



Financial Results of the Principal Subsidiaries

for the Nine Months Ended December 31, 2018

February 14, 2019

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Note: Please refer to the documents on consolidated financial results announcements of Japan Post Bank and Japan Post Insurance released on the respective company's website for their consolidated financial results.

I Japan Post Holdings

Year-on-Year Changes of Income for the Nine Months Ended December 31, 2018

Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2017	737.6	73.9	-	254.8	10.8
Nine months ended December 31, 2018	638.8	136.4	281.8	214.0	6.4
Year-on-year change	(98.8)	+ 62.4	-	(40.8)	(4.3)

Net income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2017	375.2	66.5	-	75.0	(48.3)
Nine months ended December 31, 2018	392.1	123.8	203.3	96.6	(31.6)
Year-on-year change	+ 16.9	+ 57.3	-	+ 21.6	+ 16.6

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

*2 Figures for the nine months ended December 31, 2017 and year-on-year changes for Japan Post Bank are not shown because Japan Post Bank did not prepare its consolidated financial results until the third quarter of the fiscal year ended March 31, 2018.

II Japan Post Co.

1. Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	1,784,212	1,875,192
Notes receivable and operating accounts receivable	333,866	356,812
Securities	10,000	15,000
Inventories	20,055	23,011
Outstanding amount of banking business consignment	27,999	42,995
Other current assets	89,949	94,880
Reserve for possible loan losses	(2,384)	(2,736)
Total current assets	2,263,699	2,405,157
Non-current assets		
Tangible fixed assets		
Buildings	1,066,411	1,018,290
Land	1,338,683	1,341,239
Other tangible fixed assets	282,885	272,045
Total tangible fixed assets	2,687,980	2,631,575
Intangible assets	94,187	95,185
Investments and other assets		
Other investments and other assets	55,043	56,448
Reserve for possible loan losses	(1,983)	(2,132)
Total investments and other assets	53,059	54,315
Total non-current assets	2,835,227	2,781,076
Total assets	5,098,926	5,186,234

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	104,730	128,913
Short-term borrowings	104,224	124,536
Current portion of long-term borrowings	72,762	86,057
Other accounts payable	290,799	231,218
Outstanding amount of life insurance business consignment	2,870	2,899
Income taxes payable	16,024	11,330
Deposits received	291,319	252,406
Fund deposits for post offices	910,000	980,000
Reserve for bonuses	112,445	29,244
Other current liabilities	179,936	226,231
Total current liabilities	2,085,113	2,072,838
Long-term liabilities		
Long-term borrowings	59,958	67,714
Deferred tax liabilities	13,155	12,273
Reserve for losses on rebuilding of branches	329	329
Reserve for management board benefit trust	243	231
Liability for retirement benefits	2,029,280	2,038,469
Other long-term liabilities	79,590	80,024
Total long-term liabilities	2,182,558	2,199,042
Total liabilities	4,267,672	4,271,881
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	142,890	141,729
Retained earnings	197,363	292,021
Total shareholders' equity	740,253	833,751
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(16)	39
Net deferred gains (losses) on hedges	(49)	16
Foreign currency translation adjustments	(85,870)	(89,989)
Accumulated adjustments for retirement benefits	173,529	157,478
Total accumulated other comprehensive income	87,593	67,545
Non-controlling interests	3,406	13,056
Total net assets	831,253	914,353
Total liabilities and net assets	5,098,926	5,186,234

(Note) Effective from the beginning of the three months ended June 30, 2018, Japan Post Co. has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in "Investments and other assets" and "Long-term liabilities", respectively.

As a result, deferred tax assets of ¥2,437 million presented as "Other current assets" under "Current assets" have been reclassified into "Other investments and other assets" under "Investments and other assets" in the consolidated balance sheet as of March 31, 2018. In addition, deferred tax assets of ¥479 million were offset by "Deferred tax liabilities" under "Long-term liabilities".

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

(1) Interim Consolidated Statements of Income

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Operating income		
Postal service business income	1,494,832	1,573,872
Commissions for banking business consignment	451,774	454,546
Commissions for life insurance business consignment	281,130	268,057
International logistics business income	533,517	534,757
Other operating income	165,418	167,410
Total operating income	2,926,673	2,998,644
Operating costs	2,679,356	2,672,154
Gross operating income	247,316	326,490
Sales, general and administrative costs	172,160	188,883
Net operating income	75,156	137,606
Other income		
Interest income	642	436
Dividend income	7	1
Equity in earnings of affiliates	218	416
Subsidy income	876	1,056
Others	2,321	3,113
Total other income	4,067	5,024
Other expenses		
Interest expenses	3,687	4,731
Others	1,604	1,476
Total other expenses	5,291	6,207
Net ordinary income	73,931	136,422
Extraordinary gains		
Gains on sales of fixed assets	2,712	1,386
Gains on sales of investment securities	6	5
Gains on negative goodwill	570	-
Contribution for post office refurbishment expenses	17,351	6,685
Others	71	112
Total extraordinary gains	20,712	8,189
Extraordinary losses		
Losses on sales of fixed assets	186	92
Losses on disposal of fixed assets	1,195	1,019
Losses on impairment of fixed assets	581	884
Post office refurbishment expenses	17,351	6,685
Others	48	1,833
Total extraordinary losses	19,362	10,515
Income before income taxes	75,281	134,096
Income taxes current	5,707	9,217
Income taxes deferred	2,496	440
Total income taxes	8,203	9,658
Net income	67,077	124,438
Net income attributable to non-controlling interests	568	541
Net income attributable to Japan Post Co.	66,509	123,897

Japan Post Co.

(2) Interim Consolidated Statements of Comprehensive Income
 Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	67,077	124,438
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	8	57
Net deferred gains (losses) on hedges	(60)	66
Foreign currency translation adjustments	527	(4,677)
Adjustments for retirement benefits	(15,974)	(16,050)
Share of other comprehensive income (loss) of affiliates	6	(1)
Total other comprehensive loss	(15,492)	(20,606)
Comprehensive income	51,584	103,832
Total comprehensive income (loss) attributable to:		
Japan Post Co.	51,012	103,848
Non-controlling interests	572	(16)

Japan Post Co.

3. Segment Information

Nine months ended December 31, 2017

(1) Operating income and segment profit of reportable segments

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note 2)	Subtotal		
Operating income (Note 1)						
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 typical for companies in other industries.
2. The amount presented in segment profit for the international logistics business segment is EBIT.

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

(Millions of yen)

Items	Amount
Total segment profit of reportable segments	77,223
Segment profit in other business	-
Eliminations of intersegment transactions	1,061
Corporate expenses (Note)	(981)
Other adjustments	(2,147)
Net operating income on the interim consolidated statements of income	75,156

(Note)

"Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.

Japan Post Co.

Nine months ended December 31, 2018

(1) Operating income and segment profit of reportable segments

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note 2)	Subtotal		
Operating income ^(Note 1)						
Operating income from third parties	1,577,965	885,921	534,757	2,998,644	-	2,998,644
Intersegment operating income	11,268	153,050	-	164,319	-	164,319
Total	1,589,234	1,038,972	534,757	3,162,964	-	3,162,964
Segment profit	86,935	47,788	6,551	141,275	-	141,275

(Notes)

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

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

(Millions of yen)

Items	Amount
Total segment profit of reportable segments	141,275
Segment profit in other business	-
Eliminations of intersegment transactions	1,051
Corporate expenses ^(Note)	(1,214)
Other adjustments	(3,506)
Net operating income on the interim consolidated statements of income	137,606

(Note)

"Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.

III Japan Post Bank

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

IV Japan Post Insurance

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