# Message from CEO

## To Keep Providing Peace of Mind for Customers, We Will Further Develop the *Kampo Brand*, Trusted by People for Over a Century

**TANIGAKI Kunio**

Director and President, CEO, Representative Executive Officer

## As the number-one company in the industry in terms of insurance claims payment we feel a great sense of responsibility to our customers and society

It has been about two years since I was appointed President of Japan Post Insurance in June 2023. Looking back over my approximately 40 years of career experience, roughly half of it was spent when the Japan Post Group was state-run and the other half has been spent after it was privatized. During my time working at the state-run organization under the Ministry of Posts and Telecommunications, I served as head of a post office located in a regional area, and after privatization, I successively served as Deputy President of three businesses of the Japan Post Group. What I felt strongly through this valuable experience was that the *post office brand* is our greatest strength. Through our nationwide network of approximately 20,000 post offices, we have been providing simple and easy-to-understand insurance products with smaller coverage amounts to customers throughout Japan. Through this, many customers have come to recognize our insurance as *Post Office Insurance* and feel a sense of trust and familiarity with it. Currently, we have one of the largest customer bases in Japan, with approximately 16.92 million customers, and in the fiscal year ended March 31, 2025 we paid ¥4.1 trillion in total payments of insurance claims and others to our customers. This is the highest amount in the Japanese life insurance industry, and I believe it is a testament to the trust with customers as well as a figure that represents our great responsibility to society. I feel the weight of that responsibility every day.

Source of Value Creation p.25

On the other hand, I deeply apologize to our customers and all stakeholders for the inconvenience and concern caused by the recently discovered improper handling of private financial information within the Japan Post Group, as well as the solicitation of sales of certain insurance products prior to obtaining regulatory approval. The Japan Post Group takes these matters very seriously and is fully committed to implementing measures to prevent recurrence by mobilizing the full strength of the Japan Post Group and to providing customer-oriented services with our utmost effort.

## Pushing forward with new challenges as a company while inheriting the DNA that has been passed down since our founding

While inheriting the DNA that has been passed down continuously for over a century since our founding, such as *Post Office Insurance* and *Postal Life Insurance*, in recent years we have been promoting new challenges as a company with the aim of providing peace of mind to our customers and contributing to local communities and society. One of our main initiatives is the utilization of digital technology to simplify and speed up insurance claims payment procedures. Our predecessor, Postal Life Insurance Service, was launched with the social mission of "protecting the means of fundamental livelihood of the public through simple procedures" in 1916. To fulfill this social mission, in recent years we have incorporated digital technologies to build mechanisms that allow for simple procedures and systems that enable prompt payment of insurance claims and others, thereby improving customer experience value. Our second initiative is the promotion of impact investments. Since the state-run era, we have made investments and loans to local governments, and the funds have been used for the development of public facilities and other infrastructure throughout Japan. This DNA of conducting a sound insurance business while contributing to the communities and society through investments and loans funded by premiums received from customers has been passed down continuously, and today it is leading to our impact investment initiatives. Our third initiative is the expansion of academic-industrial collaboration. Since becoming the first Japanese life insurance company to launch educational endowment insurance in 1971, we have been supporting the lives of the younger generation through insurance. Recently, we have signed memoranda of understanding with university corporations and other institutions throughout Japan to collaborate and cooperate in promoting investment in academia's innovative technologies and businesses. Going forward, we will create multifaceted contacts with academic-industrial partners through the formation of impact funds, outreach lectures, and exchanges between students and employees to support the sustainable (economic and) social growth and develop the next generation of financial human resources.

Value Creation History p.23

## As a CEO, I want to achieve sustainable growth without fearing change

This November marks the 10th anniversary since the we were listed on the First Section (at the time) of the Tokyo Stock Exchange in 2015. Currently, our market valuation is such that our PBR (price book-value ratio) is below 1.0x, and as a CEO, I am keenly aware of this issue. Therefore, as a listed company, we will continue to focus on initiatives to improve our market valuation. We expect adjusted profit for the fiscal year ending March 31, 2026 to be ¥142.0 billion, representing a significant increase from the initial forecast of ¥97.0 billion set out when the Medium-Term Management Plan was formulated. We also intend to increase the dividend per share by ¥20 in the fiscal year ending March 31, 2026. We forecast a total dividend payout of approximately ¥46.0 billion, which will mark a record high for our company, and a total payout ratio of around 55% for the single fiscal year. Furthermore, in order to improve our market valuation, we set a market capitalization of ¥2 trillion as an immediate guideline in November 2024. To achieve this, it is essential that we steadily implement growth strategies that leverage our strengths, in order to achieve sustainable growth and enhance corporate value over the medium to long term. In order to meet the expectations of our shareholders and investors going forward, I, as a CEO, will continue to take steady steps toward achieving sustainable growth for our company, without fearing change.

Financial and Capital Policies p.13

## Steadily implementing the three pillars of growth strategies that leverage our strengths

In the fiscal year ending March 31, 2026, the final year of the Medium-Term Management Plan announced in 2021, we will achieve sustainable growth and enhance corporate value over the medium to long term by working on the three pillars of growth strategies that leverage our strengths: further expansion of insurance products and services, achieving greater depth and evolution of asset management, and diversifying sources of revenue.

As part of our efforts for further expansion of insurance products and services, we will continue to stay connected with our customers across life stages and generations with the aim of retaining and expanding our customer base. Accordingly, we are working on (1) Improving products to meet customer needs, (2) Strengthening our sales force, and (3) Improving customer experience value through both face-to-face and digital means.

Further Expansion of Insurance Products and Services p.35

In addition, as part of our efforts for achieving greater depth and evolution of asset management, we aim to capitalize on changes in the market environment, to improve earnings, diversify the revenue base and improve our asset management capabilities. Specifically, as was announced in March 2025, we are pursuing a strategic partnership with Daiwa Securities Group Inc. (hereinafter, "Daiwa Securities Group") and Mitsui & Co., LTD. (hereinafter, "Mitsui & Co.") and other companies in the alternative investment field. The goal is to further enhance our asset management capabilities. Furthermore, as part of our efforts to contribute to a sustainable society, we promote sustainable investments with the *warmth* that is unique to Japan Post Insurance. In particular, this is being done through impact investment that addresses social issues, as well as through academic-industrial collaboration.

Achieving Greater Depth and Evolution of Asset Management p.43

Moreover, as part of our efforts toward diversifying sources of revenue, we aim to secure revenue in new fields with a view to stabilizing operations and further increasing profits. To boost revenue generated in other countries, we will continue partnering with KKR & Co., (hereinafter, "KKR"), one of the world's leading asset management firms, and its subsidiary, Global Atlantic Financial Group Limited (hereinafter, "Global Atlantic"). In addition, we are exploring a wide range of fields that have an affinity with our life insurance business and can be expected to generate synergies and contribute to earnings.

Diversifying Sources of Revenue p.51

# I want each and every employee to engage with confidence in their *history-making* work

I tell all employees to work with confidence, pride, and dignity in the fact that we have provided peace of mind to the people of Japan and contributed to the development of the Japanese economy and society for over a century. I hope that they will use this confidence and pride as a foundation to take part in *making our company's history.* Becoming someone who makes history means undertaking as many duties as possible that will allow you to look back on your work one day and say with confidence that you accomplished something to be proud of. I think this is one of the best parts of work.

I also want everyone to consistently communicate with coworkers with respect. By doing this, I believe we can become a strong company in which all employees can demonstrate their individuality and capabilities, and thoroughly fulfill our social mission as an insurance company, as well as our responsibilities to our customers. In April 2022, we established a new sales system and welcomed approximately 10,000 consultants from Japan Post Co., Ltd., (hereinafter,"Japan Post") and we now have approximately 18,000 employees working throughout Japan. To become an organization where diverse human resources can respect each other's individuality and play active roles, we strongly support and promote specific targets, such as expanding the roles of women, balancing work with childcare and nursing care, and employing people with disabilities. I believe that if each and every employee has a strong sense of belonging to our company and works with the desire to make it better, Japan Post Insurance will become a truly strong company.

Human Capital Management p.55

## Aiming to build and evolve our brand in order to keep providing peace of mind to customers

Without forgetting our starting point that the trust that we receive from our customers is the source of our corporate value, we will steadily fulfill our social mission (purpose), which is "We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance products." When I was appointed President of Japan Post Insurance in June 2023, the effects of the solicitation quality issues that arose in the fiscal year ended March 31, 2020 remained, but I am confident that we were able to successfully address the issue thanks to the concerned efforts of all employees. Going forward, we will transition from reconstruction to a new phase of growth to achieve sustainable growth for our company and keep providing peace of mind to our customers. To do this, we will place great importance on the concept of providing timely support for our customers' life events, and maintain and develop the *Kampo brand,* the most trusted and approachable in Japan, in order to continue providing peace of mind to customers.

We sincerely thank all of our stakeholders for their continued support and guidance.

# Financial and Capital Policies

## Aiming to improve our market valuation

To implement management that is conscious of cost of capital and stock price, we will work to improve earnings and capital efficiency, achieve capital returns that exceed the cost of capital, and enhance shareholder returns.
We aim to improve our stock price, and we have set an immediate guideline of ¥2 trillion in market capitalization.

ONISHI Toru
Director and Deputy President, Representative Executive Officer

As a Prime-listed company, based on the requirement to promote management that is conscious of cost of the capital and stock price, we disclosed our analysis of the current situation in November 2023, alongside our future growth strategies. The Medium-Term Management Plan, which was revised in May 2024, includes upgraded growth strategies in light of changes in the internal and external environment, with a strong focus on improving corporate value and implementing various initiatives to achieve this.

As growth is underway, we forecast adjusted profit of ¥142.0 billion for the fiscal year ending March 31, 2026, reflecting factors such as the positive trend of increased new policies resulting from ongoing initiatives and a favorable turnaround in the current investment environment. This is a significant increase from the initial forecast of ¥97.0 billion in the Medium-Term Management Plan. In addition, we are expanding shareholder returns by increasing the dividend per share by ¥20 and raising the total dividend to a record high of approximately ¥46.0 billion in the fiscal year ending March 31, 2026, and by implementing shareholder returns equivalent to a total payout ratio of around 55% for the single fiscal year.

We will continue to implement attractive initiatives and aim to improve our stock price.

## Analysis of the Current Market Valuation, the Target Market Valuation, and Initiatives to Achieve the Target

In November 2023, as part of our analysis of our current market valuation, we disclosed that our PBR was below 1.0x and was at a low level compared to our competitors, indicating that our stock is not well evaluated by the market, and that our ROE was below the cost of shareholders' equity due to factors such as a sluggish acquisition of new policies and a decline in policies in force. Recently, although the adjusted ROE for results of the fiscal year ended March 31, 2025, and forecast of the fiscal year ending March 31, 2026, is above 8%, the current analysis indicates that PER remains at a low level (the cost of capital is high), reflecting concerns over the sustainability of profits.

As an immediate guideline, we are targeting a market capitalization of ¥2 trillion (equivalent to a stock price of approximately ¥5,400, approximately 1.8 times the stock price of ¥2,900 in the fiscal year ended March 31, 2025).

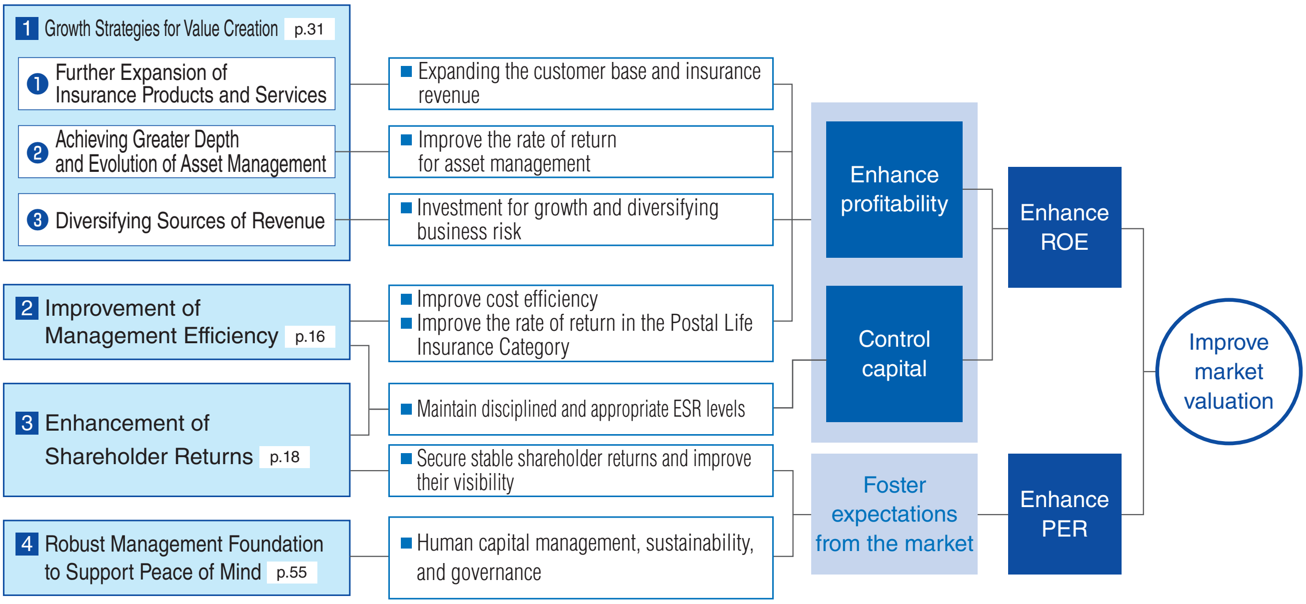
Through the following three growth strategies described below ((1) further expansion of insurance products and services, (2) achieving greater depth and evolution of asset management, (3) diversifying sources of revenue) and improvements in management efficiency, we aim to continuously achieve adjusted profit and adjusted ROE based on favorable recognition by the market and to increase the PER (reduce the cost of capital).

Market Valuation

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FY2024 | Adjusted PBR[1] | 0.67 | = | Adjusted ROE[2] | 8.8% | × | Adjusted PER[3] | 7.6 |

Notes: 1. Adjusted PBR = Market capitalization/(Shareholders' equity - Unamortized balance of goodwill)
2. Adjusted ROE = Adjusted profit/(Shareholders' equity - Unamortized balance of goodwill)
3. Adjusted PER = Stock price/Adjusted profit per share

Initiatives to Improve Our Market Valuation

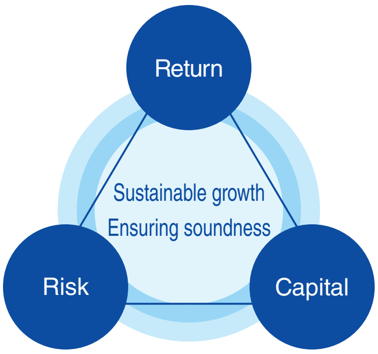



## Basic Approach to Financial and Capital Policies

Under our Risk Appetite Statement and based on ERM, we consider and implement financial and capital policies to ensure the soundness of our business operations and to achieve sustainable growth and improve corporate value over the medium to long-term.

We position returning profits to shareholders as an important managerial measure, and aim to enhance shareholder returns while securing earnings through the implementation of the growth strategies described below.

### Basic ERM Strategy




**Improvement of return on risk**

- Build a well-balanced product portfolio between savings and protection-type products
- Achieve greater depth and evolution of asset management to maximize return on risk (Return-seeking assets: approx. 18% to 20%)
- Invest in DX while promoting improved efficiency in business operations

**Improvement of capital efficiency**

- Aim for growth exceeding assumed capital costs in the medium to long term, at adjusted ROE and RoEV(Note) (6% at the time the Medium-Term Management Plan was formulated)
- Pay due consideration to costs and quality in capital composition and maintain the soundness of the financial base
- During the period of the Medium-Term Management Plan, the average total payout ratio in the medium term is set at 40% to 50%. Adjusted profit was introduced in an effort to define sources of shareholder returns while taking their stability into consideration

**Maintaining financial soundness**

- Establish and maintain various levels of financial soundness
  ESR: appropriate standard (target range) of 150% to 220% / warning standard of 110%;
  SM ratio: standard ratio of 600% / minimum ratio of 400%
- Implementation of improvement measures aimed at stable achievement of the ESR target range (debt financing, ceded reinsurance, etc.)
- Smooth introduction of the new capital economic value basis solvency regulation

### The Three Pillars of Growth Strategies


Note: Value obtained by excluding the economic variances from EV fluctuation factors

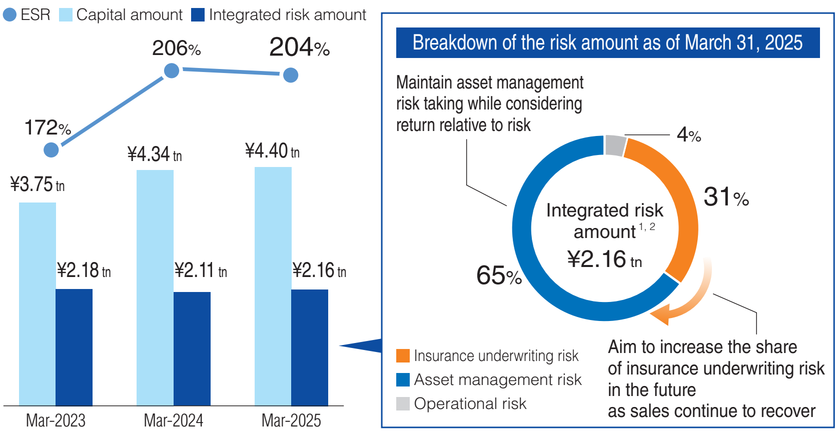
# ERM

## ESR and Target Range

The ESR as of March 31, 2025 was 204% due to an increase in the capital amount from March 31, 2024, mainly due to the issuance of subordinated bonds, while the amount of risk increased due to an increase in mass lapse risk as a result of higher interest rates. We will continue our efforts to ensure appropriate ESR with good stability, and consider further risk-taking and shareholder returns in the event that the appropriate level is exceeded.

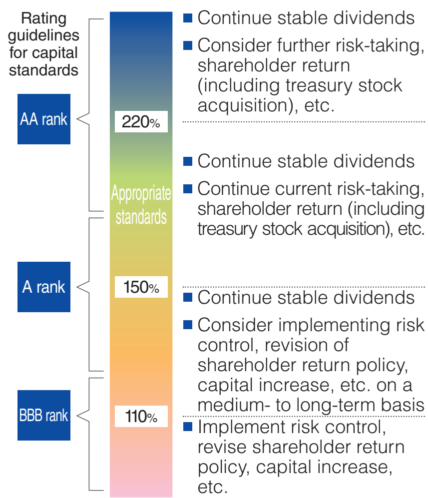
With regard to the amount of risk, we will continue risk-taking in asset management to improve returns while taking into account the return relative to risk, and aim to increase the share of insurance underwriting risk in the future as sales continue to recover. In this way, we pursue efficient allocation of risk.

ESR Trends




Notes: 1. The integrated risk amount was calculated based on an internal model (holding period: 1 year, confidence level: 99.5%), recognizing fluctuations in the capital amount as risk.
2. The share of the pie chart in the integrated risk amount did not take into account diversification effect between risks, etc.

ESR Target Range and Management Behavior Corresponding to the Standards




## Risk Appetite Statement

The Risk Appetite Statement stipulates our risk-taking policies in terms of which risks to take in order to achieve our goals. We categorize our risk appetite into qualitative risk appetite and quantitative risk appetite.

| | Risk Category | Statement |
|---|---|---|
| Qualitative Risk Appetite | Overall Policy | ■ Be active in universal services through the post office network while cultivating a corporate culture where every employee can grow with job satisfaction as the base for sustainable growth of the Company and pursue effective customer-oriented business operations.<br>■ Achieve sustainable growth while maintaining sound business operations based on ERM. Aim to stabilize ESR in the medium to long term. |
| | Insurance Underwriting Risk | ■ Underwrite insurance products based on sales activities with solicitation quality and respond to the diversification of insurance needs. |
| | Investment Risk | ■ The basic approach is to promote asset-liability matching while taking into account surrender risk and profitability.<br>■ As one of the largest institutional investors in Japan, seek to improve investment income by promoting the achievement of greater depth and sophistication of asset management while taking into account market constraints and soundness. |
| | Operational Risk | ■ Prevent operational risk from materializing by strengthening internal control systems and establishing a system to perform all operations from underwriting to claim payment in a simple, prompt, and accurate manner.<br>■ Prevent actualization of human risks by improving communication between management and employees, supporting diverse career development, and strengthening management capabilities.<br>■ Prevent actualization of compliance risks by detecting risk using high-risk-sensitivity as well as embedding behavior to respond to the expectations of society in every employee. |
| Quantitative Risk Appetite | | ■ Secure sound business management, set the minimum level for financial soundness that the Company should observe, and establish an appropriate management system to keep the indicators above that level.<br>• Minimum level: solvency margin ratio 400%<br>■ Manage the balance between risks and capital, and aim to secure profitability by maintaining the minimum level for financial soundness. |

## Supporting the Introduction of New Economic Value Basis Solvency Regulation

In preparation for the introduction of the new economic value basis solvency regulation in the fiscal year ending March 31, 2026, we have been gradually changing a part of our ESR measurement model to the specifications based on new capital regulations (the new economic basis solvency regulation). We expect no significant difference in ESR levels between our ESR measurement model as of March 31, 2025, and the new economic value basis solvency regulation, and will continue our efforts to ensure appropriate ESR with good stability.

**The Major Difference in ESR Levels Between the ESR Measurement Model as of March 31, 2025, and the New Economic Value Basis Solvency Regulation[1]**

| | |
|---|---|
| Capital amount | ■ The discount rate for insurance liabilities is the risk-free rate and is not added (adjusted spread) [+].<br>■ Differences in risk margin (MOCE) in terms of risks covered and measurement methods [-]. |
| Life insurance risk[2] | ■ Internal model (coefficients based on in-house actual results) used [-][3]. |
| Massive catastrophe risk | ■ Takes into account the risk of large earthquakes that are not included in the new economic value basis solvency regulation [+]. |
| Asset management risk | ■ Volatility and correlation coefficients are estimated in-house from market data [+]. |

No significant difference is expected in ESR levels

**Initiatives for Securing Appropriate ESR with Good Stability**

**Increase in capital amount**

- ■ Increase in new policies
  Promoting initiatives to pursue truly customer- oriented insurance services
- ■ Debt financing
  Domestic subordinated bonds issuance

| | |
|---|---|
| September 2023: | ¥100.0 bn |
| April 2024: | ¥100.0 bn |

**Decrease in risk amount**

- ■ Implementation of interest rate swaps
  Begun in January 2023
- ■ Utilization of reinsurance
  Ceded a portion of the life annuity in the Postal Life Insurance Category

| | |
|---|---|
| March 2024: Approx. | ¥690.0 bn |
| March 2025: Approx. | ¥530.0 bn |

Notes: 1. The symbol used in the square brackets [ ] indicates the impact on our ESR (in the direction of increase or decrease) if the new economic value basis solvency regulations are applied.
2. Excluding business expense risk and mass lapse risk.
3. When standard coefficients are applied. No significant difference is expected between the internal model and the coefficients when company-specific coefficients can be applied.

## Management Efficiency

### Reducing Necessary Expenses

We are working to improve management efficiency for enhancing capital efficiency and have set reduction targets for necessary expenses over the period of the Medium-Term Management Plan. Necessary expenses for the fiscal year ending March 31, 2026 are expected to fall below the ¥502.0 billion target set in the Medium-Term Management Plan, which would achieve our target.

For the fiscal year ending March 31, 2027 onward, although we anticipate an increase in personnel expenses due to our policy of actively hiring more sales employees to further strengthen our sales force and the potential impact of rising prices, we will work to control necessary expenses and aim for improved management efficiency by making investments in priority areas and conducting initiatives to reduce costs.

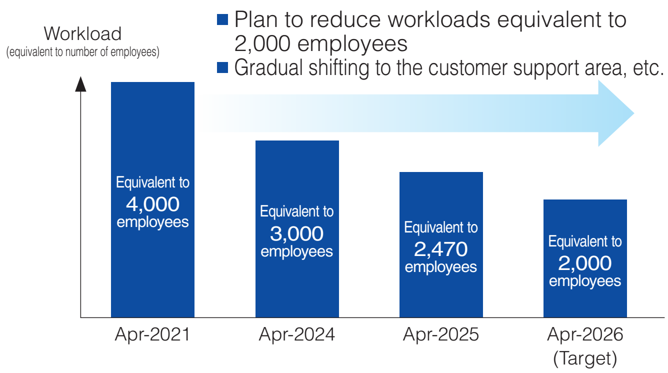
### Streamlining Operations at Services Centers

We are streamlining operations, etc., by digitalizing insurance operations and we have already reduced workloads equivalent to approximately 1,500 employees at Services Centers on or before April 1, 2025. We are promoting a gradual shift of the labor force created through these initiatives to our priority areas, such as customer support, and will continue to do so going forward.

**Promoting the Streamlining of Operations**

Digitalization of insurance operations, etc.

Streamline operations | Cost reduction | Promotion of the utilization of data

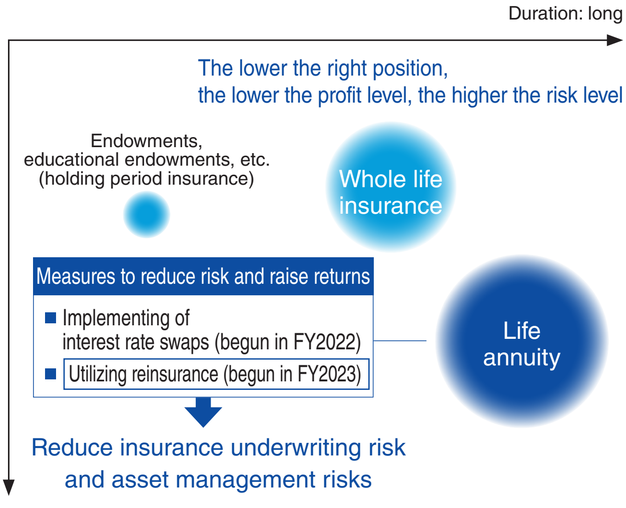


## Implementation of Reinsurance

To improve capital efficiency, on two occasions since the fiscal year ended March 31, 2024, we have reinsured policies with poor risk-return rates among policies in the Postal Life Insurance Category that have a high rate of policyholder dividends.

Going forward, we will continue to closely monitor the market environment and trends in the reinsurance market in an aim to utilize reinsurance transactions worth hundreds of billions of yen each year to increase ESR and improve returns.

**Status of Postal Life Insurance Category Liabilities (Before Ceding)**




**Overview of the Transaction**

| | March 2024 | March 2025 |
|---|---|---|
| Policies subject to ceding | A portion of the life annuity | A portion of the life annuity |
| Size of the transaction (based on policy reserves) | Approx. ¥640.0 bn | Approx. ¥550.0 bn |
| Reinsurance premiums | Approx. ¥690.0 bn | Approx. ¥530.0 bn |
| Counterparty | RGA Global Reinsurance Company, Ltd. | Talcott Life Re, Ltd. |

Note: Liability market value is the present value of liability cash flows based on best estimate assumptions. Liability book value refers to policy reserves. The bubble area represents the size of the liability market value.

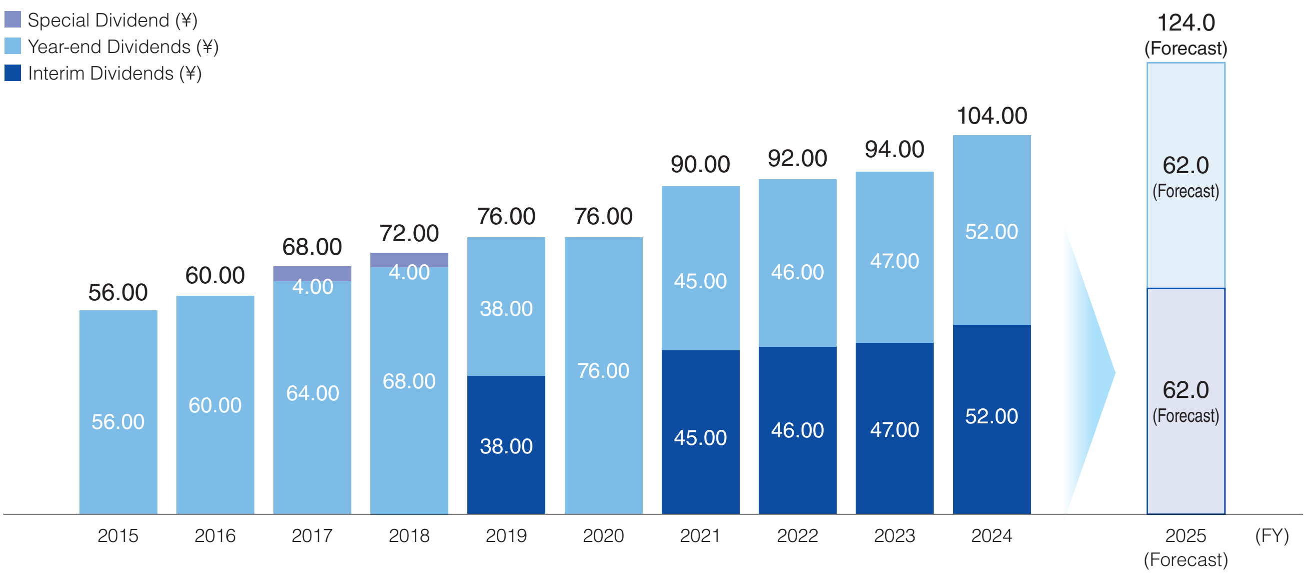
## Shareholder Returns

### Shareholder Return Policy

In accordance with the shareholder return policy in effect during the period of the Medium-Term Management Plan, we provide returns to shareholders.

Regarding dividends for the fiscal year ended March 31, 2025, we paid ¥104 per share as initially forecast, and for the fiscal year ending March 31, 2026, we forecast ¥124 per share.

**Trends in Dividends per Share**

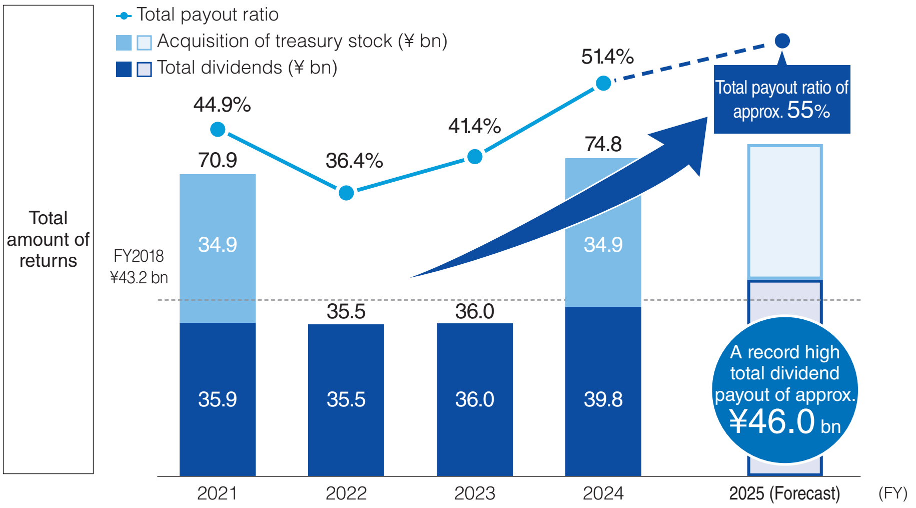


## Enhancement of Shareholder Returns

We are working to enhance shareholder returns with the aim of improving our market valuation. In the fiscal year ended March 31, 2025, in order to adjust for some of the effects unique to life insurance companies, whose net income is reduced in the short term as new policies increase, etc., we have introduced adjusted profit that adjusts for some of these effects. Additionally, we completed payment procedures for our investment in Daiwa Asset Management Co. Ltd. (hereinafter, "Daiwa AM") in October, and to better reflect our underlying earnings power, we also adjusted for goodwill amortization, thereby ensuring stable shareholder returns from the adjusted profit.

For the fiscal year ending March 31, 2026, we plan to pay out record-high total dividends of approximately ¥46.0 billion and achieve a single fiscal year total payout ratio of approximately 55%, using the adjusted profit as the source of shareholder returns. We believe that both enhancing our shareholder return policy and increasing the amount of shareholder returns are important for improving our stock price going forward, and we will pursue attractive shareholder returns by taking into account a variety of factors, including current and future profit outlooks, financial soundness, and our PBR.

### Shareholder Returns in FY2025




| | 2021 | 2022 | 2023 | 2024 | 2025 (Forecast) | |
|---|---|---|---|---|---|---|
| Dividend per share | 90 | 92 | 94 | 104 | **124** | (¥) |
| Source of shareholder return(Note) | 158.0 | 97.6 | 87.0 | 145.7 | **Around 142.0** | (¥ bn) |

Note: Source of shareholder returns changed to "adjusted profit" in FY2024.

**Shareholder Return Policy during the period of the Medium-Term Management Plan (FY2021-FY2025)**

- Average Total Payout Ratio in the medium term
  40% to 50%
- Stable Dividend
  Aim not to decrease but to increase dividends per share in principle
- Taking timely measures, including the acquisition of treasury stock

**Shareholder Return in FY2025**
(Announced on May 15, 2025)

- Dividend increase of ¥20 per share
  Forecast annual dividends of approx. ¥46.0 bn
- In FY2025, we plan to implement shareholder returns with a target single fiscal year payout ratio of around 55%

## Conclusion

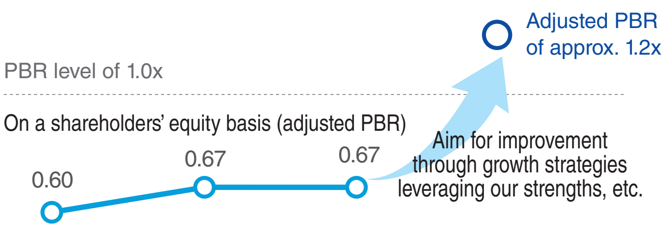
We believe that engagement with all stakeholders is essential when considering initiatives related to improving the efficiency of management and growth strategies.

Although we have various unique characteristics, such as restrictions on certain operations due to accounting treatments and regulations specific to life insurance and our business, we are committed to providing easy-to-understand disclosures through diligent investor relations activities, including this Annual Report, in order to deepen understanding of our company.

The decision to increase shareholder returns for the fiscal year ending March 31, 2026 took into account feedback from stakeholders, including shareholders, and going forward, we will continue to sincerely consider feedback received and reflect it in our management practices.

### Trends in PBR and the Immediate Guideline

| | FY2023 Results | FY2024 Results | FY2025[2] (As of May 16) | Next medium-term management plan onward |
|---|---|---|---|---|
| The Company's stock price[1] | ¥2,482 | ¥2,900 | ¥3,024 | (Immediate guideline) Aim for a market capitalization of ¥2 tn (stock price: approx. ¥5,400) |




Notes: 1. For FY2023 and FY2024, the average stock price for each period, and for FY2025 the share price as of May 16.
2. For FY2025, shareholders' equity, unamortized balance of goodwill, and EV are calculated based on the respective figures for such as of the end of FY2024.

# Outside Directors Roundtable Discussion

TOMII Satoshi
Outside Director

OMACHI Reiko
Outside Director

YAMANA Shoei
Outside Director

## Our Challenges and Expectations for the New Stage in Our Quest for Sustainable Growth

Our Outside Directors engaged in a frank discussion about how Japan Post Insurance should tackle the management issues it faces and about its future growth strategies. They looked back on the fiscal year ended March 31, 2025 and explored the future path to enhancing corporate value.

### Looking Back on and Evaluating FY2024

**—— It has been about two years since President TANIGAKI was appointed. When you look back on the fiscal year ended March 31, 2025, how do you feel about the year?**

TOMII: There were both positive and negative aspects in the fiscal year ended March 31, 2025. Overall, I think it would be fair to say it was a year in which the Company made significant progress in terms of business performance. Adjusted profit rose from ¥97.6 billion to ¥145.7 billion and the number of new policies rose significantly year on year, from 628 thousand policies to 795 thousand policies. The results of the revitalization of sales front lines were clearly evident. That said, it was also a year in which we had a cross-selling incident[1] and a solicitation of sales of certain insurance products prior to obtaining regulatory approval.[2] The Board of Directors dealt with serious issues in the fiscal year ended March 31, 2025.

OMACHI: It was extremely unfortunate that this cross-selling incident erupted just as we were starting to see the results of our revitalization of the sales front lines through the start of lump-sum payment whole life insurance sales activities in January 2024 and the resumption of solicitations to customers aged 70 and older. I see this as a problem that had existed in latent form in the past, and it manifested itself at this time. I understand that measures had been taken to address the issue in the past, but there were aspects of it that had yet to be addressed at a fundamental level. The Company needs to work diligently and thoroughly to tackle these issues going forward.

At the same time, I believe that our promotion of DX, our enrichment of after-sales follow-up, and other ongoing efforts to improve customer experience value deserve recognition. I want the Company to continue to believe in the power of those in the sales front lines.

YAMANA: This overlaps a bit with what you two were saying, but this year has reaffirmed for me the fundamental power of Japan Post Insurance's sales front lines. When they're healthy, the Company's profits grow, and the entire organization's engagement scores[3] rise. I also feel that our new human resources development systems, such as the Kampo GD System, are bearing fruit.

At the same time, one of the problems we face is insufficiently established awareness that thorough legal and regulatory compliance throughout the Japan Post Group is the highest priority. I continue to see this as Japan Post Insurance's most pressing issue.

Notes: 1. This refers to the case of the improper handling of private financial information within the Japan Post Group that was announced on September 27, 2024.
2. This refers to the case of solicitation of sales of lump-sum payment whole life insurance prior to obtaining regulatory approval, which was announced on March 18, 2025.
3. Engagement is a term that refers to a deep involvement or relationship with a company.

## Improving Market Valuation by Increasing Corporate Value

—— One problem we have noticed is that Japan Post Insurance has not always gained the market recognition it deserves. What do you think is necessary to increase corporate value and improve our market valuation?

TOMII: I believe one of the reasons for our low stock price is that investors are unsure about our future growth potential. Last year, led by President TANIGAKI's powerful conviction, we set a target of market capitalization of ¥2 trillion, and we introduced adjusted profit, demonstrating our desire to raise our stock price. But I feel like the market is watching us closely to see what exactly we will do to continue growing. I don't think the market wants flashy M&As or the like so much as they want us to demonstrate that there is still room to cultivate new areas within the Japanese market by steadily discovering demand among existing customers in Japan.

OMACHI: With respect to our low PBR, it's important to share information through engagement with investors. We're exchanging opinions with investors on an ongoing basis, but we're still not getting the recognition we deserve, and I think that's because investors can't clearly see our growth strategy. I think we need to demonstrate that more clearly.

YAMANA: As for the degree of management freedom, we need to provide investors with a deeper level explanation of how we're going to achieve medium- to long-term growth given regulatory restrictions.

We need to segment the market, such as by region or along other lines, clearly identify the areas in which we have competitive advantages, and show investors our specific business strategies, such as where we will focus our management resources, to provide them with a deeper understanding.

## Initiatives Aimed at Further Growth

—— In the fiscal year ended March 31, 2025, we saw significant results relating to our sales front-line revitalization efforts, such as increases in the number of new policies. The investment environment was also favorable, so we saw solid business performance. Going forward, what measures do you think we will have to take to continue this growth?

YAMANA: The lump-sum payment whole life insurance launched in January 2024, is a great match for customer needs, which, I feel, is why it has sold so well. The boost provided by new product launches like this is temporary, but for us to truly continue to grow, I think it's important for us to identify the needs of each and every one of our customers, at a deeper level, and to propose consulting solutions, including protection-type products. I think we have room for improvement in that area. We're in an era in which digitalization is making great strides, but that's precisely why we can differentiate ourselves by ensuring true peace of mind through face-to-face business. We can enrich our after-sales follow-up to strengthen our connections with customers and continually provide them with high quality services. Through that, I think we can differentiate ourselves from our competitors.

With respect to asset management, we have an extremely sophisticated structure, and while the favorable investment environment has also assisted, I think that even irrespective of that, we have been producing exceptional results. What we've built from the ground up following postal privatization may have been a major contributor to these positive results. We're not just pursuing profit, but implementing unique initiatives, such as collaborating with universities and engaging in impact investments, and I have high hopes for the results.

TOMII: I think that our sales front lines could work even more effectively with appropriate products and sales policies, but marketing remains one of our weak points.

I think we need to engage in deeper discussions about where our customers are, what kinds of customers we have, and what they want, and then we need to think about what kinds of products best meet their needs. To accomplish that, we need to analyze market trends in greater depth and to identify our own strengths and weaknesses in comparison to our competitors.

I also think it's important to use a strategic approach that leverages the features of individual regions. For example, in areas with a large elderly population, there is a high level of need for products such as medical insurance. In areas where there are many families with small children, there is a lot of interest in educational endowment insurance and death benefit. Our sales activities can be made more effective by using marketing tailored to regional characteristics.

OMACHI: In addition to our past efforts, I also think we should further promote diversity, increasing the number of women consultants and putting more effort into improving products based on women's perspectives. I want the Company to further enrich support systems by creating comfortable working environments for sales employees and expanding our product lineups.

## Evaluation of the Three Pillars of Growth Strategies

—— Our growth strategies consist of three pillars: further expansion of insurance products and services, achieving greater depth and evolution of asset management, and diversifying sources of revenue. How would you evaluate each of these?

TOMII: As for further expansion of insurance products and services, the Bank of Japan has changed its financial policy to one of a return to an environment with positive interest rates, so we now have an environment that increases the appeal of our savings products. As our sales front lines recover their previous vigor, it is important that we improve both the quality and quantity of our sales employees who are responsible for supplying our products to customers.

Regarding achieving greater depth and evolution of asset management, we're an institutional investor with an asset portfolio worth roughly ¥60 trillion. We have a tremendous influence on the economy and society as a whole, and I believe that with those responsibilities also come many opportunities to change society for the better. I hope that we don't just improve our asset management performance, but also promote impact investments and academic-industrial collaboration to diversify our sources of revenue while, at the same time, helping create a better society for the future.

YAMANA: For all three of our pillars, I would say that we have made steady progress. In particular, I believe that

efforts to capture new revenue opportunities and create growth opportunities by working together with other companies are critical to our future. I expect the Company to continue to expand its business domains while leveraging strategic partnerships.

OMACHI: We're steadily advancing with diversifying sources of revenue, such as through our strategic alliances with KKR and Global Atlantic or our business and capital alliances with Daiwa Securities Group and Mitsui & Co. Through these alliances, we are building a foundation for Capturing revenue opportunities from new fields, such as overseas insurance markets and the asset management business.

## Initiatives for Enhancing Governance and Preventing Reoccurrences

—— Could you talk about the Company's efforts to enhance governance in order to prevent the reoccurrence of incidents, such as the cross-selling incident or the solicitation of sales of certain insurance products prior to obtaining regulatory approval?

OMACHI: An insufficient focus on legal and regulatory compliance within the Japan Post Group, including Japan Post Insurance, and an insufficient system for assessing actual conditions in the front lines—that is, in post offices—have been cited as reasons for the cross-selling incident and the solicitation of sales of certain insurance products prior to obtaining regulatory approval. Conditions vary for each post office in Japan, so I feel that we need to implement measures that are precisely tailored to individual sales front lines.

Group-wide corporate culture reform is also important, and it is essential that awareness is raised across the entire Group, including Japan Post. To accomplish this, it is important to fully assess actual conditions of sales front lines close to customers. We must continue to implement corporate culture reforms and improvements while actively reflecting customer and front-line feedback.

YAMANA: As a company, it is absolutely vital to have the awareness that compliance is the highest priority. This forms the foundation of customer-oriented business operations. This is a task that must be tackled not only by Japan Post Insurance, but by the entire Japan Post Group.

To enhance our governance, it is essential that all employees recognize thorough compliance as something that they are directly involved in. Furthermore, upper management must also strengthen their measures aimed at increasing risk-sensitivity. I truly feel that we must work persistently to foster an organization that is highly transparent and open.

TOMII: The level of compliance required of financial institutions grows year by year. Parts of the cross-selling incident and the solicitation of sales of certain insurance products prior to obtaining regulatory approval were the result of the front line and head office awareness not keeping up with the demands of the times. We need to share accurate legal and regulatory interpretations with front lines in an easy-to-understand manner and continue to implement effective operations. We must raise awareness through our day-to-day operations.

## The Current State of Our Corporate Culture Reforms and Future Challenges

——What changes have you seen in our ongoing corporate culture reform measures, and what challenges do you think are involved?

TOMII: I feel like our different ongoing efforts, such as the Kampo Suggestions Box (which enables employees to directly convey their views and make proposals to executives) and our sharing of opinions between officers and sales employees are steadily bearing fruit. Every year, I visit the front lines of sales, and I've seen the comments from sales employees become clearly more positive, while the number of negative comments about the head office has fallen. However, we're a large-scale organization, so changing the entire Group at once is not feasible. President TANIGAKI is communicating the message that the Company will continue its corporate culture reform, under his powerful leadership, and I also believe that we must continue to implement these initiatives without allowing ourselves to grow complacent.

YAMANA: To change the organization's corporate culture, it is important to prepare a workplace environment in which employees are motivated and feel pride in their work. The first step in reforming our corporate culture is to create working environments in which, as they do their day-to-day work, each and every employee has a direct sense of how the Company's efforts to provide peace of mind to people over the courses of their entire lives contribute to society.

OMACHI: I think that our workplaces, both at the head office and at sales front lines, are becoming more comfortable for employees through improvements such as increasing ES.

When I talked with sales front-line employees, I could also feel their positive desire to change their company. The reform of the corporate culture of the entire Japan Post Group is also important, and I think it's essential to implement initiatives Group-wide, including Japan Post.

## The Future Hopes and Prospects Being Created by Japan Post Insurance

——To wrap up this roundtable, could you share what you, as an Outside Director, expect for the Company's future and discuss what you see as its prospects?

TOMII: We believe that there are three important elements to our continuing to be an important presence in the world. The first is our responsibility as a universal service provider in Japan. The second is our continued efforts to regain and heighten trust, which is of paramount importance for an insurance company. The third is to maintain the soundness of our business, which underpins these other elements. We need to have a flexible system that is always capable of responding to changing times. I believe that this year has been an important turning point for the Company. We will continue to build on the results of the revitalization of our sales front lines and increased profits to steadily reform our governance and our corporate culture.

OMACHI: Many Japanese people have a great deal of interest in insurance and annuities, so foreign insurance companies are also considering directly or indirectly entering the Japanese market. The Japanese insurance and annuity markets still have great room for growth, and I see these markets as ones with profit growth potential. As an insurance company with a long history in Japan, I want the Company to offer social value and provide each and every one of our customers with peace of mind by steadily reinforcing our financial foundation, supplying appealing products, and offering high-quality services, such as consulting and after-sales follow-up.

YAMANA: The source of our sustainable growth is our human resources. It is important that everyone continues to study to assist in their own personal growth, to keep a close eye on trends around the world, beyond just the scope of the Company's operations, and to tailor their growth based on these trends. I believe that creating workplace environments that support the growth and ambitious efforts of employees contributes to the Company's sustainable growth. On the management side, I feel that we need to have clearer strategies. I think that, if we combine management that clearly prioritizes focusing on certain matters during the fiscal year and improvements to the quality of our human resources, we have the potential to become an outstanding company. We, the Outside Directors, will continue to provide supervisory functions that enable the Company to keep providing peace of mind to customers and earn the recognition of the market.