

Consolidated Balance Sheet

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of September 30, 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2020	March 31 2020	September 30 2020
ASSETS			
Current Assets:			
Cash and Cash Equivalents	¥ 16,358	¥ 22,299	\$ 154,599
Lease Receivables and Investments in Lease (Note 4)	1,159,783	1,082,088	10,961,003
Receivables (Note 4):			
Notes and Accounts	982	886	9,286
Lease	2,960	6,560	27,984
Installment Sales	133,390	141,812	1,260,659
Loans	267,539	271,323	2,528,492
Factoring	190,943	129,676	1,804,588
Total Receivables	595,817	550,260	5,631,009
Operational Investment Securities (Note 4)	228,352	221,866	2,158,134
Prepaid Expenses and Other	46,659	72,510	440,972
Allowance for Doubtful Receivables	(2,394)	(1,752)	(22,634)
Total Current Assets	2,044,575	1,947,272	19,323,083
Property and Equipment:			
Leased Assets (Note 4)	298,512	245,533	2,821,216
Advances for Purchases of Leased Assets	5	656	49
Own-used Assets	3,515	3,455	33,227
Total Property and Equipment	302,033	249,646	2,854,492
Investments and Other Assets:			
Investment Securities	22,178	20,776	209,611
Investments in Unconsolidated Subsidiaries and Associated Companies	143,666	98,355	1,357,782
Long-term Receivables	12,104	5,448	114,400
Goodwill	46	63	440
Intangible Leased Assets (Note 4)	162	101	1,533
Deferred Tax Assets	3,326	2,609	31,434
Other	24,585	24,629	232,353
Allowance for Doubtful Receivables	(473)	(487)	(4,479)
Total Investments and Other Assets	205,596	151,497	1,943,074
Total Assets	¥ 2,552,205	¥ 2,348,416	\$ 24,120,649

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
As of September 30, 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2020	March 31 2020	September 30 2020
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Note 5)	¥ 1,229,876	¥ 1,031,075	\$ 11,623,439
Current Portion of Long-term Debt (Note 5)	217,859	185,358	2,058,973
Lease Payable	8,957	8,772	84,658
Accounts Payable - trade	36,847	49,318	348,246
Accrued Expenses	2,913	3,455	27,538
Income Taxes Payable	3,765	4,098	35,590
Deferred Profit on Installment Sales (Note 4)	2,519	2,097	23,810
Reserve for Management Board Benefit Trust - current	-	56	-
Accruals for Debt Guarantees	9	15	85
Other	34,718	29,875	328,124
Total Current Liabilities	1,537,468	1,314,123	14,530,463
Long-term Liabilities:			
Long-term Debt (Note 5)	765,073	784,202	7,230,631
Deposits Received	33,724	31,296	318,724
Liability for Employees' Retirement Benefits	2,519	2,655	23,814
Reserve for Management Board Benefit Trust	232	211	2,195
Other	9,962	20,147	94,156
Total Long-term Liabilities	811,511	838,512	7,669,520
Contingent Liabilities (Note 6)			
Equity: (Note 9)			
Common Stock	26,088	26,088	246,555
Authorized, 140,000,000 Shares; Issued, 49,004,000 Shares as of September 30 and March 31, 2020			
Capital Surplus	23,941	23,941	226,269
Retained Earnings	142,307	131,579	1,344,935
Treasury Stock - at cost	(1,725)	(1,745)	(16,309)
632,703 shares as of September 30 and 640,003 shares as of March 31, 2020			
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	5,065	7,430	47,873
Deferred Loss on Derivatives under Hedge Accounting	(820)	(1,060)	(7,756)
Foreign Currency Translation Adjustments	(1,653)	(1,005)	(15,629)
Defined Retirement Benefit Plans	(18)	(41)	(175)
Total	193,183	185,186	1,825,763
Non-controlling Interests	10,041	10,594	94,903
Total Equity	203,225	195,780	1,920,666
Total Liabilities and Equity	¥ 2,552,205	¥ 2,348,416	\$ 24,120,649

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

Mizuho Leasing Company, Limited and Consolidated Subsidiaries

For the six-month period ended September 30, 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2020	September 30 2019	September 30 2020
Net Income	¥ 13,315	¥ 9,084	\$ 125,842
Other Comprehensive (Loss) Income:			
Unrealized (Loss) Gain on Available-for-sale Securities	(2,416)	1,552	(22,834)
Deferred Gain on Derivatives under Hedge Accounting	241	21	2,279
Foreign Currency Translation Adjustments	(855)	(909)	(8,087)
Defined Retirement Benefit Plans	19	(6)	187
Share of Other Comprehensive Income (Loss) in Associated Companies	253	(28)	2,395
Total Other Comprehensive (Loss) Income	(2,757)	629	(26,060)
Comprehensive Income	¥ 10,557	¥ 9,714	\$ 99,782
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 10,240	¥ 9,683	\$ 96,786
Non-controlling Interests	317	30	2,996

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Mizuho Leasing Company, Limited and Consolidated Subsidiaries
For the six-month period ended September 30, 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	September 30 2020	September 30 2019	September 30 2020
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 18,638	¥ 13,115	\$ 176,147
Adjustments for:			
Income Taxes Paid	(4,537)	(5,267)	(42,880)
Depreciation and Disposal of Fixed Assets	7,767	7,317	73,408
Equity in Earnings of Associated Companies	(4,072)	(329)	(38,484)
Loss (Profit) from Investments	340	(15)	3,218
Increase in Allowance for Doubtful Receivables	657	331	6,211
Decrease in Accruals for Debt Guarantees	(6)	(8)	(56)
Gain on Sales of Marketable and Investment Securities	(3,810)	(326)	(36,012)
Gain on liquidation of subsidiaries and associated companies	(230)	-	(2,183)
Loss on Devaluation of Investment Securities	32	156	309
Change in assets and liabilities:			
Increase in Lease Receivables and Investments in Lease	(79,065)	(70,831)	(747,239)
(Increase) Decrease in Receivables	(46,788)	59,138	(442,191)
(Increase) Decrease in Operational Investment Securities	(7,252)	10,832	(68,545)
Decrease in Accounts Payable — trade	(12,458)	(4,459)	(117,745)
Purchases of Leased Assets	(89,213)	(75,693)	(843,152)
Proceeds from Sales of Leased Assets	29,637	67,941	280,100
Decrease in Interest Payable	(164)	(89)	(1,554)
Other — net	15,475	(17,331)	146,254
Total Adjustments	(193,689)	(28,634)	(1,830,541)
Net Cash Used in Operating Activities	(175,051)	(15,519)	(1,654,394)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(1,468)	(1,492)	(13,880)
Purchases of Marketable and Investment Securities	(48,756)	(1,513)	(460,793)
Proceeds from Sales and Redemption of Marketable and Investment Securities	5,793	1,318	54,749
Other — net	361	(53)	3,417
Net Cash Used in Investing Activities	(44,070)	(1,740)	(416,507)
Cash Flows from Financing Activities:			
Net Increase (Decrease) in Short-term Borrowings	210,955	(11,094)	1,993,724
Proceeds from Long-term Debt	123,247	130,664	1,164,795
Repayments of Long-term Debt	(118,729)	(110,747)	(1,122,102)
Cash Dividends Paid	(2,058)	(1,960)	(19,451)
Other — net	(102)	(612)	(968)
Net Cash Provided by Financing Activities	213,312	6,249	2,015,998
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(131)	(143)	(1,244)
Net Decrease in Cash and Cash Equivalents	(5,940)	(11,154)	(56,147)
Cash and Cash Equivalents at Beginning of the Period	22,299	25,438	210,746
Decrease in Cash and Cash Equivalents resulting from Exclusion from Scope of Consolidation	-	(276)	-
Cash and Cash Equivalents at End of the Period	¥ 16,358	¥ 14,007	\$ 154,599

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Mizuho Leasing Company, Limited (“the Company”) and its consolidated subsidiaries (together with the Company, “the Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the company’s financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020. The accompanying consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and related notes for the year ended March 31, 2020.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥105.81 to US\$1.00, the approximate rate of exchange at September 30, 2020. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts indicated in millions of yen are rounded down by truncating the figures below one million. As a result, totals may not add up exactly.

2. Scope of Consolidation

The consolidated financial statements include the accounts of the Group, which include Mizuho-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., Mizuho Auto Lease Company, Limited, ML Estate Company, Limited, Mizuho Leasing (China) Ltd., PT. VERENA MULTI FINANCE Tbk, IBJ Air Leasing Limited and IBJ Air Leasing (US) Corp. The number of the consolidated subsidiaries as of September 30, 2020 was 31.

The number of associated companies accounted for under the equity method as of September 30, 2020 was 7. Investments in associated companies include Mizuho Marubeni Leasing Corporation, RICOH LEASING COMPANY, LTD., PLM Fleet, LLC, Krung Thai IBJ Leasing Co., Ltd., PNB-Mizuho Leasing and Finance Corporation and Aircastle Limited. RICOH LEASING COMPANY, LTD. was newly included in the associated companies accounted for under the equity method from the first quarter of the current fiscal year, as the Company purchased these shares.

3. Summary of Significant Accounting Policies

The accounting policies are the same as those applied in the Consolidated Financial Statements as of and for the year ended March 31, 2020.

4. Operating Assets

(1) Operating Assets as of September 30 and March 31, 2020 consisted of the following:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30, 2020	March 31, 2020	September 30, 2020
Leasing and Installment Sales:			
Finance Lease	¥1,159,783	¥1,082,088	\$10,961,003
Operating Lease	298,675	245,635	2,822,749
Installment Sales (*1)	130,871	139,715	1,236,849
Leasing and Installment Sales total	1,589,329	1,467,439	15,020,601
Finance	686,835	622,866	6,491,214
Total Operating Assets	¥2,276,165	¥2,090,305	\$21,511,815

(*1) The amount of Installment Sales represents "Installment Sales Receivables" less "Deferred Profit on Installment Sales".

(2) The total amounts of new contracts during the periods ended September 30, 2020 and 2019 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2020	2019	2020
Leasing and Installment Sales:			
Finance Lease	¥234,350	¥215,154	\$2,214,820
Operating Lease	89,865	79,776	849,310
Installment Sales	20,913	29,287	197,655
Leasing and Installment Sales total	345,129	324,219	3,261,785
Finance	339,880	299,971	3,212,177
Total	¥685,009	¥624,191	\$6,473,962

5. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of September 30 and March 31, 2020 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30,	March 31,	September 30,
	2020	2020	2020
Short-term Borrowings			
Short-term Borrowings from banks and other financial institutions	¥398,629	¥256,732	\$3,767,407
Commercial Paper	737,100	669,100	6,966,260
Payables under securitized lease receivables	94,146	105,242	889,772
Total	¥1,229,876	¥1,031,075	\$11,623,439
Current Portion of Long-term Debt			
Bonds payable	¥40,000	¥-	\$378,036
Long-term Debt from banks and other financial institutions	177,859	185,358	1,680,937
Total	¥217,859	¥185,358	\$2,058,973

(2) "Long-term Debt" as of September 30 and March 31, 2020 was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	September 30,	March 31,	September 30,
	2020	2020	2020
Long-term Debt			
Bonds payable	¥110,184	¥135,332	\$1,041,345
Long-term Debt from banks and other financial institutions	617,660	622,890	5,837,448
Payables under securitized lease receivables	37,228	25,979	351,838
Total	¥765,073	¥784,202	\$7,230,631

6. Contingent Liabilities

Contingent Liabilities as of September 30, 2020 were as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	2020	2020
Guarantee Obligations with respect to operating activities (*1)	¥13,752	\$129,975
Other Guarantee Obligations	9,654	91,242
Accruals for Debt Guarantees	(9)	(85)
Total	¥23,397	\$221,132

(*1) The amount includes bank loans provided by Unipres Corporation and others, which are guaranteed by the Company.

7. Segment Information

(1) Information about sales and profit

For the six-month period ended September 30, 2020

	(Millions of yen)					
	2020					
	Reportable segment				Reconciliations (*1)	Consolidated (*2)
Leasing and Installment Sales	Finance	Other	Total			
Sales:						
Sales to external customers	¥221,600	¥6,749	¥368	¥228,719	¥-	¥228,719
Intersegment sales and transfers	130	422	73	626	(626)	-
Total	221,731	7,172	441	229,345	(626)	228,719
Operating Expenses	211,529	3,564	378	215,472	1,998	217,470
Segment Profit	¥10,201	¥3,608	¥63	¥13,873	¥(2,624)	¥11,248

For the six-month period ended September 30, 2019

(Millions of yen)

	2019					
	Reportable segment				Reconciliations (*1)	Consolidated (*2)
	Leasing and Installment Sales	Finance	Other	Total		
Sales:						
Sales to external customers	¥245,846	¥7,997	¥1,057	¥254,901	¥-	¥254,901
Intersegment sales and transfers	189	440	56	687	(687)	-
Total	246,036	8,438	1,113	255,588	(687)	254,901
Operating Expenses	236,232	3,139	713	240,084	2,208	242,292
Segment Profit	¥9,804	¥5,298	¥400	¥15,503	¥(2,895)	¥12,608

For the six-month period ended September 30, 2020

(Thousands of U.S. dollars)

	2020					
	Reportable segment				Reconciliations (*1)	Consolidated (*2)
	Leasing and Installment Sales	Finance	Other	Total		
Sales:						
Sales to external customers	\$2,094,327	\$63,792	\$3,486	\$2,161,605	\$-	\$2,161,605
Intersegment sales and transfers	1,233	3,994	691	5,918	(5,918)	-
Total	2,095,560	67,786	4,177	2,167,523	(5,918)	2,161,605
Operating Expenses	1,999,149	33,684	3,574	2,036,407	18,889	2,055,296
Segment Profit	\$96,411	\$34,102	\$603	\$131,116	\$(24,807)	\$106,309

(*1) The details of Reconciliations to Segment Profit for the periods ended September 30, 2020 and 2019 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2020	2019	2020
Elimination of intersegment transactions	¥279	¥31	\$2,645
Administrative expenses not allocated to the reportable segments	(2,904)	(2,926)	(27,452)
Total	¥(2,624)	¥(2,895)	\$(24,807)

(*2) Segment Profits are reconciled to Operating Income in the Consolidated Statement of Income.

(2) Impairment loss of long-lived assets or goodwill per reportable segment:

Not applicable

8. Per Share Information

Details of basic net income attributable to owners of the parent per share (“EPS”) for the periods ended September 30, 2020 and 2019 were as follows:

	(Millions of yen)	(Thousands of shares)	(Yen)	(U.S. dollars)
Net income attributable to owners of the parent		Weighted-average shares		EPS
For the period ended September 30, 2020:				
Basic EPS				
Net income available to common shareholders	¥12,991	48,366	¥268.61	\$2.54
For the period ended September 30, 2019:				
Basic EPS				
Net income available to common shareholders	¥8,850	48,798	¥181.37	\$1.71

9. Subsequent Events

Appropriation of Retained Earnings

On November 5, 2020, the Board of Directors of the Company resolved to approve the payment of the interim cash dividends to its shareholders registered as of September 30, 2020 as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Interim cash dividends, ¥40.00 (\$0.38) per share	¥1,960	\$18,524