

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <Under Japanese GAAP>



May 14, 2021

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
 Code number: 6178 URL: <https://www.japanpost.jp/en/>
 Representative: MASUDA Hiroya, Director and Representative Executive Officer, President & CEO
 Contact: TSURUDA Nobuo, Executive Officer, Head of IR Office
 Phone: +81-3-3477-0206
 Scheduled date of Annual General Meeting of Shareholders: June 18, 2021
 Scheduled date of filing securities report: June 21, 2021
 Scheduled date of commencing dividend payments: June 15, 2021
 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, 2021

(April 1, 2020 to March 31, 2021)

(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, 2021	11,720,403	(1.9)	914,164	5.8	418,238	(13.5)
Fiscal year ended March 31, 2020	11,950,185	(6.5)	864,457	4.1	483,733	0.9

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥3,567,160 million [- %]
 Fiscal year ended March 31, 2020: ¥(2,225,078) million [- %]

	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, 2021	103.44	-	3.4	0.3	7.8
Fiscal year ended March 31, 2020	119.64	-	4.0	0.3	7.2

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2021: ¥560 million
 Fiscal year ended March 31, 2020: ¥244 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, 2021	297,738,131	16,071,067	4.6	3,411.60
As of March 31, 2020	286,098,449	12,616,774	3.8	2,704.24

(Reference) Equity: As of March 31, 2021: ¥13,794,361 million

As of March 31, 2020: ¥10,934,152 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, 2021	6,965,155	2,015,201	50,578	62,637,954
Fiscal year ended March 31, 2020	305,850	1,040,484	99,003	53,603,857

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, 2020	-	25.00	-	25.00	50.00	202,193	41.8	1.7
Fiscal year ended March 31, 2021	-	0.00	-	50.00	50.00	202,193	48.3	1.6
Fiscal year ending March 31, 2022 (Forecast)	-	0.00	-	50.00	50.00		59.5	

(Note) The source of all dividends for the fiscal year ended March 31, 2021 is capital surplus. For more details, please refer to “Breakdown of the dividends paid from capital surplus” described later.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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, 2022	10,600,000	(9.6)	730,000	(20.1)	340,000	(18.7)	84.09

(Note) Net income attributable to Japan Post Holdings has calculated based on the portion of voting rights to Japan Post Bank (approximately 89%) and Japan Post Insurance (approximately 49.9%), etc. held by the Company.

(On May 14, 2021, the Board of Directors of Japan Post Insurance resolved on a share repurchase through ToSTNeT-3. On the same day, the Board of Directors of Japan Post Holdings resolved on the sale of shares in response to this share repurchase and the establishment of a share disposal trust. Accordingly, the portion of voting rights to Japan Post Insurance held by the Company has come to 49.9%.)

*** 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: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (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, 2021: 4,500,000,000 shares
 - As of March 31, 2020: 4,500,000,000 shares
 - 2) Total number of treasury stock at the end of the fiscal year:
 - As of March 31, 2021: 456,635,301 shares
 - As of March 31, 2020: 456,667,501 shares
 - 3) Average number of shares during the fiscal year:
 - Fiscal year ended March 31, 2021: 4,043,357,135 shares
 - Fiscal year ended March 31, 2020: 4,043,234,313 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 496,100 shares and 528,300 shares as of March 31, 2021 and 2020, 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 503,664 shares and 626,486 shares for the fiscal year ended March 31, 2021 and 2020, respectively.

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(April 1, 2020 to March 31, 2021)

(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, 2021	167,933	(42.0)	104,871	(55.6)	114,800	(52.8)	(2,129,989)	-
Fiscal year ended March 31, 2020	289,447	5.4	236,452	10.7	243,027	12.6	397,647	80.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2021	(526.79)	-
Fiscal year ended March 31, 2020	98.35	-

(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, 2021	5,997,547	5,912,969	98.6	1,462.39
As of March 31, 2020	8,129,402	8,031,667	98.8	1,986.40

(Reference) Equity: As of March 31, 2021: ¥5,912,969 million

As of March 31, 2020: ¥8,031,667 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, 2021 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, 2022) on page 4 of the Attachment for the assumptions on which the financial results forecasts have been based, and precautions etc. regarding their use.

Breakdown of the dividends paid from capital surplus

The breakdown of the dividends for the fiscal year ended March 31, 2021 which are paid from capital surplus is as follows.

Record date	Year-end	Total
Dividend per share	Yen 50.00	Yen 50.00
Total dividends paid	Million yen 202,193	Million yen 202,193

(Note) Net asset diminution rate: 0.017

[Attachment]

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Supplementary Briefing Material:

Materials for Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

1. Overview of Results of Operations etc.

(1) Explanation of Results of Operations

Consolidated ordinary income amounted to ¥11,720,403 million (down ¥229,782 million year-on-year) and consolidated net ordinary income amounted to ¥914,164 million (up ¥49,706 million year-on-year). Net income attributable to Japan Post Holdings amounted to ¥418,238 million (down ¥65,494 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., Ltd. (hereinafter referred to as “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 popularized and expanded the service for leaving parcels in designated areas, and engaged in total cost control, including more sophisticated labor management, management of personnel expenses for each area of responsibility, and delivery commission expenses. In addition to safety promotion and the optimization of operations using telematics terminals (services utilizing mobile communications systems), we engaged in initiatives such as the commencement of automated receipt of redelivery requests using AI voice recognition technology. Furthermore, we also proceeded with preparations to review our various services in response to the proclamation of the Act to Partially Amend the Postal Act and the Act on Correspondence Delivery by Private Business Operators in December 2020.

With regard to the total volume of items handled for the fiscal year ended March 31, 2021, the volume of mails handled decreased by 6.8% year-on-year to 15,244.03 million, the volume of Yu-Mail handled decreased by 7.5% year-on-year to 3,299.31 million, the volume of Yu-Pack handled increased by 11.9% year-on-year to 1,090.79 million (including an increase of the volume of Yu-Packet handled by 16.1% year-on-year to 496.66 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, 2021, ordinary income amounted to ¥2,071,877 million (down ¥56,310 million year-on-year) and net ordinary income amounted to ¥126,587 million (down ¥22,598 million year-on-year). In addition, operating income amounted to ¥2,068,426 million (down ¥56,887 million year-on-year) and net operating income amounted to ¥123,716 million (down ¥23,788 million year-on-year) in the postal and domestic logistics business of Japan Post Co. for the fiscal year ended March 31, 2021. Increases in the volume of Yu-Pack handled and income from parcels, due to the expansion in e-commerce usage with increased in stay-at-home consumption, etc. were insufficient to compensate for the decrease in income from declining international mails, standard mails and others.

(Post Office Business Segment)

During the fiscal year ended March 31, 2020, issues were discovered in the quality of insurance solicitations by Japan Post Co. for Japan Post Insurance products. We subsequently refrained from sales of Japan Post Insurance products, investment trusts and allied financial instruments (variable annuities, medical insurance with eased underwriting conditions, and accident insurance) at post offices, etc. We decided to commence these business operations aimed at regaining customers’ trust, and engaged in initiatives for this purpose from October 2020 onward. Specifically, in addition to displaying posters in locations such as post offices, we distributed pamphlets with our promise to customers, apologized and explained that we would abide by our “Pledge to Regain Customers’ Trust.” At the same time, we engaged in Japan Post Insurance policy coverage confirmation activities and follow-up service for investment trusts and variable annuities as our primary priorities, endeavoring to resolve the anxieties and uncertainties of our existing customers. We also engaged in measures to radically eliminate improper solicitation actions, including the implementation of multiple checks from the subscription stage to the conclusion of contracts, the strengthening of systems, etc. for properly managing

solicitation activities, enhanced oversight through stricter accident evaluation and handling criteria, etc., and the strengthening of the Internal Audit Department. In addition, we implemented employee training to contribute to customer-first sales activities and comprehensive consulting services, and carried out training for managers, instructing them on our new approach to management, and methods for management and direction that incorporate coaching techniques. We engaged in the optimization of the post office network, and progressed with the development of unique and diverse post offices catering to the needs of local communities and customers. 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, 2021, insurance commissions fell significantly due to refraining from active sales proposal activities of Japan Post Insurance products. As a result, ordinary income amounted to ¥1,245,179 million (down ¥54,751 million year-on-year), and net ordinary income amounted to ¥38,796 million (down ¥6,290 million year-on-year). In addition, operating income amounted to ¥1,243,466 million (down ¥55,307 million year-on-year) and net operating income amounted to ¥37,727 million (down ¥6,871 million year-on-year) in the post office business of Japan Post Co. for the fiscal year ended March 31, 2021.

(International Logistics Business Segment)

In the international logistics business, we continuously engaged in the transformation plan of Toll Holdings Limited (hereinafter referred to as “Toll”), a consolidated subsidiary of Japan Post Co. We also continued to expand B-to-B businesses mainly through our contract logistics, utilizing JP Toll Logistics Co., Ltd. Business results continued to be lackluster, however, with 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, etc. Toll had been considering the sale of its global express business, which was persistently operating at a loss, and in April 2021, it determined to transfer its ownership to affiliated companies of Allegro Funds Pty Ltd.

As a result of these initiatives, income and expenses both increased, due mainly to continuing large-scale handling of COVID-19 prevention supplies by the Global Logistics Asia division, and ordinary income amounted to ¥750,069 million (up ¥114,874 million year-on-year), net ordinary loss amounted to ¥7,003 million (net ordinary loss of ¥21,447 million in the previous fiscal year), operating income in the international logistics business of Japan Post Co. amounted to ¥749,878 million (up ¥114,923 million year-on-year) and net operating income (EBIT) in the international logistics business of Japan Post Co. amounted to ¥3,505 million (net operating loss of ¥8,683 million in the previous fiscal year) for the fiscal year ended March 31, 2021.

(Banking Business Segment)

In the banking business, at Japan Post Bank Co., Ltd. (hereinafter referred to as “Japan Post Bank”), we continued to implement 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, 2021, deposits balance of Japan Post Bank as of March 31, 2021 was ¥189,593,469 million (up ¥6,588,736 million year-on-year). In an adverse business environment because of factors such as the continuation of a low interest rate environment, net interest income dropped owing to a decline in interest on securities, but net other operating income rose due to a decrease in foreign currency funding costs, and ordinary income amounted to ¥1,946,712 million (up ¥147,174 million year-on-year), while net ordinary income amounted to ¥394,206 million (up ¥15,074 million year-on-year).

(Life Insurance Business Segment)

Due to issues in the quality of insurance solicitations for Japan Post Insurance products in the previous fiscal

year, Japan Post Insurance Co., Ltd. (hereinafter referred to as “Japan Post Insurance”) suspended active solicitation activities, and placed top priority on initiatives to regain customers’ trust. As measures to prevent recurrence, we steadily conducted investigations into insurance policies and sales personnel, and implemented the initiatives set forth in the business improvement plan submitted to the Financial Services Agency of Japan: “create a healthy corporate culture and establishing an appropriate sales promotion scheme,” “strengthen the appropriate solicitation quality control scheme” and “strengthen the governance function of the Board of Directors, etc.”

As we engaged in these initiatives, in the life insurance business for the fiscal year ended March 31, 2021, 124 thousand new policies for individual insurance with a policy amount of ¥390,355 million were acquired. Ordinary income amounted to ¥6,786,226 million (down ¥425,178 million year-on-year), while net ordinary income amounted to ¥345,736 million (up ¥59,134 million year-on-year), mainly due to a decrease in operating expenses reflecting a decrease in new policies, etc.

(Consolidated financial results forecast for the fiscal year ending March 31, 2022)

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2022, ordinary income of ¥10,600,000 million, net ordinary income of ¥730,000 million and net income attributable to Japan Post Holdings of ¥340,000 million are anticipated.

(Note) Net income attributable to Japan Post Holdings has calculated based on the portion of voting rights to Japan Post Bank (approximately 89%) and Japan Post Insurance (approximately 49.9%), etc. held by the Company.

(On May 14, 2021, the Board of Directors of Japan Post Insurance resolved on a share repurchase through ToSTNeT-3. On the same day, the Board of Directors of Japan Post Holdings resolved on the sale of shares in response to this share repurchase and the establishment of a share disposal trust. Accordingly, the portion of voting rights to Japan Post Insurance held by the Company has come to 49.9%.)

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

• Postal and domestic logistics business	¥65,000 million
• Post office business	¥15,000 million
• International logistics business	¥(5,000) million
• Banking business	¥355,000 million
• Life insurance business	¥290,000 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 ¥20,000 million (down ¥33,415 million year-on-year), due to a decrease in the volume of mails resulting from progressive digitalization, as well as a decrease in commission income from Japan Post Bank due to factors such as a decline in the number of remittance settlements.

At Japan Post Bank (consolidated), net income attributable to Japan Post Bank is forecast at ¥260,000 million (down ¥20,130 million year-on-year), due to factors related to net interest income, etc. such as a decrease in gains on redemption of foreign bonds and a decrease in revenue from Japanese government bonds, despite increases in revenue from strategic investment and foreign bond investment trusts compared to the fiscal year ended March 31, 2021.

At Japan Post Insurance (consolidated), net income attributable to Japan Post Insurance is forecast at ¥118,000 million (down ¥48,103 million year-on-year), mainly due to a decrease in insurance-related income resulting from fewer policies in force, and an increase in general and administrative expenses in association with the implementation of sales activities.

Net income attributable to non-controlling interests for Japan Post Holdings (consolidated) is forecast at ¥80,000 million.

(2) Explanation of Financial Position

1) Condition of assets, liabilities and net assets

Consolidated total assets were ¥297,738,131 million, up ¥11,639,681 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥9,038,728 million, an increase in money held in trust of ¥2,225,782 million, and an increase in securities of ¥2,576,439 million, as well as a decrease in receivables under securities borrowing transactions of ¥719,115 million, and a decrease in loans of ¥968,670 million.

Consolidated total liabilities were ¥281,667,063 million, up ¥8,185,389 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥6,606,901 million and an increase in borrowed money of ¥3,925,980 million, as well as a decrease in policy reserves of ¥2,895,445 million and a decrease in payables under securities lending transactions of ¥417,512 million.

Consolidated total net assets were ¥16,071,067 million, up ¥3,454,292 million from the end of the previous fiscal year.

Major factors include an increase in net unrealized gains (losses) on available-for-sale securities of ¥2,598,250 million, and an increase in non-controlling interests of ¥594,083 million, as well as a decrease in net deferred gains (losses) on hedges of ¥37,452 million and a decrease in foreign currency translation adjustments of ¥14,734 million.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥62,637,954 million, up ¥9,034,097 million from the beginning of the current fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥6,965,155 million (up ¥6,659,305 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 ¥2,015,201 million (up ¥974,716 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 ¥50,578 million (down ¥48,424 million in inflow year-on-year), as a result of the issuance of bonds at 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 until the fiscal year ending March 31, 2026.

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 for the fiscal year ended March 31, 2021, based on a comprehensive judgment of

the consolidated financial results and other factors, the annual dividend on common stock will be ¥50 per share. The source of all dividends for the fiscal year ended March 31, 2021 is capital surplus. For more details, please refer to “Breakdown of the dividends paid from capital surplus” described before.

Annual dividend is scheduled to be ¥50 per share for the next fiscal year ending March 31, 2022, taking into consideration the consolidated financial results forecast, stability of dividends and other factors.

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, 2020	As of March 31, 2021
Assets		
Cash and due from banks	53,680,384	62,719,113
Call loans	1,420,000	1,520,000
Receivables under resale agreements	9,731,897	9,721,360
Receivables under securities borrowing transactions	3,304,202	2,585,087
Monetary claims bought	634,394	638,985
Trading account securities	31	13
Money held in trust	7,804,150	10,029,932
Securities	191,127,051	193,703,491
Loans	10,624,482	9,655,811
Foreign exchanges	147,469	80,847
Other assets	2,787,487	2,716,321
Tangible fixed assets	3,186,558	3,153,739
Buildings	1,133,110	1,106,006
Land	1,538,190	1,543,915
Construction in progress	97,283	136,149
Other tangible fixed assets	417,974	367,668
Intangible assets	291,694	240,194
Software	269,867	217,282
Goodwill	2,550	2,383
Other intangible assets	19,276	20,528
Asset for retirement benefits	55,308	64,184
Deferred tax assets	1,312,378	919,448
Reserve for possible loan losses	(9,043)	(10,400)
Total assets	286,098,449	297,738,131

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Deposits	181,377,859	187,984,760
Payables under repurchase agreements	14,855,624	14,886,481
Policy reserves and others	64,191,926	61,159,597
Reserve for outstanding claims	461,224	419,021
Policy reserves	62,293,166	59,397,720
Reserve for policyholder dividends	1,437,535	1,342,855
Payables under securities lending transactions	6,509,525	6,092,013
Borrowed money	302,200	4,228,180
Foreign exchanges	511	514
Bonds	100,000	300,000
Other liabilities	2,820,086	2,851,705
Reserve for bonuses	121,875	126,149
Liability for retirement benefits	2,220,241	2,210,273
Reserve for employee stock ownership plan trust	605	535
Reserve for management board benefit trust	984	952
Reserve for reimbursement of deposits	80,324	73,830
Reserve for insurance claims and others	29,722	2,851
Reserve under the special laws	858,339	904,816
Reserve for price fluctuations	858,339	904,816
Deferred tax liabilities	11,845	844,400
Total liabilities	273,481,674	281,667,063
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,084,763	4,085,191
Retained earnings	4,057,087	4,374,229
Treasury stock	(831,707)	(831,661)
Total shareholders' equity	10,810,143	11,127,759
Net unrealized gains (losses) on available-for-sale securities	295,671	2,893,921
Net deferred gains (losses) on hedges	(291,823)	(329,275)
Foreign currency translation adjustments	(89,698)	(104,433)
Accumulated adjustments for retirement benefits	209,860	206,389
Total accumulated other comprehensive income	124,008	2,666,601
Non-controlling interests	1,682,622	2,276,705
Total net assets	12,616,774	16,071,067
Total liabilities and net assets	286,098,449	297,738,131

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Ordinary income	11,950,185	11,720,403
Postal business income	2,715,667	2,778,065
Banking business income	1,797,365	1,944,878
Life insurance business income	7,211,365	6,786,210
Other ordinary income	225,787	211,248
Ordinary expenses	11,085,728	10,806,238
Operating expenses	8,180,003	7,822,474
Personnel expenses	2,545,212	2,473,924
Depreciation and amortization	294,011	286,283
Other ordinary expenses	66,500	223,557
Net ordinary income	864,457	914,164
Extraordinary gains	50,948	13,697
Gains on sales of fixed assets	2,908	7,243
Gains on negative goodwill	48	-
Reversal of reserve under the special laws	39,152	-
Reversal of reserve for price fluctuations	39,152	-
Compensation for transfer	529	1,482
Insurance claim income	311	1,973
Compensation income	-	1,795
Gains on transfer of business	6,249	-
Other extraordinary gains	1,749	1,202
Extraordinary losses	56,635	167,871
Losses on sales and disposal of fixed assets	4,606	3,259
Losses on impairment of fixed assets	21,723	93,545
Provision for reserve under the special laws	-	46,477
Provision for reserve for price fluctuations	-	46,477
Post office refurbishment expenses	11,304	4,915
Other extraordinary losses	19,001	19,673
Provision for reserve for policyholder dividends	109,236	65,465
Income before income taxes	749,534	694,525
Income taxes current	256,663	224,804
Income taxes deferred	(75,263)	(38,998)
Total income taxes	181,399	185,806
Net income	568,134	508,718
Net income attributable to non-controlling interests	84,401	90,480
Net income attributable to Japan Post Holdings	483,733	418,238

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income	568,134	508,718
Other comprehensive income (loss)	(2,793,212)	3,058,441
Net unrealized gains (losses) on available-for-sale securities	(2,481,290)	3,116,179
Net deferred gains (losses) on hedges	(265,577)	(41,932)
Foreign currency translation adjustments	(2,786)	(12,539)
Adjustments for retirement benefits	(43,553)	(3,262)
Share of other comprehensive loss of affiliates	(4)	(3)
Comprehensive income (loss)	(2,225,078)	3,567,160
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(1,969,427)	2,960,822
Non-controlling interests	(255,650)	606,337

(3) Consolidated Statements of Changes in Net Assets
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

Fiscal year ended March 31, 2021

(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	4,084,763	4,057,087	(831,707)	10,810,143
Cumulative effects of changes in accounting policies					-
Restated balance at the beginning of the fiscal year	3,500,000	4,084,763	4,057,087	(831,707)	10,810,143
Changes in the fiscal year					
Cash dividends			(101,096)		(101,096)
Net income attributable to Japan Post Holdings			418,238		418,238
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		428			428
Disposals of treasury stock				45	45
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	428	317,142	45	317,616
Balance at the end of the fiscal year	3,500,000	4,085,191	4,374,229	(831,661)	11,127,759

	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	295,671	(291,823)	(89,698)	209,860	124,008	1,682,622	12,616,774
Cumulative effects of changes in accounting policies							-
Restated balance at the beginning of the fiscal year	295,671	(291,823)	(89,698)	209,860	124,008	1,682,622	12,616,774
Changes in the fiscal year							
Cash dividends							(101,096)
Net income attributable to Japan Post Holdings							418,238
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							428
Disposals of treasury stock							45
Net changes in items other than shareholders' equity in the fiscal year	2,598,250	(37,452)	(14,734)	(3,470)	2,542,592	594,083	3,136,675
Net changes in the fiscal year	2,598,250	(37,452)	(14,734)	(3,470)	2,542,592	594,083	3,454,292
Balance at the end of the fiscal year	2,893,921	(329,275)	(104,433)	206,389	2,666,601	2,276,705	16,071,067

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities:		
Income before income taxes	749,534	694,525
Depreciation and amortization	294,011	286,283
Losses on impairment of fixed assets	21,723	93,545
Amortization of goodwill	167	167
Equity in (earnings) losses of affiliates	(244)	(560)
Gains on negative goodwill	(48)	-
Net change in reserve for outstanding claims	(58,343)	(42,203)
Net change in policy reserves	(2,767,383)	(2,895,445)
Provision for interest on policyholder dividends	8	8
Provision for reserve for policyholder dividends	109,236	65,465
Net change in reserve for possible loan losses	3,480	2
Net change in reserve for bonuses	(517)	3,779
Net change in asset and liability for retirement benefits	(21,065)	(18,844)
Net change in reserve for employee stock ownership plan trust	(233)	(70)
Net change in reserve for management board benefit trust	(49)	(31)
Net change in reserve for reimbursement of deposits	(8,008)	(6,494)
Net change in reserve for insurance claims and others	29,722	(26,870)
Net change in reserve for price fluctuations	(39,152)	46,477
Interest and dividend income	(1,054,672)	(1,011,942)
Interest expenses	15,743	13,287
Interest income (accrual basis)	(1,317,799)	(1,198,391)
Interest expenses (accrual basis)	346,634	241,154
Net (gains) losses on securities	(14,671)	236,608
Net (gains) losses on money held in trust	(124,399)	(360,343)
Net (gains) losses on foreign exchanges	(85,265)	(469,687)
Net (gains) losses on sales and disposal of fixed assets	1,667	(4,081)
Net change in loans	334,007	268,257
Net change in deposits	1,752,024	6,606,901
Net change in borrowed money	6,200	3,907,400
Net change in call loans	(2,023,847)	(386,825)
Net change in receivables under securities borrowing transactions for banking business	(112,491)	112,491
Net change in call money	3,286,253	30,856
Net change in commercial papers	(28,029)	-
Net change in payables under securities lending transactions for banking business	(254,073)	(714,840)
Net change in foreign exchanges (assets)	(67,072)	66,622
Net change in foreign exchanges (liabilities)	(117)	3
Interest received (cash basis)	1,379,252	1,276,210
Interest paid (cash basis)	(405,217)	(429,822)
Other, net	(394,281)	(154,631)
Subtotal	(447,319)	6,228,960
Interest and dividend income received	1,173,683	1,066,455
Interest expenses paid	(15,597)	(13,043)
Policyholder dividends paid	(185,042)	(159,817)
Income taxes paid	(221,512)	(168,644)
Other, net	1,638	11,245
Net cash provided by operating activities	305,850	6,965,155

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities:		
Purchases of call loans	(8,110,000)	(7,660,000)
Proceeds from redemption of call loans	7,880,000	7,910,000
Purchases of monetary claims bought	(1,524,997)	(1,434,928)
Proceeds from sale and redemption of monetary claims bought	1,561,185	1,476,386
Net change in receivables under securities borrowing transactions for life insurance business	(399,508)	606,623
Net change in payables under securities lending transactions for life insurance business	867,329	297,328
Purchases of securities	(25,138,744)	(33,050,485)
Proceeds from sale of securities	3,605,937	5,705,239
Proceeds from redemption of securities	22,959,251	28,137,974
Purchases of money held in trust	(2,303,911)	(1,167,348)
Proceeds from sale of money held in trust	658,806	780,139
Payments for loans	(718,926)	(571,239)
Proceeds from collection of loans	1,842,218	1,269,999
Purchases of tangible fixed assets	(133,811)	(172,376)
Proceeds from sale of tangible fixed assets	12,995	18,540
Purchases of intangible assets	(80,053)	(54,472)
Proceeds from sale of stocks of subsidiaries and affiliates	5,455	7
Proceeds from purchases of stocks of subsidiaries resulting in change in the scope of consolidation	487	-
Proceeds due to sale of stocks of subsidiaries resulting in change in the scope of consolidation	266	649
Other, net	56,504	(76,837)
Net cash provided by investing activities	1,040,484	2,015,201
Cash flows from financing activities:		
Proceeds from borrowings	307,250	186,728
Repayment of borrowings	(261,759)	(204,584)
Proceeds from issuance of bonds	-	198,798
Purchases of treasury stock of subsidiaries	(7,881)	(295)
Proceeds from disposals of treasury stock of subsidiaries	82	71
Dividends paid	(202,271)	(101,257)
Dividends paid to non-controlling interests	(34,184)	(18,125)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(1)	(1)
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	322,539	12
Other, net	(24,770)	(10,766)
Net cash provided by financing activities	99,003	50,578
Effect of exchange rate changes on cash and cash equivalents	(1,770)	3,161
Net change in cash and cash equivalents	1,443,568	9,034,097
Cash and cash equivalents at the beginning of the fiscal year	52,160,289	53,603,857
Cash and cash equivalents at the end of the fiscal year	53,603,857	62,637,954

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

None

(Changes in Presentation)

(Consolidated Statements of Income)

“Insurance claim income” included in “other extraordinary gains” in the previous fiscal year has been separately presented from the fiscal year ended March 31, 2021, 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, ¥2,060 million presented as “other extraordinary gains” in the consolidated statements of income of the previous fiscal year has been reclassified into ¥311 million of “insurance claim income” and ¥1,749 million of “other extraordinary gains.”

(Additional Information)

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, and Japan Post Insurance Co., Ltd., a consolidated subsidiary of the Company, received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan, on account of improper solicitation actions regarding insurance policies, and underlying systematic problems. The Company 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. Additionally, Japan Post Insurance Co., Ltd. has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions, and compensating customers who have suffered disadvantages.

In the fiscal year ended March 31, 2021, the Company recorded the refund of premiums and payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others (operating expenses, etc.), and the corresponding adjustment to policy reserves as part of reversal of policy reserves (life insurance business income), while recording a reduction of the net amount totaling ¥21,589 million from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 million, a decrease as a result of reflecting the status of progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥2,851 million as of March 31, 2021. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are included in life insurance business income in the consolidated statement of income for the fiscal year ended March 31, 2021.

(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	2,030,969	158,231	749,862	1,944,878	6,786,210	11,670,153	46,605	11,716,758
Intersegment ordinary income	40,907	1,086,947	206	1,833	16	1,129,912	174,508	1,304,420
Total	2,071,877	1,245,179	750,069	1,946,712	6,786,226	12,800,065	221,113	13,021,178
Segment profit (loss)	126,587	38,796	(7,003)	394,206	345,736	898,322	114,037	1,012,360

- (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 ¥97,209 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, 2021
Total ordinary income of reportable segments	12,800,065
Ordinary income of other business	221,113
Eliminations of intersegment transactions	(1,304,420)
Adjustments	3,644
Ordinary income on the consolidated statements of income	11,720,403

- (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, 2021
Total segment profit (loss) of reportable segments	898,322
Segment profit in other business	114,037
Eliminations of intersegment transactions	(91,901)
Adjustments	(6,294)
Net ordinary income on the consolidated statements of income	914,164

- (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, 2021
Net assets per share	Yen	3,411.60
Net income per share	Yen	103.44

- (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, 2021
Net assets	Millions of yen	16,071,067
Amount deducted from net assets	Millions of yen	2,276,705
Of which: Non-controlling interests	Millions of yen	2,276,705
Net assets attributable to common stock at the fiscal year-end	Millions of yen	13,794,361
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share	Thousands of shares	4,043,364

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 496,100 shares as of March 31, 2021.
4. Net income per share is calculated based on the following:

Items		Fiscal year ended March 31, 2021
Net income attributable to Japan Post Holdings	Millions of yen	418,238
Amount not attributable to common stockholders	Millions of yen	-
Net income attributable to common stock	Millions of yen	418,238
Average number of common stock outstanding during the fiscal year	Thousands of shares	4,043,357

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 503,664 shares for the fiscal year ended March 31, 2021.

(Subsequent Events)

(Material Business Transfer)

The Company, Japan Post Co., Ltd. and Toll Holdings Limited (hereinafter referred to as “Toll”), which are consolidated subsidiaries of the Company, resolved at the meeting of the Board of Directors held on April 21, 2021, to transfer Toll’s global express business to Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd and NZ Logistics Holdings Limited, affiliates of Allegro Funds Pty Ltd (hereinafter collectively referred to as “Allegro”). Toll concluded the business transfer agreement on the same day.

1. Overview of the business divestiture

(1) Names of the successor companies

Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd, NZ Logistics Holdings Limited

- (2) Details of the divested business
The global express business of Toll
- (3) Main reason for the business divestiture
The Japan Post Group has considered various business strategical options to enhance Toll's growth, but ultimately decided that the best option would be to sell the global express business, which has experienced a continuing deterioration in business performance. As a result of careful consideration by the Japan Post Group, Toll consented to enter into an agreement to transfer its global express business to Allegro.
- (4) Date of business divestiture
Planned for June 2021

2. Reportable segment that contained the divested business
International logistics business

(Disposal of shares in a subsidiary)

Japan Post Insurance Co., Ltd. resolved, at the meeting of its Board of Directors held on May 14, 2021, on matters concerning a share repurchase through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange, Inc., with a maximum total of 162,906,300 shares to be repurchased, and the repurchase date of May 17, 2021.

If Japan Post Insurance Co., Ltd. proceeds to decide on the implementation and conditions of this share repurchase, based on the resolution described above, then the Company intends to dispose of part of its equity interest in the common stock of Japan Post Insurance Co., Ltd. (hereinafter referred to as "this disposal of shares"), through the sale of shares in response to this share repurchase and the establishment of a share disposal trust, as described below.

1. Reason for the disposal of shares

Under the Postal Service Privatization Act, the Company shall aim to dispose of the entire equity interest in Japan Post Insurance Co., Ltd. and Japan Post Bank Co., Ltd. (hereinafter referred to as "the Two Finance Companies"), and shall dispose of these shareholdings within the earliest possible time-frame, in light of the business condition of the Two Finance Companies and any impact on the ability to fulfill universal services obligation. In accordance with this aim, the Company, under its Medium-Term Management Plan, has set forth the policy of selling-down these shareholdings as early as possible, until it holds 50% or less of the voting rights in each of the Two Finance Companies by 2025.

Japan Post Insurance Co., Ltd. has recently announced its intention to execute a share repurchase, with the aim of improving capital efficiency and strengthening shareholder returns, as well as contributing to the progress of postal service privatization and relaxing its unique legal and regulatory restrictions under the Postal Service Privatization Act, by halving the proportion of its voting rights pertaining to shares held by the Company.

The Company's response to this share repurchase by Japan Post Insurance Co., Ltd. is in accordance with the policy described above, and contributes to the Group's growth. Therefore, the Company has determined to respond to this share repurchase, and establish a share disposal trust. As a result, the portion of voting rights held by the Company will fall below 50%.

2. Timing of the disposal

- (1) Sale of shares in response to the implementation of a share repurchase by Japan Post Insurance Co., Ltd.
May 17, 2021 (planned)
- (2) Disposal of shares through the establishment of a share disposal trust
Undecided
After the transaction described in (1) above, the Company intends to obtain approval as insurance company's

major shareholder based on Article 271-10, Paragraph 1 of the Insurance Business Act, and then establish an other company share disposal trust.

Under the other company share disposal trust agreement, voting rights pertaining to shares disposed of to the trust will be exercised by the trustee, and the Company will no longer hold the voting rights pertaining to the shares in the share disposal trust.

3. Name and business of the subsidiary, and details of transactions with the Company

Name: Japan Post Insurance Co., Ltd.

Business: Life insurance business

Details of transactions with the Company: Payment of brand royalty fees to the Company, etc.

4. Number and value of shares to be disposed of

(1) Sale of shares in response to the implementation of a share repurchase by Japan Post Insurance Co., Ltd.

Number of shares to be sold: 162,876,300 shares (number of shares subject to sell orders)

The Company intends to place sell orders in response to the share repurchase by Japan Post Insurance Co., Ltd., up to a total maximum of 162,906,300 shares, through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange, Inc.

Selling value: Undecided

(2) Disposal of shares through the establishment of a share disposal trust

Number of shares to be disposed of: 162,906,300 shares, minus the number of shares for which sell orders are executed in (1) above, plus 400,000 shares

Disposal value: Undecided

5. Effect of the disposal and the portion of voting rights held by the Company after the disposal

Effect of the disposal: Capital surplus is forecast to change in the next consolidated fiscal year as a result of this disposal of shares

The portion of voting rights held by the Company after the disposal: 49.9%

The portion of voting rights to Japan Post Insurance Co., Ltd. held by the Company will fall below 50% as a result of this disposal of shares, but Japan Post Insurance Co., Ltd. will remain a consolidated subsidiary of the Company based on the effective control standard.

(Appropriation of Surplus)

The Company resolved an appropriation of surplus at the meeting of the Board of Directors held on May 14, 2021.

1. Purpose of the appropriation of surplus

The Company will appropriate surplus by resolution of the Board of Directors, based on the provisions of Article 452 and Article 459, Paragraph 1, Item 3 of the Companies Act, and Article 39, Paragraph 1 of the Company's Articles of Incorporation, by transferring an amount from other capital surplus to retained earnings brought forward. This amount will be applied to supplement and eliminate the deficit in retained earnings brought forward, for the purpose of enhancing the flexibility and agility of the Company's capital policy in the future.

2. Details of the appropriation of surplus

(1) Amount of surplus to be decreased

Other capital surplus (Capital surplus)	1,267,127,183,464 yen
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(2) Amount of surplus to be increased

Retained earnings brought forward (Retained earnings)	1,267,127,183,464 yen
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3. Schedule of the appropriation of surplus

- | | |
|--|--------------|
| (1) Resolution date of the Board of Directors: | May 14, 2021 |
| (2) Effective date: | May 14, 2021 |

4. Other significant matters

This appropriation of surplus represents a transfer between accounts within the “net assets” section of the Consolidated Balance Sheets. Therefore, there is no change in the amount of the Group’s net assets as a result, and no effect on net income.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	294,921	189,791
Inventories	248	386
Prepaid expenses	267	242
Short-term loan	24,936	22,949
Accounts receivable	45,167	13,938
Income taxes receivable	54,886	24,097
Others	5,247	1,292
Reserve for possible loan losses	(3)	(596)
Total current assets	425,671	252,101
Non-current assets		
Tangible fixed assets		
Buildings	44,990	48,722
Structures	1,632	2,033
Machinery and equipment	757	843
Vehicles	161	72
Tools and fixtures	14,077	23,606
Land	90,308	89,889
Construction in progress	1,829	981
Total tangible fixed assets	153,757	166,149
Intangible assets		
Software	24,825	19,408
Others	311	4,042
Total intangible assets	25,137	23,450
Investments and other assets		
Investment securities	12,850	186,890
Stocks of subsidiaries and affiliates	7,313,387	5,040,211
Money held in trust	198,341	293,063
Long-term loan	2,880	20,926
Claims provable in bankruptcy	59	61
Long-term prepaid expenses	2,355	1,842
Prepaid pension costs	-	17,890
Others	174	172
Reserve for possible loan losses	(59)	(61)
Allowance for investment loss	(5,152)	(5,152)
Total investments and other assets	7,524,836	5,555,845
Total non-current assets	7,703,731	5,745,446
Total assets	8,129,402	5,997,547

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable	27,377	25,758
Accrued expenses	902	884
Income taxes payable	162	150
Reserve for bonuses	1,637	1,634
Reserve for point service program	402	390
Others	6,544	429
Total current liabilities	37,026	29,247
Long-term liabilities		
Reserve for retirement benefits	35,881	24,401
Reserve for management board benefit trust	228	281
Reserve for compensation for accidents in the course of duty	17,415	16,701
Deferred tax liabilities	-	5,989
Others	7,183	7,956
Total long-term liabilities	60,708	55,330
Total liabilities	97,734	84,577
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	963,958	(1,267,127)
Total retained earnings	963,958	(1,267,127)
Treasury stock	(831,707)	(831,661)
Total shareholders' equity	8,136,107	5,905,066
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	(104,439)	7,903
Total valuation and translation adjustments	(104,439)	7,903
Total net assets	8,031,667	5,912,969
Total liabilities and net assets	8,129,402	5,997,547

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Operating income		
Brand royalty income	13,677	13,397
Dividend income from subsidiaries and affiliates	219,083	97,209
Income from business consignment	23,122	37,045
Subsidy income equivalent to deposit insurance premiums	510	329
Income from hospital business	14,047	13,042
Income from hotel business	19,005	6,908
Total operating income	289,447	167,933
Operating expenses		
Expenses for business consignment	24,134	38,972
Expenses for hospital business	17,411	16,936
Expenses for hotel business	25,384	18,481
Administrative expenses	(13,936)	(11,328)
Total operating expenses	52,994	63,061
Net operating income	236,452	104,871
Other income		
Interest income	367	87
Dividend income	4,241	7,102
Rent income	2,719	2,665
System modification fees	-	166
Others	723	2,158
Total other income	8,050	12,180
Other expenses		
Interest expenses	68	-
Rent expenses	1,216	1,276
System modification expenses	-	161
Provision of allowance for doubtful accounts	1	596
Others	189	216
Total other expenses	1,475	2,250
Net ordinary income	243,027	114,800
Extraordinary gains		
Gains on sales of fixed assets	138	1,636
Gains on transfer of business	6,249	-
Gains on sales of stocks of subsidiaries and affiliates	129,365	-
Others	69	369
Total extraordinary gains	135,822	2,005
Extraordinary losses		
Losses on sales and disposal of fixed assets	1,576	468
Losses on impairment of fixed assets	891	5,429
Losses on valuation of stocks of subsidiaries and affiliates	-	2,229,597
Share of post office refurbishment expenses	12,094	5,518
Others	1,041	4,335
Total extraordinary losses	15,604	2,245,349
Income (loss) before income taxes	363,246	(2,128,543)
Income taxes current	(34,401)	1,446
Total income taxes	(34,401)	1,446
Net income (loss)	397,647	(2,129,989)

(3) Non-consolidated Statements of Changes in Net Assets
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 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	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

Fiscal year ended March 31, 2021

(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	963,958	963,958
Changes in the fiscal year						
Cash dividends					(101,096)	(101,096)
Net loss					(2,129,989)	(2,129,989)
Disposals of treasury stock						
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	-	-	(2,231,085)	(2,231,085)
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	(1,267,127)	(1,267,127)

	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	(831,707)	8,136,107	(104,439)	(104,439)	8,031,667
Changes in the fiscal year					
Cash dividends		(101,096)			(101,096)
Net loss		(2,129,989)			(2,129,989)
Disposals of treasury stock	45	45			45
Net changes in items other than shareholders' equity in the fiscal year			112,342	112,342	112,342
Net changes in the fiscal year	45	(2,231,040)	112,342	112,342	(2,118,697)
Balance at the end of the fiscal year	(831,661)	5,905,066	7,903	7,903	5,912,969