~Sustainable Growth 2030~

FY3/2021 2nd Quarter Results

(Tokyo Stock Exchange / Nagoya Stock Exchange: 8593)

Mitsubishi UFJ Lease & Finance Company Limited

November 11, 2020

Mitsubishi UFJ Lease & Finance

Value Integrator

MUFG

Index

I. FY3/2021 2nd Quarter Results

Summary

Key points

<Financial Highlight>

- Cumulative consolidated gross profit for 2Q declined 17.5% YOY to 80.6 billion yen as stock revenues and gains on asset sales in aviation-related business declined YOY due to the impact of the spreading COVID-19 pandemic and an increase in financial expenses due to raising long-term funds ahead of schedule, among other factors.
- 2Q net income attributable to the owners of the parent declined 36.6% YOY to 24.2 billion yen as a result of an increase in expenses related to the business integration with Hitachi Capital and in credit costs, among others.

<New Transactions Volume>

- New transactions volume in real-estate-related business declined 36.9% YOY on the non-recurrence of multiple real-estate revitalization and real-estate lease deals posted in the same quarter last year, and on the non-recurrence of multiple aircraft lease transactions posted last year in aviation-related business, among other factors.

<Operating Assets>

- Operating assets declined 0.9% from last quarter-end due to a decline in new transactions volume and exchange rate effects, among other factors.

<Results and Dividend Forecasts>

- Although uncertainties remain, visibility on the business environment for FY2020 has improved to some extent. In line with that, we estimate FY3/2021 net income attributable to the owners of the parent at 50.0 billion yen, for a YOY decline of 20.7 billion yen. (Refer to P. 16-18 for details.)
- Our dividend policy is unchanged as one of "returning profit to shareholders regularly and steadily in the form of dividend payment while striking a good balance between dividend payment and equity enhancement efforts." Taking into account our track record of having increased our dividend for 21 consecutive terms, our forecast for dividend per share is 25.50 yen, an increase of 0.50 yen YOY.

Financial Highlight

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- Earnings-related figures for the 2Q consolidated cumulative term declined YOY at every level chiefly due to a decline in aviation-related earnings. The progress rate relative to our published estimate (net income of 50.0 billion yen) was 48.5%.

	(Billion Yen)	(a) FY3/2020 2Q	(b) FY3/2021 2Q	(c) YOY Change	(d) Exchange Rate Effects	(e) YOY Change (%)
1	Revenues	468.7	428.1	-40.5	-1.8	-8.6%
2	Gross Profit	97.7	80.6	-17.1	-0.5	-17.5%
3	Operating Income	54.4	31.9	-22.4	-0.3	-41.3%
4	Recurring Income	55.3	33.1	-22.1	-0.3	-40.0%
5	Net Income*1	38.2	24.2	-14.0	-0.2	-36.6%
6	New Transactions Volume	797.8*2	503.7	-294.0	-7.5	-36.9%
7	Dividend per Share (Interim)	¥12.50	¥12.75	+¥0.25	-	-
8	USD Exchange Rate*	$1=¥110.05	$1=¥108.27		-	

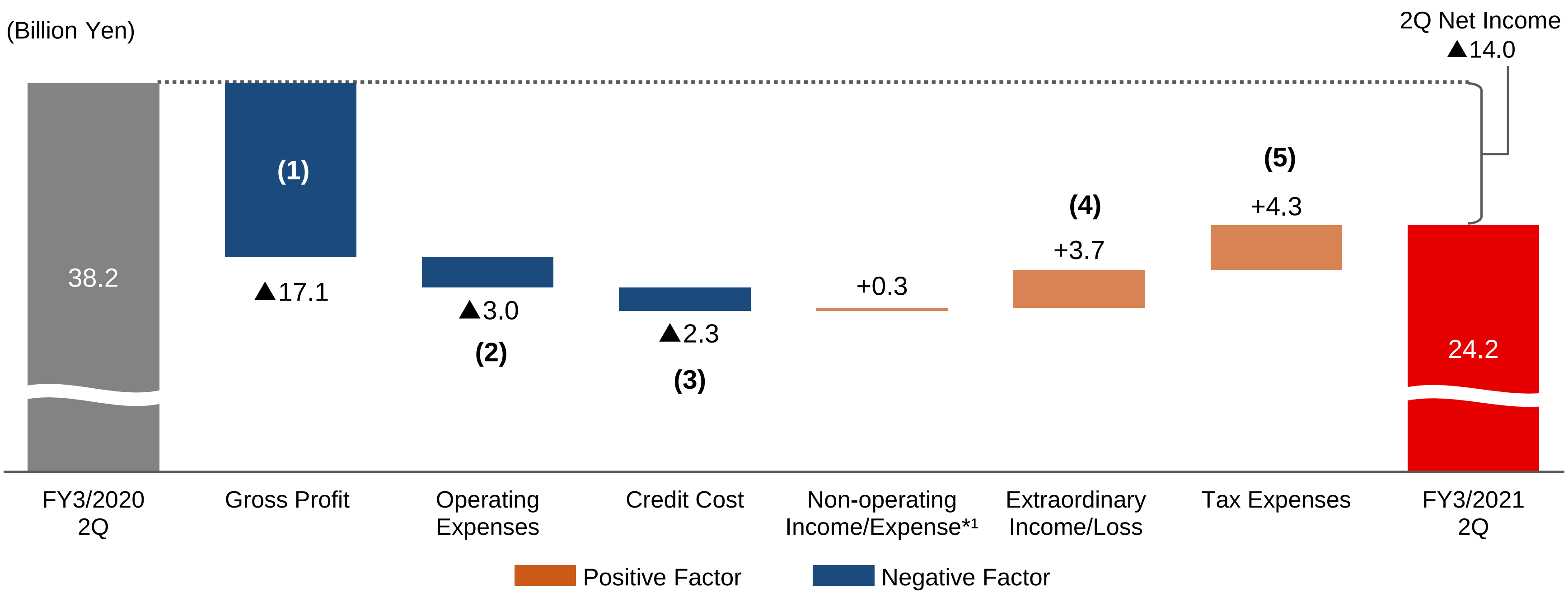
* Exchange rate applied to profit and loss statement of overseas subsidiaries ($)

9	Operating Assets	5,248.3*3*4	5,201.6	-46.6*5	-37.3	-0.9%*5
10	USD Exchange Rate*	$1=¥109.56	$1=¥107.74		-	

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

*1 2Q 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 2Q results (from 965.5 billion yen to 797.8 billion yen) (refer to page 20 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 20 for details)
*4 FY3/2020
*5 operating assets is a change from FY3/2020

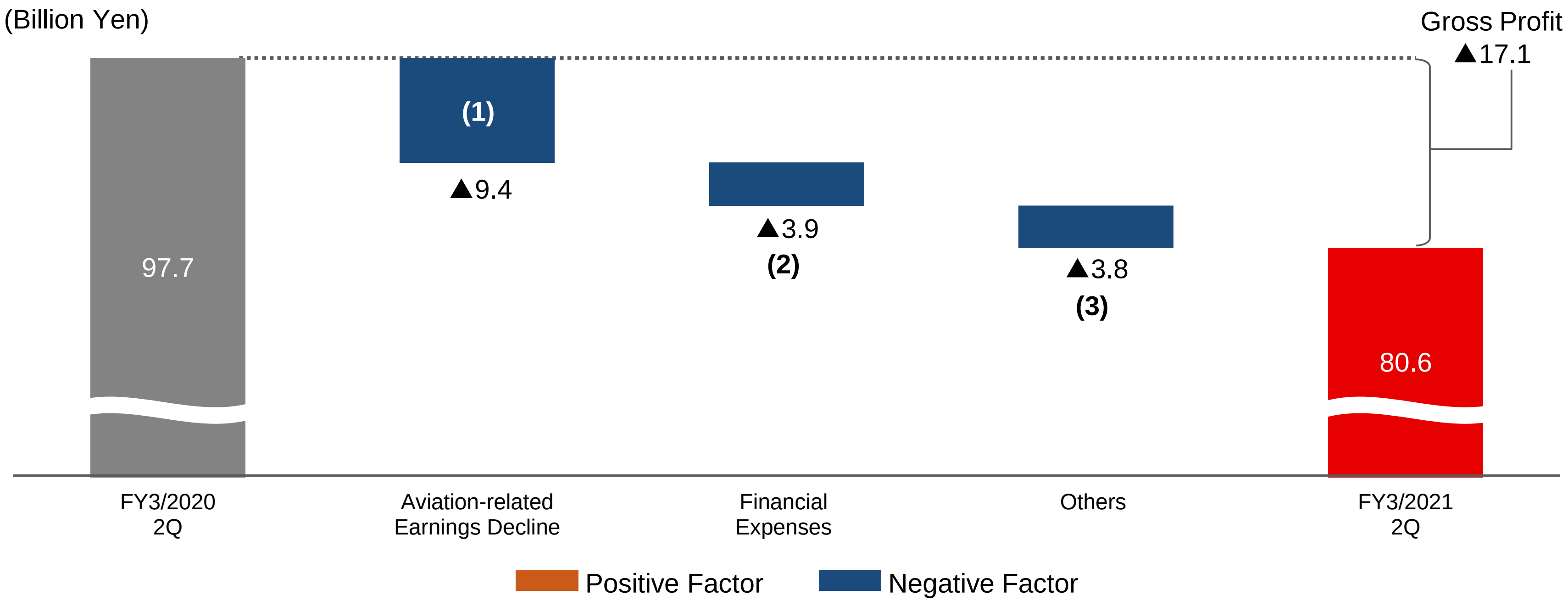
Increase/Decrease in Net Income Attributable to Owners of the Parent



(1) Gross Profit	■ Declined YOY due to a decline in aviation-related earnings and an increase in financial expenses, among other factors (details on page 7).
(2) Operating Expenses	■ Increased YOY. While business activities expenses were down, posted expenses related to the business integration with Hitachi Capital (4.1 billion yen), among other factors.
(3) Credit Cost	■ Posted expenses in aviation-related and Customer Business (primarily overseas), among other factors (refer to page 23).
(4) Extraordinary Income/Loss	■ Increased YOY. In real estate, posted earnings accompanying the contribution of assets to the real-estate revitalization business and on gains on sales of shares held for strategic purposes, among other factors.
(5) Tax Expenses	■ Tax expenses declined on the decline in profits.

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

Factors in the Decrease in Gross Profit



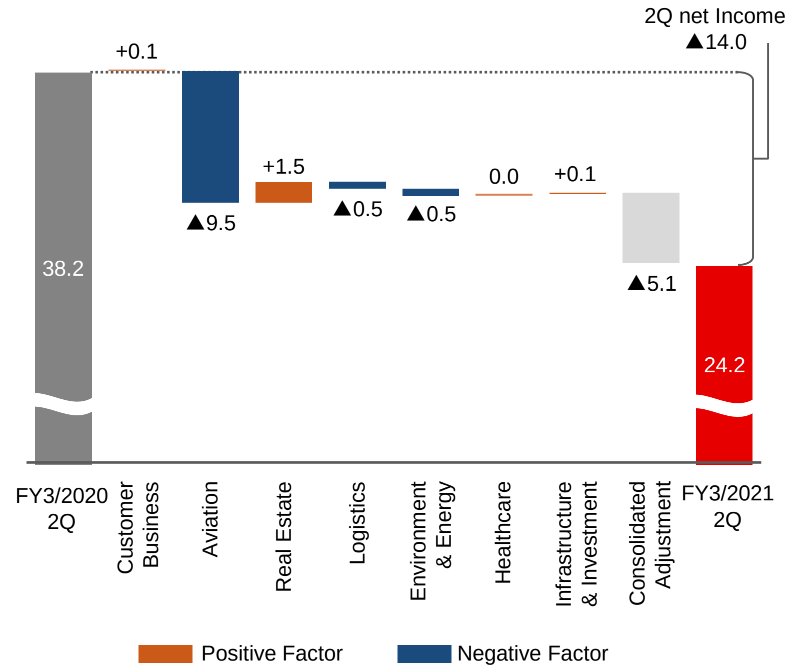
(1) Aviation-related Earnings Decline	■ Due to the spread of the COVID-19 pandemic, a decline in lease revenues (3.0 billion yen) accompanying cessation of payments from airlines in bankruptcy, on a reduction in gains on asset sales (3.3 billion yen) accompanying a marked decline in secondary market liquidity, and the non-recurrence of one-off earnings (1.7 billion yen) from aircraft engine leases posted last year, among other factors.
(2) Financial Expenses	■ Procured funds necessary for business activities this fiscal year sooner than scheduled, including raising long-term funds ahead of schedule given the market environment and other factors.
(3) Others	■ Non-recurrence of gains on assets sales posted last year in environment and energy and real-estate-related businesses and the impact of removing Shinko Lease from consolidated accounts, among other factors.

II. Divisional Updates

Divisional Net Income/Assets

Increase/Decrease in Quarterly Net Income（FY3/2021 2Q）

(Billion Yen)



Factors Impacting Changes in Quarterly Net Income（FY3/2021 2Q）

(Billion Yen)	Increase/ Decrease	Main Factor	Divisions and Businesses Involved
Customer Business	+0.1	Increase in profits after overcoming impact of removing Shinko Lease from consolidated accounts and other factors	Departments and domestic and overseas subsidiaries included in Customer Business, others
Aviation	▲9.5	Decline in lease revenues and sales gains and an increase in credit costs, other, on impact of COVID-19 and other reasons	Aviation Business Department, JSA, ELF
Real Estate	+1.5	Trending steadily on the sale of logistics-related assets, other	Real Estate Business Department, MULP, MURI, MRI, DAF, Miyuki Building, MURA, CPD, others
Logistics	▲0.5	Decline in lease earnings at the railway freight cars, other, on impact of COVID-19 and other reasons	Logistics Business Department, Mobility Service Business Department, BIL, MULR, TKS, MAL, others
Environment & Energy	▲0.5	Non-recurrence of sales gains posted last year	Environment & Energy Business Department, MEI, Solar Energy SPC, others
Healthcare	0.0	Flat YOY	Healthcare Business Department, Japan Medical Lease, HMP, others
Infrastructure & Investment	+0.1	Expand earnings at investment businesses, other	Infrastructure Business Department, Investment Business Department, JII, invested businesses, others
Consolidated Adjustment	▲5.1	Posted expenses related to the business integration with Hitachi Capital and expenses related to fund raising	Head office

(Note) Please refer to page 28 for details of subsidiaries.

	(Billion Yen)		Customer Business	Aviation	Real Estate	Logistics	Environment & Energy	Healthcare	Infrastructure & Investment	Consolidated Adjustment	Consolidated Total
1	FY3/2021 2Q	Quarterly Divisional Net Income Attributable to Owners of the Company	9.7	3.2	14.5	0.3	2.4	0.3	0.0	▲6.5	24.2
2		Divisional Assets*1	2,195.3	1,166.3	969.9	530.9	181.0	152.0	100.2	1.9	5,297.9
3	FY3/2020 2Q	Quarterly Divisional Net Income Attributable to Owners of the Company	9.6	12.8	13.0	0.8	3.0	0.3	0.0	▲1.3	38.2
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 20 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)

Customer Business

Main Figures (Billion Yen)

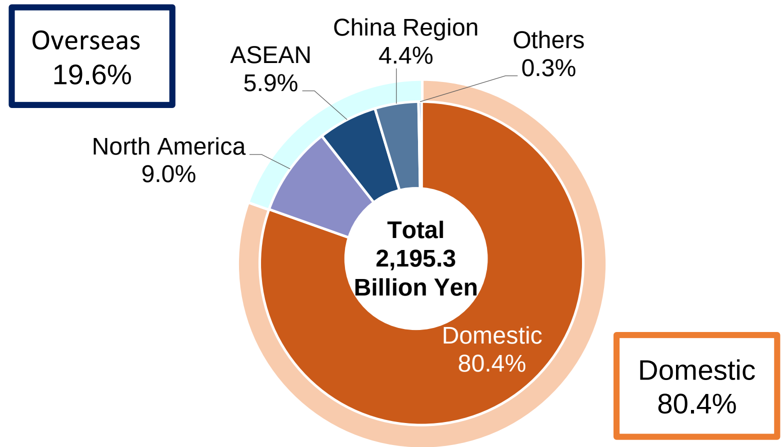
	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	44.4[*1]	40.3	-4.0
Quarterly Divisional Net Income Attributable to Owners of the Company	9.6	9.7	+0.1
New Transactions Volume	418.9	279.2	-139.6
Divisional Assets	2,304.8[*2]	2,195.3	-109.4[*3]

*1 Changed from the figure in FY3/2020 2Q results due to the transfer of consolidated subsidiary TKS from the Customer Business to the Logistics: from 45.2 billion yen to 44.4 billion yen (refer to page 20 for details)
*2 FY3/2020
*3 Divisional assets is a change from FY3/2020.

Breakdown of Divisional Assets (Billion Yen)

	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	2,304.8	2,195.3	-109.4
Domestic	1,862.5	1,765.4	-97.0
Overseas	442.3	429.9	-12.3
North America	199.1	197.7	-1.3
ASEAN	134.0	129.9	-4.0
China Region	102.1	95.7	-6.3
Others	6.9	6.4	-0.5

Divisional Assets by Region (FY3/2021 2Q)



[Definitions]
<u>Divisional Earnings</u>: gross profit (prior to allocation of financial expenses) plus equity-method earnings and dividend income of each division.
<u>Divisional Assets</u>: operating assets plus equity-method investments. Does not include the portion of assets that generate Divisional Earnings (for example, shares held for strategic purposes and small-lot equity investments.)

Aviation

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Main Figures (Billion Yen)

	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	39.0	29.5	-9.4
Quarterly Divisional Net Income Attributable to Owners of the Company	12.8	3.2	-9.5
New Transactions Volume	110.8	67.2	-43.5
Divisional Assets	1,101.7*1	1,166.3	+64.6*2

*1 FY3/2020
*2 Divisional assets is a change from FY3/2020

Breakdown of Divisional Assets (Billion Yen)

	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	1,101.7	1,166.3	+64.6
Aircraft Lease(JSA)	841.6	858.6	+17.0
Engine Lease(ELF)	253.3	256.4	+3.1
Aircraft Lease(MUL)	6.7	51.2	+44.4

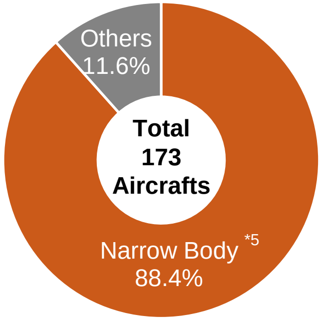
Owned Aviation-related Assets

	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Number of Aircrafts*3(JSA)	168	173	+5
Number of Aircraft Purchased*4	24	6	-
Number of Aircraft Sold*4	14	1	-
Number of Aircraft Engines (ELF)	309	311	+2

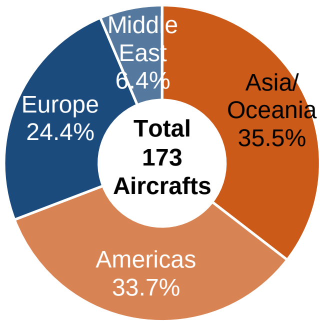
*3 Starting from FY3/2021 2Q results, aircrafts owned by MUL parent of excluded: FY3/2020 170 aircraft→168 aircraft
*4 After consolidated adjustment
(do not match with sales profits/losses for aircraft numbers recognized on the P/L)

JSA's Aircraft Ownership Breakdown (FY3/2021 2Q)

1. By Asset Type

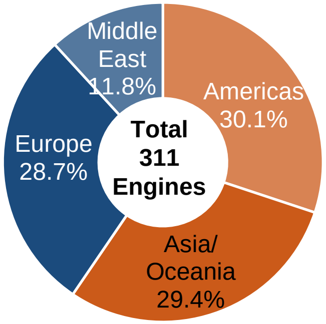


2. By Region



*5 Aircraft used on domestic and short-haul routes
(such as the Airbus A320 Series and the Boeing B737 Series)

ELF's Regional Breakdown of Engine Ownership (FY3/2021 2Q)



Real Estate

Main Figures (Billion Yen)

	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	24.9	25.9	+0.9
Quarterly Divisional Net Income Attributable to Owners of the Company	13.0	14.5	+1.5
New Transactions Volume	172.7	74.2	-98.4
Divisional Assets	976.1*1	969.9	-6.1*2

*1 FY3/2020
*2 Divisional assets is a change from FY3/2020

[Reference] Equity Contribution of Domestic Securitization and Real Estate Revitalization Investment*3*4 (Billion Yen)

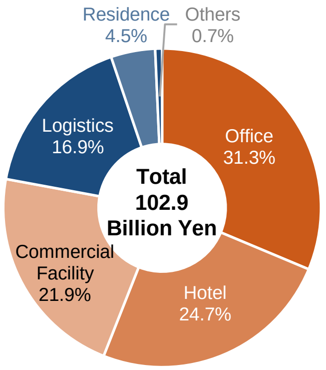
	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	99.2	102.9	+3.7
Domestic Securitization	32.3	32.6	+0.3
Real Estate Revitalization Investment	66.9	70.3	+3.4

Breakdown of Divisional Assets (Billion yen)

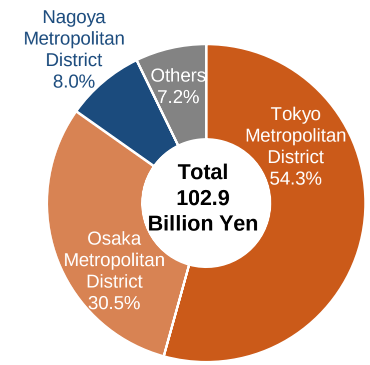
	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	976.1	969.9	-6.1
Real estate leasing	268.4	271.5	+3.1
Other real estate Finance	255.4	247.0	-8.4
Securitization(Debt)	119.7	127.1	+7.3
Domestic	108.1	109.0	+0.9
Overseas	11.5	18.0	+6.4
Securitization(Equity)	54.5	55.6	+1.1
Domestic	40.7	41.2	+0.5
Overseas	13.8	14.3	+0.5
Real estate rental business	107.6	95.1	-12.4
Real estate revitalization investment	170.3	173.4	+3.0

[Reference] Proportion of Equity Contribution of Domestic Securitization and Real Estate Revitalization Investment (FY3/2021 2Q)

1. By Asset Type



2. By Region



*3 Management accounting values (total equity contribution value in domestic securitization and real estate revitalization investments) does not match equity among divisional assets as some investments were turned into consolidated subsidiaries with investments and capital being offset and eliminated in financial accounting processes.
*4 Divisional assets corresponding to domestic securitization amounted to 40.7 billion yen for FY3/2020 and 41.2 billion yen for FY3/2021 2Q while those corresponding to real estate revitalization investments came to 170.3 billion yen for FY3/2020 and 173.4 billion yen for FY3/2021 2Q.

Logistics

Main Figures (Billion Yen)	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	10.5*1	9.7	-0.7
Quarterly Divisional Net Income Attributable to Owners of the Company	0.8	0.3	-0.5
New Transactions Volume	51.4	38.2	-13.2
Divisional Assets	521.4*2	530.9	+9.4*3

*1 Changed from the figure in FY3/2020 2Q results due to the transfer of consolidated subsidiary TKS from the Customer Business to the Logistics: 9.7 billion yen to 10.5 billion yen (refer to page 20 for details)

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

Breakdown of Divisional Assets (Billion Yen)	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	521.4	530.9	+9.4
Marine Containers	219.2	222.7	+3.5
Railway Freight Cars	170.7	180.1	+9.4
Shipping and Others	131.5	127.9	-3.5

Owned Logistics-related Assets*4	December 31, 2019	June 30, 2020	Change from December 31, 2019
Marine Container Fleet (TEU 1,000) *5	1,368	1,390	+22
Number of Railway/Freight Cars	16,544	19,347	+2,803

*4 Management accounting values

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

Environment & Energy

Main Figures (Billion Yen)	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	7.2	7.2	0.0
Quarterly Divisional Net Income Attributable to Owners of the Company	3.0	2.4	-0.5
New Transactions Volume	12.7	23.6	+10.9
Divisional Assets	184.3*2	181.0	-3.3*3

Breakdown of Divisional Assets*6 (Billion yen)	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	184.3	181.0	-3.3
Debt	59.8	50.0	-9.8
Equity	30.1	29.2	-0.9
Power Generation Business Assets	82.9	87.9	+4.9
Others*7	11.3	13.8	+2.4
[Reference] Output count for contributions for which operation has begun*8	541MW	633MW	+92MW

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

*7 Includes equity-method investments

*8 Management accounting values (Equity plus Power Generation Business Assets)

Healthcare

Main Figures (Billion Yen)

	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	2.4	2.6	+0.1
Quarterly Divisional Net Income Attributable to Owners of the Company	0.3	0.3	0.0
New Transactions Volume	22.2	18.7	-3.5
Divisional Assets	152.2*1	152.0	-0.1*2

*1 FY3/2020
*2 Divisional assets is a change from FY3/2020.

Breakdown of Divisional Assets*3 (Billion Yen)

	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Total	152.2	152.0	-0.1
Leases and Installment Sales	106.9	103.8	-3.1
Factoring	24.8	25.2	+0.3
Healthcare-related Loans and Investments	20.4	23.0	+2.6

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

[Reference] Healthcare-related assets under management*4 (Billion yen)

	FY3/2020	FY3/2021 2Q	Change from FY3/2020
Assets Under Management (AUM)	20.3	24.8	+4.4

*4 Management accounting values

Infrastructure & Investment

Main Figures (Billion Yen)

	FY3/2020 2Q	FY3/2021 2Q	YOY
Divisional Earnings	1.2	1.4	+0.2
Quarterly Divisional Net Income Attributable to Owners of the Company	0.0	0.0	+0.1
New Transactions Volume	8.8	2.3	-6.4
Divisional Assets	95.0*1	100.2	+5.2*2

Performance of Overseas Infrastructure Projects

Booking Party	Project Overview	Remarks
MUL	Submarine Power Transmission Business in Germany	In operation
	Wind Power Business in Ireland	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
	Optical Cable Initiative	Completion planned for 2H 2022

III. Forecast for FY3/2021

Forecast for FY3/2021 (1)

- We are seeing patches of clarity in the operating environment for this fiscal year, but it is still hard to say when the impact of the COVID-19 pandemic will burn itself out, and the outlook remains somewhat cloudy. Meanwhile, economic activity domestically and abroad is gradually bouncing back, helped by loose financial policies, which are also dampening market risks.
- In the reference information for FY3/2021 we published in May 2020, we announced reference information on our net income attributable to the owners of the parent at around 35.0-40.0 billion yen, calculated from the standpoint of risk management based on a certain temporary scenario. Thereafter, economic activity has picked up in major countries and measures have been implemented to address the changing environment, so at this point we do not see those risks having the impact that we anticipated in May. In addition, compared with 1H, in 2H we see a more subdued increase in financial expenses, in expenses related to the business integration with Hitachi Capital, among other factors. Based on the above, we estimate FY3/2021 net income attributable to the owners of the parent at 50.0 billion yen.
- Although we expect net income attributable to the owners of the parent to decline due to the extraordinary factor of the spread of the COVID-19 pandemic, in recognition of our basic policy of maintaining an uninterrupted and stable dividend and our track record of having increased our dividend for 21 consecutive terms, our forecast for dividend per share is 25.50 yen, an increase of 0.50 yen YOY.

	(Billion Yen)	FY3/2020	FY3/2021	YOY Change	YOY Change (%)
1	Net Income Attributable to Owners of the Parent	70.7	50.0	-20.7	-29.3%
2	Dividend per Share	¥25.00	¥25.50	+¥0.50	-
3	Payout Ratio	31.5%	45.4%	+13.9P	-

(Note) 1. The above figures are FY3/2021 estimates as of November 11, 2020.
2. The assumed foreign exchange rate for the above figures is $1=105.

Forecast for FY3/2021 (2)

- Following is the status for our businesses in which we foresaw the COVID-19 pandemic having a major impact.

  - Worldwide restrictions on movement are having a major impact on the airline industry. Earnings at airline companies are deteriorating on the sudden decline in passenger demand and their liquidity on hand is shrinking. They are coping through their own efforts, including cutting expenses, reducing or postponing new investment and other measures, together with government support and external fund procurement. The airline industry organization, International Air Transport Association (IATA), forecasts passenger numbers to recover to the 2019 level on domestic routes in 2023 and on international routes in 2024. Meanwhile, looking at the current situation, after bottoming out in April-May the worldwide aircraft operating rate for narrow-body aircraft, which operate mainly on domestic and short-haul routes, has now improved to around 70% of the pre-pandemic rate.

    From late March, our Aviation business as well started receiving requests from many customers for deferments on lease payments on the deterioration of management environment. Thereafter, from May and June, carriers are gradually resuming operations on domestic and short-haul routes. In line with that, customers with which we had deferment agreements in place have renewed their lease payments. At this point, we are receiving lease payments from around 90% of our customers. In addition, our aircraft portfolio consists 90% of younger, narrow-bodied planes which fly mostly domestic and short-haul routes. Plus, stable cash flows from the portfolio can be expected over a prolonged period due to the relatively longer remaining lease contract periods. Currently, due in part to lease expirations being spread out, our ratio of off-lease aircraft is at about 1%, which is unchanged from 1Q of this fiscal year.

  - In Logistics business, demand for marine containers has recovered rapidly since July. On the other hand, demand for railway freight cars was sluggish, but has been on a recovery track after bottoming in July.

Current Situation and Response under the COVID-19 by Division

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		Current Situation (Environmental Changes under COVID-19)	Countermeasures (Undertakings in Response to COVID-19)
Customer Business	**Domestic**	■ New transactions volume has been sluggish due to the deteriorated performance of companies coupled with depressed economic activity and an increased reluctance to invest, but there are signs of recovery. ■ Progress in remote operations and changes in the value chain, starting with an accelerated shift among manufacturers from "selling things" to "selling ideas."	■ Studying and designing "a hybrid business model combining face-to-face and non face-to-face contact" to maintain and strengthen customer contact in a with/after COVID-19 environment. ■ Developing an effective and flexible company-wide business approach that incorporates trends at opposing companies and industry types and transformation in the value chain.
	Overseas	■ New transactions volume has been sluggish and demand for emergency funding among customers has been limited due to provision of liquidity by governments and to many types of assistance programs. ■ There has been a rapid push to move economic activities online due to lockdowns and avoidance of face-to-face meetings in each country.	■ Enhanced business development in Vietnam through investment in VietinBank Leasing Company. ■ US subsidiary: ENGS released online business model (Propel) and is promoting differentiation in business activities in a remote environment.
Aviation		■ We are over the worst, including requests for lease payment deferrals from customers and others, and recently many have renewed payments. ■ New deals are picking up, mainly among blue-chip carriers.	■ Recovering profitability in existing portfolio through direct negotiations based on strong relationships with customers. ■ Rearranging and strengthening of marketing organization in case of unexpected off- leases.
Real Estate		■ Diversification of portfolios is progressing, including real estate leases, securitization financing and revitalization investment among others; continuing to cautiously choose new deals while closely monitoring the impact of COVID-19.	■ Bolstering investment, development, asset management and other functions, and accelerating business development based on a post COVID-19 world. ■ Reshuffling assets, while developing investments which screen for asset type and location of property.
Logistics		■ In marine containers, business is steady, after seeing a sudden surge in demand since July, on adjustments in volumes of loading capacity at container shipping companies, among others. ■ Railway freight volume has been sluggish, but is trending upward since July. ■ The auto lease industry requires monitoring, as passenger transport operators have been damaged by restrictions on population movement, among other factors.	■ In marine containers, making varied investments that are flexible to market conditions and constructing a portfolio that is resistant to market fluctuations. ■ In railway freight cars, shifting to an asset-turnover model while adjusting investments in response to supply and demand. ■ Strengthening the auto lease business and the mobility field. Promoting business cooperation with top players overseas.
Environment & Energy		■ New initiatives are accelerating on increased opportunities for incorporating renewable energy. ■ Revenues from electricity sales are on the rise as projects previously under construction steadily come on line.	■ Promoting entrance into the field of high voltage solar power, where there is ample room for development. ■ Promoting strategic tie-ups and M&A with an eye toward further asset growth and functional expansion.
Healthcare		■ The management environment for hospitals is deteriorating, but cash flow is currently stable, thanks in part to government support, and the occurrences of credit costs have been limited. ■ New transactions volume has been sluggish in 1H, due in part to operational constraints resulting from the impact of COVID-19, but currently are on a recovery track.	■ Capturing the needs for functional integration, bed reorganizations, and rejuvenation needs at hospitals. ■ Bringing forward development of medical and nursing care in the digital field which government policies are also promoting as priority issues.
Infrastructure & Investment		■ In overseas infrastructure, the appetite for social capital and renewable energy remains strong and there is also ample dry powder (assets awaiting investment). ■ In investment, M&A activity is on the upswing. Accelerating corporate carve-outs and business successions and increasing opportunities in distressed businesses.	■ In overseas infrastructure, promoting cooperative businesses with influential partners in focus domains, capturing high-quality deals, accumulating knowledge, developing personnel, and strengthening organization both on the offensive and the defensive front. ■ In investment, strengthening buy-out financing, expanding earnings opportunities by forming cooperative businesses with partners, and laying the organizational groundwork.

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

Impact of Definitional Changes on Results from FY3/2021

- As we announced in our "FY3/2021 1st Quarter Results" published on August 7, 2020, in order to more accurately portray the actual state of our business, we have made the following definitional changes from FY3/2021.

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

Revision Impact in FY3/2020 2Q

(Billion Yen)		FY3/2020 2Q		Impact
		Before Change	After Adjustment	
Divisional Earnings[*1]	Total	129.9	129.9	-
	Customer Business	45.2	44.4	-0.7
	Logistics	9.7	10.5	+0.7
New Transactions Volume	Total	965.5	797.8	-167.6
	Customer Business	548.7	418.9	-129.8
	Healthcare	66.3	22.2	-44.1
	Infrastructure & Investment	2.5	8.8	+6.3
Divisional Assets[*2*3]	Total	5,318.4	5,338.3	+19.9
	Customer Business	2,315.3	2,304.8	-10.5
	Logistics	510.8	521.4	+10.5
	Infrastructure & Investment	75.1	95.0	+19.9

*1 Gross profit (prior to allocation of financial expenses) plus equity-method earnings and dividend income of each division.
*2 Operating assets plus equity-method investments.
*3 FY3/2020

V. Appendix

Details of New Transactions Volume by Division

	(Billion Yen)	FY3/2020 2Q	FY3/2021 2Q	YOY Change	YOY Change (%)
1	**Customer Business**	418.9	279.2	-139.6	-33.3%
2	**Aviation**	110.8	67.2	-43.5	-39.3%
3	**Real Estate**	172.7	74.2	-98.4	-57.0%
4	**Logistics**	51.4	38.2	-13.2	-25.7%
5	**Environment & Energy**	12.7	23.6	+10.9	+85.9%
6	**Healthcare**	22.2	18.7	-3.5	-16.0%
7	**Infrastructure & Investment**	8.8	2.3	-6.4	-73.4%
8	**Volume of All New Transactions**	797.8	503.7	-294.0	-36.9%

Credit Cost

MUL/Subsidiaries

	(Billion Yen)	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2020 2Q	FY3/2021 2Q	YOY Change
1	MUL	-2.9	-0.0	-1.8	2.2	0.7	0.1	-0.6
2	Domestic Subsidiaries	0.4	1.5	0.9	0.6	0.2	0.4	+0.2
3	Overseas Subsidiaries	2.1	0.9	2.1	4.2	1.7	4.4	+2.7
4	Total Net Credit Cost	-0.4	2.4	1.1	7.1	2.7	5.1	+2.3

By Sector

	(Billion Yen)	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2020 2Q	FY3/2021 2Q	YOY Change
5	Real Estate Sector	-0.6	0.7	-1.2	-0.0	0.0	0.0	0.0
6	Manufacturing Sector	-0.1	0.4	1.3	1.2	0.8	-0.1	-0.9
7	Transportation Sector	1.6	0.7	-1.0	0.9	0.0	3.1	+3.0
8	Others*1	-1.3	0.6	2.0	4.9	1.8	2.0	+0.1
9	Total Net Credit Cost	-0.4	2.4	1.1	7.1	2.7	5.1	+2.3

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

Funding Structure

(Billion Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021 2Q	Change from FY3/2020 (%)
1	**Borrowing**	2,395.1	2,444.7	2,492.0	2,863.2	2,890.5	+1.0%
2	**Yen**	1,449.4	1,470.6	1,352.2	1,425.5	1,531.0	+7.4%
3	**Foreign Currency**	945.7	974.1	1,139.8	1,437.6	1,359.5	-5.4%
4	**CP (Commercial Paper)**	835.9	807.4	742.2	762.1	467.0	-38.7%
5	**Securitization**	137.4	165.8	145.8	135.7	119.5	-11.9%
6	**Corporate Bonds**	773.5	833.7	1,060.3	1,169.5	1,297.2	+10.9%
7	**Yen**	452.0	496.0	583.5	763.3	792.3	+3.8%
8	**Foreign Currency**	321.5	337.7	476.8	406.2	504.9	+24.3%
9	**Total Funding**	4,142.0	4,251.7	4,440.3	4,930.6	4,774.4	-3.2%
10	**Foreign Currency Funding Ratio*1**	30.6%	30.9%	37.0%	37.4%	39.1%	+1.7P

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

Financial Performance: Profit & Loss Statement

~Sustainable Growth 2030~

	(Million Yen)	FY3/2017 2Q 16/4～16/9	FY3/2018 2Q 17/4～17/9	FY3/2019 2Q 18/4～18/9	FY3/2020 2Q 19/4～19/9	FY3/2021 2Q 20/4～20/9
1	**Revenues**	403,766	433,510	420,254	468,720	428,186
		-0.0%	+7.4%	-3.1%	+11.5%	-8.6%
2	**Cost of Revenues**	328,257	354,339	344,032	370,966	347,586
		+1.4%	+7.9%	-2.9%	+7.8%	-6.3%
3	**Financial Expenses**	17,146	21,071	22,553	29,125	33,114
		-10.7%	+22.9%	+7.0%	+29.1%	+13.7%
4	**Gross Profit**	75,508	79,171	76,221	97,754	80,600
		-5.7%	+4.9%	-3.7%	+28.2%	-17.5%
5	**SG&A Expenses**	33,304	36,092	37,125	43,353	48,650
		-3.9%	+8.4%	+2.9%	+16.8%	+12.2%
6	**Personnel Expenses**	16,436	17,843	18,089	20,395	20,506
		+3.6%	+8.6%	+1.4%	+12.7%	+0.5%
7	**Non-personnel Expense**	16,313	17,567	17,467	19,875	22,773
		-6.3%	+7.7%	-0.6%	+13.8%	+14.6%
8	**Allowance**	554	681	1,567	3,081	5,371
		-59.7%	+22.7%	+130.2%	+96.5%	+74.3%
9	**Operating Income**	42,204	43,078	39,096	54,401	31,949
		-7.1%	+2.1%	-9.2%	+39.1%	-41.3%
10	**Recurring Income**	44,327	47,012	41,963	55,343	33,182
		-7.6%	+6.1%	-10.7%	+31.9%	-40.0%
11	**Extraordinary Income**	3,122	2,673	6,937	1,128	4,918
		+3,068.9%	-14.4%	+159.5%	-83.7%	+335.9%
12	**Extraordinary Loss**	10	20	855	0	0
		-	+106.3%	+3,983.3%	-	-
13	**Net Income Attributable to Owners of the Parent**	29,173	31,682	32,757	38,278	24,271
		+0.8%	+8.6%	+3.4%	+16.9%	-36.6%

(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 2Q
1	**Cash and Cash Equivalents**	102,011	165,100	195,831	466,228	350,878
		-14.9%	+61.8%	+18.6%	+138.1%	-24.7%
2	**Total Equity**	686,378	731,124	778,582	798,820	794,347
		+6.9%	+6.5%	+6.5%	+2.6%	-0.6%
3	**Total Assets**	5,388,844	5,552,712	5,790,929	6,285,966	6,151,048
		+5.2%	+3.0%	+4.3%	+8.5%	-2.1%
4	**Divisional Assets**	-	-	5,142,614	5,338,325	5,297,968
		-	-	-	+3.8%	-0.8%
5	**Operating Assets*1**	4,876,553	4,910,705	5,060,114	5,248,363	5,201,665
		+5.4%	+0.7%	+3.0%	+3.7%	-0.9%
6	**Equity-Method Investments**	-	-	82,500	89,962	96,302
		-	-	-	+9.0%	+7.0%
7	**Impaired Assets**	34,144	34,892	27,286	24,693	26,131
		+22.3%	+2.2%	-21.8%	-9.5%	+5.8%
8	**Allowance**	16,365	15,658	15,103	13,831	14,007
		+0.4%	-4.3%	-3.5%	-8.4%	+1.3%
9	**Net Balance of Impaired Assets**	17,779	19,234	12,183	10,862	12,123
		+53.0%	+8.2%	-36.7%	-10.8%	+11.6%

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

*1 Change in definition of "operating assets" from FY3/2021 (refer to page 20 for details)

Financial Performance: Balance Sheet (Cont'd)

~Sustainable Growth 2030~

(Million Yen)		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021 2Q
10	**Equity Ratio**	12.2%	12.7%	13.0%	12.4%	12.6%
		+0.2P	+0.5P	+0.3P	-0.6P	+0.2P
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	-

		FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021 2Q
13	**Total Funding**	4,142,073	4,251,769	4,440,352	4,930,692	4,774,418
		+6.0%	+2.6%	+4.4%	+11.0%	-3.2%
14	**Indirect Funding**	2,395,158	2,444,766	2,492,008	2,863,257	2,890,582
		+10.4%	+2.1%	+1.9%	+14.9%	+1.0%
15	**Direct Funding**	1,746,914	1,807,002	1,948,344	2,067,434	1,883,836
		+0.4%	+3.4%	+7.8%	+6.1%	-8.9%
16	**CP**	835,900	807,400	742,200	762,100	467,000
		-2.1%	-3.4%	-8.1%	+2.7%	-38.7%
17	**Securitization**	137,484	165,897	145,842	135,781	119,583
		-18.6%	+20.7%	-12.1%	-6.9%	-11.9%
18	**Corporate Bonds**	773,530	833,705	1,060,302	1,169,553	1,297,253
		+7.9%	+7.8%	+27.2%	+10.3%	+10.9%

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

Major MUL Group Companies

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

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

*1 Includes indirect ownership portions
*2 Vendor finance entity of ENGS Holdings Inc.

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