

Co-create a circular society so as to contribute to realizing a sustainable society

Changes in the external environment

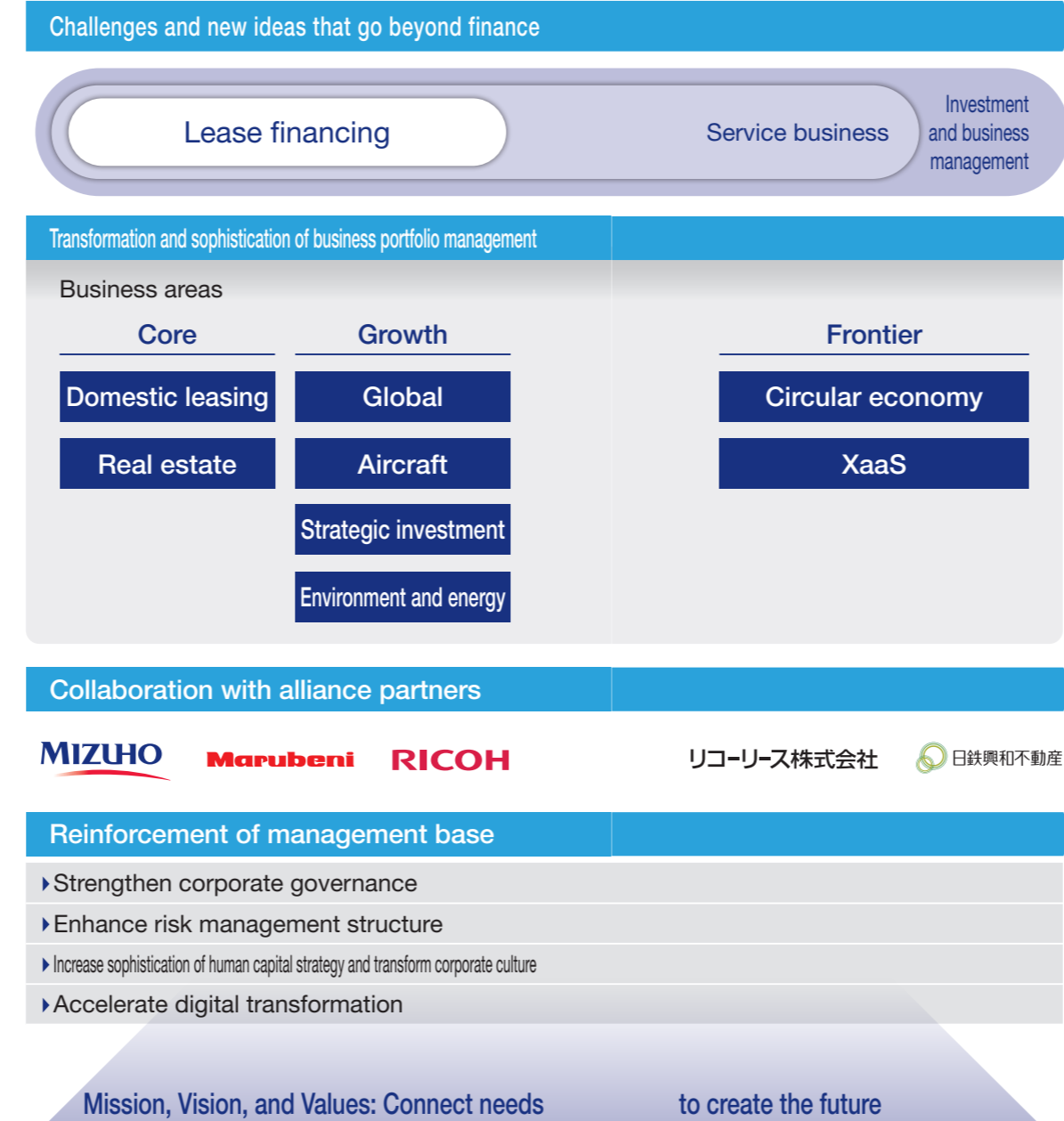
- Declining international competitiveness of Japanese companies
- Technological evolution
- Response to climate change
- Unforeseeable political and economic trends

INPUT

- Intellectual capital**
Expertise and extensive know-how on "Mono (equipment & properties)," "commercial distribution" and "finance"
 - Adding value-added service capabilities
 - Ability to provide solutions to clients' problems
- Human capital**
Human capital with advanced expertise who squarely address issues
 Number of employees: 1,964 (consolidated)
 814 (non-consolidated)
- Social capital**
Co-creating partnerships
 - Client base centered on large- and mid-sized companies
 - Broad network
 Number of sites: 12 (Japan), 9 (overseas)
- Financial capital**
Strong fundraising bases for value creation
 - Parent shareholders' equity: 23%
 - Stable financial base: Net assets of ¥275.8 billion
 - External ratings (long-term) R&I: A+, JCR: A+
- Manufactured capital**
Sources of profits

Total operating assets:	¥2,580.1 billion (as of March 31, 2023)
Domestic leasing	¥1,441.6 billion
Finance/Investment	¥150.7 billion
Real estate/Environment and energy	¥792.8 billion
Overseas/Aircraft	¥195.0 billion
- Natural capital**
Efficient use of resources
 - Renewable power generation capacity: 355 MW
 - Low voltage, distributed solar power generation facilities using the self-consignment method:

Management Strategies and Business Activities



OUTCOME

- Reduction of environmental load
 - Diversification of human capital
 - Accumulation of resources for growth and contribution to shareholders and investors
- Medium-term Management Plan targets**
- Financial targets (FY2025)
- | Net income | ROA | ROE |
|---------------|--------------|-------------|
| ¥42.0 billion | 1.6% or more | 12% or more |
- Non-financial targets
- Secure renewable power generation capacity: **1 GW (FY2025)**
 - Reduce CO₂ emissions in Scopes 1 and 2*
*Non-consolidated and seven domestic consolidated subsidiaries: **Zero emissions (FY2030)**
 - Chemical/material resource recycling rate: **85% or more (FY2027)**
 - Hire more specialized business personnel: **+80 people or more (FY2025)**
 - Investment amount for developing personnel: **3x or more (FY2025; compared with FY2022)**
 - Develop digital IT personnel: **200 people or more (FY2025)**
 - Rate of paid annual leave taken: **80% or more (FY2025)**
 - Rate of female employees in managerial posts: **15% (FY2025)**
 - Rate of childcare leave taken by male employees: **100% (every year)**

We will evolve into a Multi-Solution Platform that solves diverse customer challenges, going beyond traditional financing as a Partner in Co-Creating Value

Akira Nakamura
President and CEO



Main Initiatives and Achievements of the Previous Medium-term Management Plan

—Please tell us about the achievements of the Sixth Medium-term Management Plan.

Under our first medium-term management plan as Mizuho Leasing, which covers fiscal 2019 to 2023, we set three targets for the final year of the plan: 1.) ¥30.0 billion in net income attributable to owners of the parent 2.) Triple the balance in the global area compared with end of fiscal 2018 and 3.) 25% or higher dividend payout ratio. In order to achieve these targets, we have steadily carried out initiatives in focus areas, and provided solutions that capture the strategic business and financial needs of our clients.

As a result, in fiscal 2022, we achieved net income of ¥28.4 billion, which exceeded our financial results forecast and reached a record high. Operating assets in the global area were 2.7 times higher compared with end of fiscal 2018, and dividend payout ratio was 25.1%. Thus, we were able to grow to a level where we expect to largely achieve the financial targets for fiscal 2023, the final year

of the Plan, one year earlier than originally planned.

One of the key elements that facilitated this degree of growth was our decision to strengthen cooperation with alliance partners.

Since becoming a member of the Mizuho Group in 2019, we have witnessed a dramatic increase and diversification in business opportunities. We have been able to achieve unprecedented growth in our business domains by providing solutions to Mizuho's customer base that differ from those offered by the banking group.

Additionally, in our collaboration with the Marubeni Group, we have been able to pursue joint business investments in overseas infrastructure projects through our joint venture, Mizuho Marubeni Leasing Corporation. This helped drive performance in the global business field and further accelerate the Company's growth.

In other business areas, we have worked with RICOH LEASING COMPANY, LTD. to create new business opportunities through mutual customer cooperation. We

formed collaborations with startups and other organizations to provide new types of solutions to our clients from the companies we have invested in.

The development of our inorganic strategy also helped promote growth. Investments made during the previous medium-term management plan amounted to approximately ¥150.0 billion, including the conversion of Mizuho Capital Co., Ltd., NIPPON STEEL KOWA REAL ESTATE CO., LTD, and Aircastle Limited into equity method affiliates. Higher equity income has helped drive corporate growth. For example, we expanded our real estate business domain in collaboration with NIPPON STEEL KOWA REAL ESTATE CO., LTD by leveraging its expertise as a general real estate developer. Similarly, in the aircraft business, in order to improve our global presence, we propelled further growth by working towards acquiring a value chain business through collaborations with alliance partners.

Strengthening the management base that supports developing business domains is also an important issue. We focused on enhancing risk management and developed and strengthened our systems for promoting compliance during the previous medium-term management plan. Improving productivity was another important theme, so we strove to boost operational efficiency by digitalizing business affairs to promote digitization. For example, we have made consistent and steady progress in promoting automated business processes through the introduction of RPA and a companywide shift to paperless operations.

For sustainability, the importance of addressing environmental and social issues is increasing and the Group has identified six materiality topics that should be prioritized to help realize a sustainable society through our business activities. For example, we have strengthened our efforts in the renewable energy sector, promoted solar power generation business by supplying power from non-FIT solar power generation facilities, utilizing self-consignment,

corporate PPA, etc. and invested in onshore wind farm projects in the UK. Through these initiatives, we have driven business that extend beyond simply leasing equipment. With our vision to "Be a creator of a sustainable world," we will continue to co-create a circular society and help realize a sustainable society.

Six Materiality Topics

- (1) Contribute to a decarbonized society
- (2) Contribute to a healthy and prosperous lifestyle
- (3) Contribute to the creation of social infrastructure that supports our lifestyle
- (4) Leading toward circular economy
- (5) Create new value through technology
- (6) Create a society and workplace where everyone can thrive

Background and Positioning of the New Medium-Term Management Plan

—Upon assuming office as the new president, you formulated a new medium-term management plan. What is the background and positioning of this plan?

If we look at the current business environment, macro-economic conditions are undergoing a period of major change, and we are facing growing uncertainty.

For instance, the Japanese market has plateaued due to the nation's declining population, and there is concern that financial issues may emerge in the future.

Furthermore, we are witnessing accelerating technological advances both inside and outside Japan, and competition will likely intensify in all aspects as technological innovation breaks industry barriers.

Another important theme is addressing climate change, as environmental destruction caused by greenhouse gas emissions, growth of the global population, and increased waste generated via mass production/mass consumption business models become increasingly serious issues.




In these ways, the environment surrounding our clients is changing on a daily basis and all companies are being encouraged to speed up their decision making, take bold risks, review their business portfolios, and use robotics to promote automation. Similarly, the importance of solving social issues by pursuing initiatives that advance the transition to carbon neutrality and circular economy are also growing daily.

We will be able to expand our business opportunities if we can develop the ability to accurately grasp the potential needs of our clients and understand the different courses of action required to address those emerging needs. By doing this, we can offer solutions that respond to disruptive trends, technological evolution, and increasingly important social issues.

Under these circumstances, we formulated and published our new "Medium-Term Management Plan 2025" to help the Group achieve sustainable growth and make further strides towards realizing its ambitions. To solve the business and social challenges facing our customers, we aim to become a multi-solution platform that goes beyond a typical leasing company to offer diverse solutions as partners that co-creates value.

The Ambition of "Medium-term Management Plan 2025"

Make the great leap from a leasing company to a platform company that co-creates the future together with clients

-  **Circular society platform company that addresses social challenges**
Provide integrated solutions, such as circular economy and decarbonization, for social issues that corporations need to solve
-  **Technology driven leader pushing for structural business reform**
Anticipate shifting social structures and spread of new technologies, and provide a comprehensive range of solutions designed to meet those challenges in response.
Become a powerful XaaS (Anything as a Service) player
-  **Organization that fearlessly tackles challenges to create new value**
Each employee, and the company as a whole, will create new value beyond the traditional finance framework by being agile, focusing on speed, and taking on new challenges

Evolve into a multi-solution platformer that enables clients to tackle their social and business challenges by providing solutions beyond traditional financing, co-creating value as a partners

Medium- to Long-term Goals

- (1) Circular society platform company that addresses social challenges
- (2) Technology-driven leader pushing for structural business reform
- (3) Organization that fearlessly tackles challenges to create new value

The new medium-term management plan was developed using backcasting from "Our Ambitions" and covers the three-year period from fiscal 2023 to 2025, with "Challenge," "Change," and "Grow" as keywords. We have positioned this period as a "Three Year Challenge towards Change," and we intend to actively invest managerial resources in both business and management infrastructure in order to achieve rapid growth toward the realization of our ambitions. I will provide a detailed explanation at a later time, but for now we intend to appropriately manage our three business portfolios based on their different time horizons, while also gradually increasing stable earnings and expanding assets in growth areas.

Our Alliance Strategy

—Please tell us about your alliance strategy, including an alliance with Mizuho, which is integral to business expansion, and with Marubeni, which continues to deepen overseas business.

Our business opportunities increased and diversified dramatically under the previous medium-term management plan due to our alliance with Mizuho. Our business domains themselves expanded at an unprecedented speed. On the other hand, there is definitely still great growth

potential that we can harness from Mizuho's customer base and value chain.

Generally, the assumption is that we only adhere to financial aspects, such as leasing and mezzanine loans. However, we are also able handle business investments, operations, asset ownership deals, and provide subscription and XaaS services that fall outside the capabilities of the bank.

By combining these services and providing our unique solutions, it will help us better solve customer issues to co-create even more value for the world.

Looking ahead, I believe that if we can work together with Mizuho Group companies to propose multiple solutions that utilize innovative ideas and latest technologies to Group customers, we will be able to establish a unique and unprecedented business model.

Regarding our alliance with the Marubeni Group, we continue to promote joint business ventures, primarily outside Japan, through the business alliance that we launched in 2019.

We will steadily expand our overseas business through joint investments in: Aircastle Limited, which is involved in the aircraft leasing business, PLM Fleet, LLC, which is involved in frozen/refrigerated trailer leasing and rental in the United States, and the Australian automobile sales financing market.

Furthermore, we are also working to accurately grasp the financing needs of ASEAN countries by investing in a Vietnamese leasing company and launching Mizuho Leasing (Singapore) Pte. Ltd. in Singapore

Going forward, we will continue to expand our global business by leveraging Mizuho Leasing and Marubeni's mutual strengths and expertise, expanding our collaboration in new business areas inside and outside Japan, and considering more joint investments.

Initiatives of the Previous Medium-term Management Plan

Alliance strategy	Mizuho alliance	Marubeni alliance	Other alliances
	Actively engaged in increasing and diversifying business opportunities	Drove global business growth	Promoted collaboration to create new businesses
Initiatives in focus areas	Expanded presence in existing markets and promoted initiatives to create new businesses		
	Invested in funds to acquire massive-scale real estate in Japan	Engaged in solar/hydro power generation business	Built subscription schemes for logistics robots
			Promoted realization of circular economy
Inorganic strategy	Drove strong growth through proactive M&A in real estate investment, global businesses, and aircraft leasing		
	Amount invested during the previous plan (FY 2019-FY2022) ▶ Approx. ¥150.0 bn		
	Made NIPPON STEEL KOWA REAL ESTATE CO., LTD. an equity method affiliate	Made Mizuho Capital Co., Ltd. an equity method affiliate	Made Aircastle Limited an equity method affiliate
			Agreement reached to make Rent Alpha Pvt. Ltd. a consolidated subsidiary etc.



Inorganic Strategies

—You plan to invest ¥150.0 billion during the new medium-term management plan. Please explain the basic thought process behind this investment.

I consider inorganic growth, such as M&A, and the acquisition of assets, to be an effective means of expanding the reach of our business and improving profitability.

We sought to expand our business domains in Japan during the previous medium-term management plan by converting RICOH LEASING COMPANY, LTD., NIPPON STEEL KOWA REAL ESTATE CO., LTD, and Mizuho Capital Co., Ltd into equity method affiliates. Outside Japan, in addition to investments made in alliance with Marubeni, we recently made Rent Alpha Pvt. Ltd., an equipment leasing company in India, into a consolidated subsidiary.

Through these deals, we invested over ¥150.0 billion during the previous Plan, which contributed significantly to expanding the Group's business presence and improving profitability.

Under the current medium-term management plan, we expect to allocate approximately ¥150.0 billion for inorganic investment, expanding our business domains and business scale in both existing and growing areas and creating new businesses. I would like to actively consider any quality projects that relate to each of our three

horizons, core, growth, and frontier. I also want to uncover new project opportunities by taking advantage of Mizuho and Marubeni project sourcing routes. With these strategies, we will transform our business portfolio.

Strengthening Organizational Management

—How do you plan to strengthen and enhance the administrative systems that support the “Medium-term Management Plan 2025”?

It is essential that we strengthen both our business model and organizational management systems in order to realize our ambitions.

Major initiatives here involve accelerating IT infrastructure development and the company's digital transformation. We are working hard to train and develop the necessary human resources to thoroughly implement digital technology in our business, enhancing the value we can provide to our customers as a result.

To build the human capital portfolio that we need to implement these strategies, we are looking to strengthen our mid-career recruitment efforts, assign the right person for the right job, and further expand the number of personnel experienced in specialized fields. We believe that providing active career-building support and exchanging knowledge within the company will encourage our employees to improve their own skills and develop their own careers, driving the Company's growth. Of course, employee behavior is also vital to inducing change. I want to provide opportunities for all employees to work together on the key themes of “Challenge”, “Change”, and “Grow” by encouraging free and open communication and building an environment that supports taking on challenges.

It is also important to enhance our governance and risk management systems in order to implement agile management. In fiscal 2023, we introduced a “Headquarter System” to implement new governance practices as our business becomes increasingly diverse and requires higher levels of specialized expertise. We are also working to enhance our overall risk management system by refining risk control methods and strengthening monitoring capabilities to accommodate increasingly diverse risk categories.

We are pursuing some specific measures to strengthen our company by investing over ¥10.0 billion in IT systems and increasing the number of specialized personnel by 80 persons or more. We will promote these growth investments while balancing them with accelerating speed of the stable profit.

Sustainability and Non-financial Targets

—Please tell us about the sustainability initiatives in the new medium-term management plan.

Our sustainability initiative policy and our management strategy are one and the same, and the same can be said for the new medium-term management plan.

The six materiality topics mentioned above are priority issues identified by the Group to help realize a sustainable society. By addressing materiality through businesses in our areas of expertise (utilizing new technologies, supporting supply chains, offering valuable goods and services etc.) we aim to co-create a circular society and realize a sustainable society.

Among the materialities, decarbonization, climate change, along with developing renewable energy sources are the most important global challenges.

In related a manner, the Group has also set targets for reducing CO₂ emissions. We are promoting the shift to renewable energy at business locations and striving to conserve energy through digitalization and streamlined operations. We have set a goal of realizing carbon-neutrality by 2030 by moving our Scope 1 and 2 emission reduction targets forward for both non-consolidated and seven domestic consolidated subsidiaries.

Human capital targets are also important as non-financial targets. We plan to more than triple the amount of investment dedicated to human resources development in fiscal 2025 compared to fiscal 2022, and we aim to train more than 200 personnel in IT. In addition, we have also set targets for 80% or more ratio of paid annual leave taken by employees, 15% ratio of management positions filled by women, and 100% ratio of childcare leave taken by male employees.

We will promote initiatives that build a healthy and fulfilling workplace and company for our employees, which I am confident will ultimately lead to continuous growth in corporate value.

Background on New Financial Targets and Path to Achieve Them

—Please tell us about the financial targets in the new medium-term management plan, including net income, ROA, and ROE.

We have set a numerical target for net income of ¥42.0 billion in fiscal 2025, the final year of the “Medium-term Management Plan 2025”, compared to ¥28.4 billion in fiscal 2022. Similarly, we aim to achieve an ROA of 1.6% or

more by actively accumulating operating assets and continuing initiatives that emphasize profitability.

We recognize that ROE is an important management indicator for the Company. Given the fact that the Group is currently in a growth phase, we will strive to improve ROE from a medium- to long-term perspective by improving profitability and expanding profits through growth investments. We aim to achieve an ROE of 12% or more by fiscal 2025.

—Please share with us your message to stakeholders.

We will continue to uphold our basic policy on shareholders returns, which commits to “pay dividends commensurate with performance while improving profitability.” We expect to offer an annual dividend for fiscal 2023 of ¥166 per share, which represents a year-on-year increase of ¥19 and the 22nd consecutive year of dividend increase.

Furthermore, in addition to gradually increasing the payout ratio to 30% during the current Plan, we will make effective use of retained earnings to strengthen business foundations and invest for growth, enhancing shareholder returns through profit growth.

The Mizuho Leasing Group is focusing its efforts on making great strides in transforming itself away from a conventional leasing company and towards a platform company that co-creates the future with our clients. As illustrated by our numerical targets, we are convinced that our Company harbors enormous growth potential. We are committed to steadily implementing the strategies set forth in the current medium-term management plan and working together to achieve our goals. We would like to express our gratitude to stakeholders for their cooperation and ask for your continued support.