



Financial Results of the Principal Subsidiaries

Nine Months Ended December 31, 2017

February 14, 2018

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I Japan Post Holdings

Year-on-Year Changes of Income for the Nine Months Ended December 31, 2017

Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2016	580.9	32.0	312.5	220.5	15.8
Nine months ended December 31, 2017	737.6	73.9	397.9	254.8	10.8
Year-on-year change	+ 156.6	+ 41.8	+ 85.4	+ 34.3	(4.9)

Net income *

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2016	296.6	30.8	222.9	68.0	(25.1)
Nine months ended December 31, 2017	375.2	66.5	282.0	75.0	(48.3)
Year-on-year change	+ 78.5	+ 35.6	+ 59.1	+ 6.9	(23.2)

*The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co. and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated) and Japan Post Insurance (consolidated), respectively.

II Japan Post Co.

1. Interim Consolidated Balance Sheets

	As of March 31, 2017	As of December 31, 2017
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,762,376	¥ 1,781,850
Notes receivable and operating accounts receivable	325,921	365,246
Securities	25,070	24,986
Inventories	21,810	20,987
Outstanding amount of banking business consignment	9,723	47,100
Other current assets	90,459	103,654
Reserve for possible loan losses	(3,521)	(2,261)
Total current assets	<u>2,231,841</u>	<u>2,341,563</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,035,127	1,078,665
Land	1,340,847	1,341,575
Other tangible fixed assets	339,673	299,476
Total tangible fixed assets	<u>2,715,648</u>	<u>2,719,717</u>
Intangible assets	<u>92,199</u>	<u>90,623</u>
Investments and other assets		
Other investments and other assets	54,151	53,573
Reserve for possible loan losses	(2,465)	(2,448)
Total investments and other assets	<u>51,686</u>	<u>51,125</u>
Total non-current assets	<u>2,859,534</u>	<u>2,861,465</u>
Total assets	<u>¥ 5,091,375</u>	<u>¥ 5,203,029</u>

	As of March 31, 2017	As of December 31, 2017
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 99,030	¥ 132,448
Short-term borrowings	96,552	110,507
Other accounts payable	311,832	236,411
Outstanding amount of life insurance business consignment	4,706	4,373
Income taxes payable	21,324	9,431
Deposits received	319,446	264,070
Fund deposits for post offices	930,000	1,060,000
Reserve for bonuses	90,558	25,779
Other current liabilities	183,888	242,060
Total current liabilities	2,057,340	2,085,083
Long-term liabilities		
Long-term borrowings	93,322	111,980
Deferred tax liabilities	13,860	14,174
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	69	159
Liability for retirement benefits	2,053,228	2,065,021
Other long-term liabilities	78,980	80,344
Total long-term liabilities	2,239,790	2,272,008
Total liabilities	4,297,130	4,357,091
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	586,381	142,890
Retained earnings	(304,623)	205,395
Total shareholders' equity	681,757	748,285
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	62
Net deferred gains (losses) on hedges	(88)	(149)
Foreign currency translation adjustments	(80,730)	(80,206)
Accumulated adjustments for retirement benefits	189,881	173,906
Total accumulated other comprehensive income	109,110	93,613
Non-controlling interests	3,376	4,038
Total net assets	794,244	845,937
Total liabilities and net assets	¥ 5,091,375	¥ 5,203,029

2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income

(1) Interim Consolidated Statements of Income

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	(Millions of yen)	
Operating income		
Postal service business income	¥ 1,432,622	¥ 1,494,832
Commissions for banking business consignment	462,557	451,774
Commissions for life insurance business consignment	291,908	281,130
International logistics business income	479,189	533,517
Other operating income	160,403	165,418
Total operating income	2,826,681	2,926,673
Operating costs	2,602,359	2,679,356
Gross operating income	224,322	247,316
Sales, general and administrative costs	190,782	172,160
Net operating income	33,539	75,156
Other income		
Interest income	614	642
Dividend income	32	7
Equity in earnings (losses) of affiliates	1,510	218
Foreign exchange gains	1,018	-
Subsidy income	137	876
Others	2,048	2,321
Total other income	5,362	4,067
Other expenses		
Interest expenses	6,145	3,687
Others	724	1,604
Total other expenses	6,869	5,291
Net ordinary income	32,032	73,931
Extraordinary gains		
Gains on sales of fixed assets	803	2,712
Gains on sales of investment securities	37	6
Settlement received	4,041	-
Gains on negative goodwill	-	570
Gains on transfer of business	3,606	-
Contribution for post office refurbishment expenses	5,008	17,351
Others	263	71
Total extraordinary gains	13,761	20,712
Extraordinary losses		
Losses on sales of fixed assets	62	186
Losses on disposal of fixed assets	1,644	1,195
Losses on impairment of fixed assets	1,428	581
Post office refurbishment expenses	5,008	17,351
Others	1,180	48
Total extraordinary losses	9,324	19,362
Income before income taxes	36,469	75,281

Income taxes current	5,978	5,707
Income taxes deferred	(983)	2,496
Total income taxes	4,995	8,203
Net income	31,473	67,077
Net income attributable to non-controlling interests	607	568
Net income attributable to Japan Post Co.	¥ 30,866	¥ 66,509

(2) Interim Consolidated Statements of Comprehensive Income

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	(Millions of yen)	
Net income	¥ 31,473	¥ 67,077
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	34	8
Net deferred gains (losses) on hedges	620	(60)
Foreign currency translation adjustments	(12,790)	527
Adjustments for retirement benefits	(16,606)	(15,974)
Share of other comprehensive income of affiliates	0	6
Total other comprehensive loss	(28,740)	(15,492)
Comprehensive income	¥ 2,732	¥ 51,584
Total comprehensive income attributable to:		
Japan Post Co.	¥ 2,141	¥ 51,012
Non-controlling interests	591	572

3. Segment Information

(1) Operating income and segment profit of reportable segments

Nine months ended December 31, 2016

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics ^(Note2)	Subtotal		
Operating income ^(Note1)						
Operating income from third parties	1,436,641	910,849	479,189	2,826,681	-	2,826,681
Intersegment operating income	11,402	138,466	-	149,868	-	149,868
Total	1,448,043	1,049,316	479,189	2,976,550	-	2,976,550
Segment profit	2,156	45,457	6,654	54,268	-	54,268

(Notes)

1. "Operating income" is presented instead of net sales which is the typical method of presentation for companies in other industries.
2. The amount presented in segment profit for international logistics business segment is net operating income (EBIT) excluding amortization of goodwill, etc.

Nine months ended December 31, 2017

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics	Post office	International logistics ^(Note2)	Subtotal		
Operating income ^(Note1)						
Operating income from third parties	1,498,755	894,400	533,517	2,926,673	-	2,926,673
Intersegment operating income	11,847	142,238	-	154,086	-	154,086
Total	1,510,603	1,036,638	533,517	3,080,760	-	3,080,760
Segment profit	28,909	39,687	8,626	77,223	-	77,223

(Notes)

1. "Operating income" is presented instead of net sales which is the typical method of presentation for companies in other industries.
2. The amount presented in segment profit for international logistics business segment is net operating income (EBIT).

(2) Reconciliation between total segment profit of reportable segments and net operating income on the interim consolidated statements of income

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	(Millions of yen)	
Total segment profit of reportable segments	¥ 54,268	¥ 77,223
Segment profit in other business	-	-
Eliminations of intersegment transactions	807	1,061
Corporate expenses ^(Note1)	(1,338)	(981)
Other adjustments ^(Note2)	(20,197)	(2,147)
Net operating income on the interim consolidated statements of income	33,539	75,156

(Notes)

1. "Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.
2. "Other adjustments" for the nine months ended December 31, 2016 are due to amortization of goodwill, etc. not included in segment profit for the international logistics business segment and other items.

III Japan Post Bank

Note: Please refer to the documents on financial results announcements of Japan Post Bank for financial results of the company.

IV Japan Post Insurance

Note: Please refer to the documents on financial results announcements of Japan Post Insurance for financial results of the company.