



Financial Results of the Principal Subsidiaries

for the Fiscal Year Ended March 31, 2019

May 15, 2019

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Note: Please refer to the documents on consolidated financial results announcements of Japan Post Bank and Japan Post Insurance released on the respective company's website for their consolidated financial results.

I Japan Post Holdings

Year-on-Year Changes of Income for the Fiscal Year Ended March 31, 2019

Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Fiscal year ended March 31, 2018	916.1	85.4	499.6	309.2	21.7
Fiscal year ended March 31, 2019	830.6	179.8	373.9	264.8	11.9
Year-on-year change	(85.4)	+ 94.4	(125.6)	(44.3)	(9.8)

Net income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Fiscal year ended March 31, 2018	460.6	58.4	352.7	104.4	(55.1)
Fiscal year ended March 31, 2019	479.4	126.6	266.1	120.4	(33.8)
Year-on-year change	+ 18.7	+ 68.1	(86.5)	+ 15.9	+ 21.2

*1 The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co., net income attributable to Japan Post Bank and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated), Japan Post Bank (consolidated) and Japan Post Insurance (consolidated), respectively.

II Japan Post Co.

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	1,784,212	1,871,936
Notes receivable and operating accounts receivable	333,866	347,649
Securities	10,000	15,000
Inventories	20,055	21,727
Prepaid expenses	7,106	8,619
Other accounts receivable	35,746	24,506
Outstanding amount of banking business consignment	27,999	22,767
Other current assets	47,096	57,763
Reserve for possible loan losses	(2,384)	(2,832)
Total current assets	2,263,699	2,367,139
Non-current assets		
Tangible fixed assets		
Buildings	1,066,411	1,013,063
Structures	31,169	31,141
Machinery and equipment	139,813	144,882
Vehicles	16,550	16,660
Tools and fixtures	67,387	52,819
Land	1,338,683	1,306,333
Construction in progress	27,965	100,478
Total tangible fixed assets	2,687,980	2,665,379
Intangible assets		
Leasehold right	1,665	1,667
Transferable development right	14,077	14,077
Software	54,880	48,847
Other intangible assets	23,563	33,352
Total intangible assets	94,187	97,944
Investments and other assets		
Investment securities	15,897	14,912
Claims provable in bankruptcy	1,983	2,007
Long-term prepaid expenses	9,793	10,464
Asset for retirement benefits	1,268	1,122
Other investments and other assets	26,101	25,843
Reserve for possible loan losses	(1,983)	(2,004)
Total investments and other assets	53,059	52,345
Total non-current assets	2,835,227	2,815,669
Total assets	5,098,926	5,182,809

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	104,730	101,504
Short-term borrowings	104,224	124,752
Current portion of long-term borrowings	72,762	76,509
Other accounts payable	290,799	311,386
Outstanding amount of life insurance business consignment	2,870	2,577
Accrued expenses	47,425	46,610
Income taxes payable	16,024	16,837
Consumption taxes payable	47,085	57,458
Unearned postage income	45,003	47,278
Deposits received	291,319	280,030
Fund deposits for post offices	910,000	870,000
Reserve for bonuses	112,445	108,463
Other current liabilities	40,422	37,443
Total current liabilities	2,085,113	2,080,852
Long-term liabilities		
Long-term borrowings	59,958	75,760
Deferred tax liabilities	13,155	12,167
Reserve for losses on rebuilding of branches	329	197
Reserve for management board benefit trust	243	310
Liability for retirement benefits	2,029,280	2,010,351
Other long-term liabilities	79,590	88,038
Total long-term liabilities	2,182,558	2,186,826
Total liabilities	4,267,672	4,267,678
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	142,890	142,661
Retained earnings	197,363	294,738
Total shareholders' equity	740,253	837,400
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(16)	38
Net deferred gains (losses) on hedges	(49)	30
Foreign currency translation adjustments	(85,870)	(89,350)
Accumulated adjustments for retirement benefits	173,529	153,924
Total accumulated other comprehensive income	87,593	64,644
Non-controlling interests	3,406	13,085
Total net assets	831,253	915,130
Total liabilities and net assets	5,098,926	5,182,809

(Note) Effective from the beginning of the fiscal year ended March 31, 2019, Japan Post Co. has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in "Investments and other assets" and "Long-term liabilities", respectively.

As a result, deferred tax assets of ¥2,437 million presented as "Other current assets" under "Current assets" have been reclassified into "Other investments and other assets" under "Investments and other assets" in the consolidated balance sheet as of March 31, 2018. In addition, deferred tax assets of ¥479 million were offset by "Deferred tax liabilities" under "Long-term liabilities".

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(1) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Operating income		
Postal service business income	2,002,415	2,095,579
Commissions for banking business consignment	598,116	600,661
Commissions for life insurance business consignment	372,265	358,100
International logistics business income	704,302	700,650
Other operating income	204,844	205,678
Total operating income	3,881,943	3,960,669
Operating costs	3,562,109	3,519,626
Gross operating income	319,834	441,043
Sales, general and administrative costs	233,269	259,021
Net operating income	86,564	182,021
Other income		
Interest income	847	617
Equity in earnings of affiliates	273	473
Subsidy income	1,012	1,371
Others	3,350	3,582
Total other income	5,484	6,045
Other expenses		
Interest expenses	4,959	6,469
Others	1,630	1,731
Total other expenses	6,589	8,201
Net ordinary income	85,459	179,865
Extraordinary gains		
Gains on sales of fixed assets	4,325	7,225
Gains on negative goodwill	568	-
Contribution for post office refurbishment expenses	26,560	20,216
Others	1,530	2,414
Total extraordinary gains	32,985	29,855
Extraordinary losses		
Losses on sales of fixed assets	499	114
Losses on disposal of fixed assets	2,671	3,138
Losses on impairment of fixed assets	9,696	8,896
Post office refurbishment expenses	26,560	20,216
Others	3,376	11,026
Total extraordinary losses	42,803	43,391
Income before income taxes	75,641	166,329
Income taxes current	14,275	38,811
Income taxes deferred	1,750	362
Total income taxes	16,025	39,174
Net income	59,616	127,155
Net income attributable to non-controlling interests	1,139	541
Net income attributable to Japan Post Co.	58,476	126,614

Japan Post Co.

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income	59,616	127,155
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	(69)	57
Net deferred gains (losses) on hedges	39	80
Foreign currency translation adjustments	(5,111)	(3,888)
Adjustments for retirement benefits	(16,351)	(19,605)
Share of other comprehensive income (loss) of affiliates	5	(2)
Total other comprehensive loss	(21,487)	(23,358)
Comprehensive income	38,128	103,796
Total comprehensive income attributable to:		
Japan Post Co.	36,960	103,664
Non-controlling interests	1,168	131

3. Segment Information

(1) Operating income and segment profit of reportable segments

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note 2)	Subtotal		
Operating income (Note 1)						
Operating income from third parties	2,007,642	1,169,998	704,302	3,881,943	-	3,881,943
Intersegment operating income	14,884	188,800	-	203,684	-	203,684
Total	2,022,526	1,358,798	704,302	4,085,628	-	4,085,628
Segment profit	41,903	39,771	10,254	91,929	-	91,929

(Notes)

1. "Operating income" is presented instead of net sales which is typical for companies in other industries.
2. The amount presented in segment profit for the international logistics business segment is EBIT.

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note 2)	Subtotal		
Operating income (Note 1)						
Operating income from third parties	2,101,029	1,158,989	700,650	3,960,669	-	3,960,669
Intersegment operating income	13,921	203,589	-	217,510	-	217,510
Total	2,114,950	1,362,579	700,650	4,178,180	-	4,178,180
Segment profit	121,388	59,619	10,300	191,308	-	191,308

(Notes)

1. "Operating income" is presented instead of net sales which is typical for companies in other industries.
2. The amount presented in segment profit for the international logistics business segment is EBIT.

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

(Millions of yen)

Items	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Total segment profit of reportable segments	91,929	191,308
Segment profit in other business	-	-
Eliminations of intersegment transactions	1,411	1,302
Corporate expenses (Note)	(1,509)	(1,983)
Other adjustments	(5,267)	(8,605)
Net operating income on the consolidated statements of income	86,564	182,021

(Note)

"Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.

III Japan Post Bank

Note: Please refer to the documents on consolidated financial results announcements of Japan Post Bank for consolidated financial results of the company.

IV Japan Post Insurance

Note: Please refer to the documents on consolidated financial results announcements of Japan Post Insurance for consolidated financial results of the company.