Tokyo Century Corporation
and Consolidated Subsidiaries

Consolidated Financial Statements

For the year ended March 31, 2026
with Independent Auditor's Report

Tokyo Century Corporation and Consolidated Subsidiaries

Consolidated Financial Statements

For the year ended March 31, 2026

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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, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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 Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Recognition and Measurement of Impairment Loss on Fixed Assets Related to the Biomass Co-firing Power Generation Business	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As stated in Note 4 to the consolidated financial statements, "Significant Accounting Estimates: (2) Impairment of other operating assets," and in Note 15 to the consolidated financial statements, "Impairment Loss," on the consolidated balance sheet as of March 31, 2026, the Group recorded ¥2,837,562 million of Leased assets, ¥128,768 million of Other operating assets, ¥31,926 million of Own assets in use as Property and equipment, at cost less accumulated depreciation, ¥99,480 million of Long-term loans and other assets as Investments and other assets, which included fixed assets related to the biomass co-firing power generation business. Also, as stated in Note 15, the amount of impairment loss on fixed assets related to the biomass co-firing power generation business for the year ended March 31, 2026, was ¥70,123 million included in Other income (expenses) as Impairment loss. As stated in Note 4 to the consolidated financial statements, "Significant Accounting Estimates: (2) Impairment of other operating assets," assets are grouped based on the smallest unit that generates largely independent of cash flows of other assets. When indications of impairment are identified, such as a significant decline in market value or events that materially reduce the recoverable amount of assets, the Group estimates the future cash flows expected to be derived from the relevant asset group and determines whether recognition of impairment is required. As a result, if it is determined that an impairment loss should be recognized, the recoverable amount is measured at the higher of net realizable value or value in use, the carrying amount is reduced to the recoverable amount, and the amount of such reduction is recorded as an impairment loss. The Group revised its future business plan for the biomass co-firing power generation business in light of the recent business environment. As a result, the undiscounted future cash flows of the business fell below its carrying amount, and the Group therefore reduced the carrying amount to the recoverable amount and recognized an impairment loss of ¥70,123 million. The Group used value in use, calculated by discounting future cash flows, as the recoverable amount of the asset group.	Our audit procedures performed in relation to the key audit matter included the following, among others: • We evaluated the design and operating effectiveness of internal controls related to impairment of fixed assets. • We inspected the business plan approved by management and inquired of management. • We evaluated the accuracy of management's estimates by performing a retrospective review of the estimates made by management in the previous fiscal year relating to significant assumptions. • To examine the reasonableness of the estimation period for future cash flows, we inspected the business plan approved by management and the minutes of the board of directors meetings. • With respect to significant assumptions such as forecasts of electricity selling prices, electricity sales volumes, and power generation costs, in order to determine the reasonableness of future cash flows, we performed comparisons with prior-year actual data, as well as comparisons and consistency checks with external information. • Regarding the discount rate, we involved our valuation specialists, evaluated the appropriateness of the methodology used by management to calculate the discount rate, and compared the discount rate independently estimated by our valuation specialists with the discount rate adopted by management. • We determined whether the recoverable amount was appropriately calculated and whether the impairment loss was recorded based on the appropriately calculated recoverable amount.

The estimates of future cash flows are based on the business plan prepared in light of recent operating results (including the current period) and the business environment, and involve significant assumptions. These significant assumptions mainly include forecasts of electricity selling prices based on power demand outlook, electricity sales volumes based on the operating plans, and generation costs, centered on procurement prices of raw materials, including coal. Because these assumptions are affected by external factors, the estimates involve uncertainty and require management judgment. In addition, the discount rate used in measuring the recoverable amount requires advanced valuation expertise in selecting the calculation methodology and input data. Considering the above, we determined that the recognition and measurement of impairment loss on fixed assets related to the biomass co-firing power generation business as a key audit matter.	

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, 2026, which were charged by us and our network firms to Tokyo Century Corporation and its subsidiaries were ¥248 million and ¥550 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 24, 2026

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Balance Sheet

	As of March 31,		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Assets			
Current assets:			
Cash and cash equivalents *(Notes 11 and 23)*	**¥219,668**	¥168,797	**$1,373,528**
Time deposits other than cash equivalents *(Note 23)*	**1,810**	8,566	**11,318**
Receivables－trade:			
Installment sales *(Notes 11,12 and 23)*	**197,021**	186,858	**1,231,923**
Lease receivables and investment in leases *(Notes 11,12,21 and 23)*	**1,588,984**	1,488,603	**9,935,502**
Loans *(Notes 11and 23)*	**361,709**	409,423	**2,261,674**
Leases	**72,322**	72,474	**452,215**
Operational investment securities (Notes 8,9,11 and 23)	**427,988**	420,892	**2,676,098**
Short-term investment securities (Notes 8 and 23)	**100**	100	**625**
Inventories (Notes 7 and 11)	**41,670**	33,983	**260,555**
Other current assets (Notes 11 and 29)	**315,287**	289,643	**1,971,412**
Allowance for doubtful accounts (Notes 4, 13, 18 and 23)	**(8,609)**	(3,285)	**(53,832)**
Total current assets	**3,217,955**	3,076,059	**20,121,021**
Property and equipment, at cost less accumulated depreciation:			
Leased assets (Notes 4, 10, 11 and 15)	**2,837,562**	2,638,974	**17,742,525**
Advances for purchases of property for lease	**135,150**	125,291	**845,058**
Other operating assets (Note 4, 10, 11 and 15)	**128,768**	273,873	**805,157**
Construction in progress	**10,218**	28,612	**63,893**
Own assets in use (Notes 10 and 11)	**31,926**	32,479	**199,630**
Total property and equipment, net	**3,143,626**	3,099,230	**19,656,266**
Investments and other assets:			
Investments in securities (Notes 8,9,11 and 23)			
Unconsolidated subsidiaries and associated companies	**533,845**	360,735	**3,337,997**
Other securities	**81,852**	90,631	**511,801**
Goodwill (Note 4)	**56,245**	71,912	**351,686**
Claims provable in bankruptcy or rehabilitation (Notes 4,23)	**3,152**	3,259	**19,714**
Computer software leased to customer	**2,705**	2,466	**16,915**
Other intangible assets	**34,028**	50,569	**212,772**
Assets for employees' retirement benefits	**4**	286	**30**
Deferred charges	**1,319**	1,845	**8,248**
Deferred tax assets (Note 18)	**43,689**	17,952	**273,181**
Long-term loans and other assets	**99,480**	91,096	**622,025**
Allowance for doubtful accounts (Notes 4, 18 and 23)	**(3,095)**	(3,184)	**(19,357)**
Total investments and other assets	**853,228**	687,571	**5,335,014**
Total assets	**¥7,214,810**	¥6,862,861	**$45,112,303**

The accompanying notes are an integral part of these statements.

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

	As of March 31,		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Liabilities and Equity			
Current liabilities:			
Short-term borrowings *(Notes 11 and 23)*	**¥736,253**	¥579,985	**$4,603,596**
Current portion of long-term debt *(Notes 11 and 23)*	**1,202,718**	870,742	**7,520,281**
Notes and accounts payable – trade *(Note 23)*	**223,956**	226,580	**1,400,339**
Lease obligations *(Notes 21 and 23)*	**11,610**	10,192	**72,595**
Accrued income taxes *(Note 18)*	**23,080**	16,169	**144,315**
Deferred profit on installment sales *(Note 23)*	**22,072**	19,688	**138,011**
Other current liabilities *(Note 29)*	**173,423**	157,703	**1,084,371**
Total current liabilities	**2,393,114**	1,881,062	**$14,963,510**
Long-term liabilities:			
Long-term debt *(Notes 11 and 23)*	**3,203,513**	3,461,832	**20,030,722**
Lease obligations *(Notes 21 and 23)*	**20,534**	24,879	**128,398**
Provision for directors' retirement benefits	**243**	356	**1,520**
Liability for employees' retirement benefits (Note 20)	**9,625**	11,318	**60,185**
Provision for automobile inspection costs	**733**	702	**4,588**
Deferred tax liabilities *(Note 18)*	**100,241**	72,483	**626,784**
Other long-term liabilities *(Note 29)*	**234,211**	233,336	**1,464,459**
Total long-term liabilities	**3,569,103**	3,804,909	**22,316,659**
Total liabilities	**5,962,217**	5,685,971	**37,280,170**
Commitments and Contingent Liabilities *(Note 22)*			
Equity (Note 29):			
Common stock without par value:			
Authorized: 1,600,000,000 shares			
Issued: 492,113,280 shares in 2026 and 2025	**81,129**	81,129	**507,279**
Capital surplus	**56,547**	56,247	**353,576**
Stock acquisition rights *(Note 26)*	**1,775**	2,540	**11,099**
Retained earnings	**665,085**	582,759	**4,158,606**
Treasury stock:			
3,351,414 shares in 2026 and 4,227,504 shares in 2025	**(3,893)**	(4,625)	**(24,342)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**47,707**	34,345	**298,303**
Deferred gains on hedges	**6,950**	9,248	**43,462**
Foreign currency translation adjustments	**264,812**	269,269	**1,655,805**
Defined retirement benefit plans *(Note 20)*	**2,162**	1,240	**13,522**
Total	**1,122,279**	1,032,155	**7,017,313**
Non-controlling interests	**130,314**	144,734	**814,819**
Total equity	**1,252,593**	1,176,889	**7,832,133**
Total liabilities and equity	**¥7,214,810**	¥6,862,861	**$45,112,303**

The accompanying notes are an integral part of these statements.

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Income

	Years ended March 31		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Revenues	**¥1,457,670**	¥1,368,635	**$9,114,428**
Costs *(Note 7 and 15)*	**1,129,417**	1,088,408	**7,061,949**
Gross profit	**328,253**	280,226	**2,052,479**
Selling, general and administrative expenses *(Note 13)*	**179,946**	163,166	**1,125,160**
Operating income	**148,306**	117,060	**927,319**
Other income(expenses):			
Interest and dividend income	**3,263**	3,359	**20,407**
Interest expense	**(11,181)**	(9,681)	**(69,915)**
Equity in earnings of unconsolidated subsidiaries and associated companies	**23,617**	18,651	**147,674**
Foreign exchange gain (loss)	**(677)**	2,366	**(4,236)**
Russia-related insurance settlement *(Note 14)*	**82,440**	—	**515,475**
Gain on liquidation of subsidiaries	—	2,633	—
Gain on sale of shares of subsidiaries and associates	—	1,603	—
Impairment loss *(Note 15)*	**(86,925)**	—	**(543,520)**
Other — net	**(2,938)**	9,419	**(18,374)**
Other income(expenses)-net	**7,598**	28,352	**47,510**
Income before income taxes	**155,904**	145,413	**974,830**
Income taxes *(Note 18)*:			
Current	**32,255**	28,896	**201,685**
Deferred	**5,389**	21,745	**33,696**
Total income taxes	**37,644**	50,641	**235,382**
Net income	**118,259**	94,771	**739,447**
Net income attributable to:			
Non-controlling interests	**6,960**	9,492	**43,519**
Owners of the parent *(Note 32)*	**¥111,299**	¥85,279	**$695,928**

	2026	2025	**2026**
Amounts per share of common stock (*Note 32*)	*(Yen)*		*(U.S. dollars) (Note 1)*
Basic net income	**¥227.82**	¥174.51	**$1.42**
Diluted net income	**¥227.06**	¥173.77	**$1.41**
Cash dividends applicable to the year	**¥80.00**	¥62.00	**$0.50**

The accompanying notes are an integral part of these statements.

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income

	Years ended March 31		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net income	**¥118,259**	¥94,771	**$739,447**
Other comprehensive income *(Note 16)*:			
Unrealized gain(loss) on available-for-sale securities	**13,572**	(2,902)	**84,868**
Deferred gain(loss) on hedges	**(3,849)**	(1,277)	**(24,071)**
Foreign currency translation adjustments	**(9,095)**	103,892	**(56,869)**
Defined retirement benefit plans	**1,040**	125	**6,504**
Share of other comprehensive income in associates	**6,575**	2,850	**41,112**
Total other comprehensive income	**8,243**	102,688	**51,543**
Comprehensive income	**¥126,503**	¥197,459	**$790,991**
Comprehensive income attributable to :			
Owners of the parent	**¥118,830**	¥187,784	**$743,013**
Non-controlling interests	**¥7,673**	¥9,675	**$47,978**

The accompanying notes are an integral part of these statements.

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, 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
Increase in retained earnings due to newly added equity-method affiliates		—	—	—	—	—
Net change in the year		—	—	300	—	—
Balance as of March 31, 2025	**492,113**	**¥81,129**	**¥56,247**	**¥2,540**	**¥582,759**	**¥(4,625)**
Cash dividends		**—**	**—**	**—**	**(33,817)**	**—**
Net income attributed to owners of the parent		**—**	**—**	**—**	**111,299**	**—**
Purchase of treasury stock		**—**	**—**	**—**	**—**	**(0)**
Disposal of treasury stock		**—**	**300**	**—**	**—**	**732**
Increase in retained earnings due to newly added equity-method affiliates		**—**	**—**	**—**	**4,844**	**—**
Net change in the year		**—**	**—**	**(765)**	**—**	**—**
Balance as of March 31, 2026	**492,113**	**¥81,129**	**¥56,547**	**¥1,775**	**¥665,085**	**¥(3,893)**

	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, 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
Increase in retained earnings due to newly added equity-method affiliates	—	—	—	—	—	—	—
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**
Cash dividends	**—**	**—**	**—**	**—**	**(33,817)**	**—**	**(33,817)**
Net income attributed to owners of the parent	**—**	**—**	**—**	**—**	**111,299**	**—**	**111,299**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**(0)**	**—**	**(0)**
Disposal of treasury stock	**—**	**—**	**—**	**—**	**1,032**	**—**	**1,032**
Increase in retained earnings due to newly added equity-method affiliates	**—**	**—**	**—**	**—**	**4,844**	**—**	**4,844**
Net change in the year	**13,362**	**(2,297)**	**(4,456)**	**922**	**6,764**	**(14,420)**	**(7,655)**
Balance as of March 31, 2026	**¥47,707**	**¥6,950**	**¥264,812**	**¥2,162**	**¥1,122,279**	**¥130,314**	**¥1,252,593**

The accompanying notes are an integral part of these statements.

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, 2025	492,113	$ 507,279	$ 351,699	$ 15,886	$ 3,643,839	$(28,921)
Cash dividends		—	—	—	(211,452)	—
Net income attributed to owners of the parent		—	—	—	695,928	—
Purchase of treasury stock		—	—	—	—	(1)
Disposal of treasury stock		—	1,877	—	—	4,580
Increase in retained earnings due to newly added equity-method affiliates		—	—	—	30,290	—
Net change in the year		—	—	(4,787)	—	—
Balance as of March 31, 2026	492,113	$ 507,279	$ 353,576	$ 11,099	$ 4,158,606	$(24,342)

	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, 2025	$ 214,753	$ 57,826	$ 1,683,673	$ 7,756	$ 6,453,793	$ 904,986	$ 7,358,780
Cash dividends	—	—	—	—	(211,452)	—	(211,452)
Net income attributed to owners of the parent	—	—	—	—	695,928	—	695,928
Purchase of treasury stock	—	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	—	—	6,457	—	6,457
Increase in retained earnings due to newly added equity-method affiliates	—	—	—	—	30,290	—	30,290
Net change in the year	83,550	(14,363)	(27,868)	5,766	42,297	(90,167)	(47,870)
Balance as of March 31, 2026	$ 298,303	$ 43,462	$ 1,655,805	$ 13,522	$ 7,017,313	$ 814,819	$ 7,832,133

The accompanying notes are an integral part of these statements.

Tokyo Century Corporation and Consolidated Subsidiaries
Consolidated Statement of Cash Flows

	Years ended March 31		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Operating activities:			
Income before income taxes	**¥155,904**	¥145,413	**$974,830**
Adjustments for:			
Income taxes paid	**(37,440)**	(20,396)	**(234,104)**
Depreciation and amortization of leased assets	**244,750**	234,551	**1,530,358**
Loss on sale and disposal of leased assets	**341,249**	320,960	**2,133,742**
Impairment loss	**96,457**	2,268	**603,123**
Depreciation of other operating assets, and cost of other operating asset sales	**20,338**	14,255	**127,171**
Depreciation and loss on sale and disposal of own assets in use	**14,325**	12,484	**89,573**
Amortization of goodwill	**4,749**	4,923	**29,699**
Foreign exchange loss(gain)	**677**	(2,366)	**4,236**
Increase (decrease) in allowance for doubtful accounts	**5,314**	(2,695)	**33,232**
Increase in accrued bonus	**857**	546	**5,360**
Increase (decrease) in liability for employees' retirement benefits	**(106)**	32	**(667)**
Equity in earnings of affiliates	**(23,617)**	(18,651)	**(147,674)**
Gain on sale of investments in securities	**(301)**	(10,102)	**(1,886)**
Decrease (increase) in installment sales receivable	**(1,092)**	(5,277)	**(6,831)**
Increase in lease receivables and investment in leases	**(110,397)**	(62,771)	**(690,289)**
Decrease in loans receivable	**47,975**	44,809	**299,980**
Increase in operational investment securities	**(5,028)**	(61,054)	**(31,442)**
Gain on liquidation of subsidiaries	**—**	(2,628)	**—**
Gain on sale of shares of subsidiaries and associates	**(19,787)**	(1,603)	**(123,722)**
Purchases of leased assets	**(789,720)**	(494,775)	**(4,937,915)**
Purchase of other operating assets	**(9,204)**	(34,916)	**(57,556)**
Decrease(increase) in construction in progress	**18,591**	4,459	**116,249**
Decrease in claims provable in bankruptcy or rehabilitation	**63**	769	**397**
Increase (decrease) in notes and accounts payable - trade	**(1,272)**	7,355	**(7,955)**
Increase (decrease) in interest payable	**(2,331)**	932	**(14,580)**
Other — net	**(27,889)**	(25,150)	**(174,382)**
Total adjustments	**(232,839)**	(94,042)	**(1,455,883)**
Net cash provided by (used in) operating activities	**¥ (76,934)**	¥ 51,371	**$(481,052)**

The accompanying notes are an integral part of these statements.

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

	Years ended March 31		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Investing activities:			
Proceeds from sale of own assets in use	**¥1,615**	¥607	**$10,101**
Purchase of own assets in use	**(20,847)**	(17,770)	**(130,351)**
Proceeds from sale/redemption of investments in securities	**921**	12,162	**5,762**
Proceeds from sale of shares of subsidiaries and associates	**571**	3,290	**3,573**
Purchase of investments in securities	**(73,586)**	(33,448)	**(460,116)**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	**(870)**	(1,256)	**(5,439)**
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation (Note 17)	**22,123**	—	**138,331**
Other — net	**8,151**	4,948	**50,971**
Net cash provided by (used in) investing activities	**(61,919)**	(31,466)	**(387,167)**
Financing activities:			
Increase (decrease) in short-term borrowings, net	**144,964**	(216,425)	**906,427**
Proceeds from long-term loans	**1,203,041**	1,208,265	**7,522,300**
Repayment of long-term loans	**(1,024,818)**	(935,464)	**(6,407,917)**
Increase (decrease) in payables under securitized lease receivables, net	**1,900**	1,600	**11,880**
Proceeds from issuance of bonds	**262,911**	191,108	**1,643,912**
Redemption of bonds	**(361,911)**	(255,005)	**(2,262,933)**
Proceeds from stock issuance to non-controlling interest shareholders	**3,314**	2,409	**20,727**
Repayments to non-controlling interest shareholders	**(1,131)**	(3,020)	**(7,078)**
Cash dividends paid	**(33,817)**	(27,423)	**(211,452)**
Cash dividends paid to non-controlling interest shareholders	**(4,982)**	(5,080)	**(31,156)**
Other — net	**(1,515)**	(4,344)	**(9,476)**
Net cash provided by (used in) financing activities	**187,955**	(43,381)	**1,175,233**
Foreign currency translation adjustments on cash and cash equivalents	**1,770**	8,348	**11,067**
Net increase (decrease) in cash and cash equivalents	**50,870**	(15,128)	**318,081**
Increase in cash and cash equivalents from newly consolidated subsidiaries	**—**	—	**—**
Cash and cash equivalents, beginning of year	**168,797**	183,925	**1,055,447**
Cash and cash equivalents, end of year	**¥219,668**	¥168,797	**$1,373,528**

The accompanying notes are an integral part of these statements.

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 "Group") 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 Group, 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, 2026 is included solely for the convenience of readers and has been made at the rate of ¥159.93 = 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, 2026, include the accounts of the Company and its 260 significant (251 in 2025) 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
TC Energy Investments Inc.

Equity Method Affiliated Companies

NTT TC Leasing Co., Ltd.
NX・TC Lease & Finance Co., Ltd.
FFG Lease Co., Ltd.
MUFG Finance and Leasing Co., Ltd.
ITOCHU TC Construction Machinery Co., Ltd.
Bplats, Inc.
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
Advantage Partners Pte.Ltd.
Isuzu Financial Services Australia Pty Ltd.

(1) Number of consolidated subsidiaries: 260

TC Realty SG Pte. Ltd. and 24 other companies which were mainly newly incorporated are included in the scope of consolidation.

Gallo Finance Limited and 12 other companies have been excluded from the scope of consolidation mainly due to their liquidation, while NTT Global Data Centers Joint Venture CH, LLC and 2 other companies were excluded as a result of a partial transfer of their equity interests.

(2) Unconsolidated subsidiaries

TLC Capital Co., Ltd. and 135 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, 10 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.

(3) Number of companies accounted for by the equity method: 63

C Transport Maritime Ltd. and 11 other companies which were mainly newly incorporated are included in the scope of equity method affiliated company. Also, Orico Business Leasing Co., Ltd. and LEADTECH Co.,Ltd. have been excluded from the scope of equity method affiliated company mainly due to share transfer.

2. Summary of Significant Accounting Policies (continued)

(4) Companies not accounted for by the equity method

TLC Capital Co., Ltd. and 135 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, 10 other unconsolidated subsidiaries and 4 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, 2026, 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 195 other subsidiaries are consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2025, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2026.

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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

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.

h) Securities

Securities held by the Group 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 Group holds investments in operating securities to earn investment income. These investments are included in "Operational investment securities" and “Investments in securities”. In addition, the Group records income from these securities as "Revenues" in the consolidated statement of income.

i) Inventories

Inventories held by the Group 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).

2. Summary of Significant Accounting Policies (continued)

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 live 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.

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 Group's 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.

2. Summary of Significant Accounting Policies (continued)

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 (10 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 Group enters 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 Group utilizes 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.

For interest-rate swap contracts and forward foreign exchange contracts, the Group follows "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 Group follows 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.

2. Summary of Significant Accounting Policies (continued)

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 ¥ 241 million ($ 1,512 thousand) as of March 31, 2026.

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. 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.

3. New Accounting Pronouncements(continued)

"Accounting Standard for Subsequent Events" (ASBJ Statement No. 41, January 9, 2026, Accounting Standards Board of Japan)

"Implementation Guidance on Accounting Standard for Subsequent Events" (ASBJ Implementation Guidance No. 35, January 9, 2026, Accounting Standards Board of Japan)

(1) Overview

The "Accounting Standard for Subsequent Events" and related guidance establish a comprehensive accounting standard covering the definition, accounting treatment, and disclosure of subsequent events. The standard was developed as a priority project, based on the basic policy of transferring to the Accounting Standards Board of Japan the accounting-related content set out in Auditing Standards Committee Statement 560, Practice Guideline No. 1, "Audit Treatment Concerning Subsequent Events," issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants, generally carried over in principle. In addition to revising terminology and clarifying the evaluation period for subsequent events, the standard newly requires notes of the approval of the issuance of financial statements, and sets out the accounting treatment and disclosure requirements for subsequent events.

(2) Scheduled date of adoption

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

4. Significant Accounting Estimates

(1) Impairment of leased assets

Leased assets (property and equipment) of ¥2,837,562 million ($17,742,525 thousand) and ¥2,638,974 million were recorded on the Consolidated Balance Sheet as of March 31, 2026 and 2025, including leased assets of ¥1,998,214 million ($12,494,309 thousand) and ¥1,839,369 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, 2026 and 2025, impairment loss of ¥11,340 million ($70,906 thousand) and ¥2,268 million was recorded . Of these amounts, impairment losses associated with aircraft leases included in costs were ¥9,532 million ($59,603 thousand) and ¥2,268 million, respectively.

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.

4. Significant Accounting Estimates(continued)

(2) Impairment of other operating assets

Other operating assets (property and equipment) of ¥128,768 million ($805,157thousand) and ¥273,873 million were recorded on the Consolidated Balance Sheet as of March 31, 2026 and 2025, and these assets include assets related to the solar power business and the biomass co-firing power generation business.

Other operating assets are grouped based on the smallest unit that generates largely independent cash flows, and when indications of impairment are identified, such as a significant decline in market value or events that materially reduce the recoverable amount of an asset, future cash flows expected to be generated from the relevant asset group are estimated to determine whether recognition of an impairment loss is required. Where recognition of an impairment loss is determined to be necessary for other operating assets, the recoverable amount is measured as the higher of net realizable value or value in use, and the difference from the book value is recorded as an impairment loss. Net realizable value is estimated taking into account current market conditions, and in calculating value in use, future cash flows are estimated based on the business plan of the business to which the asset or asset group belongs, using key assumptions such as forecasts and future market conditions based on available information. The discount rate used in calculating value in use is determined based on the weighted average cost of capital, taking into account market interest rates and other factors.

During the fiscal year ended March 31, 2026, an impairment loss of ¥64,252 million ($401,753thousand) was recorded, of which ¥63,874 million ($399,392thousand) related to other operating assets in the biomass co-firing power generation business. For the total impairment loss relating to the biomass co-firing power generation business, please refer to "Note 15. Impairment Loss, (4) Environmental Infrastructure" in this document. In estimating future cash flows for assets related to the biomass co-firing power generation business, the Company used a business plan incorporating projections, including forecasts of electricity selling prices based on power demand outlook, electricity sales volumes based on operational plans, and generation costs centered on procurement prices of raw materials, including coal.

While the accounting estimates used in the valuation of other operating assets are considered reasonable, should the estimates used in calculating the recoverable amount change due to unforeseen changes in assumptions or other factors, the Group may be required to recognize additional impairment losses in the future.

(3) Impairment of goodwill

Goodwill of ¥56,245 million ($351,686 thousand) and ¥71,912 million was recorded on the Consolidated Balance Sheet as of March 31, 2026 and 2025. In addition, the impairment loss for goodwill for the fiscal year ended March 31, 2026 was ¥3,149 million ($19,694thousand).

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.

4. Significant Accounting Estimates (continued)

(4) Allowance for doubtful accounts
Allowance for doubtful accounts of ¥11,705 million ($73,190 thousand) and ¥6,469 million was recorded on the Consolidated Balance Sheet as of March 31, 2026 and 2025. The amounts of long-term receivables considered uncollectible were directly written off from claims provable in bankruptcy or rehabilitation. The amount directly written off was ¥241 million ($ 1,512 thousand) and ¥264 million on the Consolidated Balance Sheet as of March 31, 2026 and 2025.
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.

5. Changes in Presentation Method

"Gain on sale of investments in securities," which had been presented as a separate line item under Other income(expenses) through the previous fiscal year (¥10,102 million in the previous fiscal year), has been included in "Other" under Other income(expenses) in the current fiscal year, as it has become immaterial.
"Loss on valuation of investment securities," which had been presented as a separate line item under Other income(expenses) through the previous fiscal year (¥865 million in the previous fiscal year), has been included in "Other" under Other income(expenses) in the current fiscal year, as it has become immaterial.
"Loss on disposal of property and equipment," which had been presented as a separate line item under Other income(expenses) through the previous fiscal year (¥215 million in the previous fiscal year), has been included in "Other" under Other income(expenses) in the current fiscal year, as it has become immaterial.

6. Additional Information

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

As of December 31, 2025, consolidated subsidiary Aviation Capital Group LLC (hereinafter "ACG") had commitments to purchase 135 aircraft (mainly narrow-body) from Boeing, Airbus, and other airlines. The aircraft are scheduled for delivery through 2031. The estimated aggregate remaining payments for the purchase of aircraft are ¥1,173,245 million (US$7,335,991thousand).
Furthermore, on January 12, 2026, the Company resolved to place an order for 50 aircraft from Boeing. These aircraft are scheduled for delivery on a rolling basis between 2032 and 2033.
In addition, on February 13, 2026, ACG entered into an agreement with Avolon Aerospace Leasing Limited to purchase 24 aircraft. These aircraft are scheduled for delivery on a rolling basis through September 2026 under the agreement.

(Performance-Linked Stock Compensation Plan)

The Company has 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.").

(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, 2026 and 2025 were ¥2,812 million (US$17,584 thousand) and 1,690,526 shares, and ¥3,078 million and 1,850,700 shares, respectively.

7. Inventories

The breakdown of inventories as of March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Merchandise and finished goods	**¥31,292**	¥25,115	**$195,660**
Work in progress	**6,456**	7,540	**40,370**
Raw materials and supplies	**3,922**	1,327	**24,524**

8. 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, 2026 and 2025 consisted of the following:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Available-for-sale securities	**¥509,940**	¥511,624	**$3, 188,524**
Investments in unconsolidated subsidiaries and affiliates	**533,845**	360,735	**3,337,997**
Total	**¥1,043,786**	¥872,360	**$6,526,521**

Available-for-sale securities included in operational investment securities, short-term investment securities and investments in securities as of March 31, 2026 and 2025 consisted of the following:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity securities	**¥123,936**	¥135,446	**$774,942**
Debt securities	**8,162**	8,494	**51,039**
Other	**377,841**	367,683	**2,362,542**
Total	**¥509,940**	¥511,624	**$3,188,524**

8. 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, 2026 and 2025 were as follows:

	March 31, 2026			
	Cost	**Unrealized gain**	**Unrealized loss**	**Fair value**
	(Millions of yen)			
Equity securities	**¥38,470**	**¥58,467**	**¥123**	**¥96,814**
Debt securities	**8,459**	**216**	**513**	**8,162**
Other	**56,473**	**6,125**	**1,179**	**61,420**
Total	**¥103,403**	**¥64,809**	**¥1,815**	**¥166,397**

	March 31, 2025			
	Cost	Unrealized gain	Unrealized loss	Fair value
	(Millions of yen)			
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, 2026			
	Cost	**Unrealized gain**	**Unrealized loss**	**Fair value**
	(Thousands of U.S. dollars)			
Equity securities	**$240,543**	**$365,584**	**$772**	**$605,354**
Debt securities	**52,895**	**1,352**	**3,208**	**51,039**
Other	**353,115**	**38,300**	**7,372**	**384,043**
Total	**$646,553**	**$405,237**	**$11,353**	**$1,040,437**

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2026 and 2025 were as follows:

	Carrying amount		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity securities	**¥27,122**	¥57,163	**$169,587**
Debt securities	**—**	—	**—**
Other	**316,421**	298,508	**1,978,499**
Total	**¥343,543**	¥355,672	**$2,148,087**

8. 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, 2026 and 2025 were as follows:

	March 31, 2026		
	Sales Proceeds	**Realized gain**	**Realized loss**
	(Millions of yen)		
Available-for-sale:			
Equity securities	**¥9,264**	**¥4,301**	**¥95**
Debt securities	**—**	**—**	**—**
Other	**12,252**	**2,053**	**305**
Total	**¥21,517**	**¥6,354**	**¥400**

	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, 2026		
	Sales Proceeds	**Realized gain**	**Realized loss**
	(Thousands of U.S. dollars)		
Available-for-sale:			
Equity securities	**$57,926**	**$26,895**	**$596**
Debt securities	**—**	**—**	**—**
Other	**76,613**	**12,840**	**1,910**
Total	**$134,540**	**$39,735**	**$2,507**

The impairment losses on securities recognized for the years ended March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Available-for-sale securities:			
Equity securities	**¥4,464**	¥4,180	**$27,912**
Other	**951**	—	**5,952**
Investments in unconsolidated subsidiaries and affiliates:			
Unconsolidated subsidiaries	**2**	1	**13**
Affiliates	**195**	1,188	**1,224**
Total	**¥5,614**	¥5,370	**$35,103**

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

Shares of Advantage Partners Pte. Ltd., which were previously held as "available-for-sale securities," became an equity-method affiliate due to an additional acquisition during the current consolidated fiscal year. Consequently, the classification based on the holding purpose has been changed to "investments in affiliates" with a carrying amount on the consolidated balance sheet of ¥45,751 million ($286,070 thousand).

9. Investments in Non-consolidated Subsidiaries and Affiliates

The breakdown of investments in non-consolidated subsidiaries and affiliates as of March 31, 2026 and 2025 were as follows.

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Investments in securities	**¥533,845**	¥360,735	**$3,337,997**

10. Accumulated Depreciation of Property and Equipment

The accumulated depreciation of property and equipment as of March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Leased assets	**¥1,101,857**	¥1,155,421	**$6,889,624**
Other operating assets	**131,948**	61,708	**825,038**
Own assets in use	**25,910**	23,641	**162,013**

The accumulated depreciation above includes accumulated impairment loss.

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

The breakdown of short-term borrowings as of March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**	**Average interest rate**
	(Millions of yen)		*(Thousands of U.S. dollars)*	
Short-term loans from banks	**¥404,965**	¥358,785	**$2,532,144**	2.83%
Commercial paper	**318,787**	210,600	**1,993,292**	0.76%
Payables under securitized lease receivables	**12,500**	10,600	**78,159**	1.20%
Total	**¥736,253**	¥579,985	**$4,603,596**	

(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, 2026 and 2025 were as follows:

	2026	2025	**2026**	**Average interest rate**
	(Millions of yen)		*(Thousands of U.S. dollars)*	
Long-term loans, principally from banks	**¥3,256,518**	¥3,081,170	**$20,362,146**	1.73%
Long-term payables under securitized lease receivables	**11,450**	3,850	**71,593**	1.88%
Bonds	**1,138,263**	1,247,555	**7,117,263**	3.71%
Total	**4,406,231**	4,332,575	**27,551,003**	
Less current portion	**1,202,718**	870,742	**7,520,281**	
Total	**¥3,203,513**	¥3,461,832	**$20,030,722**	

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

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

The Group has entered into overdraft contracts which provided the Group with overdraft facilities with 139 and 142 financial institutions as of March 31, 2026 and 2025 amounting to ¥2,517,505 million ($15,741,294 thousand) and ¥2,324,420 million, respectively. The unused facilities maintained by the Group as of March 31, 2026 and 2025 amounted to ¥1,965,088 million ($12,287,180 thousand) and ¥1,858,539 million, respectively.

The aggregate annual maturity of long-term debt subsequent to March 31, 2026 is summarized as follows:

Years Ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2027	**¥1,202,718**	**$7,520,281**
2028	**1,071,987**	**6,702,856**
2029	**957,852**	**5,989,198**
2030	**601,362**	**3,760,161**
2031	**376,722**	**2,355,543**
2032 and thereafter	**195,588**	**1,222,961**
Total	**¥4,406,231**	**$27,551,003**

The Group's assets pledged as collateral, principally for liabilities as of March 31, 2026 were as follows:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Cash and cash equivalents	**¥8,728**	**$54,574**
Accounts receivable-installment sales	**252**	**1,578**
Accounts receivable-lease receivables and investment in leases	**341,633**	**2,136,144**
Accounts receivable-loans	**124**	**775**
Operational investment securities	**2,357**	**14,741**
Leases	**4,208**	**26,316**
Inventories	**5,870**	**36,704**
Other current assets	**25,458**	**159,183**
Leased assets	**258,114**	**1,613,920**
Other operating assets	**127,426**	**796,766**
Own assets in use	**1,067**	**6,672**
Investments in securities	**1,989**	**12,437**
Other investments	**19,294**	**120,640**
Total	**¥796,524**	**$4,980,456**

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

Liabilities secured by the above assets as of March 31, 2026 were as follows:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Short-term borrowings	**¥7,866**	**$49,190**
Long-term debt (including current portion)	**542,900**	**3,394,613**
Bonds	**100**	**625**
Payables under fluidity lease receivables	**9,500**	**59,400**
Long-term payables under fluidity lease receivables (including current portion)	**11,450**	**71,593**
Total	**¥571,817**	**$3,575,423**

12. 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 Group utilizes 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 Group is exposed. The Group believes 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.

12. Derivatives (continued)

Derivative transactions to which hedge accounting had not been applied as of March 31, 2026 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	¥11,955 (6,673)	¥(1,433)	¥(1,433)	$74,757 ($41,725)	$(8,963)	$(8,963)
Put/EUR	7,032 (953)	(680)	(680)	43,974 ($5,961)	(4,257)	(4,257)
Put/CAD	622 (255)	6	6	3,892 ($1,596)	42	42
Put/BRL	4,296 (1,734)	(264)	(264)	26,866 ($10,848)	(1,655)	(1,655)
Put/GBP	1,094 (381)	(72)	(72)	6,845 ($2,383)	(450)	(450)
Put/Other	6,928 (6,521)	(553)	(553)	43,322 ($40,777)	(3,463)	(3,463)
Call/BRL	282 (0)	(4)	(4)	1,764 ($0)	(26)	(26)
Call/EUR	196 (102)	1	1	1,227 ($640)	8	8
Call/Other	156 (81)	2	2	979 ($507)	17	17
Total	¥32,566 (16,703)	¥(2,998)	¥(2,998)	$203,632 ($104,441)	$(18,748)	$(18,748)

12. Derivatives (continued)

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

	Millions of yen		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Put/MXP	**¥9,785** **(4,977)**	**¥446**	**¥446**
Put/EUR	**7,666** **(6,021)**	**202**	**202**
Put/CAD	**1,132** **(455)**	**66**	**66**
Put/BRL	**2,606** **(1,416)**	**310**	**310**
Put/GBP	**1,337** **(523)**	**18**	**18**
Put/Other	**7,490** **(6,642)**	**(253)**	**(253)**
Call/BRL	**221** **(0)**	**(7)**	**(7)**
Call/EUR	**—** **(—)**	**—**	**—**
Call/Other	**11** **(5)**	**(0)**	**(0)**
Total	**¥30,251** **(20,042)**	**¥782**	**¥782**

12. Derivatives (continued)

Derivative transactions to which hedge accounting had been applied as of March 31, 2026 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**	**¥126 (90)**	**¥(16)**	**$790 (568)**	**$(102)**
Currency swap contracts :					
Receive/MYR; Pay/USD	**Borrowings**	**782 (—)**	**(34)**	**4,894 (—)**	**(217)**
Deferral hedge accounting:					
Forward exchange contracts :					
Put					
EUR	**Net investment in foreign subsidiary**	**12,113 (—)**	**(1,039)**	**75,745 (—)**	**(6,499)**
GBP	**Net investment in foreign subsidiary**	**10,568 (3,429)**	**(358)**	**66,080 (21,444)**	**(2,243)**
Call					
USD	**Forecasted transactions**	**25,011 (22,280)**	**9,450**	**156,390 (139,312)**	**59,092**
CAD	**Forecasted transactions**	**9,589 (9,056)**	**3,216**	**59,961 (56,625)**	**20,113**
Currency swap contracts :					
Receive/USD; Pay/THB	**Borrowings**	**1,732 (—)**	**(166)**	**10,832 (—)**	**(1,042)**
Total		**¥59,925 (34,856)**	**¥11,051**	**$374,695 (217,951)**	**$69,101**

12. 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**	**¥904,647**	**827**	**$5,656,520**	**$5,175**
Receive/floating		**(612,127)**		**(3,827,472)**	
Short-cut method:					
Pay/fixed;	**Borrowings**	**19,731**	**340**	**123,378**	**2,126**
Receive/floating		**(15,812)**		**(98,870)**	
Pay/fixed;	**Borrowings**	**66,400**	**5**	**415,181**	**37**
Receive/fixed		**(66,400)**		**(415,181)**	
Total		**¥990,779**	**¥1,173**	**$6,195,080**	**$7,338**
		(694,340)		**(4,341,525)**	

12. Derivatives (continued)

Derivative transactions to which hedge accounting had been applied as of March 31, 2025 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	¥91 (62)	¥(1)
Call			
USD		15	(0)
	Investment in leases	(—)	
GBP		6	(0)
	Investment in leases	(—)	
Currency swap contracts :			
Receive/MYR; Pay/USD	Borrowings	790 (—)	(42)
Deferral hedge accounting:			
Forward exchange contracts :			
Put			
EUR	Net investment in foreign subsidiary	— (—)	
GBP	Net investment in foreign subsidiary	5,290 (—)	54
Call			
USD	Forecasted transactions	28,919 (26,530)	9,420
CAD	Forecasted transactions	10,606 (9,667)	2,921
Currency swap contracts :			
Receive/USD; Pay/THB	Borrowings	1,627 (1,627)	(41)
Receive/JPY; Pay/THB	Borrowings	930 (—)	(232)
Total		¥48,278 (37,887)	¥12,077

12. Derivatives (continued)

		Millions of yen	
	Hedged items	Notional amount (over one year)	Fair value
Interest rate swap			
Deferral hedge accounting:			
Pay/fixed;	Borrowings	¥697,547	¥1,709
Receive/floating		(538,677)	
Short-cut method:			
Pay/fixed;	Borrowings	31,836	248
Receive/floating		(11,181)	
Total		¥729,383	¥1,957
		(549,858)	

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Employees' salaries, wages and bonuses	**¥77,597**	¥71,090	**$485,196**
Provision of allowance for doubtful accounts	**6,131**	2,642	**38,341**
Provision for accrued bonuses for employees	**5,141**	4,312	**32,146**
Net periodic retirement benefit costs	**2,972**	2,892	**18,586**
Provision for share-based remuneration for directors (and other officers)	**444**	234	**2,778**
Provision for accrued bonuses for directors	**381**	491	**2,384**
Provision for directors' retirement benefits	**88**	66	**553**
Other expenses	**87,189**	81,435	**545,174**
Total	**¥179,946**	¥163,166	**$1,125,160**

14. Russia-related insurance settlement

Aviation Capital Group LLC (located in California, United States, hereinafter "ACG"), a consolidated subsidiary of the Company, recorded Other income(expenses) in the fiscal year ended March 31, 2023, as it became unlikely that it 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. During the fiscal year ended March 31, 2026, ACG reached a settlement with all war risk insurers, received a total of US$551 million in insurance settlement proceeds, and recorded the equivalent amount of the settlement proceeds as Other income(expenses).

15. Impairment Loss

The impairment loss for the years ended March 31, 2026 and 2025 were as follows:

(1) Automobility

Category	Types of Assets	2026	
		(Millions of yen)	*(Thousands of U.S. dollars)*
Internal-use software	Other intangible assets (Software construction in progress)	**¥12,669**	**$79,219**

Upon the identification of quality issues during the development process in connection with a core system upgrade at a consolidated subsidiary of the Company, the Company revised its original development plan, which resulted in a portion of other intangible assets that is no longer expected to be used in the future. As a result, as the originally anticipated effects of revenue generation and cost reduction are no longer expected to be achieved, the book value of the relevant assets was reduced to their recoverable amount, and the amount of such reduction was recorded as an impairment loss.
The recoverable amount of the relevant assets was measured based on value in use, with the value in use of the portion no longer expected to be used calculated as zero.

(2) Specialty Financing

① Aircraft lease

Category	Types of Assets	2026	
		(Millions of yen)	*(Thousands of U.S. dollars)*
Leased Assets	Transportation equipment (Aircraft)	**¥9,532**	**$59,603**

The Group groups leased assets based on the smallest unit that generates largely independent cash flows, and for the aircraft leases referred to above, determines whether there are any indications of impairment on an individual aircraft basis. The book value of leased assets whose profitability has declined due to a decrease in expected future cash flows was reduced to fair value, and the amount of such reduction was recorded as an impairment loss in costs. The fair value of the relevant assets was calculated based on estimated proceeds from sale and other factors.

15. Impairment Loss (continued)

② Real estate business

Category	Types of Assets	2026	
		(Millions of yen)	*(Thousands of U.S. dollars)*
Operating assets	Other operating assets	**¥377**	**$2,360**
	Goodwill	**2,284**	**14,281**
	Other intangible assets	**0**	**2**
	Long-term loans and other assets	**2**	**18**
Total		**¥2,665**	**$16,663**

The Group groups assets related to the real estate business based on the smallest unit that generates largely independent cash flows.
In light of the fact that improvements in occupancy rates have fallen below expectations due to changes in recent market conditions, resulting in a decline in the overall profitability of the business and making it no longer possible to achieve the originally anticipated revenues, the book value of goodwill and other operating assets has been reduced to their recoverable amount, and the amount of such reduction has been recorded as an impairment loss.
The recoverable amount of the relevant assets was measured based on value in use. However, as the value in use based on future cash flows is negative, the recoverable amount was calculated as zero.

(3) International business

Category	Types of Assets	2026	
		(Millions of yen)	*(Thousands of U.S. dollars)*
Operating assets	Own assets in use	**¥171**	**$1,070**
	Goodwill	**865**	**5,412**
	Other intangible assets	**430**	**2,689**
Total		**¥1,467**	**$9,172**

The Group groups assets related to the international business based on the smallest unit that generates largely independent cash flows.
In light of the fact that the overall profitability of the business has declined due to changes in recent market conditions, making it no longer possible to achieve the originally anticipated revenues, the book value of goodwill and other intangible assets has been reduced to their recoverable amount, and the amount of such reduction has been recorded as an impairment loss.
The recoverable amount of the relevant assets was measured based on value in use, however, as the value in use based on future cash flows is negative, the recoverable amount was calculated as zero.

15. Impairment Loss (continued)

(4) Environmental Infrastructure

Category	Types of Assets	2026	
		(Millions of yen)	*(Thousands of U.S. dollars)*
Operating assets	Leased Assets	**¥1,807**	**$11,303**
	Other operating assets	**63,874**	**399,392**
	Own assets in use	**208**	**1,306**
	Long-term loans and other assets	**4,231**	**26,461**
Total		**¥70,123**	**$438,464**

The Group groups assets related to the biomass co-firing power generation business in the environmental infrastructure segment based on the smallest unit that generates largely independent cash flows.
The book value of other operating assets and other assets was reduced to their recoverable amount due to a decline in profitability resulting from a revision of future business plans in light of the recent business environment, which led to a decrease in expected future cash flows from the asset group initially anticipated, and the amount of such reduction was recorded as an impairment loss.
The recoverable amount of the relevant assets was measured based on value in use, which was calculated by discounting future cash flows at a rate of 8.16%.

15. Impairment Loss (continued)

Category	Types of Assets	**2025**
		(Millions of yen)
Leased Assets	Transportation equipment (Aircraft)	**¥2,268**

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. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrealized gain (loss) on available-for-sale securities			
Amount arising during the year	**¥24,934**	¥8,022	**$155,907**
Reclassification adjustments for gains included in net income	**(4,913)**	(13,376)	**(30,724)**
Amount before income taxes and tax effect	**20,020**	(5,354)	**125,183**
Income taxes and tax effect	**(6,447)**	2,451	**(40,315)**
Unrealized gain (loss) on available-for-sale securities	**13,572**	(2,902)	**84,868**
Deferred gain (loss) on hedges			
Amount arising during the year	**(3,159)**	1,831	**(19,754)**
Reclassification adjustments for gains and losses included in net income	**(1,244)**	(3,661)	**(7,778)**
Amount before income taxes and tax effect	**(4,403)**	(1,830)	**(27,533)**
Income taxes and tax effect	**553**	552	**3,461**
Deferred gain (loss) on hedges	**(3,849)**	(1,277)	**(24,071)**
Translation adjustments			
Amount arising during the year	**(11,325)**	105,807	**(70,814)**
Reclassification adjustments for gains and losses included in net income	**2,230**	(2,875)	**13,944**
Amount before income taxes and tax effect	**(9,095)**	102,932	**(56,869)**
Income taxes and tax effect	**—**	959	**—**
Translation adjustments	**(9,095)**	103,892	**(56,869)**
Defined retirement benefit plans			
Amount arising during the year	**1,799**	189	**11,249**
Reclassification adjustments for gains and losses included in net income	**(277)**	8	**(1,733)**
Amount before income taxes and tax effect	**1,521**	198	**9,516**
Income taxes and tax effect	**(481)**	(73)	**(3,011)**
Defined retirement benefit plans	**1,040**	125	**6,504**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount arising during the year	**6,575**	4,157	**41,112**
Reclassification adjustments for gains and losses included in net income	**—**	(1,307)	**—**
Share of other comprehensive income of affiliates accounted for using equity method	**6,575**	2,850	**41,112**
Total other comprehensive income	**¥8,243**	¥102,688	**$51,543**

17. Cash Flows

(1) Details of assets and liabilities of companies excluded from scope of consolidation through sale of ownership interest for the year ended March 31, 2026 was as follows:

Details of assets and liabilities of NTT Global Data Centers Joint Venture CH, LLC at the time of its exclusion from the scope of consolidation through the sale of ownership interest, as well as the sale price and net cash proceeds from the sale, are as follows:

	2026	2026
	(Millions of yen)	*(Thousands of U.S. dollars)*
Current Assets	¥13,941	$87,172
Investment and other assets	¥142,701	$892,275
Goodwill	¥8,912	$55,728
Current liability	(¥9,467)	($59,195)
Long-term liability	(¥63,065)	($394,334)
Non-controlling interests	(¥16,821)	($105,183)
Carrying amount of retained investment	(¥47,678)	($298,121)
Foreign currency translation adjustments	¥1,269	$7,936
Gain on sale of equity interest	¥19,787	$123,722
Sale price of equity interest	¥49,578	$310,000
Cash and cash equivalents	(¥8,263)	($51,668)
Accounts receivable - other	(¥19,191)	($120,000)
Net proceeds from sale	¥22,123	$138,331

18. Income Taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Net operating loss carryforwards (*Note*)	**¥95,129**	¥107,618	**$594,822**
Loss on valuation of property and equipment	**30,793**	2,793	**192,543**
Interest in excess of the limitation of foreign companies	**28,999**	31,046	**181,328**
Loss on valuation of investment securities	**5,629**	4,869	**35,197**
Deferred income	**5,168**	4,166	**32,318**
Allowance for doubtful accounts	**3,928**	1,983	**24,565**
Liability for employees' retirement benefits	**3,112**	3,496	**19,458**
Tax adjustments for lease transactions	**2,497**	2,574	**15,615**
Valuation difference due to business combination	**2,011**	4,516	**12,575**
Accrued expenses	**1,815**	1,915	**11,351**
Accrued bonuses	**1,731**	1,481	**10,824**
Depreciation	**1,456**	1,971	**9,109**
Bad debt loss	**—**	7,607	**—**
Other	**23,189**	24,314	**144,997**
Subtotal	**205,463**	200,356	**1,284,711**
Valuation allowance for net operating loss carryforwards (*Note2*)	**(3,783)**	(6,072)	**(23,658)**
Valuation allowance for deductible temporary difference	**(14,550)**	(21,185)	**(90,982)**
Total valuation allowance (*Note1*)	**(18,334)**	(27,257)	**(114,640)**
Total deferred tax assets	**187,129**	173,098	**1,170,070**
Deferred tax liabilities:			
Depreciation of leased assets of foreign subsidiaries	**(172,968)**	(169,095)	**(1,081,523)**
Unrealized loss on available-for-sale securities	**(21,179)**	(14,512)	**(132,427)**
Valuation difference due to business combination	**(11,271)**	(12,806)	**(70,480)**
Valuation difference due to reorganization	**(5,348)**	(5,481)	**(33,444)**
Other	**(32,913)**	(25,732)	**(205,797)**
Total deferred tax liabilities	**(243,681)**	(227,628)	**(1,523,674)**
Net deferred tax assets	**¥(56,551)**	¥(54,530)	**$(353,603)**

The statutory effective tax rates are 30.6% in years ended March 31, 2026 and 2025.

18. Income Taxes (continued)

(*Note1*)*:* The main reason for the change in the valuation allowance was a decrease in net operating loss carryforwards and valuation allowance for deductible temporary differences at overseas subsidiaries.

(*Note2*)*:* A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31,2026 and 2025 were as follows:

As of March 31, 2026

	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
			(Millions of yen)				
Net operating loss carryforwards (**1*)	**¥155**	**¥18**	**¥245**	**¥33**	**¥910**	**¥93,767**	**¥95,129**
Valuation allowance	**(1)**	**—**	**(165)**	**(19)**	**(871)**	**(2,724)**	**(3,783)**
Deferred tax assets	**¥153**	**¥18**	**¥80**	**¥13**	**¥38**	**¥91,042**	**¥91,346** (**2*)

*(*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 ¥95,129million (the amount multiplied by the effective statutory tax rate) is calculated as deferred tax assets of ¥91,346 million for the year ended March 31, 2026. 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.

18. Income Taxes (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	Total
	(Millions of yen)						
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** (*2)

*(*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.

18. Income Taxes (continued)

	As of March 31, 2026						
	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**
	(Thousands of U.S. dollars)						
Net operating loss carryforwards (**1*)	**$972**	**$114**	**$1,537**	**$206**	**$5,690**	**$586,300**	**$594,822**
Valuation allowance	**(11)**	**—**	**(1,036)**	**(123)**	**(5,451)**	**(17,034)**	**(23,658)**
Deferred tax assets	**$961**	**$114**	**$500**	**$82**	**$238**	**$569,266**	**$571,164** (**2*)

*(*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 $594,822 thousand (the amount multiplied by the effective statutory tax rate) is calculated as deferred tax assets of $571,164 thousand for the year ended March 31, 2026. 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 years ended March 31, 2026 and 2025 were as follows:

	2026	2025
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Increase in valuation allowance	(5.7)%	7.5%
Equity in earnings of affiliates	(4.0)%	(3.8)%
Taxation under the CFC rules	2.2%	2.1%
Other	1.0%	(1.6)%
Effective tax rate after the application of tax-effect accounting	24.1%	34.8%

(Changes in Presentation Method)

"Taxation under the CFC rules" (2.1% for the previous fiscal year), which was included in "Other" in the previous fiscal year, has been presented as a separate line item from the current fiscal year as it has become material.

19. Asset Retirement Obligations

The balance of asset retirement obligations is not presented as the amounts for the years ended March 31, 2026 and 2025 were immaterial.

20. Retirement Benefit Plans

1. Overview of Retirement Benefit Plans Implemented by the Group

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, during the fiscal year ended March 31, 2026, certain consolidated subsidiaries transitioned from a risk sharing pension plan and a DB plan to a DC plan.
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, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at the beginning of the year	**¥14,997**	¥15,142	**$93,777**
Service cost	**901**	914	**5,639**
Interest cost	**221**	175	**1,386**
Actuarial gain and loss	**(1,450)**	(448)	**(9,072)**
Retirement benefits paid	**(1,248)**	(841)	**(7,806)**
Adjustment from the simplified method to the principle method	—	55	—
Decrease due to transition to the DC plan	(1,049)	—	**(6,564)**
Balance at the end of the year	**¥12,372**	¥14,997	**$77,360**

20. Retirement Benefit Plans (continued)

The changes in plan assets during the years ended March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at the beginning of the year	**¥5,663**	¥5,778	**$35,409**
Expected return on plan assets	**108**	106	**678**
Actuarial gain and loss	**365**	(203)	**2,285**
Contributions by the Company	**179**	165	**1,121**
Retirement benefits paid	**(389)**	(183)	**(2,435)**
Decrease due to transition to the DC plan	**(1,470)**	—	**(9,196)**
Balance at the end of the year	**¥4,456**	¥5,663	**$27,864**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2026 and 2025 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Funded retirement benefit obligation	**¥4,979**	¥6,580	**$31,134**
Plan assets at fair value	**(4,456)**	(5,663)	**(27,864)**
	523	917	**3,270**
Unfunded retirement benefit obligation	**7,392**	8,417	**46,225**
Net liability for retirement benefits in the balance sheet	**7,915**	9,334	**49,496**
Liability for employees' retirement benefits	**7,915**	9,614	**49,496**
Assets for employees' retirement benefits	**—**	(279)	**—**
Net liability for retirement benefits in the balance sheet	**¥7,915**	¥9,334	**$49,496**

20. Retirement Benefit Plans (continued)

The components of retirement benefit expense for the years ended March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	**¥901**	¥914	**$5,639**
Interest cost	**221**	175	**1,386**
Expected return on plan assets	**(108)**	(106)	**(678)**
Amortization of actuarial gain and loss	**(56)**	(37)	**(351)**
Amortization of prior service cost	**(8)**	46	**(55)**
Other *(Note)*	**229**	—	**1,434**
Retirement benefit expense	**¥1,179**	¥992	**$7,374**

(Note) The amounts for the fiscal year ended March 31, 2026 represent expenses incurred in connection with the transition to a DC plan. All of these amounts have been recorded as Other income(expenses).

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, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service cost	**¥(8)**	¥(9)	**$(55)**
Actuarial gain and loss	**1,530**	207	**9,571**
Total	**¥1,521**	¥198	**$9,516**

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before income taxes and tax effect) as of March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service cost	**¥(36)**	¥(45)	**$(226)**
Unrecognized actuarial gain and loss	**(3,014)**	(1,453)	**(18,850)**
Total	**¥(3,050)**	¥(1,498)	**$(19,077)**

20. Retirement Benefit Plans (continued)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2026 and 2025 were as follows:

	2026	2025
General accounts	**25%**	24%
Debt investments	**48%**	44%
Equity investments	**18%**	24%
Others	**9%**	8%
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:

		2026	2025
Discount rates	Mainly	**0.6% - 3.3%**	0.2% - 1.6%
Expected rates of return on plan assets	Mainly	**1.0% - 2.5%**	1.0% - 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, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at the beginning of the year	**¥1,697**	¥1,747	**$10,614**
Retirement benefits expense	**271**	284	**1,700**
Retirement benefits paid	**(264)**	(333)	**(1,656)**
Balance at the end of the year	**¥1,704**	¥1,697	**$10,658**

20. 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, 2026 and 2025 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Funded retirement benefit obligation	**¥500**	¥474	**$3,130**
Plan assets at fair value	**(176)**	(163)	**(1,101)**
Subtotal	**324**	311	**2,028**
Unfunded retirement benefit obligation	**1,380**	1,386	**8,629**
Net liability for retirement benefits in the balance sheet	**1,704**	1,697	**10,658**
Liability for retirement benefits	**1,709**	1,704	**10,688**
Asset for retirement benefits	**(4)**	(6)	**(30)**
Net liability for retirement benefits in the balance sheet	**¥1,704**	¥1,697	**$10,658**

Net periodic retirement benefit costs for the years ended March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Net periodic retirement benefit costs	**¥271**	¥284	**$1,700**

4. Defined Contribution Plans

Contributions to the defined contribution pension plan by the Company and its consolidated subsidiaries during the years ended March 31, 2026 and 2025 were ¥ 1,868million ($ 11,682thousand) and ¥1,746 million, respectively.

21. 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, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within 1 year	**¥3,379**	¥2,832	**$21,128**
Due after 1 year	**6,910**	5,012	**43,208**
Total	**¥10,289**	¥7,844	**$64,337**

(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, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Future lease receivables	**¥1,409,112**	¥1,310,915	**$8,810,805**
Estimated residual value	**89,879**	79,563	**561,995**
Less : Future interest income	**(135,503)**	(109,946)	**(847,267)**
Total	**¥1,363,488**	¥1,280,531	**$8,525,533**

The aggregate annual maturity of finance lease receivables that transfer ownership to lessees, subsequent to March 31, 2026 and 2025 was as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within 1 year	**¥71,713**	¥67,725	**$448,406**
Due after 1 to 2 years	**61,617**	54,548	**385,278**
Due after 2 to 3 years	**45,762**	42,940	**286,143**
Due after 3 to 4 years	**32,010**	27,997	**200,153**
Due after 4 to 5 years	**17,846**	17,828	**111,591**
Due after 5 years	**17,949**	17,629	**112,233**
Total	**¥246,900**	¥228,669	**$1,543,805**

21. Lease Transactions (continued)

The aggregate annual maturity of finance lease receivables that do not transfer ownership to lessees, subsequent to March 31, 2026 and 2025 was as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within 1 year	**¥391,004**	¥352,458	**$2,444,847**
Due after 1 to 2 years	**370,266**	348,823	**2,315,177**
Due after 2 to 3 years	**265,776**	248,637	**1,661,829**
Due after 3 to 4 years	**170,305**	157,235	**1,064,872**
Due after 4 to 5 years	**88,403**	86,947	**552,764**
Due after 5 years	**123,356**	116,813	**771,312**
Total	**¥1,409,112**	¥1,310,915	**$8,810,805**

The future minimum lease income subsequent to March 31, 2026 and 2025 under non-cancellable operating leases were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within 1 year	**¥339,638**	¥326,385	**$2,123,672**
Due after 1 year	**1,260,132**	1,143,857	**7,879,274**
Total	**¥1,599,771**	¥1,470,243	**$10,002,946**

(Sublease)

Investment in leases and obligations under sublease transactions that include interests on the consolidated balance sheet as of March 31, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Investment in leases	**¥26,561**	¥28,815	**$166,079**
Lease obligations	**27,817**	28,825	**173,938**

22. Commitments and Contingent Liabilities

The Group's contingent liabilities as of March 31, 2026 and 2025 were as follows:

(Guarantee as business transactions)

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Business guarantee (including guarantee reservation)	**¥152,057**	¥183,279	**$950,775**
Asset purchases (including guarantee reservation)	**5,452**	5,607	**34,090**
Total	**¥157,509**	¥188,887	**$984,865**

(Guarantee on affiliates' loans from financial institution)

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
ZAXIS Financial Services Americas, LLC	**¥48,591**	¥35,383	**$303,831**
MTC Maritime B.V.	**4,597**	9,640	**28,750**
SOLEIL TRANSPORT S.A.	**3,485**	—	**21,793**
ITOCHU TC Construction Machinery Co., Ltd.	**2,000**	4,600	**12,505**
IBeeT Corporation	**750**	400	**4,689**
Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	**19**	20	**124**
IHI Investment for Aero Engine Leasing LLC	—	6,574	—
Total	**¥59,444**	¥56,618	**$371,693**

(Guarantee on employees' loans)

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Employees (housing funds)	**¥—**	¥0	**$—**

(Obligation to make additional capital contributions)

The Company is obligated to make additional capital contributions, up to the amounts set forth below, to the following company in the event that the borrowings and other obligations borne by such company are not repaid.

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Tahara Biomass Power LLC	**¥527**	¥—	**$3,295**

22. Commitments and Contingent Liabilities (continued)

(Obligation to provide funding)

The Company is obligated to provide funding, up to the amounts set forth below, to the following affiliate in the event that the borrowings borne by such affiliate are not repaid due to changes in the terms of the borrowings.

	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
MTC Maritime B.V.	**¥4,431**	¥—	**$27,710**

The Group, as lenders, has loan commitment agreements as of March 31, 2026 and 2025 amounting to ¥18,981 million ($118,686 thousand) and ¥23,578 million, respectively. The loans provided under these credit facilities as of March 31, 2026 and 2025 amounted to ¥3,545 million ($22,168thousand) and ¥7,540 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.

23. Financial Instruments

(1) Policy on financial instruments

The Group mainly conducts business in lease transactions, installment sales, and financial transactions. In order to finance these businesses, the Group utilizes 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 Group conducts 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.

23. Financial Instruments (continued)

(2) Description of financial instruments and related risks

Major financial assets held by the Group 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 Group is exposed to liquidity risk, namely the risk that, under certain conditions such as market turmoil or deterioration of the Group's financial condition, it 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 Group is exposed to interest rate fluctuation risk. The Group utilizes interest-rate swap contracts for certain parts of the fundraising to hedge such risk.

The Group enters into interest rate and currency derivatives. The Group enters into interest-rate swap contracts to hedge the risk of rising interest rates of loans, bonds and others. The Group enters 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 Group.

The Group applies 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 o) Derivatives and hedging activities".

(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 Group controls 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 Group regularly holds 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.

23. Financial Instruments (continued)

2) Market risk management
(i) Interest rate fluctuation risk management
The Group assesses and confirms the execution status based on the ALM policy and discusses 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 Group manages 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 Group 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.

(v) Quantitative information of market risk
The Group has 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 Group calculates 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, 2026, assuming that all the risk variables except for interest rates remain constant, the fair value would decrease by ¥3,523 million ($22,030 thousand) if the index interest rates increased by 10 basis points (0.10%). 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.

23. Financial Instruments (continued)

3) Liquidity risk management on financing
The Group manages its funds as a whole through ALM and also controls 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.

23. Financial Instruments (continued)

The following table presents the carrying value and estimated fair value of financial instruments as of March 31, 2026 and 2025. 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, 2026	Carrying value	Estimated fair value	Difference
		(Millions of yen)	
Assets			
(1) Accounts receivable-installment sales	**¥ 197,021**		
Deferred profit on installment sales	**(22,072)**		
Subtotal	**174,949**		
Allowance for doubtful accounts (*1)	**(389)**		
Subtotal	**174,560**	**190,063**	**15,503**
(2) Accounts receivable-lease receivables and investment in leases	**1,588,984**		
Estimated residual value (*2)	**(89,879)**		
Subtotal	**1,499,104**		
Allowance for doubtful accounts (*1)	**(1,119)**		
Subtotal	**1,497,985**	**1,562,025**	**64,039**
(3) Accounts receivable-loans	**361,709**		
Allowance for doubtful accounts (*1)	**(7,057)**		
Subtotal	**354,652**	**382,691**	**28,038**
(4) Operational investment securities(*3) (*4)	**101,514**	**101,514**	**—**
(5) Short-term investment securities and investments in securities (*3) (*5)	**64,882**	**65,205**	**322**
(6) Claims provable in bankruptcy or rehabilitation	**3,152**		
Allowance for doubtful accounts (*1)	**(3,095)**		
Subtotal	**57**	**57**	**—**
Total assets	**¥2,193,652**	**¥2,301,557**	**¥107,905**
Liabilities			
(1) Bonds	**1,138,263**	**1,148,552**	**(10,288)**
(2) Long-term loans, principally from banks	**3,256,518**	**3,221,894**	**34,623**
(3) Long-term payables under securitized lease receivables	**11,450**	**11,537**	**(87)**
(4) Lease obligations	**32,144**	**30,620**	**1,524**
Total liabilities	**¥4,438,376**	**¥4,412,604**	**¥25,772**
Derivatives (*6)			
Hedge accounting not applied	**¥(2,998)**	**¥(2,998)**	**¥—**
Hedge accounting applied	**11,930**	**12,225**	**294**
Total derivatives	**¥8,931**	**¥9,226**	**¥294**

(*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.

23. Financial Instruments (continued)

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

(*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.

	2026 *(Millions of yen)*	2026 *(Thousands of U.S. dollars)*
Investments in securities without market price, etc.	**¥553,698**	**$3,462,129**
Investments in limited partnerships, etc.	**323,691**	**2,023,954**
Total	**¥877,389**	**$5,486,084**

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 12 Derivatives regarding the details of derivative transactions.

23. Financial Instruments (continued)

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.

23. Financial Instruments (continued)

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

（*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.

	2025
	(Millions of yen)
Investments in securities without market price, etc.	¥411,374
Investments in limited partnerships, etc.	304,716
Total	¥716,090

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 12 Derivatives regarding the details of derivative transactions.

23. Financial Instruments (continued)

As of March 31, 2026	Carrying value	Estimated fair value	Difference
	(Thousands of U.S. dollars)		
Assets			
(1) Accounts receivable-installment sales	**$1,231,923**		
Deferred profit on installment sales	**(138,011)**		
Subtotal	**1,093,912**		
Allowance for doubtful accounts (*1)	**(2,433)**		
Subtotal	**1,091,478**	**1,188,419**	**96,941**
(2) Accounts receivable-lease receivables and investment in leases	**9,935,502**		
Estimated residual value (*2)	**(561,995)**		
Subtotal	**9,373,506**	**9,766,931**	**393,424**
Allowance for doubtful accounts (*1)	**(6,999)**		
Subtotal	**9,366,507**	**9,766,931**	**400,423**
(3) Accounts receivable-loans	**2,261,674**		
Allowance for doubtful accounts (*1)	**(44,127)**		
Subtotal	**2,217,546**	**2,392,867**	**175,320**
(4) Operational investment securities(*3) (*4)	**634,742**	**634,742**	**—**
(5) Short-term investment securities and investments in securities (*3) (*5)	**405,694**	**407,711**	**2,016**
(6) Claims provable in bankruptcy or rehabilitation	**19,714**		
Allowance for doubtful accounts (*1)	**(19,357)**		
Subtotal	**356**	**356**	**—**
Total assets	**$13,716,327**	**$14,391,028**	**$674,701**
Liabilities			
(1) Bonds	**7,117,263**	**7,181,592**	**(64,329)**
(2) Long-term loans, principally from banks	**20,362,146**	**20,145,655**	**216,490**
(3) Long-term payables under securitized lease receivables	**71,593**	**72,139**	**(545)**
(4) Lease obligations	**200,993**	**191,462**	**9,531**
Total liabilities	**$27,751,997**	**$27,590,850**	**$161,146**
Derivatives (*6)			
Hedge accounting not applied	**$(18,748)**	**$(18,748)**	**$—**
Hedge accounting applied	**74,595**	**76,440**	**1,844**
Total derivatives	**$55,847**	**$57,692**	**$1,844**

23. Financial Instruments (continued)

(Note 1) Redemption schedule for receivables and securities with maturities subsequent to March 31, 2026 and 2025, respectively

	As of March 31, 2026					
	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)					
Cash and cash equivalents	¥219,668	¥—	¥—	¥—	¥—	¥—
Time deposits other than cash equivalents	1,810	—	—	—	—	—
Accounts receivable-installment sales	57,400	47,760	34,005	23,811	15,568	18,475
Accounts receivable-loans	121,314	65,863	49,332	54,294	18,302	52,602
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	7,687	—	—	—	—
(2) Other	6,980	8,062	6,214	10,366	4,050	36,875
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	770	—	—
(2) Other	219	—	—	—	—	3,598
Total	¥407,393	¥129,374	¥89,551	¥89,242	¥37,921	¥111,551

23. 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
	(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

23. Financial Instruments (continued)

	As of March 31, 2026					
	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)					
Cash and cash equivalents	**$1,373,528**	**$—**	**$—**	**$—**	**$—**	**$—**
Time deposits other than cash equivalents	**11,318**	**—**	**—**	**—**	**—**	**—**
Accounts receivable-installment sales	**358,911**	**298,632**	**212,624**	**148,889**	**97,344**	**115,521**
Accounts receivable-loans	**758,545**	**411,829**	**308,461**	**339,486**	**114,442**	**328,909**
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	**—**	**48,067**	**—**	**—**	**—**	**—**
(2) Other	**43,644**	**50,413**	**38,857**	**64,818**	**25,326**	**230,572**
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	**—**	**—**	**—**	**4,814**	**—**	**—**
(2) Other	**1,372**	**—**	**—**	**—**	**—**	**22,499**
Total	**$2,547,321**	**$808,943**	**$559,943**	**$558,008**	**$237,113**	**$697,502**

(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 11 Short-Term Borrowings, Long-Term Debt and Assets Pledged* and *Note 21 Lease Transactions*, respectively.

23. Financial Instruments (continued)

(Note 2) Repayment schedule of bonds, long-term debt and other interest-bearing liabilities on March 31, 2026 and 2025, respectively

	As of March 31, 2026					
	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	**¥404,965**	**¥—**	**¥—**	**¥—**	**¥—**	**¥—**
Commercial paper	**318,787**	**—**	**—**	**—**	**—**	**—**
Current portion of long-term payables under fluidity lease receivables	**12,500**	**—**	**—**	**—**	**—**	**—**
Bonds	**156,108**	**222,971**	**238,785**	**94,309**	**299,938**	**126,150**
Long-term debt	**1,041,539**	**845,453**	**716,336**	**506,966**	**76,783**	**69,438**
Long-term payables under fluidity lease receivables	**5,070**	**3,563**	**2,730**	**87**	**—**	**—**
Lease obligations	**11,610**	**7,193**	**5,041**	**3,923**	**1,904**	**2,471**
Total	**¥1,950,581**	**¥1,079,181**	**¥962,893**	**¥605,286**	**¥378,626**	**¥198,059**

	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	¥419,835	¥413,645

23. Financial Instruments (continued)

	As of March 31, 2026					
	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**
	(Thousands of U.S. dollars)					
Short-term borrowings	**$2,532,144**	**$—**	**$—**	**$—**	**$—**	**$—**
Commercial paper	**1,993,292**	**—**	**—**	**—**	**—**	**—**
Current portion of long-term payables under fluidity lease receivables	**78,159**	**—**	**—**	**—**	**—**	**—**
Bonds	**976,106**	**1,394,179**	**1,493,063**	**589,691**	**1,875,438**	**788,782**
Long-term debt	**6,512,472**	**5,286,398**	**4,479,064**	**3,169,925**	**480,104**	**434,179**
Long-term payables under fluidity lease receivables	**31,701**	**22,278**	**17,069**	**543**	**—**	**—**
Lease obligations	**72,595**	**44,981**	**31,522**	**24,531**	**11,909**	**15,453**
Total	**$12,196,473**	**$6,747,838**	**$6,020,721**	**$3,784,693**	**$2,367,452**	**$1,238,414**

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.

23. Financial Instruments (continued)

The following table presents the financial instruments recorded at fair value on the consolidated balance sheets as of March 31, 2026 and 2025, respectively.

	As of March 31, 2026			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
Operational investment Securities:				
Available-for-sale securities				
Equity securities	**¥33,017**	**¥—**	**¥—**	**¥33,017**
Bonds	**—**	**—**	**7,176**	**7,176**
Others *(Note 1)*	**33,015**	**—**	**1,130**	**34,145**
Short-term investment securities and investments in securities				
Available-for-sale securities				
Equity securities	**63,646**	**149**	**—**	**63,796**
Bonds	**—**	**—**	**986**	**986**
Others	**—**	**100**	**—**	**100**
Total assets	**¥129,680**	**¥249**	**¥9,293**	**¥139,222**
Derivative transaction *(Note 2)*				
Currency swap	**¥—**	**¥8,052**	**¥—**	**¥8,052**
Interest rate swap	**—**	**1,173**	**—**	**1,173**
Total derivative transactions	**¥—**	**¥9,226**	**¥—**	**¥9,226**

(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 ¥27,174 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, 2026						
	Profit (loss) of current fiscal year or other comprehensive income (loss)						
Beginning balance	Recorded on profit (Note 3)	Recorded on other comprehensive income (Note 4)	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.
(Millions of yen)							
¥26,378	**¥—**	**¥607**	**¥188**	**¥—**	**¥—**	**¥27,174**	**¥—**

23. Financial Instruments (continued)

(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.

	As of March 31, 2025			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
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

(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.

23. Financial Instruments (continued)

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 3)					
(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 unrealized gain (loss) on available-for-sale securities in other comprehensive income of Consolidated Statement of Comprehensive Income.

	As of March 31, 2026			
	Estimated fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Thousands of U.S. dollars)			
Operational investment Securities				
Available-for-sale securities				
Equity securities	**$206,452**	**$—**	**$—**	**$206,452**
Bonds	**—**	**—**	**44,872**	**44,872**
Others *(Note 1)*	**206,434**	**—**	**7,067**	**213,502**
Securities and investments in securities:				
Available-for-sale securities				
Equity securities	**397,967**	**934**	**—**	**398,902**
Bonds	**—**	**—**	**6,167**	**6,167**
Others	**—**	**625**	**—**	**625**
Total assets	**$810,855**	**$1,559**	**$58,107**	**$870,522**
Derivative transactions *(Note 2)*				
Currency swap	**$—**	**$50,353**	**$—**	**$50,353**
Interest rate swap	**—**	**7,338**	**—**	**7,338**
Total derivative transactions	**$—**	**$57,692**	**$—**	**$57,692**

23. 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 $169,915 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, 2026							
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)							
$164,940	$—	$3,797	$1,177	$—	$—	$169,915	$—

(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.

23. 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, 2026 and 2025, respectively.

	As of March 31, 2026			
	Estimated fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Millions of yen)			
Accounts receivable of installment sales	**¥—**	**¥—**	**¥190,063**	**¥190,063**
Lease receivables and investment in leases	**—**	**—**	**1,562,025**	**1,562,025**
Loans	**—**	**—**	**382,691**	**382,691**
Securities and investments in securities:				
Investments in affiliates	**322**	**—**	**—**	**322**
Claims provable in bankruptcy or rehabilitation	**—**	**—**	**57**	**57**
Total assets	**¥322**	**¥—**	**¥2,134,837**	**¥2,135,160**
Bonds	**¥—**	**¥1,148,552**	**¥—**	**¥1,148,552**
Long-term debt	**—**	**3,221,894**	**—**	**3,221,894**
Long-term payables under fluidity lease receivables	**—**	**11,537**	**—**	**11,537**
Lease obligations	**—**	**30,620**	**—**	**30,620**
Total liabilities	**¥—**	**¥4,412,604**	**¥—**	**¥4,412,604**

	As of March 31, 2025			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
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

23. Financial Instruments (continued)

	As of March 31, 2026			
	Estimated fair value			
	Level 1	Level 2	Level 3	Total
	(Thousands of U.S. dollars)			
Accounts receivable of installment sales	**$—**	**$—**	**$1,188,419**	**$1,188,419**
Lease receivables and investment in leases	**—**	**—**	**9,766,931**	**9,766,931**
Loans	**—**	**—**	**2,392,867**	**2,392,867**
Securities and investments in securities:				
Investments in affiliates	**2,016**	**—**	**—**	**2,016**
Claims provable in bankruptcy or rehabilitation	**—**	**—**	**356**	**356**
Total assets	**$2,016**	**$—**	**$13,348,574**	**$13,350,591**
Bonds	**$—**	**$7,181,592**	**$—**	**$7,181,592**
Long-term debt	**—**	**20,145,655**	**—**	**20,145,655**
Long-term payables under fluidity lease receivables	**—**	**72,139**	**—**	**72,139**
Lease obligations	**—**	**191,462**	**—**	**191,462**
Total liabilities	**$—**	**$27,590,850**	**$—**	**$27,590,850**

(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.

23. 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, 2026 and 2025

Fiscal year	Classification	Valuation method	Significant unobservable input	Input range	Weighted average of input
As of March 31, 2026	**Operational investment securities, Available-for-sale securities and private placement bonds etc.**	**Discounted cash flow method**	**Discount rate**	**2.79%-4.21%**	**4.04%**
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%

23. 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, 2026						
	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 2)				
	(Millions of yen)						
Operational investment securities and Available-for-sale securities							
Bonds	**¥7,724**	**¥ —**	**¥(548)**	**¥—**	**¥—**	**¥—**	**¥7,176**
Others	**3,859**	**—**	**(28)**	**(2,700)**	**—**	**—**	**1,130**
Short-term investment securities and investments in securities Available-for-sale securities							
Bonds	**769**	**—**	**217**	**—**	**—**	**—**	**986**
Others	**50**	**—**	**—**	**(50)**	**—**	**—**	**—**
Total	**¥12,403**	**¥—**	**¥(359)**	**¥(2,750)**	**¥—**	**¥—**	**¥9,293**

23. 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 1)	Recorded on other comprehensive income(loss) (Note 2)				
	(Millions of yen)						
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

23. Financial Instruments (continued)

	As of March 31, 2026						
	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 2)				
	(Thousands of U.S. dollars)						
Operational investment securities and Available-for-sale securities							
Bonds	**$48,301**	**$—**	**$(3,429)**	**$—**	**$—**	**$—**	**$44,872**
Others	**24,129**	**—**	**(177)**	**(16,884)**	**—**	**—**	**7,067**
Short-term investment securities and investments in securities							
Available-for-sale securities							
Bonds	**4,809**	**—**	**1,357**	**—**	**—**	**—**	**6,167**
Others	**312**	**—**	**—**	**(312)**	**—**	**—**	**—**
Total	**$77,553**	**$—**	**$(2,249)**	**$(17,196)**	**$—**	**$—**	**$58,107**

(Note 1)
The amount is included in Consolidated Statement of Income.

(Note 2)
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.

23. 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.

24. Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2026

(Date of approval) Resolution approved by	Type of shares	Amount *(Millions of yen)* *(Thousands of U.S. dollars)*	Dividends per share *(Yen)* *(U.S. dollars)*	Shareholders' cut-off date	Effective date
(June 23, 2025) Annual General Meeting of the Shareholders	Common stock	**¥16,161** **$101,052**	¥33.0 $0.20	March 31, 2025	June 24, 2025
(November 7, 2025) Meeting of the Board of Directors	Common stock	**¥17,656** **$110,400**	¥36.0 $0.22	September 30, 2025	December 11, 2025

Total amount of cash dividends resolved at Meeting of the Board of Directors held on June 23, 2025, include cash dividends of ¥61 million ($381 thousand) for the Company's shares held by the Board Benefit Trust (BBT).

Total amount of cash dividends resolved at Meeting of the Board of Directors held on November 7, 2025, include cash dividends of ¥60 million ($380 thousand) for the Company's shares held by the Board Benefit Trust (BBT).

For the year ended March 31, 2025

(Date of approval) Resolution approved by	Type of shares	Amount *(Millions of yen)*	Dividends per share *(Yen)*	Shareholders' cut-off date	Effective date
(June 24, 2024) Annual General Meeting of the Shareholders	Common stock	¥13,220	¥27.0	March 31, 2024	June 25, 2024
(November 8, 2024) Meeting of the Board of Directors	Common stock	¥14,202	¥29.0	September 30, 2024	December 3 2024

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

24. 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) Resolution approved by	Type of shares (Paid from)	Amount *(Millions of yen)* *(Thousands of U.S. dollars)*	Dividends per share *(Yen)* *(U.S. dollars)*	Shareholders' cut-off date	Effective date
(June 25, 2026) Annual General Meeting of the Shareholders	Common stock (Retained earnings)	**¥21,579** **$134,933**	**¥44.0** **$0.27**	March 31, 2026	June 26, 2026

Total amount of cash dividends resolved at Annual General Meeting of the Shareholders held on June 25, 2026, include cash dividends of ¥74 million ($465 thousand) for the Company's shares held by the Board Benefit Trust (BBT).

25. 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.

25. 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.

26. 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 stock acquisition 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, 2026 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. In addition, at the 55th Annual General Meeting of Shareholders held on June 24, 2024, a resolution was passed to introduce a performance-linked stock compensation plan in place of stock options, and no new grants will be made following the allotment of stock acquisition rights resolved on August 9, 2024, with an allotment date of August 27, 2024.

	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 stock acquisition 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 stock acquisition 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)

26. Stock Based Compensation (continued)

	2019 stock option	2020 stock option	2021 stock option
Persons granted	9 directors 22 executive officers 5 eligible employees	10 directors 22 executive officers 3 eligible employees 5 directors and executive officers of subsidiaries	8 directors 21 executive officers 8 eligible employees 3 directors and executive officers of subsidiaries
Type and number of shares to be issued upon the exercise of the stock acquisition 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 ($12.09)	¥1,214 ($11.15)	¥1,298 ($11.72)

	2022 stock option	2023 stock option	2024 stock option
Persons granted	7 directors 19 executive officers 10 eligible employees 3 directors and executive officers of subsidiaries	7 directors 19 executive officers 11 eligible employees 5 directors and executive officers of subsidiaries	5 directors 17 executive officers 19 eligible employees 4 directors and executive officers of subsidiaries
Type and number of shares to be issued upon the exercise of the stock acquisition 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 ($10.88)	¥1,105 ($8.27)	¥1,206 ($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 stock acquisition rights	Common stock 292,000
Grant date	August 27, 2024
Fair value per stock at the grant date	¥1,377 ($9.20)

26. Stock Based Compensation (continued)

The total stock-based compensation costs recognized for the years ended March 31, 2026 and 2025 were ¥0 million ($0 thousand) and ¥402 million, respectively.

The stock option activity for the fiscal year ended March 31, 2026 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
Stock acquisition rights which are not yet vested				
Outstanding as of March 31, 2025	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of March 31, 2026	—	—	—	—
Stock acquisition rights which have already been vested				
Outstanding as of March 31, 2025	98,000	53,600	74,400	76,800
Vested	—	—	—	—
Exercised	68,000	36,800	41,200	37,600
Forfeited	—	—	—	—
Outstanding as of March 31, 2026	30,000	16,800	33,200	39,200
Exercise price (yen)	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	¥1,518	¥1,518	¥1,518	¥1,510
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)	$9.49	$9.49	$9.49	$9.44
Weighted average fair value per stock at the grant date (U.S. dollars)	$2.04	$4.74	$4.24	$5.94

26. Stock Based Compensation (continued)

Stock option activity	2017 stock option	2018 stock option	2019 stock option	2020 stock option
Stock acquisition rights which are not yet vested				
Outstanding as of March 31, 2025	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of March 31, 2026	—	—	—	—
Stock acquisition rights which have already been vested				
Outstanding as of March 31, 2025	90,000	87,600	158,400	271,200
Vested	—	—	—	—
Exercised	42,400	36,000	79,600	95,600
Forfeited	—	—	—	—
Outstanding as of March 31, 2026	47,600	51,600	78,800	175,600
Exercise price (yen)	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	¥1,510	¥1,504	¥1,512	¥1,501
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)	$9.44	$9.40	$9.45	$9.38
Weighted average fair value per stock at the grant date (U.S. dollars)	$5.32	$7.13	$8.39	$7.58

26. Stock Based Compensation (continued)

Stock option activity	2021 stock option	2022 stock option	2023 stock option	2024 stock option
Stock acquisition rights which are not yet vested				
Outstanding as of March 31, 2025	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of March 31, 2026	—	—	—	—
Stock acquisition rights which have already been vested				
Outstanding as of March 31, 2025	233,200	234,000	331,600	201,600
Vested	—	—	—	—
Exercised	72,800	46,400	80,800	14,400
Forfeited	—	—	—	—
Outstanding as of March 31, 2026	160,400	187,600	250,800	187,200
Exercise price (yen)	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	¥1,499	¥1,490	¥1,497	¥1,495
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)	$9.37	$9.31	$9.36	$9.34
Weighted average fair value per stock at the grant date (U.S. dollars)	$8.11	$8.33	$6.90	$7.54

26. Stock Based Compensation (continued)

Stock option activity	2025 stock option
Stock acquisition rights which are not yet vested	
Outstanding as of March 31, 2025	—
Granted	—
Forfeited	—
Vested	—
Outstanding as of March 31, 2026	—
Stock acquisition rights which have already been vested	
Outstanding as of March 31, 2025	292,000
Vested	—
Exercised	64,400
Forfeited	—
Outstanding as of March 31, 2026	227,600
Exercise price (yen)	¥1
Weighted average exercise price (yen)	¥1,488
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)	$9.30
Weighted average fair value per stock at the grant date (U.S. dollars)	$8.61

Regarding the method for estimating the number of vested stock options, the Company basically adopts a method that reflects only actual forfeitures, as it is difficult to reasonably estimate the future forfeiture rate.

27. 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 ¥12,800 million ($80,035 thousand) and ¥13,109 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were as follows:

Year ended March 31, 2026			
Carrying Value			**Fair Value**
Beginning of year	**Net change**	**End of year**	**End of year**
	(Millions of yen)		
¥325,415	**¥859**	**¥326,274**	**¥355,515**

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

Year ended March 31, 2026			
Carrying Value			**Fair Value**
Beginning of year	**Net change**	**End of year**	**End of year**
	(Thousands of U.S. dollars)		
$2,034,737	**$5,371**	**$2,040,108**	**$2,222,943**

(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 ¥24,081 million ($150,577 thousands) and ¥65,695 million, a decrease mainly due to the sales of real estate in the amount of ¥10,858 million ($67,897 thousands) and ¥11,540 million for the year ended March 31, 2026 and 2025, 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.

28. 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, 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 or loss of reportable segments is based on net income attributable to owners of parent.

Intersegment revenues and transfers are based on prevailing market prices.

28. Segment Information (continued)

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

	Year ended March 31, 2026									
	Reportable segments									
	Equipment Leasing	Auto mobility	Specialty Financing	International	Environmental Infrastructure	Total of reportable segments	Others *(Note 1)*	Subtotal	Adjustments *(Note 2)*	Total after adjustments *(Note 3)*
	(Millions of yen)									
Revenues										
Revenue from customers *(Note 4)*	¥462,066	¥314,948	¥342,981	¥270,900	¥66,081	¥1,456,979	¥691	¥1,457,670	¥—	¥1,457,670
Inter-segment revenues	735	817	103	216	1	1,875	639	2,515	(2,515)	—
Total revenues	¥462,802	¥315,766	¥343,085	¥271,117	¥66,082	¥1,458,854	¥1,330	¥1,460,185	¥(2,515)	¥1,457,670
Segment profit(loss)	¥22,810	¥12,131	¥112,179	¥23,540	¥(44,450)	¥126,212	¥2,139	¥128,351	¥(17,051)	¥111,299
Segment assets	¥1,308,493	¥529,192	¥3,201,401	¥1,008,133	¥217,290	¥6,264,510	¥46,212	¥6,310,722	¥904,087	¥7,214,810
Other items										
Depreciation and amortization	18,912	70,723	100,278	68,403	13,205	271,522	0	271,523	1,952	273,476
Amortization of goodwill	210	130	2,667	1,630	110	4,749	—	4,749	—	4,749
Other income	10,410	619	91,586	1,446	(3)	104,060	1,997	106,057	—	106,057
Equity in earnings (losses) of affiliates	10,410	619	9,146	1,446	(3)	21,620	1,997	23,617	—	23,617
(Russia-related insurance settlement)	—	—	82,440	—	—	82,440	—	82,440	—	82,440
(Gain on liquidation of subsidiaries)	—	—	—	—	—	—	—	—	—	—
(Gain on sale of shares of subsidiaries and associates)	—	—	—	—	—	—	—	—	—	—
Other expenses	—	12,669	2,665	1,467	70,123	86,925	—	86,925	—	86,925
(Impairment loss)	—	12,669	2,665	1,467	70,123	86,925	—	86,925	—	86,925
Income taxes	8,378	7,063	37,556	11,521	(19,924)	44,595	79	44,674	(7,029)	37,644
Investment in equity-method affiliates	150,086	5,218	261,865	70,683	24,433	512,287	20,006	532,294	—	532,294
Increase in property, equipment and intangible assets *(Note 5)*	17,623	99,995	552,167	143,406	2,457	815,649	—	815,649	4,123	819,772

(Changes in Presentation Method)
Previously, items presented as “extraordinary income” and “extraordinary losses” in reportable segment information have been changed to be presented as “other income” and “other expenses,” respectively, from the current fiscal year to more appropriately reflect their presentation in the consolidated statement of income.
Additionally, “other extraordinary income” and “other extraordinary losses” in the segment information have ceased to be separately presented from the current fiscal year, in order to align with the disclosure framework of the consolidated statement of income.
To reflect these changes in presentation, the reportable segment information for the previous fiscal year has been reclassified accordingly.

28. Segment Information (continued)

	Year ended March 31, 2025									
	Reportable segments									
	Equipment Leasing	Auto mobility	Specialty Financing	Inter-national	Environ-mental Infra-structure	Total of reportable segments	Others *(Note 1)*	Subtotal	Adjust-ments *(Note 2)*	Total after adjust-ments *(Note 3)*
	(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(loss)	¥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
Other income	7,408	753	8,488	4,697	(5)	21,342	1,546	22,888	—	22,888
Equity in earnings (losses) of affiliates	7,408	753	7,813	1,134	(5)	17,105	1,546	18,651	—	18,651
(Russia-related insurance settlement)	—	—	—	—	—	—	—	—	—	—
(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
Other expenses	—	—	—	—	—	—	—	—	—	—
(Impairment loss)	—	—	—	—	—	—	—	—	—	—
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

28. Segment Information (continued)

	Year ended March 31, 2026									
	Reportable segments									
	Equipment Leasing	Auto mobility	Specialty Financing	Inter-national	Environ-mental Infra-structure	Total of reportable segments	Others *(Note 1)*	Subtotal	Adjust-ments *(Note 2)*	Total after adjust-ments *(Note 3)*
	(Thousands of U.S. dollars)									
Revenues										
Revenue from customers *(Note 4)*	$2,889,182	$1,969,290	$2,144,571	$1,693,871	$413,189	$9,110,105	$4,323	$9,114,428	$—	$9,114,428
Inter-segment revenues	4,599	5,113	649	1,356	7	11,727	3,998	15,725	(15,725)	—
Total revenues	$2,893,782	$1,974,403	$2,145,221	$1,695,228	$413,197	$9,121,833	$8,321	$9,130,154	$(15,725)	$9,114,428
Segment profit(loss)	$142,629	$75,855	$701,429	$147,191	$(277,935)	$789,170	$13,376	$802,547	$(106,619)	$695,928
Segment assets	$8,181,665	$3,308,898	$20,017,515	$6,303,590	$1,358,659	$39,170,328	$288,952	$39,459,281	$5,653,021	$45,112,303
Other items										
Depreciation and amortization	118,252	442,215	627,012	427,707	82,572	1,697,760	3	1,697,764	12,211	1,709,975
Amortization of goodwill	1,316	815	16,679	10,194	692	29,699	—	29,699	—	29,699
Other income	65,094	3,875	572,667	9,047	(24)	650,660	12,489	663,150	—	663,150
Equity in earnings (losses) of affiliates	65,094	3,875	57,191	9,047	(24)	135,185	12,489	147,674	—	147,674
(Russia-related insurance settlement)	—	—	515,475	—	—	515,475	—	515,475	—	515,475
(Gain on liquidation of subsidiaries)	—	—	—	—	—	—	—	—	—	—
(Gain on sale of shares of subsidiaries and associates)	—	—	—	—	—	—	—	—	—	—
Other expenses	—	79,219	16,663	9,172	438,464	543,520	—	543,520	—	543,520
(Impairment loss)	—	79,219	16,663	9,172	438,464	543,520	—	543,520	—	543,520
Income taxes	52,390	44,164	234,832	72,039	(124,582)	278,843	494	279,338	(43,956)	235,382
Investment in equity-method affiliates	938,453	32,628	1,637,375	441,966	152,777	3,203,201	125,097	3,328,298	—	3,328,298
Increase in property, equipment and intangible assets *(Note 5)*	110,192	625,245	3,452,560	896,680	15,364	5,100,042	—	5,100,042	25,780	5,125,822

28. 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 or loss" 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, 2026 for each of the reportable segments, i.e. Equipment Leasing, Automobility, Specialty Financing, International Business and Environmental Infrastructure were ¥4,520 million ($28,268 thousand), ¥18,443 million ($115,323 thousand), ¥46,893 million ($293,210 thousand), ¥28,973 million ($181,166 thousand) and ¥57,641 million ($360,414 thousand), respectively.

Revenues from contracts with customers included in revenues for the fiscal year ended March 31, 2025 for each of the reportable segments were ¥4,149 million, ¥17,814 million, ¥35,821 million, ¥27,953 and ¥54,291 million, respectively.

(Note 5) "Increase in property, equipment and intangible assets" does not include increase from newly consolidated subsidiaries.

28. Segment Information (continued)

Information by products and services

	March 31, 2026						
	Finance lease	**Operating lease**	**Disposal of leased Property etc.**	**Installment sales**	**Finance**	**Other**	**Total**
	(Millions of yen)						
Revenues from customers	**¥447,519**	**¥467,879**	**¥274,632**	**¥22,424**	**¥85,437**	**¥159,776**	**¥1,457,670**

	March 31, 2025						
	Finance lease	Operating lease	Disposal of leased Property etc.	Installment sales	Finance	Other	Total
	(Millions of yen)						
Revenues from customers	¥429,749	¥456,038	¥255,301	¥24,641	¥59,581	¥143,322	¥1,368,635

	March 31, 2026						
	Finance lease	**Operating lease**	**Disposal of leased Property etc.**	**Installment sales**	**Finance**	**Other**	**Total**
	(Thousands of U.S. dollars)						
Revenues from customers	**$2,798,221**	**$2,925,527**	**$1,717,205**	**$140,215**	**$534,218**	**$999,040**	**$9,114,428**

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

28. Segment Information (continued)

Geographical information

(a)Revenues

Information by geographic segment is summarized as follows:

March 31, 2026

Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
			(Millions of yen)			
¥959,867	**¥346,448**	**¥12,696**	**¥45,254**	**¥38,695**	**¥54,708**	**¥1,457,670**

(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			
			(Millions of yen)			
¥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, 2026

Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
			(Thousands of U.S. dollars)			
$6,001,798	**$2,166,253**	**$79,384**	**$282,963**	**$241,951**	**$342,076**	**$9,114,428**

28. Segment Information (continued)

(b)Property and equipment

Information by geographic segment is summarized as follows:

March 31, 2026

Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
			(Millions of yen)			
¥818,864	**¥2,161,643**	**¥38,830**	**¥32,523**	**¥39,466**	**¥52,298**	**¥3,143,626**

March 31, 2025

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

March 31, 2026

Japan	Europe and North America			Asia	Central and South America	Total
	The U.S.	Ireland	Others			
			(Thousands of	*U.S. dollars)*		
$5,120,144	**$13,516,185**	**$242,799**	**$203,359**	**$246,770**	**$327,006**	**$19,656,266**

Information by main customer

Information by main customer for the years ended March 31, 2026 and 2025 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, 2026

	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
			(Millions of yen)			
Impairment loss	**—**	**¥12,669**	**¥12,197**	**¥1,467**	**¥70,123**	**¥96,457**

In the Automobility segment, an impairment loss of ¥12,669 million was recorded for intangible assets. In the Specialty Financing segment, impairment losses of ¥9,532 million for assets related to the aircraft leasing business, ¥380 million for assets related to real estate, and ¥2,284 million for goodwill were recorded. In the International segment, impairment losses of ¥601 million for assets and ¥865 million for goodwill were recorded. In the Environmental Infrastructure segment, an impairment loss of ¥70,123 million was recorded for property and equipment.

The impairment loss of ¥9,532 million for assets related to the aircraft leasing business in the Specialty Financing segment was recorded in costs.

28. Segment Information (continued)

	March 31, 2025					
	Equipment Leasing	Automobility	Specialty Financing	International	Environmental Infrastructure	Total
			(Millions of yen)			
Impairment loss	—	—	¥2,268	—	—	¥2,268

The impairment loss in the Specialty Financing segment is attributable to assets related to the aircraft leasing business.

	March 31, 2026					
	Equipment Leasing	**Automobility**	**Specialty Financing**	**International**	**Environmental Infrastructure**	**Total**
			(Thousands of U.S. dollars)			
Impairment loss	**—**	**$79,219**	**$76,267**	**$9,172**	**$438,464**	**$603,123**

Information about unamortized balance of goodwill

	March 31, 2026					
	Equipment Leasing	**Automobility**	**Specialty Financing**	**International**	**Environmental Infrastructure**	**Total**
			(Millions of yen)			
Unamortized balance	**¥1,708**	**¥1,566**	**¥34,706**	**¥16,722**	**¥1,541**	**¥56,245**

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

	March 31, 2026					
	Equipment Leasing	**Automobility**	**Specialty Financing**	**International**	**Environmental Infrastructure**	**Total**
			(Thousands of U.S. dollars)			
Unamortized balance	**$10,682**	**$9,791**	**$217,012**	**$104,560**	**$9,638**	**$351,686**

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, 2026 and 2025 there was no gain recognized on negative goodwill.

29. Revenue Recognition

1. Disaggregation of revenue from contracts with customers
Information on the disaggregation of revenue from contracts with customers is stated in *Note 28 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

29. Revenue Recognition (continued)

(1) Amount of contract assets and contract liabilities

	As of March 31,		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Receivable from contract with customers (Beginning balance)	**¥22,097**	¥12,792	**$138,167**
Receivable from contract with customers (Ending balance)	**¥22,827**	¥22,097	**$142,731**
Contract assets (Beginning balance)	**¥510**	¥591	**$3,191**
Contract assets (Ending balance)	**¥294**	¥510	**$1,838**
Contract liabilities (current) (Beginning balance)	**¥1,146**	¥1,731	**$7,169**
Contract liabilities (current) (Ending balance)	**¥1,610**	¥1,146	**$10,068**
Contract liabilities (fixed) (Beginning balance)	**¥381**	¥390	**$2,383**
Contract liabilities (fixed) (Ending balance)	**¥400**	¥381	**$2,505**

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, 2026 and 2025, the amounts of recognized income, which were included in the opening balance of the contract liabilities are ¥1,154 million ($7,220 thousand) and ¥1,815 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.

30. Business Combinations

(Partial transfer of ownership interest in a subsidiary)

During the fiscal year ended March 31, 2026, the Company transferred a portion of the shares in NTT Global Data Centers Joint Venture CH, LLC (hereinafter "NTT GDC JV") held by TC Global Investments Americas LLC (hereinafter "TCGIA"), a consolidated subsidiary whose purpose is to expand investments related to the data center business. As a result of this share transfer, NTT GDC JV and its two subsidiaries were excluded from the scope of consolidation, and NTT GDC JV became an equity-method affiliate. The main details are as follows:

1. Overview of the transfer of ownership interest

(1) Name of the transferee and method of transfer
Transfer of shares held by TCGIA, a consolidated subsidiary of the Company, to JICT US LLC

(2) Name and business description of the transferred subsidiary
NTT Global Data Centers Joint Venture CH, LLC: Data center business

(3) Main reasons for the transfer
The Company had, through TCGIA, acquired an 80% equity interest in NTT GDC JV and made it a consolidated subsidiary, thereby promoting the joint operation of a data center business in Chicago, United States, with the NTT Group. With a view to further developing this business, the Company has resolved to transfer a 30% equity interest in NTT GDC JV held by TCGIA to JICT US LLC.

(4) Date of transfer
March 23, 2026

(5) Overview of other transactions including legal form
Transfer of ownership interest with cash received as consideration

30. Business Combinations (continued)

2. Overview of accounting treatment applied

(1) Amount of gain or loss on transfer
Revenues: ¥19,787 million($123,722thousand)

(2) Appropriate book value of assets and liabilities related to the transferred business and their major components
NTT-GDC JV

	2026 *(Millions of yen)*	2026 *(Thousands of U.S. dollars)*
Current assets	**¥13,941**	**$87,172**
Non-current assets	**142,701**	**892,275**
Goodwill	**8,912**	**55,728**
Total assets	**165,555**	**1,035,175**
Current liabilities	**9,467**	**59,195**
Long-term liabilities	**63,065**	**394,334**
Total liabilities	**¥72,533**	**$453,530**

(3) Accounting treatment
The difference between the sale price of the transferred equity interest and its book value on a consolidated basis has been recorded as “Revenues.”

3. Name of the reportable segment in which the transferred business was included
International

4. Estimated amount of profit or loss related to the transferred subsidiary included in the consolidated statement of income for the current fiscal year
NTT-GDC JV

	2026 *(Millions of yen)*	2026 *(Thousands of U.S. dollars)*
Revenues	**¥14,563**	**$91,060**
Operating income	**¥2,151**	**$13,451**

31. 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, 2026										
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)	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 ($1,500)	Auto leasing business	Direct holding 34.0	Loan of funds, Concurrent appointment of officers	Loan of business funds	¥633,176 ($3,959,082)	Other current assets	¥55,258 ($345,515)
									Long-term loans and other assets	¥23,095 ($144,406)
							Receipt of interest	¥841 ($5,262)	Other current assets	¥135 ($844)

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

As of March 31, 2025										
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)*
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	¥611,727	Other current assets	¥55,928
									Long-term loans and other assets	¥18,024
							Receipt of interest	¥487	Other current assets	¥111

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

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 are not presented as the amounts for the years ended March 31, 2026 and 2025 were immaterial.

31. Related Party Transactions (continued)

(2) Notes on parent company or significant affiliates

For the years ended March 31, 2026 and 2025, 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,		
	2026	2025	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Total current assets	**¥2,336,905**	¥2,046,767	**$14,612,052**
Total non-current assets	**¥253,583**	¥245,427	**$1,585,589**
Total deferred charges	**¥509**	¥426	**$3,184**
Total current liabilities	**¥1,503,175**	¥1,390,692	**$9,398,957**
Total long-term liabilities	**¥917,356**	¥743,129	**$5,735,987**
Total equity	**¥170,466**	¥158,799	**$1,065,881**
Total revenues	**¥438,100**	¥390,237	**$2,739,326**
Total income before income taxes	**¥24,458**	¥19,812	**$152,932**
Total net income attributed to owners of the parents	**¥17,307**	¥13,828	**$108,222**

32. 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, 2026 and 2025 were as follows:

	2026	2025	**2026**
	(Yen)		*(U.S. dollars)*
Net assets	**¥2,292.54**	¥2,110.36	**$14.33**
Net income attributable to owners of the parent:			
Basic	**¥227.82**	¥174.51	**$1.42**
Diluted	**¥227.06**	¥173.77	**$1.41**

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 stock acquisition 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 acquisition rights.

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) was 1,690,526 shares and 1,850,700 shares for the fiscal years ended March 31,2026 and 2025, respectively.

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) was 1,768,199 shares and 1,061,144 shares for the fiscal years ended March 31,2026 and 2025, respectively.

32. Amounts per Share (continued)

The base data for the calculation is as follows:

1. Net assets per share

	March 31, 2026	March 31, 2025
	(Thousands of shares)	
Number of shares of common stock used for the calculation of net assets per share	**488,761**	487,885

	March 31, 2026	March 31, 2025	**March 31, 2026**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Total net assets	**¥1,252,593**	¥1,176,889	**$7,832,133**
Amount deducted from total net assets:	**132,089**	147,275	**825,918**
Stock acquisition rights	**1,775**	2,540	**11,099**
Non-controlling interests	**130,314**	144,734	**814,819**
Net assets attributable to shares of common stock	**¥1,120,503**	¥1,029,614	**$7,006,214**

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

	2026	2025
	(Thousands of shares)	
Weighted average number of shares of common stock	**488,544**	488,675
Increase in shares of common stock		
Exercise of stock acquisition rights	**1,627**	2,083