■ Analyses on Business Conditions & Operating Results

1. Business Performance and Conditions

Looking back on the economic conditions in fiscal 2025, the United States maintained steady economic growth driven by increased capital investment amid expansion in AI-related demand, and higher consumption supported by rising stock prices. Europe also experienced moderate growth on the back of solid domestic and external demand. In Asia, too, there was a prolonged correction in the real estate market in China, but the economy continued to grow at a steady pace as a result of government measures to stimulate domestic demand and the expansion of exports to third countries. In Japan, a moderate economic recovery continued, supported by solid capital investment and increased personal consumption. On the other hand, the impact of U.S. tariff policies is becoming apparent in some areas, while concerns about accelerating inflation and economic deterioration are increasing due to heightened geopolitical risks including rising short- and long-term interest rates, and higher crude oil prices due to the escalating situation in Iran. Due to these complex factors, there is ongoing uncertainty concerning the economic and financial outlook.

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.

Against this backdrop, the group has focused on offering a diverse range of solutions that address the social and business challenges faced by our customers, as a value co-creation partner that transcends the boundaries of finance. In each business area, we have worked to strengthen existing businesses and create new business opportunities by making maximum use of Mizuho's customer base and Marubeni's network. Regarding our profit and loss situation, funding costs were higher but gross profit nonetheless rose ¥2,516 million (2.9%) from the previous fiscal year (fiscal 2024) to ¥88,859 million, supported by an increase in operating assets and solid profit margin. Operating profit decreased by ¥4,291 million (8.8%) to ¥44,674 million, as increased personnel and property expenses outweighed strong gross profit. Ordinary profit decreased by ¥1,249 million (1.9%) to ¥64,969 million.

As a result of the foregoing, and other factors such as the sale of strategic shareholdings, net income attributable to owners of the parent increased by ¥5,571 million (13.3%) to ¥47,609 million.

Highlights of our financial position are as follows.

Contract execution volume in the Leasing & Installment Sales segment decreased by 1.3% from the previous fiscal year (fiscal 2024) to ¥944,610 million. In the Finance segment, contract execution volume increased by 26.6% to ¥1,031,621 million. As a result, the overall volume of newly executed contracts increased by 10.5%, to ¥1,984,727 million. Operating assets expanded by ¥118,020 million from the previous fiscal year end, to ¥3,399,877 million, and total assets increased by ¥277,194 million, to ¥4,175,256 million, as a result of the accumulation of assets through business solutions centering on collaboration within Mizuho that address issues facing customers primarily in real estate and domestic leasing.

Total liabilities increased by ¥224,221 million from the previous fiscal year end, to ¥3,720,786 million. The interest-bearing debt component of this figure grew by ¥195,987 million, to ¥3,474,058 million, in line with the increase in operating assets.

Net assets increased to ¥454,469 million, reflecting the accumulation of period profits.

Operating results by segment

Financial results broken down by segment are as follows. (Note: Sales are sales to external customers.)

[Leasing and Installment Sales]

Operating profit in the Leasing & Installment Sales segment decreased by 5.3% from the previous fiscal year (fiscal 2024) to ¥26,851 million. At the end of the fiscal year under review (fiscal 2025), the balance of operating assets was ¥7,178 million lower than the previous fiscal year-end, at ¥1,963,160 million.

[Finance]

Finance segment operating profit decreased by 28.6% from the previous fiscal year, to ¥17,010 million.

At the end of the fiscal year under review, the balance of operating assets was ¥65,387 million higher than the previous fiscal year-end, at ¥1,282,881 million.

[Other]

Other operating profit increased by 37.8% compared with the previous fiscal year, to ¥1,933 million.

At the end of the fiscal year under review, the balance of operating assets was ¥59,811 million higher than the previous fiscal year-end, at ¥153,835 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, has focused 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 2025 were as follows.

[Domestic Leasing]

In the domestic leasing business, we aim to co-create value as a strategic business partner for our customers.

In September 2025, we entered into a capital and business alliance agreement with Rental System Co., Ltd., and in December 2025, we made P-C-S Co., Ltd. (PCS) a consolidated subsidiary, with a view to strengthening our mobility & rental business domain and expanding our value chain. We also worked to promote circular economy businesses by concluding a capital and business alliance agreement to strengthen our strategic partnership with TRE Holdings Co., Ltd., and establishing ML ITAD Solutions Co., Ltd. to create new services and value stemming from the recovery of used IT equipment.

[Real Estate and Environment & Energy]

In the real estate business, the group aims to expand its existing core business while also promoting new business domains. In addition to strengthening existing businesses in response to customer needs, we launched the office property brand MipLa and the logistics facility brand Malien as proprietary brands. Furthermore, we expanded our value chain by participating in a build-to-rent (BTR) development in Australia, strengthening collaboration with Nippon Steel Kowa Real Estate Co., Ltd. and CCReB Advisors Inc., and acquiring an interest in Star Asia Group LLC.

In the environmental energy business, we conducted a tender offer for Japan Infrastructure Fund Investment Corporation (JIF) with the aim of creating new business opportunities. We also sought to expand our business domains and revenue opportunities by securing renewable energy sources through our subsidiary ML Power Company, Limited, and by commencing commercial operation of the Takeo Battery Storage Station in the energy storage business.

[Overseas and Aviation Operations]

In our overseas business, we regard strengthening our inorganic strategy and deepening and expanding our collaboration with Marubeni Corporation as key strategies, and we are pursuing business expansion in overseas markets where further growth is expected.

In the aircraft business, we focused on aircraft leasing through Aircastle Limited, an equity-method affiliate hat we jointly own with Marubeni Corporation, and saw significant growth in earnings. For Japanese investors, we established a scheme enabling us to offer aircraft engines as an investment product alongside aircraft and ships.

[Finance and Investment]

In the Finance and Investment business, we provided various financial solutions for customers at different stages of development covering a wide range of strategic situations, including acquiring an equity interest in TotalEnergies' renewable energy portfolio in Portugal, investing in a grid-scale battery storage project in the United Kingdom, and participating in a domestic natural gas power generation business aimed at realizing a decarbonized society.

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 fiscal year under review (fiscal 2025), indirect funding was ¥305,872 million higher than the previous fiscal year end, at ¥2,337,035 million. Direct funding was ¥109,884 million lower, at ¥1,137,022 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 49 financial institutions, for a total credit line of ¥1,346,160 million as of the fiscal year end. Our unused balance stood at ¥645,129 million, demonstrating our adequate funding liquidity.

Status of Cash Flows

The cash flow status for the current fiscal year (fiscal 2025) is as follows.

Cash flows from operating activities resulted in an outflow of ¥18,413 million.

Cash flows from investing activities resulted in an outflow of ¥106,661 million.

Cash flows from financing activities consisted of an outflow of ¥14,698 million for dividend payments, an inflow of ¥274,161 million from indirect funding and an outflow of ¥110,167 million from direct funding through the issuance of commercial paper and corporate bonds, resulting in a net inflow of ¥146,366 million for financing activities as a whole.

As a result of the above, the balance of cash and cash equivalents increased by ¥20,801 million from the end of the previous fiscal year (fiscal 2024), to ¥88,801 million.