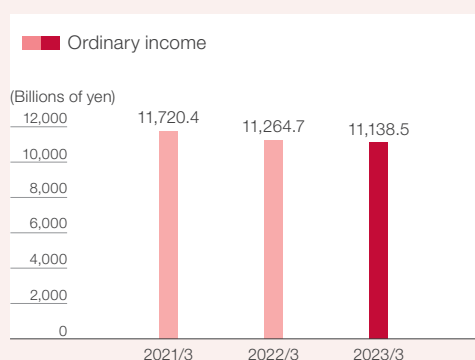


Financial and Non-Financial Highlights

Financial Information

Ordinary Income

¥11,138.5 billion



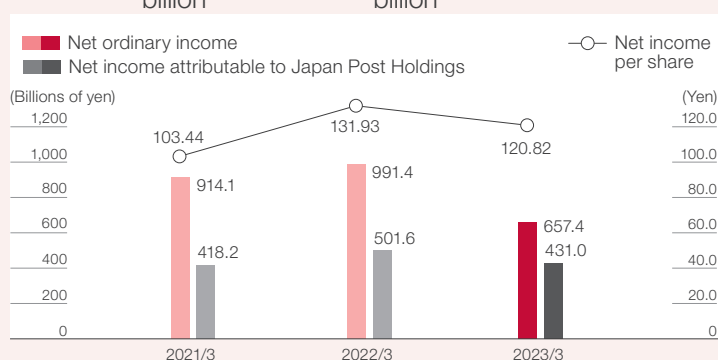
Ordinary income in the fiscal year ended March 31, 2023, decreased 1.1% from the previous fiscal year, to ¥11,138.5 billion.

Net Ordinary Income / Net Income Attributable to Japan Post Holdings / Net Income per Share

Net ordinary income Net income attributable to Japan Post Holdings Net income per share

¥657.4 **¥431.0** **¥120.82**

billion billion

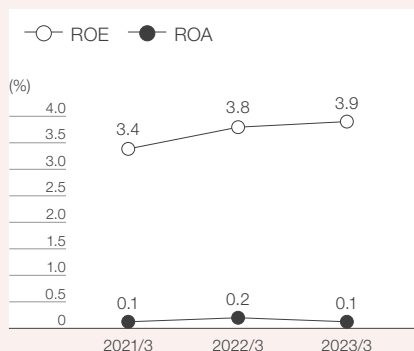


Net ordinary income in the fiscal year ended March 31, 2023, decreased 33.7% from the previous fiscal year, to ¥657.4 billion, net income attributable to Japan Post Holdings decreased 14.1% from the previous fiscal year, to ¥431.0 billion, and net income per share amounted to ¥120.82.

Return on Equity (ROE) Return on Assets (ROA)

Return on equity (ROE) **3.9** %

Return on assets (ROA) **0.1** %



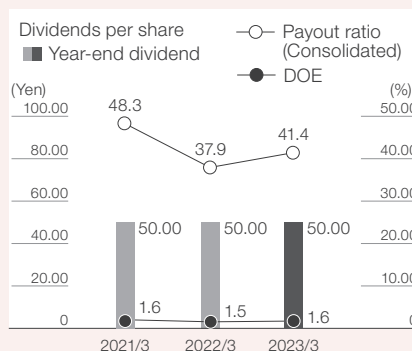
ROE in the fiscal year ended March 31, 2023, increased 0.1 percentage points from the previous fiscal year, to 3.9%. ROA came to 0.1%.

Dividends per Share / Payout Ratio (Consolidated) / Dividend on Equity (DOE)

Dividends per share **¥50**

Payout ratio (Consolidated) **41.4** %

Dividend on equity (DOE) **1.6** %



Annual dividends per share in the fiscal year ended March 31, 2023, amounted to ¥50. The payout ratio (consolidated) came to 41.4%. DOE came to 1.6%.

Stock Chart



Overview of Stocks of Japan Post Holdings (As of March 31, 2023)

Securities code: 6178

Business year: April 1 to March 31

Stock exchange listing: Tokyo Stock Exchange

Settlement date: March 31

Annual General Meeting of Shareholders: June (voting rights record date: March 31)

Dividend record date: March 31 for year-end dividends, September 30 for interim dividends (when interim dividends are paid out)

Unit number of shares: 100 shares

Total number of issued shares: 3,657,797,700

Class of shares: Common stock

Total number of shareholders: 741,798

Non-Financial Information

Greenhouse Gas (GHG) Emissions

Total CO₂ emissions^{*1}**2,572** kt-CO₂Basic unit (Facility)^{*2}**0.053** t-CO₂/m²Basic unit (Vehicle)^{*2}**0.000160** t-CO₂/km

^{*1} Total CO₂ emissions: Scope 1, 2, and 3 emissions of Japan Post Holdings, Japan Post, Japan Post Bank, Japan Post Insurance, Japan Post Transport, and Toll Holdings in the fiscal year ended March 31, 2022

^{*2} Basic unit (Facility) and Basic unit (Vehicle): Results of Japan Post Holdings, Japan Post, Japan Post Bank, Japan Post Insurance, and Japan Post Transport in the fiscal year ended March 31, 2022



Number of Agreements Regarding Cooperation with Local Communities / Agreement Conclusion Rate



Number of comprehensive partnership agreements (Prefectures) (Agreements)

44

Number of agreements regarding cooperation with local communities (Municipalities) (Agreements) / Agreement conclusion rate (%)

1,733 / 99.5 %

Disaster prevention agreements (Municipalities) (Agreements) / Agreement conclusion rate (%)

1,615 / 92.8 %

Note: As of end of February 2023



Rating / External ESG Evaluations



Japan Credit Rating Agency, Ltd. (JCR) (Long-Term Issuer Rating)

AA+
(Stable)

Note: As of December 15, 2022

Selected as a constituent of the FTSE4Good Index Series^{*1} and FTSE Blossom Japan Index^{*2}

FTSE4Good

FTSE Blossom Japan Index

^{*1} An index designed by FTSE Russell, the global index provider, to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices

^{*2} An index that selects Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The index has been adopted by the Government Pension Investment Fund (GPIF) as an ESG index.

Number of Women in Management Positions / Female Executive Officers



Number of women in management positions (Persons) / Ratio of women in management positions (%)

3,184
9.4 %

Note: The number of women and the ratio of them to the number of employees in management positions of the Group as of April 1, 2023

Number of female executive officers (Persons)*

29

Note: As of July 1, 2023



Number of Persons Taking Childcare Leave / Average Number of Paid Holidays Taken



Number of persons taking childcare leave (Persons)

3,425

Note: Number of employees taking childcare leave, etc., among employees or spouses of employees who have given birth in the fiscal year ended March 31, 2023

Average number of paid holidays taken (Days)

18.9

Note: Average number of annual paid holidays taken (including days of paid leave carried from the previous fiscal year and the fiscal year before the previous fiscal year) per employee in the fiscal year ended March 31, 2023



Letter-Writing Workshop Programs



Number of schools holding letter-writing workshop programs (Schools)

21,276

Medium-Term Management Plan “JP Vision 2025”

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

Changes in social environment surrounding the Group

Identify challenges that we should tackle to grow

Continuing declining birthrates 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

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; strengthening community relations functions

JP JAPAN POST INSURANCE

- Transitioning to a new sales system
- 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

Group’s Strengths

Strength 1 Nationwide network of post offices

Number of post offices nationwide

24,251

Number of employees in the four main Group companies (As of March 31, 2023)

Approx. **374,000**

Regular employees: Approx. **208,000**

Non-regular employees: Approx. **166,000**

Number of employees with Securities Sales Representative Certification

89,694

Insurance Agent Certification

92,169

Financial Planner Certification

70,434

Strength 2 Delivery network and finance network

Number of postboxes nationwide

175,145

Number of countries included in the international logistics network

Approx. **150**

Number of ATMs nationwide

31,454

* The number of customers is the sum of policyholders and insured persons (including individual insurance and individual annuities as well as Postal Life Insurance reinsured by Japan Post Insurance).

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



Strength 3 Vast customer base and extensive customer data

Number of ordinary deposit accounts

Approx. **120 million**

Number of Japan Post Insurance customers*

Approx. **19.38 million**

Number of delivery locations served daily

Approx. **31 million**

Strength 4 Trust in post offices and deep understanding of local communities

Top 3 customers' perceived images of post offices

1st

Rooted in local communities

26.7%

2nd

Located everywhere

26.1%

3rd

Being close and familiar

20.5%

(Q: Please mark all images that you have for post offices.)

(Multiple choice survey conducted from November 2 to November 4, 2022)

(Survey subjects: Men and women in their 20s to 60s living in Japan; number of respondents: 2,861)

Initiatives for “JP Vision 2025”

We will strive for new growth for the Group through realization of a “Co-creation Platform” and conversion of our business portfolio.

IIZUKA Atsushi

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



Under our main policy of “aiming to realize a ‘Co-creation Platform’ supporting customers and local communities” of the Medium-Term Management Plan “JP Vision 2025,” we are working to combine the real world with the digital one (our network of physical post offices and “digital post offices”) through digital transformation (DX). Furthermore, we have been aiming for new growth for the Group by enhancing our core businesses (the postal and domestic logistics business, the banking business, and the life insurance business) including universal services, and also by transforming our business portfolio through expansion of the real estate business and the development of new businesses.

Our accomplishments in the fiscal year ended March 31, 2023

On a consolidated basis, the Japan Post Group recorded net income attributable to Japan Post Holdings of 431.0 billion yen in the fiscal year ended March 31, 2023, exceeding the previously announced full-year target by 31.0 billion yen, despite higher labor and procurement costs along with inflation, as well as continued global monetary tightening, the Bank of Japan's revision of handling of long-term and short-term interest rates (December 2022), and concerns about the financial system triggered by the collapse of Silicon Valley Bank (March 2023) in the United States.

Additionally, Japan Post Holdings (“the Company”) carried out the secondary stock offering of its subsidiary, Japan Post Bank (“the Bank”). The Company has been upholding the policy of reducing its stake in the Bank to 50% or less as early as possible in the “JP Vision 2025” period, from the perspective of enhancing the flexibility of management of the Bank. Accordingly, in March 2023, a secondary stock offering of the Bank was carried out and the Company reduced its stake from approximately 89% to approximately 61%. As a result, this offering is expected to contribute to the progress of postal service privatization, and also to the continued listing of the Bank shares on the Prime Market of the Tokyo Stock Exchange, as now the Bank has come much closer to meeting the criteria for the tradable share ratio requirement among the continued listing requirements on the Prime Market.

Future initiatives

In the fiscal year ending March 31, 2024, we expect consolidated net income attributable to Japan Post Holdings of 240.0 billion yen, a decrease of 191.0 billion yen from the fiscal year ended March 31, 2023. The major factor in this decrease is the decline in the Company's stake in the Bank. The approximately 1.25 trillion yen gained as proceeds from the secondary stock offering of the Bank will be allocated to investments for increased capacity in our postal and domestic logistics business, DX, and the growth of our real estate business. As well, by utilizing the acquisition of treasury stock to reinforce shareholder returns and enhance capital efficiency, we will aim at increasing our corporate value.

As for dividends, we will sustain stable dividends of 50 yen per share during the “JP Vision 2025” period. Under this dividend policy, for the fiscal year ended March 31, 2023, we have decided to pay an annual dividend of 50 yen per share. For the fiscal year ending March 31, 2024, we will continue to strive to realize the annual dividend of 50 yen per share.

Additionally, through the flexible acquisition of treasury stock, we will improve capital efficiency. In the fiscal year ended March 31, 2022, we acquired 350 billion yen in treasury stock, and in the fiscal year ended March 31, 2023, 200 billion yen. As well, we have a plan to acquire a maximum of 300 billion yen in treasury stock in the fiscal year ending March 31, 2024.

In addition to the flexible acquisition of treasury stock, we will use debt financing, such as the issue of ESG bonds for real estate investments in the fiscal year ended March 31, 2023, to increase the financial leverage of the Company (non-consolidated) with the aim of reducing capital costs and improving capital efficiency. We will make efforts to improve the price-to-book ratio by promoting these measures that improve capital efficiency, along with improving earnings.

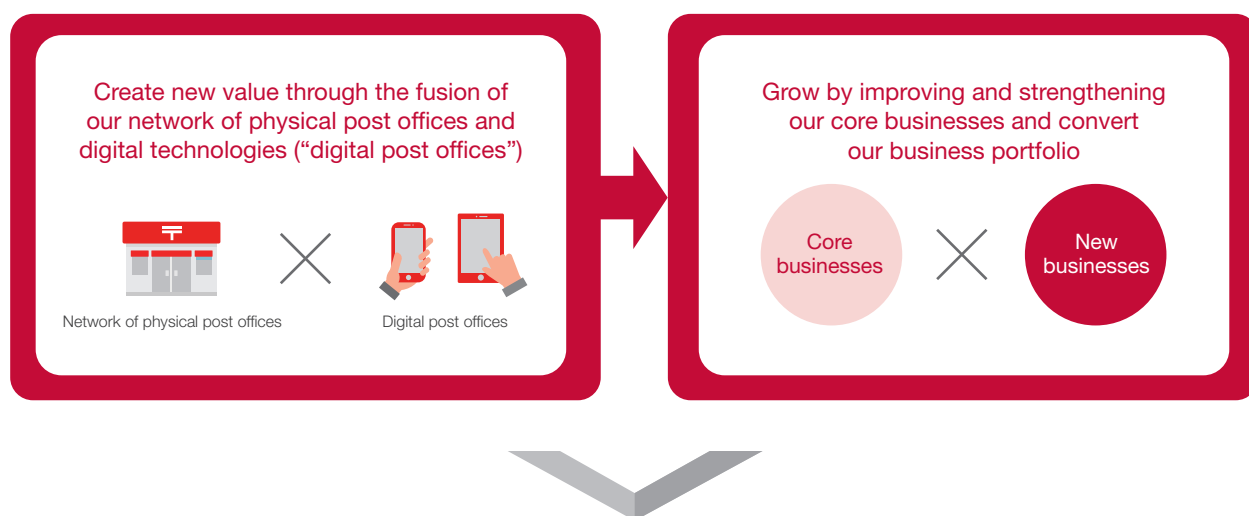
We will leverage our network of post offices, the Group's greatest strength, to provide integrated services of the Group while seeking partnerships with a diverse range of companies and organizations outside the Group, which we have never had before. Such efforts will help customers realize safe, secure, comfortable, and prosperous lives.

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 the lives and lifestyles of customers across Japan by deeming the post office network, the greatest strength of the Group, as a platform; collaborating with various companies and organizations outside the

Group; creating new products and services together with our partners; and thereby providing heightened convenience, security, comfort, and prosperity to those customers.

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



**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 and organizations outside the Group, which we have never had before. Such efforts will help local customers realize safe, secure, comfortable, and prosperous lives.



Early disposal of shares in the two financial subsidiaries

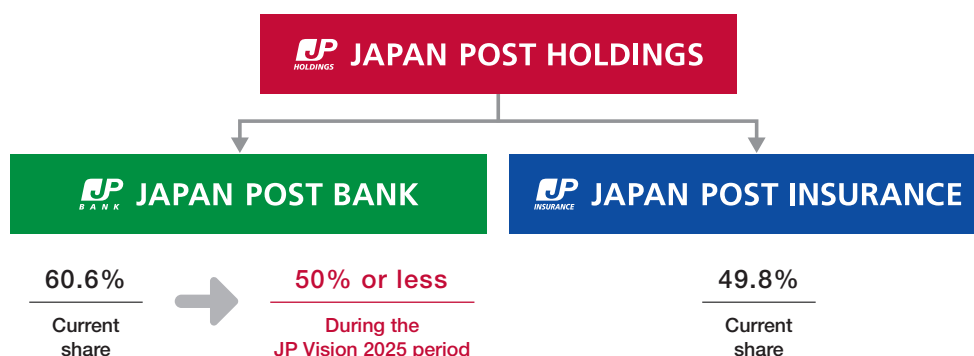
The Postal Service Privatization Act stipulates that all shares in the two financial subsidiaries shall be disposed of as early as possible while taking into consideration the status of management of Japan Post Bank and Japan Post Insurance, an impact on their performance of duties to ensure basic services pertaining to the postal business, etc.

The Company aims under JP Vision 2025 to reduce its stakes in the two financial subsidiaries to 50% or less as early as possible in the JP Vision 2025 period in accordance with the purposes of the Postal Service Privatization Act and from the perspective of enhancing independence and flexibility of management of these companies.

This will relax the additional statutory operational regulations on new operations imposed on these two companies and ensure steady progress in their privatization, including a shift to an advance notification system.

With respect to shares in Japan Post Insurance, through disposals of shares including, as announced in May 2021, a sale of shares in response to the acquisition of treasury stock by Japan Post Insurance and the Company's establishment of a stock disposal trust, the Company's voting right holding ratio in Japan Post Insurance became 49.8%.

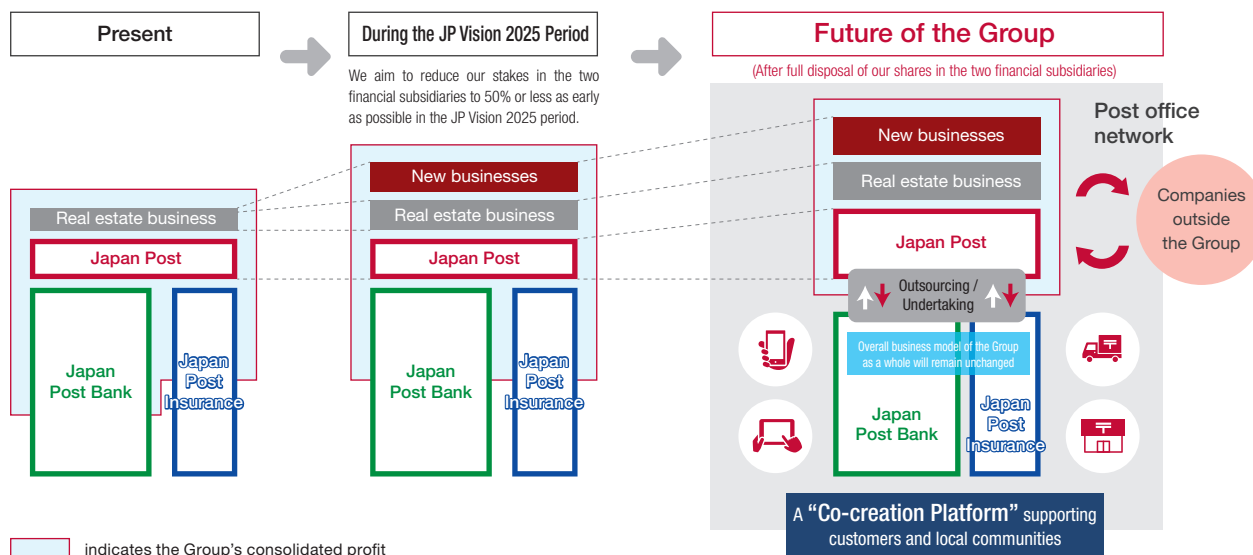
Shareholdings in the two financial subsidiaries



Conversion of business portfolio

As a “Co-creation Platform” supporting customers and local communities, we will convert our business portfolio in such ways as securing earnings opportunities by promoting investment in the real estate business and new businesses in order to continue contributing

to the solution of the SDGs and other social issues and to the sustainable development of society, while improving and strengthening our core businesses, such as the postal and domestic logistics business, the banking business, and the life insurance business.



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 a “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 five years to the fiscal year ending March 31, 2026

Strategic 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 businesses 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 trillion yen</p>
<p>* The strategic IT investment includes non-personnel expenses related to strategic IT as well as the investment component of financial accounting.</p>	<p>* The real estate investment is investment by Japan Post Co., Ltd. and Japan Post Real Estate Co., Ltd.</p>	<p>* The investment in venture businesses, etc., is investment by Japan Post Capital Co., Ltd.</p>

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 to reduce the workforce by an amount equivalent to approximately 35,000

employees at our four main Group companies by the fiscal year ending March 31, 2026. This will be achieved through optimal staff placement and natural attrition, among other measures.

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 ended March 31, 2022, which is after the transition to the new sales system, 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.

Major targets

Japan Post Group

Financial Targets		ESG Targets	
Consolidated net income	510 billion yen Note: Includes consolidated net income attributable to non-controlling interests (interests other than the parent company, Japan Post Holdings)	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.	
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	Greenhouse gas emissions	46% reduction by 2031/3 (compared to 2020/3) ^{*1,*2}
ROE (based on shareholders' equity)	Approx. 4% (Aiming for further improvement in future)		Aiming to achieve carbon neutral by 2050 ^{*2}
Dividend policy	Stable issue of annual dividend of 50 yen per share	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 the 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 Japan Post Bank's Medium-Term Management Plan for details.)	

^{*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.)
Net interest income refers to the amount of interest income less interest paid (including gain/loss on sale).

Japan Post Insurance

Consolidated net income	91 billion yen
EV growth ratio (RoEV ^{*3})	Aim for 6% to 8% growth
Customer satisfaction ^{*4}	Aim for 90% or more
NPS ^{*5}	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 DPS for the period of the Medium-Term Management Plan.

^{*3} Calculated by excluding economic variance factors.

^{*4} The total percentage of customers who replied "Satisfied" and "Somewhat satisfied" on a 5-point customer satisfaction scale.

^{*5} NPS[®] is an abbreviation for "Net Promoter Score" and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

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 2019. 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 human resource 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, 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.

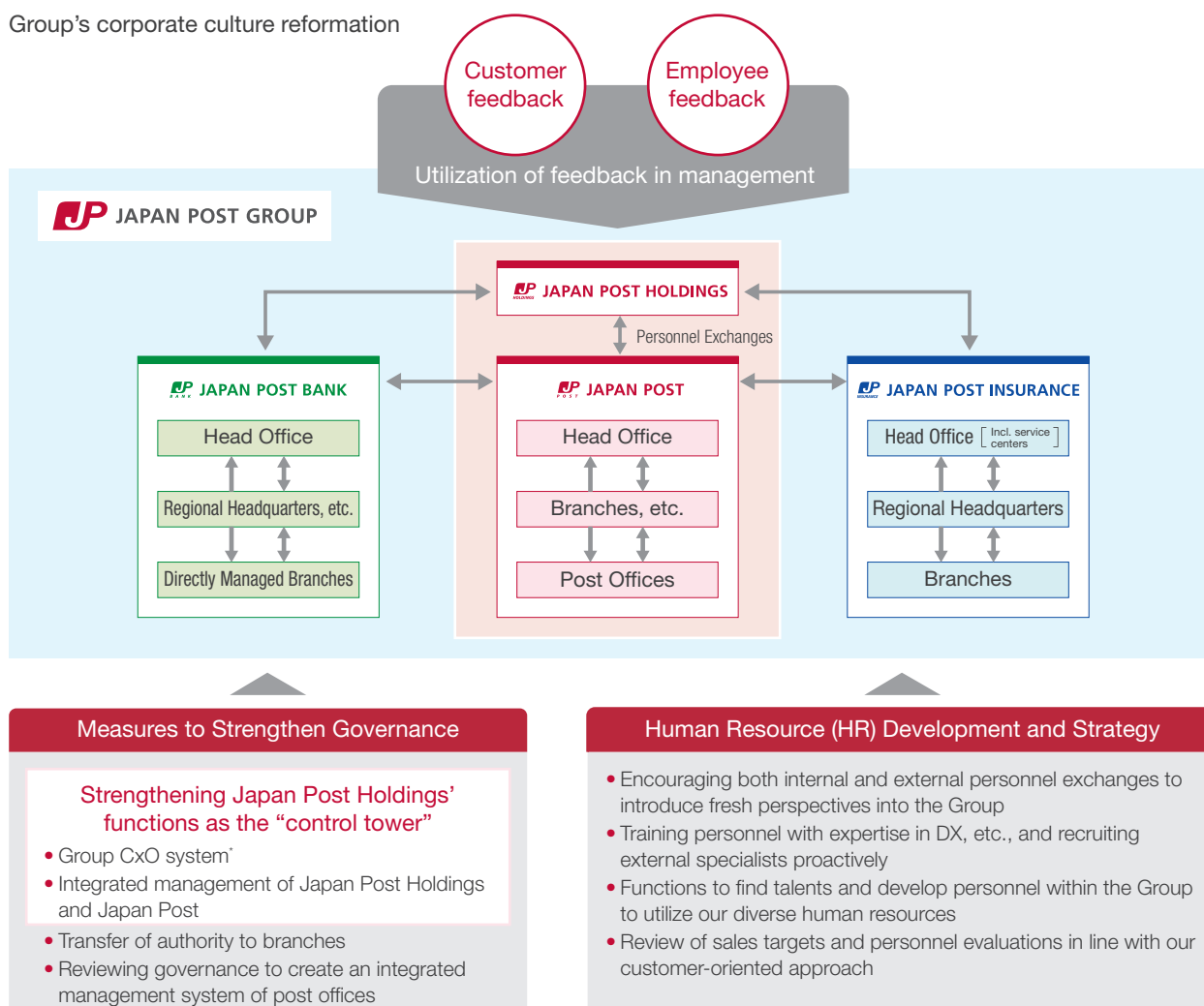
At the same time, Japan Post will transfer part of its authority to branches and review the management structure to operate post offices in an integrated manner. As described above, we will work to strengthen Group governance so that both the speed of management decision-making and the frontline mobility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

As for human resource 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.

Capital Strategy

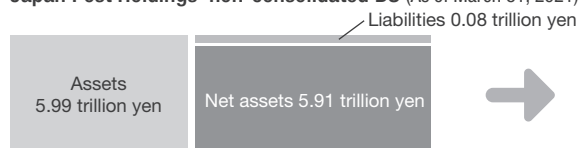
Improvement of capital efficiency

Japan Post Holdings' efforts to improve capital efficiency

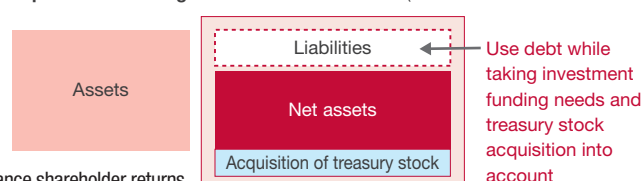
In addition to flexible acquisition of treasury stock, we will use debt financing to increase the financial leverage of Japan Post Holdings (non-consolidated) with the aim of reducing capital costs. We will

improve capital efficiency (ROE) by reducing capital costs as well as improving profits.

Japan Post Holdings' non-consolidated BS (As of March 31, 2021)



Japan Post Holdings' non-consolidated BS (As of the end of JP Vision 2025)



Aiming to improve capital efficiency and enhance shareholder returns

	2021/3	2022/3	2023/3
ROE (based on net assets) ^{*1}	3.4%	3.8%	3.9%
ROE (based on shareholders' equity) ^{*2}	3.9%	4.7%	4.4%

*1 Calculated based on equity capital in which non-controlling interests are deducted from net assets and rounded off to the first decimal point.

*2 Calculated based on shareholders' equity in which non-controlling interests and net unrealized gain on available-for-sale securities are deducted from net assets and rounded off to the first decimal point.

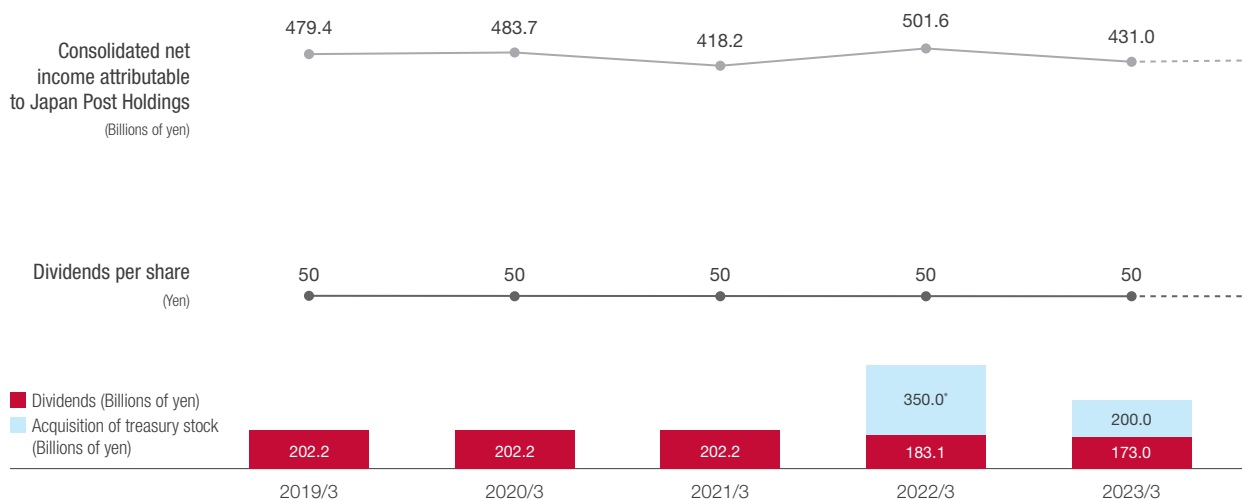
Shareholder returns

Japan Post Holdings 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 with a targeted annual dividend of 50 yen per share until the

end of the fiscal year ending March 31, 2026, which is covered by the JP Vision 2025 period.

Additionally, the Company has decided to improve capital efficiency through the flexible acquisition of treasury stock during the JP Vision 2025 period and has acquired approximately 350 billion yen in treasury stock in the fiscal year ended March 31, 2022, and approximately 200 billion yen in the fiscal year ended March 31, 2023. Furthermore, it will acquire a maximum of 300 billion yen in treasury stock in the fiscal year ending March 31, 2024.



* Includes the approximately 4.5 billion yen acquired in April 2022

Developing Communications with Customers to Further Enhance the Japan Post Group's Brand Image

進化するぬくもり。

JP 日本郵政グループ

JP 日本郵政 JP 日本郵便 JP ゆうちょ銀行 JP かんぽ生命

Slogan: “Evolving warmth”

Developing unified Group communication centered around post offices

The slogan expresses the Group's fundamental desire to be the “warmth” for all of Japan's communities.

This desire is an essential value of the post office, which we have continued to protect through the generations.

And as society changes, so too are we required to evolve, providing services and taking on new challenges that align with the times.

The Japan Post Group, propelled by this fundamental desire, will continue to evolve with renewed commitment, and raise the warmth of our hospitality throughout Japan to greater heights.



<https://www.jpcast.japanpost.jp/nukumori.html> (in Japanese only)

“JP CAST,” a web media platform communicating a diverse array of information from the Japan Post Group

郵便局の魅力を発信するメディア



The name embodies our desire to communicate our real selves through our own words. “JP” represents the Japan Post Group, and “CAST” represents the idea that everyone—be they employee or customer—is a cast member of our broadcast station.

Since its launch in January 2022, many customers have visited the website. We have also started offering our official app to make it more user-friendly and easier to visit our website.

Going forward, we will offer information through JP CAST portraying the real picture of post offices and how they have continued to closely support the community. Through our initiative, our customers will see with their own eyes what the current Japan Post Group is all about.

With some 24,000 post offices and 400,000 employees nationwide to call upon, our diverse array of information contains everything from the diligent efforts of our employees to their heartwarming anecdotes, inspiring tales, and initiatives toward the future, as well as juicy trivia that you will want to tell someone about. In other words, the breadth of our content is infinite.

Please experience the evolution and the warmth of the Japan Post Group for yourself through JP CAST.



<https://www.jpcast.japanpost.jp/> (in Japanese only)

JP CAST Search

Promotion of Group DX

Realization of the “post offices of the future” through a fusion of digital technologies and real components



IIDA Yasuhisa

Managing Executive Officer, Japan Post Holdings Co., Ltd. Senior Executive Officer, Japan Post Co., Ltd.
CEO & Representative Executive Officer, JP DIGITAL Co., Ltd.

We believe that post offices are capable of providing fresh and even more incredible experiences to customers. Our hope is to greatly expand the possibility through maximum use of the power of digital technologies. The Japan Post Group has been promoting various DX measures by designating as “post offices of the future” those post offices that thoroughly raise customer experience value (CX) through “the fusion of its network of physical post offices and digital technologies,” as indicated in the Medium-Term Management Plan “JP Vision 2025.”

The “post offices of the future” will create new value in the following three domains for customers as well as post office employees. The first domain is to always “make counter procedures more convenient” through digital tools and human capability.

The second domain is to “make support for customers’ daily lives more accessible” by providing various services that support daily lives, such as money, health, and shopping services. And third, we adopt “smart work styles” for each of our employees through digital technologies.

To date, post offices have continued creating services that are devised from the point of view of ordinary citizens and are helpful to them. We are familiar with the faces of our customers, the ties between us can be readily activated at any time, and customers feel comfortable coming to us for consultation. We are committed to creating the “post offices of the future,” which are closer to the lives of our customers and are always there to help them through the seamless integration of digital technologies and services that allow one to feel the warmth of personalized service.

Concept of the “Post Office of the Future 1.0 Model”

Ongoing measures of the plan

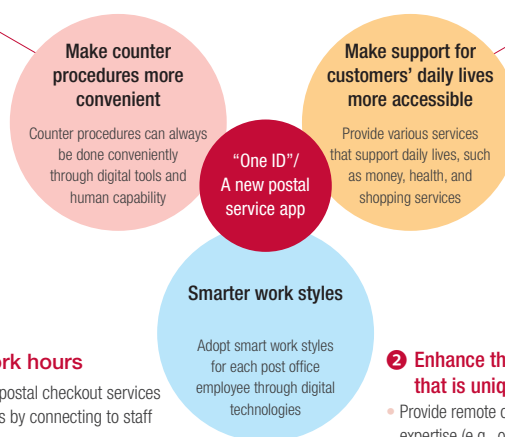
- Digital ticket dispensers
- Sales catalogs/Digital application forms
- Cashless terminals (“stera terminal”)
- Self-service financial procedures
- Self-service terminals/mailboxes

Future plans

- Expand self-completed procedures
- Promote the expansion of paperless procedures
- Develop infrastructure such as cashless tablets

① Reduce administrative burden/work hours

- Reduce procedural work hours through self-service postal checkout services
- Reduce the operational burden of counter employees by connecting to staff with expertise online
- Make sales catalog applications more efficient by utilizing tablets
- Reduce and digitize account ledgers
- Increase online procedures for human resources-related matters (go paperless)



Ongoing measures of the plan

- Professional financial consultation
- Online consultation booth
- End-of-life planning consultation
- Shopping support
- Watch over services for vacant houses

Future plans

- Expand remote consultation bases nationwide
- Improve the remote consultation services menu
- Further develop services to support the daily lives of customers (Subcontract local government and corporate affairs)

② Enhance the attentive and warm customer service that is unique to the post office

- Provide remote operational support by post office employees and staff with expertise (e.g., online cancer insurance consultations/financial consultations)
- Serve customers based on past purchasing data (when a customer logs in to the app, the post office employee can view the customer's information)
- Respond to various consultations concerning the customers' daily lives utilizing the generated resources and online tools

Initiatives to promote DX throughout the Group

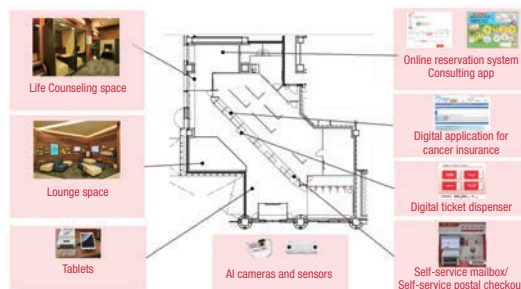
Looking back on the fiscal year ended March 31, 2023

Commenced proving tests for the “post offices of the future” at the Otemachi Post Office

In July 2022, the Otemachi Post Office, located on the first floor of the head office building, opened as a demonstration experiment post office. We will try both digital and real-world measures, improve functions, and introduce new measures step by step in an effort to thoroughly raise CX.

For example, through the adoption of the self-service postal checkout service, customers can now weigh and send mail and parcels, as well as purchase various goods (Letter Pack envelopes and other products for sale), without waiting in line at the counter. In addition, with our Life Counseling space, we have established an environment where a remote consultation on financial services can be conducted comfortably. We have also set up an environment that allows us to provide information on services by sharing PC and tablet screens to make the consultations more accessible and customer friendly. Furthermore, since November 2022, we have installed the digital ticket dispenser, which was developed and revamped by JP DIGITAL Co., Ltd., and are undertaking other daily updates based on the comments of customers and employees in order to eventually roll out the “post offices of the future” to other post offices.

Current initiatives for the Otemachi Post Office



Cultivating new fans of the postal service and aiming to create contact points with customers

Utilization of non-fungible tokens (NFTs)

Through the Rakuten NFT marketplace, we commenced sales of NFT stamp artwork of regular stamps starting in October 2022, and from January 2023 we commenced sales of NFT stamp artwork of Posukuma. Through these measures, we hope to acquire new fans of the postal service.



Utilization of metaverse space

In our booth at Tokyo Marathon Virtual EXPO 2023, which was held from February 17 to March 17, 2023, we exhibited Posukuma in 3D and displayed various items including our NFT stamp artwork.



Future initiatives

Roll out various “post office of the future” models

We will provide services that match the needs of the areas and markets in which each post office is located.

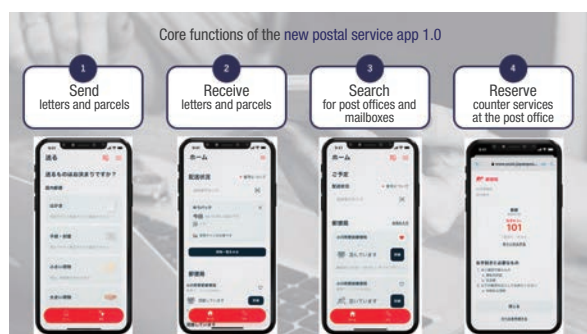
We plan to roll out initiatives that will become the model at various post offices.



Overhaul of the post office app

The revised post office app is expected to be released in autumn 2023*. With the overhaul of the app, we will aim to raise CX value and fuse real and digital contact points.

* First, we will release functions that mainly focus on the easy sending/receiving of postal mail and gradually add and improve more functions.

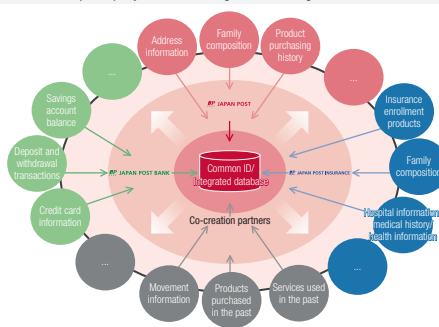


“One ID”

By unifying the various IDs used by the customer at the Japan Post Group into an integrated ID system, we will get to “know the customer better.” In summer 2023, we plan to first release the migration of the postal service ID.

* To be implemented upon obtaining the consent of the customer and practicing thorough personal information protection.

We will create new value by connecting the data of each Group company and real and digital data through a common ID.



DX Initiatives of the Group Companies

P-DX*, data-driven postal and logistics business reform

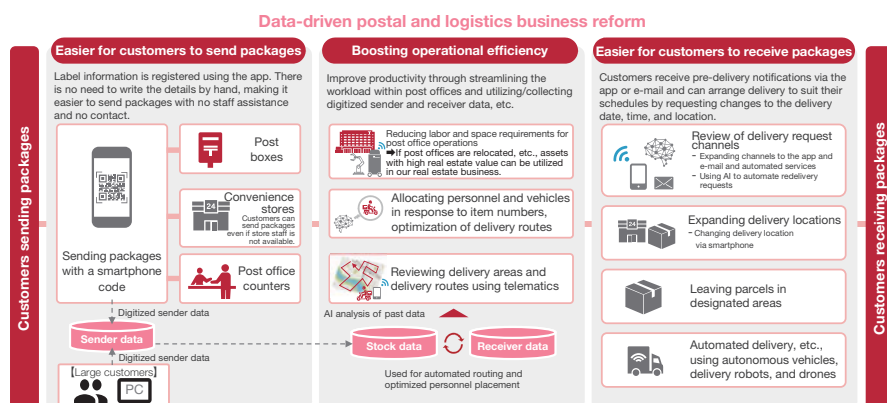


We will continue to boost operational efficiency by utilizing digitized sender data and recipient data unique to Japan Post, while pursuing ways to make it easier for customers to send and receive packages.

Specifically, we will work to improve productivity in such ways as automated routing and optimized personnel allocation by utilizing the digitized data mentioned above. In addition, registering shipping label information on a smartphone app will enable customers to mail packages without writing labels by hand, thereby meeting the desires of people who want to send items without any staff assistance or contact.

Furthermore, customers will be able to receive advance delivery notifications and arrange delivery to suit their schedules by requesting changes to the delivery date, time, and location.

In addition, from February 2023, we commenced operations of transport telematics, control systems, and automated guided vehicles (AGVs) at the Ichikawa Minami Post Office (Ichikawa City, Chiba Prefecture).



Promoting digitalization of post office operations



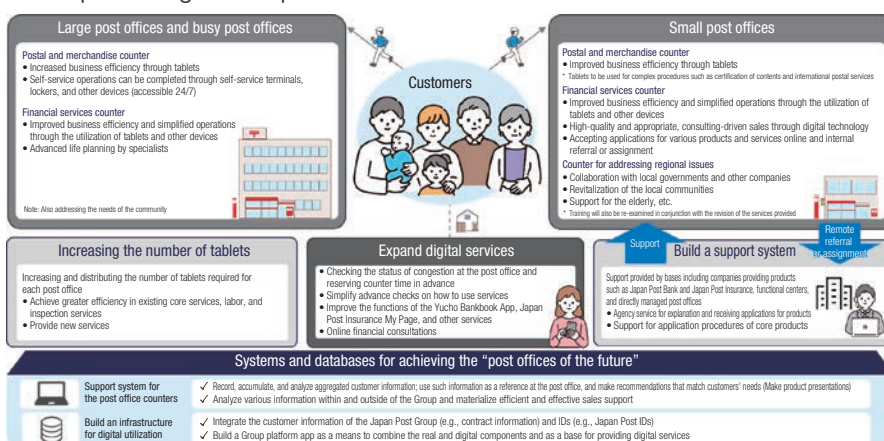
In the operations at post office counters, also, we will promote the digitalization of post office operations through the utilization of tablets, the establishment of an online support system, and the expansion of self-service operations and provide an environment conducive to effective and efficient sales activities, while utilizing the resources generated from such efforts to expand various services that meet the needs of the community and customers.

We have been meeting the growing needs for services without physical contact or face-to-face meetings by launching a digital application services for cancer insurance and simplified issue health insurance and an online consultation service for investment trusts, while also progressively introducing digital ticket dispensers and self-service postal checkout services. We have also commenced the operations of Financial Services Contact Centers where dedicated operators provide explanations and conduct application services for Tsumitate NISA and non-life insurance products through online.

Going forward, we will continue to strengthen these initiatives and advance the digitalization of post office operations to improve the convenience for our customers as well as utilize the consulting app and digitized sales activity records to provide consulting services that suit the needs of each customer.

In addition, as of April 1, 2023, cashless payment, including payment by credit cards, has been adopted at approximately 8,600 post office counters across the nation and we intend to extend this to all directly managed post offices countrywide for further service improvement.

Conceptual image of the post office counter of the future



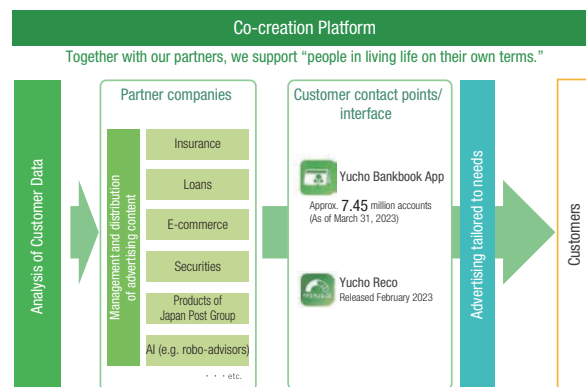
Innovating retail business into a new form by realizing complementarity between the physical and the digital



Under the basic policy of “complementarity between the physical and the digital,” the Japan Post Bank is engaged in initiatives to provide safe and secure, and reliable and attentive financial services to all residents of Japan, through such means as digital channels accessible to all our customers. Specifically, we have installed Madotab, self-service terminals at all directly managed branches, which allows customers to open accounts or perform other transactions smoothly by themselves. The number of accounts used by the Yucho Bankbook App, in which users can perform basic bank transactions, exceeded 7.45 million, and we also launched the PFM app Yucho Reco, which allows users to manage their financial assets and monthly income and expenditure, using a smartphone.

Going forward, we will improve the self-service and digital channels through enhancing the functions of Madotab, expanding the

function of the bankbook app, while also advancing Co-creation Platform Strategy to propose optimal products and services that match customer needs gleaned from the bankbook app and PFM app.



Improving customer experience value (CX) through DX promotion

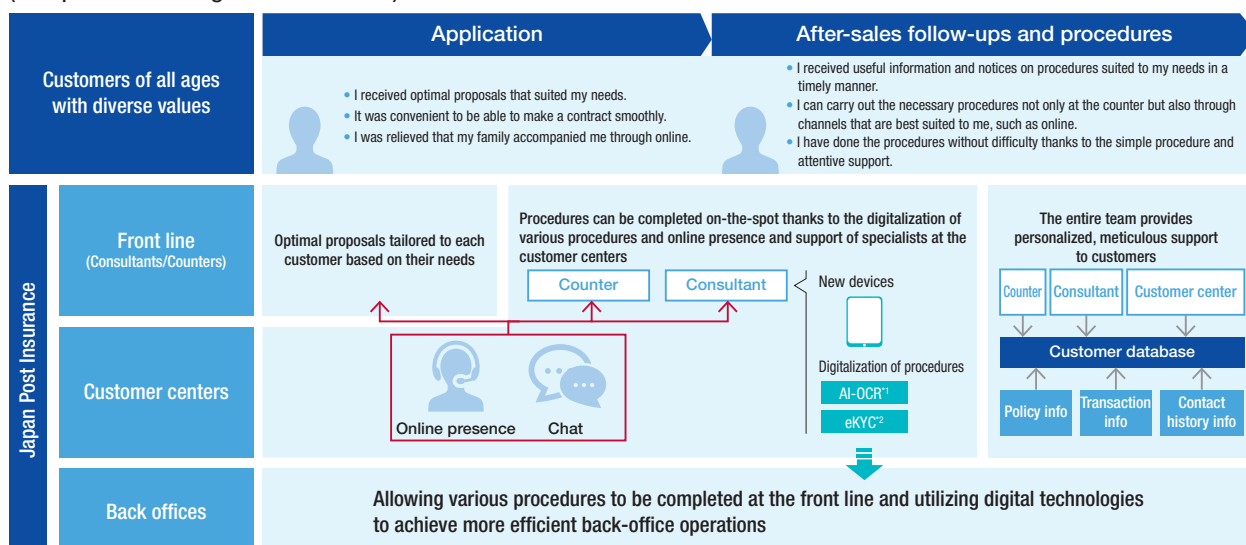


Japan Post Insurance upholds its basic policy to transform to a business model that places top priority on the “customer experience value (CX)” while also promoting DX. Accordingly, we have launched a series of initiatives to improve customer convenience. These include utilizing our real contact points with customers—our post office counters and consultants—to effectively combine real services that are warm and familiar with convenient digital services, as well as fundamentally revamping our range of services, such as proposals and procedures for insurance.

Specifically, we have begun a series of initiatives to provide quick and simplified procedures such as expanding the claims that can be processed on My Page and the functions of My Page, as well as having the specialists of customer centers be present online when the various procedures are initiated or participate in chats to support the customer to solve any problems that may occur on the spot.

We will continue to offer attentive services tailored to the needs of the customers by offering information that aligns with the needs of each customer by utilizing customer data and through timely follow-ups.

(Comprehensive image after realization)



*1 OCR (Optical Character Recognition) that uses AI for improved rate of recognition of handwritten text, etc.

*2 Identification procedure by electronic means

Real Estate Business

We will grow our real estate business into one of the earnings pillars of the Japan Post Group.

YAMASHIRO Yasuhiko

Senior Managing Executive Officer, Japan Post Holdings Co., Ltd.
First Executive Officer, Japan Post Co., Ltd. President & Representative Director, Japan Post Real Estate Co., Ltd.



In the fiscal year ended March 31, 2023, we promoted the development of the properties with development potential listed in the Medium-Term Management Plan, “JP Vision 2025.”

As for Group-owned real estate, we carried out development projects including the five large-scale properties—Hiroshima JP Building, Kuramae JP Terrace, Azabudai Hills Mori JP Tower, JP Tower Osaka, and Gotanda JP Building. The Hiroshima JP Building was completed in August 2022, the Kuramae JP Terrace in March 2023, Azabudai Hills Mori JP Tower in June 2023, and the other properties will also be completed in the fiscal year ending March 31, 2024. We are also promoting initiatives for developing rental units and condominiums for smaller properties such as former company housing.

As for investments in non-Group real estate, we decided to steadily promote joint projects such as the Nishiki 3-Chome 25th

Block Project (located near Sakae Station in Nagoya) and the Nakano Station North Exit Project in Tokyo, and make investments in prime real estate such as logistics facilities, facilities for senior citizens, and rental houses.

In the fiscal year ending March 31, 2024, we will continue with efforts to commence the development of the properties with development potential within the Group and cultivate new projects, while investing in excellent non-Group real estate. In addition, we will keep ourselves closely tied to local communities through the establishment of daycare centers and facilities for senior citizens, among others, in partnership with local governments and partner with post offices through the establishment of logistics facilities and other facilities; and in such a way, we will conduct development so that synergy with other businesses within the Group will be generated.

1. Properties to be completed in the fiscal year ending March 31, 2024

(1) JP Tower Osaka (Completion planned for March 2024)

This project comprises a large complex facility with various functions including KITTE OSAKA, a retail property, as well as a theater, offices, and a hotel. The legacy of the Japan Post Group will be handed down, as a portion of the former Osaka Central Post Office Building, a familiar landmark of the local community, will be preserved and relocated and used as the entrance and a part of the retail property.

JR Osaka Station is the largest terminal station in western Japan, which expects an increase in visitors both from within Japan and from abroad, as a result of the Osaka Kansai Expo to be held in 2025. By taking advantage of the excellent location, (i.e., being directly connected to JR Osaka Station), we hope to build a facility that will be used by many people for a wide range of purposes.



(2) Gotanda JP Building

(Completion planned for December 2023)

This project is made up of a multipurpose facility including office space, a hotel, an event hall, and conference rooms.

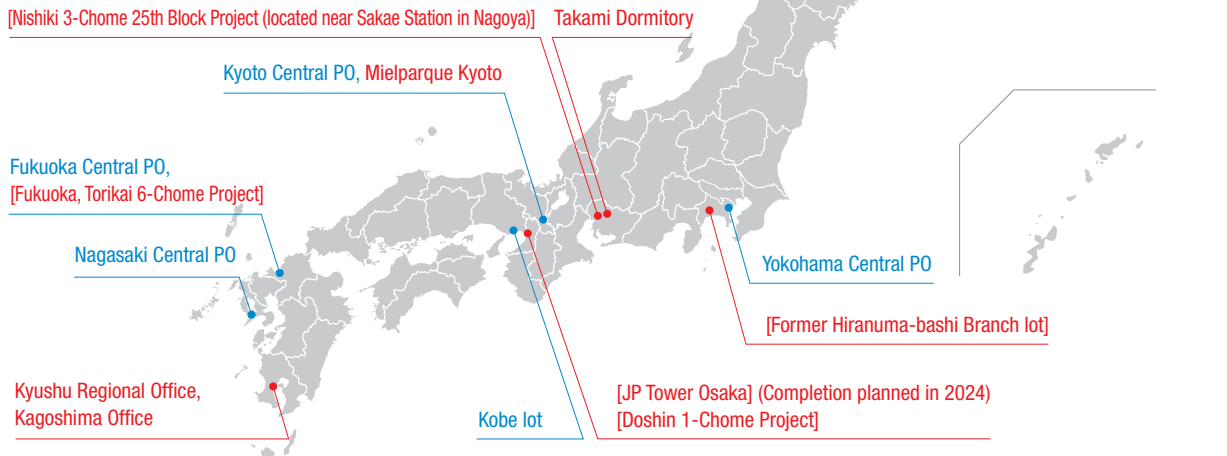
The offices will occupy a pillar-free space of approximately 1,000 tsubo (tsubo = 3.3m²) which may be divided into individual spaces of 35 tsubo minimum, which will meet various corporate needs from the consolidation of scattered offices to the use of space on a small scale.

The building is also equipped with an event hall and conference rooms, which will lend itself to various business uses such as the holding of general shareholders' meetings, ceremonial events, and large-scale seminars. The building will also support the diverse work styles of the employees who will be able to hold casual meetings at the food hall over a snack or engage in intensive work at the shared offices.

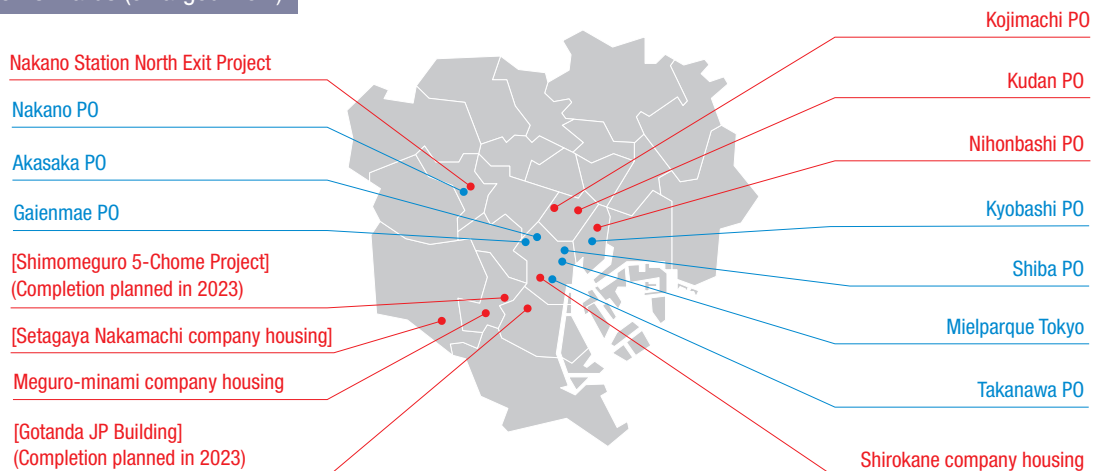


2. Major properties with development potential

[]: Projects already in progress and scheduled to progress
 Red: Projects expected to start during the JP Vision 2025 period
 Blue: Other major properties with development potential
 PO: Post Office



Tokyo 23 Wards (enlarged view)



3. Real estate business that contributes to community development and the global environment

The Japan Post Group will conduct its real estate business in a manner that will contribute to the development of communities and regional development, including the development of facilities for senior citizens and logistics centers as well as large-scale complexes consisting of retail properties, office buildings, residences, etc., in urban areas, taking into account such factors as the characteristics, social backgrounds, and business potential of the community.

In addition, as part of our ESG management (Environment-, Society-, and Governance-oriented management), we are also striving to reduce greenhouse gas emissions from the Group's real estate

business. In September 2022, Japan Post Holdings issued its first ESG bond (green bond) and will allocate the funds procured through this issue to the development of Kuramae JP Terrace and the Gotanda JP Building, which both meet the certification requirements of a green building (environmentally conscious building). Going forward, we will continue to engage in our real estate business in a way that will contribute to the global environment.

Furthermore, we will adopt innovative technology in our real estate business to not only spaces but also experience value to customers and strive to create new real estate value.

Initiatives to Realize a “Co-creation Platform”

Realize a “Co-creation Platform” through business co-creation

SUNAYAMA Naoki

Executive Officer, Japan Post Holdings Co., Ltd.
Executive Officer, Japan Post Co., Ltd.



As a “Co-creation Platform” supporting customers and local communities, the Japan Post Group will improve and strengthen its core businesses, involving the postal and domestic logistics business, the banking business, and the life insurance business. At the same time, the Group will convert its business portfolio in such ways as securing earnings opportunities by developing new businesses, in order to continue contributing to the resolution of social issues such as the SDGs and to the sustainable development of society.

In November 2022, Japan Post Holdings and Japan Post launched the Business Co-creation Department as an organization that supports new businesses. Business co-creation refers to the bringing together of people both within and outside of the two companies with differing

expertise, ideas, and passions and generating earnings by utilizing the immense platform of the Japan Post Group. The departments of the two companies aim to become a salesforce that will make people want to “use the nationwide network of post offices and go to the post office for a consultation.”

Additionally, the Japan Post Group is engaged in the Local Co-creation Initiative, in which employees are dispatched to start-ups and local governments, with the hope for “the local community and the post offices to join together to create a lively future.” Through this initiative, we will go forward with the study of business models jointly with start-ups and other entities.

Capital and business alliance with Rakuten Group

 JAPAN POST HOLDINGS

In March 2021, Japan Post Holdings Co., Ltd. entered a capital and business alliance with Rakuten Group, Inc. and invested approximately 150 billion yen in the company. The purpose of the alliance between the Japan Post Group with its 150-year history and a nationwide network of 24,000 post offices and Rakuten Group, one of the largest e-commerce and general IT companies with over 100 million members, was to combine online (digital) and offline (physical) elements to offer new value to customers. Typically, merchandise ordered on Rakuten (digital) is delivered by Japan Post (physical), but in addition we are working toward even greater synergy, including making contributions to local communities and boosting customer convenience through our own digitalization.

To this end, both companies have been collaborating and have achieved a wide range of results.

(1) In terms of logistics, JP Rakuten Logistics, Inc., which was established by the two companies in July 2021, has been creating shared logistics centers, delivery systems, and pick-up services to boost efficiency and user convenience, including the opening of a logistics center in November 2021, in Kanagawa Prefecture, reflecting state-of-the-art warehouse operations, as well as jointly offering the “Omatome” app, which allows users to designate the consolidated delivery dates and times of all merchandise bought from multiple stores on the Rakuten platform.

- (2) In the retail field, a subsidiary of Japan Post Co., Ltd. that sells local produce from across Japan is offering products through an e-commerce store on “Rakuten Ichiba,” while orders for products in the Rakuten Product Catalog were accepted at post offices for a limited time.
- (3) In the mobile telephone field, we began to install counters for handling Rakuten Mobile applications from June 2021 to accept new contracts and handset replacements. Additionally, since January 2023, we have been placing flyers for Rakuten Mobile services at approximately 20,000 post offices around Japan.
- (4) In financial collaborations, the Rakuten Card with the Japan Post Bank design was launched in December 2021, and collaborations are being discussed and considered in the insurance domain.
- (5) Furthermore, as an initiative for local communities, the Hokkaido Digital Implementation Support Team, which is a support system for solving regional issues, was launched in March 2022, based on a comprehensive partnership agreement between the Hokkaido government, Rakuten Group, and Japan Post Holdings. The initiative implements the study of drone delivery in cold weather regions and makes steady efforts including holding Smartphone Seminars for Senior Citizens in Obihiro, Kushiro, and other areas, and Online Administrative Counseling for Foreign Residents in Nemuro.

(6) Additionally, in terms of the exchange of human resources, JP DIGITAL Co., Ltd. was established in July 2021 to promote the DX of the Japan Post Group while also carrying out demonstration experiments at the Otemachi Post Office from July 2022, to achieve the “post office of the future.”

Going forward, we intend to continue to provide services that will be demanded by society in the future by launching a variety of alliance measures while taking advantage of the features and resources of the Japan Post Group, including the post office network.



Further development of the strategic alliance with Aflac

In June 2021, Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., and Japan Post Insurance Co., Ltd. concluded an agreement with Aflac Incorporated and Aflac Life Insurance Japan Ltd. regarding further development of a “Strategic Alliance Based on a Capital Relationship” to realize a “Co-creation Platform” supporting customers and local communities.”

Based on this agreement, we have been deepening our collaboration by establishing a new sales framework in April 2022 for the sales of cancer insurance, and on April 3, 2023, commencing sales of a new insurance product (Lump Sum Critical Illness Benefit

Rider), jointly developed by Japan Post Holdings, Japan Post, Japan Post Insurance, and Aflac.

From the fiscal year ending March 31, 2025, conditional upon the satisfaction of certain conditions, Aflac Incorporated is scheduled to become an equity-method affiliate of Japan Post Holdings.

We will continue to further develop this strategic alliance by promoting the sales of cancer insurance through positioning Aflac's cancer insurance as a pivotal product of our sales strategy, and at the same time by cooperating with the thorough implementation of customer-first business operations.

Local Co-creation Initiative

Japan Post Group employee dispatching areas and collaborative partners

Ishinomaki City, Miyagi Prefecture (First Phase)

- Collaborative partners: makigumi, Inc. / General Incorporated Association Ishinomaki Farm

Unnan City, Shimane Prefecture (First Phase)

- Collaborative partners: Community Nurse Company Co., Ltd. / NPO Occhi Labo

Noto Peninsula, Ishikawa Prefecture (First Phase)

- Collaborative partner: Noto Tsugu Co., Ltd.

Atsuma Town, Hokkaido Prefecture (Second Phase)

- Population: 5,000
- Collaborative partners: Atsuma Town (Local Revitalization Entrepreneur) / A Zero Group, Inc.
- Hypothetical business theme: Small-scale, multifunctional business

Nara City, Nara Prefecture (First Phase)

- Collaborative partners: Nara City (Local Revitalization Entrepreneur) / General Incorporated Association Next Commons Lab

Owase City, Mie Prefecture (First Phase)

- Collaborative partner: General Incorporated Association Next Commons Lab

From April 2022, head office employees were dispatched as part of the First Phase of the Local Co-creation Initiative, and from April 2023, two more employees were dispatched as part of the Second Phase.

The Local Co-creation Initiative is an initiative where head office employees selected by open competition from Group companies (Japan Post Holdings, Japan Post, Japan Post Bank, and Japan Post Insurance) are dispatched for two years, in principle, to local start-ups and local governments active in rural parts of Japan, aimed at creating new local businesses. We have collaborated with eight collaborative partners to date and have been steadily expanding our network.

As the first new business project under the Local Co-creation Initiative, demonstration experiments have begun on a new shopping service (Community-based Shopping Service) to strengthen the local community that utilizes the post offices of Japan Post and its delivery network. By tapping into the potential needs gleaned from communication with the customers acquired through these activities,

we will steadily create new businesses that help resolve the social issues of the community.

Going forward, we will develop human resources with an entrepreneurial mindset by having them work on-site as employees of the Japan Post Group and gain valuable experience in regions that take the lead in dealing with social issues, together with the start-ups and local governments that are working hard to develop services that contribute to revitalizing the economy, increasing the local population, and maintaining and improving self-governance functions.

At the same time, by taking the initiative to develop such new efforts proactively, the Japan Post Group will advance activities aimed at achieving “universal basic services” that fill in the gaps of society by deepening its collaboration with local start-ups and local governments even further, to contribute to the creation of sustainable local communities and the improvement of local people's lives.

Initiatives toward the Creation of Value by Group Companies

Collaboration with Sagawa Express



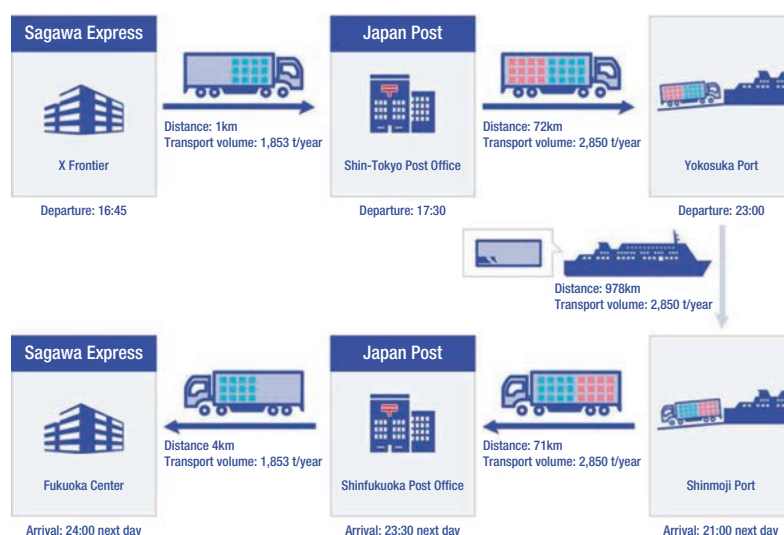
Based on the basic agreement concluded on September 10, 2021, Japan Post Co., Ltd. and Sagawa Express Co., Ltd. have commenced (1) transportation of small express delivery packages, (2) transportation of international packages, (3) refrigerated express package delivery services, (4) joint long-haul transportation, and (5) shared business locations for package pickup.

In August 2022, to reduce the emission of CO₂ in truck transport and address the issue of reducing the labor burden on truck drivers from driving for long hours as well as improving transporting efficiency through joint long-haul transportation, the three companies of Japan Post Co., Ltd., Sagawa Express Co., Ltd., and Tokyo Kyusyu Ferry Co., Ltd. achieved a modal shift in which, for a part of the long-haul transport between Tokyo and Kyushu, the express delivery packages

of Sagawa Express and the postal items of Japan Post are jointly transported on a semi-trailer and the Yokosuka–Shinmoji leg was switched to marine transport.

The joint transport by Japan Post and Sagawa Express has improved loading efficiency. Additionally, we are aiming to reduce CO₂ emissions by 205.6 t-CO₂/year (approx. 59%) and the truck drivers' driving time by 6,204 hours/year (approx. 90.7%) in this business. Moreover, we are studying the possibility of joint transports in which the parcels collected by Sagawa Express nationwide are delivered by Japan Post in certain regions.

Both companies will actively engage in the development of new solutions with an eye toward collaboration with a wide range of companies in an open environment aiming to realize a sustainable society.



Promotion of sustainable logistics services with the Yamato Group



On June 19, 2023, the Japan Post Group and the Yamato Group signed a basic agreement on cooperation to promote sustainable logistics services. We will build transport services that will enhance customer convenience and work toward resolving social issues facing the logistics industry, such as the shortage of truck drivers and carbon neutrality.

Specifically, the Kuroneko DM-Bin service currently provided by Yamato Transport will be replaced by the Kuroneko Yu-Mail service, utilizing the Yu-Mail service provided by Japan Post. We will also commence the Kuroneko Yu-Packet service, utilizing the Yu-Packet service provided by Japan Post to replace the Nekopos service.



Initiatives to improve logistics efficiency by utilizing next-generation mobility



On March 24, 2023, Japan Post Co., Ltd. and ACSL Ltd. conducted Japan's first drone flight (Level 4), flying a drone on autopilot beyond the visible range over an inhabited area.

Our efforts involving drones outlined in the Medium-Term Management Plan represent strategic DX to realize a “Co-creation Platform” as well as an investment for operational reforms (IT and facilities/equipment).

Both companies will continue to deliberate and promote initiatives to enhance the sophistication of delivery networks through state-of-the-art technology including “enhanced deliveries” using automated delivery such as drones.

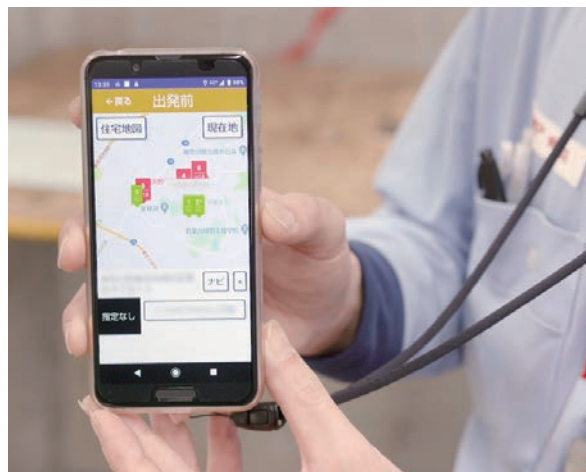
Through this alliance, we will pursue synergies that leverage the management resources and the strengths of both companies and take on the challenge of Japan's logistics innovation to offer greater usefulness, peace of mind, expediency, and abundance to our customers throughout Japan.

Review of postal service levels and enhancement of the delivery network by utilizing cutting-edge technologies



Along with decreasing use of postal services every year due to more diverse means of communication, including the spread of the internet, changes in the social environment and in the requirements for postal services mean that delivery speed is no longer necessarily a prerequisite in some cases. Accordingly, resources generated as a result of discontinuing regular mail and Yu-Mail deliveries on Saturdays and taking more time for mail delivery will be appropriately utilized to meet increasing demands for home delivery of parcels in conjunction with advances in e-commerce as well as to ensure stable provision of postal services in the future.

Additionally, we are promoting operations that are fully digitalized and utilize cutting-edge technologies. For example, we are currently working on implementing a system to improve the efficiency of delivery operations, such as for Yu-Pack parcels, by applying routing and navigation technologies. In the near future, this system will enable even employees with little delivery experience to undertake delivery work immediately with high efficiency.



Post Office Mimamori (Watch Over) Service and End-of-life Planning Services



In order to contribute to developing communities where elderly people can live with peace of mind, Japan Post offers the Post Office Mimamori (Watch Over) Service at 20,000 post offices across Japan.

In addition, we have developed Mimamori (Watch Over) Service at Post Offices Using Smart Speakers through a demonstration project by the Ministry of Internal Affairs and Communications' Post Office Revitalization Promotion Project. We started providing the service for local governments in January 2022.

Starting in February 2023, we commenced a trial run of the Vacant House Mimamori (Watch Over) Service targeting owners of vacant houses that are difficult to maintain on an ongoing and regular basis due to living far away. The service provides regular monitoring of the vacant house's condition by employees of neighboring post offices.

At the same time, we have been providing End-of-life Planning Services, which introduce relevant operators to help relieve customers' anxiety about end-of-life affairs in the Tokyo metropolitan area and in Hokkaido.

Enhancing collaboration with local governments



Japan Post is actively engaged in efforts to provide administrative services to local residents through its post office counters by handling various local government affairs such as issuing public certificates, accepting applications related to national pensions, selling premium vouchers, and providing administrative services associated with My Number Cards (Individual Number Cards) (as of the end of March 31, 2023, 6,053 post offices handled subcontracted services for 431 organizations).

Also, as a new initiative, we are contributing to making life more convenient for local residents by combining digital technologies with local post offices, such as installing tablets at post offices in some regions, connecting local government employees with residents via videophone, and providing online government consultations, as well as providing support in downloading, and supporting operations of, the apps of local governments for local residents who have requested this service.

In addition, in conjunction with the revision of the law relating to the receipt of applications for the My Number Card in the fiscal year ending March 31, 2024, we are engaged in initiatives to accept applications at the post office counters.

As well, Japan Post has collaborated with local governments across Japan to conclude various agreements, including comprehensive partnership agreements, with the aim of continuously carrying out activities aimed at helping resolve regional challenges.



Reorganization of subsidiaries to strengthen the BtoB business in Japan JAPAN POST



To press forward with the “expansion of BtoB in Japan” upheld in JP Vision 2025, the logistics subsidiaries, JP TOLL LOGISTICS Co., Ltd. and Toll Express Japan Co., Ltd. were reorganized, effective April 1, 2023, and renamed JP LOGISTICS GROUP Co., Ltd. and JP LOGISTICS Co., Ltd., respectively.

JP TOLL LOGISTICS has been offering high-quality services since its launch in 2018 by combining its contract logistics business and forwarding business, and the express business provided by its subsidiary, Toll Express Japan. However, in conjunction with this reorganization, we will build an efficient and speedy integrated logistics system by having a separate company plan and draft logistics strategies as well as engage in business operations, and provide high-quality services that meet the rapidly changing logistics needs of our customers.

Initiatives toward the new NISA

 JAPAN POST BANK

The new NISA that will be introduced in January 2024, with its expanded yearly investment limit and tax-exempt holding limit, and unlimited tax-exempt holding period, is a highly beneficial system for customers who are considering investments and customers who are already utilizing NISA.

To help our customers build their assets, we will proactively communicate the benefits of the new NISA and review our product lineup and make even greater efforts to propose products that match the needs of our customers.

Creation of new businesses: Σ business

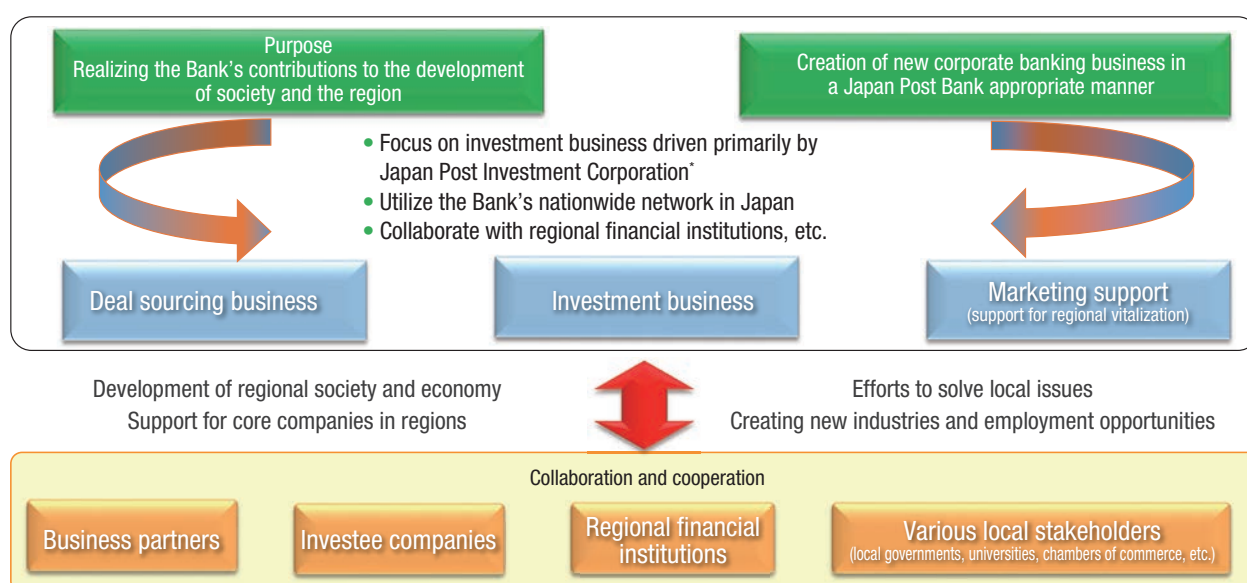


In the Σ (sigma) business, Japan Post Bank, as a general partner (GP) investor, is contributing to regional vitalization by complementing the insufficient “funding capabilities” of regional companies by means of “funding,” and by committing to the marketing and other management aspects of the recipients of the funds.

We will work to “Unify our passion and action toward new business” with a focus on efforts to foster a corporate culture and develop human resources that promote the new corporate banking business. Targeting full-scale business operations after the fiscal year

ending March 31, 2027, we will set the initial two years (ending September 30, 2024) as a pilot period to establish the business promotion infrastructure.

In addition, we will collaborate with regional financial institutions and continuously engage in initiatives for ATM collaboration and the aggregation of operation processes such as the collection of taxes and public funds, as part of the “regional financial platform” and support regional vitalization multilaterally throughout Japan through various means.



* A private equity fund management company established by JAPAN POST BANK and JAPAN POST INSURANCE in February 2018.

New Japan Post Insurance sales system Revision of *Hajime no Kampo* (Educational Endowment Insurance (H24))



To provide insurance services that meet the various protection needs of customers, from April 1, 2022, we built a new Japan Post Insurance sales system that combines expertise and breadth, and have been working to realize comprehensive consulting services provided by the Japan Post Group as a whole.

Specifically, by visiting customers' homes, consultants who provide follow-ups and proposals of insurance products have been concentrating on proposals and follow-ups of life insurance. Japan Post Insurance is directly responsible for managing these consultants. At the same time, by introducing an account manager system, we are able to provide high-quality, attentive after-sales follow-ups to customers. Throughout our nationwide network of post offices, post office counter employees are continuing to offer a wide range of products and services including insurance products.

In accordance with the policy of "Providing insurance services that respond to the protection needs of customers of all generations in an age of 100-year life," in April 2023 we revised *Hajime no Kampo* (Educational Endowment Insurance (H24)). In response to the recent increase in educational expenses and customer demand, we changed the insurance premium rates and devised a plan with a return rate^{*1} exceeding 100%, to make it easier for parents to prepare for their children's educational funds. Furthermore, in light of the current situation where many children go to prep schools as an after-school activity and the tendency^{*2} for prep-school costs to start increasing after a child turns 10, policyholders can now choose plans in which they can finish their premium payments by the time the child turns this age.

We will develop insurance services that meet the protection needs of all generations and various situations and provide insurance services connecting generations and services tailored to the lives of customers.

^{*1} The ratio of educational funds that may be received to the total amount of insurance premiums paid

^{*2} Source: Ministry of Education, Culture, Sports, Science and Technology, "Survey on Educational Expenditures of Children 2021"

Japan Post Insurance and educational endowment insurance: No. 1 for number of educational endowment insurance policies in force^{*3 *4}

In response to the rising enrollment rates in higher education and the increasing need for insurance that will help prepare for future educational funds due to rising educational costs, educational endowment insurance was launched in 1971, the first in the industry, as an insurance product from the post office. Since then, educational endowment insurance has been watching over the growth of countless children for nearly half a century. As of March 31, 2023, there are approximately 2.6 million policies^{*4 *5} in effect. Going forward, we will continue to watch over the lives of our customers through our familiar post offices and consultants nationwide.

^{*3} Source: Japan Institute for Insurance Research "Statistics of Insurance Business in Japan, 2021"

^{*4} Includes certain types of educational endowment insurance that are not currently available

^{*5} Includes only educational endowment insurance sold after privatization



Popularizing and promoting "Radio-Taiso" exercise



The Radio-Taiso exercise was created by our predecessor, the Postal Life Insurance Bureau of the Ministry of Communications, and will mark its 100th anniversary in 2028. Japan Post Insurance is engaged in various initiatives to resolve social problems, such as extending healthy life expectancy and increasing well-being through the Radio-Taiso exercise.

Every year, we cooperate with approximately 50 local governments nationwide to hold the Radio-Taiso and *Minna no Taiso* ("Exercise for Everyone") Tour and the Festival of 10 Million People's Radio-Taiso and *Minna no Taiso* to invigorate the local communities and to support the health of the people in the communities.

Furthermore, committed to the good health of all children throughout the country, we print and distribute approximately nine million Radio-Taiso Attendance Cards every year, mainly to primary school children, from post offices and Japan Post Insurance branches.



Scene from the Festival of 10 Million People's Radio-Taiso and *Minna no Taiso*

The unique Japanese culture in which children who make an effort to wake up early and exercise are rewarded with a stamp on their attendance cards by the parents and the elderly of the community is contributing to the exchanges between communities and generations.

Initiatives toward Enhancing the Sophistication of Crisis Management

Responding to crisis events more swiftly and enhancing the sophistication of crisis management through reinforced intergroup coordination

HAYAKAWA Masataka

Senior Managing Executive Officer, Japan Post Holdings Co., Ltd.
First Executive Officer, Japan Post Co., Ltd.



The Japan Post Group has been taking various measures in response to the materialization of conduct risk in the past. Given the drastic change in the operating environment surrounding management and the diversification and complexity of risk factors including reputational risk in recent years, the Group has decided to promote the following initiatives and aims to enhance the sophistication of crisis management.

Going forward, we will engage in initiatives to respond to crisis events more swiftly and the Group Crisis Management Committee will play a central role in integrated crisis management.

Furthermore, to enhance the sophistication of the Group's crisis management we will primarily promote the following three measures.

- 1 We will enhance the sophistication of crisis management by strengthening our organizational framework (integration of functions) and expanding the scope of crisis events.

Through the establishment of the Crisis Management Department, we will realize grasping the signs of a broader range of crisis events and the unification of initial responses to minimize the effects after the risks materialize.

In the fiscal year ended March 31, 2023, we established the concept and criteria for identifying crisis events and also the procedures and manuals of initial response processes. In the fiscal year ending March 31, 2024, we will aim for further unification of crisis management responses by putting in place responses to be implemented after a crisis event materializes.

- 2 We will enhance the sophistication of crisis management through reinforced intergroup coordination.

We will work to reinforce the intergroup coordination structure by holding regular Group Crisis Management Committee meetings and establishing intergroup coordination meetings, among others. By also establishing permanent secretariat functions for the Group Crisis Management Committee within the Crisis Management Department, we will strive to gather various kinds of information even in ordinary times. Through the development of this structure, we will plan and carry out different types of training and verify the crisis management structure.

- 3 We will aim to enhance the sophistication of crisis management through the utilization of information systems including BI* tools.

We will utilize BI tools to visualize in real time the results of AI-driven analysis of customer and employee feedback and risk information held by each department, etc. At the same time, we will strive to detect and understand new potential risks through the cross-organizational analysis (cross-analysis) of such information. By doing so, we will enhance the sophistication of analysis.

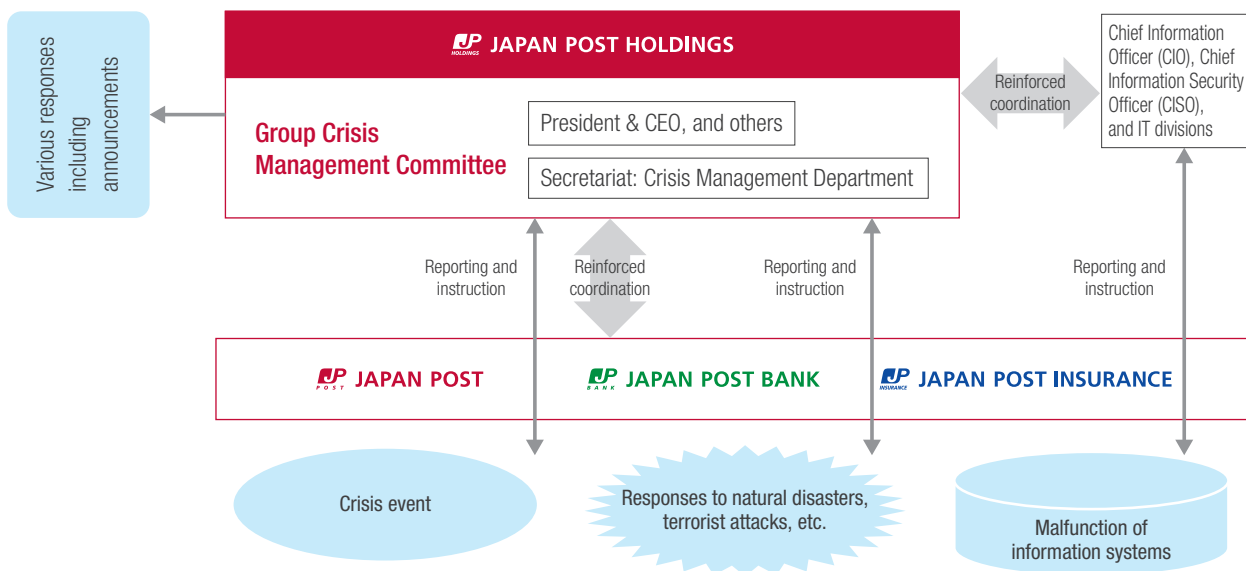
We are also working to improve user convenience by studying user interface based on their needs.

By strengthening Group governance through these initiatives, we will make efforts so that we can improve corporate value and that our customers and the local communities will place even greater trust in us and use the services provided by each Group company with peace of mind.

* BI (Business Intelligence): The concept of gathering, analyzing, and processing the information that the various departments of a company have accumulated to assist in management decision-making.

Framework for responding to crisis events

Enhancing the sophistication of crisis management through the strengthening of the organizational framework based on the integration of functions, expansion of the scope of crisis events, and reinforced intergroup coordination

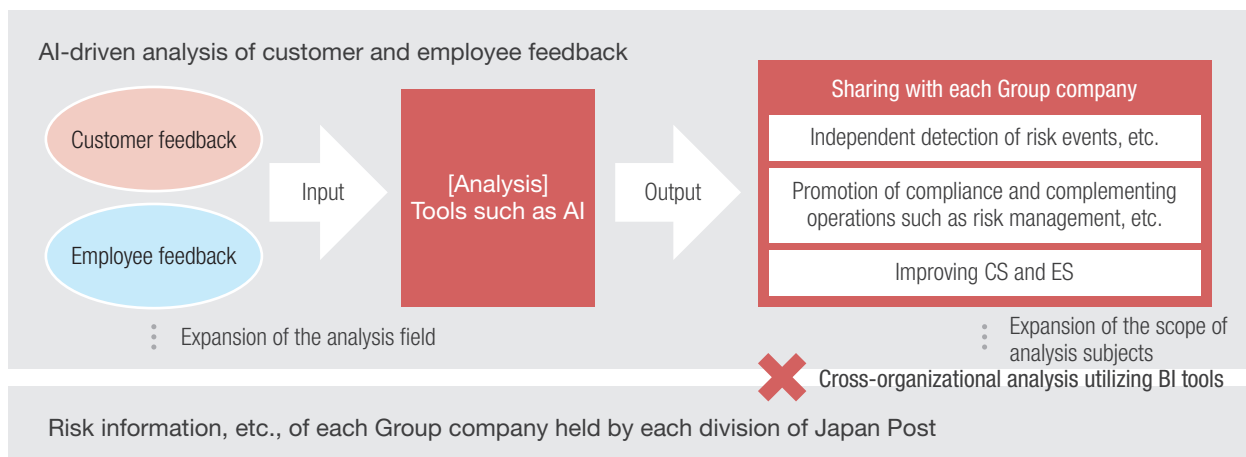


Enhancing the sophistication of crisis management by utilizing BI tools

We are aiming to independently detect cases in which misconduct events have materialized and potential risk events as well as promote compliance, complement operations such as risk management, and enhance customer satisfaction (CS) and employee satisfaction (ES), through AI-driven analysis of customer and employee feedback gathered by the Japan Post Group. Moreover, by reporting regularly to management and to the various liaison committees, the analysis results will be utilized to improve operations, etc., at the operating subsidiaries.

Going forward, we will analyze the positive feedback from our customers and share them as examples of good practices within the Group, and utilize them to improve the conduct of our employees. We will also expand the scope of analysis subjects by analyzing customer inquiries and utilizing them to enhance customer-oriented services. Moreover, we hope to expand our analysis field beyond customer and employee feedback to assist us in improving management.

Visualization in real time by utilizing BI tools



Sports & Communications

Establishment of the Sports & Communications Department

On April 1, 2023, Japan Post Holdings established the Sports & Communications Department to carry out and enhance measures that contribute to society through sports activities.

In addition to further reinforcing and expanding the operation of the Japan Post Group Women's Athletics Team, which was founded for the purpose of sustainably enhancing the corporate value of the Group through sports, we will proactively engage in not only sports activities going forward but also activities that will revitalize communications both within and outside the Group through sports as well as contribute to the regional communities and society.

In light of the shortage of instructors for club activities at schools around the nation, the Japan Post Group, as one of its major measures, will provide a framework to cooperate with the various policies of the Japan Sports Agency to secure opportunities for club activities by children.

In specific terms, we are considering the possibility of a system where talent from among the Japan Post Group employees who have had an outstanding track record in sports, cultural, or artistic activities play a leading role in each region, while we will also build a framework in which former athletes of the team are chosen to participate in various events sponsored by local governments, etc.



Members of the Japan Post Group Women's Athletics Team (As of April 2023)

Back row: GYU Kae, WADA Yuna, KOSAKAI Chika, DOI Hazuki, SUGATA Miyaka, TARUMOTO Chinatsu, and HIRONAKA Ririka

Front row: OTA Kotona, MIHARA Azusa, YAMANAKA Natsumi, SUGIMORI Kokone, SUZUKI Ayuko, TASHIMA Airi, and OHNISHI Hikari

Activities of the Women's Athletics Team

The Japan Post Group Women's Athletics Team was founded in April 2014 because the road relay races (*ekiden*) held in Japan, in which runners are connected by a sash, are very much like how our postal services connect people by mail, and because employees come together and feel a strong sense of unity when supporting the team.

The athletes belong to Japan Post Group companies, and the team has competed in the All Japan Industrial Teams Women's Ekiden (nicknamed "Queen's Ekiden" in Miyagi) for eight years straight since 2015.

The team's performance has been outstanding, having taken first place for the first time in 2016 (the 36th annual championship) and won first place for two consecutive years in 2019 and 2020 (the 39th and 40th annual championships, respectively), securing three championships in total.

In addition, we have also produced individual athletes who have represented Japan in international competitions such as the Olympics and the World Athletics Championships.

Major results in the fiscal year ended March 31, 2023

Activity/Competition	Rank/Place	Athlete	Result
42nd All Japan Industrial Teams Women's Ekiden (Queen's Ekiden in Miyagi)	3rd	1 st Leg: WADA Yuna 2 nd Leg: OTA Kotona ^{*1} 3 rd Leg: HIRONAKA Ririka 4 th Leg: OHNISHI Hikari 5 th Leg: SUZUKI Ayuko 6 th Leg: KOSAKAI Chika	2:15:15
18th World Athletics Championships Oregon 2022 10000m	12th	HIRONAKA Ririka ^{*2} ^{*3}	30:39.71
Berlin Marathon 2022	8th 19th	SUZUKI Ayuko ^{*3} ^{*4} OHNISHI Hikari ^{*3} ^{*4}	2:22:02 2:25:54
NAGOYA WOMEN'S MARATHON 2023	2nd	SUZUKI Ayuko ^{*3} ^{*5}	2:21:52
106th Japan National Championship-Cross Country Senior 8km	1st	WADA Yuna	27:22



© PHOTO KISHIMOTO

^{*1} Stage prize ^{*2} The all-time second-best time in Japan ^{*3} Personal best ^{*4} Qualified for 2023 MGC
^{*5} First place by a Japanese athlete

Social contributions through sports

As part of its activities to support people throughout their lives in the era of the 100-year lifespan, the Japan Post Group established the new Sports & Communications Department, as well as sponsors and supports sports and para-sports, including the support of OHTANI Momoko, a wheelchair tennis player who is an employee of Japan

Post Insurance. Going forward, the Japan Post Group will continue to contribute to the revitalization of local communities and the realization of a diverse society by utilizing its network of 24,000 post offices and 400,000 Group employees nationwide to promote athletic competitions and community-based teams and athletes.

Major sponsorship activities for sports

Contracting entity	Entities to be sponsored (Outline)
Japan Post Holdings Co., Ltd.	Japan Goalball Association (Official partner)
	Tohoku Rakuten Golden Eagles (Official platinum sponsor)
Japan Post Co., Ltd.	JAPAN PROFESSIONAL BASKETBALL LEAGUE (B.LEAGUE partner)
	JAPAN POST Honda Dream
Japan Post Insurance Co., Ltd.	Japan Wheelchair Tennis Association (Top partner)
	Japan Boccia Association (Gold top partner)

Support for Goalball

Japan Post Holdings and Japan Post have supported the Japan Goalball Association since March 2019. We are contributing to the popularization of goalball by providing people with opportunities to experience this Paralympic sport. We also promote the traits of this sport through holding events throughout Japan, making videos about goalball, and so on.



Activities of JAPAN POST Honda Dream

To teach the importance of traffic safety to children, Japan Post has been hosting an event named a "Posukuma Parent-Child Motorcycle Class" at 4 to 6 locations every year since 2018. At the event, children can take a short lesson and ride a pocket bike specially decorated with Posukuma paintings. The children can also write letters using an original postcard printed with commemorative photos of their rides. The event is run by JAPAN POST Honda Dream, a professional motorcycle racing team.



Boccia Sponsorship Activities

Japan Post Insurance sponsors Boccia competitions such as the 2022 Boccia Tokyo Cup Supported by Japan Post Insurance (April 2022), in which the Japanese national team also took part.



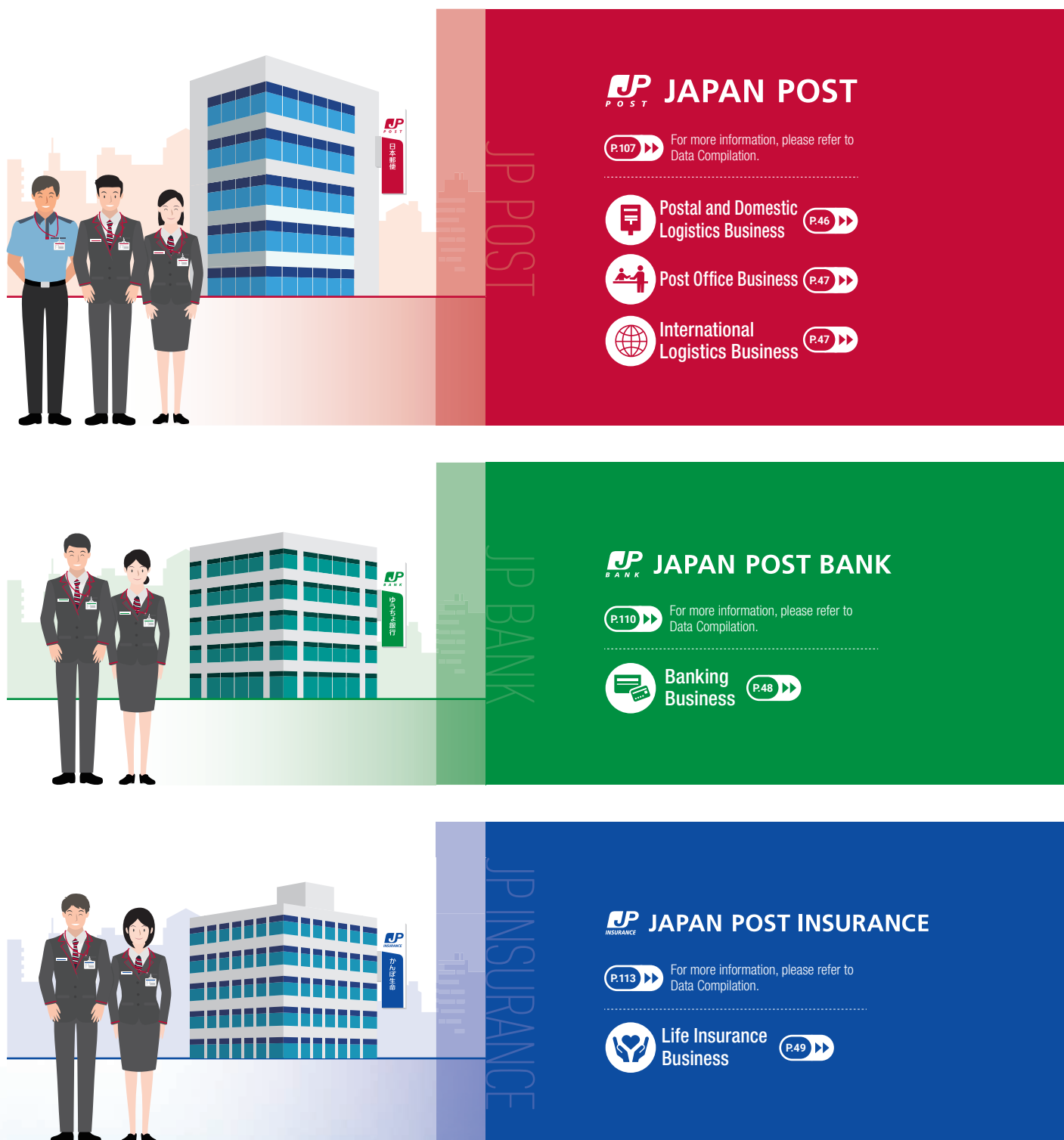
Stellar Performance in Wheelchair Tennis

OHTANI Momoko, an employee of Japan Post Insurance, has been playing at the highest level, by competing in the Tokyo 2020 Paralympics and winning the bronze medal in the wheelchair women's doubles. She also played in the four Grand Slam tournaments in the fiscal year ended March 31, 2023.



Structure of the Japan Post Group

The Japan Post Group aims to realize a “Co-creation Platform” which is engaged in all aspects / an integral part of customers’ lives and supports customers and local communities by providing a variety of products and services mainly in its three core businesses of postal services, banking, and life insurance through its nationwide post office network.



Putting our post office network to maximum use to support our community customers

In addition to fairly providing postal services at the lowest possible rates across Japan, Japan Post Co., Ltd. uses its post offices to provide customers nationwide with banking counter operations commissioned from Japan Post Bank Co., Ltd. and insurance counter operations commissioned from Japan Post Insurance Co., Ltd.

Our network of post offices is an asset shared by the people. We will maintain that asset and leverage it to benefit the public and contribute to local communities. We will also make our post office services more convenient, and work to provide comprehensive support for the lives of customers in our communities.

Supporting our customers' daily lives through our banking services

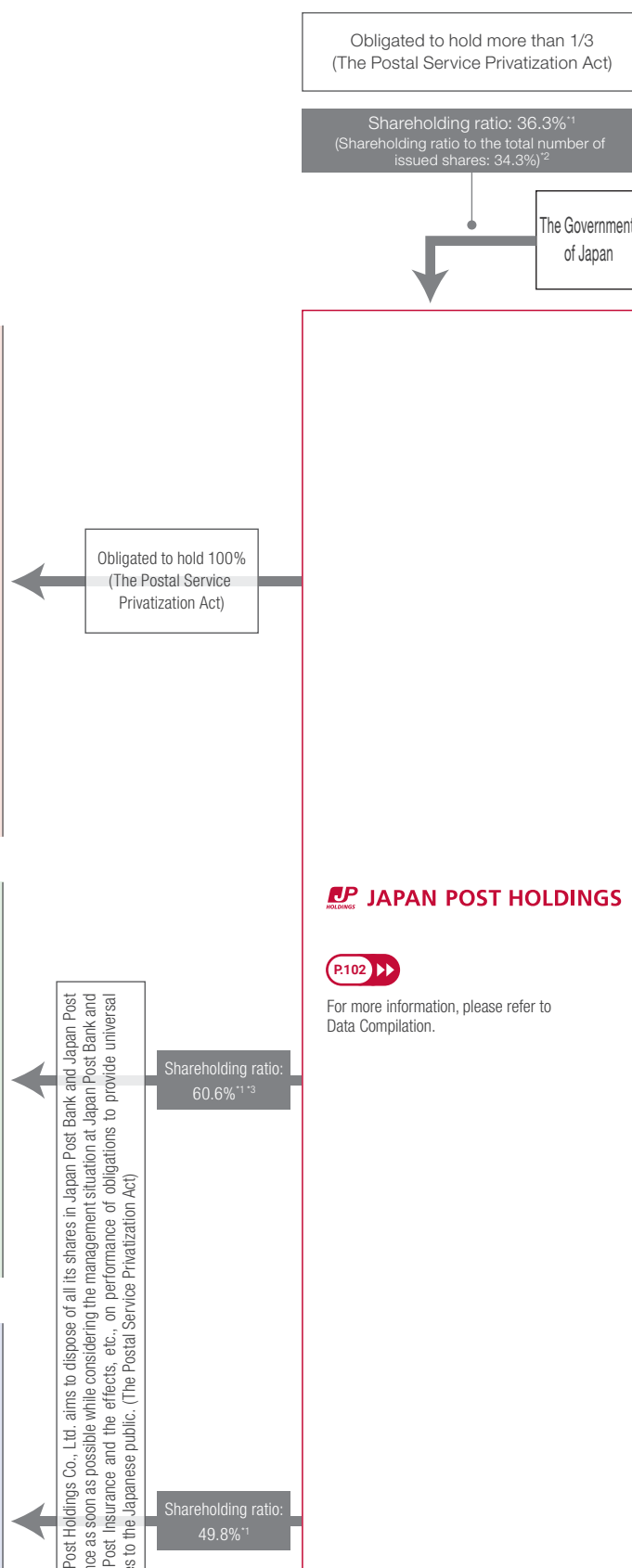
Using Japan Post's nationwide post office network, Japan Post Bank provides comprehensive financial services to a wide range of individual customers.

Our management philosophy is to become "the most accessible and trustworthy bank in Japan," guided by the needs and expectations of our customers.

Supporting our customers' lives with peace of mind in our life insurance services

Through our post offices and directly managed Japan Post Insurance offices, we deliver the peace of mind that comes with insurance to our customers nationwide.

With "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being" as its management philosophy, Japan Post Insurance will support and continue to protect the well-being of each and every customer with the power of insurance.



^{*1} Shareholding ratio to the voting shares except for treasury shares (as of March 31, 2023)

^{*2} Due to the cancellation of treasury stock implemented in April 2023, the shareholding ratio to the total number of issued shares was 36.3% as of April 30, 2023.

^{*3} Due to the acquisition of treasury stock implemented until April 2023 and the cancellation of treasury stock implemented in May 2023 by Japan Post Bank, the shareholding ratio was 61.5% as of May 31, 2023.

Financial Results, Strengths, and Challenges of Each Group Company



Postal and Domestic Logistics Business Segment

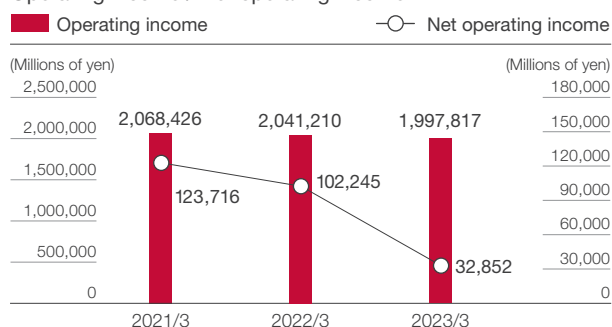
Business Overview

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

Financial Results for the Fiscal Year Ended March 31, 2023

In the postal and domestic logistics business, due to a decrease in the volume of Yu-Pack (including Yu-Packet) handled reflecting the severe competitive environment and the decrease in New Year's postcards, ordinary income amounted to ¥2,001,619 million (down ¥42,005 million year-on-year). Despite continuing cost control initiatives, ordinary expenses increased due to an increase in utilities expenses and expenses for new subsidiaries and net ordinary income amounted to ¥35,212 million (down ¥68,685 million year-on-year). In addition, operating income amounted to ¥1,997,817 million (down ¥43,393 million year-on-year) and net operating income amounted to ¥32,852 million (down ¥69,393 million year-on-year) in the postal and domestic logistics business of Japan Post (on a consolidated basis) for the fiscal year ended March 31, 2023.

Operating income / Net operating income



Strengths, challenges, and future policy in the postal and domestic logistics business

Strengths	<ul style="list-style-type: none"> Nationwide transport network capable of delivering to 31 million locations daily Efficient delivery of small parcels utilizing motorcycle mobility for the last one mile of logistics Consistently providing high-quality delivery service to our customers
Challenges	<ul style="list-style-type: none"> A continued decline in the volume of mail due to further digitalization, etc., and escalating competition in the parcel delivery sector Response to rising labor unit costs and escalating prices Realization of DX through utilization of data we possess
Future policy	<ul style="list-style-type: none"> Data-driven reform of the postal and domestic logistics business Boosting competitiveness through a strategic review of products, services, and operations Providing convenient services by collaborating with other companies

Post Office Business Segment

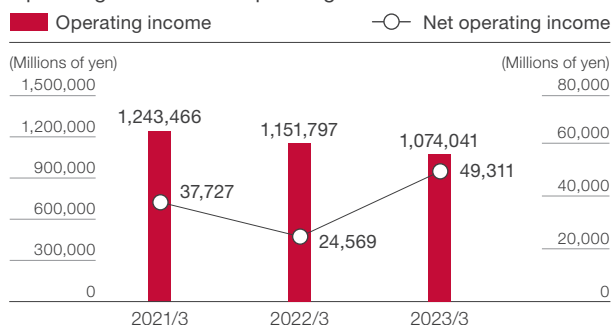
Business Overview

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

Financial Results for the Fiscal Year Ended March 31, 2023

In the post office business, with a continuing decrease in insurance commissions and banking commissions, ordinary income amounted to ¥1,075,762 million (down ¥80,953 million year-on-year), while net ordinary income amounted to ¥50,466 million (up ¥25,980 million year-on-year), primarily as a result of a significant decrease in personnel expenses associated with the transition to the new Japan Post Insurance's sales system from April 2022. In addition, operating income amounted to ¥1,074,041 million (down ¥77,756 million year-on-year) and net operating income amounted to ¥49,311 million (up ¥24,741 million year-on-year) in the post office business of Japan Post (on a consolidated basis) for the fiscal year ended March 31, 2023.

Operating income / Net operating income



Strengths, challenges, and future policy in the post office business

Strengths	<ul style="list-style-type: none"> A post office network of over 24,000 locations throughout Japan Provision of diverse products and services inside and outside the Group Customer base based on which our services are used by many customers in their daily lives
Challenges	<ul style="list-style-type: none"> Regaining customers' trust Response to a decrease in handling volume due to population decline and the switch to digital channels Enhance the value of our post office network
Future policy	<ul style="list-style-type: none"> Initiatives for customer-oriented business operations Promoting digitalization of post office operations Development of a diverse range of products and services satisfying regional needs

International Logistics Business Segment

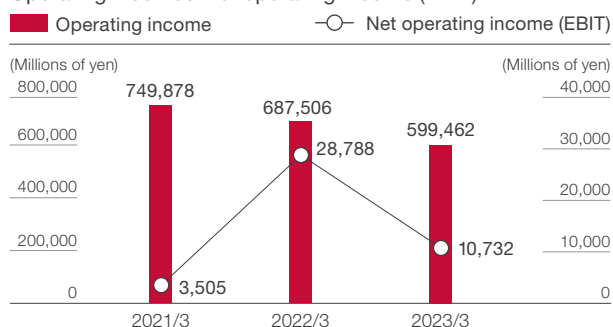
Business Overview

Toll Holdings Pty Limited and the companies under its umbrella provide a full line of international freight forwarding services, chiefly import and export related to the Asia Pacific region, and other logistics services to sectors of natural resources and governmental operations as a 3PL provider in the Asia Pacific region including transport and warehousing services.

Financial Results for the Fiscal Year Ended March 31, 2023

In the international logistics business, ordinary income amounted to ¥600,179 million (down ¥87,638 million year-on-year) partly due to a fall in cargo rates in the Global Forwarding business, in addition to the impact of the absence of income associated with the transfer of the Global Express business in August 2021. While ordinary expenses decreased as a result of the absence of expenses related to the Global Express business, net ordinary loss of ¥723 million (net ordinary income of ¥21,226 million was recorded in the previous fiscal year). In addition, operating income amounted to ¥599,462 million (down ¥88,044 million year-on-year) and net operating income (EBIT) amounted to ¥10,732 million (down ¥18,055 million year-on-year) in the international logistics business of Japan Post (on a consolidated basis) for the fiscal year ended March 31, 2023.

Operating income / Net operating income (EBIT)



Strengths, challenges, and future policy in the international logistics business

Strengths	<ul style="list-style-type: none"> Number of countries included in the international logistics network: Approx. 150 "Toll City" that features cutting-edge logistics technologies, such as precision temperature control and smart logistics control systems, and other equipment
Challenges	<ul style="list-style-type: none"> Overcoming Australia-dependent management structure Toll Holdings' business performance improvement Exercise of the synergy between Japan Post and Toll Holdings
Future policy	<ul style="list-style-type: none"> Transition to an Asia-focused business model Thoroughly implement efforts to improve the business performance of Toll Holdings Advancement of the synergy between Japan Post and Toll Holdings, and expansion of revenue



Banking Business Segment

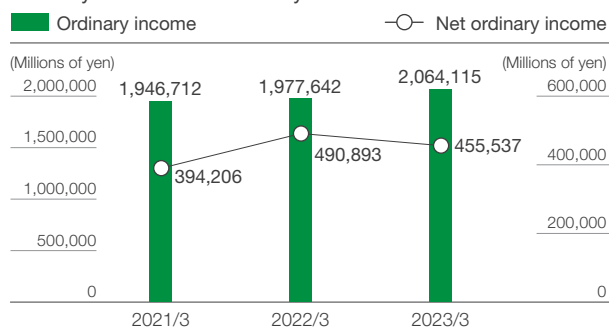
Business Overview

Under the Banking Act, Japan Post Bank Co., Ltd. and its subsidiaries engage in the deposits, lending, securities investment, remittances, intermediary services including mortgages, and credit card businesses, as well as sales of Japanese Government Bonds (JGBs), investment trusts, and insurance products.

Financial Results for the Fiscal Year Ended March 31, 2023

In the banking business, ordinary income amounted to ¥2,064,115 million (up ¥86,472 million year-on-year) due to an increase in gains on sales of foreign bonds, etc., as a result of the sales of bonds. Ordinary expenses increased primarily due to the increase in foreign currency funding costs and net ordinary income amounted to ¥455,537 million (down ¥35,356 million year-on-year).

Ordinary income / Net ordinary income



Note: The graph shows ordinary income and net ordinary income of the banking business segment of the Japan Post Group.

Strengths, challenges, and future policy in the banking business

Strengths	<ul style="list-style-type: none"> Japan's largest customer base Post offices and ATM networks encompassing all of Japan Japan's largest deposit base Diverse and expert human resources
Challenges	<ul style="list-style-type: none"> Providing customer-oriented services Contributions to vitalization of communities Creating new value Addressing the digital divide problem Addressing no-contact and non face-to-face needs Security enhancements ESG management Deepening market operations and risk management Enhancing the capital base
Future policy	<ul style="list-style-type: none"> Innovating retail business into a new form by realizing complementarity between the physical and the digital Business reforms and productivity improvement through the active utilization of digital technology Enhancing funds flow to regional communities and the regional relationship functions through various frameworks Deepening market operations and risk management with an awareness of stress tolerance Strengthening the management base to become a more trusted bank



Life Insurance Business Segment

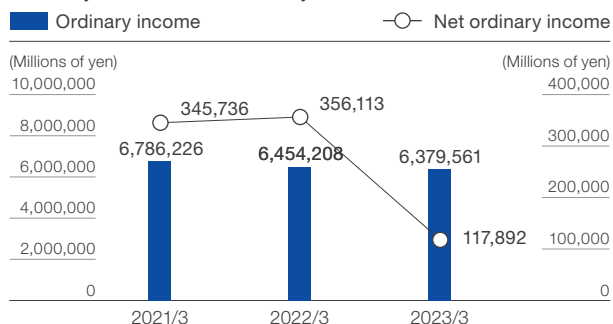
Business Overview

Licensed and approved under the Insurance Business Act, Japan Post Insurance Co., Ltd. engages in the underwriting of life insurance and asset management business, including securities investment and loans. In addition to our own products, directly managed Japan Post Insurance offices also handle other life insurance companies' products on commission. We have also entered into an operations consignment agreement with Japan Post Co., Ltd. to solicit our insurance products through its post offices.

Financial Results for the Fiscal Year Ended March 31, 2023

In the life insurance business, ordinary income amounted to ¥6,379,561 million (down ¥74,646 million year-on-year) due primarily to the decrease in insurance premiums and others as a result of a decrease in policies in force. In addition, net ordinary income amounted to ¥117,892 million (down ¥238,220 million year-on-year) primarily due to an increase in losses on sales of securities and an increase in operating expenses associated with building the new Japan Post Insurance sales system.

Ordinary income / Net ordinary income



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

Strengths, challenges, and future policy in the life insurance business

Strengths	<ul style="list-style-type: none"> Extremely large customer base Procedures available at post offices nationwide Products with easy procedures and smaller coverage amounts
Challenges	<ul style="list-style-type: none"> Reconstruction into a company that is truly trusted by its customers Shift to a business model that positions CX value as its top priority
Future policy	<ul style="list-style-type: none"> Reforms of retail services through reforms in human resources development and management Continue efforts to regain trust Reinforcement of the business foundations Improvement of customer experience value Promotion of ESG management Corporate culture and work-style reform Reinforcement of governance, capital policy