

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 <Under Japanese GAAP>



February 14, 2024

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities report: February 14, 2024
 Scheduled date of commencing dividend payments: -
 Trading accounts: Unestablished
 Availability of supplementary briefing material on quarterly financial results: Available
 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 Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	8,432,607	0.2	520,328	(2.5)	221,979	(41.0)
Nine months ended December 31, 2022	8,411,783	-	533,760	-	376,346	-

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥815,388 million [- %]
 Nine months ended December 31, 2022: ¥(1,063,628) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2023	65.53	-
Nine months ended December 31, 2022	104.66	-

(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 three months ended June 30, 2023, the figures for the nine months ended December 31, 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 (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 8 of the Attachment for details.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio ^(Note2)
	Million yen	Million yen	%
As of December 31, 2023	294,067,284	15,262,099	3.4
As of March 31, 2023	296,093,652	15,096,168	3.4

(Reference) Equity: As of December 31, 2023: ¥10,102,941 million

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

(Notes) 1. Pursuant to a change in accounting policy from the three months ended June 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 (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 8 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 71.63

(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) Adoption of accounting method specific to preparation of quarterly consolidated financial statements: No

(3) 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 (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 8 of the Attachment for details.

(4) 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 December 31, 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 December 31, 2023: 220,604,073 shares

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

3) Average number of shares during the fiscal period:

Nine months ended December 31, 2023: 3,387,221,461 shares

Nine months ended December 31, 2022: 3,595,835,922 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 December 31, 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 1,084,894 shares and 983,940 shares for the nine months ended December 31, 2023 and 2022, respectively.

* The summary of consolidated financial results is outside the scope of quarterly review 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 Nine Months Ended December 31, 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 nine months ended December 31, 2023 amounted to ¥8,432,607 million (up ¥20,824 million year-on-year*), of which the postal and domestic logistics business segment accounted for ¥1,484,586 million (down ¥71,397 million year-on-year*); the post office business segment accounted for ¥840,707 million (up ¥23,279 million year-on-year); the international logistics business segment accounted for ¥334,245 million (down ¥96,350 million year-on-year*); the banking business segment accounted for ¥1,934,093 million (up ¥383,357 million year-on-year); and the life insurance business segment accounted for ¥4,560,747 million (down ¥237,283 million year-on-year).

Consolidated net ordinary income amounted to ¥520,328 million (down ¥13,431 million year-on-year*) as a result of net ordinary loss of ¥37,016 million in the postal and domestic logistics business segment (net ordinary income of ¥47,486 million in the same period of the previous fiscal year*); net ordinary income of ¥66,643 million in the post office business segment (up ¥8,276 million year-on-year); net ordinary loss of ¥549 million in the international logistics business segment (net ordinary income of ¥2,093 million in the same period of the previous fiscal year*); net ordinary income of ¥366,942 million in the banking business segment (up ¥22,663 million year-on-year); and net ordinary income of ¥125,399 million in the life insurance business segment (up ¥47,259 million year-on-year).

As a result of the above, net income attributable to Japan Post Holdings amounted to ¥221,979 million (down ¥154,367 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 nine months ended December 31, 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 ¥294,067,284 million, down ¥2,026,368 million* from the end of the previous fiscal year.

Major factors include an increase in securities of ¥7,328,142 million and an increase in money held in trust of ¥724,515 million, as well as a decrease in cash and due from banks of ¥9,404,564 million, a decrease in receivables under resale agreements of ¥448,662 million and a decrease in call loans of ¥330,000 million.

2) Liabilities

Consolidated total liabilities were ¥278,805,185 million, down ¥2,192,298 million* from the end of the previous fiscal year.

Major factors include an increase in payables under securities lending transactions of ¥480,587 million, an increase in deposits of ¥418,063 million, an increase in borrowed money of ¥145,818 million, an increase in bonds of ¥126,000 million and an increase in other liabilities of ¥103,145 million, as well as a decrease in policy reserves of ¥2,037,675 million and a decrease in payables under repurchase agreements of ¥1,345,156 million.

3) Net Assets

Consolidated total net assets were ¥15,262,099 million, up ¥165,930 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 ¥535,006 million and an increase in non-controlling interests of ¥138,495 million, as well as a decrease in net deferred gains (losses) on hedges of ¥248,351 million, a decrease in retained earnings of ¥186,710 million and a decrease in treasury stock of ¥49,814 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 December 31, 2023
Assets		
Cash and due from banks	70,243,186	60,838,621
Call loans	2,500,000	2,170,000
Receivables under resale agreements	11,173,216	10,724,554
Receivables under securities borrowing transactions	250,241	-
Monetary claims bought	525,632	475,192
Trading account securities	19	72
Money held in trust	11,787,642	12,512,158
Securities	182,770,020	190,098,163
Loans	9,210,199	9,312,224
Foreign exchanges	124,943	159,483
Other assets	2,945,818	3,305,718
Tangible fixed assets	3,163,445	3,160,550
Intangible assets	266,735	291,546
Asset for retirement benefits	76,022	75,989
Deferred tax assets	1,062,438	948,605
Reserve for possible loan losses	(5,909)	(5,596)
Total assets	296,093,652	294,067,284

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Deposits	192,420,880	192,838,943
Payables under repurchase agreements	22,057,310	20,712,153
Policy reserves and others	55,103,778	52,961,037
Reserve for outstanding claims	410,387	354,891
Policy reserves	53,518,219	51,480,544
Reserve for policyholder dividends	1,175,171	1,125,601
Payables under securities lending transactions	1,941,872	2,422,460
Borrowed money	1,791,279	1,937,098
Foreign exchanges	1,411	923
Bonds	335,000	461,000
Other liabilities	3,994,231	4,097,376
Reserve for bonuses	125,570	33,971
Liability for retirement benefits	2,212,694	2,292,738
Reserve for employee stock ownership plan trust	511	258
Reserve for management board benefit trust	1,176	1,058
Reserve for reimbursement of deposits	54,655	51,865
Reserve under the special laws	889,960	874,335
Reserve for price fluctuations	889,960	874,335
Deferred tax liabilities	67,152	119,965
Total liabilities	280,997,484	278,805,185
Net assets		
Capital stock	3,500,000	3,500,000
Retained earnings	6,236,757	6,050,046
Treasury stock	(201,307)	(251,121)
Total shareholders' equity	9,535,450	9,298,925
Net unrealized gains (losses) on available-for-sale securities	893,645	1,428,652
Net deferred gains (losses) on hedges	(375,143)	(623,495)
Foreign currency translation adjustments	(116,148)	(116,193)
Accumulated adjustments for retirement benefits	137,703	115,052
Total accumulated other comprehensive income	540,056	804,016
Non-controlling interests	5,020,661	5,159,157
Total net assets	15,096,168	15,262,099
Total liabilities and net assets	296,093,652	294,067,284

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Ordinary income	8,411,783	8,432,607
Postal business income	1,955,241	1,789,294
Banking business income	1,549,563	1,931,579
Life insurance business income	4,796,370	4,560,735
Other ordinary income	110,608	150,998
Ordinary expenses	7,878,023	7,912,278
Operating expenses	5,878,308	5,684,309
Personnel expenses	1,806,073	1,805,667
Depreciation and amortization	170,226	178,931
Other ordinary expenses	23,414	243,370
Net ordinary income	533,760	520,328
Extraordinary gains	92,241	25,809
Gains on sales of fixed assets	11,297	3,097
Reversal of reserve under the special laws	73,059	15,625
Reversal of reserve for price fluctuations	73,059	15,625
Compensation for transfer	127	1,382
Insurance claim income	819	2,149
Reversal of losses on transfer of business	-	1,828
Other extraordinary gains	6,937	1,727
Extraordinary losses	4,752	5,964
Losses on sales and disposal of fixed assets	1,729	3,278
Losses on impairment of fixed assets	1,939	1,275
Litigation expenses	969	-
Losses on business restructuring	-	748
Other extraordinary losses	113	661
Provision for reserve for policyholder dividends	43,764	48,173
Income before income taxes	577,484	492,000
Income taxes current	150,314	156,941
Income taxes deferred	(19,361)	(18,675)
Total income taxes	130,952	138,265
Net income	446,531	353,734
Net income attributable to non-controlling interests	70,185	131,754
Net income attributable to Japan Post Holdings	376,346	221,979

Consolidated Statements of Comprehensive Income
 Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	446,531	353,734
Other comprehensive income (loss)	(1,510,160)	461,654
Net unrealized gains (losses) on available-for-sale securities	(1,475,852)	888,975
Net deferred gains (losses) on hedges	(5,999)	(405,221)
Foreign currency translation adjustments	(2,325)	1,008
Adjustments for retirement benefits	(25,986)	(23,104)
Share of other comprehensive income (loss) of affiliates	4	(3)
Comprehensive income (loss)	(1,063,628)	815,388
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(826,956)	486,020
Non-controlling interests	(236,672)	329,368

(3) Notes to Consolidated Financial Statements

(Notes on Going-Concern Assumption)

None

(Notes to Significant Changes in Shareholders' Equity)

(Acquisition of Treasury Stock)

The Company resolved, at the meetings of its Board of Directors held on May 15, 2023 and August 14, 2023 on the following matters concerning the acquisition of its treasury stock in accordance with Article 39, Paragraph 1 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act, and acquired treasury stock accordingly. As a result, during the nine months ended December 31, 2023, treasury stock increased by ¥249,890 million (219,455,300 shares).

Details of matters related to the acquisition

- | | |
|--|--|
| (1) Class of shares acquired: | Common stock of the Company |
| (2) Total number of shares to be acquired: | 346,000,000 shares (maximum)
(The ratio of the total number of shares to be acquired to the total number of shares issued, excluding treasury stock, will be 10.0%) |
| (3) Total value of shares to be acquired: | ¥300,000 million (maximum) |
| (4) Acquisition period: | From August 15, 2023 to March 31, 2024 |
| (5) Method of the acquisition: | Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc. |

(Cancellation of Treasury Stock)

The Company resolved, at the meeting of its Board of Directors held on March 29, 2023, to cancel treasury stock in accordance with the provisions of Article 178 of the Companies Act. The Company cancelled 196,748,200 shares of treasury stock, effective April 20, 2023. As a result, during the nine months ended December 31, 2023, capital surplus and treasury stock each decreased by ¥199,989 million. As this cancellation of treasury stock resulted in a negative balance of other capital surplus, the balance of other capital surplus was returned to zero and the corresponding negative amount was deducted from other retained earnings.

As a result of these actions, as of December 31, 2023, the balance of retained earnings was ¥6,050,046 million and the balance of treasury stock was ¥251,121 million.

(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 three months ended June 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 three months ended June 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 nine months ended December 31, 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 statements of income for the nine months ended December 31, 2022, net ordinary income and income before income taxes were each ¥150 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	1,458,200	106,524	333,791	1,931,579	4,560,735	8,390,832	41,061	8,431,894
Intersegment ordinary income	26,385	734,182	454	2,513	12	763,548	209,122	972,671
Total	1,484,586	840,707	334,245	1,934,093	4,560,747	9,154,380	250,184	9,404,565
Segment profit (loss)	(37,016)	66,643	(549)	366,942	125,399	521,419	151,659	673,078

- (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 ¥149,270 million.

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	521,419
Segment profit in other business	151,659
Eliminations of intersegment transactions	(149,566)
Adjustments	(3,183)
Net ordinary income on the consolidated statements of income	520,328

(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 three months ended June 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 three months ended June 30, 2023.