Mizuho Leasing Co., Ltd.

Integrated report 2021

MIZUHO

Connect Needs to Create the Future

In May 2021, the Mizuho Leasing Group reformulated its Mission, Vision, and Values.

In recent years, the operating environment surrounding the Group has changed rapidly, reflecting the rise in awareness of environmental problems, increase in the importance of solving social issues, and innovations in digital technology. Meanwhile, the Group's business opportunities have increased substantially as a result of entering new business domains, and engaging in alliances and cooperation with new partners, among other initiatives. If the Group is to seize on these external and internal changes to accomplish a further leap forward, it will be essential to expand our business beyond its existing framework, engage with sustainability, and cultivate an even greater sense of solidarity with employees.

We reexamined our purpose, and vision for the kind of company which we aim to become, in line with these imperatives, and amended our Mission, Vision, and Values accordingly.

Our new Mission, Vision, and Values retain the universal values that have always been at their heart, while expressing our intention to generate value synergistically by undertaking business activities that go beyond finance, and by collaborating with stakeholders. Through such efforts, we will take the initiative in solving a wide range of problems and contribute to realizing a sustainable society.

Guided by our new Mission, Vision, and Values, the Mizuho Leasing Group will unit as one to further enhance corporate value and realize a sustainable society.

New Mission, Vision, and Values

Our Mission

Connect needs to create the future

Propose new value by identifying and connecting the diverse needs of society.
Co-create an abundant future providing various financial and business solutions.

Our Vision

Be a creator of a sustainable world

Become creators of a sustainable world through enjoying our mission.

Our Values

Challenge
Change
Create
X Collaborate

Through collaboration, we will take on challenges, enact change and accelerate creation.

Mission

In addition to providing the financial services that are the Group's strength, we will create the future together with our partners by proposing new solutions that go beyond finance to connect the diverse needs of society, and employing new mechanisms to solve these needs.

Vision

As a responsible corporate citizen that balances the creation of corporate value with the creation of a sustainable society, we will remain a company in which every one of our employees can work with a sense of pride.

Value

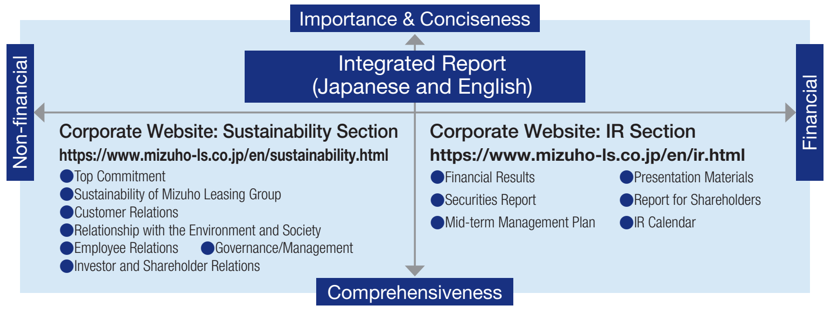
We coupled our previous Values of "Challenge," "Change," and "Create" with "Collaboration," aiming to generate a substantial synergistic effect through alliances and collaboration with a range of stakeholders inside and outside the Group.

CONTENTS

Editorial Policy

This report contains the Mizuho Leasing Group's financial information as well as non-financial information including management strategies, environment, social and corporate governance (ESG) to help stakeholders have a better understanding of the Group's business activities. When we edited this Report, we referred to certain guidelines including "International <IR> Framework" issued by the International Integrated Reporting Council (IIRC), and explained the Group's value-creating activities over the medium to long-term in an easy-to-understand and simple manner.

Composition of Communication Tools



Reporting Period

From April 2020 to March 2021 (including some activities that occurred outside this period)

Entities Covered

This report covers the entire Mizuho Leasing Group.

Notes concerning Future Forecast

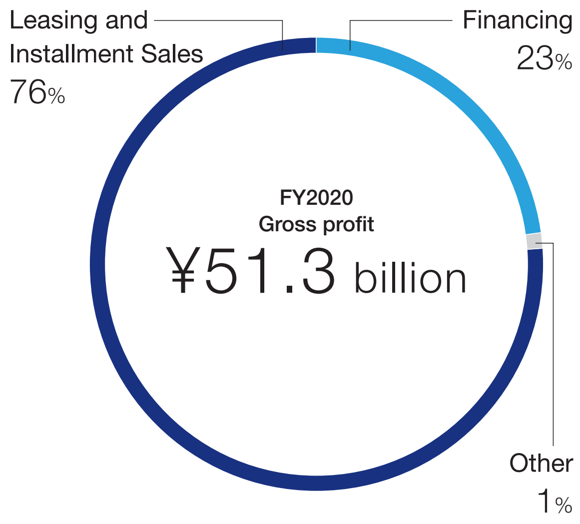
This report contains management policies and future business performance based on the information on hand at the time of the preparation of this report. These statements may contain certain risks and uncertainties, and as such do not guarantee that such policies and performance will be achieved. Please be advised that any predictions for the future made in this report may differ significantly from the actual results due to various factors.

Financial/Non-financial Highlights

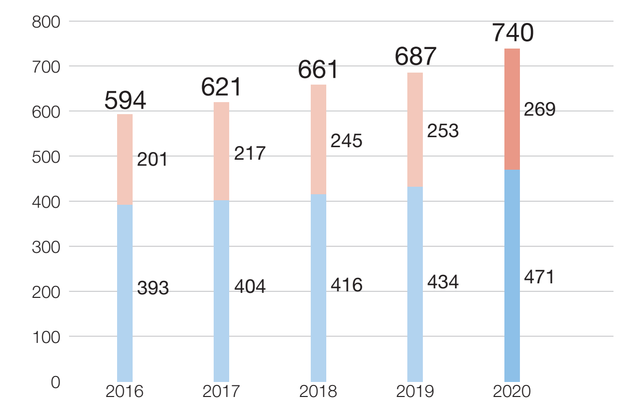
The Mizuho Leasing Group comprises Mizuho Leasing, 31 consolidated subsidiaries and eight equity-method affiliates (as of March 31, 2021). Centered on this structure, we provide wide-ranging financial and business services, including leasing, installment sales and loans in Japan and overseas by utilizing our understanding of equipment and extensive financial expertise.

Leasing and Installment Sales FY2020 Gross profit ¥39.1 billion

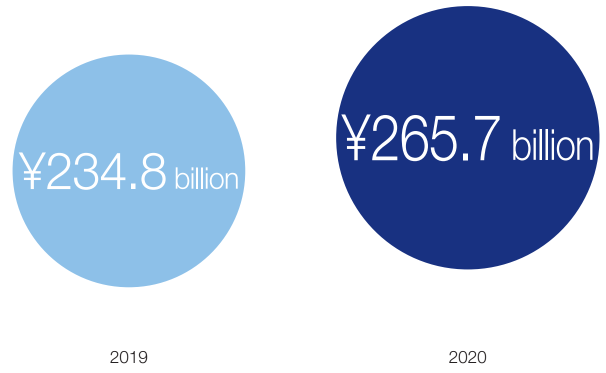
Financing and Other FY2020 Gross profit ¥12.2 billion



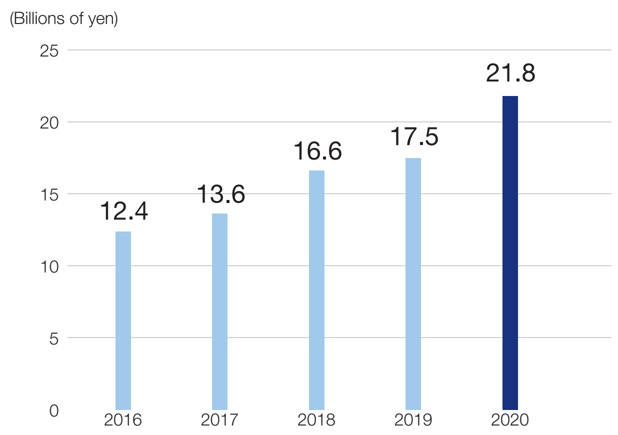
Number of employees



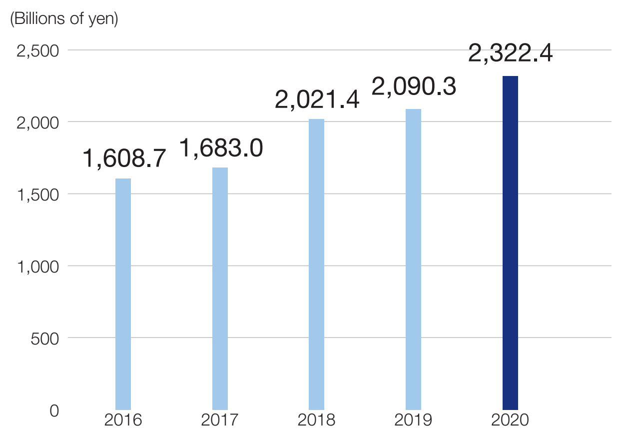
Balance in the global area



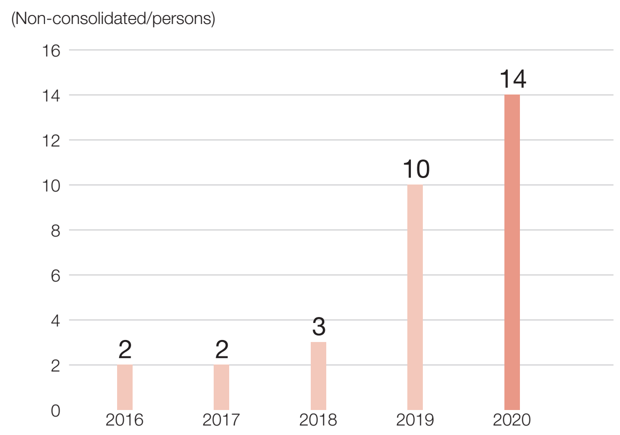
Net income attributable to owners of the parent



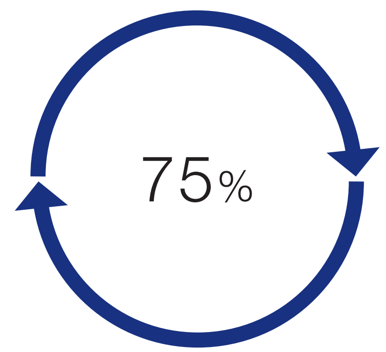
Operating assets



Number of women in managerial posts

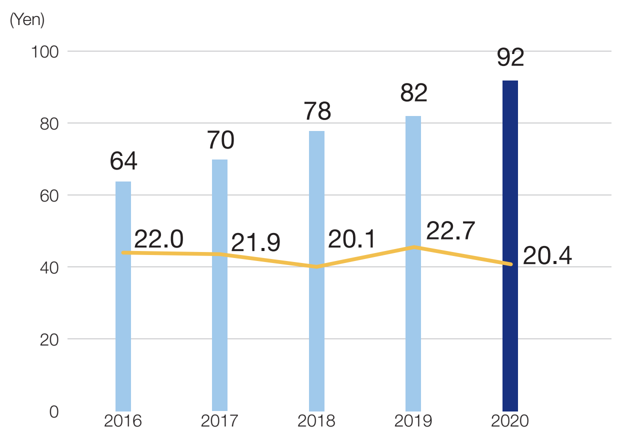


Reuse rate* (FY2020)

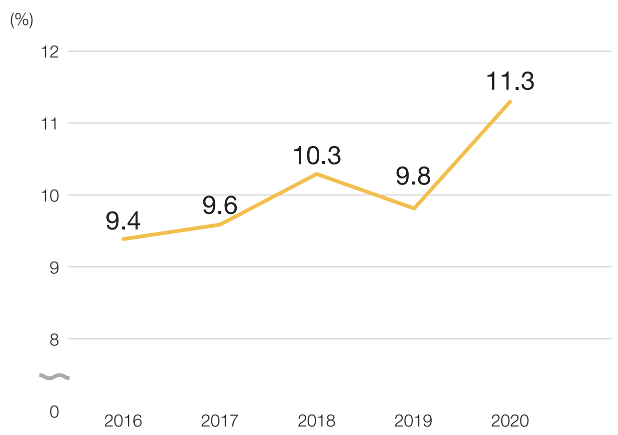


*Reuse rate: Number of equipment sold ÷ Number of equipment for which the lease term or re-lease term has expired

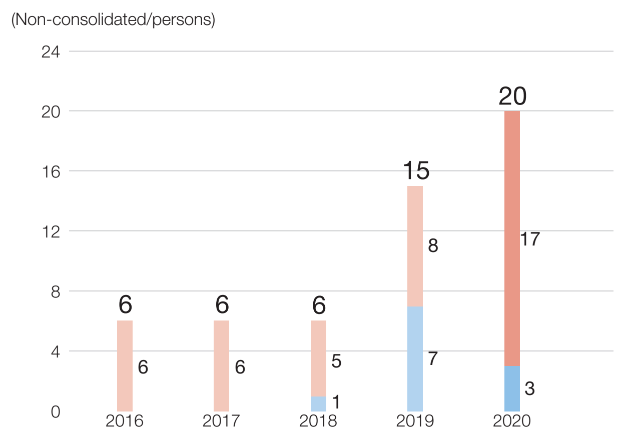
Annual dividend per share/dividend payout ratio



ROE



Number of employees who took childcare leave

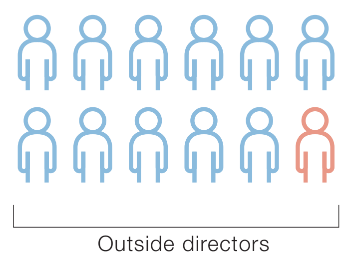


Composition of the Board of Directors

(End of June 2021)

12 directors

6 outside directors, 1 female director



Ratio of outside directors 50%

11-year Financial Summary

Consolidated Financial Results

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
For the year: (Millions of yen)											
Revenues	256,059	270,066	352,492	354,779	353,733	364,174	429,405	399,738	384,893	539,241	497,852
Gross profit before funding costs	36,549	36,579	44,270	43,005	41,609	44,803	44,904	45,157	52,596	60,263	59,332
Funding costs	5,459	5,286	6,596	6,426	6,338	6,361	5,697	6,959	8,467	9,744	7,985
Gross profit	31,090	31,293	37,673	36,579	35,271	38,441	39,206	38,197	44,128	50,519	51,347
Selling, general and administrative expenses	15,646	20,601	23,007	19,877	17,325	20,868	21,244	19,034	21,214	24,243	25,383
Operating income	15,444	10,691	14,665	16,701	17,946	17,573	17,962	19,162	22,913	26,275	25,963
Net income attributable to owners of the parent	9,025	4,296	8,920	10,531	11,144	11,609	12,414	13,643	16,594	17,512	21,772
At year-end: (Millions of yen)											
Total assets	1,028,020	1,332,963	1,372,246	1,462,183	1,551,704	1,718,720	1,752,284	1,821,501	2,161,872	2,348,416	2,603,190
Operating assets	928,633	1,211,268	1,263,116	1,343,046	1,432,299	1,581,025	1,608,718	1,683,005	2,021,368	2,090,305	2,322,398
Lease	546,185	755,139	780,234	809,499	878,693	958,353	950,318	983,590	1,160,218	1,327,723	1,476,331
Installment sales receivable*	94,514	112,243	113,939	133,267	153,910	147,455	137,820	138,592	145,888	139,715	124,433
Loans	241,925	295,008	320,143	359,530	361,067	377,933	348,085	360,073	469,135	400,999	500,674
Operational investment securities	46,008	48,876	48,798	40,749	38,627	97,283	172,493	196,860	239,814	221,866	220,959
Long-term receivables	10,397	19,153	18,502	11,404	8,947	10,393	3,331	2,440	3,432	5,448	11,477
Interest-bearing debt	877,629	1,133,481	1,176,464	1,226,274	1,309,951	1,465,584	1,492,438	1,536,240	1,834,757	2,000,636	2,255,387
Equity	69,392	74,717	84,905	109,840	123,297	132,786	141,755	154,632	182,159	195,780	210,852
Per share data: (Yen)											
Net income	249.33	118.71	246.43	264.75	261.32	272.20	291.08	319.91	388.64	360.49	450.14
Equity	1,889.18	1,954.63	2,218.77	2,458.28	2,764.23	2,978.61	3,202.27	3,492.55	3,553.92	3,829.02	4,147.40
Dividends	46.00	48.00	50.00	54.00	56.00	60.00	64.00	70.00	78.00	82.00	92.00
Key indicators: (%)											
Return on equity (ROE)	13.9	6.2	11.8	11.4	10.0	9.5	9.4	9.6	10.3	9.8	11.3
Return on assets (ROA)	1.6	0.9	1.1	1.2	1.3	1.1	1.1	1.1	1.2	1.2	1.1
Equity ratio	6.7	5.3	5.9	7.2	7.6	7.4	7.8	8.2	8.0	7.9	7.7
Other (Number of persons)											
Number of employees	765	1,073	1,050	1,036	1,050	1,072	1,053	1,081	1,627	1,745	1,795

*After subtraction of deferred profit on installment sales

Trajectory of the Mizuho Leasing Group

The Mizuho Leasing Group has developed its operations primarily in leasing and installment sales—the financing of physical items. In addition to financing related to capital expenditure, including industrial and factory equipment, information and communication equipment and medical equipment, we are expanding the scope of our business activities through initiatives in businesses to involve in commercial distributions and a broad range of financial sectors and through M&A activities, as we proactively engage in business in Japan and overseas.

2004
Shares listed on the Second Section of the Tokyo Stock Exchange.

2005
Designated an issue on the First Section of the Tokyo Stock Exchange.

2006
Acquires shares of Dai-ichi Leasing Co., Ltd.

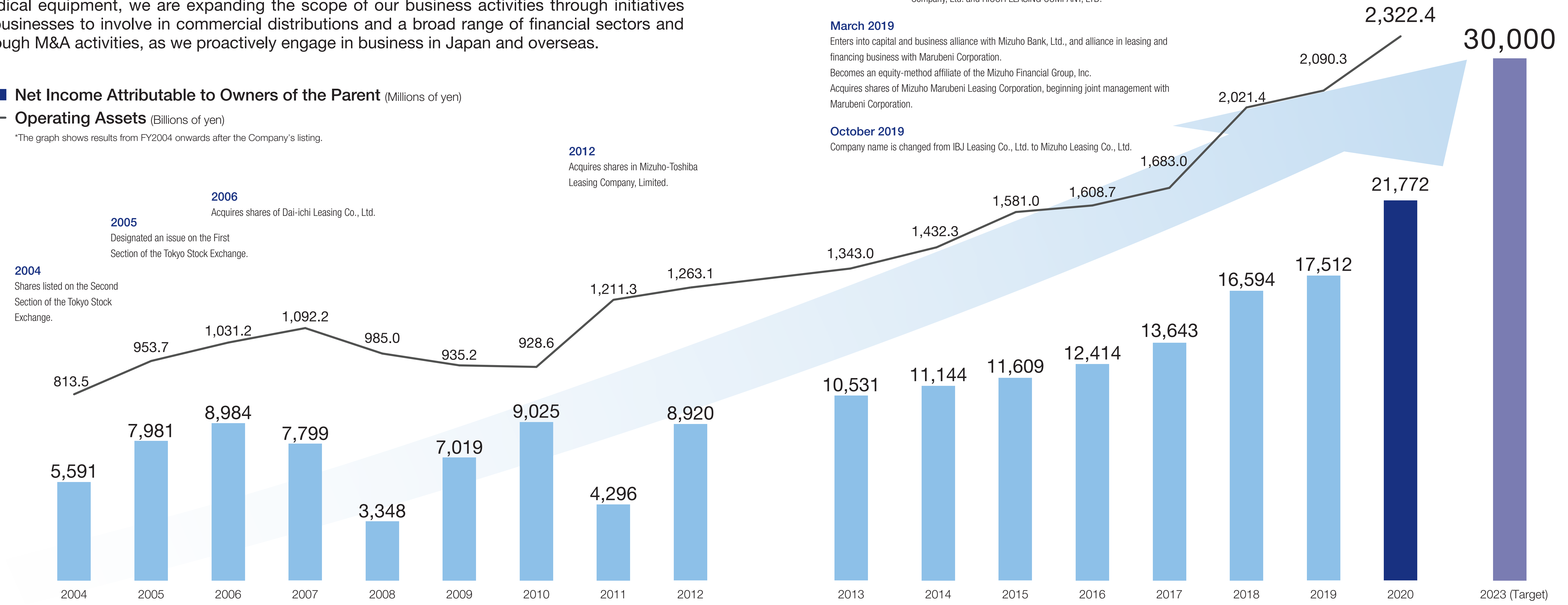
2012
Acquires shares in Mizuho-Toshiba Leasing Company, Limited.

October 2019
Company name is changed from IBJ Leasing Co., Ltd. to Mizuho Leasing Co., Ltd.

March 2019
Enters into capital and business alliance with Mizuho Bank, Ltd., and alliance in leasing and financing business with Marubeni Corporation.
Becomes an equity-method affiliate of the Mizuho Financial Group, Inc.
Acquires shares of Mizuho Marubeni Leasing Corporation, beginning joint management with Marubeni Corporation.

April 2020
Acquires shares of RICOH LEASING COMPANY, LTD., launching business alliance with Ricoh Company, Ltd. and RICOH LEASING COMPANY, LTD.

March 2020
Acquires equity interests of PLM Fleet, LLC, the largest U.S. frozen/refrigerated trailer leasing and rental company, and of Aircastle Limited, a major U.S. aircraft leasing company, launching joint management of overseas asset financing business with Marubeni Corporation.



The Group's Contributions to Society

Sustained growth of companies, industries & technologies

1969 Mizuho Leasing Company is established as a general leasing company under an initiative by The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.), with the participation of major companies representing Japanese industries.

Establishment of social infrastructure

1972 Begins vendor leases of construction equipment as a pioneer in that field.
1993 Establishes a subsidiary specialized in real estate leasing.

Globalization/improvement in mobility

Begins leasing business in Thailand in 1992, the Philippines in 1998, China in 2008, and Indonesia in 2010. Participates in aircraft operating lease business in 2016.

Health & welfare

2000 Business department specializing in medical and welfare services is established.

Climate change, environmental load reduction

2012 Business department specializing in environmental business promotion is established.

President's Commitment

We will contribute to the creation of a sustainable society through collaboration with partners rich in individuality, maintaining a high degree of freedom and a straightforward approach of embracing diversity.

Shusaku Tsuhara
President and CEO

Surviving the Era of Change as a Player in the Market with a High Degree of Freedom

——A year has passed since you became president of Mizuho Leasing. As the world in which we live is undergoing major changes due to the spread of COVID-19 and other factors, how do you view the current situation?

During the fiscal year ended March 31, 2021 (fiscal 2020), the year in which I became president, our operating environment experienced unprecedented change as the spread of COVID-19 continued unabated both in Japan and overseas, and countless people all over the world suffered hardships.

The Mizuho Leasing Group made it a priority to think carefully before taking action as we strived to maintain the safety of our clients, employees, and employees' families. During that time, situations in which we had to conduct meetings online increased massively, including not only discussions with clients, but also internal meetings.

When we first started these online meetings, we were unsure how to go about it, but fortunately we were able to rapidly provide online access through measures that included putting the necessary IT infrastructure in place. Now, even if we cannot meet people directly, even slight changes in their facial expressions are conveyed via the screen, and we can hold discussions during meetings without any problems. After I became president, my first meeting with general managers was made available online to all our employees, and a large number of them listened in person to what I had to say. Meanwhile, the options in terms of customer contact points have also broadened in unprecedented ways, and new norms of communication are emerging.

I am now very aware of COVID-19 as a unique factor that has become a trigger, causing patterns of behavior to be rapidly transformed, not only within the Mizuho Leasing Group, but also among the public and companies in general. It is increasingly likely that the structure of societies and industries, and even people's world views and values, will be reconfigured into new forms.

Amid such transformation, one thing the Mizuho Leasing Group is trying to do in addition to meeting clients' direct funding needs, is to make use of the high degree of freedom we have as a leasing company.

Considering the increasing complexity of client needs going forward, there will be services and products that only Mizuho Leasing can provide, offering abundant opportunities for us to be of assistance.

For example, there were multiple occasions when clients of the Mizuho Financial Group, with which we collaborate, considered making use of their real estate to raise funds during the COVID-19 pandemic, and Mizuho Leasing's name came up as a reliable business partner. In addition to being in a position to leverage the Mizuho Financial Group's client base, we are also a Player in the Market with a high degree of freedom. As such, we can offer flexible solutions combining our specialist expertise in "Mono" (equipment & properties) and understanding of commercial distribution with high-level financial know-how.

——Alongside responding to the changes in the Group's operating environment, what else have you yourself been working on?

I joined Mizuho Leasing in 2019, which was a milestone year because it was the Company's 50th anniversary. This anniversary offered an ideal opportunity for us to look back once again at our company's history and what had been achieved in the past half century.

In the 1970s, Mizuho Leasing started offering vendor leases of construction equipment and ship leases in overseas markets. In 1985, we offered Japan's first rolling stock lease product, and in 1998 moved into structured financing in earnest. In fact, it is often our name that comes up when someone asks who was first to provide various services, even those that are common now.

As the times changed, our predecessors always emphasized trustworthiness and reliability as they took on bold challenges, never hesitating to work in new fields. I believe that the ethos of anticipating change is embedded within the Company's DNA.

Given the recent rapid environmental and societal changes, an unprecedented period of upheaval is anticipated. To survive in this world, it will be essential to have the strength of spirit to break free of preconceptions, take on bold challenges, and pioneer paradigm shifts, as that is what will result in stable, sustained growth. And to acquire the strength to take this on, we must start by thoroughly understanding ourselves. The answers we seek are within us.

At the same time, during the 50 years since the Company's founding, we have engaged with clients facing all kinds of issues to discuss how we can be of assistance to them. Unfortunately, some of these discussions did not come to fruition in the form of deals, but it is through repeated engagement of this kind that trust is established between the Company and its clients. And it is important to remember, both as a company and as individuals, that we were helped by many others during that process.

If I can instill this awareness more deeply in those who work here, I am convinced that Mizuho Leasing will go from strength to strength as a company.

Alliances with Other Industries Develop New Forms of Value

——What did the Group achieve during fiscal 2020, and what priority issues still remain?

Fiscal 2020 was our second year of collaboration with alliance partners Mizuho Financial Group and Marubeni Group, and was also the year in which we started cooperating with Ricoh Leasing.

In our alliance with Mizuho Financial Group, we were able to achieve results surpassing those of the previous year. Factors contributing to this success included initiatives addressing client needs during the pandemic, including capital investment needs among telecommunications carriers, along with our acquisition of new projects in the real estate area, and the environment and energy area.

Our alliance with the Marubeni Group mainly entails cooperation in the global area. Through Mizuho Marubeni Leasing Corporation, our JV company with Marubeni, we expanded our engagement with overseas infrastructure projects, including investment in a water utility company in Chile and a hydropower company in the Philippines.

As a trading company, Marubeni Corporation has been participating in overseas projects involving infrastructure, including water supply and power generation since a very early stage, and it is engaged in large-scale projects. From our point of view, cooperation has enabled us to enter areas in which we lack expertise and business bases, and we have learned a great deal as a result. I think that development of social infrastructure in developing nations is another area that will continue to offer opportunities for us to assist in various ways.

Throughout its history, Mizuho Leasing's business has always focused on points of contact with large companies, and we therefore lack expertise and know-how in the retail area. In our alliance with Ricoh Leasing, we will assimilate that company's vendor finance-related know-how and its system of customer contact points to promote business using applications. Mizuho Leasing and Ricoh Leasing are mutually referring customers for products the other has strength in, and exploring the possibilities for moving into new areas of cooperation such as the environment or medicine.

In addition, as part of the Company's initiatives to expand into new business areas, since April 2021 we have acquired shares in NIPPON STEEL KOWA REAL ESTATE and Mizuho Capital.

We made NIPPON STEEL KOWA REAL ESTATE into an equity-method affiliate; our plan is to expand into the real-estate business area by gaining access to its extensive experience and know-how as a real-estate developer.

With our acquisition of Mizuho Capital's shares, we obtained know-how relating to venture investment; our aim now is to be quick and agile in picking up on new business opportunities that startups are creating, exploiting, or driving.

Venture companies have outstanding technologies and unique ability to come up with new ideas, but the issue is how they can monetize these. I believe there are countless areas where we could assist such companies in terms of access to funding, human networks, and customer contact points.

Targeting Corporate Management That Puts People First

——During the fiscal year ending March 31, 2022, the Group has amended its Mission, Vision, and Values. What role do they play within the Group's management?

In recent years, the operating environment surrounding the Mizuho Leasing Group has changed radically, reflecting rapidly increasing awareness of the natural environment and social issues, and dramatic progress in digital technology, among other developments. If the Group is to accomplish a further leap forward, it will be essential to expand our business beyond its existing framework, forge alliances, engage with sustainability, and inculcate a sense of purpose among employees.

We reviewed the Mission, Vision, and Values we formulated in 2007 in light of these imperatives, and found that, alongside the admirable ethos retained by the Company since its founding, they referred to "financial services" and used expressions seemingly restricted to the conventional financial framework. This prompted increasing discussion about it being the ideal time to reframe our Mission, Vision, and Values into a form more in keeping with the changes occurring in society.

We tapped into the opinions of those working on the frontlines, organized countless opportunities for discussion, and thought about how we could explain our company to others both inside and outside it. As a result, we decided to amend our all-important Mission, Vision, and Values, using words that would reflect our potential going forward and enable our next steps to be envisaged. We chose memorable, simple expressions that would come naturally to clients and employees alike.

The Group's Mission, announced in 2021, is "Connect needs to create the future," and our Vision is "Be a creator of a sustainable world."

And for our Values, we coupled the Three Cs of "Challenge," "Change," and "Create" with "Collaboration."

In alliances, and in any type of work, it is not a single person or business department working alone that brings a project to completion. For us, collaboration significantly extends our business reach, while alliances and collaboration with stakeholders also accelerate the Three Cs.

Looking ahead, I think we can forge some unique alliances with companies in other industries that will surprise people with their originality and attract intense interest.

——Please tell us about the new materiality topics the Group has announced in line with its Vision of being a creator of a sustainable world.

To define our materiality topics, we conducted interviews with directors and employees, and held repeated discussions, including meetings of the Executive Management Committee and the Board of Directors.

The work we do is, of course, fundamentally guided by the desire of frontline employees to solve client issues and be of assistance. We provide valuable services and solutions, working with clients to solve social issues and striving to create a sustainable society. Through these efforts, we are advancing toward becoming a creator of a sustainable world.

We chose six materiality topics as themes that the Group should place priority on addressing: contributing to a decarbonized society, contributing to a healthy and prosperous lifestyle, contributing to the creation of social infrastructure that supports our lifestyle, leading toward circular economy, creating new value through technology, and creating a society and workplace where everyone can thrive. We have now started implementing concrete measures in line with each of these materiality topics.

For example, to address the materiality topic of contributing to a decarbonized society, the Group has started participating in run-of-river hydropower, which has a low environmental impact.

The Shirakawa Power Plant, operated by JNC CORPORATION Group in Kumamoto Prefecture, is a hydroelectric power plant that boasts a long history, having been established in 1914. Its distinguishing feature is use of the run-of-river method, which enables it to generate electricity by channeling water from the Shirakawa River directly into the power plant itself. This method requires no large dams, resulting in low environmental impact.

However, the volume of electricity generated is unpredictable, as the volume of water changes according to the season. To address this issue, we created a project investment scheme utilizing a pay-per-use type lease according to the revenue from electric power sales. We have high hopes that this scheme can be rolled out further in future as an example of an initiative that enables environmental conservation and participation in new business through project investment utilizing leases.

In June 2021, we launched a product called Mizuho SDGs Leases. These incorporate a 0.2% donation into contracts for transactions such as leasing and installment sales, which is passed on to organizations working to achieve the SDGs. The 0.2% donation comprises a donation from the client equivalent to 0.1% of the property value and a matching gift of the same value from the Company. This initiative—the first of its kind in the leasing industry—also supports clients' efforts to contribute to the SDGs by offering online group seminars and individual consulting provided by Mizuho Research & Technologies.

——Is there an order of priority for the six materiality topics?

All six of the materiality topics are important, but I personally regard creating a society and workplace where everyone can thrive as most important of all.

When I was in my 20s, I was off work for about eight months due to illness. In those days, my child was still young, and this time when I wanted to work, but couldn't, proved really hard to deal with. Fortunately, however, once I recovered, I found everything joyful and inspiring—even just being able to work, or make recommendations to clients. As a result of this experience, I am convinced that employees' physical and mental health is key.

When I became president of Mizuho Leasing, I promised that the Company would continue to be one in which employees could work with enjoyment and peace of mind, and provide properly for their families.

As sustainability management relies above all on people, it is essential to place the utmost value on people. I see this as an all-encompassing imperative that starts with

employees, their families, and clients, and connects to affiliated companies, and people everywhere, extending from our immediate environs throughout the whole world.

The key prerequisite for business management that values people is a well-developed corporate governance system. We have therefore separated management supervision and execution, and brought in outside directors well versed in various business areas. They provide supervision and advice from a broad perspective, ensuring profound discussions and multifaceted verification of agenda items for meetings, including those of the Board of Directors.

In particular, the opinions of outside directors were incorporated into our Mission, Vision, and Values as well as materiality topics to a great degree, as we were keen for our message to be widely understood by the general public. We are also working to improve the transparency and effectiveness of the decision-making process at Board of Directors meetings.

Generating New Value for Society as a Player in the Market Open to Collaboration

——How were Mizuho Leasing's business results for fiscal 2020, a year affected by the COVID-19 pandemic?

It was the second year of our Sixth Mid-term Management Plan, which covers a five-year period from fiscal 2019. Amid a persistently challenging operating environment, we extended our alliances with partners including Mizuho Financial Group and Marubeni Group. We focused on providing solutions such as sale-leaseback in response to the needs of clients trying to deal with COVID-19.

Consequently, our financial results for fiscal 2020 exceeded initial forecasts. Net income attributable to owners of the parent amounted to ¥21.8 billion, yielding our eighth straight year of record-high profit. Operating assets increased by around ¥230.0 billion year on year to ¥2,322.4 billion, bolstering the financial foundation that constitutes the source of our earnings. Our balance in the global area at the end of March 2021 also demonstrated steady growth, amounting to ¥265.7 billion.

We raised the annual dividend for the fiscal year ended March 31, 2021 by ¥10 year on year to ¥92 (for a dividend payout ratio of 20.4%), resulting in the 19th consecutive year of higher dividends. In terms of our earnings forecasts for the fiscal year ending March 31, 2022, we are forecasting net income attributable to owners of the parent of ¥23.0 billion, and forecasting an annual dividend of ¥110, for a dividend payout ratio of 23.1%.

——How is the Mid-term Management Plan progressing, and what are your targets for the fiscal year ending March 31, 2022 (fiscal 2021)?

Our numerical targets for fiscal 2023, the final year of the Sixth Mid-term Management Plan, are "¥30.0 billion in net income attributable to owners of the parent," "tripling the balance of operating assets in the global area from that at the end of March 2019," and "25% or more in the consolidated dividend payout ratio." The Group is currently in the midst of enacting change to achieve these targets.

For fiscal 2021, the third year of the Sixth Mid-term Management Plan, our guiding theme is "Collaborate: Unit and work together."

To continue growing in an era when the business environment is changing rapidly, it will be essential to go beyond conventional financing and leasing to provide services in areas where social importance is rising, such as environment and energy, and medical and healthcare. This is the main reason why I believe collaboration will be the key to sustained growth. And that includes collaborating with alliance partners, collaborating with clients on their businesses, and collaborating with startups that have new technologies.

To achieve this, I want us to be a Player in the Market open to collaboration that can demonstrate flexibility and agility in leveraging alliances with a wide variety of companies.

When collaborating with a new partner, our fundamental approach will be to preserve our past track record and corporate culture, using these to develop further from a new foundation. If we offer an environment that is open to disparate elements, we can be a company that attracts a diverse range of human resources. That will lead to diversity in human resources and diversity in business, providing sources of energy to fuel the Group's growth.

Genuine collaboration is based on a willingness to reveal oneself honestly. I believe it is this honesty that enables true communication to take place, allowing collaboration to develop.

——Finally, do you have a message for stakeholders?

I am now more aware than ever that business cannot be sustained by merely following corporate logic.

We live in an era when the very concept of sustainability is being interrogated; to address the needs of the times, we must respect the interests of our clients and other stakeholders of all kinds, and build good relationships with them.

I believe that, guided by our new Mission, Vision, and Values, all our employees are now working with clients to solve social issues by providing valuable services and solutions, thereby playing their part in building a new world as creators of a sustainable society.

The support of our stakeholders has helped us to achieve good results, despite the challenging economic environment caused by the COVID-19 pandemic. I would therefore like to reiterate my gratitude to all our stakeholders in the hope that they will continue to offer us the same invaluable support in future.

Mizuho Leasing Group's Value Creation Process

"Mizuho Leasing Group will co-create a circular society so as to contribute to realizing a sustainable society with tireless challenges and new ideas that go beyond finance."

The Mizuho Leasing Group has been seriously working to enact changes, take on challenges, and expand its business domains to provide solutions to clients, while addressing new challenges arising from various environmental changes. Through our unique management capital and alliances, we aim to help create a circular society that eliminates waste in cooperation with our partners and stakeholders, thereby creating a sustainable society over the long term. In doing so, we will extract maximum leverage from the concept based on "utilization" of the value of equipment and properties, instead of "possession" of them.

External environment

- Aging population with low birthrate
- Labor shortage
- Global warming
- Resource and energy shortages
- Maturity of domestic market
- Economic growth in emerging countries
- DX acceleration

Mizuho Leasing Group's management capital and business

Intellectual capital
- Expertise and extensive know-how on "Mono (equipment & properties)," "commercial distributions" and "finance"
- Ability to provide solutions to clients' problems

Human capital
- Human resources with advanced expertise who squarely addresses issues

Social capital
- Strong cooperative framework with Mizuho
- Client base centered on large- and mid-sized companies

Financial capital
- Quality operating assets
- Strong fundraising base
- External ratings (long-term) R&I: A, JCR: A+

Manufacturing capital
- Network covering Japan and overseas

Cooperation with business partners
- Partnerships with companies in other industries such as manufacturers and trading companies

Lease financing | Service business | Business management

Materiality

- Contributing to a decarbonized society
- Contributing to a healthy and prosperous lifestyle
- Contributing to the creation of social infrastructure that supports our lifestyle
- Leading toward circular economy
- Creating new value through technology
- Creating a society and workplace where everyone can thrive

Co-create a circular society and contribute to the realization of a sustainable society

Strengthen engagement with stakeholders by resolving issues faced by clients and society

Sixth Mid-term Management Plan	Focus Areas	Environment and Energy	Real Estate	Aircraft	Targets for final fiscal year (FY2023)	Net income attributable to owners of the parent ¥30.0 billion
		Medical and Healthcare	Global	Technology		

Sustainability of Mizuho Leasing Group

Comments from Chief Sustainability Officer

Managing Director
Toshiyuki Takahashi

As the uncertainty of the business environment increases, the importance of addressing environmental issues such as climate change and its consequences, as well as social issues such as poverty, education, health and welfare, is becoming more important than ever. How can we create and maintain a sustainable society? Naturally, the survival of companies like us is not unrelated to this question. Rather, how can we proactively and actively create and present the solution to this question to our clients through our business activities? It would not be an exaggeration to say that a strong commitment to sustainability is now at the core of corporate management.

Process to Identify Materiality Topics

We have set six materiality topics (priority issues) for our sustainability management: "contributing to a decarbonized society," "contributing to a healthy and prosperous lifestyle," "contributing to the creation of social infrastructure that supports our lifestyle," "leading toward circular economy," "creating new value through technology," and "creating a society and workplace where everyone can thrive." In order to extract and select materiality topics, we made a comprehensive list of approximately 300 issues, analyzed their relationship to our business and their impact on our future strategy, while utilizing the knowledge of external experts, and then reached an organizational decision through extensive dialogue with our executives and employees. This selection process was an important opportunity for each of our executives and employees to rethink the significance of our existence in society and to firmly align our awareness of the future vision of the business we should take on and the two sides of the risks we should take.

Be a creator of a sustainable world

With our long and rich experience as a leasing company, we have been deeply involved in the supply chain of our clients from each of the aspects of "Mono (equipment & properties)," commercial distribution, and finance, and have been proposing various solutions tailored to their needs. One such proposal is the so-called "management without ownership." A set of values that emphasizes "use" rather than "ownership" is the very starting point of the circular economy. We should make the most of the value of "Mono (equipment & properties)," recycle them as necessary, and thereby create continuous profit. We believe that we can play a role in leading and driving this cycle.

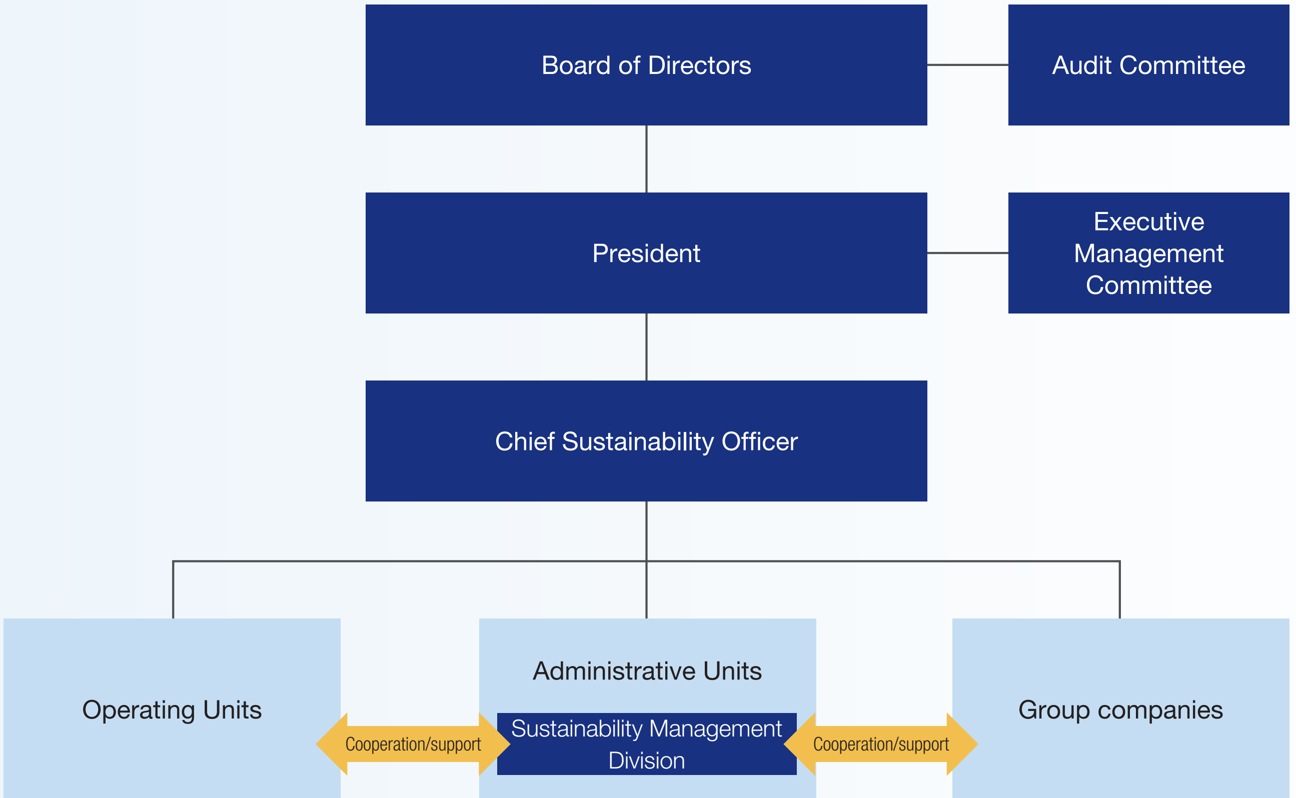
One of the most important aspects of sustainability management is continuous dialogue with each stakeholder. Particularly with regard to future climate change, a firm social response is required as indicated by the government's target, "carbon neutrality by 2050." In line with the disclosure requirements based on the TCFD recommendations, we will take measures to address climate change risks and disclose them in a timely and appropriate manner.

It is important that each and every one of our executives and employees fully understands the importance of sustainability, and that we work together as a company to address this issue. We will give this back to our clients as specific initiatives in our daily business operations, so that we all can experience the inextricable link between sustainability initiatives and the growth and leap of our business.

Our vision, "Be a creator of a sustainable world," is not a distant future.

Sustainability Promotion Structure

We have established the Sustainability Management Division within the Corporate Planning Department, which is responsible for planning, drafting, and promoting measures related to sustainability. In addition, important matters related to planning and promotion are resolved by the Board of Directors. Discussions on sustainability are regularly reported to the Executive Management Committee and the Board of Directors, and are used to determine the Company's management policies. We will promote initiatives for materiality topics by integrating them with our business strategies.



Mizuho Leasing Group's Materiality

The importance of corporate efforts to address environmental and social issues has been increasingly growing. In response, the Mizuho Leasing Group has identified six important issues as materiality topics that need to be addressed on a priority basis through its business activities. We will promote initiatives for these materiality topics by integrating them with our business strategies.

Process to Identify Materiality Topics

STEP 1 Extracting issues

Made a list of approximately 300 issues extracted from SDGs, SASB Materiality Map and so on, to be addressed in Japan and abroad in a long span in terms of environment, society, economy, and other perspectives.

STEP 2 Analyzing issues

Scored each issue by drawing on the insights of external experts concerning the degree of importance of each issue for society and for the Group. Selected issues that the Group can contribute to solving through its business, or issues that the Group is aiming to contribute to solving them.

STEP 3 Assessing issues

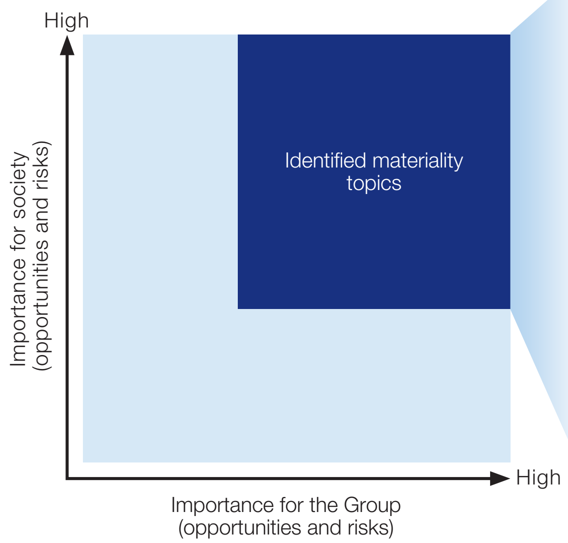
Conducted interviews with management and a questionnaire survey for employees to assess the importance of each issue from the standpoint of opportunities and risks for society and the Group, respectively. Organized and selected issues that we place priority on addressing, and narrowed them down to a list of six themes.

STEP 4 Identifying materiality topics

Deeply discussed where we should place our priority with regard to six themes, consulted and deliberated on the validity of the materiality in the Executive Management Committee, and decided in a Board of Directors' meeting.

To Identify Materiality Topics

We made a comprehensive list of issues extracted from SDGs, SASB Materiality Map and so on, to be addressed in Japan and abroad in a long span in terms of environment, society, economy, and other perspectives. Then we identified issues that need to be addressed on a priority basis from the perspective of the respective opportunities and risks for society and the Group, based on the multiple standpoints of management, employees, and external experts.



Themes to be addressed	Materiality
Renewable energy	Contributing to a decarbonized society
Medical, nursing care and healthcare	Contributing to a healthy and prosperous lifestyle
Cities, infrastructure and mobility	Contributing to the creation of social infrastructure that supports our lifestyle
Circular economy	Leading toward circular economy
Technology	Creating new value through technology
Human resources, education and governance	Creating a society and workplace where everyone can thrive

Identified Materiality Topics

We have identified the materiality topics to create a prosperous future and realize a sustainable society through our business activities.

In promoting the shift to a circular society in response to social and environmental issues, including climate change, health, welfare, urban development, infrastructure, and mobility by using new technologies, supporting supply chains, and providing utility value for goods and services, etc., we will help to solve such issues. We will further work to strengthen and enhance human resources, education, and governance as the foundations that support all of the efforts stated above.

Materiality	Major initiatives for materiality	Relevant SDGs
Contributing to a decarbonized society	● Create management systems for generating, transmitting, storing, and using electric power ● Expand business fields by participating in renewable energy projects ● Enhance solutions for saving energy and improving energy efficiency	7, 13
Contributing to a healthy and prosperous lifestyle	● Offer integrated services that combine maintenance with data analysis and other tasks through alliances with medical manufacturers ● Provide comprehensive solutions that encompass facilities, equipment, and devices	3, 11
Contributing to the creation of social infrastructure that supports our lifestyle	● Provide solutions for developing infrastructure and promoting mobility ● Create a mechanism for deploying equipment to prevent and prepare for disasters ● Participate in smart city and regional revitalization projects	9, 11, 13
Leading toward circular economy	● Provide support at all stages of the supply chain ● Reduce the life-cycle costs through collaboration with manufacturers ● Maximize the utility value of goods (subscriptions, sharing, etc.)	12, 13
Creating new value through technology	● Provide a platform that uses big data and AI ● Create new businesses by investing in startups ● Boost operational efficiency through the use of technology	8, 9
Creating a society and workplace where everyone can thrive	● Secure a diverse talent pool by hiring experienced mid-career people; provide support for women to take active roles ● Increase flexibility to choose when and where to work ● Strengthen governance and internal controls	4, 5, 8, 10

Examples of Materiality Initiatives

Contributing to a decarbonized society
Participation in low-environmental-impact run-of-the-river hydroelectric power generation

For the hydroelectric power generation equipment used at the hydroelectric power plant (Shirakawa Hydraulic Power Station) operated by the JNC Group in Ozu-machi, Kikuchi-gun, Kumamoto Prefecture, we have implemented a project-investment-type lease based on the power sales income from the power generation business through a pay-as-you-go lease.

The Shirakawa Hydraulic Power Station, which began operation in 1914 and underwent a major renovation in 2020, is a hydroelectric power plant with a generating capacity of 9,500 kW (enough to power approximately 13,900 ordinary households per year). Hydroelectric power generation has low carbon dioxide emissions and is characterized by its low environmental impact without the need for large dams, as it is a “run-of-the-river” system where waste is removed from the river water and then led through a channel to a water tank, where it falls through a hydraulic iron pipe to turn a water wheel and generate electricity.

As the importance of addressing climate change, resource and energy issues increases, the Group will aim to realize a sustainable society by contributing to the realization of a decarbonized society together with its clients through its business activities.

Contributing to a healthy and prosperous lifestyle
Leasing of helicopters for electric power facilities patrols and emergency medical service to support regional safety and medical care

Tohoku Air Service, Inc., a member of the Tohoku Electric Power Group, is engaged in patrols and inspections of power lines and transportation of supplies by helicopters, as well as operation and maintenance of helicopters for disaster prevention and medical service, and supports people’s lives with its solid experience and know-how in helicopter operations.

Tohoku Air Service, Inc. utilizes our leasing services to introduce Kawasaki BK117C-2 helicopter for electric power facilities patrol and medical service.

Leading toward circular economy
Initiatives for regional revitalization and realization of a recycling-oriented society through coexistence with forests

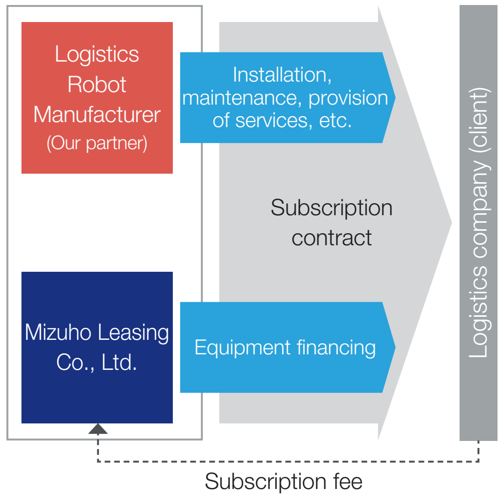
The VESTA Project, which began in Osaki City, Miyagi Prefecture, is an effort to build a new recycling-oriented society that aims to create sustainable forests, locally produce and consume energy, and revitalize hilly and mountainous regions by sharing nearby forest resources with the whole region and utilizing trees not only for building materials and furniture production, but also for cascading (use of wood byproducts and leftover materials).

Woody byproducts and timber offcuts that have been discarded in the past are converted into chips and used in a cogeneration system to generate electricity and heat at the same time, which are then used to power the new Sustainavillage Naruko eco-housing complex on the site, built with local materials by the Itakura construction method, a traditional method of wood construction.

The project is also involved in tourism, environmental education, outdoor projects, etc., and aims to create a symbiotic relationship with the entire region, with forest resources as its foundation.

Through the leasing of wood chip production equipment and boiler equipment, we are supporting the realization of a sustainable, recycling-oriented society, which is the goal of the VESTA Project.

Leading toward circular economy
Responding to clients’ changing needs from “ownership” of goods to “use” of services



Together with our partner, a logistics robot manufacturer, we have started to offer a subscription service for AMR (Autonomous Mobile Robot) to be installed by major logistics companies in their warehouses.

AMR is an autonomous robot that collaborates with humans to support operations, mainly used for receiving, shelving, picking, etc., and is playing an active role in solving the chronic labor shortage in the logistics industry due to growing demand for e-commerce and other reasons.

In the subscription service, the Company and its partner provide “goods” and “services” through contracts. The partner logistics robot manufacturer provides the services necessary to use the goods and add value.

Due to the maturation of the market and the development of information and communication technology, the demand for subscription business, which provides services with various fee plans based on the usage period and usage fees, is expected to increase in the future. In response, we will support the promotion of business as a partner of manufacturers, etc., to meet the needs of our clients.

Sixth Mid-term Management Plan (FY2019–FY2023)

Value-creating company tackling challenges together with clients

Akira Nakamura
Deputy President

The Group reached the third year of the Sixth Mid-term Management Plan covering a five-year period from fiscal 2019. Under the plan, our vision is a "value-creating company tackling challenges together with clients," which represents a serious commitment to value creation for all stakeholders.

We will seek to take on the challenge of co-creating value with clients and undertaking new businesses in expanding business fields at home and abroad by fusing new business strategies and initiatives. Specifically, we will fuse new business strategies responding to the sophistication of clients' business models through expansion of our business domains and initiatives toward potential growth of markets and solving social issues as well as initiatives for businesses in focus areas seizing the opportunity of changes in the social and industrial structures with strategic initiatives through cooperation with alliance partners such as the Mizuho Financial Group and the Marubeni Group.

We have been pursuing our business platform transformation, such as digitizing operations or going online inside and outside the company even amid the COVID-19 pandemic. With this being an example, we will seek to grow the Group further by continuing to reinforce the management base in response to the expansion of business fields, with focus on "strengthening group governance," "improving operational productivity," "HR strategy," and "increasing sophistication of risk-return management."

Overview of business strategies

Providing solutions that contribute to financial and business strategies for all our clients

- Enhancing lease financing business by expanding client base
- Evolving New Business Strategies
  - Service business
  - Managing joint ventures with clients
  - Supporting clients' commercial distribution
- Continuing initiatives in focus areas
  - Environment and energy
  - Real estate
  - Aircraft
  - Global
  - Medical and healthcare
  - Technology

Cooperation with alliance partners

- Mizuho Financial Group
  - One of the largest client bases in Japan and overseas
  - Strong ties between Group companies including banks, trust banks, and securities firms
  - Strengthening & expanding lease financing business
  - Jointly implementing New Business Strategies
- Marubeni
  - Overseas network
  - Wide range of lease financing products from general trading company
  - Enhancing overseas lease financing businesses
  - Investing in new overseas businesses

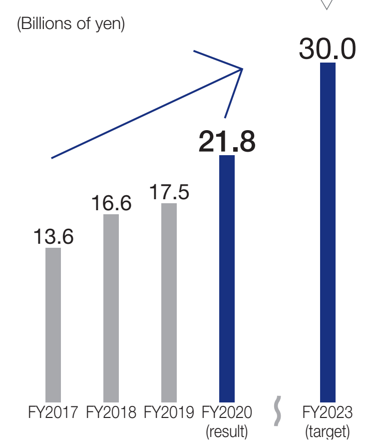
Expand and grow fields of business within and outside Japan

Overview of management base reinforcement

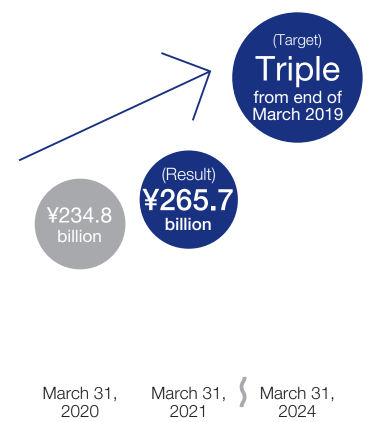
Strengthening group governance	●Strengthening ties within the Group ●Consolidating functions within the Group
Improving operational productivity	●Sweeping review of business promotion system ●Improving operational efficiency and sophistication by utilizing IT
HR strategy	●Revising the personnel and remuneration systems ●Recruiting and developing highly specialized personnel ●Sophisticate human resource portfolio management ●Promoting diversity and work style reform
Increasing sophistication of risk-return management	●Risk management ●Portfolio management ●Financial ALM

Consolidated targets for final fiscal year (FY2023)

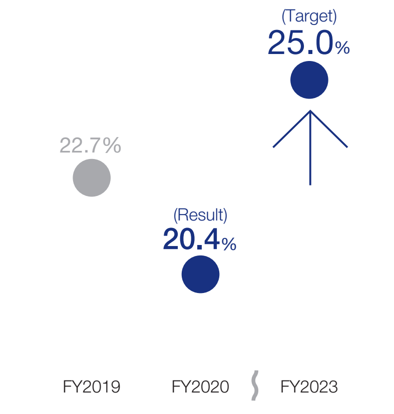
Net income attributable to owners of the parent
¥30 billion



Balance in the global area compared with that at the end of March 2019
Triple



Dividend payout ratio
Aim for 25% or more



Cooperation with Alliance Partners

Alliance/Cooperation with Mizuho

We have focused on building an alliance system and promoting business in cooperation with Mizuho since entering into a capital and business alliance with Mizuho Bank in March 2019. Taking advantage of know-how on "Mono" (equipment & properties) and expertise in commercial distribution and business cultivated by the Group, we have proposed solutions contributing to business promotion for Mizuho clients through bilateral cooperation. We have steadily achieved results of cooperation in focus areas listed in the Sixth Mid-term Management Plan as fields where growth is expected. They include capturing the 5G capital expenditure needs of telecommunications carriers in the technology area and executing mezzanine loans through cooperation in the real estate area.

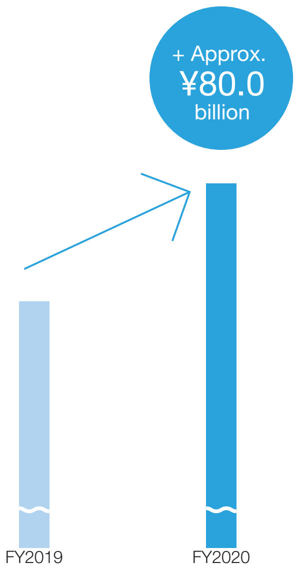
As a result, actual contracts concluded (on a management accounting basis) through the alliances in fiscal 2020 showed a hefty gain of about ¥80.0 billion from fiscal 2019.

The Group will seek to accelerate this cooperation system in pursuit of the expansion of business areas.

Actual contracts concluded* through the alliances

*management accounting basis

■ In fiscal 2020, actual contracts concluded through the alliances increased by approximately **¥80.0 billion from the previous fiscal year, and profitability improved**



Telecommunication infrastructure
Capturing 5G adoption or other large-scale projects

Real estate
Enhancing collaboration in projects of real estate such as logistics facilities, which are essential to living

Financial solution
Responding to clients' financial needs by utilizing leasebacks or others

Strengthening alliance
Expanding the retail related departments or branches under the strengthened alliance

Areas to promote in FY2021
- Renewable energy
- Real estate
- Financial solution
- Subscription

■ In fiscal 2021, we will promote the cooperation in the areas of renewable energy or service businesses such as subscription, in addition to the areas of real estate and financial solutions for our clients amid COVID-19, aiming to further strengthen the alliance.

Cooperation with the Marubeni Group

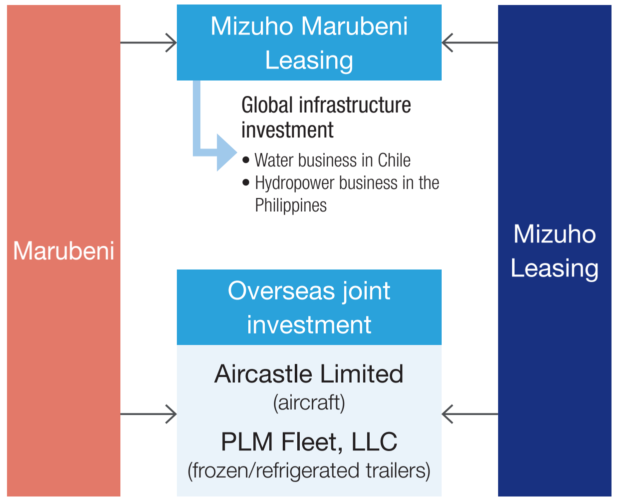
The Company entered into an alliance in leasing and financing business with the Marubeni Group in February 2019 and has been cooperating mainly in the global area. In March 2020, the Company acquired an equity stake in PLM Fleet, LLC, the largest U.S. company specialized in the leasing and rental of frozen/refrigerated trailers. We will continue to strive for steady growth in the U.S. frozen/refrigerated goods transport market, which is expected to remain strong in the future.

Also in March 2020, we acquired an equity stake in Aircastle Limited, which engages in an aircraft operating lease business. Aircastle has strengths in marketing and repossession capabilities in addition to its broad global network and high-level aircraft management capabilities. We will strive to increase our presence in the global market leveraging these strengths.

Furthermore, in February 2021, Mizuho Marubeni Leasing Corporation, a joint venture between the Company and Marubeni Corporation, acquired an equity stake in Auxilior Capital Partners, Inc., which operates a vendor finance business in the United States. Auxilior Capital Partners is strong in quick screening utilizing advanced market analysis capabilities and the latest technology. With this strength, we will aim for further growth in the world's largest U.S. equipment leasing and finance market.

■ **In fiscal 2020, the balance under collaboration with the Marubeni Group in the global area increased by ¥36.6 billion due to business investment through Mizuho Marubeni Leasing Corporation.**

The alliance with the Marubeni Group



Cooperation with Ricoh & Ricoh Leasing

The Company, Ricoh Company, Ltd., and RICOH LEASING COMPANY, LTD., after entering into a business alliance in March 2020, have been promoting businesses utilizing the vendor finance know-how as well as client contact point schemes and applications that Ricoh Leasing possesses. We are also mutually referring clients for products that the other has strength in, and exploring the possibilities for moving into new areas of cooperation such as environment or medicine.

In terms of the promotion of individual project cooperation and referral project composition, the actual contracts concluded through the alliance in the areas of telecommunications, medical care, or vehicles was ¥2.5 billion in fiscal 2020. For fiscal 2021, we set a target of ¥10.0 billion and promote cooperation in order to be strongly aware of the actual results.

RICOH LEASING	Mizuho Leasing
Client base mainly consists of SMEs Approx. 400 thousand clients (98% are SMEs)	Strong relationship with large- and medium-scale companies
Expertise in vendor finance gained through transactions with approx. 6,000 vendors	Offering solutions to issues concerning clients' balance sheets and business strategies
Operational structure which enables processing large volume of contracts with greater efficiency and quality, such as an operational process with IT	Actions in focus areas as well as expanding business fields

Reinforcement of Management Base

In order to achieve further growth for the Group, we will strengthen measures to reinforce the management base in response to the expansion of business fields of business within and outside Japan, namely: strengthening group governance, improving operational productivity, HR strategy, and risk-return management.

Key points for reinforcing management base in the Sixth Mid-term Management Plan

	Measures	Key points
Strengthening group governance	Strengthening ties within the Group Consolidating functions within the Group	● Building a network that maximizes synergy among the Group companies in response to diversification of business fields ● Facilitating integrated management by consolidating overlapping functions within the Group
Improving operational productivity	Sweeping review of business promotion system Improving operational efficiency and sophistication by utilizing IT	● Rebuild business promotion system by reviewing work processes, rules and organizations, and improving infrastructure ● Improve operational efficiency by utilizing IT and focus on creation of new value added
HR strategy	Revise the personnel and remuneration systems Recruiting and developing highly specialized personnel Sophisticate human resource portfolio management Promoting diversity and work style reform	● Establish evaluation and remuneration systems to promote Challenges ● Enhance personnel in specialized areas in response to business globalization and diversification ● Efficiently utilizing human resources ● Accommodate diverse working styles by incorporating telework, supporting flexible working styles, work-life balance, etc.
Increasing sophistication of risk-return management	Risk management Portfolio management Financial ALM	● Promoting strategic capital management to support the expansion of business fields ● Implementing Group-wide risk capital management to establish the optimal portfolio by clarifying and identifying risks and returns ● Implementing flexible financial ALM attuned to diverse portfolios

Funding Policies

Funding Policies

The Mizuho Leasing Group offers wide-ranging financial services to meet clients' needs through funding that ensures stability and curtails costs. The Group also raises funds flexibly based on its annual cash plans and comprehensive asset liability management (ALM) policies that respond to fluctuations in the financial environment.

When procuring funds, we use a combination of borrowings from financial institutions and raising funds in the market, thereby achieving a balance between short- and long-term funding.

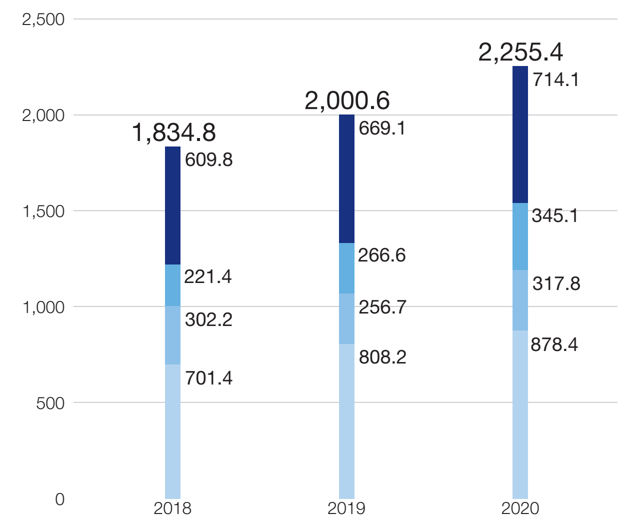
We borrow funds from more than 100 financial institutions, including city banks and regional banks, as well as insurance companies, and we maintain stable transactions with these institutions.

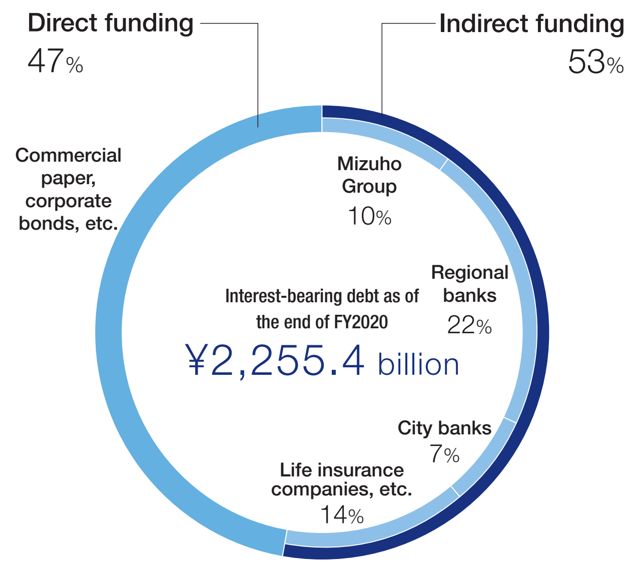
In addition, the Group had concluded overdraft agreements and commitment line agreements in the total amount of ¥870.9 billion with 50 financial institutions as of the end of fiscal 2020 with the aim of securing liquidity and ensuring flexibility in funding at times of deterioration in the fundraising environment. The unused balance under these agreements is ¥562.8 billion, which ensures sufficient liquidity.

The Group raises funds from markets through the issuance of commercial paper and corporate bonds, as well as the securitization of lease receivables. The Company and subsidiary Mizuho-Toshiba Leasing have issue limits for commercial paper of ¥650.0 billion and ¥150.0 billion, respectively. The Company also actively uses corporate bonds. It procured ¥75.0 billion through bonds with maturities of 4 to 10 years in fiscal 2020.

With regard to ALM operations, the Company's PM/ALM Committee, consisting of members who are officers in charge of relevant departments, holds monthly meetings to discuss the financing means that are most suitable for the portfolio composition and interest-rate outlook, and decide on the management policy. We also perform detailed analyses of the impact of interest rate volatilities on the present value of assets and liabilities, using indicators such as delta[1] and value at risk (VaR)[2], and engage in flexible operations to ensure smooth funding and cost control.

Interest-bearing Debt





Terms

1 **Delta:** An indicator to show how much the present value of assets and liabilities changes in the case of increases in interest rate

2 **Value at risk (VaR):** A method under which calculations are made, based on past statistics, to quantify how much loss in the position of the portfolio held would be incurred during a certain period of time with certain probabilities in the case of unfavorable market situations and ascertain the maximum amount of potential loss as risk exposure

Credit Rating

Mizuho Leasing has obtained credit ratings from Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR) to evaluate its creditworthiness.

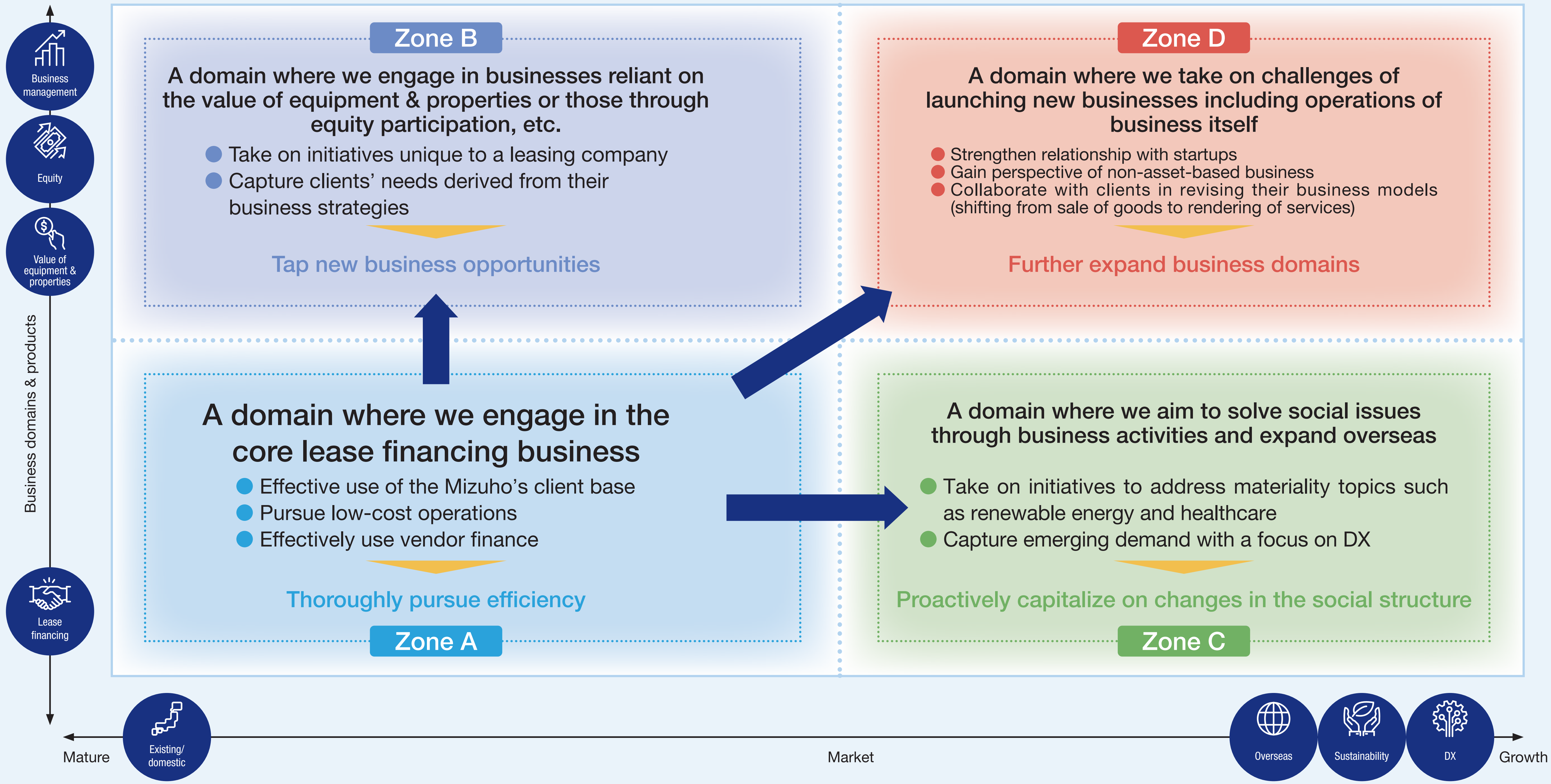
Rating and Investment Information, Inc. (R&I)		Japan Credit Rating Agency, Ltd. (JCR)
Long-term rating	Short-term rating	Long-term rating
A	a-1	A+

Overall Picture of Business Strategies

We have divided our business strategies into four domains from the perspectives of expansion of business domains and initiatives toward potential growth of markets and solving social issues. Specifically, we aim for further growth by promoting a range of initiatives in Zones B, C and D, with Zone A at the core.

Business Strategy

- Through collaboration with other Mizuho Financial Group companies, we promote a shift from operations focused on traditional finance leases (Zone A) to operations in broader business domains (Zones B through D).



Business Strategies of Operating Units

Proposal of New Solutions and Creation of Future

Takanori Nishiyama
Managing Director

Our Challenges and Initiatives

The environment surrounding us has been changing rapidly, fueling the uncertainty of our future outlook and making client needs increasingly diverse and sophisticated. This trend appears to have accelerated amid the COVID-19 crisis.

Under these circumstances, the Group has flexibly provided solutions tailored to diverse client needs to address their management challenges. In providing these solutions, we have leveraged a higher level of discretion as a leasing company, expertise in equipment & properties and finance, as well as collaborations with alliance partners in a variety of industries.

In fiscal 2020, despite harsh business environment, we added steadily to operating assets, our revenue base, helped by collaborations with Mizuho Bank and initiatives in focus areas.

Also, during fiscal 2020, we successfully responded to clients' financial needs peculiar to the COVID-19 crisis, such as the need for temporary funding and cost leveling, and also has built a strong track record in sectors with high social needs including telecommunication infrastructure and logistics facilities. As a result, in fiscal 2020, the contract execution volume amounted to ¥1,365.0 billion, up 6% year on year.

Two Pillars at the Core of Sales Activities

In fiscal 2021, we will continue to proactively engage in sales activities with two pillars at the core.

One is to address clients' financial strategic needs. As a leasing company, while we have continued to address financial strategic needs of our clients, we are now determined to address increasingly sophisticated, diverse and complicated client needs in the years ahead.

Another is to address clients' business strategic needs. In today's rapidly changing business environment, clients are also considering initiatives for new business models. Clients have diverse needs, such as the need to "increase sales sustainably while maintaining relationship with users after the sale, rather than just selling products as in the past," "reduce equity stake in a new company established to start a new business," or "lower upfront investment as much as possible." We would like to proactively address these needs while operating business jointly with clients or providing them with financial services of our expertise.

Status of Focus Areas (Medical and Healthcare)

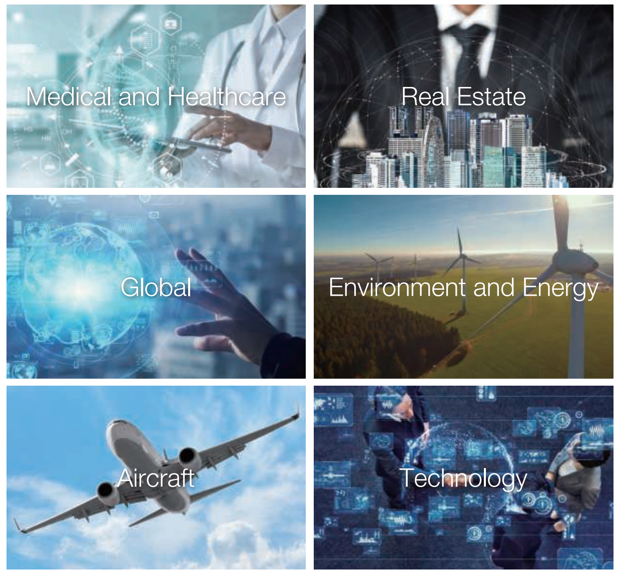
In addition, to address one of the six material SDG themes "Contributing to a healthy and prosperous lifestyle," we have built a cooperative framework with manufacturers toward expanding the use of PCR test equipment, and operated the service business to provide services including the maintenance of medical equipment and other ancillary services at a pay-per-use or fixed rate in collaboration with partners such as medical/nursing care equipment manufacturers.

Future Business Strategies

We are committed to responding to clients' financial and business strategic needs, and strengthening our initiatives in the environment and energy area where the market has been expanding in line with the accelerating trend toward decarbonization, as well as in the real estate area where social needs are growing. In addition, we will expand the service business to offer various combinations of services beyond merely leasing equipment and properties.

On top of diverse financial services of our expertise, we will strive to create a better future by proposing new solutions in areas besides finance.

Six Focus Areas in the Mid-term Management Plan



Status of Focus Areas (Medical and Healthcare)

Latest Status and Future Initiatives

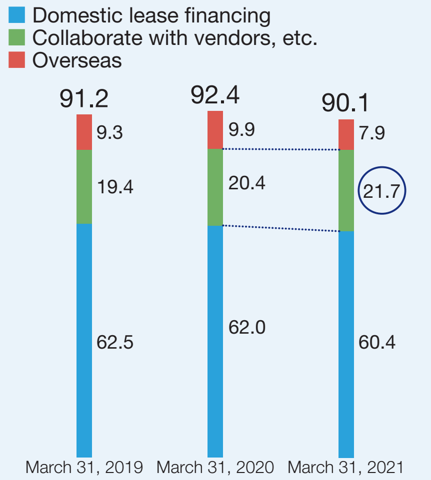
- Shift to profitability-oriented initiatives as medical institutions are curbing their capital investments
  - —Service business: subscription-based services for medical equipment in collaboration with manufacturers, etc.
  - —Real estate: mezzanine loans to nursing-care homes for the aged, etc.
- Aim to expand business in areas of higher business viability compared to existing lease financing for medical equipment

Business Strategies

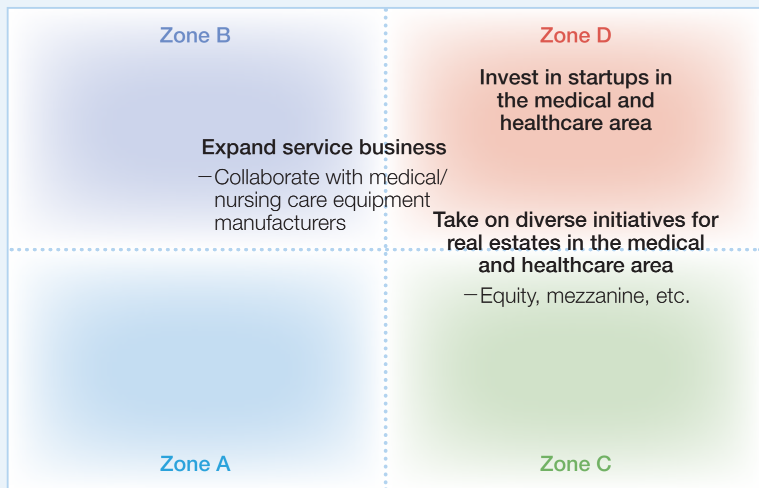
- Engage in initiatives with medical equipment manufacturers such as pay-per-use services
- Meet investment needs of medical and nursing care services leveraging IoT, etc.
- Engage in initiatives targeting overseas hospitals
- Participate in community development with clients and others to revitalize local economies

Operating Assets (Billions of yen)

*Operating assets for medical equipment and medical and healthcare business operators



Future Strategies



Status of Focus Areas (Real Estate)

Real Estate

Seeking to create value in new business domains to drive evolution of the real estate business

Katsunori Tomita
Managing Executive Officer

Progress of the Sixth Mid-term Management Plan

- In fiscal 2020, we persistently executed our sales strategies by focusing on efforts such as enhancing the client base in collaboration with Mizuho. As a result, real estate-related operating assets increased 33% year on year to ¥481.8 billion.
- We have also sought to capture investment and business opportunities under COVID-19 constraints. For instance, we have invested in Mitsubishi Corporation Group's real estate development business in the U.S.

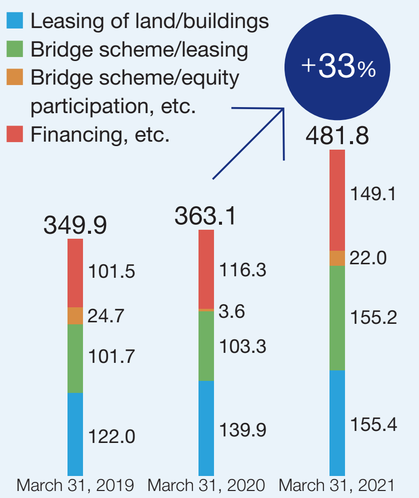
Growth Strategy

- Building of a strategic business portfolio is essential to establishing a stable revenue base for the real estate business. We will appropriately take stock of the business environment, which is changing rapidly, and maximize revenue through optimal allocation of assets.
- Further, we will venture into new businesses in alliance/collaboration with our business partners without being confined to traditional real estate business. The recent business alliance with NIPPON STEEL KOWA REAL ESTATE CO., LTD. has allowed us to integrate the general real estate development business into our leasing business, providing us with a vision to expand our business domains. We will seek to create new value by actively developing the real estate business in broader business areas.

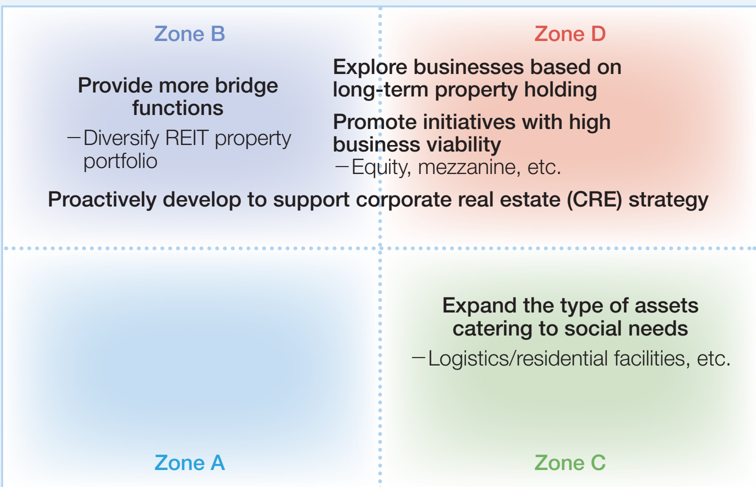
Sustainability Initiatives

- We will contribute to creating social infrastructure that supports our lifestyle. For instance, we will deal with real-estate properties in high social demand (logistics/healthcare facilities) and transaction of properties with environmental certification.
- Upon the commencement of real-estate asset management business by the JR East Japan Group in April 2021, Mizuho Financial Group announced that the group as a whole would offer real-estate financing business services. We believe our contribution to their creation of cities and offering of new lifestyles is part of broader contribution to building social infrastructure that supports our lifestyle. We will contribute to realizing a sustainable society through business activities that help solve social issues.

Operating Assets (Billions of yen)



Future Strategies



Status of Focus Areas (Environment and Energy)

Environment and Energy

Aiming for both contributing to society and promoting business

Masahiko Abe
Managing Executive Officer

Basic Policy

Addressing climate change and resource/energy issues is one of the most important global agendas today. In Japan, the 6th Strategic Energy Plan (Draft) released in July 2021 has set out a target to raise the percentage of renewable energy to 36–38% in 2030. To achieve the target, the Japanese society as a whole needs to strengthen its related initiatives. In May 2021, Mizuho Leasing disclosed its "Policy on Sustainability Initiatives," in which "Contributing to a decarbonized society" is set as one of materiality topics. This demonstrates our strong commitment to realizing a sustainable society through promotion of our environment and energy business.

Progress of the Sixth Mid-term Management Plan

We have positioned environment and energy as one of the focus areas in the Sixth Mid-term Management Plan, aiming to expand the domain of renewable energy business. So far, the scope of our renewable energy business has been traditionally centered around the provision of leasing and financing functions to solar/wind/biomass power plants. In the current mid-term management plan, we have made a step further into focusing on business participation type projects. For instance, we launched the commercial operation of a solar power plant via a group company in 2020 and joined a hydropower generation business in 2021.

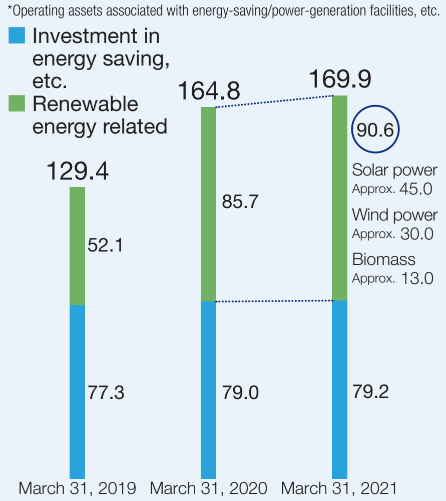
Future Initiatives

The environment and energy area is brisk and client needs change widely depending on the situation of the industry. For instance, in the near term, the introduction of corporate PPA[1] whereby clients purchase renewable energy directly from power producers will likely accelerate and the launch of the FIP scheme[2] is expected to invigorate peripheral businesses. Mizuho Leasing will tackle all kinds of business opportunities based on new ideas beyond the boundaries of finance, while catering to evolving clients needs as the top priority.

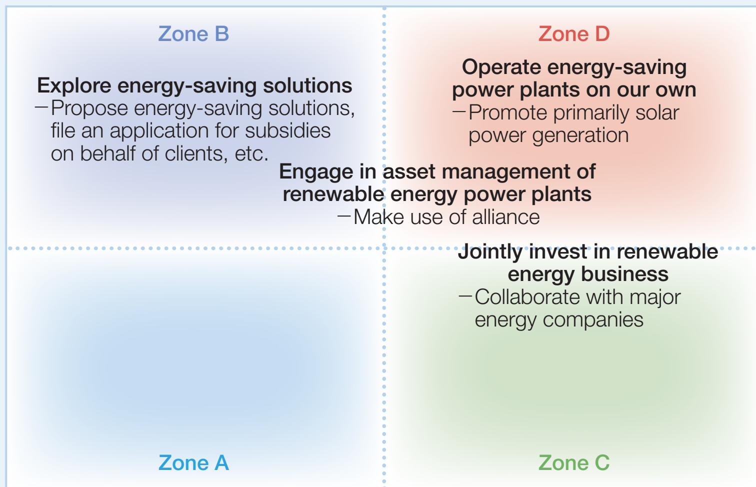
1 PPA stands for Power Purchase Agreement. A long-term electricity supply agreement between power producers and electricity consumers such as corporations, whereby the consumers purchase electricity generated from renewable and other energy sources for the long term.
2 FIP stands for Feed-in Premium. A scheme in which a government add a premium (subsidy) to the sales price of electricity a power producer sells in markets such as a wholesale market (market price that fluctuates according to electricity demand).

Operating Assets (Billions of yen)

*Operating assets associated with energy-saving/power-generation facilities, etc.



Future Strategies



Status of Focus Areas (Global)

Global

Expanding network and business domains globally

Hiroshi Nagamine
Senior Managing Executive Officer

Basic Policy and Past Initiatives

We have positioned the global business as one of the focus areas in our Sixth Mid-term Management Plan, intensively injecting management resources such as personnel and capital to promote the business.

Furthermore, we have proactively collaborated with our alliance partners besides expanding our own network and increasing investments and lending. For instance, we have enhanced our customer base in cooperation with Mizuho and Marubeni Group and expanded into new business through capital participation and M&A.

Geographically, we have focused primarily on Asia, a market which is expected to continue growing in the years ahead, and on North America, a market with a significant growth potential. Specifically, we have worked to strengthen/enhance the asset finance business in these markets.

In regard to the aircraft related business, although we temporarily restrained business activities under the influence of the COVID-19 crisis, we expect the market to recover/grow in the future. We will continue to push forward with the business by leveraging the know-how and network of Aircastle Limited, which is jointly owned by Marubeni Corporation and Mizuho Leasing and engages in the aircraft operating leasing business globally.

Key Initiatives under the Sixth Mid-term Management Plan
- Expanding global network

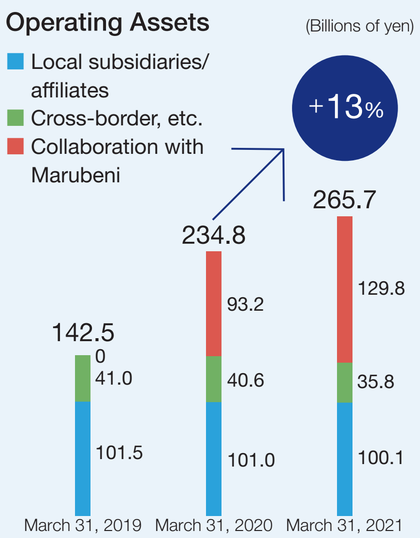
FY2019
- Acquired an equity stake in PLM Fleet, LLC, a U.S. based frozen/refrigerated trailer leasing and rental company (an equity-method affiliate, operated jointly with Marubeni Corporation).
- Acquired an equity stake in Aircastle Limited, a U.S. based major aircraft leasing company (an equity-method affiliate, operated jointly with Marubeni Corporation).

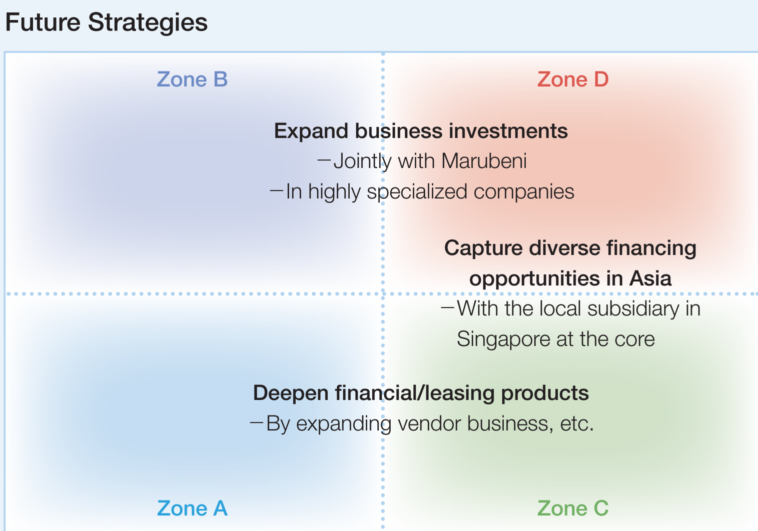
FY2020
- Acquired an equity stake in Vietnam International Leasing Co., Ltd., a Vietnam based finance company (an equity-method affiliate).
- Launched the operation of Mizuho Leasing (Singapore) Pte. Ltd., a local subsidiary in Singapore (a consolidated subsidiary).

Future Initiatives and Growth Strategy

We will continue to support Japanese clients in operating business overseas with lease financing. Also, drawing on the local subsidiary in Singapore, a logistics and financial hub in ASEAN, we will seek to capture diverse financing needs and new business opportunities in the Asia-Oceania region.

We will also further strengthen collaboration with alliance partners, including the Marubeni Group, and focus on initiatives in the renewable energy area in overseas and the development of other businesses peripheral to lease financing.





Status of Focus Areas (Aircraft and Technology)

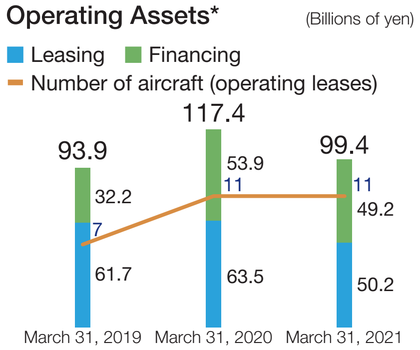
Aircraft

Latest Status and Future Initiatives

- We have restrained new initiatives in the aircraft area in view of the market environment negatively affected by COVID-19.
- We will work on initiatives leveraging the know-how on setting up leases, loans and JOLCO, while carefully selecting transactions at the timing of market reversal in the future.

Sales Strategies

- Aircraft operating lease business
- Aircraft-backed collateralized loans
- Setting up and selling JOLCO (Japanese Operating Leases with Call Option)



Status of Portfolio*

Aircraft operating leases
- Percentage of narrow body aircraft : 100%
- Average aircraft age : 5.8 years
- Number of lessee air carriers : 10 companies

Aircraft-backed collateralized loans
- Average LTV : 61%

*Not including the operating assets of and the number of aircraft held by Aircastle Limited

Technology

Latest Status and Future Initiatives

- Reorganized Information Equipment Business Department into DX Business Department in April 2021
- Consolidated the functions of the vendor business, subscription and other service business into DX Business Department to focus on the promotion of these businesses
- Launched the provision of subscription business support services since April 2021, capitalizing on growing demand for subscription business amid an ongoing shift in client needs from the "ownership" of equipment and properties to the "utilization" of services. —Make effective use of NTT COMWARE's Subscription Management Platform

Sales Strategies

- Realize a sustainable business model built on DX
- Create and incubate new businesses

Dialogue with Stakeholders to Achieve Sustainable Growth

Toward Sustainable Growth

The businesses of the Mizuho Leasing Group, including financing, the management of equipment, insurance, and overseas businesses, are closely connected with the economy, society and the environment in various aspects. The Mizuho Leasing Group aims to develop a sustainable society and increase corporate value by resolving social issues through its business and creating values shared with various stakeholders including "clients," "shareholders," "society" and "employees."

Creation of shared value with stakeholders through the business

Development of a sustainable society

Interactions with Stakeholders

Clients

- Provision of optimal solutions tailored to changes in the time and environment
  — Provision of SDGs related leases and subscription-based services, etc.
- Holding of study sessions
- Service to provide the information related to contracts and lease accounting

Shareholders and investors

- General meeting of shareholders
- IR briefing sessions
- Enhancement of corporate governance
- Compliance

Business partners

- Strengthening ties within Mizuho
- Collaborating with partners in diverse sectors including general trading, manufacturing and finance.

Employees

- Communication meetings between the President and employees
- Introduction of satellite offices
- Improvement in teleworking environments
- Holding of a range of seminars and study sessions

Administrative bodies

- Responding appropriately to regulatory authorities
- Supporting administrative bodies through lease financing, etc.
- Dispatching personnel
- Endorsing the measures that administrative bodies have focused on by using support/subsidy systems

Regional communities

- Social contribution activities through business and contribution to regional communities
- Monetary donation to and volunteering activities in afflicted areas

Non-profit organizations (NPO)

- Activities to support persons with disabilities
- Participation in/supporting activities of public interest incorporated associations/NPOs
- Activities to support afflicted areas

Governance

Management Structure

Board of Directors

Director and Chairman
Daisaku Abe

April 2007 Executive Officer, General Manager of Executive Secretariat of Mizuho Corporate Bank, Ltd.
April 2009 Managing Executive Officer, Head of Strategic Planning Group, Head of IT, Systems & Operations Group, General Manager of Group Strategic Planning of Mizuho Financial Group, Inc.
June 2012 Managing Director of Mizuho Financial Group, Inc.
April 2013 Deputy President of Mizuho Financial Group, Inc.
July 2013 Deputy President & Executive Officer of Mizuho Bank, Ltd.
June 2014 Deputy President & Executive Officer of Mizuho Financial Group, Inc.
April 2019 Deputy Chairman & Executive Officer of Mizuho Financial Group, Inc.
June 2019 Director of the Company
June 2020 Director and Chairman of the Company (present position)

President and CEO*
Shusaku Tsuhara

April 2009 General Manager of Executive Secretariat of Mizuho Financial Group, Inc.
April 2010 Executive Officer, General Manager of Executive Secretariat of Mizuho Financial Group, Inc.
April 2012 Managing Executive Officer, Director in charge of Branch Business Promotion of Mizuho Bank, Ltd.
April 2015 Senior Managing Executive Officer of Mizuho Financial Group, Inc.
June 2015 Member of the Board of Directors, Senior Managing Executive Officer and Head of Compliance Group of Mizuho Financial Group, Inc.
April 2017 Deputy President, Head of Business Promotion of Mizuho Bank, Ltd.
April 2019 Deputy President Executive Officer, Chief CSR Officer of the Company
June 2019 Deputy President, Deputy President Executive Officer, Chief CSR Officer of the Company
June 2020 President and CEO of the Company (present position)

Deputy President*
Akira Nakamura

April 2011 General Manager of Nihonbashi Corporate Banking Division of Mizuho Corporate Bank, Ltd.
April 2013 Executive Officer, General Manager of Corporate Banking Coordination Division (Large Corporations) of Mizuho Financial Group, Inc.
April 2015 Managing Executive Officer of Mizuho Securities Co., Ltd.
April 2016 Managing Executive Officer of Mizuho Financial Group, Inc.
April 2018 Senior Managing Executive Officer of Mizuho Financial Group, Inc.
April 2019 Deputy President & Executive Officer of Mizuho Bank, Ltd.
April 2020 Deputy President Executive Officer, CRO of the Company
April 2021 Deputy President Executive Officer, CFO of the Company
June 2021 Deputy President, Deputy President Executive Officer, CFO of the Company (present position)

Managing Director*
Takanori Nishiyama

April 2012 General Manager of Branch Banking Division V of Mizuho Bank, Ltd.
April 2014 Executive Officer, General Manager of Omiya Branch of Mizuho Bank, Ltd.
April 2015 Managing Executive Officer of Mizuho Bank, Ltd.
April 2017 Managing Director, Managing Executive Officer of Mizuho Bank, Ltd.
Managing Executive Officer of Mizuho Financial Group, Inc.
June 2017 Director, Managing Executive Officer of Mizuho Financial Group, Inc.
April 2019 Managing Executive Officer of the Company
June 2021 Managing Director, Managing Executive Officer of the Company (present position)

Managing Director*
Chihiro Tokiyasu

April 1986 Joined the Company
August 2006 Seconded to Krung Thai IBJ Leasing Director – Executive Vice President
December 2012 Joint General Manager in charge of International Department of the Company
July 2014 Joint General Manager of Business Co-ordination Department of the Company
April 2016 Executive Officer, General Manager of Personnel Department of the Company
April 2020 Managing Executive Officer of the Company
June 2021 Managing Director, Managing Executive Officer of the Company (present position)

Managing Director*
Toshiyuki Takahashi

April 2013 Deputy General Manager of Industry Research Department of Mizuho Bank, Ltd.
July 2013 Director of Investment Bank Group of Mizuho Securities Co., Ltd.
April 2014 Sector Head of Sector Coverage Department No. 2 of Mizuho Securities Co., Ltd.
April 2016 Senior Corporate Officer of Global Investment Banking Division of Mizuho Securities Co., Ltd.
April 2019 General Manager in charge of Business Promotion Department of the Company
April 2020 Executive Officer, General Manager of Corporate Planning Department of the Company
April 2021 Managing Executive Officer, CSO, General Manager of Corporate Planning Department of the Company
May 2021 Managing Executive Officer, CSO, Chief Sustainability Officer, General Manager of Corporate Planning Department of the Company
June 2021 Managing Director, Managing Executive Officer, CSO, Chief Sustainability Officer, General Manager of Corporate Planning Department of the Company (present position)

Outside Director
Takao Komine

July 1969 Joined the Economic Planning Agency
June 1998 Director General, Prices Bureau of Economic Planning Agency
July 1999 Director General, Research Bureau of Economic Planning Agency
January 2001 Director General, National and Regional Planning Bureau of Ministry of Land, Infrastructure and Transport
April 2003 Professor, Graduate School of Social Science, Hosei University
April 2008 Professor, Graduate School of Regional Policy Design, Hosei University
June 2009 Director of the Company (part-time) (present position)
April 2010 Senior Research Fellow, Japan Center for Economic Research
May 2012 Trustee, Senior Research Fellow, Japan Center for Economic Research (present position)
April 2017 Professor, Faculty of Regional Development, Taisho University
April 2020 Professor, Institute of Regional Development, Taisho University (present position)

Outside Director
Naofumi Negishi

April 1971 Joined Sekisui Chemical Co., Ltd.
June 2003 Director (Commissioned General Manager of Corporate Finance & Accounting Department) of Sekisui Chemical Co., Ltd.
October 2008 Director, Executive Vice President, Assistant to the President and CFO (In charge of Corporate Communication Department and Corporate Finance & Accounting Department) of Sekisui Chemical Co., Ltd.
March 2009 President and Representative Director of Sekisui Chemical Co., Ltd.
March 2015 Chairman & Representative Director of Sekisui Chemical Co., Ltd.
June 2017 Chairman and Director of Sekisui Chemical Co., Ltd.
June 2018 Executive Advisor of Sekisui Chemical Co., Ltd. (present position)
June 2019 Director of the Company (part-time) (present position)

Outside Director
Hirofumi Hagihira

April 1977 Joined the Ministry of International Trade and Industry (MITI) (now: Ministry of Economy, Trade and Industry, "METI")
June 1989 Director of Industrial Policy Planning Industrial Policy Bureau, MITI
April 1994 Director of Cooperative Division, Small and Medium Enterprise Agency
June 1999 Director of Consumer Goods Division, Consumer Goods Industry Bureau, MITI
December 2000 General Manager of Paris Center Office, Japan External Trade Organization (JETRO)
October 2003 Associate Vice President of Japan Nuclear Energy Safety Organization
April 2009 Executive Director of Japan Petroleum Development Association
June 2019 Director of the Company (part-time) (present position)

Outside Director
Mari Sagiya

April 1985 Joined IBM Japan, Ltd.
July 2002 Director of IBM Japan, Ltd.
July 2005 Vice President, General Business of IBM Japan, Ltd.
July 2014 Vice President, Head of Strategy, Marketing & Communications of SAP Japan Co., Ltd.
January 2016 Vice President, Marketing of salesforce.com Co., Ltd.
June 2019 Director of the Company (part-time) (present position)
June 2019 Independent Director of Kokusai Pulp & Paper Co., Ltd. (present position)
March 2020 Director of MonotaRO Co., Ltd. (present position)
June 2021 Director of JBCC Holdings Inc. (present position)

Outside Director
Hajime Kawamura

April 1981 Joined Marubeni Corporation
April 2012 Executive Officer, Senior Operating Officer, Plant & Industrial Machinery Division of Marubeni Corporation
April 2013 Executive Officer, Chief Operating Officer, Plant & Industrial Machinery Division of Marubeni Corporation
April 2014 Executive Officer, Chief Operating Officer, Plant Division of Marubeni Corporation
April 2016 Managing Executive Officer, Chief Operating Officer, Plant Division of Marubeni Corporation
April 2018 Managing Executive Officer, Regional CEO for the Americas, Regional COO for North & Central America of Marubeni Corporation, President and CEO of Marubeni America Corporation
April 2019 Senior Managing Executive Officer, Chief Executive Officer of Transportation & Industrial Machinery, Financial Business Group of Marubeni Corporation (present position)
June 2020 Director of the Company (part-time) (present position)

Outside Director
Takayuki Aonuma

April 1982 Prosecutor of Tokyo District Public Prosecutors Office
January 2010 Prosecutor of Supreme Public Prosecutors Office
December 2010 Director-General of the Rehabilitation Bureau, Ministry of Justice
July 2014 Chief Prosecutor of Tokyo District Public Prosecutors Office
December 2015 Deputy Prosecutor-General of Supreme Public Prosecutors Office
Member of the Legislative Council of the Ministry of Justice
September 2016 Superintending Prosecutor of Nagoya High Public Prosecutors Office
February 2018 Registered as an attorney-at law
Of-Counsel of City-Yuwa Partners (present position)
May 2021 Director of SENIOR LIFE CREATE Co., Ltd. (present position)
June 2021 Director of the Company (part-time) (present position)

Corporate Auditors

Outside Audit & Supervisory Board Member
Nobukatsu Funaki

April 2005 General Manager of Accounting Division of Mizuho Corporate Bank, Ltd.
March 2010 Corporate Auditor of Mizuho Bank, Ltd.
April 2013 Corporate Auditor of Mizuho Securities Co., Ltd.
June 2013 Corporate Auditor of Mizuho Financial Group, Inc.
June 2014 Member of the Board of Directors, member of the Audit Committee of Mizuho Financial Group Inc.
June 2019 Audit & Supervisory Board Member of the Company (present position)

Outside Audit & Supervisory Board Member
Tatsuya Yamada

April 2010 Executive Officer, General Manager of Accounting Department of Mizuho Financial Group, Inc.
April 2012 Managing Executive Officer, Head of Financial Control & Accounting Group of Mizuho Securities Co., Ltd.
June 2014 Managing Executive Officer, Head of IT & Systems Group of Mizuho Securities Co., Ltd.
April 2018 Managing Executive Officer, Deputy Head of Financial Control & Accounting Group, Deputy Head of IT & Systems Group of Mizuho Financial Group, Inc.
Senior Executive Managing Director (Representative Director) and Senior Managing Executive Officer, Head of Financial Control & Accounting Group, Head of IT & Systems Group of Mizuho Securities Co., Ltd.
April 2019 President of Japan Investor Relations and Investor Support, Inc.
June 2020 Audit & Supervisory Board Member of the Company (present position)

Audit & Supervisory Board Member
Hidehiko Kamata

April 1984 Joined the Company
March 2008 Manager of Corporate Business Department (Tokyo Regional No. 4) of the Company
April 2009 Manager of Corporate Business Department (Tokyo Regional No. 1) of the Company
April 2014 Executive Officer, Manager of Corporate Business Department (Tokyo Regional No. 1) of the Company
April 2015 Executive Officer of the Company
April 2016 Managing Executive Officer of the Company
June 2019 Managing Director, Managing Executive Officer of the Company
April 2021 Director of the Company
June 2021 Audit & Supervisory Board Member of the Company (present position)

Outside Auditor
Akira Noguchi

April 1979 Joined The Dai-ichi Mutual Life Insurance Company
April 2006 Executive Vice President of DLIBJ Asset Management Co., Ltd.
April 2011 Senior Executive Vice President of DIAM Co., Ltd.
October 2016 Director, Managing Executive Officer, Head of Institutional Marketing Division of Asset Management One Co., Ltd.
April 2018 Director of Trust & Custody Services Bank, Ltd.
June 2018 Deputy President of Trust & Custody Services Bank, Ltd.
Auditor of the Company (present position)
September 2020 Chairman, Public Interest Incorporated Foundation The Cardiovascular Institute & Hospital (present position)

Corporate Executive Officers

Senior Managing Executive Officer
Hiroshi Nagamine

Managing Executive Officers
Hironobu Yamaguchi
Tetsuya Norimatsu
Masanobu Kobayashi
Katsuzumi Orihashi
Katsunori Tomita
Noboru Otaka
Nobuhisa Zama
Masahiko Abe
Takashi Yamada

Executive Officers
Yoshiyasu Mizutomi
Hiromichi Koyata
Asao Tsumuji
Yasushi Hara
Kunihiro Mio
Mitsuyuki Kimura
Toru Mukojima
Koki Minami
Kazuo Seki
Kazuomi Funakawa
Kensuke Sato
Kenji Yoshida
Toshiyuki Takezawa
Yutaka Sato
Yasuhiko Hashimoto
Hirohide Ishiyama

Note: Directors marked with an asterisk concurrently serve as executive officers.

Corporate Governance

Basic Approach

Business activities of a listed company are primary aimed at enhancing corporate value from the perspective of its shareholders, consistently and over a long term. To this end, the Company recognizes that it is essential to ensure effective corporate governance, meaning a framework governing business activities centered on a closely regulated relationship between shareholders and management.

The Company's idea of corporate governance required of a listed company is: primarily, that the rights and benefits of shareholders are protected and shareholder equality according to equity holdings is guaranteed; secondly, that the rights and benefits of stakeholders with increasing roles other than shareholders, namely, clients, employees, suppliers and others, are respected and a smooth relationship with these stakeholders is in place; thirdly, that transparency of business activities is secured through timely and appropriate disclosure of information so that the rights and benefits of the stakeholders are actually protected; and finally, that it is important for the Board of Directors and the Auditors (Audit Committee) to appropriately practice their supervisory and audit functions. Based on this belief, the Company is working to execute effective corporate governance through continuous efforts to create and improve environments pertaining to the Company's corporate governance structure.

Outline of Corporate Governance Structure

(As of June 24, 2021)

The Board of Directors has a sufficient number of outside directors. This arrangement helps the directors supervise business execution from diverse perspectives. The Audit Committee cooperates closely with independent auditors and the internal audit department. Meanwhile, the standing auditors audit the directors' and other officers' execution of duties on a daily basis. The Company believes that these ways would enable it to realize a highly effective corporate governance structure, and therefore decided to select the current structure.

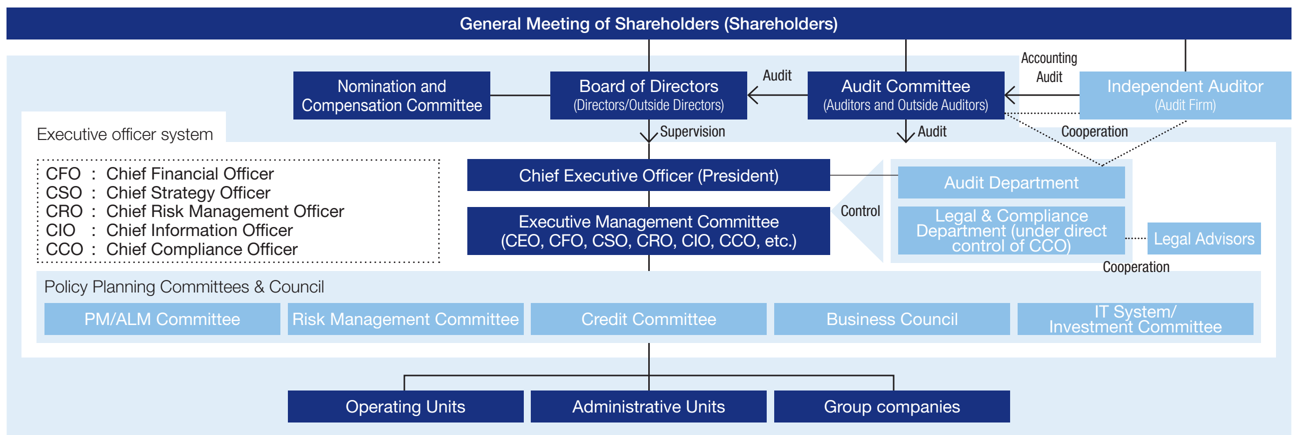
Board of Directors

The Company's Board of Directors currently has 12 members, of whom six are outside directors. The Board of Directors resolves matters stipulated by laws and regulations and those provided in the Rules of the Board of Directors, reports its business execution, and discusses the management policy, management strategies and other matters. The Articles of Incorporation stipulates that the number of directors shall be not more than 15. The Company elects a sufficient number of outside directors who have high-level knowledge and experience. This helps the Board of Directors ensure the appropriateness, reasonableness and objectivity of resolutions and discussions while supervising the executive directors' and executive officers' execution of duties.

The Company has introduced an executive officer system to ensure the rapid and efficient execution of business in accordance with the management policy determined by the Board of Directors and other decisions made by it, and delegates authority for business execution to the president and executive officers.

Form of organization		Company with an Audit Committee
Number of directors		12, of whom 6 are outside directors
Number of auditors		4, of whom 3 are standing auditors and 1 is a part-time auditor
Term of office of directors		1 year (The term of office was shortened from 2 years to 1 year based on the resolution of the General Meeting of Shareholders held on June 24, 2021.)
Executive officer system		Adopted
Board of Directors meetings in FY2020	Number of meetings held	17 times
	Attendance rate of directors	99%
	Attendance rate of corporate auditors	99%
Audit Committee meetings in FY2020	Number of meetings held	14 times
	Attendance rate of corporate auditors	100%
Independent auditor		Deloitte Touche Tohmatsu LLC

Corporate Governance Structure



Audit Committee

The Company is a company with an audit committee. The Audit Committee currently has four members, of whom three are standing auditors and one is a part-time auditor. Based on the audit plans formulated by the Audit Committee, the auditors audit the status of directors' execution of duties by attending important meetings, reviewing important documents, inspecting operations and property, and listening to audit progress and results from the independent auditor and the internal audit department.

The auditors also express their views after confirming the following points based on the audit results: the Company properly presents its business report and other documents; there are no material facts found that a director commits wrongdoing or violates laws, regulations or the Articles of Incorporation in executing his or her duties; there are no findings that should be reported on the details of resolutions by the Board of Directors regarding the internal control system and on the directors' execution of duties; and the audit methods and results by the independent auditor are appropriate.

Optional Nomination and Compensation Committee

The optional Nomination and Compensation Committee deliberates the appointment and dismissal of directors, auditors and executive officers, and matters related to compensation, the results of which are presented to the Board of Directors. Outside directors constitute a majority of the committee. This arrangement helps improve the transparency and objectivity of the decision-making process of officers' nomination and compensation by the Board of Directors and further enhance the corporate governance structure.

Executive Management Committee

The Executive Management Committee was established as an advisory body to the president. As a general rule, the committee has one or more meetings a month to discuss and report important matters related to business execution.

In March 2021, the Executive Management Committee's function was changed from a decision-making body to an advisory body to the president, in order to better clarify the responsibility and authority of the president.

As policy planning committees with authority delegated by the president, the Company has established a Credit Committee, a PM/ALM Committee, a Risk Management Committee, and an IT System/Investment Committee. As a council, the Company has also established a Business Council. Each of such policy planning committees and council has sufficient discussions and examinations.

Effectiveness Evaluation of the Board of Directors

In order to conduct an analysis and evaluation on the effectiveness of the Board of Directors as a whole, a questionnaire is conducted with directors and auditors on the following items by an evaluation agency.

Questionnaire items

(1) Roles and functions of the Board of Directors, (2) Composition and scale of the Board of Directors, (3) Operation of the Board of Directors meetings, (4) Coordination with auditing bodies, (5) Communication with the management team, (6) Shareholder and investor relations

Analysis and evaluation of the effectiveness of the Board of Directors in FY2020

1 Lively discussions are held about medium- to long-term issues.

2 Efforts are made to invigorate discussions at the Board of Directors.

3 Further improvements are expected to enhance and improve discussions about medium- to long-term issues, use ingenious ideas in preparing meeting materials of the Board of Directors, provide internal information, and give feedback about the results of dialogues with investors.

We will work to improve areas where issues were pointed out, and further improve the effectiveness and functions of the Board of Directors in light of these analyses and evaluations.

Compensation for Officers

The optional Nomination and Compensation Committee, the majority of which are independent outside directors, deliberates the maximum amount, composition and calculation method of compensation, etc. for directors of the Company, and the Board of Directors resolves such matters. Regarding the specific method to determine the amount of compensation, the amount of compensation for each director is determined based on the method resolved by the Board of Directors, and the amount of compensation of each auditor is determined based on discussions among the auditors, within the upper limits of compensation that have been resolved at the General Meeting of Shareholders.

The Company's basic policy of compensation for directors (excluding non-executive directors; hereinafter the same shall apply) is to contribute to the improvement of business performance in the medium-to long-term and increasing corporate value, and ultimately sharing awareness of raising our stock value with our shareholders by further clarifying the linkage of the compensation for the directors with the business performance and stock value of the Company. To achieve the basic policy, the compensation for the directors is comprised of basic compensation (fixed compensation) and performance-linked compensation that is comprised of monetary compensation and non-monetary compensation (share-based compensation). The compensation for non-executive directors is fixed compensation.

The basic compensation (fixed compensation) is monetary compensation and is determined according to the directors' positions, responsibilities, and the number of years in office, with a comprehensive consideration of such factors as the Company's business performance trends, the salary levels of the Company's employees, and the compensation levels of other companies.

Monetary compensation of performance-linked compensation consists of individual performance compensation and monthly performance compensation. The former is based on how much the individual performance contributes to business performance each fiscal year, and the Company pays it as a bonus at a specific time each year, whose amount is calculated based on the degree of achievement of the consolidated business result targets of each fiscal year. The Company pays the latter each month, whose amount is calculated based on the degree of achievement of or the degree of contribution to the duties delegated to each director.

As non-monetary compensation of performance-linked compensation, the Company grants its shares under the performance-linked, share-based remuneration system for the purposes of providing an incentive to motivate the directors to achieve sustainable improvement of corporate value and linking the compensation with the improvement of corporate value in the medium-to long-term. As a general rule, the Company grants its shares to the directors at a specific time after a Mid-term Management Plan period ends or they retire from their positions.

[Compensation composition]

The ratio of basic compensation (fixed compensation) to monetary compensation of performance-linked compensation to non-monetary compensation of performance-linked compensation is 1 to 0.25 to 0.35.

Notes:
1. The ratio of bonus to monthly performance compensation is 0.10 to 0.15, both of which are monetary compensation of performance-linked compensation.
2. Model when the degree of achievement of the targets to determine the amount of performance-linked compensation is taken as 100%.

[Calculation method of performance-linked compensation]

Performance-linked compensation = Payment standard amount by position × Performance evaluation coefficient

Note: Performance evaluation coefficient represents the degree of achievement of the targets.

[Indicators used for performance evaluation coefficient]

Gross profit before funding costs and net income attributable to owners of the parent

Total amount of compensation, etc. for directors and corporate auditors in FY2020

Officer category	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers[1] (Persons)
		Fixed compensation	Performance-linked compensation[2]	Of the left, non-monetary compensation, etc.	
Directors excluding outside directors	268	153	115	58	5
Corporate auditors excluding outside auditors	—	—	—	—	—
Outside officers	165	165	—	—	12

1. The table above includes one director and one outside auditor who retired from their respective positions at the conclusion of the 51st Ordinary General Meeting of Shareholders held on June 24, 2020 (The outside auditor assumed office as an outside director at the meeting).
2. Performance-linked compensation states the amount that should be recorded as expenses in FY2020.
3. The amount of non-monetary compensation, etc. for directors excluding outside directors is performance-linked compensation only.

Reasons for Appointment of Outside Directors and Expected Roles

Title	Name	Reasons for appointment and expected roles
Outside director	Takao Komine	We expect that he would make use of his abundant experience and broad insight in the field of economic policy and specialized academic fields to contribute to the management supervision, sustainable growth and improvement in the medium- to long-term corporate value of the Company.
	Naofumi Negishi	We expect that in light of his abundant experience and broad insight in the manufacturing industry's corporate management, he will contribute to the management supervision, sustainable growth and improvement in the medium- to long-term corporate value of the Company.
	Hirofumi Hagihira	We expect that in light of his abundant experience and broad insight in the field of economic, industrial, and trade policies, he will contribute to the management supervision, sustainable growth and improvement in the medium- to long-term corporate value of the Company.
	Mari Sagiya	She possesses extensive operational and business management experience within multiple IT-related companies. We expect that in light of her high-level expertise and diverse perspectives, she will contribute to the management supervision, sustainable growth and improvement in the medium- to long-term corporate value of the Company.
	Hajime Kawamura	He has in-depth knowledge of the overall business operations of a general trading company and has also vast corporate management experience as a part of top management at the company. Based on our business alliance with the Marubeni Group, we expect that he will contribute to the management supervision, sustainable growth and improvement in the medium- to long-term corporate value of the Company in light of his aforementioned abundant business experience and knowledge.
	Takayuki Aonuma	He possesses a wide range of insight based on his high-level expertise and extensive experience as a legal expert. We expect that he will contribute to the management supervision, sustainable growth and improvement in the medium- to long-term corporate value of the Company in light of his aforementioned capability, experience and knowledge.

Message from Outside Director

Improving the transparency of management and strengthening governance

Mari Sagiya
Outside Director

I have spent many years working in the IT industry. I have been mainly engaged in proposing IT solutions to corporate clients, sales activities and marketing efforts.

The Company's outside directors have built their careers in a diverse range of specialized areas other than the leasing industry. At the Board of Directors meetings, they actively express opinions to fulfill their supervisory and advisory functions. Outside directors are given in advance the explanations of important matters so that they can have substantive and constructive discussions at the Board of Directors meetings based on the background knowledge about the matters.

One of the great interests that stakeholders have these days is that what kind of corporate activities companies carry out to help realize a sustainable society. Therefore, the Board of Directors is required to focus on it willingly and proactively from the perspective of improving corporate value in the medium-to long-term. The Board of Directors held rounds of talks about materiality topics (high-priority issues to be addressed) through which the Company can make a contribution as a leasing company, and also deliberated again the value creation process and the revisions of the Company's mission, vision, and values. Going forward, it is important for the Board of Directors to continuously confirm the progress of the initiatives aimed at addressing the issues. I expect that the outcome of the initiatives will make the Company's direction more transparent for stakeholders.

In 2021, the Company will take on a challenge to co-create new business solutions beyond finance. As an outside director, while I monitor the management from an objective perspective, I will also emphasize with the management team's challenging spirit and support the management team in an appropriate and agile manner so that they can take risks soundly in implementing unconventional initiatives that have potential for growth.

Internal Audit

The Company's Audit Department is responsible for conducting internal audits and reports directly to the president. The Audit Department conducts internal audits on the entire Company organization as well as consolidated subsidiaries to ensure efficiency and appropriateness of business operations and the status of compliance measures, and to give specific advice, recommendations and suggestions regarding the improvement of business operations. The Audit Department cooperates with corporate auditors and independent auditors as necessary. Audit results are periodically reported to the Board of Directors, which determines, based on these results, whether improvements to systems, organizations and regulations are necessary for the avoidance of various risks.

Internal Control

The Group regards it as a key management responsibility to maintain and ensure the appropriate operation of a system that ensures proper conduct of business operations, and to work toward strengthening internal control.

Under the Companies Act, the Group is required to strengthen its internal control system, and to this end, Mizuho Leasing and major domestic Group companies have formulated basic policies to ensure proper and effective operation. Furthermore, regarding internal control on financial reporting pursuant to the Financial Instruments and Exchange Act, the Group maintains and implements a structure to ensure reliability of its financial reports.

Compliance and Risk Management

Compliance

The Group's definition of "compliance" is "to comply with the laws and regulations and to practice honest and fair business activities in accordance with the norms of society." Duly recognizing that any issues with compliance may undermine the very foundations of management, and regarding that the "principles of compliance" are to be highly appreciated by shareholders and the market and to earn the trust of society, the Group is working to strengthen its compliance system.

Compliance Structure

In order to thoroughly enforce compliance, the Group has formulated rules, administrative guides, manuals and other materials based on the Basic Policy for Compliance. We have in place a structure headed by the Board of Directors and directed by the chief compliance officer (CCO), who is fully responsible and authorized to plan and manage the overall compliance-related affairs, with the Legal & Compliance Department and promoting overall compliance-related affairs, preventive measures against money laundering, etc., and blocking-off of any relationship with anti-social forces, among others, as well as grasping and controlling the state of the Group's compliance and providing guidance and supervision.

More specifically, the general managers, as the compliance officer of their respective department or branch, grasp and control the state of compliance within the department or branch and provide guidance and supervision. Based on instructions given by the Legal & Compliance Department every quarter, the general managers also assess the state of compliance and provide training in their respective department or branch. After examining the results of the assessment reported by the departments and branches, the Legal & Compliance Department may, as necessary, give instructions and guidance to the general managers, change rules, and send a reminder to warn all departments and branches. The Audit Department, etc. separately audit the state of compliance in the departments and branches. The general managers of the departments and branches take necessary responses or correction measures and other actions, based on instructions given by the Legal & Compliance Department and the Audit Department.

To facilitate early detection of misconducts in the workplace, the Group has established channels through which employees can securely make reports or have consultations, namely, a compliance consultation desk, a harassment consultation desk, corporate auditor's hotline, and an external contact point to attorneys. The Group also stipulates in its Rules on the Protection of Whistleblowers that a reporter shall not receive any disadvantageous treatment whatsoever.

Enhancing Compliance Awareness

The Group has formulated the Corporate Code of Conduct of the Mizuho Leasing Group, which sets out concrete action guidelines for officers and employees, as well as published a Compliance Manual that serves as the Group's standards of compliance, outlining key rules and regulations that must be followed and compliance activities that need to be conducted in its business operations. The Compliance Manual is also available on the corporate intranet so that directors and employees can refer to it easily in the course of their daily work.

As a practical scheme to ensure the thorough practice of compliance, the Group works out a Compliance Program. Once a year, the Compliance Program is discussed at the Risk Management Committee and resolved by the Executive Management Committee, and the result of its implementation is reported to the Executive Management Committee every six months. Specifically, through job level-specific training programs on compliance such as those for officers and general managers, theme specific training programs such as those on preventing insider trading, as well as ongoing e-learning sessions, the Group is working to raise all officers' and employees' awareness of compliance, ensure the thorough practice of compliance, and nurture a culture of compliance internally.

Risk Management Structure

Comprehensive Risk Management Activities

As financial services become more diversified and sophisticated, the various risks that arise from business operations grow increasingly complex. In this environment, the Group recognizes that precise monitoring and analysis, as well as the proper control and management of these risks is exceedingly important for maintaining or increasing the soundness of business operations, and is strengthening and streamlining its risk management system accordingly.

The Mizuho Leasing Group has categorized risks that arise in association with the operating activities into financial risk to be managed quantitatively and operational risk to be managed qualitatively, and risk management systems are established for each risk. Moreover, the Risk Management Committee was instituted to establish a comprehensive risk management system to centrally manage operational risk and financial risk.

As for financial risk, meaning credit risk[1], market risk[2], and price fluctuation risk[3], the locations and the magnitude of risk are monitored based on the management framework centered on the allocation of risk capital. Operational risk such as administrative risk, system risk, legal risk, etc., is monitored for the status of occurrence of risk events, countermeasures, preventive measures, etc.

In addition, to realize the goal of becoming a multiple financial services company and expand our specialized financing services, we are aware that further enhancement of our risk management system, for example, monitoring and handling the various risks inherent in transactions, etc., will be more important than ever. For example, when we start handling new products and developing new businesses, we evaluate risks from the perspective of both financial risks and operational risks, and work to strengthen management through the establishment of a structure for thorough reviews in advance.

Keywords Explained

1 **Credit risk** is the risk of loss associated with the inability to collect lease payments, installment payments, or loan principal and interest as contracted, due to factors such as bankruptcy or deterioration of financial position of the debtor.

2 **Market risk** is the risk of incurring loss as a result of a decline or disappearance in, or total loss of, the value of the Company's financial assets and liabilities attendant on market price fluctuations (interest rates, stock prices, foreign exchange rates, etc.).

3 **Price fluctuation risk** is the risk of fluctuations in the value of items other than marketable products, for example, the risk of fluctuations in the estimated residual value in operating leases and risk inherent in real estate-related financing.

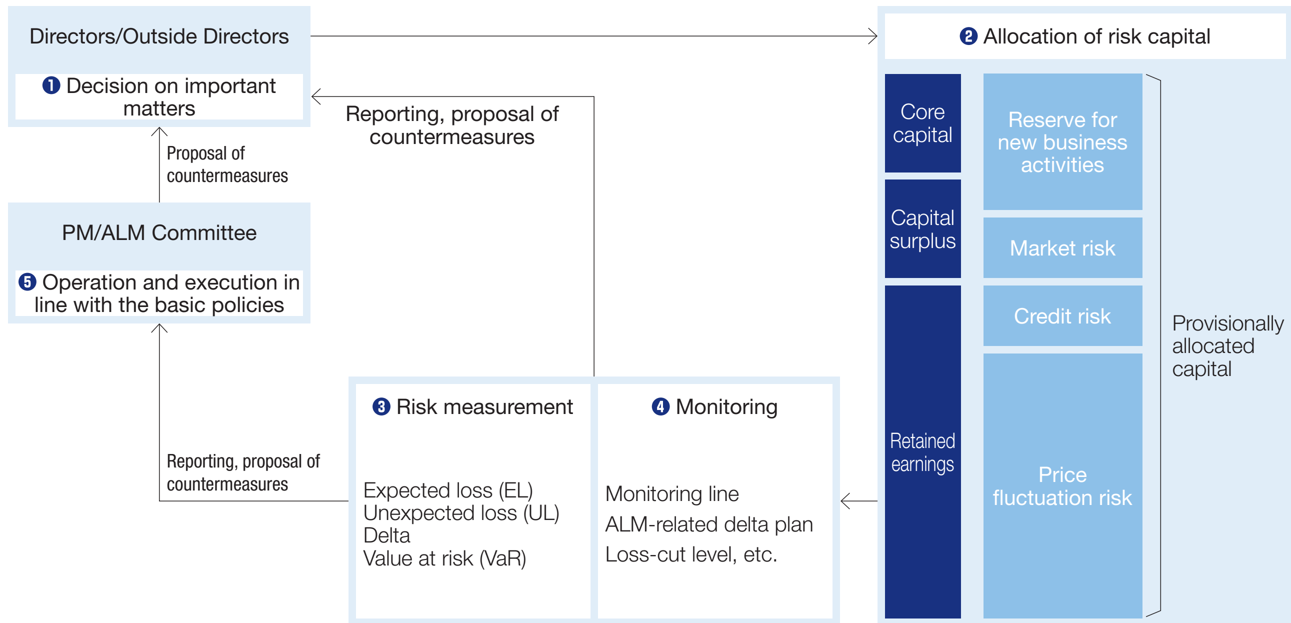
Risk Capital Allocation

The Group places an extremely high priority on the integrated monitoring and control of total financial risk. Thus we incorporate an integrated risk management structure according to that of the mega-banks into our management policies in order to improve the soundness and stability of our business. Specifically, we quantify various risk factors and employ integrated and centralized control systems to ensure that our total risk exposure remains below the required percentage of our shareholders' equity (i.e., our financial strength).

In other words, we define core capital, capital surplus and retained earnings as risk capital. By allocating this risk capital to each financial risk, we control losses incurred from any unforeseen situation within manageable limits, thereby maintaining our financial stability.

Key aspects, such as the amount of risk capital to be allocated for each risk, are determined as a part of the fiscal year's management plan at the Board of Directors meetings, and specific operating policies are determined through resolutions by the Executive Management Committee and Policy Planning Committees (such as the PM/ALM Committee), and reflected in business operations. Within such a framework, the Risk Management Department, which is independent from the business and treasury departments, monitors operations periodically to measure risks. The results of this monitoring are reported to the Board of Directors on a monthly basis.

Risk Management Framework Centered on Allocation of Risk Capital



Note: The colored box on the right side of the chart above is not intended to denote the relative size of risk allocated to each risk category.

Attitude towards Credit Risk Management

The Mizuho Leasing Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit, regarding credit risk of our clients. Firstly, at the initial stage of deal execution under our “client credit rating system,” we grant a credit rating for each debtor, conduct a strict credit screening for each debtor when reviewing a deal, and, to avoid excessive concentrations of credit, manage credit limit by using our “credit monitoring systems by ratings.”

Next, during the contract period, we conduct self-assessments of assets in accordance with the “Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry.” (Report No. 19 of the Industry Auditing Committee of the Japanese Institute of Certified Public Accountants) and also implement write-offs and provide reserves based on the assessment results. Also, we periodically follow up on non-performing assets and make debt collection of assets for which we have already provided reserves to facilitate final disposal of nonperforming assets.

Meanwhile, our approach to credit portfolio management is based on the use of statistical methods to calculate the potential for losses related to credit risk. To that end, each month we calculate the expected loss (EL, i.e., credit cost), which is the average loss anticipated over the next year, and the unexpected losses (UL, i.e., credit risk amount), which is the maximum amount of any additional loss in excess of the EL.

As for expected losses, our stance is to cover an expected loss from income gained through credit transactions, and we use this amount as a reference value when estimating the cost of credit for our income plan as well as when arranging deals. Concerning unexpected losses, if an unexpected loss is incurred, our stance is to cover it from our capital, which we monitor in relation to the pre-allocated risk capital, and report to the Board of Directors on a monthly basis.

In addition, we are focusing on initiatives to improve our asset quality by controlling the risks inherent in the business and assets through portfolio management.

Market Risk Management Structure

The Mizuho Leasing Group establishes basic policies based on market environments, financial strength, etc., at the Board of Directors meeting each year to properly control risks in line with financial operations. In addition, ALM operating policies based on the basic policies, various credit lines for transactions, and loss limits, etc., are determined on a monthly basis at the meetings of the PM/ALM Committee, whose members include executives in charge of relevant departments. Through these measures, the Mizuho Leasing Group strives to maintain stable earnings by controlling risk.

Also, in terms of organizational structure, in order to provide effective checks and balances, we have established clearly defined dividing lines between departments handling market operations (“front office”) and departments providing back-office administration (“back office”), and an independent risk management department dedicated to risk management has been established.

Furthermore, risk-related analyses are reported monthly at meetings of the PM/ALM Committee as well as those of the Board of Directors.

Attitude towards Operational risk Management

The Operational Risk Management Division of the Risk Management Department centrally collects and manages operational risk events resulting from inadequacies, administrative errors, compliance issues, inappropriate business operations, system failures and any other external factors and takes appropriate actions according to the relevant risk categories such as the formulation of countermeasures and measures to prevent recurrence.

Furthermore, risk-related analyses are reported quarterly at meetings of the Risk Management Committee, as well as those of the Board of Directors, together with financial risk.

Human Resource Strategy

Commitment by the Personnel Unit

Pursuing diverse talents and more flexible working styles

Chihiro Tokiyasu
Managing Director in charge of Personnel Department

In May 2021, along with the change of our mission, vision, and values, we have identified six high-priority materiality topics to address as sustainability initiatives. One of the topics is “Creating a society and workplace where everyone can thrive.” The primary initiatives to address this materiality topic from the aspect of personnel are to ① secure a diverse talent pool by hiring experienced mid-career people; provide support for women to take active roles, and ② increase flexibility to choose when and where to work. We are working on each of the initiatives as follows:

❶ Secure a diverse talent pool by hiring experienced mid-career people; provide support for women to take active roles

We are in the third year of the Sixth Mid-term Management Plan. Under which, our focus areas are more profitable business fields, namely Real Estate, Medical and Healthcare, Environment and Energy, Technology, Aircraft, and Global. To drive growth in these focus areas, it is essential for us to recruit and develop highly specialized personnel in addition to hiring new graduates. Thus we actively recruit mid-career workers who have extensive experience and high-level knowledge in these focus areas and let them play active roles in each of the business fields.

We expect that the employed mid-career workers’ experience and knowledge will positively influence employees around them, helping raise the overall level of our capabilities. Meanwhile, we focus on developing specialized personnel through area-specific training programs, seminars by external lecturers, etc.

To provide support for women to take active roles, we provide training programs that help female employees advance their careers, such as a career design training program for female employees. In addition, we plan to launch a career web portal (that introduces internal systems, provides information about career plans, etc.) by the end of the current fiscal year, which allows female employees to imagine their career development. Through such initiatives, we will continue to encourage women to take active roles.

❷ Increase flexibility to choose when and where to work

Under the situation in which COVID-19 has continued to spread, teleworking has become established as a part of our working systems. We have introduced staggered commuting, an hourly paid leave program, and a system that allows employees to put off their finish time*, thereby allowing employees to flexibly set their own working hours. In addition to teleworking, we have established satellite offices to arrange the working environment that allows employees to work in an optimal way according to their individual situations. We have also set up free address workspaces in some of our offices. We are currently working to make all divisions and departments in the head office free address workspaces in fiscal 2021.

Our working environment has drastically evolved in the past year. We will continue to offer the current working systems based on the working style that allows employees to freely choose when and where to work (ABW: Activity Based Working) in the post COVID-19 era.

In such a drastically changing working environment, we believe it is very important to timely understand how employees feel and think about working in the Company and to improve and make the working environment better. We therefore decided to conduct an employee engagement survey every three months, starting from August 2021. We intend to conduct the employee engagement survey in a way that helps create a better working environment, by letting employees take measures proactively to increase their engagement as if the measures were their own matters, and observing changes in their engagement.

The Group considers each and every employee a valuable asset. Going forward, we will continue our efforts to promote diversity in which each employee respects diversity among themselves, and to improve the working environment that enables them to embody comfort and affluence together. Meanwhile, we will aim to “become creators of a sustainable world through enjoying our mission,” which is our new vision.

* Employees, who have stepped out for a while during work, put off their finish time by the equivalent time.

Recruitment and Development of Human Resources

Regardless of new graduates or mid-career workers, we widely look for self-motivated people who feel sympathy for our mission, vision, and values; always look at things from a client perspective; compete and help with each other in the workplace; work hard without sparing themselves to deliver great results; and have curious and inquiring minds.

Hiring New Graduates

Based on its policy to screen graduates with a focus on their individuality, the Company hires new graduates who “have flexible mindset and full of challenger spirits.” We are mindful and make an effort to improve systems and environments for employees to continue working actively. We continue to disseminate the organizational culture in which employees can express their various opinions regardless of tenure and skills, aiming to achieve further development.

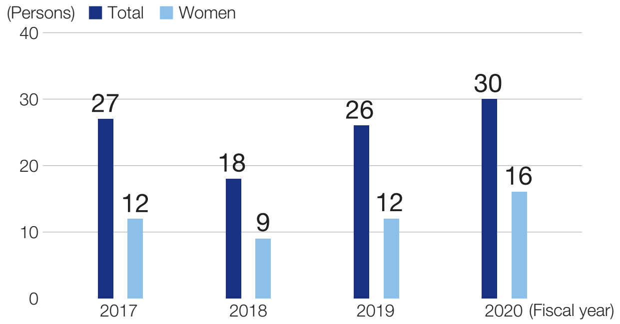
Hiring Mid-career Workers

We formed alliances with the Mizuho Financial Group and Marubeni Group as strategic business partners, aiming to further expand our client base. These alliances are resulting in significant expansion of the Company’s business fields. In response to the globalization trends and diversifying business fields, the Group is increasingly recruiting mid-career workers with high professional expertise.

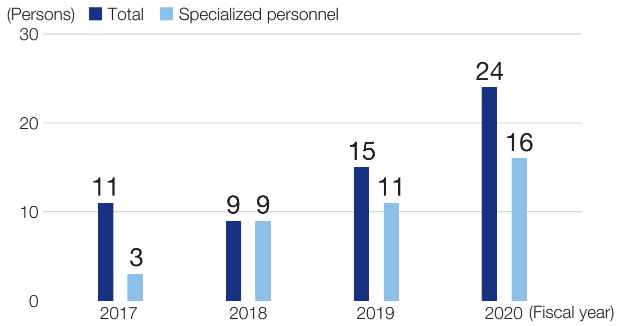
The employed mid-career workers’ experience and knowledge positively influence employees around them, greatly contributing to further improvements in employees’ skills across the Group.


Recruitment team of the Personnel Department

Number of new graduates employed



Number of mid-career workers employed




30 new graduates who joined the Company in fiscal 2021

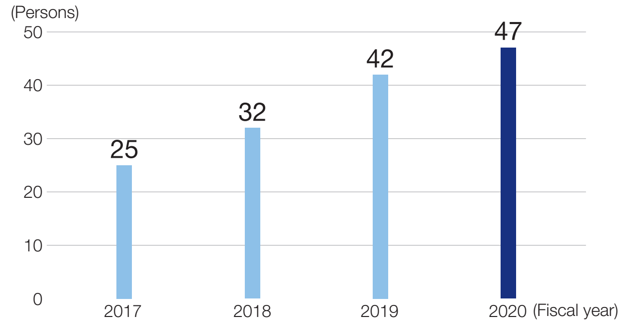
Global Human Resources

The Group has established an ambitious target for the final fiscal year of the Sixth Mid-term Management Plan to triple the balance in the global area from the end of March 2019, and has been working toward achieving the target.

The “open call for overseas-oriented employees” that started in 2017 has gathered a total of 47 applicants in four years. Applicants are given a six-month practical language training, sent to our overseas bases as trainees, or transferred to divisions related to global business, as a means to develop human resources for overseas business.

We are also increasingly complementing our workforce by hiring mid-career talents, and strategically increasing personnel size of global units involved in overseas projects.

Personnel in global business divisions



Career Plans as well as Education and Training Systems

The Company discloses “career plans” for each employee as a guide for them to understand the knowledge, skills, etc., which they should acquire in each of the steps in their career, and to devote themselves to their duties and self-improvement by setting their own goals and undergo necessary training in a systematic manner.

The career plan divides a person’s career into phases as follows, and stipulates the targeted level of achievement, experience, knowledge, skills and training for each phase. It is thus designed to allow each employee to grow as they move up from phase to phase.

Phase 1: “Learning” phase covering from the first day of work onward

Phase 2: “Flourishing” phase covering from the third year onward

Phase 3: “Leap” phase from the fifth year onward

Given the current environment affected by the COVID-19 pandemic, we provide online training programs. We redesigned the programs in a way that they are more interactive to produce better training effects. For example, we increased the proportion of group work training more than that when we used to provide in-person training programs before the pandemic.


Online training program hosted by the Personnel Department

Succession Plans

The Company has set out succession plans from the perspective of sustainable growth by “emphasizing the Corporate Governance Code,” “fostering the management tier in a planned manner,” and “enabling transparent process for appointing directors.” Specifically, as a succession program aimed at making the successor candidates visible and fostering their growth in a planned manner on a long-term basis, we set up the “Mizuho Leasing University,” a corporate university, which began its operations in fiscal 2020.

In fiscal 2021, we screened new candidates as the second group of students in the Mizuho Leasing University and provide them with development programs. We plan to increase the number of candidates to develop in fiscal 2022. We are currently revising the development programs and reviewing the operations of the university.

Diversity & Inclusion and Work Style Reform

Eri Natsui
General Manager, Diversity Promotion Division

The Group's diverse talents with different values make use of their skills and characteristics and demonstrate their abilities in their respective work sections, regardless of whether the workers have been employed since they graduated from university or graduate school, or are mid-career workers; gender; nationality; or disability.

Mid-career workers make use of their experience and expertise accumulated in their previous workplaces; demonstrate their abilities and take active roles in their respective departments; and positively influence employees around them, helping improve our workforce skills across the Group.

In light of the social significance of creating opportunities for persons with disabilities to achieve social advancement, we have adopted a farm-type employment measure to employ more persons with disabilities. In addition, under the environment in which we are coexisting with COVID-19 and amid the growing needs for flexible working styles, we have introduced staggered commuting, an hourly paid leave program, and a system that allows employees to put off their finish time, in addition to the telework system, thereby allowing employees to work more flexibly.

The Diversity Promotion Division promotes the creation of an organization where everyone can thrive by driving the advancement of women, the active engagement of diverse talents, and flexible working styles. The division also tries to foster solidarity among employees and increase their motivation by taking measures to invigorate communication, and takes various measures for their better job satisfaction so that each and every employee can work with enthusiasm.

● D&I at Mizuho Leasing

Vigorous organization
↑
Better job satisfaction
↑
Promoting diversity, fostering solidarity
↑ Advancement of women | ↑ Work-life balance | ↑ Invigoration of communication | ↑ Flexible working styles

Actively Working Mid-career Employees

Employee Feedback

After joining the Company as a mid-career worker in January 2016, on the occasion of my marriage, I changed from a career-track position in front office in specific areas to a career-track position in front office nationwide (with the possibility of a transfer to any office or branch in Japan), and moved to Sendai in which my husband works. I had my first child in September 2020. After taking maternity leave and childcare leave, I am currently working as a sales representative, the same position as before childbirth. Before returning to work, I was anxious if I would be able to serve clients with my reduced work schedule, but my boss gave me confidence with an encouraging word "You will be fine because we will support you if you are not able to complete some of your tasks!" My co-workers also support me. When I'm not able to respond to an urgent request from a client, my co-workers respond to it on behalf of me. When I'm not able to attend a meeting, they share meeting minutes with me shortly after the meeting so that I can catch up with the latest status. I'm able to continue working as a sales representative positively, thanks to support from the Company, my family, and teachers in the infant day care center.

Shoko Oshima Sendai Branch

Employee Feedback

I joined the Company as a mid-career worker in September 2019. I work in the Real Estate Business Department, providing services of domestic and overseas real estate funds using the real estate appraiser license and other qualifications I have. As I joined the Company as a mid-career worker when I was in my late 30s, honestly, I was anxious at first, but I'm lucky to have my warm boss whom I can talk anything with and co-workers whom I can rely on. My son is still a fussy child, but everyone in my workplace understands my situation, so I can give myself to my work without being daunted. I'm given many opportunities. For example, I went on a one-week overseas business trip six months after I joined the Company.

Sachiko Hisamura Real Estate Business Department

Employment of more persons with disabilities

In fiscal 2020, we started considering initiatives to further promote the employment of persons with disabilities. In June 2021, we opened a farm (IBUKI) in Kawaguchi City, Saitama Prefecture, using a support service for farm-type employment of persons with disabilities. Seven persons with disabilities and one manager work in the farm, cultivating and growing herbs, green leafy vegetables, etc. As part of diversity promotion efforts, we plan to internally distribute the crops of herbs and green leafy vegetables produced by the employees with disabilities, to give feedback about the quality of the crops to the employees with disabilities, and to have an opportunity for other employees to communicate with them working in the farm.

Employees in IBUKI Farm

Initiatives for Creating Worker-friendly Environment

● Promoting flexible working styles

To encourage employees to have flexible working styles, we have established satellite offices and introduced a telework system since fiscal 2019. We made part of our office in Makuhari a satellite workspace and made it available for a wider range of employees including those in the Group companies. In addition, we entered into a contract with three external satellite office providers to improve the telework environment. Furthermore, staggered commuting, which was introduced amid the COVID-19 pandemic, became a part of our working systems in April 2021. We have also introduced an hourly paid leave program and a system that allows employees to put off their finish time. There are several patterns of staggered commuting available and many employees use the system. Employees make effective use of the hourly paid leave program when they need to accompany their family member to the hospital, need to go through bureaucratic procedures, or need to step out for a while to finish other types of errands.

Employee Feedback (Telework)

In the wake of the COVID-19 pandemic, our internal working environment has been rapidly improved. Working from home and staggered commuting have now become parts of our working systems, and flexible working styles have been established.

Serving clients in the construction equipment industry, I had a stereotype that we must serve clients in person, but I'm able to make a timely proposition and efficiently carry out sales activities via the Internet while working from home, and produce outcome. I was anxious about internal communication and paperwork when working from home, but I'm able to smoothly perform my tasks while making effective use of online meetings, electronic signatures, and other digital tools.

Yusuke Fukui Construction Equipment Department

Introduction of an Employee Engagement Survey

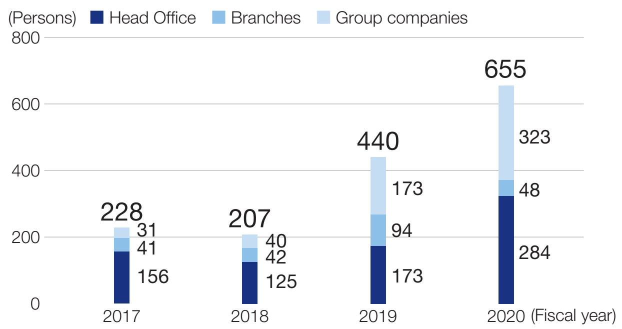
Employee engagement refers to the state in which employees feel proud to be working in the company or understand the company's direction and are able to work positively. We introduced an employee engagement survey in August 2021, aiming to encourage each employee to create a better organization and grow the Company. We conduct the survey every three months to measure and visualize the degree of employee engagement in the workplace. We use the survey as a tool to make the Company an organization of employees who take initiative and act. In today's world with drastic changes in lifestyles and the way business should be, we believe that it is important for the Company and employees to act as one, grow together, deepen the relationship bond, and further develop. We hope that the introduction of an employee engagement survey helps inspire each employee to think and act as if it were their own, to make the organization a better place, and to aim to grow the Company.

Tokyo Toranomon Global Square

Initiatives to Invigorate Communication

The Mizuho Leasing Group has run Torakoya, an in-house educational institution since October 2017, which was established with the purposes of transferring knowledge and know-how accumulated by the Group in its history and providing a venue for communication among employees beyond generations. In fiscal 2020, we set out themes, namely development of human resources for overseas business, cooperation between Group companies, and cooperation between employees belonging to the operating units and assistants. A wide range of generations from young to experienced employees served as a lecturer. The record-high number of 655 employees including those in Group companies participated in the institution's program. Amid the COVID-19 pandemic, employees have fewer opportunities to interact with each other in person, so we are more mindful of and implement initiatives to help invigorate communication, let alone transfer knowledge and know-how among Group companies.

Number of Torakoya participants



Environmental and Social Activities

Initiatives for a Recycling-Oriented Society

In lease transactions, equipment "owned" by leasing companies is "used" by clients; therefore, after the lease term expires, the equipment will be returned to the leasing companies for destruction, sale, disposal, etc. The Mizuho Leasing Group screens expired equipment that can be reused or that can be used as materials, implements 3Rs (Reduce, Reuse and Recycle) by taking appropriate disposal measures such as selling to used-item dealers and consigning to recycling companies, and thereby contributes to the creation of a recycling-oriented society.

Implementation of Environmental Management System

The Company and seven Group companies have been awarded a certification for the international standard for environment, ISO 14001 Certification.

Organizational Structure of Environmental Management System

The Mizuho Leasing Group ensures that the environmental management system (PDCA cycle) is operated properly. To this end, the Chief Sustainability Officer oversees the Environmental Management Officer who is responsible for the management of environmental activities as a whole, and the Department responsible for environmental management of the Company and the Operating Officer of Environmental Management of each Group company promote activities to achieve the environmental goal.

Basic Environmental Policy

❶ We strictly comply with environmental laws and regulations and continuously improve our environmental conservation activities with our corporate social responsibility in mind at all times.
❷ We strive to balance environmental conservation and economic development by developing and providing goods and services that contribute to environmental conservation.
❸ We properly manage equipment for which lease terms have expired, promote recycle and reuse, and thereby contribute to building a recycling-oriented society.
❹ We make every effort to understand environmental impact each business activity will make, and to reduce environmental load and prevent pollution.

Main Environmental Purposes and Targets

Environmental Purposes - Medium-term target -	Environmental target -Annual target-	
	FY2020 target	Results
Reduce the amount of paper used	Less than average monthly level (sheets used per person) of FY2016–FY2018	44% reduction from target
Reduce consumption of electric power	Less than average monthly level of FY2016–FY2018	18% reduction from target
Sustainable contribution to building a recycling-oriented society	Achieve reuse rate* of 70% or more	Reuse rate 75% achieved
Promote 3R by purchasing used equipment	Used equipment purchases of ¥680 million	79% achieved
Ensure disposal in compliance with laws and regulations and select law-abiding recycling business operators	Regularly investigate industrial waste disposal business operators used group-wide	Implemented group-wide

*Reuse rate means the rate calculated by: Number of equipment sold ÷ Number of equipment for which the lease term or re-lease term has expired

Social Contribution Activities

Commenced handling Mizuho SDGs Leases

The Company and Mizuho Research & Technologies, Ltd. commenced handling "Mizuho SDGs Leases" (hereinafter "the Product") that can contribute to achieving SDGs.

The Product incorporates donations to organization that are working to achieve the SDGs into contracts, such as leasing and installment sales. Additionally, the Product provides internet seminars and individual consulting held by Mizuho Research & Technologies, Ltd. and supports clients in promoting engagement in SDGs. The clients can select a recipient of donation that meets their purposes from among candidates chosen by the Company. The internet seminars have contents aiming for learning basic information on SDGs. In addition to the seminar, the Company offers an individual consulting to provide explanation for introducing SDGs to each client who has signed the contract above a certain amount.

By utilizing functions and knowledge as a financial services group, Mizuho contributes to the enhancement of clients' corporate value and to the achievement of SDGs, and actively engages in developing and providing various solutions.

Consolidated Financial Data and Corporate Information

Analyses on Business Conditions and Results of Operations

1. Financial Results and Business Performance Overview

Looking at the economic climate in fiscal 2020, the global economy showed signs of recovery after the significant downturn due to the worldwide spread of COVID-19. However, the spread of new variants in some regions has recently been a drag on the recovery. The Japanese economy signaled a move toward a turnaround centering on consumption and exports after suffering a sharp decline due to constraints on economic activities caused by the spread of infections. The recent resurgence of infections has inevitably resulted in a decline in service-related consumption, and this has become a burden on the economic recovery. While policy measures by the Japanese government and the Bank of Japan have curbed the number of bankruptcy cases, we recognize uncertainty over the future will continue to require attention.

In the leasing industry, the transaction volumes decreased from the previous fiscal year, owing to constraints on economic activities caused by the spread of infections and the declined appetite for capital investment among companies affected by the spread of infections, among other factors.

Under these circumstances, the Group has been working on the Sixth Mid-term Management Plan covering a five-year period from fiscal 2019 to fiscal 2023. Under the plan, we are promoting joint projects with clients, propelling efforts in focus areas (Environment and Energy, Medical and Healthcare, Real Estate, Global, Aircraft, and Technology) in view of changes in the social and industrial structures, and taking on the challenge of expanding our business foundation and of advancing into new business areas through alliances and cooperation with strategic business partners, including the Mizuho Financial Group and Marubeni Group.

We are seeking to achieve the following consolidated numerical targets in the final year: “¥30.0 billion in net income attributable to owners of the parent,” “tripling the balance in the global area from that at the end of March 2019,” and “25% or more in the consolidated dividend payout ratio.” With these targets, we aim to achieve the Group’s further growth and increase the value to provide to our stakeholders.

In fiscal 2020, the second year of the Sixth Mid-term Management Plan, amid the harsh business environment in the wake of the COVID-19 pandemic, clients in some industries restrained and postponed capital investment. However, we have steadily implemented initiatives in our focus areas by expanding cooperation with the Mizuho Financial Group and the Marubeni Group while focusing on providing solutions that meet the needs of clients’ business strategies and financial

Contract Execution Volume

(Millions of yen)

	2016	2017	2018	2019	2020
Leasing and installment sales	475,661	430,482	549,418	692,350	612,701
Financing	616,366	901,485	996,700	590,088	752,319
Other	—	3,941	2,698	—	—
Total	1,092,027	1,335,909	1,548,817	1,282,438	1,365,021

Operating Assets

(Millions of yen)

	2016	2017	2018	2019	2020
Leasing and installment sales	1,088,139	1,122,183	1,306,106	1,467,439	1,600,764
Financing	520,579	556,933	708,950	622,866	721,634
Other	—	3,888	6,311	—	—
Total	1,608,718	1,683,005	2,021,368	2,090,305	2,322,398

Analyses on Business Conditions and Results of Operations

strategies responding to COVID-19.

As a result, the contract execution volume increased by 6.4% to ¥1,365,021 million from the previous period (as of March 31, 2020).

Regarding the results, the Mizuho Leasing Group has recorded the highest profits for the eighth straight year. Revenues decreased 7.7% year on year to ¥497,852 million. Operating income decreased 1.2% to ¥25,963 million, but ordinary income increased 3.1% to ¥27,542 million and net income attributable to owners of the parent increased 24.3% to ¥21,772 million.

Regarding the financial position, operating assets increased ¥232,093 million compared with the previous year to ¥2,322,398 million due to the growth in the contract execution volume, and total assets rose by ¥254,774 million compared with the year earlier to ¥2,603,190 million.

Meanwhile, total liabilities increased ¥239,702 million year on year to ¥2,392,337 million, due to an increase in interest-bearing debt by ¥254,751 million to ¥2,255,387 million owing to the growth in operating assets.

Total equity stood at ¥210,852 million, showing a continued growth partly due to the income during the year.

The financial results for each segment are as follows. (Revenues indicate revenues to external clients.)

[Leasing and Installment Sales]

Revenues in leasing and installment sales decreased by 5.7% to ¥482,545 million from the previous period (fiscal year ended March 31, 2020), partly driven by the drop in sales of properties upon completion of projects of real estate while cost of revenue also shrank. Operating income increased 20.8% from the previous period to ¥22,457 million due to the rise in operating assets.

Operating assets as of March 31, 2021 was ¥1,600,764 million, a ¥133,324 million increase year on year due to the growth in the contract execution volume mainly in the areas of real estate and information and communication equipment.

[Financing]

Revenues in financing decreased 22.7% year on year to ¥14,508 million partly due to sale of operational investment securities in the previous fiscal year, while operating income decreased 30.1% year on year to ¥8,968 million partly owing to substantial gain on reversal of credit costs in the previous fiscal year.

Operating assets at the end of fiscal 2020 increased ¥98,768 million year on year to ¥721,634 million, pushed up by the rise in short-term commercial distribution finance and real estate financing.

[Other]

In the other segment, revenues decreased 90.9% year on year to ¥798 million due to the completion of a bridge scheme project targeting a photovoltaic power generation plant in fiscal 2019, causing operating income to decrease by 76.4% to ¥137 million.

2. Analyses on the Results of Operations and Other Matters

Results of Operations and Financial Position

Regarding the results of operations, revenues decreased ¥41,389 million from the previous year (fiscal year ended March 31, 2020) to ¥497,852 million, mainly due to the drop in sale of properties upon completion of projects of real estate. Cost of revenue also decreased ¥42,217 million year on year to ¥446,505 million.

Gross profit increased ¥827 million year on year to ¥51,347 million. This was attributable to an increase in lease revenue owing to the accumulation of operating assets under the Sixth Mid-term Management Plan, which included efforts in the focus areas and collaboration with the Mizuho Financial Group; and a decrease in funding costs mainly due to the lower interest rates on foreign currency funding, despite reduced fee income because of the decline in the sales of JOLCO (Japanese Operating Leases with Call Option) due to the COVID-19 pandemic and a decrease in gain on sale of operational investment securities.

Selling, general and administrative expenses increased ¥1,140 million year on year to ¥25,383 million, mainly driven by the rise in personnel costs with the expansion of business domains and the provision, though small in amount, for allowance for doubtful receivables following the reversal in the previous fiscal year.

As a result of the above, operating income decreased ¥312 million to ¥25,963 million.

Ordinary income increased ¥827 million to ¥27,542 million thanks to an increase in equity in earnings of associated companies, including Ricoh Leasing Co., Ltd.

As for extraordinary income and loss, extraordinary income was ¥4,135 million mainly due to gain on sale of investment securities, which was partly offset by extraordinary loss of ¥113 million, resulting in net extraordinary income of ¥4,021 million.

As a result of the above, net income attributable to owners of the parent increased ¥4,259 million year on year to ¥21,772 million, setting a new record high for eight consecutive periods.

Regarding the financial position, the contract execution volume decreased 11.5% to ¥612,701 million from the previous year (fiscal year ended March 31, 2020). While the large-scale project of information and communication equipment contributed to the volume in leasing and installment sales, the volume in other business categories declined overall because of the impact of the spread of COVID-19. On the contrary, the volume in financing increased 27.5% year on year to ¥752,319 million, contributed mainly by real estate-related financing and short-term commercial distribution finance. As a result, the total contract execution volume rose 6.4% to ¥1,365,021 million.

Operating assets at the end of fiscal 2020 was ¥2,322,398 million, a ¥232,093 million increase from the end of the previous fiscal year, and total assets rose by ¥254,774 million from the end of the previous fiscal year to ¥2,603,190 million. This was attributable to the rise in equity assets owing to leaseback transactions that captured the clients' financial strategic needs in cooperation with the Mizuho Financial Group and mezzanine loans to cover commercial risks in the real estate area, as well as an increase in the operating assets in areas with high social needs such as telecommunication infrastructure and logistics facilities.

Regarding fund raising, interest-bearing debt increased ¥254,751 million year on year to ¥2,255,387 million. This increase was attributable to factors such as an increase in commercial paper facilities to enhance flexibility in financing means in association with an increase in operating assets and the issuance of ¥75.0 billion of corporate bonds in fiscal 2020. As a result, total liabilities increased ¥239,702 million year on year to ¥2,392,337 million.

Source of Capital and Liquidity of Funds

In order to offer wide-ranging financial services to meet customer needs, the Group strives for funding that ensures stability and curtails costs. The Group also raises funds flexibly based on each annual cash plan and comprehensive asset liability management (ALM) policies that respond to fluctuations in the financial environment.

The Group's funds comprise long-term and short-term procurements using a combination of indirect funding via borrowing from financial institutions and direct funding from the market. As of March 31, 2021, indirect funding increased ¥131,161 million compared with the previous year (as of March 31, 2020) to ¥1,196,143 million. Direct funding increased ¥123,589 million compared with the previous year to ¥1,059,244 million, primarily due to the issuance of commercial paper and bonds.

In addition, the Group had concluded overdraft agreements and commitment line agreements in the total amount of ¥870,855 million with 50 financial institutions as of the end of fiscal 2020 with the aim of securing liquidity of working capital and flexibility in funding. The unused balance under these agreements is ¥562,815 million, which ensures sufficient liquidity.

Status of Cash Flows

Concerning the status of cash flows in fiscal 2020, there was an increase in operating assets and other types of cash outflow accompanied by business activities, including acquiring shares in association with business alliance, for which we raised funds in the market and through borrowings from financial institutions while securing liquidity of funds. As a result, the balance of cash and cash equivalents as of the end of fiscal 2020 decreased ¥1,892 million compared with the previous year (fiscal 2019) to ¥20,406 million. The status of cash flow from each activity category and their factors are as follows.

Net cash used in operating activities was ¥196,820 million due to an increase in operating assets.

Net cash used in investing activities was ¥53,160 million partly due to ongoing system investments and acquiring shares of RICOH LEASING COMPANY, LTD. in association with the business alliance with Ricoh Company, Ltd. and RICOH LEASING COMPANY, LTD.

Net cash provided by financing activities was ¥248,210 million owing to increases in borrowing from financial institutions and funds in the market.

Business Risks and Other Risks

The following factors constitute the principal business risks that have the potential to affect the business results, stock price and financial position of the Mizuho Leasing Group. Forward-looking statements contained herein represent the judgment of the Mizuho Leasing Group as of the end of fiscal 2020.

1. Trends in Private Capital Expenditures and Investment in Leased Equipment

In Japan, leasing transactions are widely used as one of the funding vehicles when a company makes capital investments. The trends in private capital expenditures and investment in leased equipment have remained almost the same tone; therefore, a movement in corporate capital investments is believed to affect the investment in leased equipment.

The contract execution volume of the Group and the trends in private capital expenditures and investment in leased equipment do not necessarily move in step with each other. However, a significant decrease in both amounts may affect the performance of the Group.

2. Credit Risk

Comprising the main business activity of the Mizuho Leasing Group, lease transactions involve the provision of credit to clients in the form of leases over relatively long terms (averaging five years). The initial expected revenue is secured by collecting the full amount of leasing fees from the client.

We have a risk that a client may suffer a decline in business due to a slump in the economy and the collection of initially expected leasing fees and other fees may become difficult.

Therefore, the Mizuho Leasing Group determines the appropriateness of entering into contracts by conducting strict credit checks at the start of each transaction and assessing the future second-hand value of leased equipment. Once a transaction has begun, we regularly monitor the client's credit status and take various measures to ensure collection if needed.

Moreover, in instances when a client's credit status has deteriorated and issues such as non-payment of leasing fees occur, we work to recover as much as possible of the outstanding amount through the sale or transfer of leased equipment to other clients.

The Group conducts self-assessments of assets in accordance with the "Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry" (Report No. 19 of the Industry Auditing Committee of the Japanese Institute of Certified Public Accountants), and implements write-offs and provides reserves based on the assessment results.

However, there is a possibility that a sudden change in the economic environment and a large-scale disaster may worsen clients' credit conditions and generate credit costs that exceed expectations, which could adversely affect the Group's performance.

3. Interest Rate Fluctuation Risk

The Group procures funds for the Mizuho Leasing Group's key businesses from borrowings from external financial institutions and issuing of bonds.

Since the conditions for interest income for leasing and securities investment (which is based on the level, the lease period and whether the rate is fixed or floating) and those for funding interest rates differ, fluctuations in interest rates may affect interest income and expenditure.

To mitigate the risk of such interest rate fluctuations, we carry out hedging using derivative transactions.

Specifically, we manage the matching ratio (setting the ratio of the portion of assets not subjected to interest rate fluctuation risk by allocating liabilities and derivatives with fixed-rate interest and floating-rate interest to assets with fixed-rate and floating-rate yields) through the use of asset liability management (ALM) techniques.

4. Risk of Changes to Regulatory Systems

The Mizuho Leasing Group provides comprehensive financial services, consisting mainly of lease transactions, in accordance with current laws and regulations, tax systems and accounting standards.

In order to address changes in these regulatory systems and standards, information on revisions and repeals of regulatory systems and standards are gathered and shared with top management. Furthermore, we have established an internal management structure that enables flexible response to minimize the impact of such changes on the Mizuho Leasing Group.

Nevertheless, significant changes to such regulatory systems and standards may affect the business performance of the Mizuho Leasing Group.

5. Risks of Errors and Other Cases that Occur in Business Activities

Inappropriate processing of clerical work, failure or malfunction of IT systems, and legal matters such as lawsuits can lead to loss of revenue opportunities or incur compensatory damages, which may result in affecting the business performance of the Mizuho Leasing Group.

Therefore, we have established a risk management structure to ensure a flexible and group-wide response to such cases, and take measures to keep the impact on the Mizuho Leasing Group to a minimum.

6. Risk Related to the Impacts of COVID-19

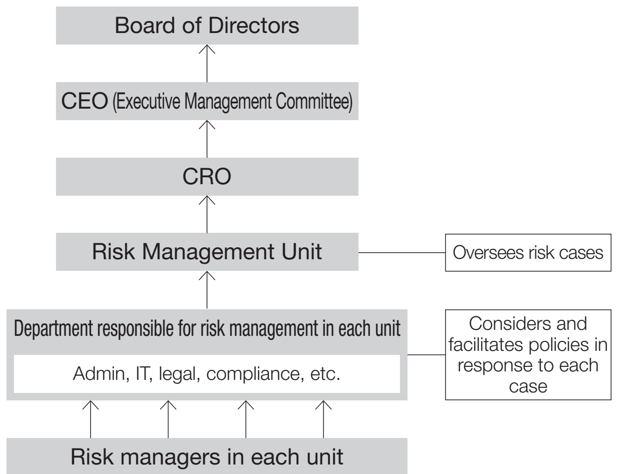
Since uncertainties such as the occurrence of variants and the prevalence of vaccines are high in fiscal 2021, we recognize that conditions requiring attention will continue during fiscal 2021. Depending on how the pandemic unfolds, factors such as an increase in credit costs due to a decline in clients' business performance caused by the economic downturn and a rise in fund procurement costs may affect the business performance of the Mizuho Leasing Group.

Risk Management Structure

While it is difficult to precisely estimate the likelihood, severity, and timing of risks related to the above and their impact on the Mizuho Leasing Group's business results and financial position, we employ statistical techniques to calculate the maximum loss that would be caused by deteriorated credit status resulting from economic downturn and by the impact fluctuations in interest rates would have on the Mizuho Leasing Group, and conduct monitoring through our risk management structure as follows.

In order to accurately identify, analyze and control the risks involved in the business activities of the Mizuho Leasing Group and mitigate their impact, we have established a CRO (Chief Risk Management Officer) who oversees and facilitates risk management from a group-wide perspective, defined the internal units responsible for managing specific risks, and built a structure to enable fast and flexible response to risks.

The units responsible for managing each risk grasp business-related risks, control them timely, and verify the effectiveness of controls. They hold the Risk Management Committee meeting every quarter to verify the state of implementation of risk-mitigation measures and the level of penetration and validity of said measures and report the results to the Board of Directors.



Consolidated Financial Statements

Consolidated Balance Sheet

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 18)	¥ 20,406	¥ 22,299	$ 184,309
Lease Receivables and Investments in Lease (Notes 6, 9, 17 and 18)	1,174,068	1,082,088	10,603,940
Receivables (Notes 6, 9 and 18):			
Notes and Accounts	767	886	6,930
Lease	3,913	6,560	35,348
Installment Sales	127,051	141,812	1,147,499
Loans	329,059	271,323	2,972,000
Factoring	171,614	129,676	1,549,991
Total Receivables	632,407	550,260	5,711,768
Operational Investment Securities (Notes 5, 6, 9 and 18)	220,959	221,866	1,995,663
Prepaid Expenses and Other (Note 22)	39,461	72,510	356,406
Allowance for Doubtful Receivables (Note 3(1))	(2,238)	(1,752)	(20,218)
Total Current Assets	2,085,064	1,947,272	18,831,868
Property and Equipment:			
Leased Assets (Notes 6, 7, 9 and 17)	302,127	245,533	2,728,750
Advances for Purchases of Leased Assets	13	656	119
Own-used Assets (Note 9)	3,616	3,455	32,665
Total Property and Equipment	305,757	249,646	2,761,534
Investments and Other Assets:			
Investment Securities (Notes 5, 9 and 18)	24,246	20,776	218,990
Investments in Unconsolidated Subsidiaries and Associated Companies (Note 3(2))	147,744	98,355	1,334,399
Long-term Receivables (Note 18)	11,477	5,448	103,661
Goodwill	29	63	263
Intangible Leased Assets (Note 6)	135	101	1,225
Deferred Tax Assets (Note 12)	4,076	2,609	36,822
Asset for Employees' Retirement Benefits (Note 11)	703	—	6,356
Other (Note 8)	24,481	24,629	221,112
Allowance for Doubtful Receivables (Note 3(1))	(526)	(487)	(4,753)
Total Investments and Other Assets	212,369	151,497	1,918,075
Total Assets	¥ 2,603,190	¥ 2,348,416	$ 23,511,477

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 9, 10, 18 and 22)	¥ 1,133,341	¥ 1,031,075	$ 10,236,108
Current Portion of Long-term Debt (Notes 9, 10, 18 and 22)	268,426	185,358	2,424,369
Lease Payable (Notes 17 and 18)	8,958	8,772	80,911
Accounts Payable - trade (Note 18)	35,157	49,318	317,539
Accrued Expenses (Note 22)	4,156	3,455	37,545
Income Taxes Payable	5,865	4,098	52,973
Deferred Profit on Installment Sales (Note 6)	2,618	2,097	23,646
Reserve for Management Board Benefit Trust - current	28	56	254
Accruals for Debt Guarantees	13	15	117
Other	34,285	29,875	309,657
Total Current Liabilities	1,492,850	1,314,123	13,483,119
Long-term Liabilities:			
Long-term Debt (Notes 9, 10, 18 and 22)	853,619	784,202	7,709,714
Deposits Received	33,730	31,296	304,643
Liability for Employees' Retirement Benefits (Note 11)	2,332	2,655	21,064
Reserve for Management Board Benefit Trust (Note 2(aa))	489	211	4,423
Other	9,315	20,147	84,135
Total Long-term Liabilities	899,486	838,512	8,123,979
Commitments and Contingent Liabilities (Note 13)			
Equity: (Notes 2(aa), 14, 21 and 23)			
Common Stock Authorized, 140,000,000 Shares; Issued, 49,004,000 Shares as of March 31, 2021 and 2020	26,088	26,088	235,622
Capital Surplus	23,941	23,941	216,235
Retained Earnings	149,148	131,579	1,347,078
Treasury Stock - at cost 632,727 shares as of March 31, 2021 and 640,003 shares as of March 31, 2020	(1,725)	(1,745)	(15,587)
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	6,509	7,430	58,791
Deferred Loss on Derivatives under Hedge Accounting	(1,227)	(1,060)	(11,087)
Foreign Currency Translation Adjustments	(2,771)	(1,005)	(25,031)
Defined Retirement Benefit Plans	652	(41)	5,891
Total	200,614	185,186	1,811,912
Non-controlling Interests	10,237	10,594	92,467
Total Equity	210,852	195,780	1,904,379
Total Liabilities and Equity	¥ 2,603,190	¥ 2,348,416	$ 23,511,477

See accompanying Notes to Consolidated Financial Statements.

Consolidated Financial Statements

Consolidated Statement of Income

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Revenues	¥ 497,852	¥ 539,241	$ 4,496,502
Cost and Expenses	446,505	488,722	4,032,746
Gross Profit	51,347	50,519	463,756
Selling, General and Administrative Expenses (Note 15)	25,383	24,243	229,263
Operating Income	25,963	26,275	234,493
Other Income (Expenses):			
Interest Income (Note 22)	9	47	89
Dividend Income	423	463	3,824
Equity in Earnings of Associated Companies	2,961	816	26,752
Interest Expenses	(1,008)	(700)	(9,110)
Bond Issuance Costs	(401)	(268)	(3,623)
Loss from Investments	(455)	—	(4,115)
Gain on Sales of Investment Securities	3,896	481	35,191
National subsidies	8	—	74
Gain on Liquidation of Subsidiaries and Associated Companies	230	—	2,086
Loss on Sales of Investment Securities	(78)	—	(707)
Loss on Devaluation of Investment Securities	(35)	(336)	(323)
Loss on Impairment of Long-lived Assets (Note 16)	—	(322)	—
Other — net	49	81	446
Income before Income Taxes	31,563	26,538	285,077
Income Taxes: (Note 12)			
Current	9,761	8,506	88,162
Deferred	(674)	(55)	(6,093)
Total	9,086	8,450	82,069
Net Income	22,477	18,087	203,008
Net Income attributable to Non-controlling Interests	704	574	6,361
Net Income attributable to Owners of the Parent	¥ 21,772	¥ 17,512	$ 196,647

	Yen		U.S. dollars (Note 1)
	2021	2020	2021
Amounts per Share of Common Stock (Notes 2(x) and 23)			
Net Income attributable to Owners of the Parent per Share	¥ 450.14	¥ 360.49	$ 4.07
Cash Dividends applicable to the fiscal year	¥ 92.00	¥ 82.00	$ 0.83

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net Income	¥ 22,477	¥ 18,087	$ 203,008
Other Comprehensive Loss: (Note 20)			
Unrealized (Loss) Gain on Available-for-sale Securities	(1,033)	686	(9,334)
Deferred Loss on Derivatives under Hedge Accounting	(166)	(559)	(1,503)
Foreign Currency Translation Adjustments	(2,775)	(599)	(25,065)
Defined Retirement Benefit Plans	691	(154)	6,242
Share of Other Comprehensive Income in Associated Companies	927	112	8,373
Total Other Comprehensive Loss	(2,356)	(513)	(21,287)
Comprehensive Income	¥ 20,120	¥ 17,574	$ 181,721
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 19,611	¥ 17,051	$ 177,131
Non-controlling Interests	508	522	4,590

See accompanying Notes to Consolidated Financial Statements.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2021

	Thousands	Millions of yen										
						Accumulated Other Comprehensive Income						
	Number of shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance as of April 1, 2019	*48,856*	¥ 26,088	¥ 23,941	¥ 118,219	¥ (400)	¥ 6,755	¥ (502)	¥ (577)	¥ 109	¥ 173,633	¥ 8,526	¥ 182,159
Cumulative effects of changes in accounting policies				—						—		—
Restated balance as of April 1, 2019	*48,856*	¥ 26,088	¥ 23,941	¥ 118,219	¥ (400)	¥ 6,755	¥ (502)	¥ (577)	¥ 109	¥ 173,633	¥ 8,526	¥ 182,159
Net Income attributable to Owners of the Parent				17,512						17,512		17,512
Cash Dividends Paid				(3,920)						(3,920)		(3,920)
Purchase of Treasury Stock	*(543)*				(1,483)					(1,483)		(1,483)
Disposal of Treasury Stock	*50*				137					137		137
Change in Scope of Consolidation				(232)						(232)		(232)
Net change during year						675	(557)	(428)	(151)	(461)	2,067	1,605
Balance as of March 31, 2020	*48,363*	¥ 26,088	¥ 23,941	¥ 131,579	¥ (1,745)	¥ 7,430	¥ (1,060)	¥ (1,005)	¥ (41)	¥ 185,186	¥ 10,594	¥ 195,780
Cumulative effects of changes in accounting policies				(194)						(194)		(194)
Restated balance as of March 31, 2020	*48,363*	¥ 26,088	¥ 23,941	¥ 131,384	¥ (1,745)	¥ 7,430	¥ (1,060)	¥ (1,005)	¥ (41)	¥ 184,991	¥ 10,594	¥ 195,585
Net Income attributable to Owners of the Parent				21,772						21,772		21,772
Cash Dividends Paid				(4,018)						(4,018)		(4,018)
Purchase of Treasury Stock (Note 21)	*(0)*				(0)					(0)		(0)
Disposal of Treasury Stock	*8*				19					19		19
Change in Scope of Consolidation				9						9		9
Net change during year						(921)	(167)	(1,766)	694	(2,160)	(356)	(2,516)
Balance as of March 31, 2021	*48,371*	¥ 26,088	¥ 23,941	¥ 149,148	¥ (1,725)	¥ 6,509	¥ (1,227)	¥ (2,771)	¥ 652	¥ 200,614	¥ 10,237	¥ 210,852

	Thousands of U.S. dollars (Note 1)										
					Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance as of March 31, 2020	$ 235,622	$ 216,235	$ 1,188,397	$ (15,766)	$ 67,114	$ (9,577)	$ (9,080)	$ (378)	$ 1,672,567	$ 95,684	$ 1,768,251
Cumulative effects of changes in accounting policies			(1,761)						(1,761)		(1,761)
Restated balance as of March 31, 2020	$ 235,622	$ 216,235	$ 1,188,397	$ (15,766)	$ 67,114	$ (9,577)	$ (9,080)	$ (378)	$ 1,670,806	$ 95,684	$ 1,766,490
Net Income attributable to Owners of the Parent			196,647						196,647		196,647
Cash Dividends Paid			(36,292)						(36,292)		(36,292)
Purchase of Treasury Stock (Note 21)				(1)					(1)		(1)
Disposal of Treasury Stock				180					180		180
Change in Scope of Consolidation			87						87		87
Net change during year					(8,323)	(1,510)	(15,951)	6,269	(19,515)	(3,217)	(22,732)
Balance as of March 31, 2021	$ 235,622	$ 216,235	$ 1,347,078	$ (15,587)	$ 58,791	$ (11,087)	$ (25,031)	$ 5,891	$ 1,811,912	$ 92,467	$ 1,904,379

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 31,563	¥ 26,538	$ 285,077
Adjustments for:			
Income Taxes Paid	(7,978)	(9,059)	(72,062)
Depreciation and Disposal of Fixed Assets	15,797	15,108	142,676
Equity in Earnings of Associated Companies	(2,961)	(816)	(26,752)
Loss (Profit) from Investments	455	(17)	4,115
Loss on Impairment of Long-lived Assets	—	322	—
Increase in Allowance for Doubtful Receivables	559	468	5,049
Decrease in Accruals for Debt Guarantees	(2)	(16)	(18)
Gain on Sales of Marketable and Investment Securities	(3,818)	(481)	(34,484)
Loss on Devaluation of Investment Securities	35	336	323
Gain on liquidation of subsidiaries and associated companies	(230)	—	(2,086)
Change in assets and liabilities:			
Increase in Lease Receivables and Investments in Lease	(90,501)	(151,648)	(817,392)
(Increase) Decrease in Receivables	(83,243)	70,804	(751,840)
Decrease in Operational Investment Securities	1,395	15,524	12,607
Decrease in Accounts Payable — trade	(14,160)	(6,693)	(127,892)
Purchases of Leased Assets	(154,144)	(181,931)	(1,392,202)
Proceeds from Sales of Leased Assets	81,927	158,161	739,948
Decrease in Interest Payable	(95)	(58)	(865)
Other — net	28,582	(5,670)	258,153
Total Adjustments	(228,384)	(95,668)	(2,062,722)
Net Cash Used in Operating Activities	(196,820)	(69,130)	(1,777,645)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(3,195)	(3,032)	(28,864)
Purchases of Marketable and Investment Securities	(57,044)	(84,559)	(515,211)
Proceeds from Sales and Redemption of Marketable and Investment Securities	6,643	1,527	60,001
Other — net	436	(12,272)	3,941
Net Cash Used in Investing Activities	(53,160)	(98,336)	(480,133)
Cash Flows from Financing Activities:			
Net Increase in Short-term Borrowings	110,125	29,999	994,632
Proceeds from Long-term Debt	347,818	356,368	3,141,422
Repayments of Long-term Debt	(205,629)	(217,958)	(1,857,201)
Cash Dividends Paid	(4,018)	(3,920)	(36,292)
Other — net	(85)	49	(772)
Net Cash Provided by Financing Activities	248,210	164,538	2,241,789
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(121)	65	(1,102)
Net Decrease in Cash and Cash Equivalents	(1,892)	(2,862)	(17,091)
Cash and Cash Equivalents at Beginning of the Year	22,299	25,438	201,400
Decrease in Cash and Cash Equivalents resulting from Exclusion from Scope of Consolidation	—	(276)	—
Cash and Cash Equivalents at End of the Year	¥ 20,406	¥ 22,299	$ 184,309

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Mizuho Leasing Company, Limited ("the Company") and its consolidated subsidiaries (together with the Company, "the Group") 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("JGAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the company's financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

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 ¥110.72 to US$1.00, the approximate rate of exchange at March 31, 2021. The 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. The amounts indicated in millions of yen are rounded down by truncating the figures below one million. As a result, totals may not add up exactly.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Group, which include Mizuho-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., Mizuho Auto Lease Company, Limited,ML Estate Company, Limited, Mizuho Leasing (China) Ltd., PT. VERENA MULTI FINANCE Tbk, andMizuho Leasing (Singapore) Pte. Ltd..

The number of consolidated subsidiaries as of March 31, 2021 and 2020 was 31. The consolidated financial statements for the year ended March 31, 2021 newly include the accounts of Mizuho Leasing(Singapore) Pte. Ltd. as it became material. BB Leasing LLC was excluded from the scope of consolidation as it was liquidated during the year.

The number of associated companies accounted for under the equity method as of March 31, 2021 and2020 was 8 and 6, respectively. Investments in associated companies include Mizuho Marubeni Leasing Corporation, RICOH LEASING COMPANY, LTD., PLM Fleet, LLC, Krung Thai IBJ Leasing Co., Ltd.,PNB-Mizuho Leasing and Finance Corporation, Aircastle Limited and Vietnam International Leasing Co.,Ltd., RICOH LEASING COMPANY, LTD. and Vietnam International Leasing Co., Ltd. were newly included in the associated companies accounted for under the equity method as the Company purchased these shares.

The condensed financial information of the 8 associated companies (by simply compiling the amounts in the financial statements of the respective companies) as of and for the year ended March 31, 2021 is as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Current Assets	¥ 304,264	$ 2,748,054
Non Current Assets	381,086	3,441,896
Current Liabilities	266,777	2,409,478
Long-term Liabilities	248,867	2,247,722
Total Equity	169,706	1,532,749
Revenues	115,094	1,039,509
Loss before Income Taxes	(2,483)	(22,431)
Net Loss	(4,065)	(36,718)

Kaikias Leasing Co., Ltd. and 96 other subsidiaries are neither consolidated nor accounted for under the equity method as they are acting as operators under Tokumei Kumiai agreements and the leased assets and liabilities do not substantially belong to the subsidiaries. Aries Line Shipping S.A. and 49 other subsidiaries are also not consolidated or accounted for under the equity method as they are immaterial. IBJ ROYAL LINE S.A. and 1 associated company are not accounted for under the equity method as they are immaterial.

Upon consolidation, significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within the Group has also been eliminated.

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries where the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition. The differences between the costs and underlying net equity of investments in consolidated subsidiaries and associated companies at acquisition are recorded as Goodwill and are amortized on a straight-line basis over the estimated benefit period.

Implementation Guidance No. 15 "Implementation Guidance on Disclosures about Certain Special Purpose Entities" issued by the Accounting Standards Board of Japan (the "ASBJ") permits companies to avoid consolidation of certain Special Purpose Entities ("SPEs") that were established and are being operated for the purpose of securitization of receivables.

The Company securitizes its lease receivables to diversify its funding sources and ensure stable funding. In the securitization structures, the Company uses SPEs that include *Tokurei Yugen Kaisha* and *Goudou Kaisha*. The Company transfers the lease receivables to the SPEs in the securitization structures. The SPEs procure funds, such as borrowings, backed by the transferred assets and these funds flow back to the Company as sales proceeds of the transferred assets. The Company also provides collection services to the SPEs. A portion of the receivables is not transferred and is held by the Company. These receivables held by the Company are properly evaluated at the end of the fiscal year, and these are appropriately reflected in the consolidated financial statements.

As a result of securitizations, the Company had 12 and 21 SPEs that were not consolidated under Guidance No. 15 as of March 31, 2021 and 2020. Total assets (simply compiled amount) of such SPEs as of March 31, 2021 and 2020 were ¥257,123 million ($2,322,286 thousand) and ¥189,934 million, respectively. Total liabilities (simply compiled amount) of such SPEs as of March 31, 2021 and 2020 were ¥257,414 million ($2,324,912 thousand) and ¥190,322 million, respectively. The Company owns no voting rights in most of the SPEs while some employees of the Company serve as directors.

The total amount of Lease Receivables and Investments in Lease transferred from the Company to such SPEs in 2021 and 2020 was ¥45,250 million ($408,696 thousand) and ¥27,188 million, respectively. The amount of Installment Sales Receivable transferred from the Company to such SPEs in 2021 was ¥10,000 million ($90,318 thousand) while no amount was transferred in 2020. No gain/loss on the transfer of such receivables incurred in both 2021 and 2020. The Company holds subordinated interests of such transferred receivables of ¥271 million ($2,450 thousand) and ¥5,234 million in 2021 and 2020, respectively. The Company recognized profit dividends of ¥541 million ($4,888 thousand) and ¥303 million, respectively, for the years ended March 31, 2021 and 2020, and servicing fees received of ¥1 million ($12 thousand) with respect to the transactions with such SPEs for both of the years ended March 31, 2021 and 2020. These amounts do not include transactions with SPEs that do not meet the criteria for off-balance-sheet transactions, because the Company treats these asset transfer transactions to the SPEs as financial transactions.

(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. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. 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 interests 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 exposed to insignificant risk of changes in value. Cash Equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

(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. As a lessor, all finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as Lease Receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as Investments in Lease. All other leases are accounted for as operating leases.

As a lessee, all finance leases that are deemed to transfer ownership of the leased property to the lessee are capitalized.

(e) Installment Sales

For installment sales contracts, Installment Sales Receivables are recognized for the principal equivalent portion of the total contract amounts when properties are delivered. Interest equivalent amounts are recognized as Installment Sales when the related installment receivables become due.

For sales-type contracts, Installment Sales and the corresponding Installment Cost of Sales are fully recognized when the property is sold. Interest equivalent amounts applicable to the portion to be collected are deferred and recorded as Deferred Profit on Installment Sales.

(f) Operational Investment Securities and Investment Securities

Operational Investment Securities and Investment Securities are classified as Available-for-sale Securities based upon management's intent. Available-for-sale Securities, which have a readily determinable fair value, are stated at fair value with changes in net unrealized gain or loss, net of applicable income taxes, included directly in Equity (cost of securities sold is calculated by the moving average method). Available-for-sale Securities, which do not have readily determinable fair value, are stated at cost.

Operational Investment Securities is held for the purpose of generating operational financial income. The income from Operational Investment Securities is stated in Revenues in the Consolidated Statement of Income.

(g) Loans Receivables and Factoring Receivables

Loans to customers and receivables arising from factoring are included in Loans Receivables and Factoring Receivables, respectively. Income from these receivables is recognized as Revenues.

(h) Property and Equipment

1. Leased Assets
   Leased Property and Equipment are stated at cost and depreciated over the lease term by the straight-line method to the residual value, which is an amount to be realized at the time when the lease contract is terminated.
2. Own-used Assets
   Own-used Assets of the Company and its domestic consolidated subsidiaries are stated at cost and depreciated over the following estimated useful lives mainly by the declining-balance method:

Buildings	3-65 years
Fixtures and furniture	2-20 years

(i) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance 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 from the continued use and eventual disposition of the asset or the net selling price at disposition.

(j) Intangible Assets

1. Leased Assets
   Intangible Leased Assets are accounted for in the same way as Leased Property and Equipment.
2. Own-used Software
   Own-used Software is amortized over the internally estimated useful lives (5 years) by the straight-line method.
3. Other Intangible Assets
   Other Intangible Assets are stated at cost. Amortization of intangible assets by the Company and its domestic consolidated subsidiaries is mainly computed by the straight-line method over the estimated useful lives.

(k) Bond Issue Costs

Costs for bond issuance are expensed upon payment.

(l) Allowance for Doubtful Receivables

Allowance for Doubtful Receivables is provided based on the estimated historical default rate for general trade receivables, and is based on individual reviews for receivables from doubtful and legally bankrupt creditors.

The amounts of Long-term Receivables considered uncollectible, which include receivables from legally bankrupt creditors, were directly written off. The amounts directly written off were ¥5,482 million ($49,519 thousand) and ¥7,199 million at March 31, 2021 and 2020, respectively.

(m) Reserve for Bonus Payments

The Company and certain domestic consolidated subsidiaries provide a reserve for future bonus payments to employees. This reserve is maintained at the estimated amount payable after the year-end, based on the services provided during the fiscal year.

(n) Reserve for Bonus Payments to Directors

The Company and certain domestic consolidated subsidiaries provide a reserve for future bonus payments to executive officers. This reserve is maintained at the estimated amount payable for the fiscal year.

(o) Retirement and Pension Plans

The Company and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

The Company and certain consolidated subsidiaries account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 to 17 years and 5 years, respectively, no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

(p) Reserve for Management Board Benefit Trust

Reserve for Management Board Benefit Trust is provided for the payment of the Company's shares, etc. to executive officers based on the estimated amount of stock benefit obligations at the end of the fiscal year.

(q) 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 the 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 discounted cash flows 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.

(r) Accruals for Debt Guarantees

The Company and certain domestic consolidated subsidiaries provide Accruals for Debt Guarantees for losses that might occur in relation to guarantees of the indebtedness of others, taking the debtors' financial condition into consideration.

(s) Income Taxes

The Company and its domestic consolidated subsidiaries are subject to corporate tax, inhabitants' taxes and enterprise taxes. Deferred income taxes are recorded by the asset and liability method based on the differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements, using enacted tax rates that will be in effect when the differences are expected to reverse.

(t) Recognition of Revenues and Cost of Sales

Revenues and cost of sales relating to finance lease transactions are recognized when lease payments are to be received. Revenues and cost of sales relating to operating lease transactions are based on the monthly amounts of lease payments to be received under lease agreements over the lease agreement periods. The monthly lease payments corresponding to each period are allocated to revenue for that period. When leased property is sold, the sales amount and carrying amount of such leased property is recognized as revenues and cost of sales, respectively.

(Additional Information)

The Company adopted ASBJ Statement No.24 (revised 2020) “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” from the end of the fiscal year ending March 31, 2021. The Company newly disclosed accounting policies and procedures for those which are not clarified in the related accounting standards.

(u) Translation of Foreign Currency Assets and Liabilities

1. Translation of foreign currency transactions
   All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the Consolidated Statement of Income as income or expenses.
   Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates effective at the respective transaction dates.
2. Translation of foreign currency financial statements
   The assets, liabilities, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet dates of each subsidiary. Differences arising from such translation are shown in either Non-controlling Interests or Foreign Currency Translation Adjustments under Accumulated Other Comprehensive Income in a separate component of Equity.

(v) Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Interest rate swaps are utilized to manage interest rate risks associated with certain assets and liabilities, including Loans Receivables and Long-term Debt. Short-term Borrowings, Long-term Debt and Foreign currency forward contracts are utilized to reduce risks from fluctuations of foreign currency exchange rates associated with certain assets including Other Receivable, Operational Investment Securities and Investment Securities as well as committed transactions denominated in foreign currencies. Interest rate and currency swaps are utilized to manage interest rate risks as well as foreign currency risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions 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 derivative transactions are recognized in the Consolidated Statement 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.

Monetary receivables and payables covered by foreign currency forward contracts are translated at the contract rates. Any differences between the foreign currency forward contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense.

Hedging relationship to which “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” is applied – On September 29, 2020, the ASBJ issued the PITF No.40 for Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR.

The Group applied specific accounting to all hedging relationships which are included in the scope of application of this practical solution. The hedging relationship to which this practical solution is applied are following;

a) Hedge accounting applied – Deferral method is applied. For interest rate swaps which meet specific matching criteria, specific accounting is applied.
b) Hedging instruments – Interest rate swaps, interest rate and currency swaps, Short-term Borrowings and Long-term Debt
c) Hedged items - Short-term Borrowings, Long-term Debt, Loans Receivables, Factoring Receivable and Investment Securities
d) Categories of hedges – Hedge of the exposure to variability in quoted price and hedge of the exposure to variability in cash flows

(w) Consumption Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese consumption taxes. Japanese consumption taxes are excluded from the transaction amounts.

(x) Per Share Information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. Cash dividends per share shown in the Consolidated Statement of Income are the amounts applicable to the respective fiscal years including dividends to be paid after the end of the year.

(y) Accounting Policy Disclosures, Accounting Changes and Error Corrections

Under ASBJ Statement No. 24, “Accounting Standard for the revised ASBJ Statement No.24 (revised 2020) Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections,” accounting treatments are required as follows: (1) Disclosure of Accounting Policies – Significant accounting policies are disclosed in the case where the related accounting standards are not clarified. (2) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions in which case the entity shall comply with the specific transitional provisions. (3) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (4) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (5) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

(z) New Accounting Pronouncement

Revenue Recognition— In March 31, 2020, the ASBJ issued ASBJ Statement No.29, “Accounting Standard for Revenue Recognition,” ASBJ Guidance No.30, “Implementation Guidance on Accounting Standard for Revenue Recognition” and ASBJ Guidance No. 19 “Implementation Guidance on Disclosures about Fair Value of Financial Instruments”.

In May 2014, the International Accounting Standard Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) issued “Revenue from Contracts with Customers”, i.e., IFRS 15 from IASB and Topic 606 from FASB. They are comprehensive accounting standards for revenue recognition as a consequence of the cooperative development project by the two boards.

ASBJ developed a comprehensive accounting standard for revenue recognition and published it in conjunction with the Implementation Guidance in the light of the circumstances where IFRS 15 will be applied from the fiscal year starting on and after January 1, 2018, and Topic 606 will be applied from the fiscal year starting on or after December 15, 2017.

The basic policy of the ASBJ in developing the accounting standard for revenue recognition is, first, to take in the basic principles of IFRS 15 to be consistent with it and keep comparability. If there are practices that are prevailing in Japan and need to be treated differently, then, the ASBJ develops an alternative accounting treatment to the extent it does not harm the comparability of the other accounting standard.

The Group expects to apply the accounting standard and guidance for the fiscal year beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Fair Value Measurement— On July 4, 2019, the ASBJ issued ASBJ Statement No. 30 “Accounting Standard for Fair Value Measurement”, ASBJ Statement No. 9 (revised 2019) “Accounting Standard for Measurement of Inventories”, ASBJ Statement No. 10 (revised 2019) “Accounting Standard for Financial Instruments” and ASBJ Guidance No. 31 ”Implementation Guidance on Accounting Standard for Fair Value Measurement”. On March 31, 2020, ASBJ issued ASBJ Guidance No. 19 (revised 2019) “Implementation Guidance on Disclosures about Fair Value of Financial Instruments”.

Those accounting standards were issued from the perspective of efforts toward convergence between the international accounting standards and JGAAP regarding the guidance on measurement and disclosure about fair value of financial instruments.

The Group expects to apply those accounting standards for the fiscal year beginning on or after April 1, 2021 and is in the process of measuring the effects of applying those accounting standards in future applicable periods.

(aa) Management Board Benefit Trust system (the “BBT”)

The Company has introduced a performance-linked stock compensation system (the “Stock Compensation System”) for directors (excluding a chairperson and outside directors) and executive officers who are not concurrently serving as director (directors and executive officers are collectively referred to as “Directors, etc.”). The Stock Compensation System contributes to the improvement of medium- and long-term performance and increase in corporate value, and as a result, aims to share with shareholders the sense of increasing stock value, by clarifying the link between compensation for Directors, etc., and the Company’s performance and stock value.

(1) Outline of Stock Compensation System

The Stock Compensation System is a performance-linked stock-based system where the Company's shares are acquired through a trust by fund contributed by the Company, and the Company's shares and/or the money equivalent to the market value of the Company's shares (the "the Company Stock, etc.") are paid to Directors, etc., through trusts in accordance with the Company's executive share benefit rules. Directors, etc., receive the Company Stock, etc., at a certain time after the end of each medium-term management plan period or after their retirement.

(2) Shares of the Company held in trust

Shares of the Company held in trust are recorded as Treasury Stock in Equity at book value in the trust (excluding accompanying expenses). The carrying amount of such Treasury Stock for the year ended March 31, 2021 was ¥1,724 million ($15,571 thousand), while the number of such treasury stock was 631,900 shares.

3. Significant Accounting Estimate

(1) Recognition of Allowance for Doubtful Receivables

(a) Carrying amount

Allowance for Doubtful Receivables in Current Assets and Investments and Other Assets ¥2,764 million ($24,971 thousand)

(b) Information on the significant accounting estimate

(i) Major assumptions used in the estimate calculation

According to the internally established standards for write-off and allowances, the Group recognizes necessary amounts of allowances for doubtful receivables for each category of receivables. In determining the category of receivables, the assumption for the debtor's future condition and the impact of COVID-19 infection are used. Regarding the impact of COVID-19 infection, continuous attention is expected to be required during the following fiscal year as there is a high level of uncertainty in the outbreak of COVID-19 variants and the widespread use of vaccines.

(ii) Calculation of the estimate

The Group's policy for Allowances for Doubtful Receivables is described in Note 2. Summary of Significant Accounting Policies (l) Allowances for Doubtful Receivables. The Allowance for Doubtful Receivables for general trade receivables is provided based on the estimated credit loss for the one year following the end of the fiscal year. The estimated credit loss is calculated based on the average annual historical default rate during the past three calculation periods. The Allowance for Doubtful Receivables for receivables from doubtful and legally bankrupt debtors is provided based on individual reviews of the possibility of recovery.

(iii) Impact on the consolidated financial statements for the following fiscal year

The assumption used in determining the category of receivables in the above (i) Major assumptions used in the estimate calculation is uncertain. Due to the uncertainty of the assumption and the possible change of business environment in the specific industries caused by the spread of COVID-19 infection, the provision for Allowances for Doubtful Receivables may increase or decrease.

(2) Valuation of goodwill on associated companies

(a) Carrying amount

Investment Securities ¥132,202 million ($1,194,022 thousand)

(b) Information on the significant accounting estimate

The Group recognizes goodwill on certain associated companies. The Group reviewed impairment for goodwill according to "Accounting Standard for Impairment of Fixed Assets" issued on August 9, 2002, by the Business Accounting Council. As a result of the review, it was concluded that there is no need for impairment.

(i) Major assumptions used in the estimate calculation

In the impairment assessment described above, the Group reviews the estimated operational revenues and expenses and future cash flows based on the business plan of each associated company. The business plan includes the assumptions on economic conditions, market environment and industry trends where each associated company belongs, the impact of the spread of COVID-19 infection and the timing of recovery.

(ii) Calculation of the estimate

It is calculated based on the business plan of each associated company.

(iii) Impact on the consolidated financial statements for the following fiscal year

In case re-examination of the assumption used in the estimate is required due to a situation where it is difficult to achieve the business plan of each associated company, there is a possibility to recognize the impairment loss in the following fiscal year.

4. Change in Presentation

(Application of Accounting Standard for Disclosure of Accounting Estimates)

Starting from the fiscal year ended March 31, 2021, the Group adopt ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates" and disclose the information of the significant accounting estimates. This does not include the information for the fiscal year ended March 31, 2020 pursuant to the transitional treatment in the proviso of Article 11 of the accounting standard.

5. Operational Investment Securities and Investment Securities

(1) Available-for-sale Securities whose fair values are readily determinable as of March 31, 2021 and 2020 were as follows:

Available-for-sale Securities

Securities with carrying amounts exceeding acquisition costs

(Millions of yen)

	2021			2020		
	Carrying amount	Acquisition cost	Unrealized gain	Carrying amount	Acquisition cost	Unrealized gain
Equity Securities Bonds	¥ 16,811	¥ 9,897	¥ 6,914	¥ 19,866	¥ 10,507	¥ 9,358
Corporate Bonds	102,993	101,080	1,913	115,775	113,580	2,195
Other	23,792	23,086	706	14,789	14,674	115
Total	¥ 143,597	¥ 134,064	¥ 9,533	¥ 150,431	¥ 138,761	¥ 11,669

(Thousands of U.S. dollars)

	2021		
	Carrying amount	Acquisition cost	Unrealized gain
Equity Securities Bonds	$ 151,839	$ 89,392	$ 62,447
Corporate Bonds	930,214	912,934	17,280
Other	214,892	208,513	6,379
Total	$ 1,296,945	$ 1,210,839	$ 86,106

Securities with carrying amounts not exceeding acquisition costs

(Millions of yen)

	2021			2020		
	Carrying amount	Acquisition cost	Unrealized loss	Carrying amount	Acquisition cost	Unrealized loss
Equity Securities Bonds	¥ 732	¥ 917	¥ (185)	¥ 1,589	¥ 1,962	¥ (373)
Corporate Bonds	5,468	5,500	(31)	9,531	9,700	(168)
Other	3,417	3,500	(83)	9,500	9,895	(395)
Total	¥ 9,618	¥ 9,918	¥ (300)	¥ 20,621	¥ 21,558	¥ (937)

(Thousands of U.S. dollars)

	2021		
	Carrying amount	Acquisition cost	Unrealized loss
Equity Securities Bonds	$ 6,613	$ 8,289	$ (1,676)
Corporate Bonds	49,391	49,675	(284)
Other	30,869	31,619	(750)
Total	$ 86,873	$ 89,583	$ (2,710)

(2) Proceeds from sales of Available-for-sale Securities for the years ended March 31, 2021 and 2020 were ¥6,807 million ($61,483 thousand) and ¥21,140 million, respectively. Gross realized gains and losses on these sales were ¥3,969 million ($35,853 thousand) and ¥78 million ($707 thousand) for the year ended March 31, 2021. Gross realized gains amounting to ¥2,442 million and no gross realized losses were incurred for the year ended March 31, 2020.

(3) The Group recorded impairment losses on investment securities of ¥35 million ($323 thousand) and ¥336 million for the years ended March 31, 2021 and 2020, respectively.

6. Operating Assets

(1) Operating Assets as of March 31, 2021 and 2020 consisted of the following:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Leasing and Installment Sales:			
Finance Lease	¥ 1,174,068	¥ 1,082,088	$ 10,603,940
Operating Lease	302,262	245,635	2,729,975
Installment Sales (*1)	124,433	139,715	1,123,853
Leasing and Installment Sales total	1,600,764	1,467,439	14,457,768
Finance	721,634	622,866	6,517,654
Total Operating Assets	¥ 2,322,398	¥ 2,090,305	$ 20,975,422

(*1) The amount of Installment Sales represents "Installment Sales Receivables" less "Deferred Profit on Installment Sales".

(2) The total amounts of new contracts for the years ended March 31, 2021 and 2020 were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Leasing and Installment Sales:			
Finance Lease	¥ 416,594	¥ 447,660	$ 3,762,596
Operating Lease	154,788	187,316	1,398,016
Installment Sales	41,318	57,373	373,181
Leasing and Installment Sales total	612,701	692,350	5,533,793
Finance	752,319	590,088	6,794,795
Total	¥ 1,365,021	¥ 1,282,438	$ 12,328,588

7. Investment Property

Certain domestic consolidated subsidiaries own certain rental properties such as commercial facilities with land in Tokyo and other areas. Net rental income for these rental properties for the years ended March 31, 2021 and 2020 was ¥5,988 million ($54,087 thousand) and ¥4,447 million, respectively. Rental income and operating expenses are mainly recognized as "Revenues" and "Cost and Expenses", respectively.

Gain on sales of rental properties for the years ended March 31, 2021 and 2020 was ¥634 million ($5,734 thousand) and ¥718 million, respectively. Proceeds from sales of rental properties and costs are recognized as "Revenues" and "Cost and Expenses", respectively, otherwise net gain on sales is recognized as "Other Income (Expense)".

The carrying amounts, changes in such balances and market prices of such properties are as follows:

(Millions of yen)

Carrying Amount			Fair Value
April 1, 2020	Increase	March 31, 2021	March 31, 2021
¥ 160,574	¥ 58,327	¥ 218,901	¥ 238,471

(Millions of yen)

Carrying Amount			Fair Value
April 1, 2019	Decrease	March 31, 2020	March 31, 2020
¥ 168,670	¥ (8,096)	¥ 160,574	¥ 173,206

(Thousands of U.S. dollars)

Carrying Amount			Fair Value
April 1, 2020	Increase	March 31, 2021	March 31, 2021
$ 1,450,272	$ 526,802	$ 1,977,074	$ 2,153,826

(*1) Carrying amount recognized in the Consolidated Balance Sheets is net of accumulated depreciation.
(*2) "Increase" for the year ended March 31, 2021 primarily represents the acquisition of certain properties for ¥141,014 million ($1,273,613thousand) and "Decrease" for the year ended March 31, 2020 primarily represents the sales of certain properties for ¥158,189 million.
(*3) Fair values of properties are mainly determined by appraisal reports issued by real estate appraisers.

8. Other Assets

On March 31, 2020, Mizuho-TOSHIBA Leasing Company, Limited (hereinafter "MTL"), the Company's consolidated subsidiary, filed suit against NS Solutions Corporation(hereinafter "NS Solutions") in the Tokyo District Court, claiming that MTL has a legitimate right to charge the sales price in the sales contract for system server and its peripheral devices concluded with NS Solutions (hereinafter "the Contract"), though NS Solutions intended to cancel the Contract in November 2019. The Receivable amounts equivalent to the sales price, amounting to ¥10,620 million ($95,922 thousand) as of March 31, 2021 and 2020, are included in "Other" of Investments and Other Assets in the accompanying consolidated balance sheet.

9. Pledged Assets

Assets pledged as collateral as of March 31, 2021 were as follows:

	(Millions of yen) 2021	(Thousands of U.S. dollars) 2021
Lease Receivables and Investments in Lease	¥ 14,316	$ 129,302
Operational Investment Securities	29,640	267,708
Leased Assets	32,689	295,244
Own-used Assets	110	999
Investment Securities	10	93
Total	¥ 76,767	$ 693,346

Liabilities secured by the above assets as of March 31, 2021 were as follows:

	(Millions of yen) 2021	(Thousands of U.S. dollars) 2021
Short-term Borrowings	¥ 20,889	$ 188,673
Current Portion of Long-term Debt	20,506	185,209
Long-term Debt	30,651	276,839
Total	¥ 72,047	$ 650,721

10. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2021 and 2020 was as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021	Weighted average interest rate 2021
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	¥ 317,783	¥ 256,732	$ 2,870,157	0.54%
Commercial Paper	714,100	669,100	6,449,603	0.03%
Payables under securitized lease receivables	101,458	105,242	916,348	0.09%
Total	¥ 1,133,341	¥ 1,031,075	$10,236,108	
Current Portion of Long-term Debt				
Bonds payable	¥ 40,000	¥ —	$ 361,272	0.040%~0.534%
Long-term Debt from banks and other financial institutions	228,426	185,358	2,063,097	0.47%
Total	¥ 268,426	¥ 185,358	$ 2,424,369	

(2) "Long-term Debt" as of March 31, 2021 and 2020 was as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021	Weighted average interest rate 2021
Long-term Debt				
Bonds payable, Japanese Yen	¥ 165,000	¥ 130,000	$ 1,490,246	0.030%~0.534%
Bonds payable, U.S. Dollar	5,425	5,332	49,000	2.745%
Long-term Debt from banks and other financial institutions	649,933	622,890	5,870,062	0.49%
Payables under securitized lease receivables	33,261	25,979	300,406	0.21%
Total	¥ 853,619	¥ 784,202	$ 7,709,714	

(*1) The Group has entered into overdraft contracts with 50 and 51 financial institutions that provide the Group with credit facilities amounting to ¥870,855 million ($7,865,381 thousand) and ¥717,778 million as of March 31, 2021 and 2020, respectively. The unused facilities maintained by the Group as of March 31, 2021 and 2020 amounted to ¥562,815 million ($5,083,233 thousand) and ¥473,902 million, respectively.
(*2) "Payables under securitized lease receivables" is a type of financing based on the law for the regulation of specific claims. The lease receivables sold under this law as of March 31, 2021 and 2020 were ¥166,890 million ($1,507,324 thousand) and ¥164,497 million respectively.
(*3) The aggregate annual maturities of "Long-term Debt" as of March 31, 2021 were as follows:

Years Ending March 31	(Millions of yen) 2021	(Thousands of U.S. dollars) 2021
2023	¥ 208,219	$ 1,880,596
2024	146,364	1,321,932
2025	128,477	1,160,385
2026	134,569	1,215,407
2027 and thereafter	235,987	2,131,394
Total	¥ 853,619	$ 7,709,714

11. Retirement and Pension Plans

Outline of plans

The Company and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit retirement benefits plan as well as a corporate retirement plan as a defined contribution retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

Defined benefit plan

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Balance at beginning of year	¥ 6,598	¥ 6,555	$ 59,594
Current service cost	393	391	3,552
Interest cost	25	25	231
Actuarial gains	(182)	18	(1,649)
Benefits paid	(288)	(393)	(2,604)
Past service costs	(85)	—	(774)
Balance at end of year	¥ 6,460	¥ 6,598	$ 58,350

(*1) Certain consolidated subsidiaries that have lump-sum severance payment plans use the simplified method in determining the projected benefit obligations.

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Balance at beginning of year	¥ 3,942	¥ 4,106	$ 35,612
Expected return on plan assets	35	22	324
Actuarial gains	707	(179)	6,391
Contributions from the employer	201	185	1,818
Benefits paid	(55)	(191)	(503)
Balance at end of year	¥ 4,832	¥ 3,942	$ 43,642

(3) Reconciliation between the liability recorded in the Consolidated Balance Sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Defined benefit obligation	¥ 4,128	¥ 4,168	$ 37,286
Plan assets	(4,832)	(3,942)	(43,642)
Total	(703)	225	(6,356)
Unfunded defined benefit obligation	2,332	2,429	21,064
Net liability arising from defined benefit obligation	¥ 1,628	¥ 2,655	$ 14,708

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Asset for employees' retirement benefits	¥ (703)	¥ —	$ (6,356)
Liability for employees' retirement benefits	2,332	2,655	21,064
Net liability arising from defined benefit obligation	¥ 1,628	¥ 2,655	$ 14,708

(4) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Service cost (*1)	¥ 393	¥ 391	$ 3,552
Interest cost	25	25	231
Expected return on plan assets	(35)	(22)	(324)
Recognized actuarial gains (losses)	27	(4)	251
Recognized past service costs	(17)	—	(154)
Net periodic benefit costs	¥ 393	¥ 390	$ 3,556

(*1) Service cost includes retirement benefits expenses of certain consolidated subsidiaries that use the simplified method.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Past service costs	¥ 68	¥ —	$ 619
Actuarial gains (losses)	926	(220)	8,365
Total	¥ 994	¥ (220)	$ 8,984

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Unrecognized past service costs	¥ 68	¥ —	$ 619
Unrecognized actuarial gains (losses)	840	(86)	7,587
Total	¥ 908	¥ (86)	$ 8,206

(7) Plan assets as of March 31, 2021 and 2020, were as follows:

a. Components of plan assets

Plan assets consisted of the following:

	2021	2020
Domestic debt investments	19.2%	20.9%
Domestic equity investments	22.3	19.1
Foreign debt investments	8.6	9.0
Foreign equity investments	21.3	17.8
Insurance assets (general account)	25.8	30.0
Others	2.8	3.2
Total	100.0%	100.0%

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

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

(8) Assumptions used for the years ended March 31, 2021 and 2020, are set forth as follows:

	2021	2020
Discount rate	0.30 - 0.47%	0.30 - 0.47%
Expected rate of return on plan assets	0.91%	0.55%
Expected rate of future salary increases	3.45 - 6.84%	4.38 - 9.27%

Defined contribution plan

The Group's contributions to the defined contribution retirement plan for the years ended March 31, 2021 and 2020, were ¥74 million ($673 thousand) and ¥62 million, respectively.

12. Income Taxes

The Company and certain consolidated subsidiaries are subject to a number of taxes based on income, which, in the aggregate, resulted in a normal effective statutory tax rate in Japan of approximately 30.6% for the years ended March 31, 2021 and 2020.

Deferred Tax Assets and Liabilities consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Deferred Tax Assets:			
Allowance for Doubtful Receivables	¥ 690	¥ 528	$ 6,232
Depreciation	1,003	740	9,062
Liability for Employees' Retirement Benefits	113	429	1,027
Write-off of Securities	292	337	2,641
Accrued Enterprise Tax	434	390	3,929
Other	6,553	5,459	59,187
Deferred Tax Assets Subtotal	9,087	7,885	82,078
Valuation Allowance	(1,135)	(1,173)	(10,254)
Total Deferred Tax Assets	7,952	6,712	71,824
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale Securities	(2,776)	(3,241)	(25,078)
Investments in Lease	(211)	(110)	(1,915)
Other	(1,712)	(1,065)	(15,470)
Total Deferred Tax Liabilities	(4,701)	(4,417)	(42,463)
Net Deferred Tax Assets	¥3,250	¥2,294	$ 29,361

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2021, as follows:

	2021
Normal effective statutory tax rate	30.6%
Inhabitants tax per capita levy	0.2
Permanent differences, such as entertainment expenses	0.4
Amortization of goodwill	0.5
Valuation allowance	(0.3)
Equity in Earnings of Associated Companies	(3.1)
Other-net	0.5
Actual effective tax rate	28.8%

Such information for the year ended March 31, 2020 is not presented as the difference is less than 5% of the effective statutory tax rate.

13. Commitments and Contingent Liabilities

(1) Commitments

The Company had loan commitment agreements as of March 31, 2021 and 2020 of ¥14,385 million ($129,928 thousand) and ¥4,299 million, respectively. The loans provided under these credit facilities as of March 31, 2021 and 2020 amounted to ¥6,664 million ($60,194 thousand) and ¥3,274 million, respectively.

Many of these facilities expire without being utilized and the related borrowings are subject to periodic reviews of the borrowers' credibility. Any unused amount will not necessarily be utilized in full.

(2) Contingent Liabilities

Contingent Liabilities as of March 31, 2021 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2021	2021
Guarantee Obligations with respect to operating activities (*1)	¥ 13,883	$ 125,391
Other Guarantee Obligations	11,103	100,287
Total	¥ 24,987	$ 225,678

(*1) The amount includes loans and trade receivables provided by Unipres Corporation and others, which are guaranteed by the Company.

14. 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 dividends upon resolution at the shareholders meeting. Additionally, for companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, 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. However, the Company cannot do so because it does not meet (4) of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(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 total of the aggregate amount of legal reserves and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserves may be reversed without limitation. The Companies Act also provides that common stock, legal reserves, 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 dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

15. Selling, General and Administrative Expenses

Major components of Selling, General and Administrative Expenses were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Accruals (reversal) for Doubtful Receivables	¥ 78	¥ (435)	$ 705
Reversal for Debt Guarantees	(2)	(16)	(18)
Salaries and Wages	9,319	8,492	84,174
Provision for Bonus Payments	1,190	1,018	10,749
Provision for Bonus Payments to Directors	136	94	1,228
Retirement Benefits Costs for Employees	468	453	4,228
Provision for Reserve for Management Board Benefit Trust	282	266	2,549

16. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," 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 whose 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.

Consolidated Financial Statements

(1) Description and revision of reportable segments
The reportable segments of the Group are those for which separate financial information is available and regular evaluation by the Company management is being performed in order to decide periodically how resources are allocated among the Group.

The Group provides total financial services such as leasing business, installment sales and loan business to a wide range of customers from large companies to small and medium-sized companies. The Group has three business segments based on its services: "Leasing and Installment Sales", "Finance" and "Other".

"Leasing and Installment Sales" segment represents leasing business for industrial machinery, information-related equipment and transportation equipment (including sales of subject properties upon expiration or cancellation of lease agreements) and installment sales business. "Finance" segment represents loan business, factoring business and securities business which invests in securities that are held for the purpose of generating operational revenues. "Other" segment represents buying and selling of used properties business and sales of solar power business etc.

(2) Methods of measurement for the amounts of sales, profit, assets, liabilities and other items for each reportable segment

(3) The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies".

Information about sales, profit, assets, liabilities and other items for the years ended March 31, 2021 and 2020 was as follows:

(Millions of yen)

2021	Reportable segment: Leasing and Installment Sales	Finance	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:						
Sales to external customers	¥ 482,545	¥ 14,508	¥ 798	¥ 497,852	¥ —	¥ 497,852
Intersegment sales and transfers	307	862	149	1,318	(1,318)	—
Total	482,853	15,370	947	499,171	(1,318)	497,852
Operating Expenses	460,395	6,402	809	467,608	4,281	471,889
Segment Profit	¥ 22,457	¥ 8,968	¥ 137	¥ 31,563	¥ (5,600)	¥ 25,963
Segment Assets	¥ 1,685,396	¥ 872,685	¥ 1,685	¥ 2,559,767	¥ 43,423	¥ 2,603,190
Others						
Depreciation and Amortization	13,504	—	—	13,504	2,291	15,796
Capital Expenditure	154,144	—	—	154,144	3,195	157,340

(Millions of yen)

2020	Reportable segment: Leasing and Installment Sales	Finance	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:						
Sales to external customers	¥ 511,721	¥ 18,772	¥ 8,747	¥ 539,241	¥ —	¥ 539,241
Intersegment sales and transfers	348	867	18	1,234	(1,234)	—
Total	512,069	19,640	8,766	540,476	(1,234)	539,241
Operating Expenses	493,481	6,807	8,181	508,470	4,495	512,966
Segment Profit	¥ 18,588	¥ 12,832	¥ 584	¥ 32,005	¥ (5,730)	¥ 26,275
Segment Assets	¥ 1,558,974	¥ 712,935	¥ 2,288	¥ 2,274,197	¥ 74,218	¥ 2,348,416
Others						
Depreciation and Amortization	12,962	—	—	12,962	2,141	15,104
Capital Expenditure	181,931	—	—	181,931	3,032	184,964

(Thousands of U.S. dollars)

2021	Reportable segment: Leasing and Installment Sales	Finance	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:						
Sales to external customers	$ 4,358,253	$ 131,036	$ 7,213	$ 4,496,502	$ —	$ 4,496,502
Intersegment sales and transfers	2,775	7,790	1,348	11,913	(11,913)	—
Total	4,361,028	138,826	8,561	4,508,415	(11,913)	4,496,502
Operating Expenses	4,158,201	57,825	7,315	4,223,341	38,668	4,262,009
Segment Profit	$ 202,827	$ 81,001	$ 1,246	$ 285,074	$ (50,581)	$ 234,493
Segment Assets	$ 15,222,151	$ 7,881,917	$ 15,221	$ 23,119,289	$ 392,188	$ 23,511,477
Others						
Depreciation and Amortization	121,974	—	—	121,974	20,693	142,667
Capital Expenditure	1,392,202	—	—	1,392,202	28,864	1,421,066

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2021 and 2020 were as follows:

	2021 (Millions of yen)	2020 (Millions of yen)	2021 (Thousands of U.S. dollars)
Elimination of intersegment transactions	¥ 603	¥ 332	$ 5,455
Administrative expenses not allocated to the reportable segments	(6,204)	(6,062)	(56,036)
Total	¥ (5,600)	¥ (5,730)	$ (50,581)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2021 and 2020 were as follows:

	2021 (Millions of yen)	2020 (Millions of yen)	2021 (Thousands of U.S. dollars)
Elimination of intersegment transactions	¥ (53,038)	¥ (48,014)	$ (479,036)
Corporate assets not allocated to the reportable segments	96,461	122,233	871,224
Total	¥ 43,423	¥ 74,218	$ 392,188

(*3) Reconciliations of "Depreciation and Amortization" and "Capital Expenditure" are related to corporate assets not allocated to the reportable segments.
(*4) Segment Profits are reconciled to Operating Income in the Consolidated Statement of Income.

(4) Information about Geographical Areas
Property and Equipment

	Japan	Europe	North America / Latin America	Asia	Total
2021 (Millions of yen)	¥ 261,841	¥ 8,094	¥ 35,526	¥ 294	¥ 305,757
2020 (Millions of yen)	¥ 201,178	¥ 8,982	¥ 39,234	¥ 250	¥ 249,646
2021 (Thousands of U.S. dollars)	$ 2,364,899	$ 73,106	$ 320,868	$ 2,661	$ 2,761,534

(*1) Assets are classified by country or region based on the location of the Company and consolidated subsidiaries.
(*2) Information by geographic segment of Sales is not presented as domestic sales exceeded 90% of all segments.

(5) Impairment loss of long-lived assets per reportable segment:

	(Millions of yen)					
	2020					
	Reportable segment					
	Leasing and Installment Sales	Finance	Other	Total	Reconciliations	Consolidated
Impairment loss	¥ 322	¥ —	¥ —	¥ 322	¥ —	¥ 322

Reportable segment information for the year ended March 31, 2021 is not presented as the amount of impairment loss is zero.

(6) Goodwill per reportable segment:
Goodwill per reportable segment for the years ended March 31, 2021 and 2020 is not presented as they were immaterial.

17. Lease Transactions

Operating Leases as lessee

The minimum rental commitments under non-cancellable operating leases as of March 31, 2021 and 2020 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Due within one year	¥ 6	¥ 7	$ 59
Due after one year	11	14	106
Total	¥18	¥22	$165

Finance Leases as lessor

(1) The net investments in lease were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Lease contract receivables	¥1,024,615	¥991,739	$9,254,117
Estimated residual value	272	732	2,459
Interest income equivalents	(102,383)	(56,594)	(924,709)
Total	¥922,504	¥935,877	$8,331,867

(2) Maturities of Lease Receivables for finance leases that were deemed to transfer ownership of the leased property to the lessee were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2021	2021
2022	¥ 70,817	$ 639,605
2023	62,309	562,770
2024	49,415	446,307
2025	41,784	377,385
2026	25,093	226,642
2027 and thereafter	11,467	103,568
Total	¥ 260,887	$ 2,356,277

(3) Maturities of Investments in Lease for finance leases that were deemed not to transfer ownership of the leased property to the lessee were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2021	2021
2022	¥ 280,248	$ 2,531,143
2023	196,368	1,773,563
2024	162,802	1,470,399
2025	127,393	1,150,593
2026	76,005	686,462
2027 and thereafter	181,797	1,641,957
Total	¥ 1,024,615	$ 9,254,117

Operating Leases as lessor

Future lease receivables under non-cancellable operating leases were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Due within one year	¥ 117,555	¥ 79,605	$ 1,061,734
Due after one year	166,959	152,306	1,507,945
Total	¥ 284,514	¥ 231,912	$ 2,569,679

Sub-lease transactions

Among the receivables and obligations relating to the sub-lease transactions, the amounts before deducting interest equivalents and included in the Consolidated Balance Sheet as of March 31, 2021 and 2020 were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Lease Receivable	¥ 1,025	¥ 686	$ 9,262
Investments in Lease	7,665	7,923	69,230
Lease Payable	8,915	8,769	80,521

18. Financial Instruments and Related Disclosures

(1) Policy for financial instruments
The Group provides comprehensive financial services, including leasing, installment sales and loans. From the perspective of financial stability, the Group diversifies its funding sources. In addition to the indirect funding from financial institutions, the Group utilizes direct funding such as issuing bonds, commercial paper and securitization of lease receivables. Further, the Group has an integrated Asset-Liability Management (ALM) program. Derivatives are used to avoid fluctuation risks such as interest rates and to secure stable profits.

(2) Nature and extent of risks arising from financial instruments
Financial assets held by the Group mainly consist of lease receivables and investments in lease, installment sales receivables, loans receivables, and factoring receivables mainly due from domestic business companies. These assets are exposed to the credit risks triggered by a contractual default of a counterparty to the transactions. In the case of deterioration in the credit conditions of counterparties caused by a change in economic conditions or the environment, it is possible that the repayment of obligations under the contract may not be performed. Investment securities, which are mainly comprised of stocks, bonds, preferred equities and investments in partnerships, are exposed to market price fluctuation risks if they are exchange-traded in addition to the credit risk of issuers. Transactions related to real estate finance are exposed to the risk of price fluctuations in the targeted real estate.

Borrowings, bonds and commercial paper are exposed to the interest rate fluctuation risk for floating interest rate funding, and the liquidity risk that ready access to funds may not be available due to a change in the financial market environment. An ALM analysis is employed in order to make stable profit as well as to manage these funding risks.

Derivative transactions are mainly composed of interest rate swaps arranged as a part of ALM. The Group enters into interest rate swap transactions as a hedging instrument and applies hedge accounting to the interest rate fluctuation risk associated with interest bearing debt such as bank loans. It is the Group's basic policy to utilize hedge transactions within the limit of the debt amount to reduce interest rate risks and to improve cash flow from financial activities. The effectiveness of the hedge transactions are assessed by comparing the changes in the market price and cumulative cash flows between the hedging instrument and the hedged item from the beginning of the hedge to the time of assessment.

The Group also utilizes derivative transactions such as foreign currency forward contracts and interest and currency swaps etc. to control the level of the risk associated with the assets and liabilities denominated in foreign currencies.

(3) Risk management for financial instruments
(a) Integrated risk management
The Group places an extremely high priority on integrated monitoring and control of total financial risks, including credit risks and market risks which consist of interest rate risk and share price fluctuation risk. Thus, The Group incorporates an integrated risk management system into its management policy in order to improve the stability of the business. Specifically, the Group manages various quantified risks in an integrated fashion to control the total risk under a certain level of net equity (business capacity) of the company. In addition, a risk analysis is performed monthly, the results of which are reported to the Board of Directors.

(b) Credit risk management
The Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit to manage the credit risks of business partners.

Firstly, at the initial stage of deal execution, the Group assigns a credit rating to each debtor under its client credit rating system, conducts a strict credit screening and makes judgments on contract arrangements based on the prospects of future value of leasing assets, and from the perspective of the avoidance of excessive concentrations of credit, the Group monitors its credit administration ceiling by using its credit rating monitoring systems. Any large contract or matter requiring complex risk judgment requires the deliberation and decision by the Credit Committee, which enhances the risk control process. When offering new services or new products, the Group thoroughly reviews the identification and evaluation of inherent risks through the Risk Control Committee.

And next, as an ongoing management measures, the Group provides necessary write-offs or allowances in accordance with the self-assessment rules for assets conforming to “Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry”. Furthermore, regarding credit risk management for the portfolio as a whole, through the quantification of the volume of the risk based on the credit rating of business customers, the Group endeavors to minimize credit costs. Also, the Group periodically follows up on non-performing assets and performs debt collection of assets for which the Group has already provided reserves to facilitate final disposal of non-performing assets.

(c) Market risk management
The Group establishes basic policies (e.g., funding policy, setting commercial paper program, hedging policy and securities trading policy) at the Board of Directors that are designed based on market environments and financial strength meeting to control risks in line with financial operations. In addition, monthly ALM operating policies based on these basic policies, position limits, and loss limits, etc., are determined on a monthly basis at the PM·ALM Committee, and the Group strives to maintain stable earnings by controlling risk factors. Also, with regard to market transactions, in order to maintain a mutual check system, The Group separately established the risk control department that is independent from departments that are responsible for executions or for approval of delivery settlement.

(i) Interest rate risk management
In order to manage interest rate risk, the Group monitors the matching ratio (i.e., proportion of assets that is not exposed to interest rate risk without allocation of the matching fixed/floating interest bearing debt to entire assets) under ALM. Also, the Group quantifies the interest rate and maturity of financial assets and liabilities based on *BPV (Basis Point Value). The Group analyzes and monitors them using statistical techniques such as *VaR (Value at Risk).

In addition, compliance with the internal rules etc. is managed by the risk control department.

Sensitivity to interest rate (10BPV) interest rate risk volume (VaR) figures in the Group as of March 31, 2021 and 2020, are as shown below. The Internal Models Approach applied to measure VaR is based on the assumption that past price fluctuations follow a normal distribution and the model calculates variance and covariance, based on which the Group estimates maximum losses statistically (variance/covariance method).

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Sensitivity to interest rate (10BPV)	¥ (2,340)	¥ (2,410)	$ (21,134)
Interest rate risk volume (VaR)	¥ 1,490	¥ 3,560	$ 13,457

The VaR measurement method is as follows:
Variance-covariance model for linear risk
Quantitative criteria:
(1) Confidence interval: 99%;
(2) Holding period of one month; and
(3) Historical observation period of one year

(ii) Price fluctuation risk management of securities such as stock
Relating to the price fluctuation risk of securities, the risk control department captures the volume of the risk using the VaR. In addition, it monitors the status of compliance with our internal rules.

The VaR measurements in the Group as of March 31, 2021 and 2020, are shown below. To measure the VaR, the Group created a model that shows the price fluctuation of each stock based on the stock price index fluctuation. The Group adopted the stock price fluctuation model that sets the stock price index fluctuation ratio represented by the risk factor of general market risk. Also, the inherent fluctuation portion of each stock that is unable to be shown by the stock price index is set as a risk factor of individual risk in our model.

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Price variation risk of stock (VaR)	¥ 0	¥ 0	$ 0

(Note) The VaR value shown above reflects annual realized profit or loss (including impairment loss) and unrealized profit or loss, net of corporate income taxes.

The VaR measurement method is as follows:
Quantitative criteria:
(1) Confidence interval: 99%;
(2) Holding period of one month; and
(3) Historical observation period of one year.

The market price at the measurement date is used for securities with market price. The moving-average acquisition costs or the amortized costs are used for securities without market price. General market risk (risk of suffering losses due to stock market movement) and individual risk (price variance risk due to factors associated with the issuer of stock) are calculated and combined. Individual risk for securities without market price is calculated assuming a fluctuation ratio of 8%.

(iii) Derivative transactions
The derivative transactions carried out by the Group mainly consist of interest rate swaps, entered as a part of ALM, to hedge the interest rate risks. The operating policy of hedging is determined at the monthly PM·ALM Committee to control the interest rate risk. Also, from an operational control perspective, in order to ensure a proper review function, the Group has an organizational structure whereby the transaction execution department is clearly separated from the market risk control department, which is responsible for evaluation of the effectiveness of hedging transactions, and the operations department, which is responsible for delivery settlement. For the use of derivative transactions, the Group enters into such transactions only with major financial institutions in order to mitigate counterparty risk.

(d) Other price fluctuation risk management
The risk mainly consists of real estate price fluctuation risks for specified bonds, preferred shares, investments in partnerships, and non-recourse loans relating to a real estate finance vehicle. The risk is managed by estimating the fair value of real estate at exit and monitoring the quantified risk for loss of principal.

(e) Liquidity risk management
The Group manages liquidity risk by diversifying the method of funding and balancing its long-term and shortterm funding needs, depending upon the market environment.

(4) Supplemental explanation for quantitative information concerning market risk
Because quantitative information concerning market risk is based on statistical assumptions, the quantitative information may differ depending upon the quantitative basis and measurement method assumed. Also, the quantitative information is a statistical result based on certain assumptions. It is not intended to show the expected maximum losses. Because future market conditions may differ considerably from past conditions, there are many limitations on the quantitative data that is estimated using observation values of past data.

Consolidated Financial Statements

(Glossary)

*BPV: BPV is one of the interest rate risk indices indicating the change in present value of subject assets or liabilities given a basis point (0.01%) change in interest rates. The Group adopts 10 basis points (0.1%) as the basis for change of value.

*VaR: VaR is a technique for estimating the probable maximum portfolio losses as a volume of risk when the market is affected adversely based on the statistical analysis of historical data under a given time and probability (99% one-sided confidence interval).

(5) Supplemental explanation for fair values of financial instruments

Fair values of financial instruments are based on the quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Such prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

(a) Fair values of financial instruments

(Millions of yen)

March 31,	2021 Carrying amount	2021 Fair value	2021 Unrealized gain (loss)	2020 Carrying amount	2020 Fair value	2020 Unrealized gain (loss)
Cash and Cash Equivalents	¥ 20,406	¥ 20,406	¥ —	¥ 22,299	¥ 22,299	¥ —
Securities (*1)						
Available-for-sale Securities	153,216	153,216	—	171,052	171,052	—
Investments in Unconsolidated Subsidiaries and Associated Companies	38,842	21,375	(17,467)	—	—	—
Lease Receivables and Investments in Lease (*2) (*3) (*4)	1,156,021	1,208,328	52,306	1,064,970	1,116,018	51,048
Installment Sales Receivables (*2) (*5)	123,267	123,553	285	139,138	139,914	775
Loans Receivables (*2)	328,444	346,977	18,532	270,640	285,431	14,791
Factoring Receivables (*2)	171,559	174,211	2,652	129,621	131,146	1,524
Long-term Receivables (*6)	10,980	10,980	—	4,973	4,973	—
Assets total	¥ 2,002,739	¥ 2,059,049	¥ 56,309	¥ 1,802,696	¥ 1,870,835	¥ 68,139
Short-term Borrowings	¥ 1,133,341	¥ 1,133,383	¥ 41	¥ 1,031,075	¥ 1,030,982	¥ 92
Lease Payable	8,958	8,909	(49)	8,772	8,763	8
Accounts Payable — trade	35,157	35,133	(24)	49,318	49,300	17
Long-term Debt (*7) (*8)	1,122,045	1,121,874	(170)	969,560	971,019	(1,458)
Liabilities total	¥ 2,299,503	¥ 2,299,301	¥ (202)	¥ 2,058,726	¥ 2,060,065	¥ (1,338)
Hedge accounting is not applied (*9)	¥ (3)	¥ (3)	¥ —	¥ 68	¥ 68	¥ —
Hedge accounting is applied (*9)	(1,883)	(1,883)	—	(2,172)	(2,172)	—
Derivative transactions total	¥ (1,887)	¥ (1,887)	¥ —	¥ (2,103)	¥ (2,103)	¥ —

(Thousands of U.S. dollars)

March 31,	2021 Carrying amount	2021 Fair value	2021 Unrealized gain (loss)
Cash and Cash Equivalents	$ 184,309	$ 184,309	$ —
Securities (*1)			
Available-for-sale Securities	1,383,818	1,383,818	—
Investments in Unconsolidated Subsidiaries and Associated Companies	350,819	193,056	(157,763)
Lease Receivables and Investments in Lease (*2) (*3) (*4)	10,440,948	10,913,370	472,422
Installment Sales Receivables (*2) (*5)	1,113,328	1,115,910	2,582
Loans Receivables (*2)	2,966,446	3,133,827	167,381
Factoring Receivables (*2)	1,549,491	1,573,444	23,953
Long-term Receivables (*6)	99,169	99,169	—
Assets total	$ 18,088,328	$ 18,596,903	$ 508,575
Short-term Borrowings	$ 10,236,108	$ 10,236,483	$ 375
Lease Payable	80,911	80,468	(443)
Accounts Payable — trade	317,539	317,320	(219)
Long-term Debt (*7) (*8)	10,134,083	10,132,541	(1,542)
Liabilities total	$ 20,768,641	$ 20,766,812	$ (1,829)
Hedge accounting is not applied (*9)	$ (36)	$ (36)	$ —
Hedge accounting is applied (*9)	(17,013)	(17,013)	—
Derivative transactions total	$ (17,049)	$ (17,049)	$ —

(*1) Securities include Operational Investment Securities and Investment Securities.
(*2) Lease Receivables and Investments in Lease, Installment Sales Receivables, Loans Receivables and Factoring Receivables are stated net of Allowance for Doubtful Receivables.
(*3) Investments in Lease are stated net of estimated residual value of lease assets for finance leases that are deemed not to transfer ownership of the leased property to the lessee.
(*4) Unearned lease payments received are not included in Lease Receivables and Investments in Lease.
(*5) Installment Sales Receivables are stated net of Deferred Profit on Installment Sales.
(*6) Long-term Receivables are stated net of Allowance for Doubtful Receivables.
(*7) Current Portion of Long-term Debt is included.
(*8) Long-term Debt includes Payables under Securitized Lease Receivables.
(*9) Assets and liabilities incurred resulting from derivative transactions are netted. The net liability is presented in parenthesis.

Methods for determining the fair values of financial instruments were as follows:

(a) Cash and Cash Equivalents
The carrying values of bank deposits approximate fair values because of their short maturities.

(b) Operational Investment Securities and Investment Securities
The fair values of securities are measured at the quoted market price of the stock exchange for the equity instruments. The fair values of bonds are measured at the quoted price obtained from the financial institution for the debt instruments, or are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as an interbank market rate plus a credit spread. Fair value information for securities by classifications is included in Note 5. Operational Investment Securities and Investment Securities.

(c) Lease Receivables and Investments in Lease
The fair values of Lease Receivables and Investments in Lease are principally determined by discounting the future cash flows (lease payments received less maintenance fees), by credit risk categories for risk management, at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

(d) Installment Sales Receivables
The fair values of Installment Sales Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

(e) Loans Receivables and Factoring Receivables
The fair values of Loans Receivables and Factoring Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

(f) Long-term Receivables
The carrying values of Long-term Receivables at the balance sheet date (net of Allowance for Doubtful Receivables) approximate fair values, because the Allowance for Doubtful Receivables is determined based on the amount that is expected to be recovered from collateral and guarantees.

(g) Short-term Borrowings
Short-term Borrowings from banks and other financial institutions
The fair values of Short-term Borrowings from banks and other financial institutions are measured at the amount of principal plus interest to be paid at maturity discounted at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

Commercial Paper
The fair values of Commercial Paper are measured at the amount of principal plus interest to be paid at maturity discounted at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

Payables under Securitized Lease Receivables
The fair values of Payables under Securitized Lease Receivables are determined by discounting the future cash flows at an appropriate benchmark rate such as an interbank market rate plus spread for securitization.

(h) Lease Payable
The fair values of Lease Payable are principally determined by discounting the future cash flows at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

(i) Accounts Payable - trade
The carrying values of Accounts Payable - trade approximate fair value because they are settled within a short period. The fair values of long-term Accounts Payable are determined by discounting the future cash flows at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

(j) Long-term Debt
Bonds Payable
The fair values of Bonds Payable are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

Long-term Debt from banks and other financial institutions
The fair values of Long-term Debt from banks and other financial institutions are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as an interbank market rate plus a credit spread.

Payables under Securitized Lease Receivables
The fair values of Payables under Securitized Lease Receivables are determined by discounting the future cash flows at an appropriate benchmark rate such as an interbank market rate plus spread for securitization.

(k) Derivatives
Fair value information for derivatives is included in Note 19.

(b) Carrying amount of financial instruments whose fair values cannot be readily determined

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2020	2021
Unlisted Stocks (*1) (*2)	¥101,794	¥ 99,875	$ 919,391
Funds, Investments in Partnerships (*3)	66,239	39,873	598,264
Preferred Equities (*4)	6,072	4,427	54,849
Other (*4)	26,784	25,769	241,911
Total	¥200,892	¥169,945	$ 1,814,415

(*1) As unlisted stocks do not have quoted market prices in an active market and their fair values cannot be readily determined, they are excluded from the disclosure of market value information.
(*2) The impairment loss on certain unlisted stocks for the year ended March 31, 2021 and 2020 was ¥35 million ($323 thousand) and ¥336 million, respectively.
(*3) Investments in funds and partnerships are excluded from the disclosure of market value information, as they are composed of financial instruments whose fair values cannot be readily determined, such as unlisted stocks.
(*4) These financial instruments are excluded from the disclosure of market value information, as they do not have quoted market prices in an active market and fair values cannot be readily determined.

Consolidated Financial Statements

(6) Maturity analysis for financial assets and securities with contractual maturities

(Millions of yen)

March 31, 2021	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
Cash and Cash Equivalents	¥ 20,406	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities						
Bonds						
National and Local government Bonds	—	—	—	—	—	—
Corporate Bonds	22,000	23,160	21,720	3,500	22,100	14,100
Other	16,667	22,048	11,177	6,017	6,561	35,882
Lease Receivables and Investments in Lease	319,193	235,939	194,911	155,788	92,883	175,352
Installment Sales Receivables	46,327	31,696	24,300	16,168	5,236	3,322
Loans Receivables	59,127	60,322	55,800	41,962	85,809	26,037
Factoring Receivables	138,020	7,952	4,834	6,245	2,678	11,884
Total	¥ 621,743	¥ 381,117	¥ 312,744	¥ 229,682	¥ 215,268	¥ 266,580

(Millions of yen)

March 31, 2020	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
Cash and Cash Equivalents	¥ 22,299	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities						
Bonds						
National and Local government Bonds	—	—	—	—	—	—
Corporate Bonds	25,300	22,000	23,160	25,620	3,500	23,700
Other	3,453	8,099	20,100	9,910	4,864	18,245
Lease Receivables and Investments in Lease	301,755	225,341	166,226	127,920	93,890	166,953
Installment Sales Receivables	50,156	37,648	24,440	18,050	7,108	4,407
Loans Receivables	85,711	46,203	47,535	32,652	24,574	34,644
Factoring Receivables	106,017	8,848	4,439	3,536	2,372	4,463
Total	¥ 594,693	¥ 348,142	¥ 285,901	¥ 217,691	¥ 136,311	¥ 252,414

(Thousands of U.S. dollars)

March 31, 2021	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
Cash and Cash Equivalents	$ 184,309	$ —	$ —	$ —	$ —	$ —
Securities						
Available-for-sale Securities						
Bonds						
National and Local government Bonds	—	—	—	—	—	—
Corporate Bonds	198,699	209,176	196,171	31,611	199,603	127,348
Other	150,541	199,134	100,954	54,351	59,259	324,087
Lease Receivables and Investments in Lease	2,882,887	2,130,954	1,760,396	1,407,048	838,904	1,583,751
Installment Sales Receivables	418,418	286,274	219,475	146,032	47,291	30,009
Loans Receivables	534,029	544,816	503,980	378,995	775,012	235,168
Factoring Receivables	1,246,573	71,823	43,665	56,404	24,190	107,336
Total	$ 5,615,456	$ 3,442,177	$ 2,824,641	$ 2,074,441	$ 1,944,259	$ 2,407,699

(*1) Please see Note 10 for annual maturities of Long-term Debt.

19. Derivatives

Fair values of derivative transactions were as follows. The fair value is measured at quoted prices obtained from the financial institutions. The contract amounts shown in the tables are the notional amounts of derivatives and do not indicate the Company's exposure to credit or market risks:

Derivative transactions to which hedge accounting is not applied:

(1) Interest rate and currency swaps

(Millions of yen)

At March 31,	2021				2020			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized (Loss) Gain	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized (Loss) Gain
Payment - floating rate in Japanese Yen, receipt - floating rate in U.S. dollars	¥ 2,243	¥ 2,243	¥ (3)	¥ (3)	¥ 3,333	¥ 2,243	¥ 68	¥ 68

(Thousands of U.S. dollars)

At March 31,	2021			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized (Loss) Gain
Payment - floating rate in Japanese Yen, receipt - floating rate in U.S. dollars	$ 20,264	$ 20,264	$ (36)	$ (36)

Derivative transactions to which hedge accounting is applied:

(1) Interest rate swaps

(Millions of yen)

At March 31,		2021			2020		
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value	Contract Amount	Contract Amount due after One Year	Fair Value
Payment - fixed rate, receipt - floating rate	Short-term Borrowings, Long-term Debt	¥ 128,868	¥ 107,626	¥ (960)	¥ 137,899	¥ 116,028	¥ (1,445)
Payment - floating rate, receipt - fixed rate	Long-term Debt	¥ 19,500	¥ 19,500	¥ (13)	¥ 19,500	¥ 19,500	¥ 28
	Bonds Payable	¥ 22,000	¥ 22,000	¥ 20	¥ 18,000	¥ 18,000	¥ 21

(Thousands of U.S. dollars)

At March 31,		2021		
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Payment - fixed rate, receipt - floating rate	Short-term Borrowings, Long-term Debt	$ 1,163,917	$ 972,061	$ (8,671)
Payment - floating rate, receipt - fixed rate	Long-term Debt	$ 176,120	$ 176,120	$ (121)
	Bonds Payable	$ 198,699	$ 198,699	$ 186

Consolidated Financial Statements

(2) Interest rate and currency swaps

(Millions of yen)

At March 31,	Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year	2021 Fair Value	2020 Contract Amount	2020 Contract Amount due after One Year	2020 Fair Value
Payment - fixed rate in Japanese Yen, receipt - fixed rate in U.S. dollars	Operational Investment Securities	¥14,278	¥12,456	¥ (918)	¥14,976	¥14,278	¥ (777)
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Long-term Debt	¥ 216	¥ —	¥ (12)	¥ —	¥ —	¥ —

(Thousands of U.S. dollars)

At March 31,	Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year	2021 Fair Value
Payment - fixed rate in Japanese Yen, receipt – fixed rate in U.S. dollars	Operational Investment Securities	$128,962	$112,501	$ (8,297)
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Long-term Debt	$ 1,953	$ —	$ (110)

Foreign currency forward contracts to which specific accounting is applied:

The following foreign currency forward contracts, which qualify for hedge accounting and meet specific matching criteria, are not re-measured at market value. However, any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts. In addition, the fair value of such foreign currency forward contracts in Note 18 is included in those of the hedged items (i.e. Loans Receivable), in principle.

(1) Foreign currency forward contracts

(Millions of yen)

At March 31,	Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year	2021 Fair Value	2020 Contract Amount	2020 Contract Amount due after One Year	2020 Fair Value
Foreign currency forward contracts Selling, U.S. dollars	Committed transactions in foreign currencies	¥ —	¥ —	¥ —	¥ 91	¥ —	¥ 0

(Thousands of U.S. dollars)

At March 31,	Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year	2021 Fair Value
Foreign currency forward contracts Selling, U.S. dollars	Committed transactions in foreign currencies	$ —	$ —	$ —

Interest rate swaps and interest rate and currency swaps to which specific accounting is applied:

The following interest rate swaps and interest rate and currency swaps, which qualify for hedge accounting and meet specific matching criteria, are not re-measured at market value. However, the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 18 is included in those of the hedged items (i.e. Loans Receivables, Factoring Receivables and Long-term Debt).

(1) Interest rate swaps

(Millions of yen)

At March 31,	2021 Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year	2020 Hedged item	2020 Contract Amount	2020 Contract Amount due after One Year
Payment - fixed rate, receipt - floating rate	Loans Receivables	¥ 2,375	¥ 2,375	Loans Receivables	¥ 2,672	¥ 2,672
	Long-term Debt	¥147,950	¥145,627	Long-term Debt	¥137,232	¥125,032
Payment - floating rate, receipt - fixed rate	Long-term Debt	¥ 18,103	¥ 18,103	Long-term Debt	¥ 16,067	¥ 16,067

(Thousands of U.S. dollars)

At March 31,	2021 Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year
Payment - fixed rate, receipt - floating rate	Loans Receivables	$ 21,451	$ 21,451
	Long-term Debt	$1,336,260	$1,315,275
Payment - floating rate, receipt - fixed rate	Long-term Debt	$ 163,509	$ 163,509

(2) Interest rate and currency swaps

(Millions of yen)

At March 31,	2021 Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year	2020 Hedged item	2020 Contract Amount	2020 Contract Amount due after One Year
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Factoring Receivables	¥ 99	¥ 99	Factoring Receivables	¥ 153	¥ 153

(Thousands of U.S. dollars)

At March 31,	2021 Hedged item	2021 Contract Amount	2021 Contract Amount due after One Year
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Factoring Receivables	$ 896	$ 896

Consolidated Financial Statements

20. Other Comprehensive Loss

The components of other comprehensive loss for the years ended March 31, 2021 and 2020 were as follows:

	(Millions of yen) 2021	2020	(Thousands of U.S. dollars) 2021
Unrealized (Loss) Gain on Available-for-sale Securities			
Gains arising during the year	¥ 3,038	¥ 2,358	$ 27,441
Reclassification adjustments to profit or loss	(4,537)	(1,355)	(40,977)
Amount before income tax effect	(1,498)	1,002	(13,536)
Income tax effect	(465)	315	(4,202)
Total	¥ (1,033)	¥ 686	$ (9,334)
Deferred Loss on Derivatives under Hedge Accounting			
Losses arising during the year	¥ (988)	¥ (1,224)	$ (8,931)
Reclassification adjustments to profit or loss	750	418	6,774
Amount before income tax effect	(238)	(805)	(2,157)
Income tax effect	(72)	(245)	(654)
Total	¥ (166)	¥ (559)	$ (1,503)
Foreign Currency Translation Adjustments			
Adjustments arising during the year	¥ (2,775)	¥ (599)	$ (25,065)
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	(2,775)	(599)	(25,065)
Income tax effect	—	—	—
Total	¥ (2,775)	¥ (599)	$ (25,065)
Defined Retirement Benefit Plans			
Adjustments arising during the year	¥ 984	¥ (216)	$ 8,888
Reclassification adjustments to profit or loss	10	(4)	97
Amount before income tax effect	994	(220)	8,985
Income tax effect	303	(66)	2,743
Total	¥ 691	¥ (154)	$ 6,242
Share of Other Comprehensive Income in associates			
Income arising during the year	¥ 945	¥ 112	$ 8,537
Reclassification adjustments to profit or loss	(18)	—	(164)
Total	¥ 927	¥ 112	$ 8,373
Total Other Comprehensive Loss	¥ (2,356)	¥ (513)	$ (21,287)

21. Supplemental Information on Changes in Equity

The increase of 24 shares of treasury stock is due to the purchase of shares less than one unit. The decrease of 7 thousand shares of treasury stock is due to the sales from BBT mentioned above. Issued shares in common stock at the end of fiscal year includes treasury stock of 631,900 shares held by the Company's BBT. (See Note 2 (aa) for details on BBT.)

22. Related-Party Disclosures

Transactions of the Group with related parties, i.e., a major shareholder, parent company of a major shareholder, unconsolidated subsidiaries, and fellow company for the years ended March 31, 2021 were as follows:

	(Millions of yen) 2021	(Thousands of U.S. dollars) 2021
Borrowing funds	¥ 3,248,415	$ 29,339,016
Securitization of receivables	125,747	1,135,725
Issuance of commercial paper	1,608,100	14,524,025
Payment of interest	2,077	18,766
Receipt of interest	932	8,423
Redemption of bonds	15,000	135,477
Issuance of bonds payable	75,000	677,384

The balances due to or from these companies at March 31, 2021 were as follows:

	(Millions of yen) 2021	(Thousands of U.S. dollars) 2021
Investment securities	¥ 50,477	$ 455,897
Accrued income	188	1,706
Prepaid expenses	2	22
Short-term borrowings	96,049	867,495
Commercial paper	67,100	606,033
Payables under securitized lease receivables	47,929	432,886
Current Portion of Long-term debt	78,619	710,079
Current Portion of Bonds Payable	40,000	361,272
Bonds payable	165,000	1,490,246
Long-term debt	43,514	393,013
Long-term payables under securitized lease receivables	16,750	151,283
Accrued expenses	191	1,727

23. Per Share Information

Details of basic net income attributable to owners of the parent per share ("EPS") for the years ended March 31, 2021 and 2020 were as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
For the year ended March 31,	2021				2020			
	Net income attributable to owners of the parent	Weighted-average shares	EPS		Net income attributable to owners of the parent	Weighted-average shares	EPS	
Basic EPS								
Net income available to common shareholders	¥ 21,772	48,369	¥ 450.14	$ 4.07	¥ 17,512	48,581	¥ 360.49	$ 3.26

24. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of Retained Earning at March 31, 2021, was approved at the Company's shareholders' meeting on June 24, 2021:

	(Millions of yen)	(Thousands of U.S. dollars)
Year-end cash dividends, ¥52.00 ($0.47) per share	¥ 2,548	$ 23,014

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mizuho Leasing Company, Limited:

Opinion

We have audited the consolidated financial statements of Mizuho Leasing Company, Limited and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matters

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

1. Adequacy of the Allowance for Doubtful Receivables

Key Audit Matter Description

The Group recorded lease receivables and investments in lease of ¥1,174,068 million, installment sales receivables of ¥127,051 million, loans receivables of ¥329,059 million and factoring receivables of ¥171,614 million on the consolidated balance sheet as of March 31, 2021. These trade receivables ("Trade Receivables") accounted for the majority of the Group's consolidated total assets.

Also, the allowance for doubtful Trade Receivables was ¥2,764 million (the amounts directly written-off were ¥5,482 million) as of March 31, 2021.

As the Group's counterparties belong to a variety of industries, the amount of uncollectible receivables could exceed the amount expected by the Group due to changes in the domestic and overseas economic trends or the business environment in specific industries, and declines in the value of assets such as real estate. Also, if the counterparty fails to make lease payments due to deterioration in the credit status or the value of collateral declines, there is a possibility that additional credit losses may be incurred.

As described in Note 2(l), "Summary of Significant Accounting Policies—Allowance for Doubtful Receivables" and Note 3(1), "Significant Accounting Estimate—Recognition of Allowance for Doubtful Receivables," to the consolidated financial statements, the allowance for doubtful receivables is provided based on the estimated historical default rate for general trade receivables, and is based on individual reviews for receivables from doubtful and legally bankrupt creditors.

Determining the allowance for doubtful receivables involves a number of management judgments and estimates. In particular, the determination of receivable categories involves significant management judgment as the category is determined through monitoring of debtors for quantitative factors, such as the debtor's financial position, results of operation and cash flows, and qualitative factors, such as operational outlook and liquidity position, in addition to the repayment status. It is this categorization that forms the basis for the estimation of the expected uncollectible amount.

Therefore, we concluded that the adequacy of the allowance for doubtful receivables is significant in our audit of the consolidated financial statements for the year ended March 31, 2021, and thus determined it to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to this key audit matter included the following, among others:

(1) Evaluation of the effectiveness of internal controls

We evaluated the design and operating effectiveness of the internal controls including IT application controls over processes related to the determination of the allowance for doubtful receivables, from properly determining the receivable categories on the basis of such negative information as debtors' delinquency and the like in accordance with the Group's internal management policy through calculation of the allowance.

(2) Substantive procedures

- We selected samples to evaluate the appropriateness of the receivable categories, considering various risks factors, such as the debtor's industry, financial positions/conditions, management judgment involved, and their estimates.
- We critically assessed the appropriateness of the Group's receivable categorization by comparing the supporting documents with available external information, inspecting related documents and inquiring of appropriate personnel from the credit management division.

- 2 -

Independent Auditor's Report

2. Valuation of Goodwill of Associated Companies Accounted for by the Equity Method

Key Audit Matter Description

As described in Note 3(2), "Significant Accounting Estimates—Valuation of Goodwill of Associated Companies," in the consolidated financial statements, investment securities of ¥132,202 million included goodwill of equity-method associated companies.

The Group examined whether an impairment loss should be recognized for goodwill of the equity-method associated companies as of March 31, 2021, through performing internal controls over financial reporting processes.

An indication of impairment is assessed based on whether "the Group incurred or expects operating losses or negative operating cash flows for consecutive years" by using the estimated operating profit and loss of the equity-method associated companies for subsequent years.

Also, if any indication of impairment is identified, it is required to estimate the future cash flows based on the business plans of the equity-method associated companies.

The business plans developed by the equity-method associated companies are reviewed and approved by management of the Group. However, the development of the business plans takes into consideration assumptions about the economic trends of the market in which the equity-method associated companies operate, the effects of novel coronavirus disease (COVID-19) pandemic, and projections of business performance of the equity-method associated companies by management for an extended period of time. Accordingly, the development of the business plans involves a high degree of uncertainty and subjective management judgment.

Therefore, we concluded that the valuation of goodwill of the equity-method associated companies is especially significant in our audit of the consolidated financial statements for the year ended March 31, 2021, and thus determined it to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to this key audit matter included the following, among others:

(1) Evaluation of the effectiveness of internal controls

- We evaluated the design and operating effectiveness of the internal controls, such as review and approval, over the development of the business plans of the equity-method associated companies.
- We evaluated the design and operating effectiveness of the internal controls, such as review and approval, over the identification of indications of impairment and the recognition and measurement of impairment.

(2) Evaluation of the reasonableness of the estimated future cash flows

To evaluate the reasonableness of the estimated future cash flows, we tested the underlying business plans by performing the following procedures, among others:

- We inspected supporting documents for the business plans and inquired of the officer in charge of the equity-method associated companies.
- We inspected external information on the markets in which the equity-method associated companies operated, including the effects of COVID-19 pandemic.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

June 22, 2021

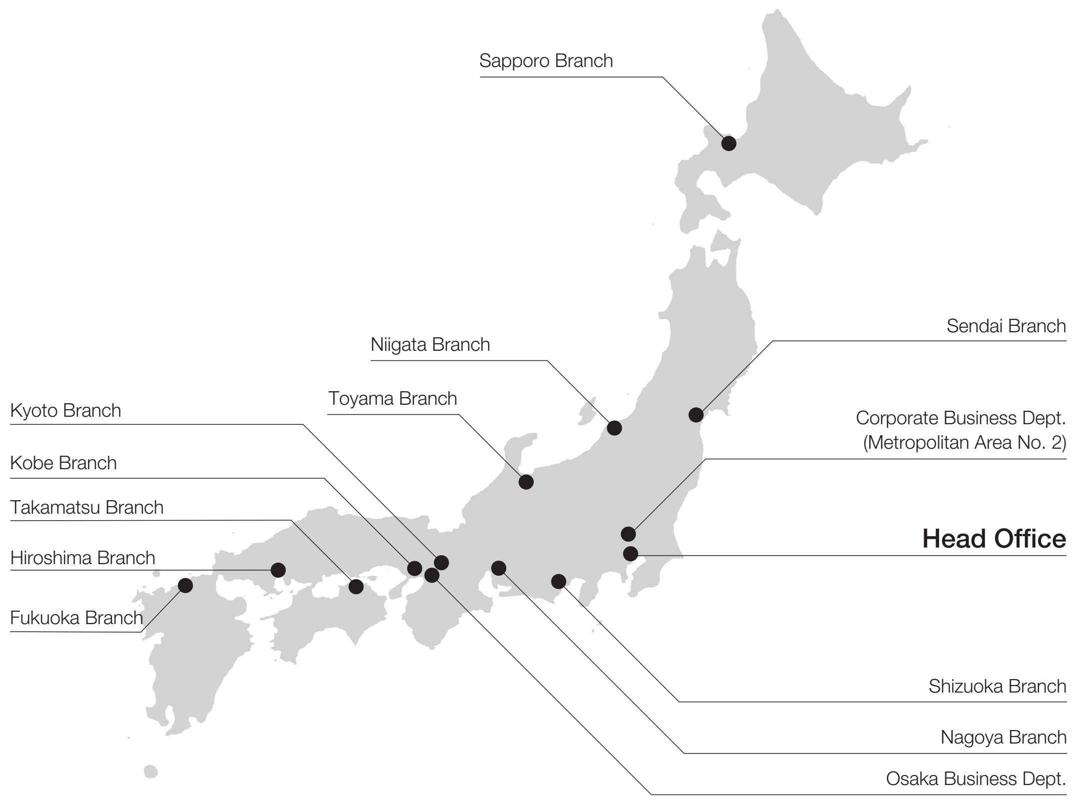
Corporate Information

Corporate Profile (As of March 31, 2021)

Company Name	Mizuho Leasing Company, Limited	Paid-in Capital	¥26,088 million
Head Office	2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan Tel: +81-3-5253-6511 (main exchange)	Number of Employees	Consolidated: 1,795; Non-consolidated: 740
Date of Establishment	December 1, 1969	Business Description	Integrated financial services

Business Sites (As of March 31, 2021)

Head Office	2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001
Sapporo Branch	2, Kita 1-jo Nishi 5, Chuo-ku, Sapporo, Hokkaido 060-0001
Sendai Branch	4-1, Ichiban-cho 2-chome, Aoba-ku, Sendai, Miyagi 980-0811
Corporate Business Dept. (Metropolitan Area No. 2)	65-2, Naka-cho 2-chome, Omiya-ku, Saitama, Saitama 330-0845
Niigata Branch	866, Rokuban-cho, Nishihori-dori, Chuo-ku, Niigata, Niigata 951-8061
Toyama Branch	5-13, Sakurabashi-dori, Toyama, Toyama 930-0004
Shizuoka Branch	5-9, Miyuki-cho, Aoi-ku, Shizuoka, Shizuoka 420-0857
Nagoya Branch	11-11, Nishiki 1-chome, Naka-ku, Nagoya, Aichi 460-0003
Kyoto Branch	659, Tearaimizu-cho, Nishikikozi-agaru, Karasuma-dori, Nakagyo-ku, Kyoto, Kyoto 604-8152
Osaka Business Dept.	1-1, Koraibashi 4-chome, Chuo-ku, Osaka, Osaka 541-0043
Kobe Branch	69, Kyomachi, Chuo-ku, Kobe, Hyogo 650-0034
Hiroshima Branch	1-22, Kamiyacho 2-chome, Naka-ku, Hiroshima, Hiroshima 730-0031
Takamatsu Branch	6-8, Bancho 1-chome, Takamatsu, Kagawa 760-0017
Fukuoka Branch	13-2, Tenzin 1-chome, Chuo-ku, Fukuoka, Fukuoka 810-0001



Major Group Companies (As of March 31, 2021)

Company Name	Locations	Paid-in Capital or Investment	Business Activity	Ownership
Mizuho-Toshiba Leasing Company, Limited	Japan	¥1,520 million	General leasing	90%
Dai-ichi Leasing Co., Ltd.	Japan	¥2,000 million	General leasing	90%
Universal Leasing Co., Ltd.	Japan	¥50 million	General leasing	90%
Mizuho Marubeni Leasing Corporation*	Japan	¥4,390 million	General leasing	50%
RICOH LEASING COMPANY, LTD.*	Japan	¥7,896 million	General leasing	20%
Mizuho Auto Lease Company, Limited	Japan	¥386 million	Auto leasing	100%
ML Estate Company, Limited	Japan	¥10 million	Real estate leasing	100%
ML Shoji Company, Limited	Japan	¥310 million	Used equipment sales	100%
ML Office Service Company, Limited	Japan	¥10 million	Office services	100%
Mizuho Leasing (China) Ltd.	China	US$30,000 thousand	General leasing	100%
PT. Verena Multi Finance Tbk	Indonesia	IDR568,735,399 thousand	General leasing	67%
Mizuho Leasing (Singapore) Pte. Ltd.	Singapore	US$50,000	General leasing	100%
Mizuho Leasing (UK) Limited	United Kingdom	GBP6,000 thousand	General leasing	100%
Krung Thai IBJ Leasing Co., Ltd.*	Thailand	THB100,000 thousand	General leasing	49%
PNB-Mizuho Leasing and Finance Corporation*	Philippines	PHP1,000,000 thousand	General leasing	25%
Vietnam International Leasing Company Limited*	Vietnam	VND350,000 million	General leasing	18%
PLM Fleet, LLC*	USA	US$72,933 thousand	Trailer leasing	50%
AIRCASTLE LIMITED*	USA	US$140	Aircraft leasing	25%
IBJ Air Leasing Limited	Bermuda	US$1	Aircraft leasing	75%
IBJ Air Leasing (US) Corp.	USA	US$100	Aircraft leasing	75%

*An equity-method affiliate

Stock Information (As of March 31, 2021)

Stock Information

Number of Shares Authorized	140,000,000
Number of Shares Issued	49,004,000
Number of Shareholders	50,510
Stock Exchange Listing	Tokyo Stock Exchange, 1st section
Securities Code	8425
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.
(Office Location)	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2–1, Yaesu 1-chome, Chuo–ku, Tokyo

* On November 22, 2021, it is to be relocated to the location mentioned below.
3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo

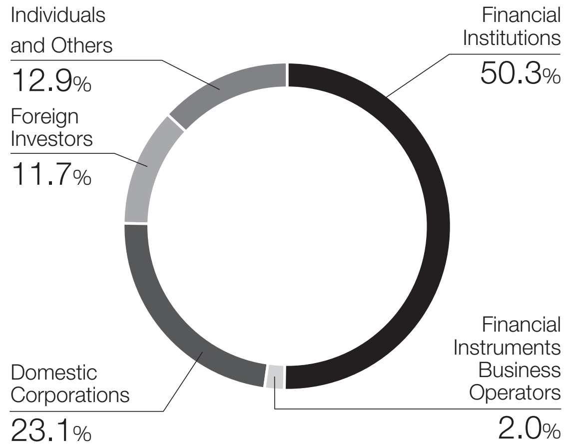
Major Shareholders (Top 20)

Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio* (%)
Mizuho Bank, Ltd.	11,283	23.03
The Dai-ichi Life Insurance Company, Limited	2,506	5.11
Marubeni Corporation	2,157	4.40
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account, with the trustee being Mizuho Trust & Banking Co., Ltd., and re-trustee Custody Bank of Japan, Ltd.	1,750	3.57
RICOH LEASING COMPANY, LTD.	1,500	3.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,473	3.01
Meiji Yasuda Life Insurance Company	1,251	2.55
DOWA HOLDINGS CO., LTD.	1,120	2.29
Custody Bank of Japan, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by the Mitsui Sumitomo Trust & Banking Co., Ltd.)	900	1.84
Credit Saison Co., Ltd.	670	1.37
IINO KAIUN KAISHA, LTD.	666	1.36
Custody Bank of Japan, Ltd. (Trust Account E)	631	1.29
Custody Bank of Japan, Ltd. (Trust Account)	529	1.08
Nippon Life Insurance Company	504	1.03
JP MORGAN CHASE BANK 385781	496	1.01
Custody Bank of Japan, Ltd. (Trust Account 5)	471	0.96
THE BANK OF NEW YORK MELLON 140042	458	0.93
Sompo Japan Insurance Inc.	420	0.86
Custody Bank of Japan, Ltd. (Trust Account 6)	413	0.84
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust, The Senshu Ikeda Bank, Ltd. Account)	405	0.83

*Shareholding ratio is calculated by deducting treasury stock.

Stock Performance

Distribution of Shareholders



MIX
Paper from responsible sources
FSC® C022915

VEGETABLE OIL INK

This report is printed on paper certified by the Forest Stewardship Council™ (FSC) as being made from sustainably managed forests, and use vegetable oil ink in consideration of the environment.

Mizuho Leasing Co., Ltd.

2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan

www.mizuho-ls.co.jp

One MIZUHO
Building the future with you