

## Review of business results for fiscal year ended March 31, 2025 and outlook for fiscal year ending March 31, 2026

Katsuhiko Nishikata Executive Officer

### Trends in the business environment and leasing industry

#### Domestic lease transaction volume increased year on year amid the shift away from deflation toward an inflationary economy

The fiscal year ended March 31, 2025, was a year in which the Japanese economy furthered its return to normality having moved on from the effects of COVID-19. After the end of negative interest rates in March 2024 and two ensuing interest rate hikes, there are signs that Japan has moved away from deflation and toward an inflationary economy. The Nikkei Stock Average reached a record high in July, and the recovery in personal consumption and rising inbound demand has led to indications of major improvements in the economic outlook. However, as shown by plummeting stock prices in August and the subsequent sideways movement, the weak yen, domestic labor shortages, and slowdowns in overseas economies mean that Japan has not fully escaped deflation. Since the interest rate hike in January 2025, the stock market has shifted to a bearish phase. Moreover, with Japan's ruling party losing its majority in the lower-house election in October, and former president Donald Trump's reelection in the U.S. presidential election in November, there are growing political and economic uncertainties both in Japan and overseas. Considering these changes in the domestic and international environment, we will need to continue paying close attention to the outlook for future economic activities.

In the Japanese leasing industry in which the Group conducts business, in FY2025/3, leasing transactions increased by 9.8% year on year to 5,084.7 billion yen (according to the Japan Leasing Association's "Lease

Statistics" published on May 29, 2025), reflecting the increasing normalization of economic activities.

### Business results

#### Year-on-year decline in profit attributable to owners of parent

In terms of the Group's financial results in the fiscal year ended March 31, 2025, although revenues in the Leasing Business increased year on year, overall revenues decreased mainly due to large-scale asset sales recorded in the previous fiscal year in the Finance Business. Moreover, with large-scale asset sales that were expected for the fourth quarter now being deferred to the next fiscal year, as well as the temporary increase in funding costs caused by changes in major shareholders, gross profit decreased year on year. Elsewhere, the rise in system-related costs caused a year-on-year decrease in operating profit, while ordinary profit and profit attributable to owners of parent also decreased year on year.

#### Overview of consolidated business results (billions of yen)

	FY2024/3	FY2025/3	YoY change
Revenues	255.9	254.9	-0.4%
Operating profit	11.7	7.8	-33.5%
Ordinary profit	11.8	9.4	-20.1%
Profit attributable to owners of parent	7.0	6.6	-6.0%
Net income per share	326.66 yen	306.98 yen	-

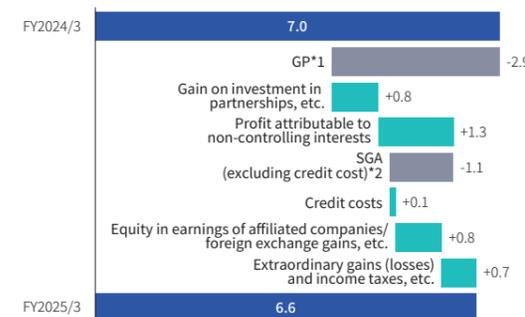
The main factor behind the decline in profit attributable to owners of parent was a year-on-year decrease of 2.9 billion yen in gross profit. This can be attributed mainly to a decrease of 0.9 billion yen in profit from the sale of leased buildings recorded in the previous fiscal year, a decrease of 1.0 billion yen in profit due to a decline in equity projects and opportunities for the sale of loans receivables, and 0.6 billion yen of temporary funding costs due to fund-raising related to changes in major shareholders.

However, we recognize these as one-time factors, including the change in recording periods. In terms of the increase in funding costs brought on by rising interest rates, we are absorbing the increase through quick price pass-through measures in the Leasing and Finance Businesses.

Despite the recording of allowances in the Investment Business, credit costs improved 0.1 billion yen year on year due to the recording of significant credit costs in the Finance Business in the previous fiscal year. On the other hand, selling, general, and administrative expenses increased 1.0 billion yen year on year, mainly due to costs associated with the development of next-generation core systems.

In other areas, there was a year-on-year increase in gain on investment in partnerships of 0.8 billion yen, in profit attributable to non-controlling interests of 1.3 billion yen, in equity in earnings of affiliated companies and foreign exchange gains of 0.8 billion yen, and in extraordinary income and income tax decreases of 0.7 billion yen. As a result of the above, profit attributable to owners of parent fell 0.4 billion yen year on year. (See chart below for more details.)

#### Main factors for year-on-year changes in profit attributable to owners of parent (billions of yen)



\*1 GP: Gross profit

\*2 SGA: Selling, general, and administrative expenses

### Business results by business

#### Decrease in profit caused by one-time factors but steady achievements through various initiatives

Although revenues in our mainstay Leasing Business increased steadily, operating profit decreased year on year. This was mainly due to the large-scale sale of rental assets recorded in the previous fiscal year, and temporary increases in funding costs and selling, general and administrative expenses caused by changes in major shareholders. In the Finance Business, revenues decreased year on year due to a fall in dividend income

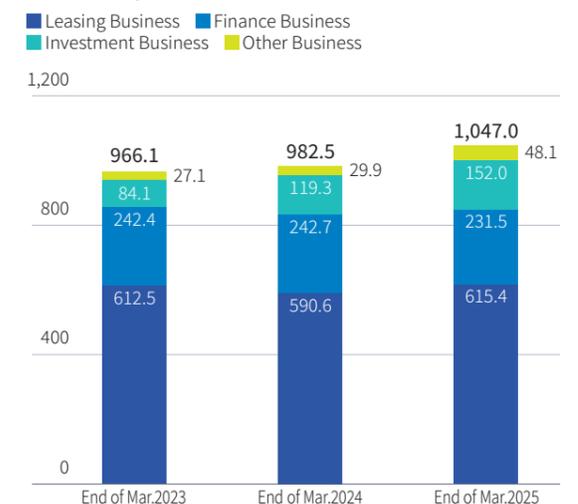
and other factors. Although credit costs decreased, operating profit declined year on year due to the temporary increase in funding costs in line with changes in our major shareholders. Meanwhile, in the Investment Business, despite the large-scale sale of operational investment securities in the previous fiscal year, revenues increased year on year thanks to income from the sale of real estate for sale, rental income from rental real estate, and interest income from loan assets. However, operating profit decreased year on year due mainly to an increase in credit costs. In the Other Business, despite recording of revenues from the healthcare warehousing business, solar power generation, PFI business and other commission income, overall revenues declined year on year due to the recording of the sale of real estate for sale in the previous fiscal year. Operating profit also fell year on year due to an increase in selling, general and administrative expenses and other factors.

#### Consolidated revenue by business (billions of yen)

		FY2024/3	FY2025/3	YoY change
Leasing Business	Revenues	228.4	229.2	+0.3%
	Gross profit	16.5	16.0	-3.2%
	Operating profit	5.5	4.4	-20.1%
Finance Business	Revenues	9.1	7.6	-16.5%
	Gross profit	6.5	4.8	-26.6%
	Operating profit	3.3	2.9	-13.1%
Investment Business	Revenues	13.7	13.8	+0.8%
	Gross profit	7.5	6.9	-8.1%
	Operating profit	4.1	2.2	-46.1%
Other Business	Revenues	4.7	4.4	-6.7%
	Gross profit	2.1	2.1	-0.5%
	Operating profit	0.6	0.5	-16.5%
Total	Revenues	255.9	254.9	-0.4%
	Gross profit	32.6	29.7	-9.0%
	Operating profit	11.7	7.8	-33.5%

\* Excluding adjustments for operating profit (company-wide costs not allocated to each segment).

#### Consolidated operating asset balance (billions of yen)



### Steady progress in the transition to high-quality assets

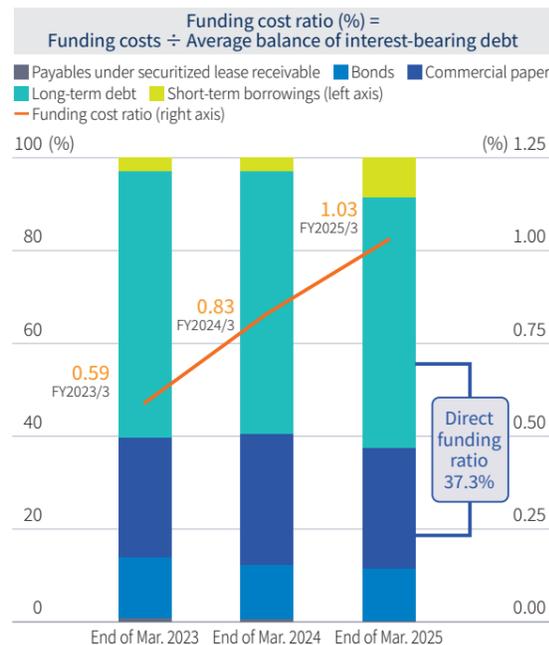
Operating assets increased 64.5 billion yen year on year to 1.047 trillion yen. Rather than needlessly increasing our operating asset balance, we are focusing on replacing our current assets with high-quality assets in line with our equity ratio and other factors. In the Leasing Business, although there had been an ongoing decrease in our asset balance following the drop in special demand associated with the GIGA School Program, it turned to an increase in line with the recording of assets from large-scale national governments projects. Assets in the Finance Business decreased year on year, but we continued to make progress with our switch to highly profitable assets. In the Investment Business, asset balance increased year on year. In addition to the acquisition of income-gain assets, operating assets increased due to ongoing progress with investment activities and financing. Assets also increased year on year in the Other Business thanks to progress in initiatives for residences and other real estate and solar power. Meanwhile, NCS RE Capital Limited, our strategic subsidiary, also began acquisition of its own-brand rental residences, which was recorded in our operating assets.

#### Fund procurement

### Limited impact of the rise in funding cost ratio on business

The funding cost ratio this fiscal year has risen 0.2% year on year to 1.03%. In terms of foreign currency-denominated funding, it is essential that we pay attention to future trends as the Trump administration's policies might lead to long-term interest rate rises in the U.S. market amid gradual cuts in U.S. policy interest rates. For our foreign-currency denominated operating assets, however, in principle we use fixed-rate funding for fixed-rate operating assets to hedge against interest rate fluctuation risks. With yen funding, too, the Bank of Japan has implemented gradual interest rate increases since the lifting of negative interest rates at its in March 2024, and so we must pay attention to future trends. The market interest rate is also on an upward trend, but we do not anticipate any problems due to our continued high hedge ratio against interest rate risks. By continuing to negotiate funding conditions for fund-raising, including through collaboration with our new shareholders SBI Shinsei Bank, and by ensuring stable and diversified fund-raising through direct funding, we will strive to limit any impact on our business. There are no issues on capital resources and the fund liquidity, and cash flows are normal.

### Consolidated interest-bearing debt composition (left axis) and funding cost ratio (right axis)



#### Forecast for the fiscal year ending March 31, 2026

### Aiming for a new record high of 10.0 billion yen

For the fiscal year ending March 31, 2026, on a consolidated basis, we project revenues at 295.0 billion yen, operating profit at 15.5 billion yen, ordinary profit at 16.0 billion yen and profit attributable to owners of parent at 10.0 billion yen.

We are striving to secure sustainable growth in the Leasing Business and Finance Business, increase revenue in the Investment Business and promote our business partnership with the SBI Shinsei Bank Group. While aiming for a new record high profit, we are also working to increase revenue over the medium- to long term. In the Leasing Business, we are gradually improving our profitability base. Profitability is also improving in line with increases in gross profit due to improved yield from existing contracts and a decrease in credit costs. Going forward, we will work to improve added value, such as by strengthening vendor financing, and aim for further revenue expansion. In the Finance Business, we believe we can achieve sustainable growth through successful closing of projects whose recording timing has been deferred to the next fiscal year, and through the acquisition of capital gains while replacing assets. In the Investment Business, we will aim to enhance the value of the projects we have already invested in and to maximize returns in our businesses both through RISA Partners, Inc., and venture fund businesses. In addition, at RISA Partners, we will aim to increase profit through the combination of diverse revenues, including the further acquisition of income gains. In the Other Business, we believe we will be able to continue securing revenue in a stable manner in the renewable energy and healthcare fields. We also believe

we can increase opportunities through collaboration with the SBI Shinsei Bank Group. Moreover, as in the Finance Business, we consider it as our achievement that we have accumulated the skills and expertise to earn capital gains while replacing assets.

One factor that can have a significant impact on our financial results is credit cost. Although normal economic activities are returning, with the lifting of special COVID-19-induced measures, our client companies' management environments are undergoing drastic change. Profitability and risk are closely related. We will work to further strengthen our capabilities as well as our risk management functions as necessary in order to achieve profitability improvement steadily as per our Medium-term Plan 2025.

### The annual dividend is planned to be 150 yen, similar to that of the previous fiscal year

In the fiscal year ended March 31, 2025, the annual dividend was 150 yen per share, as per our plan. Similarly, for the fiscal year ending March 31, 2026, we plan to pay an annual dividend of 150 yen per share (including an interim dividend of 75 yen). While upholding our basic policy of maintaining a stable dividend, we have set the return of profits in line with the profit levels set forth in Medium-term Plan 2025.

### Business results for the fiscal year under review and forecasts for the next fiscal year (billions of yen)

	FY2025/3 Results	FY2026/3 Forecast
Revenues	254.9	2,950
Operating profit	7.8	15.5
Ordinary profit	9.4	16.0
Profit attributable to owners of parent	6.6	10.0
Net income per share	306.98 yen	464.25 yen
Annual dividends per share	150.00 yen	150.00 yen

\* Forecast is as of July 31, 2025.

Financial Information and Business Results  
<https://www.necap.co.jp/english/ir/financial/index.html>



### Measures to realize management with an awareness of the cost of capital and stock prices

## Aiming to achieve sustainable improvement in profitability and enhance PBR

In our efforts to realize management with an awareness of the cost of capital and stock prices, we will conduct necessary reviews alongside discussions relating to the next medium-term plan, during the fiscal year ending March 31, 2026, the final year of the Medium-term Plan 2025. The excerpt below was announced in August 2023.

To achieve sustainable growth and improve corporate value over the medium- to long-term, the Group places emphasis on management with an awareness of return on capital, which involves formulating and implementing revenue plans and capital policies based on an accurate understanding of the Company's cost of capital. To achieve this, we appropriately consider the review of our business portfolio and the allocation of management resources, including investments in human capital and systems, in conjunction with the formulation of our Medium-term Plan and annual budget, and reflect them in our business plan. When formulating the Medium-term Plan 2025, the Group deemed it essential to secure a level of revenue that would sustainably exceed the cost of capital to improve market valuation, including PBR and PER. It also determined that sustainably increasing profitability would lead to further improvement in corporate value. In formulating a concrete profit plan, in addition to increasing the absolute amount of profits, we held repeated discussions on the profitability that the Company should aim for, with a focus on sustainably increasing profitability. As a result, we set an ROE target of 8% for FY2026/3, the final year of our Medium-term Plan 2025, and a target of 10.0 billion yen

for profit attributable to owners of parent. In addition to improving profitability (improve ROE), we will carry out return measures in line with our profit level while drawing up growth strategies unique to the Group, such as grasping revenue opportunities through our strengths in ICT and sound risk-taking capabilities. In doing so, we hope to capture growth expectations from the market (improve PER) and improve PBR, which is calculated using the formula ROE x PER.

Moreover, the Group has formulated and announced non-financial indicators that go alongside the financial indicators in the Medium-term Plan 2025. In addition to initiatives related to environmental and social issues, we will work to improve employee engagement by strengthening investments and initiatives related to human capital. This will lead to an improvement in profitability through the accumulation of non-financial capital.

While weighted average cost of capital (WACC) and cost of shareholders' equity represent typical indicators used in the analysis of cost of capital, the Group uses cost of shareholders' equity from the perspective of placing importance on investors' expected returns, and undertakes analysis by comparing it with ROE.