



Financial Results of the Principal Subsidiaries

for the Three Months Ended June 30, 2019

August 9, 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 Three Months Ended June 30, 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) |
|-------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|--|---|
| Three months ended June 30, 2018 | 210.1 | 25.1 | 106.6 | 75.2 | 3.1 |
| Three months ended June 30, 2019 | 202.2 | 37.6 | 105.7 | 56.0 | 2.8 |
| Year-on-year change | (7.9) | + 12.5 | (0.9) | (19.2) | (0.2) |

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) |
|-------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|--|---|
| Three months ended June 30, 2018 | 123.5 | 22.9 | 78.3 | 34.0 | (11.8) |
| Three months ended June 30, 2019 | 135.0 | 35.4 | 77.8 | 33.7 | (11.9) |
| Year-on-year change | + 11.5 | + 12.4 | (0.5) | (0.3) | (0.0) |

* 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. Interim Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,871,936 | 1,698,411 |
| Notes receivable and operating accounts receivable | 347,649 | 336,764 |
| Securities | 15,000 | 15,000 |
| Inventories | 21,727 | 19,129 |
| Outstanding amount of banking business consignment | 22,767 | - |
| Other current assets | 90,889 | 97,425 |
| Reserve for possible loan losses | (2,832) | (2,639) |
| Total current assets | 2,367,139 | 2,164,091 |
| Non-current assets | | |
| Tangible fixed assets | | |
| Buildings | 1,013,063 | 993,746 |
| Land | 1,306,333 | 1,304,143 |
| Right-of-use assets | - | 164,804 |
| Other tangible fixed assets | 345,982 | 341,500 |
| Total tangible fixed assets | 2,665,379 | 2,804,195 |
| Intangible assets | 97,944 | 90,312 |
| Investments and other assets | | |
| Other investments and other assets | 54,350 | 54,763 |
| Reserve for possible loan losses | (2,004) | (2,119) |
| Total investments and other assets | 52,345 | 52,643 |
| Total non-current assets | 2,815,669 | 2,947,152 |
| Total assets | 5,182,809 | 5,111,243 |

(Millions of yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable and operating accounts payable | 101,504 | 102,078 |
| Short-term borrowings | 124,752 | 135,500 |
| Current portion of long-term borrowings | 76,509 | 65,594 |
| Other accounts payable | 311,386 | 202,583 |
| Outstanding amount of banking business consignment | - | 65,221 |
| Outstanding amount of life insurance business consignment | 2,577 | 3,301 |
| Income taxes payable | 16,837 | 7,581 |
| Deposits received | 280,030 | 268,432 |
| Fund deposits for post offices | 870,000 | 870,000 |
| Reserve for bonuses | 108,463 | 31,696 |
| Other current liabilities | 188,790 | 187,005 |
| Total current liabilities | 2,080,852 | 1,938,995 |
| Long-term liabilities | | |
| Long-term borrowings | 75,760 | 77,107 |
| Lease obligations | 16,595 | 176,335 |
| Deferred tax liabilities | 12,167 | 12,390 |
| Reserve for losses on rebuilding of branches | 197 | 197 |
| Reserve for management board benefit trust | 310 | 332 |
| Liability for retirement benefits | 2,010,351 | 2,016,738 |
| Other long-term liabilities | 71,443 | 71,381 |
| Total long-term liabilities | 2,186,826 | 2,354,482 |
| Total liabilities | 4,267,678 | 4,293,478 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 400,000 | 400,000 |
| Capital surplus | 142,661 | 142,661 |
| Retained earnings | 294,738 | 204,436 |
| Total shareholders' equity | 837,400 | 747,098 |
| Accumulated other comprehensive income | | |
| Net unrealized gains (losses) on available-for-sale securities | 38 | 0 |
| Net deferred gains (losses) on hedges | 30 | 33 |
| Foreign currency translation adjustments | (89,350) | (90,134) |
| Accumulated adjustments for retirement benefits | 153,924 | 148,556 |
| Total accumulated other comprehensive income | 64,644 | 58,456 |
| Non-controlling interests | 13,085 | 12,210 |
| Total net assets | 915,130 | 817,765 |
| Total liabilities and net assets | 5,182,809 | 5,111,243 |

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

(1) Interim Consolidated Statements of Income

Three months ended June 30

(Millions of yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|---|-------------------------------------|-------------------------------------|
| Operating income | | |
| Postal service business income | 492,976 | 496,973 |
| Commissions for banking business consignment | 153,834 | 97,732 |
| Commissions for life insurance business consignment | 88,288 | 74,262 |
| Grants to maintain post office network | - | 73,818 |
| International logistics business income | 169,032 | 160,067 |
| Other operating income | 44,367 | 41,480 |
| Total operating income | 948,499 | 944,334 |
| Operating costs | 864,093 | 842,945 |
| Gross operating income | 84,405 | 101,388 |
| Sales, general and administrative costs | 59,294 | 61,148 |
| Net operating income | 25,110 | 40,240 |
| Other income | | |
| Interest income | 150 | 111 |
| Dividend income | 10 | 4 |
| Equity in earnings of affiliates | 114 | 28 |
| Foreign exchange gains | 170 | 560 |
| Subsidy income | 474 | 64 |
| Others | 754 | 512 |
| Total other income | 1,674 | 1,282 |
| Other expenses | | |
| Interest expenses | 1,458 | 3,603 |
| Others | 174 | 251 |
| Total other expenses | 1,633 | 3,855 |
| Net ordinary income | 25,151 | 37,667 |
| Extraordinary gains | | |
| Gains on sales of fixed assets | 683 | 1,219 |
| Contribution for post office refurbishment expenses | 972 | 739 |
| Others | 23 | 195 |
| Total extraordinary gains | 1,679 | 2,153 |
| Extraordinary losses | | |
| Losses on sales of fixed assets | 19 | 55 |
| Losses on disposal of fixed assets | 495 | 238 |
| Losses on impairment of fixed assets | 1 | 91 |
| Post office refurbishment expenses | 972 | 739 |
| Others | 446 | 553 |
| Total extraordinary losses | 1,934 | 1,678 |
| Income before income taxes | 24,897 | 38,143 |
| Income taxes current | 1,869 | 1,856 |
| Income taxes deferred | 27 | 705 |
| Total income taxes | 1,896 | 2,561 |
| Net income | 23,000 | 35,581 |
| Net income attributable to non-controlling interests | 27 | 165 |
| Net income attributable to Japan Post Co. | 22,973 | 35,416 |

Japan Post Co.

(2) Interim Consolidated Statements of Comprehensive Income
Three months ended June 30

(Millions of yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|---|-------------------------------------|-------------------------------------|
| Net income | 23,000 | 35,581 |
| Other comprehensive income | | |
| Net unrealized gains (losses) on available-for-sale securities | 52 | (34) |
| Net deferred gains (losses) on hedges | 95 | 2 |
| Foreign currency translation adjustments | (1,311) | (1,185) |
| Adjustments for retirement benefits | (5,352) | (5,368) |
| Share of other comprehensive loss of affiliates | (1) | (4) |
| Total other comprehensive loss | (6,517) | (6,589) |
| Comprehensive income | 16,482 | 28,992 |
| Total comprehensive income (loss) attributable to: | | |
| Japan Post Co. | 16,448 | 29,228 |
| Non-controlling interests | 34 | (235) |

3. Segment Information

Three months ended June 30, 2018

(1) Operating income and segment profit of reportable segments

(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 | 494,378 | 285,087 | 169,032 | 948,499 | - | 948,499 |
| Intersegment operating income | 3,407 | 46,557 | - | 49,964 | - | 49,964 |
| Total | 497,785 | 331,645 | 169,032 | 998,463 | - | 998,463 |
| Segment profit | 14,840 | 10,863 | 677 | 26,381 | - | 26,381 |

(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 interim consolidated statements of income

(Millions of yen)

| Items | Amount |
|---|---------|
| Total segment profit of reportable segments | 26,381 |
| Segment profit in other business | - |
| Eliminations of intersegment transactions | 347 |
| Corporate expenses ^(Note) | (412) |
| Other adjustments | (1,206) |
| Net operating income on the interim consolidated statements of income | 25,110 |

(Note)

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

Japan Post Co.

Three months ended June 30, 2019

(1) Operating income and segment profit (loss) of reportable segments

(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 | 498,359 | 285,907 | 160,067 | 944,334 | - | 944,334 |
| Intersegment operating income | 3,200 | 49,030 | 42 | 52,273 | - | 52,273 |
| Total | 501,560 | 334,938 | 160,109 | 996,607 | - | 996,607 |
| Segment profit (loss) | 21,516 | 21,851 | (1,919) | 41,448 | - | 41,448 |

(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 (loss) for the international logistics business segment is EBIT.

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

(Millions of yen)

| Items | Amount |
|---|---------|
| Total segment profit of reportable segments | 41,448 |
| Segment profit in other business | - |
| Eliminations of intersegment transactions | 334 |
| Corporate expenses (Note) | (490) |
| Other adjustments | (1,052) |
| Net operating income on the interim consolidated statements of income | 40,240 |

(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.