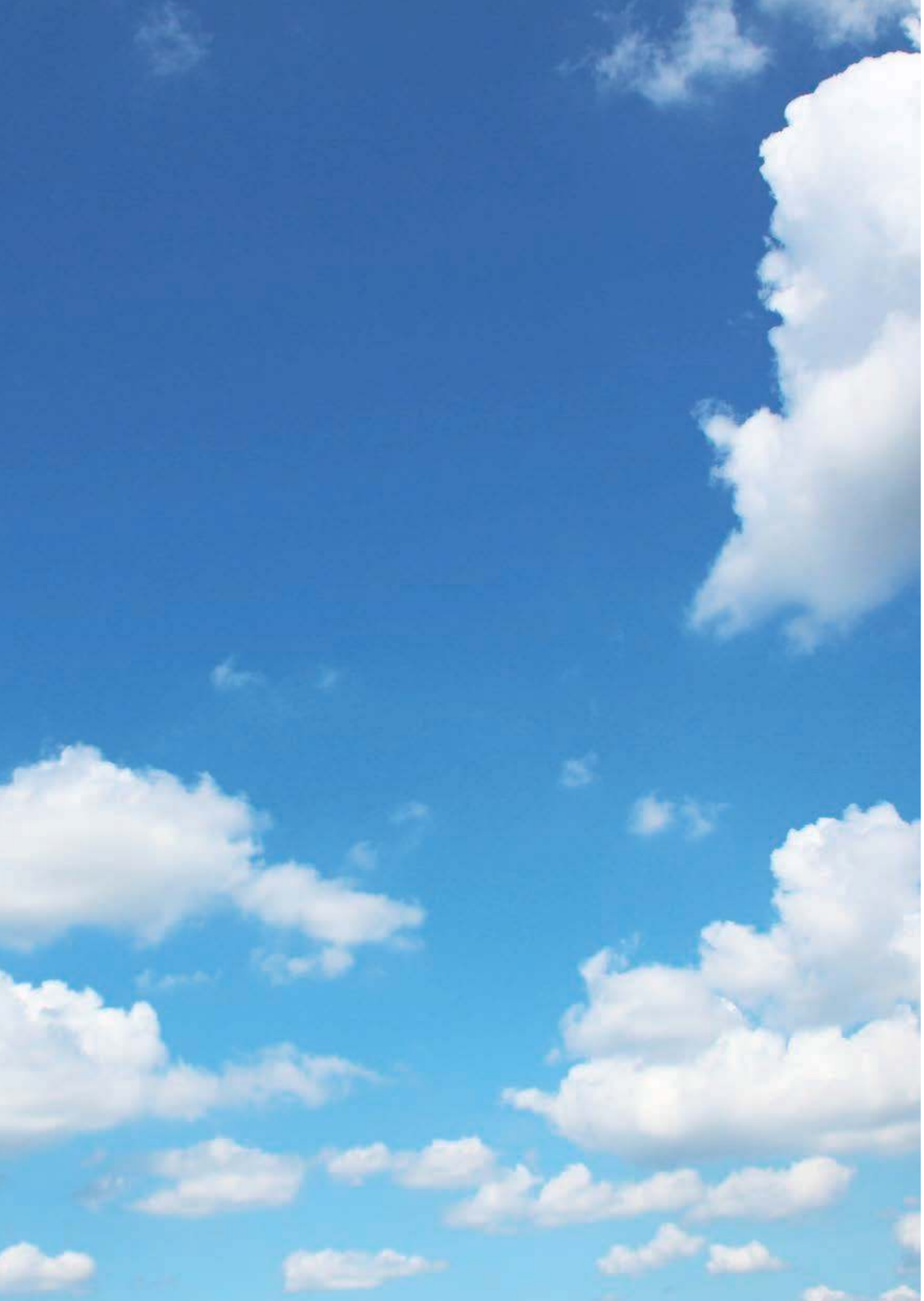

FUYO LEASE GROUP

Fuyo Lease Group
Integrated Report 2025

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The Fuyo Lease Group pursues sustainable growth through CSV management practices built upon its Mission, Vision and Values, which serve as the foundation of its management. This section features an overview of this value creation story along with a message from our top management.

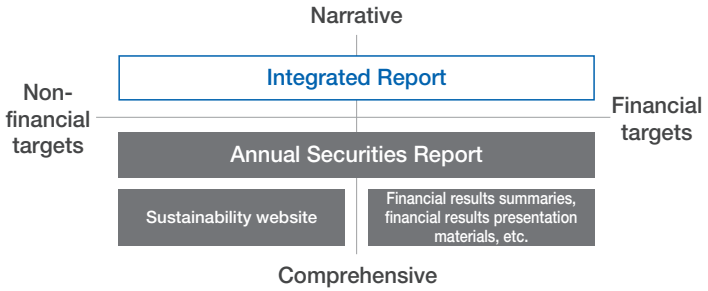
This section conveys our value creation story from the perspective of the three key elements of our Group vision: challenges and growth of each employee, mutual trust and co-creation, and solving social issues.

Successive efforts in creating shared value (CSV) shape the Group's materiality (material matters). This section profiles the connection between solving social issues and enhancing corporate value.

We focus on ensuring transparent and sound management with the aim of sustainably enhancing corporate value. This section describes our initiatives related to corporate governance and risk management systems.

This section contains a summary of the Group's financial and non-financial information and data. Please refer to our Annual Securities Report for further details.

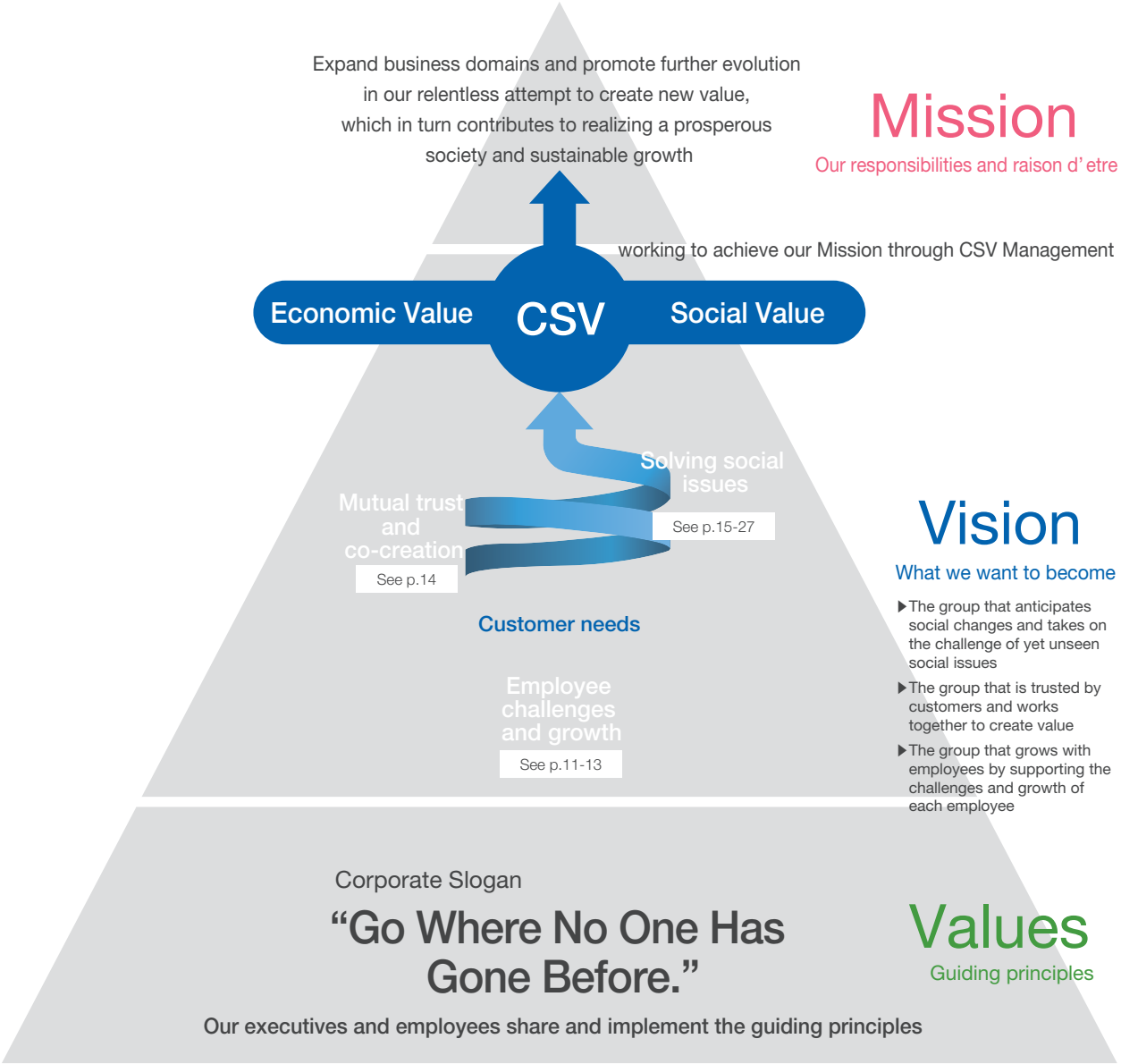
Corporate Disclosure Framework



Key Points of Integrated Report 2025

This report provides integrated disclosure of the Group's financial and non-financial information with the aim of facilitating a multifaceted understanding of its initiatives to enhance corporate value. It places particular emphasis on systematically conveying how the Company approaches value creation and achieves sustainable growth from a medium- to long-term perspective. The report profiles our sustained initiatives that underpin value creation as our Value Creation Story, with a focus on progress achieved under the Medium-Term Management Plan, Fuyo Shared Value 2026, constituting CSV management practices, as well as perspectives embodied by challenges and growth of each employee, mutual trust and co-creation, and solving social issues. We have also placed significant focus on disclosing information related to the foundations that support corporate value such as our financial strategy and governance structure enhancement, taking into account perspectives of capital efficiency and risk management. In addition, this report conveys the Company's managerial stance and capacity for transformation through messages from top management and outside directors, as well as the accomplishments, challenges, and future outlook of our main businesses. We hope that this report will facilitate constructive dialogue with our various stakeholders, including our shareholders and investors.

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**, who 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.

Realize by 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.**

Top Message

Top Message

CSV Management: Forging the Future on a Foundation of Trust

President and Chief Executive Officer
Hiroaki Oda

Review of the Three-Year Period of the Medium-Term Management Plan

The Fuyo Lease Group has completed three years of its five-year Medium-Term Management Plan, Fuyo Shared Value 2026, initiated in fiscal 2022. Looking back, while we achieved our overall performance targets and attained a certain level of success, when viewed individually, some areas of the Transformation Zone's business domain are struggling to grow, and we are once again realizing the difficulty of growth. Looking back on the past three years, I believe we have just barely made it. Nonetheless, I sense that the Company's distinctive value creation cycle is beginning to gain momentum, driven by our strong emphasis on building trust with customers along with our efforts to support the challenges and education of our employees.

Details on our respective business units classified in the Performance Zone are as follows. The Real Estate Business Unit, our core revenue driver, has maintained strong results in broadening its revenue streams across a range of assets that include offices, logistics facilities, hotels, and data centers. It takes a flexible approach to addressing regional changes in demand amid a favorable market environment underpinned by yen depreciation and sustained foreign investment.

The Aircraft Business Unit has achieved steady results with ordinary profit exceeding ¥10.0 billion in fiscal 2024. This was a result of it having focused on asset turnover-type business against a backdrop of a vibrant secondary aircraft market amid a business environment characterized by demand recovery and rapid growth coupled with constraints on the supply of new aircraft. Under the medium-term management plan, we aim to move away from reliance on revenues from specific business units and transition to a “multiple peaks” (multiple growth engines) business revenue portfolio through diversification. Meanwhile, we have made significant progress in having begun to develop a business pillar beyond the Real Estate Business Unit,

generating ordinary profit exceeding ¥10.0 billion.

While each business unit within the Transformation Zone has made steady progress, we have also identified challenges. By solving these issues, we seek to enhance the overall profitability and growth potential of our business portfolio.

The Energy & Environment Business Unit has more than doubled its operating asset base since the start of the medium-term management plan, achieving a steady growth. However, it will be some time before returns materialize given the existence of assets set to go into operation, primarily projects overseas. Although this constitutes upfront investment, we will take a forward-looking approach with ongoing investment, including that for overseas projects. Meanwhile, we are firmly committed to improving profitability through expansion of operating assets, which will involve establishing this business unit as one of our multiple peaks (multiple growth engine) revenue businesses that will enable sustainable growth.

In the Healthcare Business Unit, profitability has been bolstered by a situation where lending extended in response to the COVID-19 pandemic has entered into a recovery phase, which has prompted strong financing demand with respect to factoring for medical and nursing care receivables, resulting in substantial growth in outstanding balances. We have also made CB Holdings Inc., which provides medical consulting and M&A mediation, part of the Group. This enables us to establish a framework that extends beyond finance to also include upstream domains such as consulting and M&A mediation, while also broadening our revenue streams by focusing on both asset and non-asset businesses.

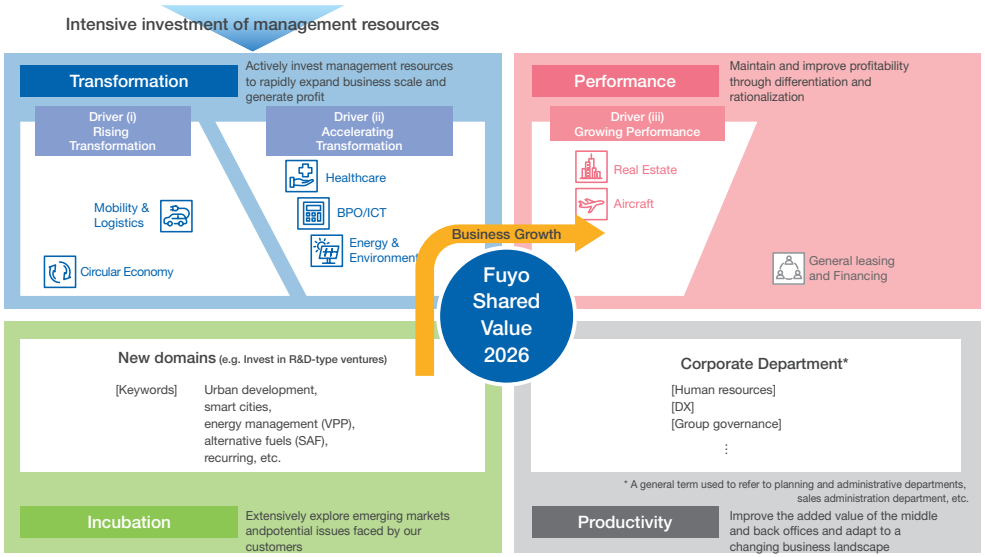
Although the BPO Business Unit and ICT Business Unit operate in areas still delivering robust customer demand, profitability has stagnated due to surging personnel expenses and challenges in securing human resources. We aim to achieve sustainable growth in these businesses by implementing bold cost structure reforms and actively participating in the data center business, currently gaining attention.

With regard to non-financial targets, the “contribution to CO_2 reduction,” “amount of funds invested in promoting decarbonization,” and “reduction in customer workload” set in the areas of ‘environment’ and “society and people” are progressing smoothly, supported by strong operating results in each division.

Review of the Remaining Two Years and Future Strategic Areas

Next, I will outline the key points of our strategy for the remaining two years based on achievements of the past three years. The overall financial targets remain unchanged at their initial levels. Given the recent policy rate hike and other changes in the financial environment, we have slightly lowered goals for

Overview of Zone Management



Financial Targets

Item	Result FY2024	Target FY2026
Ordinary profit	¥69.0 billion	¥75.0 billion
ROA Ratio of ordinary profit to operating assets	2.3%	2.5%
Shareholders’ equity ratio	13.3%	13–15%
ROE	10.0%	10.0% or more

business domains where the impact of rising interest rates is unavoidable. On the other hand, we have raised goals for domains performing well with a continued emphasis on their growth. This has enabled us to establish an overall plan that is balanced, realistic, and ambitious. With our non-financial targets, we have already exceeded objectives of the plan in some areas, and will continue to steadily build on these achievements going forward. Regarding electric vehicles, adoption domestically in Japan has not progressed as initially expected, which we acknowledge was an error in our projections. However, we will review our goals and work toward raising the proportion of EVs within our fleet over the next two years. To such ends, we have incorporated YAMATO LEASE CO., LTD., which operates currently active EV truck business, into the scope of our non-financial targets and are intensifying efforts to build up new business.

Non-financial Targets (excerpts)

Item			Result FY2024	Target FY2026
Environment	Decarbonized society	Contribution to CO_2 volume reduction	450,000t-CO_2/year	500,000t-CO_2/year
		Amount invested in promoting decarbonization (5-year cumulative total)	¥255.8 billion	¥300.0 billion
		Renewable energy power generation capacity*1	876MW	1,000MW
		Percentage of new contracts that are either EVs or FCVs*2	Review of target	5%
	Circular society	Percentage of returned items that are reused or recycled*3	100%	100%
		Percentage of materials/chemicals contained in waste plastics that are recycled*3	77.5%	100%
Society and people		Work hours saved by our customers*4	810,000 hours compared to FY2021	1,000,000 hours compared to FY2021
Investment in human resources		Human resource development-related expense (non-consolidated) Achieved ahead of schedule	337% compared to FY2021	300% compared to FY2021

2030 targets: Achieve carbon neutrality and RE100

*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 Percentage at Fuyo Auto Lease and YAMATO LEASE
*3 From returned items
*4 Creating new value creation time through BPO/ICT services

In terms of business strategy, we are actively taking on challenges in new business domains to expand our scope of operations, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term. In the Mobility Business Unit and Logistics Business Unit, we have positioned the Logistics Business Unit as a distinct domain and are accelerating full-scale entry into this field. We have made pallet rental business operator Wako Pallet Co., Ltd. a subsidiary and Japan Pallet Rental Corporation (JPR) an equity-method affiliate, thereby establishing a structure that enables us to engage in the entire logistics process beyond our warehouse-centered business thus far. We will address cross-functional challenges across logistics operations through direct involvement in on-site handling using pallets, wire cage carts, and other equipment.

We aim to contribute to the development of a circular society model by integrating the vast amount of data collected on-site with automation technologies in conveyance processes. With these new functions added to the Group, we will further contribute to solving customer issues across all stages of logistics, from upstream to downstream.

Another priority is accelerating new business creation in the incubation domain. In the carbon credit business, we are gaining deeper knowledge through our participation in a North American forestry fund and rice paddy projects in the Philippines. While this business area involves complex bilateral agreements and technical evaluation methods, it is also a sector that is steadily growing. Through collaboration with partner companies, agricultural organizations, and governments, we aim to supply carbon credits, which are key to balancing environmental and economic objectives. In the urban development business, we aim to provide multifaceted value that extends beyond real estate development to include community revitalization, energy, and mobility. Our initiatives through the Kobe Arena Project, which involve generating foot traffic in the community and creating new value in the surrounding area, exemplify the company's strategic approach moving forward. Through these initiatives, we will create value that connects to the next generation by closely integrating the sustainable development of communities with Creating Shared Value (CSV) management. Looking ahead, we believe that global expansion is essential for the Group to achieve sustainable growth. Accordingly, we are currently conducting internal discussions in preparation for the next medium-term management plan, with the goal of stepping up our efforts. As we naturally intend to accumulate quality assets by focusing on selected businesses, we are currently doing our utmost to develop overseas personnel in preparation for this leap forward.

Advancing Value Creation Based on Customer Trust

The Fuyo Lease Group positions CSV at the core of its management and adopts a medium- to long-term growth strategy aimed at achieving sustainable corporate growth by solving social issues through its businesses. We believe it will be possible for us to realize CSV at a higher level by progressively solving social issues, through efforts that involve supporting the challenges and growth of each employee as outlined in our Vision, and having our employees engage in co-creation with our customers based on mutual trust. As illustrated in the diagram on p.2 of this report, our value creation story is grounded in continuous iterations of this cycle. Delving a little further into our CSV management approach, I see it as a process in which working closely with our customers brings about significant enhancement of their economic value and substantial progress in solving challenges of yet unseen issues, which in turn further increases the Company's own economic value. I firmly believe that continually building customer trust and engaging in co-creation enables us to achieve greater corporate value and contrib-

ute to sustainable growth of society. All of our initiatives are built on a foundation of the trust placed in us by our customers, and this trust begins with people. As such, we strive to build close relationships with our customers, carefully listening to their challenges and needs. Through successive dialogue, we learn from our customers, reflect, refine our proposals, and deepen trust. As this trust grows, we deliver proposals offering competitive advantages distinctive to the Group. We accordingly make every effort to ensure that customers choose our proposals for the value they embody in reflecting our expertise and knowledge. In so doing, we co-create value with our customers through an ongoing cycle of building trust, learning from proposals, and leveraging our competitive advantages. This serves as the key process in our value creation story. Our successive efforts in solving social issues through mutual trust and co-creation with our customers give rise to CSV at a higher level, thereby generating a virtuous cycle of sustainable social and corporate value.

Our trusting relationships with our partner companies are also critical. I believe that we can come up with even better solutions by forming alliances with partner companies and addressing challenges together with our customers. For this to succeed, our partner companies must perceive the helpful and valuable presence of the Fuyo Lease Group from the very beginning. As such, we aim to be recognized as a leading expert in our field while serving as a reliable partner that inspires collaboration and trust.

Supporting Challenges and Growth Toward Developing Trusted Professionals

Achieving value co-creation based on customer trust and sustaining growth hinges on the challenges and growth of each employee. As such, we actively invest in human resources across the entire Group to support the growth of our employees. At Fuyo General Lease, we set a non-financial target to increase human resource development-related expenses per employee by 300% over the duration of the medium-term management plan, and achieved the objective by the end of the previous fiscal year, two years ahead of schedule. During that time, we greatly enhanced our development programs and learning opportunities. In addition, we will actively facilitate employee assignment and secondment to specialized enterprises, including those overseas, particularly looking toward global expansion as we expand our business domains going forward. In so doing, we will strategically develop human resources capable of amassing expertise through on-site challenges and leveraging that experience to create new business domains. Moreover, we strive to create an environment where employees can assuredly take on challenges by fostering a corporate culture that values diverse opinions and prioritizes psychological safety. Employees perform at their best when supervisors listen attentively to each subordinate and value a stance of embracing new ideas. This constitutes a situation where true diversity is achieved, enabling such organizations to act flexibly in this era of volatility, uncertainty, complexity, and ambiguity (VUCA).

Reinforcing internal infrastructure and promoting digital transformation (DX) further strengthens the foundation for pursuing these challenges and growth. We create an environment that enables employees to better focus on meaningful dialogue and value creation by fundamentally reviewing and streamlining business processes while also adopting IT tools. In addition, we provide platforms for employees to cultivate their insights and ideas, which involves leveraging AI not only to streamline daily operations but also to act as a sounding board for supporting employee challenges and proposal activities. I am confident that these initiatives will create synergies among psychological safety, diversity, and digitalization, accelerating each employee's growth and capacity to take on challenges.

In Conclusion

I believe our Integrated Report serves as a platform for us to communicate the Group's story in terms of its path forward and progress made thus far, framed within a strategic perspective. In doing so, I and the Company as a whole will uphold our duty of accountability while continuing to rigorously engage in CSV management practices together with our customers, shareholders, business partners, employees, communities, and future generations, with the aim of simultaneously delivering economic value to our customers and solutions to social issues. I recognize that management challenges of our customers are inevitably intertwined with social issues, and believe that engaging in co-creation with our customers leads to resolution of such social issues. As the Confucian philosopher Mencius observed, "Never has there been one possessed of complete sincerity, who did not move others." In the same spirit, we strive to earn the trust of our customers through sincere dialogue and to create value together with them.

Achieving Sustainable Growth Through CSV Practices

Director and Deputy President
(Representative Director)
Yusuke Kishida

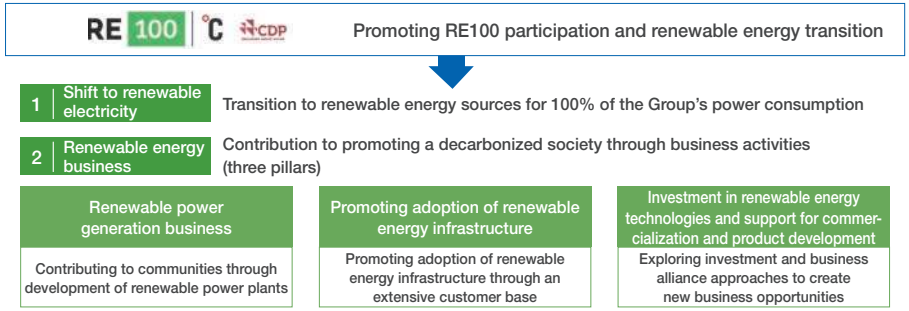
The Fuyo Lease Group positions Creating Shared Value (CSV) at the core of its management approach in its Medium-Term Management Plan, Fuyo Shared Value 2026. CSV is by no means something we suddenly set forth based on theory, but rather an initiative that we have gradually embedded within the organization, allowing our approach and practices to take root over time. The third year of our medium-term management plan, fiscal 2024, was a year where we gained a sense of momentum in making progress with respect to both financial and non-financial aspects of our CSV promotion.

(1) Taking Ownership of CSV

The Fuyo Lease Group began to place a firm organizational focus on CSV in the first half of the previous medium-term management plan (fiscal 2017–2021). Starting with messages from top management, we launched initiatives in CSV areas of focus that include Energy & Environment as well as Healthcare. In 2018, we became the first general lease company to join RE100, an international business consortium aiming to source all electricity consumed in business activities from renewable energy. In addition to transitioning our own power consumption to renewable energy at the time, we also publicly committed to advancing CSV initiatives undertaken with the aim of achieving a sustainable society by supporting decarbonization efforts of our business partners. We then promptly established an organizational structure dedicated to promoting CSV, but found that a top-down approach alone was not sufficient for immediate adoption of such practices among Group employees. We took steps to prompt evolution from theory to practice of our approach to CSV, which involves solving social issues while simultaneously enhancing corporate value. This involved holding workshops attended by all Group executives and employees, and otherwise continuously engaging in initiatives that enable every employee to take ownership of CSV practices in their daily work duties. Following this period of fostering a CSV mindset, we launched our medium-term management plan initiated in fiscal 2022, which involved formulating CSV-driven strategies that place financial and non-financial targets on equal footing, akin to two wheels of a cart, across all of our business areas. In so doing, we established a framework across the entire Group to achieve both sets of goals simultaneously. At the same time, we defined the Group's Mission, Vision, and Values, which enabled us to align the entire organization around a consistent trajectory whereby advancing CSV practices and embodying our Values links to our Vision and Mission. For instance, our sales representatives view addressing the social issues underlying operations of their customers as the starting point for their activities, proposing a range of solutions to help resolve such challenges. By consistently engaging in these activities, we engage in business practices that involve anticipating social changes while fostering trust and co-creation with our customers, thereby charting a path for the Group's sustainable growth.

Outline of Public Announcement Made Upon Joining RE100 (2018)

Overview of Initiatives for Transitioning to Renewable Energy



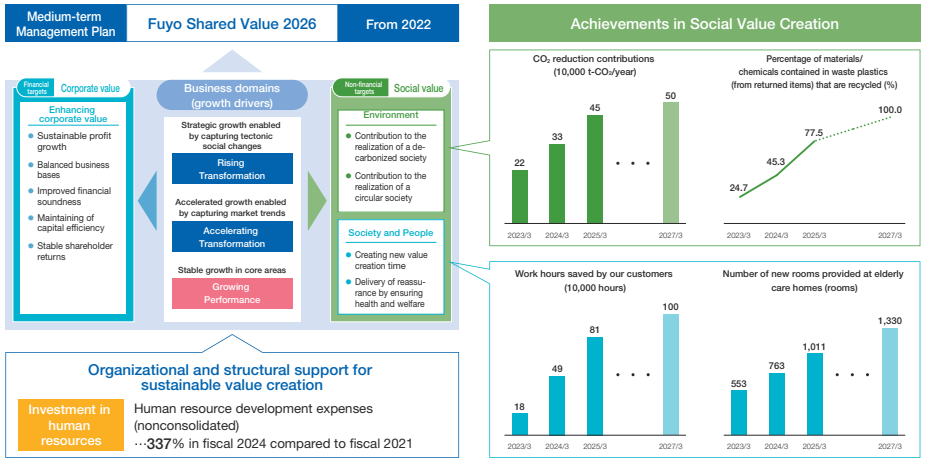
Workshops Attended by All Group Executives and Employees

Workshops for management-level employees

Workshops for all employees

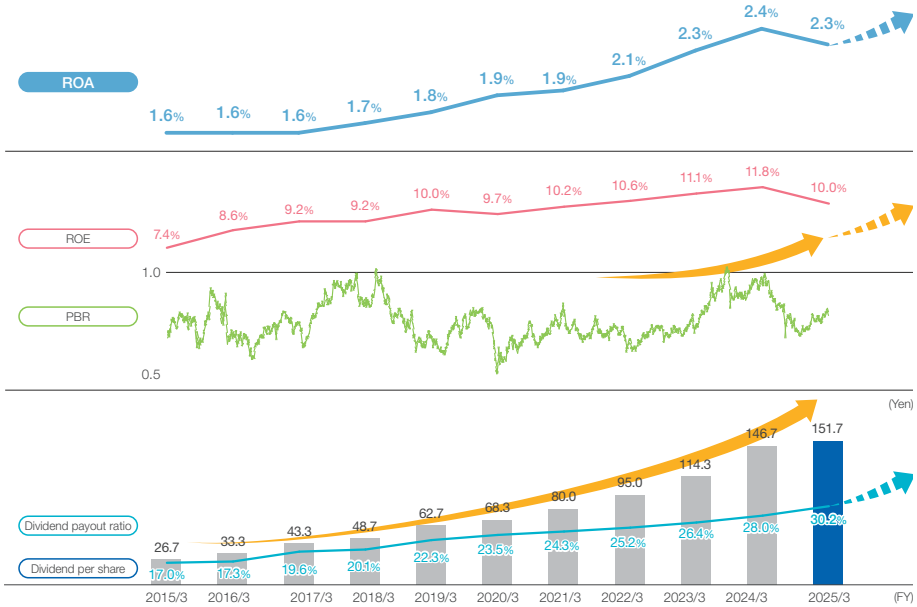
(2) Progress on Fuyo Shared Value 2026

In fiscal 2024, the third year of our medium-term management plan, we made progress largely in line with both our financial and non-financial targets through sales activities grounded in our CSV practices. Our non-financial goals are expressed as quantitative targets for contributions to social value through our business initiatives. For instance, in the Environment category we set targets for our contribution to reducing CO_2 emissions among our business partners by providing them with a variety of solutions. Additionally, in the Society and People category, we define targets in terms of the amount of value creation time generated for our customers by significantly streamlining operations through our BPO/ICT businesses. For our financial goals, progress toward the final targets of the medium-term management plan is largely on track. Ordinary profit and ROA (ratio of ordinary profit to operating assets) have progressed roughly as planned, while ROE (ratio of profit to shareholders' equity) and the shareholders' equity ratio have already reached the target range. Although progress has been steady overall, as described above, a breakdown of the earnings mix indicates a lack of sufficient progress in certain areas of the Transformation Zone, which consists of growth businesses subject to intensive investment of managerial resources. This stands as an issue to address over the remaining two years. As we enter fiscal 2025, the latter half of the medium-term management plan, we are reviewing the strategies and earnings goals of certain business areas in light of the current situation to enhance the likelihood of achieving our overall goals.



(3) Initiatives for Sustainable Enhancement of Corporate Value

ROE on a consolidated basis stood at 10.0% at the end of fiscal 2024, falling short of the previous fiscal year level. However, we maintained ROE at a stable 10%, which we believe meets or exceeds our cost of capital. ROA has steadily increased from 1.6% in 2016 to 2.3% in fiscal 2024. This is a result of efforts to expand our business domains and improve profitability, while leveraging both M&A arranged to strengthen functions in our respective business areas, and co-creation business through risk sharing with our alliance partners. In addition, we have increased dividends for 20 consecutive years since listing of the Company's shares, under our basic policy of providing long-term, stable shareholder returns. We also achieved the final target under the medium-term management plan of a 30% dividend payout ratio two years ahead of schedule, and have upwardly revised the fiscal 2026 target to 32% or higher. We will continue to pursue a balance between enhancing shareholders' equity and increasing capital efficiency by expanding our business scale and enhancing asset efficiency. In placing CSV at the core of its management approach, the Group will achieve sustainable growth by flexibly addressing this era of rapid change.



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

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 around 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.

Established Fuyo General Lease Co., Ltd.

Otemachi Building (1969)

Listed on the 1st Section of the Tokyo Stock Exchange

Listed on the 1st Section of the Tokyo Stock Exchange (2004)

Made Aircraft Leasing and Management Limited (ALM) a consolidated subsidiary

Made Accretive Co., Ltd. a consolidated subsidiary

Made INVOICE INC. a consolidated subsidiary

Made Fuyo Outsourcing & Consulting Inc. a consolidated subsidiary (name changed in April 2024; formerly NOC Outsourcing & Consulting Inc.)

Made YAMATO LEASE CO., LTD. a consolidated subsidiary

Established Fuyo General Lease (Taiwan) Co., Ltd.

Established a directly controlled base in Thailand Fuyo General Lease (Thailand) Co., Ltd.

Made WorkVision Corporation a consolidated subsidiary

Made Human Centrix Co., Ltd. a consolidated subsidiary

Made Pacific Rim Capital, Inc. a consolidated subsidiary

Established Fuyo Lease Europe Ltd. in the U.K.

Made PLIC Corp., Ltd., CB Holdings Inc., Wako Pallet CO.,Ltd. into consolidated subsidiaries

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

- Promoting simultaneous achievement 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

Human resources (consolidated)

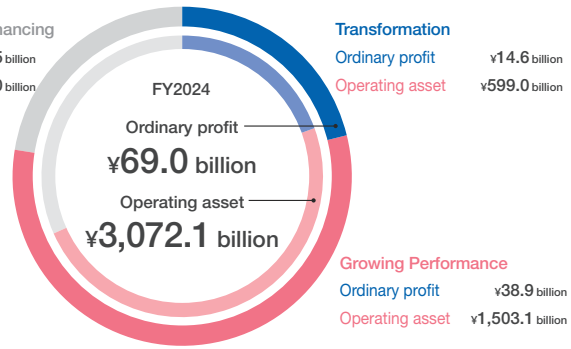
4,095

Group Network

Domestic consolidated subsidiaries	Overseas consolidated subsidiaries	Equity-method companies
46	27	14

Financial information

Ordinary Profit and Operating Asset by Zone



Ordinary profit	ROA Ratio of ordinary profit to operating assets
¥69.0 billion	2.3%
Shareholders' equity ratio	**ROE**
13.3%	10.0%
Japan Credit Rating Agency, Ltd. (JCR) Long-term issuer rating	**Rating and Investment Information, Inc. (R&I) Issuer rating**
AA-	A+

Non-financial information

Environment

CO_2 emissions reduction contribution 450,000 t-CO_2/year	Amount invested in promoting decarbonization (5-year cumulative total) ¥255.8 billion	Renewable energy power generation capacity*1 876 MW	Renewable energy ratio of power consumption 88%
Percentage of returned items that are reused or recycled*2 100%			

Society and People

Number of new rooms provided at elderly care homes 1,011	Work hours saved by our customers*3 810,000 hours (compared to fiscal 2021)	

Sustainable value creation

Human resources development related expenses (non-consolidated)
337%
(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

Employees' Challenges and Growth

*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.
*4 The gender wage gap shows average annual wages for women as a percentage of average annual wages for men for all regular and non-regular employees combined. While there is no difference in wages for the same work, factors such as whether or not there are long-distance transfers, career paths such as generalist or administrative tracks, years of service, job descriptions, and personnel evaluations result in differences in wages. Key factors contributing to the gender wage gap include the low percentage of women among regular employees in management positions and on job tracks involving long-distance transfers for which wages are relatively high, and the large number of men among non-regular employees who formerly held management positions and were re-employed as contract workers. Another factor is an increase in the percentage of women among younger employees with relatively low wages since the Company is actively recruiting female new graduates.
*5 Once a month, employees can select a Friday on which to leave early after working a half a day.

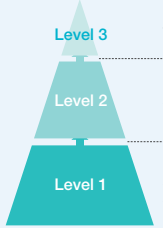
1 Strategic Human Resources Development

Target: Increase Education and Training Expenses by 300% Over 5 Years

Specialized, 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

3levels of skills



Level 3: Specialized skills that are the source of high added value in each business domain, including energy, BPO, and healthcare

Level 2: Skills that are essential and fundamentally needed to enhance the creation of added value in all business domains, such as language, DX, and cutting-edge finance

Level 1: Knowledge of subjects such as accounting, tax, and law essential to lease and finance, and general business skills such as communication and critical thinking

Measures	Results
● Data analytics training ● Financial modeling training ● Stepped up external assignments (local social projects, etc.)	Improved analytical skills in the aircraft field Improved business development skills in the energy field Engaged in urban development projects in new domains
● Collaboration with overseas business professionals ● Finance training on specialist themes ● New business idea generation training ● Office automation skill training to increase business efficiency	Expanded overseas human resource candidates Financial skills improved in specialist areas Raised the level of sales representatives' abilities Business efficiency improved, data analysis skills improved

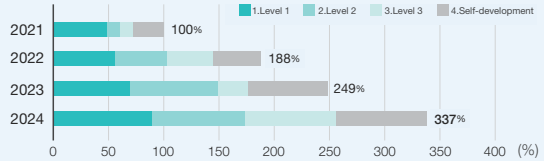
Autonomous human resources

(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, 60 individuals in total have participated in the training.
Cafeteria plan*2	In addition to business-related learning, there was a provision of a wide range of learning opportunities, including liberal arts, which led to a significant increase in usage (242% increase compared to FY2021 on a monetary basis).
Internal seminar program*3	Provided seminars on an extensive range of themes, from microeconomics, diversity and inclusion, decarbonization management, corporate governance and China and ASEAN business to art appreciation. They were attended by 92 individuals.

Increase and Composition Changes in Education and Training Expenses

(Amount per person)



Employee Satisfaction Survey

This survey measures ratings of programs and frameworks in place to acquire necessary abilities and skills. A high rating was maintained. (5 points maximum)

2021	2022	2023	2024
4.00	4.08	4.02	4.07

Diversity is power

2 Diversity and Inclusion

Diversity drives sustainable growth by bringing together different strengths, viewpoints, and values

- Cultivation of basic awareness through unconscious bias seminars, etc.
- Seminars on balancing work with childcare and nursing care, establishment of nursing care hotline
- Holding roundtable meetings with senior employees offering opportunities to interact with diverse role models
- Silver Certification in PRIDE Index 2024
- Platinum Kurumin and Platinum Eruboshi Certification

Performance Indicators	FY2022	FY2023	FY2024	FY2026 target
Ratio of women in new graduates hired (non-consolidated)	53.5%	59.1%	45.5%	40%
Percentage of women in managerial positions (non-consolidated)	30.9%	32.2%	33.4%	35%
Gender wage gap*4 (non-consolidated)	66.5%	67.5%	67.7%	—

Increasing autonomy and productivity

3 Health and Productivity Management & Work-Life Balance

Creation of employee-friendly working environment where employees can enhance the quality of both work and life

- Expansion of age eligibility for receiving a complete medical checkup with no out-of-pocket expense
- Flexible work hours, encouragement of the acquisition of annual paid leave
- +Friday (Plus Friday) (early departure day)
- Certified as a 2025 Health and Productivity Management Outstanding Organization

Performance Indicators	FY2022	FY2023	FY2024	FY2026 target
Percentage of eligible male employees who have taken childcare leave (non-consolidated)	100.0%	108.3%	100.0%	100%
Rate of taking paid leave (non-consolidated)	93.5%	93.3%	92.8%	90%
Rate of utilizing the +Friday system*5 (non-consolidated)	89.0%	88.7%	90.8%	—

×

Value (guiding principles)

"Go Where No One Has Gone Before."

Incentives, motivation
Psychological safety, bouncing ideas off employees

Challenges

Example: For Fuyo Lease's sales representatives

10 Relationship Management Practices

1. Always from the customer's perspective
2. Gain their trust
3. Learn all there is to know
4. Information is life
5. Move swiftly
6. Envision scenarios
7. Be the commander
8. Create a human network
9. Improve yourself
10. Create your specialty field

Honor the manifestation of Values, and share with the Group

Great Value Award

Value Award

- Make challenges visible
- Share practices through internal presentations

= **Growth**

Strongly advancing initiatives to support challenges and growth of each employee, aiming to raise corporate value

Three years of enhancing both the quality and quantity of human resource development

Mr. Shiiba : The Fuso Lease Group has proactively, strategically invested in human resources. We believe the endeavors and growth of each employee are the foundation supporting sustainable corporate growth. They are what give rise to co-creation and mutual trust with customers, and are a source for creating value linked to resolving social issues beyond that. In our Medium-Term Management Plan, we had targeted an increase in per-person human resource development-related expenses for Fuyo General Lease on a non-consolidated basis to 300% in fiscal 2026 compared to the level in fiscal 2021. However, we achieved that two years early in fiscal 2024. This is a result of the Group's strong advancement of human resource development measures with a shared belief that human resources are the driver of value creation. We aim to further expand our business scope and develop globally going forward. In doing so, the kind of human resources we seek are independent human resources who think for themselves, act proactively, and are committed to personal growth, and human resources with high levels of expertise in each business domain and the ability to create high added value in each area. To develop such human resources, we have classified required skills into three levels. In addition to the basic skills at Level 1, we are promoting the strengthening of specialist skills at Levels 2 and 3 in each business domain. Specific measures include shoring up language, digital transformation, high-level finance and other skills common to all business areas, as well as strengthening practical skills in specialist areas like data analytics for the aircraft field and financial modeling for the energy field. We are also focusing on developing human resources to further evolve our business domains though initiatives such as secondment to specialist companies. As a result, education and training expenses increased at Level 2 to 564% and at Level 3 to 567% of the level in fiscal 2021. Further, we established the Fuyo Shared Value Creation Center in March 2024. Located in the Toyosu district of Koto city, Tokyo, this specialized training facility provides an environment where employees can concentrate and learn. We are continuously broadening diverse learning forums including seminars conducted by internal instructors, providing opportunities for self-learning and growth. Along with significantly increasing per-person education-related expenses, we have worked to enhance programs and facilities. As a result, we earned a favorable rating of over four out of five points regarding the question "Are there sufficient programs and frameworks to acquire necessary abilities and skills?" in an employee satisfaction survey (Fuyo General Lease on a non-consolidated basis). Going forward, we will continue to invest in human resource development, which is the basis for sustainable value creation, and support employee's growth into human resources with high added value.

Promoting Diversity, Health and Productivity Management, and Work-Life Balance

Ms. Onjo : In addition to strengthening skills, respecting differing strengths and diverse values is key to innovation and sustainable growth. Therefore, the Fuyo Lease Group has set diversity and inclusion (D&I) as one important policy. This entails establishing an environment where all employees can make the most of their abilities, regardless of their age, sex, nationality, sexual orientation, gender identity, race, ethnicity, disability or other status. Specifically, we are promoting the creation of a corporate culture to form the foundation for D&I through training related to topics such as unconscious bias and LGBTQ+. We provide an array of career development opportunities.
From a perspective irrespective of gender, this includes seminars based on the theme of supporting balancing work with childcare and nursing care.
From a perspective

of promoting women's advancement in the workplace, this includes roundtable discussions led by executives and career interviews. We have also received Platinum Kurumin and Platinum Eruboshi certification from the Ministry of Health, Labour and Welfare, in recognition of our performance on metrics such as the percentage of men taking childcare leave and the percentage of women among management-level employees. Health and productivity management and work-life balance are also major pillars of our human resource strategy. We regard prevention and early detection of disease as a key task. Accordingly, we encourage employees aged 35 and up to get a complete medical checkup at no out-of-pocket expense, and all eligible employees are doing so. Furthermore, we offer online seminars dedicated to women's health issues and individual consulting sessions led by a female doctor. In addition, we are focusing on creating an environment that supports a balance between work and life, including by offering a flexible work hours system and encouraging employees to use paid leave. Through these initiatives, we are steadily building a foundation enabling every single employee to take on challenges with confidence and thrive. We will continue to enhance our initiatives in diversity and inclusion, health management, and work-life balance going forward. By strengthening our ability to respond to changing external environments and diversifying needs, we will enhance our competitiveness as a company.

Putting the Values (Guiding Principles) Into Practice and Growth

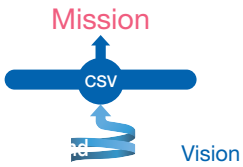
Mr. Shiiba : Human resource development is not just about inputs, it is about employees realizing true growth by taking on challenges in their daily work. In setting out to "Go Where No One Has Gone Before." under the Values (guiding principles), each Group company has established respective specific action guidelines. Fuso Lease has set out 10 Relationship Management Practices for sales representatives and Seven Essentials for operations employees as cornerstones for concrete actions, and is fostering a corporate culture that emphasizes dialogue and taking on challenges. Employees approach immediate tasks head-on as their own. For example, sales representatives enlist supervisors and senior colleagues to serve as a sounding board when considering proposals to customers. They look into the best solution while bouncing ideas off of these fellow employees who listen earnestly to what they have to say. This robust dialogue (two-way communication) and reaching of a satisfactory conclusion is what gives rise to proposals that truly surpass customers' expectations, establishing relationships built on trust and creating value. We believe repeatedly taking on challenges in this way is what supports the growth of human resources.

Honoring Embodiment of the Values, Sharing with the Group

Ms. Xue : From fiscal 2024, the Fuso Lease Group is honoring employees who have embodied the Values (guiding principles) with the Great Value Award and the Value Award. The purpose of this is to share outstanding cases of employees taking on challenges and growing throughout the Group, and expand the circle of challenges. These awards go beyond factors such as the difficulty of the undertaking and magnitude of the accomplishment, also focusing on how an individual's concrete actions embody the Values. This is a system for commending challenges that lead to the creation of value, and sharing them with the entire Group. In fiscal 2024, awards were granted to endeavors such as projects that promoted catching up on expertise, repowering renewable energy, and energy management, as well as activities at BPO companies that visualized members' skills and accelerated team building to achieve stable operations of new tasks early on. We held a presentation for employees after the awards ceremony to deepen learning and share knowledge throughout the Group by having award recipients talk about practical tips, keys to their success, and so forth. Award recipients can get a real sense of their growth by gaining experience with success through such measures, enabling them to enthusiastically approach their next new challenge. In addition, employees who listened to the award recipients' talks have actually been inspired by their attitude to take a more positive approach in their own endeavors. I think that expanding each employee's circle of challenges in this way will accelerate the Group's overall growth.

Employees' Challenges and Growth Are Our Biggest Assets

Mr. Shiiba : We will continue to support the challenges and growth of each employee, turning out talent who can deepen co-creation and mutual trust with customers even in changing times, and create value by solving social issues. I believe that will be the driving force for further advancement of the Fuso Lease Group's value creation story.



Mutual Trust and Co-Creation

Basic approach

Mutual trust and co-creation are key words expressing relationships with customers in the Fuyo Lease Group's value creation story. Starting with relationships with customers built on trust, we are discovering real issues and needs as well as creating solutions for them. By building a track record of solving social issues through this process, we are creating a virtuous cycle of sustainable social value and corporate value.

Mutual Trust and Co-Creation with Customers

The Fuyo Lease Group aims to expand its business domain by providing precise solutions to the challenges and needs of a diverse range of customers, based on the strategies of each business division. There are two main aspects to sales in the Group. One is providing solutions to customers. This requires addressing customers' increasingly diverse and sophisticated needs and issues by accurately grasping insights and learning from repeated communication with an extensive range of individuals from those on the frontlines to management, and linking that to concrete solutions to gain customers' trust and solve issues. The other aspect is sales in specialist business fields. In going beyond our roots in leasing and finance to expand joint ventures and other new business investment-type operations, cooperation and collaboration with partners and alliance companies as well as financial institutions are vital. In our strategic business areas, partners that we can build mutual trust with are steadily increasing, which is leading to expansion of our domain in areas like energy and environment, healthcare, mobility, and BPO. Mutual trust and co-creation are key words for our promotion of sales in this way. As the basis for promoting sales activities, we have established the "10 RM Practices" as guidelines for employees involved in Relationship Management (RM). These guidelines for employees entail always taking the customers perspective, approaching issues as your own, and taking the initiative to act to solve them. Each employee putting these guidelines into practice every day is the foundation upon which sustainable mutual trust with customers is built. Guided by the "10 RM Principles" as a foundation, the Customer RM representatives responsible for client relations and the Product RM representatives involved in solution creation work closely together to propose and implement solutions for addressing customer challenges. The Fuyo Lease Group aims to speedily reflect insights and what it has learned from repeated communication with customers to steadily solve customers' issues while gaining their trust. I am confident that addressing customers' issues as our own, constantly learning, and proposing solutions to be a corporate group that is trusted will lead to ultimately lead to the attainment of our mission.

Case example

Joint ownership of large-scale work vessels used in offshore wind power construction

While expanding our business scope, we recently participated in a building project for large-scale work vessels used in offshore wind power station construction in the energy and environment field. It was a proposal of a solution addressing customer issues and needs, with an eye to offshore wind power development in Japan going forward. Offshore wind power generation is a business that is key to the spread of renewable energy in Japan, and we are supporting the spread and advancement of offshore wind power generation in Japan through joint ownership of vessels with the shipbuilder.

Joint ownership of heavy lift vessel and cable laying vessel with Penta-Ocean Construction Co., Ltd. (joint press release)

125 Years & Beyond PENTA-OCEAN

FUYO LEASE GROUP

報道関係各位
ニュースリリース

2025年1月27日
五洋建設株式会社
芙蓉総合リース株式会社

洋上風力建設に用いる大型作業船の共同保有について

五洋建設株式会社（代表取締役社長 清水琢三、以下「五洋建設」）と芙蓉総合リース株式会社（代表取締役社長 織田竟明、以下「芙蓉リース」）は、洋上風力建設に用いる大型基礎施工船（以下、HLV）とケーブル敷設船（以下、CLV）の大型作業船２隻を共同保有します。

HLVのイメージ図　CLVのイメージ図

Energy & Environment

Accelerating Transformation

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

- 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 in breaking ground in the new Energy & Environment business domain

Plans under Fuyo Shared Value 2026

1. Aim to invest a cumulative total of ¥300.0 billion over the five years through fiscal 2026 to promote decarbonization.
2. Increase the supply of renewable energy, targeting 1,000MW of renewable energy power generation capacity.
3. 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 grid storage battery business.

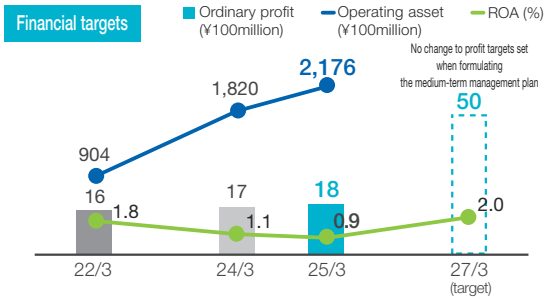
Fuyo Shared Value 2026 First Half Results

- Assets increased due to proactive investment in overseas renewable energy businesses, mainly in Europe and the US
  On the other hand, profit contributions were limited due to rising procurement costs
- GLOBAL ENGINEERING, which engages in multi-faceted electric power services business including power supply-demand adjustment business, became an equity-method affiliate. This has enabled us to reinforce our functions for further business expansion

Fiscal 2024 Results

- Accumulation of operating assets progressed, mainly in overseas renewable energy projects
- Although foreign currency funding yields passed their peak, ordinary profit remained on par with the previous year

Financial targets



(¥100million)	2024/3		2025/3
Ordinary profit	17		18
ROA	1.1%	▶	0.9%
Operating asset	1,820		2,176

Non-financial targets

	2024/3		2025/3	March 2027 targets
Renewable energy power generation capacity*1 (MW)	705 (995)	▶	876 (1,084)	1,000

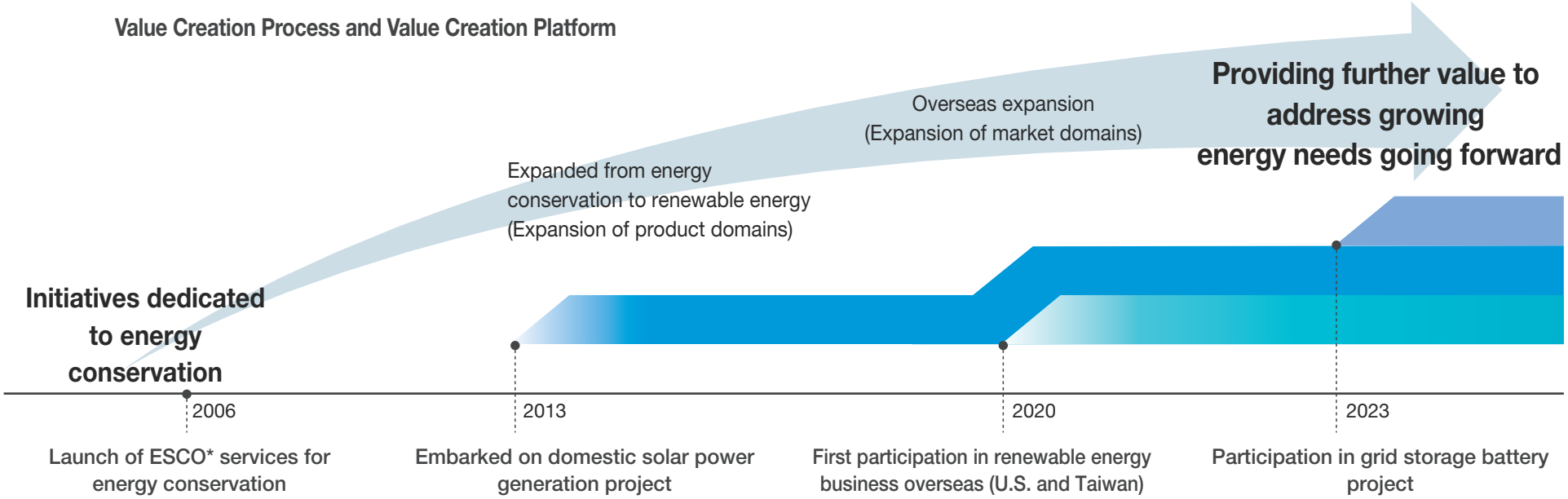
Figures in brackets for renewable energy power generation capacity include projects under development

*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)

Issues Ahead and Response Measures

Issues Ahead	Response Measures
Strengthen our operating base to promote global business expansion	Strengthen collaboration with overseas sites, mainly the local U.K. subsidiary, and increase alliance partner companies
Develop skilled professionals with insights into the energy & environment industry and overseas fields	Dispatch personnel to partner companies and develop human resources through education and training programs

Value Creation Process and Value Creation Platform

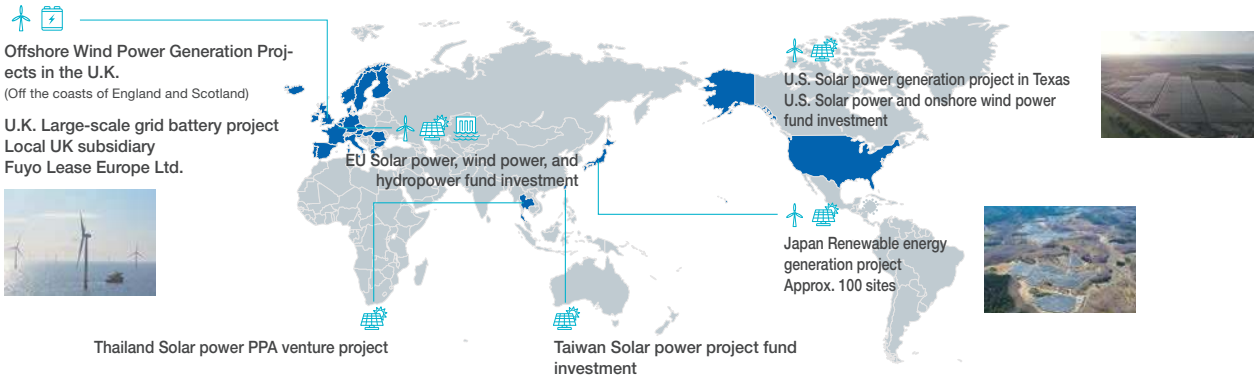


Development of specialized and overseas personnel, and large amount of information from global network (foundation supporting value creation)

* 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 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. End-to-End Business Development in the Electricity Market

Fuyo Lease Group participated early in the grid storage battery project, a new business model essential for stabilizing utility grids and making renewable energy the main source of power. Furthermore, as the first leasing company to establish a strategic capital and business alliance with an energy management company, we promote the adoption of distributed power sources centered on grid storage batteries, beyond standalone renewable power generation. Through this end-to-end business approach in the electricity market, we contribute to achievement of carbon neutrality and promotion of green transformation (GX).

Site of grid storage battery project (Sapporo, Hokkaido)

BPO/ICT

Accelerating Transformation

- 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

- 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.

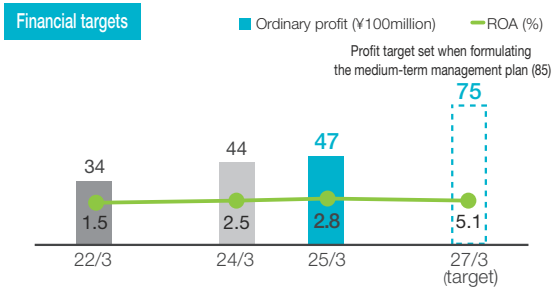
Fuyo Shared Value 2026 First Half Results

- The pace of profit growth underperformed initial assumptions due to heightened human resource mobility and soaring personnel expenses, despite strong customer demand caused by labor shortages and other such factors
- Enhanced service platforms through collaboration with alliance partners and expanded scope of operations particularly in the data center business

Fiscal 2024 Results

・Ordinary profit increased marginally due to rising costs centered on personnel expenses in the BPO domain, despite substantial growth relative to the previous fiscal year in the ICT domain

Financial targets



(¥100million)	2024/3	2025/3
Ordinary profit	44	47
ROA*1	2.5%	2.8%
Operating asset	512	558

*1 Based on results of the ICT business

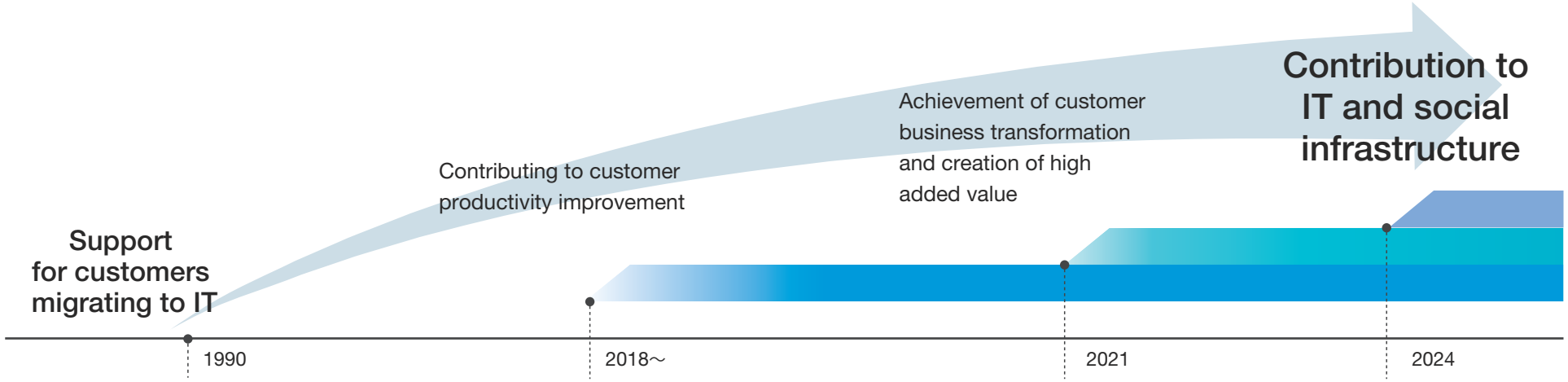
Non-financial targets

	2024/3	2025/3	March 2027 targets
Work hours saved by our customers*2	490,000 hours (compared to FY2021)	810,000 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

Issues Ahead and Response Measures

Issues Ahead	Response Measures
Develop services to address BPO needs that have emerged in the digitalization process	Propose new ways to streamline operations through the use of AI and data
Develop innovative services to respond to dramatic advances in AI technology	Develop and offer services with partners that contribute to work efficiency



Launch of personal computer leasing business

- Support for accelerated IT transition by leasing IT equipment (PC rental based on residual value model)
- Promotion of 3R initiatives (reduce, reuse, recycle) through programs such as EcoValue leasing and operation of reuse centers

Launch of BPO services business

- Focus on the BPO business in close alignment with leasing
- Established structure for providing a vast array of services enlisting a one-stop approach, upon the Group's addition of a BPO company covering a wide range of back-office operations, including accounting, human resources, general affairs, and information systems

Promotion of business process services (BPS)

- Engagement in high-value-added business process services (BPS) enlisting coordination of BPO services and DX, by bringing system integrator (SIer) into the Group
- Comprehensive support of customers seeking to streamline and elevate operations, enlisting dual approach of operational optimization and system implementation

Participation in data center business and expansion into new business domains

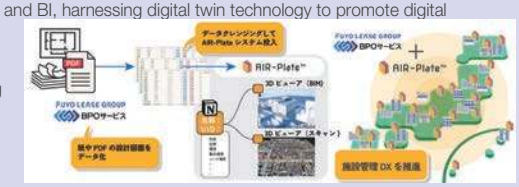
- Expansion into domestic data centers leveraging knowledge gained from investment in and financing of leading U.S. data centers
- Contribution to social infrastructure by developing sales finance solutions in collaboration with foreign and domestic system integration partners
- Development of schemes tailored to partners' diversified sales approaches (pay-as-you-go, etc.)

Expand Service Lineup by Utilizing Group Functions and Partner Collaboration

The Group's addition of BPO companies that provide various services has enabled us to pool each company's specialized knowledge and expertise to establish a framework for comprehensively providing high-value-added services. Going forward, we aim to create new solutions through Group function reinforcement and partnerships, thereby helping to address corporate management challenges while facilitating sustainable growth of society as a whole.

Conclusion of Business Agreement on the AIR-Plate Integrated Facility Management System

In August 2024, we concluded a business agreement with Azusa Research Institute Co., Ltd. regarding the AIR-Plate integrated facility management system. AIR-Plate is an integrated facility management system equipped with AI and BI, harnessing digital twin technology to promote digital transformation of facility operations. It serves as a groundbreaking platform solution that enables unlimited data storage. By combining BPO services with AIR-Plate, we aim to digitalize paper-based facility documentation and improve operational efficiency.



New Business Development Through Collaboration with Partners

As a result of combining its financing capabilities and various services in the ICT domain, the Fuyo Lease Group is able to offer products that help solve social issues related to shortages of IT professionals by improving operational efficiency associated with the in-house IT personnel of its customers. By leveraging Group company functions and collaborating with partners going forward, we aim to further enhance our products and expand the scope of our ICT services, thereby contributing to realization of a prosperous digital society while also solving corporate management challenges.

First Investment in a Development Portfolio Targeting U.S. Data Centers

In February 2025, we invested in a US data center development portfolio provided by Principal Real Estate Investors, LLC, the real estate investment arm of Principal Financial Group, Inc. (Iowa, USA; hereafter "Principal"). This project focuses on hyperscale data centers that are developed and invested in by Principal, and are either currently operational or scheduled to become operational. Looking ahead, we aim to make progress in gaining insights while further expanding our business domains amid projections of robust demand for construction of data centers that handle data processing, due to escalating use of cloud services and generative AI technologies.

Mobility & Logistics

Rising Transformation

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

- 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., which became a consolidated subsidiary
- Providing logistics standardization, automation, and labor-saving solutions, starting from logistics materials essential in logistics sites

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.

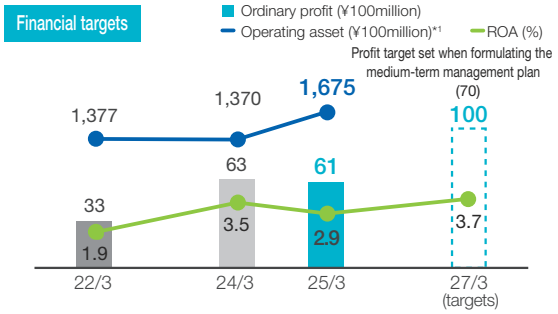
Fuyo Shared Value 2026 First Half Results

- Enhanced domestic and overseas services including the EV Life Cycle Service and EV Fleet Management Service through collaboration with alliance partners
- Reinforced overseas business by making Pacific Rim Capital (U.S.) and PLIC (Thailand) subsidiaries
- Promoted inorganic strategies to further reinforce functions in the logistics area
  WAKOPALLET Co., Ltd. made a consolidated subsidiary: March 2025
  Japan Pallet Rental Corporation made an equity method affiliate: April 2025

Fiscal 2024 Results

・Offset rising domestic procurement costs through strategic asset accumulation and performance growth at overseas subsidiaries to maintain overall performance levels

Financial targets



(¥100million)	2024/3	2025/3
Ordinary profit	63	61
ROA	3.5%	2.9%
Operating asset	1,940	2,311
(Domestic subsidiaries)	(1,370)	(1,675)

Non-financial targets

		2024/3	2025/3	March 2027 targets
	Percentage of new contracts that are either EVs or FCVs (Fuyo Auto Lease and YAMATO LEASE)	Changed target		5%
(Reference) Prior to revision	EV/FCF ownership ratio (Fuyo Auto Lease)	(1.0%)	(1.3%)	

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

Issues Ahead and Response Measures

Issues Ahead	Response Measures
Increase in percentage of new contracts that are either EVs or FCVs	Enhancement of EV-related services through collaboration with partner companies, and fortified sales centered on one-stop services
Expansion of business domains in logistics area (non-traditional financing)	Identifying functional enhancement domains and assessing partner companies taking into account future logistics transformation

Social Issues

- Increase in people with mobility constraints as the population ages
- Growing need for BCP as a means of strengthening resilience
- Achievement of a decarbonized society
- Operational efficiency improvement amid declining labor force

Contributing to the solution of social issues by building alliances with partners and connecting existing business areas with new functions to expand our business domain

Basic Strategies

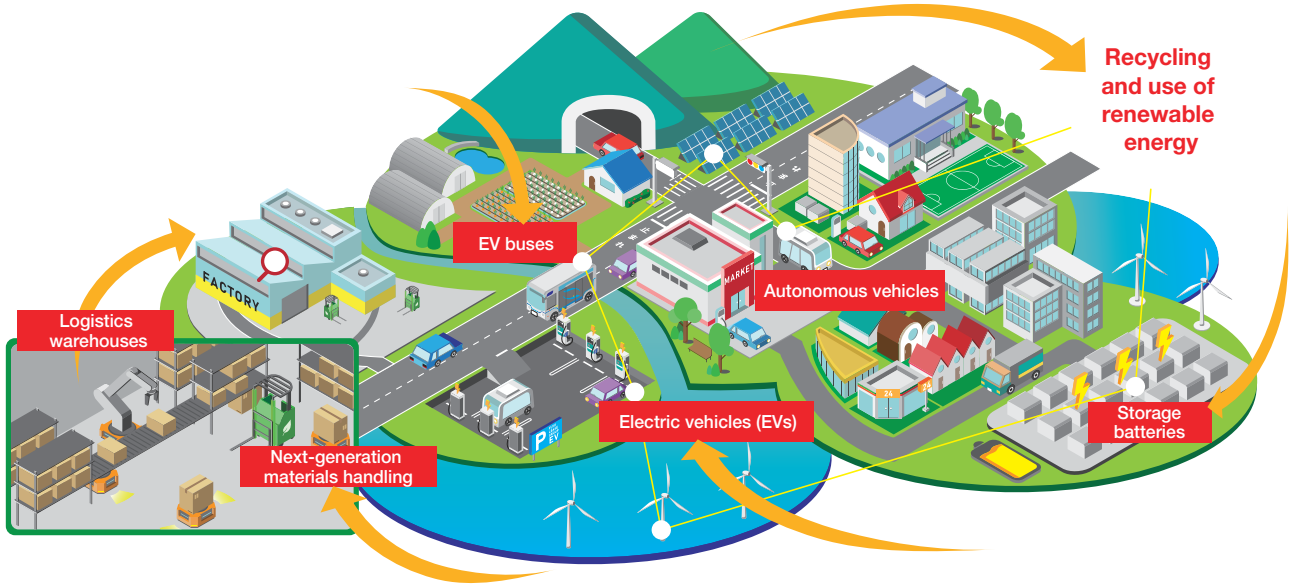
- Mobility / One-stop EV services
- Automation and labor-saving solutions in logistics and distribution operations

Provided Services

- Vehicles and chargers
- Energy management
- Storage batteries
- Self-driving
- Pallets and wire cage carts
- Next-generation materials handling
- Forklifts

Building a framework for providing a vast array of one-stop services from support for EV implementation and extending to EV and charger provision, fleet management, and energy management

Deploying solutions at key logistics nodes leveraging logistics materials and equipment



Healthcare

Accelerating Transformation

- Various types of financing for healthcare assets
- Factoring of medical and nursing care receivables
- Consulting, M&A mediation, and BPO services for healthcare providers
- Business succession and turnaround financing
- Purchase and disposal of used medical equipment
- Energy conservation and energy services business for medical institutions

- Expansive menu of services, including healthcare business facility initiatives, business succession and turnaround financing, and 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 Holdings 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

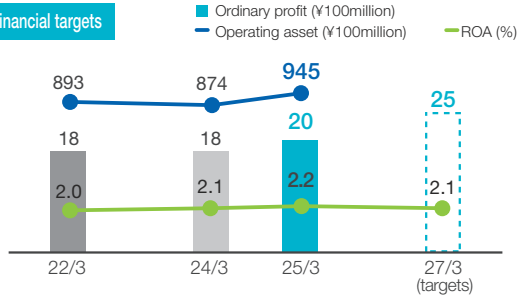
1. Support the creation of 1,330 new rooms at elderly care homes over a 5-year period in collaboration with alliance partners, in anticipation of the super-aging of society.
2. Implement digital transformation (DX) in medical and nursing care by providing solutions in collaboration with Group companies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

Fuyo Shared Value 2026 First Half Results

- Revenue growth has been 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, we have substantially expanded our business domain through the formation of region-specific healthcare funds (with 77 Bank in the Tohoku region and Higo Bank in the Kyushu region) and initiatives involving new healthcare business facilities, such as hospices

  - Asset balances increased from the second half of the fiscal year, primarily driven by factoring of medical and nursing care receivables
  - CB Holdings became a consolidated subsidiary and serves as a key company in the non-financing domain

Financial targets



(¥100million)	2024/3	2025/3
Ordinary profit	18	20
ROA	2.1%	2.2%
Operating asset	874	945

Non-financial targets

	2024/3	2025/3	March 2027 targets
Nursing care facilities for the elderly (number of new rooms provided)	763	1,011	1,330
Management support-related financing in the medical and welfare markets*1 (billions of yen)	229	456	560

*1 The balance of operating assets for financing related to FPS Medical and business succession.

Issues Ahead and Response Measures

Issues Ahead	Response Measures
Support for medical and nursing care providers subject to deteriorating management environments	Provide finance functions as well as non-finance functions through consulting and other such services
Address the permanent shortage of personnel among medical and nursing care providers	Bolster personnel in BPO services and advance the shift to DX
Substantial succession needs among successors in medical institutions	Provide management and succession solution functions enlisting substantial specialized knowledge

Medical institutions have been operating in an increasingly difficult management environment due to factors such as the termination of pandemic-related public support and rising labor costs. Against this backdrop, financing needs including factoring of medical and nursing care receivables are projected to increase further. The Company proposes solutions to various issues by combining services in the financing and non-financing domains, while intensively investing management resources in business domains expected to see strong demand. Furthermore, we have gained access to the extensive consulting functions of CB Holdings upon having made it a wholly owned subsidiary in 2025. We are accordingly seeking to further integrate these functions with our financing domain and will continue to help medical, nursing care, and dispensing pharmacy providers maximize the value of their management resources going forward.

Enhancement and quality improvement of medical and nursing care frameworks

Solutions to management challenges of medical, nursing care, and dispensing pharmacy providers

FUYO LEASE GROUP

Features and strengths	Main services
Extensive finance functions Solutions provided through collaboration with various alliance partners	• Various types of financing for healthcare assets • Healthcare funds in collaboration with regional banks • Business succession and turnaround financing • Financing of healthcare business facilities

CB|HOLDINGS

Features and strengths	Main services
Specialized knowledge and management support expertise tailored to the medical, nursing care, and welfare industries One-stop consulting services	• M&A mediation (medical, nursing care, pharmacy) • Management consulting • Support for establishing community-based integrated care systems • Hands-on management support • News distribution services

SHARP FINANCE

Features and strengths	Main services
One-stop support for opening medical clinics, dental clinics, and veterinary hospitals	• Clinic start-up support • Business succession support • Start-up support loans • Purchase and lease of medical equipment

Finance × **Non-finance**

FUJITA

Features and strengths	Main services
One-stop services for appraisal, purchase, disassembly, and removal Storage through in-house engineering division and the Group's shared warehouses	• Purchase and sale of medical equipment • Disposal of leftover equipment • Promotion of 3R

Accretive アクリーティブ株式会社

Features and strengths	Main services
Comprehensive provision of financing, consulting, and BPO services	• Factoring of medical and nursing care receivables(FPS Medical) • BPO services for medical and nursing care providers

WorkVision

Creating Value for The Future

Features and strengths	Main services
Seamless support encompassing everything from planning, development, and sales of IT solutions to their operation and maintenance	• Electronic medical records • Workforce management systems • iPad medical interview, document management, online reservation

Finance functions

- Leasing
- Factoring
- Financing of healthcare business facilities
- Business succession and turnaround financing

Non-finance functions

- Management support and succession support
- Used medical equipment circular economy
- BPO, DX, energy conservation

CB Holdings Joined Group in January 2025

CB Holdings solves increasingly diverse management challenges with a focus on the medical, nursing care, and welfare industries. To such ends, it provides various services centered on succession support to address the aging of managers and shortage of successors, and also centered on management support to navigate future uncertainties arising from revisions to medical treatment fees and other developments.

Real Estate

Growing Performance

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

- 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

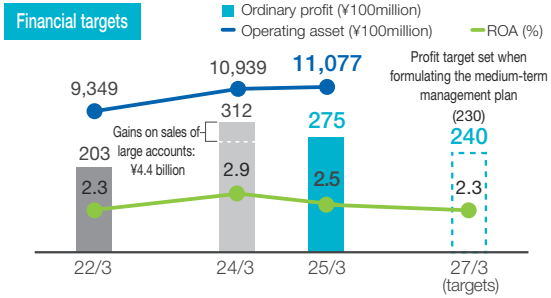
Plans under Fuyo Shared Value 2026

1. 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.
2. 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.
3. 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.

Fuyo Shared Value 2026 First Half Results

- Achieved the ordinary profit target set when formulating the medium-term management plan ahead of schedule against the backdrop of quality asset accumulation and a strong market environment
- Executed asset controls based on the composition of the business portfolio
- Took a cautious approach to overseas real estate in carrying out initiatives cognizant of risk and return, premised on collaboration with alliance partners

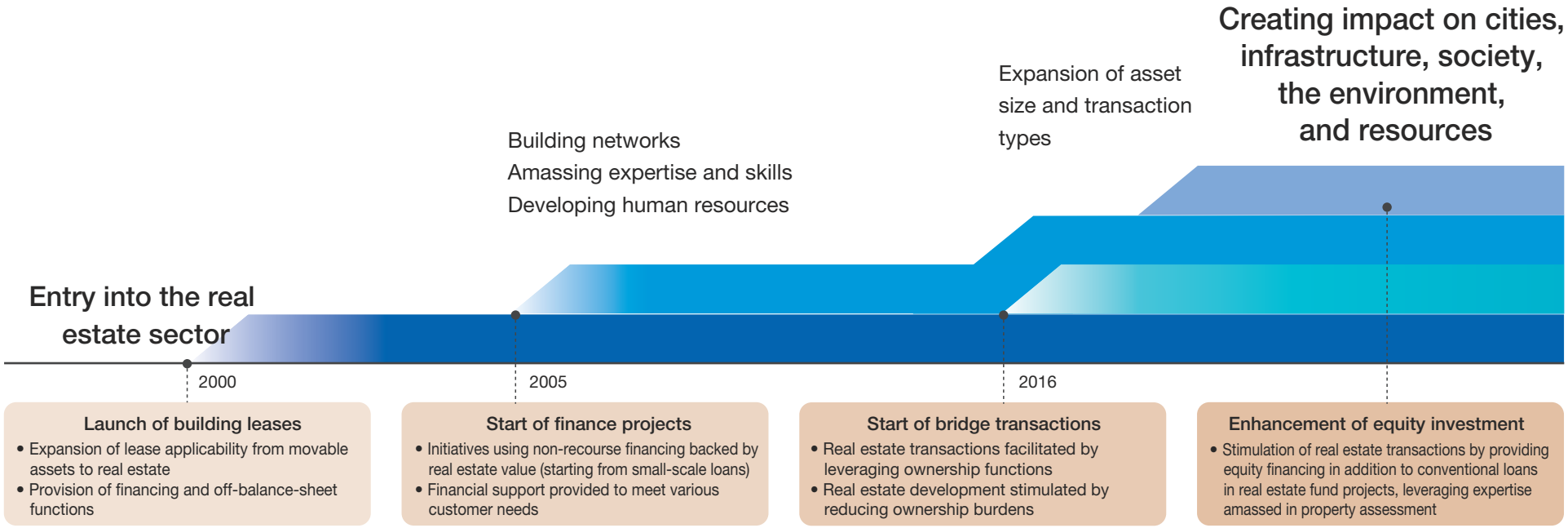
- Maintained asset controls based on profitability and the composition of the business portfolio
- Achieved steady growth in ordinary profit, excluding the impact of gains on sales of large accounts



(¥100million)	2024/3		2025/3
Ordinary profit	312		275
ROA	2.9%	▶	2.5%
Operating asset	10,939		11,077

Issues Ahead and Response Measures

Issues Ahead	Response Measures
Enhancement of profitability in light of real estate market trends amid rising interest rates	Continually monitor market conditions to identify and address subtle changes. Reconstruct the asset mix taking into account balance of the business portfolio
Review of product mix in response to revisions in lease accounting standards	Accurately identify customer issues and needs, then develop and provide services and solutions that meet those needs
Acquisition and accumulation of expertise to address increasingly diverse property uses and schemes	Collaborate with other domains according to use of each property, enlist external functions and personnel, and develop human resources through training programs



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., the first Japanese company to carry out office development using the wooden expansion and renovation approach in London, U.K., we participated in an initiative to substantially reduce CO_2 emissions over the entire lifecycle of a steel-frame building in London by incorporating wooden extensions within the building's existing structural interior. Through our participation in this initiative, we will work to promote more widespread adoption of environmentally friendly real estate.

Investment in the QOL Fund, Japan's First Social Impact Real Estate Fund

We invested in a fund formed by PROFITZ Co. Ltd. and focused on improving Quality of Life (QOL). The fund encompasses four asset classes: childcare facilities, rental housing, shared offices, and hotels. We seek to enhance the overall value of real estate by contributing to the creation of social impact through initiatives that include establishing childcare facilities to help solve the issue of wait-listed children, and by participating in new initiatives that involve measuring such impacts.

Aircraft

Growing Performance

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

- Established an extensive track record through arrangement of more than 450 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.

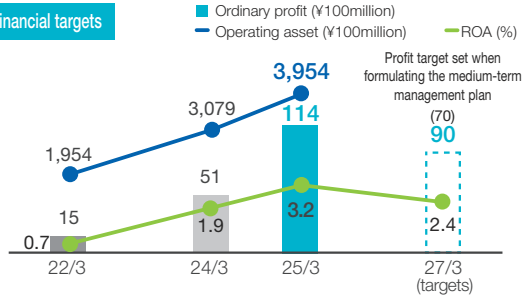
Fuyo Shared Value 2026 First Half Results

- Accumulation of the Company's fleet of self-owned aircraft proceeded at a level exceeding initial assumptions as a result of tapping into robust aircraft demand from airlines accompanying recovery of passenger traffic
- Achieved the ordinary profit target for the final fiscal year of the initial medium-term management plan ahead of schedule due to factors that include accumulation of self-owned aircraft, progress in making lease fee collections from irregular clients, and ongoing yen depreciation

Fiscal 2024 Results

- Arranged a JOLCO with a sustainability-linked loan for Turkish Airlines Inc. This marked the first time Turkish Airlines raised funds using sustainable finance
- Concluded an operating lease agreement for a car carrier vessel with the Mitsui O.S.K. Lines Group, with the Company acting as an enabler (an enabler is an investment and financing entity that facilitates transition to decarbonization of other entities)

Financial targets

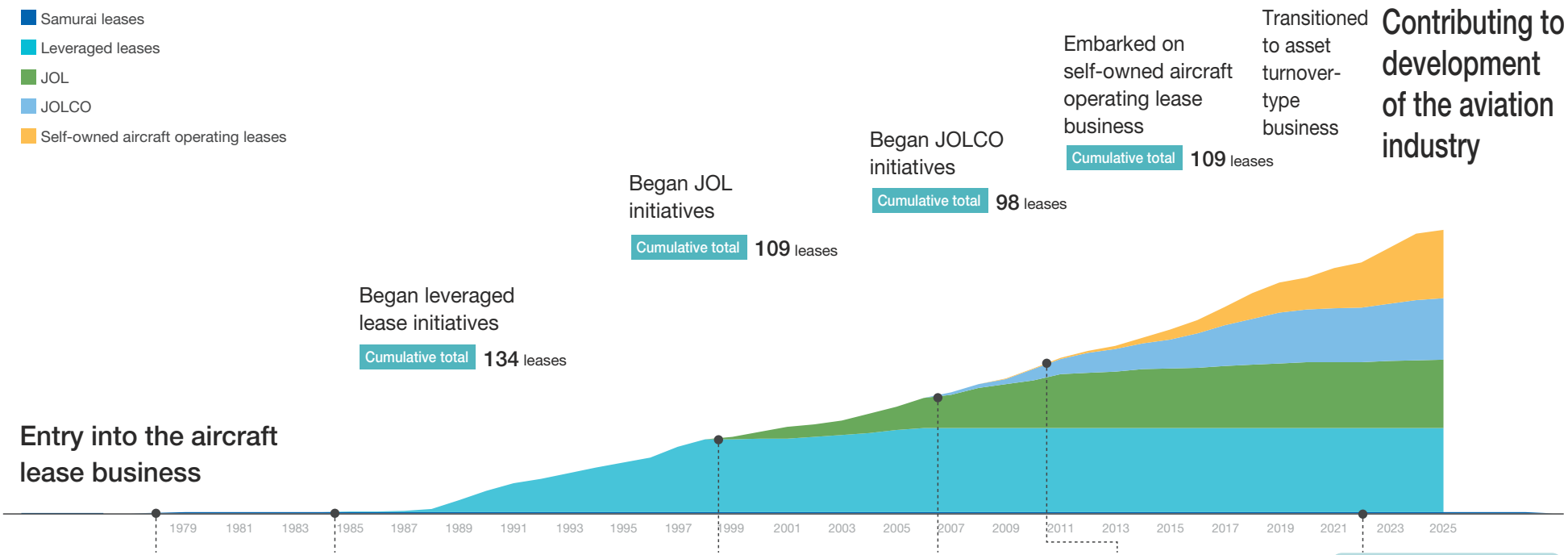


(¥100million)	2024/3		2025/3
Ordinary profit	51		114
ROA	1.9%	▶	3.2%
Operating asset	3,079		3,954

Number of aircraft	2024/3		2025/3
Self-owned aircraft	58		66
Other (managed aircraft, etc.)	57	▶	57
Total	115		123

Issues Ahead and Response Measures

Issues Ahead	Response Measures
Respond to rising interest in environmental issues in the aviation industry	Contribute to resolving issues of CO_2 emissions through leases with sustainability-linked loans and other environmentally friendly initiatives, as well as through new areas and technologies
Enhancement of specialized human resources supporting business expansion	Recruit highly specialized individuals and develop human resources through on-the-job training programs that leverage expertise amassed thus far



1978
Participated in the formation of the samurai lease, the first aircraft lease in Japan

1985
Participated in the formation of Japan's first leveraged lease, offered as an investment product for domestic investors

1999
- Leveraged lease operations curtailed due to tax reforms
- Began arranging aircraft operating leases (JOL) for investors

2007
Began arranging the Japanese Operating Lease with Call Option (JOLCO)

2011
- Embarked on the self-owned aircraft operating leasing business leveraging our operating lease expertise
- Expanded the operating asset base

2022
Transitioned to asset turnover-type business. Generated recurring revenue through aircraft sales while reinforcing the self-owned aircraft portfolio

Value Creation Platform Developed as a Pioneer in the Aircraft Leasing Business

As an aircraft leasing pioneer in Japan, the Company has been engaged in hands-on development of products aligned with the market environment over roughly five decades since entering the business. Our value creation platform leverages the expertise we have cultivated through the execution of more than 450 cumulative transactions, along with our in-house team of skilled professionals.

Contributing to the Aviation Industry Based on a Strategy of Steady Growth

The Company provides one-stop solutions to a variety of customer issues, making the most of the expertise and functions it has amassed through organic business development. We will continue our strategy of steady growth in seeking to support sustainable development of the aviation industry.

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. This section of the report profiles two examples of initiatives in our new domains.

Managing Executive Officer
Takeshi Shimojo

Participation in Carbon Credit Creation Projects

Achieving net zero greenhouse gas emissions 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.

Philippines Capital and Business Agreement with Green Carbon, Inc.and Rice Paddy Credit Pilot Project

- In November 2024, we entered into a capital and business agreement with Green Carbon, Inc., which focuses on creating carbon credits derived from forestry and agriculture and engages in the business of carbon credit creation and sales support primarily in Japan and Asia
- Together with Green Carbon, Inc. and Nippon Koei Co., Ltd., participation in a project to create carbon credits proportional to the volume of reduction in methane gas emissions from rice paddies through alternate wetting and drying (AWD) irrigation
- Fuyo Lease contributes to corporate decarbonization management through creation and sales of carbon credits

Project site in Province of Bulacan, Philippines

Hamamatsu City Creation of Forest Credits

- Partnership agreement entered into with Hamamatsu City, home to one of Japan's most extensive forest areas, to create voluntary carbon credits based on the VCS* through forest maintenance including woodland thinning in the city's municipal forests (eight participating companies including Fuyo Lease)
- Began testing for the issuance of VCS credits applicable to the city's planted forests of cedar and cypress trees in September 2024

Municipal forest in Tenryu Ward, Hamamatsu City

CSV Urban Development, a Collective Solution to Various Social Issues

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.

Kobe Arena Project

- The Kobe Arena Project entails the creation of a privately-operated arena. Opened in April 2025, GLION ARENA KOBE is located on the Kobe waterfront.
- Promotes new community appeal and urban development using sports led by the professional basketball team Kobe Storks, in addition to energizing the community by creating urban vitality and enhancing community walkability centered on the arena

Kobe Suma Sea World (Suma Aqualife Park and Seaside Park Redevelopment Project)

- Fully opened in June 2024 as part of the park redevelopment project involving a joint venture of Kobe Suma Parks + Resorts, including the Company
- Launched initiatives to advance coordination among facilities within the area, including an event featuring the Kobe Storks held in June 2025

* The Verified Carbon Standard (VCS) is a carbon credit standard administered and certified by Verra (based in Washington D.C.), an international voluntary carbon credit certification body. VCS carbon credit trading volume is the highest in the world.

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 development of human resources capable of engaging in value co-creation across national borders. (As of July 1, 2025)

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 Aqua Art Co., Ltd. FGL Circular Network Co., Ltd. FGL LeaseUp Business Service Co., Ltd. FGLGROUP Business Service Co., Ltd. FGL GROUP Management Service Co., Ltd.	GLOBAL ENGINEERING Co., Ltd.	INVOICE INC. eXtreak, inc. Fuyo Outsourcing & Consulting Inc. WorkVision Corporation Human Centrix Co., Ltd. FGL Techno-Solutions Co., Ltd. Yokogawa Rental & Lease Corporation MerryBiz Inc.	Fuyo Auto Lease Co., Ltd. YAMATO LEASE CO., LTD. WAKOPALLET CO., LTD. Japan Pallet Rental Corporation	Accretive Co., Ltd. FUJITA Co., Ltd. CB Holdings Inc.	
Overseas Group companies	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.	Fuyo Lease Europe Ltd.		Pacific Rim Capital, Inc. PLIC Corp., Ltd. MATEHAN SIAM LAMBDA CO.,LTD. TDF Group Inc.		FGL Aircraft Ireland Limited FGL Aircraft USA Inc. Aircraft Leasing and Management Limited

DX Strategy

Under the philosophy of Creating Shared Value (CSV), the Fuyo Lease Group 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 recurring and subscription business models and other means of business development

Progress

- We completed a new IT infrastructure foundation to support new businesses that generate recurring revenue, which has led to the conclusion of 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 DX solutions using algorithmic and AI technologies.

Acquisition of DX Certification

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

DX認定

* 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

- We have started using sales management system data for reporting and administering internal committee meetings. In addition, we conducted AI-based data analysis of activity records retained in our sales management system, and tested technologies for automated scoring of sales performance evaluations with partner companies.

Strategy 4
Drastic Streamlining and Advancement of Business Operations, Flexible Workstyles, and Business Processes Reformation

Strategic Target

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

Progress

- We established the Business Process & IT System Reengineering Project Team for the purposes of further reviewing overall business processes and considering fundamental improvements to IT systems.
- We are supporting employee DX practices by establishing use of generative AI and robotic process automation (RPA) and arranging new DX training programs.

DX Topics

Topic 1 Support for Building Recurring and Subscription-Based Businesses

In December 2024, we entered into a servitization*1 agreement to provide a Capacity as a Service model (hereafter "CaaS model")*2 for beverage filling machines. Under the CaaS model, we guarantee production capacity of the customer-specified beverage filling machines and provide the accompanying services over the next 10 years. The customer upgrades its production capacity equivalent to three of its existing filling machines with a single high-speed filling machine, while also achieving labor savings and greater efficiency in its plant operations by adopting this new service model.

*1 Servitization is a business model characterized by shifting from goods to services whereby a company earns profits by providing its customers with functions as services, rather than selling products.

*2 A CaaS model is a pay-as-you-go services model that extends beyond installing the latest equipment in that it also involves providing comprehensive services including maintenance, repair, and other support, with service fees charged based on production volume.

Note: Further details are available on the Company's website.

Topic 2 Use of Generative AI

We have adopted generative AI in-house and are actively promoting its use in business operations. To address questions and issues encountered by employees using generative AI, we held training sessions led by external instructors as well as workshops on generative AI applications. These served as forums for sharing information useful for identifying ways to harness generative AI and identify business use cases. In addition, we provided multifaceted support that included sharing prompts and publishing user interviews in internal newsletters. As a result, we have been making steady progress in streamlining operations using generative AI, particularly in terms of achieving more generative AI users and greater use volume along with a six-fold increase in work time savings compared with the previous year.

Number and Percentage of In-House Users of Generative AI

	2024/4		2025/4
Number of users	494	▶	564
Percentage of users*	51%	▶	73%

* Percentage of users is calculated based on the number of users confirmed to have accessed the system at least once during the relevant month.

Topic 3 Digital Support for Sales Activities

We have been effectively using our sales management system to centrally manage and share sales-related data and information since updating the system in January 2024. This has yielded tangible results in terms of achieving more efficient administration of internal committee meetings and enhancing budget control through visualization of sales activities and project management. In addition, we conducted AI-based analysis of activity records retained in our sales management system with the aim of enhancing the sales process, and tested technologies for automated scoring of sales performance evaluations with partner companies. Meanwhile, we have started preparations for in-house development of generative AI-enabled sales support tools that facilitate sales activities, with functions that include automatic retrieval and summarization of customer-related IR information. Going forward, we will continue to engage in initiatives that support sales activities harnessing digital technologies.

Topic 4 DX Human Resource Development Measures

Fuyo General Lease has rolled out various measures for developing DX human resources, premised on the belief that it is crucial for every employee to acquire digital literacy. As part of these efforts, we conducted reverse mentorship training within the BPO/ICT domain. This training involves reversing professional roles by having junior employees act as mentors to management, with the aim of fostering positive attitudes toward digital technologies while enhancing skills of business development and promotion harnessing these technologies. On the day of this training, our management and junior employees formed teams to jointly resolve challenges with efforts extending from identifying issues to engaging in app development using no-code tools.

Materiality

Approach to Materiality

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 moving forward to achieve them while monitoring progress.

Initiatives for Solving Social Issues and Enhancing Human Capital

Through the 2000s	2010s	2020~	2022~	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 CO_2 reduction contributions (2022) • Engaged in carbon credit creation project (2023) • Participated in grid storage battery project (2023)		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)	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. (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)	Making time for new value creation
			• Set human resource development expenses at 300% of the 2021 levels (2022)	• Opened the Fuyo Shared Value Creation Center training facility (2024) • Achieve target for human resource development-related expenses (2024) ahead of schedule by 337% (compared to 2021)	Human resource development related expenses
	• 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)	Diversity and inclusion
		• Implemented an hourly-based paid leave system and rules for telecommutings (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 movement across the industry as a whole.		Value creation through partnerships

Engagement with Stakeholders

The Fuyo Lease Group works to gain a timely and appropriate understanding regarding stakeholder expectations of the Group by creating opportunities for various types of engagement with its stakeholders. We will furthermore review this understanding as necessary in looking toward achieving a prosperous society and sustainable growth.

Materiality Definition Process

Considering material matters

While drawing up the medium-term management plan, we specified the 2030 Vision of each business domain and, back casting from this, identified material matters where there are strong needs to create social value and business opportunities

Discussions in each business unit and at management level

During discussions* on drawing up the medium-term management plan, we positioned non-financial issues with equal weighting to financial issues and discussed the suitability of each non-financial issue while taking into account a long-term strategy

* Conducted through fiscal 2021, with outside directors participating in discussions multiple times.

Setting non-financial KPI

As KPIs to monitor the progress of each material matters, we have set appropriate indicators and goals in alignment with the Medium-Term Management Plan Fuyo Shared Value 2026

Discussion and approval at the Board of Directors

Discussed by the Board of Directors and approved by the Board of Directors, taking into account the opinions of outside directors

Customers Business partners

- Daily business activities
- Activities through remote channels
- Dialogue with business partners in joint ventures
- Disclosure and response to inquiries on home page

Employees

- Various training systems
- Communication through the human resources and welfare systems
- Internal social networking system
- Employee awareness survey
- Dialogue with the employees' union

Natural Environment

- Participation in and activities with initiatives (including JCLP, the Ellen MacArthur Foundation, etc.)
- Commitment to RE100 and the carbon neutral declaration
- Daily business

Local communities

- Daily business activities
- Social contribution activities (communication with local communities through donations and volunteering)

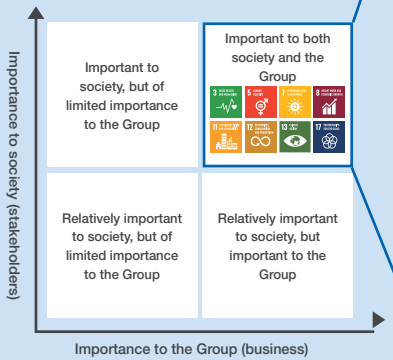
Shareholders and Investors

- General Meeting of Shareholders
- Financial results briefings
- Integrated Reports
- Individual dialogue with investors

We conduct review as needed based on feedback from the Board of Directors, executive management and stakeholders. In fiscal 2024, we revised our administration of targets related to EVs and FCVs listed under "contribution to the realization of a decarbonized society."

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 resolving 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 solution
	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 rate is an issue for the Company, and turning it into a business will lead to enhanced corporate value
Society and people	Provide solutions that resolve 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 resolve 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 Company 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 Fuyo Shared Value 2026, the Medium-Term Management Plan. 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 page	Non-Financial KPI	FY2024 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 ■ Serve as a frontrunner that contributes to resolving climate change and other environmental issues in breaking ground in the new Energy & Environment business domain ■ A company that solves decarbonization and other social issues through social application of various technological innovations in the general vehicles area	・The amount of CO_2 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.35-36	CO_2 reduction contributions	450,000 t-CO_2/year	500,000 t-CO_2/year	Company-wide (Primarily Energy & Environment, Mobility & Logistics)	
			・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.35-36	Amount invested in promoting decarbonization*1	¥255.8 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 PPAs	P.15-16	Renewable energy power generation capacity	876MW*2	1,000MW	Energy & Environment	7 Affordable and Clean Energy
			B ・Promote leasing of EVs and FCVs ・Offer one-stop EV services ・EV Life Cycle Service	P.19-20	Percentage of new contracts that are either EVs or FCVs	Review of goal item	5%	Mobility & Logistics	12 Responsible Consumption and Production
			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.35-36	Amount of financing handled for the promotion of decarbonization*3	¥34.9 billion	5-year cumulative total ¥15.0 billion	Company-wide	13 Climate Action
	Contribution to the realization of a circular society	■ Serve as a Circular Economy infrastructure company that transcends the leasing business ■ Contribute to achievement of Japan as a recycling-oriented nation through our Circular Economy business	・Eligible returned properties enter a resource recycling process focused on resale to ensure their reuse and recycling	P.37-38	Percentage of returned items that are reused or recycled*4	100%	100%	Circular Economy	
			・Working with resource recycling companies to ensure material recycling of eligible returned properties ・Working with resource recycling companies to conduct proof-of-concept testing for chemical recycling of returned properties in an effort to improve resource recycling rates	P.37-38	Percentage of materials/chemicals contained in waste plastics (from returned items) that are recycled*4	77.5% ☑	100%	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	P.21-22	Number of new rooms provided at elderly care homes	1,011 rooms	5-year cumulative total 1,330 rooms	Healthcare	
			・Factoring for medical and nursing care receivables by Accretive's FPS Medical ・Finance involving business succession ・Finance, etc. for medical and nursing care businesses through health care funds	P.21-22	Management support-related financing in medical and welfare markets*5	¥45.6 billion	¥56.0 billion	Healthcare	3 Good Health and Well-Being 8 Decent Work and Economic Growth
	Making time for new value creation	■ Become a leading company that provides the Business Process Service (BPS), a total solution 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.17-18	Work hours saved by our customers	810,000 hours	1 million hours compared to FY2021	BPO/ICT	11 Sustainable Cities and Communities

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 page	Non-Financial KPI	FY2024 Results	FY2026 Targets	Business unit responsible	SDGs being contributed to
Organizational and structural support for sustainable value creation	Human resource development related expenses	■ 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	・Enact measures to improve the leadership skills of supervisors and to foster self-awareness among employees ・Enact programs to strengthen skills needed in all business areas and that raise the level of added value creation, and specialized skills that are the source of high added value in each business area ・Open the Fuyo Shared Value Creation Center, a dedicated training facility where participants can focus on learning ・Enhance cafeteria plan subsidy system for self-development	P.11-13	Human resource development-related expenses (non-consolidated)	Achievement ahead of schedule 337% Cost per person*6 ¥287,932 ☑	compared to FY2021 300%		
	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.11-13	Percentage of women in managerial positions (non-consolidated)	33.4% ☑	35%		5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
					Percentage of eligible male employees who have taken childcare leave*7 (non-consolidated)	100%	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.11-13	Percentage of employees aged 35 or over who have had a health examination (non-consolidated)	100%	100%		
					Rate of taking paid leave (non-consolidated)	92.8% ☑	90%		
					Rate of taking the +Friday system (non-consolidated)	90.8%	No quantitative target		
					Percentage of improvement in engagement indicators*8 (consolidated)	3.46	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 ・Invest in and collaborate with venture companies that have technologies and services the Group lacks to create new value and offer it to customers and society	P.27-28	Investment in venture 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	Company-wide	17 PARTNERSHIPS FOR THE GOALS

*1 Applies to investments in renewable energy facilities, energy-saving facilities, electric vehicles (including charging equipment), batteries, hydrogen and ammoniarelatedfacilities, CO_2 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 the 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 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, newly established during the previous fiscal year (including lease rent, depreciation expenses for furniture and fixtures, construction and installation costs associated with the new establishment, 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 Childcare leave taken percentage 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 the relevant fiscal year (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 14 companies in Japan out of the Group's main companies.

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

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 CO_2 emissions reduction contribution. We put the CSV approach into practice with a view to climate change as a business opportunity, which enables us to contribute to CO_2 emissions reduction across various domains, while simultaneously leading to revenue growth and sustainable expansion of new businesses.

Fuyo Lease Group Initiatives Toward Realizing a Decarbonized Society

2013: Launched Renewable Energy Generation Business

We have been steadily expanding our renewable power generation business in Japan and abroad, beginning with solar power projects under the feed-in tariff (FIT) scheme. We are currently expanding our business globally with a focus on Europe and the U.S., and have 876 MW of renewable energy power generation capacity as of March 31, 2025.

2018: First General Lease Company in Japan to Join RE100, Marking Full-Scale Efforts Toward Achieving Decarbonization

We became involved in the RE100 whose aim is conversion to 100% renewable energy for electricity consumption. While making steady progress in prompting a shift to renewable energy for electricity consumption, we also promote support for renewable power generation projects and initiatives that contribute to emissions reduction, underpinned by our aim of contributing to the realization of a decarbonized society.

2022: Set Non-Financial Goals Including CO_2 Reduction Contributions, Accelerating Our Efforts Toward Decarbonization Through Our Business

We have been expanding businesses that regard decarbonization as a business opportunity across various business domains. We are promoting initiatives in new business domains, which include energy management in the energy sector, and participation in carbon credit creation projects in new domains.

Contributing to customer and community emissions reduction

- 2013: Launched Renewable Energy Generation Business
- 2019: Started the Fuyo 100% Renewable Electricity Declaration Support Program
- 2020: Started the Fuyo Zero Carbon City Support Program
  Started a PPA service
- 2022: Set CO_2 reduction contributions as a non-financial goal
- 2023: ・Established local subsidiary in London, U.K.
  ・Participated in carbon credit creation project
- 2024: ・Made Global Engineering CO., Ltd. an equity-method affiliate
  ・Number of organizations taking advantage of the Fuyo Zero Carbon City Support Program surpassed 600
- 2030: Contributing to customers and community emissions reduction through our business

Reducing the Group's emissions

- 2018: Participated in RE100 (the first general lease company in Japan)
- 2019: Endorsed TCFD (the first general lease company in Japan)
  Information disclosures based on recommendations of the TCFD are available on the Company's website.
- 2021: ・Transitioned to renewable energy at the head office building for effectively 100% of its power consumption
  ・Declared a commitment to achieve carbon neutrality* and RE100 by 2030
- 2023: Selected as an A List company in the CDP Climate Change Report
- 2025: Selected for inclusion in the list of Asia-Pacific Climate Leaders of the Financial Times
- 2030: Aiming to achieve carbon neutrality* and RE100

* Scope 1 & 2

Results of Initiatives

		FY2025 Results	FY2027 Targets
Decarbonization of the Group	Percentage of energy used that is renewable energy* (RE100 target)	88%	Achieve RE100 and carbon neutrality by 2030
	CO_2 emissions* (Scope 1 and 2)	Compared to FY2020 48% reduction	
Decarbonization of Customers and Society	CO_2 reduction contributions	450,000 t-CO_2 /year	500,000 t-CO_2 /year
	Amount invested in promoting decarbonization	¥255.8 billion	¥300.0 billion
	Renewable energy power generation capacity	876MW	1,000MW
	Percentage of new contracts that are either EVs or FCVs	Review of goal item	5%
	Amount of financing handled for the promotion of decarbonization	¥34.9 billion	¥15.0 billion

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

Topics

Support for Establishment of the Weather Attribution Center Japan Through Donation to the Atmosphere and Ocean Research Institute, The University of Tokyo

We made a donation to the Atmosphere and Ocean Research Institute of The University of Tokyo under the Fuyo Zero Carbon City Support Program. The donation was used to support the establishment of the Weather Attribution Center (WAC), which plays a role in rapidly quantifying the influence of human-induced warming and other natural variations on extreme weather events in Japan and promptly disseminating such findings to society.
Launched in May 2025, the WAC has begun conveying information with the aim of prompting action at all levels of society by enhancing understanding of climate change effects.

Ceremony for the launch of the Weather Attribution Center (WAC)

Decarbonization of the Group

- In addition to achieving effectively 100% renewable energy use at the Kojimachi head office, we are steadily increasing our ratio of renewable energy use by adopting renewable electricity at other business sites and making combined use of non-fossil fuel certificates and other such instruments.

Decarbonization of Customers and Society

- We have been making generally steady progress regarding quantitative results of our non-financial goals.
- Each of our business units and customer divisions have been participating in numerous decarbonization projects underpinned by the notion that climate change serves as a business opportunity. This has deepened and expanded our business domains while also contributing to revenue (FY2024 results).

Field	Results of Initiatives
Energy sector	● Promoted end-to-end business development in the electricity market as the first leasing company to establish a strategic capital and business alliance with an energy management company. ● Concluded a project financing agreement for solar power generation plant in Spain. Participated in onshore wind power generation project in the U.K. ● Participated in the 100-year Solar Kyushu Project, an initiative to address social challenges through consolidation and long-term stable operation of small- and medium-sized solar power plants in Kyushu. ● Co-ownership a large work ship used for construction of offshore wind power plants.
Carbon credits	● Taking part in carbon credit creation projects in forests and paddy fields.
Transportation equipment (automobiles, aircraft, maritime vessels)	● Established a new fleet management service company for commercial EVs in Thailand. ● Concluded operating lease agreement with sustainability-linked loan tied to aircraft emission intensity. ● Concluded operating lease agreement for LNG carrier using a transition finance framework.
Real Estate	● Participated in office development in London, U.K. as the first Japanese company to undertake wooden expansion and renovation.
BPO	● Launched the OneVoice Energy Data service for streamlining calculation of corporate CO_2 emissions.

Contribution to the Realization of a Circular Society

As an entity that owns a large volume of leased assets, the Fuyo Lease Group has moved beyond promotion of the 3Rs (reduce, reuse, recycle) in that the Group was among the first to focus on the circular economy (CE), which serves as 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 the circular economy, we will take on economic and technological hurdles as we continue striving to realize a circular economy as a circular economy platform provider.

Fuyo Lease Group's Path Toward Realizing a Circular Economy

1996: Established Fuyo Lease Sales to Promote 3Rs (Reduce, Reuse, Recycle)

We have amassed expertise regarding 3R initiatives through the establishment of a company that specializes in the disposal and sale of assets with expired leases. In 2012, we established the Remarketing Sales Division , thereby strengthening our reuse and resale functions encompassing pre-owned assets purchased from other entities in addition to the Company's assets with expired leases.

From 2020: Promoting the Circular Economy as a Business

In 2020, we were among the first in the industry to focus on the circular economy, and have been exploring such options as a growth strategy for putting the CSV approach into practice since that time. In 2022, we furthermore established the Circular Economy Promotion Division within our head office. The division promotes business associated with the circular economy, which includes setting recycling targets, building infrastructure, and developing products.

2024: Awarded the Circular Economy Award at the ESG Finance Awards Japan

In the ESG Finance Awards Japan, we were recognized for our bold stance in aiming for 100% recycling of waste plastics* as well as our Fuyo CE Lease® initiatives distinctive to a leasing company.

* Material and chemical recycling

Resource circulation business

Raising awareness and taking personal ownership

Employee awareness

1996 — Established Fuyo Lease Sales

2006 — Opened Tachikawa Reuse Center

2013 — Relocated Tachikawa Reuse Center and opened Tokyo 3R Center (currently Hachioji Technical Center)

2020 — Joined the Ellen MacArthur Foundation

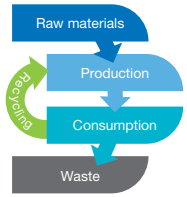
2022
- Established the Circular Economy Promotion Division
- Reorganized Fuyo Lease Sales to establish FGL Circular Network and FGL LeaseUp Business Service
- Set targets for material and chemical recycling

2023 — Began handling Fuyo CE Lease

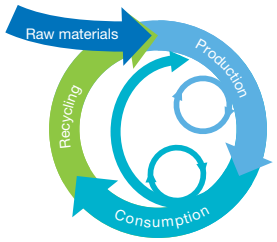
2024
- Opened Fuyo Reuse Center
- Received the ESG Finance Awards Japan Special Prize

3R

CE



3R economic model



Circular economy economic model

Green purchasing ratio of at least 90% (FY2021–FY2024)

- In-house distribution of original goods (alternatives to single-use plastics)
- Horizontal recycling of PET bottles

Zero Waste Activities
- Recycling of PET bottle cap materials
- Implementation of volunteer trash collection activities (ongoing since FY2023)

Volunteer trash collection

Results of Initiatives

	Initiatives	Results (FY2024)	FY2026 Targets
Resource Circulation Business	Percentage of returned items that are reused or recycled*1 (including thermal recycling)	100%	100%
	Percentage of materials/chemicals contained in waste plastics (from returned items) that are recycled*1	77.5%	100%
	Number of Fuyo CE Lease corporate contracts	63	—
Employee awareness	Green purchasing ratio*2	96%	—

*1 Applies to leased (rental) items 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

Returned items 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 items returned to our yards in fiscal 2022, and have maintained this rate since.

Materials/chemicals contained in waste plastics

We are working toward practical implementation in aiming to achieve 100% recycling through material or chemical recycling without incineration. The recycling rate has been 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

Having set a target of at least 90% for purchases of paper and stationery, this target has been consistently achieved since launch of the initiative in 2021. We strive to maintain and enhance employee awareness of green purchasing through daily feedback on performance.

Topics

Growth of Fuyo Circular Economy Lease Transaction Volume and Donations to Organizations Promoting the Circular Economy

Launched in 2023, the Fuyo CE Lease* service has achieved steady growth, with the number of contracts increasing four-fold compared with the previous fiscal year. We donate a portion of transaction proceeds from the service to organizations that promote the circular economy. The first such donation was made to the Circular Economy Association in fiscal 2024. We will strive to encourage adoption of the circular economy through further donation activities going forward.

* Fuyo CE Lease is an initiative whereby assets returned to a leasing company are properly reused or recycled, thereby extending product lifespans and improving resource recycling.

Left: Takashi Nakamura, Chair of the Circular Economy Association
Right: Managing Executive Officer Miki Sasaki

Topics

Opened the Fuyo Reuse Center Reuse and Resale Base

In fiscal year 2024, we consolidated the storage locations for leased assets returned to group companies and used assets purchased from customer companies at the Fuyo Reuse Center. The Fuyo Reuse Center is operated jointly by the three Group companies, FUJITA, Fuyo Auto Lease, and FGL Circular Network. As our center now has maintenance yard functions, enabling us to enhance product value more than we have done previously. Going forward, we will contribute to extending product lifespans by expanding the range of assets handled by the center and increasing the volume of reuse assets available in the market.

Initiatives for Respect for Human Rights

The Fuyo Lease Group engages in business and human rights as a key policy for CSV management.
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.

The Fuyo Lease Group's Human Rights Policy

We acknowledge that our business activities may have a negative impact on human rights, and formulated the Fuyo Lease Group's 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)

Fuyo Lease Group's mission is to contribute to the realization of a more prosperous society and it's sustainable development by boldly taking on the challenge of creating new value through developing and expanding our business. We have established three visions (what we wish to achieve) to enable us to become a company 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 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 place business and human rights as one of our key CSV management initiatives in promoting the Medium-Term Management Plan, Fuyo Shared Value 2026, with our management policy centered on Creating Shared Value (CSV), which simultaneously pursues solutions to social issues and enhancement of corporate value.

The Fuyo Lease Group recognizes that our 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.

The Policy has been determined by a resolution of the Board of Directors following deliberation by the Executive Committee.

* The Fuyo Lease Group's Human Rights Policy can be viewed on our Company homepage.

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 degree of risk severity. We will work to prevent and mitigate human rights risks by continually implementing this process.

The Human Rights Due Diligence Process and Initiatives in FY2024

1 Human rights impact evaluation

Referencing the human rights areas that companies should respect as outlined by the ILO and UN Guiding Principles, the Fuyo Lease Group identifies adverse human rights impacts (human rights risks) associated with its business activities and selects targets for human rights due diligence implementation using a risk-based approach. In fiscal 2024, we accordingly selected IT vendors (hereinafter "contractors"), which serve as business outsourcers for major systems used by the Company as part of our supply chain. We confirmed the occurrence of human rights risks through inquiries made to the Company's systems divisions that handle orders and negotiations with contractors, as well as questionnaire surveys and interviews of the contractors, based on this, we evaluated the degree of impact, which included the potential for future risk materialization.

2 Prevention and mitigation measures

In cases where negative impacts on human rights are identified as a result of the impact evaluation, the impacts will be prioritized based on the risk's significance and the severity of the risk's impact. We will strive to remedy the negative impacts on human rights, while also taking steps to prevent and mitigate human rights risks. When placing orders with our contractors, we enter into agreements that ensure reasonable delivery schedules and appropriate consideration taking into account workloads and other such factors, while also giving due attention to both their emergency procedures and work environments of on-site personnel. We have also confirmed that the contractors prevent and mitigate human rights risks by implementing both structural and systemic measures to address risks such as excessive working hours.

3 Monitoring

We will conduct follow-up surveys using questionnaires in fiscal 2025 regarding the status of our contractors.

4 Information disclosure

We disclose the status of our initiatives to address human rights risks through the corporate website and other channels.

Human Rights Education and Awareness Raising Activities

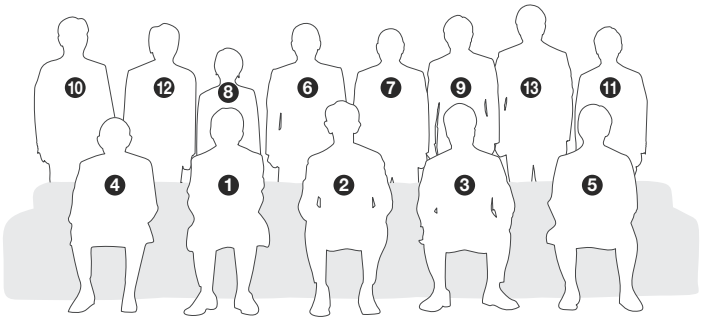
The Fuyo Lease Group continually provides human rights awareness training in its grade-specific training, which includes that for new employees as well as newly appointed assistant managers and section chiefs, with the aim of creating workplaces with fundamental respect for human rights. Through the publication of Compliance News and in-house digital signage to all group employees, we raise awareness of the Fuyo Lease Group's approach to human rights and labor as well as the importance of respecting them. In fiscal 2018, we introduced a new training program for all employees, in which the participants view videos to improve their human rights awareness. 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 Fiscal 2024

Participants	Description	Overview
Fuyo Lease Group's officers and employees	Human rights awareness training on breaking away from high-context communication and developing mindfulness of a low-context approach	E-learning course on communication that fosters diversity, taking into account diversity of employees and working styles
Fuyo Lease Group's employees	Workplace training on business and human rights as well as customer harassment	Training conducted at the workplace level to share knowledge about corporate responsibilities regarding human rights initiatives and illustrative case studies
Fuyo Lease employees (New hires, newly appointed assistant managers and section chiefs)	Anti-harassment training	Grade-specific training enabling participants to gain awareness on preventing power harassment, sexual harassment and other forms of harassment, as well as appropriate responses when incidents occur
Fuyo Lease Group's officers and employees (voluntary)	Addressing unconscious bias	Study of unconscious bias, its tendencies, and coping strategies through lectures by external experts (available in-person and online)

Board Members

As of July 1, 2025



❶ 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.	2022	Director and Chairman of the Company (current position)
June		Chairperson of the Board of Directors of the Company (current position)

❷ 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)

❸ 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)

❹ Yusuke Kishida

Director and Deputy President (Representative Director)

Apr. 1986 Joined Fuji Bank, Limited
Apr. 2012 Deputy General Manager, Financial Planning Department of Mizuho Financial Group, Inc.
Deputy General Manager, Planning Administration Department of Mizuho Bank, Ltd.
Deputy General Manager, Financial Planning Department 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)

❺ 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)

❻ Hideo Ichikawa

Director Outside Independent

Apr. 1975 Joined Showa Denko K.K. (currently Resonac Holdings Corporation)
Jan. 2011 Representative Director, President, Corporate Officer and Chief Executive Officer (CEO) of Showa Denko K.K. (currently Resonac Holdings Corporation)
Jan. 2017 Representative Director, Chairman of the Board of Showa Denko K.K. (currently Resonac Holdings Corporation)
June 2018 Director of the Company (part-time) (current position)
Mar. 2020 Director, Chairman of the Board of Showa Denko K.K. (currently Resonac Holdings Corporation)
Jan. 2022 Director of Showa Denko K.K. (currently Resonac Holdings Corporation)
Mar. 2022 Corporate Advisor of Showa Denko K.K. (retired in March 2025)

❼ Masayuki Yamamura

Director Outside Independent

Apr. 1978 Joined Nippon Telegraph and Telephone Public Corporation
June 2008 Executive Vice President, General Manager of Tokyo Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
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 (current position)
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)

❽ 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)

❾ 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. 2022 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)

❿ 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)

⓫ Tomohiko Okazaki

Full-time Audit & Supervisory Board Member

Apr. 1990 Joined the Company
Apr. 2012 Deputy General 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)

⓬ 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)

⓭ 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)

Pioneering the Future Through Diversity and Co-Creation Capabilities

Outside Director
Hiroko Matsumoto

Diverse Perspectives Supporting an Effective Board of Directors

When participating in meetings of the Company's Board of Directors, I am impressed by the very lively discussions in which both internal Directors and Outside Directors with extensive management experience candidly express their views. I also make a point of conveying my opinions enlisting my expertise consisting of a design thinking approach and interdisciplinary knowledge, informed by my many years in product design as a corporate professional engaged in the production front lines delivering products to customers, as well as my experience at Joshibi University of Art and Design, where I was involved not only in university administration but also in establishing the Department of Collaborative Design and contributing to education. Our internal Directors bring extensive knowledge and experience in responding accurately to questions and inquiries, while our Outside Directors provide opinions from differing perspectives, together enhancing the overall depth and breadth of Board discussions.

In addition, I give high marks to the thorough manner in which information is shared ahead of Board meetings. In addition to receiving materials prior to such meetings, I am also able to directly question general managers in preliminary briefings. This enables me to gain an extensive understanding of issues and conditions on the front lines, which is extremely helpful in fulfilling my responsibilities. Furthermore, I have achieved a more in-depth understanding in regard to the Group's overall operations given opportunities that have enabled me to gain tangible exposure to on-site operations by directly engaging in dialogue with our employees. I feel these experiences have served as a foundation that equips me with a genuine sense of reality for taking part in Board discussions. That said, my ability to comprehend everything from my position as a non-specialist is limited given the substantial volume of information. I believe that clearly articulating specific topics of discussion and issues warranting attention would further enhance the quality and speed of our deliberations.

At the Nomination and Remuneration Advisory Committee, we are engaging in more substantive discussions on succession planning and skill sets of executive management. I hope for us to further enhance development of experiences laterally across business units and diverse career paths to ensure that the next generation of leaders is capable of contemplating matters from a broad perspective in a manner optimal to the Company overall. As I am the sole female member of the Board of Directors, I also think we need to persist with efforts to increase membership diversity from the perspectives of both gender and specialized knowledge.

I will do my part to help further strengthen governance by leveraging perspectives I have cultivated in design and education to achieve greater depth in management discussions from various viewpoints.

Promoting Diverse Business Cultures and CSV Management

In regard to CSV management within the Fuyo Lease Group, I feel that our stance of aiming to balance social value creation with economic value is taking hold within the Company. Particularly when it comes to junior employees, a major strength of the Group lies in the notion that a commitment to providing value to customers, communities, and society through our core business is beginning to take root amid a budding awareness regarding the need to take initiative in addressing social issues such as environmental concerns and gender equality.

When it comes to progress achieved under the medium-term management plan, I commend the steady advancement being made in expanding our business portfolio particularly through M&As amid new challenges in each domain. On the other hand, it is important looking

toward the pivotal second half of the plan that we demonstrate consistency of vision and strategy across the Group to avoid a situation where we focus narrowly on seeking optimization of singular domains. I am reassured to note that the President has a firm grasp of each domain's strengths and accordingly sets targets with a clear vision in mind.

The maneuverability of our frontline workforce combined with its agility in pinpointing commercial opportunities and entering new fields of business serves as a strength of the Group. The prospect of fully drawing on this strength is contingent on us building a framework for achieving greater depth of coordination with companies acquired through M&A and enhancing our co-creation abilities across the entire Group.

Over the medium to long term, I seek for us to achieve new value creation by soundly integrating and combining the diverse business cultures and portfolios we have amassed through M&A. We will build a cross-functional business model transcending business domains, which will involve understanding the diverse backgrounds of our human resources, harnessing their mutual capabilities, enhancing the development of co-creators able to bring about new initiatives, and strengthening collaboration among our business units. In so doing, I am confident that we will be able to simultaneously solve social issues and achieve corporate growth. In this age of rapid change, I believe that heightening our competitive advantages as a preferred corporate group in such an era hinges on having an organization and business strategy that enables flexible adaptation.

Co-Creation Abilities of Our Human Resources and Growth of the Group

Our corporate culture of integrity and courtesy seems to be firmly embedded within the Fuyo Lease Group. Moreover, our junior and female employees demonstrate a commitment to actively taking on new challenges while honing their specialized knowledge, which I believe serves as a driving force prompting growth of the Group overall. On the other hand, our employees also tend to confine themselves to their fields of specialization, which suggests an increasingly critical need for frameworks that simultaneously enable greater depth of specialized knowledge while laterally bridging differing business domains in order to fully leverage the distinctiveness of the Fuyo Lease Group, which comprises numerous Group companies and diverse corporate cultures.

We are able to create new value across the entire Group by having our professionals equipped with diverse backgrounds in terms of gender, age and specialized knowledge work together and learn from one another. With respect to the active participation of women in particular, we need to enhance frameworks that support their individual career development while also increasing recruitment headcounts. In seeking to ensure career path continuity even through key life events, we need to promote multifaceted initiatives that include accommodating flexible workstyles, hiring career professionals from outside the Company, and encouraging employees to take childcare leave. Furthermore, ensuring that our male employees experience key life events and play an active role in household and childcare responsibilities is likely to result in even greater diversity as awareness of gender equality permeates the entire Group.

We are developing human resources equipped with high levels of expertise while simultaneously training co-creators who connect various domains from a Company-wide perspective. These efforts are likely to enhance corporate value while further heightening growth potential across the entire Group. To such ends, it is crucial that we foster a corporate culture in which our specialists and co-creators are able to achieve growth while recognizing one another's strengths and taking a collaborative approach.

Long-Term Vision and Roles of Outside Directors

I believe that the most important factor in achieving the Fuyo Lease Group's long-term vision is connecting its diverse business domains and corporate cultures to co-create new value across the entire Group. Building on the social credibility established by the Fuyo Lease Group, I believe we should seek more opportunities for an upstream approach embodied by the notion of staying close to our customers and creating new businesses together, in addition to our fundamental stance of identifying and seizing on business opportunities. This would be particularly effective in the incubation zone. Leveraging my design-oriented approach and the insights I have amassed in human resource development, I also intend to contribute however modestly toward ensuring our growth into a corporate group that gains even greater trust from its stakeholders.

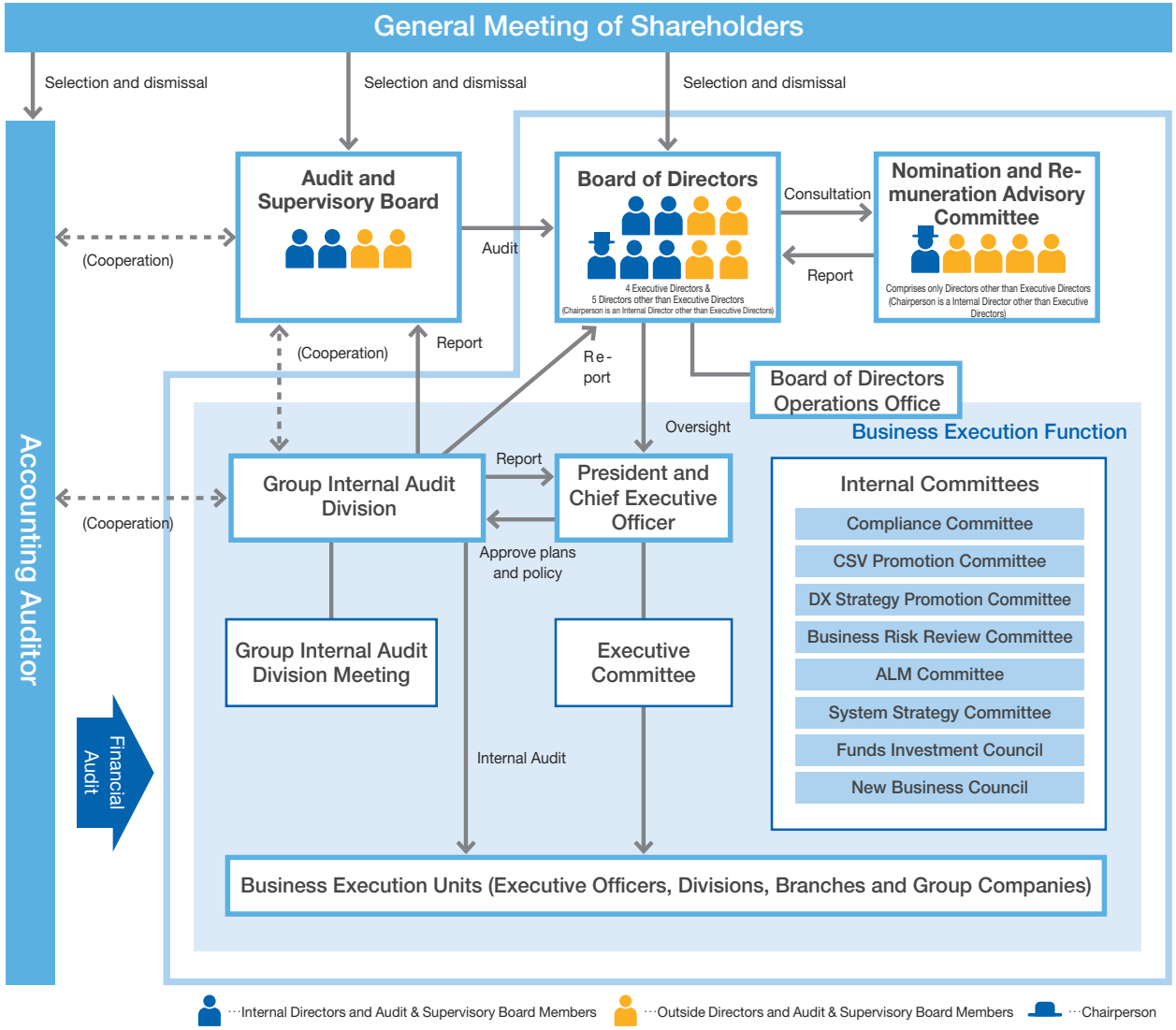
Corporate Governance

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 targets 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 the 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 two Outside Audit & Supervisory Board Members who are independent from our company. In addition, to improve the supervisory function of the Board of Directors, four Independent Outside Directors 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 chair 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	● Separation of execution and supervision ● To ensure the achievement of financial and non-financial targets in the new medium-term management plan

Board of Directors

FY2024 **11** meetings

Attendance rate **99** %*

The Board of Directors is chaired by a non-executive internal 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 targets (contributions to reducing CO_2, engagement indicators improvement rates, etc.) and progress with plans in each business domain, andsupervising the Directors and Executive Officers in the execution of their duties.

* 1 Director, 1 absence

Nomination and Remuneration Advisory Committee

FY2024 **5** meetings

Attendance rate **96** %*

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 Chair 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.

* 1 committee member, 1 absence

Audit & Supervisory Board

FY2024 **14** meetings

Attendance rate **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 Board of Directors Operations Office) has been appointed to assist them.

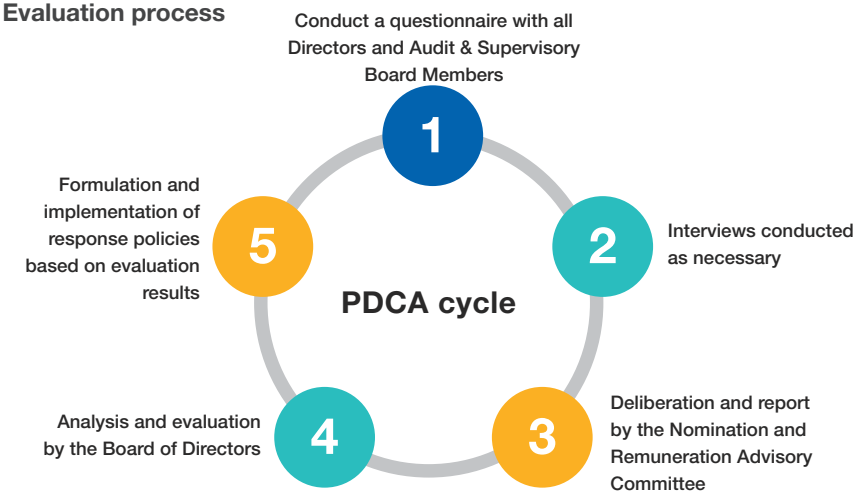
Internal Committees

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 Division Committee	The Group Internal Audit Division Committee shares information, advises Group companies and promotes collaboration among the Group Internal Audit Divisions

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
Further improvement of the Board of Directors' functions	● Reviewed content of management reports to more clearly depict the external environment (macroeconomic trends), circumstances in each business domain of the Group, and signs of changes thereof ● Promoted meeting management guidance by the Chairperson in a manner that seeks to stimulate discussion among the Board of Directors
Further Enhancement of deliberations and reporting by the Board of Directors to steadily promote the medium-term management plan and deepen CSV management	● With the current medium-term management plan having reached its midpoint, the plan was revised based on discussions held in a forum separate from the Board of Directors and involving both internal and external officers. The discussions involved review of strategies and initiatives for the latter half of the plan, considering changes in the external environment and progress achieved under plans of each business domain ● Steadily promoted the medium-term management plan and greater depth of CSV management, including reporting on the human resources portfolio and employee engagement, as well as reporting on the development and progress of the Group BCP (business continuity plan)
Further enhanced information provision to Outside Directors	● Further enhanced and expedited the provision of information to outside officers by accelerating the presentation of materials associated with preliminary briefings for outside officers

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 results of such efforts, we aim to further improve effectiveness of the Board of Directors by continuing to address issues identified in the previous fiscal year in the coming fiscal years. This will involve enhancing Board of Directors membership composition and diversity as well as achieving greater depth of Group management looking toward the next medium-term management plan, in addition to improving functions of the Board of Directors through reporting on matters such as the governance structure and risk management system on a Group-wide basis, as well as achieving more substantive discussions on business portfolio and business domain strategies from a medium- to long-term perspective, and further enhancing training opportunities provided to 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 departments, offices and branch offices, organizing onsite inspections, and facilitating opportunities to attend external seminars. Three staff members have been assigned to the Board of Directors Operations Office to manage these secretariat functions for the Outside Directors. Going forward, we will continue to provide support, incorporating the requests and opinions of our Outside Directors, to facilitate more substantive discussions.

Director Qualifications and Nomination Procedures

❶ Policy and procedures for nominating and removing Directors and nominating candidates for Audit & Supervisory Board Member

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 in the nomination process, the selection of candidates for Directors and Audit & Supervisory Board Members is finalized by the Board of Directors 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.

❷ 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
Director	Yasunori Tsujita	Director and Chairman Chairperson of the Board of Directors	Chairperson	10 years	● Finance (bank/leasing)			●	●	●
Director	Hiroaki Oda	President and Chief Executive Officer (Representative Director) President and Executive Officer		4 years	● Finance (bank/leasing)		●			
Director	Keiji Takada	Director and Deputy President (Representative Director) Deputy President and Executive Officer		5 years	● Finance (leasing)		●			
Director	Yusuke Kishida	Director and Deputy President (Representative Director) Deputy President and Executive Officer		3 years	● Finance (leasing)	●				●
Director	Hiroshi Takahashi	Managing Director Managing Executive Officer		1 year	● Finance (leasing)	●				●
Director	Hideo Ichikawa	Director Outside Independent	Member	7 years	● Chemical and manufacturing		●		●	●
Director	Masayuki Yamamura	Director Outside Independent	Member	6 years	● Telecommunications and technology	●		●		●
Director	Hiroko Matsumoto	Director Outside Independent	Member	4 years	● University education and industry-government-academia partnership and product design				●	
Director	Kazuya Masu	Director Outside Independent	Member	(New election)	● University education and technical business development		●	●	●	
Audit & Supervisory Board Members	Masato Morikawa	Full-time Audit & Supervisory Board Member		1 year	● Finance (leasing)	●	●			
Audit & Supervisory Board Members	Tomohiko Okazaki	Full-time Audit & Supervisory Board Member		(New election)	● Finance (leasing)					●
Audit & Supervisory Board Members	Hiroshi Imoto	Audit & Supervisory Board Member Outside Independent		4 years	● Finance (international finance)		●		●	●
Audit & Supervisory Board Members	Eimei Ookubo	Audit & Supervisory Board Members Outside Independent		(New election)	● 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 13 Directors and Audit & Supervisory Board Members, 12 are male and 1 is female. Years in office are calculated based on the number of months.

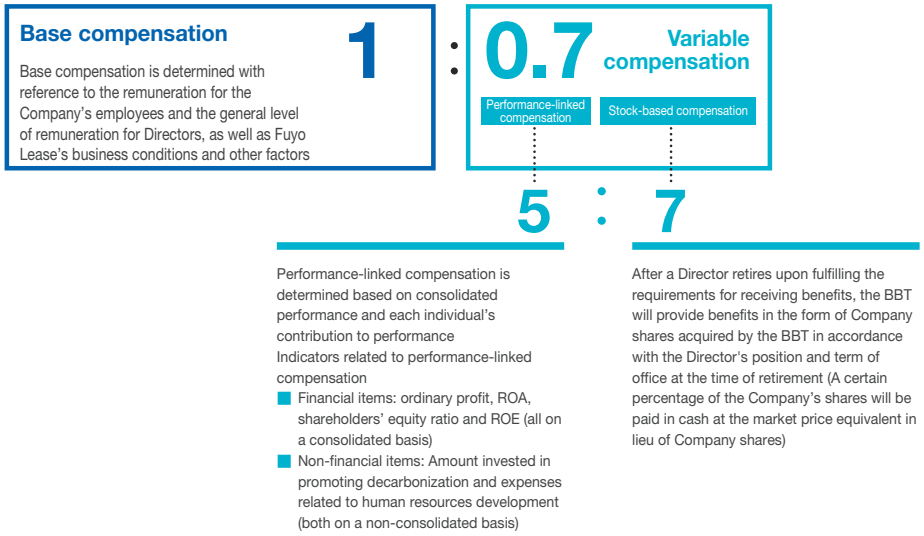
Director Remuneration

Fuyo Lease has a basic policy to link Director 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 Directors, the basic policy is to set it at an appropriate level, considering each Director'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 cancelation of their right to receive stock-based compensation.

Internal Director Remuneration Composition



Director Remuneration (FY2024)

Officer classification		Total amount	Breakdown of remuneration			Number of Directors Applicable
			Base compensation	Performance-linked compensation	Non-monetary compensation	
Directors		¥382 million	¥244 million	¥56 million	¥81 million	10
	Outside Directors	¥52 million	¥52 million	–	–	4
Audit & Supervisory Board Members		¥63 million	¥63 million	–	–	5
	Outside Audit & Supervisory Board Members	¥24 million	¥24 million	–	–	2

(Notes) 1. Performance-linked compensation is the amount that should be recorded as expenses in fiscal 2024.
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.

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 targets is reported four times a year.

CSV Promotion Structure

Major discussion and reports of the CSV Promotion Committee (fiscal 2024)

	Topic for discussion
May 2024	Review of TCFD disclosure information
July	Overall policy and main response items in the fiscal 2024 Integrated Report
September	(1) Fiscal 2024 progress review of non-financial KPIs (2) Illustrative case studies of domain-based CSV initiatives (transition finance initiatives for maritime vessels) (3) Trends in enhancing sustainability disclosure
March 2025	(1) Non-financial KPI targets for each fiscal year under the medium-term management plan (2) Status of medium-term management plan management strategies (3) Conceptual image of Integrated Report scheduling and formulation

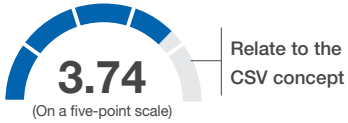
Integration of CSV Management and Mission, Vision, Values

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 foe CSV and Mission, Vision, Values

Fiscal 2021	Implemented the “Let’s CSV!” program for CSV understanding, sharing, and practices at Group companies in Japan.
Fiscal 2022	Workshop to promote understanding of the Mission, Vision and Values.
Fiscal 2023	A social event was held for the local staff of overseas affiliated companies.
Fiscal 2024	(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.

Survey of internal understanding of CSV*



* Average score from the Employee Awareness Survey conducted across 14 Group companies (2,911 employees) in Japan.
The score remains at the same level as the previous fiscal year’s result of 3.74.

Topics

Establishment of Endowed Lecture Course on CSV Management Practices at Oita University

We have founded an endowed lecture course on the theme of CSV management and CSV management practices at the Faculty of Economics, Oita University. With a focus on four social issues, our executive officers lecture on our approach to CSV management, while junior employees present actual projects they have handled. Through dialogue with students in group-based work sessions, we communicate the social role of corporations and support the development of students who will lead the next generation.

CSV management lecture

Risk Management

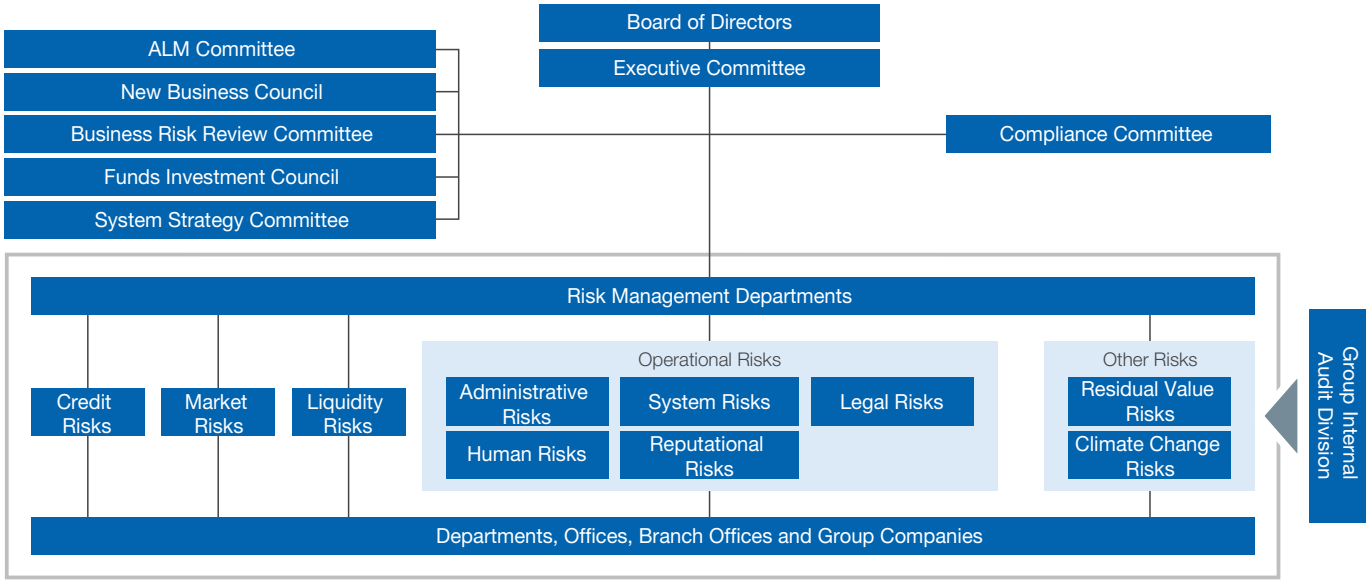
As stipulated in the Fuyo Lease Group risk management regulations, we have established a risk management approach at our locations across the globe to manage risks based on their particular risk characteristics and importance. Risks to be managed are categorized into credit, market (such as interest rate fluctuation risk), liquidity (such as cash flow risk), 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

Risk category		Department in charge of risk	Risk definition	Method of management Integrated risk management (risk capital allocation, quantitative assessments (VaR), scenario analysis, etc.)
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 risk	Business 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 risk	Business risk	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 risk	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, etc.	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 23, 2025). 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 from natural disasters or other causes
Risks relating to business strategies Decline in the value of assets in Real Estate, Aircraft, and Mobility & Logistics businesses Changes in the amount of power generated in the renewable energy generation business Delays in delivery and deterioration of business quality in BPO services Changes in overseas political and economic conditions in overseas business	Risks relating to overall business operations Administrative risks System risks Human risks relating to developing and securing human resources 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 Related to Information Security

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 2024, we conducted information security training led by external experts for directors, heads of departments and branch offices, and others. We also held training for 1st year generalist track employees.

Risks Related to Disasters, etc.

The Fuyo Lease Group has developed a system for responding to emergencies. In the event of a large-scale 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.

In response to the spread of COVID-19, the Group established the COVID-19 Emergency Response Task Force under the direction of the President in April 2020. We ensured that all employees and directors understood and adhered to infection prevention measures, such as mobile working, working from home, flexible working hours, and reducing overtime, as well as other basic infection prevention measures, while also reporting to the Board of Directors and the Executive Committee on any impacts on business performance. The COVID-19 Emergency Response Task Force was disbanded as of May 8, 2023, and the records of its activities and other information were reported to the Board of Directors.

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; 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 2024, 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
2. Respect for Human Rights
3. Commitment to Environmental Issues
4. Fair Business Activities
5. Risk Management
6. Management of Information Assets and Respect for Intellectual Property Rights
7. Appropriate Disclosure of Information
8. Avoidance of Relations with Anti-Social Forces
9. Political Involvement; Government Relations

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 departments, offices and branch offices.

Compliance Training (FY2024)

Participant		Subject	# of sessions
Group training and workplace training	New employees	Introduction to compliance, Fuyo ease Group Basic Compliance Policy, exclusion of anti-social forces	1
	1st year employee (generalist track)	Information security, harassment prevention and insider trading regulations	1
	Newly appointed heads of departments/branch offices	Required compliance understanding of managers	1
	Newly appointed assistant managers/section chiefs	Prevention of power harassment, whistleblowing system	2
	All employees (Including contract and dispatch employees and part-time workers)	Latent social media risks, care in handling personal information	1
	Directors and heads of departments/offices/ branch offices	Key considerations in information management illustrated by recent instances	1
E-Learning	Directors, heads of departments/offices/ branch offices, compliance managers, new 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 affiliated companies to submit reports. In fiscal 2024, 17 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 Assurance Report

EY
Shape the future with confidence

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, 2024 to March 31, 2025 as included in the Company's "the Fuyo Lease Group's Integrated Report 2025" (hereafter the "Report"). The scope of our assurance procedures was limited to the Subject Matter marked with the symbol "✔" in 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 (hereafter 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. 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 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 June 27, 2025. 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, 2024 to March 31, 2025 is not prepared in all material respects in accordance with the Criteria.

Takefumi Kawasaki
Yuji Ozawa
Engagement Partners
August 15, 2025
Ernst & Young ShinNihon LLC
Tokyo, Japan

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The consolidated financial statements on page 60 to page 121 and the independent auditor's report on the financial statements on page 122 to page 125 were first published on the Company's website on September 11, 2025 and are republished in this document.

Financial and Non-Financial Data (10 years)

Financial Data (consolidated)

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Net sales (billions of yen)	493.8	507.2	590.3	618.1	712.3	740.3	657.8	688.7	708.5	**678.4**
Cost of sales (billions of yen)	442.6	451.9	529.8	551.4	636.0	657.5	569.0	591.3	599.0	**558.8**
Gross profit (billions of yen)	51.2	55.3	60.5	66.7	76.3	82.7	88.9	97.3	109.6	**119.6**
Selling, general and administrative expenses (billions of yen)	26.7	26.5	27.8	31.0	34.9	38.2	42.8	45.8	49.5	**54.9**
Operating profit (billions of yen)	24.5	28.8	32.7	35.7	41.4	44.6	46.0	51.6	60.0	**64.8**
Ordinary profit (billions of yen)	29.2	31.4	35.2	39.1	44.0	48.0	52.7	59.7	68.4	**69.0**
Profit attributable to owners of parent (billions of yen)	17.5	20.0	21.9	25.5	26.2	29.6	33.9	38.9	47.2	**45.3**
Total assets (billions of yen)	2,113.1	2,300.1	2,430.5	2,593.0	2,752.6	2,979.3	2,949.7	3,151.6	3,390.3	**3,567.1**
Operating assets (billions of yen)	1,867.2	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**
Interest-bearing debt (billions of yen)	1,750.3	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**
Net assets (billions of yen)	232.5	259.2	282.6	295.0	311.8	344.8	374.2	410.2	477.3	**531.2**
Equity ratio (%)	9.9	9.9	10.2	10.1	10.0	10.2	11.3	11.6	12.7	**13.3**
Executed contract volume (billions of yen)	703.8	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**
ROA (Ratio of ordinary profit to operating assets) (%)	1.6	1.6	1.7	1.8	1.9	1.9	2.1	2.3	2.4	**2.3**
OHR (%)	51.2	47.1	45.2	45.3	44.0	43.9	44.8	45.3	44.1	**45.3**
Cash flows from operating activities (billions of yen)	(151.5)	(154.3)	(104.4)	(80.0)	(108.8)	(35.1)	89.0	(24.1)	(112.1)	**(136.4)**
Cash flows from investing activities (billions of yen)	(1.2)	(4.6)	(5.7)	(9.4)	(11.2)	(6.0)	(15.7)	(12.4)	(3.1)	**(35.7)**
Cash flows from financing activities (billions of yen)	150.3	157.7	113.5	105.5	127.8	63.4	(101.5)	84.0	131.8	**98.0**
Cash and cash equivalents at end of period (billions of yen)	51.4	50.6	54.1	69.9	77.4	98.8	72.0	121.2	140.7	**66.6**
Basic earnings per share (yen) *1	193.06	220.60	242.14	281.56	290.65	328.73	376.84	433.09	523.81	**501.66**
Dividends per share (yen) *2	33.3	43.3	48.7	62.7	68.3	80.0	95.0	114.3	146.7	**151.7**

*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, 2016.
*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 ☑

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
CO_2 emissions (Scope1,2) (t-CO_2)*1 *2 *3 *4	1,199	1,253	2,043	1,904	1,971	2,016	1,455	1,715	899	1,040 ☑
Scope1 (t-CO_2)*1 *2 *3	153	163	770	707	688	603	584	558	532	727 ☑
Scope2 (t-CO_2)*1 *2 *3 *4	1,045	1,089	1,273	1,197	1,283	1,414	872	1,157	367	314 ☑
CO_2 emission intensity (Scope1,2) (t-CO_2 / 100 millions of yen)	0.30	0.32	0.36	0.36	0.29	0.28	0.22	0.25	0.13	0.15
Green energy supply*5 (Output) (MW)	86	86	111	149	229	283	318	515	705	876
Number of employees (Employees)	1,559	1,703	1,715	1,960	2,416	2,637	3,189	3,437	3,503	4,095
Retention rate of employees after 3 years*6 (non-consolidated) (%)	100	85.7	100	94.3	89.7	88.9	94.7	93.0 ☑	—	—
Number of employees (non-consolidated) (Employees)	670	689	689	704	715	759	798	816	830	856
Turnover rate*7 (non-consolidated) (%)	0.8	1.0	1.9	1.9	1.8	1.7	1.9	2.2	3.2	3.0 ☑
Number of female employees in management positions*8 (non-consolidated) (Employees)	27	29	32	36	79*9	113	130	141	148	155 ☑
Percentage of women in managerial positions (non-consolidated)*8 (non-consolidated) (%)	9.0	9.1	9.9	11.5	21.1*9	27.5	29.5	30.9	32.2	33.4 ☑
Employment rate of the disabled*8 (non-consolidated) (%)	1.8	2.2	2.3	2.3	2.1	2.4	2.2	2.3	2.5	2.8 ☑
Rate of taking paid leave*8 (non-consolidated) (%)	61.9	68.9	68.0	68.4	66.3*10	72.0	82.3	93.5	93.3	92.8 ☑

*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 CO_2 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., FGL GROUP Business Service Co., Ltd., FGL GROUP Management 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., and WAKOPALLET 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., and PLIC Corp., 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 l)
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Assets				
Current assets				
Cash and deposits	3	¥ 66,598	¥ 140,804	$ 445,388
Installment receivables	3, 9	54,901	50,984	367,159
Lease receivables and investments in leases	3, 9	851,478	858,731	5,694,368
Operating loans		382,529	339,872	2,558,209
Accounts receivable - other loans to customers	3, 7	145,419	132,002	972,510
Operational investment securities	2	548,116	491,466	3,665,594
Other operating assets		32,016	31,967	214,115
Accounts receivable - lease	3, 9	31,447	28,620	210,308
Other		104,834	94,511	701,094
Allowance for doubtful accounts		(2,158)	(2,536)	(14,438)
Total current assets		**2,215,183**	**2,166,425**	**14,814,306**
Non-current assets				
Property, plant and equipment				
Assets for lease				
Assets for lease	1, 3, 7	1,024,537	936,038	6,851,716
Advances for purchase of assets for lease		13,988	357	93,547
Total assets for lease		1,038,525	936,396	6,945,263
Other operating assets	1, 3	32,841	38,796	219,634
Own-used assets	1	15,076	3,386	100,823
Total property, plant and equipment		1,086,443	978,579	7,265,720
Intangible assets				
Assets for lease		75	88	504
Other intangible assets				
Goodwill		46,304	23,256	309,669
Other		15,462	14,290	103,407
Total other intangible assets		61,767	37,546	413,077
Total intangible assets		61,842	37,634	413,581

	Notes	Millions of yen		Thousands of U.S. dollars (Note l)
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Investments and other assets				
Investment securities	2, 3	155,675	158,182	1,041,100
Distressed receivables		30	26	204
Retirement benefit asset		2,582	2,176	17,271
Deferred tax assets		4,635	4,229	31,002
Other		40,477	42,551	270,699
Allowance for doubtful accounts		(6)	(1)	(46)
Total investments and other assets		203,395	207,163	1,360,231
Total non-current assets		**1,351,681**	**1,223,378**	**9,039,532**
Deferred assets				
Organization expenses		2	3	16
Business commencement expenses		243	517	1,627
Total deferred assets		**245**	**521**	**1,643**
Total assets		**¥ 3,567,110**	**¥ 3,390,324**	**$ 23,855,481**

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, 2025	As of March 31, 2024	As of March 31, 2025
Liabilities				
Current liabilities				
Notes and accounts payable - trade	9	¥ 36,454	¥ 36,467	$ 243,792
Short-term borrowings		608,320	558,104	4,068,219
Current portion of bonds payable		94,496	35,000	631,957
Current portion of long-term borrowings	3, 7	441,624	422,660	2,953,416
Commercial papers		213,000	276,000	1,424,463
Payables under securitization of lease receivables	8	3,500	13,000	23,407
Current portion of long-term payables under securitization of lease receivables	3, 8	3,555	2,464	23,777
Lease liabilities		4,555	5,841	30,463
Income taxes payable		9,011	7,617	60,269
Deferred profit on installment sales		1,319	1,078	8,821
Provision for bonuses		3,596	3,257	24,055
Provision for bonuses for directors (and other officers)		285	224	1,907
Provision for share awards for directors (and other officers)		99	202	668
Provision for loss on guarantees		50	19	338
Other	3	56,212	59,374	375,931
Total current liabilities		**1,476,083**	**1,421,313**	**9,871,484**
Non-current liabilities				
Bonds payable		407,470	393,495	2,725,005
Long-term borrowings	3, 7	1,034,488	976,080	6,918,264
Long-term payables under securitization of lease receivables	3, 8	1,794	5,790	11,999
Lease liabilities		32	151	220
Long-term income taxes payable		41	–	279
Deferred tax liabilities		28,289	27,461	189,189
Retirement benefit liability		2,677	2,271	17,904
Provision for retirement benefits for directors (and other officers)		280	253	1,877
Provision for share awards for directors (and other officers)		912	638	6,105
Provision for maintenance costs		925	931	6,192
Provision for loss on guarantees		221	285	1,479
Asset retirement obligations		5,706	5,519	38,166
Other		76,972	78,804	514,760
Total non-current liabilities		**1,559,813**	**1,491,684**	**10,431,440**
Total liabilities		**3,035,896**	**2,912,998**	**20,302,924**
Net assets				
Shareholders' equity				
Share capital		10,532	10,532	70,435
Capital surplus		1,902	1,902	12,726
Retained earnings		373,265	342,268	2,496,257
Treasury shares		(1,709)	(1,532)	(11,432)
Total shareholders' equity		**383,991**	**353,171**	**2,567,987**
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		55,417	61,773	370,608
Deferred gains or losses on hedges		(9,815)	(11,953)	(65,639)
Foreign currency translation adjustment		45,306	28,268	302,990
Remeasurements of defined benefit plans		466	415	3,121
Total accumulated other comprehensive income		**91,374**	**78,504**	**611,080**
Share acquisition rights		197	289	1,319
Non-controlling interests		55,650	45,362	372,171
Total net assets		**531,213**	**477,326**	**3,552,556**
Total liabilities and net assets		**¥ 3,567,110**	**¥ 3,390,324**	**$ 23,855,481**

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)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Net sales	1	**¥ 678,395**	**¥ 708,538**	**$ 4,536,850**
Cost of sales	3	558,764	598,967	3,736,805
Gross profit		119,630	109,570	800,045
Selling, general and administrative expenses	2	54,870	49,524	366,953
Operating profit		**64,760**	**60,046**	**433,092**
Non-operating income				
Interest income		341	259	2,281
Dividend income		2,934	2,925	19,622
Foreign exchange gains		429	–	2,870
Gain on investments in investment partnerships		65	76	437
Share of profit of entities accounted for using equity method		2,991	6,660	20,004
Recoveries of written off receivables		72	61	484
Reversal of allowance for doubtful accounts		715	–	4,784
Reversal of provision for loss on guarantees		32	86	218
Other		662	1,060	4,428
Total non-operating income		8,243	11,129	55,129
Non-operating expenses				
Interest expenses		2,942	1,824	19,675
Bond issuance costs		69	58	462
Foreign exchange losses		–	198	–
Loss on investments in investment partnerships		248	92	1,662
Distributions of profit or loss on silent partnerships		401	589	2,685
Other		306	56	2,049
Total non-operating expenses		3,967	2,820	26,533
Ordinary profit		**69,036**	**68,355**	**461,688**

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Extraordinary income				
Gain on sale of investment securities		33	737	225
Total extraordinary income		33	737	225
Extraordinary losses				
Loss on sale of investment securities		–	47	–
Loss on valuation of investment securities		161	84	1,082
Impairment losses	3	14	2,079	100
Loss on disposal of non-current assets	4	21	33	142
Other		8	–	58
Total extraordinary losses		206	2,244	1,382
Profit before income taxes		68,863	66,848	460,531
Income taxes - current		16,608	20,376	111,073
Income taxes - deferred		4,726	(3,193)	31,612
Total income taxes		21,335	17,182	142,685
Profit		47,527	49,665	317,845
Profit attributable to non-controlling interests		2,249	2,446	15,045
Profit attributable to owners of parent		**¥ 45,277**	**¥ 47,219**	**$ 302,801**

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)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Profit		¥ 47,527	¥ 49,665	$ 317,845
Other comprehensive income				
Valuation difference on available-for-sale securities		(6,343)	25,781	(42,424)
Deferred gains or losses on hedges		2,066	(7,243)	13,819
Foreign currency translation adjustment		17,224	9,873	115,194
Remeasurements of defined benefit plans, net of tax		(72)	185	(483)
Share of other comprehensive income of entities accounted for using equity method		(517)	1,134	(3,463)
Total other comprehensive income	1	12,357	29,731	82,643
Comprehensive income		**¥ 59,885**	**¥ 79,396**	**$ 400,488**

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		¥ 58,148	¥ 76,230	$ 388,875
Comprehensive income attributable to non-controlling interests		1,736	3,166	11,613

The accompanying notes are an integral part of these statements.

Consolidated statements of changes in equity

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

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-con-trolling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive 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)	10,288	23,067
Total changes during period	–	–	30,997	(177)	30,819	(6,356)	2,138	17,037	51	12,870	(91)	10,288	53,886
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	¥ 55,650	¥ 531,213

FY2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-con-trolling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at beginning of period	¥ 10,532	¥ 1,902	¥ 306,782	¥ (2,067)	¥ 317,149	¥ 36,000	¥ (4,608)	¥ 17,936	¥ 163	¥ 49,492	¥ 541	¥ 43,012	¥ 410,197
Changes during period													
Dividends of surplus			(11,464)		(11,464)								(11,464)
Profit attributable to owners of parent			47,219		47,219								47,219
Purchase of treasury shares				(0)	(0)								(0)
Disposal of treasury shares			(268)	536	267								267
Net changes in items other than shareholders' equity						25,772	(7,345)	10,331	251	29,011	(252)	2,349	31,107
Total changes during period	–	–	35,486	535	36,021	25,772	(7,345)	10,331	251	29,011	(252)	2,349	67,129
Balance at end 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

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

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

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-con-trolling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at beginning of period	$ 70,435	$ 12,726	$ 2,288,960	$ (10,246)	$ 2,361,876	$ 413,116	$ (79,938)	$ 189,050	$ 2,777	$ 525,006	$ 1,933	$ 303,367	$ 3,192,182
Changes during period													
Dividends of surplus			(94,998)		(94,998)								(94,998)
Profit attributable to owners of parent			302,801		302,801								302,801
Purchase of treasury shares				(3,340)	(3,340)								(3,340)
Disposal of treasury shares			(506)	2,154	1,647								1,647
Net changes in items other than shareholders' equity						(42,508)	14,298	113,940	344	86,074	(615)	68,804	154,264
Total changes during period	–	–	207,297	(1,186)	206,111	(42,508)	14,298	113,940	344	86,074	(615)	68,804	360,375
Balance at end of period	$ 70,435	$ 12,726	$ 2,496,257	$ (11,432)	$ 2,567,987	$ 370,608	$ (65,639)	$ 302,990	$ 3,121	$ 611,080	$ 1,319	$ 372,171	$ 3,552,556

The accompanying notes are an integral part of these statements.

Consolidated statements of cash flows

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash flows from operating activities				
Profit before income taxes		¥ 68,863	¥ 66,848	$ 460,531
Depreciation of assets for lease		49,039	45,382	327,955
Loss on retirement of assets for lease and cost of property for lease sales		37,204	184,363	248,808
Depreciation of other operating assets		3,205	3,245	21,440
Depreciation		3,539	3,414	23,668
Amortization of goodwill		1,747	1,810	11,689
Impairment losses		14	2,079	100
Increase (decrease) in allowance for doubtful accounts		(1,074)	(699)	(7,186)
Increase (decrease) in provision for bonuses and bonuses for directors (and other officers)		264	269	1,772
Increase (decrease) in provision for retirement benefits for directors (and other officers)		26	(124)	179
Increase (decrease) in provision for share awards for directors (and other officers)		171	213	1,147
Increase (decrease) in provision for maintenance costs		(96)	617	(647)
Increase (decrease) in provision for loss on guarantees		(32)	(86)	(218)
Increase (decrease) in retirement benefit liability		75	(587)	504
Loss (gain) on valuation of short-term and long-term investment securities		161	84	1,082
Interest and dividend income		(3,275)	(3,184)	(21,903)
Capital costs and interest expenses		33,160	20,824	221,768
Loss (gain) on investments in investment partnerships and silent partnerships		183	15	1,225

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Share of loss (profit) of entities accounted for using equity method		(2,991)	(6,660)	(20,004)
Loss (gain) on sale of short-term and long-term investment securities		(33)	(690)	(225)
Loss (gain) on disposal of non-current assets		21	33	142
Decrease (increase) in installment receivables		(3,655)	2,903	(24,444)
Net decrease (increase) in lease receivables and investments in leases		16,626	30,686	111,194
Decrease (increase) in accounts receivable - lease		1,911	(1,956)	12,782
Decrease (increase) in operating loans		(37,181)	(7,075)	(248,655)
Decrease (increase) in accounts receivable - other loans to customers		(13,334)	(13,409)	(89,173)
Decrease (increase) in operational investment securities		(54,604)	(36,028)	(365,177)
Purchase of assets for lease		(156,964)	(356,077)	(1,049,722)
Purchase of other operating assets		(1,396)	(1,601)	(9,342)
Decrease (increase) in retirement benefit asset		(406)	(1,653)	(2,718)
Decrease (increase) in distressed receivables		(0)	413	(4)
Decrease (increase) in guarantee deposits		3,168	(1,048)	21,188
Increase (decrease) in trade payables		(1,064)	2,550	(7,121)
Increase (decrease) in lease liabilities		(645)	(634)	(4,315)
Increase (decrease) in guarantee deposits received		(1,567)	(944)	(10,481)
Other, net		(34,697)	(11,430)	(232,044)
Subtotal		**(93,636)**	**(78,134)**	**(626,202)**

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Interest and dividends received		5,314	6,546	35,543
Interest paid		(33,131)	(20,595)	(221,570)
Income taxes refund (paid)		(14,924)	(19,915)	(99,813)
Net cash provided by (used in) operating activities		**(136,377)**	**(112,098)**	**(912,042)**
Cash flows from investing activities				
Purchase of own-used assets		(3,428)	(3,269)	(22,928)
Proceeds from sale of own-used assets		17	–	117
Purchase of investment securities		(6,350)	(4,103)	(42,469)
Proceeds from sale and redemption of investment securities		3,621	4,402	24,218
Purchase of shares of subsidiaries resulting in change in scope of consolidation	2	(29,448)	–	(196,938)
Other, net		(69)	(92)	(465)
Net cash provided by (used in) investing activities		**(35,657)**	**(3,062)**	**(238,465)**
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		41,303	(30,284)	276,222
Net increase (decrease) in commercial papers		(63,000)	(30,000)	(421,320)
Proceeds from long-term borrowings		526,947	599,930	3,524,025
Repayments of long-term borrowings		(453,637)	(430,150)	(3,033,752)
Net increase (decrease) in payables under securitization of lease receivables		(9,500)	(11,200)	(63,532)
Repayments of payables under securitization of lease receivables		(2,905)	(6,098)	(19,429)
Proceeds from issuance of bonds		109,520	97,000	732,431
Redemption of bonds		(35,000)	(45,000)	(234,067)
Purchase of treasury shares		(499)	(0)	(3,340)
Proceeds from disposal of treasury shares		246	267	1,647

	Notes	Millions of yen		Thousands of U.S. dollars (Note I)
		FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Dividends paid		(14,205)	(11,464)	(94,998)
Dividends paid to non-controlling interests		(884)	(756)	(5,918)
Other, net		(391)	(441)	(2,621)
Net cash provided by (used in) financing activities		**97,994**	**131,800**	**655,349**
Effect of exchange rate change on cash and cash equivalents		(67)	2,842	(452)
Net increase (decrease) in cash and cash equivalents		(74,108)	19,481	(495,610)
Cash and cash equivalents at beginning of period		140,674	121,192	940,776
Cash and cash equivalents at end of period	1	**¥ 66,565**	**¥ 140,674**	**$ 445,166**

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 ¥149.53 to US$1.00, in effect at March 31, 2025, 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: 73 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, 2025, Wako Pallet Co., Ltd., CB Holdings Inc. and its four subsidiaries were included in the scope of consolidation due to the Company's acquisition of their shares, and PLIC Corp., Ltd. and three other companies were included in the scope of consolidation mainly due to the Company's additional acquisition of their shares. PLIC Corp., Ltd. was excluded from the scope of application of the equity method due to its inclusion in the scope of consolidation.

In addition, FG Justice Leasing Co., Ltd. and two other companies were excluded from the scope of consolidation mainly due to their liquidation.

(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: 14 associates

Names of significant associates:

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

In the fiscal year ended March 31, 2025, GLOBAL ENGINEERING Co., Ltd. and two other companies were included in the scope of application of the equity method mainly due to the Company's acquisition of their shares.

PLIC Corp., Ltd. was excluded from the scope of application of the equity method due to its inclusion in the scope of consolidation as a result of the Company's additional acquisition of its shares.

Additionally, Keihinjima 2chome kaihatsu TMK and three other companies were excluded from the scope of application of the equity method mainly due to 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, 161 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, 30 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 three 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 ¥7,654 million (U.S.$51,191 thousand) in the fiscal year ended March 31, 2025 and ¥7,744 million in the fiscal year ended March 31, 2024.

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 posts 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 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, 2025, 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

FY2024: ¥1,024,537 million (U.S.$6,851,716 thousand)
FY2023: ¥936,038 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.

While continued price increases are anticipated, a gradual recovery is expected to continue under the improving employment and income environment backed mainly by rising wages. On the other hand, attention should be paid to the impact of an increase in the policy interest rate by the Bank of Japan and exchange rate fluctuations. In addition, given the possibility of a slowdown in the global economy due to the US protectionist trade policy and other factors, we expect the outlook to remain uncertain, and 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. Changes in accounting policies

Application of Accounting Standard for Current Income Taxes and related implementation guidances

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard of 2022”), etc. have been applied from the beginning of the fiscal year ended March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022).

The impact of applying this standard, etc. on the consolidated financial statements is immaterial.

Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.

Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ PITF No. 46, March 22, 2024), etc. have been applied from the beginning of the fiscal year ended March 31, 2025.

The impact of applying this solution, etc. on the consolidated financial statements is immaterial.

IV. 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.

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 ¥1,390 million (U.S.$9,297 thousand) and 170,200 shares as of March 31, 2025 and ¥1,046 million and 147,700 shares as of March 31, 2024, respectively.

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.

(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, 2025	As of March 31, 2024	As of March 31, 2025
Assets for lease	¥ 248,025	¥ 218,862	$ 1,658,703
Other operating assets	18,283	17,867	122,275
Own-used assets	30,265	4,422	202,401

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Operational investment securities (other)	¥ –	¥ 1,300	$ –
Investment securities (shares)	30,736	30,616	205,554
(of which investment in joint ventures)	(28,257)	(27,884)	(188,973)
Investment securities (other)	20,104	19,212	134,449

***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, 2025	As of March 31, 2024	As of March 31, 2025
Cash and deposits	¥ 3,082	¥ 3,291	$ 20,615
Installment receivables	172	287	1,156
Lease receivables and investments in leases	9,466	10,546	63,305
Accounts receivable - other loans to customers	1,681	867	11,247
Accounts receivable - lease	101	101	680
Operating lease and other contract receivables	9,306	8,905	62,238
Assets for lease (property, plant and equipment)	43,974	46,814	294,087
Other operating assets (property, plant and equipment)	14,922	16,130	99,797
Total	**¥ 82,708**	**¥ 86,944**	**$ 553,124**

Note: Besides the above assets pledged as collateral, the Company provided investment securities (¥602 million (U.S.$4,027 thousand) in the fiscal year ended March 31, 2025, ¥602 million in the fiscal year ended March 31, 2024) as third party security for bank loans taken out by business partners. The Company maintains deposits of investment securities (¥3 million (U.S.$20 thousand) and ¥3 million as of March 31, 2025 and March 31, 2024, respectively) for the purpose of sales transactions.

(2) Liabilities secured by collateral

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Other (current liabilities)	¥ 8	¥ 5	$ 60
Long-term borrowings (current portion included)	52,039	56,262	348,022
Long-term payables under securitization of lease receivables (current portion included)	–	6	–
Total	**¥ 52,048**	**¥ 56,274**	**$ 348,082**

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, 2025	As of March 31, 2024	As of March 31, 2025
Total loan commitments	¥ 27,860	¥ 28,153	$ 186,318
Balance of loans extended	10,214	4,776	68,310
Difference	**¥ 17,645**	**¥ 23,377**	**$ 118,008**

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 82 correspondent financial institutions, etc. (80 in the fiscal year ended March 31, 2024) for the efficient procurement of working capital. The unused balance, etc. at the end of the fiscal years ended March 31, 2025 and 2024 based on these agreements was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Upper limit on overdrafts and total loan commitments	¥ 1,332,238	¥ 1,293,887	$ 8,909,509
Balance of borrowings drawn	574,269	542,873	3,840,494
Difference	**¥ 757,969**	**¥ 751,014**	**$ 5,069,014**

6 Contingent liabilities

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Mizuho Bank, Ltd. (Note)	¥ 40,937	¥ 71,712	$ 273,777
Sumitomo Mitsui Trust Bank, Limited (Note)	10,998	10,998	73,556
Sumitomo Mitsui Banking Corporation (Note)	4,119	4,119	27,550
JAPAN SECURITIZATION CORPORATION (Note)	3,891	3,981	26,026
IBM Japan, Ltd. (Note)	3,839	818	25,674
Godo Kaisha SKB 2	2,700	–	18,057
Cutlass Solar Partners LLC	2,482	2,549	16,600
Sumitomo Realty & Development Co., Ltd. (Note)	2,276	2,277	15,227
PLIC Corp., Ltd.	–	1,560	–
Employees (funds for purchasing housing)	–	1	–
Others (690 in the fiscal year ended March 31, 2025, 739 in the fiscal year ended March 31, 2024)	21,120	22,929	141,248
Total	**¥ 92,367**	**¥ 120,950**	**$ 617,717**

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 ¥14,561 million (U.S.$97,382 thousand) as of March 31, 2025 and ¥17,777 million as of March 31, 2024.

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Current portion of long-term non-recourse borrowings	¥ 2,659	¥ 6,136	$ 17,788
Long-term non-recourse borrowings	27,278	26,549	182,426
Total	**¥ 29,938**	**¥ 32,685**	**$ 200,214**

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Accounts receivable - other loans to customers	¥ 25,085	¥ 27,312	$ 167,761
Assets for lease (property, plant and equipment)	23,716	7,165	158,610
Total	**¥ 48,802**	**¥ 34,478**	**$ 326,371**

***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 ¥8,066 million (U.S.$53,949 thousand) as of March 31, 2025 and ¥17,505 million as of March 31, 2024.

***9 Bills that mature on the last day of the fiscal period**

Bills that mature on the last day of the fiscal period are settled on the clearing date of the bills.

Note that since the last day of the fiscal year ended March 31, 2024 was a financial institution holiday, the following amounts for bills that matured on the last day of the fiscal period have been included in the balance at the end of the fiscal year.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade (installment receivables, lease receivables and investments in leases and others included)	¥ –	¥ 12	$ –
Notes payable - trade	–	108	–

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 Major components of selling, general and administrative expenses for the fiscal years ended March 31, 2025 and 2024, were as follows:**

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Provision of allowance for doubtful accounts	¥ –	¥ 516	$ –
Bad debts expenses	691	738	4,622
Employees' salaries, allowances and bonuses	20,621	19,202	137,909
Provision for bonuses	3,462	3,257	23,154
Provision for bonuses for directors (and other officers)	269	200	1,804
Retirement benefit expenses	780	(1,149)	5,222
Provision for retirement benefits for directors (and other officers)	47	56	317
Provision for share awards for directors (and other officers)	433	236	2,899
Welfare expenses	4,610	4,192	30,831
Rent expenses	2,922	2,910	19,546
Depreciation	3,539	3,414	23,668
Amortization of goodwill	1,747	1,810	11,689

***3 Impairment losses**

The Group recorded impairment losses for the following asset groups:

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

There are no material impairment losses.

FY2023 (From April 1, 2023 to March 31, 2024)

Location	Use	Type	Amount (Millions of yen)
Ireland	Assets for lease	Transportation equipment (aircraft)	¥ 1,840
Fukuoka-shi, Fukuoka	Business assets	Goodwill	660
		Customer-related assets	1,106
Chiyoda-ku, Tokyo	Business assets	Software	¥ 310

The above transportation equipment (aircraft) is grouped individually.

The expected future cash flows have declined for the overseas consolidated subsidiary FGL Aircraft Ireland Limited, so the book value of the assets for lease whose profitability has declined is written down to the recoverable amount, and the impairment loss is stated as cost of sales. Further, the recoverable amount is calculated from the value in use, and the discount rate is between 6.00% and 6.16%.

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

Owing to a decrease in demand for online events in the video streaming service of the domestic consolidated subsidiary, Human Centrix Co., Ltd., there are no longer expectations for revenue anticipated at the time of acquisition of its shares, so the book value is written down to the recoverable amount, and the impairment loss is stated as extraordinary losses. Further, the recoverable amount is calculated from the value in use based on revised future cash flows, taking into account changes in the environment. The discount rate is 11.1%.

The above software is grouped based on offices, etc.

For this software, profit or loss from operating activities is continually negative or is expected to be negative, so the book value is written down to the recoverable amount, and the impairment loss is stated as extraordinary losses. Excluding available-for-sale assets, the recoverable amount is measured based on the value in use. However, since no future cash flows are expected, the value in use is evaluated as zero.

***4 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
	FY2024 (April 1, 2024 - March 31, 2025)	**FY2023** (April 1, 2023 - March 31, 2024)	**FY2024** (April 1, 2024 - March 31, 2025)
Buildings	¥ 0	¥ –	$ 6
Equipment	0	–	4
Software	7	–	49
Total	¥ 8	¥ –	$ 59

(2) Loss on retirement of non-current assets

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	**FY2023** (April 1, 2023 - March 31, 2024)	**FY2024** (April 1, 2024 - March 31, 2025)
Buildings	¥ 6	¥ 24	$ 43
Equipment	1	2	9
Software	4	6	31
Total	¥ 12	¥ 33	$ 83

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
	FY2024 (April 1, 2024 - March 31, 2025)	**FY2023** (April 1, 2023 - March 31, 2024)	**FY2024** (April 1, 2024 - March 31, 2025)
Valuation difference on available-for-sale securities:securities:			
Gains or losses arising during the year	¥ (8,382)	¥ 35,371	$ (56,056)
Reclassification adjustments to profit or loss	(291)	1,803	(1,948)
Amount before income taxes and income tax effect	(8,673)	37,175	(58,004)
Income taxes and income tax effect	2,329	(11,393)	15,579
Valuation difference on available-for-sale securities	¥ (6,343)	¥ 25,781	$ (42,424)
Deferred gains or losses on hedges:			
Gains or losses arising during the year	1,786	(9,633)	11,950
Reclassification adjustments to profit or loss	720	426	4,817
Amount before income taxes and income tax effect	2,507	(9,206)	16,768
Income taxes and income tax effect	(440)	1,963	(2,949)
Deferred gains or losses on hedges	¥ 2,066	¥ (7,243)	$ 13,819
Foreign currency translation adjustment:			
Gains or losses arising during the year	17,224	9,873	115,194
Foreign currency translation adjustment	¥ 17,224	¥ 9,873	$ 115,194
Remeasurements of defined benefit plans, net of tax:			
Gains or losses arising during the year	24	348	161
Reclassification adjustments to profit or loss	(124)	(85)	(831)
Amount before income taxes and income tax effect	(100)	263	(669)
Income taxes and income tax effect	27	(77)	187
Remeasurements of defined benefit plans, net of tax	¥ (72)	¥ 185	$ (483)

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Share of other comprehensive income of entities accounted for using equity method:			
Gains or losses arising during the year	(529)	1,142	(3,539)
Reclassification adjustments to profit or loss	11	(7)	76
Share of other comprehensive income of entities accounted for using equity method	¥ (517)	¥ 1,134	$ (3,463)
Total other comprehensive income	**¥ 12,357**	**¥ 29,731**	**$ 82,643**

IX. Notes for consolidated statements of changes in equity

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)	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	–	–	–	–	–	¥ 197	$ 1,319

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

The following proposals are scheduled to be submitted at the Annual General Meeting of Shareholders to be held on June 24, 2025.

(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

(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 24, 2025 Annual General Meeting of Shareholders	Common shares	$ 46,512	Retained earnings	$ 1.54	March 31, 2025	June 25, 2025

Notes: 1. Total amount of cash dividends includes cash dividends of ¥39 million (U.S.$262 thousand) 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.

FY2023 (From April 1, 2023 to March 31, 2024)

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)	303,657	80	81,800	221,937
Total	**303,657**	**80**	**81,800**	**221,937**

Notes: 1. The number of common shares in treasury shares at the end of the year includes 147,700 shares of the Company held by the Board Benefit Trust (BBT).
2. The increase of 80 shares in the number of common shares in treasury shares is due to the acquisition of fractional unit shares.
3. The decrease of 81,800 shares in the number of common shares in treasury shares was a 79,700 decrease due to the exercise of stock options and a 2,100 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)
			Beginning of the year	Increase	Decrease	End of the year	
Reporting company (parent company)	Share acquisition rights as stock options	–	–	–	–	–	¥ 289

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 23, 2023 Annual General Meeting of Shareholders	Common shares	¥ 5,574	¥ 185	March 31, 2023	June 26, 2023
November 8, 2023 Board of Directors	Common shares	5,889	195	September 30, 2023	December 7, 2023

Notes: 1. Total amount of cash dividends resolved at Annual General Meeting of Shareholders held on June 23, 2023, includes cash dividends of ¥27 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, 2023, 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 21, 2024 Annual General Meeting of Shareholders	Common shares	¥ 7,402	Retained earnings	¥ 245	March 31, 2024	June 24, 2024

Note: Total amount of cash dividends includes cash dividends of ¥36 million for the Company's shares held by Board Benefit Trust (BBT).

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash and deposits	¥ 66,598	¥ 140,804	$ 445,388
Time deposits with maturity of over three months	(33)	(130)	(223)
Cash and cash equivalents	¥ 66,565	¥ 140,674	$ 445,166

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

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).

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 7,616	$ 50,938
Non-current assets	12,230	81,793
Goodwill	22,824	152,643
Current liabilities	(1,774)	(11,867)
Non-current liabilities	(200)	(1,342)
Non-controlling interests	(9,480)	(63,399)
Acquisition cost of shares	31,217	208,768
Cash and cash equivalents	(3,660)	(24,477)
Difference: net consideration paid for acquisition	¥ 27,557	$ 184,291

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	Thousands of U.S. dollars
Current assets	¥ 1,031	$ 6,901
Non-current assets	702	4,699
Goodwill	1,959	13,104
Current liabilities	(871)	(5,826)
Non-current liabilities	(33)	(226)
Acquisition cost of shares	2,789	18,652
Acquisition cost up until the time control was obtained	(195)	(1,304)
Cash and cash equivalents	(702)	(4,701)
Difference: net consideration paid for acquisition	¥ 1,891	$ 12,647

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, 2025	As of March 31, 2024	As of March 31, 2025
Within one year	¥ 58	¥ 53	$ 388
Over one year	1	0	11
Total	**¥ 59**	**¥ 53**	**$ 400**

As lessor

1. Finance leases

(1) Breakdown of investments in leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Lease receivables	¥ 728,939	¥ 769,325	$ 4,874,872
Estimated residual value	24,184	20,113	161,737
Future interest income	(88,231)	(95,131)	(590,062)
Investments in leases	**¥ 664,892**	**¥ 694,307**	**$ 4,446,547**

(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, 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

(Thousands of U.S. dollars)

	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	$ 328,242	$ 328,884	$ 219,740	$ 178,780	$ 89,564	$ 307,979
Investments in leases	1,442,865	1,125,352	765,779	567,995	289,190	683,691

(Millions of yen)

	As of March 31, 2024					
	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	¥ 49,453	¥ 31,968	¥ 40,670	¥ 19,105	¥ 14,574	¥ 23,529
Investments in leases	248,362	155,403	133,639	75,708	49,121	107,089

2. Operating leases

Future lease payments required under non-cancellable operating leases

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Within one year	¥ 87,205	¥ 77,157	$ 583,195
Over one year	439,480	394,932	2,939,077
Total	**¥ 526,685**	**¥ 472,090**	**$ 3,522,271**

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, 2025	As of March 31, 2024	As of March 31, 2025
Lease receivables and investments in leases	¥ 2,181	¥ 3,123	$ 14,588
Lease liabilities	3,944	5,415	26,382

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 ¥3,945 million (U.S.$26,385 thousand) for the fiscal year ended March 31, 2025 and a change of ¥3,978 million for the fiscal year ended March 31, 2024 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, 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**	**¥ –**

	Thousands of U.S. dollars		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	$ 357,091	$ 356,088	$ (1,003)
(2) Lease receivables and investments in leases*2	5,684,890	5,803,680	118,790
(3) Operating loans*2	2,556,502	2,513,981	(42,521)
(4) Operational investment securities and investment securities*3			
Other securities	2,714,657	2,714,657	–
Total assets	**$ 11,313,141**	**$ 11,388,406**	**$ 75,266**
(1) Lease liabilities (current liabilities and non-current liabilities)	$ 30,683	$ 30,683	$ –
(2) Bonds payable (current portion included)	3,356,962	3,354,371	(2,592)
(3) Long-term borrowings (current portion included)	9,871,681	9,846,988	(24,693)
(4) Long-term payables under securitization of lease receivables (current portion included)	35,776	35,242	(534)
Total liabilities	**$ 13,295,102**	**$ 13,267,283**	**$ (27,819)**
Derivatives*4			
(i) Hedge accounting not applied	$ 105	$ 105	$ –
(ii) Hedge accounting applied	6,726	6,726	–
Total derivatives	**$ 6,831**	**$ 6,831**	**$ –**

*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, 2024

	Millions of yen		
	Book value (A)	Fair value (B)	Difference (B) - (A)
(1) Installment receivables*1,2	¥ 49,757	¥ 50,467	¥ 709
(2) Lease receivables and investments in leases*2	857,327	896,198	38,871
(3) Operating loans*2	339,160	340,210	1,049
(4) Operational investment securities and investment securities*3			
Other securities	377,792	377,792	–
Total assets	**¥ 1,624,037**	**¥ 1,664,668**	**¥ 40,630**
(1) Lease liabilities (current liabilities and non-current liabilities)	¥ 5,992	¥ 5,992	¥ –
(2) Bonds payable (current portion included)	428,495	430,916	2,421
(3) Long-term borrowings (current portion included)	1,398,741	1,399,002	260
(4) Long-term payables under securitization of lease receivables (current portion included)	8,254	8,638	383
Total liabilities	**¥ 1,841,483**	**¥ 1,844,549**	**¥ 3,065**
Derivatives*4			
(i) Hedge accounting not applied	¥ (11)	¥ (11)	¥ –
(ii) Hedge accounting applied	340	340	–
Total derivatives	**¥ 329**	**¥ 329**	**¥ –**

*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, 2025	As of March 31, 2024	As of March 31, 2025
Unlisted shares*1	¥ 10,717	¥ 10,491	$ 71,676
Subsidiary's shares / associates' shares*1	50,840	49,828	340,004
Investments in limited partnerships, etc.*2	236,310	211,536	1,580,357
Total	**¥ 297,869**	**¥ 271,856**	**$ 1,992,037**

*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, 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**

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	$ –	$ 1,122,971	$ 294,484	$ 1,417,455
Preferred securities / beneficial interest in trusts, etc.	4,333	23,115	15,829	43,278
Investment securities				
Shares	634,730	1,404	–	636,134
Investment trusts	3,507	–	–	3,507
Derivatives				
Interest rate-related	–	4,295	–	4,295
Foreign currency-related	–	2,911	–	2,911
Total assets	**$ 642,570**	**$ 1,154,698**	**$ 310,313**	**$ 2,107,581**
Derivatives	$	$	$	$
Interest rate-related	–	242	–	242
Credit risk-related	–	134	–	134
Total liabilities	**$ –**	**$ 376**	**$ –**	**$ 376**

(*) 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 (U.S.$196,152 thousand), and the book value of investment trusts that have applied the treatment in paragraph 24-9 is ¥62,523 million (U.S.$418,131 thousand).

As of March 31, 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities				
Bonds payable	¥ –	¥ 165,723	¥ 30,416	¥ 196,140
Preferred securities / beneficial interest in trusts, etc.	413	2,499	4,365	7,278
Investment securities				
Shares	97,084	210	–	97,294
Investment trusts	590	–	–	590
Derivatives				
Interest rate-related	–	440	–	440
Foreign currency-related	–	72	–	72
Total assets	**¥ 98,087**	**¥ 168,945**	**¥ 34,782**	**¥ 301,815**
Derivatives	¥	¥	¥	¥
Interest rate-related	–	120	–	120
Foreign currency-related	–	62	–	62
Credit risk-related	–	0	–	0
Total liabilities	**¥ –**	**¥ 183**	**¥ –**	**¥ 183**

(*) 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 ¥29,183 million, and the book value of investment trusts that have applied the treatment in paragraph 24-9 is ¥47,305 million.

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

As of March 31, 2025

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
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**

Category	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	$ –	$ –	$ 356,088	$ 356,088
Lease receivables and investments in leases	–	–	5,803,680	5,803,680
Operating loans	–	–	2,513,981	2,513,981
Total assets	**$ –**	**$ –**	**$ 8,673,749**	**$ 8,673,749**
Lease liabilities	$ –	$ 30,683	$ –	$ 30,683
Bonds payable	–	3,354,371	–	3,354,371
Long-term borrowings	–	9,846,988	–	9,846,988
Long-term payables under securitization of lease receivables	–	35,242	–	35,242
Total liabilities	**$ –**	**$ 13,267,283**	**$ –**	**$ 13,267,283**

As of March 31, 2024

Category	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Installment receivables	¥ –	¥ –	¥ 50,467	¥ 50,467
Lease receivables and investments in leases	–	–	896,198	896,198
Operating loans	–	–	340,210	340,210
Total assets	**¥ –**	**¥ –**	**¥ 1,286,875**	**¥ 1,286,875**
Lease liabilities	¥ –	¥ 5,992	¥ –	¥ 5,992
Bonds payable	–	430,916	–	430,916
Long-term borrowings	–	1,399,002	–	1,399,002
Long-term payables under securitization of lease receivables	–	8,638	–	8,638
Total liabilities	**¥ –**	**¥ 1,844,549**	**¥ –**	**¥ 1,844,549**

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, 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%

As of March 31, 2024

Category	Evaluation technique	Significant unobservable inputs	Scope of inputs
Operational investment securities			
Bonds payable	Discounted present value method	Discount rate	2.63%
Preferred securities, etc.	Discounted present value method	Discount rate	6.50% - 17.17%

(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, 2025

	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 comprehen-sive 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**	**¥ –**

	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 (*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 comprehen-sive income (*1)					
Operational investment securities								
Bonds payable	$ 203,415	$ –	$ (4,965)	$ 96,034	$ –	$ –	$ 294,484	$ –
Preferred securities, etc.	29,195	–	(2,884)	(10,481)	–	–	15,829	–
Total	**$ 232,610**	**$ –**	**$ (7,849)**	**$ 85,553**	**$ –**	**$ –**	**$ 310,313**	**$ –**

*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.

As of March 31, 2024

	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 comprehen-sive income (*1)					
Operational investment securities								
Bonds payable	¥ 8,609	¥ –	¥ 950	¥ 20,856	¥ –	¥ –	¥ 30,416	¥ –
Preferred securities, etc.	4,392	–	113	(140)	–	–	4,365	–
Total	**¥ 13,002**	**¥ –**	**¥ 1,064**	**¥ 20,715**	**¥ –**	**¥ –**	**¥ 34,782**	**¥ –**

*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, 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 comprehen-sive 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**	**¥ –**

Category	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 comprehen-sive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	$ 195,169	$ –	$ (2,361)	$ 3,344	$ –	$ –	$ 196,152	$ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	316,361	–	12,979	88,791	–	–	418,131	–
Total	**$ 511,530**	**$ –**	**$ 10,618**	**$ 92,135**	**$ –**	**$ –**	**$ 614,283**	**$ –**

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

As of March 31, 2024

Category	Millions of yen							
	Beginning of year	Profit and loss or other omprehensive 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 comprehen-sive income (*)					
Investment trusts whose investment trust property is financial instruments (paragraph 24-3)	¥ 29,736	¥ –	¥ 446	¥ (1,000)	¥ –	¥ –	¥ 29,183	¥ –
Investment trusts whose investment trust property is real estate (paragraph 24-9)	41,686	–	(5)	5,625	–	–	47,305	–
Total	**¥ 71,422**	**¥ –**	**¥ 441**	**¥ 4,625**	**¥ –**	**¥ –**	**¥ 76,489**	**¥ –**

* 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, 2025

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.	¥ 29,330	$ 196,152

As of March 31, 2024

Content of restrictions on cancellation	Book value (Millions of yen)
The record date for cancellation is limited, and the interval is long.	¥ 29,183

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

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				
Bonds (government bonds)	–	–	–	–
Bonds (corporate bonds)	14,394	50,018	67,011	–
Bonds (other)	–	–	–	–
Other	14,750	154,399	34,579	37,427
Total	**¥ 511,459**	**¥ 908,734**	**¥ 221,460**	**¥ 86,433**

	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	$ 445,388	$ –	$ –	$ –
Installment receivables	115,854	190,112	49,743	11,451
Lease receivables and investments in leases	1,614,205	3,263,473	520,990	295,699
Operating loans	1,050,094	1,256,617	230,910	20,589
Operational investment securities and investment securities				
Other securities with maturities				
Bonds (government bonds)	–	–	–	–
Bonds (corporate bonds)	96,264	334,503	448,145	–
Bonds (other)	–	–	–	–
Other	98,642	1,032,567	231,257	250,299
Total	**$ 3,420,447**	**$ 6,077,271**	**$ 1,481,045**	**$ 578,038**

As of March 31, 2024

	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	¥ 140,804	¥ –	¥ –	¥ –
Installment receivables	19,795	25,934	3,789	1,465
Lease receivables and investments in leases	273,723	474,119	71,783	39,105
Operating loans	103,804	223,005	9,855	3,206
Operational investment securities and investment securities				
Other securities with maturities				
Bonds (government bonds)	–	–	–	–
Bonds (corporate bonds)	5,020	47,587	55,451	6,534
Bonds (other)	–	–	–	–
Other	37,160	113,173	33,915	38,648
Total	**¥ 580,309**	**¥ 883,821**	**¥ 174,795**	**¥ 88,960**

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, 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**

	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	$ 4,068,219	$ –	$ –	$ –	$ –	$ –
Commercial papers	1,424,463	–	–	–	–	–
Payables under securitization of lease receivables	23,407	–	–	–	–	–
Lease liabilities	10,440	6,163	3,481	2,905	2,019	5,676
Bonds payable	631,957	545,710	683,924	599,733	675,010	220,629
Long-term borrowings	2,953,416	2,647,746	1,961,479	1,145,367	886,667	277,005
Long-term payables under securitization of lease receivables	23,777	3,105	2,555	2,027	175	4,137
Total	**$ 9,135,680**	**$ 3,202,724**	**$ 2,651,439**	**$ 1,750,032**	**$ 1,563,871**	**$ 507,446**

As of March 31, 2024

	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	¥ 558,104	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial papers	276,000	–	–	–	–	–
Payables under securitization of lease receivables	13,000	–	–	–	–	–
Lease liabilities	2,038	1,113	877	476	387	1,099
Bonds payable	35,000	93,308	80,000	97,570	89,589	33,028
Long-term borrowings	422,660	340,474	284,209	165,978	122,695	62,722
Long-term payables under securitization of lease receivables	2,464	4,408	512	426	349	93
Total	**¥ 1,309,268**	**¥ 439,303**	**¥ 365,599**	**¥ 264,451**	**¥ 213,021**	**¥ 96,943**

XIII. Securities

1. Other securities

As of March 31, 2025

	Type	Millions of yen		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	¥ 91,629	¥ 17,418	¥ 74,210
	(2) Bonds			
	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**
Securities whose book value does not exceed their acquisition cost	(1) Shares	3,491	3,877	(385)
	(2) Bonds			
	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**

	Type	Thousands of U.S. dollars		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	$ 612,784	$ 116,489	$ 496,295
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	194,395	190,464	3,930
	3) Other	–	–	–
	(3) Other	438,036	394,078	43,958
	Subtotal	**1,245,214**	**701,031**	**544,183**
Securities whose book value does not exceed their acquisition cost	(1) Shares	23,350	25,930	(2,580)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	1,223,060	1,259,517	(36,457)
	3) Other	–	–	–
	(3) Other	223,032	224,477	(1,445)
	Subtotal	**1,469,443**	**1,509,925**	**(40,482)**
Total		**$ 2,714,657**	**$ 2,210,956**	**$ 503,701**

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

As of March 31, 2024

	Type	Millions of yen		
		Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost	(1) Shares	¥ 95,489	¥ 17,104	¥ 78,385
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	61,605	60,156	1,448
	3) Other	–	–	–
	(3) Other	78,514	72,508	6,005
	Subtotal	**235,609**	**149,769**	**85,840**
Securities whose book value does not exceed their acquisition cost	(1) Shares	1,804	2,003	(199)
	(2) Bonds			
	1) Government bonds and local government bonds, etc.	–	–	–
	2) Corporate bonds	134,535	137,129	(2,594)
	3) Other	–	–	–
	(3) Other	5,842	6,524	(682)
	Subtotal	**142,182**	**145,657**	**(3,475)**
Total		¥ **377,792**	¥ **295,427**	¥ **82,365**

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

2. Other securities sold

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**

Type	Thousands of U.S. dollars		
	Sales proceeds	Total gain	Total loss
(1) Shares	$ 3,963	$ 229	$ –
(2) Bonds			
1) Government bonds and local government bonds, etc.	–	–	–
2) Corporate bonds	–	–	–
3) Other	–	–	–
(3) Other	21,436	2,495	322
Total	$ **25,399**	$ **2,724**	$ **322**

FY2023 (From April 1, 2023 to March 31, 2024)

Type	Millions of yen		
	Sales proceeds	Total gain	Total loss
(1) Shares	¥ 1,201	¥ 737	¥ 47
(2) Bonds			
1) Government bonds and local government bonds, etc.	–	–	–
2) Corporate bonds	19,626	–	1,373
3) Other	–	–	–
(3) Other	1,014	205	–
Total	**¥ 21,842**	**¥ 943**	**¥ 1,421**

3. Impairment losses on securities

During the fiscal year ended March 31, 2025, impairment loss recorded on securities amounted to ¥161 million (U.S.$1,082 thousand) (shares, etc. classified as other securities: ¥161 million (U.S.$1,082 thousand)) and during the fiscal year ended March 31, 2024, impairment loss recorded on securities amounted to ¥2,777 million (shares, etc. classified as other securities: ¥2,777 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, 2025 and 2024.

XIV. Derivatives

1. Derivatives to which hedge accounting is not applied

(1) Foreign currency-related

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**

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	$ 21,182	$ 10,052	$ 239	$ 239
Total		**$ 21,182**	**$ 10,052**	**$ 239**	**$ 239**

As of March 31, 2024

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	¥ 4,500	¥ 2,752	¥ (11)	¥ (11)
Total		**¥ 4,500**	**¥ 2,752**	**¥ (11)**	**¥ (11)**

(2) Interest rate-related

As of March 31, 2025

Not applicable

As of March 31, 2024

Not applicable

(3) Credit risk-related

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)**

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	$ 21,182	$ 10,052	$ (134)	$ (134)
Total		**$ 21,182**	**$ 10,052**	**$ (134)**	**$ (134)**

As of March 31, 2024

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	¥ 4,500	¥ 2,752	¥ (0)	¥ (0)
Total		**¥ 4,500**	**¥ 2,752**	**¥ (0)**	**¥ (0)**

2. Derivatives to which hedge accounting is applied

(1) Foreign currency-related

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**

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	$ 122,393	$ –	$ 996
	Receive yen, pay euros	Foreign currency-denominated securities	233,797	–	930
	Receive yen, pay British pounds	Foreign currency-denominated securities	122,624	–	545
	Receive yen, pay Thai baht	Foreign currency-denominated securities	12,082	–	201
Total			$ **490,897**	$ **–**	$ **2,672**

As of March 31, 2024

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	¥ 18,481	¥ –	¥ (38)
	Receive yen, pay euros	Foreign currency-denominated securities	16,937	–	72
	Receive yen, pay British pounds	Foreign currency-denominated securities	9,566	–	(5)
	Receive yen, pay Thai baht	Foreign currency-denominated securities	1,218	–	(6)
Total			¥ **46,203**	¥ **–**	¥ **21**

(2) Interest rate-related

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**

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	$ 183,400	$ 174,444	$ 4,054
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	70,063	70,063	(Note)
Total			**$ 253,463**	**$ 244,507**	**$ 4,054**

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, 2024

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	¥ 37,854	¥ 26,242	¥ 319
Exceptional treatment of interest rate swaps	Interest rate swap contracts: Fixed rate payment, floating rate receipt	Borrowings	15,071	10,570	(Note)
Total			**¥ 52,925**	**¥ 36,812**	**¥ 319**

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Retirement benefit obligations at beginning of year	¥ 12,080	¥ 13,466	$ 80,793
Service cost	494	611	3,305
Interest cost	145	69	973
Actuarial gains or losses	(235)	(1,437)	(1,576)
Retirement benefits paid	(680)	(629)	(4,553)
Retirement benefit obligations at end of year	**¥ 11,804**	**¥ 12,080**	**$ 78,942**

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Plan assets at beginning of year	¥ 13,517	¥ 12,368	$ 90,397
Expected return on plan assets	237	214	1,589
Actuarial gains or losses	(267)	930	(1,790)
Contribution from employer	493	482	3,302
Retirement benefits paid	(513)	(478)	(3,433)
Plan assets at end of year	**¥ 13,467**	**¥ 13,517**	**$ 90,064**

(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, 2025	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations for funded pension plans	¥ 11,804	¥ 12,080	$ 78,942
Plan assets	(13,467)	(13,517)	(90,064)
Net assets or liabilities recorded in the consolidated balance sheets	(1,663)	(1,436)	(11,122)
Retirement benefit liability	919	739	6,149
Retirement benefit asset	(2,582)	(2,176)	(17,271)
Net assets or liabilities recorded in the consolidated balance sheets	**¥ (1,663)**	**¥ (1,436)**	**$ (11,122)**

(4) Breakdown of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Service cost	¥ 494	¥ 611	$ 3,305
Interest cost	145	69	973
Expected return on plan assets	(237)	(214)	(1,589)
Amortization of actuarial loss	(143)	(2,104)	(959)
Other	(62)	(63)	(415)
Retirement benefit expenses for defined-benefit pension plan	**¥ 196**	**¥ (1,701)**	**$ 1,315**

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Actuarial gains or losses	¥ (100)	¥ 263	$ (669)

(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, 2025	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial gains or losses	¥ (462)	¥ (562)	$ (3,095)

(7) Plan assets

1) Breakdown of plan assets

Ratio of each major component of plan assets was as follows:

	As of March 31, 2025	As of March 31, 2024
	%	%
Bonds	39	35
Shares	17	20
Cash and deposits	4	5
General account	27	28
Other	13	12
Total	**100**	**100**

Note: The total includes retirement benefits trust established for corporate pension plan at 5% in the fiscal year ended March 31, 2025 and 6% in the fiscal year ended March 31, 2024.

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, 2025	As of March 31, 2024
	%	%
Discount rate	0.10 - 2.12	0.10 - 1.00
Expected long-term rate of return	1.00 - 2.50	1.00 - 2.50
Expected increase in salary	1.41 - 3.69	1.28 - 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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Retirement benefit liability at beginning of year	¥ 1,531	¥ 1,500	$ 10,245
Retirement benefit expenses	207	197	1,389
Retirement benefits paid	(175)	(166)	(1,177)
Increase by the new consolidated subsidiary	194	–	1,298
Retirement benefit liability at end of year	**¥ 1,757**	**¥ 1,531**	**$ 11,755**

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, 2025	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations for funded pension plans	¥ 696	¥ 652	$ 4,658
Plan assets	(178)	(168)	(1,194)
	517	483	3,463
Retirement benefit obligations for unfunded pension plans	1,239	1,048	8,292
Net assets or liabilities recorded in the consolidated balance sheets	1,757	1,531	11,755
Retirement benefit liability	1,757	1,531	11,755
Net assets or liabilities recorded in the consolidated balance sheets	**¥ 1,757**	**¥ 1,531**	**$ 11,755**

(3) Retirement benefit expenses

Retirement benefit expenses calculated by simplified accounting method

FY2024 (April 1, 2024 - March 31, 2025): ¥207 million (U.S.$1,389 thousand)

FY2023 (April 1, 2023 - March 31, 2024): ¥197 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, 2025 and 2024 the amount required to be contributed by the Company and consolidated subsidiaries to the defined-contribution pension plan amounted to ¥218 million (U.S.$1,459 thousand) and ¥211 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, 2025 and 2024 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 ¥274 million (U.S.$1,838 thousand) and ¥263 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, 2025	As of March 31, 2024	As of March 31, 2025
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
Amount of plan assets	¥ 21,191	¥ 18,310	$ 141,720
Actuarial liability under pension funding programs	19,738	19,064	132,001
Difference	**¥ 1,453**	**¥ (753)**	**$ 9,719**

(2) Premium contribution ratio for the Group's contribution to multi-employer type of pension plan

FY2024: 14.815% (From April 1, 2024 to March 31, 2025)
FY2023: 14.614% (From April 1, 2023 to March 31, 2024)

(3) Supplementary explanation

The main reasons for the difference in (1) above are the balance of prior service obligations under pension funding programs (¥5,289 million (U.S.$35,373 thousand) in the fiscal year ended March 31, 2025, ¥5,738 million in the fiscal year ended March 31, 2024) and general reserve (¥6,742 million (U.S.$45,091 thousand) in the fiscal year ended March 31, 2025, ¥4,984 million in the fiscal year ended March 31, 2024).

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 options

(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 2011	Stock options for 2012	Stock options for 2013
Class and number of grantees (Note 1)	Directors of the Company: 7 Executive officers of the Company: 16	Directors of the Company: 8 Executive officers of the Company: 16	Directors of the Company: 8 Executive officers of the Company: 18
Number and type of stock options (Note 2)	Common shares: 54,800 shares	Common shares: 73,000 shares	Common shares: 42,000 shares
Grant date	October 14, 2011	October 16, 2012	October 15, 2013
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	(Note 4)	(Note 4)	(Note 4)
Exercise period	October 14, 2011 – October 13, 2041 (Note 5)	October 16, 2012 – October 15, 2042 (Note 5)	October 15, 2013 – October 14, 2043 (Note 5)

	Stock options for 2014	Stock options for 2015	Stock options for 2016
Class and number of grantees (Note 1)	Directors of the Company: 7 Executive officers of the Company: 18	Directors of the Company: 7 Executive officers of the Company: 19	Directors of the Company: 7 Executive officers of the Company: 21
Number and type of stock options (Note 2)	Common shares: 35,500 shares	Common shares: 28,600 shares	Common shares: 34,700 shares
Grant date	October 15, 2014	October 15, 2015	October 14, 2016
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	(Note 4)	(Note 4)	(Note 4)
Exercise period	October 15, 2014 – October 14, 2044 (Note 5)	October 15, 2015 – October 14, 2045 (Note 5)	October 14, 2016 – October 13, 2046 (Note 5)

	Stock options for 2017
Class and number of grantees (Note 1)	Directors of the Company: 6 Executive officers of the Company: 22
Number and type of stock options (Note 2)	Common shares: 22,200 shares
Grant date	October 16, 2017
Vesting conditions	(Note 3)
Requisite service period	(Note 4)
Exercise period	October 16, 2017 – October 15, 2047 (Note 5)

Notes: 1. Excluding outside directors and outside corporate auditors
2. Converted to number of shares
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, 2025 is translated into the number of shares.

1) Number of stock options

	Stock options for 2011	Stock options for 2012	Stock options for 2013
Pre-vesting (shares)			
Previous fiscal year-end	–	–	–
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Balance unvested	–	–	–
Post-vesting (shares)			
Previous fiscal year-end	2,600	8,100	6,300
Vested	–	–	–
Exercised	2,600	7,000	3,500
Expired	–	–	–
Balance unexercised	–	1,100	2,800

	Stock options for 2014	Stock options for 2015	Stock options for 2016
Pre-vesting (shares)			
Previous fiscal year-end	–	–	–
Granted	–	–	–
Expired	–	–	–
Vested	–	–	–
Balance unvested	–	–	–
Post-vesting (shares)			
Previous fiscal year-end	11,300	11,600	16,100
Vested	–	–	–
Exercised	3,500	2,700	3,900
Expired	–	–	–
Balance unexercised	7,800	8,900	12,200

	Stock options for 2017
Pre-vesting (shares)	
Previous fiscal year-end	–
Granted	–
Expired	–
Vested	–
Balance unvested	–
Post-vesting (shares)	
Previous fiscal year-end	11,100
Vested	–
Exercised	2,400
Expired	–
Balance unexercised	8,700

2) Unit price

	Stock options for 2011	Stock options for 2012	Stock options for 2013
	Yen	Yen	Yen
Exercise price	¥ 1	¥ 1	¥ 1
Average price per share at exercise	12,291	12,613	12,898
Fair value at grant date	2,449	1,943	3,556

	Stock options for 2014	Stock options for 2015	Stock options for 2016
	Yen	Yen	Yen
Exercise price	¥ 1	¥ 1	¥ 1
Average price per share at exercise	12,036	12,893	12,172
Fair value at grant date	3,584	4,653	4,606

	Stock options for 2017
	Yen
Exercise price	¥ 1
Average price per share at exercise	12,180
Fair value at grant date	6,840

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, 2025	As of March 31, 2024	As of March 31, 2025
Deferred tax assets			
Loss on valuation of investment securities, etc.	¥ 3,065	¥ 2,733	$ 20,503
Investment tax credits	2,736	2,442	18,303
Tax loss carried forward	2,393	1,811	16,008
Deferred gains or losses on hedges	2,114	2,399	14,142
Excess of allowance for doubtful accounts	1,408	1,534	9,417
Guarantee deposits received	1,359	1,272	9,093
Provision for bonuses	1,185	997	7,930
Retirement benefit liability	703	651	4,705
Accrued expenses	680	710	4,550
Excess of depreciation	584	206	3,909
Revenue recognized for tax purposes	551	288	3,688
Asset retirement obligations	426	240	2,849
Enterprise taxes payable	413	1,220	2,765
Non-deductible consumption tax	379	336	2,538
Prepaid expenses	291	277	1,952
Gain on transfer of receivables	75	78	506
Other	5,955	3,917	39,825
Subtotal deferred tax assets	**24,325**	**21,119**	**162,682**
Valuation allowance related to total deductible temporary differences	(677)	(118)	(4,530)
Subtotal valuation allowance	**(677)**	**(118)**	**(4,530)**
Total deferred tax assets	**23,648**	**21,000**	**158,152**

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥ (27,675)	¥ (29,191)	$ (185,086)
Depreciation	(9,387)	(5,204)	(62,782)
Foreign subsidiary's unitary tax	(4,362)	(4,204)	(29,174)
Intangible assets	(2,240)	(2,396)	(14,984)
Gain on valuation of investment securities	(1,181)	(1,148)	(7,903)
Gain on transfer of receivables	(656)	(683)	(4,388)
Other	(1,797)	(1,404)	(12,022)
Total deferred tax liabilities	**(47,302)**	**(44,233)**	**(316,339)**
Net deferred tax liabilities	**¥ (23,653)**	**¥ (23,232)**	**$ (158,187)**

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, 2025	As of March 31, 2024
Statutory effective tax rate	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.	30.6%
(Adjustments)		
Non-deductible expenses such as entertainment expenses		0.1
Non-taxable dividend income		(0.9)
Local tax on per capita basis, etc.		0.1
Share of loss (profit) of entities accounted for using equity method		(3.1)
Foreign subsidiary's unitary tax		(2.1)
Differences in applicable tax rates between parent and subsidiaries		(1.1)
Amortization of goodwill		0.8
Investment tax credits		0.2
Other		1.1
Effective tax rate after adoption of tax effect accounting		25.7

3. Revisions to amounts of deferred tax assets and deferred tax liabilities due to change in income tax rate

Following the enactment of the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) by the National Diet of Japan on March 31, 2025, a Special Defense Corporate Tax will be imposed starting from the fiscal years beginning on or after April 1, 2026.

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

The impact of this change on the consolidated financial statements for the fiscal year ended March 31, 2025 is immaterial.

XVIII. Business combinations, etc.

Business combinations through acquisition

Acquisition of Wako Pallet Co., Ltd.

1. Overview of the business combination

(1) Names of acquired company and its business descriptions

Name of acquired company: Wako Pallet Co., Ltd.
Business description: Logistics equipment sales and rental business

(2) Reasons for the business combinations

For the purpose of expanding the Mobility & Logistics business and continuously increasing the corporate value

(3) Date of the business combinations

March 28, 2025

(4) Legal form of the business combinations

Acquisition of shares by cash

(5) Name of the companies after the business combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights held before the business combination date: –%
Ratio of voting rights acquired on the business combination date: 51.00%
Ratio of voting rights held after the acquisition: 51.00%

(7) Primary basis for the determination of the acquirer

It is because the Company acquired the shares in exchange for cash.

2. Period for which operating results of the acquired company were included in the consolidated financial statements

Because March 31, 2025 is set as the deemed acquisition date, only the balance sheet has been consolidated.

3. Acquisition cost of the acquired company and its breakdown

Acquisition price	Cash and deposits	¥31,217 million	U.S.$208,768 thousand
Acquisition cost		¥31,217 million	U.S.$208,768 thousand

4. Details and amounts of main acquisition-related expenses

Compensation and fees, etc. to advisers, etc.:¥415 million (U.S.$2,780 thousand)

5. Amount, cause, amortization method and period of goodwill recognized

(1) Amount of goodwill recognized

¥22,824 million (U.S.$152,643 thousand)
The amount of goodwill is the provisionally calculated amount, because the allocation of acquisition cost was not completed as of March 31, 2025.

(2) Cause of goodwill

Goodwill was recognized due to the future excess earning power expected based on business expansion going forward.

(3) Amortization method and period

Straight-line method over a period of 20 years

6. Amount of assets received and liabilities assumed on the date of the business combination and their major components

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 7,616	$ 50,938
Non-current assets	12,230	81,793
Total assets	19,847	132,732
Current liabilities	1,774	11,867
Non-current liabilities	200	1,342
Total liabilities	**¥ 1,975**	**$ 13,208**

7. Pro forma amounts of impact of the consolidated statement of income for the fiscal year ended March 31, 2025 assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 11,748	$ 78,568
Operating profit	2,592	17,336
Ordinary profit	2,705	18,097
Profit before income taxes	2,615	17,493
Profit attributable to owners of parent	930	6,220

	Yen	U.S. dollars
Basic earnings per share	¥ 10.31	$ 0.07

Method of calculating pro forma amount

The pro forma amount of the impact is the difference between net sales and profit or loss information calculated assuming that the business combination had been completed at the beginning of the fiscal year and net sales and profit or loss information in the consolidated statements of income of the acquirer.

Please be advised that the notes stated above have not obtained audit certification.

Business combinations through acquisition

Acquisition of CB Holdings Inc.

1. Overview of the business combination

(1) Names of acquired company and its business descriptions

Name of acquired company: CB Holdings Inc. (hereinafter, “CBHD”)
Business description: M&A intermediary, startup support, management consulting, distribution of healthcare and nursing care news, etc. in the healthcare, nursing care and welfare industries

(2) Reasons for the business combinations

For the purpose of expanding the Healthcare business by acquiring CBHD and its four wholly-owned subsidiaries including CB Consulting Inc.

(3) Date of the business combinations

January 17, 2025

(4) Legal form of the business combinations

Acquisition of shares by cash

(5) Name of the companies after the business combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights held before the business combination date: 6.25%
Ratio of voting rights acquired on the business combination date: 93.75%
Ratio of voting rights held after the acquisition: 100.00%

(7) Primary basis for the determination of the acquirer

It is because the Company acquired the shares in exchange for cash.

2. Period for which operating results of the acquired company were included in the consolidated financial statements

Because March 31, 2025 is set as the deemed acquisition date, only the balance sheet has been consolidated.

3. Acquisition cost of the acquired company and its breakdown

Acquisition price	Cash and deposits	¥2,789 million	U.S.$18,652 thousand
Acquisition cost		¥2,789 million	U.S.$18,652 thousand

4. Details and amounts of main acquisition-related expenses

Compensation and fees, etc. to advisers, etc.: ¥29 million (U.S.$195 thousand)

5. Amount, cause, amortization method and period of goodwill recognized

(1) Amount of goodwill recognized

¥1,959 million (U.S.$13,104 thousand)

(2) Cause of goodwill

Goodwill was recognized due to the future excess earning power expected based on business expansion going forward.

(3) Amortization method and period

Straight-line method over a period of 15 years

6. Amount of assets received and liabilities assumed on the date of the business combination and their major components

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 1,031	$ 6,901
Non-current assets	702	4,699
Total assets	1,734	11,600
Current liabilities	871	5,826
Non-current liabilities	33	226
Total liabilities	**¥ 904**	**$ 6,052**

7. Pro forma amounts of impact of the consolidated statement of income for the fiscal year ended March 31, 2025 assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 1,210	$ 8,098
Operating profit	46	312
Ordinary profit	40	273
Profit before income taxes	34	230
Profit attributable to owners of parent	13	93

	Yen	U.S. dollars
Basic earnings per share	¥ 0.15	$ 0.00

Method of calculating pro forma amount

The pro forma amount of the impact is the difference between net sales and profit or loss information calculated assuming that the business combination had been completed at the beginning of the fiscal year and net sales and profit or loss information in the consolidated statements of income of the acquirer.

Please be advised that the notes stated above have not obtained audit certification.

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 ¥14,345 million (U.S.$95,937 thousand) and ¥12,719 million (lease income and lease cost were generally recorded as net sales and cost of sales, respectively) for the fiscal years ended March 31, 2025 and 2024, 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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Book value			
Beginning of year	¥ 563,759	¥ 500,617	$ 3,770,211
Net change	(15,862)	63,142	(106,083)
End of year	547,897	563,759	3,664,128
Fair value at end of year	**¥ 562,631**	**¥ 578,566**	**$ 3,762,669**

Notes: 1. The book value on the consolidated balance sheet is the amount after deduction of accumulated depreciation from acquisition cost.
2. The increase of book value is mainly attributable to the purchase of real estate of ¥78,540 million (U.S.$525,248 thousand) and ¥235,714 million, in the fiscal years ended March 31, 2025 and 2024, respectively. The decrease of book value is mainly sales of real estate, etc. of ¥82,542 million (U.S.$552,016 thousand) in the fiscal year ended March 31, 2025.
3. The fair value of properties is mainly estimated based on income approach in accordance with Real Estate Appraisal standards as of March 31, 2025. 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

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

Type	Millions of yen			
	Reportable segments			
	Lease and Installment Sales	Financing	Other	Total
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**

Type	Thousands of U.S. dollars			
	Reportable segments			
	Lease and Installment Sales	Financing	Other	Total
Revenue from contracts with customers				
Revenue from sale of leased properties	$ 1,001,184	$ –	$ –	$ 1,001,184
Provision of services, etc.	40,942	160	353,025	394,127
Total	1,042,126	160	353,025	1,395,311
Other revenue	2,861,289	260,680	19,570	3,141,538
Revenues from external customers	**$ 3,903,415**	**$ 260,840**	**$ 372,594**	**$ 4,536,850**

FY2023 (From April 1, 2023 to March 31, 2024)

Type	Millions of yen			
	Reportable segments			
	Lease and Installment Sales	Financing	Other	Total
Revenue from contracts with customers				
Revenue from sale of leased properties	¥ 194,746	¥ –	¥ –	¥ 194,746
Provision of services, etc.	3,476	55	53,121	56,654
Total	198,223	55	53,121	251,400
Other revenue	421,611	32,614	2,911	457,137
Revenues from external customers	**¥ 619,834**	**¥ 32,670**	**¥ 56,032**	**¥ 708,538**

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.

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-related businesses, fee handling, and BPO and mobility business, 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.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

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	**¥ 1,909,406**	**¥ 1,401,269**	**¥ 141,174**	**¥ 3,451,849**
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

	Thousands of U.S. dollars			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	$ 3,903,415	$ 260,840	$ 372,594	$ 4,536,850
Transactions with other segments	4,415	60,182	21,774	86,371
Net sales	**3,907,830**	**321,022**	**394,368**	**4,623,220**
Segment profit	**$ 292,549**	**$ 167,795**	**$ 76,439**	**$ 536,782**
Segment assets	**$ 12,769,385**	**$ 9,371,157**	**$ 944,119**	**$ 23,084,661**
Other items				
Depreciation	330,485	–	24,996	355,481
Amortization of goodwill	2,152	2,169	7,368	11,689
Investments in entities accounted for using equity method	–	–	–	–
Increase in property, plant and equipment and intangible assets	$ 1,049,722	$ –	$ 9,342	$ 1,059,063

FY2023 (From April 1, 2023 to March 31, 2024)

	Millions of yen			
	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	¥ 619,834	¥ 32,670	¥ 56,032	¥ 708,538
Transactions with other segments	733	6,096	2,723	9,553
Net sales	**620,567**	**38,767**	**58,756**	**718,091**
Segment profit	**¥ 42,047**	**¥ 18,703**	**¥ 11,574**	**¥ 72,325**
Segment assets	**¥ 1,847,177**	**¥ 1,236,952**	**¥ 142,498**	**¥ 3,226,628**
Other items				
Depreciation	45,721	–	3,898	49,619
Amortization of goodwill	309	324	1,176	1,810
Investments in entities accounted for using equity method	–	–	–	–
Increase in property, plant and equipment and intangible assets	¥ 356,077	¥ –	¥ 1,601	¥ 357,679

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 691,310	¥ 718,091	$ 4,623,220
Eliminations	(12,915)	(9,553)	(86,371)
Net sales reported on the consolidated statements of income	**¥ 678,395**	**¥ 708,538**	**$ 4,536,850**

Profit

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 80,265	¥ 72,325	$ 536,782
Eliminations	(1,502)	(1,793)	(10,046)
Corporate expenses (Note)	(14,002)	(10,484)	(93,644)
Operating profit reported on the consolidated statements of income	**¥ 64,760**	**¥ 60,046**	**$ 433,092**

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 3,451,849	¥ 3,226,628	$ 23,084,661
Corporate assets (Note)	115,260	163,696	770,820
Total assets reported on the consolidated balance sheets	**¥ 3,567,110**	**¥ 3,390,324**	**$ 23,855,481**

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 53,155	¥ 49,619	$ 355,481
Adjustment	2,628	2,422	17,581
Amounts reported on the consolidated financial statements	**¥ 55,784**	**¥ 52,042**	**$ 373,063**

Note: Depreciation adjustments mainly represent depreciation on own-used assets.

Amortization of goodwill

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 1,747	¥ 1,810	$ 11,689
Adjustment	–	–	–
Amounts reported on the consolidated financial statements	**¥ 1,747**	**¥ 1,810**	**$ 11,689**

Investments in entities accounted for using equity method

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ –	¥ –	$ –
Adjustment	49,412	49,172	330,455
Amounts reported on the consolidated financial statements	**¥ 49,412**	**¥ 49,172**	**$ 330,455**

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
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Reportable segments total	¥ 158,361	¥ 357,679	$ 1,059,063
Adjustment	3,428	3,269	22,928
Amounts reported on the consolidated financial statements	**¥ 161,790**	**¥ 360,949**	**$ 1,081,992**

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

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

This information is omitted as it is identical to that in segment information.

FY2023 (From April 1, 2023 to March 31, 2024)

This information is omitted as it is identical to that in segment information.

2. Information for each region

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		
¥ 738,642	¥ 164,781	¥ 3,302	¥ 175,705	¥ 14	¥ 3,996	¥ 1,086,443

Thousands of U.S. dollars

Japan	North America and Latin America		Europe		Asia	Total
	United States	Other	Ireland	Other		
$ 4,939,762	$ 1,101,997	$ 22,086	$ 1,175,049	$ 99	$ 26,729	$ 7,265,720

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

FY2023 (From April 1, 2023 to March 31, 2024)

(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		
¥ 728,505	¥ 100,444	¥ 2,272	¥ 146,942	¥ 18	¥ 396	¥ 978,579

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. Information for each of main customers

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.

FY2023 (From April 1, 2023 to March 31, 2024)

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

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

Thousands of U.S. dollars

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	$ –	$ –	$ 68	$ 32	$ 100

Note: The amount in "Corporate/Elimination" is the impairment losses relating to corporate assets that are not attributable to any particular segment.

FY2023 (From April 1, 2023 to March 31, 2024)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Impairment losses	¥ 1,840	¥ –	¥ 1,769	¥ 310	¥ 3,920

Notes: 1. The impairment losses on "Lease and Installment Sales" are recorded in cost of sales.
2. 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

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	¥ 27,558	¥ 3,811	¥ 14,934	¥ –	¥ 46,304

Thousands of U.S. dollars

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	$ 184,300	$ 25,491	$ 99,877	$ –	$ 309,669

Note: The information about amortization of goodwill is omitted as it is identical to that in segment information.

FY2023 (From April 1, 2023 to March 31, 2024)

Millions of yen

	Lease and Installment Sales	Financing	Other	Corporate/ Elimination	Total
Balance at end of period	¥ 5,043	¥ 4,136	¥ 14,076	¥ –	¥ 23,256

Note: The information about amortization of goodwill is omitted as it is identical to that in segment information.

Information about gain on bargain purchase for each reportable segment

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

Not applicable

FY2023 (From April 1, 2023 to March 31, 2024)

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.

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		

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	$746,399	Real estate ownership, leasing, sales, and brokerage services	Direct (Holdings) 5.3	Lease transactions	Lease payments received	$97	Lease receivables and investments in leases	$108,651
					Direct (Held) 13.9	Sale of operating assets	Sale of operating assets	$55,797		

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.

FY2023 (From April 1, 2023 to March 31, 2024)

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 leasing business	Direct (Holdings) 5.3	Lease transactions	Lease payments received	¥310	Lease receivables and investments in leases	¥18,641
					Direct (Held) 14.0	Purchase of operating assets	Purchase of operating assets	¥35,144		
						Sale of operating assets	Sale of operating assets	¥3,568		

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, 2024.

(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.

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

Not applicable

FY2023 (From April 1, 2023 to March 31, 2024)

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, 2025	As of March 31, 2024	As of March 31, 2025
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)	¥ 5,707	¥ 4,702	$ 38,172
Total value of liabilities as of the latest balance sheet date (without elimination of intercompany transactions)	5,702	4,696	38,137

2. Amount of transactions, etc. with special purpose entities subject to disclosure

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			

	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)	$ 13,293	Gain on transfer (Note 2)	$ 227
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.

FY2023 (From April 1, 2023 to March 31, 2024)

Not applicable

XXIV. Per share information

	Yen		U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Net assets per share	¥ 5,269.74	¥ 4,785.89	$ 35.24
Basic earnings per share	501.66	523.81	3.35
Diluted earnings per share	500.78	522.34	3.35

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, 2024.
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 510,600 shares for the fiscal year ended March 31, 2025 and 443,100 shares for the fiscal year ended March 31, 2024.
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 427,458 shares for the fiscal year ended March 31, 2025 and 443,511 shares for the fiscal year ended March 31, 2024.
4. Calculation basis of net assets per share is as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
Total net assets	¥ 531,213	¥ 477,326	$ 3,552,556
Amounts excluded from total net assets	55,847	45,651	373,490
Of which, share acquisition rights	197	289	1,319
Of which, non-controlling interests	55,650	45,362	372,171
Net assets attributable to common shares	475,365	431,675	3,179,067
Number of common shares as of the fiscal year-end used in the calculation of net assets per share (thousands shares)	90,206	90,197	90,206

5. Calculation basis of basic earnings per share and diluted earnings per share is as follows

	Millions of yen		Thousands of U.S. dollars
	FY2024 (April 1, 2024 - March 31, 2025)	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Basic earnings per share			
Profit attributable to owners of parent	¥ 45,277	¥ 47,219	$ 302,801
Amount not attributable to common shareholders	–	–	–
Profit attributable to owners of parent attributable to common shares	45,277	47,219	302,801
Average number of shares during the period (thousands shares)	90,256	90,145	90,256
Diluted earnings per share			
Adjustments to profit attributable to owners of parent	¥ –	¥ –	$ –
Increase in the number of common shares (thousands shares)	158	253	158
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	———	———	———

XXV. Subsequent events

Stock split and partial amendment to Articles of Incorporation in line with the stock split

The Company conducted a stock split and made a partial amendment to its Articles of Incorporation in line with the stock split on April 1, 2025, based on the resolution of the Board of Directors held on February 5, 2025.

(1) Purpose of the stock split

The purpose of the stock split is to reduce the price of share-trading units of the Company's shares, thereby providing a better environment for investment and expanding its investor base.

(2) Overview of the stock split

1) Method of the split

With March 31, 2025 as a record date, one share of common stock of the Company held by each shareholder listed or recorded in the shareholder registry as of the end of the record date has been split into three shares.

2) Increase in number of shares as a result of the split

Total number of issued shares before the stock split:	30,287,810 shares
Increase in total number of issued shares due to the stock split:	60,575,620 shares
Total number of issued shares after the stock split:	90,863,430 shares
Total number of authorized shares after the stock split:	300,000,000 shares

3) Schedule for the split

Date to announce record date	March 14, 2025
Record date	March 31, 2025
Effective date	April 1, 2025

4) Impact on per share information

The impact on per share information is described in "Per share information."

(3) Partial amendment to Articles of Incorporation in line with the stock split

1) Reason for amendment to Articles of Incorporation

In line with this stock split, the Company has changed the total number of shares authorized to be issued set forth in Article 6 of its Articles of Incorporation on April 1, 2025, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act.

2) Details of amendment to the Articles of Incorporation

Details of amendment are as follows:

(Changes are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 6 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be 100,000,000.	Article 6 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be 300,000,000.

3) Schedule for amendment to the Articles of Incorporation

Effective date	April 1, 2025

(4) Other

1) Change in the amount of share capital

There was no change in the amount of share capital as a result of this stock split.

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

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, 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.

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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 ¥1,038,525 million in property, plant and equipment, at cost less accumulated depreciation, on the consolidated balance sheet as of March 31, 2025. Real estate lease assets with a carrying amount of ¥547,897 million were recognized as described in Note XX. "Real estate leasing business," to the consolidated financial statements. These assets account for 15% 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 current year • 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 current year 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.

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Valuation 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 ¥46,304 million on the consolidated balance sheet as of March 31, 2025. This goodwill is primarily attributable to the acquisition of Wako Pallet Co., Ltd., INVOICE Inc., LN 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.	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, 2025, 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, 2025, and later.

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Furthermore, as described in Note XVIII. "Business combinations, etc.," in the notes to consolidated financial statements, the Group acquired shares of Wako Pallet Co., Ltd. for ¥31,217 million, with March 31, 2025 set as the deemed acquisition date, resulting in the Group recording goodwill of ¥22,824 million. At the end of the fiscal year ended March 31, 2025, the allocation of the acquisition cost to the identifiable assets acquired and liabilities assumed has not been completed. As a consequence, provisional accounting treatment is being applied based on reasonable information available at that time. The Group has engaged external specialists in the acquisition of the shares, to evaluate the share value based on its future business plans and to determine the acquisition cost. The business combination involving Wako Pallet Co., Ltd. is a transaction that is quantitatively material, and assessing the value of shares, which forms the basis for determining the acquisition cost, requires specialized knowledge. In addition, these underlying business plans involve management's judgment regarding the current and future operating environments and other considerations. Based on the above, we have determined the valuation of goodwill to be a key audit matter.	We mainly performed the following procedures in considering the valuation of goodwill arising from the acquisition of shares of Wako Pallet Co., Ltd.: ・ We made inquiries of management regarding the purpose of the share acquisition and inspected relevant minutes of meetings of the board of directors and key contracts. ・ We inspected contracts and supporting documentation for cash disbursements related to the acquisition of shares, and considered the accuracy of the acquisition cost. ・ We evaluated the competence, capabilities, and objectivity of the external specialists engaged by the Group to perform share valuations. ・ We made inquiries with the responsible departments regarding the business plans that serve as the basis for the valuation of shares, conducted trend analysis, and examined the consistency of the plans with the overall management policy of the Group. ・ We assessed the valuation methods, underlying data, and assumptions used in the valuation of shares by involving valuation specialists from our network firm.

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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.

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- 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, 2025 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 1 to the consolidated financial statements.

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Independent Auditor's Report

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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, 2025 are 247 million yen and 44 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 8, 2025

/s/ Yuji Ozawa
Designated Engagement Partner
Certified Public Accountant

/s/ Toru Nakagiri
Designated Engagement Partner
Certified Public Accountant

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Stock Information / Editorial Policy

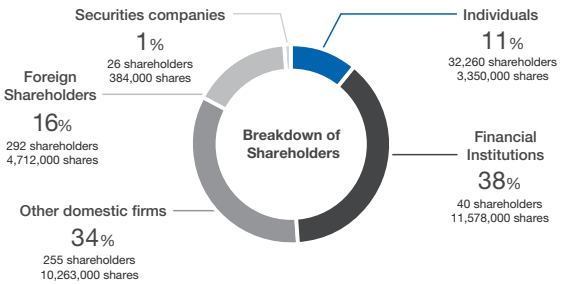
Stock Information

As of March 31, 2025

Stock Overview

Total number of authorized shares	100,000,000 shares
Number of shares outstanding	30,288,000 shares
Share unit number	100 shares
Number of shareholders	32,873

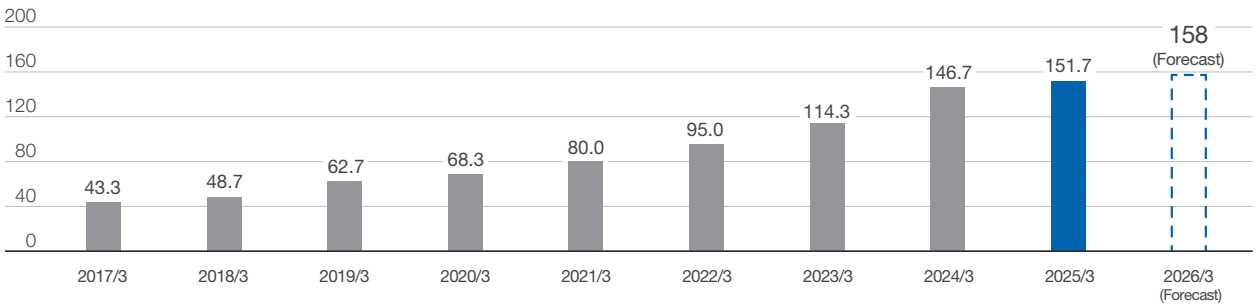
(Note) The Company conducted a 3-for-1 split of its common stock on April 1, 2025, resulting in a total of 90,863,430 shares outstanding.
In addition, the total number of authorized shares has been changed to 300,000,000 shares accompanying this stock split.



Major Shareholders (Top 10)

Shareholders	Number of shares held (in thousands)	Shareholding ratio (%)
Hulic Co., Ltd.	4,218	13.9%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,860	9.5%
Meiji Yasuda Life Insurance Company	2,556	8.5%
Retirement Benefit Trust managed by Mizuho Trust & Banking Co., Ltd. (Marubeni Corporation account); Custody Bank of Japan, Ltd. as a Trustee of Retrust	1,512	5.0%
Custody Bank of Japan, Ltd. (Trust Account)	1,075	3.6%
Sompo Japan Insurance Inc.	962	3.2%
Azbil Corporation	950	3.1%
Mizuho Bank, Ltd.	908	3.0%
NICHIREI CORPORATION	417	1.4%
TOBU RAILWAY CO., LTD.	400	1.3%

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.

Editorial Policy

Reporting Period
Fiscal year 2024 (April 2024 - March 2025)
* The report also includes some information pertaining to fiscal year 2025.

Scope of Reporting
Fuyo General Lease Co., Ltd., its 73 consolidated subsidiaries and 14 affiliate companies

Reference Guidelines
International Financial Reporting Standards Foundation "International Integrated Reporting Framework" (published in January 2021)

Date of Issuance
September 2025

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: 4,095 / Non-consolidated: 856 (as of March 31, 2025)
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, announced targets of 50% renewable energy use by 2024 and 100% 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.

S&P/JPX カーボンエフィシェント指数

CDP Discloser 2024

MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index
TOP CONSTITUENT 2025

2025 Sompo Sustainability Index

2025 CONSTITUENT MSCI日本株 *
女性活躍指数 (WIN)

2025 CONSTITUENT MSCI日本株 *
ESGセレクト・リーダーズ指数

Evaluation of Our Initiatives

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 2024, which assesses efforts to make workplaces welcoming to sexual minorities, and were awarded Silver certification.

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).

FUYO LEASE

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