

# Overview Third-Quarter Financial Results for FY2022

February 7, 2023

Mizuho Leasing Co., Ltd.

**MIZUHO**

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# 1. Financial Results and Business Performance Overview

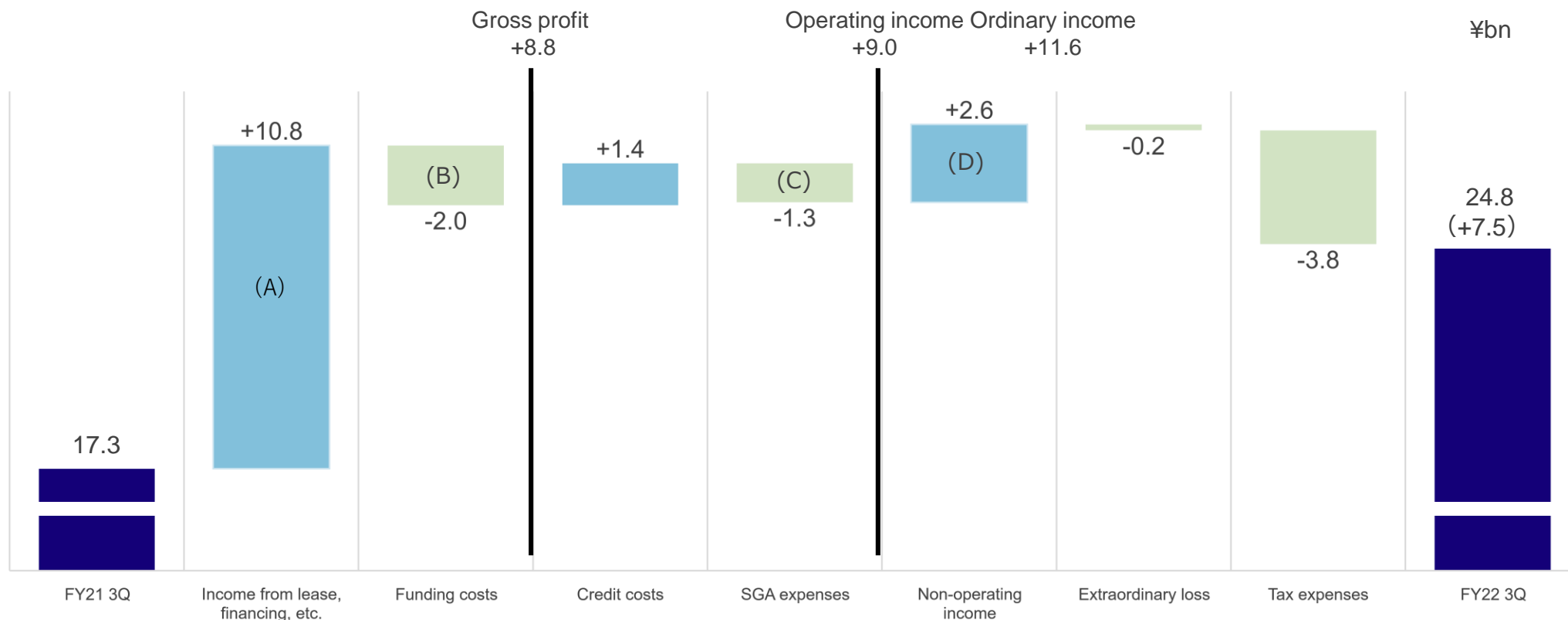
# Summary of Third-Quarter Results for FY2022

- Underlying profitability grew steadily, and profits at each income level increased significantly compared with FY2021 results.
  - Efforts to accumulate assets and focus on profitability continued, primarily in focus areas.
  - New investments in FY2021 contributed to profits, and the business performance of existing domestic and overseas affiliated companies also remained robust.
- Each of the profit-efficiency indicators saw dramatic improvements.

Financial results (¥bn)	FY20 3Q	FY21 3Q	FY22 3Q	Change	% Change
Revenues	350.1	389.5	339.8	-49.7	-13%
Gross profit before funding costs	43.0	44.4	55.2	+ 10.8	+ 24%
(Credit cots)	0.6	1.7	0.2	-1.5	-87%
Operating income	17.8	17.7	26.7	+ 9.0	+ 51%
(Equity in earnings and losses)	5.3	6.0	8.7	+ 2.7	+ 46%
Ordinary income	21.9	23.1	34.7	+ 11.6	+ 50%
(Extraordinary income and loss)	4.0	0.2	-0.1	-0.3	-
Net income attributable to owners of the parent	18.0	17.3	24.8	+ 7.5	+ 43%
Operating assets	2,312.6	2,386.8	2,517.2	+ 130.4	+ 5%
Gross profit margin before funding costs (*)	2.60%	2.51%	2.98%	+ 0.47pts	
ROA (Ratio of ordinary income to total assets)	1.2%	1.2%	1.6%	+ 0.4pts	
ROE (Ratio of net income to equity)	12.6%	11.0%	13.6%	+ 2.6pts	

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

# Factors behind Changes in Net Income Attributable to Owners of the Parent



(A) Income from lease, financing, etc.	Significantly increased due to large-scale one-time profit related to aircraft leasing (approx. ¥1.0 bn in the 1Q), as well as efforts to accumulate assets and focus on profitability in focus areas.
(B) Funding costs	Increased due to the rising interest rates for foreign currency-denominated assets against the backdrop of interest rate hikes in the United States, as well as the accumulation of operating assets.
(C) Selling, general and administrative expenses	Increased associated with hiring especially in specialized focus areas, and infrastructure development.
(D) Non-operating income	Increased despite the lack of positive impact of ¥4.4 bn in FY2021 aggregated by negative goodwill (¥14.9bn) and Aircastle goodwill impairment (¥-10.5bn). See page 6 for details.

# Operating Assets and Gross Profit before Funding Costs by Business Area

- Operating assets increased due to the accumulation of assets, primarily in focus areas.
  - Balance of domestic leasing business decreased, but efforts to focus on profitability continue.
  - Balances grew significantly in the Real Estate/Environment and Energy businesses mainly due to the execution of large-scale contracts.
- Gross profit before funding costs grew steadily in each business area.

## Operating assets

(¥bn)	End of Dec. 21	End of Dec. 22	Change
<b>Domestic Leasing</b>			
- Leases, construction machinery, auto leases, etc.	1,516.5	1,428.9	-87.6
<b>Real Estate/Environment and Energy</b>	547.8	751.4	+ 203.6
<b>Finance/Investment</b>	154.6	149.9	-4.7
- Funds, investment in startups, etc.			
<b>Overseas/Aircraft</b>	167.9	187.0	+ 19.1
- Overseas affiliates, aircraft, ships, etc.			
<b>Total</b>	<b>2,386.8</b>	<b>2,517.2</b>	<b>+ 130.4</b>
Exchange rate at end of period (USD / JPY)	115.02	132.70	

## Gross profit before funding costs

FY21 3Q	FY22 3Q	Change
26.6	27.7	+ 1.1
9.5	16.2	+ 6.7
2.1	2.5	+ 0.4
6.2	8.7	+ 2.5
<b>44.4</b>	<b>55.2</b>	<b>+ 10.8</b>

\*Business segment results are on management accounting basis

# Equity in Earnings and Losses (Other non-operating Income and loss)

- Both domestic and overseas associated companies recorded steady profits.
  - Significantly increased in profit, despite large-scale special factors\*1\*2 (¥4.4bn in total) in the 3Q of FY2021.

## Equity in Net Income

(¥bn)	FY20 3Q	FY21 3Q	(Special factors)	FY22 3Q	Change
Domestic Associated Companies	2.4	18.5	(14.9) <sup>*1</sup>	6.3	-12.2
Excluding special factors	2.4	3.6		6.3	+2.7
Overseas Associated Companies	2.9	-12.5	(-10.5) <sup>*2</sup>	2.5	+15.0
Aircastle	2.3	-14.0	(-10.5)	0.0	+14.0
Excluding special factors	2.9	-2.0		2.5	+4.5
Total	5.3	6.0	(4.4)	8.7	+2.7
Excluding special factors	5.3	1.6		8.7	+7.1

[Performance]

< Russia-related (3Q) >

- Gain on sale of aircraft:  
US\$53 mn
- Letter of credit payment:  
US\$ 23 mn

Information disclosed by  
Aircastle

### Aircastle Financial Results

	(US\$m)			(Reference)
	FY21 3Q	FY22 3Q	Change	FY21 Full Year
Revenue	515	607	+92	770
Impairment	-111	-68	+43	-452
Net income	-62	49	+111	-278

\*1 Negative goodwill: ¥14.9bn  
(Nippon Steel Kowa Real Estate: ¥9.1bn,  
Mizuho Capital: ¥5.8bn)

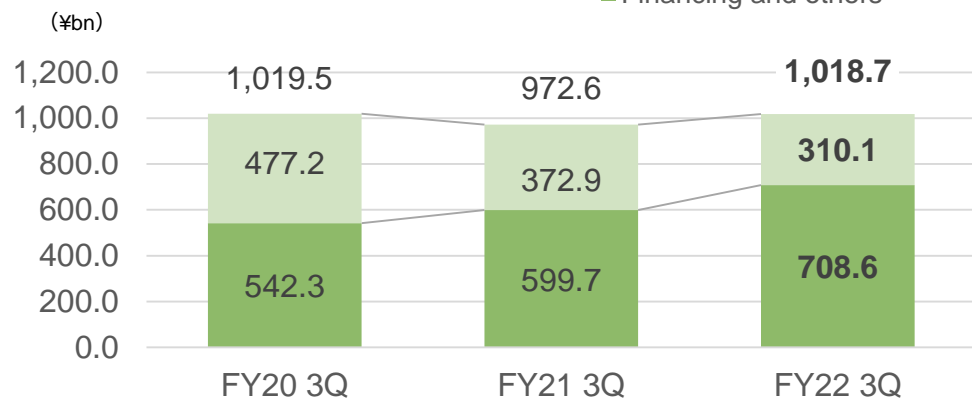
\*2 Amount of Aircastle goodwill impairment:  
¥-10.5bn

# Business Performance Overview

- Newly executed contract volume increased from the previous year mainly due to the accumulation of large-scale contracts in real estate and finance focus areas.
  - Newly executed contract volume in the 3Q of FY2022 (Oct-Dec) was approx. ¥450bn.
- Operating assets also increased significantly. (+5% year on year)

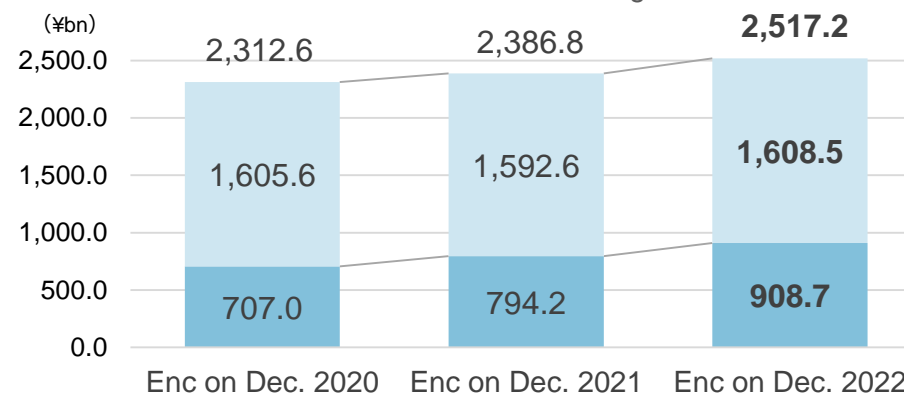
## Newly executed contract volume

■ Leasing and installment sales  
■ Financing and others

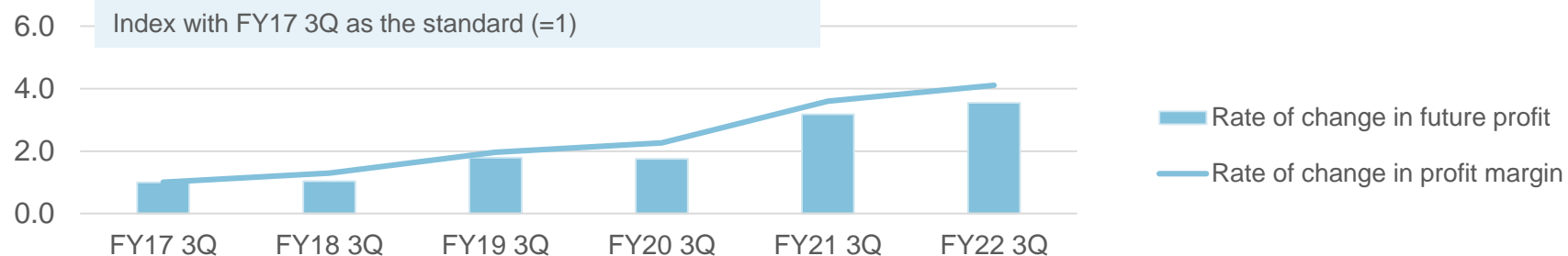


## Operating assets

■ Leasing and installment sales  
■ Financing and others



## Future Profit\*1 and Profit Margin\*2



\*1. Estimated future profit to be recorded before new contracts expired

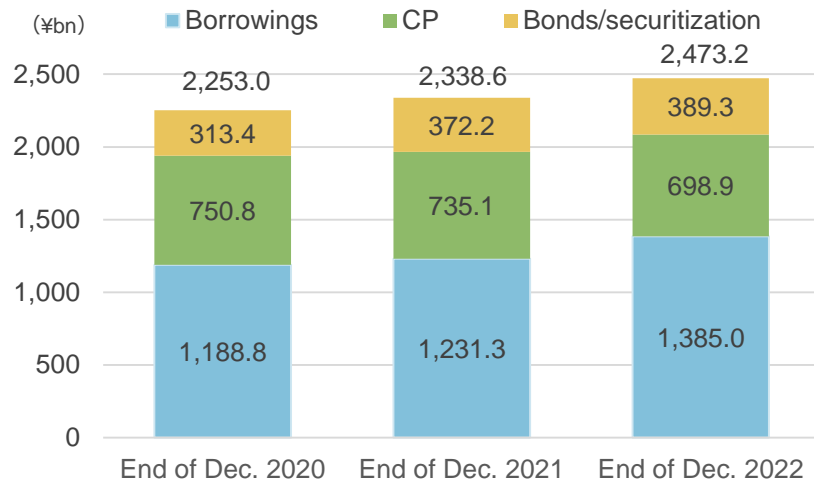
\*2. Profit margin for new contracts



# Funding

- Outstanding interest-bearing debt increased in line with increase in operating assets, while efforts were made to stabilize the funding structure.
- Funding costs ratio increased due to the rise in interest rates for foreign currencies.

## Balance of interest-bearing debt

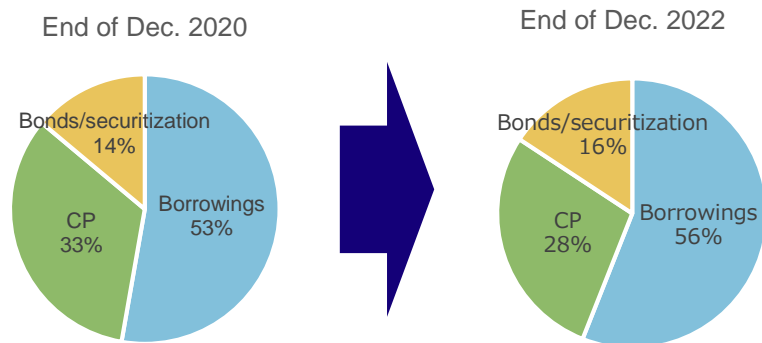


## Funding costs (ratio)

(¥bn)	FY20 3Q	FY21 3Q	FY22 3Q
Funding costs	6.1	5.6	7.6
Funding costs ratio	0.37%	0.32%	0.41%

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

## Sources of interest-bearing debt



## Credit ratings

Credit rating agency	Credit rating (Outlook)	
	Long-term	Short-term
R&I	A+ (stable)	a-1
	A+ (positive)	J-1
JCR	A+ (positive)	J-1
	A+ (stable)	a-1

## 2. Progress Toward Earnings Forecasts

# Progress Toward Earnings Forecast

- Each income level has made a high rate of progress against the full-year forecasts from the start of FY2022 up until the third quarter.
- Full-year forecasts remain the same due to the uncertainty of the future business environment, i.e., persistent domestic and overseas inflation, increasing volatility in financial markets, geopolitical risks and other factors.

(¥bn)	FY2021 (Results)	FY2022 (Forecast)	3Q Results	Rate of progress
Revenues	554.8	570.0	339.8	60%
Credit costs	10.5	3.0	0.2	7%
Operating income	17.9	28.0	26.7	95%
Equity in earnings and losses	2.0	8.0	8.7	109%
Ordinary income	20.1	35.0	34.7	99%
Net income attributable to owners of the parent	14.9	26.0	24.8	95%

# Appendix

# Changes in Balance of Mid-Term Management Plan Focus Areas

(¥bn)	End-Mar. 2021	End-Mar. 2022 (1)	End-Dec. 2022 (2)	Change (2) - (1)	% Change (2) / (1)
Real estate	481.8	611.8	765.5	+ 153.7	+ 25%
Land and building leases	155.4	204.6	204.7	+ 0.1	+ 0%
Bridge/Lease	155.2	118.0	171.9	+ 53.9	+ 46%
Bridge/Investment, etc.	22.0	28.8	23.2	-5.6	-20%
Finance, etc.	149.1	260.4	365.7	+ 105.3	+ 40%
Environment and Energy	169.9	211.8	215.2	+3.4	+2%
Investment in energy conservation, etc.	79.2	91.0	90.0	- 1.0	- 1%
Re-energy related	90.6	120.8	125.2	+4.4	+4%
Global	265.7	322.9	394.9	+72.0	+22%
Local subsidiary	100.1	109.6	121.4	+11.8	+11%
Cross border, etc.	35.8	60.9	85.5	+24.6	+40%
Marubeni Collaboration	129.8	152.4	188.0	+35.6	+23%
Aircraft	99.4	80.7	107.3	+ 26.6	+ 33%
Finance	50.2	32.6	31.2	-1.4	-4%
Lease	49.2	48.2	76.0	+ 27.8	+ 58%
Medical care	90.1	80.6	72.8	-7.8	-10%
Domestic leasing and financing	60.4	52.3	45.8	-6.5	-12%
Collaboration with vendors, etc.	21.7	21.8	22.1	+ 0.3	+ 1%
Overseas	7.9	6.5	5.0	-1.5	-23%

\*Management accounting basis

# Consolidated B/S (Assets)

(¥bn)	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022 (1)	End-Dec. 2022 (2)	Change (2) - (1)	% Change (2) / (1)
Current assets	1,866.6	1,947.3	2,085.1	2,166.7	2,202.2	+ 35.5	+ 2%
Cash and deposits	25.9	22.8	21.1	25.3	30.9	+ 5.6	+ 22%
Investment in lease	930.3	1,082.1	1,174.1	1,172.6	1,118.2	-54.4	-5%
Installment sales receivable	148.0	141.8	127.1	109.4	98.5	-10.9	-10%
Operational loans	468.4	401.0	500.7	582.5	622.0	+ 39.5	+ 7%
Operational investment securities	239.8	221.9	221.0	239.8	286.7	+ 46.9	+ 20%
Allowance for doubtful receivables	- 1.6	- 1.8	- 2.2	- 1.2	- 1.2	+ 0.0	-
Property & equipment	295.3	401.1	518.1	582.1	681.5	+ 99.4	+ 17%
Leased assets	235.9	246.3	302.3	315.0	395.4	+ 80.4	+ 26%
Investment securities	32.0	119.1	172.0	203.7	229.0	+ 25.3	+ 12%
Doubtful operating receivables	3.4	5.4	11.5	32.7	26.4	-6.3	-19%
Allowance for doubtful receivables	- 0.2	- 0.5	- 0.5	- 8.5	- 4.7	+ 3.8	-
Total assets	2,161.9	2,348.4	2,603.2	2,748.8	2,883.8	+ 135.0	+ 5%
Total operating assets	2,021.4	2,090.3	2,322.4	2,416.6	2,517.2	+ 100.6	+ 4%

# Consolidated B/S (Liabilities and Equity)

(¥bn)	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022 (1)	End-Dec. 2022 (2)	Change (2) - (1)	% Change (2) / (1)
Current liabilities	1,294.2	1,314.1	1,492.9	1,548.4	1,584.8	+ 36.4	+ 2%
Short-term borrowings	302.2	256.7	317.8	380.3	439.1	+ 58.8	+ 15%
Current portion of corporate bonds	20.8	-	40.0	30.0	23.0	-7.0	-23%
Current portion of long-term debt	177.2	185.4	228.4	240.5	242.1	+ 1.6	+ 1%
Commercial paper	609.8	669.1	714.1	707.1	698.9	-8.2	-1%
Payables under securitized lease receivables	82.4	105.2	101.5	92.9	96.3	+ 3.4	+ 4%
Long-term liabilities	685.5	838.5	899.5	969.6	1,020.4	+ 50.8	+ 5%
Long-term debt	524.2	622.9	649.9	681.9	703.8	+ 21.9	+ 3%
Corporate bond	85.0	135.3	170.4	221.0	240.7	+ 19.7	+ 9%
Payables under securitized lease receivables	33.2	26.0	33.3	21.6	29.3	+ 7.7	+ 36%
Total liabilities	1,979.7	2,152.6	2,392.3	2,518.0	2,605.3	+ 87.3	+ 3%
Net assets	182.2	195.8	210.9	230.8	278.5	+ 47.7	+ 21%
Shareholders' equity	167.8	179.9	197.5	207.3	226.3	+ 19.0	+ 9%
Total liabilities and net assets	2,161.9	2,348.4	2,603.2	2,748.8	2,883.8	+ 135.0	+ 5%
Total interest-bearing debts	1,834.8	2,000.6	2,255.4	2,375.2	2,473.2	+ 98.0	+ 4%
Equity ratio	8.0%	7.9%	7.7%	8.0%	9.2%	+ 1.2pts	

# Consolidated P/L

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	FY21 3Q (1)	FY22 3Q (2)	Change (2) - (1)	% Change (2)-(1) / (1)
Revenues	266.6	380.5	350.1	389.5	339.8	-49.7	-13%
Gross profit before funding costs	38.4	42.6	43.0	44.4	55.2	+ 10.8	+ 24%
Funding costs	6.2	7.3	6.1	5.6	7.6	+ 2.0	+ 35%
Gross profit	32.1	35.2	36.9	38.8	47.6	+ 8.8	+ 23%
Selling, general and administrative expenses	14.2	17.3	19.1	21.0	20.9	-0.1	-1%
Personnel and property expenses	15.3	17.8	18.4	19.3	20.6	+ 1.3	+ 7%
Allowance for doubtful receivables	- 1.1	- 0.6	0.7	1.7	0.3	-1.4	-82%
Operating income	18.0	17.9	17.8	17.7	26.7	+ 9.0	+ 51%
Other income	2.2	1.1	5.7	6.5	9.4	+ 2.9	+ 44%
Other expenses	0.7	0.8	1.6	1.2	1.4	+ 0.2	+ 21%
Ordinary income	19.5	18.2	21.9	23.1	34.7	+ 11.6	+ 50%
Extraordinary income	0.1	0.5	4.0	0.2	0.3	+ 0.1	+ 76%
Extraordinary loss	0.1	0.1	0.0	0.0	0.4	+ 0.4	+ 3651%
Income before taxes	19.5	18.6	25.9	23.3	34.7	+ 11.4	+ 49%
Total income taxes	6.0	5.7	7.4	5.4	9.0	+ 3.6	+ 65%
Net income attributable to owners of the parent	13.1	12.5	18.0	17.3	24.8	+ 7.5	+ 43%
Gross profit margin before funding costs	2.81%	2.74%	2.60%	2.51%	2.98%	+ 0.47pts	
Funding cost ratio	0.46%	0.47%	0.37%	0.32%	0.41%	+ 0.09pts	
ROE	11.5%	9.4%	12.6%	11.0%	13.6%	+ 2.6pts	



# Consolidated Statements of Comprehensive Income

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	FY21 3Q (1)	FY22 3Q (2)	Change (2) - (1)	% Change (2)-(1) / (1)
Net income	13.5	12.9	18.5	17.8	25.7	+ 7.9	+ 44%
Unrealized gain on available-for-sale securities	- 2.6	2.5	- 2.6	0.7	3.9	+ 3.2	+ 468%
Deferred gain/loss on derivatives under hedge accounting	- 0.2	- 0.2	0.6	- 0.5	0.3	+ 0.8	-
Foreign currency translation adjustments	- 0.5	- 1.2	- 2.1	7.8	21.7	+ 13.9	+ 178%
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	0.1	0.3	0.4	2.1	+ 1.7	+ 417%
Total other comprehensive income	- 3.4	1.2	- 3.7	8.4	27.9	+ 19.5	+ 233%
Comprehensive income	10.1	14.1	14.8	26.2	53.6	+ 27.4	+ 104%

# Gross Profit before Funding Costs by Segment

(¥bn)	FY18 3Q	FY19 3Q	FY20 3Q	FY21 3Q (1)	FY22 3Q (2)	Change (2) - (1)	% Change (2)-(1) / (1)
Revenues	266.6	380.5	350.1	389.5	339.8	-49.7	-13%
Leasing and installment sales	253.3	367.2	339.5	376.5	320.3	-56.2	-15%
Finance	12.3	12.7	10.9	13.3	19.9	+ 6.6	+ 49%
Other	1.7	1.6	0.7	0.7	1.0	+ 0.3	+ 39%
Elimination and Expenses not allocated to the segments	- 0.8	- 1.0	- 1.0	- 1.0	- 1.4	-0.4	-
Cost of revenues	228.2	337.9	307.2	345.2	284.6	-60.6	-18%
Leasing and installment sales	227.2	337.0	306.8	344.8	284.1	-60.7	-18%
Finance	0.2	0.2	0.1	0.2	0.2	+ 0.0	+ 11%
Other	0.9	0.9	0.4	0.3	0.5	+ 0.2	+ 48%
Elimination and Expenses not allocated to the segments	- 0.2	- 0.2	- 0.2	- 0.1	- 0.1	-0.0	-
Gross profit before funding costs	38.4	42.6	43.0	44.4	55.2	+ 10.8	+ 24%
Leasing and installment sales	26.1	30.2	32.7	31.7	36.2	+ 4.5	+ 14%
finance	12.1	12.4	10.8	13.2	19.7	+ 6.5	+ 49%
Other	0.8	0.7	0.3	0.4	0.5	+ 0.1	+ 31%
Elimination and Expenses not allocated to the segments	- 0.6	- 0.7	- 0.8	- 0.9	- 1.2	-0.3	-

# Newly Executed Contract Volume by Segment

## Leasing and Installment Sales Segment

(¥bn)	FY20 3Q	FY21 3Q (1)	FY22 3Q (2)	Change (2) - (1)	% Change (2) / (1)
Information and communications	142.0	118.7	78.1	-40.6	-34%
Real estate	116.8	91.2	83.2	-8.0	-9%
Industry and factory	101.5	54.5	42.5	-12.0	-22%
Transport	28.9	26.0	44.3	+ 18.3	+ 70%
Construction	26.5	18.2	14.3	-3.9	-21%
Commerce and services	17.6	12.1	14.9	+ 2.8	+ 23%
Medical	8.3	7.9	7.4	-0.5	-6%
Other	35.7	44.3	25.4	-18.9	-43%
Total	477.2	372.9	310.1	-62.8	-17%

## Financing Segment

(¥bn)	FY20 3Q	FY21 3Q (1)	FY22 3Q (2)	Change (2) - (1)	% Change (2) / (1)
Commercial distribution finance/loan, etc.	473.6	477.1	545.7	+ 68.6	+ 14%
Real estate	49.8	118.4	153.8	+ 35.4	+ 30%
Ship	15.9	3.7	3.7	-0.0	-1%
Aircraft	3.0	0.4	5.5	+ 5.1	+ 1303%
Total	542.3	599.7	708.6	+ 108.9	+ 18%

# Connect needs to create the future

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