

Financial Results

for the 3rd Quarter of Fiscal Year Ending March 31, 2023

Mitsubishi HC Capital Inc.

February 10, 2023

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Definitions of Terms and Figures Used in this Presentation

- MHC: Mitsubishi HC Capital
- MUL: Mitsubishi UFJ Lease & Finance
- HC: Hitachi Capital
- 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)
- Net Income:
Net income (quarterly/annual) attributable to owners of the parent
- Segment Assets:
“Operating assets” + “equity-method investments” + “goodwill” + “investment securities, etc.”
 - * 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

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I. Highlights

Highlights

Net income increased by 13.4% YoY mainly thanks to the profit contribution from CAI and a decrease in credit costs.

- Net income for 3Q FYE3/2023 increased by 10.1 billion yen (13.4%) YoY to 85.9 billion yen thanks to the profit contribution from CAI, a marine container leasing company in the U.S.A. that became our wholly-owned subsidiary in November 2021, a decrease in credit costs including the Aviation segment, and the business growth of the subsidiaries mainly in Americas in the Global Business segment.
- The progress against the financial forecast of 110.0 billion yen in net income was 78.1%.

We have been promoting reorganization of domestic and overseas business branches/group companies and “Business Portfolio Transformation”.

- Since the business integration in April 2021, we have been promoting reorganization of domestic and overseas business branches/group companies to enhance our competitiveness through effective utilization of management resources and integrating our know-how.
- As part of “Business Portfolio Transformation”, we have resolved to conduct a transfer of the shares of Diamond Asset Finance, which mainly operates residential real estate-related finance. (Scheduled to transfer in March 2023)
- The new Medium-term Management Plan is scheduled to be started from FYE3/2024.

II. Financial Results for 3Q FYE3/2023

Financial Results for 3Q FYE3/2023

- Gross profit for 3Q FYE3/2023 increased by 25.4 billion yen, or 10.6% YoY, to 264.6 billion yen, thanks to the profit contribution from CAI, a marine container leasing company in the U.S.A., and other factors. Net income increased by 10.1 billion yen, or 13.4%, YoY to 85.9 billion yen, thanks to a decrease in credit costs and other factors, despite the absence of large gains on sales of strategic shareholdings (pre-tax basis: 26.7 billion yen) which were recorded as extraordinary income in FYE3/2022.
- The progress against the financial forecast for FYE3/2023 (net income: 110.0 billion yen) was 78.1%.

(Billion Yen)	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(c)/(a)
	3Q FYE3/2022	3Q FYE3/2023	YoY Change	Impact of Fluctuation in Exchange Rates Applied to P/L of Overseas Subsidiaries ^{*3}	YoY Change (%)
1 Revenues	1,312.9	1,410.4	+97.4	+47.7	+7.4%
2 Gross Profit	239.2	264.6	+25.4	+16.5	+10.6%
3 Operating Income	81.6	106.3	+24.7	+6.6	+30.3%
4 Recurring Income	82.2	109.6	+27.4	+6.9	+33.3%
5 Net Income	75.7	85.9	+10.1	+5.4	13.4%
6 New Transactions Volume	1,803.4	1,959.7	+156.3	+170.1	+8.7%
7 Segment Assets	9,345.3 ^{*5}	9,997.8	+652.4 ^{*6}	+723.4	+7.0% ^{*6}
8 ROA ^{*1}	1.0% ^{*7}	1.1% ^{*8}	+0.1pt		
9 ROE ^{*1}	8.4% ^{*7}	8.0% ^{*8}	-0.4pt		
10 OHR ^{*2}	56.1%	55.8%	-0.3pt		

<Impact of the exchange rates on net income>
 The impact of the exchange rates was approx. +1.9 billion yen including exchange revaluation losses related to Japanese Operating Lease with Call Option (JOLCO)^{*4} (approx. -3.5 billion yen).

*1 Based on the 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 Calculated by difference YoY in exchange rates applied to P/L (exchange rates applied to 3Q FYE3/2023 P/L minus exchange rates applied to 3Q FYE3/2022 P/L) when incorporating the financial statements in overseas subsidiaries (refer to page 30 for applied exchange rates)

*4 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-dominated assets and liabilities for JOLCO are converted into JPY. However, for accounting purposes, while assets (aircraft) use the exchange rate as of the lease start date, the liabilities (borrowing) use the exchange rate as of the final day of the fiscal period. Therefore, exchange revaluation losses or gains (weak yen: revaluation losses, strong yen: revaluation gains) occur

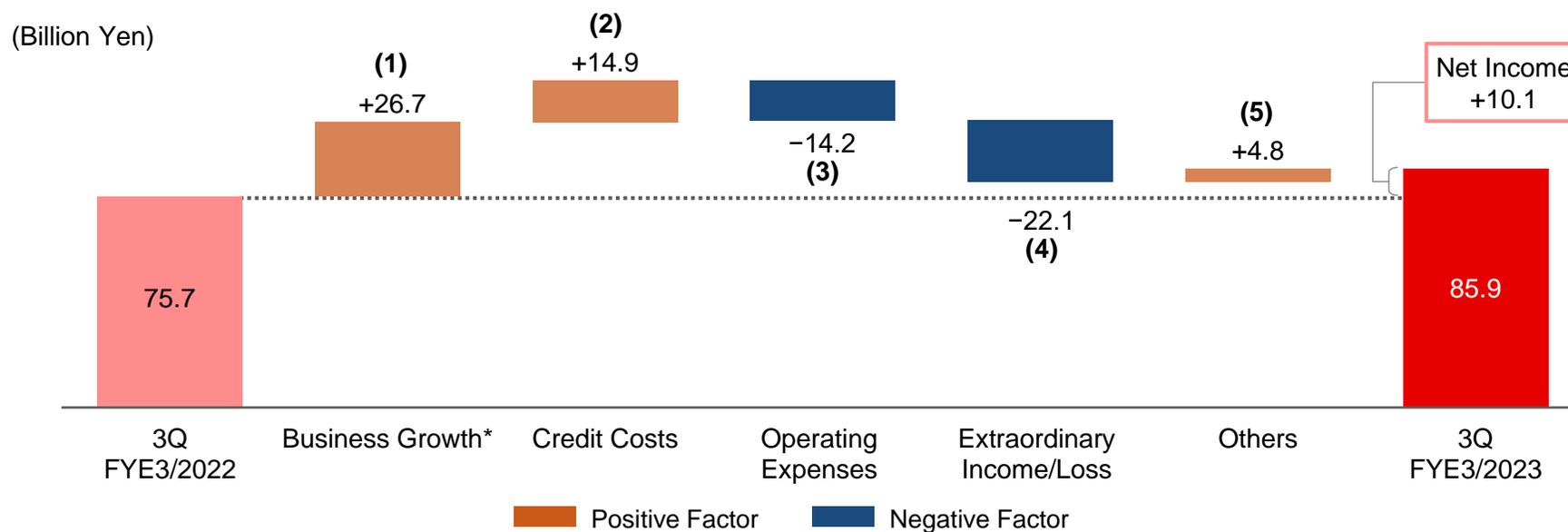
*5 FYE3/2022

*6 Change vs. FYE3/2022

*7 Numerator: Annualized net income formulated by multiplying the net income for 3Q FYE3/2022 by 4/3
 Denominator: Average of 3Q FYE3/2022 equity or total assets and FYE3/2021 equity or total assets (calculated by adding IFRS-based figures of HC to those of MUL in a simplified manner under J-GAAP as reference figures, then making adjustments upon the integration)

*8 Numerator: Annualized net income formulated by multiplying the net income for 3Q FYE3/2023 by 4/3
 Denominator: Average of FYE3/2022 and 3Q FYE3/2023 equity or of FYE3/2022 and 3Q FYE3/2023 total assets

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



(Billion Yen)	3Q FYE3/2022	3Q FYE3/2023	Major Factors for Changes in Net Income
(1) Business Growth*	238.5	265.2	■ Increased YoY thanks to the profit contribution from CAI, that became our wholly-owned subsidiary in November 2021, the business growth of the subsidiaries mainly in Americas in the Global Business segment, and an increase in gains on sales of assets related to real estate business, etc.
(2) Credit Costs	22.5	7.6	■ Decreased YoY thanks to decreases in the credit costs for the Aviation, Global Business, and Environment, Energy & Infrastructure segments, etc.
(3) Operating Expenses	133.7	148.0	■ Increased YoY due to the consolidation of CAI, an increase in expenses associated with the promotion of business activities mainly in overseas group companies, etc.
(4) Extraordinary Income/Loss	28.7	6.6	■ Decreased YoY due to the absence of the large gains on sales of strategic shareholdings which were recorded in FYE3/2022, despite the posting of gains on revaluation of securities at a European subsidiary in the Global Business segment.
(5) Others	35.2	30.3	■ Decrease in taxes, etc.

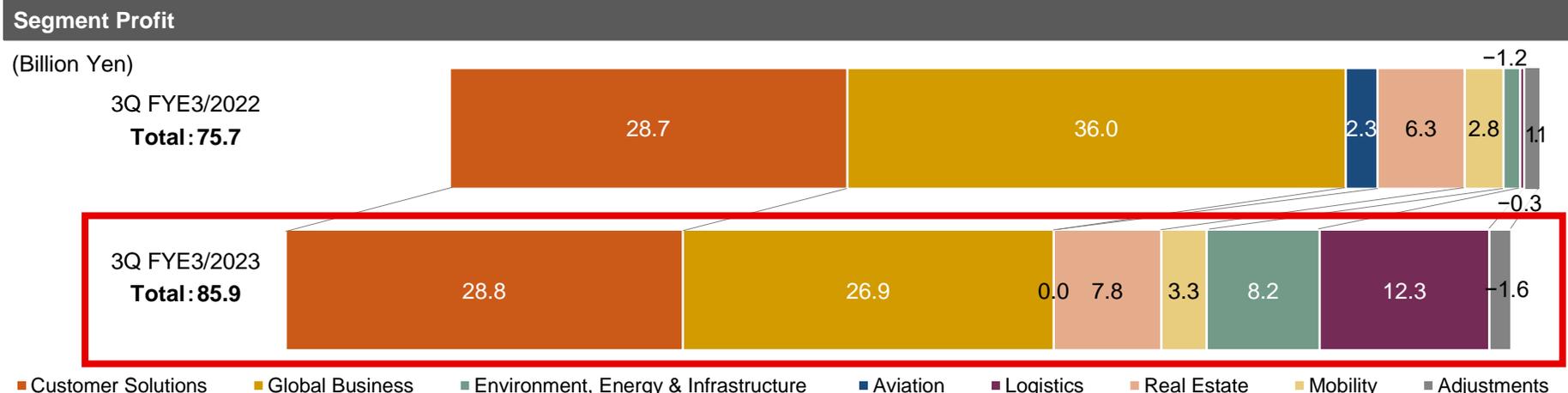
(Note) (1) to (4) use a pre-tax basis. Taxes are included in (5)

* Gross profit + Non-operating income/expenses

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

III. Segment Updates

Increase/Decrease in Segment Profit and Assets



(Billion Yen)	Segment Profit			Segment Assets			Major Factors for Changes in Segment Profit
	3Q FYE3/2022	3Q FYE3/2023	YoY	FYE3/2022 ^{*1}	3Q FYE3/2023	Change from FYE3/2022	
Customer Solutions	28.7	28.8	0.0	3,337.6	3,217.4	-120.1	Remained flat due to a reactionary fall in multiple sales by cancellation of certain large deals recorded in FYE3/2022, despite posting of large gains on sales, etc.
Global Business	36.0	26.9	-9.0	2,316.3	2,588.9	+272.5	Decreased due to the absence of gains on sales of strategic shareholdings recorded in FYE3/2022, etc., despite business growth in Americas.
Environment, Energy & Infrastructure	-1.2	8.2	+9.5	417.9	428.8	+10.9	Increased thanks to increases in profits from overseas renewable energy-related equity-method investments, a decrease in credit costs, etc.
Aviation	2.3	0.0	-2.2	1,365.1	1,760.6	+395.5	Decreased due to an increase in exchange revaluation losses related to JOLCO ^{*2} , an impairment loss, etc., despite the recovery trend of the business.
Logistics	-0.3	12.3	+12.6	1,026.7	1,187.9	+161.1	Increased thanks to the profit contribution from CAI, a marine container leasing company in the U.S.A. that became our wholly-owned subsidiary in November 2021, etc.
Real Estate	6.3	7.8	+1.5	712.7	651.8	-60.8	Increased thanks to an increase in gains on sales of assets and other factors, while credit costs were posted for a certain project in the U.S.A.
Mobility	2.8	3.3	+0.4	129.4	129.3	-0.1	Increased 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.
Adjustments	1.1	-1.6	-2.8	39.3	32.8	-6.5	-
Total	75.7	85.9	+10.1	9,345.3	9,997.8	+652.4	

*1 Converted into reportable segments after the organizational change conducted on April 1, 2022 in a simplified manner as reference values

*2 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)

Customer Solutions

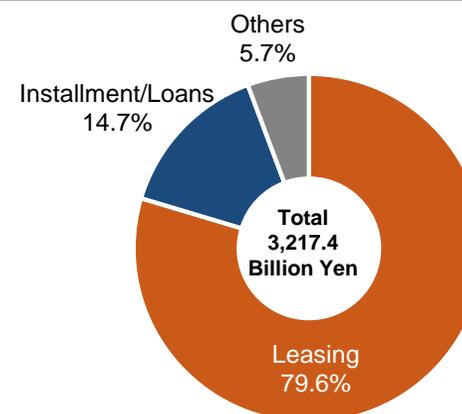


Major Figures (Billion Yen)			
	3Q FYE3/2022 ^{*1}	3Q FYE3/2023	YoY ^{*2}
Gross Profit	87.8	87.2	-0.5
Segment Profit	28.7	28.8	0.0
New Transactions Volume	668.0	679.6	+11.6
Customer Finance ^{*3}	544.3	559.5	+15.2
Vendor Solution	123.7	120.1	-3.5
Segment Assets	3,337.6	3,217.4	-120.1
Customer Finance ^{*3}	2,819.6	2,706.9	-112.7
Vendor Solution	518.0	510.5	-7.4

Comments

- Segment profit remained flat YoY due to a reactionary fall in multiple sales by cancellation of certain large deals recorded in FYE3/2022, etc., despite the large gains on sales related to real estate leasing, non-operating income (insurance claim income) posted for a certain deal, etc.
- New transactions volume increased YOY thanks to the large transactions on real estate leasing, etc.
- Segment assets decreased compared to 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 (3Q FYE3/2023)



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

*2 Segment assets figure is vs. FYE3/2022

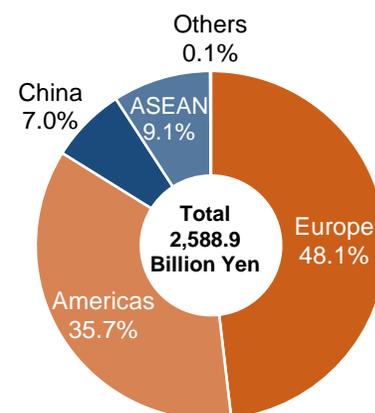
*3 Strategic shareholdings, purchasing and sale of used products, etc. are included

Major Figures*1 (Billion Yen)			
	3Q FYE3/2022*2	3Q FYE3/2023	YoY*3
Gross Profit	81.0	92.0	+11.0
Segment Profit	36.0	26.9	-9.0
Europe	13.1	17.7	+4.5
Americas	5.1	9.4	+4.2
China	-1.4	-0.4	+1.0
ASEAN	1.0	1.9	+0.8
Others	18.1	-1.7	-19.8
New Transactions Volume	813.7	989.3	+175.6
Europe	464.7	547.1	+82.3
Americas	220.5	304.8	+84.2
China	74.3	54.1	-20.1
ASEAN	54.0	83.2	+29.1
Others	-	-	-
Segment Assets	2,316.3	2,588.9	+272.5
Europe	1,157.2	1,246.5	+89.3
Americas	718.7	925.1	+206.4
China	221.7	180.8	-40.8
ASEAN	213.8	234.5	+20.7
Others	4.8	1.7	-3.0

Comments

- Gross profit increased YoY thanks to the business growth of the subsidiaries mainly in Americas.
- Segment profit decreased YoY due to the posting of the loss from revaluation of strategic shareholdings, the absence of large gains on sales of strategic shareholdings which were recorded in FYE3/2022, etc., 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 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 (3Q FYE3/2023)



*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. FYE3/2022

Environment, Energy & Infrastructure



Major Figures (Billion Yen)			
	3Q FYE3/2022*1	3Q FYE3/2023	YoY*2
Gross Profit	10.5	11.1	+0.6
Segment Profit	-1.2	8.2	+9.5
New Transactions Volume	32.5	28.7	-3.7
Segment Assets	417.9	428.8	+10.9
Finance	98.0	90.3	-7.7
Environment and Energy Business	226.4	229.9	+3.5
Infrastructure Business	90.2	105.5	+15.3
Others	3.2	3.0	-0.2

Comments

- Segment profit increased YoY thanks to an increase in profits from overseas renewable energy-related equity-method investments, sales of equity interests in certain infrastructure projects, a decrease in credit costs, and other factors.
- Segment assets increased compared to FYE3/2022 thanks to the closing of large transactions in domestic solar power projects and overseas infrastructure-related projects, the impact of the exchange rates, etc.

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

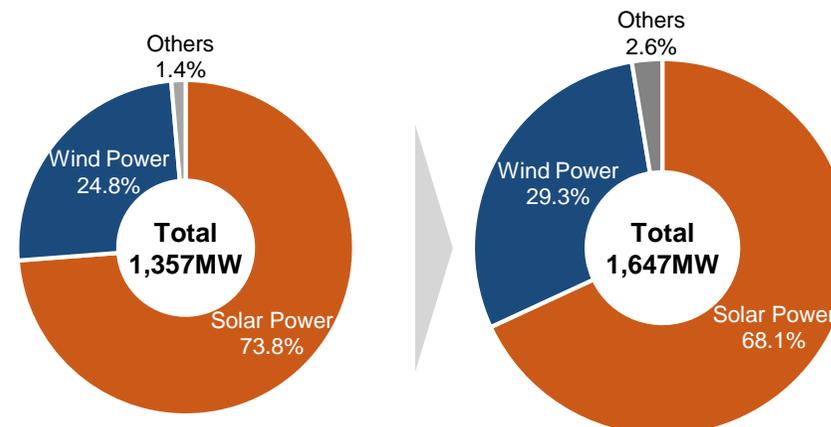
*2 Segment assets figure is vs. FYE3/2022

Equity-owned Power Generation Capacity of Renewable Energy Generation Business*3*4 (MW)			
	FYE3/2022	3Q FYE3/2023	Change from FYE3/2022
Total*5	1,216	1,357	+141
Solar Power*5	939	1,001	+61
Domestic*5	923	971	+48
Overseas	16	30	+13
Wind Power	273	337	+63
Domestic	190	190	0
Overseas	83	147	+63
Others	2	18	+16

Equity-owned Power Generation Capacity of Renewable Energy Generation Business (3Q FYE3/2023)

(1) Renewable Capacity in Operation

(2) Including Projects under Development



*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

*5 An adjustment corresponding to the equity ownership ratio was made for a certain deal (Change in FYE3/2022)

Domestic solar power: 934⇒923, Solar power total: 951⇒939, Equity-owned power total: 1,227⇒1,216

Major Figures (Billion Yen)			
	3Q FYE3/2022*1	3Q FYE3/2023	YoY*2
Gross Profit	24.3	19.8	-4.5
Segment Profit	2.3	0.0	-2.2
New Transactions Volume	137.1	142.4	+5.2
Segment Assets	1,365.1	1,760.6	+395.5
Aircraft Leasing (JSA)	995.1	1,305.9	+310.8
Engine Leasing (ELF)	299.5	389.2	+89.6
Aircraft Leasing, etc. (MHC)	70.4	65.4	-4.9

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

*2 Segment assets figure is vs. FYE3/2022

Owned Aviation-related Assets*3*4			
	FYE3/2022	3Q FYE3/2023	Change from FYE3/2022
Number of Aircraft (JSA)	191	195	+4
Number of Aircraft Purchased	22	8	-
Number of Aircraft Sold	8	4	-
Average Age (JSA)	4.5 years	4.9 years	+0.4 years
Average Leasing Term (JSA)	7.3 years	7.1 years	-0.2 years
Number of Aircraft Engines (ELF)	341	346	+5

*3 Management accounting figures

*4 Figures before consolidated adjustments

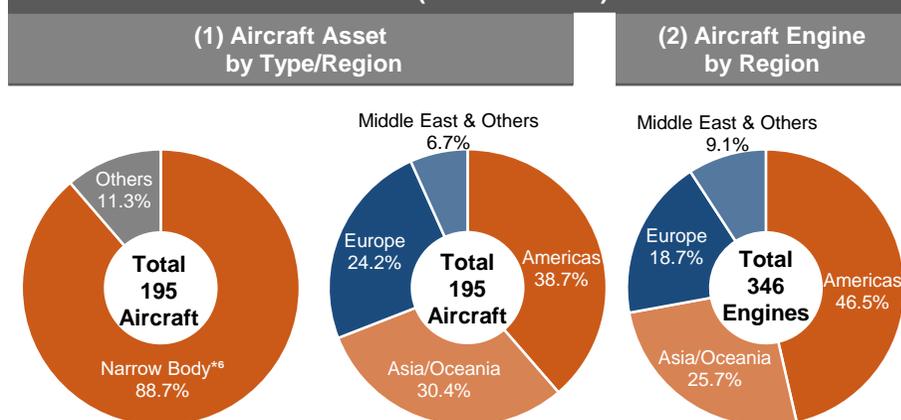
*5 Exchange revaluation losses generated in the accounting process in relation to foreign currency-denominated borrowings for multiple deals booked at MHC under Japanese Operating Leases with Call Option (JOLCO) originated for domestic corporate investors (refer to the footnote 4 on page 6 for details)

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

Comments

- Segment profit decreased YoY due to an increase in exchange revaluation losses on foreign currency-denominated borrowings in JOLCO*5, the absence of gains on revaluation of certain receivables from bankrupt debtors recorded in FYE3/2022, the posting of an impairment loss, etc.
- The business has been in the recovery trend with an increase in lease revenue accompanied with the market recovery, a decrease in credit costs, and other factors.
- In our aircraft leasing business, there were no off-lease aircraft as of the end of December 2022.

Owned Aviation-related Assets (3Q FYE3/2023)



Major Figures (Billion Yen)			
	3Q FYE3/2022 ^{*1}	3Q FYE3/2023	YoY ^{*2}
Gross Profit	4.2	24.5	+20.3
Segment Profit	-0.3	12.3	+12.6
New Transactions Volume	59.8	46.2	-13.5
Segment Assets	1,026.7	1,187.9	+161.1
Marine Containers	736.5	887.4	+150.9
Railway Freight Cars	223.2	253.2	+30.0
Shipping	66.9	47.1	-19.8

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

*2 Segment assets figure is vs. FYE3/2022

Owned Logistics-related Assets ^{*3}			
	FYE3/2022	3Q FYE3/2023	Change from FYE3/2022
Marine Container Fleet (TEU 1,000 ^{*4})	3,492	3,468	-24
Marine Container Fleet (CEU 1,000 ^{*5})	3,701	3,680	-20
Number of Railway Freight Cars	21,818	22,615	+797

*3 Management accounting figures

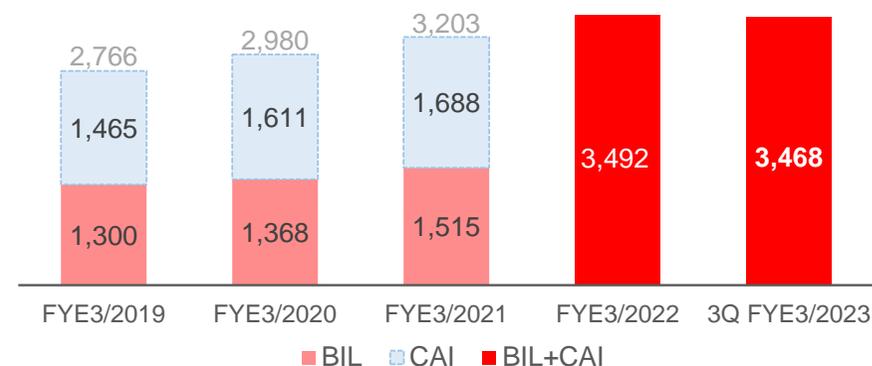
*4 TEU: Twenty Foot Equivalent Unit (unit equivalent to the capacity of a 20-foot long container)

*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 the profit contribution from CAI, a marine container leasing company in the U.S.A. that became our wholly-owned subsidiary in November 2021, the steady performance of BIL, etc., though impairment losses on certain railway freight car assets were posted accompanied with the determination of sales aiming to the replacement of the portfolio.
- Segment assets increased compared to 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

Major Figures (Billion Yen)			
	3Q FYE3/2022 ^{*1}	3Q FYE3/2023	YoY ^{*2}
Gross Profit	15.2	20.1	+4.8
Segment Profit	6.3	7.8	+1.5
New Transactions Volume	68.5	51.6	-16.9
Segment Assets	712.7	651.8	-60.8
Securitization (Debt)	145.7	141.3	-4.4
Domestic ^{*3}	121.2	119.0	-2.2
Overseas	24.5	22.3	-2.1
Securitization (Equity)	56.8	50.7	-6.1
Domestic ^{*3}	39.6	37.0	-2.6
Overseas	17.2	13.6	-3.5
Real Estate Revitalization Investment	193.0	165.0	-27.9
Real Estate Rental Business	85.5	79.6	-5.9
Other Real Estate Finance	231.4	215.0	-16.4

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

*2 Segment assets figure is vs. 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	3Q FYE3/2023	Change from FYE3/2022
Total	124.2	110.7	-13.5
Domestic Securitization	33.6	28.7	-4.8
Real Estate Revitalization Investment	90.5	81.9	-8.6

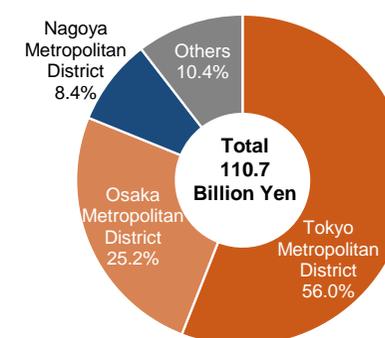
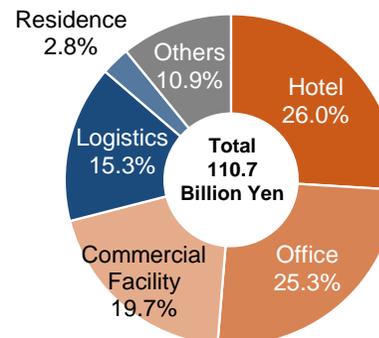
Comments

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

Amount of Equity Contribution for Domestic Securitization/ Real Estate Revitalization Investment^{*4*5} (3Q 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 37.0 billion yen for 3Q FYE3/2023. Those for real estate revitalization investment are 193.0 billion yen for FYE3/2022 and 165.0 billion yen for 3Q FYE3/2023

Major Figures (Billion Yen)			
	3Q FYE3/2022 ^{*1}	3Q FYE3/2023	YoY ^{*2}
Gross Profit	6.5	7.1	+0.5
Segment Profit	2.8	3.3	+0.4
New Transactions Volume	23.6	21.6	-2.0
Segment Assets	129.4	129.3	-0.1

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

*2 Segment assets figure is vs. FYE3/2022

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

IV. Financial Forecast for FYE3/2023

Financial Forecast for FYE3/2023

- The progress against the financial forecast for FYE3/2023 (net income: 110.0 billion yen) was 78.1%. The forecast remains unchanged.

		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

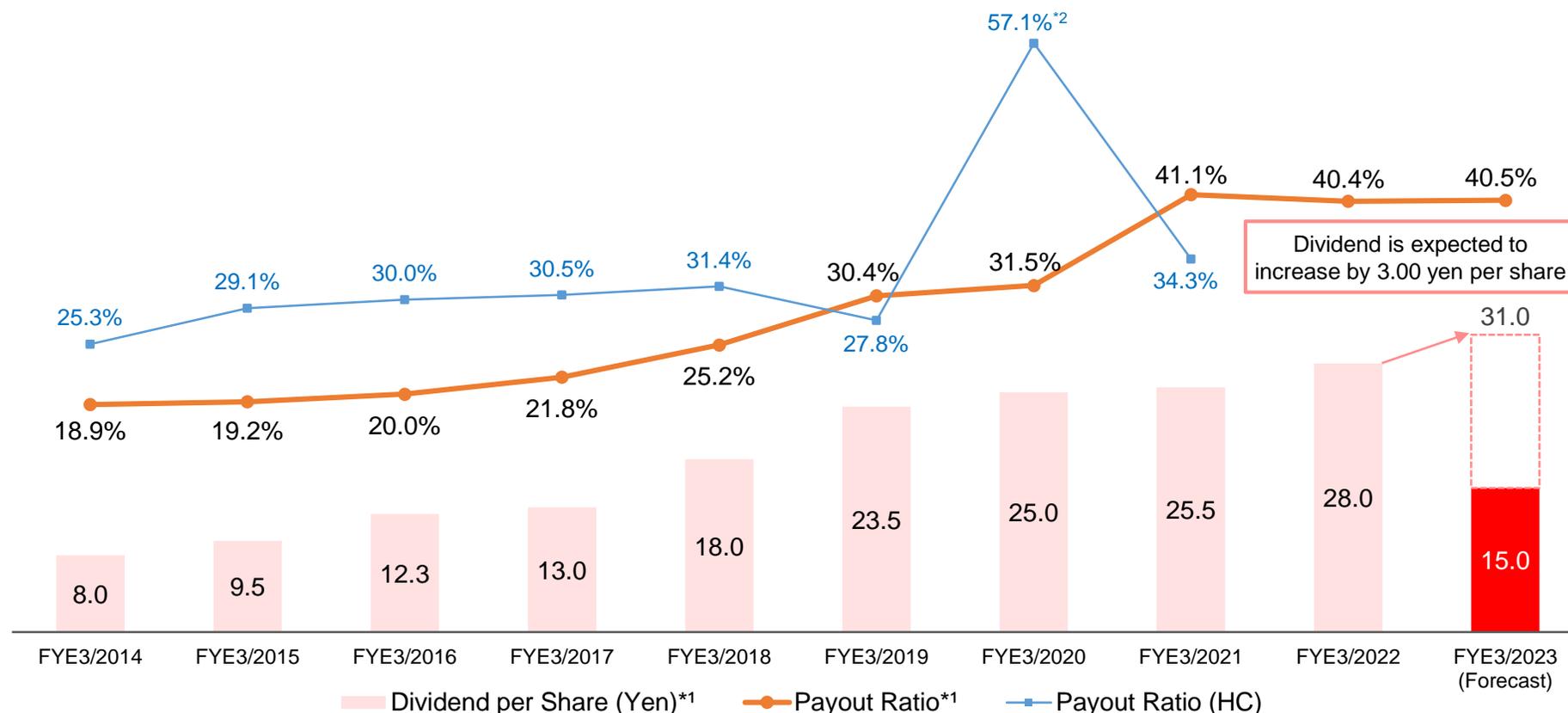
*3 Forecast as of February 10, 2023

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

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 be started from FYE3/2024.
- 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

V. Appendix

Major Business Topics

- We have been promoting reorganization of domestic and overseas business branches/group companies since the business integration in April 2021.
- Additionally, we have resolved to conduct a transfer of the shares of a group company in the Real Estate segment as part of our “Business Portfolio Transformation,” an initiative to realize “Our 10-year Vision” which is included in the Medium- to Long-term Management Direction.

Reorganization of Business Branches/Group Companies

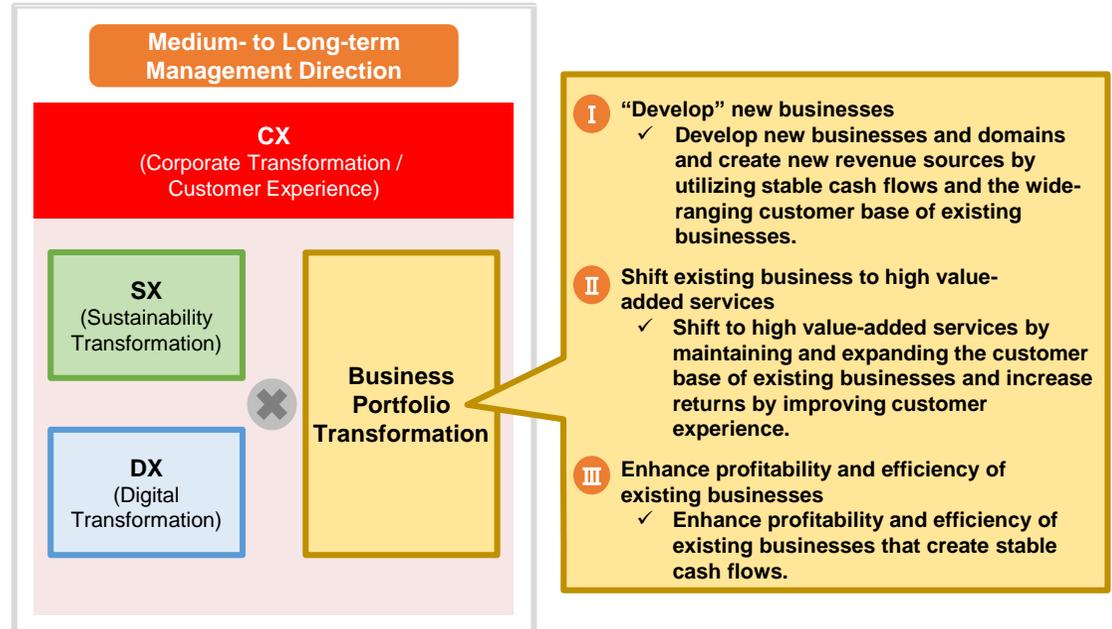
- ✓ We have been promoting reorganization of domestic and overseas business branches/group companies to enhance our competitiveness through effective utilization of management resources and integrating our know-how.

Timeframe	Region	Detail
2022	April: Japan	Integration/reorganization of business branches having similar functions and roles
	July: Hong Kong	Integration of 2 group companies located in Hong Kong
2023	January: North America	Reorganization of marine container leasing companies (CAI/BIL)
	April: (Scheduled) Japan	Integration of Mitsubishi HC Capital Energy and HGE
	Japan	Merger and reorganization of Japan Infrastructure Initiative
	North America	Integration of 3 companies* located in the U.S.A.

* Mitsubishi HC Capital America, Mitsubishi HC Capital (U.S.A.), and ENGS Commercial Finance

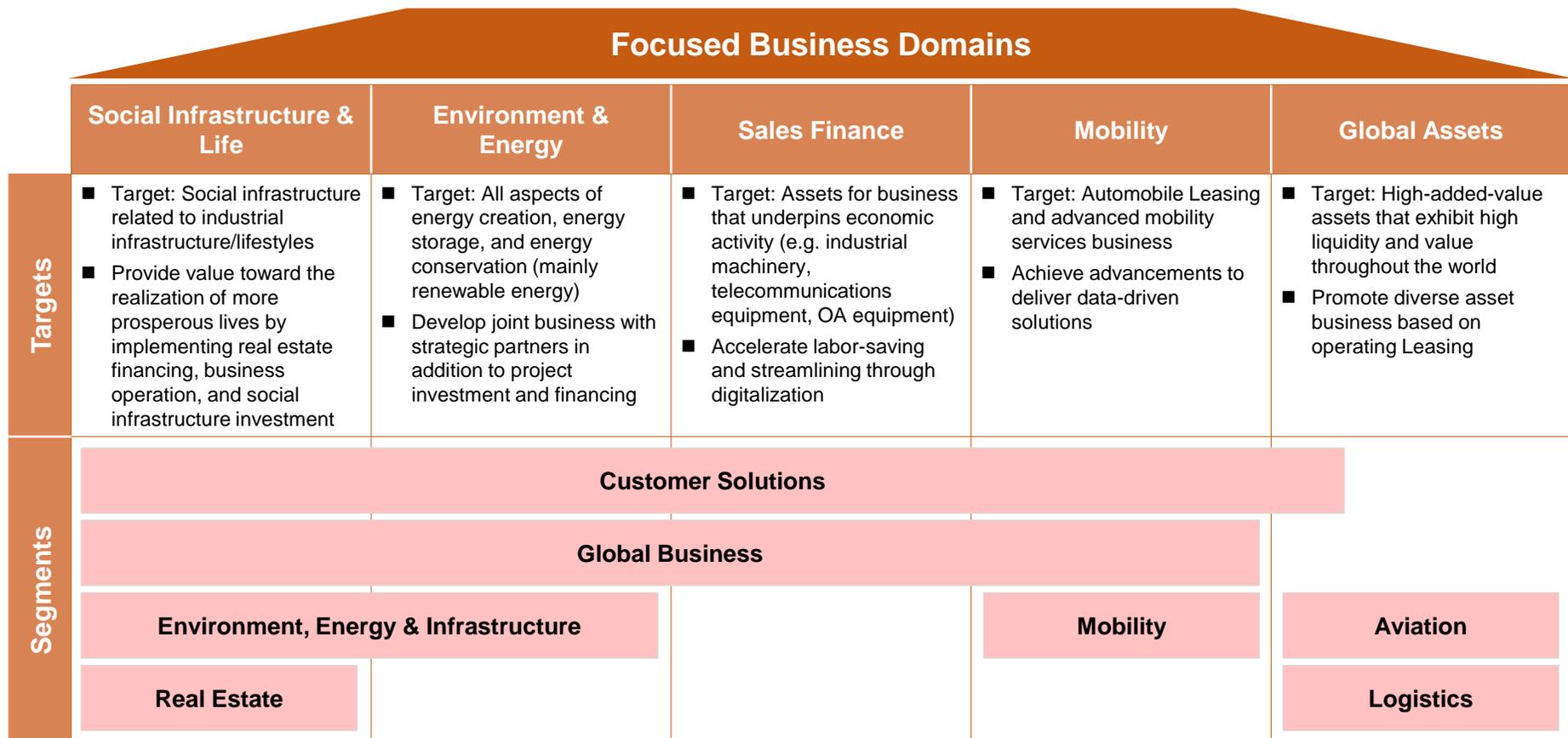
Transfer of Shares of Diamond Asset Finance (DAF)

- ✓ As announced on December 23, 2022, in order to concentrate resources on prioritized businesses in the Real Estate segment, and to improve profitability in the segment, we have entered into an agreement to transfer shares of DAF which mainly operates residential real estate-related finance.



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)		3Q FYE3/2023 (Billion Yen)	
					Segment Assets	Segment Profit	Segment Assets	Segment Profit
A	Customer Business		Customer Solutions	A	3,337.6	32.7	3,217.4	28.8
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							
J	Others	Healthcare		A	2,316.3	41.2	2,588.9	26.9
K		Infrastructure & Investment		B				
L		Others		I*5				
Adjustments				F	417.9	2.2	428.8	8.2
Total				K				
				G	1,365.1	5.6	1,760.6	0.0
				H	1,026.7	0.8	1,187.9	12.3
				E	712.7	12.3	651.8	7.8
				H*6	129.4	3.1	129.3	3.3
				I				
Adjustments					39.3	1.1	32.8	-1.6
Total					9,345.3	99.4	9,997.8	85.9

*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

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

Segment Profit (by Quarter)

(Billion Yen)		FYE3/2022			FYE3/2023				
		1Q	2Q	3Q	1Q	2Q	3Q	QoQ	YoY
1	Customer Solutions	8.3	10.0	10.3	11.2	9.3	8.1	-1.1	-2.1
2	Global Business	24.2	5.1	6.5	10.2	13.3	3.3	-10.0	-3.2
3	Environment, Energy & Infrastructure	0.8	0.2	-2.3	1.9	3.5	2.8	-0.6	+5.2
4	Aviation	-2.4	6.6	-1.8	-0.9	-1.8	2.8	+4.6	+4.6
5	Logistics	0.0	0.8	-1.2	4.6	4.5	3.1	-1.3	+4.4
6	Real Estate	1.1	2.7	2.3	2.6	2.8	2.2	-0.6	0.0
7	Mobility	0.9	0.9	0.9	1.3	1.0	0.9	0.0	0.0
8	Adjustments	0.0	0.6	0.5	0.8	-1.6	-0.8	+0.8	-1.3
9	Total Segment Profit	33.1	27.3	15.2	32.0	31.1	22.7	-8.3	+7.4

(Billion Yen)		Notes (Pre-tax Basis)	
		3Q FYE3/2022	3Q FYE3/2023
1	Customer Solutions	3Q: Gains on sales of owned assets: approx. JPY2.0Bn (+)	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 a European subsidiary as they were excluded from the scope of application of the equity method: approx. JPY7.0Bn (+) 3Q: Losses on revaluation of strategic shareholdings: approx. JPY2.0Bn (-) One-time IT-related expenses in Europe: approx. JPY1.0Bn (-) Transient operating expenses in China: approx. JPY1.0Bn (-)
3	Environment, Energy & Infrastructure	2Q: Market valuation losses in the infrastructure business: approx. JPY2.0Bn (-) 3Q: Credit costs relating to the infrastructure business: approx. JPY4.0Bn (-)	1Q: Increases in profit from equity-method investment in a wind power generation project in Europe: approx. JPY1.0Bn(+) 2Q: Sales of equity interest 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 (+) 3Q: An impairment loss on owned aircraft: approx. JPY3.0Bn (-)	1Q: Exchange revaluation losses in JOLCO*: approx. JPY3.5Bn (-) 2Q: An impairment loss on owned aircraft: approx. JPY4.0Bn (-) Exchange revaluation losses in JOLCO*: approx. JPY3.0Bn (-) 3Q: Exchange revaluation losses in JOLCO*: approx. JPY1.0Bn (-)
5	Logistics	3Q: Expenses for the reconfiguration of railway freight car portfolio: approx. JPY2.0Bn (-)	1Q: Gains on sales of owned assets: approx. JPY1.0Bn (+) 3Q: Impairment losses on the replacement of railway freight car portfolio: approx. JPY2.0Bn (-)
6	Real Estate	2Q: Gains on sales of owned assets: approx. JPY2.0Bn (+) 3Q: 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 (-) 2Q: Gains on sales of owned assets: approx. JPY3.0Bn (+) 3Q: Gains on sales of owned assets: approx. JPY2.0Bn (+)
7	Mobility	- -	- -
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)		3Q FYE3/2022	3Q FYE3/2023	YoY Change	YoY Change (%)
1	Customer Solutions	668.0	679.6	+11.6	+1.7%
2	Global Business	813.7	989.3	+175.6	+21.6%
3	Environment, Energy & Infrastructure	32.5	28.7	-3.7	-11.5%
4	Aviation	137.1	142.4	+5.2	+3.8%
5	Logistics	59.8	46.2	-13.5	-22.7%
6	Real Estate	68.5	51.6	-16.9	-24.7%
7	Mobility	23.6	21.6	-2.0	-8.6%
8	Total New Transactions Volume	1,803.4	1,959.7	+156.3	+8.7%

Credit Costs by Segment

(Billion Yen)		3Q FYE3/2022	3Q FYE3/2023	YoY Change
1	Customer Solutions	0.1	-0.6	-0.7
2	Global Business	9.1	4.2	-4.9
3	Environment, Energy & Infrastructure	4.6	0.7	-3.9
4	Aviation	8.8	0.8	-8.0
5	Logistics	-0.1	0.0	+0.1
6	Real Estate	0.0	2.4	+2.5
7	Mobility	0.0	0.0	0.0
8	Adjustments	0.0	0.0	0.0
9	Total Credit Costs	22.5	7.6	-14.9

Financial Performance: Profit & Loss Statement

(Million Yen)		3Q FYE3/2021*	3Q FYE3/2022	3Q FYE3/2023
1	Revenues	1,273,355	1,312,987	1,410,472
		-	+3.1%	+7.4%
2	Cost of Revenues	1,051,959	1,073,769	1,145,809
		-	+2.1%	+6.7%
3	Cost of Funds	70,624	56,800	95,184
		-	-19.6%	+67.6%
4	Gross Profit	221,395	239,218	264,662
		-	+8.1%	+10.6%
5	SG&A Expenses	145,531	157,558	158,277
		-	+8.3%	+0.5%
6	Personnel Expenses	68,239	72,210	82,529
		-	+5.8%	+14.3%
7	Non-personnel Expenses	58,943	61,561	65,481
		-	+4.4%	+6.4%
8	Allowance	18,348	23,786	10,266
		-	+29.6%	-56.8%
9	Operating Income	75,864	81,659	106,384
		-	+7.6%	+30.3%
10	Recurring Income	82,114	82,252	109,666
		-	+0.2%	+33.3%
11	Extraordinary Income	11,310	29,101	9,218
		-	+157.3%	-68.3%
12	Extraordinary Loss	129	335	2,572
		-	+159.5%	+667.1%
13	Net Income Attributable to Owners of the Parent	62,728	75,748	85,927
		-	+20.8%	+13.4%

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

* Figures for 3Q 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

Financial Performance: Balance Sheet, etc.

(Million Yen)		FYE3/2021*1 (end-Mar. 2021)	FYE3/2022 (end-Mar. 2022)	3Q FYE3/2023 (end-Dec. 2022)
1	Cash and Cash Equivalents	603,321	540,942	547,659
		-	-10.3%	+1.2%
2	Total Equity	1,250,216	1,333,467	1,566,019
		-	+6.7%	+17.4%
3	Total Assets	9,730,027	10,328,872	11,125,962
		-	+6.2%	+7.7%
4	Segment Assets	8,604,876	9,345,376	9,997,844
		-	+8.6%	+7.0%
5	Operating Assets	8,259,624	9,058,273	9,666,863
		-	+9.7%	+6.7%
6	Equity-Method Investments	140,291	142,469	164,192
		-	+1.6%	+15.2%
7	Goodwill, Investment Securities, etc.	204,960	144,633	166,788
		-	-29.4%	+15.3%
8	Impaired Assets	95,543	108,188	116,902
		-	+13.2%	+8.1%
9	Allowance	58,066	76,791	81,225
		-	+32.2%	+5.8%
10	Net Balance of Impaired Assets	37,476	31,397	35,676
		-	-16.2%	+13.6%
11	Equity Ratio	12.5%	12.7%	13.9%
		-	+0.2pt	+1.2pt
12	ROE*2	-	8.0%	8.0%*3
		-	-	0.0pt
13	ROA*2	-	1.0%	1.1%*3
		-	-	+0.1pt

(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 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 formulated by multiplying the net income for 3Q FYE3/2022 by 4/3

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

(Million Yen)		FYE3/2021*1 (end-Mar. 2021)	FYE3/2022 (end-Mar. 2022)	3Q FYE3/2023 (end-Dec. 2022)
14	Total Funding	7,633,836	8,066,082	8,509,245
		-	+5.7%	+5.5%
15	Indirect Funding	4,193,928	4,515,103	4,928,014
		-	+7.7%	+9.1%
16	Direct Funding	3,439,908	3,550,978	3,581,230
		-	+3.2%	+0.9%
17	CP	643,812	682,593	745,568
		-	+6.0%	+9.2%
18	Securitization	584,565	604,493	615,199
		-	+3.4%	+1.8%
19	Corporate Bonds	2,211,530	2,263,891	2,220,462
		-	+2.4%	-1.9%
20	Direct Funding Ratio	45.1%	44.0%	42.1%
		-	-1.1pt	-1.9pt
21	Long-Term Funding Ratio	66.8%	65.6%	63.8%
		-	-1.2pt	-1.8pt
22	Foreign Currency Funding Ratio	43.1%	49.4%	54.2%
		-	+6.3pt	+4.8pt

(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 (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			
		3Q FYE3/2022*3	3Q FYE3/2023	3Q FYE3/2022*3		3Q FYE3/2023	
23	Exchange Rate Applied to PL	\$1=JPY108.50	\$1=JPY128.05	£1=JPY152.76	\$1=JPY111.10	£1=JPY163.91	\$1=JPY136.51
24	Exchange Rate Applied to BS	\$1=JPY115.02	\$1=JPY144.81	£1=JPY160.89	\$1=JPY122.39	£1=JPY160.00	\$1=JPY132.70

*2 Major overseas subsidiaries with ⇒ Average exchange rates during Jan. through Sep. applied to PL
FY ending in December FYE3/2022 BS: exchange rate as of end-Dec. 2021 is applied
3Q FYE3/2023 BS: exchange rate as of end-Sep. 2022 is applied
Major overseas subsidiaries with ⇒ Average exchange rates during Apr. through Dec. applied to PL
FY ending in March FYE3/2022 BS: exchange rate as of end-Mar. 2022 is applied
3Q FYE3/2023 BS: exchange rate as of end-Dec. 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
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 leasing, Real estate development and management
	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.
	ENGS Commercial Finance ³ <ENGS>	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 February 10, 2023 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 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
	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 February 10, 2023 and words inside of "< >" denote abbreviations of companies

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