

FY3/2021 Results

Mitsubishi HC Capital Inc.

May 17, 2021

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I. FY3/2021 Results

Financial Highlights

- At Mitsubishi UFJ Lease & Finance (MUL), net income attributable to owners of the parent for FY3/2021 declined 21.8% YOY to 55.3 billion yen. Although real estate-related businesses and other areas performed steadily, aviation-related earnings declined and credit costs increased, among other factors. However, the progress rate versus forecast (net income of 50.0 billion yen) was 110.7% mainly thanks to credit costs falling short of estimate.
- At Hitachi Capital (HC), profit before tax increased 0.1% YOY to 42.5 billion yen thanks to steady performances mainly in environment/energy of the Japan business, despite profit decrease mainly due to the COVID-19 pandemic in the global business. The progress rate versus forecast (profit before tax of 38.5 billion yen) was 110.6%. Net income attributable to owners of the parent increased 4.3% YOY to 32.0 billion yen.
- Net income for FY3/2021, when simply summing up the results of both companies, was 87.3 billion yen, although the accounting standards differed.

(Billion Yen)	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	J-GAAP			IFRS			(Reference) Simple Sum
	Mitsubishi UFJ Lease	YOY Change	YOY Change (%)	Hitachi Capital	YOY Change	YOY Change (%)	
1 Gross Profit	160.5	-21.3	-11.8%	136.1	-0.2	-0.2%	296.6
2 Profit before Tax*1	83.2	-15.8	-16.0%	42.5	0.0	+0.1%	125.8
3 Net Income*2	55.3	-15.4	-21.8%	32.0	+1.3	+4.3%	87.3
4 Operating Assets	5,064.7	-183.5	-3.5%	3,247.3	+62.0	+1.9%	8,312.1
5 Total Assets	6,009.8	-276.1	-4.4%	3,811.0	+91.5	+2.5%	9,820.8

*1 For HC, profit before tax under IFRS.

*2 For MUL, net income attributable to owners of the parent under J-GAAP.
For HC, net income attributable to owners of the parent under IFRS.

【MUL】 Actual Results

- Gross profit and incomes for FY3/2021 were down from FY3/2020 due to a decrease in aviation-related earnings and an increase in credit costs, among other factors.
- The progress rate versus forecast (net income of 50.0 billion yen) was 110.7%, mainly due to credit costs falling short of estimate.

(Billion Yen)	(a)	(b)	(c)	(d)	(e)
	FY3/2020	FY3/2021	YOY Change	Exchange Rates Effects	YOY Change(%)
1 Revenues	923.7	894.3	-29.4	-4.6	-3.2%
2 Gross Profit	181.9	160.5	-21.3	-1.3	-11.8%
3 Operating Income	91.8	62.4	-29.4	-0.5	-32.1%
4 Recurring Income	94.3	65.0	-29.3	-0.6	-31.1%
5 Net Income* ¹	70.7	55.3	-15.4	-0.4	-21.8%
6 New Transactions Volume	1,538.6* ⁵	1,003.2	-535.4	-16.5	-34.8%
7 Dividend per Share* ²	¥25.00	¥25.50	+¥0.50	-	
8 USD Exchange Rate* ³	\$1=¥109.05	\$1=¥106.82		-	
9 Operating Assets	5,248.3* ⁶	5,064.7	-183.5* ⁷	-109.6	-3.5%* ⁷
10 USD Exchange Rate* ³	\$1=¥109.56	\$1=¥103.50		-	
11 ROE	9.2%	7.0%	-2.2P	-	
12 ROA* ³	1.2%	0.9%	-0.3P	-	
13 OHR* ⁴	45.1%	51.7%	+6.6P	-	

※ Exchange rate applied to profit and loss statement of overseas subsidiaries

※ Exchange rate applied to balance sheet of overseas subsidiaries

*1 Net income attributable to owners of the parent

*2 Dividend per share for full year (interim dividend FY3/2021 of 12.75 yen and year-end dividend FY3/2021 of 12.75 yen)

*3 Net income attributable to owners of the parent on total assets

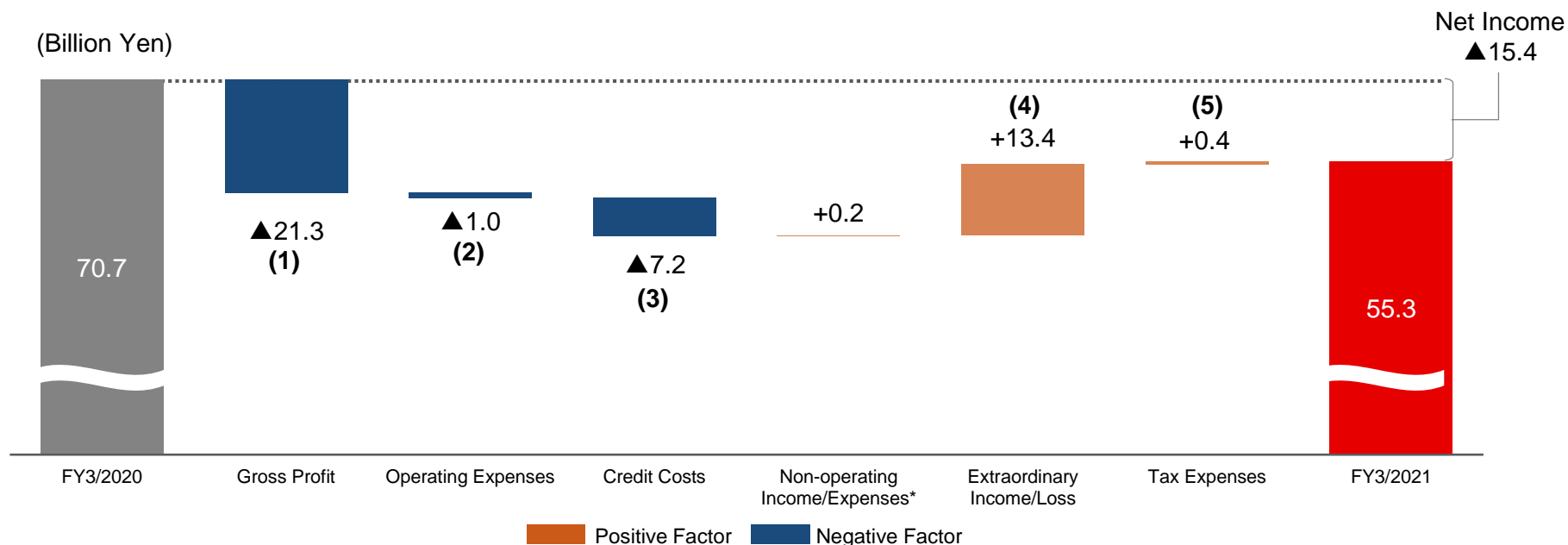
*4 Calculated by dividing SG&A (excluding credit costs) by gross profit

*5 Due to change of definitions of "New Transactions Volume", changed from the figure in FY3/2020 results (from 1,881.7 billion yen→1,538.6 billion yen) (refer to page 34 for details)

*6 Due to change of definitions of "Operating Assets", changed from the figure in FY3/2020 results (from 5,228.4 billion yen→5,248.3 billions yen) (refer to page 34 for details)

*7 Operating Assets is a change from the figures as of March 31, 2020

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

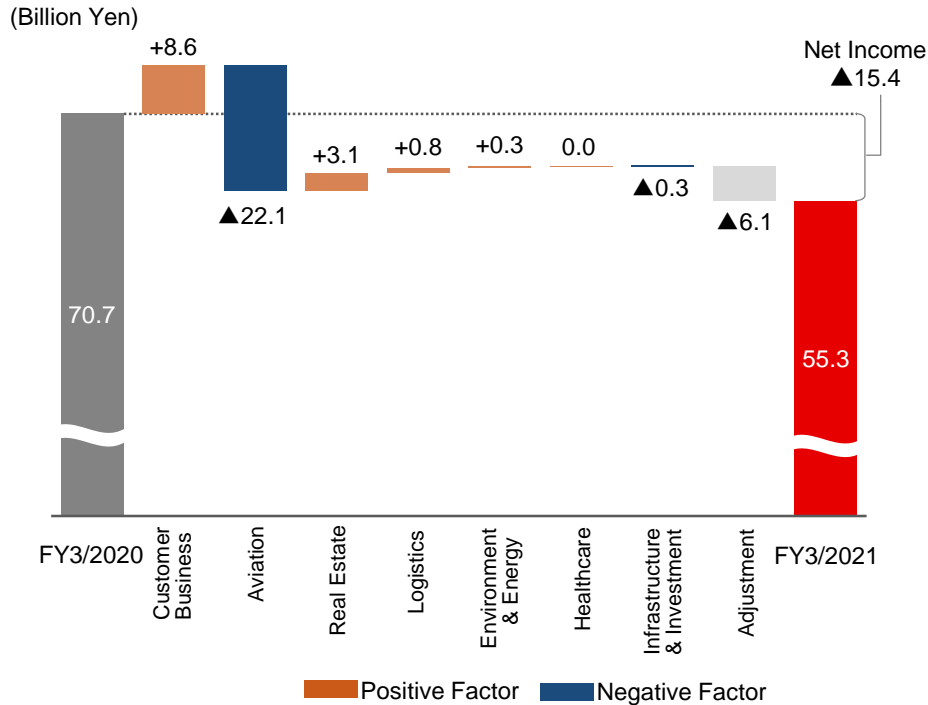


(1) Gross Profit	<ul style="list-style-type: none"> Declined YOY, due to a decline in aviation-related earnings and other factors, while real estate-related gains on sales were up.
(2) Operating Expenses	<ul style="list-style-type: none"> Increased YOY, due to expenses posted relating to the business integration with Hitachi Capital (5.0 billion yen, 4Q actual: 0.3 billion yen) , while operating expenses and others were down.
(3) Credit Costs	<ul style="list-style-type: none"> Increased YOY, due to the posting of additional expenses on payment deferrals by some customers of aviation-related business, and an increase in general credit costs based on FY3/2021 credit loss at a US sales finance company ENGS, among other factors (please refer to page 29).
(4) Extraordinary Income/Loss*	<ul style="list-style-type: none"> Increased YOY, because of the sale of shares held for strategic purposes and earnings posted on the contribution of asset holdings in real estate-related business to redevelopment project.
(5) Tax Expenses	<ul style="list-style-type: none"> Tax expenses declined along with a decline in profits.

* Credit cost in non-operating income/expenses (bad-debts recovered etc.) excluded

【MUL】 Divisional Earnings / Assets

Increase/Decrease in Net Income (FY3/2021)



Factors Impacting Changes in Net Income (FY3/2021)

(Billion Yen)	Increase/Decrease	Main Factor	Divisions and Business Involved
Customer Business	+8.6	Increased in profit because of sale of shares held for strategic purposes and other factors, despite the impact of the deconsolidation of an affiliate and an increase in credit costs at ENGS	Departments and subsidiaries in Japan and overseas responsible for customer business, others
Aviation	▲22.1	Decreased in lease revenues and sales gains, increase in credit costs, other	Aviation Business Department, JSA, ELF
Real Estate	+3.1	Increased in profit thanks to promoting asset turnover businesses, including sale of logistics and residential assets	Real Estate Business Department, MULP, MURI, MRI, DAF, Miyuki Building, MURA, CPD, others
Logistics	+0.8	Increased in profit thanks to an increase in marine containers lease revenues, other	Logistics Business Department, Mobility Service Business Department, BIL, MULR, TKS, MAL, others
Environment & Energy	+0.3	Increased in electricity sales revenues thanks to accumulation of new assets, despite reduction in the posting of sales gains recorded in the previous fiscal year	Environment & Energy Business Department, MEI, Solar Energy SPC, others
Healthcare	0.0	Remained unchanged from the previous fiscal year	Healthcare Business Department, Japan Medical Lease, HMP, others
Infrastructure & Investment	▲0.3	Increased in profit of business investees while one-time expense for project was posted	Infrastructure Business Department, Investment Business Department, JII, invested businesses, others
Adjustment	▲6.1	Posted expenses related to the business integration with HC and increased in funding-related costs	Head office

(Note) Please refer to P40 for details of subsidiaries

(Billion Yen)		Customer Business	Aviation	Real Estate	Logistics	Environment & Energy	Healthcare	Infrastructure & Investment	Adjustment	Consolidated Total	
1	FY3/2021	Divisional Net Income Attributable to Owners of the Parent	25.5	2.8	28.0	1.8	3.7	0.7	0.3	▲7.7	55.3
2		Divisional Assets ^{*1}	2,056.8	1,158.6	952.2	544.6	197.9	156.9	111.2	2.3	5,180.8
3	FY3/2020	Divisional Net Income Attributable to Owners of the Parent	16.8	24.9	24.9	0.9	3.3	0.6	0.6	▲1.6	70.7
4		Divisional Assets ^{*1}	2,304.8 ^{*2}	1,101.7	976.1	521.4 ^{*2}	184.3	152.2	95.0 ^{*2}	2.5	5,338.3 ^{*2}

*1 Operating assets plus equity method Investments

*2 Changed from the figures in FY3/2020 results due to change in definition of "operating assets" (refer to page 34 for details)

Customer Business: 2,315.3 billion yen→2,304.8 billion yen, Logistics: 510.8 billion yen→521.4 billion yen, Infrastructure & Investment: 75.1 billion yen→95.0 billion yen, Consolidated Total: 5,318.4 billion yen→5,338.3 billion yen

【HC】 Actual Results

- Profit before tax for FY3/2021 remained unchanged from FY3/2020 thanks to steady performances in key businesses such as environment/energy in the Japan business, despite the COVID-19 pandemic badly impacted the global business.
- The progress rate versus the initial forecast (profit before tax of 38.5 billion yen) was 110.6%. Profit attributable to owners of the parent increased 4.3% YOY to 32.0 billion yen. The progress rate versus the forecast (27.5 billion yen) was 116.5%.

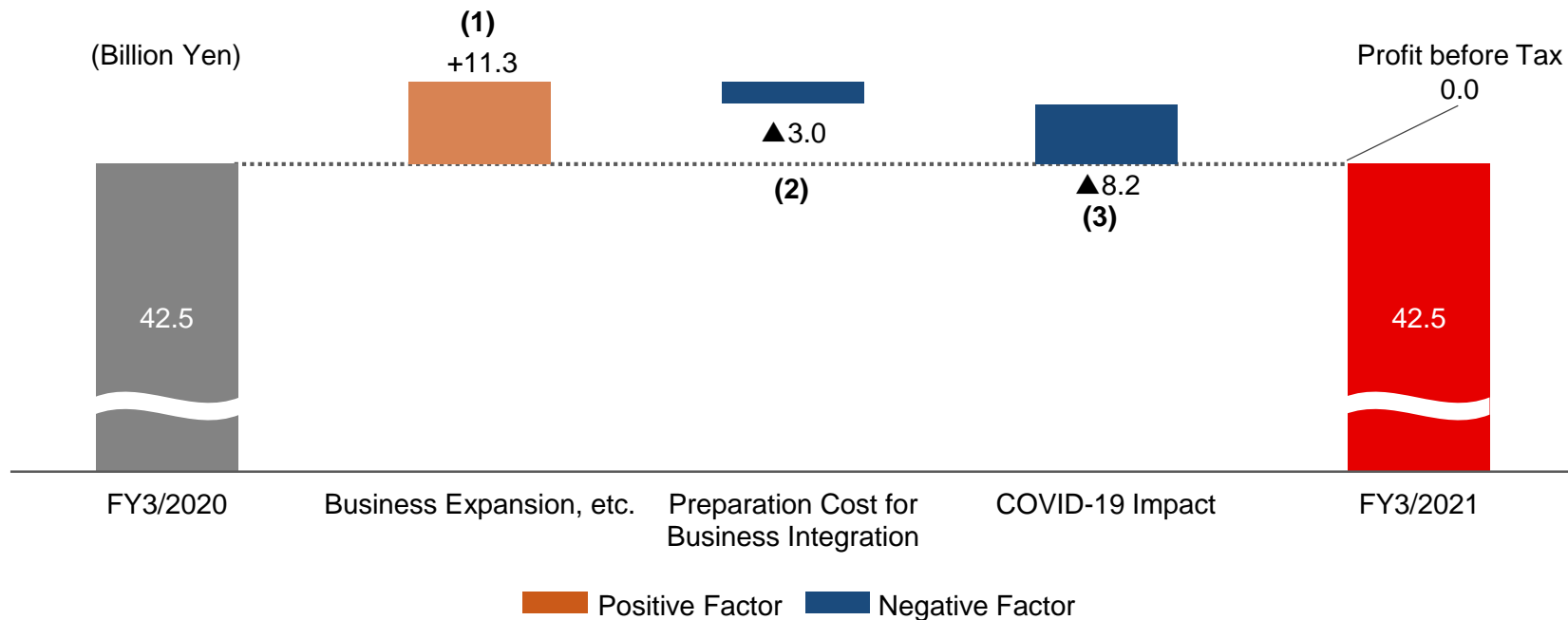
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
(Billion Yen)								
1	Revenues	464.0	467.1	+3.1	+0.7%	-26.8	+6.5%	103.8%
2	Cost of Sales	327.7	331.0	+3.3	+1.0%	-14.2	+5.4%	105.4%
3	Gross Profit	136.3	136.1	-0.2	-0.2%	-12.5	+9.1%	100.1%
4	Selling, General and Administrative Expenses	96.4	97.9	+1.5	+1.6%	-4.2	+6.0%	98.5%
5	Profit Before Tax	42.5	42.5	0.0	+0.1%	-8.2	+19.6%	110.6%
6	Net Income^{*1}	30.6	32.0	+1.3	+4.3%	-6.3	+25.0%	116.5%
7	Volume of Business	2,186.4	1,788.6	-397.8	-18.2%	-400.2	+0.1%	101.9%
8	Exchange Rate[*]	¥ / £	¥138.24	¥138.68		-		
		¥ / \$	¥108.73	¥106.06		-		
※ Exchange rate applied to profit and loss statement of overseas subsidiaries								
9	Operating Assets	3,185.3	3,247.3	+62.0	+1.9%	-265.8	+10.3%	103.2%
10	Exchange Rate[*]	¥ / £	¥133.32	¥152.23		-		
		¥ / \$	¥108.83	¥110.71		-		
※ Exchange rate applied to balance sheet of overseas subsidiaries								
11	ROE	8.1%	8.0%	-0.1P	-			
12	ROA^{*2}	1.3%	1.3%	0.0P	-			
13	OHR^{*3}	61.9%	63.5%	+1.6P	-			

*1 Net income attributable to owners of the parent

*2 Profit before tax on operating assets

*3 Calculated by dividing SG&A (excluding credit costs) by gross profit

【HC】 Increase/Decrease in Profit Before Tax



(1) Business Expansion, etc.	<ul style="list-style-type: none"> Increased YOY, thanks to steady performances in key businesses, such as environment/energy and mobility, in the Japan business
(2) Preparation Cost for Business Integration	<ul style="list-style-type: none"> Increased YOY, due to posting due diligence costs, such as finance and legal affairs, in relation to the business integration with Mitsubishi UFJ Lease & Finance (3.2 billion yen, 4Q actual: 1.4 billion yen)
(3) COVID-19 Impact	<ul style="list-style-type: none"> In the global business, volume of business declined mainly in Europe and credit costs increased due to the response to moratoriums in the U.K. and ASEAN.

【HC】 Summary of Japan Business / Global Business

- As for the Japan business, profit before tax increased thanks to steady performances in key businesses, such as environment/energy and mobility. The progress rate of profit before tax versus the initial forecast was 120.1%.
- As for the global business, profit before tax declined due to the impact of COVID-19 pandemic on the European business. The progress rate of profit before tax versus the initial forecast was 103.2%.

(Billion Yen)			(a)	(b)	(c)	(d)	(e)	(f)	(g)
			FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
1	Gross Profit**1	Japan Business	62.4	62.5	+0.1	+0.2%	-3.8	+6.3%	101.0%
		Global Business	72.8	72.8	0.0	-0.1%	-8.7	+11.9%	99.2%
2	Profit Before Tax**1	Japan Business	26.5	31.6	+5.0	+19.0%	-1.3	+24.0%	120.1%
		Global Business	24.4	21.6	-2.7	-11.4%	-7.6	+19.8%	103.2%
3	Volume of Business	Japan Business	1,028.6	763.0	-265.5	-25.8%	-125.2	-13.6%	92.4%
		Global Business	1,157.8	1,025.5	-132.3	-11.4%	-275.0	+12.3%	110.4%

4	Operating Assets	Japan Business	1,669.8	1,594.5	-75.2	-4.5%	-57.1	-1.1%	97.0%
		Global Business	1,515.4	1,652.7	+137.3	+9.1%	-208.7	+22.8%	109.9%

5	ROA**2	Japan Business	1.6%	1.9%	+0.3P	-
		Global Business	1.5%	1.4%	-0.1P	-
6	ROA**2 (Local Currency Basis)	Global Business	1.5%	1.4%	-0.1P	-

*1 Adjustments (corporate expenses, etc.) are not allocated to gross profit and profit before tax of the Japanese and Global businesses.

*2 Profit before tax on operating assets

II. Forecast for FY3/2022

Basic Management Policy

Our Mission

Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.

Our Vision

- Solve social issues by developing unique and progressive businesses with consideration for the global environment.
- Aim for sustainable growth through value co-creation with diverse stakeholders across the globe.
- Enhance corporate value by evolving our business model through utilizing digital technology and data.
- Foster "open, creative and engaging" corporate culture that shapes each and every employee's motivation and pride.
- Aim to be a trusted company by complying with laws and regulations, as well as implementing ethical corporate management.

Progress of PMI

- Aim to maximize synergy effects from the three kinds of synergy effects, which are “synergy centering on the cost for optimization of management resources and others”, “sales synergy”, and “synergy utilizing capital capabilities generated by business integration (investment synergy)”.
- Established a department which assumes company-wide PMI management, integrated promotion of synergy creation, etc. Communication among employees is also promoted.

Areas	Synergy Measures (As of the Time Business Integration as Announced)	Progress
Management Resources	<ul style="list-style-type: none"> ■ Optimization of management resources ■ Integrated procurement capabilities 	<ul style="list-style-type: none"> ■ Completed the integration of corporate functions ■ Promote optimization of management resources and shared procurement
Sales	<ul style="list-style-type: none"> ■ Top-line growth by utilizing each other's sales network 	<ul style="list-style-type: none"> ■ Launch of working groups (Japan) Domestic sales, sales finance, sale of used goods, semiconductor, real estate, environment and energy, governmental agencies ■ (Overseas) China region, Singapore, Thailand, Indonesia, mobility solutions, Americas, Europe ■ Identifying wide-ranging synergy measures (knowledge, positioning, resources, diversification/multi-functionalization), not limited to contribution to revenues (increase of the top-line, cost reduction)
Investment	<ul style="list-style-type: none"> ■ Utilizing capital capabilities and diversification of both business and geographical area portfolio upon the business integration <ul style="list-style-type: none"> ● Effectively conducting capital management while maintaining the current credit ratings ● Accumulating assets and investing in businesses by utilizing capital capabilities 	<ul style="list-style-type: none"> ■ Establishing frameworks to promote synergy creation with well-balanced offence (strategic resource allocation) and defense (risk management), by efficiently utilizing capital capabilities <ul style="list-style-type: none"> ● Investment Strategy Committee (offense): Discussing strategies to maximize investment synergy centering on investment in business entities as well as the priority of key projects, from a company-wide perspective ● Risk Management Committee (defense): Managing risks in overall management comprehensively and systematically. Discussing and reporting measures for risks of each category after identifying the current status and issues ● Investment Council Meeting: Discussing individual investment projects in consideration of both “offence” and “defense”

Forecast for FY3/2022

- The forecast for FY3/2022 takes into account the recovery of the businesses, of which net income declined in the previous fiscal year, a decrease in credit costs related to aviation, and other factors, although expenses associated with the promotion of business activities and the development of organizational framework, etc. will increase. Net income attributable to owners of the parent in FY3/2022 is estimated to be 95.0 billion yen, up 7.6 billion yen YOY. The net income forecast for the current fiscal year would be 100.0 billion yen in case of excluding expenses related to the business integration.
- We estimate a dividend per share of 26.00 yen, up 0.50 yen YOY (payout ratio: 39.3%), in consideration of the 22 consecutive years of dividend increase in MUL as well as the dividend policies of the former companies.
- ROE in FY3/2022 is estimated to be 8.0%, up 0.7P YOY, by promoting businesses in the focus domains and the replacement of low-profit assets.
- We anticipate an increase of expenses associated with the promotion of business activities mainly in overseas offices, expenses related to the business integration as in the previous year, etc. However, OHR in FY3/2022 is estimated to be 55.9%, unchanged from the previous year, through the optimization of management resources to reduce expenses.

(Billion Yen)		FY3/2021	FY3/2022 ^{*1*2}	YOY Change	YOY Change (%)
1	Net Income Attributable to Owners of the Parent	87.3 ^{*4}	95.0	+7.6	+8.8%
2	Dividend per Share	¥25.50 ^{*5}	¥26.00	+¥0.50	-
3	Payout Ratio	41.1% ^{*5}	39.3%	-1.8P	-
4	ROE	7.3% ^{*4}	8.0%	+0.7P	-
5	OHR^{*3}	55.9% ^{*4}	55.9%	0.0P	-

*1 Forecast as of May 17, 2021

*2 The assumed foreign exchange rates are \$1=¥108, £1=¥150, €1=¥129

*3 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

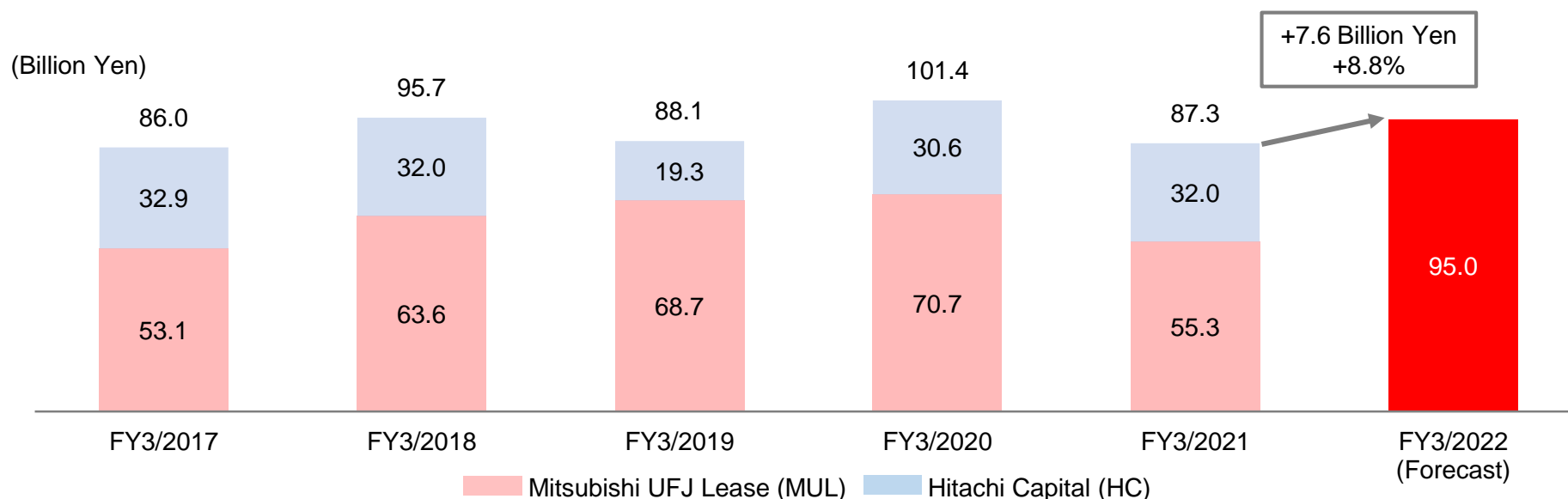
*4 Calculated based on the results of MUL and HC in FY3/2021

(The figures are for reference because MUL used J-GAAP and HC used IFRS)

*5 MUL results in FY3/2021

【MUL/HC】 Transition of Major Figures

(Billion Yen)		FY3/2019			FY3/2020			FY3/2021			FY3/2022*1 (Forecast)	
		HC (IFRS)	MUL (J-GAAP)	Simple Sum	HC (IFRS)	MUL (J-GAAP)	Simple Sum	HC (IFRS)	MUL (J-GAAP)	Simple Sum	Plan (Consolidated)	YOY
1	Net Income*2	19.3	68.7	88.1	30.6	70.7	101.4	32.0	55.3	87.3	95.0	+7.6
2	ROE	5.1%	9.4%	8.0%	8.1%	9.2%	8.9%	8.0%	7.0%	7.3%	8.0%	+0.7P
3	OHR*3	57.6%	45.6%	51.2%	60.7%	44.7%	51.6%	61.5%	51.1%	55.9%	55.9%	0.0P

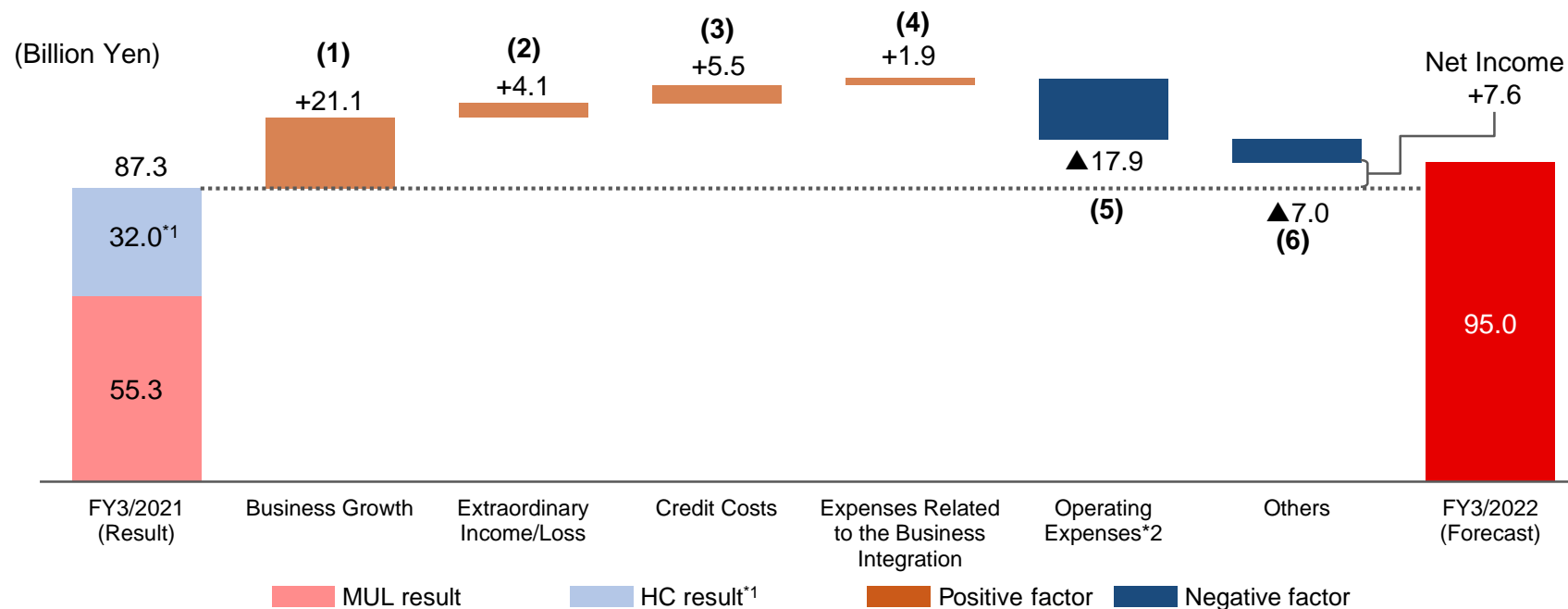


*1 The assumed foreign exchange rates for FY3/2022 are \$1=¥108, £1=¥150, €1=¥129.

*2 For MUL, net income attributable to owners of the parent under J-GAAP
For HC, net income attributable to owners of the parent under IFRS

*3 SG&A expenses / (gross profit + non-operating income/expenses), but SG&A expenses and non-operating income/expenses do not include credit costs

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



(1) Business Growth	<ul style="list-style-type: none"> YOY increase, mainly thanks to the recovery of the European business (HC) and customer business (MUL)
(2) Extraordinary Income/Loss	<ul style="list-style-type: none"> Sale of shares held for strategic purposes aiming to replace the portfolios, etc.
(3) Credit Costs	<ul style="list-style-type: none"> Decrease in credit costs related to aviation business, etc.
(4) Expenses Related to the Business Integration	<ul style="list-style-type: none"> There will be expenses associated with the change of trade name and those related to systems (6.3 billion yen), but no due diligence expenses and other costs, which were posted in the previous fiscal year (8.2 billion yen in total for the two companies)
(5) Operating Expenses*2	<ul style="list-style-type: none"> Increase in expenses associated with the promotion of business activities mainly in overseas offices, etc.
(6) Others	<ul style="list-style-type: none"> Increase in tax-related expenses, etc.

*1 HC's net income attributable to owners of the parent in FY3/2021 (under IFRS)

*2 Excluding expenses related to the business integration

Dividend for FY3/2022

- We will return profits to shareholders by distributing dividends, in principle. In consideration of dividend increase for the 22 consecutive years at MUL and the dividend policy of the former companies (payout ratio of 30% level for MUL and around 40% for HC), dividend per share is estimated to be 26.00 yen (payout ratio: 39.3%), up 0.50 yen YOY.

		FY3/2021		FY3/2022 (Forecast)
		Mitsubishi UFJ Lease	Hitachi Capital	Mitsubishi HC Capital
1	Dividend per Share	¥25.50	¥94.00	¥26.00
2	Payout Ratio	41.1% ^{*1}	34.3% ^{*1}	39.3% ^{*2}

*1 MUL: net income attributable to owners of the parent in FY3/2021 is 55.3 billion yen

HC: net income attributable to owners of the parent in FY3/2021 is 32.0 billion yen

*2 Net income attributable to owners of the parent in FY3/2022 is estimated to be 95.0 billion yen as of May 17, 2021.

Business Strategy for FY3/2022 (1)

- Business strategies based on current organization are as follows.

	Business Strategy
Customer Business Division	<ul style="list-style-type: none"> ■ Accelerate the creation of collaborative businesses with blue-chip partners by providing functions in line with value chain shifts by sector. ■ Maintain and expand a stable earnings base by establishing new sales models by maximizing the benefits of Web tools, increasing contact points with customers and thoroughly implementing solution-oriented sales styles supported by the Group strength. ■ Optimize our portfolio by enhancing effective acquisition of high ROA assets and gradually gearing down less profitable assets.
Aviation Business Division	<ul style="list-style-type: none"> ■ Boost earnings by selecting target industries to focus on in each region and enhancing initiatives based on asset value. ■ Capture growth in emerging economies by investing in VietinBank Leasing in Viet Nam, among other measures . ■ Promote the digital strategy through acceleration of “Digital Center” project at ENGS. Simultaneously aim for three goals: increase sales opportunities, enhance usability for customers and vendors, and improve operational efficiency.
Real Estate Business Division	<ul style="list-style-type: none"> ■ Maximize funds to be recovered and reduce credit costs in aircraft leases by enhancing sale-and-lease back transactions in new model aircraft for blue-chip carriers and ensuring thorough credit management. ■ In aircraft engine leases, enhance our exit strategy by expanding the engine parts-out business in addition to boosting operating rates and accumulating new model engines.
Logistics Business Division	<ul style="list-style-type: none"> ■ In Japan, accelerate business development with an eye on the post COVID-19 environment by promoting “deepening logistics business,” “strengthening CRE solution business”, and “enhancing hotel management functions,” etc. ■ Overseas, strengthen the business management structure mainly in the US, strengthen approach to existing debt, expand the limit of investment and credit extension, expand local AM pipeline, etc.
Renewable Energy Business Division	<ul style="list-style-type: none"> ■ For marine containers, aim to improve earnings by enhancing the resale platform by establishing high-quality portfolio by well-defined investments while closely watching changing market conditions. ■ For railcars, shift gradually to an asset turnover model, while working to stabilize earnings by enhancing the portfolio operating rate. ■ For mobility, focus on maintaining and expanding the existing auto lease business, starting new projects, and widening cooperative business initiatives with top global players in the ASEAN region.
Healthcare Business Division	<ul style="list-style-type: none"> ■ In solar energy, expand large-scale assets and promote engagement in more medium-scale assets. Expand functionality and portfolio realignment via a partner strategy, while aiming for full-scale engagement in solar rooftop PPA* in Japan and Thailand. ■ Work to expand pipeline in other renewable-energy assets besides solar power(onshore wind and offshore wind) with existing partners and new channels.
Infrastructure & Investment Business Division	<ul style="list-style-type: none"> ■ In the healthcare fund business, expand earnings by capturing customer needs to consolidate hospital functions, realign hospital beds and revitalize hospital management, as well as by starting next-stage funds. ■ Seek business opportunities in digital field, promote recovery strategies in our focal domains and expand businesses in emerging market by accelerating cooperative ventures.
	<ul style="list-style-type: none"> ■ For overseas infrastructure, accumulate transactions by promoting collaboration with leading partners and develop business participation platforms with the initiative of local office (in Europe, etc). ■ Strengthen collaboration with partners in company investments. Strengthen presence and project structure in bilateral origination deals and large-scale projects.

* Power Purchase Agreement

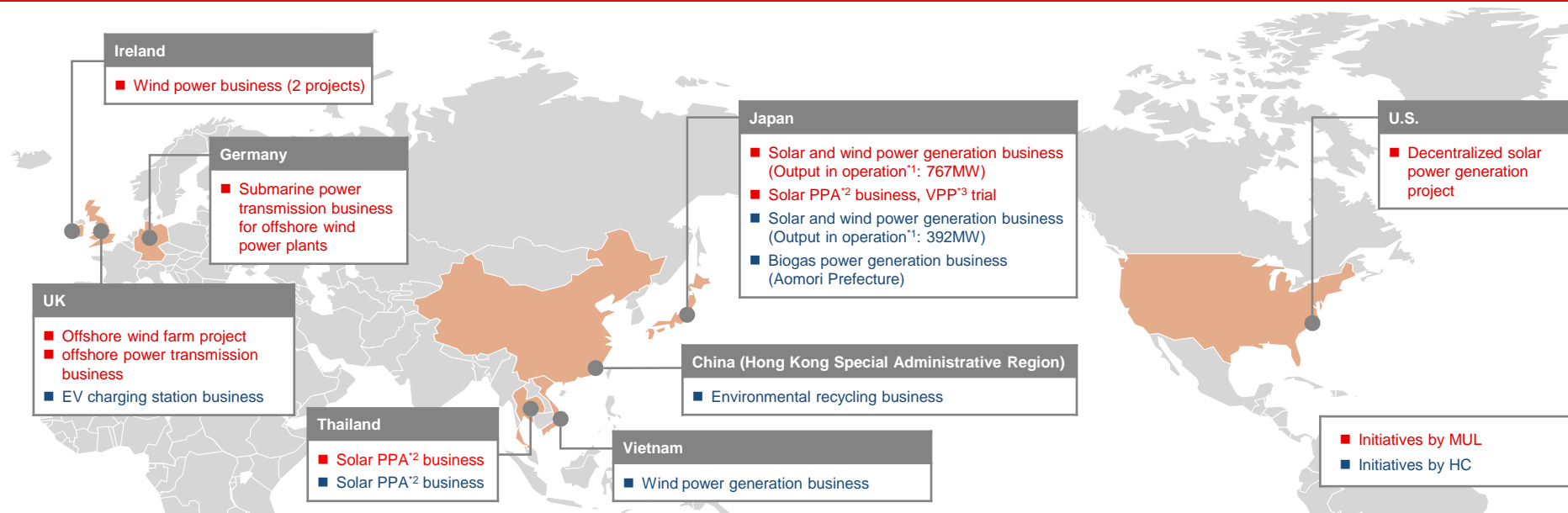
Business Strategy for FY3/2022 (2)

	Business Strategy
Business & Strategic Planning Division	<ul style="list-style-type: none"> ■ Promote earnings expansion by new business creation through integrating sales practices and knowledge from each region. ■ Aim to earn service revenue in addition to financial revenue, by participating in the process of creating service business models at the Hitachi Group companies, etc. and establishing new business models by collaborating. ■ Aim to gain cumulative recurring revenues by focusing on trust, asset recovery, settlement services, and trading in second-hand assets, etc.
Hitachi Group Business Division	<ul style="list-style-type: none"> ■ Strengthen the Hitachi business through the promotion of partnerships with Hitachi Group companies, collaborative tie-ups, etc.. ■ Promote an approach that secures strong earnings, by maximizing internal company resources to design a transformation into proposal-based sales. ■ Transform business platform and service business model by capturing demands for cloud-based operation and remote working.
Corporate Business Division	<ul style="list-style-type: none"> ■ Maintain earnings base by securing high-quality assets and enhance management practices by improving business processes through DX and low-cost operations. ■ Enhance client base by promoting conversion of accounts into partners, collaborating with Hitachi Group, and strengthening business approach in focal domains. ■ Promote new businesses, by capturing earnings in IoT lease services, building service models utilizing partner solutions, etc.
LIFE Business Division	<ul style="list-style-type: none"> ■ Enhance business volume and quality by expanding the trading field in key accounts in the real-estate business, expanding asset turnover business, and improving the quality of operating asset portfolio. ■ Re-develop a client base in the fields of logistics, commerce, and medical care targeting social capital related to the industrial base and life style. Implement business activities that incorporate current and future issues in those industries. ■ Strengthen collaboration with partners and promote new business development.
Environment & Energy Business Division	<ul style="list-style-type: none"> ■ Promote aggressive development of wind power business through collaboration with partners. ■ Promote regional energy businesses that contribute to creation of local communities by collaboration with local municipalities and companies. ■ Consider expanding the business scope with an eye on future markets (electric power retailing, aggregation business, etc.) and develop new businesses by using next-generation technologies (storage batteries, hydrogen, etc.).
Vendor Solutions Business Division	<ul style="list-style-type: none"> ■ Establish stable earnings base via low-cost, high-quality operations. ■ Improve profitability by enhancing the quality and quantity by narrowing down existing vendors, and by locking in vendors through offering original functions. ■ Promote the development of new type of solution-based services.

Business Strategy for FY3/2022 (3)

	Business Strategy
Mobility Solutions Business Division	<ul style="list-style-type: none"> ■ In the Japan business, aim to focus on earnings expansion by providing value to the Hitachi Group via Hitachi Capital Auto Lease, collaborating with partners in the field of logistics and rebuilding private car leasing business, etc. Promote new business development and solutions in response to the transformational period that CASE brings. ■ In the European business, promote expansion of customer base and earnings by offering a service that combines mobility solutions with auto lease.
Europe	<ul style="list-style-type: none"> ■ Accelerate sustainable growth by maintaining and improving customer service, employee engagement and legal compliance and by developing digital programs, etc. ■ Develop EV-related businesses with partners, such as Hitachi. Maintain and expand construction of EVaaS (EV as a service). ■ Expand the services we offer and our coverage regions in the continental European business.
Americas	<ul style="list-style-type: none"> ■ Strengthen core business by enhancing efficiency of operations through DX, improving competitiveness and profitability, and promoting ongoing improvement through use of metrics, etc. ■ Develop new businesses with operations and investments emphasizing SDGs, such as clean energy, mobility, and healthcare. ■ Increase collaboration with MUL (USA) for speedy realization of merger benefits.
China	<ul style="list-style-type: none"> ■ Further expand the business model that focuses on partner strategy and local-based business. ■ Build a new growth strategy by selection and concentration in businesses and finance plus something extra. ■ Execute investments in line with business strategies. Strengthen investment management (including exit and reinvestment) with consciousness of investment capacity.
ASEAN Region	<ul style="list-style-type: none"> ■ Focus on selecting and developing new businesses where demand is expected to grow against the COVID-19 landscape. In existing businesses, strengthen relationships with sales finance vendors and partners. ■ Expand businesses in the environment and energy domain including the solar power business, and in the mobility domain including car sharing, and develop them into new regions. ■ Conduct appropriate management and collection of rescheduled debt against the COVID-19 landscape.

Major Projects for Decarbonized Society



Output in Projects in Operation*1 within and Outside Japan (MW)			
	MUL	HC	Total
Total	813MW	392MW	1.2GW
Solar Power	771MW	136MW	907MW
Wind Power	42MW	256MW	298MW

Major Projects		
Release		Project Overview
April	2017	Participation in a submarine power transmission business for offshore wind power plants in Germany
May	2018	Establishment of MUL Utility Innovation and participation in a solar PPA ^{*2} business and a VPP ^{*3} trial.
November	2018	Participation in an offshore wind power farm project in the UK
February	2020	Start of the operation of a solar power generation plant (Okayama Prefecture) which uses a green bond
November	2020	Participation in a wind power business in Ireland
December	2020	Start of collaboration to drive solar power generation business in Thailand with Hitachi Asia (Thailand) and SANTEC POWER SOLUTIONS
January	2021	Investment in GRIDSERVE Holdings which engages in renewable energy business in the UK (Scheduled to open 100 or more EV charging stations in the UK by 2025)
February	2021	Investment in Bloom Profit Investment which engages in environmental recycling business (glass bottles recycling) in the Hong Kong Special Administrative Region
March	2021	Participation in an offshore power transmission business in the UK
May	2021	Participation in a wind power generation business in Vietnam

*1 Pro-rata figures based on the equity ownership

*2 Power Purchase Agreement

*3 Virtual Power Plant

III. Appendix

Macro-economic Environment as the Assumption of Forecast

■ Macro-economic environment as the assumptions of forecast

- The outlook remains unclear because of the occurrence and expansion of COVID-19 variants, etc. Meanwhile, the global economy in 2021 is expected to recover from the economic downturn in the previous year thanks in part to ongoing large-scale monetary easing and fiscal policies in various countries, and lifting of activity restrictions thanks to the progress of vaccination.
- However, depending on the pace of vaccine administration and the scale of support provided by economic policies, the timing and degree of economic recovery are expected to vary among countries and regions. The recovery in major countries and regions is forecasted as below.
 - Japan
Economic activities are expected to gradually normalize thanks to economic measures and vaccine administration. However, real GDP is anticipated to recover to the fiscal 2019 level in 2022 or later.
 - US
The current economy is on a recovery trend thanks to easing of the restrictions on economic activities and movement based on accelerated vaccine administration. Also with the support of fiscal and monetary policies, real GDP is expected to recover to the level of 2019 during 2021.
 - UK
The moderate recovery will be maintained in 2021 thanks to vaccine administration and ongoing fiscal and monetary policies.
 - China
As economic activities have resumed thanks to curbing the spread of COVID-19, real GDP is expected to grow at a high rate of over 8% YOY.
 - ASEAN
The number of COVID-19 cases has remained high in some countries and regions, therefore recovery to the level of 2019 will be seen in 2022 or later.

【MUL】 Customer Business

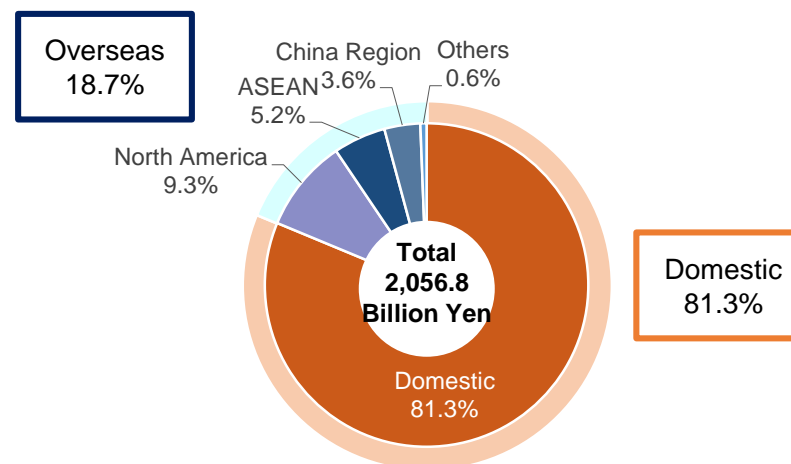
Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	86.6 ^{*1}	78.8	-7.7
Divisional Net Income Attributable to Owners of the Parent	16.8	25.5	+8.6
New Transactions Volume	812.0	587.2	-224.8
Divisional Assets	2,304.8	2,056.8	-248.0 ^{*2}

*1 Changed from the figures in FY3/2020 results due to the transfer of consolidated subsidiary TKS from the Customer Business to the Logistics : from 88.1 billion yen to 86.6 billion yen (refer to page 34 for details)

*2 Divisional Assets is change from the figures as of March 31, 2020

Breakdown of Divisional Assets (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	2,304.8	2,056.8	-248.0
Domestic	1,862.5	1,671.2	-191.2
Overseas	442.3	385.6	-56.7
North America	199.1	191.1	-8.0
ASEAN	134.0	107.8	-26.2
China Region	102.1	73.8	-28.2
Others	6.9	12.7	+5.7

Divisional Assets of Customer Business by Region (FY3/2021)



[Definition]

Divisional Earnings:

Gross profit (prior to allocation of financial expenses) plus equity-method earnings and dividend income of each division.

Divisional Assets:

Operating assets plus equity-method investments.

A portion of assets which generate Divisional Earnings is not included (e.g. shares held for strategic purposes and small-lot equity investments.)

【MUL】 Aviation

Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	74.9	56.4	-18.4
Divisional Net Income Attributable to Owners of the Parent	24.9	2.8	-22.1
New Transactions Volume	212.3	106.0	-106.2
Divisional Assets	1,101.7	1,158.6	+56.8 ^{*1}

*1 Divisional Assets is change from the figures as of March 31, 2020

Breakdown of Divisional Assets (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	1,101.7	1,158.6	+56.8
Aircraft Lease (JSA)	841.6	834.9	-6.6
Engine Lease (ELF)	253.3	242.2	-11.0
Aircraft Lease (MUL)	6.7	81.4	+74.6

Owned Aviation-related Assets			
	FY3/2020	FY3/2021	Change from FY3/2020
Number of Aircraft ^{*2} (JSA)	168	179	+11
Number of Aircraft Purchased [*]	24	12	-12
Number of Aircraft Sold ^{*3}	14	1	-13
Number of Aircraft Engines (ELF)	309	311	+2

*2 Starting from FY3/2021 2Q results, aircraft owned by MUL parent excluded:

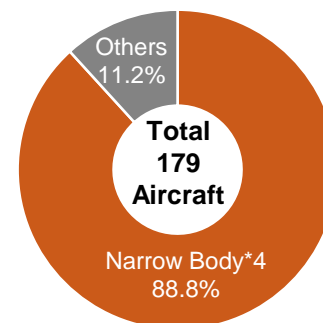
FY3/2020 170 aircraft→168 aircraft

*3 After consolidated adjustment

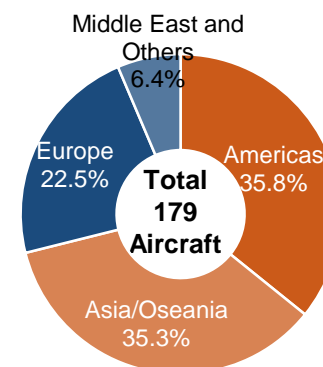
(do not match with sales profits/losses for aircraft numbers recognized on the P/L)

JSA's Aircraft Ownership Breakdown (FY3/2021)

1. By Asset Type

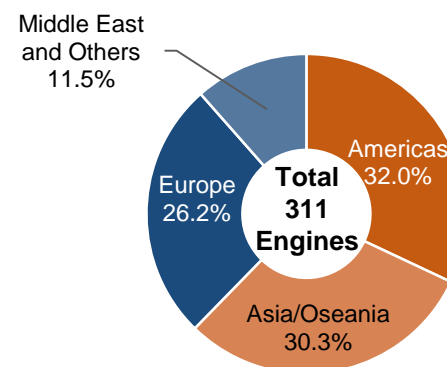


2. By Region



*4 Aircraft used for domestic lines and short-distance flights (A320 series of Airbus, B737 series of Boeing, etc.)

ELF's Regional Breakdown of Engine Ownership (FY3/2021)



【MUL】 Real Estate

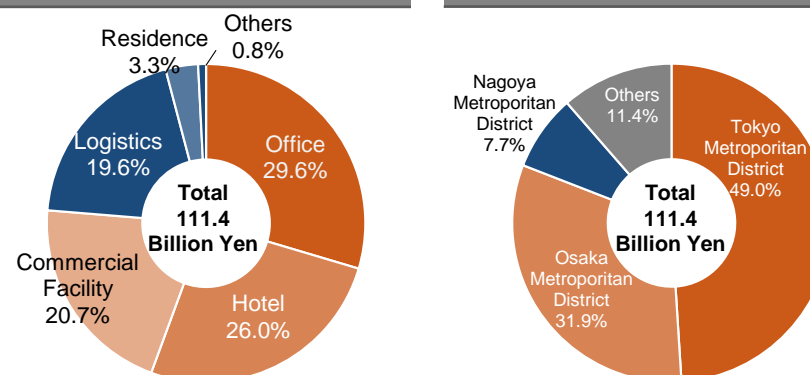
Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	47.1	52.1	+4.9
Divisional Net Income Attributable to Owners of the Parent	24.9	28.0	+3.1
New Transactions Volume	304.8	146.4	-158.4
Divisional Assets	976.1	952.2	-23.9 ^{*1}

*1 Divisional Assets is change from the figures as of March 31, 2020.

Breakdown of Divisional Assets (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	976.1	952.2	-23.9
Real estate leasing	268.4	254.9	-13.4
Other real estate Finance	255.4	245.2	-10.1
Securitization(Debt)	119.7	122.7	+3.0
Domestic	108.1	103.1	-4.9
Overseas	11.5	19.5	+7.9
Securitization(Equity)	54.5	64.8	+10.2
Domestic	40.7	48.0	+7.2
Overseas	13.8	16.7	+2.9
Real estate rental business	107.6	89.7	-17.8
Real estate revitalization investment	170.3	174.6	+4.2

[Reference] Amount of equity contribution for real estate financing ^{*2*3} (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	99.2	111.4	+12.1
Domestic Securitization	32.3	37.2	+4.9
Real Estate Revitalization Investment	66.9	74.1	+7.2

[Reference] Ratio of amount of equity contribution for real estate financing ^{*2*3} (Billion Yen)	
1. By Asset Type	2. By Region



*2 Management accounting value (total equity contribution value in domestic securitization financing and real estate revitalization investments) does not match equity among divisional assets as some investments were turned into consolidated subsidiaries with investments and capital being offset and eliminated in financial accounting processes.

*3 Divisional assets corresponding to domestic securitization finance amounted to 40.7 billion yen for FY3/2020 and 48.0 billion yen for FY3/2021 while those corresponding to real estate revitalization investments came to 170.3 billion yen for FY3/2020 and 174.6 billion yen for FY3/2021.

【MUL】 Logistics

Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	19.1 ^{*1}	20.6	+1.5
Divisional Net Income Attributable to Owners of the Parent	0.9	1.8	+0.8
New Transactions Volume	116.0	75.1	-40.8
Divisional Assets	521.4	544.6	+23.2 ^{*2}

*1 Changed from the figures in FY3/2020 results due to the transfer of consolidated subsidiary TKS from the Customer Business to the Logistics : from 17.6 billion yen to 19.1 billion yen (refer to page 34 for details)

*2 Divisional Assets is change from the figures as of March 31, 2020

Breakdown of Divisional Assets (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	521.4	544.6	+23.2
Marine Containers	219.2	223.5	+4.3
Railway Freight Cars	170.7	195.7	+25.0
Shipping and Others	131.5	125.3	-6.1

Owned Logistics-related Assets ^{*3}			
	December 31, 2019	December 31, 2020	Change from December 31, 2019
Marine Container Fleet (TEU 1,000) ^{*4}	1,368	1,515	+146
Number of Railway Freight Cars	16,544	20,554	+4,010

*3 Numbers based on management account

*4 TEU: Twenty Feet Equivalent Unit(converted into 20ft. containers)

【MUL】 Environment & Energy

Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	11.1	10.9	-0.2
Divisional Net Income Attributable to Owners of the Parent	3.3	3.7	+0.3
New Transactions Volume	37.4	33.1	-4.2
Divisional Assets	184.3	197.9	+13.6 ^{*2}

Breakdown of Divisional Assets ^{*5} (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	184.3	197.9	+13.6
Debt	59.8	52.2	-7.6
Equity	30.1	26.3	-3.7
Power Generation Business Assets	82.9	103.4	+20.5
Others ^{*6}	11.3	15.8	+4.4

*5 Solar power-related leases were recorded in customers business

*6 Includes equity-method investments

【MUL】 Healthcare

【MUL】 Infrastructure & Investment

Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	5.0	5.3	+0.3
Divisional Net Income Attributable to Owners of the Parent	0.6	0.7	0.0
New Transactions Volume	40.8	39.5	-1.2
Divisional Assets	152.2	156.9	+4.6 ^{*1}

*1 Divisional assets is change from the figures as of March 31, 2020

Breakdown of Divisional Assets ^{*2} (Billion Yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Total	152.2	156.9	+4.6
Leases and installment sales	106.9	106.3	-0.5
Factoring	24.8	27.7	+2.9
Healthcare-related Loans and investments	20.4	22.7	+2.3

*2 Assets sales to medical institutions and care homes recorded in the Customer Business are excluded.

(Reference) Healthcare-related assets under management ^{*3} (Billion yen)			
	FY3/2020	FY3/2021	Change from FY3/2020
Assets under management (AUM)	20.3	27.1	+6.7

*3 Management accounting values

Major Figures (Billion Yen)			
	FY3/2020	FY3/2021	YOY
Divisional Earnings	3.5	4.1	+0.5
Divisional Net Income Attributable to Owners of the Parent	0.6	0.3	-0.3
New Transactions Volume	14.9	15.5	+0.5
Divisional Assets	95.0	111.2	+16.2

Performance of Overseas Infrastructure Projects		
Booking Party	Project Overview	Remarks
MUL	Submarine Power Transmission Business in Germany	In operation
	Wind Power Business in Ireland (1)	In operation
	Water Supply Business in the UK	Investment completed
	Offshore Wind Farm Project in the UK	Scheduled to start operating in 2022
	Power Distribution Project in the UK	Investment completed
	Distributed Solar Power Generation Project in the US	In operation
	Wind Power Business in Ireland (2)	In operation
	Offshore Power Transmission Business in the UK	In operation
JII	Rail Infrastructure Initiative in the UK	In operation
	Optical Submarine Cable Initiative	In operation
	Railway Freight Car Maintenance and Lease Initiative in the UK	In operation
	Passenger Railcar lease and Maintenance Initiative in the UK	Scheduled to start operating in 2022
	Toll Highway Operating Company in India	Investment committed
	Optical Submarine Cable Initiative	Completion planned for 2H 2022

【MUL】 Details of New Transactions Volume by Division

(Billion Yen)		FY3/2020	FY3/2021	YOY Change	YOY Change (%)
1	Customer Business	812.0	587.2	-224.8	-27.7%
2	Aviation	212.3	106.0	-106.2	-50.0%
3	Real Estate	304.8	146.4	-158.4	-52.0%
4	Logistics	116.0	75.1	-40.8	-35.2%
5	Environment & Energy	37.4	33.1	-4.2	-11.3%
6	Healthcare	40.8	39.5	-1.2	-3.1%
7	Infrastructure & Investment	14.9	15.5	+0.5	+4.0%
8	Volume of All New Transactions	1,538.6	1,003.2	-535.4	-34.8%

【MUL】 Credit Cost

MUL/Subsidiaries								
(Billion Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	YOY Change	
1	MUL	-2.9	-0.0	-1.8	2.2	-0.6	-2.8	
2	Domestic Subsidiaries	0.4	1.5	0.9	0.6	0.6	0.0	
3	Overseas Subsidiaries	2.1	0.9	2.1	4.2	14.3	+10.1	
4	Total Net Credit Cost	-0.4	2.4	1.1	7.1	14.3	+7.2	

By Sector								
(Billion Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	YOY Change	
5	Real Estate Sector	-0.6	0.7	-1.2	-0.0	-0.1	-0.1	
6	Manufacturing Sector	-0.1	0.4	1.3	1.2	0.4	-0.8	
7	Transportation Sector	1.6	0.7	-1.0	0.9	8.4	+7.5	
8	Others*	-1.3	0.6	2.0	4.9	5.6	+0.7	
9	Total Net Credit Cost	-0.4	2.4	1.1	7.1	14.3	+7.2	

* Includes general credit costs calculated based on the historical rate of credit loss and ENGS credit costs

【MUL】 Funding Structure

(Billion Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	Change from FY3/2020 (%)
1	Borrowing	2,395.1	2,444.7	2,492.0	2,863.2	2,870.3	+0.2%
2	Yen	1,449.4	1,470.6	1,352.2	1,425.5	1,476.6	+3.6%
3	Foreign Currency	945.7	974.1	1,139.8	1,437.6	1,393.7	-3.1%
4	CP (Commercial Paper)	835.9	807.4	742.2	762.1	434.1	-43.0%
5	Securitization	137.4	165.8	145.8	135.7	106.2	-21.8%
6	Corporate Bonds	773.5	833.7	1,060.3	1,169.5	1,224.2	+4.7%
7	Yen	452.0	496.0	583.5	763.3	756.2	-0.9%
8	Foreign Currency	321.5	337.7	476.8	406.2	467.9	+15.2%
9	Total Funding	4,142.0	4,251.7	4,440.3	4,930.6	4,634.9	-6.0%
10	Foreign Currency Funding Ratio*	30.6%	30.9%	37.0%	37.4%	40.2%	+2.8P

* Foreign-currency loans and Corporate Bonds as a proportion of total funding

【MUL】 Financial Performance: Profit & Loss Statement

(Million Yen)		FY3/2017 16/4~17/3	FY3/2018 17/4~18/3	FY3/2019 18/4~19/3	FY3/2020 19/4~20/3	FY3/2021 20/4~21/3
1	Revenues	838,886	869,948	864,224	923,768	894,342
		+1.6%	+3.7%	-0.7%	+6.9%	-3.2%
2	Cost of Revenues	688,655	713,779	705,904	741,804	733,761
		+4.4%	+3.6%	-1.1%	+5.1%	-1.1%
3	Financial Expenses	35,703	43,722	49,494	59,865	62,418
		-8.4%	+22.5%	+13.2%	+21.0%	+4.3%
4	Gross Profit	150,231	156,169	158,320	181,964	160,581
		-9.5%	+4.0%	+1.4%	+14.9%	-11.8%
5	SG&A Expenses	71,119	76,883	77,949	90,110	98,166
		-8.5%	+8.1%	+1.4%	+15.6%	+8.9%
6	Personnel Expenses	33,790	36,453	36,899	40,601	40,473
		+4.8%	+7.9%	+1.2%	+10.0%	-0.3%
7	Non-personnel Expenses	33,461	35,482	37,689	41,465	42,598
		-4.1%	+6.0%	+6.2%	+10.0%	+2.7%
8	Allowance	3,867	4,946	3,360	8,043	15,095
		-63.6%	+27.9%	-32.1%	+139.4%	+87.7%
9	Operating Income	79,112	79,285	80,371	91,853	62,414
		-10.4%	+0.2%	+1.4%	+14.3%	-32.1%
10	Recurring Income	84,731	86,177	87,605	94,376	65,002
		-8.6%	+1.7%	+1.7%	+7.7%	-31.1%
11	Extraordinary Income	4,257	2,926	7,086	5,030	18,457
		+541.6%	-31.3%	+142.1%	-29.0%	+266.9%
12	Extraordinary Loss	2,517	836	1,136	308	242
		-22.2%	-66.8%	+35.8%	-72.8%	-21.6%
13	Net Income Attributable to Owners of the Parent	53,157	63,679	68,796	70,754	55,330
		-2.7%	+19.8%	+8.0%	+2.8%	-21.8%

(Note) The bottom percentage show year-on-year percentage change

【MUL】 Financial Performance: Balance Sheet

(Million Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
1	Cash and Cash Equivalents	102,011	165,100	195,831	466,228	294,241
		-14.9%	+61.8%	+18.6%	+138.1%	-36.9%
2	Total Equity	686,378	731,124	778,582	798,820	821,233
		+6.9%	+6.5%	+6.5%	+2.6%	+2.8%
3	Total Assets	5,388,844	5,552,712	5,790,929	6,285,966	6,009,831
		+5.2%	+3.0%	+4.3%	+8.5%	-4.4%
4	Divisional Assets	-	-	5,142,614	5,338,325	5,180,874
		-	-	-	+3.8%	-2.9%
5	Operating Assets*	4,876,553	4,910,705	5,060,114	5,248,363	5,064,796
		+5.4%	+0.7%	+3.0%	+3.7%	-3.5%
6	Equity-Method Investments	-	-	82,500	89,962	116,078
		-	-	-	+9.0%	+29.0%
7	Impaired Assets	34,144	34,892	27,286	24,693	39,269
		+22.3%	+2.2%	-21.8%	-9.5%	+59.0%
8	Allowance	16,365	15,658	15,103	13,831	22,501
		+0.4%	-4.3%	-3.5%	-8.4%	+62.7%
9	Net Balance of Impaired Assets	17,779	19,234	12,183	10,862	16,767
		+53.0%	+8.2%	-36.7%	-10.8%	+54.4%

(Note) The bottom percentage show year-on-year percentage change

* Change in definition of "operating assets" from FY3/2021 (refer to page 34 for details)

【MUL】 Financial Performance: Balance Sheet (Cont'd)

(Million Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
10	Equity Ratio	12.2%	12.7%	13.0%	12.4%	13.4%
		+0.2P	+0.5P	+0.3P	-0.6P	+1.0P
11	ROE	8.4%	9.3%	9.4%	9.2%	7.0%
		-0.6P	+0.9P	+0.1P	-0.2P	-2.2P
12	ROA*	1.0%	1.2%	1.2%	1.2%	0.9%
		-0.1P	+0.2P	+0.0P	-0.0P	-0.3P
13	Total Funding	4,142,073	4,251,769	4,440,352	4,930,692	4,634,956
		+6.0%	+2.6%	+4.4%	+11.0%	-6.0%
14	Indirect Funding	2,395,158	2,444,766	2,492,008	2,863,257	2,870,347
		+10.4%	+2.1%	+1.9%	+14.9%	+0.2%
15	Direct Funding	1,746,914	1,807,002	1,948,344	2,067,434	1,764,608
		+0.4%	+3.4%	+7.8%	+6.1%	-14.6%
16	CP	835,900	807,400	742,200	762,100	434,171
		-2.1%	-3.4%	-8.1%	+2.7%	-43.0%
17	Securitization	137,484	165,897	145,842	135,781	106,230
		-18.6%	+20.7%	-12.1%	-6.9%	-21.8%
18	Corporate Bonds	773,530	833,705	1,060,302	1,169,553	1,224,206
		+7.9%	+7.8%	+27.2%	+10.3%	+4.7%

(Note) The bottom percentage figures with P (point) show year-on-year percentage change

* Net income attributable to owners of the parent on total assets

【MUL】 Impact of Definitional Changes on Results from FY3/2021

- As we announced in our “FY3/2021 1st Quarter Results”, “FY3/2021 2nd Quarter Results” and “FY3/2021 3rd Quarter Results”, in order to more accurately portray the actual state of our business, we have made the following definitional changes from FY3/2021.

Items Changed	Details of Definitional Changes
Divisional Earnings	■ From FY3/2021, the Indonesian automotive lease subsidiary, PT. Takari Kokoh Sejahtera (TKS) business domain was transferred from Customer Business to the Logistics, and retroactive adjustments were made for past fiscal years.
New Transactions Volume	■ From FY3/2021, the following two items changed and retroactive adjustments were made for past fiscal years. (1) Factoring, which consists largely of short-term transaction, was excluded from new transactions volume. (2) A portion of equity investments, which were not included in new transactions volume, was added to new transactions volume.
Operating Assets	■ From FY3/2021, the following two items changed and retroactive adjustments were made for past fiscal years. (1) A portion of equity investments, which were not included in the operating assets, was added to operating assets. (2) Same as the definitional change of Divisional Earnings above, “TKS” was transferred from Customer Business to the Logistics.

Revision Impact in FY3/2020				
(Billion Yen)		FY3/2020		Impact
		Before Adjustment	After Adjustment	
Divisional Earnings^{*1}	Total	247.9	247.9	-
	Customer Business	88.1	86.6	-1.4
	Logistics	17.6	19.1	+1.4
New Transactions Volume	Total	1,881.7	1,538.6	-343.0
	Customer Business	1,074.7	812.0	-262.6
	Healthcare	128.8	40.8	-87.9
	Infrastructure & Investment	7.3	14.9	+7.6
Divisional Assets^{*2}	Total	5,318.4	5,338.3	+19.9
	Customer Business	2,315.3	2,304.8	-10.5
	Logistics	510.8	521.4	+10.5
	Infrastructure & Investment	75.1	95.0	+19.9

*1 Gross profit (prior to allocation of financial expenses) plus equity-method earnings and dividend income of each division.

*2 Operating assets plus equity-method investments.

【HC】 Breakdown of Japan Business

Japan Business (Account Solution)							
(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
Gross Profit	36.9	38.3	+1.3	+3.7%	-2.2	+9.7%	102.6%
Profit Before Tax	20.1	24.1	+3.9	+19.4%	-1.0	+24.5%	122.1%
Volume of Business	828.3	593.4	-234.8	-28.4%	-96.7	-16.7%	90.6%
Operating Assets	1,155.8	1,104.0	-51.8	-4.5%	-35.7	-1.4%	95.3%
ROA*	1.8%	2.1%	+0.3P	-			

Japan Business (Vendor Solution)							
(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
Gross Profit	16.4	15.8	-0.6	-4.0%	-1.3	+4.4%	96.2%
Profit Before Tax	5.4	6.7	+1.3	+24.7%	-0.3	+30.2%	105.7%
Volume of Business	191.7	161.7	-29.9	-15.6%	-28.0	-1.0%	99.8%
Operating Assets	444.4	433.4	-10.9	-2.5%	-21.3	+2.3%	100.3%
ROA*	1.2%	1.5%	+0.3P	-			

* Profit before tax on operating assets

【HC】 Breakdown of Global Business (1): Europe, The Americas

Europe (the UK, Poland, the Netherland, Germany, Austria, Belgium, Czech, Slovakia, Hungary, Finland)							
(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
Gross Profit	45.9	45.4	-0.5	-1.2%	-5.5	+10.8%	99.6%
Profit Before Tax	18.5	15.1	-3.3	-18.1%	-4.3	+5.2%	105.3%
Volume of Business	651.4	538.4	-112.9	-17.3%	-109.2	-0.6%	116.9%
Operating Assets	874.7	1,000.4	+125.6	+14.4%	-105.8	+26.5%	116.0%
ROA* (Local Currency Basis)	2.1%	1.7%	-0.5P	-			
The Americas (US, Canada)							
(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
Gross Profit	15.4	16.2	+0.7	+4.6%	-1.4	+14.2%	98.5%
Profit Before Tax	3.2	4.2	+1.0	+31.7%	-1.0	+65.2%	123.6%
Volume of Business	332.5	332.9	+0.3	+0.1%	-90.0	+27.2%	114.1%
Operating Assets	312.4	364.3	+51.8	+16.6%	-59.7	+35.7%	105.4%
ROA* (Local Currency Basis)	0.9%	1.3%	+0.4P	-			

* Profit before tax on operating assets

【HC】 Breakdown of Global Business (2): China, ASEAN

China (Mainland China, Hong Kong Special Administrative Region)							
(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
Gross Profit	4.8	5.2	+0.3	+8.3%	-0.5	+19.4%	111.7%
Profit Before Tax	1.9	1.8	-0.1	-6.0%	-0.3	+11.8%	105.4%
Volume of Business	86.1	91.4	+5.3	+6.2%	-36.1	+48.1%	86.8%
Operating Assets	200.5	166.6	-33.9	-16.9%	-21.6	-6.1%	102.0%
ROA* (Local Currency Basis)	0.8%	1.0%	+0.3P	-			
ASEAN (Singapore, Thailand, Malaysia, Indonesia)							
(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change(%)	COVID-19 Impact	YOY Change (Excluding COVID-19 Impact)	Initial Forecast Comparison
Gross Profit	6.6	5.9	-0.6	-9.4%	-1.1	+8.6%	89.0%
Profit Before Tax	0.7	0.3	-0.3	-46.1%	-1.8	+219.5%	27.5%
Volume of Business	87.7	62.6	-25.0	-28.6%	-39.6	+16.6%	87.4%
Operating Assets	127.6	121.3	-6.3	-5.0%	-21.5	+11.9%	91.4%
ROA* (Local Currency Basis)	0.5%	0.2%	-0.2P	-			

* Profit before tax on operating assets

【HC】 Breakdown of Cost of Revenues/SG & A

Breakdown of Cost of Revenues							
(Million Yen)	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	YOY Change	YOY Change(%)
Cost of Revenues	245,100	272,425	312,859	327,703	331,074	+3,371	+1.0%
Financial Expenses	25,982	30,288	38,599	40,027	31,855	-8,172	-20.4%

Breakdown of SG & A							
(Million Yen)	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	YOY Change	YOY Change(%)
SG & A Expenses	81,902	86,274	110,997	96,442	97,978	+1,536	+1.6%
Personnel Expenses	44,760	47,324	48,703	49,246	50,721	+1,474	+3.0%
Business Management Expenses	31,513	32,815	34,122	35,162	35,719	+557	+1.6%
Credit Costs	5,627	6,134	28,171	12,033	11,537	-495	-4.1%

【HC】 Credit Trends by Region

	Credit Loss Ratio ^{*1}					Credit Loss ^{*2} (Million Yen)				
	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
Total	0.15%	0.20%	0.18%	0.23%	0.35%	5,103	6,452	6,156	7,383	11,498
Japan	0.04%	0.05%	0.06%	0.07%	0.06%	823	812	911	1,160	1,031
Europe	0.26%	0.22%	0.25%	0.30%	0.50%	1,613	1,705	2,169	2,655	4,982
The Americas	0.41%	0.79%	0.49%	0.79%	0.75%	1,357	2,652	2,070	2,480	2,737
Asia	0.27%	0.28%	0.22%	0.33%	0.95%	1,309	1,281	1,005	1,087	2,746

*1 Credit Loss Ratio: Credit Loss divided by Operating Assets

*2 Credit Loss: This is the actual amount of bad debt losses that are different from credit costs and the allowance for bad debt

【MUL】 Major Group Companies

Division	Company	Ownership Ratio*1	Main Business
Customer Business	Mitsubishi UFJ Lease & Finance (Domestic Branches)	-	Leasing, etc.
	DFL Lease	80.0%	Leasing, etc.
	Shutoken Leasing	70.7%	Leasing, etc.
	DRS	100.0%	Rental and leasing, etc.
	Mitsubishi UFJ Lease & Finance (U.S.A.)	100.0%	Leasing, etc.
	ENGS Commercial Finance*2	100.0%	Vendor finance, etc.
	Bangkok Mitsubishi UFJ Lease	44.0%	Leasing, etc.
	Mitsubishi UFJ Lease (Singapore)	100.0%	Leasing, etc.
	Mitsubishi UFJ Lease & Finance Indonesia	100.0%	Leasing, etc.
	Mitsubishi UFJ Lease & Finance (China)	100.0%	Leasing, etc.
	Mitsubishi UFJ Lease & Finance (Hong Kong)	100.0%	Leasing, etc.
Mitsubishi UFJ Lease & Finance (Ireland)	100.0%	Finance, etc.	
Aviation	MUL (Aviation Business Department)	-	Japanese operating lease, etc.
	Jackson Square Aviation (JSA)	100.0%	Aircraft leasing
	Engine Lease Finance (ELF)	100.0%	Aircraft engine leasing, part-out
Real Estate	MUL (Real Estate Business Department)	-	Securitization finance
	MUL Property (MULP)	100.0%	Real estate leasing
	MUL Realty Investment (MURI)	100.0%	Real estate revitalization investment
	MUL Realty Investments(MRI)	100.0%	Overseas securitization finance

*1 Includes indirect ownership portions

*2 Vendor finance entity of ENGS Holdings Inc.

Division	Company	Ownership Ratio*1	Main Business
Real Estate	Diamond Asset Finance (DAF)	100.0%	Real estate rental and other real estate finance
	Miyuki Building	98.3%	Real estate rental
	MUL Realty Advisers (MURA)	66.6%	Real estate asset management
	Center Point Development (CPD)	33.4%	Asset management services for logistics real estate
Logistics	MUL (Logistics Business Department)	-	Ship finance
	Beacon Intermodal Leasing (BIL)	100.0%	Marine container leasing
	MUL Railcars (MULR)	100.0%	Railcar leasing
	Takari Kokoh Sejahtera (TKS)	75.0%	Auto leasing, etc.
	Mitsubishi Auto Leasing (MAL)	50.0%	Auto leasing
Environment & Energy	MUL (Environment & Energy Business Department)	-	Renewable-energy business
	MUL Energy Investment (MEI)	100.0%	Operation and asset management of renewable-energy businesses
	MUL Utility Innovation (MUI)	100.0%	Development of energy-related businesses
Healthcare	MUL (Healthcare Business Department)	-	Medical equipment leasing and medical fee factoring
	Japan Medical Lease	100.0%	Medical equipment and real estate leasing
	MUL Healthcare (MULH)	100.0%	Support service for installment of medical equipment and medical institution consulting
	Healthcare Management Partners (HMP)	66.0%	Management of fund to support management specializing in the medical and long-term care fields
Infrastructure & Investment	MUL (Infrastructure Business Department)	-	Infrastructure business, PFI business
	MUL (Investment Business Department)	-	Corporate investment
	Japan Infrastructure Initiative (JII)	47.6%	Infrastructure investment and loan

【HC】 Major Group Companies

Division	Company	Ownership Ratio*	Main Business
Account Solution	Hitachi Capital Auto Lease	51.0%	Auto leasing
	Sekisui Leasing	90.0%	Leasing and financial business
	Hitachi Capital Insurance	79.4%	Non-life insurance
	Hitachi Capital Community	100.0%	Real estate development/management/leasing
	HCD Properti Indonesia	63.5%	Real estate leasing
	Hitachi Capital Trust	100.0%	Trust business
	Hitachi Green Energy	100.0%	Power generation
	Hitachi Wind Power	85.1%	Power generation
	Hitachi Sustainable Energy	85.1%	Power generation
Vendor Solution	Hitachi Capital NBL	100.0%	Leasing
Europe	Hitachi Capital (UK)	100.0%	Leasing and financial business
	Hitachi Capital European Vendor Solutions	100.0%	Leasing and financial business
	Hitachi Capital Polska	100.0%	Auto leasing
	Hitachi Capital Mobility Holding Netherlands	98.6%	Financial holding company
	Hitachi Capital Mobility Netherlands	100.0%	Auto leasing
	Maske Fleet	100.0%	Auto leasing and rental
	Maske Langzeit-Vermietung	100.0%	Auto leasing and rental

* Includes indirect ownership portions

Division	Company	Ownership Ratio*	Main Business
The Americas	Hitachi Capital America	100.0%	Leasing and financial business
	Hitachi Capital Canada	100.0%	Leasing and financial business
	CLE Capital	100.0%	Leasing and financial business
China	Hitachi Capital Management (China)	100.0%	Financial holding company
	Hitachi Capital (Hong Kong)	100.0%	Leasing and financial business
	BOT LEASE (HONG KONG)	100.0%	Leasing and financial business
	Hitachi Capital Leasing (China)	94.1%	Leasing and financial business
	Hitachi Capital Factoring (China)	100.0%	Factoring
	ASEAN	Hitachi Capital Asia Pacific	100.0%
Hitachi Capital (Thailand)		74.0%	Leasing and financial business
Hitachi Capital Malaysia		100.0%	Leasing and financial business
Arthaasia Finance		85.0%	Leasing and financial business
Hitachi Capital Finance Indonesia		73.8%	Leasing and financial business
Others	Hitachi Capital Servicer	100.0%	Credit management and collection
	Hitachi Capital Services	100.0%	Purchase and sale of used goods
	Hitachi Triple Win	100.0%	Outsourcing business, business relating to food, beverages and agriculture
Equity- method Affiliates	Japan Infrastructure Initiative (JII)	47.6%	Infrastructure investment and loan
	Hitachi Auto Service	40.0%	Automobile-related businesses

Corporate Profile

Company Name	Mitsubishi HC Capital Inc.
Location	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan
Paid in Capital	33,196 Million Yen
Accounting Standards	J-GAAP
Title and name of representatives	Representative Director, Chairman Seiji Kawabe Representative Director, President & CEO Takahiro Yanai Representative Director, Deputy President Kanji Nishiura
Fiscal Year End	March, 31
Major Shareholders	Mitsubishi UFJ Financial Group, Inc. Mitsubishi Corporation Hitachi, Ltd.

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