

Tokyo Century Corporation

FINANCIAL STATEMENTS 2025

For the year ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokyo Century Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Tokyo Century Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of leased assets related to operating leases for aircraft held by Aviation Capital Group LLC	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As stated in Note 5 to the consolidated financial statements, "Significant Accounting Estimates: (1) Impairment of leased assets," on the consolidated balance sheet as of March 31, 2025, the Group recorded ¥2,638,974 million of leased assets as tangible fixed assets, which included ¥1,839,369 million of leased assets related to operating leases for aircraft. Also, the amount of impairment losses on leased assets for aircraft for the year ended March 31, 2025, was ¥2,268 million in costs.</p> <p>Most of the leased assets related to operating leases for aircraft are held by Aviation Capital Group LLC (the "Subsidiary"), a consolidated subsidiary of Tokyo Century Corporation (the "Company"). The Subsidiary assesses the leased assets for impairment in the following steps in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), identifying individual aircraft as an asset group:</p> <p>(1) If indications of impairment are identified by performing impairment indicators assessment, the Subsidiary estimates undiscounted future cash flows based on assumptions such as lease income and disposal value, considering the possibility of secondary leasing, future market conditions, and other information. Also, the Subsidiary determines whether an impairment loss should be recognized by comparing the book value and the undiscounted future cash flows.</p> <p>(2) If leased assets are determined to be impaired, impairment losses are measured based on the estimated net realizable value or the discounted future cash flows.</p> <p>As stated in Note 5 to the consolidated financial statements, "Significant Accounting Estimates," the undiscounted future cash flows used in the recognition and measurement of impairment losses on leased assets related to operating leases for aircraft are estimated based on assumptions such as lease income and disposal value, considering the possibility of secondarily leasing, future market conditions, and other information. Furthermore, the Subsidiary designs and operates controls over the review and approval of the estimates within the Subsidiary.</p>	<p>Our audit procedures performed in relation to the key audit matter included the following, among others:</p> <p>(1) For assessing the business environment surrounding the aircraft leasing industry and the reasonableness of the estimates of the future cash flow used in determination on whether impairment losses should be recognized and measurement of impairment losses, we inquired of the executives of the Specialty Financing in charge of the aircraft leasing business of the Group about the following and examined the comparison and consistency between their responses and available external data:</p> <ul style="list-style-type: none"> • The business environment of the airline leasing industry • Operating conditions, financial position, and status of lease payments of the Subsidiary's lessees whose lease payments have been delayed or lessees whose lease payments have been deferred based on the agreements • Status of negotiations for secondary leases of the aircraft that have been off-lease for a certain period among the leased assets related to aircraft leases held by the Subsidiary <p>(2) We instructed the Subsidiary's auditor to perform the audit of the Subsidiary and we performed the following procedures, among others:</p> <ul style="list-style-type: none"> • We gained an understanding of the changes in the accounting policies and significant assumptions used by the Subsidiary for impairment of leased assets related to operating leases for aircraft from the previous fiscal year, and examined whether they were in accordance with U.S. GAAP. • We tested the design and operating effectiveness of the Subsidiary's controls over the review and approval processes to ensure the reasonableness of management's estimates related to the significant assumptions such as lease income and disposal value, consideration of the possibility of secondarily leasing and future market conditions included in the estimates of the future cash flows related to aircraft held for leasing purposes.

<p>The future cash flows used in the recognition and measurement of impairment losses are estimated based on significant assumptions such as lease income and disposal value, considering the possibility of secondarily leasing, future market conditions, and other information. These significant assumptions are influenced by various factors such as economic environment, business environment in the airline industry, solvency of airlines as lessees, and market price of aircraft. Furthermore, the business environment surrounding aircraft leasing industry has become more complex being exposed to risks such as geopolitical risks and interest rate fluctuation risk. Therefore, the significant assumptions included in the estimation of the future cash flows used in the recognition and measurement of impairment losses on leased assets related to operating leases for aircraft involve uncertainty. If these estimations are not appropriate, there is a risk that impairment losses on leased assets related to operating leases for aircraft may not be properly recognized.</p> <p>Considering above, we determined the reasonableness of the estimates of the future cash flows used to determine whether impairment losses should be recognized and measure impairment losses on leased assets related to operating leases for aircraft held by the Subsidiary, including the reasonableness of the assumptions used to determine whether impairment losses should be recognized, as a key audit matter.</p>	<ul style="list-style-type: none"> • We inquired of the Subsidiary's management about their estimates of the significant assumptions used in the estimated future cash flows such as lease income, and disposal value developed considering the possibility of secondarily leasing and future market conditions. • We evaluated the accuracy of management's estimates, including the possibility of secondarily leasing, future leasing income, and disposal value for aircraft held for leasing purposes, by performing a retrospective review of the estimates made by management in the previous year. • We tested the reasonableness of the significant assumptions used in the estimates of the future cash flows related to aircraft held for leasing purposes such as the possibility of secondarily leasing and the estimates of lease income and disposal value developed considering the future market conditions. Our procedures included inquiries of management and performing a comparison between these estimates and contractual terms of new lease contracts in the current period, past results and available external data for consistency.
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<p>Reasonableness of the classification of loans between (1) general loans and (2) claims provable in bankruptcy or rehabilitation in the calculation of the estimated losses from bad debts</p>	
<p style="text-align: center;">Key Audit Matter Description</p> <p>The Group engages in leasing, installment sales and loan transactions, among others. There is a risk of an increase in bad debt expenses should there be an increase in the number of non-performing loans due to future economic trends or the deterioration of the credit status of debtors.</p> <p>The Group records estimated losses from bad debts as an allowance for doubtful accounts or writes off such losses directly from the amount of loans in preparation for losses of loans to be incurred due to the situations described above. As of March 31, 2025, the Group recorded ¥6,469 million of allowances for doubtful accounts. The loans uncollectible of ¥264 million were directly written off from claims provable in bankruptcy or rehabilitation. The amount of allowance for doubtful accounts held by the Company was ¥1,059 million (before elimination of intra group transactions), and the amounts of loans uncollectible of ¥264 million were directly written off from claims provable in bankruptcy or rehabilitation (before elimination of intra group transactions).</p>	<p style="text-align: center;">How the Key Audit Matter Was Addressed in the Audit</p> <p>Our audit procedures performed in relation to the key audit matter included the following, among others:</p> <ul style="list-style-type: none"> • We evaluated whether the internal management rules that the Company applied for the classification of loans as general loans or claims provable in bankruptcy or rehabilitation, complied with accounting principles generally accepted in Japan. • We evaluated the design and operating effectiveness of controls over the review and approval processes within the Company, including information technology application controls, regarding the loan classification based on credit information such as payment status of the counterparties in accordance with internal management rules.

As stated in Note 5 to the consolidated financial statements, "Significant Accounting Estimates: (3) Allowances for doubtful accounts," the Group classifies loans into the following categories based on credit information, such as the counterparty's business condition and payment status, in accordance with its internal management rules:

1. General loans, and
2. Claims provable in bankruptcy or rehabilitation.

The Group calculates estimated losses from bad debts by using the loan loss ratio for general loans and assessing collectability for claims provable in bankruptcy or rehabilitation individually.

The Group establishes internal management rules to determine the classification of loans, and designs and operates controls over the review and approval processes of loan classification.

The Group classifies loans into the categories of (1) general loans and (2) claims provable in bankruptcy or rehabilitation, based on credit information, such as the counterparty's business condition and payment status, in accordance with its internal management rules. There is a large difference between the allowance rates used for general loans and claims provable in bankruptcy or rehabilitation and the amount of loans held by the Company is quantitatively material. Therefore, the reasonableness of the classification of loans between (1) general loans and (2) claims provable in bankruptcy or rehabilitation in the calculation of estimated losses from bad debts held by the Company is significant to the consolidated balance sheet.

Based on the consideration above, we determined the reasonableness of the classification of loans between (1) general loans and (2) claims provable in bankruptcy or rehabilitation in the calculation of estimated losses from bad debts for claims held by the Company as a key audit matter.

- We evaluated the design and operating effectiveness of controls within the Company regarding accuracy and completeness of payment delinquency information based on payment status of the counterparties used in determining the loan classification.
- In order to evaluate the accuracy of the estimates regarding the loan classification based on the internal management rules by the Company, we performed a comparative analysis between the amount of allowance for doubtful accounts recorded as of March 31, 2024, and the amount of credit losses for the year ended March 31, 2025.
- We tested the reasonableness of the loan classification between (1) general loans and (2) claims provable in bankruptcy or rehabilitation made by the Company through inquiries of management and inspection of documents used in determining the loan classification to check the consistency between the loan classification determined based on the credit information, such as payment delinquency information based on payment status of the counterparties, and the internal management rules.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Tokyo Century Corporation and its subsidiaries were ¥232 million and ¥655 million, respectively.

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.

Deloitte Touche Tohmatsu LLC
July 23, 2025

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Balance Sheet

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Assets			
Current assets:			
Cash and cash equivalents (Notes 12 and 24)	¥168,797	¥183,925	\$1,128,854
Time deposits other than cash equivalents (Note 24)	¥8,566	¥9,933	\$57,291
Receivables – trade:			
Installment sales(Notes 12,13 and 24)	186,858	167,071	1,249,638
Lease receivables and investment in leases(Notes 12,13,22 and 24)	1,488,603	1,391,310	9,955,217
Loans(Notes 12 and 24)	409,423	435,091	2,738,068
Leases	72,474	63,886	484,684
Operational investment securities(Notes 9,10,12 and 24)	420,892	407,050	2,814,772
Short-term investment securities(Notes 9 and 24)	100	809	668
Inventories(Notes 7 and 12)	33,983	36,712	227,265
Other current assets(Notes 12 and 30)	289,643	246,947	1,937,026
Allowance for doubtful accounts(Notes 5, 14, 19 and 24)	(3,285)	(3,859)	(21,969)
Total current assets	3,076,059	2,938,879	20,571,519
Property and equipment, at cost less accumulated depreciation:			
Leased assets(Notes 5, 11, 12 and 16)	2,638,974	2,496,294	17,648,462
Advances for purchases of property for lease	125,291	93,965	837,900
Other operating assets(Note 11)	273,873	244,938	1,831,559
Construction in progress	28,612	33,230	191,346
Own assets in use(Notes 11 and 12)	32,479	27,552	217,212
Total property and equipment, net	3,099,230	2,895,981	20,726,481
Investments and other assets:			
Investments in securities(Notes 9,10,12 and 24)			
Unconsolidated subsidiaries and associated companies	360,735	315,031	2,412,461
Other securities	90,631	89,119	606,112
Goodwill (Note 5)	71,912	72,924	480,924
Claims provable in bankruptcy or rehabilitation (Notes 5, 24)	3,259	7,627	21,798
Computer software leased to customer	2,466	2,525	16,496
Other intangible assets	50,569	39,638	338,186
Assets for employees' retirement benefits	286	270	1,916
Deferred charges	1,845	1,911	12,341
Deferred tax assets(Note 19)	17,952	24,170	120,060
Long-term loans and other assets	91,096	77,641	609,217
Allowance for doubtful accounts(Notes 5, 19 and 24)	(3,184)	(4,790)	(21,297)
Total investments and other assets	687,571	626,070	4,598,218
Total assets	¥6,862,861	¥6,460,930	\$45,896,219

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Balance Sheet (continued)

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Liabilities and Equity			
Current liabilities:			
Short-term borrowings(Notes 11,12 and 22)	¥579,985	¥765,435	\$3,878,723
Current portion of long-term debt(Notes 11,12 and 22)	870,742	975,409	5,823,198
Notes and accounts payable – trade (Note 22)	226,580	216,852	1,515,282
Lease obligations(Notes 20 and 22)	10,192	9,560	68,160
Accrued income taxes(Note 17)	16,169	12,047	108,133
Deferred profit on installment sales(Note 22)	19,688	15,463	131,671
Other current liabilities (Note 28)	157,703	147,315	1,054,661
Total current liabilities	1,881,062	2,142,083	\$12,579,831
Long-term liabilities:			
Long-term debt (Notes 11,12 and 22)	3,461,832	3,008,150	23,151,427
Lease obligations(Notes 20 and 22)	24,879	20,320	166,383
Provision for directors' retirement benefits	356	346	2,387
Liability for employees' retirement benefits(Note 19)	11,318	11,381	75,696
Provision for automobile inspection costs	702	717	4,695
Deferred tax liabilities(Note 17)	72,483	56,200	484,741
Other long-term liabilities (Note 28)	233,336	210,555	1,560,464
Total long-term liabilities	3,804,909	3,307,671	25,445,795
Total liabilities	5,685,971	5,449,754	38,025,626
Commitments and Contingent Liabilities (Note 21)			
Equity (Note 30):			
Common stock without par value:			
Authorized: 1,600,000,000 shares			
Issued: 492,113,280 shares in 2025 and 2024	81,129	81,129	542,561
Capital surplus	56,247	56,199	376,160
Stock acquisition rights(Note 25)	2,540	2,240	16,991
Retained earnings	582,759	524,903	3,897,273
Treasury stock:			
4,227,504 shares in 2025 and 2,459,140 shares in 2024	(4,625)	(1,599)	(30,933)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	34,345	37,994	229,689
Deferred gains on hedges	9,248	9,839	61,848
Foreign currency translation adjustments	269,269	163,105	1,800,775
Defined retirement benefit plans (Note 19)	1,240	658	8,295
Total	1,032,155	874,471	6,902,662
Non-controlling interests	144,734	136,704	967,929
Total equity	1,176,889	1,011,176	7,870,592
Total liabilities and equity	¥6,862,861	¥6,460,930	\$45,896,219

(Note)

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The number of common stock without par value and treasury stock have been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Income

	Years ended March 31		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Revenues	¥1,368,635	¥1,346,113	\$9,152,916
Costs(Note 7,16)	1,088,408	1,092,925	7,278,864
Gross profit	280,226	253,187	1,874,051
Selling, general and administrative expenses(Note 14)	163,166	148,961	1,091,193
Operating income	117,060	104,225	782,858
Other income(expenses):			
Interest and dividend income	3,359	2,036	22,464
Interest expense	(9,681)	(7,851)	(64,746)
Equity in earnings of unconsolidated subsidiaries and associated companies	18,651	17,802	124,734
Foreign exchange gain	2,366	615	15,826
Gain on sales of investments in securities	10,102	760	67,559
Gain on liquidation of subsidiaries(Note 15)	2,633	-	17,614
Gain on sale of shares of subsidiaries and associates	1,603	-	10,723
Gain on sales of shares of subsidiary	-	1,046	-
Loss on valuation of investment securities	(865)	(952)	(5,789)
Loss on disposal of property and equipment	(215)	(186)	(1,438)
Other – net	398	503	2,662
Other income(expenses)-net	28,352	13,774	189,612
Income before income taxes	145,413	118,000	972,470
Income taxes(Note 19):			
Current	28,896	25,411	193,248
Deferred	21,745	10,065	145,423
Total income taxes	50,641	35,476	338,672
Net income	94,771	82,523	633,798
Net income attributable to:			
Non-controlling interests	9,492	10,386	63,483
Owners of the parent(Note 33)	¥85,279	¥72,136	\$570,314
	2025	2024	2025
	(Yen)		(U.S. dollars) (Note 1)
Amounts per share of common stock(Note 33)			
Basic net income	¥174.51	¥147.32	\$1.16
Diluted net income	¥173.77	¥146.75	\$1.16
Cash dividends applicable to the year	¥62.00	¥52.00	\$0.41

(Note)

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The number of common stock without per value and treasury stock have been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income

	Years ended March 31		
	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 1)</i>
Net income	¥94,771	¥82,523	\$633,798
Other comprehensive income(Note 17):			
Unrealized gain(loss) on available-for-sale securities	(2,902)	16,538	(19,408)
Deferred gain(loss) on hedges	(1,277)	2,383	(8,545)
Foreign currency translation adjustments	103,892	36,670	694,793
Defined retirement benefit plans	125	740	836
Share of other comprehensive income in associates	2,850	6,202	19,062
Total other comprehensive income	102,688	62,535	686,738
Comprehensive income	¥197,459	¥145,059	\$1,320,536
Comprehensive income attributable to :			
Owners of the parent	¥187,784	¥132,351	\$1,255,829
Non-controlling interests	¥9,675	¥12,708	\$64,707

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity

	Thousands		Millions of yen			
	Number of shares of common stock issued	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock
Balance as of April 1, 2023	492,113	¥81,129	¥56,491	¥2,039	¥474,223	¥(1,631)
Cumulative effect of accounting change (Note 3)					(400)	
Balances as of April 1, 2023 (as restated)	492,113	81,129	56,491	2,039	473,822	(1,631)
Cash dividends					(21,054)	
Net income attributed to owners of the parent					72,136	
Purchase of treasury stock						(3)
Disposal of treasury stock			27			34
Change in scope of consolidation					(2)	
Purchase of shares of consolidated subsidiaries			(319)			
Net change in the year				201		
Balance as of March 31, 2024	492,113	81,129	¥56,199	¥2,240	¥524,903	¥(1,599)
Cash dividends					(27,423)	
Net income attributed to owners of the parent					85,279	
Purchase of treasury stock						(3,079)
Disposal of treasury stock			48			53
Change in scope of consolidation						
Purchase of shares of consolidated subsidiaries						
Net change in the year				300		
Balance as of March 31, 2025	492,113	¥81,129	¥56,247	¥2,540	¥582,759	¥(4,625)

	Millions of yen						
	Accumulated Other Comprehensive Income						
	unrealized gain (loss) on available for sale security	Deferred (loss) gain on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Subtotal	Non- controlling interests	Total Equity
Balance as of April 1, 2023	¥20,781	¥7,298	¥123,168	¥137	¥763,636	¥125,349	¥888,985
Cumulative effect of accounting change (Note 3)					(400)		(400)
Balances as of April 1, 2023 (as restated)	20,781	7,298	123,168	137	763,236	125,349	888,585
Cash dividends					(21,054)		(21,054)
Net income attributed to owners of the parent					72,136		72,136
Purchase of treasury stock					(3)		(3)
Disposal of treasury stock					62		62
Change in scope of consolidation					(2)		(2)
Purchase of shares of consolidated subsidiaries					(319)		(319)
Net change in the year	17,213	2,541	39,937	521	60,415	11,355	71,770
Balance as of March 31, 2024	37,994	9,839	163,105	658	874,471	136,704	1,011,176
Cash dividends					(27,423)		(27,423)
Net income attributed to owners of the parent					85,279		85,279
Purchase of treasury stock					(3,079)		(3,079)
Disposal of treasury stock					101		101
Change in scope of consolidation					-		-
Purchase of shares of consolidated subsidiaries					-		-
Net change in the year	(3,649)	(591)	106,163	581	102,805	8,029	110,834
Balance as of March 31, 2025	¥34,345	¥9,248	¥269,269	¥1,240	¥1,032,155	¥144,734	¥1,176,889

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity (continued)

	Thousands	Thousands of U.S dollars (Note 1)				
	Number of shares of common stock issued	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock
Balance as of April 1, 2024	492,113	\$542,561	\$375,839	\$14,983	\$3,510,353	\$(10,699)
Cash dividends					(183,394)	
Net income attributed to owners of the parent					570,314	
Purchase of treasury stock						(20,594)
Disposal of treasury stock			321			360
Change in scope of consolidation						
Purchase of shares of consolidated subsidiaries						
Net change in the year				2,007		
Balance as of March 31, 2025	492,113	\$542,561	\$376,160	\$16,991	\$3,897,273	\$(30,933)

	Thousands of U.S dollars (Note 1)						
	Accumulated Other Comprehensive Income						
	unrealized gain (loss) on available for sale security	Deferred (loss) gain on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Subtotal	Non- controlling interests	Total Equity
Balance as of April 1, 2024	\$254,094	\$65,804	\$1,090,790	\$4,404	\$5,848,132	\$914,230	\$6,762,363
Cash dividends					(183,394)		(183,394)
Net income attributed to owners of the parent					570,314		570,314
Purchase of treasury stock					(20,594)		(20,594)
Disposal of treasury stock					681		681
Change in scope of consolidation					-		-
Purchase of shares of consolidated subsidiaries					-		-
Net change in the year	(24,404)	(3,955)	709,984	3,890	687,522	53,699	741,222
Balance as of March 31, 2025	\$229,689	\$61,848	\$1,800,775	\$8,295	\$6,902,662	\$967,929	\$7,870,592

(Note)

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The number of shares of common stock has been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Cash Flows

	Years ended March 31		
	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 1)</i>
Operating activities:			
Income before income taxes	¥145,413	¥118,000	\$972,470
Adjustments for:			
Income taxes paid	(20,396)	(25,516)	(136,403)
Depreciation and amortization of leased assets	234,551	218,396	1,568,592
Loss on sale and disposal of leased assets	320,960	111,980	2,146,461
Impairment loss	2,268	3,148	15,169
Depreciation of other operating assets, and cost of other operating asset sales	14,255	11,503	95,333
Depreciation and loss on sale and disposal of own assets in use	12,484	12,777	83,488
Amortization of goodwill	4,923	4,060	32,923
Foreign exchange gain	(2,366)	(615)	(15,826)
Decrease in allowance for doubtful accounts	(2,695)	(6,165)	(18,025)
Increase in accrued bonus	546	333	3,654
Increase (decrease) in liability for employees' retirement benefits	32	(217)	216
Equity in earnings of affiliates	(18,651)	(17,802)	(124,734)
Gain on sale of investments in securities	(10,102)	(759)	(67,558)
Decrease (increase) in installment sales receivable	(5,277)	5,758	(35,295)
Increase in lease receivables and investment in leases	(62,771)	(112,871)	(419,790)
Decrease in loans receivable	44,809	30,561	299,669
Increase in operational investment securities	(61,054)	(71,205)	(408,310)
Gain on liquidation of subsidiaries	(2,628)	-	(17,581)
Gain on sale of shares of subsidiaries and associates	(1,603)	-	(10,723)
Gain on sale of shares of subsidiaries	-	(1,046)	-
Purchases of leased assets	(494,775)	(484,102)	(3,308,869)
Purchase of other operating assets	(34,916)	(2,414)	(233,508)
Decrease(increase) in construction in progress	4,459	(94)	29,823
Decrease in claims provable in bankruptcy or rehabilitation	769	330	5,147
Increase in notes and accounts payable - trade	7,355	19,414	49,190
Increase in interest payable	932	2,593	6,235
Other – net	(25,150)	7,209	(168,196)
Total adjustments	(94,042)	(294,742)	(628,919)
Net cash provided by (used in) operating activities	¥51,371	¥(176,742)	\$343,550

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Cash Flows (continued)

	Years ended March 31		
	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 1)</i>
Investing activities:			
Proceeds from sale of own assets in use	¥607	¥1,581	\$4,061
Purchase of own assets in use	(17,770)	(15,149)	(118,842)
Proceeds from sale/redemption of investments in securities	12,162	12,753	81,338
Proceeds from sale of shares of subsidiaries and associates	3,290	-	22,006
Purchase of investments in securities	(33,448)	(44,467)	(223,691)
Purchase of shares of subsidiaries resulting in change in scope of consolidation <i>(Note 18)</i>	(1,256)	(68,190)	(8,400)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation <i>(Note 18)</i>	-	(458)	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation <i>(Note 18)</i>	-	1,127	-
Other – net	4,948	4,307	33,091
Net cash provided by (used in) investing activities	(31,466)	(108,497)	(210,436)
Financing activities:			
Increase (decrease) in short-term borrowings, net	(216,425)	¥332,112	(1,447,368)
Proceeds from long-term loans	1,208,265	886,826	8,080,422
Repayment of long-term loans	(935,464)	(1,041,982)	(6,256,033)
Increase (decrease) in payables under securitized lease receivables, net	1,600	(8,000)	10,700
Proceeds from issuance of bonds	191,108	275,072	1,278,057
Redemption of bonds	(255,005)	(152,022)	(1,705,379)
Proceeds from stock issuance to non-controlling interest shareholders	2,409	375	16,110
Repayments to non-controlling interest shareholders	(3,020)	(1,346)	(20,199)
Cash dividends paid	(27,423)	(21,054)	(183,394)
Cash dividends paid to non-controlling interest shareholders	(5,080)	(5,493)	(33,974)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(396)	-
Other – net	(4,344)	(2,193)	(29,056)
Net cash provided by (used in) financing activities	(43,381)	261,897	(290,115)
Foreign currency translation adjustments on cash and cash equivalents	8,348	5,986	55,829
Net decrease in cash and cash equivalents	(15,128)	(17,355)	(101,171)
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	-	-
Cash and cash equivalents, beginning of year	183,925	201,280	1,230,026
Cash and cash equivalents, end of year	¥168,797	¥183,925	\$1,128,854

Tokyo Century Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

1. Basis of Presentation

Tokyo Century Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Companies”) maintain their books of accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements of the Companies, which were filed with the Director of the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements for the convenience of readers.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2025 is included solely for the convenience of readers and has been made at the rate of ¥149.53 = US\$1.00.

Yen amounts are rounded down to the nearest million yen. U.S. dollar amounts are rounded down to the nearest thousands dollar. Totals and subtotals may not correspond to the aggregation of individual account balances.

2. Summary of Significant Accounting Policies

a) Consolidation

The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its 251 significant (266 in 2024) subsidiaries (together, the "Group"). Under the control or influence concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Practical Issues Task Force ("PITF") No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," which was issued by Accounting Standards Board of Japan ("ASBJ"), clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei-Kumiai and other entities with similar characteristics. The Company applied this task force to collective investment vehicles. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

The names of principal consolidated subsidiaries and equity method affiliated companies are as follows:

Consolidated Subsidiaries

Nippon Car Solutions Co., Ltd.
 Nippon Rent-A-Car Service, Inc.
 FLCs Co., Ltd.
 IHI Finance Support Corporation
 ITEC Leasing Co., Ltd.
 S.D.L Co., Ltd.
 EPC Japan K.K.
 Amada Lease Co., Ltd.
 TC Kobelco Real Estate Co., Ltd.
 TC Hotels & Resorts Corporation
 TC Agency Corporation
 Kyocera TCL Solar LLC
 TCLA Godo Kaisha
 Shunan Power Corporation
 A&tm Corporation
 Tokyo Century Factoring China Corporation
 Tokyo Century Leasing (Singapore) Pte. Ltd.
 Tokyo Century Capital (Malaysia) Sdn. Bhd.
 PT. Tokyo Century Indonesia
 TISCO Tokyo Leasing Co., Ltd.
 TC Car Solutions (Thailand) Co., Ltd.
 HTC Leasing Co., Ltd.
 BPI Century Tokyo Lease & Finance Corporation
 Tokyo Century Asia Pte. Ltd.
 CSI Leasing, Inc.
 Tokyo Century (USA) Inc.
 Allegiant Partners Incorporated
 Aviation Capital Group LLC
 TC Aviation Capital Ireland Ltd.
 TC Skyward Aviation U.S., Inc.
 TC Skyward Aviation Ireland Ltd.
 CT Telesis Investments Inc.

2. Summary of Significant Accounting Policies (continued)

TC Realty Investments Inc.
 TC Global Investments Americas LLC
 NTT Global Data Centers Joint Venture CH, LLC
 NTT Global Data Centers Holding CH, LLC
 NTT Global Data Centers CH, LLC
 TC Energy Investments Inc.

Equity Method Affiliated Companies

NTT TC Leasing Co., Ltd.
 NX・TC Lease & Finance Co., Ltd
 FFG Lease Co., Ltd.
 BOT Lease Co., Ltd.
 ITOCHU TC Construction Machinery Co., Ltd.
 Bplats, Inc.
 Orico Business Leasing Co., Ltd.
 Orico Auto Leasing Co., Ltd.
 Chuo Nittochi Asset Management Co., Ltd.
 President Tokyo Corporation
 Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.
 Suzhou New District Furui Leasing Co., Ltd.
 P.T. Hexa Finance Indonesia
 ZAXIS Financial Services Americas, LLC
 GA Telesis, LLC

(1) Number of consolidated subsidiaries: 251

PT. Tokyo Century Research Indonesia and 8 other companies which were mainly newly incorporated are included in the scope of consolidation.

TC Hotels & Resorts Karuizawa Co., Ltd and TC Hotels & Resorts Beppu Co., Ltd have been excluded from the scope of consolidation following their absorption-type merger into TC Hotels & Resorts Corporation (formerly TC Property Solutions Corporation). In addition, Tokyo Century Leasing China Corporation and 21 other companies have been excluded from the scope of consolidation mainly due to their liquidation.

(2) Unconsolidated subsidiaries

TLC Capital Co., Ltd. and 125 other companies are operators of the leasing business mainly based on Tokumei-Kumiai agreements. The profit or loss and assets of those companies are not attributable to them. As a result, they have been excluded from the scope of consolidation in accordance with article 5, paragraph 1, and item 2 of the Regulations for Consolidated Financial Statements.

Also, 12 other unconsolidated subsidiaries are immaterial in terms of their total assets, sales, net income or loss, retained earnings and other measures, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from the scope of consolidation.

2. Summary of Significant Accounting Policies (continued)

(3) Number of companies accounted for by the equity method: 53

TT Brothers GK and 9 other companies which were mainly newly incorporated are included in the scope of equity method affiliated company. Also, PR Clipper Sirius DA and Yoma Fleet Ltd. have been excluded from the scope of equity method affiliated company mainly due to share transfer.

(4) Companies not accounted for by the equity method

TLC Capital Co., Ltd. and 125 other companies are operators of the leasing business mainly based on Tokumei-Kumiai partnership agreements. The profit or loss and assets of those companies are not attributable to them. As a result, they have been excluded from the scope of the equity method in accordance with article 6 of the Accounting Standard for Equity Method.

Also, 12 other unconsolidated subsidiaries and 5 affiliated companies have not been accounted for by the equity method because these are immaterial in terms of their net income or loss, retained earnings and others, and do not have significant effect on the consolidated financial statements. As a result, they have been excluded from the scope of equity method.

With respect to affiliated companies accounted for by the equity method whose account closing dates differ from the closing date of the Company, the Company has mainly used their financial statements as of their respective fiscal year end.

(5) Business year of the consolidated subsidiaries

In preparing the consolidated financial statements as of March 31, 2025, the financial statements of TLC Cranberry Co., Ltd. and one other subsidiary are consolidated using financial statements prepared solely for consolidation purposes. Aviation Capital Group LLC, Nippon Rent-A-Car Service, Inc. and 175 other subsidiaries are consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2024, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2025.

2. Summary of Significant Accounting Policies (continued)

b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification-"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c) Business combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements, provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of non-controlling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary, while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the non-controlling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

2. Summary of Significant Accounting Policies (continued)

d) Foreign currency translation

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date. Foreign exchange gain or loss on translation is recognized in the consolidated statement of income.

However, assets and liabilities denominated in foreign currencies for which forward foreign exchange contracts are used to hedge the foreign currency fluctuations are translated into Japanese yen at the contracted rates.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding non-controlling interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and non-controlling interests in its consolidated financial statements.

e) Cash and cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

f) Revenue recognition

(Finance leases)

Lease revenues and the related costs are recognized as lease payments become due.

(Operating leases)

Revenues from operating leases are recognized on a straight-line basis over the scheduled lease terms of the respective assets.

(Installment sales)

Installment sales and the related costs are recognized when each payment becomes due under the respective installment sales agreements.

g) Allocation of interest expense

Interest expense is allocated to costs and other expenses based on the balances of the respective operating assets, which consist principally of lease receivables, investment in leases and loans. Interest expense corresponding to operating assets are classified as costs, and interest expense corresponding to assets other than operating assets are classified as other expenses. Interest expense classified as costs is stated net of interest income.

2. Summary of Significant Accounting Policies (continued)

h) Securities

Securities held by the Companies are classified as available-for-sale securities. Securities other than non-marketable available-for-sale securities are carried at fair value with any unrealized gain or loss, net of the related income taxes, included directly in net assets. Cost of securities sold is determined principally by the moving average method. Non-marketable available-for-sale securities are stated at cost determined principally by the moving average method.

Investments in limited partnerships, which are considered securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Act, are accounted for using the equity method and based on the latest consolidated financial statements available on the reporting date as stipulated in the partnership agreements.

The Companies hold investments in operating securities to earn investment income. These investments are included in "Operational investment securities" and "Investments in securities". In addition, the Companies record income from these securities as "Revenues" in the consolidated statement of income.

i) Inventories

Inventories held by the Companies are mainly stated at the lower of cost or net realizable value, which is determined by the specific identification method (whereby carrying values are reduced where a decline in market value below cost is identified).

j) Property and equipment

(Leased assets)

The leased assets are initially recorded at their acquisition cost and depreciated over the term of the lease or estimated useful lives on a straight-line basis to the residual value that is the amount to be realized at the time when the lease contract is terminated or the useful life ends. Depreciation is added up to prepare for loss on disposal of leased assets caused by customer accidents etc.

(Other operating assets)

Depreciation of the other operating assets is calculated by the straight-line method.

(Own assets in use)

Depreciation of own assets in use is calculated primarily by the declining-balance method based on the estimated useful lives of the respective assets, which range principally from 3 to 39 years for buildings and structures, and from 3 to 20 years for equipment, except for certain buildings acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016, which are depreciated by the straight-line method.

k) Deferred charges

Business commencement expenses are amortized using the straight-line method over 5 years. Bond issuance costs are amortized using the interest method over the redemption period.

2. Summary of Significant Accounting Policies (continued)

l) Intangible assets

Computer software leased to customer is amortized by the straight-line method based on the lease term of the respective assets. Costs related to software purchased for internal use are amortized by the straight-line method over the estimated useful life (5 or 10 years).

Goodwill is amortized by the straight-line method over a reasonable period within 20 years.

m) Income taxes

Provision is made for the Companies' liabilities for various types of income taxes, i.e., corporation, inhabitants and enterprise taxes.

Deferred tax assets and liabilities are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which these temporary differences are expected to be recovered or settled.

n) Retirement benefits

Accrued retirement benefits for employees have been provided mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date. Certain subsidiaries have defined benefit plans covering substantially all employees other than directors and corporate auditors. Under the terms of these plans, eligible employees are entitled to lump-sum or annuity payments based on their level of compensation at termination and their years of service with the subsidiaries. Past service costs are expensed by the straight-line method for a certain number of years (5 to 16.3 years) within the average remaining service period of the employee at the time of occurrence.

Actuarial differences, which are calculated by prorating the amount proportionally divided by the straight-line method for a certain number of years (5 to 15.7 years) within the average remaining working period of employees at the time of occurrence, are expensed from the next fiscal year.

o) Derivatives and hedging activities

The Companies enter into interest-rate swap contracts, forward foreign exchange contracts, currency swaps and loans from banks in order to hedge interest-rate and foreign currency exchange rate exposure on certain liabilities and assets, including loans from banks, investment in leases, installment sales receivables, forecasted transactions, available-for-sale securities denominated by foreign currency and a net investment in a foreign subsidiary and affiliate. The Companies utilize these derivatives to reduce the risk of cash flow fluctuation inherent in the liabilities and assets hedged and such transactions are not entered into for speculative or trading purposes.

2. Summary of Significant Accounting Policies (continued)

For interest-rate swap contracts and forward foreign exchange contracts, the Companies follow “Accounting Standard for Financial Instruments” and “Accounting Standard for Foreign Currency Transactions.” More specifically, interest-rate swaps not designated as hedging instruments are recorded at fair value in the consolidated balance sheet. Interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. Other interest-rate swaps which qualify for hedge accounting are measured at fair value as of the balance sheet date and the recognition of any unrealized gain or loss is deferred until maturity.

For forward foreign exchange contracts, the Companies follow the accounting method specified in “Accounting Standard for Financial Instruments” (“Allocation method”), if the contracts qualify for hedge accounting. Under this method, foreign currency transactions and the related monetary assets (installment sales receivables and loans receivables) are to be translated at the fixed yen amount of such foreign currency contracts at the settlement dates based on the contracted rates. The difference between this amount and the amount as translated at the current rate of exchange on the date of forward contract is allocated over the life of each contract.

Hedge effectiveness is assessed based on comparative analysis between the accumulated future cash flows for hedged items and those for hedging instruments. As for the hedging of forecast transactions denominated in foreign currencies, hedge effectiveness is assessed if substantial terms and conditions such as amounts and periods of the hedging instruments and the hedged forecasted transactions are the same. Hedge effectiveness is not assessed for the foreign currency exchange contracts which meet the requirements for allocation method and the interest rate swaps which meet the requirements for short-cut method. The consolidated subsidiaries for the Company assess hedge effectiveness primarily based on the above methods.

p) Allowance for doubtful accounts

The allowance for doubtful accounts is recorded on the basis of historical experience to provide for possible losses from bad debts related to general loans and also for the estimated amounts considered to be uncollectible after individually reviewing the specific collectability of claims provable in bankruptcy or rehabilitation.

The amounts of long-term receivables considered uncollectible were directly written off from claims provable in bankruptcy or rehabilitation. The amounts directly written off were ¥ 264 million (\$ 1,770 thousand) as of March 31, 2025.

q) Provision for directors’ retirement benefits

To prepare for the payment of directors’ retirement benefits, a provision is recorded based on the amount to be paid with respect to the current fiscal year pursuant to internal rules.

r) Provision for automobile inspection costs

Under lease contracts, which include maintenance service, provision for automobile inspection costs is recorded on the basis of historical experience.

3. Changes in Accounting Policies

(Application of Accounting Standard for Current Income Taxes, etc.)

Starting at the beginning of the fiscal year ended March 31, 2025, the Company applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard 2022"), etc.

The Company followed the transitional treatment provided for in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "Revised Guidance 2022") with regard to the revision concerning the classification of income taxes (levied on entities' other comprehensive income). The change in accounting policies has no impact on the consolidated financial statements.

Starting at the beginning of the fiscal year ended March 31, 2025, the Company also applied the Revised Guidance 2022 with regard to the revision related to changes in the accounting treatment in consolidated financial statements if gains or losses on sale of shares of subsidiaries, etc. resulting from transactions between consolidated entities are deferred for tax purposes. The change in accounting policies was applied retrospectively, and the consolidated financial statements for the fiscal year ended March 31, 2024 were restated accordingly. The change in accounting policies had no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

4. New Accounting Pronouncements

“Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, Accounting Standards Board of Japan)

“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, Accounting Standards Board of Japan), etc.

(1) Overview

As part of efforts by the Accounting Standards Board of Japan (ASBJ) to bring Japanese standards into alignment with international standards, deliberations were conducted based on international accounting standards to develop a new accounting standard for leases under which lessees recognize assets and liabilities for all leases. As a result, ASBJ issued a new lease accounting standard, etc., which is based on the single accounting model of IFRS 16 as a basic policy, but adopts only the principal provisions rather than all provisions of IFRS 16, with the aim of providing a simplified, user-friendly standard. This also allows for the use of IFRS 16 in preparing non-consolidated financial statements without the need for significant modifications.

Under this new standard, for lessee accounting, the method for allocating lease expenses is the same as in IFRS 16. Specifically, regardless of whether a lease is classified as a finance lease or an operating lease, the lessee applies a single accounting model that records depreciation of the right-of-use asset and interest expense on the lease liability for all leases.

Although the classification of leases into finance leases and operating leases remains unchanged for lessor accounting, the current lease accounting standard, which allows revenue and cost of sales to be recognized at the time lease payments are received in finance lease transactions, will be abolished. Under the revised standard, the lessor will be required to allocate the interest component of lease payments over the lease term.

(2) Scheduled date of adoption

The Company plans to adopt the new standard from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of application of the accounting standards

The impact of applying the new standard on the consolidated financial statements is currently under evaluation.

4. New Accounting Pronouncements (continued)

“Practical Guidelines on Accounting for Financial Instruments” (Revised Transferred Guidance No. 9, March 11, 2025, Accounting Standards Board of Japan)

(1) Overview

In order to enhance the transparency of financial statements and improve information disclosure to investors by measuring the fair value of unlisted shares held by funds, the Accounting Standards Board of Japan (ASBJ) revised the Practical Guidelines on Accounting for Financial Instruments. This revision also aims to promote the inflow of greater growth capital into venture capital funds and similar vehicles from both domestic and international institutional investors.

The revised guidelines introduce a new provision that allows, for investments in partnerships and similar entities that meet certain criteria, the fair value measurement of all unlisted shares included in the underlying assets of such partnerships, etc. to be used as the basis for the accounting treatment by the investors in those partnerships, etc. When applying this provision, the unlisted shares included in the underlying assets of the partnership, etc. shall be measured at fair value, and the investor’s proportionate share of the valuation difference shall be recognized under net assets. Impairment of these assets is to be processed in accordance with the provisions applicable to impairment of securities with fair value.

(2) Scheduled date of adoption

The Company plans to adopt the new standard from the beginning of the fiscal year ending March 31, 2027.

(3) Impact of application of the accounting standards

The impact of applying the new standard on the consolidated financial statements is currently under evaluation.

5. Significant Accounting Estimates

(1) Impairment of leased assets

Leased assets (property and equipment) of ¥2,638,974 million (\$17,648,462 thousand) and ¥2,496,294 million were recorded on the Consolidated Balance Sheet as of March 31, 2025 and 2024, including leased assets of ¥ 1,839,369 million (\$12,301,008 thousand) and ¥1,769,064 million associated with aircraft leases.

Leased assets are generally grouped based on the smallest cash-generating unit. For aircraft leases, assets are grouped by individual aircraft for the purposes of testing for indication of impairment. Indication of impairment includes events or other factors leading to a significant decline in the market price or recoverable value of assets. For aircraft leases, these include factors such as the cancellation of lease contracts for reasons such as concerns over the creditworthiness of the lessee. If indication of impairment is identified, then the Company estimates the possibility of secondary leasing, lease income, disposal value, etc. based on consideration of future market conditions, and determines whether it is necessary to recognize impairment of these assets. If, as a result, it is deemed necessary to recognize impairment of any leased assets, then an impairment loss is recorded equal to the difference between the carrying amount and the recoverable amount for the said assets, which is taken to be the higher of the net sales value and value in use. Net sales value is estimated based on a consideration of present market conditions, and value in use is calculated using a discount rate based on the weighted average cost of capital, estimated with reference to factors including market interest rates.

During the fiscal years ended March 31, 2025 and 2024, impairment loss of ¥2,268 million (\$15,169 thousand) and ¥2,794 million was recorded as costs. All of this impairment loss was associated with aircraft leases.

The Company considers that the accounting estimates used in the valuation of leased assets are reasonable, but it is possible that the Group may record additional impairment loss in the future, if the estimates used for determining recoverable value change due to factors such as unforeseeable changes in assumptions.

(2) Impairment of goodwill

Goodwill of ¥71,912 million (\$480,924 thousand) and ¥72,924 million was recorded on the Consolidated Balance Sheet as of March 31, 2025 and 2024. No impairment of goodwill was recorded during the fiscal year ended March 31, 2025.

Goodwill arising from business combinations is grouped on the basis of company units. Goodwill is amortized using the straight-line method for a reasonable period within twenty years based on an individual estimate of the period during which its benefits will materialize. Goodwill is tested for indication of impairment based on factors such as the business performance of subsidiaries and business plans. The Company may need to record impairment losses in the future, if the recognition of impairment becomes necessary because it can no longer anticipate the profitability or cost reduction effects initially forecasted.

5. Significant Accounting Estimates (continued)

(3) Allowance for doubtful accounts

Allowance for doubtful accounts of ¥6,469 million (\$43,266 thousand) and ¥8,650 million was recorded on the Consolidated Balance Sheet as of March 31, 2025 and 2024. The amounts of long-term receivables considered uncollectible were directly written off from claims provable in bankruptcy or rehabilitation. The amount directly written off was ¥264 million (\$1,770 thousand) and ¥296 million on the Consolidated Balance Sheet as of March 31, 2025 and 2024.

Receivables were classified based on the counterparty's business condition and payment status. The allowance for doubtful accounts is recorded on the basis of historical experience to provide for possible losses from bad debts related to general loans and also for the estimated amounts considered to be uncollectible after individually reviewing the specific collectability of claims provable in bankruptcy or rehabilitation. The Company's senior management believes that the accounting estimates used to evaluate receivables are reasonable, that the allowance for doubtful accounts provided is sufficient, and that receivables are recorded in an amount that is recoverable. However, the valuation of receivables entails a degree of uncertainty beyond the Company's control. It is therefore possible that the valuation of receivables may change due to factors such as unforeseeable changes in assumptions.

6. Additional Information

(Aircraft Purchase Committed by a Consolidated Subsidiary of the Company)

At the end of the current fiscal year, consolidated subsidiary Aviation Capital Group LLC had commitments to purchase 171 aircraft (mainly narrow-body) from Boeing, Airbus, and other airlines, including the order to purchase 35 aircraft from Boeing, which was resolved on July 11, 2024. The aircraft are scheduled for delivery through 2031. The estimated aggregate remaining payments for the purchase of aircraft are ¥1,535,338 million (US\$10,267,761 thousand).

(Performance-Linked Stock Compensation Plan)

The Company revised its officer compensation system and introduced the Board Benefit Trust-Restricted Stock (BBT-RS), a performance-linked stock compensation plan (hereinafter, the "Plan," and the trust established under the Plan is referred to as the "Trust"), for its Directors (excluding External Directors; the same applies hereinafter unless otherwise noted) and Executive Officers (hereinafter, Directors and Executive Officers are collectively referred to as "Directors, etc.").

6. Additional Information (continued)

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan, under which money contributed by the Company is used as a source of funds for acquisition of the Company shares via the Trust, and the Company shares and money equivalent to the converted amount of such shares at fair value are granted to Directors, etc. via the Trust, pursuant to the regulations governing stock benefits for officers provided by the Company. The timing when Directors, etc. receive the Company shares shall be, in principle, a certain time of every year, and the timing when Directors, etc. receive money equivalent to the converted amount of Company shares at fair value shall be, in principle, a certain time designated by the Company, after the retirement of Directors, etc. If Directors, etc. receive the Company shares during their term of office, Directors, etc. shall enter into transfer restriction agreements with the Company prior to the delivery of the Company shares. This restricts the disposal of the Company shares delivered to Directors, etc. during their term of office, by transfer or other methods, until a certain time designated by the Company, after the retirement of such Directors, etc.

(2) Residual Company shares in the Trust

Residual Company shares in the Trust were recorded as treasury stock under net assets at book value (excluding associated costs) in the Trust. The book value and number of shares of treasury stock as of March 31, 2025 were ¥3,078 million (US\$20,589 thousand) and 1,850,700 shares, respectively.

7. Inventories

The breakdown of inventories as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Merchandise and finished goods	¥25,115	¥26,888	\$167,962
Work in progress	7,540	6,816	50,427
Raw materials and supplies	1,327	3,007	8,875

The carrying amounts of inventories held for sale in the ordinary course of business which have been written down due to a decline in profitability for years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Costs	-	¥(2,536)	-

8. Notes Matured at the End of the Fiscal Year

The notes matured at the end of the fiscal year were treated as if they would have been settled on that date, although the date was a bank holiday.

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Notes Receivable	-	¥26	-
Notes Payable	-	1,389	-

9. Operational Investment Securities, Short-term Investment Securities and Investments in Securities

Operational investment securities, short-term investment securities and investments in securities as of March 31, 2025 and 2024 consisted of the following:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Available-for-sale securities	¥511,624	¥496,978	\$3,421,553
Investments in unconsolidated subsidiaries and affiliates	360,735	315,031	2,412,461
Total	¥872,360	¥812,010	\$5,834,014

Available-for-sale securities included in operational investment securities, short-term investment securities and investments in securities as of March 31, 2025 and 2024 consisted of the following:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Equity securities	¥135,446	¥80,901	\$905,818
Debt securities	8,494	7,873	56,804
Other	367,683	72,913	2,458,930
Total	¥511,624	¥161,688	\$3,421,553

9. Operational Investment Securities, Short-term Investment Securities and Investments in Securities (continued)

The carrying amounts and aggregate fair value of available-for-sale securities with determinable market value as of March 31, 2025 and 2024 were as follows:

	March 31, 2025			
	Cost	Unrealized gain	Unrealized loss	Fair value
	<i>(Millions of yen)</i>			
Equity securities	¥43,123	¥35,956	¥796	¥78,283
Debt securities	8,459	35	—	8,494
Other	66,488	4,937	2,250	69,175
Total	¥118,071	¥40,929	¥3,047	¥155,952

	March 31, 2024			
	Cost	Unrealized gain	Unrealized loss	Fair value
	<i>(Millions of yen)</i>			
Equity securities	¥46,636	¥34,383	¥118	¥80,901
Debt securities	6,056	1,817	—	7,873
Other	68,430	5,500	1,017	72,913
Total	¥121,123	¥41,702	¥1,136	¥161,688

	March 31, 2025			
	Cost	Unrealized gain	Unrealized loss	Fair value
	<i>(Thousands of U.S. dollars)</i>			
Equity securities	\$288,393	\$240,463	\$5,329	\$523,528
Debt securities	56,573	236	5	56,804
Other	444,647	33,020	15,048	462,620
Total	\$789,615	\$273,720	\$20,383	\$1,042,953

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2025 and 2024 were as follows:

	Carrying amount		
	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Equity securities	¥57,163	¥60,105	\$382,290
Debt securities	—	—	—
Other	298,508	275,184	1,996,310
Total	¥355,672	¥335,290	\$2,378,600

9. Operational Investment Securities, Short-term Investment Securities and Investments in Securities (continued)

The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2025 and 2024 were as follows:

	March 31, 2025		
	Sales Proceeds	Realized gain	Realized loss
	(Millions of yen)		
Available-for-sale:			
Equity securities	¥20,944	¥13,595	¥311
Debt securities	749	357	—
Other	5,270	840	—
Total	¥26,964	¥14,793	¥311

	March 31, 2024		
	Sales Proceeds	Realized gain	Realized loss
	(Millions of yen)		
Available-for-sale:			
Equity securities	¥2,192	¥1,096	¥131
Debt securities	—	—	—
Other	—	—	—
Total	¥2,192	¥1,096	¥131

	March 31, 2025		
	Sales Proceeds	Realized gain	Realized loss
	(Thousands of U.S. dollars)		
Available-for-sale:			
Equity securities	\$140,068	\$90,922	\$2,084
Debt securities	5,012	2,388	—
Other	35,244	5,621	—
Total	\$180,326	\$98,932	\$2,084

The impairment losses on securities recognized for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Available-for-sale securities:			
Equity securities	¥4,180	¥3,994	\$27,957
Other	—	345	—
Investments in unconsolidated subsidiaries and affiliates:			
Unconsolidated subsidiaries	1	2	10
Affiliates	1,188	75	7,948
Total	¥5,370	¥4,416	\$35,916

10. Investments in Non-consolidated Subsidiaries and Affiliates

The breakdown of investments in non-consolidated subsidiaries and affiliates as of March 31, 2025 and 2024 were as follows.

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Investments in securities	¥360,735	¥315,031	\$2,412,461

11. Accumulated Depreciation of Property and Equipment

The accumulated depreciation of property and equipment as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Leased assets	¥1,155,421	¥1,056,953	\$7,727,023
Other operating assets	61,708	47,610	412,684
Own assets in use	23,641	24,041	158,104

12. Short-Term Borrowings, Long-Term Debt and Assets Pledged

The breakdown of short-term borrowings as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025	Average interest rate
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
Short-term loans from banks	¥358,785	¥412,825	\$2,399,421	3.40%
Commercial paper	210,600	343,609	1,408,413	0.51%
Payables under securitized lease receivables	10,600	9,000	70,888	0.74%
Total	¥579,985	¥765,435	\$3,878,723	

(Note) The average interest rate represents the weighted-average interest rate applicable to the year-end balance.

The breakdown of long-term debt as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025	Average interest rate
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
Long-term loans, principally from banks	¥3,081,170	¥2,757,880	\$20,605,700	2.07%
Long-term payables under securitized lease receivables	3,850	6,310	25,747	0.39%
Bonds	1,247,555	1,219,369	8,343,177	3.19%
Total	4,332,575	3,983,559	28,974,625	
Less current portion	870,742	975,409	5,823,198	
Total	¥3,461,832	¥3,008,150	\$23,151,427	

(Note) The average interest rate represents the weighted-average interest rate applicable to the year-end balance.

12. Short-Term Borrowings, Long-Term Debt and Assets Pledged (continued)

The Companies have entered into overdraft contracts which provided the Companies with overdraft facilities with 142 and 129 financial institutions as of March 31, 2025 and 2024 amounting to ¥2,324,420 million (\$15,544,845 thousand) and ¥2,111,463 million, respectively. The unused facilities maintained by the Companies as of March 31, 2025 and 2024 amounted to ¥1,858,539 million (\$12,429,211 thousand) and ¥1,644,130 million, respectively.

The aggregate annual maturity of long-term debt subsequent to March 31, 2025 is summarized as follows:

Years Ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2026	¥870,742	\$5,823,198
2027	1,227,522	8,209,205
2028	898,364	6,007,923
2029	508,389	3,399,914
2030	416,452	2,785,073
2031 and thereafter	411,104	2,749,309
Total	¥4,332,575	\$28,974,625

The Companies' assets pledged as collateral, principally for liabilities as of March 31, 2025 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash and cash equivalents	¥9,659	\$64,596
Accounts receivable-installment sales	302	2,019
Accounts receivable-lease receivables and investment in leases	278,747	1,864,160
Accounts receivable-loans	1,274	8,522
Operational investment securities	927	6,204
Inventories	2,465	16,485
Other current assets	25,787	172,459
Leased assets	157,916	1,056,088
Other operating assets	123,251	824,258
Own assets in use	1,487	9,947
Investments in securities	2,099	14,041
Other investments	18,467	123,501
Total	¥622,386	\$4,162,286

12. Short-Term Borrowings, Long-Term Debt and Assets Pledged (continued)

Liabilities secured by the above assets as of March 31, 2025 were as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Short-term borrowings	¥7,670	\$51,294
Long-term debt (including current portion)	434,452	2,905,451
Bonds	100	668
Payables under fluidity lease receivables	10,100	67,544
Long-term payables under fluidity lease receivables (including current portion)	3,850	25,747
Total	¥456,172	\$3,050,707

13. Derivatives

In general, interest-rate swaps and forward foreign exchange contracts are exposed to market risk arising from fluctuation in interest rates and foreign exchange rates, and to credit risk arising from the potential for default by the counterparties. As the derivative instruments which the Companies utilize aim to reduce the risk of fluctuation in interest rates and foreign exchange rates associated with the underlying assets and liabilities hedged, these derivatives function to reduce the overall market risk to which the Companies are exposed. The Companies believe that any related credit risk is very low because all counterparties to the derivatives instrument are financial institutions with high credit ratings.

With respect to the interest-rate swap contracts entered into by the Company, the Treasury Department, which is responsible for financing activities, handles the execution of, and monitors the internal control over, these transactions in accordance with the Company's internal regulations. The ALM Committee determines the Company's hedging strategy for the coming six months based on an analysis of market rate trends and the Treasury Department enters into derivative transactions in accordance with this strategy.

The Treasury Department is also involved in the management of risk associated with foreign exchange rate fluctuation on an individual contract basis.

13. Derivatives (continued)

Derivative transactions to which hedge accounting had not been applied as of March 31, 2025 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Forward exchange contracts:						
Put/MXP	¥9,785 (4,977)	¥446	¥446	\$65,438 (33,286)	\$2,986	\$2,986
Put/EUR	7,666 (6,021)	202	202	51,273 (40,269)	1,353	1,353
Put/CAD	1,132 (455)	66	66	7,570 (3,044)	447	447
Put/BRL	2,606 (1,416)	310	310	17,428 (9,474)	2,077	2,077
Put/GBP	1,337 (523)	18	18	8,947 (3,499)	121	121
Put/Other	7,490 (6,642)	(253)	(253)	50,096 (44,421)	(1,696)	(1,696)
Call/BRL	221 (0)	(7)	(7)	1,478 (3)	(49)	(49)
Call/Other	11 (5)	(0)	(0)	79 (39)	(5)	(5)
Total	¥30,251 (20,042)	¥782	¥782	\$202,312 (134,038)	\$5,234	\$5,234

13. Derivatives (continued)

Derivative transactions to which hedge accounting had not been applied as of March 31, 2024 were as follows:

	Millions of yen		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Put/MXP	¥6,096 (2,971)	¥(1,337)	¥(1,337)
Put/EUR	5,538 (810)	(157)	(157)
Put/CAD	1,347 (659)	9	9
Put/BRL	1,442 (702)	(368)	(368)
Put/GBP	1,398 (636)	(27)	(27)
Put/Other	6,312 (5,737)	44	44
Call/BRL	383 (-)	(0)	(0)
Call/Other	15 (10)	(0)	(0)
Total	¥22,536 (11,528)	¥(1,837)	¥(1,837)

13. Derivatives (continued)

Derivative transactions to which hedge accounting had been applied as of March 31, 2025 were as follows:

	Millions of yen			Thousands of U.S. dollars	
	Hedged items	Notional amount (over one year)	Fair value	Notional amount (over one year)	Fair value
Allocation method:					
Forward exchange contracts :					
Put					
USD	Accounts- receivable -installment sales	¥91 (62)	¥(1)	\$609 (415)	\$(8)
Call					
USD	Investment in leases	15 (-)	(0)	103 (-)	(0)
GBP	Investment in leases	6 (-)	(0)	45 (-)	(0)
Currency swap contracts :					
Receive/MYR; Pay/USD	Borrowings	790 (-)	(42)	5,288 (-)	(286)
Deferral hedge accounting:					
Forward exchange contracts :					
Put					
GBP	Net investment in foreign subsidiary	5,290 (-)	54	35,383 (-)	361
Call					
USD	Forecasted transactions	28,919 (26,530)	9,420	193,401 (177,425)	63,002
CAD	Forecasted transactions	10,606 (9,667)	2,921	70,932 (64,653)	19,538
Currency swap contracts :					
Receive/USD; Pay/THB	Borrowings	1,627 (1,627)	(41)	10,884 (10,884)	(279)
Receive/JPY; Pay/THB	Borrowings	930 (-)	(232)	6,219 (-)	(1,557)
Total		¥48,278 (37,887)	¥12,077	\$322,869 (253,379)	\$80,769

13. Derivatives (continued)

	Millions of yen			Thousands of U.S. dollars	
	Hedged items	Notional amount (over one year)	Fair value	Notional amount (over one year)	Fair value
Interest rate swap					
Deferral hedge accounting:					
Pay/fixed;	Borrowings	¥697,547	¥1,709	\$4,664,930	\$11,431
Receive/floating		(538,677)		(3,602,468)	
Short-cut method:					
Pay/fixed;	Borrowings	31,836	248	212,909	1,661
Receive/floating		(11,181)		(74,780)	
Total		¥729,383 (549,858)	¥1,957	\$4,877,839 (3,677,248)	\$13,093

13. Derivatives (continued)

Derivative transactions to which hedge accounting had been applied as of March 31, 2024 were as follows:

Millions of yen			
	Hedged items	Notional amount (over one year)	Fair value
Allocation method:			
Forward exchange contracts :			
Put			
USD	Accounts- receivable –installment sales	¥38 (9)	¥(17)
RMB	Accounts- receivable –installment sales	3 (-)	(1)
Call			
USD	Investment in leases	1 (-)	0
AUD	Investment in leases	0 (-)	(0)
Currency swap contracts :			
Receive/MYR; Pay/USD	Borrowings	709 (709)	(22)
Deferral hedge accounting:			
Forward exchange contracts :			
Put			
EUR	Net investment in foreign subsidiary	9,255 (-)	(352)
GBP	Net investment in foreign subsidiary	6,301 (-)	(291)
Call			
USD	Forecasted transactions	33,964 (31,248)	9,709
CAD	Forecasted transactions	13,066 (11,835)	3,301
Currency swap contracts :			
Receive/USD; Pay/THB	Borrowings	2,188 (1,652)	7
Receive/JPY; Pay/THB	Borrowings	1,239 (826)	(183)
Total		¥66,769 (46,280)	¥12,150

13. Derivatives (continued)

	Millions of yen		
	Hedged items	Notional amount (over one year)	Fair value
Interest rate swap			
Deferral hedge accounting:			
Pay/fixed;	Borrowings	¥631,611	¥4,136
Receive/floating		(453,241)	
Short-cut method:			
Pay/fixed;	Borrowings	35,407	(3)
Receive/floating		(31,327)	
Total		¥667,018 (484,568)	¥4,133

14. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Employees' salaries, wages and bonuses	¥71,090	¥65,130	\$475,427
Provision for accrued bonuses for employees	4,312	3,821	28,838
Net periodic retirement benefit costs	2,892	2,716	19,345
Provision of allowance for doubtful accounts	2,642	2,686	17,669
Provision for accrued bonuses for directors	491	470	3,288
Provision for share-based remuneration for directors (and other officers)	234	-	1,569
Provision for directors' retirement benefits	66	94	443
Other expenses	81,435	74,039	544,611
Total	¥163,166	¥148,961	\$1,091,193

15. Gain on liquidation of subsidiaries

The Gain on liquidation of subsidiaries presented in Consolidated Statement of Income for the fiscal year ended March 31, 2025 resulted from the liquidation of its consolidated subsidiary Tokyo Century Leasing China Corporation.

16. Impairment Loss

The impairment loss for the years ended March 31, 2025 and 2024 were as follows:

Category	Types of Assets	2025	
		(Millions of yen)	(Thousands of U.S. dollars)
Leased Assets	Transportation equipment (Aircraft)	¥2,268	\$15,169

Leased assets are generally grouped based on the smallest cash-generating unit. For aircraft leases, assets are grouped by individual aircraft for the purposes of testing for indication of impairment. Indication of impairment includes events or other factors leading to a significant decline in the market price or recoverable value of assets. For aircraft leases, these include factors such as the cancellation of lease contracts for reasons such as concerns over the creditworthiness of the lessee. If indication of impairment is identified, then the Company estimates the possibility of secondary leasing, lease income, disposal value, etc. based on a consideration of future market conditions, and determines whether it is necessary to recognize impairment of these assets. If, as a result, it is deemed necessary to recognize impairment of any leased assets held by the subsidiaries, then an impairment loss is recorded on costs equal to the difference between the carrying amount and the recoverable amount for the said assets, which is taken to be the higher of the net sales value and value in use. Net sales value is estimated based on a consideration of present market conditions, and value in use is calculated using a discount rate based on the weighted average cost of capital, estimated with reference to factors including market interest rates.

If the net sales value is regarded as the recoverable value, the recoverable value for the fiscal year ended March 31, 2025 has been calculated based mainly on net sales value which has been calculated based mainly on estimates with reference to current market conditions. Also, if the value in use is regarded as the recoverable value, it is calculated based on the future cash flow discounted by 6.7%.

16. Impairment Loss (continued)

Category	Types of Assets	2024
		<i>(Millions of yen)</i>
Leased Assets	Transportation equipment (Aircraft)	¥2,426
	Other	368
	—	354
Total		¥3,148

Leased assets are generally grouped based on the smallest cash-generating unit. For aircraft leases, assets are grouped by individual aircraft for the purposes of testing for indication of impairment. Indication of impairment includes events or other factors leading to a significant decline in the market price or recoverable value of assets. For aircraft leases, these include factors such as the cancellation of lease contracts for reasons such as concerns over the creditworthiness of the lessee. If indication of impairment is identified, then the Company estimates the possibility of secondary leasing, lease income, disposal value, etc. based on a consideration of future market conditions, and determines whether it is necessary to recognize impairment of these assets. If, as a result, it is deemed necessary to recognize impairment of any leased assets held by the subsidiaries, then an impairment loss is recorded on costs equal to the difference between the carrying amount and the recoverable amount for the said assets, which is taken to be the higher of the net sales value and value in use. Net sales value is estimated based on a consideration of present market conditions, and value in use is calculated using a discount rate based on the weighted average cost of capital, estimated with reference to factors including market interest rates.

In the fiscal year, the Company recorded an impairment loss on intangible assets related to the leasing of aircraft as costs. These intangible assets were recognized when the Company acquired a consolidated subsidiary engaged in the aircraft leasing business and identified lease contracts with more favorable contract terms than those current in the market as intangible assets. The Company reduced the recoverable value to zero and recognized an impairment loss for the full carrying amount of assets for which indications of impairment were identified due to factors such as the cancellation of lease contracts for reasons such as concerns over the creditworthiness of the lessee.

17. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Unrealized gain (loss) on available-for-sale securities			
Amount arising during the year	¥8,022	¥23,100	\$53,653
Reclassification adjustments for gains included in net income	(13,376)	688	(89,458)
Amount before income taxes and tax effect	(5,354)	23,788	(35,805)
Income taxes and tax effect	2,451	(7,250)	16,397
Unrealized gain (loss) on available-for-sale securities	(2,902)	16,538	(19,408)
Deferred gain (loss) on hedges			
Amount arising during the year	1,831	8,633	12,247
Reclassification adjustments for gains and losses included in net income	(3,661)	(5,177)	(24,486)
Amount before income taxes and tax effect	(1,830)	3,455	(12,239)
Income taxes and tax effect	552	(1,071)	3,693
Deferred gain (loss) on hedges	(1,277)	2,383	(8,545)
Translation adjustments			
Amount arising during the year	105,807	36,670	707,602
Reclassification adjustments for gains and losses included in net income	(2,875)	—	(19,228)
Amount before income taxes and tax effect	102,932	36,670	688,373
Income taxes and tax effect	959	—	6,419
Translation adjustments	103,892	36,670	694,793
Defined retirement benefit plans			
Amount arising during the year	189	1,145	1,266
Reclassification adjustments for gains and losses included in net income	8	(72)	59
Amount before income taxes and tax effect	198	1,072	1,325
Income taxes and tax effect	(73)	(332)	(489)
Defined retirement benefit plans	125	740	836
Share of other comprehensive income of affiliates accounted for using equity method			
Amount arising during the year	4,157	6,328	27,805
Reclassification adjustments for gains and losses included in net income	(1,307)	(125)	(8,742)
Share of other comprehensive income of affiliates accounted for using equity method	2,850	6,202	19,062
Total other comprehensive income	¥102,688	¥62,535	\$686,738

18. Cash Flows

(1) Details of assets and liabilities of companies that newly became a consolidated subsidiary through acquisition of interests for the years ended March 31, 2025 and 2024 were as follows:

Reconciliation of the net cash paid for acquisition of NTT Global Data Centers Joint Venture CH, LLC

	2024
	(Millions of yen)
Current Assets	¥6,828
Investment and other assets	¥71,365
Goodwill	¥13,935
Current liability	(¥5,735)
Long-term liability	(¥3,766)
Non-controlling interests	(¥13,859)
Acquisition cost	¥68,767
Cash and cash equivalent	(¥4,628)
Net cash paid for acquisition	¥64,139

The information is not presented as the amounts for the year ended March 31, 2025 were immaterial.

(2) Details of assets and liabilities of companies excluded from scope of consolidation through sales of shares for the year ended March 31, 2024 was as follows:

Proceeds from sales of shares of Orico Auto Leasing Co., Ltd at the exclusion from scope of consolidation

	2024
	(Millions of yen)
Current Assets	¥247,820
Investment and other assets	¥21,541
Current liability	(¥229,542)
Long-term liability	(¥25,228)
Non-controlling interests	(¥7,295)
Post-sale investment account	(¥3,313)
Gain on sales of shares of subsidiaries	¥879
Other	¥2
Sale price of shares	¥4,863
Cash and cash equivalents	(¥5,321)
Net cash proceeds from sale of shares of subsidiaries	(¥458)

18. Cash Flows (continued)

Proceeds from sales of shares of Orico Business Leasing Co., Ltd at the exclusion from scope of consolidation

	2024
	<i>(Millions of yen)</i>
Current Assets	¥78,271
Investment and other assets	¥35
Current liability	(¥75,746)
Long-term liability	—
Non-controlling interests	(¥1,280)
Post-sale investment account	(¥278)
Gain on sales of shares of subsidiaries	¥166
Other	¥0
Sale price of shares	¥1,169
Cash and cash equivalents	(¥42)
Net cash proceeds from sale of shares of subsidiaries	¥1,127

19. Income Taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Net operating loss carryforwards (Note)	¥107,618	¥101,302	\$719,712
Interest in excess of the limitation of foreign companies	31,046	17,554	207,624
Bad debt loss	7,607	6,880	50,876
Loss on valuation of investment securities	4,869	4,116	32,563
Valuation difference due to business combination	4,516	2,499	30,206
Deferred income	4,166	5,824	27,864
Liability for employees' retirement benefits	3,496	3,494	23,382
Loss on valuation of property and equipment	2,793	2,868	18,679
Tax adjustments for lease transactions	2,574	2,880	17,220
Allowance for doubtful accounts	1,983	2,729	13,262
Depreciation	1,971	1,436	13,183
Accrued expenses	1,915	1,925	12,811
Accrued bonuses	1,481	1,264	9,909
Other	24,314	24,566	162,607
Subtotal	200,356	179,343	1,339,905
Valuation allowance for net operating loss carryforwards (Note)	(6,072)	(4,697)	(40,608)
Valuation allowance for deductible temporary difference	(21,185)	(11,632)	(141,682)
Total valuation allowance	(27,257)	(16,330)	(182,290)
Total deferred tax assets	173,098	163,013	1,157,614
Deferred tax liabilities:			
Depreciation of leased assets of foreign subsidiaries	(169,095)	(142,069)	(1,130,844)
Unrealized loss on available-for-sale securities	(14,512)	(16,839)	(97,056)
Valuation difference due to business combination	(12,806)	(13,535)	(85,648)
Valuation difference due to reorganization	(5,481)	(5,329)	(36,655)
Other	(25,732)	(17,268)	(172,090)
Total deferred tax liabilities	(227,628)	(195,043)	(1,522,295)
Net deferred tax assets	¥(54,530)	¥(32,029)	\$(364,680)

The statutory effective tax rates are 30.6% in years ended March 31, 2025 and 2024.

19. Income Taxes (continued)

(Note): A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31, 2025 and 2024 were as follows:

	As of March 31, 2025						
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years	Total
	<i>(Millions of yen)</i>						
Net operating loss carryforwards(*1)	¥368	¥189	¥121	¥272	¥134	¥106,531	¥107,618
Valuation allowance	(123)	(1)	(0)	(159)	(11)	(5,775)	(6,072)
Deferred tax assets	¥244	¥188	¥121	¥112	¥122	¥100,755	¥101,546

(*1): The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

(*2): Net operating loss carryforwards of ¥107,618 million (the amount multiplied by the effective statutory tax rate) is calculated as deferred tax assets of ¥101,546 million for the year ended March 31, 2025. Such net operating loss carryforwards were mainly due to applying the accelerated depreciation method at overseas subsidiaries. A valuation allowance for such net operating loss carryforwards is not recognized for the portion judged to be recoverable based on the forecast of future taxable income.

	As of March 31, 2024						
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years	Total
	<i>(Millions of yen)</i>						
Net operating loss carryforwards(*1)	¥69	¥56	¥116	¥10	¥152	¥100,896	¥101,302
Valuation allowance	(10)	(48)	(4)	(2)	(148)	(4,483)	(4,697)
Deferred tax assets	¥58	¥8	¥111	¥7	¥4	¥96,413	¥96,604

(*1) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

(*2) Net operating loss carryforwards of ¥101,302 million (the amount multiplied by the effective statutory tax rate) is calculated as deferred tax assets of ¥96,604 million for the year ended March 31, 2024. Such net operating loss carryforwards were mainly due to applying the accelerated depreciation method at overseas subsidiaries. A valuation allowance for such net operating loss carryforwards is not recognized for the portion judged to be recoverable based on the forecast of future taxable income.

19. Income Taxes (continued)

	As of March 31, 2025						Total
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years	
	(Thousands of U.S. dollars)						
Net operating loss carryforwards(*1)	\$2,464	\$1,269	\$815	\$1,822	\$897	\$712,442	\$719,712
Valuation allowance	(827)	(10)	(0)	(1,067)	(77)	(38,625)	(40,608)
Deferred tax assets	\$1,636	\$1,259	\$814	\$755	\$820	\$673,817	\$679,103

(*1) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

(*2) Net operating loss carryforwards of \$719,712 thousand (the amount multiplied by the effective statutory tax rate) is calculated as deferred tax assets of \$679,103 thousand for the year ended March 31, 2025. Such net operating loss carryforwards were mainly due to applying the accelerated depreciation method at overseas subsidiaries. A valuation allowance for such net operating loss carryforwards is not recognized for the portion judged to be recoverable based on the forecast of future taxable income.

(2) The reconciliation between the statutory effective tax rate and the effective tax rate for the year ended March 31, 2025 was as follows:

	2025
Statutory effective tax rate	30.6%
(Adjustments)	
Increase in valuation allowance	7.5%
Equity in earnings of affiliates	(3.8%)
Other	0.5%
Effective tax rate after the application of tax-effect accounting	34.8%

The reconciliation between the statutory effective tax rate and the effective tax rate for the year ended March 31, 2024 was not presented because the difference between the statutory effective tax rates and the effective tax rates is less than 5%.

(3) Adjustment to deferred tax assets and deferred tax liabilities due to change in tax rate for income taxes, etc.

Following the amendment to the tax law, the statutory effective tax rate used to calculate deferred tax assets and liabilities related to temporary differences expected to be resolved in or after the fiscal year beginning on April 1, 2026, has been changed from 30.6% to 31.5%.

As a result of this change, deferred tax liabilities (net of deferred tax assets) for the current fiscal year increased by ¥934 million (\$6,251 thousand). In connection with this, income taxes - deferred increased by ¥406 million (\$2,715 thousand), net unrealized holding gains on securities decreased by ¥420 million (\$2,811 thousand), deferred gains or losses on hedges decreased by ¥99 million (\$667 thousand), and remeasurements of defined benefit plans decreased by ¥8 million (\$56 thousand).

20. Asset Retirement Obligations

The balance of asset retirement obligations is not presented as the amounts for the years ended March 31, 2025 and 2024 were immaterial.

21. Retirement Benefit Plans

1. Overview of Retirement Benefit Plans Implemented by the Companies

The Company has a defined contribution corporate pension (DC) plan. However, as the maximum amount of premium contribution in a DC plan is prescribed in laws and regulations, the portion exceeding the maximum amount should be paid as lump-sum retirement payments. Accordingly, a lump-sum retirement payment plan has been established. The Company may also offer extra early retirement benefit to employees on their retirement.

Certain consolidated subsidiaries have a lump-sum retirement payment plan and a defined benefit pension (DB) plan as defined benefit plans, and a DC plan as a defined contribution plan. In addition, certain consolidated subsidiaries transferred part of their DB plans to risk sharing pension plans, which are classified as defined contribution plans under Paragraph 4 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, December 16, 2016). According to the pension rules, a risk sharing pension plan involves predetermined risk-based premium contributions, apart from standard contributions, whereby the amount of benefit payments may vary depending on the financial conditions of the risk sharing pension plans in each fiscal year, to ensure the pension plan's financial balance.

Certain consolidated subsidiaries adopt a simplified method for calculating retirement benefit obligations.

2. Defined Benefit Plans (excluding the simplified method)

The changes in the retirement benefit obligation during the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Balance at the beginning of the year	¥15,142	¥15,848	\$101,265
Service cost	914	908	6,115
Interest cost	175	122	1,173
Actuarial gain and loss	(448)	(860)	(2,997)
Retirement benefits paid	(841)	(876)	(5,629)
Adjustment from the simplified method to the principle method	55	—	371
Balance at the end of the year	¥14,997	¥15,142	\$100,299

21. Retirement Benefit Plans (continued)

The changes in plan assets during the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of the year	¥5,778	¥5,512	\$38,641
Expected return on plan assets	106	97	709
Actuarial gain and loss	(203)	297	(1,361)
Contributions by the Company	165	149	1,109
Retirement benefits paid	(183)	(278)	(1,226)
Balance at the end of the year	¥5,663	¥5,778	\$37,872

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2025 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥6,580	¥6,816	\$44,005
Plan assets at fair value	(5,663)	(5,778)	(37,872)
	917	1,038	6,133
Unfunded retirement benefit obligation	8,417	8,325	56,293
Net liability for retirement benefits in the balance sheet	9,334	9,364	62,426
Liability for employees' retirement benefits	9,614	9,626	64,298
Assets for employees' retirement benefits	(279)	(262)	(1,872)
Net liability for retirement benefits in the balance sheet	¥9,334	¥9,364	\$62,426

21. Retirement Benefit Plans (continued)

The components of retirement benefit expense for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Service cost	¥914	¥908	\$6,115
Interest cost	175	122	1,173
Expected return on plan assets	(106)	(97)	(709)
Amortization of actuarial gain and loss	(37)	(104)	(248)
Amortization of prior service cost	46	31	308
Retirement benefit expense	¥992	¥861	\$6,639

The components of remeasurements of defined benefit plans included in other comprehensive income (before income taxes and tax effect) for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Prior service cost	¥(9)	¥31	\$(63)
Actuarial gain and loss	207	1,040	1,388
Total	¥198	¥1,072	\$ 1,325

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before income taxes and tax effect) as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Unrecognized prior service cost	¥(45)	¥(54)	\$(301)
Unrecognized actuarial gain and loss	(1,453)	(1,246)	(9,718)
Total	¥(1,498)	¥(1,301)	\$(10,019)

21. Retirement Benefit Plans (continued)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2025 and 2024 were as follows:

	2025	2024
General accounts	24%	24%
Debt investments	44%	45%
Equity investments	24%	25%
Others	8%	6%
Total	100%	100%

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans are as follows:

		2025	2024
Discount rates	Mainly	0.2% - 1.6%	0.2% - 1.6%
Expected rates of return on plan assets	Mainly	1.0% - 2.5%	0.87% - 2.5%
Estimated rates of salary increases	Mainly	0.4% - 7.6%	0.4% - 7.6%

3. Defined Benefit Plans (The simplified method)

The changes in liability for retirement benefits during the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Balance at the beginning of the year	¥1,747	¥1,790	\$11,684
Retirement benefits expense	284	271	1,900
Retirement benefits paid	(333)	(315)	(2,231)
Balance at the end of the year	¥1,697	¥1,747	\$11,352

21. Retirement Benefit Plans (continued)

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2025 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Funded retirement benefit obligation	¥474	¥461	\$3,174
Plan assets at fair value	(163)	(41)	(1,091)
Subtotal	311	420	2,082
Unfunded retirement benefit obligation	1,386	1,326	9,269
Net liability for retirement benefits in the balance sheet	1,697	1,747	11,352
Liability for retirement benefits	1,704	1,754	11,397
Asset for retirement benefits	(6)	(7)	(44)
Net liability for retirement benefits in the balance sheet	¥1,697	¥1,747	\$11,352

Net periodic retirement benefit costs for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net periodic retirement benefit costs	¥284	¥271	\$1,900

4. Defined Contribution Plans

Contributions to the defined contribution pension plan by the Company and its consolidated subsidiaries during the years ended March 31, 2025 and 2024 were ¥1,746 million (\$11,676 thousand) and ¥1,727 million, respectively.

22. Lease Transactions

(Lessees' accounting)

The Group leases equipment under finance leases that do not transfer ownership of the leased property to the lessees. Depreciation of leased assets is calculated by the straight-line method based on the lease term of the respective assets with no residual value.

The breakdown of future minimum lease payments under non-cancelable operating leases as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within 1 year	¥2,832	¥2,582	\$18,942
Due after 1 year	5,012	4,784	33,519
Total	¥7,844	¥7,367	\$52,462

(Lessors' accounting)

Finance leases that do not transfer ownership to lessee are capitalized as investment in leases. The components of investment in leases as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Future lease receivables	¥1,310,915	¥1,227,442	\$8,766,904
Estimated residual value	79,563	75,773	532,087
Less : Future interest income	(109,946)	(98,101)	(735,280)
Total	¥1,280,531	¥1,205,114	\$8,563,712

The aggregate annual maturity of finance lease receivables that transfer ownership to lessees, subsequent to March 31, 2025 and 2024 was as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within 1 year	¥67,725	¥61,919	\$452,925
Due after 1 to 2 years	54,548	50,089	364,800
Due after 2 to 3 years	42,940	35,563	287,169
Due after 3 to 4 years	27,997	23,934	187,235
Due after 4 to 5 years	17,828	12,940	119,227
Due after 5 years	17,629	19,064	117,898
Total	¥228,669	¥203,513	\$1,529,256

22. Lease Transactions (continued)

The aggregate annual maturity of finance lease receivables that do not transfer ownership to lessees, subsequent to March 31, 2025 and 2024 was as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within 1 year	¥352,458	¥333,726	\$2,357,111
Due after 1 to 2 years	348,823	325,478	2,332,798
Due after 2 to 3 years	248,637	230,474	1,662,791
Due after 3 to 4 years	157,235	145,348	1,051,529
Due after 4 to 5 years	86,947	76,414	581,472
Due after 5 years	116,813	116,000	781,201
Total	¥1,310,915	¥1,227,442	\$8,766,904

The future minimum lease income subsequent to March 31, 2025 and 2024 under non-cancellable operating leases were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within 1 year	¥326,385	¥307,234	\$2,182,744
Due after 1 year	1,143,857	1,058,805	7,649,686
Total	¥1,470,243	¥1,366,040	\$9,832,430

(Sublease)

Investment in leases and obligations under sublease transactions that include interests on the consolidated balance sheet as of March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Investment in leases	¥28,815	¥25,352	\$192,709
Lease obligations	28,825	25,365	192,773

23. Commitments and Contingent Liabilities

The Companies' contingent liabilities as of March 31, 2025 and 2024 were as follows:

(Guarantee as business transactions)

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Business guarantee (including guarantee reservation)	¥183,279	¥184,510	\$1,225,705
Asset purchases (including guarantee reservation)	5,607	5,840	37,502
Total	¥188,887	¥190,350	\$1,263,207

(Guarantee on affiliates' loans from financial institution)

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
ZAXIS Financial Services Americas, LLC	¥35,383	¥18,563	\$236,629
MTC Maritime B.V.	9,640	14,641	64,470
IHI Investment for Aero Engine Leasing LLC	6,574	6,931	43,967
ITOCHU TC Construction Machinery Co., Ltd.	4,600	5,050	30,763
IBeeT Corporation	400	—	2,675
Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	20	92	137
Hyuga Biomass Power Co., Ltd.	—	2,030	—
Total	¥56,618	¥47,308	\$378,643

(Guarantee on employees' loans)

	2025	2024	2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Employees (housing funds)	¥0	¥5	\$1

The Companies, as lenders, have loan commitment agreements as of March 31, 2025 and 2024 amounting to ¥23,578 million (\$157,687 thousand) and ¥19,788 million, respectively. The loans provided under these credit facilities as of March 31, 2025 and 2024 amounted to ¥7,540 million (\$50,428 thousand) and ¥11,056 million, respectively. Many of the facilities may expire without being utilized and the loans provided are subject to periodic reviews of the borrowers' credit standing. The unused portion of these facilities may not be fully utilized.

24. Financial Instruments

(1) Policy on financial instruments

The Companies mainly conduct business in lease transactions, installment sales, and financial transactions. In order to finance these businesses, the Companies utilize indirect financing such as loans from banks as well as direct financing such as the issuance of bonds, commercial paper and liquidation of receivables.

In order to ensure the appropriate amount of funds and manage them properly, the Companies conduct asset liability management (ALM).

Derivatives are used for the purpose of appropriately controlling risks that arise from these funding and management activities and stabilizing revenue.

(2) Description of financial instruments and related risks

Major financial assets held by the Companies are lease receivables, accounts receivable - installment sales and loans receivables which are exposed to credit risk arising from default by the customers. Operational investment securities and investments in securities are mainly composed of equity securities, investments in partnerships and bonds, which are held for the purposes of earning investment income, strengthening business relationships and strengthening the management base. They are exposed to the issuer's credit risk and risk of fluctuations in interest rates and market price.

The Companies are exposed to liquidity risk, namely the risk that, under certain conditions such as market turmoil or deterioration of the Companies' financial condition, they may not be able to procure the funds needed from the market to meet payment obligations for borrowings, bonds, commercial paper on their maturity date.

Furthermore, since a part of the fundraising is made at a floating rate, the Companies are exposed to interest rate fluctuation risk. The Companies utilizes interest-rate swap contracts for certain parts of the fundraising to hedge such risk.

The Companies enter into interest rate and currency derivatives. The Companies enter into interest-rate swap contracts to hedge the risk of rising interest rates of loans, bonds and others. The Companies enter into forward foreign exchange contracts and currency swap contracts to hedge the foreign exchange risk of monetary receivables and payables denominated in foreign currencies. Although each of these derivatives is exposed to market risk, they contribute to reducing the overall risk for the Companies.

The Companies apply hedge accounting, using derivatives as hedging instruments. Information on hedging instruments and hedged items concerning hedge accounting, hedging policy, method for assessing hedge effectiveness, is stated in "2. Summary of Significant Accounting Policies n) Derivatives and hedging activities".

24. Financial Instruments (continued)

(3) Risk management for financial instruments

1) Credit risk management

The Company manages the credit risk of counterparties and decides whether or not to undertake deals based on a comprehensive evaluation of the relevant counterparties and the content of the deal in accordance with the internal credit management rules. After deal execution, the Companies control credit risk through fact recognition and analysis of changes in the counterparties, economic conditions and the management environment. This credit risk management process is conducted by the business departments and credit department. In addition, the Companies regularly hold meetings of the Credit Risk Management Committee in order to monitor, discuss and report the status of the credit portfolio, credit costs and the amount of credit risk.

For counterparty risk on derivatives, the Company reduces credit risk by limiting the counterparty to highly creditworthy major financial institutions.

The Company's consolidated subsidiaries also follow same procedures.

2) Market risk management

(i) Interest rate fluctuation risk management

The Companies assess and confirm the execution status based on the ALM policy and discuss concerning future responses at the ALM Committee.

On a daily basis, the Finance Division comprehensively identifies the interest rates and terms of financial assets and liabilities, conducts monitoring using gap analysis and interest rate sensitivity analysis, and periodically reports to the ALM Committee and the Management Meetings.

(ii) Foreign exchange risk management

The Companies manage the foreign exchange risk of foreign currency denominated assets individually by utilizing foreign currency derivative transactions in principle. Foreign exchange risk is properly managed by periodically reporting the status of foreign exchange risk to the ALM Committee and the Management Meetings.

(iii) Price fluctuation risk management

Price fluctuation risk for operational investment securities, securities and investments in securities is managed by periodically identifying the fair value and financial condition of the issuers (counterparties) and the status of management of price fluctuation risk is reported to the Management Meeting.

Many of the equity securities held by the Companies are for the purpose of strengthening the business relationships and the management base, including business and capital alliances and the status of holdings is continuously reviewed.

(iv) Derivative transactions

Derivative transactions are entered into based on internal rules.

24. Financial Instruments (continued)

(v) Quantitative information of market risk

The Companies have financial instruments exposed to interest rate fluctuation risk, a major risk variable, which are composed mainly of financial assets such as accounts receivable - installment sales, lease receivables, investment in leases, loans and operational investment securities; financial liabilities such as short-term borrowings, commercial paper, and long-term debt; and interest-rate swap contracts within derivatives. For these financial assets and liabilities, the Companies calculate the impact of fluctuations in the index interest rate at a basis point level, as a quantitative analysis for the management of interest rate fluctuation risk.

In calculating the amount of such impact, balances are disaggregated to appropriate terms in accordance with each interest rate due date, and interest rate volatility is assessed for each term. As of March 31, 2025, assuming that all the risk variables except for interest rates remain constant, the impact of a 10 basis point (0.10%) increase in index interest rates would be ¥3,430 million (\$22,940 thousand). This expected impact assumes the risk variables except for interest rates remain constant, and does not factor in the correlation between interest rates and other risk variables.

3) Liquidity risk management on financing

The Companies manage their funds as a whole through ALM and also control liquidity risk by diversification of fundraising methods, maintaining commitment lines and overdraft facility accounts from multiple financial institutions, and controlling the duration mixture of fundraising and liquidity on hand in consideration of the market environment.

(4) Supplementary information on fair value of financial instruments

Since certain assumptions and methodologies are adopted in estimating the fair value, different assumptions and methodologies could result in a different fair value.

24. Financial Instruments (continued)

The following table presents the carrying value and estimated fair value of financial instruments as of March 31, 2025 and 2024. Notes on cash on hand are omitted. Notes on cash in banks, notes and accounts payable - trade, short-term borrowings, commercial paper, and payables under fluidity lease receivables are also omitted, as these items are settled in a short period of time, and the carrying value approximates fair value.

As of March 31, 2025	Carrying value	Estimated fair value	Difference
	(Millions of yen)		
Assets			
(1) Accounts receivable-installment sales	¥ 186,858		
Deferred profit on installment sales	(19,688)		
Subtotal	167,169		
Allowance for doubtful accounts (*1)	(490)		
Subtotal	166,678	180,043	13,364
(2) Accounts receivable-lease receivables and investment in leases	1,488,603		
Estimated residual value (*2)	(79,563)		
Subtotal	1,409,040		
Allowance for doubtful accounts (*1)	(1,509)		
Subtotal	1,407,531	1,476,766	69,235
(3) Accounts receivable-loans	409,423		
Allowance for doubtful accounts (*1)	(1,182)		
Subtotal	408,240	433,805	25,564
(4) Operational investment securities(*3) (*4)	111,090	111,090	—
(5) Short-term investment securities and investments in securities (*3) (*5)	45,178	45,216	38
(6) Claims provable in bankruptcy or rehabilitation	3,259		
Allowance for doubtful accounts (*1)	(3,184)		
Subtotal	74	74	—
Total assets	¥2,138,795	¥2,246,997	¥108,202
Liabilities			
(1) Bonds	1,247,555	1,232,646	14,909
(2) Long-term loans, principally from banks	3,081,170	3,067,143	14,026
(3) Long-term payables under securitized lease receivables	3,850	3,834	15
(4) Lease obligations	35,071	33,858	1,212
Total liabilities	¥4,367,647	¥4,337,483	¥30,163
Derivatives (*6)			
Hedge accounting not applied	¥782	¥782	¥—
Hedge accounting applied	13,831	14,035	204
Total derivatives	¥14,613	¥14,818	¥204

(*1) General and specific allowances are deducted from the amounts of accounts receivable-installment sales, accounts receivable-lease receivables and investment in leases, accounts receivable-loans and claims provable in bankruptcy or rehabilitation, respectively.

(*2) Estimated residual value included in lease investment in leases is deducted.

24. Financial Instruments (continued)

- (*3) The amount of investments in securities without market price, etc. and investments in limited partnerships, etc., which is recorded on the Consolidated Balance Sheet, is as follows. The below financial instruments are not included in (4) Operational investment securities and (5) Short-term investment securities and investments in securities.

	2025 <i>(Millions of yen)</i>	2025 <i>(Thousands of U.S. dollars)</i>
Investments in securities without market price, etc.	¥411,374	\$2,751,114
Investments in limited partnerships, etc.	304,716	2,037,828
Total	¥716,090	\$4,788,943

Shares, etc. without market prices include unlisted shares and other instruments, and are not subject to the disclosure of fair value, in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).

Investments in limited partnerships, etc. mainly comprise Tokumei-Kumiai, investment partnerships and other entities with similar characteristics. These are not subject to the disclosure of fair value, in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

- (*4) Operational investment securities include investment trusts for which the Company has applied fair value treatment regarding their net asset values as stipulated in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).
- (*5) Short-term investment securities and investments in securities include listed affiliates accounted for using the equity method, and the difference is due to the observable fair value of such shares based on their market values.
- (*6) The value of assets and liabilities arising from derivatives is shown at net value in the above table, with the amount in parentheses representing net liability position. Please refer to Note 13 Derivatives regarding the details of derivative transactions.

24. Financial Instruments (continued)

As of March 31, 2024	Carrying value	Estimated fair value	Difference
	(Millions of yen)		
Assets			
(1) Accounts receivable-installment sales	¥167,071		
Deferred profit on installment sales	(15,463)		
Subtotal	151,608		
Allowance for doubtful accounts (*1)	(565)		
Subtotal	151,043	160,896	9,853
(2) Accounts receivable-lease receivables and investment in leases	1,391,310		
Estimated residual value (*2)	(75,773)		
Subtotal	1,315,536		
Allowance for doubtful accounts (*1)	(1,163)		
Subtotal	1,314,372	1,385,643	71,271
(3) Accounts receivable-loans	435,091		
Allowance for doubtful accounts (*1)	(1,958)		
Subtotal	433,133	460,957	27,824
(4) Operational investment securities(*3) (*4)	117,038	117,038	—
(5) Short-term investment securities and investments in securities (*3) (*5)	45,092	45,396	303
(6) Claims provable in bankruptcy or rehabilitation	7,627		
Allowance for doubtful accounts (*1)	(4,790)		
Subtotal	2,837	2,837	—
Total assets	¥2,063,518	¥2,172,770	¥109,252
Liabilities			
(1) Bonds	1,219,369	1,197,168	22,200
(2) Long-term loans, principally from banks	2,757,880	2,755,367	2,513
(3) Long-term payables under securitized lease receivables	6,310	6,276	33
(4) Lease obligations	29,880	29,292	587
Total liabilities	¥4,013,440	¥3,988,105	¥25,335
Derivatives (*6)			
Hedge accounting not applied	¥(1,837)	¥(1,837)	¥—
Hedge accounting applied	16,329	16,283	(45)
Total derivatives	¥14,491	¥14,446	¥(45)

(*1) General and specific allowances are deducted from the amounts of accounts receivable-installment sales, accounts receivable-lease receivables and investment in leases, accounts receivable-loans and claims provable in bankruptcy or rehabilitation, respectively.

(*2) Estimated residual value included in lease investment in leases is deducted.

24. Financial Instruments (continued)

- (*3) The amount of investment in securities without market price, etc. and investment in limited partnerships, etc., which is recorded on the Consolidated Balance Sheet, is as follows. The below financial instruments are not included in (4) Operational investment securities and (5) Short-term investment securities and investments in securities.

	2024
	<i>(Millions of yen)</i>
Investments in securities without market price, etc.	¥371,003
Investments in limited partnerships, etc.	278,874
Total	¥649,878

Shares, etc. without market prices include unlisted shares and other instruments, and are not subject to the disclosure of fair value, in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).

Investments in limited partnerships, etc. mainly comprise Tokumei-Kumiai, investment partnerships and other entities with similar characteristics. These are not subject to the disclosure of fair value, in accordance with Paragraph 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

- (*4) Operational investment securities include investment trusts for which the Company has applied fair value treatment regarding their net asset values as stipulated in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).
- (*5) Short-term investment securities and investments in securities include listed affiliates accounted for using the equity method, and the difference is due to the observable fair value of such shares based on their market values.
- (*6) The value of assets and liabilities arising from derivatives is shown at net value in the above table, with the amount in parentheses representing net liability position. Please refer to Note 13 Derivatives regarding the details of derivative transactions.

24. Financial Instruments (continued)

As of March 31, 2025	Carrying value	Estimated fair value	Difference
	<i>(Thousands of U.S. dollars)</i>		
Assets			
(1) Accounts receivable-installment sales	\$1,249,638		
Deferred profit on installment sales	(131,671)		
Subtotal	1,117,966		
Allowance for doubtful accounts (*1)	(3,281)		
Subtotal	1,114,685	1,204,061	89,375
(2) Accounts receivable-lease receivables and investment in leases	9,955,217		
Estimated residual value (*2)	(532,087)		
Subtotal	9,423,129		
Allowance for doubtful accounts (*1)	(10,094)		
Subtotal	9,413,035	9,876,057	463,022
(3) Accounts receivable-loans	2,738,068		
Allowance for doubtful accounts (*1)	(7,908)		
Subtotal	2,730,160	2,901,123	170,963
(4) Operational investment securities(*3) (*4)	742,932	742,932	—
(5) Short-term investment securities and investments in securities (*3) (*5)	302,139	302,393	254
(6) Claims provable in bankruptcy or rehabilitation	21,798		
Allowance for doubtful accounts (*1)	(21,297)		
Subtotal	501	501	—
Total assets	\$14,303,453	\$15,027,069	\$723,616
Liabilities			
(1) Bonds	8,343,177	8,243,470	99,706
(2) Long-term loans, principally from banks	20,605,700	20,511,893	93,806
(3) Long-term payables under securitized lease receivables	25,747	25,645	101
(4) Lease obligations	234,543	226,434	8,109
Total liabilities	\$29,209,169	\$29,007,445	\$201,724
Derivatives (*6)			
Hedge accounting not applied	\$5,234	\$5,234	\$—
Hedge accounting applied	92,497	93,863	1,365
Total derivatives	\$97,732	\$99,098	\$1,365

24. Financial Instruments (continued)

(Note 1) Redemption schedule for receivables and securities with maturities subsequent to March 31, 2025 and 2024 respectively

	As of March 31, 2025					
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years
	(Millions of yen)					
Cash and cash equivalents	¥168,797	¥—	¥—	¥—	¥—	¥—
Time deposits other than cash equivalents	8,566	—	—	—	—	—
Accounts receivable-installment sales	57,232	44,325	35,179	22,772	14,058	13,289
Accounts receivable-loans	134,130	83,971	52,133	42,564	46,082	50,540
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	7,724	—	—	—
(2) Other	7,873	7,564	8,108	7,500	11,611	42,931
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	770	—
(2) Other	100	—	—	—	—	3,906
Total	¥376,700	¥135,861	¥103,147	¥72,837	¥72,522	¥110,669

24. Financial Instruments (continued)

	As of March 31, 2024					
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years
	(Millions of yen)					
Cash and cash equivalents	¥183,925	¥—	¥—	¥—	¥—	¥—
Time deposits other than cash equivalents	9,933	—	—	—	—	—
Accounts receivable-installment sales	53,910	40,466	29,746	22,411	12,196	8,340
Accounts receivable-loans	169,591	81,047	55,971	35,078	20,989	72,413
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	7,506	—	—	—	—	—
(2) Other	2,762	7,292	5,155	5,382	7,019	43,178
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	100	—	—	—	—	1,397
Total	¥427,730	¥128,806	¥90,874	¥62,872	¥40,205	¥125,329

24. Financial Instruments (continued)

	As of March 31, 2025					
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years
	<i>(Thousands of U.S. dollars)</i>					
Cash and cash equivalents	\$1,128,854	\$—	\$—	\$—	\$—	\$—
Time deposits other than cash equivalents	57,291	—	—	—	—	—
Accounts receivable-installment sales	382,747	296,430	235,268	152,296	94,018	88,877
Accounts receivable-loans	897,013	561,569	348,650	284,653	308,183	337,997
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	51,661	—	—	—
(2) Other	52,657	50,589	54,228	50,157	77,651	287,112
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	5,149	—
(2) Other	668	—	—	—	—	26,127
Total	\$2,519,232	\$908,590	\$689,808	\$487,107	\$485,003	\$740,114

(Notes)

1. The estimated collectable amounts on the consolidated balance sheet has been presented as the amount of "Accounts receivable-installment sales".
2. The redemption schedules for long-term debt and lease receivables and investment in leases are disclosed in Note 12 *Short-Term Borrowings, Long-Term Debt and Assets Pledged* and Note 22 *Lease Transactions*, respectively.

24. Financial Instruments (continued)

(Note 2) Repayment schedule of bonds, long-term debt and other interest-bearing liabilities on March 31, 2025 and 2024 respectively

As of March 31, 2025						
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4Years	Due after 4 to 5 Years	Due after 5 Years
(Millions of yen)						
Short-term borrowings	¥358,785	¥—	¥—	¥—	¥—	¥—
Commercial paper	210,600	—	—	—	—	—
Current portion of long-term payables under fluidity lease receivables	10,600	—	—	—	—	—
Bonds	155,113	276,452	177,311	228,334	95,570	314,772
Long-term debt	713,229	949,725	720,948	280,054	320,881	96,331
Long-term payables under fluidity lease receivables	2,400	1,345	105	—	—	—
Lease obligations	10,192	8,699	5,871	4,383	3,383	2,541
Total	¥1,460,920	¥1,236,221	¥904,236	¥512,772	¥419,831	¥413,645
As of March 31, 2024						
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4Years	Due after 4 to 5 Years	Due after 5 Years
(Millions of yen)						
Short-term borrowings	¥412,825	¥—	¥—	¥—	¥—	¥—
Commercial paper	343,609	—	—	—	—	—
Current portion of long-term payables under fluidity lease receivables	9,000	—	—	—	—	—
Bonds	240,695	142,750	252,018	145,881	210,143	227,878
Long-term debt	732,254	682,984	807,298	207,456	149,950	177,936
Long-term payables under fluidity lease receivables	2,460	2,400	1,345	105	—	—
Lease obligations	9,560	7,382	5,678	3,528	1,934	1,797
Total	¥1,750,405	¥835,518	¥1,066,339	¥356,971	¥362,028	¥407,612

24. Financial Instruments (continued)

	As of March 31, 2025					
	Due within 1 Year	Due after 1 to 2 Years	Due after 2 to 3 Years	Due after 3 to 4 Years	Due after 4 to 5 Years	Due after 5 Years
	<i>(Thousands of U.S. dollars)</i>					
Short-term borrowings	\$2,399,421	\$—	\$—	\$—	\$—	\$—
Commercial paper	1,408,413	—	—	—	—	—
Current portion of long-term payables under fluidity lease receivables	70,888	—	—	—	—	—
Bonds	1,037,342	1,848,809	1,185,793	1,527,013	639,139	2,105,080
Long-term debt	4,769,805	6,351,401	4,821,428	1,872,900	2,145,934	644,229
Long-term payables under fluidity lease receivables	16,050	8,994	702	—	—	—
Lease obligations	68,160	58,176	39,268	29,313	22,627	16,996
Total	\$9,770,082	\$8,267,382	\$6,047,192	\$3,429,227	\$2,807,701	\$2,766,306

24. Financial Instruments (continued)

Matters concerning the breakdown of financial instruments by fair value level

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 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 measured using observable inputs other than Level 1 inputs.
 Level 3: Fair value measured using significant 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.

The following table presents the financial instruments recorded at fair value on the consolidated balance sheets as of March 31, 2025 and 2024 respectively.

	As of March 31, 2025			
	Estimated fair value			Total
	Level 1	Level 2	Level 3	
	<i>(Millions of yen)</i>			
Operational investment Securities:				
Available-for-sale securities				
Equity securities	¥34,340	¥—	¥—	¥34,340
Bonds	—	—	7,724	7,724
Others (Note 1)	38,787	—	3,859	42,646
Short-term investment securities and investments in securities				
Available-for-sale securities				
Equity securities	43,843	99	—	43,942
Bonds	—	—	769	769
Others	—	100	50	150
Total assets	¥116,971	¥199	¥12,403	¥129,573
Derivative transaction (Note 2)				
Currency swap	¥—	¥12,860	¥—	¥12,860
Interest rate swap	—	1,957	—	1,957
Total derivative transactions	¥—	¥14,818	¥—	¥14,818

24. Financial Instruments (continued)

(Note 1)

Investment trusts for which the Company has applied the transitional measures prescribed in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) have not been included in the table above. The value of these investment trusts carried on the consolidated balance sheet is ¥26,378 million.

A reconciliation of the beginning balance to the ending balance of investment funds that applied the treatment of regarding Net asset value as fair value is as follows.

As of March 31, 2025							
Beginning balance	Profit (loss) of current fiscal year or other comprehensive income (loss)		Net amount of purchase, proceed and redemption	The amount by which the NAV of the investment fund is deemed to be the market value	The amount by which the NAV of the investment fund is not deemed to be the market value	Ending balance	Amounts recognized in profit or loss for the period, net of unrealized gains or losses on financial assets and liabilities held at the balance sheet date.
	Recorded on profit (Note 3)	Recorded on other comprehensive income (Note 4)					
(Millions of yen)							
¥27,321	¥282	¥(56)	¥(1,169)	¥—	¥—	¥26,378	¥—

(Note 2)

The value of assets and liabilities arising from derivatives is shown at net value in the above table and with the amount in parentheses representing net liability position.

(Note 3)

The amount is included in Consolidated Statement of Income.

(Note 4)

The amount is included in unrealized gain (loss) on available-for-sale securities in other comprehensive income of Consolidated Statement of Comprehensive Income.

24. Financial Instruments (continued)

	As of March 31, 2024			
	Estimated fair value			Total
	Level 1	Level 2	Level 3	
	(Millions of yen)			
Operational investment Securities:				
Available-for-sale securities				
Equity securities	¥37,427	¥—	¥—	¥37,427
Bonds	—	—	7,506	7,506
Others (Note 1)	37,120	—	7,662	44,782
Short-term investment securities and investments in securities				
Available-for-sale securities				
Equity securities	43,358	115	—	43,473
Bonds	—	—	366	366
Others	—	809	—	809
Total assets	¥117,906	¥924	¥15,535	¥134,366
Derivative transaction (Note 2)				
Currency swap	¥—	¥10,313	¥—	¥10,313
Interest rate swap	—	4,133	—	4,133
Total derivative transactions	¥—	¥14,446	¥—	¥14,446

(Note 1)

Investment trusts for which the Company has applied the transitional measures prescribed in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) have not been included in the table above. The value of these investment trusts carried on the consolidated balance sheet is ¥27,321 million.

A reconciliation of the beginning balance to the ending balance of investment funds that applied the treatment of regarding Net asset value as fair value is as follows.

As of March 31, 2024							
Beginning balance	Profit (loss) of current fiscal year or other comprehensive income (loss)		Net amount of purchase, proceed and redemption	The amount by which the NAV of the investment fund is deemed to be the market value	The amount by which the NAV of the investment fund is not deemed to be the market value	Ending balance	Amounts recognized in profit or loss for the period, net of unrealized gains or losses on financial assets and liabilities held at the balance sheet date.
	Recorded on profit	Recorded on other comprehensive income (Note 3)					
¥26,196	¥—	¥404	¥720	¥—	¥—	¥27,321	¥—

(Note 2)

The value of assets and liabilities arising from derivatives is shown at net value in the above table and with the amount in parentheses representing net liability position.

(Note 3)

The amount is included in unrealized gain (loss) on available-for-sale securities in other comprehensive income of Consolidated Statement of Comprehensive Income.

24. Financial Instruments (continued)

	As of March 31, 2025			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	(Thousands of U.S. dollars)			
Operational investment Securities				
Available-for-sale securities				
Equity securities	\$229,653	\$—	\$—	\$229,653
Bonds	—	—	51,661	51,661
Others (Note 1)	259,396	—	25,807	285,204
Securities and investments in securities:				
Available-for-sale securities				
Equity securities	293,211	662	—	293,874
Bonds	—	—	5,143	5,143
Others	—	668	334	1,003
Total assets	\$782,261	\$1,331	\$82,947	\$866,540
Derivative transactions (Note 2)				
Currency swap	\$—	\$86,004	\$—	\$86,004
Interest rate swap	—	13,093	—	13,093
Total derivative transactions	\$—	\$99,098	\$—	\$99,098

(Note 1)

Investment trusts for which the Company has applied the transitional measures prescribed in Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) have not been included in the table above. The value of these investment trusts carried on the consolidated balance sheet is \$176,412 thousand.

A reconciliation of the beginning balance to the ending balance of investment funds that applied the treatment of regarding Net asset value as fair value is as follows.

As of March 31, 2025							
Beginning balance	Profit (loss) of current fiscal year or other comprehensive income (loss)		Net amount of purchase, proceed and redemption	The amount by which the NAV of the investment fund is deemed to be the market value	The amount by which the NAV of the investment fund is not deemed to be the market value	Ending balance	Amounts recognized in profit or loss for the period, net of unrealized gains or losses on financial assets and liabilities held at the balance sheet date.
	Recorded on profit (Note 3)	Recorded on other comprehensive income (Note 4)					
	(Thousands of U.S. dollars)						
\$182,717	\$1,891	\$(376)	\$(7,819)	\$—	\$—	\$176,412	\$—

(Note 2)

The value of assets and liabilities arising from derivatives is shown at net value in the above table and with the amount in parentheses representing net liability position.

(Note 3)

The amount is included in Consolidated Statement of Income.

(Note 4)

The amount is included in unrealized gain (loss) on available-for-sale securities in other comprehensive income of Consolidated Statement of Comprehensive Income.

24. Financial Instruments (continued)

The following table presents the financial instruments other than those recorded at fair value on the consolidated balance sheet as of March 31, 2025 and 2024 respectively.

	As of March 31, 2025			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	<i>(Millions of yen)</i>			
Accounts receivable of installment sales	¥—	¥—	¥180,043	¥180,043
Lease receivables and investment in leases	—	—	1,476,766	1,476,766
Loans	—	—	433,805	433,805
Securities and investments in securities:				
Investments in affiliates	354	—	—	354
Claims provable in bankruptcy or rehabilitation	—	—	74	74
Total assets	¥354	¥—	¥2,090,690	¥2,091,044
Bonds	¥—	¥1,232,646	¥—	¥1,232,646
Long-term debt	—	3,067,143	—	3,067,143
Long-term payables under fluidity lease receivables	—	3,834	—	3,834
Lease obligations	—	33,858	—	33,858
Total liabilities	¥—	¥4,337,483	¥—	¥4,337,483
	As of March 31, 2024			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	<i>(Millions of yen)</i>			
Accounts receivable of installment sales	¥—	¥—	¥160,896	¥160,896
Lease receivables and investment in leases	—	—	1,385,643	1,385,643
Loans	—	—	460,957	460,957
Securities and investments in securities:				
Investments in affiliates	746	—	—	746
Claims provable in bankruptcy or rehabilitation	—	—	2,837	2,837
Total assets	¥746	¥—	¥2,010,335	¥2,011,082
Bonds	¥—	¥1,197,168	¥—	¥1,197,168
Long-term debt	—	2,755,367	—	2,755,367
Long-term payables under fluidity lease receivables	—	6,276	—	6,276
Lease obligations	—	29,292	—	29,292
Total liabilities	¥—	¥3,988,105	¥—	¥3,988,105

24. Financial Instruments (continued)

	As of March 31, 2025			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	<i>(Thousands of U.S. dollars)</i>			
Accounts receivable of installment sales	\$—	\$—	\$1,204,061	\$1,204,061
Lease receivables and investment in leases	—	—	9,876,057	9,876,057
Loans	—	—	2,901,123	2,901,123
Securities and investments in securities:				
Investments in affiliates	2,372	—	—	2,372
Claims provable in bankruptcy or rehabilitation	—	—	501	501
Total assets	\$2,372	\$—	\$13,981,744	\$13,984,116
Bonds	\$—	\$8,243,470	\$—	\$8,243,470
Long-term debt	—	20,511,893	—	20,511,893
Long-term payables under fluidity lease receivables	—	25,645	—	25,645
Lease obligations	—	226,434	—	226,434
Total liabilities	\$—	\$29,007,445	\$—	\$29,007,445

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

Operational investment securities, Investments in securities

Items for which quoted market prices in an active market are available are classified as Level 1. If a publicly available quoted market price is available but the market is not active, it is classified as Level 2.

The fair value of privately placed bonds and similar securities is measured at the estimated future value of cash flows, discounted at a rate based on market interest rates and incorporating risk factors such as credit risk. It is classified as Level 3, as inputs such as the discount rate are unobservable.

Derivatives

Fair value is measured as the discounted present value of future cash flows, using inputs such as interest rates and foreign exchange rates, based on prices, etc. provided by counterparty financial institutions. Derivatives are classified as Level 2.

Accounts receivable - installment sales, Lease receivables and investment assets, Loans

Based on the classification by internal rating and contract terms, the fair value is measured at the total of principal and interest, discounted at a rate based on market interest rates and incorporating risk factors such as credit risk. It is classified as Level 3, as inputs such as the discount rate are unobservable.

24. Financial Instruments (continued)

Claims provable in bankruptcy or rehabilitation

The carrying value of claims provable in bankruptcy or rehabilitation after the deduction of relevant allowances approximates fair value because carrying value is based on the fair value of the collateral and guarantees. This amount is therefore classified as Level 3.

Bonds payable, Long-term debt, Long-term payables under fluidity lease receivables

Fair value is mainly measured at the present value of the total of principal and interest, discounted by the interest rate to be applied if similar new bond or loan agreements were entered into, and is classified as Level 2.

Lease obligations

Based on the classification by internal rating and contract terms, the fair value is estimated by the present value of the total of principal and interest discounted by the interest rate to be applied if similar new contracts were entered into, and is classified as Level 2.

(Note 2) Information about Level 3 of financial instruments measured at fair value

a) Quantitative information of significant unobservable input as of March 31, 2025 and 2024

Fiscal year	Classification	Valuation method	Significant unobservable input	Input range	Weighted average of input
As of March 31, 2025	Operational investment securities, Available-for-sale securities and private placement bonds etc.	Discounted cash flow method	Discount rate	2.74%-3.53%	2.82%
As of March 31, 2024	Operational investment securities, Available-for-sale securities and private placement bonds etc.	Discounted cash flow method	Discount rate	2.79%-7.62%	5.26%

24. Financial Instruments (continued)

b) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial instruments held at the end of the reporting period included in profit or loss for the period

	As of March 31, 2025						Ending balance
	Beginning balance	Profit (loss) of current fiscal year or other comprehensive income (loss)		Net amount of purchase, proceed, issuance and settlement	Transferred amount to level 3	Transferred amount from level 3	
		Recorded on profit (loss) (Note 2)	Recorded on other comprehensive income(loss) (Note 3)				
	<i>(Millions of yen)</i>						
Operational investment securities and Available-for-sale securities							
Bonds	¥7,506	¥ 1,997	¥(1,781)	¥1	¥—	¥—	¥7,724
Others	7,662	—	(34)	(3,769)	—	—	3,859
Short-term investment securities and investments in securities							
Available-for-sale securities							
Bonds	366	357	(0)	45	—	—	769
Others	—	—	—	50	—	—	50
Total	¥15,535	¥2,355	¥(1,816)	¥(3,671)	¥—	¥—	¥12,403

24. Financial Instruments (continued)

As of March 31, 2024							
Beginning balance	Profit (loss) of current fiscal year or other comprehensive income (loss)		Net amount of purchase, proceed, issuance and settlement	Transferred amount to level 3	Transferred amount from level 3	Ending balance	
	Recorded on profit (loss) (Note 1)	Recorded on other comprehensive income(loss) (Note 3)					
<i>(Millions of yen)</i>							
Operational investment securities and Available-for-sale securities							
Bonds	¥6,476	¥-	¥1,030	¥-	¥-	¥-	¥7,506
Others	10,929	-	(31)	(3,235)	-	-	7,662
Short-term investment securities and investments in securities							
Available-for-sale securities							
Bonds	-	-	-	-	-	-	-
Others	928	(274)	-	(287)	-	-	366
Total	¥18,335	¥(274)	¥998	¥(3,523)	¥-	¥-	¥15,535

24. Financial Instruments (continued)

	As of March 31, 2025						
	Beginning balance	Profit (loss) of current fiscal year or other comprehensive income (loss)		Net amount of purchase, proceed, issuance and settlement	Transferred amount to level 3	Transferred amount from level 3	Ending balance
		Recorded on profit (loss) (Note 2)	Recorded on other comprehensive income(loss) (Note 3)				
	<i>(Thousands of U.S. dollars)</i>						
Operational investment securities and Available-for-sale securities							
Bonds	\$50,202	\$ 13,361	\$(11,915)	\$13	\$—	\$—	\$51,661
Others	51,242	—	(228)	(25,205)	—	—	25,807
Short-term investment securities and investments in securities							
Available-for-sale securities							
Bonds	2,453	2,388	(5)	307			5,143
Others	—	—	—	334	—	—	334
Total	\$103,898	\$15,749	\$(12,149)	\$(24,550)	\$—	\$—	\$82,947

(Note 1)

Loss on financial assets and liabilities held for the fiscal year ended March, 31 2024 was ¥274 million.

(Note 2)

The amount is included in Consolidated Statement of Income.

(Note 3)

The amount is included in the Other Comprehensive Income of Consolidated Statement of Comprehensive Income.

c) A description of valuation processes used for fair value measurements

The divisions responsible measure fair value in accordance with accounting policies, etc. on the measurement of fair value. The Company verifies the appropriateness of the valuation techniques and inputs used to measure fair value, and its classification into the respective level of the fair value hierarchy. An appropriate valuation model is used to measure fair value, which reflects the nature, characteristics and risk of each asset.

24. Financial Instruments (continued)

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

Discount rate

The discount rate represents the market interest rate after certain adjustments. It consists mainly of the risk premium demanded by market participants as consideration for the uncertainty of cash flow from financial instruments due to credit risk.

In general, a significant rise (fall) in the discount rate will result in a significant decrease (increase) in fair value.

25. Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2025

(Date of approval) Resolution approved by	Type of shares	Amount	Dividends	Shareholders' cut-off date	Effective date
		(Millions of yen) (Thousands of U.S. dollars)	per share (Yen) (U.S. dollars)		
(June 24, 2024) Annual General Meeting of the Shareholders	Common stock	¥13,220 \$88,414	¥27.0 \$0.18	March 31, 2024	June 25, 2024
(November 8, 2024) Meeting of the Board of Directors	Common stock	¥14,202 \$94,980	¥29.0 \$0.19	September 30, 2024	December 3, 2024

Total amount of cash dividends which resolved at Meeting of the Board of Directors held on November 8, 2024, include cash dividends of ¥53 million (\$358 thousand) for the Company's shares held by the Board Benefit Trust (BBT).

For the year ended March 31, 2024

(Date of approval) Resolution approved by	Type of shares	Amount	Dividends	Shareholders' cut-off date	Effective date
		(Millions of yen)	per share(Note) (Yen)		
(June 26, 2023) Annual General Meeting of the Shareholders	Common stock	¥8,812	¥72.0 (¥18.0)	March 31, 2023	June 27, 2023
(November 10, 2023) Meeting of the Board of Directors	Common stock	¥12,241	¥100.0 (¥25.0)	September 30, 2023	December 5, 2023

(Note)The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. Dividends per share above table are the amount before (after) the stock split.

25. Dividends (continued)

(2) Dividends for which the shareholders' cut-off date is in the current fiscal year but the effective date is in the following fiscal year are as follows:

(Date of approval)	Type of shares (Paid from)	Amount	Dividends	Shareholders' cut-off date	Effective date
		(Millions of yen) (Thousands of U.S. dollars)	per share (Yen) (U.S. dollars)		
Resolution approved by (June 23, 2025) Annual General Meeting of the Shareholders	Common stock (Retained earnings)	¥16,161 \$108,080	¥33.0 \$0.22	March 31, 2025	June 24, 2025

Total amount of cash dividends which resolved at Annual General Meeting of the Shareholders held on June 23, 2025, include cash dividends of ¥61 million (\$408 thousand) for the Company's shares held by the Board Benefit Trust (BBT).

26. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year. The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million. The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024.

26. Equity (continued)

(b) Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

27. Stock Based Compensation

The Company has stock option plans for certain directors, corporate auditors, executive officers and eligible employees. Under the plans, the rights to purchase the common shares of the Company are granted at an exercise price of ¥1 per share. The contractual term of the stock options is 30 years. The stock option holders may exercise their share subscription rights only in a lump sum during the ten-day period starting a day after leaving their position as director, corporate auditor, executive officer or employee of the Company.

The stock options outstanding as of March 31, 2025 were as follows. The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The following are figures reflecting the stock split.

	2013 stock option	2014 stock option	2015 stock option
Persons granted	7 directors 22 executive officers	7 directors 20 executive officers	7 directors 19 executive officers 6 eligible employees
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 454,800	Common stock 237,200	Common stock 304,000
Grant date	October 15, 2012	September 24, 2013	September 29, 2014
Fair value per stock at the grant date	¥327 (\$3.47)	¥760 (\$7.38)	¥679 (\$5.64)
	2016 stock option	2017 stock option	2018 stock option
Persons granted	7 directors 20 executive officers 7 eligible employees	8 directors 19 executive officers 7 eligible employees	8 directors 17 executive officers 7 eligible employees
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 298,400	Common stock 330,800	Common stock 302,800
Grant date	October 26, 2015	September 21, 2016	September 27, 2017
Fair value per stock at the grant date	¥951 (\$8.44)	¥852 (\$7.58)	¥1,142 (\$10.74)

27. Stock Based Compensation (continued)

	2019 stock option	2020 stock option	2021 stock option
Persons granted	9 directors	10 directors	8 directors
	22 executive officers	22 executive officers	21 executive officers
	5 eligible employees	3 eligible employees	8 eligible employees
		5 directors and executive officers of subsidiaries	3 directors and executive officers of subsidiaries
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 381,200	Common stock 560,000	Common stock 364,800
Grant date	August 21, 2018	September 26, 2019	August 24, 2020
Fair value per stock at the grant date	¥1,342	¥1,214	¥1,298
	(\$12.09)	(\$11.15)	(\$11.72)
	2022 stock option	2023 stock option	2024 stock option
Persons granted	7 directors	7 directors	5 directors
	19 executive officers	19 executive officers	17 executive officers
	10 eligible employees	11 eligible employees	19 eligible employees
	3 directors and executive officers of subsidiaries	5 directors and executive officers of subsidiaries	4 directors and executive officers of subsidiaries
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 306,000	Common stock 361,200	Common stock 218,400
Grant date	August 24, 2021	August 23, 2022	August 28, 2023
Fair value per stock at the grant date	¥1,333	¥1,105	¥1,206
	(\$10.88)	(\$8.27)	(\$7.96)
	2025 stock option		
Persons granted	6 directors		
	18 executive officers		
	18 eligible employees		
	5 directors and executive officers of subsidiaries		
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 292,000		
Grant date	August 27, 2024		
Fair value per stock at the grant date	¥1,377		
	(\$9.20)		

27. Stock Based Compensation (continued)

The total stock-based compensation costs recognized for the years ended March 31, 2025 and 2024 were ¥402 million (\$2,688 thousand) and ¥263 million, respectively.

The fair value of the 2025 stock option is estimated using the Black-Scholes option pricing model with the assumptions noted in the following table.

	2025 stock option
Expected volatility	26.86%
Estimated remaining outstanding period	3.2 years
Expected dividend	¥58 per share
Risk free interest rate	0.43%

The expected volatility of the stock price is based on the historical volatility of the Company's stock for a period equal to the option's estimated remaining outstanding period from the grant date. The estimated remaining outstanding period is based on the average term and average age as of retirement. The expected dividend is based on the forecast of dividends of ¥58 (\$0.38) made for the year ended March 31, 2025 at the grant date. The risk free interest rate is based on the yield of Japanese government bonds having a remaining life equal to the option's estimated remaining outstanding period.

The stock option activity for the fiscal year ended March 31, 2025 was as follows. The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The following are figures reflecting the stock split.

Stock option activity	Number of shares			
	2013 stock option	2014 stock option	2015 stock option	2016 stock option
Share subscription rights which are not yet vested				
Outstanding as of March 31, 2024	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of March 31, 2025	—	—	—	—
Share subscription rights which have already been vested				
Outstanding as of March 31, 2024	98,000	53,600	74,400	76,800
Vested	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding as of March 31, 2025	98,000	53,600	74,400	76,800
Exercise price (yen)	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	¥—	¥—	¥—	¥—
Weighted average fair value per stock at the grant date (yen)	¥327	¥760	¥679	¥951
Exercise price (U.S. dollars)	\$0	\$0	\$0	\$0
Weighted average exercise price (U.S. dollars)	\$—	\$—	\$—	\$—
Weighted average fair value per stock at the grant date (U.S. dollars)	\$2.18	\$5.07	\$4.54	\$6.36

27. Stock Based Compensation (continued)

Stock option activity	2017 stock option	2018 stock option	2019 stock option	2020 stock option
Share subscription rights which are not yet vested				
Outstanding as of March 31, 2024	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of March 31, 2025	—	—	—	—
Share subscription rights which have already been vested				
Outstanding as of March 31, 2024	90,000	90,400	166,000	282,400
Vested	—	—	—	—
Exercised	—	2,800	7,600	11,200
Forfeited	—	—	—	—
Outstanding as of March 31, 2025	90,000	87,600	158,400	271,200
Exercise price (yen)	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	—	¥1,543	¥1,543	¥1,543
Weighted average fair value per stock at the grant date (yen)	¥852	¥1,142	¥1,342	¥1,214
Exercise price (U.S. dollars)	\$0	\$0	\$0	\$0
Weighted average exercise price (U.S. dollars)	\$—	\$10.31	\$10.31	\$10.31
Weighted average fair value per stock at the grant date (U.S. dollars)	\$5.69	\$7.63	\$8.97	\$8.11

Stock option activity	2021 stock option	2022 stock option	2023 stock option	2024 stock option
Share subscription rights which are not yet vested				
Outstanding as of March 31, 2024	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of March 31, 2025	—	—	—	—
Share subscription rights which have already been vested				
Outstanding as of March 31, 2024	246,400	247,200	349,600	218,400
Vested	—	—	—	—
Exercised	13,200	13,200	18,000	16,800
Forfeited	—	—	—	—
Outstanding as of March 31, 2025	233,200	234,000	331,600	201,600
Exercise price (yen)	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	¥1,543	¥1,543	¥1,543	¥1,543
Weighted average fair value per stock at the grant date (yen)	¥1,298	¥1,333	¥1,105	¥1,206
Exercise price (U.S. dollars)	\$0	\$0	\$0	\$0
Weighted average exercise price (U.S. dollars)	\$10.31	\$10.31	\$10.31	\$10.31
Weighted average fair value per stock at the grant date (U.S. dollars)	\$8.68	\$8.91	\$7.38	\$8.06

27. Stock Based Compensation (continued)

Stock option activity	2025 stock option
Share subscription rights which are not yet vested	
Outstanding as of March 31, 2024	—
Granted	292,000
Forfeited	—
Vested	292,000
Outstanding as of March 31, 2025	—
Share subscription rights which have already been vested	
Outstanding as of March 31, 2024	—
Vested	292,000
Exercised	—
Forfeited	—
Outstanding as of March 31, 2025	292,000
Exercise price (yen)	¥1
Weighted average exercise price (yen)	¥—
Weighted average fair value per stock at the grant date (yen)	¥1,377
Exercise price (U.S. dollars)	\$0
Weighted average exercise price (U.S. dollars)	\$—
Weighted average fair value per stock at the grant date (U.S. dollars)	\$9.20

28. Investment and Rental Properties

The Company and certain consolidated subsidiaries own rental properties, such as commercial facilities and office buildings, in Tokyo and other areas. The net operating income relating to these properties was ¥13,109 million (\$87,668 thousand) and ¥9,479 million for the years ended March 31, 2025 and 2024, respectively. The carrying value in the consolidated balance sheet, change in carrying value and corresponding fair value of these properties for the years ended March 31, 2025 and 2024 were as follows:

Year ended March 31, 2025			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
<i>(Millions of yen)</i>			
¥282,696	¥42,719	¥325,415	¥350,427

Year ended March 31, 2024			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
<i>(Millions of yen)</i>			
¥249,092	¥33,604	¥282,696	¥304,534

Year ended March 31, 2025			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
<i>(Thousands of U.S. dollars)</i>			
\$1,890,565	\$285,689	\$2,176,255	\$2,343,523

(Notes)

1. The carrying value represents the acquisition cost less accumulated depreciation.
2. The components of net change in carrying value include an increase mainly due to the purchase of real estate in the amount of ¥65,695 million (\$439,344 thousands) and ¥40,446 million, a decrease mainly due to the sales of real estate in the amount of ¥11,540 million (\$77,178 thousands) and ¥4,935 million for the year ended March 31, 2025 and 2024, respectively.
3. Regarding major properties, the fair value is mainly estimated in accordance with Japanese real estate appraisal standards. For other properties, it is based on the appropriate index, which reflects market value.

29. Segment Information

1. Overview of Reportable Segments

The Company's reportable segments are defined as those organizational units whose financial information is individually available, and subject to regular review by the Board of Directors for the purpose of determining how to allocate its managerial resources and evaluating its business performance.

The "Equipment Leasing Business", the "Automobility Business", the "Specialty Financing Business", "International Business" and the "Environmental Infrastructure Business" constitute the Company's reportable segments.

- | | |
|----------------------------------|--|
| (1) Equipment Leasing | - Leasing, finance (money-lending and investment) including ancillary services and other businesses relating to the handling of information and communications equipment, office equipment, industrial machinery, transportation equipment and equipment for commercial and service industries |
| (2) Automobility | - Automobile leasing for corporate customers and individuals, car rental and car sharing businesses, etc. |
| (3) Specialty Financing | - Leasing, finance (money-lending and investment) including ancillary services and other businesses focusing on product fields such as shipping, aviation and real estate in Japan and overseas |
| (4) International | - Leasing, finance (money-lending and investment) including ancillary services and fleet services businesses, etc. mainly in East Asia, ASEAN, North, Central and South America |
| (5) Environmental Infrastructure | - Electric power generation business and leasing and finance (money-lending and investment) including ancillary services and other businesses related to renewable energy, etc. in Japan and overseas |

2. Calculation Method for amounts for Revenues, Profit or Loss, Assets, Liabilities and Other items by Reportable Segments

The accounting method for reportable business segments is the same as stated under "Summary of Significant Accounting Policies" in Note 2.

Income of reportable segments is based on net income attributable to owners of parent. Intersegment revenues and transfers are based on prevailing market prices.

29. Segment Information (continued)

3. Information on Revenues, Profit or Loss, Assets, Liabilities and Other items by Reportable Segments

	Year ended March 31, 2025									
	Reportable segments								Adjust- ments (Note 2)	Total after adjust- ments (Note 3)
	Equipment Leasing	Auto mobility	Specialty Financing	Inter- national	Environ- mental Infra- structure	Total of reportable segments	Others (Note 1)	Subtotal		
	(Millions of yen)									
Revenues										
Revenue from customers (Note 4)	¥449,116	¥300,738	¥334,528	¥222,652	¥60,846	¥1,367,882	¥752	¥1,368,635	¥-	¥1,368,635
Inter-segment revenues	472	851	152	213	1	1,691	594	2,285	(2,285)	-
Total revenues	¥449,588	¥301,590	¥334,680	¥222,865	¥60,848	¥1,369,573	¥1,347	¥1,370,921	¥(2,285)	¥1,368,635
Segment profit	¥22,836	¥17,685	¥32,872	¥16,300	¥81	¥89,777	¥1,716	¥91,493	¥(6,214)	¥85,279
Segment assets	¥1,274,955	¥500,762	¥2,972,919	¥977,222	¥285,187	¥6,011,046	¥48,821	¥6,059,867	¥802,994	¥6,862,861
Other items										
Depreciation and amortization	17,595	69,644	97,475	60,179	13,314	258,208	1	258,210	2,911	261,121
Amortization of goodwill	210	130	2,731	1,740	110	4,923	-	4,923	-	4,923
Equity in earnings (losses) of affiliates	7,408	753	7,813	1,134	(5)	17,105	1,546	18,651	-	18,651
Extraordinary income	63	89	682	3,630	1	4,468	-	4,468	10,039	14,507
(Gain on sales of investments in securities)	63	0	-	-	-	63	-	63	10,038	10,102
(Gain on liquidation of subsidiaries)	-	-	-	2,633	-	2,633	-	2,633	-	2,633
(Gain on sale of shares of subsidiaries and associates)	-	-	674	928	-	1,603	-	1,603	-	1,603
(Gain on sales of shares of subsidiaries)	-	-	-	-	-	-	-	-	-	-
(Other)	0	89	7	67	1	166	-	166	1	168
Extraordinary losses	30	273	135	30	787	1,257	0	1,257	109	1,367
(Loss on valuation of investment securities)	-	-	73	1	747	821	-	821	44	865
(Loss on disposal of property and equipment)	0	125	6	29	-	161	0	161	54	215
(Other)	30	148	55	-	40	275	-	275	10	286
Income taxes	6,911	10,812	27,442	6,512	649	52,327	92	52,420	(1,778)	50,641
Investment in equity-method affiliates	138,613	4,598	164,843	20,741	12,349	341,146	17,810	358,956	-	358,956
Increase in property, equipment and intangible assets (Note 5)	18,339	100,156	296,453	117,753	7,657	540,361	-	540,361	2,641	543,002

29. Segment Information (continued)

	Year ended March 31, 2024									
	Reportable segments						Others (Note 1)	Subtotal	Adjust- ments (Note 2)	Total after adjust- ments (Note 3)
	Equipment Leasing	Auto mobility	Specialty Financing	Inter- national	Environ- mental Infra- structure	Total of reportable segments				
	(Millions of yen)									
Revenues										
Revenue from customers (Note 4)	¥458,612	¥337,165	¥312,184	¥177,392	¥59,655	¥1,345,011	¥1,102	¥1,346,113	¥-	¥1,346,113
Inter-segment revenues	367	923	190	163	0	1,646	442	2,088	(2,088)	-
Total revenues	¥458,980	¥338,089	¥312,375	¥177,555	¥59,656	¥1,346,657	¥1,544	¥1,348,202	¥(2,088)	¥1,346,113
Segment profit	¥24,154	¥16,655	¥29,977	¥10,950	¥1,892	¥83,630	¥1,082	¥84,713	¥(12,576)	¥72,136
Segment assets	¥1,273,522	¥479,003	¥2,825,264	¥822,699	¥273,921	¥5,674,410	¥46,023	¥5,720,433	¥740,496	¥6,460,930
Other items										
Depreciation and amortization	17,555	69,071	87,623	54,844	12,576	241,671	2	241,673	886	242,560
Amortization of goodwill	4	371	2,609	1,016	58	4,060	-	4,060	-	4,060
Equity in earnings (losses) of affiliates	9,076	531	6,655	680	(4)	16,938	863	17,802	-	17,802
Extraordinary income	166	1,112	22	74	377	1,753	-	1,753	375	2,129
(Gain on sales of investments in securities)	-	4	1	1	377	385	-	385	375	760
(Gain on liquidation of subsidiaries)	-	-	-	-	-	-	-	-	-	-
(Gain on sale of shares of subsidiaries and associates)	-	-	-	-	-	-	-	-	-	-
(Gain on sales of shares of subsidiaries)	166	879	-	-	-	1,046	-	1,046	-	1,046
(Other)	0	228	20	73	0	322	-	322	0	322
Extraordinary losses	1	355	937	0	91	1,386	-	1,386	46	1,432
(Loss on valuation of investment securities)	-	-	845	-	75	920	-	920	31	952
(Loss on disposal of property and equipment)	0	131	49	0	-	181	-	181	4	186
(Other)	1	223	42	-	16	283	-	283	9	293
Income taxes	6,983	10,122	14,916	5,178	1,418	38,619	11	38,630	(3,154)	35,476
Investment in equity-method affiliates	132,526	3,849	130,817	20,753	9,556	297,503	16,164	313,667	-	313,667
Increase in property, equipment and intangible assets (Note 5)	15,029	91,852	295,946	91,558	2,917	497,304	-	497,304	4,455	501,760

29. Segment Information (continued)

	Year ended March 31, 2025										
	Reportable segments							Others (Note 1)	Subtotal	Adjust- ments (Note 2)	Total after adjust- ments (Note 3)
	Equipment Leasing	Auto mobility	Specialty Financing	Inter- national	Environ- mental Infra- structure	Total of reportable segments					
	<i>(Thousands of U.S. dollars)</i>										
Revenues											
Revenue from customers (Note 4)	\$3,003,519	\$2,011,226	\$2,237,197	\$1,489,016	\$406,920	\$9,147,880	\$5,035	\$9,152,916	\$—	\$9,152,916	
Inter-segment revenues	3,159	5,696	1,018	1,426	7	11,309	3,975	15,284	(15,284)	—	
Total revenues	\$3,006,679	\$2,016,923	\$2,238,215	\$1,490,442	\$406,928	\$9,159,189	\$9,011	\$9,168,201	\$(15,284)	\$9,152,916	
Segment profit	\$152,723	\$118,276	\$219,836	\$109,013	\$545	\$600,394	\$11,478	\$611,873	\$(41,558)	\$570,314	
Segment assets	\$8,526,417	\$3,348,907	\$19,881,757	\$6,535,293	\$1,907,225	\$40,199,601	\$326,497	\$40,526,098	\$5,370,120	\$45,896,219	
Other items											
Depreciation and amortization	117,670	465,758	651,876	402,455	89,040	1,726,800	12	1,726,812	19,471	1,746,284	
Amortization of goodwill	1,408	872	18,264	11,637	740	32,923	—	32,923	—	32,923	
Equity in earnings (losses) of affiliates	49,547	5,038	52,253	7,589	(33)	114,395	10,339	124,734	—	124,734	
Extraordinary income	426	600	4,564	24,278	10	29,881	—	29,881	67,141	97,022	
(Gain on sales of investments in securities)	425	1	—	—	—	427	—	427	67,131	67,559	
(Gain on liquidation of subsidiaries)	—	—	—	17,614	—	17,614	—	17,614	—	17,614	
(Gain on sale of shares of subsidiaries and associates)	—	—	4,511	6,211	—	10,723	—	10,723	—	10,723	
(Gain on sales of shares of subsidiaries)	—	—	—	—	—	—	—	—	—	—	
(Other)	0	599	53	452	10	1,116	—	1,116	9	1,125	
Extraordinary losses	203	1,832	907	202	5,266	8,412	0	8,412	729	9,142	
(Loss on valuation of investment securities)	—	—	489	7	4,996	5,493	—	5,493	296	5,789	
(Loss on disposal of property and equipment)	0	837	44	195	—	1,076	0	1,076	361	1,438	
(Other)	203	995	373	—	270	1,842	—	1,842	72	1,914	
Income taxes	46,218	72,309	183,522	43,552	4,344	349,946	619	350,566	(11,894)	338,672	
Investment in equity-method affiliates	926,994	30,752	1,102,411	138,708	82,589	2,281,456	119,112	2,400,568	—	2,400,568	
Increase in property, equipment and intangible assets (Note 5)	122,650	669,807	1,982,568	787,493	51,210	3,613,730	—	3,613,730	17,666	3,631,397	

29. Segment Information (continued)

- (Note 1) "Others" include casualty insurance agency business and business-processing services business, which are not included in any reportable segment.
- (Note 2) The details of Adjustments are as follows
- (1) The adjustment to "Segment profit" mainly consists of general and administrative expenses, which are not attributed to reportable segments.
 - (2) The adjustment to "Segment assets" mainly consists of cash and cash equivalents, which are not attributed to reportable segments.
 - (3) The adjustment to "Depreciation and amortization" consists of an adjustment for depreciation and amortization of corporate assets.
 - (4) Adjustment to increase in property, plant and equipment and intangible assets consists of adjustment for corporate assets.
- (Note 3) Segment income (loss) is adjusted with net income attributable to owners of parent shown on the consolidated statement of income.
- (Note 4) Revenues from contracts with customers included in revenues for the fiscal year ended March 31, 2025 for each of the reportable segments, i.e. Equipment Leasing, Automobility, Specialty Financing, International Business and Environmental Infrastructure were ¥4,149 million (\$27,753 thousand), ¥17,814 million (\$119,133 thousand), ¥35,821 million (\$239,563 thousand), ¥27,953 (\$186,945 thousand) and ¥54,291 million (\$363,079 thousand), respectively.
Revenues from contracts with customers included in revenues for the fiscal year ended March 31, 2024 for each of the reportable segments were ¥1,434 million, ¥15,370 million, ¥30,130 million, ¥9,753 and ¥54,005 million, respectively.
- (Note 5) "Increase in property, equipment and intangible assets" does not include increase from newly consolidated subsidiaries.

29. Segment Information (continued)

Information by products and services

	March 31, 2025						
	Finance lease	Operating lease	Disposal of leased Property etc.	Installment sales	Finance	Other	Total
	<i>(Millions of yen)</i>						
Revenues from customers	¥429,749	¥456,038	¥255,301	¥24,641	¥59,581	¥143,322	¥1,368,635
	March 31, 2024						
	Finance lease	Operating lease	Disposal of leased Property etc.	Installment sales	Finance	Other	Total
	<i>(Millions of yen)</i>						
Revenues from customers	¥457,716	¥431,378	¥265,545	¥25,136	¥53,873	¥112,463	¥1,346,113
	March 31, 2025						
	Finance lease	Operating lease	Disposal of leased Property etc.	Installment sales	Finance	Other	Total
	<i>(Thousands of U.S. dollars)</i>						
Revenues from customers	\$2,873,999	\$3,049,814	\$1,707,361	\$164,795	\$398,461	\$958,484	\$9,152,916

(Note) Disposal of property etc. is composed of sales of disposal of leased property, cancellation fees, and maintenance fees.

29. Segment Information (continued)

Geographical information

(a) Revenues

Information by geographic segment is summarized as follows:

March 31, 2025						
Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
<i>(Millions of yen)</i>						
¥923,845	¥303,787	¥7,751	¥42,879	¥36,140	¥54,230	¥1,368,635

- (Notes) 1. Regions represent the location of the Company and its subsidiaries.
 2. Major countries and areas which belong to segments other than Japan are as follows:
 (1) Europe and North America: Ireland, The United States of America, The United Kingdom, Germany
 (2) Asia: Singapore, Malaysia, Thailand, China, Philippines
 (3) Central and South America: Panama, Mexico, Brazil

March 31, 2024						
Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
<i>(Millions of yen)</i>						
¥963,053	¥258,259	¥6,787	¥18,509	¥47,000	¥52,502	¥1,346,113

- (Notes) 1. Regions represent the location of the Company and its subsidiaries.
 2. Major countries and areas which belong to segments other than Japan are as follows:
 (1) Europe and North America: Ireland, The United States of America, The United Kingdom, Germany
 (2) Asia: Singapore, Malaysia, Thailand, China, Philippines
 (3) Central and South America: Panama, Mexico, Brazil

March 31, 2025						
Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
<i>(Thousands of U.S. dollars)</i>						
\$6,178,329	\$2,031,617	\$51,841	\$286,761	\$241,691	\$362,675	\$9,152,916

29. Segment Information (continued)

(b) Property and equipment

Information by geographic segment is summarized as follows:

March 31, 2025						
Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
<i>(Millions of yen)</i>						
¥880,022	¥2,024,636	¥66,325	¥23,028	¥42,644	¥62,573	¥3,099,230

March 31, 2024						
Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
<i>(Millions of yen)</i>						
¥827,455	¥1,889,381	¥58,869	¥21,166	¥37,607	¥61,501	¥2,895,981

March 31, 2025						
Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
<i>(Thousands of U.S. dollars)</i>						
\$5,885,259	\$13,540,001	\$443,558	\$154,004	\$285,192	\$418,465	\$20,726,481

Information by main customer

Information by main customer for the years ended March 31, 2025 and 2024 are not disclosed because there were no customers that accounted for 10% or more of the revenues from customers recorded in the consolidated statement of income.

Information about impairment losses on fixed assets by reportable segment

March 31, 2025						
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
	<i>(Millions of yen)</i>					
Impairment loss	—	—	¥2,268	—	—	¥2,268
March 31, 2024						
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
	<i>(Millions of yen)</i>					
Impairment loss	—	—	¥3,148	—	—	¥3,148

For the year ended March 31, 2024, impairment losses for assets related to the leasing of aircraft and the leasing of real estate were recorded.

29. Segment Information (continued)

March 31, 2025						
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
<i>(Thousands of U.S. dollars)</i>						
Impairment loss	—	—	\$15,169	—	—	¥15,169

For the year ended March 31, 2025, impairment losses of ¥2,268 million (\$15,169 thousand) for assets related to the leasing of aircraft was recorded.

Information about unamortized balance of goodwill

March 31, 2025						
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
<i>(Millions of yen)</i>						
Unamortized balance	¥1,919	¥1,696	¥40,000	¥26,644	¥1,652	¥71,912

March 31, 2024						
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
<i>(Millions of yen)</i>						
Unamortized balance	¥2,118	¥1,827	¥39,960	¥28,009	¥1,009	¥72,924

March 31, 2025						
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
<i>(Thousands of U.S. dollars)</i>						
Unamortized balance	\$12,834	\$11,345	\$267,507	\$178,188	\$11,049	\$480,924

Amortization of goodwill by segment is disclosed above in 3. Information on Revenues, Profit or Loss, Assets, Liabilities and Other items by Reportable Segment.

Information about the gain recognized on negative goodwill by reportable segment

For the years ended March 31, 2025 and 2024, there was no gain recognized on negative goodwill.

30. Revenue Recognition

1. Disaggregation of revenue from contracts with customers

Information on the disaggregation of revenue from contracts with customers is stated in *Note 29 Segment Information* of the Notes to Consolidated Financial Statements.

2. Useful information in understanding revenue from contracts with customers

(1) Electricity sales contracts

The performance obligation under electricity sales contracts is to provide customers with power generated using generating equipment. Revenue is primarily recognized for the estimated amount of electricity sold by the fiscal year end. This revenue arises mainly from the company and subsidiaries in Specialty Financing segment.

(2) Car management service contracts

The Company considers that the performance obligation under car management service contracts is to provide customers with full access to vehicles at any time based on the contract terms. Revenue is recognized over the contract term in the amount stipulated in contracts with customers on a straight-line basis. This revenue arises primarily for subsidiaries in Automobility segment.

(3) Real estate sales contracts

The performance obligation under real estate sales contracts is to deliver condominiums, detached houses, residential land, etc. to customers. Revenue is recognized when the relevant property is delivered. This revenue arises for subsidiaries in Specialty Financing segment.

3. Information on the reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and information on the amount and timing of revenue that is expected to be recognized after the next fiscal year from such contracts that exist at the end of the fiscal year

30. Revenue Recognition (continued)

(1) Amount of contract assets and contract liabilities

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Receivable from contract with customers (Beginning balance)	¥12,792	¥12,526	\$85,550
Receivable from contract with customers (Ending balance)	¥22,097	¥12,792	\$147,777
Contract assets (Beginning balance)	¥591	¥1,836	\$3,957
Contract assets (Ending balance)	¥510	¥591	\$3,413
Contract liabilities (current) (Beginning balance)	¥1,731	¥3,073	\$11,579
Contract liabilities (current) (Ending balance)	¥1,146	¥1,731	\$7,668
Contract liabilities (fixed) (Beginning balance)	¥390	¥406	\$2,612
Contract liabilities (fixed) (Ending balance)	¥381	¥390	\$2,548

Receivables from contract with customers and contract assets are included in other current assets on the Consolidated Balance Sheet. Contract liabilities (current) and contract liabilities (fixed) are included in other current liabilities and other long-term liabilities, respectively.

During the fiscal years ended March 31, 2025 and 2024, the amounts of recognized income, which were included in the opening balance of the contract liabilities are ¥1,815 million (\$12,142 thousand) and ¥3,194 million respectively.

(2) Transaction price distributed to residual performance obligations

Regarding the transaction price distributed to the residual performance obligations, the group does not have any significant contracts with an initially expected contract period of more than one year, so practical convenience is applied and the description is omitted.

31. Business Combinations

(Finalization of provisional accounting treatment for business combinations)

TC Global Investments Americas LLC (“TCGIA”), a consolidated subsidiary of the Company, acquired an 80% ownership interest in NTT Global Data Centers Joint Venture CH, LLC (“NTT DC JV”) on March 22, 2024. As a result, NTT DC JV and its two subsidiaries, NTT Global Data Centers Holdings CH, LLC and NTT Global Data Centers CH, LLC, became consolidated subsidiaries of the Company. While provisional accounting treatment was applied in the previous fiscal year, the accounting has been finalized in the current fiscal year.

The adjustment to the amount of goodwill resulting from the finalization of the provisional accounting treatment is as follows:

	2025	2025
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Goodwill (Before the adjustment)	¥13,935	\$93,193
Fluctuations in the fair value of non-controlling interests, etc.	3,638	24,331
Changes in tangible fixed assets	(7,605)	(50,862)
Changes in intangible assets	(8,524)	(57,009)
Changes in long-term liabilities	11,044	73,861
Total	(1,447)	(9,679)
Goodwill (After the adjustment)	¥12,487	\$83,513

TCGIA, the acquiring entity of NTT DC JV, prepares its financial statements in accordance with U.S. GAAP and applies Accounting Standards Updates (“ASU”) 2015-16. ASU 2015-16 requires the acquirer to recognize adjustments to provisional accounting identified during the measurement period in the reporting period in which the amounts are determined. Accordingly, the revised allocation of the acquisition cost is not reflected in the comparative information.

32. Related Party Transactions

(1) Transactions with related parties

1) Transactions between the company submitting consolidated financial statements and its related parties

As of March 31, 2025										
Class	Name of the company, etc.	Location	Capital stock or investment in capital (Millions of yen) (Thousands of U.S. dollars)	Description of business or occupation	Percentage of voting rights holding (held) (%)	Relationship with related parties	Description of transactions (Note 1)	Transaction amounts (Millions of yen) (Thousands of U.S. dollars)	Item	Balance at the end of fiscal year (Millions of yen) (Thousands of U.S. dollars)
Affiliates	Orico Auto Leasing Co., Ltd.	Taito-ku, Tokyo	¥240 (\$1,605)	Auto leasing business	Direct holding 34.0	Loan of funds, Concurrent appointment of officers	Loan of business funds	¥611,727 (\$4,090,998)	Other current assets	¥55,928 (\$374,028)
									Long-term loans and other assets	¥18,024 (\$120,539)
							Receipt of interest	¥487 (\$3,262)	Other current assets	¥111 (\$743)

(Note 1) Loan interest rates are determined rationally in consideration of market interest rates.

As of March 31, 2024										
Class	Name of the company, etc.	Location	Capital stock or investment in capital (Millions of yen)	Description of business or occupation	Percentage of voting rights holding (held) (%)	Relationship with related parties	Description of transactions (Note 1)	Transaction amounts (Millions of yen) (Note 2)	Item	Balance at the end of fiscal year (Millions of yen)
Affiliates	Orico Auto Leasing Co., Ltd.	Taito-ku, Tokyo	¥240	Auto leasing business	Direct holding 34.0	Loan of funds, Concurrent appointment of officers	Loan of business funds	¥147,489	Other current assets	¥58,490
									Long-term loans and other assets	¥9,862
							Receipt of interest	¥190	Other current assets	¥71

(Note 1) Loan interest rates are determined rationally in consideration of market interest rates.

(Note 2) Orico Auto Leasing Co., Ltd. (OAL) was changed from a consolidated subsidiary of the Company to an equity method affiliate on September 29, 2023 due to the transfer of a part of shares held by the Company to OAL, and therefore corresponded to a related party of the Company. Therefore, the above transaction amounts are the transaction amounts after the share transfer.

32. Related Party Transactions (continued)

2) Companies, etc. sharing the same parent with the Company submitting consolidated financial statements, and subsidiaries, etc. of other subsidiaries and affiliate companies submitting consolidated financial statements

As of March 31, 2024										
Class	Name of the company, etc.	Location	Capital stock or investment in capital (Millions of yen)	Description of business or occupation	Percentage of voting rights holding (held) (%)	Relationship with related parties	Description of transactions (Note)	Transaction amounts (Millions of yen)	Item	Balance at the end of fiscal year (Millions of yen)
Subsidiaries of main shareholders	NTT Global Data Centers Americas, Inc.	State of Delaware, the U.S.	¥64,193	Data center business	—	Joint management partner of Data center business	Acquisition of interest in subsidiaries	¥68,767	—	—

(Note) The acquisition of interests in the subsidiary was determined by discussion between the parties concerned in consideration of the valuation amount calculated by a third-party organization.

The information is not presented as the amounts for the years ended March 31, 2025 was immaterial.

(2) Notes on parent company or significant affiliates

For the years ended March 31, 2025 and 2024, the important affiliated company is NTT TC leasing Co., Ltd., and its summarized financial statements are as follows:

	NTT TC Leasing Co., Ltd.		
	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Total current assets	¥2,046,767	¥1,886,693	\$13,688,007
Total non-current assets	¥245,427	¥209,498	\$1,641,327
Total deferred charges	¥426	¥307	\$2,850
Total current liabilities	¥1,390,692	¥1,402,056	\$9,300,427
Total long-term liabilities	¥743,129	¥542,074	\$4,969,767
Total equity	¥158,799	¥152,368	\$1,061,990
Total revenues	¥390,237	¥375,956	\$2,609,762
Total income before income taxes	¥19,812	¥21,443	\$132,495
Total net income attributed to owners of the parents	¥13,828	¥15,012	\$92,481

33. Amounts per Share

The net assets per share, basic and diluted net income attributable to owners of the parent per share for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024	2025
	(Yen)		(U.S. dollars)
Net assets	¥2,110.36	¥1,781.32	\$14.11
Net income attributable to owners of the parent: Basic	¥174.51	¥147.32	\$1.16
Diluted	¥173.77	¥146.75	\$1.16

Net assets per share are calculated based on the net assets available for distribution to the shareholders of common stock (i.e., the net assets excluding non-controlling interests and share subscription rights) and the number of shares of common stock outstanding at each balance sheet date.

Basic net income attributable to owners of the parent per share is calculated by dividing the net income attributable to owners of the parent available for distribution to shareholders of common stock by the weighted-average number of shares of common stock outstanding during the period.

Diluted net income attributable to owners of the parent per share is calculated based on the net income attributable to owners of the parent available for distribution to shareholders and the weighted-average number of shares of common stock outstanding during the period after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

The Company conducted a 4-for-1 stock split of its common shares effective January 1, 2024. The net assets per share, the basic earnings per share, and the diluted earnings per share have been calculated based on the premise that the stock split was conducted at the beginning of the previous fiscal year.

Treasury shares are deducted when calculating the number of common shares as of the fiscal year-end, used in the computation of the net assets per share, and those treasury shares include the Company's shares owned by the Board Benefit Trust (BBT). The number of treasury shares owned by the Board Benefit Trust (BBT) is 1,850,700 shares for the fiscal year ended March 31, 2025.

Treasury shares are deducted when calculating the average number of shares during the period, used in the computation of the basic earnings per share, and those treasury shares include the Company's shares owned by the Board Benefit Trust (BBT). The average number of treasury shares owned by the Board Benefit Trust (BBT) is 1,061,144 shares for the fiscal year ended March 31, 2025.

33. Amounts per Share (continued)

The base data for the calculation is as follows:

1. Net assets per share

	March 31, 2025	March 31, 2024
	<i>(Thousands of shares)</i>	
Number of shares of common stock used for the calculation of net assets per share	487,885	489,654

	March 31, 2025	March 31, 2024	March 31, 2025
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Total net assets	¥1,176,889	¥1,011,176	\$7,870,592
Amount deducted from total net assets:	147,275	138,945	984,921
Share subscription rights	2,540	2,240	16,991
Non-controlling interests	144,734	136,704	967,929
Net assets attributable to shares of common stock	¥1,029,614	¥872,230	\$6,885,671

2. Basic and diluted net income attributable to owners of the parent per share

	2025	2024
	<i>(Thousands of shares)</i>	
Weighted average number of shares of common stock	488,675	489,654
Increase in shares of common stock		
Exercise of share subscription rights	2,083	1,904

34. Subsequent Events

(Settlement of lawsuit)

The Company recorded an extraordinary loss in the fiscal year ended March 31, 2023, as it became unlikely that Aviation Capital Group LLC (located in California, United States, hereinafter "ACG"), a consolidated subsidiary of the Company, would be able to recover receivables related to aircraft leased to Russian airlines and loans and loan guarantees for which Russian airlines were the de facto obligators.

Subsequently, ACG pursued litigation against insurers based on insurance contracts covering such leases to Russian airlines. On May 7, 2025 (May 6, 2025, local time in the United States), ACG entered into a settlement agreement with certain insurers, under which ACG will receive a total of US\$398 million in insurance settlement proceeds.

The yen-equivalent amount of the settlement proceeds is expected to be recorded as extraordinary income in the Company's consolidated financial results for the fiscal year ending March 31, 2026.

Litigation with other insurers not party to the settlement agreement remains ongoing.