

Medium-term Plan 2025

Our new Group Vision, “Be a solution company leading the next-generation circular economy,” was established with a goal of 2030 that is in sync with the SDGs. Under the Medium-term Plan 2025, we will carry out CSV management, which we had been implementing during the 10 years under our previous Group Vision, and take up the challenge of reforms to realize a next-generation circular economy.

Review of Medium-term Plan 2020

Strategies

- Strategy(I)** Expand core areas:
 - ➔ Advance services unique to us that demonstrates its strengths
- Strategy(II)** Harvest new businesses:
 - ➔ Generate revenue from new businesses that capitalize on our strengths, including in non-financial sectors
- Strategy(III)**
 - ➔ Strengthen management foundation supporting business strategies

Profit targets

(billion yen)

	Profit attributable to owners of parent			
	FY2021/3	FY2022/3	FY2023/3	Cumulative total
Plan	4.0	5.5	7.5	17.0
Results	4.1	6.9	6.4	17.4

Though improving profitability remains an issue, net income reached three-year target

- We attracted higher demand during the pandemic, primarily in the Leasing business, and achieved profit targets.
- An increase in assets with higher profitability and investment business initiatives contributed to revenue and profit.
- External credit ratings improved due to higher profitability and other factors. Our R&I rating was improved from “BBB+” to “A-” and our JCR rating was improved from “A-” to “A.”
- Further improvements to revenue and profit are an issue, such as expanding the customer base and pursuing initiatives with high added value.

Progress made in generating revenue from new businesses differed in each area

- The energy area saw an expansion in the scope of the business, and the healthcare area succeeded in steadily securing assets for the warehousing business, resulting in revenue and profit in these two areas.
- In the tourism area, we made progress with investments and loans utilizing tourism resources as well as operation and fund businesses, but this area has yet to generate substantial amounts of revenue and profit.
- In the agriculture area, we struggled to stabilize revenue and generate revenue by pursuing the sixth industrialization (encouraging workers in agriculture, forestry and fishery sector to produce, process and sell their products) and optimizing the value chain.
- Although PFI was affected by the pandemic and high prices, progress was made in generating revenue from projects that we took part in as the representative company, among others.

Launch of new services is a work in progress

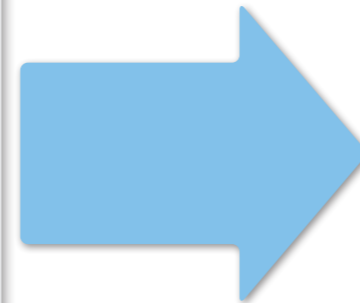
- Through the acquisition of NEC Financial Services, LLC, we entered the North American market where “as a service” type offerings are promoted.
- Efforts were made to launch a new service model with vendors and create new services, but this is still a work in progress.
- Reinforcement, including of the organization, is necessary to create and establish new services unique to the company.

Reinforcement of initiatives to improve employee engagement

- Accelerated activities aimed at improving work motivation and reinforce improvements to employee engagement.
- Revamped workstyles, such as establishing a remote work environment and reworking the operation process.
- Recognized as a Health & Productivity Management Outstanding Organization 2023 (large enterprise category).

Reinforcement of sustainability initiatives

- Issuance of Company’s first sustainability bond.
- Sustainability Committee was established and PDCA aligned with the TCFD (Task Force on Climate-related Financial Disclosures) was begun.
- Became a supporter of TCFD recommendations.



Positioning of Medium-term Plan 2025

- ➔ The first three years, during which we will take on challenges to transform ourselves in order to realize the next-generation circular economy set forth in the Group Vision
- ➔ Aim to create new cyclical services unique to the Company to practice CSV management and achieve a next-generation circular economy

Management objectives

- ➔ Improve profitability and accelerate pursuit of sustainability management through realizing a next-generation circular economy
- ➔ Set non-financial indicators such as measures to realize carbon neutrality

Financial indicators

(billion yen)

	Results in FY2023/3	FY2024/3 Plan	FY2026/3 Plan
Profit attributable to owners of parent	6.4	7.5	10.0
ROA*	0.7%	0.7%	0.9%
ROE	6%	7%	8%

* Consolidated net income/average balance for consolidated operating assets

Non-financial indicators (excerpts)

	Objective	Description	Target FY2026/3
Environmental and social issues	CO ₂ reductions to achieve carbon neutrality	Scope1+2 Ratio of decline compared to FY2023/3	20% reduction
	Establishment of social infrastructure	Cumulative contracts over three-year period for the national and local governments	400.0 billion yen
	Promotion of cyclical use following expansion of ICT business	Total number of disposals of products whose lease has ended over three-year period	700,000 units
	Promotion of response to climate change	Renewable energy power generation capacity (power generators owned)	100MW
Human capital	Promotion of activities contributing to society with natural capital in mind	School biotope education: Total increase in number of schools over three-year period	10 schools
	Improve employee engagement	Employee engagement score	34%
	Promotion of diversity	Ratio of female managers	10%

Business Strategy(I) Expand service business and create new cyclical services

- ➔ Expand services in renewable energy power generation, warehousing, IT asset management, PFI, tourism, and other businesses
- ➔ Create new services for a circular economy
 - Create services leading to cyclical use of products
 - Create services leading to virtuous circle for local economies and societies
 - Create services leading to virtuous circle for corporate growth

Business Strategy(II) Accelerate growth through strategic investment in core businesses

- ➔ Expand scale of business through high added value for ICT-related services
 - Enhancement of services related to PC-LCM*1 through system tie-ups with customers and vendors and strengthening of planning functions, expansion of rental services, BPO*2 and consulting services
- ➔ Expand and refine fields for financial products in Japan and overseas
 - Expand financial product and investment targets, with a focus on investments/loans and advisory services, and increase revenue and profit

Business Strategy(III) Strengthen vendor finance and expand customer base

- ➔ Provide capital solutions aligned with vendors and customers
- ➔ Improve profitability and create revenue opportunities by strengthening relationships with vendors
- ➔ Cultivate transactions by developing and offering solutions for customers’ issues

Strategy to strengthen management foundation

Strengthen foundation for sales operations based on digitalization of operating process and use of digital information	Launch core system as DX foundation and promote DX activities	Create organization, and introduce HR management system aligned with management strategies, and create corporate culture conducive to ongoing challenges and innovation	Improve effectiveness of corporate governance	Implement measures to achieve carbon neutrality (bring Scope 1 + 2 on a consolidated basis effectively to zero by FY2041/3)
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*1: PC-LCM: A one-stop IT equipment provision service from procurement through to operation and management.

*2 BPO (Business Process Outsourcing): A management strategy that aims to improve operational efficiency and reduce costs by partially outsourcing a company’s business processes.