

# Financial Results for FY2020 Presentation Materials

May 18, 2021

Mizuho Leasing Co., Ltd.

**MIZUHO**

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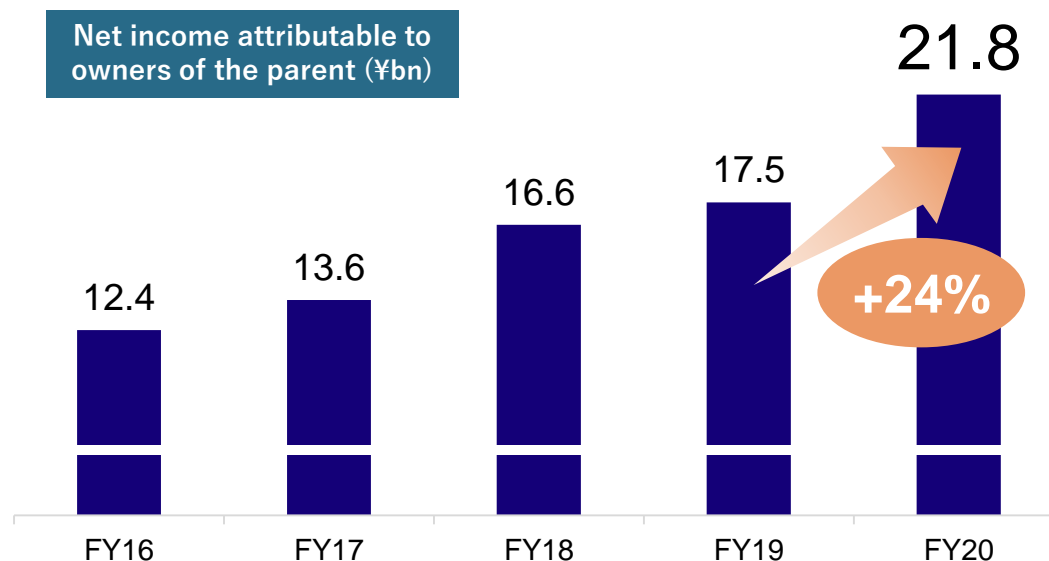
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# Financial Results and Business Performance Overview

# Summary of Results for FY2020

Net income attributable to owners of the parent amounted to **¥21.8bn**, hitting a record high for the 8th straight year.

**Upwardly-revised forecasts were exceeded for each income indicator.**



FY2020 forecast and results (¥bn)

|   | FY20 Results (A) | Full-year forecast (B) | (C)     | % achievement (A)/(B) |
|---|------------------|------------------------|---------|-----------------------|
| Revenues  | 497.9            | 500.0                  | (500.0) | 100%                  |
| Operating income                                | <b>26.0</b>      | <b>23.5</b>            | (20.8)  | <b>110%</b>           |
| Ordinary income                                 | <b>27.5</b>      | <b>25.5</b>            | (23.6)  | <b>108%</b>           |
| Net income attributable to owners of the parent | <b>21.8</b>      | <b>20.0</b>            | (18.0)  | <b>109%</b>           |

<sup>(B)</sup> Upwardly-revised on February 9, 2021

<sup>(C)</sup> Announced on May 14, 2020

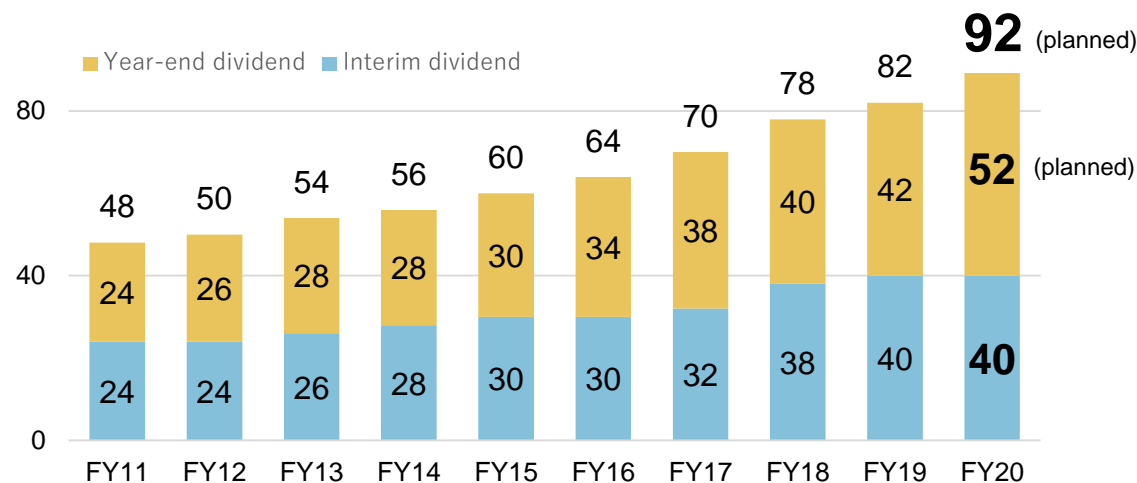
# Summary of Results for FY2020

Annual dividend will be **¥92**  
(**¥10** increase y-o-y)

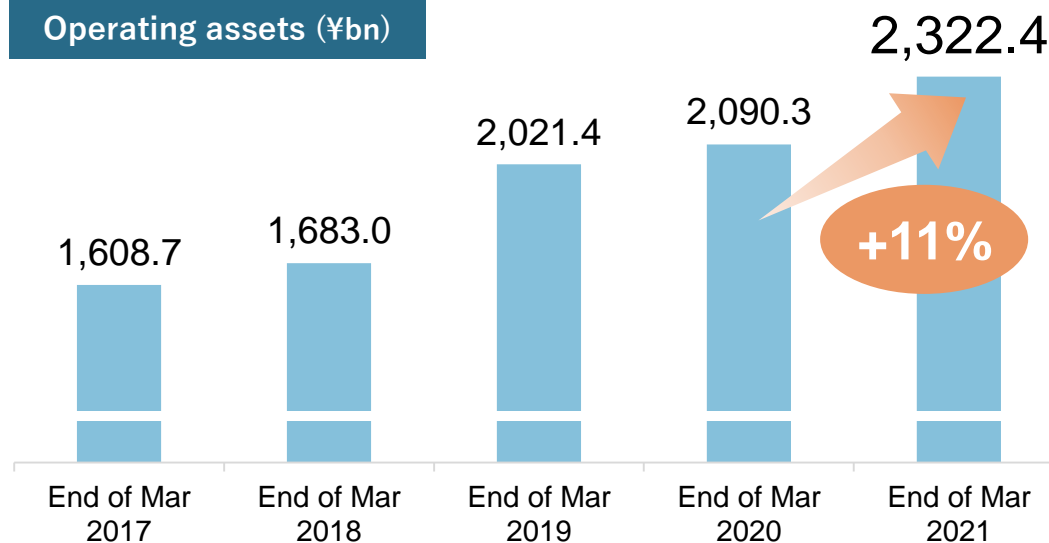
Plan to **raise annual dividend**  
**for the 19th straight year**

Operating assets  
**increased ¥232.1bn** from the  
**end of the previous fiscal year**  
to **¥2,322.4bn**

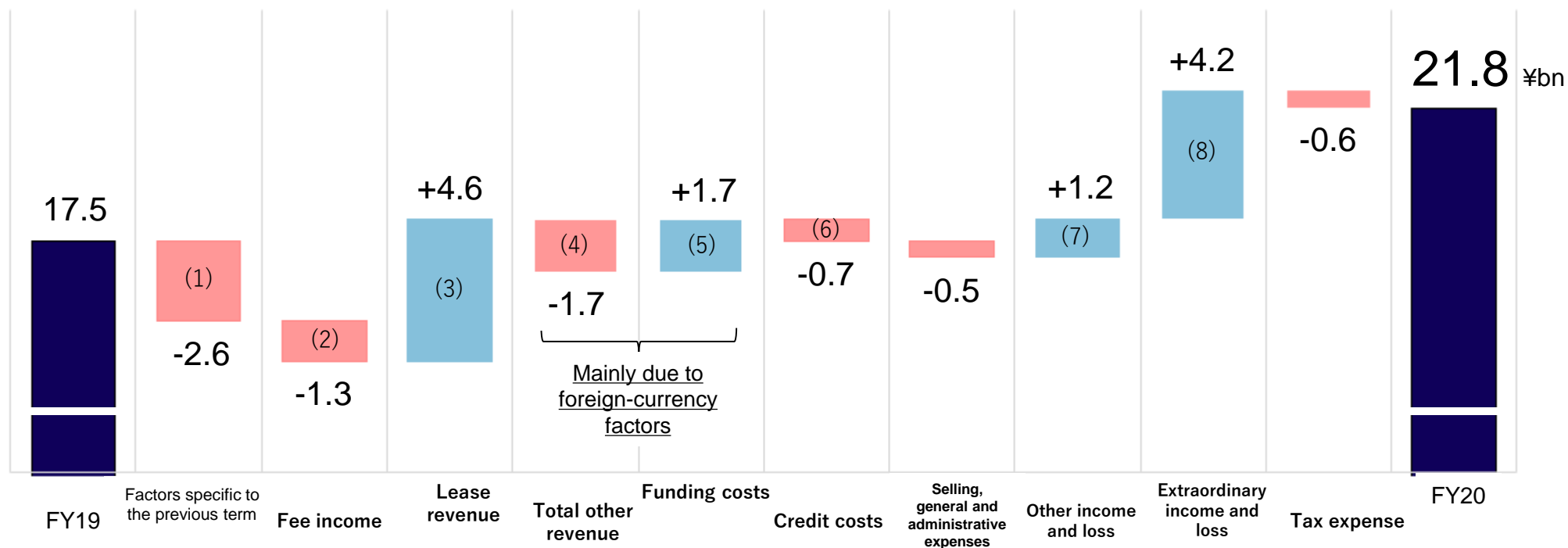
Long-term dividend trend (¥)



Operating assets (¥bn)



# Factors behind change in net income attributable to owners of the parent



|  |   |
|--|---|
| <b>(A) Factors specific to the previous term</b> | Revenue decreased in connection with sale of operational investment securities in FY19 (decreases in gain on sales and dividend income) |
| <b>(B) Fee income</b>                            | Fee income from sales of JOLCO decreased due to the impact of COVID-19  |
| <b>(C) Lease revenue</b>                         | Lease revenue was driven by an increase in lease revenue due to accumulation of operating assets  |
| <b>(D) Total other revenue</b>                   | Total other revenue decreased due to a drop in foreign-currency interest rates  |
| <b>(E) Funding costs</b>                         | Funding costs decreased mainly due to lower funding cost on foreign currency  |
| <b>(F) Credit costs</b>                          | A small amount of provision for allowance for credit costs was recorded following a reversal in the previous fiscal year                |
| <b>(G) Other income and loss</b>                 | Equity in earnings of RICOH LEASING COMPANY, LTD. and other associated companies increased  |
| <b>(H) Extraordinary income and loss</b>         | A main factor was gain on sales of investment securities posted as extraordinary income.  |

# Overview of Financial Results

| (¥bn)  | FY18        | FY19        | FY20        | Change      | % Change   |
|--|-------------|-------------|-------------|-------------|------------|
| <b>Revenues</b>  | 384.9       | 539.2       | 497.9       | -41.3       | -8%        |
| <b>Gross profit before write-offs and funding costs</b>        | 52.6        | 60.3        | 59.3        | -1.0        | -2%        |
| Funding costs  | 8.5         | 9.7         | 8.0         | -1.7        | -18%       |
| <b>Gross profit</b>  | <b>44.1</b> | <b>50.5</b> | <b>51.3</b> | <b>+0.8</b> | <b>+2%</b> |
| Credit costs   | -0.2        | -0.3        | 0.4         | +0.7        | -          |
| <b>Operating income</b>  | 22.9        | 26.3        | 26.0        | -0.3        | -1%        |
| Other income   | 2.4         | 1.5         | 3.5         | +2.0        | +134%      |
| <b>Ordinary income</b>   | 24.2        | 26.7        | 27.5        | +0.8        | +3%        |
| <b>Net income attributable to owners of the parent</b>         | 16.6        | 17.5        | 21.8        | +4.3        | +24%       |
| <b>Gross profit margin before write-offs and funding costs</b> | 2.84%       | 2.93%       | 2.69%       | -0.24pt     | -          |

Note) Gross profit margin before write-offs and funding costs = Gross profit before write-offs and funding costs / Operating assets (average of the beginning and ending balances)

Proceeds from sales of properties upon completion of real estate-related bridge scheme projects decreased

**Gross profit steadily increased y-o-y despite the harsh operating environment**

Gross profit margin before write-offs and funding costs fell due mainly to decreases in fee income and gain on sales of operational investment securities.

| (¥bn)                   | End of Mar 2019 | End of Mar 2020 | End of Mar 2021 | Change        | % Change    |
|-------------------------|-----------------|-----------------|-----------------|---------------|-------------|
| <b>Operating assets</b> | <b>2,021.4</b>  | <b>2,090.3</b>  | <b>2,322.4</b>  | <b>+232.1</b> | <b>+11%</b> |
| Net assets              | 182.2           | 195.8           | 210.9           | +15.1         | +8%         |
| Equity ratio            | 8.0%            | 7.9%            | 7.7%            | -0.2pt        | -           |

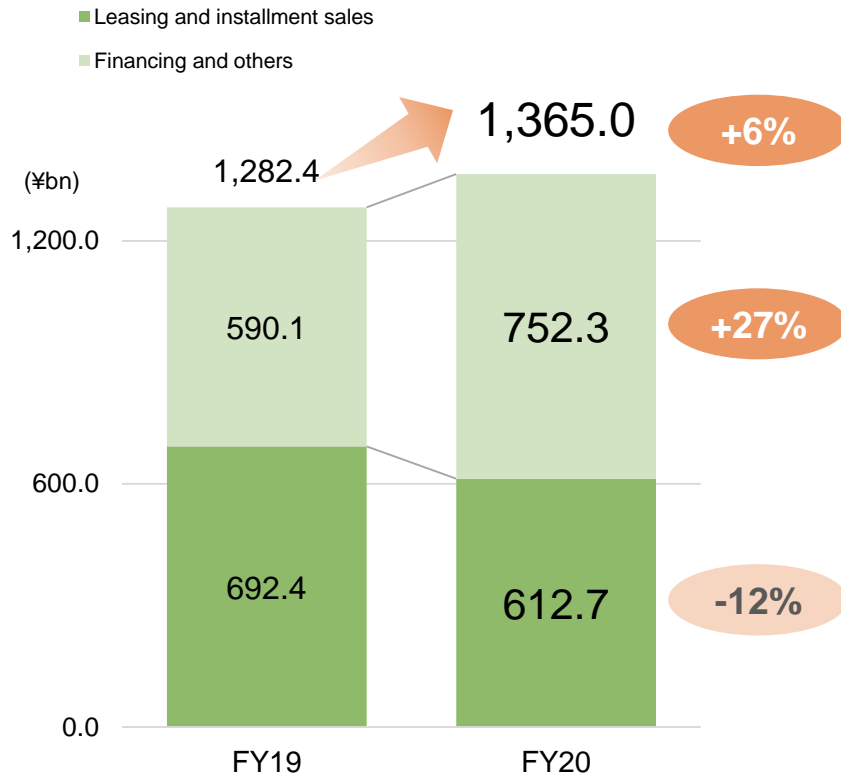
**Balances, especially of lease assets, increased**

# Business Performance Overview

## Contract execution volume

### Contract execution volume increased 6% y-o-y.

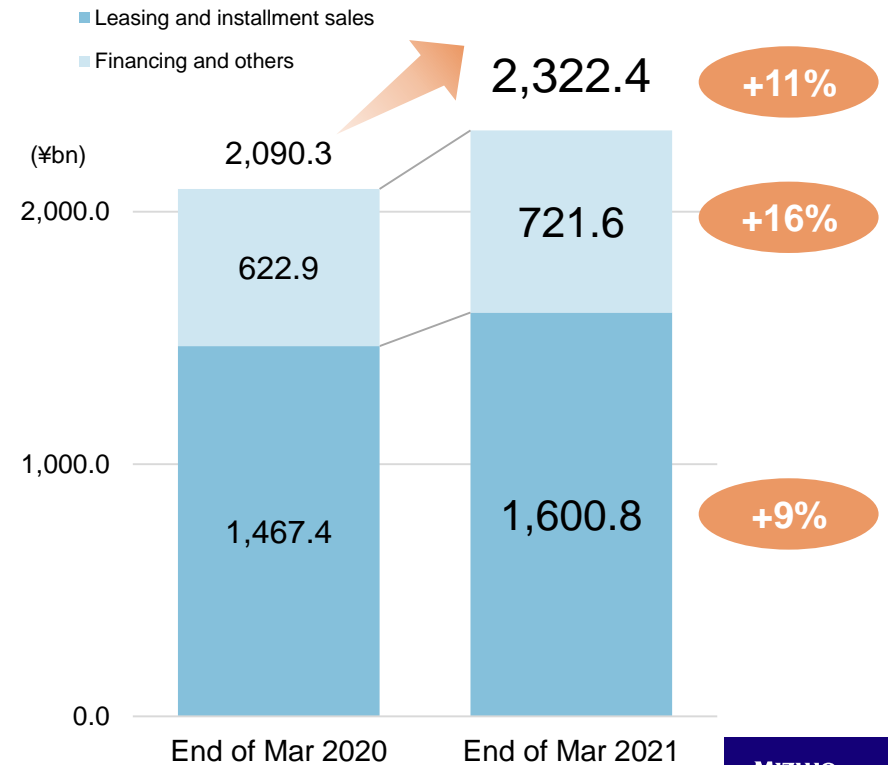
- Leasing and installment sales generally decreased due to the impact of COVID-19, but the sales of information and communications equipment increased by capturing large projects.
- Financing was driven by an increase in real-estate and short-term commercial distribution finance.



## Operating assets

### Operating assets increased 11% from the end of the previous fiscal year.

- Mizuho Group synergies led to steady expansion in our business base.
- Increases in real-estate leases, finance, and information and communications equipment contributed





# Contract Execution Volume / Leasing and Installment Sales

## Contract execution volume by equipment type

| (¥bn)                                 | FY18         | FY19         | FY20         | Change       | % Change    |   |
|---------------------------------------|--------------|--------------|--------------|--------------|-------------|---|
| <b>Information and communications</b> | <b>93.4</b>  | <b>152.9</b> | <b>176.1</b> | <b>+23.2</b> | <b>+15%</b> | Captured capital investment needs mainly of telecommunications carriers   |
| <b>Real estate</b>                    | 126.8        | 180.6        | 154.3        | -26.3        | -15%        | Bridge scheme projects for logistics facilities accounted for a large portion                                       |
| <b>Industrial and factory</b>         | 114.1        | 145.0        | 130.8        | -14.2        | -10%        |   |
| Transport                             | 71.3         | 76.2         | 37.2         | -39.0        | -51%        | Mainly due to curbed efforts for aircraft operating leases and fewer transactions with bus/transportation companies |
| Construction                          | 44.7         | 40.1         | 33.6         | -6.5         | -16%        |   |
| Commerce and services                 | 38.2         | 30.1         | 22.1         | -8.0         | -26%        |   |
| Medical                               | 20.3         | 15.6         | 11.2         | -4.4         | -28%        | Curbed efforts in China   |
| Other                                 | 40.6         | 51.8         | 47.4         | -4.4         | -9%         |   |
| <b>Total</b>                          | <b>549.4</b> | <b>692.4</b> | <b>612.7</b> | <b>-79.7</b> | <b>-12%</b> |   |

# Contract Execution Volume / Financing

## Contract execution volume

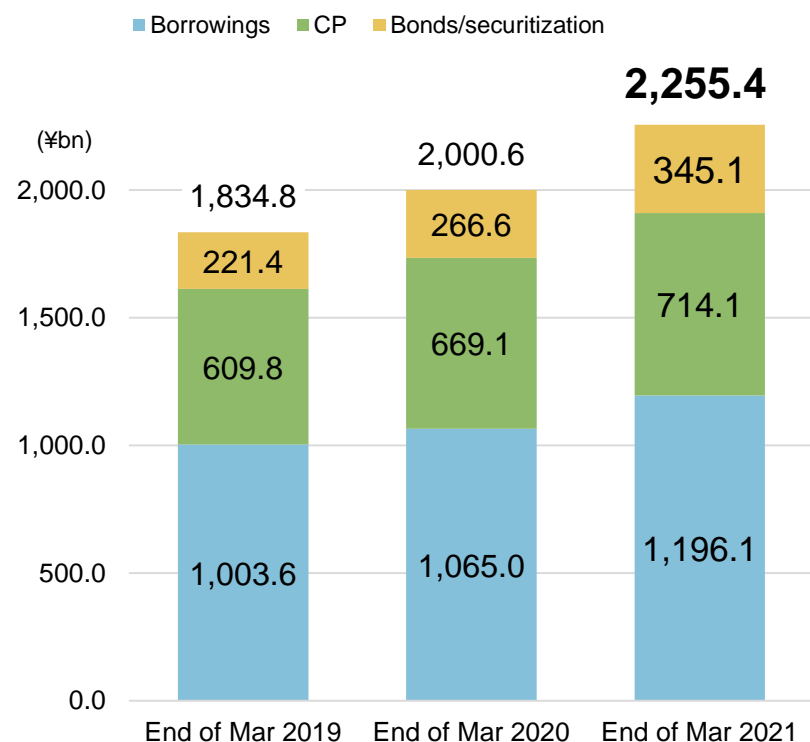
| (¥bn)   | FY18        | FY19        | FY20         | Change       | % Change    |
|---|-------------|-------------|--------------|--------------|-------------|
| <b>Commercial distribution finance / loan, etc.</b> | 856.3       | 492.3       | 627.0        | +134.7       | +27%        |
| <b>Real estate</b>                                  | <b>97.0</b> | <b>57.8</b> | <b>105.2</b> | <b>+47.4</b> | <b>+82%</b> |
| Vessel  | 20.6        | 20.0        | 17.0         | -3.0         | -15%        |
| Aircraft  | 22.8        | 20.0        | 3.0          | -17.0        | -85%        |
| <b>Total</b>  | 996.7       | 590.1       | 752.3        | +162.2       | +27%        |

Mizuho Group synergies led to increase in mezzanine loans and bridge schemes for logistics facilities.

# Funding

- Actively utilized direct funding such as issuance of bonds and CPs to ensure the stability of funding and control costs.
- Funding costs and funding costs ratio both decreased mainly due to lower foreign currency funding interest rates.

## Interest-bearing debt



## Funding costs (ratio)

| (¥bn)                      | FY18  | FY19  | FY20  |
|----------------------------|-------|-------|-------|
| <b>Funding costs</b>       | 8.5   | 9.7   | 8.0   |
| <b>Funding costs ratio</b> | 0.46% | 0.47% | 0.36% |

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

## External ratings

| Rating agency | Rating     |     |
|---------------|------------|-----|
| R&I           | Long-term  | A   |
|               | Short-term | a-1 |
| JCR           | Long-term  | A+  |
|               | Short-term | -   |

# Earnings Forecasts and Dividends

## Earnings Forecasts for FY2021

- Although the economic environment is expected to begin a gradual recovery, attention will still need to be paid to the impact of COVID-19 during FY2021 as there remains a great deal of uncertainty caused, for example, by the emergence of new variants and issues with vaccine rollouts. We expect certain sectors to be affected by curtailment of capital expenditure and a rise in credit costs.
- Despite the unclear outlook, we will aim for **¥23.0 billion in net income attributable to owners of the parent** by focusing to an even greater degree on successfully executing the Sixth Mid-term Management Plan.

| (¥bn)   | FY2019<br>(Results) | FY2020<br>(Results) (A) | FY2021<br>(Forecast) (B) | Change<br>(B)-(A) | % Change<br>(B)/(A) |
|---|---------------------|-------------------------|--------------------------|-------------------|---------------------|
| Revenues  | 539.2               | 497.9                   | <b>550.0</b>             | <b>+52.1</b>      | <b>+10%</b>         |
| Operating income                                | 26.3                | 26.0                    | <b>30.0</b>              | <b>+4.0</b>       | <b>+16%</b>         |
| Ordinary income                                 | 26.7                | 27.5                    | <b>33.0</b>              | <b>+5.5</b>       | <b>+20%</b>         |
| Net income attributable to owners of the parent | 17.5                | 21.8                    | <b>23.0</b>              | <b>+1.2</b>       | <b>+6%</b>          |

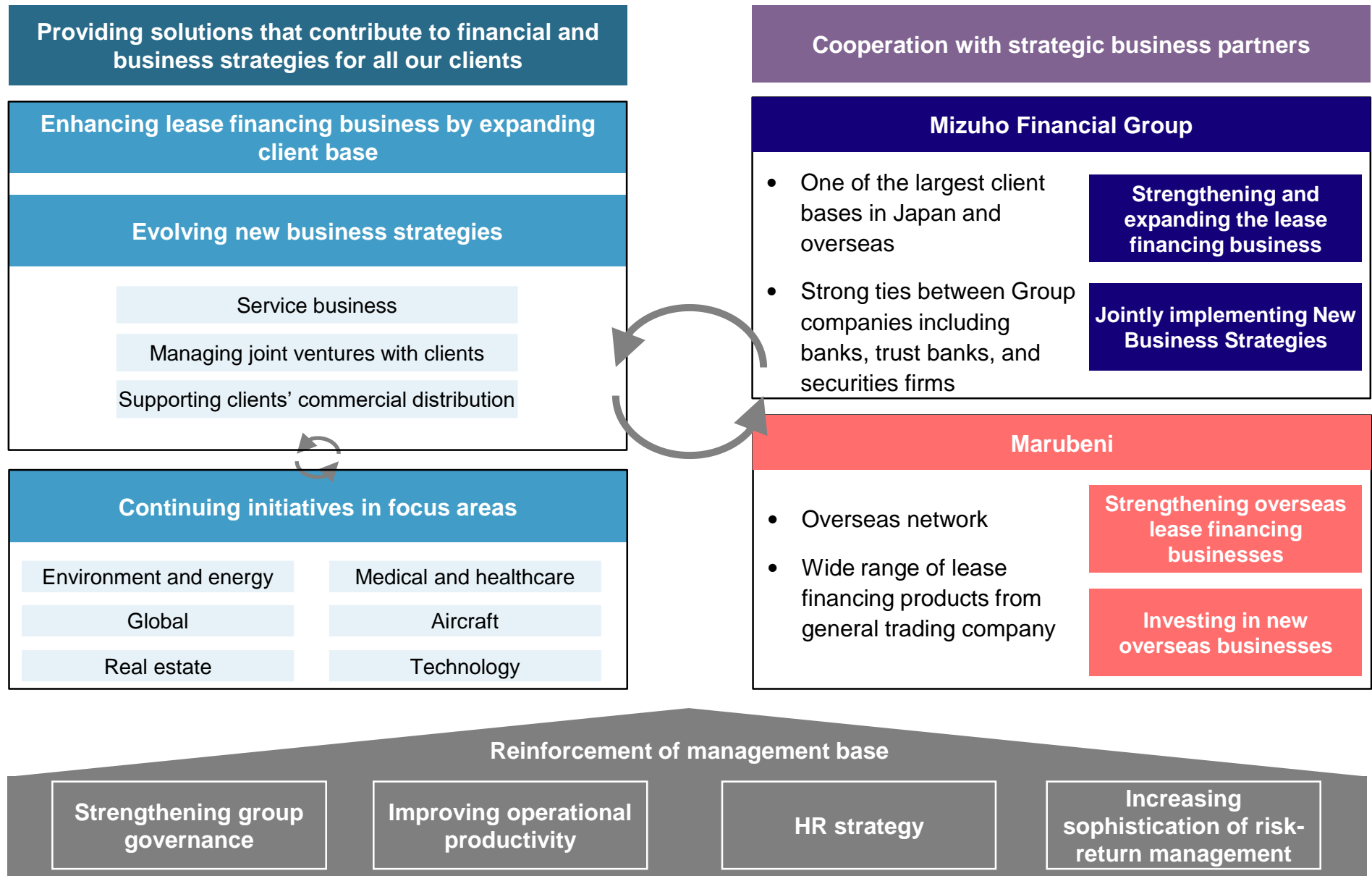
## Dividends

- Plan for a year-end dividend of ¥52/share for FY2020, which is ¥8 higher than the ¥44 initially forecast.
- Based on FY2021 earnings forecasts, **plan to raise annual dividend for the 20th straight year to ¥110/share in FY2021**, in consideration of balance between shareholder returns such as dividend payout ratio and accumulation of capital.

|  | FY2019<br>(Results) | FY2020<br>(Results) (A) | FY2021<br>(Forecast) (B) | Change<br>(B)-(A) |
|--|---------------------|-------------------------|--------------------------|-------------------|
| Annual dividend                        | * ¥82               | (planned) ¥92           | <b>¥110</b>              | <b>+¥18</b>       |
| Interim dividend                       | * ¥40               | ¥40                     | <b>¥55</b>               | <b>+¥15</b>       |
| Year-end dividend                      | ¥42                 | (planned) ¥52           | <b>¥55</b>               | <b>+¥3</b>        |
| *Includes commemorative dividend of ¥2 |                     |                         |                          |                   |
| Dividend payout ratio                  | 22.7%               | 20.4%                   | <b>23.1%</b>             | <b>+2.7pt</b>     |

# Status of Sixth Mid-term Management Plan

# Overview of Sixth Mid-term Management Plan (FY 2019-2023)





# Consolidated Targets for the Final Fiscal Year of Sixth Mid-term Management Plan (FY 2019-2023)

Net income attributable to owners of the parent

**¥30.0 billion**

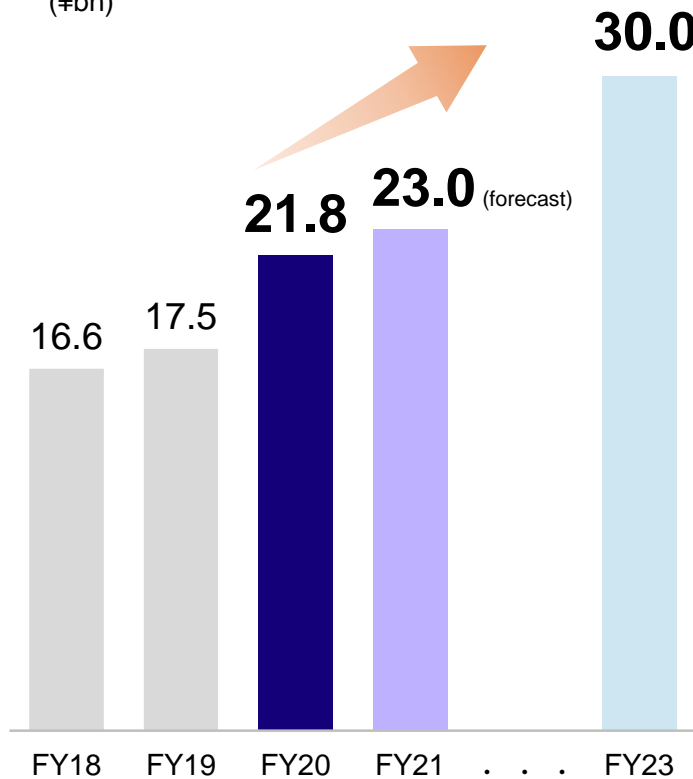
Balance in the global area

**Triple**  
compared with that at the end of March 2019

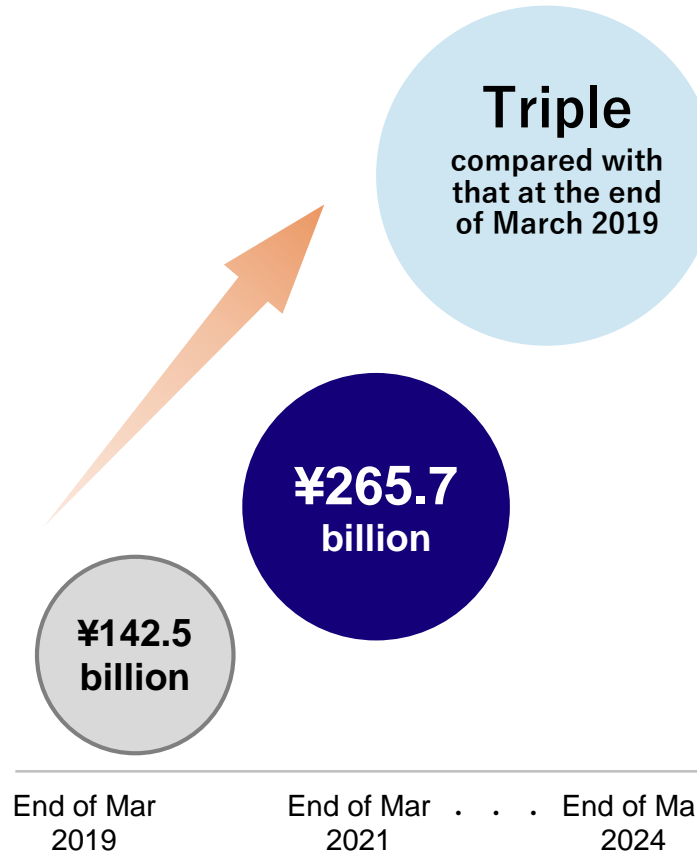
Dividend payout ratio

Aim for **25% or more**

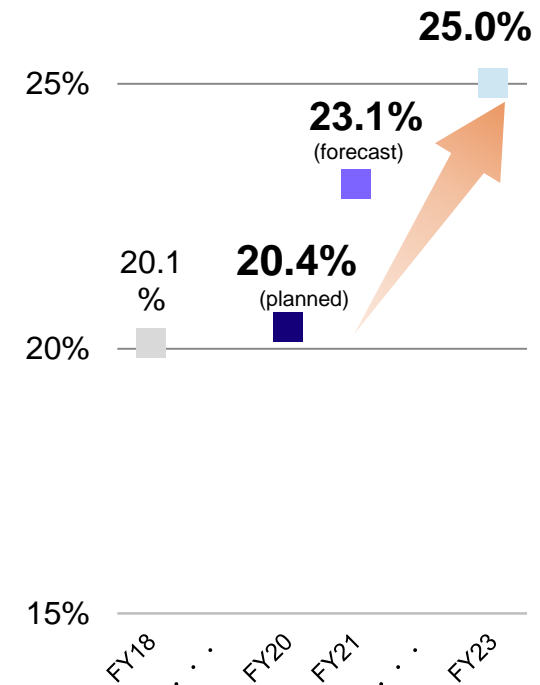
(¥bn)



**FY20 results ¥21.8 billion**



**Balance as of end of Mar 2021 ¥265.7 billion**



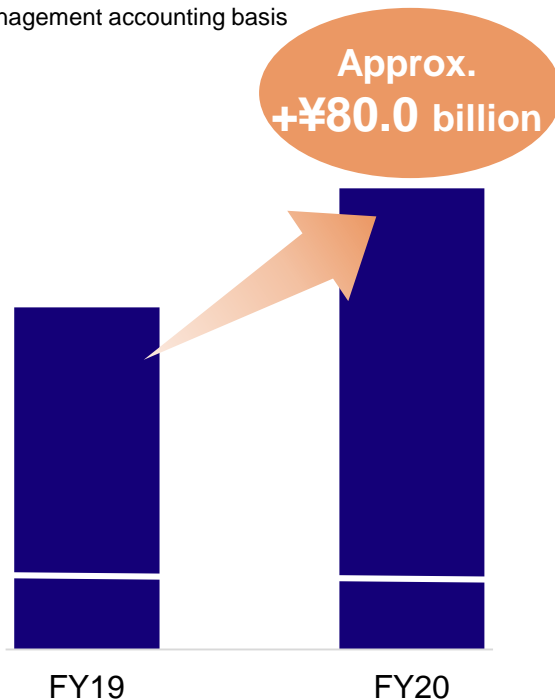
**FY20 dividend payout ratio 20.4% (planned)**

# Cooperation with Alliance Partners: Mizuho Financial Group

- In FY2020, contract amount\* through cooperation **increased approximately ¥80.0 billion y-o-y, and profitability also climbed.** \*Management accounting basis
  - Cooperation expanded in areas such as real estate, communications infrastructure, and financial solutions involving use of assets held by customers.
- In FY2021, we will be aiming to further strengthen the tie-up by forging ahead with collaborations in renewable energy area and in service business such as subscription services, in addition to collaborations in the areas of real estate and the provision of financial solutions to customers amid the COVID-19 pandemic.

## Contract amount through cooperation\*

\* Management accounting basis



### Communications infrastructure

Captured large projects such as for 5G infrastructure investment

### Real estate

Expanded collaborations in real-estate projects that support day-to-day living, e.g. logistics facilities

### Financial solutions

Responded to customers' financial needs using the sale-leaseback scheme, etc.

### Stronger cooperation

Increased number of departments and branches for strengthening cooperation in retail

Measures to be promoted in FY21

Renewable energy

Real estate

Financial solutions

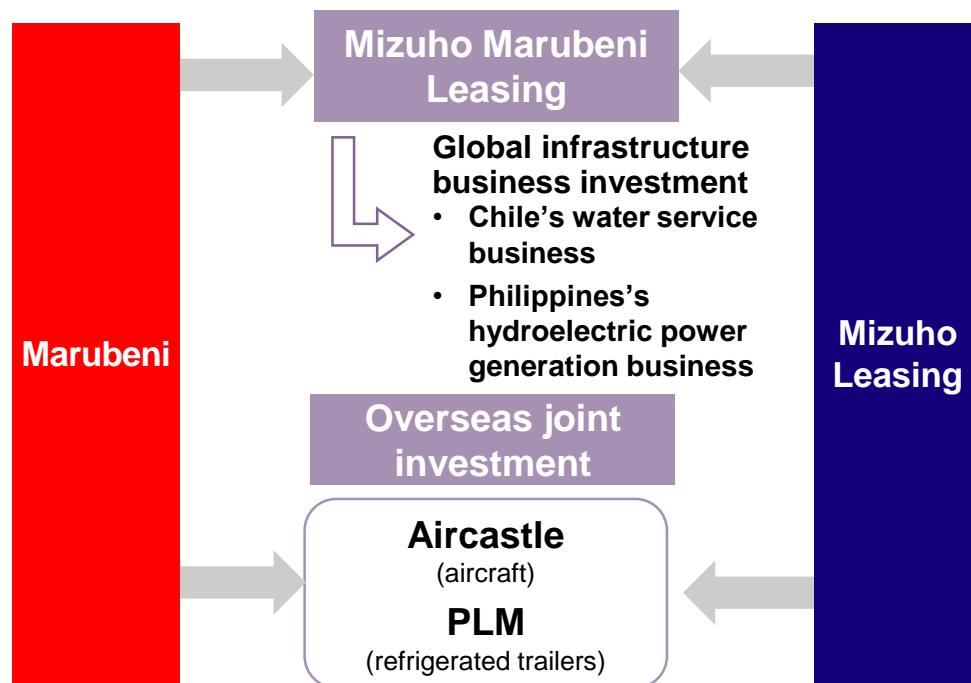
Subscription

# Cooperation with Alliance Partners

## Cooperation with the Marubeni Group

- Balance in the global area increased ¥36.6 billion through cooperation with Marubeni thanks to business investment made through Mizuho Marubeni Leasing.

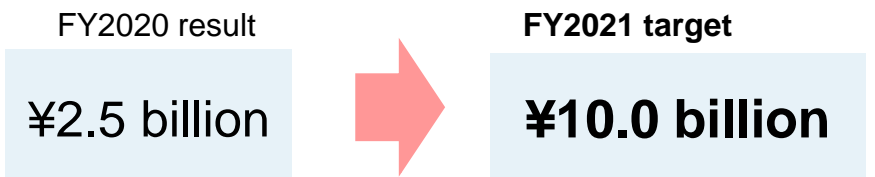
### Collaboration with the Marubeni Group



## Cooperation with Ricoh and Ricoh Leasing

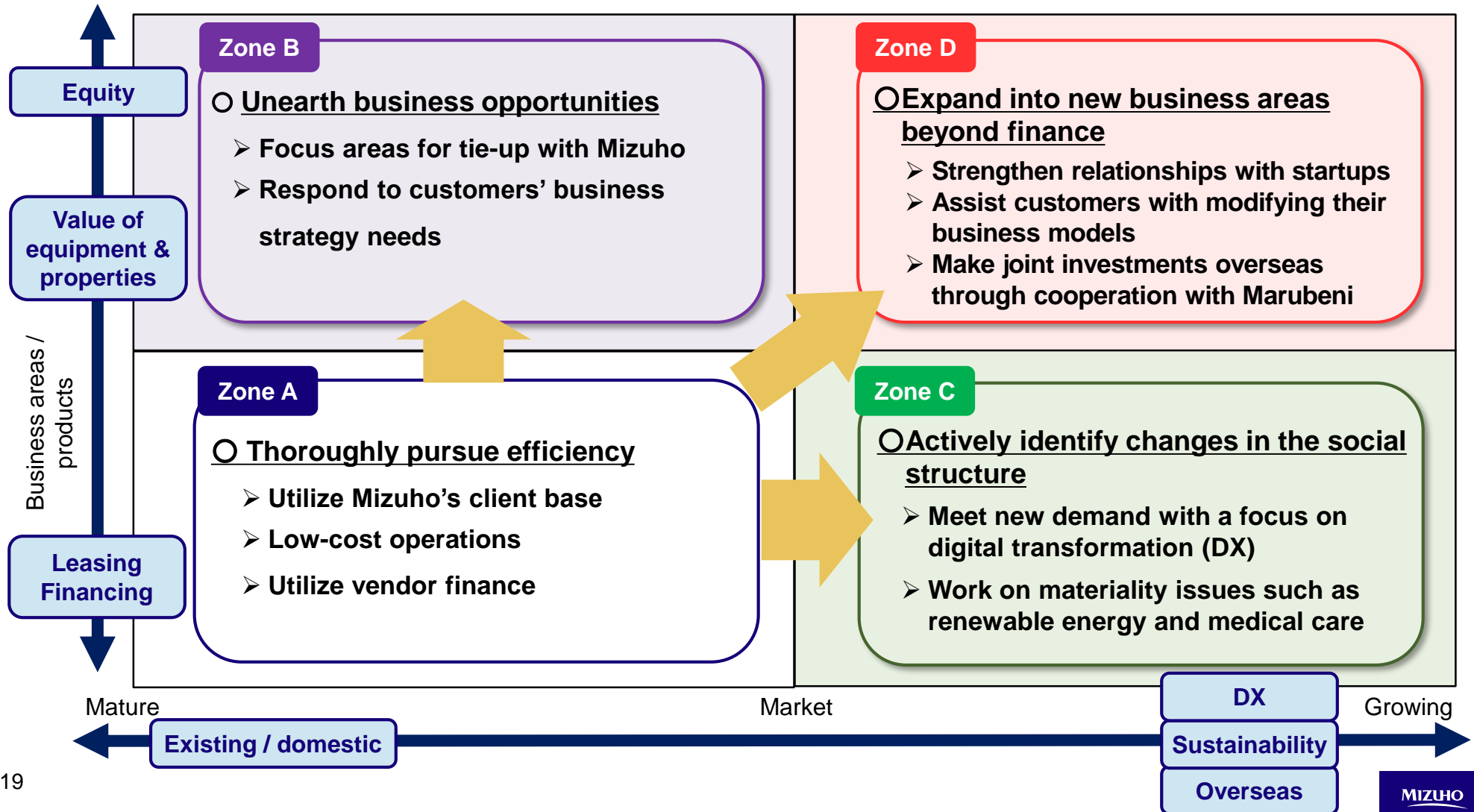
- Promote business that takes advantage of Ricoh Leasing's vendor finance expertise
- Promote use of structures for customer contact points, applications, etc. of Ricoh Leasing
- Mutually refer customers for products the other has strength in
- Consider areas for medium-term collaboration, aiming to create new value
  - Began to consider collaboration in environmental and medical care areas
- Promote case-by-case collaboration and arranging for referrals
  - Achieved results in areas such as communications, medical, vehicles, etc.

### Contract execution volume through cooperation



# Business Strategy Overview

- We have classified our business strategies into four categories from the standpoints of expansion of business areas (vertical axis) and market growth potential and initiatives to address social issues (horizontal axis). **Our policy will be to maintain zone A as the foundation while expanding initiatives in B, C, and D.**

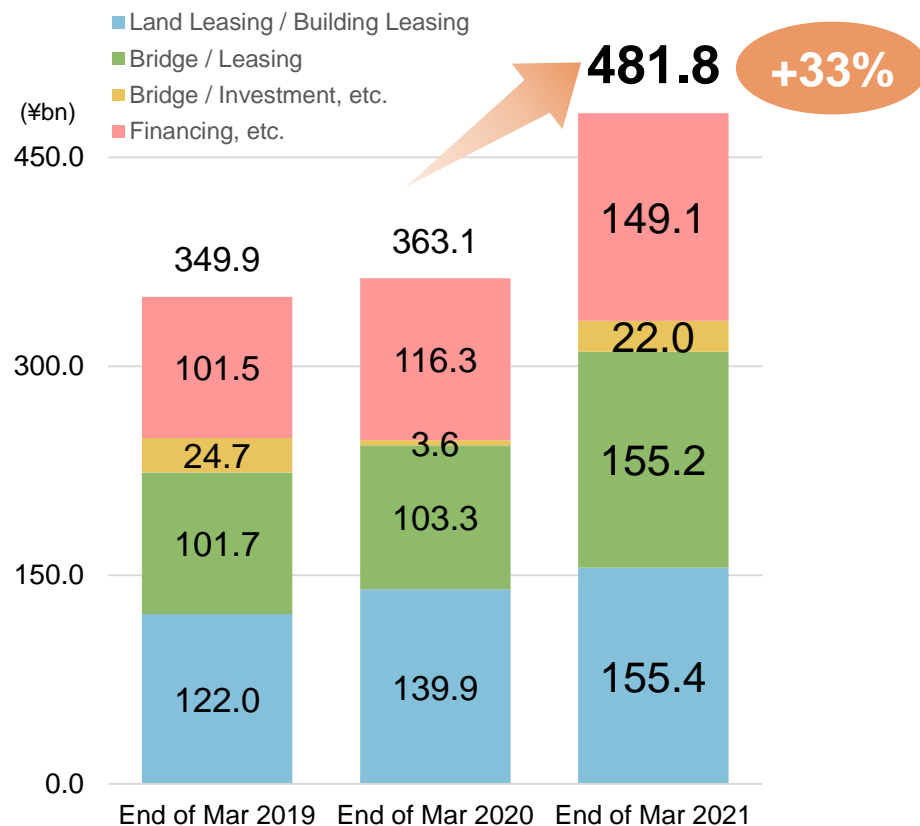


# Status of Focus Area: Real Estate

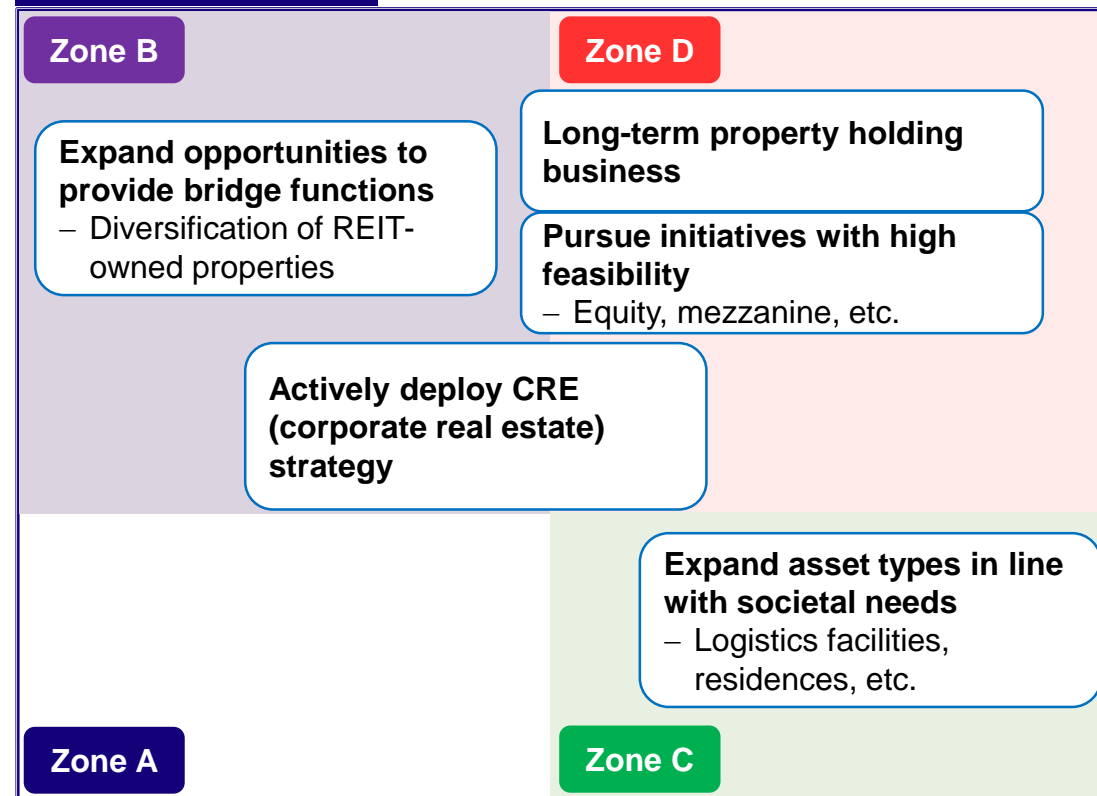


- Balances increased for both short-term (bridge) and long-term (financing etc., land leasing / building leasing) assets, and the total balance **rose by approximately ¥120.0 billion** y-o-y.
  - By asset type, logistics facilities, which society has a high level of need for, accounted for over half of the increase.
- **Promote initiatives to build a more resilient portfolio going forward.**

## Balances



## Future strategy

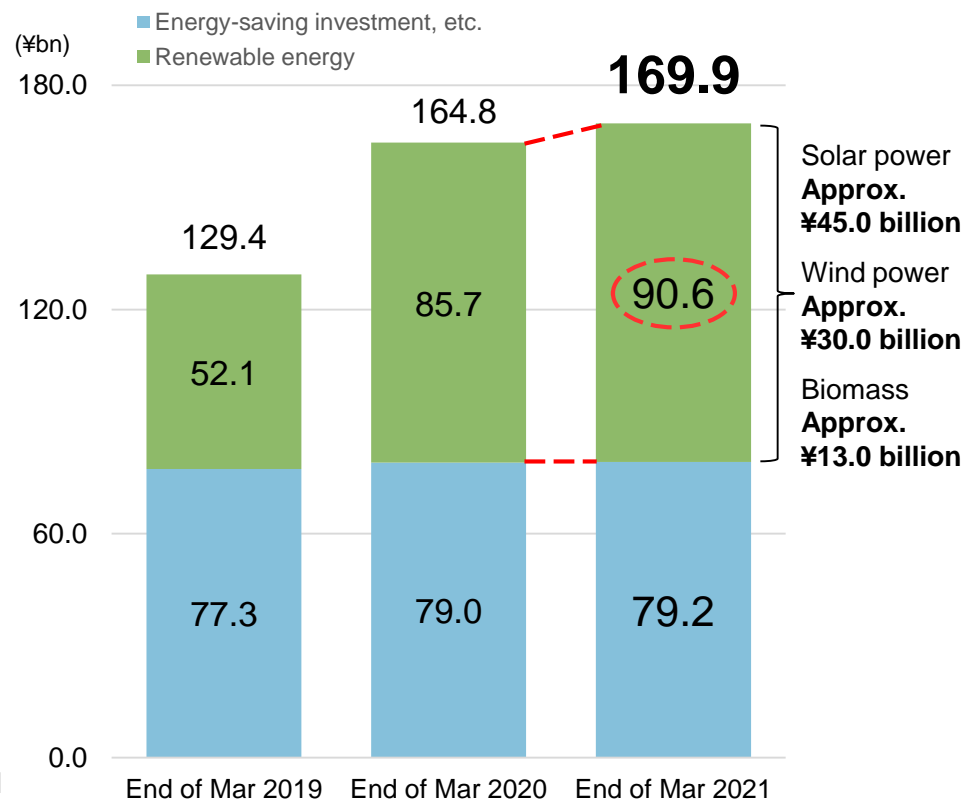


# Status of Focus Area: Environment and Energy

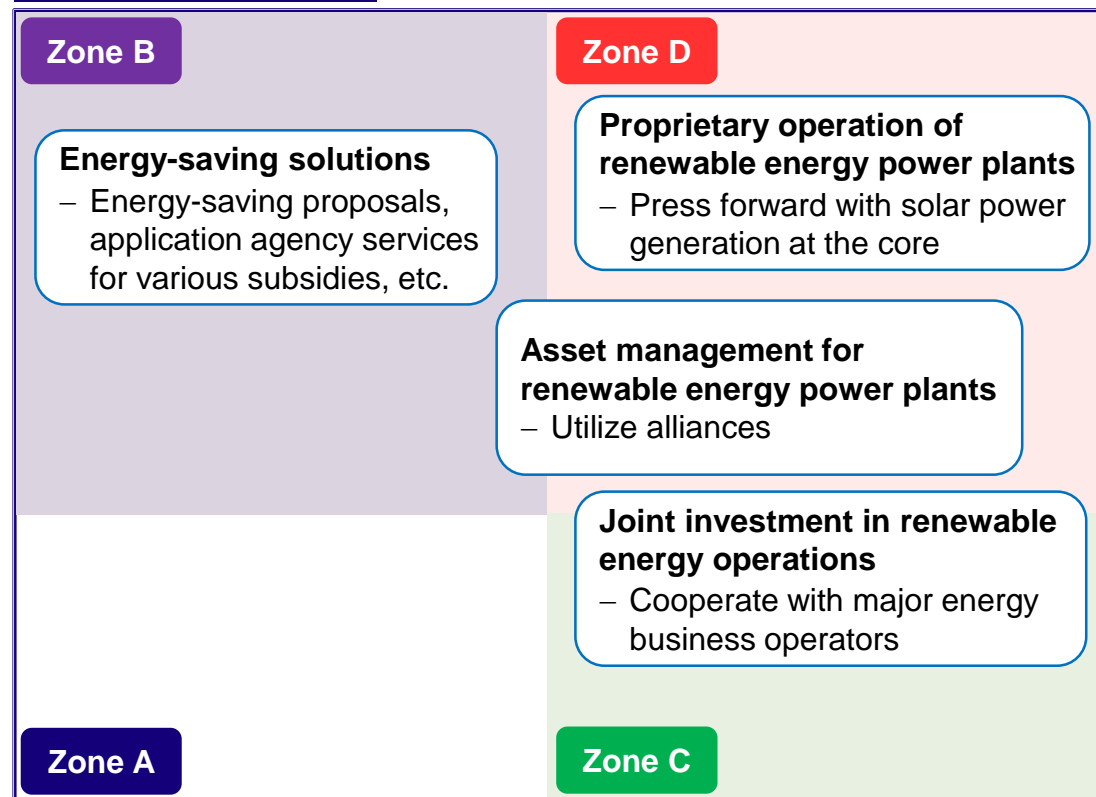
- Offered a wide range of solutions for a myriad of power source types in renewable energy area and balances increased.
  - Power source types: Solar power, wind power, biomass, etc.
  - Solutions: Business management, equity investment, mezzanine loans, leasing, etc.
- Aim to expand business areas by promoting business management and joint investments in renewable energy area.

## Balances

\* Balances related to energy saving/power generation equipment, etc.



## Future strategy

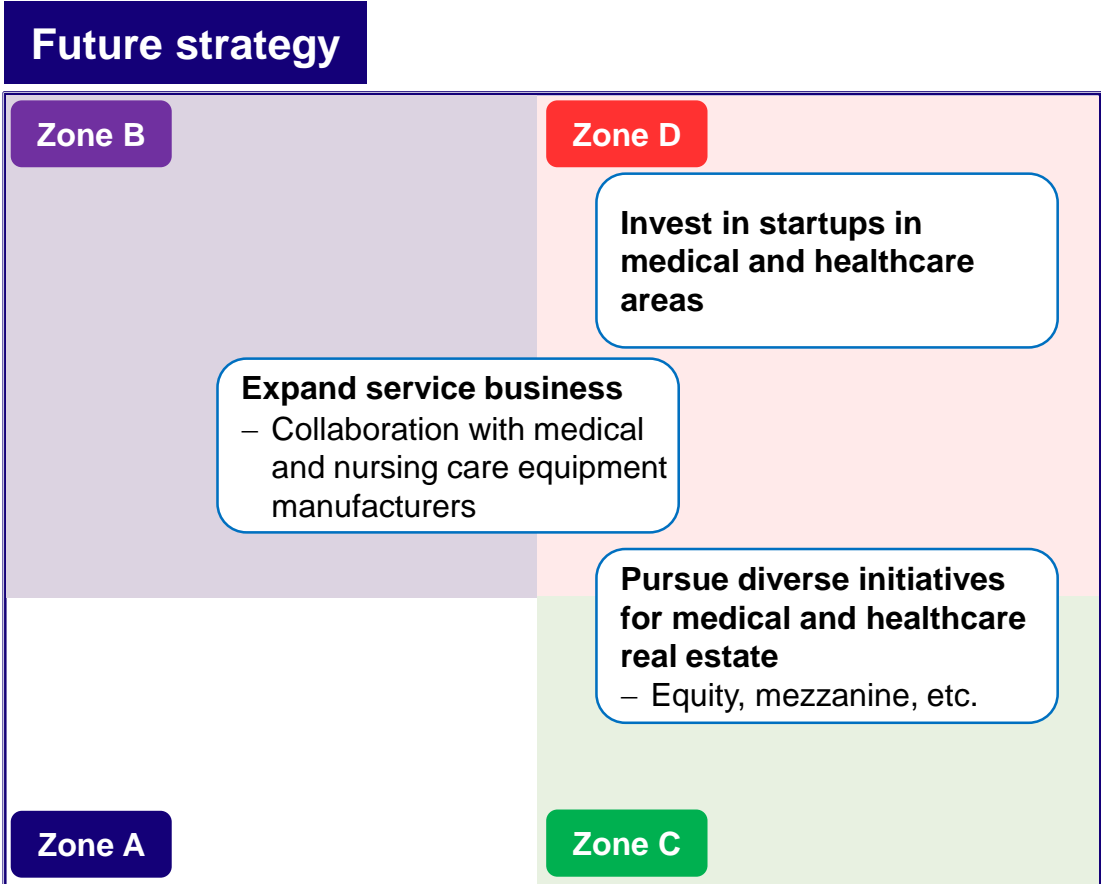
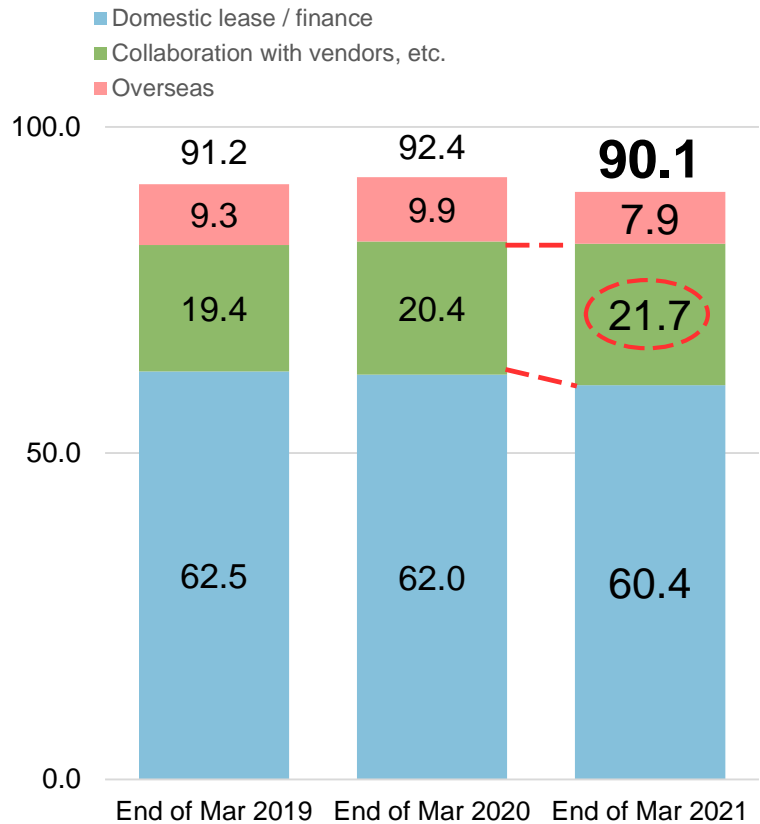


# Status of Focus Area: Medical and Healthcare



- **Shift our attention to initiatives that prioritize profitability**, with medical institutions cutting back on capital expenditures.
  - **Service business:** Subscription-based services for medical equipment offered in collaboration with manufacturers, etc.
  - **Real estate:** Mezzanine loans for nursing homes for elderly, etc.
- **Aiming to expand into new business areas beyond conventional medical device leasing finance.**

**Balances** \* Balances for medical equipment and medical/healthcare providers

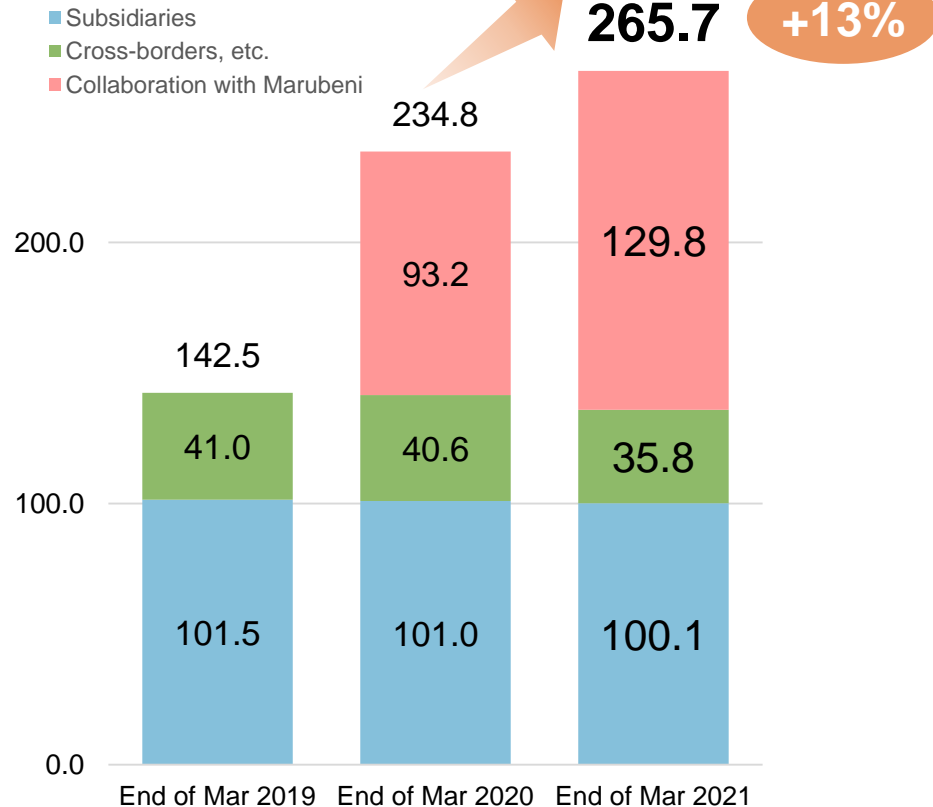


# Status of Focus Area: Global

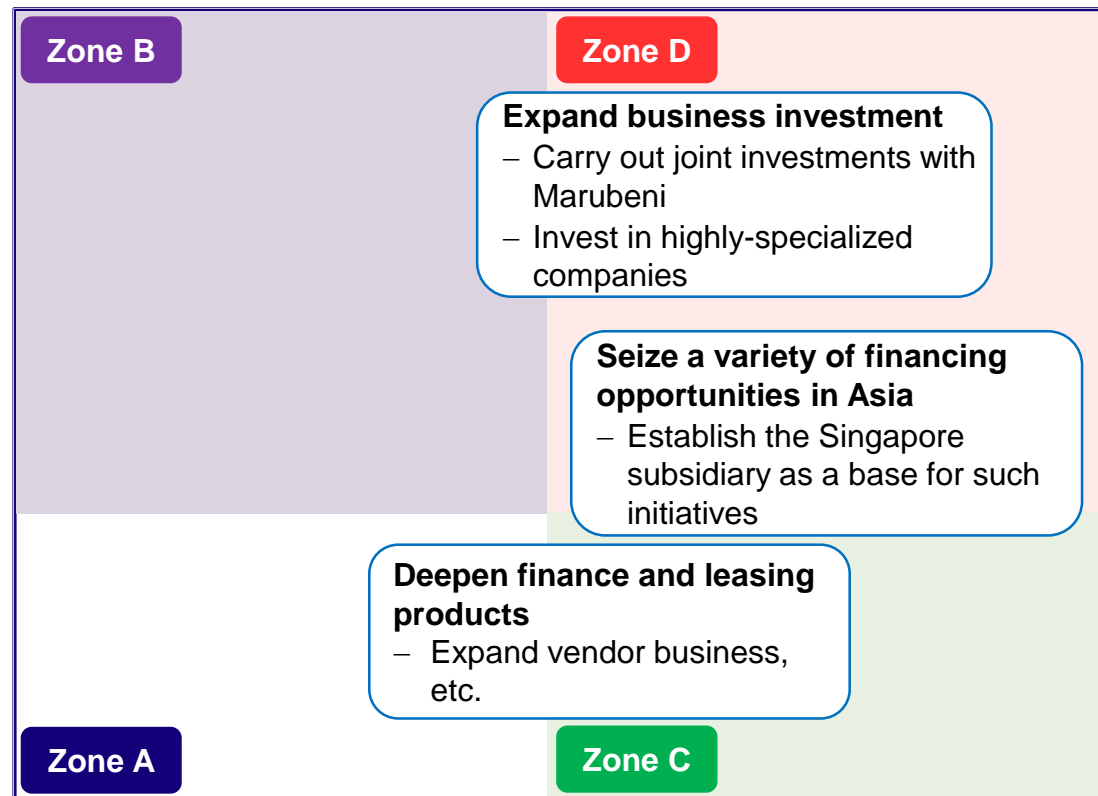


- Balances increased through cooperation with Marubeni such as investment in overseas infrastructure operations.
- Expanded our business base by investing in a Vietnamese leasing company and having our Singapore subsidiary commence operations.
- Pursue business expansion through cooperation with Marubeni, enhancement of our product lineup, and business investment.

## Balances



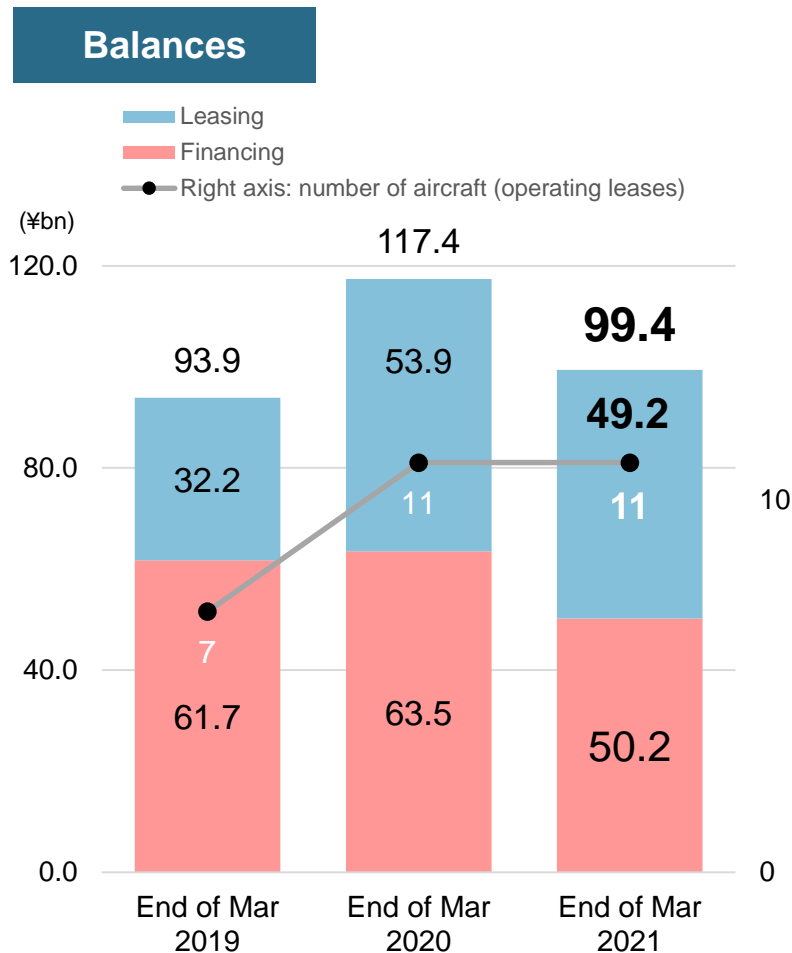
## Future strategy





# Status of Focus Area: Aircraft

- Efforts in aircraft area curbed, in view of market environment affected by COVID-19.
- Carry out initiatives that take mutual advantage of expertise for leasing, loans and set-up of JOLCOs while carefully selecting deals when the market takes an upward turn.



### Status of Portfolio

**[Aircraft operating leases]**

- Ratio of narrow body planes : 100%
- Average age of planes : 5.8 years
- Number of lessee airlines : 10

**[Aircraft-backed collateralized loans]**

- Average LTV : 61%

\* Excludes the balance and the number of aircraft held by Aircastle. (Price paid to acquire Aircastle shares: \$606 million)

# Status of Aircastle Limited (Source: Data published by Aircastle on April 21, 2021)

## Aircastle Profile

(As of end of February 2021)

|                           |  |
|---------------------------|--|
| Investment ratio          | Marubeni: 75%,<br>Mizuho Leasing: 25%    |
| Number of aircraft held   | 252                                      |
| Average age of planes     | 10.6 years                               |
| Number of lessee airlines | 75 (in 43 countries)                     |
| Rating                    | S&P: BBB-<br>Fitch: BBB<br>Moody's: Baa3 |

## Overview of results for FY2020

|  |                   |
|--|-------------------|
| Sales  | USD 832 million   |
| Net income   | USD -333 million  |
| Net assets   | USD 1,731 million |
| Reflection in the Company's equity-method earnings and losses* | -¥1.1 billion     |

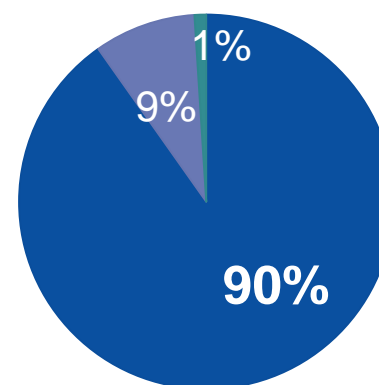
\* Incorporates portion for 11 months from April to February for Aircastle. A portion of aircraft impairment charges is assessed in the purchase price allocation (PPA; fair market value assessment of assets and liabilities) process.

## Aircraft Portfolio

(As of end of February 2021)

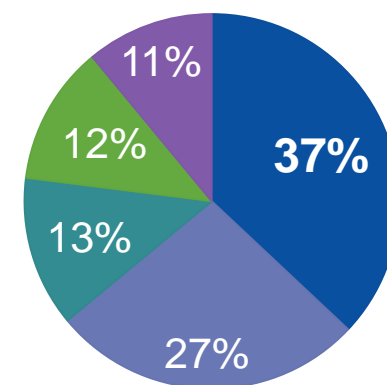
### Ratio of each type of aircraft

■ Narrow body ■ Wide body  
■ Freighter



### Exposure by region\*

■ Asia ■ Europe  
■ South America ■ North America  
■ Other



\* The ratios are based on the book values of aircraft.

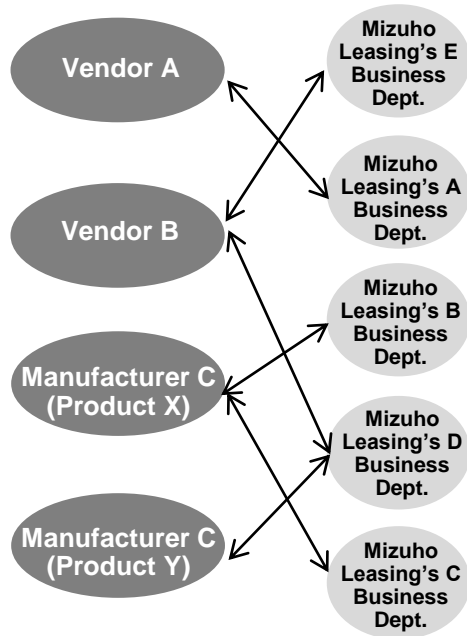
## Liquidity Status

- Liquidity as of April 1, 2021 was USD 2.3 billion  
Secured sufficient liquidity
  - Unused credit line: USD 1.25 billion, cash and deposits: USD 609 million, assets to be sold (contracts already signed): USD 123 million, cash flow from operating activities (forecast): USD 340 million

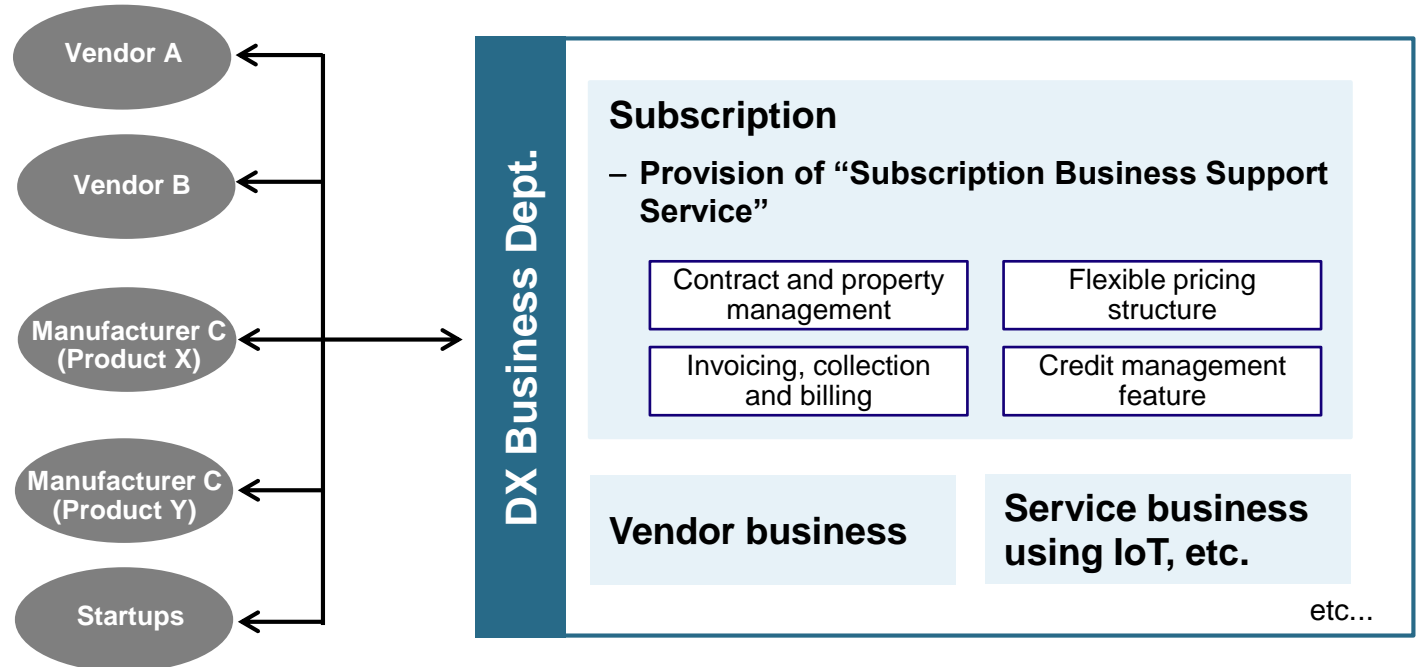
# Reinforcement of Efforts in Service Business

- Centralize service business functions such as vendor business and subscription services in the “DX Business Department” and focuses on the promotion of service business.
- With customer needs shifting from “ownership” of equipment & properties “use” of services, we believe that subscription business demand will increase, and in April 2021 we began offering a “Subscription Business Support Service.”
  - Utilize a subscription management platform provided by NTT COMWARE

## Past



## Present (Reinforcement of promotion structure through centralization of functions)



# Reinforcement of Management Base: Business Platform Transformation

- Promoted measures to resolve issues identified on both the business promotion side, with the aim of enhancing the efficiency and sophistication of operations across the entire company.
- Endeavor to build a more resilient and productive business execution structure as more people adopt workstyles that allow them to work anywhere at any time.

## Efforts to transform our business platform

|  |   |
|--|---|
| <b>Establishment of digitalized business structure</b> | Introduce online business tools   |
|  | Introduce electronic contract tools   |
|  | Digitalize the workflow for business approval   |
|  | Enhance management sophistication through information gathering using various systems |

|   |  |
|---|--|
| <b>Reinforcement of infrastructure support base</b> | Expand capacity of networks used for teleworking |
|   | Make use of satellite offices                    |
|   | Establish a middle office                        |

✓ **Completed**

✓ **Completed**

✓ **Introduced**

✓ **Done**

✓ **Approx. tripled** y-o-y

✓ **Approx. 500** locations nationwide\*

✓ **Established**

Accumulation of business data and expertise and improvement of process efficiency using various systems

Productivity improvement through the digitalization of external and internal documents

Creation of a working environment and exploration of new workstyles on the premise that teleworking and remote working will be encouraged

\* Total number of satellite offices that the Company can use.

# Revision of Management Philosophy and Initiatives for Sustainability

# Background to Revision of Management Philosophy

- Since we established our previous management philosophy in 2007, the environment that surrounds the Group has changed dramatically.

## Previous management philosophy (established in 2007)

### Corporate Philosophy

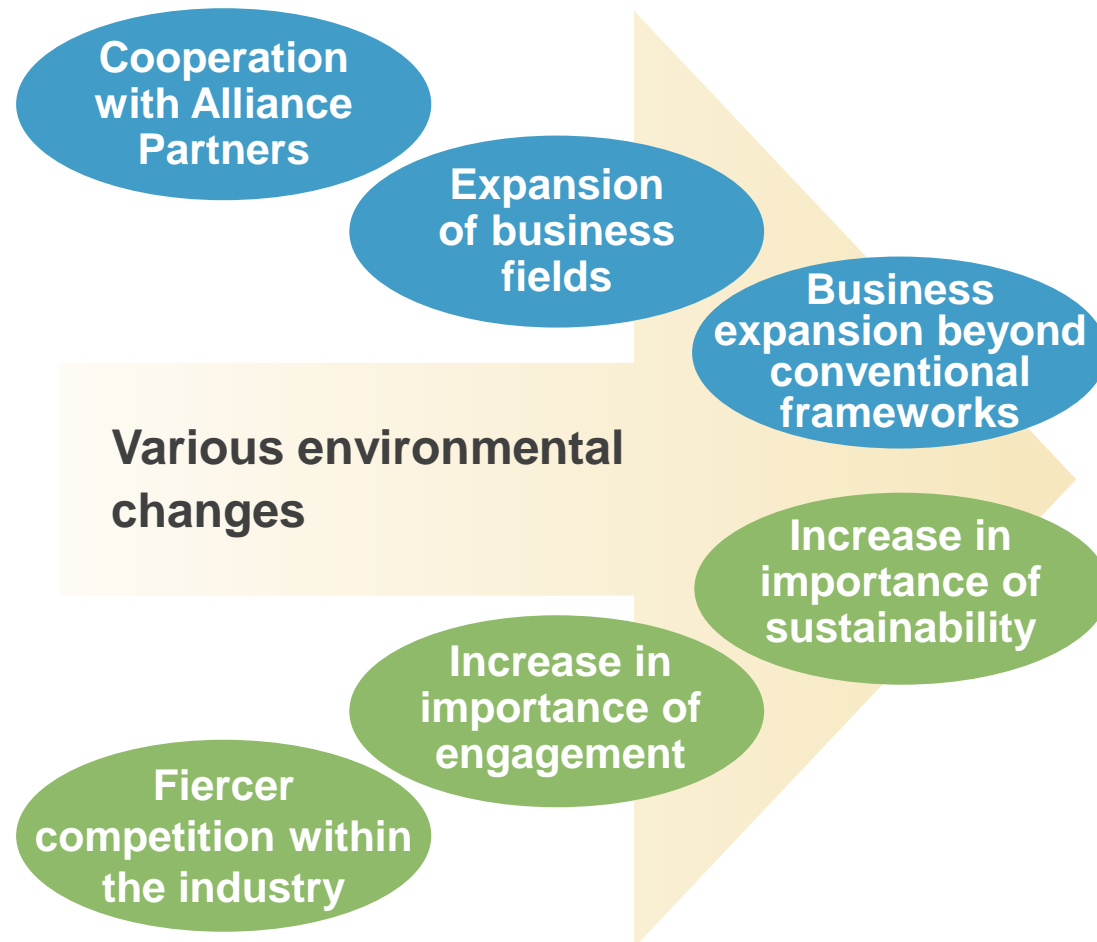
We aim to be a Group which contributes to society by offering valued financial services which lead to future prosperity.

### Management Policy

1. Respond to customers' needs and provide precise and prompt services by combining the Group's total strength.
2. Endeavor to further enhance the Group's reputation and credibility among shareholders and in the market.
3. Strive to create a dynamic corporate culture full of energy and vitality in which proactive, ambitious human resources are fostered and promoted.
4. Comply with the law and its spirit, and aim to be a Group which always recognizes its social responsibility and secures understanding and sympathy from society.

### Action Guidelines

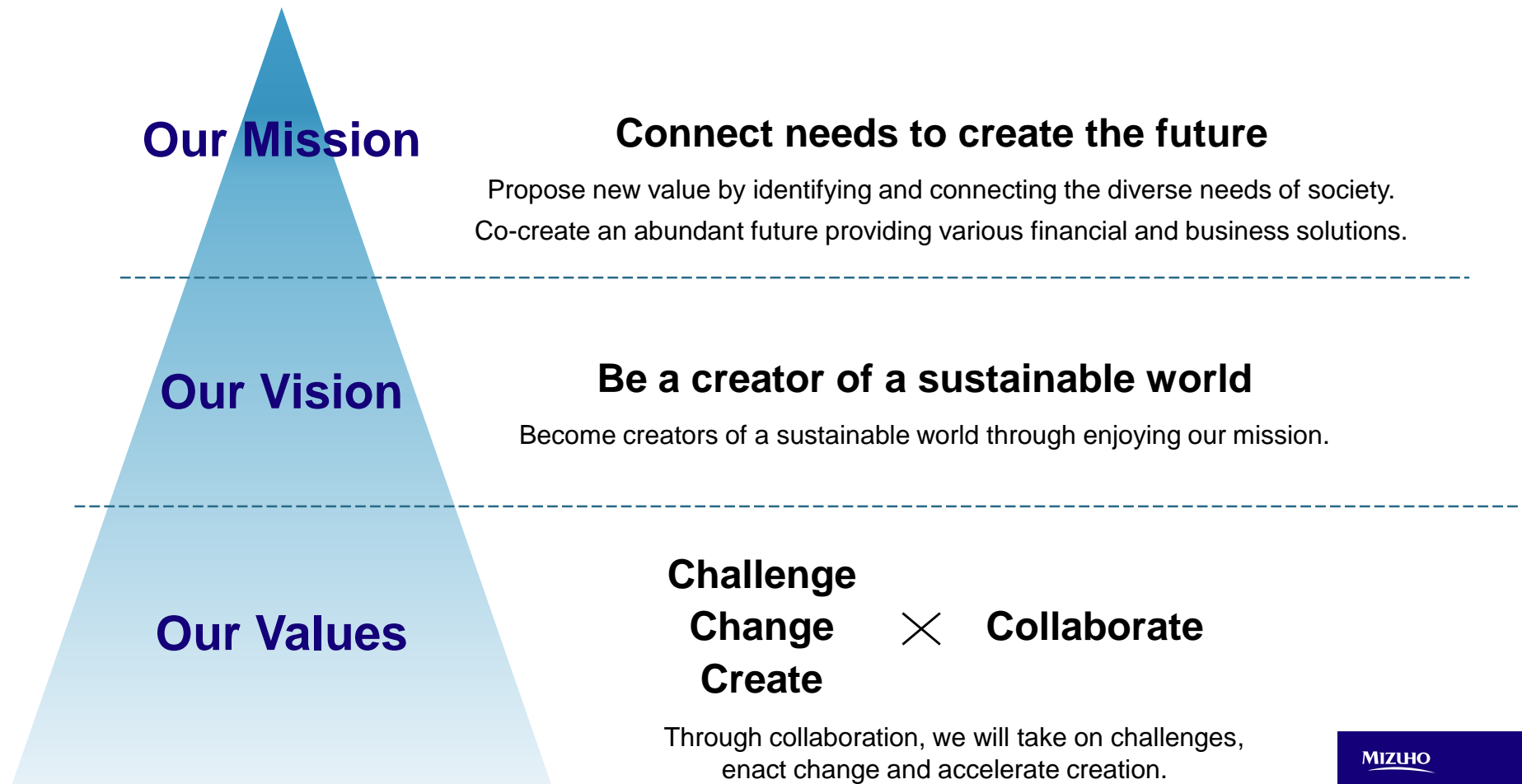
The Three Cs  
Challenge  
Change  
Create



# New Management Philosophy - Mission, Vision, Values -

- We have once again turned our attention to the mission and ideal vision of Mizuho Leasing and revised our existing management philosophy in May 2021.
- **With the new Mission, Vision, Values, we will aim to take initiatives in solving a diverse range of issues and contribute to the realization of a sustainable society by creating synergistic value through business activities that go beyond finance and partnerships with customers.**

## <New management philosophy>



# Initiatives for Sustainability

- To create an abundant future and contribute to the realization of a sustainable society, **we identified six material issues (materiality) that we should place priority on tackling from the perspectives of opportunities and risks for society as a whole on the one hand and the Group on the other.**

## Process for identifying materiality

### STEP 1 Extract issues

Make a list of approximately 300 items to be addressed in Japan and abroad over the long term in terms of environment, society, economy, etc., with reference to the SDGs, industry-specific SASB's Materiality Map and so on.

### STEP 2 Analyze issues

Assign a score to each issue by drawing on the insights of external experts concerning the degree of importance of each issue for society and for the Group. Select issues that the Group can contribute to solving through its business, or issues that the Group is aiming to contribute to solving them.

### STEP 3 Assess issues

Conduct interviews with management and a questionnaire survey for employees to assess the importance of each issue from the standpoint of opportunities and risks for society and the Group, respectively. Organize and select issues that we place priority on addressing, and narrow them down to a list of six themes.









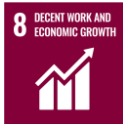



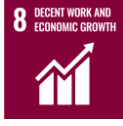

### STEP 4 Identify materiality

Will be repeatedly discussed to identify what the Group should place priority on addressing, with regard to six themes, and decided by the Board of Directors after consultations and deliberations by the Executive Management Committee on the validity of the materiality.



# Initiatives for Sustainability

- Promote efforts to address the identified materiality by incorporating such efforts into our business strategy.
- **Co-create a circular society so as to contribute to realizing a sustainable society with tireless challenges and new ideas that go beyond finance.**

| Materiality   | Relevant SDGs   | Key efforts to address materiality  |
|---|---|---|
| Contributing to a decarbonized society  |     | <ul style="list-style-type: none"> <li>• Create management systems for generating, transmitting, storing, and using electric power.</li> <li>• Expand business fields by participating in renewable energy projects</li> <li>• Enhance solutions for saving energy and improving energy efficiency</li> </ul> |
| Contributing to a healthy and prosperous lifestyle                                |     | <ul style="list-style-type: none"> <li>• Offer integrated services that combine maintenance with data analysis and other tasks through alliances with medical manufacturers</li> <li>• Provide total solutions that encompass facilities, equipment and devices</li> </ul>                                    |
| Contributing to the creation of social infrastructure that supports our lifestyle |      | <ul style="list-style-type: none"> <li>• Provide solutions for developing infrastructure and promoting mobility</li> <li>• Create a mechanism for deploying equipment to prevent and prepare for disasters</li> <li>• Participate in smart city and regional revitalization projects</li> </ul>               |
| Leading toward circular economy   |     | <ul style="list-style-type: none"> <li>• Provide support at all stages of the supply chain</li> <li>• Reduce the life-cycle costs through collaboration with manufacturers</li> <li>• Maximize the utility value of goods (subscriptions, sharing, etc.)</li> </ul>   |
| Creating new value through technology   |     | <ul style="list-style-type: none"> <li>• Provide a platform that uses big data and AI</li> <li>• Create new businesses by investing in startups</li> <li>• Boost operational efficiency through the use of technology</li> </ul>  |
| Creating a society and workplace where everyone can thrive                        |     | <ul style="list-style-type: none"> <li>• Secure a diverse talent pool by hiring experienced mid-career people; provide support for women to take active roles</li> <li>• Increase flexibility to choose when and where to work</li> <li>• Strengthen governance and internal controls</li> </ul>              |

# Examples of Initiatives for Sustainability

## Contributing to a decarbonized society



- Provision of various finance solutions for solar power, wind power, biomass, and other forms of renewable energy
- Promotion of initiatives as a power generation business operator

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



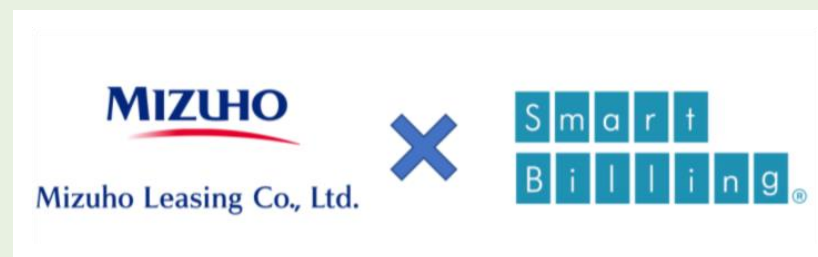
- Participation in water and sewer services in Chile through Mizuho Marubeni Leasing

## Contributing to a healthy and prosperous lifestyle



- Real-estate leases and finance in medical and healthcare areas
- Joint offering of a rental service for monitoring support device “Nemuri SCAN” for nursing facilities with PARAMOUNT BED CO., LTD.

## Leading toward circular economy



- Launch of the “Subscription Business Support Service” in cooperation with NTT COMWARE CORPORATION
- Support with shift from ownership of equipment & properties to use of services, PaaS, and the realization of a circular economy

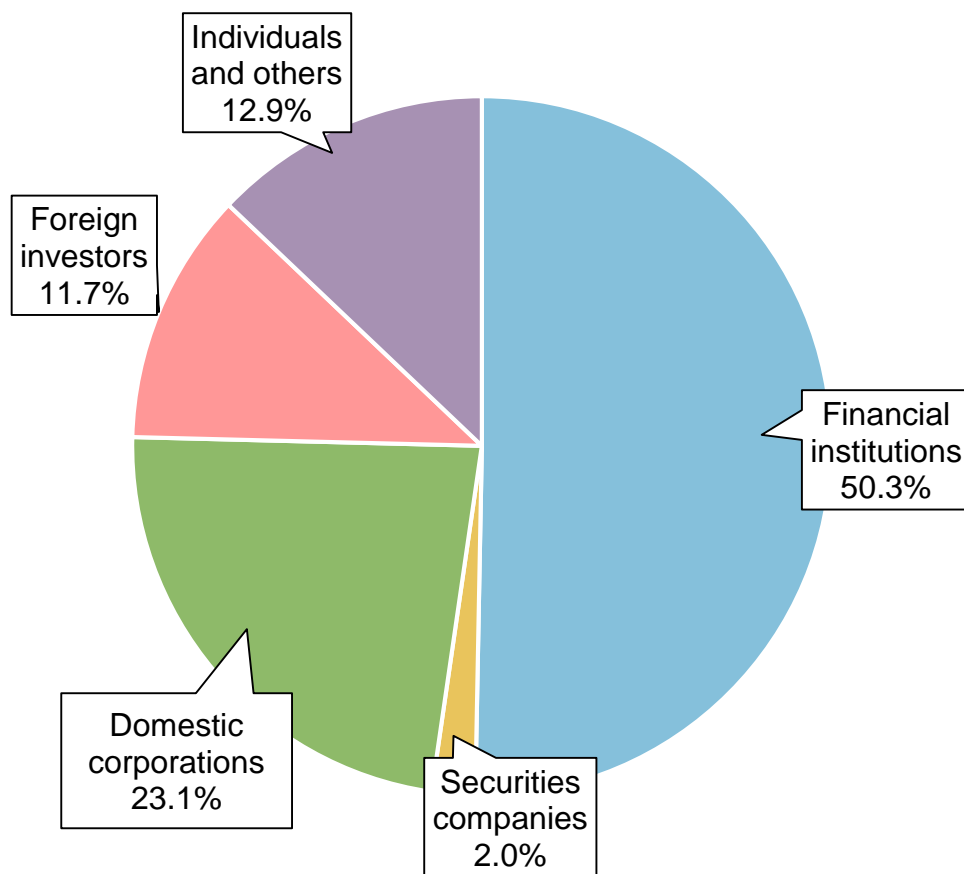
# Appendix

# Company Profile

|                            |  |
|----------------------------|--|
| <b>Company Name</b>        | <b>Mizuho Leasing Company, Limited</b>   |
| <b>Address</b>             | <b>1-2-6 Toranomom, Minato-ku, Tokyo 105-0001</b>  |
| <b>Representative</b>      | <b>Shusaku Tshara, President and CEO</b>   |
| <b>Establishment</b>       | <b>December 1, 1969</b>  |
| <b>Listing</b>             | <b>Tokyo Stock Exchange, 1st Section (Code: 8425)</b>  |
| <b>Capital Stock</b>       | <b>26,088 million yen (Outstanding shares: 49,004,000)</b>   |
| <b>Employees</b>           | <b>1,795 (consolidated, as of March 31, 2021)</b>  |
| <b>Business Sites</b>      | <b>14 in Japan (Tokyo, Osaka, Nagoya, others)<br/>7 overseas (6 in Asia, 1 in Europe)</b>  |
| <b>Key Group Companies</b> | <b>Mizuho-Toshiba Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., Universal Leasing Co., Ltd., Mizuho Marubeni Leasing Corporation, RICOH LEASING COMPANY, LTD., Mizuho Auto Lease Company, Limited, ML Estate Company, Limited, ML Shoji Company, Limited, IBJ Air Leasing Limited (Overseas joint operating companies with Marubeni Corporation) PLM Fleet, LLC, Aircastle Limited</b> |

# Stock Status (As of March 31, 2021)

- Number of shares issued 49,004,000
- Number of shareholders 50,510
- Distribution of shareholders (shareholding ratio)



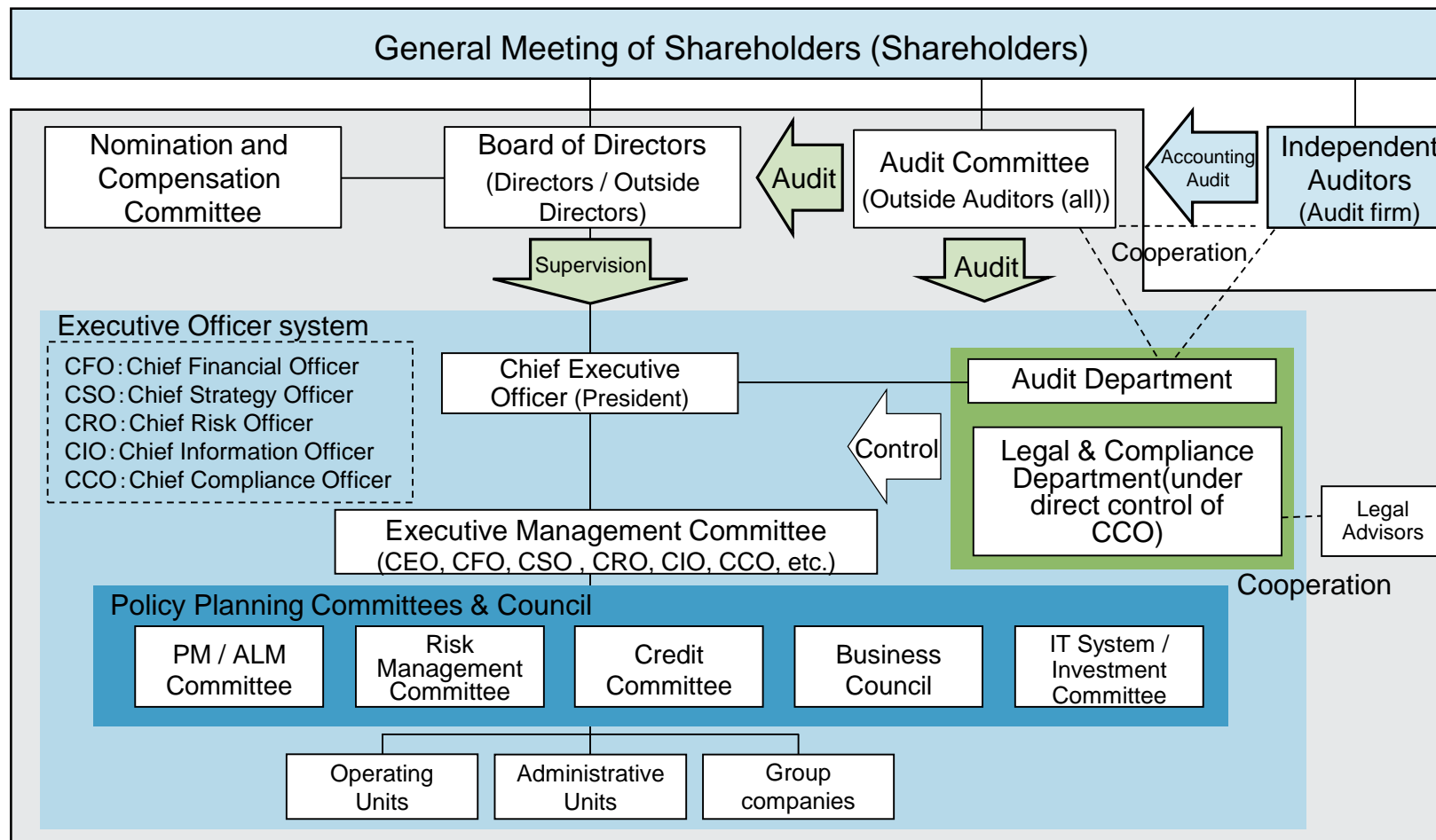
- Major Shareholders

| Shareholders   | Shares Held<br>(1,000 shares) | Holding Ratio |
|--|-------------------------------|---------------|
| Mizuho Bank, Ltd.  | 11,283                        | 23.03%        |
| The Dai-ichi Life Insurance Company, Limited   | 2,506                         | 5.11%         |
| Marubeni Corporation   | 2,157                         | 4.40%         |
| NISSAN MOTOR CO., LTD.<br>Retirement Benefit Trust Account<br>Mizuho Trust & Banking Co., Ltd. | 1,750                         | 3.57%         |
| RICOH LEASING COMPANY  | 1,500                         | 3.06%         |
| The Master Trust Bank of Japan, Ltd. (Trust Account)   | 1,473                         | 3.01%         |
| Meiji Yasuda Life Insurance Company  | 1,251                         | 2.55%         |
| DOWA HOLDINGS CO., LTD.  | 1,120                         | 2.29%         |
| Custody Bank of Japan, Ltd.<br>(TOSHIBA CORPORATION Retirement<br>Benefit Trust Account)       | 900                           | 1.84%         |
| Credit Saison Co., Ltd.  | 670                           | 1.37%         |

# Internal Control System

- Mizuho Leasing has established a system to ensure proper execution of business operations, and is operating this system in an effective and appropriate manner.
- Management structure: 11 directors (incl. 7 outside directors), 4 auditors (incl. 4 outside auditors)
  - Appoint 5 outside directors and 4 outside auditors as Independent Officers under the Tokyo Stock Exchange rule.

## Corporate Governance Structure



# Consolidated Balance Sheet (Assets)

| (¥bn)                              | End of Mar<br>2017 | End of Mar<br>2018 | End of Mar<br>2019 | End of Mar<br>2020 (A) | End of Mar<br>2021 (B) | Change<br>(B) – (A) | % Change<br>(B) / (A) |
|------------------------------------|--------------------|--------------------|--------------------|------------------------|------------------------|---------------------|-----------------------|
| <b>Current assets</b>              | 1,564.7            | 1,602.4            | 1,866.6            | 1,947.3                | 2,085.1                | +137.8              | +7.1%                 |
| Cash and deposits                  | 42.3               | 30.3               | 25.9               | 22.8                   | 21.1                   | -1.7                | -7.6%                 |
| Investment in lease                | 809.3              | 823.4              | 930.3              | 1,082.1                | 1,174.1                | +92.0               | +8.5%                 |
| Installment sales receivable       | 138.1              | 138.9              | 148.0              | 141.8                  | 127.1                  | -14.7               | -10.4%                |
| Operational loans                  | 348.1              | 360.1              | 469.1              | 401.0                  | 500.7                  | +99.7               | +24.9%                |
| Operational investment securities  | 172.5              | 196.9              | 239.8              | 221.9                  | 221.0                  | -0.9                | -0.4%                 |
| Marketable securities              | 0.0                | 0.5                | -                  | -                      | -                      | -                   | -                     |
| Allowance for doubtful receivables | -3.1               | -2.3               | -1.6               | -1.8                   | -2.2                   | -0.4                | -                     |
| <b>Property &amp; equipment</b>    | 187.6              | 218.8              | 295.3              | 401.1                  | 518.1                  | +117.0              | +29.2%                |
| Leased assets                      | 141.0              | 160.2              | 229.9              | 245.6                  | 302.3                  | +56.7               | +23.1%                |
| Investment securities              | 28.2               | 30.0               | 32.0               | 119.1                  | 172.0                  | +52.9               | +44.4%                |
| Doubtful operating receivables     | 3.3                | 2.4                | 3.4                | 5.4                    | 11.5                   | +6.1                | +110.6%               |
| Allowance for doubtful receivables | -0.3               | -0.2               | -0.2               | -0.5                   | -0.5                   | -0.0                | -                     |
| <b>Total assets</b>                | 1,752.3            | 1,821.3            | 2,161.9            | 2,348.4                | 2,603.2                | +254.8              | +10.8%                |
| <b>Operating assets</b>            | 1,608.7            | 1,683.0            | 2,021.4            | 2,090.3                | 2,322.4                | +232.1              | +11.1%                |

The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been adopted since fiscal 2018 and retrospectively applied to figures for the end of March 2017 through the end of March 2018.



# Consolidated Balance Sheet (Liabilities and Equity)

| (¥bn)  | End of Mar<br>2017 | End of Mar<br>2018 | End of Mar<br>2019 | End of Mar<br>2020 (A) | End of Mar<br>2021 (B) | Change<br>(B) – (A) | % Change<br>(B) / (A) |
|--|--------------------|--------------------|--------------------|------------------------|------------------------|---------------------|-----------------------|
| <b>Current liabilities</b>                   | 1,045.8            | 1,082.1            | 1,294.2            | 1,314.1                | 1,492.9                | +178.8              | +13.6%                |
| Short-term borrowings                        | 312.7              | 270.7              | 302.2              | 256.7                  | 317.8                  | +61.1               | +23.8%                |
| Current portion of corporate bond            | -                  | 20.0               | 20.8               | -                      | 40.0                   | +40.0               | -                     |
| Current portion of long-term debt            | 155.5              | 182.1              | 177.2              | 185.4                  | 228.4                  | +43.0               | +23.2%                |
| Commercial paper                             | 433.8              | 453.8              | 609.8              | 669.1                  | 714.1                  | +45.0               | +6.7%                 |
| Payables under securitized lease receivables | 59.2               | 63.6               | 82.4               | 105.2                  | 101.5                  | -3.7                | -3.6%                 |
| <b>Long-term liabilities</b>                 | 564.8              | 584.5              | 685.5              | 838.5                  | 899.5                  | +61.0               | +7.3%                 |
| Long-term debt                               | 455.3              | 466.8              | 524.2              | 622.9                  | 649.9                  | +27.0               | +4.3%                 |
| Corporate bond                               | 58.0               | 38.0               | 85.0               | 135.3                  | 170.4                  | +35.1               | +25.9%                |
| Payables under securitized lease receivables | 17.9               | 41.2               | 33.2               | 26.0                   | 33.3                   | +7.3                | +28.0%                |
| <b>Total liabilities</b>                     | 1,610.5            | 1,666.6            | 1,979.7            | 2,152.6                | 2,392.3                | +239.7              | +11.1%                |
| <b>Net assets</b>                            | 141.8              | 154.6              | 182.2              | 195.8                  | 210.9                  | +15.1               | +7.7%                 |
| Shareholder's equity                         | 128.3              | 139.1              | 167.8              | 179.9                  | 197.5                  | +17.6               | +9.8%                 |
| <b>Total liabilities and net assets</b>      | 1,752.3            | 1,821.3            | 2,161.9            | 2,348.4                | 2,603.2                | +254.8              | +10.8%                |
| <b>Total interest-bearing debt</b>           | 1,492.4            | 1,536.2            | 1,834.8            | 2,000.6                | 2,255.4                | +254.8              | +12.7%                |
| <b>Equity ratio</b>                          | 7.8%               | 8.2%               | 8.0%               | 7.9%                   | 7.7%                   | -0.2pt              |                       |



# Consolidated Statement of Income

| (¥bn)  | FY16  | FY17  | FY18  | FY19<br>(A) | FY20<br>(B) | Change<br>(B) – (A) | % Change<br>(B) / (A) |
|--|-------|-------|-------|-------------|-------------|---------------------|-----------------------|
| <b>Revenues</b>  | 429.4 | 399.7 | 384.9 | 539.2       | 497.9       | -41.3               | -7.7%                 |
| Gross profit before write-offs and<br>funding costs        | 44.9  | 45.2  | 52.6  | 60.3        | 59.3        | -1.0                | -1.5%                 |
| Funding costs  | 5.7   | 7.0   | 8.5   | 9.7         | 8.0         | -1.7                | -18.1%                |
| <b>Gross profit</b>  | 39.2  | 38.2  | 44.1  | 50.5        | 51.3        | +0.8                | +1.6%                 |
| SGA expenses   | 21.2  | 19.0  | 21.2  | 24.2        | 25.4        | +1.2                | +4.7%                 |
| Personnel and facilities costs                             | 19.6  | 19.8  | 21.4  | 24.4        | 25.0        | +0.6                | +2.6%                 |
| Credit costs   | 1.5   | -0.8  | -0.2  | -0.3        | 0.4         | +0.7                | -                     |
| <b>Operating income</b>                                    | 18.0  | 19.2  | 22.9  | 26.3        | 26.0        | -0.3                | -1.2%                 |
| Other income   | 1.2   | 1.2   | 2.4   | 1.5         | 3.5         | +2.0                | +133.9%               |
| Other expenses   | 0.4   | 0.4   | 1.1   | 1.1         | 1.9         | +0.8                | +82.4%                |
| <b>Ordinary income</b>                                     | 18.8  | 20.0  | 24.2  | 26.7        | 27.5        | +0.8                | +3.1%                 |
| Extraordinary income                                       | 0.3   | 0.6   | 1.0   | 0.5         | 4.1         | +3.6                | -                     |
| Extraordinary loss   | 0.2   | 0.0   | 0.1   | 0.7         | 0.1         | -0.6                | -82.7%                |
| <b>Income before income taxes</b>                          | 18.9  | 20.5  | 25.1  | 26.5        | 31.6        | +5.1                | +18.9%                |
| Total income taxes   | 6.2   | 6.4   | 7.9   | 8.5         | 9.1         | +0.6                | +7.5%                 |
| <b>Net income attributable to owners of<br/>the parent</b> | 12.4  | 13.6  | 16.6  | 17.5        | 21.8        | +4.3                | +24.3%                |
| <b>ROE</b>   | 9.4%  | 9.6%  | 10.3% | 9.8%        | 11.3%       | +1.5pt              | -                     |

# Consolidated Statement of Comprehensive Income

| (¥bn)   | FY16 | FY17 | FY18 | FY19<br>(A) | FY20<br>(B) | Change<br>(B) – (A) | % Change<br>(B) / (A) |
|---|------|------|------|-------------|-------------|---------------------|-----------------------|
| <b>Net income</b>   | 12.6 | 14.2 | 17.2 | 18.1        | 22.5        | +4.4                | +24.3%                |
| Unrealized gain on available-for-sale securities            | 0.1  | 1.0  | -2.3 | 0.7         | -1.0        | -1.7                | -                     |
| Deferred gain/loss on derivatives under hedge accounting    | 0.2  | 0.1  | -0.6 | -0.6        | -0.2        | +0.4                | -                     |
| Foreign currency translation adjustments                    | -0.5 | 0.1  | -1.2 | -0.6        | -2.8        | -2.2                | -                     |
| Remeasurements of defined benefit plans, net of tax         | 0.1  | 0.2  | 0.1  | -0.2        | 0.7         | +0.9                | -                     |
| Share of other comprehensive income of associated companies | -0.1 | 0.1  | -0.0 | 0.1         | 0.9         | +0.8                | -                     |
| <b>Total other comprehensive income</b>                     | -0.2 | 1.5  | -4.1 | -0.5        | -2.4        | -1.9                | -                     |
| <b>Total comprehensive income</b>                           | 12.4 | 15.7 | 13.1 | 17.6        | 20.1        | +2.5                | +14.5%                |

## Gross Profit Before Write-offs and Funding Costs by Segment

| (¥bn)   | FY16  | FY17  | FY18  | FY19<br>(A) | FY20<br>(B) | Change<br>(B) – (A) | % Change<br>(B) / (A) |
|---|-------|-------|-------|-------------|-------------|---------------------|-----------------------|
| <b>Revenues</b>   | 429.4 | 399.7 | 384.9 | 539.2       | 497.9       | -41.3               | -7.7%                 |
| Leasing and installment sales                           | 417.0 | 386.4 | 366.4 | 512.1       | 482.9       | -29.2               | -5.7%                 |
| Finance   | 11.7  | 12.8  | 17.4  | 19.6        | 15.4        | -4.2                | -21.7%                |
| Other   | 1.5   | 1.3   | 2.2   | 8.8         | 0.9         | -7.9                | -89.2%                |
| Elimination / corporate                                 | -0.8  | -0.8  | -1.2  | -1.2        | -1.3        | -0.1                | -                     |
| <b>Cost of revenues</b>                                 | 384.5 | 354.6 | 332.3 | 479.0       | 438.5       | -40.5               | -8.4%                 |
| Leasing and installment sales                           | 383.8 | 353.9 | 331.0 | 471.1       | 438.0       | -33.1               | -7.0%                 |
| Finance   | 0.2   | 0.2   | 0.3   | 0.3         | 0.3         | -0.0                | -17.5%                |
| Other   | 0.7   | 0.7   | 1.2   | 7.9         | 0.5         | -7.4                | -93.3%                |
| Elimination / corporate                                 | -0.3  | -0.3  | -0.3  | -0.3        | -0.2        | +0.1                | -                     |
| <b>Gross profit before write-offs and funding costs</b> | 44.9  | 45.2  | 52.6  | 60.3        | 59.3        | -1.0                | -1.5%                 |
| Leasing and installment sales                           | 33.2  | 32.5  | 35.4  | 41.0        | 44.9        | +3.9                | +9.4%                 |
| Finance   | 11.5  | 12.6  | 17.1  | 19.3        | 15.1        | -4.2                | -21.8%                |
| Other   | 0.7   | 0.6   | 1.0   | 0.9         | 0.4         | -0.5                | -52.7%                |
| Elimination / corporate                                 | -0.5  | -0.5  | -0.9  | -1.0        | -1.1        | -0.1                | -                     |

# Connect needs to create the future

## Inquiries

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**MIZUHO**