JAPAN POST GROUP

Financial Statements with Independent Auditor’s Report

for the Fiscal Year Ended March 31, 2026

JAPAN POST HOLDINGS CO., Ltd.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	**2025**	**2026**
ASSETS:			
Cash and due from banks (Notes 3 and 4)	¥ 57,012,194	¥ 67,122,254	$ 356,594
Call loans	1,790,000	2,165,000	11,196
Receivables under resale agreements	8,742,634	9,068,452	54,682
Monetary claims bought (Notes 4 and 21)	539,146	616,954	3,372
Trading account securities (Notes 4 and 21)	214	224	1
Money held in trust (Notes 4 and 21)	14,262,666	12,182,003	89,209
Securities (Notes 3, 4, 5, 6 and 21)	191,440,416	190,938,367	1,197,401
Loans (Notes 5, 6 and 21)	6,434,130	5,584,046	40,243
Foreign exchanges (Note 6)	178,799	134,261	1,118
Other assets (Notes 5, 6 and 29)	4,848,840	4,509,687	30,328
Tangible fixed assets (Note 7)			
Buildings	1,134,315	1,138,829	7,095
Land	1,795,173	1,732,855	11,228
Construction in progress	37,992	41,638	238
Other tangible fixed assets (Note 5)	394,549	345,756	2,468
Total tangible fixed assets	3,362,031	3,259,079	21,028
Intangible assets			
Software	304,892	301,693	1,907
Goodwill	2,222	2,968	14
Other intangible assets	19,306	19,140	121
Total intangible assets	326,422	323,802	2,042
Asset for retirement benefits (Note 13)	111,959	69,047	700
Deferred tax assets (Note 15)	822,231	1,181,903	5,143
Reserve for possible loan losses	(5,789)	(4,657)	(36)
Allowance for investment losses	(1,373)	(775)	(9)
Total assets	¥289,864,524	¥297,149,653	$ 1,813,013

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS—(Continued)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	2025	2026
LIABILITIES:			
Deposits (Notes 5 and 21)	¥ 184,652,065	¥ 188,137,589	$ 1,154,942
Payables under repurchase agreements (Note 5)	27,113,363	31,501,961	169,586
Policy reserves and others			
Reserve for outstanding claims (Note 8)	319,831	314,993	2,000
Policy reserves (Notes 8 and 14)	46,653,326	48,765,531	291,802
Reserve for policyholder dividends (Note 9)	1,129,192	1,085,126	7,063
Total policy reserves and others	48,102,350	50,165,652	300,865
Payables under securities lending transactions (Note 5)	2,433,717	2,004,678	15,222
Borrowed money (Notes 3, 5, 10 and 21)	3,209,411	2,832,835	20,074
Foreign exchanges	939	924	6
Bonds (Notes 5, 11 and 21)	585,300	585,300	3,661
Other liabilities (Notes 5, 10, 12 and 29)	4,605,101	3,572,214	28,803
Reserve for bonuses	116,181	126,933	727
Reserve for management bonuses	1,487	1,865	9
Liability for retirement benefits (Note 13)	1,752,204	2,030,847	10,959
Reserve for employee stock ownership plan trust	432	414	3
Reserve for management board benefit trust	2,369	1,957	15
Reserve for reimbursement of deposits	39,607	42,534	248
Reserve for price fluctuations (Note 14)	719,232	829,930	4,499
Deferred tax liabilities (Note 15)	48,835	24,474	305
Total liabilities	¥ 273,382,599	¥281,860,113	$ 1,709,924
NET ASSETS (Note 16):			
Capital stock	¥ 1,750,000	¥ 3,500,000	$ 10,946
Capital surplus	1,409,132	-	8,814
Retained earnings	5,817,255	5,588,795	36,385
Treasury stock	(252,296)	(351,225)	(1,578)
Total shareholders' equity	8,724,092	8,737,569	54,566
Net unrealized gains (losses) on available-for-sale securities	1,335,794	815,436	8,355
Net deferred gains (losses) on hedges	(749,126)	(567,068)	(4,686)
Foreign currency translation adjustments	(47,599)	(48,225)	(298)
Effect of changes in discount rate assumptions (Note 17)	174,109	87,892	1,089
Accumulated adjustments for retirement benefits	277,229	63,942	1,734
Total accumulated other comprehensive income	990,408	351,977	6,195
Non-controlling interests	6,767,424	6,199,993	42,328
Total net assets	16,481,925	15,289,540	103,089
Total liabilities and net assets	¥ 289,864,524	¥297,149,653	$ 1,813,013

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	**2025**	**2026**
INCOME (Note 29):			
Postal business income	¥ 2,766,146	¥ 2,556,255	$ 17,301
Banking business income	2,849,853	2,520,180	17,825
Life insurance business income	5,610,244	6,161,134	35,090
Other income (Notes 7 and 18)	345,897	283,865	2,163
Total income	11,572,141	11,521,436	72,380
EXPENSES:			
Operating expenses	7,523,356	7,830,940	47,056
Personnel expenses (Note 13)	2,490,405	2,437,902	15,577
Depreciation and amortization (Note 7)	272,903	257,445	1,707
Other expenses (Notes 7 and 19)	241,883	232,269	1,513
Total expenses	10,528,549	10,758,558	65,853
Income before income taxes	1,043,591	762,878	6,527
Income taxes (Note 15):			
Current	254,130	198,131	1,590
Deferred	45,970	(34,658)	288
Total income taxes	300,100	163,472	1,877
Net income	743,491	599,405	4,650
Net income attributable to non-controlling interests	368,935	228,841	2,308
Net income attributable to Japan Post Holdings	¥ 374,556	¥ 370,564	$ 2,343

	Yen		U.S. Dollars
Per share of common stock (Note 28):			
Basic net income	¥ 129.14	¥ 119.30	$ 0.81
Diluted net income	-	-	-

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	**2025**	**2026**
Net income	¥ 743,491	¥ 599,405	$ 4,650
Other comprehensive income (loss) (Note 20)			
Net unrealized gains (losses) on available-for-sale securities	1,133,704	(1,196,945)	7,091
Net deferred gains (losses) on hedges	(380,133)	123,712	(2,378)
Foreign currency translation adjustments	2,368	(3,223)	15
Adjustments for retirement benefits	230,461	(40,021)	1,441
Share of other comprehensive income of affiliates	62,348	84,059	390
Total other comprehensive income (loss)	1,048,748	(1,032,419)	6,560
Comprehensive income (loss)	¥ 1,792,240	¥ (433,014)	$ 11,210
Total comprehensive income (loss) attributable to:			
Japan Post Holdings	¥ 1,024,973	¥ (225,261)	$ 6,411
Non-controlling interests	767,266	(207,752)	4,799

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of Yen

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Effect of changes in discount rate assumptions	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
BALANCE, APRIL 1, 2024	¥ 3,500,000	¥ -	¥ 6,202,500	¥ (301,230)	¥ 9,401,270	¥ 1,592,142	¥ (773,227)	¥ (75,843)	¥ 19,215	¥ 102,126	¥ 864,413	¥ 5,472,847	¥ 15,738,530
Cumulative effects of changes in accounting policies			29		29		(29)				(29)		-
RESTATED BALANCE, APRIL 1, 2024	3,500,000	-	6,202,530	(301,230)	9,401,299	1,592,142	(773,256)	(75,843)	19,215	102,126	864,383	5,472,847	15,738,530
Changes in the fiscal year:													
Cash dividends			(157,618)		(157,618)								(157,618)
Net income attributable to Japan Post Holdings			370,564		370,564								370,564
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(526,697)			(526,697)								(526,697)
Purchases of treasury stock				(350,000)	(350,000)								(350,000)
Disposals of treasury stock		0		21	21								21
Cancellation of treasury stock		(299,983)		299,983	-								-
Transfer from retained earnings to capital surplus		826,681	(826,681)		-								-
Net changes in items other than shareholders' equity in the fiscal year						(776,705)	206,188	27,617	68,676	(38,183)	(512,405)	727,145	214,739
Net changes in the fiscal year	-	-	(613,735)	(49,995)	(663,730)	(776,705)	206,188	27,617	68,676	(38,183)	(512,405)	727,145	(448,990)
BALANCE, MARCH 31, 2025	¥ 3,500,000	¥ -	¥ 5,588,795	¥ (351,225)	¥ 8,737,569	¥ 815,436	¥ (567,068)	¥ (48,225)	¥ 87,892	¥ 63,942	¥ 351,977	¥ 6,199,993	¥ 15,289,540
Changes in the fiscal year:													
Capital reduction	(1,750,000)	1,750,000			-								-
Cash dividends			(146,085)		(146,085)								(146,085)
Net income attributable to Japan Post Holdings			374,556		374,556								374,556
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		9,100			9,100								9,100
Purchases of treasury stock				(251,115)	(251,115)								(251,115)
Disposals of treasury stock		(0)		77	77								77
Cancellation of treasury stock		(349,967)		349,967	-								-
Change in scope of consolidation			(11)		(11)								(11)
Net changes in items other than shareholders' equity in the fiscal year						520,357	(182,057)	626	86,217	213,286	638,431	567,431	1,205,862
Net changes in the fiscal year	(1,750,000)	1,409,132	228,460	98,929	(13,477)	520,357	(182,057)	626	86,217	213,286	638,431	567,431	1,192,385
BALANCE, MARCH 31, 2026	¥ 1,750,000	¥ 1,409,132	¥ 5,817,255	¥ (252,296)	¥ 8,724,092	¥ 1,335,794	¥ (749,126)	¥ (47,599)	¥ 174,109	¥ 277,229	¥ 990,408	¥ 6,767,424	¥ 16,481,925

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS—(Continued)

Millions of U.S. Dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Effect of changes in discount rate assumptions	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
BALANCE, APRIL 1, 2025	$ 21,891	$ -	$ 34,956	$ (2,197)	$ 54,651	$ 5,100	$ (3,547)	$ (302)	$ 550	$ 400	$ 2,202	$ 38,779	$ 95,631
Changes in the fiscal year:													
Capital reduction	(10,946)	10,946			-								-
Cash dividends			(914)		(914)								(914)
Net income attributable to Japan Post Holdings			2,343		2,343								2,343
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		57			57								57
Purchases of treasury stock				(1,571)	(1,571)								(1,571)
Disposals of treasury stock		(0)		0	0								0
Cancellation of treasury stock		(2,189)		2,189	-								-
Change in scope of consolidation			(0)		(0)								(0)
Net changes in items other than shareholders' equity in the fiscal year						3,255	(1,139)	4	539	1,334	3,993	3,549	7,542
Net changes in the fiscal year	(10,946)	8,814	1,429	619	(84)	3,255	(1,139)	4	539	1,334	3,993	3,549	7,458
BALANCE, MARCH 31, 2026	$ 10,946	$ 8,814	$ 36,385	$ (1,578)	$ 54,566	$ 8,355	$ (4,686)	$ (298)	$ 1,089	$ 1,734	$ 6,195	$ 42,328	$ 103,089

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	**2025**	**2026**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 1,043,591	¥ 762,878	$ 6,527
Income taxes paid	(204,660)	(133,915)	(1,280)
Policyholder dividends paid	(101,997)	(114,060)	(638)
Depreciation and amortization	272,903	257,445	1,707
Losses on impairment of fixed assets	8,859	2,043	55
Amortization of goodwill	3,099	2,048	19
Equity in (earnings) losses of affiliates	(44,948)	(67,309)	(281)
Gains on negative goodwill	(8,808)	(481)	(55)
Net change in reserve for outstanding claims	4,837	(58,919)	30
Net change in policy reserves	(2,112,204)	(1,747,260)	(13,211)
Provision for interest on policyholder dividends	2,765	679	17
Provision for reserve for policyholder dividends	143,579	96,990	898
Net change in reserve for possible loan losses	35	(155)	0
Net change in allowance for investment losses	597	-	4
Net change in reserve for bonuses	(12,617)	4,420	(79)
Net change in reserve for management bonuses	(497)	765	(3)
Net change in asset and liability for retirement benefits	(327,709)	(17,746)	(2,050)
Net change in reserve for employee stock ownership plan trust	18	(95)	0
Net change in reserve for management board benefit trust	411	525	3
Net change in reserve for reimbursement of deposits	(2,926)	(8,416)	(18)
Net change in reserve for price fluctuations	(110,697)	(43,869)	(692)
Interest income (accrual basis)	(2,269,863)	(1,750,104)	(14,197)
Interest expenses (accrual basis)	982,526	812,186	6,145
Net (gains) losses on securities	271,599	95,952	1,699
Net (gains) losses on money held in trust	(621,360)	(650,686)	(3,886)
Net (gains) losses on foreign exchanges	(1,071,763)	(444,619)	(6,704)
Net (gains) losses on sale and disposal of fixed assets	211	(3,448)	1
Net (gains) losses on sale of stocks of subsidiaries and affiliates	(2,670)	-	(17)
Net change in loans	(1,244,748)	3,793,439	(7,786)
Net change in deposits	(3,485,523)	(2,735,472)	(21,801)
Net change in negotiable certificates of deposit	(10,000)	-	(63)
Net change in borrowed money	309,300	525,200	1,935
Net change in call loans, etc.	633,336	1,069,817	3,961
Net change in call money, etc.	(4,467,570)	2,942,412	(27,943)
Net change in payables under securities lending transactions for banking business	429,038	(369,120)	2,684
Net change in foreign exchanges (assets)	(44,537)	47,070	(279)
Net change in foreign exchanges (liabilities)	15	(348)	0
Interest received (cash basis)	2,172,435	1,723,342	13,588
Interest paid (cash basis)	(875,393)	(790,724)	(5,475)
Other, net	402,990	(405,593)	2,521
Total adjustments	(11,381,937)	2,031,990	(71,190)
Net cash provided by (used in) operating activities	¥ (10,338,345)	¥ 2,794,869	$ (64,663)

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	**2025**	**2026**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of call loans	¥ (7,319,575)	¥ (7,399,999)	$ (45,782)
Proceeds from redemption of call loans	7,319,575	7,409,999	45,782
Net change in receivables under resale agreements	132,431	442,278	828
Net change in payables under repurchase agreements	78,972	611,922	494
Purchases of monetary claims bought	(39,924)	(39,958)	(250)
Proceeds from sale and redemption of monetary claims bought	41,464	41,787	259
Purchases of securities	(26,913,467)	(30,968,329)	(168,335)
Proceeds from sale of securities	3,195,723	4,920,288	19,988
Proceeds from redemption of securities	24,661,407	29,091,381	154,249
Increase in money held in trust	(1,276,724)	(776,490)	(7,986)
Decrease in money held in trust	975,585	1,082,208	6,102
Payments for loans	(507,243)	(485,228)	(3,173)
Proceeds from collection of loans	902,105	1,236,498	5,642
Purchases of tangible fixed assets	(159,898)	(210,079)	(1,000)
Proceeds from sale of tangible fixed assets	13,082	22,176	82
Purchases of intangible assets	(100,568)	(96,188)	(629)
Payments of stocks of subsidiaries and affiliates	(4,009)	(56,943)	(25)
Proceeds from sale of stocks of subsidiaries and affiliates	-	6,091	-
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation (Note 3)	(67,870)	(4,486)	(425)
Proceeds from purchase of stocks of subsidiaries resulting in change in the scope of consolidation	237	-	1
Other, net	(262,080)	(142,514)	(1,639)
Net cash provided by investing activities	¥ 669,224	¥ 4,684,413	$ 4,186

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2026	**2025**	**2026**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	¥ 88,618	¥ 245,499	$ 554
Repayment of borrowings	(74,852)	(113,081)	(468)
Proceeds from issuance of bonds	-	123,623	-
Redemption of bonds	(10,000)	-	(63)
Purchases of treasury stock	(251,115)	(350,000)	(1,571)
Purchases of treasury stock of subsidiaries	(90,384)	(6,021)	(565)
Proceeds from disposals of treasury stock of subsidiaries	40	53	0
Dividends paid	(146,037)	(157,628)	(913)
Dividends paid to non-controlling interests	(131,519)	(93,743)	(823)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(14,611)	(90)	(91)
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	31,954	587,842	200
Other, net	(25,023)	(20,556)	(157)
Net cash provided by (used in) financing activities	(622,930)	215,896	(3,896)
Effect of exchange rate changes on cash and cash equivalents	2,911	73	18
Net change in cash and cash equivalents	(10,289,140)	7,695,252	(64,355)
Cash and cash equivalents at the beginning of the fiscal year	67,199,263	59,504,011	420,311
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	83	-	1
Cash and cash equivalents at the end of the fiscal year (Note 3)	¥ 56,910,206	¥ 67,199,263	$ 355,956

See the accompanying notes to consolidated financial statements.

JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Japan Post Holdings Co., Ltd. (the “Company”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Law, Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The accounts of overseas subsidiaries and affiliates are, in principle, integrated with those of the Company’s accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or IFRS, in which case a certain limited number of items are adjusted based on materiality.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159.88 to U.S. $1, the approximate rate of exchange as of March 31, 2026. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority-owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements as of and for the fiscal year ended March 31, 2026 include the accounts of the Company and its consolidated subsidiaries (collectively, the “Group”).

A) Consolidated subsidiaries

The Company has 260 (225 in 2025) consolidated subsidiaries. Principal consolidated subsidiaries are Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.

From the fiscal year ended March 31, 2026, JP Asset Management Co., Ltd., which was previously an affiliate accounted for by the equity method, has been included in the scope of consolidation, since this company became a consolidated subsidiary due to the acquisition of its additional shares. Furthermore, due to an increase in materiality pursuant to the acquisition of shares of Tonami Holdings Co., Ltd., JP Tonami Group Co., Ltd., which was previously a non-consolidated subsidiary, has been included in the scope of consolidation, together with 32 subsidiaries of JP Tonami Group Co., Ltd., from the fiscal year ended March 31, 2026. JP Tonami Group Co., Ltd. changed its trade name from JWT Co., Ltd., effective July 1, 2025.

Other than the above companies, 1 company has been included in the scope of consolidation due to its establishment.

In addition, 4 subsidiaries of Toll Holdings Pty Limited (hereinafter referred to as “Toll”) have been included in the scope of consolidation due to the establishment and other reasons from the fiscal year ended March 31, 2026. On the other hand, 4 subsidiaries of Toll have been excluded from the scope of consolidation due to their liquidation from the fiscal year ended March 31, 2026.

B) Non-consolidated subsidiaries

Principal non-consolidated subsidiaries are JP Linex Nankai Parcel Co., Ltd., Advanced Fintech I Limited Partnership, Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership.

The non-consolidated subsidiaries are excluded from the scope of consolidation because their assets, income, net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of consolidation does not hinder a reasonable understanding of the Group's financial position and results of operations.

2) Application of the equity method

A) Non-consolidated subsidiaries accounted for by the equity method

The Company has one (one in 2025) non-consolidated subsidiary accounted for by the equity method, namely, JP Linex Nankai Parcel Co., Ltd.

B) Affiliates accounted for by the equity method

The Company has 14 (11 in 2025) affiliates accounted for by the equity method, namely, JA Foods Oita Co., Ltd., Ring Bell Co., Ltd., Saison Asset Management Co., Ltd., ATM Japan Business Service, Ltd., Daiwa Asset Management Co. Ltd., Good Technology Company, Ltd., Aflac Incorporated, 3 affiliates of Toll, and 4 affiliates of JP Tonami Group Co., Ltd.

JP Asset Management Co., Ltd., which was previously an affiliate accounted for by the equity method, has been included in the scope of consolidation from the fiscal year ended March 31, 2026, since this company became a consolidated subsidiary due to the acquisition of its additional shares.

Furthermore, since JP Tonami Group Co., Ltd., which was previously a non-consolidated subsidiary, became a consolidated subsidiary, its affiliates have been included in the scope of application of the equity method from the fiscal year ended March 31, 2026.

C) Non-consolidated subsidiaries that are not accounted for by the equity method

Principal non-consolidated subsidiaries that are not accounted for by the equity method are YDM Co., Ltd., Advanced Fintech I Limited Partnership, Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership.

D) Affiliates that are not accounted for by the equity method

Affiliates that are not accounted for by the equity method are A.I. Squared, Inc., AVILEN, Inc., JKK Co., Ltd. and MKAM Co., Ltd.

The non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are excluded from the scope of the equity method because their net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of companies accounted for by the equity method does not materially affect the consolidated financial statements.

E) Application of the equity method

For the affiliates accounted for by the equity method that have a fiscal year-end date different from the consolidated fiscal year-end date, the financial statements pertaining to the most recent fiscal years of the respective affiliates are used.

Necessary adjustments are made for material transactions that occurred between the consolidated fiscal year-end date and the fiscal year-end dates mentioned above.

3) Fiscal year-end dates of consolidated subsidiaries

A) The fiscal year-end dates of consolidated subsidiaries are as follows:

Year ended March 31	2026
June 30	9 companies
December 31	39 companies
March 31	212 companies

B) Consolidated subsidiaries with a fiscal year-end date of June 30 and some consolidated subsidiaries with a fiscal year-end date of December 31 are consolidated using the preliminary financial statements as of March 31. In addition, other consolidated subsidiaries are consolidated using the financial statements on each fiscal year-end date.

Necessary adjustments are made for material transactions that occurred between the consolidated fiscal year-end date and the fiscal year-end dates mentioned above.

(2) Trading Account Securities

Trading account securities are carried at fair value.

(3) Securities

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

In accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost and the cost of these securities sold is calculated using the moving-average method.

Available-for-sale securities are carried at fair value and the cost of securities sold is calculated using mainly the moving-average method, while stocks and other securities without market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities (including net unrealized gains (losses) arising from fluctuations in foreign exchange, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations), net of income taxes, are included in “Net assets.”

Securities included in “Money Held in Trust Classified as Trading” are carried at fair value and the cost of these securities sold is calculated using mainly the moving-average method. In addition, securities included in “Money Held in Trust Classified as Other than Trading or Held-to-Maturity” are carried using the same method used for securities mentioned above. Net unrealized gains (losses) on money held in trust classified as other than trading or held-to-maturity, net of income taxes, are included in “Net assets.”

(4) Derivative Transactions

All derivative transactions are measured at fair value.

(5) Hedge Accounting

1) Hedge accounting for interest rate risks

The Group applies the deferred hedge method or the exceptional treatment for interest rate swaps for hedges of interest rate risk arising from the financial assets and liabilities.

The evaluation of hedge effectiveness is omitted because the Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments satisfy substantially the same conditions as those required for the exceptional treatment for interest rate swaps, and accordingly, the hedges are deemed to be highly effective.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the banking subsidiary applies the deferred hedge method as stipulated in “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Committee Practical Guidance No. 24). To evaluate the hedge effectiveness, the banking subsidiary designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them based on their maturities.

2) Hedge accounting for foreign exchange risks

The Group applies the deferred hedge method, the fair value hedge method or the allocation method translating the foreign currency receivables at forward rates for hedges of foreign exchange fluctuation risk arising from the securities denominated in foreign currencies.

The Group applies portfolio hedges on the condition that the hedged securities denominated in foreign currencies are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the acquisition costs of the hedged securities denominated in the same foreign currencies.

The evaluation of hedge effectiveness for individual hedges is omitted because the Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments satisfy substantially the same conditions, and accordingly, the hedges are deemed to be highly effective.

(6) Depreciation

1) Tangible fixed assets (excluding leased assets and right-of-use assets)

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives of principal assets are as follows:

Buildings: 2-65 years
Others: 2-75 years

2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed using the straight-line method. The capitalized development costs of software intended for internal use are amortized over the expected useful lives (mainly 5 years) determined by the Group.

3) Leased assets

Leased assets under finance lease arrangements that transfer the ownership of leased property to the lessee are depreciated using the same method applied to company-owned tangible assets. These leased assets are mainly buildings included in “Tangible fixed assets.”

Leased assets under finance lease arrangements that do not transfer the ownership of leased property to the lessee are depreciated to the residual value of zero (or the guaranteed residual value, when such a guarantee is stipulated in the lease agreement) using the straight-line method over the lease term. These leased assets are mainly personal property included in “Tangible fixed assets” and software included in “Intangible assets.”

4) Right-of-use assets

Right-of-use assets related to lease transactions of Toll and its subsidiaries and affiliates are depreciated using the straight-line method over the useful life of the right-of-use asset or the lease term, whichever is shorter. If it is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated using the straight-line method over the useful life of the underlying assets.

These right-of-use assets are mainly buildings and land included in “Tangible fixed assets.”

(7) Amortization of Goodwill

Goodwill is amortized for a period up to 20 years depending on the causes of occurrence using the straight-line method. Goodwill deemed immaterial, however, is expensed as incurred.

(8) Reserve for Possible Loan Losses

1) For reserve for possible loan losses of the Group other than the banking subsidiary and insurance subsidiary, an allowance is provided for loans other than specific loans using a rate determined based on past bad debt experience. In addition, an allowance is provided for specific loans such as loans to bankrupt or effectively/substantially bankrupt borrowers at the estimated amount considered uncollectible based on the review of the respective nature of loans.

2) Reserve for possible loan losses of the banking subsidiary is provided for in accordance with the write-off and provision standards as described below:

In accordance with "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers requiring caution are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, an allowance is provided for based on the amount of loans net of amounts expected to be collected through disposal of collateral or through execution of guarantees and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided in the amount of loans, net of amounts expected to be collected through disposal of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

3) Reserve for possible loan losses of the insurance subsidiary is provided pursuant to its standards for self-assessment of asset quality and its write-off and provision standards, and a general allowance is provided using a rate determined by past bad debt experience. In addition, a specific allowance, which is determined after reviewing the individual collectability of accounts, is recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above allowances are recorded based on the results of these assessments.

For secured loans and guaranteed loans that were extended to borrowers in a state of legal bankruptcy, including bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, respective loan receivable amounts are directly written off for an estimated uncollectable amount, which is calculated as the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The amounts written off for these loans were ¥114 million ($1 million) and ¥44 million as of March 31, 2026 and 2025, respectively.

(9) Allowance for Investment Losses

Certain consolidated subsidiaries provide an allowance for investment losses based on the rule set by each company, taking into account the financial conditions, etc. of the issuers of the securities, as deemed necessary.

(10) Policy Reserves

To prepare for the fulfillment of future obligations under the insurance contracts with respect to policies that have commenced as of the fiscal year-end, policy reserves are calculated in accordance with the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

The basis for the calculation of policy reserves, such as expected mortality rates, assumed interest rates, and assumed rate of expenses, is deemed reasonable. However, the amount of policy reserves may be affected if actual results deviate significantly or deviations are expected in the future due to changes in the environment.

Among the policy reserves, insurance premium reserves are calculated based on the following methodology. The amount includes additional policy reserves accumulated for a portion of the reinsurance contracts from the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter referred to as "the Japan Postal Service Organization") and for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for the other contracts are calculated based on the net level premium method.

Among the policy reserves, contingency reserves are accumulated to ensure the fulfillment of future obligations under the insurance contracts in the amount of risks that may accrue in the future, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance

Business Act.

The chief actuary confirms whether the policy reserves have been appropriately accumulated as of the fiscal year-end, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act.

The Japan Postal Service Organization was established in October 2007 to support the privatization of the Japan Post Group by succeeding from the former Japan Post Corporation's Postal Savings such as fixed amount or term postal savings deposited by and Postal Life Insurance Contracts concluded by September 2007 to ensure that such Postal Savings and Postal Life Insurance Contracts are managed appropriately and to fulfill the relevant liabilities without fail.

The insurance subsidiary has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Japan Postal Service Organization.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from the former Japan Post Corporation, the insurance subsidiary has lent loans to the Japan Postal Service Organization under the same loan conditions as those of the contracts between the former Japan Post Corporation and its counterparties.

(11) Presentation of Gains (Losses) on Cancellation or Redemption of Investment Trusts

Gains (losses) on cancellation or redemption of investment trusts at the banking subsidiary are recorded as interest and dividends on securities in “Banking business income” for those with bonds or assets equivalent to bonds as trust asset components, and as gains on sale of equity securities in “Banking business income” or losses on sale of equity securities in “Other expenses” for those with other trust asset components. In the event that interest and dividends on securities from investment trusts result in a loss as a whole, they are recognized as losses on redemption of bonds in “Operating expenses.”

(12) Recognition of Insurance Premiums and Others

1) Insurance premiums

The first premium at the insurance subsidiary is recognized for premiums that have been collected and for which the policy has commenced, in the amount collected under “Life insurance business income.” Premiums thereafter are recognized in the amount of each collection under “Life insurance business income.”

Portions of collected insurance premiums corresponding to the unearned period as of the fiscal year-end are accumulated as policy reserves, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

2) Reinsurance income

Reinsurance income at the insurance subsidiary is the amount paid as insurance claims, etc. pertaining to original insurance contracts in accordance with reinsurance contracts, of which portions that correspond to reinsurance, and is recorded in “Life insurance business income” at the time of payment of these claims, etc.

(13) Recognition of Insurance Claims and Others
1) Insurance claims and others (excluding reinsurance premiums)

When an insured event occurs and payment is made in the amount calculated based on the insurance contract, insurance claims and others (excluding reinsurance premiums) of the insurance subsidiary are recognized in the amount of such payment under “Operating expenses.”

Reserve for outstanding claims has been accumulated for insurance claims, etc. for which payment is due but has not been paid at the fiscal year-end, or insurance claims, etc. for which the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

2) Reinsurance premiums

Reinsurance premiums at the insurance subsidiary that have been agreed on based on reinsurance contracts are recorded in “Operating expenses” when the said reinsurance contracts are concluded or when insurance premiums corresponding to original insurance contracts are collected, etc.

A portion of policy reserves and reserve for outstanding claims for reinsured part are not set aside pursuant to Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

(14) Reserve for Bonuses

A reserve for employee bonus payments is provided based on the amount expected to be incurred at the end of the fiscal year based on the projected obligations as of the end of the fiscal year.

(15) Reserve for Management Bonuses

For the Company and its certain consolidated subsidiaries, to provide for bonus payments to Executive Officers and other management that are determined based on the rule set by each company, a reserve is provided based on the amount expected to be incurred at the end of the fiscal year.

(16) Reserve for Employee Stock Ownership Plan Trust

For a certain consolidated subsidiary, to provide for the payment of the consolidated subsidiary’s shares to its employees pursuant to the rules established by the consolidated subsidiary, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(17) Reserve for Management Board Benefit Trust

For the Company and its certain consolidated subsidiaries, to provide for the payment of the Company’s shares, etc. to Executive Officers and other management pursuant to the rules established by each company, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(18) Reserve for Reimbursement of Deposits

To provide for requests for refunds by depositors with regard to deposits that are no longer recorded as liabilities, a reserve is provided based on the estimated amount of losses to be incurred in accordance with future requests for refunds.

(19) Retirement Benefits

1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to the respective service period. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations and costs. The simplified method estimates retirement benefit obligations at the amount payable if all employees were to seek voluntary retirement at the end of the fiscal year. Treatment of prior service cost and actuarial difference are accounted for as follows.

Prior service cost is amortized using the straight-line method over a fixed period (7-14 years) within the estimated average remaining service period for employees in the fiscal year of incurrence.

Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (7-14 years) within the estimated average remaining service period for employees as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

A consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity plan.

2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as “share of public service pension”) are recognized as part of “Asset for retirement benefits.” The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (6 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

3) Charges for the pension program of national public service personnel associated with pension benefits for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired by December 1958 (hereinafter referred to as “share of another public service pension”) are recognized as part of “Liability for retirement benefits.”

The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

(20) Translation of Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are mainly translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot rates prevailing at the fiscal year-end of foreign subsidiaries, etc. and income and expenses are translated into Japanese yen at the average exchange rates for the fiscal year. The resulting translation differences are included in “Foreign currency translation adjustments” and “Non-controlling interests” under “Net assets.”

(21) Reserve for Price Fluctuations

Reserve for price fluctuations is computed based on Article 115 of the Insurance Business Act.

(22) Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn at any time, short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding the banking subsidiary and the insurance subsidiary, but including short-term investments classified as “Cash and due from banks” held by the insurance subsidiary) and bank overdrafts treated equally as cash equivalents in fund management (negative cash equivalents).

(23) Recognition of Significant Revenue and Expenses

In relation to the recognition of revenue from contracts with customers, the nature of principal performance obligations for major businesses of the Group and the typical timing of the satisfaction of those performance obligations (i.e., typical timing of revenue recognition) are as follows:

1) Revenue from post and parcels in the postal and domestic logistics business

In the postal and domestic logistics business, postal services are provided fairly at a flat rate nationwide. As logistics services, transportation services such as parcel delivery (Yu-Pack, etc.) and mail delivery (Yu-Mail, etc.) are provided.

Performance obligations underlying revenue from post and parcels in the postal and domestic logistics business are satisfied over time from the undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

2) Revenue from catalogue sales, etc.

In the post office business, the Group engages in sale of regional specialty products and other goods using catalogues and other media as well as sale of related rights; sale of goods and provision of services including sale of original postage stamps, printing of New Year’s postcards, sale of stationery and other items at post offices and other channels.

The Group recognizes revenue from catalogue sales, etc. when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

3) Revenue from the international logistics business

In the international logistics business, the Group engages in a full line of international cargo transportation, mainly export and import from Asia and Oceania (hereinafter the “forwarding business”); as well as transportation and warehouse management and logistics and other services in the fields of resources and government contracts in Asia and Oceania (hereinafter the “logistics business”).

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

4) Revenue from the real estate business

In the real estate business, the Group engages mainly in sale of developed real estate properties, real estate leasing of office buildings, etc. and the leasing management business.

Revenue from real estate sale is recognized at the point when the delivery obligation stipulated in the sales contract for the real estate is fulfilled by determining that the customer obtains control of the real estate property and the performance obligation has been satisfied.

Revenue from real estate leasing is recognized over the lease term in accordance with “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).

Performance obligations for the leasing management business are satisfied at a point in time or over time depending on the nature of the performance obligation, and revenue is recognized accordingly.

(24) Application of the Group Tax Sharing System

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

(25) Significant Accounting Estimates

Items using accounting estimates recorded in the consolidated financial statements for the current fiscal year that have the possibility of significantly impacting the consolidated financial statements for the following fiscal year are as follows:

1) Fair value measurement of securities

Amounts of securities measured by fair value at the banking subsidiary and some consolidated subsidiaries are considerable and their effects on the consolidated financial statements are significant. Therefore, the fair value of securities is considered as a significant factor in accounting estimates.

A) Amounts recorded in the consolidated financial statements were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	**2026**	**2025**	**2026**
Securities	¥ 191,440,416	¥ 190,938,367	$ 1,197,401

B) Information that will facilitate the understanding of significant accounting estimates related to identified items

(i) Calculation method and principal assumptions

For bonds, the Group uses the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value. The Group uses the funds’ unit price for investment trusts as the fair value. Key assumptions for the comparable price method, or the price provided by third parties are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on the prices of similar securities, as well as inputs that are unobservable in the markets containing significant estimates.

(ii) Impact on the consolidated financial statements for the following fiscal year

The fair value of securities may fluctuate as a result of changes in inputs, which are principal assumptions, due to factors such as changes in the market environment.

2) Impairment of fixed assets used for the postal and domestic logistics business of Japan Post Co., Ltd.

A) Amounts recorded in the consolidated financial statements were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	**2026**	**2025**	**2026**
Tangible fixed assets and intangible assets for the postal and domestic logistics business of Japan Post Co., Ltd.	¥ 1,104,028	¥ 1,131,520	$ 6,905

B) Information that will facilitate the understanding of significant accounting estimates related to identified items

Japan Post Co., Ltd. determines whether there is an indication of impairment for all fixed assets used in the postal and domestic logistics business of Japan Post Co., Ltd., a consolidated subsidiary, as a single asset group because all the fixed assets used by that business generate cash flows together as one.

The postal and domestic logistics business of Japan Post Co., Ltd. has continuously reported operating losses, indicating impairment of fixed assets. Accordingly, Japan Post Co., Ltd. performed an impairment test. Due to a decline in profitability, the undiscounted future cash flows were less than the carrying amount of the asset group. However, Japan Post Co., Ltd. did not recognize an impairment loss as the recoverable amount exceeded the carrying amount.

Japan Post Co., Ltd. determined that the carrying amount of the fixed assets related to the postal and domestic logistics business could not be recovered through their continuing use. Since the value in use, calculated as the discounted present value of future cash flows, was less than the net selling value of the fixed assets related to the business, the recoverable amount was determined based on the net selling value.

The real estate appraisal value, which formed the basis for determining the net selling value, was determined by the real estate appraisers engaged by Japan Post Co., Ltd. in accordance with the Real Estate Appraisal Standards through regional and individual analysis, assessment of the highest and best use, selection of the appraisal method, adjustment of indicative value, examination of the balance with the benchmark price, and other means. In the calculation for post offices with the collection and delivery function, and other facilities, as they are key hubs in the nationwide collection and delivery network established by the postal and domestic logistics business, regional and individual analysis, etc. are important for the assessment of the highest and best use.

Any significant changes to the real estate appraisal value due to deterioration in economic or market conditions may significantly impact the amount recorded as fixed assets used for the postal and domestic logistics business of Japan Post Co., Ltd. in the following fiscal year.

3) Estimates on retirement benefit obligations

A) Amounts recorded in the consolidated financial statements

This information is provided in Note 13 “RETIREMENT BENEFITS.”

B) Information that will facilitate the understanding of significant accounting estimates related to identified items

Retirement benefit obligations of the Company and certain consolidated subsidiaries are calculated based on actuarial assumptions. These assumptions include factors such as discount rates and retirement rates, etc. As estimates on retirement benefit obligations involve a high degree of uncertainty, if assumptions differ from actual results or if assumptions are changed, it may impact retirement benefit obligations in the following fiscal year.

(26) New Accounting Pronouncements

"The Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

"Implementation Guidance on the Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)
and other related Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance issued by ASBJ

1) Overview

These standards and guidance prescribe the accounting treatment whereby lessees are required to recognize assets and liabilities for all leases in the same manner as accounting principles generally accepted internationally.

2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2028.

3) Effects of application of the accounting standards, etc.

The effects of the application are under assessment.

(27) Changes in Accounting Estimates

A consolidated subsidiary has changed the amortization period of actuarial differences and prior service costs concerning the lump-sum severance indemnity plans as a defined benefit plan from 13 years to 12 years from the fiscal year ended March 31, 2026, due to a decrease in the estimated average remaining service period for employees.

As a result of this change, expenses decreased by ¥7,737 million ($48 million), while income before income taxes increased the same amount for the fiscal year ended March 31, 2026.

The Company has changed the amortization period of actuarial differences concerning the Company's share of public service pension from 7 years to 6 years from the fiscal year ended March 31, 2026, due to a decrease in the estimated average remaining payment period for eligible personnel.

As a result of this change, expenses decreased by ¥1,725 million ($11 million), while income before income taxes increased the same amount for the fiscal year ended March 31, 2026.

(28) Additional Information

Transactions granting the Company's shares, etc. through a trust to Executive Officers and other management of the Group

The Company and Japan Post Co., Ltd., a consolidated subsidiary, have introduced a performance-linked stock compensation system and non-performance-linked stock compensation system utilizing a trust (hereinafter the "System") for Executive Officers of the Company and Directors (excluding Directors who are not in charge of business execution) and Executive Officers of Japan Post Co., Ltd. (collectively referred to as "Executives subject to the System").

In accounting for the trust agreement, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015) has been applied.

1) Outline of the transactions

The System is a structure to provide the Company's shares, etc. to Executives subject to the System in accordance with the Stock Benefit Regulations. The performance-linked stock compensation system grants points after the end of the last fiscal year of the Medium-Term Management Plan period. The number of the points is calculated by the standard number for each position according to job responsibilities of Executives subject to the System, multiplied by a payout rate that varies depending on their levels of attainment of performance targets given in the Medium-Term Management Plan. The non-performance-linked stock compensation system grants points for each position according to job responsibilities of Executives subject to the System after the end of fiscal years. After retirement, Executives subject to the System shall receive from the trust the Company's shares and money in the amount equivalent to the fair value of a certain portion of the Company's shares in accordance with the accumulated number of points granted.

The shares provided for Executives subject to the System are acquired by the trust in advance using the funds set by the Company, and are managed separately as trust assets.

2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded under net assets as treasury stock at the book value in the trust (excluding incidental expenses). The book value of the treasury stock was ¥2,145 million ($13 million) and ¥1,107 million, and the number of shares of the treasury stock was 1,777 thousand shares and 1,038 thousand shares as of March 31, 2026 and 2025, respectively.

A stock compensation system utilizing a trust has also been introduced at Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., which are consolidated subsidiaries of the Company.

Administrative Dispositions Relating to the Incidents of Unperformed Roll Calls by the Ministry of Land, Infrastructure, Transport and Tourism, and Related Matters

On June 25, 2025, Japan Post Co., Ltd., a consolidated subsidiary of the Company, received administrative dispositions to revoke the permission for its general motor truck transportation business and an order to ensure the safety of transportation under the Motor Truck Transportation Business Act (Act No. 83 of 1989) from the Ministry of Land, Infrastructure, Transport and Tourism ("MLIT") relating to the incidents of unperformed roll calls. Since June 26, 2025, Japan Post Co., Ltd. has been unable to use vehicles of one ton or over in its general motor truck transportation business. On June 26, 2025, Japan Post Co., Ltd. submitted a report as requested by the Ministry of Internal Affairs and Communications in response to the incidents of unperformed roll calls. It also received further supervisory instructions under the Japan Post Co., Ltd. Act, including directives to ensure the provision of universal postal services, to safeguard customer convenience, and to steadily implement recurrence prevention measures.

Japan Post Co., Ltd. has been unable to use vehicles of one ton or over due to the enforcement of the administrative dispositions. Instead, Japan Post Co., Ltd. shifted to new operations without using its vehicles of one ton or over since June 19, 2025, and no issues triggered by the sanction have arisen at post offices that previously used such vehicles since the transition to date. Japan Post Co., Ltd. will continue to provide mail and parcel services (such as Yu-Pack) reliably and appropriately in a manner that avoids causing inconvenience to customers.

In addition, since October 8, 2025, multiple post offices received administrative dispositions from MLIT ordering the suspension of the use of light four-wheel vehicles based on the Motor Truck Transportation Business Act (Act No. 83 of 1989). The post offices that received such dispositions were unable to use some of their light four-wheel vehicles for the duration of the dispositions. The administrative disposition periods have concluded at all of those post offices, the light four-wheel vehicles are available for use as of the filing date of the Annual Securities Report.

3. CASH AND CASH EQUIVALENTS

(1) Reconciliation of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows and Cash and Due from Banks in the Consolidated Balance Sheets

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Cash and due from banks	¥ 57,012,194	¥ 67,122,254	$ 356,594
Negotiable certificates of deposit in the banking subsidiary included in "Cash and due from banks"	(10,000)	-	(63)
Negotiable certificates of deposit included in "Securities"	15,000	15,000	94
Short-term investments included in "Securities" (excluding negotiable certificates of deposit)	-	89,914	-
Deposits with maturities of more than three months	(60,430)	(100)	(378)
Bank overdrafts included in "Borrowed money"	(46,557)	(27,805)	(291)
Cash and cash equivalents at the end of the fiscal year	¥ 56,910,206	¥ 67,199,263	$ 355,956

(2) Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

With regard to the consolidation of Tonami Holdings Co., Ltd. and its subsidiaries as a result of the acquisition of shares, the breakdown of the assets and liabilities of Tonami Holdings Co., Ltd. and its subsidiaries at the date of the consolidation, and the reconciliation of the acquisition price and cash flow (net) for the acquisition are as follows.

	Millions of Yen	Millions of U.S. Dollars
Total assets	¥ 184,605	$ 1,155
Total liabilities	(82,484)	(516)
Gains on negative goodwill	(8,808)	(55)
Non-controlling interests	(768)	(5)
Acquisition cost of shares	92,544	579
Cash and cash equivalent	(26,239)	(164)
Net: Payments for the acquisition	¥ 66,305	$ 415

4. SECURITIES

(1) Securities

Securities consisted of the following:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Stocks and investments in capital[1]	¥ 1,986,392	¥ 1,453,169	$ 12,424
Japanese government bonds[2]	75,523,282	75,733,042	472,375
Japanese local government bonds	7,500,961	7,724,360	46,916
Japanese corporate bonds[3]	13,785,592	14,378,062	86,225
Other[2]	92,644,188	91,649,732	579,461
Total	¥ 191,440,416	¥ 190,938,367	$ 1,197,401

Notes:
1. Stocks and investments in capital include investments in non-consolidated subsidiaries and affiliates of ¥804,943 million ($5,035 million) and ¥687,923 million as of March 31, 2026 and 2025, respectively.
2. Unsecured and secured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥7,551,828 million ($47,234 million) and ¥4,613,253 million were included in Japanese government bonds and other in "Securities" as of March 31, 2026 and 2025, respectively.
   Securities borrowed under resale agreements, etc. for which the Group has the right to sell or pledge amounted to ¥4,153,461 million ($25,979 million) and ¥2,193,026 million, respectively, representing securities held as of March 31, 2026 and 2025 that had not been sold or pledged.
3. Japanese corporate bonds include investments in non-consolidated subsidiaries and affiliates of ¥94,786 million ($593 million) and ¥80,296 million as of March 31, 2026 and 2025, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds were as follows:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Consolidated balance sheet amount	¥ 7,001,851	¥ 7,243,771	$ 43,794
Fair value	5,902,104	6,522,343	36,916

The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The insurance subsidiary categorizes its insurance products into the sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups is reconciled within a certain range and the duration gap is periodically checked.

・Postal Life Insurance contracts (excluding some insurance types)

・Japan Post Insurance life insurance contracts (general) (all insurance policies)

・Japan Post Insurance life insurance contracts (single-premium payment) (excluding some insurance types)

(3) Fair Value Information on Securities and Policy-Reserve-Matching Bonds

The amounts shown in the following tables include “Trading account securities,” negotiable certificates of deposit included in “Cash and due from banks,” and “Monetary claims bought,” in addition to “Securities.”

1) Trading securities

There were no valuation gains (losses) associated with trading securities recorded under gains or losses as of March 31, 2026 and 2025.

2) Held-to-maturity bonds

March 31	Millions of Yen 2026 Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 8,900,137	¥ 9,014,748	¥ 114,610
Japanese local government bonds	381,389	385,964	4,574
Japanese corporate bonds	83,058	83,959	901
Other	7,534,907	8,266,122	731,215
Subtotal	16,899,493	17,750,794	851,300
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	49,778,919	42,276,033	(7,502,885)
Japanese local government bonds	6,094,553	5,676,356	(418,196)
Japanese corporate bonds	8,242,598	7,475,996	(766,602)
Other	2,145,712	2,110,356	(35,356)
Subtotal	66,261,783	57,538,742	(8,723,040)
Total	¥ 83,161,276	¥ 75,289,536	¥ (7,871,739)

March 31	Millions of Yen 2025 Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 19,409,987	¥ 20,106,463	¥ 696,476
Japanese local government bonds	846,760	872,883	26,122
Japanese corporate bonds	384,064	394,963	10,898
Other	5,512,265	5,854,535	342,270
Subtotal	26,153,077	27,228,846	1,075,768
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	34,391,218	30,425,354	(3,965,863)
Japanese local government bonds	5,368,436	5,106,135	(262,301)
Japanese corporate bonds	7,474,844	7,032,776	(442,067)
Other	3,207,618	3,134,088	(73,530)
Subtotal	50,442,118	45,698,354	(4,743,763)
Total	¥ 76,595,196	¥ 72,927,200	¥ (3,667,995)

March 31	Millions of U.S. Dollars 2026 Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	$ 55,668	$ 56,384	$ 717
Japanese local government bonds	2,385	2,414	29
Japanese corporate bonds	520	525	6
Other	47,129	51,702	4,574
Subtotal	105,701	111,026	5,325
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	311,352	264,424	(46,928)
Japanese local government bonds	38,120	35,504	(2,616)
Japanese corporate bonds	51,555	46,760	(4,795)
Other	13,421	13,200	(221)
Subtotal	414,447	359,887	(54,560)
Total	$ 520,148	$ 470,913	$ (49,235)

3) Policy-reserve-matching bonds

March 31	Millions of Yen 2026 Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 1,563,205	¥ 1,583,395	¥ 20,190
Japanese local government bonds	32,139	32,268	129
Japanese corporate bonds	3,989	3,991	1
Other	-	-	-
Subtotal	1,599,334	1,619,655	20,321
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	3,849,543	3,019,226	(830,316)
Japanese local government bonds	325,584	257,060	(68,523)
Japanese corporate bonds	1,207,388	988,033	(219,355)
Other	20,000	18,127	(1,872)
Subtotal	5,402,517	4,282,448	(1,120,068)
Total	¥ 7,001,851	¥ 5,902,104	¥ (1,099,747)

March 31	Millions of Yen 2025 Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 2,258,017	¥ 2,345,824	¥ 87,806
Japanese local government bonds	65,217	67,639	2,422
Japanese corporate bonds	25,754	26,697	942
Other	-	-	-
Subtotal	2,348,989	2,440,161	91,171
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	3,163,851	2,632,657	(531,193)
Japanese local government bonds	296,463	253,617	(42,845)
Japanese corporate bonds	1,414,467	1,176,940	(237,527)
Other	20,000	18,967	(1,033)
Subtotal	4,894,781	4,082,182	(812,599)
Total	¥ 7,243,771	¥ 6,522,343	¥ (721,427)

March 31	Millions of U.S. Dollars 2026 Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	$ 9,777	$ 9,904	$ 126
Japanese local government bonds	201	202	1
Japanese corporate bonds	25	25	0
Other	-	-	-
Subtotal	10,003	10,130	127
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	24,078	18,884	(5,193)
Japanese local government bonds	2,036	1,608	(429)
Japanese corporate bonds	7,552	6,180	(1,372)
Other	125	113	(12)
Subtotal	33,791	26,785	(7,006)
Total	$ 43,794	$ 36,916	$ (6,879)

4) Available-for-sale securities

March 31	Millions of Yen 2026 Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost			
Stocks	¥ 766,043	¥ 411,665	¥ 354,378
Bonds	1,476,878	1,459,651	17,227
Japanese government bonds	1,320,165	1,305,975	14,189
Japanese local government bonds	8,645	8,530	115
Japanese short-term corporate bonds	-	-	-
Japanese corporate bonds	148,067	145,145	2,922
Other	72,119,183	66,444,986	5,674,197
Of which: foreign bonds	18,552,127	14,879,585	3,672,542
Of which: investment trusts	53,566,046	51,564,399	2,001,646
Subtotal	74,362,106	68,316,302	6,045,803
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	163,706	227,843	(64,137)
Bonds	14,870,449	18,000,778	(3,130,329)
Japanese government bonds	10,111,310	12,944,384	(2,833,073)
Japanese local government bonds	658,649	688,686	(30,037)
Japanese short-term corporate bonds	823,599	823,599	-
Japanese corporate bonds	3,276,889	3,544,108	(267,218)
Other	12,428,408	12,899,361	(470,953)
Of which: foreign bonds	2,626,139	2,730,665	(104,526)
Of which: investment trusts	7,835,199	8,177,957	(342,757)
Subtotal	27,462,563	31,127,984	(3,665,420)
Total	¥ 101,824,669	¥ 99,444,287	¥ 2,380,382

March 31	Millions of Yen 2025 Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost			
Stocks	¥ 476,037	¥ 302,645	¥ 173,391
Bonds	1,978,899	1,925,736	53,162
Japanese government bonds	1,718,913	1,669,236	49,677
Japanese local government bonds	12,237	11,908	329
Japanese short-term corporate bonds	-	-	-
Japanese corporate bonds	247,748	244,592	3,156
Other	62,434,859	58,292,115	4,142,743
Of which: foreign bonds	16,560,267	13,974,017	2,586,249
Of which: investment trusts	45,832,078	44,275,718	1,556,360
Subtotal	64,889,796	60,520,498	4,369,298
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	208,239	258,783	(50,544)
Bonds	20,757,481	22,931,294	(2,173,812)
Japanese government bonds	14,791,053	16,769,963	(1,978,910)
Japanese local government bonds	1,135,245	1,162,074	(26,829)
Japanese short-term corporate bonds	768,705	768,705	-
Japanese corporate bonds	4,062,476	4,230,549	(168,073)
Other	21,966,289	22,562,682	(596,393)
Of which: foreign bonds	4,352,117	4,486,707	(134,590)
Of which: investment trusts	15,934,791	16,384,530	(449,739)
Subtotal	42,932,010	45,752,760	(2,820,750)
Total	¥ 107,821,806	¥ 106,273,258	¥ 1,548,548

March 31	Millions of U.S. Dollars 2026 Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost			
Stocks	$ 4,791	$ 2,575	$ 2,217
Bonds	9,237	9,130	108
Japanese government bonds	8,257	8,168	89
Japanese local government bonds	54	53	1
Japanese short-term corporate bonds	-	-	-
Japanese corporate bonds	926	908	18
Other	451,083	415,593	35,490
Of which: foreign bonds	116,038	93,067	22,971
Of which: investment trusts	335,039	322,519	12,520
Subtotal	465,112	427,297	37,815
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	1,024	1,425	(401)
Bonds	93,010	112,589	(19,579)
Japanese government bonds	63,243	80,963	(17,720)
Japanese local government bonds	4,120	4,308	(188)
Japanese short-term corporate bonds	5,151	5,151	-
Japanese corporate bonds	20,496	22,167	(1,671)
Other	77,736	80,682	(2,946)
Of which: foreign bonds	16,426	17,079	(654)
Of which: investment trusts	49,007	51,151	(2,144)
Subtotal	171,770	194,696	(22,926)
Total	$ 636,882	$ 621,993	$ 14,889

5) Held-to-maturity bonds sold

There were no held-to-maturity bonds sold for the fiscal years ended March 31, 2026 and 2025.

6) Policy-reserve-matching bonds sold

Year ended March 31	Millions of Yen 2026 Sales	Gains	Losses
Bonds	¥ 458,810	¥ 6,028	¥ (223,780)
Japanese government bonds	321,973	6,028	(104,165)
Japanese corporate bonds	136,837	-	(119,614)
Total	¥ 458,810	¥ 6,028	¥ (223,780)

Year ended March 31	Millions of Yen 2025 Sales	Gains	Losses
Bonds	¥ 747,743	¥ 31,059	¥ (41,400)
Japanese government bonds	723,585	31,059	(20,123)
Japanese corporate bonds	24,157	-	(21,276)
Total	¥ 747,743	¥ 31,059	¥ (41,400)

Year ended March 31	Millions of U.S. Dollars 2026 Sales	Gains	Losses
Bonds	$ 2,870	$ 38	$ (1,400)
Japanese government bonds	2,014	38	(652)
Japanese corporate bonds	856	-	(748)
Total	$ 2,870	$ 38	$ (1,400)

7) Available-for-sale securities sold

Year ended March 31	Millions of Yen 2026 Sales	Gains	Losses
Stocks	¥ 146,212	¥ 38,277	¥ (9,214)
Bonds	1,077,937	938	(119,250)
Japanese government bonds	896,572	807	(115,869)
Japanese local government bonds	80,197	-	(442)
Japanese corporate bonds	101,167	130	(2,938)
Other	1,510,458	106,277	(71,176)
Of which: foreign bonds	513,024	9,198	(10,333)
Of which: investment trusts	997,433	97,079	(60,843)
Total	¥ 2,734,607	¥ 145,493	¥ (199,641)

Year ended March 31	Millions of Yen 2025 Sales	Gains	Losses
Stocks	¥ 62,518	¥ 23,912	¥ (2,381)
Bonds	1,623,366	425	(120,118)
Japanese government bonds	1,604,024	419	(120,015)
Japanese local government bonds	-	-	-
Japanese corporate bonds	19,342	6	(102)
Other	2,485,639	141,697	(128,064)
Of which: foreign bonds	1,180,889	58,868	(29,395)
Of which: investment trusts	1,304,750	82,829	(98,668)
Total	¥ 4,171,525	¥ 166,036	¥ (250,564)

Year ended March 31	Millions of U.S. Dollars		
	2026		
	Sales	Gains	Losses
Stocks	$ 915	$ 239	$ (58)
Bonds	6,742	6	(746)
Japanese government bonds	5,608	5	(725)
Japanese local government bonds	502	-	(3)
Japanese corporate bonds	633	1	(18)
Other	9,447	665	(445)
Of which: foreign bonds	3,209	58	(65)
Of which: investment trusts	6,239	607	(381)
Total	$ 17,104	$ 910	$ (1,249)

8) Securities of which holding purposes were changed

There were no securities of which holding purposes were changed as of March 31, 2026 and 2025.

9) Securities that incurred impairment losses

For securities other than trading securities (excluding stocks without market prices and investments in partnerships), when their fair value declines significantly below their acquisition cost and there is no prospect of recovery, the Company records the fair value of such securities on the consolidated balance sheets and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥242 million ($2 million) and ¥588 million for the fiscal years ended March 31, 2026 and 2025, respectively.

(4) Money Held in Trust

1) Money held in trust classified as trading

There was no money held in trust classified as trading as of March 31, 2026 and 2025, respectively.

2) Money held in trust classified as held-to-maturity

There was no money held in trust classified as held-to-maturity as of March 31, 2026 and 2025, respectively.

3) Money held in trust classified as other than trading or held-to-maturity

	Millions of Yen				
	2026				
March 31	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	¥10,190,074	¥ 6,391,335	¥ 3,798,738	¥ 4,057,077	¥ (258,339)

	Millions of Yen				
	2025				
March 31	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	¥ 8,431,639	¥ 5,812,352	¥ 2,619,286	¥ 2,826,526	¥ (207,239)

	Millions of U.S. Dollars				
	2026				
March 31	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	$ 63,736	$ 39,976	$ 23,760	$ 25,376	$ (1,616)

Notes:

1. For securities with market quotations included as trust assets in “Money held in trust classified as other than trading or held-to-maturity” (excluding stocks without market prices and investments in partnerships, etc.), when their fair value declines significantly below their acquisition cost and there is no prospect of recovery, the Company records the fair value of such securities on the consolidated balance sheets and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥5,986 million ($37 million) and ¥6,854 million for the fiscal years ended March 31, 2026 and 2025, respectively.
2. “Money held in trust classified as other than trading or held-to-maturity” includes investment in non-consolidated subsidiaries of ¥36,142 million ($226 million) and ¥35,543 million as of March 31, 2026 and 2025, respectively.

5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral consisted of the following:

(1) Assets Pledged as Collateral

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Securities	¥ 34,504,060	¥ 37,880,804	$ 215,812
Other tangible fixed assets	19,778	17,885	124

(2) Liabilities Related to Collateral

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Deposits	¥ 290,835	¥ 336,328	$ 1,819
Payables under repurchase agreements	27,113,363	31,501,961	169,586
Payables under securities lending transactions	2,433,717	2,004,678	15,222
Borrowed money	2,833,386	2,523,488	17,722
Other liabilities	2	-	0

(3) In addition to the assets pledged as collateral and the liabilities related to collateral presented above, the total assets of the Company have been pledged as general collateral for corporate bonds issued valued at ¥85,300 million ($534 million) and ¥85,300 million as of March 31, 2026 and 2025, respectively.

In addition to the above, the following assets are pledged as collateral for the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions and other transactions, and substituted for margins for future transactions:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Assets pledged as collateral:			
Securities	¥ 5,790,864	¥ 3,978,360	$ 36,220
Loans	250,000	202,164	1,564

“Other assets” include margins for future transactions, guarantee deposits, margins with central counterparty and cash collateral paid for financial instruments. The amounts were as follows:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Other assets:			
Margins for future transactions	¥ 14,932	¥ 51,437	$ 93
Guarantee deposits	29,483	24,486	184
Margins with central counterparty	211,944	318,833	1,326
Cash collateral paid for financial instruments	2,526,783	2,261,858	15,804

6. LOANS

Receivables based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions were as follows. The receivables consist of those recorded in the consolidated balance sheets as bonds in "Securities" (limited to those guaranteeing all or a part of principal and interest, and offered through private placement in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), "Loans," "Foreign exchanges," accrued interest and suspense payments in "Other assets" and "Customers' liabilities for acceptance and guarantees."

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Claims provable in bankruptcy	¥ -	¥ 0	$ -
Doubtful receivables	0	0	0
Past-due loans for three months or more	-	-	-
Restructured loans	-	-	-
Total	¥ 0	¥ 0	$ 0

Note: The above loan amounts are stated before deduction of reserve for possible loan losses.

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed upon in advance. The banking subsidiary will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The amounts of unused commitments on loans of the banking subsidiary were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Amount of unused commitments on loans	¥ 35,247	¥ 41,931	$ 220
Of which: unused commitments with a term of less than one year or that may be cancelled unconditionally at any point of time	4,442	3,968	28

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect the future cash flows of the banking subsidiary. Conditions are included in certain loan agreements that allow the banking subsidiary to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the banking subsidiary's credit. At the inception of contracts, the banking subsidiary has the obligor pledge collateral to the banking subsidiary in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the banking subsidiary reviews the obligor's financial condition in accordance with the banking subsidiary's established internal procedures and takes necessary measures to protect its credit.

7. TANGIBLE FIXED ASSETS

(1) Accumulated Depreciation

Accumulated depreciation were as follows:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Accumulated depreciation	¥ 2,105,751	¥ 1,947,994	$ 13,171

Note: The above does not include accumulated depreciation related to right-of-use assets.

(2) Deferred Gains on Tangible Fixed Assets Not Recognized for Tax Purposes

Deferred gains on tangible fixed assets not recognized for tax purposes were as follows:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 95,619	¥ 95,324	$ 598
Of which: deferred during the fiscal year	115	91	1

(3) Real Estate for Rent

The Company and certain consolidated subsidiaries own office buildings (including land), commercial buildings and others for rental purposes in Tokyo and other areas.

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Net rent income (losses)[1]	¥ 22,607	¥ 11,408	$ 141
Net gains (losses) on sales[2]	2,135	1,941	13
Losses on impairment[3]	8,679	2,005	54
Other losses[3]	1,497	745	9

Notes:
1. Majority of rent income is recorded under "Other income," and majority of rent expenses are recorded under "Depreciation and amortization."
2. Gains on sales are recorded under "Other income," and losses on sales are recorded under "Other expenses."
3. Losses on impairment and other losses are recorded under "Other expenses."

The consolidated balance sheet amount, net change during the fiscal year and fair value of real estate for rent were as follows:

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Consolidated balance sheet amount[1]			
Balance at the beginning of the fiscal year	¥ 886,240	¥ 877,066	$ 5,543
Net change during the fiscal year	16,715	9,174	105
Balance at the end of the fiscal year	¥ 902,955	¥ 886,240	$ 5,648
Fair value at the end of the fiscal year[3]	¥ 1,605,658	¥ 1,509,190	$ 10,043

Notes:
1. The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.
2. The fair value is calculated primarily based on the Real Estate Appraisal Standards.
3. Real estate for rent under construction is not included in the above table since it is extremely difficult to determine its fair value. The consolidated balance sheet amounts of them were ¥27,724 million ($173 million) and ¥38,267 million as of March 31, 2026 and 2025, respectively.

8. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the said Ordinance were ¥295 million ($2 million) and ¥357 million as of March 31, 2026 and 2025, respectively.

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance were ¥1,378,781 million ($8,624 million) and ¥1,187,171 million as of March 31, 2026 and 2025, respectively.

9. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2026**	**2025**	**2026**
Balance at the beginning of the fiscal year	¥ 1,085,126	¥ 1,101,628	$ 6,787
Policyholder dividends paid	(101,997)	(114,060)	(638)
Interest accrual, etc.	2,765	679	17
Reduction due to the acquisition of additional annuity	(282)	(112)	(2)
Provision for reserve for policyholder dividends	143,579	96,990	898
Balance at the end of the fiscal year	¥ 1,129,192	¥ 1,085,126	$ 7,063

10. BORROWED MONEY AND LEASE OBLIGATIONS

Borrowed money and lease obligations were as follows:

	Millions of Yen		Millions of U.S. Dollars	Average interest rate[1]	Due
March 31	**2026**	**2025**	**2026**	**2026**	**2026**
Borrowed money	¥ 3,209,411	¥ 2,832,835	$ 20,074	0.62%	-
Borrowings	3,209,411	2,832,835	20,074	0.62%	April 2026 - December 2035
Lease obligations	138,701	108,383	868	-	April 2026 - December 2056

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance at the fiscal year-end date.
2. The average interest rate of lease obligations is not presented above because interest included in the total amount of lease payments is allocated to each period using the straight-line method in certain consolidated subsidiaries.
3. Borrowings are included in "Borrowed money" and lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets, respectively.

The repayment schedule within 5 years subsequent to the fiscal year-end on borrowings as of March 31, 2026 was as follows:

March 31	**Millions of Yen**	**Millions of U.S. Dollars**
Within 1 year	¥ 1,680,447	$ 10,511
Due after 1 year through 2 years	1,367,818	8,555
Due after 2 years through 3 years	27,131	170
Due after 3 years through 4 years	63,655	398
Due after 4 years through 5 years	8,157	51

The repayment schedule within 5 years subsequent to the fiscal year-end on lease obligations as of March 31, 2026 was as follows:

March 31	**Millions of Yen**	**Millions of U.S. Dollars**
Within 1 year	¥ 26,648	$ 167
Due after 1 year through 2 years	25,106	157
Due after 2 years through 3 years	18,108	113
Due after 3 years through 4 years	14,966	94
Due after 4 years through 5 years	11,877	74

11. BONDS

Bonds were as follows:

Issuer	Description	Issue	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026	Interest rate	Collateral	Due
The Company	Japan Post Holdings Series 1 (green bonds)	September 1, 2022	¥ 15,000	¥ 15,000	$ 94	0.255%	General collateral	September 1, 2027
The Company	Japan Post Holdings Series 2 (green bonds)	September 1, 2022	15,000	15,000	94	0.469%	General collateral	September 1, 2032
The Company	Japan Post Holdings Series 3 (green bonds)	September 1, 2022	5,000	5,000	31	0.984%	General collateral	September 1, 2042
The Company	Japan Post Holdings Series 4	October 24, 2023	26,000	26,000	163	0.603%	General collateral	October 24, 2028
The Company	Japan Post Holdings Series 5	July 19, 2024	24,300	24,300	152	0.808%	General collateral	July 19, 2029
Japan Post Insurance Co., Ltd.	First series of subordinated unsecured bonds with interest deferral option and early redemption option[1]	January 29, 2019	100,000	100,000	625	1.000%[2]	Not provided	January 29, 2049
Japan Post Insurance Co., Ltd.	Second series of subordinated unsecured bonds with interest deferral option and early redemption option[1]	January 28, 2021	200,000	200,000	1,251	1.050%[3]	Not provided	January 28, 2051
Japan Post Insurance Co., Ltd.	Third series of subordinated unsecured bonds with interest deferral option and early redemption option[1]	September 7, 2023	100,000	100,000	625	1.910%[4]	Not provided	September 7, 2053
Japan Post Insurance Co., Ltd.	Fourth series of subordinated unsecured bonds with interest deferral option and early redemption option[1]	April 17, 2024	100,000	100,000	625	2.133%[5]	Not provided	April 17, 2054
		Total	¥ 585,300	¥ 585,300	$ 3,661			

Notes:
1. These bonds are subordinated bonds with the special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations and no collateral was provided for these bonds.
2. Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
3. Interest rate from the day immediately following January 28, 2031, shall be 5-year JGB interest rate plus 2.010% (reset every five years).
4. Interest rate from the day immediately following September 7, 2033, shall be 5-year JGB interest rate plus 2.277% (reset every five years).
5. Interest rate from the day immediately following April 17, 2034, shall be 5-year JGB interest rate plus 2.300% (reset every five years).

The redemption schedule within 5 years subsequent to the fiscal year-end on bonds as of March 31, 2026 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ -	$ -
Due after 1 year through 2 years	15,000	94
Due after 2 years through 3 years	26,000	163
Due after 3 years through 4 years	24,300	152
Due after 4 years through 5 years	-	-

12. ASSET RETIREMENT OBLIGATIONS

(1) Outline of Asset Retirement Obligations

The Group recorded asset retirement obligations with respect to asbestos removal costs during demolition of the Company's and subsidiaries' buildings, and restoration costs based on the real estate lease contracts of their business locations, company-owned housing and others.

The Group's network, comprised mainly of post offices, is required under the Postal Services Privatization Act to be maintained without fail from the perspective of public services provision. Therefore, restoration costs based on the real estate lease contracts related to facilities essential to the said network maintenance are recorded as asset retirement obligations only when their settlements are clearly expected due to reasons such as planned contract termination.

(2) Calculation Method of Asset Retirement Obligations

The Group calculated the asset retirement obligations by estimating the period of service between 1 year and 47 years and applying discount rates ranging from 0.0% to 6.9%.

(3) Changes in Asset Retirement Obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2026**	**2025**	**2026**
Balance at the beginning of the fiscal year	¥ 24,919	¥ 26,121	$ 156
Obligations incurred due to acquisition of tangible fixed assets	788	456	5
Time progress adjustments	87	33	1
Changes in estimates	731	(12)	5
Obligations settled	(4,043)	(1,472)	(25)
Other	1,763	(207)	11
Balance at the end of the fiscal year	¥ 24,247	¥ 24,919	$ 152

(4) Changes in Estimates

In accordance with the acquisition of new information, the Group has changed the estimates of the restoration costs, etc. according to lease contracts. As a result, "Changes in estimates" of ¥731 million ($5 million) and ¥(12) million were added to the amount of asset retirement obligations for the fiscal years ended March 31, 2026, and 2025, respectively.

13. RETIREMENT BENEFITS

(1) Outline of Retirement Benefits

The Company and major consolidated subsidiaries have lump-sum severance indemnity plans as a defined benefit plan. Certain consolidated subsidiaries adopt corporate pension plans, and as part of them, use a cash balance plan.

Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations. Under the simplified method, the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligation. The charges concerning share of public service pension and share of another public service pension (as defined in Note 2(19)) are included in the Company's retirement benefit obligations.

The Company has established retirement benefit trusts for the share of public service pension. In addition, a consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity plan.

Certain consolidated subsidiaries have defined contribution pension plans. In addition, the amounts required to be contributed to the retirement pension benefit plans by the Company and certain consolidated subsidiaries based on the "Act for Partial Amendment of National Government Officials' Retirement Allowance Act, etc. for the Purposes of Reviewing Benefit Levels of the Retirement Benefits for National Government Officials" (Act No. 96 of 2012), which was introduced from October 2015 as a new type of pension subsequent to the abolition of the specified occupation portion of the mutual aid pension program, were ¥10,347 million ($65 million) and ¥10,355 million for the fiscal years ended March 31, 2026 and 2025, respectively.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2026**	**2025**	**2026**
Balance at the beginning of the fiscal year	¥ 2,322,986	¥ 2,366,299	$ 14,530
Service cost	104,097	105,014	651
Interest cost	15,677	15,768	98
Actuarial differences	(264,036)	9,170	(1,651)
Benefits paid	(185,859)	(173,337)	(1,162)
Prior service cost	(99)	(115)	(1)
Increase resulting from newly consolidated subsidiaries	14,343	-	90
Other	221	186	1
Balance at the end of the fiscal year	¥ 2,007,330	¥ 2,322,986	$ 12,555

2) Changes in plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2026**	**2025**	**2026**
Balance at the beginning of the fiscal year	¥ 361,185	¥ 386,752	$ 2,259
Expected return on plan assets	4,860	4,669	30
Actuarial differences	14,463	(6,247)	90
Contributions paid by the employer	427	254	3
Benefits paid	(22,151)	(24,242)	(139)
Increase resulting from newly consolidated subsidiaries	8,217	-	51
Other	81	-	1
Balance at the end of the fiscal year	¥ 367,085	¥ 361,185	$ 2,296

3) Balance of retirement benefit obligations, plan assets and liability (asset) for retirement benefits

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Funded retirement benefit obligations	¥ 255,687	¥ 292,254	$ 1,599
Share of public service pension	132,425	156,606	828
Share of another public service pension	107	128	1
Lump-sum severance indemnity	112,005	130,493	701
Corporate pension plan	11,147	5,026	70
Plan assets	(367,085)	(361,185)	(2,296)
Share of public service pension	(196,751)	(222,587)	(1,231)
Share of another public service pension	-	(11)	-
Lump-sum severance indemnity	(154,746)	(131,925)	(968)
Corporate pension plan	(15,587)	(6,661)	(97)
	(111,397)	(68,931)	(697)
Unfunded retirement benefit obligations	1,751,643	2,030,731	10,956
Lump-sum severance indemnity	1,751,643	2,030,731	10,956
Net liability (asset) for retirement benefits	¥ 1,640,245	¥ 1,961,800	$ 10,259
Liability for retirement benefits	¥ 1,752,204	¥ 2,030,847	$ 10,959
Asset for retirement benefits	(111,959)	(69,047)	(700)
Net liability (asset) for retirement benefits	¥ 1,640,245	¥ 1,961,800	$ 10,259

Note: Plans using the simplified method are included.

4) Retirement benefit costs

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Service cost	¥ 104,097	¥ 105,014	$ 651
Interest cost	15,677	15,768	98
Expected return on plan assets	(4,860)	(4,669)	(30)
Amortization of actuarial differences	(7,951)	(8,898)	(50)
Amortization of prior service cost	(23,276)	(17,287)	(146)
Other	2,553	(1,000)	16
Total	¥ 86,239	¥ 88,927	$ 539

5) Adjustments for retirement benefits (before income taxes and tax effect)

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Prior service cost	¥ (23,177)	¥ (17,171)	$ (145)
Actuarial differences	270,548	(24,316)	1,692
Total	¥ 247,370	¥ (41,487)	$ 1,547

6) Accumulated adjustments for retirement benefits (before income taxes and tax effect)

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Unrecognized prior service cost	¥ 38,432	¥ 61,249	$ 240
Unrecognized actuarial differences	243,644	(279)	1,524
Total	¥ 282,076	¥ 60,970	$ 1,764

7) Plan assets

March 31	2026	2025
Bonds	51%	39%
Stocks	2	1
Life insurance general account	0	0
Investment trusts	42	37
Other	5	23
Total	100%	100%

Note: The percentage of retirement benefit trusts to total plan assets was 54% as of March 31, 2026, which was set up for the Company's share of public service pension, and 62% as of March 31, 2025, which was set up for the Company's share of public service pension and share of another public service pension. In addition, the percentages to total plan assets of the retirement benefit trust established by a consolidated subsidiary for the lump-sum severance indemnity as of March 31, 2026 and 2025 were 42% and 37%, respectively.

Current and target asset allocations, current and expected returns on various categories of plan assets have been taken into consideration in determining the long-term expected rate of return on plan assets.

8) Actuarial assumptions

The principal actuarial assumptions used were as follows:

Years ended March 31	2026	2025
Discount rate	0.2% - 2.4%	0.2% - 1.9%
Long-term expected rate of return on plan assets	0.1% - 3.1%	0.1% - 3.1%

Note: The discount rates applied in the calculation of retirement benefit obligations by the Company and certain consolidated subsidiaries as of the beginning of the fiscal year ended March 31, 2026 ranged from 0.2% to 1.9%. Following a reassessment as of the end of the fiscal year, the Company determined that changes in the discount rates would have a significant impact on the amount of retirement benefit obligations and, accordingly, revised the discount rates to a range of 0.2% to 2.4%.

(3) Defined Contribution Plans

The amounts required to be contributed to the defined contribution plans by certain consolidated subsidiaries were ¥13,543 million ($85 million) and ¥12,945 million for the fiscal years ended March 31, 2026 and 2025, respectively.

14. RESERVES RELATED TO THE REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve but including ceded reinsurance policy reserve, related to the reinsurance contracts with the Japan Postal Service Organization, are provided at amounts calculated based on the statement of calculation procedures for the insurance subsidiary's insurance premiums and policy reserves. Such amount is set not to fall below the amount calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on the Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005). In addition, contingency reserve and reserve for price fluctuations are provided for this category of reinsurance.

The policy reserves, excluding contingency reserve but including ceded reinsurance policy reserve, contingency reserve and reserve for price fluctuations provided for this category of reinsurance were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Policy reserves (excluding contingency reserve but including ceded reinsurance policy reserve)	¥ 23,140,530	¥ 24,576,340	$ 144,737
Contingency reserve	937,984	915,558	5,867
Reserve for price fluctuations	530,349	581,452	3,317

15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities were as follows:

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Deferred tax assets:			
Liability for retirement benefits	¥ 620,161	¥ 727,292	$ 3,879
Policy reserves	1,004,858	1,025,316	6,285
Reserve for outstanding claims	40,540	42,760	254
Reserve for bonuses	36,694	39,029	230
Reserve for price fluctuations	194,319	225,014	1,215
Deferred losses on hedges	696,648	521,445	4,357
Tax losses carried forward *	1,111,938	1,080,500	6,955
Other	422,067	361,204	2,640
Subtotal deferred tax assets	4,127,229	4,022,563	25,815
Valuation allowance for tax losses carried forward *	(1,109,268)	(1,079,324)	(6,938)
Valuation allowance for deductible temporary differences	(680,222)	(762,966)	(4,255)
Total valuation allowance	(1,789,491)	(1,842,291)	(11,193)
Total deferred tax assets	2,337,737	2,180,271	14,622
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(1,483,979)	(969,586)	(9,282)
Unrealized gains on assets and liabilities of the consolidated subsidiaries	(9,828)	(3,158)	(61)
Other	(70,533)	(50,097)	(441)
Total deferred tax liabilities	(1,564,341)	(1,022,842)	(9,784)
Net deferred tax assets (liabilities)	¥ 773,395	¥ 1,157,429	$ 4,837

Note: Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

* Amounts of tax losses carried forward and its deferred tax assets by expiration periods were as follows:

Millions of Yen, 2026

March 31	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward[1]	¥ 8,648	¥ 226	¥ 4,780	¥ 165,378	¥ 97,577	¥ 835,325	¥ 1,111,938
Valuation allowance	(8,648)	(226)	(4,780)	(165,366)	(97,577)	(832,668)	(1,109,268)
Deferred tax assets	¥ -	¥ -	¥ -	¥ 12	¥ -	¥ 2,656	¥ 2,669

Millions of Yen, 2025

March 31	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward[1]	¥ 10,342	¥ 8,613	¥ 211	¥ 4,779	¥ 165,337	¥ 891,215	¥ 1,080,500
Valuation allowance	(10,342)	(8,613)	(211)	(4,779)	(165,295)	(890,082)	(1,079,324)
Deferred tax assets	¥ -	¥ -	¥ -	¥ -	¥ 42	¥ 1,133	¥ 1,175

Millions of U.S. Dollars, 2026

March 31	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward[1]	$ 54	$ 1	$ 30	$ 1,034	$ 610	$ 5,225	$ 6,955
Valuation allowance	(54)	(1)	(30)	(1,034)	(610)	(5,208)	(6,938)
Deferred tax assets	$ -	$ -	$ -	$ 0	$ -	$ 17	$ 17

Note:
1. Tax losses carried forward is after multiplying the statutory tax rate.

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 30.6% for the fiscal years ended March 31, 2026 and 2025, respectively.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate was as follows:

Years ended March 31	2026	2025
Statutory tax rate	30.6%	30.6%
Income not taxable for income tax purposes (e.g. non-taxable dividend income)	0.4	0.4
Changes in valuation allowance	0.6	(9.8)
Adjustment of book value of stocks of subsidiaries for consolidated tax payment system	(1.5)	(21.4)
Expired tax losses carried forward	1.0	24.4
Increase in deferred tax assets at the fiscal year-end due to change in tax rate	(0.4)	(5.6)
Other	(1.9)	2.8
Effective income tax rate	28.8%	21.4%

(Accounting for corporate tax, local corporate tax, and tax effect accounting)

The Company and some of its consolidated subsidiaries adopt the group tax sharing system. Moreover, the Group processes accounting for and presentation of corporate tax, local corporate tax, and tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

16. NET ASSETS

(1) Class and Number of Shares Authorized and Issued

Year ended March 31, 2026

	Thousands of shares			
	April 1, 2025	Increase	Decrease	March 31, 2026
Shares authorized:				
Common stock	18,000,000	-	-	18,000,000

	Thousands of shares			
	April 1, 2025	Increase	Decrease	March 31, 2026
Shares issued:				
Common stock	3,206,240	-	233,305	2,972,934

Note: The decrease of 233,305 thousand shares issued is due to the cancellation of treasury stock.

Year ended March 31, 2025

	Thousands of shares			
	April 1, 2024	Increase	Decrease	March 31, 2025
Shares authorized:				
Common stock	18,000,000	-	-	18,000,000

	Thousands of shares			
	April 1, 2024	Increase	Decrease	March 31, 2025
Shares issued:				
Common stock	3,461,049	-	254,809	3,206,240

Note: The decrease of 254,809 thousand shares issued is due to the cancellation of treasury stock.

(2) Class and Number of Shares of Treasury Stock

Year ended March 31, 2026	Thousands of shares			
	April 1, 2025[1]	Increase[2]	Decrease[2]	March 31, 2026[1]
Treasury stock:				
Common stock	234,444	165,542	233,369	166,617

Notes:
1. The number of shares of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,038 thousand shares. The number of shares of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,777 thousand shares.
2. The increase of 165,542 thousand shares of treasury stock is due to 164,740 thousand shares repurchased from August 1, 2025 to March 24, 2026 based on the resolution of the Board of Directors' meeting held on May 15, 2025, 802 thousand shares repurchased by the management board benefit trust, and the purchase of shares less than one unit of 0 thousand shares. The decrease of 233,369 thousand shares of treasury stock is due to the cancellation of treasury stock of 233,305 thousand shares, based on the resolution of the Board of Directors' meeting held on March 28, 2025, and the benefits paid of the shares of the Company by the management board benefit trust of 63 thousand shares.
3. The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors' meeting held on March 27, 2026, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2026.
   Book value: ¥249,998 million ($1,564 million)
   Class of shares to be cancelled: Common stock
   Number of shares to be cancelled: 164,740 thousand shares
   The cancellation procedures of the above treasury stock have been completed on April 10, 2026.

Year ended March 31, 2025	Thousands of shares			
	April 1, 2024[1]	Increase[2]	Decrease[2]	March 31, 2025[1]
Treasury stock:				
Common stock	255,967	233,305	254,829	234,444

Notes:
1. The number of shares of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,058 thousand shares. The number of shares of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,038 thousand shares.
2. The increase of 233,305 thousand shares of treasury stock is due to 233,305 thousand shares repurchased from May 16, 2024 to March 24, 2025 based on the resolution of the Board of Directors' meeting held on May 15, 2024 and the purchase of shares less than one unit of 0 thousand shares. The decrease of 254,829 thousand shares of treasury stock is due to the cancellation of treasury stock of 254,809 thousand shares based on the resolution of the Board of Directors' meeting held on March 27, 2024, the benefits paid of the shares of the Company by the management board benefit trust of 19 thousand shares, and the sale in response to a request for the purchase of shares less than one unit of 0 thousand shares.
3. The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors' meeting held on March 28, 2025, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2025.
   Book value: ¥349,967 million
   Class of shares to be cancelled: Common stock
   Number of shares to be cancelled: 233,305 thousand shares
   The cancellation procedures of the above treasury stock have been completed on April 11, 2025.

(3) Information on Dividends

Dividends from retained earnings require approval from the Minister for Internal Affairs and Communications pursuant to the provisions of Article 11 of the Act on Japan Post Holdings Co., Ltd.

1) Dividends paid

Dividends paid for the fiscal year ended March 31, 2026

Resolution	Class of shares	Total amount[1 and 2] (Millions of Yen)	Total amount[1 and 2] (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2025	Common stock	¥ 74,320	$ 465	¥ 25.00	$ 0.16	March 31, 2025	June 26, 2025
Board of Directors' meeting held on November 14, 2025	Common stock	¥ 71,764	$ 449	¥ 25.00	$ 0.16	September 30, 2025	December 5, 2025

Notes:
1. The total amount of dividends based on the resolution of Board of Directors' meeting held on May 15, 2025 includes dividends of ¥25 million ($0 million) for the Company's shares held by the management board benefit trust.
2. The total amount of dividends based on the resolution of Board of Directors' meeting held on November 14, 2025 includes dividends of ¥44 million ($0 million) for the Company's shares held by the management board benefit trust.

Dividends paid for the fiscal year ended March 31, 2025

Resolution	Class of shares	Total amount[1] (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2024	Common stock	¥ 80,153	¥ 25.00	March 31, 2024	June 20, 2024
Board of Directors' meeting held on November 14, 2024	Common stock	¥ 77,464	¥ 25.00	September 30, 2024	December 5, 2024

Notes:
1. The total amount of dividends based on the resolution of Board of Directors' meeting held on May 15, 2024 includes dividends of ¥26 million for the Company's shares held by the management board benefit trust.
2. The total amount of dividends based on the resolution of Board of Directors' meeting held on November 14, 2024 includes dividends of ¥25 million for the Company's shares held by the management board benefit trust.

2) Dividends whose effective date falls after the end of the fiscal year

Dividends whose effective date falls after the end of the fiscal year ended March 31, 2026

Resolution	Class of shares	Total amount[1] (Millions of Yen)	Total amount[1] (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2026	Common stock	¥ 70,202	$ 439	Retained earnings	¥ 25.00	$ 0.16	March 31, 2026	June 25, 2026

Note:
1. The total amount of dividends includes dividends of ¥44 million ($0 million) for the Company's shares held by the management board benefit trust.

17. EFFECT OF CHANGES IN DISCOUNT RATE ASSUMPTIONS

In the consolidated balance sheets, "Effect of changes in discount rate assumptions" is recorded by a foreign affiliate accounted for by the equity method which applies generally accepted accounting principles in the United States of America (Accounting Standards Update 2018-12).

18. OTHER INCOME

Other income consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2026**	**2025**	**2026**
Gains on sale of fixed assets	¥ 5,763	¥ 6,829	$ 36
Gains on negative goodwill	8,808	481	55
Reversal of reserve for price fluctuations	110,697	43,869	692
Compensation for transfer	662	763	4
Gains on sale of business	1,939	-	12
Gains on sale of stocks of subsidiaries and affiliates	2,670	-	17
Reversal of losses on transfer of business	-	802	-
Other	215,356	231,120	1,347
Total	¥ 345,897	¥ 283,865	$ 2,163

19. OTHER EXPENSES

Other expenses consisted of the following:

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Losses on sale and disposal of fixed assets	¥ 6,128	¥ 3,481	$ 38
Losses on impairment of fixed assets	8,859	2,043	55
Extra payments for early retirements	1,525	-	10
Provision for reserve for policyholder dividends[1]	143,579	96,990	898
Other	81,791	129,752	512
Total	¥ 241,883	¥ 232,269	$ 1,513

Note:
1. Provision for reserve for policyholder dividends, which is provided for the Japan Postal Service Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Japan Postal Service Organization, was ¥126,124 million ($789 million) and ¥86,029 million for the fiscal years ended March 31, 2026 and 2025, respectively.

20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) were as follows:

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ 2,315,528	¥ (797,806)	$ 14,483
Reclassification adjustments	(697,779)	(882,975)	(4,364)
Before income taxes and tax effect adjustments	1,617,749	(1,680,782)	10,119
Income taxes and tax effect	(484,044)	483,836	(3,028)
Net unrealized gains (losses) on available-for-sale securities	1,133,704	(1,196,945)	7,091
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(1,229,714)	(532,950)	(7,691)
Reclassification adjustments	673,050	695,456	4,210
Adjustments of assets' acquisition costs	(351)	(624)	(2)
Before income taxes and tax effect adjustments	(557,016)	161,881	(3,484)
Income taxes and tax effect	176,882	(38,168)	1,106
Net deferred gains (losses) on hedges	(380,133)	123,712	(2,378)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	2,404	(473)	15
Reclassification adjustments	(35)	(2,750)	(0)
Before income taxes and tax effect adjustments	2,368	(3,223)	15
Income taxes and tax effect	-	-	-
Foreign currency translation adjustments	2,368	(3,223)	15
Adjustments for retirement benefits:			
Amount arising during the fiscal year	278,599	(15,303)	1,743
Reclassification adjustments	(31,228)	(26,184)	(195)
Before income taxes and tax effect adjustments	247,370	(41,487)	1,547
Income taxes and tax effect	(16,908)	1,465	(106)
Adjustments for retirement benefits	230,461	(40,021)	1,441
Share of other comprehensive income of affiliates:			
Amount arising during the fiscal year	63,216	84,059	395
Reclassification adjustments	(868)	-	(5)
Share of other comprehensive income of affiliates	62,348	84,059	390
Total other comprehensive income (loss)	¥ 1,048,748	¥ (1,032,419)	$ 6,560

21. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

The Group is required to manage financial assets and financial liabilities owned by the banking subsidiary and insurance subsidiary in order to avoid the negative impact on the stability of their financial results resulting from the volatility due to future interest rate fluctuation and foreign exchange fluctuation since these assets and liabilities are generally subject to changes in value due to fluctuations in the market.

For this purpose, both companies endeavor to properly manage return and risk by using an asset liability management (ALM) framework, under which the companies enter into derivative transactions such as interest rate swaps, currency swaps and forward foreign exchange.

Derivative transactions are identified as a key hedging method against interest rate fluctuation risk and foreign exchange fluctuation risk to our investment assets.

In addition, from the viewpoint of increasing profitability, both companies also work to invest in risk assets within an acceptable range while at the same time strengthening their risk management structures.

(2) Features and Risks of Financial Instruments

In the Group, financial assets owned by the banking subsidiary and insurance subsidiary consist mainly of securities such as domestic and foreign bonds, in particular Japanese government bonds, loans, stock investments through money held in trust and others. Such financial assets are exposed to risks including the credit risk of their issuing bodies, interest rate fluctuation risk and market price fluctuation risk.

From an ALM viewpoint, interest rate swaps are used as a means of hedging future economic value fluctuation risk and interest rate risk of securities, loans, fixed term deposits and others for interest rate-related transactions.

For currency-related transactions, currency swaps and forward foreign exchange are used as a means of hedging foreign exchange fluctuation risk in connection with the translation of foreign currency-denominated assets held by the banking subsidiary and insurance subsidiary and related Japanese yen translation amounts of redemption of principal and interest.

In hedging risk using derivative transactions, the Group applies hedge accounting for transactions meeting certain prescribed requirements in order to limit impacts on financial results.

(3) Risk Management Framework for Financial Instruments

The Group has a basic policy for group risk management whereby basic principles regarding risk management as well as basic matters for which compliance is mandatory for risk management including risk categories to be managed by Group companies are prescribed, and risk management is carried out on a group basis.

The status of the risk management at each company is periodically reported to the management meeting at which the Group's risk management policies and risk management structures are discussed.

For risks such as market risk, credit risk and other types of risk, each company identifies risks that can be quantified and then uses value at risk (VaR), a measure of the maximum expected loss that could occur due to events with a certain probability, and other methods to measure these risks. The Company manages risk by confirming that the amount of risk measured at each of these two companies is kept within each company's equity capital.

1) Credit risk management

The banking subsidiary and insurance subsidiary use the VaR method to quantify and manage credit risk exposure, in accordance with the respective rules of the companies on credit risk management. Moreover, to control credit concentration risk, the companies provide credit limits and other criteria for individual companies and corporate groups and supervise these limits during each fiscal year.

2) Management of market risk

A) Banking subsidiary

The banking subsidiary invests in domestic and foreign bonds, stocks and others based on the policy related with ALM as a banking business, and these are affected by fluctuations in interest rates, foreign exchange, stock price and others. Therefore the banking subsidiary quantitatively measures market risk using VaR, which is a statistical method, based on its market risk management regulations, and monitors and manages risk by setting limits for market risk and loss so that the amount of market risk is kept within an appropriate amount of capital allocation, as determined by taking into account the amount of the company's equity capital.

The major financial instruments affected by fluctuations in risk variables (interest rates, foreign exchange and stock prices) related to major market risks are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The banking subsidiary uses the historical simulation method (holding period — 240 business days (equivalent to 1 year); one-sided confidence interval — 99%; and observation period — 1,200 business days (equivalent to 5 years)). An internal model is used for measurement for liabilities. The amount of the market risk (estimated loss) as a whole was ¥2,965,155 million ($18,546 million) and ¥3,557,257 million as of March 31, 2026 and 2025, respectively. The VaR measures the market risk quantity at a certain probability calculated statistically based on past market fluctuations, and accordingly, it may not be able to capture the risk under certain abnormal market. In order to avoid such risk, sensitivity testing is implemented using various scenarios.

Matters related to the design and operation of market risk management structures, and implementation of market risk management are reported and discussed regularly at the risk management committee, ALM committee, and management meeting.

In addition, taking into account features of assets mainly invested in market products, and liabilities with mainly deposits, and recognizing the importance of interest rate risk sufficiently, the banking subsidiary implements interest rate risk management using a multifaceted approach, whereby profit or loss simulations are carried out based on various scenarios using ALM, and risks are managed.

The policy related with ALM is discussed and determined at the management meeting, and the status of the implementation is reported to the ALM committee and management meeting.

With respect to derivative transactions, the banking subsidiary has created separate departments for the execution of transactions, assessment of hedge effectiveness, and administration, and has established an internal control system, in accordance with its derivative transaction regulations.

B) Insurance subsidiary

Market risk of the insurance subsidiary is the risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates, and stock prices. Interest rate risk, which is a type of the market risk, is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in Japanese yen and insurance liabilities due to fluctuations in Japanese yen interest rates, and the risk arises because the insurance subsidiary has a certain limit in matching assets with liabilities, as an insurance company with a mission to offer universal service products including endowment insurance and whole life insurance.

Among the company-wide risks including the market risk, the insurance subsidiary identifies those that can be quantified and manages the company-wide risks by comparing the capital amount and the company-wide integrated risk amount calculated based on the amount of quantified risks.

3) Management of liquidity risk related to fund raising activities

The banking subsidiary and insurance subsidiary manage liquidity risk related to fund raising activities through the establishment of indexes of fund raising, etc.

(4) Additional Notes Concerning the Fair Value of Financial Instruments

In calculating the fair value of a financial instrument, certain premises and assumptions are adopted, and the use of different premises and assumptions may lead to changes in pricing.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them were as follows.

Stocks and other securities without market prices and investments in partnerships are not included in the table below (see Note 1 below).

Notes regarding cash and due from banks, call loans, receivables under resale agreements, payables under repurchase agreements and payables under securities lending transactions have been omitted, as these instruments are settled over a short term, and their carrying amounts approximate their fair values.

March 31	Millions of Yen 2026 Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	¥ 539,146	¥ 539,146	¥ -
2) Trading account securities			
Trading securities	214	214	-
3) Money held in trust[1]	10,190,074	10,190,074	-
4) Securities			
Held-to-maturity bonds	83,161,276	74,287,846	(8,873,430)
Policy-reserve-matching bonds	7,001,851	5,902,104	(1,099,747)
Stock of subsidiaries and affiliates	603,087	912,931	309,843
Available-for-sale securities[1]	100,050,523	100,050,523	-
5) Loans	6,434,130		
Reserve for possible loan losses[2]	(652)		
	6,433,478	6,177,978	(255,500)
Total	¥ 207,979,652	¥ 198,060,818	¥ (9,918,833)
1) Deposits	184,652,065	184,195,393	(456,672)
2) Borrowed money	3,209,411	3,204,398	(5,013)
3) Bonds	585,300	546,536	(38,763)
Total	¥ 188,446,776	¥ 187,946,328	¥ (500,448)
Derivative transactions[3]			
Hedge accounting not applied	¥ (145,272)	¥ (145,272)	¥ -
Hedge accounting applied	(2,400,863)	(2,400,863)	-
Total derivative transactions	¥ (2,546,136)	¥ (2,546,136)	¥ -

March 31	Millions of Yen 2025 Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	¥ 616,954	¥ 616,954	¥ -
2) Trading account securities			
Trading securities	224	224	-
3) Money held in trust[1]	8,431,639	8,431,639	-
4) Securities			
Held-to-maturity bonds	76,595,196	72,477,203	(4,117,992)
Policy-reserve-matching bonds	7,243,771	6,522,343	(721,427)
Stock of subsidiaries and affiliates	520,635	870,960	350,324
Available-for-sale securities[1]	106,184,851	106,184,851	-
5) Loans	5,584,046		
Reserve for possible loan losses[2]	(510)		
	5,583,536	5,436,977	(146,559)
Total	¥ 205,176,810	¥ 200,541,155	¥ (4,635,654)
1) Deposits	188,137,589	187,661,287	(476,301)
2) Borrowed money	2,832,835	2,825,386	(7,449)
3) Bonds	585,300	559,266	(26,033)
Total	¥ 191,555,724	¥ 191,045,940	¥ (509,784)
Derivative transactions[3]			
Hedge accounting not applied	¥ (62,717)	¥ (62,717)	¥ -
Hedge accounting applied	(1,777,501)	(1,777,501)	-
Total derivative transactions	¥ (1,840,219)	¥ (1,840,219)	¥ -

March 31	Millions of U.S. Dollars 2026 Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	$ 3,372	$ 3,372	$ -
2) Trading account securities			
Trading securities	1	1	-
3) Money held in trust[1]	63,736	63,736	-
4) Securities			
Held-to-maturity bonds	520,148	464,648	(55,501)
Policy-reserve-matching bonds	43,794	36,916	(6,879)
Stock of subsidiaries and affiliates	3,772	5,710	1,938
Available-for-sale securities[1]	625,785	625,785	-
5) Loans	40,243		
Reserve for possible loan losses[2]	(4)		
	40,239	38,641	(1,598)
Total	$ 1,300,848	$ 1,238,809	$ (62,039)
1) Deposits	1,154,942	1,152,085	(2,856)
2) Borrowed money	20,074	20,043	(31)
3) Bonds	3,661	3,418	(242)
Total	$ 1,178,676	$ 1,175,546	$ (3,130)
Derivative transactions[3]			
Hedge accounting not applied	$ (909)	$ (909)	$ -
Hedge accounting applied	(15,017)	(15,017)	-
Total derivative transactions	$ (15,925)	$ (15,925)	$ -

Notes:
1. Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are included.
2. General reserve for possible loan losses and specific reserve for possible loan losses corresponding to loans have been deducted.
3. Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.
   As of March 31, 2026, derivatives subject to the exceptional treatment for interest rate swaps or the allocation method for forward foreign exchange, etc. which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged securities. Therefore, their fair values are included in the relevant securities.
   As of March 31, 2025, derivatives subject to the allocation method for forward foreign exchange, etc. which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged securities. Therefore, their fair values are included in the relevant securities.

Note 1: Amounts carried on the consolidated balance sheets for stocks and other securities without market prices and investments in partnerships are as shown below; they are not included in "Assets 3) Money held in trust" and "Assets 4) Securities" under information concerning fair values of financial instruments.

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Money held in trust[1 and 2]	¥ 4,072,592	¥ 3,750,364	$ 25,473
Securities			
Unlisted stocks[1]	322,575	149,130	2,018
Investments in partnerships[2]	301,102	244,782	1,883
Total[3]	¥ 4,696,270	¥ 4,144,277	$ 29,374

Notes:
1. In accordance with the provisions of Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), unlisted stocks, etc. are not included in the scope of fair value disclosures.
2. In accordance with the provisions of Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), investments in partnerships are not included in the scope of fair value disclosures.
3. Impairment losses of ¥1,261 million ($8 million) and ¥716 million were recognized for the fiscal years ended March 31, 2026 and 2025, respectively.

Note 2: Redemption schedule of monetary claims and securities with maturities were as follows:

	Millions of Yen					
	2026					
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Monetary claims bought	¥ 11,039	¥ 17,744	¥ 18,438	¥ 102,052	¥ 149,111	¥ 264,535
Securities	10,919,899	22,650,052	16,913,645	10,626,299	29,277,776	51,243,392
Held-to-maturity bonds	4,313,827	11,305,477	8,724,106	5,991,252	22,796,321	30,438,884
Japanese government bonds	1,293,600	5,032,300	3,673,000	3,200,900	19,935,900	25,886,200
Japanese local government bonds	739,162	1,436,938	1,591,288	1,058,533	1,051,052	625,071
Japanese corporate bonds	941,629	2,180,252	1,488,181	717,620	911,320	2,121,055
Other	1,339,436	2,655,986	1,971,637	1,014,199	898,048	1,806,558
Policy-reserve-matching bonds	261,100	573,900	948,800	818,600	469,400	4,172,488
Japanese government bonds	260,800	528,800	772,200	624,900	145,800	3,318,000
Japanese local government bonds	300	-	-	67,200	19,700	273,288
Japanese corporate bonds	-	45,100	176,600	126,500	283,900	581,200
Other	-	-	-	-	20,000	-
Available-for-sale securities with maturities	6,344,972	10,770,675	7,240,739	3,816,447	6,012,055	16,632,019
Japanese government bonds	376,436	679,261	1,538,964	561,707	1,330,801	9,620,400
Japanese local government bonds	227,416	304,695	28,490	2,200	22,496	111,638
Japanese short-term corporate bonds	824,000	-	-	-	-	-
Japanese corporate bonds	511,950	926,720	716,602	369,523	175,082	997,090
Other	4,405,169	8,859,997	4,956,682	2,883,016	4,483,674	5,902,891
Loans[1]	2,805,600	1,200,671	937,620	603,526	383,608	500,932
Total	¥ 13,736,539	¥ 23,868,468	¥ 17,869,704	¥ 11,331,878	¥ 29,810,496	¥ 52,008,859

	Millions of Yen					
	2025					
March 31	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Monetary claims bought	¥ 11,022	¥ 26,155	¥ 52,385	¥ 59,669	¥ 208,925	¥ 270,087
Securities	11,974,586	20,172,129	19,463,143	12,492,322	23,463,632	51,098,992
Held-to-maturity bonds	3,476,575	9,906,520	9,123,650	6,611,288	17,487,402	30,095,611
Japanese government bonds	1,581,600	3,666,700	4,367,200	3,769,500	14,535,100	25,977,500
Japanese local government bonds	552,838	1,453,476	1,356,432	1,246,812	970,065	634,956
Japanese corporate bonds	667,038	2,022,004	1,707,960	749,334	828,660	1,891,688
Other	675,099	2,764,339	1,692,057	845,641	1,153,576	1,591,466
Policy-reserve-matching bonds	117,300	187,900	1,311,700	911,800	612,900	4,031,775
Japanese government bonds	80,300	170,800	1,213,700	685,700	301,200	2,897,600
Japanese local government bonds	800	300	-	60,000	25,900	276,975
Japanese corporate bonds	36,200	16,800	98,000	166,100	265,800	857,200
Other	-	-	-	-	20,000	-
Available-for-sale securities with maturities	8,380,711	10,077,709	9,027,793	4,969,234	5,363,329	16,971,605
Japanese government bonds	4,422,937	694,857	899,909	1,216,894	931,884	10,109,900
Japanese local government bonds	348,809	588,894	90,848	-	22,861	121,216
Japanese short-term corporate bonds	769,000	-	-	-	-	-
Japanese corporate bonds	703,020	1,080,050	717,102	623,113	275,839	1,079,940
Other	2,136,944	7,713,907	7,319,934	3,129,226	4,132,743	5,660,548
Loans[1]	1,514,622	1,245,653	1,022,834	696,999	507,453	593,870
Total	¥ 13,500,232	¥ 21,443,938	¥ 20,538,364	¥ 13,248,991	¥ 24,180,011	¥ 51,962,950

March 31	Millions of U.S. Dollars 2026 Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Monetary claims bought	$ 69	$ 111	$ 115	$ 638	$ 933	$ 1,655
Securities	68,301	141,669	105,790	66,464	183,123	320,512
Held-to-maturity bonds	26,982	70,712	54,567	37,473	142,584	190,386
Japanese government bonds	8,091	31,475	22,973	20,021	124,693	161,910
Japanese local government bonds	4,623	8,988	9,953	6,621	6,574	3,910
Japanese corporate bonds	5,890	13,637	9,308	4,488	5,700	13,267
Other	8,378	16,612	12,332	6,344	5,617	11,299
Policy-reserve-matching bonds	1,633	3,590	5,934	5,120	2,936	26,098
Japanese government bonds	1,631	3,307	4,830	3,909	912	20,753
Japanese local government bonds	2	-	-	420	123	1,709
Japanese corporate bonds	-	282	1,105	791	1,776	3,635
Other	-	-	-	-	125	-
Available-for-sale securities with maturities	39,686	67,367	45,289	23,871	37,604	104,028
Japanese government bonds	2,354	4,249	9,626	3,513	8,324	60,173
Japanese local government bonds	1,422	1,906	178	14	141	698
Japanese short-term corporate bonds	5,154	-	-	-	-	-
Japanese corporate bonds	3,202	5,796	4,482	2,311	1,095	6,236
Other	27,553	55,417	31,003	18,032	28,044	36,921
Loans[1]	17,548	7,510	5,865	3,775	2,399	3,133
Total	$ 85,918	$ 149,290	$ 111,769	$ 70,877	$ 186,455	$ 325,299

Note:
1. Loans do not include ¥0 million ($0 million) and ¥0 million of claims whose redemption schedules are not expected, such as claims against bankrupt obligors, substantially bankrupt obligors and doubtful borrowers as of March 31, 2026 and 2025, respectively.

Note 3: Redemption schedule of deposits, borrowed money and bonds were as follows:

March 31	Millions of Yen 2026 Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits[1]	¥ 134,142,148	¥ 12,983,176	¥ 11,020,790	¥ 4,556,309	¥ 21,949,639	¥ -
Borrowed money	1,680,447	1,394,949	71,812	60,100	2,101	-
Bonds	-	41,000	24,300	15,000	-	505,000
Total	¥ 135,822,596	¥ 14,419,126	¥ 11,116,903	¥ 4,631,409	¥ 21,951,740	¥ 505,000

March 31	Millions of Yen 2025 Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits[1]	¥ 133,922,930	¥ 14,308,382	¥ 15,671,940	¥ 9,137,404	¥ 15,096,931	¥ -
Borrowed money	1,314,552	1,365,597	86,511	63,801	1,814	558
Bonds	-	15,000	50,300	-	15,000	505,000
Total	¥ 135,237,482	¥ 15,688,980	¥ 15,808,752	¥ 9,201,205	¥ 15,113,745	¥ 505,558

March 31	Millions of U.S. Dollars 2026 Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits[1]	$ 839,018	$ 81,206	$ 68,932	$ 28,498	$ 137,288	$ -
Borrowed money	10,511	8,725	449	376	13	-
Bonds	-	256	152	94	-	3,159
Total	$ 849,528	$ 90,187	$ 69,533	$ 28,968	$ 137,301	$ 3,159

Note:
1. Demand deposits are included in “Within 1 year.”

(6) Fair Value Information of Financial Instruments by Level of Inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: The fair value measured by quoted prices of identical assets or liabilities in active markets.
Level 2 fair value: The fair value measured using observable inputs other than Level 1.
Level 3 fair value: The fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Group classifies fair values into a category to which the lowest priority is assigned.

1) Financial assets and financial liabilities measured at fair value

	Millions of Yen			
	2026			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ 9,981	¥ 529,164	¥ 539,146
Money held in trust[1]	7,068,786	791,138	-	7,859,925
Trading account securities and securities				
Trading securities				
Japanese government bonds	214	-	-	214
Available-for-sale securities				
Stocks	929,750	-	-	929,750
Japanese government bonds	11,297,592	133,884	-	11,431,476
Japanese local government bonds	-	650,375	16,918	667,294
Japanese short-term corporate bonds	-	823,599	-	823,599
Japanese corporate bonds	-	3,424,957	-	3,424,957
Other	12,487,778	60,957,873	270,138	73,715,790
Of which: foreign bonds	12,478,062	8,608,992	91,212	21,178,267
Of which: investment trusts[1]	9,716	52,333,874	-	52,343,591
Total assets	¥ 31,784,122	¥ 66,791,810	¥ 816,222	¥ 99,392,155
Derivative transactions[2]				
Interest rate-related derivatives	¥ -	¥ 97,962	¥ -	¥ 97,962
Currency-related derivatives	-	(2,644,099)	-	(2,644,099)
Total derivative transactions	¥ -	¥ (2,546,136)	¥ -	¥ (2,546,136)

	Millions of Yen			
	2025			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ 9,988	¥ 606,966	¥ 616,954
Money held in trust[1]	5,692,565	743,553	-	6,436,118
Trading account securities and securities				
Trading securities				
Japanese government bonds	224	-	-	224
Available-for-sale securities				
Stocks	684,276	-	-	684,276
Japanese government bonds	16,386,756	123,211	-	16,509,967
Japanese local government bonds	-	1,128,220	19,262	1,147,482
Japanese short-term corporate bonds	-	768,705	-	768,705
Japanese corporate bonds	-	4,310,225	-	4,310,225
Other	12,291,400	62,383,231	165,253	74,839,886
Of which: foreign bonds	12,291,400	8,525,668	95,315	20,912,384
Of which: investment trusts[1]	-	53,842,563	-	53,842,563
Total assets	¥ 35,055,223	¥ 69,467,136	¥ 791,482	¥ 105,313,842
Derivative transactions[2]				
Interest rate-related derivatives	¥ -	¥ 23,241	¥ -	¥ 23,241
Currency-related derivatives	-	(1,863,460)	-	(1,863,460)
Total derivative transactions	¥ -	¥ (1,840,219)	¥ -	¥ (1,840,219)

March 31	Millions of U.S. Dollars 2026 Fair value Level 1	Level 2	Level 3	Total
Monetary claims bought	$ -	$ 62	$ 3,310	$ 3,372
Money held in trust[1]	44,213	4,948	-	49,161
Trading account securities and securities				
Trading securities				
Japanese government bonds	1	-	-	1
Available-for-sale securities				
Stocks	5,815	-	-	5,815
Japanese government bonds	70,663	837	-	71,500
Japanese local government bonds	-	4,068	106	4,174
Japanese short-term corporate bonds	-	5,151	-	5,151
Japanese corporate bonds	-	21,422	-	21,422
Other	78,107	381,273	1,690	461,069
Of which: foreign bonds	78,046	53,847	571	132,464
Of which: investment trusts[1]	61	327,332	-	327,393
Total assets	$ 198,800	$ 417,762	$ 5,105	$ 621,667
Derivative transactions[2]				
Interest rate-related derivatives	$ -	$ 613	$ -	$ 613
Currency-related derivatives	-	(16,538)	-	(16,538)
Total derivative transactions	$ -	$ (15,925)	$ -	$ (15,925)

Notes:

1. Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included. The consolidated balance sheet amounts of investment trusts that apply the treatment of Paragraph 24-3 were ¥10,453,090 million ($65,381 million) and ¥9,145,738 million, and the consolidated balance sheet amounts of investment trusts that apply the treatment of Paragraph 24-9 was ¥399,398 million ($2,498 million) and ¥366,198 million as of March 31, 2026 and 2025, respectively.
2. Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

2) Financial assets and financial liabilities not measured at fair value

	Millions of Yen			
	2026			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	¥ -	¥ 535,313	¥ -	¥ 535,313
Securities				
Held-to-maturity bonds				
Japanese government bonds	51,290,781	-	-	51,290,781
Japanese local government bonds	-	6,061,867	2,563	6,064,430
Japanese corporate bonds	-	7,566,271	-	7,566,271
Other	3,496,120	5,870,241	-	9,366,362
Policy-reserve-matching bonds				
Japanese government bonds	4,602,622	-	-	4,602,622
Japanese local government bonds	-	272,203	17,125	289,329
Japanese corporate bonds	-	992,024	-	992,024
Other	-	18,127	-	18,127
Stock of subsidiaries and affiliates				
Stocks	912,931	-	-	912,931
Loans	-	-	6,177,978	6,177,978
Total assets	¥ 60,302,456	¥ 21,316,050	¥ 6,197,667	¥ 87,816,174
Deposits	¥ -	¥ 184,195,393	¥ -	¥ 184,195,393
Borrowed money	-	3,204,398	-	3,204,398
Bonds	-	546,536	-	546,536
Total liabilities	¥ -	¥ 187,946,328	¥ -	¥ 187,946,328

	Millions of Yen			
	2025			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	¥ -	¥ 407,890	¥ -	¥ 407,890
Securities				
Held-to-maturity bonds				
Japanese government bonds	50,531,818	-	-	50,531,818
Japanese local government bonds	-	5,976,001	3,016	5,979,018
Japanese corporate bonds	-	7,427,740	-	7,427,740
Other	3,590,691	4,947,934	-	8,538,625
Policy-reserve-matching bonds				
Japanese government bonds	4,978,481	-	-	4,978,481
Japanese local government bonds	-	301,246	20,010	321,257
Japanese corporate bonds	-	1,203,637	-	1,203,637
Other	-	18,967	-	18,967
Stock of subsidiaries and affiliates				
Stocks	870,960	-	-	870,960
Loans	-	-	5,436,977	5,436,977
Total assets	¥ 59,971,951	¥ 20,283,419	¥ 5,460,005	¥ 85,715,376
Deposits	¥ -	¥ 187,661,287	¥ -	¥ 187,661,287
Borrowed money	-	2,825,386	-	2,825,386
Bonds	-	559,266	-	559,266
Total liabilities	¥ -	¥ 191,045,940	¥ -	¥ 191,045,940

	Millions of U.S. Dollars			
	2026			
	Fair value			
March 31	**Level 1**	**Level 2**	**Level 3**	**Total**
Money held in trust	$ -	$ 3,348	$ -	$ 3,348
Securities				
Held-to-maturity bonds				
Japanese government bonds	320,808	-	-	320,808
Japanese local government bonds	-	37,915	16	37,931
Japanese corporate bonds	-	47,325	-	47,325
Other	21,867	36,717	-	58,584
Policy-reserve-matching bonds				
Japanese government bonds	28,788	-	-	28,788
Japanese local government bonds	-	1,703	107	1,810
Japanese corporate bonds	-	6,205	-	6,205
Other	-	113	-	113
Stock of subsidiaries and affiliates				
Stocks	5,710	-	-	5,710
Loans	-	-	38,641	38,641
Total assets	$ 377,173	$ 133,325	$ 38,764	$ 549,263
Deposits	$ -	$ 1,152,085	$ -	$ 1,152,085
Borrowed money	-	20,043	-	20,043
Bonds	-	3,418	-	3,418
Total liabilities	$ -	$ 1,175,546	$ -	$ 1,175,546

Note 1: A description of the valuation techniques and inputs used in the fair value measurements

Assets

Monetary claims bought

The fair value of monetary claims bought is based on pricing offered by the broker and other third parties, and is classified primarily into Level 3 fair value.

Money held in trust

For securities representing trust assets in money held in trust, the fair value of stocks and investment trusts with market prices is based on the price on the stock exchange, and the fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association. These are classified primarily into Level 1 fair value. The fair value of investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as Level 2.

Notes to money held in trust by categories based on holding purposes are provided in Note 4 (4) "Money Held in Trust."

Trading account securities

The fair value of trading account securities is based on the purchase price of the Bank of Japan, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

Securities

The fair value of stocks and of investment trusts with market prices is based on the price on the stock exchange, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

The fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the amount calculated using the comparable price method or the price provided by a third party such as a vendor or a broker.

For bonds whose fair value is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association or the amount calculated using the comparable price method and other criteria, principally, the fair value of Japanese government bonds and Japanese treasury discount bills is classified into Level 1 fair value, and that of other bonds is classified into Level 2 fair value. In addition, the fair value of bonds whose fair value is based on the price provided by a third party such as a vendor or a broker is classified into Level 1, Level 2 or Level 3 fair value depending on whether the obtained prices and inputs and other indicators used in the pricing are observable in markets.

The fair value of bonds subject to the exceptional treatment for interest rate swaps or the allocation method for forward foreign exchange, etc. reflects the fair value of the relevant interest rate swaps or forward foreign exchange, etc.

The fair value of investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as Level 2.

Notes to securities by categories considering holding purposes are provided in Note 4 (3) "Fair Value Information on Securities and Policy-Reserve-Matching Bonds."

Loans

For loans with variable interest rates, which follow market interest rates only over the short term, book value approximates fair value provided the obligor's credit standing has not significantly changed after the transaction. In such cases, book value serves as fair value. For loans with fixed interest rates, fair value is considered a net discounted present value of future cash flows, etc.

For loans that are limited to within a designated percentage of the amount of pledged assets, book values are used as fair values, because their fair values approximate book values based on the loan terms and conditions.

The fair value of these loans is classified into Level 3 fair value.

<u>Liabilities</u>

Deposits

For demand deposits such as transfer deposits and ordinary deposits, the payment amount (book value) if demanded on the consolidated balance sheet date is deemed to be the fair value of such demand deposits, and the fair value is classified into Level 2 fair value.

For time deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, following a division into certain periods, and fair value is classified into Level 2 fair value.

For fixed deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, which reflect an early cancellation rate calculated using historical results, following a division into certain periods. The fair value is classified into Level 2 fair value if the effect of unobservable inputs is immaterial, and into Level 3 fair value if significant unobservable inputs are used.

The interest rates applicable to new savings are used as the discount rates of time deposits and fixed deposits.

Borrowed money

For borrowed money with variable interest rates, fair value approximates book value since it follows market interest rates only over the short term and the credit standing of the Company and its subsidiaries has not changed significantly after the transaction, therefore book value serves as fair value. For borrowed money with fixed interest rates, fair value is determined based on the present value calculated by discounting the total amount of principal and interest of the borrowed money classified by a certain period, by an interest rate assumed for a new borrowing under the same terms and conditions. For borrowed money for which the contract period is short (within a year), fair value approximates book value, which is therefore used as fair value.

The fair value of borrowed money is classified into Level 2 fair value.

Bonds

The fair value of bonds issued by the Company and its consolidated subsidiaries is based on the publicly released quoted price, etc., and is classified into Level 2 fair value.

Derivative transactions

For derivative transactions that unadjusted quoted prices in active markets are available, fair value is classified into Level 1 fair value.

However, as most of the derivative transactions are over-the-counter transactions and there is no publicly released quoted price, valuation techniques such as the discounted present value method are used to calculate fair value depending on the type of transaction and the period to maturity. The main inputs used in these techniques are interest rates and foreign exchange rates. In case where unobservable inputs are not used or their effects are immaterial, the fair value of derivative transactions is classified into Level 2 fair value, such as for plain vanilla interest rate swaps and forward foreign exchange. In case where significant unobservable inputs are used, the item is classified into Level 3 fair value.

Note 2: Information about Level 3 fair value of financial assets and financial liabilities measured at fair value is as follows:

A) Quantitative information on significant unobservable inputs

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs as of March 31, 2026 and 2025.

B) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year and gain (loss) on valuation recognized as gain (loss) for the fiscal year

	Millions of Yen							
	2026							
		Gain (loss) or other comprehensive income in the fiscal year						
	Balance at the beginning of fiscal year	Recorded as gain (loss)[1]	Recorded in other comprehensive income[2]	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet[1]
Monetary claims bought	¥ 606,966	¥ 90	¥ (11,441)	¥ (66,450)	¥ -	¥ -	¥ 529,164	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	19,262	-	(1,337)	(1,006)	-	-	16,918	-
Other	165,253	641	(1,672)	105,915	-	-	270,138	-
Of which: foreign bonds	95,315	641	(1,384)	(3,359)	-	-	91,212	-

	Millions of Yen							
	2025							
		Gain (loss) or other comprehensive income in the fiscal year						
	Balance at the beginning of fiscal year	Recorded as gain (loss)[1]	Recorded in other comprehensive income[2]	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet[1]
Monetary claims bought	¥ 531,000	¥ (6)	¥ (6,506)	¥ 82,479	¥ -	¥ -	¥ 606,966	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	21,591	-	(1,322)	(1,006)	-	-	19,262	-
Other	117,298	(662)	(2,066)	50,684	-	-	165,253	(1,664)
Of which: foreign bonds	106,945	(662)	(1,856)	(9,111)	-	-	95,315	(1,664)

	Millions of U.S. Dollars							
	2026							
		Gain (loss) or other comprehensive income in the fiscal year						
	Balance at the beginning of fiscal year	Recorded as gain (loss)[1]	Recorded in other comprehensive income[2]	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet[1]
Monetary claims bought	$ 3,796	$ 1	$ (72)	$ (416)	$ -	$ -	$ 3,310	$ -
Securities								
Available-for-sale securities								
Japanese local government bonds	120	-	(8)	(6)	-	-	106	-
Other	1,034	4	(10)	662	-	-	1,690	-
Of which: foreign bonds	596	4	(9)	(21)	-	-	571	-

Notes:
1. Included mainly in “Banking business income,” “Life insurance business income” and “Operating expenses” in the consolidated statements of income.
2. Included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income” in the consolidated statements of comprehensive income.

C) A description of valuation processes used for fair value measurements

The fair value verification department of the banking subsidiary has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. A fair value verification department independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs and classifies them into levels of the fair value hierarchy. The results of the verification are reported to the ALM committee to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, the banking subsidiary uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the banking subsidiary verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

The fair value measurement division of the insurance subsidiary has established policies and procedures for measuring fair value, measures fair value, and determines its level in the fair value hierarchy. The risk management division of the insurance subsidiary has established verification procedures for measuring fair value of financial instruments. If quoted prices obtained from a third party are used, the division verifies the validity of prices using appropriate methods such as confirmation of the valuation techniques and inputs used, and comparison with fair value of similar financial instruments. Thus, the insurance subsidiary ensures that the fair value measurement of financial instruments and other matters are appropriate.

D) A narrative description of sensitivity of the fair value measurement to changes in significant unobservable inputs

This information is not presented because the Company’s consolidated subsidiaries do not estimate unobservable inputs.

Note 3: Information on investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is as follows:

A) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-3

Millions of Yen
2026

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year: Recorded as gain (loss)[1]	Gain (loss) or other comprehensive income in the fiscal year: Recorded in other comprehensive income[2]	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
¥ 9,145,738	¥ 96,810	¥ 453,848	¥ 756,693	¥ -	¥ -	¥ 10,453,090	¥ -

Millions of Yen
2025

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year: Recorded as gain (loss)[1]	Gain (loss) or other comprehensive income in the fiscal year: Recorded in other comprehensive income[2]	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
¥ 8,183,667	¥ 82,647	¥ (18,716)	¥ 898,140	¥ -	¥ -	¥ 9,145,738	¥ -

Millions of U.S. Dollars
2026

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year: Recorded as gain (loss)[1]	Gain (loss) or other comprehensive income in the fiscal year: Recorded in other comprehensive income[2]	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
$ 57,204	$ 606	$ 2,839	$ 4,733	$ -	$ -	$ 65,381	$ -

Notes:

1. Included mainly in "Banking business income" in the consolidated statements of income.
2. Included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

B) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-9

Millions of Yen
2026

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year: Recorded as gain (loss)[1]	Gain (loss) or other comprehensive income in the fiscal year: Recorded in other comprehensive income[2]	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
¥ 366,198	¥ 1,204	¥ 15,784	¥ 16,211	¥ -	¥ -	¥ 399,398	¥ -

Millions of Yen
2025

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year: Recorded as gain (loss)[1]	Gain (loss) or other comprehensive income in the fiscal year: Recorded in other comprehensive income[2]	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
¥ 341,618	¥ 1,492	¥ (2,003)	¥ 25,090	¥ -	¥ -	¥ 366,198	¥ -

Millions of U.S. Dollars							
2026							
	Gain (loss) or other comprehensive income in the fiscal year						
Balance at the beginning of the fiscal year	Recorded as gain (loss)[1]	Recorded in other comprehensive income[2]	Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
$ 2,290	$ 8	$ 99	$ 101	$ -	$ -	$ 2,498	$ -

Notes:
1. Included mainly in "Banking business income" in the consolidated statements of income.
2. Included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.

C) Breakdown by the content of the restrictions regarding cancellation or repurchase requests on the last day of the fiscal period

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Investment trusts that require a certain period of time for cancellation, etc.	¥ 10,453,090	¥ 9,145,738	$ 65,381

22. DERIVATIVE TRANSACTIONS

(1) Derivative Transactions to Which the Hedge Accounting Method Is Not Applied

The following tables set forth the contract amount or the amount equivalent to the principal, fair value and valuation gains (losses) at the end of the fiscal year by transaction type with respect to derivative transactions to which the hedge accounting method is not applied. Contract amount does not indicate the market risk related to derivative transactions.

1) Currency-related derivatives

	Millions of Yen			
	2026			
	Contract amount			
March 31	Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	¥ 1,842,970	¥ 981,700	¥ (145,114)	¥ (145,114)
Forward foreign exchange:				
Sold	70,491	-	(285)	(285)
Bought	233,675	-	127	127
Currency options				
Sold	-	-	-	-
Bought	-	-	-	-
Total			¥ (145,272)	¥ (145,272)

	Millions of Yen			
	2025			
	Contract amount			
March 31	Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	¥ 2,038,164	¥ 1,294,354	¥ (61,642)	¥ (61,642)
Forward foreign exchange:				
Sold	85,930	-	(1,034)	(1,034)
Bought	325,714	-	(43)	(43)
Currency options				
Sold	4,336	-	(7)	7
Bought	4,336	-	10	(4)
Total			¥ (62,717)	¥ (62,717)

March 31	Millions of U.S. Dollars 2026 Contract amount Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	$ 11,527	$ 6,140	$ (908)	$ (908)
Forward foreign exchange:				
Sold	441	-	(2)	(2)
Bought	1,462	-	1	1
Currency options				
Sold	-	-	-	-
Bought	-	-	-	-
Total			$ (909)	$ (909)

Note: The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.

(2) Derivative Transactions to Which the Hedge Accounting Method Is Applied

The following tables set forth the contract amount or the amount equivalent to the principal and fair value at the end of the fiscal year by transaction type and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied. Contract amount does not indicate the market risk related to derivative transactions.

1) Interest rate-related derivatives

March 31 Hedge accounting method	Type of derivative	Major hedged item	Millions of Yen 2026 Contract amount	Contract amount due after 1 year	Fair value[2]
Deferred hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Deposits Insurance liabilities Borrowed money	¥ 3,485,000	¥ 2,310,000	¥ (125,725)
	Receivable floating rate / Payable fixed rate		4,188,262	3,402,873	223,688
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	Securities	411,799	411,799	
		Total			¥ 97,962

March 31 Hedge accounting method	Type of derivative	Major hedged item	Millions of Yen 2025 Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Deposits Insurance liabilities Borrowed money	¥ 4,245,000	¥ 3,485,000	¥ (78,762)
	Receivable floating rate / Payable fixed rate		3,465,379	3,324,493	102,004
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	-	-	-	-
		Total			¥ 23,241

March 31			Millions of U.S. Dollars		
			2026		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value[2]
Deferred hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Deposits Insurance liabilities Borrowed money	$ 21,798	$ 14,448	$ (786)
	Receivable floating rate / Payable fixed rate		26,196	21,284	1,399
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	Securities	2,576	2,576	
		Total			$ 613

Notes:
1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. As of March 31, 2026, interest rate swaps subject to the exceptional treatment are accounted for in combination with the securities that are subject to the hedge. Therefore, their fair value is included in the fair value of the relevant securities in Note 21 “FINANCIAL INSTRUMENTS.”

2) Currency-related derivatives

March 31			Millions of Yen		
			2026		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value[2]
Deferred hedge method	Currency swaps	Securities	¥ 8,093,678	¥ 6,725,186	¥ (2,431,065)
Allocation method	Currency swaps	Securities	6,348,398	5,324,761	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	1,393,673	-	(58,215)
	Currency swaps		44,410	-	(9,545)
		Total			¥ (2,498,826)

March 31			Millions of Yen		
			2025		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value[2]
Deferred hedge method	Currency swaps	Securities	¥ 8,658,302	¥ 7,300,976	¥ (1,783,584)
Allocation method	Currency swaps	Securities	5,396,503	4,886,504	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	1,344,403	-	(6,139)
	Currency swaps		74,846	74,846	(11,018)
		Total			¥ (1,800,742)

March 31			Millions of U.S. Dollars		
			2026		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value[2]
Deferred hedge method	Currency swaps	Securities	$ 50,623	$ 42,064	$ (15,206)
Allocation method	Currency swaps	Securities	39,707	33,305	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	8,717	-	(364)
	Currency swaps		278	-	(60)
		Total			$ (15,629)

Notes:
1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. Currency swaps, which are accounted for as forward foreign exchange subject to the allocation method, are accounted for in combination with the securities that are subject to the hedge. Therefore, their fair value is included in the fair value of the relevant securities in Note 21 “FINANCIAL INSTRUMENTS.”

23. LEASE TRANSACTIONS

Operating Leases

(1) As Lessee

Future lease payments under non-cancelable operating leases were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Due within 1 year	¥ 24,638	¥ 20,101	$ 154
Due after 1 year	107,793	89,995	674
Total	¥ 132,432	¥ 110,096	$ 828

(2) As Lessor

Future lease receivables under non-cancelable operating leases were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Due within 1 year	¥ 38,976	¥ 43,462	$ 244
Due after 1 year	223,390	233,398	1,397
Total	¥ 262,367	¥ 276,861	$ 1,641

24. CONTINGENT LIABILITIES

In the event that the Company’s consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amounts of uncollectible investment. The possible amounts of compensation were ¥51,270 million ($321 million) and ¥53,870 million as of March 31, 2026 and 2025, respectively.

Compensation shall not be made in full in the case where the offices are used for purposes other than originally intended, regardless of whether the contracts were cancelled by the Company’s subsidiary.

25. BUSINESS COMBINATIONS

Business combination through acquisition

Japan Post Co., Ltd., a consolidated subsidiary of the Company, acquired shares of the common stock of Tonami Holdings Co., Ltd. through a tender offer by JP Tonami Group Co., Ltd., a consolidated subsidiary of Japan Post Co., Ltd. Tonami Holdings Co., Ltd. became a consolidated subsidiary of the Company and Japan Post Co., Ltd. on April 17, 2025.

JP Tonami Group Co., Ltd. changed its trade name from JWT Co., Ltd., effective July 1, 2025.
(1) Overview of the business combination

1) Name and description of business of the acquiree

Name of acquiree: Tonami Holdings Co., Ltd.

Description of business: Control and management of the business activities of companies engaged in the freight motor transportation business, etc.

2) Main reason for the business combination

Tonami Holdings Co., Ltd. has a solid presence and customer network in the express delivery and logistics businesses. The Company believes that by combining the organizations and personnel that have made the development of these businesses possible with the public nature, reliability, capital availability, and logistics network strengths of Japan Post Co., Ltd., it will generate synergies, helping to maximize the corporate value of both Tonami Holdings Co., Ltd. and Japan Post Co., Ltd. It therefore acquired the shares of Tonami Holdings Co., Ltd. through a tender offer, aiming to make it a wholly owned subsidiary.

3) Dates of the business combination

Acquisition of control (acquisition through tender offer): April 17, 2025
(Deemed acquisition date: April 1, 2025)

Additional acquisition (acquisition through share consolidation): June 23, 2025
(Deemed acquisition date: April 1, 2025)

4) Legal form of the business combination

Acquisition of shares for cash consideration

5) Name of the company after the business combination

Unchanged

6) Ratio of voting rights acquired

Ratio of voting rights after the implementation of the tender offer (April 17, 2025): 87.24%
Ratio of voting rights after the share consolidation (June 23, 2025): 100%

The Company has treated the series of transactions aimed at acquiring all of the shares as a single transaction.

7) Main grounds for determining the acquirer

JP Tonami Group Co., Ltd. acquired the shares of Tonami Holdings Co., Ltd. for a cash consideration.

(2) Period during which the results of the acquiree are included in the consolidated financial statements

From April 1, 2025 to March 31, 2026

(3) Acquisition cost of the acquiree and breakdown by type of consideration

	Millions of Yen	Millions of U.S. Dollars
Consideration: Cash	¥ 92,544	$ 579
Acquisition cost	92,544	579

(4) Details and amounts of main acquisition-related expenses

	Millions of Yen	Millions of U.S. Dollars
Advisory expenses, etc.	¥ 1,794	$ 11

(5) Amount and cause of the gains on negative goodwill arising from the business combination

1) Amount of the gains on negative goodwill

¥8,808 million ($55 million)

2) Cause of the gains on negative goodwill

As the fair value of the net assets of the acquired company at the time of the business combination exceeded the acquisition cost, the excess was recognized as gains on negative goodwill.

(6) Amount and summary of the assets acquired and liabilities assumed on the date of the business combination

	Millions of Yen	Millions of U.S. Dollars
Total assets	¥ 184,605	$ 1,155
Total liabilities	82,484	516

26. SEGMENT INFORMATION

(1) Outline of Reportable Segments

The Group's reportable segments are categorized based on certain criteria for which discrete financial information is available and reviewed regularly by the management in order to make decisions about resources to be allocated to the segment and assess its performance.

The Group assesses business performance primarily by assessing the performance of each individual consolidated subsidiary and as such recognizes each consolidated subsidiary as an identifiable business segment unit except for Japan Post Co., Ltd., which is classified into postal and domestic logistics business segment, post office business segment, and real estate business segment. The Group determines its reportable segments by aggregating business segment units with similar economic characteristics, market-selling products and services, customer type, and other factors.

The Group's reportable segments are (1) postal and domestic logistics business, (2) post office business, (3) international logistics business, (4) real estate business, (5) banking business, and (6) life insurance business.

(2) Method of Calculating Income, Profit and Loss, and Assets and Other Items by Reportable Segment

Accounting policies applied to the reportable segments are the same as those described in Note 2 "SIGNIFICANT ACCOUNTING POLICIES."

Intersegment income is determined based on market prices or total cost.

(3) Selected Financial Information on Reportable Segment

	Millions of Yen								
	2026								
	Reportable segment								
Year ended March 31	Postal and domestic logistics	Post office	International logistics	Real estate	Banking	Life insurance	Total	Other[2]	Total
Income[1]:									
Income from third parties	¥2,270,269	¥ 48,918	¥ 505,149	¥ 85,115	¥ 2,849,853	¥ 5,610,244	¥ 11,369,550	¥ 70,177	¥ 11,439,727
Intersegment income	38,082	968,255	656	3,892	2,296	15,344	1,028,529	214,828	1,243,357
Total	¥2,308,351	¥1,017,174	¥ 505,805	¥ 89,008	¥ 2,852,150	¥ 5,625,589	¥ 12,398,079	¥ 285,006	¥ 12,683,085
Segment profit (loss)	¥ (5,494)	¥ 9,095	¥ 4,371	¥ 20,092	¥ 759,093	¥ 271,777	¥ 1,058,935	¥ 159,931	¥ 1,218,867
Segment assets	2,398,996	1,995,246	466,110	1,204,186	226,569,971	58,441,499	291,076,011	6,259,127	297,335,138
Other items:									
Depreciation and amortization	91,747	29,836	31,706	21,173	51,590	38,474	264,529	8,738	273,267
Amortization of goodwill	-	-	224	1,979	895	-	3,099	-	3,099
Interest and dividend income	3,221	1,540	688	841	2,270,832	853,846	3,130,972	13,462	3,144,434
Interest expenses	1,593	0	10,168	4,417	988,450	31,103	1,035,735	6,990	1,042,725
Equity in earnings of affiliates	229	681	82	-	332	1,933	3,259	41,689	44,948
Gains on sale of fixed assets	405	1,650	1,990	1,571	-	10	5,628	423	6,051
Gains on negative goodwill	8,808	-	-	-	-	-	8,808	-	8,808
Reversal of reserve for price fluctuations	-	-	-	-	-	110,697	110,697	-	110,697
Gains on sale of stocks of subsidiaries and affiliates	-	104	-	-	-	-	104	2,694	2,799
Losses on sale and disposal of fixed assets	1,611	734	187	2,368	596	321	5,820	312	6,133
Losses on impairment of fixed assets	2,039	3,612	-	10	640	2,558	8,861	1	8,863
Provision for reserve for policyholder dividends	-	-	-	-	-	143,579	143,579	-	143,579
Income taxes	7,422	2,333	2,652	1,158	218,723	67,396	299,687	412	300,100
Investments in affiliates accounted for by the equity method	2,178	4,411	645	-	319	51,612	59,166	600,885	660,052
Increase in tangible fixed assets and intangible assets	82,923	21,707	54,062	29,871	33,680	41,783	264,027	21,016	285,044

	Millions of Yen								
	2025								
	Reportable segment								
Year ended March 31	**Postal and domestic logistics**	**Post office**	**Inter-national logistics**	**Real estate**	**Banking**	**Life insurance**	**Total**	**Other[2]**	**Total**
Income[1]:									
Income from third parties	¥2,052,022	¥ 51,603	¥ 512,313	¥ 78,639	¥ 2,520,180	¥ 6,161,134	¥ 11,375,893	¥ 90,876	¥ 11,466,769
Intersegment income	36,459	958,594	534	3,031	1,715	3,832	1,004,167	215,718	1,219,885
Total	¥2,088,481	¥1,010,197	¥ 512,847	¥ 81,670	¥ 2,521,896	¥ 6,164,966	¥ 12,380,060	¥ 306,595	¥ 12,686,655
Segment profit (loss)	¥ (32,220)	¥ 24,155	¥ 4,699	¥ 12,366	¥ 584,377	¥ 169,813	¥ 763,192	¥ 192,713	¥ 955,906
Segment assets	1,923,736	1,882,026	384,000	1,146,582	233,599,787	59,555,233	298,491,367	6,000,794	304,492,161
Other items:									
Depreciation and amortization	80,419	28,860	31,302	20,770	45,744	39,113	246,211	11,668	257,879
Amortization of goodwill	-	-	69	1,979	-	-	2,048	-	2,048
Interest and dividend income	447	152	1,133	182	1,750,168	864,561	2,616,646	5,021	2,621,667
Interest expenses	1,128	2	9,784	1,722	813,244	13,641	839,524	1,158	840,682
Equity in earnings of affiliates	13	624	124	-	166	463	1,391	65,917	67,309
Gains on sale of fixed assets	124	191	4,791	1,707	-	15	6,829	0	6,829
Gains on negative goodwill	-	-	481	-	-	-	481	-	481
Reversal of reserve for price fluctuations	-	-	-	-	-	43,869	43,869	-	43,869
Gains on sale of stocks of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
Losses on sale and disposal of fixed assets	1,244	661	311	490	352	247	3,308	177	3,485
Losses on impairment of fixed assets	2	890	-	1,130	3	-	2,026	17	2,044
Provision for reserve for policyholder dividends	-	-	-	-	-	96,990	96,990	-	96,990
Income taxes	3,443	2,681	1,468	415	162,901	(6,532)	164,378	(905)	163,472
Investments in affiliates accounted for by the equity method	105	3,939	566	-	846	52,956	58,414	518,435	576,849
Increase in tangible fixed assets and intangible assets	85,222	34,316	62,551	30,712	52,196	57,986	322,985	9,035	332,021

	Millions of U.S. Dollars								
	2026								
	Reportable segment								
Year ended March 31	Postal and domestic logistics	Post office	Inter-national logistics	Real estate	Banking	Life insurance	Total	Other[2]	Total
Income[1]:									
Income from third parties	$ 14,200	$ 306	$ 3,160	$ 532	$ 17,825	$ 35,090	$ 71,113	$ 439	$ 71,552
Intersegment income	238	6,056	4	24	14	96	6,433	1,344	7,777
Total	$ 14,438	$ 6,362	$ 3,164	$ 557	$ 17,839	$ 35,186	$ 77,546	$ 1,783	$ 79,329
Segment profit (loss)	$ (34)	$ 57	$ 27	$ 126	$ 4,748	$ 1,700	$ 6,623	$ 1,000	$ 7,624
Segment assets	15,005	12,480	2,915	7,532	1,417,125	365,534	1,820,591	39,149	1,859,739
Other items:									
Depreciation and amortization	574	187	198	132	323	241	1,655	55	1,709
Amortization of goodwill	-	-	1	12	6	-	19	-	19
Interest and dividend income	20	10	4	5	14,203	5,341	19,583	84	19,667
Interest expenses	10	0	64	28	6,182	195	6,478	44	6,522
Equity in earnings of affiliates	1	4	1	-	2	12	20	261	281
Gains on sale of fixed assets	3	10	12	10	-	0	35	3	38
Gains on negative goodwill	55	-	-	-	-	-	55	-	55
Reversal of reserve for price fluctuations	-	-	-	-	-	692	692	-	692
Gains on sale of stocks of subsidiaries and affiliates	-	1	-	-	-	-	1	17	18
Losses on sale and disposal of fixed assets	10	5	1	15	4	2	36	2	38
Losses on impairment of fixed assets	13	23	-	0	4	16	55	0	55
Provision for reserve for policyholder dividends	-	-	-	-	-	898	898	-	898
Income taxes	46	15	17	7	1,368	422	1,874	3	1,877
Investments in affiliates accounted for by the equity method	14	28	4	-	2	323	370	3,758	4,128
Increase in tangible fixed assets and intangible assets	519	136	338	187	211	261	1,651	131	1,783

Notes:
1. Income is presented instead of net sales which is typical for companies in other industries.
2. “Other business” includes the hospital business and other businesses not included in reportable segments. For the fiscal years ended March 31, 2026 and 2025, segment profit in “Other business” includes dividend income from subsidiaries and affiliates of ¥125,945 million ($788 million) and ¥132,373 million, respectively, and equity in earnings of affiliates of ¥41,689 million ($261 million) and ¥65,917 million, respectively.

(4) Reconciliation of Amounts Reported on Reportable Segments and Consolidated Financial Statements

1) Reconciliation of amounts reported on reportable segments and on the consolidated statements of income

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Total income of reportable segments[1]	¥ 12,398,079	¥ 12,380,060	$ 77,546
Income of “Other business”[1]	285,006	306,595	1,783
Eliminations of intersegment transactions	(1,243,357)	(1,219,885)	(7,777)
Adjustments[2]	859	1,598	5
Subtotal	¥ 11,440,586	¥ 11,468,368	$ 71,557
Gains on sale of fixed assets	5,763	6,829	36
Gains on negative goodwill	8,808	481	55
Reversal of reserve for price fluctuations	110,697	43,869	692
Compensation for transfer	662	763	4
Gains on sale of business	1,939	-	12
Gains on sale of stocks of subsidiaries and affiliates	2,670	-	17
Reversal of losses on transfer of business	-	802	-
Other	1,013	322	6
Total income on the consolidated statements of income	¥ 11,572,141	¥ 11,521,436	$ 72,380

Notes:
1. 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 income for the international logistics business segment and the consolidated statements of income.

2) Reconciliation between total segment profit of reportable segments and income before income taxes on the consolidated statements of income

Years ended March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Total segment profit of reportable segments	¥ 1,058,935	¥ 763,192	$ 6,623
Segment profit in “Other business”	159,931	192,713	1,000
Eliminations of intersegment transactions	(141,357)	(135,619)	(884)
Adjustments[1]	(2,543)	(5,690)	(16)
Subtotal	¥ 1,074,966	¥ 814,596	$ 6,724
Gains on sale of fixed assets	5,763	6,829	36
Gains on negative goodwill	8,808	481	55
Reversal of reserve for price fluctuations	110,697	43,869	692
Compensation for transfer	662	763	4
Gains on sale of business	1,939	-	12
Gains on sale of stocks of subsidiaries and affiliates	2,670	-	17
Reversal of losses on transfer of business	-	802	-
Losses on sale and disposal of fixed assets	(6,128)	(3,481)	(38)
Losses on impairment of fixed assets	(8,859)	(2,043)	(55)
Extra payments for early retirements	(1,525)	-	(10)
Provision for reserve for policyholder dividends	(143,579)	(96,990)	(898)
Other, net	(1,823)	(1,947)	(11)
Income before income taxes on the consolidated statements of income	¥ 1,043,591	¥ 762,878	$ 6,527

Note:
1. “Adjustments” are primarily due to differences in the calculation methods used for segment profit for the international logistics business segment and income before income taxes on the consolidated statements of income.

3) Reconciliation between total segment assets of reportable segments and total assets on the consolidated balance sheets

March 31	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Total segment assets of reportable segments	¥ 291,076,011	¥ 298,491,367	$ 1,820,591
Segment assets in "Other business"	6,259,127	6,000,794	39,149
Eliminations of intersegment transactions	(7,470,613)	(7,342,507)	(46,726)
Total assets on the consolidated balance sheets	¥ 289,864,524	¥ 297,149,653	$ 1,813,013

4) Reconciliation between other items on reportable segments and the amounts of items equivalent to those items on the consolidated financial statements

	Millions of Yen			
	2026			
Year ended March 31	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 264,529	¥ 8,738	¥ (363)	¥ 272,903
Amortization of goodwill	3,099	-	-	3,099
Interest and dividend income	3,130,972	13,462	(27,930)	3,116,503
Interest expenses	1,035,735	6,990	(15,806)	1,026,919
Equity in earnings of affiliates	3,259	41,689	-	44,948
Gains on sale of fixed assets	5,628	423	(287)	5,763
Gains on negative goodwill	8,808	-	-	8,808
Reversal of reserve for price fluctuations	110,697	-	-	110,697
Gains on sale of stocks of subsidiaries and affiliates	104	2,694	(128)	2,670
Losses on sale and disposal of fixed assets	5,820	312	(4)	6,128
Losses on impairment of fixed assets	8,861	1	(4)	8,859
Provision for reserve for policyholder dividends	143,579	-	-	143,579
Income taxes	299,687	412	-	300,100
Investments in affiliates accounted for by the equity method	59,166	600,885	-	660,052
Increase in tangible fixed assets and intangible assets	264,027	21,016	(2,041)	283,002

	Millions of Yen			
	2025			
Year ended March 31	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 246,211	¥ 11,668	¥ (434)	¥ 257,445
Amortization of goodwill	2,048	-	-	2,048
Interest and dividend income	2,616,646	5,021	(7,332)	2,614,335
Interest expenses	839,524	1,158	(3,516)	837,165
Equity in earnings of affiliates	1,391	65,917	-	67,309
Gains on sale of fixed assets	6,829	0	-	6,829
Gains on negative goodwill	481	-	-	481
Reversal of reserve for price fluctuations	43,869	-	-	43,869
Gains on sale of stocks of subsidiaries and affiliates	-	-	-	-
Losses on sale and disposal of fixed assets	3,308	177	(3)	3,481
Losses on impairment of fixed assets	2,026	17	(0)	2,043
Provision for reserve for policyholder dividends	96,990	-	-	96,990
Income taxes	164,378	(905)	-	163,472
Investments in affiliates accounted for by the equity method	58,414	518,435	-	576,849
Increase in tangible fixed assets and intangible assets	322,985	9,035	(263)	331,757

Year ended March 31	Millions of U.S. Dollars 2026 Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	$ 1,655	$ 55	$ (2)	$ 1,707
Amortization of goodwill	19	-	-	19
Interest and dividend income	19,583	84	(175)	19,493
Interest expenses	6,478	44	(99)	6,423
Equity in earnings of affiliates	20	261	-	281
Gains on sale of fixed assets	35	3	(2)	36
Gains on negative goodwill	55	-	-	55
Reversal of reserve for price fluctuations	692	-	-	692
Gains on sale of stocks of subsidiaries and affiliates	1	17	(1)	17
Losses on sale and disposal of fixed assets	36	2	(0)	38
Losses on impairment of fixed assets	55	0	(0)	55
Provision for reserve for policyholder dividends	898	-	-	898
Income taxes	1,874	3	-	1,877
Investments in affiliates accounted for by the equity method	370	3,758	-	4,128
Increase in tangible fixed assets and intangible assets	1,651	131	(13)	1,770

(5) Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment

Year ended March 31	Millions of Yen 2026 Reportable segment: Postal and domestic logistics	Post office	International logistics	Real estate	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	¥ -	¥ -	¥ 224	¥ 1,979	¥ 895	¥ -	¥ 3,099	¥ -	¥ 3,099
Unamortized balance of goodwill	-	-	1,233	989	-	-	2,222	-	2,222

Year ended March 31	Millions of Yen 2025 Reportable segment: Postal and domestic logistics	Post office	International logistics	Real estate	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	¥ -	¥ -	¥ 69	¥ 1,979	¥ -	¥ -	¥ 2,048	¥ -	¥ 2,048
Unamortized balance of goodwill	-	-	-	2,968	-	-	2,968	-	2,968

Year ended March 31	Millions of U.S. Dollars 2026 Reportable segment: Postal and domestic logistics	Post office	International logistics	Real estate	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	$ -	$ -	$ 1	$ 12	$ 6	$ -	$ 19	$ -	$ 19
Unamortized balance of goodwill	-	-	8	6	-	-	14	-	14

(6) Information on Gains on Negative Goodwill by Reportable Segment

For the fiscal year ended March 31, 2026, the Group recorded gains on negative goodwill in the segment of postal and domestic logistics business because Japan Post Co., Ltd., a consolidated subsidiary of the Company, acquired shares of Tonami Holdings Co., Ltd. through JP Tonami Group Co., Ltd., a consolidated subsidiary of Japan Post Co., Ltd., thereby including Tonami Holdings Co., Ltd. as well as its subsidiaries and affiliates in the scope of consolidation. The gains on negative goodwill recognized by the event amounted to ¥8,808 million ($55 million).

For the fiscal year ended March 31, 2025, the Group recorded gains on negative goodwill due to acquisition of the aeromedical ambulance business by a consolidated subsidiary of Toll in the segment of international logistics business. The gains on negative goodwill recognized by the event amounted to ¥481 million.

(7) Supplemental Information

1) Information by services

This information is omitted because similar information has been presented above for the fiscal years ended March 31, 2026 and 2025.

2) Information by geographic region

A) Income

This information is omitted because income from third parties in Japan exceeded 90% of income in the consolidated statements of income for the fiscal years ended March 31, 2026 and 2025.

B) Tangible fixed assets

This information is omitted because the balance of tangible fixed assets in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets as of March 31, 2026 and 2025.

3) Information by major customer

This information is omitted because no customer accounted for 10% or more of income in the consolidated statements of income for the fiscal years ended March 31, 2026 and 2025.

27. RELATED PARTY INFORMATION

(1) Related Party Transactions

There were no significant transactions between the Company and related parties for the fiscal years ended March 31, 2026 and 2025.

(2) Notes on Parent Company or Significant Affiliates

Summary of financial information of significant affiliates

For the fiscal year ended March 31, 2026, a significant affiliate is Aflac Incorporated and its financial information is summarized as follows.

Its consolidated financial statements are prepared in accordance with U.S. GAAP.

	Millions of Yen[2]		Millions of U.S. Dollars[1]
Years ended December 31	**2025**	**2024**	**2025**
Total assets	¥ 18,234,543	¥ 18,596,589	$ 116,470
Total liabilities	13,617,588	14,468,408	86,980
Total shareholders' equity	4,616,954	4,128,181	29,490
Total revenues	2,569,176	2,873,060	17,164
Earnings before income taxes	677,377	976,557	4,533
Net earnings	545,325	828,855	3,646

Notes:
1. The above U.S. dollar amounts present figures released by Aflac Incorporated.
2. The U.S. dollar amounts are converted into the Japanese yen amounts based on certain assumptions.

28. PER SHARE DATA

March 31	Yen 2026	Yen 2025	U.S. Dollars 2026
Net assets per share[2]	¥ 3,461.65	¥ 3,058.60	$ 21.65

Years ended March 31	Yen 2026	Yen 2025	U.S. Dollars 2026
Net income per share[4]	¥ 129.14	¥ 119.30	$ 0.81

Notes: 1. Diluted net income per share is not presented for the fiscal years ended March 31, 2026 and 2025 as potential common stock did not exist.
2. Net assets per share is calculated based on the following:

March 31	Millions of yen 2026	Millions of yen 2025	Millions of U.S. Dollars 2026
Net assets	¥ 16,481,925	¥ 15,289,540	$ 103,089
Amount deducted from net assets:			
Non-controlling interests	6,767,424	6,199,993	42,328
Net assets attributable to common stock at the fiscal year-end	¥ 9,714,500	¥ 9,089,547	$ 60,761

March 31	Thousands of shares 2026	Thousands of shares 2025
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share[3]	2,806,316	2,971,795

3. The number of shares 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 1,777,300 shares and 1,038,800 shares as of March 31, 2026 and 2025, respectively.

4. Net income per share is calculated based on the following:

Years ended March 31	Millions of yen 2026	Millions of yen 2025	Millions of U.S. Dollars 2026
Net income attributable to Japan Post Holdings	¥ 374,556	¥ 370,564	$ 2,343
Amount not attributable to common stockholders	–	–	-
Net income attributable to common stock	¥ 374,556	¥ 370,564	$ 2,343

Years ended March 31	Thousands of shares 2026	Thousands of shares 2025
Average number of common stock outstanding during the fiscal year[5]	2,900,343	3,106,196

5. The number of shares 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 1,653,609 shares and 1,043,699 shares for the fiscal years ended March 31, 2026 and 2025, respectively.

29. REVENUE RECOGNITION

(1) Disaggregation of Revenue from Contracts with Customers

The following is a disaggregation of the main components of revenue from contracts with customers in the Group. The relationship between this revenue disaggregation and segment income is as follows.

	Millions of Yen		
	Year ended March 31, 2026		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 2,258,250	¥ 12,018	¥ 2,270,269
Postal operations, etc.	1,907,352		
Other	350,898		
Post office business segment	45,680	3,238	48,918
Merchandising	33,690		
Third-party financial	7,233		
Other	4,756		
International logistics business segment	504,460	688	505,149
Real estate business segment	25,232	59,882	85,115
Banking business segment	194,783	2,655,069	2,849,853
Life insurance business segment	-	5,610,244	5,610,244
Other business[1]	21,134	49,042	70,177
Total	¥ 3,049,542	¥ 8,390,185	¥ 11,439,727

	Millions of Yen		
	Year ended March 31, 2025		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 2,041,623	¥ 10,399	¥ 2,052,022
Postal operations, etc.	1,852,033		
Other	189,590		
Post office business segment	48,751	2,851	51,603
Merchandising	34,633		
Third-party financial	8,304		
Other	5,813		
International logistics business segment	511,195	1,117	512,313
Real estate business segment	28,446	50,192	78,639
Banking business segment	183,022	2,337,157	2,520,180
Life insurance business segment	-	6,161,134	6,161,134
Other business[1]	19,103	71,772	90,876
Total	¥ 2,832,144	¥ 8,634,625	¥ 11,466,769

	Millions of U.S. Dollars		
	Year ended March 31, 2026		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	$ 14,125	$ 75	$ 14,200
Postal operations, etc.	11,930		
Other	2,195		
Post office business segment	286	20	306
Merchandising	211		
Third-party financial	45		
Other	30		
International logistics business segment	3,155	4	3,160
Real estate business segment	158	375	532
Banking business segment	1,218	16,607	17,825
Life insurance business segment	-	35,090	35,090
Other business[1]	132	307	439
Total	$ 19,074	$ 52,478	$ 71,552

Note:

1. "Other business" includes the hospital business and other businesses not included in reportable segments. For the fiscal year ended March 31, 2026 and 2025, "Other sources" in "Other business" includes equity in earnings of affiliates ¥41,689 million ($261 million) and ¥65,917 million, respectively.

(2) Fundamental Information for Understanding Revenue from Contracts with Customers

1) Postal and domestic logistics business

The postal and domestic logistics business consists primarily of the postal business, sale of stamps, issuance of items such as New Year's postcards, domestic logistics business, and other businesses. The domestic logistics business also includes the general logistics business. The domestic logistics business involves not only the general motor truck transportation business, consigned freight forwarding business, and incidental operations related to domestic cargo but also operations equivalent to parcel and mail delivery operations (Yu-Pack, Yu-Mail).

Performance obligations underlying revenue from mail and parcels in the postal operations, etc. are satisfied over time from the undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

In addition, consideration amount received before performance obligations are satisfied is recognized as contract liabilities.

For revenue related to mail and parcels, consideration amount for deferred-payment mail is generally received within one month based on separately stipulated payment terms, and for receivables based on contracts with these customers, significant financing components are not included.

2) Post office business

The post office business involves not only customer counter operations related to the postal and domestic logistics business, banking customer counter operations, and insurance customer counter operations conducted by directly-managed post offices established throughout the country as sales bases to provide services to customers but also merchandising business, third-party financial services and other related businesses.

The Group recognizes revenue from catalogue sales, etc., when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

Consideration amount for catalogue sales, etc., is generally collected within one year of delivering products, etc., to customers, and for receivables based on contracts with these customers, significant financing components are not included.

3) International logistics business

The international logistics business involves the forwarding business as well as the logistics business.

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

Consideration amount in the international logistics business is generally collected within one year of transferring items to customers through the provision of services to customers, and for receivables based on contracts with these customers, significant financing components are not included.

4) Real estate business

The real estate business mainly consists of sale of developed real estate properties, real estate leasing of office buildings, etc. and the leasing management business.

Revenue from real estate sale is recognized at the point when the delivery obligation stipulated in the sales contract for the real estate is fulfilled by determining that the customer obtains control of the real estate property and the performance obligation has been satisfied.

Revenue from real estate leasing is recognized over the lease term in accordance with "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

Performance obligations for the leasing management business are satisfied at a point in time or over time depending on the nature of the performance obligation, and revenue is recognized accordingly.

In addition, although part of the consideration amount for the real estate business is accepted as advances received, the remaining portion is generally collected within one year after the delivery of the real estate property that is to be recorded as revenue to customers, and for receivables based on contracts for these transactions, significant financing components are not included.

(3) Relationship between Satisfying Performance Obligations based on Contracts with Customers and Cash Flows from Those Contracts and Amount of Revenue Projected to be Recognized in the Following Fiscal Year and After from Contracts with Existing Customers as of the End of the Fiscal Year

1) Balances of contract assets and contract liabilities

Receivables arising from contracts with customers, contract assets and contract liabilities are as follows. Receivables arising from contracts with customers and contract assets are included in "Other assets" while contract liabilities are included in "Other liabilities" in the consolidated balance sheets.

	Millions of Yen		Millions of U.S. Dollars
March 31	2026	2025	2026
Receivables arising from contracts with customers			
Balance at the beginning of the fiscal year	¥ 256,554	¥ 300,068	$ 1,605
Balance at the end of the fiscal year	282,957	256,554	1,770
Contract assets			
Balance at the beginning of the fiscal year	8,669	11,311	54
Balance at the end of the fiscal year	12,564	8,669	79
Contract liabilities			
Balance at the beginning of the fiscal year	52,942	45,523	331
Balance at the end of the fiscal year	52,259	52,942	327

Contract assets are primarily those related to rationally estimated revenue proportional to progress in satisfying performance obligations for received mail and parcels employing deferred payment in the postal and domestic logistics business that have not been delivered by the end of the fiscal period. Contract assets are transferred to receivables arising from contracts with customers when rights to consideration become unconditional. The consideration for deferred postage payment mail, etc. is received mostly within one month based on payment terms separately determined.

Contract liabilities are primarily the rationally estimated amount considering the degree that performance obligations have been satisfied when delivery has not been completed by the end of the fiscal year for received mail and parcels in the postal and domestic logistics business (excluding deferred payment, etc.), and the rationally estimated amount of unused items at the end of the fiscal period based on factors such as the value of remaining inventory of postal stamps at locations that sell postal stamps compared to value of purchased postal stamps. Contract liabilities are reversed as revenue is recognized.

The amounts of revenue recognized in the fiscal years ended March 31, 2026 and 2025 and included in contract liabilities at the beginning of the fiscal years were ¥46,750 million ($292 million) and ¥41,235 million, respectively.

There were no significant amounts in revenue recognized in the fiscal years ended March 31, 2026 and 2025 from performance obligations satisfied (or partially satisfied) in previous periods.

2) Transaction prices allocated to the remaining performance obligations

The Group has omitted notes by applying practical expedient because there are no material transactions for which the initially expected contract period exceeds one year in the fiscal years ended March 31, 2026 and 2025.

30. SUBSEQUENT EVENTS

(1) Repurchase of Treasury Stock

The Company resolved on the repurchase of its treasury stock in accordance with Article 39, Paragraph 1 of the Company's Articles of Incorporation based on Article 459, Paragraph 1, Item 1 of the Companies Act at the meeting of the Board of Directors held on May 15, 2026, and completed it on May 27, 2026.

1) Reason for the repurchase of treasury stock

Based on the capital strategy in its Medium-Term Management Plan "JP Plan 2028," the Company decided to repurchase its shares in order to strengthen shareholder returns and improve capital efficiency.

2) Details of the repurchase of treasury stock

A) Class of shares to be repurchased:	Common stock of the Company
B) Total number of shares to be repurchased:	100,000,000 shares (maximum) (3.6% of the total number of shares issued (excluding treasury stock))
C) Total repurchase cost of shares:	¥150,000 million ($938 million) (maximum)
D) Repurchase period:	From May 18, 2026 to March 31, 2027
E) Method of repurchase:	Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc.

3) Results of the repurchase

A) Class of shares repurchased:	Common stock of the Company
B) Total number of shares repurchased:	72,115,300 shares
C) Total repurchase cost of shares:	¥149,999 million ($938 million)
D) Date of repurchase:	May 27, 2026
E) Method of repurchase:	Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of the Tokyo Stock Exchange, Inc.

(2) Partial Revision of the Postal Service Privatization Act and Other Relevant Acts

"Act for Partial Revision of the Postal Service Privatization Act and Others (Act No. 50 of 2026)" was enacted on June 19, 2026, and "Postal Service Privatization Act (Act No.97 of 2005)," "Act on Japan Post Holdings Co., Ltd. (Act No.98 of 2005)," "Japan Post Co., Ltd. Act (Act No.100 of 2005)," and "Act on the Organization for Postal Savings, Postal Life Insurance and Post Office Network, Independent Administrative Agency (Act No. 101 of 2005)" were revised.

The above revised acts are subject to government ordinances on those acts to be stipulated in the future. Therefore, it is difficult to estimate the impact reasonably at present.

Independent auditor’s report

To the Board of Directors of JAPAN POST HOLDINGS Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST HOLDINGS Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2026, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to our audit of the consolidated financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Reasonableness of management’s judgment of the highest and best use in the real estate appraisal used to measure an impairment loss on fixed assets related to the postal and domestic logistics business of JAPAN POST Co., Ltd.

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (hereinafter, the “Company”) and its consolidated	In order to assess the reasonableness of management’s judgment of the highest and best use in the real estate appraisal used to measure an impairment loss on fixed

subsidiaries, Tangible fixed assets and Intangible assets totaling ¥1,104,028 million related to the postal and domestic logistics business of JAPAN POST Co., Ltd. (hereinafter, “JAPAN POST”) were recognized as of March 31, 2026, representing a significant balance. As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (25) Significant Accounting Estimates” to the consolidated financial statements, the Company determines whether there is an indication of impairment for all fixed assets used in the postal and domestic logistics business of JAPAN POST, a consolidated subsidiary, as a single asset group. The asset group is tested for impairment whenever there is an indication of impairment. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the related asset group with its carrying amount. If it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is the higher of the net selling value, defined as the fair value of the asset group less estimated disposal costs, and value in use, which represents the present value of future cash flows expected to be generated from the continuing use and ultimate disposal of the asset group. The postal and domestic logistics business of JAPAN POST has continuously reported operating losses, indicating impairment of fixed assets. Accordingly, the Company performed an impairment test. Due to a decline in profitability, the undiscounted future cash flows were less than the carrying amount of the asset group. However, the Company did not recognize an impairment loss as the recoverable amount exceeded the carrying amount. JAPAN POST determined that the carrying amount of the fixed assets related to the postal and domestic logistics business could	assets related to the postal and domestic logistics business of JAPAN POST, we involved the component auditor of JAPAN POST and performed the audit procedures set out below. This included the direction and supervision of the component auditor and the review of its work, among others. **(1) Internal control testing** We tested the design and operating effectiveness of JAPAN POST’s internal controls over the calculation of the net selling value used to measure an impairment loss on fixed assets related to the postal and domestic logistics business of JAPAN POST. **(2) Assessment of management’s judgment of the highest and best use in the real estate appraisal** ● We assessed the competence, ability, and objectivity of the real estate appraiser engaged by JAPAN POST’s management in relation to the real estate appraisal value, which formed the basis for determining the net selling value; ● We inspected the minutes of the Board of Directors’ meetings and other relevant meetings and inquired of JAPAN POST’s management to determine whether there were any events that should be reflected in the assessment; ● To assess the reasonableness of the judgment process used in determining the highest and best use, the valuation methodologies adopted, and the basis for determining the valuation amount, we inspected the real estate appraisal report and inquired of the external real estate appraiser regarding the reasons for determining the highest and best use and the rationale for the data used to calculate the appraisal value, by involving a real estate appraisal specialist within our firm; and ● We inspected internal and external documents supporting the appropriateness of area factors and property-specific factors used in the real estate appraisal, including the facilities ledger and map information.

not be recovered through their continuing use. Since the value in use, calculated as the discounted present value of future cash flows, was less than the net selling value of the fixed assets related to the business, the recoverable amount was determined based on the net selling value. The real estate appraisal value, which formed the basis for determining the net selling value, was determined by the appraiser engaged by JAPAN POST. In addition, post offices with collection and delivery functions are key hubs in the nationwide collection and delivery network established by the postal and domestic logistics business. Accordingly, the judgment on the highest and best use, which served as the basis for determining the real estate appraisal value, required a high level of expertise in analyzing area factors and property-specific factors. We, therefore, determined that our assessment of the reasonableness of management's judgment of the highest and best use in the real estate appraisal used to measure an impairment loss on fixed assets related to the postal and domestic logistics business of JAPAN POST was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	
2. Reasonableness of the valuation of available-for-sale securities categorized within Level 2 and Level 3 held by JAPAN POST BANK Co., Ltd.	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (hereinafter, the "Company") and its consolidated subsidiaries, Securities of ¥191,440,416 million were recognized as of March 31, 2026, accounting for approximately 66% of total assets. A consolidated subsidiary, JAPAN POST BANK Co., Ltd. (hereinafter, the "bank subsidiary"), manages funds raised primarily through deposits by investing them in securities, including Japanese government bonds, Japanese corporate bonds, foreign bonds and investment trusts. Available-for-	In order to assess whether the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 was reasonable, we involved the component auditor of the bank subsidiary and performed the audit procedures set out below, including the direction and supervision of the component auditor and the review of its work, among others: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the bank subsidiary's internal controls over the valuation of certain Bonds categorized within Level 2 and Level 3. In this assessment, special attention was given to the following controls:

sale securities measured at fair value on the bank subsidiary's consolidated balance sheet include Japanese corporate bonds and foreign bonds included in Others ("Bonds") of ¥8,992,689 million categorized within Level 2 and Bonds of ¥88,358 million categorized within Level 3. The bank subsidiary calculated the fair value based on prices mainly obtained from third parties including information vendors and brokers. However, as described in the Note 2, "SIGNIFICANT ACCOUNTING POLICIES", (25) "Significant Accounting Estimates," directly or indirectly observable market inputs such as spreads estimated based on prices of similar securities and unobservable market inputs including significant estimates, are used as key assumptions in the prices obtained from third parties. These key assumptions may be affected by a sudden change in market environment or a distortion in the financial markets that results in, for example, a significant widening of bid-ask spreads or a significant increase in liquidity risk premiums, and in particular, for the fair-value valuation of certain illiquid Bonds categorized within Level 2 and Level 3 (such as private placement bonds and securitized products), their estimates may have high estimation uncertainty. Accordingly, using the prices obtained from third parties as fair value involved significant management judgment, and the use of a price based on inappropriate assumptions may have a significant impact on the consolidated financial statements. We, therefore, determined that our assessment of the reasonableness of the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 held by the bank subsidiary was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	● controls to validate the reasonableness of the price to be used as fair value through the comparison with prices obtained from multiple third parties; and ● controls to validate the reasonableness of the price to be used as fair value through the examination of spreads estimated based on prices. **(2) Assessment of the reasonableness of fair value** For the Bonds categorized within Level 2 and Level 3 individually selected by the component auditor of the bank subsidiary, of which prices varied widely amongst various third parties as well as securitized products, we involved financial instrument valuation specialists from our member network firm and performed the following procedures: ● We assessed whether the price used by the bank subsidiary as fair value was within a reasonable range by comparing it with the prices obtained directly from third parties; and ● We assessed whether the price used by the bank subsidiary as fair value was within a reasonable range by comparing it with the price independently estimated.
3. Accuracy of the calculation and sufficiency of policy reserves	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (hereinafter, the	In order to assess whether the calculation of policy reserves was accurate and the amount of policy

"Company") and its consolidated subsidiaries, Policy reserves of ¥46,653,326 million were recognized as of March 31, 2026, accounting for approximately 17% of total liabilities. As described in Note 2, "SIGNIFICANT ACCOUNTING POLICIES, (10) Policy Reserves" to the consolidated financial statements, policy reserves are set aside for the fulfilment of future obligations under the insurance contracts pursuant to the Insurance Business Act and other applicable laws and regulations (hereinafter collectively referred to as the "Act"). Pursuant to the Act, policy reserves are required to be accumulated each accounting period in accordance with the statements of calculation procedures approved by the Financial Services Agency in Japan (FSA). In addition, the Act requires an insurance company to validate the sufficiency of policy reserves, and an additional policy reserve may be required to be provided for, as necessary. Policy reserves are calculated based on certain calculation assumptions affecting long-term future cash flows, such as assumed mortality rates, assumed interest rates, and expected operating expense ratios. The calculation formula for policy reserves stipulated in the statements of calculation procedures approved by the FSA is complex, and therefore involves a high level of expertise in actuarial valuation. In addition, pursuant to the Act, in order to validate the sufficiency of policy reserves, an analysis on future income and expenses must be performed by the chief actuary. This analysis requires significant management judgment on assumptions underlying the estimate of future cash flows, such as a level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating expenses, which involves a high level of expertise in actuarial valuation. We, therefore, determined that our assessment of the accuracy of the calculation and sufficiency of policy reserves was of most significance in our audit of the consolidated financial statements for the	reserves was sufficient, we involved the component auditor of a consolidated subsidiary, JAPAN POST INSURANCE Co., Ltd. (hereinafter, the "insurance subsidiary"), and performed the audit procedures set out below, including the direction and supervision of the component auditor and the review of its work, among others. In addition, the component auditor of the insurance subsidiary involved actuarial specialists and IT system specialists within our firm: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the insurance subsidiary's internal controls over the processes to ensure the accuracy of the calculation and sufficiency of policy reserves. In this assessment, attention was given to the following controls: ● IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves; ● controls to ensure that the actuarial-related departments confirm that policy reserves are recognized completely for all of the insurance subsidiary's insurance contracts; ● controls to ensure that the actuarial-related departments validate the accuracy of the calculation of policy reserves by recalculating policy reserves on a sample basis and assessing the consistency with the recognized amount of policy reserves calculated by a system other than the policy reserve calculation system; and ● controls to ensure that the insurance subsidiary's management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves. **(2) Assessment of the accuracy of the calculation of policy reserves** ● We assessed whether the policy reserves for insurance products, which were revised during the current fiscal year, were accurately calculated in accordance with the statements of calculation procedures approved by the FSA through recalculation; and ● We assessed whether the changes in policy reserves from the previous fiscal year were consistent with insurance premium, insurance claims, operating expenses, and the results of the profit source analysis for the current fiscal year. **(3) Assessment of the sufficiency of the amount of**

<table>
<tr>
<td>current fiscal year, and accordingly, a key audit matter.</td>
<td>policy reserves
● We assessed whether the analysis on future income and expenses was appropriate pursuant to the Act and the “Standard of Practice for Appointed Actuaries of Life Insurance Companies” issued by the Institute of Actuaries of Japan, and compared the amount of policy reserves with the calculation results of the previous fiscal year; and
● We assessed the contents of the opinion and supplementary reports of the chief actuary considering the chief actuary’s opinion, and inquired of the chief actuary about the reports.</td>
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<tr>
<td colspan="2">4. Reasonableness of management’s judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations</td>
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<tr>
<td>The key audit matter</td>
<td>How the matter was addressed in our audit</td>
</tr>
<tr>
<td>In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (hereinafter, the “Company”) and its consolidated subsidiaries, Deferred tax assets of ¥822,231 million were recognized as of March 31, 2026. As described in Note 15, “DEFERRED TAX ASSETS AND LIABILITIES” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥2,337,737 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥1,004,858 million and ¥194,319 million, respectively, accounting for a significant portion.

The recoverability of deferred tax assets depends on the company category determined in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Guidance No. 26 of the Accounting Standards Board of Japan) and the estimated future taxable income, among others.

As described in Note 15, “DEFERRED TAX ASSETS AND LIABILITIES” to the consolidated financial statements, the Company determined that deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated</td>
<td>In order to assess whether management’s judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations was appropriate, we performed the following audit procedures, among others:

(1) Internal control testing
We tested the design and operating effectiveness of certain of the insurance subsidiary’s internal controls over the recoverability of deferred tax assets, including the company category and the estimate of future taxable income.

(2) Assessment of the company category
We assessed the appropriateness of the company category by examining whether there were any significant changes to taxable income and the business environment in the past (last three years) and the current fiscal year.

(3) Assessment of the appropriateness and feasibility of the estimate of future taxable income that would be generated over the long term
● We inquired of the insurance subsidiary’s management and the relevant department and obtained an understanding of assumptions underlying the insurance subsidiary’s business plan, which formed the basis for the estimate of future taxable income;
● We obtained an understanding of the main causes</td>
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</table>

over the long term and therefore deferred tax assets would have the effect of reducing the amount of tax payable. Consolidated subsidiary, JAPAN POST INSURANCE Co., Ltd. (hereinafter, the "insurance subsidiary") management's estimate of future taxable income that would be generated over the long term involved significant management judgment on key assumptions, such as forecasts of the level of new contracts for insurance products, the amount of insurance claims and other benefit payments, investment income, and operating expenses. In particular, the insurance subsidiary's actual results of new contracts did not reach the expected level in the current fiscal year, and the assumption on the level of new contracts in the business plan prepared in the current fiscal year involved a high degree of estimation uncertainty because it is affected by the future business environment and the effects of the sales measures in the business plan. We, therefore, determined that our assessment of the reasonableness of management's judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	of any differences between the future taxable income estimated in the previous fiscal year and the actual results by inquiring of the insurance subsidiary's relevant department and assessed their impact on the estimated future taxable income; ● We assessed the consistency between the estimated future taxable income and the business plan; and ● We inquired of the insurance subsidiary's relevant department regarding the respective assumptions on the level of new contracts used by management of the insurance subsidiary for main scenarios and stress test scenarios in estimating future taxable income, understood the results of the stress test, and assessed the appropriateness of the evaluation of uncertainty in management's estimate.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 1,508 million yen and 203 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ SHIGA Kyoko
Designated Engagement Partner
Certified Public Accountant

/S/ MURAMATSU Keisuke
Designated Engagement Partner
Certified Public Accountant

/S/ KONO Yu
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 7, 2026

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.