

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <Under Japanese GAAP>



May 15, 2020

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Annual General Meeting of Shareholders: June 17, 2020
 Scheduled date of filing securities report: June 18, 2020
 Scheduled date of commencing dividend payments: June 18, 2020
 Trading accounts: Unestablished
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	11,950,185	(6.5)	864,457	4.1	483,733	0.9
Fiscal year ended March 31, 2019	12,774,999	(1.1)	830,696	(9.3)	479,419	4.1

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥(2,225,078) million [- %]
 Fiscal year ended March 31, 2019: ¥291,836 million [146.1 %]

	Net income per share	Diluted net income per share	Return on equity	Net ordinary income to total assets	Net ordinary income to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2020	119.64	-	4.0	0.3	7.2
Fiscal year ended March 31, 2019	118.57	-	3.6	0.3	6.5

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2020: ¥244 million
 Fiscal year ended March 31, 2019: ¥699 million

(Note) Because there was no potential common stock, the amount for diluted net income per share is omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	286,098,449	12,616,774	3.8	2,704.24
As of March 31, 2019	286,170,709	14,788,654	4.6	3,287.86

(Reference) Equity: As of March 31, 2020: ¥10,934,152 million

As of March 31, 2019: ¥13,293,508 million

(Note) Equity ratio = [(Net assets – Non-controlling interests) / Total assets] x 100

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2020	305,850	1,040,484	99,003	53,603,857
Fiscal year ended March 31, 2019	(3,609,800)	5,186,043	(111,256)	52,160,289

2. Dividends

	Annual dividend					Total dividends paid (Annual) Million yen	Dividend payout ratio (Consolidated) %	Dividends on net assets ratio (Consolidated) %
	1st quarter-end Yen	2nd quarter-end Yen	3rd quarter-end Yen	Year-end Yen	Total Yen			
Fiscal year ended March 31, 2019	-	25.00	-	25.00	50.00	202,193	42.2	1.5
Fiscal year ended March 31, 2020	-	25.00	-	25.00	50.00	202,193	41.8	1.7
Fiscal year ending March 31, 2021 (Forecast)	-	0.00	-	-	-		-	

(Note) The year-end dividend for the fiscal year ending March 31, 2021 (forecast) has been left undecided, as the outlook for the business environment in which the Japan Post Group operates remains unclear at present, and the Company's results may change significantly depending on future developments. The Company will consider the payment of a year-end dividend while closely monitoring results going forward.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2021	11,290,000	(5.5)	520,000	(39.8)	280,000	(42.1)	69.25

(Note) The consolidated financial results forecast for the fiscal year ending March 31, 2021 has been calculated based on information on the impact of the spread of COVID-19 available to the Company as of March 31, 2020, under certain assumptions. The actual future results may vary considerably depending upon various factors such as when the spread of the infection is brought under control, as well as the economic environment in major markets in Japan and overseas, foreign exchange fluctuations, etc.

*** Notes:**

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(Note) For details, please refer to [Attachment] “3. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies) and (Changes in Accounting Estimates)” on page 15.

(3) Total number of shares issued (common stock)

1) Total number of shares issued at the end of the fiscal year (including treasury stock):

As of March 31, 2020: 4,500,000,000 shares

As of March 31, 2019: 4,500,000,000 shares

2) Total number of treasury stock at the end of the fiscal year:

As of March 31, 2020: 456,667,501 shares

As of March 31, 2019: 456,796,001 shares

3) Average number of shares during the fiscal year:

Fiscal year ended March 31, 2020: 4,043,234,313 shares

Fiscal year ended March 31, 2019: 4,043,196,447 shares

(Note) The total number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 528,300 shares and 656,800 shares as of March 31, 2020 and 2019, respectively. The number of treasury stock excluded from calculation of the average number of shares during the fiscal year includes the shares of the Company held by the management board benefit trust of 626,486 shares and 664,352 shares for the fiscal year ended March 31, 2020 and 2019, respectively.

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Operating income		Net operating income		Net ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	289,447	5.4	236,452	10.7	243,027	12.6	397,647	80.1
Fiscal year ended March 31, 2019	274,551	(2.2)	213,623	(2.3)	215,900	(1.7)	220,791	12.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2020	98.35	-
Fiscal year ended March 31, 2019	54.61	-

(Note) Because there was no potential common stock, the amount for diluted net income per share is omitted.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	8,129,402	8,031,667	98.8	1,986.40
As of March 31, 2019	8,079,602	7,940,442	98.3	1,963.90

(Reference) Equity: As of March 31, 2020: ¥8,031,667 million

As of March 31, 2019: ¥7,940,442 million

(Note) Equity ratio = (Net assets / Total assets) x 100

* This summary of consolidated financial results is outside the scope of audit procedures by Certified Public Accountants or Audit Firm.

* Explanation on appropriate use of financial results forecast and other specific matters

Forecasts and other forward-looking statements presented in this document are based on information that the Company is aware of as of March 31, 2020 and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward-looking statements. The actual future results may vary considerably depending upon various factors, such as the impact of the spread of COVID-19, interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in the economic and financial environment, changes in the competitive environment, the occurrence of large-scale disasters, etc. and changes in laws and regulations. The Company disclaims any responsibility to update any forward-looking statements contained herein to the extent permitted by law or stock exchange rule. Please refer to 1. Overview of Results of Operations etc. (1) Explanation of Results of Operations (Consolidated financial results forecast for the fiscal year ending March 31, 2021) on page 4 of the Attachment for the assumptions on which the financial results forecasts have been based, and precautions etc. regarding their use.

[Attachment]

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Supplementary Briefing Material:

Materials for Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

1. Overview of Results of Operations etc.

(1) Explanation of Results of Operations

Consolidated ordinary income amounted to ¥11,950,185 million (down ¥824,813 million year-on-year) and consolidated net ordinary income amounted to ¥864,457 million (up ¥33,761 million year-on-year). Net income attributable to Japan Post Holdings amounted to ¥483,733 million (up ¥4,313 million year-on-year), which comprises consolidated net ordinary income after adjusting for items including extraordinary gains (losses) and provision for reserve for policyholder dividends.

Financial results by segment are as follows.

(Postal and Domestic Logistics Business Segment)

In the postal and domestic logistics business, Japan Post Co. made efforts to maintain the use of mails through SNS-linked services such as New Year's postcards, as well as to expand profitability and enhance convenience by providing new services for sending and receiving mail. Regarding operations, we launched OKIPPA, a service for leaving parcels in designated areas, and engaged in cost control through labor management and the management of personnel expenses for each area of responsibility. In terms of telematics (services utilizing mobile communications systems), we carried out trials of the automated receipt of redelivery requests using AI voice recognition technology, as well as implementing field tests and trials of drones and delivery robots. In addition, we also commenced the introduction of cashless settlement at mail service counters.

With regard to the total volume of items handled for the fiscal year ended March 31, 2020, the volume of mails handled decreased by 2.6% year-on-year to 16,350.05 million, the volume of Yu-Mail handled decreased by 2.2% year-on-year to 3,568.61 million, the volume of Yu-Pack handled increased by 3.4% year-on-year to 974.46 million (including an increase of the volume of Yu-Packet handled by 19.7% year-on-year to 427.65 million) at Japan Post Co. (non-consolidated).

As a result of these initiatives and other factors, in the postal and domestic logistics business for the fiscal year ended March 31, 2020, ordinary income amounted to ¥2,128,187 million (up ¥8,854 million year-on-year) and net ordinary income amounted to ¥149,185 million (up ¥24,728 million year-on-year). In addition, operating income amounted to ¥2,125,313 million (up ¥10,362 million year-on-year) and net operating income amounted to ¥147,505 million (up ¥26,116 million year-on-year) in the postal and domestic logistics business of Japan Post Co. for the fiscal year ended March 31, 2020. The increases were partly due to a rise in income in the parcel field, particularly Yu-Pack, as well as other factors such as the effects of nationwide local elections and the House of Councilors elections, and a temporary rise in the volume of mail sent, related to the increase in consumption tax on premium gift certificates, etc.

(Post Office Business Segment)

During the fiscal year ended March 31, 2020, it was discovered that in the post office business, Japan Post Co. had engaged in insurance solicitations, carried out on commission from Japan Post Insurance, in a manner that was not in line with customers' intentions, causing them disadvantages. We strove to instill a range of measures to prevent recurrence, while placing top priority on our response to customers, but in December 2019, we received a business suspension order and business improvement order from the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan. We submitted a business improvement plan in January 2020, and strove to prevent recurrence. We also implemented employee training to contribute to customer-first sales activities and comprehensive consulting services, including enhancing solicitation quality, strengthening operational knowledge and enhancing communication skills, in order to provide a wide range of products and services that more closely fit customers' goals and future life plans. In addition, we expanded initiatives aimed at regional revitalization, such as the comprehensive contracting of local public organization operations and the provision of clerical processes for regional banks, through measures such as reviewing the positioning of post offices. We also worked on measures to protect customer data, combat money laundering and the financing of terrorism, as well as for the insurance solicitation problem described above, based on our view of compliance as a top-priority management issue.

As a result of these initiatives, in the post office business for the fiscal year ended March 31, 2020, insurance commissions fell due to refraining from sales proposal activities of Japan Post Insurance products and partial suspension of operations in line with the administrative dispositions, and income declined in the merchandising business due to the contraction of certain businesses. As a result, ordinary income amounted to ¥1,299,930 million (down ¥63,827 million year-on-year), and net ordinary income amounted to ¥45,086 million (down ¥14,753 million year-on-year). In addition, operating income amounted to ¥1,298,774 million (down ¥63,805 million year-on-year) and net operating income amounted to ¥44,598 million (down ¥15,020 million year-on-year) in the post office business of Japan Post Co. for the fiscal year ended March 31, 2020.

(International Logistics Business Segment)

In the international logistics business, we continued to engage in transformation plan of Toll Holdings Limited, a consolidated subsidiary of Japan Post Co. A new president was appointed in January 2020, and the company embarked on further transformation plan. We also continued to expand B-to-B businesses mainly through our contract logistics, utilizing JP Toll Logistics Co., Ltd. Business results for the fiscal year ended March 31, 2020 continued to be lackluster, however, with the impact of a harsh external business environment, due a slowdown in the Australian economy, U.S.-China trade frictions and the spread of COVID-19, further compounded by the effect of cyber-attacks.

As a result of these initiatives, fixed costs such as personnel expenses weighed on results, in addition to the effects of the foreign exchange rate, and ordinary income amounted to ¥635,194 million (down ¥66,062 million year-on-year), net ordinary loss amounted to ¥21,447 million (net ordinary income of ¥5,094 million in the previous fiscal year), operating income in the international logistics business of Japan Post Co. amounted to ¥634,954 million (down ¥65,695 million year-on-year) and net operating loss (EBIT) in the international logistics business of Japan Post Co. amounted to ¥8,683 million (net operating income of ¥10,300 million in the previous fiscal year) for the fiscal year ended March 31, 2020.

(Banking Business Segment)

In the banking business, at Japan Post Bank, we implemented various initiatives aimed at “providing high-quality financial services with a focus on the customer”, “promoting sophisticated and diversified investment”, “creating a flow of funds into regional areas, etc.” and “strengthening the business management system”.

As a result of these initiatives, in the banking business for the fiscal year ended March 31, 2020, deposits balance of Japan Post Bank as of March 31, 2020 was ¥183,004,733 million (up ¥2,005,599 million year-on-year). Net interest income dropped in an extremely adverse business environment, from factors such as the continuation of a low interest rate environment and deterioration of the market environment due to the spread of COVID-19, and ordinary income amounted to ¥1,799,538 million (down ¥45,872 million year-on-year), while net ordinary income amounted to ¥379,131 million (up ¥5,155 million year-on-year).

(Life Insurance Business Segment)

Japan Post Insurance has been working for some time on comprehensive initiatives aimed at improving the solicitation quality, including strengthening the solicitation management system and ensuring basic procedures when soliciting business from elderly customers. However, during the fiscal year ended March 31, 2020, it was discovered that Japan Post Insurance and Japan Post Co. had engaged in actions that were not in line with customers' intentions, and may have caused them disadvantages. Upon this discovery, an investigation into insurance policies was implemented, and we endeavored to resolve any disadvantage suffered by customers. The Company, Japan Post Insurance and Japan Post Co. established a Special Investigative Committee, thoroughly investigated the case and its causes, and progressively considered measures to prevent recurrence. Japan Post Insurance was subsequently issued with a business suspension order and business improvement order from the Financial Services Agency of Japan in December 2019. We submitted a business improvement plan to the Financial Services Agency of Japan in January 2020, and have engaged in measures to instill customer-first business operation, ensure appropriate business operation, and protect policyholders. We have focused on

“providing after-sales service to meet the needs of customers”, “launching new products”, “service improvement and greater operational efficiency through effective utilization of ICT”, as well as “diversification of asset management and increasing the sophistication of risk management”.

As a result of these initiatives, in the life insurance business for the fiscal year ended March 31, 2020, 644 thousand new policies for individual insurance with a policy amount of ¥1,893,727 million were acquired. Despite a decrease in the number of policies in force and an increase in expenses due to the investigation into insurance policies, operating expenses decreased, affected mainly by the suspension of active sales activities, while positive spreads increased. Ordinary income amounted to ¥7,211,405 million (down ¥705,250 million year-on-year), while net ordinary income amounted to ¥286,601 million (up ¥21,731 million year-on-year).

(Consolidated financial results forecast for the fiscal year ending March 31, 2021)

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2021, ordinary income of ¥11,290,000 million, net ordinary income of ¥520,000 million and net income attributable to Japan Post Holdings of ¥280,000 million are anticipated.

The forecast of segment profit by segment (net ordinary income for each segment) is as follows:

- Postal and domestic logistics business ¥90,000 million
- Post office business ¥(35,000) million
- International logistics business ¥(10,000) million
- Banking business ¥275,000 million
- Life insurance business ¥200,000 million

In addition, net income forecasts at the principal subsidiaries are as follows.

At Japan Post Co. (consolidated), net income attributable to Japan Post Co. is forecast at ¥0 million (down ¥87,155 million year-on-year) due to a decrease in commission income from Japan Post Insurance, as well as a decrease in the volume of mails.

At Japan Post Bank (consolidated), the financial results forecast has been calculated based on the assumption that overseas credit spreads would remain high during the first half of the fiscal year ending March 31, 2021, then gradually shrink as the impact of the spread of COVID-19 is brought under control. Due to the assumption of persistently high overseas credit spreads, large year-on-year increases are forecast in special distributions not recognized as income, among distributions from investment trusts held as securities by the Japan Post Bank, and net income attributable to Japan Post Bank is forecast at ¥200,000 million (down ¥73,435 million year-on-year).

At Japan Post Insurance (consolidated), net income attributable to Japan Post Insurance is forecast at ¥124,000 million (down ¥26,687 million year-on-year) due to a decrease in the number of policies in force, as well as a decrease in income from interest and stock dividends due to a deterioration in the market environment from the impact of the spread of COVID-19.

The above-mentioned forecasts for the fiscal year ending March 31, 2021 are based on information that the Company is aware of as of March 31, 2020 and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved. For example, the forecast at Japan Post Bank (consolidated) is calculated based on the assumption that overseas credit spreads would remain high during the first half of the fiscal year ending March 31, 2021, then gradually shrink as the impact of the spread of COVID-19 is brought under control. The actual future results may vary considerably depending upon various factors, such as the impact of the spread of COVID-19, interest rate fluctuations, stock price fluctuations, the economic environment in major markets in Japan and overseas, foreign exchange fluctuations, asset value fluctuations, changes in the economic and financial environment, changes in the competitive environment, the occurrence of large-scale disasters, etc. and changes in laws and regulations. The Company will issue a notice through timely disclosure etc. in the event of any significant change in circumstances going forward.

(2) Explanation of Financial Position

1) Condition of assets, liabilities and net assets

Consolidated total assets were ¥286,098,449 million, down ¥72,259 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥1,435,917 million, an increase in receivables under resale agreements of ¥1,363,758 million and an increase in money held in trust of ¥1,025,814 million, as well as a decrease in securities of ¥4,520,056 million.

Consolidated total liabilities were ¥273,481,674 million, up ¥2,099,619 million from the end of the previous fiscal year.

Major factors include an increase in payables under repurchase agreements of ¥3,286,253 million and an increase in deposits of ¥1,752,024 million, as well as a decrease in policy reserves of ¥2,767,383 million.

Consolidated total net assets were ¥12,616,774 million, down ¥2,171,879 million from the end of the previous fiscal year.

Major factors include an increase in retained earnings of ¥257,113 million, as well as a decrease in net unrealized gains (losses) on available-for-sale securities of ¥2,285,094 million and a decrease in net deferred gains (losses) on hedges of ¥236,408 million.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥53,603,857 million, up ¥1,443,568 million from the beginning of the current fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥305,850 million (up ¥3,915,650 million in inflow year-on-year), as a result of investment and procurement of funds in the banking business, along with income from insurance premiums and payment of insurance claims, etc. in the life insurance business.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥1,040,484 million (down ¥4,145,558 million in inflow year-on-year), as a result of cash inflows mainly owing to proceeds from sale and redemption of securities in the banking business and life insurance business, as well as cash outflows mainly due to purchases of securities.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥99,003 million (up ¥210,260 million in inflow year-on-year), as a result of the partial sale of stocks of subsidiaries, etc.

(3) Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year and Next Fiscal Year

The Company considers returning profits to shareholders to be an important management measure and sets out its basic policy to continuously provide stable return to shareholders in accordance with the results of operations.

With regard to dividends from retained earnings, the Company aims to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, the Company aims to sustain stable dividend per share, while maintaining an annual dividend per share of roughly ¥50 or higher until the fiscal year ending March 31, 2021. However, in view of the adverse business environment at present, primarily due to the impact of COVID-19, the Company will decide on dividends for the fiscal year ending March 31, 2021 based on the level of income and the amount available for distribution.

The decision-making body concerning dividends from retained earnings is set to be the Board of Directors as per the provisions of the Articles of Incorporation in order to ensure flexible management operations. In addition, it is stipulated that dividends from retained earnings are to be paid with March 31 and September 30 of each year as record dates.

With regard to dividends from retained earnings for the fiscal year ended March 31, 2020, based on a comprehensive judgment of the consolidated financial results and other factors, the annual dividend on common

stock will be ¥50 (of which interim dividend of ¥25) per share.

The dividend for the fiscal year ending March 31, 2021 has been left undecided, as the outlook for the business environment in which the Japan Post Group operates remains unclear at present, and the Company's results may change significantly depending on future developments. The Company will consider the payment of a year-end dividend while closely monitoring results going forward.

In the past, the Company has paid dividends from retained earnings biannually, as an interim dividend and year-end dividend, but in view of the uncertainty surrounding the future business environment, and the present situation regarding the amount available for distribution, the Company will pay no interim dividend and only a year-end dividend for the fiscal year ending March 2021.

Internal reserves will be utilized mainly for investments to capture growth opportunities and capital policies with awareness on capital efficiency, aiming at enhancement of corporate value.

In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from retained earnings or other appropriation of retained earnings (excluding disposition of loss) of the Company shall not be effective without approval of the Minister for Internal Affairs and Communications.

2. Basic Approach Concerning Selection of Accounting Standards

The Company is considering the future adoption of IFRS to improve international comparability of financial information.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Cash and due from banks	52,244,467	53,680,384
Call loans	550,000	1,420,000
Receivables under resale agreements	8,368,139	9,731,897
Receivables under securities borrowing transactions	2,792,202	3,304,202
Monetary claims bought	650,638	634,394
Trading account securities	2	31
Money held in trust	6,778,335	7,804,150
Securities	195,647,107	191,127,051
Loans	12,083,499	10,624,482
Foreign exchanges	80,396	147,469
Other assets	2,419,069	2,787,487
Tangible fixed assets	3,155,062	3,186,558
Buildings	1,172,950	1,133,110
Land	1,538,589	1,538,190
Construction in progress	113,808	97,283
Other tangible fixed assets	329,714	417,974
Intangible assets	321,964	291,694
Software	299,378	269,867
Goodwill	2,718	2,550
Other intangible assets	19,867	19,276
Asset for retirement benefits	50,214	55,308
Deferred tax assets	1,035,930	1,312,378
Reserve for possible loan losses	(6,323)	(9,043)
Total assets	286,170,709	286,098,449

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Deposits	179,625,834	181,377,859
Payables under repurchase agreements	11,569,371	14,855,624
Policy reserves and others	67,093,751	64,191,926
Reserve for outstanding claims	519,568	461,224
Policy reserves	65,060,549	62,293,166
Reserve for policyholder dividends	1,513,634	1,437,535
Payables under securities lending transactions	5,896,268	6,509,525
Commercial papers	28,029	-
Borrowed money	281,021	302,200
Foreign exchanges	628	511
Bonds	100,000	100,000
Other liabilities	2,474,349	2,820,086
Reserve for bonuses	122,665	121,875
Liability for retirement benefits	2,236,273	2,220,241
Reserve for employee stock ownership plan trust	839	605
Reserve for management board benefit trust	1,033	984
Reserve for reimbursement of deposits	88,332	80,324
Reserve for insurance claims and others	-	29,722
Reserve under the special laws	897,492	858,339
Reserve for price fluctuations	897,492	858,339
Deferred tax liabilities	966,160	11,845
Total liabilities	271,382,054	273,481,674
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,135,429	4,084,763
Retained earnings	3,799,974	4,057,087
Treasury stock	(831,887)	(831,707)
Total shareholders' equity	10,603,516	10,810,143
Net unrealized gains (losses) on available-for-sale securities	2,580,765	295,671
Net deferred gains (losses) on hedges	(55,415)	(291,823)
Foreign currency translation adjustments	(89,350)	(89,698)
Accumulated adjustments for retirement benefits	253,992	209,860
Total accumulated other comprehensive income	2,689,992	124,008
Non-controlling interests	1,495,145	1,682,622
Total net assets	14,788,654	12,616,774
Total liabilities and net assets	286,170,709	286,098,449

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Ordinary income	12,774,999	11,950,185
Postal business income	2,767,219	2,715,667
Banking business income	1,843,742	1,797,365
Life insurance business income	7,916,596	7,211,365
Other ordinary income	247,440	225,787
Ordinary expenses	11,944,302	11,085,728
Operating expenses	9,014,985	8,180,003
Personnel expenses	2,613,671	2,545,212
Depreciation and amortization	269,382	294,011
Other ordinary expenses	46,263	66,500
Net ordinary income	830,696	864,457
Extraordinary gains	29,410	50,948
Gains on sales of fixed assets	7,230	2,908
Gains on negative goodwill	-	48
Reversal of reserve under the special laws	19,251	39,152
Reversal of reserve for price fluctuations	19,251	39,152
Compensation for transfer	2,345	529
Gains on transfer of business	-	6,249
Other extraordinary gains	583	2,060
Extraordinary losses	52,811	56,635
Losses on sales and disposal of fixed assets	8,310	4,606
Losses on impairment of fixed assets	12,927	21,723
Post office refurbishment expenses	18,315	11,304
Other extraordinary losses	13,258	19,001
Provision for reserve for policyholder dividends	111,806	109,236
Income before income taxes	695,487	749,534
Income taxes current	255,828	256,663
Income taxes deferred	(82,829)	(75,263)
Total income taxes	172,999	181,399
Net income	522,488	568,134
Net income attributable to non-controlling interests	43,069	84,401
Net income attributable to Japan Post Holdings	479,419	483,733

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income	522,488	568,134
Other comprehensive loss	(230,651)	(2,793,212)
Net unrealized gains (losses) on available-for-sale securities	(120,913)	(2,481,290)
Net deferred gains (losses) on hedges	(65,392)	(265,577)
Foreign currency translation adjustments	(3,888)	(2,786)
Adjustments for retirement benefits	(40,455)	(43,553)
Share of other comprehensive loss of affiliates	(2)	(4)
Comprehensive income (loss)	291,836	(2,225,078)
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	270,054	(1,969,427)
Non-controlling interests	21,782	(255,650)

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,135,462	3,551,054	(831,945)	10,354,570
Cumulative effects of changes in accounting policies					-
Restated balance at the beginning of the fiscal year	3,500,000	4,135,462	3,551,054	(831,945)	10,354,570
Changes in the fiscal year					
Cash dividends			(230,500)		(230,500)
Net income attributable to Japan Post Holdings			479,419		479,419
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(32)			(32)
Disposals of treasury stock				58	58
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	(32)	248,919	58	248,945
Balance at the end of the fiscal year	3,500,000	4,135,429	3,799,974	(831,887)	10,603,516

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
Balance at the beginning of the fiscal year	2,688,219	2,784	(85,870)	294,238	2,899,371	1,489,292	14,743,234
Cumulative effects of changes in accounting policies							-
Restated balance at the beginning of the fiscal year	2,688,219	2,784	(85,870)	294,238	2,899,371	1,489,292	14,743,234
Changes in the fiscal year							
Cash dividends							(230,500)
Net income attributable to Japan Post Holdings							479,419
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(32)
Disposals of treasury stock							58
Net changes in items other than shareholders' equity in the fiscal year	(107,454)	(58,199)	(3,479)	(40,245)	(209,379)	5,853	(203,525)
Net changes in the fiscal year	(107,454)	(58,199)	(3,479)	(40,245)	(209,379)	5,853	45,419
Balance at the end of the fiscal year	2,580,765	(55,415)	(89,350)	253,992	2,689,992	1,495,145	14,788,654

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,135,429	3,799,974	(831,887)	10,603,516
Cumulative effects of changes in accounting policies			(24,426)		(24,426)
Restated balance at the beginning of the fiscal year	3,500,000	4,135,429	3,775,547	(831,887)	10,579,089
Changes in the fiscal year					
Cash dividends			(202,193)		(202,193)
Net income attributable to Japan Post Holdings			483,733		483,733
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(50,666)			(50,666)
Disposals of treasury stock				180	180
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	(50,666)	281,540	180	231,054
Balance at the end of the fiscal year	3,500,000	4,084,763	4,057,087	(831,707)	10,810,143

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
Balance at the beginning of the fiscal year	2,580,765	(55,415)	(89,350)	253,992	2,689,992	1,495,145	14,788,654
Cumulative effects of changes in accounting policies							(24,426)
Restated balance at the beginning of the fiscal year	2,580,765	(55,415)	(89,350)	253,992	2,689,992	1,495,145	14,764,227
Changes in the fiscal year							
Cash dividends							(202,193)
Net income attributable to Japan Post Holdings							483,733
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(50,666)
Disposals of treasury stock							180
Net changes in items other than shareholders' equity in the fiscal year	(2,285,094)	(236,408)	(348)	(44,132)	(2,565,983)	187,476	(2,378,506)
Net changes in the fiscal year	(2,285,094)	(236,408)	(348)	(44,132)	(2,565,983)	187,476	(2,147,452)
Balance at the end of the fiscal year	295,671	(291,823)	(89,698)	209,860	124,008	1,682,622	12,616,774

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities:		
Income before income taxes	695,487	749,534
Depreciation and amortization	269,382	294,011
Losses on impairment of fixed assets	12,927	21,723
Amortization of goodwill	287	167
Equity in (earnings) losses of affiliates	(699)	(244)
Gains on negative goodwill	-	(48)
Net change in reserve for outstanding claims	(28,628)	(58,343)
Net change in policy reserves	(2,716,748)	(2,767,383)
Provision for interest on policyholder dividends	7	8
Provision for reserve for policyholder dividends	111,806	109,236
Net change in reserve for possible loan losses	170	3,480
Net change in reserve for bonuses	(4,728)	(517)
Net change in asset and liability for retirement benefits	(26,564)	(21,065)
Net change in reserve for employee stock ownership plan trust	30	(233)
Net change in reserve for management board benefit trust	306	(49)
Net change in reserve for reimbursement of deposits	2,218	(8,008)
Net change in reserve for insurance claims and others	-	29,722
Net change in reserve for price fluctuations	(19,251)	(39,152)
Interest and dividend income	(1,086,614)	(1,054,672)
Interest expenses	7,536	15,743
Interest income (accrual basis)	(1,357,775)	(1,317,799)
Interest expenses (accrual basis)	347,157	346,634
Net (gains) losses on securities	50,858	(14,671)
Net (gains) losses on money held in trust	(156,619)	(124,399)
Net (gains) losses on foreign exchanges	(578,515)	(85,265)
Net (gains) losses on sales and disposal of fixed assets	1,089	1,667
Net change in loans	846,288	334,007
Net change in deposits	1,136,799	1,752,024
Net change in borrowed money	1,500	6,200
Net change in call loans	(8,300,349)	(2,023,847)
Net change in receivables under securities borrowing transactions for banking business	8,224,153	(112,491)
Net change in call money	9,584,086	3,286,253
Net change in commercial papers	(163,451)	(28,029)
Net change in payables under securities lending transactions for banking business	(11,338,666)	(254,073)
Net change in foreign exchanges (assets)	7,090	(67,072)
Net change in foreign exchanges (liabilities)	318	(117)
Interest received (cash basis)	1,372,572	1,379,252
Interest paid (cash basis)	(781,463)	(405,217)
Other, net	(302,883)	(394,281)
Subtotal	(4,190,883)	(447,319)
Interest and dividend income received	1,170,653	1,173,683
Interest expenses paid	(6,574)	(15,597)
Policyholder dividends paid	(220,769)	(185,042)
Income taxes paid	(367,228)	(221,512)
Other, net	5,001	1,638
Net cash provided by (used in) operating activities	(3,609,800)	305,850

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities:		
Purchases of call loans	(8,535,000)	(8,110,000)
Proceeds from redemption of call loans	8,650,000	7,880,000
Purchases of monetary claims bought	(1,319,999)	(1,524,997)
Proceeds from sale and redemption of monetary claims bought	1,141,145	1,561,185
Net change in receivables under securities borrowing transactions for life insurance business	504,020	(399,508)
Net change in payables under securities lending transactions for life insurance business	(240,736)	867,329
Purchases of securities	(26,180,484)	(25,138,744)
Proceeds from sale of securities	4,011,552	3,605,937
Proceeds from redemption of securities	26,578,983	22,959,251
Purchases of money held in trust	(810,563)	(2,303,911)
Proceeds from sale of money held in trust	943,016	658,806
Payments for loans	(891,512)	(718,926)
Proceeds from collection of loans	1,731,609	1,842,218
Purchases of tangible fixed assets	(221,079)	(133,811)
Proceeds from sale of tangible fixed assets	10,069	12,995
Purchases of intangible assets	(83,146)	(80,053)
Proceeds from sale of stocks of subsidiaries and affiliates	-	5,455
Proceeds from purchases of stocks of subsidiaries resulting in change in the scope of consolidation	30	487
Payments due to sale of stocks of subsidiaries resulting in change in the scope of consolidation	(656)	-
Proceeds due to sale of stocks of subsidiaries resulting in change in the scope of consolidation	-	266
Other, net	(101,204)	56,504
Net cash provided by investing activities	5,186,043	1,040,484
Cash flows from financing activities:		
Proceeds from borrowings	86,054	307,250
Repayment of borrowings	(47,715)	(261,759)
Proceeds from issuance of bonds	99,398	-
Purchases of treasury stock of subsidiaries	(542)	(7,881)
Proceeds from disposals of treasury stock of subsidiaries	54	82
Dividends paid	(230,383)	(202,271)
Dividends paid to non-controlling interests	(25,150)	(34,184)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(4)	(1)
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	8,647	322,539
Other, net	(1,613)	(24,770)
Net cash provided by (used in) financing activities	(111,256)	99,003
Effect of exchange rate changes on cash and cash equivalents	774	(1,770)
Net change in cash and cash equivalents	1,465,761	1,443,568
Cash and cash equivalents at the beginning of the fiscal year	50,694,528	52,160,289
Cash and cash equivalents at the end of the fiscal year	52,160,289	53,603,857

(5) Notes to Consolidated Financial Statements
(Notes on Going-Concern Assumption)

None

(Changes in Accounting Policies)

Toll Holdings Limited and its subsidiaries and affiliates

Effective from the fiscal year ended March 31, 2020, “Leases” (IFRS 16, January 13, 2016; hereinafter referred to as “IFRS 16”) was applied. Accordingly, lessees are required to, in principle, record assets and liabilities for all leases on the balance sheet. IFRS 16 is applied in accordance with transitional treatments, whereby the cumulative amount of impact resulting from this change in the accounting policy has been recorded under retained earnings at the beginning of the fiscal year ended March 31, 2020.

As a result, tangible fixed assets increased by ¥176,939 million, other assets decreased by ¥113 million, other liabilities increased by ¥201,252 million, and retained earnings decreased by ¥24,426 million at the beginning of the fiscal year ended March 31, 2020. The effect of this change on profit and loss for the fiscal year ended March 31, 2020 is immaterial.

(Changes in Presentation)

(Consolidated Balance Sheets)

“Borrowed money” included in “other liabilities” in the previous fiscal year has been separately presented from the fiscal year ended March 31, 2020, due to its increased significance. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥2,755,370 million presented as “other liabilities” in the consolidated balance sheet of the previous fiscal year has been reclassified into ¥281,021 million of “borrowed money” and ¥2,474,349 million of “other liabilities.”

(Changes in Accounting Estimates)

The Company has changed the amortization period of actuarial differences and prior service cost concerning the Company’s share of public service pension from 9 years to 8 years from the fiscal year ended March 31, 2020, due to a decrease in the estimated average remaining payment period for eligible personnel.

As a result, ordinary expenses decreased by ¥8,284 million, while net ordinary income and income before income taxes increased by the same amount respectively for the fiscal year ended March 31, 2020.

(Additional Information)

Japan Post Group promotes thoroughgoing customer-first business operation as one of its critical management priorities. However, at Japan Post Insurance Co., Ltd. (hereinafter referred to as “Japan Post Insurance”), a consolidated subsidiary of the Company, following the internal investigation into the handling of customers’ revision of their insurance coverage, it was discovered that in some cases, such revision was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions. Consequently, Japan Post Insurance has been conducting investigations using appropriate procedures, by providing explanations to and receiving advice from the Special Investigative Committee composed of neutral and fair external experts, regarding the methods for confirming customers’ intentions as well as for analyzing the information obtained.

The investigations included the investigation of specified rewriting cases (the investigation to grasp the situation of customers likely to have suffered disadvantages from the rewriting of policies), and the investigation of all insurance policies (the investigation where Japan Post Insurance sent notification documents with reply cards to customers of all other policies that were not subject to the investigation of specified rewriting cases, asking them to reconfirm their intentions and to let Japan Post Insurance know of any points it should be aware of, whereby Japan Post Insurance made necessary responses and investigations according to the results of the reconfirmation, and the investigation of such cases where sales personnel repeatedly made many new policy applications and cancellations, which may not have been in line with the intentions of customers, judging from the type of the policies).

In consideration of the results of these investigations obtained by the end of the fiscal year ended March 31, 2020, the Company has estimated insurance-related expenses of ¥29,722 million to be incurred due to the refund of premiums and payments of insurance claims necessary for the future reinstatement of policies, as of March 31, 2020. These expenses were recorded under reserve for insurance claims and others.

On December 27, 2019, the Company and its consolidated subsidiary Japan Post Co., Ltd. received administrative dispositions pursuant to the Insurance Business Act, etc. from the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan, on account of improper solicitation actions and underlying systematic problems. In addition, Japan Post Insurance received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan. Following the administrative dispositions, a business improvement plan was formulated and it was submitted to the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan as of January 31, 2020. Japan Post Group accepts the seriousness of administrative dispositions and is resolved to treat the implementation of the business improvement plan that it formulated as its top-priority management issue, and is making group-wide efforts.

These initiatives may affect the financial results of Japan Post Group in the future.

(Segment Information)

1. Ordinary income and segment profit (loss) of reportable segments

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	Post office business	International logistics business	Banking business	Life insurance business	Subtotal		
Ordinary income								
Ordinary income from third parties	2,082,736	170,543	635,028	1,797,365	7,211,365	11,897,039	51,820	11,948,859
Intersegment ordinary income	45,450	1,129,387	165	2,173	40	1,177,217	308,258	1,485,475
Total	2,128,187	1,299,930	635,194	1,799,538	7,211,405	13,074,256	360,078	13,434,335
Segment profit (loss)	149,185	45,086	(21,447)	379,131	286,601	838,558	242,822	1,081,380

- (Notes) 1. Ordinary income is presented instead of net sales which is typical for companies in other industries.
2. "Other business" includes the hotel business and hospital business. Segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥219,083 million.

2. Reconciliation of amounts reported on reportable segments and consolidated financial statements

(1) Reconciliation between total ordinary income of reportable segments and ordinary income on the consolidated statements of income

(Millions of yen)

Items	Fiscal year ended March 31, 2020
Total ordinary income of reportable segments	13,074,256
Ordinary income of other business	360,078
Eliminations of intersegment transactions	(1,485,475)
Adjustments	1,326
Ordinary income on the consolidated statements of income	11,950,185

- (Notes) 1. Ordinary 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 ordinary income for the international logistics business segment and the consolidated statements of income.

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

(Millions of yen)

Items	Fiscal year ended March 31, 2020
Total segment profit of reportable segments	838,558
Segment profit in other business	242,822
Eliminations of intersegment transactions	(214,510)
Adjustments	(2,412)
Net ordinary income on the consolidated statements of income	864,457

- (Note) "Adjustments" are primarily due to differences in the calculation methods used for segment loss for the international logistics business segment and net ordinary income on the consolidated statements of income.

(Per Share Data)

Items		Fiscal year ended March 31, 2020
Net assets per share	Yen	2,704.24
Net income per share	Yen	119.64

- (Notes) 1. Because there was no potential common stock, the amount for diluted net income per share is omitted.
2. Net assets per share is calculated based on the following:

Items		As of March 31, 2020
Net assets	Millions of yen	12,616,774
Amount deducted from net assets	Millions of yen	1,682,622
Of which: Non-controlling interests	Millions of yen	1,682,622
Net assets attributable to common stock at the fiscal year-end	Millions of yen	10,934,152
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share	Thousands of shares	4,043,332

3. The number 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 528,300 shares as of March 31, 2020.
4. Net income per share is calculated based on the following:

Items		Fiscal year ended March 31, 2020
Net income attributable to Japan Post Holdings	Millions of yen	483,733
Amount not attributable to common stockholders	Millions of yen	-
Net income attributable to common stock	Millions of yen	483,733
Average number of common stock outstanding during the fiscal year	Thousands of shares	4,043,234

5. The number 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 626,486 shares for the fiscal year ended March 31, 2020.

(Subsequent Events)

None

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	116,252	294,921
Inventories	356	248
Prepaid expenses	360	267
Short-term loan	15,054	24,936
Accounts receivable	41,872	45,167
Income taxes receivable	30,147	54,886
Others	6,521	5,247
Reserve for possible loan losses	(4)	(3)
Total current assets	210,560	425,671
Non-current assets		
Tangible fixed assets		
Buildings	33,203	44,990
Structures	647	1,632
Machinery and equipment	706	757
Vehicles	242	161
Tools and fixtures	4,132	14,077
Land	92,151	90,308
Construction in progress	7,103	1,829
Total tangible fixed assets	138,186	153,757
Intangible assets		
Software	3,103	24,825
Others	11,503	311
Total intangible assets	14,606	25,137
Investments and other assets		
Investment securities	16,873	12,850
Stocks of subsidiaries and affiliates	7,700,137	7,313,387
Money held in trust	-	198,341
Long-term loan	3,020	2,880
Claims provable in bankruptcy	62	59
Long-term prepaid expenses	1,160	2,355
Others	210	174
Reserve for possible loan losses	(62)	(59)
Allowance for investment loss	(5,152)	(5,152)
Total investments and other assets	7,716,249	7,524,836
Total non-current assets	7,869,041	7,703,731
Total assets	8,079,602	8,129,402

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable	33,672	27,377
Accrued expenses	1,180	902
Income taxes payable	521	162
Reserve for bonuses	1,701	1,637
Reserve for point service program	450	402
Others	3,367	6,544
Total current liabilities	40,894	37,026
Long-term liabilities		
Reserve for retirement benefits	67,156	35,881
Reserve for management board benefit trust	281	228
Reserve for compensation for accidents in the course of duty	18,197	17,415
Others	12,629	7,183
Total long-term liabilities	98,265	60,708
Total liabilities	139,159	97,734
Net assets		
Shareholders' equity		
Capital stock	3,500,000	3,500,000
Capital surplus		
Capital reserve	875,000	875,000
Other capital surplus	3,628,856	3,628,856
Total capital surplus	4,503,856	4,503,856
Retained earnings		
Other retained earnings		
Retained earnings brought forward	768,504	963,958
Total retained earnings	768,504	963,958
Treasury stock	(831,887)	(831,707)
Total shareholders' equity	7,940,472	8,136,107
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	(29)	(104,439)
Total valuation and translation adjustments	(29)	(104,439)
Total net assets	7,940,442	8,031,667
Total liabilities and net assets	8,079,602	8,129,402

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Operating income		
Brand royalty income	13,605	13,677
Dividend income from subsidiaries and affiliates	203,163	219,083
Income from business consignment	15,464	23,122
Subsidy income equivalent to deposit insurance premiums	1,619	510
Income from hospital business	16,757	14,047
Income from hotel business	23,941	19,005
Total operating income	274,551	289,447
Operating expenses		
Expenses for business consignment	16,690	24,134
Expenses for hospital business	22,118	17,411
Expenses for hotel business	27,698	25,384
Administrative expenses	(5,580)	(13,936)
Total operating expenses	60,927	52,994
Net operating income	213,623	236,452
Other income		
Interest income	45	367
Dividend income	-	4,241
Rent income	2,689	2,719
System modification fees	132	-
Others	958	723
Total other income	3,825	8,050
Other expenses		
Interest expenses	-	68
Rent expenses	1,219	1,216
System modification expenses	128	-
Others	200	190
Total other expenses	1,548	1,475
Net ordinary income	215,900	243,027
Extraordinary gains		
Gains on sales of fixed assets	6,769	138
Gains on transfer of business	-	6,249
Gains on sales of stocks of subsidiaries and affiliates	-	129,365
Others	523	69
Total extraordinary gains	7,292	135,822
Extraordinary losses		
Losses on sales and disposal of fixed assets	857	1,576
Losses on impairment of fixed assets	2,386	891
Share of post office refurbishment expenses	20,216	12,094
Others	2,128	1,041
Total extraordinary losses	25,588	15,604
Income before income taxes	197,604	363,246
Income taxes current	(23,187)	(34,401)
Total income taxes	(23,187)	(34,401)
Net income	220,791	397,647

(3) Non-consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	778,212	778,212
Changes in the fiscal year						
Cash dividends					(230,500)	(230,500)
Net income					220,791	220,791
Disposals of treasury stock						
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	-	-	(9,708)	(9,708)
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	768,504	768,504

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(831,945)	7,950,122	-	-	7,950,122
Changes in the fiscal year					
Cash dividends		(230,500)			(230,500)
Net income		220,791			220,791
Disposals of treasury stock	58	58			58
Net changes in items other than shareholders' equity in the fiscal year			(29)	(29)	(29)
Net changes in the fiscal year	58	(9,650)	(29)	(29)	(9,679)
Balance at the end of the fiscal year	(831,887)	7,940,472	(29)	(29)	7,940,442

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	768,504	768,504
Changes in the fiscal year						
Cash dividends					(202,193)	(202,193)
Net income					397,647	397,647
Disposals of treasury stock						
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	-	-	195,454	195,454
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	963,958	963,958

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(831,887)	7,940,472	(29)	(29)	7,940,442
Changes in the fiscal year					
Cash dividends		(202,193)			(202,193)
Net income		397,647			397,647
Disposals of treasury stock	180	180			180
Net changes in items other than shareholders' equity in the fiscal year			(104,410)	(104,410)	(104,410)
Net changes in the fiscal year	180	195,634	(104,410)	(104,410)	91,224
Balance at the end of the fiscal year	(831,707)	8,136,107	(104,439)	(104,439)	8,031,667