

# Overview of Financial Results for FY2022

May 12, 2023

Mizuho Leasing Co., Ltd.

**MIZUHO**

# Table of Contents

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1. Financial Results and Business Performance Overview
2. Promotion of Sustainability
3. Dividends and FY2023 Earnings Forecasts
4. Appendix

# 1. Financial Results and Business Performance Overview

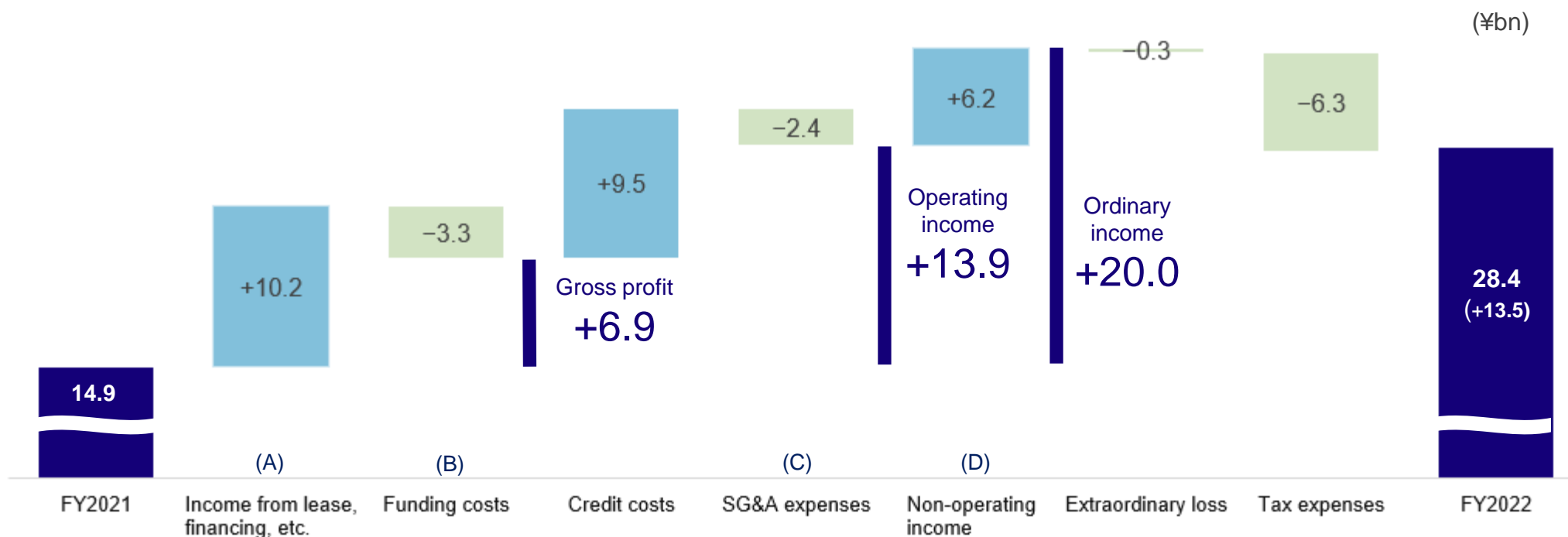
# Summary of Results for FY2022

- Underlying profitability grew steadily, and profits at each income level increased significantly year on year.
  - Efforts to accumulate assets and focus on profitability continued in focus areas.
  - New investments made in FY2021 contributed to profits, and the business performance of existing domestic and overseas associated companies accounted for under the equity method also remained robust.
- Each of the profit–efficiency indicators saw dramatic improvements.

| Financial results (¥bn)                            | FY2020  | FY2021  | FY2022  | YoY change | YoY % change |
|--|---------|---------|---------|------------|--------------|
| Revenues   | 497.9   | 554.8   | 529.7   | -25.1      | -5%          |
| Gross profit before funding costs                  | 59.3    | 62.1    | 72.3    | +10.2      | +16%         |
| (Credit costs)                                     | 0.3     | 10.5    | 1.0     | -9.5       | -90%         |
| Operating income                                   | 26.0    | 17.9    | 31.8    | +13.9      | +77%         |
| (Equity in earnings and losses)                    | 3.0     | 2.0     | 9.7     | +7.7       | +377%        |
| Ordinary income                                    | 27.5    | 20.1    | 40.1    | +20.0      | +100%        |
| (Extraordinary income and loss)                    | 4.0     | 0.2     | -0.1    | -0.3       | -            |
| Net income attributable to owners of the parent    | 21.8    | 14.9    | 28.4    | +13.5      | +91%         |
| Operating assets                                   | 2,322.4 | 2,416.6 | 2,580.1 | +163.5     | +7%          |
| Gross profit margin before funding costs (*)       | 2.69%   | 2.62%   | 2.89%   | +0.27pts   |              |
| ROA (Ratio of ordinary income to total assets) (*) | 1.1%    | 0.7%    | 1.4%    | +0.7pts    |              |
| ROE (Ratio of net income to equity) (*)            | 11.3%   | 7.1%    | 11.8%   | +4.7pts    |              |

(\*) 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 Q1), as well as efforts to accumulate assets and focus on profitability in focus areas. |
| (B) Funding costs                                | Increased due to rising interest rates on 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 in association with hiring especially in specialized focus areas, and the development of next-generation infrastructure.   |
| (D) Non-operating income                         | Increased due to the stronger business performance of domestic and overseas associated companies accounted for under the equity method despite special factors. See slide 7 for more details.      |

# Summary of Results for the Fourth Quarter of FY2022 (Quarterly Results)

- Operating assets grew steadily. The growing trend of underlying gross profit before funding costs continued.
- Net income attributable to owners of the parent amounted to ¥3.6 bn for Q4 (three months) due to the recording of some credit costs and other expenses, for the future.

## Quarterly results

| (¥bn)   | Q1      | Q2      | Q3      | Q4      | Factors in Q4   |
|---|---------|---------|---------|---------|---|
| Gross profit before funding costs               | 18.1    | 18.0    | 19.1    | 17.1    | ¥1.6 bn of large-scale valuation losses on foreign real estate assets |
| (Funding costs)                                 | 2.1     | 2.5     | 3.0     | 3.3     | Rising interest rates in foreign currencies and increased assets      |
| Gross profit                                    | 16.0    | 15.5    | 16.1    | 13.8    | –   |
| (Property and personnel expenses)               | 7.0     | 6.6     | 7.0     | 7.9     | Acquisition cost of India's Rent Alpha Pvt. Ltd. and other expenses   |
| (Credit costs)                                  | 0.4     | 0.0     | -0.2    | 0.8     | Provisions recorded mainly at Group companies abroad, etc.            |
| Operating income                                | 8.6     | 8.8     | 9.3     | 5.0     | –   |
| (Equity in earnings and losses)                 | 3.0     | 1.9     | 3.8     | 1.0     | Equity in losses related to Aircastle posted, etc.                    |
| Ordinary income                                 | 11.5    | 10.5    | 12.7    | 5.4     | –   |
| Net income attributable to owners of the parent | 8.1     | 7.4     | 9.2     | 3.6     | –   |
| Operating assets                                | 2,384.0 | 2,434.0 | 2,517.2 | 2,580.1 | Steady growth of operating assets                                     |

# 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 remained almost unchanged in the domestic leasing business after the lack of short-term assets in Q1. Efforts to focus on profitability continued.
  - Balances grew significantly in the real estate/environment and energy businesses mainly due to the execution of large-scale contracts.
  - Balances increased also in the overseas/aircraft businesses due to new efforts made.
- Gross profit before funding costs grew steadily in each business area.

## Operating assets

| (¥bn)  | As of March<br>31, 2022 | As of March<br>31, 2023 | YoY<br>change |
|--|-------------------------|-------------------------|---------------|
| Domestic leasing<br>– Leases, construction machinery,<br>auto leases, etc.     | 1,508.8                 | 1,441.6                 | –67.2         |
| Real estate/Environment and<br>energy  | 590.0                   | 792.8                   | +202.8        |
| Finance/Investment<br>– Funds, investment in startups, etc.                    | 154.2                   | 150.7                   | –3.5          |
| Overseas/Aircraft<br>– Overseas associated companies,<br>aircraft, ships, etc. | 163.6                   | 195.0                   | +31.4         |
| <b>Total</b>   | <b>2,416.6</b>          | <b>2,580.1</b>          | <b>+163.5</b> |

## Gross profit before funding costs

|                                       | FY2021      | FY2022      | YoY<br>change |
|---------------------------------------|-------------|-------------|---------------|
| Domestic leasing                      | 36.2        | 37.3        | +1.1          |
| Real estate/Environment and<br>energy | *1 13.8     | *2 21.2     | +7.4          |
| Finance/Investment                    | 2.8         | 3.2         | +0.4          |
| Overseas/Aircraft                     | 9.4         | 10.6        | +1.2          |
| <b>Total</b>                          | <b>62.1</b> | <b>72.3</b> | <b>+10.2</b>  |

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

\*1. ¥1.8 bn of valuation losses on foreign assets recorded  
\*2. ¥1.6 bn of valuation losses on foreign assets recorded

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

- Both domestic and overseas associated companies recorded steady profits.
- Even excluding special factors in the previous year, equity in earnings increased significantly.

## Equity in earnings and losses

| (¥bn)                          | FY2020 | FY2021 (1) | (Special factors) | FY2022 (2) | (of which, Q4) | YoY change (2) – (1) |
|--------------------------------|--------|------------|-------------------|------------|----------------|----------------------|
| Domestic associated companies  | 3.0    | 19.1       | *1 (14.9)         | 8.2        | 1.9            | -10.9                |
| Excluding special factors      | -      | 4.3        | -                 | 8.2        | 1.9            | +3.9                 |
| Overseas associated companies  | -0.0   | -17.1      | (-16.1)           | 1.6        | -0.9           | +18.7                |
| Aircastle                      | -1.1   | -18.9      | *2 (-16.1)        | -1.5       | *3 -1.5        | +17.4                |
| Excluding special factors      | -0.0   | -1.0       | -                 | 1.6        | -0.9           | +2.6                 |
| Total of Domestic and Overseas | 3.0    | 2.0        | (-1.2)            | 9.7        | 1.0            | +7.7                 |
| Excluding special factors      | 3.0    | 3.3        | -                 | 9.7        | 1.0            | +6.4                 |

### Performance

Earnings for FY2022 steadily recovered even excluding one-time factors.

Russia-related one-time factors

- Aircraft impairment: negative US\$32 mn
- Gain on sale of aircraft: US\$53 mn
- Letter of credit payment: US\$49 mn

\* Source: Information disclosed by Aircastle

### Aircastle Financial Results

|            | (US\$mn) |        |            |
|------------|----------|--------|------------|
|            | FY2021   | FY2022 | YoY change |
| Revenue    | 770      | 796    | +26        |
| Impairment | -452     | -86    | +366       |
| Net income | -278     | 63     | +341       |

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

\*2. Aircastle goodwill impairment and Russia-related factors:  
negative ¥16.1 bn  
(Goodwill impairment: negative ¥10.7 bn,  
Impairment due to sanctions on Russia: negative ¥5.4 bn)

\*3. Including the amount of valuation losses on aircraft in our company

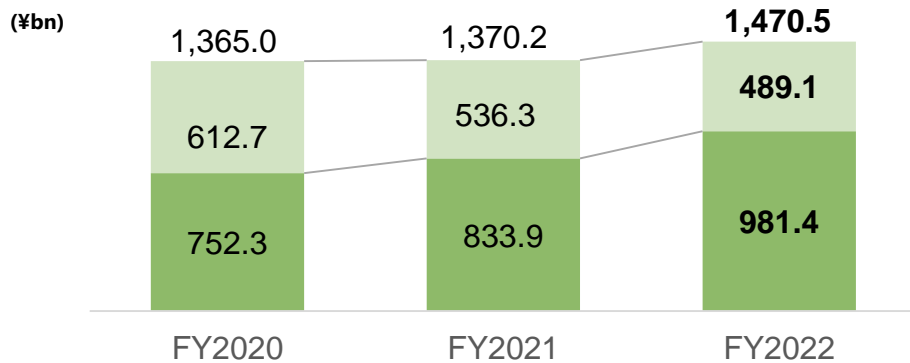


# Business Performance Overview

- Newly executed contract volume increased from the previous fiscal year mainly due to the accumulation of large-scale contracts executed in the focus areas such as real estate and aircraft.
- Operating assets also increased significantly (by ¥163.5 bn from the end of the previous fiscal year).

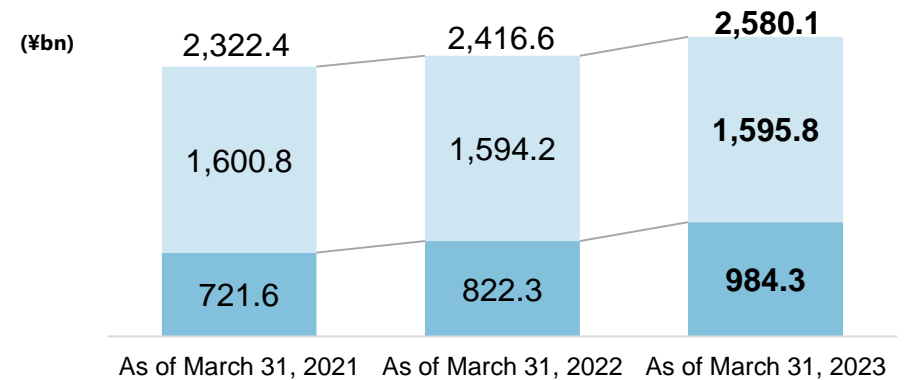
## Newly executed contract volume

- Financing and others
- Leasing and installment sales

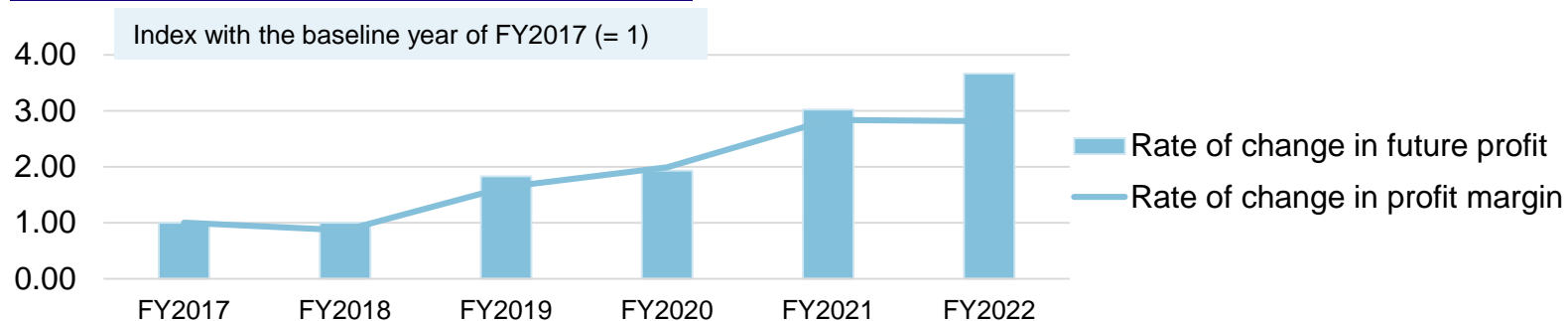


## Operating assets

- Leasing and installment sales
- Financing and others



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



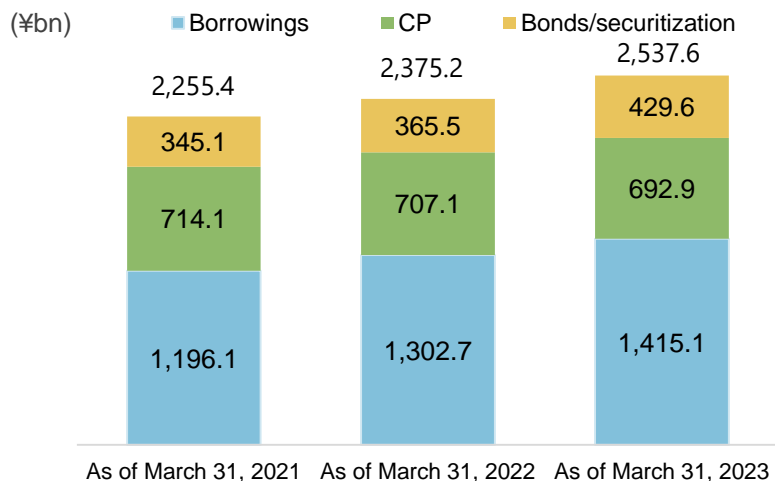
\*1. Estimated future profit to be recorded before new contracts expire

\*2. Profit margin for new contracts

# Funding

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

## Outstanding interest-bearing debt

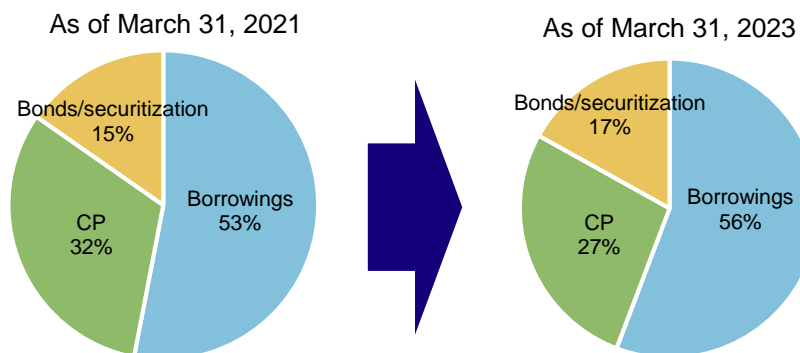


## Funding costs (ratio)

| (¥bn)              | FY2020 | FY2021 | FY2022 |
|--------------------|--------|--------|--------|
| Funding costs      | 8.0    | 7.6    | 10.9   |
| Funding cost ratio | 0.36%  | 0.32%  | 0.44%  |

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

## Composition of interest-bearing debt



## Credit ratings

| Credit rating agency | Credit rating (outlook) |            |
|----------------------|-------------------------|------------|
|                      | Long-term               | Short-term |
| R&I                  | A+ (stable)             | a-1        |
|                      | <hr/>                   |            |
| JCR                  | A+ (positive)           | J-1        |
|                      | <hr/>                   |            |

# Business Topics: Developing Renewable Energy Generation Business

## Collaborating with the Mizuho Financial Group and other partners to assist electricity consumers in implementing initiatives with our renewable energy business

Five contracting companies\* reached a basic agreement on the procurement of renewable energy through low-voltage, distributed solar power generation facilities using the self-consignment method, which is among the largest in Japan.

(Press release dated May 17, 2022 available in Japanese only)

\* Mizuho Leasing Co., Ltd., Mizuho Bank, Ltd., Mizuho Securities Co., Ltd., AEON MALL Co., Ltd., and Eco Style Co., Ltd.

We concluded a capital and business alliance agreement with Eco Style Co., Ltd. to form an alliance on solar power generation business using the self-consignment method, corporate PPA solution, etc.

(Press release dated March 1, 2023 available in Japanese only)

We invested in a special purpose company or SPC that issues renewable energy project bonds for the first time in Japan, backed by approximately 740 low-voltage, distributed solar power generation plants located nationwide using the self-consignment method.

(Press release dated March 1, 2023 available in Japanese only)

### Overview of business development



# Business Topics: Global Strategy and Entry into India

We are entering India through our proprietary deal sourcing on top of jointly operating the overseas leasing and financing business with Marubeni Corporation.



Rent Alpha Pvt. Ltd. in India



## Our business development in India

- We will acquire a 51% stake in Rent Alpha Pvt. Ltd., an Indian leasing company, subject to regulatory approval.
- With this acquisition, India will be the 8th market that we enter abroad (No. 9 on the map).
- Rent Alpha Pvt. Ltd. operates business nationwide and has the largest market share of the equipment leasing business in India.
- We will collaborate with the Mizuho Financial Group to incorporate growth in India that is projected to become the world's most populous country.

9

Krungthai Mizuho Leasing Company Limited in Thailand



1 Mizuho Leasing (China) Ltd. in China



4 5 Vietnam International Leasing Company Limited in Vietnam



3 2 Mizuho Leasing (Singapore) Pte. Ltd. in Singapore



PT MIZUHO LEASING INDONESIA Tb in Indonesia



8 Affordable Car Leasing Pty Ltd in Australia



\* Joint business operations with Marubeni Corporation

Aircastle Limited in the United States



\* Joint business operations with Marubeni Corporation

PLM Fleet, LLC in the United States



\* Joint business operations with Marubeni Corporation

7 6

## 2. Promotion of Sustainability

# Promotion of Sustainability—Initiatives integrated with business activities (1/2)

## Contributing to a decarbonized society

### Supply of solar power generated

- In collaboration with Mizuho Bank and our partner companies, the Mizuho Leasing Group began supplying electricity by concluding an agreement to supply electricity derived from non-FIT solar power generation facilities.

### United Kingdom onshore wind project

- Through investment in a U.K. onshore wind project, we will contribute to the transition to net zero. Meanwhile, we enrich our insight into renewable energy to develop and provide solutions that serve sustainability transformation.



Image of existing wind project owned by Capital Dynamics Limited

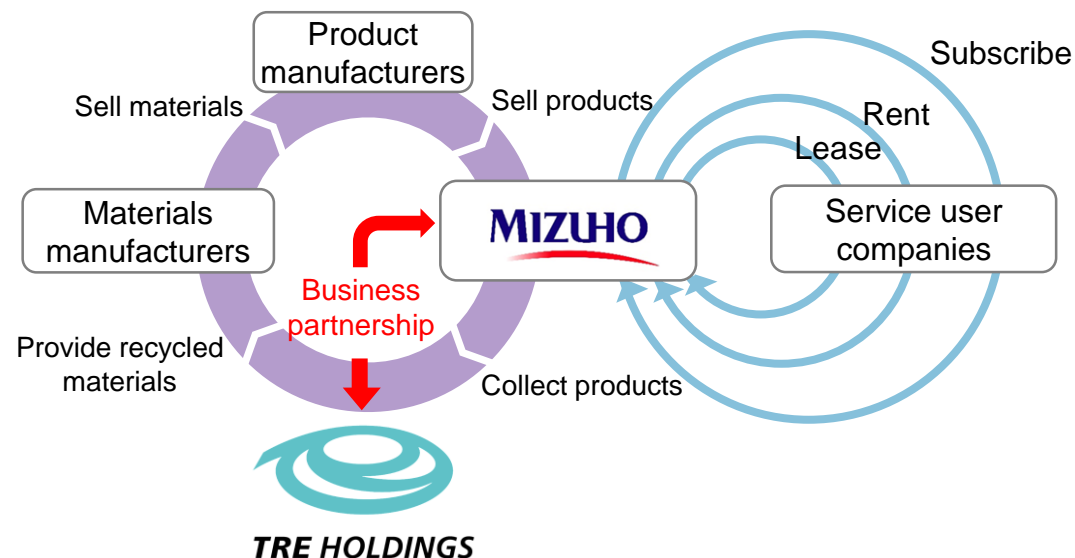
### Efforts to reduce CO2 emissions

- Electricity used at the headquarters office and the sales office in Tokyo is converted 100% into renewable energy.

## Leading toward a circular economy

### Building a circular-economy business platform

- We concluded a basic agreement with TRE HOLDINGS CORPORATION for building a business platform toward a circular economy.
- The companies serve as a node of the “arterial industry” and the “venous industry”<sup>\*</sup> and facilitate building a circular economy together, aiming to contribute to a decarbonized society.



<sup>\*</sup> The arterial industry refers to industries that create new products. The venous industry refers to industries that turn solid industrial waste into reusable resources, which will then be used in production once again.

# Promotion of Sustainability—Initiatives integrated with business activities (2/2)

## Creating new value through technology

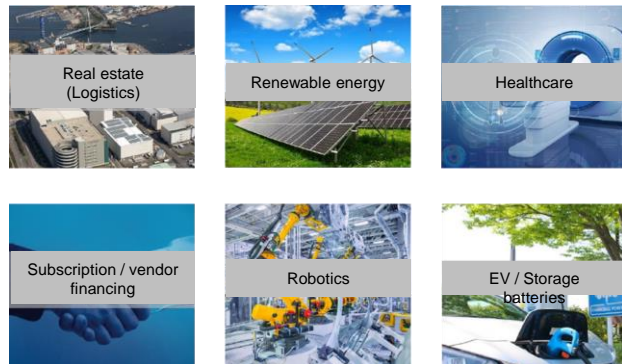
### Strengthening our digital promotion structure

- We established the Digital Promotion Department that undertakes study and research into the latest digital technologies and pursues the creation of new operations and businesses through collaboration with our operating units and various external stakeholders.

### Investing in startups in the digital field

- We invest in robotics startups with a view to assisting the logistics and food industries in utilizing digital technologies.

#### Our CVC fund's focus areas



## Contributing to the creation of social infrastructure that supports our lifestyle

### Making disaster-relief goods widely available

- We concluded a business agreement with a disaster-relief goods manufacturer to facilitate the wide availability of disaster-relief goods.

## Creating a society and workplace where everyone can thrive

### Establishment of Human Rights Policy

- Our Group established a Human Rights Policy in March 2023.
- Our Group has already formulated Mizuho Leasing Group's Corporate Code of Conduct, which sets out specific action guidelines for directors and employees, and promotes initiatives designed to respect for human rights. In the Human Rights Policy, we re-express our responsibility and determination for human rights.

## Contributing to a healthy and prosperous lifestyle

### Formulation of Health Declaration

- We formulated a Health Declaration in September 2022. Under the Health Management Officer, the Personnel Department promotes health management while cooperating with the Health Insurance Association, industrial physicians, and the General Affairs Department.
- Before promoting health management, we already identified “Creating a society and workplace where everyone can thrive” as one of the materiality topics for sustainability and have implemented initiatives for employee health and safety. As the initiatives were highly evaluated, we have been certified as one of the 2023 Health & Productivity Management Outstanding Organizations.



### 3. Dividends and FY2023 Earnings Forecasts



# Dividends in FY2022 and FY2023 Earnings Forecasts and Dividends

- FY2023 Earnings Forecast: We continue to expand underlying profit while at the same time increasing operating assets. Our forecast assumes that interest rate will remain at a high level and substantial credit costs will remain unchanged from FY2022.  
⇒ Net income attributable to owners of the parent is forecast to be ¥31.0 bn, up ¥2.6 bn year on year.
- FY2022 dividends: We plan to increase the annual dividends by ¥17 to ¥147 from our initial forecast of ¥130 with the year-end dividend of ¥82. This is because we achieved higher profits than initially projected for FY2022 and raised the payout ratio to 25%.
- FY2023 dividends: The amount of FY2023 annual dividends is forecast to be to ¥166, up ¥19 year on year, due to profit growth and higher payout ratio.

| (¥bn)   | FY2021<br>(Results) | FY2022<br>(Results) (1) | FY2023<br>(Forecast) (2) | YoY<br>change<br>(3) = (2) - (1) | YoY %<br>change<br>(3) / (1) |
|---|---------------------|-------------------------|--------------------------|----------------------------------|------------------------------|
| Revenues  | 554.8               | 529.7                   | * -                      | -                                | -                            |
| (Credit costs)                                  | 10.5                | 1.0                     | 3.0                      | +2.0                             | 200%                         |
| Operating income                                | 17.9                | 31.8                    | 34.0                     | +2.2                             | 7%                           |
| (Equity in earnings and losses)                 | 2.0                 | 9.7                     | 11.0                     | +1.3                             | 13%                          |
| Ordinary income                                 | 20.1                | 40.1                    | 45.0                     | +4.9                             | 12%                          |
| Net income attributable to owners of the parent | 14.9                | 28.4                    | 31.0                     | +2.6                             | 9%                           |
| Annual dividend                                 | ¥110                | (Plan) ¥147             | ¥166                     | ¥19                              |                              |
| Interim dividend                                | ¥55                 | ¥65                     | ¥83                      | ¥18                              |                              |
| Year-end dividend                               | ¥55                 | (Plan) ¥82              | ¥83                      | ¥1                               |                              |
| Dividend payout ratio                           | 36%                 | 25%                     | 26%                      | +1pt                             |                              |

\* We previously disclosed the amounts of revenues and profits at each income level in our earnings forecasts. However, the amount of revenues significantly changes depending on the sale of property upon the termination of real estate leasing contracts and other factors. In addition, the amount of revenues is not linked to our business performance. We will therefore disclose the amounts of profits at each income level, including operating income in our earnings forecasts from FY2023.

# Appendix

## Consolidated B/S (Assets)

| (¥bn)                              | End-Mar.<br>2019 | End-Mar.<br>2020 | End-Mar.<br>2021 | End-Mar.<br>2022 (1) | End-Mar.<br>2023 (2) | YoY<br>Change<br>(3) = (2)-(1) | YoY %<br>Change<br>(3) / (1) |
|------------------------------------|------------------|------------------|------------------|----------------------|----------------------|--------------------------------|------------------------------|
| Current assets                     | 1,866.6          | 1,947.3          | 2,085.1          | 2,166.7              | 2,279.7              | +113.0                         | +5%                          |
| Cash and deposits                  | 25.9             | 22.8             | 21.1             | 25.3                 | 34.0                 | +8.7                           | +34%                         |
| Investment in lease                | 930.3            | 1,082.1          | 1,174.1          | 1,172.6              | 1,122.2              | -50.4                          | -4%                          |
| Installment sales receivable       | 148.0            | 141.8            | 127.1            | 109.4                | 98.5                 | -10.9                          | -10%                         |
| Operational loans                  | 469.1            | 401.0            | 500.7            | 582.5                | 661.7                | +79.2                          | +14%                         |
| Operational investment securities  | 239.8            | 221.9            | 221.0            | 239.8                | 322.7                | +82.9                          | +35%                         |
| Allowance for doubtful receivables | -1.6             | -1.8             | -2.2             | -1.2                 | -1.0                 | +0.2                           | -                            |
| Property & equipment               | 295.3            | 401.1            | 518.1            | 582.1                | 675.0                | +92.9                          | +16%                         |
| Leased assets                      | 229.9            | 245.6            | 302.3            | 315.0                | 378.3                | +63.3                          | +20%                         |
| Investment securities              | 32.0             | 119.1            | 172.0            | 203.7                | 240.6                | +36.9                          | +18%                         |
| Doubtful operating receivables     | 3.4              | 5.4              | 11.5             | 32.7                 | 25.8                 | -6.9                           | -21%                         |
| Allowance for doubtful receivables | -0.2             | -0.5             | -0.5             | -8.5                 | -5.1                 | +3.4                           | -                            |
| Total assets                       | 2,161.9          | 2,348.4          | 2,603.2          | 2,748.8              | 2,954.6              | +205.8                         | +7%                          |
| Total operating assets             | 2,021.4          | 2,090.3          | 2,322.4          | 2,416.6              | 2,580.1              | +163.5                         | +7%                          |

## Consolidated B/S (Liabilities and Equity)

| (¥bn)  | End-Mar.<br>2019 | End-Mar.<br>2020 | End-Mar.<br>2021 | End-Mar.<br>2022 (1) | End-Mar.<br>2023 (2) | YoY<br>Change<br>(3) = (2)-(1) | YoY %<br>Change<br>(3) / (1) |
|--|------------------|------------------|------------------|----------------------|----------------------|--------------------------------|------------------------------|
| Current liabilities                          | 1,294.2          | 1,314.1          | 1,492.9          | 1,548.4              | 1,573.5              | +25.1                          | +2%                          |
| Short-term borrowings                        | 302.2            | 256.7            | 317.8            | 380.3                | 418.4                | +38.1                          | +10%                         |
| 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                | 249.0                | +8.5                           | +4%                          |
| Commercial paper                             | 609.8            | 669.1            | 714.1            | 707.1                | 692.9                | –14.2                          | –2%                          |
| Payables under securitized lease receivables | 82.4             | 105.2            | 101.5            | 92.9                 | 94.7                 | +1.8                           | +2%                          |
| Long-term liabilities                        | 685.5            | 838.5            | 899.5            | 969.6                | 1,105.3              | +135.7                         | +14%                         |
| Long-term debt                               | 524.2            | 622.9            | 649.9            | 681.9                | 747.7                | +65.8                          | +10%                         |
| Corporate bond                               | 85.0             | 135.3            | 170.4            | 221.0                | 280.7                | +59.7                          | +27%                         |
| Payables under securitized lease receivables | 33.2             | 26.0             | 33.3             | 21.6                 | 31.1                 | +9.5                           | +44%                         |
| Total liabilities                            | 1,979.7          | 2,152.6          | 2,392.3          | 2,518.0              | 2,678.8              | +160.8                         | +6%                          |
| Net assets                                   | 182.2            | 195.8            | 210.9            | 230.8                | 275.8                | +45.0                          | +20%                         |
| Shareholders' equity                         | 167.8            | 179.9            | 197.5            | 207.3                | 229.9                | +22.6                          | +11%                         |
| Total liabilities and net assets             | 2,161.9          | 2,348.4          | 2,603.2          | 2,748.8              | 2,954.6              | +205.8                         | +7%                          |
| Total interest-bearing debts                 | 1,834.8          | 2,000.6          | 2,255.4          | 2,375.2              | 2,537.6              | +162.4                         | +7%                          |
| Equity ratio                                 | 8.0%             | 7.9%             | 7.7%             | 8.0%                 | 8.9%                 | +0.9pts                        |                              |

# Consolidated P/L

| (¥bn)   | FY2018 | FY2019 | FY2020 | FY2021<br>(1) | FY2022<br>(2) | YoY<br>Change<br>(3) = (2)-(1) | YoY %<br>Change<br>(3) / (1) |
|---|--------|--------|--------|---------------|---------------|--------------------------------|------------------------------|
| Revenues  | 384.9  | 539.2  | 497.9  | 554.8         | 529.7         | - 25.1                         | - 5%                         |
| Gross profit before funding costs               | 52.6   | 60.3   | 59.3   | 62.1          | 72.3          | + 10.2                         | + 16%                        |
| Funding costs                                   | 8.5    | 9.7    | 8.0    | 7.6           | 10.9          | + 3.3                          | + 44%                        |
| Gross profit                                    | 44.1   | 50.5   | 51.3   | 54.5          | 61.4          | + 6.9                          | + 13%                        |
| Selling, general and administrative expenses    | 21.2   | 24.2   | 25.4   | 36.6          | 29.6          | - 7.0                          | - 19%                        |
| Personnel and property expenses                 | 21.4   | 24.4   | 25.0   | 26.1          | 28.5          | + 2.4                          | + 9%                         |
| Allowance for doubtful receivables              | - 0.2  | - 0.3  | 0.4    | 10.5          | 1.1           | - 9.4                          | - 89%                        |
| Operating income                                | 22.9   | 26.3   | 26.0   | 17.9          | 31.8          | + 13.9                         | + 77%                        |
| Other income                                    | 2.4    | 1.5    | 3.5    | 3.6           | 10.7          | + 7.1                          | + 196%                       |
| Other expenses                                  | 1.1    | 1.1    | 1.9    | 1.4           | 2.3           | + 0.9                          | + 62%                        |
| Ordinary income                                 | 24.2   | 26.7   | 27.5   | 20.1          | 40.1          | + 20.0                         | + 100%                       |
| Extraordinary income                            | 1.0    | 0.5    | 4.1    | 0.2           | 0.3           | + 0.1                          | + 70%                        |
| Extraordinary loss                              | 0.1    | 0.7    | 0.1    | 0.0           | 0.4           | + 0.4                          | -                            |
| Income before taxes                             | 25.1   | 26.5   | 31.6   | 20.2          | 40.0          | + 19.8                         | + 98%                        |
| Total income taxes                              | 7.9    | 8.5    | 9.1    | 4.7           | 10.6          | + 5.9                          | + 126%                       |
| Net income attributable to owners of the parent | 16.6   | 17.5   | 21.8   | 14.9          | 28.4          | + 13.5                         | + 91%                        |
| Gross profit margin before funding costs        | 2.84%  | 2.93%  | 2.69%  | 2.62%         | 2.89%         | + 0.27pts                      |                              |
| Funding cost ratio                              | 0.46%  | 0.47%  | 0.36%  | 0.32%         | 0.44%         | + 0.12pts                      |                              |
| ROE   | 10.3%  | 9.8%   | 11.3%  | 7.1%          | 11.8%         | + 4.7pts                       |                              |

# Consolidated Statements of Comprehensive Income

| (¥bn)  | FY2018 | FY2019 | FY2020 | FY2021<br>(1) | FY2022<br>(2) | YoY<br>Change<br>(3) = (2)-(1) | YoY %<br>Change<br>(3) / (1) |
|--|--------|--------|--------|---------------|---------------|--------------------------------|------------------------------|
| Net income   | 17.2   | 18.1   | 22.5   | 15.5          | 29.4          | + 13.9                         | + 89%                        |
| Unrealized gain on<br>available-for-sale securities            | - 2.3  | 0.7    | - 1.0  | 0.9           | 4.8           | + 3.9                          | + 447%                       |
| Deferred gain/loss on derivatives<br>under hedge accounting    | - 0.6  | - 0.6  | - 0.2  | - 0.7         | - 0.5         | + 0.2                          | -                            |
| Foreign currency translation<br>adjustments                    | - 1.2  | - 0.6  | - 2.8  | 10.0          | 15.3          | + 5.3                          | + 53%                        |
| Remeasurements of defined benefit<br>plans                     | 0.1    | - 0.2  | 0.7    | 0.1           | - 0.1         | - 0.2                          | -                            |
| Share of other comprehensive<br>income of associated companies | - 0.0  | 0.1    | 0.9    | - 0.7         | 1.8           | + 2.5                          | -                            |
| Total other comprehensive income                               | - 4.1  | - 0.5  | - 2.4  | 9.6           | 21.5          | + 11.9                         | + 124%                       |
| Comprehensive income   | 13.1   | 17.6   | 20.1   | 25.1          | 50.9          | + 25.8                         | + 103%                       |

## Gross Profit before Funding Costs by Business Area

| (¥bn)   | FY2018 | FY2019 | FY2020 | FY2021<br>(1) | FY2022<br>(2) | YoY<br>Change<br>(3) = (2)-(1) | YoY %<br>Change<br>(3) / (1) |
|---|--------|--------|--------|---------------|---------------|--------------------------------|------------------------------|
| Revenues  | 384.9  | 539.2  | 497.9  | 554.8         | 529.7         | -25.1                          | -5%                          |
| Leasing and installment sales                             | 366.4  | 512.1  | 482.9  | 537.8         | 505.2         | -32.6                          | -6%                          |
| Finance   | 17.4   | 19.6   | 15.4   | 17.4          | 25.2          | +7.8                           | +45%                         |
| Other   | 2.2    | 8.8    | 0.9    | 1.0           | 1.3           | +0.3                           | +29%                         |
| Elimination and Expenses<br>not allocated to the segments | - 1.2  | - 1.2  | - 1.3  | - 1.4         | - 2.0         | -0.6                           | -                            |
| Cost of revenues  | 332.3  | 479.0  | 438.5  | 492.7         | 457.4         | -35.3                          | -7%                          |
| Leasing and installment sales                             | 331.0  | 471.1  | 438.0  | 492.2         | 456.7         | -35.5                          | -7%                          |
| Finance   | 0.3    | 0.3    | 0.3    | 0.3           | 0.2           | -0.1                           | -5%                          |
| Other   | 1.2    | 7.9    | 0.5    | 0.4           | 0.6           | +0.2                           | +38%                         |
| Elimination and Expenses<br>not allocated to the segments | - 0.3  | - 0.3  | -0.2   | - 0.2         | - 0.1         | +0.1                           | -                            |
| Gross profit before funding costs                         | 52.6   | 60.3   | 59.3   | 62.1          | 72.3          | +10.2                          | +16%                         |
| Leasing and installment sales                             | 35.4   | 41.0   | 44.9   | 45.7          | 48.5          | +2.8                           | +6%                          |
| finance   | 17.1   | 19.3   | 15.1   | 17.1          | 24.9          | +7.8                           | +46%                         |
| Other   | 1.0    | 0.9    | 0.4    | 0.6           | 0.7           | +0.1                           | +21%                         |
| Elimination and Expenses<br>not allocated to the segments | - 0.9  | - 1.0  | - 1.1  | - 1.3         | - 1.8         | -0.5                           | -                            |

## Newly Executed Contract Volume by Business Area

### Leasing and Installment Sales Segment

| (¥bn)                          | FY2020 | FY2021<br>(1) | FY2022<br>(2) | YoY Change<br>(3) = (2)-(1) | YoY % Change<br>(3) / (1) |
|--------------------------------|--------|---------------|---------------|-----------------------------|---------------------------|
| Information and communications | 176.1  | 158.9         | 115.4         | - 43.5                      | - 27%                     |
| Real estate                    | 154.3  | 151.7         | 157.4         | + 5.7                       | + 4%                      |
| Industry and factory           | 130.8  | 75.5          | 76.0          | + 0.5                       | + 1%                      |
| Transport                      | 37.2   | 35.4          | 57.4          | + 22.0                      | + 62%                     |
| Construction                   | 33.6   | 23.6          | 18.7          | - 4.9                       | - 21%                     |
| Commerce and services          | 22.1   | 18.7          | 20.4          | + 1.7                       | + 9%                      |
| Medical                        | 11.2   | 9.4           | 9.1           | - 0.3                       | - 3%                      |
| Other                          | 47.4   | 63.2          | 34.7          | - 28.5                      | - 45%                     |
| Total                          | 612.7  | 536.3         | 489.1         | - 47.2                      | - 9%                      |

### Financing Segment

| (¥bn)                                      | FY2020 | FY2021<br>(1) | FY2022<br>(2) | YoY Change<br>(3) = (2)-(1) | YoY % Change<br>(3) / (1) |
|--|--------|---------------|---------------|-----------------------------|---------------------------|
| Commercial distribution finance/loan, etc. | 627.0  | 652.7         | 724.0         | + 71.3                      | + 11%                     |
| Real estate                                | 105.2  | 178.3         | 228.6         | + 50.3                      | + 28%                     |
| Ship                                       | 17.0   | 2.5           | 5.9           | + 3.4                       | + 133%                    |
| Aircraft                                   | 3.0    | 0.4           | 22.9          | + 22.5                      | -                         |
| Total                                      | 752.3  | 833.9         | 981.4         | + 147.5                     | + 18%                     |



# Connect needs to create the future

## Inquiries

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