Q&A on Consolidated Financial Results for 2Q FY2025
(for the six months ended September 30, 2025)

Date & Time	Friday, November 14, 2025, 16:30-17:30
Speakers	Taiju Hisai (CEO)
	Haruhiko Sato (CFO)

(Q) The Customer Solutions and Global Customer Business segments seem to be making rather slow progress against the financial forecast. Do you expect to achieve the initial targets for both segments, or do you aim to achieve the company-wide profit target (net income of ¥160.0 billion) by offsetting their shortfalls with the strong performance of other segments?

(A) (CFO, Sato)
It is true that the Customer Solutions and Global Customer Business segments are slightly behind their initial targets. However, in the Customer Solutions segment, assets including those from new transactions are steadily increasing. FY2025 started with a YoY decrease in segment profit due to the absence of the ¥2.3 billion gain on the sale of a subsidiary in 1Q FY2024. In FY2025, we aim to increase segment profit by ¥6.9 billion YoY, so considering the absence of the ¥2.3 billion gain, we practically need to increase segment profit by ¥9.0 billion. 2Q FY2025 saw a YoY profit increase of approximately ¥2.3 billion, and when considering the absence of the ¥2.3 billion gain, segment profit practically increased by approximately ¥4.5 billion YoY. This means that we are about halfway toward achieving our full-year profit increase target of ¥9.0 billion. We are indeed slightly behind the initial plan, but I believe we can achieve the level set in the initial plan.
The Global Customer Business segment is also lagging behind its target. However, I believe that it can reach the level set in the initial plan as well, because in Europe, profits are planned to increase in 2H, and in the Americas, credit costs have been decreasing at a good pace and are expected to further decrease in 2H.

(Q) In some European regions, the business environment of the renewable energy sector is deteriorating. Has there been any change in the profitability of European Energy since your investment?

(A) (CFO, Sato)
European Energy is facing headwinds from high interest rates in Europe and a slight decline in asset sale gains due to somewhat slower demand for renewable energy. However, European Energy has continued to post results exceeding the previous fiscal year up to 2Q FY2025.

Including goodwill amortization, we recorded a loss on our investment in European Energy. However, the company's performance is improving, and we remain broadly aligned with the plan we envisioned at the time of the investment.

(Q) What levels of profit growth, dividend growth, and ROE improvement are you aiming for in your next Medium-term Management Plan (hereinafter "MTMP")?

(A) (CFO, Sato)
Unfortunately, we are unable to share details of our next MTMP (the 2028 MTMP) as discussions are currently underway. The ROE for FY2025 is expected to be 8.8%, and we are currently discussing that we must target an ROE exceeding 10%, the current level of our cost of equity. To that end, we must steadily pursue initiatives to improve ROE, optimize financial leverage, foster growth expectations, and reduce the cost of equity.

(A) (CEO, Hisai)
The least we must achieve during the 2028 MTMP is an ROA of 1.5% and an ROE of 10%, which are financial targets we set in the current MTP (the 2025 MTMP) that are considered difficult to achieve within this term. In parallel, we are also discussing Our 10-year Vision,* a long-term strategy we have already announced before, and we are aiming for an even higher ROA and ROE in the 2031 MTMP. Since we view a PBR of 1.0 not as a final goal but as a milestone, we are discussing ways to further enhance our PBR over the next three years and further in the following three years. We will provide more details next spring, once we have concluded our discussions on the 2028 MTMP.

* The vision we aim to realize by the end of FY2031, over the three MTMPs starting with the current 2025 MTMP.

(Q) Please share your long-term outlook for credit costs of the Global Customer Business segment.

(A) (CFO, Sato)
Regarding the Americas, as shown in the top-right bar graph on page 14 in the 2Q FY2025 Consolidated Financial Results Presentation (hereinafter "financial results presentation"), credit costs steadily decreased in 1Q and 2Q, reaching roughly half of the previous fiscal year's level, and are expected to further decline in 2H. As we posted significantly high credit costs in FY2023 and FY2024, we are implementing various initiatives to prevent incurring such unexpected large costs going forward.
In Europe, credit costs are gradually increasing. Our core business in Europe is consumer finance, and its portfolio is quite diversified. However, credit costs are slightly increasing as

the economic downturn has led to a higher ratio of allowance for doubtful accounts. That being said, from a long-term perspective, costs will not continue to increase. We expect costs to decrease as the economy starts to recover.

In China, we have reduced our asset balance and therefore do not expect credit costs to increase in the future.

In ASEAN, we are currently restructuring some businesses and recognized costs related to asset sales as credit costs in 1Q FY2025. As a result, we have posted relatively high credit costs, but they are expected to return to normal levels once the restructuring aimed at stabilizing business is completed.

(Q) The Global Customer Business segment posted ¥13.8 billion in credit costs in 1H. Do you expect this level of credit costs will not continue over the medium to long term and will decrease a little more? Also, ROA of the Global Customer Business segment has remained at a low level as shown on page 32 of the financial results presentation. Under the next MTMP, will the target for ROA be similar to previous levels, in the low 1% range?

(A) (CFO, Sato)

Yes, regarding credit costs in the Global Customer Business segment, that is our outlook. Although credit costs in the Americas are decreasing, substantial costs are still being incurred. As the situation stabilizes going forward, we expect costs to decline further in the next MTMP period.

Our approach to improving profitability—specifically to further raise ROE—in the next MTMP period will follow the same direction as the 2025 MTMP, which focuses on "the evolution and layering of business models" to enhance net income and profitability without significantly expanding the balance sheet, and Global Customer Business segment will be no exception. To achieve this, we aim to raise ROA of the entire company, including the Global Customer Business segment, by accumulating mid-risk, mid-return assets.

(A) (CEO, Hisai)

As shown in the table at the bottom of page 32 of the financial results presentation, ROA for the Global Customer Business segment has remained at low levels during the 2025 MTMP period—0.5% in FY2023, 0.1% in FY2024 and a forecast of 0.3% for FY2025. The segment operates across four regions—Europe, the Americas, China, and ASEAN—but its profit is primarily generated in Europe. Earnings in Europe have been offset by credit costs in the Americas and business restructuring-related costs in China and ASEAN. The numerator of ROA is earnings in Europe minus losses in other regions, while the denominator is total assets of the four regions, resulting in low profitability. Credit costs in the Americas are expected to return to normal levels going forward, and business restructuring in China and ASEAN will be mostly completed in the 2025 MTMP period. Under normal conditions, segment profit for the Global Customer Business segment is expected to be around ¥20.0 billion, with ROA returning to above 1%. Restoring this level is a top priority, and we want to achieve it as early as possible in the next MTMP period.

(Q) I have heard that there will be no major fiscal period changes, such as those shown on page 8 of the financial results presentation, in the next fiscal year. Does this mean that the positive impact from the fiscal period changes you had this fiscal year will no longer apply, and become a factor contributing to lower earnings next fiscal year?

(A) (CFO, Sato)
Yes, that is correct. Speaking of the fiscal period changes only, there will be no such positive factor in the next fiscal year.

(Q) What is your plan to make up for the absence of that positive factor in the next fiscal year?

(A) (CFO, Sato)
We are still in discussions, but at a minimum, we expect credit costs in the Americas to decline from the current fiscal year. Credit costs in the Americas in 1H FY2025 were approximately ¥7.0 billion. Assuming they decrease in 2H and total around ¥10.0 billion for the full year, a further reduction next fiscal year would naturally help offset the absence of this fiscal year's positive impact. In addition, we will continue to monitor the ongoing growth of each business.

(Q) Are there any segments that are expected to achieve further growth in the next fiscal year?

(A) (CFO, Sato)
It is somewhat difficult to say, but at a minimum we expect the Aviation and Logistics segments, which are currently performing well, to continue their strong performance in the next fiscal year. We have not yet decided what assets to increase and to what extent, but we need to consider organic growth such as the large orders for aircraft and aircraft engines we announced this year or the large order for marine containers we placed last year. The overall direction will be to grow profits in mid-risk, mid-return domains.

(Q) Please update us on each business's progress on segment profit against the initial plan.

(A) (CFO, Sato)
I already covered the progress of the Customers Solutions and Global Customer Business segments. As for the five specialized business segments, the Environment & Energy segment entered 2H posting a loss, but we expect a recovery as gains on asset sales are planned for 2H. The Aviation and Logistics segments are performing strongly, and I believe they will maintain this momentum throughout the fiscal year. The Real Estate segment may show quarterly fluctuations depending on the timing of asset sale gains, but we anticipate no issues on a full-year basis. Accordingly, if the Environment & Energy segment can record planned gains on sales in 2H, we are well positioned to achieve the initial plan.

(Q) Your company's performance has been solid and I believe you have the flexibility to take measures such as a rigorous assessment of existing assets, to increase the certainty of profit growth in the next fiscal year. Have you taken such action up until the end of 2Q or are you anticipating anything in 2H?

(A) (CFO, Sato)
Our business is built on assets. As such, we constantly monitor the profitability and value of our assets, and this is nothing new. We record impairment losses if necessary. Accordingly, we are not doing anything special just because we are performing steadily so far this fiscal year. However, in areas that require attention—such as European Energy, where we have made very large investments—we are closely monitoring the performance and have concluded that there are no issues at present. The same applies to aircraft and other large assets, where we pay close attention and will continue to do so going forward.

(Q) Looking at the big picture, which businesses do you intend to actively expand in particular? Are there any businesses you aim to expand on your own, or businesses where you plan to accelerate growth by partnering with other companies?

(A) (CEO, Hisai)
We have operating assets of ¥11 trillion and interest-bearing debt of ¥9 trillion, making us one of the largest companies in Japan in terms of balance sheet size. Naturally, this imposes constraints on further expansion from a debt capacity perspective. Excessive expansion of balance sheet would increase volatility in the event of an economic shock. Therefore, we are moving away from a stage where we rapidly accumulate assets beyond current level. As

explained on page 31 of the financial results presentation, we will divest and reduce businesses that are underperforming or we believe we are not their “best owner,” and pursue organic and inorganic investments in highly profitable areas or those we intend to prioritize. We will place greater emphasis on so-called capital recycling.

Furthermore, overseas business accounts for more than 60% of our assets and profits. We are often asked whether we plan to further expand our overseas business, but as a Japanese company with Japan as our home market, we want to avoid excessive shift towards overseas assets, as this would increase volatility. We will provide more details in the next Medium-term Management Plan next spring after we have completed our discussions on the plan.

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