



Financial Results of the Principal Subsidiaries

Fiscal Year Ended March 31, 2018

May 15, 2018

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I Japan Post Holdings

Year-on-Year Changes of Income for the Fiscal Year Ended March 31, 2018

Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Non-consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Fiscal year ended March 31, 2017	795.2	52.2	442.0	279.7	21.1
Fiscal year ended March 31, 2018	916.1	85.4	499.6	309.2	21.7
Year-on-year change	+ 120.9	+ 33.2	+ 57.5	+ 29.4	+ 0.6

Net income (loss)

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Non-consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Fiscal year ended March 31, 2017	(28.9)	(385.2)	312.2	88.5	(44.6)
Fiscal year ended March 31, 2018	460.6	58.4	352.7	104.4	(55.0)
Year-on-year change	+ 489.6	+ 443.7	+ 40.4	+ 15.8	(10.4)

*1 Figures for Japan Post Bank are based on the non-consolidated financial results. Please refer to the consolidated financial results for Japan Post Bank, which Japan Post Bank started to disclose from the fourth quarter of the fiscal year ended March 31, 2018, on "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018" released by Japan Post Bank.

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

II Japan Post Co.

1. Consolidated Balance Sheets

	As of March 31, 2017	As of March 31, 2018
	(Millions of yen)	
Assets		
Current assets		
Cash and deposits	¥ 1,762,376	¥ 1,784,212
Notes receivable and operating accounts receivable	325,921	333,866
Securities	25,070	10,000
Inventories	21,810	20,055
Prepaid expenses	7,126	7,106
Other accounts receivable	32,217	35,746
Outstanding amount of banking business consignment	9,723	27,999
Other current assets	51,115	49,534
Reserve for possible loan losses	(3,521)	(2,384)
Total current assets	<u>2,231,841</u>	<u>2,266,137</u>
Non-current assets		
Tangible fixed assets		
Buildings	1,035,127	1,066,411
Structures	27,606	31,169
Machinery and equipment	133,958	139,813
Vehicles	16,402	16,550
Tools and fixtures	82,211	67,387
Land	1,340,847	1,338,683
Construction in progress	79,493	27,965
Total tangible fixed assets	<u>2,715,648</u>	<u>2,687,980</u>
Intangible assets		
Leasehold right	1,667	1,665
Transferable development right	14,077	14,077
Software	66,659	54,880
Other intangible assets	9,793	23,563
Total intangible assets	<u>92,199</u>	<u>94,187</u>
Investments and other assets		
Investment securities	17,601	15,897
Claims provable in bankruptcy	2,463	1,983
Long-term prepaid expenses	9,814	9,793
Asset for retirement benefits	479	1,268
Other investments and other assets	23,792	24,142
Reserve for possible loan losses	(2,465)	(1,983)
Total investments and other assets	<u>51,686</u>	<u>51,101</u>
Total non-current assets	<u>2,859,534</u>	<u>2,833,268</u>
Total assets	<u>¥ 5,091,375</u>	<u>¥ 5,099,405</u>

	As of March 31, 2017	As of March 31, 2018
	(Millions of yen)	
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	¥ 99,030	¥ 104,730
Short-term borrowings	96,552	104,224
Current portion of long-term borrowings	11,034	72,762
Other accounts payable	311,832	290,799
Outstanding amount of life insurance business consignment	4,706	2,870
Accrued expenses	44,457	47,425
Income taxes payable	21,324	16,024
Consumption taxes payable	34,367	47,085
Unearned postage income	39,958	45,003
Deposits received	319,446	291,319
Fund deposits for post offices	930,000	910,000
Reserve for bonuses	90,558	112,445
Other current liabilities	54,069	40,422
Total current liabilities	2,057,340	2,085,113
Long-term liabilities		
Long-term borrowings	93,322	59,958
Deferred tax liabilities	13,860	13,634
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	69	243
Liability for retirement benefits	2,053,228	2,029,280
Other long-term liabilities	78,980	79,590
Total long-term liabilities	2,239,790	2,183,038
Total liabilities	¥ 4,297,130	¥ 4,268,152
Net assets		
Shareholders' equity		
Capital stock	¥ 400,000	¥ 400,000
Capital surplus	586,381	142,890
Retained earnings	(304,623)	197,363
Total shareholders' equity	681,757	740,253
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	48	(16)
Net deferred gains (losses) on hedges	(88)	(49)
Foreign currency translation adjustments	(80,730)	(85,870)
Accumulated adjustments for retirement benefits	189,881	173,529
Total accumulated other comprehensive income	109,110	87,593
Non-controlling interests	3,376	3,406
Total net assets	794,244	831,253
Total liabilities and net assets	¥ 5,091,375	¥ 5,099,405

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

(1) Consolidated Statements of Income

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	(Millions of yen)	
Operating income		
Postal service business income	¥ 1,910,376	¥ 2,002,415
Commissions for banking business consignment	612,465	598,116
Commissions for life insurance business consignment	392,768	372,265
International logistics business income	644,416	704,302
Other operating income	198,944	204,844
Total operating income	3,758,970	3,881,943
Operating costs	3,441,139	3,562,109
Gross operating income	317,831	319,834
Sales, general and administrative costs	264,401	233,269
Net operating income	53,430	86,564
Other income		
Interest income	881	847
Equity in earnings (losses) of affiliates	1,671	273
Foreign exchange gains	1,104	-
Subsidy income	500	1,012
Others	2,713	3,350
Total other income	6,872	5,484
Other expenses		
Interest expenses	7,048	4,959
Others	1,032	1,630
Total other expenses	8,081	6,589
Net ordinary income	52,221	85,459
Extraordinary gains		
Gains on sales of fixed assets	824	4,325
Gains on sales of investment securities	211	6
Settlement received	4,041	1,001
Gains on negative goodwill	-	568
Gains on transfer of business	3,653	317
Contribution for post office refurbishment expenses	21,963	26,560
Others	1,366	204
Total extraordinary gains	32,060	32,985
Extraordinary losses		
Losses on sales of fixed assets	133	499
Losses on disposal of fixed assets	4,586	2,671
Losses on impairment of fixed assets	416,185	9,696
Post office refurbishment expenses	21,963	26,560
Others	26,312	3,376
Total extraordinary losses	469,180	42,803
Income (loss) before income taxes	(384,898)	75,641

Income taxes current	13,632	14,275
Income taxes deferred	(13,980)	1,750
Total income taxes	(347)	16,025
Net income (loss)	(384,551)	59,616
Net income attributable to non-controlling interests	684	1,139
Net income (loss) attributable to Japan Post Co.	¥ (385,235)	¥ 58,476

(2) Consolidated Statements of Comprehensive Income

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	(Millions of yen)	
Net income (loss)	¥ (384,551)	¥ 59,616
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(3)	(69)
Net deferred gains (losses) on hedges	(470)	39
Foreign currency translation adjustments	(23,918)	(5,111)
Adjustments for retirement benefits	(31,727)	(16,351)
Share of other comprehensive income of affiliates	3	5
Total other comprehensive loss	(56,117)	(21,487)
Comprehensive income (loss)	¥ (440,668)	¥ 38,128
Total comprehensive income (loss) attributable to:		
Japan Post Co.	¥ (441,308)	¥ 36,960
Non-controlling interests	639	1,168

3. Segment Information

(1) Operating income and segment profit of reportable segments

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note2)	Subtotal		
Operating income (Note1)						
Operating income from third parties	1,915,296	1,199,258	644,416	3,758,970	-	3,758,970
Intersegment operating income	14,632	187,197	-	201,829	-	201,829
Total	1,929,928	1,386,456	644,416	3,960,800	-	3,960,800
Segment profit	12,053	63,334	5,642	81,030	-	81,030

(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.

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note2)	Subtotal		
Operating income (Note1)						
Operating income from third parties	2,007,642	1,169,998	704,302	3,881,943	-	3,881,943
Intersegment operating income	14,884	188,800	-	203,684	-	203,684
Total	2,022,526	1,358,798	704,302	4,085,628	-	4,085,628
Segment profit	41,903	39,771	10,254	91,929	-	91,929

(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 consolidated statements of income

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	(Millions of yen)	
Total segment profit of reportable segments	¥ 81,030	¥ 91,929
Segment profit in other business	-	-
Eliminations of intersegment transactions	1,060	1,411
Corporate expenses (Note1)	(1,370)	(1,509)
Other adjustments (Note2)	(27,290)	(5,267)
Net operating income on the consolidated statements of income	¥ 53,430	¥ 86,564

(Notes)

1. "Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.
2. "Other adjustments" for the fiscal year ended March 31, 2017 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.