

Top Message from Japan Post



**We aim to become the company
of choice for our customers
by providing diverse services
unique to the post office.**

SENDA Tetsuya

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

Since assuming the position of President & CEO, Representative Executive Officer of Japan Post Co., Ltd. in June 2023, I have commenced, and been emersed in, various reforms to realize sustainable growth, with the fiscal year ended March 31, 2024 marking the “initial year of Japan Post reforms.” As part of these reforms, in May 2024 we formulated our new Management Philosophy, “Present at every stage of life. Touching the hearts of all.” In revising the philosophy, the Company took a holistic approach in re-examining its vision, the values that it cherished, and its reason for existing by calling on all employees to openly share their opinions, in addition to having repeated discussions among members of management. Going forward, under our new Management Philosophy, our employees, who are crucial to the Company's growth and the source of our competitive edge, will not hesitate to fully demonstrate their capabilities and come together as a team behind these initiatives to enhance the value and the appeal of post offices.

Although “JP Vision 2025+ (Plus),” the revised Group Medium-Term Management Plan that was announced in May 2024, covers the period until the fiscal year ending March 31, 2026, we have been keeping an eye on the future (i.e., the fiscal year ending March 31, 2027 and beyond) and studying how we can present to our customers a concrete growth narrative on when and in what way the Company intends to change.

I also believe that it is only when each employee can energetically and positively approach their work that we can provide services that are satisfying to our customers. To this end, we will raise the motivation of our employees, maximize their diverse values, and provide products and services that are competitive and pleasing to our customers, which will inevitably improve the Company's business performance, and thereby bring to life the growth narrative that we indicated in JP Vision 2025+.

As for the specific initiatives of each business, in the postal and domestic logistics business, we will expand parcel income by increasing parcel volume focused on small parcels, in which Japan Post excels. In concrete terms, we will increase NPS® and strengthen our sales structure and sales capabilities, while also shoring up our collaborations with other companies including Rakuten Group, Inc. and the Yamato Group to improve profitability.

Moreover, in April 2024, overtime hours for truck drivers were capped and a nationwide shortage of transport capacity became a very real possibility, giving rise to the “2024 issue,” an issue for Japanese society as a whole. To resolve this issue, we will collaborate with other companies such as the Seino Group and Sagawa Express Co., Ltd. to jointly operate long-haul transportation. In addition, we will also reorganize bases and promote mechanization to build a resilient transport/delivery network, and by utilizing DX, we will realize highly productive operations that achieve both customer convenience and higher operational efficiency.

In terms of our post office business, we are engaged in the “improvement of profitability,” “enhancement of the value and appeal of post offices,” and the “enhancement of service quality” to grow into a business of choice for customers. Specifically, we are placing staff flexibly in keeping with local circumstances to develop a system that enables sales activities in line with customer needs and high-quality services. We are also improving services that support the daily lives of customers. Additionally, we are streamlining operations to enhance the convenience of customers while providing an environment where we can offer “warmhearted services unique to post offices.”

In the real estate business, we are working to expand revenue, including the completion of the new JP Tower Osaka and the Azabudai Hills Mori JP Tower in the fiscal year ended March 31, 2024. We are building the real estate business into a revenue pillar by appropriately timing the formulation and execution of development plans amid soaring construction costs.

In the international logistics business, to sustainably expand the scale of earnings and increase profitability, we are working on the growth of the Global Logistics business focused on Asia and improving the profitability of the Global Forwarding business.

Furthermore, by contributing to the resolution of social problems surrounding sustainability through Company-wide activities, Japan Post hopes to grow sustainably while bolstering corporate value over the medium to long term.

Going forward, by providing diverse services unique to post offices, we hope to grow into a company of choice for customers and raise the value of the post office network. We ask for your continuing patronage and support of Japan Post more than ever.



Postal and Domestic Logistics Business Segment

Business overview

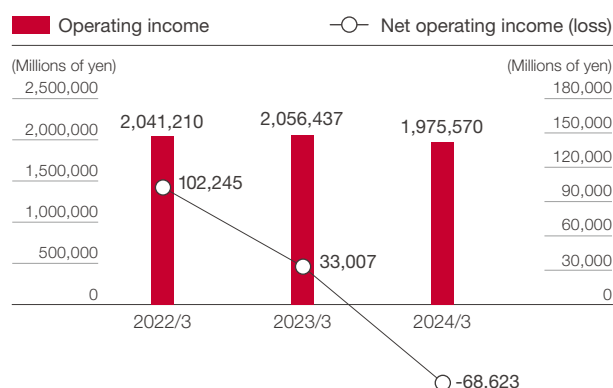
In addition to providing postal services at the fairest possible rates across Japan, Japan Post is commissioned by the Japanese government to sell documentary stamps and issue donation-type illustrated New Year's postcards. Japan Post provides Yu-Pack, Yu-Mail, and other parcel delivery services as well 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, 2024

In the postal and domestic logistics business, despite an increase in the volume of Yu-Packet handled, due to the decrease in Yu-Mail and New Year's postcards, ordinary income amounted to ¥1,980,509 million (down ¥79,889 million year-on-year). Although we continued to implement our cost control initiatives, ordinary expenses rose due to an increase in personnel expenses and collection, transport and delivery outsourcing expenses and net ordinary loss amounted to ¥64,969 million (net ordinary income of ¥35,454 million was recorded in the previous fiscal year). In addition, operating income amounted to ¥1,975,570 million (down ¥80,866 million year-on-year) and net operating loss amounted to ¥68,623 million (net operating income of ¥33,007 million was recorded in the previous fiscal year) in the postal and domestic logistics business of Japan Post for the fiscal year ended March 31, 2024.

Note: From the beginning of the fiscal year ended March 31, 2024, certain subsidiaries that were included in the international logistics business have been reclassified as part of the postal and domestic logistics business. Accordingly, these subsidiaries, which had previously been accounted for under International Financial Reporting Standards ("IFRS"), have adopted Japan Accounting Standards ("Japanese GAAP"). Figures for the previous fiscal year in the year-on-year comparisons are those after the application of this change.

Operating income / Net operating income (loss)



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

Strengths

- 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

- Resource shifting from the postal business to the growing package delivery market
- Be chosen by customers in the package delivery market, where competition is intensifying
- Response to rising labor unit costs and escalating prices

Future policy

- Expanding parcel income with a focus on small parcels, in which Japan Post excels
- Strengthening profitability by improving products and services and collaborations with other companies
- Building efficient and resilient operations through DX and mechanization

Collaboration with the Yamato Group

On June 19, 2023, the Japan Post Group and the Yamato Group concluded a basic agreement to cooperate in contributing to the resolution of various social issues surrounding logistics and promoting sustainable logistics services. The current collaboration aims to utilize the management resources of the two companies to build transport/delivery services that will contribute to the greater convenience of customers while resolving the "2024 issue" and environmental problems (carbon neutrality) that plague the logistics industry.

As a specific initiative, we have begun accepting "Kuroneko Yu-Packet," small, lightweight parcels, in certain regions from October 2023, and in February 2024, we began accepting "Kuroneko Yu-Mail," booklet parcels (mail-bin), in all regions. Both services involve Yamato Transport Co., Ltd. collecting parcels from customers and delivering them through Japan Post's delivery network. These products are delivered to the mailboxes of the customers and make efficient use of the strengths of Japan Post's delivery system, which is basically dependent on motorcycles.

Going forward, we plan to expand the handling areas of "Kuroneko Yu-Packet" and build a system that can reliably deliver the increasing number of packages.



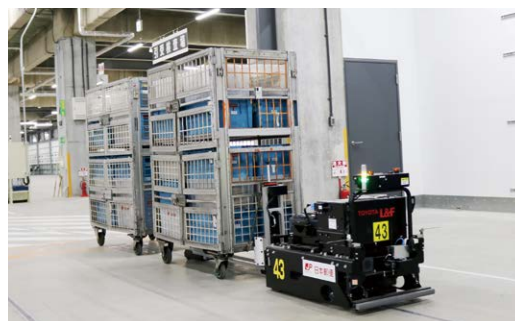
■ The promotion of P-DX

We will utilize digitized sender information and receiver information unique to Japan Post to streamline operations while pursuing ways of conveniently sending and receiving parcels for our customers.

In the fiscal year ended March 31, 2024, all portable terminals for employees working outside of the offices to collect and deliver parcels were switched to smartphones (postal mobile terminals). Through these terminals, we will work to reinforce management by visualizing the delivery status of parcels, make novices immediately work-ready through automated routing and navigation functions, and raise productivity by streamlining operations.

As part of initiatives to enhance sending and receiving convenience, we plan to release an app for navigating the methods of sending parcels. We will also expand locations with access to “Yu-pri Touch,” a device for printing shipping labels at post offices using the 2-D code obtained from each app to enhance sending convenience, while also making improvements at the receiving end through the “e-receiving assistance service,” which sends parcel delivery notices and accepts changes to the customer’s desired receiving times and locations online.

Additionally, in February 2023 the Ichikawa Minami Post Office (Ichikawa City, Chiba Prefecture) opened as a next-generation post office compatible with full-scale DX, where transport telematics and automated guided vehicles (AGVs) and other devices have been adopted to streamline operations within the post office.



■ Measures to combat the “2024 issue”

Starting from April 2024, overtime work of truck drivers, which had previously been exempt, was capped at 960 hours per year while standards for improving the working hours of truck drivers (Notice of Improvement Standards) were amended. If no measures were taken, it is estimated that transport capacity utilizing trucks would be short by approximately 14%. We recognize that the “2024 issue” impacts the whole of society.

At Japan Post, to appropriately respond to these law revisions, we are working to improve the long labor hours of long-distance (truck) transport, which had previously assumed a single driver making the long haul, by switching to relay transportation and other means. As a result, we have had to revise the delivery dates of Yu-Pack and express mail services.

Furthermore, as measures in response to the “2024 issue,” the government has released the Policy Package toward Japan’s Distribution Network Reform and also Guidelines on the Initiatives of Shippers and Logistics Providers to Optimize Logistics and Enhance Productivity, which point out the problem of the long hours experienced by truck drivers waiting for their load and truck drivers being forced to engage in loading and unloading work not stipulated in their contracts. At Japan Post, we are also drafting voluntary action plans based on the guidelines to resolve these issues.





Post Office Business Segment

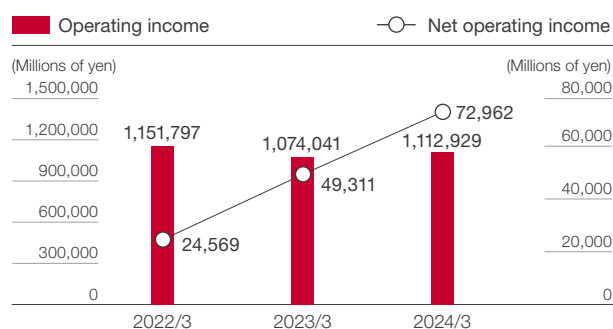
Business overview

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, 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, 2024

In the post office business, due to the increase in real estate business revenue as a result of posting revenue from real estate sales, ordinary income amounted to ¥1,113,912 million (up ¥38,149 million year-on-year), while ordinary expenses increased due to the reporting cost of sales on real estate and other factors, resulting in net ordinary income of ¥73,490 million (up ¥23,023 million year-on-year). In addition, operating income amounted to ¥1,112,929 million (up ¥38,888 million year-on-year) and net operating income amounted to ¥72,962 million (up ¥23,650 million year-on-year) in the post office business of Japan Post for the fiscal year ended March 31, 2024.

Operating income / Net operating income



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

- Strengths**
- 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**
- Growing into a business of choice for customers
 - 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**
- Enhancing customer experience (CX) value by raising the skills of employees and utilizing Yu ID
 - Offering high-quality services by integrating face-to-face services with digital technology
 - Expanding products and services that match customer and regional needs

Enhancing collaborations with local governments

To promote various cooperative relationships with local governments and continuously work together to resolve regional issues, Japan Post has concluded comprehensive partnership agreements with 45 prefectures and 1,478 municipalities (as of March 2024).

Based on these agreements, we are reinforcing our relationships with local governments by subcontracting various administrative services of the local governments that match regional needs, such as the issue of public certificates. By offering administrative services through post office counters, we are proactively enhancing the convenience of local residents.

We have also been commissioned with the installation and operation of kiosk terminals where residents can obtain copies of certificates of residence at the post office using their Individual Number Card and administrative work related to the electronic certification of Individual Number Card including the issue and renewal of electronic certificates of the bearer's signature and electronic certificates of user proof. In June 2023, the Act on Handling of Certain Services of Local Governments at Postal Offices was amended and it became possible for post offices to handle administrative work such as accepting applications for Individual Number Card, thereby expanding the scope of administrative services that post offices can offer. In February 2024, Miyakonojo City, Miyazaki Prefecture was the first municipality in the nation to commission a post office with administrative services to accept Individual Number Card applications.

Going forward, we will maximize the management resources of Japan Post and offer a wide variety of services that match regional needs to further enhance the convenience of local residents.



Rolling out services to support the daily lives of customers

We provide a multitude of services that support the daily lives of customers in an effort to enhance the value and appeal of post offices.

To contribute to achieving local communities where the elderly in single-person households can live a long life with peace of mind, we provide the Post Office Mimamori (Watch Over) Service, where a post office employee visits the user once a month, as well as the Post Office Mimamori Service Using Smart Speakers for companies and local governments. In March 2024, Mimamori and Online Medical Treatment of the Elderly Using Smart Speakers, and our initiative in Uwajima City, Ehime Prefecture using these services, was awarded the Prime Minister's Prize at Digi Den Koshien 2023 (a national contest for local governments, the private sector, and organizations to resolve regional issues using digital technology).

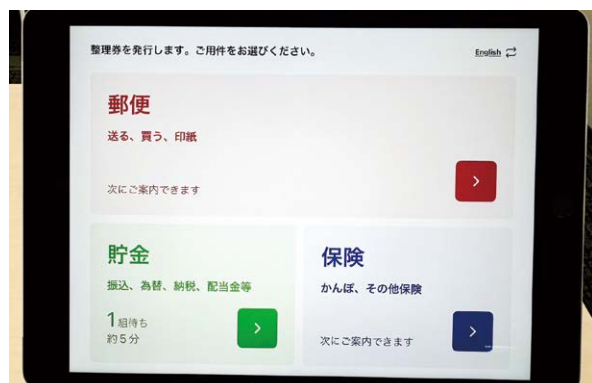
Additionally, in response to the recent increase in demand for end-of-life planning, our end-of-life referral services, which had trial runs in Hokkaido and the Tokyo metropolitan area, proved to be extremely popular. In February 2024, these were rebranded as End-of-life Planning Service and rolled out at post offices nationwide. Under this service, we accept consultations from customers free of charge on the Daily Life Consultation Hotline, our dedicated call centers, and refer them to partnering end-of-life planning service providers according to the wishes of the customer.

Furthermore, we have started trials on our Vacant House Mimamori (Watch Over) Service, where employees of post offices in neighboring areas regularly visit and observe the status of the vacant homes on behalf of owners for whom constant and regular maintenance is difficult due to living far away.

We will continue to stand by our customers and upgrade services that only post offices can offer.



Operation reforms of post office counters



In the business operations of post office counters, we will provide an environment conducive to increasing customer convenience and efficient and effective sales activities by promoting the digitalization of post office operations through the utilization of tablets, the establishment of online support systems, and the expansion of self-service operations.

From the fiscal year ended March 31, 2024, cashless payments are accepted at all directly managed post office counters, while we also increased the number of post offices equipped with digital ticket issuing systems that allow customers to check how many people are waiting and the waiting times on their smartphones and that also make it possible for employees to visually grasp what services the customers require, which in turn, can be utilized to facilitate business operations. We also increased access to self-checkout machines, where customers can weigh mail, calculate postage, and purchase merchandise without having to line up at the counters.

Furthermore, we are promoting initiatives that connect post offices with functional centers (Financial Services Contact Centers) and specialized operators provide product explanations and conduct application services for investment trusts and insurance products. In the fiscal year ended March 31, 2024, we shored up the center framework and expanded the number of connected post offices.

We will continue with the operation reforms of post office counters so that we can provide the best services that match customers' needs.



International Logistics Business Segment

Business overview

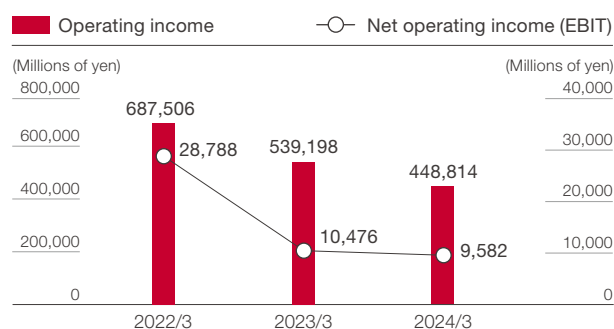
The Toll Group, which operates mainly in Australia and Singapore, provides a full line of international freight forwarding services, chiefly import and export related to the Asia Pacific region, and other logistics services to sectors of natural resources and governmental operations as a 3PL provider in the Asia Pacific region including transport and warehousing services.

Financial results for the fiscal year ended March 31, 2024

In the international logistics business, ordinary income amounted to ¥450,023 million (down ¥89,892 million year-on-year) due to a fall in cargo rates in the Global Forwarding business. Meanwhile, ordinary expenses decreased in line with the decrease in revenue of the Global Forwarding business and also due to efforts to reduce costs in the Global Logistics business, resulting in net ordinary income of ¥1,713 million (net ordinary loss of ¥797 million was recorded in the previous fiscal year). In addition, operating income amounted to ¥448,814 million (down ¥90,383 million year-on-year) and net operating income (EBIT) amounted to ¥9,582 million (down ¥894 million year-on-year) in the international logistics business of Japan Post for the fiscal year ended March 31, 2024.

Note: From the beginning of the fiscal year ended March 31, 2024, certain subsidiaries that were included in the international logistics business have been reclassified as part of the postal and domestic logistics business. Figures for the previous fiscal year in the year-on-year comparisons are those after the application of this change.

Operating income / Net operating income (EBIT)



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

Strengths

- With its international logistics network spanning around 150 countries worldwide, it is unique among Japanese logistics companies
- "Toll City" is a logistics facility with state-of-the-art technology including precision temperature control and smart logistics control systems

Challenges

- Overcoming Australia-dependent management structure
- Further improvement of profitability
- Exercise of the synergy between Japan Post and Toll Holdings

Future policy

- Transition to an Asia-focused business model
- Ongoing initiatives to improve the gross profit margin and cut costs
- Sales strategy of capturing Japanese-affiliated multinational companies by collaborating with Japan Post

The growth strategy of Toll Holdings

We are promoting initiatives for the growth of the Global Logistics business and the improvement of the Global Forwarding business as part of efforts to sustainably increase the scale of profits and improve the profitability of Toll Holdings.

In Australia, we are pushing forward with measures to bolster profitability while in the fiscal year ended March 31, 2024, construction began on a large automated warehouse, aiming for new sources of income. We are also shifting to a business model centered on Asia. In Singapore and other Asian countries, we are expanding business scale, through such means as investing in logistics facilities.

Toll Holdings is also focused on building a well-balanced customer portfolio, and is working to maintain its presence in the retail and consumer goods domains, its traditional strengths, as well as expanding its capabilities in the healthcare field.

In addition, the company is also re-examining its organizational structure, human resources allocation, and operations and promoting company-wide cost reductions.

Going forward, Toll Holdings will continue to support the lives and businesses of its customers through its worldwide logistics network, and by implementing initiatives geared toward business growth, contribute to the enhancement of corporate value of the Japan Post Group.



Top Message from Japan Post Bank



Japan Post Bank will pursue a growth strategy that is distinct from that of other banks by leveraging the Bank's unique strengths.

KASAMA Takayuki

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

In April 2024, I was appointed Director, President and Representative Executive Officer of Japan Post Bank.

In addition to setting a new net income record since our public listing and achieving our target for the year, the Bank's earnings results for FY2023 have allowed us to achieve our FY2025 target ahead of schedule. In addition, the number of account holders of the Yucho Bankbook App service has exceeded the 10-million mark, another target set for FY2025. In addition to these milestones, we are making consistent progress on the KPIs of our strategies.

In light of the notable shifts in the business landscape surrounding the banking sector, including the impact of rising interest rates in Japan and abroad, the unprecedented advancement of digitalization, and the growing emphasis on the cost of capital and share price in managing business, we announced a revision of our Medium-Term Management Plan in May 2024, which will conclude in FY2025.

The key revisions are as follows: firstly, the net income target for the final year of the Medium-Term Management Plan has been revised upwards by 50 billion yen to "400 billion yen or more." Following FY2023, our objective is to achieve the highest net income since our listing for three consecutive years in FY2024 and FY2025. While maintaining the fundamental direction of our business strategy, we have revised the framework to focus on three business strategies (Retail Business, Market Business, and Σ (Sigma) Business) that leverage Japan Post Bank's distinctive strengths, and by bolstering the management framework that underpins these strategies, we will develop a sustainable business model.

In our Retail Business, I would like to accelerate our strategy of creating complementarity between physical and digital access and to take on the challenge of building a new retail business.

In particular, we will pursue an ambitious strategy to expand the user base of Yucho Bankbook App services through a combination of digital and traditional channels. Additionally, the application will be leveraged as a platform for generating new revenue streams through the utilization of data to direct customers toward suitable services, including encouraging them to visit our physical branches. Moreover, in the asset building support business, the Bank will transition to digital and remote channels in response to the growing demand for digital transactions. Japan Post Bank intends to reinforce its guidance

on convenient digital and remote channels while promoting the appeal of NISA and savings and investment products by leveraging its approximately 20,000 teller locations nationwide which is a key competitive advantage.

In the Market Business, we had been expanding our portfolio of risk assets, mainly foreign securities. However, in light of the recent upward trend in domestic interest rates, we intend to proactively shift investments from Bank of Japan deposits to Japanese Government Bonds (JGBs). Our goal is to construct an optimal portfolio that consists of yen interest rate assets, such as Japanese Government Bonds (JGB), along with risk assets. This will allow us to improve return relative to its risk and enhance stress tolerance.

In regards to the Σ Business, our objective is to position it as "a corporate business that creates the future of society and the community through investment." We will commence this venture in earnest during this fiscal year. In collaboration with regional financial institutions, we will establish a "Co-creation Platform" to drive societal and regional development, and promote "GP business that is unique to Japan Post Bank." This will be spearheaded by JAPAN POST BANK CAPITAL PARTNERS Co., Ltd., a wholly owned subsidiary established in May 2024. In collaboration with select companies, we will invest in business succession and revitalization companies, venture investments, and ESG investments. Additionally, the company will provide sourcing and marketing support services.

To promote these three businesses, we consider "human assets" to be one of our most valuable resources and will implement human resource strategies aligned with our overall business strategy. Furthermore, we will invest in IT to drive growth and enhance our business operations, while also strengthening our system infrastructure. Furthermore, we will enhance our management framework by leveraging AI and other technologies to improve the sophistication and efficiency of our operations.

While engaging with all our stakeholders, Japan Post Bank will steadily put into effect its revised Medium-Term Management Plan guided by its unchanging purpose (raison d'être) and management philosophy to increase corporate value and enhance shareholder returns. I would like to ask for your continued kind support and cooperation in these efforts over the coming years.



Banking Business Segment

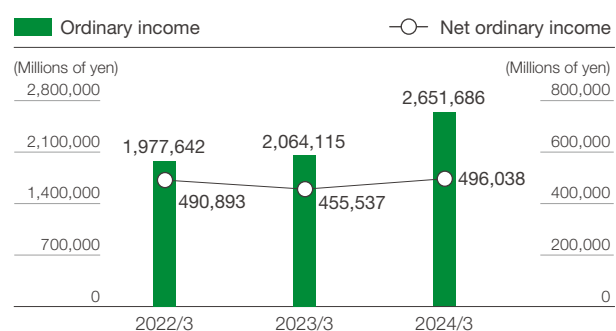
Business overview

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

Financial results for the fiscal year ended March 31, 2024

In the banking business, other operating income declined due to a decrease in gains on foreign exchange transactions, while other ordinary income increased due primarily to a rise in gains from the sale of stocks and other securities for risk controls. Accordingly, ordinary income amounted to ¥2,651,686 million (up ¥587,571 million year-on-year), and although ordinary expenses increased due to rising foreign currency funding costs, net ordinary income amounted to ¥496,038 million (up ¥40,501 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

- Japan's largest customer base (120 million ordinary deposit accounts)
- Most extensive and stable deposit base in Japan (¥192 trillion in deposits centered on retail banking customers)
- Nationwide network (Network of approximately 24,000 post offices)
- Diverse specialized human resources

Challenges

- Addressing the progressive digitalization of society
- Addressing "Policy Plan for Promoting Japan as a Leading Asset Management Center" and the new NISA system
- Addressing management that is conscious of the cost of capital and stock price
- Addressing sustainability management and human capital management
- Building an optimal portfolio in response to the trends of domestic and foreign interest rates
- Building an earnings pillar in addition to the retail markets
- Addressing regional revitalization

Future initiatives

- Transition to a new retail business by enhancing strategy for complementarity between the physical and digital channels
- Pursue an optimal investment portfolio that combines yen interest rate assets with risk assets
- Rejuvenate local economies and create new corporate value through Japan Post Bank's unique GP business
- Strengthen the human capital, systems infrastructure, and internal management system that support the three businesses

Retail Business Innovations

① Digital services strategy

Japan Post Bank has been enhancing strategy for complementarity between the physical and digital channels and further expanding offerings of safe, secure, and easy-to-use digital services for all customers.

We will further expand the number of users of the Yucho Bankbook App through a proactive approach that also utilizes physical transaction channels, while developing new revenue opportunities by utilizing app-driven data and guiding customers toward appropriate services (including attracting them to visit a bank's branch or a post office).

Customers can now use "COTRA remittance" on their Yucho Bankbook App!

Offered by Cotra Ltd., "COTRA remittance" is a service in which person-to-person remittance of up to ¥100,000 per transaction can be made free of charge. This service is now available on the Yucho Bankbook App.

By enhancing the convenience of small remittances for our customers and further promoting cashless payments, the Yucho Bankbook App will continue to raise customer satisfaction.



② Asset building support business strategies

As part of our Retail Business innovations, we will shift from sales centered on face-to-face interactions to sales via digital and remote transaction channels in response to changes in the business environment, including the progress of digitalization of society and the launch of the new NISA system. Furthermore, we will improve the sales structure that leverages the strengths of the Japan Post Group by integrating physical and digital technologies, enabling the handling of investment trusts (NISA) at approximately 20,000 locations by remotely connecting post offices nationwide with Financial Services Contact Centers and other facilities.

Expanding the lineup of investment trust products

In January 2024, in response to the revision of the NISA system which greatly expanded the annual investment limits and tax-exemption periods, Japan Post Bank expanded its lineup of investment trust products so that it could offer even greater assistance in the long-term asset building of its customers using the NISA system.

Launch of commission-free service for first-time purchases of mutual funds through tellers

In May 2024, we launched a service in which first-time purchasers of investment trusts at Japan Post Bank and post offices who will conduct subsequent transactions online using their cell phones or PCs are exempted from commission fees for their first purchase from the tellers.

Market Business Enhancement

The market business secures stable income through sophisticated and diverse investments that leverage the most extensive and stable deposit base in Japan and specialist human resources. Its basic policy is to pursue an optimal investment portfolio that combines yen interest assets and risk assets while strengthening risk management. We will seize the reversal of the trend in yen interest rates, and promote a shift in investments from due from banks, etc., to JGBs (zero risk weighting). At the same time, we will also expand the balance of risk assets while remaining conscious of risk-adjusted returns, and continue selective investment in strategic investment areas. Furthermore, we will ensure sufficient financial soundness (maintain a capital adequacy ratio and CET1 ratio of approximately 10% in normal times).

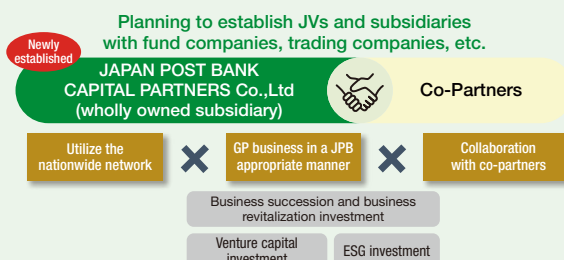
Full-scale Launch of the Σ Business

We will push forward with the full-scale launch of the Σ business as new corporate business for creating futures for societies and local communities through investment. We will realize a “Co-creation Platform” by collaborating and coordinating in partnerships with regional financial institutions and other diverse businesses and promote Japan Post Bank’s unique GP* business with a subsidiary as the core. The four most salient attributes of this business are “it co-creates with regional financial institutions and others,” “it utilizes the Bank’s nationwide network to carefully identify local funding needs,” “it provides capital funds from a medium- to long-term perspective,” and “it accompanies and supports the investee companies to help them achieve growth and resolve issues.” Through these initiatives, we hope to build the Σ business into a sustainable revenue base going forward as the “third engine” following the retail business and the market business.

* GP (General Partner): Fund management entity responsible for selecting projects, making investment decisions, etc.

Establishment of JAPAN POST BANK CAPITAL PARTNERS Co., Ltd.

In May 2024, JAPAN POST BANK CAPITAL PARTNERS Co., Ltd. was established as a wholly owned subsidiary of Japan Post Bank, to serve as the main driver of Japan Post Bank’s unique GP business. Through the company, we will collaborate with the regional financial institutions and other entities as a “Co-creation Platform” and support the growth of customers throughout Japan from a medium- to long-term perspective, and contributing to social and regional development as a community-based bank.



Top Message from Japan Post Insurance



Trust from our customers is the source of corporate value.

We aim to build the “Japan Post Insurance brand,” the first and foremost in reliability and familiarity in Japan.

TANIGAKI Kunio

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

A year has passed since I was appointed President in June 2023. Looking back on the fiscal year ended March 31, 2024, the third year of the Medium-Term Management Plan announced in the fiscal year ended March 31, 2022, we made efforts to launch new products that aligned with customer needs and adopted a new human resources development system, and pushed forward with initiatives to strengthen sales capabilities in the medium to long term. Thanks to these efforts, we managed to acquire a significant number of new policies as well as achieve higher scores in employee engagement surveys (engagement score surveys). Thus, the past year has been marked by signs of even greater growth.

In such a business environment, in May 2024 we revised our Medium-Term Management Plan, which covered the period until the fiscal year ending March 31, 2026. The revision came about as a re-evaluation of our initiatives at the midway point of the five-year plan and as a recalibration of our management strategies in light of changes in the external environment, such as rising interest rates, as well as changes in the internal environment, including as the resumption of solicitation to elderly customers. The previous Medium-Term Management Plan upheld the two pillars of “Rebirth into a company that is truly trusted by its customers” and “Sustainable growth.” In the revised plan, we have positioned “Retain and expand our customer base” and “A strong company capable of sustainable growth” as the two drivers of our strategy.

First of all, to “Retain and expand our customer base” we will expand the lineup of products that meet the diverse needs of customers and enhance after-sales follow-up services with quality and quantity going forward, based on customer-oriented business operations.

In terms of expanding our product lineup, in January 2024 we launched a lump-sum payment whole life insurance and are also considering new products based on the needs of the “100-year life era,” such as insurance to prepare for when we need nursing care and when we can no longer work. As for after-sales follow-up services, by using both physical and digital channels, we will focus on providing useful information based on the timely grasp of the situation of the customer and their family and resolving worries and difficulties, thereby improving CX.

Through such initiatives as “expanding our product lineup” and “enhancing after-sales follow-up services,” we will provide assurance across life stages/generations. We will retain and expand the customer base by maintaining connections with customers as “a trusted partner who is easy to consult with.”

The other pillar of our growth strategy, “a strong company capable of sustainable growth,” denotes the strengthening of our management base required to fulfill our responsibility to our customers.

To this end, in addition to initiatives under the new human resources development system, the “Kampo GD System,” which was adopted in July 2023, we are strengthening our structure through proactive hiring. By maximizing the strengths of the human resources that support the face-to-face channels of the post office network, we are enhancing our sales capabilities.

Furthermore, in terms of asset management, we are spreading the wings of our business through various partners both in Japan and overseas, such as the capital and business alliance with the Daiwa Securities Group announced in May 2024, in an effort to improve our earnings by capturing the changes in the market environment and to diversify our sources of income as well as generate new growth opportunities. Moreover, we aspire to resolve social issues and fulfill our responsibility as an institutional investor through sustainable investments.

Additionally, through the promotion of DX, we will improve CX and enhance the efficiency of business operations. Improved efficiency will allow us to reskill human resources within the company and assign them to different areas which need reinforcements and have them play meaningful roles. I believe that these are crucial initiatives from the standpoint of utilizing human capital.

The source of our corporate value is “the trust of our customers.” We are making a concerted effort to establish the “Japan Post Insurance brand” as the insurance of the post office that is first and foremost in reliability and familiarity in Japan.

We will continue to steadily fulfill the social mission of Japan Post Insurance of “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance products,” as we embark on a new stage. We, therefore, ask for your continued support.



Life Insurance Business Segment

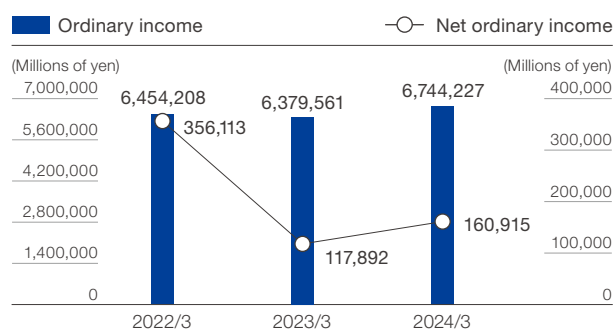
Business overview

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 to solicit our insurance products through its post offices.

Financial results for the fiscal year ended March 31, 2024

In the life insurance business, while the number of policies in force decreased, thanks to the launch of the lump-sum payment whole life insurance in January 2024, insurance premiums increased and ordinary income amounted to ¥6,744,227 million (up ¥364,665 million year-on-year). In addition to the increase in core profit due to the decline in insurance claims payments for COVID-19, owing to a substantial improvement of capital gains, despite the increase in provisions for contingency reserves due to the aforementioned decline in insurance claims payments, etc., net ordinary income was ¥160,915 million (up ¥43,022 million year-on-year).

■ Ordinary income / Net ordinary income



Note: The graph shows 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

- Extremely large customer base
- Procedures available at post offices nationwide
- Products with easy procedures and smaller coverage amounts

Challenges

- Retain and expand customer base based on connections across life stages/generations
- Grow into a sustainable and strong company that can secure stable income

Future policy

- Strengthening the quality and quantity of sales employees through a multi-layered training system and a fundamental review of the recruitment system
- 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

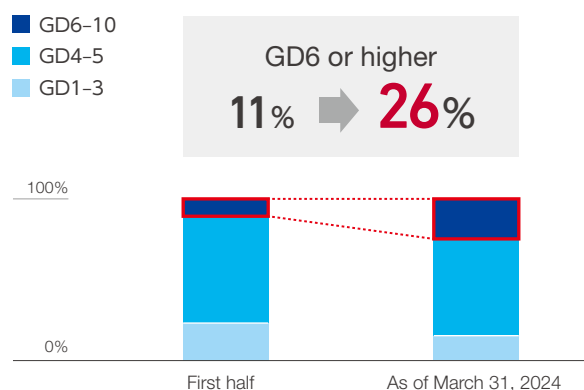
Strengthening the sales system

In order to provide insurance services that meet the diverse coverage needs of our customers, we accepted more than 10,000 consultants and other employees seconded from Japan Post Co., Ltd. in April 2022 to be managed directly and responsibly by Japan Post Insurance. Through this, we have been building a new sales system at Japan Post Insurance that combines our expertise and the breadth of post office counters to realize comprehensive consulting services provided by the Japan Post Group as a whole.

“Kampo GD System,” the new human resources development system

In July 2023, to develop the abilities of each consultant from a medium-to long-term perspective, we introduced the Kampo GD System as a new system to comprehensively and quantitatively evaluate not only sales performance but also the ability to build a relationship of trust with customers through the solicitation process and after-sales follow-up services and the degree of their growth. The assessments in the Kampo GD System show that the percentage of employees in the mid-to-high assessment range is steadily increasing, and it is an indication that under the system being evaluated for high levels of customer service is raising the motivation of employees and encouraging the continuous growth of sales capabilities.

<Changes in the percentage of employees by GD in FY2024/3>



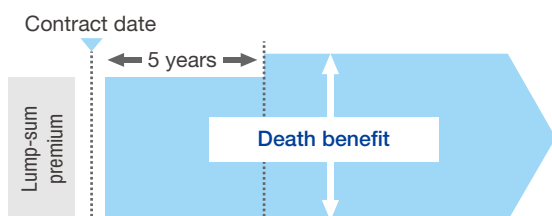
■ Launch of *Tsunagu Shiawase* (Lump-Sum Payment Whole Life Insurance)

In January 2024, we launched lump-sum payment whole life insurance to meet the needs of middle-aged and elderly customers for lifetime death benefits and to promptly secure funeral expenses and living funds for surviving family members in the event of their own death. Customers can apply for this policy without reporting their health status, and it provides death benefits that exceed the lump-sum premium after a certain period of time.

This product was eagerly awaited, with consultants who work with customers on a daily basis reporting high customer demand for it. In the three months since its launch in January 2024, approximately 160,000 policies have been sold, and the product has been well received by many customers.



<Lump-Sum Payment Whole Life Insurance Product Image>



- ① Can apply without reporting health status, etc.
- ② Insurance premium is paid in a lump sum at the time of enrollment
- ③ Death benefit that exceeds the premium paid in a lump sum is provided after a certain period of time

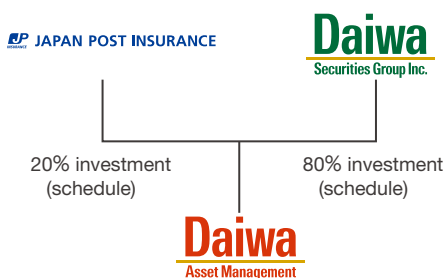
■ Diversifying sources of revenue/creating new opportunities for growth

In the Medium-Term Management Plan, Japan Post Insurance promotes the diversification of sources of revenue and the creation of new opportunities for growth and will work toward expanding collaborations aimed at further growth based on various alliances in both Japan and overseas and achieving greater depth and evolution of asset management that will contribute to promoting Japan as a Leading Asset Management Center.

Capital and business alliance with Daiwa Securities Group in the asset management field

In May 2024, we entered into a capital and business alliance with Daiwa Securities Group. Through the acquisition of 20% of Daiwa Asset Management Co., Ltd.'s shares, we aim to acquire a new revenue source by entering the investment trust business, with strengthening investment management capabilities and heightening the abilities of dedicated professionals.

<Capital and business alliance with Daiwa Securities Group>



Strategic partnership with KKR and GA

In June 2023, as the first international partnership for Japan Post Insurance, we entered into a strategic partnership with KKR & Co. ("KKR"), one of the world's leading asset management companies, and its subsidiary, Global Atlantic Financial Group ("GA"), which conducts large-scale reinsurance operations of life insurance and annuities. In addition to this partnership, we will make commensurate investments in the reinsurance co-investment vehicle managed by GA.

By utilizing the business infrastructures of KKR and GA, we hope to capture overseas revenue, bolster growth, and diversify our business portfolio.

Business and capital alliance with MITSUI & CO.

In August 2022, MKAM Co., Ltd. was established as an intermediary holding company of Mitsui & Co., Realty Management Ltd. ("MBRM") for the purpose of collaboration between MITSUI & CO., LTD. and Japan Post Insurance. MBRM launched a flagship fund in which Japan Post Insurance is investing as a limited partner. We are striving to expand the scope of our investees and the breadth of our investment strategies and to create new investment opportunities. Currently, the balance of assets under management is steadily increasing and we are aiming for assets in the hundreds of billions of yen.

Real Estate Business



To become a new earnings pillar 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, 2024, we continued from the previous fiscal year to promote the development of properties earmarked for development in “JP Vision 2025.”

As for the development of Group-owned real estate in prime locations with exceptional real estate value, we completed the Azabudai Hills Mori JP Tower in June 2023, the Gotanda JP Building in December 2023, and the JP Tower Osaka in March 2024. In addition, we engaged in the development of rental units and condominiums on former company housing sites.

We also invested in non-Group-owned real estate, including the acquisition of profit-making properties, upon examining their use of buildings and markets by area.

In “JP Vision 2025+ (Plus),” announced after the revision to JP Vision 2025, we decided to re-examine the timelines for future development projects and make the methods for carrying

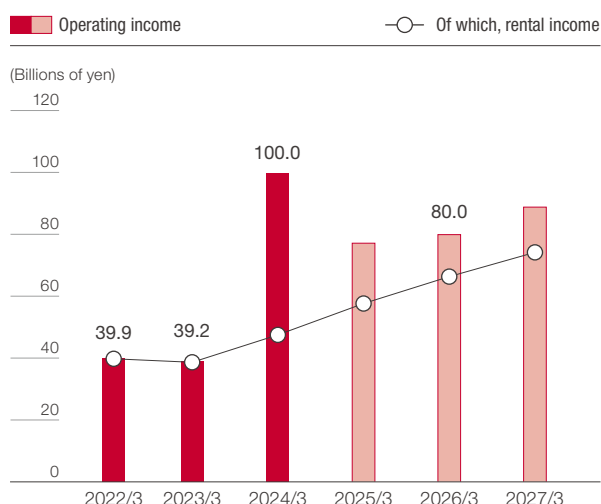
them out more efficient in light of the massive changes to the business environment, including soaring construction costs.

In the fiscal year ending March 31, 2025, in promoting the development of real estate earmarked for development across the country, we will continue to focus on expanding the stable rental business, while diversifying sources of revenue including efforts in condominiums for sale. In terms of the acquisition of non-Group-owned, profit-making properties, we will also keep a close eye on market trends and carefully select properties for our real estate investments to achieve the initiatives of JP Vision 2025+.

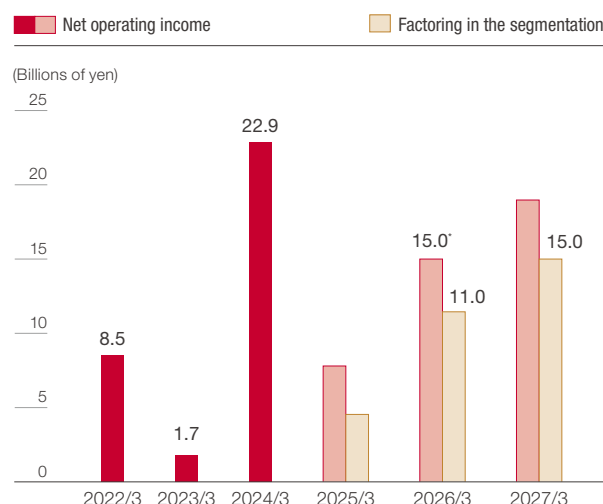
Furthermore, to ensure efficient performance management and appropriate disclosures, the Real Estate business segment was established and its business performance will be disclosed from the fiscal year ending March 31, 2025.

Numerical targets of the Real Estate Business

Operating income



Net operating income



* Excluding the impact of segmentation (the burden of operating expenses in the common divisions), we project net operating income of ¥15.0 billion, which remains unchanged from the initial target.

Major properties with development potential

[]: Projects already in progress and scheduled to progress

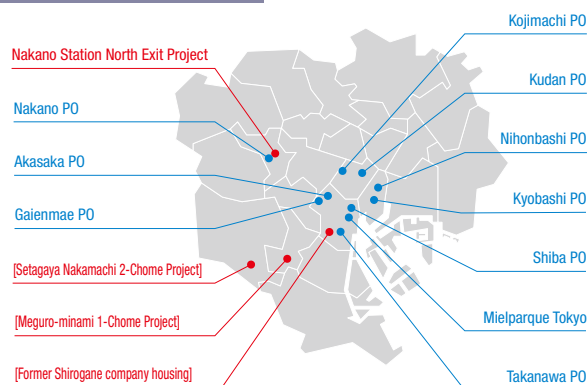
Red: Projects expected to start during the JP Vision 2025 period

Blue: Projects other than the above
(Others: Kobe lot, Nagasaki Central Post Office)

PO: Post Office



Tokyo 23 Wards (enlarged view)



Properties completed in the fiscal year ended March 31, 2024

(1) JP Tower Osaka (completed in March 2024)

This project comprises a complex facility with various functions including offices, the retail facility KITTE OSAKA, a theater, and a hotel. Additionally, a portion of the former Osaka Central Post Office Building, a familiar landmark of the local community, will be handed to posterity as a legacy upon being preserved, relocated, and integrated by being used as an entrance and part of the retail facility.

KITTE OSAKA gathers attractive people, things, and events from all over Japan and aspires to become a place to discover and recognize in a new light the best of Japan. Therefore, its overarching concept is “the UNKNOWN,” and it offers various restaurants and stores selling goods and services on each floor. Going forward, it will collaborate with the surrounding facilities to create a bustling area around JR Osaka Station and enhance the value of the area.



(2) Gotanda JP Building (completed in December 2023)

This project, based on the concept of “TOKYO, NEXT CREATION,” comprises a complex facility offering offices, shared offices, a hotel, and a food hall as the hub of the next-generation city.

On a typical floor, offices occupy approximately 3,300 m², making it one of the largest open spaces in the Gotanda area. This will stimulate communications and expand the business' potential.

“Gotanda Shokudo,” the food hall on the first floor, encapsulates the concept of “a cafeteria in Gotanda,” where people from all walks of life including neighborhood residents, office workers, and families can come and spend some time without a care in the world, and offers a wide variety of shops offering “tastes unique to Gotanda.”

The building represents a complex of uses enabling diverse encounters and interactions and contributes to the lively hustle and bustle as a hub of the next-generation city encouraging the creation of new value.

