

# Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 <Under Japanese GAAP>



November 14, 2019

Company name: Japan Post Holdings Co., Ltd.      Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6178      URL: <https://www.japanpost.jp/en/>  
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 Scheduled date of filing interim securities report: November 27, 2019  
 Scheduled date of commencing dividend payments: December 6, 2019  
 Trading accounts: Unestablished  
 Availability of supplementary briefing material on interim financial results: Available  
 Schedule of interim financial results briefing session: Scheduled (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

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

|                                     | Ordinary income |       | Net ordinary income |       | Net income attributable to Japan Post Holdings |      |
|-------------------------------------|-----------------|-------|---------------------|-------|--|------|
|                                     | Million yen     | %     | Million yen         | %     | Million yen                                    | %    |
| Six months ended September 30, 2019 | 5,969,326       | (4.8) | 402,623             | (3.2) | 236,599  | 5.8  |
| Six months ended September 30, 2018 | 6,273,162       | (1.7) | 415,896             | (1.1) | 223,713  | 24.2 |

(Note) Comprehensive income: Six months ended September 30, 2019: ¥663,202 million [- %]  
 Six months ended September 30, 2018: ¥(80,913) million [- %]

|                                     | Net income per share | Diluted net income per share |
|-------------------------------------|----------------------|------------------------------|
|                                     | Yen                  | Yen                          |
| Six months ended September 30, 2019 | 58.52                | -                            |
| Six months ended September 30, 2018 | 55.33                | -                            |

(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) |
|--------------------------|--------------|-------------|---------------------|
|                          | Million yen  | Million yen | %                   |
| As of September 30, 2019 | 289,744,560  | 15,624,830  | 4.7                 |
| As of March 31, 2019     | 286,170,709  | 14,788,654  | 4.6                 |

(Reference) Equity: As of September 30, 2019: ¥13,538,308 million

As of March 31, 2019: ¥13,293,508 million

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

## 2. Dividends

|  | Annual dividend |                 |                 |              |              |
|--|-----------------|-----------------|-----------------|--------------|--------------|
|  | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end     | Total        |
| Fiscal year ended March 31, 2019             | Yen<br>-        | Yen<br>25.00    | Yen<br>-        | Yen<br>25.00 | Yen<br>50.00 |
| Fiscal year ending March 31, 2020            | -               | 25.00           |                 |              |              |
| Fiscal year ending March 31, 2020 (Forecast) |                 |                 | -               | 25.00        | 50.00        |

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

|                                   | Ordinary income |       | Net ordinary income |        | Net income attributable to Japan Post Holdings |        | Net income per share |
|-----------------------------------|-----------------|-------|---------------------|--------|--|--------|----------------------|
|                                   | Million yen     | %     | Million yen         | %      | Million yen                                    | %      | Yen                  |
| Fiscal year ending March 31, 2020 | 11,880,000      | (7.0) | 710,000             | (14.5) | 420,000  | (12.4) | 103.87               |

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

### \* Notes:

- (1) Changes in significant subsidiaries during the fiscal period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No

(Note) For details, please refer to [Attachment] “2. Interim Consolidated Financial Statements and Primary Notes (4) Notes to Interim Consolidated Financial Statements (Changes in Accounting Policies)” on page 10.
- (3) Total number of shares issued (common stock)
  - 1) Total number of shares issued at the end of the fiscal period (including treasury stock):
    - As of September 30, 2019: 4,500,000,000 shares
    - As of March 31, 2019: 4,500,000,000 shares
  - 2) Total number of treasury stock at the end of the fiscal period:
    - As of September 30, 2019: 456,769,701 shares
    - As of March 31, 2019: 456,796,001 shares
  - 3) Average number of shares during the fiscal period:
    - Six months ended September 30, 2019: 4,043,225,669 shares
    - Six months ended September 30, 2018: 4,043,188,936 shares

(Note) The total number of treasury stock at the end of the fiscal period includes the shares of the Company held by the management board benefit trust of 630,500 shares and 656,800 shares as of September 30, 2019 and March 31, 2019, respectively. The number of treasury stock excluded from calculation of the average number of shares during the fiscal period includes the shares of the Company held by the management board benefit trust of 635,130 shares and 671,863 shares for the six months ended September 30, 2019 and 2018, respectively.

(Summary of non-consolidated financial results)

## 1. Non-consolidated Financial Results for the Six Months Ended September 30, 2019

(April 1, 2019 to September 30, 2019)

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

|                                     | Operating income |       | Net operating income |     | Net ordinary income |     | Net income  |       |
|-------------------------------------|------------------|-------|----------------------|-----|---------------------|-----|-------------|-------|
|                                     | Million yen      | %     | Million yen          | %   | Million yen         | %   | Million yen | %     |
| Six months ended September 30, 2019 | 154,146          | 0.2   | 127,573              | 0.9 | 129,887             | 1.9 | 270,814     | 108.3 |
| Six months ended September 30, 2018 | 153,827          | (2.1) | 126,482              | 3.3 | 127,410             | 3.8 | 130,031     | 20.1  |

|                                     | Net income per share |
|-------------------------------------|----------------------|
|                                     | Yen                  |
| Six months ended September 30, 2019 | 66.98                |
| Six months ended September 30, 2018 | 32.16                |

(2) Non-consolidated Financial Position

|                          | Total assets | Net assets  | Equity ratio (Note) |
|--------------------------|--------------|-------------|---------------------|
|                          | Million yen  | Million yen | %                   |
| As of September 30, 2019 | 8,327,559    | 8,104,239   | 97.3                |
| As of March 31, 2019     | 8,079,602    | 7,940,442   | 98.3                |

(Reference) Equity: As of September 30, 2019: ¥8,104,239 million

As of March 31, 2019: ¥7,940,442 million

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

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

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

Forecasts and other forward-looking statements presented in this document are based on information available to the Company 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 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.

[Attachment]

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Supplementary Briefing Material:

Materials for Consolidated Financial Results for the Six Months Ended September 30, 2019

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

### (1) Explanation of Results of Operations

Consolidated ordinary income for the six months ended September 30, 2019 amounted to ¥5,969,326 million (down ¥303,836 million year-on-year), of which the postal and domestic logistics business segment accounted for ¥992,159 million (up ¥22,892 million year-on-year); the post office business segment accounted for ¥666,015 million (down ¥11,263 million year-on-year); the international logistics business segment accounted for ¥318,422 million (down ¥28,383 million year-on-year); the banking business segment accounted for ¥909,985 million (down ¥55,401 million year-on-year); and the life insurance business segment accounted for ¥3,661,332 million (down ¥237,026 million year-on-year). Consolidated net ordinary income amounted to ¥402,623 million (down ¥13,272 million year-on-year) as a result of net ordinary income of ¥29,289 million in the postal and domestic logistics business segment (net ordinary loss of ¥2,969 million for the same period of the previous fiscal year); net ordinary income of ¥36,227 million in the post office business segment (up ¥7,852 million year-on-year); net ordinary loss of ¥11,322 million in the international logistics business segment (net ordinary income of ¥1,503 million for the same period of the previous fiscal year); net ordinary income of ¥201,137 million in the banking business segment (down ¥22,208 million year-on-year); and net ordinary income of ¥141,504 million in the life insurance business segment (down ¥20,095 million year-on-year).

As a result of the above, net income attributable to Japan Post Holdings amounted to ¥236,599 million (up ¥12,885 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.

### (2) Explanation of Financial Position

#### 1) Assets

Consolidated total assets were ¥289,744,560 million, up ¥3,573,851 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥4,922,187 million and an increase in receivables under resale agreements of ¥1,601,420 million, as well as a decrease in securities of ¥2,710,130 million and a decrease in loans of ¥1,144,865 million.

#### 2) Liabilities

Consolidated total liabilities were ¥274,119,730 million, up ¥2,737,676 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥685,329 million and an increase in payables under repurchase agreements of ¥2,263,606 million, as well as a decrease in policy reserves of ¥1,209,364 million.

#### 3) Net Assets

Consolidated total net assets were ¥15,624,830 million, up ¥836,175 million from the end of the previous fiscal year.

Major factors include an increase in non-controlling interests of ¥591,375 million and an increase in net unrealized gains (losses) on available-for-sale securities of ¥216,193 million, as well as a decrease in capital surplus of ¥50,674 million.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2020 remains unchanged from the full year forecast announced on May 15, 2019.

## 2. Interim Consolidated Financial Statements and Primary Notes

## (1) Interim Consolidated Balance Sheets

(Millions of yen)

|   | As of March 31, 2019 | As of September 30, 2019 |
|---|----------------------|--------------------------|
| <b>Assets</b>                                       |                      |                          |
| Cash and due from banks                             | 52,244,467           | 57,166,654               |
| Call loans  | 550,000              | 310,000                  |
| Receivables under resale agreements                 | 8,368,139            | 9,969,560                |
| Receivables under securities borrowing transactions | 2,792,202            | 3,090,219                |
| Monetary claims bought                              | 650,638              | 725,250                  |
| Trading account securities                          | 2                    | 83                       |
| Money held in trust                                 | 6,778,335            | 7,377,028                |
| Securities  | 195,647,107          | 192,936,977              |
| Loans   | 12,083,499           | 10,938,634               |
| Foreign exchanges                                   | 80,396               | 88,110                   |
| Other assets  | 2,419,069            | 2,522,298                |
| Tangible fixed assets                               | 3,155,062            | 3,259,029                |
| Intangible assets                                   | 321,964              | 313,655                  |
| Asset for retirement benefits                       | 50,214               | 50,062                   |
| Deferred tax assets                                 | 1,035,930            | 1,003,609                |
| Reserve for possible loan losses                    | (6,323)              | (6,613)                  |
| <b>Total assets</b>                                 | <b>286,170,709</b>   | <b>289,744,560</b>       |

(Millions of yen)

|  | As of March 31, 2019 | As of September 30, 2019 |
|--|----------------------|--------------------------|
| <b>Liabilities</b>   |                      |                          |
| Deposits   | 179,625,834          | 180,311,164              |
| Payables under repurchase agreements                           | 11,569,371           | 13,832,978               |
| Policy reserves and others                                     | 67,093,751           | 65,767,202               |
| Reserve for outstanding claims                                 | 519,568              | 444,169                  |
| Policy reserves  | 65,060,549           | 63,851,184               |
| Reserve for policyholder dividends                             | 1,513,634            | 1,471,848                |
| Payables under securities lending transactions                 | 5,896,268            | 6,854,140                |
| Commercial papers  | 28,029               | 25,579                   |
| Borrowed money   | 281,021              | 361,584                  |
| Foreign exchanges  | 628                  | 841                      |
| Bonds  | 100,000              | 100,000                  |
| Other liabilities  | 2,474,349            | 2,465,417                |
| Reserve for bonuses  | 122,665              | 125,607                  |
| Liability for retirement benefits                              | 2,236,273            | 2,244,552                |
| Reserve for employee stock ownership plan trust                | 839                  | 350                      |
| Reserve for management board benefit trust                     | 1,033                | 1,050                    |
| Reserve for reimbursement of deposits                          | 88,332               | 83,552                   |
| Reserve under the special laws                                 | 897,492              | 871,855                  |
| Reserve for price fluctuations                                 | 897,492              | 871,855                  |
| Deferred tax liabilities                                       | 966,160              | 1,073,854                |
| Total liabilities  | 271,382,054          | 274,119,730              |
| <b>Net assets</b>  |                      |                          |
| Capital stock  | 3,500,000            | 3,500,000                |
| Capital surplus  | 4,135,429            | 4,084,755                |
| Retained earnings  | 3,799,974            | 3,911,050                |
| Treasury stock   | (831,887)            | (831,850)                |
| Total shareholders' equity                                     | 10,603,516           | 10,663,955               |
| Net unrealized gains (losses) on available-for-sale securities | 2,580,765            | 2,796,958                |
| Net deferred gains (losses) on hedges                          | (55,415)             | (61,608)                 |
| Foreign currency translation adjustments                       | (89,350)             | (91,490)                 |
| Accumulated adjustments for retirement benefits                | 253,992              | 230,493                  |
| Total accumulated other comprehensive income                   | 2,689,992            | 2,874,353                |
| Non-controlling interests                                      | 1,495,145            | 2,086,521                |
| Total net assets   | 14,788,654           | 15,624,830               |
| Total liabilities and net assets                               | 286,170,709          | 289,744,560              |

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

Interim Consolidated Statements of Income  
Six months ended September 30

(Millions of yen)

|  | Six months ended<br>September 30, 2018 | Six months ended<br>September 30, 2019 |
|--|--|--|
| Ordinary income                                      | 6,273,162                              | 5,969,326                              |
| Postal business income                               | 1,289,621                              | 1,286,105                              |
| Banking business income                              | 964,460                                | 909,174                                |
| Life insurance business income                       | 3,898,329                              | 3,661,313                              |
| Other ordinary income                                | 120,751                                | 112,732                                |
| Ordinary expenses                                    | 5,857,266                              | 5,566,702                              |
| Operating expenses                                   | 4,408,630                              | 4,125,880                              |
| Personnel expenses                                   | 1,299,249                              | 1,278,396                              |
| Depreciation and amortization                        | 133,735                                | 145,885                                |
| Other ordinary expenses                              | 15,651                                 | 16,539                                 |
| Net ordinary income                                  | 415,896                                | 402,623                                |
| Extraordinary gains                                  | 1,459                                  | 34,834                                 |
| Gains on sales of fixed assets                       | 942                                    | 2,454                                  |
| Reversal of reserve under the special laws           | -                                      | 25,637                                 |
| Reversal of reserve for price fluctuations           | -                                      | 25,637                                 |
| Compensation for transfer                            | 94                                     | 339                                    |
| Gains on transfer of business                        | -                                      | 6,249                                  |
| Other extraordinary gains                            | 421                                    | 153                                    |
| Extraordinary losses                                 | 10,343                                 | 6,079                                  |
| Losses on sales and disposal of fixed assets         | 1,895                                  | 1,854                                  |
| Losses on impairment of fixed assets                 | 3,057                                  | 1,009                                  |
| Provision for reserve under the special laws         | 1,933                                  | -                                      |
| Provision for reserve for price fluctuations         | 1,933                                  | -                                      |
| Post office refurbishment expenses                   | 2,516                                  | 2,128                                  |
| Other extraordinary losses                           | 939                                    | 1,086                                  |
| Provision for reserve for policyholder dividends     | 63,451                                 | 54,558                                 |
| Income before income taxes                           | 343,561                                | 376,820                                |
| Income taxes current                                 | 138,698                                | 131,048                                |
| Income taxes deferred                                | (44,139)                               | (34,254)                               |
| Total income taxes                                   | 94,559                                 | 96,793                                 |
| Net income   | 249,002                                | 280,026                                |
| Net income attributable to non-controlling interests | 25,288                                 | 43,427                                 |
| Net income attributable to Japan Post Holdings       | 223,713                                | 236,599                                |



Interim Consolidated Statements of Comprehensive Income  
Six months ended September 30

(Millions of yen)

|  | Six months ended<br>September 30, 2018 | Six months ended<br>September 30, 2019 |
|--|--|--|
| Net income   | 249,002                                | 280,026                                |
| Other comprehensive income (loss)                              | (329,915)                              | 383,175                                |
| Net unrealized gains (losses) on available-for-sale securities | (193,124)                              | 416,890                                |
| Net deferred gains (losses) on hedges                          | (109,304)                              | (6,980)                                |
| Foreign currency translation adjustments                       | (2,787)                                | (3,887)                                |
| Adjustments for retirement benefits                            | (24,700)                               | (22,841)                               |
| Share of other comprehensive income (loss) of affiliates       | 2                                      | (5)                                    |
| Comprehensive income (loss)                                    | (80,913)                               | 663,202                                |
| Total comprehensive income (loss) attributable to:             |  |  |
| Japan Post Holdings  | (72,790)                               | 533,780                                |
| Non-controlling interests                                      | (8,123)                                | 129,421                                |

(3) Interim Consolidated Statements of Changes in Net Assets  
Six months ended September 30, 2018

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of the fiscal period  | 3,500,000            | 4,135,462       | 3,551,054         | (831,945)      | 10,354,570                 |
| Cumulative effects of changes in accounting policies   |                      |                 |                   |                | -                          |
| Restated balance at the beginning of the fiscal period   | 3,500,000            | 4,135,462       | 3,551,054         | (831,945)      | 10,354,570                 |
| Changes in the fiscal period   |                      |                 |                   |                |                            |
| Cash dividends   |                      |                 | (129,403)         |                | (129,403)                  |
| Net income attributable to Japan Post Holdings   |                      |                 | 223,713           |                | 223,713                    |
| Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders |                      | 212             |                   |                | 212                        |
| Disposals of treasury stock  |                      |                 |                   | 58             | 58                         |
| Net changes in items other than shareholders' equity in the fiscal period                      |                      |                 |                   |                |                            |
| Net changes in the fiscal period   | -                    | 212             | 94,310            | 58             | 94,580                     |
| Balance at the end of the fiscal period  | 3,500,000            | 4,135,674       | 3,645,364         | (831,887)      | 10,449,151                 |

|  | Accumulated other comprehensive income                         |                                       |  |   |  | Non-controlling interests | Total net assets |
|--|--|---------------------------------------|--|---|--|---------------------------|------------------|
|  | Net unrealized gains (losses) on available-for-sale securities | Net deferred gains (losses) on hedges | Foreign currency translation adjustments | Accumulated adjustments for retirement benefits | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of the fiscal period  | 2,688,219  | 2,784                                 | (85,870)                                 | 294,238   | 2,899,371                                    | 1,489,292                 | 14,743,234       |
| Cumulative effects of changes in accounting policies   |  |                                       |  |   |  |                           | -                |
| Restated balance at the beginning of the fiscal period   | 2,688,219  | 2,784                                 | (85,870)                                 | 294,238   | 2,899,371                                    | 1,489,292                 | 14,743,234       |
| Changes in the fiscal period   |  |                                       |  |   |  |                           |                  |
| Cash dividends   |  |                                       |  |   |  |                           | (129,403)        |
| Net income attributable to Japan Post Holdings   |  |                                       |  |   |  |                           | 223,713          |
| Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders |  |                                       |  |   |  |                           | 212              |
| Disposals of treasury stock  |  |                                       |  |   |  |                           | 58               |
| Net changes in items other than shareholders' equity in the fiscal period                      | (171,855)  | (97,269)                              | (2,797)                                  | (24,594)  | (296,517)                                    | (23,378)                  | (319,896)        |
| Net changes in the fiscal period   | (171,855)  | (97,269)                              | (2,797)                                  | (24,594)  | (296,517)                                    | (23,378)                  | (225,316)        |
| Balance at the end of the fiscal period  | 2,516,364  | (94,485)                              | (88,667)                                 | 269,643   | 2,602,853                                    | 1,465,913                 | 14,517,918       |

Six months ended September 30, 2019

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of the fiscal period  | 3,500,000            | 4,135,429       | 3,799,974         | (831,887)      | 10,603,516                 |
| Cumulative effects of changes in accounting policies   |                      |                 | (24,426)          |                | (24,426)                   |
| Restated balance at the beginning of the fiscal period   | 3,500,000            | 4,135,429       | 3,775,547         | (831,887)      | 10,579,089                 |
| Changes in the fiscal period   |                      |                 |                   |                |                            |
| Cash dividends   |                      |                 | (101,096)         |                | (101,096)                  |
| Net income attributable to Japan Post Holdings   |                      |                 | 236,599           |                | 236,599                    |
| Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders |                      | (50,674)        |                   |                | (50,674)                   |
| Disposals of treasury stock  |                      |                 |                   | 36             | 36                         |
| Net changes in items other than shareholders' equity in the fiscal period                      |                      |                 |                   |                |                            |
| Net changes in the fiscal period   | -                    | (50,674)        | 135,502           | 36             | 84,865                     |
| Balance at the end of the fiscal period  | 3,500,000            | 4,084,755       | 3,911,050         | (831,850)      | 10,663,955                 |

|  | Accumulated other comprehensive income                         |                                       |  |   |  | Non-controlling interests | Total net assets |
|--|--|---------------------------------------|--|---|--|---------------------------|------------------|
|  | Net unrealized gains (losses) on available-for-sale securities | Net deferred gains (losses) on hedges | Foreign currency translation adjustments | Accumulated adjustments for retirement benefits | Total accumulated other comprehensive income |                           |                  |
| Balance at the beginning of the fiscal period  | 2,580,765  | (55,415)                              | (89,350)                                 | 253,992   | 2,689,992                                    | 1,495,145                 | 14,788,654       |
| Cumulative effects of changes in accounting policies   |  |                                       |  |   |  |                           | (24,426)         |
| Restated balance at the beginning of the fiscal period   | 2,580,765  | (55,415)                              | (89,350)                                 | 253,992   | 2,689,992                                    | 1,495,145                 | 14,764,227       |
| Changes in the fiscal period   |  |                                       |  |   |  |                           |                  |
| Cash dividends   |  |                                       |  |   |  |                           | (101,096)        |
| Net income attributable to Japan Post Holdings   |  |                                       |  |   |  |                           | 236,599          |
| Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders |  |                                       |  |   |  |                           | (50,674)         |
| Disposals of treasury stock  |  |                                       |  |   |  |                           | 36               |
| Net changes in items other than shareholders' equity in the fiscal period                      | 216,193  | (6,192)                               | (2,140)                                  | (23,499)  | 184,360                                      | 591,375                   | 775,736          |
| Net changes in the fiscal period   | 216,193  | (6,192)                               | (2,140)                                  | (23,499)  | 184,360                                      | 591,375                   | 860,602          |
| Balance at the end of the fiscal period  | 2,796,958  | (61,608)                              | (91,490)                                 | 230,493   | 2,874,353                                    | 2,086,521                 | 15,624,830       |

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

None

(Changes in Accounting Policies)

Toll Holdings Limited and its subsidiaries and affiliates

Effective from the six months ended September 30, 2019, “Leases” (IFRS 16, January 13, 2016; hereinafter referred to as “IFRS 16”) was applied. Accordingly, lessees are required to, in principle, record assets and liabilities for all leases on the balance sheet. IFRS 16 is applied in accordance with transitional treatments, whereby the cumulative amount of impact resulting from this change in the accounting policy is recorded under retained earnings at the beginning of the six months ended September 30, 2019.

As a result, tangible fixed assets increased by ¥176,939 million, other assets decreased by ¥113 million, other liabilities increased by ¥201,252 million, and retained earnings decreased by ¥24,426 million at the beginning of the six months ended September 30, 2019. The effect of this change on profit and loss for the six months ended September 30, 2019 is immaterial.

(Changes in Presentation)

(Interim Consolidated Balance Sheets)

“Borrowed money” included in “other liabilities” in the previous fiscal year has been separately presented from the six months ended September 30, 2019, due to its increased significance. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥2,755,370 million presented as “other liabilities” in the consolidated balance sheet of the previous fiscal year has been reclassified into ¥281,021 million of “borrowed money” and ¥2,474,349 million of “other liabilities.”

(Additional Information)

(Investigation of Insurance Policies and Remedial Measures Being Taken)

Japan Post Group promotes thoroughgoing customer-first business operation as one of its critical management priorities. However, at Japan Post Insurance Co., Ltd. (hereinafter referred to as “Japan Post Insurance”), a consolidated subsidiary, following the internal investigation into the handling of customers’ revision of their insurance coverage, it was discovered that in some cases, such revision was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions. As a result, it was decided to further investigate the policies issued by Japan Post Insurance. Japan Post Insurance is conducting the investigation in an appropriate manner by providing explanations to and receiving advice from the Special Investigative Committee composed of neutral and fair external experts, regarding the methods for confirming customers’ intentions as well as for analyzing the information obtained.

In the six months ended September 30, 2019, Japan Post Insurance individually made contact with customers identifiable as those likely to have suffered disadvantages not in line with their intentions (including cases in which the previous policy was cancelled but the new policy underwriting was declined), and managed to confirm the circumstances at the time of contract and their intentions, where some of them requested detailed explanations on policy reinstatement and relevant matters. To all other policyholders, Japan Post Insurance has sent notification documents with reply cards asking them to reconfirm their intentions and let the company know of any points they should be aware of. Japan Post Insurance will carry out investigations based on the results of the reconfirmation.

In addition, at Japan Post Co., Ltd., a consolidated subsidiary, its employees will provide explanations by home visits or phone calls to customers who contact the post offices to ask about their insurance policies.

Referring to the impact of these measures on our financial results, for the cases identifiable as those likely to have caused disadvantages to customers not in line with their intentions, a provision of ¥1,084 million has been recorded under other liabilities, which is equivalent to the amounts of refund of premiums or payments of

insurance claims and others that are reasonably estimated to be payable in the future by Japan Post Insurance to the customers concerned due to the reinstatement of policies and other actions, based on the progress of the investigation as of the end of the six months ended September 30, 2019.

Of all the cases identifiable as those likely to have caused disadvantages to customers not in line with their intentions, as for other cases than the aforementioned, we are in the process of calculating the adjustments necessary for the reinstatement of policies, along with explanations of related details. For such cases, the impact from the implementation of these measures are not reflected in the interim consolidated financial statements for the six months ended September 30, 2019, as it is difficult to reasonably estimate the expenses to be incurred in the future at the end of the six months ended September 30, 2019 due to the necessity for us to specifically confirm customers' individual intentions including the reinstatement of their policies, as well as the necessity for us to carry out follow-up investigations into individual cases in the investigation of all insurance policies, based on the contents of their replies and inquiries we receive. However, such impact may materialize in the future financial periods depending on the progress in the implementation of these measures.

## (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 | 968,947                                | 85,771               | 318,341                          | 909,174          | 3,661,313               | 5,943,547 | 24,890         | 5,968,438 |
| Intersegment ordinary income       | 23,212                                 | 580,244              | 81                               | 810              | 19                      | 604,368   | 166,879        | 771,247   |
| Total                              | 992,159                                | 666,015              | 318,422                          | 909,985          | 3,661,332               | 6,547,915 | 191,770        | 6,739,685 |
| Segment profit (loss)              | 29,289                                 | 36,227               | (11,322)                         | 201,137          | 141,504                 | 396,836   | 129,240        | 526,076   |

(Notes) 1. Ordinary income is presented instead of net sales which is typical for companies in other industries.

2. "Other business" includes the hotel business and hospital business. Segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥121,873 million.

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

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

(Millions of yen)

| Items  | Amount    |
|--|-----------|
| Total ordinary income of reportable segments                     | 6,547,915 |
| Ordinary income of other business                                | 191,770   |
| Eliminations of intersegment transactions                        | (771,247) |
| Adjustments  | 887       |
| Ordinary income on the interim consolidated statements of income | 5,969,326 |

(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 interim consolidated statements of income.

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

(Millions of yen)

| Items  | Amount    |
|--|-----------|
| Total segment profit (loss) of reportable segments                   | 396,836   |
| Segment profit in other business                                     | 129,240   |
| Eliminations of intersegment transactions                            | (121,909) |
| Adjustments  | (1,543)   |
| Net ordinary income on the interim consolidated statements of income | 402,623   |

(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 interim consolidated statements of income.

## 3. Interim Non-consolidated Financial Statements

## (1) Interim Non-consolidated Balance Sheets

(Millions of yen)

|                                       | As of March 31, 2019 | As of September 30, 2019 |
|---------------------------------------|----------------------|--------------------------|
| <b>Assets</b>                         |                      |                          |
| Current assets                        |                      |                          |
| Cash and deposits                     | 116,252              | 547,357                  |
| Inventories                           | 356                  | 305                      |
| Prepaid expenses                      | 360                  | 360                      |
| Short-term loan                       | 15,054               | 16,960                   |
| Accounts receivable                   | 41,872               | 15,998                   |
| Income taxes receivable               | 30,147               | 39,868                   |
| Others                                | 6,521                | 7,457                    |
| Reserve for possible loan losses      | (4)                  | (3)                      |
| Total current assets                  | 210,560              | 628,303                  |
| Non-current assets                    |                      |                          |
| Tangible fixed assets                 |                      |                          |
| Buildings                             | 33,203               | 32,333                   |
| Tools and fixtures                    | 4,132                | 7,320                    |
| Land                                  | 92,151               | 90,308                   |
| Others                                | 8,698                | 11,032                   |
| Total tangible fixed assets           | 138,186              | 140,995                  |
| Intangible assets                     | 14,606               | 25,182                   |
| Investments and other assets          |                      |                          |
| Investment securities                 | 16,873               | 14,782                   |
| Stocks of subsidiaries and affiliates | 7,700,137            | 7,313,387                |
| Money held in trust                   | -                    | 205,092                  |
| Long-term loan                        | 3,020                | 3,020                    |
| Claims provable in bankruptcy         | 62                   | 57                       |
| Long-term prepaid expenses            | 1,160                | 1,740                    |
| Others                                | 210                  | 207                      |
| Reserve for possible loan losses      | (62)                 | (57)                     |
| Allowance for investment loss         | (5,152)              | (5,152)                  |
| Total investments and other assets    | 7,716,249            | 7,533,077                |
| Total non-current assets              | 7,869,041            | 7,699,256                |
| Total assets                          | 8,079,602            | 8,327,559                |

(Millions of yen)

|  | As of March 31, 2019 | As of September 30, 2019 |
|--|----------------------|--------------------------|
| <b>Liabilities</b>   |                      |                          |
| Current liabilities  |                      |                          |
| Short-term borrowings  | -                    | 120,000                  |
| Accounts payable   | 33,672               | 9,843                    |
| Accrued expenses   | 1,180                | 964                      |
| Income taxes payable   | 521                  | 98                       |
| Consumption taxes payable                                      | -                    | 326                      |
| Reserve for bonuses  | 1,701                | 1,778                    |
| Reserve for point service program                              | 450                  | 437                      |
| Others   | 3,367                | 2,357                    |
| <b>Total current liabilities</b>                               | <b>40,894</b>        | <b>135,805</b>           |
| Long-term liabilities  |                      |                          |
| Reserve for retirement benefits                                | 67,156               | 56,669                   |
| Reserve for management board benefit trust                     | 281                  | 289                      |
| Reserve for compensation for accidents in the course of duty   | 18,197               | 17,797                   |
| Others   | 12,629               | 12,756                   |
| <b>Total long-term liabilities</b>                             | <b>98,265</b>        | <b>87,513</b>            |
| <b>Total liabilities</b>                                       | <b>139,159</b>       | <b>223,319</b>           |
| <b>Net assets</b>  |                      |                          |
| Shareholders' equity   |                      |                          |
| Capital stock  | 3,500,000            | 3,500,000                |
| Capital surplus  |                      |                          |
| Capital reserve  | 875,000              | 875,000                  |
| Other capital surplus  | 3,628,856            | 3,628,856                |
| <b>Total capital surplus</b>                                   | <b>4,503,856</b>     | <b>4,503,856</b>         |
| Retained earnings  |                      |                          |
| Other retained earnings  |                      |                          |
| Retained earnings brought forward                              | 768,504              | 938,222                  |
| <b>Total retained earnings</b>                                 | <b>768,504</b>       | <b>938,222</b>           |
| Treasury stock   | (831,887)            | (831,850)                |
| <b>Total shareholders' equity</b>                              | <b>7,940,472</b>     | <b>8,110,227</b>         |
| Valuation and translation adjustments                          |                      |                          |
| Net unrealized gains (losses) on available-for-sale securities | (29)                 | (6,240)                  |
| Net deferred gains (losses) on hedges                          | -                    | 252                      |
| <b>Total valuation and translation adjustments</b>             | <b>(29)</b>          | <b>(5,987)</b>           |
| <b>Total net assets</b>  | <b>7,940,442</b>     | <b>8,104,239</b>         |
| <b>Total liabilities and net assets</b>                        | <b>8,079,602</b>     | <b>8,327,559</b>         |



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

(Millions of yen)

|   | Six months ended<br>September 30, 2018 | Six months ended<br>September 30, 2019 |
|---|--|--|
| Operating income  |  |  |
| Brand royalty income                                    | 6,802                                  | 6,838                                  |
| Dividend income from subsidiaries and affiliates        | 119,737                                | 121,873                                |
| Income from business consignment                        | 5,509                                  | 7,486                                  |
| Subsidy income equivalent to deposit insurance premiums | 809                                    | 255                                    |
| Income from hospital business                           | 8,421                                  | 7,010                                  |
| Income from hotel business                              | 12,546                                 | 10,681                                 |
| Total operating income                                  | 153,827                                | 154,146                                |
| Operating expenses                                      |  |  |
| Expenses for business consignment                       | 6,370                                  | 8,007                                  |
| Expenses for hospital business                          | 11,068                                 | 8,834                                  |
| Expenses for hotel business                             | 13,995                                 | 13,047                                 |
| Administrative expenses                                 | (4,089)                                | (3,316)                                |
| Total operating expenses                                | 27,344                                 | 26,572                                 |
| Net operating income                                    | 126,482                                | 127,573                                |
| Other income  |  |  |
| Dividend income   | -                                      | 1,064                                  |
| Rent income   | 1,437                                  | 1,311                                  |
| Others  | 343                                    | 619                                    |
| Total other income                                      | 1,781                                  | 2,996                                  |
| Other expenses  |  |  |
| Rent expenses   | 681                                    | 543                                    |
| Others  | 172                                    | 138                                    |
| Total other expenses                                    | 854                                    | 682                                    |
| Net ordinary income                                     | 127,410                                | 129,887                                |
| Extraordinary gains                                     |  |  |
| Gains on sales of fixed assets                          | 6,766                                  | 130                                    |
| Gains on transfer of business                           | -                                      | 6,249                                  |
| Gains on sales of stocks of subsidiaries and affiliates | -                                      | 129,365                                |
| Others  | 421                                    | 60                                     |
| Total extraordinary gains                               | 7,188                                  | 135,805                                |
| Extraordinary losses                                    |  |  |
| Losses on sales and disposal of fixed assets            | 640                                    | 1,112                                  |
| Losses on impairment of fixed assets                    | 2,172                                  | 870                                    |
| Share of post office refurbishment expenses             | 2,790                                  | 2,478                                  |
| Others  | 53                                     | 232                                    |
| Total extraordinary losses                              | 5,656                                  | 4,693                                  |
| Income before income taxes                              | 128,942                                | 261,000                                |
| Income taxes current                                    | (1,088)                                | (9,814)                                |
| Total income taxes                                      | (1,088)                                | (9,814)                                |
| Net income  | 130,031                                | 270,814                                |

(3) Interim Non-consolidated Statements of Changes in Net Assets  
Six months ended September 30, 2018

(Millions of yen)

|   | Shareholders' equity |                 |                       |                       |  |                         |
|---|----------------------|-----------------|-----------------------|-----------------------|--|-------------------------|
|   | Capital stock        | Capital surplus |                       |                       | Retained earnings  |                         |
|   |                      | Capital reserve | Other capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings brought forward | Total retained earnings |
| Balance at the beginning of the fiscal period                             | 3,500,000            | 875,000         | 3,628,856             | 4,503,856             | 778,212  | 778,212                 |
| Changes in the fiscal period  |                      |                 |                       |                       |  |                         |
| Cash dividends  |                      |                 |                       |                       | (129,403)  | (129,403)               |
| Net income  |                      |                 |                       |                       | 130,031  | 130,031                 |
| Disposals of treasury stock   |                      |                 |                       |                       |  |                         |
| Net changes in items other than shareholders' equity in the fiscal period |                      |                 |                       |                       |  |                         |
| Net changes in the fiscal period  | -                    | -               | -                     | -                     | 627  | 627                     |
| Balance at the end of the fiscal period                                   | 3,500,000            | 875,000         | 3,628,856             | 4,503,856             | 778,839  | 778,839                 |

|   | Shareholders' equity |                            | Valuation and translation adjustments                          |                                       |   | Total net assets |
|---|----------------------|----------------------------|--|---------------------------------------|---|------------------|
|   | Treasury stock       | Total shareholders' equity | Net unrealized gains (losses) on available-for-sale securities | Net deferred gains (losses) on hedges | Total valuation and translation adjustments |                  |
| Balance at the beginning of the fiscal period                             | (831,945)            | 7,950,122                  | -  | -                                     | -   | 7,950,122        |
| Changes in the fiscal period  |                      |                            |  |                                       |   |                  |
| Cash dividends  |                      | (129,403)                  |  |                                       |   | (129,403)        |
| Net income  |                      | 130,031                    |  |                                       |   | 130,031          |
| Disposals of treasury stock   | 58                   | 58                         |  |                                       |   | 58               |
| Net changes in items other than shareholders' equity in the fiscal period |                      |                            | -  | -                                     | -   | -                |
| Net changes in the fiscal period  | 58                   | 685                        | -  | -                                     | -   | 685              |
| Balance at the end of the fiscal period                                   | (831,887)            | 7,950,807                  | -  | -                                     | -   | 7,950,807        |

Six months ended September 30, 2019

(Millions of yen)

|   | Shareholders' equity |                 |                       |                                   |                         |                         |
|---|----------------------|-----------------|-----------------------|-----------------------------------|-------------------------|-------------------------|
|   | Capital stock        | Capital surplus |                       |                                   | Retained earnings       |                         |
|   |                      | Capital reserve | Other capital surplus | Total capital surplus             | Other retained earnings | Total retained earnings |
|   |                      |                 |                       | Retained earnings brought forward |                         |                         |
| Balance at the beginning of the fiscal period                             | 3,500,000            | 875,000         | 3,628,856             | 4,503,856                         | 768,504                 | 768,504                 |
| Changes in the fiscal period  |                      |                 |                       |                                   |                         |                         |
| Cash dividends  |                      |                 |                       |                                   | (101,096)               | (101,096)               |
| Net income  |                      |                 |                       |                                   | 270,814                 | 270,814                 |
| Disposals of treasury stock   |                      |                 |                       |                                   |                         |                         |
| Net changes in items other than shareholders' equity in the fiscal period |                      |                 |                       |                                   |                         |                         |
| Net changes in the fiscal period  | -                    | -               | -                     | -                                 | 169,718                 | 169,718                 |
| Balance at the end of the fiscal period                                   | 3,500,000            | 875,000         | 3,628,856             | 4,503,856                         | 938,222                 | 938,222                 |

|   | Shareholders' equity |                            | Valuation and translation adjustments                          |                                       |   | Total net assets |
|---|----------------------|----------------------------|--|---------------------------------------|---|------------------|
|   | Treasury stock       | Total shareholders' equity | Net unrealized gains (losses) on available-for-sale securities | Net deferred gains (losses) on hedges | Total valuation and translation adjustments |                  |
| Balance at the beginning of the fiscal period                             | (831,887)            | 7,940,472                  | (29)   | -                                     | (29)  | 7,940,442        |
| Changes in the fiscal period  |                      |                            |  |                                       |   |                  |
| Cash dividends  |                      | (101,096)                  |  |                                       |   | (101,096)        |
| Net income  |                      | 270,814                    |  |                                       |   | 270,814          |
| Disposals of treasury stock   | 36                   | 36                         |  |                                       |   | 36               |
| Net changes in items other than shareholders' equity in the fiscal period |                      |                            | (6,210)  | 252                                   | (5,958)                                     | (5,958)          |
| Net changes in the fiscal period  | 36                   | 169,755                    | (6,210)  | 252                                   | (5,958)                                     | 163,797          |
| Balance at the end of the fiscal period                                   | (831,850)            | 8,110,227                  | (6,240)  | 252                                   | (5,987)                                     | 8,104,239        |