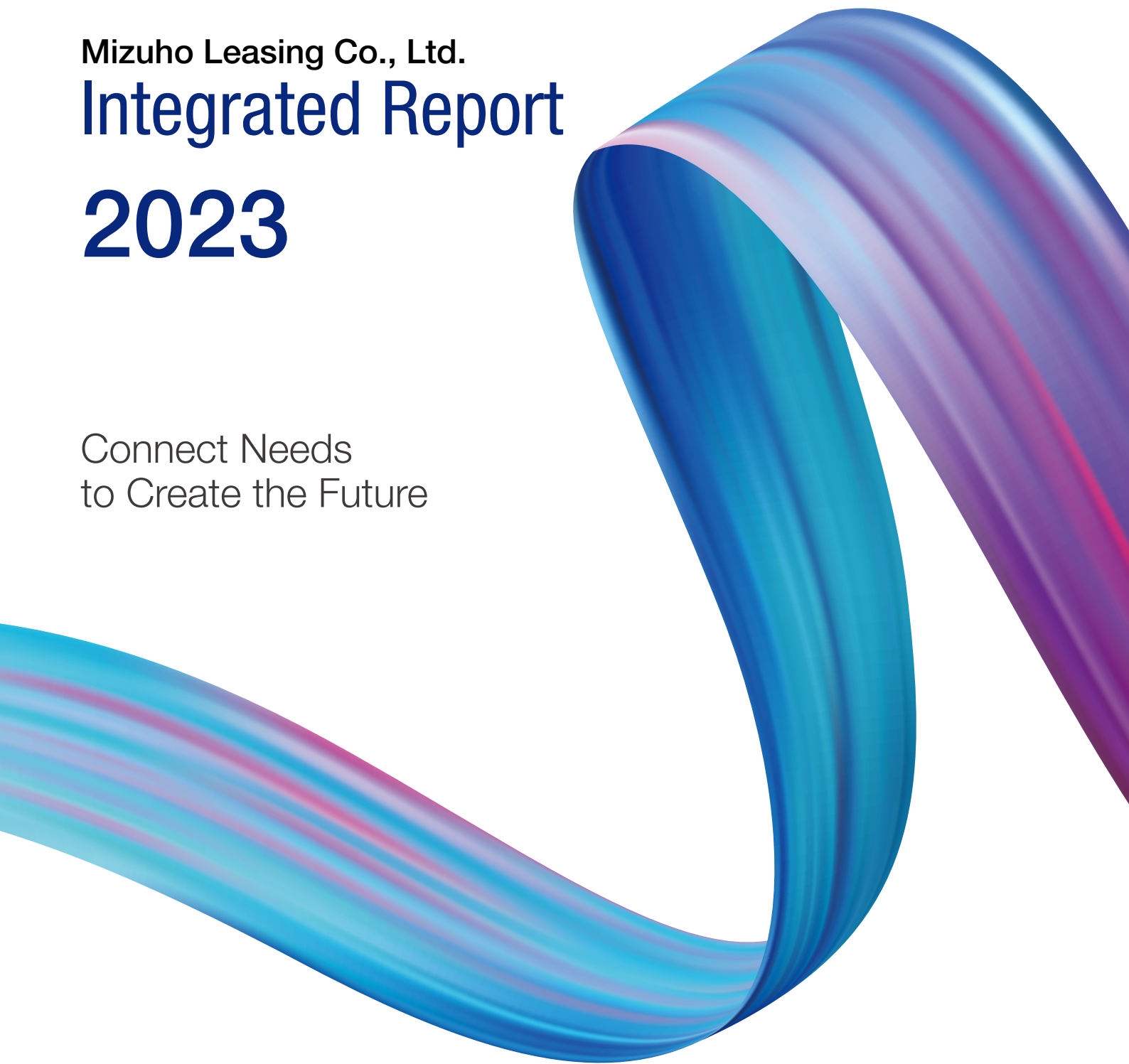




Mizuho Leasing Co., Ltd.
Integrated Report
2023

Connect Needs
to Create the Future



To the Readers of the Integrated Report

Our first medium-term management plan as Mizuho Leasing was formulated in 2019 and the entire group has been working together to steadily strengthen both its business and management foundations. As a result, in fiscal 2022, we were able to grow to a level where we expect to achieve the numerical targets set forth in the previous medium-term management plan, one year earlier than originally planned.

At the same time, we recognize that the business environment is undergoing dramatic change and that expectations towards the Group are increasing in terms of accurately grasp changing needs of our clients with regards to social issues such as evolution of technology, climate change, and decarbonization, and provide solutions that address those issues.

Under these circumstances, in order to ensure the sustainable growth of the Company, we recognize that it is vital that we thoroughly tackle business and social issues that our clients are facing and provide excellent solutions, so we have formulated our “Medium-term Management Plan 2025” with the aim to make further strides forward.

Under the keywords of “Challenge”, “Change”, and “Grow”, we have positioned these three years as “Three Year Challenge towards Change” to make great strides forward from a conventional leasing company, and we will strive to achieve our plan to become a platform company that co-creates the future together with our clients.

In this report, we have tried to present our value creation story and specific initiatives to realize our “Medium-term Management Plan 2025” from various angles in an easy-to-understand way by editing financial and non-financial information in an integrated manner and focusing on our efforts to improve sustainable corporate value.

I encourage all our shareholders, investors, and other stakeholders to read this report and understand our new challenge we are tackling as a company to improve our medium- to long-term corporate value and help realize a sustainable society.

Akira Nakamura, President and CEO

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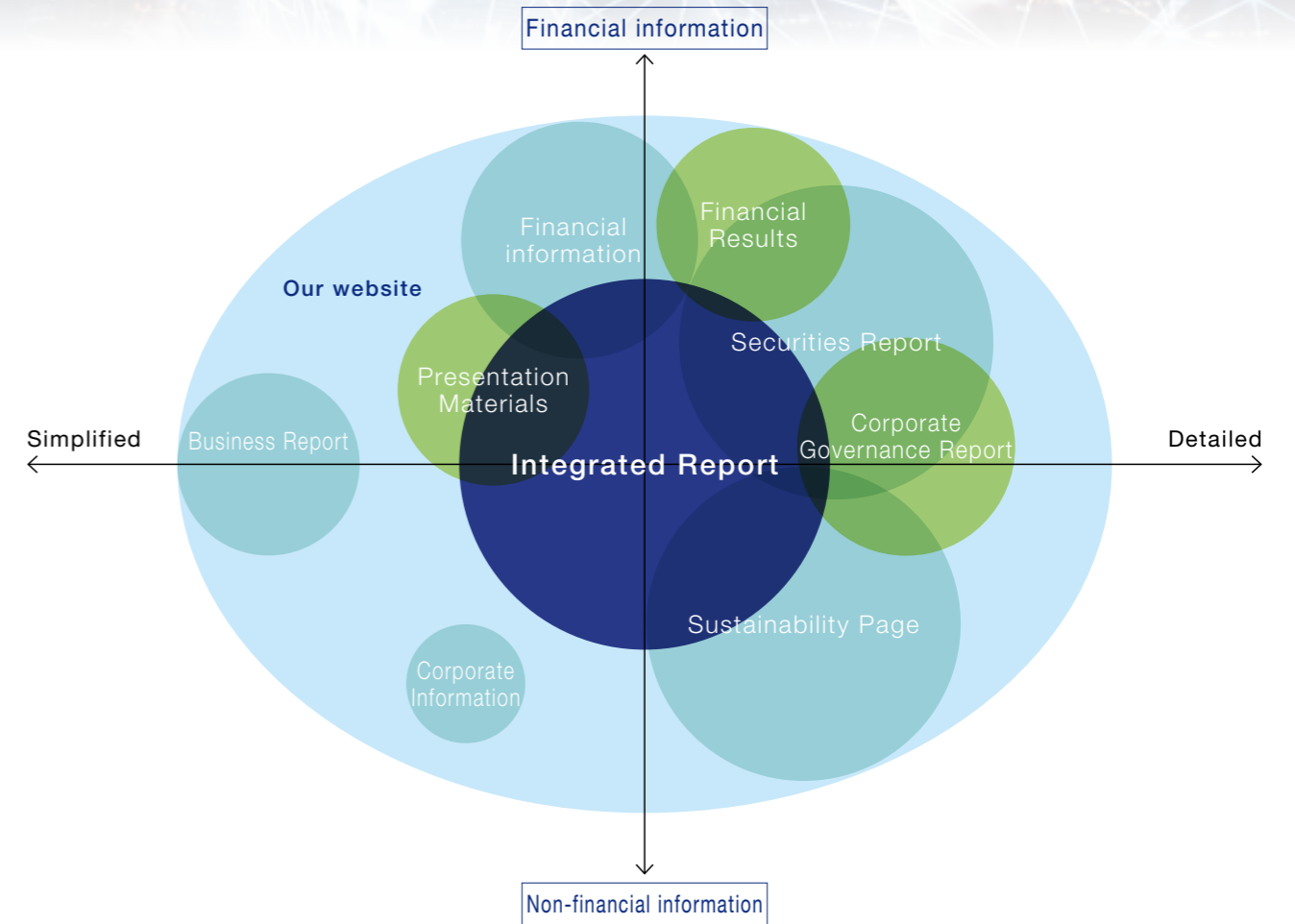
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Sustainability

<https://www.mizuho-ls.co.jp/en/sustainability.html>

Main Contents

- Sustainability of Mizuho Leasing Group
- Message
- Sustainability Initiatives
- Utilization of Sustainable Finance
- Relationship with the Environment and Society
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IR

<https://www.mizuho-ls.co.jp/en/ir.html>

Main Contents

- Top Message
- Finance/Performance/Rating
- Shareholders/Stock
- Disclosure and IR Policy
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- Medium-term Management Plan



Service

<https://www.mizuho-ls.co.jp/en/service.html>

Main Contents

- Message
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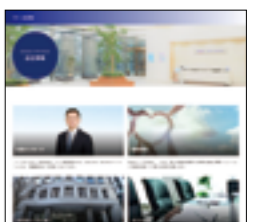


About Us

<https://www.mizuho-ls.co.jp/en/company.html>

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- Top Message
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- Corporate History



Connect Needs to Create the Future



The Aspiration of Mizuho Leasing

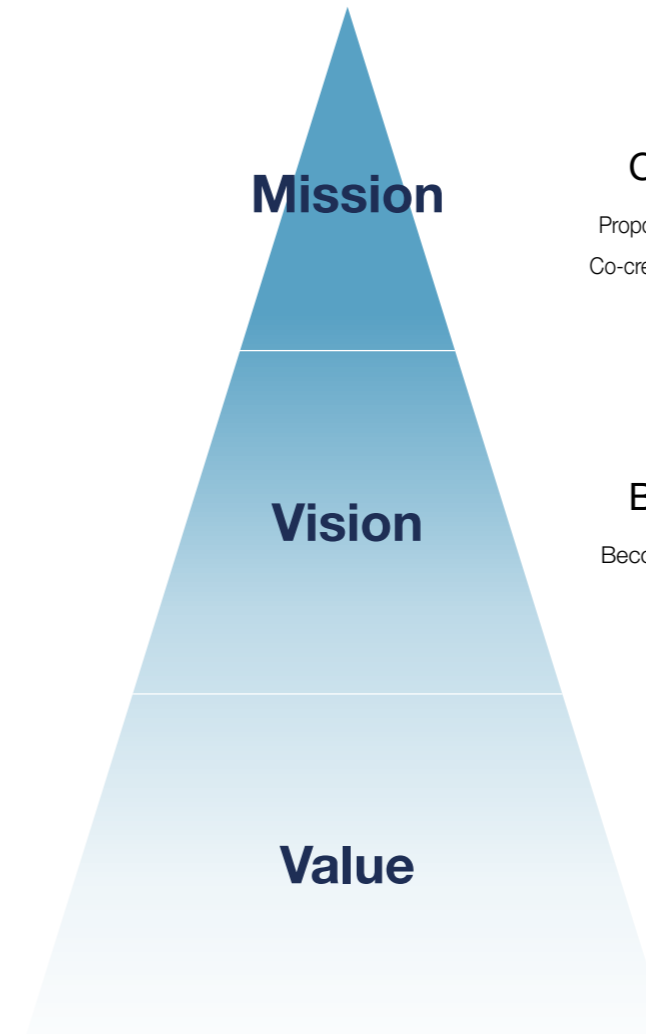
Our goal at Mizuho Leasing is to help create a society that can be passed down to future generations: a society in which both stable economic growth and the protection of the global environment are pursued, resources are used effectively, and human rights and ethics are respected.

In order to build such a society, we will collaborate with our various stakeholders to constantly take on challenges, constantly make a change, and constantly create the future.

We want to be a force for solving social issues by identifying and connecting together client needs, social needs, and undiscovered needs.

This is the kind of company we aspire to be.

Mission, Vision, and Values



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.

Be a creator of a sustainable world

Become creators of a sustainable world through enjoying our mission.

Challenge
Change × **Collaborate**
Create

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.

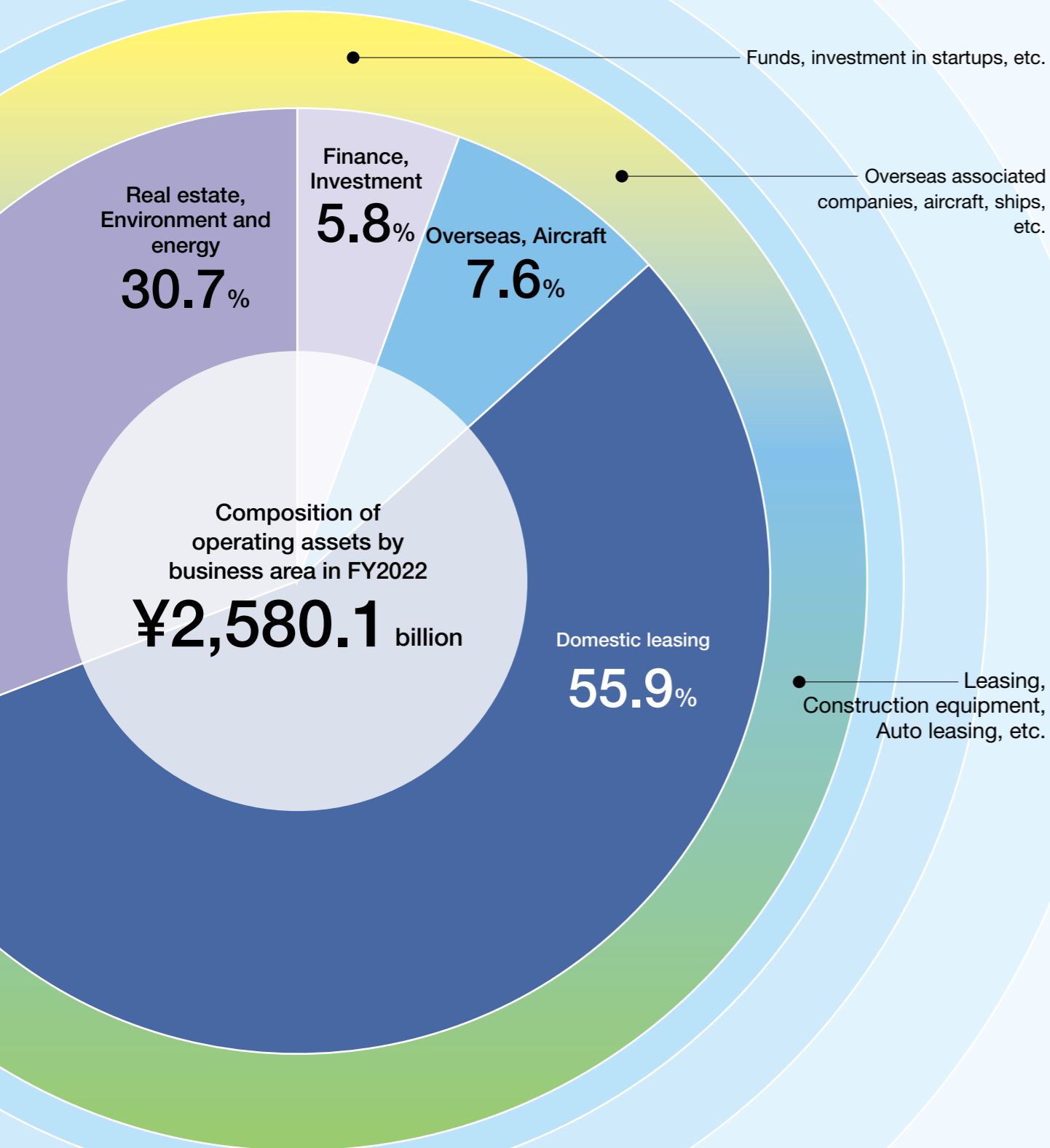


Value

We coupled our 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.

As a general leasing company, the Mizuho Leasing Group continues to expand operations with flexibility and agility, centering on businesses related to "Mono" (equipment & properties).

In April 2023, we formulated our Medium-term Management Plan 2025. Under this plan, we divided each of our businesses into three areas with different growth horizons and are leveraging our knowledge of equipment and properties and deep understanding of commercial distribution to grasp client needs and provide precise solutions.



Business Portfolio Description

Business	Description of Main Business	Relevant headquarters
Domestic leasing Leasing, Construction equipment, Auto leasing, etc.	We provide diverse solutions to a wide range of clients in Japan, from large companies to SMEs. We also offer finance leases that can be used to raise funds and equalize costs, and operating leases that can reduce total payments.	Business Promotion Headquarters p.31
Real estate/ Environment and energy	The Real estate and Environment and energy businesses provide various services related to real estate leasing and environment and energy. The real estate leasing business provides financial support for properties and for properties that are difficult to purchase, we offer options to lease them. The environment and energy business draws on our financial strength and a relationship network to engage in renewable energy project development and provide financial and operational solutions for renewable energy businesses.	Real Estate Headquarters p.33 Circular Society Platform Headquarters p.32
Finance, Investment Funds, investment in startups, etc.	In addition to providing financing support for the capital expenditures of our clients, we also support startups and provide them with financing in cooperation with Mizuho Capital, a venture capital arm in the Mizuho Group. We also provide financial support for business succession and M&As.	Investment Headquarters p.35
Overseas, Aircraft Overseas associated companies, aircraft, ships, etc.	In addition to providing local companies with leasing services, our overseas business offers cross-border financing that connects Japan to other countries to support companies' overseas and sales expansion. We have expanded our product offerings for aircraft-related business, such as aircraft-backed loans and Japanese operating leases since we began aircraft financing in 1982.	Global Business Headquarters p.36 Transportation Headquarters p.34

Business portfolio management based on Core, Growth, and Frontier areas

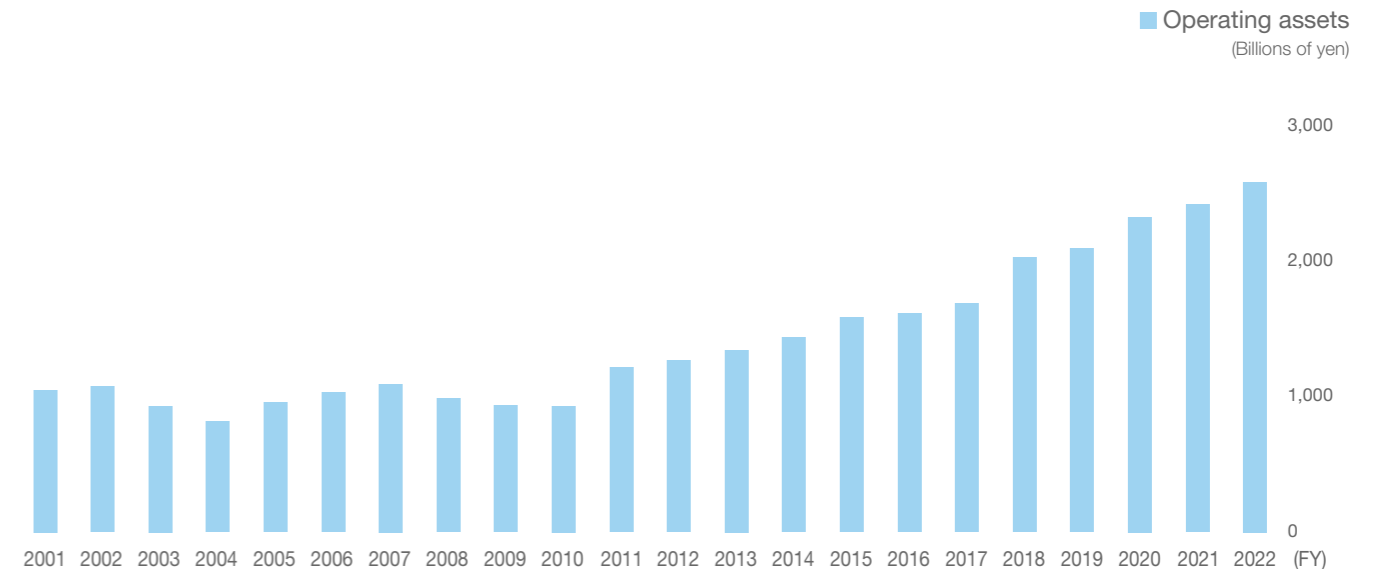
Core	Revenue sources that support "Change" and "Challenge" and serve as the Company's bedrock Areas with mature markets, or our sufficient presence in the market. In these areas, we actively accumulate high-quality assets, and achieve steady and continuous growth by overcoming market contraction trends.	Domestic leasing Real estate pp.23-24
Growth	From a medium- to long-term perspective, make further leaps toward creating the next revenue pillar after the Core area Areas where the results of some investments have been seen during the current Medium-term Management Plan, and we will aggressively invest management resources to realize medium- to long-term growth.	Global/Aircraft Strategic investment/Environment and energy pp.23-24
Frontier	Areas to be developed as new sources of revenue from a long-term perspective and to lead to the realization of our company's ambitions Areas which are expected to form markets and grow dramatically over the long term. We need to begin laying business foundations and invest managerial resources proactively.	Circular economy XaaS pp.23-24

The Mizuho Leasing Group has created new value by anticipating societal changes and flexibly developing businesses that meet the needs of the times.

Going forward, we aim to become a multi-solution platform provider that enables clients to tackle their challenges by providing solutions beyond traditional financing, co-creating value as a partner and contributing to their business activities.

Fiscal year ended
March 31, 2023

Revenues: **¥529.7 billion** Ordinary income: **¥40.1 billion**
Net income: **¥28.4 billion** ROE: **11.8%** Number of employees: **1,964** (consolidated)



Establishment (1969-)



December 1969

Establishes Pacific Lease Co., Ltd. as a general leasing company.

Pacific Lease Co., Ltd. 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 16 companies, including life insurance companies and major companies representing Japanese industries.



November 1981

Changes trading name to IBJ Leasing Co., Ltd.

December 1982

Begins leveraged leasing of aircraft

February 1992

Acquires the equity interests of Krungthai Mizuho Leasing Company Limited

July 1993

Undertakes securitization of lease receivables using a trust scheme

April 1998

IBJ Auto Lease Company, Limited is established

November 1998

Begins full-scale business in structured finance

February 1999

Acquires shares of Nissan Leasing Co., Ltd.

June 2000

Acquires shares of Mizuho Auto Lease Company, Limited



June 2001

Acquires shares of Universal Leasing Co., Ltd.

September 2005

Designated as an issue on the First Section of the Tokyo Stock Exchange

March 2006

Acquires shares of Daiichi Leasing Co., Ltd.

August 2010

Establishes PT. IBJ VERENA FINANCE in Indonesia

February 2012

Acquires shares of Mizuho-Toshiba Leasing Company, Limited

February 2016

Moves into the field of aircraft operating leases with the establishment of IBJ Air Leasing Limited, a joint venture with Aircastle Limited

March 2019

Becomes an equity-method affiliate of Mizuho Financial Group, Inc.



March 2019

Acquires shares of Mizuho Marubeni Leasing Corporation

July 2019

Merges with PT. IBJ VERENA FINANCE with PT VERENA MULTI FINANCE Tbk, an Indonesian auto finance provider, as the surviving company

March 2020

Acquires equity interests of PLM Fleet, LLC and Aircastle Limited, launching joint operation of overseas asset financing business with Marubeni Corporation

April 2020

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

April 2020

Acquires equity interests of Vietnam International Leasing Co., Ltd., a Vietnamese finance leasing company

March 2021

Singapore subsidiary Mizuho Leasing (Singapore) Pte. Ltd. (equity stake of 100%) starts operation



May 2021

Acquires shares of Mizuho Capital Co., Ltd.

August 2021

Acquires additional shares of Nippon Steel Kowa Real Estate Co., Ltd.

January 2022

Acquires shares of Affordable Car Leasing Pty Ltd

April 2022

Designated as an issue on the Prime Market of the Tokyo Stock Exchange

June 2022

Issuer rating obtained from Rating and Investment Information, Inc. (R&I) is changed to A+

September 2022

Obtains domestic CP rating of J-1 from Japan Credit Rating Agency, Ltd. (JCR)

March 2023

Invests in Eco Style Co., Ltd.

June 2023

Acquires shares of Rent Alpha Pvt. Ltd., an Indian leasing company

Projects Pioneered by Mizuho Leasing

Leveraging our strengths in financial solutions for capital investment, we have built a strong track record in areas such as factory equipment leasing and structured finance. In the early days of Japan's leasing industry, Mizuho Leasing was one of the first companies to offer leasing for ships and rolling stock and vendor financing programs for construction equipment, consistently taking the lead in the industry to support customers' capital investment and sales promotion strategies.



January 1972

Begins vendor leasing of construction equipment



December 1972

Begins vessel/ship leasing overseas



October 1985

Undertakes Japan's first rolling stock leasing



November 1998

Begins full-scale business in structured finance

We have traditionally engaged in a wide range of financial and business services using our expertise in "Mono" (equipment & properties), deep understanding of commercial distribution, and advanced financial know-how.

Expectations are rising for the Group to accurately grasp and offer solutions to address rapidly shifting customer needs regarding social challenges such as advancing technology, climate change, and decarbonization.

Under these circumstances, we have formulated the new "Medium-term Management Plan 2025" to make further strides toward realizing our Group's ambitions of sustainable growth.

By using new business strategies that respond to increasingly intricate client business models or by integrating the Group's efforts in focus areas with strategic collaborative initiatives between alliance partners, we aim to make great strides forward from a leasing company to a platform company that co-creates the future together with our clients.

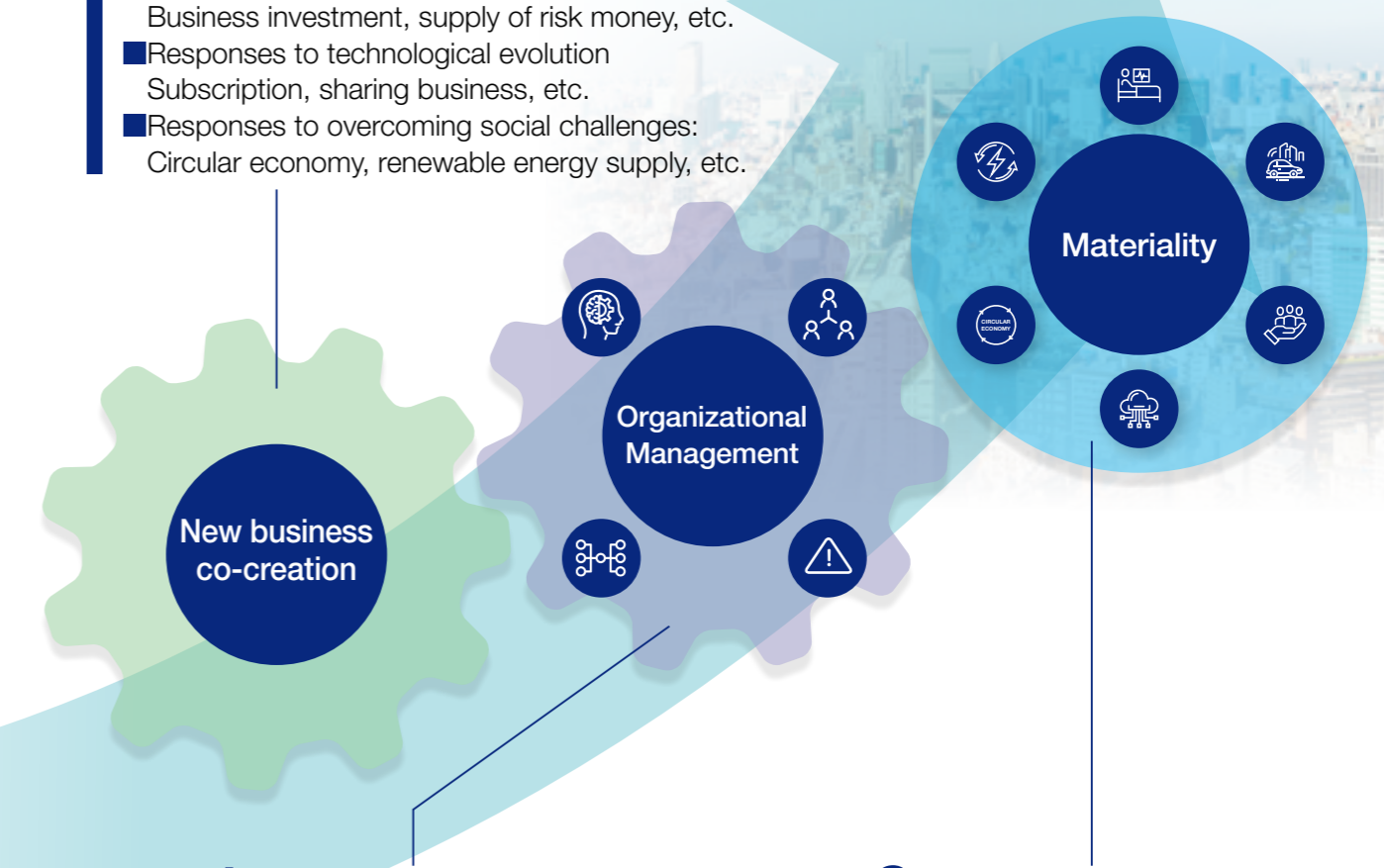


Connect Needs to Create the Future

Becoming a platform company that co-creates the future with our clients

Opportunities that Leverage Our Strengths

- Responses to disruptive trends: Business investment, supply of risk money, etc.
- Responses to technological evolution: Subscription, sharing business, etc.
- Responses to overcoming social challenges: Circular economy, renewable energy supply, etc.



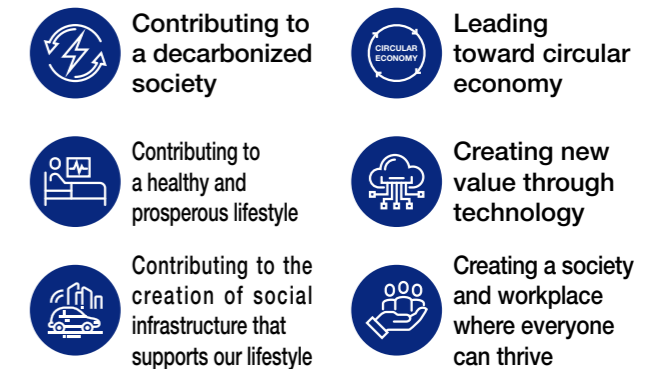
Strengthening 4 Elements of Organizational Management

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6 Materiality Topics

pp.37-44



Philosophy on Serving Clients

The Group is most focused on the important theme of supporting the strategic business needs of clients, arising in response to rapidly changing social conditions. To address the strategic financial needs of clients, which are becoming more sophisticated, diverse, and complex, we provide financial services that take advantage of our high degree of flexibility as a leasing company. At the same time, by combining our diverse services that draw on the potential of the Group, we work as a business strategy partner to provide new solutions to and work with clients to pave the way for growth.

Co-create a circular society so as to contribute to realizing a sustainable society

Changes in the external environment

- Declining international competitiveness of Japanese companies
- Technological evolution
- Response to climate change
- Unforeseeable political and economic trends

INPUT

Intellectual capital

Expertise and extensive know-how on "Mono (equipment & properties)," "commercial distribution" and "finance"

- Adding value-added service capabilities
- Ability to provide solutions to clients' problems

Human capital

Human capital with advanced expertise who squarely address issues

Number of employees: 1,964 (consolidated)
814 (non-consolidated)

Social capital

Co-creating partnerships

- Client base centered on large- and mid-sized companies
- Broad network

Number of sites: 12 (Japan), 9 (overseas)

Financial capital

Strong fundraising bases for value creation

- Parent shareholders' equity: 23%
- Stable financial base: Net assets of ¥275.8 billion
- External ratings (long-term) R&I: A+, JCR: A+

Manufactured capital

Sources of profits

Total operating assets:	¥2,580.1 billion (as of March 31, 2023)
Domestic leasing	¥1,441.6 billion
Finance/Investment	¥150.7 billion
Real estate/Environment and energy	¥792.8 billion
Overseas/Aircraft	¥195.0 billion

Natural capital

Efficient use of resources

- Renewable power generation capacity: 355 MW
- Low voltage, distributed solar power generation facilities using the self-consignment method:

Management Strategies and Business Activities

Challenges and new ideas that go beyond finance



Transformation and sophistication of business portfolio management



Collaboration with alliance partners



Reinforcement of management base

- Strengthen corporate governance
- Enhance risk management structure
- Increase sophistication of human capital strategy and transform corporate culture
- Accelerate digital transformation

Mission, Vision, and Values: Connect needs to create the future

OUTCOME

Reduction of environmental load

Diversification of human capital

Accumulation of resources for growth and contribution to shareholders and investors

Medium-term Management Plan targets

Financial targets (FY2025)

Net income	ROA	ROE
¥42.0 billion	1.6% or more	12% or more

Non-financial targets

Secure renewable power generation capacity	1 GW (FY2025)
Reduce CO ₂ emissions in Scopes 1 and 2* <small>*Non-consolidated and seven domestic consolidated subsidiaries</small>	Zero emissions (FY2030)
Chemical/material resource recycling rate	85% or more (FY2027)
Hire more specialized business personnel	+80 people or more (FY2025)
Investment amount for developing personnel	3x or more (FY2025; compared with FY2022)
Develop digital IT personnel	200 people or more (FY2025)
Rate of paid annual leave taken	80% or more (FY2025)
Rate of female employees in managerial posts	15% (FY2025)
Rate of childcare leave taken by male employees	100% (every year)

We will evolve into a Multi-Solution Platform that solves diverse customer challenges, going beyond traditional financing as a Partner in Co-Creating Value

Akira Nakamura
President and CEO



Main Initiatives and Achievements of the Previous Medium-term Management Plan

—Please tell us about the achievements of the Sixth Medium-term Management Plan.

Under our first medium-term management plan as Mizuho Leasing, which covers fiscal 2019 to 2023, we set three targets for the final year of the plan: 1.) ¥30.0 billion in net income attributable to owners of the parent 2.) Triple the balance in the global area compared with end of fiscal 2018 and 3.) 25% or higher dividend payout ratio. In order to achieve these targets, we have steadily carried out initiatives in focus areas, and provided solutions that capture the strategic business and financial needs of our clients.

As a result, in fiscal 2022, we achieved net income of ¥28.4 billion, which exceeded our financial results forecast and reached a record high. Operating assets in the global area were 2.7 times higher compared with end of fiscal 2018, and dividend payout ratio was 25.1%. Thus, we were able to grow to a level where we expect to largely achieve the financial targets for fiscal 2023, the final year

of the Plan, one year earlier than originally planned.

One of the key elements that facilitated this degree of growth was our decision to strengthen cooperation with alliance partners.

Since becoming a member of the Mizuho Group in 2019, we have witnessed a dramatic increase and diversification in business opportunities. We have been able to achieve unprecedented growth in our business domains by providing solutions to Mizuho's customer base that differ from those offered by the banking group.

Additionally, in our collaboration with the Marubeni Group, we have been able to pursue joint business investments in overseas infrastructure projects through our joint venture, Mizuho Marubeni Leasing Corporation. This helped drive performance in the global business field and further accelerate the Company's growth.

In other business areas, we have worked with RICOH LEASING COMPANY, LTD. to create new business opportunities through mutual customer cooperation. We

formed collaborations with startups and other organizations to provide new types of solutions to our clients from the companies we have invested in.

The development of our inorganic strategy also helped promote growth. Investments made during the previous medium-term management plan amounted to approximately ¥150.0 billion, including the conversion of Mizuho Capital Co., Ltd., NIPPON STEEL KOWA REAL ESTATE CO., LTD, and Aircastle Limited into equity method affiliates. Higher equity income has helped drive corporate growth. For example, we expanded our real estate business domain in collaboration with NIPPON STEEL KOWA REAL ESTATE CO., LTD by leveraging its expertise as a general real estate developer. Similarly, in the aircraft business, in order to improve our global presence, we propelled further growth by working towards acquiring a value chain business through collaborations with alliance partners.

Strengthening the management base that supports developing business domains is also an important issue. We focused on enhancing risk management and developed and strengthened our systems for promoting compliance during the previous medium-term management plan. Improving productivity was another important theme, so we strove to boost operational efficiency by digitalizing business affairs to promote digitization. For example, we have made consistent and steady progress in promoting automated business processes through the introduction of RPA and a companywide shift to paperless operations.

For sustainability, the importance of addressing environmental and social issues is increasing and the Group has identified six materiality topics that should be prioritized to help realize a sustainable society through our business activities. For example, we have strengthened our efforts in the renewable energy sector, promoted solar power generation business by supplying power from non-FIT solar power generation facilities, utilizing self-consignment,

corporate PPA, etc. and invested in onshore wind farm projects in the UK. Through these initiatives, we have driven business that extend beyond simply leasing equipment. With our vision to "Be a creator of a sustainable world," we will continue to co-create a circular society and help realize a sustainable society.

Six Materiality Topics

- (1) Contribute to a decarbonized society
- (2) Contribute to a healthy and prosperous lifestyle
- (3) Contribute to the creation of social infrastructure that supports our lifestyle
- (4) Leading toward circular economy
- (5) Create new value through technology
- (6) Create a society and workplace where everyone can thrive

Background and Positioning of the New Medium-Term Management Plan

—Upon assuming office as the new president, you formulated a new medium-term management plan. What is the background and positioning of this plan?

If we look at the current business environment, macro-economic conditions are undergoing a period of major change, and we are facing growing uncertainty.

For instance, the Japanese market has plateaued due to the nation's declining population, and there is concern that financial issues may emerge in the future.

Furthermore, we are witnessing accelerating technological advances both inside and outside Japan, and competition will likely intensify in all aspects as technological innovation breaks industry barriers.

Another important theme is addressing climate change, as environmental destruction caused by greenhouse gas emissions, growth of the global population, and increased waste generated via mass production/mass consumption business models become increasingly serious issues.




In these ways, the environment surrounding our clients is changing on a daily basis and all companies are being encouraged to speed up their decision making, take bold risks, review their business portfolios, and use robotics to promote automation. Similarly, the importance of solving social issues by pursuing initiatives that advance the transition to carbon neutrality and circular economy are also growing daily.

We will be able to expand our business opportunities if we can develop the ability to accurately grasp the potential needs of our clients and understand the different courses of action required to address those emerging needs. By doing this, we can offer solutions that respond to disruptive trends, technological evolution, and increasingly important social issues.

Under these circumstances, we formulated and published our new "Medium-Term Management Plan 2025" to help the Group achieve sustainable growth and make further strides towards realizing its ambitions. To solve the business and social challenges facing our customers, we aim to become a multi-solution platform that goes beyond a typical leasing company to offer diverse solutions as partners that co-creates value.

The Ambition of "Medium-term Management Plan 2025"

Make the great leap from a leasing company to a platform company that co-creates the future together with clients

-  **Circular society platform company that addresses social challenges**
Provide integrated solutions, such as circular economy and decarbonization, for social issues that corporations need to solve
-  **Technology driven leader pushing for structural business reform**
Anticipate shifting social structures and spread of new technologies, and provide a comprehensive range of solutions designed to meet those challenges in response.
Become a powerful XaaS (Anything as a Service) player
-  **Organization that fearlessly tackles challenges to create new value**
Each employee, and the company as a whole, will create new value beyond the traditional finance framework by being agile, focusing on speed, and taking on new challenges

Evolve into a multi-solution platformer that enables clients to tackle their social and business challenges by providing solutions beyond traditional financing, co-creating value as a partners

Medium- to Long-term Goals

- (1) **Circular society platform company that addresses social challenges**
- (2) **Technology-driven leader pushing for structural business reform**
- (3) **Organization that fearlessly tackles challenges to create new value**

The new medium-term management plan was developed using backcasting from "Our Ambitions" and covers the three-year period from fiscal 2023 to 2025, with "Challenge," "Change," and "Grow" as keywords. We have positioned this period as a "Three Year Challenge towards Change," and we intend to actively invest managerial resources in both business and management infrastructure in order to achieve rapid growth toward the realization of our ambitions. I will provide a detailed explanation at a later time, but for now we intend to appropriately manage our three business portfolios based on their different time horizons, while also gradually increasing stable earnings and expanding assets in growth areas.

Our Alliance Strategy

—Please tell us about your alliance strategy, including an alliance with Mizuho, which is integral to business expansion, and with Marubeni, which continues to deepen overseas business.

Our business opportunities increased and diversified dramatically under the previous medium-term management plan due to our alliance with Mizuho. Our business domains themselves expanded at an unprecedented speed. On the other hand, there is definitely still great growth

potential that we can harness from Mizuho's customer base and value chain.

Generally, the assumption is that we only adhere to financial aspects, such as leasing and mezzanine loans. However, we are also able handle business investments, operations, asset ownership deals, and provide subscription and XaaS services that fall outside the capabilities of the bank.

By combining these services and providing our unique solutions, it will help us better solve customer issues to co-create even more value for the world.

Looking ahead, I believe that if we can work together with Mizuho Group companies to propose multiple solutions that utilize innovative ideas and latest technologies to Group customers, we will be able to establish a unique and unprecedented business model.

Regarding our alliance with the Marubeni Group, we continue to promote joint business ventures, primarily outside Japan, through the business alliance that we launched in 2019.

We will steadily expand our overseas business through joint investments in: Aircastle Limited, which is involved in the aircraft leasing business, PLM Fleet, LLC, which is involved in frozen/refrigerated trailer leasing and rental in the United States, and the Australian automobile sales financing market.

Furthermore, we are also working to accurately grasp the financing needs of ASEAN countries by investing in a Vietnamese leasing company and launching Mizuho Leasing (Singapore) Pte. Ltd. in Singapore

Going forward, we will continue to expand our global business by leveraging Mizuho Leasing and Marubeni's mutual strengths and expertise, expanding our collaboration in new business areas inside and outside Japan, and considering more joint investments.

Initiatives of the Previous Medium-term Management Plan

Alliance strategy	Mizuho alliance	Marubeni alliance	Other alliances
	Actively engaged in increasing and diversifying business opportunities	Drove global business growth	Promoted collaboration to create new businesses
Initiatives in focus areas	Expanded presence in existing markets and promoted initiatives to create new businesses		
	Invested in funds to acquire massive-scale real estate in Japan	Engaged in solar/hydro power generation business	Built subscription schemes for logistics robots
			Promoted realization of circular economy
Inorganic strategy	Drove strong growth through proactive M&A in real estate investment, global businesses, and aircraft leasing		
	Amount invested during the previous plan (FY 2019-FY2022) ▶ Approx. ¥150.0 bn		
	Made NIPPON STEEL KOWA REAL ESTATE CO., LTD. an equity method affiliate	Made Mizuho Capital Co., Ltd. an equity method affiliate	Made Aircastle Limited an equity method affiliate
			Agreement reached to make Rent Alpha Pvt. Ltd. a consolidated subsidiary etc.



Inorganic Strategies

—You plan to invest ¥150.0 billion during the new medium-term management plan. Please explain the basic thought process behind this investment.

I consider inorganic growth, such as M&A, and the acquisition of assets, to be an effective means of expanding the reach of our business and improving profitability.

We sought to expand our business domains in Japan during the previous medium-term management plan by converting RICOH LEASING COMPANY, LTD., NIPPON STEEL KOWA REAL ESTATE CO., LTD, and Mizuho Capital Co., Ltd into equity method affiliates. Outside Japan, in addition to investments made in alliance with Marubeni, we recently made Rent Alpha Pvt. Ltd., an equipment leasing company in India, into a consolidated subsidiary.

Through these deals, we invested over ¥150.0 billion during the previous Plan, which contributed significantly to expanding the Group's business presence and improving profitability.

Under the current medium-term management plan, we expect to allocate approximately ¥150.0 billion for inorganic investment, expanding our business domains and business scale in both existing and growing areas and creating new businesses. I would like to actively consider any quality projects that relate to each of our three

horizons, core, growth, and frontier. I also want to uncover new project opportunities by taking advantage of Mizuho and Marubeni project sourcing routes. With these strategies, we will transform our business portfolio.

Strengthening Organizational Management

—How do you plan to strengthen and enhance the administrative systems that support the “Medium-term Management Plan 2025”?

It is essential that we strengthen both our business model and organizational management systems in order to realize our ambitions.

Major initiatives here involve accelerating IT infrastructure development and the company's digital transformation. We are working hard to train and develop the necessary human resources to thoroughly implement digital technology in our business, enhancing the value we can provide to our customers as a result.

To build the human capital portfolio that we need to implement these strategies, we are looking to strengthen our mid-career recruitment efforts, assign the right person for the right job, and further expand the number of personnel experienced in specialized fields. We believe that providing active career-building support and exchanging knowledge within the company will encourage our employees to improve their own skills and develop their own careers, driving the Company's growth. Of course, employee behavior is also vital to inducing change. I want to provide opportunities for all employees to work together on the key themes of “Challenge”, “Change”, and “Grow” by encouraging free and open communication and building an environment that supports taking on challenges.

It is also important to enhance our governance and risk management systems in order to implement agile management. In fiscal 2023, we introduced a “Headquarter System” to implement new governance practices as our business becomes increasingly diverse and requires higher levels of specialized expertise. We are also working to enhance our overall risk management system by refining risk control methods and strengthening monitoring capabilities to accommodate increasingly diverse risk categories.

We are pursuing some specific measures to strengthen our company by investing over ¥10.0 billion in IT systems and increasing the number of specialized personnel by 80 persons or more. We will promote these growth investments while balancing them with accelerating speed of the stable profit.

Sustainability and Non-financial Targets

—Please tell us about the sustainability initiatives in the new medium-term management plan.

Our sustainability initiative policy and our management strategy are one and the same, and the same can be said for the new medium-term management plan.

The six materiality topics mentioned above are priority issues identified by the Group to help realize a sustainable society. By addressing materiality through businesses in our areas of expertise (utilizing new technologies, supporting supply chains, offering valuable goods and services etc.) we aim to co-create a circular society and realize a sustainable society.

Among the materialities, decarbonization, climate change, along with developing renewable energy sources are the most important global challenges.

In related a manner, the Group has also set targets for reducing CO₂ emissions. We are promoting the shift to renewable energy at business locations and striving to conserve energy through digitalization and streamlined operations. We have set a goal of realizing carbon-neutrality by 2030 by moving our Scope 1 and 2 emission reduction targets forward for both non-consolidated and seven domestic consolidated subsidiaries.

Human capital targets are also important as non-financial targets. We plan to more than triple the amount of investment dedicated to human resources development in fiscal 2025 compared to fiscal 2022, and we aim to train more than 200 personnel in IT. In addition, we have also set targets for 80% or more ratio of paid annual leave taken by employees, 15% ratio of management positions filled by women, and 100% ratio of childcare leave taken by male employees.

We will promote initiatives that build a healthy and fulfilling workplace and company for our employees, which I am confident will ultimately lead to continuous growth in corporate value.

Background on New Financial Targets and Path to Achieve Them

—Please tell us about the financial targets in the new medium-term management plan, including net income, ROA, and ROE.

We have set a numerical target for net income of ¥42.0 billion in fiscal 2025, the final year of the “Medium-term Management Plan 2025”, compared to ¥28.4 billion in fiscal 2022. Similarly, we aim to achieve an ROA of 1.6% or

more by actively accumulating operating assets and continuing initiatives that emphasize profitability.

We recognize that ROE is an important management indicator for the Company. Given the fact that the Group is currently in a growth phase, we will strive to improve ROE from a medium- to long-term perspective by improving profitability and expanding profits through growth investments. We aim to achieve an ROE of 12% or more by fiscal 2025.

—Please share with us your message to stakeholders.


We will continue to uphold our basic policy on shareholders returns, which commits to “pay dividends commensurate with performance while improving profitability.” We expect to offer an annual dividend for fiscal 2023 of ¥166 per share, which represents a year-on-year increase of ¥19 and the 22nd consecutive year of dividend increase.

Furthermore, in addition to gradually increasing the payout ratio to 30% during the current Plan, we will make effective use of retained earnings to strengthen business foundations and invest for growth, enhancing shareholder returns through profit growth.

The Mizuho Leasing Group is focusing its efforts on making great strides in transforming itself away from a conventional leasing company and towards a platform company that co-creates the future with our clients. As illustrated by our numerical targets, we are convinced that our Company harbors enormous growth potential. We are committed to steadily implementing the strategies set forth in the current medium-term management plan and working together to achieve our goals. We would like to express our gratitude to stakeholders for their cooperation and ask for your continued support.

Medium-term Management Plan 2025

Please refer here for details of Mid-term Management Plan 2025




In 2021, Mizuho Leasing dramatically expanded its business domains based on our new management philosophy: "Connect needs to create the future." Under the "Medium-term Management Plan 2025" that we formulated to promote further development, we will transform our former sales style, organizational management systems, and corporate culture to help us grow into a platform company that proactively co-creates the future with our clients.

Akira Nakamura President and CEO

Creating the Future with a Multi-layered Business Portfolio

On May 12, we announced the "Medium-term Management Plan 2025" along with our financial results for fiscal 2022.

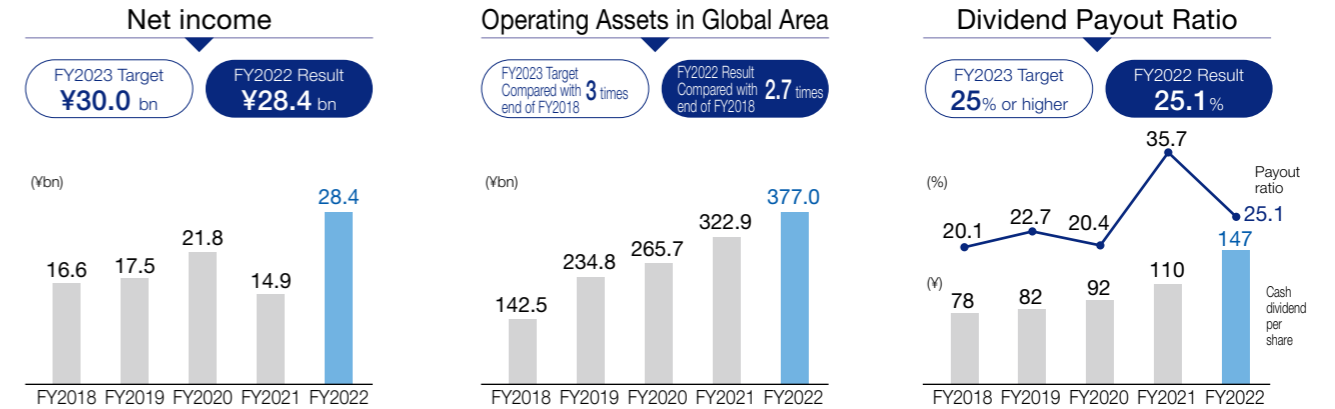
The previous medium-term management plan was formulated as a five-year plan from fiscal 2019 to fiscal 2023. However, we expected to achieve the Plan's consolidated numerical targets for fiscal 2023, one year ahead of schedule in fiscal 2022. On top of this, we had already made steady progress on strengthening our business model and organizational management systems,

amidst significant changes in our business environment. For these reasons, we decided it was time to formulate a new medium-term management plan.

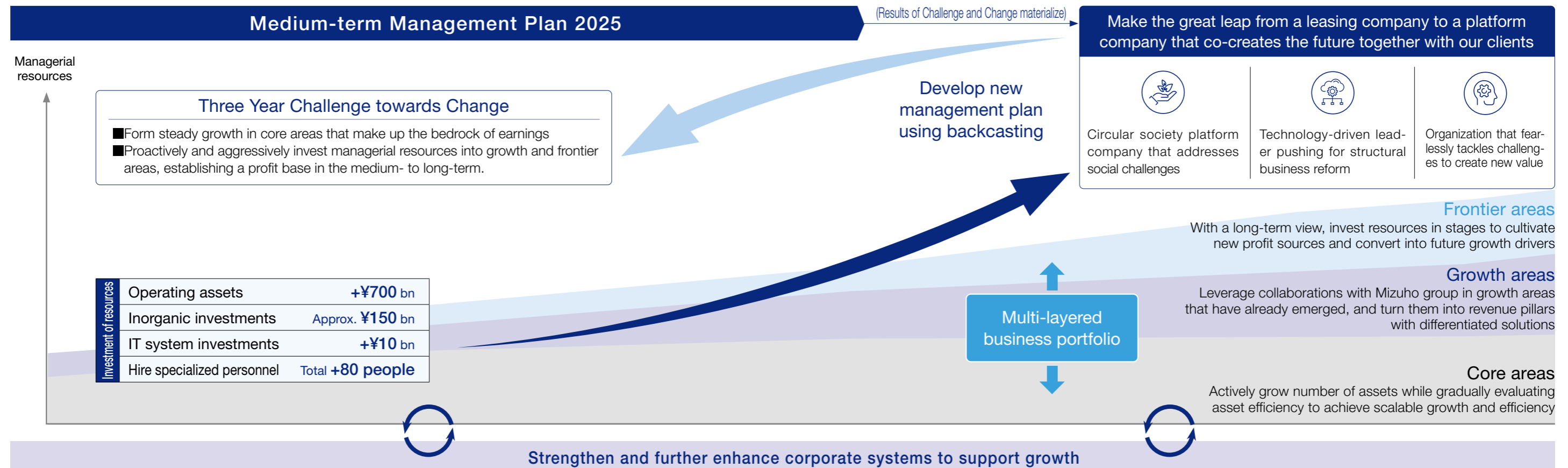
We will work to transform and enhance our business portfolio under the "Medium-term Management Plan 2025".

We will divide our entire business portfolio into the three areas of "Core," "Growth," and "Frontier," and manage business portfolios with different growth horizons.

Progression Towards Quantitative Targets



Positioning of Medium-term Management Plan 2025



For instance, in the global market, we aim to expand our customer base from mainly large Japanese companies to non-Japanese companies and retail firms. We also plan to enter new growth markets through joint investments with Marubeni and independently sourced M&A deals. For strategic investments, by using CVC to invest directly and through funds, we will strengthen partnerships with startup companies and grow investments that co-create value.

The "Frontier" areas involve circular economy and XaaS. These areas are expected to require long-term cultivation, but greatly flourish in the future.

We will seek to build a circular economy platform while leveraging collaboration with alliance partners, aiming to realize an advanced circular economy and decarbonized society. As an asset holder of robots, we are able to provide RaaS and other diverse XaaS solutions to support customers' structural reform.

These initiatives will help us steadily increase stable earnings, expand assets in growth areas, and manage business portfolios with different growth horizons.

Alliances are the Source of Accelerated Growth

Our alliance strategy, including our alliance with Mizuho, is the source of our ability to manage portfolios and accelerate growth. Our collaborative relationships with the Mizuho Group and Marubeni Group are one of our greatest strengths and we intend to steadily promote this collaboration to help differentiate ourselves from other companies in the industry, enhancing our competitiveness.

During the previous medium-term management plan, we used our greatest strength, namely our alliance with the Mizuho Group, to solidify our business foundations and that strategy steadily generated positive results. Going forward, we will further accelerate growth by (1)

striving for a qualitative shift in the alliance. Namely facing customer challenges head-on and changing to a proposal-based sales style that addresses those challenges, while co-creating value. (2) Providing Mizuho clients with unique solutions that would be difficult for a banking group to handle. (3) Developing new clients through our alliance with Mizuho Group companies, which boasts one of the largest client bases in Japan. With the Marubeni Group, we will promote joint ventures, especially in the overseas markets, while with RICOH/RICOH LEASING, we will promote venter finance and pursue collaborative themes in areas where both companies have strengths.

Building a Circular Economy Platform

We will co-create a circular society and help realize a sustainable society by promoting initiatives in relation to six chosen materiality topics. Specifically, we have set a target to "secure 1 GW of renewable energy power

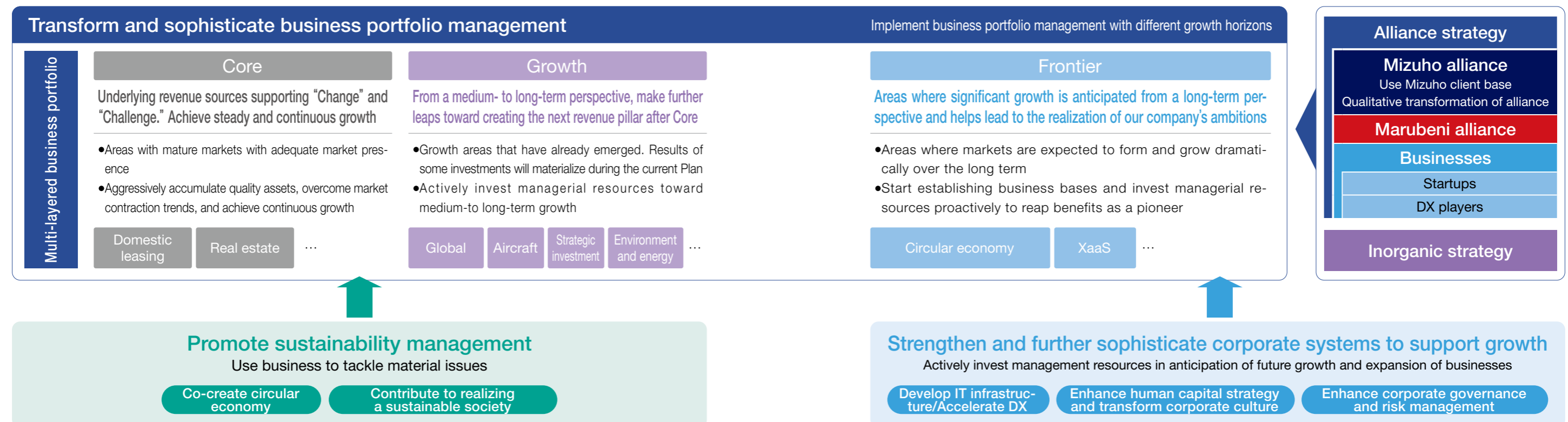
generation" during the current medium-term management plan. We aim to achieve that target by securing various power sources, including solar power, where we are already participating in projects, along with biomass and grid-scale batteries. We will also build infrastructure to supply renewable power sources to consumers and promote its use in our focused business areas such as circular economy and storage batteries. For circular economy, we are targeting a chemical/material resources recycling rate of 85% or more by fiscal 2027. We will also work with our alliance partners to ensure transparency across all processes in the product lifecycle and promote optimal resource use. The Group will play a central role in building a circular economy platform that connects arterial industries and venous industries, provides solutions to social issues, such as decarbonization and the creation of a recycling-oriented society, and co-creates value with clients.

Overview of "Medium-term Management Plan 2025"

Keywords

Challenge **Change** **Grow** The current plan will be a three-year challenge

of changing towards growth and leaping further into the future

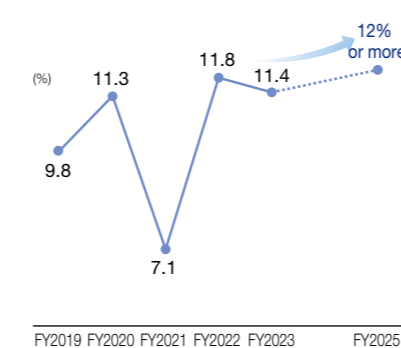
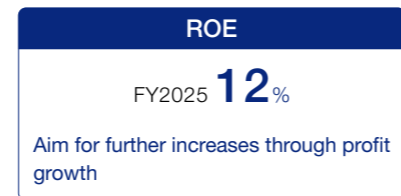
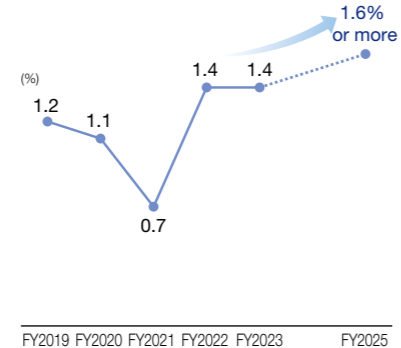
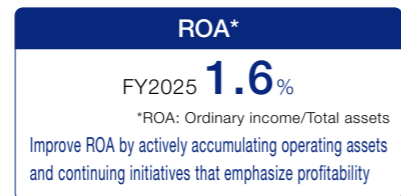
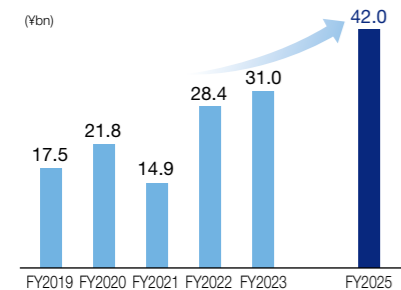


Strengthening and Sophistication of Organizational Systems

Proactively invest managerial resources to strengthen and enhance the organizational systems necessary to co-create value with our customers and make great strides toward realizing our ambitions



Financial/Non-financial Targets



Carbon Neutral Realizing a decarbonized society	Secure renewable power generation capacity	1GW (FY2025)
	Reduce CO ₂ emissions* in Scope 1 & 2*	Zero emissions (FY2030)
Circular Economy Realizing the circular economy	Chemical/material resource recycling rate	85% or more (FY2027)
	Hire more specialized business professionals	+80 people or more (FY2025)
Human Capital Human capital management as a cornerstone	Investment amount for developing personnel	3x or more (FY2025; compared with FY2022)
	Develop digital IT personnel	200 people or more (FY2025)
	Ratio of paid annual leave taken	80% or more (FY2025)
	Management positions filled by women	15% (FY2025)
	Ratio of childcare leave taken by male employees	100% (Every year)



To help Mizuho Leasing make further strides in its development, we intend to actively promote growth investment, strengthen organizational management to support growth, such as funding and risk management, and strive to realize the goals of the Medium-term Management Plan 2025.

Hiroshi Nagamine Deputy President

Fiscal 2022 Results and New Medium-Term Management Plan

In fiscal 2022, we improved underlying profitability and achieved a V-shaped recovery compared to the previous year. Furthermore, we attained a record high net income of ¥28.4 billion through various efforts, including ongoing profit-oriented initiatives primarily in focus areas and successful inorganic investments in equity affiliates.

As a result of these efforts, we have largely achieved the targets of the previous medium-term management plan, so we decided to start a new medium-term management plan from fiscal 2023. We have established a new strategy designed to

make even larger strides forward in the face of changing customer needs, sustainability initiatives, and other drastic changes in our business environment.

We are positioning this medium-term management plan as a period in which we manage business portfolios with different growth horizons and make the necessary investments to fuel the next round of growth. We expect to accumulate over ¥700.0 billion in operating assets by leveraging our various alliances with Mizuho and other partners. We will allocate approximately ¥150.0 billion

Fiscal 2022 Results (Billions of yen)

	FY2020	FY2021	FY2022
Revenues	497.9	554.8	529.7
Operating income	26.0	17.9	31.8
Ordinary income	27.5	20.1	40.1
Net income attributable to owners of the parent	21.8	14.9	28.4

for inorganic investments, both inside and outside Japan, while simultaneously actively investing in systems and human resources that strengthen our management in anticipation of future growth and expanding business domains.

For our business portfolios, we intend to accelerate growth by continuing to expand our “Core” areas, which generate stable earnings, and significantly extending our “Growth” areas, which are expected to exhibit greater growth potential. We will also pursue leading investments in the “Frontier” areas, which we expect will become one of our key future revenue pillars.

Our financial targets for the final year of the new medium-term management plan are achieving a net income of ¥42.0 billion, ROA of 1.6% or more, and ROE of 12% or more. We intend to achieve these targets by pursuing initiatives that emphasize profitability, while further expanding our assets.

Funding to Support Growth

Regarding our funding environment, since March 2022, interest rates have been raised multiple times

primarily in Europe and the United States. Foreign currency interest rates have also risen sharply, and yen interest rates are expected to rise due to policy changes at the Bank of Japan. In the long-term, we expect to be able to pass on these increases by raising lease payments, and yields on our operating assets are expected to improve. However, financing costs mainly in foreign currencies are increasing at this point in time.

Against that backdrop, the Mizuho Leasing Group has been procuring stable funding through a well-balanced combination of indirect funding from over 100 financial institutions, including Mizuho Bank, and direct funding through Commercial Paper (CP), corporate bonds, and securitization of lease receivables. We plan to aggressively expand our operating assets under the new medium-term management plan, but we believe that the good relationships we have built with financial institutions and investors and have secured a sufficient fundraising framework for supporting growth, both directly and indirectly.

Meanwhile, with interest in sustainability among financial institutions and investors increasing every

year, we recognize the vital need for sustainable finance when considering funding in the future.

The Group has also clarified its sustainability policy in the new medium-term management plan and its renewable energy initiatives are growing significantly. We intend to actively leverage these developments for funding.

Increasing Sophistication of Risk-return Management

We expect our business domains and risk profiles to expand and become more intricate as we promote the business strategies outlined in the medium-term management plan. For example, we are looking to secure a position in the high growth-potential market of India by acquiring a stake in Rent Alpha Pvt. Ltd.. However, I think that we need to continue to be very careful when assessing risks, including inorganic investments, as our business develops.

Specifically, we need to address the accumulation of operating assets that carry additional risks

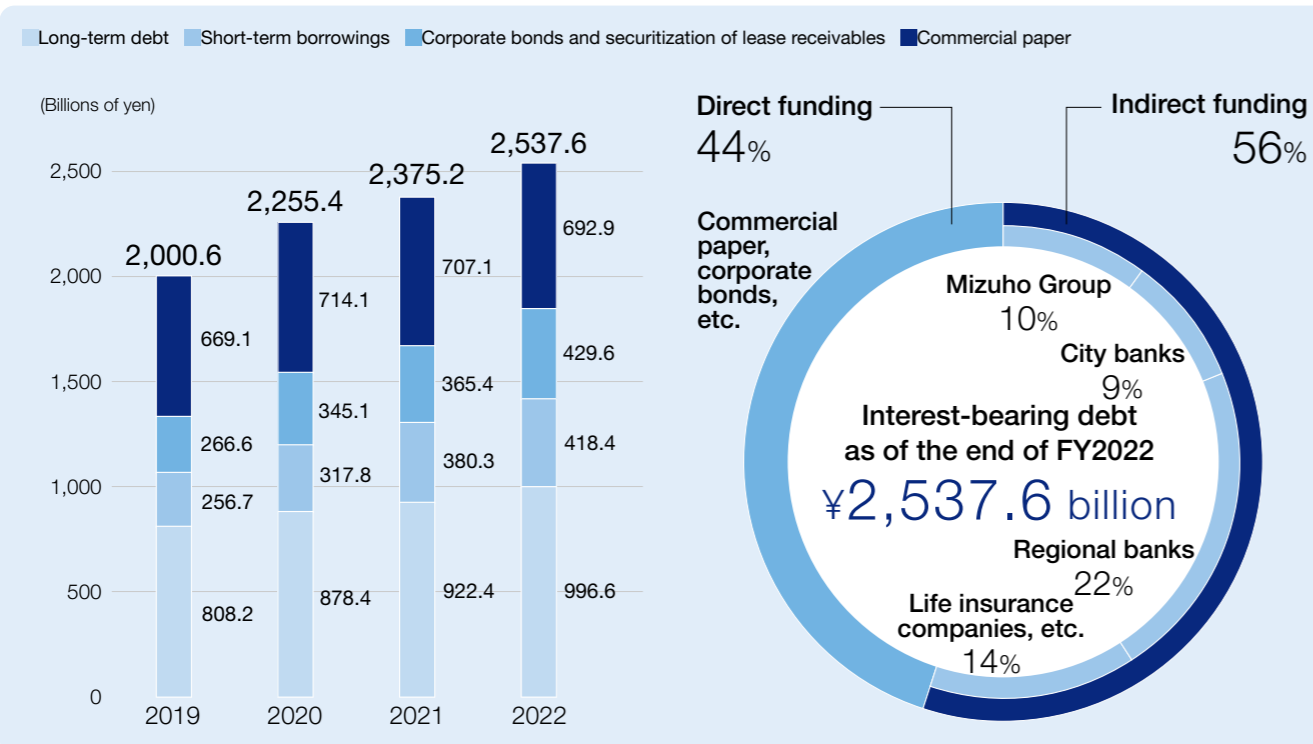
beyond traditional credit risk and interest rate risk, such as asset risk and business risk. We need to strengthen our decision-making process and monitoring frameworks and, controlling risks appropriately, we can enhance our risk-return management, while supporting revenue growth.

Shareholder Return Policy

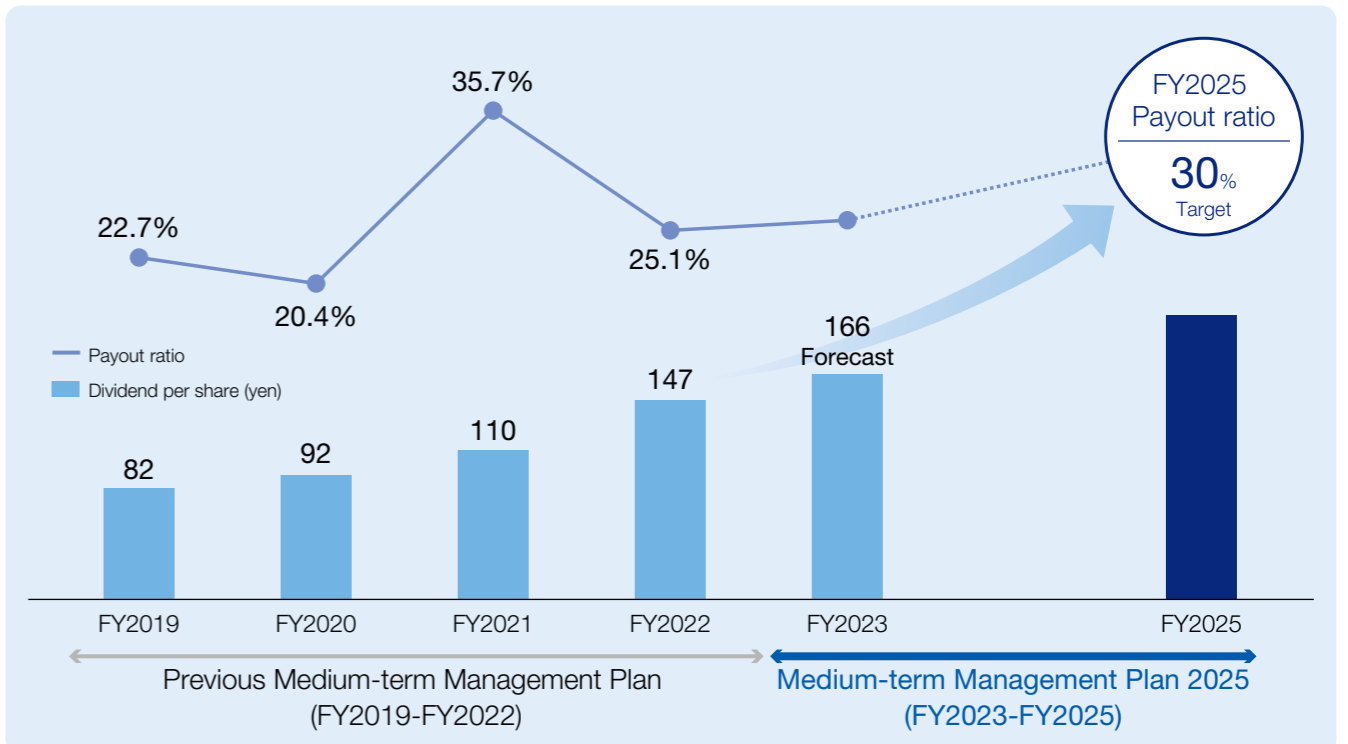
Our basic policy for shareholder return is to pay dividends commensurate with performance while improving profitability. Based on that policy, we seek to achieve an optimal balance between enhancing the payout ratio and returning profits to customers through various methods. We will further improve profitability and corporate value by boosting growth investment and solidifying our client base.

The Mizuho Leasing Group has strong growth potential, and we will further enhance profitability by implementing the measures laid out in the new medium-term management plan.

Interest-bearing debt



Shareholder Return Policy



Business Promotion Headquarters



Takanori Nishiyama
Senior Managing Director

Providing diverse solutions as a strategic business partner that co-creates value with our clients.

The Business Promotion Headquarters offers optimal solutions that extend beyond simple financing, meeting diverse client needs, such as devising financial or business strategies. The headquarters consists of the Corporate Business Department, which deals with large companies, the Area Sales Department, which engages small- and medium-sized companies, and the Equipment Sales Department, which deals with manufacturers and vendors. Under Medium-term Management Plan 2025, we will thoroughly implement a value co-creation and problem-solving sales style that helps our clients overcome their business obstacles. We also work with the Mizuho Group and other alliance partners to provide a wide range of solutions, such as joint investment and business succession. In addition, we will satisfy our customer's capital expenditure needs by applying our expertise in equipment and properties, and our deep understanding of commercial distribution. Furthermore, we also contribute to driving our customers' business strategies forward by offering services such as vendor finance and subscriptions to encourage more diverse sales models.

Circular Society Platform Headquarters



Hirohide Ishiyama
Managing Executive Officer

Constructing a platform that serving as a connection point between arterial and venous industries, providing integrated solutions that help solve social issues, such as transitioning to circular economy and decarbonization.

Having declared our vision to "Be a creator of a sustainable world," we identified "contributing to a decarbonized society" and "leading toward a circular economy" as key social issues (materiality topics). Our headquarters seeks to build a circular economy platform for realization of an advanced recycling-oriented economy. This platform will promote the creation of frameworks for resource recycling by getting companies in arterial and venous industries to work together. We also focus on initiatives designed to help achieve a decarbonized society by supplying renewable energy produced by our company to various stages of a product's life cycle. The Circular Society Platform Headquarters aims to extend beyond the traditional boundaries of a leasing company to transform into a platform that provides various solutions to solve customers' business and social issues.

Real Estate Headquarters



Hirohide Ishiyama
Managing Executive Officer

Providing financing for offices and logistics facilities, and real-estate leasing for commercial facilities.

The Real Estate Headquarters is central to our Medium-term Management Plan 2025 as a core business area. We accumulate excellent operating assets consisting primarily of loans and real estate leases to help secure stable profit bases. We contribute to society through various real estate business activities, such as the owning of environmentally friendly real estate and the providing assets to funds and REITs. In addition to our conventional real estate business, we strive to further improve profitability by collaborating with partners on new business areas such as focusing on acquisition of real estate for development and long-term ownership. In terms of our work environment, we encourage mutual cooperation and operational efficiency so that mid-career workers with specialized skills can play an active role and all employees can follow a work style that suits their lifestyle. We will continue "Change and Challenge" in order to develop into a strong organization that is needed by many Mizuho Financial Group customers and is able to meet their increasingly diverse expectations.

Transportation Headquarters



Yasuhiko Hashimoto
Managing Executive Officer

Actively respond to customers' financing and operational needs in the air and ocean transportation fields by collaborating with partners.

In the air transportation field, players are witnessing a sharp recovery in demand following the slump experienced during the COVID-19 pandemic. Airlines are dealing with the urgent need to expand and update fleets worldwide to address shifts towards decarbonization and the rapid rise in fuel costs. In order to meet those fleet expansion and renewal needs, together with our partner Marubeni, we are increasing our investment in Aircastle Limited, a major US company specializing in aircraft leasing. Meanwhile, operators in the maritime field are grappling with the accelerating trend towards decarbonization and soaring new shipbuilding prices, which add to our customers' investment burden. In fiscal 2022, we helped pave the way towards decarbonization in shipping and supported the recycling of capital by offering competitive financing methods (or investments for JOLCO investors) by bringing JOLCO (Japanese Operating Lease with Call Option) products for existing LNG tankers. Our headquarters will continue to actively address the financing and operating needs of air and maritime transportation customers.

Investment Headquarters



Toshiyuki Takahashi
Managing Executive Officer

Aiming to provide equity and financing functions to help create value together with our customers that both enhances their corporate value and solves social issues.

The Investment Headquarters consists of two departments: the Strategic Investment Department that handles equity investments in startups, operating companies, and funds, etc. and the Finance Business Department that handles investments in LBO loans, mezzanine finance, hybrid finance, and other medium-risk/medium-return investments. In the equity field, in addition to direct investment made by the Company, we are also actively investing through Corporate Venture Capital (CVC), which is managed with the support of Mizuho Capital Co., Ltd. Looking ahead, we intend to promote the co-creation of value and the creation of new business domains through joint investments with our partners. In the finance field, we will continue to support our existing businesses, while also seeking to expand our efforts into new fields by staying abreast of market trends and considering investment opportunities in overseas renewable energy, infrastructure, and securitized instruments.

Global Business Headquarters



Hiroshi Nagamine
Deputy President

Seeking to expand our business domains and customer bases by utilizing inorganic strategies to enter new global growth markets and work together with the Mizuho Group.

During the previous medium-term management plan, the Global Business Headquarters successfully carved out new businesses in the United States, Vietnam, and Australia. Our decision to pursue M&A to enter the Indian market for the first time in June 2023 has also helped lay the foundation for further contributions to consolidated earnings during the Medium-term Management Plan 2025. During the Medium-term Management Plan 2025, we aim to further manifest the effects of our investments in growth areas by expanding our business domains through inorganic strategies such as investments and M&A. We are expanding business domains and building larger customer bases at our existing overseas subsidiaries with the help of the Mizuho Group's international locations. We also aim to co-create value with international customers, primarily Mizuho customers in countries where we operate, by providing vendor finance and other solutions that differ from those offered by banks.

Business Promotion Headquarters

Originating from providing leasing and installment sales services, Mizuho Leasing currently provides integrated financial services for corporate clients in Japan and overseas. The Business Promotion Headquarters is driving sustainable growth by striving to expand business in core areas where we are particularly focusing our efforts. In addition to providing services related to capital expenditure, including industrial and factory equipment, information and communication equipment, and medical equipment, we utilize state-of-the-art financing methods to provide services that meet diverse needs and actively propose the best solutions for our clients.

> Strengths

- Underlying and base revenue sources supporting “Challenge” and “Change,” and the top priority areas in the new Medium-term Management Plan
- Aggressive accumulation of quality assets to overcome market contraction trends
- Sales representatives’ capability to identify clients’ needs and cross-sale to areas of expertise
- Mizuho’s client base, the greatest strength of the Company

> Key Measures under Medium-term Management Plan 2025

- Transform into a value co-creation and problem-solving sales style
- Qualitatively shift to collaboration centered on value co-creation with clients
- Take on new, unquantifiable risk-taking challenges, such as residual value risk and midway cancellation risk

Achievements and results of the previous Medium-term Management Plan

- Started a medical device subscription service with Konica Minolta
- Started a subscription service for logistics robots with Rapyuta Robotics
- Started a subscription service for machining centers with ENSHU, a machine tool manufacturer
- Started a subscription service for used machine tools with Kobayashi Kikai

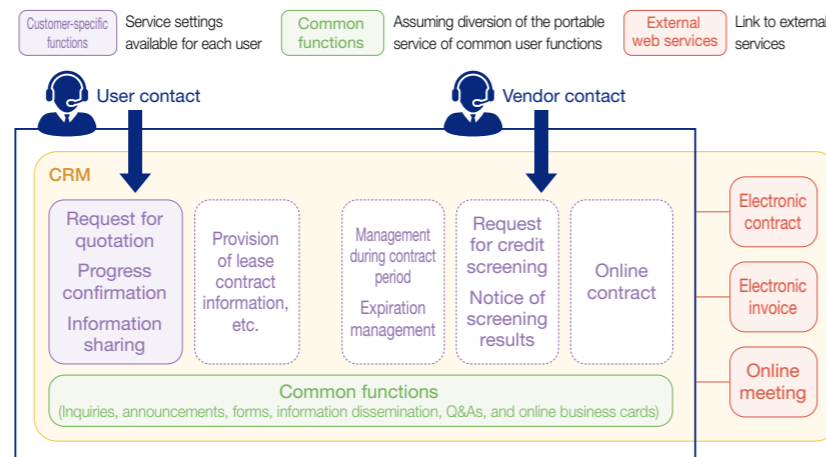
Growth Strategy

The Business Promotion Headquarters bears the heavy responsibility of fulfilling the role of the foundation that supports our “Challenge” and “Change” and is active in the top priority areas in the Medium-term Management Plan 2025. Our mission is to achieve sustainable growth by accumulating quality assets to overcome contraction trends in leasing markets. To this end, we will transform our sales style into a value co-creation and problem-solving sales style and improve the capability of sales representatives, who services as our gatekeeper, to identify the unrecognized needs of our clients. We will move away from product-oriented sales and propose cross-sale (combination sale) to clients, while identifying their unrecognized needs.

At the same time, we will make a qualitative shift in collaborations with Mizuho that we have been promoting to ones centered on value co-creation with our clients. While fully utilizing Mizuho’s client base, the greatest strength of the Company, and its functions, the Business Promotion Headquarters flexibly and proactively addresses needs that are difficult to respond to within the Bank Group. Furthermore, we will take on new risk-taking challenges in areas where quantitative analysis is difficult to employ, such as residual value risk and midway cancellation risk.

Utilization of Customer Relationship Management (CRM)

We make extensive use of CRM tools to improve customer convenience and operational efficiency. A series of communications with clients and vendors, including requests for quotation and credit screening as well as contracting and invoicing procedures, can all be performed online.



Circular Society Platform Headquarters

We newly established the Circular Society Platform Headquarters in FY2023 to realize a circular economy in which resources, energy, and products are recycled as much as possible, and waste generation is minimized. In the Medium-term Management Plan 2025, we have positioned the realization of a circular economy as a key theme, focusing on constructing a platform to realize such an economy.

> Strengths

- Collaborations with alliance partners such as TRE HOLDINGS
- Cooperation with manufacturers and startups with cutting-edge technology
- Power supply from 740 solar power plants around the country to 30 AEON Mall facilities in collaboration with Eco Style
- Financing transactions focusing on equity investments in solar, wind, hydro, and biomass power plants

> Key Measures under Medium-term Management Plan 2025

- Shift from the real economy to the circular economy
- Construct a platform in collaboration with various alliance partners by serving as a node of the arterial industry and the venous industry
- Secure 1 GW of renewable energy power source
- Secure transparency in each stage of product life cycle and promote optimized resource use in cooperation with alliance partners

Achievements and results of the previous Medium-term Management Plan

- Acquired solar power plants and entered the renewable energy business in full scale
- Entered the domestic hydro power generation business
- Reached a basic agreement with TRE HOLDINGS for building a circular economy
- Established a renewable energy scheme and concluded a capital and business alliance with Eco Style

Growth Strategy

Mizuho Leasing aims to become a circular society platform company. The Circular Society Platform Headquarters is responsible for promoting this goal. In August 2023, we took a stake in TRE HOLDINGS CORPORATION, one of the largest recycling service providers in Japan, in order to strengthen collaboration as a cooperative partner. We intend to build a system for resource recycling through collaboration between the Company, which promotes XaaS (transformation of products into services), and TRE, which collects and recycles used products, beyond the boundaries of industries. We will ensure transparency in each stage

of product life cycle processes and promote optimized resource use in cooperation with TRE and other alliance partners.

We also aim to realize a decarbonized, circular society by supplying renewable energy generated by the Company in all product lifecycle processes. At the same time, we will cooperate with multiple manufacturers and startups with cutting-edge technologies in EVs and storage batteries to start business development from the perspective of value co-creation.

Circular Economy Platform Our Company Aims for

The depletion of resources caused by global population growth and global warming and other environmental issues have led to strong demand for a shift from a linear economy to a circular economy. In this environment, the Company, which provides solutions such as leasing, rental, and subscription services, and TRE HOLDINGS, which engages in the resource recycling business, reached a basic agreement and concluded an agreement as business partners based on a common understanding that the goals of both companies coincide. The two companies work together with material and product manufacturers to promote discussions on the construction of a circular economy platform, resource recycling, and the visualization and reduction of greenhouse gas emissions.

A linear economy is a social system based on a mass production, mass consumption and mass disposal pattern (i.e., a one-way relationship where the venous industry turns the industrial waste generated from the activities of the arterial industry into reusable resources) (Source: METI official website)





Real Estate Headquarters

With the vision of “contributing to society through our real estate services,” the Real Estate Headquarters provides financing (mezzanine loans and investments) for various types of real estate properties, including offices and logistics facilities. We will grow the real estate business with a strong challenging spirit through the two pillars of traditional and new businesses.

> Strengths

- Flexibility and high degree of adaptability to meet clients' needs
- Trust built up through long-term partnership with clients
- Precise response to CRE and capital needs of many of Mizuho Financial Group clients
- Expansion of business domains through collaborations with alliance partners and further enhancement of client proposal capabilities

> Key Measures under Medium-term Management Plan 2025

- Simultaneously expand existing businesses and create new ones
- Expand stable revenue bases, such as mezzanine loans and real estate leasing
- Acquire and jointly develop real estate with a medium- to long-term management perspective in mind
- Create new businesses through collaborations with alliance partners
- Further promote the mid-career hiring of specialized personnel
- Create a comfortable working environment and realize a virtuous cycle through health promotion

Achievements and results of the previous Medium-term Management Plan

- Acquired shares of Nippon Steel Kowa Real Estate CO., LTD. and entered into a business agreement in order to expand business domains
- Invested in CCREB Advisors Inc., a real estate tech company, with a view to creating new businesses and strengthening proposal capabilities
- Invested in a fund that will acquire Shiodome A-block real estate, including the DENTSU head office building and Otemachi PLACE, which are expected to provide stable long-term revenue
- Real estate-related operating assets increased 31% year on year on growth in real estate financing for prime assets

Growth Strategy

In the real estate business, we have built long-term and stable revenue bases by engaging in large-scale projects such as offices and logistics facilities. During the period covered by the previous Medium-term Management Plan, we deepened relationships with alliance by concluding a business agreement with Nippon Steel Kowa Real Estate and investing in CCREB Advisors Inc., a real estate tech startup. This has contributed to improving client proposal capabilities, resulting in an increase in the number of projects we are working on. Our current mission is to build a strategic business portfolio by appropriately assessing the current recovery from the COVID-19 situation and the significantly

changing business environment. For further growth strategies, we will also focus on development projects and real estate acquisition with the assumption of long-term ownership, which are highly profitable new domains, in order to raise the overall ROA. In addition, efforts toward a decarbonized society are expanding in the entire industry. As such, we will contribute to building social infrastructure by working on projects such as those for environmentally certified real estate properties.

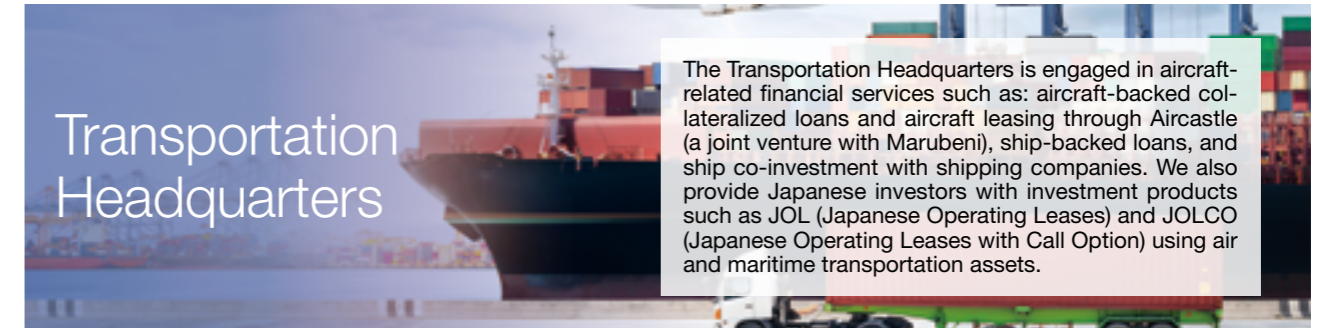
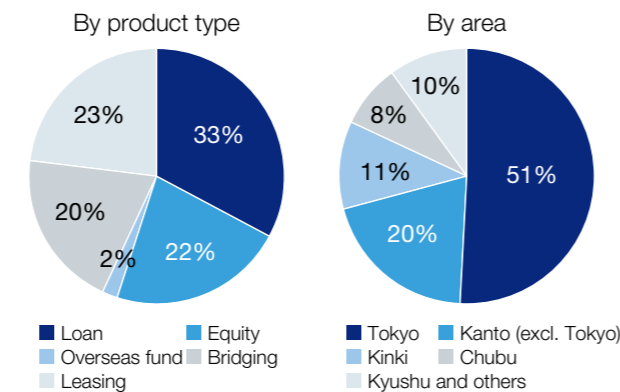
We will create new value and resolve social issues by balancing efforts to expand existing core domains and take on challenges to create new businesses.

DX Promotion by the Real Estate Headquarters

The Real Estate Headquarters collaborates with real estate tech companies to obtain daily changing real estate market information in a timely and efficient manner and uses it to enhance the variety of proposals to clients. We will also work to improve the way executives and employees work by introducing a new contracted property management system that collects data for the entire Real Estate Headquarters, helps optimize business portfolio management, and improves productivity.



Business portfolio of the Real Estate Headquarters



Transportation Headquarters

The Transportation Headquarters is engaged in aircraft-related financial services such as: aircraft-backed collateralized loans and aircraft leasing through Aircastle (a joint venture with Marubeni), ship-backed loans, and ship co-investment with shipping companies. We also provide Japanese investors with investment products such as JOL (Japanese Operating Leases) and JOLCO (Japanese Operating Leases with Call Option) using air and maritime transportation assets.

> Strengths

- Strong partnership with Mizuho Financial Group, Marubeni, and other partners and expertise cultivated through these partnerships
- Utilization of Aircastle, a major aircraft leasing specialist, in which the Company and Marubeni own equity stakes
- Capabilities to structure and distribute deals that contribute to the fundraising and management of our clients by leveraging our knowledge and experience in the air and marine transportation sector

> Key Measures under Medium-term Management Plan 2025

- Strengthen aircraft-related financial services (operating leases, JOL/JOLCO, etc.) through collaborations with Marubeni and other partners
- Strengthen capabilities to develop and provide investment products in areas that we have not frequently handled before, such as LNG tankers
- Strengthen asset risk-taking capabilities in the marine transportation area

Achievements and results of the previous Medium-term Management Plan

- Expanded aircraft-related businesses through collaboration with Marubeni (financing from Mizuho Marubeni Leasing to Aircastle)
- Provided PDP financing for a Mexican LCC
- Developed and strengthened the sales system for JOLCO and other investment products

Growth Strategy

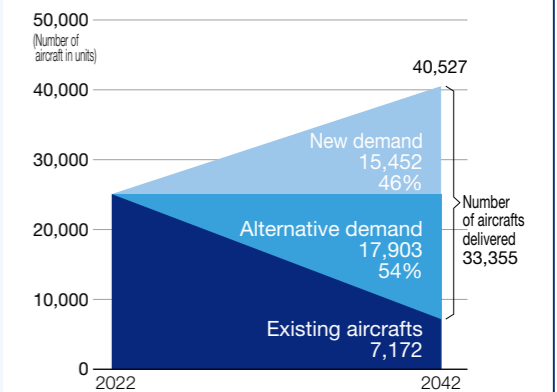
In the aviation sector, we will focus on (1) strengthening aircraft operating lease business through Aircastle, (2) expanding aircraft-backed loans and (3) strengthening investment products for Japanese investors through the structuring and distribution of JOL and JOLCO. Up to this point we have mainly provided financing to companies in need of aircraft. Going forward, we will achieve growth by capturing a recovery in aviation demand that declined due to the COVID-19 pandemic and an accompanying increase in demand for leasing services, through Aircastle, in which we have recently increased our capital. As for JOLCO, we will

develop products that contribute to easing a capital investment burden associated with rising new building prices of aircraft and ships as well as to capital recycling. At the same time, we will deliver these products to the Japanese investors to proactively respond to their investment needs as well as to responding to the financing needs of the operators. In the maritime transportation area, we will draw on our long experience and knowledge to appropriately share asset risks with our clients and help them expand their businesses.

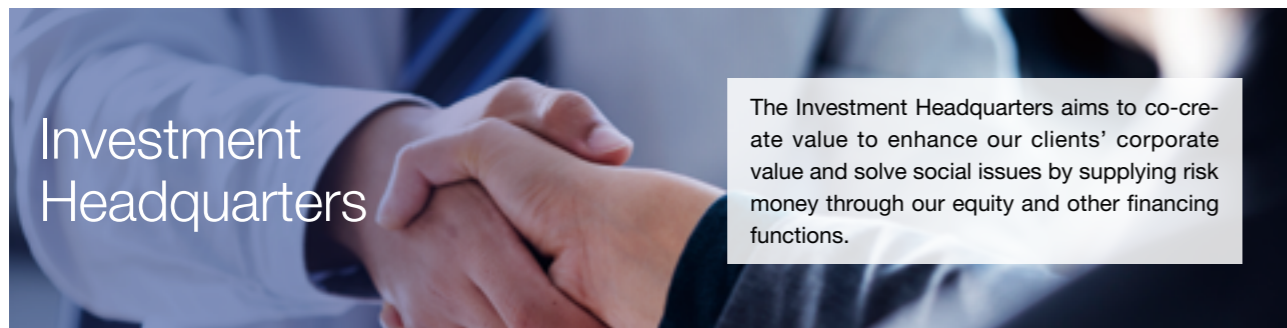
Case Study in the Transportation Headquarters

In FY2022, the Transportation Headquarters worked on the world's first JOLCO for existing LNG tankers. Liquefied natural gas (LNG) is expected to play a significant role in stable energy supply as a bridge to decarbonization, and demand for dedicated vessels is expected to increase in the future. On the other hand, the capital investment burden is increasing as new building prices are rising due to increased demand and higher material prices. By using JOLCO for existing vessels, we have enabled the maritime transportation industry to recycle existing investments to make new investments, while providing Japanese investors with opportunities to invest in high quality projects with stable cashflow, satisfying both of the fundraising and needs.

Passenger jet demand forecast results



Source: Japan Aircraft Development Corporation



Investment Headquarters

The Investment Headquarters aims to co-create value to enhance our clients' corporate value and solve social issues by supplying risk money through our equity and other financing functions.

> Strengths

- Capability to access our clients' needs in cooperation with Mizuho Financial Group
- Investment opportunities and project sourcing capabilities from networks with Marubeni and investment funds
- Flexible investment and financing methods suited to market conditions

> Key Measures under Medium-term Management Plan 2025

- Strengthen direct investment in operating companies
- Promote value co-creation through joint investments with clients
- Expand into new financing areas, such as overseas renewable energy and infrastructure projects, and securitized products

Achievements and results of the previous Medium-term Management Plan

- In the equity area, accumulated LP investments in investment funds and built broad and deep networks in Japan and overseas
- For investments in startups, set up corporate venture capital (CVC) fund in collaboration with Mizuho Capital
- In cases where business synergies are expected, made several direct investments from Mizuho Leasing itself
- In the financing area, established a stable revenue base by investing in middle-risk/middle-return projects in Japan and overseas and building a certain investment portfolio

Growth Strategy

The growth strategy of the Investment Headquarters is to respond to risk money needs that are emerging both in Japan and overseas in connection with issues faced by clients and society, and to provide financing solutions through the appropriate construction and management of asset portfolios, making it one of the new pillars of our businesses.

For example, in the equity area, while securing a certain level of financial returns through indirect investment via funds, we will also strengthen direct investment in startups

and operating companies to benefit from their growth potential. We will also promote value co-creation through joint investments with our clients.

In the financing area, while keeping an eye on market trends and increasing our involvement in domestic and overseas acquisition financing, we will also expand our business scope to new areas, such as overseas renewable energy and infrastructure projects and securitized products.

Exploring Innovations and Pursuing Co-creation

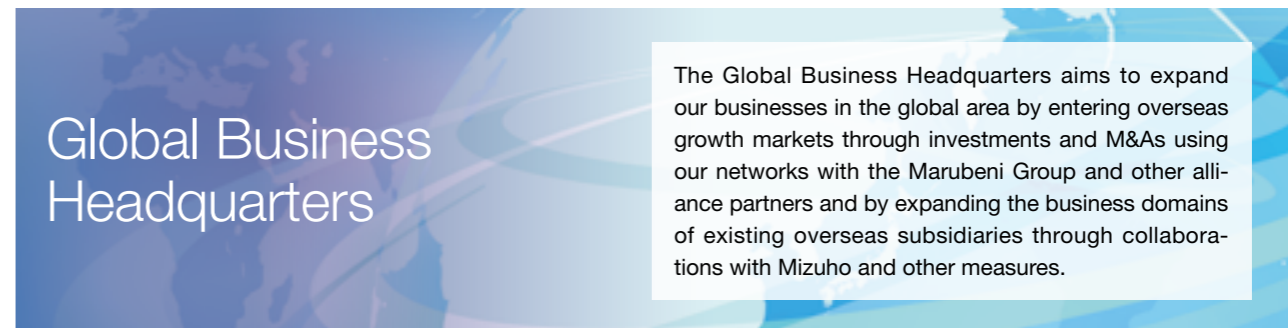
The Investment Headquarters keep close watch on technological evolution and business model innovations through access to startups. We are working not only to provide support for startups that handle solutions contributing to our clients' DX strategies in terms of financing, primarily through equity investment, but also to co-create value with our clients and startups through efforts such as building cutting-edge and highly sustainable business models using DX.



Rapyuta PA-AMR*, a human-collaborative logistics warehouse robot developed by the Company's investee, Rapyuta Robotics Co., Ltd.



* Rapyuta PA-AMR is a state-of-the-art robotic solution that improves productivity in picking work, reduces workers' workload, and helps solve labor shortage.



Global Business Headquarters

The Global Business Headquarters aims to expand our businesses in the global area by entering overseas growth markets through investments and M&As using our networks with the Marubeni Group and other alliance partners and by expanding the business domains of existing overseas subsidiaries through collaborations with Mizuho and other measures.

> Strengths

- Cooperative framework with alliance partners, including cooperation with the Mizuho Group
- Networks in the Asia-Oceania region, such as our local subsidiary in Singapore
- Ability to propose solutions that capitalize on our client base and diverse experience over many years in Japan and overseas

> Key Measures under Medium-term Management Plan 2025

- Enter new growth markets through joint investments with Marubeni and independently-sourced M&A deals
- Expand client base to non-Japanese corporate clients and overseas local retail clients
- Create revenue opportunities by providing solutions that rely on the value of goods

Achievements and results of the previous Medium-term Management Plan

- Acquired a stake in PLM Fleet, LLC, a frozen/refrigerated trailer leasing and rental company in the U.S. (equity stake of 50%; joint business operation with Marubeni)
- Invested in a leasing company in Vietnam (Vietnam International Leasing Company Limited) (equity stake of 18.3%)
- Commenced operations at our subsidiary in Singapore (Mizuho Leasing (Singapore) Pte. Ltd.) (equity stake of 100%)
- Acquired a stake in an automobile sales and financing company in Australia (Affordable Car Leasing Pty Ltd) (equity stake of 50%; joint business operation with Marubeni)
- Made Rent Alpha Pvt. Ltd. a consolidated subsidiary (equity stake of 51%)

Growth Strategy

In the global area, we aim to expand our business through (1) expansion of business areas (such as target markets, value of goods, and small-amount diversified investments in SMEs and individuals) based on our inorganic strategy through investments and M&A deals and (2) stable growth of existing local subsidiaries centered on collaborations with Mizuho and other measures.

In our inorganic strategy, in addition to developing joint business with Marubeni, we made our first entry into India in June 2023 through an independently-sourced acquisition.

We will continue to advance into markets and business fields with high growth potential, thereby capturing revenues from such growth. At existing local subsidiaries, in addition to expanding our client base in cooperation with the Mizuho Group, we aim to expand our business domains by capturing market growth. For example, we are seeking to promote, and expand the range of, differentiated products from banks, such as providing vendor financing in countries where we operate. We also aim to finance the EV industry and renewable energy-related businesses.

Making Rent Alpha Pvt. Ltd. a Consolidated Subsidiary

The Rent Alpha Group provides financial solutions across India with a focus on corporate leasing and has a leading share in the equipment leasing market in India. The Indian leasing market is expected to grow over the long term boosted by the economic growth and the spread of leasing. Rent Alpha, now a consolidated subsidiary of Mizuho Leasing, will leverage its global insights, business size, and brand power to further grow in the Indian market, which is in the early days of leasing.



Toshiaki Ito, Chairman, Rent Alpha Pvt. Ltd.



Jinesh Jain, CEO, Rent Alpha Pvt. Ltd.



Mizuho Leasing's Sustainability Promotion

Japanese companies are faced with a mountain of social, economic, and business challenges. These challenges include a plateaued domestic market due to the declining population, an increasingly competitive global business environment, a concern that the fiscal policy problem could surface, unforeseeable political and economic trends, climate change, and a pressing need for responding to technological advancement. The Mizuho Leasing Group aims to evolve into a multi-solution platformer that enables clients to tackle their business challenges by providing solutions beyond traditional financing to co-create value as a partner. In the Medium-term Management Plan 2025, we have positioned the next three years as a period for aggressive investment of our managerial resources in both business and management infrastructure, in order to make great strides towards the realization of our ambitions, which is in line with our ultimate goal of contributing to the realization of a sustainable society.

On the governance front, we newly established the Sustainability Committee in the previous fiscal year. The Committee met four times during the fiscal year to discuss cross-sectional issues, such as the progress management of our business projects that contribute to addressing materiality topics and how to address human rights related issues. In addition, we have incorporated the evaluation of the directors' performance related to

sustainability into their performance-linked compensation. In the years ahead, we will work to sophisticate the method of our risk management and further strengthen our governance, both constituting part of our management infrastructure, in a bid to support the growth of our existing businesses and the creation of new businesses.

We will continue to work on initiatives to address the materiality topics through business activities. Among those initiatives, we have set non-financial indicators for the following priority areas: realization of a decarbonized society, co-creation of circular economy and society, and enhancement of human capital. To realize a decarbonized society, we aim to first secure a renewable power generation capacity of 1GW. Then, we will build infrastructure to supply power/energy derived from renewable sources, use renewable power sources in focus/new areas, and provide platforms for solutions to pressing environmental issues such as realizing a circular and low-carbon society. In addition, we are making efforts to co-create circular economy and society by leveraging the experiences and networks we have built up as a provider of financing for equipment and other assets. Specifically, we will improve transparency in each stage of a product life cycle and serve as a node in resource cycle, from procurement of recycled materials, production of products, appropriate use (long-term/

reuse) to product recycling. We aim to build a platform that supplies the renewable energy we have secured to all stages of a product lifecycle.

To address climate change, we have accelerated our plan to realize carbon neutrality from the initial target of 2050 to 2030.

As the Mizuho Leasing Group regards each and every employee as an important asset (human capital), we have established the personnel development policy, which is centered around the belief that developing employees willingness to play active roles at the Group for years and creating a workplace where employees can work with energy and enthusiasm is an important aspect of our management strategy. Faced with drastic changes in business environment, we have proactively sought to expand our business domains with a pivotal focus on ties within the Group. In line with this business strategy, we have aimed to build a human capital portfolio that underpins our business in the future by transforming our corporate culture into the one that encourages our employees to take on challenges in a voluntary and proactive manner. One of the materiality topics we have identified is "Creating a society and workplace where everyone can thrive." As a company based in Japan, to proactively draw on diverse human capital and values irrespective of nationality, gender, age and other diversity

factors, we have focused on business management with the highest priority placed on people. Aiming for an organization where each and every employee feels rewarded, satisfied, and fulfilled at work, we have been making efforts in various perspectives, including recruitment, personnel development, succession plans, diversity, health management, engagement, when and where to work, and human rights.

We aim to contribute to realizing a sustainable society by taking a lead in solving social issues. We are aware that respect for human rights is the first prerequisite for achieving our own mission, vision, and values. To demonstrate our responsibility and commitment for human rights, we have established and disseminated our human rights policy. In addition to strengthening our initiatives in-house, we have been making preparations for human rights due diligence for the future.

With a vision to "Be a creator of a sustainable world", we are committed to co-creating a circular society, with the materiality topics we have identified as a starting point, through continued dialogues with our stakeholders and tireless challenges and new ideas that go beyond finance, to ultimately contribute to realizing a sustainable society.

Mizuho Leasing's Materiality

Step 1 | Extracting issues

Made a list of approximately 300 issues extracted from SDGs, SASB Materiality Map by industry sector, 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

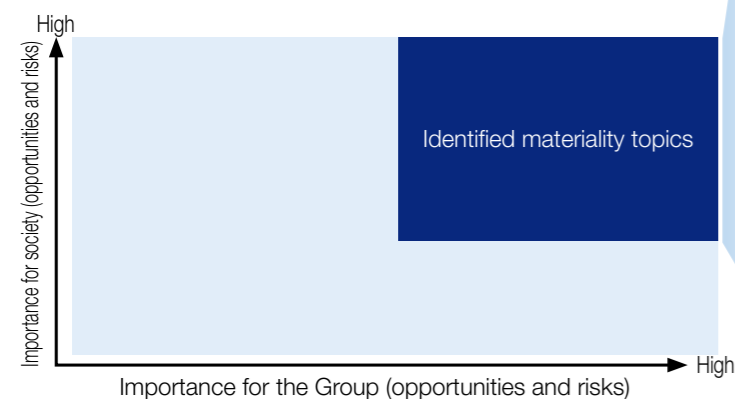
Scored each issue by drawing on the insights of external experts concerning the degree of importance of each issue for society and for the Group. Selected issues that the Group can contribute to solving through its business, or issues that the Group is aiming to contribute to solving.

Step 3 | Assessing issues

Conducted interviews with the 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 topics in the Executive Management Committee, and decided in a Board of Directors' meeting.



Materiality	Social issues	Indicators
Contributing to a decarbonized society	<ul style="list-style-type: none"> Worsening environmental issues (global warming, etc.) Increased demand for energy/food/water and resource depletion Expanded demand for and use of renewable energy 	<ul style="list-style-type: none"> Secure a renewable power generation capacity of 1 GW (FY2025) Reduce CO₂ emissions to zero in Scopes 1 & 2 (FY2030)
Contributing to a healthy and prosperous lifestyle	<ul style="list-style-type: none"> Aging society and labor shortage in the medical and nursing care field Regional disparities between urban and rural areas in the medical and nursing care field 	
Contributing to the creation of social infrastructure that supports our lifestyle	<ul style="list-style-type: none"> Construction of social infrastructure in response to changing lifestyles Widening regional disparities in terms of urbanization and depopulation Aging and obsolescence of infrastructure 	
Leading toward a circular economy	<ul style="list-style-type: none"> Environmental conservation by moving away from a mass-production and mass-consumption society Responding to changes in social trends from ownership to use Shorter product cycles due to technological innovation 	<ul style="list-style-type: none"> Chemical/material resource recycling rate: 85% or more (FY2027)
Creating new value through technology	<ul style="list-style-type: none"> Expectations for solving problems with new technologies (robots, AI, etc.) Increasing demand for data utilization Expectations for improved access to information through advances in information technology 	<ul style="list-style-type: none"> Digital IT personnel: 200 people or more (FY2025)
Creating a society and workplace where everyone can thrive	<ul style="list-style-type: none"> Expectations for work style reform Growing importance of respect for diversity and human rights Necessity of appropriate governance structure and internal control 	<ul style="list-style-type: none"> Hire more specialized business personnel: +80 people or more (FY2025) Investment amount for developing personnel: 3x or more (FY2025; compared to FY2022) Rate of paid annual leave taken: 80% or more (FY2025) Rate of female employees in managerial posts: 15% (FY2025) Ratio of childcare leave taken by male employees: 100% (every year)

Our Vision

We make the great leap from a leasing company to a platform company that co-creates the future together with our clients

Circular society platform company that addresses social challenges

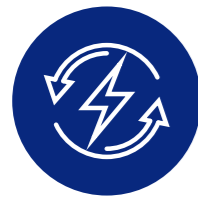
Provide integrated solutions, such as circular economy and decarbonization, for social issues that corporations need to solve

Technology-driven leader pushing for structural business reform

Anticipate shifting social structures and spread of new technologies, and provide a comprehensive range of solutions designed to meet those business challenges in response
Become a powerful XaaS (Anything as a Service) player

Organization that fearlessly tackle challenges to create new value

Each employee, and the company as a whole, will create new value beyond the traditional finance framework by being agile, focusing on speed, and taking on new challenges



Contributing to a decarbonized society



Social issues

- Worsening environmental issues (global warming, etc.)
- Increased demand for energy/food/water and resource depletion
- Expanded demand for and use of renewable energy

Opportunities for Mizuho Leasing

- Increased business opportunities associated with changes in social and industrial structures with renewable energy as the starting point
- Expected role as equity holder and fund provider for projects related to renewable energy
- Strengthening of alliances with clients and suppliers with the common goal of expanding clean energy

Risks for Mizuho Leasing

- Rising costs of responding to climate change risks
- Shrinking market for products whose environmental impact is difficult to measure and continuously reduce
- Introduction of laws and regulations related to energy efficiency and its impact on corporate activities

Major initiatives for materiality

Participate in renewable energy projects, and create management systems for generating, transmitting, storing, and using electric power

Enhance solutions for saving energy and improving energy efficiency

Examples

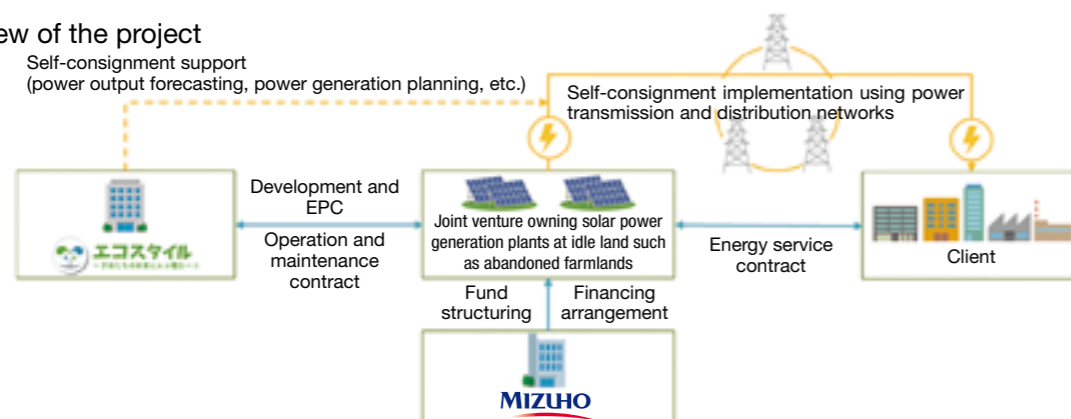
Achieved a framework to meet clients' needs for procuring electricity derived from renewable sources through capital and business alliance with a developer

In September 2022, the first project of a scheme in which we participated started operations to supply electricity derived from renewable sources. Under this scheme with the self-consignment method, electricity is supplied from solar power generation plants built in multiple idle lands such as abandoned farmlands to electricity consuming areas through the power transmission and distribution networks operated and managed by general power transmission and distribution business operators. The scheme allows for the procurement of large-capacity renewal energy.

In March 2023, Mizuho Leasing concluded a capital and business alliance agreement with Eco Style Co., Ltd., a developer of solar power generation plants and a partner in the project. Mizuho Leasing will collaborate with Eco Style to meet the needs of electricity consumers (clients) hoping to procure electricity derived from renewal sources. Specifically, we provide these clients with schemes such those using the self-consignment method and Corporate PPA.

Mizuho Leasing will accelerate its initiatives to secure a renewable power generation capacity of 1 GW (FY2025), which was announced in the Medium-term Management Plan 2025 in May 2023. In addition, we will provide a scheme to meet the needs of electricity consumers (clients) for procuring electricity derived from renewable sources and thereby contribute to realizing a carbon neutral society.

Overview of the project



Contributing to a healthy and prosperous lifestyle



Social issues

- Aging society and labor shortage in the medical and nursing care field
- Regional disparities between urban and rural areas in the medical and nursing care field

Opportunities for Mizuho Leasing

- Growing demand for investment in medical and nursing care services using IoT
- Entry into real estate leasing schemes, such as elderly housing with medical and nursing care services
- Expansion of health information services and health-related markets (from treatment to prevention)

Risks for Mizuho Leasing

- Loss of opportunities for market expansion mainly due to delays in upgrading to advanced medical equipment or forming alliances to that end
- Loss of growth opportunities due to the inability to meet the growing demand for medical services

Major initiatives for materiality topics

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

Examples

Leasing of emergency medical helicopters, which contributes to improving lifestyle and healthcare in regional communities

Mizuho Leasing has been driving its contribution to a healthy and prosperous lifestyle by providing services in the medical and healthcare area, such as financing to medical and nursing care equipment and leasing of real estate such as nursing care facilities. Especially in the area of emergency medical care, we have focused on leasing emergency medical helicopters which are used to transport medical doctors and nurses to the sick and injured.

Emergency medical helicopters are capable of easily reaching the places difficult to access for ambulances, such as mountainous regions and distant locations, and thus, can quickly promptly come to disaster sites and emergencies. With medical professionals on board and sophisticated medical equipment equipped, the helicopters can allow for early treatment by providing appropriate emergency care to patients and quickly transporting them to medical institutions.

Tohoku Air Service, Inc., one of the Tohoku Electric Power group companies, has contributed to regional communities by leveraging its experience and know-how on the operation of helicopters through its business activities. Such activities include patrolling power transmission lines, and operation of firefighting and disaster-protection helicopters. We have supported the safe and secure living of all residents in regional communities by leasing Kawasaki BK117 C-2, which Tohoku Air Service, Inc. has introduced as emergency medical helicopters.





Contributing to the creation of social infrastructure that supports our lifestyle



Social issues

- Construction of social infrastructure in response to changing lifestyles
- Widening regional disparities in terms of urbanization and depopulation
- Aging and obsolescence of infrastructure

Opportunities for Mizuho Leasing

- Increased demand for equipment and facilities in line with growing logistics demand and social changes such as digitalization and smartification, as well as creation of new opportunities for business advancement
- Expansion of business opportunities in rural areas due to the advancement of de-urbanization and a decentralized society
- Demand for infrastructure upgrades and demand for infrastructure using new technologies

Risks for Mizuho Leasing

- Obsolescence of existing equipment and businesses due to changes in working styles and living environment
- Loss of business opportunities due to intensifying competition in urban areas and declining population and companies in rural areas
- Stagnation of socioeconomic activities due to accidents and breakdowns caused by aging infrastructure and increased damage in the event of disasters

Major initiatives for materiality topics

Focus on real estate that addresses strong social needs and properties with environmental certification

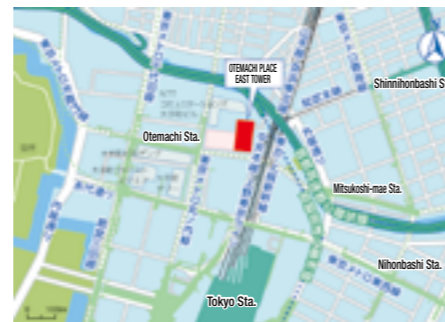
Provide solutions for infrastructure development and promoting mobility

Examples Initiatives related to real estate with environmental certification or high social needs

Market environments surrounding each industry have changed dramatically and the pace of such changes has accelerated more than ever. We believe the Mizuho Leasing Group's mission is to construct a diverse range of era-defining infrastructure and to create social infrastructure that supports prosperous lifestyle, in response to recovery from the COVID-19 pandemic and changing lifestyles.

In November 2022, the Mizuho Leasing Group made an investment in the fund owning Otemachi PLACE, which is located in Otemachi, one of Japan's major business districts, and is directly connected to Otemachi Station, which is served by five metro lines. This relatively new property completed in 2018 is earthquake-resistant and prepared for an emergency. All the commercial power used in the common and tenant areas is derived from renewable sources and carbon offset. The level of CO₂ reduction with the building alone is top ranked in Japan.

The Company has been involved in an increasing number of projects for properties with high social needs (such as logistics facilities and nursing care facilities) as well as those with environmental certification, thereby also contributing to creating the social infrastructure that supports people's living. The Company is committed to realizing a sustainable society by operating businesses that solve social issues through real estate finance function and collaboration with alliances, and thus, by going ahead of the times.



Leading toward a circular economy



Social issues

- Environmental conservation by moving away from a mass-production and mass-consumption society
- Responding to changes in social trends from ownership to use
- Shorter product cycles due to technological innovation

Opportunities for Mizuho Leasing

- Expansion of new businesses and technological development in response to changes in the way goods are used
- Widespread use of sharing and subscription services that are highly compatible with leasing
- Increased business opportunities for the Company due to a shorter capital investment cycle
- Environmental improvement through conservation of the natural environment and reduction of waste and pollutants

Risks for Mizuho Leasing

- Adverse effects on the natural environment due to resource depletion and increased waste, and increased burden on companies due to soaring resource prices and environmental regulations resulting from environmental degradation
- Loss of opportunities for growth and innovation due to the inability to capture demand associated with the shift from ownership to use
- Deterioration of corporate performance due to increased capital investment costs to respond to rapid technological innovation and social change

Major initiatives for materiality topics

Build a circular economy platform through collaboration with partners

Provide solutions that maximize the use value of goods, such as subscription and sharing

Examples

Diversifying the sales methods for new products in line with changes of consumers' lifestyles and contributing to a circular economy
Building a vendor financing scheme for frozen food vending machines

At the request of FUJI ELECTRIC CO., LTD., a major electrical manufacturer, for developing a new sales method for frozen food vending machines, Mizuho Leasing proposed a vendor financing scheme that helps improve the efficiency of sales activities; the collaborative sales scheme has come into operation since FY2023.

As needs for using frozen food vending machines are on the rise in line with changes in consumers' lifestyles, mainly food and beverage businesses are considering introducing, or have introduced, them. In frozen food vending machines, products for sale are frozen and thus can be stored for a long period of time. In fact, they help reduce product expiration risk as well as food waste.

Through collaboration with Mizuho Leasing, FUJI ELECTRIC is expected to improve the efficiency of its sales activities and speed up the conclusion of contracts with its customers, as well as increase sales volume by making use of the Mizuho Group's client network. Continued collaboration with Mizuho Leasing in the vendor financing scheme will enable FUJI ELECTRIC to contribute to reducing food waste, reuse returned products for other customers. As such, the scheme helps build a resource recycling system throughout the product life cycle by appropriately using products (for longer time) and recycling them. Mizuho Leasing will continue to focus on leading toward a circular economy by working jointly with recycling business partners to enhance traceability, and further drive the initiatives above.



"Frozen Station II" frozen food vending machine



"Multi-kun" compact multi-purpose vending machine



Multi-purpose food vending machine (indoor installation only)



Creating new value through technology

Social issues

- Expectations for solving problems with new technologies (robots, AI, etc.)
- Increasing demand for data utilization
- Expectations for improved access to information through advances in information technology



Opportunities for Mizuho Leasing

- Creation of new markets, provision of innovative services, and transformation to a business model that considers sustainability
- Establishment of a solid information infrastructure and improvement in information literacy
- Capturing corporate investment demand and expanding business to promote the use of IoT and robotics

Risks for Mizuho Leasing

- Obsolescence of existing business models due to the rise of new technologies such as IoT and AI
- Obsolescence of existing assets held and a decline in residual value
- Leakage of core information and suspension of business operations

Major initiatives for materiality topics

Provide a platform that uses big data and AI

Create new businesses by investing in startups

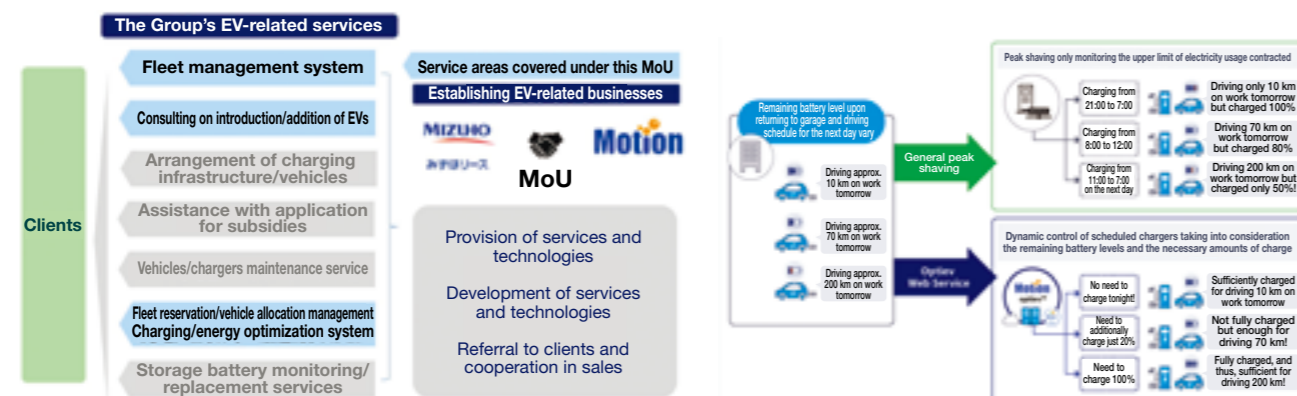
Examples

Problem-solving EV-related services utilizing combinatorial optimization technologies

In June 2023, Mizuho Leasing signed a MoU on the establishment of EV-related services with Motion Inc., a company developing services centered on combinatorial optimization technologies with its superior data analytics (statistical analysis).

Toward the goal of achieving carbon neutrality by 2050, the need for electrifying various types of vehicles, including automobiles, forklifts, construction equipment, and ships, is on the rise. In the process of discussing electrification and introducing electrified vehicles, the EV charging management, which helps reduce the burden of unexperienced operations and minimize power consumption and the load on electrical systems, has surfaced as a challenge. Since its foundation, Motor Inc. has solved issues of many corporate and other clients by analyzing big data across a variety of business settings and optimizing combination of people or things driven by data. The collaboration with Motor Inc. is part of our efforts to provide consulting service for introducing electrified vehicles and implement optimal EV charging management services in line with the concerns of companies considering and introducing electrified vehicles. The consulting service for introducing electrified vehicles has already come into pilot operation. As one of the EV charging management services, we are offering a scheme that optimizes and automatically controls battery chargers and schedules charging while acquiring the operation status of vehicles in real time. We plan to deliver the service via SaaS or API.

Going forward, we will continue to work on the electrification of vehicles toward realizing a decarbonized society by collaborating with alliances, thereby realizing a sustainable society.



Creating a society and workplace where everyone can thrive

Social issues

- Expectations for work style reform
- Growing importance of respect for diversity and human rights
- Necessity of appropriate governance structure and internal control



Opportunities for Mizuho Leasing

- Expansion of opportunities to secure excellent human capital by promoting diverse work styles with a high degree of flexibility
- Strengthening of organizational capabilities by making the most of employees' abilities
- Establishing a foundation for stable growth by establishing a solid governance structure

Risks for Mizuho Leasing

- Outflow of human capital due to inadequate labor and employment management, and training of employees
- Reputation risk due to inadequate harassment response
- Business continuity risks associated with governance failures and dysfunction of internal control

Major initiatives for materiality topics

Secure and retain diverse human capital through mid-career hiring and support careers of women

Respect human and individual rights, accommodate diverse work styles

Examples

Expansion of the initiatives to increase flexibility in choosing when and where to work to all sites

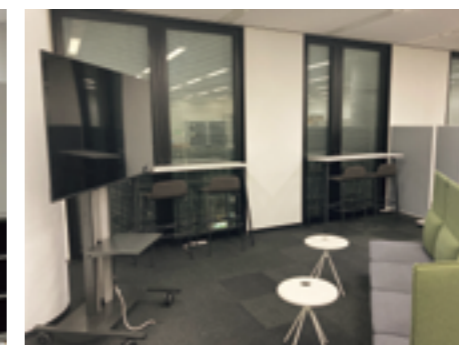
For Mizuho Leasing, which aims to transform its corporate culture, one of its important elements is to create a working environment in which employees can work with energy and enthusiasm and feel rewarding.

We offer workplaces that accommodate diverse workstyles, including teleworking and coworking, based on the Activity Based Working (ABW) concept, allowing employees to freely choose when and where to work. Since we implemented the initiative in the area where our head office is located, we have continued to expand the initiative to the Makuhari office, where information systems departments reside, and local sites. Specifically, we have made a range of efforts to create a work environment where employees can thrive. Such efforts include the introduction of restaurant booths, partitioned video conference spaces, and communication spaces, which are designed to fit the characteristics of each workplace, as well as the introduction of free-addressing.

In addition, the new Sendai Branch office, which was relocated recently, has moved forward with efforts to harmoniously coexist with society and protect the global environment by using chairs made of marine plastic waste and wooden furniture made of trees farmed and distributed with due consideration to the environment.



Partitioned conference space, Sapporo Branch



Communication space, Nagoya Branch



Restaurant booth and chairs made of marine plastic waste, Sendai Branch

The Company aims to solve clients' problems and realize a sustainable society, such as the creation of new businesses and advancement into new business domains, through alliance/cooperation with its alliance partners, including Mizuho Financial Group companies, Marubeni Corporation, and RICOH LEASING COMPANY, LTD.

Alliance with the Mizuho Group

Mizuho Leasing will significantly develop its business by providing unique solutions to the Mizuho client base that differ from the Mizuho Bank Group

Qualitative shift in alliance

■ Deepen alliance with the Mizuho Group for further advancement

Provision of solutions unique to Mizuho Leasing

■ Provide the Mizuho clients with unique solutions, differing from the Mizuho Bank Group

Expand client base

■ Capitalize on one of Japan's largest client bases to further expand our own

March 2019

Launched partnership with Mizuho Group with Mizuho Group

- Becomes an equity-method affiliate of Mizuho Group
- Expands business by leveraging one of the largest client bases in Japan and overseas (changed the company name to Mizuho Leasing Company, Limited in October 2019)

March 2019

Launched partnership with Marubeni Group

- Drove performance in the global area by turning overseas businesses into joint ventures since FY2020

Alliance with the Marubeni Group

We will accelerate global business growth through investments via Mizuho Marubeni Leasing (our joint venture with Marubeni Corporation) and through joint investments in businesses overseas.

■ Promote joint business, especially in overseas markets

-Increase synergetic revenue through business expansion of and alliance with existing JVs

-Expand alliances and search for joint investment targets in new business domains

■ Delve into Marubeni's captive business through Mizuho Marubeni Leasing

Alliance with RICOH/RICOH LEASING

■ Drive business by leveraging RICOH LEASING's vendor finance expertise and credit decision criteria

■ Promote product offerings from both companies to each other's clients based on their respective strengths. Consider new areas of collaboration

March 2020

Acquired equity interest in RICOH LEASING COMPANY, LTD.

- Strengthened existing businesses, such as vendor finance
- Created new business opportunities through collaboration

Acquired equity interest in Aircastle Limited

- Enhanced our presence in the global aircraft leasing market

Acquired equity interest in PLM Fleet, LLC

- Developed frozen and refrigerated transport market in the United States

May 2021

Acquired equity interest in Mizuho Capital Co., Ltd.

- Strengthened access to startups
- Leveraged investee companies' solutions to expand to new sectors

August 2021

Acquired equity interest in Nippon Steel Kowa Real Estate Co., Ltd.

- Leveraged general developer's insights in real estate development, property management, and asset management to expand presence in the real estate

Medium-term Management Plan 2025

2023

January 2023

Agreement to make Rent Alpha Pvt. Ltd. a subsidiary

- Acquired an Indian company with high growth potential and will work to expand into new markets

March 2023

Invested in Eco Style Co., Ltd.

- Provides solar power energy schemes using the self-consignment method and Corporate PPA

January 2022

Acquired equity interest in Affordable Car Leasing Pty Ltd

- Auto finance business in Australia

April 2022

Invested in Rapyuta Robotics Co., Ltd.

- Built a subscription scheme for logistics robots

November 2022

Agreement with TRE HOLDINGS CORPORATION

- Promoted construction of a circular economy platform, aimed at realization of an "advanced circular economy" and a "decarbonized society"


2019

2020

2021

2022

Outside directors play an important role in energizing the Board of Directors by providing advice based on their own knowledge and candidly communicating the opinions of stakeholders from an independent standpoint. The six members, each with different backgrounds and individual attributes, got together to discuss how the new “Medium-term Management Plan 2025” was formulated under the new president, as well as the challenges and expectations for the Company as it strives to “Be a creator of a sustainable world”.

Please refer here for Outside Directors' career background and skills matrix  pp.69-70



Naofumi Negishi
Outside Director



Hirofumi Hagihira
Outside Director



Mari Sagiya
Outside Director



Hajime Kawamura
Outside Director



Takayuki Aonuma
Outside Director



Hirozumi Sone
Outside Director

I Want to Encourage and Support Powerful Efforts to Promote Change from an Objective Perspective

—We are pleased to announce the appointment of the new president. Looking back on the process from selection to appointment, what were your thoughts and expectations in your supervisory capacity?

Hagihira When I first heard about the change of president, I was a little surprised, as I had assumed that Chairman Tsuhara would continue to be responsible for launching the new medium-term management plan.

However, Chairman Tsuhara explained the situation thoroughly and was confident in his recommendation of President Nakamura as his successor. There were several processes to go through, but I agreed because I was confident that the transition to the new structure was going smoothly. I believe other members of the Nomination and Compensation Committee were of the same view.

Sone As I am a newly appointed outside director, I am not aware of the process for appointing a new president. However, at my first Board of Directors meeting, I felt Chairman Tsuhara and President Nakamura had a very good relationship, their individual roles were clear, and there was a deep bond of trust between them. After hearing the details of the “Medium-term Management Plan 2025”, I felt it was an important juncture for President Nakamura to further accelerate the reforms promoted by the previous president, and to greatly extend the company’s focus and reach.

Sagiya President Nakamura was appointed to deputy president in 2020. After assuming the CFO role, he has overseen the entire sales operation, so you can say that he has held key executive positions that provide him with a broad view of the company overall. While driving growth through major alliances with Mizuho and Marubeni Group, he also cultivated new business opportunities establishing the Innovation Co-Creation Department.

Having witnessed these developments in the past years, I view his appointment to president as a natural choice. Going into the future, I am confident that he will continue to promote a management style that heeds the opinions of employees and clients, valuing dialogue with various stakeholders.

Aonuma As Ms. Sagiya said, President Nakamura was in charge of frontier areas and offered explanations at Board of Directors meetings. He is deeply committed to creating the new medium-term management plan, so I think he is the right person for the job. At the same time, I think the new president bears a heavy responsibility as the company embarks on this three-year period of challenges. Ensuring good communication with employees will be important, and developing human resources capable of propelling new business will be a core theme.

Negishi The Company is currently undergoing a period of major change and the new medium-term management plan is extremely challenging. The Company’s business

itself is moving away from a conventional lease financing. Against that background, I would like to see President Nakamura take the initiative in deciding how the company should change and nurture its human capital, including re-skilling, to enable employees to work in new areas, and how the entire company should be reorganized.

Kawamura President Nakamura was not only involved in sales, but also in frontier areas in which the Company should advance in the future, as well as finance, and I think he has gained experience in viewing the entire company from a birds-eye perspective. For that reason, I think he is the right person for president. I was also impressed by his comment at the first Board of Directors meeting following his appointment when he said he would like to get a little closer to his employees in the future. If the president can clearly express his thoughts and ideas, develop closer links with younger employees in particular, and build opportunities for them to test their full abilities, I expect that he will be able to firmly implement

the three-year period of challenging change with a view to the new Plan and the future beyond the current Plan as well.

—In formulating the “Medium-term Management Plan 2025”, please tell us behind the scenes about how it started, what issues were discussed and what decisions were made.

Negishi Generally speaking, when formulating a medium-term management plan, internal directors and other company members spend about six months to a year refining the contents of the plan before finally submitting it to the Board of Directors. However, the Company held an off-site meeting during the medium-term management plan formulation stage, creating an opportunity to enable outside directors to gather for a full day of discussion. While this surprised me, it proved really interesting. I learned a great deal about the Company’s initiatives through this meeting. I also sensed the enthusiasm to create something new and tackle change at this stage, by completing the previous medium-term management plan one year ahead of schedule.



Hagihira Younger employees also participated in the meetings, and the medium-term management plan was created with great care following multiple discussions and multiple revisions, checking even the problems the company had and its corporate culture. You could see that the company was devising ways of encouraging a sense of ownership among employees even at this stage. In addition, the new Plan has a figure of ¥42 billion for net income in fiscal 2025. It is not unachievable since the figure for fiscal 2022 was ¥28.4 billion. I think a very ambitious plan has been developed and it also has attentive contents.

Sagiya One of the duties of outside directors is to provide supervision and advice from a corporate government perspective, in order to support the company’s sustainable growth and enhancement of medium to long-term corporate value. For the development of the new medium term management plan, all outside directors were invited to participate in strategic discussions from the very early stages, and we were able to serve as a kind of a sounding board for the management team. We were exposed to the initial rough sketches of the plan and continued to review it to its completion. By looking into potential opportunities which may emerge due to changes in market needs and technology, we discussed the “Core”, “Growth”, and “Frontier” phases and each of their specific focus areas. Through this process, all board members have obtained a common understanding of the plan and a determination to support it going forward.

Aonuma I certainly have a strong impression that we created the plan together. After all, we will venture into new fields under the new Plan, so risk-taking is also necessary. I expressed my opinion regarding the need for balance when seeking to attract human resources who were well versed in risk management or considering how to acquire those skills. While the Plan is ambitious, it is also practical and clear. It is definitely not a pie in the sky. The Board of Directors even discussed how to ensure employees fully understand and embrace the new Plan, and I think President Nakamura was most attentive on this point. It was President Nakamura who pioneered the frontier areas, and he talked about his intentions to go out into the fields and talk about his ideas by himself. I think the methodology for implementing the Plan deepened considerably on a practical level.

Sone After being appointed outside director, I was given a detailed explanation of the new Plan, which I carefully studied its contents based on my experience as a corporate manager. The three-year period of the medium-term management plan might seem like a long time, but it is quite short, so we have to think about how to create the plan. When dividing into “Core”, “Growth”, and “Frontier” areas, many companies often think that the “core is the place to make money” and the “frontier is the place to focus efforts”. However, in the new Plan, all three areas will be progressed in a well-balanced manner. I think that is the most fundamental point. The other point is to get solid feedback from employees working on the actual fields

so that all employees can press ahead with their work. This is also being done in a well-balanced way.

Kawamura There was some discussion that three years is a short period, and we did consider incorporating reference values for 2027 and 2030. Although the final year of the new Plan is 2025, it has a medium- to long-term goals for 203x and it was developed using backcasting. The discussions that led up to this point were thoroughly explored by the Executive Management Committee and the Board of Directors, and I believe they were consolidated into the “Medium-term Management Plan 2025”. Therefore, I am aware that a medium- to long-term plan has been created with an eye on 2030 and beyond, and that the Plan is probably realistically and aggressively positioned. Overall, I think this is a very good medium-term management plan.

Human Capital Development is a Key Future Issue. I Want Them to Become a Creator of a New Society

—What challenges do you perceive from an external perspective regarding the Company’s vision to “Be a creator of a sustainable world”?

Aonuma When I read the new Plan, I was struck by the presence of three words namely “solutions”, “alliances”, and “platforms”. These words appeared repeatedly and were deeply linked to the Company’s vision to “Be a creator of a sustainable world”.

“Solutions” are all about proposing ways to resolve issues clients are facing. The Company’s access to the power of “Mizuho” is a major strength because it can leverage Mizuho’s human resources and experience. On the other hand, we have the advantage of being able to offer solutions that banks do not have. The Mizuho Group and the Marubeni Group feature strongly in terms of “alliances”. Among these, the Mizuho Group’s customer base, information, funds, and reputation of trust offer the ultimate power. Of the three, the word “platform” suggests a slightly different direction, which I think illustrates the future the Company is aiming to achieve. I think the desired path towards to “Be a creator of a sustainable world” involves building a venue like a station platform, where anyone from mature companies to startups with financial issues can readily drop by and freely use the facilities. In the future, I hope the Company will increasingly leverage its strengths in “solutions” and “alliances”.

Kawamura I think the meaning of the word creator changes with every case. Rather than being a creator who suddenly create something new, we can lead to solutions to events that change gradually depending on customer needs or have significant social impact by drawing upon our alliance with Mizuho or using new technologies from startups, or we can provide solutions through our partnerships with trading companies. I think becoming a creator that can respond to these kinds of needs would suit Mizuho Leasing well. It might be a market-in approach, but it takes considerable competence to accurately implement. It requires human resources with imagination, not with simulation skills. It is becoming more and more important to have human resources who can imagine the future, come up with “what they want to do”, and put them into practice.

Negishi Talking of “imagination”, I think “Building a circular economy platform” launched by President Nakamura this time is a very unique and imaginative business. The Company, which provides leasing, rental, and subscription services, collaborates with companies with advanced recycling technologies to reuse and recycle products, and even recycle resources. It is really about providing a recycling-oriented system to society so, if we can get that up and running, it will greatly increase the Company’s presence and value, and I expect that we will literally become a creator of society.

Hagihira Indeed, simply considering how to contribute to a circular economy is a very unique idea in itself. On the other hand, this business truly belongs to frontier areas, and, in reality, it could be quite difficult to achieve with Mizuho Leasing’s resources and human capital alone. I think inorganic initiatives have an important role to play here in incorporating external prowess by investing in or acquiring companies that are already active in the field.



Negishi When taking on a new challenge, you need human resources who can jump right in and you have to team up with business partners that have the right expertise. You would face difficulties, especially in the circular economy field, if you were not able to link up with and manage a group of different companies. I think the Company has the ability to do that, so I would like to see it become a central management company.

Sagiya As Mr. Hagihira mentioned, we assume that “Building a circular economy platform” is to come to fruition at the ‘Frontier’ phase which is after 2025. In the meantime, the company is to identify and develop opportunities to make it happen. In this endeavor, the employees will be required to play an active role to “Be a creator of a sustainable world”, and their imagination and coordination skills to shape new value-added solutions on top of their current leasing skills will be increasingly key. The company is providing learning opportunities to further develop the employees’ capabilities, and is also investing on human capital development overall. Providing employees with work opportunities to gain new business experience in specific growth fields will also be effective.



Sone I think “ownership” is a keyword when considering human resources. It means to grow to “Be a creator of a sustainable world” and to have a sense of proactive involvement in the business. From my outside perspective, the Company has a very strong financial base, and it often backs up its arguments with figures and they are very persuasive. However, I think the Company should also be more aware of its own ownership and consider how it can increase its value when collaborating with other companies in areas such as new technology and the environment. I believe that it is time for us to move away from the realm where we tend to rely primarily on finance and enter a new world.

Negishi Does “ownership” mean possessing an awareness of being directly involved?

Sone Yes. Even in the company’s traditionally strong core business, if we viewed things from the perspective of “Be a creator of a sustainable world”, a different picture would likely emerge. I think the meaningful point here is to ensure that not only the management but also all employees take action based on those ideas. The most important thing of all is that the company itself will change as it promotes the idea of ownership. I believe it will be able to make accurate judgements about the values it wants to pursue and the action it wants to take, and to swiftly change direction if required.



—In view of the issues identified so far, what role is required as an outside director and what are your future aspirations?

Negishi I myself have a long experience in corporate management in the manufacturing industry, and the six outside directors assembled here come from different industries with different corporate cultures. Everyone is completely different, but I think one of the roles of an outside director is to bring that different sensibility to our Company. We also supervise corporate governance, which is an important part of our job, but on the other hand, if we are fully convinced, we sometimes lend a helping hand to management. Being an outside director is more than simply supervising management and providing constructive criticism.

Hagihira Since I came from a ministry background, I feel very comfortable with Mizuho Leasing’s well-prepared and well laid-out materials and the way in which the company works. However, it is also important to always double check things from a different perspective. It is necessary for diverse opinions to be expressed and for discussions to be deepened. I believe that outside directors have a role to play in further refining good proposals when they emerge.

Sagiya Since I had spent most of my career in the IT industry, I hope I can be particularly instrumental in management discussions related to business opportunities triggered by technology and Digital Transformation to realize the medium-term management plan. Also, from my past experiences in management and as an employee, I have gone through various situations where rapid skill set enhancement was required to meet market requirements, and so employee development is another strong area of interest. Furthermore, in terms of advancement of women in management, I had the privilege of mentoring a few female general managers some years ago and am happy to see them advancing into more senior positions. There is still a considerable way to go, but the management team is keen to promote diversity and I wish to continue supporting them in any way I can.

Sone I have experience in corporate management in the global manufacturing industry and in reforming services and solutions. I would like to confirm and comment on strategies and technologies as the Company implements various sweeping changes, and to discuss the issues at hand from a new perspective. In addition, being encouraged by outside directors can be a great help to executive officers. I would also like to ensure I firmly support the things I think are beneficial.

Aonuma From my background as a legal practitioner, I believe I can provide advise in the areas of compliance and risk management. This time around, the Company will also focus on frontier areas. We are taking on a challenge, so there will be failures. I believe determining a specific level of risk tolerance is very important for companies. I think I have a role to play there as well.

















Kawamura Given my background in a general trading company and corporate management, I believe I am well positioned to offer advice on company management and business execution. As an outside director, I would like to ensure moves are not based on outdated financial culture, and when the company ventures beyond the leasing realm, it should naturally expand into the global area. I believe that our degree of risk tolerance and portfolios will change in the future. I would like to comment on those developments to the best of my ability.



As a leasing company with long-accumulated experience, the Group is closely connected with the economy, society, the environment, and other aspects of people's lives through its diverse businesses, including financing, the management of equipment & properties, real estate, environment and energy. Our stakeholders are wide in variety, from clients, shareholders and investors, and employees to regional communities. It is not too much to say that we are well connected with every corner of society. Diverse needs and challenges remain to be addressed between the Company and its stakeholders. The Company newly formulated the Medium-term Management Plan 2025 in a bid to achieve sustainable growth and make great strides toward realizing its vision.

We are able to create new value by providing solutions that accurately capture increasingly diverse and complex needs. Our role is to contribute to creating a sustainable and prosperous society. By doing so, we believe we can live up to the expectations of our stakeholders.

We have identified six materiality topics we should focus on. Promoting sustainability management and solving social issues are the basis of how we can serve the society. To "Be a creator of a sustainable world," we will contribute to realizing a sustainable society through our business activities. To this end, we will proactively communicate with our stakeholders and foster a virtuous cycle.

Mizuho Leasing Group	Stance	Communication methods
 Clients	We will lead our clients to tackle their social and business challenges by providing solutions beyond traditional financing to enhance the satisfaction of and earn trust from clients.	Provision of SDGs-related leasing, support for realizing a circular economy, and business strategy solutions  pp.21–25
 Shareholders and investors	We will adapt to changes in the business environment and seek to maintain stable earnings. In addition, we will live up to the expectations of shareholders through efforts to improve corporate value also in environmental and social contexts, a fair disclosure of corporate information, and the development of transparent and healthy relationships with them.	Integrated Report, reports for shareholders, Corporate Governance Report, corporate website, IR site, general meetings of shareholders, financial results briefing, one-on-one meeting with investors, fair and timely disclosure  pp.26–28
 Business partners	We will contribute to mutual growth by engaging in fair and free competition, and faithfully serving them to forge a sound relationship. We seek to expand business domains by creating new value through cooperation with alliance partners.	Integrated report, corporate website, alliance with the Mizuho Group, collaboration with alliance partners, and construction of circular economy platform  pp.45–46
 Employees	We respect the personality and individuality of each and every employee. We will also eliminate all forms of harassment, maintain a rewarding work environment, and accommodate diverse human resources and values.	Communication meetings between President and/or officers and employees, introduction of the Activity Based Working (ABW) approach, promotion of teleworking, health management, training sessions on the corporate intranet, opening of an in-house bar, set-up of hotlines, and implementation of engagement surveys  pp.60–66
 Administrative bodies	In doing business, we comply with a range of related laws and regulations of Japanese, global and regional government agencies, local municipalities, and other administrative bodies. We also cooperate with administrative bodies to provide solutions in line with various policies.	Appropriate response to regulatory authorities, administrative support through business, and endorsement of government-focused measures through subsidy programs 
 Regional communities	We will actively engage in social contribution activities to achieve a more harmonious coexistence with society and communities. Further, we will contribute to creating prosperous regional communities that give consideration to improvement in the standard of people's living, development of regional industries, job creation, and diversity and inclusion initiatives such as gender equality and employment of people with disabilities in the communities where we operate.	Social contribution activities through business, donations to and volunteer activities in disaster-stricken areas 
 Non-profit organizations (NPO)	We will endeavor to build networks with NPOs and NGOs, and cooperate with them to resolve environmental and social issues.	Activities to support persons with disabilities, adoption of works from Paralympic Art as the design of our promotional items, and participation in and support for activities of NPOs/NGOs 

Realization of a sustainable society

Details of the initiatives can be viewed on our website from the above QR code.

● Action for Climate Change

Climate change, in the form of increasing levels of greenhouse gases and rising temperatures, is one of the major challenges facing the world today. The Group takes the issue of climate change seriously and has set “contribution to a decarbonized society” as one of the materiality issues in its Sustainability Initiatives, which it will work to solve through its business activities.

At the same time, by conducting analysis and disclosure in line with the Task Force on Climate-Related Financial Disclosures (TCFD) under an appropriate governance and risk management framework, we will develop a deeper awareness of the risks and opportunities posed to the Group by climate change issues and take action to achieve a sustainable society.

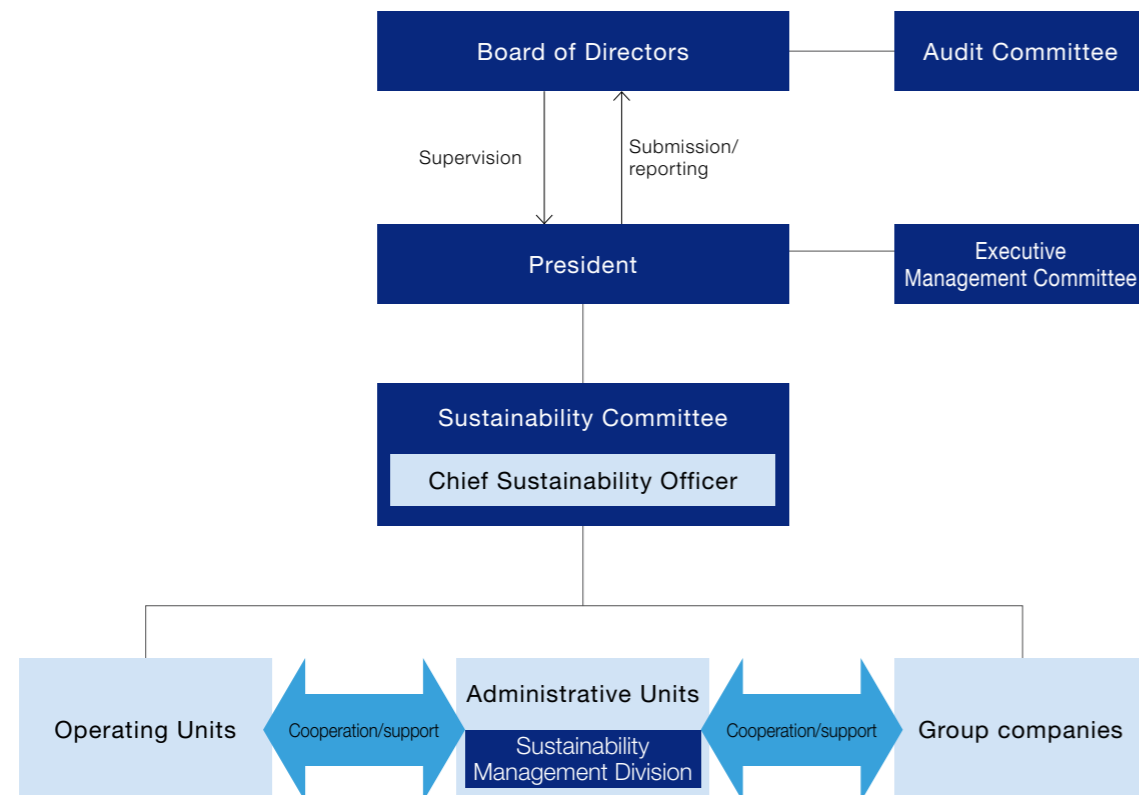
■ Governance

We have established a Sustainability Committee to conduct cross-sectional company-wide discussions on climate change. The committee is chaired by the Chief Sustainability Officer and consists of the CFO, CSO, CRO, CIO, CCO, and executives in charge of ESG-related divisions. In principle, wide-ranging discussions are held on a quarterly basis, and depending on the topic of discussion, other related parties are also invited to attend.

Specifically, the committee shares information relating to sustainability, including ESG, develops basic policies and targets for sustainability management, monitors the implementation status of plans, and discusses countermeasures. The committee discusses issues such as addressing climate change, sustainability initiatives, and management in response to environmental changes.

Topics are deliberated on, reported to the Executive Management Committee for discussion, and then reported in turn to the Board of Directors, where they are discussed and reflected in business strategy. In addition, a system is in place to ensure appropriate oversight by the Board of Directors, reports are made quarterly in principle to the board on the status of climate change measures and performance evaluations with respect to targets and indicators.

Sustainability Promotion Structure



■ Strategy

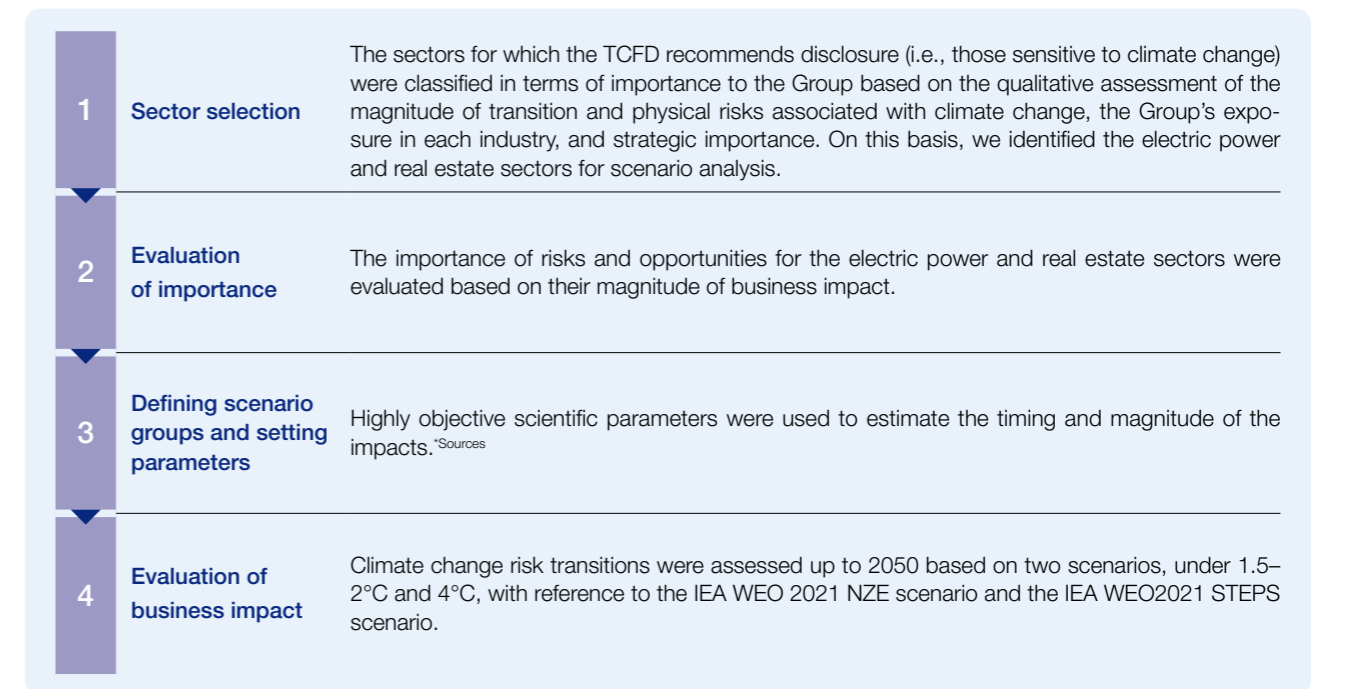
Short-, Medium-, and Long-term Risks and Opportunities

The Group takes the various risks and opportunities associated with climate change as one of its key strategic perspectives. Identifying “contribution to a decarbonized society” as a materiality topic, it is promoting initiatives to address the issue through assessment and analysis of the impacts of climate change over not only short term but also medium to long term. The impact periods are defined as short term (1–5 years), medium term (about 10 years up to 2030, the year by which the Japanese government aims at 46% reduction of carbon dioxide emissions), and long term (about 30 years up to 2050, the year by which the world aims to achieve carbon neutrality).

Impacts of Transition Risks/Opportunities and Physical Risks/Opportunities Associated with Climate Change

Type	Main points	Timeframe	
Transition risk	Policy	Increased cost of credit to sectors with high greenhouse gas emissions due to the introduction of carbon taxes and carbon pricing	Medium to long term
	Regulation	Increased costs for responding to regulatory changes based on increased international compliance requirements, such as stricter emissions reporting obligations	Short term
Physical risk	Acute/chronic	Decrease in asset values, limitation of business activities, and increased restoration costs due to damage to existing company assets caused by wind and flood damage as a result of severe extreme weather events	Short, medium, and long term
Opportunities		Increased demand for financing and business opportunities associated with the shift to renewable energy and more energy-efficient transportation methods, as well as the dissemination of environmentally friendly or resilience-focused products and services	Short, medium, and long term

Methods for Selecting Sectors of High Importance

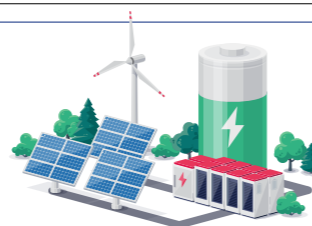


*The sources are listed on the following website:
https://www.mizuho-ls.co.jp/en/sustainability/society_and_environment/action.html

Scenario Analysis for Electric Power Sector

	2°C/1.5°C scenario	4°C scenario
Risks	<ul style="list-style-type: none"> Although the introduction of a carbon tax, stricter carbon emission regulations, and changes in the energy mix are expected to reduce fossil fuel use after 2030, which will have an impact on the profitability of electric power companies; in our case, the impact on credit costs will be limited. We are not engaged in business management involving coal-fired power generation, etc. 	<ul style="list-style-type: none"> In the future, frequent flooding is expected to cause damage to power generation facilities and other equipment. Higher oil prices are expected to increase the cost of power generation, affecting the profitability of electric power companies. This is expected to have an indirect impact on our credit costs. The direct impact on our business will be limited.
Opportunities	Considering expected growth in the renewable energy business, opportunities for market entry and investment are expected to expand.	
Measures	<p>[Measures to take advantage of opportunities]</p> <ul style="list-style-type: none"> Take business risks and develop various renewable energy businesses such as biomass, hydropower, wind power as well as solar power Expand reach to new power sources such as storage batteries and hydrogen Maximize earnings from owned businesses by building up business management expertise and introducing new technologies Make capital investment using subsidies, etc. Monetize recycling businesses for stranded capacity, used solar panels, etc. 	<p>[Risk mitigation measures]</p> <ul style="list-style-type: none"> Conduct multifaceted and cautious risk assessment of individual projects, taking into account sector policies that reflect changes in the business environment surrounding us

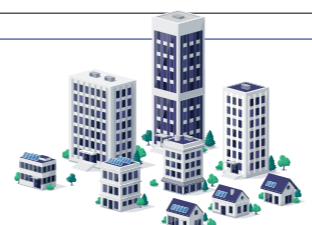
An impact on the profitability of electric power companies is anticipated, but the risks affecting us are limited. In terms of opportunities, the renewable energy business is expected to grow. We have established a sector policy that we will not provide investment or other financing for the construction of new coal-fired power plants, thereby making decisions on deals in consideration of climate change risk.



Scenario Analysis for Real Estate Sector

	2°C/1.5°C scenario	4°C scenario
Risks	Increased capital investment due to stricter energy conservation regulations and cost increases due to ZEB ^{*1} /ZEH ^{*2} mandates are expected, and if these costs cannot be passed on to tenants, credit costs may be affected in the long term due to the impact on our clients' businesses, but the risk is limited.	In the future, frequent flooding is expected to cause damage to properties we are involved in, negatively affecting real estate asset values and incurring repair costs. The resulting impact on our clients' businesses may affect our credit costs.
Opportunities	Business is expected to expand as a result of improved competitiveness for some properties and rent increase for properties with high environmental-performance due to a growing low-carbon mindset.	Properties that are more resistant to disasters due to factors such as location and superior disaster-prevention attributes are expected to become more competitive, which will have an impact on our business.
Measures	<p>[Measures to take advantage of opportunities]</p> <ul style="list-style-type: none"> Bolster investment and financing for environmentally friendly real estate Seize opportunities through environmental initiatives by drawing on alliances and expanding the scope of our business to the property development phase 	<p>[Risk mitigation measures]</p> <ul style="list-style-type: none"> Use more detailed hazard maps and other information to determine financing and investment risks Conduct more careful credit evaluation for long-term holdings

We expect some properties to improve competitiveness, and it is anticipated that the Group's business will expand as it supports clients' transition to a carbon-free society by securing a competitive edge in their environmental performance.



*1 ZEB: Net Zero Energy Building *2 ZEH: Net Zero Energy House

In View of Climate Change Risks and Opportunities

The Group is working to expand its business to promote renewable energy and reduce environmental burden by rebuilding new social infrastructure. In light of the risks and opportunities in the electric power and real estate sectors identified by the scenario analyses, the Group has considered the effects of climate change in greater detail and has reflected them in its new Medium-term Management Plan, etc.

In the electric power sector, we will establish a system to deliver renewable energy power generated from owned power sources to users. We will also tackle new areas, such as grid-scale batteries. In the real estate sector, we will acquire and jointly develop real estate with a medium-to-long-term management perspective in mind, and create new businesses through collaboration with alliance partners.

Risk Management

The Group categorizes the risks that arise in the course of its business operations into financial risks, which are managed quantitatively, and operational risks, which are managed qualitatively, and establishes a risk management system for each type of risk. Furthermore, by setting up the Risk Management Committee, we have put in place a comprehensive risk management system to centrally manage these financial and operational risks. Financial risk can be further broken down into credit risk, market risk, and price fluctuation risk, with the location and magnitude of risk monitored based on a management framework that allocates risk capital to each category. In terms of operational risk, we monitor the incidence of, response to, and prevention of risk events such as administrative risk, system risk, and legal risk. The Group considers climate risk as an operational risk, and has begun to reflect this risk in its existing risk management processes under the Risk Management Committee and its comprehensive risk management system.

Among the main sectors that the Group invests in, the electric power and real estate sectors, which are considered to be particularly sensitive to climate change, are expected to face risks from the establishment of new regulations such as carbon taxes and GHG emission regulations, as well as risks of impact on business due to changes in the energy mix, more extreme weather events, and changes in clients' behaviors.

We view the risks posed to the Group by climate change as resulting from regulatory changes, changes in the business structure of the businesses we invest in, and shifts of clients' behaviors. We will analyze these factors that may have a compounding effect on our business and develop more sophisticated responses to the risks.

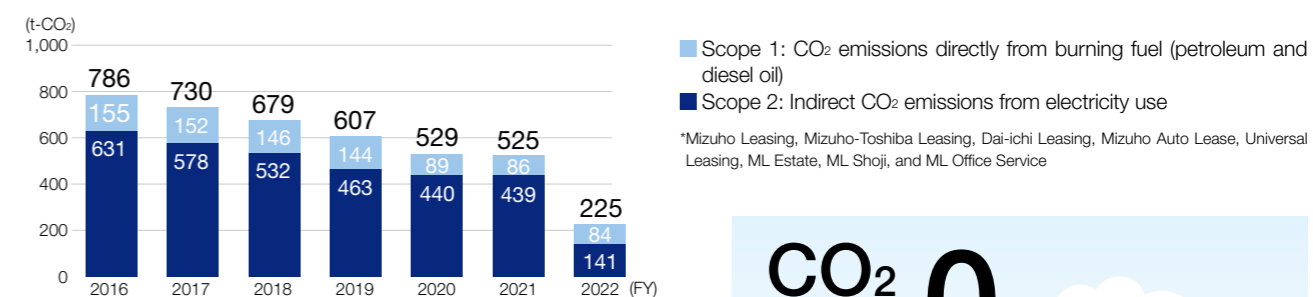
Going forward, we will consider further enhancing our management of climate change risk under our comprehensive risk management system, taking the analytical methods and research results of relevant organizations into account.

Indicators and Targets

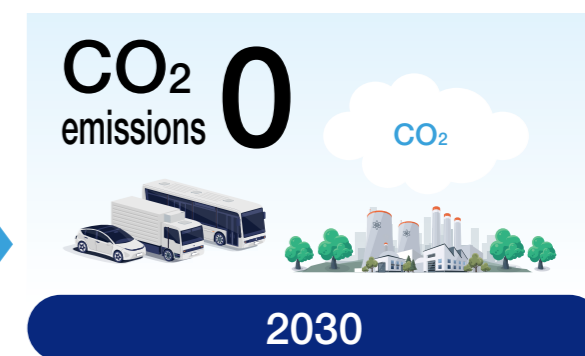
Energy consumption at the head office and other buildings have achieved significant Scopes 1 and 2 CO₂ emissions reduction in FY2022 by switching the source of electricity used at these buildings to renewable energy.

Given this trend, we have decided to bring our plan forward to achieve CO₂ zero emissions from the original target of FY2050 to FY2030. To this end, we will work on various initiatives.

Actual CO₂ emissions (Scopes 1 and 2)



- Initiatives to achieve target ahead of original plan**
- Shift to renewable energy sources at business locations
 - Conserve energy through digitalization and streamlined operations
 - Adopt EVs for the Company's fleet
 - Emissions trading designed to reduce emissions across society



Actual CO₂ emissions (Scope 3)*1

Category	Activity volume information	Emission intensity	FY2022	
1	Purchased goods and services	· Value of indirectly purchased goods and services	· Embodied global energy and emission intensity on the consumer's price basis (issued by the National Institute for Environmental Studies)	2,360
2	Capital goods	· Value of own-used assets acquired	· Emission intensity database*2 Emission intensity per unit price of capital goods	1,645
3	Fuel- and energy-related activities not included in Scope 1 or 2	· Amount of fuel and electricity consumption (activity volume of Scopes 1 and 2)	· Fuel: IDEAv2 (for calculation of supply chain greenhouse gas emissions) (Sustainable Management Promotion Organization) · Electricity: Emission intensity database*2 Emission intensity for fuel procurement	78
5	Waste generated in operations	· Weight of waste from Mizuho Lease Building	· Emission intensity database*2 Emission intensity by waste type	596*3
6	Business travel	· Number of employees	· Emission intensity database*2 Emission intensity per employee	165
7	Employee commuting	· Number of employees	· Emission intensity database*2 Emissions intensity per number of employees by city classification by type of work and number of working days	309
15	Investments	· Calculated by multiplying Scopes 1 and 2 emissions from companies involved in cross-shareholdings and domestic equity-method affiliates (that disclose emissions information) by our shareholding ratios		—*4
Total (t-CO ₂)				—*4

*1 Calculated based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. These companies include Mizuho Leasing, Mizuho-Toshiba Leasing, Dai-ichi Leasing, Mizuho Auto Lease, Universal Leasing, ML Estate, ML Shoji, and ML Office Service
 *2 "Emission Intensity Database for Calculating Greenhouse Gas Emissions and Other Emissions of Organizations Through the Supply Chain (Ver. 3.2)"
 *3 Changed from the conventional number after the due diligence of our recycling status
 *4 Planned to be officially disclosed on our corporate website after being determined as the number is not yet determined

Other Environmental Initiatives

Results for other environment targets (FY2022)

FY2022 targets	Results	Achievement rates
Reduce the amount of paper used by 5% from the average monthly level of FY2021	23% reduction from FY2021	123%
Shift to electricity derived from renewable sources	Switching of the source of electricity used at the head office building to renewable energy	100%
Achieve reuse rate* of 60% or more	68%	113%
Achieve secondhand asset purchases of ¥580 million	¥710 million	122%
Ensure disposal in compliance with laws and regulations with use of the execution rate of periodical investigation by industrial waste disposal contractors	All companies	100%

*Reuse rate means the rate calculated by: Number of equipment sold/number of equipment for which the lease term or release term has expired

Basic Environmental Policy and Environmental Management System

Basic Environmental Policy

- 1 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.
- 2 We strive to balance environmental conservation and economic development by developing and providing goods and services that contribute to environmental conservation.
- 3 We properly manage equipment for which lease terms have expired, promote recycle and reuse, and thereby contribute to building a recycling-oriented society.
- 4 We make every effort to understand environmental impact each business activity will make, and to reduce environmental load and prevent pollution.

Organizational Structure of Environmental Management System

The Company and seven Group companies have been awarded a certification for the international standard for environment, ISO 14001 Certification. At the Mizuho Leasing Group, the Environmental Management Officer controls overall environmental activities under the supervision of the Chief Sustainability Officer.

Circular Economy Initiatives

While serving as a node of the "arterial industry" and the "venous industry," we aim to realize a circular and decarbonized society by building a circular economy platform in cooperation with alliance partners.

Talks about Human Resources Strategy between President and Chief of Human Resources and General Affairs Group

Creating a Corporate Culture that Encourages to Repeat Spontaneous Trial and Error Efforts with a Sense of Speed



Akira Nakamura
President and CEO

Toshiyuki Takezawa
Managing Director
Chief of Human Resources & General Affairs Group

Takezawa: In the inaugural address after being appointed president, you have advocated the "san" movement, in which everyone is to be addressed by 'san', adding 'san' to the end of their names, rather than addressing them as department manager or branch manager, using their job titles. I think the purpose of this movement is to encourage a frank exchange of views and direct communication. I usually call the company president Nakamura san (Mr. Nakamura) rather than President Nakamura. I would like to start by talking about our corporate culture and employee temperament. Nakamura-san, what is your impression here?

Nakamura: I think the "san" movement is the first step towards facilitating the free expression of opinions, irrespective of your position or age. It softens the atmosphere in the workplace and makes it easier for people to feel comfortable expressing fresh opinions. My aim is to create an even more open corporate culture in which people in the field can talk directly to senior management. Our current deep-rooted corporate culture exhibits feature that Japanese people are good at, such as "adapting to others" or "being obedient and attentive to superiors". There may be less surface tension in the organization as a result and everyone is able to steadily get their work done in peace. However, it can take time to change things in such an environment. Sometimes, it is important

to take an aggressive, even rough, view and swift action. I strongly believe that we need to place "culture" at the heart of our corporate management and strive to create a "healthy, quality corporate culture". How do you feel about our corporate culture, Takezawa san?

Takezawa: As a member of a major banking group, Mizuho Leasing is extremely good at the leasing, installation, and structured finance of factory equipment, information and communication equipment, construction machinery, ships, aircraft, and the like. Basically, we have been able to steadily develop a stable business as a bank-affiliated leasing company. At the same time, however, I feel that we don't have as strong an attitude as other more independent leasing companies when it comes to tackling new challenges without fear of failure.

Nakamura: Our current business environment is changing extremely rapidly, creating greater uncertainty. We need to develop into an organization that can adapt to changing circumstances and encourage new ways of working. I think we will see a widening gap in human resources growth between companies that encourage that stance and those that don't. You have worked at other companies. How does their corporate culture differ from ours?

Takezawa: I was once seconded as a corporate officer to Mizuho Marubeni Leasing Corporation, which is equally

owned by Mizuho Leasing and Marubeni. That company had inherited the culture of a major general trading company, so they adopted an aggressive approach to business. They would just give something a try if they felt it could be profitable. Naturally, they didn't always get it right and sometimes they would have to gracefully withdraw. I think we need to adopt a similar attitude at our company as well as we enter an era of rapid change.

Nakamura: Some failures are inevitable when you aggressively try out new methods. However, some of them are "failures that lead to the next ideas", which can lead to the discovery of new aspect of things and the creation of fresh innovation. I believe we need to strategically build, nurture, and transform our underlying corporate culture in order to encourage people to face challenges and take bold action without fearing possible failure.



We need to strategically transform our corporate culture to encourage bold challenges.

Takezawa: The leasing industry is actually at a major crossroads. The value of lease contracts in Japan had been capped for a long time and we have only seen a slight recovery in demand from the dip caused by COVID-19. Accounting rules have caused headwinds for leasing, with IFRS (International Financial Reporting Standards) requiring on-balance sheet treatment (the recording of leases as expenses on the balance sheet) in principle. Mizuho Leasing has always excelled in the Japanese leasing and installment business and it is important to continue to generate steady profits in those areas. However, I believe challenging and actively cultivating new fields is the key to future growth.

Nakamura: The macroeconomic environment is undergoing major change and customer needs are changing in the face of growing uncertainty. To secure growth for our company in such circumstances, we need to provide solutions that accurately capture increasingly diverse and complex customer needs. It will also become increasingly important to secure human resources that can imagine the future and boldly come up with "I want to do something like this!" and swiftly put those ideas into practice when actively cultivating new business fields.

Takezawa: The new medium-term management plan seeks to expand business domains in the growth areas, while steadily

growing our core areas. It also commits to investing managerial resources in frontier areas to develop new profit sources from a long-term perspective. In other words, our aim is to solidify our future foundations of growth over the next three years based on the three keywords of "Challenge", "Change", and "Grow". How do you view these three keywords?

Nakamura: It is important to challenge change and promote growth if we are going to make great strides in the future. That means we have to embrace the "Challenge" of creating future growth areas and driving that growth. With that aim in mind, we must "Change" the way we manage our business portfolios and our management base to facilitate a challenging spirit. I really want to "Grow" with unprecedented speed and on an unprecedented scale.

Takezawa: To further expand our business domains, I feel we need to further strengthen mid-career recruitment in order to secure specialized personnel, while also expanding our alliances and utilizing external resources. We need to adopt different approaches and methods for hiring young employees. I also believe that diversity is truly important. We need to be ready to accept these resources when we hire them, and that means cultivating a corporate culture that encourages each and every employee to embrace the "new winds". I believe that diversity and inclusion is essential for innovation and business growth.

Nakamura: Not only do we need to accelerate digital formation, review our governance systems, and enhance our risk management, but we also need to constantly work on reforming our human resources strategy as an important management base for supporting future growth, so I want to actively invest in human resources going forward.

Takezawa: I think recruitment, training, allocation, and evaluation will be the four important elements of our human resources strategy. Recruitment is as described above, but we should also promote items such as supporting the acquisition of skills, training managers, allocating human resources based on the strategy of each department, reviewing evaluation and compensation systems and operations, and actively promoting the recruitment of mid-career and young employees. What are your thoughts regarding specific measures here?

Nakamura: From recruitment, which is the gateway to the company, and through training and realization of right person in the right job, I want to see every single employee demonstrate their full potential. If people are satisfied with their achievements and evaluations, they will be more inclined to stick at it and play an active role over a long period. To achieve this, it is essential to have a human resources strategy that stems from a vision of "what kind of company you want to become". We can only really decide the human resources strategy of "what kind of human resources we want to hire, how we train them, and where we want to place them" after

having decided which business areas we want to challenge and what the core competencies of the company are going to be. In that sense, human resources and management strategies are inextricably linked.

Takezawa: I would now like to talk about corporate culture. Most leasing companies are consolidated subsidiaries of banks and so are bound by various regulations and business restrictions. By contrast, we are an equity method affiliate of the Mizuho Financial Group, so we have a comparatively high degree of freedom. Since it is possible to develop business that can satisfy diverse global needs with wisdom and ingenuity, it is therefore necessary to foster a corporate culture that spontaneously inspires swift and repeated trial and error. What are your thoughts on this point?

Nakamura: Repeated trial and error enables people to gradually sound out the right direction, clues, and locations, and fuel innovation. We are taking on a challenge, so there will be errors (failures). I believe determining a specific level of risk tolerance is very important for companies. Ultimately, management makes the decisions on risk-taking, but I would like to strike a good balance between considering risks and encouraging employees to autonomously tackle challenges with a sense of speed and freedom to pursue their ideas.

Takezawa: I understand that changing corporate culture means changing the behavior of each and every executive and employee. I think the major challenge in terms of human resources strategy is to shift from a top-down passive approach (where people wait for instructions) to encouraging people to think spontaneously and act in an autonomous, self-directed, and proactive manner. Our engagement survey showed that creating a challenging corporate culture, providing career-building opportunities, and ensuring people feel satisfied with and proud of their work are issues that need addressing in terms of organizational management. In other words, doing rewarding work creates a feeling of excitement. If you are doing work that lifts your spirit, you will naturally feel proud of that job.

Nakamura: Before we can increase engagement, management needs to "picture what kind of company we want to create". We have determined our management philosophy and mission, so we now have to communicate the kind of workplace we want to create and the type of behavior we expect from our employees. It is important to encourage the exchange of opinions and experiment with other forms of interactive communication, increase actual points of contact with employees, and "heed unvoiced opinion". It is also important to build an environment that inspires a deep understanding of autonomous human resource development across the company.

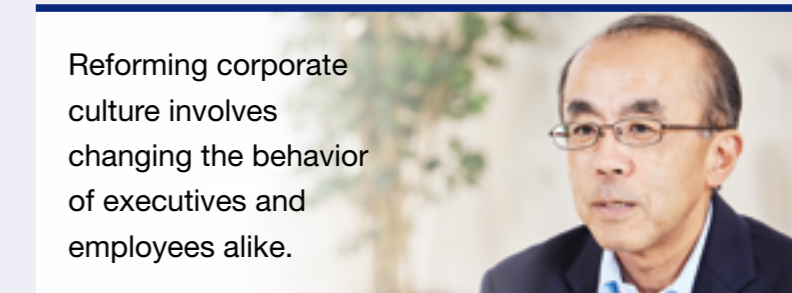
Takezawa: From a corporate governance perspective, it is a natural understanding that a company belongs to its

shareholders. However, if you look at it from a different angle, I think a company belongs to the employees who work within the organization. If you feel strongly that your company is partly yours, you will really want to promote corporate growth and feel you must take on new challenges.

Nakamura: Tackling challenges is important, but it is also important to tackle them with speed. While you cannot ignore the need to prepare materials and conduct risk analysis, you can fall behind if you spend too much time on that. Employees need to be more agile, and management must learn to tolerate this kind of behavior. If we experience any failures, we should identify the cause to prevent a recurrence. However, it is important to develop a degree of tolerance that avoids preemptively condemning autonomous action and increases expectations for success the next time around.

Takezawa: In short, we must create a company where everyone feels rewarded if we want people to approach their work with enthusiasm. Engagement will increase as a matter of course if many employees feel satisfied in their job and take pride in their company's business and services. Is fulfillment a keyword then in terms of engagement impact?

Reforming corporate culture involves changing the behavior of executives and employees alike.



Nakamura: To create a sense of "fulfillment", it is vital to align the values of the company and all its employees and ensure everyone is aiming in the same direction. It is the job of management to present a consistent vision of what lies beyond its realization. Maintaining good internal communication is important here. I want to listen to the opinions of employees and strive to create an environment where they feel comfortable and secure in their workplace. It is also important to create an environment that supports employees' desire of "I want to do it!". That helps create a virtuous cycle that inspires greater trust in the workplace, encourages people to feel pride in their work, fuels a sense of unity among colleagues, and recognizes the importance of each person's contribution. I think that is what "fulfillment" is all about. I am also confident that the employees' sense of "fulfillment" will also ultimately generate benefits for all our stakeholders.

Takezawa: I want to work on these challenges, fueled by the recognition that "our employees are our most important asset". Thank you very much for this discussion.

Recruitment and Development

Basic Approach to Human Capital

The Mizuho Leasing Group regards each and every employee as an important asset (human capital). To realize our Mission, Vision, and Value, we believe that enhancing their psychological safety and developing employees willing to play active roles at the Group for many years and creating a workplace where they can work with energy and enthusiasm are important aspects of our management strategy.

Personnel Development Policy

To achieve further transformation, we have aimed to further expand business domains, provide solutions accurately tailored to the potential and diversifying needs of our client companies, and promote business strategies designed to address social challenges facing our clients.

We aim to build a human capital portfolio that underpins our businesses in the future by transforming our corporate culture into one that encourages our employees to take on challenges in a spontaneous and proactive manner, and organically combining the following human capital strategies.

- Strengthen efforts to hire and retain personnel with diverse values and skills in Japan and abroad
- Foster human capital with professional expertise who aspire to solve social challenges and next-generation executive candidates
- Promote personnel under appropriate evaluation and compensation systems
- Strategically place the right people in the right positions

In implementing our strategies, we believe ideal employees should have the following qualifications and competencies:

<Ideal image of employees>

- Those who are willing to jointly take on challenges, transform, and grow

<Required qualifications and competencies>

- Those who are willing to take on new challenges and take initiatives at work
- Those who come face-to-face with various needs and challenges, provide adequate solutions backed by their professional expertise, and are capable of actually addressing such needs and challenges
- Those who respect diversity and have qualifications and competencies to treat others in a cooperative and flexible manner

Policy for Improvement of Internal Environment

We aim for an organization in which each and every employee feels rewarded, satisfied, and fulfilled by making continued efforts to create a work environment that provides employees with career-building opportunities, makes them take pride in their work, and encourages them to take active roles.

<Objectives>

- Secure a comfortable and safe work environment in which employees feel at ease and prosperous.
- Create a workplace, free from discrimination and harassment, in which employees respect each other

With regard to its approach to and initiatives for sustainability, the Company has identified “Creating a society and workplace where everyone can thrive” as one of its materiality topics. In pursuit of this initiative, it has focused on business management with the highest priority placed on people.

Specifically, to achieve these objectives, we have worked to develop employees and their skills, promote their respect for diversity, and implement other measures as follows:

Hiring New Graduates

Based on the policy to screen graduates with a focus on their individuality, the Company hires new graduates who spark intellectual curiosity and are willing to take initiative and act. We place emphasis on systems and environments that help employees continue working actively over the long term. In fact, we have endeavored to build such systems and environments. Going forward, we will take over the organizational culture in which employees can express their various opinions regardless of tenure and skills, and recruit personnel who seek for the further growth of themselves as individuals and the Company as a whole.



Hiring Mid-career Workers

In recent years, the environment surrounding the Group has been changing constantly. For instance, our business fields have expanded as a result of collaboration with alliance partners including Mizuho Bank and the competition with other companies has further intensified. In response to these changes, the Group is increasingly recruiting mid-career workers with high professional expertise.

The employed mid-career workers' experience and knowledge have positively influenced the employees around them, greatly contributing to the further advancement of the Group as a whole.

Career Plans and Education & Training Systems

Education & training systems

The Company has defined the knowledge and skills necessary for each tier of our employees, from new hires to those in managerial posts, in their career plan, and has supported them so that each and every employee is able to grow step by step.

1 Training programs for mid-career hires to improve their operational knowledge

Since the latter half of FY2021, in addition to existing basic onboarding programs, we have periodically held optional internal training programs for diversifying mid-career hires, in which they can master operational knowledge.

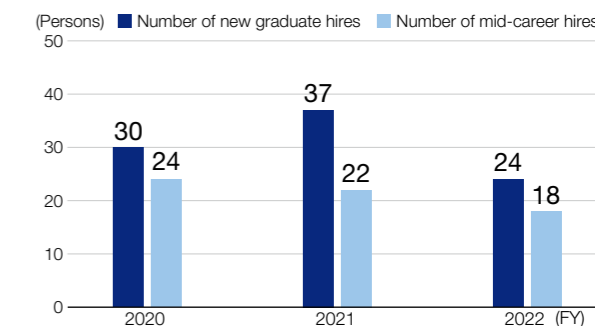
2 RM training programs

Since FY2022, we have offered more practical training programs in collaboration with the Business Promotion Department in order to enhance corporate sales skills companywide in conjunction with recent business expansion and the increasing sophistication of operations.

3 Developing digital IT personnel

As one of non-financial targets in the new Medium-term Management Plan, we have aimed to develop digital IT personnel. Starting in FY2023, we will improve the digital literacy of our employees by implementing a system for developing digital IT personnel in co-operation with systems departments.

Changes in the number of new graduate and mid-career workers employed



Structure of human resource development

Job level	Job level-specific	Career design/life planning	Promotion/screening	Support for self-improvement such as qualifications	Objective/function-specific
Managerial posts	<ul style="list-style-type: none"> Training programs for team management Training programs for employees in managerial posts Training programs for evaluators 	<ul style="list-style-type: none"> Training programs on career design (employees in their 40s) Training programs on life planning (employees in their 50s) 	<ul style="list-style-type: none"> Mizuho Leasing College Mizuho Leasing University 	<ul style="list-style-type: none"> Concordance courses e-learning (internal & external programs) System to support employees with their acquisition of qualifications External courses 	<ul style="list-style-type: none"> Training programs for employees in charge of guidance Language training programs RM training programs Training programs for mid-career hires, etc.
Middle-level to leader posts	<ul style="list-style-type: none"> Training programs for mid-level employees on their roles Training programs for improving creative power & creativity Training programs relating to improvement of business operations Training programs on presentation 	<ul style="list-style-type: none"> Tea parties to discuss career path Round-table talks with role models Work engagement Round-table talks on nursing care 	<ul style="list-style-type: none"> Training programs on personnel assessment 	<ul style="list-style-type: none"> Concordance courses e-learning (internal & external programs) System to support employees with their acquisition of qualifications External courses 	<ul style="list-style-type: none"> Training programs for employees in charge of guidance Language training programs RM training programs Training programs for mid-career hires, etc.
New joiners and younger employees	<ul style="list-style-type: none"> Training programs on financial analysis Follow-up training programs Training programs for new hires (several times after job assignment), including training on PC operation and logical thinking Onboarding programs 			<ul style="list-style-type: none"> e-learning (internal & external programs) System to support employees with their acquisition of qualifications 	<ul style="list-style-type: none"> Training programs for mentors Language training programs RM training programs Training programs for mid-career hires, etc.

Job Posting System

To encourage motivated employees to take on challenges and provide them with a workplace where they can thrive, we have put in place a job posting system and a job classification change system. The job posting system is an internal staff recruitment system that offers employees the opportunities to apply for specific positions in other departments or engage in specific projects. The job classification change system allows employees to choose from more flexible and diverse work styles.

Succession Plans

The Company has moved forward with succession plans from the perspective of “emphasizing the Corporate Governance Code,” “fostering the management tier in a planned manner,” and “enabling transparent process for appointing directors.” By making the successor candidates more “visible” and preparing programs to meticulously foster the candidates, including those in the management posts, in a planned manner over time, we are fostering them from a medium- to long-term perspective.

Diversity & Inclusion and Work Style Reform

The Group aims to create a workplace where its diverse talents with different values can unlock their skills and utilize their characteristics and demonstrate their abilities, regardless of whether they joined as new graduates or mid-career workers; their gender or nationality; or whether they have disabilities.

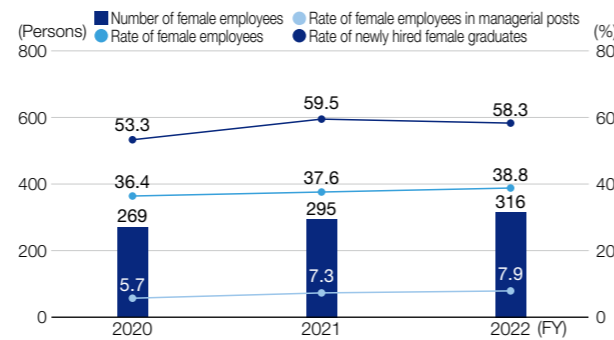
Promoting Advancement of Women

Since we set a goal to increase the rate of female employees to 40% or more of all hires in FY2016, female employees have continued to account for more than 40% of new graduates hired each year. We have also set a goal to increase the rate of female employees in managerial posts to 15% in FY2025, and the rate has reached 10.0% as of the end of June 2023. To push forward with our efforts to encourage women to take active roles and increase the number of women in managerial posts, we have continued to work on initiatives themed on topics set out each fiscal year. For instance, we have held workshops and round-table talks with female employees in managerial posts, and have launched a career web portal which is intended to help female employees envision and build career paths on their own.

D&I at Mizuho Leasing



Number of female employees/rates of female employees
Rate of newly hired female graduates/rate of female employees in managerial posts



Employee Feedback

After joining Dai-ichi Leasing, I was engaged in the disposal or re-leasing of properties whose leasing terms had expired, and the service for Dai-ichi Life Insurance. Then, I was transferred to the Financial Service & Aircraft Finance Department through the Company's job rotation system in 2012. Because I hoped to build my career overseas in the future by taking advantage of the language skills that I had acquired through studying abroad, I changed my job classification from administrative position to area-limited career-track position using the Administrative Unit Trial System in 2018. After changing the job classification, I managed overseas subsidiaries and engaged in overseas M&A projects for about five years at the International Administration Department. In February 2023, I was given an opportunity to work at US-based PLM Fleet, LLC., in which I had been involved through the M&A project. Since then, I have deepened my understanding of PLM's business from a perspective different from the past. Currently, I am working jointly with local members and partner companies to push forward with the business. I would like to continue contributing to the development of the Company's international business by leveraging my knowledge and experience.



Yuki Hayakawa
PLM Fleet, LLC

Promoting Active Roles of Elderly Employees

Since FY2019, we have set the retirement age at 65 so that experienced employees are able to demonstrate a wealth of knowledge and expertise to the fullest extent at workplace. In addition, we have held life design seminars for elderly employees to support them with designing comprehensive and far-sighted life plans, as well as help them review their careers and thus encourage their self-improvement.

Employee Feedback

I am currently responsible for training programs both inside and outside of the Company, as well as planning, operating, and administering businesses for financial service companies and their group leasing companies. For training inside the Company, I am in charge of training programs including basic training for mid-career hires and onboarding training for new graduate hires. As there is an age gap of nearly 40 years between me of pre-bubble generation and new graduate hires of Generation Zers. In fact, this is something more than a generation gap. Filling such a gap is not easy, but I am trying to think things from the perspective of new graduate hires, prepare materials that are easy to understand for them, and give an explanation in plain words. I have also made efforts to draw their interest by telling them stories of both success and failure I have experienced. When I see the feedback to surveys from the participants in training programs, such as "Quite understandable" and "Very helpful," I feel very motivated and rewarded, although I'm a senior employee.



Hitoshi Kagino
Business Promotion Department

Supporting para sports

We have signed an official partnership agreement with Japan Para Athletics (JPA) as of October 1, 2019. JPA supervises athletic events participated by domestic athletes with disabilities, and supports their sound physical and mental development and their social participation through the dissemination and promotion of athletic sports. By sending employees to cheer athletic events, and holding in-house lectures by para-athletes, we have endeavored to raise the awareness of diversity in society.



Initiatives to Support Balancing Work and Childcare/Nursing Care

<Balancing work and childcare>

To help our employees balance work and major life events such as the birth and care of a child, we have provided both female and male employees with a range of supports, including consultation desk relating to childcare leave and documents on systems for the birth or care of a child.

	FY2020	FY2021	FY2022
Rate of male employees who took childcare leave*	42.9%	100.0%	50.0%
Rate of female employees who took childcare leave	100.0%	100.0%	100.0%

*The Company's definition: Percentage of male employees whose child reach his/her first birthday in a given year and who started childcare leave in the previous year or a period to the day before the child's first birthday

<Balancing work and nursing care>

We video stream Basic Knowledge on Balancing Work and Nursing Care seminars, including information on nursing care insurance system, as well as on how to prepare themselves for nursing care, by an external lecturer who is an experienced care manager. We have also set up a free consultation desk by the lecturer. In addition, since FY2021, we have held Seminar on Dementia, and round-table talks on nursing care, facilitating the exchange of opinions among those who are concerned about nursing care.



Mizuho Leasing received the Platinum Kurumin certification in December 2020, as a company working actively to support the development of children who will bear the next generation.

Health Management Initiatives

The Company was certified as one of the 2023 Health & Productivity Management Outstanding Organizations under the large enterprise category.

We established the health management declaration, and hold seminars themed on health management, lifestyle habits, and other health-related topics. We encourage our employees to use health management apps so they can manage their own health in an effective and sustainable manner. We also hold events to measure body systems as a chance to know their own bodies and start exercising.



We conduct a stress check once a year, based on the awareness that mental health is important in securing a pleasant and safe working environment.

Enhancing engagement

In order to gain insight into the awareness and psychological state of employees in a timely manner and create a better working environment, we conduct an engagement survey every three months. We will use the results of the survey for implementing measures to urge our employees to commit to engagement as an issue of their own and enhance such commitment.

Increase flexibility to choose when and where to work

We allow our employees more flexibility in their work style so they can better balance life and work by promoting teleworking and enhancing paid annual leave and other systems. In addition, we have been working on ABW in the office environment to establish a work style structure that enables our employees to choose the place where they can work most efficiently based on the type of work they are doing.

	FY2020	FY2021	FY2022
Overtime and holiday work hours* (monthly average)	30 hours and 13 minutes	30 hours and 43 minutes	31 hours and 14 minutes
Ratio of paid annual leave taken	60.7%	68.2%	65.0%

*Including legal overtime hours

Introduction of external part-time work and concurrent assignment system

With the aim of promoting diverse work styles, driving innovation and broadening perspectives through the acquisition of knowledge from outside, we have put in place an external part-time work and concurrent assignment system since December 2022. To this aim, we have defined an external part-time work and a concurrent assignment, and set out rules on matters such as working arrangements and hours, in a manner not to affect the main business to the extent possible.

Human rights

The Mizuho Leasing Group is aware that respect for human rights is essential to achieving its own management philosophy. The Corporate Code of Conduct of the Mizuho Leasing Group sets out concrete action guidelines for officers and employees, while the Human Rights Policy announces the Group's responsibility for and commitment to human rights.

We have been striving to maintain a work environment that respects the personalities and characteristics of each and every employee, and will never tolerate any form of harassment, where our employees can feel rewarded at work. We have set up hotlines and consultation desks to promptly address problematic behaviors.

Further, we will carry out human rights due diligence in the fields related to our business in an effort to continuing to promote activities related to human rights.

●: Number of the Company's shares owned (as of March 31, 2023) ○: Tenure as Director ◎: Attendance at Board of Directors meetings (FY2022)

Inside Directors



Shusaku Tsuhara

Director and Chairman

● 2,900 ○ 4 years
◎ 16/16 (100%)

April 2010 Executive Officer, General Manager of Executive Secretariat of Mizuho Financial Group, Inc.
April 2012 Managing Executive Officer of Mizuho Bank, Ltd.
June 2015 Member of the Board of Directors, Senior Managing Executive Officer of Mizuho Financial Group, Inc.
April 2017 Deputy President of Mizuho Bank, Ltd.
April 2019 Deputy President Executive Officer of the Company
June 2020 President and CEO of the Company
April 2023 Director and Chairman, Chairman of the Board of the Company (present position)



Akira Nakamura

President and CEO

● 1,000 ○ 2 years
◎ 16/16 (100%)

April 2013 Executive Officer, General Manager of Corporate Banking Coordination Division (Large Corporations) of Mizuho Financial Group, Inc.
April 2016 Managing Executive Officer of Mizuho Financial Group, Inc.
April 2018 Senior Managing Executive Officer, Head of Corporate & Institutional Company of Mizuho Financial Group, Inc.
April 2019 Deputy President & Executive Officer
April 2020 Deputy President Executive Officer, CRO of the Company
June 2021 Deputy President, Deputy President Executive Officer, CFO of the Company
April 2023 President and CEO of the Company (present position)



Hiroshi Nagamine

Deputy President

● 300 ○ 1 year
◎ 13/13 (100%)

July 2011 General Manager of Aoyama Branch Division II of Mizuho Bank, Ltd.
April 2014 General Manager of Corporate Banking Division No. 13 of Mizuho Bank, Ltd.
April 2017 Managing Executive Officer, Head of Europe, Middle East and Africa of Mizuho Financial Group, Inc.
May 2020 Senior Managing Executive Officer, Deputy Head of Global Corporate Company, Deputy Head of Global Products Unit of Mizuho Financial Group, Inc.
April 2021 Senior Managing Executive Officer, CRO of the Company
April 2023 Deputy President, Deputy President Executive Officer, CFO, CSO, Chief Sustainability Officer of the Company (present position)



Takanori Nishiyama

Senior Managing Director

● 1,500 ○ 2 years
◎ 16/16 (100%)

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.
June 2017 Member of the Board of Directors, 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
April 2023 Senior Managing Director, Senior Managing Executive Officer of the Company (present position)



Noboru Otaka

Managing Director

● 3,300 ○ — (New election)
◎ —

April 1987 Joined the Company
June 2014 Joint General Manager of Planning Department of the Company
April 2015 Joint General Manager of Corporate Planning Department of the Company
April 2017 Executive Officer, General Manager of Information System Planning Division of the Company
April 2018 Executive Officer, General Manager of Information System Planning Department of the Company
April 2020 Managing Executive Officer, CIO of the Company
June 2023 Managing Director, Managing Executive Officer, CIO of the Company (present position)



Toshiyuki Takezawa

Managing Director

● 500 ○ — (New election)
◎ —

April 2010 Deputy General Manager of Corporate Banking Division No. 6 of Mizuho Corporate Bank, Ltd.
April 2014 General Manager of Executive Secretariat, General Manager of Corporate Secretariat of Mizuho Financial Group, Inc.
April 2016 Head of Human Resources Department of Mizuho Securities Co., Ltd.
April 2019 Joined the Company (seconded to MG Leasing Corporation [now Mizuho Marubeni Leasing Corporation])
April 2023 Managing Executive Officer of the Company
June 2023 Managing Director, Managing Executive Officer of the Company (present position)

Skills Possessed by the Company's Directors (Skill Matrix) (as of June 27, 2023)

Name		Directors					Audit & Supervisory Board Members			
		Shusaku Tsuhara	Akira Nakamura	Hiroshi Nagamine	Takanori Nishiyama	Noboru Otaka	Toshiyuki Takezawa	Tatsuya Yamada	Hidehiko Kamata	Koji Arita
Areas of expertise, knowledge, and experience	Corporate Management	●	●	●	●	●	●		●	
	Legal/Compliance/Risk Management	●	●	●	●	●	●		●	●
	Finance/Accounting/Financial Economy	●	●	●	●	●	●	●		●
	Global			●	●					●
	Sustainability	●	●			●	●		●	

The above list does not represent all knowledge and experience possessed by each director and Audit & Supervisory Board Member.

Corporate Auditors

Tatsuya Yamada

Outside Audit & Supervisory Board Member

● 100 ◎ 16/16

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 2019 President of Japan Investor Relations and Investor Support, Inc.
June 2020 Audit & Supervisory Board Member of the Company (present position)

Hidehiko Kamata

Audit & Supervisory Board Member

● 7,500 ◎ 16/16

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 2016 Managing Executive Officer of the Company
June 2019 Managing Director, Managing Executive Officer of the Company
June 2021 Audit & Supervisory Board Member of the Company (present position)

Koji Arita

Outside Audit & Supervisory Board Member

● 0 ◎ — (New election)

April 2010 General Manager of Operations Services & Support Division of Mizuho Bank, Ltd.
April 2012 General Manager of Operations Planning Division of Mizuho Financial Group, Inc.
April 2019 Managing Executive Officer, Joint Head of Group Chief Operations Officer of Mizuho Financial Group, Inc.
January 2021 Deputy President & Representative Director of Custody Bank of Japan, Ltd.
June 2023 Audit & Supervisory Board Member of the Company (present position)

Hideki Amano

Outside Audit & Supervisory Board Member

● 0 ◎ 12/13

September 1980 Registered as a certified public accountant of Japan
September 2011 Vice President (Head of Audit) of KPMG AZSA LLC
Member of KPMG Global Audit Steering Group
July 2015 Executive Senior Partner of KPMG AZSA LLC
March 2017 Outside Audit & Supervisory Board Member of Kao Corporation (present position)
April 2017 Outside Director of the Board of ORIX Bank Corporation (present position)
June 2019 Outside Corporate Auditor of Seiko Holdings Corporation (now Seiko Group Corporation) (present position)
June 2022 Audit & Supervisory Board Member of the Company (present position)

Executive Officers

Managing Executive Officers

Toshiyuki Takahashi Kensuke Sato
Masanobu Kobayashi Hirohide Ishiyama
Katsuzumi Orihashi Norio Sumi
Nobuhisa Zama
Masahiko Abe
Takashi Yamada
Yasuhiko Hashimoto
Kazuomi Funakawa

Executive Officers

Hiromichi Koyata Naoto Moriya
Kunihiro Mio Naoyuki Machinaga
Mitsuyuki Kimura Ryuji Fujiwara
Toru Mukojima Yukiko Komatsu
Koki Minami Taketo Imai
Yutaka Sato Hiroyuki Kudo
Nobufusa Takeuchi Masato Matsui
Masashi Takahata

●: Number of the Company's shares owned (as of March 31, 2023) ○: Tenure as Director ◎: Attendance at Board of Directors meetings (FY2022)

Outside Directors



Naofumi Negishi

Outside Director

● 0 ○ 4 years
◎ 16/16 (100%)

April 1971 Joined Sekisui Chemical Co., Ltd.
June 2003 Director (Commissioned General Manager of 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.
June 2019 Director of the Company (present position)
June 2022 Chairman, Metropolitan Expressway Co., Ltd. (present position)
June 2023 Special Adviser of Sekisui Chemical Co., Ltd. (present position)



Hirofumi Hagihira

Outside Director

● 0 ○ 4 years
◎ 16/16 (100%)

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 (present position)



Mari Sagiya

Outside Director

● 0 ○ 4 years
◎ 15/16 (94%)

April 1985 Joined 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 (present position)
March 2020 Outside Director of MonotaRO Co., Ltd. (present position)
June 2021 Outside Director of JBCC Holdings Inc. (present position)
June 2022 Outside Director of Mitsubishi Corporation (present position)



Hajime Kawamura

Outside Director

● 0 ○ 3 years
◎ 14/16 (88%)

April 1981 Joined Marubeni Corporation
April 2013 Executive Officer, Chief Operating Officer, Plant & Industrial Machinery 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
June 2020 Director of the Company (present position)
April 2023 Senior Consultant of Marubeni Corporation (present position)



Takayuki Aonuma

Outside Director

● 0 ○ 2 years
◎ 15/16 (94%)

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
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 Outside Director of SENIOR LIFE CREATE Co., Ltd. (present position)
June 2021 Director of the Company (present position)
May 2023 Outside Director of FamilyMart Co., Ltd. (present position)



Hirozumi Sone

Outside Director

● 0 ○ (New election)
◎ —

April 1979 Joined Yamatake-Honeywell Co., Ltd. (now Azbil Corporation)
April 2003 Vice Executive Officer, General Manager of Engineering Department, Advanced Automation Company of Yamatake Corporation (now Azbil Corporation)
April 2012 Representative Director, President and Chief Executive Officer of Azbil Corporation
June 2020 Representative Director Chairperson, Executive Chairperson of Azbil Corporation
June 2021 Outside Director of Yasuda Logistics Corporation (present position)
June 2022 Director and Chairperson of the Board of Azbil Corporation (present position)
June 2023 Director of the Company (present position)

Skills Possessed by the Company's Directors (Skill Matrix) (as of June 27, 2023)

Name		Directors					
		Naofumi Negishi	Hirofumi Hagihira	Mari Sagiya	Hajime Kawamura	Takayuki Aonuma	Hirozumi Sone
Areas of expertise, knowledge, and experience	Corporate Management	●		●	●		●
	Legal/Compliance/Risk Management	●			●	●	●
	Finance/Accounting/Financial Economy	●	●				
	Global		●	●	●	●	
	Sustainability	●	●	●	●	●	●

The above list does not represent all knowledge and experience possessed by each director and Audit & Supervisory Board Member.

Reasons for Appointment and Expected Roles

Naofumi Negishi	He possesses abundant experience and broad insight in the manufacturing industry's corporate management. Since his appointment as Outside Director of the Company in June 2019, he has provided appropriate supervision of management and has been involved in strategic decision-making. We expect that he will continue to contribute to the management supervision and decision-making directed at sustainable growth and improvement of the medium to long-term corporate value of the Company based on his abundant experience and broad insight. As a member of the optional Nomination and Compensation Committee, he is also involved in selecting candidates for the Company officers and determining officer compensation, etc. from an independent standpoint.
Hirofumi Hagihira	He possesses abundant experience and broad insight in the field of economic, industrial, and trade policies. Since his appointment as Outside Director of the Company in June 2019, he has provided appropriate supervision of management and has been involved in strategic decision-making. We expect that he will continue to contribute to the management supervision and decision-making directed at sustainable growth and improvement of the medium to long-term corporate value of the Company based on his abundant experience and broad insight. As a member of the optional Nomination and Compensation Committee, he is also involved in selecting candidates for the Company officers and determining officer compensation, etc. from an independent standpoint.
Mari Sagiya	She possesses extensive operational and business management experience within multiple IT-related companies. Since her appointment as Outside Director of the Company in June 2019, she has provided appropriate supervision of management and has been involved in strategic decision-making using her high-level expertise and diverse perspectives. We expect that she will continue to contribute to the management supervision and decision-making directed at sustainable growth and improvement of the medium to long-term corporate value of the Company based on her abundant experience and broad insight. As a member of the optional Nomination and Compensation Committee, she is also involved in selecting candidates for the Company officers and determining officer compensation, etc. from an independent standpoint.

Hajime Kawamura	He possesses in-depth knowledge of the overall business operations of a general trading company and has also obtained abundant experience in business management as part of top management, including as CEO of Transportation & Industrial Machinery, Financial Business Group of Marubeni Corporation. Since his appointment as Outside Director of the Company in June 2020, he has provided appropriate supervision of management and has been involved in strategic decision-making. We expect that he will continue to contribute to the management supervision and decision-making directed at sustainable growth and improvement of the medium to long-term corporate value of the Company based on his abundant experience and broad insight.
Takayuki Aonuma	He possesses a wide range of insight based on his high-level expertise and extensive experience as a legal expert. Since his appointment as Outside Director of the Company in June 2021, he has provided appropriate supervision of management and has been involved in strategic decision-making using his capabilities, experience, and insight. We expect that he will continue to contribute to the management supervision and decision-making directed at sustainable growth and improvement of the medium to long-term corporate value of the Company. As a member of the optional Nomination and Compensation Committee, he is also involved in selecting candidates for the Company officers and determining officer compensation, etc. from an independent standpoint.
Hirozumi Sone	He possesses abundant experience and broad insight in the global manufacturing industry's corporate management. We expect that he will contribute to the management supervision and decision-making directed at sustainable growth and improvement of the medium to long-term corporate value of the Company based on his abundant experience and broad insight. We have therefore appointed him as Outside Director. As a member of the optional Nomination and Compensation Committee, he will also be involved in selecting candidates for the Company officers and determining officer compensation, etc. from an independent standpoint.

Basic Approach

Business activities of a listed company are primarily aimed at enhancing corporate value from the perspective of its shareholders, consistently and over the 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, employees, clients, 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

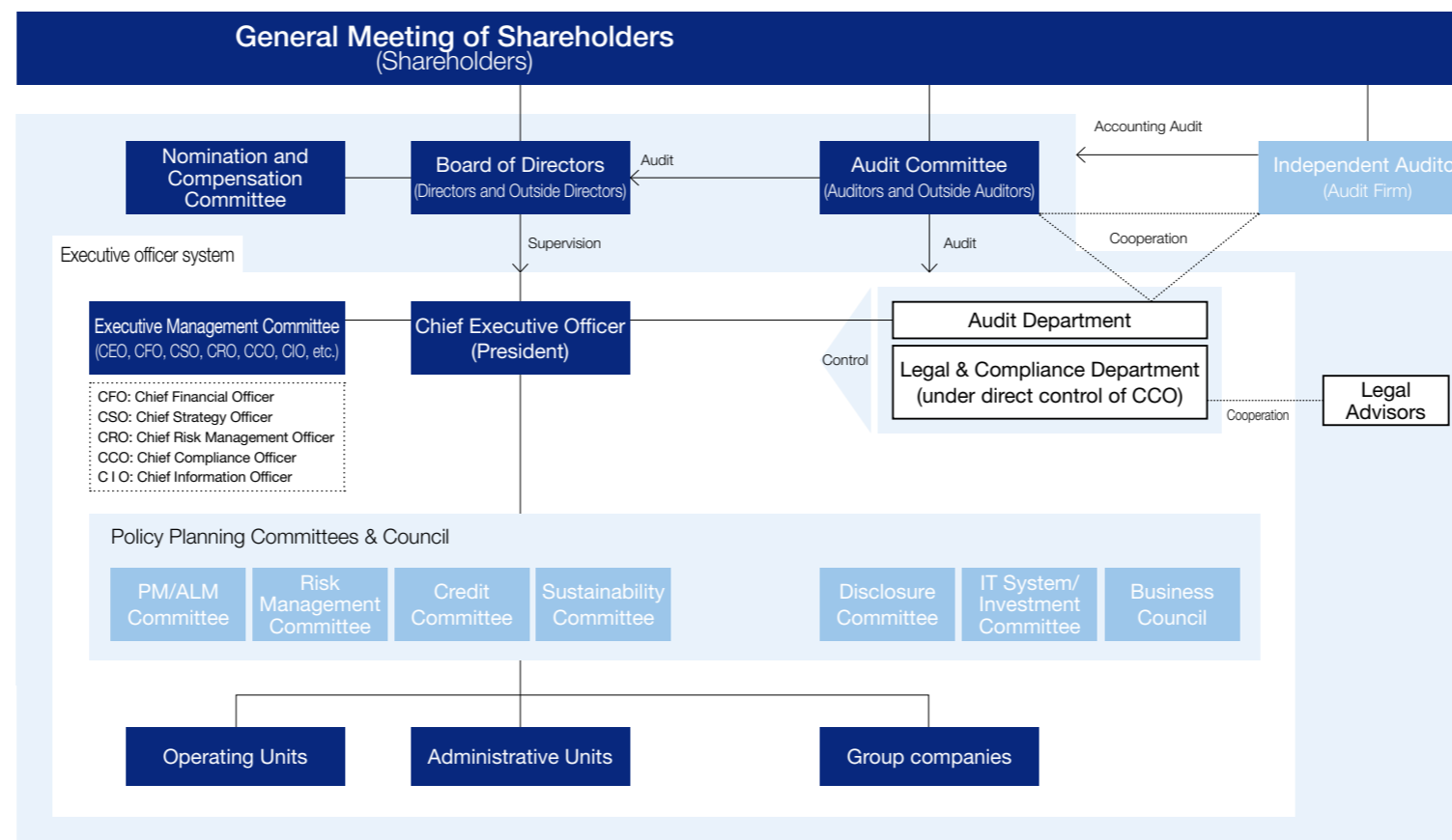
The Board of Directors has a sufficient number of outside directors. This arrangement helps the directors supervise business execution from diverse perspectives. The Audit Committee cooperates closely with the independent auditor and the internal audit department. Meanwhile, the standing auditors audit 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 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 under an open and lively operation of its meetings.

The Company elects outside directors who have high-level knowledge and experience to ensure the Board of Directors' appropriate supervision of the execution of duties in departments involved in business execution and the appropriateness, reasonableness and objectivity of resolutions and discussions at the Board of Directors meetings. The directors fully demonstrate their skills based on their own backgrounds. (Please see the skill matrix for the skills possessed by the directors.)

Corporate Governance Structure



The Company also actively provides information* to the outside directors to assist them in understanding the Company, leading to their deeper understanding of our business. (* Preliminary briefing sessions on the Board of Directors meeting agenda, briefing sessions on the Company's business other than the Board of Directors meetings, and other opportunities)

Audit Committee

The Company is a company with an Audit Committee. Based on the audit plans formulated by the Audit Committee, each auditor audits 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 whether 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.

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.

As policy planning committees with authority delegated by the president, the Company has established a PM/ALM Committee, a Risk Management Committee, a Credit Committee, a Sustainability Committee, a Disclosure 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.

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 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 the independent auditor as necessary. The Board of Directors receives a report on the results of internal audits every six months and determines, based on these results, whether improvements to systems and organizations are necessary to respond to various risks.

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 Outside Auditors	
Nomination and Compensation Committee	7, of whom 5 are independent Outside Directors	
Term of office of Directors	1 year	
Executive officer system	Adopted	
Board of Directors meetings in FY2022	Number of meetings held	16 times
	Attendance rate of Directors	97%
	Attendance rate of corporate auditors	98%
Audit Committee meetings in FY2022	Number of meetings held	14 times
	Attendance rate of corporate auditors	100%
Independent auditor	Deloitte Touche Tohmatsu LLC	

Effectiveness Evaluation of the Board of Directors

The effectiveness of the Board of Directors as a whole is analyzed and evaluated each year by an evaluation agency through a questionnaire distributed to directors and auditors.

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 FY2022

- 1 Lively discussions are held about medium- to long-term issues.
- 2 Meetings are operated to have open and lively discussions.
- 3 Information is provided to the outside directors to help them understand the Company.
- 4 Further improvements are expected for efforts to invigorate discussion at the Board of Directors meetings. (e.g., selecting agenda items and distributing materials early that contain organized key points)
- 5 Further enhancements are expected for training for officers using external training programs.
- 6 Continuous efforts are expected to ensure the diversity of directors.

We will work to improve not only areas where issues were pointed out but also areas where our efforts were recognized, and will further improve the effectiveness and functions of the Board of Directors in light of these analysis and evaluation.

Message from the Chairman of the Board

I am Tsuhara, the Chairman of the Board. I started to operate the Board of Directors meetings as non-executive Director and Chairman in April 2023. The Company's Board of Directors currently has 12 directors, of whom six are outside directors. As the Chairman of the Board, I work to steer the Board of Directors meetings in which the outside directors fully demonstrate their respective expertise and experience. I encourage appropriate discussions among all the directors and the auditors, thereby striving to make the Board of Directors become truly effective in terms of governance.



Shusaku Tsuhara, the Chairman of the Board

Optional Nomination and Compensation Committee

The optional Nomination and Compensation Committee deliberates the proposals for appointment and dismissal of directors and auditors, and the proposals for their compensation to be submitted to the General Meeting of Shareholders, the appointment and dismissal of executive officers, and matters related to their compensation. The results of such deliberations are presented to the Board of Directors. By having at least, a majority of committee members be outside directors, we seek to ensure the transparency and objectivity of the decision-making process regarding the nomination and compensation of officers at the Board of Directors meetings.

Compensation for Officers

The Company decided on FY2022 compensation for directors based on the Policy for Determining the Details of Compensation for Individual Directors, which was resolved at the Board of Directors meeting held on June 24, 2022.

The Company resolved to change the Policy for Determining the Details of Compensation for Individual Directors at the Board of Directors meeting held on June 27, 2023 for FY2023 compensation for directors. The details of the policy are as shown in the Securities Report for the 54th term (fiscal year ended March 31, 2023). The optional Nomination and Compensation Committee, the majority of which are independent outside directors, deliberated such compensation for directors prior to the Board of Directors meeting. The amount of compensation for individual auditors was determined based on discussions among the auditors.

Basic Policy

The Company's basic policy of compensation for directors is that they contribute to improving 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 with the business performance and stock value of the Company.

Compensation for Directors Concurrently Serving as Executive Officers

Compensation for directors concurrently serving as executive officers consists of basic compensation (fixed compensation) and performance-linked compensation. The basic compensation consists of a basic salary, where a fixed amount of money is paid according to each director's position and other conditions, and share-based remuneration I, where the fixed number of shares is granted according to each director's position and other conditions. The performance-linked compensation consists of a bonus, where an amount of money is paid, and share-based remuneration II, where shares are granted, both of which are linked to the Company's business performance and each director's own performance.

Compensation for Non-executive Directors

Compensation for non-executive directors consists of basic compensation only, a basic salary and share-based remuneration I).

Share-based Remuneration System

The Company partially amended the share-based remuneration system, Board Benefit Trust (BBT), and changed it to the Board Benefit Trust-Restricted Stock (BBT-RS) Plan by a resolution at the Ordinary General Meeting of Shareholders held on June 27, 2023. The system was introduced based on a resolution of the Ordinary General Meeting of Shareholders held on June 26, 2018. Under the BBT-RS Plan, the Company's shares are acquired through the trust using the funds contributed by the Company. Through the trust, the Company provides directors with the Company's shares at a specific time every year and with money equivalent to the market value of the Company's shares at the time when the directors retire from office in accordance with the share delivery regulations for officers stipulated by the Company. Each of the directors will conclude a transfer restriction agreement with the Company before receiving the Company's shares. The agreement will restrict transfer or any other forms of disposal of the Company's shares received by the directors during their tenure, until they retire from office.

Compensation composition	For non-executive directors responsible for supervising the corporate management: They receive only fixed compensation, i.e., a basic salary and share-based remuneration I. The ratio of basic salary to share-based remuneration I is approximately 0.9 to 0.1. For directors concurrently serving as executive officers: The ratio of fixed compensation (the sum of a basic salary and share-based remuneration I) to monetary compensation of performance-linked compensation (bonus) to non-monetary compensation of performance-linked compensation (share-based remuneration II) is 1 to 0.25 to 0.35. * The above ratio is the average ratio for directors concurrently serving as executive officers, using a 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	Company performance-linked compensation = Payment standard amount by position for company performance-linked portion × Performance evaluation coefficient Performance evaluation coefficient is calculated based on the following indicators: · Gross profit before funding costs, ordinary income, and net income attributable to owners of the parent when compared to their projections and year-on-year results · Comprehensive evaluation of sustainability initiatives

Total amount of compensation, etc. for directors and corporate auditors in FY2022

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	335	197	138	77	7
Corporate auditors excluding outside auditors	22	22	—	—	1
Outside officers	119	119	—	—	10

- The table above includes one director and one outside auditor who retired from their respective positions at the conclusion of the 53rd Ordinary General Meeting of Shareholders held on June 24, 2022.
- Performance-linked compensation states the amounts of provision for bonuses for directors (and other officers) and provision for share awards for directors (and other officers) recorded for FY2022.
- The amount of non-monetary compensation, etc. for directors excluding outside directors is performance-linked compensation only.

Compliance

The Group's definition of "compliance" is "the strict observance of all applicable laws and regulations, and the pursuit of fair and honest business operations that conform to socially-accepted norms." Duly recognizing that the failure to thoroughly observe compliance could cause damage to the very foundations of management, and regarding that the "compliance principles" 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 structure.

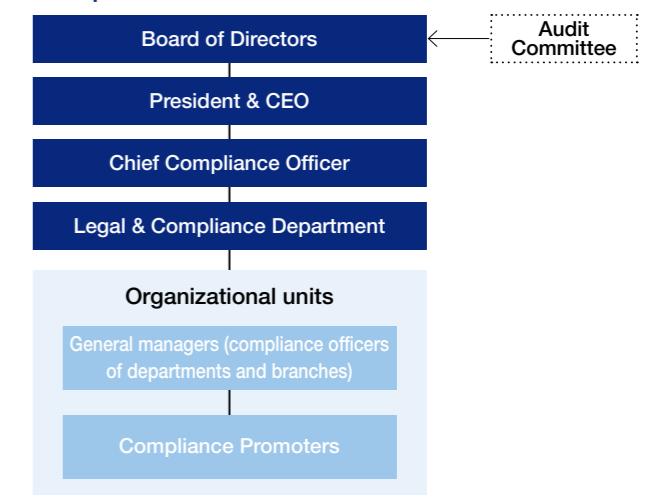
Compliance Structure

In order to thoroughly enforce compliance, the Group has formulated policies, administrative guidelines, manuals, and other materials based on the Compliance Policy. The president has appointed the Chief Compliance Officer (CCO) who has the following responsibility and authority to have the compliance structure headed by the Board of Directors. The CCO is fully responsible and authorized to plan and manage the overall compliance-related affairs. Directed by the CCO, the Legal & Compliance Department promotes overall compliance-related affairs, takes preventive measures against money laundering, etc., and blocks off any relationship with anti-social forces, among others, as well as grasps and controls the state of the Group's compliance and provides guidance and supervision.

More specifically, the general managers, as the compliance officer of their respective departments or branches, grasp and control the state of compliance within the department or branch and provide guidance and supervision, with support from compliance promoters who are assigned to the department or branch according to its scale and operations to

promote compliance. 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 departments or branches. After examining the results of the assessment reported by the departments and branches, the Legal & Compliance Department gives instructions and guidance to the general managers, changes rules, and sends a reminder to warn all departments and branches, as necessary. The Audit Department separately audits the state of compliance in the departments and branches. The general managers of the departments and branches take necessary responses and/or corrective measures and other actions, based on instructions given by the Legal & Compliance

Compliance structure



Department and the Audit Department. (Please see the compliance structure shown on page 74.)

To facilitate early detection of misconduct, etc. in the workplace, the Group has established various channels through which employees, etc. can securely make reports and/or have consultations, such as, a compliance hotline, a harassment consultation desk, corporate auditor's hotline, and an external contact point to attorneys. The Group also stipulates in its Whistleblower Policy 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 directors 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 easily refer to it 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 deliberated at the Risk Management Committee, discussed at the Executive Management Committee (approved by the president), and reported to the Board of Directors, and the result of its implementation is reported to the Executive Management Committee every six months. Providing compliance-related education and training programs is regarded as a key initiative in the Compliance Program. Specifically, through position-specific training programs on compliance such as those for directors 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 directors and employees' awareness of compliance, to ensure the thorough practice of compliance, and to 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 the precise monitoring and analysis of these risks as well as the proper control and management of them are 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 risk¹, market risk², and value fluctuation risk³, 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, and legal risk, 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 expanding 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 risk and operational risk, and work to strengthen management through the establishment of a structure for thorough reviews in advance.

Attitude toward 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. 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."

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

Keywords Explained

- 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.
- 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.).
- Value 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 of fluctuations in the value of real estate at the time of contract expiration).

the unexpected loss (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 PM/ALM Committee and 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, 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.

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

Attitude toward 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.

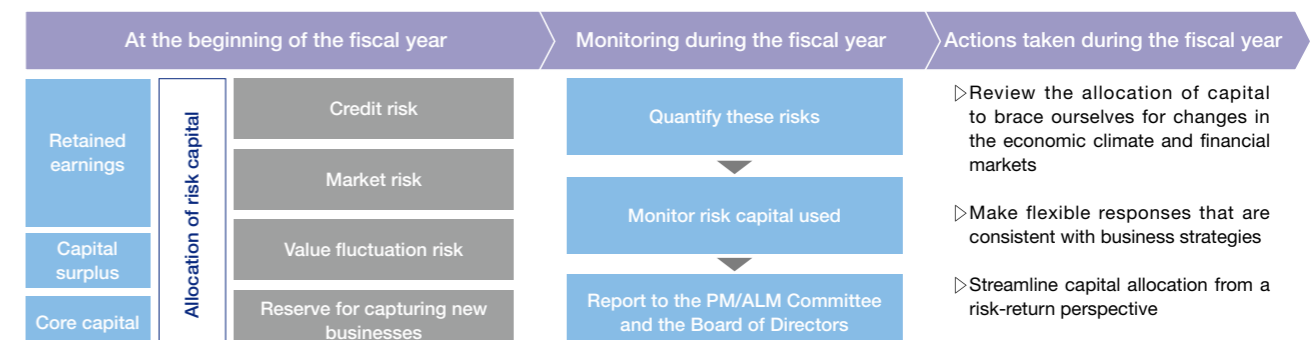
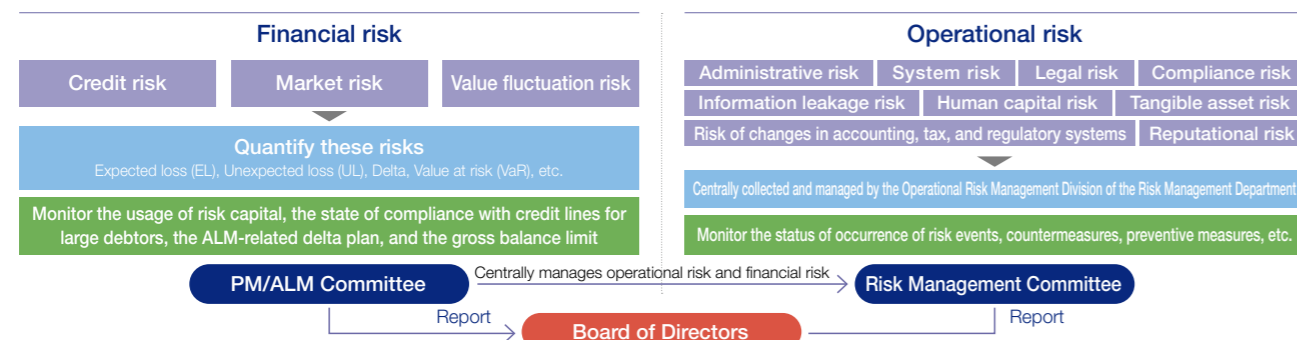
Furthermore, risk-related analyses are reported quarterly at meetings of the Risk Management Committee as well as those of the Board of Directors, together with financial risk.

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).

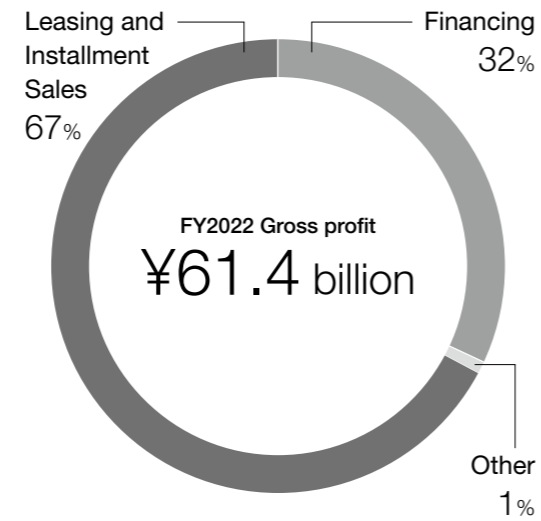
In other words, we define core capital, capital surplus, and retained earnings as risk capital. By allocating this risk capital to each financial risk, we control losses incurred from any unforeseen situation within manageable limits, thereby maintaining our financial stability.

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.

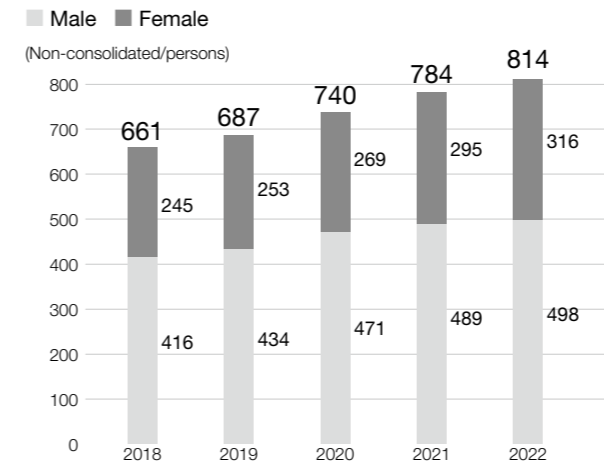


The Mizuho Leasing Group comprises Mizuho Leasing, 36 consolidated subsidiaries, and 11 equity-method affiliates (as of March 31, 2023). Centered on this structure, we provide wide-ranging financial and business services, including leasing, installment sales and loans in Japan and overseas by utilizing our understanding of equipment and extensive financial expertise.

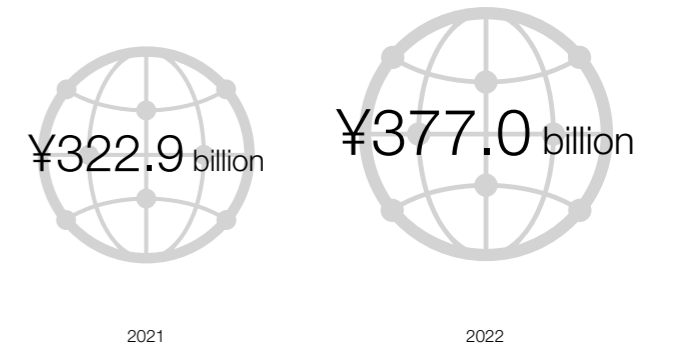
- Leasing and Installment Sales FY2022 Gross profit ¥41.2 billion
- Financing and Other FY2022 Gross profit ¥20.2 billion



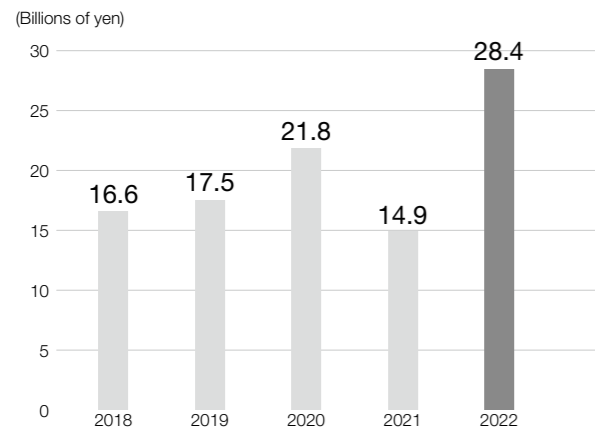
Number of employees



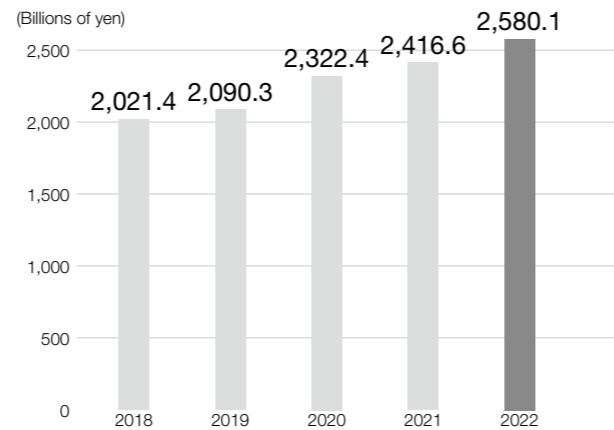
Balance in the global area



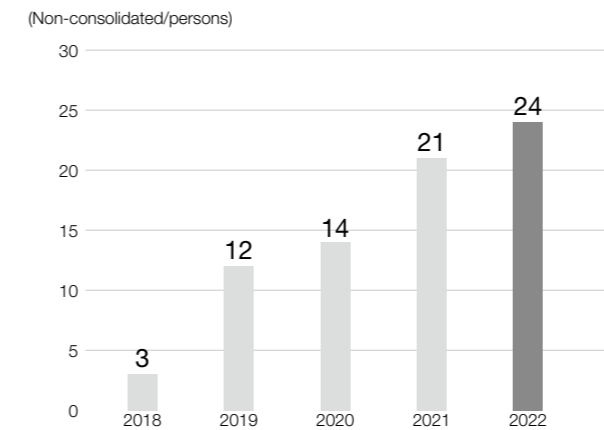
Net income attributable to owners of the parent



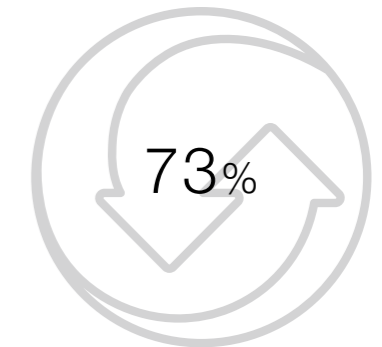
Operating assets



Number of women in managerial posts

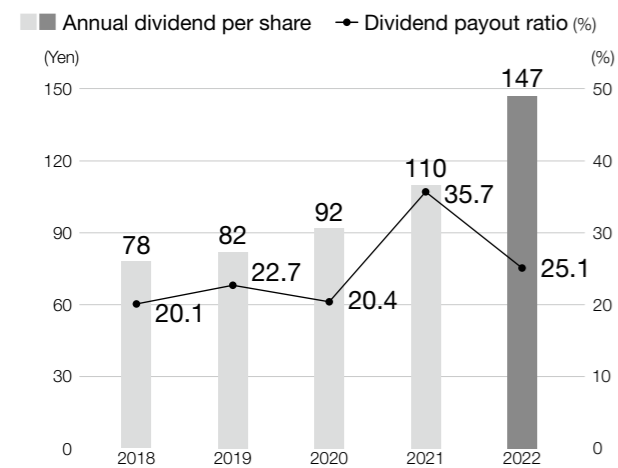


Reuse rate* (FY2022)

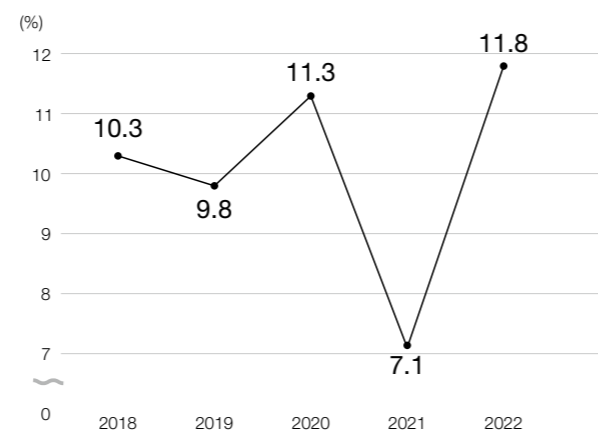


*Reuse rate: Number of equipment sold ÷ Number of equipment for which the lease term or re-lease term has expired

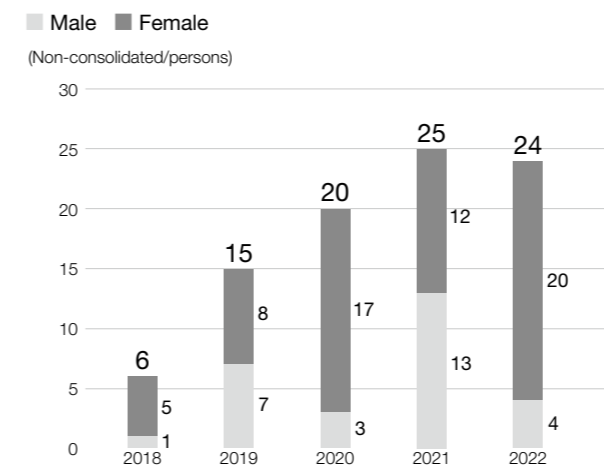
Annual dividend per share/dividend payout ratio



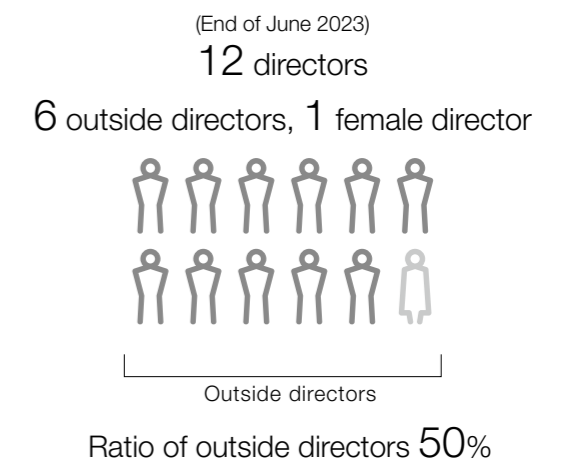
ROE



Number of employees who took childcare leave



Composition of the Board of Directors



Consolidated Financial Results

	2013	2014	2015	2016
For the year: (Millions of yen)				
Revenues	354,779	353,733	364,174	429,405
Gross profit before funding costs	43,005	41,609	44,803	44,904
Funding costs	6,426	6,338	6,361	5,697
Gross profit	36,579	35,271	38,441	39,206
Selling, general and administrative expenses	19,877	17,325	20,868	21,244
Operating income	16,701	17,946	17,573	17,962
Ordinary income	17,405	18,972	18,570	18,789
Net income attributable to owners of the parent	10,531	11,144	11,609	12,414
Ordinary income before write-offs	18,210	17,021	19,829	20,326
At year-end: (Millions of yen)				
Total assets	1,462,183	1,551,704	1,718,720	1,752,284
Operating assets	1,343,046	1,432,299	1,581,025	1,608,718
Lease	809,499	878,693	958,353	950,318
Installment sales receivable*	133,267	153,910	147,455	137,820
Loans	359,530	361,067	377,933	348,085
Operational investment securities	40,749	38,627	97,283	172,493
Long-term receivables	11,404	8,947	10,393	3,331
Interest-bearing debt	1,226,274	1,309,951	1,465,584	1,492,438
Equity	109,840	123,297	132,786	141,755
Per share data: (Yen)				
Net income	264.75	261.32	272.20	291.08
Equity	2,458.28	2,764.23	2,978.61	3,202.27
Dividends	54.00	56.00	60.00	64.00
Key indicators: (%)				
Return on equity (ROE)	11.4	10.0	9.5	9.4
Return on assets (ROA)	1.2	1.3	1.1	1.1
Equity ratio	7.2	7.6	7.4	7.8
Other (Number of persons)				
Number of employees	1,036	1,050	1,072	1,053

*After subtraction of deferred profit on installment sales

	2017	2018	2019	2020	2021	2022
Revenues	399,738	384,893	539,241	497,852	554,809	529,700
Gross profit before funding costs	45,157	52,596	60,263	59,332	62,115	72,299
Funding costs	6,959	8,467	9,744	7,985	7,581	10,932
Gross profit	38,197	44,128	50,519	51,347	54,534	61,366
Selling, general and administrative expenses	19,034	21,214	24,243	25,383	36,640	29,610
Operating income	19,162	22,913	26,275	25,963	17,893	31,756
Ordinary income	19,964	24,226	26,714	27,542	20,064	40,110
Net income attributable to owners of the parent	13,643	16,594	17,512	21,772	14,902	28,398
Ordinary income before write-offs	19,178	24,070	26,414	27,885	30,557	41,135
Total assets	1,821,501	2,161,872	2,348,416	2,603,190	2,748,810	2,954,634
Operating assets	1,683,005	2,021,368	2,090,305	2,322,398	2,416,558	2,580,137
Lease	983,590	1,160,218	1,327,723	1,476,331	1,487,631	1,500,511
Installment sales receivable*	138,592	145,888	139,715	124,433	106,601	95,296
Loans	360,073	469,135	400,999	500,674	582,480	661,664
Operational investment securities	196,860	239,814	221,866	220,959	239,843	322,663
Long-term receivables	2,440	3,432	5,448	11,477	32,691	25,813
Interest-bearing debt	1,536,240	1,834,757	2,000,636	2,255,387	2,375,243	2,537,555
Equity	154,632	182,159	195,780	210,852	230,803	275,834
Net income	319.91	388.64	360.49	450.14	308.07	586.75
Equity	3,492.55	3,553.92	3,829.02	4,147.40	4,536.14	5,427.77
Dividends	70.00	78.00	82.00	92.00	110.00	147.00
Return on equity (ROE)	9.6	10.3	9.8	11.3	7.1	11.8
Return on assets (ROA)	1.1	1.2	1.2	1.1	0.7	1.4
Equity ratio	8.2	8.0	7.9	7.7	8.0	8.9
Number of employees	1,081	1,627	1,745	1,795	1,864	1,964

1. Financial Results and Business Performance Overview

Looking at the economic climate in FY2022, while the global economy observed a transition to coexistence with COVID-19 and the normalization of socioeconomic activities, the outlook remained uncertain due in part to monetary tightening against the global inflation, in addition to the prolonged situation in Ukraine. The Japanese economy was on a gradual recovery track centered in the service sector as movement restrictions were eased, despite weak production activities in the manufacturing industry due in part to sluggish capital investment and a shortage of semiconductors. We recognize that the situations will continue to require attention as overseas economies are slowing down due to monetary tightening in the U.S. and Europe, and Japan suffers from soaring prices and a tight labor market. We will continue to monitor their monetary policies.

In the leasing industry, capital investment has been picking up on the back of a recovery in economic activity, and therefore, the transaction volumes were on a par with the previous fiscal year's levels.

In this environment, under the Sixth Medium-term Management Plan covering a five-year period from FY2019 to FY2023, the Group promoted joint projects with clients, carried out 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 took on the challenge of expanding our business foundation and advancing into new business areas through alliance and cooperation with alliance partners, including the Mizuho Group and the Marubeni Group.

We are seeking to achieve the following consolidated numerical targets in the final fiscal 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.

Under these circumstances, in FY2022, we focused on providing solutions that capture the business and financial strategic needs of our clients and steadily carried out efforts in the focus areas amid socioeconomic activities moving from the COVID-19 pandemic to normalization.

As a result, the contract execution volume increased by 7.3% to ¥1,470,485 million from the previous fiscal year (as of March 31, 2022).

Regarding the results, revenues decreased ¥25,108 million (4.5%) year on year to ¥529,700 million due to multiple sales of properties upon completion of projects of real estate in the previous fiscal year. Cost of revenues also decreased ¥31,941 million (6.4%) year on year to ¥468,333 million. Gross profit increased ¥6,832 million (12.5%) year on year to ¥61,366 million due to a buildup in assets in the profitable financing and real estate areas under the Sixth Medium-term Management Plan, which included cooperation with the Mizuho Financial

Group. Selling, general and administrative expenses decreased ¥7,030 million (19.2%) year on year to ¥29,610 million mainly due to low credit costs. Operating income increased ¥13,862 million (77.5%) year on year to ¥31,756 million. Ordinary income increased ¥20,046 million (99.9%) year on year to ¥40,110 million due to substantially increased equity in earnings of associated companies. As for extraordinary income and loss, extraordinary income was ¥298 million mainly due to gain on bargain purchase, which was partly offset by extraordinary loss of ¥371 million mainly due to loss on sales of investment securities, resulting in net extraordinary loss of ¥73 million.

As a result of the above, net income attributable to owners of the parent increased ¥13,495 million (90.6%) year on year to ¥28,398 million.

The financial position is as follows.

The overall contract execution volume in leasing and installment sales decreased by 8.8% to ¥489,128 million from the previous year (fiscal year ended March 31, 2022) due to the impact of the spread of COVID-19. On the contrary, the volume in financing increased 17.7% year on year to ¥981,356 million, mainly due to the accumulation of large-scale contracts executed in the focus areas such as real estate and aircraft. As a result, the total contract execution volume rose 7.3% year on year to ¥1,470,485 million. Operating assets at the end of FY2022 was ¥2,580,137 million, a ¥163,578 million increase from the end of the previous fiscal year (fiscal year ended March 31, 2022), and total assets rose by ¥205,823 million from the end of the previous fiscal year to ¥2,954,634 million. This was attributable to the buildup of assets reflecting proposals that successfully helped clients solve their business issues, primarily in the areas of real estate and environment, mainly through cooperation with the Mizuho Financial Group.

Meanwhile, total liabilities increased ¥160,792 million from the end of the previous fiscal year to ¥2,678,800 million, of which, interest-bearing debt increased ¥162,311 million to ¥2,537,555 million owing to the growth in operating assets.

Total equity stood at ¥275,834 million, showing a continued growth due to the accumulation of income during the fiscal year.

Results of Operations by Segment

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

[Leasing and Installment Sales]

Revenues in leasing and installment sales decreased by 6.1% to ¥505,000 million from the previous year (fiscal year ended March 31, 2022), driven by a decrease in sales of properties upon completion of projects of real estate. Operating income decreased 9.8% from the previous year to ¥21,409 million.

Operating assets as of March 31, 2023 was ¥1,595,808 million, a ¥1,574 million increase from the end of the previous fiscal year mainly due to the accumulation of contracts executed in the areas of real estate and aircraft.

[Financing]

Revenues in financing increased 44.3% year on year to ¥23,563 million due to a buildup in assets, and operating income amounted to ¥16,244 million.

Operating assets as of March 31, 2023 increased ¥162,003 million from the end of the previous fiscal year to ¥984,328 million, pushed up by the accumulation of large-scale contracts executed in the focus areas of real estate and aircraft.

[Other]

In the other segment, revenues increased 34.7% year on year to ¥1,135 million, and operating income increased 44.0% year on year to ¥388 million.

2. Results of Operations and Financial Position

Under the Sixth Medium-term Management Plan covering a five-year period from FY2019 to FY2023, the Group promoted joint projects with clients, carried out 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 took on the challenge of expanding our business foundation and advancing into new business areas through alliance and cooperation with alliance partners, including the Mizuho Group and the Marubeni Group.

Our specific efforts put into the focus areas during FY2022 are as follows.

[Environment and Energy]

We put more effort into the renewable energy area and drove efforts in the business itself, going beyond equipment leasing. For example, we supplied electricity derived from non-FIT solar power generation facilities, promoted the solar power generation business using the self-consignment method and corporate PPA solution, and invested in a U.K. onshore wind project. We also improved convenience of EVs and developed new solutions using on-board storage batteries as we invested in a company working to make commercial EVs and energy management systems widely available. Through these efforts, we contribute to expanding the use of renewable energy and assist our clients in implementing decarbonization and sustainability initiatives.

[Real Estate]

We continued to engage in the business of temporarily holding real estate for a period of time that meets the needs of REIT clients and other clients through our subsidiary ML Estate Company, Limited. We also invested in a fund that would acquire Otemachi PLACE, which is located in one of Japan's leading business areas and has the highest level of environmental performance. Furthermore, we further deepened cooperation with Nippon Steel Kowa Real Estate Co., Ltd.,

which became our equity-method affiliate, to take on the challenge of starting a new business by, for example, seeking to strengthen CRE proposal capabilities and expand the product lineup.

[Global]

We facilitated collaboration with our alliance partners and reached an agreement to acquire a 51% stake in Rent Alpha Pvt. Ltd., an Indian equipment leasing company, subject to regulatory approval, to expand our business fields.

[Aircraft]

We were in a harsh operating environment due to the COVID-19 pandemic, rising tensions in the Ukraine situation, and other factors; however, in anticipation of a global recovery in air travel demand and a medium- to long-term recovery in aircraft operating leases, we worked at setting up projects through strengthening cooperation with our alliance partners.

For cooperation and collaboration with our alliance partners, we have further deepened alliance between Mizuho Group companies and the Mizuho Leasing Group and combined the functions of both groups, thereby offering a variety of solutions to clients. One such example is the procurement of renewable energy through low-voltage, distributed solar power generation facilities using the self-consignment method. This was the first initiative and among the largest in Japan, and we worked together with a few companies of the Mizuho Group.

We also promoted initiatives to strengthen existing businesses and create new business opportunities through an alliance with the Marubeni Group in overseas business and an alliance with Ricoh Company, Ltd. and RICOH LEASING COMPANY, LTD.

Furthermore, as a challenge of advancing into new business areas, we reached a basic agreement with TRE HOLDINGS CORPORATION on building a business scheme for a circular economy, aiming to realize an advanced circular economy and a decarbonized society. Moreover, we established Future Creation Capital Co., Ltd. to enable participation in CVCs. Through collaboration with Mizuho Capital Co., Ltd., which became our equity-method affiliate, we are promoting investment in startups and collaboration in business.

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, 2023, indirect funding increased

¥112,420 million compared with the end of the previous fiscal year (as of March 31, 2022) to ¥1,415,103 million. Direct funding increased ¥49,890 million compared with the end of the previous fiscal year to ¥1,122,451 million, primarily due to the issuance of commercial paper and corporate bonds.

In addition, the Group had concluded overdraft agreements and commitment line agreements in the total amount of ¥931,961 million with 50 financial institutions as of the end of FY2022 with the aim of securing liquidity of working capital and flexibility in funding. The unused balance under these agreements is ¥518,320 million, which ensures sufficient liquidity.

Status of Cash Flows

Concerning the status of cash flows in FY2022, there was an increase in operating assets and other types of cash outflows accompanied by business activities, including investing in project bonds, 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 FY2022 increased ¥8,951 million compared with the end of the previous fiscal year (fiscal year ended March 31, 2022) to ¥33,453 million. The status of cash flow from each activity category and their factors are as follows.

Net cash used in operating activities was ¥117,816 million due to an increase in operating assets, mainly in financing.

Net cash used in investing activities was ¥17,111 million mainly due to investment in renewable energy projects.

Net cash provided by financing activities was ¥143,518 million due to indirect financing of ¥99,863 million and direct financing of ¥49,345 million such as through commercial paper and corporate bonds, despite cash dividends paid of ¥5,880 million.

finance its business needs. If we have difficulty raising funds due to rapid fluctuations in the financial markets or deterioration of the Group's financial condition, such funding constraints could affect the Group's business activities.

In order to cope with such liquidity risks, the Group diversifies its funding methods, and adjusts its funding structure and liquidity on hand in consideration of the market environment.

4. Interest Rate Fluctuation Risk

The Group procures funds through bank borrowings as well as the issuance of corporate bonds and commercial paper to finance its business needs.

Since the conditions for interest income for leasing and securities investment (which are based on the level, the lease period and whether the rate is the 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, in addition to procuring funds in line with the conditions for interest income for the corresponding assets.

Specifically, we manage interest rate fluctuation risk by controlling the matching ratio (setting the ratio of the portion of assets not subject 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.

5. Asset Risk

The Group is engaged in businesses including real estate leasing, investment in and lending of real estate, and aircraft leasing. To manage risks, we carefully assess the creditworthiness, future income and expenditure, and asset values of our clients. However, if the business performance of a client deteriorates or the asset value of a property declines significantly, this may affect the Group's business performance.

As a response to such a decline in asset values, we have established an internal management system to monitor the credit status of clients, trends in asset values, and future income/expenditure projections, and make flexible responses to minimize the impact on the Group.

6. Risks Arising from Business Activities

Risks arising from business activities include: inappropriate processing of clerical work; system risks due to system failures or malfunctions; risks related to information security due to loss, leakage, or removal of information; compliance risks that may lead to loss of social credibility as a result of failure to abide by laws, regulations and social norms; and risks of litigation against the Group in connection with our business activities. These risks, if they materialize, can lead to loss of revenue opportunities or incur compensatory damages, which may result in affecting the Group's business performance.

Therefore, we have established a risk management structure to ensure a flexible and group-wide response to such situations, and control risks to keep the impact on the Group to a minimum.

7. Risks Associated with Disasters, etc.

Unexpected economic losses caused by unpredictable events such as earthquakes, storms, and flooding could affect the Group's business performance.

As responses to such situations, we have formulated a business continuity plan, and put in place a system to continue our business activities, thereby taking measures to minimize the impact on the Group.

8. Cybersecurity Risk

The Group uses various information systems to manage its business activities, as well as email and other means to connect to the outside world. These information systems are at risk of cyberattacks, such as computer viruses and unauthorized external access. As a result, in the event of a system outage or failure, and information leakage or unauthorized use, the Group's business performance could be affected by economic losses due to responses to compensatory damages, loss of credibility, and stagnation of business activities.

In response to such situations, we conduct human and technical management and provide education and various training programs for cyber security. Other measures include conducting cyber security assessments to detect and respond to vulnerabilities and other issues.

9. Risks Related to Climate Change

The Group is taking steps to address climate change, including the implementation of scenario analysis and the disclosure of information on climate change. If we fail to keep pace with technological innovations or changes in business models to cope with abnormal weather conditions, such as typhoons and torrential rains, or tighter laws and regulations, this may affect our clients' business activities and the Group's business performance.

10. Risks Related to the Impact of COVID-19

We believe that the impact of COVID-19 will subside because the national and local governments are expanding and enhancing the quarantine systems and improving the health care systems, despite remaining concerns that the number of new cases may rebound again following changes in the national government's policy on COVID-19, which include reclassifying it as a Class V infectious disease under the infectious disease law. Depending on the future infection situation, 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.

Business Risks and Other Risks

The following factors constitute the principal risks related to the Group's business operations, such as its financial position, results of operations, and status of cash flows, that the Group recognizes as having the potential to materially affect investors' decisions.

In addition to taking measures against each of these individual risks, the Group is also working to develop and intensify its risk management system so that it can respond promptly and appropriately to such risks when they materialize.

Please note that any predictions for the future contained in this section were made as of March 31, 2023.

1. Risks Related to Operating Environment

The Group operates its business mainly based on lease transactions to serve its clients' business activities.

If our clients' business activities are disrupted by a surge in energy and resource prices due to regional conflicts, stagnation of production activities in the manufacturing industry due to disruptions in global supply chains, or rapid fluctuations in interest rates and foreign exchange rates in international financial markets, and thus their capital investments are significantly reduced, this may affect the Group's business performance.

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, causing us to be unable to collect initially expected leasing fees and other fees.

In order to cope with such a situation, 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 of the outstanding amount as possible through the sale or transfer of leased equipment to other clients.

However, there is a possibility that a sudden change in the economic environment and the deterioration of clients' credit conditions may generate credit costs that exceed expectations, which could adversely affect the Group's business performance.

3. Liquidity Risk (Funding)

The Group procures funds through bank borrowings as well as the issuance of corporate bonds and commercial paper to

Consolidated Balance Sheet

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2023

	Millions of yen		Thousands of
	2023	2022	U.S. dollars (Note 1)
ASSETS			
Current Assets:			
Cash and Cash Equivalents	¥ 33,453	¥ 24,502	\$ 250,515
Lease Receivables and Investments in Lease (Notes 6, 9, 17 and 18)	1,122,211	1,172,643	8,403,562
Receivables (Notes 6, 9 and 18):			
Notes and Accounts	751	549	5,629
Lease	4,416	4,925	33,075
Installment Sales	98,523	109,376	737,781
Loans	511,639	395,300	3,831,358
Factoring	150,025	187,180	1,123,449
Total Receivables	765,356	697,333	5,731,292
Operational Investment Securities (Notes 5, 6, 9 and 18)	322,663	239,843	2,416,233
Prepaid Expenses and Other (Note 22)	37,018	33,608	277,212
Allowance for Doubtful Receivables (Note 3)	(1,036)	(1,249)	(7,759)
Total Current Assets	2,279,668	2,166,681	17,071,055
Property and Equipment:			
Leased Assets (Notes 5, 6, 9 and 18)	368,747	304,880	2,761,329
Advances for Purchases of Leased Assets	299	0	2,245
Own-used Assets	3,797	3,585	28,439
Total Property and Equipment	372,845	308,467	2,792,013
Investments and Other Assets:			
Investment Securities (Notes 5, 9 and 18)	17,157	18,059	128,484
Investments in Unconsolidated Subsidiaries and Associated Companies	223,460	185,594	1,673,360
Long-term Receivables (Note 18)	25,813	32,691	193,301
Intangible Leased Assets (Note 6)	9,552	10,107	71,531
Deferred Tax Assets (Note 12)	7,085	9,804	53,063
Asset for Employees' Retirement Benefits (Note 11)	759	856	5,687
Other (Note 8)	23,432	25,029	175,473
Allowance for Doubtful Receivables (Note 3)	(5,141)	(8,482)	(38,504)
Total Investments and Other Assets	302,120	273,661	2,262,395
Total Assets	¥ 2,954,634	¥ 2,748,810	\$ 22,125,463

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2023

	Millions of yen		Thousands of
	2023	2022	U.S. dollars (Note 1)
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 9, 10, 18 and 22)	¥ 1,206,016	¥ 1,180,237	\$ 9,031,129
Current Portion of Long-term Debt (Notes 9, 10, 18 and 22)	272,009	270,456	2,036,916
Lease Payable (Notes 17 and 18)	18,219	10,382	136,435
Accounts Payable - trade (Note 18)	24,512	34,698	183,557
Accrued Expenses (Note 22)	4,964	4,037	37,174
Income Taxes Payable	2,719	4,459	20,364
Deferred Profit on Installment Sales (Note 6)	3,226	2,775	24,160
Reserve for Management Board Benefit Trust - current	726	151	5,441
Accruals for Debt Guarantees	14	19	105
Other	41,046	41,158	307,369
Total Current Liabilities	1,573,455	1,548,375	11,782,650
Long-term Liabilities:			
Long-term Debt (Notes 9, 10, 18 and 22)	1,059,528	924,550	7,934,167
Deposits Received	30,550	31,038	228,775
Liability for Employees' Retirement Benefits (Note 11)	2,409	2,349	18,041
Reserve for Management Board Benefit Trust (Note 2(z))	—	504	—
Other	12,856	11,188	96,276
Total Long-term Liabilities	1,105,345	969,632	8,277,259
Commitments and Contingent Liabilities (Note 13)			
Equity:(Notes 2(z), 14, 21 and 23)			
Common Stock			
Authorized, 140,000,000 Shares;	26,088	26,088	195,357
Issued, 49,004,000 Shares as of March 31, 2023 and 2022			
Capital Surplus	23,941	23,941	179,284
Retained Earnings	181,484	158,966	1,359,029
Treasury Stock - at cost			
593,299 shares as of March 31, 2023 and	(1,618)	(1,709)	(12,118)
626,799 shares as of March 31, 2022			
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	11,849	7,252	88,731
Deferred Loss on Derivatives under Hedge Accounting	(2,204)	(1,817)	(16,508)
Foreign Currency Translation Adjustments	22,620	5,977	169,388
Defined Retirement Benefit Plans	601	747	4,504
Total	262,762	219,445	1,967,667
Non-controlling Interests	13,071	11,357	97,887
Total Equity	275,834	230,803	2,065,554
Total Liabilities and Equity	¥ 2,954,634	¥ 2,748,810	\$ 22,125,463

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Revenues	¥ 529,700	¥ 554,809	\$ 3,966,605
Cost and Expenses	468,333	500,274	3,507,065
Gross Profit	61,366	54,534	459,540
Selling, General and Administrative Expenses (Note 15)	29,610	36,640	221,736
Operating Income	31,756	17,893	237,804
Other Income (Expenses):			
Interest Income (Note 22)	18	3	140
Dividend Income	515	840	3,858
Equity in Earnings of Associated Companies	9,718	2,035	72,775
Profit from Investments	—	389	—
Interest Expenses	(1,613)	(960)	(12,082)
Bond Issuance Costs	(399)	(439)	(2,991)
Gain on Sales of Investment Securities	72	175	543
Gain on bargain purchase	225	—	1,689
Loss on Sales of Investment Securities	(347)	—	(2,605)
Loss on Devaluation of Investment Securities	(14)	(11)	(111)
Loss on Retirement of Own-used Assets	(9)	(0)	(69)
Other — net	114	300	859
Income before Income Taxes	40,036	20,227	299,810
Income Taxes:(Note 12)			
Current	7,877	9,314	58,988
Deferred	2,710	(4,627)	20,298
Total	10,587	4,686	79,286
Net Income	29,448	15,540	220,524
Net Income attributable to Non-controlling Interests	1,050	638	7,863
Net Income attributable to Owners of the Parent	¥ 28,398	¥ 14,902	\$ 212,661

	Yen		U.S. dollars (Note 1)
	2023	2022	2023
Amounts per Share of Common Stock (Notes 2(w) and 23)			
Net Income attributable to Owners of the Parent per Share	¥ 586.75	¥ 308.07	\$ 4.39
Cash Dividends applicable to the fiscal year	¥ 147.00	¥ 110.00	\$ 1.10

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, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net Income	¥ 29,448	¥ 15,540	\$ 220,524
Other Comprehensive Income (Loss):(Note 20)			
Unrealized Gain on Available-for-sale Securities	4,818	880	36,084
Deferred Loss on Derivatives under Hedge Accounting	(452)	(740)	(3,390)
Foreign Currency Translation Adjustments	15,347	10,005	114,929
Defined Retirement Benefit Plans	(106)	74	(797)
Share of Other Comprehensive Income (Loss) in Associated Companies	1,849	(653)	13,853
Total Other Comprehensive Income	21,457	9,566	160,679
Comprehensive Income	¥ 50,905	¥ 25,107	\$ 381,203
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 49,105	¥ 23,899	\$ 367,720
Non-controlling Interests	1,800	1,208	13,483

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2023

	Thousands		Millions of yen									
	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, 2021	48,371	¥ 26,088	¥ 23,941	¥ 149,148	¥ (1,725)	¥ 6,509	¥ (1,227)	¥ (2,771)	¥ 652	¥ 200,614	¥ 10,237	¥ 210,852
Net Income attributable to Owners of the Parent				14,902						14,902		14,902
Cash Dividends Paid				(5,243)						(5,243)		(5,243)
Purchase of Treasury Stock	(0)				(0)					(0)		(0)
Disposal of Treasury Stock	6				16					16		16
Change in Scope of Consolidation				(0)						(0)		(0)
Change in Scope of Equity Method				158						158		158
Net change during year						743	(590)	8,749	94	8,996	1,119	10,116
Balance as of March 31, 2022	48,377	¥ 26,088	¥ 23,941	¥ 158,966	¥ (1,709)	¥ 7,252	¥ (1,817)	¥ 5,977	¥ 747	¥ 219,445	¥ 11,357	¥ 230,803
Net Income attributable to Owners of the Parent				28,398						28,398		28,398
Cash Dividends Paid				(5,880)						(5,880)		(5,880)
Purchase of Treasury Stock												
Disposal of Treasury Stock (Note 21)	33				91					91		91
Change in Scope of Consolidation												
Change in Scope of Equity Method												
Net change during year						4,596	(386)	16,642	(145)	20,706	1,714	22,421
Balance as of March 31, 2023	48,410	¥ 26,088	¥ 23,941	¥ 181,484	¥ (1,618)	¥ 11,849	¥ (2,204)	¥ 22,620	¥ 601	¥ 262,762	¥ 13,071	¥ 275,834

	Thousands of U.S. dollars (Note 1)											
	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, 2022	\$ 195,357	\$ 179,284	\$ 1,190,403	\$ (12,802)	\$ 54,310	\$ (13,613)	\$ 44,764	\$ 5,595	\$ 1,643,298	\$ 85,048	\$ 1,728,346	
Net Income attributable to Owners of the Parent			212,661						212,661		212,661	
Cash Dividends Paid			(44,035)						(44,035)		(44,035)	
Purchase of Treasury Stock												
Disposal of Treasury Stock (Note 21)				684					684		684	
Change in Scope of Consolidation												
Change in Scope of Equity Method												
Net change during year					34,421	(2,895)	124,624	(1,091)	155,059	12,839	167,898	
Balance as of March 31, 2023	\$ 195,357	\$ 179,284	\$ 1,359,029	\$ (12,118)	\$ 88,731	\$ (16,508)	\$ 169,388	\$ 4,504	\$ 1,967,667	\$ 97,887	\$ 2,065,554	

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, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 40,036	¥ 20,227	\$ 299,810
Adjustments for:			
Income Taxes Paid	(9,619)	(10,721)	(72,035)
Depreciation and Disposal of Fixed Assets	17,218	17,202	128,936
Equity in Earnings of Associated Companies	(9,718)	(2,035)	(72,775)
Loss (Profit) from Investments	128	(389)	959
Gain on bargain purchase	(225)	—	(1,689)
(Decrease) Increase in Allowance for Doubtful Receivables	(3,656)	6,803	(27,382)
(Decrease) Increase in Accruals for Debt Guarantees	(5)	5	(37)
Loss (gain) on Sales of Marketable and Investment Securities	275	(175)	2,062
Loss on Devaluation of Investment Securities	14	11	111
Change in assets and liabilities:			
Decrease in Lease Receivables and Investments in Lease	59,883	6,748	448,428
Increase in Receivables	(60,603)	(60,150)	(453,820)
Increase in Operational Investment Securities	(76,791)	(18,038)	(575,045)
Decrease in Accounts Payable — trade	(10,224)	(489)	(76,563)
Purchases of Leased Assets	(187,091)	(159,691)	(1,401,014)
Proceeds from Sales of Leased Assets	119,939	137,449	898,155
Increase in Interest Payable	278	6	2,086
Other — net	2,344	(5,260)	17,555
Total Adjustments	(157,853)	(88,723)	(1,182,068)
Net Cash Used in Operating Activities	(117,816)	(68,495)	(882,258)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(1,813)	(2,331)	(13,579)
Purchases of Marketable and Investment Securities	(18,564)	(34,167)	(139,021)
Proceeds from Sales and Redemption of Marketable and Investment Securities	2,013	9,738	15,080
Other — net	1,252	(950)	9,381
Net Cash Used in Investing Activities	(17,111)	(27,712)	(128,139)
Cash Flows from Financing Activities:			
Net Increase in Short-term Borrowings	27,730	32,114	207,659
Proceeds from Long-term Debt	407,666	364,501	3,052,764
Repayments of Long-term Debt	(286,187)	(291,421)	(2,143,084)
Cash Dividends Paid	(5,880)	(5,243)	(44,035)
Other — net	189	(140)	1,419
Net Cash Provided by Financing Activities	143,518	99,810	1,074,723
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	361	371	2,706
Net Increase in Cash and Cash Equivalents	8,951	3,974	67,032
Cash and Cash Equivalents at Beginning of the Year	24,502	20,406	183,483
Increase in Cash and Cash equivalents resulting from inclusion of subsidiaries in consolidation	—	120	—
Cash and Cash Equivalents at End of the Year	¥ 33,453	¥ 24,502	\$ 250,515

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.

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 ¥133.54 to US\$1.00, the approximate rate of exchange at March 31, 2023. 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 Dai-ichi Leasing Co., Ltd., Mizuho-TOSHIBA Leasing Company, Limited, ML Estate Company, Limited, Mizuho Auto Lease Company, Limited, Mizuho Leasing (China) Ltd., Mizuho Leasing (Singapore) Pte. Ltd., and PT MIZUHO LEASING INDONESIA Tbk.

The number of consolidated subsidiaries as of March 31, 2023 and 2022 was 36 and 38, respectively. The consolidated financial statements for the year ended March 31, 2023 newly include the account of MLC AIRCRAFT LEASING LLC. as it was newly incorporated, as well as the accounts of GOUDOUGAISHA ISLANDSHIP4GOU, Purple Sunbird Leasing Limited and 1 other company, of which the Company acquired shares. The accounts of MLV CO. LIMITED and 5 other companies were excluded from the consolidated financial statements, as they were liquidated during the year.

The number of associated companies accounted for under the equity method as of March 31, 2023 and 2022 was 11. Investments in associated companies include Mizuho Marubeni Leasing Corporation, RICOH LEASING COMPANY, LTD., NIPPON STEEL KOWA REAL ESTATE CO., LTD., Mizuho Capital Co., Ltd., Krungthai Mizuho Leasing Company Limited, PNB-Mizuho Leasing and Finance Corporation, PLM Fleet, LLC, Aircastle Limited, Vietnam International Leasing Co., Ltd., and Affordable Car Leasing Pty Ltd.

The condensed financial information of the 11 associated companies (by simply compiling the amounts in the financial statements of the respective companies) as of and for the year ended March 31, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Current Assets	¥ 407,157	¥ 396,436	\$ 3,048,958
Non Current Assets	642,406	557,126	4,810,595
Current Liabilities	329,035	285,298	2,463,949
Long-term Liabilities	432,361	417,052	3,237,693
Total Equity	288,167	251,211	2,157,911
Revenues	¥ 178,664	¥ 150,055	\$ 1,337,911
Income before Income Taxes	21,981	4,462	164,608
Net Income	¥ 16,624	¥ 1,583	\$ 124,491

Kaikias Leasing Co., Ltd. and 102 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 50 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 15 and 14 SPEs that were not consolidated under Guidance No. 15 as of March 31, 2023 and 2022. Total assets (simply compiled amount) of such SPEs as of March 31, 2023 and 2022 were ¥286,028 million (\$2,141,897 thousand) and ¥238,693 million, respectively. Total liabilities (simply compiled amount) of such SPEs as of March 31, 2023 and 2022 were ¥286,001 million (\$2,141,690 thousand) and ¥238,764 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 2023 and 2022 was ¥25,094 million (\$187,915 thousand) and ¥23,335 million, respectively. The amount of Factoring Receivable transferred from the Company to such SPEs in 2022 was ¥2,970 million while no amount was transferred in 2023. No gain/loss on the transfer of such receivables incurred in both 2023 and 2022. The Company holds subordinated interests of such transferred receivables of ¥474 million (\$3,554 thousand) and ¥1,395 million in 2023 and 2022, respectively. The Company recognized profit dividends of ¥633 million (\$4,746 thousand) and ¥574 million, respectively, for the years ended March 31, 2023 and 2022, and servicing fees received of ¥1 million (\$9 thousand) with respect to the transactions with such SPEs for both of the years ended March 31, 2023 and 2022. 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 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 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 ¥4,609 million (\$34,518 thousand) and ¥6,194 million at March 31, 2023 and 2022, 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 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 are recognized as revenues and cost of sales, respectively.

(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 and 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.

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 March 17, 2022, 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) 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.

(x) 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.

(y) New Accounting Pronouncement

Accounting Standard for Current Income Taxes and others – On October 28, 2022, the ASBJ issued ASBJ Statement No. 27, "Accounting Standard for Current Income Taxes," ASBJ Statement No. 25, "Accounting Standard for Presentation of Comprehensive Income," and ASBJ Guidance No. 28, "Guidance on Accounting Standard for Tax Effect Accounting." In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting," which completed the transfer of the Practical Guidance for Tax Effect Accounting by the Japanese Institute of Certified Public Accountants (the "JICPA") to ASBJ. In the course of the deliberations, the following two issues, which were to be discussed again after the release of ASBJ Statement No. 28, etc., were discussed and released.

- (1) Classification of tax expense when other comprehensive income is taxed
- (2) Treatment of tax effects related to the sale of shares in subsidiaries (shares in subsidiaries or affiliates) when the group tax sharing system is applied.

The Group expects to apply the accounting standards and guidance for the fiscal year beginning on or after April 1, 2024, and is in the process of measuring the effects of applying the accounting standards and guidance in future applicable periods.

(z) 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, 2023 was ¥1,616 million (\$12,103 thousand), while the number of such treasury stock was 592,400 shares.

3. Significant Accounting Estimate

Recognition of Allowance for Doubtful Receivables

(a) Carrying amount

Allowance for Doubtful Receivables in Current Assets and Investments and Other Assets ¥6,177 million (\$46,263 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, it is expected to gradually ease by the expansion of quarantine systems and improvement of medical system by the government, while there are still concerns about the re-spread of infection due to the changes in government policy, such as the classification as category 5 under the Infectious Diseases Control Law.

(ii) Calculation of the estimate

The Group's policy for Allowances for Doubtful Receivables is described in Note 2. Summary of Significant Accounting Policies (I) 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.

4. Changes in Accounting Policies

Application of the Accounting Standard for Fair Value Measurement

The Group has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the current fiscal year. It decided to prospectively apply the new accounting policies in accordance with the transitional measures permitted by Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

Accordingly, some investment trusts are stated at fair value on the consolidated financial statement for the fiscal year, while under the previous guidance, those were stated at cost as they do not have quoted market prices in an active market.

In accordance with Paragraph 27-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, Note 18. Financial Instruments and Related Disclosures "Financial Instruments" (7) Financial Instruments Categorized by Fair Value Hierarchy do not include the description regarding investment trusts for the previous fiscal year.

5. Operational Investment Securities and Investment Securities

(1) Available-for-sale Securities whose fair values are readily determinable as of March 31, 2023 and 2022 were as follows:

Available-for-sale Securities

Securities with carrying amounts exceeding acquisition costs

	2023			2022		
	Carrying amount	Acquisition cost	Unrealized gain	Carrying amount	Acquisition cost	Unrealized gain
Equity Securities Bonds	¥ 14,547	¥ 7,764	¥ 6,783	¥ 16,125	¥ 9,641	¥ 6,484
Corporate Bonds	52,600	50,250	2,350	68,859	67,674	1,184
Other	32,476	28,520	3,956	1,387	1,316	70
Total	¥ 99,624	¥ 86,534	¥ 13,090	¥ 86,372	¥ 78,632	¥ 7,739

(Millions of yen)

	2023		
	Carrying amount	Acquisition cost	Unrealized gain
Equity Securities Bonds	\$ 108,934	\$ 58,140	\$ 50,794
Corporate Bonds	393,896	376,292	17,604
Other	243,196	213,570	29,626
Total	\$ 746,026	\$ 648,002	\$ 98,024

(Thousands of U.S. dollars)

Securities with carrying amounts not exceeding acquisition costs

	2023			2022		
	Carrying amount	Acquisition cost	Unrealized loss	Carrying amount	Acquisition cost	Unrealized loss
Equity Securities Bonds	¥ 680	¥ 852	¥ (172)	¥ 748	¥ 974	¥ (226)
Corporate Bonds	33,027	33,400	(372)	12,462	12,500	(37)
Other	3,121	3,121	—	1,465	1,465	—
Total	¥ 36,828	¥ 37,373	¥ (545)	¥ 14,675	¥ 14,940	¥ (264)

(Millions of yen)

	2023		
	Carrying amount	Acquisition cost	Unrealized loss
Equity Securities Bonds	\$ 5,093	\$ 6,383	\$ (1,290)
Corporate Bonds	247,320	250,112	(2,792)
Other	23,375	23,375	—
Total	\$ 275,788	\$ 279,870	\$ (4,082)

(Thousands of U.S. dollars)

- (2) Proceeds from sales of Available-for-sale Securities for the years ended March 31, 2023 and 2022 were ¥1,810 million (\$13,555 thousand) and ¥8,234 million, respectively. Gross realized gains and losses on these sales were ¥72 million (\$543 thousand) and ¥347 million (\$2,605 thousand) for the year ended March 31, 2023. Gross realized gains on these sales were ¥491 million and no gross losses were incurred for the year ended March 31, 2022.
- (3) The Group recorded impairment losses on investment securities of ¥14 million (\$112 thousand) and ¥11 million for the years ended March 31, 2023 and 2022, respectively.

6. Operating Assets

(1) Operating Assets as of March 31, 2023 and 2022 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Leasing and Installment Sales:			
Finance Lease	¥ 1,122,211	¥ 1,172,643	\$ 8,403,562
Operating Lease	378,300	314,988	2,832,860
Installment Sales ⁽¹⁾	95,296	106,601	713,621
Leasing and Installment Sales total	1,595,808	1,594,233	11,950,043
Finance	984,328	822,324	7,371,040
Total Operating Assets	¥ 2,580,137	¥ 2,416,558	\$ 19,321,083

⁽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, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Leasing and Installment Sales:			
Finance Lease	¥ 267,801	¥ 343,392	\$ 2,005,404
Operating Lease	186,646	159,703	1,397,683
Installment Sales	34,680	33,205	259,701
Leasing and Installment Sales total	489,128	536,302	3,662,788
Finance	981,356	833,925	7,348,784
Total	¥ 1,470,485	¥ 1,370,228	\$ 11,011,572

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, 2023 and 2022 was ¥4,789 million (\$35,864 thousand) and ¥4,403 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, 2023 and 2022 was ¥1,188 million (\$8,898 thousand) and ¥1,505 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, 2022	Increase	March 31, 2023	March 31, 2023
¥ 217,421	¥ 45,694	¥ 263,116	¥ 277,869

(Millions of yen)			
Carrying Amount			Fair Value
April 1, 2021	Decrease	March 31, 2022	March 31, 2022
¥ 218,901	¥ (1,480)	¥ 217,421	¥ 277,772

(Thousands of U.S. dollars)			
Carrying Amount			Fair Value
April 1, 2022	Increase	March 31, 2023	March 31, 2023
\$ 1,628,138	\$ 342,180	\$ 1,970,318	\$ 2,080,794

⁽¹⁾ Carrying amount recognized in the Consolidated Balance Sheets is net of accumulated depreciation.

⁽²⁾ "Increase" for the year ended March 31, 2023 primarily represents the acquisition of certain properties for ¥152,744 million (\$1,143,812 thousand) and "Decrease" for the year ended March 31, 2022 primarily represents the sales of certain properties for ¥134,752 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 (\$79,530 thousand) as of March 31, 2023 and 2022, 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, 2023 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2023	2023
Lease Receivables and Investments in Lease	¥ 13,012	\$ 97,439
Operational Investment Securities	23,122	173,148
Leased Assets	38,197	286,040
Investment Securities	16	125
Total	¥ 74,348	\$ 556,752

Liabilities secured by the above assets as of March 31, 2023 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2023	2023
Short-term Borrowings	¥ 9,500	\$ 71,140
Current Portion of Long-term Debt	4,787	35,852
Long-term Debt	34,872	261,141
Total	¥ 49,160	\$ 368,133

10. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2023 and 2022 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	Weighted average interest rate
	2023	2022	2023	2023
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	¥ 418,440	¥ 380,278	\$ 3,133,443	0.86%
Commercial Paper	692,900	707,100	5,188,708	0.03%
Payables under securitized lease receivables	94,676	92,858	708,978	0.10%
Total	¥ 1,206,016	¥ 1,180,237	\$ 9,031,129	
Current Portion of Long-term Debt				
Bonds payable	¥ 23,000	¥ 30,000	\$ 172,233	0.040%~0.534%
Long-term Debt from banks and other financial institutions	249,009	240,456	1,864,683	0.85%
Total	¥ 272,009	¥ 270,456	\$ 2,036,916	

(2) "Long-term Debt" as of March 31, 2023 and 2022 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)		Weighted average interest rate
	2023	2022	2023	2023	
Long-term Debt					
Bonds payable, Japanese Yen	¥ 274,200	¥ 215,000	\$ 2,053,317		0.030%~0.764%
Bonds payable, U.S. Dollar	6,543	5,998	49,000		2.745%
Long-term Debt from banks and other financial institutions	747,654	681,948	5,598,727		0.85%
Payables under securitized lease receivables	31,131	21,603	233,123		0.35%
Total	¥ 1,059,528	¥ 924,550	\$ 7,934,167		

(*1) The Group has entered into overdraft contracts with 50 financial institutions that provide the Group with credit facilities amounting to ¥931,961 million (\$6,978,892 thousand) and ¥870,615 million as of March 31, 2023 and 2022, respectively. The unused facilities maintained by the Group as of March 31, 2023 and 2022 amounted to ¥518,320 million (\$3,881,390 thousand) and ¥510,332 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, 2023 and 2022 were ¥153,599 million (\$1,150,213 thousand) and ¥137,569 million respectively.

(*3) The aggregate annual maturities of "Long-term Debt" as of March 31, 2023 were as follows:

Years Ending March 31	(Millions of yen)	(Thousands of U.S. dollars)
	2023	2023
2025	¥ 275,449	\$ 2,062,672
2026	231,571	1,734,101
2027	158,271	1,185,199
2028	153,163	1,146,947
2029 and thereafter	241,072	1,805,248
Total	¥ 1,059,528	\$ 7,934,167

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, 2023 and 2022, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Balance at beginning of year	¥ 6,776	¥ 6,460	\$ 50,746	
Current service cost	430	410	3,225	
Interest cost	26	25	201	
Actuarial losses	66	49	502	
Benefits paid	(205)	(169)	(1,537)	
Balance at end of year	¥ 7,095	¥ 6,776	\$ 53,137	

(*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, 2023 and 2022, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Balance at beginning of year	¥ 5,283	¥ 4,832	\$ 39,566	
Expected return on plan assets	31	40	237	
Actuarial losses	2	196	16	
Contributions from the employer	235	219	1,768	
Benefits paid	(107)	(4)	(804)	
Balance at end of year	¥ 5,446	¥ 5,283	\$ 40,783	

(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, 2023 and 2022, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Defined benefit obligation	¥ 4,686	¥ 4,426	\$ 35,096	
Plan assets	(5,446)	(5,283)	(40,783)	
Total	(759)	(856)	(5,687)	
Unfunded defined benefit obligation	2,409	2,349	18,041	
Net liability arising from defined benefit obligation	¥ 1,649	¥ 1,492	\$ 12,354	

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Asset for employees' retirement benefits	¥ (759)	¥ (856)	\$ (5,687)	
Liability for employees' retirement benefits	2,409	2,349	18,041	
Net liability arising from defined benefit obligation	¥ 1,649	¥ 1,492	\$ 12,354	

(4) The components of net periodic benefit costs for the years ended March 31, 2023 and 2022, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Service cost ^(*)	¥ 430	¥ 410	\$ 3,225	
Interest cost	26	25	201	
Expected return on plan assets	(31)	(40)	(238)	
Recognized actuarial gains	(70)	(20)	(527)	
Recognized past service costs	(17)	(17)	(128)	
Net periodic benefit costs	¥ 338	¥ 358	\$ 2,533	

(*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, 2023 and 2022, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Past service costs	¥ (17)	¥ (17)	\$ (128)	
Actuarial (losses) gains	(136)	124	(1,020)	
Total	¥ (153)	¥ 107	\$ (1,149)	

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2023	2022	2023	2023
Unrecognized past service costs	¥ 34	¥ 51	\$ 257	
Unrecognized actuarial gains	828	964	6,204	
Total	¥ 862	¥ 1,016	\$ 6,461	

(7) Plan assets as of March 31, 2023 and 2022, were as follows:

a. Components of plan assets

Plan assets consisted of the following:

	2023	2022
Domestic debt investments	19.0%	19.3%
Domestic equity investments	23.7	23.4
Foreign debt investments	7.0	7.1
Foreign equity investments	21.6	21.0
Insurance assets (general account)	25.6	25.2
Others	3.1	4.0
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, 2023 and 2022, are set forth as follows:

	2023	2022
Discount rate	0.30 - 0.47%	0.30 - 0.47%
Expected rate of return on plan assets	0.60%	0.84%
Expected rate of future salary increases	3.24 - 6.84%	3.45 - 6.84%

Defined contribution plan

The Group's contributions to the defined contribution retirement plan for the years ended March 31, 2023 and 2022, were ¥85 million (\$638 thousand) and ¥81 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, 2023 and 2022.

Deferred Tax Assets and Liabilities consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Deferred Tax Assets:			
Allowance for Doubtful Receivables	¥ 710	¥ 3,248	\$ 5,318
Depreciation	688	634	5,158
Liability for Employees' Retirement Benefits	115	66	863
Write-off of Securities	1,636	996	12,255
Accrued Enterprise Tax	280	335	2,098
Other	11,698	10,357	87,599
Deferred Tax Assets Subtotal	15,128	15,638	113,291
Valuation Allowance	(1,240)	(1,311)	(9,289)
Total Deferred Tax Assets	13,888	14,326	104,002
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale Securities	(5,292)	(3,165)	(39,629)
Investments in Lease	(503)	(314)	(3,772)
Other	(4,297)	(2,971)	(32,178)
Total Deferred Tax Liabilities	(10,092)	(6,451)	(75,579)
Net Deferred Tax Assets	¥ 3,795	¥ 7,875	\$ 28,423

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, 2023 and 2022, are as follows:

	2023	2022
Normal effective statutory tax rate	30.6%	30.6%
Inhabitants tax per capita levy	0.2	0.2
Permanent differences, such as entertainment expenses	0.6	0.8
Amortization of goodwill	—	0.1
Valuation allowance	(0.2)	0.1
Equity in Earnings of Associated Companies	(6.4)	(9.0)
Other-net	1.7	0.4
Actual effective tax rate	26.5%	23.2%

13. Commitments and Contingent Liabilities

(1) Commitments

The Company had loan commitment agreements as of March 31, 2023 and 2022 of ¥31,103 million (\$232,916 thousand) and ¥19,745 million, respectively. The loans provided under these credit facilities as of March 31, 2023 and 2022 amounted to ¥19,928 million (\$149,235 thousand) and ¥7,039 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, 2023 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2023	2023
Guarantee Obligations with respect to operating activities ^(*)	¥ 13,101	\$ 98,108
Other Guarantee Obligations	22,684	169,870
Total	¥ 35,785	\$ 267,978

(*) The amount includes deposits provided by SoftBank Corp. 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)
	2023	2022	2023
Accruals for Doubtful Receivables	¥ 653	¥ 7,729	\$ 4,897
(Reversal) accrual for Debt Guarantees	(5)	5	(37)
Salaries and Wages	10,244	9,771	76,712
Provision for Bonus Payments	1,304	1,265	9,765
Provision for Bonus Payments to Directors	231	92	1,734
Retirement Benefits Costs for Employees	423	439	3,172
Provision for Reserve for Management Board Benefit Trust	231	170	1,737

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.

(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 and installment sales business for information-related equipment, real estate, industrial machinery, transportation equipment and environment and energy related equipment. "Finance" segment represents loan business, investment business and factoring business for real estate, ship, aircraft and environment and energy sector. "Other" segment represents buying and selling of used properties business and others.

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

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

(3) Information about sales, profit, assets, liabilities and other items for the years ended March 31, 2023 and 2022 was as follows:

(Millions of yen)						
2023						
	Reportable segment			Total	Reconciliations ⁽¹⁾ / ⁽²⁾ / ⁽³⁾	Consolidated ⁽⁴⁾
	Leasing and Installment Sales	Finance	Other			
Sales:						
Sales to external customers	¥ 505,000	¥ 23,563	¥ 1,135	¥ 529,700	¥ —	¥ 529,700
Intersegment sales and transfers	200	1,614	151	1,966	(1,966)	—
Total	505,201	25,178	1,287	531,666	(1,966)	529,700
Operating Expenses	483,791	8,934	899	493,624	4,319	497,944
Segment Profit	¥ 21,409	¥ 16,244	¥ 388	¥ 38,041	¥ (6,285)	¥ 31,756
Segment Assets						
Others	¥ 1,692,984	¥ 1,200,065	¥ 5,594	¥ 2,898,643	¥ 55,990	¥ 2,954,634
Depreciation and Amortization	14,580	—	—	14,580	2,618	17,199
Capital Expenditure	187,091	—	—	187,091	1,813	188,904

(Millions of yen)						
2022						
	Reportable segment			Total	Reconciliations ⁽¹⁾ / ⁽²⁾ / ⁽³⁾	Consolidated ⁽⁴⁾
	Leasing and Installment Sales	Finance	Other			
Sales:						
Sales to external customers	¥ 537,639	¥ 16,326	¥ 843	¥ 554,809	¥ —	¥ 554,809
Intersegment sales and transfers	203	1,049	157	1,410	(1,410)	—
Total	537,843	17,375	1,000	556,219	(1,410)	554,809
Operating Expenses	514,116	17,109	731	531,957	4,958	536,915
Segment Profit	¥ 23,726	¥ 265	¥ 269	¥ 24,262	¥ (6,368)	¥ 17,893
Segment Assets						
Others	¥ 1,685,892	¥ 1,009,865	¥ 2,671	¥ 2,698,429	¥ 50,381	¥ 2,748,810
Depreciation and Amortization	14,574	—	—	14,574	2,627	17,202
Capital Expenditure	159,691	—	—	159,691	2,331	162,023

(Thousands of U.S. dollars)						
2023						
	Reportable segment			Total	Reconciliations ⁽¹⁾ / ⁽²⁾ / ⁽³⁾	Consolidated ⁽⁴⁾
	Leasing and Installment Sales	Finance	Other			
Sales:						
Sales to external customers	\$ 3,781,646	\$ 176,456	\$ 8,503	\$ 3,966,605	\$ —	\$ 3,966,605
Intersegment sales and transfers	1,499	12,089	1,137	14,725	(14,725)	—
Total	3,783,145	188,545	9,640	3,981,330	(14,725)	3,966,605
Operating Expenses	3,622,821	66,903	6,733	3,696,457	32,344	3,728,801
Segment Profit	\$ 160,324	\$ 121,642	\$ 2,907	\$ 284,873	\$ (47,069)	\$ 237,804
Segment Assets						
Others	\$ 12,677,733	\$ 8,986,561	\$ 41,891	\$ 21,706,185	\$ 419,278	\$ 22,125,463
Depreciation and Amortization	109,188	—	—	109,188	19,607	128,795
Capital Expenditure	1,401,014	—	—	1,401,014	13,579	1,414,593

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Elimination of intersegment transactions	¥ 456	¥ 596	\$ 3,418
Administrative expenses not allocated to the reportable segments	(6,742)	(6,965)	(50,487)
Total	¥ (6,285)	¥ (6,368)	\$ (47,069)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Elimination of intersegment transactions	¥ (83,548)	¥ (69,325)	\$ (625,645)
Corporate assets not allocated to the reportable segments	139,539	119,706	1,044,923
Total	¥ 55,990	¥ 50,381	\$ 419,278

(*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

(Millions of yen)				
2023				
Japan	Europe	North America / Latin America	Asia	Total
¥ 300,464	¥ 16,203	¥ 55,456	¥ 721	¥ 372,845
(Millions of yen)				
2022				
Japan	Europe	North America / Latin America	Asia	Total
¥ 264,865	¥ 8,557	¥ 34,696	¥ 347	¥ 308,467
(Thousands of U.S. dollars)				
2023				
Japan	Europe	North America / Latin America	Asia	Total
\$ 2,249,993	\$ 121,341	\$ 415,277	\$ 5,402	\$ 2,792,013

(*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:
Not applicable

(6) Goodwill per reportable segment:

In "Leasing and Installment Sales" segment, Gain on bargain purchase amounting to ¥225 million (\$1,689 thousand) was recorded for the current fiscal year as a result of the acquisition of Purple Sunbird Leasing Limited shares as a consolidated subsidiary.

There was no applicable amount for the previous fiscal year.

17. Lease Transactions

Operating Leases as lessee

The minimum rental commitments under non-cancellable operating leases as of March 31, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Due within one year	¥ 5	¥ 6	\$ 44
Due after one year	5	7	41
Total	¥ 11	¥ 14	\$ 85

Finance Leases as lessor

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

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Lease contract receivables	¥ 859,091	¥ 934,251	\$ 6,433,218
Estimated residual value	169	179	1,267
Interest income equivalents	(55,872)	(60,492)	(418,399)
Total	¥ 803,388	¥ 873,939	\$ 6,016,086

(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)
	2023	2023
2024	¥ 76,589	\$ 573,530
2025	65,470	490,268
2026	56,673	424,393
2027	27,387	205,087
2028	13,376	100,169
2029 and thereafter	15,977	119,647
Total	¥ 255,474	\$ 1,913,094

(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)
	2023	2023
2024	¥ 235,605	\$ 1,764,309
2025	178,852	1,339,317
2026	125,306	938,344
2027	90,397	676,929
2028	62,239	466,070
2029 and thereafter	166,691	1,248,249
Total	¥ 859,091	\$ 6,433,218

Operating Leases as lessor

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

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Due within one year	¥ 103,567	¥ 105,888	\$ 775,553
Due after one year	183,306	167,723	1,372,667
Total	¥ 286,873	¥ 273,612	\$ 2,148,220

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, 2023 and 2022 were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Lease Receivable	¥ 7,667	¥ 3,079	\$ 57,416
Investments in Lease	10,313	7,044	77,234
Lease Payable	18,164	10,331	136,022

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 is 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.

Furthermore, 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, 2023 and 2022, 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)
	2023	2022	2023
Sensitivity to interest rate (10BPV)	¥ (2,780)	¥ (2,430)	\$ (20,818)
Interest rate risk volume (VaR)	¥ 6,710	¥ 1,980	\$ 50,247

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, 2023 and 2022, 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)
	2023	2022	2023
Price variation risk of stock (VaR)	¥ 610	¥ 0	\$ 4,568

(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 year; 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 short-term 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.

(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 have been calculated based on variable factors, and may differ if calculated based on different assumptions.

Fair values of financial instruments

March 31,	(Millions of yen)					
	2023			2022		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Securities ^{(2) (3)}						
Available-for-sale Securities	¥ 136,441	¥ 136,441	¥ —	¥ 101,032	¥ 101,032	¥ —
Lease Receivables and Investments in Lease ^{(3) (4) (5)}	1,101,821	1,142,955	41,134	1,150,135	1,211,052	60,916
Installment Sales Receivables ^{(3) (6)}	94,520	94,225	(294)	105,878	105,535	(342)
Loans Receivables ⁽³⁾	511,507	548,106	36,598	395,120	422,652	27,531
Factoring Receivables ⁽³⁾	149,985	152,470	2,485	187,124	189,908	2,784
Long-term Receivables ⁽⁷⁾	20,682	20,682	—	24,219	24,219	—
Assets total	¥ 2,014,958	¥ 2,094,881	¥ 79,923	¥ 1,963,510	¥ 2,054,400	¥ 90,889
Short-term Borrowings	¥ 1,206,016	¥ 1,205,941	¥ (75)	¥ 1,180,237	¥ 1,180,103	¥ (134)
Lease Payable	18,219	18,191	(28)	10,374	10,371	(2)
Accounts Payable-trade	24,512	24,472	(39)	34,698	34,660	(37)
Long-term Debt ^{(8) (9)}	1,331,538	1,307,529	(24,008)	1,195,006	1,189,490	(5,515)
Liabilities total	¥ 2,580,287	¥ 2,556,134	¥ (24,152)	¥ 2,420,316	¥ 2,414,625	¥ (5,690)
Hedge accounting is not applied ⁽¹⁰⁾	¥ (29)	¥ (29)	¥ —	¥ (412)	¥ (412)	¥ —
Hedge accounting is applied ⁽¹⁰⁾	(104)	(104)	—	(1,081)	(1,081)	—
Derivative transactions total	¥ (134)	¥ (134)	¥ —	¥ (1,493)	¥ (1,493)	¥ —

(Thousands of U.S. dollars)

March 31,	2023		
	Carrying amount	Fair value	Unrealized gain (loss)
Securities ^{(2) (3)}			
Available-for-sale Securities	\$ 1,021,726	\$ 1,021,726	\$ —
Lease Receivables and Investments in Lease ^{(3) (4) (5)}	8,250,871	8,558,902	308,031
Installment Sales Receivables ^{(3) (6)}	707,803	705,596	(2,207)
Loans Receivables ⁽³⁾	3,830,370	4,104,437	274,067
Factoring Receivables ⁽³⁾	1,123,150	1,141,760	18,610
Long-term Receivables ⁽⁷⁾	154,878	154,878	—
Assets total	\$ 15,088,798	\$ 15,687,299	\$ 598,501
Short-term Borrowings	\$ 9,031,129	\$ 9,030,565	\$ (564)
Lease Payable	136,435	136,222	(213)
Accounts Payable-trade	183,557	183,259	(298)
Long-term Debt ^{(8) (9)}	9,971,083	9,791,295	(179,788)
Liabilities total	\$ 19,322,204	\$ 19,141,341	\$ (180,863)
Hedge accounting is not applied ⁽¹⁰⁾	\$ (222)	\$ (222)	\$ —
Hedge accounting is applied ⁽¹⁰⁾	(786)	(786)	—
Derivative transactions total	\$ (1,008)	\$ (1,008)	\$ —

⁽¹⁾ Cash and Cash Equivalents are not presented as the carrying amounts of the deposits approximate their fair values because they are settled in a short period.

⁽²⁾ Securities include Operational Investment Securities and Investment Securities.

The following financial instruments are excluded from the disclosure of market value information as they do not have quoted market prices in an active market. Carrying amount of these financial instruments are following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Unlisted Stocks*	¥ 153,878	¥ 136,286	\$ 1,152,299
Funds, Investments in Partnerships	—	133,622	—
Preferred Equities	44,225	4,746	331,174
Other	1,712	27,058	12,820
Total	¥ 199,815	¥ 301,715	\$ 1,496,293

*The impairment loss on certain unlisted stocks for the year ended March 31, 2023 and 2022 was ¥14 million (\$112 thousand) and ¥11 million, respectively. Fair values of investments in funds, partnerships, etc., whose net amount equivalent to the equity interest is recorded on the consolidated balance sheets, are not presented. The amount of investments in partnerships, etc. to which this treatment is applied was ¥180,943 million (\$1,354,972 thousand) on the consolidated balance sheets.

⁽³⁾ Lease Receivables and Investments in Lease, Installment Sales Receivables, Loans Receivables, Factoring Receivables and Operational Investment Securities are stated net of Allowance for Doubtful Receivables.

⁽⁴⁾ 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.

⁽⁵⁾ Unearned lease payments received are not included in Lease Receivables and Investments in Lease.

⁽⁶⁾ Installment Sales Receivables are stated net of Deferred Profit on Installment Sales.

⁽⁷⁾ Long-term Receivables are stated net of Allowance for Doubtful Receivables.

⁽⁸⁾ Current Portion of Long-term Debt is included.

⁽⁹⁾ Long-term Debt includes Payables under Securitized Lease Receivables.

⁽¹⁰⁾ Assets and liabilities incurred resulting from derivative transactions are netted. The net liability is presented in parenthesis.

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

(Millions of yen)

March 31, 2023	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	¥ 33,453	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities						
Bonds						
Corporate Bonds	16,700	3,500	22,100	9,500	30,850	1,000
Other	28,122	19,168	15,668	16,397	7,875	95,982
Lease Receivables and Investments in Lease	321,265	252,014	188,384	117,260	71,965	171,320
Installment Sales Receivables	34,620	23,465	22,141	10,955	4,051	3,287
Loans Receivables	68,801	54,643	106,071	119,667	139,794	22,661
Factoring Receivables	112,592	9,127	5,991	3,050	2,012	17,250
Total	¥ 615,556	¥ 361,918	¥ 360,358	¥ 276,831	¥ 256,550	¥ 311,502

(Millions of yen)

March 31, 2022	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	¥ 24,502	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities						
Bonds						
Corporate Bonds	23,160	17,514	3,500	22,100	9,500	4,400
Other	21,339	16,841	6,445	8,485	15,728	66,030
Lease Receivables and Investments in Lease	320,816	248,817	204,094	138,066	77,185	183,664
Installment Sales Receivables	39,796	27,856	20,955	13,523	3,910	3,334
Loans Receivables	58,983	77,615	54,163	86,027	103,183	15,326
Factoring Receivables	152,460	6,874	8,089	4,587	2,435	12,732
Total	¥ 641,058	¥ 395,521	¥ 297,248	¥ 272,790	¥ 211,943	¥ 285,487

(Thousands of U.S. dollars)

March 31, 2023	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	\$ 250,515	\$ —	\$ —	\$ —	\$ —	\$ —
Securities						
Available-for-sale Securities						
Bonds						
Corporate Bonds	125,056	26,209	165,493	71,140	231,017	7,488
Other	210,590	143,540	117,329	122,787	58,973	718,752
Lease Receivables and Investments in Lease	2,405,760	1,887,181	1,410,701	878,095	538,908	1,282,917
Installment Sales Receivables	259,255	175,720	165,807	82,041	30,340	24,618
Loans Receivables	515,212	409,191	794,303	896,118	1,046,840	169,697
Factoring Receivables	843,139	68,349	44,870	22,840	15,071	129,180
Total	\$ 4,609,527	\$ 2,710,190	\$ 2,698,503	\$ 2,073,021	\$ 1,921,149	\$ 2,332,652

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

(7) Financial Instruments Categorized by Fair Value Hierarchy

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

Level 1: Fair values measured by using quoted prices in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

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

(a) The financial instruments measured at the fair values in the consolidated balance sheet

(Millions of yen)

March 31, 2023	Level 1	Level 2	Level 3	Total
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	¥ —	¥ 48,990	¥ 36,637	¥ 85,627
Equity securities	11,077	768	3,381	15,227
Other	—	33,598	1,987	35,586
Assets total	¥ 11,077	¥ 83,356	¥ 42,007	¥ 136,441
Derivative transactions:				
currency swaps	¥ —	¥ 18	¥ —	¥ 18
Interest rate swaps	—	927	—	927
Interest rate and currency swaps	—	(1,080)	—	(1,080)
Derivative transactions total	¥ —	¥ (134)	¥ —	¥ (134)

(Millions of yen)

March 31, 2022	Level 1	Level 2	Level 3	Total
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	¥ —	¥ 67,105	¥ 14,216	¥ 81,321
Equity securities	10,636	559	5,678	16,873
Other	—	355	2,481	2,837
Assets total	¥ 10,636	¥ 68,019	¥ 22,375	¥ 101,032
Derivative transactions:				
currency swaps	¥ —	¥ —	¥ —	¥ —
Interest rate swaps	—	52	—	52
Interest rate and currency swaps	—	(1,546)	—	(1,546)
Derivative transactions total	¥ —	¥ (1,493)	¥ —	¥ (1,493)

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
March 31, 2023				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	\$ —	\$ 366,859	\$ 274,357	\$ 641,216
Equity securities	82,950	5,751	25,326	114,027
Other	—	251,599	14,883	266,482
Assets total	\$ 82,950	\$ 624,209	\$ 314,566	\$ 1,021,725
Derivative transactions:				
currency swaps	\$ —	\$ 139	\$ —	\$ 139
Interest rate swaps	—	6,944	—	6,944
Interest rate and currency swaps	—	(8,091)	—	(8,091)
Derivative transactions total	\$ —	\$ (1,008)	\$ —	\$ (1,008)

(b) The financial instruments other than those measured at the fair values in the consolidated balance sheet

(Millions of yen)

	Level 1	Level 2	Level 3	Total
March 31, 2023				
Lease Receivables and Investments in Lease	¥ —	¥ —	¥ 1,142,955	¥ 1,142,955
Installment Sales Receivables	—	—	94,225	94,225
Loans Receivables	—	—	548,106	548,106
Factoring Receivables	—	—	152,470	152,470
Long-term Receivables	—	—	20,682	20,682
Assets total	¥ —	¥ —	¥ 1,958,440	¥ 1,958,440
Short-term Borrowings	¥ —	¥ 1,205,941	¥ —	¥ 1,205,941
Lease Payable	—	18,191	—	18,191
Accounts Payable-trade	—	24,472	—	24,472
Long-term Debt	—	1,307,529	—	1,307,529
Liabilities total	¥ —	¥ 2,556,134	¥ —	¥ 2,556,134

(Millions of yen)

	Level 1	Level 2	Level 3	Total
March 31, 2022				
Lease Receivables and Investments in Lease	¥ —	¥ —	¥ 1,211,052	¥ 1,211,052
Installment Sales Receivables	—	—	105,535	105,535
Loans Receivables	—	—	422,652	422,652
Factoring Receivables	—	—	189,908	189,908
Long-term Receivables	—	—	24,219	24,219
Assets total	¥ —	¥ —	¥ 1,953,367	¥ 1,953,367
Short-term Borrowings	¥ —	¥ 1,180,103	¥ —	¥ 1,180,103
Lease Payable	—	10,371	—	10,371
Accounts Payable-trade	—	34,660	—	34,660
Long-term Debt	—	1,189,490	—	1,189,490
Liabilities total	¥ —	¥ 2,414,625	¥ —	¥ 2,414,625

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
March 31, 2023				
Lease Receivables and Investments in Lease	\$ —	\$ —	\$ 8,558,902	\$ 8,558,902
Installment Sales Receivables	—	—	705,597	705,597
Loans Receivables	—	—	4,104,436	4,104,436
Factoring Receivables	—	—	1,141,760	1,141,760
Long-term Receivables	—	—	154,878	154,878
Assets total	\$ —	\$ —	\$ 14,665,573	\$ 14,665,573
Short-term Borrowings	\$ —	\$ 9,030,564	\$ —	\$ 9,030,564
Lease Payable	—	136,222	—	136,222
Accounts Payable-trade	—	183,260	—	183,260
Long-term Debt	—	9,791,296	—	9,791,296
Liabilities total	\$ —	\$ 19,141,342	\$ —	\$ 19,141,342

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

Operational Investment Securities and Investment Securities

The fair values of Operational Investment Securities and Investment Securities are classified as Level 1 if an unadjusted quoted price in active markets is available, among the published quoted price such as the quoted market price of the stock exchange or the quoted price obtained from the financial institutions. Listed equity securities are mainly included in it.

The fair values of securities are classified as Level 2 if a quoted price in inactive market is used. Corporate bonds are mainly included in it. The investment trusts that do not have quoted market prices in an active market are classified as Level 2 as there are no material restrictions on cancellation or repurchase requests that would require the payment for the risk by market participants. The fair values of these investment trusts are determined by the net asset values. If a quoted price is not available, the fair values are determined by discounting the future cash flows, by credit risks categories for risk management, at an appropriate benchmark rate such as an interbank market rate plus a credit spread. They are classified as Level 3 as the impact of unobservable inputs of a credit spread to measure the fair values is significant.

Fair value information for securities by classifications is included in Note 5. Operational Investment Securities and Investment Securities

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. They are classified as Level 3 as the impact of unobservable inputs of a credit spread to measure the fair values is significant.

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. They are classified as Level 3 as the impact of unobservable inputs of a credit spread to measure the fair values is significant.

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. They are classified as Level 3 as the impact of unobservable inputs of a credit spread to measure the fair values is significant.

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. They are classified as Level 3 as the impact of unobservable inputs of Allowance for Doubtful Receivables to measure the fair values is significant.

Derivatives

Derivative transactions are mainly composed of over-the-counter transactions and the fair values are based on the prices obtained from the financial institutions. They are classified as Level 2 as the fair values are determined using observable inputs.

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. They are classified as Level 2 as the impact of unobservable inputs of a credit spread to measure the fair values is immaterial.

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. They are classified as Level 2 as the impact of unobservable inputs of a credit spread to measure the fair values is immaterial.

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. They are classified as Level 2 as the impact of unobservable inputs of a spread for securitization to measure the fair values is immaterial.

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. They are classified as Level 2 as the impact of unobservable inputs of a credit spread to measure the fair values is immaterial.

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. They are classified as Level 2 as the impact of unobservable inputs of a credit spread to measure the fair values is immaterial.

Long-term Debt*Bonds Payable*

The fair values of Bonds Payable are principally determined by a published quoted price. They are classified as Level 2 as a quoted price in inactive market is used.

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. They are classified as Level 2 as the impact of unobservable inputs of a credit spread to measure the fair values is immaterial.

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. They are classified as Level 2 as the impact of unobservable inputs of a spread for securitization to measure the fair values is immaterial.

The following is an information about the Level 3 fair value of financial instruments measured at fair values on the consolidated balance sheet

(i) Quantitative information on significant unobservable inputs

March 31, 2023	Valuation technique	Significant unobservable inputs	Range of inputs
Operational Investment Securities and Investment Securities:			
Available-for-sale Securities			
Bonds	Discounted cash flow	Discount rate	0.06-0.51%
Equity securities	Discounted cash flow	Discount rate	0.08-0.44%
Other	Discounted cash flow	Discount rate	0.72-1.02%
March 31, 2022	Valuation technique	Significant unobservable inputs	Range of inputs
Operational Investment Securities and Investment Securities:			
Available-for-sale Securities			
Bonds	Discounted cash flow	Discount rate	0.07-0.17%
Equity securities	Discounted cash flow	Discount rate	0.07-0.19%
Other	Discounted cash flow	Discount rate	1.00-1.11%

(ii) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings of the current period as of March 31, 2023.

	(Millions of yen)			
	Balance at beginning of year	Earnings of the period ⁽¹⁾	Other comprehensive income (loss) ⁽²⁾	Net amount of purchase, sale, issuance and settlement
March 31, 2023				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	¥ 14,216	¥ —	¥ 1,646	¥ 20,775
Equity securities	5,678	—	(215)	(2,080)
Other	2,481	—	4	(498)
	(Millions of yen)			
	Transfer to Level 3 ⁽³⁾	Transfer from Level 3 ⁽⁴⁾	Balance at end of year	Net unrealized gains (losses) on financial assets and liabilities held at the consolidated balance sheet date among the amount recognized in the earnings of the current period.
March 31, 2023				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	¥ —	¥ —	¥ 36,637	¥ —
Equity securities	—	—	3,381	—
Other	—	—	1,987	—

	(Millions of yen)			
	Balance at beginning of year	Earnings of the period ^(*)	Other comprehensive income (loss) ^(**)	Net amount of purchase, sale, issuance and settlement
March 31, 2022				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	¥ 15,485	¥ —	¥ (264)	¥ (1,005)
Equity securities	5,813	—	(135)	—
Other	2,682	(0)	32	(232)

	(Millions of yen)			
	Transfer to Level 3 ^(*)	Transfer from Level 3 ^(**)	Balance at end of year	Net unrealized gains (losses) on financial assets and liabilities held at the consolidated balance sheet date among the amount recognized in the earnings of the current period.
March 31, 2022				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	¥ —	¥ —	¥ 14,216	¥ —
Equity securities	—	—	5,678	—
Other	—	—	2,481	—

	(Thousands of U.S. dollars)			
	Balance at beginning of year	Earnings of the period ^(*)	Other comprehensive income (loss) ^(**)	Net amount of purchase, sale, issuance and settlement
March 31, 2023				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	\$ 106,455	\$ —	\$ 12,328	\$ 155,574
Equity securities	42,519	—	(1,617)	(15,576)
Other	18,585	—	32	(3,734)

	(Thousands of U.S. dollars)			
	Transfer to Level 3 ^(*)	Transfer from Level 3 ^(**)	Balance at end of year	Net unrealized gains (losses) on financial assets and liabilities held at the consolidated balance sheet date among the amount recognized in the earnings of the current period.
March 31, 2023				
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	\$ —	\$ —	\$ 274,357	\$ —
Equity securities	—	—	25,326	—
Other	—	—	14,883	—

(*) The amounts shown in the table above are included in the Revenues of the Consolidated Statements of Income.
 (**) The amounts shown in the table above are included in the Unrealized Gain on Available-for-sale Securities in Other Comprehensive Income of the Consolidated Statement of Comprehensive Income.
 (***) There was no transfer from Level 2 to Level 3 for the year ended March 31, 2023 and 2022. The transfer is made at the end of the fiscal year in which it occurs.
 (****) There was no transfer from Level 3 to Level 2 for the year ended March 31, 2023 and 2022. The transfer is made at the end of the fiscal year in which it occurs.

(c) Description of the fair value valuation process

At the Group, the risk control department, the finance department and the accounting department establish policies and procedures for the calculation of fair value, and each department which holds financial instruments calculates fair value in accordance with such policies and procedures. In measuring fair value, the Group uses different valuation models that most appropriately reflect the nature, characteristics, and risks of each asset. If quoted prices obtained from third parties are used, those values are verified by confirming the valuation technique and the inputs used by the third parties or trend analysis and other appropriate methods.

(d) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Discount rate is a significant unobservable input used for measurement of the fair value of stocks, bonds and others. Discount rate is an adjustment rate regarding interbank market rate, and it is constituted from risk premium that market participants need against uncertainty of cash flow produced mainly by credit risks. In general, a significant increase or decrease in discount rate would result in a significant increase or decrease in a fair value.

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,	2023				2022			
	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	¥ (430)	¥ (430)	¥ 4,248	¥ 2,243	¥ (412)	¥ (412)
Payment - fixed rate in Japanese Yen, receipt - floating rate in U.S. dollars	¥14,410	¥14,410	¥ 401	¥ 401	¥ —	¥ —	¥ —	¥ —

	(Thousands of U.S. dollars)			
At March 31,	2023			
	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	\$ 16,801	\$ 16,801	\$ (3,226)	\$ (3,226)
Payment - fixed rate in Japanese Yen, receipt - floating rate in U.S. dollars	\$107,915	\$107,915	\$ 3,004	\$ 3,004

Derivative transactions to which hedge accounting is applied:

(1) Foreign currency forward contracts

At March 31,		(Millions of yen)						
		2023			2022			
Hedged item		Contract Amount	Contract Amount due after One Year	Fair Value	Contract Amount	Contract Amount due after One Year	Fair Value	
Foreign currency forward contracts Buying, U.S. dollars and Indonesian Rupiah	Committed transactions in foreign currencies	¥ 5,453	¥ —	¥ 33	¥ —	¥ —	¥ —	
Foreign currency forward contracts Buying, Indian Rupee	Committed transactions in foreign currencies	¥ 3,483	¥ —	¥ (14)	¥ —	¥ —	¥ —	

At March 31,		(Thousands of U.S. dollars)		
		2023		
Hedged item		Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts Buying, U.S. dollars and Indonesian Rupiah	Committed transactions in foreign currencies	\$ 40,835	\$ —	\$ 249
Foreign currency forward contracts Buying, Indian Rupee	Committed transactions in foreign currencies	\$ 26,087	\$ —	\$ (110)

(2) Interest rate swaps

At March 31,		(Millions of yen)						
		2023			2022			
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	¥ 131,200	¥ 110,168	¥ 1,350	¥ 126,455	¥ 111,802	¥ 291	
Payment - floating rate, receipt - fixed rate	Long-term Debt	¥ 24,841	¥ 19,841	¥ (179)	¥ 19,500	¥ 19,500	¥ (83)	
	Bonds Payable	¥ 22,000	¥ 14,000	¥ (243)	¥ 22,000	¥ 22,000	¥ (155)	

At March 31,		(Thousands of U.S. dollars)		
		2023		
Hedged item		Contract Amount	Contract Amount due after One Year	Fair Value
Payment - fixed rate, receipt - floating rate	Short-term Borrowings, Long-term Debt	\$ 982,480	\$ 824,984	\$ 10,113
Payment - floating rate, receipt - fixed rate	Long-term Debt	\$ 186,024	\$ 148,582	\$ (1,345)
	Bonds Payable	\$ 164,745	\$ 104,838	\$ (1,824)

(3) Interest rate and currency swaps

At March 31,		(Millions of yen)						
		2023			2022			
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 in Japanese Yen, receipt - fixed rate in U.S. dollars	Operational Investment Securities	¥10,451	¥ 8,429	¥ (1,613)	¥10,451	¥10,451	¥ (1,135)	
Payment - fixed rate in Japanese Yen, receipt - floating rate in U.S. dollars	Operational Investment Securities	¥12,808	¥12,808	¥ 413	¥ —	¥ —	¥ —	
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Long-term Debt	¥ 1,625	¥ 955	¥ 149	¥ 291	¥ 204	¥ 1	

At March 31,		(Thousands of U.S. dollars)		
		2023		
Hedged item		Contract Amount	Contract Amount due after One Year	Fair Value
Payment - fixed rate in Japanese Yen, receipt - fixed rate in U.S. dollars	Operational Investment Securities	\$ 78,265	\$ 63,120	\$ (12,084)
Payment - fixed rate in Japanese Yen, receipt - floating rate in U.S. dollars	Operational Investment Securities	\$ 95,913	\$ 95,913	\$ 3,098
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Long-term Debt	\$ 12,174	\$ 7,156	\$ 1,116

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,	2023			2022		
	Hedged item	Contract Amount	Contract Amount due after One Year	Hedged item	Contract Amount	Contract Amount due after One Year
Payment - fixed rate, receipt - floating rate	Loans Receivables	¥ 686	¥ 686	Loans Receivables	¥ 2,278	¥ 2,278
	Long-term Debt	¥ 234,067	¥ 216,813	Long-term Debt	¥ 185,580	¥ 179,816

(Thousands of U.S. dollars)				
At March 31,	2023			
	Hedged item	Contract Amount	Contract Amount due after One Year	
Payment - fixed rate, receipt - floating rate	Loans Receivables	\$ 5,143	\$ 5,143	
	Long-term Debt	\$ 1,752,788	\$ 1,623,587	

(2) Interest rate and currency swaps

(Millions of yen)						
At March 31,	2023			2022		
	Hedged item	Contract Amount	Contract Amount due after One Year	Hedged item	Contract Amount	Contract Amount due after One Year
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Factoring Receivables	¥ —	¥ —	Factoring Receivables	¥ 47	¥ —

(Thousands of U.S. dollars)				
At March 31,	2023			
	Hedged item	Contract Amount	Contract Amount due after One Year	
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	Factoring Receivables	\$ —	\$ —	

20. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2023 and 2022 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)	
	2023	2022	2023
Unrealized Gain on Available-for-sale Securities			
Gains arising during the year	¥ 7,720	¥ 2,076	\$ 57,816
Reclassification adjustments to profit or loss	(775)	(807)	(5,805)
Amount before income tax effect	6,945	1,268	52,011
Income tax effect	2,126	388	15,927
Total	¥ 4,818	¥ 880	\$ 36,084
Deferred Loss on Derivatives under Hedge Accounting			
Losses arising during the year	¥ (1,675)	¥ (2,027)	\$ (12,550)
Reclassification adjustments to profit or loss	1,019	958	7,638
Amount before income tax effect	(655)	(1,068)	(4,912)
Income tax effect	(203)	(328)	(1,522)
Total	¥ (452)	¥ (740)	\$ (3,390)
Foreign Currency Translation Adjustments			
Adjustments arising during the year	¥ 15,347	¥ 10,005	\$ 114,929
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	15,347	10,005	114,929
Income tax effect	—	—	—
Total	¥ 15,347	¥ 10,005	\$ 114,929
Defined Retirement Benefit Plans			
Adjustments arising during the year	¥ (65)	¥ 144	\$ (494)
Reclassification adjustments to profit or loss	(87)	(37)	(655)
Amount before income tax effect	(153)	107	(1,149)
Income tax effect	(46)	33	(352)
Total	¥ (106)	¥ 74	\$ (797)
Share of Other Comprehensive Income in associates			
Income arising during the year	¥ 1,927	¥ (660)	\$ 14,430
Reclassification adjustments to profit or loss	(77)	7	(577)
Total	¥ 1,849	¥ (653)	\$ 13,853
Total Other Comprehensive Income	¥ 21,457	¥ 9,566	\$ 160,679

21. Supplemental Information on Changes in Equity

The decrease of 33 thousand shares of treasury stock is due to the payment from BBT mentioned above. Issued shares in common stock at the end of fiscal year includes treasury stock of 592,400 shares held by the Company's BBT. (See Note 2 (z) 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, 2023 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2023	2023
Borrowing funds	¥ 3,432,729	\$ 25,705,628
Securitization of receivables	345,659	2,588,436
Issuance of commercial paper	1,295,400	9,700,464
Payment of interest	3,764	28,188
Receipt of interest	0	1
Issuance of bonds payable	82,200	615,546

The balances due to or from these companies at March 31, 2023 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2023	2023
Prepaid expenses	¥ 0	\$ 7
Short-term borrowings	171,215	1,282,127
Commercial paper	78,300	586,341
Payables under securitized lease receivables	50,272	376,463
Current Portion of Long-term debt	60,221	450,963
Current Portion of Bonds Payable	23,000	172,233
Bonds payable	274,200	2,053,317
Long-term debt	33,569	251,381
Long-term payables under securitized lease receivables	20,230	151,492
Accrued expenses	583	4,367

23. Per Share Information

Details of basic net income attributable to owners of the parent per share ("EPS") for the years ended March 31, 2023 and 2022 were as follows:

For the year ended March 31,	2023				2022			
	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
	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	¥ 28,398	48,400	¥ 586.75	\$ 4.39	¥ 14,902	48,375	¥ 308.07	\$ 2.31

24. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of Retained Earnings at March 31, 2023, was approved at the Company's shareholders' meeting on June 27, 2023:

	(Millions of yen)	(Thousands of U.S. dollars)
Year-end cash dividends, ¥82.00 (\$0.61) per share	¥ 4,018	\$ 30,090

Corporate Profile (As of March 31, 2023)

Company Name	Mizuho Leasing Company, Limited
Head Office	2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan Tel: +81-3-5253-6511 (main exchange)
Date of Establishment	December 1, 1969
Paid-in Capital	¥26,088 million
Number of employees	Consolidated: 1,964; Non-consolidated: 814
Business Description	Integrated financial services

Business Sites (As of June 30, 2023)

Head Office	2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001 +81-3-5253-6511
Sapporo Branch	1-44, Kita 3-jo Nishi 3, Chuo-ku, Sapporo, Hokkaido 060-0003 +81-11-231-1341
Sendai Branch	4-1, Ichiban-cho 2-chome, Aoba-ku, Sendai, Miyagi 980-0811 +81-22-223-2611
Corporate Business Dept. (Metropolitan Area No. 2)	65-2, Naka-cho 2-chome, Omiya-ku, Saitama, Saitama 330-0845 +81-48-631-0751
Toyama Branch	5-13, Sakurabashi-dori, Toyama, Toyama 930-0004 +81-76-444-1080
Shizuoka Branch	5-9, Miyuki-cho, Aoi-ku, Shizuoka, Shizuoka 420-0857 +81-54-205-3330
Nagoya Branch	11-11, Nishiki 1-chome, Naka-ku, Nagoya, Aichi 460-0003 +81-52-203-5891
Kyoto Branch	659, Tearaimizu-cho, Nishikikozi-agaru, Karasuma-dori, Nakagyo-ku, Kyoto, Kyoto 604-8152 +81-75-223-1545
Osaka Business Dept.	1-1, Koraibashi 4-chome, Chuo-ku, Osaka, Osaka 541-0043 +81-6-6201-3981
Hiroshima Branch	1-22, Kamiyacho 2-chome, Naka-ku, Hiroshima, Hiroshima 730-0031 +81-82-249-4435
Takamatsu Branch	6-8, Bancho 1-chome, Takamatsu, Kagawa 760-0017 +81-87-823-7321
Fukuoka Branch	13-2, Tenzin 1-chome, Chuo-ku, Fukuoka, Fukuoka 810-0001 +81-92-714-5671

Management (As of June 30, 2023)

Directors	Director and Chairman (Chairman of the Board)	Shusaku Tsuhara
	President and CEO	Akira Nakamura
	Deputy President	Hiroshi Nagamine
	Senior Managing Director	Takanori Nishiyama
	Managing Director	Noboru Otaka
	Managing Director	Toshiyuki Takezawa
	Independent Outside Director	Naofumi Negishi
	Independent Outside Director	Hirofumi Hagihira
	Independent Outside Director	Mari Sagiya
	Outside Director	Hajime Kawamura
	Independent Outside Director	Takayuki Aonuma
	Independent Outside Director	Hirozumi Sone

Corporate Auditors	Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Tatsuya Yamada
	Standing Audit & Supervisory Board Member	Hidehiko Kamata
	Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Koji Arita
	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Hideki Amano

Executive Officers

Managing Executive Officers	Toshiyuki Takahashi	Executive Officers	Hirofumi Koyata
	Masanobu Kobayashi		Kunihiro Mio
	Katsuzumi Orihashi		Mitsuyuki Kimura
	Nobuhisa Zama		Toru Mukojima
	Masahiko Abe		Koki Minami
	Takashi Yamada		Yutaka Sato
	Yasuhiko Hashimoto		Nobufusa Takeuchi
	Kazuomi Funakawa		Naoto Moriya
	Kensuke Sato		Masashi Takahata
	Hirohide Ishiyama		Naoyuki Machinaga
	Norio Sumi		Ryuji Fujiwara
			Yukiko Komatsu
			Taketo Imai
			Hirofumi Kudo
			Masato Matsui

Stock Information (As of March 31, 2023)

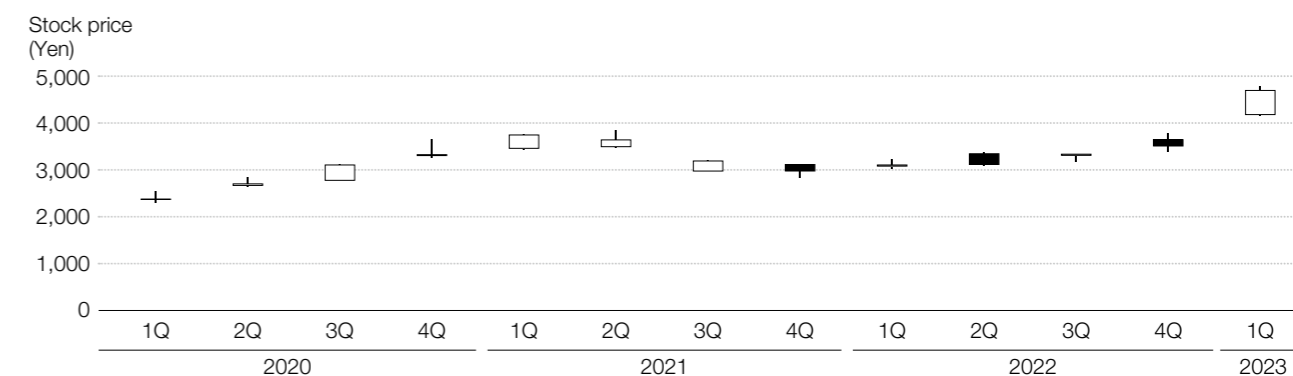
Number of Shares Authorized	140,000,000
Number of Shares Issued	49,004,000
Number of Shareholders	80,785
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market
Securities Code	8425
Shareholder Registry Administrator (Office Location)	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Major Shareholders (Top 10)

Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio (%)
Mizuho Financial Group, Inc.	11,283	23.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,979	6.08
Marubeni Corporation	2,157	4.40
RICOH LEASING COMPANY, LTD.	1,500	3.06
The Dai-ichi Life Insurance Company, Limited	1,465	2.99
DOWA HOLDINGS CO., LTD.	1,120	2.29
Meiji Yasuda Life Insurance Company	1,001	2.04
Custody Bank of Japan, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by the Mitsui Sumitomo Trust & Banking Co., Ltd.)	900	1.84
IINO KAIUN KAISHA, LTD.	666	1.36
Custody Bank of Japan, Ltd. (Trust Account E)	592	1.21

* Shareholding ratio is calculated by deducting treasury stock.

Stock Performance



Major Group Companies (As of June 30, 2023)

Company Name	Location	Paid-in Capital or Investment	Business Activity	Ownership	Company Name	Location	Paid-in Capital or Investment	Business Activity	Ownership
Mizuho-Toshiba Leasing Company, Limited	Japan	¥1,520 million	General leasing	90%	Mizuho Leasing (Singapore) Pte. Ltd.	Singapore	US\$50,000	General leasing	100%
Dai-ichi Leasing Co., Ltd.	Japan	¥2,000 million	General leasing	90%	Mizuho Marubeni Leasing Corporation*	Japan	¥4,390 million	General leasing	50%
Mizuho Auto Lease Company, Limited	Japan	¥386 million	Auto leasing	100%	RICOH LEASING COMPANY, LTD.*	Japan	¥7,896 million	General leasing	20%
Universal Leasing Co., Ltd.	Japan	¥50 million	General leasing	90%	Nippon Steel Kowa Real Estate Co., Ltd.*	Japan	¥19,824 million	Real estate related	22%
ML Estate Company, Limited	Japan	¥10 million	Real estate leasing	100%	Mizuho Capital Co., Ltd.*	Japan	¥902 million	Financing	15%
ML Shoji Company, Limited	Japan	¥310 million	Used equipment sales	100%	PLM Fleet, LLC*	USA	US\$72,933 thousand	Trailer leasing	50%
ML Office Service Company, Limited	Japan	¥10 million	Office services	100%	Krungthai Mizuho Leasing Co., Ltd.*	Thailand	THB100,000 thousand	General leasing	49%
Mizuho Leasing (China) Ltd.	China	US\$30,000 thousand	General leasing	100%	PNB-Mizuho Leasing and Finance Corporation*	Philippines	PHP1,000,000 thousand	General leasing	25%
PT Mizuho Leasing Indonesia Tbk	Indonesia	IDR568,735,399 thousand	General leasing	67%	Aircastle Limited*	Bermuda	US\$140	Aircraft leasing	25%
Mizuho Leasing (UK) Limited	United Kingdom	GBP6,000 thousand	General leasing	100%	Vietnam International Leasing Co., Ltd.*	Vietnam	VND580,000 million	General leasing	18%
IBJ Air Leasing Limited	Bermuda	US\$1	Aircraft leasing	75%	Affordable Car Leasing Pty Ltd*	Australia	AUD40 million	Financing	50%
IBJ Air Leasing (US) Corp.	USA	US\$100	Aircraft leasing	75%	Rent Alpha Pvt. Ltd.	India	INR2,820 thousand	General leasing	51%

* An equity-method affiliate

Link to Annual Report of Mizuho Leasing Company, Limited
<https://www.mizuho-ls.co.jp/en/ir/library/securities.html>

Mizuho Leasing Co., Ltd.

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