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To whom it may concern,

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Announcement Regarding Formulation of Medium-Term Management Plan 2025

Mizuho Leasing Company, Limited (the “Company”) hereby announces that on Friday, May 12, 2023, its Board of Directors passed a resolution on Medium-Term Management Plan 2025 for the period from fiscal 2023 through 2025. Details of the plan are described below.

In 2019, the Company formulated the first five-year medium-term management plan of Mizuho Leasing and made concerted efforts as a group to achieve its goals. As a result, in fiscal 2022, the fourth year of the five-year plan, the Company has continued to steadily strengthen both its business foundation and management base, reaching a level where it has mostly achieved the numerical targets set forth in the plan.

The business environment, meanwhile, is rapidly changing, and the Company recognizes that there has been a further rise in expectations for the Mizuho Leasing Group to accurately grasp changing customer needs concerning social challenges such as advances in technology, climate change, and decarbonization, and to offer corresponding solutions.

Under such circumstances, the Company formulated new three-year Medium-Term Management Plan 2025 in order for the Group to achieve sustainable growth and make a further leap towards realizing its aspirations. The Company positions the three years under the plan as a period for taking on the challenge of transforming itself to make the great leap from a leasing company to a platform company that co-creates the future with customers, and will work toward the realization of the plan.

[Outline of Medium-Term Management Plan 2025]

1. Our aspirations

Evolve into a multi-solution platformer, who, as a collaborative value-creation partner going beyond financing and guides customers to the solutions for their business and social challenges.

- As a circular-society platform company, offer solutions that address social challenges such as decarbonization and circular economy in an integrated manner.

- Leverage technology to seamlessly offer solutions required for business structure reform.
- Individual employees, as well as the entire company, create value beyond the framework of finance by emphasizing speed, adopting an agile approach, and tackling challenges.

2. Basic policy

(1) Transform and increase sophistication of business portfolio management

- Divide the business portfolio into three horizons for growth based on the time required (Core, Growth, and Frontier) and manage them accordingly.
 - (i) Promote both the pursuit of current profit and growth investment for the future. Reinforce business foundations of the fields that require a certain period of time to realize return on investment so as to achieve profitability from the medium- to long-term perspective.
 - (ii) Drive forward growth with steady accumulation of business in the Core fields and expansion of business domains in the Growth fields. Put management resources in the Frontier fields to develop their business foundations and turn them into new sources of revenue from a long-term perspective.
 - (iii) Strengthen collaboration with Mizuho Group and Marubeni Group and further expand business domains and client base. Promote alliances with enterprises such as startups and DX players.
 - (iv) Proactively accumulate high-quality operating assets (over 700 billion yen increase from fiscal 2022). Focus on promoting inorganic growth strategy (cumulative investment in the 150-billion-yen range through fiscal 2025).

<Classification of business portfolio>

Core fields: Mature markets or fields in which the Company has a reasonable presence. Proactively accumulate high-quality assets for stable and continuous growth. (e.g., domestic leasing and real estate)

Growth fields: Areas of growth that have already manifested themselves. Actively allocate management resources to the fields, as they will drive growth during Medium-Term Management Plan 2025 and form the second pillar of earnings after the Core fields. (e.g., global business, aviation, and environment and energy businesses)

Frontier fields: Fields that are expected to develop into markets and greatly flourish in the long term. Allocate management resources in advance and develop the business foundation. (e.g., circular economy and XaaS)

(2) Promote sustainability management

- Co-create a circular-society and contribute to the realization of a sustainable society through relentless challenges and new ideas that go beyond finance.
 - (i) Contribution to realization of decarbonized society
 - Secure renewable energy sources (capacity of power generation facilities: 1 GW by fiscal 2025).
Comprehensively manage power generation, transmission, storage, and usage, and supply it to customers.
 - Reduce Scope 1 and 2 CO₂ emissions: Realize carbon neutrality in fiscal 2030.
 - (ii) Initiatives for circular economy
 - Offer traceability throughout the series of the product life cycle.

Build a highly transparent platform that promotes optimized resource use.

(3) Strengthen and increase the sophistication of the management base to support growth

- Actively allocate management resources to strengthen and increase the sophistication of the management base so as to execute the business strategies set forth in Medium-Term Management Plan 2025.

(i) Accelerate digital transformation

- Leverage digital technology to expand business domains and implement new business models.
- Further improve operational efficiency and customer usability through introduction of next-generation IT systems, etc., and accelerate business development.

(IT system investment: Cumulative total of more than 10 billion yen through fiscal 2025)

(ii) Increase the sophistication of human capital strategy and transform corporate culture

- Build a human capital portfolio in line with business strategies.
(Human resources for specialized businesses: increase by more than 80 people compared to FY2022;
Investment in human resource development: more than three times compared with fiscal 2022)
- Become an organization where each employee feels greater sense of job satisfaction and fulfillment.

(iii) Strengthen corporate governance

- Given the diversification of business and rising specialization, introduce a structure composed of business units organized based on each business needs, which enables swift and flexible strategy formulation and decision-making by each business.

(iv) Enhance risk management framework

- Enhance risk control corresponding to diversifying risk categories and strengthen monitoring.
- Further enhance risk-return management.

3. Management Goals

(1) Financial targets

	Net income	ROA	ROE
FY2025 targets	¥42.0 billion	1.6% or more	12% or more
(FY2022 results)	(¥28.4 billion)	(1.4%)	(11.8%)

(2) Shareholder return policy

- Under the basic policy to pay dividends commensurate with business performance while striving for improvement in profitability, the Company, during Medium-Term Management Plan 2025, aims to enhance shareholder return through profit growth by effectively using internal reserves to strengthen business foundations and investments for growth, while gradually increasing the payout ratio to 30%

The content of this material is based on various assumptions and suppositions made by the Mizuho Leasing Group, and does not promise or guarantee the implementation of future plans, target figures, or measures that are being indicated. Actual results may differ significantly due to a wide range of factors including future changes in the business environment.