

Enhancing the competitiveness of Japanese companies

October 24, 2023

Ryusei ADACHI
Group Executive Officer
Deputy Head of Retail & Business Banking Company
Mizuho Financial Group, Inc.

ともに挑む。ともに実る。



Business focus areas in Mizuho's new medium-term business plan

■ Defining the business areas that Mizuho needs to focus on to realize “the world we aim for 10 years from now”

“The world we aim for 10 years from now”

Development towards an inclusive society

Spread of AI and other innovative technologies throughout society

Shift to a growth trajectory with Japan's national strength turning up

Global sustainability

Promote the shift from savings to investments to increase personal asset income



Respond to accelerating sustainability awareness



Meet the needs of the diverse lifestyles of the digital native generation



Fuel the growth of listed companies whose market values are stagnant and make this a key growth driver of Japan's economic revival

Secure a leading position in global financial markets



Support the doubling of asset-based income



Improve customer experience



Enhance the competitiveness of Japanese companies



Global Corporate & Investment Banking (CIB) business model



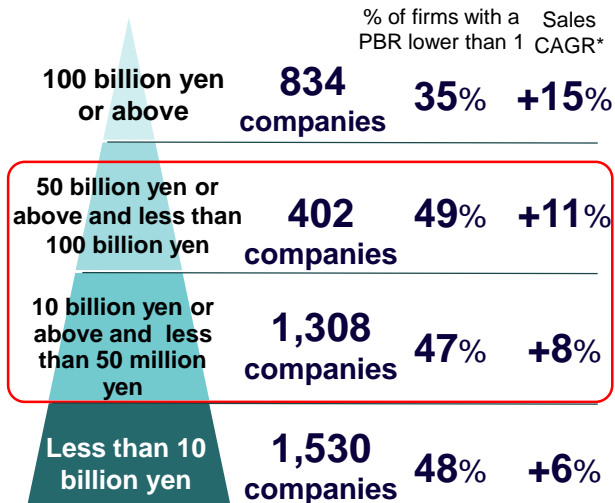
Sustainability and Innovation

Enhancing the competitiveness of Japanese companies (1)

“Toward a growth trajectory for mid-cap companies”

Trends for firms listed in Japan

■ Company distribution by market cap



Issue 1

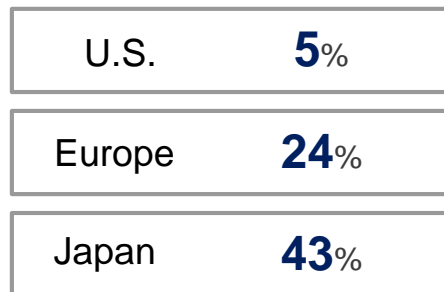
- ✓ Stagnant growth of mid-sized listed firms

Issue 2

- ✓ The formulation of growth strategies with a focus on capital profitability

Source: Compiled by Mizuho Financial Group based on publicly-available materials

■ % of firms with PBR lower than 1



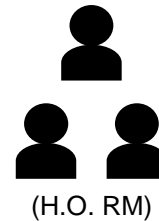
Source: Reference material for Tokyo Stock Exchange's Fifth "Council of Experts Concerning the Follow-up of Market Restructuring"

Co-creation for the growth of mid-cap companies

■ Helping mid-sized firms to enhance their value

- Launching a “Business Development Support Office” as a H.O. RM department

Business Development Support Office



Company analysis & Identification of business challenges

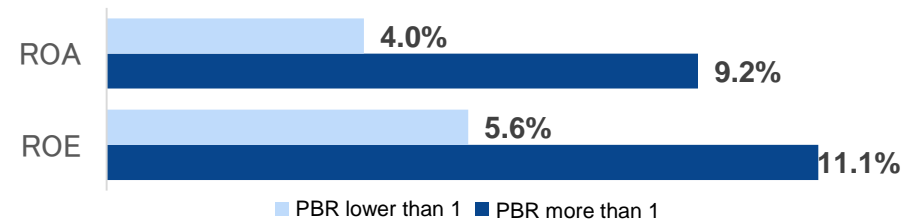
Proposal of growth stories, including alliances



Mid-cap companies

- Construction of equity stories aimed at boosting enterprise value
- An asset approach aimed at enhancing ROA/ROE

[ROA/ROE of the companies listed on the Prime Market of the Tokyo Stock Exchange (TSE) by PBR level]



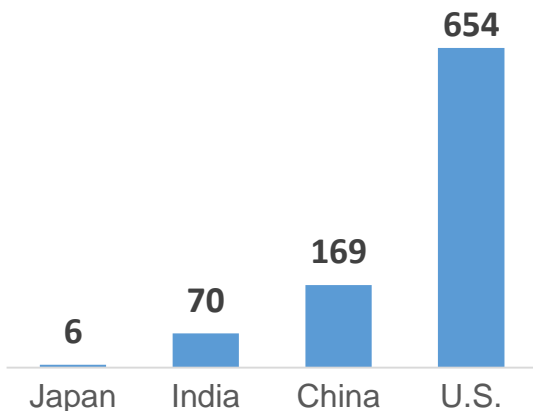
Source: Compiled by Mizuho Financial Group based on publicly-available materials

Enhancing the competitiveness of Japanese companies (2)

“Promoting startup growth”

The environment surrounding startups

■ No. of unicorns by country

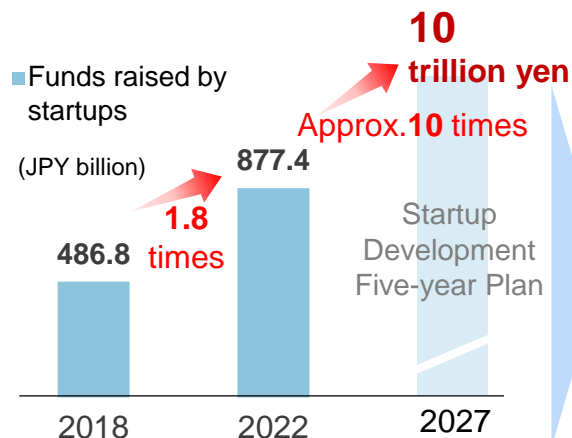


Source: Nikkei Shimbun, April 24, 2023

Issue 3

- ✓ Finding and growing promising startups
- ✓ Vitalizing ecosystems, including through co-creation with strong local firms

■ Startup Development Five-year Plan



Source: Japan Startup Finance 2022 by INITIAL

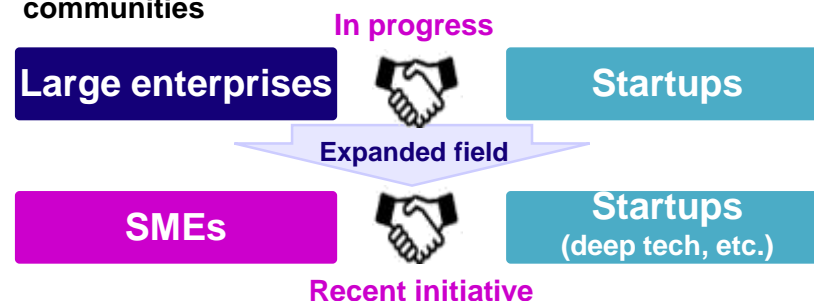
Issue 4

- ✓ Diversifying the supply of risk money

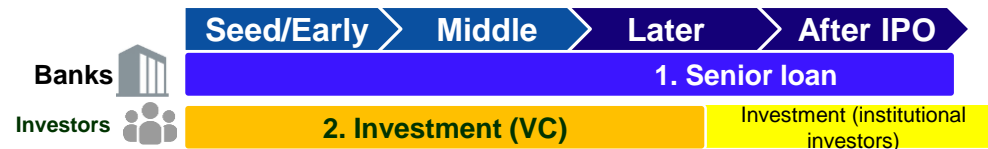
Creating Japanese unicorns

■ Co-creation between startups and strong local firms

- There has been progress when it comes to co-creation between large firms and startups
- Participation in **Liverness Co.'s Regional Tech Planter** with the goal of promoting open innovation, including local communities



■ Enhanced provision of risk money to meet each growth stage



• Improving risk-taking capabilities

- Establishment of the **Credit Office for Innovative Startups**, a specialist review body
- Development of +200 **innovation personnel**

• Pursuit of new risk-taking methods

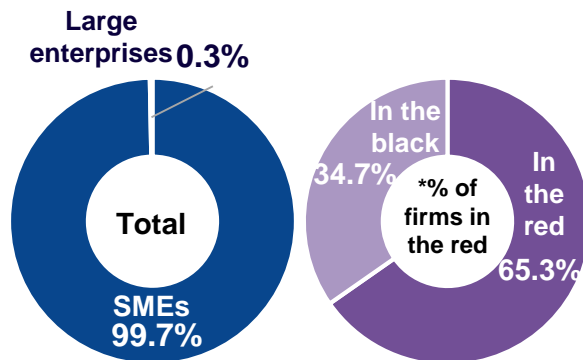
- Establishment of **Mizuho Venture Debt Fund**
JPY10-billion fund to provide capital by purchasing bonds with stock options

Enhancing the competitiveness of Japanese companies (3)

“Promoting SME growth”

The environment surrounding SMEs

Company distribution and % of firms in the red



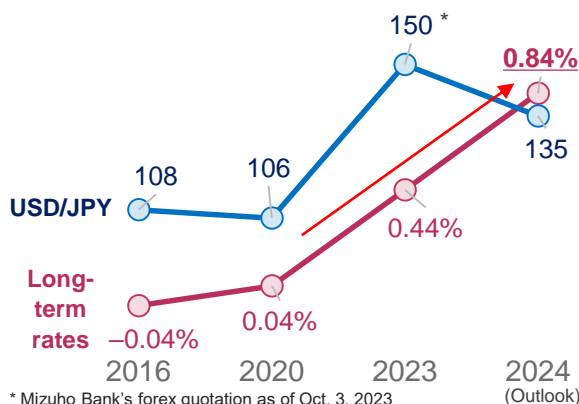
Source: White Paper on Small Enterprises

* Firms whose gross income is 0 or negative
Source: The National Tax Agency's Corporate Tax Statistics

Issue 5

- ✓ SME business results are a factor behind Japan's economic stagnation
- ✓ Labor shortages are also contributing to bankruptcies

Macro interest rates and forex trends



* Mizuho Bank's forex quotation as of Oct. 3, 2023

Source: Prepared by Mizuho Financial Group's Corporate Banking Coordination Department based on FY2023 - FY2024 Economic Outlook by Mizuho Research & Technologies, Ltd.

Issue 6

- ✓ Rising long-term interest rates could put pressure on company business results

The impact on ordinary profit ratios when long-term rates rise by 1%
-5%

Source: Prepared by Mizuho Financial Group's Corporate Banking Coordination Department based on YCC Revision Places Strong Upwards Pressure on Interest by Mizuho Research & Technologies, Ltd.

Achieving SME growth

Proposing structural reforms for firms with declining business results

- Providing asset solutions, including asset replacement and the **formulation of support plans geared towards business challenges**
- Proposals for improving corporate productivity
Providing DX solutions through Mizuho Digital Connect



Initiatives to eliminate corporate labor shortages

- Establishing a **JV with coconala Inc. to build a skills/personnel matching platform**
Concluding a basic agreement on the establishment of Mizuho coconala



An inclusive SME ecosystem

- Supporting regional ties and co-creation between firms, etc., with Mizuho acting as a hub utilizing its **branches and offices in Japan's 47 prefectures**



Sustainability and Innovation

Providing sustainable finance

- Mizuho is the main player in the sustainable finance market

**Sustainable finance syndicated loan league table (global)
FY 2022**

Rank	Mandated Arrangers	Amount (USD B)
1	Mizuho Financial Group	35.0
2	BNP Paribas SA	30.9
3	BofA Securities Inc	30.1
4	Mitsubishi UFJ Financial Group	29.2
5	Sumitomo Mitsui Financial Group	25.3

**SDG bond underwriting league table (domestic)
FY2022***

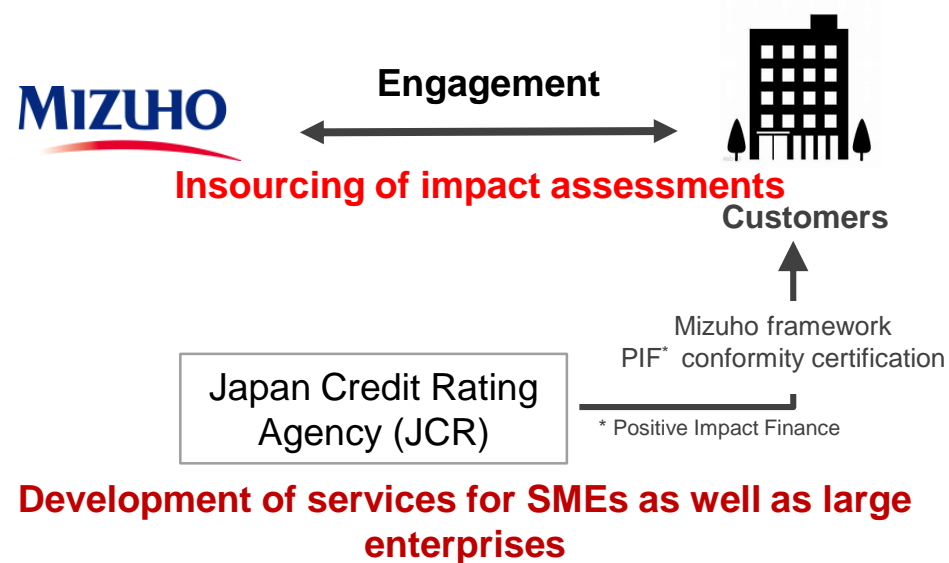
Rank	Securities firms	Amount (JPY 100 million)
1	Mizuho Securities	1,139.7
2	Daiwa Securities	1,051.4
3	Nomura Securities	986.0
4	Mitsubishi UFJ Morgan Stanley Securities	747.0
5	SMBC Nikko Securities	297.7

* Excl. own-company bonds and securitization

Source: Compiled by Mizuho Securities and Mizuho Financial Group based on Refinitiv

The sustainability transformation (SX) tide is flowing from large enterprises to SMEs

- The first megabank to introduce an impact assessment framework for SMEs



June 2021

Establishment of Mizuho Positive Impact Finance (for large enterprises)

October 2022

Establishment of Mizuho Positive Impact Finance PRO (for SMEs)

ともに挑む。ともに実る。

MIZUHO

