

# Overview of the Third-Quarter Financial Results for FY2024

**Mizuho Leasing**

February 5, 2025



Innovating today. Transforming tomorrow.

# Financial Highlights of the Third Quarter FY2024 Results

- **Ordinary income of ¥49.7 bn (progress rate 90%) and net income attributable to owners of the parent of ¥35.8 bn (progress rate 94%)**
  - Gross profit increased due to the active accumulation of operating assets backed by capital increase
  - Equity in earnings of affiliates also increased steadily
  
- **Revised forecasts of ordinary income upwards to ¥60 bn and net income attributable to owners of the parent upwards to ¥40 bn**
  
- **Raised the dividend forecast by 3 yen (year-end dividend: ¥23, annual dividend: ¥43)**
  - Based on our basic profit distribution policy to “pay dividends commensurate with our business performance while enhancing earnings power”

# 1. Overview of Third-Quarter Results for FY2024

# Summary of Third-Quarter Results for FY2024

- Gross profit increased by ¥8.3 bn YoY to ¥62.0 bn due to the active accumulation of operating assets from the effect of a capital increase last June, which absorbed the rise in funding costs.
- Net income attributable to owners of the parent increased by ¥8.2 bn YoY to ¥35.8 bn, reaching a Q3 record high thanks to the recording of “negative goodwill (¥4.7 bn)” associated with GECOSS in H1, as well as the earnings growth of equity-method affiliates.

Financial Results (¥bn)	FY2022 Q3	FY2023 Q3	FY2024 Q3	YoY change	YoY % Change
Gross profit before funding costs	55.2	66.2	80.3	+14.1	+21%
Gross profit	47.6	53.7	62.0	+8.3	+15%
Operating income	26.7	30.1	35.6	+5.5	+19%
(Equity in earnings and losses of affiliates)	8.7	8.6	14.4	+5.8	+67%
Ordinary income	34.7	40.0	49.7	+9.7	+24%
Net income attributable to owners of the parent	24.8	27.6	35.8	+8.2	+30%
	As of Dec. 31, 2022	As of Dec. 31, 2023	As of Dec. 31, 2024		
Operating assets	2,517.2	2,720.0	3,214.2	+494.2	+18%
Equity	264.9	301.0	370.5	+69.5	+23%
Gross profit margin(Gross profit ÷ operating assets)*	2.57%	2.70%	2.72%	+0.02pts	
ROA(Ratio of ordinary income to total assets)*	1.6%	1.7%	(**1.7%) 1.9%	+0.2pts	
ROE(Ratio of net income to equity)*	13.6%	13.0%	(**12.2%) 14.1%	+1.1pts	
Equity ratio	9.2%	9.5%	9.8%	+0.3pts	

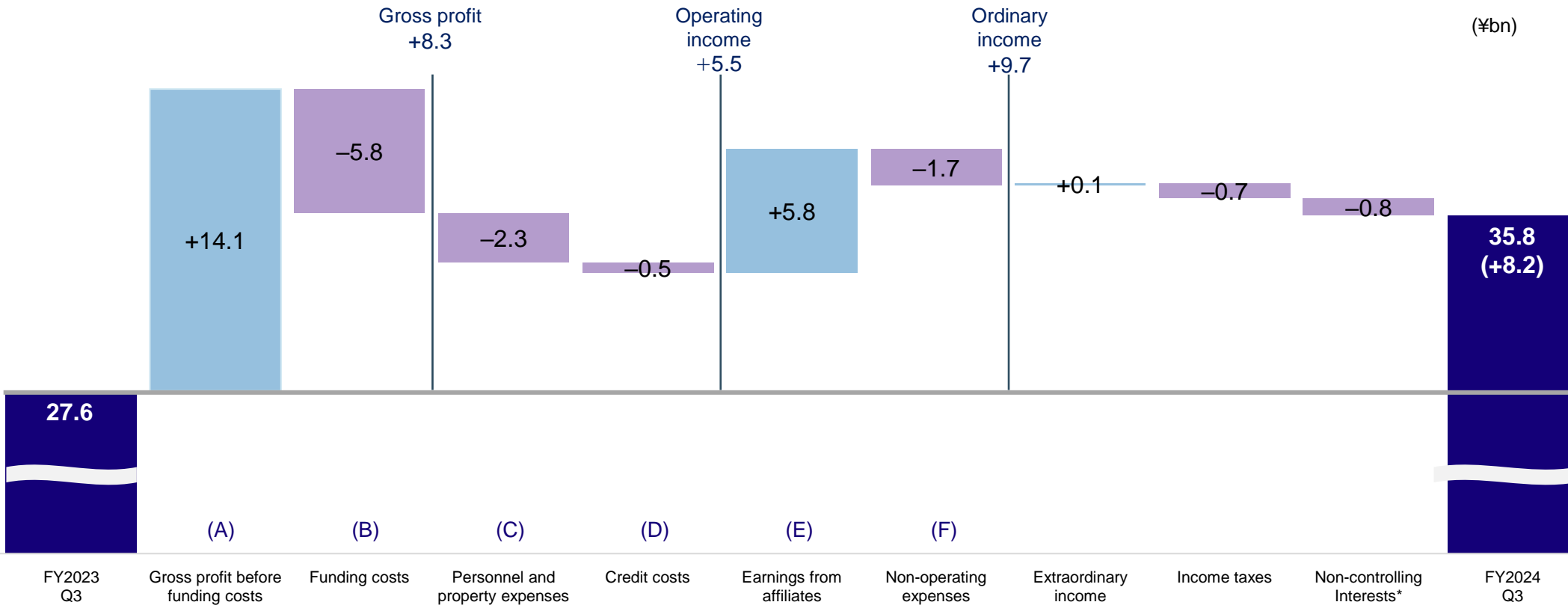
\* Balance is based on the average of the beginning and ending balances.

\*\* Excludes the negative goodwill associated with GECOSS.

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

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(¥bn)



(A) Gross profit before funding costs	Reflects the growth in the Real estate/Environment and Energy business, as well as the full-year effect of integration of Rent Alpha Pvt. Ltd. (Rent Alpha) into a consolidated subsidiary in the previous fiscal year and its earnings growth. [See page 5]
(B) Funding costs	Reflects increase in operating assets, and the rise in domestic interest rates. [See page 7]
(C) Personnel and property expenses	Reflects increase in employee headcount and wages, associated with business expansion.
(D) Credit costs	Slightly increased YoY, mainly due to credit provisions made for individual clients in H1.
(E) Equity in earnings of affiliates	Reflects the steady performance of domestic affiliates, in addition to the recording of negative goodwill in H1. [See page 6]
(F) Non-operating expenses	Reflects the absence of revenue associated with the sale of shipping vessels and real estate in the previous fiscal year.

\* Non-controlling Interests: Net Income attributable to non-controlling Interests

# Gross Profit and Operating Assets by Business Area

- Domestic leasing: Gross profit remained at the same level as the previous year due to successful initiatives focused on profitability, despite the absence of a ¥1.4 bn gain from the cancellation of a large contract in the previous fiscal year.
- Real estate/Environment and Energy: Gross profit increased significantly by ¥3.7 bn YoY due to the steady accumulation of operating assets, partly because of large bridge financing projects in the real estate business.
- Finance/Investment: Gross profit increased by ¥0.8 bn YoY as a result of accumulating operating assets.
- Overseas/Aircraft: Gross profit increased by ¥3.8 bn YoY due to gains from the cancellation/sale of large-scale contracts of Rent Alpha, in addition to its consolidation. The increase in newly executed contract volume was due to the promotion of the asset recycling business centered on the sale of lease receivables in Rent Alpha.

	Gross Profit			Operating Assets			Newly Executed Contract Volume		
	FY2023 Q3	FY2024 Q3	YoY change	As of Dec. 31, 2023	As of Dec. 31, 2024	YoY change	FY2023 Q3	FY2024 Q3	YoY change
(¥bn)									
<b>Domestic leasing</b>									
– Leases, construction machinery, auto leases, etc.	26.4	26.3	–0.1	1,398.0	1,414.3	+16.3	555.4	562.7	+7.3
<b>Real estate/Environment and Energy</b>	17.3	21.0	+3.7	907.3	1,345.3	+438.0	341.2	539.3	+198.1
<b>Finance/Investment</b>									
– Funds, investment in startups, etc.	1.5	2.4	+0.8	172.0	195.8	+23.8	38.2	29.4	–8.8
<b>Overseas/Aircraft</b>									
– Overseas affiliated companies, aircraft, ships, etc.	8.5	12.3	+3.8	242.8	258.8	+16.0	81.7	156.2	+74.5
<b>Total</b>	53.7	62.0	+8.3	2,720.0	3,214.2	+494.2	1,016.5	1,287.6	+271.1

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

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

Domestic: Most of the companies performed steadily (¥+6.4 bn YoY), in particular, NIPPON STEEL KOWA REAL ESTATE and RICOH LEASING.

Overseas: Most of the companies remained sluggish (¥−0.8 bn YoY), partly due to uncertain political and economic conditions in Southeast Asia.  
As for Aircastle, despite an improving trend in its business performance, the equity in earnings and losses was ¥−0.1 bn due to the PPA amortization recorded for aircraft sold in Q3.

Equity in Earnings and Losses of Affiliates	FY2022 Q3	FY2023 Q3(1)	FY2024 Q3(2)	(Special factors)	YoY Change (2) − (1)
(¥bn)					
Domestic affiliated companies	6.3	6.6	13.0	*(4.7)	+6.4
<b>Excluding special factors</b>	6.3	6.6	8.3	—	+1.7
Overseas affiliated companies	2.5	2.1	1.3	—	−0.8
Aircastle	0.0	0.1	−0.1	—	−0.2
Total of Domestic and Overseas	8.7	8.6	14.4	(4.7)	+5.8
<b>Excluding special factors</b>	8.7	8.6	9.7	—	+1.1

\* Negative goodwill related to acquisition of GECOSS shares ¥+4.7 bn

## 【Aircastle's Performance】

- Revenue remained steady mainly due to lease fee increase in FY2024 Q3 (Mar.-Nov), and net income improved also as a result of the decrease in impairment losses.
- Moody's changed its outlook to "Positive" on Aircastle's improved performance.

## 【Aircraft Market Conditions】

- With Airbus and Boeing's production capacity still recovering, combined with the low utilization and maintenance cost of newer engines, demand for mid-aged narrow-body aircraft has risen, leading to an increase in market prices.

## Aircastle Financial Results\*\*

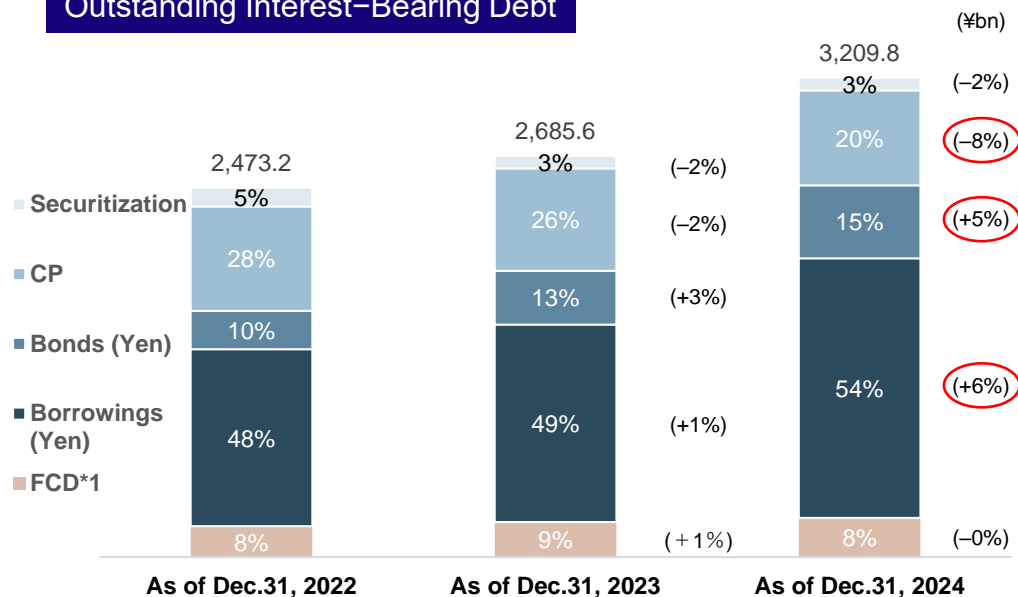
(US\$mnn)

	FY23 Q3 (Mar.-Nov.)	FY24 Q3 (Mar.-Nov.)	YoY Change
Revenue	625	615	−10
Impairment	−37	−19	+18
Net income	54	63	+9

\*\* Source: Information disclosed by Aircastle

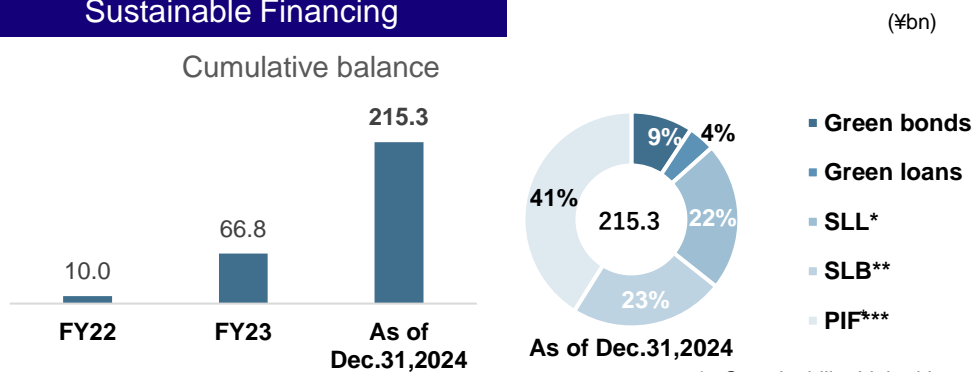
- Funding costs are on an upward trend due to a significant increase in the outstanding interest-bearing debt (¥+524.2 bn YoY) in line with increased operating assets, and a continued trend of rising yen interest rates.
- Realized stable fundraising through diversified procurement methods, such as sustainable financing.

## Outstanding Interest-Bearing Debt



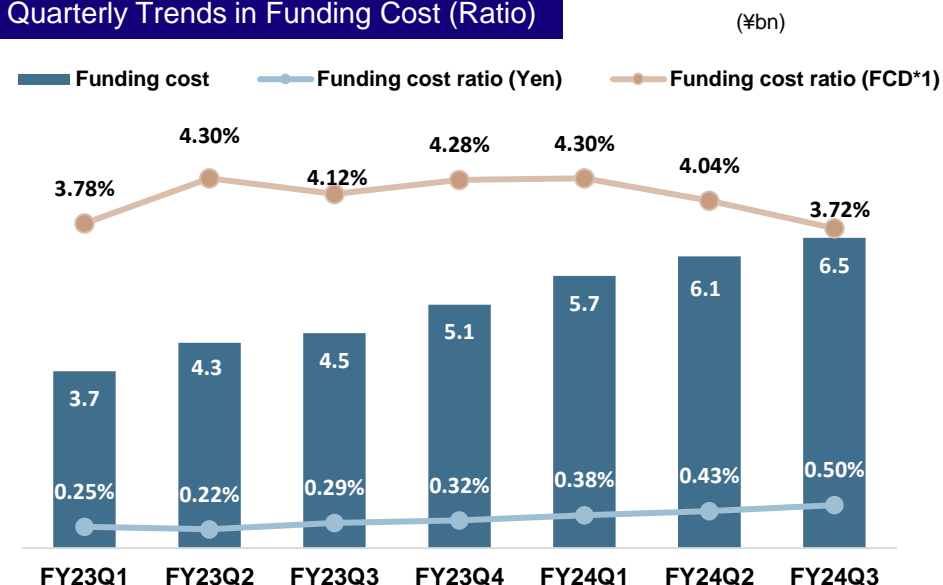
\*1 Foreign-Currency-Denominated  
 \*2 Percentages indicate the composition ratio  
 \*3 Figures in parentheses represent changes from Dec. 31, 2022

## Sustainable Financing



\* Sustainability-Linked Loans  
 \*\* Sustainability-Linked Bonds  
 \*\*\* Positive Impact Finance

## Quarterly Trends in Funding Cost (Ratio)



† Funding cost ratio = Funding costs / Operating assets (average of the beginning and ending)  
 †† Administrative adjustments were made to foreign currency interest rates following the acquisition of Rent Alpha (Q2/Q3, FY2023)

## Credit Ratings

Type of Credit ratings	R&I	JCR
Long-term Issuer	AA-	AA-
Short-term Issuer	A-1+	J-1+



## 2. Consolidated Earnings Forecasts and Dividend Forecasts

- Net income attributable to owners of the parent for the third quarter of FY2024 was ¥35.8 bn, representing a progress rate of **94%** against the earnings forecast for the fiscal year.
- Revised our consolidated earnings forecast upwards for the fiscal year based on the current performance, despite some uncertainty about the future.
- Also revised the year-end dividend forecast upwards to **¥23 (¥+3)**, resulting in an annual dividend of ¥43) in line with the above upward revision, based on our basic profit distribution policy to “pay dividends commensurate with our business performance.”

(¥bn)	FY2024 Q3 Results	FY2024 initial forecast(1)	Q3 Progress rate
Operating income	35.6	47.0	76%
Ordinary income	49.7	55.0	90%
Net income*	35.8	38.0	94%

\* Net income: Net Income attributable to owners of the parent

Annual dividend	¥40	(Results)
Midterm dividend	¥20	
Year-end dividend	¥20	
Dividend payout ratio	28.7%	

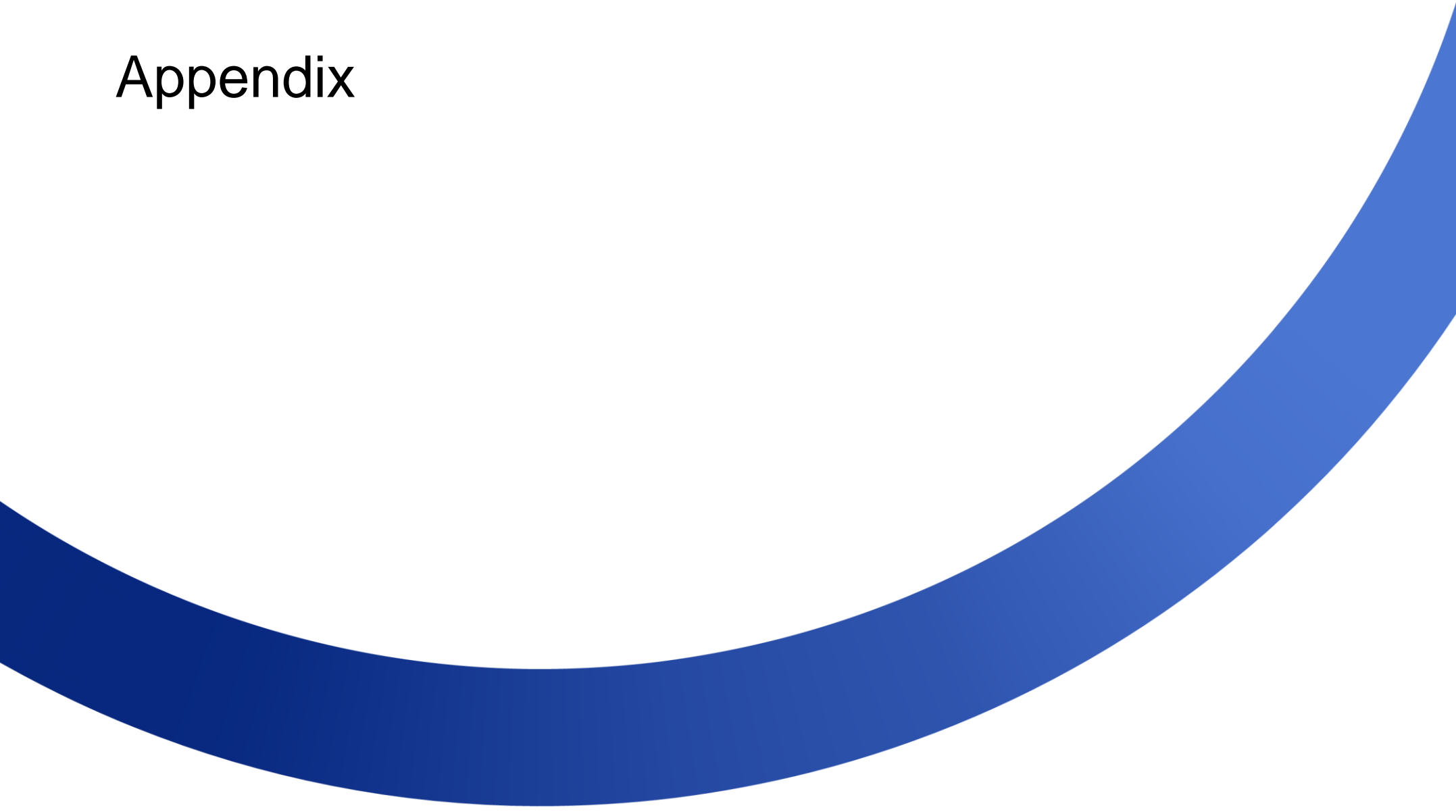
\*[1] Published on May 15, 2024

Earnings Forecasts for FY2024 After upward revision(2)	YoY (2) – (1)	FY2023 Results (Reference)
47.0	+ 0.0	39.5
60.0	+ 5.0	50.9
40.0	+ 2.0	35.2
¥43	¥ + 3	¥38.40 ※1
¥20	(Results)	¥16.60 ※1
¥23	¥ + 3	¥21.80 ※1
29.2%		26.5%

\*[2] Published on February 5, 2025

※1 After taking stock split into account

# Appendix



# Main News & Topics in FY2024

	Date	Contents	
	Apr. 25, 2024	Concluded a capital and business alliance agreement with GECOSS Corporation —Acquired 20.03% of Gecoss Corporation's shares, a major heavy temporary construction business operator of the JFE Group (making it an equity-method affiliate), and promoting collaboration	Inorganic
	May 14, 2024	Concluded a capital and business alliance agreement with Marubeni Corporation —Aimed at further strengthening the synergies achieved since the business alliance in February 2019	Alliance
	May 14, 2024	Issuance of new shares through third-party allotment and changes in major shareholders and other affiliates —Became an equity-method affiliate of Marubeni as a result of a capital increase by third-party allotment, etc., to Marubeni and Mizuho FG. The latter continues to be the largest shareholder	Alliance
	Jul. 2, 2024	Completed underwriting of US\$500 mn capital increase of Aircastle Limited, a U.S. aircraft leasing company —Invested the remaining US\$300 mn out of a total of US\$500 mn capital increase underwriting agreement signed in July 2023	Aircraft
	Jul. 18, 2024	The Company was selected to join "FTSE Blossom Japan Sector Relative Index," an ESG Investment Composite Index —An index selected by FTSE Russell that reflects the performance of Japanese companies that excel in ESG responsiveness	Sustainability
	Aug. 1, 2024	Established METREC Co., Ltd., a joint venture to create the future of resource circulation and environmental conservation, with TRE Holdings Group —One-stop provider handling the dismantling, recycling, and waste disposal of our clients' building demolitions	Circular economy
	Aug. 7, 2024	Invested in a maritime investment fund managed by Navigare Capital Partners —Promoting a sustainable society through environmentally-conscious ship investment	Shipping Sustainability
	Aug. 30, 2024	Acquired additional shares in consolidated subsidiary Rent Alpha Pvt. Ltd. (increased stake to 87.6% from 54.7%) —Pursuing business expansion in the Indian market, which is expected to grow further	Global
	Jan. 29, 2025	Signed a memorandum of understanding with Kyuden International Corporation on the joint promotion of overseas renewable energy business —Aim to expand joint investments overseas by combining our financial expertise with the company's expertise in overseas renewable energy projects	Environment and Energy/Global

(¥bn)	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024 (1)	End-Dec. 2024 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Current assets	2,085.1	2,166.7	2,279.7	2,378.1	2,452.6	+ 74.5	+ 3%
Cash and deposits	21.1	25.3	34.0	56.7	52.5	-4.2	-7%
Investment in lease	1,174.1	1,172.6	1,122.2	1,050.7	1,018.8	-31.9	-3%
Installment sales receivable	127.1	109.4	98.5	109.1	115.5	+ 6.4	+ 6%
Operational loans	500.7	582.5	661.7	733.8	741.4	+ 7.6	+ 1%
Operational investment securities	221.0	239.8	322.7	363.7	439.3	+ 75.6	+ 21%
Allowance for doubtful receivables	-2.2	-1.2	-1.0	-1.8	-2.2	-0.4	-
Property & equipment	518.1	582.1	675.0	985.3	1,342.6	+ 357.3	+ 36%
Leased assets	302.3	315.0	378.3	539.8	831.3	+ 291.5	+ 54%
Investment securities	172.0	203.7	240.6	306.4	360.1	+ 53.7	+ 18%
Doubtful operating receivables	11.5	32.7	25.8	28.9	21.8	-7.1	-24%
Allowance for doubtful receivables	-0.5	-8.5	-5.1	-5.8	-3.4	+ 2.4	-
Total assets	2,603.2	2,748.8	2,954.6	3,363.3	3,795.2	+ 431.9	+ 13%
Total operating assets	2,322.4	2,416.6	2,580.1	2,858.9	3,214.2	+ 355.3	+ 12%

# Consolidated B/S (Liabilities and Equity)

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(¥bn)	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024 (1)	End-Dec. 2024 (2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Current liabilities	1,492.9	1,548.4	1,573.5	1,715.2	1,948.5	+ 233.3	+ 14%
Short-term borrowings	317.8	380.3	418.4	524.1	705.4	+ 181.3	+ 35%
Current portion of corporate bonds	40.0	30.0	23.0	36.7	77.2	+ 40.5	+ 110%
Current portion of long-term debt	228.4	240.5	249.0	328.1	347.2	+ 19.1	+ 6%
Commercial paper	714.1	707.1	692.9	655.4	634.7	-20.7	-3%
Payables under securitized lease receivables	101.5	92.9	94.7	55.7	46.3	-9.4	-17%
Long-term liabilities	899.5	969.6	1,105.3	1,318.3	1,459.1	+ 140.8	+ 11%
Long-term debt	649.9	681.9	747.7	833.2	940.3	+ 107.1	+ 13%
Corporate bond	170.4	221.0	280.7	366.7	420.0	+ 53.3	+ 15%
Long-term payables under securitized lease receivables	33.3	21.6	31.1	42.5	38.8	-3.7	-9%
Total liabilities	2,392.3	2,518.0	2,678.8	3,033.5	3,407.6	+ 374.1	+ 12%
Net assets	210.9	230.8	275.8	329.8	387.6	+ 57.8	+ 18%
Shareholders' equity	197.5	207.3	229.9	257.2	320.7	+ 63.5	+ 25%
Total liabilities and net assets	2,603.2	2,748.8	2,954.6	3,363.3	3,795.2	+ 431.9	+ 13%
Total interest-bearing debts	2,255.4	2,375.2	2,537.6	2,842.4	3,209.8	+ 367.4	+ 13%
Equity ratio	7.7%	8.0%	8.9%	9.2%	9.8%	+ 0.6pts	

(¥bn)	FY20 Q3	FY21 Q3	FY22 Q3	FY23 Q3(1)	FY24 Q3(2)	YoY Change (3) = (2) - (1)	YoY % Change (3) / (1)
Revenues	350.1	389.5	339.8	502.7	460.9	-41.8	-8%
Gross profit before funding costs	43.0	44.4	55.2	66.2	80.3	+14.1	+21%
Funding costs	6.1	5.6	7.6	12.5	18.3	+5.8	+46%
Gross profit	36.9	38.8	47.6	53.7	62.0	+8.3	+15%
Selling, general and administrative expenses	19.1	21.0	20.9	23.6	26.4	+2.8	+11%
Personnel and property expenses	18.4	19.3	20.6	23.0	25.3	+2.3	+10%
Allowance for doubtful receivables	0.7	1.7	0.3	0.6	1.1	+0.5	+74%
Operating income	17.8	17.7	26.7	30.1	35.6	+5.5	+19%
Non-operating income	5.7	6.5	9.4	12.5	18.0	+5.5	+44%
Non-operating expenses	1.6	1.2	1.4	2.5	3.9	+1.4	+54%
Ordinary income	21.9	23.1	34.7	40.0	49.7	+9.7	+24%
Extraordinary income	4.0	0.2	0.3	0.1	0.3	+0.2	+98%
Extraordinary loss	0.0	0.0	0.4	0.0	0.0	+0.0	+163%
Income before taxes	25.9	23.3	34.7	40.2	49.9	+9.7	+24%
Total income taxes	7.4	5.4	9.0	11.1	11.8	+0.7	+7%
Net income attributable to owners of the parent	18.0	17.3	24.8	27.6	35.8	+8.2	+30%
Gross profit margin before funding costs	2.60%	2.51%	2.98%	3.33%	3.53%	+0.20pts	
Funding cost ratio	0.37%	0.32%	0.41%	0.63%	0.80%	+0.17pts	
ROE	12.6%	11.0%	13.6%	13.0%	14.1%	+1.1pts	

(単位:億円)	FY20 Q3	FY21 Q3	FY22 Q3	FY23 Q3(1)	FY24 Q3(2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Net income	18.5	17.8	25.7	29.1	38.1	+ 9.0	+ 31%
Unrealized gain on available-for-sale securities	-2.6	0.7	3.9	4.1	0.8	-3.3	-80%
Deferred gain/loss on derivatives under hedge accounting	0.6	-0.5	0.3	-0.8	-1.6	-0.8	-
Foreign currency translation adjustments	-2.1	7.8	21.7	12.6	-0.9	-13.5	-
Remeasurements of defined benefit plans	0.0	-0.0	-0.0	-0.0	-0.1	-0.1	-
Share of other comprehensive income of affiliated companies	0.3	0.4	2.1	3.7	-0.2	-3.9	-
Total other comprehensive income	-3.7	8.4	27.9	19.6	-1.9	-21.5	-
Comprehensive income	14.8	26.2	53.6	48.6	36.2	-12.4	-26%



# Gross Profit before Funding Costs by Business Area

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(¥bn)	FY20 Q3	FY21 Q3	FY22 Q3	FY23 Q3(1)	FY24 Q3(2)	YoY Change (3) = (2) - (1)	YoY % Change (3) / (1)
Revenues	350.1	389.5	339.8	502.7	460.9	-41.8	-8%
Leasing and installment sales	339.5	376.5	320.3	478.5	424.8	-53.7	-11%
Finance	10.9	13.3	19.9	25.2	31.3	+6.1	+24%
Other	0.7	0.7	1.0	1.1	6.8	+5.7	+519%
Elimination and Expenses not allocated to the segments	-1.0	-1.0	-1.4	-2.1	-1.9	+0.2	-
Cost of revenues	307.2	345.2	284.6	436.5	380.6	-55.9	-13%
Leasing and installment sales	306.8	344.8	284.1	435.8	376.0	-59.8	-14%
Finance	0.1	0.2	0.2	0.2	0.3	+0.1	+16%
Other	0.4	0.3	0.5	0.6	4.4	+3.8	+674%
Elimination and Expenses not allocated to the segments	-0.2	-0.1	-0.1	-0.1	-0.1	-0.0	-
Gross profit before funding costs	43.0	44.4	55.2	66.2	80.3	+14.1	+21%
Leasing and installment sales	32.7	31.7	36.2	42.7	48.7	+6.0	+14%
Finance	10.8	13.2	19.7	25.0	31.0	+6.0	+24%
Other	0.3	0.4	0.5	0.5	2.4	+1.9	+352%
Elimination and Expenses not allocated to the segments	-0.8	-0.9	-1.2	-2.0	-1.8	+0.2	-

## Leasing and Installment Sales Segment

(¥bn)	FY22 Q3	FY23 Q3(1)	FY24 Q3(2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Information and communications	78.1	64.5	112.1	+47.6	+74%
Real estate	83.2	213.9	402.8	+188.9	+88%
Industry and factory	42.5	72.0	77.1	+5.1	+7%
Transport equipment	44.3	25.3	34.4	+9.1	+36%
Construction	14.3	12.3	17.7	+5.4	+44%
Commerce and services	14.9	19.4	20.9	+1.5	+8%
Medical equipment	7.4	9.5	10.3	+0.8	+8%
Other	25.4	39.4	37.7	-1.7	-4%
Total	310.1	456.4	713.1	+256.7	+56%

## Financing/Other Segment

(¥bn)	FY22 Q3	FY23 Q3(1)	FY24 Q3(2)	YoY Change (3) = (2)-(1)	YoY % Change (3) / (1)
Commercial distribution finance/loan, etc.	545.7	430.2	419.5	-10.7	-3%
Real estate	153.8	113.0	135.8	+22.8	+20%
Ship	3.7	11.9	4.2	-7.7	-64%
Aircraft	5.5	4.9	5.0	+0.1	+2%
Other	—	—	10.1	+10.1	—
Total	708.6	560.1	574.6	+14.5	+3%



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## Contact

Mizuho Leasing Company, Limited  
Corporate Communications Department  
Tel: +81-3-5253-6540

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