

## **Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2024**

Mitsubishi HC Capital Inc.  
November 10, 2023

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Greetings, everyone. This is Taiju Hisai, President & CEO.

Thank you for attending today's financial results briefing despite your busy schedules.

For today's meeting, in addition to those gathered here at the meeting site, we are also joined by many people watching live online. Again, thank you.

Today, firstly I'd like to give some overall impressions on the Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2024, that we announced earlier today.

Following this, Director and Managing Executive Officer Haruhiko Sato will explain the details of our financial results and our full-year financial forecast for FYE 3/2024. Then, I would like to explain the progress of the Medium-term Management Plan (2025MTMP) announced in May of this year.

Finally, I'd like to hear questions from all of you, so please feel free to ask.

Let's get started. Please turn to the Highlights on page 4 of the Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2024.

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### Definitions of Terms and Figures Used in this Presentation

- MHC: Mitsubishi HC Capital
- MUL: Mitsubishi UFJ Lease & Finance
- HC: Hitachi Capital
- JSA: Jackson Square Aviation (Aircraft leasing company)
- ELF: Engine Lease Finance (Aircraft engine leasing company)
- CAI: CAI International (Marine container leasing company)
- DAF: Diamond Asset Finance (Share transfer completed in March 2023)
- CPD: CenterPoint Development (Became a wholly-owned subsidiary in April 2023)
- CA: Mitsubishi HC Capital Auto Lease (Merger with Mitsubishi Auto Leasing (surviving company) completed in April 2023)
- Asset-related gain/loss:  
The sum of gain/loss on sales and impairment losses of owned assets based on gross profit in the Customer Solutions, Environment & Energy, Aviation, Logistics, and Real Estate segments
- Base profit: Gross profit other than asset-related gain/loss
- Net Income: Net income (quarterly/annually) attributable to owners of the parent
- ROA: 
$$\frac{\text{Annualized net income}}{(\text{total assets at the end of previous FY} + \text{total assets at the end of this quarter}) / 2}$$
- ROE: 
$$\frac{\text{Annualized net income}}{(\text{equity at the end of previous FY} + \text{equity at the end of this quarter}) / 2}$$
- Segment Assets:  
Operating assets + equity method investments + goodwill + investment securities, etc.

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- VI. Appendix

## I. Highlights

## Highlights

### **Net income decreased by 10.4 billion yen (16.5%) YoY to 52.7 billion yen.**

- ✓ Net income for 2Q FYE 3/2024 decreased by 10.4 billion yen (16.5%) YoY to 52.7 billion yen due to the losses in the Real Estate business in the U.S.A. and the impairment losses in the Environment & Energy business, etc., which were not included in the initial plan, while the Aviation business has been steadily recovering and marine container leasing business favorably progressed compared with the initial plan.
- ✓ On the other hand, new transactions volume increased by 134.9 billion yen (10.6%) YoY to 1,413.3 billion yen, thanks to an increase in new transactions in the Aviation and Customer Solutions segments, etc. Segment assets also increased by 587.3 billion yen (6.1%) to 10,220.3 billion yen compared with FYE 3/2023.

### **Financial forecast for FYE 3/2024 (net income: 120.0 billion yen) remains unchanged.**

- ✓ The progress made toward the full-year financial forecast (net income: 120.0 billion yen) during 2Q FYE 3/2024 was 43.9%.
- ✓ Despite the progress, the full-year financial forecast remains unchanged, because the net income in the Aviation business is planned to be weighted toward the second half and we expect marine container leasing business continues to progress favorably compared with the initial plan, and gains on sales of owned assets will exceed the initial plan.

### **Steadily implementing each initiative set forth in the Medium-term Management Plan (2025 MTMP) toward Our 10-year Vision.**

- ✓ We have been reorganizing our businesses and Group companies in order to reallocate management resources strategically and optimize business operation.
- ✓ We created new businesses in the areas of EVs and decarbonization solutions, which are key themes across segments.
- ✓ As a part of our frameworks to promote transformation, we have established the Innovation Investment Fund, amounting to a total of 10 billion yen. We also launched the Zero-Gravity Venture Lab (called "ZERO-GRA"), an internal startup program.



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The top paragraph describes our results in 2Q FYE 3/2024.

We can see the steady recovery of results in the Aviation business, and that the marine container leasing business favorably progressed compared with the initial plan.

However, with the losses in the Real Estate business in the U.S.A. and the impairment losses in the Environment & Energy business which were not included in the initial plan, among other factors, net income decreased by 10.4 billion yen YoY to 52.7 billion yen.

That being said, with the new transactions in the Aviation and Customer Solutions segments increasing, new transactions volume increased by 134.9 billion yen YoY, coming in at 1,413.3 billion yen. Segment assets also increased by 587.3 billion yen to 10,220.3 billion yen.

Moving on, the middle paragraph describes our financial forecast for FYE 3/2024.

The progress made toward the full-year financial forecast in net income during 2Q FYE 3/2024 was 43.9%, short of our targeted 50%, because of losses that were not included in the initial plans as I mentioned earlier. Despite the progress, our full-year financial forecast for FYE 3/2024 remains unchanged thanks to the fact that net income in the Aviation segment is planned to be weighted toward the second half, that the marine container leasing business continues to perform favorably compared with the initial plan, and that gains on sales of owned assets will exceed the initial plan.

Finally, in the bottom paragraph we can see the progress of the 2025 MTMP.

We are steadily promoting the initiatives set forth in the 2025 MTMP toward the achievement of Our 10-year Vision. I'll go into more detail on this myself.

For now, I'd like to hand over to Mr. Sato.

## II. Financial Results for 2Q FYE 3/2024

This is Haruhiko Sato, Director and Managing Executive Officer.

I will explain the parts “II. Financial Results for 2Q FYE 3/2024,” “III. Segment Updates,” and “IV. Financial Forecast for FYE 3/2024” of this materials.

Please look at page 6.

## Financial Results for 2Q FYE 3/2024

- Net income for 2Q FYE 3/2024 decreased by 10.4 billion yen (16.5%) YoY to 52.7 billion yen, due to the losses in the Real Estate business in the U.S.A. and the impairment losses in the Environment & Energy business, etc., which were not included in the initial plan, while the Aviation business has been steadily recovering and marine container leasing business favorably progressed compared with the initial plan.
- On the other hand, new transactions volume increased by 134.9 billion yen (10.6%) YoY to 1,413.3 billion yen, thanks to an increase in new transactions in the Aviation and Customer Solutions segments, etc. Segment assets also increased by 587.3 billion yen (6.1%) to 10,220.3 billion yen compared with FYE 3/2023.

(Billion Yen)	(a)	(b)	(c)=(b)-(a)	(d)	(e)=(c)/(a)
	2Q FYE 3/2023	2Q FYE 3/2024	YoY Change	Impact of Fluctuation in Exchange Rates <sup>*1</sup>	YoY Change (%)
1 Revenues	944.7	942.5	-2.2	+28.8	-0.2%
2 Gross Profit	177.9	175.0	-2.9	+7.9	-1.6%
3 Operating Income	74.1	64.4	-9.7	+3.6	-13.1%
4 Recurring Income	75.7	66.9	-8.8	+3.7	-11.7%
5 Net Income	63.1	52.7	-10.4	+2.4 <sup>*2</sup>	-16.5%
6 New Transactions Volume	1,278.4	1,413.3	+134.9	+64.7	+10.6%

(Billion Yen)	FYE 3/2023	2Q FYE 3/2024	YoY Change	Impact of Fluctuation in Exchange Rates <sup>*1</sup>	YoY Change (%)
	7 Total Segment Assets	9,632.9	10,220.3	+587.3	+549.0

	2Q FYE 3/2023	2Q FYE 3/2024	YoY Change
	8 Interim Dividend	¥15	¥18
9 ROA	1.2%	1.0%	-0.2pt
10 ROE	8.9%	6.6%	-2.3pt

\*1 Calculated by difference YoY in exchange rates when incorporating the financial statements in overseas subsidiaries (refer to page 39 for applied exchange rates)

\*2 The impact was approx. +4.1 billion yen, including a decrease in exchange revaluation losses (approx. +1.6 billion yen) in relation to foreign currency-denominated borrowings for aircraft leasing transactions owned by MHC.

Note: As MHC denominates financial statements in JPY, foreign currency-denominated assets and liabilities are converted into JPY. However, for accounting purposes, while assets (aircraft) use the exchange rate as of the lease start date, the liabilities (borrowing) use the exchange rate as of the final day of the fiscal period. Therefore, exchange revaluation losses or gains (weak yen: revaluation losses, strong yen: revaluation gains) may occur

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Here, I will explain our financial results.

At the top section of the table, column “(a)” shows the results for the previous FY(2Q FYE 3/2023). Next to that in the orange column “(b)” are the figures for 2Q FYE 3/2024, the results we announced today. To the right of that, columns “(c)” to “(e)” show YoY changes, the impact of fluctuations in exchange rates, and YoY changes as percentages.

First, Gross Profit in row 2 decreased by 2.9 billion yen, or 1.6% YoY, to 175.0 billion yen. This was due to the fair value losses in the Real Estate business in the U.S.A. against a backdrop of worsening market conditions, the impairment losses in the Environment & Energy business, and other factors that were not included in the initial plans, while the Aviation business has been steadily recovered and the marine container leasing business performed favorably compared to the initial plan.

Next, Net Income in row 5 decreased by 10.4 billion yen, or 16.5% YoY, to 52.7 billion yen. This was mainly due to an increase in operating expenses in the Global Business segment in addition to a decrease in gross profit, although credit costs decreased.

However net income decreased YoY, New Transactions Volume in row 6 increased by 134.9 billion yen, or 10.6% YoY, to 1,413.3 billion yen, mainly thanks to an increase in new transactions in the Aviation and Customer Solutions segments.

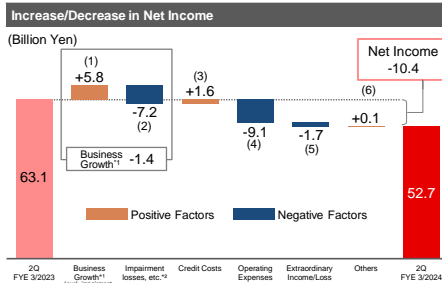
Segment Assets in row 7 also increased by 587.3 billion yen, or 6.1% , to 10,220.3 billion yen compared with FYE3/2023, mainly thanks to an increase in new transactions volume.

New transactions volume and segment assets increased even if the exchange rate effects are excluded from them. That shows assets which are source of base profit have been steadily accumulated.

Next, please proceed to page 7.

## Increase/Decrease Factors in Net Income (YoY)

- Net income decreased YoY due to the losses in Real Estate business in the U.S.A. and the impairment losses in Environment & Energy business, etc. which were not included in the initial plan. Although operating expenses increased YoY due to the reorganization of subsidiaries in the Americas, etc., such increase was within the budget of the initial plan.



(Billion Yen)	2Q FYE 3/2023	2Q FYE 3/2024
(1) Business Growth <sup>1</sup> (excl. impairment losses, etc. <sup>2</sup> )	181.8	187.7
(2) Impairment losses, etc. <sup>2</sup>	4.0	11.3
(3) Credit Costs	6.4	4.7
(4) Operating Expenses	95.5	104.6
(5) Extraordinary Income/Loss	8.6	6.9
(6) Others	21.2	21.1

(Note) Figures shown in (1) through (5) are pre-tax basis. Taxes are included in (6)  
<sup>1</sup> Gross profit + non-operating income/loss (however, non-operating income/loss do not include gains on bad debts recovered)  
<sup>2</sup> Impairment losses and losses in real estate business in the U.S.A.  
<sup>3</sup> Refer to page 29 for details  
<sup>4</sup> The segment name was changed due to the reorganization on April 1, 2023

### (1) Business Growth<sup>1</sup> (excl. impairment losses, etc.<sup>2</sup>): Up ¥5.8Bn

- Global Business (+¥5.4Bn): Positive effects by the reorganization of subsidiaries in the Americas<sup>3</sup> (+¥3.1Bn), etc.
- Aviation (+¥5.7Bn): An increase in leasing revenues, a decrease in exchange revaluation losses related to aircraft leasing transactions owned by MHC, etc.
- Customer Solutions (-¥5.2Bn): Absences of the large gains on sales and insurance claim income in FYE 3/2023, etc.

### (2) Impairment losses, etc.<sup>2</sup>: Up ¥7.2Bn

- Environment & Energy<sup>4</sup> (-¥5.8Bn): Impairment losses on a solar power generation project
- Real Estate (-¥5.5Bn): Losses in real estate business in the U.S.A., etc.
- Aviation (+¥4.0Bn): An absence of impairment losses in FYE 3/2023

### (3) Credit Costs: Down ¥1.6Bn

- Aviation (+¥5.6Bn): A large reversal of bad debt expenses
- Global Business (-¥4.6Bn): An increase in credit costs in the Americas, etc.

### (4) Operating Expenses: Up ¥9.1Bn

- Global Business (-¥8.2Bn): Negative effects by the reorganization of subsidiaries in the Americas<sup>3</sup> (-¥2.2Bn), an increase in operating expenses in subsidiaries in Europe and the Americas, etc.

### (5) Extraordinary Income/Loss: Down ¥1.7Bn

- Global Business (-¥7.5Bn): An absence of gains on revaluation of securities in European subsidiaries in FYE 3/2023
- Real Estate (+¥4.8Bn): Extraordinary income as a result of making CPD our wholly-owned subsidiary

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Here, I will explain further details of the aforementioned factors for the change in net income using this waterfall chart.

The leftmost bar shows the net income of 63.1 billion yen for 2Q FYE 3/2023. The rightmost bar in red shows the net income of 52.7 billion yen for 2Q FYE 3/2024. In the middle, orange bar shows positive factors and blue bar shows negative factors. Please note that (1) through (5) are on a pre-tax basis, and the final net income has been calculated after deducting taxes and other expenses, shown in (6).

Item (1) shows Business Growth excluding the effects of losses such as impairment losses, etc. Business Growth increased by 5.8 billion yen YoY mainly thanks to the effects of fiscal period adjustments associated with the reorganization of subsidiaries in the Americas in the Global Business segment, and steady recovery of results in the Aviation segment such as an increase in leasing revenues, despite an absence of large gains on sales and insurance claim income in FYE 3/2023 and other factors in the Customers Solution segment.

Please refer to page 29 for the detailed effects of reorganizing our subsidiaries in the Americas.

Meanwhile, item (2) shows the effects of the impairment losses, etc. There were negative effects of 7.2 billion yen, due to the posting of impairment losses related to a solar power generation project in the Environment & Energy segment and the losses in the Real Estate segment against a backdrop of worsening market conditions in the U.S.A.

Item (3), Credit Costs, saw a decrease of 1.6 billion yen YoY. This was thanks to a large reversal of bad debt expenses in the Aviation segment, despite an increase in credit costs in the Global Business segment against a backdrop of worsening market conditions in the Americas.

Item (4), Operating Expenses, ended with an increase of 9.1 billion yen YoY. This was due to factors such as the negative effects of reorganizing our subsidiaries in the Americas and an increase in operating expenses at subsidiaries in Europe and the Americas in the Global Business segment.

This increase of 9.1 billion yen includes the impact of fluctuation in exchange rates of approx. 4.0 billion yen and one-time costs associated with the reorganization of subsidiaries in the Americas of approx. 2.2 billion yen. So, the remaining approx. 3.0 billion yen is the pure cost increase. Also, this transitions of operating costs are within the budget of the initial plan.

Item (5), Extraordinary Income and Loss, saw a decrease of 1.7 billion yen YoY. This was due to the absence of gains on revaluation of securities in European subsidiaries in the Global Business segment in FYE 3/2023, despite a gain on step acquisition associated with the conversion of CPD, a real estate-related company, into a wholly owned subsidiary.

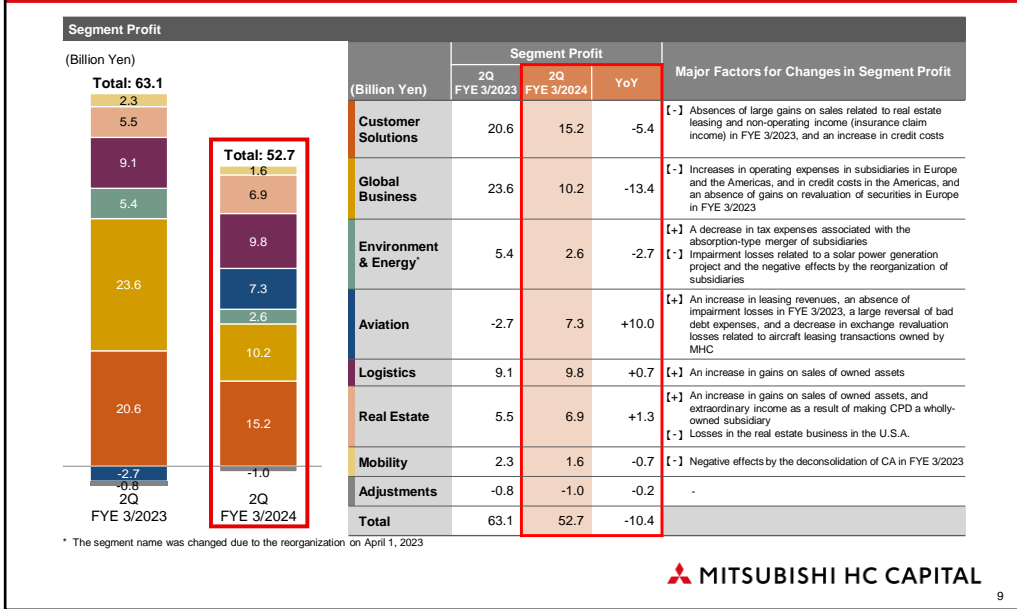
Taken as a whole, the above has resulted in net income for 2Q FYE 3/2024 of 52.7 billion yen, a YoY decrease of 10.4 billion yen.

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### III. Segment Updates

## Increase/Decrease Factors in Segment Profit (YoY)



This page shows an overview of each segment.

The vertical bar graph on the left shows segment profits for 2Q FYE 3/2024 and 2Q FYE 3/2023. The table on the right shows an overview of segment profits.

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

Please turn to page 10.

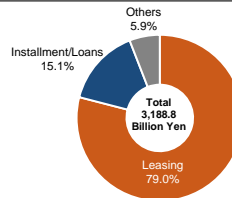
## Customer Solutions

Major Figures (Billion Yen)			
	2Q FYE 3/2023	2Q FYE 3/2024	YoY
Gross Profit	59.3	55.5	-3.7
Base Profit	56.2	55.4	-0.8
Asset-related Gain/Loss	3.1	0.1	-2.9
Recurring Income	30.3	21.1	-9.2
Segment Profit	20.6	15.2	-5.4
<hr/>			
New Transactions Volume	434.5	463.0	+28.5
<hr/>			
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Segment Assets	3,227.7	3,188.8	-38.8

### Comments

- Gross profit decreased YoY due to an absence of large gains on sales related to real estate leasing in FYE 3/2023, etc.
- Segment profit decreased YoY due to an increase in credit costs, and an absence of non-operating income (insurance claim income) in FYE 3/2023, etc., in addition to a decrease in gross profit.
- New transactions volume increased YoY thanks to the execution of multiple large transactions, etc.

Segment Assets of Customer Solutions by Transaction Type (2Q FYE 3/2024)



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First, let's look at the Customer Solutions segment.

About the figures in the charts, please note that, from 2Q FYE 3/2024, we began showing a breakdown of Gross Profit, by defining the total amount of gain/loss on sales of owned assets and impairment losses as Asset-related Gain/Loss, and other profits as Base Profit. This breakdown is also shown for each of the Environment & Energy, Aviation, Logistics, and Real Estate segments.

In the Customer Solutions segment, gross profit decreased by 3.7 billion yen YoY to 55.5 billion yen, mainly due to a decrease in asset-related gains caused by an absence of large gains on sales related to real estate leasing in FYE 3/2023.

Segment profit decreased by 5.4 billion yen YoY to 15.2 billion yen, due to an absence of insurance claim income in a certain deal and other factors, in addition to a decrease in gross profit.

Next, please turn to page 11.

## Global Business

Major Figures\* (Billion Yen)

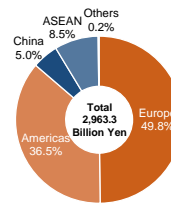
	2Q FYE 3/2023	2Q FYE 3/2024	YoY
<b>Gross Profit</b>	61.4	66.5	+5.1
<b>Recurring Income</b>	22.9	15.4	-7.5
<b>Segment Profit</b>	23.6	10.2	-13.4
Europe	15.2	6.8	-8.4
Americas	6.8	3.1	-3.7
China	0.5	-0.8	-1.4
ASEAN	1.2	1.5	+0.2
Others	-0.2	-0.3	-0.1
<b>New Transactions Volume</b>	651.8	685.7	+33.8
Europe	361.5	384.6	+23.1
Americas	198.1	223.2	+25.1
China	41.0	20.7	-20.2
ASEAN	51.1	57.0	+5.8
Others	-	-	-
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
<b>Segment Assets</b>	2,644.2	2,963.3	+319.0
Europe	1,310.7	1,475.7	+165.0
Americas	934.8	1,081.5	+146.7
China	162.1	149.2	-12.8
ASEAN	234.5	251.2	+16.6
Others	2.0	5.5	+3.5

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

### Comments

- Gross profit increased YoY thanks to the positive effects by adjusting fiscal period associated with the reorganization of subsidiaries in the Americas, etc.
- Recurring income decreased YoY due to increases in operating expenses in subsidiaries in Europe and the Americas, and in credit costs against the backdrop of the worsening market conditions in the Americas, etc.
- Segment profit decreased YoY due to an absence of gains on revaluation of securities in Europe in FYE 3/2023, etc., in addition to a decrease in recurring income.

Segment Assets of Global Business\* by Region (2Q FYE 3/2024)



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Here we have the Global Business segment.

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

In the Global Business segment, gross profit increased by 5.1 billion yen YoY to 66.5 billion yen, thanks to the positive effect of fiscal period adjustments associated with the reorganization of our subsidiaries in the Americas and other factors.

On the other hand, segment profit decreased by 13.4 billion yen YoY to 10.2 billion yen, due to factors such as increases in operating expenses at our subsidiaries in Europe and the Americas and in credit costs against a backdrop of worsening market conditions in the Americas, and an absence of gains on revaluation of securities in European subsidiaries in FYE 3/2023.

Now, please turn to page 12.

## Environment & Energy

Major Figures (Billion Yen)			
	2Q FYE 3/2023	2Q FYE 3/2024	YoY
Gross Profit	7.4	1.7	-5.7
Base Profit	6.0	4.9	-1.1
Asset-related Gain/Loss	1.3	-3.2	-4.5
Recurring Income	6.0	0.0	-6.0
Segment Profit	5.4	2.6	-2.7
New Transactions Volume	25.8	10.3	-15.4

	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Segment Assets	433.2	430.7	-2.5
Renewable Energy Finance	92.9	81.6	-11.2
Renewable Energy Business	295.7	299.2	+3.4
Domestic	219.4	217.7	-1.7
Overseas	76.2	81.4	+5.1
Others	44.6	49.8	+5.1

Equity-owned Power Generation Capacity of Renewable Energy Business in Operation <sup>1,2</sup> (MW)			
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Total	1,366	1,342	-23
Solar Power	1,020	998	-22
Domestic	990	965	-24
Overseas	30	32	+2
Wind Power	340	339	-1
Domestic	193	192	-1
Overseas	147	147	-
Others	4	4	-

<sup>1</sup> Management figures

<sup>2</sup> Equity-owned power generation capacity in domestic and overseas renewable energy business. The output corresponds to the segment assets of the domestic renewable energy business and a part of the overseas renewable energy business

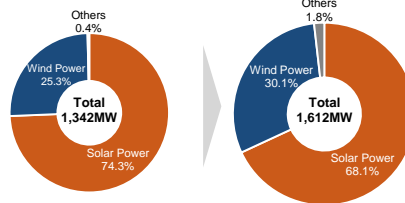
### Comments

- Gross profit decreased YoY due to the impairment losses related to a solar power generation project and the negative effects by adjusting fiscal period associated with the reorganization of subsidiaries, etc.
- Segment profit decreased YoY due to a decrease in gross profit, an absence of gains on sales of equity interests in some infrastructure projects in FYE 3/2023, etc., despite a decrease in tax expenses associated with the absorption-type merger of subsidiaries.

### Equity-owned Power Generation Capacity of Renewable Energy Business (2Q FYE 3/2024)

(1) Capacity in Operation

(2) Capacity Including Projects under Development



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In the Environment & Energy segment, gross profit decreased by 5.7 billion yen YoY to 1.7 billion yen, due to an increase in asset-related losses caused by the impairment losses related to a solar power generation project, in addition to a decrease in the Base Profit due to the effect of fiscal period adjustments associated with the reorganization of subsidiaries and other factors.

Segment profit decreased by 2.7 billion yen YoY to 2.6 billion yen, mainly due to an absence of gains on sales of equity interests in some infrastructure projects in FYE 3/2023, in addition to a decrease in Gross Profit, despite a decrease in tax expenses associated with the absorption-type merger of subsidiaries.

Please turn to page 13.

## Aviation

### Major Figures (Billion Yen)

	2Q FYE 3/2023	2Q FYE 3/2024	YoY
Gross Profit	11.2	18.9	+7.6
Base Profit	13.9	17.6	+3.6
Asset-related Gain /Loss	-2.7	1.3	+4.0
Recurring Income	-3.8	10.5	+14.3
Segment Profit	-2.7	7.3	+10.0
New Transactions Volume	83.0	169.5	+86.5
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Segment Assets	1,640.2	1,892.0	+251.8
Aircraft Leasing (JSA)	1,203.6	1,378.5	+174.8
Engine Leasing (ELF)	366.5	457.4	+90.8
Aircraft Leasing, etc. (MHC)	70.0	56.1	-13.9

### Owned Aviation-related Assets<sup>\*1,2</sup>

	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Number of Aircraft (JSA)	199	210	+11
Number of Aircraft Purchased	13 <sup>*3</sup>	13 <sup>*4</sup>	-
Number of Aircraft Sold	5 <sup>*3</sup>	2 <sup>*4</sup>	-
Average Age (JSA)	4.9 years	5.0 years	+0.1 years
Average Remaining Leasing Term (JSA)	7.1 years	6.9 years	-0.2 years
Number of Aircraft Engines (ELF)	347	374	+27

<sup>\*1</sup> Management figures

<sup>\*2</sup> Figures before consolidation adjustments

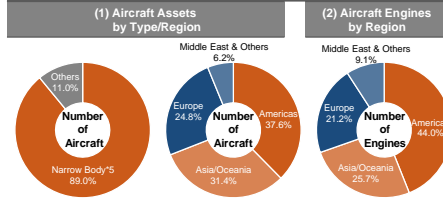
<sup>\*3</sup> Actual number for FYE 3/2023

<sup>\*4</sup> Actual number for 2Q FYE 3/2024

### Comments

- Gross profit increased YoY thanks to an increase in leasing revenues associated with market recovery and asset increase, an absence of the impairment losses in FYE 3/2023, etc.
- Segment profit increased YoY thanks to a large reversal of bad debt expenses, a decrease in exchange revaluation losses related to aircraft leasing transactions owned by MHC, etc., in addition to an increase in gross profit.
- Segment assets increased compared with FYE 3/2023 thanks to the execution of new leasing transactions of aircraft and engines, and the impact of exchange rates, etc.

### Owned Aviation-related Assets (2Q FYE 3/2024)



<sup>\*5</sup> Single-aisle aircraft mainly used for domestic and short-distance flights (A320 series by Airbus, B737 series by Boeing, etc.)

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In the Aviation segment, gross profit increased by 7.6 billion yen YoY to 18.9 billion yen, thanks to an increase in base profit including leasing revenues caused by market recovery and asset increase, an increase in asset-related gains because of an absence of impairment losses in FYE 3/2023, and other factors.

Further, segment profit also increased by 10.0 billion yen YoY to 7.3 billion yen, mainly thanks to a large reversal of bad debt expenses and a decrease in exchange revaluation losses related to foreign currency-denominated borrowings for aircraft leasing transactions that are owned solely by Mitsubishi HC Capital, in addition to an increase in gross profit.

Please turn to page 14.

## Logistics

Major Figures (Billion Yen)			
	2Q FYE 3/2023	2Q FYE 3/2024	YoY
Gross Profit	17.4	18.6	+1.2
Base Profit	15.8	15.0	-0.7
Asset-related Gain/Loss	1.5	3.5	+1.9
Recurring Income	11.6	12.6	+0.9
Segment Profit	9.1	9.8	+0.7
New Transactions Volume	35.5	11.2	-24.3

	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Segment Assets	1,092.9	1,145.0	+52.1
Marine Containers	793.0	826.5	+33.5
Railway Freight Cars	256.8	284.7	+27.8
Shipping	43.0	33.7	-9.2

Owned Logistics-related Assets <sup>1)</sup>			
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Marine Container Fleet (TEU 1,000 <sup>2)</sup> )	3,412	3,306	-105
Marine Container Fleet (CEU 1,000 <sup>3)</sup> )	3,610	3,475	-135
Number of Railway Freight Cars	22,654	22,480	-174

<sup>1)</sup> Management figures

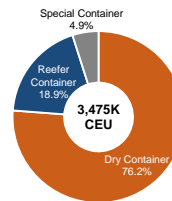
<sup>2)</sup> TEU: Twenty-foot equivalent unit (unit equivalent to the capacity of a 20-foot long container)

<sup>3)</sup> CEU: Cost equivalent unit (conversion unit for the total average historical prices of various containers owned, calculated on the basis of 1 CEU = average historical price of a newly built 20-foot dry container)

### Comments

- Segment profit increased YoY thanks to an increase in gains on sales of owned assets (mainly shipping), etc.
- New transactions volume decreased YoY due to the execution of new investments being temporarily suppressed considering the market conditions.
- Segment assets increased compared with FYE 3/2023 thanks to the impact of exchange rates despite a decrease in new transactions volume, and the sale of shipping assets.

Marine Container Fleet by Asset Type (2Q FYE 3/2024)



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In the Logistics segment, gross profit increased by 1.2 billion yen to 18.6 billion yen thanks to an increase in the asset-related gains, and segment profit also increased by 0.7 billion yen YoY to 9.8 billion yen.

In this segment, the acquisition of new transactions has been temporarily suppressed considering that market conditions have entered a corrective phase. As a result, excluding the exchange rate effects, segment assets decreased from FYE 3/2023.

However, in the marine container leasing business, the utilization rate has continued to remain high, and so business results of this segment overall exceeded the initial plan.

Let's look at page 15.

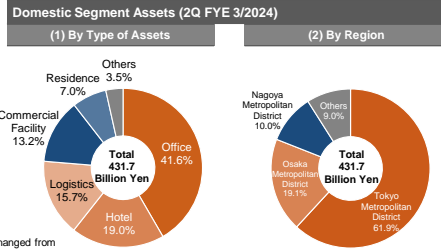
## Real Estate

Major Figures (Billion Yen)			
	2Q FYE 3/2023	2Q FYE 3/2024	YoY
Gross Profit	14.8	10.2	-4.5
Base Profit	7.2	0.8	-6.4
Asset-related Gain/Loss	7.5	9.4	+1.9
Recurring Income	8.4	6.9	-1.5
Segment Profit	5.5	6.9	+1.3
New Transactions Volume	33.8	70.3	+36.4
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Segment Assets	447.2	504.1	+56.8
Domestic	384.6 <sup>*1</sup>	431.7	+47.1
Finance Business	155.4 <sup>*1</sup>	155.3	-0.1
Investment Business	157.1 <sup>*1</sup>	201.4	+44.2
Rental Business	71.9	74.9	+2.9
Overseas (Finance Business Only)	59.1 <sup>*1</sup>	54.7	-4.4
Others	3.4 <sup>*1</sup>	17.7	+14.2

<sup>\*1</sup> Corrected some figures from the previous year due to changes of definition  
 (1) The category of overseas transactions (3.7 billion yen) booked at the Head Office was changed from "Domestic (Finance Business)" to "Overseas"  
 (2) The category of equity method investments for operating companies (1.1 billion yen) was changed from "Investment Business" to "Others"  
 Domestic: 389.4 ⇒ 384.6 (-4.8), Domestic (Finance Business): 159.2 ⇒ 155.4 (-3.7),  
 Investment Business: 158.2 ⇒ 157.1 (-1.1), Overseas: 55.4 ⇒ 59.1 (+3.7), Others: 2.3 ⇒ 3.4 (+1.1)  
<sup>\*2</sup> The losses are not included in asset-related gain/loss as those are fair value losses related to investees and borrowers and are not impairment losses (refer to page 1 for details of asset-related gain/loss)

### Comments

- Gross profit decreased YoY due to the fair value losses<sup>\*2</sup> against the backdrop of worsening conditions in real estate market in the U.S.A., negative impact of the deconsolidation of DAF, etc., despite an increase in gains on sales of owned assets.
- Segment profit increased YoY thanks to an absence of large credit costs in FYE 3/2023, and the extraordinary income as a result of making CPD our wholly-owned subsidiary, etc.
- Segment assets increased compared with FYE 3/2023 thanks to making CPD our wholly-owned subsidiary, executing large transactions in the investment business, etc.



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In the Real Estate segment, gross profit decreased by 4.5 billion yen YoY to 10.2 billion yen, mainly due to a decrease in base profit caused by the fair value losses against a backdrop of worsening real estate market conditions in the U.S.A. and the negative impact of the deconsolidation of Diamond Asset Finance, despite an increase in gains on sales of owned assets in the investment business.

The losses in the real estate business in the U.S.A. are the fair value losses related to the real estate which we have invested in or provided loans to and the fair value losses are different from impairment losses on accounting basis, so such losses are included in base profit, not in asset-related loss in this page. On the other hand, the fair value losses are similar to impairment losses in nature, so the losses are included in the waterfall chart shown earlier as "Impairment losses, etc."

Segment profit increased by 1.3 billion yen YoY to 6.9 billion yen, mainly thanks to an absence of large credit costs recorded in FYE 3/2023 and a gain on step acquisition associated with the conversion of CenterPoint Development into a wholly-owned subsidiary.

Please turn to page 16.



## Mobility

Major Figures (Billion Yen)			
	2Q FYE 3/2023	2Q FYE 3/2024	YoY
Gross Profit	4.7	0.5	-4.2
Recurring Income	2.8	1.5	-1.3
Segment Profit	2.3	1.6	-0.7
New Transactions Volume	13.6	3.0	-10.5
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Segment Assets	41.4	43.1	+1.7

Number of Operational Vehicles <sup>1</sup> (Unit: 1,000)			
	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
Number of Operational Vehicles <sup>2</sup>	355	351	-4

<sup>1</sup> Management figures

<sup>2</sup> Including the number of operational vehicles of equity-method affiliates

### Comments

- Each profit item decreased YoY due to the negative effects of the deconsolidation of CA associated with the reorganization of subsidiaries, etc.
- New transactions volume decreased YoY due to the deconsolidation of CA, etc.

In the Mobility segment, segment profit decreased by 0.7 billion yen YoY to 1.6 billion yen, due to the impact of the deconsolidation of Mitsubishi HC Capital Auto Lease as part of the reorganization of subsidiaries and other factors.

Now, I would like to talk about the financial forecast for FYE 3/2024.

Let's move on to page 18.

## IV. Financial Forecast for FYE 3/2024

## Financial Forecast for FYE 3/2024

- The progress made toward the full-year financial forecast (net income: 120.0 billion yen) during 2Q FYE 3/2024 was 43.9%, mainly due to the losses in the Real Estate business in the U.S.A. and the impairment losses in the Environment & Energy business, etc., which were not included in the initial plan.
- Despite the progress, the full-year financial forecast remains unchanged, because the net income in the Aviation business is planned to be weighted toward the second half and we expect marine container leasing business continues to progress favorably compared with the initial plan, and gains on sales of owned assets will exceed the initial plan.

	FYE 3/2023	FYE 3/2024 <sup>1,2</sup>	YoY Change (%)
1 Net Income (Billion Yen)	116.2	120.0	+3.7 (+3.2%)
2 ROA	1.1%	1.1%	-
3 ROE	8.2%	7.8%	-0.4pt
4 Dividend per Share (Payout Ratio)	¥33 (40.8%)	¥37 (44.3%)	+¥4 (+3.5pt)

<sup>1</sup> Financial forecast as of November 10, 2023

<sup>2</sup> The assumed foreign exchange rates are \$1=¥130, £1=¥160

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As I explained, the progress made toward the full-year financial forecast of 120.0 billion yen in net income during 2Q FYE 3/2024 was 43.9%.

The progress is short of rough target of 50%, as there were losses that were not included in the initial plan, such as the losses in the Real Estate business in the U.S.A. and the impairment losses related to a solar power generation project in the Environment & Energy business. However, the full-year financial forecast remains unchanged considering factors such as that net income in the Aviation segment is planned to be weighted toward the second half, the marine container leasing business continues to perform favorably compared with the initial plan, and we expect gains on sales of owned assets will increase over expectations that were not incorporated in the initial plans.

Let's keep banding together as one toward achieving the initial plan.

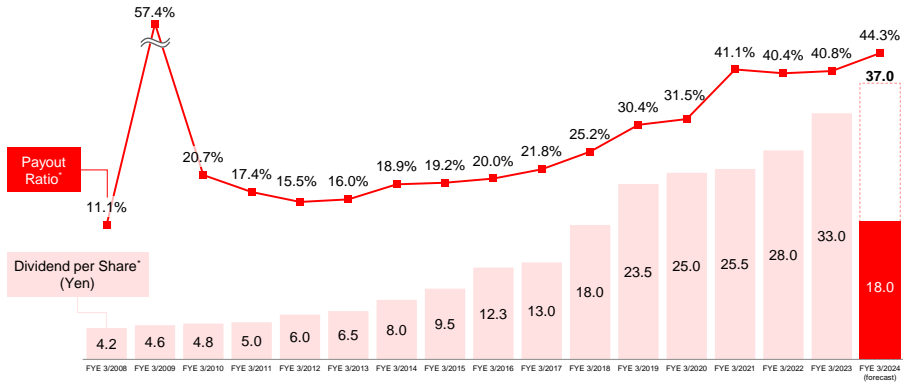
Finally, I would like to talk about our dividend forecast for FYE 3/2024.

Let's move on to page 19.

## Dividend Forecast for FYE 3/2024

- We will return profits to shareholders by distributing dividends and increase the total amount of dividend payments through profit growth. The payout ratio during the 2025 MTMP is targeted to be 40% or more. The annual dividend per share for FYE 3/2024 is forecasted to be 37 yen, up 4 yen YoY.
- The interim dividend increased by 3 yen YoY to 18 yen.

Transition of Dividend



\* MUL's results from FYE 3/2008 to FYE 3/2021

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The interim dividend per share for FYE 3/2024 is 18 yen, the same as the forecast at the beginning of this fiscal year.

As with the financial forecast, we will not change the annual dividend forecast of 37 yen.

I, Haruhiko Sato, would like to conclude my explanation. Thank you for your time.

## V. Progress of the Medium-term Management Plan

Now, I, Taiju Hisai, would like to introduce “V. Progress of the Medium-term Management Plan.”

Please turn to page 21.

## Progress of the Medium-term Management Plan (1) (Business Portfolio Transformation)

### Evolution and Layering of Business Models

- Promoting the evolution and layering of business models toward the realization of business portfolio transformation (refer to page 27 for details).
- We are aiming at reducing low-profitability assets and increasing profitability and capital efficiency in business types ① and ②, and are focusing on business types ③, ④ and ⑤ as the pillar of profit growth.

#### HSE<sup>1</sup> has begun renewable energy aggregation business<sup>2</sup>

Business type ⑤

- ✓ HSE, which is engaged in the renewable energy power generation business, has begun its renewable energy aggregation business, where it makes quantitative renewable energy power generation estimates and creates power generation plans, and offers electricity and non-fossil value<sup>3</sup> in light of these (began in March 2023).



"Yokohama-machi Hibaritaira Wind Power Plant" (Aomori Pref.)

<sup>1</sup> A consolidated subsidiary which is engaged in renewable energy power generation business (wind power generation)

<sup>2</sup> Businesses which manage the supply of electricity generated at power plants and the control of supply-demand balance, and operators of such businesses

<sup>3</sup> Non-fossil value refers to the value of electricity generated using methods that do not emit carbon dioxide. Non-fossil certificates are issued for the environmental value of electricity generated using non-fossil fuels such as renewable energy

### Portfolio Management

- Toward Our 10-year Vision, we are proceeding with the replacing of our portfolio through strategic allocation of management resources and the optimization of business operations within the Group.

- **March 2023**  
Completed share transfer of Diamond Asset Finance, a company whose main business domain was in residential real estate-related financing
- **April 2023**  
Made CenterPoint Development a wholly-owned subsidiary toward strengthening and expanding logistics facilities-related business
- **October 2023**  
Announced the end of personal credit card business (planned to end at the end of March 2024)
- **November 2023**  
Concluded contract for share transfer of DFL Lease and Shutoken Leasing (transfer planned in January 2024)

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On the left-hand side, there are some examples of initiatives we introduced in the 2025 MTMP that we are undertaking for the Evolution and Layering of Business Models toward the realization of business portfolio transformation.

At first, I will briefly review the Evolution and Layering of Business Models.

Please skip to page 27.

The example given the left-hand of the page applies to “⑤ Asset utilization business” in the Evolution and Layering of Business Models. We have begun the renewable energy power aggregation business, where HSE, which is engaged in the renewable energy power generation business, makes quantitative renewable energy power generation estimates and creates power generation plans, and offers electricity and non-fossil value in light of these.

This case represents a new initiative for our Group. As one of Japan’s leading holders of power generation capacity using renewable energy, alongside creating a system for the stable supply of green power, we will also contribute to the realization of carbon neutrality by offering new energy solutions.

The right-hand side of the page shows a timeline of how we are proceeding with the reshuffling of our portfolio through strategic reallocation of management resources, and the optimization of business operations within the Group.

In March of this year, in the Real Estate segment, we completed the share transfer of Diamond Asset Finance, a company whose main business domain is in residential real estate-related financing, and in April, also in the Real Estate segment, we made CenterPoint Development, which we are the minor shareholder, a wholly-owned subsidiary toward strengthening and expanding our logistics facilities-related business.

In October, we announced the end of our personal credit card business. Recently, on November 8, we concluded a contract with Resona Holdings for the share transfer of the general leasing companies DFL Lease and Shutoken Leasing, whose customer basis are the Resona Group.

Now, please turn to page 22.

## Progress of the Medium-term Management Plan (2) (Key Themes across Segments)

- Toward Our 10-year Vision, we have defined themes to be addressed with the concerted efforts of our Group across segments.
- Established four areas—hydrogen, EVs, logistics, and decarbonization solutions—and, we will contribute to a prosperous and sustainable future by creating social value through solving social issues originating from these four key themes with partners, not by our Group alone.

### Began offering integrated services introducing EVs to companies

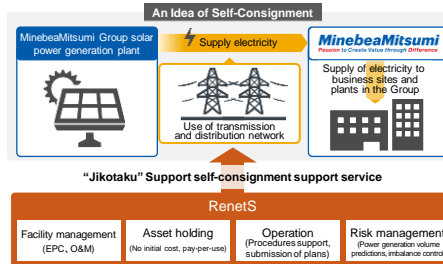
- ✓ Mitsubishi HC Capital Energy and Mitsubishi Auto Leasing have begun offering EVs and EV charging infrastructure, as well as essential integrated services for EV introduction and operation including the supply of renewable energy that serves as the power source for EVs.
- ✓ They are contributing to the introduction of EVs to businesses and the reduction of CO<sub>2</sub> emissions by offering integrated services which introduce and operate EVs and charging equipment, and provide parking areas where these can be installed, as well as renewable energy, with no initial costs.



Our operating vehicle that was introduced through utilizing the integrated service.

### Began providing solar power generation self-consignment<sup>1</sup> services

- ✓ Through RenetS, a joint venture with REZIL (formerly Chuo Electric Power), we began offering solar power generation self-consignment<sup>1</sup> services to the MinebeaMitsumi Group.
- ✓ From June to July 2023, the MinebeaMitsumi Group began using electricity generated using non-FIT<sup>2</sup> low-voltage solar power generation at five of its offices and plants in the Kanto area, contributing to the reduction of CO<sub>2</sub> emissions (approx. 1,755t per year) at the MinebeaMitsumi Group.



<sup>1</sup> The utilization of power distribution networks owned by power distribution business operators to provide electricity generated by a company's own facilities to facilities, etc. in other regions  
<sup>2</sup> Electricity sourced from renewables which does not depend on feed-in tariffs.

Here, we can see initiatives of the key themes across segments from the business strategies in the 2025 MTMP.

In the 2025 MTMP, we have defined four themes to be addressed with the concerted efforts of the our Group across segments toward Our 10-year Vision.

These were created with the idea that rather than each segment individually working on these key themes, there is a high possibility that having multiple segments collaborate on them will lead to new business.

Going beyond our Group, we will contribute to a prosperous and sustainable future by creating social value through solving social issues originating from these themes with partners.

The first example given in left-hand of the page is from EVs, where we have begun offering integrated services introducing EVs to businesses.

Here, Mitsubishi HC Capital Energy who belongs to the Environment & Energy segment and Mitsubishi Auto Leasing who belongs to the Mobility segment have begun offering EVs and EV charging infrastructure, as well as essential integrated services for EV introduction and operation including the supply of renewable energy that serves as the power source for EVs.

Mitsubishi HC Capital Energy has begun an electricity retailing business, a first at the company, providing electricity with non-fossil value. With this, and with Mitsubishi Auto Leasing taking on responsibility for EV leasing and fleet management functions, together with our corporate partners we will support companies' introduction of EVs and contribute to their reduction of CO<sub>2</sub> emissions.

The second example in the left-hand of the page is an initiative in decarbonization solutions, where we have begun providing solar power generation self-consignment services in solar power generation area with utilizing strong customer basis in the Customer Solution segment.

Self-consignment services refer to the utilization of power distribution networks owned by power distribution business operators to provide electricity generated by a company's own facilities to facilities in other regions. By providing one-stop support for power plant development, maintenance and management, the various procedures undertaken with general power distribution business operators, power plant leasing, and calculations of power generation capacity, initial startup costs in power plant development become unnecessary for the company, and the direct procurement of stable renewable energy becomes possible.

From June to July this year, we began offering these services to the MinebeaMitsumi Group, which will contribute to an estimated annual reduction of 1,775 tons of CO<sub>2</sub>.

In addition to these, we are holding regular internal meetings to collaborate on the key themes across segments, and managements are teaming up with frontlines for discussions and considerations. We hope to begin actual work on further initiatives as quickly as possible.

Finally, let's turn to page 23.

## Progress of the Medium-term Management Plan (3) (Frameworks to Promote Transformation)

### Creating and operating the Innovation Investment Fund, worth a total of 10 billion yen

- ✓ With the aim of generating new services and promoting the development of new businesses through open innovation with startups initiated through investments, we have established the Innovation Investment Fund, and investments have begun.
- ✓ The investment period will cover three years from April 2023, with the fund being worth a total of 10 billion yen. To date, investments have been made in the following three companies.



### Starting business activity in Silicon Valley

- ✓ Toward the promotion of the business strategies, including the key themes to be addressed across segments, set forth in the 2025 MTMP, we started business activity in Silicon Valley, aiming to strengthen our business intelligence functions as part of innovation initiatives and promote digital transformation with the utilization of digital technologies.

### Launching the Zero-Gravity Venture Lab, an internal startup program

- ✓ The Zero-Gravity Venture Lab (called "ZERO-GRA"), an internal startup program launched in November 2022 as frameworks for actively generating initiatives to contribute to transformations.
- ✓ Following the initial presentations (35 programs/52 applicants) and secondary presentations (20 programs who passed initial presentations), the final presentations (4 programs) are planned in late November.



Secondary Presentations conducted in September 2023

This page shows frameworks to promote transformation.

In the first example of upper part in left-hand of the page, with the aim of generating new services and promoting the development of new businesses through open innovation with startups initiated through investments, we have launched the Innovation Investment Fund, worth a total of 10 billion yen.

Having defined investment targets and criteria in advance, this fund enables the swift execution of investments through the delegation of investment execution authority to sales organizations. In this way, we have already executed investments into the three transactions shown here after this April.

The second example of lower part in left-hand of the page is about starting business activity in Silicon Valley. This is intended to strengthen our intelligence functions toward the promotion of our business strategies, including promoting digital transformation with the utilization of digital technologies and the key themes to be engaged with across segments outlined in the 2025 MTMP, which I introduced earlier.

The third example in right-hand of the page is Zero-Gravity Venture Lab (called "ZERO-GRA"), an internal startup program, which was launched as internal frameworks for actively generating initiatives to contribute to transformation. There were 35 programs, 52 applicants for initial investigations, and we received a variety of ideas.

Final presentations are planned in late November for 4 programs who passed the secondary presentations.

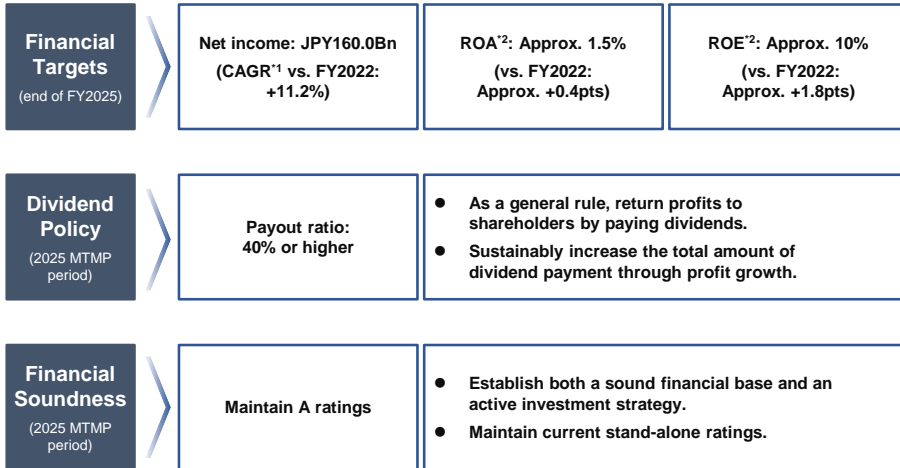
That will be all from me.

We are making steady progress in the initiatives set forth in the 2025 MTMP. Let's keep banding together as one toward achieving our goals.



## VI. Appendix

## Management Plan (Financial Targets)



Exchange rates: (FY2022) USD1=JPY131.43, GBP1=JPY163.15  
 (FY2025) USD1=JPY130, GBP1=JPY160

\*1 CAGR: Compound Annual Growth Rate

\*2 Net income attributable to owners of parent is used for the calculation of ROA and ROE



## Management Plan (Non-financial Targets)

Capital		KPI	Targets (2025 MTMP)
Non-Financial Targets	Human Capital	Level of fulfillment of a talent portfolio in line with our management strategies	Formulate the talent portfolio framework and visualize the level of fulfillment
		Results of the employee engagement survey	Refine the survey content and enhance analysis
	Intellectual Capital	Number of new DX-related businesses and products	Develop a base for DX frameworks (develop and acquire DX talent, system investment, etc.)
		Operational efficiency	
		Ratio of female managers	20% or more
		Rate of annual paid holidays taken by employees	70% or more
		Monthly average overtime hours	14 hours or less
		Ratio of taking childcare and maternity leave	100%
	Manufacturing Capital	GHG <sup>*1</sup> emissions amount (Scope 3)	Analyze the categories which have a major impact and visualize Scope 3 emissions <sup>*2</sup>
	Natural Capital	GHG emissions amount (Scope 1, 2)	-55% in FY2030 vs. FY2019 and net zero <sup>*2</sup> in FY2050
Social and Relation Capital	Energy consumption (domestic)	-1% YoY continually	

\*1 GHG: Green House Gas

\*2 Consolidated basis target (other targets are MHC basis)

## Business Strategies (for the Evolution and Layering of Business Models)

- We will proceed with the evolution and layering of business models in order to achieve business portfolio transformation.

	Business Type	Business Characteristics	Direction	Examples	Risk	Return
					Medium risk and medium return	Low risk and low return
Evolution and Layering of Business Models	⑤ Asset utilization business	Promote business investment utilizing assets, aiming to maximize revenue from those businesses	Risks and returns are relatively higher than ① and ②, so we will increase the size of asset utilization business in a phased manner in consideration of risk capital, etc.	<ul style="list-style-type: none"> <li>• Non-FIT renewable energy businesses</li> <li>• Real estate revitalization and development investment</li> </ul>	Medium risk and medium return	
	④ Data utilization platform services	Utilize data to develop platform businesses, and mainly acquire service revenue	The initiative for this business is difficult and will take time to generate profits. However, it will help differentiate MHC from competitors, so we will actively plant seeds for this domain	<ul style="list-style-type: none"> <li>• Inventory optimization services utilizing data</li> <li>• Sharing services utilizing data</li> </ul>		
	③ Finance + services	Add maintenance services, AM*, etc. mainly to ②, and acquire service revenue as well as income gain and capital gain	Promote the shift mainly from ② (add services) to increase profitability	<ul style="list-style-type: none"> <li>• Operating leases with maintenance services</li> <li>• Service solutions such as asset management</li> </ul>	Low risk and low return	
	② Asset finance	Investment and lending mainly in specific marketable general purpose assets backed by the value of business assets. Capital gain as well as income gain can be acquired	A profit base which generates stable cash flows. However, some assets have relatively low risk but yield low returns, so we aim to increase profitability by reducing low-profitability assets and evolving into an O&D business	<ul style="list-style-type: none"> <li>• Operating leases</li> <li>• Real estate securitization</li> </ul>		
	① Customer finance	Acquire income gain more stably and continuously through corporate financing	Same as ②. However, risks and returns of this business are both lower than ②, so we will take drastic action to increase profitability (accelerating the reduction of low-profitability assets, promoting efficiency improvement, etc.)	<ul style="list-style-type: none"> <li>• Finance leases</li> <li>• Vendor leases</li> <li>• Installment sales</li> <li>• Lending</li> </ul>		

\* AM: Asset Management

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The evolution and layering of business models, MHC's business models are categorized into five types, and the characteristics and the direction of future initiatives for each of them are explained.

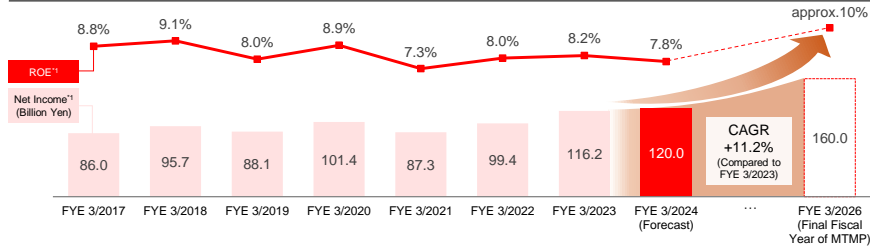
① Customer finance and ② asset finance are positioned as profit bases for generating stable cash flows from our firm customer bases. In addition to reducing low profitability assets and a shift to high profitability assets, they aim to enhance profitability and efficiency. We will focus on ③ finance + services, ④ data utilization platform services, and ⑤ the asset utilization business as the pillars of profit growth.

Please back to page 21.

## Transition of Major Figures

- Mid-term management plan ("2025 MTMP") covering the three-year period from FYE 3/2024 was formulated and announced on May 2023.
- Financial targets at the final fiscal year of 2025 MTMP (FYE 3/2026) are net income of 160.0 billion yen, ROA of approx. 1.5%, and ROE of approx. 10%.

Transition of Net Income<sup>1</sup> and ROE<sup>1</sup>



	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024 <sup>3</sup>	YoY (Change)	FYE 3/2026 (Final Fiscal Year of MTMP)
<b>1 Net Income<sup>1</sup> (Bn Yen)</b>	86.0	95.7	88.1	101.4	87.3	99.4	116.2	120.0	+3.7	160.0
<b>2 ROA<sup>1</sup></b>	1.0%	1.1%	1.0%	1.0%	0.9%	1.0%	1.1%	1.1%	-	Approx. 1.5%
<b>3 ROE<sup>1</sup></b>	8.8%	9.1%	8.0%	8.9%	7.3%	8.0%	8.2%	7.8%	-0.4pt	Approx. 10%
<b>4 Dividend per Share<sup>2</sup></b>	¥13.0	¥18.0	¥23.5	¥25.0	¥25.5	¥28.0	¥33.0	¥37.0	+¥4.0	-
<b>5 Payout Ratio<sup>2</sup></b>	21.8%	25.2%	30.4%	31.5%	41.1%	40.4%	40.8%	44.3%	+3.5pt	More than 40%

<sup>1</sup> Figures for FYE 3/2017 to FYE 3/2021 are simple sums of MUL's (net income attributable to owners of the parent under J-GAAP) and HC's (net income attributable to owners of the parent under IFRS)

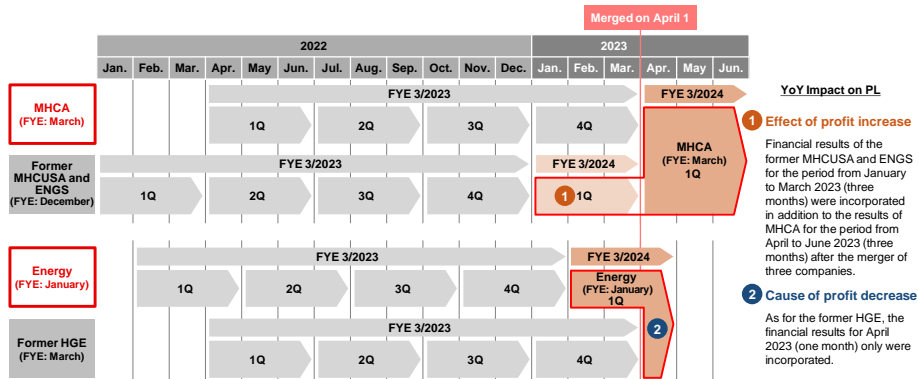
<sup>2</sup> MUL's results from FYE 3/2017 to FYE 3/2021

<sup>3</sup> The assumed foreign exchange rates for FYE 3/2024 are \$1=¥130, £1=¥160

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## Effects by Adjusting Fiscal Period Associated with Reorganization of Subsidiaries

- On April 1, 2023, our Group companies in the U.S.A., Mitsubishi HC Capital America, Inc. ("MHCA"), Mitsubishi HC Capital (U.S.A.) Inc. ("MHCUSA"), and ENGS Commercial Finance Co. ("ENGS"), were integrated, with MHCA being the surviving company.
- On the same day, our Group companies engaged in the solar power generation business, etc., Mitsubishi HC Capital Energy Inc. ("Energy") and HGE Ltd. ("HGE"), were integrated, with Energy being the surviving company.
- The effects of these mergers in FYE 3/2024 are as follows.



MITSUBISHI HC CAPITAL

## Segment Profit (1) (by Quarter)

(Billion Yen)		FYE 3/2023		FYE 3/2024				
		1Q	2Q	1Q	2Q	QoQ	YoY	
1	Customer Solutions	Gross Profit	31.2	28.0	27.8	27.7	0.0	-0.3
2		Base Profit	28.5	27.6	27.7	27.7	0.0	0.0
3		Asset-related Gain/Loss	2.6	0.4	0.1	0.0	0.0	-0.3
4		Recurring Income	16.7	13.5	11.3	9.7	-1.6	-3.8
5		Segment Profit	11.2	9.3	8.2	7.0	-1.1	-2.3
6	Global Business	Gross Profit	31.2	30.2	33.9	32.6	-1.2	+2.4
7		Recurring Income	12.6	10.2	7.0	8.3	+1.2	-1.8
8		Segment Profit	10.2	13.3	4.0	6.1	+2.1	-7.2
9	Environment & Energy	Gross Profit	3.2	4.1	1.8	-0.1	-1.9	-4.2
10		Base Profit	2.4	3.6	1.8	3.0	+1.2	-0.5
11		Asset-related Gain/Loss	0.8	0.5	0.0	-3.2	-3.2	-3.7
12		Recurring Income	2.6	3.4	0.6	-0.6	-1.2	-4.0
13		Segment Profit	1.9	3.5	2.6	0.0	-2.7	-3.5
14	Aviation	Gross Profit	6.7	4.5	9.0	9.8	+0.7	+5.2
15		Base Profit	6.0	7.9	8.0	9.5	+1.4	+1.5
16		Asset-related Gain/Loss	0.6	-3.4	1.0	0.2	-0.7	+3.7
17		Recurring Income	-1.2	-2.5	2.8	7.6	+4.7	+10.2
18		Segment Profit	-0.9	-1.8	2.3	4.9	+2.5	+6.7

 MITSUBISHI HC CAPITAL

## Segment Profit (2) (by Quarter)

(Billion Yen)		FYE 3/2023		FYE 3/2024				
		1Q	2Q	1Q	2Q	QoQ	YoY	
19		Gross Profit	8.5	8.8	9.5	9.0	-0.5	+0.2
20		Base Profit	7.3	8.4	7.5	7.4	-0.1	-1.0
21	Logistics	Asset-related Gain/Loss	1.2	0.3	1.9	1.5	-0.3	+1.2
22		Recurring Income	5.8	5.8	6.6	5.9	-0.7	+0.1
23		Segment Profit	4.6	4.5	5.4	4.4	-0.9	0.0
24		Gross Profit	8.1	6.6	9.8	0.3	-9.4	-6.2
25		Base Profit	3.8	3.3	3.0	-2.2	-5.3	-5.6
26	Real Estate	Asset-related Gain/Loss	4.2	3.2	6.7	2.6	-4.1	-0.5
27		Recurring Income	4.1	4.2	8.5	-1.6	-10.1	-5.8
28		Segment Profit	2.6	2.8	11.7	-4.8	-16.5	-7.7
29		Gross Profit	2.5	2.2	0.3	0.2	0.0	-1.9
30	Mobility	Recurring Income	1.6	1.1	0.8	0.6	-0.2	-0.5
31		Segment Profit	1.3	1.0	0.8	0.7	-0.1	-0.3
32		Gross Profit	1.4	0.0	2.1	0.6	-1.5	+0.6
33	Adjustments	Recurring Income	-0.5	-2.2	-0.3	-0.9	-0.6	+1.2
34		Segment Profit	0.8	-1.6	-0.2	-0.7	-0.5	+0.9
35		Gross Profit	93.2	84.6	94.6	80.3	-14.2	-4.2
36		Base Profit	83.5	83.5	84.7	78.9	-5.7	-4.5
37	Total	Asset-related Gain/Loss	9.7	1.1	9.9	1.4	-8.4	+0.2
38		Recurring Income	41.9	33.8	37.7	29.1	-8.5	-4.6
39		Segment Profit	32.0	31.1	35.1	17.6	-17.4	-13.4



## Asset-related Gain/Loss (by Quarter)

(Billion Yen)	FYE 3/2023		FYE 3/2024			
	1Q	2Q	1Q	2Q	QoQ	YoY
1 Customer Solutions	2.6	0.4	0.1	0.0	0.0	-0.3
2 Gain/Loss on Sales	2.6	0.4	0.1	0.0	0.0	-0.3
3 Impairment Losses	-	-	-	-	-	-
4 Environment & Energy	0.8	0.5	0.0	-3.2	-3.2	-3.7
5 Gain/Loss on Sales	0.8	0.5	0.0	2.6	+2.5	+2.0
6 Impairment Losses	-	-	-	-5.8	-5.8	-5.8
7 Aviation	0.6	-3.4	1.0	0.2	-0.7	+3.7
8 Gain/Loss on Sales	0.6	0.6	1.0	0.2	-0.7	-0.3
9 Impairment Losses	-	-4.0	-	-	-	+4.0
10 Logistics	1.2	0.3	1.9	1.5	-0.3	+1.2
11 Gain/Loss on Sales	1.2	0.3	1.9	1.5	-0.3	+1.2
12 Impairment Losses	-	-	-	-	-	-
13 Real Estate	4.2	3.2	6.7	2.6	-4.1	-0.5
14 Gain/Loss on Sales	4.2	3.2	6.7	2.6	-4.1	-0.5
15 Impairment Losses	-	-	-	-	-	-
16 Total Asset-related Gain/Loss	9.7	1.1	9.9	1.4	-8.4	+0.2
17 Gain/Loss on Sales	9.7	5.2	9.9	7.2	-2.6	+2.0
18 Impairment Losses	-	-4.0	-	-5.8	-5.8	-1.7

(Note) Based on gross profit

## Notes by Segment (excl. Asset-related Gain/Loss)

	2Q FYE 3/2023	2Q FYE 3/2024
1 Customer Solutions	1Q: [+] Non-operating income in a certain deal (insurance claim income): approx. JPY1.0Bn	
2 Global Business	2Q: [+] Gains on revaluations of securities due to the exclusion of a European subsidiary from the scope of the equity method: approx. JPY7.0Bn	1Q: [+] Positive effects by reorganization of subsidiaries in the Americas: approx. JPY1.0Bn [-] Credit costs in line with the worsening market conditions in the Americas: approx. JPY2.0Bn
3 Environment & Energy	1Q: [+] An increase in profit from equity method investment in a wind power generation project in Europe: approx. JPY1.0Bn 2Q: [+] Gains on sales of equity interests in some projects in infrastructure business: approx. JPY2.0Bn	1Q: [+] A decrease in tax expenses associated with the absorption-type merger of subsidiaries*: approx. JPY2.0Bn
4 Aviation	1Q: [-] Exchange revaluation losses related to leasing transactions of aircraft owned by MHC: approx. JPY3.5Bn 2Q: [-] Exchange revaluation losses related to leasing transactions of aircraft owned by MHC: approx. JPY3.0Bn	1Q: [-] Exchange revaluation losses related to leasing transactions of aircraft owned by MHC: approx. JPY1.5Bn 2Q: [+] A large reversal of bad debt expenses: approx. JPY4.0Bn [-] Exchange revaluation losses related to leasing transactions of aircraft owned by MHC: approx. JPY2.5Bn
5 Logistics		
6 Real Estate	1Q: [-] Large credit costs: approx. JPY2.0Bn	1Q: [+] Extraordinary income as a result of making CPD a wholly-owned subsidiary*: approx. JPY4.8Bn 2Q: [-] Losses in the real estate business in the U.S.A*.: approx. JPY5.5Bn An increase in tax expenses*: approx. JPY1.5Bn
7 Mobility		
8 Adjustments		1Q: [+] Positive effects by reorganization of subsidiaries in the Americas: approx. JPY1.5Bn

(Note) Based on figures before taxes, but figures with "\*" are after taxes.

## Segment Assets

(Billion Yen)	FYE 3/2022	FYE 3/2023	2Q FYE 3/2024	Change from FYE 3/2023
1 <b>Customer Solutions</b>	3,337.6	3,227.7	3,188.8	-38.8
2 <b>Percentage of Total</b>	35.7%	33.5%	31.2%	-2.3pt
3 <b>Global Business</b>	2,316.3	2,644.2	2,963.3	+319.0
4 <b>Percentage of Total</b>	24.8%	27.5%	29.0%	+1.5pt
5 <b>Environment &amp; Energy</b>	419.3	433.2	430.7	-2.5
6 <b>Percentage of Total</b>	4.5%	4.5%	4.2%	-0.3pt
7 <b>Aviation</b>	1,365.1	1,640.2	1,892.0	+251.8
8 <b>Percentage of Total</b>	14.6%	17.0%	18.5%	+1.5pt
9 <b>Logistics</b>	1,026.7	1,092.9	1,145.0	+52.1
10 <b>Percentage of Total</b>	11.0%	11.4%	11.2%	-0.2pt
11 <b>Real Estate</b>	712.7	447.2	504.1	+56.8
12 <b>Percentage of Total</b>	7.6%	4.6%	5.0%	+0.4pt
13 <b>Mobility</b>	129.4	41.4	43.1	+1.7
14 <b>Percentage of Total</b>	1.4%	0.4%	0.4%	0.0pt
15 <b>Adjustments</b>	37.9	105.8	52.9	-52.8
16 <b>Percentage of Total</b>	0.4%	1.1%	0.5%	-0.6pt
17 <b>Total Segment Assets</b>	9,345.3	9,632.9	10,220.3	+587.3

## New Transactions Volume by Segment

(Billion Yen)	2Q FYE 3/2023	2Q FYE 3/2024	YoY Change	YoY Change (%)
1 Customer Solutions	434.5	463.0	+28.5	+6.6%
2 Global Business	651.8	685.7	+33.8	+5.2%
3 Environment & Energy	25.8	10.3	-15.4	-59.7%
4 Aviation	83.0	169.5	+86.5	+104.3%
5 Logistics	35.5	11.2	-24.3	-68.4%
6 Real Estate	33.8	70.3	+36.4	+107.7%
7 Mobility	13.6	3.0	-10.5	-77.4%
8 Total New Transactions Volume	1,278.4	1,413.3	+134.9	+10.6%

## Credit Costs by Segment

(Billion Yen)	2Q FYE 3/2023	2Q FYE 3/2024	YoY Change
1 Customer Solutions	-0.6	1.9	+2.6
2 Global Business	2.1	6.8	+4.6
3 Environment & Energy	1.0	0.1	-0.9
4 Aviation	1.4	-4.1	-5.6
5 Logistics	0.0	0.0	0.0
6 Real Estate	2.3	0.0	-2.3
7 Mobility	0.0	0.0	0.0
8 Adjustments	0.0	0.0	0.0
9 Total Credit Costs	6.4	4.7	-1.6

## Financial Performance: Profit & Loss Statement

(Million Yen)	2Q FYE 3/2021*	2Q FYE 3/2022	2Q FYE 3/2023	2Q FYE 3/2024
1 Revenues	827,064	833,358	944,732	942,519
	-	+0.8%	+13.4%	-0.2%
2 Cost of Revenues	682,508	672,183	766,790	767,485
	-	-1.5%	+14.1%	+0.1%
3 Cost of Funds	48,519	37,717	57,683	97,013
	-	-22.3%	+52.9%	+68.2%
4 Gross Profit	144,556	161,175	177,941	175,034
	-	+11.5%	+10.4%	-1.6%
5 SG&A Expenses	97,764	103,024	103,802	110,619
	-	+5.4%	+0.8%	+6.6%
6 Personnel Expenses	45,515	47,914	54,176	59,351
	-	+5.3%	+13.1%	+9.6%
7 Non-personnel Expenses	40,389	40,655	41,390	45,338
	-	+0.7%	+1.8%	+9.5%
8 Allowance	11,859	14,453	8,235	5,930
	-	+21.9%	-43.0%	-28.0%
9 Operating Income	46,791	58,151	74,139	64,414
	-	+24.3%	+27.5%	-13.1%
10 Recurring Income	50,386	59,089	75,771	66,915
	-	+17.3%	+28.2%	-11.7%
11 Extraordinary Income	5,590	27,274	9,060	7,299
	-	+387.9%	-66.8%	-19.4%
12 Extraordinary Loss	7	229	370	368
	-	+2,989.7%	+61.4%	-0.5%
13 Net Income Attributable to Owners of the Parent	36,905	60,482	63,176	52,739
	-	+63.9%	+4.5%	-16.5%

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

\* Figures for FYE 3/2021 are the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, and are presented as reference values

## Financial Performance: Balance Sheet, etc.

(Million Yen)	FYE 3/2021* (end-Mar. 2021)	FYE 3/2022 (end-Mar. 2022)	FYE 3/2023 (end-Mar. 2023)	2Q FYE 3/2024 (end-Sep. 2023)
1 Cash and Cash Equivalents	603,321	540,942	589,688	517,414
	-	-10.3%	+9.0%	-12.3%
2 Total Equity	1,250,216	1,333,467	1,551,029	1,686,108
	-	+6.7%	+16.3%	+8.7%
3 Total Assets	9,730,027	10,328,872	10,726,196	11,291,007
	-	+6.2%	+3.8%	+5.3%
4 Segment Assets	8,604,876	9,345,376	9,632,966	10,220,315
	-	+8.6%	+3.1%	+6.1%
5 Operating Assets	8,259,624	9,058,273	9,311,185	9,873,813
	-	+9.7%	+2.8%	+6.0%
6 Equity Method Investments	140,291	142,469	163,109	178,291
	-	+1.6%	+14.5%	+9.3%
7 Goodwill, Investment Securities, etc.	204,960	144,633	158,670	168,210
	-	-29.4%	+9.7%	+6.0%
8 Impaired Assets	95,543	108,188	99,912	105,735
	-	+13.2%	-7.6%	+5.8%
9 Allowance	58,066	76,791	68,806	66,862
	-	+32.2%	-10.4%	-2.8%
10 Net Balance of Impaired Assets	37,476	31,397	31,106	38,872
	-	-16.2%	-0.9%	+25.0%
11 Equity Ratio	12.5%	12.7%	14.3%	14.7%
	-	+0.2pt	+1.6pt	+0.4pt
12 ROE	-	8.0%	8.2%	6.6%
	-	-	+0.2pt	-1.6pt
13 ROA	-	1.0%	1.1%	1.0%
	-	-	+0.1pt	-0.1pt

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

\* Figures for FYE 3/2021 are the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, and are presented as reference values

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

(Million Yen)	FYE 3/2021 <sup>**1</sup> (end-Mar. 2021)	FYE 3/2022 (end-Mar. 2022)	FYE 3/2023 (end-Mar. 2023)	2Q FYE 3/2024 (end-Sep. 2023)
14 Total Funding	7,633,836	8,066,082	8,236,106	8,656,546
	-	+5.7%	+2.1%	+5.1%
15 Indirect Funding	4,193,928	4,515,103	4,846,586	5,031,296
	-	+7.7%	+7.3%	+3.8%
16 Direct Funding	3,439,908	3,550,978	3,389,520	3,625,250
	-	+3.2%	-4.5%	+7.0%
17 CP	643,812	682,593	559,485	747,283
	-	+6.0%	-18.0%	+33.6%
18 Securitization	584,565	604,493	604,302	575,227
	-	+3.4%	0.0%	-4.8%
19 Corporate Bonds	2,211,530	2,263,891	2,225,731	2,302,739
	-	+2.4%	-1.7%	+3.5%
20 Direct Funding Ratio	45.1%	44.0%	41.2%	41.9%
	-	-1.1pt	-2.8pt	+0.7pt
21 Long-Term Funding Ratio	81.5%	81.1%	82.5%	82.2%
	-	-0.4pt	+1.4pt	-0.3pt
22 Foreign Currency Funding Ratio	43.1%	49.4%	56.3%	59.2%
	-	+6.3pt	+6.9pt	+2.9pt

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

<sup>\*\*1</sup> Figures for FYE 3/2021 are the sum of consolidated results of MUL and those of HC (IFRS basis) converted into J-GAAP basis in a simplified manner, and are presented as reference values

### Exchange Rate Applied to Financial Results of Major Overseas Subsidiaries<sup>\*\*2</sup>

	Major Overseas Subsidiaries with FY Ending in December		Major Overseas Subsidiaries with FY Ending in March			
	2Q FYE 3/2023 <sup>**3</sup>	2Q FYE 3/2024	2Q FYE 3/2023 <sup>**3</sup>		2Q FYE 3/2024	
23 Exchange Rate Applied to PL	\$1=JPY122.89	\$1=JPY134.85	£1=JPY162.89	\$1=JPY133.97	£1=JPY177.49	\$1=JPY141.00
24 Exchange Rate Applied to BS	\$1=JPY132.70	\$1=JPY144.99	£1=JPY165.56	\$1=JPY133.53	£1=JPY182.53	\$1=JPY149.58

<sup>\*\*2</sup> Major overseas subsidiaries with⇒ Average exchange rates from January through June applied to PL  
FY ending in December FYE 3/2023 BS: exchange rate as of end-Dec. 2022 is applied  
2Q FYE 3/2024 BS: exchange rate as of end-Jun. 2023 is applied

Major overseas subsidiaries with⇒ Average exchange rates from April through September applied to PL  
FY ending in March FYE 3/2023 BS: exchange rate as of end-Mar. 2023 is applied  
2Q FYE 3/2024 BS: exchange rate as of end-Sep. 2023 is applied

<sup>\*\*3</sup> Exchange rates applied to BS are as of FYE 3/2023

 MITSUBISHI HC CAPITAL



## Inquiries

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I	<b>Inquiries</b>	Corporate Communications Department TEL: +81 3-6865-3002
II	<b>Website</b>	<a href="https://www.mitsubishi-hc-capital.com/english/">https://www.mitsubishi-hc-capital.com/english/</a>