

Financial Results for the Fiscal Year Ended March 31, 2025 (FY2025)

April 25, 2025

NEC Capital Solutions Limited

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Financial Results for the Fiscal Year Ended March 31, 2025 (FY2025)

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1. Financial Results FY2025

1) Highlights of Financial Results

Business Environment

Total leasing contracts in the industry overall rose 10.7% Y/Y.

We need to continue to monitor future trends in the financing environment and bankruptcies.

Results in Key Business Units

In the Leasing Business, contracts executed rose Y/Y due to the recording of assets for large-scale projects for government agencies and municipalities.

Both contracts executed and new transactions in the finance business rose Y/Y.

<Leasing Business>

Contracts executed : 23.3% up

New transactions : 2.2% down

<Finance Business>

Contracts executed : 0.6% up

New transactions : 0.5% up

Business Performance

Although the equity method gains and gain on investment partnership increased, net income decreased Y/Y due to the deferral in the recognition of the fund income and the asset sales.

2) Business Environment

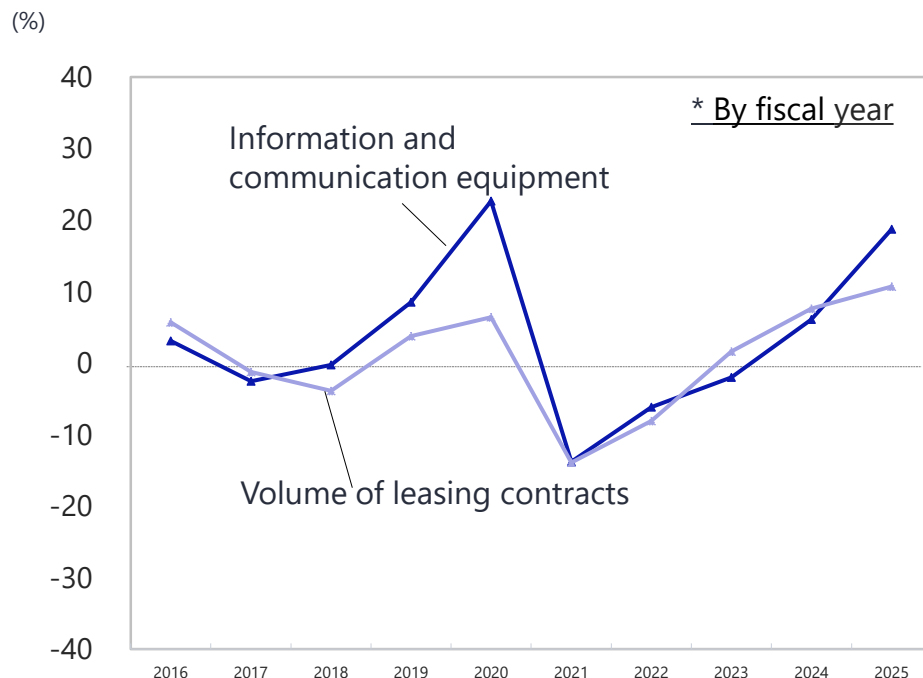
Total Leasing Contracts:

Total leasing contracts in the industry overall rose 10.7% Y/Y and rose by 18.7% Y/Y for our mainstay Information and communication equipment leasing.

Bankruptcies:

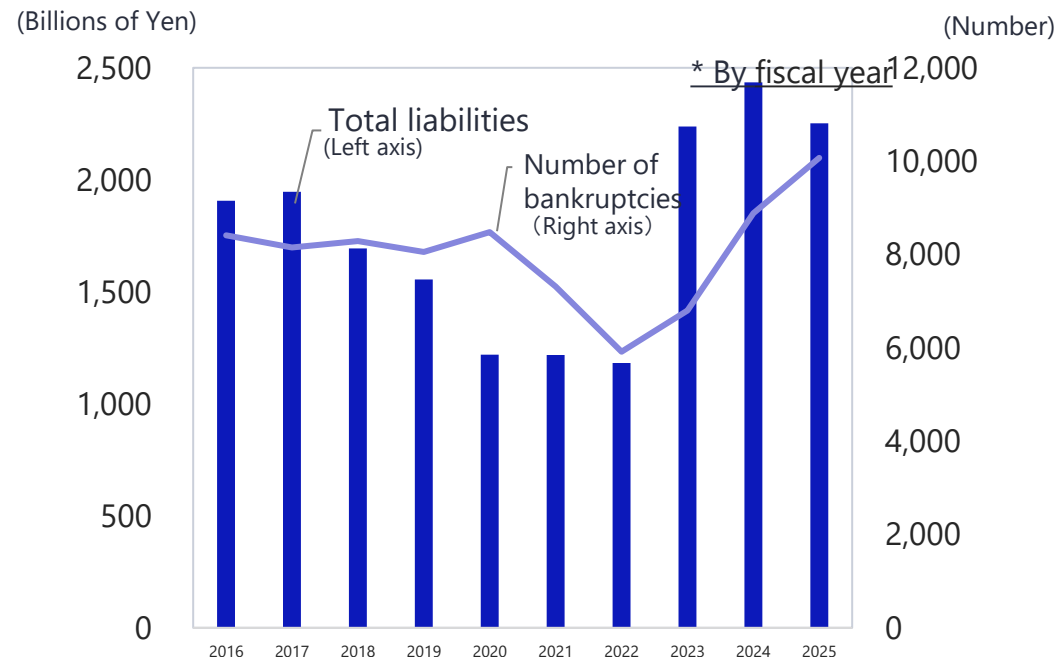
While the total liabilities decreased Y/Y, there was an increase in the number of bankruptcies, particularly among SMEs.

Y/Y change in total leasing contracts



(Source: Lease statistics of the Japan Leasing Association)

Bankruptcies (Total liabilities/Number)



(Source: Bankruptcy information on the website of Teikoku Data Bank; liabilities of companies that filed for bankruptcy)

3) Financial Summary

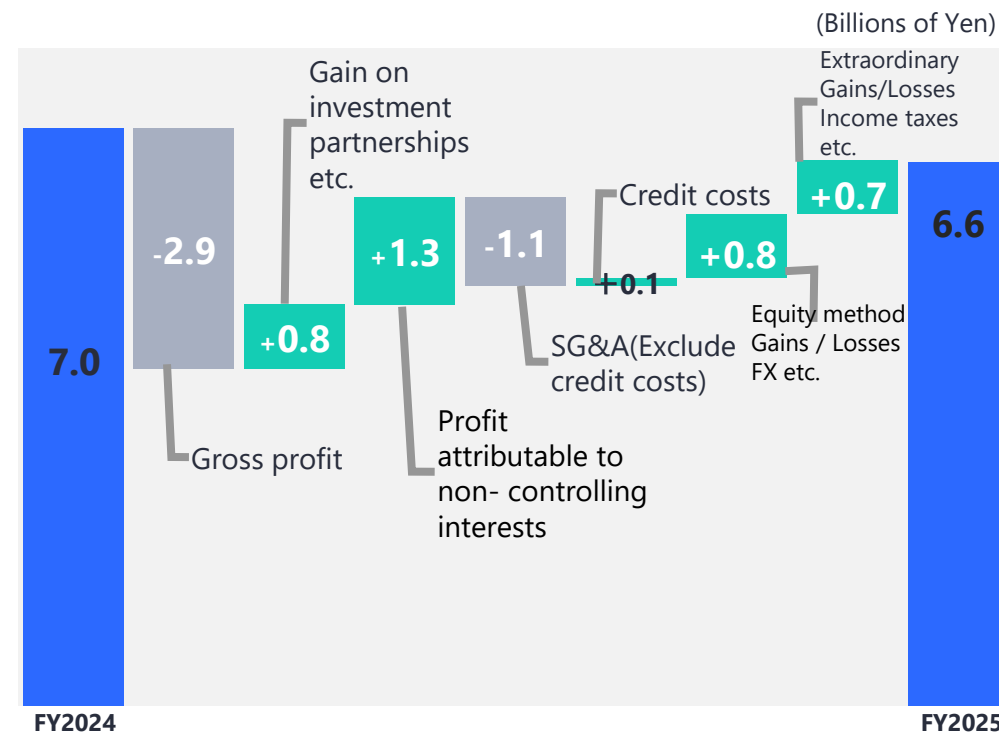
Revenues: The decrease in finance business which had won the several asset sales was offset by the Leasing Business and the revenues remained almost the same level of Y/Y.

Net Income: Although the equity method gains and the profit in the investment partnership increased, net income decreased 0.4 Billion Yen Y/Y due to the deferral in the recognition of the fund income, the asset sales and the cost increase attributable to the change in major shareholders.

Performance measures

	(Billions of Yen)		
	FY2024	FY2025	Y/Y Change
Revenues	255.9	254.9	-0.4%
Operating Income	11.7	7.8	-33.5%
Ordinary Income	11.8	9.4	-20.1%
Profit attributable to owners of parent	7.0	6.6	-6.0%
Net Income per Share (Yen)	326.66	306.98	—
Operating Asset Balance	982.5	1,047.0	+6.6%
Net Assets	136.8	142.4	+4.1%
Shareholders' Equity	115.7	121.0	+4.5%
Equity Ratio (%)	10.4	9.9	—
Dividend per share (Yen)	130	※plan 150	+20

Main Reasons for Y/Y Increase/Decrease in Net Income



4) Revenues by Business Segment

Revenues by Business Segment

(Billions of Yen)

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

Leasing Business

Although revenue grew steadily, operating income decreased Y/Y due to a temporally cost increase in funding cost in connection with the major shareholders change and the system development.

Finance Business

Despite an improvement of credit costs, operating income decreased Y/Y due to a temporally cost increase in funding cost in connection with the major shareholders change.

Investment Business

Despite revenue increased Y/Y by the sales of real estate, operating income decreased Y/Y due to the recognition of credit costs.

Other Business

Not only the recognition of asset sales in the previous year, but also, the increase in SG&A expense leads revenue and income both fell Y/Y.

5) Business Results by Business Segment

Contracts Executed by Business Segment

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Leasing Business	206.1	254.1	+23.3%
Leasing	188.3	239.9	+27.4%
Installment Sales	17.8	14.2	-20.4%
Finance Business	341.9	344.0	+0.6%
Loans	239.1	234.4	-2.0%
Bulk Factoring	102.8	109.5	+6.6%
Other Business	1.9	2.7	+39.2%
Total	550.0	600.7	+9.2%

New Transactions by Business Segment

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Leasing Business	243.2	237.9	-2.2%
Leasing	226.1	224.6	-0.7%
Installment Sales	17.1	13.3	-22.5%
Finance Business	341.8	343.4	+0.5%
Loans	239.0	233.8	-2.2%
Bulk Factoring	102.8	109.5	+6.6%
Other Business	11.9	7.9	-33.3%
Total	596.9	589.2	-1.3%

Contracts Executed by Business Segment

Contracts Executed increased due to a growth in the Leasing Business.

New Transactions by Business Segment

New transactions decreased Y/Y due to a decrease in the Leasing Business, which had won a large-scale project in the previous year.

6) Leasing Business

Contracts Executed by Customer Sector

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Public Sector: Government agencies and Municipalities	104.1	158.3	+52.1%
Private Sector	102.1	95.8	-6.1%
Services	37.1	32.6	-12.0%
Distribution	16.8	15.4	-8.3%
Manufacturing	25.8	25.8	-0.1%
Other	22.3	22.0	-1.6%
Total	206.1	254.1	+23.3%

(For ref.) Contracts Executed by Equipment Type

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Information and Communication Equipment	157.2	212.7	+35.3%
Computer Hardware	70.6	99.0	+40.3%
Computer Software	67.9	99.6	+46.7%
Telecommunications Equipment	18.8	14.1	-24.6%
Office Equipment	16.6	15.6	-6.1%
Other	32.3	25.7	-20.3%
Total	206.1	254.1	+23.3%

New Transactions by Customer Sector

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Public Sector: Government agencies and Municipalities	142.6	144.0	+1.0%
Private Sector	100.6	93.9	-6.7%
Services	36.0	31.8	-11.6%
Distribution	15.7	16.5	+5.4%
Manufacturing	26.1	26.1	+0.3%
Other	22.9	19.4	-15.2%
Total	243.2	237.9	-2.2%

Contracts Executed by Customer Sector

In the public sector, contracts executed rose Y/Y due to the acquisition of large project.

Private demand decreased Y/Y due to a decrease in the service industries, etc.

New Transactions by Customer Sector

Public sector demand the same level of Y/Y due to the impact of large projects won.

Private sector decreased Y/Y due to a decrease in the service industry, while the distribution industry demand increased.

7) Finance Business

Contracts Executed by Form of Contract

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Reimbursements,APF, Installment Sales Transaction-Backed	21.6	16.4	-24.1%
Individual Factoring	107.8	113.1	+4.9%
Bulk Factoring	102.8	109.5	+6.6%
Business Loans	99.6	91.7	-8.0%
Other	10.2	13.3	+30.9%
Total	341.9	344.0	+0.6%

Contracts Executed by Customer Sector

(Billions of Yen)

	FY2024	FY2025	Y/Y Change
Public sector: Government agencies and Municipalities	0.5	0.1	-73.3%
Private Sector	238.6	234.3	-1.8%
Services	20.8	16.7	-19.8%
Distribution	14.4	3.9	-73.2%
Manufacturing	110.1	120.8	+9.8%
Financial and insurance	37.3	26.8	-28.2%
Real Estate	38.4	41.8	+8.9%
Other	17.6	24.3	+37.7%
Bulk Factoring	102.8	109.5	+6.6%
Total	341.9	344.0	+0.6%

Contracts Executed by Form of Contract

Contracts executed from the business loans decreased but the performance of the factoring offset this decline, resulting in the same level of previous year.

Contracts Executed by Customer Sector

While contracts executed decreased in the finance and insurance, the increase of the manufacturing and distribution, etc., resulting in the same level of previous year.

8) Investment Business

Revenues by Business Segment

(Billions of Yen)

		FY2024	FY2025	difference
Asset Business	Revenues	9.2	6.6	-2.5
	Gross profit	5.3	2.3	-3.0
	Operating income	3.3	0.4	-2.9
Real Estate Business	Revenues	4.0	6.6	2.6
	Gross profit	1.7	2.4	0.7
	Operating income	0.8	1.8	0.9
Advisory Services Business	Revenues	0.5	0.5	0.1
	Gross profit	0.5	0.5	0.1
	Operating income	-0.0	0.0	0.1
Total (Consolidated)	Revenues	13.7	13.8	0.1
	Gross profit	7.5	5.3	-2.2
	Operating income	4.1	2.2	-1.9

*Excluding adjustment amount

Despite the Revenue increased Y/Y by the sales of real estate, operating income decreased Y/Y due to the recognition of credit costs

Asset Business

Despite a steady increase in the gross profit by the interest income, both revenue and profits decreased Y/Y, which was due to a multiple asset sales in the previous year and the recognition of credit costs.

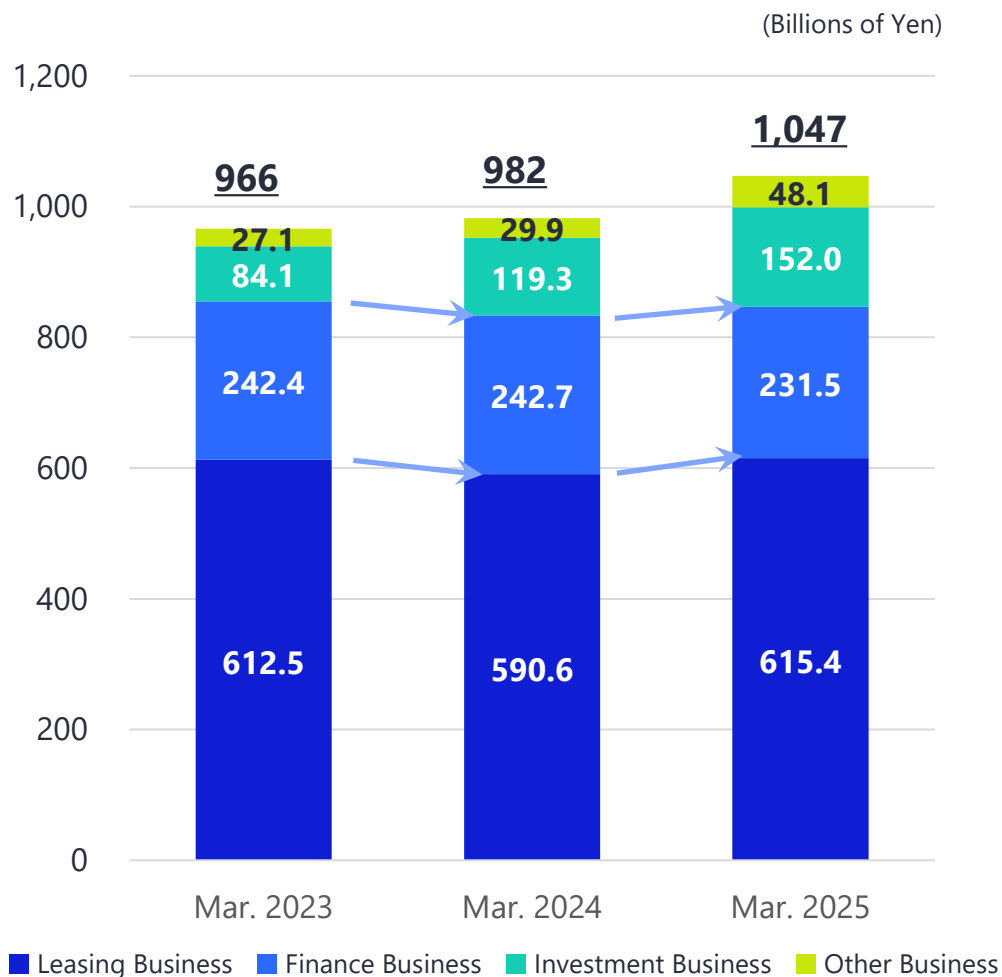
Real Estate Business

Both revenue and profits increased Y/Y due to the recording of the rental income from income-generating assets, in addition to proceeds from sales.

Advisory Services Business

Trended in line with the previous year's levels

9) Operating Asset Balances



Leasing Business

Increased by 24.8 billion yen Y/Y due to the recording of assets for large-scale projects for government agencies and municipalities.

Finance Business

Although the balance decreased Y/Y, there was progress in asset replacement.

Investment Business

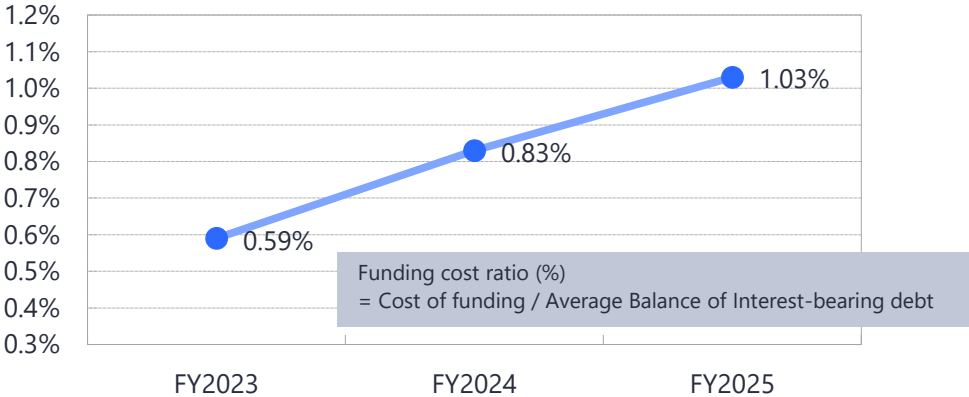
In addition to the progress of investment activities, the operating asset balance was up 32.8 billion yen Y/Y due to the acquisition of income gain assets.

Other Business

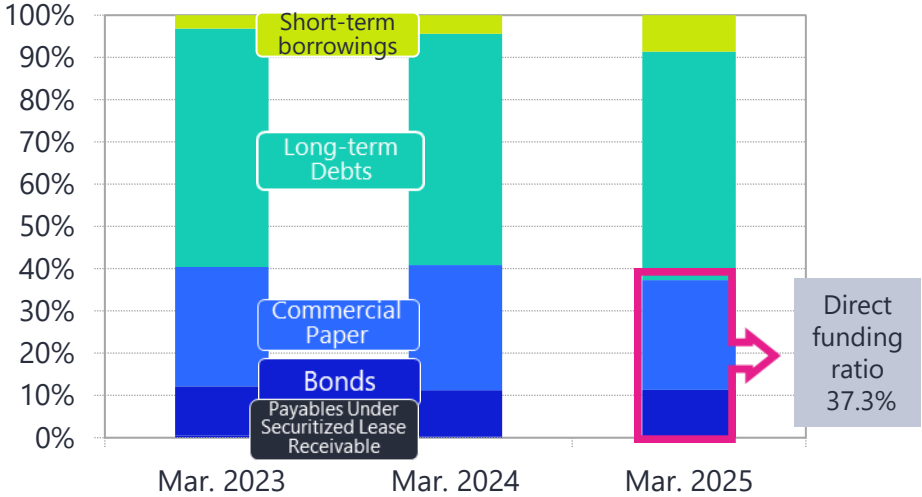
The operating asset balance rose by 18.2 billion yen Y/Y due to progress on initiatives in solar power and real estate for residence business.

10) Procuring Funds

Funding Cost Ratio



Composition of Interest-bearing Debt



Composition of Interest-bearing Debt

(Billions of Yen)

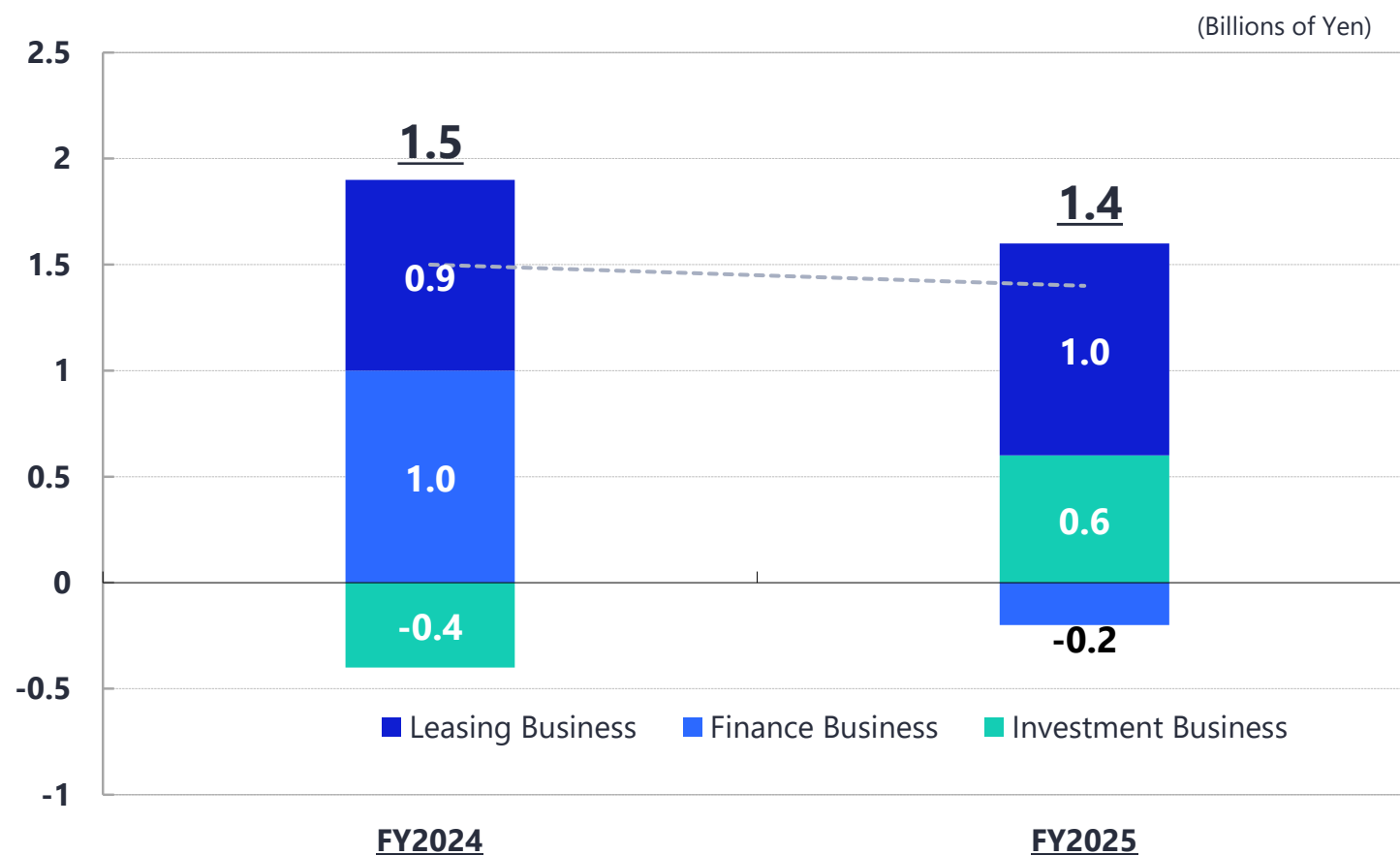
	Mar. 2024	Composition Ratio	Mar. 2025	Composition Ratio	Y/Y Change
Short-term Borrowings	40.4	4.4%	88.5	8.6%	+48.2
Long-term Debts	503.1	54.8%	554.0	54.1%	+50.9
Commercial Paper	272.0	29.6%	266.0	26.0%	-6.0
Bonds	100.8	11.0%	113.6	11.1%	+12.9
Payables Under Securitized Lease Receivables	2.7	0.3%	2.2	0.2%	-0.5
Total	918.9	100.0%	1,024.3	100.0%	+105.4

Funding cost ratio was up 0.20 percentage points Y/Y to 1.03% due to the rise market rate for Japanese currency

The direct funding ratio was 37.3% at the end-March 2025, we are aiming for a direct funding ratio of approximately 40%.
(40.9% at end-March 2024)

11) Credit Costs

Despite the recording of provisions in the Investment Business, large-scale credit costs were posted in the Finance Business in the previous year, leading to an improvement of 100 million yen Y/Y.



2. Forecasts for FY2026

1) Earnings Forecasts

- We continues its efforts to enhance profitability and plan a record-high profit.
- We plan to maintain FY2026 dividend per share at 150 yen, the same level as in FY2025.

Forecast

	FY2025 (Actual)	FY2026 (Forecast)	(Billions of Yen) Difference
Revenues	254.9	295.0	+40.1
Operating Income	7.8	15.5	+7.7
Ordinary Income	9.4	16.0	+6.6
Profit attributable to owners of parent	6.6	10.0	+3.4
Net Income per Share (Yen)	306.98	464.25	-

Dividend per Share

	Interim	Year-end	Total
FY2025 actual	75.00	※plan 75.00	※plan 150.00
FY2026 forecast	75.00	75.00	150.00

3. Progress of Medium-term Plan 2025

For further details, please refer to the Japanese-language materials released on April 25, 2025.

1) Medium-term Plan 2025 and roadmap for realization of Group vision

“Group vision 2030”

Be a solution company leading the next-generation circular economy

Fiscal 2024–2026 Medium-term Plan 2025

Fiscal 2027–2031 Next Medium-term Plan

Take up the challenge of reforms to realize next-generation circular society

Create
services unique to the
Company

Develop
services unique
to the Company

Establish
revenue from
services unique to
the Company

**Be a solution company leading
the next-generation circular economy**



NEC

\Orchestrating a brighter world