

FINANCIAL INFORMATION

2026

For the fiscal year ended March 31, 2026

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Note: For "Management's Discussion and Analysis" and "Business and Related Risks," please refer to the respective sections of "Management's Analyses of Consolidated Financial Position, Business Results and Cash Flows" and "Business and Related Risks" in the Annual Securities Report 2026, which can be found at the link below.

URL: <https://www.mitsubishi-hc-capital.com/english/investors/library/security-report.html>

Consolidated Balance Sheets

Mitsubishi HC Capital Inc. and Consolidated Subsidiaries
March 31, 2026 and 2025

	Millions of yen	Thousands of U.S. dollars (Note 1)	
	2026	2025	2026
Assets			
Current assets:			
Cash and cash equivalents (Notes 11 and 27)	¥346,045	¥290,805	\$2,176,384
Time deposits other than cash equivalents (Notes 11 and 27)	17,814	20,657	112,041
Bank overdrafts (Note 27)	2,175	1,936	13,681
Marketable securities (Notes 4 and 27)	8,856	2,732	55,699
Receivables:			
Lease (Note 18)	97,411	84,970	612,651
Installment sales (Notes 11 and 27)	190,325	165,261	1,197,015
Loans (Notes 11, 12, and 27)	2,367,542	2,148,535	14,890,203
Lease receivables and investments in leases (Notes 7, 11, 24, and 27)	3,273,174	3,135,877	20,586,003
Inventories (Notes 5, 11, and 12)	92,721	49,278	583,152
Prepaid expenses and other (Notes 11 and 18)	249,232	148,032	1,567,502
Allowance for doubtful receivables (Notes 2.u. and 27)	(28,492)	(29,435)	(179,196)
Total current assets	6,616,807	6,018,651	41,615,140
Property and equipment:			
Leased assets — at cost	6,640,689	5,876,657	41,765,344
Accumulated depreciation	(1,615,693)	(1,451,055)	(10,161,594)
Net leased assets	5,024,996	4,425,602	31,603,750
Advances for purchases of leased assets	132,105	85,050	830,852
Total leased assets (Notes 6, 8, 11, and 12)	5,157,101	4,510,652	32,434,602
Other operating assets — at cost	360,594	320,253	2,267,892
Accumulated depreciation	(86,965)	(76,568)	(546,950)
Net other operating assets (Note 11)	273,629	243,685	1,720,942
Own-used assets — at cost	40,543	35,021	254,988
Accumulated depreciation	(19,471)	(17,831)	(122,461)
Net own-used assets	21,071	17,190	132,527
Total property and equipment	5,451,803	4,771,529	34,288,071
Investments and other assets:			
Investment securities (Notes 4, 11, and 27):			
Unconsolidated subsidiaries and associated companies	307,191	303,050	1,932,019
Other securities	286,798	247,147	1,803,766
Goodwill (Notes 2.u. and 9)	91,644	98,706	576,381
Long-term receivables (Note 27)	70,882	87,005	445,799
Asset for retirement benefits (Note 14)	26,713	17,051	168,007
Deferred tax assets (Note 25)	15,046	25,423	94,631
Other intangible assets (Note 2.i.)	138,294	113,765	869,777
Other (Note 11)	112,475	117,066	707,394
Allowance for doubtful receivables (Notes 2.u. and 27)	(31,885)	(40,711)	(200,538)
Total investments and other assets	1,017,160	968,505	6,397,238
Deferred assets:			
Bond issue costs	3,786	3,646	23,812
Total deferred assets	3,786	3,646	23,812
Total assets	¥13,089,557	¥11,762,332	\$82,324,262

See notes to consolidated financial statements.

	Millions of yen	Thousands of U.S. dollars (Note 1)	
	2026	2025	2026
Liabilities and Equity			
Current liabilities:			
Short-term loans from banks and other financial institutions (Notes 13 and 24)	¥458,492	¥475,421	\$2,883,599
Commercial paper (Note 13)	1,196,700	965,408	7,526,415
Current maturities of bonds (Notes 11, 13, and 27)	529,412	469,064	3,329,637
Current maturities of long-term loans (Notes 11, 12, 13, 24, and 27)	964,630	848,594	6,066,856
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts (Notes 11, 13, and 27)	279,976	225,686	1,760,861
Current maturities of lease obligations (Note 13)	11,746	13,729	73,877
Notes and accounts payable — trade	200,237	175,455	1,259,353
Income taxes payable	16,889	7,155	106,223
Deferred profit on installment sales (Note 27)	9,222	7,018	58,001
Liability for retirement benefits (Note 14)	1,137		7,155
Provision for loss on redress (Note 2.I.)	12,740	968	80,128
Other (Notes 13 and 18)	322,477	370,468	2,028,161
Total current liabilities	4,003,663	3,558,970	25,180,270
Long-term liabilities:			
Bonds, less current maturities (Notes 11, 12, 13, and 27)	1,951,792	1,909,083	12,275,425
Long-term loans from banks and other financial institutions, less current maturities (Notes 11, 12, 13, 24, and 27)	4,081,457	3,592,429	25,669,545
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities (Notes 11, 13, and 27)	417,915	355,109	2,628,398
Lease obligations, less current maturities (Note 13)	31,008	29,085	195,020
Long-term income taxes payable	606		3,813
Liability for retirement benefits (Note 14)	2,778	3,583	17,474
Asset retirement obligations	40,358	40,171	253,829
Reserve for insurance policy liabilities	13,024	12,691	81,913
Deferred tax liabilities (Note 25)	218,729	182,854	1,375,660
Other (Notes 11 and 13)	319,443	273,828	2,009,079
Total long-term liabilities	7,077,115	6,398,838	44,510,160
Commitments and contingent liabilities (Notes 15 and 28)			
Equity (Notes 16 and 32):			
Common stock — authorized, 4,800,000,000 shares in 2026 and 2025; issued, 1,466,912,244 shares in 2026 and 2025	33,196	33,196	208,780
Capital surplus	545,158	545,973	3,428,672
Stock acquisition rights (Note 17)	1,251	1,368	7,870
Retained earnings	956,074	854,270	6,013,049
Treasury stock — at cost, 30,990,390 shares in 2026 and 31,351,197 shares in 2025	(19,856)	(20,128)	(124,884)
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	8,569	7,536	53,893
Deferred gain on derivatives under hedge accounting	22,755	25,741	143,118
Foreign currency translation adjustments	426,023	331,228	2,679,390
Defined retirement benefit plans	17,143	11,806	107,820
Total	1,990,316	1,790,994	12,517,710
Noncontrolling interests	18,463	13,528	116,121
Total equity	2,008,779	1,804,523	12,633,832
Total liabilities and equity	¥13,089,557	¥11,762,332	\$82,324,262

See notes to consolidated financial statements.

Consolidated Statements of Income

Mitsubishi HC Capital Inc. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Revenues (Notes 18, 25, and 30)	¥2,215,384	¥2,090,808	\$13,933,238
Costs (Notes 2.u., 10, 25, and 30)	1,715,221	1,628,170	10,787,555
Gross profit	500,163	462,637	3,145,683
Selling, general, and administrative expenses (Note 19)	259,735	275,510	1,633,557
Operating income	240,428	187,126	1,512,126
Other income (expenses):			
Dividend income	768	1,418	4,835
Interest expense — net of interest income of ¥827 million (\$5,205 thousand) in 2026 and ¥458 million in 2025 (Note 24)	(8,543)	(7,962)	(53,732)
Gain on sales of investment securities (Note 4)	5,163	18,103	32,476
Gain on sales of shares of subsidiaries and affiliates		5,776	
Gain on liquidation of subsidiaries and affiliates	1,543		9,704
Loss on sales of investment securities	(1,125)	(127)	(7,076)
Loss on sales of shares of subsidiaries and affiliates (Note 22)		(20,699)	
Loss on revaluation of investment securities	(231)	(527)	(1,457)
Loss on revaluation of shares of subsidiaries and affiliates	(1,412)	(1,006)	(8,885)
Gain on step acquisition	4,074		25,625
Gain from bargain purchase (Note 21)		572	
Provision charge for loss on redress (Note 23)	(11,293)	(972)	(71,028)
Other — net (Note 2.w.)	3,436	13,984	21,611
Other (expenses) income — net	(7,620)	8,558	(47,926)
Income before income taxes	232,807	195,685	1,464,199
Income taxes (Note 25):			
Current	39,165	42,089	246,324
Deferred	30,823	17,955	193,859
Total income taxes	69,989	60,044	440,183
Net income	162,818	135,641	1,024,015
Net income attributable to noncontrolling interests	612	475	3,850
Net income attributable to owners of the parent	¥162,206	¥135,165	\$1,020,165
	Yen		U.S. dollars
	2026	2025	2026
Amounts per share of common stock (Note 31):			
Basic net income	¥112.98	¥94.19	\$0.71
Diluted net income	112.77	93.98	0.70
Cash dividends applicable to the year	46.00	40.00	0.28

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi HC Capital Inc. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net income	¥162,818	¥135,641	\$1,024,015
Other comprehensive income (Note 29):			
Net unrealized gain (loss) on available-for-sale securities	1,001	(7,377)	6,295
Deferred loss on derivatives under hedge accounting	(5,740)	(7,516)	(36,105)
Foreign currency translation adjustments	92,196	39,615	579,850
Defined retirement benefit plans	4,970	4,142	31,262
Share of other comprehensive income (loss) in associates	6,217	(3,928)	39,106
Total other comprehensive income	98,645	24,934	620,409
Comprehensive income	¥261,463	¥160,575	\$1,644,425
Total comprehensive income attributable to:			
Owners of the parent	¥260,384	¥159,934	\$1,637,639
Noncontrolling interests	1,078	641	6,785

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Mitsubishi HC Capital Inc. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Thousands				
	Number of shares of common stock issued	Common stock	Capital surplus	Stock acquisition rights (Note 17)	Retained earnings
BALANCE, APRIL 1, 2024 (as restated)	1,466,912	¥33,196	¥546,268	¥1,866	¥775,152
Net income attributable to owners of the parent					135,165
Cash dividends					(56,058)
Purchase of treasury stock (377 shares)					
Disposal of treasury stock (981,410 shares)			(112)		
Change in ownership interest due to merger between consolidated and unconsolidated subsidiaries					11
Change in ownership of the parent due to transaction with noncontrolling shareholders			(182)		
Net change in the year				(498)	
BALANCE, MARCH 31, 2025	1,466,912	33,196	545,973	1,368	854,270
Net income attributable to owners of the parent					162,206
Cash dividends					(60,402)
Purchase of treasury stock (565 shares)					
Disposal of treasury stock (361,372 shares)			(25)		
Change in ownership interest due to merger between consolidated and unconsolidated subsidiaries					
Change in ownership of the parent due to transaction with noncontrolling shareholders			(789)		
Net change in the year				(117)	
BALANCE, MARCH 31, 2026	1,466,912	¥33,196	¥545,158	¥1,251	¥956,074

	Common stock	Capital surplus	Stock acquisition rights (Note 17)	Retained earnings
BALANCE, MARCH 31, 2025	\$208,780	\$3,433,797	\$8,608	\$5,372,771
Net income attributable to owners of the parent				1,020,165
Cash dividends				(379,887)
Purchase of treasury stock (565 shares)				
Disposal of treasury stock (361,372 shares)		(158)		
Change in ownership interest due to merger between consolidated and unconsolidated subsidiaries				
Change in ownership of the parent due to transaction with noncontrolling shareholders		(4,966)		
Net change in the year			(737)	
BALANCE, MARCH 31, 2026	\$208,780	\$3,428,672	\$7,870	\$6,013,049

See notes to consolidated financial statements.

Millions of yen							
Accumulated other comprehensive income							
Treasury stock	Net unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
¥(20,894)	¥14,987	¥36,817	¥292,477	¥7,262	¥1,687,134	¥18,211	¥1,705,345
					135,165		135,165
					(56,058)		(56,058)
(0)					(0)		(0)
766					654		654
					11		11
					(182)		(182)
	(7,450)	(11,076)	38,750	4,544	24,270	(4,682)	19,587
(20,128)	7,536	25,741	331,228	11,806	1,790,994	13,528	1,804,523
					162,206		162,206
					(60,402)		(60,402)
(0)					(0)		(0)
272					246		246
					(789)		(789)
	1,032	(2,985)	94,794	5,336	98,061	4,934	102,995
¥(19,856)	¥8,569	¥22,755	¥426,023	¥17,143	¥1,990,316	¥18,463	¥2,008,779

Thousands of U.S. dollars (Note 1)							
Accumulated other comprehensive income							
Treasury stock	Net unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
\$(126,591)	\$47,399	\$161,894	\$2,083,196	\$74,257	\$11,264,114	\$85,087	\$11,349,202
					1,020,165		1,020,165
					(379,887)		(379,887)
(4)					(4)		(4)
1,711					1,552		1,552
					(4,966)		(4,966)
	6,493	(18,776)	596,194	33,562	616,736	31,033	647,770
\$(124,884)	\$53,893	\$143,118	\$2,679,390	\$107,820	\$12,517,710	\$116,121	\$12,633,832

Consolidated Statements of Cash Flows

Mitsubishi HC Capital Inc. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Operating activities:			
Income before income taxes	¥232,807	¥195,685	\$1,464,199
Adjustment for:			
Income taxes — paid	(27,453)	(25,710)	(172,661)
Depreciation and amortization	406,023	389,283	2,553,608
Cost of sales of other operating assets	2,377	15,474	14,953
Reversal of allowance for doubtful receivables	(13,204)	(25,540)	(83,044)
Gain from bargain purchase		(572)	
Loss on disposals and sales of leased assets	331,308	248,161	2,083,701
Gain on sales of shares of subsidiaries and affiliates		(5,776)	
Loss on sales of shares of subsidiaries and affiliates		20,699	
Gain on sales of investment securities	(5,163)	(18,103)	(32,476)
Loss on sales of investment securities	1,125	127	7,076
Loss on revaluation of investment securities	231	527	1,457
Loss on revaluation of shares of subsidiaries and affiliates	1,412	1,006	8,885
Gain on liquidation of subsidiaries and affiliates	(1,543)		(9,704)
Gain on step acquisition	(4,074)		(25,625)
Provision charge for loss on redress	11,293	972	71,028
Impairment loss	16,076	8,596	101,109
Changes in assets and liabilities:			
Increase in receivables	(121,788)	(111,072)	(765,965)
(Increase) decrease in lease receivables and investments in leases	(70,556)	17,615	(443,748)
Increase in merchandise	(47,115)	(14,217)	(296,326)
Increase in operating securities and investments in private equity securities	(40,655)	(38,605)	(255,695)
Increase in trade payables	11,909	3,218	74,901
Increase in interest payable	59	5,593	373
Purchases of leased assets	(984,260)	(958,073)	(6,190,315)
Purchases of other operating assets	(31,139)	(62,007)	(195,846)
Other — net	(35,208)	55,832	(221,439)
Total adjustments	(600,345)	(492,569)	(3,775,755)
Net cash used in operating activities	(367,537)	(296,884)	(2,311,555)
Investing activities:			
Purchases of own-used assets	(10,791)	(6,982)	(67,869)
Purchases of investment securities	(15,102)	(126,200)	(94,985)
Proceeds from sales and redemption of investment securities	14,954	32,063	94,050
Proceeds from purchase of consolidated subsidiaries	3,928		24,706
Payments for sales of consolidated subsidiaries		(4,894)	
Proceeds from sales of consolidated subsidiaries		10,449	
Payments for acquisition of newly consolidated subsidiaries	(28,819)	(1,953)	(181,253)
Payments into time deposits	(16,893)	(1,981)	(106,246)
Proceeds from withdrawal of time deposits	19,453	1,591	122,346
Other — net	(667)	930	(4,198)
Net cash used in investing activities	(33,938)	(96,977)	(213,450)
Financing activities:			
Net (decrease) increase in short-term loans	(33,170)	52,632	(208,621)
Net increase in commercial paper	217,146	181,074	1,365,700
Proceeds from loans from the securitizations of the minimum future rentals on lease contracts	404,098	341,749	2,541,497
Repayments of loans from the securitizations of the minimum future rentals on lease contracts	(307,641)	(336,576)	(1,934,849)
Proceeds from long-term loans	1,397,621	1,299,003	8,790,073
Repayments of long-term loans	(1,116,935)	(1,321,761)	(7,024,749)
Proceeds from issuance of bonds	466,340	790,241	2,932,958
Redemption of bonds	(493,421)	(586,152)	(3,103,279)
Cash dividends paid	(60,402)	(56,058)	(379,887)
Cash dividends paid to noncontrolling shareholders	(314)	(3,513)	(1,976)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(756)	(756)	(4,758)
Other — net	(3,191)	(6,254)	(20,073)
Net cash provided by financing activities	469,373	353,628	2,952,032
Foreign currency translation adjustments on cash and cash equivalents	(12,658)	(4,470)	(79,610)
Net increase (decrease) in cash and cash equivalents	55,239	(44,704)	347,416
Increase in cash and cash equivalents resulting from change in the scope of consolidated subsidiaries		203	
Cash and cash equivalents, beginning of year	290,805	335,307	1,828,968
Cash and cash equivalents, end of year	¥346,045	¥290,805	\$2,176,384

See notes to consolidated financial statements.

Additional information

Transfer of Miyuki Building Co., Ltd. ("Miyuki Building") (Note 3)

Payments from sales of consolidated subsidiaries mainly consist of the transfer of Miyuki Building.

On September 20, 2024, the Company transferred entire shares of Miyuki Building according to the share transfer agreement executed on September 13, 2024.

Reconciliation of the net cash paid for the transfer of Miyuki Building is as follows:

	Millions of yen
	2025
Current assets	¥5,884
Fixed assets	68,194
Current liabilities	(18,451)
Long-term liabilities	(33,590)
Other	(353)
Loss on sales of shares of subsidiaries and affiliates	(20,699)
Transfer amount	983
Cash and cash equivalents	(5,877)
Net cash paid from transfer of shares of Miyuki Building.	(¥4,894)

Notes to Consolidated Financial Statements

Mitsubishi HC Capital Inc. and Consolidated Subsidiaries

Years ended March 31, 2026 and 2025

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Mitsubishi HC Capital Inc. (the “Company”) and its consolidated subsidiaries (collectively, the “Companies”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications, and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2025 consolidated financial statements to conform to the classifications used in 2026.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159 to USD1, the approximate rate of exchange at March 31, 2026.

Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen and U.S. dollar figures less than thousand dollars are rounded down to the nearest million yen and thousand dollars, except for per share data. As a result, totals in millions of yen and thousands of U.S. dollars may not add up exactly.

2. Summary of Significant Accounting Policies

a. Consolidation — The consolidated financial statements as of and for the year ended March 31, 2026, include the accounts of the Company and its 269 (249 in 2025) significant subsidiaries.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in one (one in 2025) unconsolidated subsidiary and 67 (64 in 2025) associated companies are accounted for by the equity method.

In September 2006, the Accounting Standards Board of Japan (“ASBJ”) issued Practical Issues Task Force No. 20, *Practical Solution Application of Control Criteria and Influence Criteria to Investment Associations*. The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, silent partnerships, and other entities with similar characteristics. The Company applied this practical solution and consolidated 97 such collective investment vehicles in 2026 (79 in 2025).

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is shown as “Goodwill” in “Investments and other assets.” Goodwill is mainly amortized using the straight-line method over a period of 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All the material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

The fiscal years of the subsidiaries are not necessarily the same as the Company’s. Accounts of those subsidiaries that have different fiscal periods have been adjusted for significant transactions to reflect properly their financial positions at March 31 of each year and the results of operations for the years then ended. Certain subsidiaries have prepared provisional statements of accounts, prepared in the equivalent way as the year-end closing, as of March 31, 2026.

The fiscal year-end of Engine Lease Finance Corporation and its eight subsidiaries (“elfc Group”), CAI International, Inc. and its 14 subsidiaries (“CAI Group”) and PNW Railcars, LLC and its two subsidiaries (“PNW Group”) was December 31 and their accounts have been adjusted for significant transactions to reflect properly their financial positions at March 31 of each year and the results of operations for the year then ended. From the year ended March 31, 2026, the fiscal year-end of elfc Group, CAI Group and PNW Group has been changed to March 31. The results of operations for the period from January 1, 2025 to March 31, 2025, have been adjusted through the consolidated statement of income; therefore, the results of operations for 15-month period from January 1, 2025, to March 31, 2026, have been included in consolidation for the year ended March 31, 2026.

Revenues, operating income, income before income taxes, and net income of the elfc Group, CAI Group and PNW Group were ¥67,204 million (\$422,671 thousand), ¥19,316 million (\$121,487 thousand), ¥19,629 million (\$123,456 thousand) and ¥15,242 million (\$95,864 thousand), respectively, for the period from January 1, 2025, to March 31, 2025. Deferred gain on derivatives under hedge accounting and foreign currency translation adjustments decreased by ¥3,004 million (\$18,899 thousand) and ¥20,559 million (\$129,303 thousand), respectively, for the same period.

As a result of these changes, net income attributable to owners of the parent increased by ¥22,820 million (\$143,527 thousand) for the year ended March 31, 2026.

The fiscal year-end of JSA International Holdings, L.P. and its 16 subsidiaries (“JSA Group”) was December 31 and their accounts have been adjusted for significant transactions to reflect properly their financial positions at March 31 of each year and the results of operations for the year then ended. From the year ended March 31, 2025, the fiscal year-end of JSA Group has been changed to March 31. The results of operations for the period from January 1, 2024, to March 31, 2024 have been adjusted through the consolidated statement of income; therefore, the results of operations for 15-month period from January 1, 2024, to March 31, 2025, have been included in consolidation for the year ended March 31, 2025.

Revenues, operating income, income before income taxes, and net income of JSA Group were ¥40,653 million, ¥9,125 million, ¥9,063 million and ¥6,061 million, respectively, for the period from January 1, 2024, to March 31, 2024. Deferred gain on derivatives under hedge accounting and foreign currency translation adjustments increased by ¥6,443 million and ¥22,866 million, respectively, for the same period.

As a result of these changes, net income attributable to owners of the parent increased by ¥9,437 million for the year ended March 31, 2025.

If a consolidated foreign subsidiary prepares the financial statements in accordance with IFRS Accounting Standards or Generally Accepted Accounting Principles in the United States (“U.S. GAAP”), the financial statements are used in consolidation.

If a consolidated foreign subsidiary prepares the financial statements in accordance with the generally accepted accounting standards in its residing country other than IFRS Accounting Standards or U.S. GAAP, the financial statements are adjusted in accordance with IFRS Accounting Standards.

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

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

Cash equivalents include time deposits, all of which mature or become due within three months of the date of acquisition, and bank overdrafts (negative cash equivalents) that are utilized in a similar manner to other cash equivalents in fund management. Time deposits in trust, restricted for payment of maintenance of leased assets and reserved to refund security deposits under lease contracts to lessees, are not included in cash equivalents.

d. Lease Accounting — In March 2007, the ASBJ issued ASBJ Statement No. 13, *Accounting Standard for Lease Transactions*, which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Lessee — Finance leases that are deemed to transfer ownership of the leased property to the lessee are capitalized. However, under the previous accounting standard, other finance leases were permitted to be accounted for as operating lease transactions if certain “as-if capitalized” information was disclosed in the notes to the lessee’s consolidated financial statements. In principle, the revised accounting standard requires that all finance lease transactions be capitalized by recognizing leased assets and lease obligations in the consolidated balance sheets, but it permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company and its consolidated domestic subsidiaries applied the revised accounting standard effective April 1, 2008.

Lessor — Finance leases that are deemed to transfer ownership of the leased property to the lessee are to be treated as sales. However, under the previous accounting standard, other finance leases were permitted to be accounted for as operating lease transactions if certain “as-if sold” information was disclosed in the notes to the lessor’s consolidated financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee be recognized as “lease receivables” and all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as “investments in leases.”

The Company and its consolidated domestic subsidiaries applied the revised accounting standard effective April 1, 2008. The leased assets are initially recorded at their acquisition cost and depreciated over the term of the lease or estimated useful lives on a straight-line basis to the residual value that is the amount to be realized at the time when the lease contract is terminated.

e. Revenue Recognition

Finance Leases — The Companies recognize lease revenues and related costs over the lease term. Interest revenues on finance lease contracts are calculated by the interest method after April 1, 2008, and by the straight-line method prior to April 1, 2008, over the remaining lease period.

Operating Leases — The Companies recognize lease revenues on a straight-line basis over the lease term based on the minimum rentals on the lease contracts. At disposal of leased assets, disposal value and disposal cost were recognized separately as revenues and costs by the Company and its consolidated domestic subsidiaries.

Installment Sales — In accordance with *Treatment of Installment Sales Transactions* as prescribed by *Tentative Accounting and Auditing Treatment Regarding Application of Accounting Standard for Financial Instruments to Leasing Industry* (Japanese Institute of Certified Public Accountants Industry Auditing Committee Report No. 19, November 14, 2000), the Companies recognize the gross amount of receivables as receivables-installment sales at the time of execution of the installment sales contract, and record revenues and related costs from installment sales depending on the relevant elapsed period based on payment dates of installment sales contract. Unrealized profit in relation to receivables-installment sales that have not come due is deferred and recorded as deferred profit on installment sales.

The Companies follow the industry practice of including receivables-installment sales due after one year in current assets. Receivables due after one year amounted to ¥131,130 million (\$824,718 thousand) in 2026 and ¥109,270 million in 2025.

Revenue from Contracts with Customers — The Companies recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. The nature of performance obligations for each of the Companies’ major businesses and when such obligations are satisfied are as follows:

Sales from Maintenance Contracts

The Companies provide maintenance and similar services, which are attached to lease contracts. Revenue is recognized at the time such services are provided to customers.

Sales from Selling Merchandise and Sales from Disposal of Lease Properties, etc.

With regard to sales from selling merchandise and sales from disposal of lease properties, etc., at maturity of lease contracts of foreign subsidiaries, that adopted IFRS Accounting Standards or U.S. GAAP, revenue is recognized at the time of completing delivery of merchandise and lease properties to customers.

Electricity Sales

Revenue is recognized by calculating sales of electricity for the applicable reporting period based on electricity supply volumes to customers.

f. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management's intent, as held-to-maturity debt securities and available-for-sale securities. Held-to-maturity debt securities are reported at amortized cost (Straight-line method). Available-for-sale securities, other than nonmarketable available-for-sale equity securities, are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale equity securities are mainly stated at cost determined by the moving-average method.

The Company reviews the fair value of its available-for-sale securities on a regular basis to determine if the fair value of any individual security has declined below its cost and if such decline is other than temporary. If the decline in value is judged to be other than temporary, the security is written down to fair value. The resulting realized loss is recorded as other – net in other income (expenses) included in the consolidated statements of income in the period in which the decline was deemed to be other than temporary.

Investments in limited partnerships, which are considered securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest consolidated financial statements available on the reportable date ruled by the partnership contracts.

In addition, investments in partnerships, etc., invested by certain consolidated foreign subsidiaries are recorded under the equity method and based on valuation of fair value that each of the invested entities recognized.

The Companies have operating securities to gain interest or dividend income. The amount of operating securities included in “Marketable securities” and “Investment securities” was ¥5,868 million (\$36,909 thousand) and ¥237,730 million (\$1,495,160 thousand), respectively, as of March 31, 2026, and ¥437 million and ¥210,171 million, respectively, as of March 31, 2025. In addition, the Companies record income from those securities as “Revenues” in the consolidated statements of income.

g. Inventories — Inventories held for sale in the ordinary course of business are stated at the lower of cost, which is determined by the specific identification method, or net selling value, which is defined as the selling price, less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

h. Property and Equipment

Leased Assets — See Note 2.d.

Other Operating Assets — Property and equipment held for the Companies' operating use other than leased assets are stated at cost. Depreciation is computed based on the estimated useful lives of the assets under the straight-line method.

Own-Used Assets — Property and equipment held for the Companies' own use are stated at cost. Depreciation is computed based on the estimated useful lives of the assets under the declining-balance method, while the straight-line method is applied to buildings, leasehold improvements, and structures acquired after April 1, 2016, by the Company and its consolidated domestic subsidiaries. Depreciation is primarily computed based on the estimated useful lives of the assets under the straight-line method by consolidated foreign subsidiaries.

i. Other Intangible Assets — Other intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over estimated useful lives.

j. Long-Lived Assets — The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows (“DCF”) from the continued use and eventual disposition of the asset, or the net selling price at disposition.

k. Allowance for Doubtful Receivables — The Company classifies the receivables into receivables from the counterparties not in bankruptcy, but in financial difficulties (“doubtful claims”), receivables from the counterparties in bankruptcy (“bankrupt claims”), and the other receivables (“general claims”) based on the credit information, such as the financial condition and payment history of the counterparties.

For the general claims, the allowance for doubtful receivables is provided based on the historical rate of credit losses. For the doubtful claims and bankrupt claims, the allowance for doubtful receivables is provided based on the estimated uncollectible amounts taking into account the collectability of each receivable.

The amounts of long-term receivables considered uncollectible were directly written off from the accounts. The amounts directly written off were ¥8,347 million (\$52,501 thousand) and ¥16,206 million at March 31, 2026 and 2025, respectively.

In addition, the consolidated foreign subsidiaries that adopted IFRS Accounting Standards record allowance for doubtful receivables by estimating their expected credit losses for 12 months or lifetime based on the loss rate, etc., that is adjusted considering current and future economic conditions, mainly depending on the historical credit loss.

The consolidated foreign subsidiaries that adopted U.S. GAAP record allowance for doubtful receivables by measuring their expected credit losses for the estimated remaining contractual periods based on the loss rate, etc., that is adjusted considering current and future economic conditions, mainly depending on the historical credit loss.

l. Provision for Loss on Redress — Certain consolidated subsidiary of the Company has recorded provisions for loss on redress in preparation for potential future losses, based on reasonable estimates. See Note 23 for details.

m. Retirement and Pension Plans

Employees’ Retirement Benefits — The Company and certain consolidated subsidiaries have defined benefit corporate pension plans for employees or unfunded retirement benefit plans.

The liability for retirement benefits of the Company and certain consolidated subsidiaries is computed based on projected benefit obligations and plan assets at the consolidated balance sheet date, while the liability for retirement benefits of the other subsidiaries is provided at 100% of the amount that would be required if all employees had retired at the consolidated balance sheet date.

Assumptions were set forth as follows:

Method of attributing expected retirement benefit to periods		Benefit formula basis method
Amortization period of prior service cost.....	11 to 15 years (11 to 15 years in 2025)	
Recognition period of actuarial gain/loss	7 to 17 years (7 to 17 years in 2025)	

n. Asset Retirement Obligations — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the DCFs required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the

remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

o. Stock Options — The cost of stock options is measured based on the fair value at the date of grant and recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheets, stock options are included in stock acquisition rights as a separate component of equity until exercised.

p. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the currently enacted tax laws to the temporary differences.

q. Translation of Foreign Currency Accounts

Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date or, for hedged transactions, the applicable exchange rates. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged.

However, assets and liabilities denominated in foreign currencies covered by foreign exchange forward contracts and others are translated into Japanese yen at the contract amounts.

Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date, except for equity, which is translated at the historical rate. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate during the fiscal year. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

r. Derivative and Hedging Activities — The Companies enter into foreign exchange forward contracts and cross-currency interest rate swap contracts mainly to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Companies also enter into interest rate swap contracts, interest rate cap contracts, and currency interest rate swaps to manage their interest rate risk and foreign currency exposures on certain assets and liabilities. The Company also utilizes foreign currency-denominated debt to manage its foreign currency exposures associated with the net investments in the foreign subsidiaries and affiliates and available-for-sale securities denominated in foreign currencies.

Almost all derivative transactions are utilized to hedge interest and foreign currency exposures incorporated within the Companies’ businesses. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of the hedged assets or liabilities. The Companies do not hold or issue derivatives for trading or speculative purposes. Because the counterparties to these derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk. Derivative transactions entered into by the Companies have been made in accordance with internal policies, which regulate the authorization and credit limit amounts. Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statements of income and (b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

All derivative transactions, except for interest rate swaps and currency interest rate swaps that qualify for hedge accounting and meet specific matching criteria, are assessed for their hedging effectiveness to verify whether hedge instruments offset interest rate risk or foreign exchange risk of hedged items in application of hedge accounting.

Currency-related derivative transactions and foreign currency-denominated debt are utilized to hedge foreign exchange risk. Certain assets and liabilities denominated in foreign currencies are translated at the contracted rates if the contracts qualify for hedge accounting.

Interest rate swaps and currency interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value. Instead, the differential paid or received under the swap contracts is recognized and included in interest expense or income. Other interest rate swaps and currency interest rate swaps that qualify for hedge accounting are measured at fair value at the consolidated balance sheet date, and the unrealized gains or losses are deferred until maturity in a separate component of equity.

s. Per Share Information — Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if the stock options were exercised. Diluted net income per share of common stock assumes full exercise of the outstanding stock options.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

t. New Accounting Pronouncements

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)

(1) Outline

As part of the initiatives to make Japanese GAAP consistent with international standards, ASBJ conducted a study based on international accounting standards to develop an accounting standard relating to leases that will have lessees recognize assets and liabilities for all leases, and issued an accounting standard for leases and a guidance. While the basic policy of the standard is based on a single lessee accounting model of IFRS 16, the standard aimed to be simple and highly convenient, basically requiring no modification when applying the provisions of IFRS 16 to nonconsolidated financial statements by only adopting the main provisions instead of the whole of IFRS 16.

For the accounting treatment of lessors, lessors shall allocate the interest component of lease payments over the lease term of lessors, and the method of recognizing lease payments as revenues and costs at the time of receipt, which is permitted as a selectively applicable method of financial leases under the current accounting standards, will be abolished.

For the accounting treatment of lessees, lessees shall adopt the single lessee accounting model as the method to allocate expenses arising from leases as with IFRS 16, under which depreciation on right-of-use assets and interest component of lease liabilities for all leases, regardless of a finance lease or an operating lease are recorded.

(2) Date of application

The Company expects to apply the standard and the guidance for annual periods beginning on or after April 1, 2027.

(3) Effect of adopting the standard and the guidance

The Company is in the process of measuring the effects of applying the standard and the guidance in future applicable periods.

Accounting Standard for Subsequent Events (ASBJ Statement No.41, January 9, 2026)

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

(1) Outline

In developing ASBJ Statement No.41, *Accounting Standard for Subsequent Events*, and related guidance, the priority was to establish comprehensive accounting standards covering the definition, accounting treatment, and disclosure, etc., of subsequent events. This standard and related guidance were developed based on the

policy of, in principle, carrying over the accounting-related content from Practical Guideline No.1, *Audit Treatment of Subsequent Events*, of Auditing Standards Committee Statement No. 560, issued by the Audit and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants. This process involved revising the wording, organizing the evaluation period for subsequent events, and newly requiring a note disclosure regarding the approval of financial statements for publication, thereby prescribing the accounting treatment and disclosure of subsequent events.

(2) Date of application

The Company expects to apply the standard and the guidance for annual periods beginning on or after April 1, 2027.

u. Significant Accounting Estimates

Impairment of Leased Assets

The Companies review leased assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. When the Companies identified impairment indicators for leased assets, the carrying amounts of leased assets are reduced to their respective recoverable amounts and the differences between the carrying amounts and the recoverable amounts are recorded as impairment losses.

Future cash flows used in determining recoverable amounts are estimated mainly based on future lease rents, lease terms, residual values at maturity, and other information. The Companies believe that these estimates are reasonable; however, changes in assumptions used and business environment may have a material impact on the future consolidated financial statements.

As to the aircraft held by JSA International Holdings, L.P. group, which engaged in aircraft leasing business in the United States of America with leased assets of ¥1,627,012 million (\$10,232,782 thousand) and ¥1,524,304 million at March 31, 2026 and 2025, respectively, the Companies regularly reviewed future cash flows and performed impairment evaluation in accordance with U.S. GAAP. The Companies compared the carrying amounts to the sum of the undiscounted future cash flows, and the amount by which the carrying value exceeded the fair value was recorded as an impairment loss for the assets where the carrying amount of aircraft exceeded the sum of the undiscounted future cash flows. Future cash flows were composed of current lease rents, future lease rents, residual values at maturity, disposal costs, lease terms, off-lease periods, renewal lease term, and other factors. Future lease rents and residual values at maturity were based on appraisal results by appraisal companies, and disposal costs, lease terms, off-lease periods, and renewal periods were estimated based on historical experience and other information.

Impairment losses on aircraft of ¥2,885 million (\$18,149 thousand) and ¥3,751 million were included in costs in the accompanying consolidated statements of income for the years ended March 31, 2026 and 2025, respectively.

Valuation of Goodwill

The Companies review goodwill and goodwill included in equity-method investments for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If the Companies identified impairment indicators, the carrying amount of the relevant asset is reduced to its recoverable amount and the difference between the carrying amount and the recoverable amount is recorded as an impairment loss.

Future cash flows used in determining recoverable amounts are estimated mainly based on historical business results and business plans, which are developed by considering the outlook for the business environment and other information of the company related to goodwill and goodwill included in equity-method investments under review. The Companies believe that these estimates are reasonable; however, changes in assumptions used and business environment may have a material impact on the future consolidated financial statements.

The Companies recorded ¥91,644 million (\$576,381 thousand) and ¥98,706 million of goodwill, and ¥90,267 million (\$567,719 thousand) and ¥85,346 million of goodwill included in equity-method investments, presented as investment securities as of March 31, 2026 and 2025, respectively.

Allowance for Doubtful Receivables

In accordance with the internal management policies, the Company classifies the receivables into the doubtful claims, bankrupt claims, and general claims based on the credit information, such as the financial condition and payment history of the counterparties. For the general claims, the allowance for doubtful receivables is provided based on the historical rate of credit losses. For the doubtful claims and bankrupt claims, the allowance for doubtful receivables is provided based on the estimated uncollectible amounts taking into account the collectability of each receivable.

The potential losses are measured based on financial condition of customers, estimated recoverable amount of collaterals, and future cash flows by the estimated cash flow method.

In addition, based on the expected credit loss (“ECL”) model, the consolidated foreign subsidiaries that adopted IFRS Accounting Standards apply IFRS No. 9, *Financial Instruments*, and record allowance for doubtful receivables by estimating their expected credit losses for 12 months or lifetime based on the loss rate, etc., that is adjusted considering current and future economic conditions, mainly depending on the historical credit loss.

Based on the current expected credit loss (“CECL”) model, the consolidated foreign subsidiaries that adopted U.S. GAAP apply ASU No. 2016-13, *Financial Instruments—Credit Losses*, and record allowance for doubtful receivables by measuring their expected credit losses for the estimated remaining contractual periods based on the loss rate, etc., that is adjusted considering current and future economic conditions, mainly depending on the historical credit loss.

The Companies believe that these estimates are reasonable; however, changes in assumptions used and business environment may have a material impact on the future consolidated financial statements.

The Companies recorded allowance for doubtful receivables of ¥60,377 million (\$379,735 thousand) and ¥70,147 million as of March 31, 2026 and 2025, respectively.

v. Stock Compensation Plan for Directors —The Company has introduced a performance-based stock compensation plan (herein after, the “Plan”) for Directors (excluding non-Executive Directors and non residents in Japan), excluding Directors who are Audit & Supervisory Committee Members and Executive Officers, etc. (excluding nonresidents in Japan; hereinafter, the Directors and the Executive Officers, etc., are collectively referred to as the “Director(s), etc.”) as an incentive plan.

Outline of the Plan

The Plan is a stock compensation plan where the Company shares and cash equivalent to the conversion value of the Company shares (hereinafter, the “Company Shares, etc.”) are delivered or paid (hereinafter, the “Delivery, etc.”) to the Directors, etc., based on the achievement level of performance targets of the Medium-term Management Plan (“MTMP”) of the Company. The Company entrusts money to a trust bank to acquire, in advance, the Company shares of which the Delivery, etc., will be conducted in the future, and the trust bank acquires the Company shares with the entrusted money. Furthermore, in accordance with the separately established company rules on share delivery, points are granted to the Directors, etc., and the Delivery, etc., of the Company Shares, etc., to the Directors, etc., is conducted according to the points.

Shares Held in the Trust

The Company shares held by the trust bank are accounted for as treasury stock in the equity section of the Company’s consolidated balance sheets at the book value in the trust. The book value and number of treasury stock held by the trust bank as of March 31, 2026, were ¥2,034 million (\$12,796 thousand) and 2,395 thousand shares, respectively, and as of March 31, 2025, were ¥2,163 million and 2,527 thousand shares, respectively.

w. Additional Information

(Investment in European Energy A/S)

At the meeting of the Board of Directors held on January 19, 2024, the Company resolved to invest approximately EUR 700 million in European Energy A/S (“European Energy”) (the “Investment”), a Danish company developing and operating renewable and next generation energy business mainly in Europe, and signed an Investment Agreement (the “Agreement”) to acquire 20% of outstanding shares and voting rights in European Energy. The investment was completed through consolidated subsidiary of the Company, MHC

Energy Europe ApS (“MHC Energy Europe”) on April 16, 2024, in accordance with the Agreement. As a result, European Energy became an associated company of the Company, which is accounted for by the equity method.

Overview of European Energy is as follows:

Name:	European Energy A/S
Business:	Renewable energy and next generation energy business
Commencement date of application of the equity method:	April 16, 2024
Percentage of voting rights after the investment:	20%

1. Objective of the investment

European Energy is providing renewable energy business in 28 countries throughout the globe, mainly in Europe. Further, European Energy has a large growth potential in next generation energy business by being a global leading and pioneering player, which produces green energy, such as e-methanol and green hydrogen generated.

The Company, through the strategic partnership with European Energy and by leveraging the capability and knowledge of both companies, will accelerate the development of renewable and green energy on a global scale. By enhancing its initiatives in the Environment & Energy Business, the Company will contribute to realizing a decarbonized society.

2. Date of the investment

April 16, 2024

3. Period on business results of the associated company included in the consolidated income statements

The fiscal year end of MHC Energy Europe is December 31 and its financial for the year ended December 31, 2024, is included in the consolidated financial statements for the year ended March 31, 2025.

As the commencement date of application of the equity method for European Energy is April 16, 2024, the results of operations of European Energy for the period from April 16, 2024, to December 31, 2024, are included in Other – net of Other income (expenses) in the consolidated income statements for the year ended March 31, 2025.

4. Outline of accounting treatment

(1) Details of acquisition cost and consideration by type

		Millions of yen
Consideration for acquisition	Cash	¥120,005
	Fees and commissions for	
Acquisition-related cost	advisory services, etc.	930
Acquisition cost		¥120,935

(2) The amount of goodwill included in the investment securities, reason for recognition and method and period of amortization

(a) The amount of goodwill included in the investment securities

¥ 85,234 million

(b) Reason for the goodwill included in the investment securities recognized

Due to the expected excess earnings power from future business development.

- (c) Method and period of amortization
Straight-line amortization over 20 years

3. Business Combinations

Business Divestitures

Transfer of Miyuki Building

At the meeting of the Board of Directors held on August 9, 2024, the Company resolved to sell all shares of Miyuki Building, a consolidated subsidiary of the Company, held by the Company and Mitsubishi HC Capital Estate Plus Inc., a consolidated subsidiary of the Company, and signed a share transfer agreement on September 13, 2024. The share transfer was completed on September 20, 2024.

1. Outline of the share transfer

(1) Name and business of the subsidiary

Name: Miyuki Building Co., Ltd.
Business: Real estate leasing business

(2) Name of the counterparty of the share transfer RED WAVE G.K. ("RED WAVE")

(3) Reason for the share transfer

The Company made Miyuki Building its consolidated subsidiary in 2009 and had been enhancing the operational functions of real estate business, including leasing, administration, and property management. The Company decided to execute the share transfer that it will be meaningful for Miyuki Building to achieve further growth by collaborating with TOEI CO., LTD., a long-established real estate lessor mainly in Chukyo area and an investor of RED WAVE.

The Companies have launched the "MTMP for FY2023 - FY2025" and have undertaken a business portfolio transformation, including the strategic allocation of management resources and optimization of business process within the Companies toward realizing "Our 10-Year Vision." This share transfer is conducted as a part of the transformation.

(4) Date of the share transfer September 20, 2024

(5) Method of the share transfer Share transfer agreement in exchange for cash

2. Outline of accounting treatment

(1) Amount of loss on sales of shares

¥20,699 million

(2) Appropriate book value of the assets and liabilities related to the transferred business and its breakdown

	Millions of yen
Current assets	¥5,884
Property and equipment, and investments and other assets	68,194
Total assets	¥74,079
Current liabilities	¥18,451
Long-term liabilities	33,590
Total liabilities	¥52,042

(3) Accounting treatment

The Company presented the difference between the book value and the transfer price of Miyuki Building as a loss on sales of shares of subsidiaries and affiliates in other income (expenses) in the consolidated financial statements for the year ended March 31, 2025.

3. Name of the main segment in which the subsidiary's business was included in the Company's segment information

Real Estate

4. Estimated amount of profits and losses related to the business included in the consolidated statement of income for the year ended March 31, 2025

	Millions of yen
Revenues	¥60,359
Operating income	38,057

4. Marketable and Investment Securities

The carrying amounts of marketable and investment securities recognized in the consolidated balance sheets as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Marketable securities	¥8,856	¥2,732	\$55,699
Investment securities:			
Unconsolidated subsidiaries and associated companies	307,191	303,050	1,932,019
Other securities	286,798	247,147	1,803,766
Total	¥602,846	¥552,930	\$3,791,485

Marketable and investment securities as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Equity securities	¥284,238	¥269,065	\$1,787,666
Debt securities	27,810	25,291	174,909
Trust fund investments and other	290,796	258,572	1,828,910
Total	¥602,846	¥552,930	\$3,791,485

The carrying amounts and aggregate fair values of marketable and investment securities as of March 31, 2026 and 2025, were as follows:

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2026				
Securities classified as:				
Held-to-maturity:				
Debt securities	¥4,314		¥(153)	¥4,160
Available-for-sale:				
Equity securities	16,194	¥11,423	(4,571)	23,046
Debt securities	25,955		(2,459)	23,496
Trust fund investments and other	7,704	755		8,459
Total	¥54,168	¥12,178	¥(7,183)	¥59,162

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2025				
Securities classified as:				
Held-to-maturity:				
Debt securities	¥1,913		¥(39)	¥1,874
Available-for-sale:				
Equity securities	20,505	¥9,265	(4,702)	25,068
Debt securities	25,822		(2,444)	23,378
Trust fund investments and other	5,336	666		6,002
Total	¥53,577	¥9,931	¥(7,185)	¥56,323

	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2026				
Securities classified as:				
Held-to-maturity:				
Debt securities	\$27,132		\$(966)	\$26,166
Available-for-sale:				
Equity securities	101,850	\$71,843	(28,749)	144,943
Debt securities	163,242		(15,466)	147,776
Trust fund investments and other	48,456	4,748		53,204
Total	\$340,681	\$76,591	\$(45,182)	\$372,091

Carrying amounts of nonmarketable equity securities and investments in partnerships, etc., for which the equity interest equivalents are recorded as net in the consolidated balance sheets as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Nonmarketable equity securities:			
Shares of subsidiaries and associated companies	¥248,305	¥235,858	\$1,561,670
Unlisted shares	12,887	8,138	81,051
Total	¥261,192	¥243,997	\$1,642,722
Investments in partnership, etc.:			
Silent partnership interests and other	¥282,337	¥252,569	\$1,775,705
Total	¥282,337	¥252,569	\$1,775,705

The proceeds from realized gains and losses of the available-for-sale securities, which were sold during the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Proceeds.....	¥14,866	¥55,352	\$93,502
Realized gains.....	6,127	22,359	38,537
Realized losses	(1,125)	(421)	(7,078)

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Equity securities	¥1,644	¥1,533	\$10,343
Silent partnership interests and other	2,681		16,862
Total.....	¥4,325	¥1,533	\$27,206

For marketable equity securities, an impairment loss is recognized for the difference between the acquisition cost and the fair value at the end of fiscal year when the fair value has fallen 50% or more compared to the acquisition cost. When the fair value at the end of fiscal year has fallen by 30% or more but less than 50%, the Companies assess the likelihood of recovery in the fair value for each security and recognize an impairment loss for the amount deemed necessary.

For nonmarketable equity securities, an impairment loss is recognized for the amount deemed necessary, when the net asset value per share at the end of fiscal year has fallen 50% or more compared to the acquisition cost, and after assessing the likelihood of recovery in the net asset value per share.

5. Inventories

Inventories as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Merchandise	¥92,721	¥49,278	\$583,152
Total.....	¥92,721	¥49,278	\$583,152

6. Investment Property

The Companies own certain rental properties, such as office buildings, commercial facilities, rental residential properties, and logistics warehouses, in major cities throughout Japan. The net rental income and operating expenses from these properties was ¥12,921 million (\$81,268 thousand) and ¥15,332 million for the years ended March 31, 2026 and 2025, respectively. The net gain from sales of these properties was ¥12,021 million (\$75,607 thousand) and ¥3,461 million for the years ended March 31, 2026 and 2025, respectively.

The carrying amounts, changes in such balances, and fair value of those properties as of March 31, 2026 and 2025, were as follows:

Millions of yen			
2026			
	Carrying amount *1		Fair value *3
Beginning of year	Net change *2	End of year	End of year
¥419,836	¥148,793	¥568,630	¥629,795

Millions of yen			
2025			
Carrying amount *1		Fair value *3	
Beginning of year	Net change *2	End of year	End of year
¥468,712	¥(48,875)	¥419,836	¥464,143

Thousands of U.S. dollars			
2026			
Carrying amount *1		Fair value *3	
Beginning of year	Net change *2	End of year	End of year
\$2,640,484	\$935,809	\$3,576,293	\$3,960,977

*1 Carrying amounts recognized in the consolidated balance sheets are net of accumulated depreciation and accumulated impairment losses, if any.

*2 Net change during the year ended March 31, 2026, was primarily attributable to ¥176,646 million (\$1,110,985 thousand) increase from the acquisition of real estate, ¥60,054 million (\$377,703 thousand) increase from the acquisition of newly consolidated subsidiaries and ¥89,289 million (\$561,571 thousand) decrease from the sale of real estate.

Net change during the year ended March 31, 2025, was primarily attributable to ¥63,118 million increase from the acquisition of real estate, ¥67,821 million decrease from the exclusion of Miyuki Building from the scope of consolidation, and ¥28,458 million decrease from the sale of real estate.

*3 For fair value disclosure related to major properties, the Company obtains the fair values using third-party real estate appraisers or by the DCF method. When changes in facts or circumstances indicate that there is no significant change in indices from the latest appraisal, the Companies use the fair value of these properties based on such appraisal. For fair value disclosure of other properties, the Company obtains fair value using the DCF rationally calculated by the Companies, amounts calculated using market price indices, or appropriate book value for certain depreciable assets or properties newly acquired during this fiscal year.

7. Lease Receivables and Investments in Leases

The aggregate annual maturities of the future rentals on lease receivables as of March 31, 2026, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
	2026	2026
2027	¥467,118	\$2,937,853
2028	378,690	2,381,703
2029	284,633	1,790,149
2030	208,200	1,309,438
2031	115,065	723,681
Thereafter	231,937	1,458,725
Total	¥1,685,646	\$10,601,552

Investments in leases as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gross investments in leases	¥2,196,185	¥2,076,095	\$13,812,484
Residual values	87,162	83,822	548,192
Unearned interest income	(458,798)	(429,879)	(2,885,527)
Total	¥1,824,548	¥1,730,037	\$11,475,149

The aggregate annual maturities of the future rentals on investments in leases as of March 31, 2026, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
	2026	2026
2027	¥568,585	\$3,576,006
2028	452,898	2,848,420
2029	398,442	2,505,924
2030	254,686	1,601,803
2031	167,492	1,053,413
Thereafter	354,079	2,226,916
Total	¥2,196,185	\$13,812,484

The consolidated balance sheet amounts of sublease contracts, including those that aim to disperse credit risks, and interest as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Lease receivables	¥15,313	¥13,999	\$96,311
Investments in leases	13,715	16,063	86,263
Lease obligations	29,802	31,343	187,435

“Lease receivables and investments in leases” include receivables from hire-purchase contract of the consolidated foreign subsidiaries that adopted IFRS Accounting Standards.

8. Leased Assets

The minimum future rentals on lease contracts as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	¥527,017	¥470,588	\$3,314,578
Due after one year	1,845,313	1,663,684	11,605,745
Total	¥2,372,331	2,134,272	\$14,920,323

9. Goodwill

Goodwill as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Goodwill in connection with acquisition	¥2,117	¥4,234	\$13,317
Consolidation goodwill	89,527	94,471	563,063
Total	¥91,644	¥98,706	\$576,381

Goodwill in connection with acquisition is related when Diamond Lease Company Limited and UFJ Central Leasing Company Limited merged and became Mitsubishi UFJ Lease in 2007. Consolidation goodwill is related to the acquisition of the consolidated subsidiaries.

10. Long-Lived Assets

The Companies reviewed their long-lived assets for impairment as of March 31, 2026 and 2025.

(1) Property and equipment

The Company recognized impairment losses of ¥5,088 million (\$32,002 thousand) on the following property and equipment in the accompanying consolidated statement of income for the year ended March 31, 2026.

Use	Type of assets	Millions of yen	Thousands of U.S. dollars
	2026		
Leased assets	Aircraft	¥2,885	\$18,149
Leased assets	Aircraft engine	2,202	13,852

Certain consolidated subsidiaries of the Company determine whether there is an indication of impairment by considering individual aircraft as an asset group for aircraft leasing and individual aircraft engine as an asset group for aircraft engine leasing, and have reduced the carrying amount of leased assets whose profitability has declined due to a decrease in future cash flows that are expected to occur in the future to the recoverable amount, and the reduced amount was recorded in costs as impairment losses.

The recoverable amount of the assets is primarily calculated based on the net selling price, and the net selling price is calculated based on the planned selling prices.

The Company recognized impairment losses of ¥3,894 million on the following property and equipment in the accompanying consolidated statement of income for the year ended March 31, 2025.

Use	Type of assets	Millions of yen
	2025	
Leased assets	Aircraft	¥3,751
Leased assets	Aircraft engine	143

Certain consolidated subsidiaries of the Company determine whether there is an indication of impairment by considering individual aircraft as an asset group for aircraft leasing and individual aircraft engine as an asset group for aircraft engine leasing, and have reduced the carrying amount of leased assets whose profitability has declined due to a decrease in future cash flows that are expected to occur in the future to the recoverable amount, and the reduced amount was recorded in costs as impairment losses.

In case the recoverable amount of the assets is calculated based on the value in use, the value in use is calculated based on the future cash flows discounted by 5.0%. In case the recoverable amount of the assets is calculated based on the net selling price, the net selling price is calculated based on the planned selling prices.

(2) Investments and other assets

Use	Type of assets	Millions of yen	Thousands of U.S. dollars
	2026		
-	Other intangible assets	¥9,578	\$60,244

Certain consolidated subsidiaries of the Company determine whether there is an indication of impairment by considering lease agreements for each aircraft as an asset group. The carrying amount of intangible assets related to aircraft leases whose profitability has declined due to changes in the terms of lease agreements, etc. was reduced to the recoverable amount, and the reduced amount was recorded in costs as impairment losses.

In case the future cash flows are not expected, the recoverable amount of the assets is evaluated as zero. In case the future cash flows are expected, the recoverable amount of the assets is calculated based on the value in use, the recoverable amount of the assets is calculated based on the future cash flows discounted by 5.2%.

Use	Type of assets	Millions of yen
	2025	
-	Other intangible assets	¥698

Certain consolidated subsidiaries of the Company determine whether there is an indication of impairment by considering lease agreements for each aircraft as an asset group. The carrying amount of intangible assets related to aircraft leases whose profitability has declined due to changes in the terms of lease agreements, etc., was reduced to the recoverable amount, and the reduced amount was recorded in costs as impairment losses.

The recoverable amount of the assets is measured based on the value in use, and the recoverable amount of the assets is evaluated as zero.

(3) Asset group employed by solar power generation business

Use	Type of assets	Millions of yen
	2025	
Solar power generation business assets	Other operating assets	¥4,003

The Company considers each project within the solar power generation business as an asset group when determining impairment. For certain projects in the solar power generation business for which the impairment losses have been recognized for the year ended March 31, 2024, the carrying amounts of other operating assets whose profitability has declined due to a decrease in future cash flows that are expected to occur in the future was reduced to the recoverable amount, and the reduced amount was recorded in costs as impairment losses.

The recoverable amount of the assets is calculated based on the value in use, and the value in use is calculated based on the future cash flows discounted by 4.2%.

11. Pledged Assets

As of March 31, 2026, the following assets were pledged as collateral for long-term debt, other current liabilities, and other long-term liabilities:

	Millions of yen	Thousands of U.S. dollars
	2026	2026
Cash, cash equivalents, and time deposits other than cash equivalents	¥31,873	\$200,464
Receivables — loans *1	199,139	1,252,450
Receivables — installment sales	44,953	282,726
Lease receivables and investments in leases	713,056	4,484,633
Current assets — other	12,466	78,403
Leased assets	1,627,771	10,237,559
Other operating assets *2	121,099	761,633
Investment securities *1	20,691	130,134
Other intangible assets	21,063	132,477
Investments and other assets — other	118	743
Future rentals on operating lease contracts	168	1,062
Total	¥2,792,404	\$17,562,289

The liabilities secured by the foregoing assets were as follows:

	Millions of yen	Thousands of U.S. dollars
	2026	2026
Short-term loans from banks and other financial institutions	¥1,689	\$10,622
Bonds	9,500	59,748
Long-term loans from banks and other financial institutions *2	1,031,205	6,485,570
Loans from the securitizations of the minimum future rentals on lease contracts	697,892	4,389,260
Long-term liabilities — other	83	527
Total	¥1,740,370	\$10,945,729

*1 Receivables — loans of ¥8,125 million (\$51,103 thousand) and ¥8,538 million as of March 31, 2026 and 2025, respectively, and investment securities of ¥16,967 million (\$106,716 thousand) and ¥19,497 million as of March 31, 2026 and 2025, respectively, were secured by a pledge or mortgage on loans from financial institutions of the investees.

*2 Other operating assets of ¥37,561 million (\$236,238 thousand) and ¥28,786 million as of March 31, 2026 and 2025, respectively, were factory foundation mortgages, and long-term loans from banks and other financial institutions of ¥37,308 million (\$234,646 thousand) and ¥28,645 million as of March 31, 2026 and 2025, respectively, were liabilities corresponding to factory foundation mortgages.

12. Nonrecourse Loans

Nonrecourse loans as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Current maturities of nonrecourse long-term loans	¥3,274	¥1,595	\$20,592
Nonrecourse long-term loans, less current maturities	38,600	8,765	242,768
Nonrecourse bonds	9,500		59,748
Total	¥51,374	¥10,360	\$323,108

Pledged assets for nonrecourse loans as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and cash equivalents	¥2,782		\$17,498
Lease receivables	10,822	¥11,894	68,063
Leased assets	68,121	2,054	428,437
Total	¥81,725	¥13,949	\$513,999

13. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and long-term debt as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Short-term loans from banks and other financial institutions:			
2.51%	¥458,492		\$2,883,599
3.22%		¥475,421	
Commercial paper:			
1.49%	¥1,196,700		\$7,526,415
0.87%		¥965,408	

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Bonds:			
Bonds without collateral:			
Due 2026-2036, 0.190%-2.296%	¥746,953		\$4,697,822
Due 2025-2036, 0.150%-1.515%		¥737,033	
Subordinated bonds without collateral with interest deferral and early redemption clauses:			
Due 2076-2081, 0.630%-1.310%	110,021		691,961
Due 2076-2081, 0.630%-1.310%		110,051	
U.S. dollar bonds without collateral:			
Due 2027-2030, 3.967%-5.080%	135,898		854,704
Due 2025-2030, 3.637%-5.080%		194,376	
Euroyen bonds issued under the Medium Term Note ("MTN") program:			
Due 2026-2034, 0.340%-1.364%	25,800		162,264
Due 2025-2034, 0.080%-1.364%		23,500	
U.S. dollar bonds without collateral issued by Jackson Square Aviation Ireland Ltd.:			
Due 2027-2028, 3.840%-3.990%	31,976		201,106
Due 2027-2028, 3.840%-3.990%		29,904	
U.S. dollar bonds without collateral issued by Engine Lease Finance Corporation:			
Due 2026-2031, 4.480%-4.730%	31,976		201,106
Due 2026-2031, 4.480%-4.730%		31,636	
U.S. dollar bonds issued under the MTN program by MHC America Holdings Corporation:			
Due 2026-2033, 2.336 % -5.481%	72,265		454,501
Due 2025-2033, 2.336 % -6.849%		82,535	
U.S. dollar bonds without collateral issued by MHC America Holdings Corporation:			
Due 2028-2033, 4.558%-5.807%	319,698		2,010,683
Due 2028-2033, 5.150%-5.807%		224,206	
Sterling pound bonds issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026-2028, 4.427%-5.880%	120,955		760,723
Due 2025-2028, 5.105%-5.880%		118,789	
Euro bonds issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026-2029, 4.187%-5.075%	386,938		2,433,572
Due 2025-2029, 5.057%-5.805%		332,326	
U.S. dollars bonds issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026-2030, 4.187%-5.057%	187,483		1,179,142
Due 2025-2029, 5.045%-5.786%		137,874	
Bonds issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026-2039, 4.286%-5.063%	194,168		1,221,182
Due 2025-2039, 4.867%-6.116%		239,832	
Hong Kong dollars bonds issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026-2027, 4.287%-4.627%	43,132		271,274
Due 2025-2027, 5.107%-5.476%		39,883	

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Australian dollars bonds issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026-2029, 1.830%-5.177%.....	¥48,469		\$304,842
Due 2026-2029, 1.830%-5.907%.....		¥41,444	
South African Rand bond issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2027-2027, 4.497%-4.667%.....	3,747		23,569
Due 2025-2027, 4.887%-5.397%.....		4,903	
New Zealand dollars bond issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2029, 4.768%	2,730		17,171
Due 2029, 5.498%.....		2,530	
Chinese yuan bond issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2026, 5.144%.....		4,335	
Swiss franc bond issued under the MTN program by Mitsubishi HC Capital UK PLC:			
Due 2025, 5.127%.....		2,545	
U.S. dollars bonds without collateral issued under MTN program by Mitsubishi HC Capital America, Inc.:			
Due 2026-2027, 1.572%-2.002%.....	8,792		55,296
Due 2025-2027, 1.324%-2.535%.....		19,442	
Bonds— other*1:	10,197	997	64,135
Total.....	¥2,481,204	¥2,378,147	\$15,605,062

*1 Bonds— other includes nonrecourse bonds.

Certain bonds issued under the MTN program are hedged by derivative contracts to hedge foreign exchange risk and interest rate risk, and interest rates for those bonds have been adjusted considering the impact of hedging.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Long-term loans from banks and other financial institutions, partially collateralized:			
Due within one year, 3.30%.....	¥961,356		\$6,046,264
Due 2027-2052, 3.56%.....	4,042,857		25,426,776
Due within one year, 3.67%.....		¥846,999	
Due 2026-2052, 3.66%.....		3,583,664	
Total.....	¥5,004,213	¥4,430,663	\$31,473,041
Nonrecourse loans:			
Due within one year, 3.10%.....	¥3,274		\$20,592
Due 2027-2031, 2.16%.....	38,600		242,768
Due within one year, 5.21%.....		¥1,595	
Due 2026-2031, 5.18%.....		8,765	
Total.....	¥41,874	¥10,360	\$263,360
Lease obligations, including fixed interests:			
Due within one year.....	¥ 11,746		\$ 73,877
Due 2027-2049	31,008		195,020
Due within one year.....		¥13,729	
Due 2026-2049		29,085	
Total.....	¥42,754	¥42,815	\$268,897
Loans from the securitizations of the minimum future rentals on lease contracts:			
Due within one year, 2.62%.....	¥279,976		\$1,760,861
Due 2027-2032, 2.37%.....	417,915		2,628,398
Due within one year, 2.37%.....		¥225,686	
Due 2026-2032, 2.28%.....		355,109	
Total.....	¥697,892	¥580,796	\$4,389,260
Other current liabilities and other long-term liabilities:			
Due within one year.....	¥117		\$738
Due 2027-2032	449		2,829
Due within one year.....		¥177	
Due 2026-2032		567	
Total.....	¥567	¥744	\$3,567

The interest rates for loans from banks and other financial institutions, commercial paper, and loans from the securitization of the minimum future rentals on lease contracts represent the weighted-average rates on outstanding balances at March 31, 2026 and 2025.

As it is customary in Japan, substantially all of the Company's short-term bank loans are made under agreements, which provide that, at the request of such banks, the Company will provide additional collateral or guarantors with respect to the loans. As of March 31, 2026, the Company has not received any such requests.

Annual maturities of long-term debt as of March 31, 2026, for the next five years were as follows:

Millions of yen

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
March 31, 2026					
Short-term loans from banks and other financial institutions	¥458,492				
Commercial paper	1,196,700				
Bonds	529,412	¥596,400	¥444,591	¥276,780	¥325,301
Nonrecourse bonds		100	100	100	9,200
Long-term loans from banks and other financial institutions	961,356	1,079,077	915,810	794,210	441,894
Nonrecourse loans	3,274	12,600	13,053	12,614	208
Lease obligations	11,746	8,504	6,835	4,385	3,896
Loans from the securitizations of the minimum future rentals on lease contracts and other....	279,976	229,182	109,856	57,156	17,217
Total	¥3,440,958	¥1,925,865	¥1,490,247	¥1,145,247	¥797,718

Thousands of U.S. dollars

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
March 31, 2026					
Short-term loans from banks and other financial institutions	\$2,883,599				
Commercial paper	7,526,415				
Bonds	3,329,637	\$3,750,948	\$2,796,175	\$1,740,756	\$2,045,921
Nonrecourse bonds		628	628	628	57,861
Long-term loans from banks and other financial institutions	6,046,264	6,786,653	5,759,813	4,995,036	2,779,208
Nonrecourse loans	20,592	79,245	82,097	79,338	1,311
Lease obligations	73,877	53,489	42,987	27,579	24,508
Loans from the securitizations of the minimum future rentals on lease contracts and other....	1,760,861	1,441,397	690,919	359,472	108,286
Total	\$21,641,247	\$12,112,363	\$9,372,622	\$7,202,812	\$5,017,098

The Company and certain consolidated subsidiaries had loan commitment agreements as of March 31, 2026 and 2025, amounting to ¥997,160 million (\$6,271,448 thousand) and ¥964,860 million, respectively, of which ¥788,305 million (\$4,957,896 thousand) and ¥810,256 million, respectively, were unused.

14. Retirement and Pension Plans

The Company and certain consolidated subsidiaries have defined benefit corporate pension plans for employees or unfunded retirement benefit plans and defined contribution pension plans. In addition, the Company adopted a defined contribution pension plan on October 1, 2016.

Under most circumstances, employees terminating their employment are entitled to retirement benefits that are determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from its domestic subsidiaries and annuity payments from a trustee. If the termination is involuntary, such as when caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to a larger payment than in the case of a voluntary termination.

The liabilities for retirement benefits for Directors and Audit and Supervisory Committee members of the consolidated domestic subsidiaries at March 31, 2026 and 2025, were ¥33 million (\$211 thousand) and ¥42 million, respectively. The retirement benefits for Directors and Audit and Supervisory Committee members are paid subject to the approval of the shareholders.

- (1) The changes in defined benefit obligation for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥62,972	¥74,581	\$396,051
Current service cost	2,160	2,650	13,585
Interest cost	1,477	1,079	9,291
Actuarial losses	(5,671)	(6,403)	(35,671)
Benefits paid	(4,219)	(3,559)	(26,535)
Prior service cost		(4,951)	
Change in the scope of consolidation		(530)	
Foreign currency translation differences	520	106	3,273
Balance at end of year	¥57,239	¥62,972	\$359,994

- (2) The changes in plan assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥77,268	¥80,911	\$485,967
Expected return on plan assets	1,768	1,738	11,125
Actuarial (losses) gains	3,087	(4,017)	19,419
Contributions from the employer	1,959	2,033	12,321
Benefits paid	(3,393)	(2,989)	(21,342)
Change in the scope of consolidation		(519)	
Foreign currency translation differences	516	111	3,247
Balance at end of year	¥81,207	¥77,268	\$510,739

- (3) Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined benefit obligation.....	¥54,727	¥60,206	\$344,195
Plan assets.....	(81,207)	(77,268)	(510,739)
	(26,480)	(17,062)	(166,544)
Unfunded defined benefit obligation.....	2,512	2,765	15,799
Net (asset) liability arising from defined benefit obligation.....	¥(23,968)	¥(14,296)	\$(150,744)
Liability for retirement benefits.....	¥2,744	¥2,754	\$17,262
Asset for retirement benefits	(26,713)	(17,051)	(168,007)
Net (asset) liability arising from defined benefit obligation.....	¥(23,968)	¥(14,296)	\$(150,744)

- (4) The components of net periodic benefit costs for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost.....	¥2,160	¥2,650	\$13,585
Interest cost.....	1,477	1,079	9,291
Expected return on plan assets.....	(1,768)	(1,738)	(11,125)
Recognized actuarial losses	(785)	(547)	(4,937)
Amortization of prior service cost	(667)	(683)	(4,198)
Others.....	692	7	4,357
Net periodic benefit costs	¥1,108	¥766	\$6,972

- (5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Prior service cost	¥(667)	¥4,268	\$(4,198)
Actuarial gains.....	7,974	1,837	50,154
Total.....	¥7,306	¥6,106	\$45,955

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized prior service cost	¥(5,433)	¥(6,101)	\$(34,172)
Unrecognized actuarial gains	(18,278)	(10,304)	(114,960)
Total.....	¥(23,712)	¥(16,405)	\$(149,132)

(7) Plan assets

a. *Components of plan assets*

Plan assets consisted of the following:

	2026	2025
Debt investments	44%	45%
General account	26	23
Alternative investments*	15	13
Equity investments	14	17
Others	1	2
Total	100%	100%

* Alternative investments are invested for the purpose of diversifying risks and primarily invested in hedge funds.

b. *Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined by considering the long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2026 and 2025, were set forth as follows:

	2026	2025
Discount rate	2.16-3.02%	1.30-2.03%
Expected rate of return on plan assets	2.0%	2.0%

Other than the above, an expected rate of salary increase is used for the assumptions.

(9) Defined contribution pension plans

Contributions to defined contribution pension plans for the years ended March 31, 2026 and 2025, were ¥3,830 million (\$24,090 thousand) and ¥3,725 million, respectively.

15. Commitments and Contingent Liabilities

The Companies, as lenders, have loan commitment agreements as of March 31, 2026, totaling ¥440,218 million (\$2,768,671 thousand), where the used portion is ¥211,248 million (\$1,328,609 thousand), and the unused portion is ¥228,969 million (\$1,440,062 thousand). This amount includes unused portions of the facilities which will not necessarily be utilized in full because these facilities are subject to periodic reviews of the borrower's purpose for the loan, credit standing, etc.

The Companies are contingently liable as of March 31, 2026, as guarantor or coguarantor for operating transactions of ¥12,854 million (\$80,845 thousand), and borrowings and others of ¥1,323 million (\$8,325 thousand) for their unconsolidated subsidiaries and others.

The Companies have entered into various interest rate swap contracts, interest rate cap contracts, cross-currency interest rate swap contracts, and foreign exchange forward contracts in the ordinary course of business (see Note 28).

16. Equity

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, including (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the board of directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the board of directors of companies with (a) board committees (namely, appointment committee, compensation committee, and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an Audit and Supervisory Committee, effective April 1, 2021. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders, subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year by resolution of the board of directors, if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

Moreover, the additional dividend restriction based upon the consolidated retained earnings is applicable to the Company.

As described in Note 2.v, the Company introduced the performance-based share remuneration plan for Directors during the year ended March 31, 2024. The dividend amounts include dividends to the Company's shares held by the trust for the performance-based share remuneration plan.

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

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

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and to dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or are deducted directly from stock acquisition rights.

The number of treasury stock includes the Company's shares held by the trust for the performance-based share remuneration plan.

On April 1, 2013, the Company completed a ten-for-one stock split by way of a free share distribution, based on the resolution of the Board of Directors' meeting held on December 20, 2012.

17. Stock-Based Compensation

The Company has a stock option plan for certain Directors and Executive Officers, except for Audit and Supervisory Committee members. Under the plan, the right to purchase common shares of the Company is granted at an exercise price of ¥1 per share. The contractual term of the stock options is 30 years. The stock option holders may exercise their stock acquisition rights during the five-year period after one year from the first day after leaving their position as either a Director or Executive Officer of the Company.

The stock options outstanding as of March 31, 2026, were as follows:

	2013 stock option	2014 stock option	2015 stock option
Persons granted.....	10 directors 17 executive officers	10 directors 19 executive officers	10 directors 18 executive officers
Number of options granted*	583,100	419,000	350,300
Date of grant	October 15, 2012	October 15, 2013	October 15, 2014
The fair value of options granted under the plan at the grant dates*	¥312.8 (\$1.96)	¥502 (\$3.15)	¥490 (\$3.08)
	2016 stock option	2017 stock option	2018 stock option
Persons granted.....	9 directors 20 executive officers	9 directors 20 executive officers	9 directors 27 executive officers
Number of options granted*	368,800	451,700	493,000
Date of grant	October 15, 2015	October 14, 2016	October 13, 2017
The fair value of options granted under the plan at the grant dates*	¥546 (\$3.43)	¥436 (\$2.74)	¥566 (\$3.55)
	2019 stock option	2020 stock option	2021 stock option
Persons granted.....	6 directors 33 executive officers	5 directors 30 executive officers	5 directors 31 executive officers
Number of options granted*	422,400	490,400	507,000
Date of grant	July 13, 2018	July 12, 2019	July 15, 2020
The fair value of options granted under the plan at the grant dates*	¥590 (\$3.71)	¥513 (\$3.22)	¥424 (\$2.66)
	2022 stock option	2023 stock option	
Persons granted.....	6 directors 55 executive officers	6 directors 55 executive officers	
Number of options granted*	866,300	855,400	
Date of grant	July 15, 2021	July 15, 2022	
The fair value of options granted under the plan at the grant dates*	¥499 (\$3.13)	¥511 (\$3.21)	

The Companies recognized no stock-based compensation costs for the years ended March 31, 2026 and 2025.

The stock option activity for the fiscal years ended March 31, 2026 and 2025, was as follows:

	2013 stock option	2014 stock option	2015 stock option	2016 stock option
	Number of shares*			
For the year ended March 31, 2025				
Outstanding at beginning of fiscal year ..	37,500	57,900	113,300	156,800
Granted				
Canceled or expired				
Exercised.....	15,900	43,200	53,600	81,900
Outstanding at end of fiscal year.....	21,600	14,700	59,700	74,900
Vested at end of fiscal year.....	21,600	14,700	59,700	74,900
For the year ended March 31, 2026				
Outstanding at beginning of fiscal year ..	21,600	14,700	59,700	74,900
Granted				
Canceled or expired				
Exercised.....			28,200	19,400
Outstanding at end of fiscal year.....	21,600	14,700	31,500	55,500
Vested at end of fiscal year.....	21,600	14,700	31,500	55,500

	2017 stock option	2018 stock option	2019 stock option	2020 stock option
	Number of shares*			
For the year ended March 31, 2025				
Outstanding at beginning of fiscal year ..	231,600	336,700	287,500	384,200
Granted				
Canceled or expired				
Exercised.....	112,500	145,500	89,600	87,000
Outstanding at end of fiscal year.....	119,100	191,200	197,900	297,200
Vested at end of fiscal year.....	119,100	191,200	197,900	297,200
For the year ended March 31, 2026				
Outstanding at beginning of fiscal year ..	119,100	191,200	197,900	297,200
Granted				
Canceled or expired				
Exercised.....	27,100	13,900	38,800	14,500
Outstanding at end of fiscal year.....	92,000	177,300	159,100	282,700
Vested at end of fiscal year.....	92,000	177,300	159,100	282,700
	2021 stock option	2022 stock option	2023 stock option	
	Number of shares*			
For the year ended March 31, 2025				
Outstanding at beginning of fiscal year ..	400,300	841,100	855,400	
Granted				
Canceled or expired				
Exercised.....	73,000	172,000	107,100	
Outstanding at end of fiscal year.....	327,300	669,100	748,300	
Vested at end of fiscal year.....	327,300	669,100	748,300	
For the year ended March 31, 2026				
Outstanding at beginning of fiscal year ..	327,300	669,100	748,300	
Granted				
Canceled or expired				
Exercised.....	14,600	38,400	34,300	
Outstanding at end of fiscal year.....	312,700	630,700	714,000	
Vested at end of fiscal year.....	312,700	630,700	714,000	

* On April 1, 2013, the Company split each share of its common stock, which was held by shareholders stated or recorded in the register of shareholders as of March 31, 2013, into ten (10) shares. Number of options, the fair value of options, and per share dividends have been retrospectively adjusted to reflect the stock split for all periods presented.

Method for estimating the number of vested stock options

The method for estimating the number of vested stock options, in principle, reflects only the actual number of cancellations, as a reasonable estimation cannot be made of the number of future cancellations.

18. Revenue Recognition

(1) Disaggregation of revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen						
	Reportable segments						
Year Ended March 31, 2026	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Revenues:							
Sales from maintenance contracts.....	¥48,917	¥33,355	¥3				
Sales from selling merchandise	13,446	1,651		¥29,643	¥1,043		
Electricity sales	14	1,037	32,141				
Sales from disposal of lease properties *2		75,004		17,113	2,855		¥399
Others.....	8,898	11,377	4,145	4,162	201	¥13,742	96
Revenue from contracts with customers	71,277	122,426	36,290	50,920	4,101	13,742	496
Other revenue *3.....	949,719	388,705	9,737	288,757	174,801	96,893	6,257
Total	¥1,020,996	¥511,131	¥46,027	¥339,677	¥178,902	¥110,635	¥6,753

	Millions of yen	
Year Ended March 31, 2026	Adjustments *1	Consolidated
Revenues:		
Sales from maintenance contracts.....		¥82,277
Sales from selling merchandise	¥1	45,786
Electricity sales		33,193
Sales from disposal of lease properties *2		95,372
Others.....	1,092	43,717
Revenue from contracts with customers	1,093	300,346
Other revenue *3.....	166	1,915,037
Total	¥1,260	¥2,215,384

Year Ended March 31, 2025	Millions of yen						
	Reportable segments						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Revenues:							
Sales from maintenance contracts	¥44,209	¥29,239					¥12
Sales from selling merchandise	12,092	2,342		¥19,737	¥688		
Electricity sales		940	¥29,731				
Sales from disposal of lease properties *2		87,094		18,117	3,365		143
Others.....	8,099	16,829	98	2,654	302	¥9,563	89
Revenue from contracts with customers	64,400	136,446	29,829	40,510	4,355	9,563	245
Other revenue *3	904,451	357,637	16,125	281,353	131,794	107,171	5,364
Total	¥968,851	¥494,084	¥45,954	¥321,863	¥136,150	¥116,735	¥5,609

Year Ended March 31, 2025	Millions of yen	
	Adjustments *1	Consolidated
Revenues:		
Sales from maintenance contracts		¥73,461
Sales from selling merchandise		34,860
Electricity sales		30,671
Sales from disposal of lease properties *2		108,720
Others.....	¥1,504	39,140
Revenue from contracts with customers	1,504	286,855
Other revenue *3	54	1,803,952
Total	¥1,558	¥2,090,808

Year Ended March 31, 2026	Thousands of U.S. dollars						
	Reportable segments						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Revenues:							
Sales from maintenance contracts.....	\$307,657	\$209,784	\$25				\$2
Sales from selling merchandise	84,566	10,384		\$186,438	\$6,565		
Electricity sales	92	6,523	202,145				
Sales from disposal of lease properties *2		471,724		107,631	17,960		2,511
Others.....	55,967	71,557	26,069	26,181	1,267	\$86,429	606
Revenue from contracts with customers	448,284	769,974	228,240	320,251	25,793	86,429	3,120
Other revenue *3.....	5,973,075	2,444,686	61,242	1,816,087	1,099,378	609,390	39,357
Total	\$6,421,359	\$3,214,661	\$289,482	\$2,136,339	\$1,125,172	\$695,820	\$42,477

Year Ended March 31, 2026	Thousands of U.S. dollars	
	Adjustments *1	Consolidated
Revenues:		
Sales from maintenance contracts.....		\$517,470
Sales from selling merchandise	\$7	287,963
Electricity sales		208,762
Sales from disposal of lease properties *2		599,828
Others.....	6,871	274,950
Revenue from contracts with customers	6,879	1,888,974
Other revenue *3.....	1,046	12,044,263
Total	\$7,925	\$13,933,238

*1 Adjustments in revenues represent Company-wide revenues that do not belong to a reportable segment.

*2 Sales from disposal of lease properties are sales from disposal of lease properties due to lease contract maturities of the consolidated foreign subsidiaries that adopted IFRS Accounting Standards or U.S. GAAP.

*3 Other revenue primarily includes revenue from finance lease, operating lease, loans, and installment sales.

As shown in the above table, revenue from contracts with customers is immaterial to total revenue. Therefore, the Companies omitted disclosure of basic information to understand revenues from contracts with customers and information on relationship between satisfaction of performance obligations in contracts with customers and transaction prices allocated to remaining performance obligations.

(2) Contract balances

Receivables from contracts with customers, contract assets, and contract liabilities as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Receivables from contracts with customers *1.....	¥12,568	¥9,010	\$79,049
Contract assets			
Contract liabilities *2.....	16,538	9,784	104,016

*1 Receivables arising from contracts with customers are included in “Receivables — Lease” and “Prepaid expenses and other” in the consolidated balance sheets.

*2 Contract liabilities are included in “Other current liabilities” in the consolidated balance sheets.

19. Selling, General, and Administrative Expenses

Selling, general, and administrative expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Provision for doubtful receivables.....	¥24,825	¥52,841	\$156,132
Employees' salaries, bonuses, and allowances	79,321	77,795	498,874
Other.....	155,589	144,873	978,549
Total.....	¥259,735	¥275,510	\$1,633,557

20. Gain on Step Acquisition

The Company recognized a step acquisition gain on its existing holdings of a silent partnership whose operator is Hokkaido Yakumo Solar Park G. K. and two other companies when they became consolidated subsidiaries due to increase of the shares by the Company for the year ended March 31, 2026.

The Companies did not recognize any gain on step acquisition for the year ended March 31, 2025.

21. Gain from Bargain Purchase

The Companies did not recognize any gain from a bargain purchase for the year ended March 31, 2026.

The Company recognized a gain from a bargain purchase on its existing holdings of Soka Logistics Special Purpose Company ("Soka Logistics") when Soka Logistics became a consolidated subsidiary due to an additional investment by the Company for the year ended March 31, 2025.

22. Loss on Sales of Shares of Subsidiaries and Affiliates

The Companies did not recognize any loss on sales of shares of subsidiaries and affiliates for the year ended March 31, 2026.

The Companies recognized loss on the sale of whole shares of Miyuki Building, formerly the consolidated subsidiary of the Company, for the year ended March 31, 2025.

23. Provision Charge for Loss on Redress

In response to issues regarding motor finance commissions in the United Kingdom, the Financial Conduct Authority ("FCA") of the United Kingdom announced the final redress scheme for motor finance customers on March 30, 2026.

Mitsubishi HC Capital UK PLC, the consolidated subsidiary of the Company, has recorded provisions for loss on redress in preparation for potential future losses related to past motor finance contracts based on certain scenarios. Following the announcement of the final consumer redress scheme by the FCA, Mitsubishi HC Capital UK PLC reassessed the scenarios and probabilities and recorded an additional provision for loss on redress. As a result, the Companies recorded provision charge for loss on redress of ¥11,293 million (\$71,028 thousand) for the year ended March 31, 2026.

The Companies recorded provision charge for loss on redress of ¥927 million for the year ended March 31, 2025.

24. Related-Party Transactions

(1) Transactions of the Company with related parties

The transactions with subsidiaries of Mitsubishi UFJ Financial Group, Inc. or Mitsubishi Corporation, which has significant influence over the Company, for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Transactions with MUFG Bank, Ltd.:			
Short-term loans*2	¥1,099,558	¥330,248	\$6,915,459
Interest expense*1	14,367	14,695	90,359

*1 Interest expense recorded in costs and other income (expenses).

*2 Interest rates on short-term loans are determined based on market interest rates and other factors.

Amounts due from and to subsidiaries of Mitsubishi UFJ Financial Group, Inc. or Mitsubishi Corporation, which has significant influence over the Company, as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Amounts due from and to MUFG Bank, Ltd.:			
Short-term loans	¥13,187	¥22,578	\$82,942
Long-term loans, including current maturities	202,775	256,213	1,275,319

(2) Transactions of subsidiaries of the Company with related parties

The transactions with subsidiaries of Mitsubishi UFJ Financial Group, Inc. or Mitsubishi Corporation, which has significant influence over the Company, for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Transactions with MUFG Bank, Ltd.:			
Short-term loans*2	¥455,777	¥174,984	\$3,023,000
Long-term loans*2	82,169	47,231	545,000
Interest expense*1	25,128	45,365	166,668

*1 Interest expense recorded in costs and other income (expenses).

*2 Interest rates on short-term loans and long-term loans are determined based on market interest rates and other factors.

Amounts due from and to subsidiaries of Mitsubishi UFJ Financial Group, Inc. or Mitsubishi Corporation, which has significant influence over the Company, as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Amounts due from and to MUFG Bank, Ltd.:			
Short-term loans	¥38,051	¥165,994	\$238,000
Long-term loans, including current maturities*3	536,372	554,124	3,354,846

*3 The balances of long-term loans secured by the assets pledged as collateral as of March 31, 2026 and 2025, were ¥218,611 million (\$1,367,346 thousand) and ¥284,841 million, respectively.

25. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2026 and 2025.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Tax loss carryforwards.....	¥132,405	¥118,936	\$832,739
Accrued expenses	21,491	22,217	135,166
Allowance for doubtful receivables.....	16,558	19,753	104,142
Investment securities	12,206	12,771	76,770
Other.....	57,373	54,498	360,838
Total of tax loss carryforwards and temporary differences	240,035	228,176	1,509,656
Less valuation allowance for tax loss carryforwards.....	(11,628)	(7,171)	(73,132)
Less valuation allowance for temporary differences	(10,312)	(12,655)	(64,860)
Total valuation allowance.....	(21,940)	(19,826)	(137,993)
Less deferred tax liabilities.....	(203,048)	(182,926)	(1,277,032)
Net deferred tax assets.....	¥15,046	¥25,423	\$94,631

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax liabilities:			
Depreciation of leased assets of foreign subsidiaries	¥352,871	¥315,312	\$2,219,320
Other.....	68,906	50,468	433,371
Total deferred tax liabilities	421,778	365,781	2,652,692
Less deferred tax assets	(203,048)	(182,926)	(1,277,032)
Net deferred tax liabilities	¥218,729	¥182,854	\$1,375,660

The expiration of tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets as of March 31, 2026 and 2025, were as follows:

	Millions of yen				
	One year or less	After one year through five years	After five years through 10 years	After 10 years	Total
March 31, 2026					
Deferred tax assets relating to tax loss carryforwards* ¹	¥404	¥9,196	¥7,722	¥115,081	¥132,405
Less valuation allowances for tax loss carryforwards.....	(300)	(8,635)	(2,313)	(379)	(11,628)
Net deferred tax assets relating to tax loss carryforwards* ²	¥104	¥561	¥5,408	¥114,702	¥120,777

March 31, 2025	Millions of yen				Total
	One year or less	After one year through five years	After five years through 10 years	After 10 years	
Deferred tax assets relating to tax loss carryforwards* ¹	¥214	¥6,628	¥4,055	¥108,038	¥118,936
Less valuation allowances for tax loss carryforwards.....	(182)	(5,536)	(843)	(608)	(7,171)
Net deferred tax assets relating to tax loss carryforwards* ²	¥31	¥1,091	¥3,212	¥107,429	¥111,765

March 31, 2026	Thousands of U.S. dollars				Total
	One year or less	After one year through five years	After five years through 10 years	After 10 years	
Deferred tax assets relating to tax loss carryforwards* ¹	\$2,543	\$57,840	\$48,569	\$723,785	\$832,739
Less valuation allowances for tax loss carryforwards.....	(1,887)	(54,309)	(14,550)	(2,384)	(73,132)
Net deferred tax assets relating to tax loss carryforwards* ²	\$655	\$3,531	\$34,018	\$721,401	\$759,607

*1 Tax loss carryforwards were calculated by applying the normal effective statutory tax rate.

*2 Net deferred tax assets are recognized primarily for tax loss carryforwards (calculated by applying the normal effective statutory tax rate) of the consolidated subsidiaries of the Company. The tax loss carryforwards of these foreign consolidated subsidiaries arose by applying the accelerated depreciation for leased assets. Valuation allowances have not been recognized for these tax loss carryforwards because they are expected to be collectible considering future taxable income.

Certain subsidiaries of the Company have tax loss carryforwards, as stated above, and those will mainly begin to expire in 2026.

The difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2026 and 2025, was not disclosed because the difference was less than 5% of the normal effective statutory tax rate.

26. Leases

The future minimum payments under noncancelable operating leases as lessee as of March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year.....	¥4,616	¥4,041	\$29,033
Due after one year	8,021	6,775	50,448
Total.....	¥12,637	¥10,817	\$79,481

27. Financial Instruments and Related Disclosures

(1) Policy for financial instruments

The Companies mainly conduct business of lease transactions, installment sales, and financial transactions.

In order to finance these businesses, the Companies utilize indirect financing, primarily bank loans, as well as direct financing, issuance of bonds, commercial paper, and securitization receivables.

So as to properly manage the interest rate risk that arises from the mismatch of interest conditions and that of duration between invested assets and financing liabilities, the Companies utilize asset liability management (“ALM”).

Derivatives are used, not for speculative and trading purposes, but mainly to hedge interest and foreign currency exposures as described in Note 28.

(2) Nature and extent of risks arising from financial instruments

Major financial assets of the Companies are receivables related to leases, installment sales, and loans, which are exposed to customer credit risk.

Marketable and investment securities, mainly composed of equity securities, debt securities, and others which are held for maintaining business relationships with customers and for investment income purposes, are exposed to issuer credit risk, interest rate risk, and market price fluctuation risk.

The Companies are exposed to liquidity risk, namely the risk that, under certain conditions, they may not be able to procure the funds needed from the market to meet payment obligations for loans, bonds, commercial paper, and so on, on their maturity dates. The Companies are also exposed to interest rate fluctuation risk on floating interest rate liabilities.

The Companies mainly conduct business of lease transactions, installment sales, and financial transactions. Some receivables related to leases, installment sales, and loans have fixed interest rates. However, the Companies use some floating interest rate financing instruments, which expose them to interest rate risk.

In order to comprehensively manage these interest rate risks, or to secure stable earnings by fixing profit margins for individual business projects, the Companies utilize interest rate-related derivative transactions.

In order to manage foreign exchange risk for individual foreign currency-denominated assets and liabilities, the Companies also utilize currency-related derivative transactions and foreign currency-denominated debt.

Please see Note 28 for more details about derivatives.

(3) Risk management for financial instruments

(a) Credit risk management

The Companies manage the credit risk of individual customers based on their overall strategy, financial position, credit rating portfolio characteristics, and other factors in accordance with the internal credit management rules. This credit management process is conducted by the business departments and the credit department, with regular reporting to the Risk Management Committee, the Executive Committee, and the Board of Directors. In addition, the internal audit department monitors and audits credit administration and management status.

(b) Market risk management (foreign exchange risk and interest rate fluctuation risk)

The Companies manage their exposure to interest rate fluctuation risk, foreign exchange risk, and price fluctuation risk according to internal rules for market risk management.

(i) Interest rate fluctuation risk management

In order to properly manage interest rate fluctuation risk, the Companies not only constantly monitor interest rate movements but also monitor any mismatches of interest conditions and that of duration between invested assets and financing liabilities. With respect to interest rate fluctuation risk, the Company convenes the ALM committee quarterly, attended by officers and managers of related departments, to review market conditions and asset/liability portfolio analysis. The ALM committee deliberates and decides on policies with regard to current risk management and new financing. In addition, the Company regularly reports to the Risk Management Committee.

(ii) Quantitative information of market risk

The Companies have financial instruments exposed to market risk, which are composed mainly of installment sales receivables; lease receivables; and investments in leases, loans, marketable and investment securities, short-term borrowings, and long-term debt. The Companies adopt ALM to these financial instruments and use indices, such as 10 BPV (*1) and VaR (*2), to measure market risks.

In calculating market risk and the VaR, the Companies adopt a historical simulation model (holding period, one year; confidence interval, 99.9%; and observation period, 10 years).

The 10 BPV at March 31, 2026 and 2025, was ¥8,538 million (\$53,700 thousand) and ¥7,237 million, respectively. The market risk VaR at March 31, 2026 and 2025, was ¥194,400 million (\$1,222,642 thousand) and ¥165,602 million, respectively.

(*1) 10 BPV: One of the interest rate indices, which estimates changes in the present value of subject assets and liabilities assuming a 10 basis-point (0.10%) upward shift of underlying interest rates

(*2) VaR: Quantitatively measured amount that estimates potential loss of portfolios over a certain period and according to a certain probability based on the past statistics

The Companies measure and manage market risks, including the risks of the future rentals and residual values of operating lease transactions, since these are also exposed to market risks similar to those of lease receivables and investments in leases (which are related to finance lease transactions).

The Companies have adopted a historical simulation model, which calculates a VaR as the statistically possible amount of losses within a fixed confidence interval based on historical market volatility. However, this model is not designed to capture certain abnormal market fluctuations.

(c) Foreign exchange risk management

The Companies reduce foreign exchange risk of foreign currency-denominated assets individually by financing commensurate foreign currency-denominated debt and by using foreign currency-related derivative transactions. Reports regarding foreign exchange risk status are made to the Risk Management Committee.

(d) Price fluctuation risk management

Price fluctuation risk for marketable and investment securities is reported to the Risk Management Committee. Most equity securities held by the Companies are for the purpose of maintaining business relationships with customers, and the Companies perform an annual review on whether to maintain these shares by monitoring the financial condition of the issuers (customers) and transaction status with customers, as well as evaluating the cost of capital.

(e) Liquidity risk management on financing

The Companies monitor their cash management status as a whole and control the duration mix of their financing. Through maintaining commitment lines with multiple financial institutions and diversifying financing methods, the Companies endeavor to secure liquidity. In addition, based on the Companies' internal liquidity risk management rules, the probability of realization of the risk under the current financing environment is monitored and monthly reports on liquidity risk status are sent to the executive officer in charge. The executive officer in charge decides the stage of liquidity risk and reports the decision to the Risk Management Committee. The Company has also prepared a contingency plan for each stage of liquidity risk and has been prepared for appropriate action addressing any such contingency.

(f) Derivative transactions

The financial department of the Company utilizes derivative transactions in accordance with internal rules. Interest rate fluctuation risk is managed comprehensively through ALM with interest rate fluctuation risk of assets and liabilities in the consolidated balance sheets. Foreign currency fluctuation risk is managed on an individual project basis. The status of these derivative transactions is reported to the executive officer in charge every quarter. Credit risk due to nonfulfillment of contracts by counterparties is managed by setting individual credit limits according to the financing credit rating of the customer.

(4) Supplementary information on fair value of financial instruments

Quoted market prices, when available, are used to estimate the fair values of financial instruments. However, when quoted market prices are not available for financial instruments, fair values for such financial instruments are estimated using DCF models or other valuation techniques. Considerable judgment is required in determining methodologies and assumptions used in estimating fair values of financial instruments; therefore, the effect of using different methodologies and assumptions may have a material impact on the estimated fair value amounts.

(5) Financial instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels depending on the observability and significance of the inputs used in making fair value measurements:

Level 1:	Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3:	Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

According to Paragraph 5 of *Implementation Guidance on Disclosure about Fair Value of Financial Instruments* (ASBJ Guidance No. 19), nonmarketable equity securities are not included in the tables below. In addition, investments in partnerships, etc., where the equity interest equivalents are recorded as net in the balance sheet applying the Paragraph 24-16 of *Implementation Guidance on Accounting Standard for Fair Value Measurement* (ASBJ Guidance No. 31), are not included in the tables below.

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheets:

	Millions of yen			
March 31, 2026	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	¥14,285		¥8,760	¥23,046
Government and municipal bonds	5,871			5,871
Corporate bonds		¥17,624		17,624
Other		8,263	196	8,459
Derivative transactions *1:				
Foreign currency forward contracts .		(44,997)		(44,997)
Interest rate swaps		20,188		20,188
Total assets.....	¥20,157	¥1,078	¥8,957	¥30,193

Millions of yen				
March 31, 2025	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	¥14,833		¥10,235	¥25,068
Government and municipal bonds	5,941			5,941
Corporate bonds		¥17,436		17,436
Other		5,577	424	6,002
Derivative transactions *2:				
Foreign currency forward contracts .		(47,916)		(47,916)
Interest rate swaps		25,444		25,444
Total assets	¥20,774	¥542	¥10,659	¥31,977

Thousands of U.S. dollars				
March 31, 2026	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	\$89,845		\$55,098	\$144,943
Government and municipal bonds	36,929			36,929
Corporate bonds		\$110,846		110,846
Other		51,969	1,235	53,204
Derivative transactions*1:				
Foreign currency forward contracts .		(283,000)		(283,000)
Interest rate swaps		126,970		126,970
Total assets	\$126,775	\$6,785	\$56,333	\$189,894

*1 Carrying amounts of derivative transactions to which hedge accounting is applied were ¥(24,515) million (\$ (154,186) thousand) as of March 31, 2026.

*2 Carrying amounts of derivative transactions to which hedge accounting is applied were ¥(22,096) million as of March 31, 2025.

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheets:

	Millions of yen					
	Fair value					
March 31, 2026	Level 1	Level 2	Level 3	Total	Carrying amount	Unrealized gain (loss)
Receivables:						
Installment sales					¥181,103	
Deferred profit on installment sales.....						
Allowance for doubtful receivables					(1,610)	
Subtotal			¥181,365	¥181,365	179,493	¥1,872
Receivables:						
Loans					2,367,542	
Allowance for doubtful receivables					(15,556)	
Subtotal		¥463	2,337,722	2,338,186	2,351,986	(13,799)
Marketable and Investment Securities Held-to-maturity securities						
Debt securities.....	¥4,160			4,160	4,314	(153)
Lease receivables and investments in leases .					3,186,012	
Residual values of investments in leases						
Allowance for doubtful receivables					(8,381)	
Subtotal		64,495	3,165,212	3,229,707	3,177,630	52,076
Long-term receivables...					70,882	
Allowance for doubtful receivables					(31,885)	
Subtotal			38,996	38,996	38,996	
Total	¥4,160	¥64,959	¥5,723,296	¥5,792,416	¥5,752,420	¥39,996
Bonds		¥2,458,938		¥2,458,938	¥2,481,204	¥(22,266)
Long-term loans from banks and other financial institutions...		5,024,319		5,024,319	5,046,087	(21,768)
Loans from the securitizations of the minimum future rentals on lease contracts		690,558		690,558	697,892	(7,334)
Total		¥8,173,815		¥8,173,815	¥8,225,185	¥(51,369)

Millions of yen						
March 31, 2025	Fair value				Carrying amount	Unrealized gain (loss)
	Level 1	Level 2	Level 3	Total		
Receivables:						
Installment sales					¥165,261	
Deferred profit on installment sales.....					(7,018)	
Allowance for doubtful receivables					(1,241)	
Subtotal			¥159,988	¥159,988	157,001	¥2,986
Receivables:						
Loans					2,148,535	
Allowance for doubtful receivables					(18,163)	
Subtotal		¥231	2,140,241	2,140,472	2,130,371	10,101
Marketable and Investment Securities						
Held-to-maturity securities						
Debt securities.....	¥1,874			1,874	1,913	(39)
Lease receivables and investments in leases .					3,135,877	
Residual values of investments in leases					(83,822)	
Allowance for doubtful receivables					(9,375)	
Subtotal		52,560	3,091,007	3,143,567	3,042,679	100,887
Long-term receivables...					87,005	
Allowance for doubtful receivables					(40,711)	
Subtotal			46,293	46,293	46,293	
Total	¥1,874	¥52,791	¥5,437,530	¥5,492,196	¥5,378,259	¥113,936
Bonds		¥2,375,869		¥2,375,869	¥2,378,147	¥(2,277)
Long-term loans from banks and other financial institutions ...		4,438,859		4,438,859	4,441,024	(2,164)
Loans from the securitizations of the minimum future rentals on lease contracts		568,575		568,575	580,796	(12,220)
Total		¥7,338,305		¥7,338,305	¥7,399,968	¥(16,662)

Thousands of U.S. dollars

	Fair value				Carrying amount	Unrealized gain (loss)
	Level 1	Level 2	Level 3	Total		
March 31, 2026						
Receivables:						
Installment sales					\$1,139,014	
Deferred profit on installment sales.....						
Allowance for doubtful receivables					(10,127)	
Subtotal			\$1,140,661	\$1,140,661	1,128,886	\$11,774
Receivables:						
Loans					14,890,203	
Allowance for doubtful receivables					(97,838)	
Subtotal		\$2,917	14,702,659	14,705,576	14,792,365	(86,788)
Marketable and Investment Securities Held-to-maturity securities						
Debt securities.....	\$26,166			26,166	27,132	(966)
Lease receivables and investments in leases .					20,037,811	
Residual values of investments in leases						
Allowance for doubtful receivables					(52,711)	
Subtotal		405,631	19,906,996	20,312,628	19,985,100	327,527
Long-term receivables...					445,799	
Allowance for doubtful receivables					(200,538)	
Subtotal			245,260	245,260	245,260	
Total	\$26,166	\$408,548	\$35,995,578	\$36,430,293	\$36,178,746	\$251,547
Bonds		\$15,465,020		\$15,465,020	\$15,605,062	\$(140,042)
Long-term loans from banks and other financial institutions...		31,599,492		31,599,492	31,736,402	(136,910)
Loans from the securitizations of the minimum future rentals on lease contracts		4,343,132		4,343,132	4,389,260	(46,127)
Total		\$51,407,645		\$51,407,645	\$51,730,724	\$(323,079)

Cash and cash equivalents, time deposits other than cash equivalents, bank overdrafts, notes and accounts payable - trade, short-term loans, and commercial paper were omitted as the carrying values are approximate fair values because of their short maturities.

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

The financial assets and liabilities measured at the fair values in the consolidated balance sheet

Marketable and investment securities

The fair values of listed equity securities are measured at the quoted market prices and are categorized as Level 1. Unlisted equity securities, whose fair values are calculated by significant unobservable inputs, are categorized as Level 3.

The fair values of debt securities with quoted market prices are measured at those prices. Government bonds and municipal bonds are categorized as Level 1, while other bonds are categorized as Level 2. Among debt securities without the quoted market prices, the carrying values of debt securities with floating interest rates approximate fair value because the floating rates will be determined by the market interest rate in the short term as long as there are no significant fluctuations in the credit standing. The fair values of debt securities with fixed interest rates are determined by discounting future cash flows at a rate adding spread to a risk-free rate at the fiscal year end. These are calculated by observable inputs and categorized as Level 2.

Derivatives

The fair values of derivative transactions are measured at the offered price by financial institutions or discounted present values measured by using observable inputs and are categorized as Level 2. Interest rate swaps, foreign exchange forward contracts, and currency interest rate swaps that are accounted for by hedge accounting are treated together with hedged long-term borrowings, etc. Therefore, their fair values are included in the fair values of hedged assets or liabilities (see “Long-term loans from banks and other financial institutions” below under “The financial assets and liabilities not measured at the fair values in the consolidated balance sheet”).

The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

Receivables — Installment sales

The fair values of receivables — installment sales are measured by discounting the amounts to be received based on the collection schedule at the interest rate assumed when similar and new installment sales are made, based on the same internal rating and periods, or by discounting the amount to be received based on the collection schedule reduced by the amount of the estimated bad debts at a risk-free rate at the fiscal year end, based on the same internal rating and periods. These are categorized as Level 3.

Lease receivables and investments in leases

The fair values of lease receivables and investments in leases are measured by discounting the amount to be received based on the collection schedule reduced by the amount of the estimate for the administrative and maintenance expenses at the interest rates assumed when similar and new lease dealings are made, based on the same internal rating and periods, or by discounting the amount to be received based on the collection schedule reduced by the amount of the estimate for the administrative and maintenance expenses and estimated bad debts at a risk-free rate at the fiscal year end, based on the same internal rating and periods.

Those calculated by significant unobservable inputs are categorized as Level 3 and others are categorized as Level 2.

Receivables — Loans

The carrying values of loan receivables with floating interest rates approximate fair value because the floating rates will be determined by the market interest rate in the short term as long as there are no significant fluctuations in the credit standing after lending. The fair values of loan receivables with fixed interest rates are measured by discounting the amounts to be received, including principal and interest, at the interest rates assumed when similar and new lending is made, based on the same internal rating and periods, or by discounting the total of principal and interest reduced by the estimated bad debts at a risk-free rate at the fiscal year end, based on the same internal rating and periods. These are categorized as

Level 3.

Marketable and Investment Securities

The fair values of debt securities classified as held-to-maturity securities with quoted prices are measured at those prices. Government bonds and municipal bonds are categorized as Level 1, while other bonds are categorized as Level 2.

Long-term receivables

The fair values of long-term receivables, which are composed of receivables to customers in distress, are measured at carrying value reduced by the estimated uncollectible amount based on the estimated amount of the collateral value and the recoverable amount by guarantee. These are categorized as Level 3.

Bonds

The carrying values of bonds settled in the short term approximate fair value. The carrying values of bonds settled in the long term with floating interest rates approximate fair value because the floating rates will be determined by the market interest rate in the short term and there were no significant fluctuations in the credit standing of the Companies after issuance. The fair values of other bonds with quoted market prices are measured by those prices. The fair values of other bonds without quoted market prices are measured by discounting the total amount to be paid, including principal and interest based on the specific periods at the interest rates assumed when issuing a new bond with similar terms. These are categorized as Level 2.

Loans from the securitizations of the minimum future rentals on lease contracts

The carrying values of loans from the securitization of the minimum future rentals on lease contracts settled in the short term approximate fair value. The carrying values of loans from the securitizations of the minimum future rentals on leases settled in the long term with floating interest rates approximate fair value because the floating interest rates will be determined by the market interest rate in the short term and there are no significant fluctuations in the credit standing of the Companies after securitizing. The fair values of other loans from the securitizations of the minimum future rentals on lease contracts are measured by discounting the cash flows to be paid, including principal and interest based on specific period, at interest rates assumed when a similar and new securitization is made. These are categorized as Level 2.

Long-term loans from banks and other financial institutions

The carrying values of long-term loans with floating interest rates approximate fair value because the floating rates will be determined by the market interest rate in the short term and there are no significant fluctuations in the credit standing of the Companies after borrowing. The fair values of long-term loans with fixed interest rates are measured by discounting the total amount to be paid, including principal and interest (*) based on specific period, at interest rates assumed when a similar and new borrowing is made. These are categorized as Level 2.

(*) Regarding the long-term loans involved in the interest rate swap contracts that qualify for hedge accounting and meet specific matching criteria, the total amount of principal and interest at the post-swap rate is applied.

Regarding the long-term loans involved in the cross-currency interest rate swap contracts that qualify for hedge accounting and meet specific matching criteria, the total amount of principal and interest is considered as borrowings of yen currency at a fixed rate.

Information on the financial instruments measured at the fair value in the consolidated balance sheets and categorized as Level 3 is summarized below:

Quantitative information related to significant unobservable inputs

March 31, 2026	Valuation method	Significant unobservable inputs	Input range	Weighted average of input
Marketable and investment securities:				
	Discounted present			
Equity securities	value method	Discount rate	12.50%	12.50%

For certain unlisted equity securities held by the consolidated foreign subsidiaries that have adopted IFRS Accounting Standards, present value method is applied where discount rate and future cash flows are used as significant unobservable inputs. These are categorized as Level 3. The future cash flows are estimated with consideration of profitability, capital expenditure, and repayment of debts, and large fluctuations in the estimated future cash flows can cause significant fluctuations in the stock values.
Information for others has been omitted as it is immaterial.

March 31, 2025	Valuation method	Significant unobservable inputs	Input range	Weighted average of input
Marketable and investment securities:				
	Discounted present			
Equity securities	value method	Discount rate	2.04%	2.04%

In addition to the above, for certain unlisted equity securities held by the consolidated foreign subsidiaries that have adopted IFRS Accounting Standards, present value method is applied where future cash flows estimated with consideration of profitability, capital expenditure, and repayment of debts are used as significant unobservable inputs. These are categorized as Level 3. Large fluctuations in the estimated future cash flows can cause significant fluctuations in the stock values.
Information for others has been omitted as it is immaterial.

Reconciliation from the beginning balance to the ending balance

	Millions of yen		
	2026		
	Marketable and investment securities		
	Equity securities	Other	Total
Beginning balance	¥10,235	¥424	¥10,659
Income and other comprehensive income:			
Income *1	180		180
Other comprehensive income *2	1,110		1,110
Purchase, sales, and redemption:			
Purchase	2,048		2,048
Sales and redemption	(4,814)	(228)	(5,043)
Reclassified to Level 3			
Reclassified from Level 3			
Ending balance	8,760	196	8,957
Income on financial assets and liabilities held at end of year *1	180		180

	Millions of yen		
	2025		
	Marketable and investment securities		
	Equity securities	Other	Total
Beginning balance	¥22,340	¥1,077	¥23,417
Income and other comprehensive income:			
Income *1	219	(21)	197
Other comprehensive income *2	(2,196)		(2,196)
Purchase, sales, and redemption:			
Purchase	4,457		4,457
Sales and redemption	(14,585)	(630)	(15,215)
Reclassified to Level 3			
Reclassified from Level 3			
Ending balance	10,235	424	10,659
Income on financial assets and liabilities held at end of year *1		(21)	(21)

	Thousands of U.S. dollars		
	2026		
	Marketable and investment securities		Total
	Equity securities	Other	
Beginning balance.....	\$64,371	\$2,672	\$67,043
Income and other comprehensive income:			
Income *1.....	1,138		1,138
Other comprehensive income *2.....	6,984		6,984
Purchase, sales, and redemption:			
Purchase.....	12,885		12,885
Sales and redemption.....	(30,282)	(1,436)	(31,718)
Reclassified to Level 3.....			
Reclassified from Level 3.....			
Ending balance.....	55,098	1,235	56,333
Income on financial assets and liabilities held at end of year *1.....	1,138		1,138

*1 Mainly included in “Other — net ” for the year ended March 31, 2026, and “Revenues” for the year ended March 31, 2025, in the consolidated statements of income.

*2 Mainly included in “Net unrealized loss on available-for-sale securities” for the year ended March 31, 2026, and “Foreign currency translation adjustments” for the year ended March 31, 2025, in the consolidated statements of comprehensive income.

Details of fair value measurement

Measurement of fair value is controlled by the administrative department, which is independent from sales department. The fair value was calculated using various appraisal models appropriate to each financial instrument, considering their nature and risk. The administrative department monitors changes in important indexes that may affect fluctuation of fair value to assess the adequacy of fair value measurement.

Effect on fair value when significant unobservable inputs changed

Discount rate

Discount rate, a significant unobservable input, is an interest rate adjusted for market interest rate, mainly consists of risk premium that market participants demand as compensation for the uncertainty of cash flows of financial instruments.

A significant increase (decrease) in discount rate will cause a significant decrease (increase) in the fair value of shares.

Carrying amounts of nonmarketable equity securities and investments in partnerships, etc.; that is, the equity interest equivalents are recorded as net in the consolidated balance sheets.

	Carrying amount		Thousands of U.S. dollars
	Millions of yen		
	2026	2025	2026
Nonmarketable equity securities*1:			
Shares of subsidiaries and associated companies	¥248,305	¥235,858	\$1,561,670
Unlisted shares	12,887	8,138	81,051
Total.....	¥261,192	¥243,997	\$1,642,722
Investments in partnership, etc. *2:			
Silent partnership interests and other	¥ 282,337	¥252,569	\$1,775,705
Total.....	¥282,337	¥252,569	\$1,775,705

*1 Nonmarketable equity securities include unlisted equity securities, and the fair values are not subject to fair value disclosure according to Paragraph 5 of *Implementation Guidance on Disclosure about Fair Value of Financial Instruments* (ASBJ Guidance No. 19).

*2 Investments in partnership, etc., are mainly investments in silent partnerships and limited partnerships, and the fair values are not subject to fair value disclosure according to Paragraph 24-16 of *Implementation Guidance on Accounting Standard for Fair Value Measurement* (ASBJ Guidance No. 31).

These financial instruments are not included in “Marketable securities” in the tables in (5) Financial instruments categorized by fair value hierarchy.

(6) Maturity analysis for receivables and securities with contractual maturities

	Millions of yen					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
March 31, 2026						
Cash and cash equivalents	¥346,045					
Time deposits other than cash equivalents.....	17,814					
Bank overdrafts	2,175					
Receivables						
Installment sales *1.....	59,195	¥45,483	¥33,549	¥23,652	¥17,747	¥10,696
Loans	1,049,070	465,913	294,282	223,683	141,535	193,056
Lease receivables and investments in leases *2	1,035,703	831,589	683,075	462,887	282,558	586,017
Investment securities						
Held-to-maturity securities with contractual maturities						
Debt securities			489	481	1,438	1,905
Available-for-sale securities with contractual maturities						
Debt securities	2,987	3,406	1,857	1,983	1,069	12,192
Other.....	5,868	30,811	37,195	41,940	85,268	63,557
Total.....	¥2,518,860	¥1,377,204	¥1,050,450	¥754,628	¥529,617	¥867,425

	Millions of yen					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
March 31, 2025						
Cash and cash equivalents	¥290,805					
Time deposits other than cash equivalents.....	20,657					
Bank overdrafts	1,936					
Receivables						
Installment sales *1.....	55,990	¥41,773	¥30,119	¥19,199	¥10,383	¥7,794
Loans	939,143	389,530	295,510	200,717	149,933	173,699
Lease receivables and investments in leases *2	994,729	803,804	605,591	428,313	271,463	625,093
Investment securities						
Held-to-maturity securities with contractual maturities						
Debt securities						1,913
Available-for-sale securities with contractual maturities						
Debt securities	2,644	2,476	2,911	1,872	1,997	11,477
Other.....	87	58,589	6,316	35,935	50,944	76,566
Total.....	¥2,305,996	¥1,296,174	¥940,448	¥686,037	¥484,721	¥896,545

Thousands of U.S. dollars						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
March 31, 2026						
Cash and cash equivalents	\$2,176,384					
Time deposits other than cash equivalents.....	112,041					
Bank overdrafts	13,681					
Receivables						
Installment sales *1.....	372,296	\$286,058	\$211,004	\$148,759	\$111,619	\$67,276
Loans	6,597,926	2,930,275	1,850,834	1,406,813	890,160	1,214,192
Lease receivables and investments in leases *2	6,513,860	5,230,123	4,296,073	2,911,242	1,777,094	3,685,642
Investment securities						
Held-to-maturity securities with contractual maturities						
Debt securities			3,077	3,026	9,046	11,981
Available-for-sale securities with contractual maturities						
Debt securities	18,790	21,421	11,683	12,472	6,727	76,680
Other.....	36,909	193,781	233,936	263,777	536,277	399,732
Total.....	\$15,841,892	\$8,661,660	\$6,606,610	\$4,746,091	\$3,330,927	\$5,455,506

*1 Including unrealized profit of installment sales.

*2 Including unearned interest income.

*3 Long-term receivables to customers in distress, whose repayment schedule cannot be expected, are not presented in the above table.

*4 Please see Note 13 for information on the maturity of short-term borrowings and long-term debt.

28. Derivatives

Derivative transactions to which hedge accounting is not applied as of March 31, 2026 and 2025, were as follows:

	Millions of yen							
	2026				2025			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Currency interest rate swap contracts:								
Indonesia rupiah payment and Japanese yen receipt	¥950		¥(277)	¥(277)	¥950	¥950	¥ (321)	¥ (321)
Foreign exchange forward contracts:								
Buying U.S. dollars	2				44			
Buying Japanese Yen	38							
Buying Chinese yuan	5							
Interest rate swap contracts:								
Fixed-rate payment and floating-rate receipt	2,000		(15)	(15)	4,645	4,535	(53)	(53)

	Thousands of U.S. dollars			
	2026			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Currency interest rate swap contracts:				
Indonesia rupiah payment and Japanese yen receipt	\$5,974		\$(1,746)	\$(1,746)
Foreign exchange forward contracts:				
Buying U.S. dollars	18			
Buying Japanese Yen	244		2	2
Buying Chinese yuan	37			
Interest rate swap contracts:				
Fixed-rate payment and floating-rate receipt	12,578		(99)	(99)

Derivative transactions to which hedge accounting is applied as of March 31, 2026 and 2025, were as follows:

		Millions of yen		
		2026		
	Hedged item	Contract amount	Contract amount due after one year	Fair value
Currency interest rate swap contracts:				
Indonesia rupiah payment and U.S. dollars receipt	Loans	¥21,186	¥9,775	¥274
Thai baht payment and U.S. dollars receipt	Loans	1,435	778	(140)
Sterling pound payment and U.S. dollars receipt	Bonds	198,602	151,086	(7,064)
Singapore dollars payment and U.S. dollars receipt	Loans	820		(52)
Indonesia rupiah payment and Japanese yen receipt	Loans	2,300	1,400	(7)
Sterling pound payment and Japanese yen receipt	Loans and bonds	244,900	163,500	(43,544)
Sterling pound payment and Euro receipt.....	Bonds	405,113	201,751	6,434
Sterling pound payment and Hong Kong dollars receipt.....	Bonds	43,044	8,160	(295)
Sterling pound payment and Australian dollars receipt.....	Bonds	48,807	4,935	(533)
Sterling pound payment and South Africa rand receipt.....	Bonds	3,728	932	146
Sterling pound payment and New Zealand dollars receipt	Bonds	2,745	2,745	(273)
Hungarian forint payment and Sterling pound receipt.....	Receivables - Loans	5,002	4,054	(68)
Polish zloty payment and Sterling pound receipt.....	Receivables - Loans	2,187	2,187	32
Foreign exchange forward contracts:				
Buying Euro.....	Commercial paper	83,075	392	143
Buying U.S. dollars	Loans, forecast transaction	5,111		204
Selling Hungarian forint.....	Receivables - Loans	752		(17)
Selling Polish zloty.....	Receivables - Loans	4,936		42
Interest rate swap contracts:				
Floating-rate payment and fixed-rate receipt.....	Loans and bonds	62,042	62,042	(294)
Fixed-rate payment and floating-rate receipt.....	Loans and bonds	2,532,438	1,851,157	20,498
Interest rate swap contracts:				
Fixed-rate payment and floating-rate receipt.....	Loans	66,029	48,398	

		Millions of yen		
		2025		
		Contract amount	Contract amount due after one year	Fair value
Hedged item				
Currency interest rate swap contracts:				
Indonesia rupiah payment and U.S. dollars receipt	Loans	¥18,333	¥8,583	¥493
Thai baht payment and U.S. dollars receipt	Loans	9,740	1,009	(149)
Sterling pound payment and U.S. dollars receipt	Bonds	141,296	109,149	(6,024)
Singapore dollars payment and U.S. dollars receipt	Loans	3,027	767	3
Indonesia rupiah payment and Japanese yen receipt	Loans	2,900	2,300	(94)
Sterling pound payment and Japanese yen receipt	Loans and bonds	301,200	213,000	(35,947)
Sterling pound payment and Euro receipt.....	Bonds	334,695	251,224	(2,892)
Sterling pound payment and Hong Kong dollars receipt.....	Bonds	39,785	32,866	834
Sterling pound payment and Australian dollars receipt.....	Bonds	41,816	41,816	(3,251)
Sterling pound payment and South Africa rand receipt.....	Bonds	4,866	3,244	67
Sterling pound payment and Chinese yuan receipt	Bonds	4,323		(54)
Sterling pound payment and Swiss francs receipt	Bonds	2,550		(63)
Sterling pound payment and New Zealand dollars receipt.....	Bonds	2,557	2,557	(211)
Cross-currency interest rate swap contracts:				
Euro payment and Thai baht receipt.....	Loans	43		
Foreign exchange forward contracts:				
Selling U.S. dollars.....	Forecast transaction	16		5
Buying Euro.....	Commercial paper	30,307	1,041	(216)
Buying U.S. dollars	Commercial paper, forecast transaction	3,992	539	(95)
Interest rate swap contracts:				
Floating-rate payment and fixed-rate receipt.....	Loans and bonds	50,667	49,638	562
Fixed-rate payment and floating-rate receipt.....	Loans and bonds	1,952,071	1,526,900	24,935
Interest rate swap contracts:				
Fixed-rate payment and floating-rate receipt.....	Loans	71,481	56,348	

		Thousands of U.S. dollars		
		2026		
		Contract amount	Contract amount due after one year	Fair value
Hedged item				
Currency interest rate swap contracts:				
Indonesia rupiah payment and U.S. dollars receipt	Loans	\$133,249	\$61,478	\$1,727
Thai baht payment and U.S. dollars receipt	Loans	9,027	4,896	(883)
Sterling pound payment and U.S. dollars receipt	Bonds	1,249,075	950,230	(44,433)
Singapore dollars payment and U.S. dollars receipt	Loans	5,163		(331)
Indonesia rupiah payment and Japanese yen receipt	Loans	14,465	8,805	(47)
Sterling pound payment and Japanese yen receipt	Loans and bonds	1,540,251	1,028,301	(273,865)
Sterling pound payment and Euro receipt.....	Bonds	2,547,883	1,268,874	40,470
Sterling pound payment and Hong Kong dollars receipt.....	Bonds	270,716	51,320	(1,861)
Sterling pound payment and Australian dollars receipt.....	Bonds	306,966	31,041	(3,358)
Sterling pound payment and South Africa rand receipt.....	Bonds	23,446	5,861	923
Sterling pound payment and New Zealand dollars receipt	Bonds	17,267	17,267	(1,719)
Hungarian forint payment and Sterling pound receipt.....	Receivables - Loans	31,460	25,498	(427)
Polish zloty payment and Sterling pound receipt.....	Receivables - Loans	13,760	13,760	206
Foreign exchange forward contracts:				
Buying Euro.....	Commercial paper	522,487	2,471	902
	Loans,			
Buying U.S. dollars	forecast transaction	32,146		1,283
Selling Hungarian forint.....	Receivables - Loans	4,729		(110)
Selling Polish zloty.....	Receivables - Loans	31,050		269
Interest rate swap contracts:				
Floating-rate payment and fixed-rate receipt.....	Loans and bonds	390,206	390,206	(1,852)
Fixed-rate payment and floating-rate receipt.....	Loans and bonds	15,927,284	11,642,498	128,922
Interest rate swap contracts:				
Fixed-rate payment and floating-rate receipt.....	Loans	415,282	304,393	

The fair values of derivative transactions are measured at the forward foreign exchange quotation, the offered price by financial institutions, or the price calculated according to the present discounted value, and so on.

The contract amounts of derivatives, which are shown in the above tables, do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to credit or market risk.

The cross-currency interest rate swap contracts, interest rate swap contracts, and foreign currency exchange contracts that qualify for hedge accounting and meet specific matching criteria are assigned to the associated loans from banks and other financial institutions and lease receivables recorded in the consolidated balance sheets at March 31, 2026 and 2025, and included in the fair value of hedged items.

29. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥6,738	¥6,616	\$42,380
Reclassification adjustments to profit	(5,248)	(15,330)	(33,007)
Amount before income tax effect	1,490	(8,714)	9,373
Income tax effect	(489)	1,336	(3,077)
Total	1,001	(7,377)	6,295
Deferred loss on derivatives under hedge accounting:			
(Losses) gains arising during the year	(504)	9,151	(3,173)
Reclassification adjustments to profit	(6,471)	(18,786)	(40,700)
Amount before income tax effect	(6,976)	(9,634)	(43,874)
Income tax effect	1,235	2,118	7,768
Total	(5,740)	(7,516)	(36,105)
Foreign currency translation adjustments:			
Adjustments arising during the year	93,251	40,139	586,484
Reclassification adjustments	(1,054)	(523)	(6,634)
Amount before income tax effect	92,196	39,615	579,850
Income tax effect			
Total	92,196	39,615	579,850
Defined retirement benefit plans:			
Adjustments arising during the year	8,759	7,391	55,091
Reclassification adjustments to profit	(1,452)	(1,285)	(9,136)
Amount before income tax effect	7,306	6,106	45,955
Income tax effect	(2,336)	(1,964)	(14,692)
Total	4,970	4,142	31,262
Share of other comprehensive income (loss) in associates:			
Gains arising during the year	6,930	734	43,588
Reclassification adjustments to profit	(712)	(4,663)	(4,481)
Total	6,217	(3,928)	39,106
Total other comprehensive income	¥98,645	¥24,934	\$ 620,409

30. Segment Information

Under ASBJ Statement No. 17, *Accounting Standard for Disclosures about Segments of an Enterprise and Related Information*, and ASBJ Guidance No. 20, *Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information*, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

Following the organizational changes effective April 1, 2025, the name of the reportable segment “Global Business” was changed to “Global Customer Business” from April 1, 2025. The change was merely a name change, and there were no impacts on classification or amounts of segment information, etc.

Description of new reportable segments is as follows:

Reportable segment	Description of services and business
Customer Solutions	Finance solutions for companies and government agencies, energy-saving business, sales finance provided through collaboration with vendors, real estate leasing, and financial services
Global Customer Business	Finance solutions and sales finance provided through collaboration with vendors in Europe, the Americas, China, and ASEAN region
Environment & Energy	Renewable energy power generation business, and environment-related finance solution business
Aviation	Aircraft leasing business and aircraft engine leasing business
Logistics	Marine container leasing business and railway freight car leasing business
Real Estate	Real estate securitization finance, real estate revitalization investment business, and real estate asset management business
Mobility	Auto leasing business and supplementary services

The segment information for the year ended March 31, 2025, is presented under the new segment name.

Following the organizational changes, the Company plans to combine “Mobility” into “Logistics,” resulting in six reportable segments, effective April 1, 2026.

2. Methods of measurement for the amounts of revenues, profit or loss, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, “Summary of Significant Accounting Policies.”

3. Information about revenues, profit or loss, assets, and other items

Year Ended March 31, 2026	Millions of yen						
	Reportable segments						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Revenues:							
Revenue from external customers	¥1,020,996	¥511,131	¥46,027	¥339,677	¥178,902	¥110,635	¥6,753
Intersegment revenue or transfers.....	1,008	79	6			14	26
Total	1,022,004	511,210	46,034	339,677	178,902	110,649	6,780
Segment profit (loss)	41,117	8,384	(4,852)	54,538	29,313	26,176	3,382
Segment assets *3	3,132,649	3,495,705	512,495	2,745,043	1,313,959	750,329	68,409
Other items:							
Depreciation.....	70,136	135,184	15,653	101,329	66,015	2,642	2,507
Amortization of goodwill	99	947		3,650	2,864	680	69
Impairment loss.....		124	592	14,667	691		
Cost of funds and interest expense	23,161	127,384	9,572	92,353	44,456	5,599	1,383
Equity in earnings of affiliates	1,397	543	(4,360)	426	303	482	4,127
Other income.....	4,123	1,543	2,416	6		2,654	36
Gain on sales of investment securities ..	4,123		36	6		960	36
Gain on step acquisition			2,380			1,693	
Gain on liquidation of subsidiaries and affiliates		1,543					
Other expenses	67	12,706	1,284				
Loss on sales of investment securities ..			1,124				
Loss on revaluation of investment securities ..	66		160				
Loss on revaluation of shares of subsidiaries and affiliates		1,412					
Provision charge for loss on redress		11,293					
Taxes	17,366	7,426	(651)	21,464	9,146	11,992	(280)
Investments in equity method affiliates.....	23,156	8,204	207,179	1,613	2,330	12,732	35,529
Increase in property, equipment, and intangible assets	85,447	317,553	12,796	274,028	120,507	150,890	9,114

	Millions of yen	
Year Ended March 31, 2026	Adjustments *1	Consolidated *2
Revenues:		
Revenue from external customers	¥1,260	¥2,215,384
Intersegment revenue or transfers.....	(1,134)	
Total	125	2,215,384
Segment profit (loss)	4,144	162,206
Segment assets *3	1,070,963	13,089,557
Other items:		
Depreciation.....	2,123	395,593
Amortization of goodwill	2,117	10,430
Impairment loss.....		16,076
Cost of funds and interest expense	(20,066)	283,845
Equity in earnings of affiliates		2,920
Other income.....		10,781
Gain on sales of investment securities ..		5,163
Gain on step acquisition		4,074
Gain on liquidation of subsidiaries and affiliates		1,543
Other expenses	4	14,063
Loss on sales of investment securities ..		1,125
Loss on valuation of investment securities ..	4	231
Loss on revaluation of shares of subsidiaries and affiliates		1,412
Provision charge for loss on redress		11,293
Taxes.....	3,525	69,989
Investments in equity method affiliates.....		290,745
Increase in property, equipment, and intangible assets	14,779	985,118

Year Ended March 31, 2025	Millions of yen						
	Reportable segments						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Revenues:							
Revenue from external customers	¥968,851	¥494,084	¥45,954	¥321,863	¥136,150	¥116,735	¥5,609
Intersegment revenue or transfers.....	1,603	96	4			10	
Total	970,455	494,181	45,958	321,863	136,150	116,745	5,609
Segment profit.....	36,887	2,671	4,766	47,208	23,213	12,215	3,100
Segment assets *3	3,004,569	3,074,970	486,366	2,448,114	1,289,344	570,575	58,869
Other items:							
Depreciation.....	79,857	111,269	14,437	114,215	53,486	3,056	2,110
Amortization of goodwill		956		4,480	2,435	660	73
Impairment loss.....			4,003	4,593			
Cost of funds and interest expense	17,115	130,337	8,980	94,195	32,098	5,412	1,223
Equity in earnings of affiliates	1,380	491	171	1,208	234	(183)	3,895
Other income.....	7,097	163	14,051	2,566		572	
Gain on sales of investment securities ..	2,420	163	12,952	2,566			
Gain on sales of shares of subsidiaries and affiliates	4,677		1,099				
Gain from bargain purchase.....						572	
Other expenses.....	208	818	301	172		20,816	
Loss on sales of investment securities ..	122	5					
Loss on valuation of investment securities ..		9	301	172			
Loss on sales of shares of subsidiaries and affiliates						20,699	
Loss on revaluation of shares of subsidiaries and affiliates	86	803				116	
Taxes	15,269	2,775	1,620	18,156	7,775	14,096	(364)
Investments in equity method affiliates.....	18,399	8,503	196,248	5,805	2,302	14,234	33,768
Increase in property, equipment, and intangible assets	68,293	244,932	23,407	455,340	184,724	73,533	5,639

	Millions of yen	
Year Ended March 31, 2025	Adjustments *1	Consolidated *2
Revenues:		
Revenue from external customers	¥1,558	¥2,090,808
Intersegment revenue or transfers.....	(1,715)	
Total	(156)	2,090,808
Segment profit.....	5,102	135,165
Segment assets *3	829,522	11,762,332
Other items:		
Depreciation.....	126	378,559
Amortization of goodwill	2,117	10,723
Impairment loss.....		8,596
Cost of funds and interest expense	(16,676)	272,686
Equity in earnings of affiliates		7,199
Other income.....	1	24,452
Gain on sales of investment securities ..	1	18,103
Gain on sales of shares of subsidiaries and affiliates		5,776
Gain from bargain purchase.....		572
Other expenses	43	22,361
Loss on sales of investment securities ..		127
Loss on valuation of investment securities ..	43	527
Loss on sales of shares of subsidiaries and affiliates		20,699
Loss on revaluation of shares of subsidiaries and affiliates		1,006
Taxes.....	715	60,044
Investments in equity method affiliates.....		279,263
Increase in property, equipment, and intangible assets	8,313	1,064,185

Year Ended March 31, 2026	Thousands of U.S. dollars						
	Reportable segments						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Revenues:							
Revenue from external customers	\$6,421,359	\$3,214,661	\$289,482	\$2,136,339	\$1,125,172	\$695,820	\$42,477
Intersegment revenue or transfers.....	6,341	498	41			89	166
Total	6,427,701	3,215,160	289,524	2,136,339	1,125,172	695,909	42,644
Segment profit (loss)	258,600	52,730	(30,517)	343,012	184,364	164,633	21,273
Segment assets *3	19,702,200	21,985,568	3,223,243	17,264,426	8,263,898	4,719,052	430,251
Other items:							
Depreciation.....	441,112	850,216	98,450	637,292	415,192	16,618	15,770
Amortization of goodwill	628	5,960		22,958	18,018	4,281	437
Impairment loss.....							
Cost of funds and interest expense	145,669	801,158	60,205	580,837	279,602	35,214	8,704
Equity in earnings of affiliates	8,787	3,416	(27,425)	2,683	1,909	3,036	25,960
Other income.....	25,934	9,704	15,198	41		16,693	230
Gain on sales of investment securities ..	25,934		226	41		6,040	230
Gain on step acquisition			14,971			10,653	
Gain on liquidation of subsidiaries and affiliates		9,704					
Other expenses.....	422	79,913	8,081				
Loss on sales of investment securities ..	1		7,075				
Loss on valuation of investment securities ..	421		1,006				
Loss on revaluation of shares of subsidiaries and affiliates		8,885					
Provision charge for loss on redress		71,028					
Taxes.....	109,222	46,709	(4,096)	134,998	57,522	75,421	(1,766)
Investments in equity method affiliates.....	145,638	51,597	1,303,012	10,147	14,656	80,079	223,456
Increase in property, equipment, and intangible assets	537,407	1,997,193	80,479	1,723,452	757,908	948,999	57,322

Year Ended March 31, 2026	Thousands of U.S. dollars	
	Reportable segments	
	Adjustments *1	Consolidated *2
Revenues:		
Revenue from external customers	\$7,925	\$13,933,238
Intersegment revenue or transfers.....	(7,138)	
Total	787	13,933,238
Segment profit (loss)	26,067	1,020,165
Segment assets *3	6,735,621	82,324,262
Other items:		
Depreciation.....	13,352	2,488,006
Amortization of goodwill	13,317	65,601
Impairment loss.....		
Cost of funds and interest expense	(126,202)	1,785,189
Equity in earnings of affiliates		18,367
Other income.....	2	67,806
Gain on sales of investment securities ..	2	32,476
Gain on step acquisition		25,625
Gain on liquidation of subsidiaries and affiliates		9,704
Other expenses.....	29	88,447
Loss on sales of investment securities.		7,076
Loss on valuation of investment securities.	29	1,457
Loss on revaluation of shares of subsidiaries and affiliates		8,885
Provision charge for loss on redress.....		71,028
Taxes	22,171	440,183
Investments in equity method affiliates.....		1,828,590
Increase in property, equipment and intangible assets	92,953	6,195,716

*1 “Adjustments” in revenues contain adjustments of ¥(686) million for the year ended March 31, 2025, due to purchase method accounting applied to the merger of Hitachi Capital.

“Adjustments” in segment profit or loss contain mainly Company-wide expenses and revenues, which are not attributed to each reportable segment. “Adjustments” in segment profit or loss also contain adjustments due to purchase method accounting applied to the merger of Hitachi Capital of ¥403 million for the year ended March 31, 2025.

“Adjustments” in segment assets contain goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Company Limited merged and became Mitsubishi UFJ Lease in 2007, investment securities held for Company-wide purpose which are not attributed to each reportable segment, and elimination of intersegment transactions amounting to ¥16,378 million (\$103,010 thousand) and ¥2,842 million as of March 31, 2026 and 2025, respectively. The total of such assets and the segment assets, which attributed to each reportable segment, was ¥12,034,972 million (\$75,691,651 thousand) and ¥10,935,652 million as of March 31, 2026 and 2025, respectively. The remaining amount of “Adjustments” in segment assets is the difference between the total amount of segment assets, including corporate division and the total assets in the consolidated balance sheets, and mainly contains the assets other than the ones which are attributed to each reportable segment, such as cash and cash equivalents, own-used assets amounting to ¥1,054,585 million (\$6,632,611 thousand) and ¥826,680 million as of March 31, 2026 and 2025, respectively.

“Adjustments” in amortization of goodwill represents amortization of goodwill recognized at the time of merger in 2007.

“Adjustments” in cost of funds and interest expense represent the difference between the total amount of funding cost on consolidated basis and the funding cost attributed to each reportable segment.

“Adjustments” in taxes represents difference between the total amount of taxes on consolidated basis and the taxes attributed to each reportable segment.

- *2 Segment profit or loss is reconciled to reach net income attributable to owners of the parent in the consolidated statements of income.
- *3 Segment assets include operating assets, investments in the affiliates accounted for by the equity method, goodwill, and investment securities.
- *4 As described in Note 2a., the fiscal period of elfc Group, CAI Group, and PNW Group has been changed to March 31 from the year ended March 31, 2026, and the fiscal period of JSA Group has been changed to March 31 from the year ended March 31, 2025, and the effect of the change has been adjusted through the consolidated statements of income. The effect of these changes of the fiscal period on segment profit or loss was ¥22,820 million (\$143,527 thousand), including ¥8,992 million (\$56,557 thousand) in “Aviation,” ¥6,249 million (\$39,306 thousand) in “Logistics” and ¥7,578 million (\$47,663 thousand) in “Adjustments,” for the year ended March 31, 2026, and ¥9,437 million, including ¥6,061 million in “Aviation” and ¥3,376 million in “Adjustments,” for the year ended March 31, 2025. “Adjustments” represents adjustments related to financing transactions between consolidated companies in relation to the change of the fiscal period.

4. Information about products and services

Millions of yen					
2026					
	Lease	Installment sales	Loans	Other	Total
Revenue from external customers	¥1,807,837	¥63,302	¥162,704	¥181,541	¥2,215,384

Millions of yen					
2025					
	Lease	Installment sales	Loans	Other	Total
Revenue from external customers	¥1,715,579	¥64,521	¥150,757	¥159,949	¥2,090,808

Thousands of U.S. dollars					
2026					
	Lease	Installment sales	Loans	Other	Total
Revenue from external customers	\$11,370,044	\$398,127	\$1,023,296	\$1,141,770	\$13,933,238

5. Information about geographical areas

(1) Revenues

Millions of yen						
2026						
Japan	North America	Europe/ Middle and Near East		Asia/Oceania	Other	Total
		United Kingdom	Other			
¥1,177,970	¥248,411	¥310,376	¥278,741	¥166,869	¥33,016	¥2,215,384

Revenues are classified by country or region based on the location of customers.

Millions of yen						
2025						
Japan	North America	Europe/ Middle and Near East		Asia/Oceania	Other	Total
		United Kingdom	Other			
¥1,134,042	¥242,214	¥282,194	¥250,231	¥152,571	¥29,554	¥2,090,808

Revenues are classified by country or region based on the location of customers.

Thousands of U.S. dollars						
2026						
Japan	North America	Europe/ Middle and Near East		Asia/Oceania	Other	Total
		United Kingdom	Other			
\$7,408,621	\$1,562,334	\$1,952,052	\$1,753,088	\$1,049,493	\$207,648	\$13,933,238

(2) Property and equipment

Millions of yen							
2026							
Japan	North America		Europe/ Middle and Near East		Asia/Oceania	Other	Total
	United States	Other	United Kingdom	Other			
¥1,006,866	¥917,853	¥252,097	¥683,799	¥1,466,146	¥830,691	¥294,348	¥5,451,803

Millions of yen							
2025							
Japan	North America		Europe/ Middle and Near East		Asia/Oceania	Other	Total
	United States	Other	United Kingdom	Other			
¥864,075	¥845,809	¥218,323	¥460,593	¥1,315,118	¥846,396	¥221,211	¥4,771,529

Thousands of U.S. dollars							
2026							
Japan	North America		Europe/ Middle and Near East		Asia/Oceania	Other	Total
	United States	Other	United Kingdom	Other			
\$6,332,491	\$5,772,661	\$1,585,520	\$4,300,628	\$9,221,050	\$5,224,472	\$1,851,247	\$34,288,071

6. Information about impairment loss for long-lived assets by reportable segment

Millions of yen							
2026							
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Impairment loss.....		¥124	¥592	¥14,667	¥691		

Millions of yen	
2026	
Adjustments	Consolidated

Impairment loss..... **¥16,076**

Millions of yen							
2025							
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Impairment loss.....			¥4,003	¥4,593			

Millions of yen	
2025	
Adjustments	Consolidated

Impairment loss..... ¥8,596

Thousands of U.S. dollars							
2026							
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Impairment loss.....		\$783	\$3,728	\$92,247	\$4,350		

Thousands of U.S. dollars	
2026	
Adjustments	Consolidated

Impairment loss..... **\$101,109**

For the year ended March 31, 2026, the above amounts are recorded in costs as impairment loss of leased assets and other intangible assets. For the year ended March 31, 2025, the amounts reported in “Environment & Energy” are recorded in costs as impairment loss of other operating assets and the amounts reported in “Aviation” are recorded in costs as impairment loss of leased assets, and other intangible assets.

7. Information about amortization and unamortized balance of goodwill by reportable segment

	Millions of yen						
	2026						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Amortization of goodwill...	¥99	¥947		¥3,650	¥2,864	¥680	¥69
Unamortized balance of goodwill.....	533	12,889		26,155	37,982	11,391	574
	Millions of yen						
	2026						
	Adjustments						
	*1	Consolidated					
Amortization of goodwill...	¥2,117	¥10,430					
Unamortized balance of goodwill.....	2,117	91,644					
	Millions of yen						
	2025						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Amortization of goodwill...		¥956		¥4,480	¥2,435	¥660	¥73
Unamortized balance of goodwill.....		12,976		28,192	40,577	12,052	673
	Millions of yen						
	2025						
	Adjustments						
	*1	Consolidated					
Amortization of goodwill...	¥2,117	¥10,723					
Unamortized balance of goodwill.....	4,234	98,706					
	Thousands of U.S. dollars						
	2026						
	Customer Solutions	Global Customer Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility
Amortization of goodwill...	\$628	\$5,960		\$22,958	\$18,018	\$4,281	\$437
Unamortized balance of goodwill.....	3,352	81,066		164,501	238,885	71,646	3,611
	Thousands of U.S. dollars						
	2026						
	Adjustments						
	*1	Consolidated					
Amortization of goodwill...	\$13,317	\$65,601					
Unamortized balance of goodwill.....	13,317	576,381					

*1 "Adjustments" in amortization of goodwill and unamortized balance of goodwill segment assets represent the amount of amortization and unamortized balance of goodwill when Diamond Lease Company Limited and UFJ Central Leasing Company Limited merged and became Mitsubishi UFJ Lease in 2007.

8. Information about gain from bargain purchase

No gain from bargain purchase was recorded for the year ended March 31, 2026.

Gain from bargain purchase of ¥572 million was recorded as other income on the consolidated statement of income for the year ended March 31, 2025, as a result of the additional investment in Soka Logistics to make Soka Logistics a consolidated subsidiary.

31. Net Income per Share

Reconciliation of the differences between basic and diluted net earnings per share (“EPS”) for the years ended March 31, 2026 and 2025, was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income attributable to owners of the parent	Weighted-average shares		EPS
For the year ended March 31, 2026				
Basic EPS:				
Net income available to common shareholders	¥162,206	1,435,753	¥112.98	\$0.71
Effect of dilutive securities:				
Warrants		2,622		
Diluted EPS:				
Net income for computation	¥162,206	1,438,375	¥112.77	\$0.70

	Millions of yen	Thousands of shares	Yen
	Net income attributable to owners of the parent	Weighted-average shares	EPS
For the year ended March 31, 2025			
Basic EPS:			
Net income available to common shareholders	¥135,165	1,434,994	¥94.19
Effect of dilutive securities:			
Warrants		3,221	
Diluted EPS:			
Net income for computation	¥135,165	1,438,215	¥93.98

The number of the Company’s shares held by the trust for the performance-based share remuneration plan is included in the number of treasury shares, which is deducted from the number of weighted-average shares used for calculating the basic and diluted EPS (2,431,105 shares for the year ended March 31, 2026, 2,591,249 shares for the year ended March 31, 2025).

32. Subsequent Events

On May 20, 2026, the Board of Directors declared the appropriation of retained earnings as follows:

	Millions of yen	Thousands of U.S. dollars
Appropriations:		
Cash dividends of ¥ 24.00 (\$0.15) per share	¥34,519	\$217,100

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mitsubishi HC Capital Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Mitsubishi HC Capital Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheets as of March 31, 2026 and 2025, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We determined those matters that required significant auditor attention in performing the audit from the matters communicated with those charged with governance by taking into account the risks of material misstatement through understanding the Group, its management policies and the environments surrounding the Group, and significant auditor judgments relating to areas in the consolidated financial statements that involved significant management judgment, including accounting estimates. We determined which of the matters determined in accordance with the process above, in the auditor's professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and therefore are the key audit matters, by considering various factors, such as the relative magnitude of the matters, the nature and effect of the matters and the expressed interests of intended users or recipients. The details of key audit matters description and how the key audit matters were addressed in the audit are as follows:

Impairment judgment on the aircraft held as leased assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 2.s. Summary of Significant Accounting Policies—Significant Accounting Estimates, Impairment of Leased Assets to the consolidated financial statements, the aircraft held by JSA International Holdings, L. P. ("JSA") located in the United States (the "U.S.") of ¥1,627,012 million were recorded as leased assets in the consolidated balance sheet as of March 31, 2026. The Group performs an impairment evaluation for the aircraft in accordance with accounting principles generally accepted in the U.S. by the following: (1) For each aircraft, the carrying amount is compared to the sum of the undiscounted future cash flows. (2) Where the carrying amount of aircraft exceeded the sum of the undiscounted future cash flows, the carrying amounts are compared to the fair value of aircraft. The amount by which the carrying amount exceeded the fair value is recorded as an impairment loss. As a result, the Group recorded ¥2,885 million of the impairment loss which was included in costs in the consolidated statement of income for the year ended March 31, 2026.	Our audit procedures related to the impairment evaluation for the aircraft held by JSA as leased assets included the following, among others: ➤ Inquired of the director in charge of the Aviation Division about the business environment and asset risk surrounding JSA. ➤ Inquired of the Aviation Division manager about the customers who had a delayed payment of lease rents or requested to defer lease rental payments in order to understand the extent of uncertainty of undiscounted future cash flows. In addition, with the assistance of the component auditor of JSA, a network firm of our audit firm, we performed the following audit procedures: ➤ Evaluated the design and operating effectiveness of controls over the estimation of undiscounted future cash flows used to evaluate whether impairment indicators exist on the aircraft held by JSA as leased assets. ➤ Inquired of management of JSA about any changes in the methodologies and assumptions used in the undiscounted future cash flows analysis based on the current business environment. ➤ Inspected the external appraisal reports obtained by management on the future lease rents and residual values at maturity of aircraft at lease maturity and assessed the competencies and objectivity of the third-party appraisers. ➤ Compared the current lease rate of lease agreements renewed or amended during the current year with the rates of the appraisal reports used in the prior-year's impairment evaluation to examine the reasonableness of the third-party appraisals.

The undiscounted future cash flows used in the impairment evaluation by management are estimated based on assumptions, such as current lease rents, future lease rents, residual values at maturity, disposal costs, lease terms, off-lease periods and renewal lease terms. Impairment evaluation involves management subjective judgment in establishing assumptions, such as future lease rents, off-lease periods and residual values at maturity. Accordingly, it is required to consider the uncertainty of accounting estimates. There is a potential risk that the impairment losses on the leased assets are not appropriately recognized if these estimates are not appropriate. Therefore, we determined the impairment evaluation for the aircraft held by JSA as leased assets as a key audit matter.	➤ Evaluated management's estimation of the off-lease period by inspecting the historical data for the period it took until lease renewal and tested the assumption of the off-lease period for any leases coming due in the near term and whether to change the off-lease period. ➤ Evaluated whether the assumptions, such as future lease rents and off-lease periods used in the impairment analysis of the aircraft leased to lessees in bankruptcies, were consistent with the lessee's current business environment. ➤ Recalculated the undiscounted future cash flows used in the impairment analysis and, where applicable, the impairment losses recorded for the current period. ➤ Performed a sensitivity analysis on the undiscounted future cash flows.
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Appropriateness of the receivables classification in calculating an allowance for doubtful receivables and calculation of an allowance for doubtful receivables of consolidated foreign subsidiaries	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group recorded ¥60,377 million of an allowance for doubtful receivables in the consolidated balance sheet as of March 31, 2026. The allowance for doubtful receivables was mainly related to ¥190,325 million of receivables-installment sales, ¥3,273,174 million of lease receivables and investments in leases, ¥2,133,536 million of receivables-loans, and ¥70,882 million of long-term receivables. The balance of Mitsubishi HC Capital Inc. (the "Company") and its significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards or accounting principles generally accepted in the United States (the "U.S. GAAP") accounted for a significant portion of these receivables subject to the allowance for doubtful receivables. We determined the following 1 and 2 as key audit matters because subjective judgments and significant assumptions made by management were particularly involved in the calculation of the allowance for doubtful receivables.	1. Appropriateness of the receivables classification in calculating the allowance for doubtful receivables of the Company Our audit procedures related to the appropriateness of the Company's classification of the general claims, doubtful claims, and bankrupt claims in calculating the estimated uncollectible amount included the following, among others: (Evaluation of compliance with accounting standards and evaluation of internal controls) ➤ Evaluated whether the internal management policies used by management to determine the classification of the general claims, doubtful claims, and bankrupt claims were in accordance with accounting principles generally accepted in Japan. ➤ Evaluated the design and operating effectiveness of internal controls over the approval for changes in credit rating of the counterparties conducted by the credit management department.

1. Appropriateness of the receivables classification in calculating the allowance for doubtful receivables of the Company As described in Note 2.s. Summary of Significant Accounting Policies—Significant Accounting Estimates, Allowance for Doubtful Receivables to the consolidated financial statements, in accordance with the internal management policies, the Company classifies these receivables into receivables from the counterparties not in bankruptcy but in financial difficulties ("doubtful claims"), receivables from the counterparties in bankruptcy ("bankrupt claims"), and the other receivables ("general claims") based on the credit information, such as the financial condition and payment history of the counterparties. For the general claims, the allowance for doubtful receivables is provided based on the historical rate of credit losses. For the doubtful claims and bankrupt claims, the allowance for doubtful receivables is provided based on the estimated uncollectible amounts considering the collectability of each receivable. Due to the significance of the Company's receivable balance, management's judgment involved in the determination of receivables classification, such as the evaluation of counterparties' financial condition and the feasibility of their business plans, and large differences in the allowance ratios among the general claims, doubtful claims and bankrupt claims, the determination of the receivables classification in calculating the estimated uncollectible amount has a significant impact on the consolidated financial statements. Considering the items above, we determined the appropriateness of the Company's classification of the general claims, doubtful claims, and bankrupt claims in calculating the estimated uncollectible amount of the Company's receivables as a key audit matter. 2. Calculation of the allowance for doubtful receivables of significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards or U.S. GAAP	(Examination of the appropriateness of receivables classification) ➤ Tested the appropriateness of receivables classification performed by management for counterparties which were selected based on the credit amount and the financial condition by performing the following procedures: ✓ Inquired of the personnel in the credit management department regarding the business condition of the counterparties ✓ Inspected the credit information such as payment history ✓ Inspected the management's assessment for the realizability of the counterparty's business plan, inquired of the personnel in the credit management department and reconciled key assumptions used in the business plan with available external information when management used the counterparty's business plan in the determination of receivables classification 2. Calculation of the allowance for doubtful receivables of significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards or U.S. GAAP Our audit procedures related to the appropriateness of loss rates used to calculate the allowance for doubtful receivables of significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards or U.S. GAAP included the following, among others: ➤ Inspected the accounting policy memo prepared by the accounting departments to examine whether the accounting policies for the applications of ECL and CECL models complied with IFRS Accounting Standards and U.S. GAAP, respectively. ➤ Inquired of directors in charge of Global Customer Business division and Risk Management division and CEOs of significant consolidated foreign subsidiaries about the business and credit risk environment surrounding those subsidiaries.
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As described in Note 2.s. Summary of Significant Accounting Policies—Significant Accounting Estimates, Allowance for Doubtful Receivables to the consolidated financial statements, significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards apply IFRS No. 9 Financial Instruments and record the allowance for doubtful receivables based on the expected credit loss ("ECL") model. Also, significant consolidated foreign subsidiaries that adopt U.S. GAAP apply Financial Instruments—Credit Losses, ASU 2016-13, Financial Instruments—Credit Losses and record the allowance for doubtful receivables based on the current expected credit losses ("CECL") model. Significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards use loss rates in estimating their expected credit losses for 12 months or lifetime. Significant consolidated foreign subsidiaries that adopt U.S. GAAP use loss rates in estimating their expected credit losses for remaining contractual periods. These loss rates are determined based on historical credit losses, considering current and future economic conditions, and involve subjective judgments made by management. When the loss rates used are not appropriate, the allowance for doubtful receivables is not properly calculated and it has a significant impact on the consolidated financial statements. Considering the items above, we determined the calculation of the allowance for doubtful receivables of significant consolidated foreign subsidiaries that adopt IFRS Accounting Standards or U.S. GAAP as a key audit matter.	In addition, with the assistance of component auditor of significant consolidated foreign subsidiaries, a network firm of our audit firm, we performed the following audit procedures: (Evaluation of internal controls) ➤ Evaluated the design and operating effectiveness of internal controls over the determination of loss rates used in calculating the allowance for doubtful receivables. (Examination of the appropriateness of loss rates) We performed the following procedures with the assistance of our network firm's credit specialists: ➤ Tested whether historical loss data was appropriate as a basis of estimation under the ECL model or the CECL model through the understanding of the portfolios. ➤ Evaluated models used for the calculation of the loss rates for 12 months or lifetime in the ECL model or the remaining contractual periods in the CECL model based on the understanding of the calculation models. ➤ Tested the accuracy and completeness of the data used in the calculation of the loss rates. ➤ Recalculated the loss rates. ➤ Compared actual loss rates with those used in the ECL or CECL models and analyzed differences identified. ➤ Evaluated the adequacy of an adjustment to the loss rates considering current and future economic conditions.
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Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

<Fee-Related Information>

Fees for audit and other services for the years ended March 31, 2026 and 2025, which were charged by us and our network firms to Mitsubishi HC Capital Inc. and its subsidiaries were ¥1,858 million and ¥279 million, and ¥1,763 million and ¥281 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
July 3, 2026

