

# FY3/2022 2nd Quarter Results

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Mitsubishi HC Capital Inc.

November 12 , 2021

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**【Results of FY3/2021 2Q and FY3/2021 in this material】**

The company (the former Mitsubishi UFJ Lease & Finance Company Limited (MUL)) executed the business integration with Hitachi Capital Corporation (HC) and changed the trade name to Mitsubishi HC Capital Inc. (MHC) on April 1, 2021. Therefore, both results of FY3/2021 2Q and FY3/2021 are the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, and are presented as reference value.

# I. FY3/2022 2nd Quarter Results

# Financial Highlights

## **Increase YOY in each profit item**

- Gross profit for FY3/2022 2Q increased by 11.5 % YOY to 161.1 billion yen, and net income increased by 63.9% YOY to 60.4 billion yen thanks to the business growth mainly in Europe and the U.S., etc.
- New assets acquired (new transactions volume) increased by 9.0% YOY to 1,147.2 billion yen.

## **Forecast for FY3/2022 remains unchanged considering the uncertainty in external environment**

- The progress rate against the forecast for FY3/2022 (net income: 95.0 billion yen) was 63.7%.
- Forecast for FY3/2022 remains unchanged because there is uncertainty in future external environment and possibility of the occurrence of credit costs in the Aviation business, etc.

## **Smooth progress of PMI and started full-fledged examination of New Medium-term Management Plan**

- Thanks to lively discussions in each working group, PMI has been progressing smoothly.
- We started full-fledged examination of new medium-term management plan. We will announce the “medium- to long-term management direction” at the time of announcing FY3/2022 results (May 2022).

\* Figures for the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, which are presented as reference value. Therefore, figures YOY are those compared to reference value.

# Actual Results

- The cumulative gross profit for FY3/2022 2Q increased by 11.5% YOY to 161.1 billion yen and the quarterly net income attributable to owners of the parent for FY3/2022 2Q increased by 63.9% YOY to 60.4 billion yen, thanks to the business growth mainly in Europe and the U.S., etc.
- The progress rate against the forecast for FY3/2022 (net income: 95.0 billion yen) was 63.7%.

(Billion Yen)		(a)	(b)	(c)	(d)	(e)=(d)-(c)	(f)	(g)=(e)/(c)
		FY3/2021 2Q <sup>*4</sup>			FY3/2022 2Q	YOY Change	Exchange Rates Effects <sup>*5</sup>	YOY Change (%)
		MUL	(Reference) HC	(Reference) Simple Sum				
1	Revenues	454.6	372.4	827.0	833.3	+6.2	+9.4	+0.8%
2	Gross Profit	80.8	63.7	144.5	161.1	+16.6	+3.4	+11.5%
3	Operating Income	32.1	14.5	46.7	58.1	+11.3	+3.5	+24.3%
4	Recurring Income	33.6	16.7	50.3	59.0	+8.7	+1.1	+17.3%
5	Net Income <sup>*1</sup>	24.5	12.3	36.9	60.4	+23.5	+0.7	+63.9%
6	New Transactions Volume	503.7	548.4	1,052.2	1,147.2	+95.0	+37.7	+9.0%
7	Total Segment Assets <sup>*2</sup>	5,336.6 <sup>*6</sup>	3,268.1 <sup>*6</sup>	8,604.8 <sup>*6</sup>	8,623.9	+19.1 <sup>*7</sup>	+115.7	+0.2% <sup>*7</sup>
8	ROE	6.3% <sup>*8</sup>	-	-	10.1% <sup>*9</sup>	-	-	-
9	ROA (Net Income Attributable to Owners of the Parent on Total Assets)	0.8% <sup>*8</sup>	-	-	1.3% <sup>*9</sup>	-	-	-
10	OHR <sup>*3</sup>	52.8%	65.2%	58.3%	54.9%	-3.4P	-	-

**<ROE and ROA>**  
Calculated using the annualized net income and equity or total assets adjusted upon the integration, etc. (refer to \*8 and \*9 below for details)

\*1 Quarterly net income attributable to owners of the parent

\*2 "Operating assets" + "equity method investments" + "goodwill" + "investment securities, etc." (refer to page 41 for details)

\*3 SG&A expenses divided by (gross profit + non-operating income/expenses), but SG&A expenses and non-operating income/expenses do not include credit costs

\*4 For MUL, figures are retroactively adjusted along with the change in the accounting method; (refer to page 41 for details)  
For HC, figures for IFRS basis converted into J-GAAP basis in a simplified manner, which are presented as reference value

\*5 Effects of changes in exchange rates to be applied when incorporating results of overseas subsidiaries (refer to page 47 for details)

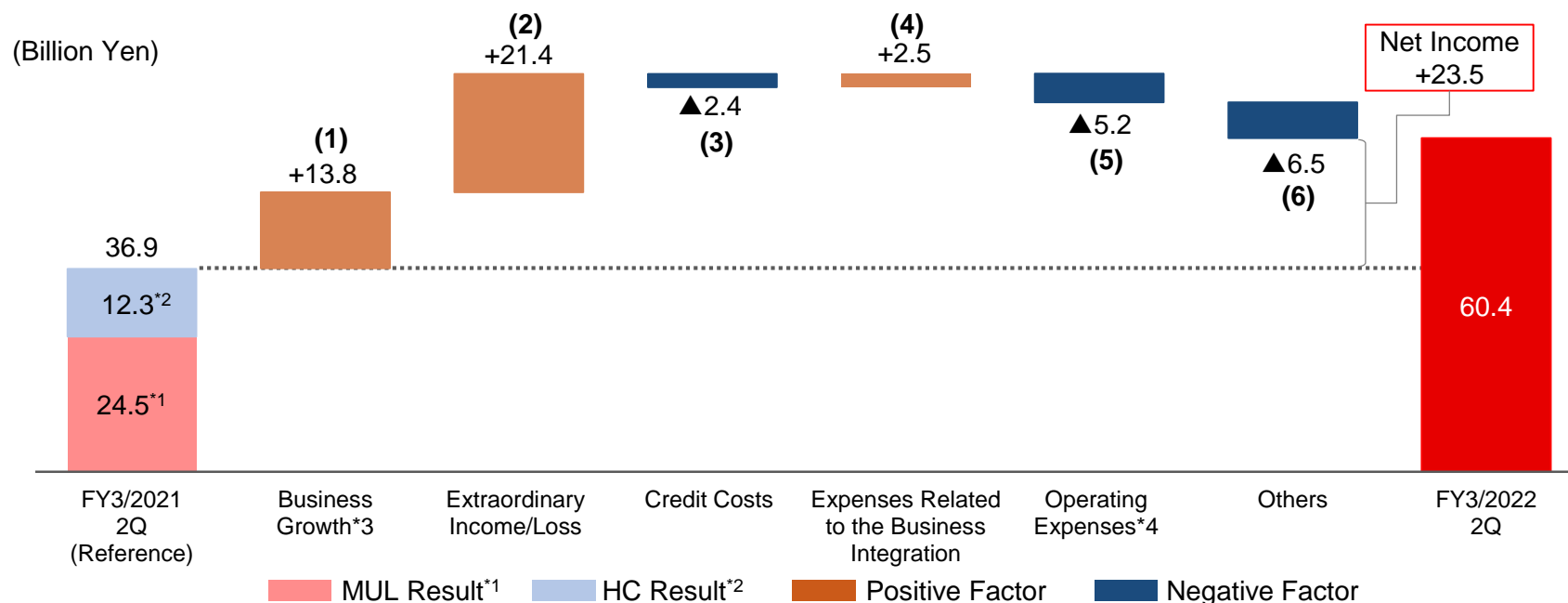
\*6 FY3/2021

\*7 Change from FY3/2021

\*8 Numerator: annualized net income by doubling the net income for FY3/2021 2Q that was retroactively adjusted along with the change in the accounting method  
Denominator: average of FY3/2020 equity and FY3/2021 2Q equity or of FY3/2020 total assets and FY3/2021 2Q total assets, that were retroactively adjusted along with the change in the accounting method

\*9 Numerator: annualized net income by doubling the net income for FY3/2022 2Q  
Denominator: average of FY3/2022 2Q equity and FY3/2021 2Q equity (calculated by adding up J-GAAP-based reference figures of the former 2 companies and making adjustment upon the integration) or of FY3/2022 2Q total assets and FY3/2021 total assets (calculated by adding up J-GAAP-based reference figures of the former 2 companies and making adjustment upon the integration))

# Increase/Decrease in Net Income Attributable to Owners of the Parent



<b>(1) Business Growth<sup>*3</sup></b>	■ Increased YOY thanks to business growth of subsidiaries in Europe and the U.S. in Account Solution and the marine container leasing company BIL, etc.
<b>(2) Extraordinary Income/Loss</b>	■ Increased YOY thanks to the sale of strategic shareholdings to replace the portfolio (in 1Q) and a gain on the recording of negative goodwill (0.4 billion yen), etc.
<b>(3) Credit Costs</b>	■ Increased YOY due to the posting of additional expenses on payment deferrals by some customers in the Aviation business, etc.
<b>(4) Expenses Related to the Business Integration</b>	■ Decreased YoY thanks to the absence of due diligence expenses (5.4 billion yen in total for the former two companies), etc. posted in 2Q of the previous fiscal year, despite posting of expenses related to trade name change and to systems, etc. (2.8 billion yen).
<b>(5) Operating Expenses<sup>*4</sup></b>	■ An increase in expenses associated with the promotion of business activities primarily in overseas offices and the acquisition cost of marine container leasing company CAI (0.7billion yen), etc.
<b>(6) Others</b>	■ An increase in tax expenses, etc.

Note: (1) to (5) are based on figures before tax. Tax expenses are included in (6)

<sup>\*1</sup> The figure for MUL is retroactively adjusted along with the change in the accounting method (refer to page 41 for details)

<sup>\*2</sup> Figures for the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, which are presented as reference value

<sup>\*3</sup> Gross profit + non-operating income/expenses (however, non-operating income/expenses do not include gain on bad debts recovered)

<sup>\*4</sup> Excluding expenses related to the business integration

# Calculation of “Goodwill” Associated with Business Integration

## Calculation of “Goodwill” Associated with Business Integration

- At the time of the business integration, the “net amount of HC’s assets and liabilities evaluated at market value” exceeded the purchase price (398.2 billion yen) calculated based on the number of the shares issued for the integration and its market value, etc. Therefore, we recorded “negative goodwill (extraordinary income)” of 0.4 billion yen.
- As of the end of FY3/2022 1Q, the “net amount of HC’s assets and liabilities evaluated at market value” was nearly the same as the “purchase price” based on provisional calculations. Therefore, we did not recognize either “goodwill” or “negative goodwill”. In FY3/2022 2Q, the evaluation of assets and liabilities at market value and the allocation of the purchase price were completed and the calculations were finalized as above.

## II. Segment Updates



# Focused Business Domains

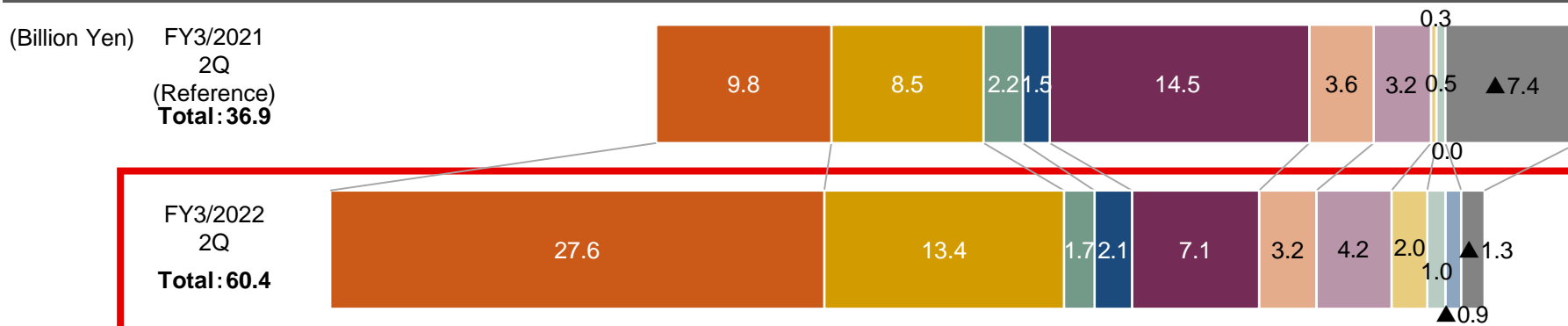
- As core pillars of sustainable growth, we have positioned “Social Infrastructure & Life”, “Environment & Energy”, “Sales Finance”, “Mobility”, and “Global Assets” as focused business domains and advanced asset business has been developed with 10 segments below.
- We contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.

Focused Business Domains					
	Social Infrastructure & Life	Environment & Energy	Sales Finance	Mobility	Global Assets
Targets	<ul style="list-style-type: none"><li>■ Target: Social infrastructure related to industrial infrastructure/lifestyles</li><li>■ Provide value toward the realization of more prosperous lives by implementing real estate financing, business operation, and social infrastructure investment</li></ul>	<ul style="list-style-type: none"><li>■ Target: All aspects energy creation, energy storage, and energy conservation (mainly renewable energy)</li><li>■ Develop joint business with strategic partners in addition to project investment and financing</li></ul>	<ul style="list-style-type: none"><li>■ Target: Assets for business that underpins economic activity (e.g. industrial machinery, telecommunications equipment, OA equipment)</li><li>■ Accelerate labor-saving and streamlining through digitalization</li></ul>	<ul style="list-style-type: none"><li>■ Target: Automobile leases and advanced mobility services business</li><li>■ Achieve advancements to deliver data-driven solutions</li></ul>	<ul style="list-style-type: none"><li>■ Target: High-added-value assets that exhibit high liquidity and value throughout the world</li><li>■ Promote diverse asset business based on operating leases</li></ul>
Segments	Customer Business				
	Account Solution				
	LIFE	Environment & Renewable Energy	Vendor Solution	Mobility	Aviation
	Real Estate				Logistics
	Others				

# Increase/Decrease in Segment Profit and Assets

■ From FY3/2022, reporting segments of MUL and HC are integrated and reorganized. (Refer to page 30 for details)

## Segment Profit (Quarterly Net Income Attributable to Owners of the Parent by Segment)



■ Customer Business ■ Account Solution ■ Vendor Solution ■ LIFE ■ Real Estate ■ Environment & Renewable Energy ■ Aviation ■ Logistics ■ Mobility ■ Others ■ Adjustments

(Billion Yen)	Segment Profit			Segment Assets			Major Factors for Changes in Segment Profit
	FY3/2021 2Q	FY3/2022 2Q	YOY	FY3/2021	FY3/2022 2Q	Change from FY3/2021	
Customer Business	9.8	27.6	+17.8	2,129.5	2,050.9	-78.5	Increased thanks to performance improvement of ENGS, our U.S. vendor finance company, and sale of strategic shareholdings
Account Solution	8.5	13.4	+4.9	2,109.2	2,135.5	+26.3	Increased thanks to business growth mainly in Europe and the U.S.
Vendor Solution	2.2	1.7	-0.4	434.4	436.8	+2.4	Decreased due to a decline in new transactions volume and segment assets in the previous fiscal year, etc.
LIFE	1.5	2.1	+0.6	321.8	327.8	+6.0	Increased thanks to steady performance in real estate-related business and declined expenses
Real Estate	14.5	7.1	-7.4	955.6	944.6	-11.0	Decreased due to a reactionary fall in gains on sales and the absence of compensation received in association with the redevelopment project, etc., that were posted in FY3/2021 2Q
Environment & Renewable Energy	3.6	3.2	-0.3	322.4	320.7	-1.6	Decreased due to a reactionary fall in solar energy-related gains on sales that were posted in FY3/2021 2Q, etc., despite an increase in electricity sales revenue
Aviation	3.2	4.2	+0.9	1,203.8	1,305.8	+102.0	Increased thanks to the posting of gain on valuation of certain receivables from bankrupt debtors, etc., although additional credit costs were posted
Logistics	0.3	2.0	+1.7	545.5	583.3	+37.7	Increased thanks to the business growth of marine container leasing company BIL and expansion of revenues from an equity-method investee company, etc.
Mobility	0.5	1.0	+0.5	161.1	165.0	+3.8	Increased thanks to favorable sales of used vehicles in Japan and overseas
Others	0.0	-0.9	-0.8	355.7	342.6	-13.1	Posting of valuation loss in association with a decline in fair value of certain investee in the infrastructure business, etc.
Adjustments	-7.4	-1.3	+6.0	65.4	10.4	-55.0	A decline in expenses associated with advanced funding posted in FY3/2021 2Q and in expenses related to the business integration, etc.
<b>Total</b>	<b>36.9</b>	<b>60.4</b>	<b>+23.5</b>	<b>8,604.8</b>	<b>8,623.9</b>	<b>+19.1</b>	

# Customer Business

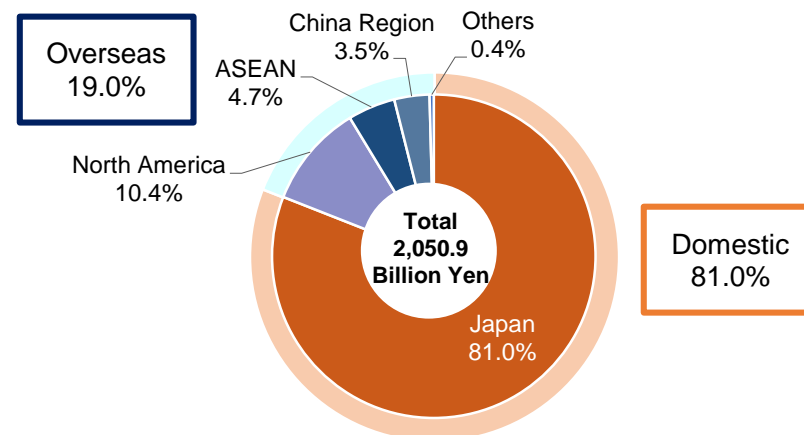


Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	29.9	31.5	+1.5
Segment Profit	9.8	27.6	+17.8
New Transactions Volume	279.2	260.1	-19.1
Domestic	192.3	184.7	-7.6
Overseas	86.8	75.3	-11.5
North America	41.5	49.9	+8.3
ASEAN	25.5	12.1	-13.3
China Region	19.2	13.2	-5.9
Others	0.5	-	-0.5
Segment Assets	2,129.5	2,050.9	-78.5
Domestic	1,700.4	1,660.5	-39.8
Overseas	429.1	390.4	-38.6
North America	202.3	212.3	+9.9
ASEAN	107.9	97.3	-10.5
China Region	73.9	72.1	-1.7
Others	44.9	8.6	-36.3

## Comment

- Gross profit increased YOY thanks to the performance improvement of ENGS, US sales finance company, despite the impact of the deconsolidation of Hirogin Lease, etc.
- Segment profit increased YOY thanks to the sale of strategic shareholdings, which was executed in 1Q aiming to replace the portfolio.
- Segment assets decreased vs. end of FY3/2021 due to the impact of the sale of strategic shareholdings and a decrease in new transactions volume, etc.

Segment Assets of Customer Business by Region (FY3/2022 2Q)



\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021

# Account Solution

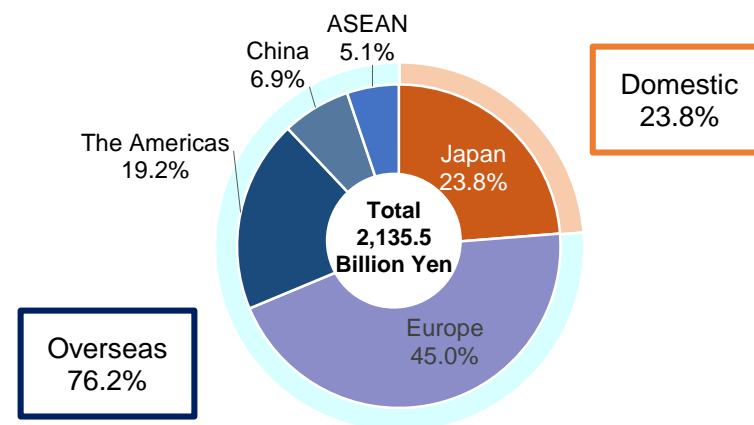


Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	37.6	48.8	+11.2
Segment Profit	8.5	13.4	+4.9
Domestic	1.7	2.8	+1.1
Overseas	6.7	10.5	+3.8
Europe	5.1	8.2	+3.0
The Americas	1.1	2.3	+1.2
China	0.6	-0.7	-1.4
ASEAN	-0.2	0.7	+1.0
New Transactions Volume	374.9	513.7	+138.7
Domestic	70.1	71.4	+1.2
Overseas	304.7	442.3	+137.5
Europe	183.7	293.8	+110.1
The Americas	71.4	93.2	+21.8
China	31.3	34.1	+2.8
ASEAN	18.2	21.0	+2.7
Segment Assets	2,109.2	2,135.5	+26.3
Domestic	528.1	507.2	-20.8
Overseas	1,581.0	1,628.3	+47.2
Europe	929.7	960.1	+30.3
The Americas	365.1	411.0	+45.9
China	164.6	146.5	-18.0
ASEAN	121.5	110.5	-10.9

## Comment

- Segment profit increased YOY as a result of the business growth thanks to the proactive business operation mainly in Europe and the U.S.
- New transactions volume dramatically increased YOY in Europe thanks to the recovery from a decline in demand affected by the lockdown in the UK.
- Segment assets increased vs. end of FY3/2021 thanks to the increase in new transactions volume in Europe and the U.S., etc.

Segment Assets of Account Solution by Region (FY3/2022 2Q)



\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021



## Comment

- Segment profit decreased due to a decline in new transactions volume and segment assets in FY3/2021, etc.
- New transactions volume increased YOY thanks to the improvement of investment demand of customers.

Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	8.0	7.7	-0.3
Segment Profit	2.2	1.7	-0.4
New Transactions Volume	63.9	70.6	+6.6
Segment Assets	434.4	436.8	+2.4
Leasing	347.4	342.1	-5.3
Finance Leasing	337.8	339.2	+1.4
Operating Leasing	9.5	2.8	-6.7
Installment	13.8	13.3	-0.4
Loans	40.9	43.4	+2.4
Others	32.1	37.9	-5.7

\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021

## Comment

- Segment profit increased YOY thanks to a decrease in expenses in addition to the steady real estate-related business (real estate leasing) targeting mainly logistics facilities.

Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	7.0	7.2	+0.2
Segment Profit	1.5	2.1	+0.6
New Transactions Volume	83.1	72.3	-10.7
Segment Assets	321.8	327.8	+6.0
Real Estate-related	174.6	182.8	+8.1
Leasing	166.8	173.8	+7.0
Securitization (Equity)	7.7	8.9	+1.1
Others <sup>*3</sup>	147.2	145.0	-2.1

\*3 Includes PPP/PFI, food and agriculture, and living essentials industry, etc.

Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	22.9	15.3	-7.6
Segment Profit	14.5	7.1	-7.4
New Transactions Volume	74.2	53.2	-20.9
Segment Assets	955.6	944.6	-11.0
Real Estate Leasing	254.9	252.9	-2.0
Other Real Estate Finance	248.7	238.4	-10.2
Securitization (Debt)	122.7	112.1	-10.5
Domestic	103.1	94.6	-8.5
Overseas	19.5	17.5	-1.9
Securitization (Equity)	64.8	59.8	-4.9
Domestic	48.0	42.4	-5.5
Overseas	16.7	17.3	+0.5
Real Estate Rental Business	89.7	87.3	-2.4
Real Estate Revitalization Investment	174.6	193.9	+19.2

\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021

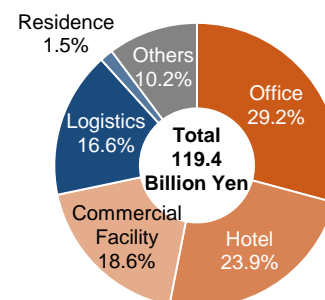
Amount of Equity Contribution for Domestic Securitization/Real Estate Revitalization Investment <sup>*3*4</sup> (Billion Yen)			
	FY3/2021	FY3/2022 2Q	Change from FY3/2021
Total	111.4	119.4	+8.0
Domestic Securitization	37.2	31.6	-5.5
Real Estate Revitalization Investment	74.1	87.7	+13.5

## Comment

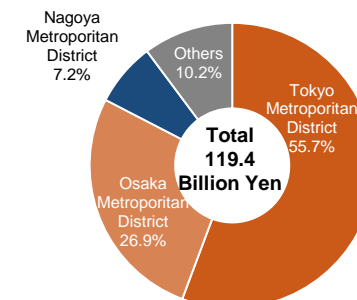
- Segment profit decreased YOY due to the reactionary fall in large gains on sales and the absence of compensation received in association with redevelopment projects, etc. that were posted in FY3/2021 2Q.
- While the business is expected to grow in 2nd half vs. 1st half thanks to the gains on sales.

### Ratio of Amount of Equity Contribution for Domestic Securitization/Real Estate Revitalization Investment<sup>\*3\*4</sup> (FY3/2022 2Q)

#### (1) By Asset Type



#### (2) By Region



\*3 Management accounting figure (total of equity investment in domestic securitization/real-estate revitalization). The figure is not equal to the equity balance of segment assets for some investees because they are consolidated subsidiaries and investment and capital are offset in financial accounting

\*4 Relevant segment assets for domestic securitization are 48.0 billion yen for FY3/2021 and 42.4 billion yen for FY3/2022 2Q. Those for real estate revitalization investment are 174.6 billion yen for FY3/2021 and 193.9 billion yen for FY3/2022 2Q

# Environment & Renewable Energy



Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	7.6	7.1	-0.4
Segment Profit	3.6	3.2	-0.3
New Transactions Volume	28.2	17.2	-10.9
Segment Assets	322.4	320.7	-1.6
Finance	91.6	79.4	-12.1
Power Generation Business Assets <sup>*3</sup>	229.1	237.9	+8.7
Others	1.6	3.4	+1.7

\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021

Domestic and Overseas Output in Operation Based on the Equity Ownership <sup>*3*4*5</sup> (MW) (Includes results in the Infrastructure & Investment Business Division)			
	FY3/2021	FY3/2022 2Q	Change from FY3/2021
Total	1,136 <sup>*6</sup>	1,236	+100
Solar Power	907	962	+54
Domestic	899	945	+45
Overseas	7	16	+8
Wind Power	228 <sup>*6</sup>	273	+45
Domestic	190	190	-
Overseas	38	83	+45

\*3 Includes equity-method investments \*5 Projects classified as finance are not included

\*4 Management accounting figures

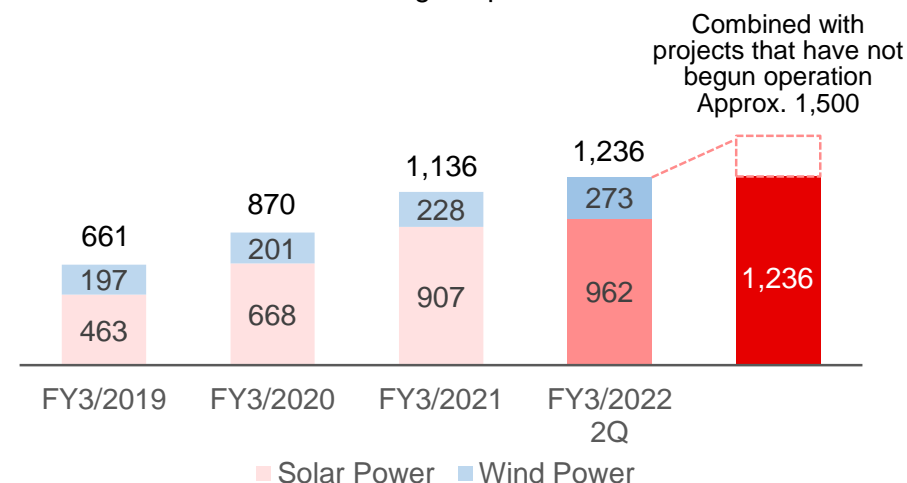
\*6 Revised from the figure in the presentation material for FY3/2021 results (refer to page 41 for details)

## Comment

- Segment profit decreased YOY due to the reactionary fall in solar energy-related gains on sales that were posted in FY3/2021 2Q, while the electricity sales revenue increased as power plants of our investees newly began the operation.
- Performance in 2nd half is expected to be better than 1st half, because multiple sales of assets are expected in 2nd half and there is a tendency that more electricity is generated in 2nd half when wind conditions are favorable.

### Changes in Domestic and Overseas Output in Operation Based on the Equity Ownership (MW)

- The output of projects that have begun operations is 1.2GW. The total output combined with projects that have executed the contracts but have not begun operation is 1.5GW.



Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	14.7	19.8	+5.1
Segment Profit	3.2	4.2	+0.9
New Transactions Volume	67.2	68.5	+1.2
Segment Assets	1,203.8	1,305.8	+102.0
Aircraft Leasing (JSA)	862.9	962.1	+99.1
Engine Leasing (ELF)	244.1	255.3	+11.1
Aircraft Leasing (MHC)	96.7	88.3	-8.3

\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021

Owned Aviation-related Assets <sup>*3*4</sup>			
	FY3/2021	FY3/2022 2Q	Change from FY3/2021
Number of Aircraft (JSA)	177	190	+13
Number of Aircraft Purchased	11	14	-
Number of Aircraft Sold	1	1	-
Average Age (JSA)	4.1 years	4.2 years	+0.1 years
Number of Aircraft Engines (ELF)	311	312	+1

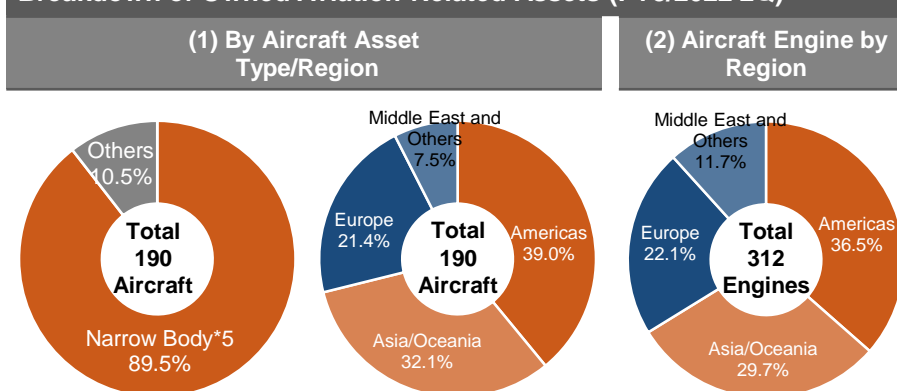
\*3 Management accounting figures

\*4 Figures before consolidated adjustments

## Comment

- Segment profit increased YOY thanks to the posting of gain on valuation of certain receivables from bankrupt debtors despite posting of additional credit costs for certain existing customers. The receivables from bankrupt debtors will have completed selling in 3Q on local basis.
- The IATA (International Air Transport Association) estimates that most of airlines will continue to run a loss and return to profitability in 2023 or after since passenger demand has not fully recovered. The business environment will continue to be harsh.
- However, our aircraft leasing business has a highly liquid portfolio centering on relatively new and next-generation narrow-body aircraft, and the rate of aircraft's off leasing as of the end of September this year is low as before. An increase in leasing income through the increase in new deals is also expected.

## Breakdown of Owned Aviation-Related Assets (FY3/2022 2Q)



\*5 Single-aisle aircraft used for domestic and short-distance flights (A320 series of Airbus, B737 series of Boeing, etc.)



Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*1</sup>	FY3/2022 2Q	YOY <sup>*2</sup>
Gross Profit	2.1	4.3	+2.2
Segment Profit	0.3	2.0	+1.7
New Transactions Volume	38.2	37.9	-0.2
Segment Assets	545.5	583.3	+37.7
Marine Containers	223.5	262.4	+38.9
Railway Freight Cars	195.7	202.5	+6.7
Shipping and Others	126.1	118.2	-7.9

\*1 Segment assets are for FY3/2021

\*2 Segment assets are change from FY3/2021

Owned Logistics-related Assets <sup>*3</sup>			
	FY3/2021	FY3/2022 2Q	Change from FY3/2021
Marine Container Fleet (TEU 1,000) <sup>*4</sup>	1,515	1,550	+35
Marine Container Fleet (CEU 1,000) <sup>*5</sup>	1,659	1,701	+41
Number of Railway Freight Cars	20,554	21,219	+665

\*3 Management accounting figures

\*4 TEU: Twenty Feet Equivalent Unit (measure to a 20 feet container)

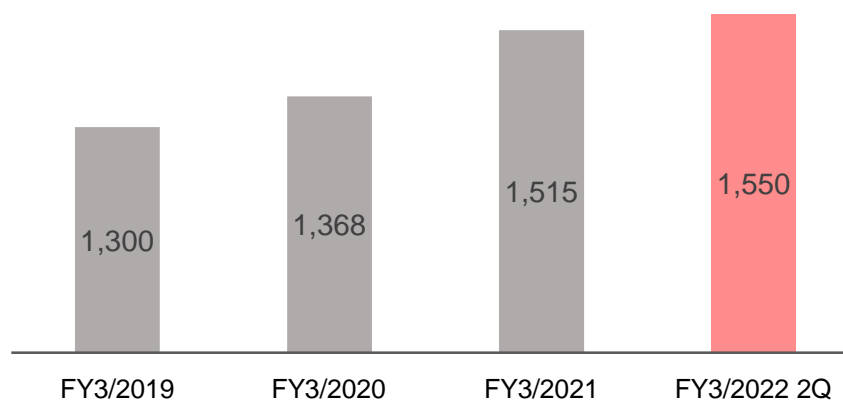
\*5 CEU: Cost Equivalent Unit (measure to a 20 feet container)

## Comment

- Gross profit increased YOY thanks to the increase in marine container assets and the increased operating rate of owned assets.
- Segment profit increased YOY thanks to expansion of revenues from an equity-method investee company in the auto leasing business, etc. in addition to an increase in gross profit.
- Segment assets increased vs. end of FY3/2021 because marine container assets have been steadily increased thanks to the favorable market conditions.

### BIL's Marine Container Fleet (TEU 1,000)

- Assets have steadily been increased, leading to the expansion of the portfolio.



# Mobility



## Comment

- Segment profit increased YOY thanks to the increase in the gain on sales of vehicles for which the leasing term finished in Japan and overseas, etc. responding to the high demand for used vehicles on a global basis.
- Segment assets increased vs. end of FY3/2021 because of the acquisition of Euro Fleet\*<sup>1</sup>, a Hungarian auto leasing company.

Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*2</sup>	FY3/2022 2Q	YOY <sup>*3</sup>
Gross Profit	5.8	7.5	+1.7
Segment Profit	0.5	1.0	+0.5
New Transactions Volume	20.9	24.9	+4.0
Segment Assets	161.1	165.0	+3.8
Domestic	99.3	98.9	-0.3
Overseas	61.7	66.0	+4.2

\*1 MHC Mobility [Poland] acquired

\*2 Segment assets are for FY3/2021

\*3 Segment assets are change from FY3/2021

# Others



## Comment

- Segment profit decreased YOY due to posting of valuation loss in association with a decline in fair value of certain investee in the infrastructure business., etc., while the sales of information and communication equipment were favorable in the subsidiary engaging in the purchase and sales of used equipment.

Major Figures (Billion Yen)			
	FY3/2021 2Q <sup>*2</sup>	FY3/2022 2Q	YOY <sup>*3</sup>
Gross Profit	6.5	6.9	+0.3
Segment Profit	0.0	-0.9	-0.8
New Transactions Volume	22.0	28.3	+6.3
Segment Assets	355.7	342.6	-13.1
Healthcare	157.3	159.0	+1.6
Infrastructure & Investment	111.6	127.2	+15.5
Others	86.7	56.3	-30.3

### III. PMI and Management Plan











# PMI Progress

- PMI has been progressing more smoothly than initially expected.
- The services and systems utilized in HC before the business integration have continued the utilization for a limited duration after the integration in terms of business continuity. The alternatives of these services and systems have been promoted smoothly and will have been completed until the end of this fiscal year.
- Thanks to a range of company-wide communication initiatives and lively discussions from each working group, we will move into the phase of establishing synergy initiatives and creating synergies.

Areas	Synergy Measures (When the integration was announced)	Progress
<b>Management Resource Synergy</b>	<ul style="list-style-type: none"> <li>■ Optimize management resources</li> <li>■ Integrate procurement</li> </ul>	<ul style="list-style-type: none"> <li>■ Starting the organizational restructuring of Corporate Center's</li> <li>■ Operational optimization by organizing operational processes and system infrastructures</li> </ul>
<b>Sales Synergy</b>	<ul style="list-style-type: none"> <li>■ Top-line growth through mutual use of the sales network</li> </ul>	<ul style="list-style-type: none"> <li>■ Lively discussions in each sub working group such as Domestic Sales Working Group and Overseas Working Group</li> <li>■ Creating synergy initiatives and ideas by promoting understanding of MHC Group businesses through internal orientation sessions and communication initiatives for products and businesses</li> <li>■ Establishing evaluation systems to expand business synergy</li> </ul>
<b>Investment Synergy</b>	<ul style="list-style-type: none"> <li>■ Utilize surplus capital from business integration and the effects of portfolio diversification in terms of both business and region                             <ul style="list-style-type: none"> <li>● Manage capital effectively while maintaining present credit ratings</li> <li>● Use surplus capital for business investment and to acquire assets</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Having entered into a definitive agreement for acquiring CAI International, a US leading marine container leasing company</li> <li>■ Established M&amp;A Advisory Gr. for the purposes of enhancing the promotional framework for strategic investment deals</li> </ul>

# Topics in Focused Business Domains

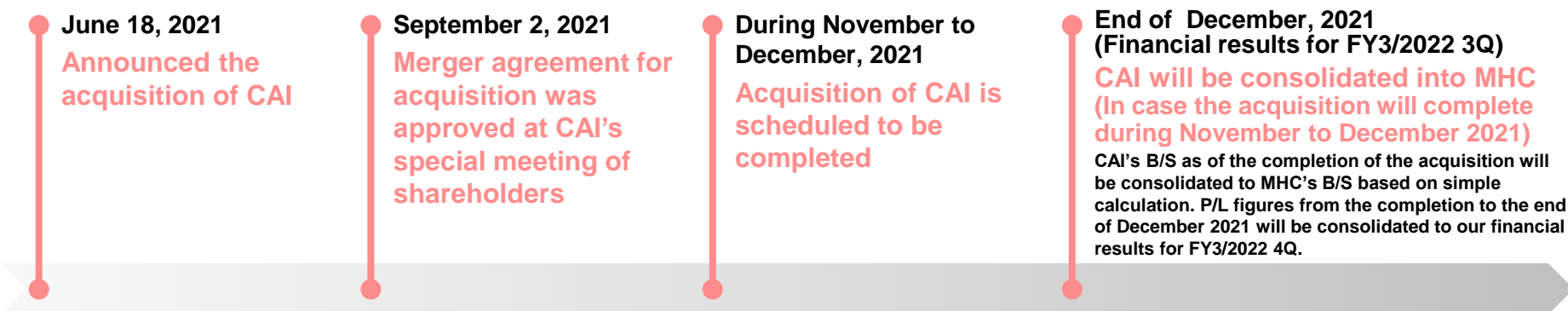
■ Customer Business 
 ■ Account Solution 
 ■ Vendor Solution 
 ■ LIFE 
 ■ Real Estate 
 ■ Environment & Renewable Energy 
 ■ Aviation 
 ■ Logistics 
 ■ Mobility 
 ■ Others 
 ■ Head Office

<b>Social Infrastructure &amp; Life</b>	<ul style="list-style-type: none"> <li>Selected as a business operator and MHC will lead the PFI to develop a new general gymnasium in Shimonoseki City.</li> <li>The construction of CPD Hirakata, a logistics facility consisting of multiple tenants, was completed in Hirakata City, Osaka Prefecture.</li> <li>With Mori Trust, SoftBank Robotics and Octa Robotics, and MHC started research &amp; development for building a robot-friendly environment.</li> </ul>	 <p>New general gymnasium in Shimonoseki City</p>	 <p>CPD Hirakata</p>
<b>Environment &amp; Energy</b>	<ul style="list-style-type: none"> <li>Acquired the shares of a Vietnamese wind power generation company and entered into the wind power generation market of Vietnam.</li> <li>Established the Tokorozawa Kitaiwaoka Solar Power Plant in July 2021 under the solar sharing model which allows to cope with both providing electricity to Tokorozawa City, Saitama Prefecture, and cultivating blueberries, etc.</li> <li>Invested in a solar power generation and supply business in California, US.</li> </ul>	 <p>Wind power generation plant in Vietnam</p>	 <p>Tokorozawa Kitaiwaoka Solar Power Plant</p>
<b>Sales Finance</b>	<ul style="list-style-type: none"> <li>Has utilized “Hitachi AI Technology/H” of Hitachi to strengthen competitiveness by increasing efficiency of the screening of micro loans.</li> </ul>	 <p>Image</p>	 <p>Image</p>
<b>Mobility</b>	<ul style="list-style-type: none"> <li>MHC Mobility Sp. z o.o., a Polish subsidiary, acquired Euro Fleet, an auto leasing company in Hungary.</li> </ul>	 <p>Euro Fleet Corporate logo</p>	 <p>Euro Fleet Office reception</p>
<b>Global Assets</b>	<ul style="list-style-type: none"> <li>Entered into an agreement for acquiring CAI, major US marine container leasing company.</li> <li>Invested in Universal Hydrogen Co., a startup engaging in the development of modular capsules for hydrogen storage and the powertrain for hydrogen-powered aircraft in California, US.</li> </ul>	 <p>Image</p>	 <p>Image of modular capsules for hydrogen storage</p>

# Acquisition of CAI International, US Leading Marine Container Leasing Company

- As we announced on June 18, 2021, MHC has entered into a definitive agreement for acquiring CAI International, a US leading marine container leasing company, with the goal to strengthen the marine container leasing business which expects stable demand for leasing and high profitability. (The acquisition is scheduled to be completed in FY3/2022 3Q.)

## Schedule



Outline	
Company Name	CAI International, Inc.
Head Office Location	Steuart Tower, 1 Market Plaza, Suite 2400, San Francisco, CA
Representative	Timothy Page, President and Chief Executive Officer
Stated Capital	USD 103.867 million
Date of Establishment	August 3, 1989
Offices	13 global locations, with 2 offices in the US and others in 12 countries (as of end-December, 2020)
Number of Employees	99 (as of end-December, 2020)

Results*1				
(US\$M)	FY12/2018	FY12/2019	FY12/2020	FY6/2021
Revenues	285	299	294	166
Operating Income	150	140	149	100
Net Income*2*3	77	47	72	69*4
Total Equity	701	693	702	756
Total Assets	3,013	2,902	2,613	2,955

\*1 Figures are on a consolidated basis and rounded

\*2 Net income attributable to CAI common stockholders

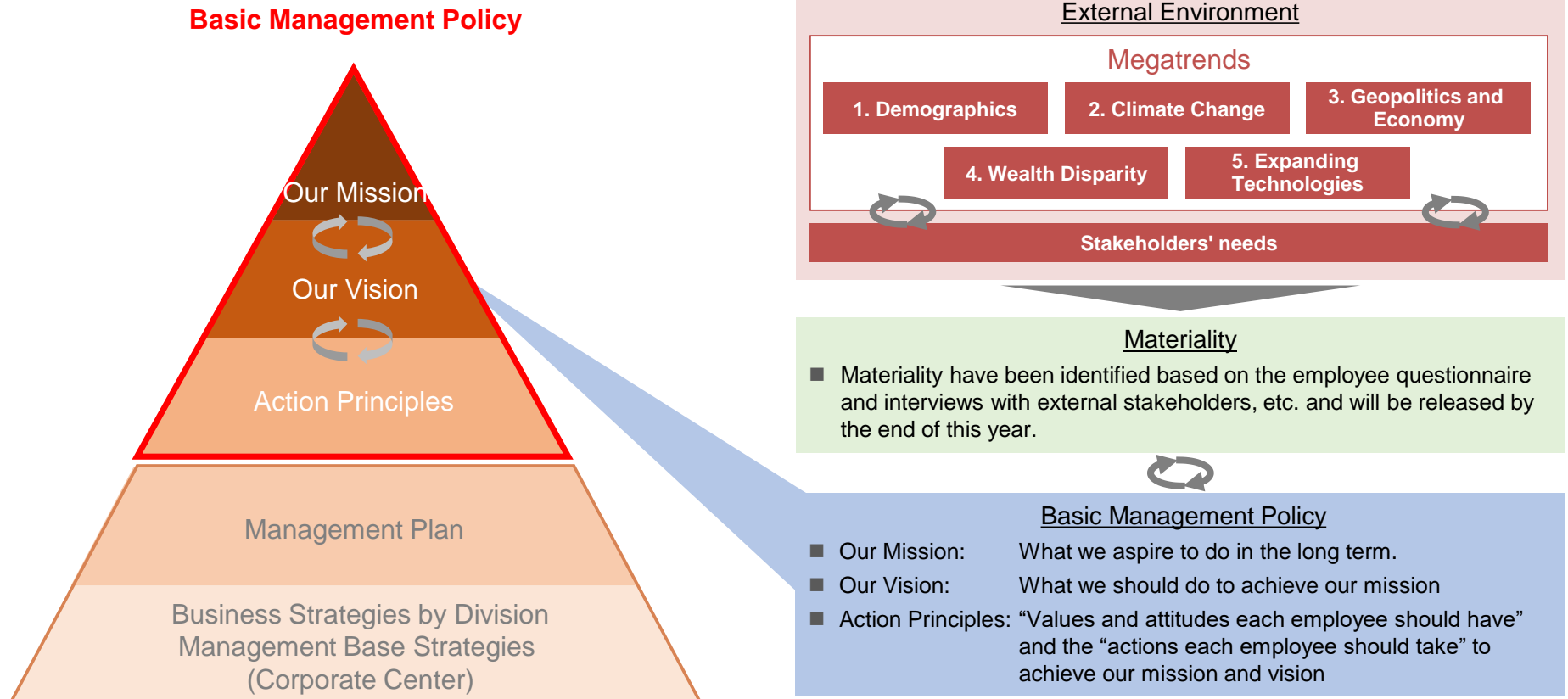
\*3 CAI sold their logistics and rail leasing businesses in August 2020 and December 2020 respectively. Net incomes in the above table are net incomes from their existing business excluding such businesses already sold

\*4 Quarterly net income attributable to owners of the parent

# Management Plan

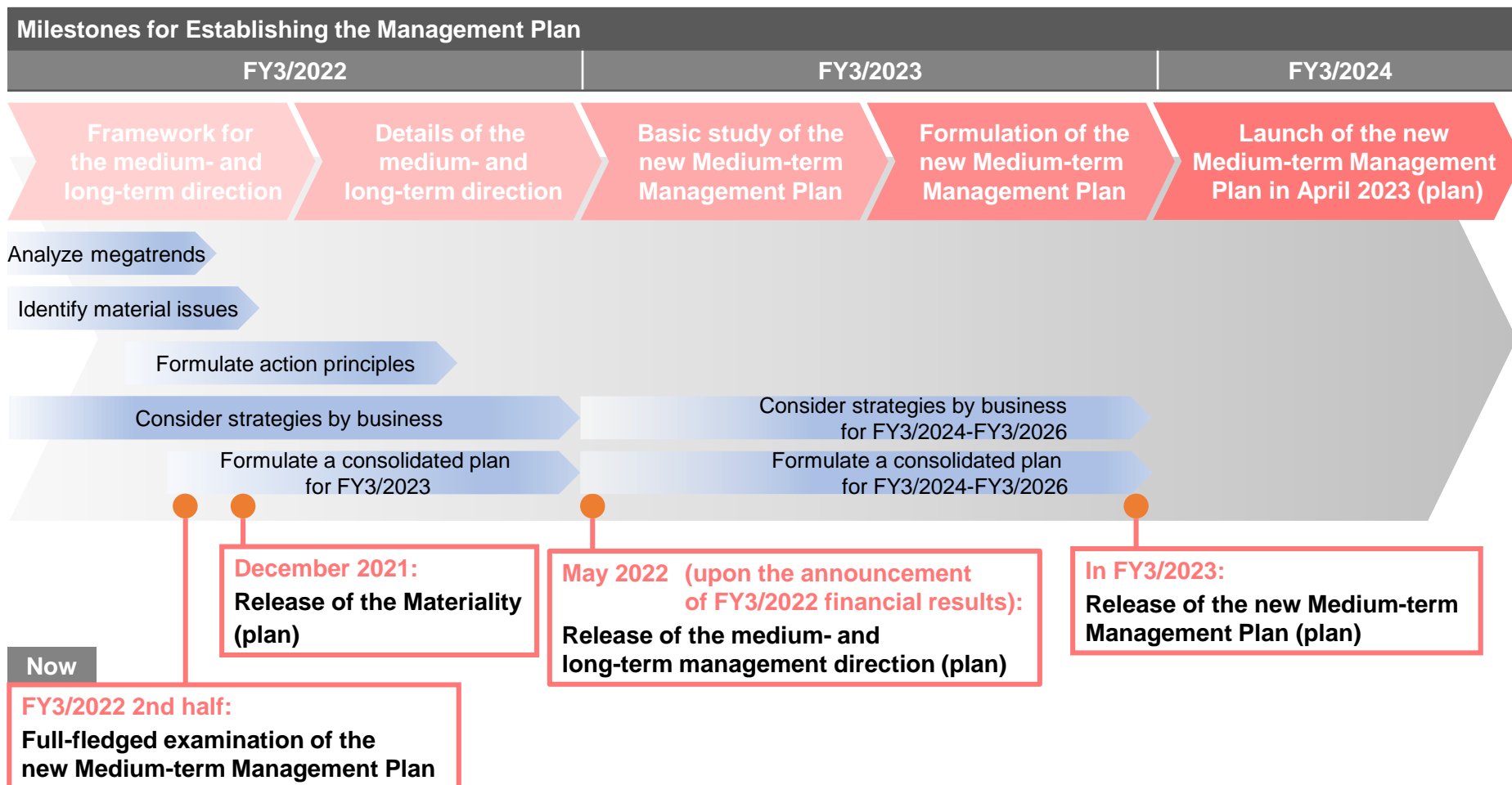
- To achieve “our mission” and “our vision”, we will establish short- and medium-term “management plan” which are composed of business strategies and management base strategies.

## Structure of the Management Plan



# Milestones for Establishing the Management Plan

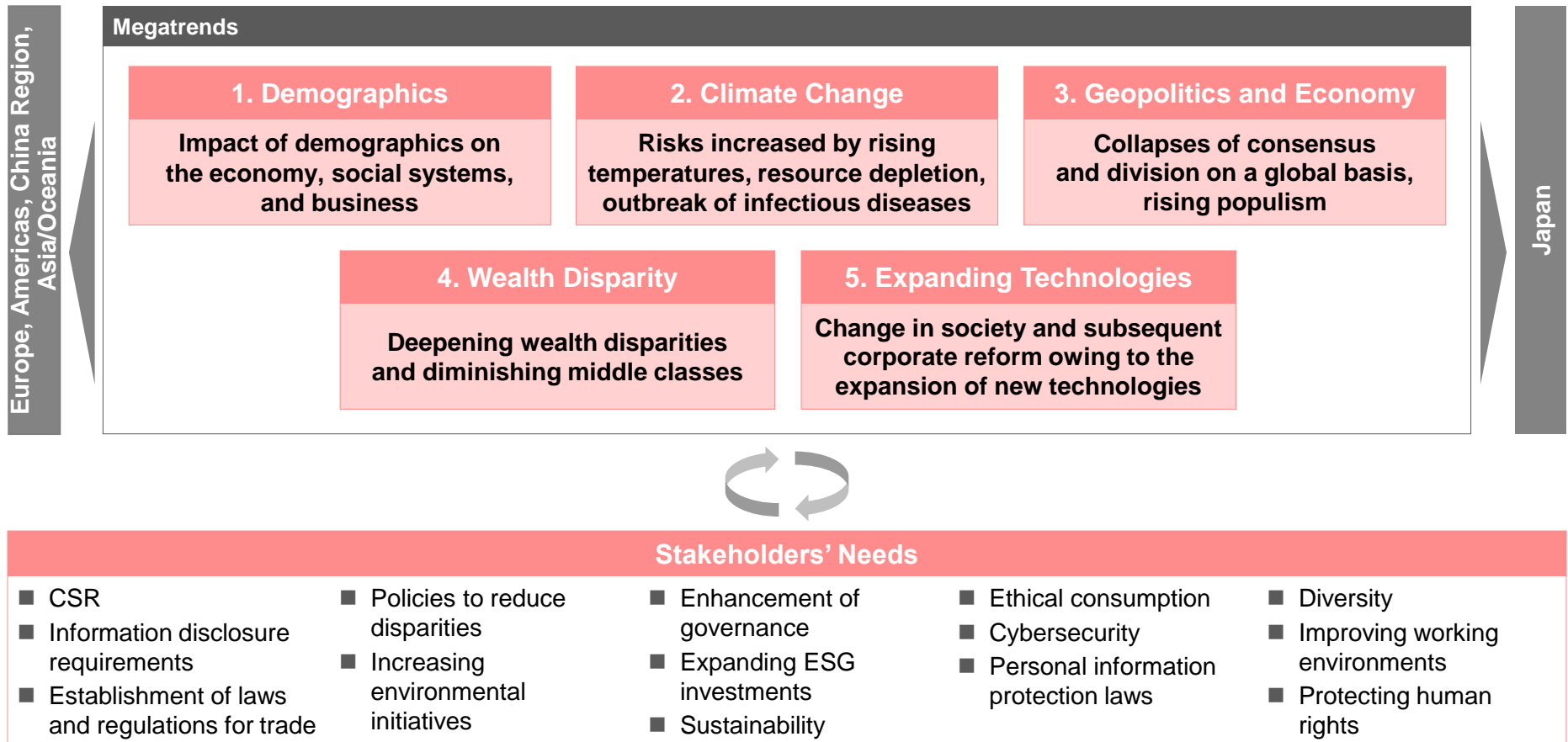
- We plan to release our medium- and long-term management direction together with the announcement of FY3/2022 financial results. Based on this direction, we will consider detailed initiatives to formulate the new Medium-term Management Plan in FY3/2023.





# Analysis of External Environment (Whole Picture of Megatrends)

- As the first step in the Management Plan formulation process, the megatrends to be a prerequisite for discussions have been analyzed.
- Focus will be placed on the following 5 megatrends as they are “major events” that are considered to have a significant impact on companies in the medium- to long-term, and from this the needs of stakeholders originating from these megatrends will be ascertained.



# Our Efforts Toward Sustainability

- MHC, in the interests of being a company that contributes to a sustainable and prosperous society, established the “Sustainability Committee” in April 2021 as an advisory to the Executive Committee for the purpose of leading and promoting management that is mindful of sustainability.

## Overview of and Efforts by the Sustainability Committee

- At the First Meeting of the Sustainability Committee held in May 2021, the latest trends in sustainability, the future steps in sustainability promotion, and the efforts relating to sustainability made by both former companies were shared, thus the understanding of the issues were deepened.
- At the Second Meeting of the Sustainability Committee held in October 2021, efforts to make a foundation for the promotion of company-wide sustainability were made, for example by proceeding with discussions on identifying material issues, in preparation for the formulation of the new Medium-term Management Plan.

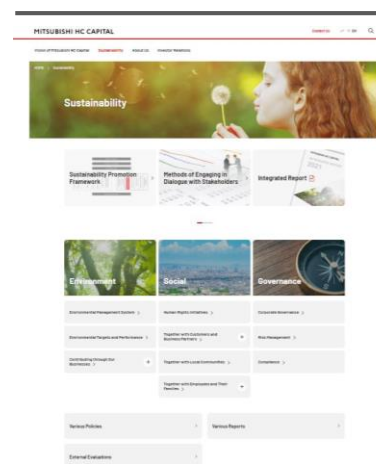
## Support for the TCFD (Task Force on Climate-Related Financial Disclosure) Recommendations

- MHC declared its support for the recommendations of the Task Force on Climate-Related Financial Disclosure. MHC strives to help resolve the gamut of issues facing society, including climate change. Therefore, in conjunction with going deeper in our efforts, MHC will continue working more exhaustively toward fulfilling our communication and disclosure obligations in line with the TCFD framework, so that we can communicate with all of our stakeholders more clearly.

## Website on MHC’s Sustainability Initiatives

- We launched a new page for the appropriate and timely disclosure of MHC’s sustainability-related initiatives on the MHC corporate website.  
(<https://www.mitsubishi-hc-capital.com/english/sustainability/index.html>)

## Our sustainability website



## IV. Forecast for FY3/2022

# Forecast for FY3/2022

- The progress rate against the forecast for FY3/2022 (net income: 95.0 billion yen) was 63.7%, thanks to the business growth in Europe and the US and a steady promotion of asset turnover.
- While top-line growth is expected to remain strong thanks to business growth and continuous asset turnover, forecast for FY3/2022 remains unchanged because there is uncertainty in future external environment and possibility of the occurrence of credit costs in the Aviation business, etc.

(Billion Yen)		FY3/2021	FY3/2022 <sup>*1*2</sup>	YOY Change	YOY Change (%)
1	Net Income Attributable to Owners of the Parent	87.3 <sup>*4</sup>	95.0	+7.6	+8.8%
2	Dividend per Share	¥25.50 <sup>*5</sup>	¥26.00	+¥0.50	-
3	Payout Ratio	41.1% <sup>*5</sup>	39.3%	-1.8P	-
4	ROE	7.3% <sup>*4</sup>	8.0%	+0.7P	-
5	OHR <sup>*3</sup>	55.9% <sup>*4</sup>	55.9%	0.0P	-

\*1 Forecast as of November 12, 2021

\*2 The assumed foreign exchange rates are \$1=¥108, £1=¥150, €1=¥129

\*3 SG&A expenses divided by (gross profit + non-operating income/expenses), but SG&A expenses and non-operating income/expenses do not include credit costs

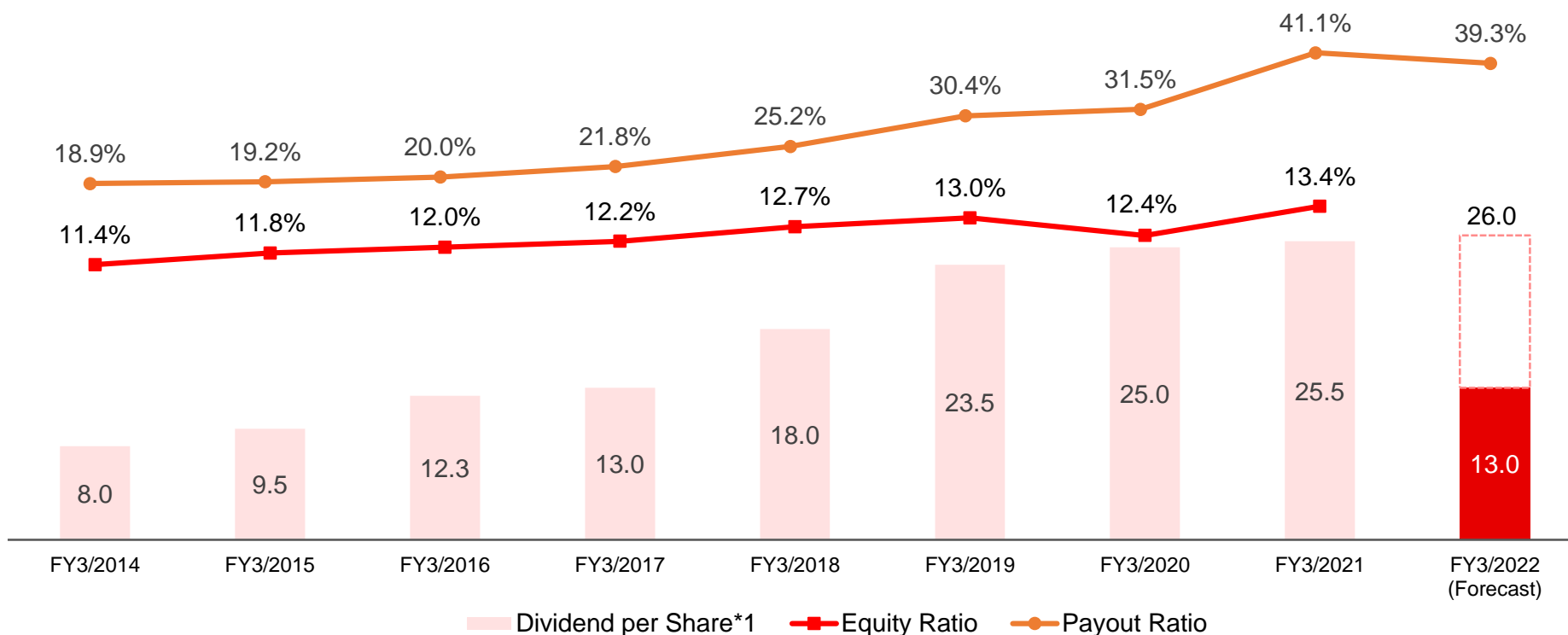
\*4 Calculated based on the results of MUL and HC in FY3/2021 (the figures are for reference because MUL used J-GAAP and HC used IFRS)

\*5 MUL results in FY3/2021

# Dividend Policy

- We will return profits to shareholders by distributing dividends and the dividend per share is estimated to be 26.00 yen, up 0.50 yen YOY. We plan to distribute the FY3/2022 interim dividend of 13.00 yen per share, up 0.25 yen YOY.

## Dividend History of MHC (MUL)



## [Reference] Dividend History of HC

	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
Dividend per Share (Yen)	48.0	60.0	84.0	86.0	86.0	46.0	150.0 <sup>*2</sup>	94.0

\*1 MUL results from FY3/2014 to FY3/2021

\*2 Includes special dividends (dividend of 40.0 yen per share) in FY3/2020

## V. Appendix

# New Reporting Segments

- From FY3/2022 1Q, based on the business organization of new company, the reporting segments of MUL and HC were integrated and reorganized.

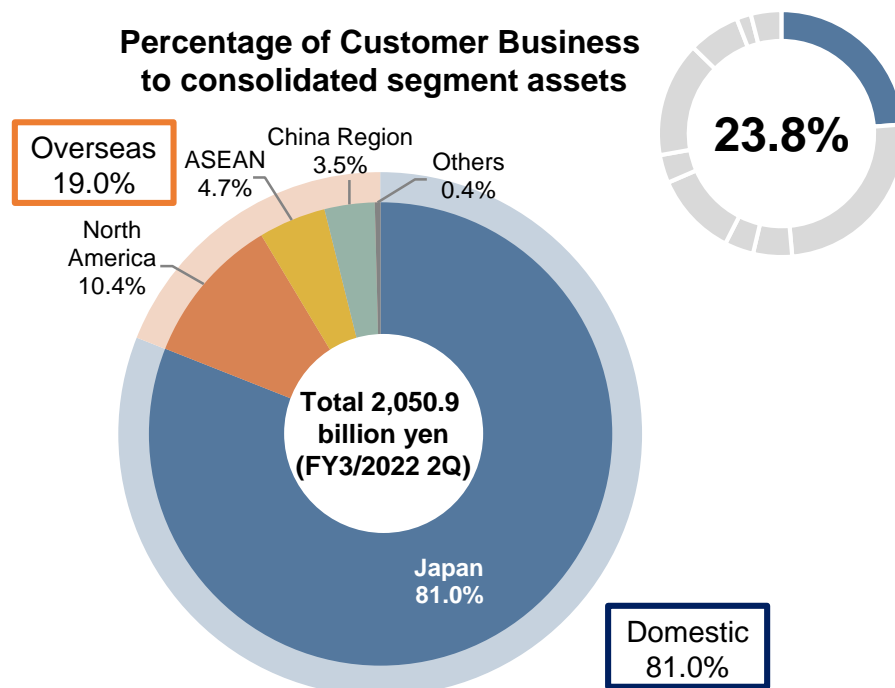
Previous Segments				Current Segments					
	Reporting Segments			Reporting Segments		Before		Segment Assets (Billion Yen)*	
								FY3/2021	FY3/2022 2Q
MUL	A	Customer Business		Customer Business		A		2,129.5	2,050.9
	B	Aviation		Account Solution		A C D E F		2,109.2	2,135.5
	C	Real Estate		Vendor Solution		B		434.4	436.8
	D	Logistics		LIFE		A		321.8	327.8
	E	Environment & Energy		Real Estate		C		955.6	944.6
	F	Healthcare		Environment & Renewable Energy		E A		322.4	320.7
	G	Infrastructure & Investment		Aviation		B		1,203.8	1,305.8
HC	A	Japan	Account Solution	Logistics		D		545.5	583.3
	B		Vendor Solution	Mobility		A C		161.1	165.0
	C	Europe		Others		F G A		355.7	342.6
	D	The Americas							
	E	China							
	F	ASEAN							

\* Definition of segment assets is explained in page 41

# Customer Business



## Breakdown of Segment Assets



Image



Image

## Business Outline

### Japan

- Provides leasing, financing, and other services such as rental with PCLCM<sup>\*1</sup> and trading of used equipment to the customer base composed of corporate customers of MUFG Bank.
- Operates collaborative businesses with major partners by providing “financing and asset value creation” functions taking advantage of value chain reforms of specific sectors.
- Provides asset finance targeting electronic devices and machine tools, etc.

### Overseas

- Provides leasing and financing for Japanese, local, and multi-national companies in the US, ASEAN and China region.
- Targeting assets are industrial machines, machine tools, construction machines, IT equipment and commercial vehicles. Recently strengthens decarbonization-related business such as facility of solar power generation.
- In the US, vendor financing for trucks/trailers, machine tools, construction equipment, etc. has also been provided through ENGS.

Major Companies (Abbreviations are shown in parentheses < >)	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/Domestic Branches	-	Leasing, etc.
DFL Lease	Consolidated	Leasing, etc.
Shutoken Leasing	Consolidated	Leasing, etc.
DRS	Consolidated	Rental and leasing, etc.
Mitsubishi HC Capital (U.S.A.)	Consolidated	Leasing, etc.
ENGs Commercial Finance <sup>*2</sup> <ENGs>	Consolidated	Vendor finance, etc.
Bangkok Mitsubishi HC Capital	Consolidated	Leasing, etc.
Mitsubishi HC Capital (Singapore)	Consolidated	Leasing, etc.
Mitsubishi HC Capital and Finance Indonesia	Consolidated	Leasing, etc.
Mitsubishi HC Capital (Shanghai)	Consolidated	Leasing, etc.
Mitsubishi UFJ Lease & Finance (Hong Kong)	Consolidated	Leasing, etc.

<sup>\*2</sup> An operating company of ENGs Holdings Inc.

<sup>\*1</sup> PCLCM: PC Life Cycle Management

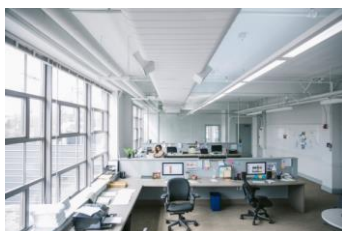
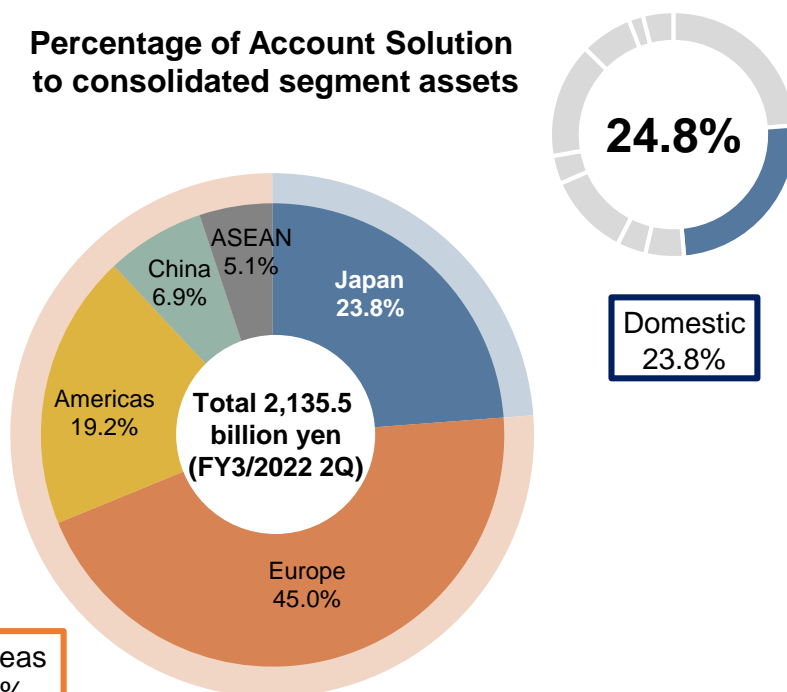


# Account Solution



## Breakdown of Segment Assets

### Percentage of Account Solution to consolidated segment assets



Image



Image

## Business Outline

### Japan

- Mainly provides sales finance through leasing, installment sales, etc. based on the strong partnership with the Hitachi group companies.
- Provides highly specialized services in specific domains including public sectors and semiconductor business.

### Europe

- Operates financing, auto leasing, and other businesses targeting consumers and corporate customers, mainly in the UK.

### Americas

- Provides finance services with a focus on sales finance targeting IT equipment, software, industrial machinery, healthcare equipment, commercial trucks, etc. in the US and Canada.

### China/ASEAN

- Integratedly operates China mainly Hong Kong. Through business expansion that leverages the strength of each company, provides sales finance targeting copy machines, automobiles, etc. and equipment leasing for local governments.
- Provides sales finance for industrial machinery and automotive finance in Singapore, Thailand, Malaysia, and Indonesia.

Major Companies	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ Hitachi Group Business Department	-	Leasing and financial business
Mitsubishi HC Capital/ Corporate Business Department	-	Leasing and financial business
Hitachi Capital (UK)	Consolidated	Leasing and financial business
Mitsubishi HC Capital America	Consolidated	Leasing and financial business
Mitsubishi HC Capital Canada Leasing	Consolidated	Leasing and financial business
Mitsubishi HC Capital (Hong Kong)	Consolidated	Leasing and financial business
Mitsubishi HC Capital Leasing (Beijing)	Consolidated	Leasing and financial business
Mitsubishi HC Capital Asia Pacific	Consolidated	Leasing and financial business
Mitsubishi HC Capital (Thailand)	Consolidated	Leasing and financial business
Mitsubishi HC Capital Malaysia	Consolidated	Leasing and financial business
Arthaasia Finance	Consolidated	Leasing and financial business

# Vendor Solution

## Focused Business Domains

Social  
Infrastructure  
& Life

Environment  
& Energy

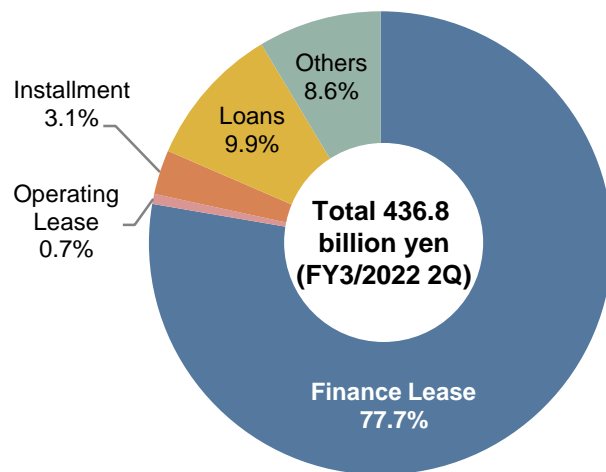
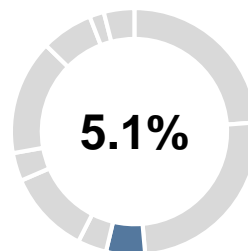
Sales Finance

Mobility

Global Assets

## Breakdown of Segment Assets

### Percentage of Vendor Solution to consolidated segment assets



Image



Image

## Business Outline

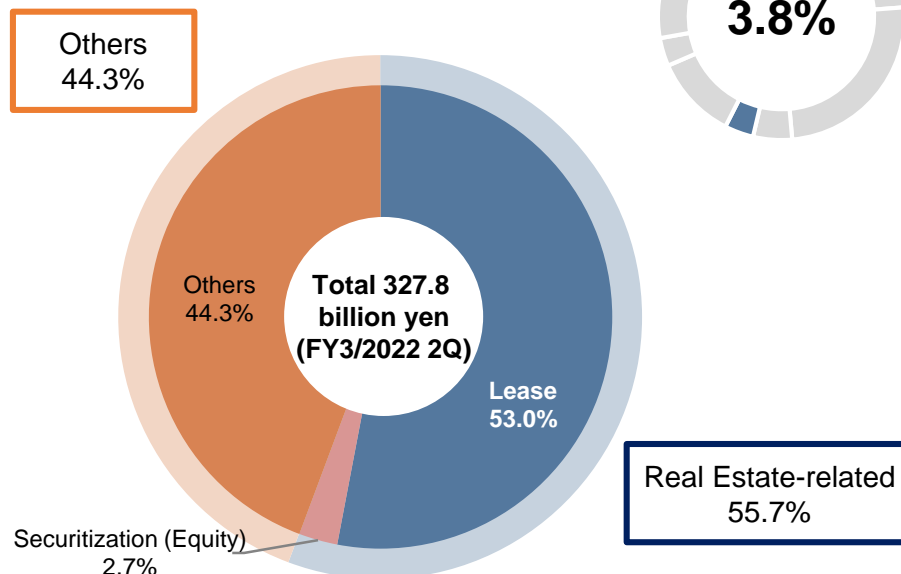
- Provides financing for information and communication equipment such as PCs and multifunction machines, agricultural machines and facilities, medical devices, etc. via vendors of various industries.
- Shows a strong presence in small-sized leasing markets leveraging relationships of trust and know-how that have been built or accumulated over approx. 20 years, asset size and abundant data.
- Promotes inside sales utilizing CTI\* to achieve improvement of both of productivity and vendor satisfaction.

Major Companies	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ Vendor Solution Business Department	-	Leasing
Mitsubishi HC Business Lease	Consolidated	Leasing

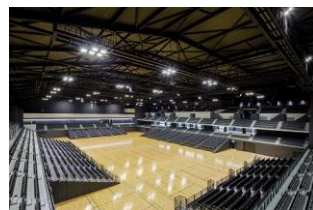
\* CTI: Computer Telephony Integration

## Breakdown of Segment Assets

### Percentage of LIFE to consolidated segment assets



Coconeri



Nikkan Arena Tochigi in Tochigi Sports Park East Area

## Business Outline

### Real Estate-related

- Operates building leasing focusing on logistics facilities.
- Promotes the development of next-generation logistics facilities by increasing the value of both land and building, introducing IoT\*1 and robotics, etc.

### Others

- Provides leasing and financing to corporate customers of logistics, commercial, food/drugs, and medical fields.
- “Community development and regional revitalization” such as PPP/PFI\*2 businesses and food/agricultural businesses. Promotes community development centering on cultural and educational facilities based on the wide-ranging network with local governments across the country and collaboration with partner companies.
- Provides “BPO\*3/risk solutions” such as BPO\*3 for HR, payroll and other operations, insurance agency business and non-life insurance business.
- Operates “DX\*4/new businesses” for building a revenue platform for the future.

Major Companies	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ LIFE Business Department	-	Leasing and financial business
Mitsubishi HC Capital Community	Consolidated	Real estate development/ management/leasing
HCD Properti Indonesia	Consolidated	Real estate leasing
MHC Triple Win	Consolidated	Outsourcing business, business relating to food, beverages and agriculture
Sekisui Leasing	Consolidated	Leasing and financial business
Capital Insurance	Consolidated	Non-life insurance
Hitachi Auto Service	Equity-method	Automobile-related businesses

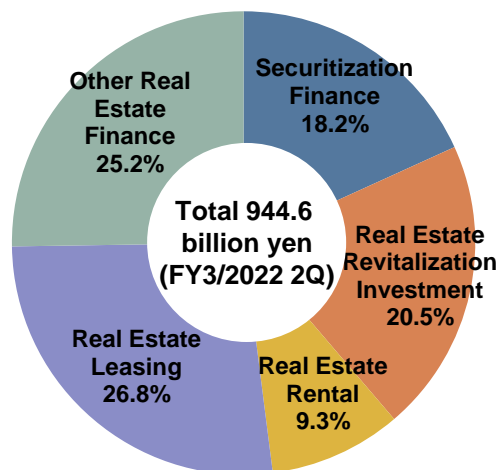
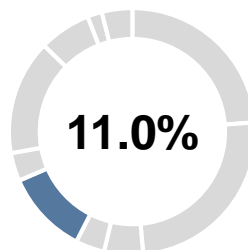
\*1 IoT: Internet of things  
 \*2 PPP/PFI: Public Private Partnership/Private Finance Initiative  
 \*3 BPO: Business Process Outsourcing  
 \*4 DX: Digital transformation

# Real Estate



## Breakdown of Segment Assets

Percentage of Real Estate to consolidated segment assets



Building image of  
〈Osaka Mitsubishi Building  
(tentative name)〉



Multi-tenant type logistics facility  
〈CPD Hirakata〉

## Business Outline

### Securitization Finance

- Invests and loans in office buildings, logistics facilities and residences through securitization scheme.

### Real Estate Revitalization Investment

- Through equipment updates, renewal of real estate and management improvement etc., increase the assets value.

### Real Estate Rental

- Operates real estate rental business centering on office buildings.

### Real Estate Leasing

- Operates real estate rental business centering on commercial buildings.

### Other Real Estate Finance

- Provides loans related to residences, etc.

### Real Estate Asset Management

- Manages private funds and private REITs and provides asset management services.

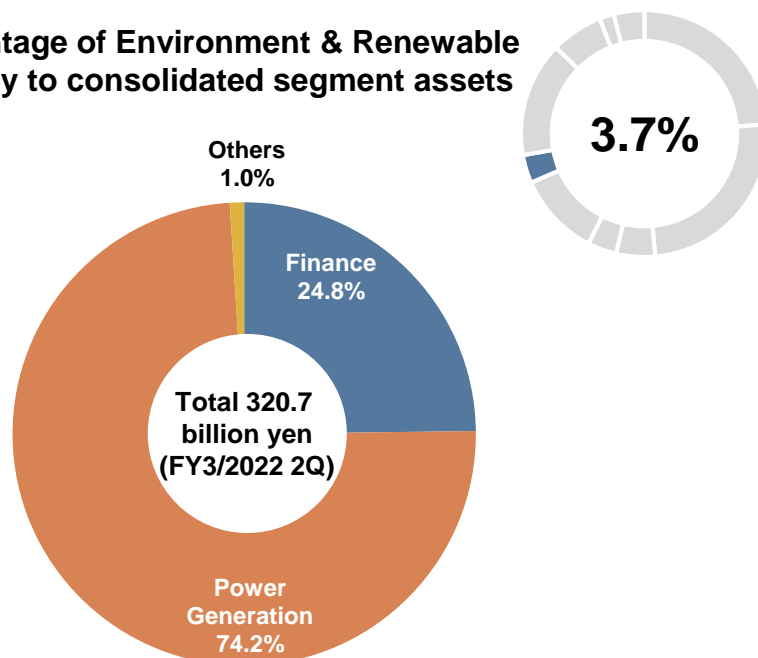
Major Companies (Abbreviations are Shown in Parentheses < >)	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ Real Estate Business Department	-	Securitization finance
Mitsubishi HC Capital Realty	Consolidated	Real estate revitalization investment
Mitsubishi HC Capital Property	Consolidated	Real estate leasing
Diamond Asset Finance	Consolidated	Real estate rental and other real estate finance
Miyuki Building	Consolidated	Real estate rental
Mitsubishi HC Capital Realty (U.S.A.)	Consolidated	Overseas securitization finance
Mitsubishi HC Capital Realty Advisors	Consolidated	Asset management services
Center Point Development <CPD>	Equity-method	Asset management services for logistics real estate

# Environment & Renewable Energy



## Breakdown of Segment Assets

### Percentage of Environment & Renewable Energy to consolidated segment assets



Mega solar power plant in Namie town, Yatsuda district



Image

## Business Outline

### Finance

- Widely provides project finance, etc. for various renewable energy power generation businesses.

### Power Generation

- Works on development and management of renewable energy power generation businesses, mainly using solar light and wind power. And participates projects through equity investments.
- Operates solar PPA\*1 businesses in Japan and overseas. There are 24 solar power generation systems that have been installed based on a PPA\*1 in Japan and overseas as of the end of September 2021. MHC aims to install the systems at approx. 100 places in the next few years.

### Others

- Participates demonstration of VPP\*2 business, etc. as a next-generation energy management system.
- Acquires license of electricity retail with an eye on expansion of non-FIT business

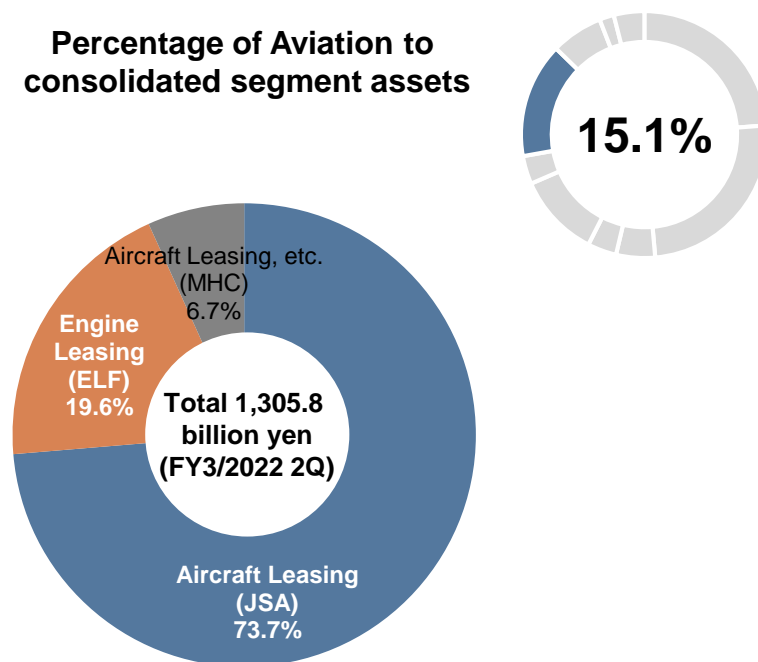
Major Companies	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/Environment & Energy Business Department	-	Renewable energy business
Mitsubishi HC Capital/Renewable Energy Business Department	-	Renewable energy business
MUL Energy Investment	Consolidated	Operation and asset management of renewable energy business
HGE	Consolidated	Power generation from renewable energy
HWP	Consolidated	Power generation from renewable energy
HSE	Consolidated	Power generation from renewable energy
MHC Utility Innovation	Unconsolidated	Development of energy-related businesses

\*1 PPA: Power Purchase Agreement

\*2 VPP: Virtual Power Plant

## Breakdown of Segment Assets

### Percentage of Aviation to consolidated segment assets



Image



Image

## Business Outline

### Aircraft Leasing (JSA)

- Operates businesses targeting airlines all over the world through JSA, a US aircraft leasing company.
- Sales & leaseback\*1 of new aircraft is the main type of deals.
- The aircraft mainly held is narrow-body one with high liquidity. JSA's portfolio management focuses on the relatively new aircraft and long term and stable cash-flow (long leasing period), in order to maintain the liquidity of the aircraft being held.

### Engine Leasing (ELF)

- Operates leasing of spare engines globally via ELF, an aircraft engine leasing company in Ireland.
- Operates aircraft engine part-out business via ELF's subsidiaries.

### Aircraft Leasing, etc. (MHC)

- Operates JOLCO\*2.

Major Companies (Abbreviations are Shown in Parentheses < >)	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ Aviation Business Department	-	Japanese Operating Lease with call option, etc.
Jackson Square Aviation <JSA>	Consolidated	Aircraft leasing
Engine Lease Finance <ELF>	Consolidated	Aircraft engine leasing, part-out

\*1 Purchase aircraft from an airline company (customer) and lease it back to the customer.

\*2 JOLCO: Japanese Operating Lease with call option



# Logistics

## Focused Business Domains

Social  
Infrastructure  
& Life

Environment  
& Energy

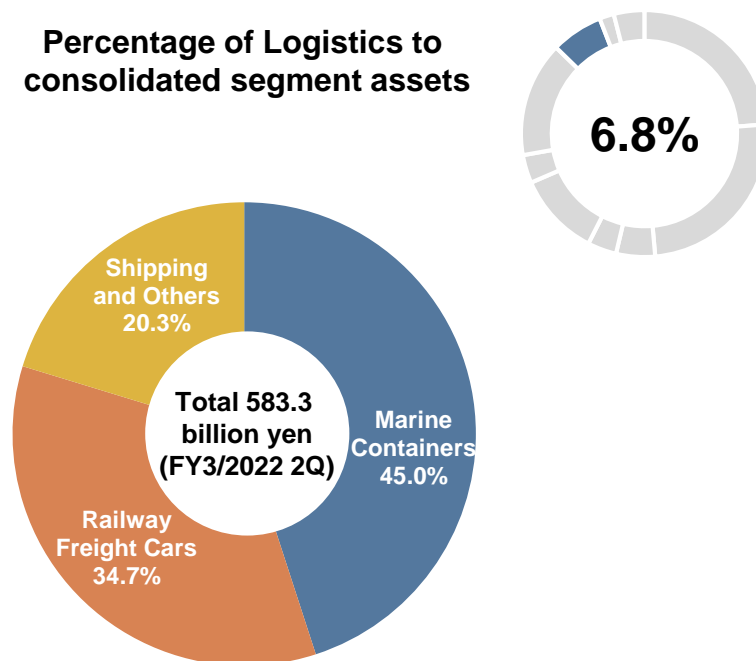
Sales Finance

Mobility

Global Assets

## Breakdown of Segment Assets

### Percentage of Logistics to consolidated segment assets



Image



Image

## Business Outline

### Marine Containers

- Operates businesses via Beacon Intermodal Leasing (BIL), a US marine container company.
- While BIL is the newest company among major ones in the industry (established in 2008), they are the 5th largest in the world in terms of the number of containers held (TEU\* basis).

### Railway Freight Cars

- Formed a business alliance with The Greenbrier Companies (GBX), a major railway freight car company in the US, in 2014, and launched the freight car business in North America.
- Strengthened the collaborative relationship in 2017 to promote the expansion of the business.

### Shipping and Others

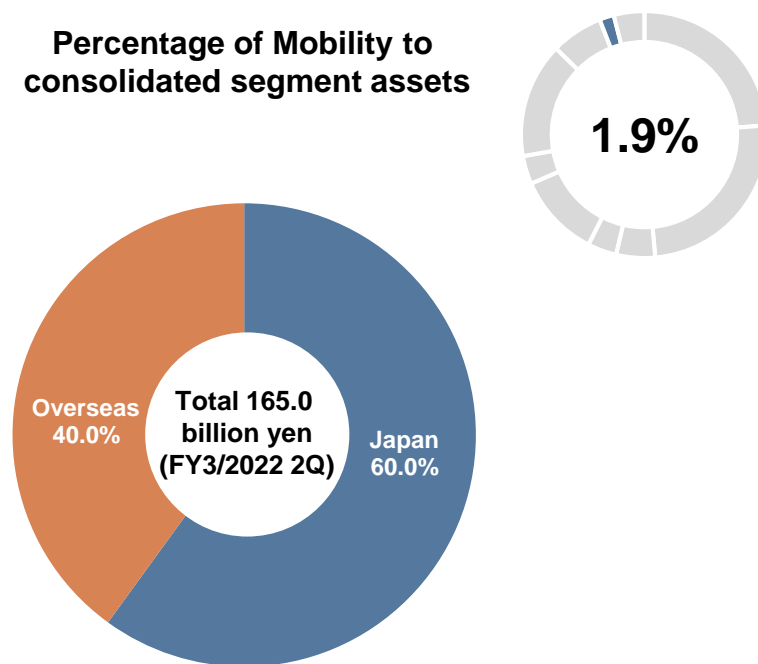
- Provides ship finance.
- Provides mobility services centering on automobile leasing.

Major Companies (Abbreviations are Shown in Parentheses < >)	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ Logistics Business Department	-	Ship finance
Beacon Intermodal Leasing <BIL>	Consolidated	Marine container leasing
MUL Railcars <MULR>	Consolidated	Railcar leasing
Takari Kokoh Sejahtera	Consolidated	Auto leasing, etc.
Mitsubishi Auto Leasing	Equity-method	Auto leasing

\* TEU: Twenty Feet Equivalent Unit (measure to a 20 feet container)

## Breakdown of Segment Assets

### Percentage of Mobility to consolidated segment assets



Indoor exhibition hall  
in MHC Mobility [Netherlands]



Image

## Business Outline

### Japan

- Having a strong customer base composed of Hitachi Group companies and major retailers, operates an auto leasing business through cooperation with partner companies.
- The only one company in the industry, which holds factories to convert cars to welfare vehicles. Optimizes welfare vehicles depending on the usage environment and purpose.

### Overseas

- In the European continent, MHC operates businesses focusing on operating leasing, mainly full service lease of passenger cars and commercial vehicles for corporate customers.
- Operates MaaS\*1 which efficiently provides a wide-ranging means of transportation, such as car sharing and public transportation, from the perspective of supporting decarbonization of customers.
- Supports customers' transition to EV\*2 in the backdrop of the strengthening of environmental regulations in the European continent.

Major Companies	Classification of Consolidation	Main Business
Mitsubishi HC Capital/Mobility Solution Business Department	-	Auto leasing
Mitsubishi HC Capital Auto Leasing	Consolidated	Auto leasing
MHC Mobility [Poland] *3	Consolidated	Auto leasing
MHC Mobility Holding	Consolidated	Financial holding company
MHC Mobility [Netherlands] *3	Consolidated	Auto leasing
MHC Mobility [Germany] *3	Consolidated	Auto leasing and rental
MHC Mobility [Austria] *3	Consolidated	Auto leasing and rental

\*1 MaaS: Mobility as a Service

\*2 EV: Electric Vehicle

\*3 Location



# Others

## Breakdown of Segment Assets

Percentage of others to consolidated segment assets

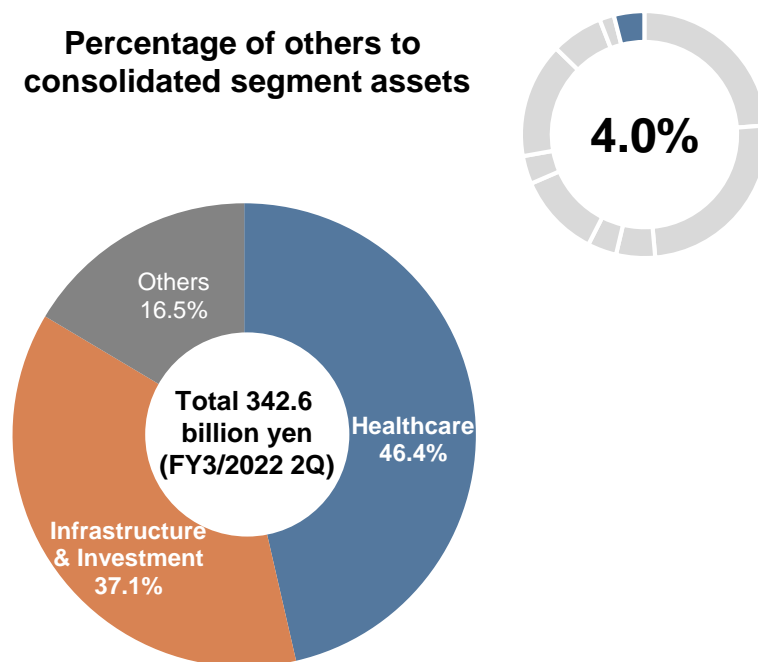


Image Submarine power transmission in Germany

\* PPP/PFI: Public Private Partnership/Private Finance Initiative

## Focused Business Domains

Social  
Infrastructure  
& Life

Environment  
& Energy

Sales Finance

Mobility

Global Assets

## Business Outline

### Healthcare

- Provides equipment leasing for medical institutions and nursing facilities, buying and selling medical equipment and factoring for medical fee receivables.
- Manages an investment fund that supports the management of medical and nursing facilities.
- Provides consulting services for medical institutions.

### Infrastructure & Investment

- Participates overseas infrastructure businesses (providing investments and loans).
- Domestic public infrastructure business sponsored by private sector via PPP/PFI\* (investments, loans and providing management of business company).
- Provides buyout finance and investment involving M&As and invests in bad debt, etc.

### Others

- Payment services, credit collection, stocking and selling used products and trust business etc.

Major Companies (Abbreviations are Shown in Parentheses < >)	Consolidated/ Equity-method	Main Business
Mitsubishi HC Capital/ Healthcare Business Department	-	Medical equipment leasing and medical fee factoring
Japan Medical Lease	Consolidated	Medical equipment and real estate leasing
MUL Healthcare	Consolidated	Support service for installment of medical equipment and Medical institution consulting
Healthcare Management Partners	Consolidated	Management of fund to support management specializing in the medical and long-term care fields
Mitsubishi HC Capital/ Infrastructure Business Department	-	Infrastructure business, PFI business
Mitsubishi HC Capital/ Investment Business Department	-	Corporate investment
Japan Infrastructure Initiative <JII>	Consolidated	Infrastructure investment and loan
Mitsubishi HC Capital/Business & Strategic Planning Division	-	Business planning, settlement services, etc.
Mitsubishi HC Capital Servicer	Consolidated	Credit management and collection
MHC Reuse Services	Consolidated	Purchase and sale of used goods
Mitsubishi HC Capital Trust	Consolidated	Trust business

# Impact of Definitional Changes on Results from FY3/2022

■ From FY3/2022, we have changed the definitions and accounting methods as follows, and made retroactive adjustments on some items.

Items Changed (Former Name)		Applied Company	Retroactive Adjustment	Details of Definitional Changes
1	Segment Assets (Divisional Assets)	MHC	N/A	Divisional Assets: “Operating assets” + “equity-method investments” Segment Assets: “Operating assets” + “equity-method investments” + “goodwill” + “investment securities, etc.”
2	New Transactions Volume (Volume of Business)	HC	Applied	Before: In HC, all contract amounts were posted as “volume of business” After: Posting only the principals out of contract amounts as “new transactions volume”
3	Posting of Re-leasing Sales	MUL		Before: Lump-sum recognition of sales → After: Split recognition of sales
4	Handling of Lease Finance			Before: Handle as finance for the accounting purpose → After: Handle as leasing and make adjustment for taxable income
5	Posting of Corporate Bond Issuance Expense			Before: Lump-sum posting at issuance timing → After: Split posting over redemption period
6	Calculation Method of Output Based on the Equity Ownership in the Environment and Renewable Energy Segment	MHC	Applied	Before: MUL output = regardless of the scope of consolidated accounting of investee companies, output is divided on a pro rata basis according to the equity ownership HC output = output according to the scope of consolidated accounting of investee companies 1. Consolidated subsidiaries: count 100% output 2. Equity-method affiliates: divide on a pro rata basis according to the equity ownership 3. Other investee companies: no output is counted After: Regardless of the scope of consolidated accounting of investee companies, total output is divided on a pro rata basis according to the equity ownership.

## Impact of Retroactive Adjustment in FY3/2021 2Q

(Million Yen)	Item	Applied Company	FY3/2021 2Q		Impact of Adjustment
			Before Adjustment	After Adjustment	
New Transactions Volume (Volume of Business) ※For Item "2" in the table above	Total	HC	(Volume of business) 798,832	(New transactions volume) 548,442	-250,390
PL Items ※For Items 3, 4, 5 in the table above	Revenues	MUL	428,186	454,604	+26,417
	Gross Profit		80,600	80,850	+250
	Recurring Income		33,182	33,632	+450
	Net Income		24,271	24,586	+314
BS Items ※For Items 3, 4, 5 in the table above	Total Equity	MUL	821,233*	817,906*	-3,327
	Total Assets		6,009,831*	6,014,896*	+5,065
Output Based on the Equity Ownership ※For Item "6" in the table above	Total Output	MHC	1,206MW*	1,136MW*	-69MW
	Wind Power		298MW*	228MW*	-69MW

\* FY3/2021

# Segment Profit (by Quarter)

(Billion Yen)		(a)	(b)	(c)	(d)	(e)=(d)-(c)	(f)=(d)-(b)
		FY3/2021 1Q	FY3/2021 2Q	FY3/2022 1Q	FY3/2022 2Q	QOQ	YOY
1	Customer Business	4.0	5.7	22.6	5.0	-17.6	-0.7
2	Account Solution	3.4	5.1	6.8	6.5	-0.3	+1.4
3	Vendor Solution	1.0	1.1	0.9	0.8	0.0	-0.3
4	LIFE	0.8	0.6	1.1	1.0	0.0	+0.3
5	Real Estate	9.1	5.4	2.7	4.3	+1.6	-1.0
6	Environment & Renewable Energy	2.1	1.4	1.4	1.7	+0.2	+0.3
7	Aviation	3.1	0.0	-2.4	6.6	+9.1	+6.5
8	Logistics	0.0	0.3	0.6	1.4	+0.8	+1.1
9	Mobility	0.2	0.3	0.5	0.4	-0.1	+0.1
10	Others	-0.1	0.0	-0.2	-0.6	-0.4	-0.7
11	Adjustments	-3.2	-4.1	-1.5	0.1	+1.6	+4.3
12	Total Segment Profit	20.6	16.2	32.7	27.7	-4.9	+11.4

# New Transactions Volume by Segment

(Billion Yen)		FY3/2021 2Q*	FY3/2022 2Q	YOY Change	YOY Change(%)
1	Customer Business	279.2	260.1	-19.1	-6.8%
2	Account Solution	374.9	513.7	+138.7	+37.0%
3	Vendor Solution	63.9	70.6	+6.6	+10.4%
4	LIFE	83.1	72.3	-10.7	-13.0%
5	Real Estate	74.2	53.2	-20.9	-28.2%
6	Environment & Renewable Energy	28.2	17.2	-10.9	-38.7%
7	Aviation	67.2	68.5	+1.2	+1.8%
8	Logistics	38.2	37.9	-0.2	-0.7%
9	Mobility	20.9	24.9	+4.0	+19.1%
10	Others	22.0	28.3	+6.3	+28.9%
11	Total New Transactions Volume	1,052.2	1,147.2	+95.0	+9.0%

\* Figures for the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, which are presented as reference value.(refer to page 41 for details)

# Credit Costs by Segment

(Billion Yen)		FY3/2021 2Q*	FY3/2022 2Q	YOY Change
1	Customer Business	1.7	1.6	-0.1
2	Account Solution	5.8	5.4	-0.3
3	Vendor Solution	0.0	0.1	+0.1
4	LIFE	0.0	0.0	0.0
5	Real Estate	0.0	0.0	0.0
6	Environment & Renewable Energy	0.0	0.0	0.0
7	Aviation	3.3	5.8	+2.4
8	Logistics	-0.1	-0.1	0.0
9	Mobility	0.0	0.0	0.0
10	Others	0.1	0.6	+0.5
11	Total Credit Costs	11.1	13.6	+2.4

\* Figures for the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, which are presented as reference value.

# Financial Performance: Profit & Loss Statement

(Million Yen)		FY3/2021 2Q			FY3/2022 2Q
		MUL <sup>*1</sup> (a)	HC <sup>*2</sup> (b)	MHC <sup>*3</sup> (a+b)	MHC
1	Revenues	454,604	372,459	827,064	833,358
		-	-	-	+0.8%
2	Cost of Revenues	373,753	308,754	682,508	672,183
		-	-	-	-1.5%
3	Financial Expenses	32,889	15,630	48,519	37,717
		-	-	-	-22.3%
4	Gross Profit	80,850	63,705	144,556	161,175
		-	-	-	+11.5%
5	SG&A Expenses	48,650	49,113	97,764	103,024
		-	-	-	+5.4%
6	Personnel Expenses	20,506	25,008	45,515	47,914
		-	-	-	+5.3%
7	Non-personnel Expenses	22,773	17,616	40,389	40,655
		-	-	-	+0.7%
8	Allowance	5,371	6,488	11,859	14,453
		-	-	-	+21.9%
9	Operating Income	32,199	14,592	46,791	58,151
		-	-	-	+24.3%
10	Recurring Income	33,632	16,753	50,386	59,089
		-	-	-	+17.3%
11	Extraordinary Income	4,918	671	5,590	27,274
		-	-	-	+387.9%
12	Extraordinary Loss	-	7	7	229
		-	-	-	+2,989.7%
13	Quarterly Net Income Attributable to Owners of the Parent	24,586	12,318	36,905	60,482
		-	-	-	+63.9%

(Note) Percentage figures (%) in the lower column are YOY (results in FY3/2022 2Q are vs. those of MHC (a+b) in FY3/2021 2Q)

\*1 Retroactively adjusted figures along with the change of the accounting method (refer to page 41 for details)

\*2 Figures for IFRS basis converted into J-GAAP basis in a simplified manner, which are presented as reference value

\*3 Simple sums

# Financial Performance: Balance Sheet, etc.

(Million Yen)		FY3/2021			FY3/2022 2Q <sup>*1</sup>
		MUL <sup>*2</sup> (a)	HC <sup>*3</sup> (b)	MHC <sup>*4</sup> (a+b)	MHC
1	Cash and Cash Equivalents	294,241 -36.9%	302,899 -	597,140 -	405,912 -32.0%
2	Total Equity	817,906 +2.8%	432,309 -	1,250,216 -	1,252,420 +0.2%
3	Total Assets	6,014,896 -4.4%	3,708,949 -	9,723,846 -	9,459,998 -2.7%
4	Segment Assets	5,336,681 -2.8%	3,268,195 -	8,604,876 -	8,623,977 +0.2%
5	Operating Assets	5,067,292 -3.5%	3,192,331 -	8,259,624 -	8,376,436 +1.4%
6	Equity-Method Investments	116,078 +29.0%	24,213 -	140,291 -	127,280 -9.3%
7	Goodwill, investment securities, etc.	153,309 +0.4%	51,650 -	204,960 -	120,260 -41.3%
8	Impaired Assets	39,269 +59.0%	56,274 -	95,543 -	96,037 +0.5%
9	Allowance	22,501 +62.7%	35,564 -	58,066 -	64,414 +10.9%
10	Net Balance of Impaired Assets	16,767 +54.4%	20,709 -	37,476 -	31,622 -15.6%
11	Equity Ratio	13.4% +1.1P	11.2% -	12.5% -	13.0% +0.5P
12	ROE	7.0% -	- -	- -	10.1% <sup>*5</sup> -
13	ROA (Net Income Attributable to Owners of the Parent on Total Assets )	0.9% -	- -	- -	1.3% <sup>*5</sup> -

(Note) Percentage figures (%) in the lower column are vs. end of FY3/2021. (results as of the end of September 2021 are vs. those of MHC (a+b) as of the end of March 2021)

\*1 Adjustments were made upon the business integration, such as the evaluation of HC's assets and liabilities at market value and acquisition of MUL shares held by HC

\*2 Retroactively adjusted figures along with the change of the accounting method (refer to page 41 for details)

\*3 Figures for IFRS basis converted into J-GAAP basis in a simplified manner, which are presented as reference value

\*4 Simple sums

\*5 ROE and ROA is calculated using annualized net income for FY3/2022 2Q

# Financial Performance: Balance Sheet, etc. (Cont'd)

(Million Yen)		FY3/2021			FY3/2022 2Q**
		MUL*2 (a)	HC*3 (b)	MHC*4 (a+b)	MHC
14	Total Funding	4,634,956	2,992,698	7,627,655	7,417,171
		-6.0%	-	-	-2.8%
15	Indirect Funding	2,870,347	1,317,399	4,187,747	4,077,770
		+0.2%	-	-	-2.6%
16	Direct Funding	1,764,608	1,675,299	3,439,908	3,339,400
		-14.6%	-	-	-2.9%
17	CP	434,171	209,641	643,812	655,788
		-43.0%	-	-	+1.9%
18	Securitization	106,230	478,334	584,565	534,792
		-21.8%	-	-	-8.5%
19	Corporate Bonds	1,224,206	987,323	2,211,530	2,148,819
		+4.7%	-	-	-2.8%
20	Direct Funding Ratio	38.1%	56.0%	45.1%	45.0%
		-	-	-	-0.1P
21	Long Term Funding Ratio	70.9%	60.7%	66.9%	67.4%
		-	-	-	+0.5P
22	Foreign Currency Funding Ratio	40.5%	47.1%	43.1%	44.3%
		-	-	-	+1.2P

(Note) Percentage figures (%) in the lower column are vs. end of FY3/2021. (results as of the end of September 2021 are vs. those of MHC (a+b) as of the end of March 2021)

\*1 Adjustments were made upon the business integration, such as the evaluation of HC's assets and liabilities at market value and acquisition of MUL shares held by HC

\*3 Figures for IFRS basis converted into J-GAAP basis in a simplified manner, which are presented as reference value

\*2 Retroactively adjusted figures along with the change of the accounting method (refer to page 41 for details)

\*4 Simple sums

## Exchange Rate Applied to Financial Results of Major Overseas Subsidiaries\*5

		Major Overseas MUL Subsidiaries		Major Overseas HC Subsidiaries			
		FY3/2021 2Q	FY3/2022 2Q	FY3/2021 2Q		FY3/2022 2Q	
23	Exchange Rate Applied to PL	1\$=JPY108.27	1\$=JPY107.69	1£=JPY135.38	1\$=JPY106.92	1£=JPY152.50	1\$=JPY109.80
24	Exchange Rate Applied to BS	1\$=JPY103.50*6	1\$=JPY110.58	1£=JPY152.23*6	1\$=JPY110.71*6	1£=JPY150.43	1\$=JPY111.92

\*5 Major overseas MUL subsidiaries: Average rates during Jan. through Jun. applied to PL.

Exchange rate as of end-Dec. 2020 is applied to FY3/2021 BS and as of end-Jun. is applied to FY3/2021 2Q BS and FY3/2022 2Q BS

\*6 FY3/2021

Major HC overseas subsidiaries: Average rates during Apr. through Sep. applied to PL.

Exchange rate as of end-Mar. 2021 is applied to FY3/2021 BS and as of end-Sep. is applied to FY3/2021 2Q BS and FY3/2022 2Q BS



# Inquiries

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