Consolidated Balance Sheet
Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
ASSETS			
Current Assets:			
Cash and Cash Equivalents	¥ **24,502**	¥ 20,406	$ **200,166**
Lease Receivables and Investments in Lease (Notes 6, 10, 18 and 19)	**1,172,643**	1,174,068	**9,579,639**
Receivables (Notes 6, 10 and 19):			
Notes and Accounts	**549**	767	**4,493**
Lease	**4,925**	3,913	**40,235**
Installment Sales	**109,376**	127,051	**893,530**
Loans	**395,300**	329,059	**3,229,315**
Factoring	**187,180**	171,614	**1,529,129**
Total Receivables	**697,333**	632,407	**5,696,702**
Operational Investment Securities (Notes 5, 6, 10 and 19)	**239,843**	220,959	**1,959,348**
Prepaid Expenses and Other (Note 23)	**33,608**	39,461	**274,554**
Allowance for Doubtful Receivables (Note 3(1))	**(1,249)**	(2,238)	**(10,205)**
Total Current Assets	**2,166,681**	2,085,064	**17,700,204**
Property and Equipment:			
Leased Assets (Notes 6, 7, 10 and 18)	**304,880**	302,127	**2,490,653**
Advances for Purchases of Leased Assets	**0**	13	**7**
Own-used Assets	**3,585**	3,616	**29,291**
Total Property and Equipment	**308,467**	305,757	**2,519,951**
Investments and Other Assets:			
Investment Securities (Notes 5, 10 and 19)	**18,059**	24,246	**147,534**
Investments in Unconsolidated Subsidiaries and Associated Companies (Notes 3(2) and 8)	**185,594**	147,744	**1,516,174**
Long-term Receivables (Note 19)	**32,691**	11,477	**267,063**
Goodwill	**-**	29	**-**
Intangible Leased Assets (Note 6)	**10,107**	135	**82,571**
Deferred Tax Assets (Note 13)	**9,804**	4,076	**80,099**
Asset for Employees' Retirement Benefits (Note 12)	**856**	703	**7,001**
Other (Note 9)	**25,029**	24,481	**204,470**
Allowance for Doubtful Receivables (Note3 (1))	**(8,482)**	(526)	**(69,298)**
Total Investments and Other Assets	**273,661**	212,369	**2,235,614**
Total Assets	¥ **2,748,810**	¥ 2,603,190	$ **22,455,769**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet
Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 10, 11, 19 and 23)	¥ **1,180,237**	¥ 1,133,341	$ **9,641,676**
Current Portion of Long-term Debt (Notes 10, 11, 19 and 23)	**270,456**	268,426	**2,209,427**
Lease Payable (Notes 18 and 19)	**10,382**	8,958	**84,818**
Accounts Payable - trade (Note 19)	**34,698**	35,157	**283,457**
Accrued Expenses (Note 23)	**4,037**	4,156	**32,986**
Income Taxes Payable	**4,459**	5,865	**36,428**
Deferred Profit on Installment Sales (Note 6)	**2,775**	2,618	**22,671**
Reserve for Management Board Benefit Trust - current	**151**	28	**1,241**
Accruals for Debt Guarantees	**19**	13	**156**
Other	**41,158**	34,285	**336,232**
Total Current Liabilities	**1,548,375**	1,492,850	**12,649,092**
Long-term Liabilities:			
Long-term Debt (Notes 10, 11, 19 and 23)	**924,550**	853,619	**7,552,898**
Deposits Received	**31,038**	33,730	**253,565**
Liability for Employees' Retirement Benefits (Note 12)	**2,349**	2,332	**19,197**
Reserve for Management Board Benefit Trust (Note 2(z))	**504**	489	**4,118**
Other	**11,188**	9,315	**91,406**
Total Long-term Liabilities	**969,632**	899,486	**7,921,184**
Commitments and Contingent Liabilities (Note 14)			
Equity:(Notes 2(z), 15, 22 and 24)			
Common Stock	**26,088**	26,088	**213,120**
Authorized, 140,000,000 Shares;			
Issued, 49,004,000 Shares as of March 31, 2022 and 2021			
Capital Surplus	**23,941**	23,941	**195,585**
Retained Earnings	**158,966**	149,148	**1,298,639**
Treasury Stock - at cost	**(1,709)**	(1,725)	**(13,967)**
626,799 shares as of March 31, 2022 and			
632,727 shares as of March 31, 2021			
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	**7,252**	6,509	**59,249**
Deferred Loss on Derivatives under Hedge Accounting	**(1,817)**	(1,227)	**(14,851)**
Foreign Currency Translation Adjustments	**5,977**	(2,771)	**48,834**
Defined Retirement Benefit Plans	**747**	652	**6,104**
Total	**219,445**	200,614	**1,792,713**
Non-controlling Interests	**11,357**	10,237	**92,780**
Total Equity	**230,803**	210,852	**1,885,493**
Total Liabilities and Equity	¥ **2,748,810**	¥ 2,603,190	$ **22,455,769**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income
Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
Revenues	**¥ 554,809**	¥ 497,852	**$ 4,532,385**
Cost and Expenses	**500,274**	446,505	**4,086,877**
Gross Profit	**54,534**	51,347	**445,508**
Selling, General and Administrative Expenses (Note 16)	**36,640**	25,383	**299,330**
Operating Income	**17,893**	25,963	**146,178**
Other Income (Expenses):			
Interest Income (Note 23)	**3**	9	**32**
Dividend Income	**840**	423	**6,868**
Equity in Earnings of Associated Companies (Note 8)	**2,035**	2,961	**16,632**
Profit (Loss) from Investments	**389**	(455)	**3,178**
Interest Expenses	**(960)**	(1,008)	**(7,846)**
Bond Issuance Costs	**(439)**	(401)	**(3,589)**
Gain on Sales of Investment Securities	**175**	3,896	**1,434**
National subsidies	**-**	8	**-**
Gain on Liquidation of Subsidiaries and Associated Companies	**-**	230	**-**
Loss on Sales of Investment Securities	**-**	(78)	**-**
Loss on Devaluation of Investment Securities	**(11)**	(35)	**(93)**
Loss on Retirement of Own-used Assets	**(0)**	-	**(2)**
Other — net	**300**	49	**2,455**
Income before Income Taxes	**20,227**	31,563	**165,247**
Income Taxes:(Note 13)			
Current	**9,314**	9,761	**76,092**
Deferred	**(4,627)**	(674)	**(37,803)**
Total	**4,686**	9,086	**38,289**
Net Income	**15,540**	22,477	**126,958**
Net Income attributable to Non-controlling Interests	**638**	704	**5,212**
Net Income attributable to Owners of the Parent	**¥ 14,902**	¥ 21,772	**$ 121,746**

	Yen		U.S. dollars (Note 1)
	2022	2021	**2022**
Amounts per Share of Common Stock (Notes 2(w) and 24)			
Net Income attributable to Owners of the Parent per Share	**¥ 308.07**	¥ 450.14	**$ 2.52**
Cash Dividends applicable to the fiscal year	**¥ 110.00**	¥ 92.00	**$ 0.90**

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, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
Net Income	**¥ 15,540**	¥ 22,477	**$ 126,958**
Other Comprehensive Income (Loss):(Note 21)			
Unrealized Gain (Loss) on Available-for-sale Securities	**880**	(1,033)	**7,191**
Deferred Loss on Derivatives under Hedge Accounting	**(740)**	(166)	**(6,051)**
Foreign Currency Translation Adjustments	**10,005**	(2,775)	**81,741**
Defined Retirement Benefit Plans	**74**	691	**609**
Share of Other Comprehensive (Loss) Income in Associated Companies	**(653)**	927	**(5,335)**
Total Other Comprehensive Income (Loss)	**9,566**	(2,356)	**78,155**
Comprehensive Income	**¥ 25,107**	¥ 20,120	**$ 205,113**
Total Comprehensive Income attributable to:			
Owners of the Parent	**¥ 23,899**	¥ 19,611	**$ 195,244**
Non-controlling Interests	**1,208**	508	**9,869**

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, 2022

	Thousands	Millions of yen			
	Number of shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance as of April 1, 2020	*48,363*	**¥ 26,088**	**¥ 23,941**	**¥ 131,579**	**¥ (1,745)**
Cumulative effects of changes in accounting policies				**(194)**	
Restated balance as of April 1, 2020	*48,363*	**¥ 26,088**	**¥ 23,941**	**¥ 131,384**	**¥ (1,745)**
Net Income attributable to Owners of the Parent				21,772	
Cash Dividends Paid				(4,018)	
Purchase of Treasury Stock	*(0)*				(0)
Disposal of Treasury Stock	*8*				19
Change in Scope of Consolidation				9	
Change in scope of equity method					
Net change during year					
Balance as of March 31, 2021	*48,371*	**¥ 26,088**	**¥ 23,941**	**¥ 149,148**	**¥ (1,725)**
Cumulative effects of changes in accounting policies					
Restated balance as of March 31, 2021	*48,371*	**¥ 26,088**	**¥ 23,941**	**¥ 149,148**	**¥ (1,725)**
Net Income attributable to Owners of the Parent				**14,902**	
Cash Dividends Paid				**(5,243)**	
Purchase of Treasury Stock (Note 22)	***(0)***				**(0)**
Disposal of Treasury Stock	***6***				**16**
Change in Scope of Consolidation				**(0)**	
Change in scope of equity method				**158**	
Net change during year					
Balance as of March 31, 2022	*48,377*	**¥ 26,088**	**¥ 23,941**	**¥ 158,966**	**¥ (1,709)**

	Millions of yen						
	Accumulated Other Comprehensive Income						
	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, 2020	**¥ 7,430**	**¥ (1,060)**	**¥ (1,005)**	**¥ (41)**	**¥ 185,186**	**¥ 10,594**	**¥ 195,780**
Cumulative effects of changes in accounting policies					**(194)**		**(194)**
Restated balance as of April 1, 2020	**¥ 7,430**	**¥ (1,060)**	**¥ (1,005)**	**¥ (41)**	**¥ 184,991**	**¥ 10,594**	**¥ 195,585**
Net Income attributable to Owners of the Parent					21,772		21,772
Cash Dividends Paid					(4,018)		(4,018)
Purchase of Treasury Stock					(0)		(0)
Disposal of Treasury Stock					19		19
Change in Scope of Consolidation					9		9
Change in scope of equity method							
Net change during year	(921)	(167)	(1,766)	694	(2,160)	(356)	(2,516)
Balance as of March 31, 2021	**¥ 6,509**	**¥ (1,227)**	**¥ (2,771)**	**¥ 652**	**¥ 200,614**	**¥ 10,237**	**¥ 210,852**
Cumulative effects of changes in accounting policies					—		—
Restated balance as of March 31, 2021	**¥ 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**
Cash Dividends Paid					**(5,243)**		**(5,243)**
Purchase of Treasury Stock (Note 22)					**(0)**		**(0)**
Disposal of Treasury Stock					**16**		**16**
Change in Scope of Consolidation					**(0)**		**(0)**
Change in scope of equity method					**158**		**158**
Net change during year	**743**	**(590)**	**8,749**	**94**	**8,996**	**1,119**	**10,116**
Balance as of March 31, 2022	**¥ 7,252**	**¥ (1,817)**	**¥ 5,977**	**¥ 747**	**¥ 219,445**	**¥ 11,357**	**¥ 230,803**

	Thousands of U.S. dollars (Note 1)			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
Balance as of March 31, 2021	**$ 213,120**	**$ 195,585**	**$ 1,218,433**	**$ (14,098)**
Cumulative effects of changes in accounting policies				
Restated balance as of March 31, 2021	**$ 213,120**	**$ 195,585**	**$ 1,218,433**	**$ (14,098)**
Net Income attributable to Owners of the Parent			**121,746**	
Cash Dividends Paid			**(42,834)**	
Purchase of Treasury Stock				**(2)**
Disposal of Treasury Stock				**133**
Change in Scope of Consolidation			**(2)**	
Change in scope of equity method			**1,296**	
Net change during year				
Balance as of March 31, 2022	**$ 213,120**	**$ 195,585**	**$ 1,298,639**	**$ (13,967)**

	Thousands of U.S. dollars (Note 1)						
	Accumulated Other Comprehensive Income						
	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, 2021	**$ 53,176**	**$ (10,028)**	**$ (22,640)**	**$ 5,329**	**$ 1,638,877**	**$ 83,636**	**$ 1,722,513**
Cumulative effects of changes in accounting policies					—		—
Restated balance as of March 31, 2021	**$ 53,176**	**$ (10,028)**	**$ (22,640)**	**$ 5,329**	**$ 1,638,877**	**$ 83,636**	**$ 1,722,513**
Net Income attributable to Owners of the Parent					**121,746**		**121,746**
Cash Dividends Paid					**(42,834)**		**(42,834)**
Purchase of Treasury Stock (Note 22)					**(2)**		**(2)**
Disposal of Treasury Stock					**133**		**133**
Change in Scope of Consolidation					**(2)**		**(2)**
Change in scope of equity method					**1,296**		**1,296**
Net change during year	**6,073**	**(4,823)**	**71,474**	**775**	**73,499**	**9,144**	**82,643**
Balance as of March 31, 2022	**$ 59,249**	**$ (14,851)**	**$ 48,834**	**$ 6,104**	**$ 1,792,713**	**$ 92,780**	**$ 1,885,493**

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, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
Cash Flows from Operating Activities:			
Income before Income Taxes	**¥ 20,227**	¥ 31,563	**$ 165,247**
Adjustments for:			
Income Taxes Paid	**(10,721)**	(7,978)	**(87,589)**
Depreciation and Disposal of Fixed Assets	**17,202**	15,797	**140,532**
Equity in Earnings of Associated Companies	**(2,035)**	(2,961)	**(16,632)**
(Profit) Loss from Investments	**(389)**	455	**(3,178)**
Increase in Allowance for Doubtful Receivables	**6,803**	559	**55,582**
Increase (Decrease) in Accruals for Debt Guarantees	**5**	(2)	**49**
Gain on Sales of Marketable and Investment Securities	**(175)**	(3,818)	**(1,434)**
Gain on liquidation of subsidiaries and associated companies	**-**	(230)	**-**
Loss on Devaluation of Investment Securities	**11**	35	**93**
Change in assets and liabilities:			
Decrease (Increase) in Lease Receivables and Investments in Lease	**6,748**	(90,501)	**55,133**
Increase in Receivables	**(60,150)**	(83,243)	**(491,384)**
(Increase) Decrease in Operational Investment Securities	**(18,038)**	1,395	**(147,358)**
Decrease in Accounts Payable — trade	**(489)**	(14,160)	**(3,999)**
Purchases of Leased Assets	**(159,691)**	(154,144)	**(1,304,565)**
Proceeds from Sales of Leased Assets	**137,449**	81,927	**1,122,864**
Increase (Decrease) in Interest Payable	**6**	(95)	**55**
Other — net	**(5,260)**	28,582	**(42,976)**
Total Adjustments	**(88,723)**	(228,384)	**(724,807)**
Net Cash Used in Operating Activities	**(68,495)**	(196,820)	**(559,560)**
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	**(2,331)**	(3,195)	**(19,048)**
Purchases of Marketable and Investment Securities	**(34,167)**	(57,044)	**(279,126)**
Proceeds from Sales and Redemption of Marketable and Investment Securities	**9,738**	6,643	**79,552**
Other — net	**(950)**	436	**(7,766)**
Net Cash Used in Investing Activities	**(27,712)**	(53,160)	**(226,388)**
Cash Flows from Financing Activities:			
Net Increase in Short-term Borrowings	**32,114**	110,125	**262,350**
Proceeds from Long-term Debt	**364,501**	347,818	**2,977,710**
Repayments of Long-term Debt	**(291,421)**	(205,629)	**(2,380,697)**
Cash Dividends Paid	**(5,243)**	(4,018)	**(42,834)**
Other — net	**(140)**	(85)	**(1,147)**
Net Cash Provided by Financing Activities	**99,810**	248,210	**815,382**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**371**	(121)	**3,037**
Net Increase (Decrease) in Cash and Cash Equivalents	**3,974**	(1,892)	**32,471**
Cash and Cash Equivalents at Beginning of the Year	**20,406**	22,299	**166,707**
Increase in Cash and Cash equivalents resulting from inclusion of subsidiaries in consolidation	**120**	-	**988**
Cash and Cash Equivalents at End of the Year	**¥ 24,502**	¥ 20,406	**$ 200,166**

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Mizuho Leasing Company, Limited ("the Company") and its consolidated subsidiaries (together with the Company, "the Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("JGAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2021 consolidated financial statements to conform to the classifications used in 2022.

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 ¥122.41 to US$1.00, the approximate rate of exchange at March 31, 2022. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts indicated in millions of yen are rounded down by truncating the figures below one million. As a result, totals may not add up exactly.

2. Summary of Significant Accounting Policies

(a) Consolidation

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

The number of consolidated subsidiaries as of March 31, 2022 and 2021 was 38 and 31, respectively. The consolidated financial statements for the year ended March 31, 2022 newly include the accounts of Shirakawa WaterPower・Leasing Co., Ltd as it became material. MLV CO. LIMITED and five other companies were newly included as they were newly incorporated.

The number of associated companies accounted for under the equity method as of March 31, 2022 and 2021 was 11 and 8, respectively. Investments in associated companies include Mizuho Marubeni Leasing Corporation, RICOH LEASING COMPANY LTD., NIPPON STEEL KOWA REAL ESTATE CO., LTD., Mizuho Capital Co., Ltd., PLM Fleet, LLC, Krungthai Mizuho Leasing Company Limited, Ltd., PNB-Mizuho Leasing and Finance Corporation, Aircastle Limited, Vietnam International Leasing Co., Ltd. and Affordable Car Leasing Pty Ltd. NIPPON STEEL KOWA REAL ESTATE CO., LTD. was newly included in the associated companies accounted for under the equity method as ML Estate Company, Limited, the Company's subsidiary, purchased its shares. Mizuho Capital Co., Ltd. and Affordable Car Leasing Pty Ltd were newly included as the Company purchased these shares.

The condensed financial information of the 11 and 8 associated companies (by simply compiling the amounts in the financial statements of the respective companies) as of and for the year ended March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Current Assets	**¥396,436**	¥304,264	**$3,238,597**
Non Current Assets	**557,126**	381,086	**4,551,313**
Current Liabilities	**285,298**	266,777	**2,330,683**
Long-term Liabilities	**417,052**	248,867	**3,407,010**
Total Equity	**251,211**	169,706	**2,052,217**
Revenues	**¥150,055**	¥115,094	**$1,225,847**
Income (Loss) before Income Taxes	**4,462**	(2,483)	**36,458**
Net Income (Loss)	**¥1,583**	¥(4,065)	**$12,934**

Kaikias Leasing Co., Ltd. and 100 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 45 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 14 and 12 SPEs that were not consolidated under Guidance No. 15 as of March 31, 2022 and 2021. Total assets (simply compiled amount) of such SPEs as of March 31, 2022 and 2021 were ¥238,693 million ($1,949,951 thousand) and ¥257,123 million, respectively. Total liabilities (simply compiled amount) of such SPEs as of March 31, 2022 and 2021 were ¥238,764 million ($1,950,533 thousand) and ¥257,414 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 2022 and 2021 was ¥23,335 million ($190,630 thousand) and ¥45,250 million, respectively. The amount of Installment Sales Receivable transferred from the Company to such SPEs in 2021 was ¥10,000 million while no amount was transferred in 2022. The amount of Factoring Receivable transferred from the Company to such SPEs in 2022 was ¥2,970 million ($24,263 thousand) while no amount was transferred in 2021. No gain/loss on the transfer of such receivables incurred in both 2022 and 2021. The Company holds subordinated interests of such transferred receivables of ¥1,395 million ($11,396 thousand) and ¥271 million in 2022 and 2021, respectively. The Company recognized profit dividends of ¥574 million ($4,695 thousand) and ¥541 million, respectively, for the years ended March 31, 2022 and 2021, and servicing fees received of ¥1 million ($11 thousand) with respect to the transactions with such SPEs for both of the years ended March 31, 2022 and 2021. 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 ¥6,194 million ($50,601 thousand) and ¥5,482 million at March 31, 2022 and 2021, 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 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. 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 March17, 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

Fair Value Measurement— On June 17, 2021, the ASBJ issued ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement". This implementation guidance is published based on the consideration of "fair value calculation of investment trusts" and fair value footnote of the "Investments in partnerships for which the equity interest is recorded on a net basis on the balance sheet," which was to be examined over a period of approximately one year after the publication of the " Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019).
The Group expects to apply this implementation guidance for the fiscal year beginning on or after April 1, 2022 and is in the process of measuring the effects of applying this implementation 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, 2022 was ¥1,707 million ($13,950 thousand), while the number of such treasury stock was 625,900 shares.

3. Significant Accounting Estimate

(1) Recognition of Allowance for Doubtful Receivables

(a) Carrying amount

Allowance for Doubtful Receivables in Current Assets and Investments and Other Assets ¥9,732 million ($79,504 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 during the following fiscal year by the promotion of vaccines and drugs, while the outlook remains highly uncertain due to continuous infection cases caused by the COVID-19 variants and expansion of infection spread areas.

(ii) Calculation of the estimate

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

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

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

(2) Valuation of goodwill on associated companies

(a) Carrying amount

Investment Securities ¥72,063 million ($588,705 thousand)

(b) Information on the significant accounting estimate

The Group recognizes goodwill on certain associated companies. The Group reviewed impairment for goodwill according to "Accounting Standard for Impairment of Fixed Assets" issued on August 9, 2002, by the Business Accounting Council. As a result of the review, the Group recognized an impairment loss of ¥10,671 million ($87,174 thousands) for goodwill on Aircastle Limited for the years ended March 31, 2022 as it is described in Note 8, Investments.

(i) Major assumptions used in the estimate calculation

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

(ii) Calculation of the estimate

It is calculated based on the business plan of each associated company. The recoverable amount for goodwill on Aircastle Limited are estimated from the value in use based on its business plan and determined by discounting the future cash flows at discount rate of 11.8%.

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

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

4. Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition, etc.

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc. from the beginning of the current fiscal year. It recognizes revenue in the amount expected to be received in exchange for promised goods or services when the control of these goods or services is transferred to the customer.

The impact of this change on the consolidated financial statement for the fiscal year was immaterial.

Application of the Accounting Standard for Fair Value Measurement, etc.

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019, hereinafter referred to as “Accounting Standard for Fair Value Measurement”), etc. 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 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019).

The impact of this change on the consolidated financial statement for the fiscal year was immaterial. In addition, the breakdown of the financial instruments by the level of the fair value is added to Note 18. Financial Instruments and Related Disclosures (7) Financial Instruments Categorized by Fair Value Hierarchy. This note does not include the information for the fiscal year ended March 31, 2021 pursuant to the transitional measures permitted by Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments”(ASBJ Guidance No. 19, July 4, 2019).

5. Operational Investment Securities and Investment Securities

(1) Available-for-sale Securities whose fair values are readily determinable as of March 31, 2022 and 2021 were as follows:

Available-for-sale Securities

Securities with carrying amounts exceeding acquisition costs

(Millions of yen)

	2022			2021		
	Carrying amount	Acquisition cost	Unrealized gain	Carrying amount	Acquisition cost	Unrealized gain
Equity Securities	**¥16,125**	**¥9,641**	**¥6,484**	¥16,811	¥9,897	¥6,914
Bonds						
Corporate Bonds	**68,859**	**67,674**	**1,184**	102,993	101,080	1,913
Other	**1,387**	**1,316**	**70**	23,792	23,086	706
Total	**¥86,372**	**¥78,632**	**¥7,739**	¥143,597	¥134,064	¥9,533

(Thousands of U.S. dollars)

	2022		
	Carrying amount	Acquisition cost	Unrealized gain
Equity Securities	**$131,735**	**$78,765**	**$52,970**
Bonds			
Corporate Bonds	**562,530**	**552,852**	**9,678**
Other	**11,332**	**10,757**	**575**
Total	**$705,597**	**$642,374**	**$63,223**

Securities with carrying amounts not exceeding acquisition costs

(Millions of yen)

	2022			2021		
	Carrying amount	Acquisition cost	Unrealized loss	Carrying amount	Acquisition cost	Unrealized loss
Equity Securities	**¥748**	**¥974**	**¥(226)**	¥732	¥917	¥(185)
Bonds						
Corporate Bonds	**12,462**	**12,500**	**(37)**	5,468	5,500	(31)
Other	**1,465**	**1,465**	**-**	3,417	3,500	(83)
Total	**¥14,675**	**¥14,940**	**¥(264)**	¥9,618	¥9,918	¥(300)

(Thousands of U.S. dollars)

	2022		
	Carrying amount	Acquisition cost	Unrealized loss
Equity Securities	**$6,111**	**$7,964**	**$(1,853)**
Bonds			
Corporate Bonds	**101,807**	**102,116**	**(309)**
Other	**11,970**	**11,970**	**-**
Total	**$119,888**	**$122,050**	**$(2,162)**

(2) Proceeds from sales of Available-for-sale Securities for the years ended March 31, 2022 and 2021 were ¥8,234 million ($67,271 thousand) and ¥6,807 million, respectively. Gross realized gains on these sales were ¥491 million ($4,019 thousand) and no gross losses were incurred for the year ended March 31, 2022. Gross realized gains and losses on these sales were ¥3,969 million and ¥78 million for the year ended March 31,

2021.

(3) The Group recorded impairment losses on investment securities of ¥11 million ($93 thousand) and ¥35 million for the years ended March 31, 2022 and 2021, respectively.

6. Operating Assets

(1) Operating Assets as of March 31, 2022 and 2021 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Leasing and Installment Sales:			
Finance Lease	**¥ 1,172,643**	¥ 1,174,068	**$ 9,579,639**
Operating Lease	**314,988**	302,262	**2,573,224**
Installment Sales (*1)	**106,601**	124,433	**870,859**
Leasing and Installment Sales total	**1,594,233**	1,600,764	**13,023,722**
Finance	**822,324**	721,634	**6,717,792**
Total Operating Assets	**¥ 2,416,558**	¥ 2,322,398	**$ 19,741,514**

(*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, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Leasing and Installment Sales:			
Finance Lease	**¥ 343,392**	¥ 416,594	**$ 2,805,265**
Operating Lease	**159,703**	154,788	**1,304,665**
Installment Sales	**33,205**	41,318	**271,266**
Leasing and Installment Sales total	**536,302**	612,701	**4,381,196**
Finance	**833,925**	752,319	**6,812,563**
Total	**¥ 1,370,228**	¥ 1,365,021	**$ 11,193,759**

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, 2022 and 2021 was ¥4,403 million ($35,975 thousand) and ¥5,988 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, 2022 and 2021 was ¥1,505 million ($12,298 thousand) and ¥634 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, 2021	**Decrease**	**March 31, 2022**	**March 31, 2022**
¥218,901	**¥(1,480)**	**¥217,421**	**¥277,772**

(Millions of yen)

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

(Thousands of U.S. dollars)

Carrying Amount			Fair Value
April 1, 2021	**Decrease**	**March 31, 2022**	**March 31, 2022**
$1,788,266	**$(12,091)**	**$1,776,175**	**$2,269,197**

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

(*2) "Decrease" for the year ended March 31, 2022 primarily represents the sales of certain properties for ¥134,752 million ($1,100,827 thousand) and "Increase" for the year ended March 31, 2021 primarily represents the acquisition of certain properties for ¥141,014 million.

(*3) Fair values of properties are mainly determined by appraisal reports issued by real estate appraisers.

8. Investments

The Group recognized goodwill on Investment in Aircastle Limited, an associated company accounted for under the equity method, at the time of the acquisition of its shares. For the year ended March 31, 2022, the Group reviewed the profitability and future business plan of Aircastle Limited and recognized an impairment loss in Equity in Earnings of Associated Companies, amounting to ¥10,671 million ($87,174 thousand) equal to the unamortized balance of goodwill due to the unlikelihood of estimated profitability at the time of acquisition.

The Group also included negative goodwill in Equity in Earnings of Associated Companies, amounting to ¥9,126 million ($74,553 thousand) and ¥5,801 million ($47,391 thousand) which was recognized on Investments in associated companies of NIPPON STEEL KOWA REAL ESTATE CO., LTD. and Mizuho Capital Co., Ltd., respectively.

9. 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 ($86,761 thousand) as of March 31, 2022 and 2021, are included in "Other" of Investments and Other Assets in the accompanying consolidated balance sheet.

10.Pledged Assets

Assets pledged as collateral as of March 31, 2022 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2022	**2022**
Lease Receivables and Investments in Lease	**¥13,624**	**$111,306**
Operational Investment Securities	**34,869**	**284,861**
Leased Assets	**34,696**	**283,449**
Investment Securities	**16**	**136**
Total	**¥83,208**	**$679,752**

Liabilities secured by the above assets as of March 31, 2022 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2022	**2022**
Short-term Borrowings	**¥29,500**	**$240,993**
Current Portion of Long-term Debt	**3,314**	**27,076**
Long-term Debt	**27,404**	**223,879**
Total	**¥60,219**	**$491,948**

11.Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2022 and 2021 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	Weighted average interest rate
	2022	2021	**2022**	**2022**
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	**¥380,278**	¥317,783	**$3,106,600**	**0.47%**
Commercial Paper	**707,100**	714,100	**5,776,489**	**0.02%**
Payables under securitized lease receivables	**92,858**	101,458	**758,587**	**0.07%**
Total	**¥1,180,237**	¥1,133,341	**$9,641,676**	
Current Portion of Long-term Debt				
Bonds payable	**¥30,000**	¥40,000	**$245,078**	**0.040%～ 0.534%**
Long-term Debt from banks and other financial institutions	**240,456**	228,426	**1,964,349**	**0.58%**
Total	**¥270,456**	¥268,426	**$2,209,427**	

(2) "Long-term Debt" as of March 31, 2022 and 2021 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	Weighted average interest rate
	2022	2021	**2022**	**2022**
Long-term Debt				
Bonds payable, Japanese Yen	**¥215,000**	¥165,000	**$1,756,392**	**0.030%～ 0.534%**
Bonds payable, U.S. Dollar	**5,998**	5,425	**49,000**	**2.745%**
Long-term Debt from banks and other financial institutions	**681,948**	649,933	**5,571,018**	**0.49%**
Payables under securitized lease receivables	**21,603**	33,261	**176,488**	**0.22%**
Total	**¥924,550**	¥853,619	**$7,552,898**	

(*1) The Group has entered into overdraft contracts with 50 financial institutions that provide the Group with credit facilities amounting to ¥870,615 million ($7,112,289 thousand) and ¥870,855 million as of March 31, 2022 and 2021, respectively. The unused facilities maintained by the Group as of March 31, 2022 and 2021 amounted to ¥510,332 million ($4,169,041 thousand) and ¥562,815 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, 2022 and 2021 were ¥137,596 million ($1,124,064 thousand) and ¥166,890 million respectively.

(*3) The aggregate annual maturities of "Long-term Debt" as of March 31, 2022 were as follows:

Years Ending March 31	(Millions of yen) 2022	(Thousands of U.S. dollars) 2022
2024	**¥208,653**	**$1,704,547**
2025	**192,884**	**1,575,724**
2026	**150,499**	**1,229,469**
2027	**119,308**	**974,663**
2028 and thereafter	**253,204**	**2,068,495**
Total	**¥924,550**	**$7,552,898**

12.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, 2022 and 2021, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Balance at beginning of year	**¥6,460**	¥6,598	**$52,778**
Current service cost	**410**	393	**3,354**
Interest cost	**25**	25	**208**
Actuarial losses (gains)	**49**	(182)	**403**
Benefits paid	**(169)**	(288)	**(1,383)**
Past service costs	**-**	(85)	**-**
Balance at end of year	**¥6,776**	¥6,460	**$55,360**

(*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, 2022 and 2021, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Balance at beginning of year	**¥4,832**	¥3,942	**$39,474**
Expected return on plan assets	**40**	35	**332**
Actuarial gains	**196**	707	**1,604**
Contributions from the employer	**219**	201	**1,793**
Benefits paid	**(4)**	(55)	**(39)**
Balance at end of year	**¥5,283**	¥4,832	**$43,164**

(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, 2022 and 2021, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Defined benefit obligation	**¥4,426**	¥4,128	**$36,163**
Plan assets	**(5,283)**	(4,832)	**(43,164)**
Total	**(856)**	(703)	**(7,001)**
Unfunded defined benefit obligation	**2,349**	2,332	**19,197**
Net liability arising from defined benefit obligation	**¥1,492**	¥1,628	**$12,196**

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Asset for employees' retirement benefits	**¥(856)**	¥(703)	**$(7,001)**
Liability for employees' retirement benefits	**2,349**	2,332	**19,197**
Net liability arising from defined benefit obligation	**¥1,492**	¥1,628	**$12,196**

(4) The components of net periodic benefit costs for the years ended March 31, 2022 and 2021, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Service cost (*1)	**¥410**	¥393	**$3,354**
Interest cost	**25**	25	**208**
Expected return on plan assets	**(40)**	(35)	**(332)**
Recognized actuarial (losses) gains	**(20)**	27	**(164)**
Recognized past service costs	**(17)**	(17)	**(139)**
Net periodic benefit costs	**¥358**	¥393	**$2,927**

(*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, 2022 and 2021, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Past service costs	**¥(17)**	¥68	**$(140)**
Actuarial gains (losses)	**124**	926	**1,020**
Total	**¥107**	¥994	**$880**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Unrecognized past service costs	**¥51**	¥68	**$420**
Unrecognized actuarial gains (losses)	**964**	840	**7,882**
Total	**¥1,016**	¥908	**$8,302**

(7) Plan assets as of March 31, 2022 and 2021, were as follows:

a. Components of plan assets

Plan assets consisted of the following:

	2022	2021
Domestic debt investments	**19.3 %**	19.2 %
Domestic equity investments	**23.4**	22.3
Foreign debt investments	**7.1**	8.6
Foreign equity investments	**21.0**	21.3
Insurance assets (general account)	**25.2**	25.8
Others	**4.0**	2.8
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, 2022 and 2021, are set forth as follows:

	2022	2021
Discount rate	**0.30 - 0.47 %**	0.30 - 0.47 %
Expected rate of return on plan assets	**0.84 %**	0.91 %
Expected rate of future salary increases	**3.45 - 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, 2022 and 2021, were ¥81 million ($662 thousand) and ¥74 million, respectively.

13.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, 2022 and 2021.

Deferred Tax Assets and Liabilities consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Deferred Tax Assets:			
Allowance for Doubtful Receivables	**¥3,248**	¥690	**$26,537**
Depreciation	**634**	1,003	**5,181**
Liability for Employees' Retirement Benefits	**66**	113	**546**
Write-off of Securities	**996**	292	**8,137**
Accrued Enterprise Tax	**335**	434	**2,738**
Other	**10,357**	6,553	**84,615**
Deferred Tax Assets Subtotal	**15,638**	9,087	**127,754**
Valuation Allowance	**(1,311)**	(1,135)	**(10,717)**
Total Deferred Tax Assets	**14,326**	7,952	**117,037**
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale Securities	**(3,165)**	(2,776)	**(25,858)**
Investments in Lease	**(314)**	(211)	**(2,571)**
Other	**(2,971)**	(1,712)	**(24,274)**
Total Deferred Tax Liabilities	**(6,451)**	(4,701)	**(52,703)**
Net Deferred Tax Assets	**¥7,875**	¥3,250	**$64,334**

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, 2022 and 2021, are as follows:

	2022	2021
Normal effective statutory tax rate	**30.6 %**	30.6 %
Inhabitants tax per capita levy	**0.2**	0.2
Permanent differences, such as entertainment expenses	**0.8**	0.4
Amortization of goodwill	**0.1**	0.5
Valuation allowance	**0.1**	(0.3)
Equity in Earnings of Associated Companies	**(9.0)**	(3.1)
Other-net	**0.4**	0.5
Actual effective tax rate	**23.2 %**	28.8 %

14.Commitments and Contingent Liabilities

(1) Commitments

The Company had loan commitment agreements as of March 31, 2022 and 2021 of ¥19,745 million

($161,309 thousand) and ¥14,385 million, respectively. The loans provided under these credit facilities as of March 31, 2022 and 2021 amounted to ¥7,039 million ($57,507 thousand) and ¥6,664 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, 2022 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2022	**2022**
Guarantee Obligations with respect to operating activities (*1)	**¥9,170**	**$74,915**
Other Guarantee Obligations	**22,067**	**180,273**
Total	**¥31,237**	**$255,188**

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

15.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.

16.Selling, General and Administrative Expenses

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

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Accruals for Doubtful Receivables	**¥7,729**	¥78	**$63,146**
Accrual (reversal) for Debt Guarantees	**5**	(2)	**49**
Salaries and Wages	**9,771**	9,319	**79,824**
Provision for Bonus Payments	**1,265**	1,190	**10,335**
Provision for Bonus Payments to Directors	**92**	136	**758**
Retirement Benefits Costs for Employees	**439**	468	**3,588**
Provision for Reserve for Management Board Benefit Trust	**170**	282	**1,391**

17.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

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

Information about sales, profit, assets, liabilities and other items for the years ended March 31, 2022 and 2021 was as follows:

(Millions of yen)

	2022					
	Reportable segment					
	Leasing and Installment Sales	Finance	Other	Total	Reconciliations (*1) (*2) (*3)	Consolidated (*4)
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	**¥1,685,892**	**¥1,009,865**	**¥2,671**	**¥2,698,429**	**¥50,381**	**¥2,748,810**
Others						
Depreciation and Amortization	**14,574**	**-**	**-**	**14,574**	**2,627**	**17,202**
Capital Expenditure	**159,691**	**-**	**-**	**159,691**	**2,331**	**162,023**

(Millions of yen)

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

	(Thousands of U.S. dollars)					
	2022					
	Reportable segment					
	Leasing and Installment Sales	Finance	Other	Total	Reconciliations (*1) (*2) (*3)	Consolidated (*4)
Sales:						
Sales to external customers	**$4,392,125**	**$133,373**	**$6,887**	**$4,532,385**	**$ -**	**$4,532,385**
Intersegment sales and transfers	**1,664**	**8,569**	**1,288**	**11,521**	**(11,521)**	**-**
Total	**4,393,789**	**141,942**	**8,175**	**4,543,906**	**(11,521)**	**4,532,385**
Operating Expenses	**4,199,958**	**139,772**	**5,973**	**4,345,703**	**40,504**	**4,386,207**
Segment Profit	**$193,831**	**$2,170**	**$2,202**	**$198,203**	**$(52,025)**	**$146,178**
Segment Assets	**$13,772,508**	**$8,249,858**	**$21,825**	**$22,044,191**	**$411,578**	**$22,455,769**
Others						
Depreciation and Amortization	**119,062**	**-**	**-**	**119,062**	**21,467**	**140,529**
Capital Expenditure	**1,304,565**	**-**	**-**	**1,304,565**	**19,047**	**1,323,612**

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Elimination of intersegment transactions	**¥596**	¥603	**$4,875**
Administrative expenses not allocated to the reportable segments	**(6,965)**	(6,204)	**(56,900)**
Total	**¥(6,368)**	¥(5,600)	**$(52,025)**

(*2) The details of Reconciliations to Segment Assets as of March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Elimination of intersegment transactions	**¥(69,325)**	¥(53,038)	**$(566,336)**
Corporate assets not allocated to the reportable segments	**119,706**	96,461	**977,914**
Total	**¥50,381**	¥43,423	**$411,578**

(*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)

2022				
Japan	Europe	North America / Latin America	Asia	Total
¥264,865	**¥8,557**	**¥34,696**	**¥347**	**¥308,467**

(Millions of yen)

2021				
Japan	Europe	North America / Latin America	Asia	Total
¥261,841	¥8,094	¥35,526	¥294	¥305,757

(Thousands of U.S. dollars)

2022				
Japan	Europe	North America / Latin America	Asia	Total
$2,163,757	**$69,906**	**$283,448**	**$2,840**	**$2,519,951**

(*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:
Goodwill per reportable segment for the years ended March 31, 2022 and 2021 is not presented as they were immaterial.

18.Lease Transactions

Operating Leases as lessee

The minimum rental commitments under non-cancellable operating leases as of March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Due within one year	**¥6**	¥6	**$56**
Due after one year	**7**	11	**61**
Total	**¥14**	¥18	**$117**

Finance Leases as lessor

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

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Lease contract receivables	**¥934,251**	¥1,024,615	**$7,632,151**
Estimated residual value	**179**	272	**1,469**
Interest income equivalents	**(60,492)**	(102,383)	**(494,176)**
Total	**¥873,939**	¥922,504	**$7,139,444**

(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)
	2022	**2022**
2023	**¥78,073**	**$637,802**
2024	**61,797**	**504,838**
2025	**55,928**	**456,897**
2026	**40,882**	**333,978**
2027	**14,523**	**118,650**
2028 and thereafter	**15,178**	**123,997**
Total	**¥266,384**	**$2,176,162**

(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)
	2022	**2022**
2023	**¥246,422**	**$2,013,091**
2024	**189,166**	**1,545,348**
2025	**149,399**	**1,220,487**
2026	**98,810**	**807,211**
2027	**66,945**	**546,899**
2028 and thereafter	**183,506**	**1,499,115**
Total	**¥934,251**	**$7,632,151**

Operating Leases as lessor

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

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Due within one year	**¥105,888**	¥117,555	**$865,034**
Due after one year	**167,723**	166,959	**1,370,181**
Total	**¥273,612**	¥284,514	**$2,235,215**

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, 2022 and 2021 were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Lease Receivable	**¥3,079**	¥1,025	**$25,158**
Investments in Lease	**7,044**	7,665	**57,545**
Lease Payable	**10,331**	8,915	**84,402**

19.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, 2022 and 2021, 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)
	2022	2021	**2022**
Sensitivity to interest rate (10BPV)	**¥(2,430)**	¥(2,340)	**$(19,851)**
Interest rate risk volume (VaR)	**¥1,980**	¥1,490	**$16,175**

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, 2022 and 2021, 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)
	2022	2021	**2022**
Price variation risk of stock (VaR)	**¥0**	¥0	**$0**

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

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

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

(iii) Derivative transactions

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

(d) Other price fluctuation risk management

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

(e) Liquidity risk management

The Group manages liquidity risk by diversifying the method of funding and balancing its long-term and 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

	(Millions of yen)		
March 31, 2022	Carrying amount	Fair value	Unrealized gain (loss)
Securities (*2) Available-for-sale Securities	**¥101,032**	**¥101,032**	**¥-**
Lease Receivables and Investments in Lease (*3) (*4) (*5)	**1,150,135**	**1,211,052**	**60,916**
Installment Sales Receivables (*3) (*6)	**105,878**	**105,535**	**(342)**
Loans Receivables (*3)	**395,120**	**422,652**	**27,531**
Factoring Receivables (*3)	**187,124**	**189,908**	**2,784**
Long-term Receivables (*7)	**24,219**	**24,219**	**-**
Assets total	**¥1,963,510**	**¥2,054,400**	**¥90,889**
Short-term Borrowings	**¥1,180,237**	**¥1,180,103**	**¥(134)**
Lease Payable	**10,374**	**10,371**	**(2)**
Accounts Payable-trade	**34,698**	**34,660**	**(37)**
Long-term Debt (*8) (*9)	**1,195,006**	**1,189,490**	**(5,515)**
Liabilities total	**¥2,420,316**	**¥2,414,625**	**¥(5,690)**
Hedge accounting is not applied (*10)	**¥(412)**	**¥(412)**	**¥-**
Hedge accounting is applied (*10)	**(1,081)**	**(1,081)**	**-**
Derivative transactions total	**¥(1,493)**	**¥(1,493)**	**¥-**

March 31, 2021	Carrying amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
Securities (*2) Available-for-sale Securities	¥153,216	¥153,216	¥-
Lease Receivables and Investments in Lease (*3) (*4) (*5)	1,156,021	1,208,328	52,306
Installment Sales Receivables (*3) (*6)	123,267	123,553	285
Loans Receivables (*3)	328,444	346,977	18,532
Factoring Receivables (*3)	171,559	174,211	2,652
Long-term Receivables (*7)	10,980	10,980	-
Assets total	¥1,943,490	¥2,017,267	¥73,776
Short-term Borrowings	¥1,133,341	¥1,133,383	¥41
Lease Payable	8,958	8,909	(49)
Accounts Payable-trade	35,157	35,133	(24)
Long-term Debt (*8) (*9)	1,122,045	1,121,874	(170)
Liabilities total	¥2,299,503	¥2,299,301	¥(202)
Hedge accounting is not applied (*10)	¥(3)	¥(3)	¥-
Hedge accounting is applied (*10)	(1,883)	(1,883)	-
Derivative transactions total	¥(1,887)	¥(1,887)	¥-

March 31, 2022	Carrying amount	Fair value	Unrealized gain (loss)
	(Thousands of U.S. dollars)		
Securities (*2) Available-for-sale Securities	**$825,359**	**$825,359**	**$-**
Lease Receivables and Investments in Lease (*3) (*4) (*5)	**9,395,767**	**9,893,409**	**497,642**
Installment Sales Receivables (*3) (*6)	**864,946**	**862,150**	**(2,796)**
Loans Receivables (*3)	**3,227,847**	**3,452,758**	**224,911**
Factoring Receivables (*3)	**1,528,668**	**1,551,411**	**22,743**
Long-term Receivables (*7)	**197,856**	**197,856**	**-**
Assets total	**$16,040,443**	**$16,782,943**	**$742,500**
Short-term Borrowings	**$9,641,676**	**$9,640,581**	**$(1,095)**
Lease Payable	**84,755**	**84,731**	**(24)**
Accounts Payable-trade	**283,457**	**283,147**	**(310)**
Long-term Debt (*8) (*9)	**9,762,326**	**9,717,266**	**(45,060)**
Liabilities total	**$19,772,214**	**$19,725,725**	**$(46,489)**
Hedge accounting is not applied (*10)	**$(3,369)**	**$(3,369)**	**$-**
Hedge accounting is applied (*10)	**(8,833)**	**(8,833)**	**-**
Derivative transactions total	**$(12,202)**	**$(12,202)**	**$-**

(*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.

For the year ended March 31, 2022, 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. For the year ended March 31, 2021, 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 and their fair values cannot be readily determined.
Carrying amount of these financial instruments are following;

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Unlisted Stocks ※	**¥136,286**	¥101,794	**$1,113,364**
Funds, Investments in Partnerships	**133,622**	66,239	**1,091,599**
Preferred Equities	**4,746**	6,072	**38,777**
Other	**27,058**	26,784	**221,051**
Total	**¥301,715**	¥200,892	**$2,464,791**

※The impairment loss on certain unlisted stocks for the year ended March 31, 2022 and 2021 was ¥11 million ($93 thousand)and ¥35 million, respectively.

(*3) Lease Receivables and Investments in Lease, Installment Sales Receivables, Loans Receivables and Factoring Receivables 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, 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						
National and Local government 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**

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

March 31, 2022	(Thousands of U.S. dollars) Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and Cash Equivalents	**$200,166**	**$-**	**$-**	**$-**	**$-**	**$-**
Securities						
Available-for-sale Securities						
Bonds						
National and Local government Bonds	**-**	**-**	**-**	**-**	**-**	**-**
Corporate Bonds	**189,200**	**143,082**	**28,592**	**180,541**	**77,608**	**35,945**
Other	**174,326**	**137,585**	**52,659**	**69,319**	**128,487**	**539,417**
Lease Receivables and Investments in Lease	**2,620,837**	**2,032,654**	**1,667,300**	**1,127,899**	**630,549**	**1,500,400**
Installment Sales Receivables	**325,110**	**227,569**	**171,191**	**110,473**	**31,949**	**27,238**
Loans Receivables	**481,848**	**634,065**	**442,477**	**702,784**	**842,933**	**125,208**
Factoring Receivables	**1,245,488**	**56,163**	**66,081**	**37,479**	**19,900**	**104,018**
Total	**$5,236,975**	**$3,231,118**	**$2,428,300**	**$2,228,495**	**$1,731,426**	**$2,332,226**

(*1) Please see Note 11 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

March 31, 2022	(Millions of yen) 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:				
Interest rate swaps	¥-	¥52	¥-	¥52
Interest rate and currency swaps	-	(1,546)	-	(1,546)
Derivative transactions total	¥-	¥(1,493)	¥-	¥(1,493)

March 31, 2022	(Thousands of U.S. dollars) Level 1	Level 2	Level 3	Total
Operational Investment Securities and Investment Securities:				
Available-for-sale Securities				
Bonds	$-	$548,202	$116,135	$664,337
Equity securities	86,892	4,569	46,385	137,846
Other	-	2,901	20,275	23,176
Assets total	$86,892	$555,672	$182,795	$825,359
Derivative transactions:				
Interest rate swaps	$-	$429	$-	$429
Interest rate and currency swaps	-	(12,632)	-	(12,632)
Derivative transactions total	$-	$(12,203)	$-	$(12,203)

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

March 31, 2022	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
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**

March 31, 2022	Level 1	Level 2	Level 3	Total
	(Thousands of U.S. dollars)			
Lease Receivables and Investments in Lease	**$-**	**$-**	**$9,893,409**	**$9,893,409**
Installment Sales Receivables	**-**	**-**	**862,150**	**862,150**
Loans Receivables	**-**	**-**	**3,452,758**	**3,452,758**
Factoring Receivables	**-**	**-**	**1,551,411**	**1,551,411**
Long-term Receivables	**-**	**-**	**197,856**	**197,856**
Assets total	**$-**	**$-**	**$15,957,584**	**$15,957,584**
Short-term Borrowings	**$-**	**$9,640,581**	**$-**	**$9,640,581**
Lease Payable	**-**	**84,731**	**-**	**84,731**
Accounts Payable-trade	**-**	**283,147**	**-**	**283,147**
Long-term Debt	**-**	**9,717,266**	**-**	**9,717,266**
Liabilities total	**$-**	**$19,725,725**	**$-**	**$19,725,725**

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.
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, 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, 2022.

(Millions of yen)

March 31, 2022	Balance at beginning of year	Earnings of the period (*1)	Other comprehensive income (loss) (*2)	Net amount of purchase, sale, issuance and settlement
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)

March 31, 2022	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.
Operational Investment Securities and Investment Securities: Available-for-sale Securities				
Bonds	**¥-**	**¥-**	**¥14,216**	**¥-**
Equity securities	**-**	**-**	**5,678**	**-**
Other	**-**	**-**	**2,481**	**-**

March 31, 2022	(Thousands of U.S. dollars) Balance at beginning of year	Earnings of the period (*1)	Other comprehensive income (loss) (*2)	Net amount of purchase, sale, issuance and settlement
Operational Investment Securities and Investment Securities: Available-for-sale Securities				
Bonds	**$126,509**	**$-**	**$(2,161)**	**$(8,213)**
Equity securities	**47,489**	**-**	**(1,104)**	**-**
Other	**21,914**	**(7)**	**268**	**(1,900)**

March 31, 2022	(Thousands of U.S. dollars) 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.
Operational Investment Securities and Investment Securities: Available-for-sale Securities				
Bonds	**$-**	**$-**	**$116,135**	**$-**
Equity securities	**-**	**-**	**46,385**	**-**
Other	**-**	**-**	**20,275**	**-**

(*1) The amounts shown in the table above are included in the Revenues of the Consolidated Statements of Income.

(*2) 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.

(*3) There was no transfer from Level 2 to Level 3 for the year ended March 31, 2022. The transfer is made at the end of the fiscal year in which it occurs.

(*4) There was no transfer from Level 3 to Level 2 for the year ended March 31, 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.

20.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, 2022	**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	**¥4,248**	**¥2,243**	**¥(412)**	**¥(412)**

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

	(Thousands of U.S. dollars)			
At March 31, 2022	**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	**$34,704**	**$18,329**	**$(3,369)**	**$(3,369)**

Derivative transactions to which hedge accounting is applied:

(1) Interest rate swaps

At March 31, 2022	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
		(Millions of yen)		
Payment - fixed rate, receipt - floating rate	**Short-term Borrowings, Long-term Debt**	**¥126,455**	**¥111,802**	**¥291**
Payment - floating rate, receipt - fixed rate	**Long-term Debt**	**¥19,500**	**¥19,500**	**¥(83)**
	Bonds Payable	**¥22,000**	**¥22,000**	**¥(155)**

At March 31, 2021	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
		(Millions of yen)		
Payment - fixed rate, receipt - floating rate	Short-term Borrowings, Long-term Debt	¥128,868	¥107,626	¥(960)
Payment - floating rate, receipt - fixed rate	Long-term Debt	¥19,500	¥19,500	¥(13)
	Bonds Payable	¥22,000	¥22,000	¥20

At March 31, 2022	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
		(Thousands of U.S. dollars)		
Payment - fixed rate, receipt - floating rate	**Short-term Borrowings, Long-term Debt**	**$1,033,049**	**$913,345**	**$2,384**
Payment - floating rate, receipt - fixed rate	**Long-term Debt**	**$159,301**	**$159,301**	**$(686)**
	Bonds Payable	**$179,724**	**$179,724**	**$(1,269)**

(2) Interest rate and currency swaps

At March 31, 2022	**Hedged item**	**Contract Amount**	**Contract Amount due after One Year**	**Fair Value**
		(Millions of yen)		
Payment - fixed rate in Japanese Yen, receipt - fixed rate in U.S. dollars	**Operational Investment Securities**	**¥10,451**	**¥10,451**	**¥(1,135)**
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	**Long-term Debt**	**¥291**	**¥204**	**¥1**

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

At March 31, 2022	**Hedged item**	**Contract Amount**	**Contract Amount due after One Year**	**Fair Value**
		(Thousands of U.S. dollars)		
Payment - fixed rate in Japanese Yen, receipt – fixed rate in U.S. dollars	**Operational Investment Securities**	**$85,382**	**$85,382**	**$(9,272)**
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	**Long-term Debt**	**$2,383**	**$1,670**	**$10**

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 19 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, 2022	**Hedged item**	**Contract Amount**	**Contract Amount due after One Year**
Payment - fixed rate, receipt - floating rate	**Loans Receivables**	**¥2,278**	**¥2,278**
	Long-term Debt	**¥185,580**	**¥179,816**
Payment - floating rate, receipt - fixed rate	**Long-term Debt**	**¥-**	**¥-**

		(Millions of yen)	
At March 31, 2021	Hedged item	Contract Amount	Contract Amount due after One Year
Payment - fixed rate, receipt - floating rate	Loans Receivables	¥2,375	¥2,375
	Long-term Debt	¥147,950	¥145,627
Payment - floating rate, receipt - fixed rate	Long-term Debt	¥18,103	¥18,103

		(Thousands of U.S. dollars)	
At March 31,2022	**Hedged item**	**Contract Amount**	**Contract Amount due after One Year**
Payment - fixed rate, receipt - floating rate	**Loans Receivables**	**$18,613**	**$18,613**
	Long-term Debt	**$1,516,055**	**$1,468,967**
Payment - floating rate, receipt - fixed rate	**Long-term Debt**	**$-**	**$-**

(2) Interest rate and currency swaps

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

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

At March 31, 2022	**Hedged item**	**(Thousands of U.S. dollars)** **Contract Amount**	**Contract Amount due after One Year**
Payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars	**Factoring Receivables**	**$384**	**$-**

21.Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the years ended March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2022	2021	**2022**
Unrealized Gain (Loss) on Available-for-sale Securities			
Gains arising during the year	**¥2,076**	¥3,038	**$16,965**
Reclassification adjustments to profit or loss	**(807)**	(4,537)	**(6,599)**
Amount before income tax effect	**1,268**	(1,498)	**10,366**
Income tax effect	**388**	(465)	**3,175**
Total	**¥880**	¥(1,033)	**$7,191**
Deferred Loss on Derivatives under Hedge Accounting			
Losses arising during the year	**¥(2,027)**	¥(988)	**$(16,562)**
Reclassification adjustments to profit or loss	**958**	750	**7,829**
Amount before income tax effect	**(1,068)**	(238)	**(8,733)**
Income tax effect	**(328)**	(72)	**(2,682)**
Total	**¥(740)**	¥(166)	**$(6,051)**
Foreign Currency Translation Adjustments			
Adjustments arising during the year	**¥10,005**	¥(2,775)	**$81,741**
Reclassification adjustments to profit or loss	**-**	-	**-**
Amount before income tax effect	**10,005**	(2,775)	**81,741**
Income tax effect	**-**	-	**-**
Total	**¥10,005**	¥(2,775)	**$81,741**
Defined Retirement Benefit Plans			
Adjustments arising during the year	**¥144**	¥984	**$1,183**
Reclassification adjustments to profit or loss	**(37)**	10	**(304)**
Amount before income tax effect	**107**	994	**879**
Income tax effect	**33**	303	**270**
Total	**¥74**	¥691	**$609**
Share of Other Comprehensive Income in associates			
Income arising during the year	**¥(660)**	¥945	**$(5,393)**
Reclassification adjustments to profit or loss	**7**	(18)	**58**
Total	**¥(653)**	¥927	**$(5,335)**
Total Other Comprehensive Income (Loss)	**¥9,566**	¥(2,356)	**$78,155**

22.Supplemental Information on Changes in Equity

The increase of 72 shares of treasury stock is due to the purchase of shares less than one unit. The decrease of 6 thousand shares of treasury stock is due to the sales from BBT mentioned above. Issued shares in common stock at the end of fiscal year includes treasury stock of 625,900 shares held by the Company's BBT. (See Note 2 (z) for details on BBT.)

23.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, 2022 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2022	**2022**
Borrowing funds	**¥2,350,205**	**$19,199,454**
Securitization of receivables	**260,424**	**2,127,474**
Issuance of commercial paper	**1,435,200**	**11,724,532**
Payment of interest	**1,806**	**14,756**
Purchase of leased property	**33,688**	**275,213**
Receipt of interest	**581**	**4,748**
Redemption of bonds	**15,000**	**122,539**
Issuance of bonds payable	**80,000**	**653,541**

The balances due to or from these companies at March 31, 2022 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2022	**2022**
Investment securities	**¥35,247**	**$287,942**
Accrued income	**127**	**1,045**
Prepaid expenses	**1**	**10**
Short-term borrowings	**134,465**	**1,098,481**
Commercial paper	**89,300**	**729,516**
Payables under securitized lease receivables	**44,552**	**363,963**
Current Portion of Long-term debt	**70,875**	**579,005**
Current Portion of Bonds Payable	**30,000**	**245,078**
Bonds payable	**215,000**	**1,756,393**
Long-term debt	**41,120**	**335,923**
Long-term payables under securitized lease receivables	**12,898**	**105,374**
Accrued expenses	**204**	**1,671**

24.Per Share Information

Details of basic net income attributable to owners of the parent per share ("EPS") for the years ended March 31, 2022 and 2021 were as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
For the year ended March 31, 2022:	Net income attributable to owners of the parent	Weighted-average shares	EPS	
Basic EPS				
Net income available to common shareholders	**¥14,902**	**48,375**	**¥308.07**	**$2.52**
For the year ended March 31, 2021:				
Basic EPS				
Net income available to common shareholders	¥21,772	48,369	¥450.14	$3.68

25.Subsequent Events

Appropriation of Retained Earnings

The following appropriation of Retained Earning at March 31, 2022, was approved at the Company's shareholders' meeting on June 24, 2022:

	(Millions of yen)	(Thousands of U.S. dollars)
Year-end cash dividends, ¥55.00 ($0.45) per share	**¥2,695**	**$22,018**

Deloitte.

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Mizuho Leasing Company, Limited and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matters

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

1. Adequacy of the Allowance for Doubtful Receivables

Key Audit Matter Description

The Group recorded lease receivables and investments in lease of ¥1,172,643 million, installment sales receivables of ¥109,376 million, loans receivables of ¥395,300 million and factoring receivables of ¥187,180 million on the consolidated balance sheet as of March 31, 2022. These trade receivables ("Trade Receivables") accounted for the majority of the Group's consolidated total assets. Also, the allowance for doubtful Trade Receivables was ¥9,732 million (the amounts directly written-off were ¥6,194 million) as of March 31, 2022.

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

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

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

Therefore, we concluded that the adequacy of the allowance for doubtful receivables is especially significant in our audit of the consolidated financial statements for the year ended March 31, 2022, and thus determined it to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

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

(1) Evaluation of the effectiveness of internal controls

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

(2) Substantive procedures

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

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

Key Audit Matter Description

As described in Note 3(2), "Significant Accounting Estimates—Valuation of Goodwill on Associated Companies," and Note 8, "Investments" to the consolidated financial statements, equity in earnings of associated companies of ¥2,035 million included an impairment loss for goodwill of Aircastle Limited ("Aircastle") of ¥10,671 million.

The Group recognized an indication of impairment for goodwill of Aircastle in light of its business conditions and the conditions of the airline industry as a whole in which it operates, which were both impacted by COVID-19 infection. Next, the Group compared the total carrying amount of an asset group of Aircastle, including goodwill, to the total undiscounted future cash flows over the remaining amortization period of goodwill calculated based on the business plans of Aircastle. As a result, as the total undiscounted future cash flows were less than the total carrying amount, the Group concluded that an impairment loss should be recognized. Then, the Group measured the impairment loss using the value in use calculated based on the business plans of Aircastle as its recoverable amount.

As the development of the business plans of Aircastle involves assumptions about the economic trends in the airline industry as a whole, including the impact of COVID-19 infection, and estimates made by management regarding Aircastle's business conditions, and the business plans cover an extended period of time, it is considered to involve a high degree of uncertainty and a high level of management judgments. Also, the determination of the discount rate used to measure an impairment loss requires a high degree of valuation expertise in the selection of calculation methods and input data.

Therefore, we concluded that the adequacy of valuation of goodwill of Aircastle is especially significant in our audit of the consolidated financial statements for the year ended March 31, 2022, and thus determined it to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

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

(1) Evaluation of the effectiveness of internal controls

- We evaluated the design and operating effectiveness of internal controls, such as review and approval, over the development of the business plans of Aircastle.

- We evaluated the design and operating effectiveness of internal controls, such as review and approval, over the identification of indications of goodwill impairment and the recognition and measurement of impairment.

(2) Evaluation of the reasonableness of the estimated future cash flows and the discount rate used in the valuation of goodwill of Aircastle

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

- We inspected supporting documents for the business plans and inquired of the officer in charge of Aircastle.

- We evaluated the appropriateness of the business plans based on external information on the airline industry reflecting the impact of COVID-19 infection.

To evaluate the reasonableness of the discount rate used to measure an impairment loss, we used our network firm's valuation specialists to assist us to compare the Group's discount rate with the discount rate that we independently estimated based on external information, etc.

3. Adequacy of the Amount of Negative Goodwill of Equity-Method Associated Companies

Key Audit Matter Description

As described in Note 8, "Investments" to the consolidated financial statements, equity in earnings of associated companies of ¥2,035 million included negative goodwill of ¥9,126 million and ¥5,801 million, relating to NIPPON STEEL KOWA REAL ESTATE CO., LTD. ("NIPPON STEEL KOWA REAL ESTATE") and Mizuho Capital Co., Ltd. ("Mizuho Capital"), respectively, which became equity-method associated companies during the year ended March 31, 2022.

In applying the equity method to NIPPON STEEL KOWA REAL ESTATE and Mizuho Capital, the Group identified all identifiable assets and liabilities of these two companies at the time of acquisition and allocated the acquisition costs to them. As a result, as the acquisition costs were less than the net amount of assets acquired and liabilities assumed for each of both associated companies, negative goodwill was recorded as income in the year in which it arose.

In the above process, the valuation of assets and liabilities, which is the basis for the allocation of the acquisition cost to all identifiable assets and liabilities, involves significant judgments and estimates made by management.

Therefore, we concluded that the adequacy of the amount of negative goodwill of NIPPON STEEL KOWA REAL ESTATE and Mizuho Capital is especially significant in our audit of the consolidated financial statements for the year ended March 31, 2022, and thus determined it to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

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

(1) Evaluation of the effectiveness of internal controls

We evaluated the design and operating effectiveness of internal controls, such as review and approval, over the appropriate calculation of negative goodwill (including the identification of all identifiable assets and liabilities of the equity-method associated companies and the allocation of acquisition costs to them).

(2) Evaluation of the adequacy of the amount of negative goodwill

- We inquired of management about the cause of negative goodwill of NIPPON STEEL KOWA REAL ESTATE and Mizuho Capital and the method of identifying and valuating identifiable assets and liabilities.

- We evaluated the reasonableness of the content of the valuation documents prepared by the valuation specialists that the Group used to identify and valuate identifiable assets and liabilities of the above two companies.

- We used our network firm's valuation specialists to assist us to evaluate the valuation of identifiable assets and liabilities of the above two companies.

Other Information

The other information comprises the information included in the Group's disclosure documents accompanying audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

Deloitte Touche Tohmatsu LLC

July 13, 2022