(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Items Not Included In Delivered Documents Concerning the Notice of the 19th Annual General Meeting of Shareholders

The 19th Term (from April 1, 2023 to March 31, 2024)

1. Notes to Consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2024

2. Notes to Non-consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2024

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” of the consolidated financial statements and “notes to non-consolidated financial statements” of the non-consolidated financial statements are not included in paper-based documents delivered to shareholders who have requested the delivery of paper-based documents.

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: 217

Principal companies:

Japan Post Co., Ltd.

Japan Post Bank Co., Ltd.

Japan Post Insurance Co., Ltd.

During the fiscal year ended March 31, 2024, Japan Post Investment Sigma Regional Business Succession, LLC and 4 other companies, and 4 subsidiaries under Toll Holdings Pty Limited (hereinafter referred to as "Toll") were included in the scope of consolidation due to their establishment, etc. On the other hand, 10 subsidiaries of Toll were excluded from the scope of consolidation due to their liquidation from the fiscal year ended March 31, 2024. (Hereinafter, the Company and its consolidated subsidiaries are collectively referred to as the "Group").

Furthermore, JP Toll Logistics Co., Ltd. and TOLL EXPRESS JAPAN Co., Ltd. changed their names to JP LOGISTICS GROUP Co., Ltd. and JP LOGISTICS Co., Ltd., respectively, on April 1, 2023.

(2) Non-consolidated subsidiaries

Principal companies:

Advanced Fintech I Limited Partnership

Japan Post Insurance NEXT Partners Co., Ltd.

Spring Investment Limited Partnership

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: 13

JA Foods Oita Co., Ltd.

Ring Bell Co., Ltd.

Saison Asset Management Co., Ltd.

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

Good Technology Company, Ltd.

Aflac Incorporated

Toll's affiliates

During the fiscal year ended March 31, 2024, Aflac Incorporated was included in the scope of the equity method due to an increase in the ratio of voting rights. The acquisition of shares of Aflac Incorporated was completed on February 13, 2020, and due to the application of a provision in the company's Articles of Incorporation (in which Aflac Incorporated common shares will be eligible for 10-for-1 voting rights after being held for 48 consecutive months), the Company's ratio of voting rights increased during the fiscal year under review.

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

Principal companies:

Advanced Fintech I Limited Partnership

Japan Post Insurance NEXT Partners Co., Ltd.

Spring Investment Limited Partnership

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

A.I. Squared, Inc.

AVILEN, Inc.

MKAM Co., Ltd.

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.

(5) Application of the equity method

The affiliates accounted for by the equity method whose fiscal year-end date differs from the consolidated fiscal year-end date, the financial statements on each fiscal year-end date of the affiliates are used.

3. Fiscal year-end dates of consolidated subsidiaries

(1) The fiscal year-end dates of consolidated subsidiaries are as follows:

June 30:	5 companies
December 31:	33 companies
March 31:	179 companies

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

Necessary adjustments are made for material transactions that occurred between the consolidated fiscal year-end date and the fiscal year-end dates above.

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. 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 carried at fair value and the cost of securities sold is calculated using mainly the moving-average method, while stocks and other securities without market prices are carried at cost using the moving-average 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 in 1) above.

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 measured 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 Group.

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 Group 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 the 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 the 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 ¥45 million for the fiscal year ended March 31, 2024.

(6) Allowance for investment losses

For losses from investment of the Group, the amount deemed necessary is provided based on the financial conditions, etc. of the issuers of the securities, in accordance with the rules set by each company.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(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 the 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 in the fiscal year of incurrence.
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.

A consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity.

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 based on a proportional amount using the straight-line method over a fixed period (7 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.

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 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 as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

(12) Recognition of significant revenue and expenses

In relation to the recognition of revenue from contracts with customers, the nature of principal performance obligations for major businesses of the Group and the typical timing of the satisfaction of those performance obligations (i.e., typical timing of revenue recognition) are as follows:

1) Revenue from post and parcels in the postal and domestic logistics business

In the postal and domestic logistics business, postal services are provided fairly at a flat rate nationwide. As logistics services, transportation services such as parcel delivery (Yu-Pack, etc.) and mail delivery (Yu-Mail, etc.) are provided.

Performance obligations underlying revenue from post and parcels in the postal and domestic logistics business are satisfied over time from the undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

2) Revenue from catalogue sales, etc.

In the post office business, the Group engages in sale of regional specialty products and other goods using catalogues and other media as well as sale of related rights; sale of goods and provision of services including sale of original postage stamps, printing of New Year's postcards, sale of stationery and other items at post offices and other channels.

The Group recognizes revenue from catalogue sales, etc. when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

3) Revenue from real estate sales related to the real estate business

In the post office business, the developed real estate properties are sold.

Revenue from real estate sales related to the real estate business is recognized at the point when the delivery obligation stipulated in the sales contract for the real estate is fulfilled by determining that the customer obtains control of the real estate property and the performance obligation has been satisfied.

4) Revenue from the international logistics business

In the international logistics business, the Group engages in a full line of international cargo transportation, mainly export and import from Asia and Oceania (hereinafter the "forwarding business"); as well as transportation and warehouse management and logistics and other services in the fields of resources and government contracts in Asia and Oceania (hereinafter the "logistics business").

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

(13) 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 spot rates prevailing at the fiscal year-end of foreign subsidiaries, etc. and income and expenses are 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”.

(14) Hedge accounting

1) Hedge accounting for interest rate risks

The Group mainly applies 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 Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments satisfy almost the 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 Group applies 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 Committee Practical Guidance 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 Group applies the deferred hedge method, the fair value hedge method or the allocation 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 Group applies portfolio hedges on the condition 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 costs of the hedged securities denominated in the same foreign currencies.

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

(15) Reserve for price fluctuations

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

(16) Method of accumulating policy reserves

To prepare for the fulfillment of future obligations under the 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 the 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.

Among the policy reserves, contingency reserves are accumulated to ensure the fulfillment of future obligations under the 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 confirms whether the policy reserves have been appropriately accumulated as of the fiscal year-end, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act.

(17) Other

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

Gains (losses) on cancellation or redemption 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 ordinary expenses” for those with other trust asset components. In the event interest and dividends on securities from investment trusts results in a loss as a whole, they are recognized as losses on redemption of bonds in “Operating expenses”.

2) Recognition of insurance premiums and others

(a) Insurance premiums

The first premium at the insurance subsidiary 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.

(b) Reinsurance income

Reinsurance income at the insurance subsidiary is the amount paid as claims, etc. on primary insurance policies in accordance with reinsurance agreements, which are reinsured, and is recorded in “Life insurance business income” at the time of payment of such claims, etc.

3) Recognition of insurance claims and others

(a) Insurance claims and others (excluding reinsurance premiums)

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.

(b) Reinsurance premiums

Reinsurance premiums at the insurance subsidiary are the amount agreed upon under the reinsurance agreements and are recorded in “Operating expenses” when the reinsurance agreements are concluded or at the time of the receipt of premiums related to the primary insurance policies.

A portion of policy reserves and reserve for outstanding claims for reinsured part are not aside in accordance with Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

4) Application of the group tax sharing system

The Company and certain consolidated subsidiaries have applied the group tax sharing system.

Changes in Accounting Policies

The Company's consolidated subsidiaries JP Logistics Group Co., Ltd. and JP LOGISTICS Co., Ltd., which were previously included in the "international logistics business" and therefore applied the International Financial Reporting Standards, have adopted Japanese Accounting Standards from the beginning of the fiscal year ended March 31, 2024.

This change is part of measures taken to expand domestic B-to-B businesses under JP Vision 2025 (announced in May 2021). From the beginning of the fiscal year ended March 31, 2024, Japan Post Co., Ltd. has made these consolidated subsidiaries its wholly-owned subsidiaries, whereby their businesses have been restructured, and they have been reclassified from the "international logistics business" to the "postal and domestic logistics business", which applies Japanese Accounting Standards, for the purpose of appropriately managing profit and loss across the Group.

The Company has applied this new accounting policy retrospectively, and the cumulative effects of changes has been reflected in the beginning balance of net assets in the fiscal year ended March 31, 2024.

As a result, the balance of retained earnings in the consolidated statement of changes in net assets on April 1, 2023 was ¥2,087 million lower than if calculated prior to retrospective application.

New Accounting Pronouncements

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)

"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)

"Guidance on Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, March 22, 2024)

1. Overview

The above standards and guidance define the accounting classification of income taxes, etc. when other comprehensive income is taxable and the handling of tax effect regarding the sales of the stock of subsidiaries, etc. when the group taxation regime is adopted.

2. Effective date

Effective from the beginning of the fiscal year ending March 31, 2025.

3. Effects of application of the accounting standards, etc.

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

Changes in Presentation Method

Consolidated Statements of Income

"Reversal of losses on transfer of business" and "losses on business restructuring," which were included in "other extraordinary gains" and "other extraordinary losses," respectively, in the fiscal year ended March 31, 2023, have been presented separately from the fiscal year ended March 31, 2024, due to an increase in materiality.

"Reversal of losses on transfer of business" and "losses on business restructuring" amounted to ¥305 million and ¥1,769 million, respectively, for the fiscal year ended March 31, 2023.

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 a significant factor in accounting estimates.

(1) Amount recorded in the consolidated financial statements as of March 31, 2024

Securities ¥194,744,045 million

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

1) Calculation method and principal assumptions

For bonds, the Group uses the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value. The Group uses the funds' unit price for investment trust as the fair value. Key assumptions for the comparable price method, or the price provided by third parties are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on the prices of similar securities, as well as inputs that are unobservable in the markets containing 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.

2. Estimates on retirement benefit obligations

(1) Amounts recorded in the consolidated financial statements as of March 31, 2024

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, etc. 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 ¥1,128 million and the number of shares of the treasury stock was 1,058 thousand shares as of March 31, 2024.

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 of the Company.

Notes to Consolidated Balance Sheet

1. Items related to affiliates are as follows (excluding items related to consolidated subsidiaries, etc.)

Stocks	¥410,700 million
Investments in capital	¥85,681 million
Bonds	¥78,266 million

2. Unsecured and secured loaned securities for which borrowers have the right to sell or pledge included in Japanese government bonds and other in “Securities” amounted to ¥4,390,230 million.

   Securities borrowed under resale agreements, etc. for which the Group has the right to sell or pledge but has not sold or pledged as of March 31, 2024 amounted to ¥5,080,217 million.

3. Receivables based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions were as follows. The receivables consist of those recorded in the consolidated balance sheet as bonds in “Securities” (limited to those guaranteeing all or a part of principal and interest, and offered through private placement in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), “Loans”, “Foreign exchanges”, accrued interest and suspense payments in “Other assets” and “Customers’ liabilities for acceptance and guarantees.”

Claims provable in bankruptcy	¥-million
Doubtful receivables	¥0 million
Past-due loans for three months or more	¥-million
Restructured loans	¥-million
Total	¥0 million

   The above loan amounts are stated before deduction of reserve for possible loan losses.

4. Assets pledged as collateral were as follows:

   (1) Assets pledged as collateral:

Securities	¥32,738,367 million

   (2) Liabilities related to collateral:

Deposits	¥399,997 million
Payables under repurchase agreements	¥27,947,626 million
Payables under securities lending transactions	¥2,373,799 million
Borrowed money	¥1,984,900 million

   (3) In addition to the assets pledged as collateral and the liabilities related to collateral presented above, the total assets of the Company have been pledged as general collateral for corporate bonds issued valued at ¥61,000 million.

   In addition to the above, securities valued at ¥4,817,843 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 ¥158,111 million, guarantee deposits of ¥22,892 million, margins with central counterparty of ¥272,787 million and cash collateral paid for financial instruments of ¥1,816,173 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 fair value of policy-reserve-matching bonds are ¥7,139,629 million and ¥6,954,091 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 (excluding some insurance types)

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

3) Japan Post Insurance life insurance contracts (lump-sum payment) (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 upon 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 amount of unused commitments on loans of the banking subsidiary amounted to ¥43,522 million. Of this amount, there was unused commitments of ¥1,639 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 the 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 amount of unused commitments on loans amounted to ¥4,890 million at the insurance subsidiary.

7. Accumulated depreciation of tangible fixed assets ¥1,886,529 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 ¥95,232 million

9. Changes in reserve for policyholder dividends

Balance at the beginning of the fiscal year	¥1,175,171 million
Policyholder dividends paid	¥129,463 million
Interest accrual, etc.	¥137 million
Reduction due to the acquisition of additional annuity	¥115 million
Provision for reserve for policyholder dividends	¥55,899 million
Balance at the end of the fiscal year	¥1,101,628 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 ¥426 million. In addition, policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance was ¥641,745 million.

11. Policy reserves, excluding contingency reserve but including ceded reinsurance policy reserve, related to the 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 but including ceded reinsurance policy reserve) of ¥25,595,821 million was provided.

    In addition, contingency reserve of ¥1,283,683 million and reserve for price fluctuations of ¥749,984 million were provided for this category of reinsurance.

12. In the consolidated balance sheet, "Deposits" corresponds to the liability item "Deposits" in the Regulation for Enforcement of the Banking Act.

13. "Bonds" in the consolidated balance sheet includes ¥400,000 million in subordinated bonds with the special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

14. In the consolidated balance sheet, "Effect on change in discount rate assumptions" is recorded by an affiliate accounted for under the equity method of accounting in accordance with US Financial Accounting Standards (Accounting Standards Update No. 2018-12).

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 amounts of uncollectible investment. The possible amount of compensation was ¥56,804 million as of March 31, 2024.

    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. For ordinary income, revenue from contracts with customers, and other revenue are not provided separately. The amount of revenue from contracts with customers is provided in “Revenue Recognition 1. Disaggregation of revenue from contracts with customers”.
2. Provision for reserve for policyholder dividends, which is provided for the Japan Postal Service Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Japan Postal Service Organization, was ¥46,866 million for the fiscal year ended March 31, 2024.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and number of shares issued

(Thousands of shares)

		April 1, 2023	Increase	Decrease	March 31, 2024	Remarks
Shares issued						
	Common stock	3,657,797	-	196,748	3,461,049	(Note)

Note: The decrease of 196,748 thousand shares issued is due to the cancellation of treasury stock.

2. Class and number of shares of treasury stock

(Thousands of shares)

		April 1, 2023	Increase	Decrease	March 31, 2024	Remarks
Treasury stock						
	Common stock	197,988	254,809	196,830	255,967	(Notes 1, 2, 3)

Notes: 1. The number of shares of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,140 thousand shares. The number of shares of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,058 thousand shares.

2. The increase of 254,809 thousand shares of treasury stock is due to 254,809 thousand shares repurchased from August 15, 2023 to March 22, 2024, based on the resolutions of the Board of Directors’ meetings held on May 15, 2023 and August 14, 2023. The decrease of 196,830 thousand shares of treasury stock is due to the cancellation of treasury stock of 196,748 thousand shares, based on the resolution of the Board of Directors’ meeting held on March 29, 2023 and the benefits paid of the shares of the Company by the management board benefit trust of 81 thousand shares.

3. The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors’ meeting held on March 27, 2024, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2024.

   Book value: ¥299,983 million

   Class of shares to be cancelled: Common stock

   Number of shares to be cancelled: 254,809 thousand shares

   The cancellation procedures of the above treasury stock have been completed on April 12, 2024.

3. Information on 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, 2024

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, 2023	Common stock	173,047	50.00	March 31, 2023	June 22, 2023
Board of Directors’ meeting held on November 13, 2023	Common stock	82,864	25.00	September 30, 2023	December 5, 2023

Notes: 1. The total amount of dividends based on the resolution of the Board of Directors' meeting held on May 15, 2023 includes dividends of ¥57 million for the Company's shares held by the management board benefit trust.

2. The total amount of dividends based on the resolution of the Board of Directors' meeting held on November 13, 2023 includes dividends of ¥26 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, 2024 (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 15, 2024	Common stock	80,153	Retained earnings	25.00	March 31, 2024	June 20, 2024

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 ¥26 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 the 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

In calculating the fair value of a financial instrument, 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 were as follows.

Stocks and other securities without market prices and investments in partnerships are not included in the table below (see Note 1.)

Notes regarding cash and due from banks, call loans, receivables under resale agreements, payables under repurchase agreements and payables under securities lending transactions have been omitted, as these instruments are settled over a short-term, and their carrying amounts approximate their fair values.

(Millions of Yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Monetary claims bought	540,998	540,998	-
(2) Trading account securities			
Trading securities	54	54	-
(3) Money held in trust (* 1)	8,874,120	8,874,120	-
(4) Securities			
Held-to-maturity bonds	69,883,272	70,034,975	151,703
Policy-reserve-matching bonds	7,139,629	6,954,091	(185,537)
Stocks of subsidiaries and affiliates	386,998	683,460	296,461
Available-for-sale securities (* 1)	117,066,929	117,066,929	-
(5) Loans	10,129,707		
Reserve for possible loan losses (* 2)	(180)		
	10,129,526	10,151,658	22,131
Total	214,021,529	214,306,288	284,759
(1) Deposits	190,873,061	190,887,059	13,997
(2) Borrowed money	2,153,409	2,143,524	(9,885)
(3) Bonds	461,000	451,675	(9,324)
Total	193,487,471	193,482,260	(5,211)
Derivative transactions (* 3)			
Hedge accounting not applied	(241,422)	(241,422)	-
Hedge accounting applied (* 4)	(2,009,429)	(2,009,429)	-
Total derivative transactions	(2,250,852)	(2,250,852)	-

(*1) Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are included.

(*2) General reserve for possible loan losses and specific reserve for possible loan losses corresponding to loans have been deducted.

(*3) 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. Additionally, those subject to the exceptional treatment for interest rate swaps and the allocation method for forward foreign exchange, etc. which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged borrowed money and securities. Therefore, their fair values are included in the relevant borrowed money and securities.

(*4) The banking subsidiary uses interest rate swaps and other derivatives to hedge market fluctuation of securities and other items subject to hedges, mainly adopting the deferred hedge method. "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, March 17, 2022) is applied to these hedging relationships.

Note 1. Amounts carried on the consolidated balance sheet for stocks and other securities without market prices and investments in partnerships are as shown below; they are not included in "Assets (3) Money held in trust" and "Assets (4) Securities" under information concerning fair values of financial instruments.

(Millions of Yen)

Class		Consolidated balance sheet amount
Money held in trust (*1) (*2)		3,560,880
Securities		
	Unlisted stocks (*1)	96,493
	Investments in partnerships (*2)	170,722
Total (*3)		3,828,097

(*1) In accordance with the provisions of Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), unlisted stocks, etc. are not included in the scope of fair value disclosures.

(*2) In accordance with the provisions of Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), investments in partnerships are not included in the scope of fair value disclosures.

(*3) Impairment losses of ¥5,011 million were recognized for the fiscal year ended March 31, 2024.

Note 2. 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
Monetary claims bought	10,103	65,818	31,871	66,026	110,755	261,190
Securities						
Held-to-maturity bonds	5,800,506	7,657,268	9,366,982	5,654,646	10,981,600	30,303,560
Policy-reserve-matching bonds	118,616	233,400	1,389,800	843,400	920,100	3,480,424
Available-for-sale securities with maturities	12,801,306	13,131,686	9,847,768	6,078,657	6,403,696	18,364,033
Loans (*)	5,525,438	1,420,565	1,099,273	712,164	664,669	704,034
Total	24,255,972	22,508,739	21,735,696	13,354,894	19,080,821	53,113,242

(*) Loans does not include ¥0 million of claims whose redemption schedules are not expected, such as claims against bankrupt obligors, substantially bankrupt obligors and doubtful borrowers.

Note 3. Redemption schedule of deposits, borrowed money 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 (*)	132,346,379	12,100,083	21,602,676	11,953,081	12,870,840	-
Borrowed money	843,294	6,680	1,303,435	-	-	-
Bonds	-	-	41,000	-	15,000	405,000
Total	133,189,674	12,106,763	22,947,111	11,953,081	12,885,840	405,000

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

3. Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: The fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: The fair value measured using observable inputs other than Level 1.

Level 3 fair value: The fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Group classified fair values into a category to which the lowest priority is assigned.

(1) Financial assets and financial liabilities measured at fair value

(Millions of Yen)

Class	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	-	9,998	531,000	540,998
Money held in trust (*1)	6,246,727	861,113	-	7,107,841
Trading account securities and securities				
Trading securities				
Japanese government bonds	54	-	-	54
Available-for-sale securities				
Stocks	699,120	-	-	699,120
Japanese government bonds	24,549,345	101,541	-	24,650,887
Japanese local government bonds	-	1,693,402	21,591	1,714,993
Japanese short-term corporate bonds	-	891,924	-	891,924
Japanese corporate bonds	-	5,281,750	-	5,281,750
Other	10,556,762	66,060,671	117,298	76,734,732
Of which: foreign bonds	10,556,762	13,699,340	106,945	24,363,047
Of which: investment trusts (*1)	-	52,346,331	-	52,346,331
Total assets	42,052,010	74,900,402	669,889	117,622,302
Derivative transactions (*2)				
Interest rate-related derivatives	-	40,628	-	40,628
Currency-related derivatives	-	(2,291,502)	-	(2,291,502)
Credit derivatives	-	21	-	21
Total derivative transactions	-	(2,250,852)	-	(2,250,852)

(*1) Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) are not included. The consolidated balance sheet amount of investment trusts that apply the treatment of Paragraph 24-3 was ¥8,183,667 million, and the consolidated balance sheet amount of investment trusts that apply the treatment of Paragraph 24-9 was ¥341,618 million.

(*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.

(2) Financial assets and financial liabilities not measured at fair value

(Millions of Yen)

Class	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	-	334,513	-	334,513
Securities				
Held-to-maturity bonds				
Japanese government bonds	50,147,047	-	-	50,147,047
Japanese local government bonds	-	6,119,211	3,453	6,122,664
Japanese corporate bonds	-	6,889,028	-	6,889,028
Other	1,833,833	5,042,401	-	6,876,235
Policy-reserve-matching bonds				
Japanese government bonds	5,450,242	-	-	5,450,242
Japanese local government bonds	-	369,871	22,325	392,196
Japanese corporate bonds	-	1,092,096	-	1,092,096
Other	-	19,555	-	19,555
Stocks of subsidiaries and affiliates				
Stocks	683,460	-	-	683,460
Loans	-	-	10,151,658	10,151,658
Total assets	58,114,584	19,866,678	10,177,437	88,158,699
Deposits	-	190,887,059	-	190,887,059
Borrowed money	-	2,143,524	-	2,143,524
Bonds	-	451,675	-	451,675
Total liabilities	-	193,482,260	-	193,482,260

Note 1. A description of the valuation techniques and inputs used in the fair value measurements

Assets

Monetary claims bought

The fair value of monetary claims bought is based on pricing offered by the broker and other third parties, and is classified primarily into Level 3 fair value.

Money held in trust

For securities representing trust assets in money held in trust, the fair value of stocks and investment trusts with market prices is based on the price on the stock exchange, 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. These are classified primarily into Level 1 fair value. The fair value of investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as level 2.

Notes to money held in trust by categories based on holding purposes are provided in “Money Held in Trust” notes.

Trading account securities

The fair value of trading account securities is based on the purchase price of the Bank of Japan, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

Securities

The fair value of stocks is based on the price on the stock exchange, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

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 price calculated using the comparable price method or the price provided by a third party such as a vendor or a broker.

For bonds whose fair value is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association or the price calculated using the comparable price method and other criteria, principally, the fair value of Japanese government bonds and Japanese treasury discount bills is classified into Level 1 fair value, and that of other bonds is classified into Level 2 fair value. In addition, the fair value of bonds whose fair value is based on the price provided by a third party such as a vendor or a broker is classified into Level 1, Level 2 or Level 3 fair value depending on whether the obtained prices and inputs and other indicators used in the pricing are observable in markets.

The fair value of bonds subject to the allocation method of forward foreign exchange, etc. reflects the fair value of the relevant forward foreign exchange, etc.

The fair value of investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as level 2.

Notes to securities by categories considering holding purposes are provided in “Securities” notes.

Loans

For loans with variable interest rates, which follow market interest rates only over the short-term, book value approximates fair value provided the obligor’s credit standing has not significantly changed 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 values based on the loan terms and conditions.

The fair value of these loans is classified into Level 3 fair value.

Liabilities

Deposits

For demand deposits such as transfer deposits and ordinary 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, and the fair value is classified into Level 2 fair value.

For time deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, following a division into certain periods, and fair value is classified into Level 2 fair value.

For fixed deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, which reflect an early cancellation rate calculated using historical results, following a division into certain periods. The fair value is classified into Level 2 fair value if the effect of unobservable inputs is immaterial, and into Level 3 fair value if significant unobservable inputs are used.

The interest rates applicable to new savings are used as the discount rates of time deposits and fixed deposits.

Borrowed money

For borrowed money with variable interest rates, fair value approximates book value since it follows market interest rates only over the short-term and the credit standing of the Company and its consolidated subsidiaries has not changed significantly after the transaction, therefore book value serves as fair value. For borrowed money with fixed interest rates, fair value is determined based on 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.

The fair value of borrowed money is classified into Level 2 fair value.

The fair value of borrowed money subject to the exceptional treatment for interest rate swaps reflects the fair value of the relevant interest rate swaps.

Bonds

The fair value of bonds issued by the Company and its consolidated subsidiaries is based on the publicly released quoted price, etc. and is classified into Level 2 fair value.

Derivative transactions

For derivative transactions that unadjusted quoted prices in active markets are available, fair value is classified into Level 1 fair value.

However, as most of the derivative transactions are over-the-counter transactions and there is no publicly released quoted price, valuation techniques such as the discounted present value method is used to calculate fair value depending on the type of transaction and the period to maturity. The main inputs used in these techniques are interest rates and foreign exchange rates. In case where unobservable inputs are not used or their effects are immaterial, the fair value of derivative transactions is classified into Level 2 fair value, such as for plain vanilla interest rate swaps and forward foreign exchange. In case where significant unobservable inputs are used, the item is classified into Level 3 fair value.

Note 2. Information about Level 3 fair value of financial assets and financial liabilities measured at fair value is as follows:

(1) Quantitative information on significant unobservable inputs

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs.

(2) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year and gain (loss) on valuation recognized as gain (loss) for the fiscal year under review

(Millions of Yen)

	Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales, issuances, and settlements	Reclassified as level 3 fair value	Reclassified from level 3 fair value (*2)	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of financial assets and liabilities held on the date of the consolidated balance sheet (*1)
		Recorded as gain (loss) (*1)	Recorded in other comprehensive income					
Monetary claims bought	495,635	(6)	(2,879)	38,250	-	-	531,000	-
Securities								
Available-for-sale securities								
Japanese local government bonds	32,681	-	(552)	(1,006)	-	(9,531)	21,591	-
Japanese corporate bonds	539	-	(0)	(538)	-	-	-	-
Other	140,294	5,874	4,930	(33,801)	-	-	117,298	1,544
Of which: foreign bonds	129,133	5,874	5,078	(33,140)	-	-	106,945	1,544

(*1) Included mainly in "Banking business income", "Life insurance business income" and "Operating expenses" in the consolidated statement of income.

(*2) Reclassified from level 3 fair value to level 2 fair value. For foreign bonds, this is because material observable data can be used. The reclassification is made at the beginning of the fiscal year.

(3) A description of valuation processes used for fair value measurements

The fair value verification department of the banking subsidiary has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. A fair value verification department independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs and classifies them into levels of the fair value hierarchy. The results of the verification are reported to the ALM committee to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, the Company uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

The fair value measurement division of the insurance subsidiary has established policies and procedures for measuring fair value, measures fair value, and determines its level in the fair value hierarchy. The risk management division of the insurance subsidiary has established verification procedures for measuring fair value of financial instruments. If quoted prices obtained from a third party are used, the division verifies the validity of prices using appropriate methods such as confirmation of the valuation techniques and inputs used, and comparison with fair value of similar financial instruments. Thus, the Group ensures that the fair value measurement of financial instruments and other matters are appropriate.

(4) A narrative description of sensitivity of the fair value measurement to changes in significant unobservable inputs

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs.

Note 3. Information on investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is as follows:

(1) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-3

(Millions of Yen)

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
	Recorded as gain (loss) (*)	Recorded in other comprehensive income					
6,690,682	45,401	258,986	1,188,596	-	-	8,183,667	-

(*) Included mainly in "Banking business income" in the consolidated statement of income.

(2) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-9

(Millions of Yen)

Balance at the beginning of the fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of held investment trusts held on the date of the consolidated balance sheet
	Recorded as gain (loss) (*)	Recorded in other comprehensive income					
300,283	506	5,945	34,882	-	-	341,618	-

(*) Included mainly in "Banking business income" in the consolidated statement of income.

(3) Breakdown by content of the restrictions regarding cancellation or repurchase requests on the last day of the fiscal period

Investment trusts that require a certain period of time for cancellation, etc. ¥8,183,667 million

Securities

The amounts 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, 2024)

   There were no valuation gains (losses) associated with trading securities recorded under gains or losses for the fiscal year ended March 31, 2024.

2. Held-to-maturity bonds (As of March 31, 2024)

(Millions of Yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	25,776,090	27,777,976	2,001,886
	Japanese local government bonds	1,604,175	1,684,464	80,289
	Japanese corporate bonds	921,738	958,610	36,872
	Other	5,652,744	6,020,248	367,503
	Subtotal	33,954,749	36,441,300	2,486,551
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	24,000,667	22,369,071	(1,631,596)
	Japanese local government bonds	4,543,071	4,438,200	(104,871)
	Japanese corporate bonds	6,119,276	5,930,417	(188,859)
	Other	1,265,506	1,253,252	(12,253)
	Subtotal	35,928,522	33,990,941	(1,937,581)
Total		69,883,272	70,432,241	548,969

3. Policy-reserve-matching bonds (As of March 31, 2024)

(Millions of Yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	3,446,300	3,714,174	267,873
	Japanese local government bonds	154,435	161,038	6,602
	Japanese corporate bonds	102,569	106,263	3,693
	Other	-	-	-
	Subtotal	3,703,306	3,981,476	278,170
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	2,025,683	1,736,067	(289,615)
	Japanese local government bonds	252,680	231,158	(21,522)
	Japanese corporate bonds	1,137,958	985,833	(152,125)
	Other	20,000	19,555	(444)
	Subtotal	3,436,323	2,972,614	(463,708)
Total		7,139,629	6,954,091	(185,537)

4. Available-for-sale securities (As of March 31, 2024)

(Millions of Yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost	Stocks	558,090	335,757	222,333
	Bonds	3,826,724	3,701,927	124,796
	Japanese government bonds	2,386,447	2,275,154	111,292
	Japanese local government bonds	306,315	305,349	966
	Japanese short-term corporate bonds	-	-	-
	Japanese corporate bonds	1,133,961	1,121,423	12,537
	Other	60,711,091	55,555,906	5,155,185
	Of which: foreign bonds	21,333,384	17,808,984	3,524,399
	Of which: investment trusts	39,303,424	37,673,307	1,630,117
	Subtotal	65,095,906	59,593,590	5,502,316
Those for which consolidated balance sheet amount does not exceed cost	Stocks	141,030	182,874	(41,844)
	Bonds	28,712,830	29,989,719	(1,276,888)
	Japanese government bonds	22,264,439	23,449,992	(1,185,553)
	Japanese local government bonds	1,408,677	1,420,137	(11,459)
	Japanese short-term corporate bonds	891,924	891,924	-
	Japanese corporate bonds	4,147,789	4,227,664	(79,875)
	Other	24,328,159	25,138,423	(810,263)
	Of which: foreign bonds	3,029,663	3,139,288	(109,624)
	Of which: investment trusts	20,136,427	20,831,184	(694,756)
	Subtotal	53,182,020	55,311,016	(2,128,995)
Total		118,277,927	114,904,607	3,373,320

5. Held-to-maturity bonds sold during the fiscal year (from April 1, 2023 to March 31, 2024)

There were no held-to-maturity bonds sold during the fiscal year.

6. Policy-reserve-matching bonds sold during the fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Sales	Gains	Losses
Bonds	802,064	22,141	(8,354)
Japanese government bonds	737,465	22,141	(3,153)
Japanese local government bonds	200	0	-
Japanese corporate bonds	64,399	-	(5,200)
Total	802,064	22,141	(8,354)

7. Available-for-sale securities sold during the fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Sales	Gains	Losses
Stocks	70,336	16,971	(4,489)
Bonds	1,925,448	4,848	(50,161)
Japanese government bonds	1,824,592	4,785	(45,388)
Japanese local government bonds	-	-	-
Japanese corporate bonds	100,856	62	(4,772)
Other	4,991,549	160,080	(468,966)
Of which: foreign bonds	2,903,464	114,602	(135,137)
Of which: investment trusts	2,088,084	45,478	(333,828)
Total	6,987,333	181,900	(523,617)

8. Securities that incurred impairment losses

For securities other than trading securities (excluding stocks without market prices and investments in partnerships), and in case whose fair value declines significantly from their acquisition costs, with no prospect of recovering to their acquisition costs, 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 ¥2,913 million for the fiscal year ended March 31, 2024.

Money Held in Trust

1. Money held in trust classified as trading (As of March 31, 2024)

None

2. Money held in trust classified as held-to-maturity (As of March 31, 2024)

None

3. Money held in trust classified as other than trading or held-to-maturity (As of March 31, 2024)

(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	8,874,120	5,695,466	3,178,653	3,306,077	(127,423)

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" (excluding stocks without market prices and investments in partnerships, etc.), and in case whose fair value declines significantly from their acquisition costs, with no prospect of recovering to their acquisition costs, 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 ¥4,260 million for the fiscal year ended March 31, 2024.

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 of the Company. In addition, a consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity from the current fiscal year.

(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 ¥10,277 million for the fiscal year ended March 31, 2024.

2. Defined benefit plans

(1) Changes in retirement benefit obligations

	(Millions of Yen)
Balance at the beginning of the fiscal year	2,420,676
Service cost	107,631
Interest cost	16,052
Actuarial differences	6,935
Benefits paid	(185,654)
Other	658
Balance at the end of the fiscal year	2,366,299

(2) Changes in plan assets

	(Millions of Yen)
Balance at the beginning of the fiscal year	284,004
Expected return on plan assets	681
Actuarial differences	(1,273)
Contributions paid by the employer	247
Amount of retirement benefit trusts established	130,000
Benefits paid	(26,907)
Balance at the end of the fiscal year	386,752

(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	314,244
Share of public service pension	176,967
Share of another public service pension	144
Lump-sum severance indemnity	132,053
Corporate pension plan	5,079
Plan assets	(386,752)
Share of public service pension	(249,732)
Share of another public service pension	(35)
Lump-sum severance indemnity	(130,000)
Corporate pension plan	(6,984)
	(72,508)
Unfunded retirement benefit obligations	2,052,054
Lump-sum severance indemnity	2,052,054
Net liability (asset) for retirement benefits	1,979,546
Liability for retirement benefits	2,054,217
Asset for retirement benefits	(74,670)
Net liability (asset) for retirement benefits	1,979,546

Note: In the current fiscal year, a consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity.

(4) Retirement benefit costs

	(Millions of Yen)
Service cost	107,631
Interest cost	16,052
Expected return on plan assets	(681)
Amortization of actuarial differences	(14,023)
Amortization of prior service cost	(17,383)
Other	(253)
Total	91,341

(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	(17,383)
Actuarial differences	(22,232)
Total	(39,615)

(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	77,894
Unrecognized actuarial differences	22,320
Total	100,214

(7) Plan assets

1) Breakdown of plan assets

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

	(%)
Bonds	45
Stocks	1
Life insurance general account	0
Other	54
Total	100

Note: The percentage of retirement benefit trusts to total plan assets was 65% which were set up for share of public service pension and share of another public service pension of the Company, and 34% which was set up for the lump-sum severance indemnity of a consolidated subsidiary.

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, 2024

	(%)
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 ¥12,328 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

(Millions of Yen)

Consolidated balance sheet amount	Fair value
877,066	1,454,563

Notes: 1. The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.
2. The main increase in the current fiscal year was the completion of development properties (¥321,015 million).
3. The fair value is calculated primarily based on the real estate appraisal standard.
4. 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 ¥42,623 million.

Revenue Recognition

1. Disaggregation of revenue from contracts with customers

The following is a disaggregation of the main components of revenue from contracts with customers in the Japan Post Group. The relationship between this revenue disaggregation and segment income is as follows.

(Millions of Yen)

	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	1,939,123	6,869	1,945,993
Postal operations, etc.	1,752,622		
Other	186,501		
Post office business segment	108,226	32,252	140,479
Merchandising	37,427		
Third-party financial	7,837		
Real estate	55,630		
Other	7,331		
International logistics business segment	448,216	1,208	449,424
Banking business segment	179,784	2,468,908	2,648,693
Life insurance business segment	–	6,744,165	6,744,165
Other business	23,356	28,923	52,279
Total	2,698,707	9,282,327	11,981,034

Note “Other business” includes the hospital business and other businesses not included in reportable segments.

Changes in Presentation Method

“Real estate” which was included in “Other” under the “Post office business segment” in the previous fiscal year has been separately presented from the current fiscal year due to an increase in materiality in terms of amount.

2. Fundamental information for understanding revenue from contracts with customers

(1) Postal and domestic logistics business

The postal and domestic logistics business consists primarily of the postal business, sale of stamps, issuance of items such as New Year's postcards, domestic logistics business, and other businesses. The domestic logistics business also includes the general logistics business. The domestic logistics business involves not only the general motor truck transportation business, consigned freight forwarding business, and incidental operations related to domestic cargo but also operations equivalent to parcel and mail delivery operations (Yu-Pack, Yu-Mail).

Performance obligations underlying revenue from mail and parcels in the postal operations, etc. are satisfied over time from the undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

In addition, consideration amount received before performance obligations are satisfied is recognized as contract liabilities.

For revenue related to mail and parcels, consideration amount for deferred-payment mail is generally received within one month based on separately stipulated payment terms, and for receivables based on contracts with these customers, significant financing component are not included.

(2) Post office business

The post office business involves not only customer counter operations, banking customer counter operations, and insurance customer counter operations related to the postal and domestic logistics business conducted by directly-managed post offices established throughout the country as sales bases to provide services to customers but also merchandising business, real estate business, third-party financial services and other related businesses.

The Group recognizes revenue from catalogue sales, etc. when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied.

Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

Consideration amount for catalogue sales, etc., is generally collected within one year of delivering products, etc., to customers, and for receivables based on contracts with these customers, significant financing component are not included.

Revenue from real estate sales related to the real estate business is recognized when the real estate property is delivered to customers because that is when performance obligations are deemed to be satisfied.

Consideration amount for real estate sales is generally collected within one year of delivering the real estate property to customers, and for receivables based on contracts with these customers, significant financing components are not included.

(3) International logistics business

The international logistics business involves the forwarding business as well as the logistics business.

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

Consideration amount in the international logistics business is generally collected within one year of transferring items to customers through the provision of services to customers, and for receivables based on contracts with these customers, significant financing component are not included.

3. Relationship between satisfying performance obligations based on contracts with customers and cash flows from those contracts and amount of revenue projected to be recognized in the following fiscal year and after from contracts with existing customers as of the end of the fiscal year under review

(1) Balances of contract assets and contract liabilities

Receivables arising from contracts with customers, contract assets and contract liabilities are as follows.

Receivables arising from contracts with customers and contract assets are included in "Other assets" while contract liabilities are included in "Other liabilities" in the consolidated balance sheet.

(Millions of Yen)

	Fiscal year under review
Receivables arising from contracts with customers (balance at the beginning of the fiscal year)	238,250
Receivables arising from contracts with customers (balance at the end of the fiscal year)	300,068
Contract assets (balance at the beginning of the fiscal year)	8,548
Contract assets (balance at the end of the fiscal year)	11,311
Contract liabilities (balance at the beginning of the fiscal year)	51,465
Contract liabilities (balance at the end of the fiscal year)	45,523

Contract assets are primarily those related to rationally estimated revenue proportional to progress in satisfying performance obligations for received mail and parcels employing deferred payment in the postal and domestic logistics business that have not been delivered by the end of the fiscal period. Contract assets are transferred to receivables arising from contracts with customers when rights to consideration become unconditional. The consideration for deferred postage payment mail, etc. is received mostly within one month based on payment terms separately determined.

Contract liabilities are primarily the rationally estimated amount considering the degree that performance obligations have been satisfied when delivery has not been completed by the end of the fiscal year for received mail and parcels in the postal and domestic logistics business (excluding deferred payment, etc.), and the rationally estimated amount of unused items at the end of the fiscal period based on factors such as the value of remaining inventory of postal stamps at locations that sell postal stamps compared to value of purchased postal stamps. Contract liabilities are reversed as revenue is recognized.

The amount of revenue recognized in the fiscal year ended March 31, 2024 and included in contract liabilities at the beginning of the fiscal year was ¥46,717 million.

There were no significant amounts in revenue recognized in the fiscal year ended March 31, 2024 from performance obligations satisfied (or partially satisfied) in previous periods.

(2) Transaction prices allocated to the remaining performance obligations

The Group has omitted notes by applying practical expedient because there are no material transactions for which the initially expected contract period exceeds 1 year.

Notes to Per Share Data

Net assets per share	¥3,202.94
Net income per share	¥80.26

Notes: 1. The number of shares 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 1,058,700 shares as of March 31, 2024.

2. The number of shares 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 1,078,381 shares for the fiscal year ended March 31, 2024.

Subsequent Events

As indicated below, Japan Post Insurance Co., Ltd., a consolidated subsidiary of the Company, issued subordinated unsecured bonds for domestic public offering on April 17, 2024, and payment for the bonds was completed on the same day.

1. Name of bond	Fourth series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥100 billion
3. Denomination	¥100 million
4. Maturity date	April 17, 2054 The Company may, at its discretion, redeem the bond (i) on April 17, 2034 and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following April 17, 2024 until April 17, 2034: 2.133% (2) From the day immediately following April 17, 2034: 5-years JGB plus 2.300% (reset every 5 years)
6. Interest payment dates	April 17 and October 17 of each year
7. Issue price	¥100 per amount of ¥100 of each bond
8. Redemption price	¥100 per amount of ¥100 of each bond
9. Payment date	April 17, 2024
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Prioritization	As to the payment of debt in liquidation or other proceedings of the issuer, the bonds shall be subordinated to general debt, ranking substantially pari passu with its pari passu subordinated debt as well as its most preferred stock of the issuer (if issued by the issuer in future) and shall be senior to its common stock.
12. Purpose of funds	General working capital

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 using the moving-average method, and available-for-sale securities are carried at fair value based on the market price, etc. on the fiscal closing day. However, stocks and other securities without market prices are carried at cost using the moving-average method.

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

(2) For investments in investment limited partnerships and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), a method of incorporating the equity equivalent amount on a net basis based on the latest financial statements available as of the fiscal report date specified in the partnership agreement is adopted.

2. Valuation criteria and methods for inventories

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

3. Depreciation methods of non-current 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 (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 respective nature of loans.

(2) Allowance for investment losses

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 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.

(4) 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.

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.

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 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 (7 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.

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 as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

(5) 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.

(6) 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 as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

5. Material revenue and expenses

The Company primarily receives from subsidiaries brand royalty income as compensation for benefits of being able to use the Group's brand strength for its own business activities and offers services commissioned as indirect operations to improve the efficiency of Group sales. For this, performance obligations are judged to be satisfied over a set period, and the revenue is recognized in proportion to the percentage of performance obligations satisfied.

6. Other significant matters which provide basis of presentation of non-consolidated financial statements

(1) Application of the group tax sharing system

The Company has applied the group tax sharing system.

(2) Accounting treatment for retirement benefits

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.

Changes in Presentation Method

Non-consolidated statement of income

"Subsidy income equivalent to deposit insurance premiums," "Income from hospital business," and "Income from hotel business" under "Operating income," which were separately presented in the previous fiscal year, have been displayed as "Other revenue" under "Operating income" from the current fiscal year due to decreased materiality in terms of amount.

"Expenses for hospital business" and "Expenses for hotel business" under "Operating expenses," which were separately presented in the previous fiscal year, have been displayed as "Other business expenses" under "Operating expenses" from the current fiscal year due to decreased materiality in terms of amount.

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."

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral and liabilities related to collateral

   The total assets of the Company have been pledged as general collateral for corporate bonds issued valued at ¥61,000 million.

2. Contracts of overdraft facilities

Maximum amount of overdraft	¥60,000 million
Outstanding balance of overdraft	¥3,700 million
Unused balances	¥56,300 million

3. Accumulated depreciation of tangible fixed assets ¥38,734 million

4. Deferred gains on tangible fixed assets not recognized for tax purposes ¥10,839 million

5. Monetary assets and liabilities to subsidiaries and affiliates

Short-term monetary assets to subsidiaries and affiliates	¥1,058,387 million
Long-term monetary assets to subsidiaries and affiliates	¥109,424 million
Short-term monetary liabilities to subsidiaries and affiliates	¥20,876 million

6. Inventories

   Breakdown of inventories is as follows:

   Supplies ¥179 million

Notes to Non-consolidated Statement of Income

1. Transactions with subsidiaries and affiliates

Operating transactions	
Operating income	¥208,823 million
Operating expenses	¥17,749 million
Other transactions	¥8,554 million

2. Brand royalty income

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

3. Contribution for special bonus payments

   In the 2024 spring labor offensive, as a measure only for the current fiscal year, taking into consideration expectations for aggressive efforts to implement new growth strategies based on the review of the Group's medium-term management plan JP Vision 2025, the Company decided to pay a special bonus to all employees of the four companies in the Group, and in light of the performance outlook of Japan Post Co., Ltd., the Company will bear the financial resources for the special bonus to be paid by Japan Post Co., Ltd., and this will be recorded as "Contribution for special bonus payments."

Notes to Non-consolidated Statement of Changes in Net Assets

1. Information on 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, 2024

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, 2023	Common stock	173,047	50.00	March 31, 2023	June 22, 2023
Board of Directors' meeting held on November 13, 2023	Common stock	82,864	25.00	September 30, 2023	December 5, 2023

Notes: 1. The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2023, includes dividends of ¥57 million for the Company's shares held by the management board benefit trust.

2. The total amount of dividends resolved by the Board of Directors' meeting held on November 13, 2023, includes dividends of ¥26 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, 2024 (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 15, 2024	Common stock	80,153	Retained earnings	25.00	March 31, 2024	June 20, 2024

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 ¥26 million for the Company's shares held by the management board benefit trust.

2. Class and number of shares of treasury stock as of March 31, 2024

   Common stock 255,967,993 shares

Deferred Tax Assets and Liabilities

1. 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	954,540
Reserve for retirement benefits	65,438
Reserve for bonuses	400
Other	20,774
Subtotal deferred tax assets	1,041,153
Valuation allowance for tax losses carried forward	(954,540)
Valuation allowance for deductible temporary differences	(86,613)
Total valuation allowance	(1,041,153)
Total deferred tax assets	-
Deferred tax liabilities	
Net unrealized gains (losses) on available-for-sale securities	(5,399)
Net deferred tax assets (liabilities)	(5,399)

2. Accounting for corporate tax, local corporate tax, and tax-effect accounting

The Company has applied the group tax sharing system. Moreover, the Company processes accounting for and presentation of corporate tax, local corporate tax, and tax-effect accounting in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021).

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	Balance at the end of the fiscal year (Millions of Yen)
Subsidiary	Japan Post Real Estate Co., Ltd.	100% directly held	Main subsidiaries involved in real estate business	Loan of funds (Note)	144,625	Short-term loan	92,016
				Repayment of funds	95,167	Long-term loan	106,145
				Interest received (Note)	842	Other current assets	5

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

Note: For loans receivable, the interest rate is rationally set taking into consideration market interest rates.

Notes to Per Share Data

Net assets per share	¥1,611.13
Net income per share	¥47.21

Notes: 1. The number of shares 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 1,058,700 shares as of March 31, 2024.

2. The number of shares 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 1,078,381 shares for the fiscal year ended March 31, 2024.

Subsequent Events

None