



Financial Results of the Principal Subsidiaries

for the Six Months Ended September 30, 2019

November 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 Six Months Ended September 30, 2019

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)
Six months ended September 30, 2018	415.8	24.6	223.3	161.6	6.2
Six months ended September 30, 2019	402.6	51.4	201.1	141.5	8.5
Year-on-year change	(13.2)	+26.7	(22.2)	(20.0)	+2.2

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)
Six months ended September 30, 2018	223.7	19.1	159.2	68.7	(23.4)
Six months ended September 30, 2019	236.5	38.4	144.8	76.3	(23.0)
Year-on-year change	+12.8	+19.3	(14.4)	+7.5	+0.4

* 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.

II Japan Post Co.

1. Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	1,871,936	1,673,308
Notes receivable and operating accounts receivable	347,649	307,746
Securities	15,000	15,000
Inventories	21,727	20,691
Outstanding amount of banking business consignment	22,767	37,065
Other current assets	90,889	91,619
Reserve for possible loan losses	(2,832)	(3,039)
Total current assets	2,367,139	2,142,391
Non-current assets		
Tangible fixed assets		
Buildings	1,013,063	976,726
Land	1,306,333	1,304,107
Right-of-use assets	-	154,225
Other tangible fixed assets	345,982	335,467
Total tangible fixed assets	2,665,379	2,770,527
Intangible assets	97,944	90,513
Investments and other assets		
Other investments and other assets	54,350	54,492
Reserve for possible loan losses	(2,004)	(2,146)
Total investments and other assets	52,345	52,345
Total non-current assets	2,815,669	2,913,386
Total assets	5,182,809	5,055,777

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	101,504	96,068
Short-term borrowings	124,752	147,306
Current portion of long-term borrowings	76,509	92,700
Other accounts payable	311,386	190,344
Outstanding amount of life insurance business consignment	2,577	1,548
Income taxes payable	16,837	14,632
Deposits received	280,030	234,937
Fund deposits for post offices	870,000	870,000
Reserve for bonuses	108,463	111,799
Other current liabilities	188,790	176,764
Total current liabilities	2,080,852	1,936,101
Long-term liabilities		
Long-term borrowings	75,760	43,877
Lease obligations	16,595	166,097
Deferred tax liabilities	12,167	11,856
Reserve for losses on rebuilding of branches	197	197
Reserve for management board benefit trust	310	332
Liability for retirement benefits	2,010,351	2,013,975
Other long-term liabilities	71,443	71,188
Total long-term liabilities	2,186,826	2,307,524
Total liabilities	4,267,678	4,243,626
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	142,661	141,908
Retained earnings	294,738	207,427
Total shareholders' equity	837,400	749,336
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	38	0
Net deferred gains (losses) on hedges	30	47
Foreign currency translation adjustments	(89,350)	(91,490)
Accumulated adjustments for retirement benefits	153,924	143,188
Total accumulated other comprehensive income	64,644	51,746
Non-controlling interests	13,085	11,068
Total net assets	915,130	812,151
Total liabilities and net assets	5,182,809	5,055,777

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

(1) Interim Consolidated Statements of Income

Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Operating income		
Postal service business income	957,102	981,548
Commissions for banking business consignment	303,689	189,162
Commissions for life insurance business consignment	180,688	141,070
Funds to maintain post office network	-	147,636
International logistics business income	346,534	318,129
Other operating income	99,499	92,462
Total operating income	1,887,515	1,870,010
Operating costs	1,744,546	1,691,074
Gross operating income	142,968	178,935
Sales, general and administrative costs	117,445	122,152
Net operating income	25,523	56,783
Other income		
Interest income	277	217
Dividend income	1	11
Equity in earnings of affiliates	19	-
Foreign exchange gains	391	944
Subsidy income	893	144
Others	1,791	1,012
Total other income	3,374	2,331
Other expenses		
Interest expenses	3,025	7,045
Equity in losses of affiliates	-	49
Others	1,209	564
Total other expenses	4,235	7,659
Net ordinary income	24,662	51,454
Extraordinary gains		
Gains on sales of fixed assets	939	1,930
Compensation for transfer	94	1,347
Contribution for post office refurbishment expenses	2,790	2,478
Others	-	68
Total extraordinary gains	3,824	5,824
Extraordinary losses		
Losses on sales of fixed assets	62	172
Losses on disposal of fixed assets	713	1,244
Losses on impairment of fixed assets	862	139
Post office refurbishment expenses	2,790	2,478
Others	886	863
Total extraordinary losses	5,315	4,898
Income before income taxes	23,172	52,380
Income taxes current	4,064	13,719
Income taxes deferred	(195)	(115)
Total income taxes	3,869	13,603
Net income	19,302	38,777
Net income attributable to non-controlling interests	196	369
Net income attributable to Japan Post Co.	19,106	38,407

Japan Post Co.

(2) Interim Consolidated Statements of Comprehensive Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income	19,302	38,777
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	84	(32)
Net deferred gains (losses) on hedges	256	16
Foreign currency translation adjustments	(2,787)	(3,887)
Adjustments for retirement benefits	(10,675)	(10,736)
Share of other comprehensive income (loss) of affiliates	2	(5)
Total other comprehensive loss	(13,120)	(14,645)
Comprehensive income	6,182	24,131
Total comprehensive income (loss) attributable to:		
Japan Post Co.	5,976	25,509
Non-controlling interests	206	(1,377)

3. Segment Information

Six months ended September 30, 2018

(1) Operating income and segment profit (loss) 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	959,850	581,130	346,534	1,887,515	-	1,887,515
Intersegment operating income	6,732	95,569	-	102,301	-	102,301
Total	966,583	676,699	346,534	1,989,816	-	1,989,816
Segment profit (loss)	(4,796)	28,024	3,894	27,122	-	27,122

(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 (loss) of reportable segments and net operating income on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total segment profit (loss) of reportable segments	27,122
Segment profit in other business	-
Eliminations of intersegment transactions	720
Corporate expenses ^(Note)	(776)
Other adjustments	(1,543)
Net operating income on the interim consolidated statements of income	25,523

(Note)

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

Japan Post Co.

Six months ended September 30, 2019

(1) Operating income and segment profit (loss) 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	984,281	567,598	318,129	1,870,010	-	1,870,010
Intersegment operating income	6,409	97,917	81	104,408	-	104,408
Total	990,691	665,516	318,210	1,974,418	-	1,974,418
Segment profit (loss)	28,354	36,039	(4,778)	59,615	-	59,615

(Notes)

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

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

(Millions of yen)

Items	Amount
Total segment profit (loss) of reportable segments	59,615
Segment profit in other business	-
Eliminations of intersegment transactions	664
Corporate expenses (Note)	(1,125)
Other adjustments	(2,371)
Net operating income on the interim consolidated statements of income	56,783

(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.