

1. Business Performance and Conditions

Looking back on the economic conditions in fiscal year 2024, the United States maintained steady economic growth driven by personal consumption, while in Europe, personal consumption stagnated and economic growth remained sluggish due to the effects of monetary tightening. In Asia, the economy lacked strength due to prolonged adjustment of the real estate market in China and sluggish personal consumption.

In Japan, although the Bank of Japan raised its policy interest rate twice, the economy has continued a moderate recovery, supported by factors such as increased capital investment driven by improved corporate earnings, growth in employment, and higher personal consumption resulting from better income conditions.

In the leasing industry, supported by the upward trend in capital investment, the volume of leasing transactions exceeded the level of the previous fiscal year.

Our group has designated the three-year period from fiscal 2023 to fiscal 2025 as "Three Years of Transformation" and is currently promoting the Medium-Term Management Plan 2025. Aiming to become a multi-solution platform provider that contributes to solving customers' business and social challenges, and to achieve significant growth toward this goal, we have adopted the key themes of "Challenge," "Transformation," and "Growth." We are proactively allocating management resources to both our business and management foundations, and have positioned the following as our priority strategies: "Transformation and advancement of business portfolio management," "Alliance and inorganic growth strategies," "Promotion of sustainability management," and "Strengthening and advancement of the management foundation that supports growth."

In addition, as we work to expand our group and increase the value we provide for our stakeholders, we have set consolidated targets for the final year of our medium-term plan that include "net income of ¥42.0 billion," "ROA of 1.6% or more, and "ROE of 12% or more."

Amid these circumstances, in fiscal 2024, we focused on providing varied solutions across our portfolio of business ventures.

Regarding our profit and loss situation, gross profit increased by ¥12,722 million (17.3%) compared with the previous fiscal year (March 2024) to ¥86,343 million. Operating profit, despite increases in personnel and property expenses, rose by ¥9,454 million (23.9%) to ¥48,966 million, supported by the strong performance of gross profit. Ordinary profit increased by ¥15,321 million (30.1%) to ¥66,219 million, driven in part by higher equity-method investment income.

As a result of the foregoing, net income attributable to owners of the parent increased by ¥6,817 million (19.4%), to ¥42,038 million.

Highlights of our financial position are as follows.

Contract execution volume in the Leasing & Installment Sales segment increased by 41.6% compared with the previous fiscal year (March 2024) to ¥957,031 million, supported by the accumulation of projects in priority areas

such as real estate. In the Finance segment, it increased by 2.8% to ¥814,940 million. As a result, the overall volume of newly executed contracts increased by 22.3%, to ¥1,795,684 million. Operating assets expanded by ¥422,958 million since the previous fiscal year end, to ¥3,281,857 million, and total assets increased by ¥534,725 million, to ¥3,898,061 million as a result of the accumulation of assets through business solutions centering on collaboration within the Mizuho Group that address issues facing customers primarily in real estate and domestic leasing.

Total liabilities increased by ¥463,029 million compared to the end of the previous fiscal year, to ¥3,496,565 million. The interest-bearing debt component of this figure grew by ¥435,643 million, to ¥3,278,071 million, in line with the increase in operating assets.

Net assets increased to ¥401,495 million, reflecting the capital increase associated with the business and capital alliance with Marubeni Corporation as well as the accumulation of period profits.

Operating results by segment

Financial results broken down by segment are as follows. (Note: Earnings figures derive from business with external customers.)

[Leasing and installment sales]

Sales in the Leasing & Installment Sales segment increased by 3.9% compared with the previous fiscal year (March 2024) to ¥645,193 million, and operating profit rose by 11.7% to ¥28,356 million.

At the end of the current fiscal year (March 2025), the balance of operating assets increased by ¥275,422 million from the previous fiscal year-end, reaching ¥1,970,339 million.

[Finance]

Financing segment revenues increased 22.9% year-on-year, to ¥41,488 million and operating income increased 18.6%, to ¥23,808 million.

At the end of the current fiscal year, the balance of operating assets increased by ¥120,016 million from the previous fiscal year-end, reaching ¥1,217,493 million.

[Other]

Other revenues increased by 455.2% compared with the previous fiscal year to ¥8,742 million, and operating profit rose by 431.3% to ¥1,402 million.

At the end of the current fiscal year, the balance of operating assets increased by ¥27,519 million from the previous fiscal year-end, reaching ¥94,024 million.

2. Operating Results and Financial Position

In accordance with our Medium-term Management Plan 2025, which covers the three-year period from fiscal 2023 to fiscal 2025, the Mizuho Leasing Group, as a partner in value co-creation, is focusing on its mission to transcend the boundaries of finance and provide diverse solutions across a range of business areas that address the social and business

issues facing our customers.

Specific initiatives in each business domain for fiscal 2024 were as follows.

[Domestic Leasing]

In the domestic leasing business, we aim to co-create value as a strategic business partner for our customers. We have also been leveraging our alliance partners, mainly Mizuho, to co-create businesses with customers to promote the introduction of automatic commercial cleaning robots and automatic meal delivery robots, etc. We have accumulated operating assets and expanded our revenue base by helping customers expand their businesses and alleviate the labor shortage, which is a social issue.

[Real Estate and Environment & Energy]

In the real estate business, the Group aimed to expand its existing core business and promote new business areas in both directions, focusing on loans and real estate leasing for various types of real estate, including offices and logistics facilities, as well as the development and acquisition of original brand properties, thereby expanding and upgrading the value chain in the real estate business.

In the environmental energy business, we worked to secure renewable energy sources via our subsidiaries such as ML Power Co., Ltd., aiming to create new business opportunities. Our initiatives included establishing schemes to provide customers with electricity generated from solar power and non-fossil certificates (environmental value) on a long-term and stable basis. In the grid storage battery business, we also focused on new areas, including the launch of our group's first grid-connected storage power station in March 2025, thereby expanding our service offerings across the supply chain.

[Overseas and Aviation Operations]

In our overseas business, we have positioned entering new growth markets through M&A as a priority strategy. In August 2024, we increased our ownership ratio in Rent Alpha Pvt. Ltd. to 87.6%, and in March 2025, the company was renamed Mizuho RA Leasing Pvt. Ltd. In addition to the additional acquisition of shares, by incorporating 'Mizuho' into the company name, we will pursue business expansion in the Indian market—which is expected to see further growth—as a member of both the Mizuho Financial Group and the Mizuho Leasing Group.

In the aircraft business, we aimed to expand aircraft-related financial services through collaboration with Marubeni Corporation, focusing on aircraft leasing through Aircastle Limited, an aircraft leasing company in the United States that is an equity-method affiliate of both companies. We also focused on providing aircraft-related financial services such as aircraft-backed loans and investment products to Japanese investors, and through these efforts we contributed to providing value to our customers.

[Finance and Investment]

To meet the equity requirements of business succession and

MBO projects, we established MIRAIZ CAPITAL Co., Ltd., a consolidated subsidiary and fund management company. In the future, we will take on the challenge of working in the form of a fund with the aim of co-creating value to enhance the corporate value of our customers and solve social issues through the supply of risk money using financing functions, including equity.

With regard to collaboration and partnership with alliance partners, we entered into a capital and business alliance agreement with Marubeni Corporation in May 2024. Following this, in June 2024, we carried out a third-party allotment of shares to Marubeni Corporation and Mizuho Financial Group, Inc. As a result, Marubeni now holds 20% of our total issued shares, and our company has become an equity-method affiliate of Marubeni. In addition, Mizuho Financial Group, Inc. maintained its ownership interest of 23.6% (including indirect holdings), thereby preserving and strengthening our strong partnership. By strengthening our financial base and quantitatively expanding our risk-taking capabilities through the procurement of funds through third-party allotment, we are further promoting the accumulation of high-quality operating assets and expanding business and investment opportunities through the active use of inorganic methods.

In addition, in April 2024, we entered into a capital and business alliance agreement with Gecoss Corporation, a major heavy temporary construction contractor in the JFE Group, and acquired 20.03% of the company's voting rights in May of the same year. The two companies will create new business opportunities, including collaboration in the temporary construction business and construction equipment business through the development of technologies that contribute to labor and energy saving, and overseas collaboration through joint business development, by effectively utilizing the strengths, business bases, etc. of both companies.

[Capital Resources and Liquidity of Funds]

To provide a wide range of financial services that meet the needs of our customers, our group strives to secure stable access to funding while controlling costs. We also maintain readiness to obtain funding opportunistically as events warrant under an asset and liability management (ALM) policy that is sensitive to our annual funding needs and changes in the financial environment.

The group's financing includes long- and short-term funding raised indirectly through borrowing from financial institutions and directly from the market. At the end of the current fiscal year (ended March 2025), indirect funding was up by ¥345,764 million year-on-year, at ¥2,031,163 million. Direct procurement was ¥89,878 million higher, at ¥1,246,907 million, reflecting the issuance of commercial paper, corporate bonds, and the like.

In order to ensure working capital liquidity and maintain ready access to funding, we have concluded overdraft and commitment line agreements with 50 financial institutions, for a total credit line of ¥1,186,083 million as of the fiscal year-end. Our unused balance as of this writing stood at ¥537,651 million, demonstrating our adequate funding liquidity.

[Status of Cash Flows]

The cash flow status for the current fiscal year (ending March 2025) is as follows.
Cash flows from operating activities resulted in an outflow of ¥393,324 million.
Cash flows from investing activities resulted in an outflow of ¥53,184 million.
Cash flows from financing activities consisted of an outflow of ¥10,994 million for dividend payments, while inflows totaled ¥345,694 million from indirect financing and

¥131,492 million from direct financing through the issuance of commercial paper and bonds, as well as third-party allotments to Marubeni Corporation and Mizuho Financial Group, resulting in a net inflow of ¥457,132 million for financing activities as a whole.
As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year under review increased by ¥11,805 million year-on-year, to ¥67,999 million.

marketable securities and the latter consisting of interest obligations on its borrowing.
To respond to interest volatility, the group procures funds that balance against the interest rate conditions of its assets and also hedges using derivative strategies.
Specifically, using the asset and liability management (ALM) method, we manage interest rate risk by controlling the matching ratio (the ratio of the portion of assets not subjected to interest rate fluctuation risk by allocating liabilities and derivatives with fixed-rate interest and variable-rate interest to assets with fixed-rate and variable-rate yields).

(5) Asset Risk

The Mizuho Leasing Group engages in such businesses as real estate leasing, real estate investment and financing, and aircraft leasing. In undertaking these activities, we carefully assess the creditworthiness, potential income and expenditure, and asset holdings of our business partners. The possibility nevertheless remains that the group's performance could be affected by deteriorating business performance among our business partners or significant impairment of properties they own.
To contend with the potential for declines in asset value, we have established an internal management system to monitor such factors as the credit standing of our business partners, trends in asset values, and forecasted income and expenditure. This system enables flexible countermeasures to minimize the impact on our group.

(6) Equity Risks

The Mizuho Leasing Group invests in renewable energy projects, other business ventures, and funds. These investments are subject to the risk that changes in business conditions, such as economic fluctuations or supply and demand factors, may impair the value of these assets. In addition, there is a risk that cash flow volatility may prevent the realization of initially expected returns, thereby reducing the possibility of recovering the invested amounts.
When undertaking individual projects, the group carefully evaluates future income and expenditures as well as asset values from a broad perspective, and make a comprehensive assessment of whether returns commensurate with the associated risks can be secured. Furthermore, to enable a prompt response to changing circumstances, we continue to monitor the operational status and external environment even after the commencement of each project.

(7) Risks Arising from Business Activities

The group faces several categories of business risk that can expose it to litigation and other trouble: (1) IT/system risk, which includes system failure and improper use, leading to clerical errors, (2) information security risk, which can result in the loss or leakage, or theft of data, and (3) compliance risk, in which the company may face reputational damage if found in noncompliance with laws, regulations, and company standards. Should the risks manifest themselves, the company may forfeit business opportunities and become liable for restitution, thereby potentially harming the group's earnings.

The company has established a risk management system to enable the group to respond to various issues in a flexible and cross-sectional manner, and to control risks in order to minimize the impact on the group.

(8) Force Majeure and Other Risks

If the group suffers unexpected economic losses due to unpredictable events such as earthquakes, wind and water damage, or the spread of infectious diseases, its business performance may be affected.
To counter such situations, we have established a business continuity plan, implemented a system for maintaining business operations, and otherwise taken measures to minimize the impact on our group.

(9) Cyber Security Risks

The group uses various information systems to manage its business activities and is connected to external networks for such purposes as email. These information systems are at risk of cyber attacks via computer virus infiltration, unauthorized external access, and other means. In the event of a system shutdown or failure, an information leak, an unauthorized access incident, or what have you, the group's business performance may be affected by liability for damage compensation, a loss of trust, and economic losses due to interruption of business activities.
In response to such situations, we have formulated a basic policy for cybersecurity risk management, clarifying our risk management system, including the group-wide response policy, responsible persons, management framework, and roles and responsibilities of relevant parties. We have also organized a Computer Security Incident Response Team (CSIRT) to react to security incidents.
We have also strengthened our information countermeasures by establishing a 24/7 monitoring system through our Security Operation Center (SOC) and are working to strengthen our resilience by analyzing viruses, implementing multilayered protection, and taking other defensive measures. In order to adapt to the growing threats posed by the use of cloud computing and the diversification of work styles, we are also responding to the latest security threats, such as promoting the introduction of a zero-trust architecture as a security measure to prevent attackers from freely acting within the company. In addition to conducting phishing email training and companywide initial response training for employees, we are also working to raise security awareness through e-learning programs.

(10) Risks Related to Climate Change

The Group's measures in response to the effects of climate change include scenario analysis and information disclosure. If we are unable to respond to abnormal weather such as typhoons and torrential rain, the strengthening of laws and regulations concerning climate change countermeasures, and the advancement of technological innovation and business model transformation to address these issues, the group's business performance and our customers' operations could suffer.

■ Business Risks and Other Risks

The group's financial position, operating results, cash flows, and other categories of business risk that we recognize as having the potential to materially affect investors' decisions are discussed below.
In addition to taking mitigating measures in each of these risk categories, the group is working to develop and strengthen its risk management system so that it can respond quickly and appropriately when actual risks materialize.
Note that any statements regarding the future included in this section are based on judgments made as of the end of the current consolidated fiscal year.

(1) Risks Related to the Operating Environment

The group's business development effort centers on leasing transactions in support of customers' business activities. The group's business results stand to be affected if worsening business performance among our customer base sharply curtails capital investment. Circumstances that could precipitate this include a spike in energy and resource prices against a backdrop of regional conflict, manufacturing cutbacks amid disruption to global supply chains, and pronounced international market volatility in interest and forex rates.

(2) Credit risk

The group's leasing operations and other primary business activities revolve around transactions that provide customers with credit in the form of leasing over relatively long periods (averaging around five years). While initial earnings projections are premised on collecting the full amount of leasing and other fees from customers, these initial revenue expectations face the potential risk that the economic situation could worsen, undermining the customer's business environment, and making it impossible to collect the initially expected payments.
Prior to entering into a potential transaction, our group mitigates nonpayment risk through such measures as strict initial credit checks and thorough assessments of the future resale value of leased items. During the term of a live transaction, we regularly monitor the lessee's credit situation and take measures to protect our receivables as necessary. In addition, if a customer's credit situation deteriorates and they fail to make payments, we will try to recover as much as

possible by selling the leased properties or diverting them to other customers.
Nevertheless, our cost of credit exceeds our projections due to such factors as a sudden shift in economic conditions or deterioration in the customers' creditworthiness, the group's business results may ultimately be affected.

(3) Liquidity Risk (funding)

In order to obtain the capital necessary to run our business, our group funds its operations through such means as bank loans and the issuance of debt instruments, including corporate bonds and commercial paper. If volatility in the financial markets or de-terioration in the group's financial position complicates our fundraising objectives, restrictions on access to capital could affect the group's business activities.
In order to minimize such liquidity risk, we are diversifying our array of funding methods, adjusting our funding framework to better account for market conditions, and maintaining liquidity on hand.

(4) Interest Rate Risk

In order to obtain the capital necessary to run our business, our group funds its operations through such means as bank loans and the issuance of debt instruments, including corporate bonds and commercial paper.
The group's interest income and expenses are exposed to interest rate risk stemming from the differing interest parameters –e.g., levels, term, degree of variability (fixed, adjustable) – on its receivables and payables, the former being lease income and returns on investments in