CONSOLIDATED BALANCE SHEET (Translation)

As of March 31, 2020

(Millions of yen)

ASSETS

Account item	Amount
Current assets	**1,627,657**
Cash and deposits	83,159
Notes receivable-trade	10
Installment contract receivables	143,044
Lease receivables and lease investment assets	994,276
Loan receivables from customers	294,153
Other loan receivables from customers	66,243
Lease contract receivables	1,436
Other operating assets	11,306
Securities	1,360
Merchandise	13,605
Other	22,987
Allowance for doubtful receivables	(3,926)
Fixed assets	**141,583**
Tangible assets	**81,797**
Property for lease and rent	79,896
Property for lease and rent	79,608
Advances for purchases of property for lease and rent	287
Own-use assets	1,901
Intangible assets	**7,223**
Property for lease and rent	326
Goodwill	3,004
Software	3,214
Other	679
Investments and other assets	**52,561**
Investment securities	38,569
Claims provable in bankruptcy, in rehabilitation and other	2,511
Deferred tax assets	3,611
Other	9,255
Allowance for doubtful receivables	(1,386)
Total assets	**1,769,241**

LIABILITIES

Account item	Amount
Current liabilities	**894,614**
Notes and accounts payable-trade	48,768
Short-term borrowings	261,079
Current portion of bonds	10,000
Current portion of long-term debt	116,964
Commercial paper	368,968
Payables under fluidity lease receivables	29,971
Lease payables	8,063
Accrued income taxes	4,141
Unrealized gross profits on installment contracts	11,870
Provision for bonuses	1,505
Provision for directors' bonuses	22
Asset retirement obligations	1,383
Other	31,874
Long-term liabilities	**644,263**
Bonds	100,000
Long-term debt	451,240
Long-term payables under fluidity lease receivables	58,630
Deferred tax liabilities	81
Net defined benefit liability	6,717
Guarantee deposits received	25,646
Asset retirement obligations	449
Other	1,497
Total liabilities	**1,538,878**
NET ASSETS	
Stockholders' equity	**230,086**
Capital stock	**32,000**
Capital surplus	**66,281**
Retained earnings	**131,804**
Accumulated other comprehensive income	**(2,413)**
Net unrealized gain on available-for-sale securities	**4,422**
Deferred gains (losses) on hedges	**(195)**
Foreign currency translation adjustments	**(5,635)**
Remeasurements of defined benefit plans	**(1,005)**
Non-controlling interests	**2,689**
Total net assets	**230,362**
Total liabilities and net assets	**1,769,241**

CONSOLIDATED STATEMENT OF INCOME (Translation)

For the year ended March 31, 2020

(Millions of yen)

Account item	Amount	
Revenues		467,135
Costs		417,681
Gross profit		**49,453**
Selling, general and administrative expenses		27,645
Operating income		**21,808**
Non-operating income		
Interest received	117	
Dividends received	368	
Share of profit of entities accounted for using equity method	520	
Other	60	1,065
Non-operating expenses		
Interest expense	273	
Bond issuance cost	165	
Foreign exchange losses	96	
Other	3	538
Ordinary income		**22,334**
Special gains		
Gain on sales of fixed assets	35	
Gain on sales of investment securities	1,100	1,135
Special losses		
Loss on sales and retirement of fixed assets	7	
Loss on valuation of investment securities	18	
Loss on valuation of golf club membership	4	30
Income before income taxes		**23,440**
Income taxes-current	8,543	
Income taxes-deferred	(1,047)	7,496
Net income		**15,944**
Net income attributable to non-controlling interests		39
Net income attributable to owners of parent		**15,904**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Translation)

For the year ended March 31, 2020

(Millions of yen)

	Stockholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity
Balance at beginning of the year	32,000	66,281	122,898	221,180
Cumulative effects of changes in accounting policies			(574)	(574)
Restated balance	32,000	66,281	122,324	220,606
(Changes during the year)				
Dividends from surplus			(6,422)	(6,422)
Net income attributable to owners of parent			15,904	15,904
Change in scope of consolidation			(1)	(1)
Changes during the year in items other than stockholders' equity (net)				
Total changes during the year	―	―	9,480	9,480
Balance at end of the year	32,000	66,281	131,804	230,086

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	3,142	(86)	(5,692)	(985)	(3,622)	2,739	220,297
Cumulative effects of changes in accounting policies							(574)
Restated balance	3,142	(86)	(5,692)	(985)	(3,622)	2,739	219,722
(Changes during the year)							
Dividends from surplus							(6,422)
Net income attributable to owners of parent							15,904
Change in scope of consolidation							(1)
Changes during the year in items other than stockholders' equity (net)	1,280	(108)	57	(19)	1,208	(49)	1,159
Total changes during the year	1,280	(108)	57	(19)	1,208	(49)	10,639
Balance at end of the year	4,422	(195)	(5,635)	(1,005)	(2,413)	2,689	230,362

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Translation)

For the year ended March 31, 2020

Amounts less than one million yen have been truncated.

(Notes to Significant Matters that Serve as the Basis for Preparing the Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 30

Names of principal consolidated subsidiaries are described in "Business Report 1. (6) Status of significant subsidiaries."

JA Mitsui Leasing FFCSI, Inc. and one other company have been included in the scope of consolidation due to their establishment, and First Financial Corporate Services, Inc. and two other companies have been included in the scope of consolidation due to acquisition of their shares, etc.

JAML Mall management Co., Ltd., which was a consolidated subsidiary in the consolidated fiscal year ended March 31, 2019, has been excluded from the scope of consolidation due to an absorption-type merger in which JA MITSUI LEASING TATEMONO CO., LTD., a consolidated subsidiary of the Company, was the surviving company. Furthermore, OCEAN GAS SHIPHOLDING S.A and one other company, whose materiality decreased as a result of termination of business, have been excluded from the scope of consolidation.

(2) Names and other information of principal non-consolidated subsidiaries

Dyna Shipholding Pte. Ltd.

ESTRELLA LEASING, INC.

(Reasons for excluding subsidiaries from the scope of consolidation)

Of the non-consolidated subsidiaries, Dyna Shipholding Pte. Ltd. and 57 other companies are business operators that conduct the leasing business mainly through silent partnership investments, and their assets, liabilities and profit and loss are not attributable to those subsidiaries. Therefore, they have been excluded from the scope of consolidation.

ESTRELLA LEASING, INC. and 19 other companies are small in scale and each company's total assets, revenues, profit and loss (amount corresponding to equity), and retained earnings (amount corresponding to equity) do not significantly affect the consolidated financial statements. Therefore, they have been excluded from the scope of consolidation.

2. Application of equity method

(1) Affiliated companies accounted for by the equity method: 11

MICHINOKU LEASING CO., LTD.

Mitsui Rail Capital, LLC and nine other companies

(2) Of the non-consolidated subsidiaries or affiliated companies not accounted for by the equity method, names of the principal companies, etc.

Dyna Shipholding Pte. Ltd. (Non-consolidated subsidiary)

ESTRELLA LEASING, INC. (Non-consolidated subsidiary)

(Reasons for not applying the equity method)

Of the non-consolidated subsidiaries, Dyna Shipholding Pte. Ltd. and 57 other companies are business operators that conduct the leasing business mainly through silent partnership investments and their profit and loss are not attributable to those subsidiaries. Therefore, they have been excluded from the scope of the equity method.

Non-consolidated subsidiaries, ESTRELLA LEASING, INC. and 19 other companies have been excluded from the scope of the equity method due to their respective amounts of profit and loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), which might not affect the consolidated financial statements, as well as their overall insignificance to the Group’s interests.

3. Fiscal years of the consolidated subsidiaries

Of the consolidated subsidiaries, the closing date of PT. Mitsui Leasing Capital Indonesia and three other companies is December 31 and the closing date of JAML Natural Energy Investment Limited Partnership and one other company is January 31. In preparing the consolidated financial statements, financial statements as of these dates are used and necessary adjustments for consolidation are made for any significant transactions that occur between the consolidated closing date and these dates.

The closing date of Silent Partnership Iolanda Lease is September 30; however, in preparing the consolidated financial statements, their financial statements as of March 31 through the temporary settlement are used.

4. Accounting standards

(1) Valuation basis and methods applied for significant assets

① Securities

Held-to-maturity securities	Amortized cost method
Available-for-sale securities	
Those with determinable fair values	At fair value based on market price, etc., as of the balance sheet date (All valuation differences are reported as a component of net assets. The cost of securities sold is determined by the moving-average method.)
Those without determinable fair values	At cost determined by the moving-average method Investments in limited partnerships, which are considered securities under Article 2, Paragraph 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest consolidated financial statements available on the reportable date ruled by the partnership contracts.
② Derivative financial instruments	At fair value
③ Inventories	At cost determined by the specific identification method (balance sheet amount is subject to the book value reduction method based on decreased profitability)

(2) Methods of depreciation and amortization applied for significant fixed assets

① Property for lease and rent

Property for lease and rent is depreciated under the straight-line method within the estimated lease and rent period, assuming that useful lives are the same as the estimated lease and rent period, and that residual values are the disposal price estimable at the end of the estimated lease and rent period.

For some of the property for lease and rent, tangible assets are depreciated under the declining-balance method. However, for buildings (excluding facilities attached to buildings) acquired after April 1, 1998, and facilities attached to buildings acquired after April 1, 2016, the straight-line method is applied. Intangible assets are amortized under the straight-line method.

② Other fixed assets

Tangible assets

The declining-balance method is applied; however, for buildings (excluding facilities attached to buildings) acquired after April 1, 1998, and facilities attached to buildings and structures acquired after April 1, 2016, the straight-line method is applied.

The principal useful lives are as follows.

Buildings	3 to 18 years
Furniture and equipment	2 to 20 years

Intangible assets

The straight-line method is applied. Software for internal use is amortized under the straight-line method over internal useful lives (five years).

(3) Accounting method of deferred assets

Bond issuance cost

Bond issuance cost is recognized as expense at the time of expenditure.

(4) Significant allowance and provisions

① Allowance for doubtful receivables

For general receivables, allowance for estimated uncollectible receivables is provided for at an adequate rate calculated based on the probability of bankruptcy, while allowance for certain categories including seriously doubtful receivables is provided for based on a case-by-case collectibility assessment.

For receivables from businesses under a bankruptcy or rehabilitation process, an estimated uncollectible amount is calculated by subtracting estimated collectible amounts from the receivables amount. For the year ended March 31, 2020, such estimated uncollectible amount is ¥3,532 million.

② Provision for bonuses

Of the estimated amount of bonuses payable to employees in the following fiscal year, the portion attributable to their service during the consolidated fiscal year ended March 31, 2020, has been set aside as provision for employees' bonuses.

③ Provision for directors' bonuses

Of the estimated amount of bonuses payable to directors in the following fiscal year, the portion attributable to their service during the consolidated fiscal year ended March 31, 2020, has been set aside as provision for directors' bonuses.

(5) Significant income and expenses

① Accounting policy for revenues and costs from finance lease transactions

The Group adopts the method in which lease revenue and cost of lease are recorded at the time when lease fees are collectible.

② Accounting policy for revenues from operating lease transactions

The Group records lease revenues corresponding to the elapsed period of the lease contract term, on the basis of the monthly lease fees collectible according to the lease contract for such contract term.

(6) Translation of significant foreign currency accounts

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the consolidated balance sheet date, and the foreign exchange gains and losses therefrom are recognized in the consolidated statement of income.

Assets and liabilities of the overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate on the closing date of each company. Their income and expenses are translated into Japanese yen by using the average exchange rate during the fiscal year of each company. These translation adjustments are recorded as foreign currency translation adjustments and non-controlling interests under net assets.

(7) Significant method of hedge accounting

① Method of hedge accounting

Gains or losses on derivatives are deferred until maturity of the hedged items. For a currency swap, the Group applies designated hedge accounting as far as it qualifies for the required rules, and for an interest rate swap, the Group applies the exceptional method as far as it qualifies for the required rules.

② Hedging instruments and hedged items

Hedging instruments

Interest rate swap transactions

Cross-currency interest rate swap transactions

Hedged items

Loan receivables from customers and borrowings

Lease receivables and lease investment assets

③ Hedge accounting policy and evaluation of the hedge effectiveness

For purposes of hedging risks from fluctuations in interest rates arising from assets and liabilities, integrated management of assets, liabilities and profit and loss (ALM) and securing stable income, the Group conducts derivative transactions in accordance with the internal regulations stipulated by the Management Committee.

The Group compares the cumulative changes in market fluctuations and cash flows of the hedged items against those of the hedging instruments during the period from the start of the hedging until the time when effectiveness is determined. This comparison serves as the basis for evaluating hedge effectiveness.

Evaluation of the effectiveness of interest rate swap transactions based on the exceptional method has been omitted.

(8) Amortization method and amortization period of goodwill

Goodwill is amortized utilizing the straight-line method over five years.

(9) Other significant matters that serve as the basis for preparing the consolidated financial statements

① Accounting treatment for retirement benefits

Attribution method of the estimated amount of retirement benefits

In calculating projected benefit obligations, the estimated amount of retirement benefits by the end of the consolidated fiscal year ended March 31, 2020, is attributed on a straight-line basis.

Accounting method for actuarial differences and past service costs

Past service costs are recognized in each fiscal year as they arise.

Actuarial differences are charged to income on a straight-line basis, beginning from the consolidated fiscal year following the respective accounting period of recognition, over a period within the average remaining years of service of employees (9 to 19 years) at that time.

② Accounting treatment for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

(Notes to the Changes in Accounting Policy)

IFRS 16 Leases

Effective from the consolidated fiscal year ended March 31, 2020, some overseas consolidated subsidiaries have applied IFRS 16 Leases. Application of this accounting standard has insignificant impact on the consolidated financial statements.

(Notes to Consolidated Balance Sheet)

1. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral

	(Millions of yen)
Installment contract receivables	5,255
Lease receivables and lease investment assets	87,715
Loan receivables from customers	25,525
Other loan receivables from customers	7,345
Property for lease and rent (tangible assets)	5,287
Investment securities	706
Other (investments and other assets)	15
Total	131,851

(2) Liabilities corresponding to assets pledged as collateral

	(Millions of yen)
Current portion of long-term debt	9,866
Payables under fluidity lease receivables	29,971
Long-term debt	21,511
Long-term payables under fluidity lease receivables	58,630
Total	119,980

2. Accumulated depreciation of tangible assets

	(Millions of yen)
Accumulated depreciation of property for lease and rent	52,597
Accumulated depreciation of own-use assets	2,229

3. Contingent liabilities

Contingent liabilities for other companies' borrowings, etc., from financial institutions

	(Millions of yen)
M&M Shipholding Pte. Ltd.	9,167
Mitsui Rail Capital, LLC	2,124
ICE GAS LNG Shipping Co., Ltd.	1,439
Others	564
Total	13,295

(Notes to Consolidated Statement of Changes in Net Assets)

1. Number of issued and outstanding shares

(Thousand shares)

Class of shares	Number of shares at the beginning of the consolidated fiscal year	Number of increased shares during the consolidated fiscal year	Number of decreased shares during the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year
Issued and outstanding shares				
Ordinary shares	32,415	–	–	32,415
Class I classified shares	4,077	–	–	4,077
Class II classified shares	33,448	–	–	33,448
Class III classified shares	3,883	–	–	3,883
Total	73,824	–	–	73,824

2. Matters regarding dividends

(1) Amount of dividend payments

Dividend payments resolved at the 11th annual general meeting of shareholders held on June 27, 2019

● Total amount of dividends	¥6,422 million	
● Dividend per share	Ordinary shares	¥87
	Class I classified shares	¥87
	Class II classified shares	¥87
	Class III classified shares	¥87
● Record date	March 31, 2019	
● Effective date	June 28, 2019	

(2) Dividends with a record date in the current consolidated fiscal year and effective date in the next consolidated fiscal year

At the 12th annual general meeting of shareholders scheduled to be held on June 25, 2020, the Company will make the following proposals to be discussed and resolved.

● Total amount of dividends	¥7,899 million	
● Dividend per share	Ordinary shares	¥107
	Class I classified shares	¥107
	Class II classified shares	¥107
	Class III classified shares	¥107
● Record date	March 31, 2020	
● Effective date	June 26, 2020	

The source of dividends is retained earnings.

(Notes to Financial Instruments)

1. Matters relating to the status of financial instruments

(1) The Group's policy for financial instruments

The Group raises funds by direct financing such as issuance of commercial paper and bonds as well as securitization of receivables, along with indirect financing including bank borrowings, in order to develop its core business leasing and other financial service businesses including installment sales and loans to customers. The Group avoids concentration risk on specific industries or companies. It also periodically quantifies the amount of credit risks associated with its credit portfolios (the difference between credit VaR at a specified confidence level and credit costs) with the aim of maintaining a sound financial position.

From the perspective of stable finance, the Group seeks to diversify methods of financing and deconcentrate trading financial institutions for borrowings, the issuance of commercial paper and bonds. It also implements integrated asset and liability management (ALM) with the aim of keeping up with changes in financial conditions and engages in derivative transactions as part of ALM. Derivative transactions are used with the objective of avoiding risks and not for speculative purposes.

(2) Details of financial instruments and their risks

Financial assets held by the Group are primarily lease receivables, lease investment assets, installment contract receivables and loans to customers involving domestic clientele, all of which are exposed to credit risk associated with the event of default by customers.

Bank borrowings and issuance of commercial paper and bonds are all exposed to liquidity risk involving difficulty in ensuring the procurement of sufficient funds via normal fund-raising activities in the event of significant dysfunction of the financial/capital markets. Furthermore, borrowings at variable interest rates are exposed to interest rate risk, which is partially avoided by interest rate swap transactions. Leases, installment sales and loan transactions denominated in foreign currencies are exposed to exchange risk, which is mitigated by foreign currency denominated borrowing.

One area of the derivative transactions in which the Group is engaged is interest rate swap transactions deployed as hedging instruments as part of the integrated asset and liability management (ALM) in which interest rate risk associated with the hedged borrowing is subject to hedge accounting. Under hedge accounting, the Group compares the cumulative changes in cash flows of the hedged items against those of the hedging instruments during the period from the start of the hedging until the time at which effectiveness is determined. This comparison serves as the basis for evaluating hedge effectiveness.

(3) Risk management system for financial instruments

① Management of credit risks

In accordance with the internal rules for credit risk management, the Group has developed and maintains a credit management system in respect of its trade receivables, including credit assessment and management of credit limits and credit data on a case-by-case basis, internal credit rating, application of a ceiling system to avoid credit concentration risk, arrangement of guarantee and security, and response to questionable receivables. In addition, the Group periodically quantifies credit risks (the difference between credit VaR at a specified confidence level and credit costs) in order to analyze and monitor its exposure to credit risks.

② Management of market risks

The Group manages interest rate risk on the basis of the integrated asset and liability management (ALM).

Details of the methods and procedures of the risk management are set out under the Group's Risk Management Policies, while analysis of financial market trends and identification/confirmation of interest rate risk position, along with discussion/approval on the future policies for handling this type of risk, are carried out by the Integrated Risk Management Committee. Exchange risk is managed on a case-by-case basis. Furthermore, for quantitative analysis of the interest rate risk, the Group calculates the amount of impact on profit and loss by simulating the reasonably expected moving range of interest rate risk after the year-end; and assuming that all risk variables other than interest rates remain the same, calculations indicate that the fair value of financial assets and financial liabilities will decrease by ¥1,692 million based on the scenario where the benchmark interest rate increases by 10 basis points (0.1%) as of March 31, 2020.

③ Management of liquidity risks concerning financing

The Group engages in liquidity management of company-wide funds via ALM, along with other measures including the maintenance of adequate balance of cash and deposits, diversification of fund-raising methods, establishment of commitment lines from a number of financial institutions and an optimum mix of short-term and long-term financing in consideration of the market environment.

(4) Supplementary information on matters relating to the fair value of financial instruments

The fair value of financial instruments is stated at either their market prices, or reasonably estimated values if no market prices are available. These reasonably estimated values are calculated based on certain assumptions; therefore these values may vary if different assumptions are applied. In addition, the contract amounts stated in the note “Derivative transactions” themselves do not indicate the market risks associated with derivative transactions.

2. Matters relating to the fair value of financial instruments

Consolidated balance sheet amounts, fair value, and the differences as of March 31, 2020, are as follows. Those items for which fair value is considered extremely difficult to determine are not included.

(Millions of yen)

	Consolidated balance sheet amounts	Fair value	Differences
(1) Installment contract receivables (*1)	131,174		
Allowance for doubtful receivables (*2)	(462)		
	130,711	131,764	1,052
(2) Lease receivables and lease investment assets	994,276		
Estimated residual value (*3)	(41,593)		
Allowance for doubtful receivables (*2)	(1,037)		
	951,645	979,077	27,431
(3) Loan receivables from customers	294,153		
Allowance for doubtful receivables (*2)	(1,931)		
	292,222	294,756	2,534
(4) Other loan receivables from customers	66,243		
Allowance for doubtful receivables (*2)	(96)		
	66,146	67,436	1,289
(5) Securities and Investment securities			
Held-to-maturity securities	2,042	2,030	(12)
Available-for-sale securities	15,980	15,980	—
(6) Claims provable in bankruptcy, in rehabilitation and other	2,511		
Allowance for doubtful receivables (*2)	(938)		
	1,573	1,573	—
Total assets	1,460,323	1,492,619	32,296
(1) Short-term borrowings	261,079	261,079	—
(2) Commercial paper	368,968	368,968	—
(3) Payables under fluidity lease receivables (*4)	5,347	5,347	—
(4) Bonds (*5)	110,000	108,948	(1,051)
(5) Long-term debt (*6)	568,205	569,104	899
(6) Long-term payables under fluidity lease receivables (*7)	83,254	82,692	(562)
Total liabilities	1,396,855	1,396,140	(714)
Derivative transactions (*8)			
1) Derivative transactions to which hedge accounting is not applied	(1,135)	(1,135)	—
2) Derivative transactions to which hedge accounting is applied	(341)	(341)	—
Total derivative transactions	(1,476)	(1,476)	—

(*1) Deferred unrealized gross profits on installment contracts have been deducted from installment contract receivables.
(*2) Corresponding allowance for doubtful receivables has been deducted.
(*3) Estimated residual value included in lease investment assets has been deducted.
(*4) Long-term payables under fluidity lease receivables scheduled to be repaid within one year as included in payables under fluidity lease receivables have been deducted.
(*5) Current portion of bonds is included.
(*6) Current portion of long-term debt is included.
(*7) Long-term payables under fluidity lease receivables scheduled to be repaid within one year as included in payables under fluidity lease receivables are included.
(*8) Actual receivables and payables derived from derivative transactions are represented as net amounts.

(Note 1) Matters relating to the calculation method of fair value of financial instruments and derivative transactions

Assets

(1) Installment contract receivables, (2) Lease receivables and lease investment assets, (3) Loan receivables from customers, and (4) Other loan receivables from customers

Financial instruments based on variable interest rates reflect market rates at short intervals, thus their book value approximates fair value unless the credit standing of the customers involved therein changes significantly. Hence, they are stated at book values. On the other hand, financial instruments based on fixed interest rates are calculated by discounting the sum of principal and interest using the hypothetical interest rate assumed applicable to new borrowings under similar conditions, by type of receivable, by grade of internal rating, and by term basis. Doubtful receivables are calculated based on the estimated amount recoverable through repossession or guarantee, in which their consolidated balance sheet amount less estimated bad debt at the closing date approximates fair value, and thus are stated as such.

(5) Securities and Investment securities

The fair values of shares and bonds are calculated using the quoted market prices and the prices quoted by financial institutions, respectively.

(6) Claims provable in bankruptcy, in rehabilitation and other

Receivables from businesses under a bankruptcy or rehabilitation process are calculated based on the estimated amount recoverable through repossession or guarantee, in which their consolidated balance sheet amount at the closing date less the currently estimated bad debt is approximate to fair value, and thus are stated as such.

Liabilities

(1) Short-term borrowings, (2) Commercial paper, and (3) Payables under fluidity lease receivables

Since these are settled in a short period and their book value is approximate to their fair value, they are stated at book values.

(4) Bonds

Of the bonds issued by the Group, those based on variable interest rates reflecting market rates at short intervals, without significant change in the Group's credit standing since the issuance, are stated at their book value which is deemed to approximate fair value. On the other hand, those based on fixed interest rates are stated at their fair value calculated by discounting the sum of their principal and interest for each of certain time periods within the term, using the hypothetical interest rate assumed applicable to bonds issued under similar conditions as at the end of each such time period.

(5) Long-term debt and (6) Long-term payables under fluidity lease receivables

Of the long-term debt, those based on variable interest rates reflecting market rates at short intervals, without significant change in the Group's credit standing since the borrowings, are stated at their book value which is deemed to approximate fair value. On the other hand, those based on fixed interest rates are stated at their fair value calculated by discounting the sum of their principal and interest (*) for each of certain time periods within the term, using the hypothetical interest rate assumed applicable to borrowings under similar conditions as at the end of each such time period.

(*) Long-term borrowings applicable to the exceptional method for interest rate swap transactions are the sum of their principal and interest (calculated by the rate applicable to such interest rate swap transactions).

Derivative transactions

Fair value is calculated using prices quoted by financial institutions.

Of the derivative transactions subject to hedge accounting, those subject to the exceptional method for interest rate swap transactions are treated as part of hedged long-term borrowings. For this reason, their fair value is included in the fair value of such long-term borrowings.

(Note 2) Financial instruments of which fair values are extremely difficult to determine

Unlisted shares, etc. (consolidated balance sheet amount of ¥21,906 million), are not included in "Assets (5) Securities and Investment securities" because there are no market prices, their future cash flows cannot be estimated and it is extremely difficult to determine their fair values.

(Notes to Per Share Information)

1. Net assets per share of ordinary shares	¥5,150.67
2. Net income per share of ordinary shares	¥215.44

BALANCE SHEET (Translation)

As of March 31, 2020

(Millions of yen)

ASSETS		LIABILITIES	
Account item	Amount	Account item	Amount
Current assets	**1,313,687**	**Current liabilities**	**713,735**
Cash and deposits	56,129	Notes payable-trade	3,013
Notes receivable-trade	10	Accounts payable-trade	36,113
Installment contract receivables	87,165	Short-term borrowings	118,746
Lease receivables	186,969	Current portion of bonds	10,000
Lease investment assets	558,739	Current portion of long-term debt	90,296
Loan receivables from customers	112,670	Commercial paper	368,968
Other loan receivables from customers	61,145	Payables under fluidity lease receivables	29,971
Lease contract receivables	611	Lease payables	7,172
Other operating assets	8,263	Accounts payable	11,933
Advance on contracts	2,070	Accrued expenses	1,083
Prepaid expenses	2,099	Accrued income taxes	2,531
Short-term loan receivables	230,093	Advances received on lease contracts	6,297
Other	9,615	Deposits received	17,499
Allowance for doubtful receivables	(1,896)	Deferred income	23
Fixed assets	**127,396**	Unrealized gross profits on installment contracts	8,662
Tangible assets	**14,271**	Provision for bonuses	1,110
Property for lease and rent	13,367	Provision for directors' bonuses	22
Own-use assets	903	Other	287
Intangible assets	**3,273**	**Long-term liabilities**	**544,310**
Property for lease and rent	252	Bonds	100,000
Software	2,373	Long-term debt	373,262
Other	647	Long-term payables under fluidity lease receivables	58,630
Investments and other assets	**109,852**	Provision for employees' retirement benefits	4,067
Investment securities	28,999	Guarantee deposits received	7,335
Investments in affiliated companies	51,473	Other	1,014
Long-term loan receivables	19,958	**Total liabilities**	**1,258,045**
Claims provable in bankruptcy, in rehabilitation and other	1,815	**NET ASSETS**	
Long-term prepaid expenses	56	**Stockholders' equity**	**178,742**
Deferred tax assets	3,192	**Capital stock**	**32,000**
Other	5,200	**Capital surplus**	**66,264**
Allowance for doubtful receivables	(844)	Legal capital surplus	30,000
		Other capital surplus	36,264
		Retained earnings	**80,477**
		Earned surplus reserve	412
		Other retained earnings	80,064
		Unappropriated	80,064
		Valuation and translation adjustments	**4,296**
		Net unrealized gain on available-for-sale securities	**4,354**
		Deferred gains (losses) on hedges	**(58)**
		Total net assets	**183,038**
Total assets	**1,441,083**	**Total liabilities and net assets**	**1,441,083**

STATEMENT OF INCOME (Translation)

For the year ended March 31, 2020

(Millions of yen)

Account item	Amount	
Revenues		
Lease revenue	280,862	
Installment sales	20,727	
Finance revenue	5,145	
Other revenue	10,959	317,693
Costs		
Cost of lease	260,821	
Cost of installment sales	19,170	
Cost of finance	84	
Financing costs	3,830	
Cost of other sales	6,421	290,328
Gross profit		**27,365**
Selling, general and administrative expenses		18,389
Operating income		**8,975**
Non-operating income		
Interest received	1,200	
Interest income on securities	92	
Dividends received	4,204	
Other	212	5,710
Non-operating expenses		
Interest expense	1,090	
Bond issuance cost	165	
Foreign exchange losses	122	
Other	0	1,378
Ordinary income		**13,306**
Special gains		
Gain on sales of fixed assets	0	
Gain on sales of investment securities	1,092	1,092
Special losses		
Loss on sales and retirement of fixed assets	6	
Loss on valuation of investment securities	12	
Loss on valuation of investments in affiliated companies	6	
Loss on valuation of golf club membership	4	29
Income before income taxes		**14,370**
Income taxes-current	4,178	
Income taxes-deferred	(418)	3,760
Net income		**10,609**

STATEMENT OF CHANGES IN NET ASSETS (Translation)

For the year ended March 31, 2020

(Millions of yen)

	Stockholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total stockholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Earned surplus reserve	Other retained earnings: Unappropriated	Total retained earnings	
Balance at beginning of the year	32,000	30,000	36,264	66,264	412	75,878	76,290	174,555
(Changes during the year)								
Dividends from surplus						(6,422)	(6,422)	(6,422)
Net income						10,609	10,609	10,609
Changes during the year in items other than stockholders' equity (net)								
Total changes during the year	—	—	—	—	—	4,186	4,186	4,186
Balance at end of the year	32,000	30,000	36,264	66,264	412	80,064	80,477	178,742

	Valuation and translation adjustments			Total net assets
	Net unrealized gain on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at beginning of the year	3,045	(73)	2,972	177,527
(Changes during the year)				
Dividends from surplus				(6,422)
Net income				10,609
Changes during the year in items other than stockholders' equity (net)	1,308	15	1,323	1,323
Total changes during the year	1,308	15	1,323	5,510
Balance at end of the year	4,354	(58)	4,296	183,038

NOTES TO FINANCIAL STATEMENTS (Translation)

For the year ended March 31, 2020

Amounts less than one million yen have been truncated.

(Notes to Significant Accounting Policies)

1. Valuation basis and methods applied for assets

(1) Securities

Investments in subsidiaries and associates......	At cost determined by the moving-average method
Available-for-sale securities	
Those with determinable fair values..........	At fair value based on market price, etc., as of the balance sheet date (All valuation differences are reported as a component of net assets. The cost of securities sold is determined by the moving-average method.)
Those without determinable fair values.....	At cost determined by the moving-average method Investments in limited partnerships, which are considered securities under Article 2, Paragraph 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest financial statements available on the reportable date ruled by the partnership contracts.
(2) Derivative financial instruments.........................	At fair value

2. Methods of depreciation and amortization applied for fixed assets

(1) Property for lease and rent

Property for lease and rent is depreciated under the straight-line method within the estimated lease and rent period, assuming that useful lives are the same as the estimated lease and rent period, and that residual values are the disposal price estimable at the end of the estimated lease and rent period.

For some of the property for lease and rent, tangible assets are depreciated under the declining-balance method. Intangible assets are amortized under the straight-line method.

(2) Other fixed assets

Tangible assets

The declining-balance method is applied; however, for facilities attached to buildings acquired after April 1, 2016, the straight-line method is applied.

The principal useful lives are as follows.

Buildings	3 to 18 years
Furniture and equipment	2 to 20 years

Intangible assets

The straight-line method is applied. Software for internal use is amortized under the straight-line method over internal useful lives (five years).

3. Accounting method of deferred assets

Bond issuance cost

Bond issuance cost is recognized as expense at the time of expenditure.

4. Translation of foreign currency accounts

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the balance sheet date, and the foreign exchange gains and losses therefrom are recognized in the statement of income.

5. Allowance and provisions

(1) Allowance for doubtful receivables

For general receivables, allowance for estimated uncollectible receivables is provided for at an adequate rate calculated based on the probability of bankruptcy, while allowance for certain categories including seriously doubtful receivables is provided for based on a case-by-case collectibility assessment.

For receivables from businesses under a bankruptcy or rehabilitation process, an estimated uncollectible amount is calculated by subtracting estimated collectible amounts from the receivables amount. For the year ended March 31, 2020, such estimated uncollectible amount is ¥3,259 million.

(2) Provision for bonuses

Of the estimated amount of bonuses payable to employees in the following fiscal year, the portion attributable to their service during the current fiscal year has been set aside as provision for employees' bonuses.

(3) Provision for directors' bonuses

Of the estimated amount of bonuses payable to directors in the following fiscal year, the portion attributable to their service during the current fiscal year has been set aside as provision for directors' bonuses.

(4) Provision for employees' retirement benefits

The Company provides the estimated year-end liabilities for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Past service costs are recognized in each fiscal year as they arise.

Actuarial differences are charged to income on a straight-line basis, beginning from the year after they are recognized, over the average remaining years of service of employees (13 to 16 years).

6. Income and expenses

(1) Lease accounting

① Accounting policy for revenues and costs from finance lease transactions

The Company adopts the method in which lease revenue and cost of lease are recorded at the time when lease fees are collectible.

② Accounting policy for revenues from operating lease transactions

The Company records lease revenues corresponding to the elapsed period of the lease contract term, on the basis of the monthly lease fees collectible according to the lease contract for such contract term.

(2) Accounting for installment contracts

The Company accounts for the full amount of contracts as installment contract receivables upon delivery of goods and records installment sales and costs of installment sales as each payment becomes due.

Unrealized gross profits on installment contract receivables with installment payments becoming due at later dates are deferred.

Meanwhile, for some of the installment contracts, the amount equivalent to interest is allocated to each period as installment sales.

(3) Accounting treatment for financial expenses

Total assets are divided into assets based on sales transactions and other assets, where financial expenses corresponding to the former are recorded as financing costs under the heading of operating expenses while financial expenses corresponding to the latter are recorded as non-operating expense, based on the balance proportion of such assets.

Financial expenses related to operating assets less corresponding interest received, etc., are recorded as financing costs.

7. Method of hedge accounting

(1) Method of hedge accounting

Gains or losses on derivatives are deferred until maturity of the hedged items. For an interest rate swap, the Company applies the exceptional method as far as it qualifies for the required rules.

(2) Hedging instruments and hedged items

Hedging instruments

Interest rate swap transactions

Hedged items

Loan receivables from customers and borrowings

Lease receivables and lease investment assets

(3) Hedge accounting policy and evaluation of the hedge effectiveness

For purposes of hedging risks from fluctuations in interest rates arising from assets and liabilities, integrated management of assets, liabilities and profit and loss (ALM) and securing stable income, the Company conducts derivative transactions in accordance with the internal regulations stipulated by the Management Committee.

The Company compares the cumulative changes in market fluctuation and cash flows of the hedged items against those of the hedging instruments during the period from the start of the hedging until the time when effectiveness is determined. This comparison serves as the basis for evaluating hedge effectiveness.

Evaluation of the effectiveness of interest rate swap transactions based on the exceptional method has been omitted.

8. Other significant matters that serve as the basis for preparing financial statements

(1) Accounting treatment for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

(2) Accounting treatment for retirement benefits

The method of accounting treatment for actuarial differences yet to be recognized in retirement benefits differs from the method applied for the consolidated financial statements.

(Notes to Balance Sheet)

1. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral

	(Millions of yen)
Lease receivables	43,007
Lease investment assets	29,557
Loan receivables from customers	25,525
Other loan receivables from customers	7,345
Investment securities	706
Other (investments and other assets)	15
Total	106,157

(2) Liabilities corresponding to assets pledged as collateral

	(Millions of yen)
Current portion of long-term debt	2,532
Payables under fluidity lease receivables	29,971
Long-term debt	2,887
Long-term payables under fluidity lease receivables	58,630
Total	94,022

2. Accumulated depreciation of tangible assets

	(Millions of yen)
Accumulated depreciation of property for lease and rent	19,311
Accumulated depreciation of own-use assets	1,040

3. Contingent liabilities

Contingent liabilities for other companies' borrowings, etc., from financial institutions

	(Millions of yen)
JA Mitsui Leasing Capital Corporation	108,635
PT. Mitsui Leasing Capital Indonesia	44,612
JA Mitsui Leasing Singapore Pte. Ltd.	25,947
Altair Lines S.A.	12,226
Others	19,577
Total	210,999

4. Breakdown of lease receivables and lease investment assets

(Millions of yen)

	Lease receivables	Lease investment assets
Amount of receivables	203,005	577,241
Estimated residual value	－	27,936
Amount equivalent to interest receivables	16,036	46,438
Total	186,969	558,739

5. Notes received as guarantees

	(Millions of yen)
Notes received for installment contract receivables	4,264
Notes received for lease investment assets	542
Notes received for other loan receivables from customers	5,521

6. Operating lease contract receivables under the remaining lease terms

	(Millions of yen)
Other lease contract receivables	7,087

7. Trade receivables due after one year

	(Millions of yen)
Installment contract receivables	59,005
Lease receivables	121,076
Lease investment assets	391,654
Loan receivables from customers	85,323
Other loan receivables from customers	26,948
Operating lease contract receivables under the remaining lease terms	4,647
Total	688,655

8. Receivables and payables with affiliated companies

	(Millions of yen)
Short-term receivables	238,582
Long-term receivables	19,951
Short-term payables	57,815
Long-term payables	26,900

(Notes to Statement of Income)

1. Transactions with affiliated companies

	(Millions of yen)
Amount of operating transactions	
Revenues	9,652
Costs	386
Selling, general and administrative expenses	1,149
Amount of non-operating transactions	5,279

2. Breakdown of financing costs

	(Millions of yen)
Interest expense, etc.	4,417
Interest received, etc.	(587)
Net balance	3,830

(Notes to Income Taxes)

1. Significant components of the Company's deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets	
Excess provision for depreciation and amortization	1,138
Provision for employees' retirement benefits	1,245
Allowance for doubtful receivables	1,718
Investments in affiliated companies	730
Provision for bonuses	340
Other	1,001
Deferred tax assets subtotal	6,175
Less valuation allowance	(931)
Total deferred tax assets	5,243
Deferred tax liabilities	
Net unrealized gain on available-for-sale securities	(1,960)
Other	(90)
Total deferred tax liabilities	(2,051)
Net deferred tax assets	3,192

2. Significant components of difference between statutory tax rate and effective tax rate after adjustments for tax effect accounting

Statutory tax rate	30.6%
(Adjustments)	
Permanent differences such as dividends received	(5.5)%
Withholding tax	0.4%
Inhabitant tax on per capita basis	0.3%
Other	0.2%
Effective tax rate after adjustments for tax effect accounting	26.1%

(Notes to Leased Fixed Assets)

In addition to fixed assets stated in the balance sheet, the Company uses information equipment and vehicles under lease contracts.

(Notes to Related Party Transactions)

1. Parent company and major corporate stockholder

Category	Name of related company	Percentage of voting rights (of the Company)	Relationship with related party	Description of the transaction	Transactions (Millions of yen)	Account	Balance (Millions of yen)
Other affiliated company	The Norinchukin Bank	Directly 33.40%	Loan Doubled as director	Borrowings (*)	267,031	Short-term borrowings	31,176
						Current portion of long-term debt	8,200
						Long-term debt	26,900
				Payment of the interest	237	Accrued expenses	5

The terms and conditions of the above transactions and their related policies, etc.

(*) Interest rates, etc., are subject to general terms and conditions.

2. Subsidiaries, etc.

Category	Name of related company	Equity ownership percentage	Relationship with related party	Description of the transaction	Transactions (Millions of yen)	Account	Balance (Millions of yen)
Subsidiary	KINKI SOGO LEASING CO., LTD.	Directly 94.92%	Loan Doubled as executive officer, etc.	Loan (*1)	254,200	Short-term loan receivables	23,600
				Receipt of the interest	67	Accrued income	0
Subsidiary	JA MITSUI LEASING KYUSHU, LTD.	Directly 100%	Loan Doubled as executive officer, etc. Company split	Loan (*1)	737,409	Short-term loan receivables	61,650
						Long-term loan receivables	1,110
				Receipt of the interest	207	Accrued income	0
				Succeeded assets	43,775	—	—
				Succeeded liabilities	38,466		
				Acquisition of shares of subsidiary (*3)	5,217		
Subsidiary	JA Mitsui Leasing Auto, Ltd.	Directly 100%	Loan Doubled as executive officer, etc.	Loan (*1)	565,100	Short-term loan receivables	50,500
				Receipt of the interest	159	Accrued income	0
Subsidiary	JA MITSUI LEASING TATEMONO CO., LTD.	Directly 100%	Loan Doubled as executive officer, etc.	Loan (*1)	870,720	Short-term loan receivables	78,475
						Long-term loan receivables	7,560
				Receipt of the interest	317	Accrued income	2
Subsidiary	JA Mitsui Leasing USA Holdings, Inc.	Directly 100%	Underwriting of capital increase Doubled as executive officer, etc.	Underwriting of capital increase	5,213	—	—
Subsidiary	JA Mitsui Leasing Capital Corporation	Indirectly 100%	Guarantee of liability Doubled as executive officer, etc.	Guarantee of liabilities (*2)	108,635	—	—
				Receipt of the guarantee fee	108	Accrued income	26
Subsidiary	PT. Mitsui Leasing Capital Indonesia	Directly 85.00% Indirectly 14.99%	Guarantee of liability Doubled as executive officer, etc.	Guarantee of liabilities (*2)	44,612	—	—
				Receipt of the guarantee fee	47	Accrued income	11
Subsidiary	JA Mitsui Leasing Singapore Pte. Ltd.	Directly 100%	Guarantee of liability Doubled as executive officer, etc.	Guarantee of liabilities (*2)	25,947	—	—
				Receipt of the guarantee fee	24	Accrued income	5
Subsidiary	Altair Lines S.A.	Directly 100%	Loan	Loan (*1)	21,906	Short-term loan receivables	10,336
						Long-term loan receivables	11,092
				Receipt of the interest	365	Accrued income	7
			Guarantee of liability	Guarantee of liabilities (*2)	12,226	—	—
				Receipt of the guarantee fee	13	Accrued income	6

The terms and conditions of the above transactions and their related policies, etc.

(*1) The terms and conditions of the loans are determined in consideration of the prevailing market interest rates and other factors.

(*2) The guarantee of liabilities is for borrowings from financial institutions, and the rate of guarantee fee is reasonably determined in consideration of the prevailing market interest rates.

(*3) The company split is a transaction under common control, and the assets and liabilities above have been transferred at appropriate book values.

3. Fellow subsidiaries, etc.

Category	Name of related company	Percentage of voting rights (of the Company)	Relationship with related party	Description of the transaction	Transactions (Millions of yen)	Account	Balance (Millions of yen)
Subsidiary of other affiliated company	Mitsui & Co. Plant Systems, Ltd.	None	Equipment lease	Receipt of the lease fees (*)	3,896	Lease investment assets	16,775

The terms and conditions of the above transactions and their related policies, etc.

(*) The terms and conditions of the lease transactions are determined based on similar terms and conditions applied to general transactions, in consideration of the prevailing market interest rate and other factors.

(Notes to Per Share Information)

1. Net assets per share of ordinary shares	¥3,773.71
2. Net income per share of ordinary shares	¥143.71

(Other Notes)

Transactions under common control

The Company implemented a company split effective April 1, 2019, in which JA MITSUI LEASING KYUSHU, LTD. shall succeed to the businesses that we had conducted in the Kyushu region, including the lease of various machinery, equipment and other goods, installment sales, finance, and services related to these businesses.

1. Overview of the transaction

(1) Details of businesses subject to the transaction

Businesses that the Company conducted in the Kyushu region, including the lease of various machinery, equipment and other goods, installment sales, finance, and services related to these businesses.

(2) Date of business combination

April 1, 2019

(3) Legal form of business combination

Absorption-type company split in which the Company shall be the splitting company and JA MITSUI LEASING KYUSHU, LTD. shall be the successor company.

(4) Name of the company after the combination

JA MITSUI LEASING KYUSHU, LTD. (a consolidated subsidiary of the Company)

(5) Book values of assets and liabilities to be split

Assets	¥43,775 million
Liabilities	¥38,466 million

(6) Other matters relating to overview of the transaction

In order to proceed with improving the earning power of the domestic sales infrastructure in line with our medium-term management plan, the Group implemented the absorption-type company split as a measure to establish our efficient, optimum business operation system toward the enhancement of the Group's sales promotion in the Kyushu region.

2. Overview of the accounting procedures applied

The transaction was treated as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 22, 2020

To the Board of Directors of
JA MITSUI LEASING, Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hayato Yoshida

Designated Engagement Partner,
Certified Public Accountant:

Masahiko Inoue

Designated Engagement Partner,
Certified Public Accountant:

Hiroaki Aoki

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of JA MITSUI LEASING, Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 22, 2020

To the Board of Directors of
JA MITSUI LEASING, Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hayato Yoshida

Designated Engagement Partner,
Certified Public Accountant:

Masahiko Inoue

Designated Engagement Partner,
Certified Public Accountant:

Hiroaki Aoki

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements of JA MITSUI LEASING, Ltd. (the "Company"), namely, the balance sheet as of March 31, 2020, and the statement of income and statement of changes in equity for the 12th fiscal year from April 1, 2019 to March 31, 2020, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

(Translation)

Audit Report by the Audit & Supervisory Board

Certified Copy

Audit Report

The Audit & Supervisory Board, following deliberations on the reports made by each Audit & Supervisory Board member concerning the audit of performance of duties by directors of the Company for the 12th fiscal year from April 1, 2019, to March 31, 2020, has prepared this Audit Report, and hereby reports as follows:

1. Auditing Method Used by Each Audit & Supervisory Board Member and the Audit & Supervisory Board and Details Thereof:

(1) The Audit & Supervisory Board established auditing policies, assignment of duties and other relevant matters, and received reports from each Audit & Supervisory Board member regarding the progress and results of audits, as well as received reports from the directors, other relevant personnel and the independent auditors regarding the performance of their duties, and sought explanations as necessary.

(2) In conformity with the Audit & Supervisory Board member auditing standard policies established by the Audit & Supervisory Board, and in accordance with the auditing policies, assignment of duties and other relevant matters, each Audit & Supervisory Board member endeavored to gather information and to create an improved environment for auditing through close communication with the directors, employees including those working in the Internal Audit Department and other relevant personnel, and conducted audits as follows:

1) Each Audit & Supervisory Board member attended meetings of the board of directors and other important meetings, received reports from the directors, employees and other relevant personnel regarding the performance of their duties, sought explanations as necessary, inspected documents involving important resolutions, and examined the operations and financial position of the Company at the Head Office and other principal offices of the Company. As for the subsidiaries of the Company, each standing Audit & Supervisory Board member, concurrently holding the office of Audit & Supervisory Board member of significant subsidiary, attended meetings of the board of directors of significant subsidiaries, endeavored to keep communication and share information with the directors and other related personnel of the subsidiaries, and received reports from the subsidiaries, the directors and other relevant personnel regarding their businesses as necessary. Each standing Audit & Supervisory Board member also reviewed the business report for the fiscal year and supplementary schedules thereto.

2) Each Audit & Supervisory Board member monitored and verified the content and the status of the resolution of the board of directors to establish the systems provided by Article 100, Section 1 and 3 of the Ordinance for Enforcement of the Companies Act and the systems established pursuant to such resolution (the “Internal Control System”), which are necessary to establish the systems to ensure directors carry out their duties described in the business report in accordance with laws and regulations and the Company’s Articles of Incorporation and other systems to ensure appropriateness of business of the corporate group consisting of the Company and its subsidiaries. Each Audit & Supervisory Board member also sought explanations from the directors, employees and other relevant personnel as necessary, and expressed his/her opinions.

3) Audit & Supervisory Board members monitored and verified whether the independent auditors maintained their independence and implemented appropriate audits, as well as received reports

from the independent auditors regarding the performance of its duties and sought explanations as necessary. Each Audit & Supervisory Board member was notified by the independent auditors that it has established a "system to ensure that duties of independent auditors are being conducted properly" (matters prescribed in each item of Article 131 of the Corporate Accounting Regulations) and that the system is developed and implemented in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005) and other applicable standards, and sought explanations as necessary.

Based on the foregoing method, Audit & Supervisory Board members reviewed the business report and the financial statements for the fiscal year (balance sheet, statement of income, statement of changes in net assets and the related notes) and supplementary schedules thereto, as well as the consolidated financial statements for the fiscal year (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and the related notes).

2. Audit Results

(1) Audit Results on the Business Report, etc.

1) In our opinion, the business report fairly represents the Company's condition in conformity with the applicable laws and regulations as well as the Articles of Incorporation of the Company.

2) We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations, nor of any violation with respect to the Articles of Incorporation of the Company, related to performance of duties by the directors.

3) In our opinion, the status of the operation and maintenance of the Internal Control System is appropriate. We have found no issues to be mentioned on the contents of the business report and the directors' performance of their duties with respect to the Internal Control System.

(2) Results of Audit of the Financial Statements and Supplementary Schedules

In our opinion, the method and the results of the audit used and conducted by Deloitte Touche Tohmatsu LLC, the independent auditors are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

In our opinion, the method and the results of the audit used and conducted by Deloitte Touche Tohmatsu LLC, the independent auditors are appropriate.

May 25, 2020

The Audit & Supervisory Board of JA Mitsui Leasing, Ltd.

Standing Audit & Supervisory Board member	Tetsuya Watanabe (Seal)
Standing Audit & Supervisory Board member	Kunio Watanabe (Seal)
Audit & Supervisory Board member	Hideo Tsukamoto (Seal)

(Note) Tetsuya Watanabe and Kunio Watanabe, standing Audit & Supervisory Board members, and Hideo Tsukamoto, Audit & Supervisory Board member, are the outside Audit & Supervisory Board members as set forth in Article 2, Item 16 and Article 335, Section 3 of the Companies Act.