

~Sustainable Growth 2030~

# FY3/2021 1st Quarter Results

(Tokyo Stock Exchange / Nagoya Stock Exchange: 8593)

Mitsubishi UFJ Lease & Finance Company Limited

August 7, 2020

Mitsubishi UFJ Lease & Finance

*Value Integrator*



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# I. FY3/2021 1st Quarter Results

## Key points

### <Financial Highlight>

- The quarter was impacted by the COVID-19 pandemic, but cumulative consolidated gross profit for 1Q still came in around flat YOY. On the one hand, profits on real-estate-related sales and other items had a positive effect on profits, while on the downside, there were declines by the deconsolidation of Shinko Lease and the disappearance of aircraft-related one-off profits a year ago in the period.
- Cumulative consolidated 1Q net income attributable to owners of the parent declined 20.1% YOY to 13.7 billion yen as a result of expenses posted involving bolstering the management base as part of our medium- to long-term strategy and increase in credit costs, among other factors.

### <New Transactions Volume>

- New transactions volume declined 23.8% YOY on declines in aircraft and real-estate transactions and the deconsolidation of Shinko Lease, among other factors.

### <Operating Assets>

- Operating assets declined 1.0% from the end of the previous fiscal year on forex impact, decline in volume of new transactions and other factors.

### <Results and Dividend Forecasts>

- The impact of the COVID-19 pandemic at this point has not been as major as anticipated in reference information released in May 2020.
- However, the outlook going forward is more uncertain, with the IMF having revised down global economic growth forecasts in June. There are also other serious doubts lingering. We see a leveling off this summer or later in the spread of the virus among leading economies, but uncertainties over the possible resurgence of the virus remain. At this point, we are still not issuing a dividend forecast for FY3/2021, given the opaqueness in formulating a reasonable outlook for the business environment. Our plan is to issue consolidated forecasts for results and dividends once we get a pulse on 2Q financial performance.

- Quarterly cumulative consolidated gross profit looks to come in around flat YOY.
- Quarterly net income declined 20.1% YOY, to 13.7 billion yen, as a result of an increase in expenses connected with bolstering the management base.

| (Billion Yen) |                            | <sup>(a)</sup> FY3/2020<br>1Q | <sup>(b)</sup> FY3/2021<br>1Q | <sup>(c)</sup> YOY Change | <sup>(d)</sup> Exchange<br>Rate Effects | <sup>(e)</sup> YOY Change (%) |
|---------------|----------------------------|-------------------------------|-------------------------------|---------------------------|---|-------------------------------|
| 1             | Revenues                   | 243.6                         | 221.3                         | ▲22.2                     | ▲0.6                                    | -9.1%                         |
| 2             | Gross Profit               | 46.5                          | 46.0                          | ▲0.4                      | ▲0.2                                    | -1.1%                         |
| 3             | Operating Income           | 25.2                          | 21.0                          | ▲4.1                      | ▲0.1                                    | -16.6%                        |
| 4             | Recurring Income           | 25.6                          | 21.4                          | ▲4.2                      | ▲0.1                                    | -16.4%                        |
| 5             | Net Income* <sup>1</sup>   | 17.1                          | 13.7                          | ▲3.4                      | 0.0                                     | -20.1%                        |
| 6             | New Transactions<br>Volume | 353.1* <sup>2</sup>           | 269.2                         | ▲83.9                     | ▲2.5                                    | -23.8%                        |
| 7             | USD Exchange Rate*         | \$1=¥110.20                   | \$1=¥108.92                   |                           | -                                       |                               |

\* Exchange rate applied to profit and loss statement of overseas subsidiaries (\$)

|   |                    |                         |             |                     |       |                     |
|---|--------------------|-------------------------|-------------|---------------------|-------|---------------------|
| 8 | Operating Assets   | 5,248.3* <sup>3,4</sup> | 5,196.8     | ▲51.4* <sup>4</sup> | ▲28.1 | -1.0%* <sup>5</sup> |
| 9 | USD Exchange Rate* | \$1=¥109.56             | \$1=¥108.83 |                     | -     |                     |

\* Exchange rate applied to balance sheet of overseas subsidiaries (\$)

\*1 1Q net income attributable to owners of the parent

\*2 Due to change in definition of "new transactions volume", changed from the figure in FY3/2020 1Q results (from 447.1 billion yen to 353.1 billion yen) (refer to page 18 for details)

\*3 Due to change in definition of "operating assets", changed from the figure in FY3/2020 results (from 5,228.4 billion yen to 5,248.3 billion yen) (refer to page 18 for details)

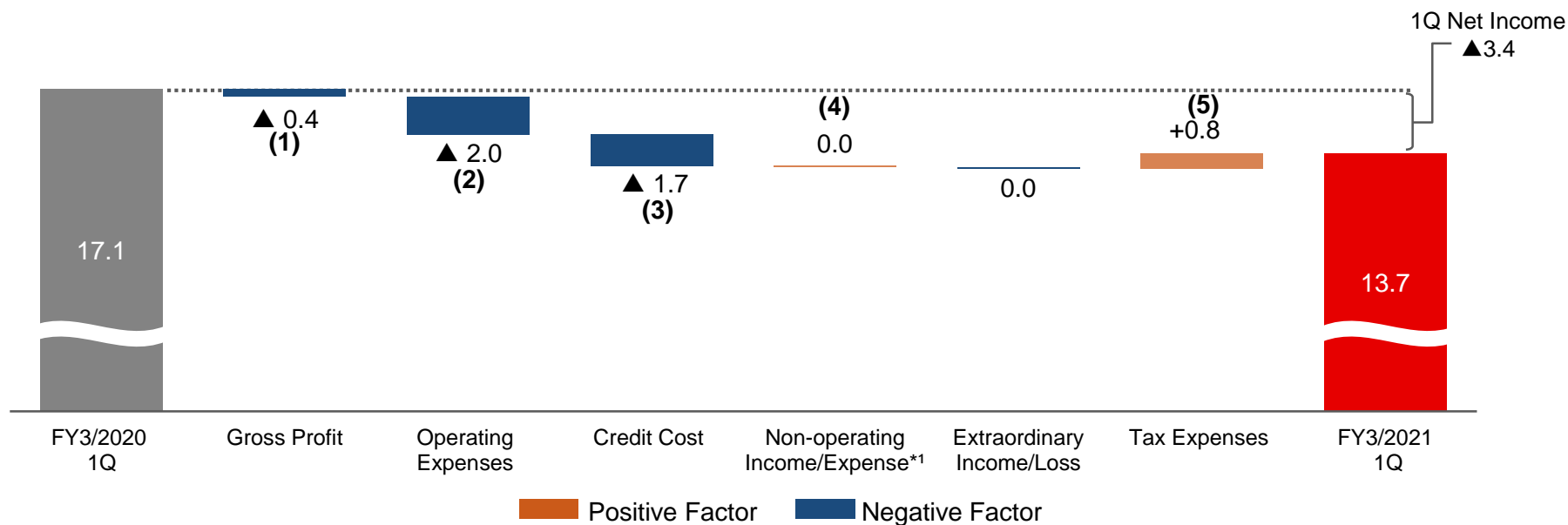
\*4 FY3/2020

\*5 Total operating assets is change from FY3/2020

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

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( Billion Yen )



|   |  |
|---|--|
| <b>(1) Gross Profit</b>                   | <ul style="list-style-type: none"> <li>Declined YOY on a combination of an increase in profits on real-estate-related sales, the deconsolidation of Shinko Lease, disappearance of one-off profits from aircraft-related sales posted during the same period last year, and other factors</li> </ul> |
| <b>(2) Operating Expenses</b>             | <ul style="list-style-type: none"> <li>Posted expenses in connection with bolstering the management base as part of medium- to long-term strategy</li> </ul>   |
| <b>(3) Credit Cost</b>                    | <ul style="list-style-type: none"> <li>Posted expenses in aircraft-related operations, domestic operations, and others (refer to page 21 for details)</li> </ul>   |
| <b>(4) Non-operating Income/Expense*1</b> | <ul style="list-style-type: none"> <li>Flat YOY on an increase in equity-method profits offset by an increase in funding expenses, and other factors</li> </ul>  |
| <b>(5) Tax Expenses</b>                   | <ul style="list-style-type: none"> <li>Tax-related expenses were down due to a decline in profits</li> </ul>   |

\*1 Credit cost in non-operating income/expense (bad debt recovered, etc.) excluded

## Our Initiatives

- Building on the previous quarter, we have further stabilized our financial position in this first quarter on the implementation of fund-raising plans matched to our outlook for a changing environment. We issued bonds both domestically and overseas and raised funds from multiple financial institutions earlier than planned in order to secure funds for our operations for this fiscal year and extend our maturities.
- In the process of extending our maturities, our consolidated Cash and Cash Equivalents as of end-June 2020 were up 233.7 billion yen over the end of the previous period to 699.9 billion yen. In addition, the long-term portion of our interest-bearing debt increased from 62.9% at the end of the previous period to 66.8%. We continue maintaining our financial discipline, and pursuing a flexible and resilient financial strategy at the same time in order to respond to various changes in the environment.
- Also, as of end-June 2020, our unused commitment lines set up with various financial institutions totaled 507.3 billion yen.

| Issuance of domestic straight corporate bonds (From April 2019 onwards) |                   |
|---|-------------------|
| Issuance timing   | Total value       |
| April 2019  | 30.0 billion yen  |
| July 2019   | 40.0 billion yen  |
| September 2019  | 30.0 billion yen  |
| January 2020  | 130.0 billion yen |
| April 2020  | 32.0 billion yen  |
| June 2020   | 60.0 billion yen  |

| Issuance of foreign currency-denominated corporate bonds (From September 2017 onwards) |                 |
|--|-----------------|
| Issuance timing  | Total value     |
| September 2017   | US\$500 million |
| September 2018   | US\$500 million |
| February 2019  | US\$800 million |
| April 2020   | US\$800 million |

| Main financial indicators |                   |                    |
|---------------------------|-------------------|--------------------|
|                           | FY3/2020          | FY3/2021 1Q        |
| Cash and Cash Equivalents | 466.2 billion yen | 699.9 billion yen  |
| Net D/E Ratio*1           | 5.74 times        | 5.76 times         |
| Equity Ratio              | 12.4%             | 11.9%<br>(12.3%)*2 |

\*1 Net debt-to-equity ratio

= (interest bearing liabilities - cash and cash equivalents) / equity

\*2 Computed by subtracting the increase in cash and cash equivalents of 233.7 billion yen versus end-FY3/2020, from total assets.

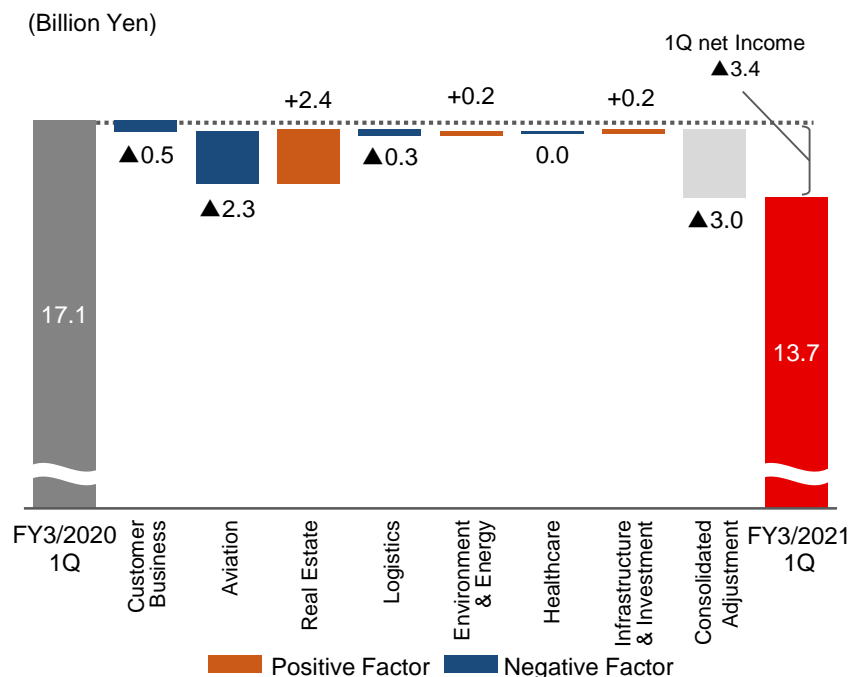
## II. Divisional Updates



# Quarterly Divisional Net Profits / Assets

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## Increase/decrease in Quarterly Net Profits



## Factors Impacting Changes in Quarterly Net Profits

| (Billion Yen)               | Increase/Decrease | Main Factor   | Divisions and Businesses Involved  |
|-----------------------------|-------------------|---|--|
| Customer Business           | ▲0.5              | Increase in credit costs, impact of the deconsolidation of Shinko Lease, other                              | Departments and domestic and overseas subsidiaries included in Customer Business                     |
| Aviation                    | ▲2.3              | Disappearance of one-off profits posted in same period last year, increase in credit costs, others          | Aviation Business Department, JSA, ELF   |
| Real Estate                 | +2.4              | Increase in sales profits domestically  | Real Estate Business Department, MLP, MURI, MRI, DAF, Miyuki Building, MURA, CPD, others             |
| Logistics                   | ▲0.3              | In railway freight cars, posted expenses in connection with reconfiguration of portfolio and other expenses | Logistics Business Department, Mobility Service Business Department, BIL, MULR, TKS, MAL, others     |
| Environment & Energy        | +0.2              | Increased sales profits and revenue from electricity sales  | Environment & Energy Business Department, MEI, Solar Energy SPC, others                              |
| Healthcare                  | 0.0               | Flat YOY  | Healthcare Business Department, Japan Medical Lease, HMP, others                                     |
| Infrastructure & Investment | +0.2              | Expansion in earnings from business investments   | Infrastructure Business Department, Investment Business Department, JII, invested businesses, others |
| Consolidated Adjustment     | ▲3.0              | Increase in costs related to forward-looking fund raising   | Head office  |

(Note) Please refer to page 26 for details of subsidiaries.

| (Billion Yen) |             | Customer Business   | Aviation  | Real Estate | Logistics | Environment & Energy | Healthcare | Infrastructure & Investment | Consolidated Adjustment | Consolidated Total |           |
|---------------|-------------|---|-----------|-------------|-----------|----------------------|------------|-----------------------------|-------------------------|--------------------|-----------|
| 1             | FY3/2021 1Q | Quarterly Divisional Net Income Attributable to Owners of the Company | 3.9       | 3.1         | 9.1       | 0.0                  | 1.1        | 0.1                         | 0.0                     | ▲3.8               | 13.7      |
| 2             |             | Divisional Assets*1   | 2,239.2   | 1,120.5     | 974.2     | 524.0                | 179.8      | 151.7                       | 92.9                    | 3.0                | 5,285.7   |
| 3             | FY3/2020 1Q | Quarterly Divisional Net Income Attributable to Owners of the Company | 4.5       | 5.5         | 6.6       | 0.4                  | 0.9        | 0.1                         | ▲0.2                    | ▲0.8               | 17.1      |
| 4             |             | Divisional Assets*1*2   | 2,304.8*3 | 1,101.7     | 976.1     | 521.4*3              | 184.3      | 152.2                       | 95.0*3                  | 2.5                | 5,338.3*3 |

\*1 Operating assets plus equity-method investments \*2 FY3/2020 \*3 Changed from the figures in FY3/2020 results due to change in definition of "operating assets" (refer to page 18 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)

| Main Figures (Billion Yen)  |                       |             |                     |
|---|-----------------------|-------------|---------------------|
|   | FY3/2020 1Q           | FY3/2021 1Q | YOY                 |
| Divisional Earnings   | 22.3 <sup>*1</sup>    | 20.1        | -2.1                |
| Quarterly Divisional Net Income Attributable to Owners of the Company | 4.5                   | 3.9         | -0.5                |
| New Transactions Volume   | 194.9                 | 150.3       | -44.5               |
| Divisional Assets   | 2,304.8 <sup>*2</sup> | 2,239.2     | -65.5 <sup>*3</sup> |

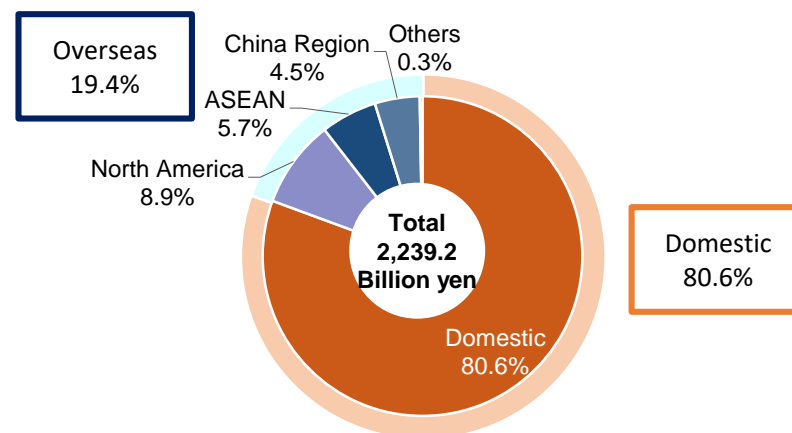
| Breakdown of Divisional Assets (Billion Yen) |          |             |                      |
|--|----------|-------------|----------------------|
|  | FY3/2020 | FY3/2021 1Q | Change from FY3/2020 |
| Total  | 2,304.8  | 2,239.2     | -65.5                |
| Domestic                                     | 1,862.5  | 1,804.9     | -57.6                |
| Overseas                                     | 442.3    | 434.3       | -7.9                 |
| North America                                | 199.1    | 199.0       | 0.0                  |
| ASEAN  | 134.0    | 127.3       | -6.6                 |
| China Region                                 | 102.1    | 101.6       | -0.5                 |
| Others                                       | 6.9      | 6.2         | -0.7                 |

\*1 Changed from the figures in FY3/2020 1Q results due to the transfer of consolidated subsidiary TKS from the Customer Business to the Logistics Business Division: from 22.7 billion yen to 22.3 billion yen (refer to page 18 for details)

\*2 FY3/2020

\*3 Divisional assets is change from FY3/2020.

### Divisional Assets by Region (FY3/2021 1Q)



#### [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. Does not include a portion of assets which generate Divisional Earnings (for example, shares held for strategic purposes and small-lot equity investments.)

# Aviation

| Main Figures (Billion Yen)  |                       |                |                     |
|---|-----------------------|----------------|---------------------|
|   | FY3/2020<br>1Q        | FY3/2021<br>1Q | YOY                 |
| Divisional Earnings   | 18.3                  | 16.7           | -1.6                |
| Quarterly Divisional Net Income Attributable to Owners of the Company | 5.5                   | 3.1            | -2.3                |
| New Transactions Volume   | 53.1                  | 24.4           | -28.6               |
| Divisional Assets   | 1,101.7 <sup>*1</sup> | 1,120.5        | +18.7 <sup>*2</sup> |

\*1 FY3/2020

\*2 Divisional assets is change from FY3/2020

| Breakdown of Divisional Assets (Billion Yen) |          |                |                         |
|--|----------|----------------|-------------------------|
|  | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 |
| <b>Total</b>                                 | 1,101.7  | 1,120.5        | +18.7                   |
| Aircraft Lease                               | 841.6    | 837.6          | -3.9                    |
| Engine Lease                                 | 253.3    | 259.4          | +6.0                    |
| Others                                       | 6.7      | 23.4           | +16.6                   |

## Owned Aviation-related Assets

|  | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 |
|--|----------|----------------|-------------------------|
| <b>Number of Aircrafts</b>                 | 170      | 170            | -                       |
| Number of Aircraft Purchased <sup>*3</sup> | 24       | 1              | -                       |
| Number of Aircraft Sold <sup>*3</sup>      | 14       | 1              | -                       |
| <b>Number of Aircraft Engines</b>          | 309      | 308            | -1                      |

\*3 After consolidated adjustment

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

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# Real Estate

| Main Figures (Billion Yen)  |                     |                |                    |
|---|---------------------|----------------|--------------------|
|   | FY3/2020<br>1Q      | FY3/2021<br>1Q | YOY                |
| Divisional Earnings   | 12.6                | 17.6           | +4.9               |
| Quarterly Divisional Net Income Attributable to Owners of the Company | 6.6                 | 9.1            | +2.4               |
| New Transactions Volume   | 70.6                | 50.1           | -20.4              |
| Divisional Assets   | 976.1 <sup>*1</sup> | 974.2          | -1.9 <sup>*2</sup> |

| Breakdown of Divisional Assets (Billion Yen) |          |                |                         |
|--|----------|----------------|-------------------------|
|  | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 |
| <b>Total</b>                                 | 976.1    | 974.2          | -1.9                    |
| Real Estate Lease                            | 268.4    | 271.2          | +2.8                    |
| Securitization Finance                       | 174.2    | 180.9          | +6.7                    |
| Domestic                                     | 148.8    | 149.7          | +0.8                    |
| Debt   | 108.1    | 111.5          | +3.3                    |
| Equity                                       | 40.7     | 38.2           | -2.4                    |
| Overseas                                     | 25.3     | 31.2           | +5.8                    |
| Real Estate Rental Business                  | 107.6    | 95.6           | -12.0                   |
| Real Estate Revitalization Investment        | 170.3    | 174.5          | +4.1                    |
| Other Real Estate Finance                    | 255.4    | 251.8          | -3.5                    |

# Logistics

| Main Figures (Billion Yen)  |                     |                |                    |
|---|---------------------|----------------|--------------------|
|   | FY3/2020<br>1Q      | FY3/2021<br>1Q | YOY                |
| Divisional Earnings   | 5.1 <sup>*1</sup>   | 4.8            | -0.2               |
| Quarterly Divisional Net Income Attributable to Owners of the Company | 0.4                 | 0.0            | -0.3               |
| New Transactions Volume   | 14.3                | 18.1           | +3.8               |
| Divisional Assets   | 521.4 <sup>*2</sup> | 524.0          | +2.6 <sup>*3</sup> |

\*1 Changed from the figure in FY3/2020 1Q results due to the transfer of consolidated subsidiary TKS from the Customer Business to the Logistics Business Division:  
4.7 billion yen to 5.1 billion yen (refer to page 18 for details)

\*2 FY3/2020 \*3 Divisional assets is change from FY3/2020.

| Breakdown of Divisional Assets (Billion Yen) |          |                |                         |
|--|----------|----------------|-------------------------|
|  | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 |
| Total  | 521.4    | 524.0          | +2.6                    |
| Marine Containers                            | 219.2    | 223.0          | +3.8                    |
| Railway Freight Cars                         | 170.7    | 174.9          | +4.2                    |
| Shipping and Others                          | 131.5    | 126.0          | -5.4                    |

| Owned Logistics-related Assets <sup>*4</sup>     |                      |                |                                     |
|--|----------------------|----------------|-------------------------------------|
|  | December 31,<br>2019 | March 31, 2020 | Change from<br>December 31,<br>2019 |
| Marine Container Fleet (TEU 1,000) <sup>*5</sup> | 1,368                | 1,389          | +21                                 |
| Number of Railway/Freight Cars                   | 16,544               | 18,870         | +2,326                              |

\*4 Management accounting values

\*5 TEU: Twenty Feet Equivalent Unit(converted into 20ft. containers)

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# Environment & Energy

| Main Figures (Billion Yen)  |                     |                |                    |
|---|---------------------|----------------|--------------------|
|   | FY3/2020<br>1Q      | FY3/2021<br>1Q | YOY                |
| Divisional Earnings   | 2.5                 | 3.4            | +0.9               |
| Quarterly Divisional Net Income Attributable to Owners of the Company | 0.9                 | 1.1            | +0.2               |
| New Transactions Volume   | 8.9                 | 15.1           | +6.2               |
| Divisional Assets   | 184.3 <sup>*2</sup> | 179.8          | -4.4 <sup>*3</sup> |

| Breakdown of Divisional Assets <sup>*6</sup> (Billion Yen) |          |                |                         |
|--|----------|----------------|-------------------------|
|  | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 |
| Total  | 184.3    | 179.8          | -4.4                    |
| Debt   | 59.8     | 50.8           | -9.0                    |
| Equity   | 30.1     | 27.7           | -2.3                    |
| Power Generation Business Assets                           | 82.9     | 87.3           | +4.3                    |
| Others <sup>*7</sup>                                       | 11.3     | 13.9           | +2.6                    |

\*6 Solar power-related leases were recorded in Customer Business

\*7 Includes equity-method investments

# Healthcare

| Main Figures (Billion Yen)  |                     |                |                    |
|---|---------------------|----------------|--------------------|
|   | FY3/2020<br>1Q      | FY3/2021<br>1Q | YOY                |
| Divisional Earnings   | 1.2                 | 1.2            | 0.0                |
| Quarterly Divisional Net Income Attributable to Owners of the Company | 0.1                 | 0.1            | 0.0                |
| New Transactions Volume   | 8.7                 | 9.9            | +1.2               |
| Divisional Assets   | 152.2 <sup>*1</sup> | 151.7          | -0.5 <sup>*2</sup> |

\*1 FY3/2020

\*2 Divisional assets is change from FY3/2020.

| Breakdown of Divisional Assets <sup>*3</sup> (Billion Yen) |          |                |                         |
|--|----------|----------------|-------------------------|
|  | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 |
| Total  | 152.2    | 151.7          | -0.5                    |
| Leases and Installment Sales                               | 106.9    | 105.7          | -1.2                    |
| Factoring  | 24.8     | 24.8           | 0.0                     |
| Healthcare-related Loans and Investments                   | 20.4     | 21.1           | +0.7                    |

\*3 Leases and installment sales to medical institutions and care homes recorded in the Customer Business excluded.

# Infrastructure & Investment

| Main Figures (Billion Yen)  |                    |                |                    |
|---|--------------------|----------------|--------------------|
|   | FY3/2020<br>1Q     | FY3/2021<br>1Q | YOY                |
| Divisional Earnings   | 0.4                | 0.7            | +0.2               |
| Quarterly Divisional Net Income Attributable to Owners of the Company | -0.2               | 0.0            | +0.2               |
| New Transactions Volume   | 2.4                | 0.8            | -1.5               |
| Divisional Assets   | 95.0 <sup>*1</sup> | 92.9           | -2.0 <sup>*2</sup> |

| Performance of Overseas Infrastructure Investment Projects |  |                                      |
|--|--|--------------------------------------|
| Booking Party  | Project Overview   | Remarks                              |
| MUL  | Submarine Power Transmission Business in Germany               | In operation                         |
|  | Wind Power Business in Ireland                                 | In operation                         |
|  | Water Supply Business in the UK                                | Investment complete                  |
|  | Offshore Wind Farm Project in the UK                           | Scheduled to start operating in 2022 |
|  | Power Distribution Project in the UK                           | Investment complete                  |
|  | Distributed Solar Power Generation Project in the US           | In operation                         |
| JII  | Rail Infrastructure Initiative in the UK                       | In operation                         |
|  | Optical 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                 |

### III. Impact of the COVID-19 Pandemic, etc.

- We shed light below on the impact of the COVID-19 pandemic through our first quarter. The impact has not been as major as anticipated in reference information released in May 2020 (refer to page 16 for details). Meanwhile, we are doing everything we can on the risk-management front.
  1. Impact of the COVID-19 pandemic through FY3/2021 1Q
    - ✓ There have been some requests for deferred payment arrangements, some delays in payments, and others from domestic and overseas clients, but the impact on our business has been limited.
    - ✓ Meanwhile, we provide some color on the Aviation business, one of our cores. Flights were grounded everywhere in the world due to travel restrictions. With that, some 80% of our customers requested deferrals on their lease payments in April and early May. Things picked up thereafter, with airlines to and from most domestic destinations taking to the skies again in major countries. Lease payments have kicked back in again. At this point, only about 1% of our aircraft are off lease in search of a parent.
    - ✓ We believe our portfolio of aircraft is positioned in relative superiority from a standpoint of sales, remarketing, and impairment risks. They are “mainly highly-liquid narrow bodied,” “aged fairly young on average and with long teeth remaining on their lease contracts.” In addition, they are well scattered in terms of lessee, geography, lease expiration, etc.

## 2. Risk management

- ✓ We have long managed its risk capital within the framework of integrated risk management. We quantify various risks, implementing stress tests based on multiple scenarios.
- ✓ With regards to the impact of the COVID-19 pandemic, and based on scenarios illustrated in “Reference Information about FY3/2021”, we have been testing risk durability applying strong stress factors, such as increases in credit costs, declines on gains on assets sales, increases in impairment losses on assets, declines in stock revenues and slowdown of asset acquisition. In addition, in the process of our testing, we have already taken measures to reduce risks, identifying beforehand “issues we need to have a grip on,” and “issues we need to anticipate”.

(Reproduced\*) Reference information about FY3/2021

- Given the difficulty in reasonably predict the impact of the spread of the coronavirus disease, including when it will diminish, our consolidated results forecast for the fiscal year ending March 2021 is undetermined at this time.
- Assuming the following, net income attributable to the owners of the parent can be preliminary calculated as a range of around 35 billion yen to 40 billion yen and we hereby announce this number as a reference information on our results. We underline that this number has been preliminary calculated from a risk management standpoint assuming certain scenarios. Accordingly, the number is not a forecast as it has not been estimated based on reasonable outside environment outlook.
  1. The increase in the number of people infected by the novel coronavirus in major countries will subside by around summer 2020 or later. Strict activity restrictions in major countries would peak out in the summer before getting eased gradually over the ensuing six months or so. Economic activities will progress toward a gradual return to normal through FY3/2022.
  2. This situation would affect the FY2020 results of many companies, impacting particularly such divisions as the aviation and logistics divisions among our businesses.
- As it is difficult to forecast the results, our dividend forecast for FY3/2021 is undetermined at this time. Nevertheless, there is no change to our basic policy of returning profit to shareholders in the form of dividend payment while striking a good balance between dividend payment and equity enhancement efforts. We have increasing our dividend for 21 consecutive terms to date. Dividend per share for FY3/2021 will be determined by considering the impact of the spread of the novel coronavirus on our results and our track record of dividend increase. As a result of such considerations, dividend payout ratio might exceed 30% level set out in our Medium-term Management Plan.

\* Reproduced from FY3/2020 results materials



## IV. Impact of Definitional Changes on Results from FY3/2021

# Impact of Definitional Changes on Results from FY3/2021

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- In order to more accurately describe our operational details, we made the following changes in definitions starting from FY3/2021.

| Items Changed                  | Details of Definitional Changes   |
|--------------------------------|---|
| <b>Divisional Earnings</b>     | ■ From FY3/2021, the Indonesian automotive lease subsidiary, PT. Takari Kokoh Sejahtera (TKS) business domain was transferred from Customer Business to the Logistics Business Division, and retroactive adjustments were made for past fiscal years.   |
| <b>New Transactions Volume</b> | ■ From FY3/2021, we excluded factoring, which consists largely of short-term transaction, from new transactions volume, and retroactive adjustments were made for past fiscal years.  |
| <b>Operating Assets</b>        | <ul style="list-style-type: none"> <li>■ From FY3/2021, the following two items changed and retroactive adjustments were made for past fiscal years.               <ol style="list-style-type: none"> <li>① To accurately reflect actual operating activities, small-lot investments, which were not included in the operating assets, were added to operating assets.</li> <li>② Same as the definitional change of Divisional Earnings above, "TKS" was transferred from Customer Business to the Logistics Business Division.</li> </ol> </li> </ul> |

| Revision Impact in FY3/2020 1Q |  |               |                  |        |
|--------------------------------|--|---------------|------------------|--------|
| (Billion Yen)                  |  | FY3/2020 1Q   |                  | Impact |
|                                |  | Before Change | After Adjustment |        |
| <b>Divisional Earnings*1</b>   | <b>Total</b>                           | 62.6          | 62.6             | -      |
|                                | <b>Customer Business</b>               | 22.7          | 22.3             | -0.3   |
|                                | <b>Logistics</b>                       | 4.7           | 5.1              | +0.3   |
| <b>New Transactions Volume</b> | <b>Total</b>                           | 447.1         | 353.1            | -93.9  |
|                                | <b>Factoring</b>                       | 93.9          | -                | -93.9  |
| <b>Divisional Assets*2*3</b>   | <b>Total</b>                           | 5,318.4       | 5,338.3          | +19.9  |
|                                | <b>Customer Business</b>               | 2,315.3       | 2,304.8          | -10.5  |
|                                | <b>Logistics</b>                       | 510.8         | 521.4            | +10.5  |
|                                | <b>Infrastructure &amp; Investment</b> | 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. \*3 FY3/2020

## V. Appendix

# Details of New Transactions Volume by Division

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| By Division   |                                | FY3/2020<br>1Q | FY3/2021<br>1Q | YOY Change | YOY Change (%) |
|---------------|--------------------------------|----------------|----------------|------------|----------------|
| (Billion Yen) |                                |                |                |            |                |
| 1             | Customer Business              | 194.9          | 150.3          | -44.5      | -22.8%         |
| 2             | Aviation                       | 53.1           | 24.4           | -28.6      | -53.9%         |
| 3             | Real Estate                    | 70.6           | 50.1           | -20.4      | -28.9%         |
| 4             | Logistics                      | 14.3           | 18.1           | +3.8       | +26.6%         |
| 5             | Environment & Energy           | 8.9            | 15.1           | +6.2       | +69.8%         |
| 6             | Healthcare                     | 8.7            | 9.9            | +1.2       | +14.0%         |
| 7             | Infrastructure & Investment    | 2.4            | 0.8            | -1.5       | -65.1%         |
| 8             | Volume of All New Transactions | 353.1          | 269.2          | -83.9      | -23.8%         |

| MUL/Subsidiaries |                              |          |          |          |          |                |                |               |
|------------------|------------------------------|----------|----------|----------|----------|----------------|----------------|---------------|
| (Billion Yen)    |                              | FY3/2017 | FY3/2018 | FY3/2019 | FY3/2020 | FY3/2020<br>1Q | FY3/2021<br>1Q | YOY<br>Change |
| 1                | <b>MUL</b>                   | -2.9     | -0.0     | -1.8     | 2.2      | 0.1            | 0.4            | +0.3          |
| 2                | <b>Domestic Subsidiaries</b> | 0.4      | 1.5      | 0.9      | 0.6      | -0.0           | 0.2            | +0.3          |
| 3                | <b>Overseas Subsidiaries</b> | 2.1      | 0.9      | 2.1      | 4.2      | 0.8            | 1.8            | +1.0          |
| 4                | <b>Total Net Credit Cost</b> | -0.4     | 2.4      | 1.1      | 7.1      | 0.9            | 2.6            | +1.7          |

| By Sector     |                              |          |          |          |          |                |                |               |
|---------------|------------------------------|----------|----------|----------|----------|----------------|----------------|---------------|
| (Billion Yen) |                              | FY3/2017 | FY3/2018 | FY3/2019 | FY3/2020 | FY3/2020<br>1Q | FY3/2021<br>1Q | YOY<br>Change |
| 5             | <b>Real Estate Sector</b>    | -0.6     | 0.7      | -1.2     | -0.0     | 0.0            | 0.1            | +0.1          |
| 6             | <b>Manufacturing Sector</b>  | -0.1     | 0.4      | 1.3      | 1.2      | 0.5            | 0.1            | -0.4          |
| 7             | <b>Transportation Sector</b> | 1.6      | 0.7      | -1.0     | 0.9      | 0.1            | 1.2            | +1.1          |
| 8             | <b>Others*1</b>              | -1.3     | 0.6      | 2.0      | 4.9      | 0.2            | 1.1            | +0.8          |
| 9             | <b>Total Net Credit Cost</b> | -0.4     | 2.4      | 1.1      | 7.1      | 0.9            | 2.6            | +1.7          |

\*1 Includes general credit cost calculated based on the historical rate of credit loss and ENGS credit costs

# Funding Structure

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| (Billion Yen) |   | FY3/2017 | FY3/2018 | FY3/2019 | FY3/2020 | FY3/2021<br>1Q | Change from<br>FY3/2020 (%) |
|---------------|---|----------|----------|----------|----------|----------------|-----------------------------|
| 1             | <b>Borrowing</b>                            | 2,395.1  | 2,444.7  | 2,492.0  | 2,863.2  | 2,994.4        | +4.6%                       |
| 2             | <b>Yen</b>                                  | 1,449.4  | 1,470.6  | 1,352.2  | 1,425.5  | 1,524.1        | +6.9%                       |
| 3             | <b>Foreign Currency</b>                     | 945.7    | 974.1    | 1,139.8  | 1,437.6  | 1,470.3        | +2.3%                       |
| 4             | <b>CP (Commercial Paper)</b>                | 835.9    | 807.4    | 742.2    | 762.1    | 689.9          | -9.5%                       |
| 5             | <b>Securitization</b>                       | 137.4    | 165.8    | 145.8    | 135.7    | 123.6          | -8.9%                       |
| 6             | <b>Corporate Bonds</b>                      | 773.5    | 833.7    | 1,060.3  | 1,169.5  | 1,333.3        | +14.0%                      |
| 7             | <b>Yen</b>                                  | 452.0    | 496.0    | 583.5    | 763.3    | 819.8          | +7.4%                       |
| 8             | <b>Foreign Currency</b>                     | 321.5    | 337.7    | 476.8    | 406.2    | 513.5          | +26.4%                      |
| 9             | <b>Total Funding</b>                        | 4,142.0  | 4,251.7  | 4,440.3  | 4,930.6  | 5,141.3        | +4.3%                       |
| 10            | <b>Foreign Currency<br/>Funding Ratio*1</b> | 30.6%    | 30.9%    | 37.0%    | 37.4%    | 38.6%          | +1.2P                       |

\*1 Foreign-currency loans and CBs as a proportion of total funding

# Financial Performance: Profit & Loss Statement

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| (Million Yen) |   | FY3/2017 1Q<br>16/4~16/6 | FY3/2018 1Q<br>17/4~17/6 | FY3/2019 1Q<br>18/4~18/6 | FY3/2020 1Q<br>19/4~19/6 | FY3/2021 1Q<br>20/4~20/6 |
|---------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1             | Revenues  | 201,096                  | 217,018                  | 209,950                  | 243,641                  | 221,355                  |
|               |   | +1.1%                    | +7.9%                    | -3.3%                    | +16.0%                   | -9.1%                    |
| 2             | Cost of Revenues                                | 162,223                  | 178,162                  | 172,105                  | 197,125                  | 175,328                  |
|               |   | +1.3%                    | +9.8%                    | -3.4%                    | +14.5%                   | -11.1%                   |
| 3             | Financial Expenses                              | 8,531                    | 10,045                   | 10,993                   | 14,880                   | 17,455                   |
|               |   | -4.3%                    | +17.7%                   | +9.4%                    | +35.3%                   | +17.3%                   |
| 4             | Gross Profit                                    | 38,872                   | 38,855                   | 37,844                   | 46,516                   | 46,027                   |
|               |   | -0.0%                    | -0.0%                    | -2.6%                    | +22.9%                   | -1.1%                    |
| 5             | SG&A Expenses                                   | 16,198                   | 18,383                   | 18,568                   | 21,246                   | 24,952                   |
|               |   | -12.2%                   | +13.5%                   | +1.0%                    | +14.4%                   | +17.4%                   |
| 6             | Personnel Expenses                              | 8,243                    | 8,909                    | 9,123                    | 10,169                   | 10,296                   |
|               |   | +3.7%                    | +8.1%                    | +2.4%                    | +11.5%                   | +1.3%                    |
| 7             | Non-personnel Expense                           | 8,203                    | 8,859                    | 8,496                    | 9,939                    | 11,884                   |
|               |   | -4.8%                    | +8.0%                    | -4.1%                    | +17.0%                   | +19.6%                   |
| 8             | Allowance                                       | -248                     | 614                      | 947                      | 1,137                    | 2,770                    |
|               |   | -                        | -                        | +54.2%                   | +20.0%                   | +143.7%                  |
| 9             | Operating Income                                | 22,673                   | 20,472                   | 19,276                   | 25,270                   | 21,075                   |
|               |   | +11.0%                   | -9.7%                    | -5.8%                    | +31.1%                   | -16.6%                   |
| 10            | Recurring Income                                | 24,093                   | 22,400                   | 20,824                   | 25,627                   | 21,415                   |
|               |   | +10.7%                   | -7.0%                    | -7.0%                    | +23.1%                   | -16.4%                   |
| 11            | Extraordinary Income                            | 1,717                    | 1,370                    | 3,883                    | 48                       | 0                        |
|               |   | -                        | -20.2%                   | +183.3%                  | -98.8%                   | -                        |
| 12            | Extraordinary Loss                              | 30                       | 0                        | 574                      | 0                        | 0                        |
|               |   | -                        | -                        | -                        | -                        | -                        |
| 13            | Net Income Attributable to Owners of the Parent | 15,649                   | 14,815                   | 16,263                   | 17,154                   | 13,707                   |
|               |   | +22.6%                   | -5.3%                    | +9.8%                    | +5.5%                    | -20.1%                   |

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

# Financial Performance: Balance Sheet

~Sustainable Growth 2030~

| (Million Yen) |                                | FY3/2017  | FY3/2018  | FY3/2019  | FY3/2020  | FY3/2021 1Q |
|---------------|--------------------------------|-----------|-----------|-----------|-----------|-------------|
| 1             | Cash and Cash Equivalents      | 102,011   | 165,100   | 195,831   | 466,228   | 699,992     |
|               |                                | -14.9%    | +61.8%    | +18.6%    | +138.1%   | +50.1%      |
| 2             | Total Equity                   | 686,378   | 731,124   | 778,582   | 798,820   | 788,715     |
|               |                                | +6.9%     | +6.5%     | +6.5%     | +2.6%     | -1.3%       |
| 3             | Total Assets                   | 5,388,844 | 5,552,712 | 5,790,929 | 6,285,966 | 6,505,896   |
|               |                                | +5.2%     | +3.0%     | +4.3%     | +8.5%     | +3.5%       |
| 4             | Divisional Assets              | -         | -         | 5,142,614 | 5,338,325 | 5,285,751   |
|               |                                | -         | -         | -         | +3.8%     | -1.0%       |
| 5             | Operating Assets*1             | 4,876,553 | 4,910,705 | 5,060,114 | 5,248,363 | 5,196,883   |
|               |                                | +5.4%     | +0.7%     | +3.0%     | +3.7%     | -1.0%       |
| 6             | Equity-Method Investments      | -         | -         | 82,500    | 89,962    | 88,867      |
|               |                                | -         | -         | -         | +9.0%     | -1.2%       |
| 7             | Impaired Assets                | 34,144    | 34,892    | 27,286    | 24,693    | 26,298      |
|               |                                | +22.3%    | +2.2%     | -21.8%    | -9.5%     | +6.5%       |
| 8             | Allowance                      | 16,365    | 15,658    | 15,103    | 13,831    | 15,113      |
|               |                                | +0.4%     | -4.3%     | -3.5%     | -8.4%     | +9.3%       |
| 9             | Net Balance of Impaired Assets | 17,779    | 19,234    | 12,183    | 10,862    | 11,185      |
|               |                                | +53.0%    | +8.2%     | -36.7%    | -10.8%    | +3.0%       |

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

\*1 Change in definition of "operating assets from FY3/2021 (refer to page18 for details)



# Financial Performance: Balance Sheet (Cont'd)

~Sustainable Growth 2030~

| (Million Yen) |                  | FY3/2017  | FY3/2018  | FY3/2019  | FY3/2020  | FY3/2021 1Q |
|---------------|------------------|-----------|-----------|-----------|-----------|-------------|
| 10            | Equity Ratio     | 12.2%     | 12.7%     | 13.0%     | 12.4%     | 11.9%*1     |
|               |                  | +0.2P     | +0.5P     | +0.3P     | -0.6P     | -0.5P       |
| 11            | ROE              | 8.4%      | 9.3%      | 9.4%      | 9.2%      | -           |
|               |                  | -0.6P     | +0.9P     | +0.1P     | -0.2P     | -           |
| 12            | ROA              | 1.0%      | 1.2%      | 1.2%      | 1.2%      | -           |
|               |                  | -0.1P     | +0.2P     | +0.0P     | -0.0P     | -           |
| 13            | Total Funding    | 4,142,073 | 4,251,769 | 4,440,352 | 4,930,692 | 5,141,389   |
|               |                  | +6.0%     | +2.6%     | +4.4%     | +11.0%    | +4.3%       |
| 14            | Indirect Funding | 2,395,158 | 2,444,766 | 2,492,008 | 2,863,257 | 2,994,479   |
|               |                  | +10.4%    | +2.1%     | +1.9%     | +14.9%    | +4.6%       |
| 15            | Direct Funding   | 1,746,914 | 1,807,002 | 1,948,344 | 2,067,434 | 2,146,909   |
|               |                  | +0.4%     | +3.4%     | +7.8%     | +6.1%     | +3.8%       |
| 16            | CP               | 835,900   | 807,400   | 742,200   | 762,100   | 689,916     |
|               |                  | -2.1%     | -3.4%     | -8.1%     | +2.7%     | -9.5%       |
| 17            | Securitization   | 137,484   | 165,897   | 145,842   | 135,781   | 123,642     |
|               |                  | -18.6%    | +20.7%    | -12.1%    | -6.9%     | -8.9%       |
| 18            | Corporate Bonds  | 773,530   | 833,705   | 1,060,302 | 1,169,553 | 1,333,350   |
|               |                  | +7.9%     | +7.8%     | +27.2%    | +10.3%    | +14.0%      |

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

\*1 Equity ratio is 12.3%, computed by subtracting the increase in cash and cash equivalents of 233.7 billion yen versus end-FY3/2020, from total assets.

# Major MUL Group Companies

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| Division                                   | Company  | Ownership Ratio <sup>*1</sup> | Main Business                            |
|--|--|-------------------------------|--|
| Customer Business                          | Mitsubishi UFJ Lease & Finance (Domestic Branches) | -                             | Lease, etc.                              |
|  | DFL Lease  | 80.0%                         | Lease, etc.                              |
|  | Hirogin Lease                                      | 80.0%                         | Lease, etc.                              |
|  | Shutoken Leasing                                   | 70.7%                         | Lease, etc.                              |
|  | DRS  | 100.0%                        | Rental and lease, etc.                   |
|  | Mitsubishi UFJ Lease & Finance (U.S.A.)            | 100.0%                        | Lease, etc.                              |
|  | ENGS Commercial Finance <sup>*2</sup>              | 100.0%                        | Vendor finance, etc.                     |
|  | Bangkok Mitsubishi UFJ Lease                       | 44.0%                         | Lease, etc.                              |
|  | Mitsubishi UFJ Lease (Singapore)                   | 100.0%                        | Lease, etc.                              |
|  | Mitsubishi UFJ Lease & Finance Indonesia           | 100.0%                        | Lease, etc.                              |
|  | Mitsubishi UFJ Lease & Finance (China)             | 100.0%                        | Lease, etc.                              |
| Mitsubishi UFJ Lease & Finance (Hong Kong) | 100.0%   | Lease, etc.                   |  |
| Mitsubishi UFJ Lease & Finance (Ireland)   | 100.0%   | Finance, etc.                 |  |
| Aviation                                   | MUL (Aviation Business Department)                 | -                             | Japanese operating lease                 |
|  | Jackson Square Aviation(JSA)                       | 100.0%                        | Aircraft lease                           |
|  | Engine Lease Finance(ELF)                          | 100.0%                        | Aircraft engine lease, part-out business |
| Real Estate                                | MUL (Real Estate Business Department)              | -                             | Real estate finance                      |
|  | MUL Property (MULP)                                | 100.0%                        | Real estate lease                        |
|  | 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 <sup>*1</sup> | 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%                         | Logistics facilities asset management   |
| Logistics                   | MUL (Logistics Business Department)            | -                             | Ship finance  |
|                             | Beacon Intermodal Leasing (BIL)                | 100.0%                        | Marine container lease  |
|                             | MUL Railcars (MULR)                            | 100.0%                        | Railway and railcar lease   |
|                             | Takari Kokoh Sejahtera (TKS)                   | 75.0%                         | Auto lease, etc.  |
|                             | Mitsubishi Auto Leasing (MAL)                  | 50.0%                         | Auto lease  |
| Environment & Energy        | MUL (Environment & Energy Business Department) | -                             | Renewable-energy business, energy-saving devices lease                                  |
|                             | 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 lease and medical fee factoring                                       |
|                             | Japan Medical Lease                            | 100.0%                        | Medical equipment and real estate lease   |
|                             | MUL Healthcare(MULH)                           | 100.0%                        | Support service for installment of medical equipment and medical institution consulting |
|                             | Healthcare Management Partners (HMP)           | 66.0%                         | Healthcare-related of asset management business   |
| Infrastructure & Investment | MUL (Infrastructure Business Department)       | -                             | Infrastructure investment, PFI initiatives  |
|                             | MUL (Investment Business Department)           | -                             | Corporate investment  |
|                             | Japan Infrastructure Initiative (JII)          | 47.6%                         | Infrastructure investment   |

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