

Message from the CFO



We have achieved all financial targets set forth in our Medium-term Management Plan 2025 one year ahead of schedule. Moving forward, we continue to invest proactively in growth as we strengthen the management foundation that sustains our expansion. At the same time, we are driving the transformation of our business portfolio and enhancing corporate value.

Deputy President
Hiroshi Nagamine

1 Business Portfolio Transformation and Recent Performance

Under the Medium-term Management Plan 2025, we categorized our business portfolio into three segments—core, growth, and frontier—with differing maturation timelines. By appropriately managing areas focused on short-term profitability and areas requiring growth investments for medium-to-long-term monetization, we are strengthening the business foundation that enables sustainable growth. Specifically, we continue to build up high-quality assets in domestic leasing and real estate, which remain core revenue areas, while actively allocating management resources to growth areas like global business and environmental energy to develop them into the next major revenue pillars. Simultaneously, we are making

proactive upfront investments in frontier areas such as the circular economy and XaaS, which hold potential as new revenue sources over the medium-to-long term. In the fiscal year 2024, driven by the accumulation of operating assets centered on real estate, initiatives across each business segment, contribution from our Indian subsidiary Mizuho RA Leasing, and increased equity method earnings from companies like Nippon Steel Kowa Real Estate and Aircastle, Net income attributable to owners of the parent reached a record high of ¥42.0 billion. This achievement met the Medium-term Management Plan 2025 target one year ahead of schedule. At the same time, we achieved the medium-term plan targets for our other financial goals—ROA on ordinary profit and ROE on net income—one year ahead of schedule.

2 Inorganic Strategy and Collaboration with Marubeni

In May 2024, following a capital and business alliance with Marubeni, we executed a third-party allotment of new shares to Marubeni and others, strengthening our capital base. By leveraging the surplus generated from this capital injection, we achieved our medium-term plan's target for building up operating assets one year ahead of schedule. Moreover, we are beginning to see results from our business tie-up with Marubeni through examples such as our investment in renewable energy in Portugal during June 2025. We are also steadily progressing with our inorganic growth strategy, under which we have increased our stake in Mizuho RA Leasing and Nippon Steel Kowa Real Estate, made GECOSS an affiliate, and established ML ITAD Solutions.

3 The Interest Rate Era has Arrived

With the Bank of Japan having raised its policy interest rate twice in the fiscal year 2024, the era of interest rates has finally arrived. Although rising interest rates will eventually lead to improved yields on operating assets through pass-through to lease payments, there is a certain time lag. Ahead of this, funding rates have also risen, creating short-term cost pressures. Meanwhile, as we advance our medium-term strategy, our balance of operating assets continues to grow. Maintaining stable funding structures—including controlling interest rate risk on assets and liabilities

through ALM operations and strengthening and diversifying funding sources—remains an ongoing challenge. With this understanding, going forward, we also plan to expand the use of sustainable finance as a new funding tool.

4 Initiatives to Enhance Corporate Value

With regard to shareholder returns, we achieved the financial targets set forth in our Medium-term Management Plan 2025 one year ahead of schedule in fiscal 2024 and are, therefore, raising our dividend to remain in line with our target dividend payout level of 30% or so. Under our basic policy of enhancing profitability and maintaining performance-based dividends, we will continue to offer attractive shareholder returns by distributing growing profits in amounts consistent with our dividend payout ratio objective. In line with our push for management is mindful of capital costs and share price, achieving a price-to-book ratio (PBR) of 1x is a key theme. To simultaneously maintain a high return on equity (ROE) and improve our equity ratio, we are focusing more intensively than ever on improving our return on assets (ROA). Furthermore, through better information disclosure and proactive engagement with shareholders and investors via IR activities, we strive to deepen their understanding and guide expectations regarding our business strategy and future sustainable growth potential, further elevating our market valuation.

FY2024 performance (¥ billion)

	FY2021	FY2022	FY2023	FY2024
Revenue	554.8	529.7	656.1	695.4
Operating income	17.9	31.8	39.5	49.0
Ordinary income	20.1	40.1	50.9	66.2
Net income attributable to owners of the parent	14.9	28.4	35.2	42.0
Cash dividend applicable to the fiscal year*	¥22.0	¥29.4	¥38.4	¥47.0
Dividend payout ratio	35.70%	25.10%	26.50%	30.40%

*Adjusted for stock split