Consolidated net income	22 billion yen
Operating income	
Postal and domestic logistics business	33 billion yen
Post office business	5 billion yen
International logistics business	12 billion yen
Revenue from package delivery, etc.	890 billion yen
Number of Yu-Pack handled	1,360 million

Japan Post Bank	
Consolidated net income	At least 350 billion yen
ROE (based on shareholders' equity)	At least 3.6%
Capital adequacy ratio/CET1 ratio ^{*1} (Level to be secured)	Approx. 10%
OHR ^{*2} (based on inclusion of profit/loss, etc. from money trust management)	66% or less
General and administrative expenses (compared to 2021/3)	Down 55 billion yen
Targeting the level of approximately 50 to 60% payout ratio and aiming to increase DPS from the initial forecast in the fiscal year ending March 31, 2022 (Please refer to JPB's Medium-Term Management Plan for the details.)	

Japan Post Insurance	
Consolidated net income	91 billion yen
EV growth ratio (RoEV ³)	Aim for 6% to 8% growth
Customer satisfaction	Aim for 90% or more
NPS ⁴	Aim for one of the highest in the industry
Number of policies in force	20 million or more policies
Dividends per share (DPS)	In principle aim not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan.

*1 The capital adequacy ratio based on the domestic standard and the CET1 ratio based on the international standard.
(Basel III totally implemented, ordinary base excluding net unrealized gains on available-for-sale securities)

*2 Costs = (net interest income + income from fees and commissions, etc.)

*3 Calculated by excluding economic variance factors.

*4 NPS[®] is an abbreviation for "Net Promoter Score" and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

Investment for growth

We will make investment in three priority areas, namely, strategic IT investment, real estate investment, and investment in new businesses, etc., to realize our growth strategies.

In our strategic IT investment, we will promote DX on a group-wide basis by combining both real and digital components. In our real estate investment, we will integrate and improve the efficiency of business facilities, which are assets of the Japan Post Group, and promote their use in the real estate business. In our investment in new businesses, etc., we will make investment in collaboration partners

outside the Group for the realization of the “Co-creation Platform” supporting customers and local communities.

In addition, we will make investment in businesses to improve and strengthen our core businesses.

For the aforementioned investment, we will make decisions deliberately yet boldly, taking into account past experience, lessons learned, etc., and utilizing specialized knowledge starting from the investigation stage, while ensuring compliance and risk management.

Amounts of investment in the 5 years to 2026/3

Strategic DX/IT investment	Real estate investment	Investment in new businesses, etc.
<ul style="list-style-type: none"> Postal and domestic logistics business (P-DX promotion, etc.) approx. 180 billion yen Our two financial subsidiaries (Digital service enhancement, etc.) approx. 230 billion yen Digital post offices, etc. (Co-creation Platform, digitalization of post office operations, etc.) approx. 20 billion yen <p>Approx. 430 billion yen</p>	<ul style="list-style-type: none"> Group real estate holdings approx. 300 billion yen Real estate outside the Group approx. 200 billion yen <p>Approx. 500 billion yen</p>	<ul style="list-style-type: none"> New business including M&As, etc. approx. 500 billion yen–approx. 1 trillion yen Investment in venture businesses, etc. approx. 50 billion yen <p>Approx. 550 billion yen–Approx. 1 billion yen</p>

* The strategic IT investment includes non-personnel expenses related to strategic IT as well as the investment component of financial accounting.

* The real estate investment is investment by Japan Post Co., Ltd. and Japan Post Real Estate Co., Ltd.

* The investment in venture businesses, etc., is investment by Japan Post Capital Co., Ltd.

Initiatives to improve efficiency and productivity

The entire Group will strive to boost operating efficiency and invest in priority areas to improve productivity. We expect that improved

efficiency will reduce workforce by an amount equivalent to approx. 35,000 employees at our four main Group companies.

	Overview of initiatives to improve efficiency and productivity	Workforce forecasts	Cost reductions
Japan Post	<ul style="list-style-type: none"> Boosting efficiency by fully implementing measures including P-DX promotion, operational reforms, and digitalization of post office operations. A 30,000-personnel or 8% decrease in our workforce between April 2020 and April 2025 after reducing workloads through more efficient operations and optimal staff placement while maintaining the current level of network. Strengthening investment in priority areas to improve productivity and boost our future profitability. 	<p>Decrease by an amount equivalent to 30,000 employees</p> <p>* Excluding the effects of the dispatch of consultants, etc. (approx. 13,000 employees), to Japan Post Insurance for the creation of a new sales system</p>	<p>Decrease by 160 billion yen</p> <p>* Including the effects of the dispatch of consultants, etc. (approx. 13,000 employees), to Japan Post Insurance for the creation of a new sales system</p>
Japan Post Bank	<ul style="list-style-type: none"> In addition to increasing personnel in enhancement areas such as our digitization response, etc., through planned skill increases, we will drastically reduce workloads through work reforms and plan for a reduction in overall personnel of 3,000 individuals. In addition to assertive investments into focal areas such as DX advancement, we will drastically reduce predetermined expenses and drastically reduce expenses overall by 55 billion yen. 	<p>Decrease by 3,000 employees</p>	<p>Decrease by 55 billion yen</p>
Japan Post Insurance	<ul style="list-style-type: none"> Improving productivity of back-office operations, etc. by promoting DX to shift personnel to priority areas, including customer support Ensuring the efficient use of existing costs necessary for operational management and boosting investments in priority areas. 	<p>Decrease by 1,500 employees</p>	<p>Decrease by 28 billion yen</p>

(Notes) 1. The workload forecasts are based on the current projected workload. Actual workload may vary due to increases / decreases in workload.

2. The workload forecasts compare the figures for April 2020 and April 2025 (forecast). The cost reductions compare the figures for the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2026 (forecast). For Japan Post Insurance, however, the figures compare those for the fiscal year ending March 31, 2022, which is after the transition to the new sales stance, and the fiscal year ending March 31, 2026 (forecast) due to the suspension of operations in the fiscal year ended March 31, 2021.

3. Data includes that of employees on fixed-term contracts.

4. The cost reductions at each company are calculated by each company, and adjustments resulting from the Group consolidation have not been taken into account. The figure for Japan Post is for employment costs, while those for Japan Post Bank and Japan Post Insurance are for general and administrative expenses.