



Financial Statements

for the Fiscal Year Ended March 31, 2025

JAPAN POST HOLDINGS CO., Ltd.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
ASSETS:			
Cash and due from banks (Notes 3 and 4)	¥ 67,122,254	¥ 59,507,482	\$ 448,918
Call loans	2,165,000	2,050,000	14,480
Receivables under resale agreements	9,068,452	10,789,814	60,650
Monetary claims bought (Notes 4 and 21)	616,954	540,998	4,126
Trading account securities (Notes 4 and 21)	224	54	1
Money held in trust (Notes 4 and 21)	12,182,003	12,435,001	81,474
Securities (Notes 3, 4, 5, 6 and 21)	190,938,367	194,744,045	1,277,009
Loans (Notes 5, 6 and 21)	5,584,046	10,129,707	37,346
Foreign exchanges (Note 6)	134,261	181,332	898
Other assets (Notes 5, 6 and 29)	4,509,687	4,004,648	30,161
Tangible fixed assets (Note 7)			
Buildings	1,138,829	1,182,803	7,617
Land	1,732,855	1,721,953	11,589
Construction in progress	41,638	27,779	278
Other tangible fixed assets (Note 5)	345,756	300,975	2,312
Total tangible fixed assets	<u>3,259,079</u>	<u>3,233,511</u>	<u>21,797</u>
Intangible assets			
Software	301,693	275,093	2,018
Goodwill	2,968	4,947	20
Other intangible assets	19,140	18,487	128
Total intangible assets	<u>323,802</u>	<u>298,528</u>	<u>2,166</u>
Asset for retirement benefits (Note 13)	69,047	74,670	462
Deferred tax assets (Note 15)	1,181,903	704,972	7,905
Reserve for possible loan losses	(4,657)	(4,841)	(31)
Allowance for investment losses	(775)	(775)	(5)
Total assets	<u>¥ 297,149,653</u>	<u>¥ 298,689,150</u>	<u>\$ 1,987,357</u>

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS—(Continued)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
LIABILITIES:			
Deposits (Notes 5 and 21)	¥ 188,137,589	¥ 190,873,061	\$ 1,258,277
Payables under repurchase agreements (Note 5)	31,501,961	27,947,626	210,687
Policy reserves and others			
Reserve for outstanding claims (Note 8)	314,993	373,913	2,107
Policy reserves (Notes 8 and 14)	48,765,531	50,512,792	326,147
Reserve for policyholder dividends (Note 9)	1,085,126	1,101,628	7,257
Total policy reserves and others	50,165,652	51,988,334	335,511
Payables under securities lending transactions (Note 5)	2,004,678	2,373,799	13,407
Borrowed money (Notes 3, 5, 10 and 21)	2,832,835	2,153,409	18,946
Foreign exchanges	924	1,273	6
Bonds (Notes 5, 11 and 21)	585,300	461,000	3,915
Other liabilities (Notes 10, 12 and 29)	3,572,214	4,021,478	23,891
Reserve for bonuses	126,933	122,758	849
Reserve for management bonuses	1,865	1,152	12
Liability for retirement benefits (Note 13)	2,030,847	2,054,217	13,582
Reserve for employee stock ownership plan trust	414	510	3
Reserve for management board benefit trust	1,957	1,432	13
Reserve for reimbursement of deposits	42,534	50,950	284
Reserve for price fluctuations (Note 14)	829,930	873,799	5,551
Deferred tax liabilities (Note 15)	24,474	25,815	164
Total liabilities	¥ 281,860,113	¥ 282,950,619	\$ 1,885,100
NET ASSETS (Note 16):			
Capital stock	¥ 3,500,000	¥ 3,500,000	\$ 23,408
Retained earnings	5,588,795	6,202,500	37,378
Treasury stock	(351,225)	(301,230)	(2,349)
Total shareholders' equity	8,737,569	9,401,270	58,437
Net unrealized gains (losses) on available-for-sale securities	815,436	1,592,142	5,454
Net deferred gains (losses) on hedges	(567,068)	(773,227)	(3,793)
Foreign currency translation adjustments	(48,225)	(75,843)	(323)
Effect of changes in discount rate assumptions (Note 17)	87,892	19,215	588
Accumulated adjustments for retirement benefits	63,942	102,126	428
Total accumulated other comprehensive income	351,977	864,413	2,354
Non-controlling interests	6,199,993	5,472,847	41,466
Total net assets	15,289,540	15,738,530	102,257
Total liabilities and net assets	¥ 297,149,653	¥ 298,689,150	\$ 1,987,357

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
INCOME (Note 29):			
Postal business income	¥ 2,556,255	¥ 2,389,527	\$ 17,096
Banking business income	2,520,180	2,648,693	16,855
Life insurance business income	6,161,134	6,744,165	41,206
Other income (Notes 7 and 18)	283,865	228,149	1,899
Total income	<u>11,521,436</u>	<u>12,010,534</u>	<u>77,056</u>
EXPENSES:			
Operating expenses	7,830,940	8,276,204	52,374
Personnel expenses (Note 13)	2,437,902	2,416,440	16,305
Depreciation and amortization (Note 7)	257,445	242,690	1,722
Other expenses (Notes 7 and 19)	232,269	446,170	1,553
Total expenses	<u>10,758,558</u>	<u>11,381,505</u>	<u>71,954</u>
Income before income taxes	<u>762,878</u>	<u>629,029</u>	<u>5,102</u>
Income taxes (Note 15):			
Current	198,131	167,045	1,325
Deferred	(34,658)	14,522	(232)
Total income taxes	<u>163,472</u>	<u>181,568</u>	<u>1,093</u>
Net income	<u>599,405</u>	<u>447,460</u>	<u>4,009</u>
Net income attributable to non-controlling interests	<u>228,841</u>	<u>178,774</u>	<u>1,531</u>
Net income attributable to Japan Post Holdings	<u>¥ 370,564</u>	<u>¥ 268,685</u>	<u>\$ 2,478</u>
	Yen		U.S. Dollars
Per share of common stock (Note 28):			
Basic net income	¥ 119.30	¥ 80.26	\$ 0.80
Diluted net income	-	-	-

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
Net income	¥ 599,405	¥ 447,460	\$ 4,009
Other comprehensive income (loss) (Note 20)			
Net unrealized gains (losses) on available-for-sale securities	(1,196,945)	1,493,174	(8,005)
Net deferred gains (losses) on hedges	123,712	(648,859)	827
Foreign currency translation adjustments	(3,223)	3,149	(22)
Adjustments for retirement benefits	(40,021)	(38,912)	(268)
Share of other comprehensive income (loss) of affiliates	84,059	(2)	562
Total other comprehensive income (loss)	(1,032,419)	808,548	(6,905)
Comprehensive income (loss)	¥ (433,014)	¥ 1,256,009	\$ (2,896)
Total comprehensive income (loss) attributable to:			
Japan Post Holdings	¥ (225,261)	¥ 612,810	\$ (1,507)
Non-controlling interests	(207,752)	643,198	(1,389)

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of Yen													
	Shareholders' equity					Accumulated other comprehensive income								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Effect of changes in discount rate assumptions	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets	
BALANCE, APRIL 1, 2023	¥ 3,500,000	¥ -	¥ 6,236,757	¥ (201,307)	¥ 9,535,450	¥ 893,645	¥ (375,143)	¥ (116,148)	¥ -	¥ 137,703	¥ 540,056	¥ 5,020,661	¥ 15,096,168	
Changes in the fiscal year:														
Cash dividends			(255,911)		(255,911)								(255,911)	
Net income attributable to Japan Post Holdings			268,685		268,685								268,685	
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		47,211			47,211								47,211	
Purchases of treasury stock				(299,999)	(299,999)								(299,999)	
Disposals of treasury stock				87	87								87	
Cancellation of treasury stock		(199,989)		199,989	-								-	
Change in scope of equity method			105,747		105,747								105,747	
Transfer from retained earnings to capital surplus		152,777	(152,777)		-								-	
Net changes in items other than shareholders' equity in the fiscal year						698,496	(398,083)	40,305	19,215	(35,576)	324,356	452,185	776,542	
Net changes in the fiscal year	-	-	(34,256)	(99,923)	(134,180)	698,496	(398,083)	40,305	19,215	(35,576)	324,356	452,185	642,362	
BALANCE, MARCH 31, 2024	¥ 3,500,000	¥ -	¥ 6,202,500	¥ (301,230)	¥ 9,401,270	¥ 1,592,142	¥ (773,227)	¥ (75,843)	¥ 19,215	¥ 102,126	¥ 864,413	¥ 5,472,847	¥ 15,738,530	
Cumulative effects of changes in accounting policies			29		29		(29)				(29)		-	
RESTATED BALANCE, APRIL 1, 2024	3,500,000	-	6,202,530	(301,230)	9,401,299	1,592,142	(773,256)	(75,843)	19,215	102,126	864,383	5,472,847	15,738,530	
Changes in the fiscal year														
Cash dividends			(157,618)		(157,618)								(157,618)	
Net income attributable to Japan Post Holdings			370,564		370,564								370,564	
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(526,697)			(526,697)								(526,697)	
Purchases of treasury stock				(350,000)	(350,000)								(350,000)	
Disposals of treasury stock		0		21	21								21	
Cancellation of treasury stock		(299,983)		299,983	-								-	
Transfer from retained earnings to capital surplus		826,681	(826,681)		-								-	
Net changes in items other than shareholders' equity in the fiscal year						(776,705)	206,188	27,617	68,676	(38,183)	(512,405)	727,145	214,739	
Net changes in the fiscal year	-	-	(613,735)	(49,995)	(663,730)	(776,705)	206,188	27,617	68,676	(38,183)	(512,405)	727,145	(448,990)	
BALANCE, MARCH 31, 2025	¥ 3,500,000	¥ -	¥ 5,588,795	¥ (351,225)	¥ 8,737,569	¥ 815,436	¥ (567,068)	¥ (48,225)	¥ 87,892	¥ 63,942	¥ 351,977	¥ 6,199,993	¥ 15,289,540	

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS—(Continued)

	Millions of U.S. Dollars (Note 1)													
	Shareholders' equity					Accumulated other comprehensive income								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Effect of changes in discount rate assumptions	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets	
BALANCE, APRIL 1, 2024	\$ 23,408	\$ -	\$ 41,483	\$ (2,015)	\$ 62,876	\$ 10,648	\$ (5,171)	\$ (507)	\$ 129	\$ 683	\$ 5,781	\$ 36,603	\$ 105,260	
Cumulative effects of changes in accounting policies			0		0		(0)				(0)		-	
RESTATED BALANCE, APRIL 1, 2024	23,408	-	41,483	(2,015)	62,877	10,648	(5,172)	(507)	129	683	5,781	36,603	105,260	
Changes in the fiscal year:														
Cash dividends			(1,054)		(1,054)								(1,054)	
Net income attributable to Japan Post Holdings			2,478		2,478								2,478	
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(3,523)			(3,523)								(3,523)	
Purchases of treasury stock				(2,341)	(2,341)								(2,341)	
Disposals of treasury stock		0		0	0								0	
Cancellation of treasury stock		(2,006)		2,006	-								-	
Transfer from retained earnings to capital surplus		5,529	(5,529)		-								-	
Net changes in items other than shareholders' equity in the fiscal year						(5,195)	1,379	185	459	(255)	(3,427)	4,863	1,436	
Net changes in the fiscal year	-	-	(4,105)	(334)	(4,439)	(5,195)	1,379	185	459	(255)	(3,427)	4,863	(3,003)	
BALANCE, MARCH 31, 2025	\$ 23,408	\$ -	\$ 37,378	\$ (2,349)	\$ 58,437	\$ 5,454	\$ (3,793)	\$ (323)	\$ 588	\$ 428	\$ 2,354	\$ 41,466	\$ 102,257	

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 762,878	¥ 629,029	\$ 5,102
Income taxes paid	(133,915)	(148,773)	(896)
Policyholder dividends paid	(114,060)	(129,463)	(763)
Depreciation and amortization	257,445	242,690	1,722
Losses on impairment of fixed assets	2,043	2,837	14
Amortization of goodwill	2,048	2,241	14
Equity in (earnings) losses of affiliates	(67,309)	(934)	(450)
Gains on negative goodwill	(481)	-	(3)
Net change in reserve for outstanding claims	(58,919)	(36,474)	(394)
Net change in policy reserves	(1,747,260)	(3,005,427)	(11,686)
Provision for interest on policyholder dividends	679	137	5
Provision for reserve for policyholder dividends	96,990	55,899	649
Net change in reserve for possible loan losses	(155)	(1,158)	(1)
Net change in allowance for investment losses	-	775	-
Net change in reserve for bonuses	4,420	(2,401)	30
Net change in reserve for management bonuses	765	235	5
Net change in asset and liability for retirement benefits	(17,746)	(157,125)	(119)
Net change in reserve for employee stock ownership plan trust	(95)	(0)	(1)
Net change in reserve for management board benefit trust	525	256	4
Net change in reserve for reimbursement of deposits	(8,416)	(3,704)	(56)
Net change in reserve for price fluctuations	(43,869)	(16,161)	(293)
Interest income (accrual basis)	(1,750,104)	(1,397,149)	(11,705)
Interest expenses (accrual basis)	812,186	698,339	5,432
Net (gains) losses on securities	95,952	335,057	642
Net (gains) losses on money held in trust	(650,686)	(1,178,290)	(4,352)
Net (gains) losses on foreign exchanges	(444,619)	(1,952,134)	(2,974)
Net (gains) losses on sale and disposal of fixed assets	(3,448)	3,019	(23)
Net change in loans	3,793,439	(1,245,258)	25,371
Net change in deposits	(2,735,472)	(1,547,818)	(18,295)
Net change in negotiable certificates of deposit	-	65,000	-
Net change in borrowed money	525,200	352,300	3,513
Net change in call loans, etc.	1,069,817	455,898	7,155
Net change in receivables under securities borrowing transactions for banking business	-	250,241	-
Net change in call money, etc.	2,942,412	5,726,004	19,679
Net change in payables under securities lending transactions for banking business	(369,120)	431,926	(2,469)
Net change in foreign exchanges (assets)	47,070	(56,389)	315
Net change in foreign exchanges (liabilities)	(348)	(138)	(2)
Interest received (cash basis)	1,723,342	1,366,232	11,526
Interest paid (cash basis)	(790,724)	(670,306)	(5,288)
Other, net	(405,593)	(1,428,056)	(2,713)
Total adjustments	2,031,990	(2,988,074)	13,590
Net cash provided by (used in) operating activities	¥ 2,794,869	¥ (2,359,045)	\$ 18,692

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of call loans	¥ (7,399,999)	¥ (7,340,000)	\$ (49,492)
Proceeds from redemption of call loans	7,409,999	7,340,000	49,559
Net change in receivables under resale agreements	442,278	337,571	2,958
Net change in payables under repurchase agreements	611,922	164,312	4,093
Purchases of monetary claims bought	(39,958)	(19,995)	(267)
Proceeds from sale and redemption of monetary claims bought	41,787	41,682	279
Purchases of securities	(30,968,329)	(44,988,211)	(207,118)
Proceeds from sale of securities	4,920,288	7,868,266	32,907
Proceeds from redemption of securities	29,091,381	28,411,241	194,565
Increase in money held in trust	(776,490)	(1,115,426)	(5,193)
Decrease in money held in trust	1,082,208	1,925,834	7,238
Payments for loans	(485,228)	(444,874)	(3,245)
Proceeds from collection of loans	1,236,498	769,394	8,270
Purchases of tangible fixed assets	(210,079)	(203,785)	(1,405)
Proceeds from sale of tangible fixed assets	22,176	7,696	148
Purchases of intangible assets	(96,188)	(116,185)	(643)
Payments of stocks of subsidiaries and affiliates	(56,943)	(4,460)	(381)
Proceeds from sale of stocks of subsidiaries and affiliates	6,091	23	41
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(4,486)	(1,395)	(30)
Proceeds from purchase of stocks of subsidiaries resulting in change in the scope of consolidation	-	3	-
Other, net	(142,514)	(350,302)	(953)
Net cash provided by (used in) investing activities	¥ 4,684,413	¥ (7,718,612)	\$ 31,330

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2025	2024	2025
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	¥ 245,499	¥ 116,256	\$ 1,642
Repayment of borrowings	(113,081)	(125,440)	(756)
Proceeds from issuance of bonds	123,623	125,320	827
Purchases of treasury stock	(350,000)	(299,999)	(2,341)
Purchases of treasury stock of subsidiaries	(6,021)	(57,289)	(40)
Proceeds from disposals of treasury stock of subsidiaries	53	48	0
Dividends paid	(157,628)	(255,684)	(1,054)
Dividends paid to non-controlling interests	(93,743)	(91,028)	(627)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(90)	-	(1)
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	587,842	-	3,932
Other, net	(20,556)	(18,441)	(137)
Net cash provided by (used in) financing activities	<u>215,896</u>	<u>(606,258)</u>	<u>1,444</u>
Effect of exchange rate changes on cash and cash equivalents	73	6,449	0
Net change in cash and cash equivalents	<u>7,695,252</u>	<u>(10,677,466)</u>	<u>51,466</u>
Cash and cash equivalents at the beginning of the fiscal year	<u>59,504,011</u>	<u>70,181,478</u>	<u>397,967</u>
Cash and cash equivalents at the end of the fiscal year (Note 3)	<u>¥ 67,199,263</u>	<u>¥ 59,504,011</u>	<u>\$ 449,433</u>

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2025

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Japan Post Holdings Co., Ltd. (the “Company”), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Law, Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The accounts of overseas subsidiaries and affiliates, are, in principle, integrated with those of the Company's accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or IFRS, in which case a certain limited number of items are adjusted based on materiality.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥ 149.52 to U.S. \$1, the approximate rate of exchange as of March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority-owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements as of and for the fiscal year ended March 31, 2025 include the accounts of the Company and its consolidated subsidiaries (collectively, the “Group”).

A) Consolidated subsidiaries

The Company has 225 (217 in 2024) consolidated subsidiaries. Principal consolidated subsidiaries are Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.

During the fiscal year ended March 31, 2025, Japan Post Architecture and Engineering Co., Ltd., Japan Post Bank Capital Partners Co., Ltd. and 2 other companies, and 9 subsidiaries under Toll Holdings Pty Limited (hereinafter referred to as “Toll”) were included in the scope of consolidation due to their establishment, etc. On the other hand, 5 subsidiaries of Toll were excluded from the scope of consolidation due to their liquidation from the fiscal year ended March 31, 2025.

B) Non-consolidated subsidiaries

Principal non-consolidated subsidiaries are JP Linex Nankai Parcel Co., Ltd., Advanced Fintech I Limited Partnership, Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership.

The non-consolidated subsidiaries are excluded from the scope of consolidation because their assets, income, net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of consolidation does not hinder a reasonable understanding of the Group's financial position and results of operations.

2) Application of the equity method

A) Non-consolidated subsidiaries accounted for by the equity method

The Company has one (none in 2024) non-consolidated subsidiary accounted for by the equity method namely, JP Linex Nankai Parcel Co., Ltd.

B) Affiliates accounted for by the equity method

The Company has 11 (13 in 2024) affiliates accounted for by the equity method, namely, JA Foods Oita Co., Ltd., Ring Bell Co., Ltd., Saison Asset Management Co., Ltd., ATM Japan Business Service, Ltd., JP Asset Management Co., Ltd., Daiwa Asset Management Co. Ltd., Good Technology Company, Ltd., Aflac Incorporated, and Toll's affiliates.

C) Non-consolidated subsidiaries that are not accounted for by the equity method

Principal non-consolidated subsidiaries that are not accounted for by the equity method are YDM Co., Ltd., JWT Co., Ltd., Advanced Fintech I Limited Partnership, Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership.

JWT Co. Ltd. changed its trade name to JP Tonami Group Co., Ltd. effective on July 1, 2025.

D) Affiliates that are not accounted for by the equity method

Affiliates that are not accounted for by the equity method are A.I. Squared, Inc. AVILEN, Inc., JKK Co., Ltd. and MKAM Co., Ltd.

The non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are excluded from the scope of the equity method because their net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of companies accounted for by the equity method does not materially affect the consolidated financial statements.

E) Application of the equity method

For the affiliates accounted for by the equity method that have a fiscal year-end date different from the consolidated fiscal year-end date, the financial statements pertaining to the fiscal years of the respective affiliates are used.

Necessary adjustments are made for material transactions that occurred between the consolidated fiscal year-end date and the fiscal year-end dates mentioned above.

3) Fiscal year-end dates of consolidated subsidiaries

A) The fiscal year-end dates of consolidated subsidiaries are as follows:

<u>Year ended March 31</u>	<u>2025</u>
June 30	8 companies
December 31	38 companies
March 31	179 companies

B) Consolidated subsidiaries with a fiscal year-end date of June 30 and some consolidated subsidiaries with a fiscal year-end date of December 31 are consolidated using the preliminary financial statements as of March 31. In addition, other consolidated subsidiaries are consolidated using the financial statements on each fiscal year-end date.

Necessary adjustments are made for material transactions that occurred between the consolidated fiscal year-end date and the fiscal year-end dates above.

(2) Trading Account Securities

Trading account securities are carried at fair value.

(3) Securities

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

In accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost and the cost of these securities sold is calculated using the moving-average method.

Available-for-sale securities are carried at fair value and the cost of securities sold is calculated using mainly the moving-average method, while stocks and other securities without market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities (including net unrealized gains (losses) arising from fluctuations in foreign exchange, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations), net of income taxes, are included in “Net assets.”

Securities included in “Money Held in Trust Classified as Trading” are carried at fair value and the cost of these securities sold is calculated using mainly the moving-average method. In addition, securities included in “Money Held in Trust Classified as Other than Trading or Held-to-Maturity” are carried using the same method used for securities mentioned above. Net unrealized gains (losses) on money held in trust classified as other than trading or held-to-maturity, net of income taxes, are included in “Net assets.”

(4) Derivative Transactions

All derivative transactions are measured at fair value.

(5) Hedge Accounting

1) Hedge accounting for interest rate risks

The Group mainly applies the deferred hedge method for hedges of interest rate risk arising from the financial assets and liabilities.

The evaluation of hedge effectiveness is omitted because the Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments satisfy almost the same conditions as those required for the exceptional treatment for interest rate swaps and accordingly assume that the hedges are highly effective.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the banking subsidiary applies the deferred hedge method as stipulated in “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Committee Practical Guidance No. 24). To evaluate the hedge effectiveness, the banking subsidiary designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them based on their maturities.

2) Hedge accounting for foreign exchange risks

The Group applies the deferred hedge method, the fair value hedge method or the allocation method translating the foreign currency receivables at forward rates for hedges of foreign exchange fluctuation risk arising from the securities denominated in foreign currencies.

The Group applies portfolio hedges on the condition that the hedged securities denominated in foreign currencies are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the acquisition costs of the hedged securities denominated in the same foreign currencies.

The evaluation of hedge effectiveness for individual hedges is omitted because the Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments are almost the same and accordingly assume that the hedges are highly effective.

(6) Depreciation

1) Tangible fixed assets (excluding leased assets and right-of-use assets)

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives of principal assets are as follows:

Buildings: 2-50 years

Others: 2-75 years

2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed using the straight-line method. The capitalized development costs of software intended for internal use are amortized over the expected useful lives (mainly 5 years) determined by the Group.

3) Leased assets

Leased assets under finance lease arrangements that transfer the ownership of leased property to the lessee are depreciated using the same method applied to company-owned tangible assets. These leased assets are mainly buildings included in “Tangible fixed assets.”

Leased assets under finance lease arrangements that do not transfer the ownership of leased property to the lessee are depreciated to the residual value of zero using the straight-line method over the lease term. These leased assets are mainly personal properties included in “Tangible fixed assets” and software included in “Intangible assets.”

4) Right-of-use assets

Right-of-use assets related to lease transactions of Toll and its subsidiaries and affiliates are depreciated using the straight-line method over the useful life of the right-of-use asset or the lease term, whichever is shorter. If it is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated using the straight-line method over the useful life of the underlying assets.

These right-of-use assets are mainly buildings and land included in “Tangible fixed assets.”

(7) Amortization of Goodwill

Goodwill is amortized for a period up to 20 years depending on the causes of occurrence using the straight-line method. Goodwill deemed immaterial, however, is expensed as incurred.

(8) Reserve for Possible Loan Losses

1) For reserve for possible loan losses of the Group other than the banking subsidiary and insurance subsidiary, an allowance is provided for loans other than specific loans using a rate determined based on past bad debt experience. In addition, an allowance is provided for specific loans such as loans to bankrupt or effectively/substantially bankrupt borrowers at the estimated amount considered uncollectible based on the review of the respective nature of loans.

2) Reserve for possible loan losses of the banking subsidiary is provided for in accordance with the write-off and provision standards as described below:

In accordance with “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers requiring caution are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, an allowance is provided for based on the amount of loans net of amounts expected to be collected through disposal of collateral or through execution of guarantees and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided in the amount of loans, net of amounts expected to be collected through disposal of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

3) Reserve for possible loan losses of the insurance subsidiary is provided pursuant to its standards for self-assessment of asset quality and its write-off and provision standards, and a general allowance is provided using a rate determined by past bad debt experience. In addition, a specific allowance, which is determined after reviewing the individual collectability of accounts, is recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above allowances are recorded based on the results of these assessments.

For secured loans and guaranteed loans that were extended to borrowers in a state of legal bankruptcy, including legal bankrupt or civil rehabilitation, or that are considered substantially bankrupt, respective loan receivable amounts are directly written off for an estimated uncollectable amount, which is calculated as the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The amounts written off for these loans were ¥44 million (\$0 million) and ¥45 million as of March 31, 2025 and 2024, respectively.

(9) Allowance for Investment Losses

The Company and some of its consolidated subsidiaries provide allowance for investment losses based on the rule set by each company, taking into account the financial conditions, etc. of the issuers of the securities, as deemed necessary.

(10) Policy Reserves

To prepare for the fulfillment of future obligations under the insurance contracts with respect to policies that have commenced as of the fiscal year-end, policy reserves are calculated in accordance with the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Basis of the calculation of policy reserves such as expected mortality rates, assumed interest rates, and assumed rate of expenses are deemed reasonable. However, the amount of policy reserves may be affected if actual results deviate significantly or deviations are expected in the future due to changes in the environment.

Among the policy reserves, insurance premium reserves are calculated based on the following methodology. The amount includes additional policy reserves accumulated for a portion of the reinsurance contracts from the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter referred to as “the Japan Postal Service Organization”) and for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for the other contracts are calculated based on the net level premium method.

For the fiscal year ended March 31, 2025, additional policy reserves were accumulated for a portion of the reinsurance contracts from the Japan Postal Service Organization, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result, the amount of additionally accumulated policy reserves was ¥598,226 million (\$4,001 million). However, there is no impact on income before income taxes due to the reversal of contingency reserves in the same amount.

Among the policy reserves, contingency reserves are accumulated to ensure the fulfillment of future obligations under the insurance contracts in the amount of risks that may accrue in the future, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

The chief actuary confirms whether the policy reserves have been appropriately accumulated as of the fiscal year-end, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act.

The Japan Postal Service Organization was established in October 2007 to support the privatization of the Japan Post Group by succeeding from the former Japan Post Corporation’s Postal Savings such as fixed amount or term postal savings deposited by and Postal Life Insurance Contracts concluded by September 2007 to ensure that such Postal Savings and Postal Life Insurance Contracts are managed appropriately and to fulfill the relevant liabilities without fail.

The insurance subsidiary has entered into the reinsurance contracts comprising outsourcing agreements for the

administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Japan Postal Service Organization.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from the former Japan Post Corporation, the insurance subsidiary has lent loans to the Japan Postal Service Organization under the same loan conditions as those of the contracts between the former Japan Post Corporation and its counterparties.

(11) Presentation of Gains (Losses) on Cancellation or Redemption of Investment Trusts

Gains (losses) on cancellation or redemption of investment trusts at the banking subsidiary are recorded as interest and dividends on securities in “Banking business income” for those with bonds or assets equivalent to bonds as trust asset components, and as gains on sale of equity securities in “Banking business income” or losses on sale of equity securities in “Other expenses” for those with other trust asset components. In the event interest and dividends on securities from investment trusts results in a loss as a whole, they are recognized as losses on redemption of bonds in “Operating expenses.”

(12) Recognition of Insurance Premiums and Others

1) Insurance premiums

The first premium at the insurance subsidiary is recognized for premiums that have been collected and for which the policy has commenced, in the amount collected under “Life insurance business income.” Premiums thereafter are recognized in the amount of each collection under “Life insurance business income.”

Portions of collected insurance premiums corresponding to the unearned period as of the fiscal year-end are accumulated as policy reserves, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

2) Reinsurance income

Reinsurance income at the insurance subsidiary is the amount paid as insurance claims, etc. pertaining to original insurance contracts in accordance with reinsurance contracts, of which portions that correspond to reinsurance, and is recorded in “Life insurance business income” at the time of payment of these claims, etc.

(13) Recognition of Insurance Claims and Others

1) Insurance claims and others (excluding reinsurance premiums)

When an insured event occurs and payment is made in the amount calculated based on the insurance contract, insurance claims and others (excluding reinsurance premiums) of the insurance subsidiary are recognized in the amount of such payment under “Operating expenses.”

Reserve for outstanding claims has been accumulated for insurance claims, etc. for which payment is due but has not been paid at the fiscal year-end, or insurance claims, etc. for which the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

2) Reinsurance premiums

Reinsurance premiums at the insurance subsidiary that have been agreed on based on reinsurance contracts are recorded in “Operating expenses” when the said reinsurance contracts are concluded or when insurance premiums corresponding to original insurance contracts are collected, etc.

A portion of policy reserves and reserve for outstanding claims for reinsured part are not set aside in accordance with Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

(14) Reserve for Bonuses

A reserve for the employee bonus payments is provided based on the amount expected to be incurred at the end of the fiscal year based on the projected obligations as of the end of the fiscal year.

(15) Reserve for Management Bonuses

For the Company and its certain consolidated subsidiaries, to provide for bonus payments to Executive Officers and other management that are determined based on the rule set by each company, a reserve is provided based on the amount expected to be incurred at the end of the fiscal year.

(16) Reserve for Employee Stock Ownership Plan Trust

For a certain consolidated subsidiary, to provide for the payment of the consolidated subsidiary's shares to its employees that are determined based on the rule set by the consolidated subsidiary, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(17) Reserve for Management Board Benefit Trust

For the Company and its certain consolidated subsidiaries, to provide for the payment of the Company's shares, etc. to Executive Officers and other management that are determined based on the rules set by each company, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(18) Reserve for Reimbursement of Deposits

To provide for requests for refunds by depositors with regard to deposits that are no longer recorded as liabilities, a reserve is provided based on the estimated amount of losses to be incurred in accordance with future requests for refunds.

(19) Retirement Benefits

1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to the respective service period. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations and costs. The simplified method estimates retirement benefit obligations at the amount payable if all employees were to seek voluntary retirement at the end of the fiscal year. Treatment of prior service cost and actuarial difference are accounted for as follows.

Prior service cost is amortized using the straight-line method over a fixed period (7-14 years) within the estimated average remaining service period for employees in the fiscal year of incurrence.

Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (7-14 years) within the estimated average remaining service period for employees as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

A consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity.

2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as "share of public service pension") are recognized as part of "Asset for retirement benefits." The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (7 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

3) Charges for the pension program of national public service personnel associated with pension benefits for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired by December 1958 (hereinafter referred to as "share of another public service pension") are recognized as part of "Liability for retirement benefits." The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

(20) Translation of Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are mainly translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot rates prevailing at the fiscal year-end of foreign subsidiaries, etc. and income and expenses are translated into Japanese yen at the average exchange rates for the fiscal year. The resulting translation differences are included in “Foreign currency translation adjustments” and “Non-controlling interests” under “Net assets.”

(21) Reserve for Price Fluctuations

Reserve for price fluctuations is computed based on Article 115 of the Insurance Business Act.

(22) Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn at any time, short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding the banking subsidiary and the insurance subsidiary, but including short-term investments classified as “Cash and due from banks” held by the insurance subsidiary) and bank overdrafts treated equally as cash equivalents in fund management (negative cash equivalents).

(23) Recognition of Significant Revenue and Expenses

In relation to the recognition of revenue from contracts with customers, the nature of principal performance obligations for major businesses of the Group and the typical timing of the satisfaction of those performance obligations (i.e., typical timing of revenue recognition) are as follows:

1) Revenue from post and parcels in the postal and domestic logistics business

In the postal and domestic logistics business, postal services are provided fairly at a flat rate nationwide. As logistics services, transportation services such as parcel delivery (Yu-Pack, etc.) and mail delivery (Yu-Mail, etc.) are provided.

Performance obligations underlying revenue from post and parcels in the postal and domestic logistics business are satisfied over time from the undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

2) Revenue from catalogue sales, etc.

In the post office business, the Group engages in sale of regional specialty products and other goods using catalogues and other media as well as sale of related rights; sale of goods and provision of services including sale of original postage stamps, printing of New Year’s postcards, sale of stationery and other items at post offices and other channels.

The Group recognizes revenue from catalogue sales, etc. when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

3) Revenue from the international logistics business

In the international logistics business, the Group engages in a full line of international cargo transportation, mainly export and import from Asia and Oceania (hereinafter the “forwarding business”); as well as transportation and warehouse management and logistics and other services in the fields of resources and government contracts in Asia and Oceania (hereinafter the “logistics business”).

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

4) Revenue from the real estate business

In the real estate business, the Group engages mainly in sale of developed real estate properties, real estate leasing of office buildings, etc. and the leasing management business.

Revenue from real estate sale is recognized at the point when the delivery obligation stipulated in the sales contract for the real estate is fulfilled by determining that the customer obtains control of the real estate property and

the performance obligation has been satisfied.

Revenue from real estate leasing is recognized over the lease term in accordance with “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).

Performance obligations for the leasing management business are satisfied at a point in time or over time depending on the nature of the performance obligation, and revenue is recognized accordingly.

(24) Application of the Group Tax Sharing System

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

(25) Changes in Accounting Policies

Application of the Accounting Standard for Current Income Taxes, etc.

The Company has applied “Accounting Standard for Current Income Taxes” (ASBJ Guidance No. 27, October 28, 2022; hereinafter referred to as the “Income Taxes Accounting Standard”) and related other standard and guidance from the beginning of the fiscal year ended March 31, 2025.

For the revision on the accounting classification of income taxes, etc. (taxation on other comprehensive income), the Company has followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Income Taxes Accounting Standard; the cumulative effects in the case where the new accounting policies were applied retrospectively prior to the beginning of the fiscal year ended March 31, 2025 were added or deducted to retained earnings at the beginning of that year, with adjusting the corresponding amount in an appropriate classification under accumulated other comprehensive income, and the new accounting policies were applied from the adjusted beginning balance.

The effects of this application on the consolidated financial statements were immaterial.

(26) Significant Accounting Estimates

Items using accounting estimates recorded in the consolidated financial statements for the current fiscal year that have the possibility of significantly impacting the consolidated financial statements for the following fiscal year are as follows:

1) Fair value measurement of securities

Amounts of securities measured by fair value at the banking subsidiary and some consolidated subsidiaries are considerable and their effects on the consolidated financial statements are significant. Therefore, the fair value of securities is considered as a significant factor in accounting estimates.

A) Amounts recorded in the consolidated financial statements were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u>
Securities	¥ 190,938,367	¥ 194,744,045	\$ 1,277,009

B) Information that will facilitate the understanding of significant accounting estimates related to identified items

(i) Calculation method and principal assumptions

For bonds, the Group uses the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value. The Group uses the funds' unit price for investment trusts as the fair value. Key assumptions for the comparable price method, or the price provided by third parties are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on the prices of similar securities, as well as inputs that are unobservable in the markets containing significant estimates.

(ii) Impact on the consolidated financial statements for the following fiscal year

The fair value of securities may fluctuate as a result of changes in input, which are principal assumptions, due to factors such as changes in the market environment.

2) Impairment of fixed assets used for the postal and domestic logistics business of Japan Post Co., Ltd.

A) Amounts recorded in the consolidated financial statements were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u>
			<u>2025</u>
Tangible fixed assets and intangible assets for the postal and domestic logistics business of Japan Post Co., Ltd.	¥ 1,131,520	¥ 1,137,160	\$ 7,568

B) Information that will facilitate the understanding of significant accounting estimates related to identified items

In the determination of indications of impairment, the assets for the postal and domestic logistics business of Japan Post Co., Ltd. are treated as a single asset group because all the fixed assets used by that business generate cash flows together as one.

The postal and domestic logistics business of Japan Post Co., Ltd. reported consecutive operating losses for the fiscal years ended March 31, 2025 and 2024. However, there was no indication of impairment for the fixed assets at the end of the current fiscal year, as it expected to report operating income for the following fiscal year due to the effects of the postal rate revisions implemented during the current fiscal year and a projected increase in the number of parcels undertaken through collaboration with EC business operators and other measures.

The forecast for operating income in the postal and domestic logistics business of Japan Post Co., Ltd. for the following fiscal year was estimated using certain internal information, such as the business plan that was based on assumptions affecting sales including the volume of mail undertaken, the number of parcels undertaken and the unit freight prices, as well as assumptions affecting cost of sales including personnel expenses and outsourcing expenses for collection, transportation and delivery.

Any significant changes to the above assumptions such as the volume of mail undertaken and the number of parcels undertaken due to changes in economic conditions or intensifying competitive environments may significantly impact the amount recorded as fixed assets used for the postal and domestic logistics business of Japan Post Co., Ltd., in the following fiscal year.

3) Estimates on retirement benefit obligations

A) Amounts recorded in the consolidated financial statements

This information is provided in Note 13 "RETIREMENT BENEFITS."

B) Information that will facilitate the understanding of significant accounting estimates related to identified items

Retirement benefit obligations of the Company and some consolidated subsidiaries are calculated based on actuarial assumptions. These assumptions include factors such as discount rates and retirement rates, etc. As estimates on retirement benefit obligations involve a high degree of uncertainty, if assumptions differ from actual results or if assumptions are changed, it may impact retirement benefit obligations in the following fiscal year.

(27) New Accounting Pronouncements

"The Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

"Implementation Guidance on the Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

and other related Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance issued by ASBJ

1) Overview

These standards and guidance prescribe the accounting treatment whereby lessees are required to recognize assets and liabilities for all leases in the same manner as accounting principles generally accepted internationally.

2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2028.

3) Effects of application of the accounting standards, etc.

The effects of the application are under assessment.

(28) Changes in Presentation

Consolidated Balance Sheets

“Reserve for management bonuses” previously included in “Other liabilities” and “Reserve for bonuses” has been presented separately from the fiscal year ended March 31, 2025, due to an increase in its materiality. To reflect this change, the consolidated financial statements for the year ended March 31, 2024 have been reclassified.

As a result, “Other liabilities” of ¥4,021,545 million and “Reserve for bonuses” of ¥123,843 million presented in the consolidated balance sheet as of March 31, 2024 were reclassified as “Other liabilities” of ¥4,021,478 million, “Reserve for bonuses” of ¥122,758 million and “Reserve for management bonuses” of ¥1,152 million.

Consolidated Statements of Cash Flows

“Net change in reserve for management bonuses” previously included in “Other, net” and “Net change in reserve for bonuses” under cash flows from operating activities has been presented separately from the fiscal year ended March 31, 2025, due to an increase in its materiality. To reflect this change, the consolidated financial statements for the year ended March 31, 2024 have been reclassified.

As a result, “Other, net” of ¥(1,428,055) million and “Net change in reserve for bonuses” of ¥(2,167) million under cash flows from operating activities presented in the consolidated statement of cash flows for the year ended March 31, 2024 were reclassified as “Other, net” of ¥(1,428,056) million, “Net change in reserve for bonuses” of ¥(2,401) million and “Net change in reserve for management bonuses” of ¥235 million.

(29) Additional Information

Transactions granting the Company’s shares, etc. through a trust to Executive Officers and other management of the Group

The Company and Japan Post Co., Ltd., a consolidated subsidiary, have introduced a performance-linked stock compensation system and non-performance-linked stock compensation system utilizing a trust (hereinafter the “System”) for Executive Officers of the Company and Directors (excluding Directors who are not in charge of business execution) and Executive Officers of Japan Post Co., Ltd. (collectively referred to as “Executives subject to the System”).

In accounting for the trust agreement, “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) has been applied.

1) Outline of the transactions

The System is a structure to provide the Company’s shares, etc. to Executives subject to the System in accordance with the Stock Benefit Regulations. The performance-linked stock compensation system grants points after the end of the last fiscal year of the Medium-Term Management Plan period. The number of the points is calculated by the standard number for each position according to job responsibilities of Executives subject to the System, multiplied by a payout rate that varies depending on their levels of attainment of performance targets given in the Medium-Term Management Plan. The non-performance-linked stock compensation system grants points for each position according to job responsibilities of Executives subject to the System after the end of fiscal years. After retirement, Executives subject to the System shall receive from the trust the Company’s shares and money in the amount equivalent to the fair value of a certain portion of the Company’s shares in accordance with the accumulated number of points granted.

The shares provided for Executives subject to the System are acquired by the trust in advance using the funds set by the Company, and are managed separately as trust assets.

2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded under net assets as treasury stock at the book value in the trust (excluding incidental expenses). The book value of the treasury stock was ¥1,107 million (\$7 million) and ¥1,128 million, and the number of shares of the treasury stock was 1,038 thousand shares and 1,058 thousand shares as of March 31, 2025 and 2024, respectively.

A stock compensation system utilizing a trust has also been introduced at Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., which are consolidated subsidiaries of the Company.

3. CASH AND CASH EQUIVALENTS

Reconciliation of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows and Cash and Due from Banks in the Consolidated Balance Sheets

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Cash and due from banks	¥ 67,122,254	¥ 59,507,482	\$ 448,918
Negotiable certificates of deposit included in “Securities”	15,000	15,000	100
Short-term investments included in “Securities” (excluding negotiable certificates of deposit)	89,914	-	601
Deposits with maturities of more than three months	(100)	(200)	(1)
Bank overdrafts included in “Borrowed money”	(27,805)	(18,270)	(186)
Cash and cash equivalents at the end of the fiscal year	¥ 67,199,263	¥ 59,504,011	\$ 449,433

4. SECURITIES

(1) Securities

Securities consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Stocks and investments in capital ¹	¥ 1,453,169	¥ 1,227,561	\$ 9,719
Japanese government bonds ²	75,733,042	79,899,629	506,508
Japanese local government bonds	7,724,360	8,269,357	51,661
Japanese corporate bonds ³	14,378,062	14,455,218	96,161
Other ²	91,649,732	90,892,278	612,960
Total	¥ 190,938,367	¥ 194,744,045	\$ 1,277,009

Notes:

1. Stocks and investments in capital include investments in non-consolidated subsidiaries and affiliates of ¥687,923 million (\$4,601 million) and ¥455,649 million as of March 31, 2025 and 2024, respectively.
2. Unsecured and secured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥4,613,253 million (\$30,854 million) and ¥4,390,230 million were included in Japanese government bonds and other in “Securities” as of March 31, 2025 and 2024, respectively.
Securities borrowed under resale agreements, etc. for which the Group has the right to sell or pledge amounted to ¥2,193,026 million (\$14,667 million) and ¥5,080,217 million for securities held at the end of the fiscal year without being sold or pledged as of March 31, 2025 and 2024, respectively.
3. Japanese corporate bonds include investments in non-consolidated subsidiaries and affiliates of ¥80,296 million (\$537 million) and ¥78,266 million as of March 31, 2025 and 2024, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds were as follows:

<u>March 31</u>	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Consolidated balance sheet amount	¥ 7,243,771	¥ 7,139,629	\$ 48,447
Fair value	6,522,343	6,954,091	43,622

The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The insurance subsidiary categorizes its insurance products into the sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.

- Postal Life Insurance contracts (excluding some insurance types)
- Japan Post Insurance life insurance contracts (general) (all insurance policies)
- Japan Post Insurance life insurance contracts (single-premium payment) (excluding some insurance types)

Single-premium whole life insurance was included as eligible for Japan Post Insurance life insurance contracts (single-premium payment) from the fiscal year ended March 31, 2025. This change has no impact on net income.

(3) Fair Value Information on Securities and Policy-Reserve-Matching Bonds

The amounts shown in the following tables include “Trading account securities,” negotiable certificates of deposit included in “Cash and due from banks,” and “Monetary claims bought,” in addition to “Securities.”

1) Trading securities

There were no valuation gains (losses) associated with trading securities recorded under gains or losses as of March 31, 2025 and 2024.

2) Held-to-maturity bonds

<u>March 31</u>	Millions of Yen		
	2025		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 19,409,987	¥ 20,106,463	¥ 696,476
Japanese local government bonds	846,760	872,883	26,122
Japanese corporate bonds	384,064	394,963	10,898
Other	5,512,265	5,854,535	342,270
Subtotal	26,153,077	27,228,846	1,075,768
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	34,391,218	30,425,354	(3,965,863)
Japanese local government bonds	5,368,436	5,106,135	(262,301)
Japanese corporate bonds	7,474,844	7,032,776	(442,067)
Other	3,207,618	3,134,088	(73,530)
Subtotal	50,442,118	45,698,354	(4,743,763)
Total	¥ 76,595,196	¥ 72,927,200	¥ (3,667,995)

Millions of Yen			
2024			
	Consolidated balance sheet amount	Fair value	Difference
March 31			
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 25,776,090	¥ 27,777,976	¥ 2,001,886
Japanese local government bonds	1,604,175	1,684,464	80,289
Japanese corporate bonds	921,738	958,610	36,872
Other	5,652,744	6,020,248	367,503
Subtotal	33,954,749	36,441,300	2,486,551
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	24,000,667	22,369,071	(1,631,596)
Japanese local government bonds	4,543,071	4,438,200	(104,871)
Japanese corporate bonds	6,119,276	5,930,417	(188,859)
Other	1,265,506	1,253,252	(12,253)
Subtotal	35,928,522	33,990,941	(1,937,581)
Total	¥ 69,883,272	¥ 70,432,241	¥ 548,969

Millions of U.S. Dollars			
2025			
	Consolidated balance sheet amount	Fair value	Difference
March 31			
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	\$ 129,815	\$ 134,473	\$ 4,658
Japanese local government bonds	5,663	5,838	175
Japanese corporate bonds	2,569	2,642	73
Other	36,866	39,156	2,289
Subtotal	174,914	182,108	7,195
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	230,011	203,487	(26,524)
Japanese local government bonds	35,904	34,150	(1,754)
Japanese corporate bonds	49,992	47,036	(2,957)
Other	21,453	20,961	(492)
Subtotal	337,360	305,634	(31,727)
Total	\$ 512,274	\$ 487,742	\$ (24,532)

3) Policy-reserve-matching bonds

Millions of Yen			
2025			
	Consolidated balance sheet amount	Fair value	Difference
March 31			
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 2,258,017	¥ 2,345,824	¥ 87,806
Japanese local government bonds	65,217	67,639	2,422
Japanese corporate bonds	25,754	26,697	942
Other	-	-	-
Subtotal	2,348,989	2,440,161	91,171
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	3,163,851	2,632,657	(531,193)
Japanese local government bonds	296,463	253,617	(42,845)
Japanese corporate bonds	1,414,467	1,176,940	(237,527)
Other	20,000	18,967	(1,033)
Subtotal	4,894,781	4,082,182	(812,599)
Total	¥ 7,243,771	¥ 6,522,343	¥ (721,427)

Millions of Yen			
2024			
	Consolidated balance sheet amount	Fair value	Difference
March 31			
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 3,446,300	¥ 3,714,174	¥ 267,873
Japanese local government bonds	154,435	161,038	6,602
Japanese corporate bonds	102,569	106,263	3,693
Other	-	-	-
Subtotal	3,703,306	3,981,476	278,170
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	2,025,683	1,736,067	(289,615)
Japanese local government bonds	252,680	231,158	(21,522)
Japanese corporate bonds	1,137,958	985,833	(152,125)
Other	20,000	19,555	(444)
Subtotal	3,436,323	2,972,614	(463,708)
Total	¥ 7,139,629	¥ 6,954,091	¥ (185,537)

Millions of U.S. Dollars			
2025			
	Consolidated balance sheet amount	Fair value	Difference
March 31			
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	\$ 15,102	\$ 15,689	\$ 587
Japanese local government bonds	436	452	16
Japanese corporate bonds	172	179	6
Other	-	-	-
Subtotal	15,710	16,320	610
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	21,160	17,607	(3,553)
Japanese local government bonds	1,983	1,696	(287)
Japanese corporate bonds	9,460	7,871	(1,589)
Other	134	127	(7)
Subtotal	32,737	27,302	(5,435)
Total	\$ 48,447	\$ 43,622	\$ (4,825)

4) Available-for-sale securities

Millions of Yen			
2025			
	Consolidated balance sheet amount	Cost	Difference
March 31			
Those for which consolidated balance sheet amount exceeds cost			
Stocks	¥ 476,037	¥ 302,645	¥ 173,391
Bonds	1,978,899	1,925,736	53,162
Japanese government bonds	1,718,913	1,669,236	49,677
Japanese local government bonds	12,237	11,908	329
Japanese short-term corporate bonds	-	-	-
Japanese corporate bonds	247,748	244,592	3,156
Other	62,434,859	58,292,115	4,142,743
Of which: foreign bonds	16,560,267	13,974,017	2,586,249
Of which: investment trusts	45,832,078	44,275,718	1,556,360
Subtotal	64,889,796	60,520,498	4,369,298
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	208,239	258,783	(50,544)
Bonds	20,757,481	22,931,294	(2,173,812)
Japanese government bonds	14,791,053	16,769,963	(1,978,910)
Japanese local government bonds	1,135,245	1,162,074	(26,829)
Japanese short-term corporate bonds	768,705	768,705	-
Japanese corporate bonds	4,062,476	4,230,549	(168,073)
Other	21,966,289	22,562,682	(596,393)
Of which: foreign bonds	4,352,117	4,486,707	(134,590)
Of which: investment trusts	15,934,791	16,384,530	(449,739)
Subtotal	42,932,010	45,752,760	(2,820,750)
Total	¥ 107,821,806	¥ 106,273,258	¥ 1,548,548

Millions of Yen				
2024				
	Consolidated balance sheet amount	Cost	Difference	
March 31				
Those for which consolidated balance sheet amount exceeds cost				
Stocks	¥ 558,090	¥ 335,757	¥	222,333
Bonds	3,826,724	3,701,927		124,796
Japanese government bonds	2,386,447	2,275,154		111,292
Japanese local government bonds	306,315	305,349		966
Japanese short-term corporate bonds	-	-		-
Japanese corporate bonds	1,133,961	1,121,423		12,537
Other	60,711,091	55,555,906		5,155,185
Of which: foreign bonds	21,333,384	17,808,984		3,524,399
Of which: investment trusts	39,303,424	37,673,307		1,630,117
Subtotal	65,095,906	59,593,590		5,502,316
Those for which consolidated balance sheet amount does not exceed cost				
Stocks	141,030	182,874		(41,844)
Bonds	28,712,830	29,989,719		(1,276,888)
Japanese government bonds	22,264,439	23,449,992		(1,185,553)
Japanese local government bonds	1,408,677	1,420,137		(11,459)
Japanese short-term corporate bonds	891,924	891,924		-
Japanese corporate bonds	4,147,789	4,227,664		(79,875)
Other	24,328,159	25,138,423		(810,263)
Of which: foreign bonds	3,029,663	3,139,288		(109,624)
Of which: investment trusts	20,136,427	20,831,184		(694,756)
Subtotal	53,182,020	55,311,016		(2,128,995)
Total	¥ 118,277,927	¥ 114,904,607	¥	3,373,320

Millions of U.S. Dollars				
2025				
	Consolidated balance sheet amount	Cost	Difference	
March 31				
Those for which consolidated balance sheet amount exceeds cost				
Stocks	\$ 3,184	\$ 2,024	\$	1,160
Bonds	13,235	12,879		356
Japanese government bonds	11,496	11,164		332
Japanese local government bonds	82	80		2
Japanese short-term corporate bonds	-	-		-
Japanese corporate bonds	1,657	1,636		21
Other	417,569	389,862		27,707
Of which: foreign bonds	110,756	93,459		17,297
Of which: investment trusts	306,528	296,119		10,409
Subtotal	433,987	404,765		29,222
Those for which consolidated balance sheet amount does not exceed cost				
Stocks	1,393	1,731		(338)
Bonds	138,827	153,366		(14,539)
Japanese government bonds	98,924	112,159		(13,235)
Japanese local government bonds	7,593	7,772		(179)
Japanese short-term corporate bonds	5,141	5,141		-
Japanese corporate bonds	27,170	28,294		(1,124)
Other	146,912	150,901		(3,989)
Of which: foreign bonds	29,107	30,007		(900)
Of which: investment trusts	106,573	109,581		(3,008)
Subtotal	287,132	305,998		(18,865)
Total	\$ 721,120	\$ 710,763	\$	10,357

5) Held-to-maturity bonds sold

There were no held-to-maturity bonds sold for the fiscal years ended March 31, 2025 and 2024.

6) Policy-reserve-matching bonds sold

<u>Year ended March 31</u>	Millions of Yen		
	2025		
	Sales	Gains	Losses
Bonds	¥ 747,743	¥ 31,059	¥ (41,400)
Japanese government bonds	723,585	31,059	(20,123)
Japanese local government bonds	-	-	-
Japanese corporate bonds	24,157	-	(21,276)
Total	¥ 747,743	¥ 31,059	¥ (41,400)

<u>Year ended March 31</u>	Millions of Yen		
	2024		
	Sales	Gains	Losses
Bonds	¥ 802,064	¥ 22,141	¥ (8,354)
Japanese government bonds	737,465	22,141	(3,153)
Japanese local government bonds	200	0	-
Japanese corporate bonds	64,399	-	(5,200)
Total	¥ 802,064	¥ 22,141	¥ (8,354)

<u>Year ended March 31</u>	Millions of U.S. Dollars		
	2025		
	Sales	Gains	Losses
Bonds	\$ 5,001	\$ 208	\$ (277)
Japanese government bonds	4,839	208	(135)
Japanese local government bonds	-	-	-
Japanese corporate bonds	162	-	(142)
Total	\$ 5,001	\$ 208	\$ (277)

7) Available-for-sale securities sold

<u>Year ended March 31</u>	Millions of Yen		
	2025		
	Sales	Gains	Losses
Stocks	¥ 62,518	¥ 23,912	¥ (2,381)
Bonds	1,623,366	425	(120,118)
Japanese government bonds	1,604,024	419	(120,015)
Japanese corporate bonds	19,342	6	(102)
Other	2,485,639	141,697	(128,064)
Of which: foreign bonds	1,180,889	58,868	(29,395)
Of which: investment trusts	1,304,750	82,829	(98,668)
Total	¥ 4,171,525	¥ 166,036	¥ (250,564)

<u>Year ended March 31</u>	Millions of Yen		
	2024		
	Sales	Gains	Losses
Stocks	¥ 70,336	¥ 16,971	¥ (4,489)
Bonds	1,925,448	4,848	(50,161)
Japanese government bonds	1,824,592	4,785	(45,388)
Japanese corporate bonds	100,856	62	(4,772)
Other	4,991,549	160,080	(468,966)
Of which: foreign bonds	2,903,464	114,602	(135,137)
Of which: investment trusts	2,088,084	45,478	(333,828)
Total	¥ 6,987,333	¥ 181,900	¥ (523,617)

Year ended March 31	Millions of U.S. Dollars		
	2025		
	Sales	Gains	Losses
Stocks	\$ 418	\$ 160	\$ (16)
Bonds	10,857	3	(803)
Japanese government bonds	10,728	3	(803)
Japanese corporate bonds	129	0	(1)
Other	16,624	948	(857)
Of which: foreign bonds	7,898	394	(197)
Of which: investment trusts	8,726	554	(660)
Total	<u>\$ 27,899</u>	<u>\$ 1,110</u>	<u>\$ (1,676)</u>

8) Securities of which holding purposes were changed

There were no securities of which holding purposes were changed as of March 31, 2025 and 2024.

9) Securities that incurred impairment losses

For securities other than trading securities (excluding stocks without market prices and investments in partnerships), and in case whose fair value declines significantly from their acquisition costs, with no prospect of recovering to their acquisition costs, the Company records the fair value of such securities on the consolidated balance sheets and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥588 million (\$4 million) and ¥2,913 million for the fiscal years ended March 31, 2025 and 2024, respectively.

(4) Money Held in Trust

1) Money held in trust classified as trading

There was no money held in trust classified as trading as of March 31, 2025 and 2024, respectively.

2) Money held in trust classified as held-to-maturity

There was no money held in trust classified as held-to-maturity as of March 31, 2025 and 2024, respectively.

3) Money held in trust classified as other than trading or held-to-maturity

Millions of Yen					
2025					
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
March 31					
Money held in trust classified as other than trading or held-to-maturity	¥ 8,431,639	¥ 5,812,352	¥ 2,619,286	¥ 2,826,526	¥ (207,239)

Millions of Yen					
2024					
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
March 31					
Money held in trust classified as other than trading or held-to-maturity	¥ 8,874,120	¥ 5,695,466	¥ 3,178,653	¥ 3,306,077	¥ (127,423)

Millions of U.S. Dollars					
2025					
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
March 31					
Money held in trust classified as other than trading or held-to-maturity	\$ 56,391	\$ 38,873	\$ 17,518	\$ 18,904	\$ (1,386)

Notes:

1. Stocks of Aflac Incorporated, which had been held as “Money held in trust classified as other than trading or held-to-maturity,” have been reclassified as “Investments in non-consolidated subsidiaries and affiliates” because Aflac Incorporated became the Company’s equity method affiliate from the fiscal year ended March 31, 2024. The consolidated balance sheet amount of such stocks was ¥384,790 million.
2. For securities with market quotations included as trust assets in “Money held in trust classified as other than trading or held-to-maturity” (excluding stocks without market prices and investments in partnerships, etc.), and in case whose fair value declines significantly from their acquisition costs, with no prospect of recovering to their acquisition costs, the Company records the fair value of such securities on the consolidated balance sheets and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥6,854 million (\$46 million) and ¥4,260 million for the fiscal years ended March 31, 2025 and 2024, respectively.
3. “Money held in trust classified as other than trading or held-to-maturity” include investment in non-consolidated subsidiaries of ¥35,543 million (\$238 million) and ¥40,732 million as of March 31, 2025 and 2024, respectively.

5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral consisted of the following:

(1) Assets Pledged as Collateral

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Securities	¥ 37,880,804	¥ 32,738,367	\$ 253,349
Other tangible fixed assets	17,885	-	120

(2) Liabilities Related to Collateral

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Deposits	¥ 336,328	¥ 399,997	\$ 2,249
Payables under repurchase agreements	31,501,961	27,947,626	210,687
Payables under securities lending transactions	2,004,678	2,373,799	13,407
Borrowed money	2,523,488	1,984,900	16,877

(3) In addition to the assets pledged as collateral and the liabilities related to collateral presented above, the total assets of the Company have been pledged as general collateral for corporate bonds issued valued at ¥85,300 million (\$570 million) and ¥61,000 million as of March 31, 2025 and 2024, respectively.

In addition to the above, the following assets are pledged as collateral for the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions and other transactions, and substituted for margins for future transactions:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Assets pledged as collateral:			
Securities	¥ 3,978,360	¥ 4,817,843	\$ 26,608
Loans	202,164	-	1,352

“Other assets” include margins for future transactions, guarantee deposits, margins with central counterparty and cash collateral paid for financial instruments were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Other assets:			
Margins for future transactions	¥ 51,437	¥ 158,111	\$ 344
Guarantee deposits	24,486	22,892	164
Margins with central counterparty	318,833	272,787	2,132
Cash collateral paid for financial instruments	2,261,858	1,816,173	15,127

6. LOANS

Receivables based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions were as follows. The receivables consist of those recorded in the consolidated balance sheets as bonds in “Securities” (limited to those guaranteeing all or a part of principal and interest, and offered through private placement in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), “Loans,” “Foreign exchanges,” accrued interest and suspense payments in “Other assets” and “Customers’ liabilities for acceptance and guarantees.”

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Claims provable in bankruptcy	¥ 0	¥ -	\$ 0
Doubtful receivables	0	0	0
Past-due loans for three months or more	-	-	-
Restructured loans	-	-	-
Total	¥ 0	¥ 0	\$ 0

Note: The above loan amounts are stated before deduction of reserve for possible loan losses.

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed upon in advance. The banking subsidiary will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The amounts of unused commitments on loans of the banking subsidiary were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Amount of unused commitments on loans	¥ 41,931	¥ 43,522	\$ 280
Of which: unused commitments with a term of less than one year or that may be cancelled unconditionally at any point of time	3,968	1,639	27

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect the future cash flows of the banking subsidiary. Conditions are included in certain loan agreements that allow the banking subsidiary to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the banking subsidiary’s credit. At the inception of contracts, the banking subsidiary has the obligor pledge collateral to the banking subsidiary in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the banking subsidiary reviews the obligor’s financial condition in accordance with the banking subsidiary’s established internal procedures and takes necessary measures to protect its credit.

The amounts of unused commitments on loans of the insurance subsidiary were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Amount of unused commitments on loans	¥ -	¥ 4,890	\$ -

7. TANGIBLE FIXED ASSETS

(1) Accumulated Depreciation

Accumulated depreciation were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u>
Accumulated depreciation	¥ 1,947,994	¥ 1,886,529	\$ 13,028

Note: The above does not include accumulated depreciation related to right-of-use assets.

(2) Deferred Gains on Tangible Fixed Assets Not Recognized for Tax Purposes

Deferred gains on tangible fixed assets not recognized for tax purposes were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u>
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 95,324	¥ 95,232	\$ 638
Of which: deferred during the fiscal year	91	5,254	1

(3) Real Estate for Rent

The Company and certain consolidated subsidiaries own office buildings (including land), commercial buildings and others for rental purposes in Tokyo and other areas.

<u>Years ended March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u>
Net rent income (losses) ¹	¥ 11,408	¥ 3,569	\$ 76
Net gains (losses) on sales ²	1,941	3,630	13
Losses on impairment ³	2,005	1,681	13
Other gains ⁴	-	411	-
Other losses ³	745	1,565	5

Notes:

1. Majority of rent income is recorded under "Other income," and majority of rent expenses are recorded under "Depreciation and amortization."
2. Gains on sales are recorded under "Other income," and losses on sales are recorded under "Other expenses."
3. Losses on impairment and other losses are recorded under "Other expenses."
4. Other gains are recorded under "Other income."

The consolidated balance sheet amount, net change during the fiscal year and fair value of real estate for rent were as follows:

<u>Years ended March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u>
Consolidated balance sheet amount ¹			
Balance at the beginning of the fiscal year	¥ 877,066	¥ 589,429	\$ 5,866
Net change during the fiscal year ²	9,174	287,637	61
Balance at the end of the fiscal year	¥ 886,240	¥ 877,066	\$ 5,927
Fair value at the end of the fiscal year ³	¥ 1,509,190	¥ 1,454,563	\$ 10,094

Notes:

1. The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.
2. The increase during the fiscal year ended March 31, 2024 was mainly due to the completion of development properties of ¥321,015 million.
3. The fair value is calculated primarily based on the real estate appraisal standard.
4. Real estate for rent under construction is not included in the above table since it is extremely difficult to determine its fair value. The consolidated balance sheet amounts of them were ¥38,267 million (\$256 million) and ¥42,623 million as of March 31, 2025 and 2024, respectively.

8. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the said Ordinance were ¥357 million (\$2 million) and ¥426 million as of March 31, 2025 and 2024, respectively.

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance were ¥1,187,171 million (\$7,940 million) and ¥641,745 million as of March 31, 2025 and 2024, respectively.

9. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Years ended March 31			
Balance at the beginning of the fiscal year	¥ 1,101,628	¥ 1,175,171	\$ 7,368
Policyholder dividends paid	(114,060)	(129,463)	(763)
Interest accrual, etc.	679	137	5
Reduction due to the acquisition of additional annuity	(112)	(115)	(1)
Provision for reserve for policyholder dividends	96,990	55,899	649
Balance at the end of the fiscal year	¥ 1,085,126	¥ 1,101,628	\$ 7,257

10. BORROWED MONEY AND LEASE OBLIGATIONS

Borrowed money and lease obligations were as follows:

	Millions of Yen		Millions of U.S. Dollars	Average interest rate ¹	Due
	2025	2024	2025	2025	2025
March 31					
Borrowed money	¥ 2,832,835	¥ 2,153,409	\$ 18,946	0.41%	-
Borrowings	2,832,835	2,153,409	18,946	0.41%	April 2025 - December 2035
Lease obligations	108,383	116,384	725	-	April 2025 - October 2054

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance at the fiscal year-end date.
2. Of "Borrowings," ¥5,200 million (\$35 million) was without interest as of March 31, 2025.
3. The average interest rate of lease obligations is not presented above because interest included in the total amount of lease payments is allocated to each period using the straight-line method in certain consolidated subsidiaries.
4. Borrowings are included in "Borrowed money" and lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets, respectively.

The repayment schedule within 5 years subsequent to the fiscal year-end on borrowings as of March 31, 2025 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Within 1 year	¥ 1,314,552	¥ 8,792	\$ 8,792
Due after 1 year through 2 years	53,151	355	355
Due after 2 years through 3 years	1,312,446	8,778	8,778
Due after 3 years through 4 years	26,687	178	178
Due after 4 years through 5 years	59,824	400	400

The repayment schedule within 5 years subsequent to the fiscal year-end on lease obligations as of March 31, 2025 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Within 1 year	¥ 19,443	¥ 130	\$ 130
Due after 1 year through 2 years	18,875	126	126
Due after 2 years through 3 years	16,445	110	110
Due after 3 years through 4 years	11,645	78	78
Due after 4 years through 5 years	9,669	65	65

11. BONDS

Bonds were as follows:

Issuer	Description	Issue	Millions of Yen		Millions of U.S. Dollars	Interest rate	Collateral	Due
			2025	2024	2025			
The Company	Japan Post Holdings Series 1 (green bonds)	September 1, 2022	¥ 15,000	¥ 15,000	\$ 100	0.255%	General collateral	September 1, 2027
The Company	Japan Post Holdings Series 2 (green bonds)	September 1, 2022	15,000	15,000	100	0.469%	General collateral	September 1, 2032
The Company	Japan Post Holdings Series 3 (green bonds)	September 1, 2022	5,000	5,000	33	0.984%	General collateral	September 1, 2042
The Company	Japan Post Holdings Series 4	October 24, 2023	26,000	26,000	174	0.603%	General collateral	October 24, 2028
The Company	Japan Post Holdings Series 5	July 19, 2024	24,300	-	163	0.808%	General collateral	July 19, 2029
Japan Post Insurance Co., Ltd.	First series of subordinated unsecured bonds with interest deferral option and early redemption option ¹	January 29, 2019	100,000	100,000	669	1.00% ²	Not provided	January 29, 2049
Japan Post Insurance Co., Ltd.	Second series of subordinated unsecured bonds with interest deferral option and early redemption option ¹	January 28, 2021	200,000	200,000	1,338	1.050% ³	Not provided	January 28, 2051
Japan Post Insurance Co., Ltd.	Third series of subordinated unsecured bonds with interest deferral option and early redemption option ¹	September 7, 2023	100,000	100,000	669	1.910% ⁴	Not provided	September 7, 2053
Japan Post Insurance Co., Ltd.	Fourth series of subordinated unsecured bonds with interest deferral option and early redemption option ¹	April 17, 2024	100,000	-	669	2.133% ⁵	Not provided	April 17, 2054
Total			¥ 585,300	¥ 461,000	\$ 3,915			

Notes:

- These bonds are subordinated bonds with the special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations and no collateral was provided for these bonds.
- Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
- Interest rate from the day immediately following January 28, 2031, shall be 5-year JGB interest rate plus 2.010% (reset every five years).
- Interest rate from the day immediately following September 7, 2033, shall be 5-year JGB interest rate plus 2.277% (reset every five years).
- Interest rate from the day immediately following April 17, 2034, shall be 5-year JGB interest rate plus 2.300% (reset every five years).

The redemption schedule within 5 years subsequent to the fiscal year-end on bonds as of March 31, 2025 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ -	\$ -
Due after 1 year through 2 years	-	-
Due after 2 years through 3 years	15,000	100
Due after 3 years through 4 years	26,000	174
Due after 4 years through 5 years	24,300	163

12. ASSET RETIREMENT OBLIGATIONS

(1) Outline of Asset Retirement Obligations

The Group recorded asset retirement obligations with respect to asbestos removal costs during demolition of the Company's and subsidiaries' buildings, and restoration costs based on the real estate lease contracts of their business locations, company-owned housing and others.

The Group's network, comprised mainly of post offices, is required under the Postal Services Privatization Act to be maintained without fail from the perspective of public services provision. Therefore, restoration costs based on the real estate lease contracts related to facilities essential to the said network maintenance are recorded as asset retirement obligations only when their settlements are clearly expected due to reasons such as planned contract termination.

(2) Calculation Method of Asset Retirement Obligations

The Group calculated the asset retirement obligations by estimating the period of service between 1 year and 47 years and applying discount rates ranging from 0.0% to 6.9%.

(3) Changes in Asset Retirement Obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Balance at the beginning of the fiscal year	¥ 26,121	¥ 27,115	\$ 175
Obligations incurred due to acquisition of tangible fixed assets	456	1,141	3
Time progress adjustments	33	33	0
Changes in estimates	(12)	(451)	(0)
Obligations settled	(1,472)	(1,458)	(10)
Other	(207)	(259)	(1)
Balance at the end of the fiscal year	¥ 24,919	¥ 26,121	\$ 167

(4) Changes in Estimates

In accordance with the acquisition of new information, the Group has changed the estimates of the restoration costs, etc. according to lease contracts. As a result, "Changes in estimates" of ¥(12) million (\$0) million and ¥(451) million have been deducted from the amount of asset retirement obligations for the fiscal years ended March 31, 2025 and 2024, respectively.

13. RETIREMENT BENEFITS

(1) Outline of Retirement Benefits

The Company and major consolidated subsidiaries have lump-sum severance indemnity plans as a defined benefit plan. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations. Under the simplified method, the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligations. The charges concerning share of public service pension and share of another public service pension (as defined in Note 2(19)) are included in the Company's retirement benefit obligations.

The Company has established retirement benefit trusts for the share of public service pension and share of another public service pension. In addition, a consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity.

Certain consolidated subsidiaries have defined contribution pension plans. In addition, the amounts required to be contributed to the retirement pension benefit plans by the Company and certain consolidated subsidiaries based on the "Act for Partial Amendment of National Government Officials' Retirement Allowance Act, etc. for the Purposes of Reviewing Benefit Levels of the Retirement Benefits for National Government Officials" (Act No. 96 of 2012), which was introduced from October 2015 as a new type of pension subsequent to the abolition of the specified occupation portion of the mutual aid pension program, were ¥10,355 million (\$69 million) and ¥10,277 million for the fiscal years ended March 31, 2025 and 2024, respectively.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Balance at the beginning of the fiscal year	¥ 2,366,299	¥ 2,420,676	\$ 15,826
Service cost	105,014	107,631	702
Interest cost	15,768	16,052	105
Actuarial differences	9,170	6,935	61
Benefits paid	(173,337)	(185,654)	(1,159)
Prior service cost	(115)	-	(1)
Other	186	658	1
Balance at the end of the fiscal year	¥ 2,322,986	¥ 2,366,299	\$ 15,536

2) Changes in plan assets

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Balance at the beginning of the fiscal year	¥ 386,752	¥ 284,004	\$ 2,587
Expected return on plan assets	4,669	681	31
Actuarial differences	(6,247)	(1,273)	(42)
Contributions paid by the employer	254	247	2
Amount of retirement benefit trusts established	-	130,000	-
Benefits paid	(24,242)	(26,907)	(162)
Balance at the end of the fiscal year	¥ 361,185	¥ 386,752	\$ 2,416

3) Balance of retirement benefit obligations, plan assets and liability (asset) for retirement benefits

	Millions of Yen		Millions of U.S. Dollars
<u>March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Funded retirement benefit obligations	¥ 292,254	¥ 314,244	\$ 1,955
Share of public service pension	156,606	176,967	1,047
Share of another public service pension	128	144	1
Lump-sum severance indemnity	130,493	132,053	873
Corporate pension plan	5,026	5,079	34
Plan assets	(361,185)	(386,752)	(2,416)
Share of public service pension	(222,587)	(249,732)	(1,489)
Share of another public service pension	(11)	(35)	(0)
Lump-sum severance indemnity	(131,925)	(130,000)	(882)
Corporate pension plan	(6,661)	(6,984)	(45)
	(68,931)	(72,508)	(461)
Unfunded retirement benefit obligations	2,030,731	2,052,054	13,582
Lump-sum severance indemnity	2,030,731	2,052,054	13,582
Net liability (asset) for retirement benefits	¥ 1,961,800	¥ 1,979,546	\$ 13,121
Liability for retirement benefits	¥ 2,030,847	¥ 2,054,217	\$ 13,582
Asset for retirement benefits	(69,047)	(74,670)	(462)
Net liability (asset) for retirement benefits	¥ 1,961,800	¥ 1,979,546	\$ 13,121

Note: A consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity from the fiscal year ended March 31, 2024.

4) Retirement benefit costs

	Millions of Yen		Millions of U.S. Dollars
<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Service cost	¥ 105,014	¥ 107,631	\$ 702
Interest cost	15,768	16,052	105
Expected return on plan assets	(4,669)	(681)	(31)
Amortization of actuarial differences	(8,898)	(14,023)	(60)
Amortization of prior service cost	(17,287)	(17,383)	(116)
Other	(1,000)	(253)	(7)
Total	¥ 88,927	¥ 91,341	\$ 595

5) Adjustments for retirement benefits (before income taxes and tax effect)

	Millions of Yen		Millions of U.S. Dollars
<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Prior service cost	¥ (17,171)	¥ (17,383)	\$ (115)
Actuarial differences	(24,316)	(22,232)	(163)
Total	¥ (41,487)	¥ (39,615)	\$ (277)

6) Accumulated adjustments for retirement benefits (before income taxes and tax effect)

	Millions of Yen		Millions of U.S. Dollars
<u>March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrecognized prior service cost	¥ 61,249	¥ 77,894	\$ 410
Unrecognized actuarial differences	(279)	22,320	(2)
Total	¥ 60,970	¥ 100,214	\$ 408

7) Plan assets

<u>March 31</u>	<u>2025</u>	<u>2024</u>
Bonds	39%	45%
Stocks	1	1
Life insurance general account	0	0
Investment trusts	37	-
Other	23	54
Total	100%	100%

Note: The percentage of retirement benefit trusts to total plan assets were 62% and 65% as of March 31, 2025 and 2024, respectively, which were set up for the Company's share of public service pension and share of another public service pension. In addition, the percentages to total plan assets of the retirement benefit trust established by a consolidated subsidiary for the lump-sum severance indemnity as of March 31, 2025 and 2024 were 37% and 34%, respectively.

Current and target asset allocations, current and expected returns on various categories of plan assets have been taken into consideration in determining the long-term expected rate of return on plan assets.

8) Actuarial assumptions

The principal actuarial assumptions used were as follows:

<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>
Discount rate	0.2% - 1.9%	0.2% - 0.7%
Long-term expected rate of return on plan assets	0.1% - 3.1%	0.1% - 2.0%

(3) Defined Contribution Plans

The amounts required to be contributed to the defined contribution plans by certain consolidated subsidiaries were ¥12,945 million (\$87 million) and ¥12,328 million for the fiscal years ended March 31, 2025 and 2024, respectively.

14. RESERVES RELATED TO THE REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve but including ceded reinsurance policy reserve, related to the reinsurance contracts with the Japan Postal Service Organization, are provided at amounts calculated based on the statement of calculation procedures for the insurance subsidiary's insurance premiums and policy reserves. Such amount is set not to fall below the amount calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on the Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005). In addition, contingency reserve and reserve for price fluctuations are provided for this category of reinsurance.

The policy reserves, excluding contingency reserve but including ceded reinsurance policy reserve, contingency reserve and reserve for price fluctuations provided for this category of reinsurance were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u> <u>2025</u>
Policy reserves (excluding contingency reserve but including ceded reinsurance policy reserve)	¥ 24,576,340	¥ 25,595,821	\$ 164,368
Contingency reserve	915,558	1,283,683	6,123
Reserve for price fluctuations	581,452	749,984	3,889

15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Deferred tax assets:			
Liability for retirement benefits	¥ 727,292	¥ 720,466	\$ 4,864
Policy reserves	1,025,316	998,451	6,857
Reserve for outstanding claims	42,760	42,693	286
Reserve for bonuses	39,029	37,748	261
Reserve for price fluctuations	225,014	228,547	1,505
Deferred losses on hedges	521,445	560,949	3,487
Tax losses carried forward *	1,080,500	1,109,883	7,226
Other	361,204	308,994	2,416
Subtotal deferred tax assets	4,022,563	4,007,734	26,903
Valuation allowance for tax losses carried forward *	(1,079,324)	(1,109,248)	(7,219)
Valuation allowance for deductible temporary differences	(762,966)	(757,229)	(5,103)
Total valuation allowance	(1,842,291)	(1,866,477)	(12,321)
Total deferred tax assets	2,180,271	2,141,256	14,582
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(969,586)	(1,425,022)	(6,485)
Unrealized gains on assets and liabilities of the consolidated subsidiaries	(3,158)	(3,658)	(21)
Other	(50,097)	(33,418)	(335)
Total deferred tax liabilities	(1,022,842)	(1,462,099)	(6,841)
Net deferred tax assets (liabilities)	¥ 1,157,429	¥ 679,156	\$ 7,741

Note:

- Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

* Amounts of tax losses carried forward and its deferred tax assets by expiration periods were as follows:

	Millions of Yen						
	2025						
March 31	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward ¹	¥ 10,342	¥ 8,613	¥ 211	¥ 4,779	¥ 165,337	¥ 891,215	¥ 1,080,500
Valuation allowance	(10,342)	(8,613)	(211)	(4,779)	(165,295)	(890,082)	(1,079,324)
Deferred tax assets	¥ -	¥ -	¥ -	¥ -	¥ 42	¥ 1,133	¥ 1,175

	Millions of Yen						
	2024						
March 31	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward ¹	¥ 189,439	¥ 10,315	¥ 8,453	¥ 225	¥ 4,696	¥ 896,752	¥ 1,109,883
Valuation allowance	(189,439)	(10,315)	(8,453)	(225)	(4,696)	(896,118)	(1,109,248)
Deferred tax assets	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 634	¥ 634

	Millions of U.S. Dollars						
	2025						
March 31	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward ¹	\$ 69	\$ 58	\$ 1	\$ 32	\$ 1,106	\$ 5,961	\$ 7,226
Valuation allowance	(69)	(58)	(1)	(32)	(1,106)	(5,953)	(7,219)
Deferred tax assets	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 8	\$ 8

Note:

- Tax losses carried forward is after multiplying the statutory tax rate.

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 30.6% for the fiscal years ended March 31, 2025 and 2024, respectively.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate were as follows:

<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>
Statutory tax rate	30.6%	30.6%
Income not taxable for income tax purposes (e.g. non-taxable dividend income)	0.4	(2.5)
Changes in valuation allowance	(9.8)	(0.6)
Adjustment of book value of stocks of subsidiaries for consolidated tax payment system	(21.4)	2.0
Expired tax losses carried forward	24.4	-
Increase in deferred tax assets at the fiscal year-end due to change in tax rate	(5.6)	-
Other	2.8	(0.7)
Effective income tax rate	<u>21.4%</u>	<u>28.9%</u>

(Accounting for corporate tax, local corporate tax, and tax effect accounting)

The Company and some of its consolidated subsidiaries adopt the group tax sharing system. Moreover, the Group process accounting for and presentation of corporate tax, local corporate tax, and tax effect accounting in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(Revision of amounts for deferred tax assets and deferred tax liabilities due to change in corporate tax rate)

Following the enactment of the Act on Partial Revision of the Income Tax Act (Act No. 13 of 2025) by the Diet on March 31, 2025, a new special defense surtax shall be imposed on corporate income tax for fiscal years beginning on or after April 1, 2026. Consequently, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 30.6% to 31.5% for those expected to be realized on or after April 1, 2026. Due to this change, deferred tax assets, deferred tax liabilities, and net deferred gains (losses) on hedges increased by ¥33,071 million (\$221 million), ¥353 million (\$2 million), and ¥11,977 million (\$80 million), respectively, while net unrealized gains (losses) on available-for-sale securities and deferred income taxes decreased by ¥21,954 million (\$147 million) and ¥42,701 million (\$286 million), respectively.

16. NET ASSETS

(1) Class and Number of Shares Authorized and Issued

Year ended March 31, 2025

<u>Year ended March 31, 2025</u>				
	Thousands of shares			
	<u>April 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2025</u>
Shares authorized:				
Common stock	18,000,000	-	-	18,000,000

	Thousands of shares			
	April 1, 2024	Increase	Decrease	March 31, 2025
Shares issued:				
Common stock	3,461,049	-	254,809	3,206,240

Note: The decrease of 254,809 thousand shares issued is due to the cancellation of treasury stock.

Year ended March 31, 2024

<u>Year ended March 31, 2024</u>				
	<u>Thousands of shares</u>			
	<u>April 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2024</u>
Shares authorized:				
Common stock	18,000,000	-	-	18,000,000

	Thousands of shares			
	April 1, 2023	Increase	Decrease	March 31, 2024
Shares issued:				
Common stock	3,657,797	-	196,748	3,461,049

Note: The decrease of 196,748 thousand shares issued is due to the cancellation of treasury stock.

(2) Class and Number of Shares of Treasury Stock

Year ended March 31, 2025	Thousands of shares			
	April 1, 2024 ¹	Increase ²	Decrease ²	March 31, 2025 ¹
Treasury stock:				
Common stock	255,967	233,305	254,829	234,444

Notes:

- The number of shares of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,058 thousand shares. The number of shares of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,038 thousand shares.
- The increase of 233,305 thousand shares of treasury stock is due to 233,305 thousand shares repurchased from May 16, 2024 to March 24, 2025 based on the resolution of the Board of Directors' meeting held on May 15, 2024 and the purchase of shares less than one unit of 0 thousand shares. The decrease of 254,829 thousand shares of treasury stock is due to the cancellation of treasury stock of 254,809 thousand shares based on the resolution of the Board of Directors' meeting held on March 27, 2024, the benefits paid of the shares of the Company by the management board benefit trust of 19 thousand shares, and the sale in response to a request for the purchase of shares less than one unit of 0 thousand shares.
- The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors' meeting held on March 28, 2025, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2025.
Book value: ¥349,967 million (\$2,341 million)
Class of shares to be cancelled: Common stock
Number of shares to be cancelled: 233,305 thousand shares
The cancellation procedures of the above treasury stock have been completed on April 11, 2025.

Year ended March 31, 2024	Thousands of shares			
	April 1, 2023 ¹	Increase ²	Decrease ²	March 31, 2024 ¹
Treasury stock:				
Common stock	197,988	254,809	196,830	255,967

Notes:

- The number of shares of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,140 thousand shares. The number of shares of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,058 thousand shares.
- The increase of 254,809 thousand shares of treasury stock is due to 254,809 thousand shares repurchased from August 15, 2023 to March 22, 2024 based on the resolutions of the Board of Directors' meetings held on May 15, 2023 and August 14, 2023 and the purchase of shares less than one unit of 0 thousand shares. The decrease of 196,830 thousand shares of treasury stock is due to the cancellation of treasury stock of 196,748 thousand shares based on the resolution of the Board of Directors' meeting held on March 29, 2023 and the benefits paid of the shares of the Company by the management board benefit trust of 81 thousand shares.
- The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors' meeting held on March 27, 2024, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2024.
Book value: ¥299,983 million
Class of shares to be cancelled: Common stock
Number of shares to be cancelled: 254,809 thousand shares
The cancellation procedures of the above treasury stock have been completed on April 12, 2024.

(3) Information on Dividends

Dividends from retained earnings require approval from the Minister for Internal Affairs and Communications pursuant to the provisions of Article 11 of the Act on Japan Post Holdings Co., Ltd.

1) Dividends paid

Dividends paid for the fiscal year ended March 31, 2025

Resolution	Class of shares	Total amount ^{1 and 2} (Millions of Yen)	Total amount ^{1 and 2} (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2024	Common stock	¥ 80,153	\$ 536	¥ 25.00	\$ 0.17	March 31, 2024	June 20, 2024
Board of Directors' meeting held on November 14, 2024	Common stock	¥ 77,464	\$ 518	¥ 25.00	\$ 0.17	September 30, 2024	December 5, 2024

Notes:

- The total amount of dividends based on the resolution of Board of Directors' meeting held on May 15, 2024 includes dividends of ¥26 million (\$0 million) for the Company's shares held by the management board benefit trust.
- The total amount of dividends based on the resolution of Board of Directors' meeting held on November 14, 2024 includes dividends of ¥25 million (\$0 million) for the Company's shares held by the management board benefit trust.

Dividends paid for the fiscal year ended March 31, 2024

Resolution	Class of shares	Total amount ¹ (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2023	Common stock	¥ 173,047	¥ 50.00	March 31, 2023	June 22, 2023
Board of Directors' meeting held on November 13, 2023	Common stock	¥ 82,864	¥ 25.00	September 30, 2023	December 5, 2023

Notes:

1. The total amount of dividends based on the resolution of Board of Directors' meeting held on May 15, 2023 includes dividends of ¥57 million for the Company's shares held by the management board benefit trust.
2. The total amount of dividends based on the resolution of Board of Directors' meeting held on November 13, 2023 includes dividends of ¥26 million for the Company's shares held by the management board benefit trust.

2) Dividends whose effective date falls after the end of the fiscal year

Dividends whose effective date falls after the end of the fiscal year ended March 31, 2025

Resolution	Class of shares	Total amount ¹ (Millions of Yen)	Total amount ¹ (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2025	Common stock	¥ 74,320	\$ 497	Retained earnings	¥ 25.00	\$ 0.17	March 31, 2025	June 26, 2025

Note:

1. The total amount of dividends includes dividends of ¥25 million (\$0 million) for the Company's shares held by the management board benefit trust.

17. EFFECT OF CHANGES IN DISCOUNT RATE ASSUMPTIONS

In the consolidated balance sheets, "Effect of changes in discount rate assumptions" is recorded by a foreign affiliate accounted for by the equity method which applies generally accepted accounting principles in the United States of America (Accounting Standards Update 2018-12).

18. OTHER INCOME

Other income consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Gains on sale of fixed assets	¥ 6,829	¥ 3,319	\$ 46
Gains on negative goodwill	481	-	3
Reversal of reserve for price fluctuations	43,869	16,161	293
Compensation for transfer	763	1,612	5
Reversal of losses on transfer of business	802	2,525	5
Insurance claim income	-	2,243	-
Other	231,120	202,287	1,546
Total	¥ 283,865	¥ 228,149	\$ 1,899

19. OTHER EXPENSES

Other expenses consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Losses on sale and disposal of fixed assets	¥ 3,481	¥ 6,400	\$ 23
Losses on impairment of fixed assets	2,043	2,837	14
Losses on business restructuring	-	1,664	-
Provision for reserve for policyholder dividends ¹	96,990	55,899	649
Other	129,752	379,368	868
Total	¥ 232,269	¥ 446,170	\$ 1,553

Note:

1. Provision for reserve for policyholder dividends, which is provided for the Japan Postal Service Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Japan Postal Service Organization, was ¥86,029 million (\$575 million) and ¥46,866 million for the fiscal years ended March 31, 2025 and 2024, respectively.

20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ (797,806)	¥ 3,202,376	\$ (5,336)
Reclassification adjustments	(882,975)	(1,121,096)	(5,905)
Before income taxes and tax effect adjustments	(1,680,782)	2,081,279	(11,241)
Income taxes and tax effect	483,836	(588,104)	3,236
Net unrealized gains (losses) on available-for-sale securities	(1,196,945)	1,493,174	(8,005)
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(532,950)	(1,553,913)	(3,564)
Reclassification adjustments	695,456	620,631	4,651
Adjustments of assets' acquisition costs	(624)	(698)	(4)
Before income taxes and tax effect adjustments	161,881	(933,979)	1,083
Income taxes and tax effect	(38,168)	285,120	(255)
Net deferred gains (losses) on hedges	123,712	(648,859)	827
Foreign currency translation adjustments:			
Amount arising during the fiscal year	(473)	2,607	(3)
Reclassification adjustments	(2,750)	541	(18)
Before income taxes and tax effect adjustments	(3,223)	3,149	(22)
Income taxes and tax effect	-	-	-
Foreign currency translation adjustments	(3,223)	3,149	(22)
Adjustments for retirement benefits:			
Amount arising during the fiscal year	(15,303)	(8,208)	(102)
Reclassification adjustments	(26,184)	(31,406)	(175)
Before income taxes and tax effect adjustments	(41,487)	(39,615)	(277)
Income taxes and tax effect	1,465	702	10
Adjustments for retirement benefits	(40,021)	(38,912)	(268)
Share of other comprehensive income (loss) of affiliates:			
Amount arising during the fiscal year	84,059	(2)	562
Reclassification adjustments	-	-	-
Share of other comprehensive income (loss) of affiliates	84,059	(2)	562
Total other comprehensive income (loss)	¥ (1,032,419)	¥ 808,548	\$ (6,905)

21. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

The Group is required to manage financial assets and financial liabilities owned by the banking subsidiary and insurance subsidiary in order to avoid the negative impact on the stability of their financial results resulting from the volatility due to future interest rate fluctuation and foreign exchange fluctuation since these assets and liabilities are generally subject to changes in value due to fluctuations in the market.

For this purpose, both companies endeavor to properly manage return and risk by using an asset liability management (ALM) framework, under which the companies enter into derivative transactions such as interest rate swaps, currency swaps and forward foreign exchange.

Derivative transactions are identified as a key hedging method against interest rate fluctuation risk and foreign exchange fluctuation risk to our investment assets.

In addition, from the viewpoint of increasing profitability, both companies also work to invest in risk assets within an acceptable range while at the same time strengthening their risk management structures.

(2) Features and Risks of Financial Instruments

In the Group, financial assets owned by the banking subsidiary and insurance subsidiary consist mainly of securities such as domestic and foreign bonds, in particular Japanese government bonds, loans, stock investments through money held in trust and others. Such financial assets are exposed to risks including the credit risk of their issuing bodies, interest rate fluctuation risk and market price fluctuation risk.

From an ALM viewpoint, interest rate swaps are used as a means of hedging future economic value fluctuation risk and interest rate risk of securities, loans, fixed term deposits and others for interest rate-related transactions.

For currency-related transactions, currency swaps and forward foreign exchange are used as a means of hedging foreign exchange fluctuation risk in connection with the translation of foreign currency-denominated assets held by the banking subsidiary and insurance subsidiary and related Japanese yen translation amounts of redemption of principal and interest.

In hedging risk using derivative transactions, the Group applies hedge accounting for transactions meeting certain prescribed requirements in order to limit impacts on financial results.

(3) Risk Management Framework for Financial Instruments

The Group has a basic policy for group risk management whereby basic principles regarding risk management as well as basic matters for which compliance is mandatory for risk management including risk categories to be managed by Group companies are prescribed, and risk management is carried out on a group basis.

The status of the risk management at each company is periodically reported to the management meeting at which the Group's risk management policies and risk management structures are discussed.

For risks such as market risk, credit risk and other types of risk, each company identifies risks that can be quantified and then uses value at risk (VaR), a measure of the maximum expected loss that could occur due to events with a certain probability, and other methods to measure these risks. The Company manages risk by confirming that the amount of risk measured at each of these two companies is kept within each company's equity capital.

1) Credit risk management

The banking subsidiary and insurance subsidiary use the VaR method to quantify and manage credit risk exposure, in accordance with the respective rules of the companies on credit risk management. Moreover, to control credit concentration risk, the companies provide credit limits and other criteria for individual companies and corporate groups and supervise these limits during each fiscal year.

2) Management of market risk

A) Banking subsidiary

The banking subsidiary invests in domestic and foreign bonds, stocks and others based on the policy related with ALM as a banking business, and these are affected by fluctuations in interest rates, foreign exchange, stock price and others. Therefore the banking subsidiary quantitatively measures market risk using VaR, which is a statistical method, based on its market risk management regulations, and monitors and manages risk by setting limits for market risk and loss so that the amount of market risk is kept within an appropriate amount of capital allocation, as determined by taking into account the amount of the company's equity capital.

The major financial instruments affected by fluctuations in risk variables (interest rates, foreign exchange and stock prices) related to major market risks are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The banking subsidiary uses the historical simulation method (holding period — 240 business days (equivalent to 1 year); one-sided confidence interval — 99%; and observation period — 1,200 business days (equivalent to 5 years)). An internal model is used for measurement for liabilities. The amount of the market risk (estimated loss) as a whole was ¥3,557,257 million (\$23,791 million) and ¥4,553,233 million as of March 31, 2025 and 2024, respectively. The VaR measures the market risk quantity at a certain probability calculated statistically based on past market fluctuations, and accordingly, it may not be able to capture the risk under certain abnormal market. In order to avoid such risk, sensitivity testing is implemented using various scenarios.

Matters related to the design and operation of market risk management structures, and implementation of market risk management are reported and discussed regularly at the risk management committee, ALM committee, and management meeting.

In addition, taking into account features of assets mainly invested in market products, and liabilities with mainly deposits, and recognizing the importance of interest rate risk sufficiently, the banking subsidiary implements interest rate risk management using a multifaceted approach, whereby profit or loss simulations are carried out based on various scenarios using ALM, and risks are managed.

The policy related with ALM is discussed and determined at the management meeting, and the status of the implementation is reported to the ALM committee and management meeting.

With respect to derivative transactions, the banking subsidiary has created separate departments for the execution of transactions, assessment of hedge effectiveness, and administration, and has established an internal control system, in accordance with its derivative transaction regulations.

B) Insurance subsidiary

The insurance subsidiary categorizes market risk into interest rate risk and market price fluctuation risk for its management. Interest rate risk at the insurance subsidiary is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in Japanese yen and insurance liabilities due to fluctuations in Japanese yen interest rates, and the risk arises because the insurance subsidiary has a limit in matching assets with liabilities, as an insurance company with a mission to offer universal service products including endowment insurance and whole life insurance. Market price fluctuation risk is any market risk other than interest rate risk.

Among the company-wide risks including the market risk, the insurance subsidiary identifies those that can be quantified and manages the company-wide risks by comparing the capital amount and the company-wide integrated risk amount calculated based on the amount of quantified risks.

3) Management of liquidity risk related to fund raising activities

The banking subsidiary and insurance subsidiary manage liquidity risk related to fund raising activities through the establishment of indexes of fund raising, etc.

(4) Additional Notes Concerning the Fair Value of Financial Instruments

In calculating the fair value of a financial instrument, certain premises and assumptions are adopted, and the use of different premises and assumptions may lead to changes in pricing.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them were as follows.

Stocks and other securities without market prices and investments in partnerships are not included in the table below (see Note 1 below).

Notes regarding cash and due from banks, call loans, receivables under resale agreements, payables under repurchase agreements and payables under securities lending transactions have been omitted, as these instruments are settled over a short term, and their carrying amounts approximate their fair values.

Millions of Yen			
2025			
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
1) Monetary claims bought	¥ 616,954	¥ 616,954	¥ -
2) Trading account securities			
Trading securities	224	224	-
3) Money held in trust ¹	8,431,639	8,431,639	-
4) Securities			
Held-to-maturity bonds	76,595,196	72,477,203	(4,117,992)
Policy-reserve-matching bonds	7,243,771	6,522,343	(721,427)
Stock of subsidiaries and affiliates	520,635	870,960	350,324
Available-for-sale securities ¹	106,184,851	106,184,851	-
5) Loans	5,584,046		
Reserve for possible loan losses ²	(510)		
	5,583,536	5,436,977	(146,559)
Total	¥ 205,176,810	¥ 200,541,155	¥ (4,635,654)
1) Deposits	188,137,589	187,661,287	(476,301)
2) Borrowed money	2,832,835	2,825,386	(7,449)
3) Bonds	585,300	559,266	(26,033)
Total	¥ 191,555,724	¥ 191,045,940	¥ (509,784)
Derivative transactions ³			
Hedge accounting not applied	¥ (62,717)	¥ (62,717)	¥ -
Hedge accounting applied	(1,777,501)	(1,777,501)	-
Total derivative transactions	¥ (1,840,219)	¥ (1,840,219)	¥ -

Millions of Yen			
2024			
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
1) Monetary claims bought	¥ 540,998	¥ 540,998	¥ -
2) Trading account securities			
Trading securities	54	54	-
3) Money held in trust ¹	8,874,120	8,874,120	-
4) Securities			
Held-to-maturity bonds	69,883,272	70,034,975	151,703
Policy-reserve-matching bonds	7,139,629	6,954,091	(185,537)
Stock of subsidiaries and affiliates	386,998	683,460	296,461
Available-for-sale securities ¹	117,066,929	117,066,929	-
5) Loans	10,129,707		
Reserve for possible loan losses ²	(180)		
	10,129,526	10,151,658	22,131
Total	¥ 214,021,529	¥ 214,306,288	¥ 284,759
1) Deposits	190,873,061	190,887,059	13,997
2) Borrowed money	2,153,409	2,143,524	(9,885)
3) Bonds	461,000	451,675	(9,324)
Total	¥ 193,487,471	¥ 193,482,260	¥ (5,211)
Derivative transactions ³			
Hedge accounting not applied	¥ (241,422)	¥ (241,422)	¥ -
Hedge accounting applied ⁴	(2,009,429)	(2,009,429)	-
Total derivative transactions	¥ (2,250,852)	¥ (2,250,852)	¥ -

Millions of U.S. Dollars			
2025			
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
1) Monetary claims bought	\$ 4,126	\$ 4,126	\$ -
2) Trading account securities			
Trading securities	1	1	-
3) Money held in trust ¹	56,391	56,391	-
4) Securities			
Held-to-maturity bonds	512,274	484,732	(27,541)
Policy-reserve-matching bonds	48,447	43,622	(4,825)
Stock of subsidiaries and affiliates	3,482	5,825	2,343
Available-for-sale securities ¹	710,172	710,172	-
5) Loans	37,346		
Reserve for possible loan losses ²	(3)		
	37,343	36,363	(980)
Total	\$ 1,372,237	\$ 1,341,233	\$ (31,004)
1) Deposits	1,258,277	1,255,092	(3,186)
2) Borrowed money	18,946	18,896	(50)
3) Bonds	3,915	3,740	(174)
Total	\$ 1,281,138	\$ 1,277,728	\$ (3,409)
Derivative transactions ³			
Hedge accounting not applied	\$ (419)	\$ (419)	\$ -
Hedge accounting applied	(11,888)	(11,888)	-
Total derivative transactions	\$ (12,308)	\$ (12,308)	\$ -

Notes:

- Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are included.
- General reserve for possible loan losses and specific reserve for possible loan losses corresponding to loans have been deducted.
- Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.
As of March 31, 2025, derivatives subject to the allocation method for forward foreign exchange, etc. which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged securities. Therefore, their fair values are included in the relevant securities.
As of March 31, 2024, derivatives subject to the exceptional treatment for interest rate swaps and the allocation method for forward foreign exchange, etc. which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged borrowed money and securities. Therefore, their fair values are included in the relevant borrowed money and securities.
- As of March 31, 2024, the banking subsidiary uses interest rate swaps and other derivatives to hedge market fluctuation of securities and other items subject to hedges, mainly adopting the deferred hedge method. “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ PITF No. 40, March 17, 2022) is applied to these hedging relationships.

Note 1: Amounts carried on the consolidated balance sheets for stocks and other securities without market prices and investments in partnerships are as shown below; they are not included in “Assets 3) Money held in trust” and “Assets 4) Securities” under information concerning fair values of financial instruments.

	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
March 31			
Money held in trust ^{1 and 2}	¥ 3,750,364	¥ 3,560,880	\$ 25,083
Securities			
Unlisted stocks ¹	149,130	96,493	997
Investments in partnerships ²	244,782	170,722	1,637
Total³	¥ 4,144,277	¥ 3,828,097	\$ 27,717

Notes:

- In accordance with the provisions of Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020), unlisted stocks, etc. are not included in the scope of fair value disclosures.
- In accordance with the provisions of Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), investments in partnerships are not included in the scope of fair value disclosures.
- Impairment losses of ¥716 million (\$5 million) and ¥5,011 were recognized for the fiscal years ended March 31, 2025 and 2024, respectively.

Note 2: Redemption schedule of monetary claims and securities with maturities were as follows:

Millions of Yen							
2025							
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	
Monetary claims bought	¥ 11,022	¥ 26,155	¥ 52,385	¥ 59,669	¥ 208,925	¥ 270,087	
Securities	11,974,586	20,172,129	19,463,143	12,492,322	23,463,632	51,098,992	
Held-to-maturity bonds	3,476,575	9,906,520	9,123,650	6,611,288	17,487,402	30,095,611	
Japanese government bonds	1,581,600	3,666,700	4,367,200	3,769,500	14,535,100	25,977,500	
Japanese local government bonds	552,838	1,453,476	1,356,432	1,246,812	970,065	634,956	
Japanese corporate bonds	667,038	2,022,004	1,707,960	749,334	828,660	1,891,688	
Other	675,099	2,764,339	1,692,057	845,641	1,153,576	1,591,466	
Policy-reserve-matching bonds	117,300	187,900	1,311,700	911,800	612,900	4,031,775	
Japanese government bonds	80,300	170,800	1,213,700	685,700	301,200	2,897,600	
Japanese local government bonds	800	300	-	60,000	25,900	276,975	
Japanese corporate bonds	36,200	16,800	98,000	166,100	265,800	857,200	
Other	-	-	-	-	20,000	-	
Available-for-sale securities with maturities	8,380,711	10,077,709	9,027,793	4,969,234	5,363,329	16,971,605	
Japanese government bonds	4,422,937	694,857	899,909	1,216,894	931,884	10,109,900	
Japanese local government bonds	348,809	588,894	90,848	-	22,861	121,216	
Japanese short-term corporate bonds	769,000	-	-	-	-	-	
Japanese corporate bonds	703,020	1,080,050	717,102	623,113	275,839	1,079,940	
Other	2,136,944	7,713,907	7,319,934	3,129,226	4,132,743	5,660,548	
Loans ¹	1,514,622	1,245,653	1,022,834	696,999	507,453	593,870	
Total	¥ 13,500,232	¥ 21,443,938	¥ 20,538,364	¥ 13,248,991	¥ 24,180,011	¥ 51,962,950	

Millions of Yen							
2024							
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	
Monetary claims bought	¥ 10,103	¥ 65,818	¥ 31,871	¥ 66,026	¥ 110,755	¥ 261,190	
Securities	18,720,429	21,022,354	20,604,550	12,576,704	18,305,396	52,148,017	
Held-to-maturity bonds	5,800,506	7,657,268	9,366,982	5,654,646	10,981,600	30,303,560	
Japanese government bonds	4,125,100	2,814,300	4,596,000	3,576,300	8,910,000	25,653,800	
Japanese local government bonds	716,458	1,290,663	1,383,698	982,873	1,091,158	670,641	
Japanese corporate bonds	677,386	1,596,367	1,944,159	660,807	568,216	1,588,584	
Other	281,562	1,955,938	1,443,124	434,665	412,224	2,390,534	
Policy-reserve-matching bonds	118,616	233,400	1,389,800	843,400	920,100	3,480,424	
Japanese government bonds	8,200	196,100	1,359,400	772,200	624,900	2,360,700	
Japanese local government bonds	77,299	1,100	-	-	85,900	242,524	
Japanese corporate bonds	33,117	36,200	30,400	71,200	189,300	877,200	
Other	-	-	-	-	20,000	-	
Available-for-sale securities with maturities	12,801,306	13,131,686	9,847,768	6,078,657	6,403,696	18,364,033	
Japanese government bonds	6,869,880	5,148,257	692,664	1,341,136	559,040	10,923,200	
Japanese local government bonds	495,596	695,528	344,127	34,937	3,311	148,511	
Japanese short-term corporate bonds	892,000	-	-	-	-	-	
Japanese corporate bonds	868,941	1,254,370	909,974	704,529	422,912	1,193,038	
Other	3,674,889	6,033,530	7,901,001	3,998,053	5,418,431	6,099,283	
Loans ¹	5,525,438	1,420,565	1,099,273	712,164	664,669	704,034	
Total	¥ 24,255,972	¥ 22,508,739	¥ 21,735,696	¥ 13,354,894	¥ 19,080,821	¥ 53,113,242	

Millions of U.S. Dollars						
2025						
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Monetary claims bought	\$ 74	\$ 175	\$ 350	\$ 399	\$ 1,397	\$ 1,806
Securities	80,087	134,913	130,171	83,550	156,926	341,754
Held-to-maturity bonds	23,252	66,255	61,020	44,217	116,957	201,282
Japanese government bonds	10,578	24,523	29,208	25,211	97,212	173,739
Japanese local government bonds	3,697	9,721	9,072	8,339	6,488	4,247
Japanese corporate bonds	4,461	13,523	11,423	5,012	5,542	12,652
Other	4,515	18,488	11,317	5,656	7,715	10,644
Policy-reserve-matching bonds	785	1,257	8,773	6,098	4,099	26,965
Japanese government bonds	537	1,142	8,117	4,586	2,014	19,379
Japanese local government bonds	5	2	-	401	173	1,852
Japanese corporate bonds	242	112	655	1,111	1,778	5,733
Other	-	-	-	-	134	-
Available-for-sale securities with maturities	56,051	67,400	60,378	33,235	35,870	113,507
Japanese government bonds	29,581	4,647	6,019	8,139	6,233	67,616
Japanese local government bonds	2,333	3,939	608	-	153	811
Japanese short-term corporate bonds	5,143	-	-	-	-	-
Japanese corporate bonds	4,702	7,223	4,796	4,167	1,845	7,223
Other	14,292	51,591	48,956	20,928	27,640	37,858
Loans ¹	10,130	8,331	6,841	4,662	3,394	3,972
Total	\$ 90,290	\$ 143,419	\$ 137,362	\$ 88,610	\$ 161,718	\$ 347,532

Note:

- Loans do not include ¥0 million (\$0 million) and ¥0 million of claims whose redemption schedules are not expected, such as claims against bankrupt obligors, substantially bankrupt obligors and doubtful borrowers as of March 31, 2025 and 2024, respectively.

Note 3: Redemption schedule of deposits, borrowed money and bonds were as follows:

Millions of Yen						
2025						
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits ¹	¥ 133,922,930	¥ 14,308,382	¥ 15,671,940	¥ 9,137,404	¥ 15,096,931	¥ -
Borrowed money	1,314,552	1,365,597	86,511	63,801	1,814	558
Bonds	-	15,000	50,300	-	15,000	505,000
Total	¥ 135,237,482	¥ 15,688,980	¥ 15,808,752	¥ 9,201,205	¥ 15,113,745	¥ 505,558

Millions of Yen						
2024						
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits ¹	¥ 132,346,379	¥ 12,100,083	¥ 21,602,676	¥ 11,953,081	¥ 12,870,840	¥ -
Borrowed money	843,294	6,680	1,303,435	-	-	-
Bonds	-	-	41,000	-	15,000	405,000
Total	¥ 133,189,674	¥ 12,106,763	¥ 22,947,111	¥ 11,953,081	¥ 12,885,840	¥ 405,000

Millions of U.S. Dollars						
2025						
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits ¹	\$ 895,686	\$ 95,695	\$ 104,815	\$ 61,112	\$ 100,969	\$ -
Borrowed money	8,792	9,133	579	427	12	4
Bonds	-	100	336	-	100	3,377
Total	\$ 904,478	\$ 104,929	\$ 105,730	\$ 61,538	\$ 101,082	\$ 3,381

Note:

- Demand deposits are included in "Within 1 year."

(6) Fair Value Information of Financial Instruments by Level of Inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: The fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: The fair value measured using observable inputs other than Level 1.

Level 3 fair value: The fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Group classified fair values into a category to which the lowest priority is assigned.

1) Financial assets and financial liabilities measured at fair value

Millions of Yen				
2025				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ 9,988	¥ 606,966	¥ 616,954
Money held in trust ¹	5,692,565	743,553	-	6,436,118
Trading account securities and securities				
Trading securities				
Japanese government bonds	224	-	-	224
Available-for-sale securities				
Stocks	684,276	-	-	684,276
Japanese government bonds	16,386,756	123,211	-	16,509,967
Japanese local government bonds	-	1,128,220	19,262	1,147,482
Japanese short-term corporate bonds	-	768,705	-	768,705
Japanese corporate bonds	-	4,310,225	-	4,310,225
Other	12,291,400	62,383,231	165,253	74,839,886
Of which: foreign bonds	12,291,400	8,525,668	95,315	20,912,384
Of which: investment trusts ¹	-	53,842,563	-	53,842,563
Total assets	¥ 35,055,223	¥ 69,467,136	¥ 791,482	¥ 105,313,842
Derivative transactions ²				
Interest rate-related derivatives	¥ -	¥ 23,241	¥ -	¥ 23,241
Currency-related derivatives	-	(1,863,460)	-	(1,863,460)
Credit derivatives	-	-	-	-
Total derivative transactions	¥ -	¥ (1,840,219)	¥ -	¥ (1,840,219)

Millions of Yen				
2024				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ 9,998	¥ 531,000	¥ 540,998
Money held in trust ¹	6,246,727	861,113	-	7,107,841
Trading account securities and securities				
Trading securities				
Japanese government bonds	54	-	-	54
Available-for-sale securities				
Stocks	699,120	-	-	699,120
Japanese government bonds	24,549,345	101,541	-	24,650,887
Japanese local government bonds	-	1,693,402	21,591	1,714,993
Japanese short-term corporate bonds	-	891,924	-	891,924
Japanese corporate bonds	-	5,281,750	-	5,281,750
Other	10,556,762	66,060,671	117,298	76,734,732
Of which: foreign bonds	10,556,762	13,699,340	106,945	24,363,047
Of which: investment trusts ¹	-	52,346,331	-	52,346,331
Total assets	¥ 42,052,010	¥ 74,900,402	¥ 669,889	¥ 117,622,302
Derivative transactions ²				
Interest rate-related derivatives	¥ -	¥ 40,628	¥ -	¥ 40,628
Currency-related derivatives	-	(2,291,502)	-	(2,291,502)
Credit derivatives	-	21	-	21
Total derivative transactions	¥ -	¥ (2,250,852)	¥ -	¥ (2,250,852)

Millions of U.S. Dollars				
2025				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$ -	\$ 67	\$ 4,059	\$ 4,126
Money held in trust ¹	38,072	4,973	-	43,045
Trading account securities and securities				
Trading securities				
Japanese government bonds	1	-	-	1
Available-for-sale securities				
Stocks	4,576	-	-	4,576
Japanese government bonds	109,596	824	-	110,420
Japanese local government bonds	-	7,546	129	7,674
Japanese short-term corporate bonds	-	5,141	-	5,141
Japanese corporate bonds	-	28,827	-	28,827
Other ¹	82,206	417,223	1,105	500,534
Of which: foreign bonds	82,206	57,020	637	139,863
Of which: investment trusts ¹	-	360,103	-	360,103
Total assets	<u>\$ 234,452</u>	<u>\$ 464,601</u>	<u>\$ 5,293</u>	<u>\$ 704,346</u>
Derivative transactions ²				
Interest rate-related derivatives	\$ -	\$ 155	\$ -	\$ 155
Currency-related derivatives	-	(12,463)	-	(12,463)
Credit derivatives	-	-	-	-
Total derivative transactions	<u>\$ -</u>	<u>\$ (12,308)</u>	<u>\$ -</u>	<u>\$ (12,308)</u>

Notes:

- Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included. The consolidated balance sheet amounts of investment trusts that apply the treatment of Paragraph 24-3 were ¥9,145,738 million (\$61,167 million) and ¥8,183,667 million, and the consolidated balance sheet amounts of investment trusts that apply the treatment of Paragraph 24-9 was ¥366,198 million (\$2,449 million) and ¥341,618 million as of March 31, 2025 and 2024, respectively.
- Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

2) Financial assets and financial liabilities not measured at fair value

Millions of Yen				
2025				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	¥ -	¥ 407,890	¥ -	¥ 407,890
Securities				
Held-to-maturity bonds				
Japanese government bonds	50,531,818	-	-	50,531,818
Japanese local government bonds	-	5,976,001	3,016	5,979,018
Japanese corporate bonds	-	7,427,740	-	7,427,740
Other	3,590,691	4,947,934	-	8,538,625
Policy-reserve-matching bonds				
Japanese government bonds	4,978,481	-	-	4,978,481
Japanese local government bonds	-	301,246	20,010	321,257
Japanese corporate bonds	-	1,203,637	-	1,203,637
Other	-	18,967	-	18,967
Stock of subsidiaries and affiliates				
Stocks	870,960	-	-	870,960
Loans	-	-	5,436,977	5,436,977
Total assets	¥ 59,971,951	¥ 20,283,419	¥ 5,460,005	¥ 85,715,376
Deposits	¥ -	¥ 187,661,287	¥ -	¥ 187,661,287
Borrowed money	-	2,825,386	-	2,825,386
Bonds	-	559,266	-	559,266
Total liabilities	¥ -	¥ 191,045,940	¥ -	¥ 191,045,940

Millions of Yen				
2024				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	¥ -	¥ 334,513	¥ -	¥ 334,513
Securities				
Held-to-maturity bonds				
Japanese government bonds	50,147,047	-	-	50,147,047
Japanese local government bonds	-	6,119,211	3,453	6,122,664
Japanese corporate bonds	-	6,889,028	-	6,889,028
Other	1,833,833	5,042,401	-	6,876,235
Policy-reserve-matching bonds				
Japanese government bonds	5,450,242	-	-	5,450,242
Japanese local government bonds	-	369,871	22,325	392,196
Japanese corporate bonds	-	1,092,096	-	1,092,096
Other	-	19,555	-	19,555
Stock of subsidiaries and affiliates				
Stocks	683,460	-	-	683,460
Loans	-	-	10,151,658	10,151,658
Total assets	¥ 58,114,584	¥ 19,866,678	¥ 10,177,437	¥ 88,158,699
Deposits	¥ -	¥ 190,887,059	¥ -	¥ 190,887,059
Borrowed money	-	2,143,524	-	2,143,524
Bonds	-	451,675	-	451,675
Total liabilities	¥ -	¥ 193,482,260	¥ -	¥ 193,482,260

	Millions of U.S. Dollars			
	2025			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	\$ -	\$ 2,728	\$ -	\$ 2,728
Securities				
Held-to-maturity bonds				
Japanese government bonds	337,960	-	-	337,960
Japanese local government bonds	-	39,968	20	39,988
Japanese corporate bonds	-	49,677	-	49,677
Other	24,015	33,092	-	57,107
Policy-reserve-matching bonds				
Japanese government bonds	33,296	-	-	33,296
Japanese local government bonds	-	2,015	134	2,149
Japanese corporate bonds	-	8,050	-	8,050
Other	-	127	-	127
Stock of subsidiaries and affiliates				
Stocks	5,825	-	-	5,825
Loans	-	-	36,363	36,363
Total assets	\$ 401,097	\$ 135,657	\$ 36,517	\$ 573,270
Deposits	\$ -	\$ 1,255,092	\$ -	\$ 1,255,092
Borrowed money	-	18,896	-	18,896
Bonds	-	3,740	-	3,740
Total liabilities	\$ -	\$ 1,277,728	\$ -	\$ 1,277,728

Note 1: A description of the valuation techniques and inputs used in the fair value measurements

Assets

Monetary claims bought

The fair value of monetary claims bought is based on pricing offered by the broker and other third parties, and is classified primarily into Level 3 fair value.

Money held in trust

For securities representing trust assets in money held in trust, the fair value of stocks and investment trusts with market prices is based on the price on the stock exchange, and the fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association. These are classified primarily into Level 1 fair value. The fair value of investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as level 2.

Notes to money held in trust by categories based on holding purposes are provided in Note 4 (4) “Money Held in Trust.”

Trading account securities

The fair value of trading account securities is based on the purchase price of the Bank of Japan, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

Securities

The fair value of stocks is based on the price on the stock exchange, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

The fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the amount calculated using the comparable price method or the price provided by a third party such as a vendor or a broker.

For bonds whose fair value is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association or the amount calculated using the comparable price method and other criteria, principally, the fair value of Japanese government bonds and Japanese treasury discount bills is classified into Level 1 fair value, and that of other bonds is classified into Level 2 fair value. In addition, the fair value of bonds whose fair value is based on the price provided by a third party such as a vendor or a broker is classified into Level 1, Level 2 or Level 3 fair value depending on whether the obtained prices and inputs and other indicators used in the pricing are observable in markets.

The fair value of bonds subject to the allocation method of forward foreign exchange, etc. reflects the fair value of the relevant forward foreign exchange, etc.

The fair value of investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as level 2.

Notes to securities by categories considering holding purposes are provided in Note 4 (3) "Fair Value Information on Securities and Policy-Reserve-Matching Bonds."

Loans

For loans with variable interest rates, which follow market interest rates only over the short term, book value approximates fair value provided the obligor's credit standing has not significantly changed after the transaction. In such cases, book value serves as fair value. For loans with fixed interest rates, fair value is considered a net discounted present value of future cash flows, etc.

For loans that are limited to within a designated percentage of the amount of pledged assets, book values are used as fair values, because their fair values approximate book values based on the loan terms and conditions.

The fair value of these loans is classified into Level 3 fair value.

Liabilities

Deposits

For demand deposits such as transfer deposits and ordinary deposits, the payment amount (book value) if demanded on the consolidated balance sheet date is deemed to be the fair value of such demand deposits, and the fair value is classified into Level 2 fair value.

For time deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, following a division into certain periods, and fair value is classified into Level 2 fair value.

For fixed deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, which reflect an early cancellation rate calculated using historical results, following a division into certain periods. The fair value is classified into Level 2 fair value if the effect of unobservable inputs is immaterial, and into Level 3 fair value if significant unobservable inputs are used.

The interest rates applicable to new savings are used as the discount rates of time deposits and fixed deposits.

Borrowed money

For borrowed money with variable interest rates, fair value approximates book value since it follows market interest rates only over the short term and the credit standing of the Company and its subsidiaries has not changed significantly after the transaction, therefore book value serves as fair value. For borrowed money with fixed interest rates, fair value is determined based on the present value calculated by discounting the total amount of principal and interest of the borrowed money classified by a certain period, by an interest rate assumed for a new borrowing under the same terms and conditions. For borrowed money for which the contract period is short (within a year), fair value approximates book value, which is therefore used as fair value.

The fair value of borrowed money is classified into Level 2 fair value.

Bonds

The fair value of bonds issued by the Company and its consolidated subsidiaries is based on the publicly released quoted price, etc., and is classified into Level 2 fair value.

Derivative transactions

For derivative transactions that unadjusted quoted prices in active markets are available, fair value is classified into Level 1 fair value.

However, as most of the derivative transactions are over-the-counter transactions and there is no publicly released quoted price, valuation techniques such as the discounted present value method is used to calculate fair value depending on the type of transaction and the period to maturity. The main inputs used in these techniques are interest

rates and foreign exchange rates. In case where unobservable inputs are not used or their effects are immaterial, the fair value of derivative transactions is classified into Level 2 fair value, such as for plain vanilla interest rate swaps and forward foreign exchange. In case where significant unobservable inputs are used, the item is classified into Level 3 fair value.

Note 2: Information about Level 3 fair value of financial assets and financial liabilities measured at fair value is as follows:

A) Quantitative information on significant unobservable inputs

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs as of March 31, 2025 and 2024.

B) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year and gain (loss) on valuation recognized as gain (loss) for the fiscal year

Millions of Yen								
2025								
	Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year	Recorded in other comprehensive income ²	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet ¹
Monetary claims bought	¥ 531,000	¥ (6)	¥ (6,506)	¥ 82,479	¥ -	¥ -	¥ 606,966	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	21,591	-	(1,322)	(1,006)	-	-	19,262	-
Japanese corporate bonds	-	-	-	-	-	-	-	-
Other	117,298	(662)	(2,066)	50,684	-	-	165,253	(1,664)
Of which: foreign bonds	106,945	(662)	(1,856)	(9,111)	-	-	95,315	(1,664)
Millions of Yen								
2024								
	Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year	Recorded in other comprehensive income ²	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value ³	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet ¹
Monetary claims bought	¥ 495,635	¥ (6)	¥ (2,879)	¥ 38,250	¥ -	¥ -	¥ 531,000	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	32,681	-	(552)	(1,006)	-	(9,531)	21,591	-
Japanese corporate bonds	539	-	(0)	(538)	-	-	-	-
Other	140,294	5,874	4,930	(33,801)	-	-	117,298	1,544
Of which: foreign bonds	129,133	5,874	5,078	(33,140)	-	-	106,945	1,544

Millions of U.S. Dollars

	2025							
		Gain (loss) or other comprehensive income in the fiscal year						Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet¹
	Balance at the beginning of fiscal year	Recorded as gain (loss)¹	Recorded in other comprehen- sive income²	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value	Balance at the end of the fiscal year	
Monetary claims bought	\$ 3,551	\$ (0)	\$ (44)	\$ 552	\$ -	\$ -	\$ 4,059	\$ -
Securities								
Available-for-sale securities								
Japanese local government bonds	144	-	(9)	(7)	-	-	129	-
Japanese corporate bonds	-	-	-	-	-	-	-	-
Other	784	(4)	(14)	339	-	-	1,105	(11)
Of which: foreign bonds	715	(4)	(12)	(61)	-	-	637	(11)

Notes:

1. Included mainly in "Banking business income," "Life insurance business income" and "Operating expenses" in the consolidated statements of income.
2. Included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.
3. Reclassified from Level 3 fair value to Level 2 fair value. For foreign bonds, this is because material observable data can be used. The reclassification is made at the beginning of the fiscal year ended March 2024.

C) A description of valuation processes used for fair value measurements

The fair value verification department of the banking subsidiary has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. A fair value verification department independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs and classifies them into levels of the fair value hierarchy. The results of the verification are reported to the ALM committee to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, the banking subsidiary uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

The fair value measurement division of the insurance subsidiary has established policies and procedures for measuring fair value, measures fair value, and determines its level in the fair value hierarchy. The risk management division of the insurance subsidiary has established verification procedures for measuring fair value of financial instruments. If quoted prices obtained from a third party are used, the division verifies the validity of prices using appropriate methods such as confirmation of the valuation techniques and inputs used, and comparison with fair value of similar financial instruments. Thus, the insurance subsidiary ensures that the fair value measurement of financial instruments and other matters are appropriate.

D) A narrative description of sensitivity of the fair value measurement to changes in significant unobservable inputs

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs.

Note 3: Information on investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) is as follows:

A) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-3

Millions of Yen							
2025							
Gain (loss) or other comprehensive income in the fiscal year							Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
Balance at the beginning of the fiscal year	Recorded as gain (loss) ¹	Recorded in other comprehensive income ²	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	
¥ 8,183,667	¥ 82,647	¥ (18,716)	¥ 898,140	¥ -	¥ -	¥ 9,145,738	¥ -

Millions of Yen							
2024							
Gain (loss) or other comprehensive income in the fiscal year							Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
Balance at the beginning of the fiscal year	Recorded as gain (loss) ¹	Recorded in other comprehensive income ²	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	
¥ 6,690,682	¥ 45,401	¥ 258,986	¥ 1,188,596	¥ -	¥ -	¥ 8,183,667	¥ -

Millions of U.S. Dollars							
2025							
Gain (loss) or other comprehensive income in the fiscal year							Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
Balance at the beginning of the fiscal year	Recorded as gain (loss) ¹	Recorded in other comprehensive income ²	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	
\$ 54,733	\$ 553	\$ (125)	\$ 6,007	\$ -	\$ -	\$ 61,167	\$ -

Notes:

1. Included mainly in “Banking business income” in the consolidated statements of income.
2. Included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

B) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-9

Millions of Yen							
2025							
Gain (loss) or other comprehensive income in the fiscal year							Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
Balance at the beginning of the fiscal year	Recorded as gain (loss) ¹	Recorded in other comprehensive income ²	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	
¥ 341,618	¥ 1,492	¥ (2,003)	¥ 25,090	¥ -	¥ -	¥ 366,198	¥ -

Millions of Yen							
2024							
Gain (loss) or other comprehensive income in the fiscal year							Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
Balance at the beginning of the fiscal year	Recorded as gain (loss) ¹	Recorded in other comprehensive income ²	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	
¥ 300,283	¥ 506	¥ 5,945	¥ 34,882	¥ -	¥ -	¥ 341,618	¥ -

Millions of U.S. Dollars

2025							
<u>Gain (loss) or other comprehensive income in the fiscal year</u>							<u>Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet</u>
<u>Balance at the beginning of the fiscal year</u>	<u>Recorded as gain (loss)¹</u>	<u>Recorded in other comprehensive income²</u>	<u>Net amount of purchases, sales and redemption</u>	<u>Amount of investment trusts that regards a unit price as fair value</u>	<u>Amount of investment trusts that doesn't regard a unit price as fair value</u>	<u>Balance at the end of the fiscal year</u>	
\$ 2,285	\$ 10	\$ (13)	\$ 168	\$ -	\$ -	\$ 2,449	\$ -

Notes:

1. Included mainly in "Banking business income" in the consolidated statements of income.
2. Included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

C) Breakdown by the content of the restrictions regarding cancellation or repurchase requests on the last day of the fiscal period

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Investment trusts that require a certain period of time for cancellation, etc.	¥ 9,145,738	¥ 8,183,667	\$ 61,167

22. DERIVATIVE TRANSACTIONS

(1) Derivative Transactions to Which the Hedge Accounting Method Is Not Applied

The following tables set forth the contract amount or the amount equivalent to the principal, fair value and valuation gains (losses) at the end of the fiscal year by transaction type with respect to derivative transactions to which the hedge accounting method is not applied. Contract amount does not indicate the market risk related to derivative transactions.

1) Currency-related derivatives

<u>March 31</u>	<u>Millions of Yen</u>			
	<u>2025</u>			
	<u>Contract amount</u>		<u>Valuation gains (losses)</u>	
	<u>Total</u>	<u>Over 1 year</u>	<u>Fair value</u>	
Over-the-counter transactions				
Currency swaps	¥ 2,077,025	¥ 1,294,354	¥ (61,642)	¥ (61,642)
Forward foreign exchange:				
Sold	85,930	-	(1,034)	(1,034)
Bought	325,714	-	(43)	(43)
Currency options				
Sold	4,336	-	(7)	7
Bought	4,336	-	10	(4)
Total			¥ (62,717)	¥ (62,717)

<u>March 31</u>	<u>Millions of Yen</u>			
	<u>2024</u>			
	<u>Contract amount</u>		<u>Valuation gains (losses)</u>	
	<u>Total</u>	<u>Over 1 year</u>	<u>Fair value</u>	
Over-the-counter transactions				
Currency swaps	¥ 2,194,553	¥ 1,352,468	¥ (238,306)	¥ (238,306)
Forward foreign exchange:				
Sold	107,566	-	(3,167)	(3,167)
Bought	163,443	-	30	30
Currency options				
Sold	-	-	-	-
Bought	-	-	-	-
Total			¥ (241,443)	¥ (241,443)

Millions of U.S. Dollars				
2025				
Contract amount				
March 31	Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	\$ 13,891	\$ 8,657	\$ (412)	\$ (412)
Forward foreign exchange:				
Sold	575	-	(7)	(7)
Bought	2,178	-	(0)	(0)
Currency options				
Sold	29	-	(0)	0
Bought	29	-	0	(0)
Total			\$ (419)	\$ (419)

Note: The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.

2) Credit-related derivatives

There were no credit-related derivatives as of March 31, 2025.

Millions of Yen				
2024				
Contract amount				
March 31	Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions				
Credit default swaps:				
Sold	¥ 5,000	¥ -	¥ 21	¥ 21
Total			¥ 21	¥ 21

Notes:

- The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.
- “Sold” represents transactions which the credit risk has been assumed.

(2) Derivative Transactions to Which the Hedge Accounting Method Is Applied

The following tables set forth the contract amount or the amount equivalent to the principal and fair value at the end of the fiscal year by transaction type and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied. Contract amount does not indicate the market risk related to derivative transactions.

1) Interest rate-related derivatives

			Millions of Yen			
			2025			
March 31	Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps:	Receivable fixed rate /	Securities			
		Payable floating rate	Deposits	¥ 4,245,000	¥ 3,485,000	¥ (78,762)
		Receivable floating rate /	Insurance liabilities			
		Payable fixed rate	Borrowed money	3,465,379	3,324,493	102,004
Exceptional treatment for interest rate swaps	Interest rate swaps:	Receivable floating rate /	Borrowed money			
		Payable fixed rate		-	-	-
			Total		¥ 23,241	

			Millions of Yen		
March 31			2024		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value ²
Deferred hedge method	Interest rate swaps:				
	Receivable fixed rate /	Securities			
	Payable floating rate	Deposits	¥ 5,125,000	¥ 4,195,000	¥ (18,744)
	Receivable floating rate /	Insurance liabilities			
	Payable fixed rate	Borrowed money	3,677,953	3,283,811	59,373
Exceptional treatment for interest rate swaps	Interest rate swaps:				
	Receivable floating rate /	Borrowed money			
	Payable fixed rate		1,355	-	
		Total			¥ 40,628

			Millions of U.S. Dollars		
March 31			2025		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps:				
	Receivable fixed rate /	Securities			
	Payable floating rate	Deposits	\$ 28,391	\$ 23,308	\$ (527)
	Receivable floating rate /	Insurance liabilities			
	Payable fixed rate	Borrowed money	23,177	22,234	682
Exceptional treatment for interest rate swaps	Interest rate swaps:				
	Receivable floating rate /	Borrowed money			
	Payable fixed rate		-	-	-
		Total			\$ 155

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. As of March 31, 2024, interest rate swaps subject to the exceptional treatment are accounted for in combination with the borrowed money that are subject to the hedge. Therefore, their fair value is included in the fair value of the relevant borrowed money in Note 21 "FINANCIAL INSTRUMENTS."

2) Currency-related derivatives

			Millions of Yen		
March 31			2025		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value ²
Deferred hedge method	Currency swaps	Securities	¥ 8,658,302	¥ 7,300,976	¥ (1,783,584)
Allocation method	Currency swaps	Securities	5,396,503	4,886,504	
Recognition of gain or loss on the hedged item	Forward foreign exchange		1,344,403	-	(6,139)
	Currency swaps	Securities	74,846	74,846	(11,018)
		Total			¥ (1,800,742)

			Millions of Yen		
March 31			2024		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value ²
Deferred hedge method	Currency swaps	Securities	¥ 8,803,258	¥ 7,545,441	¥ (1,964,608)
Allocation method	Currency swaps	Securities	3,660,007	3,467,045	
Recognition of gain or loss on the hedged item	Forward foreign exchange		2,578,225	-	(67,802)
	Currency swaps	Securities	106,286	106,286	(17,647)
		Total			¥ (2,050,058)

March 31			Millions of U.S. Dollars		
			2025		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value²
Deferred hedge method	Currency swaps	Securities	\$ 57,907	\$ 48,829	\$ (11,929)
Allocation method	Currency swaps	Securities	36,092	32,681	
Recognition of gain or loss on the hedged item	Forward foreign exchange		8,991	-	(41)
	Currency swaps	Securities	501	501	(74)
		Total			<u>\$ (12,043)</u>

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. Currency swaps, which are accounted for as forward foreign exchange subject to the allocation method, are accounted for in combination with the securities that are subject to the hedge. Therefore, their fair value is included in the fair value of the relevant securities in Note 21 "FINANCIAL INSTRUMENTS."

23. LEASE TRANSACTIONS

Operating Leases

(1) As Lessee

Future lease payments under non-cancelable operating leases were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Due within 1 year	¥ 20,101	¥ 19,914	\$ 134
Due after 1 year	89,995	91,452	602
Total	¥ 110,096	¥ 111,366	\$ 736

(2) As Lessor

Future lease receivables under non-cancelable operating leases were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Due within 1 year	¥ 43,462	¥ 33,205	\$ 291
Due after 1 year	233,398	223,618	1,561
Total	¥ 276,861	¥ 256,824	\$ 1,852

24. CONTINGENT LIABILITIES

In the event that the Company's consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amounts of uncollectible investment. The possible amounts of compensation were ¥53,870 million (\$360 million) and ¥56,804 million as of March 31, 2025 and 2024, respectively.

Compensation shall not be made in full in the case where the offices are used for purposes other than originally intended, regardless of whether the contracts were cancelled on the side of the Company's subsidiary.

25. BUSINESS COMBINATIONS

Transactions Under Common Control

Sale of a portion of stock in a subsidiary

The Company sold a portion of its share in the stock in Japan Post Bank Co., Ltd., a consolidated subsidiary, as described below.

1) Overview of the transaction

A) Overview and purpose of the transaction

Under the Postal Service Privatization Act, the Company shall aim to dispose of the entire equity interest in Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. (hereinafter collectively referred to as "the Two Finance Companies"), and shall dispose of these shareholdings within the earliest possible time-frame, in light of the business condition of the Two Finance Companies and any impact on the ability to fulfill the universal services obligation. In accordance with this aim, the Company, under its Medium-Term Management Plan, has set forth the policy of selling down these shareholdings as early as possible, until it holds 50% or less of the voting rights in each of the Two Finance Companies by 2025.

In accordance with the policy described above, the Company sold a portion of its share in the stock of Japan Post Bank Co., Ltd. (hereinafter referred to as the "Sale") considering the influence over the share price of Japan Post Bank Co., Ltd., the Company's capital needs and consolidated financial results, etc. In addition, prior to this, the Company sold a portion of its shares of common stock of Japan Post Bank in response to a share buyback undertaken by Japan Post Bank.

Prior to this, the Company sold a portion of its shares of common stock in Japan Post Bank Co., Ltd. in response to a share repurchase undertaken by Japan Post Bank Co., Ltd.

B) Name and description of business of party to which the business combination was applied

Name: Japan Post Bank Co., Ltd.

Description of business: Banking business

C) Date of the business combination

a. Sale of shares in response to the implementation of a share repurchase by Japan Post Bank Co., Ltd.
March 5, 2025

b. The Sale

From March 17, 2025 to March 31, 2025

D) Legal form of the business combination

Sale of a portion of stock for cash consideration

E) Name of company after the business combination

Unchanged

2) Overview of accounting treatment applied

This transaction is treated as a transaction with non-controlling shareholders, which falls under the category of a transaction under common control, etc., based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

3) Matters concerning changes in the Company’s equity interest as a result of transaction with non-controlling shareholders

A) Main cause for change in capital surplus

Sale of a portion of stocks in a subsidiary

B) Decreased amount of capital surplus as a result of transaction with non-controlling shareholders

¥530,399 million (\$3,547 million)

26. SEGMENT INFORMATION

(1) Outline of Reportable Segments

The Group’s reportable segments are categorized based on certain criteria for which discrete financial information is available and reviewed regularly by the management in order to make decisions about resources to be allocated to the segment and assess its performance.

The Group assesses business performance primarily by assessing the performance of each individual consolidated subsidiary and as such recognizes each consolidated subsidiary as an identifiable business segment unit except for Japan Post Co., Ltd., which is classified into postal and domestic logistics business segment, post office business segment, and real estate business segment. The Group determines its reportable segments by aggregating business segment units with similar economic characteristics, market-selling products and services, customer type, and other factors.

The Group’s reportable segments are (1) postal and domestic logistics business, (2) post office business, (3) international logistics business, (4) real estate business, (5) banking business, and (6) life insurance business.

(Changes in classification of reportable segments)

The reportable segment of “real estate business” has been newly established due to a partial change in performance management classifications within the Group in the fiscal year ended March 31, 2025. Accordingly, the business classification operated by Japan Post Co., Ltd., which previously consisted of the segments of “postal and domestic logistics business” and “post office business,” has been reclassified to the segments of “postal and domestic logistics business,” “post office business,” and “real estate business.” In addition, that operated by Japan Post Real Estate Co., Ltd., Japan Post Building Management Co., Ltd., and Japan Post Properties, Co., Ltd., has been changed to the segment of “real estate business” from “other business.”

The segment information for the fiscal year ended March 31, 2024 was presented based on the new classification.

(2) Method of Calculating Income, Profit and Loss, and Assets and Other Items by Reportable Segment

Accounting policies applied to the reportable segments are the same as those described in Note 2 “SIGNIFICANT ACCOUNTING POLICIES.” Intersegment income is determined based on market prices or total cost.

(3) Selected Financial Information on Reportable Segment

Year ended March 31	Millions of Yen								
	2025								
	Reportable segment							Other ²	Total
	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total		
Income ¹ :									
Income from third parties	¥2,052,022	¥ 51,603	¥ 512,313	¥ 78,639	¥ 2,520,180	¥ 6,161,134	¥ 11,375,893	¥ 90,876	¥ 11,466,769
Intersegment income	36,459	958,594	534	3,031	1,715	3,832	1,004,167	215,718	1,219,885
Total	¥2,088,481	¥1,010,197	¥ 512,847	¥ 81,670	¥ 2,521,896	¥ 6,164,966	¥ 12,380,060	¥ 306,595	¥ 12,686,655
Segment profit (loss)	¥ (32,220)	¥ 24,155	¥ 4,699	¥ 12,366	¥ 584,377	¥ 169,813	¥ 763,192	¥ 192,713	¥ 955,906
Segment assets	1,923,736	1,882,026	384,000	1,146,582	233,599,787	59,555,233	298,491,367	6,000,794	304,492,161
Other items:									
Depreciation and amortization	80,419	28,860	31,302	20,770	45,744	39,113	246,211	11,668	257,879
Amortization of goodwill	-	-	69	1,979	-	-	2,048	-	2,048
Interest and dividend income	447	152	1,133	182	1,750,168	864,561	2,616,646	5,021	2,621,667
Interest expenses	1,128	2	9,784	1,722	813,244	13,641	839,524	1,158	840,682
Equity in earnings of affiliates	13	624	124	-	166	463	1,391	65,917	67,309
Gains on sale of fixed assets	124	191	4,791	1,707	-	15	6,829	0	6,829
Gains on negative goodwill	-	-	481	-	-	-	481	-	481
Reversal of reserve for price fluctuations	-	-	-	-	-	43,869	43,869	-	43,869
Losses on sale and disposal of fixed assets	1,244	661	311	490	352	247	3,308	177	3,485
Losses on impairment of fixed assets	2	890	-	1,130	3	-	2,026	17	2,044
Provision for reserve for policyholder dividends	-	-	-	-	-	96,990	96,990	-	96,990
Income taxes	3,443	2,681	1,468	415	162,901	(6,532)	164,378	(905)	163,472
Investments in affiliates accounted for by the equity method	105	3,939	566	-	846	52,956	58,414	518,435	576,849
Increase in tangible fixed assets and intangible assets	85,222	34,316	62,551	30,712	52,196	57,986	322,985	9,035	332,021

Millions of Yen									
2024									
Year ended March 31	Reportable segment								
	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total	Other ²	Total
Income ¹ :									
Income from third parties	¥1,945,993	¥ 55,249	¥ 449,424	¥ 98,628	¥ 2,648,693	¥ 6,744,165	¥ 11,942,154	¥ 38,880	¥ 11,981,034
Intersegment income	34,516	972,643	598	2,246	2,993	62	1,013,060	232,568	1,245,629
Total	¥1,980,509	¥1,027,893	¥ 450,023	¥ 100,875	¥ 2,651,686	¥ 6,744,227	¥ 12,955,214	¥ 271,449	¥ 13,226,664
Segment profit (loss)	¥ (65,184)	¥ 49,069	¥ 1,713	¥ 21,027	¥ 496,038	¥ 160,915	¥ 663,580	¥ 158,828	¥ 822,408
Segment assets	1,927,700	1,786,007	374,938	1,093,976	233,906,263	60,855,899	299,944,785	5,405,584	305,350,369
Other items:									
Depreciation and amortization	69,257	26,505	31,803	16,159	42,684	41,217	227,628	15,557	243,185
Amortization of goodwill	-	-	262	1,979	-	-	2,241	-	2,241
Interest and dividend income	13	1	1,208	0	1,397,149	865,269	2,263,643	15,194	2,278,837
Interest expenses	920	0	9,077	924	698,339	4,993	714,255	5	714,261
Equity in earnings of affiliates	-	477	166	-	291	-	934	-	934
Gains on sale of fixed assets	240	217	2,057	-	-	-	2,515	1,267	3,782
Gains on negative goodwill	-	-	-	-	-	-	-	-	-
Reversal of reserve for price fluctuations	-	-	-	-	-	16,161	16,161	-	16,161
Losses on sale and disposal of fixed assets	981	756	371	2,025	1,787	190	6,112	291	6,403
Losses on impairment of fixed assets	11	552	-	914	210	-	1,689	1,148	2,838
Provision for reserve for policyholder dividends	-	-	-	-	-	55,899	55,899	-	55,899
Income taxes	3,204	2,818	2,119	308	138,932	34,188	181,571	(3)	181,568
Investments in affiliates accounted for by the equity method	-	3,423	12,337	-	798	-	16,560	384,798	401,359
Increase in tangible fixed assets and intangible assets	74,352	33,086	33,278	56,583	65,195	90,722	353,219	5,120	358,339

Millions of U.S. Dollars

2025

Year ended March 31	Reportable segment								
	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total	Other²	Total
Income ¹ :									
Income from third parties	\$ 13,724	\$ 345	\$ 3,426	\$ 526	\$ 16,855	\$ 41,206	\$ 76,083	\$ 608	\$ 76,691
Intersegment income	244	6,411	4	20	11	26	6,716	1,443	8,159
Total	\$ 13,968	\$ 6,756	\$ 3,430	\$ 546	\$ 16,867	\$ 41,232	\$ 82,799	\$ 2,051	\$ 84,849
Segment profit (loss)	\$ (215)	\$ 162	\$ 31	\$ 83	\$ 3,908	\$ 1,136	\$ 5,104	\$ 1,289	\$ 6,393
Segment assets	12,866	12,587	2,568	7,668	1,562,331	398,309	1,996,331	40,134	2,036,464
Other items:									
Depreciation and amortization	538	193	209	139	306	262	1,647	78	1,725
Amortization of goodwill	-	-	0	13	-	-	14	-	14
Interest and dividend income	3	1	8	1	11,705	5,782	17,500	34	17,534
Interest expenses	8	0	65	12	5,439	91	5,615	8	5,623
Equity in earnings of affiliates	0	4	1	-	1	3	9	441	450
Gains on sale of fixed assets	1	1	32	11	-	0	46	0	46
Gains on negative goodwill	-	-	3	-	-	-	3	-	3
Reversal of reserve for price fluctuations	-	-	-	-	-	293	293	-	293
Losses on sale and disposal of fixed assets	8	4	2	3	2	2	22	1	23
Losses on impairment of fixed assets	0	6	-	8	0	-	14	0	14
Provision for reserve for policyholder dividends	-	-	-	-	-	649	649	-	649
Income taxes	23	18	10	3	1,089	(44)	1,099	(6)	1,093
Investments in affiliates accounted for by the equity method	1	26	4	-	6	354	391	3,467	3,858
Increase in tangible fixed assets and intangible assets	570	230	418	205	349	388	2,160	60	2,221

Notes:

1. Income is presented instead of net sales which is typical for companies in other industries.
2. "Other business" includes the hospital business and other businesses not included in reportable segments. For the fiscal year ended March 31, 2025, segment profit in "Other business" includes dividend income from subsidiaries and affiliates of ¥132,373 million (\$885 million) and equity in earnings of affiliates ¥65,917 million (\$441 million). For the fiscal year ended March 31, 2024, segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥149,270 million.

(4) Reconciliation of Amounts Reported on Reportable Segments and Consolidated Financial Statements

1) Reconciliation of amounts reported on reportable segments and on the consolidated statements of income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Total income of reportable segments ¹	¥ 12,380,060	¥ 12,955,214	\$ 82,799
Income of “Other business” ¹	306,595	271,449	2,051
Eliminations of intersegment transactions	(1,219,885)	(1,245,629)	(8,159)
Adjustments ²	1,598	1,117	11
Subtotal	¥ 11,468,368	¥ 11,982,152	\$ 76,701
Gains on sale of fixed assets	6,829	3,319	46
Gains on negative goodwill	481	-	3
Reversal of reserve for price fluctuations	43,869	16,161	293
Compensation for transfer	763	1,612	5
Reversal of losses on transfer of business	802	2,525	5
Insurance claim income	-	2,243	-
Other	322	2,520	2
Total income on the consolidated statements of income	¥ 11,521,436	¥ 12,010,534	\$ 77,056

Notes:

1. Income is presented instead of net sales which is typical for companies in other industries.
2. “Adjustments” are primarily due to differences in the calculation methods used for income for the international logistics business segment and the consolidated statements of income.

2) Reconciliation between total segment profit of reportable segments and income before income taxes on the consolidated statements of income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2025	2024	2025
Total segment profit of reportable segments	¥ 763,192	¥ 663,580	\$ 5,104
Segment profit in “Other business”	192,713	158,828	1,289
Eliminations of intersegment transactions	(135,619)	(148,767)	(907)
Adjustments ¹	(5,690)	(5,324)	(38)
Subtotal	¥ 814,596	¥ 668,316	\$ 5,448
Gains on sale of fixed assets	6,829	3,319	46
Gains on negative goodwill	481	-	3
Reversal of reserve for price fluctuations	43,869	16,161	293
Compensation for transfer	763	1,612	5
Reversal of losses on transfer of business	802	2,525	5
Insurance claim income	-	2,243	-
Losses on sale and disposal of fixed assets	(3,481)	(6,400)	(23)
Losses on impairment of fixed assets	(2,043)	(2,837)	(14)
Losses on business restructuring	-	(1,664)	-
Provision for reserve for policyholder dividends	(96,990)	(55,899)	(649)
Other, net	(1,947)	1,651	(13)
Income before income taxes on the consolidated statements of income	¥ 762,878	¥ 629,029	\$ 5,102

Note:

1. “Adjustments” are primarily due to differences in the calculation methods used for segment profit for the international logistics business segment and income before income taxes on the consolidated statements of income.

3) Reconciliation between total segment assets of reportable segments and total assets on the consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
<u>March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Total segment assets of reportable segments	¥ 298,491,367	¥ 299,944,785	\$ 1,996,331
Segment assets in “Other business”	6,000,794	5,405,584	40,134
Eliminations of intersegment transactions	(7,342,507)	(6,661,219)	(49,107)
Total assets on the consolidated balance sheets	<u>¥ 297,149,653</u>	<u>¥ 298,689,150</u>	<u>\$ 1,987,357</u>

4) Reconciliation between other items on reportable segments and the amounts of items equivalent to those items on the consolidated financial statements

	Millions of Yen			
	2025			
<u>Year ended March 31</u>	<u>Total of reportable segments</u>	<u>Other</u>	<u>Reconciliations</u>	<u>Amount on consolidated financial statements</u>
Depreciation and amortization	¥ 246,211	¥ 11,668	¥ (434)	¥ 257,445
Amortization of goodwill	2,048	-	-	2,048
Interest and dividend income	2,616,646	5,021	(7,332)	2,614,335
Interest expenses	839,524	1,158	(3,516)	837,165
Equity in earnings of affiliates	1,391	65,917	-	67,309
Gains on sale of fixed assets	6,829	0	-	6,829
Gains on negative goodwill	481	-	-	481
Reversal of reserve for price fluctuations	43,869	-	-	43,869
Losses on sale and disposal of fixed assets	3,308	177	(3)	3,481
Losses on impairment of fixed assets	2,026	17	(0)	2,043
Provision for reserve for policyholder dividends	96,990	-	-	96,990
Income taxes	164,378	(905)	-	163,472
Investments in affiliates accounted for by the equity method	58,414	518,435	-	576,849
Increase in tangible fixed assets and intangible assets	<u>322,985</u>	<u>9,035</u>	<u>(263)</u>	<u>331,757</u>

	Millions of Yen			
	2024			
<u>Year ended March 31</u>	<u>Total of reportable segments</u>	<u>Other</u>	<u>Reconciliations</u>	<u>Amount on consolidated financial statements</u>
Depreciation and amortization	¥ 227,628	¥ 15,557	¥ (495)	¥ 242,690
Amortization of goodwill	2,241	-	-	2,241
Interest and dividend income	2,263,643	15,194	(766)	2,278,071
Interest expenses	714,255	5	(838)	713,423
Equity in earnings of affiliates	934	-	-	934
Gains on sale of fixed assets	2,515	1,267	(462)	3,319
Gains on negative goodwill	-	-	-	-
Reversal of reserve for price fluctuations	16,161	-	-	16,161
Losses on sale and disposal of fixed assets	6,112	291	(3)	6,400
Losses on impairment of fixed assets	1,689	1,148	(0)	2,837
Provision for reserve for policyholder dividends	55,899	-	-	55,899
Income taxes	181,571	(3)	-	181,568
Investments in affiliates accounted for by the equity method	16,560	384,798	-	401,359
Increase in tangible fixed assets and intangible assets	<u>353,219</u>	<u>5,120</u>	<u>(163)</u>	<u>358,176</u>

Millions of U.S. Dollars				
2025				
Year ended March 31	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	\$ 1,647	\$ 78	\$ (3)	\$ 1,722
Amortization of goodwill	14	-	-	14
Interest and dividend income	17,500	34	(49)	17,485
Interest expenses	5,615	8	(24)	5,599
Equity in earnings of affiliates	9	441	-	450
Gains on sale of fixed assets	46	0	-	46
Gains on negative goodwill	3	-	-	3
Reversal of reserve for price fluctuations	293	-	-	293
Losses on sale and disposal of fixed assets	22	1	(0)	23
Losses on impairment of fixed assets	14	0	(0)	14
Provision for reserve for policyholder dividends	649	-	-	649
Income taxes	1,099	(6)	-	1,093
Investments in affiliates accounted for by the equity method	391	3,467	-	3,858
Increase in tangible fixed assets and intangible assets	2,160	60	(2)	2,219

(5) Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment

Millions of Yen									
2025									
Reportable segment									
Year ended March 31	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	¥ -	¥ -	¥ 69	¥ 1,979	¥ -	¥ -	¥ 2,048	¥ -	¥ 2,048
Unamortized balance of goodwill	-	-	-	2,968	-	-	2,968	-	2,968

Millions of Yen									
2024									
Reportable segment									
Year ended March 31	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	¥ -	¥ -	¥ 262	¥ 1,979	¥ -	¥ -	¥ 2,241	¥ -	¥ 2,241
Unamortized balance of goodwill	-	-	-	4,947	-	-	4,947	-	4,947

Millions of U.S. Dollars									
2025									
Reportable segment									
Year ended March 31	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	\$ -	\$ -	\$ 0	\$ 13	\$ -	\$ -	\$ 14	\$ -	\$ 14
Unamortized balance of goodwill	-	-	-	20	-	-	20	-	20

(6) Information on Gains on Negative Goodwill by Reportable Segment

For the fiscal year ended March 31, 2025, the Group recorded gains on negative goodwill due to acquisition of the aeromedical ambulance business by a consolidated subsidiary of Toll in the segment of international logistics business. The gains on negative goodwill recognized by the event amounted to ¥481 million (\$3 million).

For the fiscal year ended March 31, 2024, there were no gains on negative goodwill.

(7) Supplemental Information

1) Information by services

This information is omitted because similar information has been presented above for the fiscal years ended March 31, 2025 and 2024.

2) Information by geographic region

A) Income

This information is omitted because income from third parties in Japan exceeded 90% of income in the consolidated statements of income for the fiscal years ended March 31, 2025 and 2024.

B) Tangible fixed assets

This information is omitted because the balance of tangible fixed assets in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets as of March 31, 2025 and 2024.

3) Information by major customer

This information is omitted because no customer accounted for 10% or more of income in the consolidated statements of income for the fiscal years ended March 31, 2025 and 2024.

27. RELATED PARTY INFORMATION

(1) Related Party Transactions

There were no significant transactions between the Company and related parties for the fiscal years ended March 31, 2025 and 2024.

(2) Notes on Parent Company or Significant Affiliates

Summary of financial information of significant affiliates

For the fiscal year ended March 31, 2025, a significant affiliate is Aflac Incorporated and its financial information is summarized as follows. Its consolidated financial statements are prepared in accordance with U.S. GAAP.

<u>Years ended December 31</u>	<u>Millions of Yen³</u>		<u>Millions of U.S. Dollars²</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	
Total assets	¥ 18,596,589	¥ -	\$	117,566
Total liabilities	14,468,408	-		91,468
Total shareholders' equity	4,128,181	-		26,098
Total revenues	2,873,060	-		18,927
Earnings before income taxes	976,557	-		6,417
Net earnings	828,855	-		5,443

Notes

1. Aflac Incorporated has been classified as a significant affiliate from the fiscal year ended March 31, 2025 due to an increase in its materiality.
2. The above U.S. dollar amounts present figures released by Aflac Incorporated.
3. The U.S. dollar amounts are converted into the Japanese yen amounts based on certain assumptions.

28. PER SHARE DATA

	Yen		U.S. Dollars
<u>March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Net assets per share ²	¥ 3,058.60	¥ 3,202.94	\$ 20.46
	Yen		U.S. Dollars
<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Net income per share ⁴	¥ 119.30	¥ 80.26	\$ 0.80

Notes: 1. Diluted net income per share is not presented for the fiscal years ended March 31, 2025 and 2024 as potential common stock did not exist.

2. Net assets per share is calculated based on the following:

	Millions of yen		Millions of U.S. Dollars
<u>March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Net assets	¥ 15,289,540	¥ 15,738,530	\$ 102,257
Amount deducted from net assets:			
Non-controlling interests	6,199,993	5,472,847	41,466
Net assets attributable to common stock at the fiscal year-end	¥ 9,089,547	¥ 10,265,683	\$ 60,792
	Thousands of shares		
<u>March 31</u>	<u>2025</u>	<u>2024</u>	
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share ³	2,971,795	3,205,081	

3. The number of shares of treasury stock excluded from the number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share includes the number of shares of the Company held by the management board benefit trust. The number of shares of the Company held by the management board benefit trust excluded from the calculation of net assets per share was 1,038,800 shares and 1,058,700 shares as of March 31, 2025 and 2024, respectively.

4. Net income per share is calculated based on the following:

	Millions of yen		Millions of U.S. Dollars
<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Net income attributable to Japan Post Holdings	¥ 370,564	¥ 268,685	\$ 2,478
Amount not attributable to common stockholders	—	—	—
Net income attributable to common stock	¥ 370,564	¥ 268,685	\$ 2,478
	Thousands of shares		
<u>Years ended March 31</u>	<u>2025</u>	<u>2024</u>	
Average number of common stock outstanding during the fiscal year ⁵	3,106,196	3,347,485	

5. The number of shares of treasury stock excluded from the average number of common stock outstanding during the fiscal year used for the calculation of net income per share includes the number of shares of the Company held by the management board benefit trust. The average number of shares of the Company held by the management board benefit trust excluded from the calculation of net income per share was 1,043,699 shares and 1,078,381 shares for the fiscal years ended March 31, 2025 and 2024, respectively.

29. REVENUE RECOGNITION

(1) Disaggregation of Revenue from Contracts with Customers

The following is a disaggregation of the main components of revenue from contracts with customers in the Group. The relationship between this revenue disaggregation and segment income is as follows.

	Millions of Yen		
	Year ended March 31, 2025		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 2,041,623	¥ 10,399	¥ 2,052,022
Postal operations, etc.	1,852,033		
Other	189,590		
Post office business segment	48,751	2,851	51,603
Merchandising	34,633		
Third-party financial	8,304		
Other	5,813		
International logistics business segment	511,195	1,117	512,313
Real estate business segment	28,446	50,192	78,639
Banking business segment	183,022	2,337,157	2,520,180
Life insurance business segment	-	6,161,134	6,161,134
Other business ¹	19,103	71,772	90,876
Total	¥ 2,832,144	¥ 8,634,625	¥ 11,466,769

	Millions of Yen		
	Year ended March 31, 2024		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 1,939,123	¥ 6,869	¥ 1,945,993
Postal operations, etc.	1,752,622		
Other	186,501		
Post office business segment	52,595	2,653	55,249
Merchandising	37,427		
Third-party financial	7,837		
Other	7,331		
International logistics business segment	448,216	1,208	449,424
Real estate business segment	59,971	38,657	98,628
Banking business segment	179,784	2,468,908	2,648,693
Life insurance business segment	-	6,744,165	6,744,165
Other business ¹	19,015	19,864	38,880
Total	¥ 2,698,707	¥ 9,282,327	¥ 11,981,034

Millions of U.S. Dollars			
Year ended March 31, 2025			
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	\$ 13,655	\$ 70	\$ 13,724
Postal operations, etc.	12,387		
Other	1,268		
Post office business segment	326	19	345
Merchandising	232		
Third-party financial	56		
Other	39		
International logistics business segment	3,419	7	3,426
Real estate business segment	190	336	526
Banking business segment	1,224	15,631	16,855
Life insurance business segment	-	41,206	41,206
Other business ¹	128	480	608
Total	<u>\$ 18,942</u>	<u>\$ 57,749</u>	<u>\$ 76,691</u>

Notes:

1. "Other business" includes the hospital business and other businesses not included in reportable segments. For the fiscal year ended March 31, 2025, "Other sources" in "Other business" includes equity in earnings of affiliates ¥65,917 million (\$441 million).
2. The above information for the fiscal year ended March 31, 2024 was presented based on the new classification as described in (1) "Outline of Reportable Segments (Changes in classification of reportable segments)" in Note 26 "SEGMENT INFORMATION."

(2) Fundamental Information for Understanding Revenue from Contracts with Customers

1) Postal and domestic logistics business

The postal and domestic logistics business consists primarily of the postal business, sale of stamps, issuance of items such as New Year's postcards, domestic logistics business, and other businesses. The domestic logistics business also includes the general logistics business. The domestic logistics business involves not only the general motor truck transportation business, consigned freight forwarding business, and incidental operations related to domestic cargo but also operations equivalent to parcel and mail delivery operations (Yu-Pack, Yu-Mail).

Performance obligations underlying revenue from mail and parcels in the postal operations, etc. are satisfied over time from the undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

In addition, consideration amount received before performance obligations are satisfied is recognized as contract liabilities.

For revenue related to mail and parcels, consideration amount for deferred-payment mail is generally received within one month based on separately stipulated payment terms, and for receivables based on contracts with these customers, significant financing components are not included.

2) Post office business

The post office business involves not only customer counter operations related to the postal and domestic logistics business, banking customer counter operations, and insurance customer counter operations conducted by directly-managed post offices established throughout the country as sales bases to provide services to customers but also merchandising business, third-party financial services and other related businesses.

The Group recognizes revenue from catalogue sales, etc., when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

Consideration amount for catalogue sales, etc., is generally collected within one year of delivering products, etc., to customers, and for receivables based on contracts with these customers, significant financing components are not included.

3) International logistics business

The international logistics business involves the forwarding business as well as the logistics business.

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual

transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

Consideration amount in the international logistics business is generally collected within one year of transferring items to customers through the provision of services to customers, and for receivables based on contracts with these customers, significant financing components are not included.

4) Real estate business

The real estate business mainly consists of sale of developed real estate properties, real estate leasing of office buildings, etc. and the leasing management business.

Revenue from real estate sale is recognized at the point when the delivery obligation stipulated in the sales contract for the real estate is fulfilled by determining that the customer obtains control of the real estate property and the performance obligation has been satisfied.

Revenue from real estate leasing is recognized over the lease term in accordance with “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).

Performance obligations for the leasing management business are satisfied at a point in time or over time depending on the nature of the performance obligation, and revenue is recognized accordingly.

In addition, consideration amount for the real estate business is generally collected within one year of transfer to customers through the provision of services to customers, and for receivables based on contracts with these customers, significant financing components are not included.

(3) Relationship between Satisfying Performance Obligations based on Contracts with Customers and Cash Flows from Those Contracts and Amount of Revenue Projected to be Recognized in the Following Fiscal Year and After from Contracts with Existing Customers as of the End of the Fiscal Year

1) Balances of contract assets and contract liabilities

Receivables arising from contracts with customers, contract assets and contract liabilities are as follows. Receivables arising from contracts with customers and contract assets are included in “Other assets” while contract liabilities are included in “Other liabilities” in the consolidated balance sheets.

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2025</u>	<u>2024</u>	<u>Dollars</u> <u>2025</u>
Receivables arising from contracts with customers			
Balance at the beginning of the fiscal year	¥ 300,068	¥ 238,250	\$ 2,007
Balance at the end of the fiscal year	256,554	300,068	1,716
Contract assets			
Balance at the beginning of the fiscal year	11,311	8,548	76
Balance at the end of the fiscal year	8,669	11,311	58
Contract liabilities			
Balance at the beginning of the fiscal year	45,523	51,465	304
Balance at the end of the fiscal year	52,942	45,523	354

Contract assets are primarily those related to rationally estimated revenue proportional to progress in satisfying performance obligations for received mail and parcels employing deferred payment in the postal and domestic logistics business that have not been delivered by the end of the fiscal period. Contract assets are transferred to receivables arising from contracts with customers when rights to consideration become unconditional. The consideration for deferred postage payment mail, etc. is received mostly within one month based on payment terms separately determined.

Contract liabilities are primarily the rationally estimated amount considering the degree that performance obligations have been satisfied when delivery has not been completed by the end of the fiscal year for received mail and parcels in the postal and domestic logistics business (excluding deferred payment, etc.), and the rationally estimated amount of unused items at the end of the fiscal period based on factors such as the value of remaining inventory of postal stamps at locations that sell postal stamps compared to value of purchased postal stamps. Contract liabilities are reversed as revenue is recognized.

The amounts of revenue recognized in the fiscal years ended March 31, 2025 and 2024 and included in contract

liabilities at the beginning of the fiscal years were ¥41,235 million (\$276 million) and ¥46,717 million, respectively.

There were no significant amounts in revenue recognized in the fiscal years ended March 31, 2025 and 2024 from performance obligations satisfied (or partially satisfied) in previous periods.

2) Transaction prices allocated to the remaining performance obligations

The Group has omitted notes by applying practical expedient because there are no material transactions for which the initially expected contract period exceeds one year in the fiscal years ended March 31, 2025 and 2024.

30. SUBSEQUENT EVENTS

(1) Acquisition of Shares through a Tender Offer

Japan Post Co., Ltd., a consolidated subsidiary of the Company, acquired shares of the common stock of Tonami Holdings Co., Ltd. through a tender offer by JWT Co., Ltd., a consolidated subsidiary of Japan Post Co., Ltd. As a result, Tonami Holdings Co., Ltd. became a consolidated subsidiary of the Company and Japan Post Co., Ltd. on April 17, 2025.

JWT Co. Ltd. changed its trade name to JP Tonami Group Co., Ltd. effective on July 1, 2025.

1) Overview of the business combination

A) Name and description of business of the acquiree

Name of acquiree: Tonami Holdings Co., Ltd.

Description of business: Control and management of the business activities of companies engaged in the freight motor transportation business, etc.

B) Main reason for the business combination

Tonami Holdings Co., Ltd. has a solid presence and customer network in the express delivery and logistics businesses. The Company believes that by combining the organizations and personnel that have made the development of these businesses possible with the public nature, reliability, capital availability, and logistics network strengths of Japan Post Co., Ltd., it will generate synergies, helping to maximize the corporate value of both Tonami Holdings Co., Ltd. and Japan Post Co., Ltd. It therefore acquired the shares of Tonami Holdings Co., Ltd. through a tender offer, aiming to make it a wholly owned subsidiary.

C) Date of the business combination

April 17, 2025 (Deemed acquisition date: April 1, 2025)

D) Legal form of the business combination

Acquisition of shares for cash consideration

E) Name of the company after the business combination

Unchanged

F) Ratio of voting rights acquired

87.24%

As a result of a share consolidation implemented by Tonami Holdings Co., Ltd. with effective date on June 23, 2025, the ratio of voting rights held by JWT Co., Ltd. has reached 100%.

G) Main grounds for determining the acquirer

JWT Co., Ltd. acquired the shares of Tonami Holdings Co., Ltd. for a cash consideration.

2) Acquisition cost of the acquiree and breakdown by type of consideration

	Millions of Yen	Millions of U.S. Dollars
Consideration: Cash	¥ 80,752	\$ 540
Acquisition cost	80,752	540

Note: The amount shown above represents the consideration for the shares acquired through the tender offer on April 17, 2025

3) Details and amounts of main acquisition-related expenses

	Millions of Yen	Millions of U.S. Dollars
Advisory expenses, etc.	¥ 1,794	\$ 12

4) Amount, cause, amortization method, and amortization period of goodwill arising from the business combination

A) Amount of goodwill arising from the business combination

¥1,750 million (\$12 million)

The amount of the goodwill is calculated tentatively because the allocation of the acquisition cost has not been completed yet.

B) Cause for the goodwill

The goodwill arose mainly due to excess earning power expected by future business development.

C) Amortization method and amortization period of the goodwill

The goodwill will be amortized using the straight-line method over a period in which benefit is expected. The amortization period will be determined taking into account the result of the allocation of the acquisition cost.

(2) Disposal of Shares in a Subsidiary

The Company established the share disposal trust (the “Trust”) for a portion of its shares in the stocks in Japan Post Bank Co., Ltd., a consolidated subsidiary.

1) Reason for the disposal of shares

Under the Postal Service Privatization Act, the Company shall aim to dispose of the entire equity interest in Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. (collectively referred to as “the Two Finance Companies”), and shall dispose of these shareholdings within the earliest possible time-frame, in light of the business condition of the Two Finance Companies and any impact on the ability to fulfill universal services obligation. In accordance with this aim, the Company, under its Medium-Term Management Plan, set forth the policy of selling down these shareholdings to lower the ratios of its voting rights in the Two Finance Companies to 50% or less as early as possible by 2025.

In accordance with the policy described above, the Company established the Trust for the common stock of Japan Post Bank Co., Ltd. held by the Company and disposed of shares. As a result, the portion of the Company’s voting rights in Japan Post Bank Co., Ltd. fell below 50%.

2) Time of the disposal

Not determined

Sale of shares of the common stock of Japan Post Bank Co., Ltd. on the market through the Trust is scheduled to commence after the end of a lock-up period, no earlier than September 13, 2025.

3) Name and description of the subsidiary, and transactions with the Company

Name of subsidiary: Japan Post Bank Co., Ltd.

Description of business: Banking business

Transactions with the Company: Payments of brand royalty fees to the Company, etc.

4) Number of shares and amount to be disposed

Number of shares to be disposed: 17,993,700 shares

Amount to be disposed: Not determined

The shares of Japan Post Bank Co., Ltd. are scheduled to be sold at market prices through the Trust.

5) Effects due to the disposal and ratio of voting rights after the disposal

Effects due to the disposal: It is expected that capital surplus will fluctuate due to sale of the stocks in Japan Post Bank Co., Ltd. through the Trust.

Ratio of voting rights after the disposal: 49.9%

Note that the ratio of the Company's voting right in Japan Post Bank Co., Ltd. is less than 50% due to this disposal; however, Japan Post Bank Co., Ltd. remains as its consolidated subsidiary under the substantial control approach.

(3) Repurchase of Treasury Stock

The Company resolved on matters concerning the repurchase of its treasury stock in accordance with Article 39, Paragraph 1 of the Company's Articles of Incorporation based on Article 459, Paragraph 1, Item 1 of the Companies Act at the meeting of the Board of Directors held on May 15, 2025.

1) Reason for the repurchase of treasury stock

Based on the capital strategy in its Medium-Term Management Plan "JP Vision 2025+(Plus)," the Company decided to repurchase its shares in order to strengthen shareholder returns and improve capital efficiency.

2) Details of the repurchase of treasury stock

A) Class of shares to be repurchased:	Common stock of the Company
B) Total number of shares to be repurchased:	250,000,000 shares (maximum) (8.4% of the total number of shares issued (excluding treasury stock))
C) Total repurchase cost of shares:	¥250,000 million (\$1,672 million) (maximum)
D) Repurchase period:	From August 1, 2025 to March 31, 2026
E) Method of repurchase:	Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc.

(4) Administrative Dispositions Relating to the Incidents of Unperformed Roll Calls by Ministry of Land, Infrastructure, Transport and Tourism

With respect to the incidents of failing to make roll calls, Japan Post Co., Ltd., a consolidated subsidiary of the Company, was subject to a special audit pursuant to the Motor Truck Transportation Business Act (Act No. 83 of 1989) by the Ministry of Land, Infrastructure, Transport and Tourism, and received a notification regarding a hearing related to the revocation of permission for its general motor truck transportation business on June 5, 2025. On June 25, 2025, the Ministry issued a notice on execution to revoke the permission for its general motor truck transportation and to ensure an order to safety of transportation under the Motor Truck Transportation Business Act to Japan Post Co., Ltd. On the same date, Japan Post Co., Ltd. submitted a report ordered by the Ministry of Internal Affairs and Communications following this incident. In addition, Japan Post Co., Ltd. received further supervisory instructions in accordance with the Act on Japan Post Co., Ltd., including directives to ensure the provision of universal postal services, to safeguard customer convenience, and to steadily implement recurrence prevention measures.

Furthermore, a special audit for post offices, which are branch offices of light motor trucks, is ongoing, and it might be ordered suspension of use of Japanese small four-wheel vehicles depending on a result of the audit.

(5) Claim for Damages Against SoftBank and Nomura Research Institute

On April 30, 2015, Japan Post Information Technology Co., Ltd. (hereinafter referred to as "JPiT"), a consolidated subsidiary of the Company, filed a lawsuit against SoftBank Mobile Corp. (currently SoftBank Corp.; hereinafter referred to as "SoftBank") and Nomura Research Institute, Ltd. (hereinafter referred to as "NRI"). The suit claimed damages caused by the delay in the implementation and the delivery of services that JPiT ordered from SoftBank and NRI. In relation to this lawsuit, SoftBank filed lawsuits demanding the payment of compensation and other amounts relating to additional services and NRI filed a counterclaim demanding the payment of compensation and other amounts relating to additional services, respectively.

In the first instance ruling on September 9, 2022, SoftBank was ordered to pay JPiT ¥10,853 million and delayed damages, and JPiT was ordered to pay SoftBank ¥1,921 million and delayed damages. JPiT's claims against NRI and NRI's counterclaim were both dismissed and confirmed at this point.

Subsequently, on March 21, 2024, the appellate court dismissed JPiT's claim against SoftBank and JPiT was ordered to pay ¥64 million, along with delayed damages, to SoftBank. In response, both JPiT and SoftBank filed petitions for appeal and acceptance of appeal to the Supreme Court of Japan, but on July 17, 2025, a decision was

made to dismiss and reject the acceptance of both appeals. As a result, this litigation has been concluded.

JPiT had already completed its payments to SoftBank by the time it received the appellate court's decision. Therefore, the decision has no impact on the Group's financial results of operations.

(6) Reduction of the Amount of Capital Stock and Increase of the Amounts of Capital Reserve and Other Capital Surplus

At the meeting of the Board of Directors held on May 15, 2025, the Company resolved to propose a reduction of the amount of its capital stock and an increase of the amounts of its capital reserve and other capital surplus (the "transfer of capital") to the 20th Annual General Meeting of Shareholders, held on June 25, 2025, which approved the proposal.

1) Purpose of the transfer of capital

The transfer of capital is aimed at securing flexibility in capital policy to improve capital efficiency through flexible share repurchases.

2) Overview of the transfer of capital

A) Amount of capital stock to be reduced

¥1,750,000 million (\$11,704 million) out of ¥3,500,000 million (\$23,408 million) in capital stock

B) Method of reduction of capital stock

The amount of capital stock to be reduced of ¥1,750,000 million (\$11,704 million) shall be transferred to capital reserve and other capital surplus with no changes to the total number of issued shares.

Amount to be transferred to capital reserve: ¥875,000 million (\$5,852 million)

Amount to be transferred to other capital surplus: ¥875,000 million (\$5,852 million)

3) Schedule of the transfer of capital

A) Date of resolution at the meeting of the Board of Directors: May 15, 2025

B) Date of resolution at the General Meeting of Shareholders: June 25, 2025

C) Final due date for creditors to make objections: July 28, 2025

D) Effective date: July 31, 2025

4) Effects on financial results

This is a transfer between accounting items in the net assets section and will not entail any change in the amount of the Company's net assets, nor will it have any effects on its financial results.