

Financial Results

for the 1st Quarter of Fiscal Year Ending March 31, 2023

Mitsubishi HC Capital Inc.

August 10, 2022

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Highlights

Gross profit increased YOY thanks to the business growth of the subsidiaries in Europe and the U.S., profit contribution from CAI, and other factors.

- Gross profit for 1Q FYE3/2023 increased by 21.9 billion yen (30.8%) YOY to 93.2 billion yen thanks to the business growth mainly of the subsidiaries in Europe and the U.S. in Global Business segment, profit contribution from CAI, a U.S. marine container leasing company that became our wholly-owned subsidiary in November 2021, an increase in gain on sales related to real estate, and other factors.

Net income was almost on par with that for 1Q FYE3/2022, despite the absence of large profits on the sale of strategic shareholdings

- Net income for 1Q FYE3/2023 decreased 1.1 billion yen YOY to 32.0 billion yen, which is almost on par with that for 1Q FYE3/2022, despite the absence of large profits on the sale of strategic shareholdings (pre-tax basis: 26.7 billion yen), which were recorded in 1Q FYE3/2022.
- Net income has been almost in line with the plan, against the net income forecast for FYE3/2023 of 110.0 billion yen (progress: 29.1%).

I. Financial Results for 1Q FYE3/2023

Financial Results for 1Q FYE3/2023

- The cumulative gross profit for 1Q FYE3/2023 increased by 21.9 billion yen, or 30.8% YOY to 93.2 billion yen, thanks to the business growth mainly of the subsidiaries in Europe and the U.S. in the Global Business segment, profit contribution from a U.S. marine container leasing company CAI, etc.
- Quarterly net income attributable to owners of the parent was 32.0 billion yen, which is almost on par with 1Q FYE3/2022, despite the absence of large profits on the sale of strategic shareholdings (pre-tax basis: 26.7 billion yen), which were recorded in 1Q FYE3/2022. The progress against the forecast for FYE3/2023 (net income: 110.0 billion yen) was 29.1%.

(Billion Yen)	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(c)/(a)
	1Q FYE3/2022	1Q FYE3/2023	YOY Change	Exchange Rates Effects ^{*5}	YOY Change (%)
1 Revenues	407.7	460.3	+52.6	+10.0	+12.9%
2 Gross Profit	71.3	93.2	+21.9	+4.0	+30.8%
3 Operating Income	20.7	40.4	+19.7	+1.6	+95.2%
4 Recurring Income	20.6	41.9	+21.3	+1.3	+103.3%
5 Net Income^{*1}	33.1 ^{*6}	32.0	-1.1	+1.0	-3.4%
6 New Transactions Volume	572.8	609.2	+36.3	+32.2	+6.3%
7 Segment Assets^{*2}	9,345.3 ^{*7}	9,604.1	+258.7 ^{*8}	+300.2	+2.8% ^{*8}
8 ROA^{*3}	1.4% ^{*9}	1.2% ^{*10}	-0.2pt		
9 ROE^{*3}	11.2% ^{*9}	9.4% ^{*10}	-1.8pt		
10 OHR^{*4}	63.3%	50.4%	-12.9pt		

*1 Quarterly net income attributable to owners of the parent

*2 "Operating assets" + "equity method investments" + "goodwill" + "investment securities, etc."

*3 Based on net income

*4 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

*5 Effects of changes in exchange rates to be applied when incorporating results of overseas subsidiaries (refer to page 28 for details)

*6 Figures retroactively adjusted in 1Q FYE3/2023 (refer to page 22 for details)

*7 FYE3/2022

*8 Change vs. end of FYE3/2022

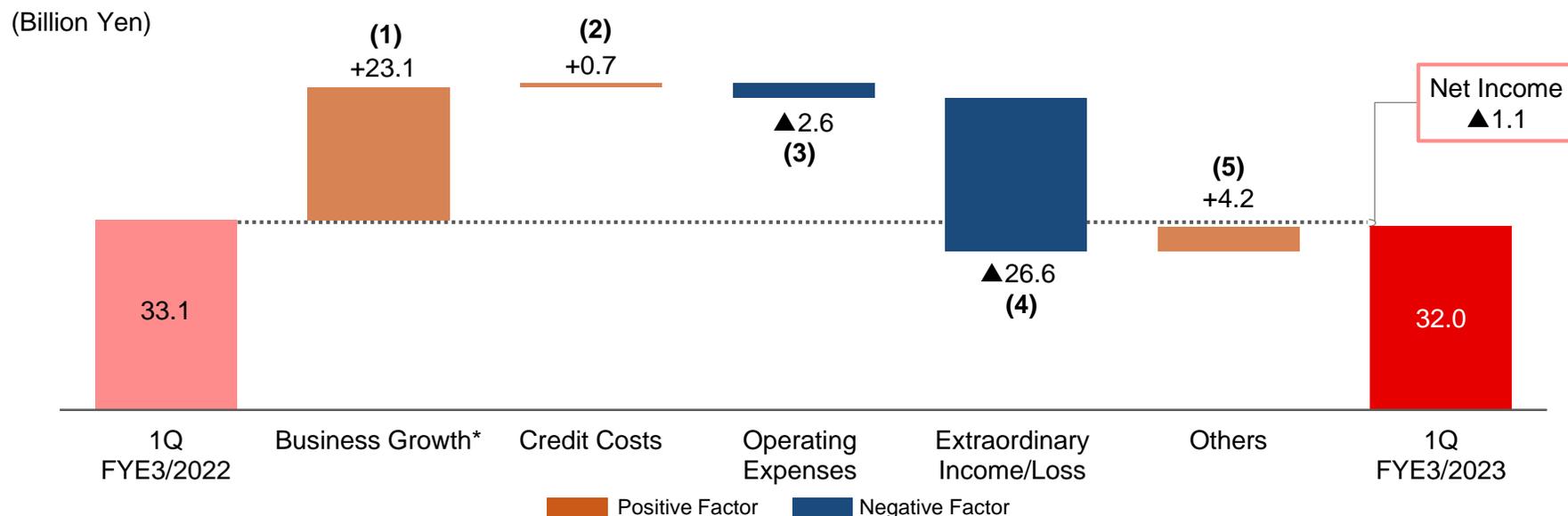
*9 Numerator: Annualized net income by quadrupling the quarterly net income for 1Q FYE3/2022, retroactively adjusted in 1Q FYE3/2023

Denominator: Average of retroactively adjusted 1Q FYE3/2022 equity or total assets and FYE3/2021 equity or total assets (calculated by adding IFRS-based figures of Hitachi Capital (HC) to those of Mitsubishi UFJ Lease & Finance (MUL) in a simplified manner under J-GAAP as reference figures, then making adjustments upon the integration)

*10 Numerator: Annualized net income by quadrupling the quarterly net income for 1Q FYE3/2023

Denominator: Average of FYE3/2022 and 1Q FYE3/2023 equity or of FYE3/2022 and 1Q FYE3/2023 total assets

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



(Billion Yen)	1Q FYE3/2022	1Q FYE3/2023	Major Factors for Changes
(1) Business Growth*	70.6	93.7	■ Increased YOY thanks to the business growth mainly of the subsidiaries in Europe and the U.S. in the Global Business segment, the profit contribution from CAI, a U.S. marine container leasing company that became our wholly-owned subsidiary in November 2021, etc.
(2) Credit Costs	5.3	4.5	■ Decreased YOY because the credit costs for the Aviation and the Global Business segments decreased, while the credit costs for a certain project in Real Estate segment were posted.
(3) Operating Expenses	44.6	47.2	■ Increased YOY because of an increase in expenses associated with the promotion of business activities primarily in overseas offices, consolidation of CAI, etc.
(4) Extraordinary Income/Loss	26.9	0.3	■ Decreased YOY due to the absence of large gain on sales of strategic shareholdings, which were recorded in 1Q FYE3/2022.
(5) Others	14.4	10.1	■ A decrease in taxes, etc.

(Note) (1) to (4) are pre-tax basis. Taxes are included in (5)

* Gross profit + Non-operating income/expenses

(however, non-operating income/expenses do not include gain on bad debts recovered)

II. Segment Updates

New Reportable Segments (1)

- The main services and business descriptions of, and organizations that are responsible for, the reportable segments are given below.

Reportable Segments	Main Services and Business Description	Organizations
Customer Solutions	Finance solutions for companies and government agencies, sales finance provided through collaboration with vendors, real estate leasing, and financial services	Business Promotion Division, Corporate Business Division, Vendor Solutions Business Division, LIFE Business Division, East Japan/Central Japan/West Japan Area Business Division, Machinery Business Division, Healthcare Business Division
Global Business	Finance solutions, sales finance provided through collaboration with vendors in Europe, the Americas, China, and ASEAN region	Global Business Promotion Division, Europe Division, Americas Division, China Division, ASEAN Division
Environment, Energy & Infrastructure	Renewable energy power generation business, energy-saving business, overseas infrastructure investment business	Environment, Energy & Infrastructure Business Division
Aviation	Aircraft leasing business, aircraft engine leasing business	Aviation Business Division
Logistics	Marine container leasing business, railway freight car leasing business	Logistics Business Division
Real Estate	Real estate securitization finance, real estate revitalization investment business, and real estate asset management business	Real Estate Business Division
Mobility	Auto leasing business and supplementary services	Mobility Business Division

New Reportable Segments (2)

■ Along with the organizational changes effective on April 1, 2022, we have changed the reportable segments as follows.

Until FYE3/2022			From FYE3/2023					
Reportable Segments			Reportable Segments	Before	(Ref.*1) FYE3/2022 (Billion Yen)		1Q FYE3/2023 (Billion Yen)	
					Segment Assets	Segment Profit	Segment Assets	Segment Profit
A	Customer Business		Customer Solutions	A	3,337.6	32.7	3,282.1	11.2
B	Account Solution			B				
C	Vendor Solution			C				
D	LIFE			D				
E	Real Estate			E^{*2}				
F	Environment & Renewable Energy			J				
G	Aviation			K^{*3}				
H	Logistics			L^{*4}				
I	Mobility		Global Business	A	2,316.3	41.2	2,485.9	10.2
J	Others	Healthcare		B				
K		Infrastructure & Investment	Environment, Energy & Infrastructure	F	417.9	2.2	434.7	1.9
L		Others		K				
			Aviation	I^{*5}				
			Logistics	G	1,365.1	5.6	1,440.6	-0.9
			Real Estate	H	1,026.7	0.8	1,084.8	4.6
			Mobility	E	712.7	12.3	711.3	2.6
			Adjustments	H^{*6}	129.4	3.1	127.0	1.3
			Total	I	39.3	1.1	37.4	0.8
					9,345.3	99.4	9,604.1	32.0

*1 FYE3/2022 results converted into new reportable segments in a simplified manner as reference values

*2 Real estate leasing transferred from Real Estate

*3 PFI business and corporate investment transferred from Infrastructure & Investment

*4 Purchasing and sale of used products and trust business transferred from Others

*5 Mobility business in Europe transferred from Mobility

*6 Auto leasing transferred from Logistics

Increase/Decrease in Segment Profit and Assets

Segment Profit

(Billion Yen)

1Q FYE3/2022
Total: 33.1

1Q FYE3/2023
Total: 32.0



■ Customer Solutions ■ Global Business ■ Environment, Energy & Infrastructure ■ Aviation ■ Logistics ■ Real Estate ■ Mobility ■ Adjustments

(Billion Yen)	Segment Profit			Segment Assets		
	1Q FYE3/2022	1Q FYE3/2023	YOY	FYE3/2022	1Q FYE3/2023	Change from FYE3/2022
Customer Solutions	8.3	11.2	+2.9	3,337.6	3,282.1	-55.5
Global Business	24.2	10.2	-14.0	2,316.3	2,485.9	+169.5
Environment, Energy & Infrastructure	0.8	1.9	+1.0	417.9	434.7	+16.8
Aviation	-2.4	-0.9	+1.5	1,365.1	1,440.6	+75.4
Logistics	0.0	4.6	+4.6	1,026.7	1,084.8	+58.0
Real Estate	1.1	2.6	+1.4	712.7	711.3	-1.3
Mobility	0.9	1.3	+0.3	129.4	127.0	-2.4
Adjustments	0.0	0.8	+0.8	39.3	37.4	-1.9
Total	33.1	32.0	-1.1	9,345.3	9,604.1	+258.7

Major Factors for Changes in Segment Profit

Increased thanks to the large gain on sales related to real estate leasing, etc.

Decreased due to the absence of the profits on the sale of strategic shareholdings posted in 1Q FYE3/2022, despite businesses in Europe and the U.S. grew.

Increased thanks to an increase in profits from equity-method investments accompanied with starting operation of a wind power generation project in Europe, etc.

Posted large exchange revaluation losses related to JOLCO* and other factors, while the business is on a track to recovery.

Increased thanks to the profit contribution from CAI, a U.S. marine container leasing company that became our wholly-owned subsidiary in November 2021.

Increased thanks to the increase in gain on sales and other factors, while credit costs were posted for a certain project in the U.S.

Increased thanks to the increase in gain on sales of vehicles for which the leasing term matured, etc., against a backdrop of the strong used car market in Japan.

Decrease of expenses related to the business integration, etc.

(Note) Refer to page 29 and 30 for details of subsidiaries (abbreviations, etc.)

* Exchange revaluation losses generated in the accounting process in relation to foreign currency-denominated borrowings for multiple deals booked at MHC under Japanese Operating Leases with Call Option (JOLCO) originated for domestic corporate investors

Customer Solutions



Major Figures (Billion Yen)			
	1Q FYE3/2022*1	1Q FYE3/2023	YOY*2
Gross Profit	28.1	31.2	+3.0
Segment Profit	8.3	11.2	+2.9
New Transactions Volume	212.4	211.2	-1.2
Customer Finance*3	168.9	167.9	-0.9
Vendor Solution	43.5	43.3	-0.2
Segment Assets	3,337.6	3,282.1	-55.5
Customer Finance*3	2,819.6	2,760.0	-59.6
Vendor Solution	518.0	522.1	+4.1

*1 Segment assets figure is for FYE3/2022

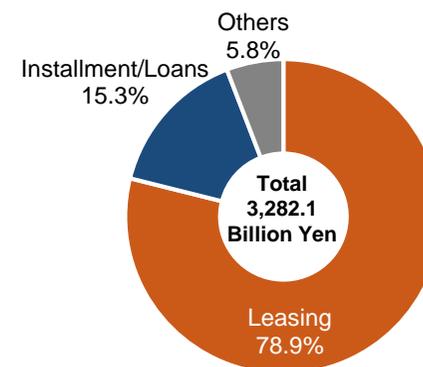
*2 Segment assets figure is vs. end of FYE3/2022

*3 Strategic shareholdings, purchasing and sale of used products, etc. are included

Comment

- Gross profit increased YOY thanks to the large gain on sales related to real estate leasing, etc.
- Segment profit increased YOY thanks to non-operating income (insurance claim income) posted for a certain deal, etc., in addition to an increase in gross profit.
- Segment assets decreased compared to the end of FYE3/2022 due to the impact of a decrease in new transactions volume, etc.

Segment Assets of the Customer Solutions by Transaction Type (1Q FYE3/2023)

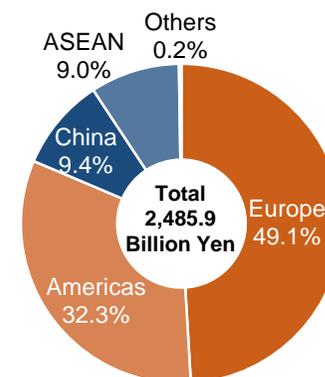


Major Figures (Billion Yen)*1			
	1Q FYE3/2022*2	1Q FYE3/2023	YOY*3
Gross Profit	25.7	31.2	+5.5
Segment Profit	24.2	10.2	-14.0
Europe	3.8	5.5	+1.7
Americas	1.5	3.8	+2.3
China	0.4	0.4	0.0
ASEAN	0.2	0.6	+0.3
Others	18.2	-0.1	-18.3
New Transactions Volume	263.4	322.3	+58.9
Europe	156.6	177.7	+21.0
Americas	73.7	98.0	+24.2
China	17.6	22.7	+5.0
ASEAN	15.3	23.8	+8.4
Others	-	-	-
Segment Assets	2,316.3	2,485.9	+169.5
Europe	1,157.2	1,219.6	+62.4
Americas	718.7	803.7	+85.0
China	221.7	232.4	+10.6
ASEAN	213.8	223.8	+10.0
Others	4.8	6.2	+1.3

Comment

- Gross profit increased YOY as a result of business growth thanks to proactive business activities mainly in Europe and the U.S.
- Segment profit decreased YOY due to the absence of large profits on the sale of strategic shareholdings posted in 1Q FYE3/2022 and other factors, while credit costs decreased.
- Segment assets increased compared to the end of FYE3/2022 thanks to an increase in new transactions volume in Europe and the U.S., exchange rates effects, etc.

Segment Assets*1 of the Global Business by Region (1Q FYE3/2023)



*1 As the figures are for the Global Business segment, those are different from the results of the overall global business of Mitsubishi HC Capital

*2 Segment assets figure is for FYE3/2022

*3 Segment assets figure is vs. end of FYE3/2022

Environment, Energy & Infrastructure



Major Figures (Billion Yen)			
	1Q FYE3/2022*1	1Q FYE3/2023	YOY*2
Gross Profit	3.4	3.2	-0.1
Segment Profit	0.8	1.9	+1.0
New Transactions Volume	11.3	17.7	+6.4
Segment Assets	417.9	434.7	+16.8
Finance	98.0	97.7	-0.2
Environment and Energy Business	226.4	230.7	+4.3
Infrastructure Business	90.2	103.2	+13.0
Others	3.2	2.9	-0.3

*1 Segment assets figure is for FYE3/2022

*2 Segment assets figure is vs. end of FYE3/2022

Output in Operation of Renewable Energy Power Generation Business Based on the Equity Ownership*3*4 (MW)

	FYE3/2022	1Q FYE3/2023	Change from FYE3/2022
Total	1,227	1,369	+141
Solar Power	951	1,013	+61
Domestic	934	984	+49
Overseas	16	29	+12
Wind Power	273	337	+63
Domestic	190	190	-
Overseas	83	147	+63
Others	2	18	+16

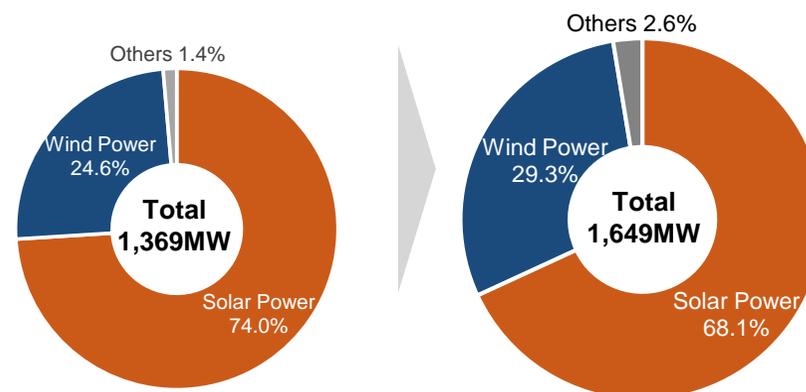
*3 Management accounting figures

*4 Output based on the equity ownership in domestic and overseas renewable energy business. The output corresponds to the segment assets of the part of environment and energy business and infrastructure business

Comment

- Segment profit increased YOY thanks to an increase in profits from equity-method investments accompanied with starting operation of a wind power generation project in Europe, etc.
- Segment assets increased compared to the end of FYE3/2022 thanks to large transactions in domestic solar power-related projects and infrastructure-related projects, exchange rates effects, etc.

Output of Renewable Energy Power Generation Business Based on the Equity Ownership (1Q FYE3/2023)



Major Figures (Billion Yen)			
	1Q FYE3/2022*1	1Q FYE3/2023	YOY*2
Gross Profit	3.6	6.7	+3.1
Segment Profit	-2.4	-0.9	+1.5
New Transactions Volume	33.2	13.5	-19.6
Segment Assets	1,365.1	1,440.6	+75.4
Aircraft Leasing (JSA)	995.1	1,052.5	+57.3
Engine Leasing (ELF)	299.5	314.3	+14.7
Aircraft Leasing, etc. (MHC)	70.4	73.7	+3.3

*1 Segment assets figure is for FYE3/2022

*2 Segment assets figure is vs. end of FYE3/2022

Owned Aviation-related Assets*3*4			
	FYE3/2022	1Q FYE3/2023	Change from FYE3/2022
Number of Aircraft (JSA)	191	191	-
Number of Aircraft Purchased	22	1	-
Number of Aircraft Sold	8	1	-
Average Age (JSA)	4.5 years	4.7 years	+0.2 years
Average Leasing Term (JSA)	7.3 years	7.1 years	-0.2 years
Number of Aircraft Engines (ELF)	341	337	-4

*3 Management accounting figures

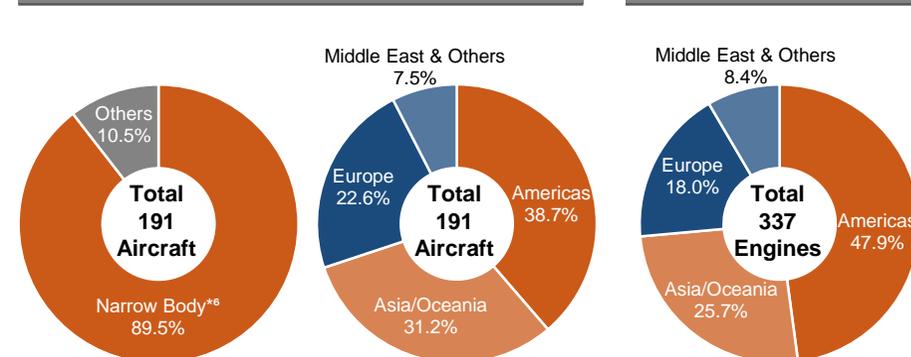
*4 Figures before consolidated adjustments

*5 Exchange revaluation losses generated in the accounting process in relation to foreign currency-denominated borrowings for multiple deals booked at MHC under Japanese Operating Leases with Call Option (JOLCO) originated for domestic corporate investors

Comment

- Gross profit increased YOY thanks to an increase in lease revenue, the absence of the expenses related to the modification of contract terms for certain existing transactions posted in 1Q FYE3/2022, etc.
- Segment profit declined due to the posting of exchange revaluation losses on foreign currency-denominated borrowings in JOLCO*5, despite an increase in gross profit and a decrease in credit costs.
- Our aircraft leasing business has a highly liquid portfolio centering on young aged and next-generation narrow-body aircraft*6, and the aircraft off-leasing ratio as of the end of June 2022 remained low.

Owned Aviation-related Assets (1Q FYE3/2023)



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

Major Figures (Billion Yen)			
	1Q FYE3/2022*1	1Q FYE3/2023	YOY*2
Gross Profit	1.7	8.5	+6.7
Segment Profit	0.0	4.6	+4.6
New Transactions Volume	19.1	15.5	-3.5
Segment Assets	1,026.7	1,084.8	+58.0
Marine Containers	736.5	773.1	+36.6
Railway Freight Cars	223.2	253.9	+30.6
Shipping	66.9	57.7	-9.2

*1 Segment assets figure is for FYE3/2022

*2 Segment assets figure is vs. end of FYE3/2022

Owned Logistics-related Assets*3			
	FYE3/2022	1Q FYE3/2023	Change from FYE3/2022
Marine Container Fleet (TEU 1,000*4)	3,492	3,481	-11
Marine Container Fleet (CEU 1,000*5)	3,701	3,700	0
Number of Railway Freight Cars	21,818	22,004	+186

*3 Management accounting figures

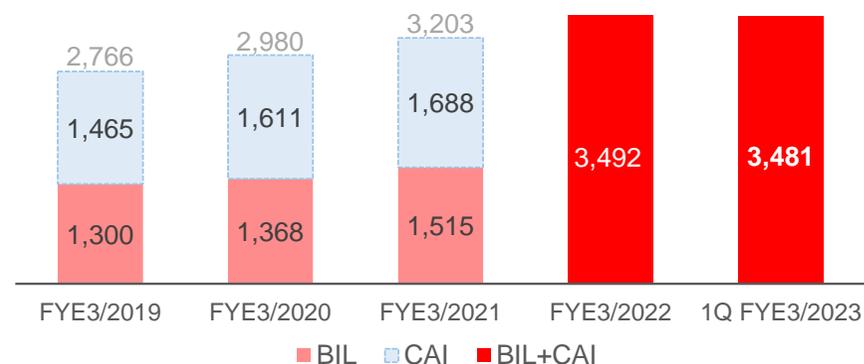
*4 TEU: Twenty Foot Equivalent Unit (unit equivalent to the capacity of a 20-feet long container)

*5 CEU: Cost Equivalent Unit (unit equivalent to the cost of a 20-feet long container)

Comment

- Segment profit increased YOY thanks to profit contribution from CAI, a U.S. marine container leasing company that became our wholly-owned subsidiary in November 2021, and the steady performance of BIL.
- Segment assets increased compared to the end of FYE3/2022 owing to exchange rates effects, etc., despite the decline in owned fleets accompanied with the sale of used marine containers.

History of Marine Container Fleet of BIL and CAI (TEU 1,000)*6



*6 The figures of CAI for FYE3/2019 through FYE3/2021 are pre-acquisition figures provided for reference

Major Figures (Billion Yen)			
	1Q FYE3/2022*1	1Q FYE3/2023	YOY*2
Gross Profit	3.6	8.1	+4.4
Segment Profit	1.1	2.6	+1.4
New Transactions Volume	25.9	23.2	-2.7
Segment Assets	712.7	711.3	-1.3
Securitization (Debt)	145.7	142.6	-3.1
Domestic*3	121.2	120.8	-0.3
Overseas	24.5	21.7	-2.7
Securitization (Equity)	56.8	61.6	+4.7
Domestic*3	39.6	41.5	+1.8
Overseas	17.2	20.1	+2.9
Real Estate Revitalization Investment	193.0	196.5	+3.5
Real Estate Rental Business	85.5	81.2	-4.3
Other Real Estate Finance	231.4	229.3	-2.0

*1 Segment assets figure is for FYE3/2022

*2 Segment assets figure is vs. end of FYE3/2022

*3 The amount is booked by the Real Estate Business Department

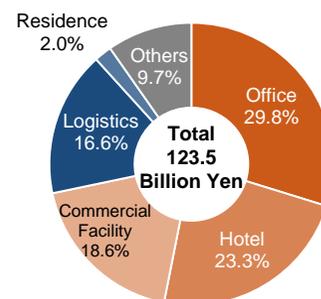
Amount of Equity Contribution for Domestic Securitization/ Real Estate Revitalization Investment*4*5 (Billion Yen)			
	FYE3/2022	1Q FYE3/2023	Change from FYE3/2022
Total	124.2	123.5	-0.6
Domestic Securitization	33.6	33.2	-0.4
Real Estate Revitalization Investment	90.5	90.3	-0.2

Comment

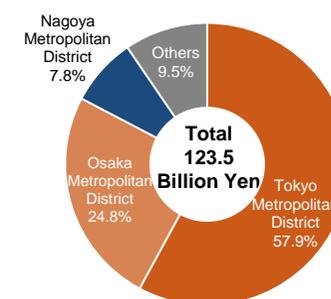
- Segment profit increased YOY thanks to the sale of certain real estate assets for rent while credit costs were posted in a certain project in the U.S.
- Segment assets decreased compared to the end of FYE3/2022 owing to the sale of certain real estate assets for rent.

Amount of Equity Contribution for Domestic Securitization/ Real Estate Revitalization Investment*4*5 (1Q FYE3/2023)

(1) By Asset Type



(2) By Region



*4 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 because some investees are consolidated subsidiaries and investment and capital are offset in financial accounting

*5 Relevant segment assets for domestic securitization are 39.6 billion yen for FYE3/2022 and 41.5 billion yen for 1Q FYE3/2023. Those for real estate revitalization investment are 193.0 billion yen for FYE3/2022 and 196.5 billion yen for 1Q FYE3/2023

Major Figures (Billion Yen)			
	1Q FYE3/2022*1	1Q FYE3/2023	YOY*2
Gross Profit	2.2	2.5	+0.3
Segment Profit	0.9	1.3	+0.3
New Transactions Volume	7.2	5.4	-1.7
Segment Assets	129.4	127.0	-2.4

*1 Segment assets figure is for FYE3/2022

*2 Segment assets figure is vs. end of FYE3/2022

Comment

- Gross profit increased YOY thanks to the increase in gain on sales of vehicles for which the lease term matured, etc., against a backdrop of the strong used car market in Japan.
- Segment profit increased YOY thanks to the increase in gross profit and in equity-method investment gains, etc.
- Segment assets decreased compared to the end of FYE3/2022 due to the decline in new transactions volume as a result of delay in new car delivery, responding to the shortage of semiconductor.

Number of Operational Vehicles*3 (Unit: 1,000)			
	FYE3/2022	1Q FYE3/2023	Change from FYE3/2022
Number of Operational Vehicles*4	358	355	-2

*3 Management accounting figures

*4 Including the number of operational vehicles of equity-method affiliates

III. Financial Forecast for FYE3/2023

Financial Forecast for FYE3/2023

- The progress against the forecast for FYE3/2023 (net income: 110.0 billion yen) was 29.1%, which is almost in line with the plan.

		FYE3/2022	FYE3/2023 ^{*3*4}	YOY Change	YOY Change (%)
1	Net Income Attributable to Owners of the Parent (Billion Yen)	99.4	110.0	+10.5	+10.7%
2	ROA^{*1}	1.0%	1.1%	+0.1pt	-
3	ROE^{*1}	8.0%	8.2%	+0.2pt	-
4	OHR^{*2}	54.6%	54.1%	-0.5pt	-
5	Dividend per Share (Yen)	28.00	31.00	+3.00	-
6	Payout Ratio	40.4%	40.5%	+0.1pt	-

*1 Based on net income

*2 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

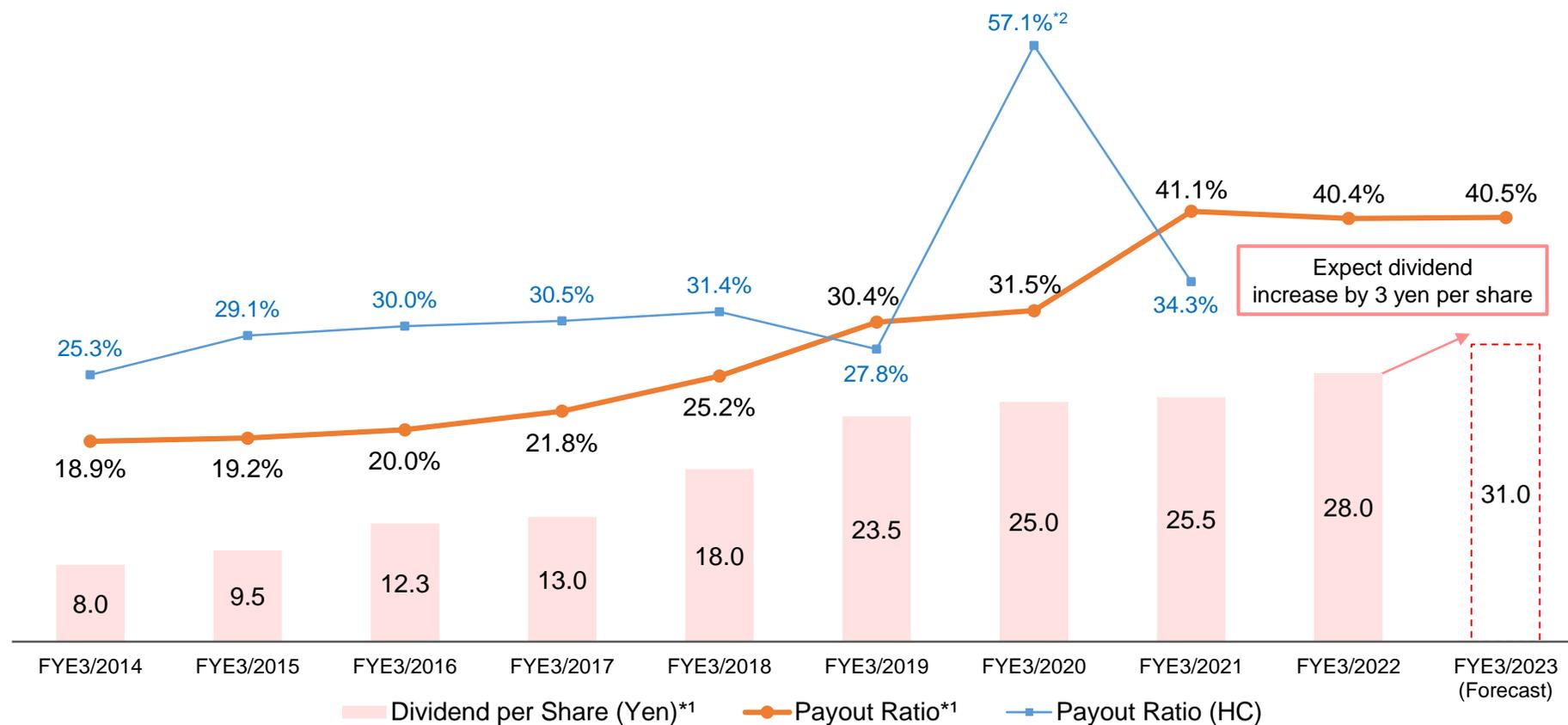
*3 Forecast as of August 10, 2022

*4 The assumed foreign exchange rates are \$1=¥120, £1=¥158, €1=¥134

Dividend Forecast for FYE3/2023

- We will return profits to shareholders by distributing dividends; the annual dividend per share is estimated to be 31 yen, up 3 yen YOY in line with our expected target for the payout ratio of approx. 40% during the period of the new Medium-term Management Plan scheduled to start in April 2023. Assuming net income of 110.0 billion yen and dividend per share of 31 yen, the payout ratio is estimated to be 40.5%.

Dividend History



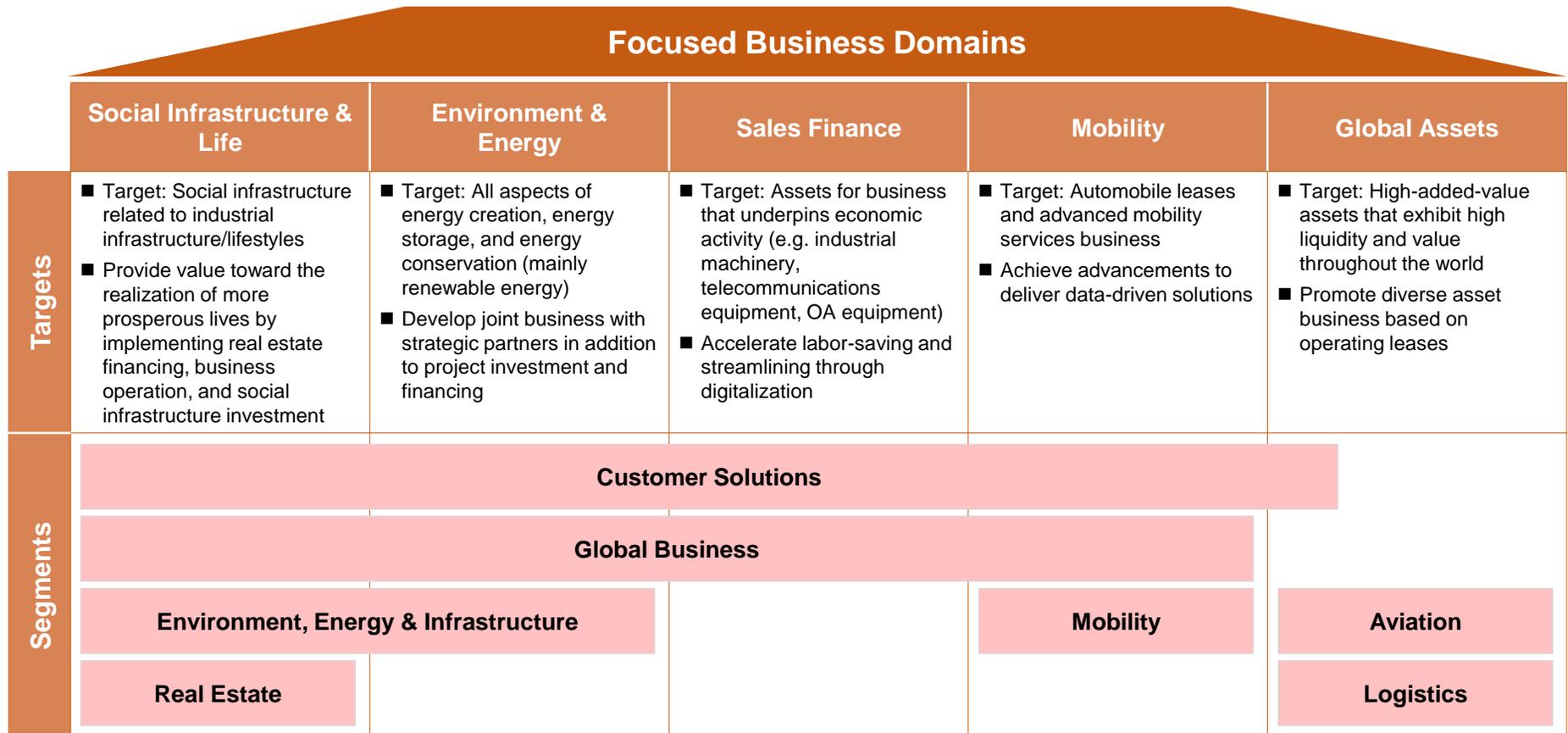
*1 MUL's results from FYE3/2014 to FYE3/2021

*2 Includes special dividends (dividends of 40.0 yen per share) in FYE3/2020

IV. Appendix

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 7 segments below.
- We contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.



Impact of the Retroactive Adjustment in FYE3/2022

- The goodwill associated with the business integration in April 2021 was finalized in 2Q FYE3/2022, and a “431 million yen negative goodwill” was recorded.
- Because the amount of goodwill is calculated on a tentative basis* as of 1Q FYE3/2022, we made retroactive adjustments to record the “431 million yen negative goodwill” in 1Q FYE3/2022.

Impact of the Retroactive Adjustments in FYE3/2022				
(Million Yen)	Item	1Q FYE3/2022		Difference (Increase/Decrease)
		Before Adjustments	After Adjustments	
PL Items	Extraordinary Income	26,755	27,186	+431
	Quarterly Net Income	32,737	33,169	+431
BS Items	Lease Receivables and Investments in Leases	3,115,581	3,116,013	+431
	Retained Earnings	590,047	590,479	+431
	Total Assets	9,481,290	9,481,722	+431

* The goodwill and negative goodwill were not recorded in 1Q FYE3/2022.

Segment Profit (by Quarter)

(Billion Yen)		1Q FYE3/2022	FYE3/2023		Notes for FYE3/2023 (Pre-tax Basis)
			1Q	YOY Change	
1	Customer Solutions	8.3	11.2	+2.9	Large gain on sales related to real estate leasing: approx. JPY2.0Bn (+) Non-operating income in certain deals (insurance claim income): approx. JPY1.0Bn (+)
2	Global Business	24.2	10.2	-14.0	Absence of the profits on the sale of strategic shareholdings posted in 1Q FYE3/2022: JPY26.7Bn (-)
3	Environment, Energy & Infrastructure	0.8	1.9	+1.0	Increase in profit from equity-method investment accompanied with the starting operation of a wind power generation project in Europe: approx. JPY1.0Bn (+)
4	Aviation	-2.4	-0.9	+1.5	Absence of the expenses related to modification of terms for certain existing contracts posted in 1Q FYE3/2022: approx. JPY2.0Bn (+) Exchange revaluation losses in JOLCO*: approx. JPY3.5Bn (-)
5	Logistics	0.0	4.6	+4.6	Gain on sales of owned assets: approx. JPY1.0Bn (+)
6	Real Estate	1.1	2.6	+1.4	Gain on sales of owned assets: approx. JPY4.0Bn (+) Large credit costs: approx. JPY2.0Bn (-)
7	Mobility	0.9	1.3	+0.3	-
8	Adjustments	0.0	0.8	+0.8	Decrease in expenses related to the business integration: approx. JPY1.0Bn (-)
9	Total Segment Profit	33.1	32.0	-1.1	

* Exchange revaluation losses generated in the accounting process in relation to foreign currency-denominated borrowings for multiple deals booked at MHC under Japanese Operating Leases with Call Option (JOLCO) originated for domestic corporate investors

New Transactions Volume by Segment

(Billion Yen)		1Q FYE3/2022	1Q FYE3/2023	YOY Change	YOY Change (%)
1	Customer Solutions	212.4	211.2	-1.2	-0.6%
2	Global Business	263.4	322.3	+58.9	+22.4%
3	Environment, Energy & Infrastructure	11.3	17.7	+6.4	+56.7%
4	Aviation	33.2	13.5	-19.6	-59.2%
5	Logistics	19.1	15.5	-3.5	-18.6%
6	Real Estate	25.9	23.2	-2.7	-10.6%
7	Mobility	7.2	5.4	-1.7	-24.0%
8	Total New Transactions Volume	572.8	609.2	+36.3	+6.3%

Credit Costs by Segment

(Billion Yen)		1Q FYE3/2022	1Q FYE3/2023	YOY Change
1	Customer Solutions	0.4	0.2	-0.1
2	Global Business	2.5	0.6	-1.8
3	Environment, Energy & Infrastructure	0.0	0.6	+0.6
4	Aviation	2.4	0.7	-1.6
5	Logistics	0.0	0.0	0.0
6	Real Estate	0.0	2.1	+2.1
7	Mobility	0.0	0.0	0.0
8	Adjustments	0.0	0.0	0.0
9	Total Credit Costs	5.3	4.5	-0.7

Financial Performance: Profit & Loss Statement

(Million Yen)		1Q FYE3/2021 ^{*1}	1Q FYE3/2022 ^{*2}	1Q FYE3/2023
1	Revenues	419,756	407,735	460,347
		-	-2.9%	+12.9%
2	Cost of Revenues	341,892	336,428	367,078
		-	-1.6%	+9.1%
3	Cost of Funds	25,169	18,538	25,801
		-	-26.3%	+39.2%
4	Gross Profit	77,864	71,306	93,269
		-	-8.4%	+30.8%
5	SG&A Expenses	49,177	50,573	52,797
		-	+2.8%	+4.4%
6	Personnel Expenses	22,555	23,964	26,724
		-	+6.2%	+11.5%
7	Non-personnel Expenses	19,991	20,716	20,564
		-	+3.6%	-0.7%
8	Allowance	6,631	5,892	5,507
		-	-11.1%	-6.5%
9	Operating Income	28,687	20,733	40,471
		-	-27.7%	+95.2%
10	Recurring Income	30,627	20,622	41,931
		-	-32.7%	+103.3%
11	Extraordinary Income	384	27,186	300
		-	+6978.4%	-98.9%
12	Extraordinary Loss	0	229	0
		-	-	-
13	Quarterly Net Income Attributable to Owners of the Parent	20,641	33,169	32,046
		-	+60.7%	-3.4%

(Note) Percentage figures (%) in the lower column are YOY

*1 Figures for 1Q FYE3/2021 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 values

*2 Figures retroactively adjusted in 1Q FYE3/2023 (refer to page 22 for details)

Financial Performance: Balance Sheet, etc.

(Million Yen)		FYE3/2021*1 (end-Mar. 2021)	FYE3/2022 (end-Mar. 2022)	1Q FYE3/2023 (end-Jun. 2022)
1	Cash and Cash Equivalents	603,321	540,942	559,474
		-	-10.3%	+3.4%
2	Total Equity	1,250,216	1,333,467	1,426,825
		-	+6.7%	+7.0%
3	Total Assets	9,730,027	10,328,872	10,733,690
		-	+6.2%	+3.9%
4	Segment Assets	8,604,876	9,345,376	9,604,123
		-	+8.6%	+2.8%
5	Operating Assets	8,259,624	9,058,273	9,298,754
		-	+9.7%	+2.7%
6	Equity-Method Investments	140,291	142,469	152,137
		-	+1.6%	+6.8%
7	Goodwill, Investment Securities, etc.	204,960	144,633	153,231
		-	-29.4%	+5.9%
8	Impaired Assets	95,543	108,188	116,099
		-	+13.2%	+7.3%
9	Allowance	58,066	76,791	84,402
		-	+32.2%	+9.9%
10	Net Balance of Impaired Assets	37,476	31,397	31,696
		-	-16.2%	+1.0%
11	Equity Ratio	12.5%	12.7%	13.1%
		-	+0.2pt	+0.4pt
12	ROE*2	-	8.0%	9.4%*3
		-	-	+1.4pt
13	ROA*2	-	1.0%	1.2%*3
		-	-	+0.2pt

(Note) Percentage figures (%) in the lower column are vs. end of the previous year

*1 Figures for FYE3/2021 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 values

*2 Based on net income

*3 Annualized net income by quadrupling the net income for 1Q FYE3/2023

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

(Million Yen)		FYE3/2021*1 (end-Mar. 2021)	FYE3/2022 (end-Mar. 2022)	1Q FYE3/2023 (end-Jun. 2022)
14	Total Funding	7,633,836	8,066,082	8,425,738
		-	+5.7%	+4.5%
15	Indirect Funding	4,193,928	4,515,103	4,742,590
		-	+7.7%	+5.0%
16	Direct Funding	3,439,908	3,550,978	3,683,147
		-	+3.2%	+3.7%
17	CP	643,812	682,593	827,981
		-	+6.0%	+21.3%
18	Securitization	584,565	604,493	570,440
		-	+3.4%	-5.6%
19	Corporate Bonds	2,211,530	2,263,891	2,284,726
		-	+2.4%	+0.9%
20	Direct Funding Ratio	45.1%	44.0%	43.7%
		-	-1.1pt	-0.3pt
21	Long-Term Funding Ratio	66.8%	65.6%	63.1%
		-	-1.2pt	-2.5pt
22	Foreign Currency Funding Ratio	43.1%	49.4%	49.3%
		-	+6.3pt	-0.1pt

(Note) Percentage figures (%) in the lower column are vs. end of the previous year

*1 Figures for FYE3/2021 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 values

Exchange Rate Applied to Financial Results of Major Overseas Subsidiaries*2							
		Major Overseas Subsidiaries with FY Ending in December		Major Overseas Subsidiaries with FY Ending in March			
		1Q FYE3/2022*3	1Q FYE3/2023	1Q FYE3/2022*3		1Q FYE3/2023	
23	Exchange Rate Applied to PL	1\$=JPY105.90	1\$=JPY116.20	1£=JPY153.21	1\$=JPY109.49	1£=JPY162.96	1\$=JPY129.57
24	Exchange Rate Applied to BS	1\$=JPY115.02	1\$=JPY122.39	1£=JPY160.89	1\$=JPY122.39	1£=JPY165.71	1\$=JPY136.68

*2 Major overseas subsidiaries with ⇒ Average exchange rates during Jan. through Mar. applied to PL FY ending in December
FY3/2022 BS: exchange rate as of end-Dec. 2021 is applied
1Q FYE3/2023 BS: exchange rate as of end-Mar. 2022 is applied

*3 Exchange Rate Applied to BS is that for FYE3/2022 BS

Major overseas subsidiaries with ⇒ Average exchange rates during Apr. through Jun. applied to PL FY ending in March
FYE3/2022 BS: exchange rate as of end-Mar. 2022 is applied
1Q FY3/2023 BS: exchange rate as of end-Jun. 2022 is applied

Major Companies (1)

Segment	Major Companies	Consolidated/ Equity-method	Main Business
Customer Solutions	Mitsubishi HC Capital/ Domestic Business Branches	-	Leasing, etc.
	Mitsubishi HC Business Lease	Consolidated	Sales Finance
	DFL Lease	Consolidated	Leasing, etc.
	Shutoken Leasing	Consolidated	Leasing, etc.
	DRS	Consolidated	Rental and leasing, etc.
	Sekisui Leasing	Consolidated	Leasing, etc.
	Mitsubishi HC Capital Property	Consolidated	Real estate leasing
	Mitsubishi HC Capital Community	Consolidated	Real estate development and management, leasing
	Japan Medical Lease	Consolidated	Medical equipment and real estate leasing
	Healthcare Management Partners	Consolidated	Management of fund to support management specializing in the medical and long-term care fields
	U-MACHINE	Consolidated	Purchase and sale of used goods
MHC Reuse Services	Consolidated	Purchase and sale of used goods	
Global Business	Mitsubishi HC Capital UK	Consolidated	Leasing and financial business
	MHC Mobility [Germany] *1	Consolidated	Auto leasing and rental
	MHC Mobility [Netherlands] *1	Consolidated	Auto leasing
	MHC Mobility [Poland] *1	Consolidated	Auto leasing
	Mobility Mixx	Consolidated	MaaS ² business

Segment	Major Companies	Consolidated/ Equity-method	Main Business
Global Business	Mitsubishi HC Capital America	Consolidated	Leasing and financial business
	Mitsubishi HC Capital (U.S.A.)	Consolidated	Leasing, etc.
	ENG Commercial Finance ³ <ENG>	Consolidated	Sales finance, etc.
	Mitsubishi HC Capital Canada Leasing	Consolidated	Leasing and financial business
	Mitsubishi HC Capital Leasing (Beijing)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital (Shanghai)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital (Hong Kong)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital Asia Pacific	Consolidated	Leasing, etc.
	Mitsubishi HC Capital (Singapore)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital and Finance Indonesia	Consolidated	Leasing, etc.
	Arthaasia Finance	Consolidated	Leasing and financial business
	Bangkok Mitsubishi HC Capital	Consolidated	Leasing, etc.
	Mitsubishi HC Capital (Thailand)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital Malaysia	Consolidated	Leasing, etc.

(Note) Company names are as of August 10, 2022 and words inside of "< >" denote abbreviations of companies

*1 Office location

*2 Abbreviation of "Mobility as a Service"

*3 Operating company of ENGS Holdings Inc.

Major Companies (2)

Segment	Major Companies	Consolidated/ Equity-method	Main Business
Environment, Energy & Infrastructure	Mitsubishi HC Capital/ Environment & Energy Business Department	-	Investment in environment and energy-related companies
	Mitsubishi HC Capital/ Environment & Energy Sales Department	-	Environment-related and renewable energy business
	Mitsubishi HC Capital/ Infrastructure Business Department	-	Renewable energy and infrastructure business
	Mitsubishi HC Capital Energy	Consolidated	Operation and asset management of renewable energy business
	HSE	Consolidated	Wind power generation business
	HGE	Consolidated	Solar power generation business
	Japan Infrastructure Initiative <JII>	Consolidated	Infrastructure investment and loan
Aviation	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
Logistics	Mitsubishi HC Capital/ Logistics Business Department	-	Ship finance
	CAI International <CAI>	Consolidated	Marine container leasing
	Beacon Intermodal Leasing <BIL>	Consolidated	Marine container leasing
	PNW Railcars	Consolidated	Railway Freight car leasing

Segment	Major Companies	Consolidated/ Equity-method	Main Business
Real Estate	Mitsubishi HC Capital/ Real Estate Business Department	-	Real estate securitization finance
	Mitsubishi HC Capital Realty	Consolidated	Real estate revitalization investment
	Mitsubishi HC Capital Realty Advisors	Consolidated	Asset management services
	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 (North America) securitization finance
	Center Point Development <CPD>	Equity-method	Asset management services for logistics real estate
	Logi Flag Development	Equity-method	Asset management services for logistics real estate
Mobility	Mitsubishi HC Capital/ Mobility Business Department	-	Investment in mobility-related companies
	Mitsubishi HC Capital Auto Lease	Consolidated	Auto leasing
	Takari Kokoh Sejahtera	Consolidated	Auto leasing
	Mitsubishi Auto Leasing	Equity-method	Auto leasing

(Note) Company names are as of August 10, 2022 and words inside of "< >" denote abbreviations of companies

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