

Overview First-Half Results for FY2021

November 9, 2021

Mizuho Leasing Co., Ltd.

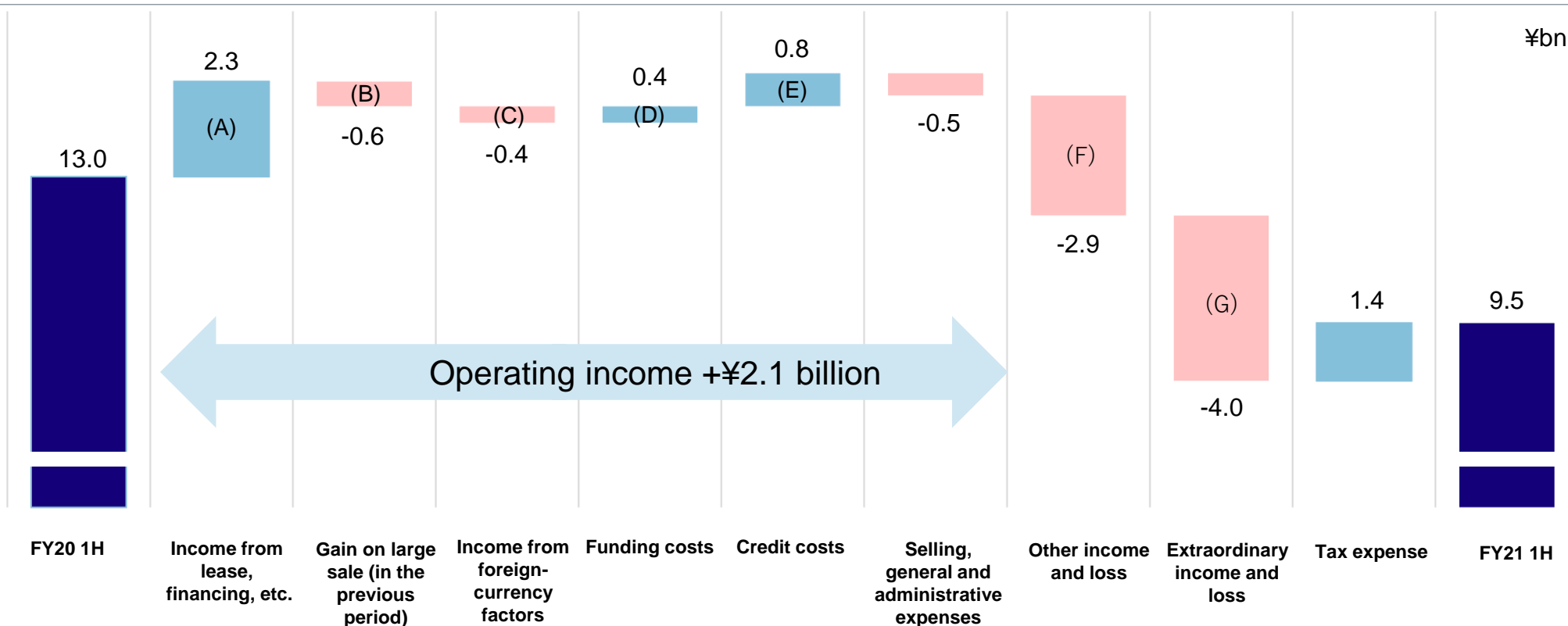
MIZUHO

Summary of Second-Quarter Results for FY2021

- **Operating income increased** amid the harsh environment under the COVID-19 pandemic, supported by the accumulation of highly profitable financing assets and a reversal of credit costs
- **Ordinary income declined** due to the effect of recording equity in loss of Aircastle resulting from the downturn in the airline industry
- **Net income attributable to owners of the parent declined** since extraordinary income (gain on sales of investment securities) was posted in the same period of the previous fiscal year

Income indicators (¥bn)	FY19	FY20	FY21	Change	% Change
	1H Results	1H Results	1H Results		
Revenues	254.9	228.7	260.0	+31.3	+14%
Gross profit before write-offs and funding costs	28.9	28.4	29.7	+1.3	+5%
Operating income	12.6	11.2	13.3	+2.1	+18%
Ordinary income	12.9	14.6	13.8	-0.8	-6%
(Extraordinary income)	(0.3)	(4.0)	(0.0)	(-4.0)	(-100%)
Net income attributable to owners of the parent	8.9	13.0	9.5	-3.5	-27%

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



(A) Income from lease, financing, etc.	Increased due to the accumulation of assets in the highly profitable financing area
(B) Gain on large sale (recorded in the previous period)	Distribution of income in connection with large sale of operational investment securities and gain on sales of real-estate related bridge scheme in the same period of the previous fiscal year
(C) Income from foreign-currency factors	Due to lower foreign-currency interest rates, etc. (estimate)
(D) Funding costs	Due to factors such as lower foreign currency funding interest rates
(E) Credit costs	Credit costs contributed from a reversal of provisions for a vessel transaction
(F) Other income and loss	Declined due to the effect of recording equity in loss of Aircastle resulting from the downturn in the airline industry
(G) Extraordinary income and loss	Declined since extraordinary income (gain on sales of investment securities) was posted in the same period of the previous fiscal year

Overview of Financial Results

(¥bn)	FY19 1H	FY20 1H	FY21 1H	Change	% Change
Revenues	254.9	228.7	260.0	+31.3	+14%
Gross profit before write-offs and funding costs	28.9	28.4	29.7	+1.3	+5%
Funding costs	(5.0)	(4.2)	(3.7)	-0.5	-11%
Gross profit	24.0	24.2	26.0	+1.8	+7%
Credit costs	-0.5	0.6	-0.2	-0.8	-
Operating income	12.6	11.2	13.3	+2.1	+18%
Other income	0.8	4.4	1.2	-3.2	-73%
Ordinary income	12.9	14.6	13.8	-0.8	-6%
Net income attributable to owners of the parent	8.9	13.0	9.5	-3.5	-27%
Gross profit margin before write-offs and funding costs	2.86%	2.60%	2.56%	-0.04pt	-

Declined due to the effect of recording equity in loss of Aircastle resulting from the downturn in the airline industry

Declined since extraordinary income (gain on sales of investment securities) was posted in the same period of the previous fiscal year

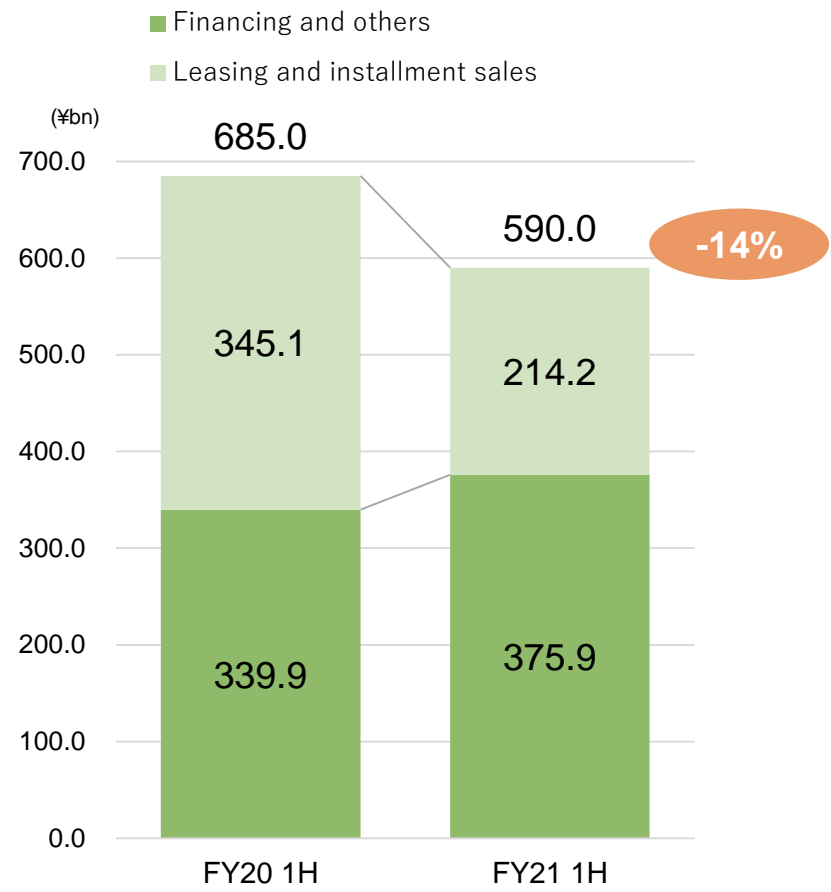
Note) Gross profit margin before write-offs and funding costs = Gross profit before write-offs and funding costs (annualized basis) / Operating assets (average of the beginning and ending balances)

(¥bn)	End of Mar 2020	End of Mar 2021	End of Sep 2021	Change	% Change
Operating assets	2,090.3	2,322.4	2,324.3	+1.9	+0%
Net assets	195.8	210.9	223.6	+12.7	+6%
Equity ratio	7.9%	7.7%	8.1%	+0.4pt	-

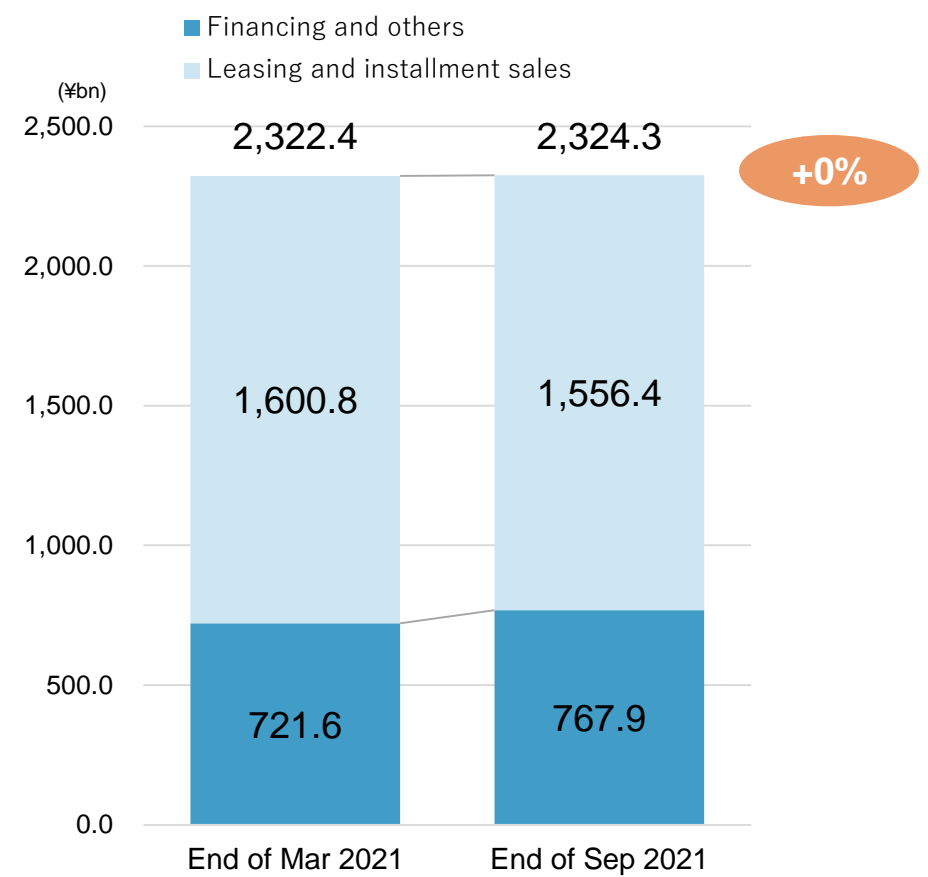
Business Performance Overview

- Contract execution volume of leasing and installment sales declined mainly due to delays in capital investment of customers
- On the other hand, contract execution volume of financing increased with contribution from large real-estate projects, and operating assets remained flat

Contract execution volume



Operating assets



Contract Execution Volume / Leasing and Installment Sales

Contract execution volume by equipment type

- Contract execution volume for FY21 1H declined due to delays in capital investment of customers and large projects executed in the same period of the previous year
- Although the movement of contract execution volume in FY21 1Q got off to a slow start, it has gradually improved in FY21 2Q (+¥30.2 bn)

(¥bn)	FY19 1H	FY20 1H	FY21 1H	Change	% Change	(Breakdown of 21/1Q and 2Q)		
						21/1Q	21/2Q	Change
Information and communications	65.2	117.5	56.5	-61.0	-52%	20.4	36.1	+15.7
Real estate	69.0	88.8	42.3	-46.5	-52%	23.3	19.0	-4.3
Industrial and factory	87.3	61.7	37.2	-24.5	-40%	15.5	21.7	+6.2
Transport	38.5	20.0	17.9	-2.1	-11%	9.5	8.4	-1.1
Construction	17.8	15.2	11.8	-3.4	-22%	5.9	5.9	0.0
Commerce and services	14.6	13.1	7.9	-5.2	-39%	3.7	4.3	+0.6
Medical	10.4	5.2	5.0	-0.2	-4%	2.8	2.2	-0.6
Other	21.3	23.5	35.5	12.0	51%	10.9	24.5	+13.6
Total	324.2	345.1	214.2	-130.9	-38%	92.0	122.2	+30.2

Contract Execution Volume / Financing

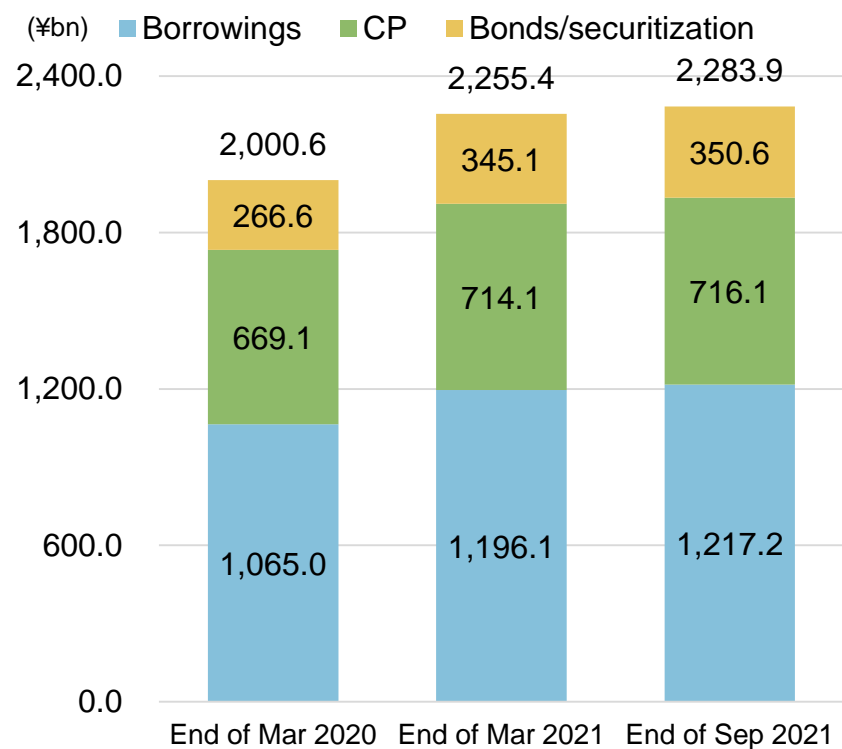
Contract execution volume

(¥bn)	FY19 1H	FY20 1H	FY21 1H	Change	% Change	
Commercial distribution finance / loan, etc.	254.9	303.2	294.0	-9.2	-3%	
Real estate	26.2	26.8	79.4	+52.6	+196%	Increased due to large projects executed
Vessel	10.9	6.9	2.5	-4.4	-64%	
Aircraft	8.0	3.0	-	-3.0	-100%	
Total	300.0	339.9	375.9	+36.0	+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 1H	FY20 1H	FY21 1H
Funding costs	5.0	4.2	3.7
Funding costs ratio	0.49%	0.38%	0.32%

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	-

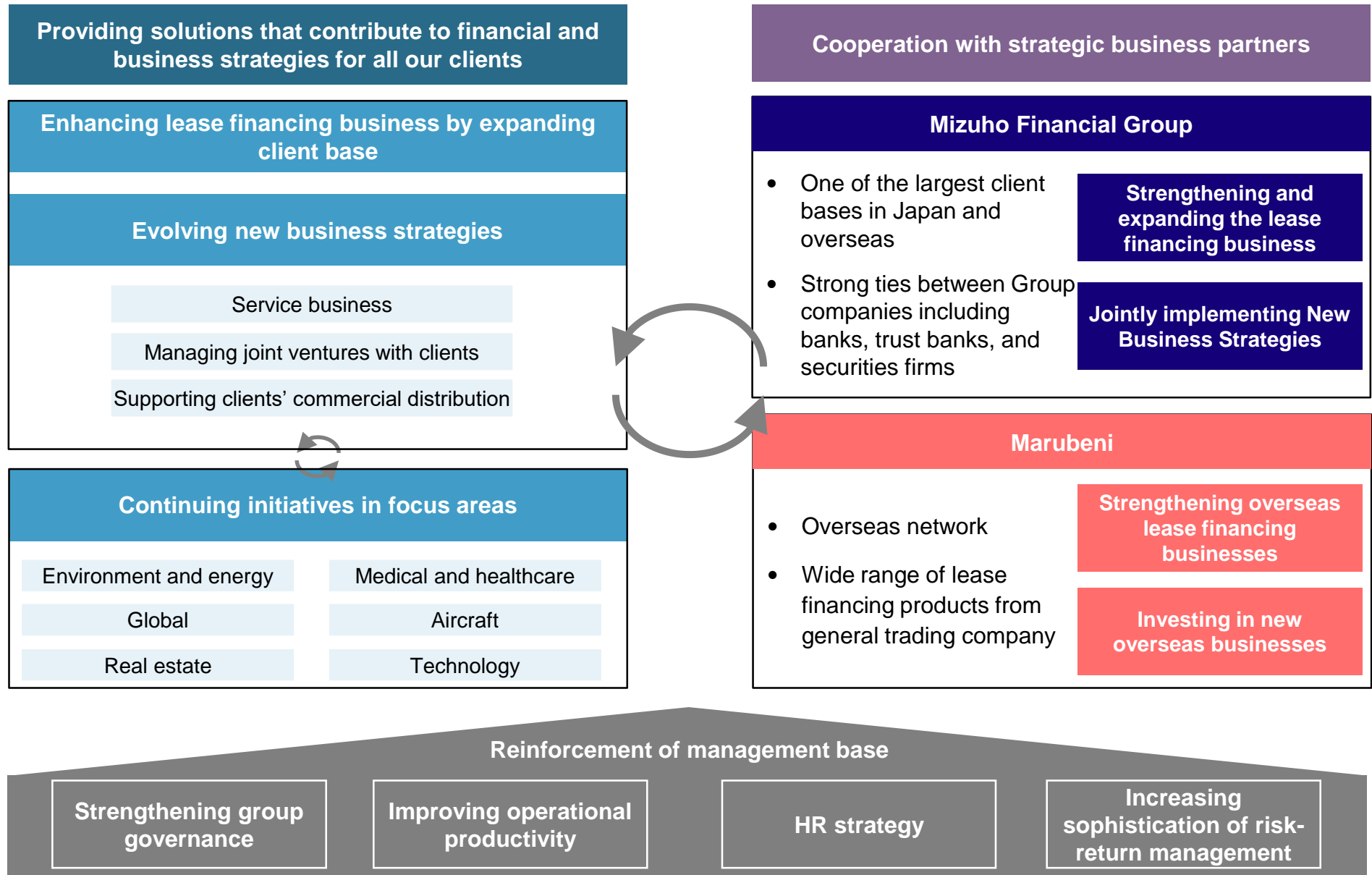
Earnings Forecasts and Dividends

- We have not changed our full-year earnings forecasts for FY2021, and aim to achieve them by regaining earnings in the second half
 - Going forward, we will continue to closely watch the impact of the global spread of COVID-19
- Interim dividend of ¥55/share, an increase of ¥15/share y-o-y, paid out as forecast at beginning of fiscal year
- The plan is also to increase annual dividend by ¥18/share y-o-y to ¥110/share, as forecast at beginning of fiscal year

(¥bn)	FY2020 (Results) (A)	FY2021 (Forecast) (B)		1H Results	% Progress	Change (B)-(A)	% Change (B)/(A)
Revenues	497.9	550.0		256.0	47%	+52.1	+10%
Operating income	26.0	30.0		13.3	44%	+4.0	+16%
Ordinary income	27.5	33.0		13.8	42%	+5.5	+20%
Net income attributable to owners of the parent	21.8	23.0		9.5	41%	+1.2	+6%
Annual dividend	¥92	¥110		+¥18			
Interim dividend	¥40	(Result) ¥55		+¥15			
Year-end dividend	¥52	(Forecast) ¥55		+¥3			
Dividend payout ratio	20.4%	23.1%		+2.7pt			

Appendix

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

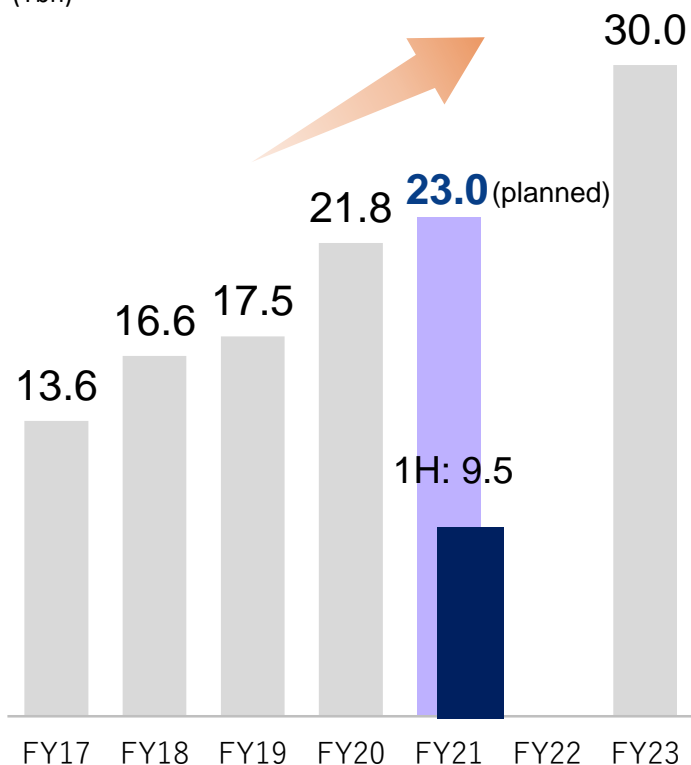
Balance in the global area

Triple
compared with that at the end of March 2019

Dividend payout ratio

Aim for **25% or more**

(¥bn)



FY21 1H results ¥9.5 billion

Triple

compared with that at the end of March 2019

¥282.5
billion

¥142.5
billion

End of Mar 2019 . . . End of Sep 2021 . . . End of Mar 2024

Balance as of end of Sep 2021

¥282.5 billion

25.0%

25% ————— 23.1% (planned)

20.1% —————

15% ————— FY18 . . . FY21 . . . FY23

FY21 dividend payout ratio 23.1% (planned)

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Inquiries

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