

Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2023

Mitsubishi HC Capital Inc.
November 10, 2022

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This is Takahiro Yanai, President & CEO of Mitsubishi HC Capital. Thank you for taking the time out of your busy schedules to attend today's financial results briefing.

This briefing is held online via Webcast. Thank you for your cooperation.

Today, I will first give the overview of the "Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2023" released earlier today, then Mr. Inoue, Senior Managing Executive Officer, Head of the Treasury & Accounting Division, will give a summary of the financial results, the performance of each segment, and so on for the same period. Afterward, we will answer any questions you may have. Let's get started.

Please look at "Highlights" on page 4 of the material.

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Definitions of Terms and Figures Used in this Presentation

- | | |
|---|---|
| ■ MHC: Mitsubishi HC Capital | ■ Net income:
Net income attributable to owners of the parent |
| ■ MUL: Mitsubishi UFJ Lease & Finance | ■ Segment assets:
"Operating assets" + "equity-method investments" +
"goodwill" + "investment securities, etc." |
| ■ HC: Hitachi Capital | * Segment assets for FYE3/2022:
Converted into reportable segments after the
organizational change conducted on April 1, 2022 in a
simplified manner as reference values |
| ■ JSA: Jackson Square Aviation (Aircraft leasing company) | |
| ■ ELF: Engine Lease Finance (Aircraft engine leasing company) | |
| ■ CAI: CAI International (Marine container leasing company) | |
| ■ BIL: Beacon Intermodal Leasing (Marine container leasing company) | |

Index

- I. Highlights
- II. Financial Results for 2Q FYE3/2023
- III. Segment Updates
- IV. Financial Forecast for FYE3/2023
- V. Appendix

I. Highlights

Highlights

Net income increased by 4.5% YoY mainly thanks to the profit contribution from CAI, and the business growth of the subsidiaries in Europe and Americas.

- Gross profit for 2Q FYE3/2023 increased by 16.7 billion yen (10.4%) YoY to 177.9 billion yen thanks to the profit contribution from CAI, a marine container leasing company in the U.S. that became our wholly-owned subsidiary in November 2021, the business growth of the subsidiaries mainly in Europe and Americas in the Global Business segment, and an increase in gains on sales related to real estate business.
- Net income for 2Q FYE3/2023 increased by 2.6 billion yen (4.5%) YoY to 63.1 billion yen thanks to a decrease in credit costs in addition to an increase in gross profit, despite the absence of large gains on sales of strategic shareholdings (pre-tax basis: 26.7 billion yen), which were recorded in 2Q FYE3/2022.

The progress of net income against the financial forecast was 57.4%. The forecast remains unchanged due to the uncertainties in the external environment.

- The progress against the financial forecast of 110.0 billion yen in net income was 57.4%.
- The financial forecast remains unchanged taking into account the growing uncertainties in the external environment, such as the risk of recession mainly in Europe and the U.S., in the second half of this fiscal year.



4

The upper part describes our consolidated results for 2Q FYE3/2023. Thanks to the profit contribution from CAI, a marine container leasing company in the U.S. that became our wholly-owned subsidiary in the previous fiscal year, the business growth of subsidiaries in Europe and Americas in the Global Business segment, an increase in gains on sales related to real estate business, and other factors, the net income increased by 2.6 billion yen, or 4.5% YoY to 63.1 billion yen.

The lower part describes the steady progress of the net income against the financial forecast for FYE3/2023 of 110.0 billion yen, so that the progress rate against the financial forecast was 57.4% as of the end of 2Q. Despite this progress, we leave the forecast unchanged due to the growing uncertainties in the external environment, such as the possible recession mainly in Europe and the U.S.

As you may be aware, the external environment is surrounded by growing uncertainties, including the ongoing inflation driven by increasing resource prices and other factors, the raising of interest rates in order to control this inflation, and the fragmentation of supply chains. The impacts on our financial results by these changes in the external environment have not been visible yet, but we will keep a close eye on the impacts on our businesses, and manage risks appropriately.

Now, Mr. Inoue, the floor is yours.

II. Financial Results for 2Q FYE3/2023

This is Inoue, Senior Managing Executive Officer, Head of the Treasury & Accounting Division. I extend my gratitude for taking the time to attend our financial results briefing today.

I will explain Part “II. Financial Results for 2Q FYE3/2023,” “III. Segment Updates,” and “IV. Financial Forecast for FYE3/2023” of the material.

Please look at page 6 of the material.

Financial Results for 2Q FYE3/2023

- Gross profit for 2Q FYE3/2023 increased by 16.7 billion yen, or 10.4% YoY to 177.9 billion yen, thanks to the profit contribution from CAI, a marine container leasing company in the U.S., the business growth of the subsidiaries in Europe and Americas, and other factors.
Net income increased by 2.6 billion yen, or 4.5% YoY to 63.1 billion yen, despite the absence of large gains on sales of strategic shareholdings (pre-tax basis: 26.7 billion yen), which were recorded in 2Q FYE3/2022.
- The progress against the financial forecast for FYE3/2023 (net income: 110.0 billion yen) was 57.4%.

	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(c)/(a)
(Billion Yen)	2Q FYE3/2022	2Q FYE3/2023	YoY Change	Impact of Fluctuation in Exchange Rates Applied to P/L of Overseas Subsidiaries ¹⁾	YoY Change (%)
1 Revenues	833.3	944.7	+111.3	+26.2	+13.4%
2 Gross Profit	161.1	177.9	+16.7	+9.4	+10.4%
3 Operating Income	58.1	74.1	+15.9	+3.7	+27.5%
4 Recurring Income	59.0	75.7	+16.6	+3.6	+28.2%
5 Net Income	60.4	63.1	+2.6	+3.0	+4.5%
6 New Transactions Volume	1,147.2	1,278.4	+131.1	+98.4	+11.4%
7 Segment Assets	9,345.3 ²⁾	9,910.2	+564.8 ³⁾	+644.1	+6.0% ⁴⁾
8 Interim Dividend	¥13.00	¥15.00	+¥2.00		
9 ROA ¹⁾	1.3% ⁷⁾	1.2% ⁸⁾	-0.1pt		
10 ROE ¹⁾	10.1% ⁷⁾	8.9% ⁸⁾	-1.2pt		
11 OHR ²⁾	54.9%	53.8%	-1.1pt		

¹⁾ Based on the net income

²⁾ SG&A expenses divided by (gross profit + non-operating income/expenses), but

³⁾ SG&A expenses and non-operating income/expenses do not include credit costs

⁴⁾ Calculated by difference YoY in exchange rates applied to P/L (exchange rates

applied to 2Q FYE3/2023 P/L minus exchange rates applied to 2Q FYE3/2022 P/L)

when incorporating the financial statements in overseas subsidiaries

(refer to page 35 for applied exchange rates)

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

Note: As MHC denominates financial statements in JPY, foreign currency-denominated assets and liabilities for

JOLCO are converted into JPY. However, for accounting purposes, while assets (aircraft) use the exchange

rate as of the start of the lease date, the liabilities (borrowing) use the exchange rate as of the final day of the

fiscal period. Therefore, exchange revaluation losses occur

⁶⁾ FYE3/2022

⁷⁾ Change vs. end of FYE3/2022

⁸⁾ Numerator: Annualized net income by doubling the semi-annual net income for 2Q FYE3/2022

Denominator: Average of 2Q FYE3/2022 equity or total assets and FYE3/2021 equity or total assets

(calculated by adding IFRS-based figures of HIC to those of MUL in a simplified manner

under J-GAAP as reference figures, then making adjustments upon the integration)

⁹⁾ Numerator: Annualized net income by doubling the semi-annual net income for 2Q FYE3/2023

Denominator: Average of FYE3/2022 and 2Q FYE3/2023 equity or of FYE3/2022 and 2Q FYE3/2023

total assets

<Impact of the exchange rates on net income>
The impact of the exchange rates was Δ approx.
0.1 billion yen including exchange revaluation losses
related to Japanese Operating Leases with Call Option
(JOLCO)* (Δ approx. 3.1 billion yen).

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6

I will now explain the financial results.

At the top section of the table, the column “a” shows the results for 2Q FYE3/2022. Right next to that in column “b” colored in orange are the figures for 2Q FYE3/2023, the results announced today. Right next to that, columns “c” to “e” show the YoY change, the impact of fluctuation in exchange rates applied to P/L of overseas subsidiaries, and the YoY change as a percentage.

First, Gross Profit in row 2 increased by 16.7 billion yen, or 10.4% YoY to 177.9 billion yen. This is mainly thanks to the profit contribution from CAI, a marine container leasing company, which we acquired previous fiscal year, the business growth of the subsidiaries in Europe and Americas, and gains on sales related to real estate business.

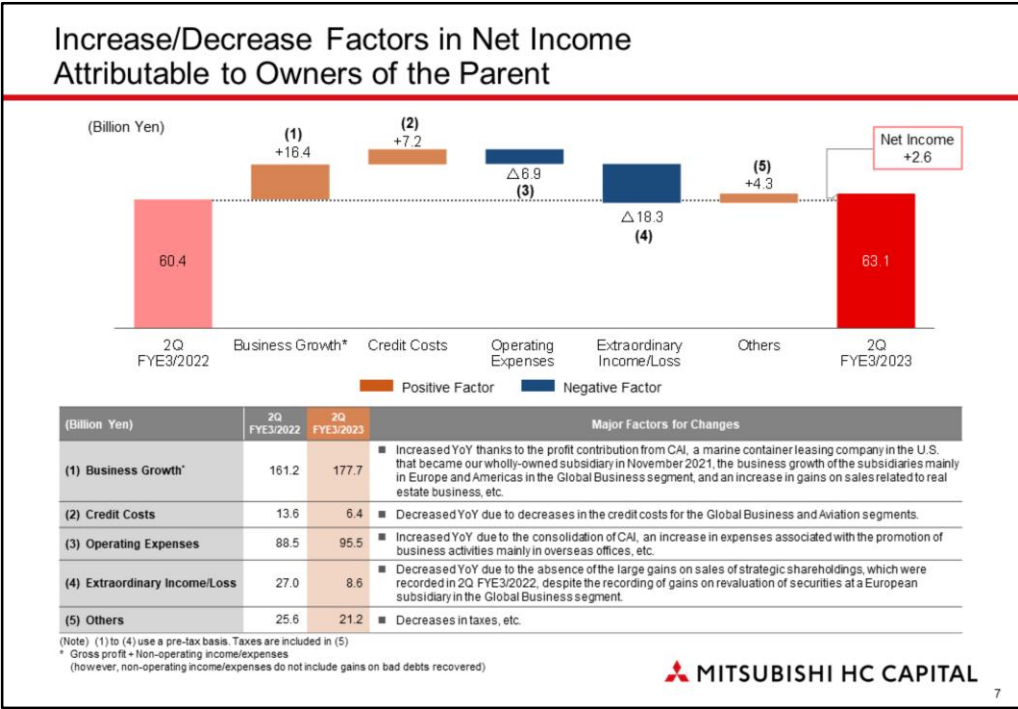
Net Income in row 5 increased by 2.6 billion yen, or 4.5% YoY to 63.1 billion yen. This is thanks to a decrease in credit costs in addition to an increase in gross profit, despite the absence of the large gains on sales of strategic shareholdings, which were recorded in 2Q FYE3/2022. As a result, the progress against the financial forecast for FYE3/2023 of 110.0 billion yen in net income was 57.4%.

In addition, the positive 3.0 billion yen in the column (d), “Impact of Fluctuation in Exchange Rates Applied to P/L of Overseas Subsidiaries”, shows the impact caused by the weak yen on the period of 2Q for this fiscal year compared to that for previous fiscal year. However, the all-in impact by the fluctuation of the exchange rates on net income, which are the sum of the positive 3.0 billion yen and the negative approx. 3.1 billion yen caused by revaluation losses related to foreign currency-denominated borrowings in JOLCO, is a negative approx. 0.1 billion yen, as described in the bubble of pink color. The yen has been weakening at present, which has a positive impact when incorporating the results of overseas subsidiaries into the consolidated financial statements. However, when taking into account the exchange revaluation losses related to JOLCO, the impact of exchange rates on net income is almost neutral.

New Transactions Volume in row 6 increased 131.1 billion yen, or 11.4% YoY, to 1.2784 trillion yen, mainly thanks to an increase in new transactions volume in the Global Business segment, and other factors.

Segment Assets in row 7 increased by 564.8 billion yen, or 6.0% YoY, to 9.9102 trillion yen, mainly thanks to an increase in the new transactions volume and the impact of exchange rates due to the weakening yen.

Next, please proceed to page 7.



I will explain the factors for the change in Net Income Attributable to Owners of the Parent using this waterfall chart.

The leftmost bar represents the 60.4 billion yen figure for 2Q FYE3/2022. The rightmost red bar is the 63.1 billion yen for 2Q FYE3/2023. In the middle are the factors for the increase and decrease. Please be advised that (1) through (4) are based on figures before tax, and the final net income is calculated after deducting taxes, etc. shown in (5).

Item (1), Business Growth, shows an increase of 16.4 billion yen YoY. This is thanks to the profit contribution from CAI, which became a wholly-owned subsidiary in the previous fiscal year, the business growth of subsidiaries mainly in Europe and Americas in the Global Business segment, gains on sales related to real estate business, etc.

Item (2), Credit Costs, resulted in a decrease of 7.2 billion yen YoY. This is thanks to decreases in credit costs in the Global Business and Aviation segments.

Item (3), Operating Expenses, resulted in an increase of 6.9 billion yen YoY. This is due to the consolidation of CAI, an increase in expenses associated with the promotion of business activities mainly in overseas offices, and other factors.

Item (4), Extraordinary Income/Loss, resulted in a decrease of 18.3 billion yen YoY. This is due to the absence of the large gains on sales of strategic shareholdings, despite the recording of gains on revaluation of securities at a European subsidiaries in the Global Business segment.

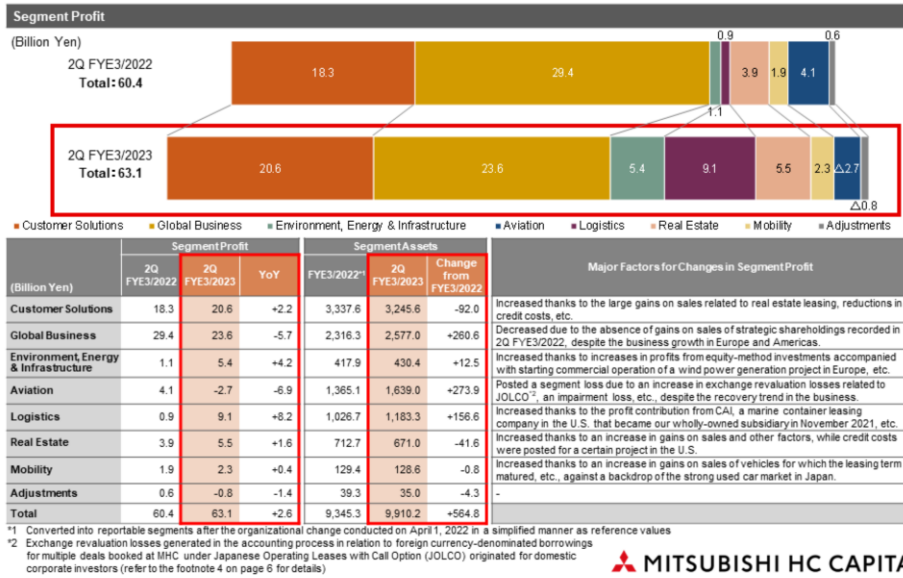
Item (5), Others had a positive impact of 4.3 billion yen YoY mainly thanks to decreases in taxes.

The above has resulted in a net income for 2Q FYE3/2023 of 63.1 billion yen, a YoY increase of 2.6 billion yen.

Next, please turn to page 9.

III. Segment Updates

Increase/Decrease in Segment Profit and Assets



This page shows an overview of each segment.

The horizontal bar graph at the top shows the segment profit for 2Q FYE3/2023 and 2Q FYE3/2022. The table in the lower half shows the status of segment profit and segment assets for each segment.

In the subsequent pages, I will provide explanations for each segment.

Please turn to page 10.

Customer Solutions



Major Figures (Billion Yen)			
	2Q FYE3/2022 ^{*1}	2Q FYE3/2023	YoY ^{*2}
Gross Profit	58.4	59.3	+0.8
Segment Profit	18.3	20.6	+2.2
New Transactions Volume	431.2	434.5	+3.3
Customer Finance ^{*3}	347.6	353.1	+5.4
Vendor Solution	83.5	81.4	-2.1
Segment Assets	3,337.6	3,245.6	-92.0
Customer Finance ^{*3}	2,819.6	2,726.4	-93.1
Vendor Solution	518.0	519.1	+1.0

^{*1} Segment assets figure is for FYE3/2022 (reference value)

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

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

Comments

- Gross profit increased YoY thanks to the large gains on sales related to real estate leasing, etc.
- Segment profit increased YoY thanks to a decrease in credit costs, 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 that was closed in FYE3/2022, etc.

Segment Assets of Customer Solutions by Transaction Type (2Q FYE3/2023)



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10

In “Customer Solutions”, segment profit increased by 2.2 billion yen YoY to 20.6 billion yen. This is thanks to the large gains on sales related to real estate leasing, a decrease in credit costs, and the posting of insurance claim income for a certain deal.

Next, please turn to page11.

Global Business



Major Figures*1 (Billion Yen)

	2Q FYE3/2022 ²	2Q FYE3/2023	YoY ³
Gross Profit	52.8	61.4	+8.6
Segment Profit	29.4	23.6	-5.7
Europe	8.4	15.2	+6.8
Americas	3.3	6.8	+3.4
China	-1.4	0.5	+2.0
ASEAN	1.0	1.2	+0.2
Others	18.1	-0.2	-18.3
New Transactions Volume	528.2	651.8	+123.6
Europe	304.3	361.5	+57.1
Americas	143.2	198.1	+54.8
China	47.4	41.0	-6.4
ASEAN	33.1	51.1	+18.0
Others	-	-	-
Segment Assets	2,316.3	2,577.0	+260.6
Europe	1,157.2	1,217.0	+59.8
Americas	718.7	907.2	+188.4
China	221.7	214.7	-6.9
ASEAN	213.8	233.7	+19.9
Others	4.8	4.2	-0.5

*1 As the figures are results for the Global Business segment, figures for overseas business in the Aviation, Logistics, and other segments are not included.

*2 Segment assets figure is for FYE3/2022 (reference value).

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

Comments

- Gross profit increased YoY thanks to the business growth mainly in Europe and Americas.
- Segment profit decreased YoY due to the absence of large gains on sales of strategic shareholdings recorded in 2Q FYE3/2022 despite factors contributing to profit increase such as a decrease in credit costs and posting of gains on revaluation of securities at a European subsidiary.
- Segment assets increased compared to the end of FYE3/2022 thanks to an increase in new transactions volume in Europe and Americas, the impact of the exchange rates, etc.

Segment Assets of the Global Business*1 by Region (2Q FYE3/2023)



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11

This is the “Global Business” segment.

I would like to remind everyone that the details on this slide are for the Global Business segment, and do not include the results of global transactions that belong to other segments such as Aviation and Logistics.

Now, “Global Business” segment profit decreased 5.7 billion yen YoY to 23.6 billion yen. This is due to the absence of the large gains on sales of strategic shareholdings posted in 2Q FYE3/2022 despite factors contributing to profit increase such as the business growth of subsidiaries mainly in Europe and Americas, a decrease in credit costs, the posting of gains on revaluation of securities at a European subsidiary.

As Mr. Yanai, President & CEO, told at the beginning, the risk of recession is growing mainly in Europe and the U.S. In particular, we are keeping a close eye on the situation in the UK, including the political chaos driven by the successive changes in prime ministers, and managing risks appropriately.

Next, please turn to page 12.

Environment, Energy & Infrastructure



Major Figures (Billion Yen)

	2Q FYE3/2022 ^{*1}	2Q FYE3/2023	YoY ^{*2}
Gross Profit	6.0	7.4	+1.4
Segment Profit	1.1	5.4	+4.2
New Transactions Volume	20.2	25.8	+5.5
Segment Assets	417.9	430.4	+12.5
Finance	98.0	95.4	-2.5
Environment and Energy Business	226.4	232.5	+6.1
Infrastructure Business	90.2	99.9	+9.7
Others	3.2	2.5	-0.7

^{*1} Segment assets figure is for FYE3/2022 (reference value)

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

Equity-owned Power Generation Capacity of Renewable Energy Generation Business^{*3,4} (MW)

	FYE3/2022	2Q FYE3/2023	Change from FYE3/2022
Total	1,227	1,367	+139
Solar Power	951	1,011	+60
Domestic	934	981	+46
Overseas	16	30	+13
Wind Power	273	337	+63
Domestic	190	190	-
Overseas	83	147	+63
Others	2	18	+16

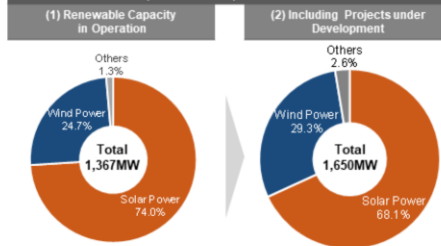
^{*3} Management accounting figures

^{*4} Equity-owned power generation capacity in domestic and overseas renewable energy business. The output corresponds to the segment assets of environment and energy business and the part of infrastructure business

Comments

- Segment profit increased YoY thanks to an increase in profits from equity-method investments accompanied with starting commercial operation of a wind power generation project in Europe, sales of equity interests in certain infrastructure projects, and other factors.
- Segment assets increased compared to the end of FYE3/2022 thanks to closing of large transactions in domestic solar power projects and overseas infrastructure-related projects, the impact of the exchange rates, etc.

Equity-owned Power Generation Capacity of Renewable Energy Generation Business (2Q FYE3/2023)



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12

In “Environment, Energy & Infrastructure”, segment profit increased 4.2 billion yen YoY to 5.4 billion yen. This is thanks to an increase in profits from equity-method investments accompanied with starting commercial operation of a wind power generation project in Europe, sales of equity interests in certain infrastructure projects, and other factors.

Next, please turn to page 13.

Aviation



	2Q FYE3/2022 ¹	2Q FYE3/2023	YoY ²
Gross Profit	19.8	11.2	-8.6
Segment Profit	4.1	-2.7	-6.9
New Transactions Volume	68.5	83.0	+14.4
Segment Assets	1,365.1	1,639.0	+273.9
Aircraft Leasing (JSA)	995.1	1,205.5	+210.4
Engine Leasing (ELF)	299.5	362.5	+62.9
Aircraft Leasing, etc. (MHC)	70.4	71.0	+0.5

¹ Segment assets figure is for FYE3/2022 (reference value)

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

	FYE3/2022	2Q FYE3/2023	Change from FYE3/2022
Number of Aircraft (JSA)	191	193	-
Number of Aircraft Purchased	22	5	-
Number of Aircraft Sold	8	3	-
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	345	+4

³ Management accounting figures

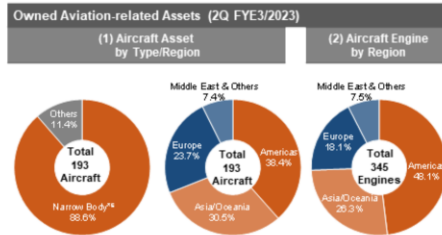
⁴ Figures before consolidated adjustments

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 (refer to the footnote 4 on page 6 for details)

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

Comments

- Gross profit decreased YoY due to the absence of gains on revaluation of certain receivables from bankrupt debtors recorded in 2Q FYE3/2022, the posting of an impairment loss, etc., despite the recovery trend in the business, such as an increase in lease revenue accompanied with the market recovery, etc.
- A segment loss was recorded due to an increase in exchange revaluation losses on foreign currency-denominated borrowings in JOLCO⁵, despite a decrease in credit costs.
- In our aircraft leasing business, the aircraft off-leasing ratio as of the end of September 2022 remained low.



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13

In the “Aviation” segment, gross profit decreased by 8.6 billion yen YoY to 11.2 billion yen due to the absence of gains on revaluation of certain receivables from bankrupt debtors recorded in 2Q FYE3/2022, the posting of an impairment loss, and other factors, despite the recovery trend in the business, such as an increase in lease revenue.

A segment loss of 2.7 billion yen was recorded due to the posting of exchange revaluation losses on foreign currency-denominated borrowings in JOLCO transactions, despite a decrease in credit costs.

Otherwise, the aircraft off-leasing ratio has remained low.

Next, please turn to page 14.

Logistics



Major Figures (Billion Yen)			
	2Q FYE3/2022 ¹	2Q FYE3/2023	YoY ²
Gross Profit	3.9	17.4	+13.4
Segment Profit	0.9	9.1	+8.2
New Transactions Volume	36.7	35.5	-1.2
Segment Assets	1,026.7	1,183.3	+156.6
Marine Containers	736.5	852.7	+116.2
Railway Freight Cars	223.2	275.8	+52.6
Shipping	66.9	54.7	-12.2

¹ Segment assets figure is for FYE3/2022 (reference value)

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

Owned Logistics-related Assets ³			
	FYE3/2022	2Q FYE3/2023	Change from FYE3/2022
Marine Container Fleet (TEU 1,000 ⁴)	3,492	3,482	-10
Marine Container Fleet (CEU 1,000 ⁵)	3,701	3,697	-3
Number of Railway Freight Cars	21,818	22,374	+556

³ Management accounting figures

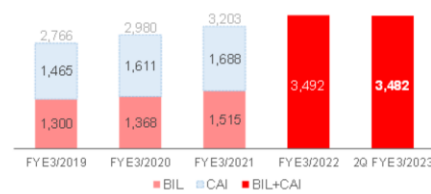
⁴ TEU: Twenty Foot Equivalent Unit (unit equivalent to the capacity of a 20-foot long container)

⁵ CEU: Cost Equivalent Unit (Conversion unit for various container volumes, calculated on the basis of 1 CEU = average historical price of a newly built 20-foot dry container)

Comments

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

Trend of Marine Container Fleet (TEU 1,000)⁶



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

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14

In “Logistics”, segment profit increased by 8.2 billion yen YoY to 9.1 billion yen. This is thanks to the steady performance of our marine container leasing business, such as the profit contribution from CAI and the steady business growth of BIL.

As we announced in October, we resolved to merge CAI and BIL as a reorganization of group companies to strengthen the competitiveness of the marine container leasing business.

Jumping ahead, please have a look at page 22 of the material.

Real Estate



Major Figures (Billion Yen)

	2Q FYE3/2022 ¹	2Q FYE3/2023	YoY ²
Gross Profit	9.7	14.8	+5.0
Segment Profit	3.9	5.5	+1.6
New Transactions Volume	46.5	33.8	-12.6
Segment Assets	712.7	671.0	-41.6
Securitization (Debt)	145.7	143.8	-1.9
Domestic ³	121.2	119.8	-1.4
Overseas	24.5	24.0	-0.4
Securitization (Equity)	56.8	62.3	+5.4
Domestic ³	39.6	41.3	+1.6
Overseas	17.2	20.9	+3.7
Real Estate Revitalization Investment	193.0	165.4	-27.5
Real Estate Rental Business	85.5	79.9	-5.6
Other Real Estate Finance	231.4	219.4	-11.9

¹ Segment assets figure is for FYE3/2022 (reference value)

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)

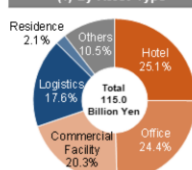
	FYE3/2022	2Q FYE3/2023	Change from FYE3/2022
Total	124.2	115.0	-9.1
Domestic Securitization	33.6	32.9	-0.6
Real Estate Revitalization Investment	90.5	82.1	-8.4

Comments

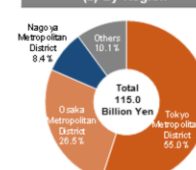
- Segment profit increased YoY thanks to an increase in gains on sales of assets for revitalization investment and for rental business, etc., while credit costs were posted for a certain project in the U.S.
- Segment assets decreased compared to the end of FYE3/2022 because of the sales of assets for revitalization investment and for rental business, etc.

Amount of Equity Contribution for Domestic Securitization/Real Estate Revitalization Investment^{4,5} (2Q 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 41.3 billion yen for 2Q FYE3/2023. Those for real estate revitalization investment are 193.0 billion yen for FYE3/2022 and 165.4 billion yen for 2Q FYE3/2023

In “Real Estate”, segment profit increased by 1.6 billion yen YoY to 5.5 billion yen, thanks to an increase in gains on sales of assets for the revitalization investment business and for rental business, etc., while credit costs were posted for a certain project in the U.S.

Please turn to page 16.

Mobility



Major Figures (Billion Yen)			
	2Q FYE3/2022 ^{*1}	2Q FYE3/2023	YoY ^{*2}
Gross Profit	4.3	4.7	+0.3
Segment Profit	1.9	2.3	+0.4
New Transactions Volume	15.5	13.6	-1.9
Segment Assets	129.4	128.6	-0.8

^{*1} Segment assets figure is for FYE3/2022 (reference value)

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

Number of Operational Vehicles ^{*3} (Unit: 1,000)			
	FYE3/2022	2Q 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

Comments

- Gross profit increased YoY thanks to an increase in gains on sales of vehicles for which the leasing term matured, etc., against a backdrop of the strong used car market in Japan.
- Segment profit increased YoY thanks to an 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 the new transactions volume as a result of delays in new car supply, responding to the shortage of semiconductors.

In “Mobility”, segment profit increased by 0.4 billion yen YoY to 2.3 billion yen, thanks to an increase in gains on sales of vehicles for which the leasing term matured, etc., against a backdrop of the strong used car market in Japan.

Next, I explain the financial forecast for FYE3/2023. Please turn to Page 18.

IV. Financial Forecast for FYE3/2023

Macro Environment

Macro Environment	<ul style="list-style-type: none"> ■ Shown as the IMF's downward revision of the world economic outlook, the uncertainties in the external environment is growing against the backdrop of the prolonged Ukraine situation^{*1}, steep rises in resource prices, inflation, interest rate rises in Europe and the U.S., etc.
Impact of Fluctuations in Interest Rates and Exchange Rates	<ul style="list-style-type: none"> ■ There is no major impact of the increase in interest rates to profits, as we have built a strong financial structure resistant to the increase in interest rates through the ALM^{*2} on a consolidated basis. ■ Foreign currency denominated assets are funded in the same currency in principle and we have not taken any foreign exchange risks. However, the weak yen has caused the increases in the profit on conversion into yen (a factor of boosting profit) and in exchange revaluation losses on foreign currency-denominated borrowings in JOLCO^{*3} (a factor of depressing profit), etc.
Impact of the Macro Environment on Businesses	<ul style="list-style-type: none"> ■ In the results for the first half of FYE3/2023, the businesses conducted by subsidiaries in Europe and Americas in the Global Business segment and marine container leasing business grew YoY. Credit costs decreased YoY in the Global Business and Aviation segments. ■ Meanwhile, as the risk of recession has been increasing mainly in Europe and the U.S., we will continue appropriate risk management while keeping a close eye on the impacts on our businesses, such as the performance of our customers, global air passenger demand, and volume of container transport.

^{*1} Receivables in Russia and Ukraine that are held by MHC are minor at the moment, thus the impact on businesses for MHC is limited

The aircraft leasing business and aircraft engine leasing business have no receivables in Russia and Ukraine (However, in aircraft engine leasing business, 4 engines leasing to companies outside these countries, are located within Russia as of November 10, 2022)

^{*2} Abbreviation of Asset Liability Management

^{*3} 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 (please refer to the footnote 4 on page 6 for details)

 MITSUBISHI HC CAPITAL

18

Before we move into the financial forecast, let me explain how we recognize the macro environment which form the assumptions of the forecast.

Regarding the macro environment stated in the upper row, we acknowledge that the uncertainty in the external environment is growing as shown by the IMF's downward revision of the world economic outlook. This revision was due to the prolonged Ukraine situation, steep rises in resource prices, inflation, and interest rate rises in Europe and the U.S. in order to control the inflation.

Regarding the impact of the interest rate rises, stated in the middle row, we have built a strong financial structure resistant to the interest rate rises through the ALM on a consolidated basis. Because of that, we estimate there will be no major impact on our financial results.

Regarding the impact of fluctuation in exchange rates, we have not taken any exchange rate risks by matching the currency of the assets and the corresponding debts in principle. The weak yen have both positive and negative effects to our financials. The positive effect comes through the fluctuation of applied exchange rates when incorporating the results of overseas subsidiaries into the consolidated financial statements. The negative impact comes through the exchange revaluation losses in relation to foreign currency-denominated borrowings in JOLCO. As I explained earlier on page 6, it depends on how much each currency fluctuate, but the negative impact of the increase in the exchange revaluations losses was a slightly bigger than the positive impact for 2Q FYE3/2023.

Regarding the impact of the macro environment on businesses, stated in the bottom of the chart, the businesses conducted by subsidiaries in Europe and the U.S. in the Global Business segment and the marine container leasing business grew YoY and the credit costs also decreased YoY in the Global Business and Aviation segments. Meanwhile, as the risk of recession has been increasing mainly in Europe and the U.S., we will continue keeping a close eye on the impacts on our businesses, such as the performance of our customers, global air passenger demand, and volume of container transport and go on the appropriate management on the risks.

Please turn to page 19.

Financial Forecast for FYE3/2023

- The progress against the financial forecast for FYE3/2023 (net income: 110.0 billion yen) was high at 57.4%, thanks to curbing credit costs in the Global Business and Aviation segments and other factors, in addition to the profit contribution from CAI, a marine container leasing company in the U.S., and the business growth of subsidiaries in Europe and Americas.
- Our financial forecast remains unchanged due to the growing uncertainties in the external environments, such as the prolonged Ukraine situation, steep rises in resource prices, inflation, interest rate rises in Europe and the U.S., the weak yen, and other factors.

	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 November 10, 2022

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

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19

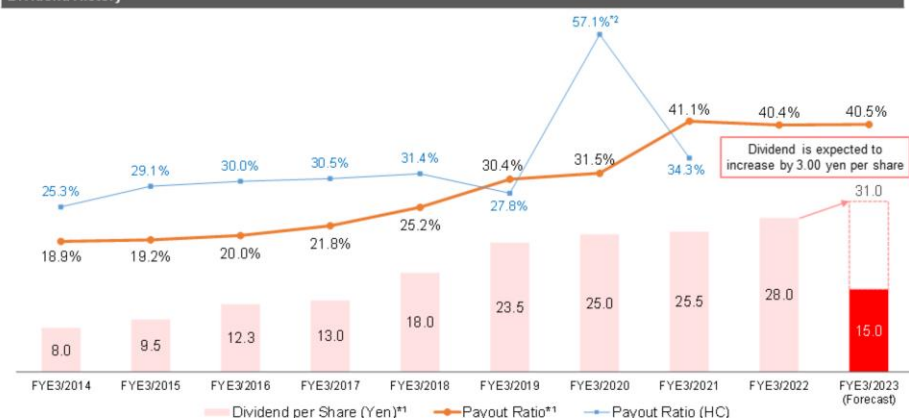
Based on the perspective of the macro environment, our financial forecast of the net income attributable to owners of the parent for FYE3/2023 of 110.0 billion yen remains unchanged, even though the progress against the forecast for FYE3/2023 up to 2Q was high at 57.4%. Our forecasts for ROA, ROE and OHR also remain unchanged from initial forecasts.

Please proceed to page 20.

Dividend Forecast for FYE3/2023

- We pursue our basic policy to return profits to shareholders by paying 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.
- The interim dividend in FYE3/2023 increased by 2 yen YoY to 15 yen.

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

MITSUBISHI HC CAPITAL

20

Lastly, let me explain the dividend forecast for FYE3/2023. Considering that financial forecast keeps unchanged, estimation of the annual dividend per share remains unchanged at 31 yen, up 3 yen YoY. The interim dividend in FYE3/2023 was resolved to be 15 yen, up 2 yen YoY, the same as we planned in the beginning of this fiscal year.

This concludes my part of the briefing.

V. Appendix

Reorganization of Group Companies to Enhance Competitiveness of Marine Container Leasing Business

- As announced on October 18, 2022, Executive Committee resolved the merger of CAI and BIL, both of which operate a marine container leasing business, with CAI being the surviving company and BIL being the merged company. (The merger is scheduled to come into effect on January 1, 2023.)
- Through this merger, the new company will be among the highest in the world in terms of quantity of marine containers. We intend to further strengthen and expand the business to make it a leading force that supports the medium- to long-term growth of MHC by integrating knowledge of the former two companies and incorporating the growth opportunity of this business.

New Company Overview



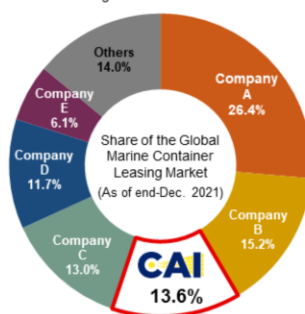
Name	CAI International, Inc.
Head Office	Steuart Tower, 1 Market Plaza, Suite 2400, San Francisco, CA

*1 (Source) Drewry "Container Census & Leasing Annual Report 2022/23"

*2 CEU: Cost Equivalent Unit
(Conversion unit for various container volumes, calculated on the basis of 1 CEU = average historical price of a newly built 20-foot dry container)

Share of the Global Marine Container Leasing Market*1 (CEU*2-basis)

- The new company will be the third largest company in the global marine container leasing market in terms of CEU.



MITSUBISHI HC CAPITAL

22

The merger is scheduled to come into effect on January 1, 2023, with CAI as the surviving company.

After the merger, the new company will be the 3rd globally in terms of marine container leasing market share, based on CEU as of the end of December 2021, being among the highest in the world.

Through this merger, we intend to further strengthen and expand the business to make it our leading force by integrating knowledge of the former two companies and incorporating the growth opportunity of this business.

Please turn back to page 15.

Establishment of the Human Rights Policy

- We established the "Human Rights Policy" in accordance with the United Nations' Guiding Principles on Business and Human Rights", and announced the policy in October 2022.

Preamble of the Human Rights Policy

- ✓ We at the Mitsubishi HC Capital Group recognize that conducting business with the utmost respect of human rights is a major challenge, and we will fulfill our responsibilities in this matter across all our business activities.
- ✓ Through dialogue and collaboration with relevant stakeholders, we will exclude exploitative labor practices such as modern slavery, forced labor, human trafficking, and child labor, from the businesses and supply chains of the Mitsubishi HC Capital Group.
- ✓ We will address human rights risks relevant to our businesses earnestly and appropriately to fulfil our obligations to respect human rights in a manner expected of global companies, aiming to realize a society that respects human rights.
- ✓ We will realize a flexible working style and respect a diversity of values, and strive to create a comfortable working environment in which each and every individual can demonstrate their maximum potential.

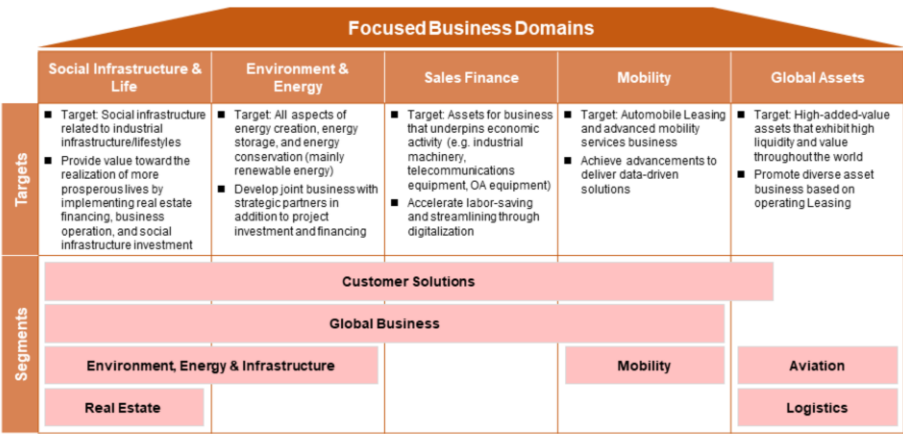


Visit the website below to learn more about our "Human Rights Policy".

https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/variou_s_policies/human_rights_policy.pdf

Focused Business Domains and Segments

- 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.



New Reportable Segments (1)

■ Along with the organizational changes effective on April 1, 2022, we have changed the reportable segments as follows from 1Q FYE3/2023.

Until FYE3/2022			From FYE3/2023						
Reportable Segments			Reportable Segments	Before	(Ref. ¹⁾ FYE3/2022 (Billion Yen)		2Q FYE3/2023 (Billion Yen)		
					Segment Assets	Segment Profit	Segment Assets	Segment Profit	
A	Customer Business		Customer Solutions	A B C D	3,337.6	32.7	3,245.6	20.6	
B	Account Solution			E ² J K ³ L ⁴					
C	Vendor Solution		Global Business	A B I ⁵	2,316.3	41.2	2,577.0	23.6	
D	LIFE								
E	Real Estate		Environment, Energy & Infrastructure	F K	417.9	2.2	430.4	5.4	
F	Environment & Renewable Energy								
G	Aviation		Aviation	G	1,365.1	5.6	1,639.0	-2.7	
H	Logistics		Logistics	H	1,026.7	0.8	1,183.3	9.1	
I	Mobility								
J	Others	Healthcare	Real Estate	E	712.7	12.3	671.0	5.5	
K		Infrastructure & Investment							
L		Others	Mobility	H ⁶ I	129.4	3.1	128.6	2.3	
Adjustments			Adjustments		39.3	1.1	35.0	-0.8	
Total			Total		9,345.3	99.4	9,910.2	63.1	

^{*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

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New Reportable Segments (2)

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

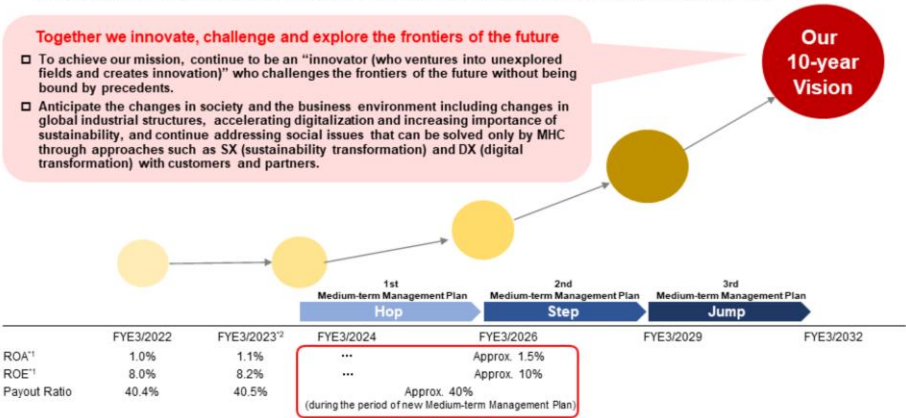
Reportable Segments	Main Services and Business Description	Organizations
Customer Solutions	Finance solutions for companies and government agencies, sales finance provided through collaboration with vendors, real estate leasing, and financial services	Business Promotion Division, Corporate Business Division, 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

Our 10-year Vision

- We will achieve "Our 10-year Vision" by implementing Medium-term Management Plans in three phases. The new Medium-term Management Plan starting in FYE3/2024 is set as phase one, 'hop', followed by the Management Plans as phase two, 'step', and phase three, 'jump'.
- Our expected target of ROA*1 is approx. 1.5% and of ROE*1 is approx. 10% for FYE3/2026, the final fiscal year of the "hop" phase. The expected target of payout ratio for the period of the new Medium-term Management Plan is aimed to be approx. 40%.

Together we innovate, challenge and explore the frontiers of the future

- To achieve our mission, continue to be an "innovator (who ventures into unexplored fields and creates innovation)" who challenges the frontiers of the future without being bound by precedents.
- Anticipate the changes in society and the business environment including changes in global industrial structures, accelerating digitalization and increasing importance of sustainability, and continue addressing social issues that can be solved only by MHC through approaches such as SX (sustainability transformation) and DX (digital transformation) with customers and partners.

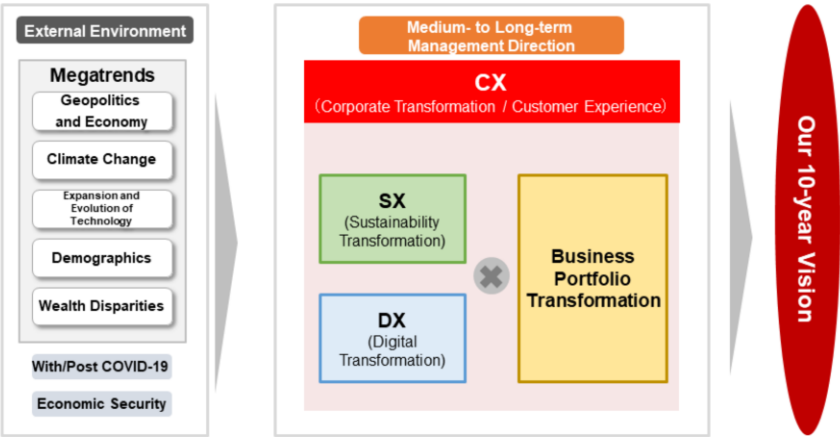


*1 ROA and ROE are based on net income

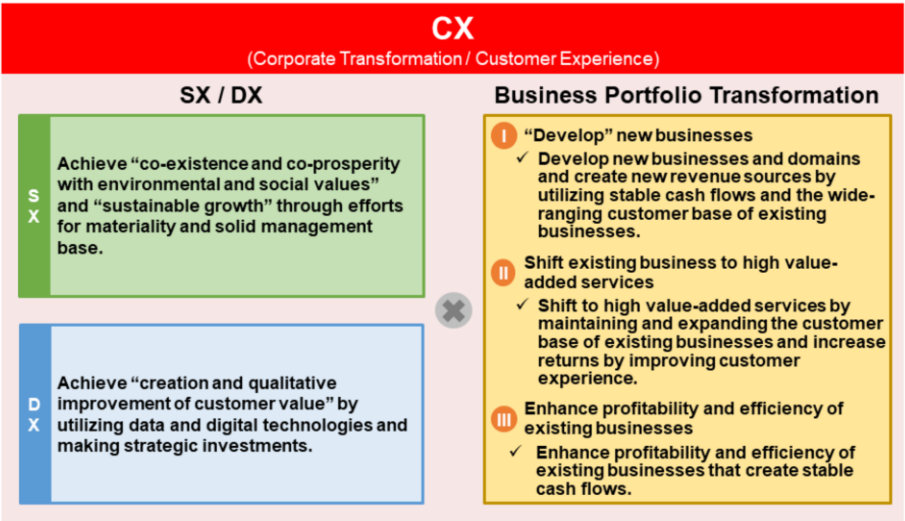
*2 Figures for FYE3/2023 are forecasts (as of November 10, 2022)

Medium- to Long-term Management Direction: Toward Our 10-year Vision

- Achieve "Our 10-year Vision" by promoting CX through "SX / DX" and "Business Portfolio Transformation".
- We can achieve "Customer Experience" by implementing "Corporate Transformation".



Medium- to Long-term Management Direction: Implementing CX



Segment Profit (by Quarter)

(Billion Yen)	FYE3/2022		FYE3/2023			
	1Q	2Q	1Q	2Q	QoQ	YoY
1 Customer Solutions	8.3	10.0	11.2	9.3	-1.9	-0.6
2 Global Business	24.2	5.1	10.2	13.3	+3.1	+8.2
3 Environment, Energy & Infrastructure	0.8	0.2	1.9	3.5	+1.5	+3.2
4 Aviation	-2.4	6.6	-0.9	-1.8	-0.9	-8.5
5 Logistics	0.0	0.8	4.6	4.5	-0.1	+3.6
6 Real Estate	1.1	2.7	2.6	2.8	+0.2	+0.1
7 Mobility	0.9	0.9	1.3	1.0	-0.3	0.0
8 Adjustments	0.0	0.6	0.8	-1.6	-2.5	-2.3
9 Total Segment Profit	33.1	27.3	32.0	31.1	-0.9	+3.8

(Billion Yen)	Notes (Pre-tax Basis)	
	2Q FYE3/2022	2Q FYE3/2023
1 Customer Solutions	-	1Q: Large gains on sales related to real estate leasing: approx. JPY2.0Bn (+) Non-operating income in a certain deal (insurance claim income): approx. JPY1.0Bn (+)
2 Global Business	1Q: Gains on sales of strategic shareholdings: JPY26.7Bn (+)	2Q: Gains on revaluations of the securities held by an European subsidiary as they were excluded from the scope of application of the equity method: approx. JPY7.0Bn (+)
3 Environment, Energy & Infrastructure	2Q: Market valuation losses in the infrastructure business: approx. JPY2.0Bn (-)	1Q: Increases in profit from equity-method investment in a wind power generation project in Europe: approx. JPY1.0Bn (+) 2Q: Sales of equity interests in certain projects in the infrastructure business: approx. JPY2.0Bn (+)
4 Aviation	1Q: Expenses related to modification of terms for certain existing contracts: approx. JPY2.0Bn (-) Exchange revaluation losses in JOLCO*: approx. JPY2.0Bn (-) 2Q: Gains on revaluation of certain receivables from bankrupt debtors: approx. JPY7.0Bn (+)	1Q: Exchange revaluation losses in JOLCO*: approx. JPY3.5Bn (-) 2Q: An impairment loss: approx. JPY4.0Bn (-), Exchange revaluation losses in JOLCO*: approx. JPY3.0Bn (-)
5 Logistics	-	1Q: Gains on sales of owned assets: approx. JPY1.0Bn (+)
6 Real Estate	2Q: Gains on sales of owned assets: approx. JPY2.0Bn (+)	1Q: Gains on sales of owned assets: approx. JPY4.0Bn (+), Large credit costs: approx. JPY2.0Bn (-)
7 Mobility	-	2Q: Gains on sales of owned assets: approx. JPY3.0Bn (+)
8 Adjustments	-	-

* 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 (refer to the footnote 4 on page 6 for details)

New Transactions Volume by Segment

(Billion Yen)	2Q FYE3/2022	2Q FYE3/2023	YoY Change	YoY Change (%)
1 Customer Solutions	431.2	434.5	+3.3	+0.8%
2 Global Business	528.2	651.8	+123.6	+23.4%
3 Environment, Energy & Infrastructure	20.2	25.8	+5.5	+27.3%
4 Aviation	68.5	83.0	+14.4	+21.1%
5 Logistics	36.7	35.5	-1.2	-3.3%
6 Real Estate	46.5	33.8	-12.6	-27.2%
7 Mobility	15.5	13.6	-1.9	-12.2%
8 Total New Transactions Volume	1,147.2	1,278.4	+131.1	+11.4%

Credit Costs by Segment

(Billion Yen)		2Q FYE3/2022	2Q FYE3/2023	YoY Change
1	Customer Solutions	0.7	-0.6	-1.4
2	Global Business	7.0	2.1	-4.8
3	Environment, Energy & Infrastructure	0.2	1.0	+0.8
4	Aviation	5.8	1.4	-4.4
5	Logistics	-0.1	0.0	+0.1
6	Real Estate	0.0	2.3	+2.4
7	Mobility	0.0	0.0	0.0
8	Adjustments	0.0	0.0	0.0
9	Total Credit Costs	13.6	6.4	-7.2

Financial Performance: Profit & Loss Statement

(Million Yen)		2Q FYE3/2021*	2Q FYE3/2022	2Q FYE3/2023
1	Revenues	827,064	833,358	944,732
		-	+0.8%	+13.4%
2	Cost of Revenues	682,508	672,183	766,790
		-	-1.5%	+14.1%
3	Cost of Funds	48,519	37,717	57,683
		-	-22.3%	+52.9%
4	Gross Profit	144,556	161,175	177,941
		-	+11.5%	+10.4%
5	SG&A Expenses	97,764	103,024	103,802
		-	+5.4%	+0.8%
6	Personnel Expenses	45,515	47,914	54,176
		-	+5.3%	+13.1%
7	Non-personnel Expenses	40,389	40,655	41,390
		-	+0.7%	+1.8%
8	Allowance	11,859	14,453	8,235
		-	+21.9%	-43.0%
9	Operating Income	46,791	58,151	74,139
		-	+24.3%	+27.5%
10	Recurring Income	50,386	59,089	75,771
		-	+17.3%	+28.2%
11	Extraordinary Income	5,590	27,274	9,060
		-	+387.9%	-66.8%
12	Extraordinary Loss	7	229	370
		-	+2,989.7%	+61.4%
13	Net Income Attributable to Owners of the Parent	36,905	60,482	63,176
		-	+63.9%	+4.5%

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

* Figures for 2Q FYE3/2021 are the sum of consolidated results of MUL and those of HC (FRS basis) converted into J-GAAP basis in a simplified manner, and are presented as reference values

Financial Performance: Balance Sheet, etc.

(Million Yen)	FYE3/2021 ^{*1} (end-Mar. 2021)	FYE3/2022 (end-Mar. 2022)	2Q FYE3/2023 (end-Sep. 2022)
1 Cash and Cash Equivalents	603,321	540,942	678,455
	-	-10.3%	+25.4%
2 Total Equity	1,250,216	1,333,467	1,558,866
	-	+6.7%	+16.9%
3 Total Assets	9,730,027	10,328,872	11,154,540
	-	+6.2%	+8.0%
4 Segment Assets	8,604,876	9,345,376	9,910,251
	-	+8.6%	+6.0%
5 Operating Assets	8,259,624	9,058,273	9,584,950
	-	+9.7%	+5.8%
6 Equity-Method Investments	140,291	142,469	159,750
	-	+1.6%	+12.1%
7 Goodwill, Investment Securities, etc.	204,960	144,633	165,550
	-	-29.4%	+14.5%
8 Impaired Assets	95,543	108,188	120,220
	-	+13.2%	+11.1%
9 Allowance	58,066	76,791	83,468
	-	+32.2%	+8.7%
10 Net Balance of Impaired Assets	37,476	31,397	36,752
	-	-16.2%	+17.1%
11 Equity Ratio	12.5%	12.7%	13.8%
	-	+0.2pt	+1.1pt
12 ROE ^{*2}	-	8.0%	8.9% ^{*3}
	-	-	+0.9pt
13 ROA ^{*2}	-	1.0%	1.2% ^{*3}
	-	-	+0.2pt

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

*1 Figures for FYE3/2021 are the sum of consolidated results of MUL and those of HC (FRS 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 doubling the net income for 2Q FYE3/2023.



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

(Million Yen)	FYE3/2021 ^{*1} (end-Mar. 2021)	FYE3/2022 (end-Mar. 2022)	2Q FYE3/2023 (end-Sep. 2022)
14 Total Funding	7,633,836	8,066,082	8,691,400
	-	+5.7%	+7.8%
15 Indirect Funding	4,193,928	4,515,103	5,029,518
	-	+7.7%	+11.4%
16 Direct Funding	3,439,908	3,550,978	3,661,882
	-	+3.2%	+3.1%
17 CP	643,812	682,593	698,309
	-	+6.0%	+2.3%
18 Securitization	584,565	604,493	617,097
	-	+3.4%	+2.1%
19 Corporate Bonds	2,211,530	2,263,891	2,346,474
	-	+2.4%	+3.6%
20 Direct Funding Ratio	45.1%	44.0%	42.1%
	-	-1.1pt	-1.9pt
21 Long-Term Funding Ratio	66.8%	65.6%	63.2%
	-	-1.2pt	-2.4pt
22 Foreign Currency Funding Ratio	43.1%	49.4%	51.5%
	-	+6.3pt	+2.1pt

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

^{*1} Figures for FYE3/2021 are the sum of consolidated results of MIUL and those of HC (FRS 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 Subsidiaries²

	Major Overseas Subsidiaries with FY Ending in December		Major Overseas Subsidiaries with FY Ending in March			
	2Q FYE3/2022 ^{*3}	2Q FYE3/2023	2Q FYE3/2022 ^{*3}		2Q FYE3/2023	
23 Exchange Rate Applied to PL	\$1=JPY107.69	\$1=JPY122.89	£1=JPY152.50	\$1=JPY109.80	£1=JPY162.89	\$1=JPY133.97
24 Exchange Rate Applied to BS	\$1=JPY115.02	\$1=JPY136.68	£1=JPY160.89	\$1=JPY122.39	£1=JPY161.72	\$1=JPY144.81

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

Major overseas subsidiaries with FY ending in March: Average exchange rates during Apr. through Sep. applied to PL
FYE3/2022 BS: exchange rate as of end-Mar. 2022 is applied
2Q FYE3/2023 BS: exchange rate as of end-Sep. 2022 is applied

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



Major Companies (1)

Segment	Major Companies	Consolidated/ Equity method	Main Business	Segment	Major Companies	Consolidated/ Equity method	Main Business
Customer Solutions	Mitsubishi HC Capital/ Domestic Business Branches	-	Leasing, etc.	Americas	Mitsubishi HC Capital America	Consolidated	Leasing and financial business
	Mitsubishi HC Business Lease	Consolidated	Sales Finance		Mitsubishi HC Capital (U.S.A.)	Consolidated	Leasing, etc.
	DFL Lease	Consolidated	Leasing, etc.		ENG5 Commercial Finance ² “ENG5”	Consolidated	Sales finance, etc.
	Shutoken Leasing	Consolidated	Leasing, etc.		Mitsubishi HC Capital Canada Leasing	Consolidated	Leasing and financial business
	DRS	Consolidated	Rental and leasing, etc.	China Region	Mitsubishi HC Capital Leasing (Beijing)	Consolidated	Leasing, etc.
	Sekisui Leasing	Consolidated	Leasing, etc.		Mitsubishi HC Capital (Shanghai)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital Property	Consolidated	Real estate leasing		Mitsubishi HC Capital (Hong Kong)	Consolidated	Leasing, etc.
	Mitsubishi HC Capital Community	Consolidated	Real estate leasing, Real estate development and management	Global Business	Mitsubishi HC Capital Asia Pacific	Consolidated	Leasing, etc.
	Japan Medical Lease	Consolidated	Medical equipment and real estate leasing		Mitsubishi HC Capital (Singapore)	Consolidated	Leasing, etc.
	Healthcare Management Partners	Consolidated	Management of fund to support management specializing in the medical and long-term care fields		Mitsubishi HC Capital and Finance Indonesia	Consolidated	Leasing, etc.
Global Business	U-MACHINE	Consolidated	Purchase and sale of used goods	ASEAN	Arthaasia Finance	Consolidated	Leasing and financial business
	MHC Reuse Services	Consolidated	Purchase and sale of used goods		Bangkok Mitsubishi HC Capital	Consolidated	Leasing, etc.
	Mitsubishi HC Capital UK	Consolidated	Leasing and financial business		Mitsubishi HC Capital (Thailand)	Consolidated	Leasing, etc.
	MHC Mobility [Germany] ¹⁾	Consolidated	Auto leasing and rental		Mitsubishi HC Capital Malaysia	Consolidated	Leasing, etc.
	MHC Mobility [Netherlands] ¹⁾	Consolidated	Auto leasing				
	MHC Mobility [Poland] ¹⁾	Consolidated	Auto leasing				
	Mobility Mixx	Consolidated	MaaS ²⁾ business				

(Note) Company names are as of November 10, 2022 and words inside of “<”>” denote abbreviations of companies

¹⁾ Office location

²⁾ Abbreviation of “Mobility as a Service” (Making mobility more user friendly for people, by using IT to seamlessly combine enable movement by various means of transport)

³⁾ Operating company of ENG5 Holdings Inc.



Major Companies (2)

Segment	Major Companies	Consolidated/ Equity-method	Main Business	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	Real Estate	Mitsubishi HC Capital/ Real Estate Business Department	-	Real estate securitization finance
	Mitsubishi HC Capital/ Environment & Energy Sales Department	-	Environment-related and renewable energy business		Mitsubishi HC Capital Realty	Consolidated	Real estate revitalization investment
	Mitsubishi HC Capital/ Infrastructure Business Department	-	Renewable energy and infrastructure business		Mitsubishi HC Capital Realty Advisors	Consolidated	Asset management services
	Mitsubishi HC Capital Energy	Consolidated	Operation and asset management of renewable energy business		Diamond Asset Finance	Consolidated	Real estate rental and other real estate finance
	HSE	Consolidated	Wind power generation business		Miyuki Building	Consolidated	Real estate rental
	HGE	Consolidated	Solar power generation business		Mitsubishi HC Capital Realty (U.S.A.)	Consolidated	Overseas (North America) securitization finance
	Japan Infrastructure Initiative <JII>	Consolidated	Infrastructure investment and loan		Center Point Development <CPD>	Equity-method	Asset management services for logistics real estate
Aviation	Mitsubishi HC Capital/ Aviation Business Department	-	Japanese Operating Lease with call option, etc.		Logi Flag Development	Equity-method	Asset management services for logistics real estate
	Jackson Square Aviation <JSA>	Consolidated	Aircraft leasing	Mobility	Mitsubishi HC Capital/ Mobility Business Department	-	Investment in mobility-related companies
	Engine Lease Finance <ELF>	Consolidated	Aircraft engine leasing, part-out		Mitsubishi HC Capital Auto Lease	Consolidated	Auto leasing
Logistics	Mitsubishi HC Capital/ Logistics Business Department	-	Ship finance		Takari Kokoh Sejahtera	Consolidated	Auto leasing
	CAI International <CAI>	Consolidated	Marine container leasing		Mitsubishi Auto Leasing	Equity-method	Auto leasing
	Beacon Intermodal Leasing <BIL>	Consolidated	Marine container leasing				
	PNW Railcars	Consolidated	Railway Freight car leasing				

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

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