

# Overview First-Quarter Results for FY2021

August 6, 2021

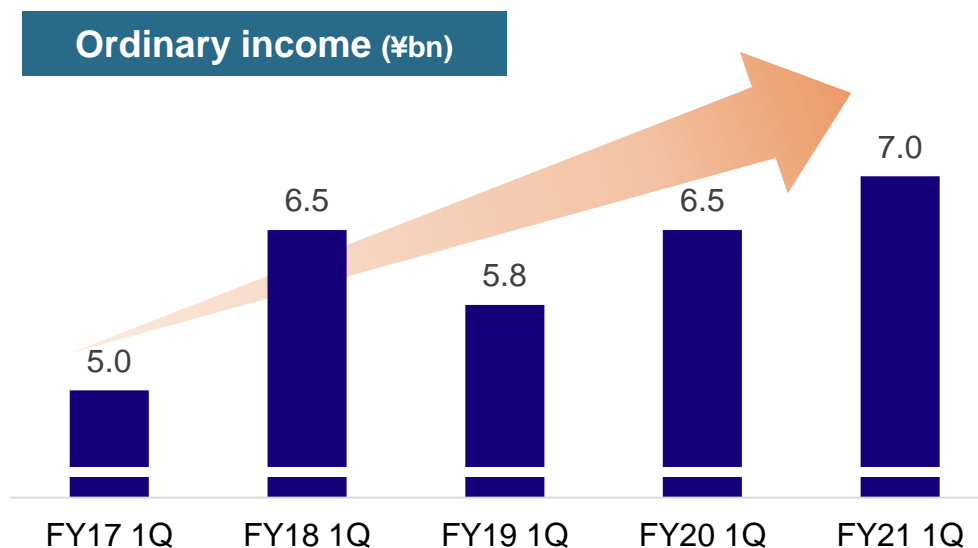
Mizuho Leasing Co., Ltd.

**MIZUHO**

# Summary of First-Quarter Results for FY2021

**Ordinary income has steadily increased** amid the harsh operating environment under the COVID-19 pandemic

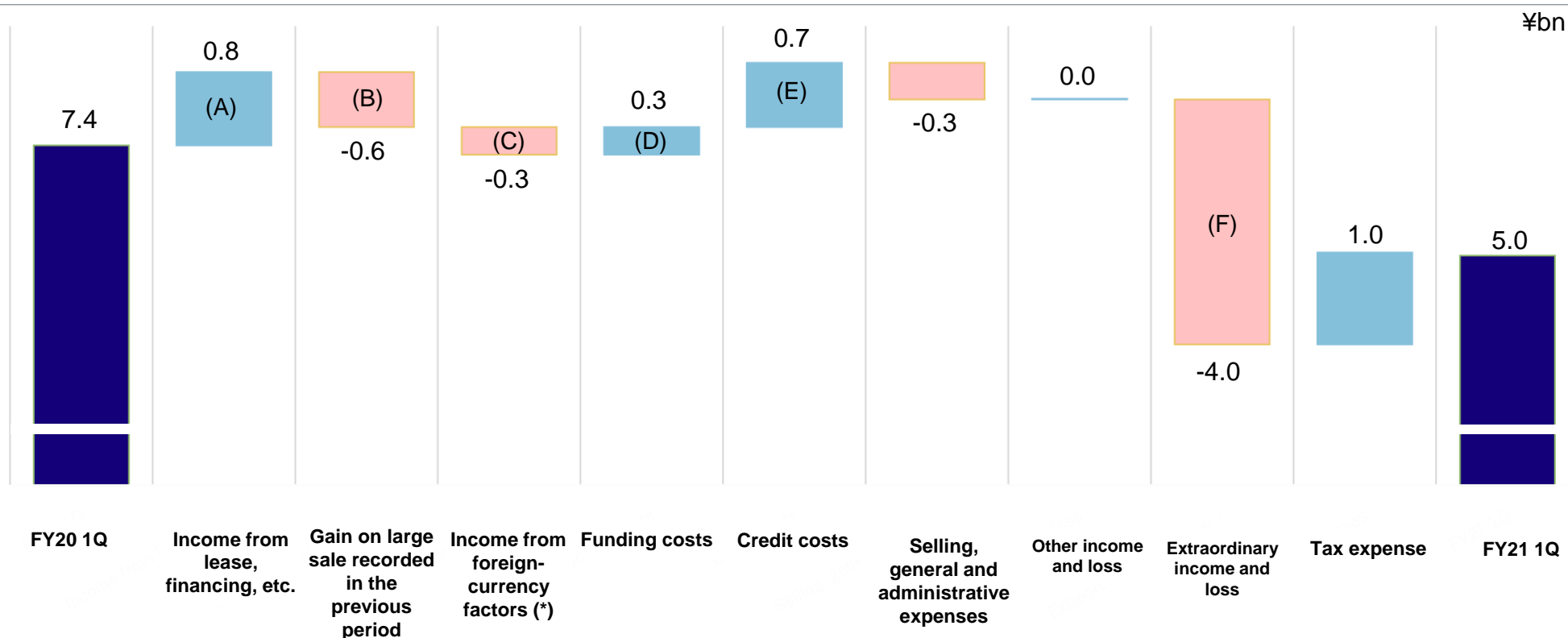
**Each income indicator remained robust**



**Income indicators (¥bn)**

	FY20 1Q Results	FY21 1Q Results	Change
Revenues	115.4	<b>118.3</b>	+2.9
Operating income	5.9	<b>6.4</b>	+0.5
Ordinary income	6.5	<b>7.0</b>	+0.5
(Extraordinary income)	(4.0)	<b>(0.0)</b>	-4.0
Net income attributable to owners of the parent	7.4	<b>5.0</b>	-2.4

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



<b>(A) Income from lease, financing, etc.</b>	Driven by an increase in income from financing for real estate such as logistics facilities
<b>(B) Gain on large sale recorded in the previous period</b>	Distribution of income in connection with sale of operational investment securities and gain on sales of real-estate related bridge scheme projects in the same period of the previous fiscal year
<b>(C) Income from foreign-currency factors (*)</b>	Due to lower foreign-currency interest rates, etc.
<b>(D) Funding costs</b>	Due to factors such as lower foreign currency funding interest rates
<b>(E) Credit costs</b>	Credit costs contributed from a reversal of provisions for a vessel transaction
<b>(F) Extraordinary income and loss</b>	Declined since extraordinary income (gain on sales of investment securities) was posted in the same period of the previous fiscal year

\* Estimate

# Overview of Financial Results

(¥bn)	FY19 1Q	FY20 1Q	FY21 1Q	Change	% Change
<b>Revenues</b>	143.2	115.4	118.3	+2.9	+3%
<b>Gross profit before write-offs and funding costs</b>	14.5	14.6	14.5	-0.1	-1%
Funding costs	2.6	2.2	1.9	-0.3	-13%
<b>Gross profit</b>	11.9	12.4	12.6	+0.2	+2%
Credit costs	0.2	0.3	-0.4	-0.7	-
<b>Operating income</b>	5.5	5.9	6.4	+0.5	+8%
Other income	0.5	0.9	0.9	-0.0	-4%
<b>Ordinary income</b>	5.8	6.5	7.0	+0.5	+8%
<b>Net income attributable to owners of the parent</b>	4.1	7.4	5.0	-2.4	-33%
<b>Gross profit margin before write-offs and funding costs</b>	2.87%	2.75%	2.50%	-0.25pt	-

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

(¥bn)	End of Mar 2020	End of Mar 2021	End of Jun 2021	Change	% Change
<b>Operating assets</b>	2,090.3	2,322.4	2,326.8	+4.5	+0%
<b>Net assets</b>	195.8	210.9	218.7	+7.8	+4%
<b>Equity ratio</b>	7.9%	7.7%	8.0%	+0.3pt	-

The portion of gain on large sales in the same period of the previous fiscal year and the decline due to foreign-currency factors were almost recovered by the increase in loan revenues

Funding costs declined due to foreign-currency factors

Steady increase in each income indicator

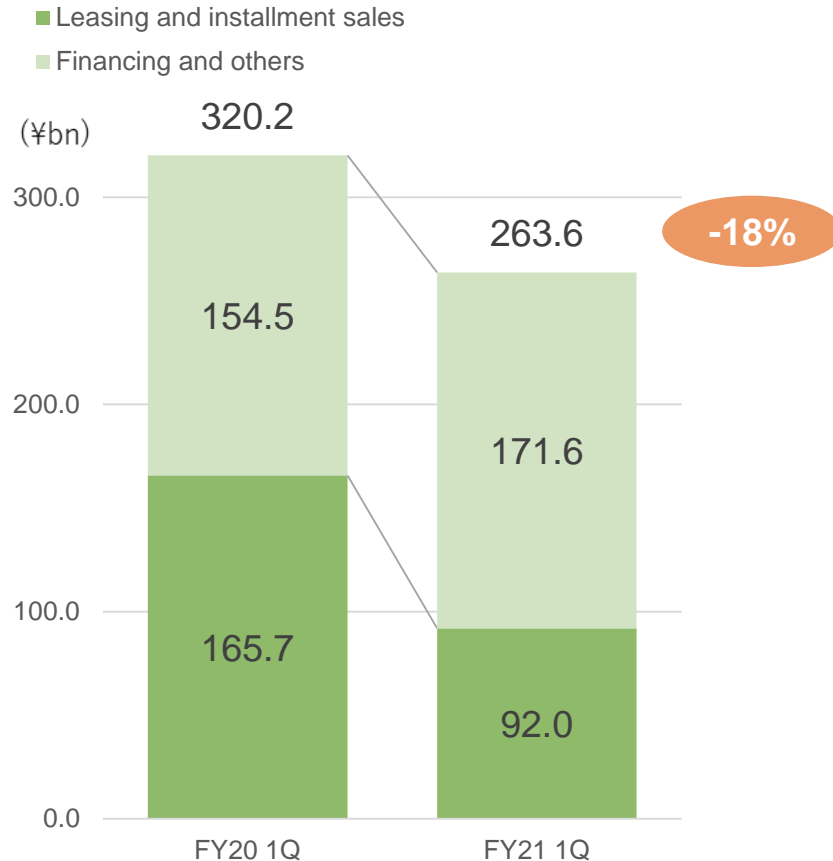
Gross profit margin before write-offs and funding costs declined due to the impact from the gain on large sales and foreign-currency factors

# Business Performance Overview

## Contract execution volume

### Contract execution volume declined 18% y-o-y

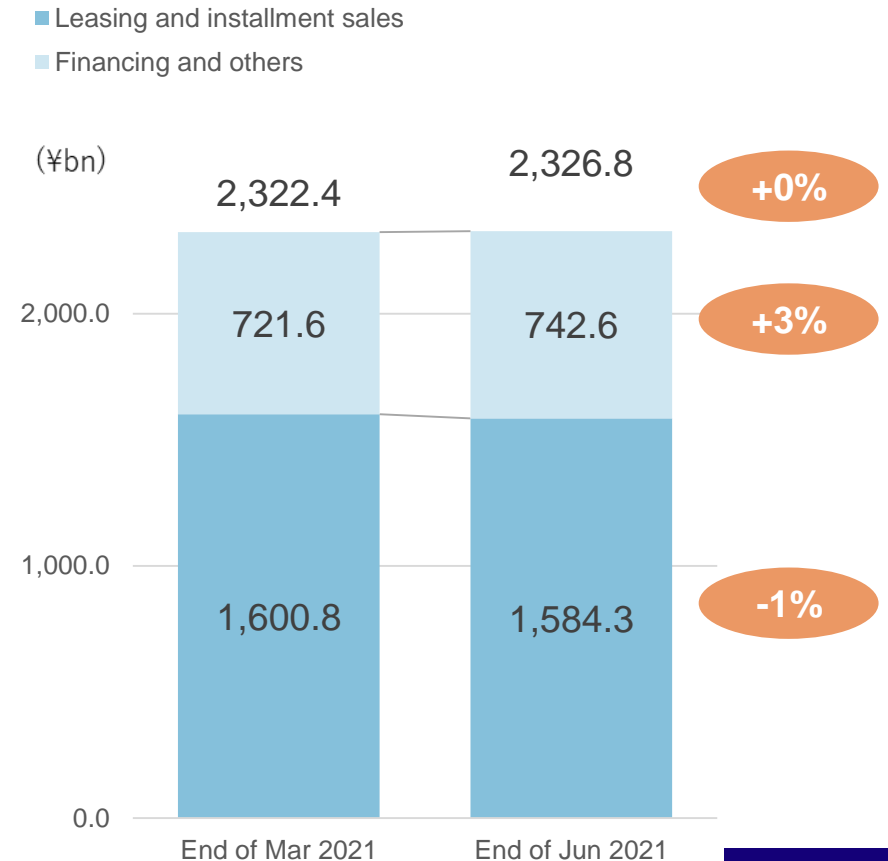
- The decline in leasing and installment sales is mainly due to delays in capital investment of customers and large projects executed in the same period of the previous year
- Financing grew with short-term commercial distribution finance



## Operating assets

### Operating assets remained flat compared to the end of the previous fiscal year

- Financing increased with contribution from commercial distribution finance



# Contract Execution Volume / Leasing and Installment Sales

## Contract execution volume by equipment type

(¥bn)	FY19 1Q	FY20 1Q	FY21 1Q	Change	% Change	
Real estate	44.1	33.2	23.3	-9.9	-30%	Mainly bridge scheme projects for commercial facilities, offices, etc.
Information and communications	25.1	68.0	20.4	-47.6	-70%	Delays in capital investment of telecommunications carriers and large projects executed in the same period of the previous year
Industrial and factory	61.1	28.3	15.5	-12.8	-45%	Mainly due to delays in capital investment of manufacturers
Transport	23.4	10.4	9.5	-0.9	-9%	
Construction	7.9	6.1	5.9	-0.2	-4%	
Commerce and services	7.2	5.8	3.7	-2.1	-37%	
Medical	5.4	2.7	2.8	+0.1	+2%	
Other	8.1	11.2	10.9	-0.3	-3%	
<b>Total</b>	<b>182.3</b>	<b>165.7</b>	<b>92.0</b>	<b>-73.7</b>	<b>-45%</b>	

# Contract Execution Volume / Financing

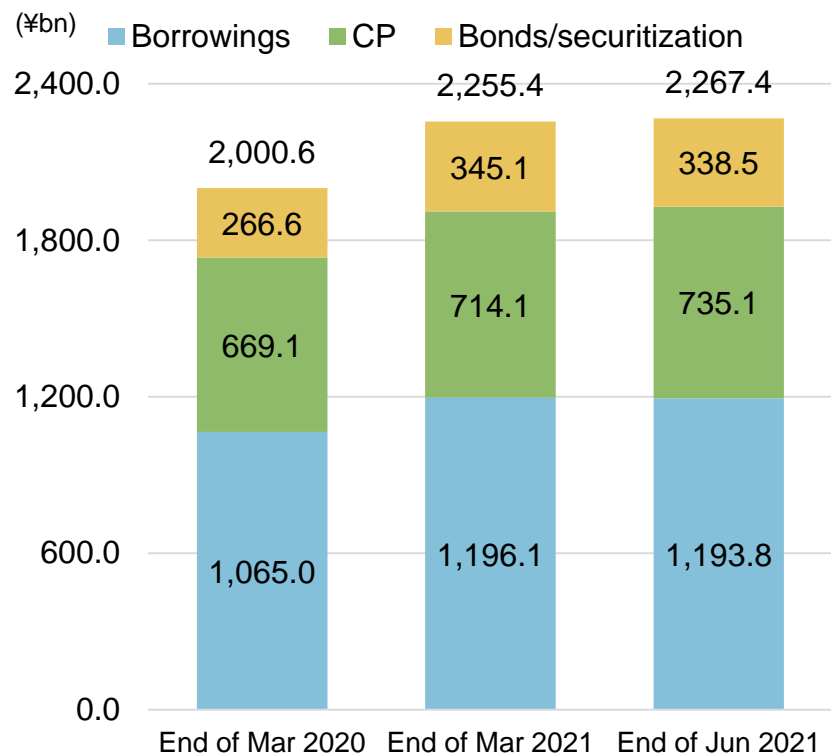
## Contract execution volume

(¥bn)	FY19 1Q	FY20 1Q	FY21 1Q	Change	% Change	
Commercial distribution finance / loan, etc.	142.3	131.2	161.4	+30.2	+23%	Short-term commercial distribution finance increased
Real estate	8.8	17.6	9.0	-8.6	-49%	Financing for logistics facilities declined
Vessel	2.8	5.3	1.1	-4.2	-79%	
Aircraft	1.1	0.3	0.0	-0.3	-100%	
<b>Total</b>	154.9	154.5	171.6	+17.1	+11%	

# Funding

- Funding costs and funding costs ratio both decreased due to factors such as lower foreign currency funding interest rates

## Interest-bearing debt



## Funding costs (ratio)

(¥bn)	FY19 1Q	FY20 1Q	FY21 1Q
<b>Funding costs</b>	2.6	2.2	1.9
<b>Funding costs ratio</b>	0.51%	0.41%	0.33%

Note) Funding costs ratio = Funding costs (annualized basis) / 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

- Each category of income for the first quarter remained strong against full-year forecasts
  - Going forward, we will continue to closely watch the impact of the global spread of COVID-19
- The plan is to increase annual dividend by ¥18/share y-o-y to ¥110/share

(¥bn)	FY2020 (Results) (A)	FY2021 (Forecast) (B)		Change (B)-(A)	% Change (B)/(A)	
		1Q Results	% Progress			
Revenues	497.9	550.0	118.3	22%	+52.1	+10%
Operating income	26.0	30.0	6.4	21%	+4.0	+16%
Ordinary income	27.5	33.0	7.0	21%	+5.5	+20%
Net income attributable to owners of the parent	21.8	23.0	5.0	22%	+1.2	+6%
Annual dividend	¥92	¥110			+¥18	
Interim dividend	¥40	¥55			+¥15	
Year-end dividend	¥52	¥55			+¥3	
Dividend payout ratio	20.4%	23.1%			+2.7pt	

# Appendix

# Main topics (Examples of initiatives by the Group)

April to June (1Q)

## Business alliance with Mizuho Capital Co., Ltd.

- Acquired 15.01% of the shares in the venture capital company Mizuho Capital and executed a business alliance agreement in May 2021.
- Through this business alliance, we will provide risk capital to start-up companies engaged in innovation and cooperate to support the cultivation of these investees, aiming to achieve business growth and improvement of corporate value of both Mizuho Capital and our company.

## Commenced handling Mizuho SDGs leases

- In collaboration with Mizuho Research & Technologies, Ltd. we commenced handling “Mizuho SDGs Leases” that can contribute to achieving SDGs.
- We provide customers engaged in leasing and installment sales with donation opportunities, SDGs-related internet seminars, and individual consulting related to SDGs.

## Participation in hydroelectric power generation business

- For the hydroelectric power generation facilities operated by JNC CORPORATION Group, we utilized a pay-per-use type lease to execute a project investment type lease according to the revenue from electric power sales of the power generation business.
- Through our first participation in a domestic hydroelectric power generation business, we aim to achieve a sustainable society by contributing to the realization of a decarbonized society.

August

## Business alliance with NIPPON STEEL KOWA REAL ESTATE CO., LTD.

- Our Group entered into a share transfer agreement to acquire 10.16% of the shares in the comprehensive real estate developer NIPPON STEEL KOWA REAL ESTATE, and also executed a business alliance agreement in August 2021.
- Through this business alliance, we aim to expand the respective business areas by integrating the comprehensive real estate development business and the lease business.

# Connect needs to create the future

## Inquiries

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