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Items Disclosed on the Internet Concerning the Notice of the 16th Annual General Meeting of Shareholders

The 16th Term (from April 1, 2020 to March 31, 2021)

1. Notes to Consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2021

2. Notes to Non-consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2021

JAPAN POST HOLDINGS CO., Ltd.

Pursuant to laws and regulations and the provision of Article 16 of the Articles of Incorporation, notes to consolidated financial statements and notes to non-consolidated financial statements are disclosed to our shareholders through postings on our website (https://www.japanpost.jp/en/).

Notes to Consolidated Financial Statements

Amounts of less than one million yen are rounded down.

Subsidiaries and affiliates are defined based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 259

Principal companies:

Japan Post Co., Ltd.

Japan Post Bank Co., Ltd.

Japan Post Insurance Co., Ltd.

3 subsidiaries of Toll Holdings Limited (hereinafter referred to as "Toll") was included in the scope of consolidation, due to their establishment from the fiscal year ended March 31, 2021. 1 subsidiary of Toll was excluded from the scope of consolidation due to the liquidation, and 3 subsidiaries of Toll were excluded from the scope of consolidation due to the sale of their stock from the fiscal year ended March 31, 2021.

(2) Non-consolidated subsidiaries: 6

Silent partnerships investing in real estate, etc. 6

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

2. Application of the equity method

(1) Non-consolidated subsidiaries accounted for by the equity method

None

(2) Affiliates accounted for by the equity method: 15

JA Foods Oita Co., Ltd.

Ring Bell Co., Ltd.

Saison Asset Management Co., Ltd.

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

Toll's affiliates

From the fiscal year ended March 31, 2021, 2 of Toll's affiliates were excluded from the scope of the equity method due to the sale of their stock.

(3) Non-consolidated subsidiaries that are not accounted for by the equity method: 6

Silent partnerships investing in real estate, etc. 6

(4) Affiliates that are not accounted for by the equity method: 1

BPO.MP COMPANY LIMITED

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

3. Fiscal year, etc. of consolidated subsidiaries

(1) Fiscal year-end dates of consolidated subsidiaries

June 30:	5
December 31:	30
March 31:	224

(2) Consolidated subsidiaries with a fiscal year-end date of June 30 and December 31 are consolidated using the preliminary financial statements as of March 31.

4. Amortization of goodwill

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

5. Summary of significant accounting policies

(1) Valuation criteria and methods for trading account securities

Trading account securities are carried at fair value.

(2) Valuation criteria and methods for securities

1) Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method. In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method. Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost and the cost of these securities sold is calculated using the moving-average method. Available-for-sale securities are, in principle, carried at average market prices during the final month of the fiscal year for stocks, and at market prices at the fiscal year end for others. Cost of securities sold is calculated using mainly the moving-average method. Available-for-sale securities which are deemed to be extremely difficult to determine fair value are carried at cost using the moving-average method or amortized cost (the straight-line method).

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

2) Securities included in "Money Held in Trust" are carried using the same method used for securities mentioned above 1).

   Net unrealized gains (losses) on money held in trust classified as other than trading or held-to-maturity, net of income taxes, are included in "Net assets".

(3) Valuation criteria and methods for derivative transactions

All derivative transactions are valued at fair value.

(4) Depreciation methods of fixed assets

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

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

Useful lives of principal assets are as follows:

Buildings:	2-50 years
Others:	2-75 years

2) Intangible assets (excluding leased assets)

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

3) Leased assets

Leased assets under finance lease arrangements that transfer the ownership of leased property to the lessee are depreciated using the same method applied to company-owned tangible assets.

Leased assets under finance lease arrangements that do not transfer the ownership of leased property to the lessee are depreciated to the residual value of zero using the straight-line method over the lease term.

4) Right-of-use assets

Right-of-use assets related to lease transactions of Toll and its subsidiaries and affiliates are depreciated using the straight-line method over the useful life of the right-of-use asset or the lease term, whichever is shorter.

(5) Reserve for possible loan losses

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

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

In accordance with “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers requiring caution are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses. For loans to doubtful borrowers, an allowance is provided for based on the amount of loans net of amounts expected to be collected through disposal of collateral or through execution of guarantees and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided in the amount of loans, net of amounts expected to be collected through disposal of collateral or to be recoverable under guarantees.

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

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

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

For secured loans and guaranteed loans that were extended to borrowers in a state of legal bankruptcy, including legal bankrupt or civil rehabilitation, or that are considered substantially bankrupt, respective loan receivable amounts are directly written off for an estimated uncollectable amount, which is calculated as the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The amount written off for these loans was ¥96 million for the fiscal year ended March 31, 2021.

(6) Reserve for bonuses

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

(7) Reserve for employee stock ownership plan trust

For a certain consolidated subsidiary, to provide for the payment of the consolidated subsidiary's shares to its employees that are determined based on the rule set by the consolidated subsidiary, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(8) Reserve for management board benefit trust

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

(9) Reserve for reimbursement of deposits

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

(10) Reserve for insurance claims and others

To provide for measures to compensate for the disadvantages caused in relation to the cases which have been discovered as a result of the investigation of insurance policies to have potentially caused disadvantages to customers, not in line with their intentions, a reserve is provided for the estimated future payments of insurance claims based on past performance.

(11) Accounting method for retirement benefits

1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period. Treatment of prior service cost and actuarial difference are accounted for as follows.

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

Additional Information

In August 2020, the Company and its major consolidated subsidiaries decided on and notified all concerned of the change to the Retirement Allowance Regulations effective October 1, 2020, whereby the lump-sum severance indemnity plans were revised in association with the extension of mandatory retirement age from 60 to 65. Due to this change, retirement benefit obligations decreased and prior service cost of ¥37,817 million was recognized.

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

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

The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (8 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

The prior service cost is amortized using the straight-line method over a fixed period (8 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year in which the difference is incurred.

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

The Company has established retirement benefit trusts for the above mutual aid pension program.

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

(12) Translation of assets and liabilities denominated in foreign currencies into Japanese yen

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

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

(13) Hedge accounting

1) Hedge accounting for interest rate risks

The Company and its consolidated subsidiaries mainly apply the deferred hedge method for hedges of interest rate risk arising from the financial assets and liabilities.

The evaluation of hedge effectiveness is omitted because the Company and its consolidated subsidiaries designate the hedges in such a way that the major terms of the hedged items and the hedging instruments satisfy almost same conditions as those required for the exceptional treatment for interest rate swaps and accordingly assume that the hedges are highly effective. In addition, the Company and its consolidated subsidiaries apply the exceptional treatment for interest rate swaps to hedge the interest rate risk arising from certain financial assets and liabilities.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the banking subsidiary applies the deferred hedge method as stipulated in "Treatment of Accounting and

Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24). To evaluate the hedge effectiveness, the banking subsidiary designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them based on their maturities.

2) Hedge accounting for foreign exchange risks

The Company and its consolidated subsidiaries apply the deferred hedge method or the fair value hedge method translating the foreign currency receivables at forward rates for hedges of foreign exchange fluctuation risk arising from the securities denominated in foreign currencies.

The Company and its consolidated subsidiaries apply portfolio hedges on the conditions that the hedged securities denominated in foreign currencies are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the acquisition cost of the hedged securities denominated in the same foreign currencies.

The evaluation of hedge effectiveness for individual hedges is omitted because the Company and its consolidated subsidiaries designate the hedges in such a way that the major terms of the hedged items and the hedging instruments are almost same and accordingly assume that the hedges are highly effective.

(14) Reserve for price fluctuations

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

(15) Consumption taxes

All figures are net of consumption taxes.

(16) Method of accumulating policy reserves

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

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

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

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

For the fiscal year ended March 31, 2021, additional policy reserves were accumulated for a portion of reinsurance contracts from the Japan Postal Service Organization, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result, the amount of additionally accumulated policy reserves was ¥245,841 million. However, there is no impact on net ordinary income and income before income taxes due to the reversal of contingency reserves in the same amount.

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

The Chief Actuary, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, confirms whether the policy reserves have been appropriately accumulated for each accounting period.

(17) Other

1) Presentation of gains (losses) on cancellation of investment trusts

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

2) Recognition of insurance premiums

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

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

3) Recognition of insurance claims and others

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

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

Additional Information

The “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020) has been adopted starting from the consolidated financial statements as of the end of the fiscal year ended March 31, 2021, “1) Presentation of gains (losses) on cancellation of investment trusts”; “2) Recognition of insurance premiums”; and “3) Recognition of insurance claims and others” are stated as “the principles and the overview of procedures of the accounting treatment adopted in cases where the provisions of relevant accounting standards, etc. are unclear”.

4) Adoption of consolidated tax payment system

The Company and its wholly owned domestic subsidiaries adopt the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.

(Application of tax effect accounting for the transition from the consolidated tax payment system to the group taxation system)

Having regard to paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), the Company and certain domestic consolidated subsidiaries did not follow paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system and related amendments of tax laws for transitioning to the single tax payment system.

New Accounting Pronouncements

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

1. Overview

   The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

   Step 1: Identify contract(s) with customers.

   Step 2: Identify the performance obligations in the contract.

   Step 3: Determine the transaction price.

   Step 4: Allocate the transaction price to the performance obligation in the contract.

   Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

2. Effective date

   Effective from the beginning of the fiscal year ending March 31, 2022.

3. Effects of the application of the standards

   The Company and its domestic consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

"Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

1. Overview

   In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (together, hereinafter referred to as "Fair Value Accounting Standards") were developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

   - Financial instruments in "Accounting Standard for Financial Instruments"; and
   - Inventories held for trading purposes in "Accounting Standard for Measurement of Inventories."

   In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised to include notes regarding the breakdown by level of fair values of financial instruments, etc.

2. Effective date

   Effective from the beginning of the fiscal year ending March 31, 2022.

3. Effects of the application of the standards

   The Company and its domestic consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Changes in Presentation

Consolidated Statement of Income

"Insurance claim income" included in "other extraordinary gains" in the previous fiscal year has been separately presented from the fiscal year ended March 31, 2021, due to its increased significance.

"Insurance claim income" amounted to ¥311 million as of March 31, 2020.

Adoption of "Accounting Standard for Disclosure of Accounting Estimates"

The Company has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) starting from the consolidated financial statements for the fiscal year ended March 31, 2021 and provided a note on accounting estimates required for the consolidated financial statements.

Significant Accounting Estimates

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

1. Fair value measurement of securities

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

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Securities ¥193,703,491 million

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

1) Calculation methods and major assumptions

The fair value of bonds is based on the price quoted by the exchange, the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the price calculated using the comparable price method or the price provided by a broker, etc. The fair value of investment trusts is based primarily on the funds' unit price. The principal assumptions of the price calculated using the comparable price method or the price provided by a broker, etc. are inputs used in fair value measurement that are directly or indirectly observable on markets such as yield curves and spreads estimated based on prices of similar securities as well as unobservable inputs that include significant estimates.

2) Impact on the consolidated financial statements for the following fiscal year

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

Principal assumptions for fair value measurement of securities may be impacted if financial markets are disrupted due to the spread of COVID-19, which may significantly impact the consolidated financial statements for the following fiscal year.

2. Estimates on retirement benefit obligations

(1) Amounts recorded in the consolidated financial statements as of March 31, 2021

This information is provided in "Retirement Benefits".

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

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

Additional Information

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

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

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

1. Outline of the transactions

The System is a structure to provide the Company's shares, etc. to Executives subject to the System in accordance with the Stock Benefit Regulations of the Company and Japan Post Co., Ltd., and grants a certain number of points reflecting their levels of attainment of performance targets for the fiscal year. Upon retirement, Executives subject to the System shall receive from the trust the Company's shares and money in the amount equivalent to the fair value of a certain portion of the Company's shares as at the time of retirement in accordance with the number of points granted.

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

2. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded under net assets as treasury stock at the book value in the trust (excluding incidental expenses). The book value of the treasury stock was ¥697 million and the number of shares of the treasury stock was 496 thousand shares as of March 31, 2021.

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

Initiatives regarding insurance policy improvement

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 regarding insurance policies. In addition, Japan Post Insurance Co., Ltd. (hereinafter referred to as "Japan Post Insurance"), a consolidated subsidiary of the Company, received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan. The Group 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. Additionally, Japan Post Insurance has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions, and compensating customers who have suffered disadvantages.

In the fiscal year ended March 31, 2021, the Company recorded the refund of premiums and payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others (operating expenses, etc.), and the corresponding adjustment to policy reserves as part of reversal of policy reserves (life insurance business income), while recording a reduction of the net amount totaling ¥21,589 million from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 million, a decrease as a result of reflecting the status of progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥2,851 million as of March 31, 2021. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are included in life insurance business income in the consolidated statements of income for the fiscal year ended March 31, 2021.

Notes to Consolidated Balance Sheet

1. Total amount of stocks and investments in capital of non-consolidated subsidiaries and affiliates ¥41,829 million

2. Unsecured and secured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥3,353,931 million were included in Japanese government bonds and other in "Securities".

   Unsecured borrowed securities and securities borrowed under resale agreements, etc. for which the Group has the right to sell or pledge amounted to ¥4,804,159 million for securities held as of March 31, 2021 without being sold or pledged.

3. There were no loans to bankrupt borrowers, non-accrual delinquent loans, past-due loans for three months or more and restructured loans.

4. Assets pledged as collateral were as follows:

   Assets pledged as collateral:

Securities	¥24,397,199 million

   Liabilities corresponding to assets pledged as collateral:

Deposits	¥754,882 million
Payables under repurchase agreements	¥14,886,481 million
Payables under securities lending transactions	¥6,092,013 million
Borrowed money	¥3,917,500 million

   In addition to the above, securities of ¥3,389,644 million are pledged as collateral for the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions and other transactions, and substituted for margins for future transactions.

   "Other assets" include margins for future transactions of ¥152,034 million, guarantee deposits of ¥18,041 million, margins with central counterparty of ¥679,900 million and cash collateral paid for financial instruments of ¥324,835 million.

5. The consolidated balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds are as follows:

   (1) The consolidated balance sheet amount and the fair value of policy-reserve-matching bonds are ¥9,382,446 million and ¥10,158,590 million, respectively.

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

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

   1) Postal Life Insurance Contracts (insurance policies with a remaining period within 30 years)

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

   3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

6. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The banking subsidiary will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The unused commitments on loans amounted to ¥68,149 million. Of this amount, there was unused commitments of ¥35,500 million with a term of less than one year or that may be cancelled unconditionally at any point of time.

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

   The unused commitments on loans amounted to ¥24,863 million at the insurance subsidiary.

7. Accumulated depreciation of tangible fixed assets ¥1,640,553 million

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

8. Deferred gains on tangible fixed assets not recognized for tax purposes ¥89,252 million

9. Changes in reserve for policyholder dividends

Balance at the beginning of the fiscal year	¥1,437,535 million
Policyholder dividends paid	¥159,817 million
Interest accrual, etc.	¥8 million
Reduction due to the acquisition of additional annuity	¥336 million
Provision for reserve for policyholder dividends	¥65,465 million
Balance at the end of the fiscal year	¥1,342,855 million

10. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the said Ordinance was ¥418 million. In addition, policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance was ¥935 million.

11. The insurance subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,629 million as of March 31, 2021 pursuant to Article 259 of the Insurance Business Act.

    These obligations are recognized as operating expenses when they are paid.

12. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Japan Postal Service Organization, are provided at amounts calculated based on the statement of calculation procedures for the insurance subsidiary's insurance premiums and policy reserves. Such amount is set not to fall below the amount calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on the Organization for Postal Savings, Postal Life

Insurance and Post Office Network (Act No. 101 of 2005). Accordingly, policy reserves (excluding contingency reserve) of ¥31,408,726 million was provided.

In addition, contingency reserve of ¥1,129,662 million and reserve for price fluctuations of ¥655,111 million were provided for this category of reinsurance.

13. “Bonds” in the consolidated balance sheet is subordinated bonds with the special provision which ranks below other debts with regard to fulfillment of obligation.

14. Future payments on service contracts for system-related services (such as usage of hardware, software, telecommunication services and maintenance) are as follows:

Due within 1 year	¥158 million
Due after 1 year	¥- million

15. Contingent liabilities

In the event that the Company’s consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amount of uncollectible investment. The possible amount of compensation was ¥64,872 million as of March 31, 2021.

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

Notes to Consolidated Statement of Income

1. Provision for reserve for policyholder dividends, which is provided for the Management Organization for Postal Savings and Postal Life Insurance (name changed to "Organization for Postal Savings, Postal Life Insurance and Post Office Network" on April 1, 2019; hereinafter referred to as "Management Organization") based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Organization, was ¥46,710 million for the fiscal year ended March 31, 2021.

2. In order to prevent further deterioration of facilities and other assets, the Group has invested in construction work and prioritized spending on assets exceeding their economical useful lives and leased post office buildings which require improvements for earthquake resistance.

   Accordingly, ¥4,915 million of "Post office refurbishment expenses" was recorded as extraordinary losses.

3. "Losses on impairment" includes losses on impairment of ¥61,938 million of the following asset group of a consolidated subsidiary Toll and its subsidiaries and affiliates.

(Millions of Yen)

Location	Usage	Type and losses on impairment				
		Buildings:	Land	Other tangible fixed assets	Software	Total
Queensland, Australia, etc.	Global express business	2,844	862	49,586	8,645	61,938

The Group conducts the grouping of assets based on units whose business performance is separately reported for internal management purposes.

The Group has been considering the sale of Toll's global express business in the fiscal year ended March 31, 2021. As a loss on sale was expected, the book value was reduced to recoverable amount, and the difference was recognized as losses on impairment of fixed assets in "Other expenses."

The recoverable amount was measured at net realizable value, which was calculated based on the business transfer agreement concluded with affiliates of Allegro Funds Pty Ltd on April 21, 2021.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued

(Thousands of shares)

		April 1, 2020	Increase	Decrease	March 31, 2021	Remarks
Shares issued						
	Common stock	4,500,000	-	-	4,500,000	

2. Type and number of treasury stock

(Thousands of shares)

		April 1, 2020	Increase	Decrease	March 31, 2021	Remarks
Treasury stock						
	Common stock	456,667	-	32	456,635	(Notes 1, 2)

Notes: 1. The number of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 528 thousand shares. The number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 496 thousand shares.

2. A decrease of 32 thousand shares of treasury stock is due to the benefits paid of the shares of the Company by the management board benefit trust.

3. Information concerning dividends

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

(1) Dividends paid for the fiscal year ended March 31, 2021

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2020	Common stock	101,096	25.00	March 31, 2020	June 18, 2020

Note: The total amount of dividends includes dividends of ¥13 million for the Company's shares held by the management board benefit trust.

(2) Dividends whose effective date falls after the end of the fiscal year ended March 31, 2021 (scheduled)

Resolution	Class of shares	Total amount (Millions of Yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 14, 2021	Common stock	202,193	Capital surplus	50.00	March 31, 2021	June 15, 2021

Notes: 1. Dividends are subject to approval from the Minister for Internal Affairs and Communications by the above effective date.

2. The total amount of dividends includes dividends of ¥24 million for the Company's shares held by the management board benefit trust.

Financial Instruments

1. Status of Financial Instruments

(1) Policy for handling financial instruments

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

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

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

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

(2) Features and risks of financial instruments

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

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

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

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

(3) Risk management framework for financial instruments

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

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

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

1) Credit risk management

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

2) Management of market risk

The banking subsidiary and insurance subsidiary use the VaR method to quantify and manage market risk exposure, in accordance with the respective rules of the companies on market risk management.

3) Management of liquidity risk related to fund raising activities

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

(4) Additional notes concerning the fair value of financial instruments

The fair value of a financial instrument includes prices based on market quotations as well as rationally calculated prices. In calculating prices, certain premises and assumptions are adopted, and the use of different premises and assumptions may lead to changes in pricing.

2. Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheet, fair values and the difference between them are as follows. Unlisted stocks and others for which fair values are extremely difficult to determine are not included in the table below (see Note 2).

(Millions of Yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and due from banks	62,719,113	62,719,113	-
(2) Call loans	1,520,000	1,520,000	-
(3) Receivables under resale agreements	9,721,360	9,721,360	-
(4) Receivables under securities borrowing transactions	2,585,087	2,585,087	-
(5) Monetary claims bought	638,985	638,985	-
(6) Trading account securities			
Trading securities	13	13	-
(7) Money held in trust	9,089,795	9,073,718	(16,076)
(8) Securities			
Held-to-maturity bonds	60,506,060	65,929,179	5,423,118
Policy-reserve-matching bonds	9,382,446	10,158,590	776,143
Available-for-sale securities	121,469,534	121,469,534	-
(9) Loans	9,655,811		
Reserve for possible loan losses (* 1)	(182)		
	9,655,629	9,986,365	330,736
Total	287,288,026	293,801,948	6,513,922
(1) Deposits	187,984,760	188,032,622	47,861
(2) Payables under repurchase agreements	14,886,481	14,886,481	-
(3) Payables under securities lending transactions	6,092,013	6,092,013	-
(4) Borrowed money	4,228,180	4,228,186	5
(5) Japanese corporate bonds	300,000	300,290	290
Total	213,491,435	213,539,593	48,157
Derivative transactions (* 2)			
Hedge accounting not applied	(6,949)	(6,949)	-
Hedge accounting applied	(943,604)	(943,604)	-
Total derivative transactions	(950,553)	(950,553)	-

(*1) General reserve for possible loan losses corresponding to loans has been deducted.

(*2) Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums.

Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Notes: 1. Calculation method for fair values of financial instruments is as follows:

<u>Assets</u>

(1) Cash and due from banks

For funds due from banks with no maturity date, fair value approximates book value, which is therefore used as fair value. For funds due from banks with a maturity date where the contract period is short (within a year), fair value approximates book value, which is therefore used as fair value.

(2) Call loans (3) Receivables under resale agreements and (4) Receivables under securities borrowing transactions

Contract tenors are short term (within one year) and their fair values approximate book value, which is therefore used as fair value.

(5) Monetary claims bought

Pricing offered by the broker and other third parties serves as fair value.

(6) Trading account securities

The purchase price of the Bank of Japan serves as fair value.

(7) Money held in trust

For invested securities representing trust assets in money held in trust, the fair value of stocks is based on the price on the stock exchange, etc. and the fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association. The fair value of derivative transactions is based on the prices provided by information vendors, etc. In addition, the fair value of the loans is based on a price obtained by discounting the total sum of the principal and interest by an interest rate that takes into account of the remaining period and credit risk of each loan.

The fair value of the loans is based on a price obtained by discounting the total sum of the principal and interest by an interest rate that takes into account of the remaining period and credit risk of each loan.

(8) Securities

The fair value of stocks is based on the price on the stock exchange, etc. The fair value of bonds is based on the price quoted by the exchange, the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the price calculated using the comparable price method or the price provided by a broker, etc. The fair value of investment trust is based primarily on the funds' unit price.

Notes to securities by categories based on holding purposes are provided in Note "Securities".

(9) Loans

For loans with variable interest rates, which follow market interest rates only over the short-term, fair value approximates book value unless the obligor's credit standing significantly differs after the transaction. In such cases, book value serves as fair value. For loans with fixed interest rates, fair value is considering a net discounted present value of future cash flows, etc.

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

<u>Liabilities</u>

(1) Deposits

For demand deposits, the payment amount (book value) if demanded on the consolidated balance sheet date is deemed to be the fair value of such demand deposits. For fixed-term deposits, fair value is based on the net discounted present value of estimated future cash flows, following a division into certain periods. The interest rate applicable to new savings is used as the discount rate.

(2) Payables under repurchase agreements and (3) Payables under securities lending transactions
Contract tenors are short term (within one year) and their fair values approximate book value, which is therefore used as fair value.

(4) Borrowed money

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

(5) Bonds

The fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association.

Derivatives

Derivatives consist primarily of interest rate-related transactions (interest rate swaps), currency-related transactions (forward foreign exchange and currency swaps), stock-related transactions (stock index futures), bond-related transactions (bond futures) and credit-related transactions (credit default swaps). Fair value is based on the price quoted by the exchange or values obtained from net present value calculations, etc.

2. The consolidated balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine are as shown below; they are not included in "Assets (7) Money held in trust" and "Assets (8) Securities" under information concerning fair values of financial instruments.

(Millions of Yen)

Class		Consolidated balance sheet amount
Money held in trust (* 1)		940,137
Securities		
	Unlisted stocks (* 2)	54,897
	Investment trusts (* 3)	2,217,712
	Investments in partnerships (* 4)	72,446
	Other	393
Total (* 5)		3,285,586

(*1) Money held in trust, for which underlying assets held by the trust such as investment in private REIT are extremely difficult to determine their fair values, is not included in the scope of fair value disclosures.

(*2) Unlisted stocks are not included in the scope of fair value disclosures because there are no available market prices and it is extremely difficult to determine their fair values.

(*3) Investment trusts, for which underlying assets held by the trust such as unlisted stocks are extremely difficult to determine their fair values, are not included in the scope of fair value disclosures.

(*4) Investments in partnerships are not included in the scope of fair value disclosures because they consist of partnership asset components such as unlisted stocks which are extremely difficult to determine their fair values.

(*5) Impairment losses of ¥1,035 million were recorded for the fiscal year ended March 31, 2021.

3. Redemption schedule of monetary claims and securities with maturities were as follows:

(Millions of Yen)

	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	61,659,582	-	-	-	-	-
Call loans	1,520,000	-	-	-	-	-
Receivables under resale agreements	9,721,360	-	-	-	-	-
Receivables under securities borrowing transactions	2,585,087	-	-	-	-	-
Monetary claims bought	258,666	37,072	32,159	58,153	81,957	168,297
Securities						
Held-to-maturity bonds	7,878,261	13,819,618	3,160,565	4,494,887	7,244,750	23,461,323
Policy-reserve-matching bonds	812,852	1,542,301	586,516	571,300	2,042,900	3,641,625
Available-for-sale securities with maturities	9,056,076	18,558,728	8,539,921	10,568,323	10,404,701	16,548,866
Loans	3,495,471	1,891,250	1,431,211	851,905	971,111	1,008,495
Total	96,987,360	35,848,970	13,750,373	16,544,570	20,745,420	44,828,607

4. Redemption schedule of deposits, payables under repurchase agreements, payables under securities lending transactions, commercial papers and bonds were as follows:

(Millions of Yen)

	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits (*)	116,027,741	11,086,454	11,688,362	21,295,472	27,886,729	-
Payables under repurchase agreements	14,886,481	-	-	-	-	-
Payables under securities lending transactions	6,092,013	-	-	-	-	-
Borrowed money	4,210,072	7,711	5,200	15	97	5,084
Japanese corporate bonds	-	-	-	-	-	300,000
Total	141,216,308	11,094,165	11,693,562	21,295,488	27,886,826	305,084

(*) Demand deposits are included in “Within 1 year”.

Securities

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

1. Trading securities (As of March 31, 2021)

There were no valuation gains (losses) associated with trading securities recorded under gains or losses for the fiscal year ended March 31, 2021.

2. Held-to-maturity bonds (As of March 31, 2021)

(Millions of Yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	46,288,261	51,437,821	5,149,560
	Japanese local government bonds	5,086,910	5,308,245	221,334
	Japanese corporate bonds	3,226,809	3,352,944	126,135
	Subtotal	54,601,982	60,099,011	5,497,029
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	3,399,476	3,340,309	(59,166)
	Japanese local government bonds	963,409	958,719	(4,689)
	Japanese corporate bonds	1,541,192	1,531,138	(10,054)
	Subtotal	5,904,078	5,830,167	(73,910)
Total		60,506,060	65,929,179	5,423,118

3. Policy-reserve-matching bonds (As of March 31, 2021)

(Millions of Yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	7,288,727	8,043,381	754,653
	Japanese local government bonds	510,174	530,181	20,007
	Japanese corporate bonds	625,937	649,774	23,837
	Subtotal	8,424,838	9,223,337	798,498
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	517,536	504,247	(13,288)
	Japanese local government bonds	48,073	47,687	(385)
	Japanese corporate bonds	391,998	383,318	(8,680)
	Subtotal	957,608	935,253	(22,355)
Total		9,382,446	10,158,590	776,143

4. Available-for-sale securities (As of March 31, 2021)

(Millions of Yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost	Stocks	574,195	469,598	104,596
	Bonds	34,832,467	34,138,841	693,626
	Japanese government bonds	24,028,109	23,431,816	596,293
	Japanese local government bonds	4,001,023	3,980,849	20,173
	Japanese short-term corporate bonds	-	-	-
	Japanese corporate bonds	6,803,334	6,726,175	77,159
	Other	67,801,777	65,355,276	2,446,501
	Of which: foreign bonds	23,154,643	21,695,443	1,459,199
	Of which: investment trusts	44,411,058	43,426,737	984,321
	Subtotal	103,208,440	99,963,715	3,244,724
Those for which consolidated balance sheet amount does not exceed cost	Stocks	24,392	25,783	(1,390)
	Bonds	10,545,723	10,606,644	(60,921)
	Japanese government bonds	6,317,038	6,367,915	(50,876)
	Japanese local government bonds	477,732	478,582	(849)
	Japanese short-term corporate bonds	1,869,535	1,869,535	-
	Japanese corporate bonds	1,881,417	1,890,612	(9,194)
	Other	8,874,962	9,124,015	(249,052)
	Of which: foreign bonds	4,830,296	4,925,809	(95,513)
	Of which: investment trusts	3,067,447	3,220,691	(153,244)
	Subtotal	19,445,079	19,756,443	(311,364)
Total		122,653,519	119,720,159	2,933,360

5. Held-to-maturity bonds sold during the fiscal year (From April 1, 2020 to March 31, 2021)

None

6. Policy-reserve-matching bonds sold during the fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Sales	Gains	Losses
Bonds	219,915	3,006	-
Japanese government bonds	183,831	2,424	-
Japanese local government bonds	18,702	312	-
Japanese corporate bonds	17,381	269	-
Total	219,915	3,006	-

7. Available-for-sale securities sold during the fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Sales	Gains	Losses
Stocks	141,793	17,543	(13,895)
Bonds	1,813,227	4,716	(45,578)
Japanese government bonds	1,796,155	4,636	(45,565)
Japanese corporate bonds	17,072	80	(12)
Other	3,530,282	45,165	(234,935)
Of which: foreign bonds	2,598,958	36,510	(21,782)
Of which: investment trusts	931,324	8,654	(213,153)
Total	5,485,304	67,425	(294,409)

8. Securities incurred impairment losses

For the securities (excluding trading securities) with market quotations, and in case whose fair value declines significantly from their acquisition cost, with no prospect of recovering to their acquisition cost, the Company records the fair value of such securities on the consolidated balance sheet and charges valuation differences as losses in the fiscal year in which they are recognized.

No losses on impairment are applicable in the fiscal year ended March 31, 2021.

Money Held in Trust

1. Money held in trust classified as trading (As of March 31, 2021)

None

2. Money held in trust classified as held-to-maturity (As of March 31, 2021)

None

3. Money held in trust classified as other than trading or held-to-maturity (As of March 31, 2021)

(Millions of Yen)

	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	9,089,795	6,820,196	2,269,598	2,345,666	(76,067)

Notes: 1. "Amount for which consolidated balance sheet amount exceeds cost" and "Amount for which consolidated balance sheet amount does not exceed cost" are sub-items of "Difference" respectively.

2. For securities with market quotations included as trust assets in "Money Held in Trust Classified as Other than Trading or Held-to-Maturity", and in case whose fair value declines significantly from their acquisition cost, with no prospect of recovering to their acquisition cost, the Company records the fair value of such securities on the consolidated balance sheet and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥18,813 million for the fiscal year ended March 31, 2021.

Retirement Benefits

1. Outline of Retirement Benefits

(1) The Company and major consolidated subsidiaries have lump-sum severance indemnity plans as a defined benefit plan. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations. The charges concerning share of public service pension and share of another public service pension are included in the Company's retirement benefit obligations.

The Company has established retirement benefit trusts for the share of public service pension and share of another public service pension.

(2) Certain consolidated subsidiaries have defined contribution pension plans. In addition, the amounts required to be contributed to the retirement pension benefit plans by the Company and certain consolidated subsidiaries based on the "Act for Partial Amendment of National Government Officials' Retirement Allowance Act, etc. for the Purposes of Reviewing Benefit Levels of the Retirement Benefits for National Government Officials" (Act No. 96 of 2012) was ¥10,532 million for the fiscal year ended March 31, 2021.

2. Defined Benefit Plans

(1) Changes in retirement benefit obligations

	(Millions of Yen)
Balance at the beginning of the fiscal year	2,557,296
Service cost	113,426
Interest cost	16,530
Actuarial differences	(16,290)
Benefits paid	(135,952)
Prior service cost	(37,817)
Balance at the end of the fiscal year	2,497,192

Note: Prior service cost was incurred due to the revision of the lump-sum severance indemnity plans in association with the extension of mandatory retirement age from 60 to 65.

(2) Changes in plan assets

	(Millions of Yen)
Balance at the beginning of the fiscal year	392,362
Expected return on plan assets	902
Actuarial differences	(862)
Contributions paid by the employer	236
Benefits paid	(41,536)
Balance at the end of the fiscal year	351,103

(3) Balance of retirement benefit obligations, plan assets and liability (asset) for retirement benefits on the consolidated balance sheet

	(Millions of Yen)
Funded retirement benefit obligations	287,086
Share of public service pension	281,512
Share of another public service pension	318
Corporate pension plan	5,255
Plan assets	(351,103)
Share of public service pension	(344,380)
Share of another public service pension	(150)
Corporate pension plan	(6,571)
	(64,017)
Unfunded retirement benefit obligations	2,210,106
Lump-sum severance indemnity	2,210,106
Net liability (asset) for retirement benefits	2,146,089
Liability for retirement benefits	2,210,273
Asset for retirement benefits	(64,184)
Net liability (asset) for retirement benefits	2,146,089

(4) Retirement benefit costs

	(Millions of Yen)
Service cost	113,426
Interest cost	16,530
Expected return on plan assets	(902)
Amortization of actuarial differences	(19,740)
Amortization of prior service cost	(36,361)
Other	(117)
Total	72,834

(5) Adjustments for retirement benefits (before tax effect)

Breakdown of items recognized as adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of Yen)
Prior service cost	1,455
Actuarial differences	(4,311)
Total	(2,856)

(6) Accumulated adjustments for retirement benefits (before tax effect)

Breakdown of items recognized as accumulated adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of Yen)
Unrecognized prior service cost	136,639
Unrecognized actuarial differences	72,862
Total	209,501

(7) Plan assets

1) Breakdown of plan assets

Composition by main categories contained in plan assets is as follows:

	(%)
Bonds	80
Stocks	0
Life insurance general account	0
Other	20
Total	100

Note: Total plan assets is comprised 98% of retirement benefit trusts, which were set up for share of public service pension and share of another public service pension.

2) Method for determining long-term expected rate of return on plan assets

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

(8) Actuarial assumptions

Actuarial assumptions as of March 31, 2021

	(%)
Discount rate	0.2 – 0.7
Long-term expected rate of return on plan assets	0.1 – 2.0

3. Defined Contribution Plans

The amount required to be contributed to the defined contribution plans by certain consolidated subsidiaries was ¥15,178 million.

Real Estate for Rent

1. Status of real estate for rent

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

2. Fair value of real estate for rent

Consolidated balance sheet amount (Millions of Yen)	Fair value (Millions of Yen)
492,202	675,970

Notes: 1. The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.

2. The fair value is calculated primarily based on the real estate appraisal standard.

3. Real estate for rent under construction is not included in the above table since it is extremely difficult to determine its fair value. The consolidated balance sheet amount was ¥173,191 million.

Per Share Data

Net assets per share	¥3,411.60
Net income per share	¥103.44

Notes: 1. The number of treasury stock excluded from the number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share includes the number of shares of the Company held by the management board benefit trust. The number of shares of the Company held by the management board benefit trust excluded from the calculation of net assets per share was 496,100 shares as of March 31, 2021.

2. The number of treasury stock excluded from the average number of common stock outstanding during the fiscal year used for the calculation of net income per share includes the number of shares of the Company held by the management board benefit trust. The average number of shares of the Company held by the management board benefit trust excluded from the calculation of net income per share was 503,664 shares for the fiscal year ended March 31, 2021.

Subsequent Events

Material Business Transfer

The Company, Japan Post Co., Ltd. and Toll Holdings Limited (hereinafter referred to as "Toll"), which are consolidated subsidiaries of the Company, resolved at the meeting of the Board of Directors held on April 21, 2021, to transfer Toll's global express business to Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd and NZ Logistics Holdings Limited, affiliates of Allegro Funds Pty Ltd (hereinafter collectively referred to as "Allegro"). Toll concluded the business transfer agreement on the same day.

1. Names of the successor companies

   Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd, NZ Logistics Holdings Limited

2. Details of the divested business

   The global express business of Toll

3. Main reason for the business divestiture

   The Japan Post Group has considered various business strategical options to enhance Toll's growth, but ultimately decided that the best option would be to sell the global express business, which has experienced a continuing deterioration in business performance. As a result of careful consideration by the Japan Post Group, Toll consented to enter into an agreement to transfer its global express business to Allegro.

4. Date of business divestiture

   Planned for June 2021

Notes to Non-consolidated Financial Statements

Amounts of less than one million yen are rounded down.

Significant Accounting Policies

1. Valuation criteria and methods for securities

(1) Investments in subsidiaries and affiliates are carried at cost and the cost of these securities sold is calculated using the moving-average method. Available-for-sale securities are carried at average market prices during the final month of the fiscal year for stocks, and at market prices at the fiscal year end for others. Cost of securities sold is calculated using the moving-average method. Available-for-sale securities with no available market prices are carried at cost using the moving-average method or amortized cost (the straight-line method).

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in "Net assets".

(2) Securities included in "Money Held in Trust" are carried using the same method used for securities mentioned above (1).

Net unrealized gains (losses) on money held in trust classified as other than trading or held-to-maturity, net of income taxes, are included in "Net assets".

2. Valuation criteria and methods for inventories

Inventories are stated at cost using the moving-average method (writing down the book value of inventories based on decreased profitability).

3. Depreciation methods of fixed assets

(1) Tangible fixed assets (excluding leased assets)

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

Useful lives of principal assets are as follows:

Buildings:	2-50 years
Others:	2-60 years

(2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed using the straight-line method.

The useful lives are determined in accordance with the Corporation Tax Act.

The capitalized development costs of software intended for internal use are amortized over the expected useful lives of mainly 5 years.

4. Criteria for allowances and reserves

(1) Reserve for possible loan losses

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

(2) Allowance for investment loss

For losses from investment in subsidiaries, etc., the amount deemed necessary is provided based on the financial conditions, etc. of the relevant subsidiary.

(3) Reserve for bonuses

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

(4) Reserve for point service program

To provide for the usage of points granted to customers, the Company has recorded at the end of the fiscal year the amounts for points expected to be used in the future.

(5) Reserve for retirement benefits

1) To provide for retirement benefits to employees, reserve for retirement benefits is recorded based on the projected retirement benefit obligation at the end of the fiscal year.

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

The prior service cost is amortized using the straight-line method over a fixed period (7 years) within the estimated average remaining service period for employees as incurred from the fiscal year in which the difference is incurred.

(Additional Information)

In August 2020, the Company decided on and notified all concerned of the change to the Retirement Allowance Regulations effective October 1, 2020, whereby the lump-sum severance indemnity plans were revised in association with the extension of mandatory retirement age from 60 to 65. Due to this change, retirement benefit obligations decreased and prior service cost of ¥172 million was recognized.

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

2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as “share of public service pension”) are recognized as part of “Prepaid pension costs”.

The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (8 years) within the estimated average remaining payment periods for eligible personnel incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

The prior service cost is amortized using the straight-line method over a fixed period (8 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year in which the difference is incurred.

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

The Company has established retirement benefit trusts for the above mutual aid pension program.

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

(6) Reserve for management board benefit trust

To provide for the payment of the Company's shares, etc. to Executive Officers that are determined based on the Stock Benefit Regulations, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(7) Reserve for compensation for accidents in the course of duty

To provide for the need to pay compensation to employees (or the families of the deceased) for accidents they were involved in during their duty or during commuting, reserve for compensation for accidents in the course of duty is posted as liabilities at the end of the fiscal year.

The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (15 years) within the estimated average remaining payment periods for eligible personnel incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

5. Consumption taxes

All figures are net of consumption taxes.

6. Others

(1) The Company adopts the consolidated tax payment system.

Having regard to paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020), the Company did not follow paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system and related amendments of tax laws for transitioning to the single tax payment system.

(2) Accounting treatment for unsettled amounts of unrecognized actuarial differences and unrecognized prior service cost related to retirement benefits is different from the accounting treatment of such amounts on the consolidated financial statements.

Additional Information

Transactions granting the Company's shares, etc. through a trust to Executive Officers

Note for a performance-linked stock compensation system utilizing a trust for the Company's Executive Officers is omitted because the same contents are described in "Notes to Consolidated Financial Statements".

Changes in Presentation

Matters related to statement of income

"Provision of allowance for doubtful accounts" included in "Others" under "Other expenses" in the fiscal year ended March 31, 2020 has been separately presented from the fiscal year ended March 31, 2021, due to its increased significance.

"Provision of allowance for doubtful accounts" amounted to ¥1 million as of March 31, 2020.

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation of tangible fixed assets ¥25,755 million

2. Deferred gains on tangible fixed assets not recognized for tax purposes ¥11,290 million

3. Monetary assets and liabilities to subsidiaries and affiliates

Short-term monetary assets to subsidiaries and affiliates	¥205,775 million
Long-term monetary assets to subsidiaries and affiliates	¥21,003 million
Short-term monetary liabilities to subsidiaries and affiliates	¥11,896 million

4. Inventories

Breakdown of inventories is as follows:

Supplies ¥386 million

Notes to Non-consolidated Statement of Income

1. Transactions with subsidiaries and affiliates

Operating transactions	
Operating income	¥147,890 million
Operating expenses	¥18,107 million
Other transactions	¥8,553 million

2. Brand royalty income

The Company receives brand royalty income from its subsidiaries for the use of the Japan Post Group brands and trademarks and other benefits derived from their membership in the Japan Post Group.

3. Share of post office refurbishment expenses

In order to prevent further deterioration of facilities and other assets, Japan Post Co., Ltd., a consolidated subsidiary of the Company, has invested in construction work and prioritized spending on assets exceeding their economical useful lives and leased post office buildings which require improvements for earthquake resistance.

As the nature of such construction work, including those which occurred before the transfer of businesses from the former Japan Post Corporation, differ from periodic maintenance work mainly due to insufficient implementation of past maintenance work, the Company, which engages in the Group's management, records such expenses as "Share of post office refurbishment expenses".

4. Administrative expenses are negative mainly due to amortization of prior service cost related to share of public service pension under retirement benefit expenses.

5. In consideration of the facts that the rate of drop of the market value of stock of Japan Post Bank Co., Ltd. from the acquisition cost was 30% or greater but less than 50% at the end of the fiscal year ended March 31, 2021 and that the trend of drop of the market value was persistent, among other factors, the Group determined that the market value of stock of the company significantly dropped as compared with the acquisition cost. The Group also determined that it was difficult to expect that the market value recover

to the level of the acquisition cost based on reasonable grounds; accordingly, the difference between the market price as of the end of the fiscal year and the acquisition cost is recognized as a loss on impairment.

"Losses on valuation of stocks of subsidiaries and associates" for the fiscal year ended March 31, 2021 includes losses on valuation of stocks of subsidiaries and associates of ¥2,229,538 million pertaining to the company.

Notes to Non-consolidated Statement of Changes in Net Assets

1. Information concerning dividends

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

(1) Dividends paid for the fiscal year ended March 31, 2021

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2020	Common stock	101,096	25.00	March 31, 2020	June 18, 2020

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2020 includes dividends of ¥13 million for the Company's shares held by the management board benefit trust.

(2) Dividends whose effective date falls after the end of the fiscal year ended March 31, 2021 (scheduled)

Resolution	Class of shares	Total amount (Millions of Yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 14, 2021	Common stock	202,193	Capital surplus	50.00	March 31, 2021	June 15, 2021

Notes: 1. Dividends are subject to approval from the Minister for Internal Affairs and Communications by the above effective date.

2. The total amount of dividends includes dividends of ¥24 million for the Company's shares held by the management board benefit trust.

2. Type and number of shares of treasury stock as of March 31, 2021

Common stock 456,635,301 shares

Deferred Tax Assets and Liabilities

Breakdown of significant components of deferred tax assets and deferred tax liabilities is as follows:

	(Millions of Yen)
Deferred tax assets	
Tax losses carried forward	393,500
Reserve for retirement benefits	105,012
Reserve for bonuses	500
Other	13,549
Subtotal deferred tax assets	512,562
Valuation allowance for tax losses carried forward	(393,500)
Valuation allowance for the total of deductible temporary differences, etc.	(119,062)
Subtotal valuation allowance	(512,562)
Total deferred tax assets	-
Deferred tax liabilities	
Net unrealized gains (losses) on available-for-sale securities	(5,989)
Net deferred tax assets (liabilities)	(5,989)

Related Party Transactions

Type	Company name	Ownership of voting rights held	Relationship with related party	Summary of transactions	Amount of transactions (Millions of Yen)	Account name	Outstanding balance as of March 31, 2021 (Millions of Yen)
Subsidiary	Japan Post Co., Ltd.	Direct 100%	Significant subsidiary which operates postal and domestic logistics business and post office business	Share of construction work expenses (Note)	5,518	Accounts payable	3,431

The above amounts of transactions are net of consumption taxes.

Terms and conditions of transactions and the policy for determining terms and conditions of transactions, etc.

Note: Construction work expenses refer to the actual expenses borne by the Japan Post Co., Ltd., which is equivalent to "Post office refurbishment expenses" recognized by Japan Post Co., Ltd., based on the agreement between the Company and Japan Post Co., Ltd.

Notes to Per Share Data

Net assets per share	¥1,462.39
Net loss per share	¥(526.79)

Notes: 1. The number of treasury stock excluded from the number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share includes the number of shares of the Company held by the management board benefit trust. The number of shares of the Company held by the management board benefit trust excluded from the calculation of net assets per share was 496,100 shares as of March 31, 2021.

2. The number of treasury stock excluded from the average number of common stock outstanding during the fiscal year used for the calculation of net loss per share includes the number of shares of the Company held by the management board benefit trust. The average number of shares of the Company held by the management board benefit trust excluded from the calculation of net loss per share was 503,664 shares for the fiscal year ended March 31, 2021.

Subsequent Events

None