

Consolidated Financial Highlights for the Third Quarter Ended December 31, 2021

[Based on J-GAAP]

February 10, 2022

Company Name: **Mitsubishi HC Capital Inc.**
 Stock Exchange Listed on: Tokyo and Nagoya Stock Exchange (First Section)
 Company Code: 8593 URL: <https://www.mitsubishi-hc-capital.com/>
 Representative: Takahiro Yanai, Representative Director, President & CEO
 For Inquiry: Satoshi Inoue, Director, Senior Managing Executive Officer TEL: +81-3-6865-3002
 Scheduled Date of Submission of Financial Reports: February 10, 2022
 Scheduled Commencement of Dividend Payment: -
 Supplemental Material for Financial Results: Available
 Holding of Quarterly Financial Results Meeting: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Results for the Third Quarter Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(1) Consolidated Operating Results (Cumulative) (% represents the change from the same period in the previous fiscal year)

	Revenues		Operating income		Recurring income		Net income attributable to owners of the parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
For the nine months ended								
December 31, 2021	1,312,987	86.5	81,659	62.3	82,252	55.8	75,748	85.8
December 31, 2020	704,051	—	50,301	—	52,794	—	40,776	—

- (Note) 1. Comprehensive income: Nine Months Ended December 31, 2021: ¥106,367 million 343.3%
 Nine Months Ended December 31, 2020: ¥23,996 million -%
2. The Company (the former Mitsubishi UFJ Lease & Finance Company Limited) executed the business integration with Hitachi Capital Corporation on April 1, 2021. The consolidated operating results for the Nine Months ended December 31, 2020 represent the results of the former Mitsubishi UFJ Lease & Finance Company Limited.
3. Percentages change for the Nine Months ended December 31, 2020 are omitted as changes in accounting policies were applied retrospectively.

	Earnings per share	Diluted earnings per share
	(Yen)	(Yen)
For the nine months ended		
December 31, 2021	52.76	52.63
December 31, 2020	45.76	45.59

(2) Consolidated Financial Position

	Total assets	Total Equity	Equity ratio
	(Millions of yen)	(Millions of yen)	%
As of			
December 31, 2021	9,915,757	1,265,074	12.5
March 31, 2021	6,014,896	817,906	13.4

(Reference) Shareholders' equity: As of December 31, 2021: ¥1,242,510 million
 As of March 31, 2021: ¥ 803,796 million

- (Note) 1. The consolidated financial position for the Year ended March 31, 2021 represent the results of the former Mitsubishi UFJ Lease & Finance Company Limited.
 2. Changes in accounting policies were applied retrospectively to figures as of March 31, 2021.

2. Dividends

	Dividends per share				
	1st Quarter end	2nd Quarter end	3rd Quarter end	Year - end	Annual
For the year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
March 31, 2021	—	12.75	—	12.75	25.50
March 31, 2022	—	13.00	—		
March 31, 2022 (Forecast)				13.00	26.00

(Note) Changes from the latest released dividend forecasts: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Year-on-year change %)

	Net income attributable to owners of the parent		Earnings per share
	(Millions of yen)	%	(Yen)
Full year	95,000	71.7	66.17

(Note) Changes from the latest released performance forecasts: None

* Notes

(1) Significant changes in subsidiaries during the period

(Change of specific subsidiaries accompanying the change of scope of consolidation) : Yes

Newly included: 14 companies

(Company name)

Capital Insurance Corporation, Mitsubishi HC Business Lease Corporation, Hitachi Capital (UK) PLC, Mitsubishi HC Capital America, Inc., Mitsubishi HC Capital Canada, Inc., Mitsubishi HC Capital Management (China) Limited, Mitsubishi HC Capital (Hong Kong) Limited, Mitsubishi HC Capital Leasing (Beijing) Co., Ltd., Mitsubishi HC Capital Factoring (Shanghai) Co., Ltd., Mitsubishi HC Capital Asia Pacific Pte. Ltd., Mitsubishi HC Capital (Thailand) Co., Ltd., PT HCD Properti Indonesia, CAI International, Inc., Japan Infrastructure Initiative Company Limited

(2) Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements

: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements)” on page 17.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

(i) Changes in accounting policies with revision of accounting standards, etc. : Yes

(ii) Changes in accounting policies other than (i) above : Yes

(iii) Changes in accounting estimates : No

(iv) Restatement of revisions : No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 17.

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury shares)

As of December 31, 2021	1,466,912,244 shares	As of March 31, 2021	895,834,160 shares
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(ii) Number of treasury shares

As of December 31, 2021	31,232,590 shares	As of March 31, 2021	4,368,016 shares
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(iii) Weighted average number of shares outstanding

For the Nine Months ended December 31, 2021	1,435,622,733 shares	For the Nine Months ended December 31, 2020	891,156,404 shares
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(Note) As a result of the business integration with Hitachi Capital Corporation on April 1, 2021 (merger ratio: 1:5.1), the number of outstanding shares increased by 571,078,084 shares to 1,466,912,244 shares.

* This “Consolidated Financial Highlights” is outside the scope of an audit by certified public accountants or an audit firm.

* Explanation regarding the appropriate use of the forecasts, etc.

(Remarks on forward-looking statements)

The forward-looking statements in this report, including earnings forecasts, have been prepared using information available to the Company on the date of release and certain assumptions deemed reasonable by the Company, and are not intended to assure that the Company will achieve such results. Actual earnings may differ significantly from the forecasts for various reasons.

* This “Consolidated Financial Highlights” is made in Japanese and translated into English. The Japanese text is the original and the English text for reference purposes. If there is any conflict or inconsistency between these two texts, the Japanese text shall prevail.

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1. Qualitative Information concerning Financial Results for the Third Quarter Ended December 31, 2021

(1) Summary of Operating Results

On April 1, 2021, the Company (the former Mitsubishi UFJ Lease & Finance Company Limited, "MUL") executed the business integration with Hitachi Capital Corporation ("HC") and changed the trade name to Mitsubishi HC Capital Inc. ("MHC")

Accordingly, the figures for the Nine Months ended December 31, 2020 in 1) Summary of operating results and topics are the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, which are presented as reference value.

Figures for the Nine Months ended December 31, 2020 and as of March 31, 2021 in 2) Operating results by reporting segments are the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, which are reclassified to conform to the new segmentation and presented as reference value.

1) Summary of operating results and topics

Summarized results for the Nine Months ended December 31, 2021 were as follows.

Net income attributable to owners of the parent increased by ¥13.0 billion, or 20.8% year on year (reference value) to ¥75.7 billion mainly thanks to 1) business growth in subsidiaries in Europe and the U.S. in Account Solution segment and in marine container leasing in Logistics segment, 2) continuous replacement of the portfolio, and 3) steady promotion in asset turnover business, despite a reactionary fall in sales gains and absence of compensation received in association with the redevelopment project, both recorded in Real Estate segment in the Nine Months ended December 31, 2020.

Major topics include that, in October 2021, the Company announced its support for Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, in December 2021, identified and announced the following six material issues as our priority key challenges we should address for our sustainable growth: (1) Promote a decarbonized society, (2) Realize the circular economy, (3) Establish resilient social infrastructure, (4) Realize healthy lifestyles that promote positive wellbeing, (5) Create businesses utilizing the latest technologies, and (6) Collaborate with partners locally and globally. Recognizing the importance of these identified material issues, the MHC Group works on effective management and business activities toward solving social issues.

As part of our efforts toward promotion of a decarbonized society and realization of prosperous and sustainable future through business, we established the Tokorozawa Kitaiwaoka Solar Power Plant in July 2021 under the solar sharing model which allows to cope with both providing electricity to Tokorozawa City, Saitama Prefecture, and cultivating blueberries. Our overseas efforts include the acquisition of shares of Trung Nam Wind Power Joint Stock Company, a Vietnamese wind power generation business developer and operator, in May 2021 to enter the wind power market in Vietnam and the investment in a solar power generation business in California, the U.S., in September 2021. Also, we made investment in Universal Hydrogen Co., a U.S. hydrogen-powered aircraft startup, in October 2021 and purchased 25 new generation fuel-efficient aircraft engines in the aircraft engine leasing business in November 2021, with an aim to contribute to reducing environmental impacts of the aviation industry by further increasing such engines.

In Logistics segment, the Company acquired all shares of CAI International, Inc., a leading U.S. marine container leasing company, and made them our wholly-owned subsidiary in November 2021. Taking advantage of this acquisition, we will enhance our global competitiveness in the marine container leasing business with high growth potential and stable leasing demand to develop the business as one of our growth drivers.

(Billions of yen)

	Nine Months Ended December 31, 2020 (Reference value)	Nine Months Ended December 31, 2021	Change (%)
Revenues	1,273.3	1,312.9	3.1
Gross profit	221.3	239.2	8.1
Operating income	75.8	81.6	7.6
Recurring income	82.1	82.2	0.2
Net income attributable to owners of the parent	62.7	75.7	20.8

2) Operating results by reporting segments

Operating results by reporting segments were as follows.

Following the business integration with HC, the Company reorganized its reporting segments to ten segments as follows.

(For details of new reporting segments, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Segment information)” on page 13.)

(Customer Business)

Segment profit increased by ¥15.3 billion, or 87.5% year on year (reference value), to ¥32.8 billion mainly thanks to improved performance of ENGS Holdings Inc., a U.S. sales finance company, and an increase in gain on sale of strategic shareholdings.

(Account Solution)

Segment profit increased by ¥6.9 billion, or 48.8% year on year (reference value), to ¥21.1 billion mainly thanks to business growth primarily in Europe and the U.S. despite an increase in selling, general and administrative expenses associated with expanded business activities.

(Vendor Solution)

Segment profit decreased by ¥0.9 billion, or 27.1% year on year (reference value), to ¥2.4 billion due to a decrease in new transactions volume and segment assets in the year ended March 31, 2021.

(LIFE)

Segment profit increased by ¥1.0 billion, or 34.4% year on year (reference value), to ¥4.0 billion thanks to an increase in sales gains in the real estate-related business as well as a decrease in selling, general and administrative expenses.

(Real Estate)

Segment profit decreased by ¥10.6 billion, or 48.8% year on year (reference value), to ¥11.1 billion due to a reactionary fall in sales gains and absence of compensation received in association with the redevelopment project, both recorded in the Nine Months ended December 31, 2020.

(Environment & Renewable Energy)

Segment profit decreased by ¥0.3 billion, or 6.4% year on year (reference value), to ¥4.4 billion due to a reactionary fall in sales gains related to the solar power generation business recorded in the Nine Months ended December 31, 2020 despite an increase in electricity sales revenues.

(Aviation)

Segment profit decreased by ¥2.2 billion, or 48.5% year on year (reference value), to ¥2.3 billion mainly due to posting of credit costs for certain existing customers, expenses in relation to modification of terms for certain existing lease contracts, impairment losses, and foreign exchange losses related to borrowings denominated in foreign currencies (non-Japanese yen) in certain business, despite posting of gain on sale of certain receivables from bankrupt debtors and an increase in gain on sale of assets.

(Logistics)

Segment profit increased by ¥0.6 billion, or 83.4%, year on year (reference value), to ¥1.3 billion mainly thanks to steady performance in the marine container leasing business and increased earnings of equity-method investees in the auto leasing business, despite posting of one-time expenses in connection with reconfiguration of portfolio in the railway freight car leasing business and expenses related to the acquisition of CAI International, Inc.

(Mobility)

Segment profit increased by ¥0.9 billion, or 130.1% year on year (reference value), to ¥1.6 billion mainly thanks to an increase in sales gains against a backdrop of steady used car markets in Japan and overseas.

(Others)

Segment profit decreased by ¥4.0 billion year on year (reference value), to a segment loss of ¥3.9 billion mainly due to posting of credit costs for certain customers in the infrastructure business.

Segment profits or loss by reporting segments

(Billions of yen)

		Nine Months Ended December 31, 2020 (Reference value)	Nine Months Ended December 31, 2021	Change (%)
Reporting segments	Customer Business	17.5	32.8	87.5
	Account Solution	14.2	21.1	48.8
	Vendor Solution	3.3	2.4	(27.1)
	LIFE	3.0	4.0	34.4
	Real Estate	21.8	11.1	(48.8)
	Environment & Renewable Energy	4.7	4.4	(6.4)
	Aviation	4.6	2.3	(48.5)
	Logistics	0.7	1.3	83.4
	Mobility	0.7	1.6	130.1
	Others	0.0	(3.9)	-
Adjustments		(8.1)	(1.8)	-
Total		62.7	75.7	20.8

- (Note) 1. Adjustments of segment profit (loss) consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reporting segments.
2. Segment profit (loss) is consistent with net income attributable to owners of the parent on the quarterly consolidated statements of income.

Segment assets by reporting segments

(Billions of yen)

		As of March 31, 2021 (Reference value)	As of December 31, 2021	Change (%)
Reporting segments	Customer Business	2,129.5	1,999.2	(6.1)
	Account Solution	2,109.2	2,202.4	4.4
	Vendor Solution	434.4	430.9	(0.8)
	LIFE	321.8	303.4	(5.7)
	Real Estate	955.6	943.7	(1.2)
	Environment & Renewable Energy	322.4	328.4	1.9
	Aviation	1,203.8	1,360.7	13.0
	Logistics	545.5	1,045.2	91.6
	Mobility	161.1	167.4	3.9
	Others	355.7	341.0	(4.2)
Adjustments		65.4	7.1	(89.1)
Total		8,604.8	9,130.0	6.1

- (Note) 1. Segment assets include operating assets, equity-method investments, goodwill and investment securities.
2. Adjustments of segment assets consist mostly of goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007 and other segment assets such as investment securities related to Corporate, which are not attributable to any reporting segments, and offsets in transactions between segments.

(2) Summary of Consolidated Financial Position (Comparison to the figures as of March 31, 2021)

Total assets as of December 31, 2021 increased by ¥3,900.8 billion to ¥9,915.7 billion primarily due to the business integration with HC on April 1, 2021. Total equity as of December 31, 2021 increased by ¥447.1 billion to ¥1,265.0 billion and interest-bearing debt (excluding lease obligations) increased by ¥3,115.9 billion to ¥7,750.8 billion.

(3) Explanation on Future Forecast Information including Consolidated Earnings Forecasts

The progress made toward the consolidated earnings forecasts announced on May 17, 2021 (net income attributable to owners of the parent of ¥95.0 billion) during the Nine Months ended December 31, 2021 was almost in line with the plan at 79.7%, and accordingly, the consolidated earnings forecasts for the year ending March 31, 2022 remains the same.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	For the Year ended March 31, 2021 (As of March 31, 2021)	For the Nine Months ended December 31, 2021 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	294,241	369,751
Installment receivables	191,043	255,734
Lease receivables and investments in leases	1,628,749	3,137,488
Operating loans receivables	809,345	1,580,102
Other operating loans receivable	58,393	170,461
Lease and other receivables	31,198	77,155
Securities	5,469	6,447
Merchandise	27,468	44,892
Other current assets	120,042	145,237
Allowance for doubtful accounts	(5,794)	(21,405)
Total current assets	3,160,157	5,765,867
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	2,051,082	3,077,495
Advances on purchases of leased assets	59,750	30,531
Total leased assets	2,110,833	3,108,026
Other operating assets	152,138	236,564
Own-used assets	6,248	14,491
Total property, plant and equipment	2,269,220	3,359,082
Intangible assets		
Leased assets	4	52,833
Other intangible assets		
Goodwill	57,277	90,914
Other	93,479	135,760
Total other intangible assets	150,757	226,674
Total intangible assets	150,762	279,507
Investments and other assets		
Investment securities	357,791	365,037
Distressed receivables	39,269	100,626
Others	56,742	108,448
Allowance for doubtful accounts	(22,501)	(67,922)
Total investments and other assets	431,301	506,190
Total non-current assets	2,851,284	4,144,780
Deferred assets		
Bond issuance costs	3,454	5,109
Total deferred assets	3,454	5,109
Total assets	6,014,896	9,915,757

(Millions of yen)

	For the Year ended March 31, 2021 (As of March 31, 2021)	For the Nine Months ended December 31, 2021 (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	88,062	159,275
Short-term borrowings	236,730	416,471
Current portion of bonds payable	244,025	431,182
Current portion of long-term borrowings	372,344	742,063
Commercial papers	434,171	698,362
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	61,995	247,339
Income taxes payable	10,805	18,249
Deferred profit on installment sales	10,095	11,535
Provision for bonuses	5,384	8,513
Provision for bonuses for directors (and other officers)	505	1,953
Other current liabilities	126,660	238,184
Total current liabilities	1,590,780	2,973,131
Non-current liabilities		
Bonds payable	980,181	1,780,943
Long-term borrowings	2,261,273	3,174,397
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	44,234	260,122
Provision for retirement benefits for directors (and other officers)	112	132
Retirement benefit liability	3,060	7,926
Reserve for contract of insurance	-	10,762
Other non-current liabilities	317,345	443,266
Total non-current liabilities	3,606,209	5,677,551
Total liabilities	5,196,990	8,650,683
Equity		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	167,280	548,623
Retained earnings	568,335	614,390
Treasury shares	(1,528)	(19,478)
Total shareholders' equity	767,283	1,176,731
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,678	14,070
Deferred gains or losses on hedges	(15,519)	(7,854)
Foreign currency translation adjustment	22,278	59,572
Remeasurements of defined benefit plans	(925)	(9)
Total accumulated other comprehensive income	36,512	65,778
Share acquisition rights	1,552	1,942
Non-controlling interests	12,557	20,622
Total equity	817,906	1,265,074
Total liabilities and equity	6,014,896	9,915,757

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the Nine Months ended December 31, 2021 and 2020)

(Millions of yen)

	For the Nine Months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	For the Nine Months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Revenues	704,051	1,312,987
Cost of revenues	581,165	1,073,769
Gross profit	122,886	239,218
Selling, general and administrative expenses	72,585	157,558
Operating income	50,301	81,659
Non-operating income		
Interest income	282	510
Dividend income	2,217	1,249
Share of profit of entities accounted for using equity method	2,604	4,319
Other	2,622	3,402
Total non-operating income	7,726	9,482
Non-operating expenses		
Interest expenses	2,969	4,292
Foreign exchange losses	-	3,128
Other	2,264	1,467
Total non-operating expenses	5,233	8,889
Recurring income	52,794	82,252
Extraordinary income		
Gain on sale of investment securities	6,731	28,669
Compensation income	3,488	-
Gain on bargain purchase	-	431
Total extraordinary income	10,219	29,101
Extraordinary losses		
Loss on sale of investment securities	75	106
Loss on step acquisitions	-	229
Total extraordinary losses	75	335
Income before income taxes	62,939	111,018
Income taxes	20,956	33,971
Net income	41,982	77,046
Net income attributable to non-controlling interests	1,206	1,297
Net income attributable to owners of the parent	40,776	75,748

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Nine Months ended December 31, 2021 and 2020)

(Millions of yen)

	For the Nine Months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	For the Nine Months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Net income	41,982	77,046
Other comprehensive income		
Valuation difference on available-for-sale securities	12,120	(16,506)
Deferred gains or losses on hedges	(11,911)	6,423
Foreign currency translation adjustment	(17,486)	36,811
Remeasurements of defined benefit plans, net of tax	253	898
Share of other comprehensive income of entities accounted for using equity method	(962)	1,694
Total other comprehensive income	(17,986)	29,320
Comprehensive income	23,996	106,367
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	23,111	104,692
Comprehensive income attributable to non-controlling interests	884	1,674

(3) Notes to the Quarterly Consolidated Financial Statements

(Segment information)

1. Changes in reporting segments, etc.

On April 1, 2021, the Company (the former Mitsubishi UFJ Lease & Finance Company Limited, "MUL") executed the business integration with Hitachi Capital Corporation ("HC") and changed the trade name to Mitsubishi HC Capital Inc.

Following the business integration, the Company reorganized part of the reporting segments of MUL and HC and changed them to the following ten segments effective April 1, 2021; "Customer Business," "Account Solution," "Vendor Solution," "LIFE," "Real Estate," "Environment & Renewable Energy," "Aviation," "Logistics," "Mobility," and "Others."

Segments of "Healthcare," "Infrastructure & Investment," and other businesses are aggregated into "Others" in accordance with the aggregation criteria set forth in the "Accounting Standard for Disclosures about Segments of an enterprise and Related Information."

Details of new reporting segments after the change are as follows.

Reporting segments	Main services and business description
Customer Business	Finance solutions for corporations
Account Solution	Financial services for companies, government agencies, and vendors
Vendor Solution	Sales finance provided through collaboration with vendors
LIFE	Development, operation, and leasing of logistics and commercial facilities, community development, food and agriculture and living essentials industry, non-life insurance
Real Estate	Real estate securitization finance, real estate revitalization investment business, real estate asset management business, real estate leasing business
Environment & Renewable Energy	Power generation by renewable energy, environment related equipment leasing and finance
Aviation	Aircraft leasing business, aircraft engine leasing business
Logistics	Marine container leasing business, railway freight car leasing business, auto leasing business
Mobility	Auto leasing business and supplementary services
Others	Servicing, trust, settlement services, medical equipment leasing and finance, social infrastructure investment business, etc.

The segment information for the Nine Months ended December 31, 2020 and the Year ended March 31, 2021 was prepared and reported under the classification of reporting segments of MUL.

As described in "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)," the Company changed its accounting policies effective April 1, 2021, and the new accounting policies have been retrospectively applied to the figures in the segment information for the Nine Months ended December 31, 2020 and the Year ended March 31, 2021.

2. Information on profit or loss by reporting segments

For the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(Millions of yen)

	Reporting segments							Adjustments (Note) 1	Amount recorded in quarterly consolidated statements of income (Note) 2
	Customer Business	Environment & Energy	Healthcare	Real Estate	Aviation	Logistics	Infrastructure & Investment		
Segment profit	17,504	2,538	555	21,832	4,615	742	97	(7,111)	40,776

- (Note) 1. Adjustments of segment profit consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reporting segments.
2. Segment profit is consistent with net income attributable to owners of the parent on the quarterly consolidated statements of income.

For the Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(Millions of yen)

	Reporting segments						
	Customer Business	Account Solution	Vendor Solution	LIFE	Real Estate	Environment & Renewable Energy	Aviation
Segment profit (loss)	32,822	21,167	2,472	4,051	11,179	4,429	2,375

(Millions of yen)

	Reporting segments			Adjustments (Note) 1	Amount recorded in quarterly consolidated statements of income (Note) 2
	Logistics	Mobility	Others		
Segment profit (loss)	1,362	1,669	(3,951)	(1,830)	75,748

- (Note) 1. Adjustments of segment profit (loss) consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reporting segments, and profit adjustments of ¥2,107 million recorded by purchase method associated with the merger with Hitachi Capital Corporation.
2. Segment profit (loss) is consistent with net income attributable to owners of the parent on the quarterly consolidated statements of income.

3. Information on assets by reporting segments

(Significant increase in assets because of a merger, etc.)

For the Nine Months ended December 31, 2021, segment assets increased significantly because of the business integration through a merger with HC on April 1, 2021.

For the Year Ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

	Reporting segments						
	Customer Business	Environment & Energy	Healthcare	Real Estate	Aviation	Logistics	Infrastructure & Investment
Segment assets (Note)1	2,129,561	198,592	157,373	955,654	1,203,858	545,525	111,688

(Millions of yen)

	Adjustments (Note)2	Total	Amount adjusted to total assets in consolidated balance sheets (Note)3	Amount recorded in consolidated balance sheets
Segment assets (Note)1	34,426	5,336,681	678,215	6,014,896

- (Note)
1. Segment assets include operating assets, equity-method investments, goodwill and investment securities.
 2. Adjustments of segment assets consist mostly of goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007 and other segment assets such as investment securities related to Corporate, which are not attributable to any reporting segments.
 3. "Amount adjusted to total assets in consolidated balance sheets" represents the difference between total consolidated assets and total segment assets including Corporate, which consists of assets other than segment assets such as cash and deposits and own-used assets.

For the Nine Months Ended December 31, 2021 (As of December 31, 2021)

(Millions of yen)

	Reporting segments						
	Customer Business	Account Solution	Vendor Solution	LIFE	Real Estate	Environment & Renewable Energy	Aviation
Segment assets (Note)1	1,999,294	2,202,443	430,993	303,479	943,769	328,454	1,360,702

(Millions of yen)

	Reporting segments			Adjustments (Note)2	Total	Amount adjusted to total assets in consolidated balance sheets (Note)3	Amount recorded in quarterly consolidated balance sheets
	Logistics	Mobility	Others				
Segment assets (Note)1	1,045,292	167,439	341,009	7,144	9,130,022	785,735	9,915,757

- (Note)
1. Segment assets include operating assets, equity-method investments, goodwill and investment securities.
 2. Adjustments of segment assets consist mostly of goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007 and other segment assets such as investment securities related to Corporate, which are not attributable to any reporting segments, and offsets in transactions between segments.
 3. "Amount adjusted to total assets in consolidated balance sheets" represents the difference between total consolidated assets and total segment assets including Corporate, which consists of assets other than segment assets such as cash and deposits and own-used assets.

4. Information on impairment losses on non-current assets and goodwill by reporting segment

For the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(Significant impairment losses on non-current assets)

Not applicable

(Significant changes in goodwill)

Not applicable

For the Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(Significant impairment losses on non-current assets)

Aviation segment recorded impairment losses of ¥3,366 million on leased assets.

(Significant changes in goodwill)

Following the acquisition of all shares of CAI International, Inc., Logistics segment recorded goodwill of ¥34,125 million, which is the provisional amount based on the information available at this point as the allocation of the acquisition costs has not been completed.

(Notes concerning going concern assumption)

Not applicable

(Notes concerning significant changes in shareholders' equity)

In association with the merger with Hitachi Capital Corporation, the Company delivered its common shares and acquired its shares held by Hitachi Capital Corporation; and as a result, capital surplus and treasury shares as of December 31, 2021 increased by ¥381,480 million and ¥18,022 million from March 31, 2021 to ¥548,623 million and ¥(19,478) million, respectively.

(Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements)

Tax expenses of the Company and its certain consolidated subsidiaries were calculated through multiplying income before income taxes for the Nine Months ended December 31, 2021 by the reasonably estimated effective tax rate (after tax effect accounting) applicable to income before income taxes for the year ending March 31, 2022.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition)

On April 1, 2021, the Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, "Accounting Standard for Revenue Recognition"), etc., and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer.

In applying the Accounting Standard for Revenue Recognition, etc., the Company followed the transitional treatment stipulated by a provisory clause of Paragraph 84 of the Accounting Standard for Revenue Recognition.

As a result, both revenues and cost of revenues for the Nine Months ended December 31, 2021 decreased by ¥6,881 million, but the impact on income before income taxes was insignificant. The impact on retained earnings as of April 1, 2021 was also insignificant.

Pursuant to the transitional treatment stipulated by Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company did not reclassify figures for the year ended March 31, 2021 to conform to the new presentation method.

(Application of accounting standard for fair value measurement, etc.)

On April 1, 2021, the Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019, "Accounting Standard for Fair Value Measurement"), etc., and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly consolidated financial statements.

(Changes in accounting policies following the merger with Hitachi Capital Corporation)

The Company merged with Hitachi Capital Corporation effective on April 1, 2021.

As a result, the Company and its certain consolidated subsidiaries changed the accounting policies regarding the following items from April 1, 2021.

All changes in accounting policies were applied retrospectively to the quarterly consolidated financial statements for the Nine Months ended December 31, 2020 and the consolidated financial statements for the year ended March 31, 2021.

〈Accounting treatment for recognizing revenue from extended lease agreement in lease transactions〉

Previously, the Company recognized lease payments from an extended lease agreement (usually for one year) as revenues on the date the lease agreement is extended but changed the method to recognize revenues on a monthly basis over the extended lease term.

We previously recognized lease payments from an extended lease agreement as earnings in a lump sum on the lease commencement date as asset balance related to extended lease agreements is increasing because of the merger and also extended lease agreements generally require lump sum payment of lease payments for the entire lease term on the lease commencement date and are not required to refund unearned portion in the

event the agreement is terminated. However, we decided to change the method because an extended lease agreement is a lease transaction and we believe recognizing revenues over the lease term better reflects earnings from lease transactions in the consolidated financial statements.

As a result of this change, in the consolidated balance sheets as of March 31, 2021, other current liabilities increased by ¥8,392 million, lease and other receivables and retained earnings decreased by ¥1,884 million and ¥6,926 million, respectively, compared to their respective balances before the retrospective application. Also because the cumulative effects were adjusted to the balance of total equity as of April 1, 2020, retained earnings as of April 1, 2020 decreased by ¥6,833 million.

The impact of this change on earnings and per share information for the Nine Months ended December 31, 2020 is insignificant.

〈Accounting treatment for lease transactions treated as finance transactions〉

Previously, lease agreements treated as financial transactions in substance based on their nature were recognized as operating loans receivables in the consolidated balance sheets, with interest income recognized as revenues in the consolidated statements of income. However, to reflect the nature of the agreements, we changed the method to recognize them as lease receivables and investments in leases in the consolidated balance sheets, and to recognize lease revenues and cost of lease as revenues and cost of revenues, respectively, in the consolidated statements of income.

Previously, we accounted for and presented those agreements in a similar manner as loans receivables as financial transactions in substance with leased property treated as collateral based on the intent of the contracting parties and nature of the leased property. However, we decided to change the method because of an increase in the number of agreements whereby leased property are returned to the Company after the expiration of the lease term, showing more of a characteristic of finance lease, and also because of an increase in the asset balance of similar transactions following the merger.

As a result of this change, in the consolidated balance sheets as of March 31, 2021, lease receivables and investments in leases and retained earnings increased by ¥214,643 million and ¥1,732 million, respectively, and operating loans receivables decreased by ¥212,146 million. In the consolidated statements of income for the Nine Months ended December 31, 2020, both revenues and cost of revenues increased by ¥40,114 million, compared to their respective figures before the retrospective application. Also because the cumulative effects were adjusted to the balance of total equity as of April 1, 2020, retained earnings as of April 1, 2020 increased by ¥1,732 million.

The impact of this change on earnings and per share information for the Nine Months ended December 31, 2020 is insignificant.

〈Accounting treatment for deferred assets (bond issuance costs)〉

Previously, bond issuance costs related to bonds issued by the Company and its domestic subsidiaries were expensed as incurred, but the method was changed to amortize the costs over the period until the redemption of the relevant bonds using the interest method.

We decided to change the method to better reflect the Group's funding activities in the consolidated financial statements because bond issuance costs are funding costs as with bond interest and also because the international accounting standards require such costs to be amortized using the interest method and therefore the Company's overseas subsidiaries amortize their bond issuance costs using the interest method.

As a result of this change, in the consolidated balance sheets as of March 31, 2021, bond issuance costs and retained earnings increased by ¥3,454 million and ¥2,070 million, respectively, compared to their respective balances before the retrospective application. Also because the cumulative effects were adjusted to the balance of total equity as of April 1, 2020, retained earnings as of April 1, 2020 increased by ¥1,993 million.

The impact of this change on earnings and per share information for the Nine Months ended December 31, 2020 is insignificant.

(Additional information)

(Accounting estimate related to the spread of COVID-19 infections)

As of December 31, 2021, we made estimates taking into account the impact of COVID-19 on the economic conditions and the future.