



Overview of the First-Quarter Financial Results for FY2023

August 4, 2023

Mizuho Leasing Company, Limited

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1. Financial Results and Business Performance Overview

Summary of First-Quarter Results for FY2023

- Continued to accumulate operating assets and maintained underlying profitability growth. Gross profit before funding costs increased by only ¥1.1 bn year on year, partly due to the lack of one-time factors (+¥1.0 bn related to aircraft) in the previous fiscal year. Funding costs increased year on year due to factors such as the impact of U.S. interest rate hikes since the second half of the previous fiscal year, resulting in a ¥0.5 bn decrease in gross profit.
- Equity in earnings remained strong overall, despite a decrease due to the loss on valuation of investment securities at RICOH LEASING.

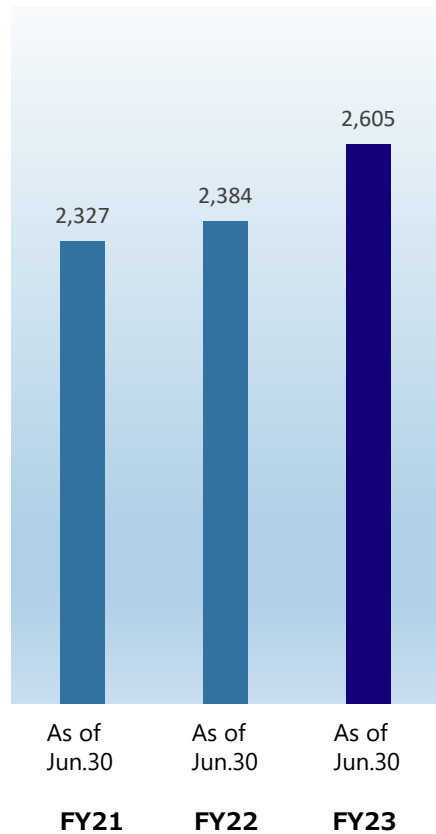
Financial results (¥bn)	FY21 Q1	FY22 Q1	FY23 Q1	YoY change	YoY % change
Revenues	118.3	114.0	123.9	+9.9	+9%
Gross profit before funding costs	14.5	18.1	19.2	+1.1	+6%
Gross profit	12.6	16.0	15.5	-0.5	-3%
Operating income	6.4	8.6	7.2	-1.4	-16%
(Equity in earnings and losses)	0.6	3.0	2.3	-0.7	-24%
Ordinary income	7.0	11.5	10.0	-1.5	-13%
Net income attributable to owners of the parent	5.0	8.1	6.8	-1.3	-16%
Operating assets	2,326.8	2,384.0	2,604.9	+ 220.9	+9%
Gross profit margin before funding costs (Gross profit before funding costs ÷ operating assets) *	2.50%	3.01%	2.96%	-0.05pts	
Gross profit margin (Gross profit ÷ operating assets) *	2.17%	2.67%	2.38%	-0.29pts	
ROA (Ratio of ordinary income to total assets) *	1.1%	1.7%	1.3%	-0.4pts	
ROE (Ratio of net income to equity) *	9.7%	14.3%	10.3%	-4.0pts	
Newly Executed Contract Volume	263.5	234.2	234.9	+ 0.7	

* The balance is based on the average of the beginning and ending balances.

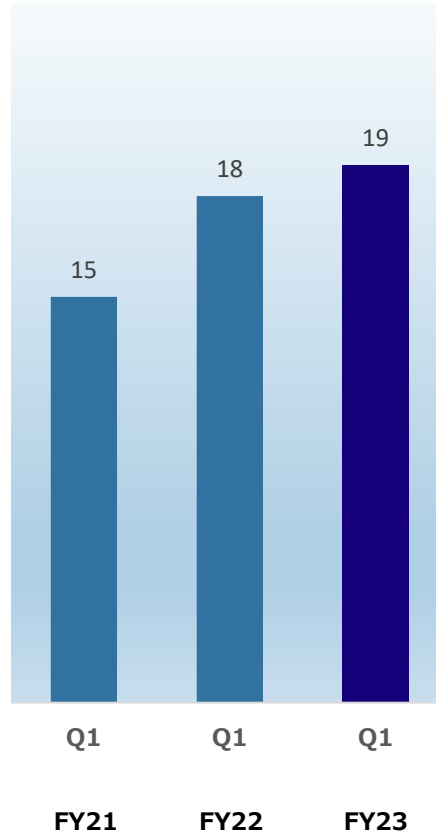
Changes in Operating Assets and Profits at Each Income Level

- Steadily accumulated operating assets alongside growth in gross profit before funding costs
 - Rent Alpha Pvt. Ltd. in India became a consolidated subsidiary in Q1, which is reflected in operating assets. However, it will be recorded in P/L from Q2 onward.

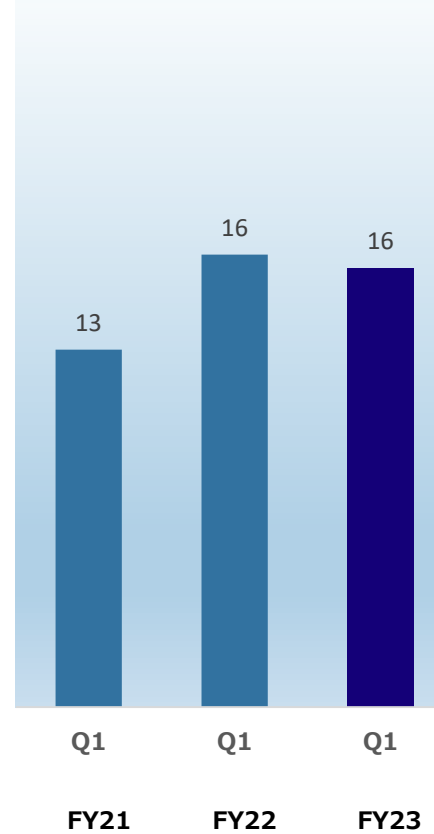
Operating assets



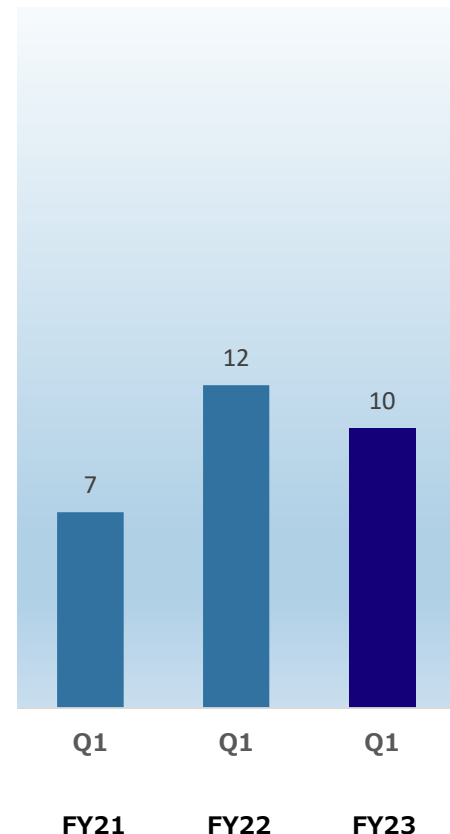
Gross profit before funding costs



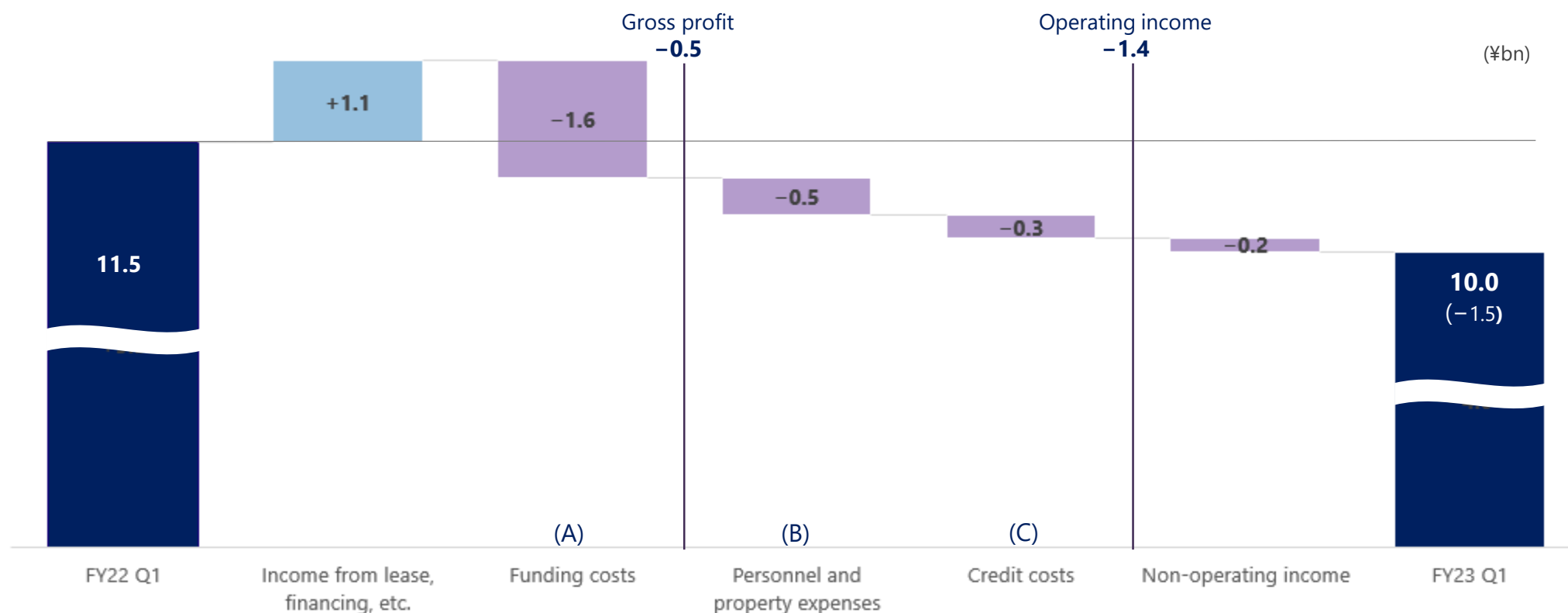
Gross profit



Ordinary income



Factors behind Changes in Ordinary Income



(A) Funding costs	Increased year on year due to rising interest rates on foreign currency-denominated assets against the backdrop of interest rate hikes in the United States from the second half of the previous fiscal year, as well as the accumulation of operating assets
(B) Personnel and property expenses	Increased in association with hiring and system development
(C) Credit costs	Increased mainly due to individual allowances

Gross Profit before Funding Costs and Operating Assets by Business Area

- Domestic leasing businesses: Increased gross profit before funding costs partly due to gain on individual cancellations, and secured profit while maintaining the balance.
- Real estate/environment and energy businesses: Assets accumulated in the second half of the previous fiscal year are expected to be recorded in P/L from Q2 onward.
- Overseas/aircraft businesses: Acquired Rent Alpha in India. Gross profit before funding costs increased due to new contracts in the area of aircraft, which offset the negative impact from the special factors in gross profit before funding costs in the previous fiscal year.

(¥bn)	Gross Profit before Funding Costs			Operating assets			Newly Executed Contract Volume		
	FY22 Q1	FY23 Q1	YoY change	As of June 30, 2022	As of June 30, 2023	YoY change	FY22 Q1	FY23 Q1	YoY change
Domestic leasing									
– Leases, construction machinery, auto leases, etc.	9.3	10.8	+ 1.5	1,437.7	1,401.1	– 36.6	180.0	168.6	– 11.4
Real estate/Environment and energy	5.1	4.6	– 0.5	612.3	814.3	+ 202.0	34.6	43.3	+ 8.7
Finance/Investment									
– Funds, investment in startups, etc.	0.8	0.8	– 0.0	167.4	155.4	– 12.0	12.0	6.9	– 5.1
Overseas/Aircraft									
– Overseas associated companies, aircraft, ships, etc.	3.0	3.1	+ 0.1	166.7	* ¹ 234.1	+ 67.4	7.6	16.1	+ 8.5
Total	18.1	19.2	+ 1.1	2,384.0	2,604.9	+ 220.9	234.2	234.9	+ 0.7

* Results by business area are on a management accounting basis.

*¹ Includes increase in operating assets due to acquisition of Rent Alpha; Impact on P/L is expected from Q2 onward

Equity in Earnings and Losses (Non-operating Income and Expenses)

- Excluding the impact of loss on valuation of investment securities at RICOH LEASING, domestic associated companies performed well overall.
 - Equity in earnings of Aircastle improved due to the recovery of its business performance.

Equity in earnings and losses

(¥bn)	FY21 Q1	FY22 Q1 (1)	FY23 Q1 (2)	YoY change (2) –(1)
Domestic associated companies	1.1	2.7	1.5	–1.2
Overseas associated companies	–0.6	0.3	0.8	+0.5
Aircastle	–0.9	–0.2	0.2	+0.4
Total of Domestic and Overseas	0.6	3.0	2.3	–0.7

Topics (July 6, 2023)

- Announcement by Mizuho Leasing and Marubeni Corporation to commit to an additional US\$500 mn in capital (Of which Mizuho Leasing provided US\$125mn)
- US\$200 mn out of the total US\$500 mn was executed in July

Performance

- Earnings for FY2023 Q1 (March-May) were solid as airline industry market conditions recovered.

Aircastle Financial Results

	(US\$mn)			
	FY22 Q1 (March-May)	FY23 Q1 (March-May)	YoY change	(Reference) FY22 Full Year
Revenue	176	218	+42	796
Impairment	–4	–1	+3	–86
Net income	8	23	+15	63

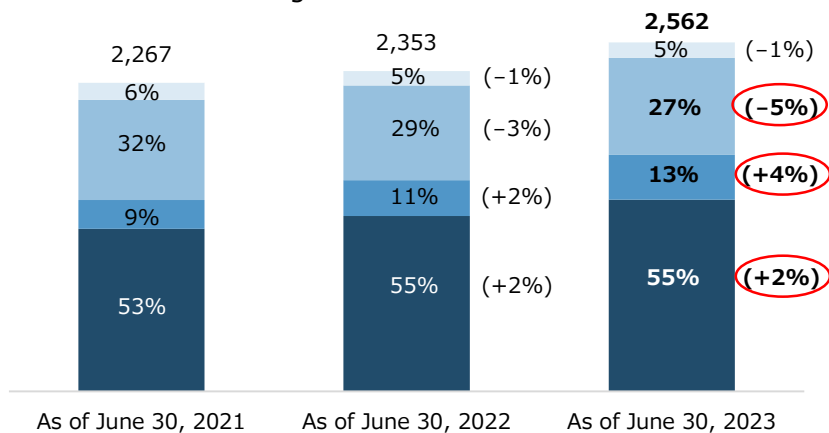
* Source: Information disclosed by Aircastle

- Increased Interest-bearing debt through long-term debt and corporate bonds against a backdrop of accumulated operating assets.
- Funding costs increased year on year due to impact of interest rate hikes in foreign currencies.

Outstanding interest-bearing debt

(¥bn)

■ Borrowings ■ Bonds ■ CP ■ Securitization

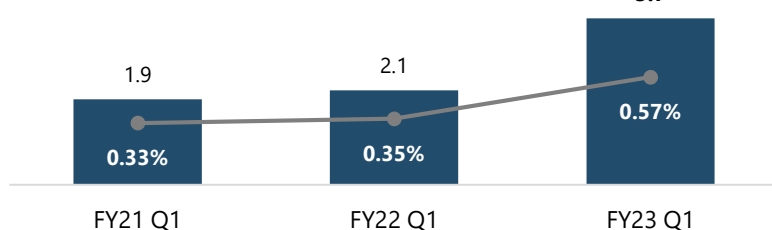


* Percentages indicate the composition ratio
* Figures in parentheses represent changes from June 30, 2021

Funding costs (ratio)

(¥bn)

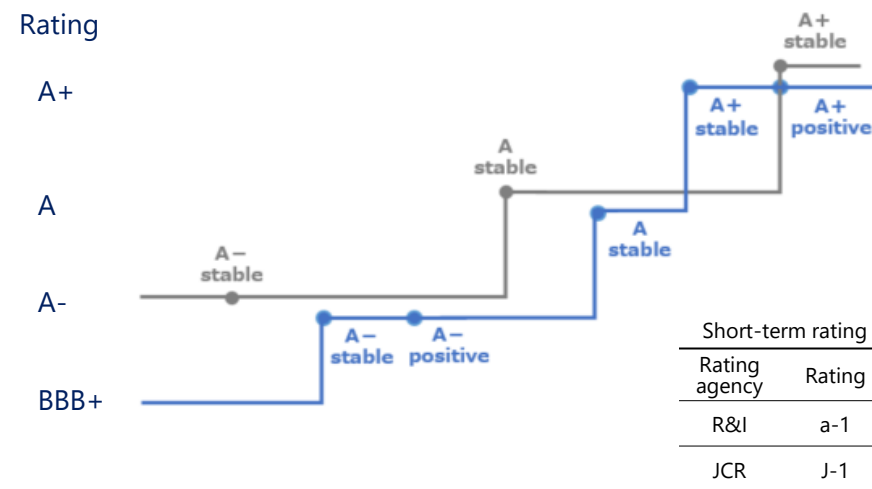
■ Funding costs ● Funding ratio



* Funding cost ratio = Funding costs (annualized basis) / Operating assets (average of the beginning and ending balances)

Long-term credit rating trends

● R&I ● JCR



Sep. 2017 May. 2018 Jun. 2018 Feb. 2019 Mar. 2019 Apr. 2019 Apr. 2020 Jun. 2022 Jun. 2023

2. Progress Toward Earnings Forecasts

- In Q1, profits at each income level progressed as planned.

(¥bn)	FY2022 (Results)	FY2023 (Forecast)	FY23 Q1 (Results)	Progress rate
Operating income	31.8	34.0	7.2	21%
Credit costs	1.0	3.0	0.7	23%
Ordinary income	40.1	45.0	10.0	22%
Equity in earnings and losses	9.7	11.0	2.3	21%
Net income attributable to owners of the parent	28.4	31.0	6.8	22%

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	Date	Contents	
1 Q	Apr. 28, 2023	Concluded one of the Largest Virtual PPAs in Japan with Kao Corporation Switched power used at Kao's Sumida Office to additional renewable energy sources	Environment and energy
	June 13, 2023	Concluded a Business Agreement with Social Interior Inc. Collaboration with a furniture subscription service company for corporate customers	Subscription
	June 16, 2023	Signed MoU with Motion Inc. to Establish EV-related Services MoU to collaborate on EV-related services with Motion Inc., a company with superior statistical analysis technology	EVs/Storage battery
	June 30, 2023	Acquired Rent Alpha Pvt. Ltd. by Mizuho Leasing Co., Ltd. Completed acquisition of Rent Alpha, a company with a leading market share in equipment leasing in India	Global
2 Q	July 3, 2023	Introduced "Subsidy Cloud," a Subsidy Information Search Service Provided by Stayway Inc. Introduced Stayway's green investment subsidy support service to strengthen subsidy support system for our customers	DX
	July 6, 2023	Mizuho Leasing and Marubeni Provided Equity Support to Aircastle Limited Jointly subscribed with Marubeni to additional common shares of US\$500 mn to fund the Aircastle's growth	Aircraft

Consolidated B/S (Assets)

(¥bn)	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023 (1)	End-Jun. 2023 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Current assets	1,947.3	2,085.1	2,166.7	2,279.7	2,304.4	+24.7	+1%
Cash and deposits	22.8	21.1	25.3	34.0	29.6	-4.4	-13%
Investment in lease	1,082.1	1,174.1	1,172.6	1,122.2	1,100.2	-22.0	-2%
Installment sales receivable	141.8	127.1	109.4	98.5	96.9	-1.6	-2%
Operational loans	401.0	500.7	582.5	661.7	690.1	+28.4	+4%
Operational investment securities	221.9	221.0	239.8	322.7	336.1	+13.4	+4%
Allowance for doubtful receivables	-1.8	-2.2	-1.2	-1.0	-1.4	-0.4	-
Property & equipment	401.1	518.1	582.1	675.0	698.3	+23.3	+3%
Leased assets	245.6	302.3	315.0	378.3	385.2	+6.9	+2%
Investment securities	119.1	172.0	203.7	240.6	248.4	+7.8	+3%
Doubtful operating receivables	5.4	11.5	32.7	25.8	26.9	+1.1	+4%
Allowance for doubtful receivables	-0.5	-0.5	-8.5	-5.1	-5.1	-0.0	-
Total assets	2,348.4	2,603.2	2,748.8	2,954.6	3,002.7	+48.1	+2%
Total operating assets	2,090.3	2,322.4	2,416.6	2,580.1	2,604.9	+24.8	+1%

Consolidated B/S (Liabilities and Equity)

(¥bn)	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023 (1)	End-Jun. 2023 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Current liabilities	1,314.1	1,492.9	1,548.4	1,573.5	1,591.6	+ 18.1	+ 1%
Short-term borrowings	256.7	317.8	380.3	418.4	432.0	+ 13.6	+ 3%
Current portion of corporate bonds	-	40.0	30.0	23.0	26.9	+ 3.9	+ 17%
Current portion of long-term debt	185.4	228.4	240.5	249.0	231.3	-17.7	-7%
Commercial paper	669.1	714.1	707.1	692.9	710.4	+ 17.5	+ 3%
Payables under securitized lease receivables	105.2	101.5	92.9	94.7	88.6	-6.1	-6%
Long-term liabilities	838.5	899.5	969.6	1,105.3	1,123.4	+ 18.1	+ 2%
Long-term debt	622.9	649.9	681.9	747.7	743.6	-4.1	-1%
Corporate bond	135.3	170.4	221.0	280.7	303.2	+ 22.5	+ 8%
Payables under securitized lease receivables	26.0	33.3	21.6	31.1	25.8	-5.3	-17%
Total liabilities	2,152.6	2,392.3	2,518.0	2,678.8	2,715.0	+ 36.2	+ 1%
Net assets	195.8	210.9	230.8	275.8	287.6	+ 11.8	+ 4%
Shareholders' equity	179.9	197.5	207.3	229.9	232.7	+ 2.8	+ 1%
Total liabilities and net assets	2,348.4	2,603.2	2,748.8	2,954.6	3,002.7	+ 48.1	+ 2%
Total interest-bearing debts	2,000.6	2,255.4	2,375.2	2,537.6	2,561.8	+ 24.2	+ 1%
Equity ratio	7.9%	7.7%	8.0%	8.9%	9.0%	+ 0.1pts	

(¥bn)	FY19 Q1	FY20 Q1	FY21 Q1	FY22 Q1 (1)	FY23 Q1 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Revenues	143.2	115.4	118.3	114.0	123.9	+9.9	+9%
Gross profit before funding costs	14.5	14.6	14.5	18.1	19.2	+1.1	+6%
Funding costs	2.6	2.2	1.9	2.1	3.7	+1.6	+78%
Gross profit	11.9	12.4	12.6	16.0	15.5	-0.5	-3%
Selling, general and administrative expenses	6.4	6.5	6.2	7.4	8.3	+0.9	+11%
Personnel and property expenses	6.1	6.2	6.6	7.0	7.5	+0.5	+7%
Allowance for doubtful receivables	0.3	0.3	-0.3	0.4	0.7	+0.3	+88%
Operating income	5.5	5.9	6.4	8.6	7.2	-1.4	-16%
Other income	0.5	0.9	0.9	3.3	3.5	+0.2	+4%
Other expenses	0.2	0.3	0.3	0.4	0.7	+0.3	+82%
Ordinary income	5.8	6.5	7.0	11.5	10.0	-1.5	-13%
Extraordinary income	0.3	4.0	-	0.1	0.0	-0.1	-27%
Extraordinary loss	0.1	0.0	0.0	0.0	0.0	-0.0	-33%
Income before taxes	6.1	10.5	7.0	11.6	10.0	-1.6	-14%
Total income taxes	1.9	2.9	1.9	3.1	2.9	-0.2	-5%
Net income attributable to owners of the parent	4.1	7.4	5.0	8.1	6.8	-1.3	-16%
Gross profit margin before funding costs	2.87%	2.75%	2.50%	3.01%	2.96%	-0.05pts	
Funding cost ratio	0.51%	0.41%	0.33%	0.35%	0.57%	+0.22pts	
ROE	9.5%	16.0%	9.7%	14.3%	10.3%	-4.0pts	

Consolidated Statements of Comprehensive Income

(¥bn)	FY19 Q1	FY20 Q1	FY21 Q1	FY22 Q1 (1)	FY23 Q1 (2)	YoY Change (3) = (2) - (1)	YoY % Change (3) / (1)
Net income	4.3	7.6	5.1	8.5	7.1	-1.4	-17%
Unrealized gain on available-for-sale securities	-0.6	-2.2	-0.1	3.8	2.7	-1.1	-29%
Deferred gain/loss on derivatives under hedge accounting	-0.0	0.2	-0.3	-1.4	-1.7	-0.3	-
Foreign currency translation adjustments	0.3	-0.8	5.1	7.8	0.9	-6.9	-89%
Remeasurements of defined benefit plans	-0.0	0.0	-0.0	-0.0	-0.0	+0.0	-
Share of other comprehensive income of associated companies	0.0	-0.2	0.7	1.0	2.0	+1.0	-108%
Total other comprehensive income	-0.3	-3.1	5.4	11.2	3.9	-7.3	-66%
Comprehensive income	4.0	4.6	10.5	19.7	11.0	-8.7	-44%

Gross Profit before Funding Costs by Business Area

(¥bn)	FY19 Q1	FY20 Q1	FY21 Q1	FY22 Q1 (1)	FY23 Q1 (2)	YoY Change (3) = (2) - (1)	YoY % Change (3) / (1)
Revenues	143.2	115.4	118.3	114.0	123.9	+9.9	+9%
Leasing and installment sales	138.8	111.6	114.3	108.2	117.2	+9.0	+8%
Finance	4.2	3.9	4.1	6.0	7.0	+1.0	+17%
Other	0.5	0.2	0.2	0.3	0.3	+0.0	+21%
Elimination and Expenses not allocated to the segments	-0.3	-0.3	-0.3	-0.4	-0.6	-0.2	-
Cost of revenues	128.7	100.8	103.7	96.0	104.7	+8.7	+9%
Leasing and installment sales	128.4	100.7	103.6	95.8	104.5	+8.7	+9%
Finance	0.1	0.1	0.0	0.1	0.1	+0.0	+24%
Other	0.2	0.1	0.1	0.1	0.1	+0.0	+28%
Elimination and Expenses not allocated to the segments	-0.1	-0.1	-0.0	-0.0	-0.0	+0.0	-
Gross profit before funding costs	14.5	14.6	14.5	18.1	19.2	+1.1	+6%
Leasing and installment sales	10.3	10.9	10.6	12.4	12.7	+0.3	+3%
finance	4.1	3.9	4.0	5.9	6.9	+1.0	+17%
Other	0.3	0.1	0.1	0.1	0.2	+0.1	+15%
Elimination and Expenses not allocated to the segments	-0.3	-0.2	-0.3	-0.4	-0.6	-0.2	-

Newly Executed Contract Volume by Business Area

Leasing and Installment Sales Segment

(¥bn)	FY21 Q1	FY22 Q1 (1)	FY23 Q1 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Information and communications	20.4	23.3	19.6	-3.7	-16%
Real estate	23.3	11.8	6.9	-4.9	-41%
Industry and factory	15.5	15.6	9.8	-5.8	-37%
Transport	9.5	8.3	7.4	-0.9	-10%
Construction	5.9	3.1	3.2	+0.1	+3%
Commerce and services	3.7	4.4	6.7	+2.3	+52%
Medical	2.8	2.7	3.2	+0.5	+21%
Other	11.0	8.6	7.8	-0.8	-9%
Total	92.0	77.7	64.7	-13.0	-17%

Financing Segment

(¥bn)	FY21 Q1	FY22 Q1 (1)	FY23 Q1 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Commercial distribution finance/loan, etc.	161.4	133.9	136.0	+2.1	+2%
Real estate	9.0	19.5	26.4	+6.9	+36%
Ship	1.1	2.6	3.7	+1.1	+47%
Aircraft	-	0.6	4.0	+3.4	+566%
Total	171.6	156.5	170.2	+13.7	+9%



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