

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 <Under Japanese GAAP>



November 13, 2023

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 Trading accounts: Unestablished
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 Schedule of quarterly 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 Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(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	%
Six months ended September 30, 2023	5,618,183	3.1	335,255	13.8	120,239	(41.6)
Six months ended September 30, 2022	5,450,460	-	294,501	-	205,975	-

(Note) Comprehensive income: Six months ended September 30, 2023: ¥50,339 million [- %]
 Six months ended September 30, 2022: ¥(859,989) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2023	34.97	-
Six months ended September 30, 2022	56.82	-

(Notes) 1. Because there was no potential common stock, the amount for diluted net income per share is omitted.
 2. Pursuant to a change in accounting policy from the six months ended September 30, 2023, the figures for the six months ended September 30, 2022 have been presented after retrospective application, and changes from the previous corresponding period are not shown. Please refer to 2. Consolidated Financial Statements and Primary Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 10 of the Attachment for details.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio ^(Note2)
	Million yen	Million yen	%
As of September 30, 2023	295,910,467	14,679,549	3.3
As of March 31, 2023	296,093,652	15,096,168	3.4

(Reference) Equity: As of September 30, 2023: ¥9,813,358 million

As of March 31, 2023: ¥10,075,506 million

(Notes) 1. Pursuant to a change in accounting policy from the six months ended September 30, 2023, the figures as of March 31, 2023 have been presented after retrospective application. Please refer to 2. Consolidated Financial Statements and Primary Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 10 of the Attachment for details.

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

2. Dividends

	Annual dividend				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	50.00	50.00
Fiscal year ending March 31, 2024	-	25.00			
Fiscal year ending March 31, 2024 (Forecast)			-	25.00	50.00

(Note) Revision of dividends forecast to the latest announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(% 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	%	
Fiscal year ending March 31, 2024	10,860,000	(2.5)	620,000	(5.7)	240,000	(44.3)	Yen 71.09

(Note) Revision of financial results forecast to the latest announcement: None

*** Notes:**

(1) Changes in significant subsidiaries during the fiscal period 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: Yes

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) Please refer to 2. Consolidated Financial Statements and Primary Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 10 of the Attachment for details.

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

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

As of September 30, 2023: 3,461,049,500 shares

As of March 31, 2023: 3,657,797,700 shares

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

As of September 30, 2023: 147,537,773 shares

As of March 31, 2023: 197,988,773 shares

3) Average number of shares during the fiscal period:

Six months ended September 30, 2023: 3,438,705,449 shares

Six months ended September 30, 2022: 3,624,799,705 shares

(Note) The total number of treasury stock at the end of the fiscal period includes the shares of the Company held by the management board benefit trust of 1,058,700 shares and 1,140,500 shares as of September 30, 2023 and March 31, 2023, respectively. The number of treasury stock excluded from the calculation of the average number of shares during the fiscal period includes the shares of the Company held by the management board benefit trust of 1,098,063 shares and 905,232 shares for the six months ended September 30, 2023 and 2022, respectively.

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2023

(April 1, 2023 to September 30, 2023)

(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	%
Six months ended September 30, 2023	175,436	(17.6)	138,650	(20.3)	147,423	(19.5)	147,924	(24.3)
Six months ended September 30, 2022	213,022	(8.8)	174,025	(10.8)	183,095	(9.3)	195,445	(34.6)

	Net income per share
	Yen
Six months ended September 30, 2023	43.02
Six months ended September 30, 2022	53.92

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)
	Million yen	Million yen	%
As of September 30, 2023	5,733,234	5,552,664	96.9
As of March 31, 2023	5,762,311	5,625,034	97.6

(Reference) Equity: As of September 30, 2023: ¥5,552,664 million

As of March 31, 2023: ¥5,625,034 million

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

* The summary of consolidated financial results is outside the scope of interim 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 at present 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 changes in monetary policy and economic fluctuation in Japan and overseas, 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.

[Attachment]

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Supplementary Briefing Material:

Materials for Consolidated Financial Results for the Six Months Ended September 30, 2023

1. Qualitative Information on Consolidated Financial Results for the Fiscal Period under Review

(1) Explanation of Results of Operations

Consolidated ordinary income for the six months ended September 30, 2023 amounted to ¥5,618,183 million (up ¥167,723 million year-on-year*), of which the postal and domestic logistics business segment accounted for ¥943,135 million (down ¥35,551 million year-on-year*); the post office business segment accounted for ¥530,690 million (down ¥8,114 million year-on-year); the international logistics business segment accounted for ¥213,625 million (down ¥80,040 million year-on-year*); the banking business segment accounted for ¥1,299,461 million (up ¥370,658 million year-on-year); and the life insurance business segment accounted for ¥3,113,961 million (down ¥88,482 million year-on-year).

Consolidated net ordinary income amounted to ¥335,255 million (up ¥40,753 million year-on-year*) as a result of net ordinary loss of ¥49,967 million in the postal and domestic logistics business segment (net ordinary loss of ¥4,241 million in the same period of the previous fiscal year*); net ordinary income of ¥30,920 million in the post office business segment (down ¥6,978 million year-on-year); net ordinary loss of ¥546 million in the international logistics business segment (net ordinary income of ¥3,347 million in the same period of the previous fiscal year*); net ordinary income of ¥253,756 million in the banking business segment (up ¥33,632 million year-on-year); and net ordinary income of ¥99,286 million in the life insurance business segment (up ¥65,383 million year-on-year).

As a result of the above, net income attributable to Japan Post Holdings amounted to ¥120,239 million (down ¥85,736 million year-on-year*), which comprises consolidated net ordinary income after adjusting for extraordinary gains (losses), provision for reserve for policyholder dividends, income taxes and net income attributable to non-controlling interests.

* As described in (Changes in Accounting Policies), the classifications used in the consolidated financial statements for the six months ended September 30, 2022 have been changed. Moreover, the businesses conducted by JP Logistics Group Co., Ltd. and JP Logistics Co., Ltd., which were previously included in the “international logistics business,” have been reclassified as part of the “postal and domestic logistics business.” Year-on-year differences were stated according to the figures after these reclassifications.

(2) Explanation of Financial Position

1) Assets

Consolidated total assets were ¥295,910,467 million, down ¥183,185 million* from the end of the previous fiscal year.

Major factors include an increase in securities of ¥3,840,839 million, an increase in other assets of ¥1,220,687 million, an increase in money held in trust of ¥504,074 million and an increase in deferred tax assets of ¥148,492 million, as well as a decrease in cash and due from banks of ¥5,049,736 million, a decrease in receivables under resale agreements of ¥619,037 million and a decrease in receivables under securities borrowing transactions of ¥250,241 million.

2) Liabilities

Consolidated total liabilities were ¥281,230,918 million, up ¥233,433 million* from the end of the previous fiscal year.

Major factors include an increase in payables under repurchase agreements of ¥1,262,654 million, an increase in payables under securities lending transactions of ¥368,939 million, an increase in other liabilities of ¥151,796 million, an increase in borrowed money of ¥131,617 million and an increase in bonds of ¥100,000 million, as well as a decrease in policy reserves of ¥1,373,154 million and a decrease in deposits of ¥447,201 million.

3) Net Assets

Consolidated total net assets were ¥14,679,549 million, down ¥416,619 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 ¥166,643 million and an increase in treasury stock of ¥43,873 million, as well as a decrease in net deferred gains (losses)

on hedges of ¥253,741 million, a decrease in retained earnings of ¥205,587 million and a decrease in non-controlling interests of ¥154,471 million.

* As described in (Changes in Accounting Policies), the classifications used in the consolidated financial statements for the fiscal year ended March 31, 2023 have been changed. Increases and decreases were stated according to the figures after this reclassification.

(3) Explanation of Consolidated Financial Results Forecast and Other Future Projections

The consolidated financial results forecast for the fiscal year ending March 31, 2024 remains unchanged from the full year forecast announced on May 15, 2023.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	70,243,186	65,193,449
Call loans	2,500,000	2,380,000
Receivables under resale agreements	11,173,216	10,554,179
Receivables under securities borrowing transactions	250,241	-
Monetary claims bought	525,632	483,689
Trading account securities	19	31
Money held in trust	11,787,642	12,291,716
Securities	182,770,020	186,610,860
Loans	9,210,199	9,322,382
Foreign exchanges	124,943	194,262
Other assets	2,945,818	4,166,505
Tangible fixed assets	3,163,445	3,143,320
Intangible assets	266,735	288,740
Asset for retirement benefits	76,022	75,999
Deferred tax assets	1,062,438	1,210,930
Reserve for possible loan losses	(5,909)	(5,602)
Total assets	296,093,652	295,910,467

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Deposits	192,420,880	191,973,678
Payables under repurchase agreements	22,057,310	23,319,965
Policy reserves and others	55,103,778	53,678,009
Reserve for outstanding claims	410,387	389,160
Policy reserves	53,518,219	52,145,065
Reserve for policyholder dividends	1,175,171	1,143,783
Payables under securities lending transactions	1,941,872	2,310,811
Borrowed money	1,791,279	1,922,896
Foreign exchanges	1,411	1,052
Bonds	335,000	435,000
Other liabilities	3,994,231	4,146,027
Reserve for bonuses	125,570	124,501
Liability for retirement benefits	2,212,694	2,266,216
Reserve for employee stock ownership plan trust	511	269
Reserve for management board benefit trust	1,176	1,058
Reserve for reimbursement of deposits	54,655	52,601
Reserve under the special laws	889,960	882,888
Reserve for price fluctuations	889,960	882,888
Deferred tax liabilities	67,152	115,939
Total liabilities	280,997,484	281,230,918
Net assets		
Capital stock	3,500,000	3,500,000
Retained earnings	6,236,757	6,031,169
Treasury stock	(201,307)	(157,433)
Total shareholders' equity	9,535,450	9,373,735
Net unrealized gains (losses) on available-for-sale securities	893,645	1,060,289
Net deferred gains (losses) on hedges	(375,143)	(628,885)
Foreign currency translation adjustments	(116,148)	(114,379)
Accumulated adjustments for retirement benefits	137,703	122,598
Total accumulated other comprehensive income	540,056	439,622
Non-controlling interests	5,020,661	4,866,190
Total net assets	15,096,168	14,679,549
Total liabilities and net assets	296,093,652	295,910,467

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Ordinary income	5,450,460	5,618,183
Postal business income	1,251,518	1,137,550
Banking business income	928,047	1,297,368
Life insurance business income	3,202,015	3,113,953
Other ordinary income	68,879	69,311
Ordinary expenses	5,155,958	5,282,928
Operating expenses	3,829,521	3,788,641
Personnel expenses	1,195,517	1,193,732
Depreciation and amortization	113,186	117,971
Other ordinary expenses	17,733	182,582
Net ordinary income	294,501	335,255
Extraordinary gains	88,995	14,838
Gains on sales of fixed assets	6,081	1,051
Reversal of reserve under the special laws	81,410	7,072
Reversal of reserve for price fluctuations	81,410	7,072
Compensation for transfer	90	1,323
Insurance claim income	831	2,126
Reversal of losses on transfer of business	-	1,808
Other extraordinary gains	581	1,457
Extraordinary losses	1,555	3,391
Losses on sales and disposal of fixed assets	905	1,719
Losses on impairment of fixed assets	614	538
Losses on business restructuring	-	475
Other extraordinary losses	35	658
Provision for reserve for policyholder dividends	27,172	34,417
Income before income taxes	354,770	312,285
Income taxes current	117,530	113,671
Income taxes deferred	(12,044)	(14,920)
Total income taxes	105,486	98,750
Net income	249,283	213,535
Net income attributable to non-controlling interests	43,307	93,295
Net income attributable to Japan Post Holdings	205,975	120,239

Consolidated Statements of Comprehensive Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income	249,283	213,535
Other comprehensive loss	(1,109,273)	(163,195)
Net unrealized gains (losses) on available-for-sale securities	(854,629)	264,102
Net deferred gains (losses) on hedges	(230,062)	(414,513)
Foreign currency translation adjustments	(7,260)	2,625
Adjustments for retirement benefits	(17,324)	(15,407)
Share of other comprehensive income (loss) of affiliates	3	(2)
Comprehensive income (loss)	(859,989)	50,339
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(695,318)	19,886
Non-controlling interests	(164,671)	30,453

(3) Consolidated Statements of Changes in Net Assets
Six months ended September 30, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal period	3,500,000	1,458,718	6,138,069	(96,106)	11,000,681
Cumulative effects of changes in accounting policies			(2,066)		(2,066)
Restated balance at the beginning of the fiscal period	3,500,000	1,458,718	6,136,002	(96,106)	10,998,614
Changes in the fiscal period					
Cash dividends			(183,136)		(183,136)
Net income attributable to Japan Post Holdings			205,975		205,975
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(2,799)			(2,799)
Purchases of treasury stock				(100,573)	(100,573)
Disposals of treasury stock				98	98
Cancellation of treasury stock		(100,056)		100,056	-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity in the fiscal period					
Net changes in the fiscal period	-	(102,855)	22,839	(418)	(80,434)
Balance at the end of the fiscal period	3,500,000	1,355,862	6,158,841	(96,524)	10,918,179

	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		
Balance at the beginning of the fiscal period	1,731,180	(479,930)	(112,443)	169,902	1,308,709	2,379,590	14,688,981
Cumulative effects of changes in accounting policies							(2,066)
Restated balance at the beginning of the fiscal period	1,731,180	(479,930)	(112,443)	169,902	1,308,709	2,379,590	14,686,914
Changes in the fiscal period							
Cash dividends							(183,136)
Net income attributable to Japan Post Holdings							205,975
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(2,799)
Purchases of treasury stock							(100,573)
Disposals of treasury stock							98
Cancellation of treasury stock							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity in the fiscal period	(680,348)	(204,659)	(7,503)	(17,170)	(909,683)	(189,763)	(1,099,446)
Net changes in the fiscal period	(680,348)	(204,659)	(7,503)	(17,170)	(909,683)	(189,763)	(1,179,881)
Balance at the end of the fiscal period	1,050,832	(684,590)	(119,947)	152,731	399,025	2,189,827	13,507,033

Six months ended September 30, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal period	3,500,000	-	6,236,757	(201,307)	9,535,450
Cumulative effects of changes in accounting policies					-
Restated balance at the beginning of the fiscal period	3,500,000	-	6,236,757	(201,307)	9,535,450
Changes in the fiscal period					
Cash dividends			(173,047)		(173,047)
Net income attributable to Japan Post Holdings			120,239		120,239
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		47,209			47,209
Purchases of treasury stock				(156,203)	(156,203)
Disposals of treasury stock				87	87
Cancellation of treasury stock		(199,989)		199,989	-
Transfer from retained earnings to capital surplus		152,779	(152,779)		-
Net changes in items other than shareholders' equity in the fiscal period					
Net changes in the fiscal period	-	-	(205,587)	43,873	(161,714)
Balance at the end of the fiscal period	3,500,000	-	6,031,169	(157,433)	9,373,735

	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		
Balance at the beginning of the fiscal period	893,645	(375,143)	(116,148)	137,703	540,056	5,020,661	15,096,168
Cumulative effects of changes in accounting policies							-
Restated balance at the beginning of the fiscal period	893,645	(375,143)	(116,148)	137,703	540,056	5,020,661	15,096,168
Changes in the fiscal period							
Cash dividends							(173,047)
Net income attributable to Japan Post Holdings							120,239
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							47,209
Purchases of treasury stock							(156,203)
Disposals of treasury stock							87
Cancellation of treasury stock							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity in the fiscal period	166,643	(253,741)	1,768	(15,104)	(100,433)	(154,471)	(254,905)
Net changes in the fiscal period	166,643	(253,741)	1,768	(15,104)	(100,433)	(154,471)	(416,619)
Balance at the end of the fiscal period	1,060,289	(628,885)	(114,379)	122,598	439,622	4,866,190	14,679,549

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

None

(Changes in Accounting Policies)

The Company's consolidated subsidiaries JP Logistics Group Co., Ltd. and JP Logistics Co., Ltd., which were previously included in the "international logistics business" and therefore applied the International Financial Reporting Standards, have adopted Japanese Accounting Standards from the beginning of the six months ended September 30, 2023.

This change is part of measures taken to expand domestic B-to-B businesses under JP Vision 2025 (announced in May 2021). From the beginning of the six months ended September 30, 2023, Japan Post Co., Ltd. has made these consolidated subsidiaries its wholly-owned subsidiaries, whereby their businesses have been restructured, and they have been reclassified from the "international logistics business" to the "postal and domestic logistics business", which applies Japanese Accounting Standards, for the purpose of appropriately managing profit and loss across the Group.

The Company has applied this new accounting policy retrospectively, and the consolidated financial statements for the six months ended September 30, 2022 and the fiscal year ended March 31, 2023 have been prepared after its retrospective application.

As a result, the changes have been made to the presentation of these financial statements. Primarily, in the consolidated balance sheets for the fiscal year ended March 31, 2023, tangible fixed assets were ¥15,234 million lower, deferred tax assets were ¥2,870 million lower, other liabilities were ¥15,846 million lower and retained earnings were ¥2,087 million lower than if calculated prior to retrospective application. In the consolidated statements of income for the six months ended September 30, 2022, net ordinary income and income before income taxes were each ¥109 million higher than if calculated prior to retrospective application.

Moreover, as the cumulative effect of the change has been reflected in the beginning balance of net assets in the fiscal year ended March 31, 2023, the balance of retained earnings on April 1, 2022 was ¥2,066 million lower than if calculated prior to retrospective application.

(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	926,295	40,125	213,287	1,297,368	3,113,953	5,591,029	26,486	5,617,516
Intersegment ordinary income	16,840	490,564	338	2,093	8	509,845	180,452	690,297
Total	943,135	530,690	213,625	1,299,461	3,113,961	6,100,874	206,938	6,307,813
Segment profit (loss)	(49,967)	30,920	(546)	253,756	99,286	333,449	144,573	478,022

- (Notes) 1. Ordinary income is presented instead of net sales which is typical for companies in other industries.
2. "Other business" includes the hospital business. Segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥140,295 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	Amount
Total ordinary income of reportable segments	6,100,874
Ordinary income of other business	206,938
Eliminations of intersegment transactions	(690,297)
Adjustments	667
Ordinary income on the consolidated statements of income	5,618,183

- (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	Amount
Total segment profit (loss) of reportable segments	333,449
Segment profit in other business	144,573
Eliminations of intersegment transactions	(140,840)
Adjustments	(1,926)
Net ordinary income on the consolidated statements of income	335,255

- (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.

3. Changes in reportable segments

(Changes in Classification of Reportable Segments)

As stated in (Changes in Accounting Policies), pursuant to a partial change in performance management classifications within the Group, the businesses conducted by JP Logistics Group Co., Ltd. and JP Logistics Co., Ltd., which were previously included in the “international logistics business,” have been reclassified as part of the “postal and domestic logistics business” beginning from the six months ended September 30, 2023.

(Change in Accounting Treatment from the International Financial Reporting Standards to Japanese Accounting Standards)

As stated in (Changes in Accounting Policies), JP Logistics Group Co., Ltd. and JP Logistics Co., Ltd., which were previously included in the “international logistics business” and therefore applied the International Financial Reporting Standards, have adopted Japanese Accounting Standards from the beginning of the six months ended September 30, 2023.

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	1,318,201	1,168,477
Inventories	141	148
Prepaid expenses	784	1,537
Short-term loan	66,283	90,734
Accounts receivable	24,992	9,815
Income taxes receivable	47,522	31,120
Others	1,200	17,469
Reserve for possible loan losses	(3)	(4)
Total current assets	1,459,123	1,319,299
Non-current assets		
Tangible fixed assets		
Buildings	35,446	34,334
Tools and fixtures	12,632	10,148
Land	85,935	85,114
Others	1,660	1,606
Total tangible fixed assets	135,674	131,204
Intangible assets	12,905	10,101
Investments and other assets		
Investment securities	99,069	106,388
Stocks of subsidiaries and affiliates	3,446,563	3,404,719
Money held in trust	450,583	600,417
Long-term loan	112,005	111,277
Claims provable in bankruptcy	63	70
Long-term prepaid expenses	988	675
Prepaid pension costs	46,881	50,608
Others	217	240
Reserve for possible loan losses	(63)	(70)
Allowance for investment loss	(1,700)	(1,700)
Total investments and other assets	4,154,608	4,272,628
Total non-current assets	4,303,188	4,413,934
Total assets	5,762,311	5,733,234

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable	11,423	7,439
Accrued expenses	1,796	1,579
Income taxes payable	35	15
Accrued consumption taxes	2,086	-
Reserve for bonuses	1,300	1,332
Others	636	2,157
Total current liabilities	17,277	12,524
Long-term liabilities		
Bonds	35,000	35,000
Reserve for retirement benefits	19,001	19,478
Reserve for management board benefit trust	282	230
Reserve for compensation for accidents in the course of duty	15,424	15,057
Deferred tax liabilities	47,035	95,145
Others	3,255	3,132
Total long-term liabilities	119,999	168,045
Total liabilities	137,277	180,570
Net assets		
Shareholders' equity		
Capital stock	3,500,000	3,500,000
Capital surplus		
Capital reserve	875,000	875,000
Other capital surplus	978,662	778,673
Total capital surplus	1,853,662	1,653,673
Retained earnings		
Other retained earnings		
Retained earnings brought forward	436,123	410,999
Total retained earnings	436,123	410,999
Treasury stock	(201,307)	(157,433)
Total shareholders' equity	5,588,478	5,407,239
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	36,556	145,425
Total valuation and translation adjustments	36,556	145,425
Total net assets	5,625,034	5,552,664
Total liabilities and net assets	5,762,311	5,733,234

(2) Non-consolidated Statements of Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Operating income		
Brand royalty income	6,346	6,212
Dividend income from subsidiaries and affiliates	175,825	140,295
Income from business consignment	22,899	23,057
Other revenue	7,951	5,871
Total operating income	213,022	175,436
Operating expenses		
Expenses for business consignment	23,375	23,160
Administrative expenses	5,219	6,526
Other business expenses	10,401	7,099
Total operating expenses	38,996	36,786
Net operating income	174,025	138,650
Other income		
Dividend income	6,129	6,620
Rent income	1,366	1,350
Others	2,509	1,771
Total other income	10,005	9,743
Other expenses		
Interest on bonds	12	78
Rent expenses	657	639
Expenses on systems rented to others	110	187
Others	155	64
Total other expenses	936	970
Net ordinary income	183,095	147,423
Extraordinary gains		
Gains on sales of fixed assets	443	530
Gains on sales of stocks of subsidiaries and affiliates	3,395	-
Others	557	130
Total extraordinary gains	4,396	660
Extraordinary losses		
Losses on sales and disposal of fixed assets	90	154
Losses on impairment of fixed assets	161	216
Others	30	4
Total extraordinary losses	282	374
Income before income taxes	187,209	147,709
Income taxes current	(8,235)	(214)
Total income taxes	(8,235)	(214)
Net income	195,445	147,924

(3) Non-consolidated Statements of Changes in Net Assets
Six months ended September 30, 2022

(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 period	3,500,000	875,000	1,078,718	1,953,718	325,471	325,471
Changes in the fiscal period						
Cash dividends					(183,136)	(183,136)
Net income					195,445	195,445
Purchases of treasury stock						
Disposals of treasury stock						
Cancellation of treasury stock			(100,056)	(100,056)		
Net changes in items other than shareholders' equity in the fiscal period						
Net changes in the fiscal period	-	-	(100,056)	(100,056)	12,308	12,308
Balance at the end of the fiscal period	3,500,000	875,000	978,662	1,853,662	337,780	337,780

	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 period	(96,106)	5,683,084	57,636	57,636	5,740,721
Changes in the fiscal period					
Cash dividends		(183,136)			(183,136)
Net income		195,445			195,445
Purchases of treasury stock	(100,573)	(100,573)			(100,573)
Disposals of treasury stock	98	98			98
Cancellation of treasury stock	100,056	-			-
Net changes in items other than shareholders' equity in the fiscal period			(38,608)	(38,608)	(38,608)
Net changes in the fiscal period	(418)	(88,166)	(38,608)	(38,608)	(126,774)
Balance at the end of the fiscal period	(96,524)	5,594,918	19,028	19,028	5,613,946

Six months ended September 30, 2023

(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 period	3,500,000	875,000	978,662	1,853,662	436,123	436,123
Changes in the fiscal period						
Cash dividends					(173,047)	(173,047)
Net income					147,924	147,924
Purchases of treasury stock						
Disposals of treasury stock						
Cancellation of treasury stock			(199,989)	(199,989)		
Net changes in items other than shareholders' equity in the fiscal period						
Net changes in the fiscal period	-	-	(199,989)	(199,989)	(25,123)	(25,123)
Balance at the end of the fiscal period	3,500,000	875,000	778,673	1,653,673	410,999	410,999

	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 period	(201,307)	5,588,478	36,556	36,556	5,625,034
Changes in the fiscal period					
Cash dividends		(173,047)			(173,047)
Net income		147,924			147,924
Purchases of treasury stock	(156,203)	(156,203)			(156,203)
Disposals of treasury stock	87	87			87
Cancellation of treasury stock	199,989	-			-
Net changes in items other than shareholders' equity in the fiscal period			108,868	108,868	108,868
Net changes in the fiscal period	43,873	(181,239)	108,868	108,868	(72,370)
Balance at the end of the fiscal period	(157,433)	5,407,239	145,425	145,425	5,552,664