

FOR IMMEDIATE RELEASE

**(Correction) Partial Correction to “Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2023 [Based on J-GAAP]”**

**Tokyo, June 15, 2023** --- Mitsubishi HC Capital Inc. (TSE, NSE: 8593, Representative Director, President & CEO: Taiju Hisai, the “Company”) announces the partial correction to the Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2023 [Based on J-GAAP], which was first announced on May 15, 2023. The correction is described below.

-Description-

**1. Reason for the correction**

The "Consolidated Statements of Cash Flows" in the Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2023 has been corrected because there were some errors with regard to “(Increase) decrease in loans receivable” from operating activities and “Net increase (decrease) in short-term borrowings” from financing activities in the statements.

**2. Corrected parts**

The corrected parts are underlined.

- more -

Page 1

1. Consolidated Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 –  
March 31, 2023)

(3) Consolidated Cash Flows

[Before correction]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
For the fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2023	<u>(30,347)</u>	(127,322)	<u>68,151</u>	460,486
March 31, 2022	195,845	(107,879)	(192,157)	520,083

[After correction]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
For the fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2023	<u>46,752</u>	(127,322)	<u>(8,948)</u>	460,486
March 31, 2022	195,845	(107,879)	(192,157)	520,083

Page 9

1. Summary of Operating Results, etc.

(2) Summary of Financial Position as of March 31, 2023

2) Cash flows

[Before correction]

Cash and cash equivalents as of March 31, 2023 decreased by ¥59.5 billion, or 11.4% year on year, to ¥460.4 billion, due to cash outflows in operating activities of ¥30.3 billion and in investing activities of ¥127.3 billion despite cash inflows in financing activities of ¥68.1 billion.

Net cash outflows from operating activities was ¥30.3 billion (net cash inflows of ¥195.8 billion for the fiscal year ended March 31, 2022), mainly consisting of cash outflows from purchases of leased assets and other operating assets of ¥496.1 billion, an increase in loans receivable of ¥153.8 billion, and a decrease in trade payables of ¥22.6 billion, despite cash inflows from income before income taxes of ¥153.1 billion and depreciation, loss on disposal and sales of leased assets of ¥479.7 billion.

Net cash outflows from investing activities was ¥127.3 billion (net cash outflows of ¥107.8 billion for the fiscal year ended March 31, 2022), mainly consisting of cash outflows from payments into time deposits of ¥252.4 billion despite cash inflows from proceeds from withdrawal of time deposits of ¥139.0 billion.

Net cash inflows from financing activities was ¥68.1 billion (cash used of ¥192.1 billion for the fiscal year ended March 31, 2022), mainly consisting of net cash outflows from direct financing of ¥120.4 billion, indirect financing through bank borrowings of ¥231.7 billion, and dividends paid of ¥43.0 billion.

[After correction]

Cash and cash equivalents as of March 31, 2023 decreased by ¥59.5 billion, or 11.4% year on year, to ¥460.4 billion, due to cash outflows in investing activities of ¥127.3 billion and in financing activities of ¥8.9 billion despite cash inflows in operating activities of ¥46.7 billion.

Net cash inflows from operating activities was ¥46.7 billion (net cash inflows of ¥195.8 billion for the fiscal year ended March 31, 2022), mainly consisting of cash outflows from purchases of leased assets and other operating assets of ¥496.1 billion, an increase in loans receivable of ¥76.7 billion, and a decrease in trade payables of ¥22.6 billion, despite cash inflows from income before income taxes of ¥153.1 billion and depreciation, loss on disposal and sales of leased assets of ¥479.7 billion.

Net cash outflows from investing activities was ¥127.3 billion (net cash outflows of ¥107.8 billion for the fiscal year ended March 31, 2022), mainly consisting of cash outflows from payments into time deposits of ¥252.4 billion despite cash inflows from proceeds from withdrawal of time deposits of ¥139.0 billion.

Net cash outflows from financing activities was ¥8.9 billion (cash used of ¥192.1 billion for the fiscal year ended March 31, 2022), mainly consisting of net cash outflows from direct financing of ¥120.4 billion, indirect financing through bank borrowings of ¥154.6 billion, and dividends paid of ¥43.0 billion.

Page 16-17

3. Consolidated Financial Statements and Major Notes

(4) Consolidated Statements of Cash Flows

[Before correction]

	(Millions of yen)	
	For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	For the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Cash flows from operating activities		
Income before income taxes	147,250	153,164
Depreciation of leased assets	295,793	313,992
Loss on disposal and sales of leased assets	148,205	165,768
Depreciation of other operating assets	13,050	12,588
Depreciation and loss on disposal of own-used assets	10,331	11,489
Other depreciation	3,378	3,436
Amortization of goodwill	6,135	8,601
Increase (decrease) in allowance for doubtful accounts	19,479	(13,265)
Interest and dividend income	(2,988)	(4,375)
Financial expenses and interest expenses	82,118	143,227
Share of loss (gain) of entities accounted for using equity method	(4,818)	(11,982)
Loss (gain) on valuation of investment securities	-	(4,825)
Loss (gain) on sale of investment securities	(29,853)	(2,588)
Loss (gain) on sale of shares of subsidiaries and associates	-	1,006
Loss (gain) on step acquisitions	273	(1,159)
Gain on bargain purchase	(431)	-
(Increase) decrease in rental income and other receivables	1,598	3,482
(Increase) decrease in installment receivables	8,225	11,942
(Increase) decrease in lease receivables and investments in leases	(29,406)	23,458
(Increase) decrease in loans receivable	(26,169)	(153,850)
(Increase) decrease in operating securities and investments in private equity securities	7,242	14,385
Purchases of leased assets	(397,205)	(479,501)
Purchases of other operating assets	(7,770)	(16,629)
Increase (decrease) in trade payables	3,885	(22,646)
Other	62,581	219
Subtotal	310,905	155,936
Interest and dividends received	4,522	6,557
Interest paid	(83,076)	(139,042)
Income taxes paid	(36,505)	(53,800)
Cash flows from operating activities	195,845	(30,347)

	(Millions of yen)	
	For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	For the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Cash flows from investing activities		
Purchase of own-used assets	(9,623)	(8,793)
Proceeds from sale of own-used assets	553	738
Purchase of investment securities	(13,663)	(9,981)
Proceeds from sale and redemption of investment securities	36,065	20,302
Payments for acquisition of newly consolidated subsidiaries	(124,592)	(4,677)
Payments for sale of consolidated subsidiaries	-	(14,157)
Proceeds from sales of consolidated subsidiaries	2,271	2,816
Payments into time deposits	(5,913)	(252,427)
Proceeds from withdrawal of time deposits	6,976	139,045
Other	45	(186)
Cash flows from investing activities	<u>(107,879)</u>	<u>(127,322)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	49,904	<u>157,125</u>
Net increase (decrease) in commercial papers	30,707	(130,161)
Proceeds from loans from the securitizations of the minimum future rentals on lease contracts	359,310	519,089
Repayments of loans from the securitization of the minimum future rentals on lease contracts	(423,974)	(407,007)
Proceeds from long-term borrowings	562,540	1,065,363
Repayments of long-term borrowings	(685,685)	(990,689)
Proceeds from issuance of bonds	498,011	361,330
Redemption of bonds	(532,561)	(463,710)
Dividends paid	(29,693)	(43,087)
Dividends paid to non-controlling interests	(3,140)	(2,552)
Proceeds from share issuance to non-controlling shareholders	-	7,282
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12,346)	(3,553)
Other	(5,229)	(1,276)
Cash flows from financing activities	<u>(192,157)</u>	<u>68,151</u>
Effect of exchange rate change on cash and cash equivalents	21,066	29,816
Net increase (decrease) in cash and cash equivalents	(83,124)	(59,701)
Cash and cash equivalents at the beginning of the period	286,213	520,083
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	99	104
Increase in cash and cash equivalents resulting from merger	316,895	-
Cash and cash equivalents at the end of the period	<u>520,083</u>	<u>460,486</u>

[After correction]

	(Millions of yen)	
	For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	For the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
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Interest and dividends received	4,522	6,557
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\*This release is written in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes.

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