CONSOLIDATED BALANCE SHEET (Translation)

As of March 31, 2023

(Millions of yen)

ASSETS		LIABILITIES	
Account item	Amount	Account item	Amount
Current assets	**2,038,293**	**Current liabilities**	**1,218,978**
Cash and deposits	80,742	Notes and accounts payable-trade	36,718
Notes receivable-trade	1	Short-term borrowings	422,361
Installment receivables	124,623	Current portion of bonds payable	30,000
Lease receivables and investments in leases	1,126,258	Current portion of long-term borrowings	168,803
Operating loans receivables	501,851	Commercial papers	440,968
Other operating loans receivable	133,234	Payables under securitization of lease receivables	47,343
Lease and other receivables	3,030	Lease obligations	19,526
Other operating assets	25,713	Income taxes payable	5,597
Merchandise	5,119	Deferred profit on installment sales	6,770
Other	45,211	Provision for bonuses	2,187
Allowance for doubtful accounts	(7,493)	Provision for bonuses for directors (and other officers)	47
		Asset retirement obligations	1,440
Non-current assets	**402,269**	Other	37,214
Property, plant and equipment	**313,207**	**Non-current liabilities**	**946,240**
Leased assets	307,053	Bonds payable	130,000
Leased assets	302,102	Long-term borrowings	663,378
Advances for purchase of leased assets	4,951	Long-term payables under securitization of lease receivables	118,192
Other operating assets	3,497	Deferred tax liabilities	23
Own-used assets	2,655	Retirement benefit liability	5,738
Intangible assets	**6,140**	Guarantee deposits received	27,531
Leased assets	304	Asset retirement obligations	586
Goodwill	1,285	Other	789
Software	2,923	**Total liabilities**	**2,165,219**
Other	1,626	**NET ASSETS**	
Investments and other assets	**82,921**	**Shareholder' equity**	**257,581**
Investment securities	64,201	**Share capital**	**32,000**
Distressed receivables	863	**Capital surplus**	**66,384**
Deferred tax assets	3,739	**Retained earnings**	**159,196**
Other	14,824	**Accumulated other comprehensive income**	**10,076**
Allowance for doubtful accounts	(707)	**Valuation difference on available-for-sale securities**	**6,446**
		Deferred gains or losses on hedges	**(37)**
		Foreign currency translation adjustment	**3,882**
		Remeasurements of defined benefit plans	**(216)**
		Non-controlling interests	**7,685**
		Total net assets	**275,343**
Total assets	**2,440,562**	**Total liabilities and net assets**	**2,440,562**

CONSOLIDATED STATEMENT OF INCOME (Translation)

For the year ended March 31, 2023

(Millions of yen)

Account item	Amount	
Net sales		503,227
Cost of sales		440,397
Gross profit		**62,830**
Selling, general and administrative expenses		34,180
Operating profit		**28,649**
Non-operating income		
Interest income	36	
Dividend income	540	
Share of profit of entities accounted for using equity method	828	
Other	86	1,492
Non-operating expenses		
Interest expenses	457	
Bond issuance costs	184	
Foreign exchange losses	130	
Other	5	778
Ordinary profit		**29,363**
Extraordinary income		
Gain on sale of non-current assets	49	
Gain on sale of investment securities	1,035	
Gain on sale of shares of subsidiaries and associates	25	
Gain on bargain purchase	147	1,257
Extraordinary losses		
Loss on sale and retirement of non-current assets	8	
Loss on sale of investment securities	92	
Loss on valuation of investment securities	55	
Loss on valuation of shares of subsidiaries and associates	5	
Loss on liquidation of subsidiaries and associates	3	
Loss on step acquisitions	115	281
Profit before income taxes		**30,339**
Income taxes-current	9,992	
Income taxes-deferred	(655)	9,337
Profit		**21,002**
Profit attributable to non-controlling interests		60
Profit attributable to owners of parent		**20,941**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Translation)

For the year ended March 31, 2023

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	32,000	66,363	147,698	246,062
Effect of revision of accounting standards for overseas subsidiaries and affiliates			(215)	(215)
Restated balance	32,000	66,363	147,483	245,846
(Changes during period)				
Dividends from surplus			(9,228)	(9,228)
Profit attributable to owners of parent			20,941	20,941
Change in ownership interest of parent due to transactions with non-controlling interests		21		21
Net changes in items other than shareholders' equity				
Total changes during period	―	21	11,713	11,734
Balance at end of period	32,000	66,384	159,196	257,581

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,049	10	(2,129)	(289)	5,640	7,859	259,562
Effect of revision of accounting standards for overseas subsidiaries and affiliates							(215)
Restated balance	8,049	10	(2,129)	(289)	5,640	7,859	259,346
(Changes during period)							
Dividends from surplus							(9,228)
Profit attributable to owners of parent							20,941
Change in ownership interest of parent due to transactions with non-controlling interests							21
Net changes in items other than shareholders' equity	(1,602)	(47)	6,011	73	4,435	(173)	4,261
Total changes during period	(1,602)	(47)	6,011	73	4,435	(173)	15,996
Balance at end of period	6,446	(37)	3,882	(216)	10,076	7,685	275,343

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Translation)

For the year ended March 31, 2023

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: 52

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

VEGA LINES Inc. and one other company have been included in the scope of consolidation due to their establishment; Alterna 12 G.K. and five other companies have been included in the scope of consolidation due to investments in them; and Mitsui Rail Capital, LLC, which had been an associated company accounted for using equity method, has been included in the scope of consolidation due to the additional acquisition of its equity interest effective from the consolidated fiscal year ended March 31, 2023. Kinki Sogo Leasing Co., Ltd. has been excluded from the scope of consolidation, as the entity dissolved due to an absorption-type merger with the Company as the surviving company, and Alterna 1 G.K. and one other company have been excluded from the scope of consolidation due to refund of investments in them effective from the consolidated fiscal year ended March 31, 2023.

(2) Names and other information of principal unconsolidated subsidiaries

Dyna Shipholding Pte. Ltd.

Ark Capital Investment Co., Ltd.

(Reasons for excluding subsidiaries from the scope of consolidation)

Of the unconsolidated subsidiaries, Dyna Shipholding Pte. Ltd. and 43 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.

Ark Capital Investment Co., Ltd. and 22 other companies are small in scale, and each company's total assets, net sales, 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) Associated companies accounted for using equity method: 11

Nochu-JAML Investment Advisors Co., Ltd.

M&M Shipholding S.A. and nine other companies

MRC Locação de Equipamentos Ferroviários VTNV Ltda has been included in the scope of the equity method effective from the consolidated fiscal year ended March 31, 2023, due to the acquisition of its equity interest.

MICHINOKU LEASING CO., LTD., which had been an associated company accounted for using equity method, has been excluded from the scope of the equity method effective from the consolidated fiscal year ended March 31, 2023, due to the sales of all shares held.

Mitsui Rail Capital, LLC, which had been an associated company accounted for using equity method, has been moved from the scope of the equity method to the scope of consolidation effective from the consolidated fiscal year ended March 31, 2023, due to the additional acquisition of its equity interest.

(2) Of the unconsolidated subsidiaries or associated companies not accounted for using equity method, names of the principal companies are as follows:

Dyna Shipholding Pte. Ltd. (unconsolidated subsidiary)

Ark Capital Investment Co., Ltd. (unconsolidated subsidiary)

(Reasons for not applying the equity method)

Of the unconsolidated subsidiaries, Dyna Shipholding Pte. Ltd. and 43 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.

Unconsolidated subsidiaries, Ark Capital Investment Co., Ltd. and 22 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 12 other companies is December 31, and the closing date of JAML Natural Energy Investment Limited Partnership and 10 other companies 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, and the closing date of Silent Partnership Esmeralda Lease is August 31; 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	
Securities other than shares, etc., that do not have a market price...........................	At fair value (all valuation differences are reported as a component of equity. The cost of securities sold is determined by the moving-average method.)
Shares, etc., that do not have a market price...	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 (consolidated balance sheet amount is subject to the book value reduction method based on decreased profitability)

(2) Methods of depreciation and amortization applied for significant non-current assets

① Leased assets

Leased assets are 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 leased assets, property, plant and equipment 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 non-current assets

Property, plant and equipment

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	2 to 38 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 costs

Bond issuance costs are recognized as expense at the time of expenditure.

(4) Significant allowance and provisions

① Allowance for doubtful accounts

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 and distressed receivables, is provided for based on a case-by-case collectibility assessment. For distressed receivables, an estimated uncollectible amount is calculated by subtracting estimated collectible amounts from the receivables amount. For the year ended March 31, 2023, such estimated uncollectible amount is ¥2,653 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, 2023, has been set aside as provision for employees' bonuses.

③ Provision for bonuses for directors (and other officers)

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, 2023, has been set aside as provision for bonuses for directors (and other officers).

(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 adjustment 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

Operating loans receivables and borrowings

Lease receivables and investments in leases

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.
Of the above hedging relationships, the Group has applied the exceptional treatment defined in the "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Issues Task Force No. 40, September 29, 2020) to all hedging relationships included in the scope of the Practical Solution.
The details of the hedging relationships to which this Practical Solution is applied are as follows.
Method of hedge accounting

Deferred hedge method and exceptional method for interest rate swap

Hedging instruments

Interest rate swap transactions and cross-currency interest rate swap transactions

Hedged items

Operating loans receivables and borrowings, and lease receivables and investments in leases

Types of hedging transactions

Hedging transactions that offset market fluctuation and hedging transactions that fix cash flows

(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
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, 2023, 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.

(Notes to Changes in Accounting Policies)

Effective from the beginning of the consolidated fiscal year ended March 31, 2023, the Group has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021; hereinafter, the "Fair Value Measurement Guidance") and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance, in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. The application has no impact on the consolidated financial statements.

(Notes to Accounting Estimates)

Recording of allowance for doubtful accounts

(1) Amount recorded in the consolidated fiscal year ended March 31, 2023

	(Millions of yen)
Allowance for doubtful accounts (current)	(7,493)
Allowance for doubtful accounts (non-current)	(707)

(2) Other information that facilitates understanding about the nature of estimates

① Method of estimation

The same information is described in 4. under "Notes to Significant Matters that Serve as the Basis for Preparing the Consolidated Financial Statements."

② Main assumptions used for estimation

The levels of credit risk are determined based on the business conditions of customers, by conducting regular self-assessments in accordance with the self-assessment regulations established by the Group. The Group anticipates that COVID-19 will be under control to a certain extent and economic activities will gradually recover. However, the Group assumes that the credit risks of the Group's customers will be affected. To prepare for the expected losses due to these effects, the Group has carried out self-assessment of the debtor categories of certain customers based on the recent performance deterioration.

③ Impact on consolidated financial statements for the next consolidated fiscal year

The Group has determined that the accounting estimates used to value receivables are reasonable and that sufficient allowance for doubtful accounts was recorded. However, the valuation of receivables entails uncontrollable uncertainties and may fluctuate depending on the COVID-19 situation, its impact on the economic environment, and unpredictable changes in assumptions. Allowance for doubtful accounts, therefore, may increase or decrease in the consolidated financial statements for the next consolidated fiscal year.

(Notes to Consolidated Balance Sheet)

1. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral

	(Millions of yen)
Installment receivables	6,366
Lease receivables and investments in leases	151,752
Operating loans receivables	44,215
Other operating loans receivable	1,073
Leased assets (property, plant and equipment)	1,740
Investment securities	700
Other (investments and other assets)	15
Total	205,863

(2) Liabilities corresponding to assets pledged as collateral

	(Millions of yen)
Current portion of long-term borrowings	2,548
Payables under securitization of lease receivables	47,343
Long-term borrowings	17,938
Long-term payables under securitization of lease receivables	118,192
Total	186,023

2. Accumulated depreciation of property, plant and equipment

	(Millions of yen)
Accumulated depreciation of leased assets	72,313
Accumulated depreciation of own-used assets	3,365

3. Contingent liabilities

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

	(Millions of yen)
LNG CORNFLOWER SHIPPING CORPORATION	11,433
M&M Shipholding Pte. Ltd.	10,984
Others	638
Total	23,056

(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 14th annual general meeting of shareholders held on June 28, 2022

- Total amount of dividends ¥9,228 million
- Dividend per share
  - Ordinary shares ¥125
  - Class I classified shares ¥125
  - Class II classified shares ¥125
  - Class III classified shares ¥125
- Record date March 31, 2022
- Effective date June 29, 2022

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

At the 15th annual general meeting of shareholders scheduled to be held on June 29, 2023, the Group will make the following proposals to be discussed and resolved:

- Total amount of dividends ¥6,275 million
- Dividend per share
  - Ordinary shares ¥85
  - Class I classified shares ¥85
  - Class II classified shares ¥85
  - Class III classified shares ¥85
- Record date March 31, 2023
- Effective date June 30, 2023

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 papers and bonds payable, 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, and the issuance of commercial papers and bonds payable. 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, investments in leases, installment receivables, and other operating loans receivable 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 papers and bonds payable 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 risks, 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 financial 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 ¥1,851 million based on the scenario where the benchmark interest rate increases by 10 basis points (0.1%) as of March 31, 2023.

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 calculated based on certain assumptions; therefore, the value 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, 2023, are as follows. Shares, etc., that do not have a market price and investments in partnerships, etc., are not included in the table below (please refer to Note 1.). Note to cash is omitted. Notes to short-term borrowings, commercial papers, and payables under securitization of lease receivables are also omitted, as they are settled in a short period; thus, their book value is approximate to their fair value.

(Millions of yen)

	Consolidated balance sheet amounts	Fair value	Differences
(1) Installment receivables (*1)	117,852		
Allowance for doubtful accounts (*2)	(825)		
	117,027	117,099	71
(2) Lease receivables and investments in leases	1,126,258		
Estimated residual value (*3)	(45,628)		
Allowance for doubtful accounts (*2)	(1,575)		
	1,079,054	1,074,271	(4,782)
(3) Operating loans receivables	501,851		
Allowance for doubtful accounts (*2)	(3,174)		
	498,677	493,091	(5,586)
(4) Other operating loans receivable	133,234		
Allowance for doubtful accounts (*2)	(102)		
	133,131	133,081	(49)
(5) Investment securities			
Held-to-maturity securities	—	—	—
Available-for-sale securities	27,347	27,347	—
(6) Distressed receivables	863		
Allowance for doubtful accounts (*2)	(709)		
	154	154	—
Total assets	1,855,392	1,845,045	(10,347)
(1) Bonds payable (*4)	160,000	159,383	(616)
(2) Long-term borrowings (*5)	832,181	827,789	(4,392)
(3) Long-term payables under securitization of lease receivables (*6)	165,536	163,736	(1,800)
Total liabilities	1,157,718	1,150,909	(6,808)
Derivative transactions (*7)			
1) Derivative transactions to which hedge accounting is not applied	(102)	(102)	—
2) Derivative transactions to which hedge accounting is applied	2,530	2,530	—
Total derivative transactions	2,428	2,428	—

(*1) Deferred profit on installment sales has been deducted from installment receivables.
(*2) Corresponding allowance for doubtful accounts has been deducted.
(*3) Estimated residual value included in investments in leases has been deducted.
(*4) Current portion of bonds payable is included.
(*5) Current portion of long-term borrowings is included.
(*6) Long-term payables under securitization of lease receivables scheduled to be repaid within one year as included in payables under securitization of lease receivables are included.
(*7) Actual receivables and payables derived from derivative transactions are represented as net amounts.

(Note 1) Consolidated balance sheet amounts of shares, etc., that do not have a market price and investments in partnerships, etc., are as follows. These items are not included in "Assets (5) Investment securities."

(Millions of yen)

Classification	Consolidated balance sheet amounts
Unlisted shares (*1) (*3)	17,439
Investments in partnerships, etc. (*2)	19,414

(*1) Unlisted shares are not disclosed at fair values in accordance with Item 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

(*2) Investments in partnerships, etc., are primarily investments in silent partnerships and investment associations, as well as money held in trust, etc., that has investments in silent partnerships as the trust assets. These items are not disclosed at fair values in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(*3) An impairment loss of ¥55 million was recognized for unlisted shares, etc., in the consolidated fiscal year ended March 31, 2023.

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

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

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest-level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities measured at fair value on the consolidated balance sheet

For the fiscal year ended March 31, 2023

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	9,396	4,915	—	14,312
Bonds payable	—	—	3,506	3,506
Other	—	9,528	—	9,528
Derivative transactions				
Currency related	—	315	—	315
Interest rates related	—	2,639	—	2,639
Total assets	9,396	17,398	3,506	30,302
Derivative transactions				
Currency related	—	65	—	65
Interest rates related	—	461	—	461
Total liabilities	—	526	—	526

(2) Financial assets and financial liabilities not measured at fair value on the consolidated balance sheet

For the fiscal year ended March 31, 2023

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Installment receivables	—	—	117,099	117,099
Lease receivables and investments in leases	—	—	1,074,271	1,074,271
Operating loans receivables	—	—	493,091	493,091
Other operating loans receivable	—	—	133,081	133,081
Distressed receivables	—	—	154	154
Total assets	—	—	1,817,698	1,817,698
Bonds payable	—	159,383	—	159,383
Long-term borrowings	—	—	827,789	827,789
Long-term payables securitization of lease receivables	—	—	163,736	163,736
Total liabilities	—	159,383	991,526	1,150,909

(Note 1) A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are measured using quoted prices. The fair value of listed shares that are traded in active markets is classified as Level 1. On the other hand, the fair value of listed shares held by the Company that are not traded frequently in the public market and not considered to have quoted prices in active markets is classified as Level 2. The fair value of investment securities that use significant unobservable inputs is classified as Level 3. The fair value of investment trusts is measured using published net asset value, and is classified as Level 2.

Derivative transactions

The fair value of interest rate swaps, currency swaps, and forward exchange contracts is measured using observable inputs, such as interest rates and exchange rates, and is classified as Level 2.

Installment receivables, lease receivables and investments in leases, operating loans receivables, and other operating loans receivable

The fair value of installment receivables, lease receivables and investments in leases, operating loans receivables, and other operating loans receivable is categorized by a specified period and measured using the discounted cash flow method based on future cash flows and the hypothetical interest rate assumed applicable to new contracts under similar conditions, for each type of credit risk categorized for credit management purposes, and is classified as Level 3.

Distressed receivables

The fair value of distressed receivables is measured at their book value less the estimated bad debt, which is calculated based on the estimated amount to be recovered through collateral or guarantee, and is classified as Level 3.

Bonds payable

The fair value of bonds payable issued by the Company is measured in reference to published quoted prices, but is classified as Level 2 because they are not traded frequently in the public market and not considered to have quoted prices in active markets.

Long-term borrowings

The fair value of long-term borrowings is measured using the discounted cash flow method based on the sum of their principal and interest (*), remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 3.

(*) For long-term borrowings, subject to the exceptional method for interest rate swap transactions, the sum of their principal and interest using the rate for such interest rate swap transactions

Long-term payables under securitization of lease receivables

The fair value of long-term payables under securitization of lease receivables is classified as Level 3 because the fair value of lease receivables, etc., subject to liquidation is classified as Level 3.

(Note 2) Information about Level 3 fair value of financial assets and financial liabilities measured at fair value on the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs

Classification	Valuation technique(s)	Significant unobservable inputs	Scope of inputs
Investment securities Bonds payable	Discounted cash flow method	Discount rate	8.25%

(2) A reconciliation from the beginning balances to the ending balances and losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the fiscal year

(Millions of yen)

Classification	Beginning balance	Profit or loss, or other comprehensive income for the fiscal year		Changes due to purchases, issuances, sales, and settlements	Transfer out of Level 3	Ending balance	Gains or losses on valuation of financial assets and financial liabilities held at the end of the fiscal year included in profit or loss for the fiscal year
		Recorded in profit or loss	Recorded in other comprehensive income				
Bonds payable	3,500	—	6	—	—	3,506	—

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

At the Group, a division in charge measures fair value in accordance with accounting policies, etc., for measuring fair value. The Group verifies whether the fair value obtained is measured using valid valuation techniques and inputs, as well as whether they are classified into an appropriate level of the fair value hierarchy. In measuring fair value, the Group uses a valuation model that appropriately reflects the nature, characteristics, and risks of each asset.

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

Discount rate

The discount rate is the interest rate adjusted to market interest rates and consists primarily of risk premium demanded by market participants for bearing the uncertainty of cash flows of financial instruments arising from credit risk. Generally, a significant rise (decline) in the discount rate will result in a significant decrease (increase) in fair value.

(Notes to Revenue Recognition)

1. Disaggregation of revenue from contracts with customers

Revenue from contracts with customers of ¥11,668 million is included in the Group’s net sales of ¥503,227 million for the consolidated fiscal year ended March 31, 2023.

2. Basic information for understanding revenue

(Merchandise sales contracts)

Revenue from merchandise sales contracts is recognized when delivery of merchandise to a customer is completed because this is the point at which our performance obligation is deemed to have been satisfied.

(Notes to Per Share Information)

1. Book value per share	¥6,384.19
2. Earnings per share	¥283.67

(Notes to Business Combinations)

1. Company split and absorption-type merger of a consolidated subsidiary

Pursuant to the resolution of the meeting of the Board of Directors held on November 25, 2021, the Company conducted two transactions effective on April 1, 2022: an absorption-type company split, in which the real estate business of Kinki Sogo Leasing Co., Ltd. ("KSL"), a wholly owned subsidiary of the Company, was succeeded to the Company's another wholly owned subsidiary, JA Mitsui Leasing Tatemono Co., Ltd. ("JAMLT"), and absorption-type merger with the Company as the surviving company and KSL as the dissolving company.

(1) Overview of the transactions

① Name of the business subject to the transaction and details thereof

- Absorption-type company split: Assets, liabilities, contracts, and other rights and obligations pertaining to KSL's real estate business
- Absorption-type merger: All of KSL's assets, liabilities, contracts, and other rights and obligations other than above

② Date of business combination

April 1, 2022

③ Legal form of the business combination

- Absorption-type company split: Absorption-type company split, in which KSL shall be the splitting company and JAMLT shall be the successor company
- Absorption-type merger: Absorption-type merger, in which the Company shall be the surviving company and KSL shall be the dissolving company

④ Name of the company after the combination

There is no change.

⑤ Purpose of the business combination

In line with the Medium-Term Management Plan "Real Change 2025" that started in the fiscal year ended March 31, 2021, the Group has been enhancing the earning power of its domestic business base. With this business integration, the Group aims not only to enhance the sales function in the Kansai region, but also to capture business opportunities toward resolving customers' management issues with a sense of speed by combining the relationships with customers built by KSL with the JA Mitsui Leasing Group' ability to propose solutions.

(2) Overview of the accounting procedures applied

These transactions were 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).

2. Conversion of an associated company accounted for using equity method into a consolidated subsidiary

At the meeting of the Board of Directors held on December 22, 2022, the Company resolved to acquire, through its consolidated subsidiary JAML MRC Holding, Inc. ("JMRCH"), all of the equity interest that Mitsui & Co., Ltd. ("Mitsui") holds in Mitsui Rail Capital, LLC ("MRC"), a North American railcar leasing company, and to make MRC into a consolidated subsidiary. Pursuant to the resolution, the Company entered into an equity interest acquisition agreement on January 20, 2023, acquired additional equity in MRC, and made it into a consolidated subsidiary on March 31, 2023.

(1) Overview of the business combination

① Name of the acquired company and details of the acquired business

Name: Mitsui Rail Capital, LLC

Details of the business: Railcar leasing business in North America

② Main reasons for the business combination

Since the Company entered into a joint venture operation with Mitsui in the MRC business in 2015, MRC has built a diversified freight railcar portfolio that supports a broad range of industries, including energy, food products, manufacturing, construction, and others. MRC's customer focus and dedicated service have been well recognized in the railcar-leasing market since its founding in 1996, and the Company has further improved the service to strengthen the business foundation.

The railcar leasing business fits well with the goals of "strengthening global business expansion focused on North America" and "transforming our business model in more specialized fields" under our medium-term management plan. It also aligns with another goal of "contributing to SDGs" through enhancing the environmentally friendly railcar freight transportation. The Company's well-established knowledge and skills in a broad range of financial services, including the operating lease business, will support MRC's next stage of growth. Based on these strategic benefits, the Company and Mitsui have mutually agreed to consolidate MRC into the Company.

③ Date of business combination

March 31, 2023

④ Legal form of the business combination

Acquisition of equity interest with cash as consideration

⑤ Name of the company after business combination

There was no change as of the business combination, but the company name was changed to Modern Rail Capital LLC on May 4, 2023.

⑥ Percentage of equity interest acquired

Percentage of equity interest held immediately before the acquisition:	50.0% (including indirect holding of 50.0%)
Percentage of equity interest additionally acquired on the date of business combination:	50.0% (including indirect holding of 50.0%)
Percentage of equity interest after the acquisition:	100.0% (including indirect holding of 100.0%)

⑦ Main basis for deciding the acquiring company

JMRCH, a consolidated subsidiary of the Company, acquired equity interest with cash as consideration.

(2) Period of business performance of the acquired company included in the consolidated financial statements

From April 1, 2022, to March 31, 2023

As the acquired company had been an associated company accounted for using equity method, its performance for the period from April 1, 2022, to March 31, 2023, has been recorded as share of profit of entities accounted for using equity method.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

	(Millions of yen)
Fair value of equity interest held immediately before the business combination measured on the date of business combination	4,770
Consideration for additional acquisition	4,770
Acquisition cost	9,541

(4) Difference between the acquisition cost of the acquired company and the total amount of the acquisition costs of the respective transactions leading to the acquisition

Loss on step acquisitions: ¥115 million

(5) Details and amount of major acquisition-related expenses

Fees and commissions for due diligence, etc.: ¥42 million

(6) Amount of negative goodwill generated and reason for the generation

① Amount of negative goodwill generated: ¥147 million

(Note) As allocation of acquisition cost was yet to be completed as of the end of the consolidated fiscal year ended March 31, 2023, negative goodwill was provisionally accounted for based on reasonable information available as of the reporting date.

② Reason for the generation

The acquired company’s net assets at fair value exceeded the acquisition cost.

(7) Amounts of assets acquired and liabilities assumed on the date of business combination and major items thereof

	(Millions of yen)
Current assets	1,182
Non-current assets	60,737
Total assets	61,920
Current liabilities	1,935
Non-current liabilities	—
Total liabilities	1,935

(Note) The above table excludes receivables and payables with the Company and its consolidated subsidiaries.

BALANCE SHEET (Translation)

As of March 31, 2023

(Millions of yen)

ASSETS

Account item	Amount
Current assets	**1,685,665**
Cash and deposits	48,654
Installment receivables	88,516
Lease receivables	267,799
Investments in leases	542,520
Operating loans receivables	284,200
Other operating loans receivable	93,772
Lease and other receivables	863
Other operating assets	12,411
Advance on contracts	4,328
Prepaid expenses	2,827
Short-term loan receivables	327,061
Other	16,125
Allowance for doubtful accounts	(3,417)
Non-current assets	**163,064**
Property, plant and equipment	**14,395**
Leased assets	13,835
Own-used assets	559
Intangible assets	**3,228**
Leased assets	270
Software	2,574
Other	383
Investments and other assets	**145,440**
Investment securities	47,483
Shares of subsidiaries and associates	59,328
Long-term loan receivables	28,999
Distressed receivables	314
Long-term prepaid expenses	108
Deferred tax assets	2,157
Other	7,334
Allowance for doubtful accounts	(286)
Total assets	**1,848,729**

LIABILITIES

Account item	Amount
Current liabilities	**892,119**
Notes payable-trade	1,625
Accounts payable - trade	25,686
Short-term borrowings	162,759
Current portion of bonds payable	30,000
Current portion of long-term borrowings	133,115
Commercial papers	440,968
Payables under securitization of lease receivables	47,137
Lease obligations	16,132
Accounts payable - other	8,843
Accrued expenses	1,464
Income taxes payable	2,392
Advances received on lease contracts	5,590
Deposits received	10,172
Unearned revenue	8
Deferred profit on installment sales	4,210
Provision for bonuses	1,567
Provision for bonuses for directors (and other officers)	43
Other	400
Non-current liabilities	**750,356**
Bonds payable	130,000
Long-term borrowings	490,022
Long-term payables under securitization of lease receivables	116,956
Provision for employees' retirement benefits	4,440
Guarantee deposits received	8,270
Other	667
Total liabilities	**1,642,476**
NET ASSETS	
Shareholders' equity	**199,827**
Share capital	**32,000**
Capital surplus	**66,264**
Legal capital surplus	30,000
Other capital surplus	36,264
Retained earnings	**101,562**
Legal retained earnings	412
Other retained earnings	101,150
Retained earnings brought forward	101,150
Valuation and translation adjustments	**6,425**
Valuation difference on available-for-sale securities	**6,461**
Deferred gains or losses on hedges	**(36)**
Total net assets	**206,252**
Total liabilities and net assets	**1,848,729**

STATEMENT OF INCOME (Translation)

For the year ended March 31, 2023

(Millions of yen)

Account item	Amount	
Net sales		
Lease revenue	285,850	
Installment sales	20,275	
Finance revenue	10,525	
Other revenue	5,751	322,403
Cost of sales		
Cost of lease	263,962	
Cost of installment sales	18,712	
Cost of finance	85	
Financing costs	5,690	
Cost of other sales	1,440	289,893
Gross profit		**32,510**
Selling, general and administrative expenses		19,616
Operating profit		**12,894**
Non-operating income		
Interest income	2,552	
Dividend income	5,463	
Other	582	8,598
Non-operating expenses		
Interest expenses	1,975	
Bond issuance costs	184	
Foreign exchange losses	53	
Other	1	2,215
Ordinary profit		**19,277**
Extraordinary income		
Gain on sale of non-current assets	13	
Gain on sale of investment securities	1,035	
Gain on sale of shares of subsidiaries and associates	564	
Gain on extinguishment of tie-in shares	6,048	7,660
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	
Loss on sale of investment securities	92	
Loss on valuation of investment securities	55	
Loss on valuation of shares of subsidiaries and associates	5	
Loss on liquidation of subsidiaries and associates	3	162
Profit before income taxes		**26,775**
Income taxes-current	4,818	
Income taxes-deferred	294	5,112
Profit		**21,662**

STATEMENT OF CHANGES IN NET ASSETS (Translation)

For the year ended March 31, 2023

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	
Balance at beginning of period	32,000	30,000	36,264	66,264	412	88,715	89,128	187,392
(Changes during period)								
Dividends from surplus						(9,228)	(9,228)	(9,228)
Profit						21,662	21,662	21,662
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	12,434	12,434	12,434
Balance at end of period	32,000	30,000	36,264	66,264	412	101,150	101,562	199,827

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	7,999	27	8,027	195,420
(Changes during period)				
Dividends from surplus				(9,228)
Profit				21,662
Net changes in items other than shareholders' equity	(1,537)	(64)	(1,602)	(1,602)
Total changes during period	(1,537)	(64)	(1,602)	10,832
Balance at end of period	6,461	(36)	6,425	206,252

NOTES TO FINANCIAL STATEMENTS (Translation)

For the year ended March 31, 2023

Amounts less than one million yen have been truncated.

(Notes to Significant Accounting Policies)

1. Valuation basis and methods applied for assets

(1) Securities

Shares of subsidiaries and associates......................	At cost determined by the moving-average method
Available-for-sale securities	
Securities other than shares, etc., that do not have a market price...	At fair value (All valuation differences are reported as a component of equity. The cost of securities sold is determined by the moving-average method.)
Shares, etc., that do not have a market price…...........	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 non-current assets

(1) Leased assets

Leased assets are 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 leased assets, property, plant and equipment are depreciated under the declining-balance method. Intangible assets are amortized under the straight-line method.

(2) Other non-current assets

Property, plant and equipment

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 costs

Bond issuance costs are 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 accounts

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 and receivables from businesses under a bankruptcy or rehabilitation process, 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, 2023, such estimated uncollectible amount is ¥2,325 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 bonuses for directors (and other officers)

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 bonuses for directors (and other officers).

(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

For financing-type installment contracts, the Company accounts for the amount equivalent to principal of contracts as installment receivables upon delivery of goods and records the amount equivalent to interest as installment sales as each payment becomes due.

For sales-type installment contracts, the Company accounts for in a lump-sum installment sales and costs of installment sales upon sales. Unrealized gross profits on installment receivables with installment payments becoming due at later dates are deferred.

(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 income, 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

Operating loans receivables and borrowings

Lease receivables and investments in leases

(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

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 Changes in Accounting Policies)

Effective from the beginning of the fiscal year ended March 31, 2023, the Company has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter, the “Fair Value Measurement Guidance”) and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance, in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. The application has no impact on the financial statements.

(Notes to Accounting Estimates)

Recording of allowance for doubtful accounts

(1) Amount recorded in the fiscal year ended March 31, 2023

	(Millions of yen)
Allowance for doubtful accounts (current)	(3,417)
Allowance for doubtful accounts (non-current)	(286)

(2) Other information that facilitates understanding about the nature of estimates

The same information is described in “(Notes to Accounting Estimates), Recording of allowance for doubtful accounts” in the notes to 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	76,344
Investments in leases	57,036
Operating loans receivables	44,215
Other operating loans receivable	1,073
Investment securities	700
Other (investments and other assets)	15
Total	179,384

(2) Liabilities corresponding to assets pledged as collateral

	(Millions of yen)
Current portion of long-term borrowings	60
Payables under securitization of lease receivables	47,137
Long-term payables under securitization of lease receivables	116,956
Total	164,154

2. Accumulated depreciation of property, plant and equipment

	(Millions of yen)
Accumulated depreciation of leased assets	20,983
Accumulated depreciation of own-used assets	1,178

3. Contingent liabilities

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

	(Millions of yen)
JA Mitsui Leasing Capital Corporation	198,610
JA Mitsui Leasing Singapore Pte. Ltd.	58,851
PT. Mitsui Leasing Capital Indonesia	49,529
Altair Lines S.A.	14,533
Others	43,018
Total	364,543

4. Breakdown of lease receivables and investments in leases

(Millions of yen)

	Lease receivables	Investments in leases
Amount of receivables	287,402	560,944
Estimated residual value	—	27,361
Amount equivalent to interest receivables	19,603	45,785
Total	267,799	542,520

5. Notes received as guarantees

(Millions of yen)

Notes received for installment receivables	1,372
Notes received for investments in leases	259
Notes received for other operating loans receivable	7,343

6. Operating lease contract receivables under the remaining lease terms

(Millions of yen)

Other lease contract receivables	6,340

7. Trade receivables due after one year

(Millions of yen)

Installment receivables	57,755
Lease receivables	185,027
Investments in leases	337,868
Operating loans receivables	201,324
Other operating loans receivable	25,504
Operating lease contract receivables under the remaining lease terms	4,285
Total	811,766

8. Receivables and payables with subsidiaries and associated companies

(Millions of yen)

Short-term receivables	335,100
Long-term receivables	28,999
Short-term payables	74,839
Long-term payables	25,870

(Notes to Statement of Income)

1. Transactions with subsidiaries and associated companies

(Millions of yen)

Amount of operating transactions	
Net sales	5,799
Cost of sales	276
Selling, general and administrative expenses	1,613
Amount of non-operating transactions	8,023

2. Breakdown of financing costs

(Millions of yen)

Interest expenses, etc.	6,863
Interest income, etc.	(1,173)
Net balance	5,690

(Notes to Income Taxes)

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

(Millions of yen)

Deferred tax assets	
Allowance for doubtful accounts	1,733
Provision for employees' retirement benefits	1,359
Excess provision for depreciation and amortization	852
Provision for bonuses	479
Shares of subsidiaries and associates	413
Other	1,024
Deferred tax assets subtotal	5,862
Less valuation allowance	(752)
Total deferred tax assets	5,110
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(2,873)
Other	(79)
Total deferred tax liabilities	(2,952)
Net deferred tax assets	2,157

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)	
Effect of reorganization	(6.9)%
Permanent differences, such as dividend income	(3.7)%
Withholding tax	0.0%
Inhabitant tax on per capita basis	0.1%
Other	(1.1)%
Effective tax rate after adjustments for tax effect accounting	19.0%

(Notes to Leased Non-current Assets)

In addition to non-current 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 associated company	The Norinchukin Bank	Directly 33.40%	Loan Doubled as director	Borrowings (*)	396,100	Short-term borrowings	52,000
						Current portion of long-term borrowings	11,698
						Long-term borrowings	25,870
				Payment of the interest	175	Accrued expenses	13

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	JA Mitsui Leasing Kyushu, Ltd.	Directly 100%	Loan Doubled as executive officer, etc.	Loan (*1) Receipt of the interest	586,500 206	Short-term loan receivables Accrued income	45,100 0
Subsidiary	JA Mitsui Leasing Auto, Ltd.	Directly 100%	Loan Doubled as executive officer, etc.	Loan (*1) Receipt of the interest	460,700 159	Short-term loan receivables Accrued income	39,200 0
Subsidiary	JA Mitsui Leasing Tatemono Co., Ltd.	Directly 100%	Loan Doubled as executive officer, etc.	Loan (*1) Receipt of the interest	1,974,200 528	Short-term loan receivables Accrued income	174,600 1
Subsidiary	JA Mitsui Leasing USA Holdings, Inc.	Indirectly 100%	Underwriting of capital increase Doubled as executive officer, etc.	Underwriting of capital increase	5,151	—	—
Subsidiary	JA Mitsui Leasing Capital Corporation	Indirectly 100%	Loan Guarantee of liability Doubled as executive officer, etc.	Loan (*1) Receipt of the interest	53,348 251	Short-term loan receivables Long-term loan receivables Accrued income	40,059 13,331 36
				Guarantee of liabilities (*2) Receipt of the guarantee fee	198,610 297	— Accrued income	— 75
Subsidiary	PT. Mitsui Leasing Capital Indonesia	Directly 85.00% Indirectly 14.99%	Guarantee of liability	Guarantee of liabilities (*2) Receipt of the guarantee fee	49,529 72	— Accrued income	— 18
Subsidiary	JA Mitsui Leasing Singapore Pte. Ltd.	Indirectly 100%	Guarantee of liability Doubled as executive officer, etc.	Guarantee of liabilities (*2) Receipt of the guarantee fee	58,851 73	— Accrued income	— 21
Subsidiary	Altair Lines S.A.	Directly 100%	Loan	Loan (*1) Receipt of the interest	11,427 919	Short-term loan receivables Long-term loan receivables Accrued income	13,037 9,724 40
Subsidiary	JAML Capital One L.P.	Directly 100%	Loan	Loan (*1) Receipt of the interest	58,302 186	Short-term loan receivables Accrued income	6,716 23

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.

(Notes to Per Share Information)

1. Book value per share	¥4,489.87
2. Earnings per share	¥293.43

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 19, 2023

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Kensuke Yamasaki

Designated Engagement Partner,
Certified Public Accountant:

Yoshihiro Fujii

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, 2023, and the consolidated statement of income and consolidated statement of changes in net assets for the fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, 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.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 judgment. 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. The other information in "the Business Report and the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 19, 2023

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Kensuke Yamasaki

Designated Engagement Partner,
Certified Public Accountant:

Yoshihiro Fujii

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, 2023, and the statement of income and statement of changes in net assets for the 15th fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, 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.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 judgment. 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.

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. "The accompanying supplemental schedules" referred to in the "Opinion" section of this English translation are not included in the attached financial documents. In addition, the other information in "the Business Report and the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

(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 15th fiscal year from April 1, 2022, to March 31, 2023, 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, while utilizing means, such as telephone lines or the Internet as well, endeavored to gather information and to create an improved environment for auditing through close communication with the directors, 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 directors and other related personnel of the subsidiaries; and received reports from the subsidiaries, 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, Sections 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 their duties and sought explanations as necessary. Each Audit & Supervisory Board member was notified by the independent auditors that they have 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. Audit & Supervisory Board members discussed with the independent auditors on key considerations in audits, received reports regarding the implementation of audits on them, and sought explanations as necessary.

Based on the foregoing method, Audit & Supervisory Board members reviewed the business report and supplementary schedules thereto, 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 and supplementary schedules thereto fairly represent 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 22, 2023

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

Standing Audit & Supervisory Board member	Hideyuki Takeda
Standing Audit & Supervisory Board member	Yoshimi Sugawara
Audit & Supervisory Board member	Hideo Tsukamoto

(Note) Hideyuki Takeda, a standing Audit & Supervisory Board member, and Hideo Tsukamoto, an 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.