

# Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 <Under Japanese GAAP>



February 14, 2020

Company name: Japan Post Holdings Co., Ltd.      Stock exchange listing: Tokyo Stock Exchange  
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 Scheduled date of filing interim securities report: February 14, 2020  
 Scheduled date of commencing dividend payments: -  
 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 Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	9,054,558	(5.5)	688,879	7.8	422,006	7.6
Nine months ended December 31, 2018	9,582,902	(1.6)	638,839	(13.4)	392,190	4.5

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥812,826 million [- %]  
 Nine months ended December 31, 2018: ¥(589,368) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2019	104.37	-
Nine months ended December 31, 2018	97.00	-

(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 December 31, 2019	291,271,032	15,655,457	4.7
As of March 31, 2019	286,170,709	14,788,654	4.6

(Reference) Equity: As of December 31, 2019: ¥13,544,581 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 -	Yen 25.00	Yen -	Yen 25.00	Yen 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) Adoption of accounting method specific to preparation of interim consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: 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 (3) Notes to Interim Consolidated Financial Statements (Changes in Accounting Policies)” on page 7.

### (4) Total number of shares issued (common stock)

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

As of December 31, 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 December 31, 2019: 456,769,701 shares

As of March 31, 2019: 456,796,001 shares

- 3) Average number of shares during the fiscal period:

Nine months ended December 31, 2019: 4,043,227,218 shares

Nine months ended December 31, 2018: 4,043,193,975 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 December 31, 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 633,581 shares and 666,824 shares for the nine months ended December 31, 2019 and 2018, respectively.

\* 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 Nine Months Ended December 31, 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 nine months ended December 31, 2019 amounted to ¥9,054,558 million (down ¥528,344 million year-on-year), of which the postal and domestic logistics business segment accounted for ¥1,603,644 million (up ¥10,930 million year-on-year); the post office business segment accounted for ¥1,005,632 million (down ¥34,199 million year-on-year); the international logistics business segment accounted for ¥486,696 million (down ¥48,488 million year-on-year); the banking business segment accounted for ¥1,358,473 million (down ¥26,228 million year-on-year); and the life insurance business segment accounted for ¥5,461,552 million (down ¥451,757 million year-on-year). Consolidated net ordinary income amounted to ¥688,879 million (up ¥50,040 million year-on-year) as a result of net ordinary income of ¥120,464 million in the postal and domestic logistics business segment (up ¥30,996 million year-on-year); net ordinary income of ¥52,115 million in the post office business segment (up ¥3,799 million year-on-year); net ordinary loss of ¥15,605 million in the international logistics business segment (net ordinary income of ¥2,759 million for the same period of the previous fiscal year); net ordinary income of ¥289,255 million in the banking business segment (up ¥7,422 million year-on-year); and net ordinary income of ¥233,976 million in the life insurance business segment (up ¥19,906 million year-on-year).

As a result of the above, net income attributable to Japan Post Holdings amounted to ¥422,006 million (up ¥29,816 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 ¥291,271,032 million, up ¥5,100,323 million from the end of the previous fiscal year.

Major factors include an increase in receivables under securities borrowing transactions of ¥3,202,323 million, an increase in receivables under resale agreements of ¥1,991,225 million and an increase in cash and due from banks of ¥1,491,003 million, as well as a decrease in securities of ¥2,010,906 million.

#### 2) Liabilities

Consolidated total liabilities were ¥275,615,575 million, up ¥4,233,520 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥2,751,514 million and an increase in payables under repurchase agreements of ¥3,919,200 million, as well as a decrease in policy reserves of ¥1,976,329 million.

#### 3) Net Assets

Consolidated total net assets were ¥15,655,457 million, up ¥866,802 million from the end of the previous fiscal year.

Major factors include an increase in non-controlling interests of ¥615,730 million and an increase in net unrealized gains (losses) on available-for-sale securities of ¥209,886 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 December 31, 2019
<b>Assets</b>		
Cash and due from banks	52,244,467	53,735,470
Call loans	550,000	680,000
Receivables under resale agreements	8,368,139	10,359,364
Receivables under securities borrowing transactions	2,792,202	5,994,525
Monetary claims bought	650,638	650,557
Trading account securities	2	45
Money held in trust	6,778,335	8,158,101
Securities	195,647,107	193,636,201
Loans	12,083,499	10,769,958
Foreign exchanges	80,396	89,626
Other assets	2,419,069	2,591,635
Tangible fixed assets	3,155,062	3,267,629
Intangible assets	321,964	304,155
Asset for retirement benefits	50,214	49,987
Deferred tax assets	1,035,930	990,352
Reserve for possible loan losses	(6,323)	(6,580)
<b>Total assets</b>	<b>286,170,709</b>	<b>291,271,032</b>

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Deposits	179,625,834	182,377,349
Payables under repurchase agreements	11,569,371	15,488,572
Policy reserves and others	67,093,751	64,966,307
Reserve for outstanding claims	519,568	429,179
Policy reserves	65,060,549	63,084,219
Reserve for policyholder dividends	1,513,634	1,452,908
Payables under securities lending transactions	5,896,268	5,527,802
Commercial papers	28,029	81,985
Borrowed money	281,021	308,835
Foreign exchanges	628	832
Bonds	100,000	100,000
Other liabilities	2,474,349	2,505,792
Reserve for bonuses	122,665	33,519
Liability for retirement benefits	2,236,273	2,253,075
Reserve for employee stock ownership plan trust	839	348
Reserve for management board benefit trust	1,033	1,050
Reserve for reimbursement of deposits	88,332	81,728
Reserve under the special laws	897,492	887,657
Reserve for price fluctuations	897,492	887,657
Deferred tax liabilities	966,160	1,000,717
Total liabilities	271,382,054	275,615,575
<b>Net assets</b>		
Capital stock	3,500,000	3,500,000
Capital surplus	4,135,429	4,084,759
Retained earnings	3,799,974	3,995,360
Treasury stock	(831,887)	(831,850)
Total shareholders' equity	10,603,516	10,748,269
Net unrealized gains (losses) on available-for-sale securities	2,580,765	2,790,651
Net deferred gains (losses) on hedges	(55,415)	(121,819)
Foreign currency translation adjustments	(89,350)	(91,667)
Accumulated adjustments for retirement benefits	253,992	219,147
Total accumulated other comprehensive income	2,689,992	2,796,311
Non-controlling interests	1,495,145	2,110,876
Total net assets	14,788,654	15,655,457
Total liabilities and net assets	286,170,709	291,271,032

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

Interim Consolidated Statements of Income  
Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income	9,582,902	9,054,558
Postal business income	2,086,553	2,052,823
Banking business income	1,383,328	1,356,644
Life insurance business income	5,913,265	5,461,523
Other ordinary income	199,753	183,566
Ordinary expenses	8,944,062	8,365,678
Operating expenses	6,754,047	6,183,986
Personnel expenses	1,968,795	1,929,521
Depreciation and amortization	200,689	220,232
Other ordinary expenses	20,530	31,939
Net ordinary income	638,839	688,879
Extraordinary gains	11,025	20,914
Gains on sales of fixed assets	1,389	2,811
Gains on negative goodwill	-	48
Reversal of reserve under the special laws	9,096	9,835
Reversal of reserve for price fluctuations	9,096	9,835
Compensation for transfer	110	406
Gains on transfer of business	-	6,245
Other extraordinary gains	428	1,569
Extraordinary losses	15,059	9,871
Losses on sales and disposal of fixed assets	3,297	2,203
Losses on impairment of fixed assets	3,746	1,408
Post office refurbishment expenses	6,027	3,685
Other extraordinary losses	1,988	2,573
Provision for reserve for policyholder dividends	86,643	81,314
Income before income taxes	548,160	618,608
Income taxes current	191,236	196,659
Income taxes deferred	(68,804)	(64,722)
Total income taxes	122,432	131,936
Net income	425,728	486,671
Net income attributable to non-controlling interests	33,538	64,664
Net income attributable to Japan Post Holdings	392,190	422,006



Interim Consolidated Statements of Comprehensive Income  
 Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	425,728	486,671
Other comprehensive income (loss)	(1,015,096)	326,154
Net unrealized gains (losses) on available-for-sale securities	(957,702)	438,665
Net deferred gains (losses) on hedges	(15,625)	(74,619)
Foreign currency translation adjustments	(4,677)	(3,624)
Adjustments for retirement benefits	(37,089)	(34,262)
Share of other comprehensive loss of affiliates	(1)	(4)
Comprehensive income (loss)	(589,368)	812,826
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(515,275)	641,146
Non-controlling interests	(74,092)	171,680

(3) 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 beginning of the three months ended June 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 three months ended June 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 three months ended June 30, 2019. The effect of this change on profit and loss for the nine months ended December 31, 2019 is immaterial.

(Additional Information)

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 of the Company, 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. Consequently, Japan Post Insurance has been conducting investigations using appropriate procedures, 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.

The investigations included the investigation of specified rewriting cases to grasp the situation of customers likely to have suffered disadvantages from the rewriting of policies, as well as the investigation of all insurance policies where Japan Post Insurance sent notification documents with reply cards to customers of all other policies that were not subject to the investigation of specified rewriting cases, asking them to reconfirm their intentions and to let Japan Post Insurance know of any points it should be aware of, whereby Japan Post Insurance made necessary responses and investigations according to the results of the reconfirmation.

In conjunction with the progress made in these investigations until December 31, 2019, the Company, with regard to the investigation of specified rewriting cases, has reasonably estimated the amounts equivalent to the refund of premiums or payments of insurance claims and others that are necessary for the reinstatement of policies and other actions, and recorded a provision under other liabilities. Furthermore, with regard to the cases which have been discovered, as a result of the investigation of all insurance policies, likely to have caused disadvantages to customers based on their replies and opinions, the Company has reasonably estimated the expenses to be incurred in order to make payments to customers to compensate for their disadvantages, and recorded a provision under other liabilities. These amounts totaled ¥4,053 million.

Due to the investigation of all insurance policies, the Company grasped cases where the intentions of customers were not confirmed, such as cases where sales personnel repeatedly made many new policy applications and cancellations, which may not have been in line with the intentions of customers. The impact of these cases on the financial results of the Company could not be reasonably estimated, and accordingly, such impact has not been reflected on the interim consolidated financial statements for the nine months ended December 31, 2019.

On December 27, 2019, the Company and its consolidated subsidiary Japan Post Co., Ltd. received administrative dispositions pursuant to the Insurance Business Act, etc. from the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan, on account of improper solicitation actions and underlying systematic problems. In addition, Japan Post Insurance received administrative dispositions

pursuant to the Insurance Business Act from the Financial Services Agency of Japan. Following the administrative dispositions, a business improvement plan was formulated and it was submitted to the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan as of January 31, 2020. Japan Post Group accepts the seriousness of administrative dispositions and is resolved to treat the implementation of the business improvement plan that it formulated as its top-priority management issue, and is making group-wide efforts. Furthermore, the progress in the investigations to be conducted based on the business improvement plan and other factors may affect the financial results of Japan Post Group in the future.

## (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	1,567,704	141,960	486,575	1,356,644	5,461,523	9,014,408	39,368	9,053,777
Intersegment ordinary income	35,939	863,672	121	1,828	29	901,591	286,345	1,187,936
Total	1,603,644	1,005,632	486,696	1,358,473	5,461,552	9,915,999	325,713	10,241,713
Segment profit (loss)	120,464	52,115	(15,605)	289,255	233,976	680,208	229,886	910,094

(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 ¥219,083 million.

## 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	680,208
Segment profit in other business	229,886
Eliminations of intersegment transactions	(218,972)
Adjustments	(2,242)
Net ordinary income on the interim consolidated statements of income	688,879

(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.