


Aiming to realize
a “Co-creation Platform”
supporting customers and
local communities



Our History

- **1871** Modern postal service was established.
Issuance of postage stamps was commenced.
- **1872** The nationwide postal service network was completed.
- **1873** The nationwide uniform postage charge system was implemented.
Issuance of postcards was commenced.
- **1875** Postal money order service and postal savings service were established.
- **1885** The Ministry of Communications was established.
- **1892** The parcel post service was launched.
- **1901** Red post boxes were introduced.
- **1908** Current outstanding balance of postal savings: 100 million yen
- **1911** The express mail service was launched.
- **1916** Postal life insurance service was established.
- **1928** National Health Exercise Program (precursor of the Radio Exercise Program) was established.
- **1949** The Ministry of Posts and Telecommunications was established.
- **1960** Current outstanding balance of postal savings: 1 trillion yen
- **1971** Educational endowment insurance and special whole life insurance services were established.
- **1984** The nationwide online network for postal savings was completed.
- **1985** Current outstanding balance of postal savings: 100 trillion yen
- **2001** The Postal Services Agency was established.
- **2003** Japan Post was established.
- **2007** The Japan Post Group was established.
- **2012** Reorganized into the current four-company structure

- **2015** Listed on the First Section of the Tokyo Stock Exchange
- **2021** The 150th anniversary of the foundation of the Japan Post Group



A scene of sorting mails by destination and routing for delivery from the "Mail Handling Picture Book"/1884



"T" was established as the mark of the Ministry of Communications.



The first poster at the time when the postal life insurance service was established



A scene of mail delivery/1971



Paperwork at the postal savings counter/1983





Japan Post Group Management Philosophy

Stressing the security and confidence of Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services supporting the lives of customers in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

Group Management Policy

1. We will duly consider our customers' lives, exercise our creativity and provide through our nationwide network a selection of products and services needed by customers in every stage of their lives.
2. We will establish effective corporate governance and compliance programs, including internal audits and internal controls.
3. We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4. We aim for the Group's sustainable growth and a mid-to-long term improvement in our corporate value.
5. We will create opportunities for all employees, business partners and the community to mutually cooperate and for each and every employee to grow.

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Company Outline

Company name:
JAPAN POST HOLDINGS Co., Ltd.

Head Office:
3-1, Otemachi 2-chome, Chiyoda-ku,
Tokyo 100-8791, Japan

Date of establishment: January 23, 2006

Paid-in capital: ¥3,500 billion

Securities code: 6178

Total number of shareholders:
797,689
(As of March 31, 2022)

Date of Publication: August 2022

Editorial Policy

This Annual Report (hereinafter, "this Report") is created from the dual perspectives of providing financial and non-financial information pertaining to an overview of the Japan Post Group as well as its business strategies and management issues for the purpose of promoting an understanding among stakeholders of the Group's initiatives toward sustainable value creation.

This Report has been combined with the Disclosure Report.

- Reference Guideline: International Integrated Reporting Framework, International Integrated Reporting Council (IIRC) (December 2013)

Subject of Reporting

Reporting period: April 2021–March 2022 (Part of this Report includes information after this period.)

Scope of report: Japan Post Holdings Co., Ltd. and its subsidiaries and affiliated companies

Others: In addition to this Report, please refer to the Integrated Reports of Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.

Please also refer to the most recent materials disclosed by Japan Post Holdings Co., Ltd., including the Notice of Ordinary General Meeting of Shareholders (Business Report, etc.), Annual Securities Report, and Summary Report of Financial Results, for detailed information on the state of business, financial conditions, and business results of Japan Post Holdings Co., Ltd. and each company of the Japan Post Group.

Toll Holdings Limited changed its trade name to Toll Holdings Pty Limited on July 21, 2022.

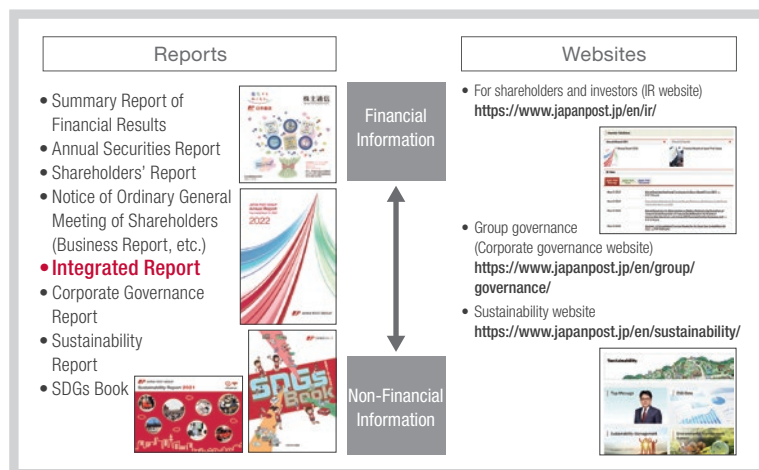
Disclaimer with Respect to Forward-Looking Statements

This Report is a translation of the Disclosure Document (the written explanation in Japanese of the business and financial conditions of Japan Post Holdings Co., Ltd. and the Japan Post Group) that was prepared pursuant to Article 52-29 of the Banking Act. This Report is not prepared for the purpose of soliciting any shares or other securities of Japan Post Holdings and its subsidiaries. This Report contains forward-looking statements regarding future performance and other matters of the Japan Post Group and each company of the Japan Post Group.

These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Therefore, these statements are subject to the impact of a wide range of future risk factors that include changes in preconditions concerning the business environment, economic circumstances and economic trends, changes in laws and regulations, the occurrence of large-scale disasters, changes in the value of assets held, reputation and rumor risk, and other risks. Accordingly, it should be noted that actual business results and other matters could differ from the details contained in this Report.

Figures and percentages shown in this Report have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented. Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2022.

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Message from the President



MASUDA Hiroya

Director and Representative Executive Officer,
President & CEO
Japan Post Holdings Co., Ltd.

By realizing a “Co-creation Platform” supporting customers and local communities, the Japan Post Group is building firm relationships of trust and setting a course for future growth.

Introduction

It has been two years since I accepted the post of president of the Japan Post Group. During that time, the Group has redoubled its emphasis on customer-oriented management, plotted a roadmap for the future, and set out on that course. To regain the trust of customers we'd lost as a result of scandal, employees Group-wide are pulling together as a team to return to the basics in all their activities. We have also drafted the Medium-Term Management Plan, “JP Vision 2025,” established a strategy for future growth, and set out in pursuit of the possibilities that await.

The nationwide network of post offices that serves Japan Post customers today was built up over more than a century and a half. It is the foundation of our operations and an asset unique to the Japan Post Group. Maintaining a strict focus on customer-oriented products and services while continuously burnishing the value of the post office network are vital prerequisites for the Group's further growth. Our aim is to be a corporate group that is essential to society and will be the trusted choice of customers throughout Japan, long into the future.

Looking Back on the Fiscal Year Ended March 31, 2022

The fiscal year under review was a year in which the Japan Post Group devoted its operational management to winning the confidence of customers and preparing a springboard for future growth.

In May 2021, the Group formulated the new Medium-Term Management Plan, “JP Vision 2025.” This plan spells out the Group’s vision for a “Co-creation Platform” supporting customers and local communities, leveraging its greatest strength: the Group’s network of some 24,000 post offices throughout Japan. To achieve this goal, the Japan Post Group is joining hands with companies outside the Group as well as local communities, to implement a host of measures that will generate valuable products and services.

Setting the Stage for Growth: Co-creation with Companies outside the Group

The Japan Post Group and Rakuten Group, Inc., an investor in and operating partner of the Group, are maximizing the synergies between them to conduct initiatives in a wide range of fields, including logistics, mobile telephony, finance, and digital transformation (DX).

In the logistics field, the partners established JP Rakuten Logistics, Inc. in July 2021. In addition to joint construction of logistics terminals, delivery systems, and receiving services, the partners in this company undertake a variety of efforts to boost the convenience and efficiency of delivery.

As of March 31, 2022, the number of post offices with counters for handling Rakuten Mobile applications and the like has expanded to 285 nationwide.

In financial collaborations, the partners began handling Rakuten cards with Japan Post Bank designs in December 2021.

February 2022 saw the launch of another collaboration, as Kantan Rakuma Pack, a delivery service provided jointly by the partners, began offering a drop-delivery service through Rakuma, a flea-market app operated by Rakuten Group, Inc. In addition to enhancing customer convenience, the expansion of drop-delivery services reduces the frequency of re-delivery, thereby improving the working environment and slashing CO₂ emissions.

Another partnership that the Japan Post Group has embarked on is the provision of two new services, Hikyaku Yu-Packet Delivery and Hikyaku Global Post Delivery, in collaboration with Sagawa Express Co., Ltd. The two companies also jointly provide trunk-line transport between Tokyo and Koriyama and between Tokyo and Kyushu. Initiatives such as these comprise just some of

Japan Post Holdings’ efforts toward co-creation of logistics services.

In Kawagoe, Saitama Prefecture, a personnel-saving Family Mart kiosk opened inside the Kawagoenishi Post Office using a self-serve payment system. Sales of Family Mart products began at the Shibasaki Post Office, in Inashiki, Ibaraki Prefecture. In partnership with companies such as Tokyo Electric Power Company Holdings, Incorporated and Mitsubishi Motors Corporation, community members can make use of an environmentally friendly electric vehicle (EV) charging service at post offices such as the Oyama Post Office in Oyama, Tochigi Prefecture and the Numazu Post Office in Numazu, Shizuoka Prefecture. Through these and other partnerships, Japan Post Holdings is providing the kinds of facilities and services that befit a post office with deep roots in local communities.

Internal Reforms to Reinforce Our Customer-Oriented Stance

How can the Japan Post Group regain the trust it lost in the previous scandal? One effort we are making consists of ensuring that activities across the entire Group are customer-oriented. Other measures include internal reforms, such as strengthening Group governance and transforming the organizational culture.

One initiative we are taking to fortify Group governance is the introduction of the Group CxO system. The CxO plays the role of, and is responsible for, coordination and consultation across all segments of the Group regarding key functions such as finance, IT, risk management, and human resources.

In April 2021, the Company established the Group Conduct Management Office. The Office bolsters the

framework for coordination among Japan Post Group companies, aiming for early detection of “conduct risks,” such as business operations that are contrary to the Group’s customer-oriented stance. Timely discovery of operational issues through these measures will enable the Group to improve the quality of its services.

The Japan Post Group is also striving to improve its internal reporting system. Recognizing that “employee feedback is an asset, and employees who offer feedback are a precious asset,” the Group is conducting a variety of measures to ensure that as many employees as possible can make their voices heard to management. We are continuing to fine-tune the internal reporting system so that employees can actively offer feedback with confidence and peace of mind.

To accelerate transformation within the Group and innovation, the Japan Post Group launched the JP Strategic Foresight Laboratory, staffed primarily by younger Group employees. The Group hopes that, by leveraging cross-Group frameworks and synergies, the JP Strategic Foresight Laboratory will generate ideas that burst the confines of conventional thinking to tackle problems with fresh approaches.

Thoroughly Preventing Recurrence of Scandals

As the above discussion shows, the Japan Post Group has implemented a broad program of reforms. Even so, it is too soon to declare that the Group has eradicated the

possibility of occurrence of scandals by some employees and postmasters.

Much remains to be done. We are working to ensure that, if a scandal occurs, the causes are thoroughly investigated and the persons involved are strictly disciplined. We are revising internal procedures and the like, fomenting an environment in which scandals cannot reoccur. Investigative divisions confirm the way issues are handled at post offices. If a scandal occurs, we ensure that customers are informed. Through actions such as intensified training on matters of compliance and crime, we are working to change employee attitudes. By continuing to implement these and other steps, the Japan Post Group is striving to prevent occurrence of scandals so that the Group can once again enjoy the true confidence of customers.

Business Results for the Fiscal Year Ended March 31, 2022

The impact of the COVID-19 pandemic continued to reverberate even as uncertainty about global conditions steadily mounted. These factors contributed to a persistently severe operating environment, in which postal traffic decreased and interest rates remained extremely low.

The Japan Post Group worked ceaselessly to respond to these challenges. Even as we conducted internal reforms and set the stage for the future, we made every effort to support and improve near-term business results.

In the fiscal year under review, results were boosted by a number of factors. Sales rose in the international logistics business as cargo demand grew for Toll Holdings Limited’s forwarding business. The banking business saw a rise in earnings from private equity funds. On a consolidated basis, the Japan Post Group recorded ordinary income of ¥11,264.7 billion, net ordinary income of ¥991.4 billion, and net income attributable to Japan Post Holdings of ¥501.6 billion.

To enhance shareholder return, we conducted share buybacks. Beginning in November 2021, the Group purchased treasury shares to a limit of ¥100 billion, completing the buyback in April 2022. The Group is currently in the midst of an additional buyback, beginning in May 2022, this time to a limit of ¥200 billion.

The Group will continue to examine and implement ways of returning value to shareholders, including flexible share buybacks.



Directions and Initiatives in the Fiscal Year Ending March 31, 2023

The current fiscal year marks the second year of the Medium-Term Management Plan, “JP Vision 2025.” After its efforts to regain public confidence in the previous fiscal year, the Japan Post Group is taking the current fiscal year to proceed to the next step, a year of full-fledged efforts to achieve a “Co-creation Platform.” For this purpose, in the current fiscal year the Group will pull together as a team to burnish the Japan Post Holdings brand.

Meanwhile, however, the Japan Post Group forecasts that postal traffic will continue to decline in the current fiscal year. The COVID-19 pandemic is not expected to end soon, while the war in Ukraine continues to generate mounting economic uncertainty.

In response to these challenges, the Japan Post Group is taking decisive action. To secure near-term profitability, the Group is improving work processes, products, and services, laying a profitable foundation for the Group’s three businesses: Japan Post, Japan Post Bank, and Japan Post Insurance. At the same time, to set a course for future growth, the Group is accelerating its full-fledged deployment to realize a “Co-creation Platform.”

Full-Fledged Deployment to Realize a “Co-creation Platform”

I would now like to describe one direction we are considering for this full-fledged deployment, which consists of efforts to further enhance the value of our network of post offices.

The first effort is the creation of several and various business initiatives of what respective post offices should be in consideration of customer needs and the characteristics of each region it serves. This is a new business model in which, by operating each of our approximately 24,000 post offices in consideration of its customers’ needs and in response to the characteristics of the region in which it operates, the Japan Post Group aims to improve the value of post offices to customers and encourage the creation of opportunities for customers to visit a post office.

We have rolled out two business initiatives so far. The first business initiative is the provision of a new service in which customers can visit a product exhibition space on post office premises to experience (see, touch, etc.) e-commerce and other products casually before they buy them. Named “JP Showroom,” this service was launched on a trial basis in February 2022 in certain parts of major urban areas. If the test results are encouraging, the Group will roll out the service at post offices throughout Japan. Products for exhibition will be selected from the customer’s perspective, according to the region and season in which they are exhibited.

The second initiative began in May 2022 with the opening of the first rice mill on post office premises. Rice

mills are used to polish rice. In communities where people make frequent use of rice mills, the mills are installed in places where there are no other rice mills nearby. This service improves convenience to customers by, for example, enabling them to polish their rice on the spot and distribute it from the post office by Yu-Pack. The Group plans to expand installation of rice mills on post office premises situated in areas where the need for them is high.

The Japan Post Group aims to continue enhancing the value of post offices through co-creation with companies outside the Group, in careful consideration of the needs of customers in regional communities.

The second effort consists of expressing the “post office of the future” concept in tangible form and the advancement of DX measures.

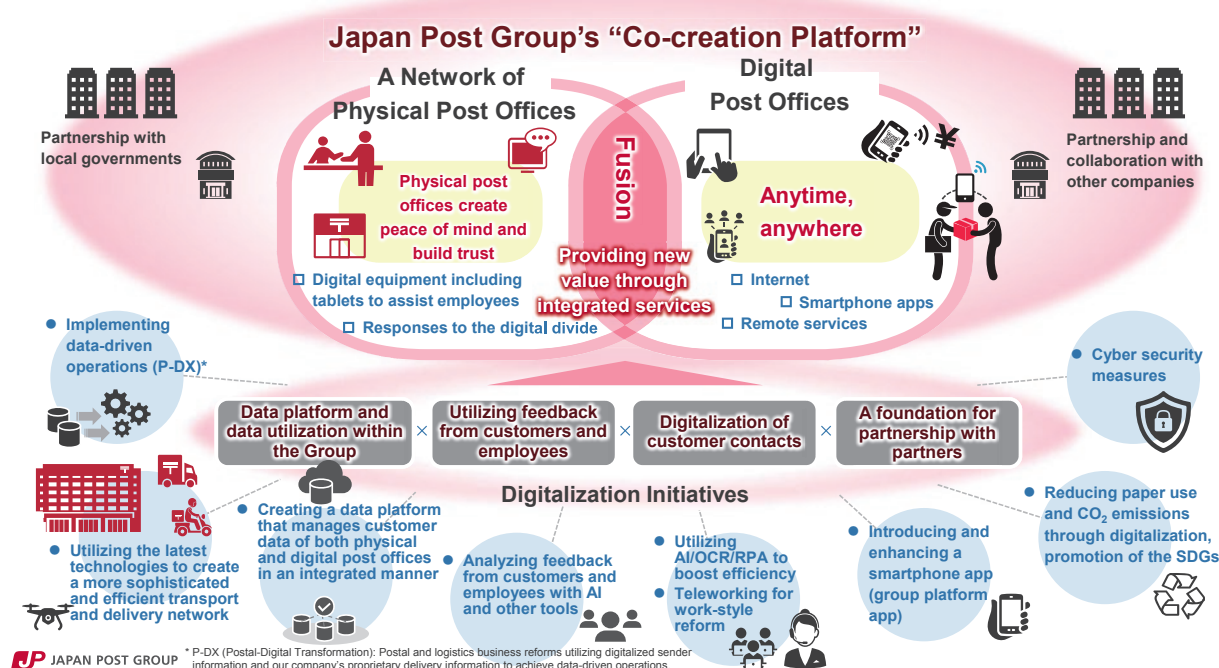
To provide customers with a more comfortable experience, we began proving tests of the “post office of the future” at a post office in Tokyo’s Otemachi central business district. This “post office of the future” integrates a physical post office, with the warmth of the personal service it provides, with a digital post office that can be used anytime, anywhere. We plan to offer features such as a self-serve postal checkout service, a “digital ticket dispenser” that indicates the degree of congestion (waiting times) at a given post office, and a remote consultation booth (which will initially provide remote consultation on mutual funds and cancer insurance). In the future, we envision offering “one-stop” consultation through this service, including services from specialists in a wide range of industries and others from outside the Japan Post Group. Another plan is to install AI cameras, to provide the environment and infrastructure to test

quantitatively what customer needs are and how to improve the service to make it easier to use.

As we diligently carry out repeated proving tests, we hope to create and deliver new value that today's customers can scarcely imagine. If all goes according to plan, tomorrow's post office customers will marvel, "You can do all this at a post office?"

We're also moving forward with DX implementation in the postal and domestic logistics business. The Group has already conducted test runs of deliveries using drones and robots, as well as test runs of telematics using

positioning data and AI-driven automatic routing systems. Future directions in DX include revamping delivery areas and routes using telematics; automatic generation of delivery routes using automatic routing systems; deployment of pickup service support systems, which digitize information about pickup service and use it to raise the quality of customer response and operations; and efforts to make delivery using drones and robots commercially viable. Through efforts such as these, the Japan Post Group is steadily lightening its workload and raising the efficiency of its operations.



The third effort is driving forward in the field of green transformation (GX).

The Japan Post Group as a whole currently aims to achieve carbon neutrality by 2050. As a partway milestone, by the fiscal year ending March 31, 2031, the Group aims to slash greenhouse gas (GHG) emissions by 46% from the fiscal year ended March 31, 2020 level. We are moving ahead on this goal with a wide range of actions.

JP Vision 2025 calls for some 12,000 light cars and trucks and 21,000 motorcycles to be switched over to EVs by 2025. The Group has brought this goal forward, already exceeding the above targets by 1,500 light cars and trucks and 7,000 motorcycles. As a result, by the fiscal year ending March 31, 2026, the Group expects 50% of its light cars and trucks and 40% of its motorcycles to be switched to EV models.

Determined to achieve carbon neutrality, the Japan Post Group will continue to cooperate with the Tokyo Electric Power Group and other partners, building out regional EV charging infrastructure and studying the allocation of EVs to cold regions.

Our last effort is in regional revitalization.

Japan's problems of decreasing birthrate, population aging, and declining population are continuing unabated. The difficulty of supporting regional economies has become a social issue of great concern.

As one of the solutions to the issue of isolation of elderly people in the community, we have started a post office Mimamori (Watch Over) service using smart speakers for local governments. Through this service, we will provide efficient checks on the living conditions of the elderly, as well as opportunities for non-face-to-face, non-contact communication.

In addition, in April 2022 the Group launched the Local Co-creation Initiative. In this initiative, employees at the head office of Group companies, selected by open recruitment, are dispatched to local venture companies or local government offices with the aim of creating new businesses. In regions that are taking proactive measures on social issues, the Group partners with venture companies and local governments that are vigorously working to contribute to solutions, such as by revitalizing the economy, contributing to population increase, supporting and improving local government functions, and jointly examining business models. As the seconded employees work on this initiative, it imparts to them precious experience, cultivating in them an entrepreneurial mindset.

The world today is entering a period of wrenching change. By carrying out novel initiatives such as these, enthusiastically and proactively, the Japan Post Group is exploring a path toward a new role as a group that contributes to the formation of sustainable regional communities and improves the lives of people in each region.

Improving Group Conduct

The Japan Post Group is improving the conduct of all Group officers and employees, so that it will meet the expectations of customers and society—the Group’s stakeholders. To continue to grow as a group that enjoys the trust of its stakeholders, in July 2022 the Japan Post Group drafted the JP Code of Conduct and began operations on that basis. The Code of Conduct sets forth consistent standards of corporate behavior, expressed in straightforward language, for the Japan Post Group. Going forward, the Group expects that all officers and employees will practice the JP Code of Conduct, so that the Group can win the trust of customers, regions, and communities; fulfill JP Vision 2025; and follow the Japan Post Group Management Philosophy. To monitor the promotion of the JP Code of Conduct and other efforts to improve future conduct, the Group has established the Group Conduct Improvement Committee, including outside experts. The Committee will provide objective advice to make the JP Code of Conduct as effective as possible.

Toward Health Management

The Japan Post Group understands that its ability to realize the “Co-creation Platform” depends on the mental and physical health of its people. Each and every Group employee must be able to work with energy and enthusiasm, leveraging their skills to maximum effect, and for that they require a sound mind and a sound body. In May 2022, the Group proclaimed the Japan Post Group Declaration on Health, pledging the Group to work together as a team to promote health management. At the Japan Post Group, we support employees in their efforts to uphold and improve their health and, in turn, aim to realize the happiness of customers.

Turning All Three Businesses into Solid Revenue-Earning Platforms

While executing its growth strategy in earnest, the Japan Post Group must turn each of its three businesses—Japan Post, Japan Post Bank, and Japan Post Insurance—into a solid revenue-earning platform. Efforts are underway in all three businesses.

At Japan Post, the Group is trimming costs by, for example, applying DX to enhance delivery efficiency. To expand revenue, Japan Post is also improving its product and service menu to bolster competitiveness in the field of parcel delivery.

At Japan Post Bank, the Group is working to boost performance on multiple fronts. The Bank is expanding digital services that can be readily used by all customers. Under prudent and appropriate risk management, the Bank is promoting internationally diversified investment. Through a various framework, we will work on flow of funds to regional communities.

Japan Post Insurance launched a new insurance product in spring 2022 while reconstructing its sales system. We are making a large shift from our old approach to sales, which was heavily biased toward meeting sales quotas, to offering customer-first proposals that are closely aligned with customers in the era of the 100-year lifespan.

Forecast of Business Results for the Fiscal Year Ending March 31, 2023

Even as it moves forward with these undertakings, however, the Japan Post Group is mindful that the business environment enfolding the Group in the current fiscal year is becoming more unforgiving by the day. While the COVID-19 pandemic still has not run its course, conditions in Ukraine are becoming increasingly tense. The Group expects the impact on its business results to be considerable.

Internal developments at the Group will impact business results as well. At Japan Post, the advance of digitalization is reducing mail volumes. Japan Post Bank is confronting surging foreign currency funding costs, while at Japan Post Insurance the construction of a new sales system is piling on operating costs. Each of these developments is expected to affect earnings negatively. In its current forecast of consolidated business results for the fiscal year ending March 31, 2023, the Japan Post Group expects net income to decline ¥101.6 billion, to roughly ¥400 billion.

Reacquainting Customers with the Appeal of the Post Office

Some 400,000 people work at the Japan Post Group today. The Group is hard at work deploying a diverse range of communication activities to earn favorable evaluations for the Group, by sharing with customers the unique appeal of the post office, including the strenuous efforts Group employees make every day and the deep roots we have established in local communities.

One such exercise is the launch of a webcast, JP CAST (<https://www.jpcast.japanpost.jp>) (in Japanese only), which showcases the appeal of the post office. This webcast offers content such as videos and articles offering seasonal updates about post offices.

Another is the release of a common slogan for the Japan Post Group: “Evolving warmth.” This term expresses the Group’s fundamental desire to be the “warmth” for all of Japan’s communities. The word “warmth” includes the value of the Group as qualities that only a post office can provide: being a familiar presence, being easy to consult, being a place where things get done easily and with kindness.

In step with the times, the Japan Post Group makes “warmth” better by continually enhancing the post office products and services it provides. More than ever, the

Group is determined to grow into a post office network for the customers and local communities it serves. Guided by this message, the Group has launched unified public relations activities.

Growing to Be a Post Office Network That Customers Can Trust

For more than a century and a half, since its establishment in 1871, the Japan Post Group has been moving forward at the side of the customers and local communities it serves.

We recognize that the path toward realizing a “Co-creation Platform” supporting customers and local communities is not an easy one. Many obstacles must be overcome to accomplish this goal. As the problems of population decline, population aging, and digital disparity worsen in regional communities throughout Japan, we must ask ourselves how we can contribute to regional development and revitalization. The Japan Post Group believes that, in a rapidly changing society, the determination to leave nobody behind will provide the driving force supporting the realization of a “Co-creation Platform” supporting customers and local communities.

In the months and years ahead, we at the Japan Post Group will continue to advance and improve, so that we can provide customers of every generation and region with the value they need in each age, becoming a postal service group that customers trust and choose over others. Expect great things from the new Japan Post Group.



Top Messages from Each Company

JP JAPAN POST



KINUGAWA Kazuhide

President & CEO
(Representative Executive Officer)
Japan Post Co., Ltd.

To achieve a “Co-creation Platform,” Japan Post Co., Ltd. is applying digital transformation (DX) and enhancing the value of its post office network.

The environment in which Japan Post operates is shifting dramatically. In response to the COVID-19 pandemic, needs for services without physical contact or face-to-face meetings are intensifying in Japan. Lifestyles, work styles, and the nature of society itself are undergoing a transformation. In such changing times, Japan Post is also required to transform itself. At the same time, amid the continuing low birthrate, an aging population, and the increasing depopulation of rural areas, the need to support regional economies is coming to the fore as a social issue.

In response to these conditions, the Japan Post Group declared its intention to realize a “Co-creation Platform” supporting customers and local communities. Announced last year in the Group’s Medium-Term Management Plan, “JP Vision 2025,” the concept of the “Co-creation Platform” was developed to support the achievement of safe, secure, comfortable, and fulfilling lives and lifestyles for regional customers. In the fiscal year ending March 31, 2023, Japan Post will continue to work

JP JAPAN POST BANK



IKEDA Norito

Director, President and
Representative Executive Officer
Japan Post Bank Co., Ltd.

Going back to its Purpose of existence and Management Philosophy, Japan Post Bank Co., Ltd. is working hard to improve its corporate value while contributing to the resolution of social issues.

Japan Post Bank is reaffirming its commitment to its Purpose, which is “to contribute to the development of society and the region, aiming for the happiness of customers and employees,” and its Management Philosophy, which is to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of its customers. In accordance with the Medium-Term Management Plan (FY2022/3 through FY2026/3), Japan Post Bank is working hard to improve its corporate value while contributing to the resolution of social issues.

In the fiscal year under review, Japan Post Bank enjoyed its most profitable year since its stock market listing. From privatization in 2007 through stock market listing in 2015 to the present day, Japan Post Bank has worked to achieve steady expansion and strengthening of its business. Japan Post Bank’s growth is driven by three engines: the retail business, the market business, and new business. In each of these areas, Japan Post Bank is preparing new foundations for further advancement.

JP JAPAN POST INSURANCE



SENDA Tetsuya

Director and President, CEO,
Representative Executive Officer
Japan Post Insurance Co., Ltd.

To achieve the new Japan Post Insurance, we will do our utmost to be a part of our customers’ lives.

We hope to contribute to society by ensuring that all employees share and fulfill our social mission (purpose), “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance products.”

In Japan Post Insurance’s Medium-Term Management Plan (FY2021–FY2025), announced at the beginning of the fiscal year ended March 31, 2022, we set forth a policy of “reconstruction,” aiming to become a company that is truly trusted by its customers, based on reforms in corporate culture and work styles. We have also implemented a variety of initiatives as we target “sustainable growth” by improving customer experience value (CX) and contributing to the resolution of social issues.

As part of our efforts for reconstruction as stated in our Medium-Term Management Plan, we have established a new Japan Post Insurance sales system from the fiscal year ending March 31, 2023. Approximately 13,000 new employees, including consultants from Japan Post Co., Ltd. (employees who mainly visit customers’ homes and other locations), have joined our company.

to implement DX and improve the value of its post office network, to strengthen its operating base and make the "Co-creation Platform" a reality.

In measures taken by business segment, in the postal and domestic logistics business, Japan Post is striving to boost profitability by a number of measures. These include expanding the number of packages handled in the e-commerce market, collaborating with other companies, and expanding our network of sales warehouses. In tandem with these moves, Japan Post is shifting resources from the postal field to the rapidly growing domestic logistics field, while overhauling its operations to achieve further gains in productivity. For an example of the latter, we are using telematics to revise postal delivery routes and areas and introducing automatic guided vehicles (AGVs) in post office internal work to advance unmanned and slim-profile operation.

In the post office business as well, Japan Post is moving with the times. We are continuing our thorough customer-oriented sales activities and moving forward with proposal-driven activities tailored to customer needs. In addition, by advancing the digitalization of post office operations, we are

streamlining operations and overhauling our sales environment. Finally, Japan Post is deploying a more diverse range of services to cater to regional needs.

Turning to the international logistics business, Japan Post is refocusing. In August 2021, Japan Post sold the global express business of Toll Holdings Limited, aiming for growth by switching to a business model centered on Asian markets.

The Sustainable Development Goals (SDGs) are becoming ever more important today. Japan Post has responded by drafting the Japan Post Basic Policy on Sustainability. We are pressing forward with our efforts to achieve carbon neutrality and promote diversity. By striving to help resolve social issues through company-wide activities, Japan Post hopes to grow sustainably while bolstering enterprise value over the medium to long term.

Through these efforts, the employees of Japan Post are working as a team to make the post office a needed presence and a chosen partner for customers and local communities. We ask for your continuing patronage and support of Japan Post.

In the first engine, retail business, we will improve the functionality of our well-received Yucho Bankbook App and release the PFM (Personal Finance Management) App. Japan Post Bank aims to build a "Co-creation Platform" that can provide a diverse and optimal range of services through open collaboration with various businesses starting with these apps. We will provide thoughtful and attentive support through physical channels. Our goal is to create an environment in which all customers can conveniently use digital services. Japan Post Bank is looking to develop a new retail business that only it can provide by realizing complementarity between the physical and the digital.

Our second engine is our market business. Japan Post Bank accelerated the paradigm shift in its market management to improve profitability amid efforts by the government and authorities to promote a monetary easing policy and the ongoing low interest rate environment. While diversifying investment assets based on appropriate risk management, by the final year of the current Medium-Term Management Plan we aim to increase the balances of risk assets to ¥110 trillion and strategic investment areas to ¥10 trillion. One major factor in the success of the paradigm shift in its market

management is the Bank's efforts to bolster its expert personnel. We will continue to advance hiring of external human resources and developing in-house personnel.

In the third engine, new business, we are pursuing new businesses with the potential to drive earnings forward in the future. Previously, concentrating our efforts largely on limited partner (LP) contributions that invest mainly in funds, the Bank entered the general partner (GP) business, which entails a broad spectrum of activities through to fund operations and management, through its subsidiary Japan Post Investment Corporation. Looking ahead, we will use these endeavors as a foundation to realize the GP business on a full-scale basis while collaborating with external organizations. We also plan to launch the Σ business (tentative name) to support the development of regional industries and venture companies.

Driven by these three engines, Japan Post Bank aims to construct a sustainable revenue base.

We will continue to engage in dialogue with all of our stakeholders. Determined to enhance the corporate value of Japan Post Bank, I ask for your continued support and patronage.

The consultants are devoted to making proposals for life insurance products and after-sales follow-up as life insurance professionals, using specialist knowledge and mobility. Meanwhile, post office counters offer a wide range of financial products and respond to diverse customer needs. In this way, the Japan Post Group will work as one team, providing customers with comprehensive consulting services that combine expertise with broadness of range. Also, under the account manager system, introduced in April 2022, consultants make regular contact with customers, ensuring that our services respond to their changing needs as they move through various life stages. This system provides high-quality after-sales follow-up that stays close to customers.

The other key pillar of the Medium-Term Management Plan is sustainable growth. To achieve this goal, Japan Post Insurance is working to improve CX and contribute to resolving social issues.

Improving CX means increasing, as much as possible, experiences that

make all customers feel glad to be with Japan Post Insurance. We must do this at every point of contact, from the contract to after-sales follow-up and claims.

Another important aspect of sustainable growth is contributing to the resolution to social issues related to sustainability. We have set forth our commitment to promote ESG management and are promoting various initiatives.

For Japan Post Insurance to be a company that is trusted and selected by many customers, we must act to squarely face the social issues of the era and region. Our ultimate goal is to enrich our customers' lives by staying close to them.

We will continue to listen carefully to the thoughts and opinions of our various stakeholders, including customers, shareholders, employees, and local residents, and aim to enhance our corporate value as a company that is loved by as many people as possible. We sincerely hope that going forward you will continue to follow Japan Post Insurance with interest.