

**Summary of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2023**
<Under Japanese GAAP>



May 15, 2023

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Annual General Meeting of Shareholders: June 21, 2023
 Scheduled date of filing securities report: June 22, 2023
 Scheduled date of commencing dividend payments: June 22, 2023
 Trading accounts: Unestablished
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023**(April 1, 2022 to March 31, 2023)**

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	11,138,580	(1.1)	657,499	(33.7)	431,066	(14.1)
Fiscal year ended March 31, 2022	11,264,774	(3.9)	991,464	8.5	501,685	20.0

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥(305,224) million [- %]
 Fiscal year ended March 31, 2022: ¥(805,187) million [- %]

	Net income per share	Diluted net income per share	Return on equity	Net ordinary income to total assets	Net ordinary income to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	120.82	-	3.9	0.2	5.9
Fiscal year ended March 31, 2022	131.93	-	3.8	0.3	8.8

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2023: ¥1,387 million
 Fiscal year ended March 31, 2022: ¥1,527 million

(Note) Because there was no potential common stock, the amount for diluted net income per share is omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	296,111,587	15,098,256	3.4	2,912.76
As of March 31, 2022	303,846,980	14,688,981	4.1	3,361.06

(Reference) Equity: As of March 31, 2023: ¥10,077,594 million

As of March 31, 2022: ¥12,309,391 million

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

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2023	(8,151,226)	9,352,146	549,640	70,181,478
Fiscal year ended March 31, 2022	4,984,168	1,413,220	(621,040)	68,419,223

2. Dividends

	Annual dividend					Total dividends paid (Annual)	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	-	0.00	-	50.00	50.00	183,136	37.9	1.5
Fiscal year ended March 31, 2023	-	0.00	-	50.00	50.00	173,047	41.4	1.6
Fiscal year ending March 31, 2024 (Forecast)	-	25.00	-	25.00	50.00		72.1	

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

(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings		Net income per share
	Million yen	%	Million yen	%	Million yen	%	
Fiscal year ending March 31, 2024	10,860,000	(2.5)	620,000	(5.7)	240,000	(44.3)	Yen 69.37

(Note) Net income attributable to Japan Post Holdings has been calculated based on the ratio of shareholders' equity held by Japan Post Holdings in Japan Post Bank (approximately 60%) and Japan Post Insurance (approximately 49%), etc.

Net income per share in the consolidated financial results forecast has been calculated without considering the impact of the share repurchase based on the separate "Notice Concerning the Determination of Matters Related to the Acquisition of Treasury Stock" released today.

*** Notes:**

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No(Note) Please refer to 3. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 15 of the Attachment for details.
- (3) Total number of shares issued (common stock)
 - 1) Total number of shares issued at the end of the fiscal year (including treasury stock):
 - As of March 31, 2023: 3,657,797,700 shares
 - As of March 31, 2022: 3,767,870,229 shares
 - 2) Total number of treasury stock at the end of the fiscal year:
 - As of March 31, 2023: 197,988,773 shares
 - As of March 31, 2022: 105,519,251 shares
 - 3) Average number of shares during the fiscal year:
 - Fiscal year ended March 31, 2023: 3,567,713,664 shares
 - Fiscal year ended March 31, 2022: 3,802,720,644 shares

(Note) The total number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,140,500 shares and 375,400 shares as of March 31, 2023 and 2022, respectively. The number of treasury stock excluded from calculation of the average number of shares during the fiscal year includes the shares of the Company held by the management board benefit trust of 1,022,544 shares and 413,423 shares for the fiscal year ended March 31, 2023 and 2022, respectively.

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(April 1, 2022 to March 31, 2023)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Operating income		Net operating income		Net ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	257,559	(9.5)	180,637	(11.3)	198,881	(8.7)	293,787	(9.7)
Fiscal year ended March 31, 2022	284,688	69.5	203,545	94.1	217,753	89.7	325,460	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2023	82.35	-
Fiscal year ended March 31, 2022	85.59	-

(Note) Because there was no potential common stock, the amount for diluted net income per share is omitted.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	5,762,311	5,625,034	97.6	1,625.82
As of March 31, 2022	5,848,650	5,740,721	98.2	1,567.50

(Reference) Equity: As of March 31, 2023: ¥5,625,034 million

As of March 31, 2022: ¥5,740,721 million

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

* This summary of consolidated financial results is outside the scope of audit procedures by Certified Public Accountants or Audit Firm.

* Explanation on appropriate use of financial results forecast and other specific matters

Forecasts and other forward-looking statements presented in this document are based on information that the Company is aware of at present and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward-looking statements. The actual future results may vary considerably depending upon various factors, such as the impact of the spread of COVID-19, the impact of the invasion of Ukraine by Russia, interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in the economic and financial environment, changes in the competitive environment, the occurrence of large-scale disasters, etc. and changes in laws and regulations. The Company disclaims any responsibility to update any forward-looking statements contained herein to the extent permitted by law or stock exchange rule. Please refer to 1. Overview of Results of Operations, etc. (1) Explanation of Results of Operations (Consolidated financial results forecast for the fiscal year ending March 31, 2024) on page 5 of the Attachment for the assumptions on which the financial results forecasts have been based, and precautions, etc. regarding their use.

[Attachment]

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Supplementary Briefing Material:

Materials for Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

1. Overview of Results of Operations, etc.

(1) Explanation of Results of Operations

Consolidated ordinary income amounted to ¥11,138,580 million (down ¥126,193 million year-on-year) and consolidated net ordinary income amounted to ¥657,499 million (down ¥333,965 million year-on-year). Net income attributable to Japan Post Holdings amounted to ¥431,066 million (down ¥70,618 million year-on-year), which comprises consolidated net ordinary income after adjusting for items including extraordinary gains (losses) and provision for reserve for policyholder dividends.

Financial results by segment are as follows.

(Postal and Domestic Logistics Business Segment)

In the postal and domestic logistics business, Japan Post Co., Ltd. (“Japan Post Co.”) made alterations to the requirements for sending special mail within the same postal area and revised the relevant postal fees as part of a review of services pursuant to the enforcement of the Act to Partially Amend the Postal Act and the Act on Correspondence Delivery by Private Business Operators (Act No. 70 of 2020).

We made efforts to maintain the use of mails by expanding support for Letter Writing Workshop Program and providing New Year’s postcards services through smartphones, as well as activities to convey the joy of sending and receiving letters. We also engaged in initiatives to ensure we capture the growing markets for e-commerce and online flea markets, such as expanding PUDO (Pick Up & Drop Off) stations, which can be used as “HAKO POST” receiving lockers where customers can send or receive parcels outside their homes, to enhance customer convenience.

At JP Rakuten Logistics, Inc., jointly owned by Japan Post Co. and Rakuten Group, Inc., we engaged in building an efficient delivery network while also establishing new warehouse bases to address rising parcel volumes. We also commenced handling of Hikyaku Yu-Packet Express and Hikyaku Global Post Express in collaboration with Sagawa Express Co., Ltd., as well as delivering Post Office Catalogue products through Hikyaku Cool Express (chilled and frozen items).

In addition to promoting the digital transformation (DX) of transport, including the introduction of transport telematics and the optimization of transport diagrams, we also engaged in verification trials and testing of robotics such as automated guided vehicles (AGVs) and more sophisticated delivery systems such as drones and delivery robots, looking to practical application of these technologies in the future. In February 2023, we opened the Ichikawa-minami Post Office, a next-generation post office capable of the full-scale practical application of DX, as we push ahead with DX initiatives such as the operation of AGVs and control systems.

At the same time, we engaged in initiatives including the eradication of internal crimes including the abandonment or concealment of mail and other items, customer information protection, and the improvement of internal control systems based on our basic view of compliance as a top-priority management issue.

As a result of these initiatives, in the postal and domestic logistics business for the fiscal year ended March 31, 2023, ordinary income amounted to ¥2,001,619 million (down ¥42,005 million year-on-year). Yu-Pack (including Yu-Packet) volumes declined due to the severe competitive environment, and the volume of New Year’s postcards also declined. Operating expenses increased, mainly due to the impact of a rise in utilities expenses and expenses for new subsidiaries despite continued cost control initiatives and other measures. Accordingly, net ordinary income amounted to ¥35,212 million (down ¥68,685 million year-on-year). In addition, operating income amounted to ¥1,997,817 million (down ¥43,393 million year-on-year) and net operating income amounted to ¥32,852 million (down ¥69,393 million year-on-year) in the postal and domestic logistics business of Japan Post Co. for the fiscal year ended March 31, 2023.

(Post Office Business Segment)

In the post office business, Japan Post Co. had previously suspended active solicitation activities for Japan Post Insurance products, investment trusts and allied financial instruments (variable annuities, medical insurance with eased underwriting conditions, and accident insurance) at post offices, etc., but we decided to commence these business operations aimed at regaining customers’ trust, and have engaged in initiatives for this purpose

since October 2020.

Under these initiatives, we have offered financial instruments only where these meet the demands of our customers. From April 2021 onwards, while continuing these business operations aimed at regaining customers' trust, we shifted to a new sales stance aimed at building relationships of trust with our customers through business activities, by ascertaining anticipated customer needs and providing information and proposals on financial instruments to meet these needs.

Regarding measures to radically eliminate improper solicitation actions, in addition to implementing multiple checks at the subscription stage, we continued to engage in initiatives aimed at improving solicitation quality and enhancing the solicitation quality control scheme, such as building a solicitation quality data management platform and strengthening guidance and risk management for sales personnel.

We are also progressing with the digitalization of counter operations to respond to the rising need for remote and non-contact services. We launched an online consultation service for investment trusts and progressively introduced digital application systems for cancer insurance, medical insurance with eased underwriting conditions, and automobile insurance policies, as well as digital ticket dispensers and self-serve postal checkout services.

In addition, we engaged in the optimization of the post office network through measures such as opening new post offices in locations such as shopping centers and reviewing the position of existing post offices. We progressed with the development of unique and diverse post offices catering to the needs of local communities and customers to boost the value of the post office network, collaborating with local governments and other companies on initiatives such as administrative work contracts from local governments, the reception and handling of administrative processes from local financial institutions, and the integrated operation of post office and station counters.

We also worked on measures to eradicate the embezzlement of funds and other internal crimes, protect customer data, combat money laundering, the financing of terrorism and proliferation financing, and improve our whistleblowing system, as well as address issues concerning solicitation quality for Japan Post Insurance products, based on our view of compliance as a top-priority management issue.

As a result of these initiatives, in the post office business for the fiscal year ended March 31, 2023, ordinary income amounted to ¥1,075,762 million (down ¥80,953 million year-on-year*), with a continuing decline in insurance commissions and banking commissions. Net ordinary income amounted to ¥50,466 million (up ¥25,980 million year-on-year*), with a decrease in personnel expenses and other ordinary expenses associated with the transition to the Japan Post Insurance's new sales system from April 2022. In addition, operating income amounted to ¥1,074,041 million (down ¥77,756 million year-on-year) and net operating income amounted to ¥49,311 million (up ¥24,741 million year-on-year) in the post office business of Japan Post Co. for the fiscal year ended March 31, 2023.

*The businesses conducted by Japan Post Building Management Co., Ltd., which were previously included in the "post office business" for the purposes of classifying the Group's reportable segment, have been reclassified as part of "other business" beginning from the fiscal year ended March 31, 2023. Accordingly, year-on-year differences are stated according to the figures after the reclassification of segments.

(International Logistics Business Segment)

In the international logistics business, we continued to engage in the transformation plan of Toll Holdings Pty Limited, a consolidated subsidiary of Japan Post Co. In addition to implementing measures to enhance efficiency, including the rationalization of the Australian business, we proceeded with the shift to a business model centered on Asia, including Japan, developing our businesses focused on specific countries and industries forecast to grow in the Asian region.

We also continued to expand B-to-B businesses mainly through our contract logistics, utilizing JP Toll Logistics Co., Ltd.

We restructured the businesses of JP Toll Logistics Co., Ltd. and Toll Express Japan Co., Ltd. in April 2023

to achieve more efficient transport, inventory and delivery operations and promote the expansion of domestic B-to-B businesses, changing their company names to JP Logistics Group Co., Ltd. and JP Logistics Co., Ltd., respectively.

As a result of these initiatives, in the international logistics business for the fiscal year ended March 31, 2023, ordinary income amounted to ¥600,179 million (down ¥87,638 million year-on-year). This was partly due to a fall in unit prices for cargo in the Global Forwarding business, in addition to the impact of a reduction in income associated with the transfer of the Global Express business in August 2021. Although ordinary expenses fell in the absence of expenses from the Global Express business, despite an increase in expenses corresponding to higher income from the Global Forwarding business, net ordinary loss amounted to ¥723 million (net ordinary income of ¥21,226 million in the previous fiscal year). Operating income in the international logistics business of Japan Post Co. amounted to ¥599,462 million (down ¥88,044 million year-on-year) and net operating income (EBIT) in the international logistics business of Japan Post Co. amounted to ¥10,732 million (down ¥18,055 million year-on-year) for the fiscal year ended March 31, 2023.

(Banking Business Segment)

In the banking business, at Japan Post Bank Co., Ltd. (“Japan Post Bank”), we engaged in steadily expanding and strengthening our business based on the five key strategies established under the Medium-term Management Plan (fiscal year ended March 31, 2022 through fiscal year ended March 31, 2026) : “Innovating retail business into a new form by realizing complementarity between the physical and the digital,” “Business reforms and productivity improvement through the active utilization of digital technology,” “Enhancing funds flow to regional communities and the regional relationship functions through various frameworks,” “Deepening market operations and risk management with an awareness of stress tolerance,” and “Strengthening the management base to become a more trusted bank.”

As a result of these initiatives, in the banking business for the fiscal year ended March 31, 2023, ordinary income amounted to ¥2,064,115 million (up ¥86,472 million year-on-year), with an increase in net other operating income due mainly to an increase in gains (losses) on foreign exchanges, despite a decline in net interest income due primarily to an increase in foreign currency funding costs associated with rising overseas interest rates. Ordinary expenses increased despite a decline in deposit insurance premiums and lower commissions paid to Japan Post Co., due mainly to an increase in interest expenses, and net ordinary income amounted to ¥455,537 million (down ¥35,356 million year-on-year).

(Life Insurance Business Segment)

In the life insurance business, Japan Post Insurance Co., Ltd. has continued to engage in initiatives to regain customers’ trust, after issues were discovered in the quality of insurance solicitations for Japan Post Insurance products in the fiscal year ended March 31, 2020. As measures to prevent recurrence, we steadily implemented the initiatives set forth in the business improvement plan submitted to the Financial Services Agency of Japan: “create a healthy corporate culture and establishing an appropriate sales promotion scheme,” “strengthen the appropriate solicitation quality control scheme” and “strengthen the governance function of the Board of Directors, etc.”

From April 2022, we established the Japan Post Insurance’s new sales system, combining expertise and breadth, and provided comprehensive consulting services integrating the whole Japan Post Group.

In addition to the initiatives to regain trust described above, we focused on initiatives to reinforce the business foundations such as “Enhancement of insurance services” and reinforcement of business foundation, including “Achieving greater depth and sophistication of asset management,” as well as “Improving customer experience value (CX).”

As a result of these initiatives, in the life insurance business for the fiscal year ended March 31, 2023, ordinary income amounted to ¥6,379,561 million (down ¥74,646 million year-on-year), while net ordinary income amounted to ¥117,892 million (down ¥238,220 million year-on-year), with a decrease in insurance premiums and others due to fewer policies in force.

(Consolidated financial results forecast for the fiscal year ending March 31, 2024)

With regard to the consolidated financial results forecast for the fiscal year ending March 31, 2024, ordinary income of ¥10,860,000 million, net ordinary income of ¥620,000 million and net income attributable to Japan Post Holdings of ¥240,000 million (down ¥191,066 million year-on-year) are anticipated. The main reason for the forecast decrease in net income is the decrease in the equity share in Japan Post Bank (from 89% to 60%).

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

• Postal and domestic logistics business	¥(31,000) million
• Post office business	¥44,000 million
• International logistics business	¥5,000 million
• Banking business	¥470,000 million
• Life insurance business	¥140,000 million

In addition, net income forecasts at the principal subsidiaries are as follows.

At Japan Post Co. (consolidated), net income attributable to Japan Post Co. is forecast at ¥7,000 million (down ¥55,111 million year-on-year), mainly due to a continuing decrease in the volume of mail handled reflecting factors such as the advance of digitalization, as well as an increase in costs due to the impact of rising prices, response to the deterioration of assets due to aging, and investment in growth, among other factors. This is despite the anticipated expansion of income in the parcels field, including Yu-Pack, and a one-off boost to income from the sale of real estate.

At Japan Post Bank (consolidated), net income attributable to Japan Post Bank is forecast at ¥335,000 million (up ¥9,929 million year-on-year), mainly due to the expected continuation of the boost to income from the strategic investment field, as well as an increase in gain on sales associated with risk adjustment operations for shares and other assets, and an increase in income from fees and commissions, despite expectations that foreign currency funding costs in market operations will remain high.

At Japan Post Insurance (consolidated), net income attributable to Japan Post Insurance is forecast at ¥72,000 million (down ¥25,614 million year-on-year), mainly owing to the impact of a decrease in policies in force. The effect on net income of the increase in gain on sale of securities, which is partly responsible for the increase in net ordinary income, is neutralized through the reserve for price fluctuations.

Net income attributable to non-controlling interests for Japan Post Holdings (consolidated) is forecast at ¥160,000 million.

(2) Explanation of Financial Position

1) Condition of assets, liabilities and net assets

Consolidated total assets were ¥296,111,587 million, down ¥7,735,393 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥1,740,520 million, an increase in money held in trust of ¥1,025,286 million and an increase in loans of ¥516,275 million, as well as a decrease in securities of ¥10,402,212 million and a decrease in receivables under resale agreements of ¥785,369 million.

Consolidated total liabilities were ¥281,013,330 million, down ¥8,144,667 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥689,707 million and an increase in other liabilities of ¥554,210 million, as well as a decrease in borrowed money of ¥4,151,607 million, a decrease in policy reserves of ¥3,015,234 million and a decrease in payables under securities lending transactions of ¥1,809,262 million.

Consolidated total net assets were ¥15,098,256 million, up ¥409,274 million from the end of the previous fiscal year.

Major factors include an increase in non-controlling interests of ¥2,641,071 million and an increase in net deferred gains (losses) on hedges of ¥104,786 million, as well as a decrease in capital surplus of ¥1,458,718 million and a decrease in net unrealized gains (losses) on available-for-sale securities of ¥837,535 million.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥70,181,478 million, up ¥1,762,254 million from the beginning of the current fiscal year.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥8,151,226 million (compared to ¥4,984,168 million provided in the previous fiscal year), as a result of investment and procurement of funds in the banking business, along with income from insurance premiums and payment of insurance claims, etc. in the life insurance business.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥9,352,146 million (up ¥7,938,926 million in inflow year-on-year), as a result of cash inflows mainly owing to proceeds from sale and redemption of securities in the banking business and life insurance business, as well as cash outflows mainly due to purchases of securities.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥549,640 million (compared to ¥621,040 million used in the previous fiscal year), mainly as a result of proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation.

(3) Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year and Next Fiscal Year

The Company considers returning profits to shareholders to be an important management measure and sets out its basic policy to continuously provide stable return to shareholders in accordance with the results of operations.

With regard to dividends from retained earnings, the Company aims to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, the Company aims to sustain stable dividend per share, while maintaining an annual dividend per share of roughly ¥50 until the fiscal year ending March 31, 2026.

The decision-making body concerning dividends from retained earnings is set to be the Board of Directors as per the provisions of the Articles of Incorporation in order to ensure flexible management operations. In addition, it is stipulated that dividends from retained earnings are to be paid with March 31 and September 30 of each year as record dates.

With regard to dividends for the fiscal year ended March 31, 2023, based on a comprehensive judgment of the consolidated financial results and other factors, the annual dividend on common stock will be ¥50 per share (of which, interim dividend will be ¥25).

Annual dividend is scheduled to be ¥50 per share for the next fiscal year ending March 31, 2024, taking into consideration the consolidated financial results forecast, stability of dividends and other factors.

Internal reserves will be utilized mainly for investments to capture growth opportunities and capital policies with awareness on capital efficiency, aiming at enhancement of corporate value.

In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from retained earnings or other appropriation of retained earnings (excluding disposition of loss) of the Company shall not be effective without approval of the Minister for Internal Affairs and Communications.

2. Basic Approach Concerning Selection of Accounting Standards

The Group prepares the consolidated financial statements based on Japanese GAAP. It will consider its approach to the future adoption of the International Financial Reporting Standards (IFRS) in consideration of factors such as trends in accounting standards in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	68,502,665	70,243,186
Call loans	2,510,000	2,500,000
Receivables under resale agreements	11,958,586	11,173,216
Receivables under securities borrowing transactions	-	250,241
Monetary claims bought	436,845	525,632
Trading account securities	11	19
Money held in trust	10,762,356	11,787,642
Securities	193,172,232	182,770,020
Loans	8,693,923	9,210,199
Foreign exchanges	213,924	124,943
Other assets	3,183,566	2,945,647
Tangible fixed assets	3,105,104	3,178,680
Buildings	1,038,414	1,044,093
Land	1,608,472	1,613,766
Construction in progress	165,308	235,520
Other tangible fixed assets	292,909	285,300
Intangible assets	224,931	266,735
Software	197,692	241,744
Goodwill	8,905	6,926
Other intangible assets	18,333	18,065
Asset for retirement benefits	69,639	76,022
Deferred tax assets	1,019,228	1,065,309
Reserve for possible loan losses	(6,036)	(5,909)
Total assets	303,846,980	296,111,587

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Deposits	191,731,173	192,420,880
Payables under repurchase agreements	22,032,546	22,057,310
Policy reserves and others	58,196,072	55,103,778
Reserve for outstanding claims	402,608	410,387
Policy reserves	56,533,454	53,518,219
Reserve for policyholder dividends	1,260,009	1,175,171
Payables under securities lending transactions	3,751,134	1,941,872
Borrowed money	5,942,886	1,791,279
Foreign exchanges	697	1,411
Bonds	300,000	335,000
Other liabilities	3,455,867	4,010,077
Reserve for bonuses	127,237	125,570
Liability for retirement benefits	2,223,051	2,212,694
Reserve for employee stock ownership plan trust	515	511
Reserve for management board benefit trust	1,139	1,176
Reserve for reimbursement of deposits	58,813	54,655
Reserve under the special laws	972,606	889,960
Reserve for price fluctuations	972,606	889,960
Deferred tax liabilities	364,257	67,152
Total liabilities	289,157,998	281,013,330
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	1,458,718	-
Retained earnings	6,138,069	6,238,845
Treasury stock	(96,106)	(201,307)
Total shareholders' equity	11,000,681	9,537,537
Net unrealized gains (losses) on available-for-sale securities	1,731,180	893,645
Net deferred gains (losses) on hedges	(479,930)	(375,143)
Foreign currency translation adjustments	(112,443)	(116,148)
Accumulated adjustments for retirement benefits	169,902	137,703
Total accumulated other comprehensive income	1,308,709	540,056
Non-controlling interests	2,379,590	5,020,661
Total net assets	14,688,981	15,098,256
Total liabilities and net assets	303,846,980	296,111,587

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ordinary income	11,264,774	11,138,580
Postal business income	2,688,197	2,559,172
Banking business income	1,976,004	2,062,509
Life insurance business income	6,454,191	6,374,579
Other ordinary income	146,379	142,318
Ordinary expenses	10,273,309	10,481,081
Operating expenses	7,398,205	7,783,737
Personnel expenses	2,429,768	2,434,286
Depreciation and amortization	255,361	229,490
Other ordinary expenses	189,973	33,567
Net ordinary income	991,464	657,499
Extraordinary gains	29,440	112,235
Gains on sales of fixed assets	21,639	20,593
Reversal of reserve under the special laws	-	82,645
Reversal of reserve for price fluctuations	-	82,645
Compensation for transfer	1,185	832
Insurance claim income	4,383	735
Gains on sale of businesses	-	6,995
Other extraordinary gains	2,232	432
Extraordinary losses	106,504	12,454
Losses on sales and disposal of fixed assets	4,609	3,859
Losses on impairment of fixed assets	11,280	3,224
Provision for reserve under the special laws	67,789	-
Provision for reserve for price fluctuations	67,789	-
Extra payments for early retirements	-	1,992
Litigation expenses	-	969
Losses on sale of businesses	10,898	-
Other extraordinary losses	11,926	2,407
Provision for reserve for policyholder dividends	73,113	62,067
Income before income taxes	841,287	695,212
Income taxes current	221,456	193,095
Income taxes deferred	1,322	(18,570)
Total income taxes	222,779	174,525
Net income	618,508	520,687
Net income attributable to non-controlling interests	116,823	89,620
Net income attributable to Japan Post Holdings	501,685	431,066

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income	618,508	520,687
Other comprehensive income (loss)	(1,423,696)	(825,912)
Net unrealized gains (losses) on available-for-sale securities	(1,210,064)	(707,864)
Net deferred gains (losses) on hedges	(169,335)	(82,206)
Foreign currency translation adjustments	(7,771)	(4,039)
Adjustments for retirement benefits	(36,525)	(31,807)
Share of other comprehensive income of affiliates	0	6
Comprehensive loss	(805,187)	(305,224)
Total comprehensive loss attributable to:		
Japan Post Holdings	(705,175)	(283,482)
Non-controlling interests	(100,011)	(21,741)

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,085,191	4,374,229	(831,661)	11,127,759
Cumulative effects of changes in accounting policies			(4,972)		(4,972)
Restated balance at the beginning of the fiscal year	3,500,000	4,085,191	4,369,257	(831,661)	11,122,787
Changes in the fiscal year					
Cash dividends		(202,193)			(202,193)
Deficit disposition		(1,267,127)	1,267,127		-
Net income attributable to Japan Post Holdings			501,685		501,685
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(76,336)			(76,336)
Purchases of treasury stock				(345,450)	(345,450)
Disposals of treasury stock				189	189
Cancellation of treasury stock		(1,080,816)		1,080,816	-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	(2,626,473)	1,768,812	735,555	(122,105)
Balance at the end of the fiscal year	3,500,000	1,458,718	6,138,069	(96,106)	11,000,681

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	2,893,921	(329,275)	(104,433)	206,389	2,666,601	2,276,705	16,071,067
Cumulative effects of changes in accounting policies						(13)	(4,985)
Restated balance at the beginning of the fiscal year	2,893,921	(329,275)	(104,433)	206,389	2,666,601	2,276,692	16,066,081
Changes in the fiscal year							
Cash dividends							(202,193)
Deficit disposition							-
Net income attributable to Japan Post Holdings							501,685
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(76,336)
Purchases of treasury stock							(345,450)
Disposals of treasury stock							189
Cancellation of treasury stock							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity in the fiscal year	(1,162,740)	(150,654)	(8,009)	(36,487)	(1,357,892)	102,898	(1,254,994)
Net changes in the fiscal year	(1,162,740)	(150,654)	(8,009)	(36,487)	(1,357,892)	102,898	(1,377,099)
Balance at the end of the fiscal year	1,731,180	(479,930)	(112,443)	169,902	1,308,709	2,379,590	14,688,981

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	1,458,718	6,138,069	(96,106)	11,000,681
Cumulative effects of changes in accounting policies					-
Restated balance at the beginning of the fiscal year	3,500,000	1,458,718	6,138,069	(96,106)	11,000,681
Changes in the fiscal year					
Cash dividends			(183,136)		(183,136)
Deficit disposition					-
Net income attributable to Japan Post Holdings			431,066		431,066
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(1,505,816)			(1,505,816)
Purchases of treasury stock				(205,355)	(205,355)
Disposals of treasury stock				98	98
Cancellation of treasury stock		(100,056)		100,056	-
Transfer from retained earnings to capital surplus		147,154	(147,154)		-
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	(1,458,718)	100,775	(105,200)	(1,463,143)
Balance at the end of the fiscal year	3,500,000	-	6,238,845	(201,307)	9,537,537

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	1,731,180	(479,930)	(112,443)	169,902	1,308,709	2,379,590	14,688,981
Cumulative effects of changes in accounting policies							-
Restated balance at the beginning of the fiscal year	1,731,180	(479,930)	(112,443)	169,902	1,308,709	2,379,590	14,688,981
Changes in the fiscal year							
Cash dividends							(183,136)
Deficit disposition							-
Net income attributable to Japan Post Holdings							431,066
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(1,505,816)
Purchases of treasury stock							(205,355)
Disposals of treasury stock							98
Cancellation of treasury stock							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity in the fiscal year	(837,535)	104,786	(3,705)	(32,198)	(768,652)	2,641,071	1,872,418
Net changes in the fiscal year	(837,535)	104,786	(3,705)	(32,198)	(768,652)	2,641,071	409,274
Balance at the end of the fiscal year	893,645	(375,143)	(116,148)	137,703	540,056	5,020,661	15,098,256

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities:		
Income before income taxes	841,287	695,212
Depreciation and amortization	255,361	229,490
Losses on impairment of fixed assets	11,280	3,224
Amortization of goodwill	1,317	2,082
Equity in (earnings) losses of affiliates	(1,527)	(1,387)
Net change in reserve for outstanding claims	(16,412)	7,778
Net change in policy reserves	(2,864,265)	(3,015,234)
Provision for interest on policyholder dividends	9	9
Provision for reserve for policyholder dividends	73,113	62,067
Net change in reserve for possible loan losses	(1,403)	(106)
Net change in reserve for bonuses	504	(1,543)
Net change in asset and liability for retirement benefits	7,055	(16,740)
Net change in reserve for employee stock ownership plan trust	(20)	(3)
Net change in reserve for management board benefit trust	186	36
Net change in reserve for reimbursement of deposits	(15,016)	(4,158)
Net change in reserve for insurance claims and others	(2,851)	-
Net change in reserve for price fluctuations	67,789	(82,645)
Interest and dividend income	(996,273)	(959,368)
Interest expenses	10,830	17,609
Interest income (accrual basis)	(1,369,735)	(1,243,685)
Interest expenses (accrual basis)	226,652	458,165
Net (gains) losses on securities	219,842	142,927
Net (gains) losses on money held in trust	(401,224)	(397,198)
Net (gains) losses on foreign exchanges	(1,105,269)	(1,337,823)
Net (gains) losses on sales and disposal of fixed assets	(17,070)	(13,795)
Net change in loans	248,159	(1,163,957)
Net change in deposits	3,746,412	689,707
Net change in borrowed money	1,686,100	(3,971,000)
Net change in call loans	(1,257,041)	140
Net change in receivables under securities borrowing transactions for banking business	-	(250,241)
Net change in call money	4,575,165	(1,145,024)
Net change in payables under securities lending transactions for banking business	9,894	427,434
Net change in foreign exchanges (assets)	(133,076)	88,980
Net change in foreign exchanges (liabilities)	182	714
Interest received (cash basis)	1,337,037	1,195,051
Interest paid (cash basis)	(343,003)	(411,768)
Other, net	(417,008)	1,129,687
Subtotal	4,376,984	(8,865,361)
Interest and dividend income received	1,039,134	997,428
Interest expenses paid	(11,308)	(17,794)
Policyholder dividends paid	(155,691)	(146,714)
Income taxes paid	(274,815)	(124,552)
Other, net	9,864	5,767
Net cash provided by (used in) operating activities	4,984,168	(8,151,226)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities:		
Purchases of call loans	(7,600,000)	(7,380,000)
Proceeds from redemption of call loans	7,690,000	7,380,000
Net change in receivables under resale agreements	(2,096,833)	735,373
Net change in payables under repurchase agreements	2,570,899	1,169,788
Purchases of monetary claims bought	(384,982)	(119,988)
Proceeds from sale and redemption of monetary claims bought	621,790	111,808
Net change in receivables under securities borrowing transactions for life insurance business	2,585,087	-
Net change in payables under securities lending transactions for life insurance business	(2,350,772)	(2,236,696)
Purchases of securities	(44,871,665)	(47,557,119)
Proceeds from sale of securities	7,159,507	19,019,006
Proceeds from redemption of securities	38,079,332	38,666,999
Purchases of money held in trust	(1,136,176)	(1,024,238)
Proceeds from sale of money held in trust	885,997	655,650
Payments for loans	(435,102)	(421,335)
Proceeds from collection of loans	1,146,131	1,067,457
Purchases of tangible fixed assets	(140,274)	(230,999)
Proceeds from sale of tangible fixed assets	45,991	30,623
Purchases of intangible assets	(63,516)	(92,214)
Purchase of stocks of subsidiaries and affiliates	-	(6,688)
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(23,721)	(121)
Proceeds from purchases of stocks of subsidiaries resulting in change in the scope of consolidation	4,990	-
Payments for sale of stocks of subsidiaries resulting in change in the scope of consolidation	(30)	-
Other, net	(273,431)	(415,158)
Net cash provided by investing activities	1,413,220	9,352,146
Cash flows from financing activities:		
Proceeds from borrowings	89,187	97,980
Repayment of borrowings	(98,193)	(276,511)
Proceeds from issuance of bonds	-	34,887
Purchase of treasury stock	(345,450)	(205,355)
Purchases of treasury stock of subsidiaries	(548)	(52,322)
Proceeds from disposals of treasury stock of subsidiaries	52	55
Dividends paid	(202,176)	(182,997)
Dividends paid to non-controlling interests	(45,894)	(41,858)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(1)	-
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	1,189	1,191,910
Other, net	(19,205)	(16,147)
Net cash provided by (used in) financing activities	(621,040)	549,640
Effect of exchange rate changes on cash and cash equivalents	4,920	11,693
Net change in cash and cash equivalents	5,781,269	1,762,254
Cash and cash equivalents at the beginning of the fiscal year	62,637,954	68,419,223
Cash and cash equivalents at the end of the fiscal year	68,419,223	70,181,478

(5) Notes to Consolidated Financial Statements

(Notes on Going-Concern Assumption)

None

(Changes in Accounting Policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Implementation Guidance on Fair Value Measurement Accounting Standard”), from the start of the fiscal year ended March 31, 2023. The Company has applied the new accounting policy prescribed under Implementation Guidance on Fair Value Measurement Accounting Standard prospectively, in accordance with the transitional treatment prescribed under Paragraph 27-2 of Implementation Guidance on Fair Value Measurement Accounting Standard. Pursuant to this application, the method used to measure the value of certain investment trusts on the consolidated balance sheets has changed from acquisition cost to fair value.

(Segment Information)

1. Ordinary income and segment profit (loss) of reportable segments

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	Post office business	International logistics business	Banking business	Life insurance business	Subtotal		
Ordinary income								
Ordinary income from third parties	1,963,562	84,509	599,899	2,062,509	6,374,579	11,085,062	49,160	11,134,222
Intersegment ordinary income	38,056	991,253	279	1,605	4,981	1,036,176	263,988	1,300,164
Total	2,001,619	1,075,762	600,179	2,064,115	6,379,561	12,121,238	313,149	12,434,387
Segment profit (loss)	35,212	50,466	(723)	455,537	117,892	658,385	189,802	848,188

- (Notes) 1. Ordinary income is presented instead of net sales which is typical for companies in other industries.
2. "Other business" includes the hospital business. Segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥184,610 million.

2. Reconciliation of amounts reported on reportable segments and consolidated financial statements

(1) Reconciliation between total ordinary income of reportable segments and ordinary income on the consolidated statements of income

(Millions of yen)

Items	Fiscal year ended March 31, 2023
Total ordinary income of reportable segments	12,121,238
Ordinary income of other business	313,149
Eliminations of intersegment transactions	(1,300,164)
Adjustments	4,358
Ordinary income on the consolidated statements of income	11,138,580

- (Notes) 1. Ordinary income is presented instead of net sales which is typical for companies in other industries.
2. "Adjustments" are primarily due to differences in the calculation methods used for ordinary income for the international logistics business segment and the consolidated statements of income.

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

(Millions of yen)

Items	Fiscal year ended March 31, 2023
Total segment profit (loss) of reportable segments	658,385
Segment profit in other business	189,802
Eliminations of intersegment transactions	(187,443)
Adjustments	(3,245)
Net ordinary income on the consolidated statements of income	657,499

- (Note) "Adjustments" are primarily due to differences in the calculation methods used for segment loss for the international logistics business segment and net ordinary income on the consolidated statements of income.

3. Changes in reportable segments

(Changes in Classification of Reportable Segments)

Pursuant to a partial change in performance management classifications within the Group, the business conducted by Japan Post Building Management Co., Ltd., which was previously included in the “post office business,” has been reclassified as part of “other business” beginning from the fiscal year ended March 31, 2023.

(Per Share Data)

Items		Fiscal year ended March 31, 2023
Net assets per share	Yen	2,912.76
Net income per share	Yen	120.82

(Notes) 1. Because there was no potential common stock, the amount for diluted net income per share is omitted.

2. Net assets per share is calculated based on the following:

Items		As of March 31, 2023
Net assets	Millions of yen	15,098,256
Amount deducted from net assets	Millions of yen	5,020,661
Of which: Non-controlling interests	Millions of yen	5,020,661
Net assets attributable to common stock at the fiscal year-end	Millions of yen	10,077,594
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share	Thousands of shares	3,459,808

3. The number of treasury stock excluded from the number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share includes the number of shares of the Company held by the management board benefit trust. The number of shares of the Company held by the management board benefit trust excluded from the calculation of net assets per share was 1,140,500 shares as of March 31, 2023.

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

Items		Fiscal year ended March 31, 2023
Net income attributable to Japan Post Holdings	Millions of yen	431,066
Amount not attributable to common stockholders	Millions of yen	-
Net income attributable to common stock	Millions of yen	431,066
Average number of common stock outstanding during the fiscal year	Thousands of shares	3,567,713

5. The number of treasury stock excluded from the average number of common stock outstanding during the fiscal year used for the calculation of net income per share includes the number of shares of the Company held by the management board benefit trust. The average number of shares of the Company held by the management board benefit trust excluded from the calculation of net income per share was 1,022,544 shares for the fiscal year ended March 31, 2023.

(Subsequent Events)

(Acquisition of Treasury Stock)

The Company resolved, at the meeting of its Board of Directors held on May 15, 2023, on matters concerning the acquisition of treasury stock in accordance with Article 39, Paragraph 1 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act.

1. Reason for the acquisition of treasury stock

The Company will acquire treasury stock for the purpose of improving capital efficiency and enhancing shareholder returns, in accordance with its capital strategy under the Group Medium-term Management Plan "JP Vision 2025."

2. Details of matters related to the acquisition

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

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	142,756	1,318,201
Inventories	317	141
Prepaid expenses	774	784
Short-term loan	53,704	66,283
Accounts receivable	36,153	24,992
Income taxes receivable	37,289	47,522
Others	5,867	1,200
Reserve for possible loan losses	(4)	(3)
Total current assets	276,859	1,459,123
Non-current assets		
Tangible fixed assets		
Buildings	43,093	35,446
Structures	2,185	939
Machinery and equipment	602	140
Vehicles	63	23
Tools and fixtures	18,352	12,632
Land	91,737	85,935
Construction in progress	294	556
Total tangible fixed assets	156,328	135,674
Intangible assets		
Software	18,229	12,515
Others	1,232	389
Total intangible assets	19,461	12,905
Investments and other assets		
Investment securities	147,465	99,069
Stocks of subsidiaries and affiliates	4,737,230	3,446,563
Money held in trust	412,160	450,583
Long-term loan	62,329	112,005
Claims provable in bankruptcy	63	63
Long-term prepaid expenses	1,445	988
Prepaid pension costs	36,898	46,881
Others	172	217
Reserve for possible loan losses	(63)	(63)
Allowance for investment loss	(1,700)	(1,700)
Total investments and other assets	5,396,001	4,154,608
Total non-current assets	5,571,791	4,303,188
Total assets	5,848,650	5,762,311

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable	16,237	11,423
Accrued expenses	1,042	1,796
Income taxes payable	151	35
Accrued consumption taxes	3,185	2,086
Reserve for bonuses	1,371	1,300
Others	2,221	636
Total current liabilities	24,210	17,277
Long-term liabilities		
Bonds	-	35,000
Reserve for retirement benefits	24,130	19,001
Reserve for management board benefit trust	315	282
Reserve for compensation for accidents in the course of duty	16,022	15,424
Deferred tax liabilities	35,926	47,035
Others	7,323	3,255
Total long-term liabilities	83,719	119,999
Total liabilities	107,929	137,277
Net assets		
Shareholders' equity		
Capital stock	3,500,000	3,500,000
Capital surplus		
Capital reserve	875,000	875,000
Other capital surplus	1,078,718	978,662
Total capital surplus	1,953,718	1,853,662
Retained earnings		
Other retained earnings		
Retained earnings brought forward	325,471	436,123
Total retained earnings	325,471	436,123
Treasury stock	(96,106)	(201,307)
Total shareholders' equity	5,683,084	5,588,478
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities	57,636	36,556
Total valuation and translation adjustments	57,636	36,556
Total net assets	5,740,721	5,625,034
Total liabilities and net assets	5,848,650	5,762,311

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating income		
Brand royalty income	13,040	12,692
Dividend income from subsidiaries and affiliates	203,393	184,610
Income from business consignment	45,262	46,065
Subsidy income equivalent to deposit insurance premiums	243	96
Income from hospital business	14,020	13,352
Income from hotel business	8,728	742
Total operating income	284,688	257,559
Operating expenses		
Expenses for business consignment	45,000	46,216
Expenses for hospital business	17,708	16,291
Expenses for hotel business	16,414	2,306
Administrative expenses	2,019	12,107
Total operating expenses	81,142	76,922
Net operating income	203,545	180,637
Other income		
Interest income	275	619
Dividend income	9,998	12,870
Rent income	2,804	2,728
Subsidy income	1,958	3,046
Others	867	967
Total other income	15,904	20,232
Other expenses		
Interest on bonds	-	92
Rent expenses	1,312	1,306
Expenses on systems rented to others	198	393
Provision of allowance for doubtful accounts	2	-
Others	184	195
Total other expenses	1,697	1,988
Net ordinary income	217,753	198,881
Extraordinary gains		
Gains on sales of fixed assets	1,072	1,460
Gains on sale of businesses	-	6,995
Gains on sales of stocks of subsidiaries and affiliates	87,530	71,783
Others	2,968	9
Total extraordinary gains	91,572	80,249
Extraordinary losses		
Losses on sales and disposal of fixed assets	295	219
Losses on impairment of fixed assets	3,876	262
Expenses related to transfer of business	4,717	-
Others	1,060	79
Total extraordinary losses	9,949	561
Income before income taxes	299,376	278,569
Income taxes current	(26,084)	(15,218)
Total income taxes	(26,084)	(15,218)
Net income	325,460	293,787

(3) Non-consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	(1,267,127)	(1,267,127)
Cumulative effects of changes in accounting policies					11	11
Restated balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	(1,267,115)	(1,267,115)
Changes in the fiscal year						
Cash dividends			(202,193)	(202,193)		
Deficit disposition			(1,267,127)	(1,267,127)	1,267,127	1,267,127
Net income					325,460	325,460
Purchases of treasury stock						
Disposals of treasury stock						
Cancellation of treasury stock			(1,080,816)	(1,080,816)		
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	(2,550,137)	(2,550,137)	1,592,587	1,592,587
Balance at the end of the fiscal year	3,500,000	875,000	1,078,718	1,953,718	325,471	325,471

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(831,661)	5,905,066	7,903	7,903	5,912,969
Cumulative effects of changes in accounting policies		11			11
Restated balance at the beginning of the fiscal year	(831,661)	5,905,078	7,903	7,903	5,912,981
Changes in the fiscal year					
Cash dividends		(202,193)			(202,193)
Deficit disposition		-			-
Net income		325,460			325,460
Purchases of treasury stock	(345,450)	(345,450)			(345,450)
Disposals of treasury stock	189	189			189
Cancellation of treasury stock	1,080,816	-			-
Net changes in items other than shareholders' equity in the fiscal year			49,733	49,733	49,733
Net changes in the fiscal year	735,555	(221,993)	49,733	49,733	(172,259)
Balance at the end of the fiscal year	(96,106)	5,683,084	57,636	57,636	5,740,721

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at the beginning of the fiscal year	3,500,000	875,000	1,078,718	1,953,718	325,471	325,471
Cumulative effects of changes in accounting policies						
Restated balance at the beginning of the fiscal year	3,500,000	875,000	1,078,718	1,953,718	325,471	325,471
Changes in the fiscal year						
Cash dividends					(183,136)	(183,136)
Deficit disposition						
Net income					293,787	293,787
Purchases of treasury stock						
Disposals of treasury stock						
Cancellation of treasury stock			(100,056)	(100,056)		
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	(100,056)	(100,056)	110,651	110,651
Balance at the end of the fiscal year	3,500,000	875,000	978,662	1,853,662	436,123	436,123

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(96,106)	5,683,084	57,636	57,636	5,740,721
Cumulative effects of changes in accounting policies		-			-
Restated balance at the beginning of the fiscal year	(96,106)	5,683,084	57,636	57,636	5,740,721
Changes in the fiscal year					
Cash dividends		(183,136)			(183,136)
Deficit disposition		-			-
Net income		293,787			293,787
Purchases of treasury stock	(205,355)	(205,355)			(205,355)
Disposals of treasury stock	98	98			98
Cancellation of treasury stock	100,056	-			-
Net changes in items other than shareholders' equity in the fiscal year			(21,080)	(21,080)	(21,080)
Net changes in the fiscal year	(105,200)	(94,606)	(21,080)	(21,080)	(115,687)
Balance at the end of the fiscal year	(201,307)	5,588,478	36,556	36,556	5,625,034