

# Financial Summary

## 1 General Account

| Balance Sheet                     |                         | (Unit: Millions of yen) |  |
|-----------------------------------|-------------------------|-------------------------|--|
|                                   | As of<br>March 31, 2019 | As of<br>March 31, 2020 |  |
| <b>Assets</b>                     |                         |                         |  |
| Current assets                    |                         |                         |  |
| Cash and deposits                 | 214,926                 | 232,485                 |  |
| Others                            | 27,155                  | 26,493                  |  |
| Total current assets              | 242,081                 | 258,978                 |  |
| Non-current assets                |                         |                         |  |
| Tangible assets                   | 39,141                  | 38,651                  |  |
| Intangible assets                 | 3,323                   | 4,072                   |  |
| Investments and other assets      | 1,666                   | 16,896                  |  |
| Total non-current assets          | 44,130                  | 59,619                  |  |
| Total assets                      | 286,211                 | 318,597                 |  |
| <b>Liabilities</b>                |                         |                         |  |
| Current liabilities               |                         |                         |  |
| Operational grant liabilities     | 31,300                  | 40,669                  |  |
| Funds for grant aid               | 174,791                 | 178,788                 |  |
| Others                            | 17,513                  | 22,776                  |  |
| Total current liabilities         | 223,604                 | 242,234                 |  |
| Non-current liabilities           |                         |                         |  |
| Contra-accounts for assets        | 6,999                   | 7,873                   |  |
| Provision for retirement benefits | —                       | 14,982                  |  |
| Others                            | 627                     | 489                     |  |
| Total non-current liabilities     | 7,626                   | 23,344                  |  |
| Total liabilities                 | 231,230                 | 265,578                 |  |
| <b>Net assets</b>                 |                         |                         |  |
| Capital                           |                         |                         |  |
| Government investment             | 62,452                  | 62,452                  |  |
| Total capital                     | 62,452                  | 62,452                  |  |
| Capital surplus                   |                         |                         |  |
| Capital surplus                   | (21,957)                | (22,442)                |  |
| Total capital surplus             | (21,957)                | (22,442)                |  |
| Retained earnings                 |                         |                         |  |
| Retained earnings                 | 14,485                  | 13,008                  |  |
| Total retained earnings           | 14,485                  | 13,008                  |  |
| Total net assets                  | 54,981                  | 53,019                  |  |
| Total liabilities and net assets  | 286,211                 | 318,597                 |  |

(Assets)

For the business year ended March 31, 2020, total assets amounted to ¥318,597 million, increasing ¥32,386 million or 11.3% from the previous business year, primarily due to the ¥17,559 million or 8.2% increase in cash and deposits and ¥14,982 million increase in contra-accounts for provision for retirement benefits (recorded from the current business year due to changes in accounting standards). The ending balance of cash and deposits of ¥232,485 million includes donated funds for grant aid projects which amount to ¥180,918 million.

(Liabilities)

For the business year ended March 31, 2020, total liabilities were ¥265,578 million, increasing ¥34,348 million or 14.9% year-on-year, primarily due to the ¥9,369 million or 29.9% increase in operational grant liabilities and ¥14,982 million increase in provision for retirement benefits (recorded from the current business year due to changes in accounting standards).

| Statement of Income   |                                  | (Unit: Millions of yen)          |  |
|---|----------------------------------|----------------------------------|--|
|   | April 1, 2018–<br>March 31, 2019 | April 1, 2019–<br>March 31, 2020 |  |
| <b>Ordinary expenses</b>  |                                  |                                  |  |
| Operating expenses  |                                  |                                  |  |
| Expenses for priority sectors and regions   | 78,686                           | 71,030                           |  |
| Expenses for private sector partnership   | 5,016                            | 4,479                            |  |
| Expenses for domestic partnership   | 18,506                           | 17,184                           |  |
| Expenses for other operations   | 3,384                            | 3,217                            |  |
| Expenses for operation support  | 37,417                           | 38,806                           |  |
| Expenses for grant aid  | 94,985                           | 89,236                           |  |
| Others  | 711                              | 1,375                            |  |
| General administrative expenses   | 8,593                            | 8,989                            |  |
| Financial expenses  | 243                              | 108                              |  |
| Specific purpose expenses   | —                                | 250                              |  |
| Others  | 1                                | 0                                |  |
| Total ordinary expenses   | 247,543                          | 234,674                          |  |
| <b>Ordinary revenues</b>  |                                  |                                  |  |
| Revenues from operational grants  | 139,031                          | 137,013                          |  |
| Revenues from grant aid   | 94,985                           | 89,236                           |  |
| Others  | 4,434                            | 7,101                            |  |
| Total ordinary revenues   | 238,451                          | 233,350                          |  |
| Ordinary income (loss)  | (9,093)                          | (1,324)                          |  |
| Extraordinary losses  | 34                               | 16,057                           |  |
| Extraordinary income  | 68                               | 16,042                           |  |
| Reversal of reserve fund carried over from the previous Mid-term Objective period | 12,227                           | 4,459                            |  |
| Total income for the current business year  | 3,168                            | 3,121                            |  |

(Ordinary expenses)

For the business year ended March 31, 2020, ordinary expenses amounted to ¥234,674 million, decreasing ¥12,869 million or 5.2% from the previous business year. The major factor of the decrease was the ¥7,656 million or 9.7% year-on-year decrease in expenses for priority sectors and regions of which operational grants are the financial source and the ¥5,750 million or 6.1% decrease in expenses for grant aid.

(Ordinary revenues)

For the business year ended March 31, 2020, ordinary revenues totaled ¥233,350 million, decreasing ¥5,101 million or 2.1% year-on-year. The major factor of the decrease was the ¥2,018 million or 1.5% decrease in revenues from operational grants and the ¥6,750 million or 6.1% decrease in revenues from grant aid.

(Total income for the current business year)

In addition to the ordinary income noted above, the following items were recorded in the business year under review. There was an extraordinary income of ¥37 million with the loss on disposal of non-current assets, ¥3 million in loss on sales of non-current assets, and ¥26 million in gain on sales of non-current assets. Moreover, reversal of reserve fund carried over from the previous Mid-term Objective period totaled ¥4,459 million. As a result, total income for the current business year was ¥3,121 million, decreasing ¥47 million or 1.5% from the previous business year.

| Statement of Cash Flows                                |                                  | (Unit: Millions of yen)          |  |
|--|----------------------------------|----------------------------------|--|
|  | April 1, 2018–<br>March 31, 2019 | April 1, 2019–<br>March 31, 2020 |  |
| <b>I. Cash flows from operating activities</b>         |                                  |                                  |  |
| Payments of operating expenses                         | (130,351)                        | (120,977)                        |  |
| Payments for grant aid                                 | (95,355)                         | (88,121)                         |  |
| Payments of personnel expenses                         | (17,221)                         | (17,346)                         |  |
| Proceeds from operational grants                       | 152,364                          | 150,476                          |  |
| Proceeds from grant aid                                | 105,714                          | 93,258                           |  |
| Other proceeds and payments                            | 4,314                            | 3,247                            |  |
| <b>II. Cash flows from investing activities</b>        | (2,477)                          | (2,524)                          |  |
| <b>III. Cash flows from financing activities</b>       | (145)                            | (115)                            |  |
| <b>IV. Effect of exchange rate changes on funds</b>    | (128)                            | (40)                             |  |
| <b>V. Net increase (decrease) in funds</b>             | 16,716                           | 17,859                           |  |
| <b>VI. Funds at the beginning of the business year</b> | 191,910                          | 208,626                          |  |
| <b>VII. Funds at the end of the business year</b>      | 208,626                          | 226,485                          |  |

(Cash flows from operating activities)

For the business year ended March 31, 2020, cash flows from operating activities amounted to ¥20,538 million, increasing ¥1,072 million or 5.5% year-on-year. The major factor of the increase was the ¥9,374 million or 7.2% decrease in payments of operating expenses, the ¥7,234 million or 7.6% decrease in payments for grant aid, ¥1,888 million or 1.2% decrease in proceeds from operational grants, and the ¥12,456 million or 11.8% decrease in proceeds from grant aid.

(Cash flows from investing activities)

For the business year ended March 31, 2020, cash flows from investing activities amounted to a cash outflow of ¥2,524 million, decreasing ¥47 million or 1.9% from the previous business year. The decrease was primarily attributed to the absence of proceeds from subsidy for facilities which was ¥159 million in the previous business year.

(Cash flows from financing activities)

For the business year ended March 31, 2020, cash flows from financing activities amounted to a cash outflow of ¥115 million, increasing ¥30 million or 20.6% from the previous business year. The major contributor to the decrease was the ¥30 million or 20.6% decrease in repayments of lease obligations.

## 2 Finance and Investment Account

| Balance Sheet   |                         | (Unit: Millions of yen) |  |
|---|-------------------------|-------------------------|--|
|   | As of<br>March 31, 2019 | As of<br>March 31, 2020 |  |
| <b>Assets</b>   |                         |                         |  |
| Current assets  |                         |                         |  |
| Loans   | 12,300,294              | 12,614,846              |  |
| Allowance for loan losses   | (165,844)               | (142,053)               |  |
| Others  | 385,840                 | 233,445                 |  |
| Total current assets  | 12,520,290              | 12,706,238              |  |
| Non-current assets  |                         |                         |  |
| Tangible assets   | 9,431                   | 9,370                   |  |
| Intangible assets   | 5,758                   | 5,655                   |  |
| Investments and other assets  |                         |                         |  |
| Claims probable in bankruptcy,<br>claims probable in rehabilitation, and other                  | 87,063                  | 87,063                  |  |
| Allowance for loan losses   | (83,193)                | (87,063)                |  |
| Others  | 91,581                  | 104,200                 |  |
| Total non-current assets  | 110,639                 | 119,225                 |  |
| Total assets  | 12,630,929              | 12,825,464              |  |
| <b>Liabilities</b>  |                         |                         |  |
| Current liabilities   |                         |                         |  |
| Current portion of bonds  | 67,305                  | —                       |  |
| Current portion of borrowings from<br>government fund for Fiscal Investment and<br>Loan Program | 138,032                 | 106,613                 |  |
| Others  | 40,805                  | 40,341                  |  |
| Total current liabilities   | 246,141                 | 146,954                 |  |
| Non-current liabilities   |                         |                         |  |
| Bonds   | 733,299                 | 791,079                 |  |
| Borrowings from government fund for<br>Fiscal Investment and Loan Program                       | 1,899,402               | 1,962,569               |  |
| Others  | 8,757                   | 9,582                   |  |
| Total non-current liabilities   | 2,641,459               | 2,763,230               |  |
| Total liabilities   | 2,887,600               | 2,910,185               |  |
| <b>Net assets</b>   |                         |                         |  |
| Capital   |                         |                         |  |
| Government investment   | 8,083,418               | 8,150,728               |  |
| Total capital   | 8,083,418               | 8,150,728               |  |
| Retained earnings   |                         |                         |  |
| Reserve fund  | 1,626,110               | 1,703,881               |  |
| Others  | 77,771                  | 95,645                  |  |
| Total retained earnings   | 1,703,881               | 1,799,526               |  |
| Valuation and translation adjustments   | (43,969)                | (34,974)                |  |
| Total net assets  | 9,743,329               | 9,915,279               |  |
| Total liabilities and net assets  | 12,630,929              | 12,825,464              |  |

## (Assets)

For the business year ended March 31, 2020, total assets amounted to ¥12,825,464 million, increasing ¥194,535 million or 1.5% from the previous business year, primarily due to the ¥314,552 million or 2.6% increase in loans.

## (Liabilities)

For the business year ended March 31, 2020, total liabilities were ¥2,910,185 million, increasing ¥22,585 million or 0.8% year-on-year, primarily due to the ¥31,748 million or 1.6% increase in borrowings from government fund for Fiscal Investment and Loan Program.

| Statement of Income   |                                  | (Unit: Millions of yen)          |  |
|---|----------------------------------|----------------------------------|--|
|   | April 1, 2018–<br>March 31, 2019 | April 1, 2019–<br>March 31, 2020 |  |
| <b>Ordinary expenses</b>  |                                  |                                  |  |
| Expenses related to operations of cooperation<br>through finance and investment |                                  |                                  |  |
| Interest on bonds and notes   | 9,331                            | 9,515                            |  |
| Interest on borrowings  | 16,541                           | 21,707                           |  |
| Interest on interest rate swaps   | 6,720                            | 6,222                            |  |
| Operations outsourcing expenses   | 33,865                           | 29,138                           |  |
| Operating and administrative expenses   | 13,621                           | 12,296                           |  |
| Provision for allowance for loan losses   | 1,779                            | —                                |  |
| Others  | 8,089                            | 7,959                            |  |
| Total ordinary expenses   | 89,945                           | 86,837                           |  |
| <b>Ordinary revenues</b>  |                                  |                                  |  |
| Revenues from operations of cooperation through<br>finance and investment       |                                  |                                  |  |
| Interest on loans   | 138,201                          | 131,739                          |  |
| Dividends on investments  | 20,872                           | 15,852                           |  |
| Reversal of provision for allowance for loan losses                             | —                                | 19,922                           |  |
| Others  | 6,872                            | 13,392                           |  |
| Others  | 1,775                            | 1,582                            |  |
| Total ordinary revenues   | 167,721                          | 182,486                          |  |
| Ordinary income   | 77,776                           | 95,650                           |  |
| Extraordinary losses  | 6                                | 9                                |  |
| Extraordinary income  | 2                                | 3                                |  |
| <b>Total income for the current business year</b>                               | <b>77,771</b>                    | <b>95,645</b>                    |  |

## (Ordinary expenses)

For the business year ended March 31, 2020, ordinary expenses amounted to ¥86,837 million, decreasing ¥3,109 million or 3.5% from the previous business year. The major factor of the decrease was the ¥4,727 million or 14.0% decrease in operations outsourcing expenses.

## (Ordinary revenues)

For the business year ended March 31, 2020, ordinary revenues increased ¥14,765 million or 8.8% to ¥182,486 million. The major factor of the increase was the reversal of provision for allowance for loan losses of ¥19,922 million which was ¥0 in the previous business year. (Total income for the current business year)

In addition to the ordinary income noted above, there were extraordinary losses of ¥9 million, including loss on disposal of non-current assets and other losses, and extraordinary income of ¥3 million as gain on sales of non-current assets. As a result, total income for the current business year was ¥95,645 million, increasing ¥17,873 million or 23.0% from the previous business year.

| Statement of Cash Flows   |                                  | (Unit: Millions of yen)          |           |
|---|----------------------------------|----------------------------------|-----------|
|   | April 1, 2018–<br>March 31, 2019 | April 1, 2019–<br>March 31, 2020 |           |
| <b>I. Cash flows from operating activities</b>  |                                  |                                  |           |
| Payments for loans  | (1,079,145)                      | (1,090,516)                      | (200,800) |
| Repayments of borrowings from government fund<br>for Fiscal Investment and Loan Program | (206,179)                        | (200,152)                        |           |
| Proceeds from collection of loans   | 789,222                          | 779,398                          |           |
| Proceeds from borrowings from government fund<br>for Fiscal Investment and Loan Program | 332,100                          | 231,900                          |           |
| Proceeds from issuance of bonds   | 113,966                          | 59,639                           |           |
| Proceeds from interest on loans   | 135,396                          | 128,416                          |           |
| Other operation proceeds and payments   | (63,141)                         | (109,485)                        |           |
| <b>II. Cash flows from investing activities</b>   | <b>(13,525)</b>                  | <b>4,584</b>                     |           |
| <b>III. Cash flows from financing activities</b>  | <b>45,848</b>                    | <b>67,156</b>                    |           |
| <b>IV. Effect of exchange rate fluctuation on funds</b>                                 | <b>1,122</b>                     | <b>0</b>                         |           |
| <b>V. Net increase (decrease) in funds</b>  | <b>55,663</b>                    | <b>(129,060)</b>                 |           |
| <b>VI. Funds at the beginning of the business year</b>                                  | <b>248,954</b>                   | <b>304,618</b>                   |           |
| <b>VII. Funds at the end of the business year</b>                                       | <b>304,618</b>                   | <b>175,558</b>                   |           |

## (Cash flows from operating activities)

For the business year ended March 31, 2020, cash flows from operating activities amounted to a cash outflow of ¥200,800 million, decreasing ¥223,017 million or 1,003.8% year-on-year. The major factor of the decrease was the ¥100,200 million or 30.2% decrease in proceeds from borrowings from government fund for Fiscal Investment and Loan Program.

## (Cash flows from investing activities)

For the business year ended March 31, 2020, cash flows from investing activities amounted to ¥4,584 million, increasing ¥18,109 million or 133.9% from the previous business year. The increase was primarily attributed to the ¥46,184 million or 93.4% increase in proceeds from time deposit refund.

## (Cash flows from financing activities)

For the business year ended March 31, 2020, cash flows from financing activities amounted to ¥67,156 million, increasing ¥21,308 million or 46.5% from the previous business year. The major factor of the increase was the ¥21,300 million or 46.3% increase in receipts of government investment.