

FUYO LEASE GROUP

Fuyo Lease Group
Integrated Report 2026



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This section reviews the past four years of the Medium-Term Management Plan, Fuyo Shared Value 2026, and retraces the Fuyo Lease Group's progress in enhancing the repeatability of CSV management through successive efforts to solve customer issues. It also conveys the President and Chief Executive Officer's views on advancing to the next stage of growth and enhancing corporate value.

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3 Value Creation Story

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This section describes our value creation story in detail from the perspectives of the three key elements of our Group vision: challenges and growth of each employee, mutual trust and co-creation, and solving social issues.

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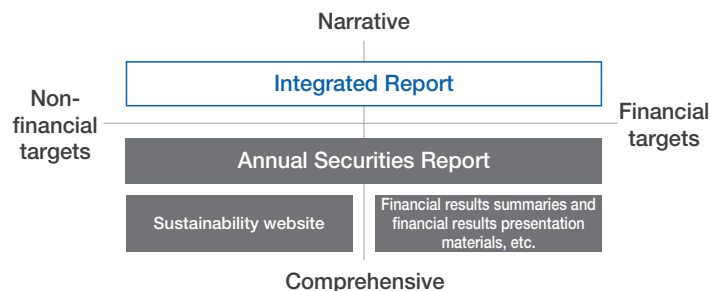
This section describes our foundation for sustainable growth, including contributions to a decarbonized and circular society, initiatives to respect human rights, corporate governance, including efforts to improve the effectiveness of the Board of Directors, risk management, and compliance.

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This section presents a summary of information that provides a multifaceted and quantitative view of the Group's corporate value, including 10-year financial and non-financial data, consolidated financial statements, stock information, inclusion in ESG indexes, and external evaluations.

Corporate Disclosure Framework



Key Points of Integrated Report 2026

This report was prepared around the main themes of the achievements and repeatability of Creating Shared Value (CSV) management at the four-year mark of our Medium-Term Management Plan, Fuyo Shared Value 2026. We believe that continuing to solve customers' issues will generate both social value and economic value, and that this process will serve as a source of sustainable growth. For the fiscal year under review, we focused on presenting, to the greatest extent possible in quantitative terms, the results achieved through these successive efforts in both financial and non-financial areas. In addition, to respond to the interests of investors who assess the Fuyo Lease Group from a long-term perspective, we have

emphasized initiatives that take into account the cost of capital and shareholder value and have systematically organized and explained measures aimed at improving PBR and ROE. On the governance front, we worked to enhance disclosure in areas such as initiatives to improve the effectiveness of the Board of Directors and the content of discussions with Outside Directors. Although our disclosure in some areas is still a work in progress, we have made every effort to present the information effectively within the scope possible at this time. We hope that this report will help deepen your understanding of the Fuyo Lease Group's value creation.

Top Message

We Will Continuously Solve Our Customers' Issues. These Successive Efforts Will Make CSV Management Repeatable.

Under its Medium-Term Management Plan, Fuyo Shared Value 2026, the Fuyo Lease Group has positioned Creating Shared Value (CSV) at the heart of its management and has pursued business portfolio transformation and zone management.

Now that we have entered the final fiscal year of the plan, I believe that the Group's CSV approach has evolved beyond a mere principle into a value creation model that earns customers' trust by solving their issues while generating both social and economic value.

As customers' issues become deeper, we are called upon to fulfill an expanding range of roles. I believe that continuing to meet our customers' expectations will lead to our next stage of growth and enhance corporate value.

President and Chief Executive Officer

Hiroaki Oda



1. Review of the Medium-Term Management Plan – Becoming an Organization That Takes Ownership of CSV

Looking back on the past four years of the Medium-Term Management Plan, Fuyo Shared Value 2026, although there were lessons to be learned from the recognition of losses on overseas projects in the renewable energy business, I believe that, overall, we have steadily evolved from a strategic perspective. In particular, I feel that over this period, the foundation for value creation unique to the Fuyo Lease Group has finally taken hold within the organization.

What I consider highly significant among these developments is that employees have gained a deeper understanding of Creating Shared Value (CSV). Initially, the term CSV did not readily take hold throughout the organization. While the concept of solving social issues while simultaneously creating economic value is important, it seemed somewhat removed from the day-to-day work of employees on the frontlines. In response, I communicated CSV in a way that would bring it closer to employees' day-to-day work. In other words, I conveyed that solving customers' management issues ultimately contributes to solving social issues while simultaneously driving business for the Group.

Rather than presenting social issues in lofty terms, I emphasized that the first priority should be to address the issues faced by our customers. This way of thinking spread not only to sales and marketing divisions but also to the divisions that support sales and marketing and our Group companies, and a growing sense emerged among employees that their own work was helping to solve customers' issues. I believe that the past four years have been a period in which we have moved CSV beyond the realm of principle and embedded it into concrete standards for action and decision-making.

2. Changes in Relationships with Customers

Another area in which I have seen tangible progress over the past four years is that the quality of our relationships with customers has changed. Even customers who previously viewed us strictly as a finance or leasing function now increasingly see us not merely as a funding provider, but as a partner that shares an understanding of their management issues and works continuously alongside them toward the solution of those issues.

As a result, we have also had more opportunities to speak directly from this perspective with the top executives of companies with whom we had previously found it difficult to establish contact. This is not simply a matter of establishing a connection between top executives. When those leaders connect, frontline teams also feel more comfortable consulting with one another at an earlier stage. We are seeing an increase in relationships in which customers think, "Let's consult Fuyo Lease first about this issue." This is extremely significant for us.

It means that we are expanding a customer base with which we can continuously co-create value, rather than merely undertaking one-off projects. I believe that this qualitative change in our customer base will become a source of competitive advantage that supports future earnings opportunities.



I believe that what underlies these changes in our customer relationships is the CSV management that we have put into practice over this period.

3. CSV: Both a Principle and a Value Creation Model That Generates Earnings

I view CSV as a form of management that earns customers' trust by solving their issues while simultaneously generating both social and economic value.

The key is to start with customers' issues, rather than with social issues. We strive to gain a deep understanding of customers' management issues and work toward solving them. As a result, our relationships of trust with customers will deepen, and new inquiries and projects will come to us at an earlier stage. This is the crucial point.

If we compete only at the downstream stage of a project, it inevitably tends to become a competition on price. However, once we have established a relationship of trust, customers begin consulting us about their next project at an earlier stage. If customers consult us at a stage when their concerns are still somewhat vague, before they have been clearly articulated as management issues, we can consider solutions together with them from an upstream stage. This process involves co-creation, in which we develop solutions together with customers.

From there, if we can turn those solutions into a tangible form and achieve results, trust will deepen further. Through this process, we can build relationships in which customers think, "Let's consult Fuyo Lease again." I believe that once the cycle of identifying issues, providing solutions, building trust, and securing the next opportunity is set into motion, CSV becomes more than just a principle; it becomes a repeatable value creation model.

These activities are steadily being reflected in both financial and non-financial results. Looking ahead to the plan's final fiscal year, we will continue to make steady progress in both financial and non-financial areas.

In particular, in the non-financial area, we achieved the five-year targets for many indicators one year ahead of schedule. I believe that achievements such as increased investment in human capital, progress toward a decarbonized society, and reductions in customers' workloads demonstrate that putting CSV into practice is strengthening our customer base and expanding earnings opportunities. I am convinced that the effectiveness of this value creation model will increase further as the environmental changes facing our customers become more significant.

4. The Roles We Are Called Upon to Fulfill Expand as Customers' Issues Become Deeper

As we put CSV management into practice, we have found that the issues facing customers have also become deeper, broader, and more complex than ever, encompassing not only interest rates, prices, and geopolitical risks, but also green transformation (GX), digital transformation (DX), and labor shortages. That is why we are being called upon to fulfill an expanded range of roles.

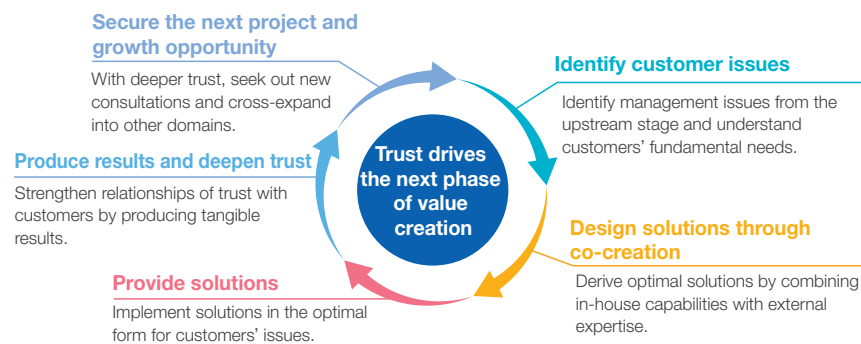
Amid these changes, the solutions we are expected to provide require more than just finance and leasing functions. I am not particularly attached to the expression "moving beyond finance and leasing" itself. What matters is providing the optimal solution to each customer's issues. If customers have funding needs, we should fully meet those needs through our finance functions. This is a proven strength of the Fuyo Lease Group. Meanwhile, it is also true that an increasing number of issues cannot be solved through finance and leasing functions alone. For this reason, while building on our strengths in finance and leasing, we have expanded our capabilities into adjacent areas and enhanced our ability to solve customers' issues.

As future growth domains, I believe that areas such as logistics, mobility, and urban development have significant potential. For example, in logistics, initiatives to engage more deeply with frontline operational issues are expanding through collaboration with Group companies and partners. Each of these is a domain in which customers are facing a growing range of issues against the backdrop of changes in social and industrial structures. They are also domains in which the

Fuyo Lease Group can effectively leverage its strengths by combining its finance function, asset expertise, and network of business partners. Rather than simply expanding into new domains, we will carefully identify the domains in which we can provide solutions unique to the Fuyo Lease Group in response to customers' issues, thereby driving our growth. As customers' issues become deeper and broader, there will also be an increasing number of domains where solutions cannot be provided by the Fuyo Lease Group alone. Since we are not a technology company, we cannot maintain all the necessary capabilities in-house. Therefore, alliances and M&A with companies that possess technologies and expertise will be crucial. These companies, in turn, will approach the Fuyo Lease Group in the expectation that we can provide capabilities that they do not possess. We will solve issues by bringing together our respective strengths. I believe that these successive efforts will ultimately contribute to solving social issues.

That said, as issues become increasingly sophisticated, we ourselves, as providers of solutions, will be expected to possess a higher level of expertise.

A Positive Cycle of Trust and Growth Beginning with Solving Customer Issues



Achievements in Driving CSV Management

Financial achievements		Non-financial achievements	
Operating assets	¥ 3,253.1 billion (+5.9% YoY)	CO ₂ emissions reduction contribution	570,000 t-CO ₂ /year Achieved ahead of schedule
Made progress in building the customer base and assets that support value co-creation		Steadily implemented initiatives to promote a decarbonized society	
Ordinary profit	¥ 71.6 billion * On a basis excluding renewable energy losses	Work hours saved by our customers	1,100,000 hours Achieved ahead of schedule compared to fiscal 2021
Steadily improved the earnings power of the core business		Steadily reduced customers' workloads through the provision of BPO and other services	
		Human resources development-related expenses	310% Achieved ahead of schedule compared to fiscal 2021
		Substantially expanded investment in people, the source of value creation	

5. We Cannot Solve Customers' Issues Without Being Professional

The large losses we incurred in the renewable energy business in the previous fiscal year taught us an important lesson about entering new businesses. As management, we take seriously the impact of these substantial losses on our financial results. At the same time, we reaffirmed our recognition that, when venturing into new growth domains, it is essential to incorporate and secure the necessary professional expertise in various ways while advancing these efforts in tandem with raising the sophistication of risk management.

By approaching our businesses, including the real estate field, as professionals, we are able to evaluate projects while anticipating a wide range of risks. As we continue to pursue our corporate slogan, "Go Where No One Has Gone Before," we intend to maintain a strong awareness of this professional perspective.

Through these initiatives, we will establish a structure that enables the Fuyo Lease Group to provide value at an even deeper level.



6. People and Organizations Establish the Repeatability of Value Creation

This value creation is ultimately supported by people. I believe that human capital is the foundation for value creation in CSV management. We are focusing on investment in human resources. Under the Medium-Term Management Plan, we set a target of increasing human resources development-related expenses per employee to 300% of fiscal 2021 level. We have already achieved this target ahead of schedule.

Over the past four years, I have focused particularly on creating an environment in which employees can confidently take on new challenges. By fostering a corporate culture that ensures psychological safety and values diverse opinions, we have sought to build an organization in which new insights and proposals can emerge.

I now feel that we are moving a step further and evolving into an organization that thinks deeply. For some time, I have repeatedly told employees that I want them to become experts at bouncing ideas around. They can bounce ideas off AI, a supervisor, or even themselves. The important thing is to put their ideas to the test, think them through again, and then take them one step deeper. By repeating this process, they can steadily improve the quality of their proposals and hypotheses.

I tell employees, "Use AI as much as you can. However, at the end of the process, you must think for yourself." Is this really the right proposal for addressing the customer's issue? Why are we making this particular proposal? Is there another way of looking at it? Employees can bounce ideas off other people or AI. However, it is important that they ultimately arrive at an answer of their own. Our customers will also sense that the person has genuinely thought through their issue. These successive efforts build trust.

We have also recently been promoting AI-enabled knowledge sharing. By analyzing past proposals and project data, we are making it possible to utilize the knowledge and expertise of other divisions and Group companies across the organization. Employees can now recognize that information

they might have previously dismissed as irrelevant to them could, in fact, be useful to their own customers. I see this as encouraging employees to take ownership of information as personally relevant to their work. I believe that strengthening our human resource and organizational capabilities in these ways will ultimately enhance our ability to develop proposals and generate projects, thereby leading to the Group's growth.

7. Advancing to the Next Stage

– Achieving Sustainable Growth and Enhancing Corporate Value Based on Trust

I want us to become the business partner most trusted by our customers. To achieve this, we must become a partner capable of addressing customers' issues more deeply and across a broader range of areas.

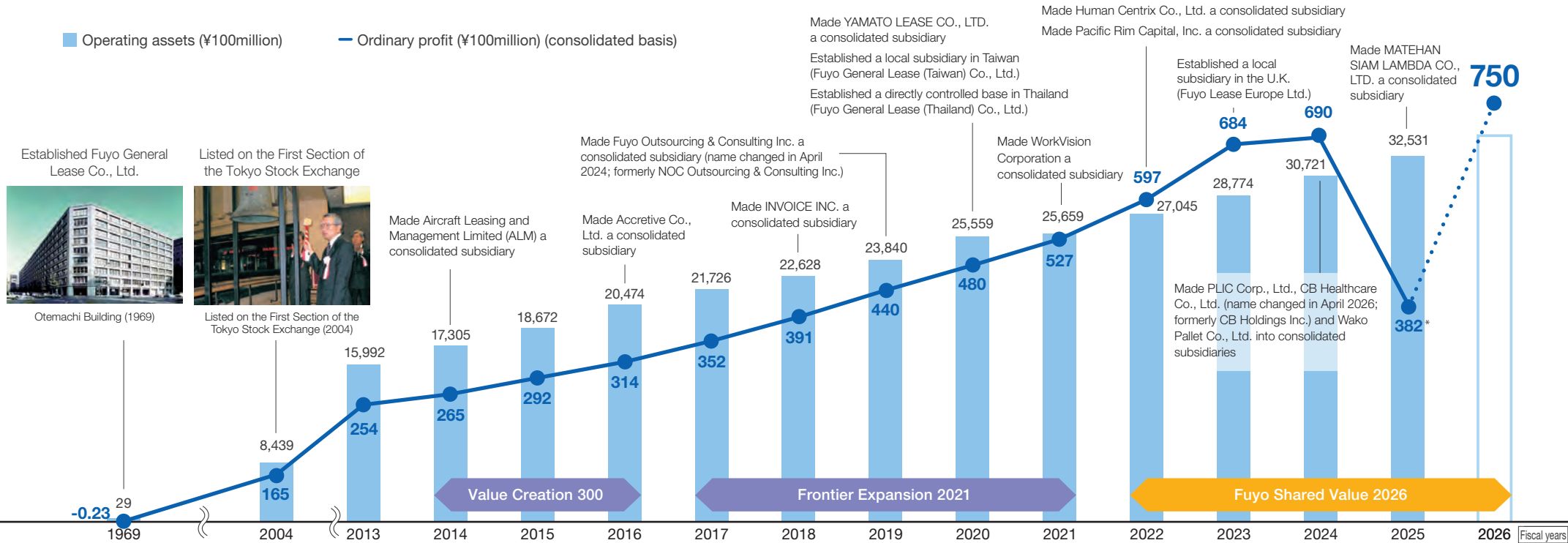
Looking ahead, we will expand the range of issues we can solve while carefully identifying domains with substantial growth potential for us, including logistics, mobility, and urban development. In this process, it is essential that we maintain an unwavering focus on solving customers' issues. These successive efforts will ultimately build trust, generate earnings, and create new growth opportunities. I intend to further strengthen this positive cycle.

At the same time, I believe that management has a responsibility to shareholders and investors to convert these value creation initiatives into solid earnings growth and improved capital efficiency. To this end, we will continue reviewing our business portfolio, replacing assets, and raising the sophistication of risk management, with the aim of achieving both sustainable growth and increased corporate value.

There has been no change in our fundamental approach of creating trust and growth by solving customers' issues. While further enhancing the quality of CSV management, we will build the Fuyo Lease Group into an organization capable of driving this positive cycle with even greater repeatability. This is the Fuyo Lease Group's determination as it advances to the next stage.

History of Value Creation

The Fuyo Lease Group has continued expanding business since the foundation of Fuyo General Lease Co., Ltd. in 1969 through a growth strategy built on the ability to propose solutions, M&A, and diversification of business domains around a core of value creation. Amid a rapidly changing external environment, the Group will continue to grow sustainably by utilizing the problem-solving abilities it has cultivated until now and based on the concept of Creating Shared Value (CSV) to produce results from a financial aspect as well as simultaneously achieving value creation from a non-financial aspect through resolving social issues.



1969 > 2013

Value Creation 300 2014 > 2016

Frontier Expansion 2021

2017 > 2021

Fuyo Shared Value 2026

2022 > 2026

Strengthened earning capabilities by creating value for customers

Expanded frontiers by going beyond the existing boundaries of finance leasing

Aiming to simultaneously solve social issues and create economic value through the CSV strategy

Fuyo Lease Growth Strategy

- Developed business centered on the benefits of leasing as a means to rationalize and streamline corporate management
- Listing on the First Section of the Tokyo Stock Exchange (2004) allowed us to operate more freely and engage in new businesses

- Evolved and advanced the leasing business, keeping in mind "value creation by solving customers' issues."
- Began pivoting away from the finance leasing field by developing Strategic Areas, such as aircraft and real estate, to build a highly profitable business portfolio

- Positioned Real Estate, Energy & Environment, Healthcare, Aircraft, and Overseas as Strategic Areas, and concentrated our management resources in those areas
- Drove the expansion of new business domains such as business process outsourcing (BPO) and Mobility through proactive M&A strategies
- Advanced stronger collaboration among Group companies

- Promoting the simultaneous creation of social value and corporate value while focusing on the concept of CSV
- Aiming to achieve sustainable and stable profit growth through strategic allocation of management resources in line with changes in society
- Strengthening initiatives to invest in human resources and DX
- Opened the Fuyo Shared Value Creation Center, a dedicated training facility

At a Glance

Company overview

Number of employees (consolidated)

4,410

Domestic consolidated subsidiaries

50

Group network

Overseas consolidated subsidiaries

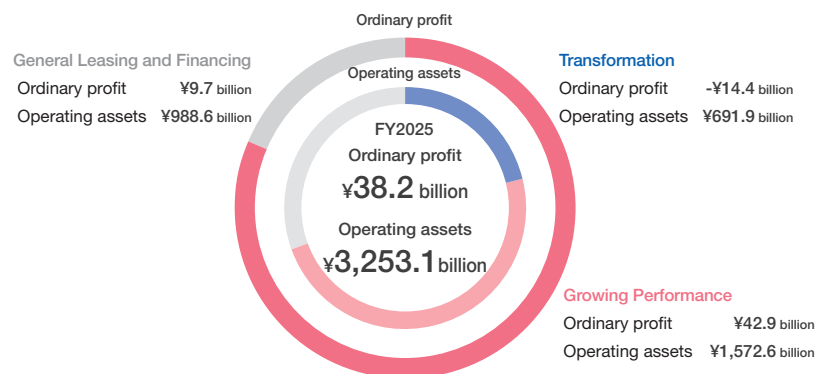
31

Equity-method companies

20

Financial information

Ordinary profit and operating assets by zone



Ordinary profit

¥38.2 billion

ROA

Ratio of ordinary profit to operating assets

1.2%

Shareholders' equity ratio

13.1%

ROE

4.4%

Japan Credit Rating Agency, Ltd. (JCR)
Long-term issuer rating

AA-

Rating and Investment Information, Inc. (R&I) Issuer rating

A+

Non-financial information

Environment

CO₂ emissions reduction contribution

570,000 t-CO₂/year

Amount invested in promoting decarbonization (5-year cumulative total)

¥361.1 billion

Renewable energy power generation capacity*1

1,014 MW

Renewable energy ratio of power consumption

99%

Percentage of returned items that are reused or recycled*2

100%

Society and people

Number of new rooms provided at elderly care homes

1,307

Work hours saved by our customers*3

1,100,000 hours
(compared to fiscal 2021)

Sustainable value creation

Human resources development related expenses (non-consolidated)

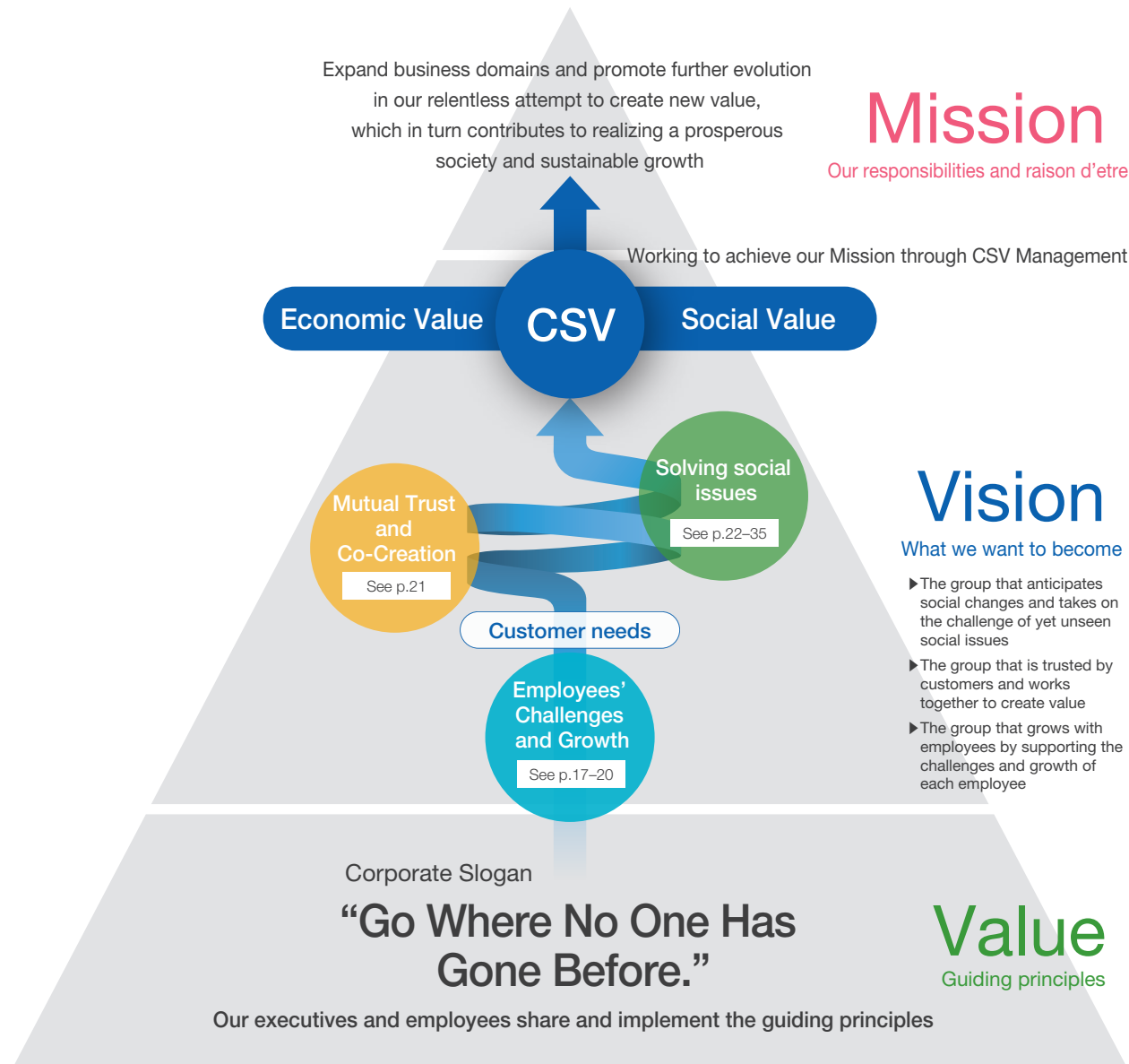
310%
(compared to fiscal 2021)

*1 : Applies to investments and project financing, etc. made in the Renewable Energy Generation Business (power generation capacity is calculated based on ownership ratio or share)

*2 : Applies to leased (rental) assets returned to the Hachioji Technical Center of FGL Circular Network Co., Ltd.

*3 : Creating new value creation time through BPO/ICT services

Mission, Vision, Values and Value Creation Story



[Mission]

We seek to achieve sustainable growth in partnerships between society and enterprises.

We deepen mutual trust with our customers by engaging closely with them to understand their needs and by providing high value-added services. Furthermore, we **solve social issues** that lie ahead by persisting with such efforts and continuing to create various forms of value with our customers (**mutual trust and co-creation**).

We achieve this by supporting **employee challenges and growth**. Our employees serve as the driving force of such initiatives by enabling high-quality solutions that address customer needs and further strengthening mutual trust with our customers.

By realizing these three approaches as our **Vision**, we generate a virtuous cycle of value creation and **achieve sustainable growth by simultaneously delivering economic value and social value.**

[Creating Shared Value (CSV)]

Our executives and employees **share and implement our values**, underpinned by our slogan of “Go Where No One Has Gone Before,” which increases the likelihood of achieving such ideals.

Director and
Deputy President
(Representative Director)
Yusuke Kishida

Entering the Final Fiscal Year of the Medium-Term Management Plan

Fiscal 2026 is the final fiscal year of the Fuyo Lease Group (“FGL Group”) Medium-Term Management Plan, Fuyo Shared Value 2026. Although we have achieved a certain level of results on the important themes set forth in the plan five years ago, we have also identified new hurdles that must be overcome for our next stage of growth. We have positioned the current fiscal year as a crucial year not only for achieving our management targets, but also for establishing a framework for formulating and implementing our next growth strategy, and the Group is working together toward these goals.

(1) Enhancing Corporate Value

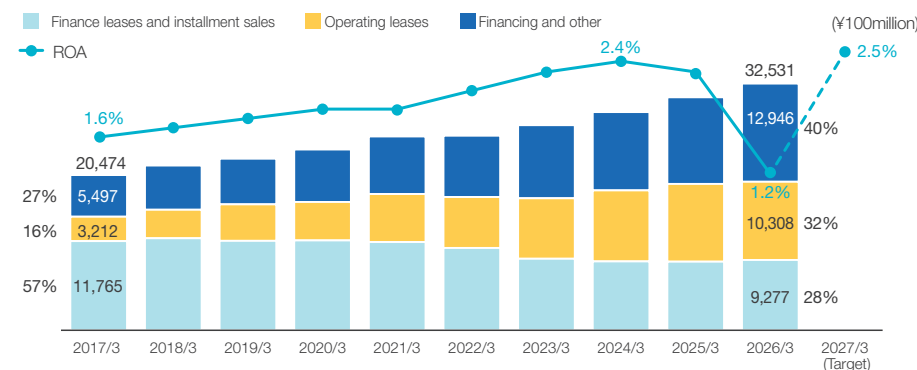
Over the past 10 years covered by two medium-term management plans (fiscal 2017–2021 and fiscal 2022–2026), the FGL Group has sought to achieve stable growth centered on expanding its business domains and enhancing its profitability. In addition, we are focusing on activities to embed CSV (Creating Shared Value), which is built around the dual priorities of solving social issues and enhancing corporate value, among all Group employees as the driving force behind our sustainable growth.

In the real estate and aircraft fields, which have long been our core businesses, we have achieved a significant increase in profitability through co-creation businesses with partners, while working to provide solutions that contribute to decarbonization and resource recycling. Additionally, we have identified businesses such as Energy & Environment and Healthcare, which are in markets with high growth potential and will contribute to solving social issues, as priority domains, and we are intensively investing resources in these domains with the aim of developing them into the FGL Group’s business pillars.

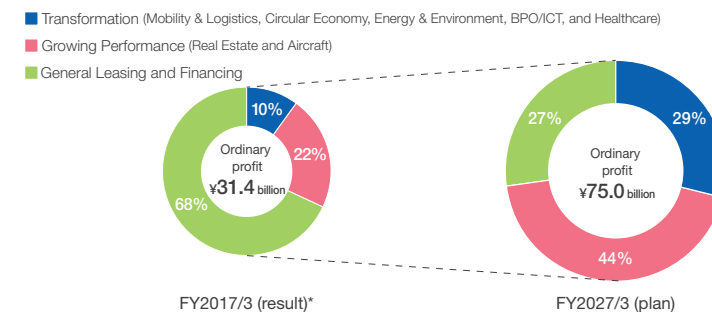
As a result of our efforts to advance strategies based on the visions outlined in our respective medium-term management plans, our total operating assets—the source of value creation—and our return on assets (ROA) have each increased to approximately 1.5 times their previous levels. Profit, which is the product of these two metrics, has increased approximately 2.3 times its previous level (representing a compound annual growth rate of 9%), contributing steadily to the enhancement of our corporate value.

Furthermore, the core of our asset portfolio has shifted significantly from finance leases—which are prone to price competition—to non-lease businesses, including high-value-added operating leases and business investments. We have also expanded into new business areas, such as BPO and logistics—which are centered on non-asset-based operations—and grown these to a certain scale. In this way, we have significantly transformed the structure of our group in line with our strategic vision.

10-Year Trend in Operating Assets and ROA



Trends in Ordinary Profit Composition Ratio



* Estimates based on management accounting.

(2) Progress on Fuyo Shared Value 2026

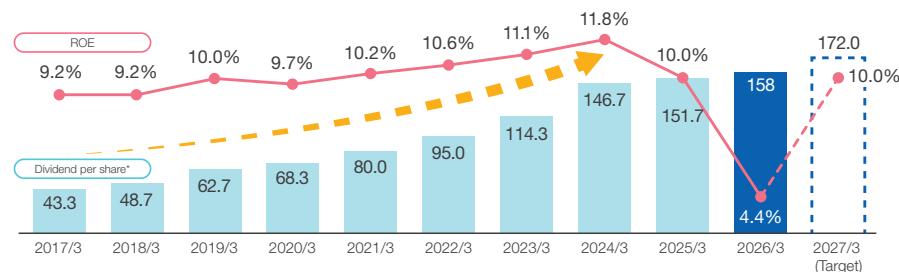
Looking at our prospects for achieving the management targets of the current medium-term management plan, we are now largely on track to achieve our non-financial targets. In terms of our financial targets, through the steady accumulation of operating assets and improvement in profitability, I believe that we have reached the point where one final push will enable us to achieve the goals for the plan's final fiscal year.

However, some issues have also become apparent. One is the pace of growth in the four business fields positioned as domains where market growth can be expected (Mobility & Logistics, Energy & Environment, BPO/ICT, and Healthcare). We intensively invested resources in these fields and took on the challenge of achieving dramatic growth. Although each field has produced a certain level of results, we must acknowledge that we are still only partway toward realizing our vision for each field.

The second issue, which became apparent as a result of incurring large losses in the overseas renewable energy field, is the need to raise the sophistication of risk management in response to changes in the risk profile associated with the expansion of our business domains. To address this issue, we swiftly reorganized the front and middle office structures and reviewed and strengthened the business process for evaluating projects at the time of approval and for monitoring them after approval. Going forward, we recognize that this is an area requiring continuous improvement, as we aim to enhance our risk-taking capacity.

In fiscal 2025, we revised down our financial results forecasts because we incurred large losses on projects. However, we paid dividends as initially forecast. The necessary financial treatment related to this matter was completed in the financial results for the fiscal year, and the FGL Group's earning power continues to follow a steady growth trajectory. Looking ahead, we will continue to allocate management resources to investments that contribute to value creation in order to achieve sustainable growth as a Group. While giving due consideration to maintaining and improving the level of ROE, we intend to continue increasing shareholder returns and dividends.

10-Year Trend in ROE and Dividend per Share



* The Company conducted a 3-for-1 split of its common stock on the effective date of April 1, 2025. The dividends per share shown in the graph have been retroactively adjusted to reflect the stock split.

(3) Toward the Next Growth Phase

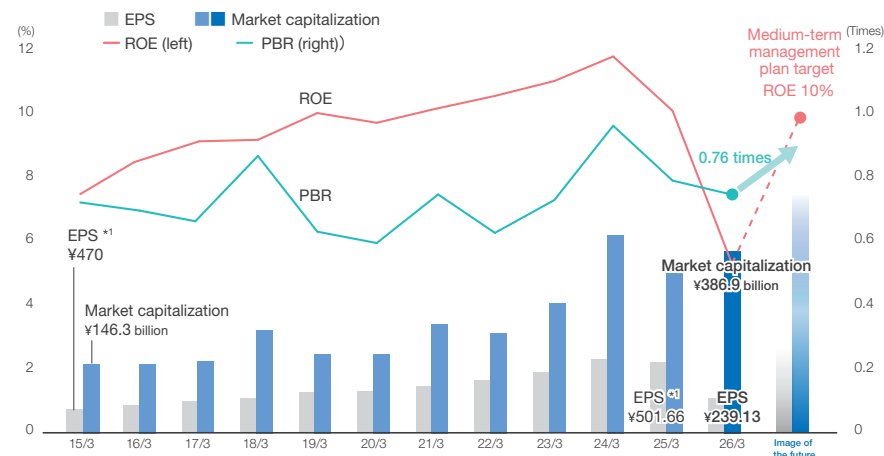
The environment surrounding us has changed markedly since the time we formulated the current medium-term management plan. This is true not only of the financial markets and international conditions, but also of industrial structures shaped by the rapid evolution of technologies such as AI. The most important theme facing us now is how we will identify future growth markets and develop and implement strategies accordingly. Under the new medium-term management plan that will begin in the next fiscal year, which we are currently considering, we will advance efforts to expand our business domains in order to achieve sustainable growth. At the same time, we must replace assets and businesses in response to changes in the environment and continue to evolve toward a well-balanced business portfolio through the optimal allocation of management resources. For each business domain, we will carefully reexamine factors such as its growth potential over the next medium- to long-term time horizon, and whether it is a business capable of generating returns commensurate with risks. Based on this, we will reallocate management resources across business domains.

It goes without saying that we must further strengthen our human resource strategy, which is a source of growth, from a medium- to long-term perspective. To realize our vision, we will draw up and implement a roadmap for developing and securing, in both quality and quantity, professionals with strong expertise in growth fields. We envision the FGL Group as a group of professionals who work together with customers to solve social issues and achieve sustainable growth.

Initiatives for Enhancing Corporate Value

1 Trend in Financial Results and Share Price-Based Indicators

The Company has so far worked to enhance its profitability by continuously expanding its business domains and strengthening its earnings base. Although our earnings indicators declined in the short term due to the impact of recording temporary losses in fiscal 2025, we have achieved both steady growth in EPS and improvement in ROE over the medium term. Meanwhile, PBR, which reflects our market valuation, has remained below 1.0. We recognize that expectations for our future growth and sustainability, in addition to improvement in profitability, have not been fully incorporated into our share price. Going forward, we will continue working to sustainably enhance corporate value by advancing management with awareness of the cost of capital and strengthening constructive dialogue with the capital markets.

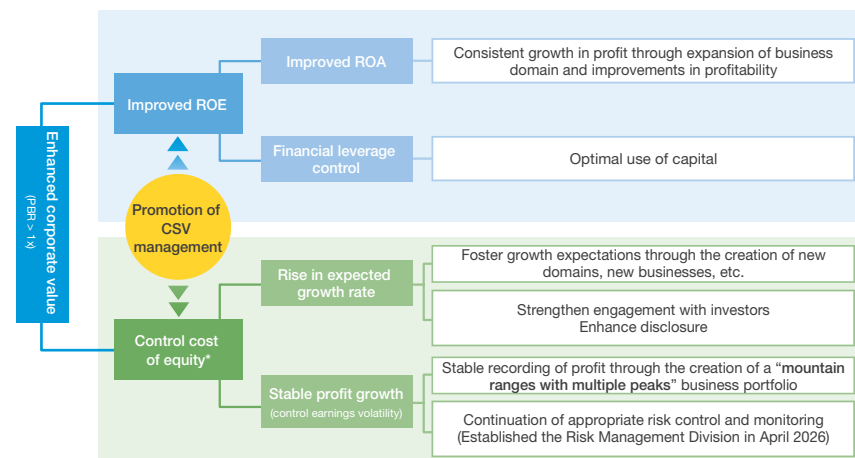


Note: PBR and market capitalization are calculated based on the closing stock price at each fiscal year-end.

*1 The figures presented have been retroactively adjusted to reflect the stock split.

2 Initiatives for Improving PBR

To enhance corporate value, our basic policy is to improve PBR through the two pillars of improving ROE and controlling the cost of equity through the practice of CSV (Creating Shared Value), which the Company positions as a core principle of management. In regard to improving ROE, we will work to strengthen our profitability by improving ROA through the expansion of earnings opportunities by simultaneously solving social issues and creating economic value, while appropriately controlling financial leverage. Meanwhile, to reduce the cost of equity, we will seek to increase the expected growth rate by enhancing confidence in the sustainability and growth potential of our businesses and ensuring transparency regarding the future outlook, while achieving stable profit growth, thereby enhancing our valuation in the capital markets.



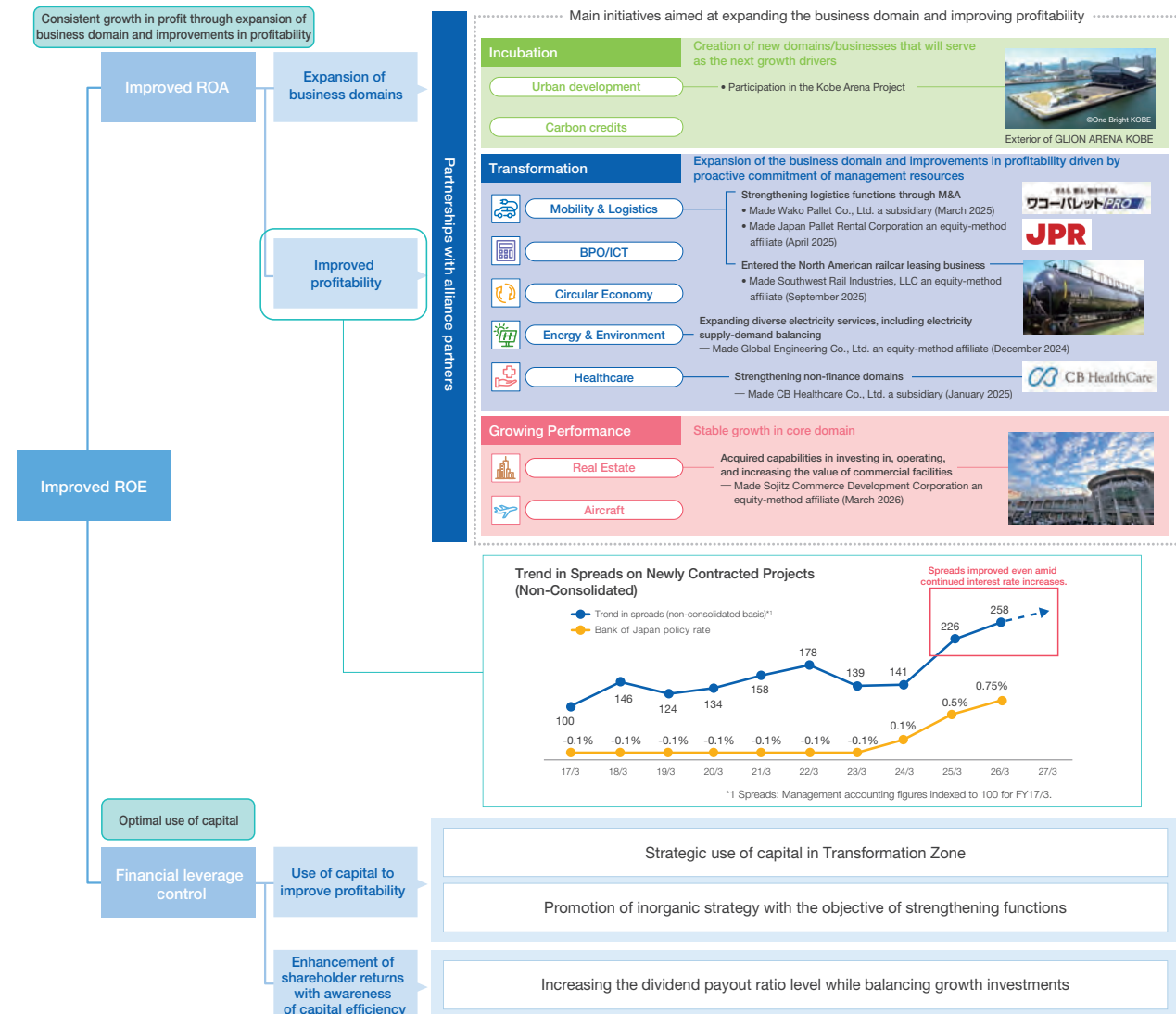
* Cost of equity in the broad sense (cost of equity - expected growth rate)

3 Initiatives for Enhancing ROE

To improve ROE, we will further promote initiatives centered on improving ROA, with an emphasis on improving the profitability of the businesses themselves. Specifically, based on clearly prioritized business portfolio management under the zone management approach, we will create new business opportunities and improve the profitability of existing businesses while also leveraging strategic partnerships with alliance partners. In addition, under the themes of moving beyond finance and finance leases, we are expanding initiatives focused on asset value and business value, while building on our strengths in the traditional leasing business, and promoting asset turnover with a focus on profitability. Through these initiatives, the Company's spreads have steadily improved even as the Bank of Japan continues to raise its policy rate.

Under the current medium-term management plan, we are working to expand asset-light businesses through inorganic strategies in the Transformation Zone, including Mobility & Logistics and Healthcare. At the same time, we are working to replace existing assets with more highly profitable assets by advancing an asset turnover-type business in the Growing Performance Zone. In addition, we are exploring new domains that will serve as our next growth drivers, such as urban development and carbon credits.

While maintaining a balance between growth investments and financial soundness, we will promote the efficient use of capital through appropriate leverage control. We will also take shareholder returns into consideration, as we aim to achieve sustainable growth and enhanced corporate value. Under the next medium-term management plan, which will start in April 2027, we will seek to achieve even higher profitability and capital efficiency, building on the initiatives undertaken to date.



Materiality

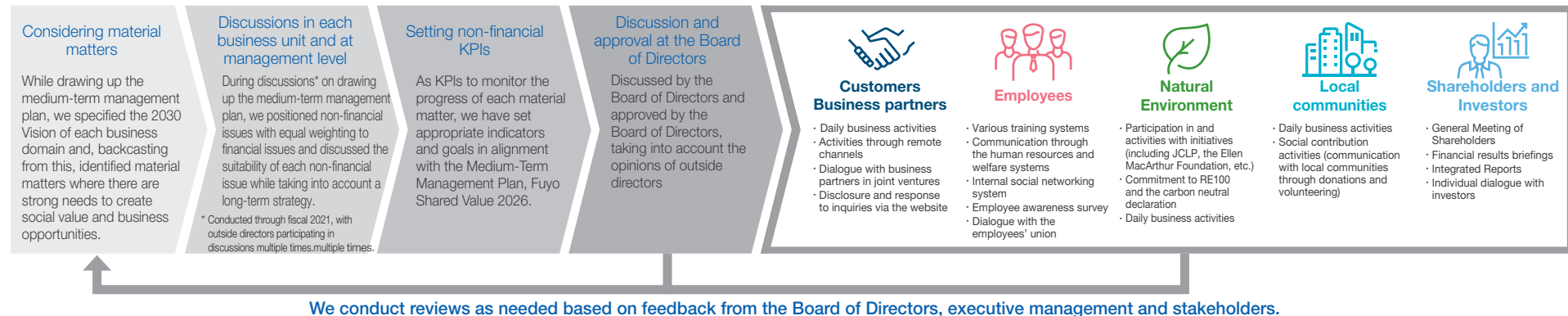
Approach to Materiality

The materiality of the Fuyo Lease Group consists of social value created through CSV management practices (environment, society and people), and human capital as a foundation supporting corporate growth (organizational and structural support for sustainable value creation). We identified their importance by providing solutions aligned with customer challenges and needs, and through successive efforts to solve social issues that lie further ahead. Under the Medium-Term Management Plan, Fuyo Shared Value 2026, we have set these material matters as non-financial targets and are promoting their achievement by monitoring progress.

Initiatives for Solving Social Issues and Enhancing Human Capital

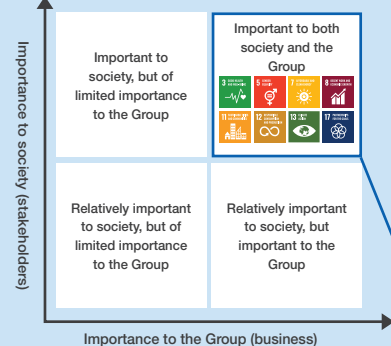
Through the 2000s	2010s	From 2020	From 2022	From 2024	Materiality
Launched the ESCO business (2006)	- Launched the solar power generation project (2013) - Joined RE100 (2018)	- Launched the Fuyo Zero Carbon City Support Program (2020) - Participated in overseas renewable energy business (2020)	- Established targets for CO₂ reduction contributions (2022) - Engaged in carbon credit creation project (2023) - Participated in grid storage battery project (2023)	Launched storage battery project equipped with renewable energy facilities (2025)	Contribution to the realization of a decarbonized society
- Established Fuyo Lease Sales Co., Ltd. equipped with reuse and resale functions (1996) - Opened Tachikawa Reuse Center (2006)	Opened the Tokyo 3R Center in Hachioji (2013)	- Began exploring the circular economy as a business strategy (2020) - Joined the Ellen MacArthur Foundation (2020)	- Established targets for percentage of recycling rate for materials/chemicals (2022) - Embarked on Zero Waste Activities (2022) - Launched Fuyo Circular Economy Lease® (2023)	- Opened Fuyo Reuse Center (2024) - Received the ESG Finance Awards Japan / Circular Economy Award (2024) - Started chemical recycling of waste plastics (2025)	Contribution to the realization of a circular society
	- Started building leases for elderly care homes (2016) - Launched medical and nursing care receivable factoring services (2017) - Established the Healthcare Advisory Office, later made a division (2018)		Started region-specific healthcare fund (2023)	Expanded provision of non-financing services upon the Group's addition of CB Holdings Inc. (now CB Healthcare Co., Ltd.) (2025)	Delivery of reassurance by ensuring health and welfare
	- Made Accretive Co., Ltd. a subsidiary (2017) - Made INVOICE INC. and NOC Outsourcing & Consulting Inc. (currently Fuyo Outsourcing & Consulting Inc.) subsidiaries and pursued comprehensive BPO services (2018)	Promoted business process services (BPS) through outsourcing and DX (2021)	Established targets for creating customers' value creation time (2022)	Launched investment in social infrastructure, including data centers (2024)	Creating new value creation time
			Set target for human resource development-related expenses at 300% of the 2021 level (2022)	- Opened the Fuyo Shared Value Creation Center training facility (2024) - Achieved target for human resource development-related expenses ahead of schedule, which reached 337% of the 2021 level (2024)	Strategic human resources development
	- Acquired Platinum Kurumin certification (2017; ongoing) - Established Diversity Planning & Promotion Office (2017)	Acquired Eruboshi certification (2021; ongoing)	Acquired PRIDE Index certification (2023; ongoing)	Acquired Platinum Eruboshi certification (2025; ongoing)	Diversity and inclusion
		Implemented an hourly-based paid leave system and rules for telecommuting (2020)	Acquired Outstanding Organizations of KENKO Investment for Health Certification (2022; ongoing)		Health and productivity management, work-life balance
	Promoted value co-creation grounded in relationship of trust with customers		Received the Minister of the Environment Prize (Silver Prize) of the ESG Finance Awards Japan (2024) [Reason for selection (excerpt)] The Group has clarified its CSV management policy, and its top management personally takes the lead in moves to create business value from sustainability, leading to an expansion of its customer base and new sales opportunities. The Group is also expanding its collaboration with other financial institutions, leading to broader action across the industry as a whole.		Value creation through partnerships

Materiality Definition Process



Fuyo Lease Group's Materiality

We identify as material matters those issues confirmed to be important for both society and the Group in the course of practicing CSV management and successively solving issues.



	Materiality		Why Important to Society (stakeholders)	Why Important to the Group
Environment	Contribution to the realization of a decarbonized society		Climate change is becoming more serious, and mitigating and adapting to it is an urgent issue.	Can leverage expertise developed in the renewable energy power generation business and through decarbonization solutions
	Contribution to the realization of a circular society		Because resources are limited, those limited resources need to be used effectively.	Extending the product life of a large volume of lease assets and attempting to improve resource recovery rates is an issue for the Company, and turning it into a business will lead to enhanced corporate value.
Society and People	Provide solutions that address customers' management issues to deliver reassurance through ensured health and welfare		In anticipation of a super-aging society, it is necessary to put in place an environment in which people can be assured of receiving health and welfare services.	By providing lease and finance functions and BPO functions, we can solve business operators' problems and help them create an environment for providing health and welfare services.
	Provide services that deliver new value creation time		Need to resolve issues involving labor shortages, work style reforms, and labor productivity improvements, and create even greater value	By providing business process services (BPS) that integrate BPO and DX, we can reduce customer workloads and make time for them to create new value.
Organizational and structural support for sustainable value creation	Strategic human resources development		As each employee grows and creates value, this leads to rich self-fulfillment and an improvement in abilities.	To create new value, we need to develop human resources with a high level of expertise in a variety of fields.
	Diversity and inclusion		All employees, regardless of age, gender, nationality, etc. can work and play an active role without hesitation or reservations.	Innovation that comes from bringing together different strengths, viewpoints, and values will generate new value, becoming the driver for sustainable corporate growth.
	Health and productivity management, work-life balance		A healthy mind and body are necessary for playing an active role in society.	Enabling employees to work safely and in good health vitalizes the organization, improves productivity, and leads to significant value creation.
Value creation through partnerships	Value creation through partnerships		Through partnerships, the individual parties can provide and receive value greater than they have separately.	Through partnerships, the Group can both provide and receive value greater than we have on our own.

Initiatives to Improve Social Value

The Group has established material matters (materiality) to create social value through business under the Medium-Term Management Plan, Fuyo Shared Value 2026. A description of and progress with materiality is as follows.

Indicators that have been subject to independent assurance performed by Ernst & Young ShinNihon LLC are presented with a check mark (☑).

Materiality	Vision for 2030	Specific Initiatives	Relevant pages	Non-Financial KPIs	FY2025 Results	FY2026 Targets	Business unit responsible	SDGs being contributed to	
Environment	Contribution to the realization of a decarbonized society	■ Serve as a global company that helps give rise to a decarbonized society by engaging in a broad range of energy-related businesses on a large scale in Japan and overseas	・ The amount of CO₂ estimated to have been reduced through the promotion of the below initiatives A, B and C, among others, and by replacing facilities and equipment with lower-emission alternatives, is calculated as an indicator.	P.38-40	CO ₂ reduction contributions	★570,000 t-CO ₂ /year	500,000 t-CO ₂ /year	Company-wide (Primarily Energy & Environment, Mobility & Logistics)	7 再生可能エネルギーの拡大 12 持続可能な消費と生産 13 気候変動に具体的な対策を
		■ Serve as a frontrunner that contributes to solving climate change and other environmental issues in breaking ground in the new Energy & Environment business domain	・ Promote the below initiatives A, B and C, among others, and calculate the amount of capital invested in leasing, finance, and other areas related to those initiatives as an indicator	P.38-40	Amount invested in promoting decarbonization*1	★¥361.1 billion	5-year cumulative total ¥300.0 billion	Company-wide (Primarily Energy & Environment, Mobility & Logistics)	
		A	・ Investments and project financing in the renewable energy and storage battery business in Japan and overseas ・ Supply renewable energy power to customers on long-term contracts through PPA	P.23-24	Renewable energy power generation capacity	★1,014 MW*2	1,000 MW	Energy & Environment	
		B	・ Promote leasing of EVs and FCVs ・ Offer one-stop EV services ・ EV Life Cycle Service	P.27-28	Percentage of new contracts that are either EVs or FCVs	★7.2%	5%	Mobility & Logistics	
		C	・ Fuyo 100% Renewable Electricity Declaration Support Program ・ Fuyo Zero Carbon City Support Program ・ Offer leasing and finance of facilities and equipment that will contribute to decarbonization through Fuyo Circular Economy Lease	P.38-40	Amount of financing handled for the promotion of decarbonization*3	★¥61.0 billion	5-year cumulative total ¥15.0 billion	Company-wide	
	Contribution to the realization of a circular society	■ Serve as a Circular Economy infrastructure company that transcends the leasing business ■ Contribute to the achievement of resource recycling in Japan through our Circular Economy business	・ Eligible returned assets enter a resource recycling process focused on resale to ensure their reuse and recycling. ・ Working with resource recycling companies to ensure material recycling of eligible returned assets ・ Working with resource recycling companies to conduct proof-of-concept testing for chemical recycling of returned assets in an effort to improve resource recycling rates	P.41-42 P.41-42	Percentage of returned assets that are reused or recycled*4 Percentage of materials/chemicals contained in waste plastics (from returned assets) that are recycled*4	★100% 95.6% ☒	100% 100%	Circular Economy Circular Economy	
Society and People	Delivery of reassurance by ensuring health and welfare	■ A company that contributes to improvement in the quality of medical and nursing care in Japan by helping to maximize the value of management resources (people, tangible assets, funds, time, information) held by medical and nursing care providers and dispensing pharmacies ■ A company that realizes both the solution of medical and nursing care issues (non-financial value) and profit growth that capitalizes on market trends (financial value) at a high level	・ Real estate leases of elderly care homes ・ Factoring for medical and nursing care receivables by Accre-tive's FPS Medical ・ Finance involving business succession ・ Finance, etc. for medical and nursing care businesses through healthcare funds	P.29-30 P.29-30	Number of new rooms provided at elderly care homes Management support-related financing in medical and welfare markets*5	1,307 rooms ★¥74.9 billion	5-year cumulative total 1,330 rooms ¥56.0 billion	Healthcare Healthcare	3 質の高い医療と長寿社会 8 働きがいのある経済の発展
	Creating new value creation time	■ Serve as a company that provides business process services (BPS) encompassing total solutions utilizing outsourcing and DX of processes ■ Serve as the most trusted company in solving the problem of shortages of IT professionals	・ Comprehensive BPO services (administration, accounting, human resources) ・ Integrated billing services (telecommunications and public utility bills) ・ PC-LCM	P.25-26	Work hours saved by our customers	★1,100,000 hours	1 million hours compared to FY2021	BPO/ICT	11 持続可能な都市と社会

Items marked with a star (★) have exceeded the final fiscal year target.

Indicators that have been subject to independent assurance performed by Ernst & Young ShinNihon LLC are presented with a check mark (☑).

Materiality		Vision for 2030		Specific Initiatives	Relevant pages	Non-Financial KPIs	FY2025 Results	FY2026 Targets	SDGs being contributed to
Organizational and structural support for sustainable value creation	Strategic human resources development	Have sufficient human resources who can think and act independently and proactively and are motivated to grow, as well as those who have a high level of expertise in their respective business fields and create added value	- Implement measures to improve the leadership skills of supervisors and to foster self-awareness among employees - Provide programs to strengthen skills that raise the level of added value creation across all business domains, and specialized skills that are the source of high added value in each business domain - Open the Fuyo Shared Value Creation Center, a dedicated training facility where participants can focus on learning. - Enhance the subsidy system for self-development under the cafeteria plan	P.17-20	Human resource development-related expenses (non-consolidated)	★310% Cost per person*6 ¥264,382	Compared to FY2021	300%	5 ジンジョーを育み、働きやすく 8 働きがいも、経済成長も
	Diversity and inclusion	- Each individual, regardless of age, gender, nationality, sexual orientation, gender identity, race, ethnicity, disability or other status, and regardless of type of employment, maximizes their abilities and enhances their expertise. - A workplace that is comfortable and rewarding for all	- Create opportunities to interact with diverse role models by holding seminars, inviting outside female business owners as instructors and roundtable discussions with senior female employees - Offer career consulting - Raise awareness among employees, including supervisors, regarding encouraging male employees to take childcare leave	P.17-20	Percentage of women in managerial positions (non-consolidated)	33.0%	35%		
					Percentage of eligible male employees who have taken childcare leave*7 (non-consolidated)	★121.4%	100%		
	Health and productivity management, work-life balance	A healthy, safe workplace environment where employees can work enthusiastically	- All employees undergo health examinations without copayment (ages 35 and over). - Measures to address women's health concerns (online seminars, consulting with female doctors) - Operate original programs such as Plus Fridays and Refresh Days	P.17-20	Percentage of employees aged 35 or over who have had a health examination (non-consolidated)	★100%	100%		
					Rate of taking paid leave (non-consolidated)	★92.3%	90%		
					Rate of taking the +Friday system (non-consolidated)	92.2%	No quantitative target		
Percentage of improvement in engagement indicators*8 (consolidated)					3.51	No quantitative target			
Value creation through partnerships		Realize the above vision through partnerships	- Provide solutions through collaboration between sales representatives, who deepen their understanding of customer needs by building relationships of trust, and specialized departments, support departments and Group companies, which develop new ideas - Invest in and collaborate with start-up companies that have technologies and services the Group lacks to create new value and offer it to customers and society	P.35-36	Investment in start-up companies that have technologies and services that will create new social value	Investment Record ● JSH Co., Ltd. ● Japan Wind Tunnel Manufacturing Inc. ● EV Motors Japan Co., Ltd. ● H.I.F. Co., Ltd. ● folofly Inc. ● avatarin Inc. ● Green Carbon, Inc.	No quantitative target	17 パートナーシップで目標を達成しよう	

Items marked with a star (★) have exceeded the final fiscal year target.

*1 Applies to investments in renewable energy facilities, energy-saving facilities, electric vehicles (including charging equipment), batteries, hydrogen and ammonia related facilities, CO₂ separation and recovery technologies (CCUS, DAC), circular-related facilities, ZEB/Green buildings, SAF and start-up companies.

*2 Applies to investments and project financing, etc., made in the Renewable Energy Generation Business (power generation capacity is calculated based on ownership ratio or share).

*3 Covers the Fuyo 100% Renewable Electricity Declaration Support Program, the Fuyo Zero Carbon City Support Program, and Fuyo Circular Economy Lease.

*4 Applies to leased (rental) assets returned to the Hachioji Technical Center of FGL Circular Network Co., Ltd.

*5 The balance of operating assets for financing related to FPS Medical (factoring for medical and nursing care receivables by Accretive) and business succession.

*6 Human resource development-related expenses include training-related expenses (cost of conducting training, costs related to outside courses, etc.) and the cost of incentives for self-development (costs related to the cafeteria plan and subsidies for obtaining certifications, etc.). They also include an estimate of expenses attributable to the fiscal year under review out of all expenses related to the training center located in Toyosu, which was newly established during the previous fiscal year (including lease rent, depreciation expenses for furniture and fixtures, and construction and installation costs associated with the establishment of the new training center, etc.). Human resource development-related expenses are divided by the average number of employees during the period under review (covering core employees, career-track employees, operations employees, temporary employees, and contract employees who are eligible to receive cafeteria plan self-development points) to calculate the per-person human resource development-related expenses.

*7 The percentage of childcare leave taken is calculated as the ratio of the number of employees who took childcare leave during the relevant fiscal year to the number of employees eligible for childcare leave during that fiscal year (the number of people who had a child within the fiscal year).

*8 This is a measure of the average response value to eight items on an employee awareness survey, including job satisfaction, providing value to society, growth, and others. Survey results cover 17 companies in Japan among the Group's main companies.

Note:
Calculation criteria
can be found on the
Company's website.



Employee Challenges and Growth

Mission

CSV

Employee challenges and growth

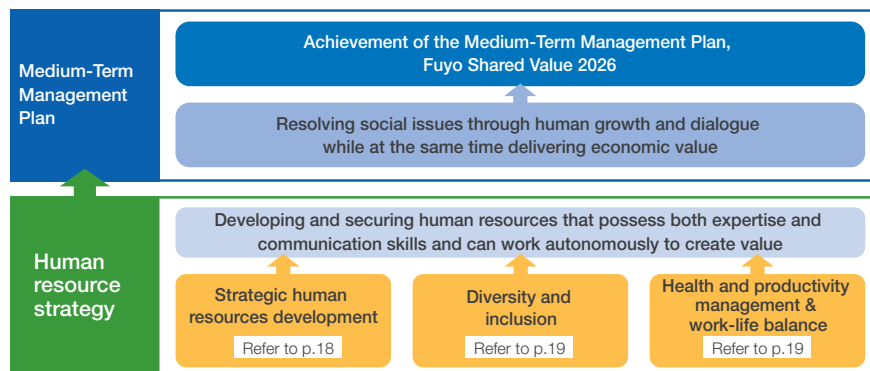
Value

Vision

Human Capital Policy and Strategy

The Group regards human resources as one of its most important management resources for achieving the objectives of resolving social issues through human growth and dialogue while at the same time delivering economic value, as set out in our Medium-Term Management Plan, Fuyo Shared Value 2026. To address increasingly diverse and complex social issues and customer needs, it is essential to develop and secure human resources that possess both expertise and communication skills and can work autonomously to create value. We view investment in human capital as the foundation for increasing corporate value over the medium to long term.

As the foundation supporting our human resource strategy, we have defined our approach to investment in human resources and identified three key focus areas: Strategic human resources development, diversity and inclusion, and health and productivity management & work-life balance. Through these initiatives, we encourage each employee to fully demonstrate their capabilities and pursue autonomous growth.



Governance Structure

The staffing plans we develop on a yearly basis are deliberated on by the Executive Committee, which takes into account our management strategy and the business environment to formulate and approve staffing allocation plans that align with our strategy.

In addition, human resources challenges faced by Group companies are shared through reports on human risks and meetings of the general managers of the human resource divisions at Group companies. We work to resolve these issues through initiatives such as conducting training sessions led by external instructors.

Indicators and Goals

The Group has established the following key performance indicators (KPIs) to measure the progress of our human resource strategy. We are implementing various measures to achieve these goals.

	Indicator (KPI)	Reporting Scope	FY2025 Results	FY2026 Targets
Strategic human resources development	Human resources development-related expenses	Non-consolidated	310%	300% Compared to FY2021
Diversity and inclusion	Ratio of women in new graduates hired	Non-consolidated	44.4%	40.0%
	Percentage of women in managerial positions	Non-consolidated	33.0%	35.0%
	Percentage of eligible male employees who have taken childcare leave*1	Non-consolidated	121.4%	100%
	Employment rate of people with disabilities	Non-consolidated	2.82% (Statutory employment rate: 2.5%)	Met the statutory employment rate
Health and productivity management & work-life balance	Percentage of employees aged 35 or over who have had a health examination	Non-consolidated	100%	100%
	Rate of taking paid leave	Non-consolidated	92.3%	90.0% or more
	Rate of taking the +Friday system*2	Non-consolidated	92.2%	No quantitative target
	Percentage of improvement in engagement indicators*3	Group	3.51	No quantitative target

* Reporting scope:

Of the indicators listed above, the percentage of improvement in engagement indicators is based on data from 17 companies in Japan out of the Group's main companies.

However, we have provided non-consolidated figures for diversity-related indicators (such as the percent-ages of women in managerial positions and eligible male employees who have taken childcare leave) and certain health and productivity management indicators, since the reporting obligation under the Act on the Promotion of Women's Active Engagement in Professional Life and other relevant laws and regulations applies to the reporting company itself.

*1 Percentage of eligible male employees who have taken childcare leave: Calculated as the ratio of the number of employees who took childcare leave during the relevant fiscal year to the number of employees eligible for childcare leave during that fiscal year (the number of people who had a child within the fiscal year). Since this figure includes male employees whose spouses gave birth in a previous fiscal year and who took childcare leave during the current fiscal year, the percentage may exceed 100%.

*2 Rate of taking the +Friday system: Once a month, employees can select a Friday on which to leave early after working a half day. The acquisition rate is defined as the percentage of employees who took advantage of this benefit at least once in a year.

*3 Percentage of improvement in engagement indicators: A measure of the average response value to eight items on an employee awareness survey, including job satisfaction, providing value to society, growth, and others. (5-point scale: 4.0 or higher = Very High / 3.5 or higher = High / 3.0 or higher = Average / Below 3.0 = Low.) The figures are based on data from 17 companies in Japan among the Group's main companies.

Specific Initiatives Related to Human Capital

Strategic Human Resources Development

The Group recognizes the importance of securing and developing human resources that can leverage their expertise in diverse business domains and dialogue with customers and partners to envision new value, which they then turn into business opportunities.

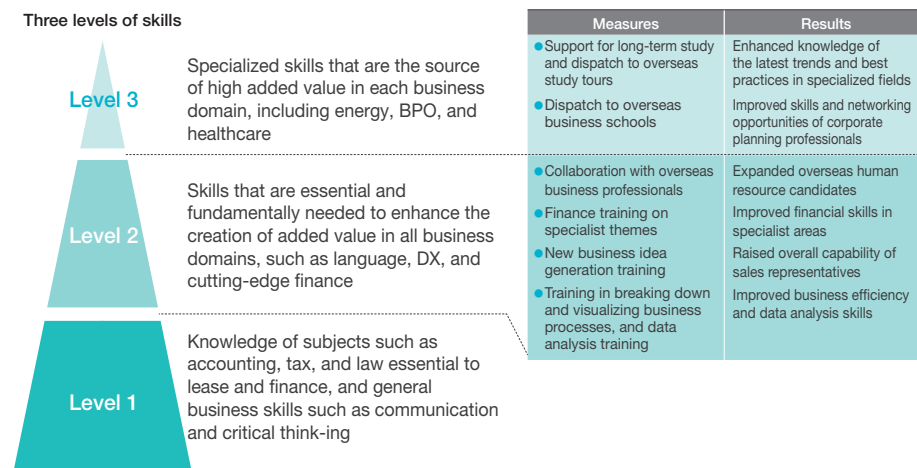
For this reason, in addition to developing our employees' skills in specific fields of expertise, we are giving them experience across multiple business domains to enhance their ability to create new businesses and execute initiatives. We are working to strengthen this talent base and ensure their optimal allocation.

Hiring of new graduates and career professionals: For new graduate hires, our goal is to secure human resources with a solid foundation in fields such as accounting, legal affairs, science, and IT. For career professional hires, each business domain takes the lead and focuses on securing human resources who possess the skills, knowledge, and expertise aligned with the domain's strategy. (Fiscal 2025 result: 21 career professional hires)

Developing human resources with ability to create high added value: We are working to develop human resources who not only have expertise in diverse business domains, including

Specialist, high-value-added human resources

(1) Human resources with high levels of expertise in each business domain and the ability to create high added value in each area



energy, BPO, and healthcare, but are also capable of leveraging DX and cutting-edge finance and engaging in dialogue with customers and partners to envision new value, which they then turn it into concrete businesses and drive forward.

We have actively invested in skills that increase our ability to create added value, with a particular emphasis on languages, DX, and cutting-edge finance, as well as in specialized skills for each business domain. As a result, we achieved the KPI set in our medium-term management plan (to raise human resources development-related expenses to 300% of the fiscal 2021 level by fiscal 2026) ahead of schedule in fiscal 2024. We are continuing to invest at a level exceeding 300% in fiscal 2025 as well. Through these efforts, we strive to continuously improve our ability to create new businesses and deliver added value.

Developing autonomous employees: We offer training to help managers acquire coaching skills that foster autonomy among their subordinates, while also expanding self-development programs such as the cafeteria plan. Through these initiatives, we support employees' autonomous efforts to create value.

Autonomous human resources

(2) Self-motivated human resources who take the initiative to act, and are committed to personal growth

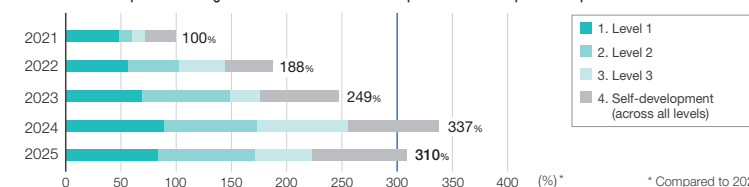
Measures	Outline of Measures
Internal coaching certification acquisition program ^{*1}	Provided training for management-level employees. Trainees learned coaching skills to help their subordinates gain independence. Since fiscal 2019, 71 individuals in total have participated in the training.
Cafeteria plan ^{*2}	Funding for self-development has approximately tripled compared with FY2021, before the program was introduced. As a result, the number of employees who obtained qualifications or certifications in specialized fields such as real estate and healthcare, as well as cutting-edge fields such as DX and IT, was around 500 over the 4-year period from 2022 to 2025 (4.3 times the number from the previous 4-year period).
Internal seminar program ^{*3}	Provided seminars on an extensive range of themes, from microeconomics, D&I, and corporate governance to culture and the arts. By FY2025, employees with differing levels of seniority and from various departments had voluntarily participated (117 participants in total). These seminars have contributed to the sharing of knowledge and formation of internal networks.

^{*1} Coaching training for management-level employees. Internal coaching certification is awarded to participants who complete an approximately six-month cycle of training and practice.

^{*2} Program where employees are free to select from diverse offerings including correspondence courses and e-learning as well as attendance at language and certification schools and business schools for which assistance with tuition is provided.

^{*3} Program aimed at providing a forum for individuals to share and discuss their knowledge with many employees transcending organizational and seniority boundaries.

Increase and Composition Changes in Human Resources Development-Related Expenses: Expanded Investment in Level 2 and Level 3 (Amount per person)



* Compared to 2021

Developing and allocating human resources that can work across multiple business domains:

To fully leverage the strengths of the Group, which has a diverse range of business domains, we provide opportunities for employees to gain experience across multiple business domains and functions. Based on their aspirations and experience, they can apply for open job postings and participate in initiatives such as the Job FA System and internships. Through these efforts, we connect different areas of expertise and perspectives to develop human resources capable of creating new business opportunities and driving cross-business synergies. At the same time, by optimizing allocation based on the individual's experience, aspirations, and the strategies of each business domain, we aim to strengthen the entire Group's ability to create new businesses and execute initiatives.

Diversity and Inclusion

Respecting and actively embracing differing strengths, perspectives, and values is key to innovation and sustainable corporate growth.

The Group places great importance on establishing an environment where all employees can make the most of their abilities, regardless of their age, sex, nationality, sexual orientation, gender identity, disability or other status.

We view the promotion of diversity and inclusion (D&I) as a key management foundation that supports sustainable value creation, and we are working to strengthen our organizational structure and systems.

- Holding childcare-related seminars (Back-to-work seminar / Seminar on balancing childcare and work: Navigating the challenges of starting elementary school)
- Holding nursing care seminars
- Encouraging the acquisition of childcare leave by male employees and the acquisition of annual paid leave
- D&I awareness workshop for executives
- E-learning on human rights awareness (LGBTQ / How to respond to different ways of coming out)
- Opportunities to interact with diverse career role models (Cross-industry networking seminars)
- Employment of older workers (Re-employment after mandatory retirement age)
- Individual support through one-on-one meetings (Career counseling, work-life balance support meetings, etc.)

Health and Productivity Management & Work-Life Balance

The Fuyo Lease Group believes that providing a healthy and safe work environment where employees can work energetically will invigorate the organization and increase productivity. We consider both investment in the health of our employees and human resources development to be investments in human capital. Based on this understanding, we promote health and productivity management and aim to create an environment where employees can have more autonomy over improving the quality of both their work and personal lives.

- Comprehensive health examinations for employees aged 35 or over (100% participation)
- Full reimbursement of gynecological examination costs for female employees under the age of 35
- Regular one-on-one consultations with female doctors and occupational health nurses
- Flexible work hours system (a system that allows employees to freely choose their start time at any time between 7:00 and 11:00 each day)
- +Friday (a system that allows employees to designate one of the Fridays each month as a half-day workday) (92.2% acquisition)

Reflecting on the Employee Awareness Survey Re-sults

The purpose of the employee awareness survey is to understand employees' perspectives and current situ-ation in order to create a rewarding workplace and foster a sense of unity within the Group. By analyzing the survey results to identify issues, and by measuring and improving the effectiveness of initiatives, we aim to enhance our human resource strategy and strengthen organizational capabilities.

In the 2025 Employee Awareness Survey, we once again received a rating of over four out of five points regarding the question “Are there sufficient programs and frameworks to acquire necessary abilities and skills?” However, the survey also revealed areas that we need to work on, including “employee evaluation and promotion” under HR systems and frameworks, and “organizational structure” under organizational structure and collaboration. In order to resolve social issues through human growth and dialogue while at the same time delivering economic value, we will ex-plore concrete steps to improve our frameworks, including revisions to our HR systems, and review our evaluation and promotion systems.

Ratings for “Are there sufficient programs and frameworks to acquire necessary abilities and skills?”

(5 points maximum)

2021	2022	2023	2024	2025
4.00	4.08	4.02	4.07	4.04

* The question “Are there sufficient programs and frameworks to acquire necessary abilities and skills?” was asked specifically regarding Fuyo Lease on a non-consolidated basis.

Mutual Trust and Co-Creation

Basic approach

Mutual trust and co-creation represent the Fuyo Lease Group's fundamental approach to value creation.

While fostering relationships of trust with various stakeholders, including customers, we strive to simultaneously address social issues and enhance corporate value.

Mutual Trust and Co-Creation with Customers

In our daily business operations, we place great importance on building relationships of trust with our stakeholders. To achieve this, the first step is to establish a close rapport with our customers and listen carefully to their needs and underlying business challenges.

To ensure that our efforts to build trust are as solid as possible, we consistently keep the 10 Relationship Management Practices firmly in mind as the basis for advancing sales activities. These guidelines for employees entail always taking the customers perspective, approaching issues as your own, and taking the initiative to act to solve them. These principles serve as the foundation for all our dialogue with customers.

This dialogue is the starting point from which we learn and further refine our proposals to build stronger relationships of trust. By repeating this process, we will forge strong partnerships based on deep connections with our customers and expand our value creation network with diverse stakeholders. In doing so, we will drive sustainable business growth while contributing to the realization of a prosperous and sustainable society.



Fuyo Lease' s 10 Relationship Management Practices

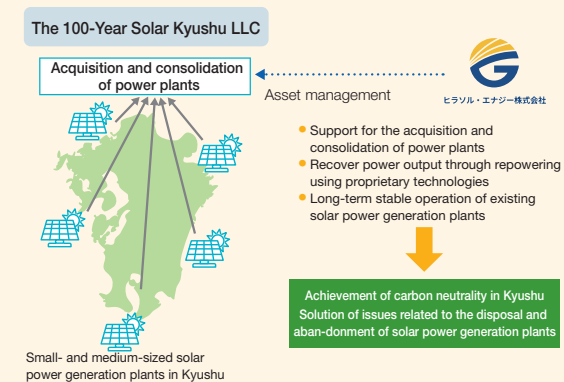
1. Always from the customer's perspective
2. Gain trust
3. Learn all there is to know
4. Information is vital
5. Move swiftly
6. Envision scenarios
7. Take charge
8. Build a human network
9. Improve yourself
10. Establish areas of expertise

Case Example

Cross-Industry Collaboration on the 100-year Solar Kyushu Project

In March 2025, the Company entered into a silent partnership agreement with The 100-Year Solar Kyushu LLC, together with Kyushu Railway Company (hereafter "JR Kyushu"), Mitsubishi UFJ Trust and Banking Corporation, and Girasol Energy. This is a regional revitalization project that consolidates small- and medium-sized solar power generation plants in Kyushu and uses digital technology to support their long-term, stable operation. This project was the result of three and a half years of candid, on-site dialogue. Since our initial meeting in 2021, we have held regular discussions to understand JR Kyushu's needs and consistently developed proposals that leveraged our strengths, including our operational expertise in solar power projects and our investee network. This approach has fostered trust and led to our investment in the project as a key business partner.

Business Image



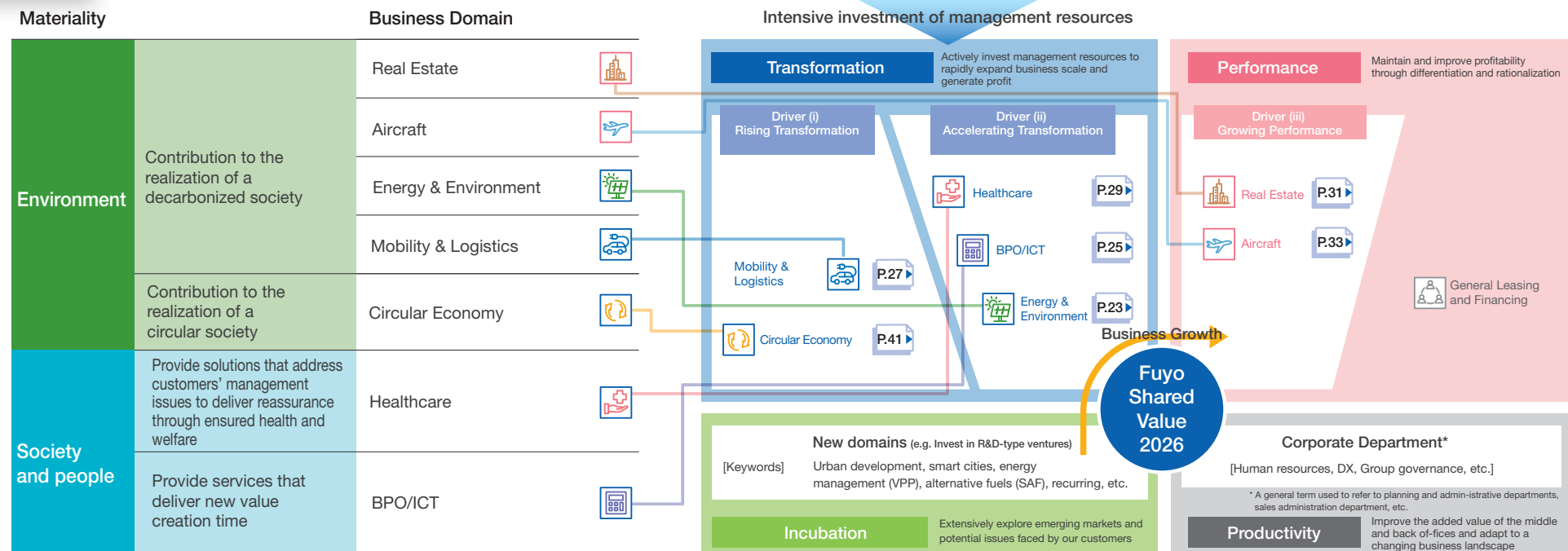


Business Overview

Business Portfolio Strategy for Sustained Corporate Value Growth

The Fuyo Lease Group has developed a business portfolio aimed at addressing the social issues it has identified as priorities (materiality).

Positioning of the Business Portfolio in Our Zone Management Strategy



* See p.13 for more information on materiality.

The Connection Between Materiality and Each Business Domain

The Group has identified four key issues (materiality) in the areas of “environment” and “society and people” as part of its efforts to practice CSV management, which seeks to achieve both a sustainable society and sustainable corporate growth. As shown in the table above, we are working to create social value through our operations in each business domain, including contributing to the realization of a decarbonized and circular society, promoting health and welfare, and creating value creation time by improving our customers’ operational efficiency.

Positioning of the Business Portfolio in Our Zone Management Strategy

To ensure the optimal allocation of management resources, we have adopted a zone management approach, under which we have divided our business domains into four quadrants for management purposes. Within these quadrants, we have categorized seven business areas into three growth drivers based on a comprehensive assessment of factors such as the growth potential and profitability of each business. Each business domain linked to materiality is positioned within

either the Transformation Zone (actively invest management resources to rapidly expand business scale and generate profit) or the Performance Zone (maintain and improve profitability through differentiation and rationalization). We are focusing our efforts on these areas.

Furthermore, in the Incubation Zone, where we nurture the seeds of future growth, we will thoroughly explore markets that might emerge in the future and potential customer issues. We are working to transform solutions to new social issues into next-generation growth opportunities.

Mission

CSV

Solving
social
issues

Value



Energy & Environment

Accelerating Transformation

Business Overview

- Investment and finance in energy businesses
- Green electricity supply (PPA) services
- Energy-saving equipment / subsidy leases
- ESCO business
- Storage battery business

Strong Point

- Extensive experience gained through participation in investment and project finance for domestic and overseas renewable energy and storage battery businesses
- Collaboration with diverse alliance partners in energy-saving, renewable energy and energy storage projects supporting customers' decarbonization

Managing Executive Officer
Miki Sasaki

Vision for 2030



- Serve as a global company that helps give rise to a decarbonized society by engaging in a broad range of energy-related businesses on a large scale in Japan and overseas
- Serve as a frontrunner that contributes to resolving climate change and other environmental issues by breaking ground in the new Energy & Environment business domain

Plans under Fuyo Shared Value 2026

- Aim to invest a cumulative total of ¥300.0 billion over the five years through fiscal 2026 to promote decarbonization.
- Increase the supply of renewable energy, targeting 1,000 MW of renewable energy power generation capacity.
- Take on the challenge of developing new businesses set to emerge and grow as a result of structural transformation in the energy industry, such as the power grid storage battery facilities business.

Review of Initiatives through Fiscal 2025

- To expand renewable energy supply as outlined in the plan, we accelerated our simultaneous efforts across three areas: "H (Herasu: Reduce energy use through energy efficiency) × T (Tsukuru: Generate renewable energy) × T (Tameru: Store energy)."
- As a specific approach, we steadily expanded our domestic operating assets, focusing primarily on the power grid storage battery facilities business and non-FIT solar power generation business, which we are currently developing and promoting as new business platforms. In addition, we have made Global Engineering Co., Ltd., which engages in a multi-faceted electric power services business, into an affiliate, and we are actively working to generate business synergies through our collaboration.

- In our overseas energy business, we sought to drive growth through partnerships with global players and accelerated our initiatives in Europe, centered on our local U.K. subsidiary established in 2023.

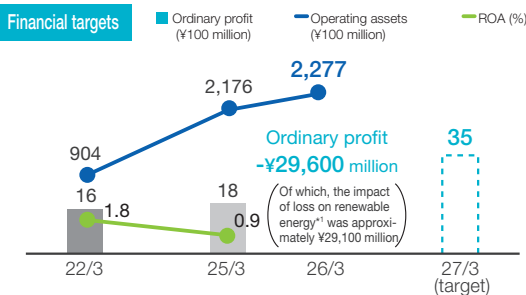
As a result of these efforts to expand our assets, including through our initiatives in Japan, for our non-financial targets, we achieved our March 2027 target for renewable energy power generation capacity ahead of schedule, as shown on the right.

Outlook for Fiscal 2026

We will continue to build up our operating assets by further accelerating new businesses, focusing primarily on our storage battery-related businesses (power grid storage battery facilities, storage battery facilities equipped with renewable energy facilities, and storage battery facilities co-located with electricity consumers) and non-FIT power generation business (such as solar power).

To ensure financial stability, we will firmly establish a business promotion framework aimed at strengthening our business portfolio management and monitoring functions.

Financial targets



*1 Loss in renewable energy in Europe and North America was factored into the revised earnings forecast.

(¥100 million)	2025/3	2026/3
Ordinary profit	18	-296
ROA	0.9%	—
Operating assets	2,176	2,277

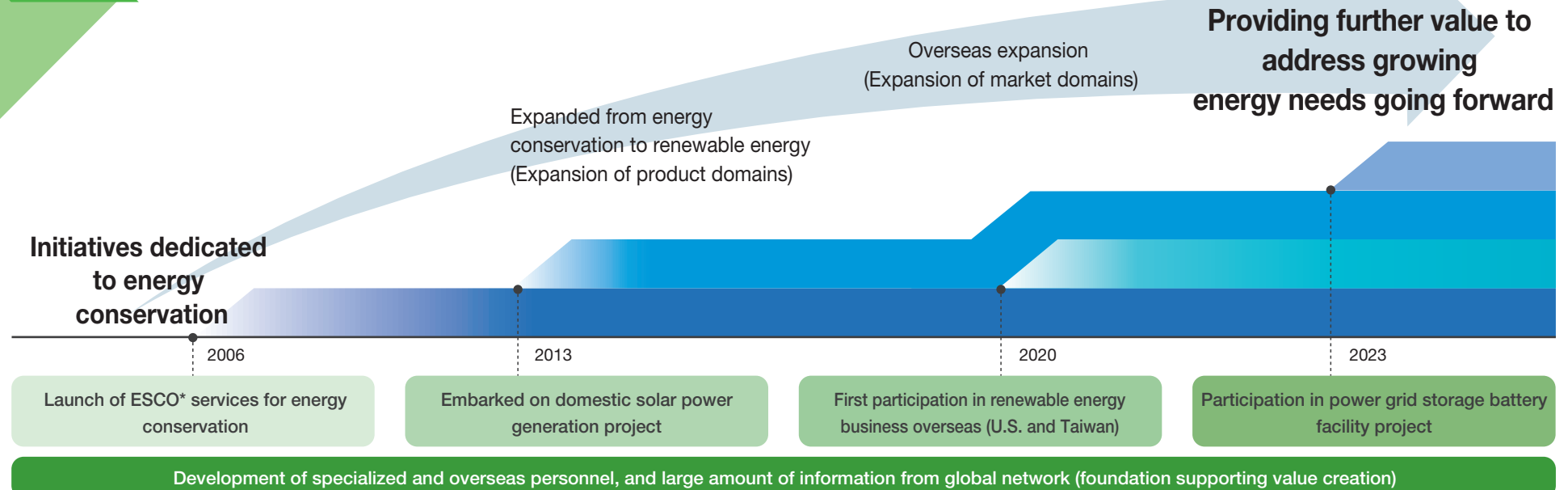
Non-financial targets

	2025/3	2026/3	March 2027 targets
Renewable energy power generation capacity*2 (MW)	876 (1,084)	1,014 (1,214)	1,000

Figures in brackets for renewable energy power generation capacity include projects under development

*2 Applies to investments and project financing, etc., made in the renewable energy generation business (power generation capacity is calculated based on ownership ratio or share)

Focus Value Creation Process and Value Creation Platform

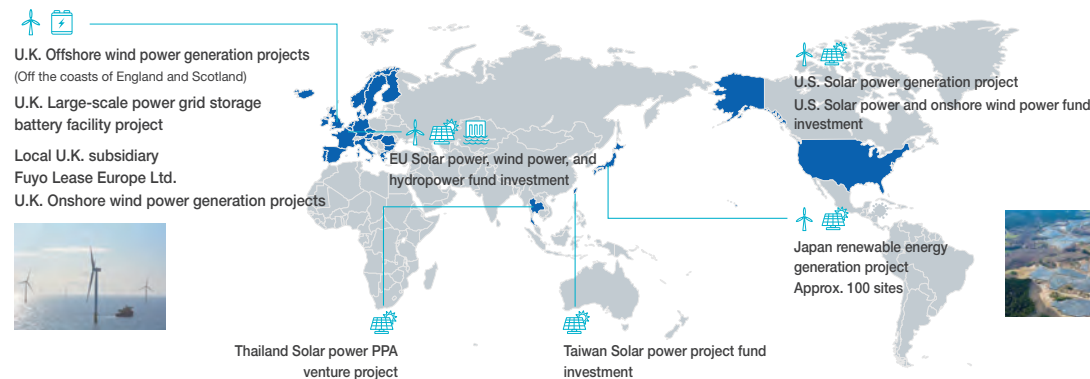


* An energy service company (ESCO) provides everything needed to improve energy efficiency, including technology, equipment, personnel, and funding, achieves energy savings without compromising the current environment or convenience, and receives a portion of the actual energy cost savings generated through the services as compensation.

1. Business Expansion through Partnerships with Global Players

Since the 2013 launch of our solar power generation project in Japan, we have participated in overseas projects including solar power in the United States as well as offshore wind power, onshore wind power, and solar power projects in Europe, where investment opportunities are abundant. In 2023, we established a local subsidiary in London with the aims of

facilitating collaboration between foreign enterprises and Japanese companies engaged in the renewable energy business in Europe and of enhancing information gathering in upstream areas. We promote uptake of renewable energy in Japan and overseas by expanding business through partnerships with global players.



2. Start of Initiatives for Storage Battery Facilities Equipped with Renewable Energy Facilities

We have launched the Fuyo Lease Group's first initiative to transition existing solar power generation plants in the Kyushu area from the FIT system to the FIP system, while simultaneously installing and operating storage batteries alongside them. Through this initiative, we will maximize the use of renewable energy sources, for which output fluctuates depending on the weather and time of day, and balance electricity supply and demand. In addition to accelerating the installation of storage batteries at solar power generation plants owned and operated by the Company, we will also provide storage battery installation support for solar power generation plants owned and operated by customers.



On-site photograph of storage battery facilities equipped with renewable energy facilities (Kagoshima Prefecture)



BPO/ICT

Accelerating Transformation

Business Overview

- Business process consulting
- Comprehensive BPO services
- Integrated billing services (telecommunications and public utility bills)
- Video production and distribution services
- System integration
- IT outsourcing
- PC-LCM services

Strong Point

- Consistently provides a vast array of BPO services tailored to a variety of corporate issues grounded in business process visualization and consulting
- Provides comprehensive solutions by integrating DX/SI with BPO services enlisting Group company collaboration
- Provides a well-developed service menu to address various outsourcing needs, with ownership of approximately 1.80 million PCs Group-wide

Managing Executive Officer
Satoshi Suzuki



Vision for 2030



- Serve as a company that provides business process services (BPS) encompassing total solutions utilizing outsourcing and DX of processes
- Serve as the most trusted company in solving the problem of shortages of IT professionals
- Serve as a company that contributes to expansion of digital infrastructure centered on data centers

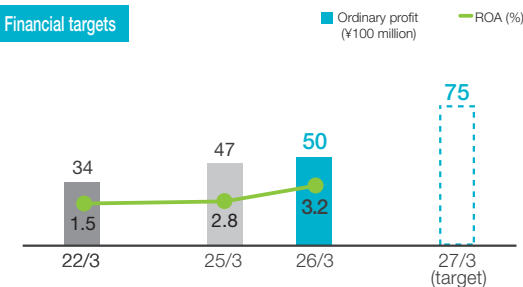
Plans under Fuyo Shared Value 2026

- 1 Successfully reduce the workload of customers (save customers one million work hours compared to fiscal 2021) by providing BPO services and facilitating DX, thereby increasing productivity.
- 2 Establish a framework to provide Business Process Service (BPS) by strengthening links between BPO and DX-related consulting and various BPO services.
- 3 Support customers' business transformations by releasing valuable corporate IT professionals from non-core operations and putting them in high-value-added work through IT system operations outsourcing and facilitating DX.

Review of Initiatives through Fiscal 2025

- To establish a framework for providing business process services (BPS), as outlined in our medium-term management plan, we advanced efforts to bring a system integrator (SIer) into the Group and implemented a comprehensive approach combining outsourcing and DX.
- To swiftly adapt to the ever-changing management environment, we have established a multifaceted support system by participating in domestic and international data center business, providing decarbonization solutions, and complying with the new lease accounting standards.
- By providing services that help solve our customers' challenges through such systems and outsourcing, we have contributed to the reduction of non-core operations and improved productivity. The work hours saved by our customers, as shown on the right, reached a cumulative total of 1.1 million hours at the end of fiscal 2025. This led to the early achievement of the target set in our medium-term management plan (1 million hours).

Financial targets



(¥100 million)	2025/3	2026/3
Ordinary profit	47	50
ROA*1	2.8%	3.2%
Operating assets	558	633

*1 Based on results of the ICT business

Non-financial targets

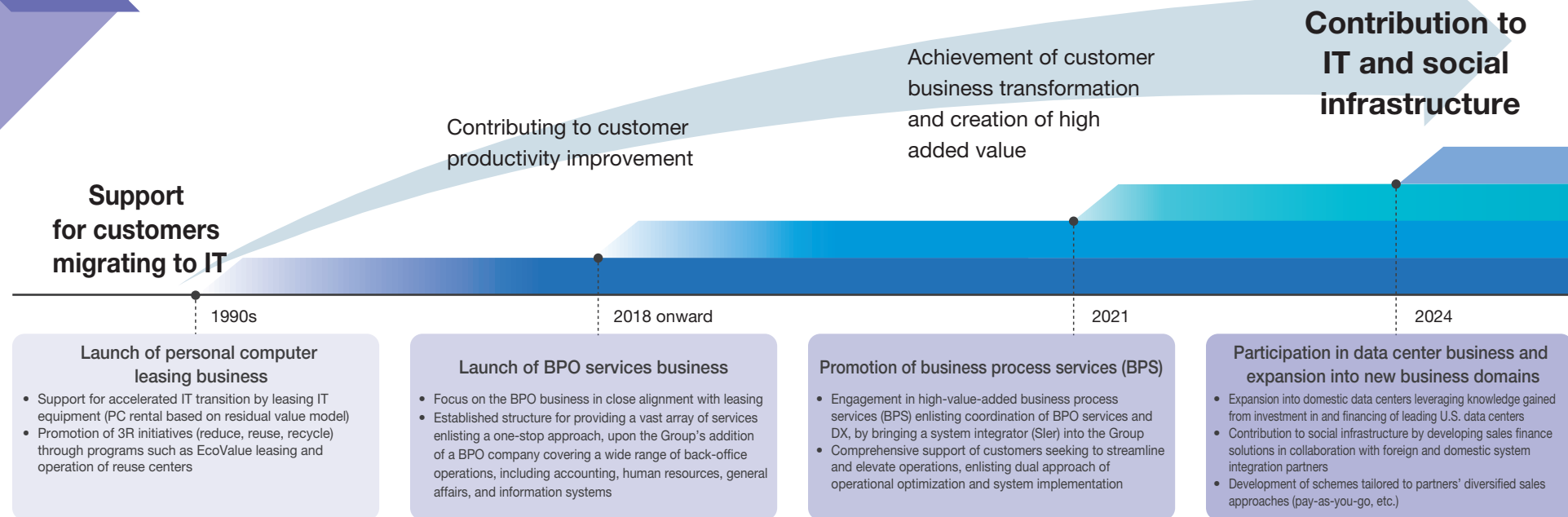
	2025/3	2026/3	March 2027 targets
Work hours saved by our customers*2	810,000 hours (compared to FY2021)	1,100,000 hours (compared to FY2021)	1,000,000 hours (compared to FY2021)

*2 Generation of new value creation time through BPO/ICT services
Aim to achieve an increase of approximately 20% relative to the fiscal year ended March 31, 2022

Outlook for Fiscal 2026

- While maintaining momentum toward achieving our targets and aiming to deliver even greater value, we will focus on developing new services that leverage generative AI and industry-specific BPO services.
- In implementing these measures, we will prioritize the appropriate management of investment risks and strike a balance as we seek to increase our operating assets.

Focus Value Creation Process and Value Creation Platform

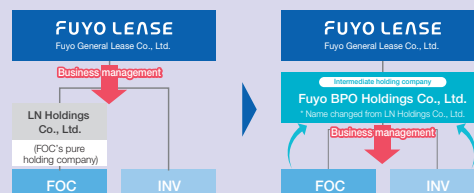


Enhancing Group Functions and Strengthening Our Organizational Structure

Through the Group's addition of various BPO companies until now, we have provided high-value-added solutions that address our customers' management challenges. Currently, with a view to achieving sustainable growth in our BPO business and maximizing group synergies, we are moving forward with a restructuring centered on our intermediate holding company, Fuyo BPO Holdings Co., Ltd.

In-Group Organizational Restructuring Efforts

In October 2025, we consolidated the business management and corporate functions of INVOICE INC. and Fuyo Outsourcing & Consulting Inc. in an intermediate holding company. Through this organizational restructuring, we will strengthen governance and optimize resources while also deeply integrating the expertise of each Group company to deliver more comprehensive solutions. By making the most of this new Group foundation, we will help alleviate the increasingly severe personnel shortages and contribute to the sustainable growth of society as a whole.



Contributing to the Information Society through the Promotion of the Data Center (DC) Business

As symbolized by the widespread adoption of generative AI and the growing use of cloud services, digital services have become essential infrastructure for our lives and society. As society becomes increasingly digitalized, the importance of the DCs that underpin this digital infrastructure is growing. Through initiatives such as renovating aging data centers, supporting upgrades to energy-efficient equipment, and matching customers with suitable data centers, we aim to support the advancement of the information society and contribute to solving social issues.

Early Entry into the North American DC Market and Expansion into Domestic Projects

Starting with an investment we made in a U.S. data center in February 2025, we have participated in six investment and financing transactions both in Japan and internationally. (In Japan, we have secured loans for the Keihanna (40 MW) and Karakida (10 MW) data centers.)

We fully leverage a wide range of information channels to analyze and select opportunities based on our accumulated knowledge of factors such as location, tenants (such as GAFAM), sponsors, and economic terms.

We aim to build an appropriate portfolio and contribute to the digital society.



Mission

CSV

Solving
social
issues

Mobility & Logistics

Rising Transformation

Value

Business Overview

Vehicles area

- Auto leases
- One-stop EV services
- Self-driving vehicle services
- EV bus subscription-based services

Strong Point

- Possesses a framework that can provide financing and related services for a broad range of vehicles from passenger cars to trucks, along with Group companies Fuyo Auto Lease Co., Ltd. and YAMATO LEASE CO., LTD.
- Expanding to new domains such as EVs for commercial use, automotive batteries, and self-driving vehicles, through collaboration with partner companies

Logistics area

- Logistics and material handling equipment financing services
- Services for optimizing in-warehouse operations

- Conducting business globally together with overseas Group companies centered on Pacific Rim Capital, Inc.
- Providing logistics standardization, automation, and labor-saving solutions, starting from logistics materials essential in logistics sites

Managing Executive Officer

Noboru Mimura

Managing Executive Officer

Naomi Ogata

Vision for 2030



- A company that solves decarbonization and other social issues through social application of various technological innovations in the general vehicles area
- A solution provider that works to solve issues such as personnel shortages and workstyle reforms together with Group companies and partner companies in Japan and overseas in the logistics area

Plans under Fuyo Shared Value 2026

- 1 Aim for EVs and FCVs to account for 5% of new contracts at Fuyo Auto Lease and YAMATO LEASE through the provision of one-stop EV services and other means.
- 2 Promote total support for the logistics industry, which faces issues such as the 2024 problem, personnel shortages, and cost increases, in collaboration with partner companies.

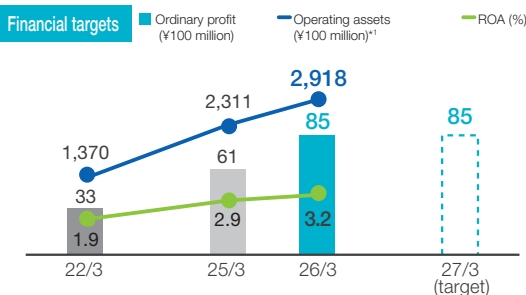
Review of Initiatives through Fiscal 2025

- To achieve our medium-term management plan target of having EVs and FCVs account for 5% of new contracts and to provide one-stop services, we have strengthened our collaboration with alliance partners. By offering one-stop services that include everything from consulting on the implementation of EVs and charging/discharging equipment to energy management, we provided robust support to help our customers overcome challenges related to EV implementation.
- With the aim of providing total support for the logistics industry, such as solving the 2024 problem and personnel shortages, we positioned Wako Pallet Co., Ltd., which became a consolidated subsidiary in March 2025, as a key company within our logistics domain. Through the company's logistics materials and digital transformation (DX) products, we have established a framework to help the Fuyo Lease Group's customers solve logistics challenges.
- To expand our business domains globally, we also made Southwest Rail Industries an equity-method affiliate and entered the railcar leasing business as a new area.
- In this way, we have worked to strengthen our co-creation capabilities with Group companies in Japan and overseas, while also expanding our network with collaborative partners. As a result, our ability to propose solutions to customers was significantly enhanced, and we achieved results exceeding our financial and non-financial targets (ordinary profit of ¥8.5 billion and percentage of new contracts that are either EVs or FCVs of 7.2%), as shown on the right.

Outlook for Fiscal 2026

- Building on the strengths we have established, we will further reinforce domestic and overseas functions both in the vehicles and logistics areas, while deepening our collaboration with partners that possess unique technologies and expertise.
- By expanding these one-stop solutions, we will further contribute to solving challenges in the external environment and drive sustainable business growth.

Financial targets



(¥100 million)	2025/3	2026/3
Ordinary profit	61	85
ROA	2.9%	3.2%
Operating assets	2,311	2,918
(Domestic subsidiaries)*1	(1,675)	(2,211)

*1 Simple sum of domestic subsidiaries (Fuyo Auto Lease / YAMATO LEASE)

Non-financial targets

	2025/3	2026/3	March 2027 targets
Percentage of new contracts that are either EVs or FCVs (Fuyo Auto Lease and YAMATO LEASE)	—	7.2%	5%

Focus Value Creation Process and Value Creation Platform



Mobility

● Supporting Solutions to Mobility Challenges through Collaboration among Group Companies and with Partners

The business environment in the mobility domain has been changing significantly due to accelerated decarbonization initiatives, increasingly sophisticated vehicle usage patterns, and technological advancements. We will work alongside our customers to help enhance their management efficiency and create new value by putting together the expertise and solutions of the Fuyo Lease Group and our partner companies as well as establishing a support framework that integrates everything from vehicle procurement to operation, management, and data utilization.

Providing Commercial EV Implementation Support Services in Collaboration with Yamato Group

Since October 2024, we have been offering the EV Life Cycle Service in collaboration with Yamato Group. This service offers comprehensive support, from the initial consideration of commercial EV implementation, actual implementation of vehicles and charging equipment, utilization of subsidies, supply of renewable energy, post-implementation operation and maintenance to vehicle replacement and disposal. By combining the expertise both companies have cultivated in commercial vehicle leasing, EV operations, and maintenance, it allows companies that have not yet adopted EVs to make a smooth transition, helping them achieve both decarbonization and economic efficiency. This initiative supports greenhouse gas reductions across the entire supply chain, including logistics operators. It also contributes to the sustainable enhancement of corporate value through efforts to solve social issues.

Logistics

● Supporting Solutions to Logistics Challenges through Collaboration with Group Companies and Partners

Labor shortages and other issues have emerged as societal challenges, posing a growing need for logistics efficiency and labor-saving measures. In light of this external environment, we have established a framework to support our customers in solving their business challenges by combining the services and solutions offered by the Fuyo Lease Group and our partner companies. We work alongside designated business operators to address their logistics challenges as they become required to appoint a Chief Logistics Officer (CLO) from April 2026. In this way, we aim to establish ourselves as an advisor in the logistics area and generate revenue from various upstream sources.

Started Practical Operation of a Level 4 Automated Transportation Service between Cargo Warehouses at Narita International Airport

On February 19, 2026, at ANA Cargo Base+, ANA's largest cargo warehouse at Narita International Airport, we started the practical operation of automated transportation service eve auto ReFine (using Level 4 autonomous driving) provided through a joint effort with eve autonomy, Inc. This marks the first time in Japan that Level 4 autonomous driving has been introduced at an airline's cargo warehouse at a domestic airport. Fuyo Lease and eve autonomy, Inc. will continue seeking to attain further labor savings and efficiency improvements in the air cargo industry to enhance service levels. At the same time, in order to address labor shortages, which are a challenge faced by the logistics industry as a whole, we will promote initiatives that contribute to labor savings and increased productivity.



Healthcare

Accelerating Transformation

Business Overview

- Leasing and installment sales primarily for medical devices
- Financing of healthcare real estate
- Factoring of medical and nursing care receivables
- Consulting, M&A mediation, and BPO services for healthcare providers
- Business succession, turnaround, and restructuring financing
- Region-specific healthcare funds
- Purchase and disposal of used medical equipment
- Energy conservation and ESCO business for medical institutions

Strong Point

- Expansive menu, including financing of healthcare real estate, business succession, turnaround, and restructuring financing, as well as factoring of medical and nursing care receivables
- Business process consulting, BPO services, digital transformation (DX), and circular economy functions that help enhance the management efficiency of medical and nursing care providers
- Management support services of CB Healthcare Co., Ltd. through management consulting and M&A mediation tailored to the medical, nursing care, and welfare industries

Managing Executive Officer

Yutaka Iida

Vision for 2030



- A company that contributes to improvement in the quality of medical and nursing care in Japan by helping to maximize the value of management resources (people, tangible assets, funds, time, information) held by medical and nursing care providers and dispensing pharmacies
- A company that realizes both the solution of medical and nursing care issues (non-financial value) and profit growth that capitalizes on market trends (financial value) at a high level

Plans under Fuyo Shared Value 2026

- Support the creation of 1,330 new rooms at elderly care homes over a 5-year period in collaboration with alliance partners, in anticipation of the super-aging of society.
- Implement digital transformation (DX) in medical and nursing care by providing solutions in collaboration with Group companies and alliance partners to address management issues for each development stage of medical and nursing care businesses.
- Intensively invest management resources in business domains expected to see strong demand, including business succession, turnaround, and restructuring financing, initiatives related to healthcare real estate, factoring of medical and nursing care receivables, and management support for succession.

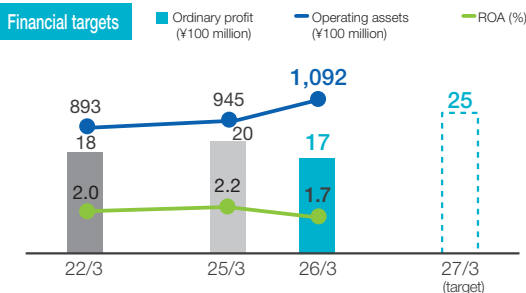
Review of Initiatives through Fiscal 2025

- Revenue growth was temporarily slow as financing needs of medical institutions declined accompanying public support from the Welfare and Medical Service Agency (WAM) during the COVID-19 pandemic from when the medium-term management plan was initiated in 2021 through 2023.
- However, in response to these environmental changes, we focused on enhancing our solutions for management challenges at each stage, significantly expanding our business domains. This expansion was achieved through initiatives such as the formation of region-specific healthcare funds (with 77 Bank in the Tohoku region and Higo Bank in the Kyushu region), new healthcare real estate initiatives including the securitization of land held by hospices and hospitals, and turnaround and restructuring financing.
- To further strengthen the management and succession support outlined in the medium-term management plan, we also made CB Holdings Inc. (now CB Healthcare Co., Ltd.) a consolidated subsidiary in fiscal 2025 as a key company in the non-financing domain. This has significantly increased the value we can provide as the entire Group.
- As a result of such active resource investments in both financing and non-financing domains, the number of new rooms provided at elderly care homes (1,307 rooms) and the balance of management support-related financing (¥74.9 billion) have reached high levels greatly exceeding our targets, as shown on the right.

Outlook for Fiscal 2026

- To achieve our targets for the final fiscal year of the medium-term management plan, we will focus on the following core domains: healthcare real estate that we have built as a foundation; business succession, turnaround, and restructuring financing; factoring of medical and nursing care receivables; and consulting and M&A mediation services provided by CB Healthcare Co., Ltd.
- By fully leveraging these functions, we aim to achieve our financial and non-financial targets simultaneously.

Financial targets



(¥100 million)	2025/3	2026/3
Ordinary profit	20	17
ROA	2.2%	1.7%
Operating assets	945	1,092

Non-financial targets

	2025/3	2026/3	March 2027 targets
Elderly care homes (number of new rooms provided)	1,011	1,307	1,330
Management support-related financing in the medical and welfare markets*1 (¥100 million)	456	749	560

*1 Operating assets for financing related to FPS Medical and business succession

Focus Value Creation Process and Value Creation Platform

The business environment for the healthcare industry, including medical, nursing care, and dispensing pharmacy providers, has been increasingly difficult due to factors such as the termination of pandemic-related public support and soaring labor costs. Under these circumstances, the Company offers comprehensive solutions that go beyond simply providing financing. Specifically, the Company proposes multifaceted solutions by supporting businesses through business succession, turnaround, and restructuring financing while integrating these with the advanced consulting function of CB Healthcare Co., Ltd. By combining our finance and non-finance functions, we address management challenges in the healthcare industry and support the creation of new value.

Solutions to management challenges of the healthcare industry, including medical, nursing care, and dispensing pharmacy providers

FUYO LEASE

Features and strengths
Extensive finance functions
Solutions provided through collaboration with various alliance partners

Main services
• Leasing and installment sales primarily for medical devices
• Business succession, turnaround, and restructuring financing
• Financing of healthcare real estate
• Region-specific healthcare funds in collaboration with regional banks

CB Healthcare

Features and strengths
Specialized knowledge and management support expertise tailored to the medical, nursing care, and welfare industries
One-stop consulting services

Main services
• M&A mediation (medical, nursing care, pharmacy)
• Support for establishing community-based integrated care systems
• Hands-on management support
• Management consulting
• News distribution, seminar event services

SHARP FINANCE

Features and strengths
One-stop support from opening to closing medical clinics, dental clinics, and veterinary hospitals

Main services
• Clinic start-up support
• Business succession support
• Start-up support loans
• Purchase and lease of medical equipment

Accretive アクリーティブ株式会社

Features and strengths
Comprehensive provision of financing, consulting, and BPO services

Main services
• Factoring of medical and nursing care receivables (FPS Medical)
• BPO services for medical and nursing care providers

FUJITA

Features and strengths
One-stop services for appraisal, purchase, disassembly, and removal
Storage through in-house engineering division and the Group's shared warehouses

Main services
• Purchase and sale of medical equipment
• Disposal of leftover equipment
• Promotion of 3R

WorkVision Creating Value for The Future

Features and strengths
Seamless support encompassing everything from planning, development, and sales of IT solutions to their operation and maintenance

Main services
• Electronic medical records
• Human resource, payroll, and workforce management system
• iPad medical interview, document management, online reservation, information video tool

Finance

Non-finance

Finance functions

Leasing and installment sales

Factoring

Financing of healthcare real estate

Business succession, turnaround, and restructuring financing

Non-finance functions

Management support and succession support

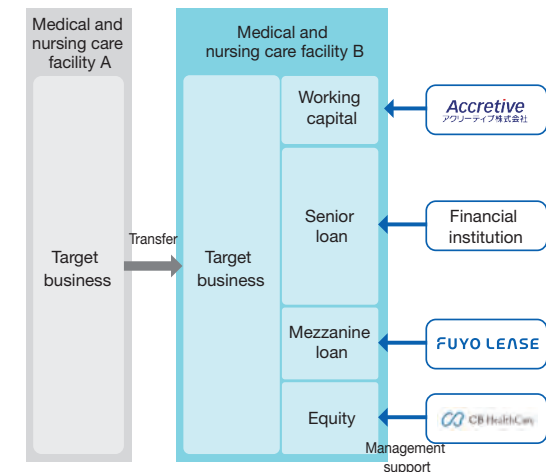
Used medical equipment circular economy

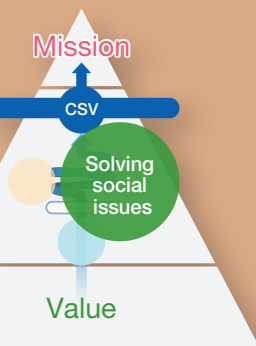
BPO, DX, energy conservation

A Model Case of Support Combining Functions of the Financing and Non-Financing Domains

This is an example where the FGL GROUP provided financing support for the acquisition of a medical institution for which CB Healthcare Co., Ltd. provides management support. In collaboration with financial institutions, Fuyo General Lease Co., Ltd. provided a mezzanine loan, CB Healthcare Co., Ltd. made an equity investment, and working capital was provided through Accretive Co., Ltd.'s factoring of medical and nursing care receivables. This initiative serves as a model case for comprehensive support driven by combined functions of the financing (fundraising) and non-financing (management support) domains.

Structure Image





Real Estate

Growing Performance

Business Overview

- Real estate finance lease
- Real estate operating lease
- Real estate non-recourse loan
- Real estate equity investment
- Private REIT investment

Strong Point

- Possesses trusted relationships and information pipelines developed through the accumulation of genuine and timely responses to sophisticated project consulting from the customer's viewpoint
- Advanced operational skills and expertise in real estate leasing and finance built up by engaging in highly difficult projects head on over many years
- Active in a vast array of business domains with highly specialized individuals at the industry's top level, obtained by expanding new areas and developing new schemes

Managing Executive Officer
Hiroyuki Motoshita

Vision for 2030



- Expand and extend business domain in the real estate sector, taking on challenges of creating new value. Contribute to solving social issues
- Provide optimal solutions as the ideal partner to customers while achieving sustainable growth together with customers

Plans under Fuyo Shared Value 2026

- Promote joint business ventures with trusted partners aimed at expanding business domains and developing new schemes. Build new business models that include joint investment in real estate premised on a value-add approach, as well as turnover-type business models.
- Expand collaboration with partner companies through proactive sales activities based on solution proposals, with a particular emphasis on promoting community contribution through partnerships with regional financial institutions and regional infrastructure companies.
- Contribute to value creation in society by generating social impact in part by dealing in environmentally friendly real estate aimed at realizing a decarbonized society.

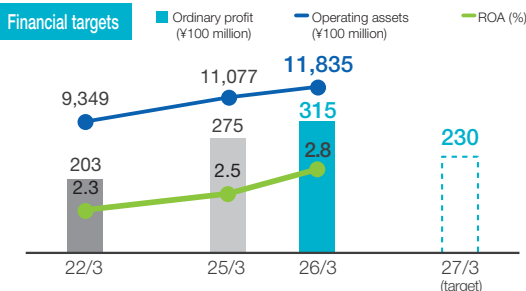
Review of Initiatives through Fiscal 2025

- To expand our business domains and optimize our business portfolio as outlined in the medium-term management plan, we accumulated quality assets and executed asset controls to improve the profitability of the entire portfolio. As a result, we achieved the significant milestone of meeting the ordinary profit target set in the medium-term management plan ahead of schedule, as shown on the right.
- To facilitate investments premised on a value-add approach and promote new business models, we also transformed Sojitz Commerce Development Corporation into an equity-method affiliate with the aim of enhancing the building and construction management functions. In this way, we have established a solid foundation for our operations in increasing the value of commercial facilities.
- Furthermore, we have strengthened collaboration with trusted partner companies in order to generate social impact through dealing in environmentally friendly real estate. We are actively engaged in development projects of environmentally friendly real estate both in Japan and overseas and are steadily advancing investments that contribute to realizing a sustainable society.

Outlook for Fiscal 2026

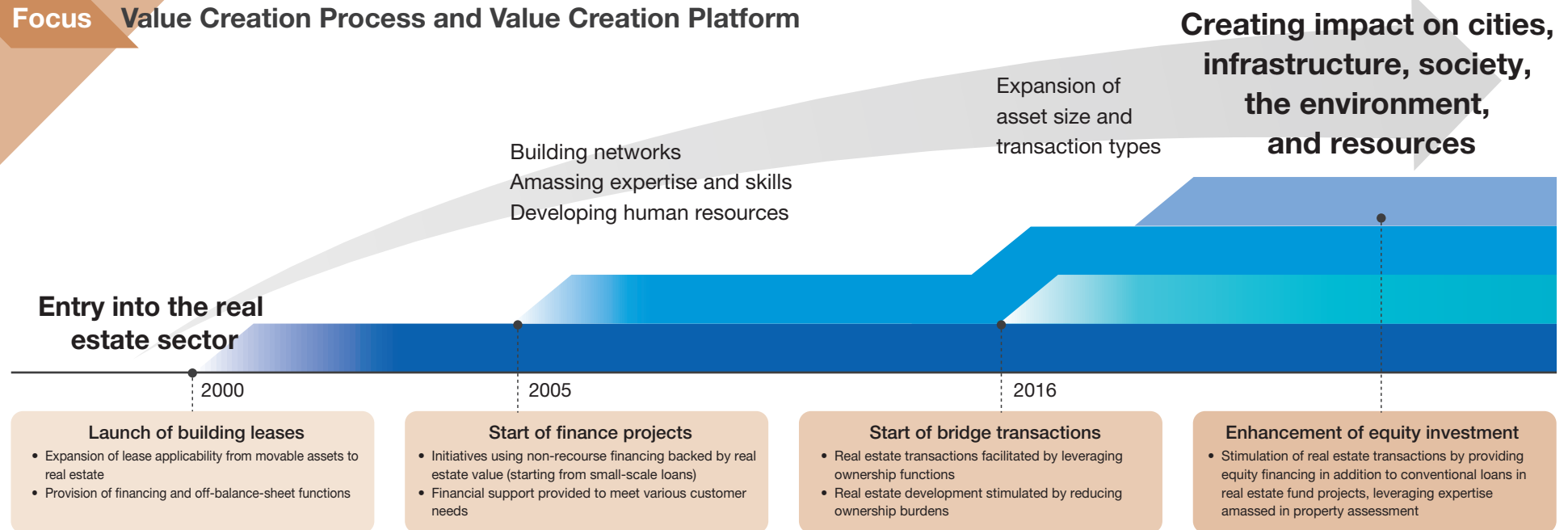
- Building on these outcomes to further improve profitability, the newly established Real Estate Strategic Investment Division will take the lead in strengthening our initiatives in increasing the value of commercial facilities and handling operational assets.
- Looking ahead to the next medium-term management plan, we will also continue creating a framework for joint business ventures and overseas real estate initiatives, while thoroughly and appropriately managing risks.

Financial targets



(¥100 million)	2025/3	2026/3
Ordinary profit	275	315
ROA	2.55%	2.8%
Operating assets	11,077	11,835

Focus Value Creation Process and Value Creation Platform



Real Estate Ownership Functions That Help Stimulate Real Estate Transactions

Building leases

Since our launch of building leases, we have contributed to the effective use of land held by property owners while also enabling tenants to flexibly open establishments. We have helped facilitate transactions by assuming the role of real estate holder.

Bridge financing

We facilitate real estate transactions by arranging bridge financing where we temporarily hold properties to coordinate with the timing of real estate sales and purchases. In addition, we help stimulate real estate development projects by reducing the ownership burden of developers and others through our joint ownership of portions of real estate during the development period.

Enhancement of Valuation Capabilities to Address Various Financing Needs

Non-recourse loans and equity financing

In real estate, we have been providing a range of financing options that include non-recourse loans secured solely on the basis of real estate value, in addition to corporate loans based on the client's credit.

We are able to take precise and swift action as a result of having developed our capabilities in evaluating both operational and business value of real estate through our leading domestic track record of transactions and our number of property holdings. We help stimulate real estate transactions by participating in increasingly large-scale real estate transactions through various schemes that combine loans and equity financing.

New Initiatives to Create Environmental and Social Impact

In partnership with Sumitomo Forestry Co., Ltd., we engaged in the development project of multi-family rental apartments

in Brisbane, Australia, aimed at solving the growing social issue of housing shortages. Out of the total 475 units, 250 will be offered at low prices as affordable housing supported by government subsidies. At the same time, we aim to obtain an Australian environmental certification and achieve net-zero operational carbon to contribute to a sustainable society.

Participation in an Environmentally Friendly Large-Scale Office Refurbishment Project in London, U.K.

Together with MITSUBISHI ESTATE CO., LTD. and other partner companies, we participated in a large-scale office refurbishment project in London. This office development project aims to minimize the environmental impact of construction by reusing approximately 75% of the existing building structure. We contribute to sustainable urban development by preserving the historic landscape, constructing new walkways connecting the local communities, and establishing a hub to support entrepreneurs.

Mission

CSV

Solving
social
issues

Value



Aircraft

Growing Performance

Business Overview

- Aircraft operating leases/financing
- Japanese Operating Lease (JOL)
- Japanese Operating Lease with Call Option* (JOLCO)
- Aircraft fleet management and resale
- Business investment (investment in peripheral business)

Strong Point

- Established an extensive track record through arrangement of more than 460 cumulative leases for airlines around the world since the launch of our aircraft business in the early days of the aircraft leasing industry
- Possesses aircraft operating lease arrangement and solutions delivery capabilities, developed through hands-on business experience
- Embraces a culture that encourages members to confront customer management issues and societal challenges, as well as actively participate in new domains, while keeping aircraft operating leases as a base

Managing Executive
Officer

Masayuki Shiraishi

* Fuyo General Lease Co., Ltd. arranges JOLCOs as a business activity, thereby providing its investor clients with the option to invest their funds in such aircraft leases.

Vision for 2030



- Create synergies by expanding our product lineup through alliances in peripheral aircraft businesses, while keeping aircraft operating leases as the core of our business
- Contribute to the development of the aviation industry and the establishment of global transportation and logistics infrastructure, while helping to solve environmental and social issues, through new areas and technologies

Plans under Fuyo Shared Value 2026

- 1 Advance an asset turnover-type business that maintains the soundness of self-owned assets by realizing a balance between stable recurring revenue and non-recurring revenue from asset sales.
- 2 Strive to further strengthen sales capabilities to investors through efforts to develop and sell new operating lease products, in addition to JOLCO and JOL.
- 3 Strengthen engagement in peripheral fields and new areas, such as aircraft part-out and freighter conversion in accordance with the aircraft lifecycle.

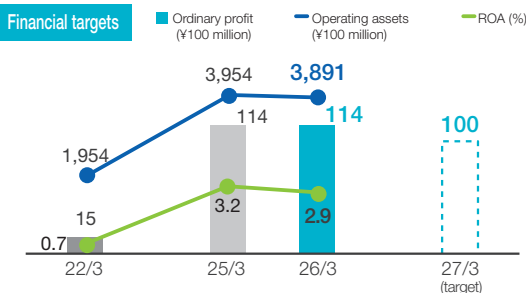
Review of Initiatives through Fiscal 2025

- With the aim of establishing an asset turnover-type business model (balancing recurring revenue and non-recurring revenue), we established a new division dedicated to aircraft sales, which will work to generate non-recurring revenue such as gains on sales of assets and management fees. As a result, we have created a structure that drives hands-on solutions to meet the diverse needs of our customers worldwide.
- Under the plan to strengthen engagement in peripheral fields and new areas, we promoted pioneering initiatives such as a freighter aircraft lease for YAMATO HOLDINGS CO., LTD. and a JOLCO arrangement using sustainable finance.
- These strategic initiatives and approaches help to maintain and strengthen global transportation infrastructure. We have simultaneously achieved both high profitability and sound asset management, as evidenced by the ¥11.4 billion in ordinary profit shown on the right.

Outlook for Fiscal 2026

- We aim to achieve our targets for the final fiscal year of the medium-term management plan by leveraging stable recurring revenue generated from our accumulated fleet of self-owned aircraft and non-recurring revenue through aircraft sales.

Financial targets

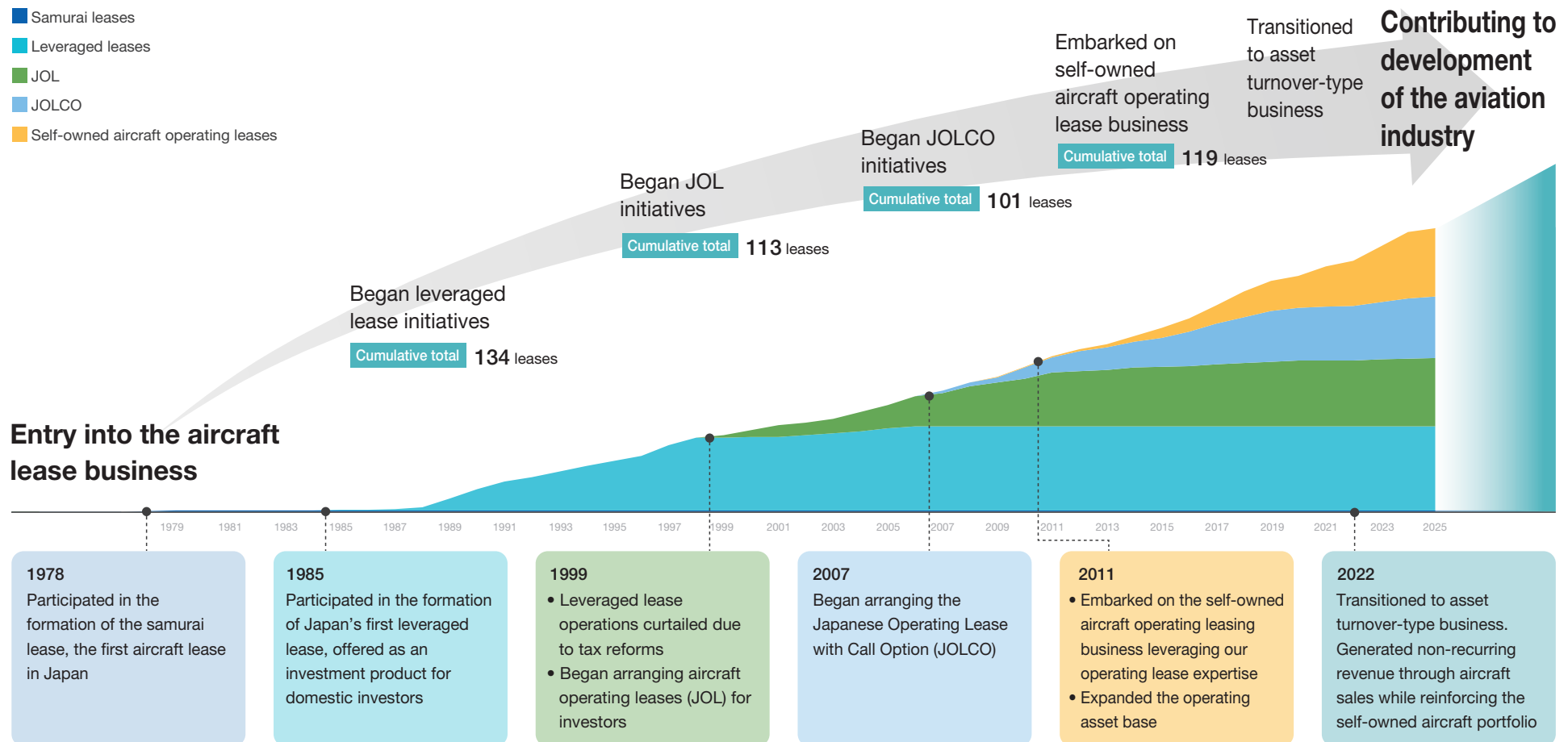


(¥100 million)	2025/3	2026/3
Ordinary profit	114	114
ROA	3.2%	2.9
Operating assets	3,954	3,891

	2025/3	2026/3
Number of aircraft		
Self-owned aircraft	66	66
Other (managed aircraft, etc.)	57	58
Total	123	124

Focus Value Creation Process and Value Creation Platform

- As an aircraft leasing pioneer in Japan, the Company has been engaged in hands-on development of products aligned with the market environment over five decades since entering the business. Our value creation platform leverages the expertise we have accumulated through the execution of more than 460 cumulative transactions, along with our in-house team of skilled professionals.
- The Company provides one-stop solutions to a variety of issues, utilizing the expertise and functions it has amassed through organic business development. We will continue our strategy of steady growth in seeking to support development of the aviation industry.



Mission

CSV

Solving social issues

Value



Incubation / New Domain

The Fuyo Lease Group is pioneering new frontiers of value creation by anticipating societal changes and customer needs, unconstrained by the existing business framework.

Our Business Solution Division and Business Creation Division, responsible for new business development, explore businesses that address various social issues while functioning as operational units with an incubation mindset.

Managing Executive
Officer

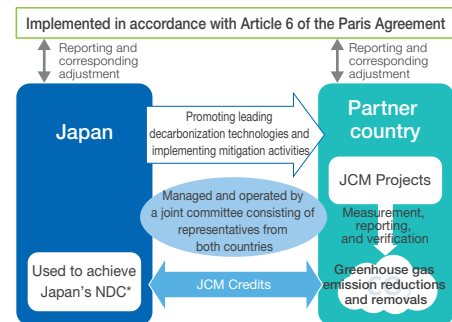
Takeshi Shimojo

Participation in Carbon Credit Creation Projects

Achieving net zero constitutes one of the most pressing social issues going forward. In viewing carbon credits as a shared value that connects the environment and the economy in achieving balance between the two, we will strengthen our support of corporate decarbonization management through our active participation in creating and supplying carbon credits.

Formed a Consortium Aiming to Promote and Expand Use of JCM Credits

- We established a consortium to promote and expand rice paddy credits under the Joint Crediting Mechanism (JCM).
- Through a project in the Philippines that utilizes alternate wetting and drying (AWD) irrigation technology, we aim to contribute to promoting and expanding JCM in the agricultural field, analyzing factors such as increased rice yields and the impact of weather conditions.



* NDC : Nationally Determined Contribution
Emission reduction targets set by each country as part of climate change measures

Urban Development

We will contribute to revitalization of communities and their sustainable progress by promoting urban development that will generate a heightened level of excitement, extending beyond specific real estate and businesses. This will include our involvement in transportation, energy, and culture development with the aims of increasing flows of people and expanding engaged populations connected with localities.

Shizuoka City Arena Development and Operation Business

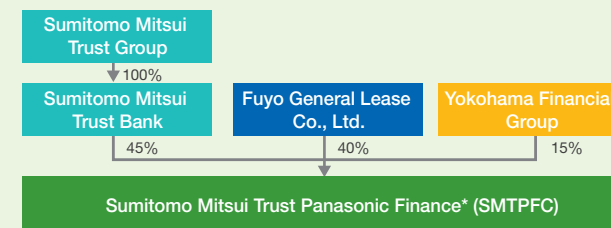
- We were selected as a successful bidder as a member of The Shizuoka Alliance, a group led by NTT Docomo. We also concluded a basic agreement with Shizuoka City ahead of the start of operations in April 2030.
- The aim is to deliver major socioeconomic benefits, including improved area appeal, cultural promotion, and the revitalization of the local economy, and bring users inspiring experiences through new sports and entertainment.



Exterior illustration of the Shizuoka City Arena

Joint Venture with Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Together with Sumitomo Mitsui Trust Bank and Yokohama Financial Group, we are moving forward with the joint venture plan for Sumitomo Mitsui Trust Panasonic Finance. The shares will be acquired in October 2026. By making the company an equity-method affiliate, we aim to generate business synergies, strengthen our project-response capabilities, and expand our core domains to improve profitability and drive sustainable growth of the Group.



* SMTPTFC is scheduled to be renamed SMTB Lease Co., Ltd. in October 2026.

Global Network for Value Creation

The Fuyo Lease Group is broadening its fields of engagement for solving social issues through global business development in aircraft leasing as well as business areas that include Energy & Environment and Mobility & Logistics. Going forward, the Group will continue taking on challenges to address critical themes for achieving a sustainable society, including the development of human resources capable of engaging in value co-creation across national borders. (As of July 1, 2026)

Fuyo General Lease Co., Ltd.

General Leasing
and Financing
Real Estate, etc.



Energy & Environment



BPO/ICT



Mobility & Logistics



Healthcare



Aircraft



Domestic Group companies

Sharp Finance Corporation

Global Engineering Co., Ltd.

INVOICE INC.

Fuyo Auto Lease Co., Ltd.

Accretive Co., Ltd.

Aqua Art Co., Ltd.

eXtreak, inc.

YAMATO LEASE CO., LTD.

FUJITA Co., Ltd.

FGL Circular Network Co., Ltd.

Fuyo Outsourcing & Consulting Inc.

Wako Pallet Co., Ltd.

CB Healthcare Co., Ltd.

FGL LeaseUp Business Service
Co., Ltd.

WorkVision Corporation

Japan Pallet Rental Corporation

FGLGROUP Business Service Co.,
Ltd.

Human Centrix Co., Ltd.

FGL GROUP Management Service
Co., Ltd.

FGL Techno-Solutions Co., Ltd.

Yokogawa Rental & Lease
Corporation
MerryBiz Inc.

Overseas Group companies

Fuyo General Lease (USA) Inc.

Fuyo Lease Europe Ltd.

Pacific Rim Capital, Inc.

FGL Aircraft Ireland Limited

Fuyo General Lease (China) Co.,
Ltd.

PLIC Corp., Ltd.

FGL Aircraft USA Inc.

Fuyo General Lease (HK) Limited

MATEHAN SIAM LAMBDA CO.,LTD.

Aircraft Leasing and Management
Limited

Fuyo General Lease (Asia) Pte. Ltd.

TDF Group Inc.

Fuyo General Lease (Taiwan) Co.,
Ltd.

FGL Aircraft Ireland Limited

Aircraft Leasing and Management Limited
Fuyo Lease Europe Ltd.

Fuyo General Lease (Thailand) Co., Ltd.

Fuyo General Lease (HK) Limited

Fuyo General Lease (China) Co., Ltd.

Fuyo General Lease (Thailand)
Co., Ltd.

PLIC Corp., Ltd.
MATEHAN SIAM LAMBDA CO.,LTD.

TDF Group Inc.

Pacific Rim Capital, Inc.

Fuyo General Lease (USA) Inc.

Fuyo General Lease (Asia) Pte. Ltd.

Fuyo General Lease (Taiwan) Co., Ltd.

FGL Aircraft USA Inc.

DX Strategy

Under the philosophy of Creating Shared Value (CSV), Fuyo General Lease Co., Ltd. simultaneously pursues the resolution of diverse social issues and the provision of economic value through its business operations. Furthermore, as technological advances spur society's shift to digitalization, we introduce digital technologies and strive to ensure that the value we provide to society continues to adapt to the changing external environment. In this way, we aim to create shared value over the long term.

External Initiatives

Strategy 1

Efforts to Expand New Business Domains

Strategic Target

- Support for Building Recurring and Subscription-Based Businesses

Progress

- We have completed the development of the IT infrastructure necessary to achieve our strategic goals, which has led to the conclusion of several tangible business deals.

Strategy 2

Delivery of Enhanced Value through Advanced Product and Service Offerings

Strategic Target

- Develop and expand cloud solutions
- Support partner companies developing DX products

Progress

- In addition to the Group's BPO services, we have been enhancing alliances with startup companies that provide solutions using AI technologies to operate high-value-added businesses combining data and digital technologies.

Human Resource Development Initiatives to Promote the Use of Generative AI

In addition to improving daily operational efficiency, we have been advancing human resource development initiatives to help employees utilize generative AI as a partner to bounce ideas off to support sales proposals.

As part of these efforts, we held a reverse mentorship workshop. This workshop involved executive officers and junior employees and integrated perspectives across generations, enhancing their critical thinking and proposal-making skills.



Acquisition of DX Certification

Fuyo General Lease Co., Ltd., WorkVision Corporation, and Sharp Finance Corporation have acquired DX Certification under the DX Certification Initiative* of the Ministry of Economy, Trade and Industry.

* An initiative that provides national recognition for companies that comply with the basic elements of the Digital Governance Code, based on the Act on Facilitation of Information Processing.



Internal Initiatives

Strategy 3

Digital Support for Sales Activities

Strategic Target

- Enhance the sales management system
- Advance marketing through data coordination and analysis

Progress

- As part of our digital sales support initiatives, we have developed AI-powered tools for analyzing clients based on IR information as well as for searching for products and services across the Group. In addition, we conducted AI-based data analysis of activity records and have been testing technologies for automated scoring of sales performance evaluations and developing tools for bouncing ideas off AI to support proposal activities.

Strategy 4

Drastic Streamlining and Advancement of Business Operations, Flexible Workstyles, and Business Process Reform

Strategic Target

- Streamline internal business processes utilizing digital means
- Reskilling IT and DX personnel

Progress

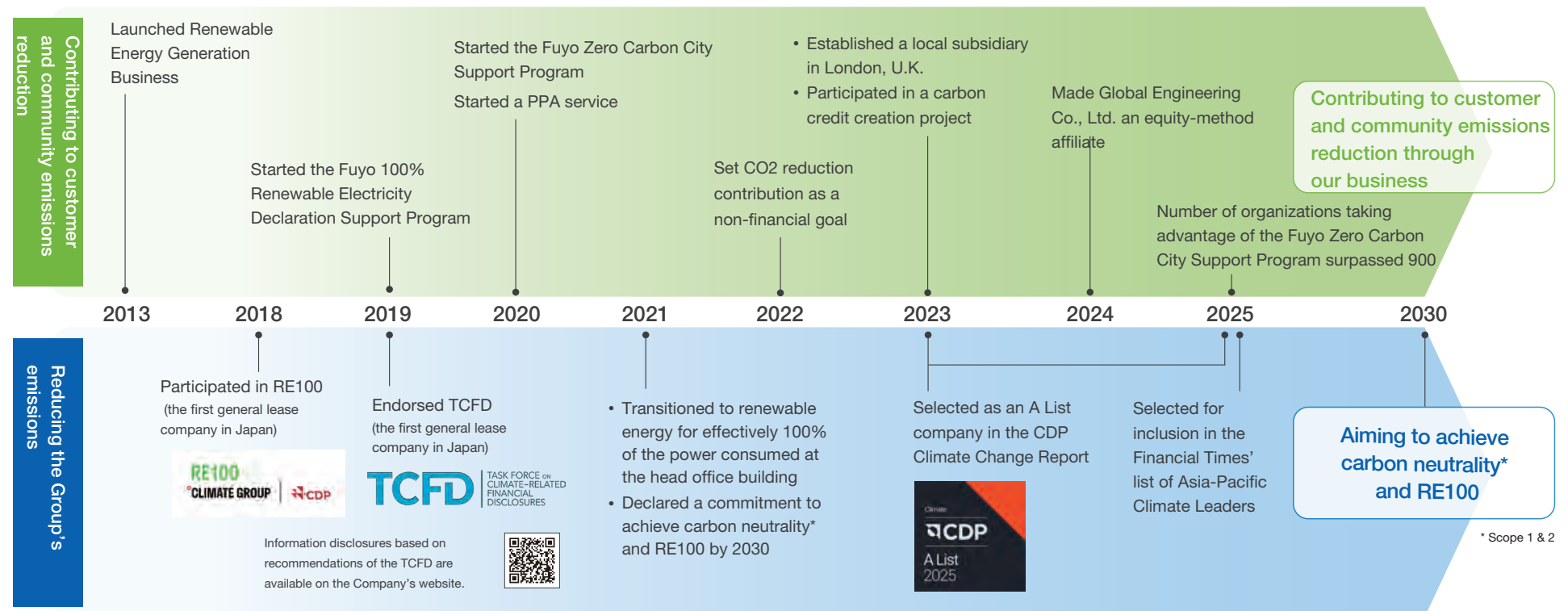
- Led by the Business Process & IT System Reengineering Project Team newly established in April 2025, we have begun developing a grand design based on the concepts of redesigning business processes around human and AI co-creation and rebuilding systems with a cloud-first approach.
- We are supporting employee DX practices by implementing initiatives to establish use of generative AI and business efficiency tools and arranging new DX training programs.



Contribution to the Realization of a Decarbonized Society

The Fuyo Lease Group has recognized the importance of initiatives toward a decarbonized society since starting its first solar power generation project in 2013, and became the first general lease company in Japan to join RE100 in 2018 (the 12th company in Japan). From the outset, we have remained committed to our own decarbonization as well as that of our customers and society through our business, and since 2022 we have been pursuing quantitative targets such as CO₂ emissions reduction contribution. We put the CSV approach into practice by viewing climate change as a business opportunity, which enables us to contribute to CO₂ emissions reduction across various domains, while simultaneously leading to earnings growth and sustainable expansion of new businesses.

Fuyo Lease Group Initiatives Toward Realizing a Decarbonized Society



Business Strategies Centered on Promoting Customers' Decarbonization (Reduction, Replacement, Complementary Measures)

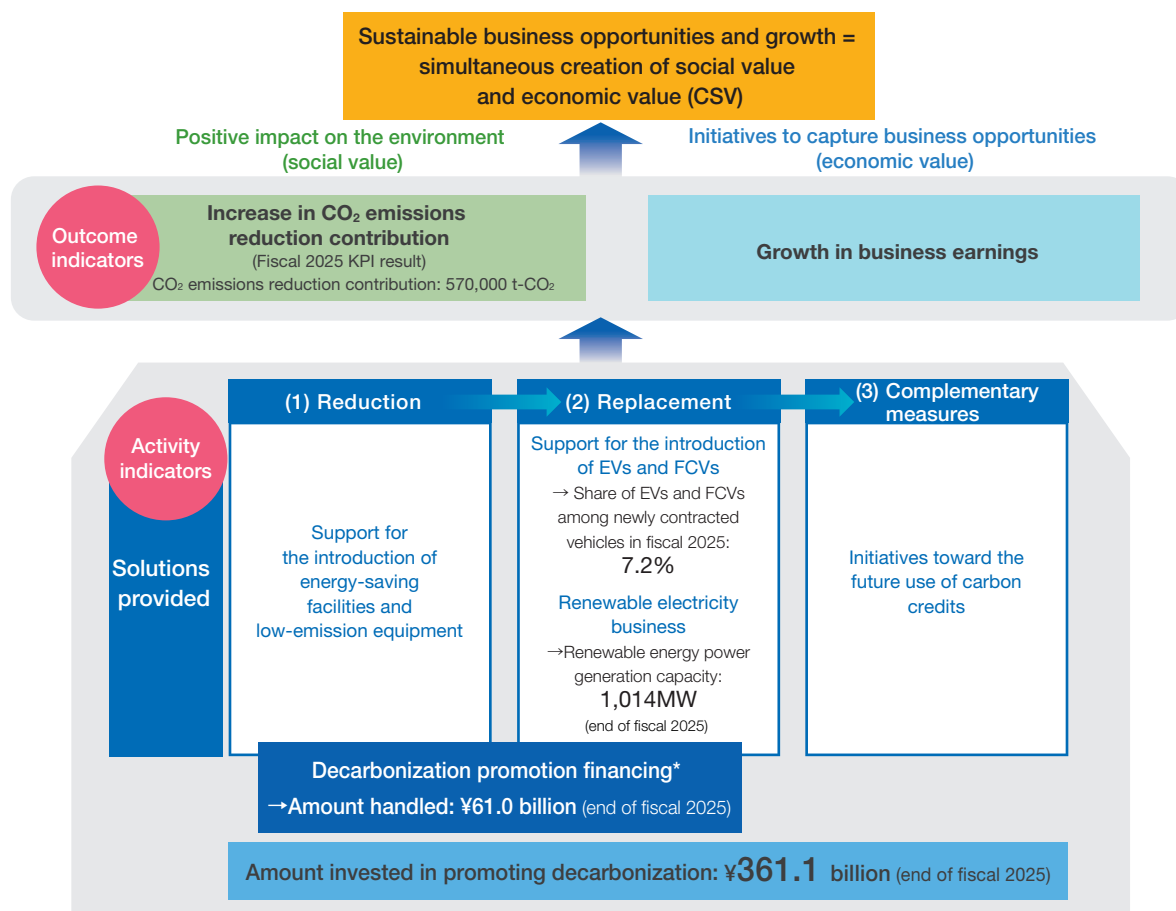
The Fuyo Lease Group is working to capture business opportunities related to climate change by supporting customers' initiatives toward decarbonization. Specifically, the Group takes an integrated view encompassing emissions reduction, energy transition, and future complementary measures, and provides solutions in the following domains.

Reduction	Support for the introduction of energy-saving facilities and low-emission equipment
Replacement	Support for the introduction of EVs and FCVs and energy transition through the renewable energy power business
Complementary measures	Initiatives with a view to supporting the future use of carbon credits

The Fuyo Lease Group has established activity indicators to quantitatively monitor progress in decarbonization-related businesses and CO₂ emissions reduction contribution as an outcome indicator to monitor the reduction in environmental impact through these business activities.

The results as of the end of fiscal 2025 for the KPIs established for each indicator have met their final targets for fiscal 2026 ahead of schedule. (For details, please see "Initiatives to Improve Social Value" on page 15.)

Social Issues: Addressing Emissions Restrictions (Carbon Pricing, GX-ETS, and SSBJ Regulations)



* Fuyo Zero Carbon City Support Program, Fuyo 100% Renewable Electricity Declaration Support Program, Fuyo Circular Economy Lease®

The Group's Initiatives Toward Decarbonization

The Fuyo Lease Group is working to reduce the environmental impact of its own business activities. Specifically, the Group is working to reduce emissions by promoting the use of renewable energy for the power it uses and managing Scope 1 and 2 emissions. As its targets for fiscal 2030, the Group aims to achieve 100% renewable energy use and carbon neutrality (Scope 1 and 2).

	Fiscal 2025 Results		FY2030 Targets
RE100 Targets*	Percentage of energy used that is renewable energy 99%		Percentage of energy used that is renewable energy 100%
CO₂ emissions* (Scope 1 and 2)	Compared to FY2020 39% reduction	Emissions 1,225 t-CO ₂ /year	Achieve carbon neutrality

* The scope includes Fuyo General Lease and its consolidated subsidiaries.

Topics

Supporting the GX Forum for Fostering Regional Prosperity (Organized by the Institute for Global Environmental Strategies (IGES))

In April 2026, a forum organized by the Institute for Global Environmental Strategies (IGES) was held with funding from a donation from the Fuyo Zero Carbon City Support Program. Through a keynote address by IGES President Kazuhiko Takeuchi, presentations by various speakers, and a panel discussion, green transformation (GX) was viewed not merely as a decarbonization initiative but also as a regional management issue spanning areas such as industrial promotion, disaster preparedness, and welfare. Participants discussed in depth the importance of the cross-sectoral governance required of local governments and their role in promoting regional decarbonization.

Fuyo Zero Carbon City Support Program: <https://www.fgl.co.jp/service/zerocarbon/> (in Japanese only)



Approach to Scope 3

The Fuyo Lease Group recognizes that, based on the characteristics of its business, emissions from operating assets (lease assets) account for a significant share of its total emissions. Because expansion in its business activities is accompanied by an increase in operating assets, this can consequently lead to an increase in Scope 3 emissions. While using CO₂ emissions reduction contribution to monitor its contribution to reducing environmental impact through its business activities, the Fuyo Lease Group is also working to enhance the quantitative monitoring and management of Scope 3 emissions. Going forward, considering the relationship between its business portfolio and climate-related risks, the Group will advance measures to achieve both emissions reductions and business expansion.

Topics

Signing of an Agreement for Mizuho Natural Capital Impact Finance with Mizuho Bank

Mizuho Natural Capital Impact Finance is an initiative in which Mizuho Bank establishes KPIs based on the stance, initiatives, and assessments regarding companies' nature positive management and, through regular monitoring and feedback, supports the continuous development of nature positive management and the creation of positive impacts on natural capital.

In collaboration with various stakeholders, the Company engages in projects and focuses on contributing to the conservation and restoration of natural capital through appropriate forest and rice paddy management. Going forward, the Company will advance initiatives, including disclosures based on the TNFD recommendations.

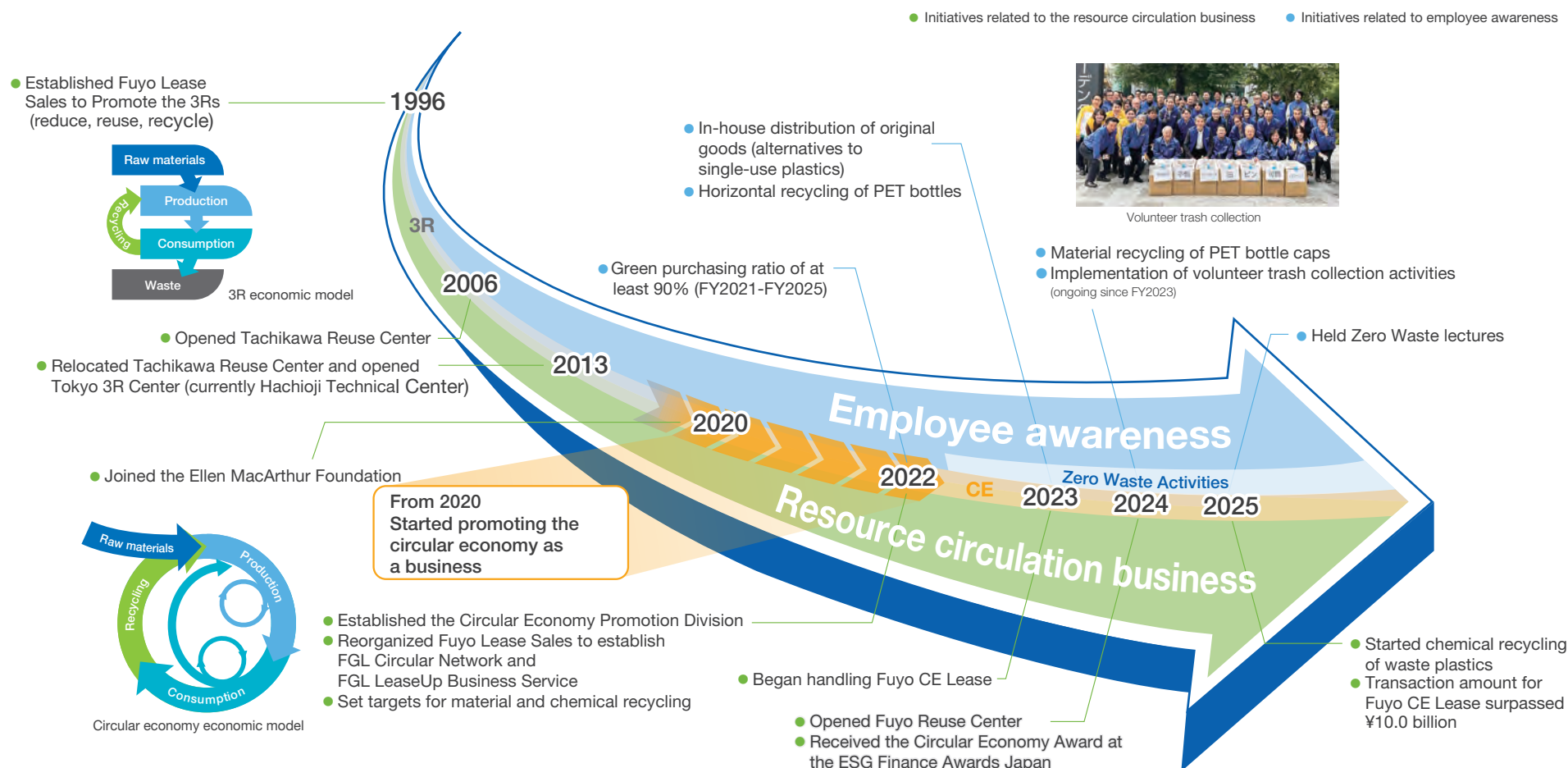
*1: Nature positive management: According to the "Transition Strategies toward a Nature Positive Economy" jointly formulated by the Ministry of the Environment, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, and the Ministry of Land, Infrastructure, Transport and Tourism, nature positive management is defined as "business management to position the concept of nature preservation as materiality in individual companies' value creation processes." Source news release: https://www.mizuho-bank.co.jp/corporate/sustainability/info/pdf/20260327_3.pdf (in Japanese only)



Contribution to the Realization of a Circular Society

As a leasing company that owns a large number of assets, the Fuyo Lease Group has moved beyond the promotion of the 3Rs (reduce, reuse, recycle) and was among the first to focus on the circular economy (CE), which serves an economic model with the aim of maintaining and recirculating the value of products and resources for as long as possible, while aiming to generate zero waste. Viewing this as a business opportunity to put the CSV approach into practice, we launched a business unit to advance these initiatives further. While raising employee awareness of a circular society, we will take on economic and technical hurdles as we continue striving to realize a circular society as a circular society platform provider.

Fuyo Lease Group's Path Toward Realizing a Circular Society



Results of Initiatives

	Initiatives	FY2025 Results	FY2026 Targets
Resource circulation business	Percentage of returned assets that are reused or recycled*1 (including thermal recycling)	100%	100%
	Percentage of materials/chemicals contained in waste plastics (from returned assets) that are recycled*1	95.6%	100%
	Number of Fuyo CE Lease corporate contracts	105	—
Employee awareness	Green purchasing ratio*2	94.3%	—

*1 Applies to leased (rental) assets returned to the Hachioji Technical Center of FGL Circular Network Co., Ltd.

*2 Cumulative purchasing ratio for a given fiscal year of eco-friendly products for paper and stationery

Percentage of returned assets that are reused or recycled

Leveraging our expertise and networks developed over many years as a leasing company, we achieved a 100% reuse and recycling rate for assets returned to our yards in fiscal 2022, and have maintained this rate since.

Percentage of materials/chemicals contained in waste plastics that are recycled

We are working toward practical implementation with the aim of achieving 100% recycling of waste plastics solely through material or chemical recycling, without incineration. The recycling rate has been steadily increasing each year due to technological improvements.

Fuyo CE Lease

Through their use of the Fuyo CE Lease program, our customers participate in product lifecycle management in line with the principles of the circular economy and thereby contribute to its promotion. The number of corporate contracts has been increasing as customers positively evaluate the program's product qualities.

Green purchasing ratio

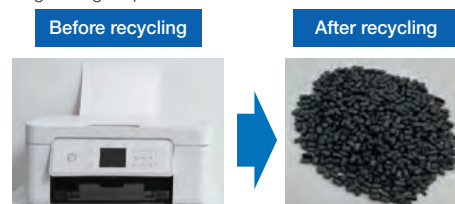
We set a target of at least 90% for purchases of paper and stationery and have consistently achieved this target since the initiative was launched in 2021. We strive to maintain and enhance employee awareness of green purchasing by providing daily feedback on performance.

Review of the Current Medium-Term Management Plan

Topics

On Track to Achieving Recycling of 100% of Materials/Chemicals Contained in Waste Plastics

Under the Medium-Term Management Plan, Fuyo Shared Value 2026, which began in fiscal 2022, the Fuyo Lease Group set an ambitious non-financial target of increasing the percentage of materials/chemicals contained in waste plastics (from returned assets) that are recycled to 100%. By sorting waste plastics by type of plastic material and working through a process of trial and error with our partner companies, we achieved a recycling percentage of 95.6% in the fourth year since the start of the medium-term management plan. In fiscal 2026, we will realize this initiative to contribute to a circular society by achieving a recycling percentage of 100%.



Topics

Lecture by Shuichi Takizawa (Zero Waste Activities)

Under the Zero Waste Activities undertaken by the entire Fuyo Lease Group since fiscal 2022, we are working to reduce waste generation, put resource circulation into practice, and foster awareness of these priorities. As part of these activities in fiscal 2025, we held a lecture by Shuichi Takizawa. The lecture, which incorporated Mr. Takizawa's firsthand experiences and specific examples from waste collection sites, generated a strong response and increased interest in waste issues. At the same time, it led to specific behavioral changes among employees, such as reviewing their daily waste sorting and purchasing behavior, and sharing what they had learned with their families and others around them.



Initiatives for Respect for Human Rights

The Fuyo Lease Group addresses business and human rights as one of its key CSV management initiatives.

We recognize that respect for human rights is a responsibility which companies must fulfill and a major prerequisite for conducting business activities.

Through CSV management, which will simultaneously solve social issues and improve sustainable corporate value, the Group will promote initiatives aimed at respecting human rights in order to become a company that is trusted by its customers, partner companies, and communities.



Fuyo Lease Group Human Rights Policy

We acknowledge that our business activities may have adverse impacts on human rights, and formulated the Fuyo Lease Group Human Rights Policy (hereinafter “the Policy”) in May 2022 in order to clarify our stance as a company that respects human rights. In accordance with the Policy, we will help to realize a society in which human rights are respected through our business activities. The Policy has been determined by a resolution of the Board of Directors following deliberation by the Executive Committee.

Fuyo Lease Group Human Rights Policy (Opening Passage)

The Fuyo Lease Group’s mission is to contribute to the realization of a more prosperous society and its sustainable development by boldly taking on the challenge of creating new value through developing and expanding our business. We have established a three-part Vision (what we wish to achieve) to enable us to become a group that is highly regarded by a multitude of stakeholders.

Vision

- **The group that anticipates social changes and takes on the challenge of yet unseen social issues**
- **The group that is trusted by customers and works together to create value**
- **The group that grows with employees by supporting the challenges and growth of each employee**

We are promoting the Medium-Term Management Plan, Fuyo Shared Value 2026, with Creating Shared Value (CSV), which simultaneously enables solutions to social issues and improvement of corporate value, positioned at the center of our management policy. Under this plan, we are addressing business and human rights as one of our key CSV management initiatives.

The Fuyo Lease Group recognizes that its business activities may have adverse impacts on human rights, and formulated the Fuyo Lease Group Human Rights Policy (hereinafter the “Policy”) in order to clarify its stance as a company that respects human rights. In accordance with the Policy, the Fuyo Lease Group will help to realize a society in which human rights are respected through its business activities.

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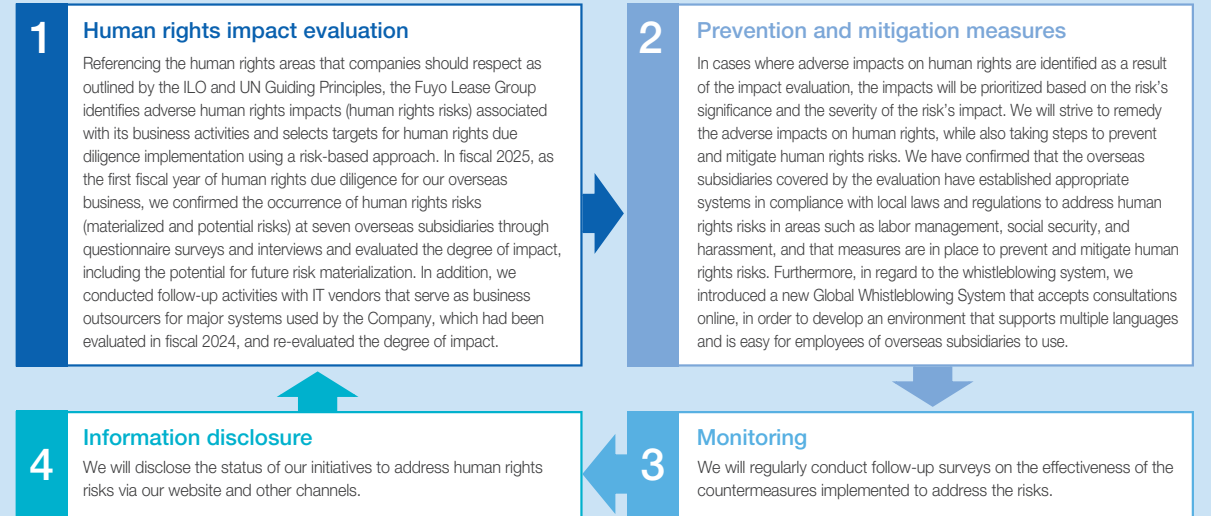
* The Fuyo Lease Group Human Rights Policy can be viewed on the Company’s website.



Human Rights Due Diligence Process

As one initiative for human rights due diligence based on the Group's Human Rights Policy, we make inquiries to business units and interview partner companies to identify issues that may have an adverse impact on human rights in our business, and implement countermeasures according to the significance of the risk. We will work to prevent and mitigate human rights risks by continually implementing this process. In fiscal 2025, with reference to the UN Guiding Principles, we established a new Human Rights Consulting Desk and began accepting consultations via our website as a human rights grievance mechanism for external stakeholders (access to remedy).

The Human Rights Due Diligence Process and Initiatives in FY2025



Human Rights Education and Awareness Raising Activities

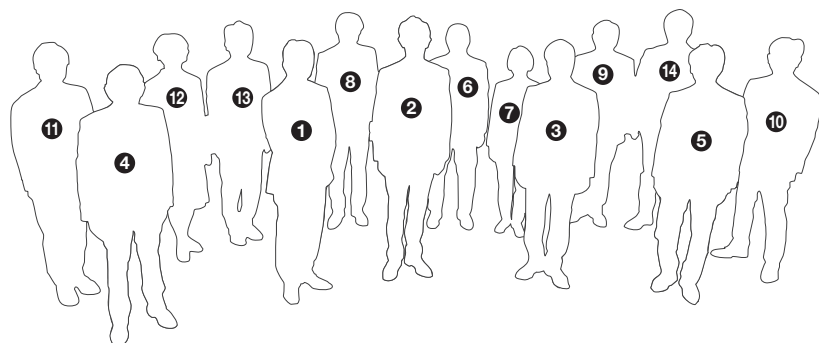
The Fuyo Lease Group continually provides human rights awareness training in its grade-specific training, which includes that for new employees as well as newly appointed assistant managers and section chiefs, with the aim of creating workplaces with fundamental respect for human rights. Through the publication of Compliance News and in-house digital signage to all Group employees, we raise their awareness of the Fuyo Lease Group's approach to human rights and labor as well as the importance of respecting them. Additionally, in fiscal 2018, we introduced a new video-based training program for all employees, as part of our efforts to raise human rights awareness throughout the Group. Furthermore, we are working to foster an awareness of respect for human rights by continually providing training on human rights to Fuyo Lease Group employees.

Description of Training Held in FY2025

Participant	Description of Training Held	Overview
Fuyo Lease Group's officers and employees	Human rights awareness training: "Realizing LGBTQ/Diversity: How to Respond to Different Ways of Coming Out by a Diverse Workforce"	E-learning course to acquire accurate knowledge about different ways of coming out and deepen understanding of unconscious discrimination and the prevention of outing
Fuyo Lease Group's employees	"Whistleblower Protection under the Whistleblowing System"	Video-based training to raise broad awareness that whistleblowers are protected under the whistleblowing system, thereby promoting understanding and use of the system
	"Responding to Customer Harassment"	Video-based training to raise broad awareness of how to respond when experiencing customer harassment and to learn how to avoid becoming perpetrators of customer harassment. A manual on responding to customer harassment has also been established and published.
Fuyo Lease employees (New hires, newly appointed managers)	Harassment training	Grade-specific training on preventing power harassment, sexual harassment, and other forms of harassment, as well as appropriate responses when incidents occur

Board Members

Board Members As of July 1, 2026



① Yasunori Tsujita

Director and Chairman

- Apr. 1981 Joined The Fuji Bank, Limited
- June 2013 Deputy President-Executive Officer, Member of the Board of Directors (Representative Director) of Mizuho Financial Group, Inc. (until June 2014)
- Nov. 2013 Deputy President-Executive Officer, Member of the Board of Directors of Mizuho Bank, Ltd. (until March 2015)
- June 2014 Member of the Board of Directors, Deputy President and Executive Officer (Representative Executive Officer) of Mizuho Financial Group, Inc. (until March 2015)
- Apr. 2015 Member of the Board of Directors of Mizuho Financial Group, Inc. (retired in June 2015)
- May 2015 Deputy President and Executive Officer of the Company
- June 2015 Director and Deputy President, Deputy President and Executive Officer, Representative Director of the Company
- Apr. 2016 President and Chief Executive Officer, President and Executive Officer, Representative Director of the Company
- Apr. 2022 Director and Chairman of the Company (current position)
- June 2022 Director and Chairperson of the Board of Directors of the Company (current position)

② Hiroaki Oda

President and Chief Executive Officer (Representative Director)

- Apr. 1986 Joined The Fuji Bank, Limited
- May 2009 General Manager, Kanda Corporate Division, Kanda Branch of Mizuho Bank, Ltd.
- June 2011 General Manager, Kudan Division No.1, Kudan Branch of Mizuho Bank, Ltd.
- Apr. 2013 General Manager, Corporate Banking Division No.11 of Mizuho Corporate Bank, Ltd.
- Apr. 2014 Executive Officer and General Manager, Corporate Banking Division No.11 of Mizuho Bank, Ltd. (retired in April 2016)
- May 2016 Managing Executive Officer of the Company
- Apr. 2021 Deputy President and Executive Officer of the Company
- June 2021 Director and Deputy President, Deputy President and Executive Officer, Representative Director of the Company
- Apr. 2022 President and Chief Executive Officer, President and Executive Officer, Representative Director of the Company (current position)

③ Keiji Takada

Director and Deputy President (Representative Director)

Apr.	1984	Joined The Fuji Bank, Limited
Apr.	2010	General Manager, Corporate Banking Division No.13 of Mizuho Corporate Bank, Ltd. (retired in March 2012)
Apr.	2012	General Manager, Corporate Business Division of the Company
Apr.	2014	Executive Officer and General Manager, Corporate Business Division of the Company
Apr.	2016	Managing Executive Officer of the Company
Apr.	2020	Senior Managing Executive Officer of the Company
June	2020	Senior Managing Director, Senior Managing Executive Officer of the Company
Apr.	2022	Director and Deputy President, Deputy President and Executive Officer, Representative Director of the Company (current position)

⑦ Hiroko Matsumoto

Director Outside Independent

Apr.	1983	Joined Toshiba Corporation
Apr.	2012	Head of Strategic Design Promotion Division Design Center of Toshiba Corporation (retired in March 2014) Specially appointed professor at Joshibi University of Art and Design
Apr.	2014	Professor of Joshibi University of Art and Design (current position)
June	2015	Director of Aisys, Inc. (retired in May 2019)
June	2017	Head of Career Support Center of Joshibi University of Art and Design (retired in May 2019)
June	2019	Head of Department of Art and Design of Joshibi University of Art and Design (retired in May 2021) Administrator of Joshibi University of Art and Design (current position)
June	2021	Vice-President of Joshibi University of Art and Design (current position) Head of Research Institute of Joshibi University of Art and Design (current position) Director of the Company (part-time) (current position)

⑪ Tomohiko Okazaki

Full-time Audit & Supervisory Board Member

Apr.	1990	Joined the Company
Apr.	2012	Manager, Legal & Compliance Division of the Company
Apr.	2018	Deputy General Manager, Legal & Compliance Division of the Company
Apr.	2022	General Manager, Group Internal Audit Division of the Company
Apr.	2025	Advisor of the Company
June	2025	Full-time Audit & Supervisory Board Member of the Company (current position)

④ Yusuke Kishida

Director and Deputy President (Representative Director)

Apr.	1986	Joined The Fuji Bank, Limited
Apr.	2012	Deputy General Manager, Financial Planning Division of Mizuho Financial Group, Inc. Deputy General Manager, Financial Planning Division of Mizuho Bank, Ltd. Deputy General Manager, Financial Planning Division of Mizuho Corporate Bank, Ltd.
July	2013	General Manager, Internal Audit Department of Mizuho Financial Group, Inc. (retired in March 2016)
Apr.	2016	Administrative Officer, General Affairs Division of the Company
Apr.	2018	Executive Officer and General Manager, Financial Planning Division of the Company
Apr.	2021	Managing Executive Officer of the Company
Apr.	2022	Senior Managing Executive Officer of the Company
June	2022	Senior Managing Director, Senior Managing Executive Officer of the Company
Apr.	2024	Director and Deputy President, Deputy President and Executive Officer, Representative Director of the Company (current position)

⑧ Kazuya Masu

Director Outside Independent

Apr.	1982	Joined Research Institute of Electrical Communication, Tohoku University
June	2000	Professor of Tohoku University (retired in March 2001) Professor, Tokyo Institute of Technology (currently Institute of Science Tokyo) (retired in March 2018)
Nov.	2002	Visiting Professor of Georgia Institute of Technology (retired in January 2003)
Apr.	2018	President of Tokyo Institute of Technology (currently Institute of Science Tokyo) (retired in September 2024)
Oct.	2024	Special Advisor of Institute of Science Tokyo (current position) Director of Global Research and Development Center for Business by Quantum-AI Technology (G-QuAT), National Institute of Advanced Industrial Science and Technology (AIST) (current position)
June	2025	Director of the Company (part-time) (current position)

⑫ Erino Nemoto

Full-time Audit & Supervisory Board Member Outside Independent

Dec.	2012	Registered as Attorney at Law Joined Nagashima Ohno & Tsunematsu (retired in September 2021)
Sep.	2017	Enrolled in the LL.M. (Master of Laws) Program at Harvard Law School (completed in May 2018)
Aug.	2018	Appointed as Visiting Scholar at Georgetown University Law Center (retired in September 2018)
Sep.	2021	Joined Bristol-Myers Squibb K.K. (retired in April 2026)
May	2026	Advisor of the Company
June	2026	Full-time Audit & Supervisory Board Member of the Company (current position)

⑤ Hiroshi Takahashi

Managing Director

Apr.	1987	Joined the Company
Apr.	2016	Deputy General Manager, Corporate Planning Division of the Company
Apr.	2017	General Manager, Corporate Planning Division of the Company
Apr.	2019	Executive Officer and General Manager, Corporate Planning Division of the Company
Apr.	2021	Managing Executive Officer of the Company
June	2024	Managing Director, Managing Executive Officer of the Company (current position)

⑨ Ryuichi Isaka

Director Outside Independent

Mar.	1980	Joined SEVEN-ELEVEN JAPAN CO., LTD.
May	2002	Director, Head of Food Department, Merchandising Headquarters of SEVEN-ELEVEN JAPAN CO., LTD.
May	2006	Director, Managing Executive Officer, Head of Food Department, Merchandising Headquarters of SEVEN-ELEVEN JAPAN CO., LTD.
Jan.	2007	Director, Managing Executive Officer, Head of Merchandising Headquarters and Head of Food Department of SEVEN-ELEVEN JAPAN CO., LTD.
May	2009	Representative Director, President, and Chief Operating Officer (COO) of SEVEN-ELEVEN JAPAN CO., LTD. Director of Seven & i Holdings Co., Ltd.
Jan.	2011	Director of 7-Eleven, Inc. (U.S.A.)
May	2016	Representative Director and President of Seven & i Holdings Co., Ltd. Director of SEVEN-ELEVEN JAPAN CO., LTD.
Apr.	2023	Representative Director, President, and Chief Executive Officer (CEO) of Seven & i Holdings Co., Ltd.
May	2025	Senior Advisor of Seven & i Holdings Co., Ltd. (current position)
June	2026	Director of the Company (part-time) (current position)

⑬ Hiroshi Imoto

Audit & Supervisory Board Member Outside Independent

Apr.	1981	Joined the Export-Import Bank of Japan (currently the Japan Bank for International Cooperation)
Oct.	2008	General Manager of International Management and Planning Division and Manager of International Management and Planning Division's Management and Planning Office of Japan Bank for International Cooperation
Jan.	2011	Director General for Western Japan of Japan Bank for International Cooperation
July	2011	Western Japan Representative for Industry Finance Department of Japan Bank for International Cooperation
Apr.	2012	Full-time Corporate Auditor of Japan Bank for International Cooperation (retired in June 2016)
June	2021	Outside Audit & Supervisory Board Member of the Company (part-time) (current position)

⑥ Masayuki Yamamura

Director Outside Independent

Apr.	1978	Joined Nippon Telegraph and Telephone Public Corporation (currently NTT, Inc.)
June	2008	Executive Vice President, General Manager of Tokyo Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (currently NTT EAST, Inc.)
June	2009	Executive Vice President, Senior Executive Manager of Network Business Headquarters of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June	2012	President, Representative Director of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June	2018	Counselor to the President of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
June	2019	Director of the Company (part-time) (current position)
Mar.	2020	Chairman of The Telecommunications Association (retired in March 2026)
June	2024	Director (part-time) of TOKYO GAS CO., LTD. (current position)
July	2024	Senior Advisor of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (currently NTT EAST, Inc.) (retired in June 2025)

⑩ Masato Morikawa

Full-time Audit & Supervisory Board Member

Apr.	1989	Joined the Company
Apr.	2008	Deputy General Manager, Finance Division of the Company
Apr.	2013	Deputy General Manager, Business Solution Division of the Company
Apr.	2014	Deputy General Manager, Advanced Products Marketing Division of the Company
Apr.	2018	General Manager, Aircraft Business Planning & Management Division of the Company
Apr.	2024	Advisor of the Company
June	2024	Full-time Audit & Supervisory Board Member of the Company (current position)

⑭ Eimei Ookubo

Audit & Supervisory Board Member Outside Independent

Apr.	1987	Joined Yasuda Fire and Marine Insurance Co., Ltd. (currently Sompo Japan Insurance Inc.)
July	2011	General Manager of Kanagawa Automotive Business Division of Sompo Japan Insurance Inc.
Sep.	2014	General Manager of Kanagawa Automotive Business Division of Sompo Japan Nipponkoa Insurance Inc. (currently Sompo Japan Insurance Inc.)
Apr.	2015	General Manager of Osaka Automotive Business Division II of Sompo Japan Nipponkoa Insurance Inc.
Apr.	2017	Executive Officer and General Manager of Kansai Division II of Sompo Japan Nipponkoa Insurance Inc.
Apr.	2019	Managing Executive Officer and General Manager of Kyushu Division of Sompo Japan Nipponkoa Insurance Inc. (retired in March 2021)
July	2021	Managing Executive Director (CFO) of Japan Automobile Recycling Promotion Center (retired in June 2025)
June	2025	Outside Audit & Supervisory Board Member of the Company (part-time) (current position)

Improving the Effectiveness of the Board of Directors

To enhance the effectiveness of the Board of Directors, the Company is establishing an environment in which Outside Directors can appropriately access the information they need, while deepening discussions on key themes through constructive dialogue with management.

Through these initiatives, the Company is working to strengthen its supervisory functions and improve the quality of decision-making that will contribute to increasing corporate value over the medium to long term.

Board Information Access (Information Access Environment for Directors)

Following on from the previous year, we are working to enhance opportunities for Outside Directors to access information, and are expanding opportunities for onsite inspections, preliminary briefings, and dialogue with management.

Opportunity	Overview	Aims and Benefits	Frequency
Board of Directors meetings	Decision-making and supervision regarding management strategy and important matters	A statutory meeting body. Ensure sufficient time for deliberations and conduct active Q&A and exchanges of opinions	11–12 times per year
Preliminary briefings	Preliminary briefings on important agenda items for Board of Directors meetings	An opportunity to receive briefings directly from officers in charge and others, engage in Q&A, and deepen understanding of the details of agenda items ahead of Board of Directors meetings	As above
Provision of Executive Committee meeting materials and minutes	Granting viewing access to materials and minutes prepared internally	An opportunity to understand the status of review and discussion by the Executive Committee (executive side) regarding agenda items for Board of Directors meetings	About 20 times per year
Training seminars and lectures	Training seminars and lectures by external instructors	An opportunity to select themes based on requests and other input from outside officers and deepen knowledge	2–3 times per year
Discussions on the next medium-term management plan	Exchanges of opinions related to the development of the next medium-term management plan	A forum held separately from Board of Directors meetings for exchanging opinions with outside officers from the stage before details are developed	3 times per year
Observation of internal meetings	Observation of Company-wide meetings, including meetings of heads of departments, offices, and branch offices	A forum for remotely attending the President's instructional talks and viewing reports from operational sites and deepening understanding of the Group's current situation	6 times per year
Onsite inspections (dialogue with employees)	Exchanges of opinions with employees in each division	An opportunity to sit together in a circle on the workplace floor, exchange opinions with frontline employees, including younger employees, and deepen understanding of issues and conditions at the workplace	2–3 times per year
Onsite inspections (customer visits)	Onsite inspections and exchanges of opinions with customer companies	An opportunity to deepen understanding of the Group's businesses by touring customer companies' operational facilities, seeing assets and services firsthand, and directly exchanging opinions with their personnel	1–2 times per year

Main Subjects of Dialogue Between Outside Directors and Management

By fostering repeated discussions between Outside Directors and management on a wide range of subjects through various opportunities, the Company is working to enhance the Board of Directors' deliberations and improve its effectiveness.

Subject	Main Subjects	Key Discussion Points at Board of Directors Meetings
Corporate strategy and value creation	- Business progress reports for each domain - Initial discussion on the development of the next medium-term management plan	- Issues in each domain and future measures - Expansion of new business domains, business portfolio management, and overseas strategy to enhance corporate value over the medium to long term
Human capital	Human resources development and securing talent, diversity	Development of human resources with the expertise and diversity needed to support business expansion, measures for hiring career professionals, and the appropriate form of personnel and compensation systems
Governance	- Group governance - Corporate governance structure	- Evaluation of Group companies and status of progress on PMI - Appropriate future corporate governance structure considering the roles and functions of the Board of Directors
Risk management	- The Group's risk management framework and cyber security - Review of the root causes of the European renewable energy matter	- Status of development of risk management and cyber security systems at Group companies - Revision of the risk management system in light of the root cause review
Others	- Status of dialogue with shareholders - Results of the employee awareness survey - Internal audit results and plans	- Enhancement of efforts to communicate the Group's appeal to the capital markets - Carefully tailored responses based on the results of analysis - Details of risk assessment and embedding a risk culture in the first of the three lines

Examples of Dialogue

We also carry out active dialogue with Outside Directors on growth strategies and human capital, both of which serve as the foundations for the Company's sustainable value creation.

In terms of growth strategies, the Outside Directors have made suggestions such as "It is crucial to establish strategies that take into account the links between the Japanese government's 17 strategic fields and the Company's business domains," and expressed opinions such as "We may have reached the stage where we should consider bold acquisitions to drive growth, after identifying the domains and companies to target."

In regard to human capital, Outside Directors have offered opinions including, "It is important to strengthen hiring of career professionals and develop flexible personnel systems in order to secure and develop professional human resources and DX personnel in new domains," and "We may be at the stage in which business divisions should take the lead in human resources management in specialized domains, while the Human Resources Division considers the development of human resources across the Company from a cross-functional perspective." In these and other ways, discussions are being held that view management strategy and human capital strategy as an integrated whole.

In response, the executive side has shared its policy of identifying priority domains in preparation for the next medium-term management plan, while also advancing organizational transformation through the redesign of the human resources portfolio, the development of professional human resources, and the use of AI.

Comments by Outside Directors



Masayuki Yamamura

- Corporate management (communications and technology)
- Finance and accounting
- IT and technology
- Internal control and management

The Fuyo Lease Group has taken on a wide range of challenges under the previous and current medium-term management plans. The significant growth in both net sales and profit over this period is a major achievement of management. Over the course of this growth, under the slogan "Go Where No One Has Gone Before," the Group has substantially transformed its business from that of a traditional finance lease company and has reached a stage where there are high expectations for future growth.

However, leading companies in the same industry have grown into companies with market capitalizations of ¥1 trillion by making active use of bold M&A and other measures and have achieved PBRs of 1.0 times.

I believe that the Fuyo Lease Group's next priority for further growth is to achieve a PBR of above 1.0 times, as expected by shareholders, by setting ambitious targets with an eye to the next 5 to 10 years, tackling even bolder challenges than before, and further enhancing its competitiveness and presence.



Hiroko Matsumoto

- University education, industry-government-academia partnership, and product design
- Human resources development

The Fuyo Lease Group's greatest management resources are its diverse Group companies and the wide range of human resources within them. I believe that developing this potential into innovative, entirely new business concepts and solutions will be key to sustainable growth.

To do so, the Group must develop human resources who understand its diverse Group companies and possess the cross-organizational thinking and execution capabilities needed to envision ways to contribute to society and what lies beyond customers' requests, rather than confining their activities to individual organizations. Furthermore, the Group must establish a "super co-creation" framework in which such human resources bring out the Group's collective capabilities and unite the entire Group as one. I firmly believe that this will become a unique strength of the Fuyo Lease Group.



Kazuya Masu

- University education and technical business development
- Global business
- IT and technology
- Human resources development

I have strongly felt that the source of new value creation at the frontlines of university management and research and development lies in the integration of diverse knowledge and human resources. The Fuyo Lease Group has transcended the boundaries of traditional leasing and evolved significantly into a corporate group that brings together human resources with a wide range of expertise through the expansion of its business domains and M&A.

I highly commend the Group's efforts in taking on this challenge. Meanwhile, achieving sustainable growth requires more than simply bringing together diverse human resources. It is also essential to connect their respective experience and expertise and create a new set of shared values across the Fuyo Lease Group, while continuing to evolve the corporate culture itself. I expect that continually creating new value by bringing together diverse knowledge both to solve social issues and enhance corporate value will lead to further growth for the Fuyo Lease Group.



Ryuichi Isaka

- Corporate management (retail)
- Global business
- Internal control and management

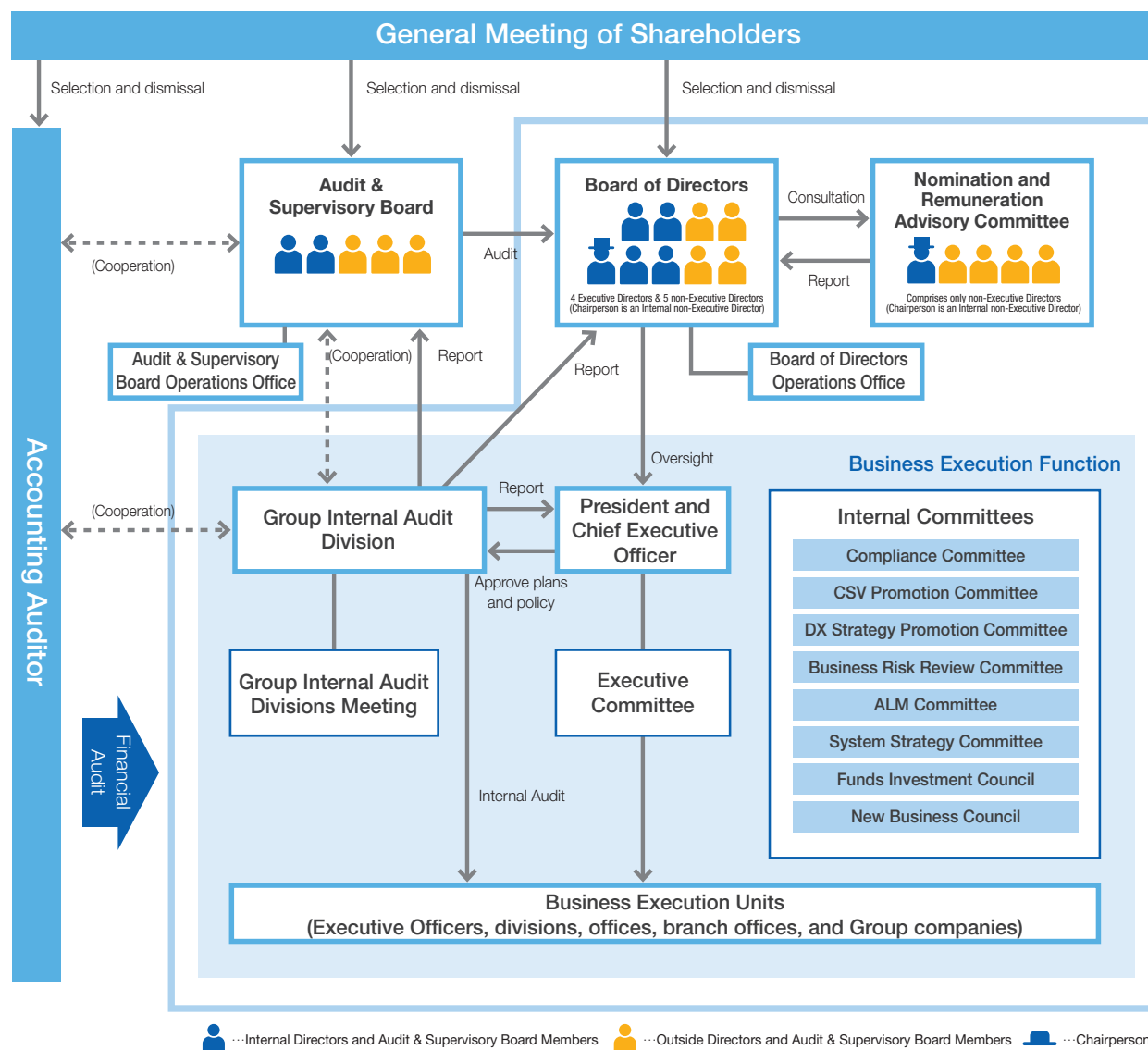
Newly appointed in
June 2026

Corporate Governance

Corporate Governance Approach and Structure

The Fuyo Lease Group places strong emphasis on creating and maintaining relationships with various stakeholders, including shareholders, customers, employees, and local communities. We believe that the fundamental and most important objective of corporate governance is to perform business activities with sincerity and fairness in line with the Group's Mission, Vision, and Values and to achieve the management goals outlined in the Group's Medium-Term Management Plan, Fuyo Shared Value 2026 for fiscal years 2022 through 2026. To achieve sustainable growth and increase corporate value over the medium to long term, we have established our own Corporate Governance Guidelines which align with the purpose and spirit of Japan's Corporate Governance Code. These Guidelines serve as the foundation for our corporate governance framework, operating policies, and other management policies, to which we adhere in everything we do. Fuyo General Lease (Fuyo Lease) employs the format of a company with an Audit & Supervisory Board. It has three Outside Audit & Supervisory Board Members who are independent from the Company. In addition, to improve the supervisory function of the Board of Directors, four Outside Directors who are independent from the Company are appointed to supervise and advise on execution of operations from an outside perspective.

Corporate Governance Structure (Fuyo General Lease Co., Ltd)



Strengthening Corporate Governance

Fuyo Lease has implemented various initiatives aimed at strengthening corporate governance. Initiatives from 2015 onward are as follows.

Year	Initiative	Objective
2015	- Increased the number of Independent Outside Directors from one to two - Established the Corporate Governance Guidelines - Set up the Nomination and Remuneration Advisory Committee	- To strengthen the management oversight structure - To comply with the Japanese Corporate Governance Code - To ensure independence and objectivity in the decision-making process for matters such as nomination and remuneration
2016	Started analyzing and evaluating the overall effectiveness of the Board of Directors	To verify the effectiveness of roles, functions, etc. of the Board of Directors and to make ongoing improvements
2018	- Increased the number of Independent Outside Directors from two to three - Introduced a new stock-based compensation plan (Board Benefit Trust (BBT))	- To strengthen the management oversight structure - To strengthen links between board remuneration, shareholder value, and achievement status of the medium-term management plan
2019	- Released an English version of the Corporate Governance Report - Began reporting annual internal audit results and annual plans and policies to the Board of Directors	- To enhance external disclosure related to corporate governance - To expand reporting lines for internal audits
2021	- Increased the number of Independent Outside Directors from three to four - Revised Corporate Governance Guidelines	- To strengthen the management oversight structure - To comply with the revised Japanese Corporate Governance Code
2022	- Appointed a non-Executive Director as Chairperson of the Board of Directors and comprised the Nomination and Remuneration Advisory Committee of non-Executive Directors - Regarding indicators used for the calculation of performance-linked compensation based on the new medium-term management plan, changes were made to financial items, and non-financial items were added	- To separate execution and supervision - To ensure the steady achievement of financial and non-financial goals in the new medium-term management plan
2026	- Increased the number of Outside Audit & Supervisory Board Members from two to three - Established the Audit & Supervisory Board Operations Office	To strengthen the management oversight structure

Internal Committees

Compliance Committee	The Compliance Committee discusses matters related to the promotion of compliance systems and the formulation of compliance programs (annual plan)
CSV Promotion Committee	The CSV Promotion Committee directs CSV promotion and deliberates on materiality planning, etc.
DX Strategy Promotion Committee	The DX Strategy Promotion Committee directs overall DX strategies and deliberates on the development of frameworks for the promotion of the strategies and necessary IT systems and the formulation of sales strategies
Business Risk Review Committee	The Business Risk Review Committee deliberates on projects that have a significant influence on management and policies for initiatives regarding business models and monitors the status of business risk, including credit risk
ALM Committee	The ALM Committee deliberates on specific measures for market risk management, including interest rates, foreign exchange, and price fluctuations and monitors market risk situations
System Strategy Committee	The System Strategy Committee discusses and promotes overall strategies for the Company's IT systems
Funds Investment Council	The Funds Investment Council deliberates on the establishment of investment limits regarding investment projects related to funds and monitors management status
New Business Council	The New Business Council deliberates on new projects that may generate new business fields
Group Internal Audit Divisions Meeting	The Group Internal Audit Division Meeting shares information, advises Group companies and promotes collaboration among the Group Internal Audit Divisions

Board of Directors

FY2025 Attendance rate
12 meetings **97.4** %*

The Board of Directors is chaired by an Internal non-Executive Director and at least one-third of the board members are Independent Outside Directors. Additionally, non-Executive Directors make up at least half of the board, ensuring a separation between execution and oversight. The Board of Directors deliberates and decides on important matters such as management plans and risk management, as well as reporting on sustainability and CSV-related policies and progress, including non-financial goals (CO₂ emissions reduction contribution, engagement indicators improvement rates, etc.), progress with plans in each business domain, the status of shareholder dialogue, and supervising the Directors and Executive Officers in the execution of their duties.

* 3 Directors, total of 4 absences

Nomination and Remuneration Advisory Committee

FY2025 Attendance rate
4 meetings **100** %

Fuyo Lease has set up the Nomination and Remuneration Advisory Committee as a voluntary advisory body of the Board of Directors to ensure objectivity and independence in the process of determining nomination of officers, remuneration, etc. The members and Chairperson of the Committee are non-Executive Directors. The Committee deliberates on the nomination of candidates for appointment as Directors or Audit & Supervisory Board Members or removal thereof, remuneration for Directors, succession plans, and the analysis and evaluation of overall effectiveness of the Board of Directors. The Committee then reports its findings to the Board of Directors. The content of such findings is determined based on the consent of all members present at the meeting, or when such consent may not be obtained, on the consent of a majority of the members present at the meeting.

Audit & Supervisory Board

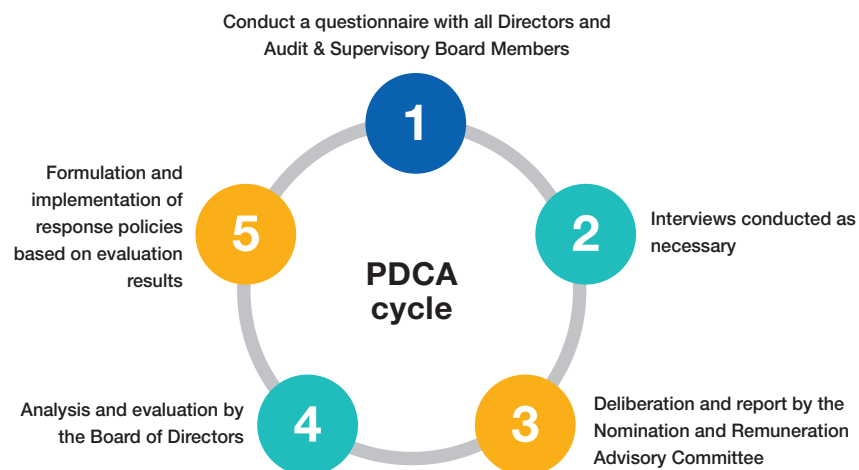
FY2025 Attendance rate
13 meetings **100** %

According to an audit plan prepared by the Audit & Supervisory Board, each Audit & Supervisory Board Member audits the execution of duties by Directors by attending important meetings, inspecting important documents, examining operations and assets and by hearing the audit findings of accounting auditors and the Group Internal Audit Division. Audit & Supervisory Board Members work closely with the Group Internal Audit Division and internal control departments to enhance audit quality. At the request of an Audit & Supervisory Board Member, an employee (a staff member from the Audit & Supervisory Board Operations Office) has been appointed to assist them.

Initiatives to Improve the Effectiveness of the Board of Directors

Fuyo Lease is engaged in a number of initiatives to ensure active and substantial discussions at its Board of Directors' meetings. Regarding the analysis and evaluation of the overall effectiveness of the Board of Directors, the Company conducted a questionnaire with all Directors and Audit & Supervisory Board Members as the target audience and held interviews as necessary. After deliberations and reporting by the Nomination and Remuneration Advisory Committee (the Company's corporate lawyers assist the secretariat for the Committee), of which Independent Outside Directors comprise the majority, the results of the analysis and evaluation were resolved by the Board of Directors.

Evaluation Process



Assessment Criteria

- 1 Composition, etc. of the Board of Directors**
- 2 Oversight and execution by the Board of Directors**
- 3 Operation of the Board of Directors**
- 4 Frameworks for supporting Outside Directors**
- 5 Summary**

Evaluation Results

The effectiveness of the Board of Directors was confirmed as its size, composition, functions, roles, operation, and all other evaluation items were recognized to be appropriate. It is necessary to continue to steadily promote and further establish measures to improve the functions of the Board of Directors and to constantly review the Board of Directors in response to changes in the internal and external environment.

Issues in Previous Fiscal Year	Details
Improvement of the Board of Directors' functions	- Reviewed the status of internal controls at our consolidated subsidiaries and reported to the Board of Directors on the Group's governance structure and its evaluation - Reported to the Board of Directors on the Group's risk management system and cyber security
Deepening discussions on medium- to long-term strategies	Held discussions with outside officers and further refined our business portfolio and business domain strategies based on those discussions *Please see p.48 for more details.
Enhancement of information provision to outside officers	Organized various events such as training sessions and onsite inspections in response to requests from Directors and Audit & Supervisory Board Members

Future Issues and Initiatives

We managed to achieve a certain level of improvement by implementing specific measures to address issues identified in the previous fiscal years. Building on this achievement, we aim to enhance the effectiveness of the Board of Directors by addressing the following challenges: strengthening Group governance and advancing risk management; enhancing reporting; further improving the Board of Directors' functions by strengthening the internal control system; fostering more active discussions on business portfolio strategy, allocation of management resources, and domain strategy from a medium- to long-term perspective; further enhancing the dissemination of information to the capital markets (investors, shareholders, etc.); and expanding training opportunities for Outside Directors.

Support for Outside Directors

The Company is taking steps to establish a support framework, which includes providing Outside Directors with information necessary for carrying out duties that include management oversight and audits. Specifically, this will involve providing Outside Directors with various forms of support, such that includes sending agendas for Board of Directors and Audit & Supervisory Board meetings in advance, offering pre-meeting briefings on items to be submitted to the Board of Directors, providing materials and minutes from Executive Committee meetings, offering opportunities to observe meetings of heads of divisions, offices, and branch offices, organizing onsite inspections, and facilitating opportunities to attend external seminars. These secretariat functions are managed by the Board of Directors Operations Office. Going forward, we will continue to provide support, incorporating the requests and opinions of our Outside Directors, to facilitate more substantive discussions. Please see p.47 for more details.

Director Qualifications and Nomination Procedures

① Policy and procedures for nominating and removing Directors and nominating candidates for Audit & Supervisory Board Members

Our Corporate Governance Guidelines set forth procedures for nominating and removing Directors in addition to the qualifications of Audit & Supervisory Board Members and procedures for nominating Audit & Supervisory Board Member candidates. Under these guidelines, a Director or Audit & Supervisory Board Member candidate must possess an outstanding character, a wide breadth of knowledge, abilities, experience, and high ethical standards. The guidelines also specify that candidates be nominated regardless of factors such as sex, age, and nationality, with the aim of achieving greater diversity. To ensure fairness and transparency regarding proposals for matters such as the selection and removal of candidates for Directors and Audit & Supervisory Board Members, the Board of Directors makes a final decision following a discussion by the Nomination and Remuneration Advisory Committee, which is comprised of a majority of Independent Outside Directors. Selection of Audit & Supervisory Board Member candidates is finalized by the Board of Directors upon consent of the Audit & Supervisory Board.

② Independence standards for Outside Directors and Outside Audit & Supervisory Board Members

Independence standards for Outside Directors and Outside Audit & Supervisory Board Members are stipulated in the Corporate Governance Guidelines in line with the independence standards prescribed in the Guidelines Concerning Listing Management, etc. established by the Tokyo Stock Exchange.

Skills Matrix

The chart below shows the areas where each Director and Audit & Supervisory Board Member is particularly expected to contribute significantly. This takes into account their expertise and experience, etc., to steadily implement and achieve the goals of the medium-term management plan.

				Areas Particularly Expected to Contribute (A maximum of four are listed)					
Name	Position, etc. and status of execution of duties	Nomination and Remuneration Advisory Committee	Years in office	Corporate, etc., management (industry)	Finance and accounting	Global business	IT and technology	Human resources development	Internal control and management
Directors	Yasunori Tsujita	Director and Chairman, Chairperson of the Board of Directors	Chairperson	11 years	● Finance (bank/leasing)			●	●
	Hiroaki Oda	President and Chief Executive Officer (Representative Director) President and Executive Officer		5 years	● Finance (bank/leasing)		●		
	Keiji Takada	Director and Deputy President (Representative Director) Deputy President and Executive Officer		6 years	● Finance (leasing)		●		
	Yusuke Kishida	Director and Deputy President (Representative Director) Deputy President and Executive Officer		4 years	● Finance (leasing)	●			●
	Hiroshi Takahashi	Managing Director Managing Executive Officer		2 years	● Finance (leasing)	●			●
	Masayuki Yamamura	Director Outside Independent	Member	7 years	● Telecommunications and technology	●		●	●
	Hiroko Matsumoto	Director Outside Independent	Member	5 years	● University education, industry-government-academia partnership, and product design			●	
	Kazuya Masu	Director Outside Independent	Member	1 year	● University education and technical business development		●	●	●
Audit & Supervisory Board Members	Ryuichi Isaka	Director Outside Independent	Member	New election	● Retail		●		●
	Masato Morikawa	Full-time Audit & Supervisory Board Member		2 years	● Finance (leasing)	●	●		
	Tomohiko Okazaki	Full-time Audit & Supervisory Board Member		1 year	● Finance (leasing)				●
	Erino Nemoto	Audit & Supervisory Board Member Outside Independent		New election			●		●
	Hiroshi Imoto	Audit & Supervisory Board Member Outside Independent		5 years	● Finance (international finance)		●	●	●
	Eimei Ookubo	Audit & Supervisory Board Member Outside Independent		1 year	● Finance (insurance)	●			

(Note) 1. The above table does not show all the insight and experience held by each Director and Audit & Supervisory Board Member.

2. Of the 14 Directors and Audit & Supervisory Board Members, 12 are male and 2 are female. Years in office are calculated based on the number of months.

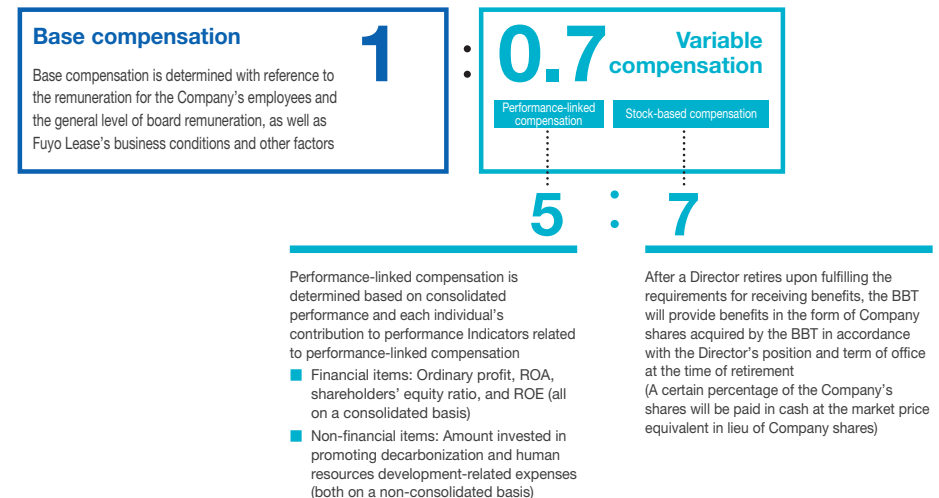
Board Remuneration

Fuyo Lease has a basic policy to link board remuneration to corporate performance and shareholder value to boost their morale and motivate them to improve the Company's financial performance and share price, ensuring stable performance and growth, while enhancing corporate value. Regarding determination of remuneration for individual board members, the basic policy is to set it at an appropriate level, considering each board member's respective responsibilities and other factors. The Company has introduced performance-linked compensation and stock-based compensation (Board Benefit Trust (BBT)) as variable compensation systems, in addition to base compensation provided as fixed compensation. The amount of performance-linked compensation is determined based on factors such as consolidated performance, degree of contribution to Company performance and efforts to address medium- to long-term management issues. The stock-based compensation plan is designed to further clarify the link between officers' compensation and the value of the Company's shares and to further raise officers' awareness of contributing to improving business performance and increasing corporate value over the medium to long term. Taking into consideration the average ratio of remuneration in listed companies and other factors, the ratio of remuneration and the breakdown of variable compensation are as shown in the chart to the right. Directors' remuneration is discussed by the Nomination and Remuneration Advisory Committee to ensure greater transparency and objectivity. Internal Directors who do not execute operations are paid fixed compensation and stock-based compensation, while Audit & Supervisory Board Members and Outside Directors who have supervisory functions are paid fixed compensation only because the concept of performance-linked compensation and stock-based compensation is not suitable for the nature of their duties. Fuyo Lease stipulates in its internal rules that if a Director causes significant damage to the Company or engages in inappropriate conduct, etc., the Director will be subject to a reduction or non-payment of their base compensation or performance-linked compensation, or cancellation of their right to receive stock-based compensation.

Basic Policy on Cross-Shareholding and Status in Fiscal 2025

- With regard to cross-shareholdings other than pure investments, the Company's policy is to hold shares that have a business objective or necessity, such as maintaining or strengthening business alliances and dealings, and which are deemed to contribute to enhancing the corporate value of the Group in the future.
- For listed shares held as cross-shareholdings, the Board of Directors conducts an annual review of each stock to assess the benefits and risks associated with holding it, comparing these against the cost of capital to verify its medium- to long-term economic rationality and future prospects. As a result of this review, shares determined to no longer have a meaningful purpose for holding will be sold to reduce cross-shareholdings.

Internal Director Remuneration Composition



Board Remuneration, etc. (FY2025)

Officer Classification	Total Amount	Breakdown of Remuneration			Number of Officers Applicable
		Base Compensation	Performance-linked Compensation, etc.	Non-monetary Compensation, etc.	
Directors	¥339 million	¥222 million	¥46 million	¥70 million	10
Outside Directors	¥52 million	¥52 million	–	–	5
Audit & Supervisory Board Members	¥64 million	¥64 million	–	–	5
Outside Audit & Supervisory Board Members	¥24 million	¥24 million	–	–	3

(Notes) 1. Performance-linked compensation is the amount that should be recorded as expenses in fiscal 2025.

2. Non-monetary compensation is a Board Benefit Trust (BBT). The amount of the BBT is the amount that should be recorded for the fiscal year under review based on the number of points granted or expected to be granted during the fiscal year.

Number of Stocks and Monetary Amounts Reported on the Balance Sheet

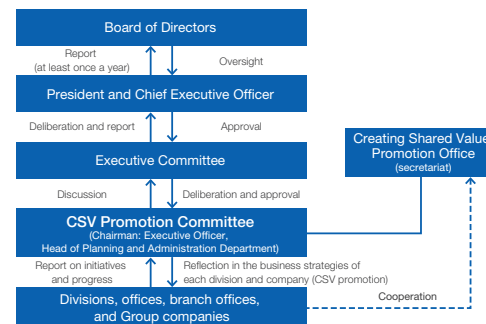
	Number of stocks (stocks)	Total monetary amounts reported on the balance sheet (million yen)
Unlisted stocks	49	5,226
Stocks other than unlisted stocks	77	118,368

CSV Promotion System

CSV Promotion System

To promote sustainability and CSV-related initiatives, the Group established the CSV Promotion Committee, which is chaired by the executive officer who is head of the Planning and Administration Department, and its membership consists of the general managers of the major units of the Corporate Department and Business Department <Products & Solutions>. The committee formulates policies, strategies, indicators, and targets taking into account risks and opportunities related to sustainability and CSV, monitors the progress of initiatives, and deliberates on matters that include materiality and progress of non-financial goals under the medium-term management plan. The content of discussions and reports of the committee are submitted to the Executive Committee for deliberation, and the overall sustainability and CSV policy for the Group, and the status of progress, are reported to the Board of Directors at least once a year, while the progress on non-financial goals is reported four times a year.

CSV Promotion System Structure



Major Discussion and Reports of the CSV Promotion Committee (FY2025)

	Topic for discussion
May 2025	Review of TCFD disclosure information
July	(1) Response items in the Integrated Report 2025 (overall policy and main composition) (2) Illustrative case studies of domain-based CSV initiatives (social impact real estate)
September	(1) Fiscal 2025 progress review of non-financial KPIs (2) Social issues and social impact in each business (with a view to formulating the next medium-term management plan)
March 2026	(1) Non-financial KPI targets for fiscal 2026 under the medium-term management plan (2) Summary report on social impact (3) Preparing for the Integrated Report 2026

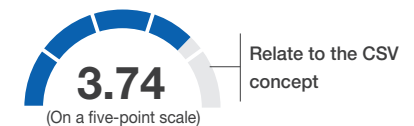
Integration of CSV Management and Mission, Vision, Values

In further promoting CSV management, the Fuyo Lease Group recognizes the importance of achieving more in-depth understanding of such matters across the entire Group, including its diverse corporate cultures, and linking such initiatives to value co-creation. As part of these initiatives, we continuously implement measures to enhance understanding, sharing, and practices of CSV and our Mission, Vision, and Values, while verifying the status of such efforts through employee awareness surveys.

Initiatives to Promote Understanding, Sharing and Practice for CSV and Mission, Vision, Values

FY2022	Held workshop to promote understanding of the Mission, Vision, and Values
FY2023	Held a social event for the local staff of overseas affiliated companies
FY2024	(1) Established the Great Value Award and the Value Award presented to employees who embody our Values (2) Established the "CSV Management Practice" at the Faculty of Economics, Oita University
FY2025	(1) Launched the Symphony Culture Salon internally and held a tasting event for employees featuring rice harvested as part of the paddy-based JCM creation project (2) Held the Fuyo Station event where Group company presidents share their respective companies' values across the Group

Survey of internal understanding of CSV*



* Average score from the Employee Awareness Survey conducted across 17 Group companies (3,243 employees) in Japan. The score remains at the same level as the previous fiscal year's result of 3.74.

Topics

Continuing to Hold the Great Value Award Program to Recognize the Embodiment of Our Values and Accelerating the Promotion of CSV in the Company

To promote the widespread adoption of CSV management, which balances solving social issues with enhancing corporate value, we held an awards program twice in fiscal 2025, once in each half-year period, to recognize initiatives that embody our guiding principles (Values). By focusing not only on the difficulty of each initiative but also on the process of actions leading to CSV and recognizing these efforts across the entire Group, we aim to further instill a CSV mindset in each and every employee.



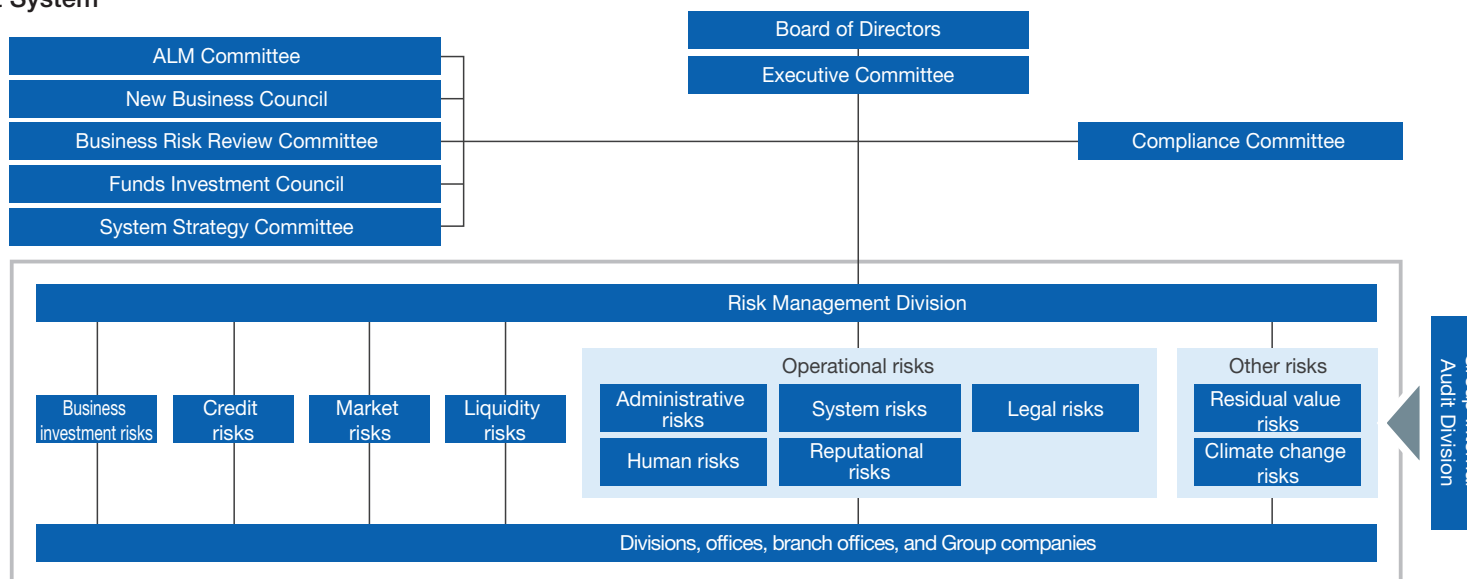
Risk Management

As stipulated in the Fuyo Lease Group risk management regulations, we have established a risk management approach at our locations across the globe to manage risks based on their particular risk characteristics and importance. Risks to be managed are categorized into credit, market (such as interest rate fluctuation risk), liquidity (such as cash flow risk), business investment risk administrative, system, legal, human, reputation, and other risks. Each type of risk is managed by a designated department. The Board of Directors and the Executive Committee receive updates on risk management, discuss risk management policies according to the characteristics and importance of each risk, and evaluate the effectiveness of risk management. The Asset and Liability Management (ALM) Committee meets on a regular basis to appropriately manage and control market and liquidity risks. These efforts enable us to establish an appropriate risk management approach, prevent the occurrence of risks, and minimize their impact when they do materialize. The Group identifies the risks to be managed by comprehensively extracting various risk events that are considered to potentially affect its business—such as an economic downturn, market fluctuations, and deteriorating conditions in individual markets—while ensuring sufficient coverage across its business domains, and by considering the scale and characteristics of the identified risks. In addition, as a risk governance system for the entire group, we have

established a “Three-Line Defense System” based on risk management by each business unit (first line), risk management by the risk control department and the department in charge of risk (second line), and verification by the internal audit department (third line). The designated risk management division formulates a basic policy for managing risks identified as targets, and conducts an appropriate analysis, evaluation and measurement of risks according to the size and characteristics of the relevant business and risk profiles. In addition, the designated risk management division monitors the status of risks held from an independent perspective, reports the results of monitoring to the Executive Committee, etc., and implements supervision of sales and marketing divisions with an approach geared to the situation.

Moreover, the risk control division has established integrated risk management systems to promote risk management by comprehensively identifying and evaluating risks by risk category, and to control risks with the scope of management capabilities. The Group has introduced risk capital management as a primary method of integrated risk management. Based on the amount of shareholders’ equity, we control risk by determining the allocation of risk capital for each risk category, taking into account the risk status of our existing portfolio and our latest business strategies.

Risk Management System



Integrated Risk Management Structure / Key Risk Categories and Management Methods

Integrated risk management is a framework for managing various business risks sorted by the risk categories. The risks are evaluated based on a common metric and compared against management capabilities (shareholders' equity). Within this framework, we employ various management methods, including risk capital allocation, quantitative assessments (VaR), and scenario analysis. Overall risks are overseen by the Risk Management Division. This allows us to accurately capture the diverse and complex changes in risk profiles as the Group expands its business domains. We are advancing our risk management capabilities that drive objective and strategic decision-making.

Risk Category		Department in Charge of Risk	Risk Definition	Method of Management
Credit risks		Credit Divisions	Risk of incurring losses due to a decline in the value of assets (including off-balance-sheet assets) caused by the deterioration of credit counterparties' financial conditions	- Setting credit limits, debtor rating system - Portfolio management, credit VaR measurement, etc.
Market risks		Finance Division	Risk of incurring losses due to fluctuations in the value of assets, liabilities, etc. caused by changes in market risk factors such as interest rates, exchange rates, stocks, bonds	Setting hedge ratios, market VaR measurement, etc.
Liquidity risks		Finance Division	Risk of incurring losses due to being forced to secure funds at exceedingly high interest rates, or facing difficulty in securing the necessary funds	Scenario analysis, setting risk response standards, etc.
Asset risks	Property price fluctuation risks	Risk Management Division	Risk of significant fluctuations in the value of owned assets, such as aircraft or real estate, due to economic downturns, interest rate fluctuations or changes in business conditions, and the risk that the sale prices of various leased assets may fluctuate and fall below their residual value	Market monitoring, asset VaR measurement, etc.
	Residual value risks			
Investment and financing risks	Business investment risks	Credit Divisions	Risk of not achieving the expected returns and a decline in the recoverability of investment amounts due to stagnant performance by investees or partners, and the risk of impairment losses on goodwill or other assets associated with M&A activity	Monitoring of business profit and loss, Goodwill impairment quantitative assessment of risk, etc.
	Goodwill impairment risks	Financial Planning Division		
Operational risks	Administrative risks	Administrative Planning & Innovation Division	Risk of incurring losses or damages in the course of business due to internal management issues or external factors, and the risk of incurring losses due to a deterioration in reputation	- Monitoring, loss data analysis - Improvement of systems related to business execution - Management of risk capital, which involves first deducting a certain amount from the risk capital
	System risks	Systems Planning Division		
	Legal risks	Group Legal & Compliance Division		
	Human risks	Human Resources Division		
	Reputational risks	Corporate Planning Division		
Others	Risks related to the external environment	Corporate Planning Division Risk Management Division	Climate change risks and risks due to natural disasters, etc.	These risks may not always be captured by statistical risk measurement methods and are therefore managed through risk scenario analysis, various stress tests, and monitoring through qualitative assessments

Potentially Significant Managerial Risks

To operate our business while contending with an increasingly complex risk environment, it is necessary to address not only the key risks listed above but also other significant risks. To this end, the Executive Committee regularly identifies and reviews significant risks encountered by Group management, including those listed above, formulates risk countermeasures based on

such findings, and regularly reports such matters to the Directors. Furthermore, we promote forward-looking risk management activities by promptly recognizing potential risks and addressing them appropriately through risk communication.

Risks in Business Operations

Listed below are the main factors that could pose risks to the development of the Fuyo Lease Group's business. We have deemed that these risk factors may have a significant impact on decisions of investors, based on the Group's judgment as of the date of filing its annual securities report (June 19, 2026). The following is not an exhaustive list of all the risks that could affect investment in the Company's shares.

Risk Factors in Business Development	
Risks relating to changes in capital expenditure trends and other factors	Credit risks
Risks relating to changes in factors such as interest rates, exchange rates, share prices and financing	Risks relating to changes in regulatory systems
Risks relating to strategic partnerships and corporate acquisitions	Risks related to disasters, etc.
Risks relating to business strategies	Risks relating to overall business operations
Decline in the value of assets in Real Estate, Aircraft, and Mobility & Logistics businesses	Administrative risks
Changes in the amount of power generated in the renewable energy generation business	System risks
Delays in delivery and deterioration of business quality in BPO services	Human risks relating to developing and securing human resources
Changes in overseas political and economic conditions in overseas business	Compliance risks
Cyber security risks and information security risks	Climate change risks
Risks related to promoting digital transformation (DX)	

* Please refer to our annual securities report for details on each section.

Response to Risks

The Fuyo Lease Group assumes various risks that may arise in the course of business development and is implementing measures to counter these risks. Details of the business risks for the Group are disclosed in our annual securities report, and major countermeasures are described below.

Risks Relating to Business Strategies

In development-oriented investments and financing for energy-related and other relevant businesses, there is a risk that project progress may be affected by various factors, such as the ability to obtain permission and approval from the government, tax policies, and the ability to secure funds. If an individual project fails to reach the commercial operation phase, at which the investment and financing can be recovered, it may require the recording of losses or additional contributions, which could affect the financial performance of the Group. To address these risks, the Group has established a system to carefully review business plans and continuously monitor operational performance and market trends even after investments and financing have been made.

Cyber Security Risks and Information Security Risks

With unauthorized access to information via the internet as well as cyber-attacks increasing daily and becoming more sophisticated, the Group recognizes that information security risks are an important management issue. In order to establish a strict information management system for the entire Group, data is strictly controlled by our information security manager in accordance with detailed rules, including the Confidential Information Management Rule. Additionally, each employee is thoroughly informed of the Management of Information Assets and Respect for Intellectual Property Rights section included in the Fuyo Lease Group Basic Compliance Policy as well as the Privacy Policy, and we have implemented level-specific information security training programs. In fiscal 2025, we conducted information security training for new employees.

Risks Related to Disasters, etc.

The Fuyo Lease Group has developed a system for responding to emergencies. In the event of a largescale disaster or emergency, the emergency response task force under the direction of the President will take measures necessary for ensuring safety and the continuity of our operations in accordance with the BCP Fundamental Principle and the Emergency Preparedness Regulations. We conduct regular drills to minimize damage and ensure business continuity. Following the relocation of our headquarters, we standardized disaster stockpiles across all Group companies and identified the highest priority business operations for continuity within our Group companies. Additionally, we have also built a Groupwide collaboration system for disaster response, which includes a liaison meeting held four times a year to share information with the persons in charge of disaster prevention at our Group companies.

Based on these experiences, since fiscal 2023, we have been reviewing and improving measures based on specific disaster scenarios, such as a major earthquake directly beneath the Tokyo metropolitan area or a Nankai Trough earthquake, and working to strengthen collaboration among our Group companies, aiming to improve our Business Continuity Plan (BCP) to be more practical. Specifically, these include ensuring communication means during a major disaster; detailing procedures for setting up an Emergency Response Task Force; creating a Q&A to guide employee actions in the event of a major disaster; securing power supplies and emergency stockpiles; strengthening our system capabilities; and enhancing the quality of BCP drills across the entire Group.

Compliance

Our Approach to Compliance and Compliance System

At the Fuyo Lease Group, ensuring compliance is a fundamental principle of management. We work to strengthen and enhance our compliance system, which enables us to operate with integrity and fairness by not violating social norms, while stringently complying with all laws, regulations and rules. This specifically involves promoting compliance throughout the Group by establishing various regulations and manuals, conducting education and training, and enhancing the whistleblowing system on the basis of the Fuyo Lease Group Basic Compliance Policy. In order to maintain and further improve our compliance systems, we arrange and carry out compliance programs every fiscal year. Matters associated with the compliance programs are approved by the Board of Directors following deliberations by the Compliance Committee, chaired by a Director and Deputy President, and the Executive Committee. Activity and progress reports of the programs are reported to the Board of Directors on a semi-annual basis and Directors provide supervision on the promotion of compliance. In addition, the Group Internal Audit Division conducts an annual audit of important issues in terms of compliance, and the results are used to improve initiatives and strengthen the system. Going forward, we will continue to fully promote compliance across the entire Group, while further enhancing our compliance systems across the Group in striving to improve their effectiveness.

Fuyo Lease Group Basic Compliance Policy

The Fuyo Lease Group has formulated the Fuyo Lease Group Basic Compliance Policy, which specifies guidelines for the entire Group. The policy strictly prohibits collusion with political and administrative authorities and business partners. In fiscal 2025, no instances of corruption were identified within the Group, and no employees were subject to disciplinary action associated with corruption.

Note: Descriptions of each item can be found on the Group's website.



Fuyo Lease Group Basic Compliance Policy

- | | |
|--------------------------------------|---|
| 1 Compliance with Laws and Rules | 6 Management of Information Assets and Respect for Intellectual Property Rights |
| 2 Respect for Human Rights | 7 Appropriate Disclosure of Information |
| 3 Commitment to Environmental Issues | 8 Avoidance of Relations with Anti-Social Forces |
| 4 Fair Business Activities | 9 Political Involvement; Government Relations |
| 5 Risk Management | |

Compliance Training

In seeking to ensure compliance, the Group implements workplace training and e-learning for all employees of the Company (including dispatch and contract employees) and employees of Group companies, and also arranges group training conducted by external experts for Directors as well as heads of divisions, offices, and branch offices.

Compliance Training (FY2025)

	Participant	Subject	# of Sessions
Group training and workplace training	New employees	Introduction to compliance, Fuyo Lease Group Basic Compliance Policy, exclusion of anti-social forces	1
		Information security, harassment prevention and insider trading regulations	1
	Newly appointed managers	Prevention of power harassment, whistleblowing system	2
	All employees (including contract and dispatch employees and part-time workers)	Protection of whistleblowers under the whistleblowing system / response to customer harassment	1
	Directors and heads of divisions, offices, and branch offices	Challenges and practical responses in overseas operations	1
E-Learning	Directors and all employees	Regulation for insider trading (e-learning material of the Japan Exchange Group)	2
	All employees	General issues on compliance	1

Whistleblowing Hotline

The Fuyo Lease Group has established and operates whistleblowing hotlines, both in-house and through a cooperating law firm. We provide guidance regarding these contact points through our intranet platform to enable reporting immediately upon having detected violations such as those of laws and the Code of Corporate Conduct, as well as harassment and misconduct. The whistleblowing systems accept anonymous reports to protect whistleblowers. At Fuyo Lease, the full-time Audit & Supervisory Board Members serve as contact points for accepting reports from the Group companies. We have also set up a contact point at the cooperating law firm for employees of overseas subsidiaries to submit reports, while implementing a multilingual global whistleblowing system. In fiscal 2025, 15 reports were received through the hotline. We investigated and appropriately handled each instance of reporting with due care to ensuring that whistleblowers were not subject to detrimental treatment.

Independent practitioner's assurance report



Translation

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

Independent practitioner's assurance report

Mr. Hiroaki Oda
President and Chief Executive Officer
Fuyo General Lease Co., Ltd.

Scope

We have been engaged by Fuyo General Lease Co., Ltd. (hereafter the "Company") to perform a "limited assurance engagement," as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Company's Key Environmental and Social Indicators (hereafter the "Subject Matter") of the Company and its major subsidiaries for the period from April 1, 2025 to March 31, 2026 as included in the Company's "the Fuyo Lease Group's Integrated Report 2026" (hereafter the "Report"). The Subject Matter for which assurance procedures were performed has been marked with a (☑) in the relevant sections of the Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Company

In preparing the Subject Matter, the Company applied the criteria, that it determined with consideration of Japanese environmental regulations as presented in the Company's Report (the "Criteria").

The Company's responsibilities

The Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error. In addition, Greenhouse gas (the "GHG") emissions are estimated using emissions factors, and the scientific knowledge on which such emission factors are based has not been established, thus being subject to inherent uncertainty.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter described in the Report based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)") and with respect to GHG emissions, the International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board, and the terms of reference for this engagement as agreed with the Company on April 7, 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared in all material respects in accordance with the Criteria. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Making enquiries regarding the Criteria, and evaluating the appropriateness thereof;
- Inspecting relevant documents with regard to the design of the Company's internal controls related to the Subject Matter, and enquiring of personnel responsible thereof;

- Performing analytical procedures concerning the Subject Matter; and
- Testing, on a sample basis, underlying source information, matching Subject Matter with the evidence and conducting relevant re-calculations.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter of the Company for the period from April 1, 2025 to March 31, 2026 is not prepared in all material respects in accordance with the Criteria.

Shin Matsumoto
Hiroshi Nishida
Engagement Partners
July 29, 2026
Ernst & Young ShinNihon LLC
Tokyo, Japan

Financial Section

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The consolidated financial statements on page 64 to page 123 and the independent auditor's report on the financial statements on page 124 to page 127 were first published on the Company's website on September 14, 2026 and are republished in this document.

Financial and Non-Financial Data (10 years)

Financial Data (consolidated)

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Net sales (billions of yen)	507.2	590.3	618.1	712.3	740.3	657.8	688.7	708.5	678.4	788.7
Cost of sales (billions of yen)	451.9	529.8	551.4	636.0	657.5	569.0	591.3	599.0	558.8	685.4
Gross profit (billions of yen)	55.3	60.5	66.7	76.3	82.7	88.9	97.3	109.6	119.6	103.2
Selling, general and administrative expenses (billions of yen)	26.5	27.8	31.0	34.9	38.2	42.8	45.8	49.5	54.9	62.7
Operating profit (billions of yen)	28.8	32.7	35.7	41.4	44.6	46.0	51.6	60.0	64.8	40.5
Ordinary profit (billions of yen)	31.4	35.2	39.1	44.0	48.0	52.7	59.7	68.4	69.0	38.2
Profit attributable to owners of parent (billions of yen)	20.0	21.9	25.5	26.2	29.6	33.9	38.9	47.2	45.3	21.6
Total assets (billions of yen)	2,300.1	2,430.5	2,593.0	2,752.6	2,979.3	2,949.7	3,151.6	3,390.3	3,580.4	3,843.7
Operating assets (billions of yen)	2,047.4	2,172.6	2,262.8	2,384.0	2,555.9	2,565.9	2,704.5	2,877.4	3,072.1	3,253.1
Interest-bearing debt (billions of yen)	1,900.7	2,000.3	2,122.7	2,251.7	2,446.7	2,377.6	2,521.7	2,688.6	2,812.8	3,010.7
Net assets (billions of yen)	259.2	282.6	295.0	311.8	344.8	374.2	410.2	477.3	538.1	568.3
Equity ratio (%)	9.9	10.2	10.1	10.0	10.2	11.3	11.6	12.7	13.3	13.1
Executed contract volume (billions of yen)	834.2	1,105.1	1,187.2	1,359.7	1,343.9	1,384.4	1,530.8	1,742.8	1,844.0	2,201.1
ROA (Ratio of ordinary profit to operating assets) (%)	1.6	1.7	1.8	1.9	1.9	2.1	2.3	2.4	2.3	1.2
OHR (%)	47.1	45.2	45.3	44.0	43.9	44.8	45.3	44.1	45.3	59.6
Cash flows from operating activities (billions of yen)	(154.3)	(104.4)	(80.0)	(108.8)	(35.1)	89.0	(24.1)	(112.1)	(136.4)	(164.9)
Cash flows from investing activities (billions of yen)	(4.6)	(5.7)	(9.4)	(11.2)	(6.0)	(15.7)	(12.4)	(3.1)	(35.7)	1.2
Cash flows from financing activities (billions of yen)	157.7	113.5	105.5	127.8	63.4	(101.5)	84.0	131.8	98.0	171.8
Cash and cash equivalents at end of period (billions of yen)	50.6	54.1	69.9	77.4	98.8	72.0	121.2	140.7	66.6	79.9
Basic earnings per share (yen) *1	220.60	242.14	281.56	290.65	328.73	376.84	433.09	523.81	501.66	239.13
Dividends per share (yen) *2	43.3	48.7	62.7	68.3	80.0	95.0	114.3	146.7	151.7	158.0

*1 The Company conducted a 3-for-1 split of its common stock on April 1, 2025.

The calculations have been made on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2017.

*2 The figures presented have been retroactively adjusted to reflect the stock split

Non-Financial Data (consolidated)

The data subject to the third-party assurance by Ernst & Young ShinNihon LLC is indicated with ☑

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
CO ₂ emissions (Scope 1, 2) (t-CO ₂)* ¹ * ² * ³ * ⁴	1,253	2,043	1,904	1,971	2,016	1,455	1,715	899	1,040	1,225 ☑
Scope 1 (t-CO ₂)* ¹ * ² * ³	163	770	707	688	603	584	558	532	727	1,215 ☑
Scope 2 (t-CO ₂)* ¹ * ² * ³ * ⁴	1,089	1,273	1,197	1,283	1,414	872	1,157	367	314	10 ☑
CO ₂ emission intensity (Scope 1, 2) (t-CO ₂ / billions of yen)	3.20	3.60	3.60	2.90	2.80	2.20	2.50	1.30	1.50	1.50
Green energy supply* ⁵ (Output) (MW)	86	111	149	229	283	318	515	705	876	1,014
Number of employees (Employees)	1,703	1,715	1,960	2,416	2,637	3,189	3,437	3,503	4,095	4,410
Retention rate of employees after 3 years* ⁶ (non-consolidated) (%)	85.7	100	94.3	89.7	88.9	94.7	93.0	100.0 ☑	—	—
Number of employees (non-consolidated) (Employees)	689	689	704	715	759	798	816	830	856	876
Turnover rate* ⁷ (non-consolidated) (%)	1.0	1.9	1.9	1.8	1.7	1.9	2.2	3.2	3.0	2.4 ☑
Number of female employees in management positions* ⁸ (non-consolidated) (Employees)	29	32	36	79* ⁹	113	130	141	148	155	156 ☑
Percentage of women in managerial positions* ⁸ (non-consolidated) (%)	9.1	9.9	11.5	21.1* ⁹	27.5	29.5	30.9	32.2	33.4	33.0 ☑
Employment rate of the disabled* ⁸ (non-consolidated) (%)	2.2	2.3	2.3	2.1	2.4	2.2	2.3	2.5	2.8	2.8 ☑
Rate of taking paid leave* ⁸ (non-consolidated) (%)	68.9	68.0	68.4	66.3* ¹⁰	72.0	82.3	93.5	93.3	92.8	92.3 ☑

*¹ Scope 1: Direct emissions from the use of fuel for company vehicles, natural gas, etc. Scope 2: Indirect emissions from the use of purchased electricity, etc.*² CO₂ emissions are calculated using the emission coefficient specified in the Ministerial Ordinance on Calculation of Greenhouse Gas Emissions Emitted by Specified Emitters. (Calculations concerning domestic electric power use the annual adjusted emission coefficients for general power transmission and distribution businesses that supply power in the regions where the offices to which the calculations apply operate. Calculations concerning overseas electric power use the emission coefficients of the specific country published by the International Energy Agency (IEA)) However, Fuyo General Lease and companies of the Fuyo Lease Group are not considered to be specified emitters.*³ The statistics are collected from all domestic offices of Fuyo General Lease Co., Ltd., Fuyo Auto Lease Co., Ltd., FGLGROUP Business Service CO., Ltd., FGL GROUP Business Service Co., Ltd., FGL Circular Network Co., Ltd., FGL LeaseUp Business Service Co., Ltd., Aqua Art Co., Ltd., FGL Techno-Solutions Co., Ltd., Sharp Finance Corporation, Accretive Co., Ltd., INVOICE INC., FUJITA Co., Ltd., Fuyo Outsourcing & Consulting Inc., YAMATO LEASE CO., LTD., WorkVision Corporation, Human Centrix Co., Ltd., CB Holdings Inc., Wako Pallet Co., Ltd., and CGM Co., Ltd., and solar power plant SPCs that are consolidated subsidiaries, as well as overseas affiliates and subsidiaries including Fuyo General Lease (USA) Inc., Fuyo General Lease (China) Co., Ltd., Fuyo General Lease (HK) Limited, Fuyo General Lease (Asia) Pte. Ltd., Fuyo General Lease (Taiwan) Co., Ltd., Fuyo General Lease (Thailand) Co., Ltd., FGL Aircraft Ireland Limited, Aircraft Leasing and Management Limited, FGL Aircraft USA Inc., Pacific Rim Capital, Inc., PLIC Corp., Ltd., and MATEHAN SIAM LAMBDA CO.,LTD. For the Fuyo Lease Group companies, figures from before the figures began to be aggregated are not indicated.*⁴ Electricity usage has been estimated for some locations. The estimation method is based on multiplying the area of the site subject to estimation by the electricity consumption per area of the Fuyo Lease head office, the entire building of the site subject to estimation, or the head office of the site subject to estimation.*⁵ Applicable investments made in the Renewable Energy Generation Business, project financing, etc. (power generation capacity is calculated based on ownership ratio or share)*⁶ Percentage of employees (new graduate hires) who joined the Company in the applicable fiscal year and remain employed as of April three years thereafter.*⁷ Applies to key career track, managerial career track and operations staff employees. Calculation of the turnover rate includes voluntary resignations, mandatory retirement, and other reasons for leaving (e.g., transfers). It does not include employees who have been re-employed on a contractual basis leaving at the end of their contracts.*⁸ Calculation criteria and methods are available on the Company's website.*⁹ In July 2019, our human resources system was revised to classify senior leaders (a position equivalent to the position of section chief) as managers. As a result, the number of female managers and the Percentage of women in managerial positions increased year on year for the fiscal year ended March 31, 2020.*¹⁰ Due to restrictions on the number of employees coming to work in conjunction with the spread of COVID-19, actual data on paid leave for eight Fuyo General Lease (USA) Inc. employees is not included.

Consolidated financial statements

Consolidated balance sheets

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets				
Current assets				
Cash and deposits	3	¥ 79,950	¥ 66,598	\$ 499,907
Installment receivables	3	57,904	54,901	362,062
Lease receivables and investments in leases	3	871,432	851,478	5,448,834
Operating loans		498,982	382,529	3,120,004
Accounts receivable - other loans to customers	3, 7	147,751	145,419	923,851
Operational investment securities		590,745	548,116	3,693,778
Other operating assets		25,485	32,016	159,356
Accounts receivable - lease	3	36,725	31,447	229,636
Other	3	105,964	104,834	662,570
Allowance for doubtful accounts		(2,475)	(2,158)	(15,481)
Total current assets		2,412,466	2,215,183	15,084,517
Non-current assets				
Property, plant and equipment				
Assets for lease				
Assets for lease	1, 3, 7	1,030,726	1,024,537	6,444,858
Advances for purchase of assets for lease		43,448	13,988	271,671
Total assets for lease		1,074,174	1,038,525	6,716,529
Other operating assets	1, 3	30,064	32,841	187,983
Own-used assets	1, 3	16,709	16,664	104,483
Total property, plant and equipment		1,120,948	1,088,031	7,008,995
Intangible assets				
Assets for lease		93	75	585
Other intangible assets				
Goodwill		36,948	39,184	231,029
Other	3	32,461	34,246	202,972
Total other intangible assets		69,409	73,431	434,001
Total intangible assets		69,503	73,506	434,586

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Investments and other assets				
Investment securities	2, 3	193,030	155,675	1,206,970
Distressed receivables		1,867	30	11,677
Retirement benefit asset		4,617	2,582	28,872
Deferred tax assets		6,948	4,635	43,449
Other		34,182	40,477	213,734
Allowance for doubtful accounts		(3)	(6)	(19)
Total investments and other assets		240,643	203,395	1,504,683
Total non-current assets		1,431,095	1,364,933	8,948,264
Deferred assets				
Organization expenses		1	2	9
Business commencement expenses		161	243	1,012
Total deferred assets		163	245	1,021
Total assets		¥ 3,843,725	¥ 3,580,361	\$ 24,033,802

The accompanying notes are an integral part of these statements.

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Liabilities				
Current liabilities				
Notes and accounts payable - trade	¥	46,457	¥ 36,454	\$ 290,483
Short-term borrowings		598,425	608,320	3,741,796
Current portion of bonds payable		81,600	94,496	510,223
Current portion of long-term borrowings	3, 7	528,503	441,624	3,304,594
Commercial papers		292,000	213,000	1,825,799
Payables under securitization of lease receivables	8	9,600	3,500	60,026
Current portion of long-term payables under securitization of lease receivables	8	3,673	3,555	22,968
Lease liabilities		4,092	4,555	25,591
Income taxes payable		14,114	9,011	88,252
Deferred profit on installment sales		1,662	1,319	10,397
Provision for bonuses		3,865	3,596	24,168
Provision for bonuses for directors (and other officers)		291	285	1,822
Provision for share awards for directors (and other officers)		66	99	418
Provision for loss on guarantees		601	50	3,760
Other	3	69,369	56,212	433,750
Total current liabilities		1,654,323	1,476,083	10,344,048
Non-current liabilities				
Bonds payable		414,323	407,470	2,590,652
Long-term borrowings	3, 7	1,071,126	1,034,488	6,697,469
Long-term payables under securitization of lease receivables	8	7,360	1,794	46,022
Lease liabilities		26	32	166
Long-term income taxes payable		–	41	–
Deferred tax liabilities		40,344	34,700	252,264
Retirement benefit liability		2,913	2,677	18,215

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Provision for retirement benefits for directors (and other officers)		300	280	1,881
Provision for share awards for directors (and other officers)		1,060	912	6,629
Provision for maintenance costs		3,998	925	24,999
Provision for loss on guarantees		196	221	1,228
Asset retirement obligations		6,194	5,706	38,731
Other		73,249	76,972	458,011
Total non-current liabilities		1,621,092	1,566,224	10,136,266
Total liabilities		3,275,416	3,042,307	20,480,314
Net assets				
Shareholders' equity				
Share capital		10,532	10,532	65,855
Capital surplus		1,887	1,902	11,799
Retained earnings		380,676	373,265	2,380,271
Treasury shares		(1,836)	(1,709)	(11,485)
Total shareholders' equity		391,259	383,991	2,446,440
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		77,192	55,417	482,662
Deferred gains or losses on hedges		(15,161)	(9,815)	(94,798)
Foreign currency translation adjustment		49,218	45,306	307,750
Remeasurements of defined benefit plans		374	466	2,340
Total accumulated other comprehensive income		111,623	91,374	697,954
Share acquisition rights		131	197	820
Non-controlling interests		65,295	62,491	408,274
Total net assets		568,309	538,054	3,553,489
Total liabilities and net assets		¥ 3,843,725	¥ 3,580,361	\$ 24,033,802

The accompanying notes are an integral part of these statements.

Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Net sales	1	¥ 788,669	¥ 678,395	\$ 4,931,341
Cost of sales	2	685,445	558,764	4,285,911
Gross profit		103,223	119,630	645,430
Selling, general and administrative expenses	2, 3	62,680	54,870	391,926
Operating profit		40,542	64,760	253,504
Non-operating income				
Interest income		426	341	2,666
Dividend income		3,734	2,934	23,354
Foreign exchange gains		–	429	–
Gain on investments in investment partnerships		122	65	763
Share of profit of entities accounted for using equity method		–	2,991	–
Recoveries of written off receivables		127	72	795
Reversal of allowance for doubtful accounts		1,143	715	7,148
Reversal of provision for loss on guarantees		–	32	–
Other		589	662	3,684
Total non-operating income		6,142	8,243	38,410
Non-operating expenses				
Interest expenses		4,320	2,942	27,015
Bond issuance costs		43	69	273
Foreign exchange losses		1,076	–	6,730
Loss on investments in investment partnerships		597	248	3,737
Distributions of profit or loss on silent partnerships		459	401	2,872
Share of loss of entities accounted for using equity method		1,737	–	10,866
Other		201	306	1,259

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Total non-operating expenses		8,436	3,967	52,753
Ordinary profit		38,249	69,036	239,161
Extraordinary income				
Gain on sale of investment securities		1,424	33	8,909
Gain on bargain purchase		1,040	–	6,506
Compensation income for damage	4	100	–	631
Other		88	–	551
Total extraordinary income		2,654	33	16,598
Extraordinary losses				
Loss on sale of investment securities		238	–	1,492
Loss on valuation of investment securities		347	161	2,176
Impairment losses	5	255	14	1,599
Loss on disposal of non-current assets	6	28	21	178
System failure response costs	4	62	–	391
Other		–	8	–
Total extraordinary losses		933	206	5,836
Profit before income taxes		39,970	68,863	249,923
Income taxes - current		23,397	16,608	146,296
Income taxes - deferred		(8,276)	4,726	(51,749)
Total income taxes		15,120	21,335	94,547
Profit		24,849	47,527	155,376
Profit attributable to non-controlling interests		3,283	2,249	20,532
Profit attributable to owners of parent		¥ 21,565	¥ 45,277	\$ 134,844

The accompanying notes are an integral part of these statements.

Consolidated statements of comprehensive income

Notes	Millions of yen		Thousands of U.S. dollars (Note I)
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Profit	¥ 24,849	¥ 47,527	\$ 155,376
Other comprehensive income			
Valuation difference on available-for-sale securities	21,790	(6,343)	136,249
Deferred gains or losses on hedges	(5,303)	2,066	(33,162)
Foreign currency translation adjustment	3,488	17,224	21,810
Remeasurements of defined benefit plans, net of tax	274	(72)	1,718
Share of other comprehensive income of entities accounted for using equity method	1,134	(517)	7,095

Notes	Millions of yen		Thousands of U.S. dollars (Note I)
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Total other comprehensive income	1 21,384	12,357	133,709
Comprehensive income	¥ 46,233	¥ 59,885	\$ 289,085
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	¥ 41,814	¥ 58,148	\$ 261,456
Comprehensive income attributable to non-controlling interests	4,418	1,736	27,629

The accompanying notes are an integral part of these statements.

Consolidated statements of changes in equity

FY2025 (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 10,532	¥ 1,902	¥ 373,265	¥ (1,709)	¥ 383,991	¥ 55,417	¥ (9,815)	¥ 45,306	¥ 466	¥ 91,374	¥ 197	¥ 62,491	¥ 538,054
Changes during period													
Dividends of surplus			(14,123)		(14,123)								(14,123)
Profit attributable to owners of parent			21,565		21,565								21,565
Purchase of treasury shares				(1)	(1)								(1)
Disposal of treasury shares			(30)	176	146								146
Change in scope of equity method				(302)	(302)								(302)
Purchase of shares of consolidated subsidiaries		(15)			(15)								(15)
Net changes in items other than shareholders' equity						21,775	(5,345)	3,912	(92)	20,249	(66)	2,803	22,986
Total changes during period	–	(15)	7,411	(127)	7,268	21,775	(5,345)	3,912	(92)	20,249	(66)	2,803	30,254
Balance at end of period	¥ 10,532	¥ 1,887	¥ 380,676	¥ (1,836)	¥ 391,259	¥ 77,192	¥ (15,161)	¥ 49,218	¥ 374	¥ 111,623	¥ 131	¥ 65,295	¥ 568,309

FY2024 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 10,532	¥ 1,902	¥ 342,268	¥ (1,532)	¥ 353,171	¥ 61,773	¥ (11,953)	¥ 28,268	¥ 415	¥ 78,504	¥ 289	¥ 45,362	¥ 477,326
Changes during period													
Dividends of surplus			(14,205)		(14,205)								(14,205)
Profit attributable to owners of parent			45,277		45,277								45,277
Purchase of treasury shares				(499)	(499)								(499)
Disposal of treasury shares			(75)	322	246								246
Net changes in items other than shareholders' equity						(6,356)	2,138	17,037	51	12,870	(91)	17,129	29,907
Total changes during period	–	–	30,997	(177)	30,819	(6,356)	2,138	17,037	51	12,870	(91)	17,129	60,727
Balance at end of period	¥ 10,532	¥ 1,902	¥ 373,265	¥ (1,709)	¥ 383,991	¥ 55,417	¥ (9,815)	¥ 45,306	¥ 466	¥ 91,374	¥ 197	¥ 62,491	¥ 538,054

FY2025 (From April 1, 2025 to March 31, 2026)

(Thousands of U.S. dollars) (Note I)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	\$ 65,855	\$ 11,899	\$ 2,333,929	\$ (10,688)	\$ 2,400,995	\$ 346,508	\$ (61,371)	\$ 283,287	\$ 2,918	\$ 571,343	\$ 1,233	\$ 390,743	\$ 3,364,313
Changes during period													
Dividends of surplus			(88,313)		(88,313)								(88,313)
Profit attributable to owners of parent			134,844		134,844								134,844
Purchase of treasury shares				(8)	(8)								(8)
Disposal of treasury shares			(190)	1,103	914								914
Change in scope of equity method				(1,892)	(1,892)								(1,892)
Purchase of shares of consolidated subsidiaries		(99)			(99)								(99)
Net changes in items other than shareholders' equity						136,154	(33,427)	24,463	(578)	126,612	(413)	17,530	143,729
Total changes during period	–	(99)	46,342	(797)	45,446	136,154	(33,427)	24,463	(578)	126,612	(413)	17,530	189,175
Balance at end of period	\$ 65,855	\$ 11,799	\$ 2,380,271	\$ (11,485)	\$ 2,446,440	\$ 482,662	\$ (94,798)	\$ 307,750	\$ 2,340	\$ 697,954	\$ 820	\$ 408,274	\$ 3,553,489

Consolidated statements of cash flows

Notes	Millions of yen		Thousands of U.S. dollars (Note I)
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Cash flows from operating activities			
Profit before income taxes	¥ 39,970	¥ 68,863	\$ 249,923
Depreciation of assets for lease	60,119	49,039	375,909
Loss on retirement of assets for lease and cost of property for lease sales	190,065	37,204	1,188,430
Depreciation of other operating assets	3,096	3,205	19,359
Depreciation	4,717	3,539	29,500
Amortization of goodwill	2,463	1,747	15,402
Gain on bargain purchase	(1,040)	—	(6,506)
Impairment losses	255	14	1,599
Increase (decrease) in allowance for doubtful accounts	332	(1,074)	2,080
Increase (decrease) in provision for bonuses and bonuses for directors (and other officers)	259	264	1,621
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(37)	26	(236)
Increase (decrease) in provision for share awards for directors (and other officers)	114	171	714
Increase (decrease) in provision for maintenance costs	3,097	(96)	19,365
Increase (decrease) in provision for loss on guarantees	525	(32)	3,289
Increase (decrease) in retirement benefit liability	599	75	3,750
Loss (gain) on valuation of short-term and long-term investment securities	347	161	2,176
Interest and dividend income	(4,161)	(3,275)	(26,020)
Capital costs and interest expenses	42,020	33,160	262,741

Notes	Millions of yen		Thousands of U.S. dollars (Note I)
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Loss (gain) on investments in investment partnerships and silent partnerships	475	183	2,974
Share of loss (profit) of entities accounted for using equity method	1,737	(2,991)	10,866
Loss (gain) on sale of short-term and long-term investment securities	(1,186)	(33)	(7,417)
Loss (gain) on disposal of non-current assets	28	21	178
Decrease (increase) in installment receivables	(2,660)	(3,655)	(16,637)
Net decrease (increase) in lease receivables and investments in leases	(19,513)	16,626	(122,013)
Decrease (increase) in accounts receivable - lease	(4,940)	1,911	(30,889)
Decrease (increase) in operating loans	(116,631)	(37,181)	(729,264)
Decrease (increase) in accounts receivable - other loans to customers	(2,308)	(13,334)	(14,435)
Decrease (increase) in operational investment securities	(45,583)	(54,604)	(285,019)
Purchase of assets for lease	(282,729)	(156,964)	(1,767,835)
Purchase of other operating assets	(344)	(1,396)	(2,151)
Decrease (increase) in retirement benefit asset	(2,034)	(406)	(12,724)
Decrease (increase) in distressed receivables	(1,837)	(0)	(11,487)
Decrease (increase) in guarantee deposits	7,011	3,168	43,843
Increase (decrease) in trade payables	9,690	(1,064)	60,595
Increase (decrease) in lease liabilities	(1,160)	(645)	(7,257)
Increase (decrease) in guarantee deposits received	(3,978)	(1,567)	(24,874)

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Other, net		13,664	(34,697)	85,440
Subtotal		(109,553)	(93,636)	(685,008)
Interest and dividends received		4,944	5,314	30,918
Interest paid		(41,505)	(33,131)	(259,524)
Income taxes refund (paid)		(18,801)	(14,924)	(117,561)
Net cash provided by (used in) operating activities		(164,915)	(136,377)	(1,031,175)
Cash flows from investing activities				
Purchase of own-used assets		(3,427)	(3,428)	(21,428)
Proceeds from sale of own-used assets		–	17	–
Purchase of investment securities		(17,552)	(6,350)	(109,749)
Proceeds from sale and redemption of investment securities		12,859	3,621	80,406
Purchase of shares of subsidiaries resulting in change in scope of consolidation	2	(1,323)	(29,448)	(8,275)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	2	10,537	–	65,891
Other, net		75	(69)	475
Net cash provided by (used in) investing activities		1,170	(35,657)	7,319
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(10,823)	41,303	(67,674)
Net increase (decrease) in commercial papers		79,000	(63,000)	493,966
Proceeds from long-term borrowings		610,704	526,947	3,818,571
Repayments of long-term borrowings		(491,765)	(453,637)	(3,074,878)
Net increase (decrease) in payables under securitization of lease receivables		6,100	(9,500)	38,142

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Proceeds from securitization of lease receivables		10,000	–	62,527
Repayments of payables under securitization of lease receivables		(4,316)	(2,905)	(26,987)
Proceeds from issuance of bonds		84,308	109,520	527,156
Redemption of bonds		(95,736)	(35,000)	(598,616)
Purchase of treasury shares		(1)	(499)	(8)
Proceeds from disposal of treasury shares		146	246	914
Dividends paid		(14,123)	(14,205)	(88,313)
Dividends paid to non-controlling interests		(1,408)	(884)	(8,807)
Other, net		(319)	(391)	(2,000)
Net cash provided by (used in) financing activities		171,763	97,994	1,073,993
Effect of exchange rate change on cash and cash equivalents		5,327	(67)	33,313
Net increase (decrease) in cash and cash equivalents		13,346	(74,108)	83,449
Cash and cash equivalents at beginning of period		66,565	140,674	416,217
Cash and cash equivalents at end of period	1	¥ 79,911	¥ 66,565	\$ 499,666

The accompanying notes are an integral part of these statements.

Notes to consolidated financial statements

I. Basis of presentation

Fuyo General Lease Co., Ltd. (the "Company") and its domestic consolidated subsidiaries maintain their books of account in conformity with generally accepted accounting principles in Japan, and its foreign consolidated subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Act of Japan and have been prepared in accordance with generally accepted accounting principles in Japan.

Japanese yen amounts, which are indicated in millions of yen, are rounded down by truncating the figures below one million. As a result, the totals do not necessarily agree with the sum of the individual amounts. The amounts in US dollars presented in the consolidated financial statements are translated from the amounts in Japanese yen at the exchange rate of ¥159.93 to US\$1.00, in effect at March 31, 2026, solely for the convenience of overseas readers. Therefore, this does not imply that those amounts in yen can be converted into equivalent amounts in US dollars at this or any other exchange rate.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 81 companies

Names of significant consolidated subsidiaries:

Fuyo Auto Lease Co., Ltd.
YAMATO LEASE CO., LTD.
Sharp Finance Corporation
Accretive Co., Ltd.
INVOICE INC.
FGLGROUP Business ServiceCO., Ltd.
FGL GROUP Management Service Co., Ltd.
FGL LeaseUp Business Service Co., Ltd.
Fuyo General Lease (USA) Inc.
Fuyo General Lease (HK) Limited
Fuyo General Lease (Asia) Pte. Ltd.
Fuyo General Lease (China) Co., Ltd.
FGL Aircraft Ireland Limited
FGL Aircraft USA Inc.

In the fiscal year ended March 31, 2026, CGM Co., Ltd. and five other companies were included in the scope of consolidation mainly due to the Company's acquisition of their shares, and FG Green Ryudoka Co., Ltd. and one other company were included in the scope of consolidation due to their new establishment by the Company.

(2) Non-consolidated subsidiaries

Reason for exclusion from the scope of consolidation

Among the non-consolidated subsidiaries, 159 companies including FK Ignicion Leasing Ltd. are mainly business operators, etc. of leasing businesses conducted through silent partnerships. Their assets and gains or losses are effectively not attributable to such subsidiaries or are immaterial, so they have been excluded from the scope of consolidation pursuant to Article 5, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

(3) Special purpose entities subject to disclosure

For an overview of special purpose entities subject to disclosure, overview of transactions using special purpose entities subject to disclosure, amount of transactions with special purpose entities subject to disclosure, etc., see "Information on special purpose entities."

2. Application of equity method

(1) Number of associates under the equity method: 20 associates

Names of significant associates:

Yokogawa Rental & Lease Corporation
Marubeni Fuyo Auto Investment (CANADA) Inc.

In the fiscal year ended March 31, 2026, Southwest Rail Industries, LLC and six other companies were included in the scope of application of the equity method mainly due to the Company's acquisition of their equity interests.

Additionally, Miharabashi Investment TMK was removed from the scope of application of the equity method due to its liquidation.

(2) Non-consolidated subsidiaries and associates to which the equity method was not applied

Reason the equity method was not applied to the companies

Among the non-consolidated subsidiaries and associates, 162 companies including FK Ignicion Leasing Ltd. are mainly business operators, etc. of leasing businesses conducted through silent partnerships. Their assets and gains or losses are effectively not attributable to such subsidiaries or are immaterial, so they are excluded from the scope of being accounted for using the equity method. Investments in these companies are valued at cost.

(3) With regard to the entities accounted for using equity method whose balance sheet dates differ from the consolidated balance sheet date, the financial statements of these companies for their respective fiscal years have been applied.

3. Fiscal year ends of consolidated subsidiaries

Among the consolidated subsidiaries, 34 overseas consolidated subsidiaries including Fuyo General Lease (USA) Inc. have balance sheet dates of December 31, while 12 domestic consolidated subsidiaries including General Incorporated Association C・C・S Holding have balance sheet dates of January 31. Financial statements of the respective subsidiaries as of the respective closing dates, with necessary adjustments with regard to material transactions during the periods up to the consolidated balance sheet date, have been reflected in the consolidation.

The financial statements of F.O. Aerial Leasing Ltd. and four other companies are based on the provisional settlement of accounts conducted as of the consolidated balance sheet date.

The closing date of other consolidated subsidiaries is the same as the consolidated balance sheet date.

4. Summary of significant accounting policies

(1) Standard and method of valuation of significant assets

1) Securities

Other securities

Securities other than shares without a market price, etc.

Fair value method based on market price, etc. on the consolidated balance sheet date

Note that the cost of securities sold is computed based on the moving-average method. The entire net unrealized gains or losses are booked directly as net assets.

Shares without a market price, etc.

Stated at cost determined by the moving-average method

The amortized cost method is applied to the difference between the acquisition cost and the amount of bonds where interest rate adjustment is recognized.

2) Derivative financial instruments

Fair value method

(2) Depreciation and amortization

1) Assets for lease

Mainly amortized over the lease agreement period using the straight-line method with the residual value being the estimated amount to be realized when the lease agreement period ends

Note that an additional amount is booked as depreciation for the estimated amount of loss on disposal of assets for lease due to cancellation of lease agreements or customer insolvency, etc.

2) Other operating assets

Straight-line method

3) Own-used assets

Declining balance method

However, the straight-line method is applied to buildings (excluding facilities attached to buildings) acquired since April 1, 1998 and facilities attached to buildings and structures acquired since April 1, 2016, and is applied for overseas consolidated subsidiaries.

The estimated useful lives of own-used assets are principally as follows:

Buildings 3 to 50 years

Equipment 2 to 20 years

4) Other intangible assets

Straight-line method

Computer software intended for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(3) Accounting method for deferred assets

1) Organization expenses

Organization expenses are amortized by the straight-line method within five years after the date of founding.

2) Business commencement expenses

Business commencement expenses are amortized by the straight-line method within five years after the business commencement date.

3) Bond issuance costs

Bond issuance costs are expensed upon payment.

(4) Accounting policy for significant allowances and provisions

1) Allowance for doubtful accounts

To cover possible losses from bad debts, the Company sets aside an allowance for the estimated amount of doubtful receivables deemed uncollectible. This allowance is based on historical default rates for general receivables and the individual analysis of debtors' financial positions for doubtful receivables, distressed receivables, etc.

With respect to the bankruptcy claims, etc., an estimated uncollectible amount is calculated by directly deducting amounts expected to be recovered from the amount of claims. The direct deduction totaled ¥6,130 million (U.S.\$38,334 thousand) in the fiscal year ended March 31, 2026 and ¥7,654 million in the fiscal year ended March 31, 2025.

2) Provision for bonuses

To prepare for payment of bonuses to employees, a provision for the estimated payment amount borne in the fiscal year is recorded.

3) Provision for bonuses for directors (and other officers)

To prepare for payment of bonuses to directors, a provision for the estimated payment amount borne in the fiscal year is recorded.

4) Provision for loss on guarantees

To cover possible losses on guarantees, etc., the Company provides an allowance for estimated loss, taking into consideration the financial condition of the financial guarantees as well as other factors.

5) Provision for retirement benefits for directors (and other officers)

To pay retirement benefits to directors and other officers, the entire amount that would be required to be paid at the end of the fiscal year is recorded in accordance with internal regulations.

6) Provision for share awards for directors (and other officers)

To prepare for the provision of the Company's shares, etc. to directors and other officers of the Company based on the Regulations for Provision of Shares to Officers, the Company records the estimated amount of share-based benefit obligation as of the end of the fiscal year.

7) Provision for maintenance costs

To cover future payments for maintenance costs for vehicles, aircrafts, etc. that are required in specific lease transactions and maintenance services, a provision for estimated cost is recorded by the Company.

(5) Retirement benefits**1) The method for attributing estimated retirement benefits for periods of employee service**

For the calculation of retirement benefit obligations, the benefit formula method is used to attribute estimated retirement benefits for the period up to the end of the fiscal year.

2) Actuarial differences and prior service cost

With respect to prior service cost, the Company and one of the Company's domestic consolidated subsidiaries expense the entire amount of it in the fiscal year of occurrence, but one of the Company's domestic consolidated subsidiaries amortizes it by the straight-line method over a period (10 years) within the average remaining service years for employees at the time of recognition, starting from the fiscal year of occurrence.

With respect to actuarial differences, the Company expenses the entire amount of them in the fiscal year of occurrence, but three of the Company's domestic consolidated subsidiaries amortize them by the straight-line method over a period (5 to 13 years) within the average remaining service years for employees at the time of recognition, starting from the fiscal year following the fiscal year of occurrence.

3) Unrecognized actuarial differences and unrecognized prior service cost

Unrecognized actuarial differences and unrecognized prior service cost after tax effect adjustments are recorded as remeasurements of defined benefit plans classified in accumulated other comprehensive income of net assets.

4) Simplified accounting method by small-scale businesses, etc.

Certain domestic consolidated subsidiaries use simplified accounting methods in relation to the calculation of the retirement benefit liability and the retirement benefit expenses. In the case of the termination allowance plan, retirement benefit obligations are recorded as the amount to be paid for voluntary retirement as of fiscal year-end. In the case of the corporate pension plan, retirement benefit obligations are recorded as the amount of actuarial liability calculated under the latest pension funding program.

(6) Recognition of significant revenues and expenses**1) Accounting policy for sales and cost of sales arising from finance leases**

Sales and cost of sales are recorded when lease payments should be received.

2) Accounting policy for revenue from operating leases

Based on the lease payments that should be received each month under the lease agreement based on the lease agreement periods, recorded as lease payments corresponding to such transitional period.

3) Accounting policy for revenue from sale of leased properties

Recorded as sales revenue when leased properties are delivered to the customer and the performance obligation is satisfied.

(7) Standard for translation of significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and exchange differences are treated as gains or losses.

Meanwhile, the assets, liabilities, income and expenses of overseas subsidiaries, etc. are mainly translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and exchange differences are recorded as foreign currency translation adjustment or non-controlling interests of net assets.

(8) Significant hedge accounting methods**1) Hedge accounting**

Hedging activities are accounted for by the deferred hedge method. Interest rate swaps that satisfy the required conditions are subject to accounting under exceptional treatment.

2) Hedging instruments and hedged items

(a) Hedging instruments	Interest rate swaps, currency swaps, foreign currency-denominated borrowings, foreign currency-denominated bonds, and forward exchange contracts
(b) Hedged items	Borrowings, foreign currency-denominated securities and forecast transactions in foreign currencies

3) Hedging policies

The Company uses derivatives, in accordance with its internal "Basic Policy for Managing Market and Liquidity Risks," for the purpose of hedging risks associated with interest-rate and foreign currency fluctuations arising from its sales and financial operations.

4) Assessing hedge effectiveness

The assessment of hedge effectiveness of interest rate fluctuation risks is by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items and other factors.

With regard to risks associated with foreign currency fluctuations, when the principal terms for the hedged items and hedging instruments are substantially the same, the hedge relationship is considered highly effective.

With regard to interest rate swaps subject to accounting under exceptional treatment, an assessment of hedge effectiveness is omitted.

(9) Amortization method and period of goodwill

Apart from immaterial amounts, goodwill is amortized by the straight-line method over a period not exceeding 20 years from the effective date.

(10) Scope of funds in consolidated statements of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have an insignificant risk of changes in value.

(11) Other important matters for preparing consolidated financial statements**1) Operating loans and accounts receivable - other loans to customers**

Operating loans and accounts receivable - other loans to customers include loans, discounted notes and purchased receivables to earn financial income.

This financial income is recorded in net sales on the consolidated statement of income.

2) Operational investment securities

Operational investment securities are held for operational purpose to earn financial income.

This financial income (interest, redemption difference) is recorded in net sales on the consolidated statement of income.

II. Significant accounting estimates

Of the accounting estimates made in preparing the consolidated financial statements for the fiscal year ended March 31, 2026, the items that may have a significant impact on the consolidated financial statements for the following fiscal year are "Assets for lease (property, plant and equipment)."

(1) Amount recorded in the consolidated financial statements

FY2025: ¥1,030,726 million (U.S.\$6,444,858 thousand)

FY2024: ¥1,024,537 million

(2) Information regarding significant accounting estimates for identified items**1) Method of calculation of amounts**

The Company records the acquisition cost of leased assets under operating leases less accumulated depreciation. Depreciation is calculated mainly using the straight-line method with the lease agreement period as the depreciation period and the estimated disposal amount at the end of the lease agreement period as the residual value.

The estimated disposal amount is calculated based on the details of individual assets, individual contracts and other factors, taking into account future cash flows, discount rates, and net sales values, etc.

Note that an additional amount is booked as depreciation for the estimated amount of loss on disposal of assets for lease due to cancellation of lease agreements or customer insolvency, etc.

In assessing impairment of assets for lease, the Company groups assets, and for asset groups

whose profitability has declined significantly, the book value of the assets for lease is written down to the recoverable amount, and the difference is recorded as an impairment loss.

2) Main assumptions used to calculate the amounts

The main assumption is the "future cash flows" for estimating the "residual value."

"Future cash flows" are evaluated individually based on the contractual terms, etc. and conditions of each project. The "future cash flows" for each individual lease contract are established based on external factors such as the economic environment, interest rate fluctuations, and competition in the market.

Although the impact of rising prices will remain, a gradual recovery is expected to continue, backed by improvements in the employment and income environment. On the other hand, it is also important to bear in mind the effects of the situation in the Middle East, fluctuations in the financial capital markets, and other such factors, as the outlook is clouded by a sense of uncertainty. We recognize that there may be some impact on cash flows primarily derived from leased properties. Although this situation is subject to uncertainty, the Group has made estimates based on available information.

3) Impact on the consolidated financial statements for the following fiscal year

The main assumption, "future cash flows" for estimating the "residual value," is subject to a high degree of estimation uncertainty, and any change in the assumptions used for the initial estimate may have a significant impact on the valuation of the assets for lease in the consolidated financial statements for the following fiscal year.

III. New accounting standards and implementation guidances not yet applied**Accounting Standard for Leases and related implementation guidances**

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of efforts to make Japanese GAAP internationally consistent, the Accounting Standards Board of Japan (ASBJ) conducted studies based on international accounting standards to develop accounting standards for leases that require lessees to recognize assets and liabilities for all leases. The ASBJ published accounting standards for leases that, while fundamentally based on the single accounting model under IFRS 16, aim to be a simpler and more practical standard, and to basically require no adjustments even if the provisions of IFRS 16 are applied for non-consolidated financial statements, by adopting only major provisions of IFRS 16, instead of all the provisions.

As for the accounting treatment for lessees, lease expenses of lessees are allocated using the single accounting model in which, regardless of whether the lease is a finance lease or an operating lease, depreciation of right-of-use assets and the amount equivalent to interest on lease liabilities are recorded for all leases, as in IFRS 16.

(2) Scheduled date of adoption

Effective from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adoption of such accounting standard and implementation guidances

The impact of adopting the Accounting Standard for Leases and related implementation guidances on the consolidated financial statements is currently being evaluated.

IV. Accounting Standard for Subsequent Events

- Accounting Standard for Subsequent Events (ASBJ Statement No. 41, January 9, 2026)
- Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Guidance No. 35, January 9, 2026)

(1) Overview

The "Accounting Standard for Subsequent Events" prioritizes the establishment of comprehensive accounting standards that address the definition, accounting treatment, and disclosure of subsequent events. The basic policy is, in principle, to follow the accounting content indicated in the Japanese Institute of Certified Public Accountants' Auditing and Assurance Standards Committee's Auditing Standards Report 560 Practical Guidance No. 1, "Treatment for Auditing for Subsequent Events," and transfer it to the ASBJ. The standard stipulates the accounting treatment and disclosure for subsequent events by revising expressions and clarifying the evaluation period for subsequent events, in addition to newly requiring notes regarding the approval of the publication of financial statements.

(2) Scheduled date of adoption

Effective from the beginning of the fiscal year ending March 31, 2028.

V. Additional information**Board Benefit Trust (BBT) Plan**

Based on the resolution reached at the 49th Annual General Meeting of Shareholders held on June 22, 2018, the Company has introduced a new share-based payment plan or Board Benefit Trust (BBT) (the "Plan") for the Company's directors, excluding outside directors, (the "Eligible Directors") and executive officers who currently do not serve as directors (the "Executive Officers." The Eligible Directors and Executive Officers are hereinafter collectively referred to as the "Directors, etc.").

(1) Overview of the transaction

The Plan is a share-based payment plan, under which the Company's shares will be acquired by a trust (the trust to be established under the Plan is referred to hereinafter as the "Trust") using funds that the Company will contribute, and the Company's shares and cash equivalent to the market price of the Company's shares (the "Company's share, etc.") will be provided to the Eligible Directors from the Trust in accordance with the Regulations for Provision of Shares to Officers established by the Company. In principle, the Company's shares, etc. will be provided to the Eligible Directors on their retirement.

(2) Treasury shares remaining in trust

The shares of the Company remaining in trust are recorded as treasury shares under net assets based on the book value in trust (excluding the amount of incidental costs). The book value and the number of shares of treasury shares under the Plan are ¥1,310 million (U.S.\$8,192 thousand) and 481,200 shares as of March 31, 2026 and ¥1,390 million and 510,600 shares as of March 31, 2025, respectively. The Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025. The number of shares is presented assuming that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

(3) Book value of borrowings recorded based on the gross method

Not applicable

VI. Notes for consolidated balance sheets

*1 Accumulated depreciation for property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets for lease	¥ 291,818	¥ 248,025	\$ 1,824,662
Other operating assets	21,197	18,283	132,542
Own-used assets	9,753	30,265	60,986

*2 Investment securities in non-consolidated subsidiaries and associates were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Investment securities (shares)	¥ 39,454	¥ 30,736	\$ 246,697
(of which investment in joint ventures)	(38,586)	(28,257)	(241,271)
Investment securities (other)	23,661	20,104	147,946

*3 Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged as collateral

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Cash and deposits	¥ 2,940	¥ 3,082	\$ 18,388
Installment receivables	57	172	361
Lease receivables and investments in leases	8,463	9,466	52,919
Accounts receivable - other loans to customers	1,465	1,681	9,165
Accounts receivable - lease	95	101	599
Operating lease and other contract receivables	8,695	9,306	54,372
Other (current assets)	0	–	5
Assets for lease (property, plant and equipment)	55,289	43,974	345,709
Other operating assets (property, plant and equipment)	–	14,922	–
Own-used assets	700	–	4,380
Other intangible assets	42	–	265
Total	¥ 77,752	¥ 82,708	\$ 486,164

Note: Besides the above assets pledged as collateral, the Company provided investment securities (¥602 million (U.S.\$3,765 thousand) in the fiscal year ended March 31, 2026, ¥602 million in the fiscal year ended March 31, 2025) as third party security for bank loans taken out by business partners. The Company had no pledged investment securities in the fiscal year ended March 31, 2026 for the purpose of business transactions. Conversely, it had ¥3 million in the fiscal year ended March 31, 2025.

(2) Liabilities secured by collateral

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Other (current liabilities)	¥ 9	¥ 8	\$ 58
Long-term borrowings (current portion included)	38,893	52,039	243,190
Total	¥ 38,902	¥ 52,048	\$ 243,248

4 Loan commitments in lending operations (as lender)

The unused credit balance, etc. in relation to loan commitment in lending operations was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total loan commitments	¥ 9,552	¥ 27,860	\$ 59,730
Balance of loans extended	–	10,214	–
Difference	¥ 9,552	¥ 17,645	\$ 59,730

Note that, in the above loan commitment agreements, a condition of lending is review of the borrower's use of funds and credit standing, etc., so this does not necessarily mean the full amount of loans will be extended.

5 Overdraft agreements and loan commitments (as borrower)

The Company has concluded overdraft agreements and loan commitment agreements with 70 transacting banks and other financial institutions, etc. (82 in the fiscal year ended March 31, 2025) for the efficient procurement of working capital. The unused balance, etc. at the end of the fiscal years ended March 31, 2026 and 2025 based on these agreements was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total amount of overdraft limits and loan commitments	¥ 1,295,225	¥ 1,332,238	\$ 8,098,700
Balance of borrowings drawn	574,756	574,269	3,593,802
Difference	¥ 720,468	¥ 757,969	\$ 4,504,898

6 Contingent liabilities

(1) Guarantees provided on borrowings, etc. of business partners

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Mizuho Bank, Ltd. (Note)	¥ 15,917	¥ 40,937	\$ 99,526
Southwest Rail Industries, LLC	14,380	–	89,919
Sumitomo Mitsui Trust Bank, Limited (Note)	10,994	10,998	68,746
IBM Japan, Ltd. (Note)	4,817	3,839	30,121
JAPAN SECURITIZATION CORPORATION (Note)	4,302	3,891	26,900
Sumitomo Mitsui Banking Corporation (Note)	4,117	4,119	25,748
Mizuho Securities Co., Ltd.	3,666	–	22,929
Godo Kaisha SKB 2	2,950	2,700	18,446
Sumitomo Realty & Development Co., Ltd. (Note)	2,228	2,276	13,932
Cutlass Solar Partners LLC	2,104	2,482	13,160
Others (732 in the fiscal year ended March 31, 2026, 690 in the fiscal year ended March 31, 2025)	21,538	21,120	134,675
Total	¥ 87,018	¥ 92,367	\$ 544,101

Note: The Company has guaranteed loans, etc. held by Mizuho Bank, Ltd. and others.

(2) The Company's domestic consolidated subsidiary Sharp Finance Corporation engaged in business guarantee operations and the balance of guarantees for borrowings of general customers and other entities was ¥9,005 million (U.S.\$56,312 thousand) as of March 31, 2026 and ¥14,561 million as of March 31, 2025.

*7 Non-recourse debt included in borrowings were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current portion of long-term non-recourse borrowings	¥ 5,041	¥ 2,659	\$ 31,521
Long-term non-recourse borrowings	36,952	27,278	231,054
Total	¥ 41,993	¥ 29,938	\$ 262,575

The assets corresponding to the non-recourse debt were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Accounts receivable - other loans to customers	¥ 22,566	¥ 25,085	\$ 141,103
Assets for lease (property, plant and equipment)	48,063	23,716	300,530
Total	¥ 70,630	¥ 48,802	\$ 441,633

*8 Payables under securitization of lease receivables, long-term payables under securitization of lease receivables

Payables under securitization of lease receivables and long-term payables under securitization of lease receivables include the amount of funds raised through securitization of lease agreement receivables, etc.

Note that the balance of lease agreement receivables, etc. transferred through this was ¥20,374 million (U.S.\$127,399 thousand) as of March 31, 2026 and ¥8,066 million as of March 31, 2025.

VII. Notes for consolidated statements of income

*1 Revenue from contracts with customers

Net sales are not categorized separately and stated as revenue from contracts with customers and revenue from other sources. The amount of revenue from contracts with customers is disclosed in the consolidated financial statements in Note XXI. "Revenue recognition, 1. Information on disaggregation of revenue from contracts with customers."

*2 Cost of sales, provision of allowance for doubtful accounts and bad debt expenses

FY2025 (From April 1, 2025 to March 31, 2026)

The Company has recorded losses (operating loans and operational investment securities) due to the risk of uncollectible or delayed collection of receivables from our counterparties as below.

Such counterparties were established for the purpose of raising funds for the development of renewable energy projects led by our alliance partners in Europe. It was discovered that among the multiple renewable energy projects being developed and funded by counterparties through project-specific holding companies, some projects in Spain have been delayed due to insufficient development funds.

In response, we examined the recoverability of our receivables against the counterparties related to separate renewable energy projects involving our alliance partners leading these projects. As a result, we determined that uncertainty exists regarding the amount and timing of collection for a portion of these receivables, and there is a risk that these receivables may be uncollectible or subject to collection delays.

Accordingly, in the fiscal year ended March 31, 2026, of the total amount of ¥28,278 million (U.S.\$176,816 thousand) excluding the portion expected to be recovered through sale of the project to third parties, ¥1,176 million (U.S.\$7,358 thousand) of accrued interest related to those receivables that arose in the fiscal year ended March 31, 2026 was not recorded (net sales were reversed), and the remaining balance excluding such accrued interest was recorded as cost of sales of ¥24,766 million (U.S.\$154,859 thousand), provision of allowance for doubtful accounts (selling, general and administrative expenses) of ¥2,301 million (U.S.\$14,389 thousand), and bad debt expenses (selling, general and administrative expenses) of ¥33 million (U.S.\$209 thousand).

FY2024 (From April 1, 2024 to March 31, 2025)

There are no significant matters to be noted.

*3 Major components of selling, general and administrative expenses for the fiscal years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Bad debt expenses	¥ 632	¥ 691	\$ 3,955
Provision for loss on guarantees	525	—	3,289
Employees' salaries, allowances and bonuses	23,697	20,621	148,177
Provision for bonuses	3,762	3,462	23,527
Provision for bonuses for directors (and other officers)	262	269	1,643
Retirement benefit expenses	(488)	780	(3,057)
Provision for retirement benefits for directors (and other officers)	72	47	451
Provision for share awards for directors (and other officers)	316	433	1,979
Welfare expenses	5,045	4,610	31,546
Rent expenses	3,306	2,922	20,674
Depreciation	4,717	3,539	29,500
Amortization of goodwill	2,463	1,747	15,402

*4 Compensation income for damage and system failure response costs

FY2025 (From April 1, 2025 to March 31, 2026)

This consists mainly of compensation income for damage related to the system failure resulting from the unauthorized access attack that occurred at the Company's domestic consolidated subsidiary, Accretive Co., Ltd., on August 25, 2025, as well as system recovery expenses and expenses for investigation by an external security company.

FY2024 (From April 1, 2024 to March 31, 2025)

Not applicable

***5 Impairment losses**

The Group recorded impairment losses for the following asset groups:

FY2025 (From April 1, 2025 to March 31, 2026)

Location	Use	Type	Amount (Millions of yen)
Fukuoka-shi, Fukuoka	Business assets	Customer-related assets	¥ 244
Chiyoda-ku, Tokyo	Idle assets	Telephone subscription right	¥ 9

Location	Use	Type	Amount (Thousands of U.S. dollars)
Fukuoka-shi, Fukuoka	Business assets	Customer-related assets	\$ 1,526
Chiyoda-ku, Tokyo	Idle assets	Telephone subscription right	\$ 61

Information on impairment losses other than the above has been omitted because of immateriality.

The above customer-related assets are grouped for each company.

For the customer-related assets of the domestic consolidated subsidiary, Human Centrix Co., Ltd., the carrying amount has been reduced to the recoverable amount calculated from the value in use based on revised future cash flows, taking into account changes in the environment, as the revenue anticipated at the time of the share acquisition in the fiscal year ended March 31, 2024 is no longer expected. In the fiscal year ended March 31, 2026, due to decreased profitability, the future cash flows were no longer anticipated, and as a result, the carrying amount was reduced to zero, and the reduction was recorded as impairment loss under extraordinary losses.

The above telephone subscription right is grouped individually.

Due to a decrease in dormitories and company housing, etc., for which integrated telecommunication services for residential buildings are provided, one domestic consolidated subsidiary, INVOICE INC., recorded an impairment loss for the entire amount of the book value of telephone subscription rights classified as idle with a memorandum value of ¥1 and a market value of zero in extraordinary losses.

FY2024 (From April 1, 2024 to March 31, 2025)

There are no material impairment losses.

6 The breakdown of loss on disposal of non-current assets is as follows.*(1) Loss on sale of non-current assets**

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Buildings	¥ –	¥ 0	\$ –
Equipment	–	0	–
Software	–	7	–
Total	¥ –	¥ 8	\$ –

(2) Loss on retirement of non-current assets

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Buildings	¥ 13	¥ 6	\$ 86
Equipment	0	1	5
Software	13	4	87
Total	¥ 28	¥ 12	\$ 178

VIII. Notes for consolidated statements of comprehensive income

*1 Reclassification adjustments and income taxes and income tax effect relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Valuation difference on available-for-sale securities:			
Gains or losses arising during the year	¥ 9,521	¥ (8,382)	\$ 59,535
Reclassification adjustments to profit or loss	22,796	(291)	142,542
Amount before income taxes and income tax effect	32,318	(8,673)	202,076
Income taxes and income tax effect	(10,528)	2,329	(65,831)
Valuation difference on available-for-sale securities	¥ 21,790	¥ (6,343)	\$ 136,249
Deferred gains or losses on hedges:			
Gains or losses arising during the year	(9,298)	1,786	(58,139)
Reclassification adjustments to profit or loss	1,769	720	11,063
Amount before income taxes and income tax effect	(7,528)	2,507	(47,076)
Income taxes and income tax effect	2,225	(440)	13,914
Deferred gains or losses on hedges	¥ (5,303)	¥ 2,066	\$ (33,162)
Foreign currency translation adjustment:			
Gains or losses arising during the year	3,488	17,224	21,810
Foreign currency translation adjustment	¥ 3,488	¥ 17,224	\$ 21,810
Remeasurements of defined benefit plans, net of tax:			
Gains or losses arising during the year	525	24	3,286
Reclassification adjustments to profit or loss	(123)	(124)	(774)
Amount before income taxes and income tax effect	401	(100)	2,512
Income taxes and income tax effect	(126)	27	(789)
Remeasurements of defined benefit plans, net of tax	¥ 274	¥ (72)	\$ 1,718

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Share of other comprehensive income of entities accounted for using equity method:			
Gains or losses arising during the year	1,134	(529)	7,091
Reclassification adjustments to profit or loss	0	11	4
Share of other comprehensive income of entities accounted for using equity method	¥ 1,134	¥ (517)	\$ 7,095
Total other comprehensive income	¥ 21,384	¥ 12,357	\$ 133,709

IX. Notes for consolidated statements of changes in equity

FY2025 (From April 1, 2025 to March 31, 2026)

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares at the beginning of the year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the year (Shares)
Issued shares				
Common shares	30,287,810	60,575,620	–	90,863,430
Total	30,287,810	60,575,620	–	90,863,430
Treasury shares				
Common shares (Note)	218,910	516,539	73,500	661,949
Total	218,910	516,539	73,500	661,949

- Notes: 1. The 60,575,620 increase in the number of common shares in issued shares was due to the Company conducting a stock split at a ratio of three shares for one share of common stock on April 1, 2025.
2. The number of common shares in treasury shares at the end of the year includes 481,200 shares of the Company held by the Board Benefit Trust (BBT).
3. The 516,539 increase in the number of common shares in treasury shares was a 437,820 increase due to the Company conducting a stock split at a ratio of three shares for one share of common stock on April 1, 2025, a 78,412 increase of the portion of Company shares attributable to the Company associated with the increase of associates accounted for using the equity method, and a 307 increase due to the buyback of shares less than one share unit.
4. The decrease of 73,500 shares in the number of common shares in treasury shares was a 44,100 decrease due to the exercise of stock options and a 29,400 decrease due to provision to the Board Benefit Trust (BBT).

2. Share acquisition rights and treasury shares acquisition rights

Category	Component of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at the end of the year (Millions of yen)	Balance at the end of the year (Thousands of U.S. dollars)
			Beginning of the year	Increase	Decrease	End of the year		
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	¥ 131	\$ 820

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 24, 2025 Annual General Meeting of Shareholders	Common shares	¥ 6,954	¥ 230	March 31, 2025	June 25, 2025
November 7, 2025 Board of Directors	Common shares	7,168	79	September 30, 2025	December 9, 2025

Notes: 1. Total amount of cash dividends resolved at Annual General Meeting of Shareholders held on June 24, 2025, includes cash dividends of ¥39 million for the Company's shares held by Board Benefit Trust (BBT).
 2. Although the Company conducted a stock split at a ratio of three shares for each share of common stock effective April 1, 2025, the matters resolved at the Annual General Meeting of Shareholders held on June 24, 2025 are based on the number of shares before the stock split.
 3. Total amount of cash dividends resolved at Board of Directors held on November 7, 2025, includes cash dividends of ¥38 million for the Company's shares held by Board Benefit Trust (BBT).

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

The following proposals are scheduled to be submitted at the Annual General Meeting of Shareholders to be held on June 23, 2026.

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 23, 2026 Annual General Meeting of Shareholders	Common shares	¥ 7,170	Retained earnings	¥ 79	March 31, 2026	June 24, 2026

(Resolution)	Type of shares	Total amount of cash dividends (Thousands of U.S. dollars)	Source of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
June 23, 2026 Annual General Meeting of Shareholders	Common shares	\$ 44,833	Retained earnings	\$ 0.49	March 31, 2026	June 24, 2026

Note: Total amount of cash dividends includes cash dividends of ¥38 million (U.S.\$238 thousand) for the Company's shares held by Board Benefit Trust (BBT).

FY2024 (From April 1, 2024 to March 31, 2025)**1. Type and total number of shares issued, and type and number of treasury shares**

	Number of shares at the beginning of the year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the year (Shares)
Issued shares				
Common shares	30,287,810	—	—	30,287,810
Total	30,287,810	—	—	30,287,810
Treasury shares				
Common shares (Note)	221,937	44,373	47,400	218,910
Total	221,937	44,373	47,400	218,910

Notes: 1. The number of common shares in treasury shares at the end of the year includes 170,200 shares of the Company held by the Board Benefit Trust (BBT).
2. The 44,373 increase in the number of common shares in treasury shares is due to an increase of 44,300 shares through the acquisition of treasury shares by the Board Benefit Trust (BBT) and an increase of 73 shares through the acquisition of fractional unit shares.
3. The 47,400 decrease in the number of common shares in treasury shares was a 25,600 decrease due to the exercise of stock options and a 21,800 decrease due to provision to the Board Benefit Trust (BBT).
4. Although the Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025, the number of shares stated above is the number of shares before the stock split.

2. Share acquisition rights and treasury shares acquisition rights

Category	Component of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at the end of the year (Millions of yen)
			Beginning of the year	Increase	Decrease	End of the year	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	¥ 197

3. Dividends**(1) Dividends paid**

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 21, 2024 Annual General Meeting of Shareholders	Common shares	¥ 7,402	¥ 245	March 31, 2024	June 24, 2024
November 8, 2024 Board of Directors	Common shares	6,802	225	September 30, 2024	December 9, 2024

Notes: 1. Total amount of cash dividends resolved at Annual General Meeting of Shareholders held on June 21, 2024, includes cash dividends of ¥36 million for the Company's shares held by Board Benefit Trust (BBT).
2. Total amount of cash dividends resolved at Board of Directors held on November 8, 2024, includes cash dividends of ¥28 million for the Company's shares held by Board Benefit Trust (BBT).

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

(Resolution)	Type of shares	Total amount of cash dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
June 24, 2025 Annual General Meeting of Shareholders	Common shares	¥ 6,954	Retained earnings	¥ 230	March 31, 2025	June 25, 2025

Notes: 1. Total amount of cash dividends includes cash dividends of ¥39 million for the Company's shares held by Board Benefit Trust (BBT).
2. Although the Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025, the above is based on the number of shares before the stock split.

X. Notes for consolidated statements of cash flows

*1 Relationship between cash and cash equivalents at end of period and cash and deposits stated on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Cash and deposits	¥ 79,950	¥ 66,598	\$ 499,907
Time deposits with maturity of over three months	(38)	(33)	(240)
Cash and cash equivalents	¥ 79,911	¥ 66,565	\$ 499,666

*2 Major components of assets and liabilities of a newly consolidated subsidiary due to acquisition of shares

FY2025 (From April 1, 2025 to March 31, 2026)

The amounts of assets and liabilities of newly consolidated subsidiaries due to the acquisition of shares in the fiscal year ended March 31, 2026, have been omitted due to immateriality.

FY2024 (From April 1, 2024 to March 31, 2025)

The following includes the breakdown of assets and liabilities at the time of acquisition and consolidation of Wako Pallet Co., Ltd., and the relation between the acquisition cost of shares and net consideration paid for the acquisition (net price).

The amounts are presented using figures reflecting material changes to the initial allocation of acquisition cost, which arose due to the finalization of the provisional accounting treatment for business combinations.

	Millions of yen
Current assets	¥ 7,616
Non-current assets	12,230
Goodwill	15,704
Current liabilities	(1,774)
Non-current liabilities	(200)
Non-controlling interests	(16,320)
Valuation difference	13,960
Acquisition cost of shares	31,217
Cash and cash equivalents	(3,660)
Difference: net consideration paid for acquisition	¥ 27,557

The following includes the breakdown of assets and liabilities at the time of additional acquisition of shares and consolidation of CB Holdings Inc. and its four subsidiaries, and the relation between the acquisition cost of shares and net consideration paid for the acquisition (net price).

	Millions of yen
Current assets	¥ 1,031
Non-current assets	702
Goodwill	1,959
Current liabilities	(871)
Non-current liabilities	(33)
Acquisition cost of shares	2,789
Acquisition cost up until the time control was obtained	(195)
Cash and cash equivalents	(702)
Difference: net consideration paid for acquisition	¥ 1,891

XI. Lease transactions

As lessee

Operating leases

Future lease payments required under non-cancellable operating leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Within one year	¥ 1	¥ 58	\$ 12
Over one year	5	1	37
Total	¥ 7	¥ 59	\$ 49

As lessor

1. Finance leases

(1) Breakdown of investments in leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Lease receivables	¥ 772,205	¥ 728,939	\$ 4,828,397
Estimated residual value	31,755	24,184	198,560
Future interest income	(93,928)	(88,231)	(587,309)
Investments in leases	¥ 710,033	¥ 664,892	\$ 4,439,649

(2) Estimated collectible amount of portion of lease receivables arising from lease receivables and investments in leases after the consolidated balance sheet date

(Millions of yen)

	As of March 31, 2026					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease receivables	¥ 53,776	¥ 36,996	¥ 32,198	¥ 16,768	¥ 10,196	¥ 42,273
Investments in leases	223,159	165,660	133,848	84,987	56,000	108,555

(Thousands of U.S. dollars)

	As of March 31, 2026					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease receivables	\$ 336,249	\$ 231,328	\$ 201,328	\$ 104,849	\$ 63,754	\$ 264,326
Investments in leases	1,395,358	1,035,834	836,919	531,403	350,159	678,766

(Millions of yen)

	As of March 31, 2025					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease receivables	¥ 49,082	¥ 49,178	¥ 32,857	¥ 26,733	¥ 13,392	¥ 46,052
Investments in leases	215,751	168,273	114,506	84,932	43,242	102,232

2. Operating leases

Future lease payments required under non-cancellable operating leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Within one year	¥ 94,546	¥ 87,205	\$ 591,175
Over one year	446,278	439,480	2,790,460
Total	¥ 540,824	¥ 526,685	\$ 3,381,635

3. Sublease transactions

Lease receivables and investments in leases, and lease liabilities under sublease transactions on the consolidated balance sheets are before interest deductions

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Lease receivables and investments in leases	¥ 1,857	¥ 2,181	\$ 11,614
Lease liabilities	3,188	3,944	19,934

XII. Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group is engaged in leasing and installment transactions for machinery, equipment, etc. and financial transactions such as the provision of operating loans. The Group uses direct and indirect financing to procure funds for purchasing assets to lease or to sell through installment sales and for providing operating loans to customers. The Group's indirect financing mainly consists of loans from financial institutions, and its direct financing includes issuing bonds payable, commercial papers and securitization of receivables. As the Group holds financial assets and financial liabilities that are subject to interest rate fluctuation, assets and liabilities are comprehensively managed through asset-liability management (ALM) to mitigate the negative impact of interest rate fluctuations.

The Company uses foreign currency-related derivatives to reduce risks associated with foreign currency fluctuations that affect foreign currency-denominated receivables and payables. The Company uses interest rate-related derivatives to reduce interest rate fluctuation risks that affect borrowings. Also, as part of funding, the Company uses credit risk-related derivatives.

(2) Details of financial instruments and associated risks

Lease receivables and investments in leases, and operating loans are trade receivables due from customers and subject to credit risks associated with customer default. Foreign currency-denominated receivables and payables arising from overseas business are subject to risks associated with foreign currency fluctuations.

Operational investment securities and investment securities include business partners' shares, bonds, and investments in limited partnerships, etc. Those investments are subject to credit risks associated with the issuers and market price fluctuation risks.

Bonds payable, commercial papers, lease liabilities, long-term borrowings, and long-term payables under securitization of lease receivables are used to procure funds for purchasing assets to lease or sell through installment sales to customers. These payables are subject to risks that may compel the Company to procure funds with exceptionally high interest rates and to liquidity risks (funding risks) that

may negatively affect the Company's ability to obtain funding and result in losses.

A portion of long-term borrowings have floating interest rates and are therefore subject to interest rate fluctuation risks.

The Company uses foreign currency-related derivatives to reduce risks associated with foreign currency fluctuations that affect foreign currency-denominated receivables and payables. The Company uses interest rate-related derivatives to reduce interest rate fluctuation risks that affect borrowings. Also, as part of funding, the Company uses credit risk-related derivatives. Please refer to the aforementioned in "4. Summary of significant accounting policies (8) Significant hedge accounting methods" under "Basis of presentation" in regard to hedge accounting methods for hedge accounting, hedging instruments and hedged items, hedging policies and methods for assessing hedge effectiveness, etc.

(3) Risk management system for financial instruments

1) Management of credit risks (default risks, etc.)

The Company's management system and rules for credit risks are prescribed in its internal "Basic Policy for Managing Credit Risks."

For all transactions that involve credit risks such as leases, installment sales, selling and purchasing, financing, and guarantee operations, the Company uses a credit risk measurement method, etc., identifies on a timely basis the location and size of credit risks, and responds adequately as necessary.

The Company's credit risk department is engaged in the following duties: 1) daily monitoring of the effectiveness of the credit risk management system, 2) screening and management of credit transactions involving business partners, 3) maintenance and enhancement of risk asset soundness, 4) enhancement of protection against doubtful receivables and implementation of measures related to collection of those receivables, and 5) guidance, support, etc. for the Company's offices and subsidiaries and associates. The department also rates debtors based on their financial status, etc. and degree of credit risk (i.e., their ability to pay debts). The credit ratings are used for credit risk management, portfolio investment and management, credit risk measurement, guidelines on pricing of individual credits, and self-assessment and recognition of adequate credit allowances, etc. based on the self-assessments. Furthermore, the department regularly monitors the status of the Company's main business partners, manages payment-due dates and credit balances on a customer-by-customer basis, and closely monitors customers to identify potential impediments to the collectability of receivables (e.g., due to worsening financial condition) and takes steps to mitigate such impediments.

The effectiveness and appropriateness of credit risk management are examined through internal audits.

2) Management of market risks (fluctuation risks associated with foreign exchange rates, interest rates, etc.)

The Company's market risk management rules and procedures are prescribed in its internal "Basic Policy for Managing Market and Liquidity Risks."

Market risks are controlled by comprehensively examining various factors such as financial position (revenues and shareholders' equity), balance between target revenues and risk levels, interest rate prospects, market environments, past results, and the level of risk management for various risks. The

Company manages its exposure to risks when deemed necessary for the purpose of reducing risks and expanding revenues.

The Company's ALM Committee meets once a month as a general rule, and on an ad-hoc basis as needed, to review and examine practical measures related to market risk management and to monitor performance. At the monthly meeting, etc., the finance division reports on matters related to market risk management, including the status of market risk control, interest rate prospects, developments of market environment, etc., and hedge transactions, etc.

The Company's consolidated subsidiaries are subject to the Company's "Basic Policy for Managing Market and Liquidity Risks."

(i) Interest rate fluctuation risk management

The Company comprehensively manages interest rate fluctuation risks using ALM. The ALM Committee ascertains and monitors the status of ALM operations and discusses future direction and strategy based on the Company's ALM policies.

(ii) Foreign exchange risk management

For foreign exchange risks, the Company procures foreign currency-denominated liabilities corresponding to foreign currency-denominated assets and hedges risks by using foreign currency-related derivatives.

(iii) Price fluctuation risk management

With regard to operational investment securities and investment securities, the Company regularly monitors the fair value of these securities as well as the financial status of issuers and continuously reviews its financial position considering market conditions and its relationship with the issuers.

(iv) Derivatives

With regard to derivatives, the Company uses currency swaps, etc. for the purpose of hedging risks associated with foreign currency fluctuations that affect its foreign currency-denominated receivables and payables, etc. The Company uses interest rate swap contracts for the purpose of hedging interest rate fluctuation risks that affect its borrowings.

The Company's finance division is authorized to engage in and manage derivatives, in accordance with internal regulations and individuals authorized on job responsibilities and pursuant to the approval of the Company's president (CEO) or officer in charge of the finance division.

The Company's consolidated subsidiaries' derivative-related transactions are subject to the Company's internal regulations "Basic Policy for Managing Market and Liquidity Risks." In accordance with the Company's "Regulations on Managing Subsidiaries and Associates," the Company's consolidated subsidiaries report to the Company on derivative-related transactions.

These reports explain the subsidiary's policy on engaging in the transaction, provide a validation of the transaction's objective, and detail the derivatives' status, counterparties, outstanding positions, and unrealized gains or losses.

(v) Quantitative information on market risk

The major types of financial instruments affected by interest rate risk, the Group's main risk factors, are "Installment receivables," "Lease receivables and investments in leases," "Operating loans," other marketable securities recorded under "Operational investment securities and investment securities," "Bonds payable," "Long-term borrowings," "Long-term payables under securitization of lease receivables," and interest rate swaps contracts included in "Derivatives." The Group

performs quantitative analysis in managing the risk of interest rate fluctuations. This quantitative analysis incorporates the potential change in value of these financial assets and liabilities based on a reasonable range of potential interest rate movements. To calculate the potential change in value, the financial assets and liabilities are split into fixed-rate and variable-rate categories. For the fixed-rate category, the Company allocates the book value of the instruments into appropriate categories based on their interest-payment dates and applies an appropriate potential range of interest rate movements to each category. Assuming all risk factors other than interest rates remain constant, as of the fiscal year-end, a 10 basis point (0.1%) change in interest rates would result in a change of ¥5,616 million (U.S.\$35,116 thousand) for the fiscal year ended March 31, 2026 and a change of ¥3,945 million for the fiscal year ended March 31, 2025 in the fair value of these financial assets and liabilities. This potential change in value is based on the assumption that all risk factors other than interest rates remain constant and does not incorporate the effects of correlation between interest rates and the other risk factors. If interest rates fluctuate beyond the assumed reasonable range, the value of these financial assets and liabilities may be affected by more than the Group has estimated.

3) Management of liquidity risks associated with funding (risks of failure to pay on due date)

The Company's management system and rules for liquidity risks are prescribed in its internal "Basic Policy for Managing Market and Liquidity Risks."

With regard to liquidity risks (funding risks), the Company's finance division rigorously controls funding for ordinary operations. The division prepares daily statements of cash receipts/disbursements and an outlook of weekly and monthly cash receipts/disbursements, analyzes investment and cash receipt/disbursement data, and receives reports, etc. from each division to determine the impact on the Company's funding activities. The division also adequately controls liquidity, enhances capital efficiency, and optimizes liquidity risks and funding costs.

Funding is measured by adequately monitoring economic conditions, market environments, etc. Liquidity risks are allocated to management categories by level of funding and managed based on predetermined response policies and implementation standards for each category.

The Company's finance division also monitors consolidated subsidiaries' funding status and takes appropriate action as necessary based on that status.

(4) Supplementary explanation related to fair values, etc. of financial instruments

Because calculations of fair values of financial instruments involve variable inputs, the results of calculations may vary depending on what premises and assumptions are used. Contract amounts and other derivatives data presented in "Derivatives" are nominal contract amounts or notional amounts used in calculations and do not indicate the amount of exposure.

2. Fair values, etc. of financial instruments

The book values, the fair values and their differences are as follows. Note that shares without a market price, etc. and investments in partnerships, etc. are not included in the following table (See (Note)). In addition, cash and deposits, short-term borrowings, commercial papers and payables under securitization of lease receivables are omitted from the notes because their fair value are close to their book value due to being settled in a short period of time.

As of March 31, 2026

	Millions of yen		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	¥ 56,091	¥ 53,378	¥ (2,713)
(2) Lease receivables and investments in leases*2	869,830	859,601	(10,228)
(3) Operating loans*2	498,586	490,781	(7,804)
(4) Operational investment securities and investment securities*3			
Other securities	437,894	437,894	–
Total assets	¥ 1,862,402	¥ 1,841,655	¥ (20,747)
(1) Lease liabilities (current liabilities and non-current liabilities)	¥ 4,119	¥ 4,119	–
(2) Bonds payable (current portion included)	495,923	490,083	(5,839)
(3) Long-term borrowings (current portion included)	1,599,630	1,590,491	(9,138)
(4) Long-term payables under securitization of lease receivables (current portion included)	11,033	10,952	(81)
Total liabilities	¥ 2,110,705	¥ 2,095,646	¥ (15,058)
Derivatives*4			
(i) Hedge accounting not applied	¥ (98)	¥ (98)	–
(ii) Hedge accounting applied	2,121	2,121	–
Total derivatives	¥ 2,022	¥ 2,022	–

	Thousands of U.S. dollars		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	\$ 350,727	\$ 333,762	\$ (16,965)
(2) Lease receivables and investments in leases*2	5,438,821	5,374,862	(63,959)
(3) Operating loans*2	3,117,528	3,068,725	(48,802)
(4) Operational investment securities and investment securities*3			
Other securities	2,738,037	2,738,037	–
Total assets	\$ 11,645,112	\$ 11,515,386	\$ (129,726)
(1) Lease liabilities (current liabilities and non-current liabilities)	\$ 25,757	\$ 25,757	–
(2) Bonds payable (current portion included)	3,100,875	3,064,365	(36,510)
(3) Long-term borrowings (current portion included)	10,002,063	9,944,924	(57,140)
(4) Long-term payables under securitization of lease receivables (current portion included)	68,990	68,480	(510)
Total liabilities	\$ 13,197,685	\$ 13,103,526	\$ (94,159)
Derivatives*4			
(i) Hedge accounting not applied	\$ (619)	\$ (619)	–
(ii) Hedge accounting applied	13,265	13,265	–
Total derivatives	\$ 12,646	\$ 12,646	–

*1. Net of deferred profit on installment sales.

*2. Net of general and specific allowances for doubtful accounts related to installment receivables, lease receivables and investments in leases, and operating loans.

*3. Operational investment securities include investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

*4. Assets and liabilities arising from derivatives are carried at net amounts with amounts in parentheses representing a net liability position.

As of March 31, 2025

	Millions of yen		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables* ^{1, 2}	¥ 53,395	¥ 53,245	¥ (150)
(2) Lease receivables and investments in leases* ²	850,061	867,824	17,762
(3) Operating loans* ²	382,273	375,915	(6,358)
(4) Operational investment securities and investment securities* ³			
Other securities	405,922	405,922	–
Total assets	¥ 1,691,653	¥ 1,702,908	¥ 11,254
(1) Lease liabilities (current liabilities and non-current liabilities)	¥ 4,588	¥ 4,588	–
(2) Bonds payable (current portion included)	501,966	501,579	(387)
(3) Long-term borrowings (current portion included)	1,476,112	1,472,420	(3,692)
(4) Long-term payables under securitization of lease receivables (current portion included)	5,349	5,269	(79)
Total liabilities	¥ 1,988,016	¥ 1,983,856	¥ (4,159)
Derivatives* ⁴			
(i) Hedge accounting not applied	¥ 15	¥ 15	–
(ii) Hedge accounting applied	1,005	1,005	–
Total derivatives	¥ 1,021	¥ 1,021	–

*1. Net of deferred profit on installment sales.

*2. Net of general and specific allowances for doubtful accounts related to installment receivables, lease receivables and investments in leases, and operating loans.

*3. Operational investment securities include investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

*4. Assets and liabilities arising from derivatives are carried at net amounts with amounts in parentheses representing a net liability position.

Note: The amounts of shares without a market price, etc. and investments in partnerships, etc. recorded on the consolidated balance sheet are as follows, and not included in the information on fair value of financial instruments "Assets (4) Other securities."

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Unlisted shares* ¹	¥ 10,374	¥ 10,717	\$ 64,867
Subsidiary's shares / associates' shares* ¹	63,115	50,840	394,643
Investments in limited partnerships, etc.* ²	272,392	236,310	1,703,200
Total	¥ 345,882	¥ 297,869	\$ 2,162,711

*1. This equates to shares without a market price, etc., and is not subject to fair value disclosure in accordance with paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

*2. Investments in partnerships, etc. is not subject to fair value disclosure based on paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

3. Matters concerning the breakdown of financial instruments by fair value level and other matters.

The fair value of financial instruments is categorized by the following three levels according to the observability and materiality of inputs used in calculating fair value.

Level 1 fair value : Fair value calculated from (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair value : Fair value calculated directly or indirectly using observable inputs other than Level 1 inputs

Level 3 fair value : Fair value calculated using significant unobservable inputs

If multiple inputs that materially affect the measurement of fair value are used, the fair value is categorized into the lowest priority level in fair value measurement among the levels of those inputs.

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

As of March 31, 2026

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	¥ –	¥ 188,613	¥ 16,274	¥ 204,888
Preferred securities / beneficial interest in trusts, etc.	11,488	2,979	1,666	16,134
Investment securities				
Shares	119,129	210	–	119,339
Investment trusts	528	–	–	528
Derivatives				
Interest rate-related	–	1,892	–	1,892
Foreign currency-related	–	318	–	318
Total assets	¥ 131,146	¥ 194,013	¥ 17,941	¥ 343,101
Derivatives	¥	¥	¥	¥
Interest rate-related	–	79	–	79
Foreign currency-related	–	99	–	99
Credit risk-related	–	9	–	9
Total liabilities	¥ –	¥ 188	¥ –	¥ 188

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	\$ –	\$ 1,179,352	\$ 101,761	\$ 1,281,112
Preferred securities / beneficial interest in trusts, etc.	71,834	18,629	10,420	100,883
Investment securities				
Shares	744,887	1,313	–	746,200
Investment trusts	3,303	–	–	3,303
Derivatives				
Interest rate-related	–	11,831	–	11,831
Foreign currency-related	–	1,993	–	1,993
Total assets	\$ 820,024	\$ 1,213,117	\$ 112,181	\$ 2,145,323
Derivatives	\$	\$	\$	\$
Interest rate-related	–	494	–	494
Foreign currency-related	–	625	–	625
Credit risk-related	–	59	–	59
Total liabilities	\$ –	\$ 1,178	\$ –	\$ 1,178

(*) Investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The book value of investment trusts that have applied the treatment in paragraph 24-3 is ¥30,042 million (U.S.\$187,847 thousand), and the book value of investment trusts that have applied the treatment in paragraph 24-9 is ¥66,961 million (U.S.\$418,692 thousand).

As of March 31, 2025

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	¥ –	¥ 167,917	¥ 44,034	¥ 211,952
Preferred securities / beneficial interest in trusts, etc.	647	3,456	2,366	6,471
Investment securities				
Shares	94,911	210	–	95,121
Investment trusts	524	–	–	524
Derivatives				
Interest rate-related	–	642	–	642
Foreign currency-related	–	435	–	435
Total assets	¥ 96,083	¥ 172,661	¥ 46,401	¥ 315,146
Derivatives	¥	¥	¥	¥
Interest rate-related	–	36	–	36
Credit risk-related	–	20	–	20
Total liabilities	¥ –	¥ 56	¥ –	¥ 56

(*) Investment trusts that have applied the treatment of regarding the net asset value per unit as the fair value in paragraph 24-3 and paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included in the above table. The book value of investment trusts that have applied the treatment in paragraph 24-3 is ¥29,330 million, and the book value of investment trusts that have applied the treatment in paragraph 24-9 is ¥62,523 million.

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

As of March 31, 2026

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	¥ –	¥ –	¥ 53,378	¥ 53,378
Lease receivables and investments in leases	–	–	859,601	859,601
Operating loans	–	–	490,781	490,781
Total assets	¥ –	¥ –	¥ 1,403,761	¥ 1,403,761
Lease liabilities	¥ –	¥ 4,119	¥ –	¥ 4,119
Bonds payable	–	490,083	–	490,083
Long-term borrowings	–	1,590,491	–	1,590,491
Long-term payables under securitization of lease receivables	–	10,952	–	10,952
Total liabilities	¥ –	¥ 2,095,646	¥ –	¥ 2,095,646

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	\$ –	\$ –	\$ 333,762	\$ 333,762
Lease receivables and investments in leases	–	–	5,374,862	5,374,862
Operating loans	–	–	3,068,725	3,068,725
Total assets	\$ –	\$ –	\$ 8,777,349	\$ 8,777,349
Lease liabilities	\$ –	\$ 25,757	\$ –	\$ 25,757
Bonds payable	–	3,064,365	–	3,064,365
Long-term borrowings	–	9,944,924	–	9,944,924
Long-term payables under securitization of lease receivables	–	68,480	–	68,480
Total liabilities	\$ –	\$ 13,103,526	\$ –	\$ 13,103,526

As of March 31, 2025

Category	Millions of yen				
	Fair value				Total
	Level 1	Level 2	Level 3		
Installment receivables	¥ –	¥ –	¥ 53,245	¥	53,245
Lease receivables and investments in leases	–	–	867,824		867,824
Operating loans	–	–	375,915		375,915
Total assets	¥ –	¥ –	¥ 1,296,985	¥	1,296,985
Lease liabilities	¥ –	¥ 4,588	¥ –	¥	4,588
Bonds payable	–	501,579	–		501,579
Long-term borrowings	–	1,472,420	–		1,472,420
Long-term payables under securitization of lease receivables	–	5,269	–		5,269
Total liabilities	¥ –	¥ 1,983,856	¥ –	¥	1,983,856

Notes:**1. Explanation of evaluation techniques and inputs used in calculating fair value****Operational investment securities and investment securities**

Operational investment securities and investment securities for which there are published market prices such as the stock exchange price or prices provided by relevant financial institutions or information vendors, where the unadjusted market prices in active markets can be used, are categorized as Level 1 fair value. This mainly includes listed shares.

If the market is not active, even if using published market prices, the items are categorized as Level 2 fair value. This mainly includes bonds payable.

If the market price cannot be obtained, fair value is calculated by discounting total principal and interest, etc. by a rate calculated based on an internal rating. Since significant unobservable inputs are used in the calculation, these are categorized as Level 3 fair value.

Investment trusts which have transaction prices in markets and for which unadjusted prices in active markets can be used are categorized as Level 1 fair value. This mainly includes listed investment trusts. For investment trusts with no transaction price in markets, the fair value is determined based on the net asset value per unit and other valuation methods. If there are no significant restrictions for which market participants would demand compensation for the risk on cancellation or repurchase requests, the net asset value per unit is used as the fair value, and the investment trusts are categorized as Level 2 fair value. If there is any significant restriction for which market participants would demand compensation for the risk on cancellation or repurchase requests, the investment trusts are measured with the net asset value per unit regarded as the fair value, and are not categorized into any level in accordance with paragraph 24-7 and paragraph 24-12 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

Installment receivables

Fair values are calculated by discounting uncollected receivables at the rate applied to new contracts. The Company calculates the fair values of doubtful receivables by deducting estimated losses on bad debts from their book values as of the consolidated balance sheet date. The resulting amount closely approximates the doubtful receivables' fair values. Estimated losses on bad debts are calculated based on estimated cash flows or estimated net realizable value, etc. covered by collateral or guaranty.

Since the impact on unobservable inputs is material for all fair values, these are categorized as Level 3 fair value.

Lease receivables and investments in leases

Fair values of lease receivables and investments in leases are calculated by subtracting major administrative and maintenance expenses from the total of uncollected lease receivables and lease payments. The Company calculates the fair values of doubtful receivables by deducting estimated losses on bad debts from their book values as of the consolidated balance sheet date. The resulting amount closely approximates the doubtful receivables' fair values. Estimated losses on bad debts are calculated based on estimated cash flows or estimated net realizable value, etc. covered by collateral or guaranty.

Since the impact on unobservable inputs is material for all fair values, these are categorized as Level 3 fair value.

Operating loans

Fair values of floating-rate operating loans are based on their book value. Market rates are reflected in the rates on floating-rate operating loans in a short period of time, so their book value closely approximates their fair values as long as the borrower credit status does not change materially after loan issuance. Fair values of fixed-rate operating loans are calculated by discounting total principal and interest for each borrower at the rate applied to new contracts. The Company calculates the fair values of doubtful receivables by deducting estimated losses on bad debts from their book values as of the consolidated balance sheet date. The resulting amount closely approximates the doubtful receivables' fair values. Estimated losses on bad debts are calculated based on estimated cash flows or estimated net realizable value, etc. covered by collateral or guaranty.

Since the impact on unobservable inputs is material for all fair values, these are categorized as Level 3 fair value.

Lease liabilities

To calculate the fair values of lease liabilities, the instruments are first allocated to categories according to maturity terms. Total principal and interest for each category is discounted at a notional rate that is assumed would apply to borrowing in the same amount.

Since the impact on unobservable inputs is immaterial, these are categorized as Level 2 fair value.

Bonds payable (current portion included), Long-term borrowings (current portion included), Long-term payables under securitization of lease receivables (current portion included)

Fair values of floating-rate loans and payables in these categories are based on their book value.

Market rates are reflected in the rates on these loans and payables in a short period of time, and the Company's credit status has not changed materially since issuance, so their book value are deemed to closely approximate their fair values. To calculate the fair values of fixed-rate loans and payables in these categories, the instruments are first allocated to categories according to maturity terms. Total principal and interest for each category is discounted at a notional rate that is assumed would apply to borrowing in the same amount.

Since the impact on unobservable inputs is immaterial for all fair values, these are categorized as Level 2 fair value.

Derivatives

Derivatives are over-the-counter (OTC) transactions, and calculated based on the price indicated by relevant financial institutions, etc. The main inputs used in these evaluation techniques are interest rates and foreign exchange rates, etc. Since observable inputs are used, their fair value is categorized as Level 2 fair value.

2. Information concerning Level 3 fair value for financial instruments recorded on the consolidated balance sheet at fair value

(1) Quantitative information concerning significant unobservable inputs

As of March 31, 2026

Category	Evaluation technique	Significant unobservable inputs	Scope of inputs
Operational investment securities			
Bonds payable	Discounted present value method	Discount rate	3.25%
Preferred securities, etc.	Discounted present value method	Discount rate	15.82%-31.21%

As of March 31, 2025

Category	Evaluation technique	Significant unobservable inputs	Scope of inputs
Operational investment securities			
Bonds payable	Discounted present value method	Discount rate	2.76%
Preferred securities, etc.	Discounted present value method	Discount rate	6.50%-18.47%

(2) Reconciliation from the balance at beginning of year to the balance at end of year, unrealized gain and loss recognized in profit and loss for the period

As of March 31, 2026

	Millions of yen															
	Beginning of year	Profit and loss or other comprehensive income for the period				Net amounts of purchase, sale, issuance and settlement	Transfers to Level 3 fair value (*3)	Transfers from Level 3 fair value (*4)	End of year	Unrealized gains and losses on financial assets and financial liabilities held as of the consolidated balance sheet date included in profit and loss for the period						
		Recorded in profit and loss (*1)		Recorded in other comprehensive income (*2)												
Operational investment securities																
Bonds payable	¥	44,034	¥	(23,379)	¥	3,120	¥	(7,500)	¥	–	¥	–	¥	16,274	¥	–
Preferred securities, etc.		2,366		–		(141)		(559)		–		–		1,666		–
Total	¥	46,401	¥	(23,379)	¥	2,978	¥	(8,059)	¥	–	¥	–	¥	17,941	¥	–

	Thousands of U.S. dollars															
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale, issuance and settlement	Transfers to Level 3 fair value ^(*)	Transfers from Level 3 fair value ^(*)	End of year	Unrealized gains and losses on financial assets and financial liabilities held as of the consolidated balance sheet date included in profit and loss for the period								
		Recorded in profit and loss ^(*)	Recorded in other comprehensive income ^(*)													
Operational investment securities																
Bonds payable	\$	275,334	\$	(146,186)	\$	19,509	\$	(46,896)	\$	–	\$	–	\$	101,761	\$	–
Preferred securities, etc.		14,800		–		(884)		(3,496)		–		–		10,420		–
Total	\$	290,134	\$	(146,186)	\$	18,624	\$	(50,391)	\$	–	\$	–	\$	112,181	\$	–

*1. Included in "Cost of sales" on the consolidated statement of income.

*2. Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

*3. There were no transfers from Level 2 fair value to Level 3 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

*4. There were no transfers from Level 3 fair value to Level 2 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

As of March 31, 2025

	As of March 31, 2020															
	Millions of yen															
	Beginning of year		Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale, issuance and settlement	Transfers to Level 3 fair value (*2)	Transfers from Level 3 fair value (*3)	End of year	Unrealized gains and losses on financial assets and financial liabilities held as of the consolidated balance sheet date included in profit and loss for the period							
Recorded in profit and loss			Recorded in other comprehensive income (*1)													
Operational investment securities																
Bonds payable	¥	30,416	¥	–	¥	(742)	¥	14,359	¥	–	¥	–	¥	44,034	¥	–
Preferred securities, etc.		4,365		–		(431)		(1,567)		–		–		2,366		–
Total	¥	34,782	¥	–	¥	(1,173)	¥	12,792	¥	–	¥	–	¥	46,401	¥	–

*1. Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

*2. There were no transfers from Level 2 fair value to Level 3 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

*3. There were no transfers from Level 3 fair value to Level 2 fair value during the fiscal year. Note that in the case of a transfer, such transfer occurs on the final day of the accounting period.

(3) Explanation of the fair value valuation process

The Group defines policies and procedures concerning the calculation of fair value in its accounting division and calculates fair value in that division in line with such policies and procedures. The calculated fair value is verified at the accounting division or the standalone finance division on the validity of the evaluation technique and inputs used in calculating fair value and the appropriateness of the categorization of fair value level.

When calculating fair value, a valuation model that can most appropriately reflect the nature, special characteristics and risk of the individual assets is applied. In addition, if using a market price obtained from a third-party, the evaluation technique and inputs used are confirmed and the validity of the price is verified by appropriate methods such as monthly trends analysis.

(4) Explanation concerning the impact on fair value if the significant unobservable inputs are changed

The discount rate, which is a significant unobservable inputs used in calculating fair value of items such as corporate bonds, is an adjustment rate relative to standard market interest rates such as TIBOR and swap rates. It mainly comprises the risk premium, which is the compensation required by market participants for the uncertainty of cash flows from financial instruments derived from credit risk. In general, a pronounced rise (fall) in the discount rate causes a pronounced fall (rise) in fair value.

3. Information on investment trusts that have applied the treatment in paragraph 24-3 and paragraph 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021)**(1) Reconciliation of investment trusts that have applied the treatment in paragraph 24-3 and paragraph 24-9 from the balance at beginning of year to the balance at end of year**

As of March 31, 2026

Category	Millions of yen															
	Beginning of year	Profit and loss or other comprehensive income for the period				Net amounts of purchase, sale and redemption	Amounts of investment trusts whose net asset value per unit shall be regarded as the fair value	Amounts of investment trusts whose net asset value per unit shall not be regarded as the fair value	End of year	Unrealized gains and losses on investment trusts held as of the consolidated balance sheet date included in profit and loss for the period						
		Recorded in profit and loss	Recorded in other comprehensive income (*)													
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	¥	29,330	¥	–	¥	711	¥	–	¥	–	¥	–	¥	30,042	¥	–
Investment trusts whose investment trust property is real estate (paragraph 24-9)		62,523		–		1,363		3,075		–		–		66,961		–
Total	¥	91,853	¥	–	¥	2,074	¥	3,075	¥	–	¥	–	¥	97,003	¥	–

	Thousands of U.S. dollars							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale and redemption	Amounts of investment trusts whose net asset value per unit shall be regarded as the fair value	Amounts of investment trusts whose net asset value per unit shall not be regarded as the fair value	End of year	Unrealized gains and losses on investment trusts held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	\$ 183,397	\$ –	\$ 4,450	\$ –	\$ –	\$ –	\$ 187,847	\$ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	390,940	–	8,524	19,228	–	–	418,692	–
Total	\$ 574,337	\$ –	\$ 12,974	\$ 19,228	\$ –	\$ –	\$ 606,538	\$ –

* Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

As of March 31, 2025

Category	Millions of yen							
	Beginning of year	Profit and loss or other comprehensive income for the period		Net amounts of purchase, sale and redemption	Amounts of investment trusts whose net asset value per unit shall be regarded as the fair value	Amounts of investment trusts whose net asset value per unit shall not be regarded as the fair value	End of year	Unrealized gains and losses on investment trusts held as of the consolidated balance sheet date included in profit and loss for the period
		Recorded in profit and loss	Recorded in other comprehensive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	¥ 29,183	¥ –	¥ (353)	¥ 500	¥ –	¥ –	¥ 29,330	¥ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	47,305	–	1,940	13,276	–	–	62,523	–
Total	¥ 76,489	¥ –	¥ 1,587	¥ 13,776	¥ –	¥ –	¥ 91,853	¥ –

* Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

(2) Breakdown of investment trusts that have applied the treatment in paragraph 24-3 by content of restrictions on cancellation as of the consolidated balance sheet date

As of March 31, 2026

Content of restrictions on cancellation	Book value (Millions of yen)	Book value (Thousands of U.S. dollars)
The record date for cancellation is limited, and the interval is long.	¥ 30,042	\$ 187,847

As of March 31, 2025

Content of restrictions on cancellation	Book value (Millions of yen)
The record date for cancellation is limited, and the interval is long.	¥ 29,330

4. Redemption schedule by term for monetary receivables and securities with maturity after the consolidated balance sheet dates

As of March 31, 2026

	Millions of yen			
	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	¥ 79,950	¥ –	¥ –	¥ –
Installment receivables	17,666	32,476	5,666	2,095
Lease receivables and investments in leases	254,290	492,220	79,732	45,189
Operating loans	159,022	200,880	136,160	2,918
Operational investment securities and investment securities				
Other securities with maturities				
(1) Bonds (government bonds)	–	–	–	–
(2) Bonds (corporate bonds)	2,786	58,674	43,218	–
(3) Bonds (other)	–	–	–	–
(4) Other	28,822	163,119	38,828	39,821
Total	¥ 542,539	¥ 947,370	¥ 303,606	¥ 90,023

	Thousands of U.S. dollars			
	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	\$ 499,907	\$ –	\$ –	\$ –
Installment receivables	110,463	203,065	35,433	13,100
Lease receivables and investments in leases	1,590,011	3,077,723	498,545	282,555
Operating loans	994,328	1,256,050	851,378	18,248
Operational investment securities and investment securities				
Other securities with maturities				
(1) Bonds (government bonds)	–	–	–	–
(2) Bonds (corporate bonds)	17,422	366,878	270,231	–
(3) Bonds (other)	–	–	–	–
(4) Other	180,222	1,019,944	242,782	248,990
Total	\$ 3,392,353	\$ 5,923,660	\$ 1,898,370	\$ 562,894

As of March 31, 2025

	Millions of yen			
	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Cash and deposits	¥ 66,598	¥ –	¥ –	¥ –
Installment receivables	17,323	28,427	7,438	1,712
Lease receivables and investments in leases	241,372	487,987	77,903	44,215
Operating loans	157,020	187,901	34,527	3,078
Operational investment securities and investment securities				
Other securities with maturities				
(1) Bonds (government bonds)	–	–	–	–
(2) Bonds (corporate bonds)	14,394	50,018	67,011	–
(3) Bonds (other)	–	–	–	–
(4) Other	14,750	154,399	34,579	37,427
Total	¥ 511,459	¥ 908,734	¥ 221,460	¥ 86,433

5. Repayment schedule by term for bonds payable, long-term borrowings, and other interest-bearing debt after the consolidated balance sheet dates.

As of March 31, 2026

	Millions of yen					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	¥ 598,425	¥ –	¥ –	¥ –	¥ –	–
Commercial papers	292,000	–	–	–	–	–
Payables under securitization of lease receivables	9,600	–	–	–	–	–
Lease liabilities	1,842	579	480	347	281	588
Bonds payable	81,600	123,995	106,746	102,390	57,993	23,198
Long-term borrowings	528,503	439,164	317,333	198,466	83,547	32,614
Long-term payables under securitization of lease receivables	3,673	3,295	2,688	1,303	73	–
Total	¥ 1,515,644	¥ 567,034	¥ 427,247	¥ 302,507	¥ 141,895	¥ 56,401

	Thousands of U.S. dollars					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	\$ 3,741,796	\$ –	\$ –	\$ –	\$ –	–
Commercial papers	1,825,799	–	–	–	–	–
Payables under securitization of lease receivables	60,026	–	–	–	–	–
Lease liabilities	11,519	3,621	3,004	2,174	1,761	3,677
Bonds payable	510,223	775,309	667,455	640,219	362,615	145,055
Long-term borrowings	3,304,594	2,745,981	1,984,199	1,240,958	522,401	203,929
Long-term payables under securitization of lease receivables	22,968	20,605	16,808	8,148	461	–
Total	\$ 9,476,925	\$ 3,545,516	\$ 2,671,467	\$ 1,891,499	\$ 887,238	\$ 352,661

As of March 31, 2025

	Millions of yen					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Short-term borrowings	¥ 608,320	¥ –	¥ –	¥ –	¥ –	–
Commercial papers	213,000	–	–	–	–	–
Payables under securitization of lease receivables	3,500	–	–	–	–	–
Lease liabilities	1,561	921	520	434	301	848
Bonds payable	94,496	81,600	102,267	89,678	100,934	32,990
Long-term borrowings	441,624	395,917	293,299	171,266	132,583	41,420
Long-term payables under securitization of lease receivables	3,555	464	382	303	26	618
Total	¥ 1,366,058	¥ 478,903	¥ 396,469	¥ 261,682	¥ 233,845	¥ 75,878

XIII. Securities

1. Other securities

As of March 31, 2026

	Type	Millions of yen		
		Book value	Acquisition cost	Difference
	(1) Shares	¥ 118,244	¥ 18,225	¥ 100,019
	(2) Bonds			
Securities whose book value exceeds their acquisition cost	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	15,078	13,703	1,374
	3) Other	–	–	–
	(3) Other	99,514	91,077	8,436
	Subtotal	232,837	123,006	109,830
Securities whose book value does not exceed their acquisition cost	(1) Shares	11,874	12,503	(629)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	189,810	199,547	(9,737)
	3) Other	–	–	–
	(3) Other	3,372	3,431	(58)
	Subtotal	205,057	215,482	(10,425)
Total		¥ 437,894	¥ 338,488	¥ 99,405

	Type	Thousands of U.S. dollars		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	\$ 739,354	\$ 113,958	\$ 625,396
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	94,280	85,686	8,593
	3) Other	—	—	—
	(3) Other	622,236	569,482	52,753
	Subtotal	1,455,869	769,126	686,743
Securities whose book value does not exceed their acquisition cost	(1) Shares	74,247	78,181	(3,934)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	—	—	—
	2) Corporate bonds	1,186,833	1,247,721	(60,888)
	3) Other	—	—	—
	(3) Other	21,088	21,454	(366)
	Subtotal	1,282,168	1,347,356	(65,187)
Total	\$ 2,738,037	\$ 2,116,482	\$ 621,555	

Note: Shares without a market price, etc. and investments in limited partnerships, etc. are not included in the above table.

As of March 31, 2025

	Type	Millions of yen		
		Book value	Acquisition cost	Difference
	(1) Shares	¥ 91,629	¥ 17,418	¥ 74,210
	(2) Bonds			
Securities whose book value exceeds their acquisition cost	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	29,067	28,480	587
	3) Other	–	–	–
	(3) Other	65,499	58,926	6,572
	Subtotal	186,196	104,825	81,371
	(1) Shares	3,491	3,877	(385)
	(2) Bonds			
Securities whose book value does not exceed their acquisition cost	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	182,884	188,335	(5,451)
	3) Other	–	–	–
	(3) Other	33,350	33,566	(216)
	Subtotal	219,725	225,779	(6,053)
Total		¥ 405,922	¥ 330,604	¥ 75,318

Note: Shares without a market price, etc. and investments in limited partnerships, etc. are not included in the above table.

2. Other securities sold

FY2025 (From April 1, 2025 to March 31, 2026)

Type	Millions of yen		
	Sales proceeds	Total gain	Total loss
(1) Shares	¥ 2,063	¥ 1,419	¥ 238
(2) Bonds			
1) Government bonds and local government bonds, etc.	–	–	–
2) Corporate bonds	5,000	–	–
3) Other	–	–	–
(3) Other	5,996	116	70
Total	¥ 13,060	¥ 1,535	¥ 309

Type	Thousands of U.S. dollars		
	Sales proceeds	Total gain	Total loss
(1) Shares	\$ 12,903	\$ 8,873	\$ 1,492
(2) Bonds			
1) Government bonds and local government bonds, etc.	–	–	–
2) Corporate bonds	31,264	–	–
3) Other	–	–	–
(3) Other	37,497	730	441
Total	\$ 81,664	\$ 9,603	\$ 1,934

FY2024 (From April 1, 2024 to March 31, 2025)

Type	Millions of yen		
	Sales proceeds	Total gain	Total loss
(1) Shares	¥ 592	¥ 34	¥ –
(2) Bonds			
1) Government bonds and local government bonds, etc.	–	–	–
2) Corporate bonds	–	–	–
3) Other	–	–	–
(3) Other	3,205	373	48
Total	¥ 3,797	¥ 407	¥ 48

3. Impairment losses on securities

During the fiscal year ended March 31, 2026, impairment loss recorded on securities amounted to ¥24,114 million (U.S.\$150,783 thousand) (shares, etc. classified as other securities: ¥24,114 million (U.S.\$150,783 thousand)) and during the fiscal year ended March 31, 2025, impairment loss recorded on securities amounted to ¥161 million (shares, etc. classified as other securities: ¥161 million).

The Company recognizes the impairment losses where the decline in the price at year end is greater than or equal to 50% of the acquisition cost. Where the decline in the price is between 30% and less than 50% of the acquisition cost, the Company may recognize impairment losses, taking into consideration the credit rating of the issuer, the materiality of the amount, the likelihood of the securities recovering in price, etc., as well as the analysis of the level of market price by looking at the gap between the book value and the highest and lowest price and other data during the fiscal years ended March 31, 2026 and 2025.

XIV. Derivatives

1. Derivatives to which hedge accounting is not applied

(1) Foreign currency-related

As of March 31, 2026

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Currency swap contracts				
	Receive yen, pay U.S. dollars	¥ 1,503	¥ –	¥ (89)	¥ (89)
Total		¥ 1,503	¥ –	¥ (89)	¥ (89)

Category	Type of contracts	Thousands of U.S. dollars			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Currency swap contracts				
	Receive yen, pay U.S. dollars	\$ 9,398	\$ –	\$ (560)	\$ (560)
Total		\$ 9,398	\$ –	\$ (560)	\$ (560)

As of March 31, 2025

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Currency swap contracts				
	Receive yen, pay U.S. dollars	¥ 3,167	¥ 1,503	¥ 35	¥ 35
Total		¥ 3,167	¥ 1,503	¥ 35	¥ 35

(2) Interest rate-related**As of March 31, 2026**

Not applicable

As of March 31, 2025

Not applicable

(3) Credit risk-related**As of March 31, 2026**

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Total return swaps	¥ 1,503	¥ –	¥ (9)	¥ (9)
Total		¥ 1,503	¥ –	¥ (9)	¥ (9)

Category	Type of contracts	Thousands of U.S. dollars			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Total return swaps	\$ 9,398	\$ –	\$ (59)	\$ (59)
Total		\$ 9,398	\$ –	\$ (59)	\$ (59)

As of March 31, 2025

Category	Type of contracts	Millions of yen			
		Contract amount, etc.	Contract amount, etc. of over one year	Fair value	Unrealized gains or losses
Transactions other than market trading	Total return swaps	¥ 3,167	¥ 1,503	¥ (20)	¥ (20)
Total		¥ 3,167	¥ 1,503	¥ (20)	¥ (20)

2. Derivatives to which hedge accounting is applied**(1) Foreign currency-related****As of March 31, 2026**

Hedge accounting	Type of contracts	Hedged item	Millions of yen					
			Contract amount, etc.		Contract amount, etc. of over one year	Fair value		
Principle treatment	Currency swap contracts							
	Receive yen, pay U.S. dollars	Foreign currency-denominated securities	¥	18,456	¥	–	¥	(16)
	Receive yen, pay euros	Foreign currency-denominated securities		8,590		–		45
	Receive yen, pay British pounds	Foreign currency-denominated securities		29,259		–		267
	Receive yen, pay Thai baht	Foreign currency-denominated securities		2,180		–		12
Total			¥	58,486	¥	–	¥	308

Hedge accounting	Type of contracts	Hedged item	Thousands of U.S. dollars		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Currency swap contracts				
	Receive yen, pay U.S. dollars	Foreign currency-denominated securities	\$ 115,403	\$ –	\$ (106)
	Receive yen, pay euros	Foreign currency-denominated securities	53,714	–	282
	Receive yen, pay British pounds	Foreign currency-denominated securities	182,949	–	1,675
	Receive yen, pay Thai baht	Foreign currency-denominated securities	13,634	–	77
Total			\$ 365,701	\$ –	\$ 1,928

As of March 31, 2025

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Currency swap contracts				
	Receive yen, pay U.S. dollars	Foreign currency-denominated securities	¥ 18,301	¥ –	¥ 148
	Receive yen, pay euros	Foreign currency-denominated securities	34,959	–	139
	Receive yen, pay British pounds	Foreign currency-denominated securities	18,335	–	81
	Receive yen, pay Thai baht	Foreign currency-denominated securities	1,806	–	30
Total			¥ 73,403	¥ –	¥ 399

(2) Interest rate-related**As of March 31, 2026**

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	¥ 52,611	¥ 33,181	¥ 1,813
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	10,996	10,996	(Note)
Total			¥ 63,608	¥ 44,178	¥ 1,813

Hedge accounting	Type of contracts	Hedged item	Thousands of U.S. dollars		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	\$ 328,969	\$ 207,476	\$ 11,336
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	68,758	68,758	(Note)
Total			\$ 397,727	\$ 276,234	\$ 11,336

Note: Since interest rate swaps which are subject to accounting under exceptional treatment of interest rate swaps are accounted for as part of borrowings that are hedged items, their fair value is included in the relevant borrowings.

As of March 31, 2025

Hedge accounting	Type of contracts	Hedged item	Millions of yen		
			Contract amount, etc.	Contract amount, etc. of over one year	Fair value
Principle treatment	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	¥ 27,423	¥ 26,084	¥ 606
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	10,476	10,476	(Note)
Total			¥ 37,900	¥ 36,561	¥ 606

Note: Since interest rate swaps which are subject to accounting under exceptional treatment of interest rate swaps are accounted for as part of borrowings that are hedged items, their fair value is included in the relevant borrowings.

XV. Retirement benefits

1. Overview of the Group's retirement benefits plan

The Company has a defined-benefit corporate pension fund plan (established by the Company and Group companies) and a defined-benefit corporate pension plan as its defined-benefit system, and it also has a defined-contribution pension plan as its defined-contribution system.

The defined-benefit corporate pension fund plan is the only fund type and provides a lump-sum payment or pension based on the employees' final salary points and lengths of service. Furthermore, certain defined-benefit corporate pension fund plans have retirement benefit trusts.

The defined-benefit corporate pension fund plan (established by the Company and Group companies) which is multi-employer type of pension plan is accounted for in the same manner as a defined-contribution pension plan because it is not possible to reasonably estimate the value of plan assets corresponding to the contribution of each company.

The defined-contribution pension plan was transferred from a termination allowance plan on November 1, 2009. The defined-contribution pension plan, under which employees are participants, is funded by the contributions based on the participant's plan course and eligibility.

Some of the domestic consolidated subsidiaries have a defined-benefit corporate pension plan and a termination allowance plan as its defined-benefit pension system.

Some of the domestic consolidated subsidiaries, which have a defined-benefit corporate pension plan and a termination allowance plan, use simplified accounting methods for calculation of retirement benefit liability and retirement benefit expenses. In the termination allowance plan, retirement benefit obligations are recorded in the amount to be paid for voluntary retirement as of fiscal year-end. In the corporate pension plan, retirement benefit obligations are recorded in the amount of actuarial liability calculated under the latest pension funding programs.

The Company and some of its domestic consolidated subsidiaries may make lump-sum payments of premium retirement benefits to some employees at their retirement and certain situation.

2. Defined-benefit pension plan (excluding pension plans using the simplified accounting methods)

(1) Reconciliation of retirement benefit obligations as of beginning of year and as of end of year

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Retirement benefit obligations at beginning of year	¥ 11,804	¥ 12,080	\$ 73,808
Service cost	490	494	3,068
Interest cost	211	145	1,325
Actuarial gains or losses	(1,169)	(235)	(7,313)
Retirement benefits paid	(793)	(680)	(4,962)
Retirement benefit obligations at end of year	¥ 10,543	¥ 11,804	\$ 65,927

Note: Service costs and interest costs are included in "Cost of sales" and "Selling, general and administrative expenses" on the consolidated statement of income.

(2) Reconciliation of plan assets as of beginning of year and as of end of year

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Plan assets at beginning of year	¥ 13,467	¥ 13,517	\$ 84,207
Expected return on plan assets	205	237	1,285
Actuarial gains or losses	808	(267)	5,054
Contribution from employer	477	493	2,984
Retirement benefits paid	(710)	(513)	(4,444)
Plan assets at end of year	¥ 14,247	¥ 13,467	\$ 89,087

(3) Reconciliation of retirement benefit obligations and plan assets at end of fiscal year and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Retirement benefit obligations for funded pension plans	¥ 10,543	¥ 11,804	\$ 65,927
Plan assets	(14,247)	(13,467)	(89,087)
Net assets or liabilities recorded in the consolidated balance sheets	(3,704)	(1,663)	(23,160)
Retirement benefit liability	913	919	5,712
Retirement benefit asset	(4,617)	(2,582)	(28,872)
Net assets or liabilities recorded in the consolidated balance sheets	¥ (3,704)	¥ (1,663)	\$ (23,160)

(4) Breakdown of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Service cost	¥ 490	¥ 494	\$ 3,068
Interest cost	211	145	1,325
Expected return on plan assets	(205)	(237)	(1,285)
Amortization of actuarial loss	(1,579)	(143)	(9,878)
Other	(64)	(62)	(402)
Retirement benefit expenses for defined-benefit pension plan	¥ (1,147)	¥ 196	\$ (7,172)

Note: Retirement benefit expenses are included in "Cost of sales" and "Selling, general and administrative expenses" on the consolidated statement of income.

(5) Remeasurements of defined benefit plans

The components of items recorded in remeasurements of defined benefit plans, net of tax included in other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Actuarial gains or losses	¥ 401	¥ (100)	\$ 2,512

(6) Remeasurements of defined benefit plans

The components of items recorded in remeasurements of defined benefit plans, net of tax included in accumulated other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Unrecognized actuarial gains or losses	¥ (859)	¥ (462)	\$ (5,371)

(7) Plan assets

1) Breakdown of plan assets

Ratio of each major component of plan assets was as follows:

	As of March 31, 2026	As of March 31, 2025
	%	%
Bonds	38	39
Shares	15	17
Cash and deposits	3	4
General account	30	27
Other	14	13
Total	100	100

Note: The total includes retirement benefits trust established for corporate pension plan at 6% in the fiscal year ended March 31, 2026 and 5% in the fiscal year ended March 31, 2025.

2) Estimation of expected long-term rate of return on plan assets

Expected long-term rate of return on plan assets is estimated based on current and expected future distribution of plan assets as well as current and expected future long-term rate of return on various components of plan assets.

(8) Basis for actuarial calculation

Major basis for actuarial calculation

	As of March 31, 2026	As of March 31, 2025
	%	%
Discount rate	1.40 - 3.05	0.10 - 2.12
Expected long-term rate of return	1.10 - 2.50	1.00 - 2.50
Expected increase in salary	1.41 - 3.69	1.41 - 3.69

3. Defined-benefit pension plans using the simplified accounting methods

(1) Reconciliation of retirement benefit liability for the pension plans using the simplified accounting methods as of beginning of year and as of end of year

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Retirement benefit liability at beginning of year	¥ 1,757	¥ 1,531	\$ 10,991
Retirement benefit expenses	261	207	1,637
Retirement benefits paid	(104)	(175)	(654)
Increase by the new consolidated subsidiary	118	194	740
Other	(33)	—	(211)
Retirement benefit liability at end of year	¥ 1,999	¥ 1757	\$ 12,503

Note: Retirement benefit expenses are included in "Cost of sales" and "Selling, general and administrative expenses" on the consolidated statement of income.

(2) Reconciliation of retirement benefit obligations and plan assets at end of fiscal year and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Retirement benefit obligations for funded pension plans	¥ 775	¥ 696	\$ 4,851
Plan assets	(182)	(178)	(1,141)
	593	517	3,710
Retirement benefit obligations for unfunded pension plans	1,406	1,239	8,794
Net assets or liabilities recorded in the consolidated balance sheets	1,999	1,757	12,503
Retirement benefit liability	1,999	1,757	12,503
Net assets or liabilities recorded in the consolidated balance sheets	¥ 1,999	¥ 1,757	\$ 12,503

(3) Retirement benefit expenses

Retirement benefit expenses calculated by simplified accounting method

FY2025 (April 1, 2025 - March 31, 2026): ¥261 million (U.S.\$1,637 thousand)

FY2024 (April 1, 2024 - March 31, 2025): ¥207 million

Note: Retirement benefit expenses are included in "Cost of sales" and "Selling, general and administrative expenses" on the consolidated statement of income.

4. Defined contribution plan

In the fiscal years ended March 31, 2026 and 2025 the amount required to be contributed by the Company and consolidated subsidiaries to the defined-contribution pension plan amounted to ¥219 million (U.S.\$1,375 thousand) and ¥218 million, respectively.

Note: The amounts are included in "Cost of sales" and "Selling, general and administrative expenses" on the consolidated statement of income.

5. Multi-employer type of pension plan

In the fiscal years ended March 31, 2026 and 2025 the amount required to be contributed to the defined-benefit corporate pension fund plan (established by the Company and Group companies) of multi-employer type of pension plan amounted to ¥292 million (U.S.\$1,829 thousand) and ¥274 million, respectively. The contribution is accounted for in the same manner with a defined-contribution pension plan.

(1) Most recent funded status of the multi-employer welfare pension plan

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Amount of plan assets	¥ 22,579	¥ 21,191	\$ 141,185
Actuarial liability under pension funding programs	20,300	19,738	126,937
Difference	¥ 2,278	¥ 1,453	\$ 14,249

(2) Premium contribution ratio for the Group's contribution to multi-employer type of pension plan

FY2025: 14.615% (From April 1, 2025 to March 31, 2026)

FY2024: 14.815% (From April 1, 2024 to March 31, 2025)

(3) Supplementary explanation

The main reasons for the difference in (1) above are the balance of prior service obligations under pension funding programs (¥4,711 million (U.S.\$29,461 thousand) in the fiscal year ended March 31, 2026, ¥5,289 million in the fiscal year ended March 31, 2025) and general reserve (¥6,990 million (U.S.\$43,710 thousand) in the fiscal year ended March 31, 2026, ¥6,742 million in the fiscal year ended March 31, 2025).

The amortization method for prior service obligations in this system is even amortization of principal and interest over 20 years. Were for some, unlikely reason, a shortage to occur for the balance brought forward, this would be dealt with through methods such as raising special premiums as necessary based on the recalculation of the financial situation.

Since the amount of the special premiums is calculated by multiplying the amount of base salary at the time of premium contribution by the premium rate prescribed in advance, the ratio in (2) above is not the same as the actual burden ratio.

XVI. Stock options, etc.

1. Stock options-related expenses were recorded in the following account

Not applicable

2. Gains on expiration of unexercised stock options

Not applicable

3. Details, number and status of stock option

(1) Details of stock options

Since the Company resolved at the 49th Annual General Meeting of Shareholders held on June 22, 2018 to introduce the share-based payment plan or Board Benefit Trust (BBT) for its directors and executive officers and abolished the share-based payment-type stock options plan, there has been no new granting of stock options.

	Stock options for 2012	Stock options for 2013	Stock options for 2014
Class and number of grantees (Note 1)	Directors of the Company: 8 Executive officers of the Company: 16	Directors of the Company: 8 Executive officers of the Company: 18	Directors of the Company: 7 Executive officers of the Company: 18
Number and type of stock options (Note 2)	Common shares: 219,000 shares	Common shares: 126,000 shares	Common shares: 106,500 shares
Grant date	October 16, 2012	October 15, 2013	October 15, 2014
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	(Note 4)	(Note 4)	(Note 4)
Exercise period	October 16, 2012 – October 15, 2042 (Note 5)	October 15, 2013 – October 14, 2043 (Note 5)	October 15, 2014 – October 14, 2044 (Note 5)

	Stock options for 2015	Stock options for 2016	Stock options for 2017
Class and number of grantees (Note 1)	Directors of the Company: 7 Executive officers of the Company: 19	Directors of the Company: 7 Executive officers of the Company: 21	Directors of the Company: 6 Executive officers of the Company: 22
Number and type of stock options (Note 2)	Common shares: 85,800 shares	Common shares: 104,100 shares	Common shares: 66,600 shares
Grant date	October 15, 2015	October 14, 2016	October 16, 2017
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	(Note 4)	(Note 4)	(Note 4)
Exercise period	October 15, 2015 – October 14, 2045 (Note 5)	October 14, 2016 – October 13, 2046 (Note 5)	October 16, 2017 – October 15, 2047 (Note 5)

Notes: 1. Excluding outside directors and outside corporate auditors
2. Converted to number of shares Furthermore, the figures shown have been translated into the number of shares after the April 1, 2025 share split (3-for-1 common share split).
3. No vesting conditions attached
4. No provision for requisite service period
5. Notwithstanding the above, if a share acquisition rights holder loses his/her position as director, corporate auditor, or executive officer of the Company during the above term, he/she may exercise the rights within a period of five years beginning on the day that exactly one year has passed since the day immediately after the day on which the holder loses his/her position.

(2) Movement in stock options

The number of stock options that existed during the fiscal year ended March 31, 2026 is translated into the number of shares.

1) Number of stock options

	Stock options for 2012	Stock options for 2013	Stock options for 2014
Pre-vesting (shares)			
Previous fiscal year-end	–	–	–
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Balance unvested	–	–	–
Post-vesting (shares)			
Previous fiscal year-end	3,300	8,400	23,400
Vested	–	–	–
Exercised	3,300	6,000	9,000
Expired	–	–	–
Balance unexercised	–	2,400	14,400

	Stock options for 2015	Stock options for 2016	Stock options for 2017
Pre-vesting (shares)			
Previous fiscal year-end	–	–	–
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Balance unvested	–	–	–
Post-vesting (shares)			
Previous fiscal year-end	26,700	36,600	26,100
Vested	–	–	–
Exercised	9,600	7,800	8,400
Expired	–	–	–
Balance unexercised	17,100	28,800	17,700

Note: The figures shown have been translated into the number of shares after the April 1, 2025 share split (3-for-1 common share split).

2) Unit price

	Stock options for 2012		Stock options for 2013		Stock options for 2014	
	Yen		Yen		Yen	
Exercise price	¥	1	¥	1	¥	1
Average price per share at exercise		4,083		3,919		3,973
Fair value at grant date		648		1,186		1,195

	Stock options for 2015		Stock options for 2016		Stock options for 2017	
	Yen		Yen		Yen	
Exercise price	¥	1	¥	1	¥	1
Average price per share at exercise		3,994		3,904		3,919
Fair value at grant date		1,551		1,536		2,280

Note: The figures shown have been translated into the prices after the April 1, 2025 share split (3-for-1 common share split).

4. Estimation method for fair value of stock options

Not applicable

5. Estimation method for the number of vested stock options

The Company generally uses the actual number of expired options to estimate the number of vested options, because it is difficult to reasonably estimate how many options will expire in the future.

XVII. Tax effect accounting**1. The respective breakdowns of deferred tax assets and deferred tax liabilities by major item**

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Deferred tax assets			
Tax loss carried forward (Note 3)	¥ 21,839	¥ 2,393	\$ 136,560
Loss on valuation of investment securities, etc.	12,131	3,065	75,857
Deferred gains or losses on hedges	4,291	2,114	26,834
Other operating assets	3,013	—	18,844
Investment tax credits	2,704	2,736	16,911
Excess of allowance for doubtful accounts	2,021	1,408	12,643
Guarantee deposits received	1,401	1,359	8,763
Accrued interest	1,305	0	8,164
Provision for bonuses	1,240	1,185	7,756
Enterprise taxes payable	1,039	413	6,497
Excess of depreciation	802	584	5,015
Revenue recognized for tax purposes	628	551	3,930
Retirement benefit liability	635	703	3,971
Asset retirement obligations	603	426	3,772
Non-deductible consumption tax	571	379	3,571
Accrued expenses	424	680	2,657
Prepaid expenses	301	291	1,883
Provision for loss on guarantees	241	23	1,511
Gain on transfer of receivables	38	75	242
Other	7,673	5,931	47,978
Subtotal deferred tax assets	62,909	24,325	393,357
Valuation allowance related to tax loss carried forward (Note 3)	(67)	(124)	(424)
Valuation allowance related to total deductible temporary differences	(2,402)	(553)	(15,021)

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Subtotal valuation allowance (Note 2)	(2,470)	(677)	(15,445)
Total deferred tax assets	60,439	23,648	377,912
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥ (37,789)	¥ (27,675)	\$ (236,289)
Depreciation	(36,462)	(9,387)	(227,993)
Intangible assets	(9,197)	(8,651)	(57,511)
Foreign subsidiary's unitary tax	(6,189)	(4,362)	(38,700)
Gain on valuation of investment securities	(1,473)	(1,181)	(9,211)
Prepaid pension costs	(1,173)	(662)	(7,339)
Gain on transfer of receivables	(557)	(656)	(3,489)
Other	(990)	(1,135)	(6,195)
Total deferred tax liabilities	(93,835)	(53,713)	(586,727)
Net deferred tax liabilities	¥ (33,395)	¥ (30,064)	\$ (208,815)

Notes: 1. During the fiscal year ended March 31, 2026, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended March 31, 2025 reflect the finalization of the provisional accounting treatment.

2. The amount of valuation allowance increased by ¥1,792 million (U.S.\$11,209 thousand). This increase was mainly due to a change in corporate classification when determining the recoverability of deferred tax assets.

3. Tax loss carried forward and respective deferred tax assets will expire as follows:

As of March 31, 2026

	Within one year (Millions of yen)	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)	Over five years (Millions of yen)	Total (Millions of yen)
Tax loss carried forward (*1)	2,712	3,940	4,342	1,863	713	8,267	21,839
Valuation allowance	–	(6)	(4)	(4)	(4)	(47)	(67)
Deferred tax assets	2,712	3,933	4,337	1,859	709	8,220	(*) 21,772

As of March 31, 2026

	Within one year (Thousands of U.S. dollars)	Over one year and within two years (Thousands of U.S. dollars)	Over two years and within three years (Thousands of U.S. dollars)	Over three years and within four years (Thousands of U.S. dollars)	Over four years and within five years (Thousands of U.S. dollars)	Over five years (Thousands of U.S. dollars)	Total (Thousands of U.S. dollars)
Tax loss carried forward (*1)	16,959	24,639	27,152	11,652	4,462	51,696	136,560
Valuation allowance	–	(41)	(28)	(28)	(28)	(298)	(424)
Deferred tax assets	16,959	24,598	27,123	11,624	4,434	51,398	(*) 136,136

*1 Tax loss carried forward is measured using the statutory effective tax rate.

*2 With respect to the tax loss carried forward of ¥21,839 million (U.S.\$136,560 thousand) (amount measured using the statutory effective tax rate), the Company records deferred tax assets of ¥21,772 million (U.S.\$136,136 thousand). This tax loss carried forward arose mainly because the accelerated depreciation tax system was used at overseas subsidiaries. For this tax loss carried forward, the Company recognizes no valuation allowance for the amount it deemed recoverable due to expected taxable income.

As of March 31, 2025

	Within one year (Millions of yen)	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)	Over five years (Millions of yen)	Total (Millions of yen)
Tax loss carried forward (*3)	380	992	686	190	25	118	2,393
Valuation allowance	–	(47)	(51)	(0)	(25)	–	(124)
Deferred tax assets	380	945	635	190	–	118	(*) 2,269

*3 Tax loss carried forward is measured using the statutory effective tax rate.

*4 With respect to the tax loss carried forward of ¥2,393 million (amount measured using the statutory effective tax rate), the Company records deferred tax assets of ¥2,269 million. This tax loss carried forward arose mainly because the accelerated depreciation tax system was used at overseas subsidiaries. For this tax loss carried forward, the Company recognizes no valuation allowance for the amount it deemed recoverable due to expected taxable income.

2. The respective breakdowns of major items that constituted the material difference between the statutory effective tax rate and the effective tax rate after adoption of tax effect accounting

	As of March 31, 2026	As of March 31, 2025
Statutory effective tax rate	30.6%	The note is omitted, because the difference between the statutory effective tax rate and the effective tax rate after adoption of tax effect accounting is less than 5% of statutory effective tax rate.
(Adjustments)		
Non-deductible expenses such as entertainment expenses	0.3	
Non-taxable dividend income	(4.2)	
Local tax on per capita basis, etc.	0.3	
Share of loss (profit) of entities accounted for using equity method	1.3	
Foreign subsidiary's unitary tax	4.6	
Differences in applicable tax rates between parent and subsidiaries	(2.1)	
Amortization of goodwill	1.9	
Investment tax credits	0.4	
Valuation allowance	4.5	
Other	0.2	
Effective tax rate after adoption of tax effect accounting	37.8	

XVIII. Business combinations, etc.

For the business combination with Wako Pallet Co., Ltd. that was conducted on March 28, 2025, the provisional accounting treatment that was carried out in the fiscal year ended March 31, 2025 has been finalized in the fiscal year ended March 31, 2026.

Material changes to the initial allocation of acquisition cost as a result of the finalization of the provisional accounting treatment have been reflected.

As a result, the provisionally calculated amount of goodwill of ¥22,824 million as of March 31, 2025 has been reduced by ¥7,120 million (U.S.\$44,520 thousand) to ¥15,704 million (U.S.\$98,197 thousand). In addition, own-used assets increased by ¥1,588 million (U.S.\$9,929 thousand), other in other intangible assets increased by ¥18,784 million (U.S.\$117,451 thousand), deferred tax liabilities increased by ¥6,411 million (U.S.\$40,087 thousand), and non-controlling interests increased by ¥6,840 million (U.S.\$42,774 thousand).

The amortization period of goodwill is 20 years.

Also, there is no impact on the consolidated statement of income for the previous fiscal year.

XIX. Asset retirement obligations

This information has been omitted because of immateriality.

XX. Real estate leasing business

The Company and some of its consolidated subsidiaries own assets such as commercial facilities for lease and office buildings (including land) for lease in Tokyo and other regions. Net lease income from these assets amounted to ¥8,655 million (U.S.\$54,120 thousand) and ¥14,345 million (principal lease income and lease cost were recorded as net sales and cost of sales, respectively) for the fiscal years ended March 31, 2026 and 2025, respectively.

The book value on the consolidated balance sheets, net change, and fair value of these assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Book value			
Beginning of year	¥ 547,897	¥ 563,759	\$ 3,425,856
Net change	(6,735)	(15,862)	(42,118)
End of year	541,161	547,897	3,383,737
Fair value at end of year	¥ 558,498	¥ 562,631	\$ 3,492,145

- Notes: 1. The book value on the consolidated balance sheet is the amount after deduction of accumulated depreciation from acquisition cost.
2. The increase in book value is mainly attributable to the purchase of real estate of ¥187,075 million (U.S.\$1,169,732 thousand) and ¥78,540 million, in the fiscal years ended March 31, 2026 and 2025, respectively. The decrease in book value is mainly attributable to sales of real estate, etc. of ¥186,461 million (U.S.\$1,165,891 thousand) and ¥82,542 million in the fiscal year ended March 31, 2026 and 2025, respectively.
3. The fair value of properties is mainly estimated based on income approach in accordance with Real Estate Appraisal standards as of March 31, 2026. For other properties, the Company reasonably estimated the fair value based on income approach or market approach while the Company used their book value as the fair value for certain properties.

XXI. Revenue recognition

1. Information on disaggregation of revenue from contracts with customers

FY2025 (From April 1, 2025 to March 31, 2026)

	Millions of yen				
	Reportable segments				Total
	Lease and Installment Sales	Financing	Other		
Revenue from contracts with customers					
Revenue from sale of leased properties	¥ 233,088	¥ –	¥ –	¥	233,088
Provision of services, etc.	6,397	44	63,530		69,972
Total	239,486	44	63,530		303,060
Other revenue	437,518	45,527	2,562		485,608
Revenues from external customers	¥ 677,005	¥ 45,571	¥ 66,093	¥	788,669

	Thousands of U.S. dollars				
	Reportable segments				Total
	Lease and Installment Sales	Financing	Other		
Revenue from contracts with customers					
Revenue from sale of leased properties	\$ 1,457,442	\$ –	\$ –	\$	1,457,442
Provision of services, etc.	40,003	276	397,238		437,517
Total	1,497,445	276	397,238		1,894,960
Other revenue	2,735,688	284,669	16,024		3,036,381
Revenues from external customers	\$ 4,233,134	\$ 284,945	\$ 413,262	\$	4,931,341

FY2024 (From April 1, 2024 to March 31, 2025)

	Millions of yen				
	Reportable segments				Total
	Lease and Installment Sales	Financing	Other		
Revenue from contracts with customers					
Revenue from sale of leased properties	¥ 149,707	¥ –	¥ –	¥	149,707
Provision of services, etc.	6,122	23	52,787		58,933
Total	155,829	23	52,787		208,640
Other revenue	427,848	38,979	2,926		469,754
Revenues from external customers	¥ 583,677	¥ 39,003	¥ 55,714	¥	678,395

2. Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue from contracts with customers is described in “4. Summary of significant accounting policies (6) Recognition of significant revenues and expenses” under “Basis of presentation.”

XXII. Segment information, etc.

Segment information

1. Description of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available. These segments are subject to periodic examinations undertaken to enable the Board of Directors of the Group to make decisions on allocating resources and to evaluate performance.

The Group is primarily engaged in leasing and installment sales, and its operations are divided into three reportable segments based on the major types of transactions handled, namely the Lease and Installment Sales segment, the Financing segment, and the Other segment.

The Lease and Installment Sales segment conducts businesses including leasing of IT and office equipment, industrial machinery, and other assets (includes the sale, etc. of off-lease assets upon lease expiration or termination) and leasing of real estate, and sells commercial/service equipment, production facilities, medical devices, and other assets on an installment basis. The Financing segment is mainly engaged in operating loans, investment in marketable securities for operational financial income, forming tokumei-kumiai (silent partnership) arrangements, etc. The Other segment primarily engages in environmental and energy-related businesses, fee handling, and BPO and mobility businesses, etc.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

Measurements used in accounting for reportable segment are the same as those disclosed in "Basis of presentation." Profit of reportable segment is based on operating profit. Transactions with other segments are based on prevailing market prices.

The segment information for the fiscal year ended March 31, 2025 is presented using figures reflecting material changes to the initial allocation of acquisition costs, which arose due to the finalization of the provisional accounting treatment for business combinations.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

FY2025 (From April 1, 2025 to March 31, 2026)

	Millions of yen			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	¥ 677,005	¥ 45,571	¥ 66,093	¥ 788,669
Transactions with other segments	634	10,158	2,984	13,777
Net sales	677,639	55,729	69,077	802,446
Segment profit	¥ 44,627	¥ 1,086	¥ 11,179	¥ 56,892
Segment assets	¥ 2,010,223	¥ 1,588,907	¥ 142,517	¥ 3,741,648
Other items				
Depreciation	61,414	–	3,623	65,038
Amortization of goodwill	910	324	1,228	2,463
Investments in entities accounted for using equity method	–	–	–	–
Increase in property, plant and equipment and intangible assets	¥ 282,729	¥ –	¥ 344	¥ 283,073

	Thousands of U.S. dollars			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	\$ 4,233,134	\$ 284,945	\$ 413,262	\$ 4,931,341
Transactions with other segments	3,970	63,517	18,660	86,146
Net sales	4,237,103	348,462	431,922	5,017,487
Segment profit	\$ 279,042	\$ 6,791	\$ 69,902	\$ 355,735
Segment assets	\$ 12,569,396	\$ 9,935,017	\$ 891,126	\$ 23,395,540
Other items				
Depreciation	384,011	–	22,655	406,667
Amortization of goodwill	5,692	2,028	7,682	15,402
Investments in entities accounted for using equity method	–	–	–	–
Increase in property, plant and equipment and intangible assets	\$ 1,767,835	\$ –	\$ 2,151	\$ 1,769,987

FY2024 (From April 1, 2024 to March 31, 2025)

	Millions of yen			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	¥ 583,677	¥ 39,003	¥ 55,714	¥ 678,395
Transactions with other segments	660	8,999	3,255	12,915
Net sales	584,337	48,002	58,969	691,310
Segment profit	¥ 43,744	¥ 25,090	¥ 11,429	¥ 80,265
Segment assets	¥ 1,922,658	¥ 1,401,269	¥ 141,174	¥ 3,465,101
Other items				
Depreciation	49,417	–	3,737	53,155
Amortization of goodwill	321	324	1,101	1,747
Investments in entities accounted for using equity method	–	–	–	–
Increase in property, plant and equipment and intangible assets	¥ 156,964	¥ –	¥ 1,396	¥ 158,361

4. Description of nature of differences between amounts of reportable segments total and consolidated financial statements

Net sales	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ 802,446	¥ 691,310	\$ 5,017,487
Eliminations	(13,777)	(12,915)	(86,146)
Net sales reported on the consolidated statements of income	¥ 788,669	¥ 678,395	\$ 4,931,341

Profit	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ 56,892	¥ 80,265	\$ 355,735
Eliminations	(1,628)	(1,502)	(10,185)
Corporate expenses (Note)	(14,720)	(14,002)	(92,046)
Operating profit reported on the consolidated statements of income	¥ 40,542	¥ 64,760	\$ 253,504

Note: Corporate expenses are mainly selling, general and administrative expenses that are not attributable to any reportable segment.

Assets	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ 3,741,648	¥ 3,465,101	\$ 23,395,540
Corporate assets (Note)	102,077	115,260	638,263
Total assets reported on the consolidated balance sheets	¥ 3,843,725	¥ 3,580,361	\$ 24,033,802

Note: Corporate assets include surplus funds (cash and deposits, etc.), long-term investment funds (investment securities) and assets related to administrative divisions that are not attributable to any reportable segment.

Depreciation

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ 65,038	¥ 53,155	\$ 406,667
Adjustment	2,894	2,628	18,101
Amounts reported on the consolidated financial statements	¥ 67,933	¥ 55,784	\$ 424,768

Note: Depreciation adjustments mainly represent depreciation on own-used assets.

Amortization of goodwill

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ 2,463	¥ 1,747	\$ 15,402
Adjustment	—	—	—
Amounts reported on the consolidated financial statements	¥ 2,463	¥ 1,747	\$ 15,402

**Investments in entities accounted for using
equity method**

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ —	¥ —	\$ —
Adjustment	62,025	49,412	387,832
Amounts reported on the consolidated financial statements	¥ 62,025	¥ 49,412	\$ 387,832

Note: Adjustments for investments in entities accounted for using equity method mainly represent the amount of funds invested in entities accounted for using equity method.

**Increase in property, plant and equipment and
intangible assets**

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Reportable segments total	¥ 283,073	¥ 158,361	\$ 1,769,987
Adjustment	3,427	3,428	21,428
Amounts reported on the consolidated financial statements	¥ 286,501	¥ 161,790	\$ 1,791,415

Note: Adjustments on increase in property, plant and equipment and intangible assets mainly represent capital investment in own-used assets.

Information associated with reportable segments**1. Information for each product or service****FY2025 (From April 1, 2025 to March 31, 2026)**

This information is omitted as it is identical to that in segment information.

FY2024 (From April 1, 2024 to March 31, 2025)

This information is omitted as it is identical to that in segment information.

2. Information for each region

FY2025 (From April 1, 2025 to March 31, 2026)

(1) Revenues from external customers

It is omitted since revenues from external customers in Japan exceeds 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Millions of yen

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
¥ 765,057	¥ 155,663	¥ 9,263	¥ 184,801	¥ 11	¥ 6,150	¥ 1,120,948

Thousands of U.S. dollars

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
\$ 4,783,703	\$ 973,323	\$ 57,923	\$ 1,155,517	\$ 74	\$ 38,456	\$ 7,008,995

Notes: 1. The figures shown are presented according to the respective countries and regions of the Company and its consolidated subsidiaries.

2. The following geographic categories primarily include the respective countries and regions shown below.

North America and Latin America: United States, Canada, Mexico

Europe: United Kingdom, Ireland

Asia: China, Taiwan, Singapore, Thailand

FY2024 (From April 1, 2024 to March 31, 2025)

(1) Revenues from external customers

It is omitted since revenues from external customers in Japan exceeds 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Millions of yen

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
¥ 740,230	¥ 164,781	¥ 3,302	¥ 175,705	¥ 14	¥ 3,996	¥ 1,088,031

Notes: 1. The figures shown are presented according to the respective countries and regions of the Company and its consolidated subsidiaries.

2. The following geographic categories primarily include the respective countries and regions shown below.

North America and Latin America: United States, Canada, Mexico

Europe: United Kingdom, Ireland

Asia: China, Taiwan, Singapore, Thailand

3. The amount in "Japan" is presented using figures reflecting material changes to the initial allocation of acquisition cost, which arose due to the finalization of the provisional accounting treatment for business combinations.

3. Information for each of main customers

FY2025 (From April 1, 2025 to March 31, 2026)

It is omitted since among the revenues from external customers, there are no specific customers accounting for 10% or more of net sales on the consolidated statement of income.

FY2024 (From April 1, 2024 to March 31, 2025)

It is omitted since among the revenues from external customers, there are no specific customers accounting for 10% or more of net sales on the consolidated statement of income.

Disclosure of impairment losses on non-current assets for each reportable segment

FY2025 (From April 1, 2025 to March 31, 2026)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	¥ –	¥ –	¥ 253	¥ 1	¥ 255

Thousands of U.S. dollars

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	\$ –	\$ –	\$ 1,587	\$ 12	\$ 1,599

Note: The amount in "Corporate/Elimination" is the impairment losses relating to corporate assets that are not attributable to any particular segment.

FY2024 (From April 1, 2024 to March 31, 2025)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	¥ –	¥ –	¥ 10	¥ 4	¥ 14

Notes: The amount in "Corporate/Elimination" is the impairment losses relating to corporate assets that are not attributable to any particular segment.

Amortization and unamortized balance of goodwill for each reportable segment

FY2025 (From April 1, 2025 to March 31, 2026)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	¥ 19,766	¥ 3,487	¥ 13,694	¥ –	¥ 36,948

Thousands of U.S. dollars

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	\$ 123,593	\$ 21,805	\$ 85,630	\$ –	\$ 231,029

Note: The information about amortization of goodwill is omitted as it is identical to that in segment information.

FY2024 (From April 1, 2024 to March 31, 2025)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	¥ 20,438	¥ 3,811	¥ 14,934	¥ –	¥ 39,184

Notes: 1. The information about amortization of goodwill is omitted as it is identical to that in segment information.

2. The amount in "Lease and Installment Sales" is presented using figures reflecting material changes to the initial allocation of acquisition costs, which arose due to the finalization of the provisional accounting treatment for business combinations.

Information about gain on bargain purchase for each reportable segment

FY2025 (From April 1, 2025 to March 31, 2026)

There are no material gain on bargain purchase.

FY2024 (From April 1, 2024 to March 31, 2025)

Not applicable

Related parties

1. Related party transactions

(1) Transactions of the company reporting the consolidated financial statements with related parties

Parent company of the company reporting the consolidated financial statements and major shareholders (limited to companies, etc.), etc.

FY2025 (From April 1, 2025 to March 31, 2026)

Type	Name	Location	Capital (Millions of yen)	Business or occupation	Percentage of voting rights holding (held) (%)	Relations with related parties	Transaction details	Transaction amount (Millions of yen)	Account title	Year-end balance (Millions of yen)
Major shareholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥111,609	Real estate ownership, leasing, sales, and brokerage services	Direct (Holdings) 5.3	Lease transactions	Lease payments received	¥1,152	Lease receivables and investments in leases	¥15,873
					Direct (Held) 13.9	Purchase and sale of operating assets	Purchase of operating assets	¥23,001		
							Sale of operating assets	¥15,530		

Type	Name	Location	Capital (Thousands of U.S. dollars)	Business or occupation	Percentage of voting rights holding (held) (%)	Relations with related parties	Transaction details	Transaction amount (Thousands of U.S. dollars)	Account title	Year-end balance (Thousands of U.S. dollars)
Major shareholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	\$697,862	Real estate ownership, leasing, sales, and brokerage services	Direct (Holdings) 5.3	Lease transactions	Lease payments received	\$7,206	Lease receivables and investments in leases	\$99,255
					Direct (Held) 13.9	Purchase and sale of operating assets	Purchase of operating assets	\$143,820		
							Sale of operating assets	\$97,105		

Notes: 1. Lease transactions are concluded upon submission of estimates based on actual market conditions, and are subject to the same terms and conditions as general transactions.

2. The purchase and sale of operating assets is determined based on the actual market price. The transaction amount records the total transaction amount that occurred in the fiscal year ended March 31, 2026.

FY2024 (From April 1, 2024 to March 31, 2025)

Type	Name	Location	Capital (Millions of yen)	Business or occupation	Percentage of voting rights holding (held) (%)	Relations with related parties	Transaction details	Transaction amount (Millions of yen)	Account title	Year-end balance (Millions of yen)
Major shareholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥111,609	Real estate ownership, leasing, sales, and brokerage services	Direct (Holdings) 5.3	Lease transactions	Lease payments received	¥14	Lease receivables and investments in leases	¥16,246
					Direct (Held) 13.9	Sale of operating assets	Sale of operating assets	¥8,343		

Notes: 1. Lease transactions are concluded upon submission of estimates based on actual market conditions, and are subject to the same terms and conditions as general transactions.

2. The sale of operating assets is determined based on the actual market price. The transaction amount records the total transaction amount that occurred in the fiscal year ended March 31, 2025.

(2) Transactions of consolidated subsidiaries of the company reporting the consolidated financial statements with related parties

Parent company of the company reporting the consolidated financial statements and major shareholders (limited to companies, etc.), etc.

FY2025 (From April 1, 2025 to March 31, 2026)

Not applicable

FY2024 (From April 1, 2024 to March 31, 2025)

Not applicable

2. Notes to parent company and significant associates**(1) Parent company's information**

There is no parent company.

(2) Summary financial information for significant associates

There are no significant associates.

XXIII. Information on special purpose entities

1. Overview of special purpose entities subject to disclosure and of transactions using special purpose entities subject to disclosure

For the diversification of funding sources and stable financing, the Company promotes securitization of lease receivables, etc. The Company use stock companies as special purpose entities.

When performing the securitization, the Company transfers the lease receivables, etc. to special purpose entities and receives the funds as proceeds from the transfer of the assets to the special purpose entity through a loan, etc.

As a result of the securitization, the Company has transactions outstanding with the following special purpose entities. The Company owns shares, etc. with voting rights of the special purpose entities and the employees of the Company concurrently are assigned as corporate officer positions by the entities.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Number of special purpose entities	Three companies	Three companies	Three companies
Total value of assets as of the latest balance sheet date (without elimination of inter-company transactions)	¥ 7,445	¥ 5,707	\$ 46,554
Total value of liabilities as of the latest balance sheet date (without elimination of intercompany transactions)	7,441	5,702	46,528

2. Amount of transactions, etc. with special purpose entities subject to disclosure

FY2025 (From April 1, 2025 to March 31, 2026)

	Amount of major transactions or the balance as of the end of the fiscal year (Millions of yen)	Major gain or loss	
		Item	Amount (Millions of yen)
Transferred assets (Note 1)	¥ 2,959	Gain on transfer (Note 2)	¥ 49
Lease receivables and investments in leases			

	Amount of major transactions or the balance as of the end of the fiscal year (Thousands of U.S. dollars)	Major gain or loss	
		Item	Amount (Thousands of U.S. dollars)
Transferred assets (Note 1)	\$ 18,506	Gain on transfer (Note 2)	\$ 307
Lease receivables and investments in leases			

Notes: 1. The transaction amount related to transferred assets represents the book value as of the time of transfer.

2. Gain on transfer related to transferred assets is recognized in net sales.

FY2024 (From April 1, 2024 to March 31, 2025)

	Amount of major transactions or the balance as of the end of the fiscal year (Millions of yen)	Major gain or loss	
		Item	Amount (Millions of yen)
Transferred assets (Note 1)	¥ 1,987	Gain on transfer (Note 2)	¥ 33
Lease receivables and investments in leases			

Notes: 1. The transaction amount related to transferred assets represents the book value as of the time of transfer.

2. Gain on transfer related to transferred assets is recognized in net sales.

XXIV. Per share information

	Yen		U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Net assets per share	¥ 5,575.11	¥ 5,269.74	\$ 34.86
Basic earnings per share	239.13	501.66	1.50
Diluted earnings per share	238.88	500.78	1.49

- Notes: 1. The Company conducted a stock split at a ratio of three shares for one share of common stock on April 1, 2025. Net assets per share, basic earnings per share, and diluted earnings per share are calculated assuming that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.
2. 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) as of the fiscal year-end is 481,200 shares for the fiscal year ended March 31, 2026 and 510,600 shares for the fiscal year ended March 31, 2025.
3. 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) during the period is 483,624 shares for the fiscal year ended March 31, 2026 and 427,458 shares for the fiscal year ended March 31, 2025.
4. Calculation basis of net assets per share is as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total net assets	¥ 568,309	¥ 538,054	\$ 3,553,489
Amounts excluded from total net assets	65,426	62,688	409,094
Of which, share acquisition rights	(131)	(197)	(820)
Of which, non-controlling interests	(65,295)	(62,491)	(408,274)
Net assets attributable to common shares	502,883	475,365	3,144,395
Number of common shares as of the fiscal year-end used in the calculation of net assets per share (thousands shares)	90,201	90,206	90,201

5. Calculation basis of basic earnings per share and diluted earnings per share is as follows

	Millions of yen		Thousands of U.S. dollars
	FY2025 (April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Basic earnings per share			
Profit attributable to owners of parent	¥ 21,565	¥ 45,277	\$ 134,844
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shares	21,565	45,277	134,844
Average number of shares during the period (thousands shares)	90,184	90,256	90,184
Diluted earnings per share			
Adjustments to profit attributable to owners of parent	¥ —	¥ —	\$ —
Increase in the number of common shares (thousands shares)	94	158	94
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	—	—	—

XXV. Subsequent events

Corporate bond issuance

The Company issued straight bonds as follows:

1. Fuyo General Lease Co., Ltd., No. 47 unsecured straight bond

(1) Issue name:	Fuyo General Lease Co., Ltd., No. 47 unsecured straight bond
(2) Issuance amount:	¥25,000 million (U.S.\$156,318 thousand)
(3) Issuance date:	June 2, 2026
(4) Issue price:	¥100 per ¥100 of face value
(5) Coupon rate:	2.028% per year
(6) Redemption date:	June 1, 2029
(7) Use of proceeds:	To fund capital investments

2. Fuyo General Lease Co., Ltd., No. 48 unsecured straight bond

(1) Issue name:	Fuyo General Lease Co., Ltd., No. 48 unsecured straight bond
(2) Issuance amount:	¥18,000 million (U.S.\$112,549 thousand)
(3) Issuance date:	June 2, 2026
(4) Issue price:	¥100 per ¥100 of face value
(5) Coupon rate:	2.515% per year
(6) Redemption date:	June 2, 2031
(7) Use of proceeds:	To fund capital investments

Acquisition of shares resulting in an associate accounted for using the equity method

The Company, pursuant to a resolution of its Board of Directors dated July 30, 2026, has entered into a definitive agreement with Sumitomo Mitsui Trust Bank, Limited (hereinafter "SuMiTB"), and Yokohama Financial Group, Inc. (hereinafter "Yokohama FG", together with the Company and SuMiTB collectively referred to as the "New Shareholders"), regarding the capital restructuring of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (hereinafter "SMTPFC"), a consolidated subsidiary of SuMiTB, into a joint venture of the New Shareholders (hereinafter the "Joint Venture"), based on the Memorandum of Understanding entered into by the New Shareholders on March 30, 2026.

Consequently, the Company plans to acquire shares equivalent to 40% of the outstanding shares, excluding treasury shares, of SMTPFC and make it an equity-method affiliate.

In addition, the corporate name of SMTPFC is scheduled to be renamed as "SMTB Leasing Co., Ltd.".

1. Purpose of the share acquisition

Through the Joint Venture, the Company aims to generate business synergies together with Sumitomo Mitsui Trust Group, which has SuMiTB as its core subsidiary, and Yokohama FG, leading to strengthening the profitability of the Fuyo Lease Group in a wide range of business domains.

2. Overview of the Joint Venture

The current ownership ratios of SMTPFC's outstanding shares, excluding treasury shares, are 84.9% for SuMiTB and 15.1% for Panasonic Holdings Corporation. Prior to the consummation of the Joint Venture, SMTPFC plans to pay dividends to SuMiTB and Panasonic Holdings Corporation. Following the payment of such dividends, SMTPFC plans to acquire all SMTPFC shares held by Panasonic Holdings Corporation as treasury shares. Consequently, the Company plans to acquire SMTPFC's shares through the disposal of treasury shares by way of a third-party allotment from SMTPFC to the Company. Simultaneously, SuMiTB plans to transfer a portion of SMTPFC shares held by SuMiTB to the Company and Yokohama FG. Following these transactions, the ownership ratios of SMTPFC's outstanding shares, excluding treasury shares, are expected to be 45% for SuMiTB, 40% for the Company and 15% for Yokohama FG.

3. Overview of SMTPFC

(1) Name	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
(2) Location	1-2-3 Shibaura, Minato-ku, Tokyo
(3) Job title and name of representative	President: Keiichi Hamano
(4) Business description	General leasing services, installment sales services and credit card services
(5) Capital	¥25,584 million
(6) Date of establishment	February 27, 1967

4. Number of shares to be acquired, acquisition amount, and shareholding before and after the acquisition

(1) Number of shares held prior to change	No shares (Number of voting rights: None) (Voting rights ownership ratio: -%)
(2) Shares to be acquired	4,733,176 shares (Number of voting rights: 4,733,176)
(3) Acquisition price	Common shares of SMTPFC: ¥53,439 million
(4) Number of shares held after acquisition	4,733,176 shares (Number of voting rights: 4,733,176) (Voting rights ownership ratio: 40%)

5. Date of share acquisition

October 1, 2026 (Planned)

6. Funding and payment methods

Planned to be funded through loans from financial institutions

Independent Auditor's Report



Independent Auditor's Report

The Board of Directors
Fuyo General Lease Co., Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Fuyo General Lease Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2026, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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.

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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



Estimate of residual value of real estate under operating lease transactions	
Description of Key Audit Matter	Auditor's Response
Fuyo General Lease Co., Ltd. and its consolidated subsidiaries (the Group) are engaged in leasing, installment sales, commercial loan origination, and other financial services. The Group recorded assets for lease of ¥1,074,174 million in property, plant and equipment, at cost less accumulated depreciation, on the consolidated balance sheet as of March 31, 2026. Real estate lease assets with a carrying amount of ¥541,161 million were recognized as described in Note XX, "Real estate leasing business," to the consolidated financial statements. These assets account for 14% of consolidated total assets. As described in "4. Summary of significant accounting policies," "(2) Depreciation and amortization" under Note I, "Basis of presentation," in the notes to consolidated financial statements, assets leased under operating lease transactions are depreciated to their residual value using the straight-line method over the lease term and depreciation expense is recorded in cost of sales. The residual value at the end of the lease term is estimated at the inception of the lease and is revised, as deemed necessary, during the lease term. If a loss on disposal of the leased assets is expected, the corresponding amount is recorded under cost of sales. As described in Note II, "Significant accounting estimates," the Group estimates the residual value using future cash flows and discount rates, and the significant assumption for estimating the residual value is future cash flows. The future cash flows of real estate lease transactions are estimated based on considerations such as terms of contracts, rents, and occupancy rates. However, these transactions are highly individual in nature and the estimation of the residual value requires complex judgment, and specialized knowledge and experience. In addition, since the value of each property in real estate lease transactions is significant and operating lease transactions are not full payout, an inaccurate estimation of the residual value can have a considerable impact on profit or loss calculations. Based on the above, we have determined the estimation of the residual value of real estate under operating lease transactions to be a key audit matter.	We performed the following audit procedures, among others, to evaluate the key assumptions such as future cash flows and other inputs required to estimate the residual value of real estate under operating lease transactions by selecting a sample of transactions based on quantitative materiality, the remaining number of years, and the type of lease payments: (1) Audit procedures performed for selected assets acquired in the fiscal year ended March 31, 2026 • In order to evaluate the inputs, such as rents and the occupancy rates of the properties, which form the basis for calculating future cash flows used by the Group in estimating the residual value, we inspected external evidence, including real estate valuation reports, by involving the real estate valuation experts from our network firm. • We evaluated the inputs such as rents and the occupancy rates of the properties, which form the basis for calculating future cash flows, by comparing such inputs with past results and available external data. • We recalculated the residual value to evaluate the Group's estimation process. (2) Audit procedures performed for selected assets acquired in previous years In order to evaluate the Group's estimate of the residual value, we compared the estimates of future cash flows with actual results. (3) Audit procedures performed for selected assets sold during the fiscal year ended March 31, 2026 In order to evaluate the effectiveness of the Group's estimation process, we reconciled actual sale prices with the sale agreements and compared these prices with the estimated residual values.

Independent Auditor's Report



Determinations regarding impairment of goodwill	
Description of Key Audit Matter	Auditor's Response
The Group pursues corporate acquisitions with the aim of further expanding and growing its business and recorded goodwill of ¥36,948 million on the consolidated balance sheet as of March 31, 2026. This goodwill is primarily attributable to the acquisition of Wako Pallet Co., Ltd., INVOICE Inc., Fuyo BPO Holdings Co., Ltd., Pacific Rim Capital, Inc. and Accretive Co., Ltd. As described in "4. Summary of significant accounting policies," "(9) Amortization method and period of goodwill," under Note I. "Basis of presentation," in the notes to consolidated financial statements, the Group systematically amortizes goodwill arising from business combinations over its effective period. However, it is necessary to recognize an impairment loss if the Group has determined that there are indications of impairment for businesses that include goodwill, as the expected revenues at the time of their acquisition may no longer be achievable due to changes in its operating environment and the total undiscounted future cash flows expected from these businesses fall below their book values. The Group determines whether there are indications of impairment by comparing the initial business plans at the time of acquiring each subsidiary and actual results, analyzing the factors behind any discrepancies, and considering future earnings forecasts based on these analyses. This process involves management's judgment regarding the current and future operating environments. Based on the above, we have determined the determinations regarding impairment of goodwill to be a key audit matter.	In considering the determinations by the Group related to indications of impairment for goodwill arising from business combinations, we performed the following audit procedures for businesses that include goodwill, among others: • In order to assess judgments on whether there has been a significant deterioration in the operating environment, we compared the initial business plans at the time of acquiring each subsidiary to the actual results until the end of the fiscal year ended March 31, 2026, and conducted a factor analysis of the differences between the planned and actual figures. • To assess judgments regarding the likelihood of significant deterioration in future operating environments, we made inquiries with the responsible departments about the basis for the projected sales growth rates of each subsidiary, performed trend analysis, and compared the projections to external data, such as growth rates of the industries to which each subsidiary belongs. • To assess judgments regarding the occurrence or expected occurrence of changes resulting in a significant reduction in recoverable amounts, we made inquiries of management and inspected relevant documentation. We examined the consistency between the initial business plans of each subsidiary and the overall management policy and medium-term management plan of the Group for the fiscal year ended March 31, 2026, and later.

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Impairment of operational investment securities related to specific alliance partners	
Description of Key Audit Matter	Auditor's Response
As described in "3. Impairment losses on securities" under "XIII. Securities," in the notes to consolidated financial statements, the Group determines that a decline is significant when the fair value of securities held at the end of the fiscal year has declined by 50% or more compared with the acquisition cost, and recognizes impairment losses accordingly. As described in "*2 Cost of sales, provision of allowance for doubtful accounts and bad debt expenses" under "VII. Notes for consolidated statements of income," in the notes to consolidated financial statements, the Group recognized impairment losses on operational investment securities issued by a counterparty established to finance individual renewable energy projects in Europe led by specific alliance partners. The fair value of these securities declined significantly in the current fiscal year due to concerns regarding the recoverability of principal and interest, and the resulting valuation loss of ¥24,766 million was recognized in cost of sales. Such impairment losses recognized are material. Furthermore, the selection and application of valuation techniques for the operational investment securities and the fair value measurements based on those techniques require a high degree of specialized knowledge, such as assessing the discount rates used. Based on the above, we have determined the impairment of operational investment securities related to specific alliance partners to be a key audit matter.	We performed the following audit procedures, among others, to evaluate the impairment of operational investment securities related to specific alliance partners recognized in the current fiscal year. • To assess the valuation techniques selected and applied by the Group, as well as the discount rates used in the fair value measurement of operational investment securities, we involved experts from our network firm, made inquiries with the responsible departments, and examined relevant documents. To evaluate the discount rates, we compared the discount rates used by the Group with those independently calculated by our experts based on their own estimates. • Regarding the future plans for individual renewable energy projects in Europe led by specific alliance partners, which form the basis of the Group's valuations, we made inquiries with the responsible departments, inspected relevant documents, and obtained confirmations from the alliance partners. • To assess the calculation process used by the Company in determining the impairment loss, we performed recalculations.

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Other Information

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

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors 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 the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to 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 to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the consolidated financial statements.

Independent Auditor's Report



Fee-related Information

The fees for the audits of the financial statements of Fuyo General Lease Co., Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2026 are 341 million yen and 87 million yen, 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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 3, 2026

/s/ Yuji Ozawa
Designated Engagement Partner
Certified Public Accountant

/s/ Hiroshi Nishida
Designated Engagement Partner
Certified Public Accountant

/s/ Toru Nakagiri
Designated Engagement Partner
Certified Public Accountant

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Stock Information / Editorial Policy

Stock Information

As of March 31, 2026

Stock Overview

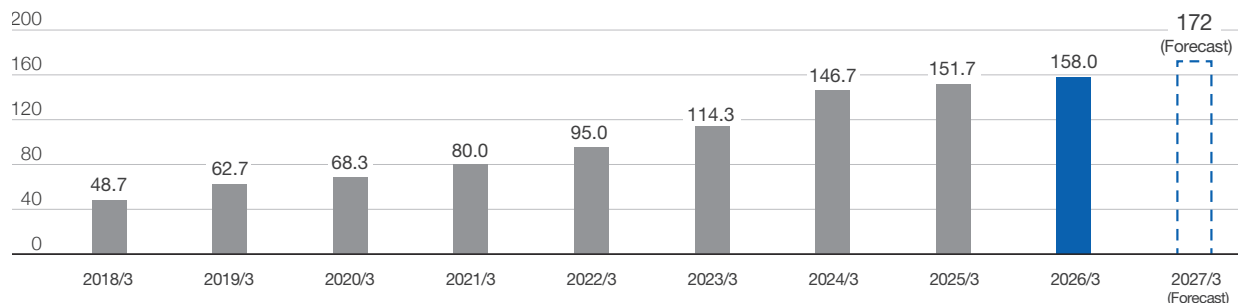
Total number of authorized shares	300,000,000 shares
Number of shares outstanding	90,863,430 shares
Share unit number	100 shares
Number of shareholders	42,102

(Note) The Company conducted a 3-for-1 split of its common stock on April 1, 2025, resulting in a total of 90,863,430 shares outstanding.
In addition, the total number of authorized shares has been changed to 300,000,000 shares accompanying this stock split.

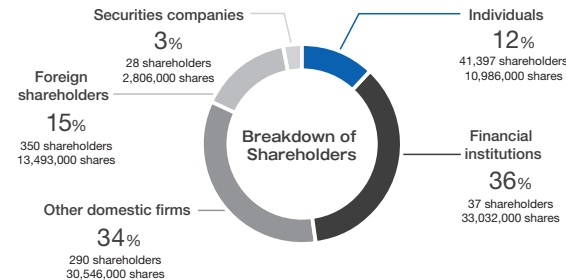
Major Shareholders (Top 10)

Shareholders	Number of shares held	Shareholding ratio (%)
Hulic Co., Ltd.	12,654,600	13.9%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,119,800	8.9%
Meiji Yasuda Life Insurance Company	7,667,700	8.4%
Retirement Benefit Trust managed by Mizuho Trust & Banking Co., Ltd. (Marubeni Corporation account); Custody Bank of Japan, Ltd. as a Trustee of Retruest	4,536,900	5.0%

Annual Dividend Per Share (yen)



* The Company conducted a 3-for-1 split of its common stock on the effective date of April 1, 2025.
The dividends per share shown in the graph have been retroactively adjusted to reflect the stock split.



Shareholders	Number of shares held	Shareholding ratio (%)
Custody Bank of Japan, Ltd. (Trust Account)	3,185,900	3.5%
Sompo Japan Insurance Inc.	2,726,800	3.0%
Mizuho Bank, Ltd.	2,723,700	3.0%
Azbil Corporation	2,450,000	2.7%
State Street Bank and Trust Company 505223	1,250,638	1.4%
NICHIREI CORPORATION	1,249,800	1.4%

Editorial Policy

Reporting Period

Fiscal 2025 (April 2025 - March 2026)

* The report also includes some information pertaining to fiscal 2026.

Scope of Reporting

Fuyo General Lease Co., Ltd., its 81 consolidated subsidiaries and 20 affiliate companies

Reference Guidelines

International Financial Reporting Standards Foundation "International Integrated Reporting Framework" (published in January 2021)

Date of Issuance

August 2026

Note on Forward-Looking Statements

This report contains forward-looking statements, such as future plans and strategies, that are based on currently available information. These expectations and projections are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These uncertainties include, but are not limited to, social and economic conditions, market demand and competition, laws and regulations, interest rates, and currency exchange rates.

Independent Assurance

Fuyo General Lease Co., Ltd. has engaged Ernst & Young ShinNihon LLC to perform assurance of selected environmental and social data in order to assure credibility of reported figures. The data subject to the third-party assurance is indicated with ☒.

Company Information: Fuyo General Lease Co., Ltd.

Headquarters Kojimachi Garden Tower, 5-1-1, Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan

Established May 1, 1969

Paid-in capital ¥10,532 million

Shares listed on Prime Market of the Tokyo Stock Exchange (ticker: 8424)

Number of employees Consolidated: 4,410 / Non-consolidated: 876 (as of March 31, 2026))

Line of business Provision of leasing and financial services to corporate clients, along with offering solutions in a broad range of business fields*

* Real Estate, Aircraft, Energy & Environment, BPO/ICT, Healthcare, Mobility & Logistics, Circular Economy, and other fields

Participation in Initiatives / Third-Party Evaluation



UNGC: United Nations Global Compact

The United Nations Global Compact (UNGC) is a voluntary initiative in which companies and organizations and organizations participate in the creation of a global framework for sustainable growth by demonstrating responsible and creative leadership. We became a signatory in January 2018.



TCFD: Task Force on Climate-related Financial Disclosures

TCFD is a task force established by the Financial Stability Board (FSB) to provide a framework for climate change related disclosures. In May 2019, the Company expressed its endorsement of the TCFD Recommendations and has implemented information disclosures based on the recommendations.



RE100

RE100 member companies commit to a target of 100% renewable energy use in their businesses by 2050. Fuyo Lease became a member in September 2018 and announced the target of 100% renewable energy use by 2030.



JCLP: Japan Climate Leaders' Partnership

Fuyo Lease became an executive member of JCLP, a coalition of companies working toward a sustainable, zero-carbon society, in December 2018. As well as engaging in our own zero-carbon initiatives, we are involved in a broad range of activities that address climate change, such as providing solutions that will help the transition to a zero-carbon society, collaborating with global networks, and making policy recommendations.



EMF: Ellen MacArthur Foundation

The Ellen MacArthur Foundation is an international charity with a mission to accelerate the transition to a circular economy. We became a Member of the Foundation's Network in November 2020 to acquire knowledge of the circular economy and collaborate with other companies and organizations.



Financial Behavior Principles for the Formation of a Sustainable Society

Principles for Financial Action for the 21st Century

The Principles for Financial Action for the 21st Century were formulated as the policy recommendation for financial institutions seeking to fulfill their roles and responsibilities in forming a sustainable society. Fuyo Lease signed the principles in June 2016.



ESA: Ecosystem Society Agency

This agency was established to realize a sustainable society where people can live fulfilling lives even under constraints, by promoting co-creation among companies, municipalities, and research institutes based on the concepts of "circulation" and "coexistence." We have been a member of this agency since the launch of the Japan Circular Economy Partnership, a task force within ESA, in October 2021.



Keidanren Initiative for Biodiversity Conservation

This initiative includes companies and organizations that are working on multiple items of the eight items outlined in the Keidanren Declaration for Biodiversity and Guideline (revised edition), or who support the initiative's overall objectives. We have participated in this initiative since January 2024.

Third-Party Evaluation

Inclusion in ESG-related Stock Indices

We are strengthening our environment, social, and governance (ESG) initiatives as well as progressing CSV activities to solve social problems.

We have been evaluated by the following third-party organizations that mainly evaluate companies based on non-financial information.

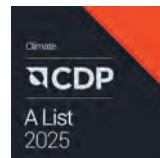


FTSE4Good



FTSE Blossom
Japan

Note: Information on definitions, etc. regarding inclusion in the FTSE Russell and MSCI indices is available on the Company's website.



We received Platinum Kurumin certification in fiscal 2017, which is awarded to companies with Kurumin certification that have executed initiatives at a higher standard.



Under the 2025 Certified Health and Productivity Management Organization (Large Enterprise Category), we were recognized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council) as a listed company carrying out excellent health and productivity management.



The Company has been recognized as an Eruboshi-certified enterprise for meeting specific criteria under the Act on the Promotion of Female Participation and Career Advancement in the Workplace and for its excellence in facilitating the advancement of women in the workplace. Among such certified enterprises, the Company has furthermore been granted "Platinum Eruboshi" certification in recognition of its particularly outstanding implementation of such initiatives.



We entered the PRIDE Index 2025, which assesses efforts to make workplaces welcoming to sexual minorities, and were awarded Silver certification.

DEALWATCH
AWARDS 2024

CELEBRATING THE ACHIEVERS IN JAPAN'S CAPITAL MARKETS

The Company has been recognized for its No. 2 Hybrid Bond issued in September 2024 as "Sustainable Finance Issuer of the Year" at the DEALWATCH AWARDS 2024, hosted by the London Stock Exchange Group.

FT Asia Pacific Climate
Leaders

The Company has been selected as one of the top 350 companies recognized for excellence in contributing to the reduction of greenhouse gas emissions for inclusion in the Asia-Pacific Climate Leaders 2025 list, based on a survey jointly conducted by the Financial Times (U.K.) and Statista (Germany).



2026 CONSTITUENT MSCI日本株 *
女性活躍指数 (WIN)

2026 CONSTITUENT MSCI日本株 *
ESGセレクト・リーダーズ指数

FUYO LEASE

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