

Investors' Guide 2023

Mitsubishi HC Capital Inc. (Securities Code: TSE, NSE 8593)

January 2024

This is the material for mainly institutional investors and analysts
to grasp the profile of the Mitsubishi HC Capital group and the business activities by each segment.

Disclaimer

- This presentation contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of Mitsubishi HC Capital Inc. and/or its group companies.
- These forward-looking statements are inherently subject to a number of risks and uncertainties that could cause the actual results, performance, achievements, financial position etc. to differ materially from the information expressed or implied by these forward-looking statements, which is based on assumptions and beliefs in light of information currently available to the management of Mitsubishi HC Capital Inc. at the time of publication. Accordingly, due to various risks and uncertainties, the statements are not a guarantee of future performance or developments. We may not be successful in implementing our business strategy, and management may fail to achieve its targets for a wide range of possible reasons.
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- This presentation is created in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes. If there is any conflict or inconsistency between these two texts, the Japanese text shall prevail.

Definitions of Terms and Figures Used in this Presentation

- Net Income: Net income attributable to owners of the parent
- Segment Profit: Net income by segment
- Segment Assets: Operating assets + equity method investments + goodwill + investment securities, etc.
- The figures in this presentation are for FYE 3/2023 or as of FYE 3/2023, unless otherwise noted.

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I. Overview of the Mitsubishi HC Capital Group

Introduction

- Mitsubishi HC Capital (“we”) was born in April 2021 with the business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital.
- In May 2022, we announced our medium- to long-term management directions, in which we set Our 10-year Vision, “Together we innovate, challenge and explore the frontiers of the future.” Toward realizing the vision, we seek to operate business and expand services by maximizing the potential of tangible and intangible assets, and thereby continue to take on the challenge of creating new social value which only our group can do.
- The two-year post-merger integration process, established at the time of the merger, has been successfully accomplished. This fiscal year, ending March 2024, marked the kick-off of our first post-integration Medium-term Management Plan (“2025 MTMP”). This signifies an excellent starting point for the new company as we move to a next phase of further growth.

Global Network



**More than 20
countries and
regions**

Number of Employees



8,648
(on a consolidated basis)

External Credit Ratings

Moody's
A3

S&P
A-

JCR*1
AA

R&I*2
AA-

**The top tier of the
leasing industry**
(Long-term ratings/
as of December 31, 2023)

Total Assets



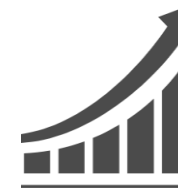
JPY10.7Tn

Net Income



JPY116.2Bn

Continuous Dividend Increases



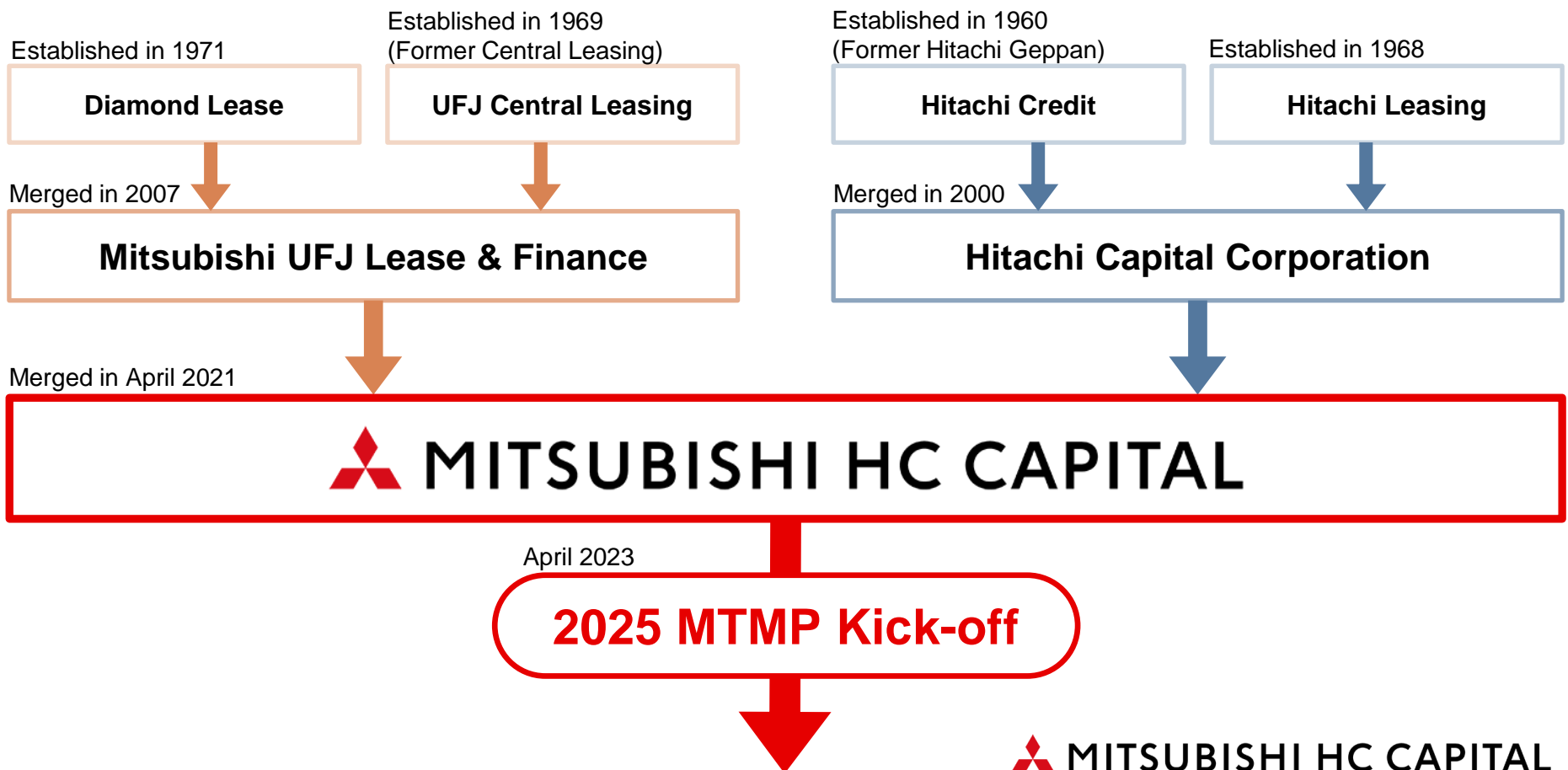
**24 consecutive
years**
(Results up to FYE3/2023)

*1 Japan Credit Rating Agency, Ltd.

*2 Rating and Investment Information, Inc.

History

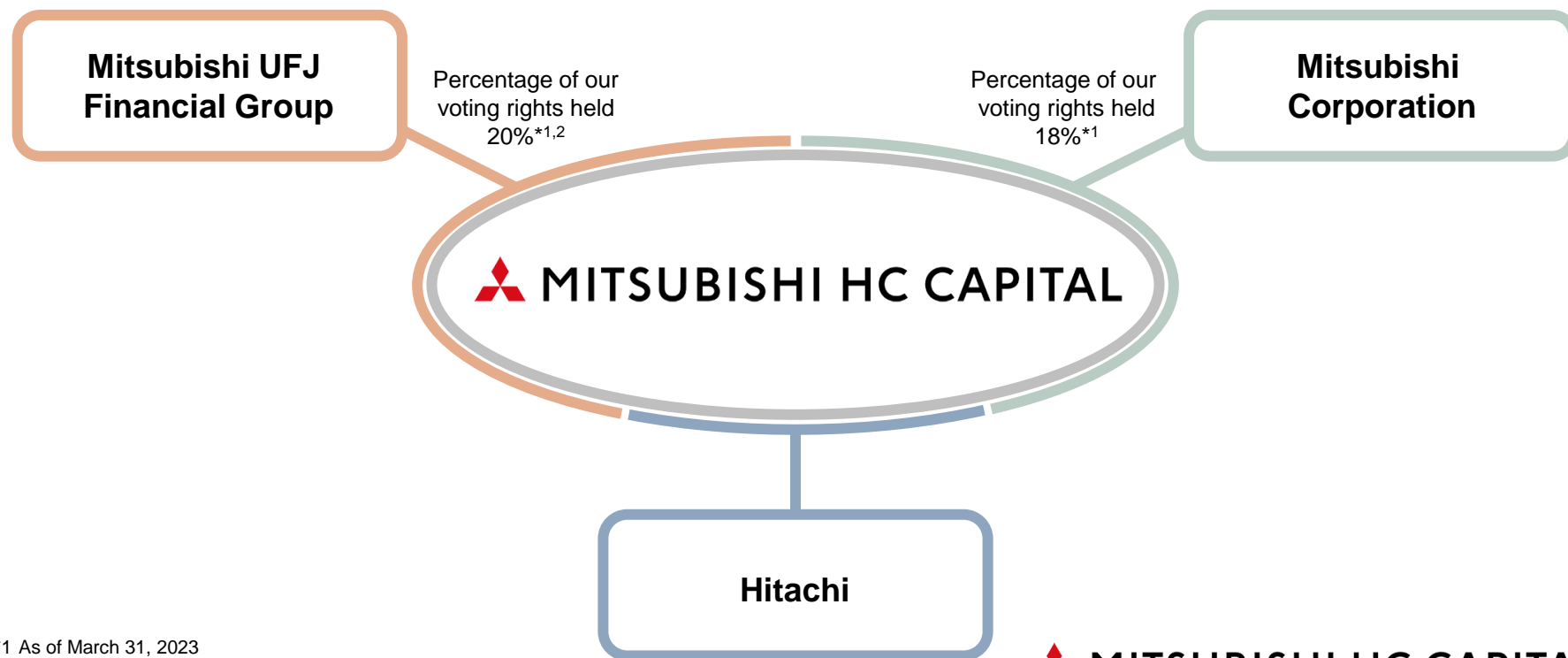
- Since before the business integration, Mitsubishi UFJ Lease & Finance, a bank- and trading house-affiliated leasing company, and Hitachi Capital, a manufacturer-affiliated leasing company, had developed their respective businesses in a wide range of fields globally and cultivated unique strengths and knowledge.
- Now united as Mitsubishi HC capital, the two companies work to create new value and solve diverse customer and social issues by combining the strengths they had each developed.



Strengths of Our Group ①

Robust Relationships with Partners and Customer Bases

- We are an equity method affiliate of Mitsubishi UFJ Financial Group and Mitsubishi Corporation, with both of which we have formed a strategically important partnership centering around collaboration in business activities.
- We have also developed an important financial partnership with Hitachi Group.
- One of the strengths of our group is the strong customer and business bases developed through different backgrounds from former bank- and trade house-affiliated and manufacture-affiliated companies.
- In addition, by utilizing our network with powerful domestic and overseas partners in a wide range of industries, we are widely implementing highly specialized businesses around the world.



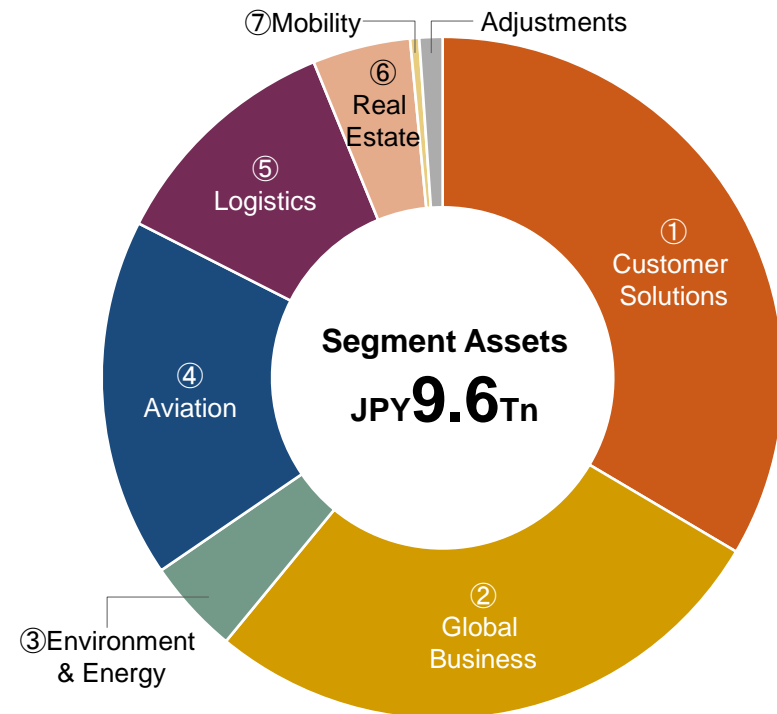
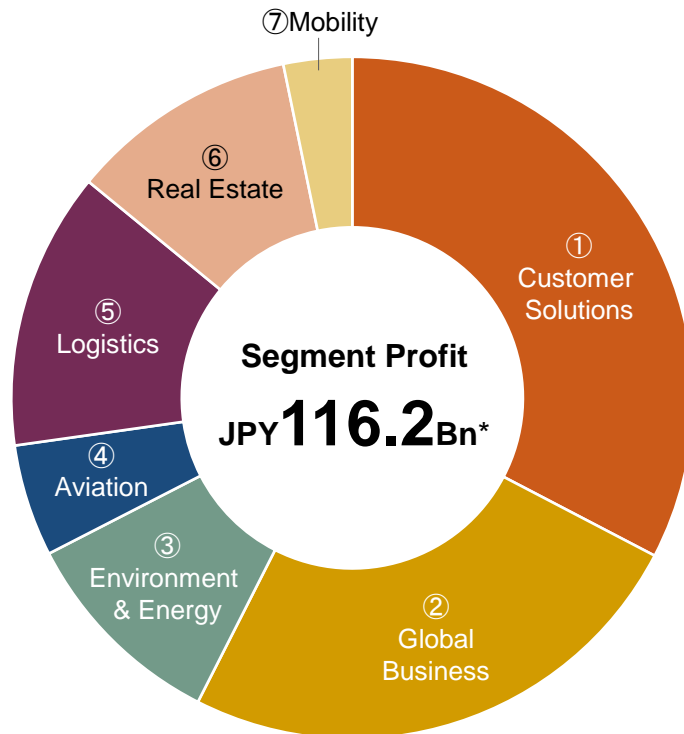
*1 As of March 31, 2023

*2 Including shares indirectly held

Strengths of Our Group ②

Diversified Portfolio

- Our seven segments own high-quality assets that are well-diversified across business domains and regions. With these assets, we have developed a portfolio highly resistant to macro-environmental changes.
- ① Customer Solutions and ② Global Business, which mainly deal with the company's original business, financing business, are both positioned as stable earning bases established on our robust customer bases.
- Recently, we have developed a more profitable portfolio by strengthening the five segments (③~⑦) of specialized business domains.

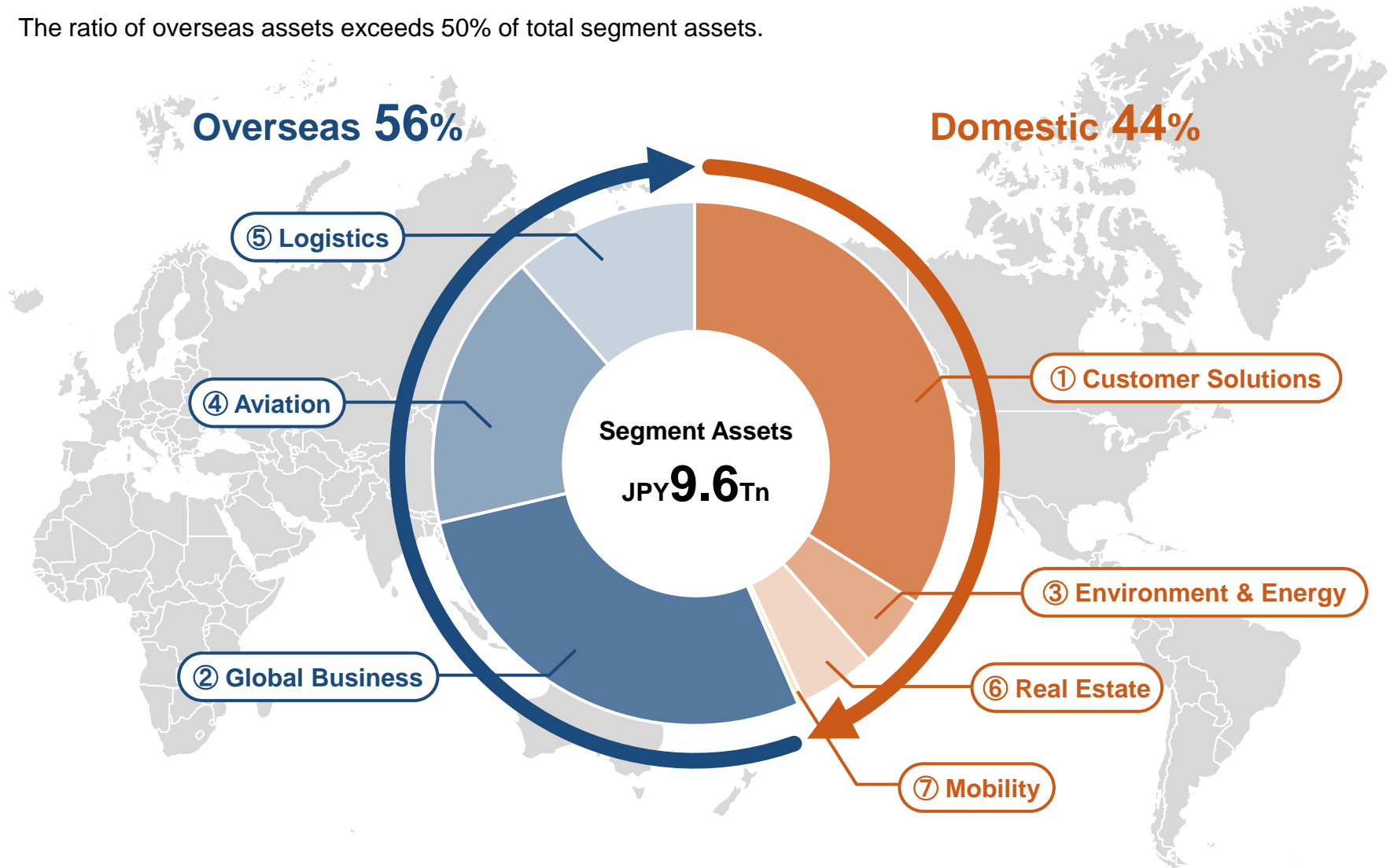


* Including an adjustment of -0.6 billion yen

(Reference)

Ratios of Domestic and Overseas Assets in Our Portfolio

■ The ratio of overseas assets exceeds 50% of total segment assets.








(Note) Approximate ratios are shown by counting the Customer Solutions, Environment & Energy, Real Estate, and Mobility segments as domestic, and the Global Business, Aviation, and Logistics segments as overseas, but some segments include both domestic and overseas assets and actual ratios differ from the above.

Strengths of Our Group ③

High External Credit Ratings and Robust Funding Base

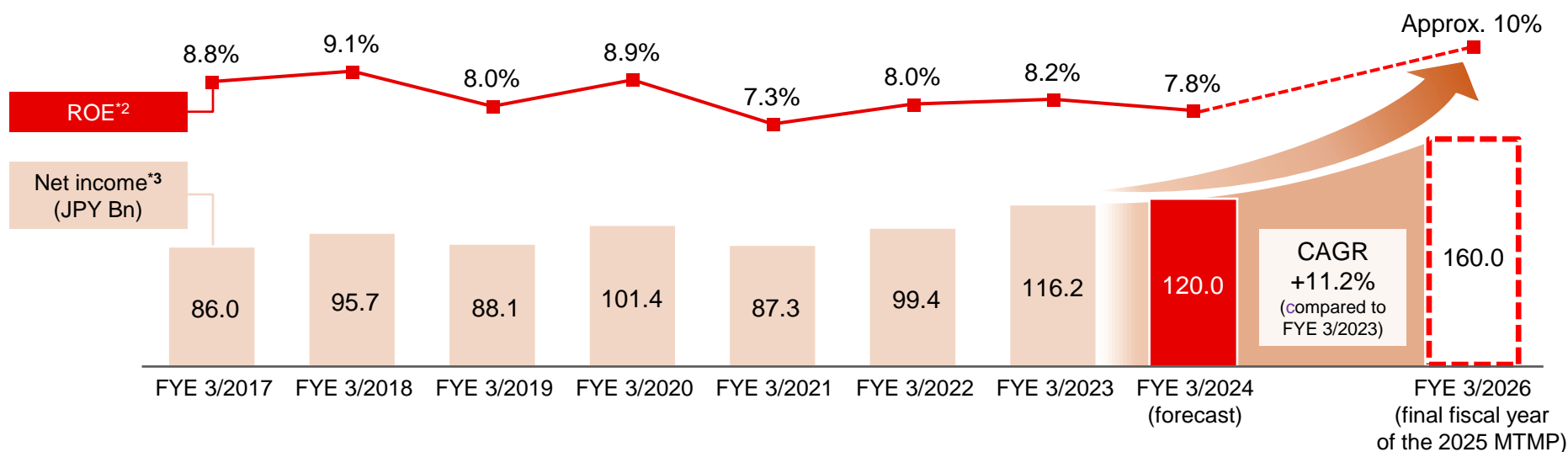
- With industry leading credit ratings obtained from external agencies globally, we have a robust funding base, which serves as a source of competitiveness.
- R&I raised our long-term credit rating in March 2021 (from A+ to AA-), highly evaluating our robust financial base developed through the management integration.
- Besides external credit ratings, we have been selected for socially responsible investment (SRI) indexes such as the FTSE4Good Index Series, as a company with excellent environmental, social and governance (ESG) performance.

External Credit Ratings (Long-term)*		Selection as an Index Stock for SRI*	
Japan Credit Rating Agency (JCR)	AA	  	
Rating and Investment Information (R&I)	AA-		
Moody's	A3	 	
S&P	A-		

* As of December 31, 2023

Progress of Business Results

- We have been able to achieve stable growth in profits over the long term, despite significant changes in the business environment surrounding us, such as the COVID-19 pandemic. (CAGR^{*1} of net income for the past seven years: 5.1% (based on reference values))
- Net income for FYE3/2024 is forecast to be 120.0 billion yen.
- Financial targets for the final fiscal year of the 2025 MTMP (FYE 3/2026) are net income of 160.0 billion yen, ROA of approx. 1.5%, and ROE of approx. 10%. (For the details of the 2025 MTMP, please see pages 22 onwards.)



		FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024	FYE 3/2026 (final fiscal year of the 2025 MTMP)
1	Net Income ^{*3} (JPY Bn)	86.0	95.7	88.1	101.4	87.3	99.4	116.2	120.0	160.0
2	ROA ^{*2}	1.0%	1.1%	1.0%	1.0%	0.9%	1.0%	1.1%	1.1%	Approx. 1.5%
3	ROE ^{*2}	8.8%	9.1%	8.0%	8.9%	7.3%	8.0%	8.2%	7.8%	Approx. 10%

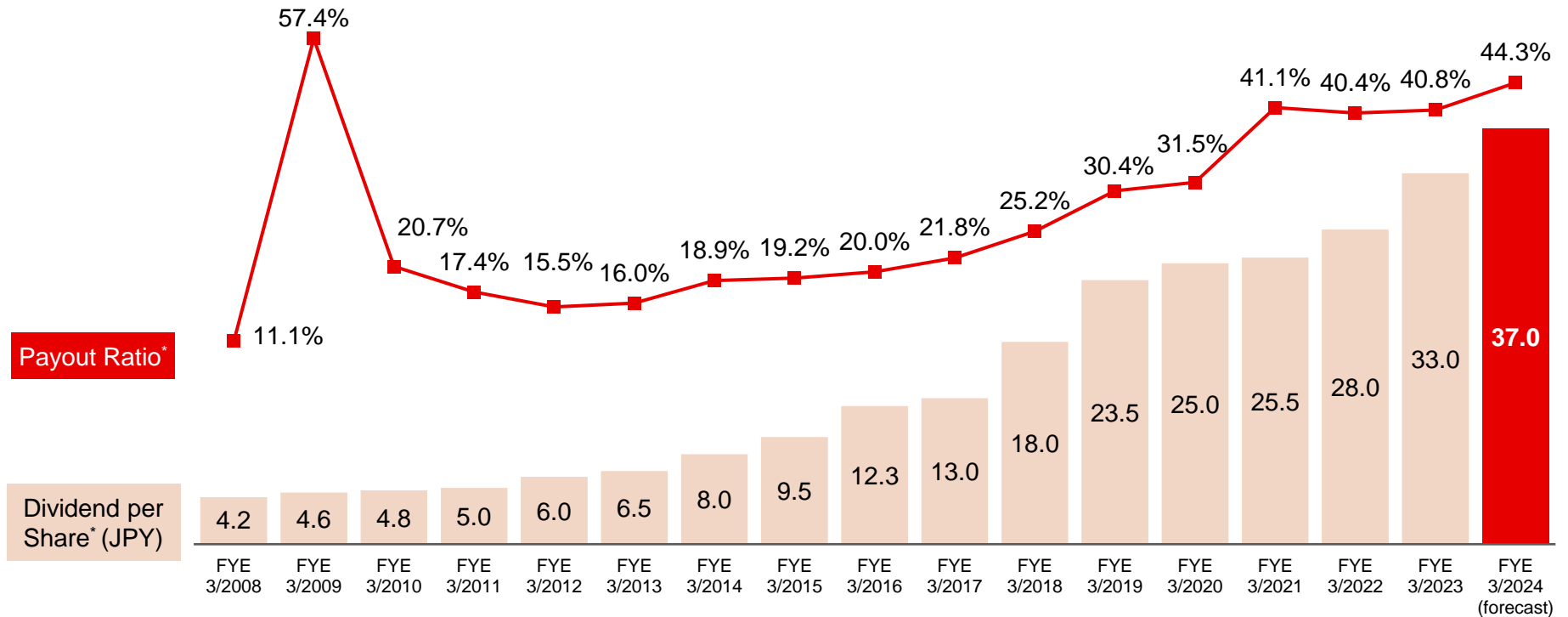
^{*1} Compound Annual Growth Rate

^{*2} Net income is used for the calculation of ROA and ROE

^{*3} Figures for FYE 3/2017 to FYE 3/2021 are simple sums of Mitsubishi UFJ Lease & Finance's (net income attributable to owners of the parent) and Hitachi Capital's (net income attributable to owners of the parent)

Progress of Dividends

- Dividends increased for 24 consecutive years up to FYE 3/2023.
- The annual dividend per share for FYE 3/2024 is forecast to increase by 4 yen to 37 yen, marking 25 consecutive years of increased dividends.
- Our policy is to return profits to shareholders by distributing dividends and increase the total amount of dividend payment through profit growth. The payout ratio during the 2025 MTMP (from FYE 3/2024 through FYE 3/2026) is targeted to be 40% or more.

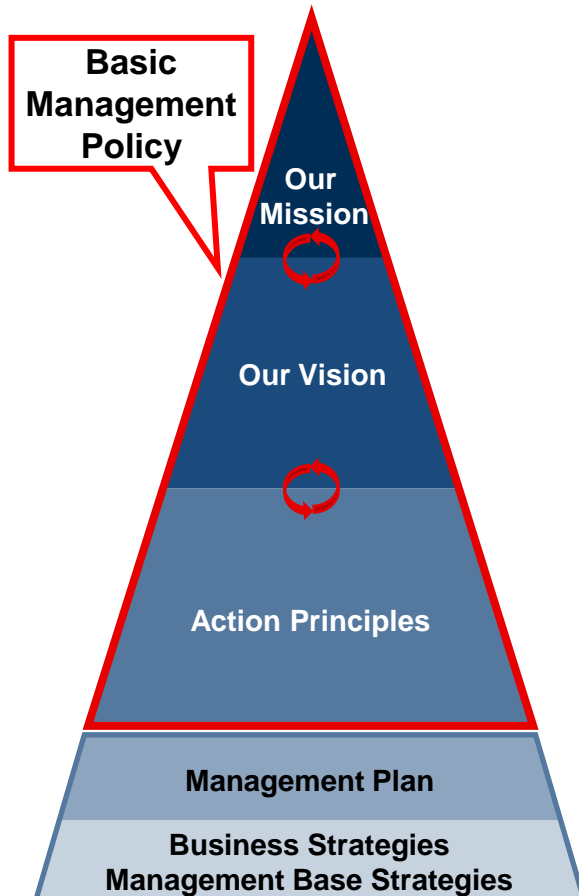


* Mitsubishi UFJ Lease & Finance's results from FYE 3/2008 to FYE 3/2021

II. Basic Management Policy

Basic Management Policy

- “Basic Management Policy” consists of “Our Mission”, “Our Vision” and “Action Principles”.
- Our Mission is “Our long-term goal”, Our Vision is “Objectives to achieve our long-term goal”, and Action Principles is “Values and mindset to be held” and “actions to be taken” by each and every employee”.



Our Mission

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

Our Vision

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

Action Principles

- Challenge: Challenge ourselves to look forward to the future with a sense of responsibility and commitment.
- Digital: Drive digital innovation and expertise.
- Communication: Communicate openly and honestly to build mutual understanding and trust.
- Diversity: Embrace diversity and respect each other.
- Sustainability: Act in harmony with people, society and the earth to create a sustainable world.
- Integrity: Maintain the highest standards of ethics and integrity.

Materiality of Our Group (Priority Key Challenges)

- We have identified the following six materiality as priority key challenges which must be addressed to achieve the sustainable development of our group.

Promote a Decarbonized Society

Efforts to realize a decarbonized society have been globally recognized as an urgent issue, and our group can significantly contribute to solving this challenge through its services and solutions, such as renewable energy investment and EV promotion.

Relation to SDGs



Realize the Circular Economy

Our group aims to contribute to creating a circular economy by reducing waste, not only within our group but also in society through maximizing the potential of assets. As a leader in the leasing industry, our group believes this issue is highly material.

Relation to SDGs



Establish Resilient Social Infrastructure

Our group recognizes that it has opportunities to support infrastructure projects in Japan that require repair and rebuilding, as well as develop infrastructure in overseas countries with active collaboration between various partners and create smart cities.

Our group will contribute to the diversification, enhancement and optimization of the business through establishing systems and providing services for supporting the collaboration between companies.

Relation to SDGs



Realize Healthy Lifestyles that Promote Positive Wellbeing

It is vital for stakeholders that our group recognizes the importance of health, safety, and physical and mental wellbeing for realizing a prosperous future.

Valuable human resources are key to the value and trust in our corporate activities. Securing and utilizing human capital, and similar actions are highly important.

Relation to SDGs



Create Businesses Utilizing the Latest Technologies

Both financing for the purpose of the digital transformation of customers providing solution by internal and external digital technologies promote to develop new business models. Our group identifies this for highly material opportunities for diversified and innovative business creation.

Relation to SDGs



Collaborate with Partners Locally and Globally

Our group should create synergies with local partners and find new opportunities inside and outside of Japan, meeting individual needs through community-based efforts. Our group can realize mutual benefits in developing society by utilizing its integrated capabilities.

Relation to SDGs



This page is a concise summary of our group's materiality. For more information, please visit our website.

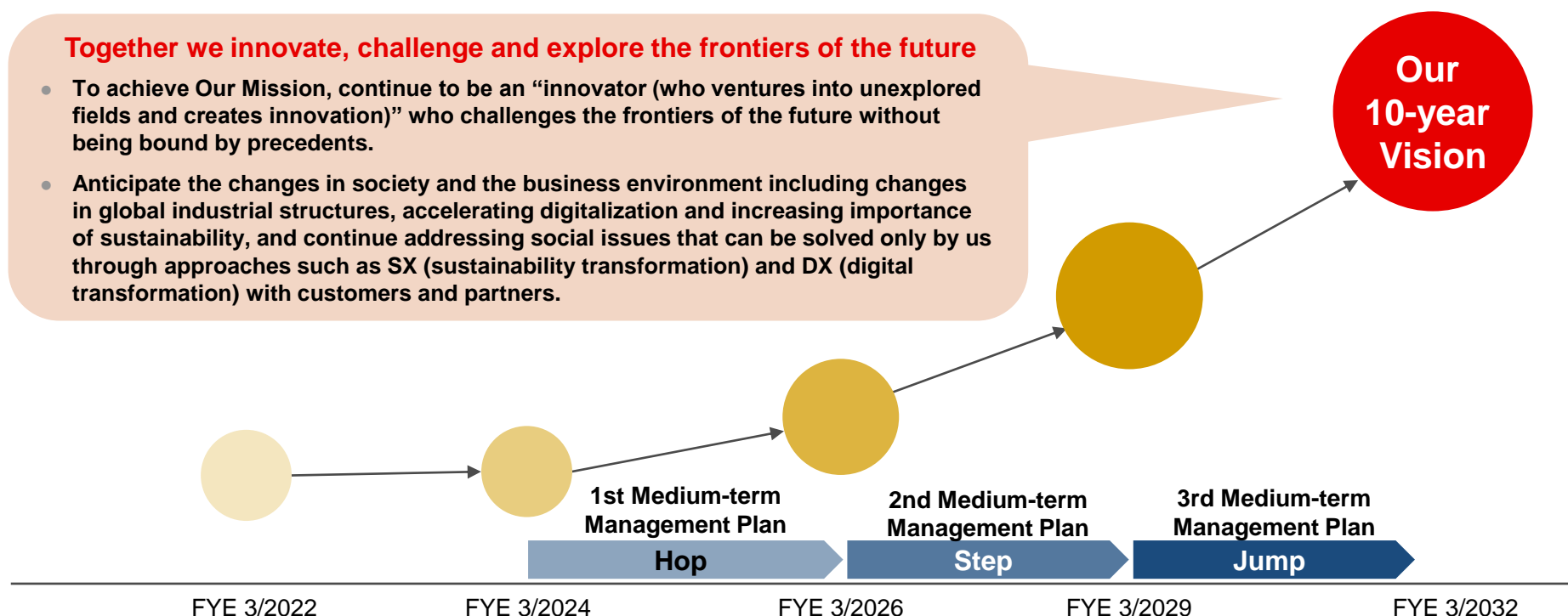
[URL] <https://www.mitsubishi-hc-capital.com/english/sustainability/materiality.html>

Our 10-year Vision

- We have defined Our 10-year Vision as a milestone to achieve our long-term goal. It shall serve as a compass to navigate by toward achieving Our Mission over the course of the three Medium-term Management Plans (“hop”, “step”, and “jump”).
- The 2025 MTMP, which began in FY2023, is positioned as the “hop” plan. We will work on “sowing seeds” and “gaining a solid foothold” leading to a leap to the “step” and “jump” plans. (For the details of the 2025 MTMP, please see pages 22 onwards.)

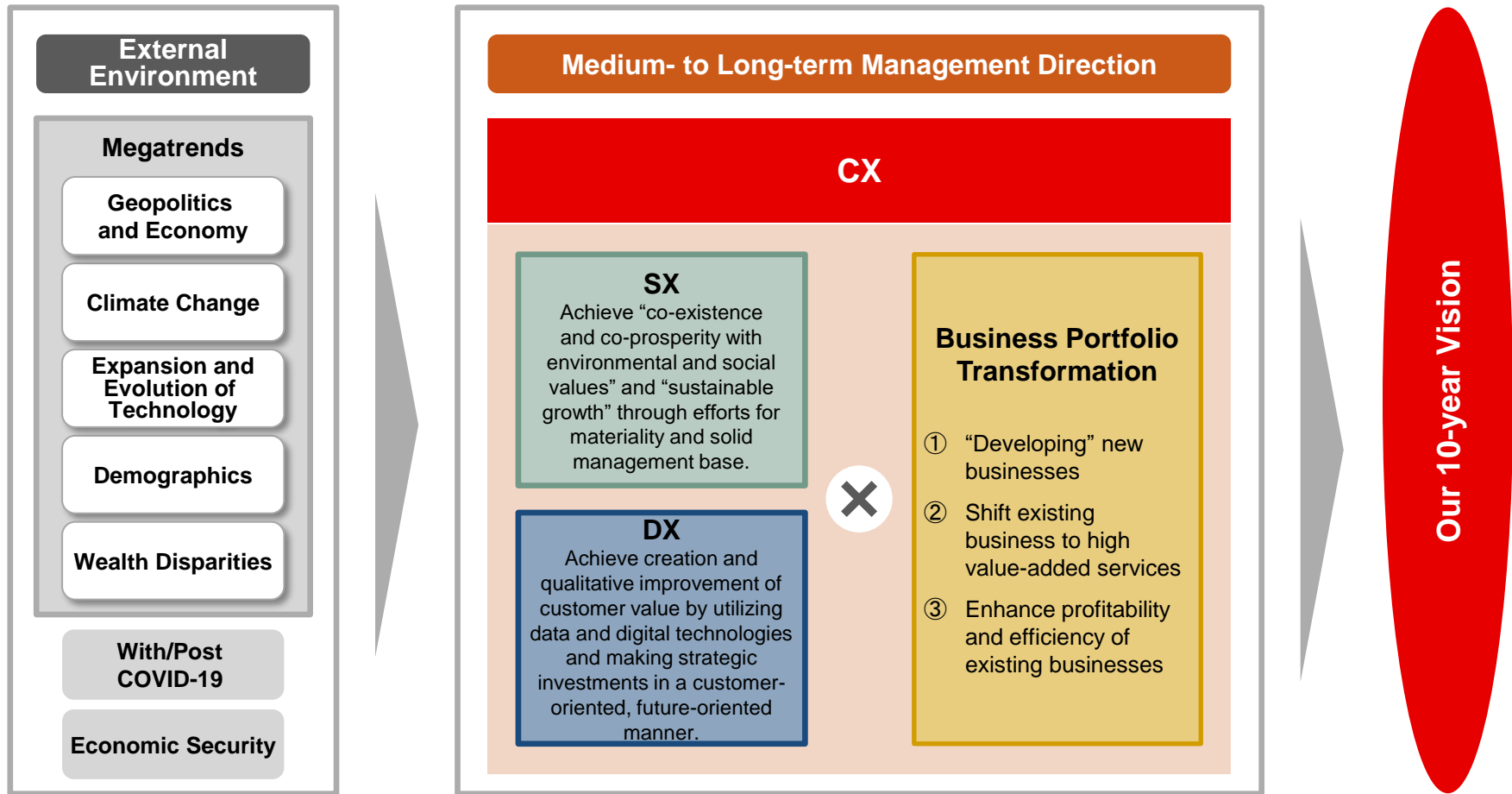
Together we innovate, challenge and explore the frontiers of the future

- To achieve Our Mission, continue to be an “innovator (who ventures into unexplored fields and creates innovation)” who challenges the frontiers of the future without being bound by precedents.
- Anticipate the changes in society and the business environment including changes in global industrial structures, accelerating digitalization and increasing importance of sustainability, and continue addressing social issues that can be solved only by us through approaches such as SX (sustainability transformation) and DX (digital transformation) with customers and partners.



Medium- to Long-term Management Direction

- We will achieve Our 10-year Vision by promoting CX*¹ through SX*² / DX*³ and business portfolio transformation.



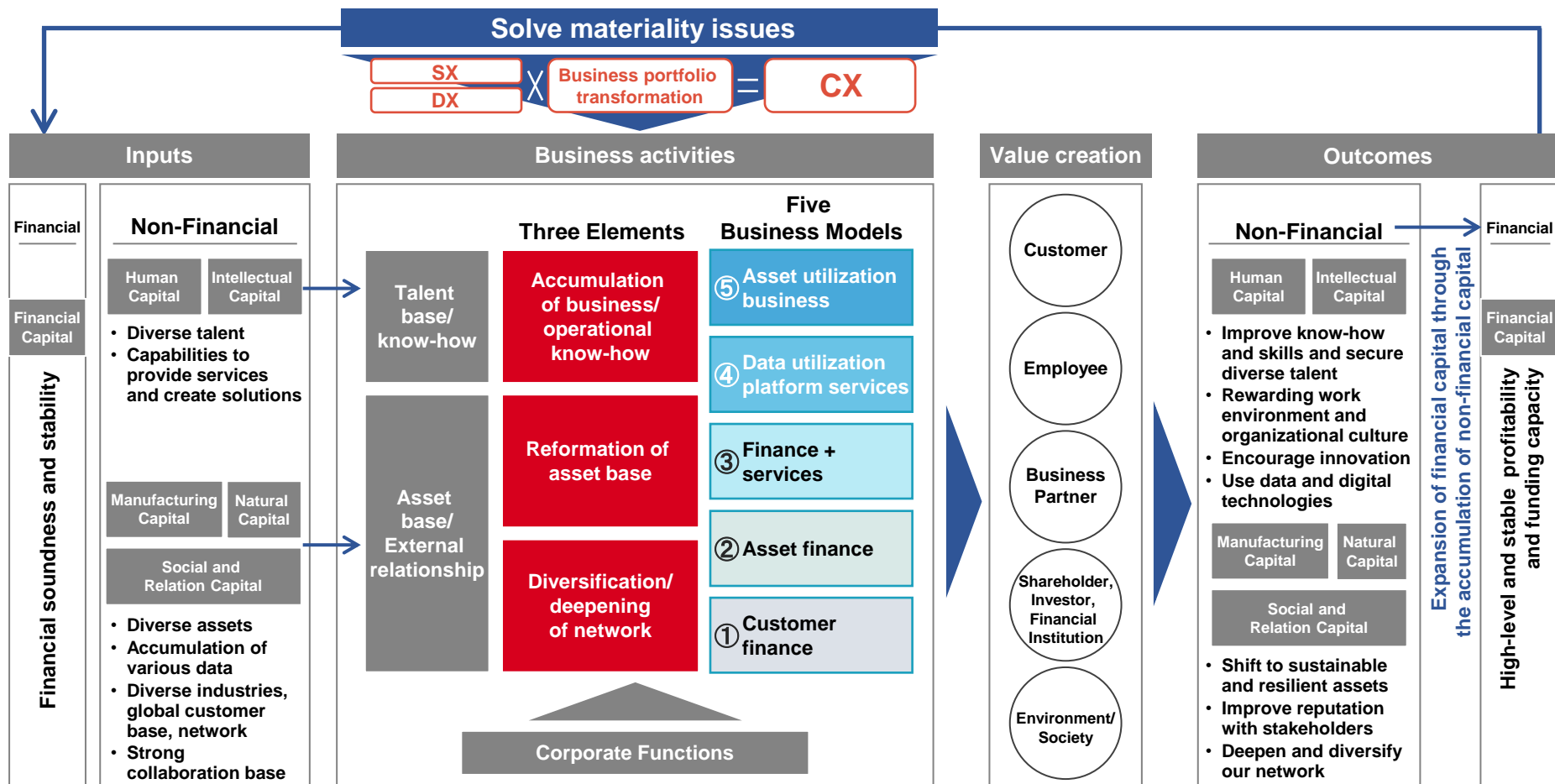
*1 CX: Corporate Transformation

*2 SX: Sustainability Transformation

*3 DX: Digital Transformation

Value Creation Process

- Our value creation process below shows the flow of how inputting capital and creating value for each stakeholder through business activities accumulates non-financial capital and expands financial capital while realizing CX and solving materiality issues.



Initiatives on SX

- Efforts toward sustainability-among them, protecting the global environment, respecting human rights, developing human resources, and embracing diversity-are essential responsibilities to society that corporations should fulfill. Our group has been building partnerships with numerous stakeholders globally, aiming to solve social issues by co-creating value leveraging such relationships.

Environmental Initiatives

Our group has announced its policy to “contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets” as Our Mission. As part of the efforts for realizing Our Mission, it has set the environmental policy and is promoting initiatives to address environmental issues.

Promote a
Decarbonized
Society



- Our group is aware of the importance of earning the trust of stakeholders through proper disclosure of information, and supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- It has set a Group Greenhouse Gas reduction target in line with the Paris Agreement and is proactively promoting the transition to a decarbonized society, recognizing this as a good opportunity.

<Our Group's Target for Reduction of Greenhouse Gas Emissions>

	Short term (Every year)	Medium term (to FY2030)	Long term (to FY2050)
Scope1 and Scope 2	Energy usage in Japan Reduction by 1% YoY	Reduction by 55% compared to FY2019	Net zero

Realize the
Circular Economy



- Leveraging our long and abundant track records accumulated in the used equipment market, we are engaged in the purchase and sales of various used machinery and equipment such as semiconductor manufacturing devices and medical devices.
- We propose the effective use of used machinery and equipment in which market value is appropriately reflected by using the nationwide information network. Thus, we contribute to reducing waste and working to realize a circular economy that fully utilizes the new value of assets.

Initiatives on SX (Cont'd)

Initiatives on Address Social Issues

Our group recognizes that human rights and labor practices are important issues for achieving its mission and expanding its business footprint globally. We strive to carry out business activities while respecting the human rights of all people.

Respect for Human Rights, Human Rights Initiatives



- In September 2022, we formulated our Human Rights Policy based on the Guiding Principles on Business and Human Rights established by the United Nations.
- In November 2023, we began to implement human rights due diligence. In designing the system, we incorporated two factors: screening of business partners based on information of human rights violation and elimination of human rights violation risk through dialogues (engagement) with business partners.
- Education and enlightenment programs related to human rights are provided to employees, and training programs for operations in charge are conducted as well.

Initiatives on Human Capital

We aim to secure the sufficient level of human capital necessary for realizing SX and DX, both in terms of quality and quantity, as well as business portfolio transformation and achieving the management indicator goals of our group.

Efforts on Human Capital



- Aiming to secure and utilize human capital (qualitatively transform the abilities and increase the number of talent), we have set medium- to long-term themes to be achieved, which are the enhancement of our talent portfolio and improvement of employee engagement.
- To realize our strategy to expand business across the border of leasing services and financial services, we focus on providing education for each level of talent to promote global, DX, and diversity initiatives, as well as the development of global and digital talent and recruitment and development of professional talent.
- Positioning the promotion of diversity and inclusion as an important management strategy, we are promoting various initiatives such as the empowerment of female employees, recruitment and development of people with disabilities, realization of work-life balance, and child-rearing support.

Visit our website for special pages on sustainability, in addition to the Integrated Report and ESG Data.

[URL] <https://www.mitsubishi-hc-capital.com/english/sustainability/index.html>

Initiatives on DX

- At our group, we aim to achieve the creation and qualitative improvement of customer value by utilizing data and digital technologies. With the key points being the power of human capital, the ability to provide customer value, and productivity, we are working on the following initiatives.

Classification	Initiatives	Example	
Building a foundation	(1) Developing and acquiring DX talent	<ul style="list-style-type: none"> Company-wide DX talent development (raise the baseline for DX literacy) Develop and acquiring DX experts 	<ul style="list-style-type: none"> Support DX talents' activities and initiatives, providing output opportunities
	(2) Developing a base for the DX frameworks	<ul style="list-style-type: none"> Aggressively investment in DX Build a framework that supports DX 	<ul style="list-style-type: none"> Save time by dramatically improving operational efficiency
Creating results	(3) Building an aggressive DX framework	<ul style="list-style-type: none"> Improve sales efficiency and strengthen customer base Provide new customer value by leveraging our customer base and data 	<ul style="list-style-type: none"> Strengthen frontline capabilities to generate and propagate seeds
	(4) Developing new businesses	<ul style="list-style-type: none"> Strengthen the development framework for developing new businesses and products Strengthen DX partnership and network 	<ul style="list-style-type: none"> Promote the businesses and product development

Examples of business using DX

Participation in a business aimed at DX of the warehousing industry

- We Invested in a newly established subsidiary of Mitsubishi Corporation, which undertakes the warehouse DX operations that have been developed by Mitsubishi Corporation.
- Through cross-industry partnerships, we will solve the challenges facing the warehouse industry.

Conclusion of a capital and business alliance with a company engaged mainly in the research and development of robot services for the food industry

- We have signed a capital and business alliance with Connected Robotics Inc.
- The two companies will contribute to improving the productivity of the food industry by establishing an environment that makes it easier for customers to utilize robotics and promoting efficiency using DX.

Initiatives on Business Portfolio Transformation

- We are working on “Portfolio Management” and “Evolution and layering of business models” to achieve “Business Portfolio Transformation”.

Portfolio Management

Withdraw decisively from businesses that will not contribute to enhancing corporate value in the future and optimize the business portfolio, thus achieving sustainable growth and enhancing medium- to long-term corporate value.

- Review what our businesses should be like from a medium- to long-term perspective and promote new investments through strategic allocation of management resources.
- Evolve management with recognition of capital cost to create medium- to long-term returns.
- Pursue capital efficiency through balance sheet optimization with an awareness of the finite nature of management resources (including capital, funds, and talent).

Evolution and layering of business models

We will advance the “Evolution and layering of business models” by carrying out mainly the following three initiatives at the same time.

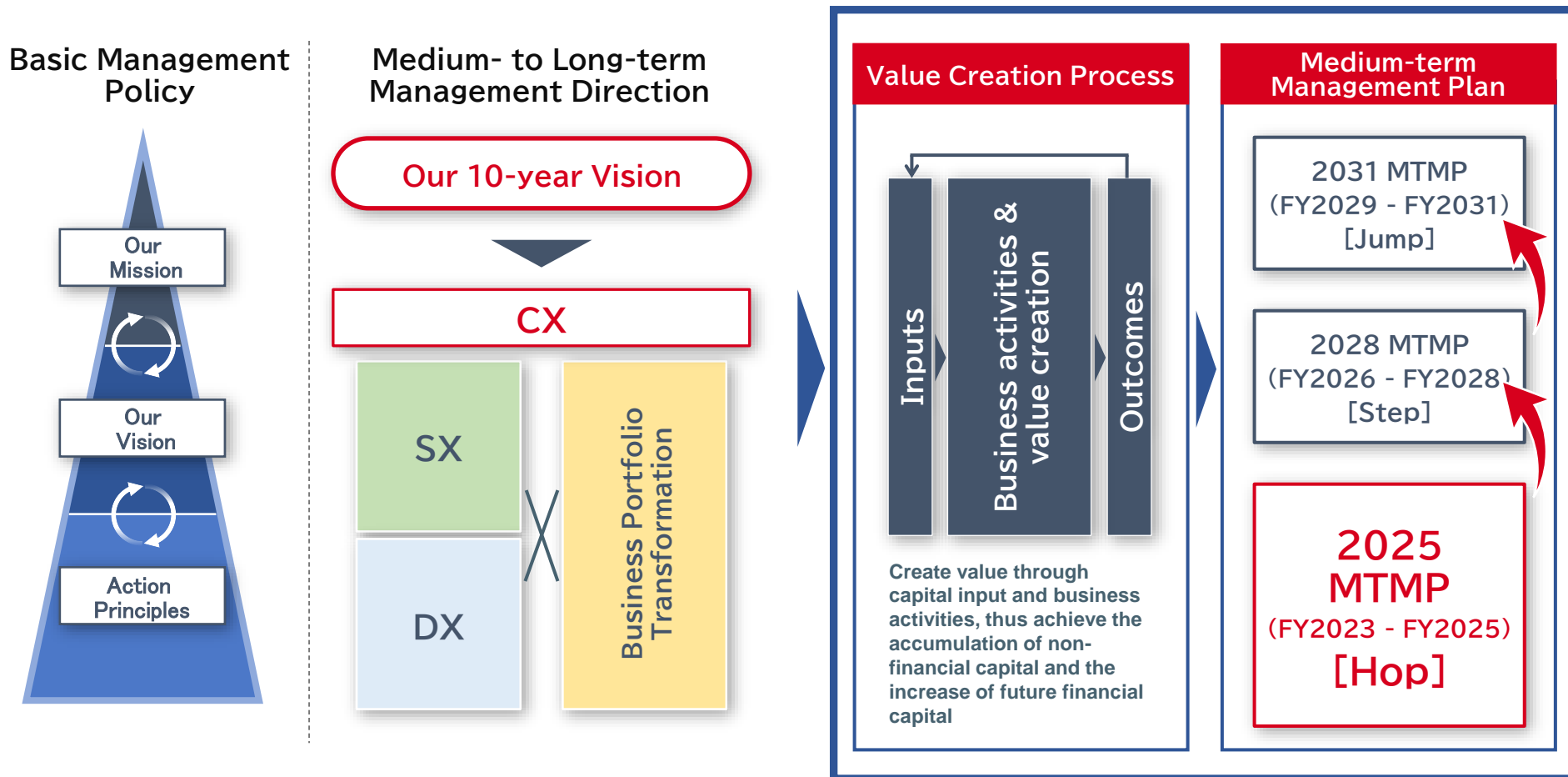
(For the details of “Evolution and layering of business models”, please see page 27,28.)

- Develop new businesses
- Shift existing businesses to high value-added services
- Enhance profitability and efficiency of existing businesses

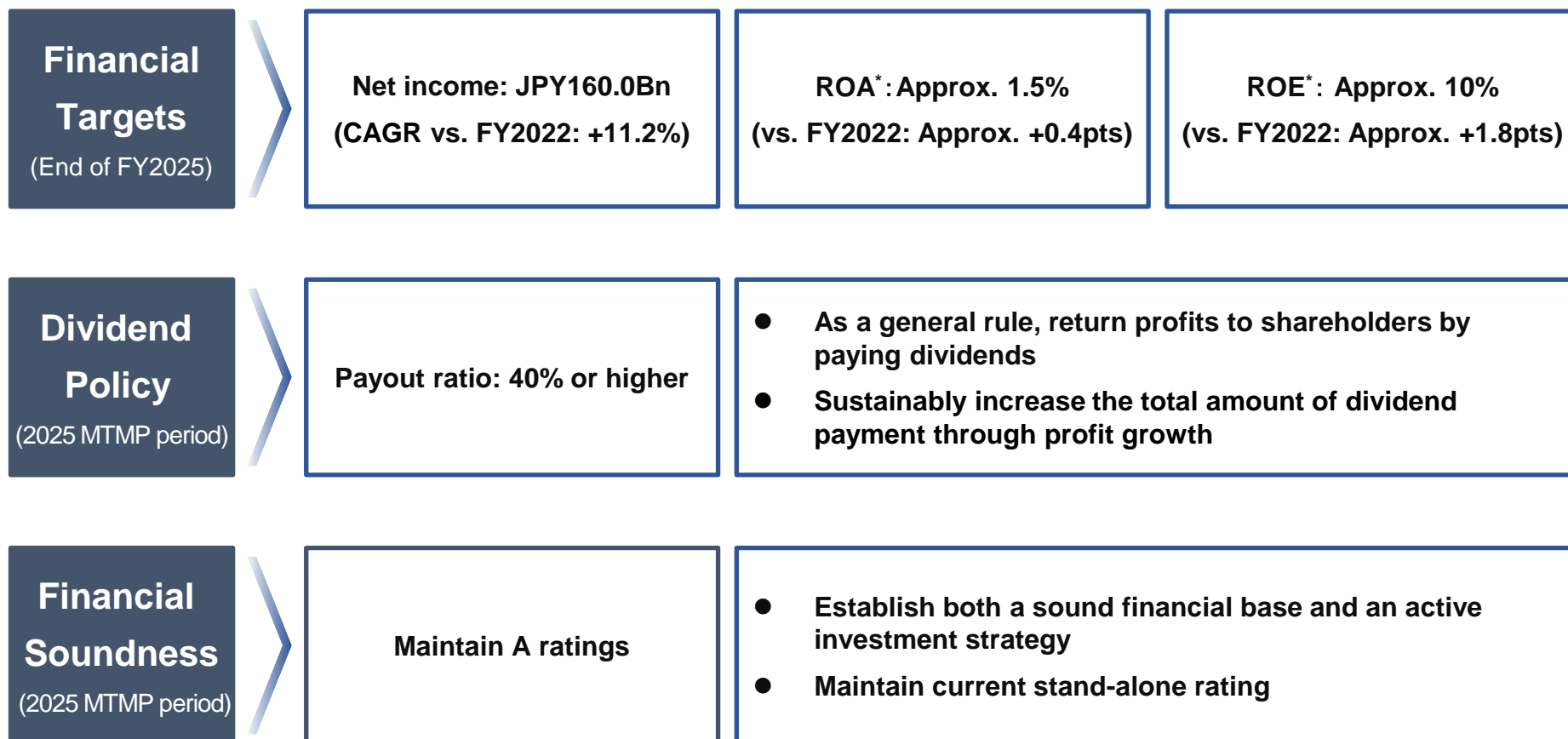
III. Medium-term Management Plan for FY2023-FY2025 ("2025 MTMP")

Positioning of the 2025 MTMP

- We have refined the Mitsubishi HC Capital Value Creation Process based on “Basic Management Policy” and “Medium- to Long-term Management Direction,” and formulated the 2025 MTMP based on the Value Creation process as a guideline.



Financial Targets in the 2025 MTMP



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

* Net income is used for the calculation of ROA and ROE

Non-Financial Targets in the 2025 MTMP

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

* Non-consolidated basis

Financial Strategy to Enhance Corporate Value over the Medium- to Long- Term

- To enhance corporate value over the medium- to long- term, we will emphasize the balance of growth potential, return on capital and financial soundness.
 - Profit growth throughout the transforming the business portfolio and the quality of assets in the medium- to long- term (the net profit of 160 billion yen)
 - Improve the return on capital by increasing absolute profits (ROE of approximately 10%)
 - Maintaining the financial soundness required for stable funding (Maintain “A” ratings)

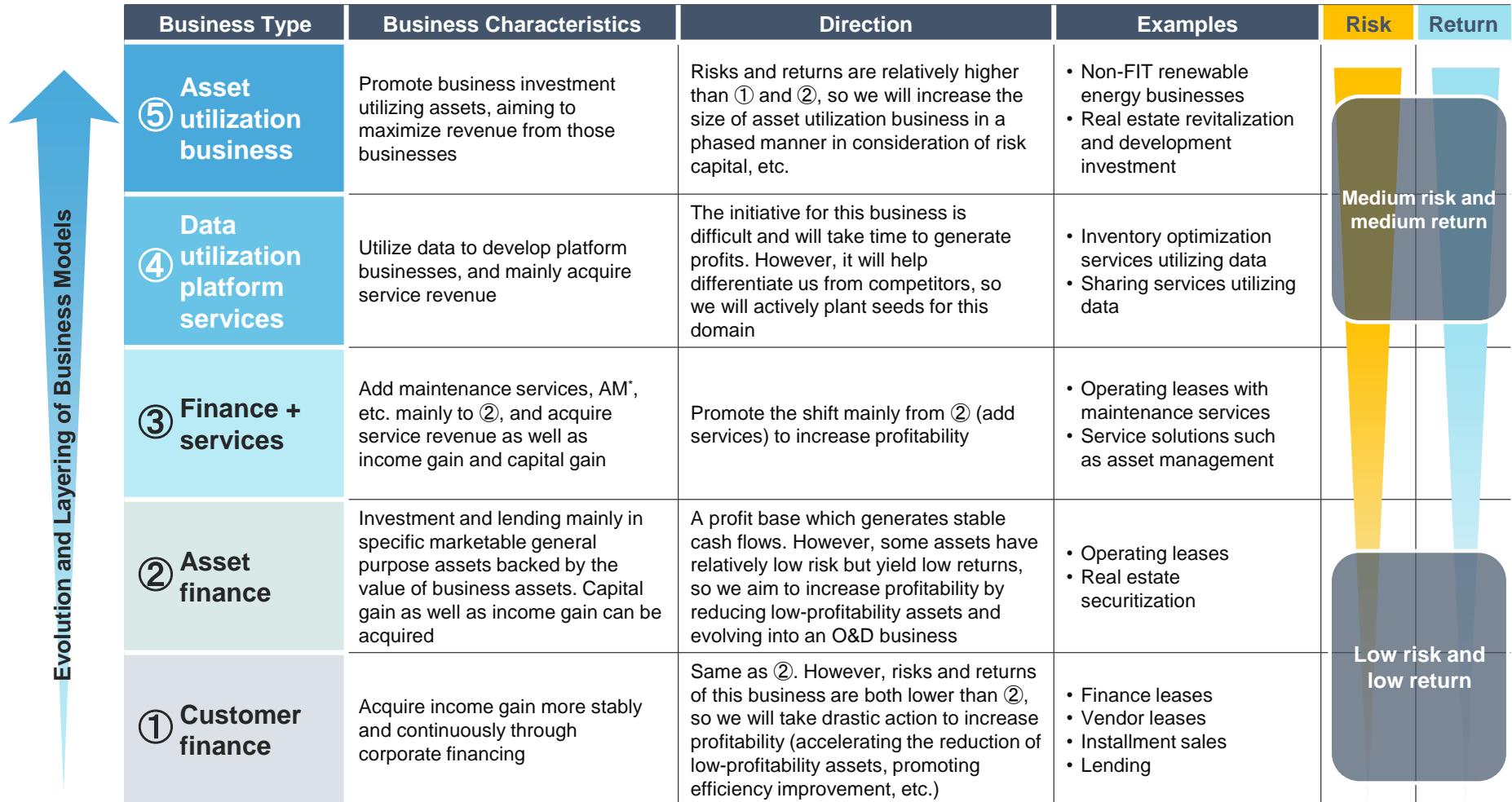
Balance between the Three Perspectives



Business Strategies

(For the Evolution and Layering of Business Models)

- Improve profitability while limiting asset size to moderate expansion to achieve financial targets.
- Promote the evolution and layering of business models in order to drive portfolio transformation.

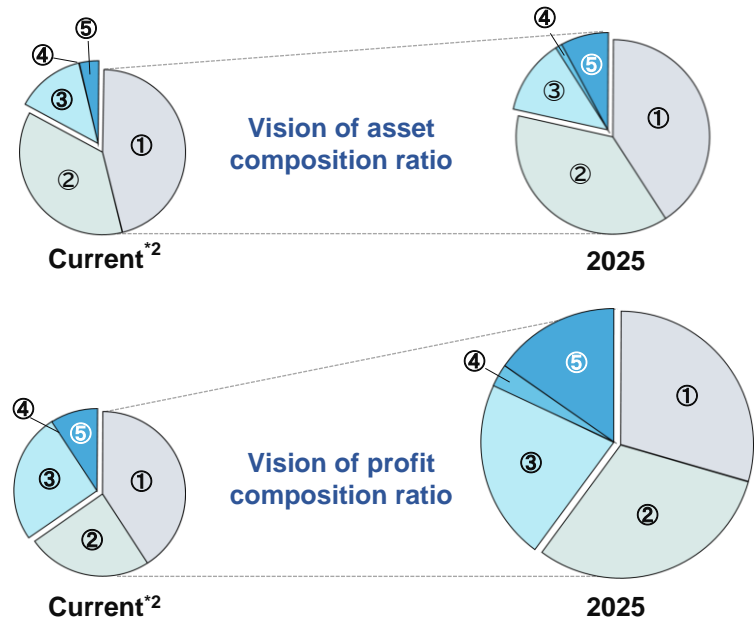
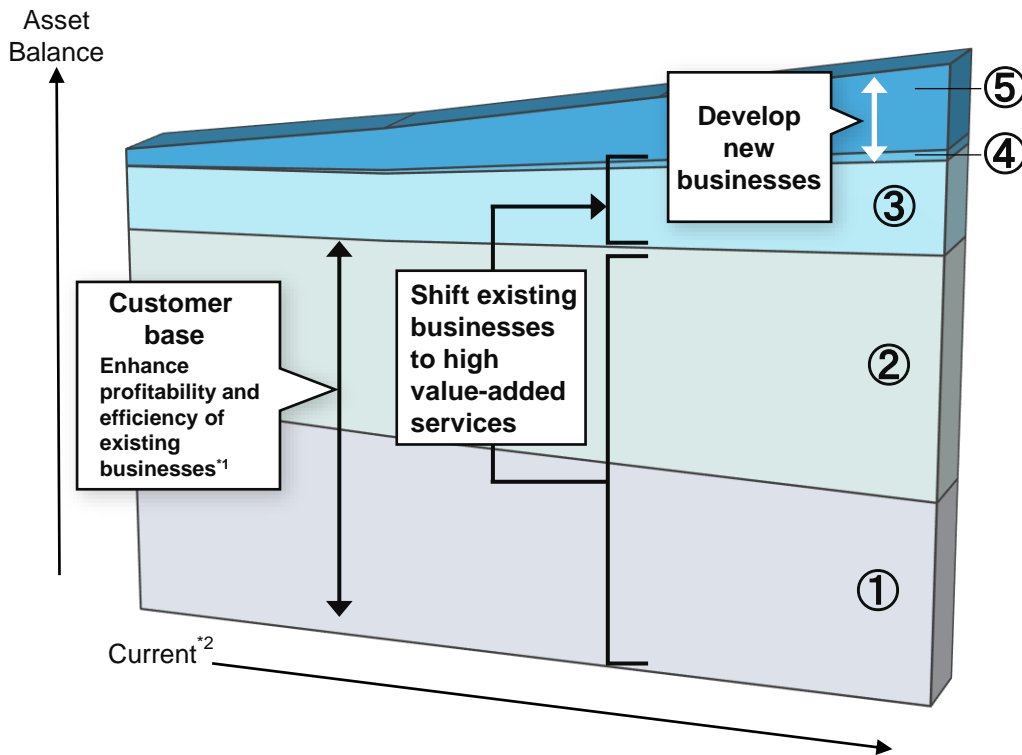


* AM: Asset Management

Vision of the Evolution and Layering of Business Models

- Business type ① ② → Improve profitability and efficiency by reducing low-profitability assets and shifting to high-profitability assets
- Business type ③ ④ ⑤ → Focus on these types as the pillars of profit growth

Evolution and Layering of Business Models

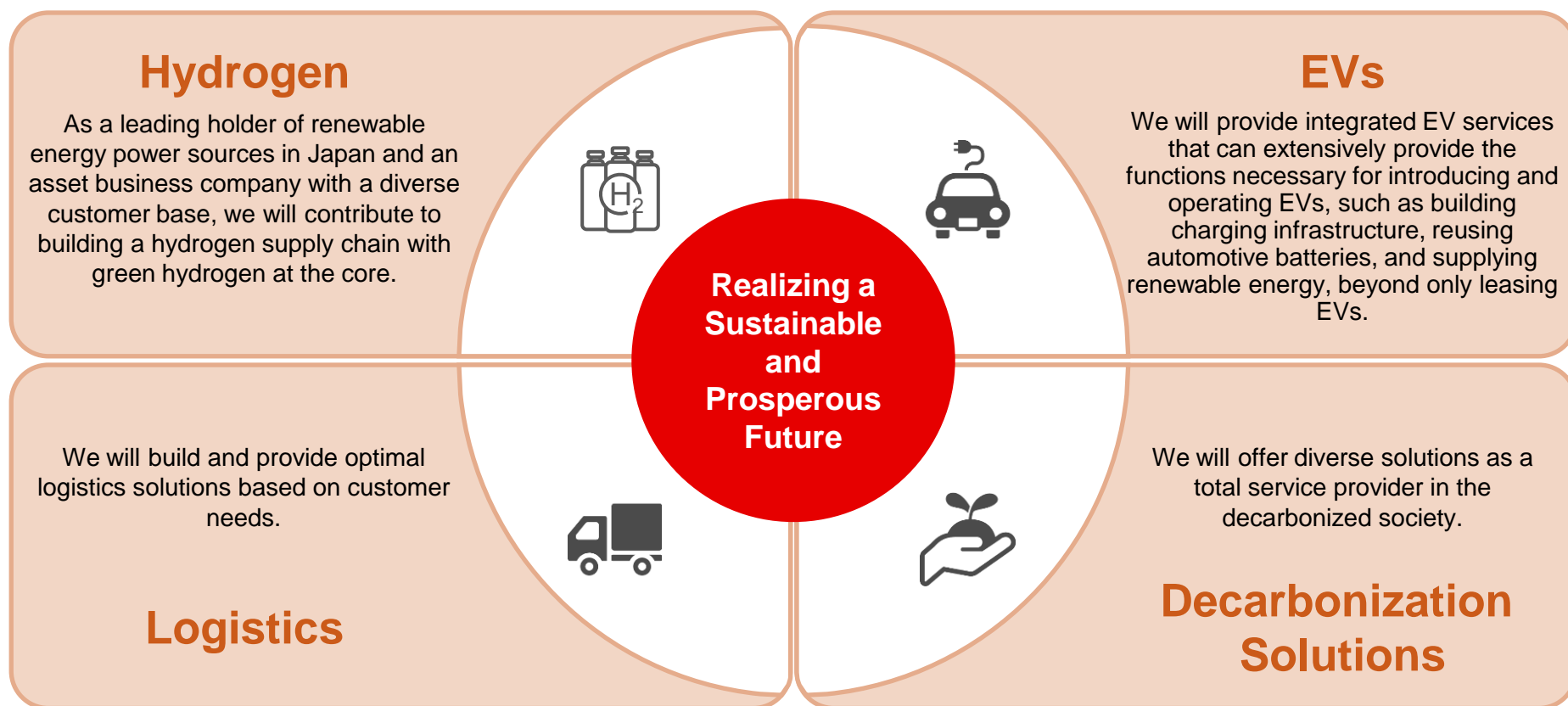


*1 Includes restructuring and withdrawal. Actively accumulate high-profitability assets, while selling and reducing low-profitability assets. Evolve into O&D business

*2 Vision as of the release of the 2025 MTMP (May 15, 2023)

Key Themes across Segments

- Toward Our 10-year Vision, we have defined and discussed key themes to be addressed with concerted efforts across segments to facilitate the evolution and layering of business models.
- Specifically, we have identified four areas: hydrogen, EVs, logistics, and decarbonization solutions. We will work to address the social issues associated with these themes and create social value with partner companies, rather than by our Group working alone, helping to realize a prosperous and sustainable future.



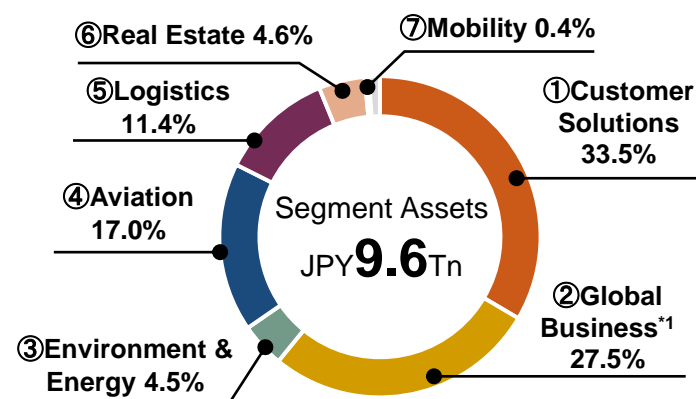
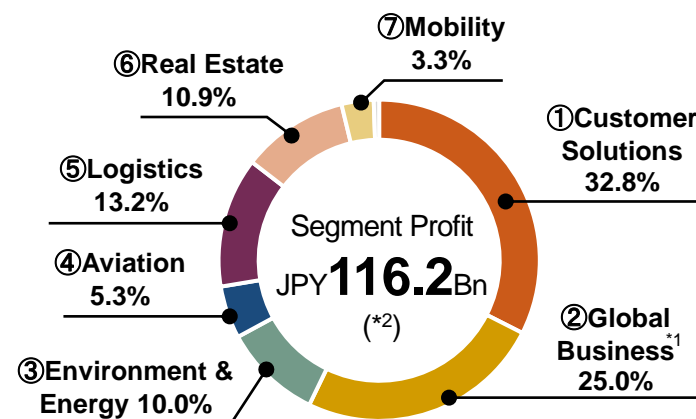
IV. Introduction to Our Businesses (Segments)

Overview of Our Businesses (Segments)

- Our business (segments) are composed of Customer Solutions, which originates from customers and partners, Global Business, which is centered on overseas regions, and Environment & Energy, Aviation, Logistics, Real Estate, and Mobility, which cover specialized business domains.

Segment	Main Businesses
①Customer Solutions	Financial solutions business for corporations and government agencies, energy conservation solutions business, sales finance business in collaboration with vendors, real estate leasing business, financial services business
②Global Business* ¹	Financial solutions business in Europe, the Americas, China, and the ASEAN region, sales finance business in collaboration with vendors
③Environment & Energy	Renewable energy generation business, environment-related financial solutions business
④Aviation	Aircraft leasing business, aircraft engine leasing business
⑤Logistics	Marine container leasing business, railway freight car leasing business
⑥Real Estate	Real estate finance business, real estate investment business, real estate asset management business
⑦Mobility	Auto leasing business and associated services

Breakdown of Segment Profit/Assets



*1 The profit and assets figures of the Global Business segment do not include overseas profits or assets that fall under other segments such as Aviation and Logistics

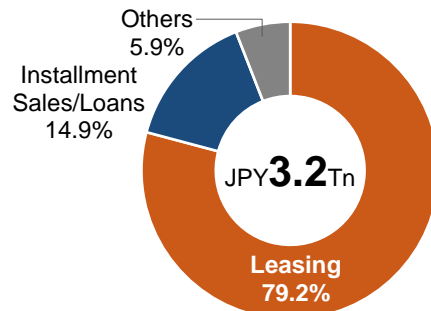
*2 Including an adjustment of -0.6 billion yen

① Customer Solutions (Overview)

Segment Overview

- In the Customer Solutions segment, we operate business to provide leasing and other financial solutions to corporations and government agencies and business to support the sales of partner vendors (manufacturers, distributors, etc.) using the finance functions in Japan. We also provide other asset-related services beyond mere finance, such as trading used assets and PC lifecycle management services.*
- Our advantage is that we have built strong relationships with business partners such as Mitsubishi UFJ Financial Group, Mitsubishi Corporation, and Hitachi. We also have an advantage in the leasing of industrial equipment, machine tools, commercial equipment, information and communication equipment, etc.
- Our strengths are a wide array of contact points and well-established relationships with customers, and this relationship forms the foundation of our entire business, allowing us to expand deals in other segments and create new businesses, etc.
- The profit of this segment mainly consists of stable income, such as leasing revenues. Our portfolio is characterized by transactions mainly with large and medium-sized companies with high creditworthiness and generally low credit costs.

Percentage of Assets by Transaction Type (by Segment Assets)



* Lifecycle management services: Services managing the lifecycle of PCs, from their selection/installation to disposal

2025 MTMP Strategy

- Aiming to further consolidate its solid customer base, in addition to enhancing financial solution functions for customers, accelerate the creation of collaborative businesses combining customers' services and functions of our group, as a business partner acknowledged by customers.
- Provide new services leading to the evolution and layering of business models.
- Pursue efficiency by establishing new business processes utilizing data and digital technologies.

Outlook for increases during the 2025 MTMP

Net income



Total assets



▲ Industrial equipment



▲ Commercial equipment



▲ Information and communication equipment

(Examples)

① Customer Solutions (Major Initiatives)

Major Initiatives in Customer Solutions

- We, in this segment, will pursue efficiency by establishing a new sales process which utilizes data and digital technologies in existing businesses, and develop and provide new services leading to the evolution and layering of business models, which is targeted in the 2025 MTMP. Examples of new services are as below.

<Examples of the business model “Finance + Services” : services to visualize and manage CO₂ emissions>

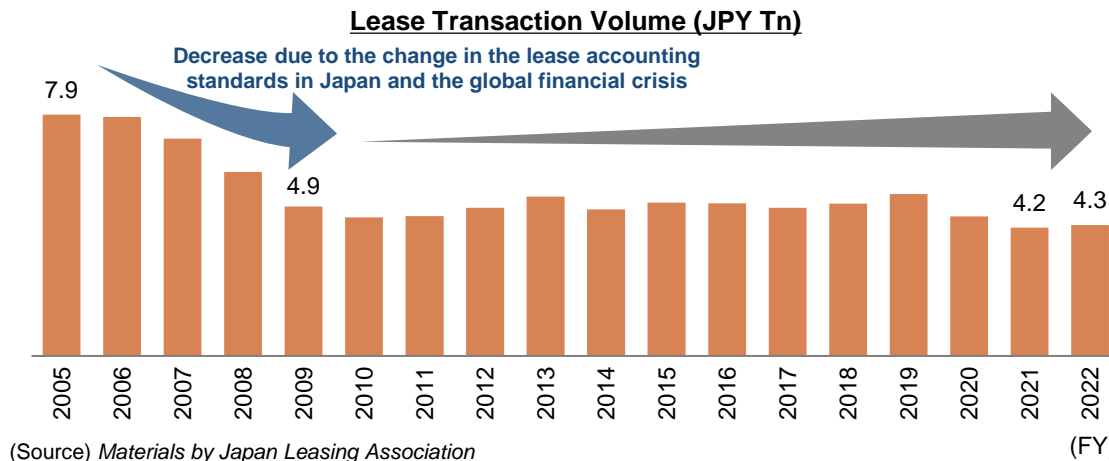
In cooperating with partner companies, provide energy conservation and renewable energy solutions, such as services to support the calculation of CO₂ emissions and the formulation of reduction goals.

<Examples of the business model “Asset Utilization Business” : trading of used assets>

Having specialized trading companies handling semiconductor manufacturing equipment, machine tools, construction machinery, medical device, information device, and other used machinery, we provide used assets trading services by purchasing non-operating assets held by customers and by selling them in Japan and overseas, not limited to the sales of lease-completed assets.

We also provide engineering services* for assets of some fields.

(Reference) Trends of the Leasing Market in Japan



- The leasing market in Japan has shrunk due to the change in the lease accounting standards in 2008, and has been around JPY4Tn~5Tn.
- The size of lease transactions in Japan is currently two thirds of the time before the lease accounting standards were changed in 2008, but there still are stable needs as a funding method for companies.
- However, in conventional leasing businesses such as finance lease, price competition is getting tougher.
- Therefore, not merely providing simple lease and finance solutions, it is important to differentiate our business by increasing added value.

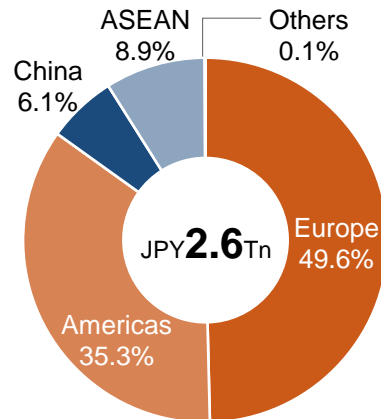
* Engineering service: Service to maintain used machinery, and transfer and install it to a customer who purchased it. One-stop service to cover a series of operations required for the transfer of equipment, including removal, disassembly, transfer, re-installment, and the recovery of machine accuracy

② Global Business (Overview)

Segment Overview

- In the Global Business segment, we provide financial solutions, including leasing and sales finance, for customers according to their respective characteristics, by gaining an accurate understanding of the social issues and customer needs in each country/region throughout Europe, the Americas, China, and ASEAN.
- In Europe, we provide sales finance and personal loans, auto leasing for corporate and individual customers, leasing for corporate customers, etc.
- In the Americas, we provide sales finance, leasing, loans, etc. for corporate customers.
- In China, we provide sales finance for corporate customers, and leasing for Japanese companies.
- In ASEAN, we provide sales finance and leasing for corporate customers, according to the characteristics of each country.

Percentage of Assets by Region (by segment assets)



(Note) Segment asset figure for the Global Business segment does not include overseas assets that fall under other segments such as Aviation and Logistics

2025 MTMP Strategy

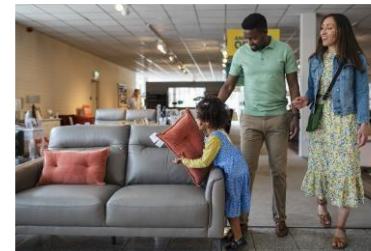
- Solve social issues and meet the needs of each country and region through community-based approaches, in cooperation with local partners.
- Increase added value by digitalizing business processes and providing digital platforms to more vendors and customers.
- Increase profitability by enhancing decarbonization businesses such as EVs, charging stations, and solar power generation.

Outlook for increases during the 2025 MTMP

Net income



Total assets



▲ Consumer finance (An example)



▲ EV charging equipment (Our Group was the first to install the latest EV charging equipment in the UK)



▲ A commercial truck



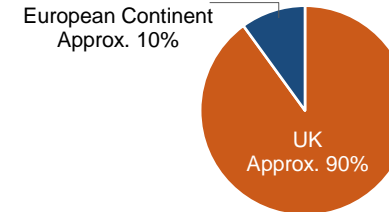
▲ Construction machinery

② Global Business (Major Initiatives in Europe)

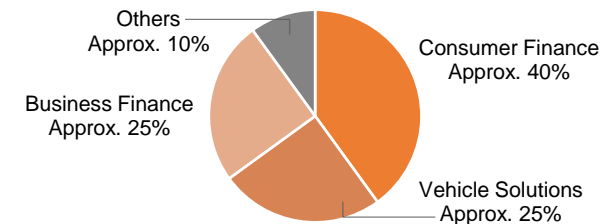
Major Initiatives in Europe (UK, Poland, Netherlands, Germany, Austria, Belgium, Czech Republic, Slovakia, Hungary, Finland, Ireland)

Consumer Finance Business (UK)	<ul style="list-style-type: none"> ■ Providing sales finance and unsecured loans for over one million individual customers with high creditworthiness, and is a major player in the financial market targeting individual customers in the UK. ■ There are approx. 3,000 partner retailers in sales finance, and covers wide-ranging products including renovations and related services, electronic devices, jewelry, and exercise equipment.
Vehicle Solutions Business (UK and European Continent)	<ul style="list-style-type: none"> ■ Providing unique all-in-one solutions combining vehicle customization and management for local companies and individual customers, centering on leasing of wide-ranging types of vehicles, and is one of the major players in the UK. ■ In this business, we promote differentiation by making proposals contributing to the promotion of decarbonization, for example by providing charging facilities necessary for the shift to zero-emission vehicles and related management tools.
Business Finance Business (UK)	<ul style="list-style-type: none"> ■ Providing finance, leasing, inventory finance, etc. for various assets to local companies. ■ We also promote businesses contributing to decarbonization, such as financing for renewable energy businesses.
Vendor Finance Business (UK and European Continent)	<ul style="list-style-type: none"> ■ With the Hitachi Group and Mitsubishi Group as vendors, providing financial solutions for vendors' major customers.
Business Cashflow Business (UK)	<ul style="list-style-type: none"> ■ Providing factoring and other solutions to wide-ranging companies, including SMEs and large companies.

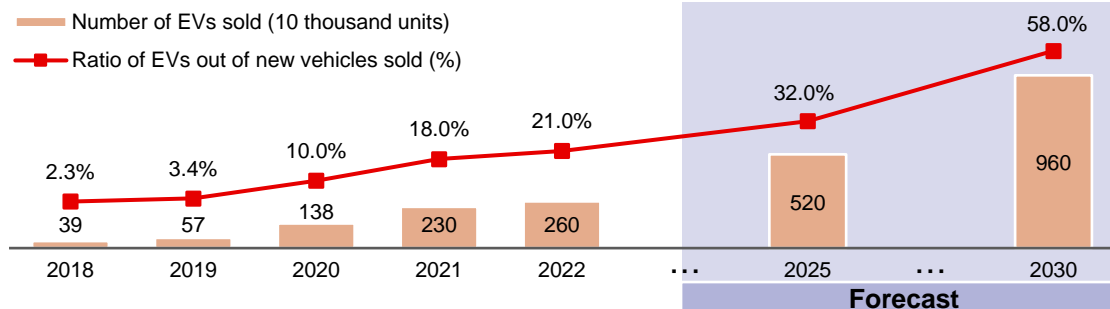
Percentage of Assets by Region in Europe



Percentage of Assets by Business in UK



(Reference) European Business Environment (transition and outlook of EV sales)



(Source) Global EV Data Explorer, International Energy Agency (IEA)

- In the UK and EU, due also to the impact of regulations to prohibit the sales of most gasoline and diesel vehicles in 2035, EVs are expected to propagate rapidly.
- We will strengthen all of its businesses related to decarbonization, such as EV solutions including associated services, and financing for renewable energy and EV charging facilities, and increase the profitability of these businesses.

② Global Business (Major Initiatives in the Americas)

Major Initiatives in the Americas (US, Canada)

Vendor Finance Business

- We provide sales finance (secured loans, etc.) mainly for commercial trucks, targeting local companies (shipping companies, etc.). With our strength of a broad network with truck distributors across the US, we handle small- to large-sized (class 1~8) trucks and trailers.
- Besides trucks, we provide sales finance for a wide range of machinery and device, such as industrial machinery, machine tools, construction machinery, medical devices, and communication devices.

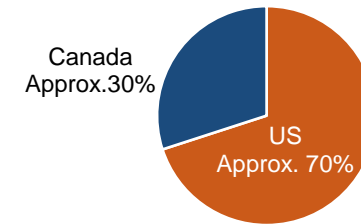
Commercial Finance Business

- In the US, we provide diversified financial solutions, such as asset-based lending, structured finance, and factoring, in addition to leasing and loans, to corporate customers in various industries.

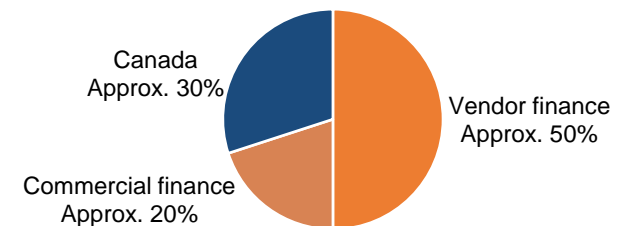
Canada Business

- In Canada, we provide sales finance (secured loans, etc.) for small- to large-sized (class 1~8) trucks and construction machinery, targeting local companies.

Percentage of Assets by Region in the Americas

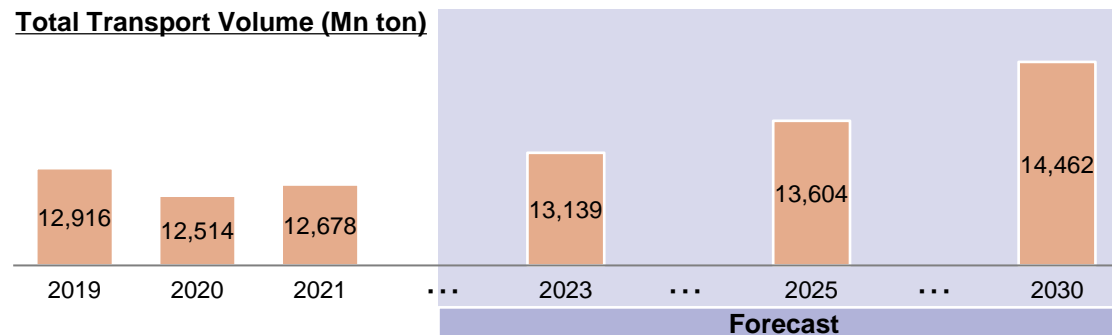


Percentage of Assets by Business in the Americas



(Reference) US Business Environment (outlook for truck transport volume in the US)

Total Transport Volume (Mn ton)



(Source) Weight of Shipments by Transportation Mode, United States Department of Transportation

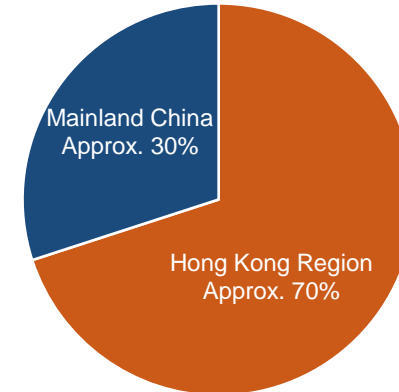
- The volume of truck transport decreased YoY in 2020 under the COVID-19 pandemic, however, it has been on an increasing trend since 2021 thanks to the recovery of cargo volume. Truck transport will stably increase going forward.
- Our group aims to capture not only the fulfillment of financial needs but also address various requirements through the enhancement of service functions, thereby, connecting the expansion of truck-demand to improved profitability of our business.

② Global Business (Overview of China and ASEAN)

Major Initiatives in China (Mainland China and Hong Kong Region)

- We develop leasing in China for Japanese and local companies.
- In Mainland China, we develop equipment leasing for Japanese companies.
- In Hong Kong Region, developing sales finance for photocopiers and automobiles, we have a high market share, especially in photocopiers.

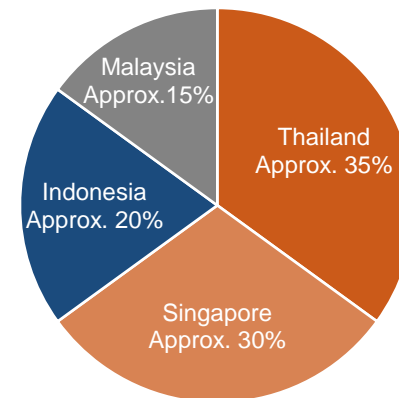
Percentage of Assets by Region in China



Major Initiatives in ASEAN (Thailand, Singapore, Indonesia, Malaysia)

- We develop financial services such as sales finance, leasing and installment sales according to the characteristics of each country/region in the four ASEAN countries.
- In Thailand, we provide leasing and installment sales to local and Japanese companies, mainly for industrial machinery, automobiles, and construction machinery.
- In Singapore, we provide leasing and installment sales to local and Japanese companies, mainly for automobile, OA equipment, and construction machinery.
- In Indonesia, we provide leasing and installment sales mainly to local companies, mainly for automobiles, construction machinery, and industrial machinery.
- In Malaysia, we provide installment sales, mainly to local companies, mainly for industrial machinery and automobiles.

Percentage of Assets by Region in ASEAN



③ Environment & Energy (Overview)

Segment Overview

- In the Environment & Energy segment, we develop renewable energy generation business, such as solar and wind power, and environment-related financial solutions in Japan and overseas.
- In Japan, we develop power generation business centering on solar and onshore wind power. Its output from equity ownership of renewable energy power generation business in Japan is 1.2GW (as of March 31, 2023), among the highest in Japan, and we aim to firmly maintain this position. In addition, we have been developing business to install solar panels in customers' plants, etc. and directly supply electricity on a full scale.
- Outside Japan, we develop solar, onshore wind power, and other renewable energy generation business, mainly in Europe and the US.

2025 MTMP Strategy

- Secure stable electric supply through renewable energy power generation, and strengthen profit base by expanding our power generating capacity.
- Increase the added value of our power generating capacity by promoting new businesses such as storage batteries and power generation aggregation.
- Accelerate the development of renewable energy generation businesses in the US and Europe by strengthening development functions, etc.

Outlook for increases during the 2025 MTMP

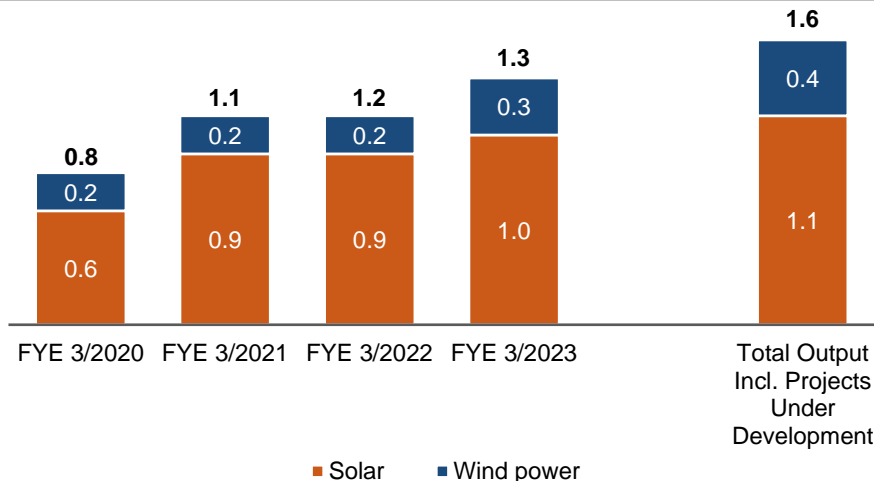
Net income



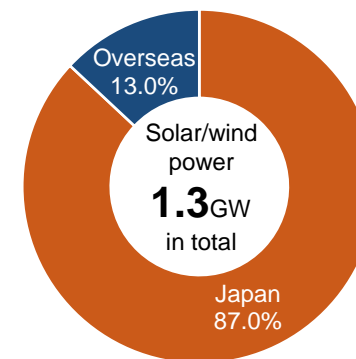
Total assets



Equity-owned Power Generation Capacity of Renewable Energy Business (GW)



Percentage of Equity-owned Power Generation Capacity of Renewable Energy Power Generation Business by Region



③ Environment & Energy (Major Initiatives)

Japan

- In solar power generation, we develop businesses to directly supply electricity to customers, centering on corporate PPAs,*¹ in addition to power plant operation using the Feed-in Tariff (FIT) scheme.
- In onshore wind power generation, we operate power plants using the FIT scheme and the Feed-in Premium (FIP) scheme*². Furthermore, we develop power generation aggregation,*³ which is a business that creates forecasts for power generation capacity and develops demand and supply plans using renewable energy, and provides electricity and non-fossil value*⁴ based on those forecasts and plans.
- We also focus on the development of new businesses combined with storage batteries, power retailing, etc.



▲ Mega solar power plant in Yatsuda District of Namie Town (Fukushima Prefecture)

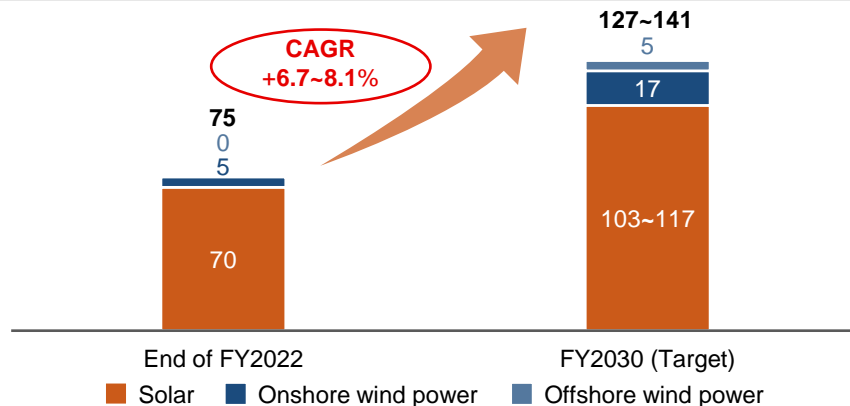


▲ Manyo-no-Sato Wind Power Plant (Fukushima Prefecture)

Overseas

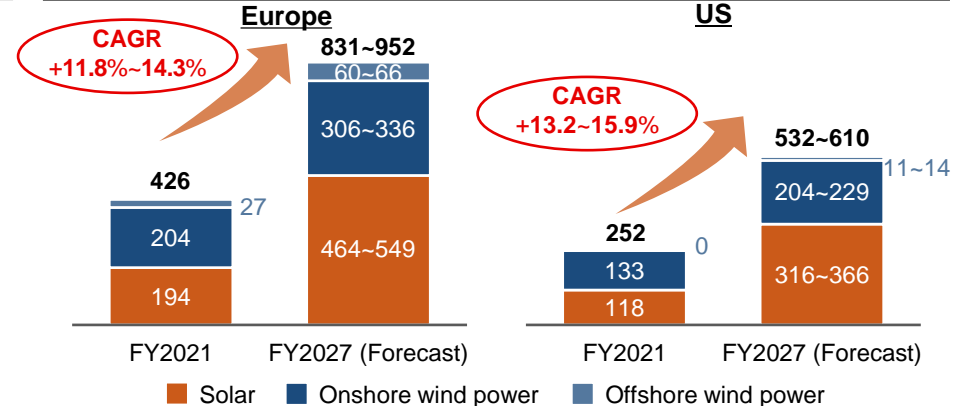
- Overseas, we develop mainly renewable energy power generation businesses, such as solar and onshore/offshore wind power, in Europe, the US, where decarbonization is progressing.

(Reference) Market Size in Japan
(renewable energy installed power generation capacity) (GW)



(Source) METI's 52nd Small Committee for Mass Introduction of Renewable Energy and Next-generation Power Network for the Comprehensive Energy Survey Meeting

(Reference) Market Size in Europe and the US
(renewable energy installed power generation capacity) (GW)



(Source) Renewables 2022, International Energy Agency (IEA)

*¹ Corporate PPA: Long-term agreement under which companies can purchase electricity generated in renewable energy power generation facility from electric power retailers and power generators at fixed prices

*² FIP scheme: When renewable energy power generators sell electricity in a wholesale market, etc., a certain premium is added onto the price

*³ Aggregation: Businesses which manage the supply of electricity generated at power plants and the control of supply-demand balance

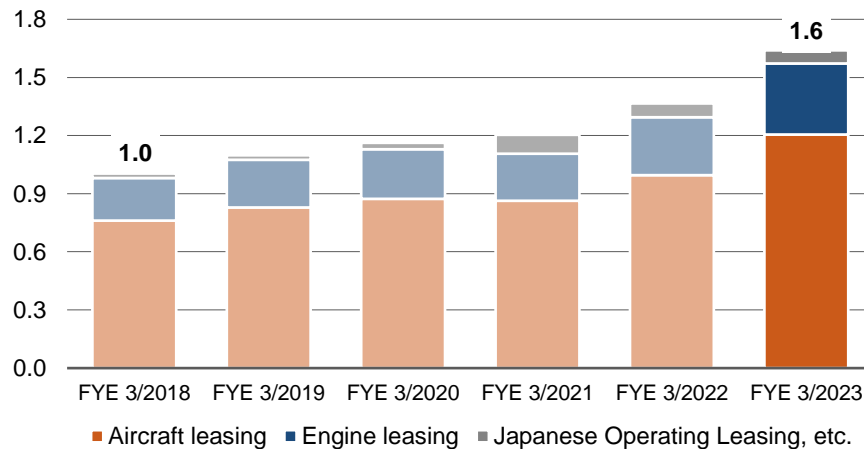
*⁴ Non-fossil value: The value of electricity generated without emitting CO₂

④ Aviation (Overview)

Segment Overview

- In the Aviation segment, we provide diversified services, such as aircraft leasing (including Japanese Operating Leasing^{*1}), aircraft engine leasing, and engine parts sales business,^{*2} to airlines, etc., over the world.
- We kept the impact of COVID-19 on the business performance to a minimum by diversifying our aircraft and engine assets and building a business portfolio distributed among a large number of airlines, our lease customers. Aviation business is currently improving the performance steadily along with the recovery of the aviation market.
- Toward the realization of a decarbonized society, we are promoting replacement with fuel-efficient aircraft and engines, and are engaged in research and investment in business domains which help reduce future CO₂ emissions.

Segment Assets (JPY Tn)



^{*1} Japanese Operating Leasing:

^{*2} Parts sales business:

^{*3} Sales and leaseback (SLB) transactions:

^{*4} SAF:

Operating leasing for aircraft, engines, shipping vessels, etc., for airlines and shipping companies. Sold to Japanese investors in the form of an investment or asset holding Business to dismantle engines of aircraft that are near retirement, and sell each part to maintenance companies and airlines after overhauling and repairing

We purchase aircraft from a customer (an airline) and simultaneously lease them back to the customer
Sustainable aviation fuel

2025 MTMP Strategy

- Sustainably grow and expand a high quality industry-leading business portfolio through sales and leaseback transactions (SLB transactions)^{*3} of aircraft and engines with prime airlines across the world.
- Strengthen capabilities to respond to changes in the industry and customer needs and to manage risks by exercising the comprehensive capabilities of our Group.
- Utilize external expertise and networks to create a specific vision for the aviation business that will be required in a decarbonized society, collect information about SAF^{*4} and next-generation aviation technologies suitable for the business platform, and verify SAF-related business development.

Outlook for increases during the 2025 MTMP

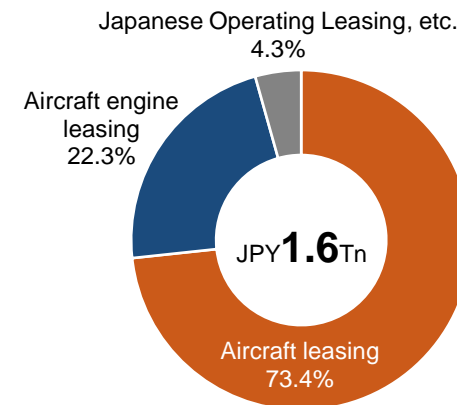
Net income



Total assets



Percentage of Assets by Business (by segment assets)



④ Aviation (Major Initiatives in Aircraft/Engine Leasing)

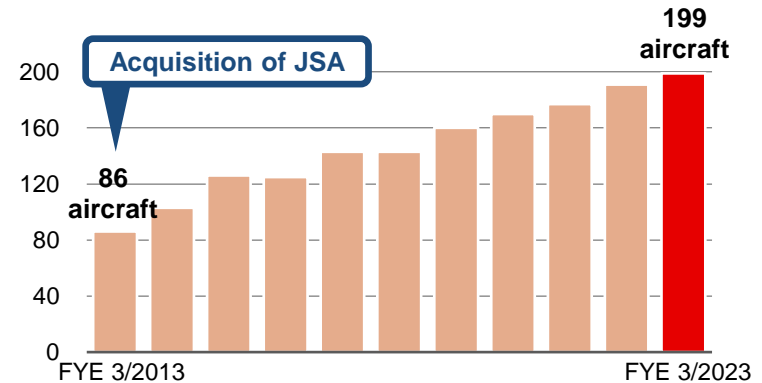
Major Initiatives in the Aircraft Leasing Business/Progress of Number of Aircraft Held

- Through the US subsidiary Jackson Square Aviation (JSA), we are expanding our business mainly with SLB transactions of newly manufactured aircraft with global prime airlines.
- Lease term is 8~12 years, and transactions are mainly operating leases.
- With a good balance of the purchasing and sale of mainly narrow-body aircraft*, we have developed a high-quality portfolio of aircraft whose liquidity is high and average age is young.
- Looking ahead to decarbonization, we are increasing the new aircraft with low CO₂ emissions, and the ownership ratio of new aircraft with low CO₂ emissions is among the highest in the industry (by number of aircraft).

(Reference) As of FYE 3/2023

Average Age of Aircraft	4.9 years
Average Time Remaining on Leases	7.1 years
Ratio of Narrow-body Aircraft	88.4%

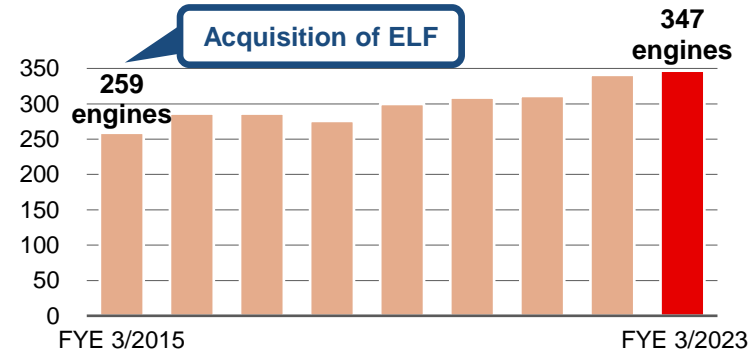
- In the 10 years following the acquisition of JSA, we have doubled its number of aircraft through continual purchasing and selling.



Major Initiatives in the Engine Leasing Business/Progress of Number of Engines Held

- Through Engine Lease Finance (ELF), an Irish subsidiary which is a major independent aircraft engine leasing company, we are developing backup engine leasing transactions with global airlines and engine maintenance companies.
- In addition to long-term lease periods mainly of 8~12 years, we also cater to short-term contracts of one year or less, focusing on operating leases.
- Similarly to aircraft, we are also building a portfolio of engines, with a focus on high liquidity narrow-body aircraft-compatible engines.
- Presently, in collaboration with engine manufacturers, initiatives toward engines fitted in new aircraft with good fuel efficiency are progressing.
- INAV (a wholly-owned subsidiary of ELF, based in the US) is developing its aircraft engine parts sales business and effectively activating its synergy with ELF.

- Assets have been accumulated primarily through SLB transactions of newly manufactured engines. At the same time, sale of old engines and the replacement of assets is also underway.



* Narrow-body aircraft: Single-aisle aircraft mainly used for domestic and short-distance international flights.
Generally, these aircraft boast high demand and high liquidity

④ Aviation (Other Initiatives)

Major Initiatives in Japanese Operating Leasing

- We structure and sell Japanese Operating Leasing with aircraft, etc.
- Promoting the development of products in accordance with the needs of Japanese investors.

Major Initiatives toward Decarbonization in the Aviation Field

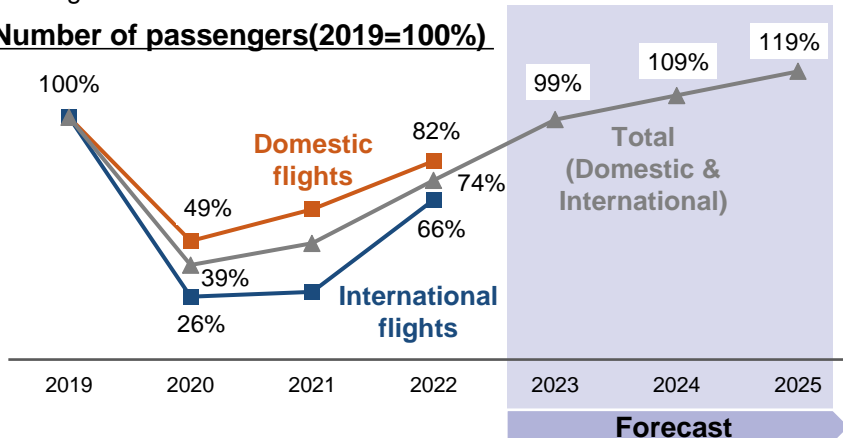
- Small scale investment into a US venture company, Universal Hydrogen Co., which develops hydrogen storage capsules and hydrogen-powered engines for use in hydrogen aircraft. In March 2023, Universal Hydrogen completed the first test flight of the world's largest (40 passengers) propeller aircraft powered mainly by hydrogen fuel cells.
- To keep up with new technological trends, we are investigating and analyzing the markets for sustainable aviation fuel (SAF), etc.

(Reference) The Business Environment in Aviation

Status of the Aviation Industry's Recovery from COVID-19

- Compared to worldwide passenger demand pre-COVID-19, November 2023 saw recovery to approx. 105%* on domestic flights, and approx. 94%* on international flights.
- It is forecast that international flights will return to pre-COVID-19 levels during 2024.

Number of passengers(2019=100%)

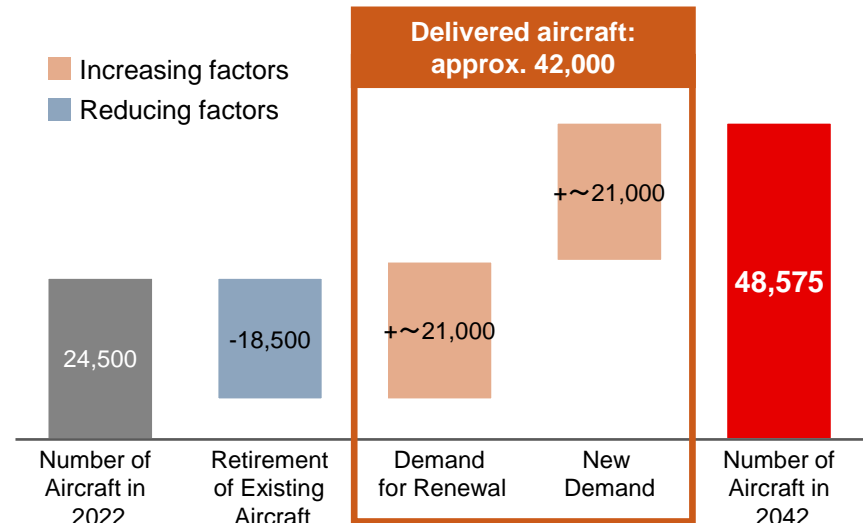


Source: Global Outlook for Air Transport
(December 2022, June 2023, December 2023 edition)

* Compared to the same month in 2019, based on RPK (revenue passenger kilometers).

Forecasts for Worldwide Private Demand for Aircraft (number of aircraft)

- In the medium- to long-term, demand is expected to grow continuously with the growth of the global economy and an increasing population.



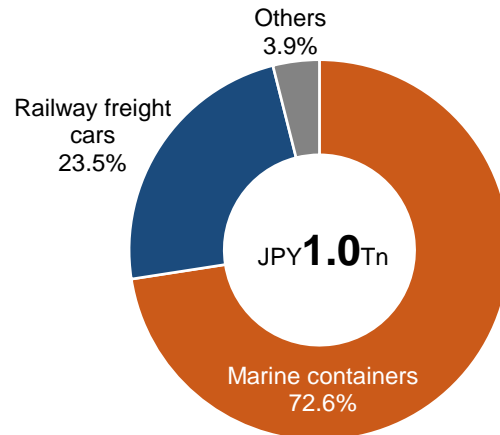
Source: Commercial Market Outlook 2023-2042, Boeing

⑤ Logistics (Overview)

Segment Overview

- In the Logistics segment, we provide customers with transportation equipment that supports logistics on a global basis, such as marine containers and railway freight cars, through leasing and financing.
- Through the US subsidiary CAI International (CAI), we lease marine containers to marine freight and transport operators in all regions throughout the world.
- We also lease railway freight cars to railway companies and shippers in North America, the largest railway freight markets in the world, through the US subsidiary PNW Railcars.

Percentage of Assets by Asset Type in Logistics (by segment assets)



2025 MTMP Strategy

- Make use of position as a global leader in the marine container business to go beyond leasing and strengthen container trading functions, and further reinforce business base by utilizing digital technologies, etc.
- By shifting to an origination & distribution model combining the optimization of the ratio of different kinds of railway freight cars held with the partial sale of held assets and new investments in the railway freight car leasing business, increase profitability through generating income gains and capital gains.
- Generate new growth opportunities to contribute to the realization of a decarbonized society and a circular economy.

Outlook for increases during the 2025 MTMP

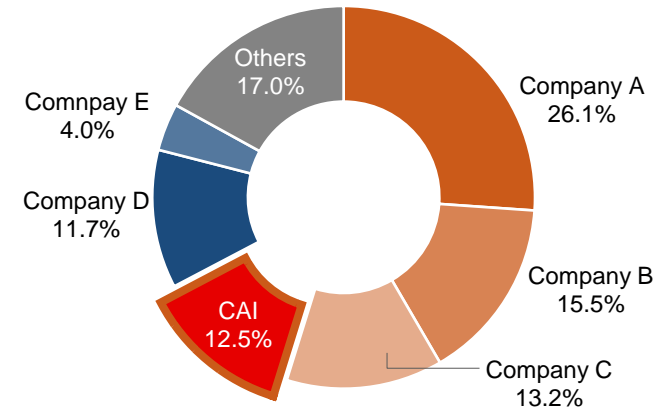
Net income



Total assets



Global Market Share of Marine Container Leasing (by CEU,* as of the end of December 2022)



(Source) Container Census & Leasing Annual Report 2023/24,
Drewry Shipping Consultants Limited

* CEU: Cost Equivalent Unit.

Conversion unit for the total average historical prices of various containers owned, calculated on the basis of
1 CEU = average historical price of a newly built 20-foot dry container

⑤ Logistics (Major Initiatives in the Marine Container Business)

Major Initiatives in the Marine Container Business

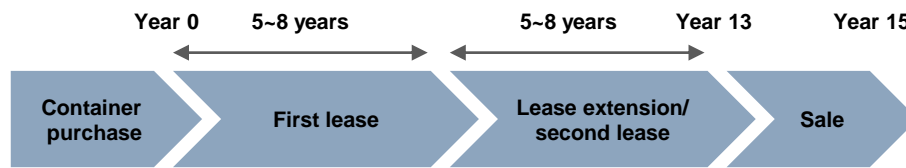
- We entered the marine container business in 2014. In 2021, we acquired the US marine container leasing company CAI, strengthening this business (in January 2023, two companies in the Group were integrated, with CAI as the surviving company). CAI is ranked 4th in the industry in terms of global share.
- Although our main source of income in this business is revenue from marine container leasing, sales gain from the sale of marine containers can also be acquired when the leases are matured.
- We are also expanding into trading of transport-related equipment such as marine containers.



▲ A marine container

Characteristics of the Marine Container Business

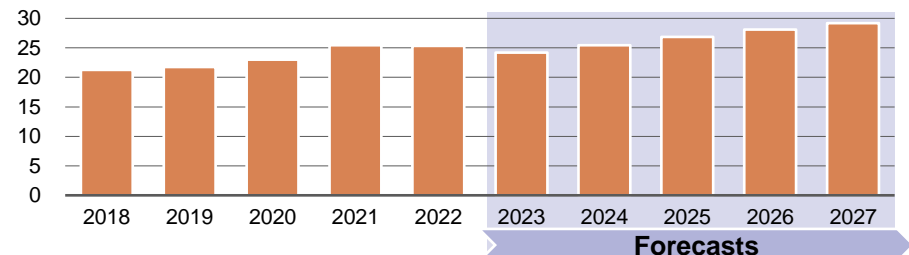
- Generally, following the purchase of containers, after the first lease of approx. 5~8 years, a lease extension or second lease to another customer takes place, and the containers are sold after a total of 13~15 years.
- Lessees are mainly maritime transport companies. After the containers are sold, containers are mainly used on-shore by purchasers (as warehouses, offices, simple residences, etc.).
- Lease rents are fixed during the term of the lease, and so regardless of changes (market cycles) to container market conditions, it has no influence on cashflow during the term of the lease.
- Marine containers have many years of useful life and their risk of obsolescence is low. As such, used prices are stable due to high demand for their secondary use as warehouses, etc., so that residual risk is low.



(Reference) The Marine Container Leasing Business Environment

- The overarching theme is that the marine container business grows as a whole, in line with the growth of the global economy and increases in the volume of trade. Continued market expansion is expected for the future as marine containers are a major means of transportation.
- Around 50% of marine containers are leased. The leasing market is expected to grow along with the expansion of the marine container market.
- The top five companies in the marine container industry occupy a roughly 80% market share. It is important to maintain depots at ports around the world for returning, repairing, storing, and lending containers, and to establish a global network that is able to quickly cater to customers' needs.

Total Containers Used in Operating Leases (Mn TEUs*)



(Source) Container Census & Leasing Annual Report 2023/24, Drewry Shipping Consultants Limited

* TEU: Twenty Foot Equivalent Unit. Unit equivalent to the capacity of a 20-feet long container.

⑤ Logistics

(Major Initiatives in the Railway Freight Car Leasing Business)

Major Initiatives in the Railway Freight Car Leasing

- Entered the business in 2013, and in 2017 opened manned sites. The leasing business is in possession of more than approx. 22,000 railway freight cars (as of the end of March, 2023) and is on a scale that places it in the top ten in the North American railway freight car leasing industry.
- Rail networks span from Mexico to Canada in North America, mainly as a means of distribution. Rail accounts for more than 30% of freight transport in the US.
- In addition to revenue from railway freight car leasing, income from the sale of railway freight cars with attached leases is a source of profit for the business. Despite our shallow history of entering into businesses meaning that it currently relies on leasing revenue, it anticipates posting significant profits from sales during the 2025 MTMP term.



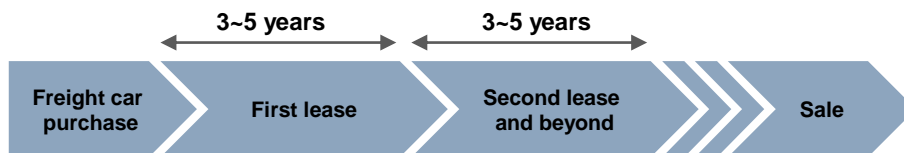
▲ A railcar

Characteristics of the Railway Freight Car Leasing Business

- The term of a typical lease is around three to five years. With lease extensions through renewals and changes to lessees, freight cars are sold following multiple lease renewals.
- Lessees are railway companies and shippers.
- A market for used railway freight cars has been established within the North American railway freight car leasing market, and it is possible to obtain sales gain from the sale of assets with accompanying leases following a determined holding period.
- Monthly lease rents are fixed during the term of the lease, so it is possible to collect stable leasing revenue during the term without being influenced by changes to market conditions.
- Although the price of used railway freight cars changes subject to demand for transported cargo and the supply and demand environment of railway freight cars, the moderate inflation in the US is contributing to the retention of asset value. Also, as there is low risk of the obsolescence of railway freight cars due to technological innovation, they are durable assets with a potential service life of nearly 50 years.

(Reference) The Railway Freight car Leasing Business Environment

- According to the United States Department of Transportation, the amount of freight transport is set to increase with the growth of the US economy, and stable demand for railway transport as a major means of the long-distance transport of bulk cargo is set to continue.
- In the North American railway freight car market, where railway freight cars are a vital part of transport infrastructure for the North American continent, leasing is the powerful means of procuring freight cars. Leases account for just under 60% of the market, and this number continues to trend upward.
- Further, it is expected that supply and demand will tighten as the number of cars supplied is reduced throughout the market with old railway freight cars being retired.
- The top six companies account for an approx. 70% market share. We rank in the top 10 according to the number of railway freight cars held.

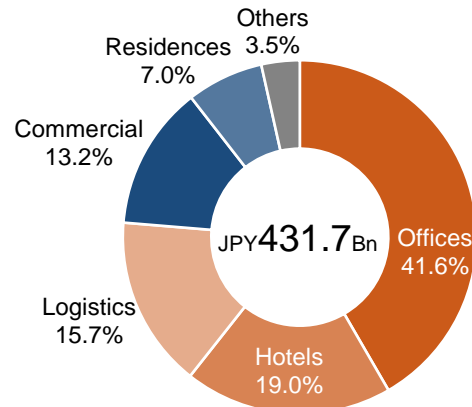


⑥ Real Estate (Overview)

Segment Overview

- We develop business around the three axes of the finance, investment, and asset management businesses for real estate. Through a good balance of these businesses, the Real Estate segment's strength is its ability for business continuity and promotion under any market conditions.
- We promote real estate origination & distribution model with a focus on investment properties, including offices, residences, commercial facilities, hotels and logistics facilities, and business models generating both income gains and capital gains.
- We develop business mainly in Japan, where roughly 90% of the segment's assets are located. The remaining assets are in the US finance business which handles residences, offices, etc.
- By continuing with initiatives toward real estate that is environmentally conscious and aware of tenant companies' BCPs,* we also contribute to the promotion of a decarbonized society and the development of firm social infrastructure.

Percentage of Assets by Asset Type in Japan (as of the end of 2Q FYE 3/2024)



* BCP: Business Continuity Plan, a plan which decides measures to continue important business even in the event of terrorism or disaster, system damage, or other crisis situations

2025 MTMP Strategy

- Generate business opportunities by improving the segment's ability to increase value through investment and lending in environmentally and socially conscious assets and strengthening their development.
- Strengthen investments into logistics facilities through enhancing sourcing and leasing pipelines.
- Differentiate its asset class and sufficiently cater to investors' ESG and other needs toward the strengthening and expansion of the asset management business.

Outlook for increases during the 2025 MTMP

Net income



Total assets



▲ CPD Hirakata, a multi-tenant logistics facility



▲ Artist's impression of LOGI FLAG Fresh Kyoto, a cold warehouse



▲ Artist's impression of the Osaka Mitsubishi Building (provisional name), a combined office building and hotel

⑥ Real Estate (Major Initiatives)

Major Initiatives in the Finance Business

- Contributions to many projects through mezzanine loans, equity investments, etc. In the finance business, while making use of our keen eyes for assets, we leverage the profitability of the projects and takes the risk of fluctuating real estate prices, pursuing high returns.

Major Initiatives in the Investment Business

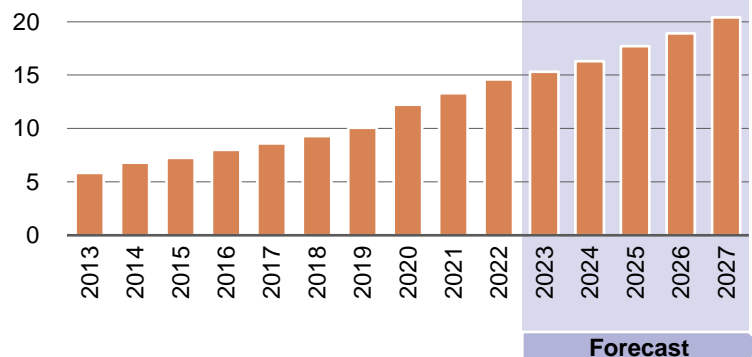
- In the investment business, expand real estate development and revitalization investments. In both areas, the basic policy of this segment is to develop an origination & distribution model of selling assets after developing them or increasing their value.
- In the logistics field of real estate development, through CenterPoint Development, which was made a wholly-owned subsidiary in 2023, and LOGI FLAG DEVELOPMENT, established jointly with a partner company in 2021, we are developing large logistics facilities and multi-tenant cold warehouses, etc.
- In revitalization investment, we acquire real estate with a variety of issues, such as being deteriorated, and, having increased its value from both soft and hard perspectives by reducing its energy costs, updating its facilities, and performing other renewals, sells the real estate. Further, we are improving the value of the hotels we have invested into through our specialist group consisting of former hotel management company staff, etc. cooperating closely with operators.

Major Initiatives in the Asset Management Business

- The operation and management of private placement funds and private placement REITs. We also operate and manage the logistics facilities, etc. that we have developed.
- We develop a real estate value chain model (from acquisition of property to exit strategy) through the sale of real estate acquired in our investment business (real estate development and revitalization investment) to private placement funds and private placement REITs made up of other investors.

(Reference) Forecast of Latent Demand for Logistics Facilities

Scale of the Retail EC Market in Japan (JPY Tn)



(Source) Real Estate Market Research Report: Real Estate Leasing Market (Logistic Facilities Section), Sumitomo Mitsui Trust Research Institute

- As growth in the logistics market continues amid the expansion of domestic e-commerce and increased B2B logistics volume due to the reshoring of the manufacturing industry, the logistics facilities leasing market is also progressing steadily. Currently, as a result of developers promoting the development of logistics facilities, new supply will increase across the country and vacancies are expected to rise in major metropolitan areas, however with construction costs remaining high, new supply is expected to decrease in future. Also, forecasts for steady demand as shown on the left mean that supply and demand is expected to stabilize.
- Highly in-demand logistics facilities are large facilities in desirable locations in the surrounds of large metropolitan areas in the context of the growth of e-commerce, warehouses capable of reducing manpower in the context of the logistics 2024 problem, etc., facilities which cater to environmental considerations such as fluorocarbon restrictions and rising environmental awareness, etc.
- We will make proactive investments into environmentally and socially conscious logistics facilities.

⑦ Mobility (Overview, Major Initiatives)

Segment Overview

- As the mobility industry is facing a major turning point with the accelerated proliferation of EVs, car sharing, and new services such as automated driving, in the Mobility segment, we are developing high value-added auto leasing and mobility businesses globally, with partner companies in each region.

Major Domestic Initiatives

- Developing business through Mitsubishi Auto Leasing Corporation, a 50/50 joint venture with Mitsubishi Corporation. Following the merger with Mitsubishi HC Capital Auto Lease in April 2023, by leveraging its solid customer base, rich experience, and synergies formed through combining its know-how, it is working to further strengthen our business.
- In addition to Mitsubishi Corporation, we are working to capitalize on the relationships with partner companies such as the Mitsubishi UFJ Financial Group and the Hitachi Group, and to expand EV initiatives.
- In order for customers who previously used gasoline and hybrid vehicles to make the smooth transition to EVs, we will offer integrated services combining EV-related services as packages.

Major Overseas Initiatives

- Business expansion in ASEAN regions (Indonesia, Malaysia, Thailand).
- In Indonesia, in addition to the auto leasing business, we will also develop the used vehicles auction business.
- In Malaysia and Thailand, together with global leading companies in the auto leasing industry, we have established auto leasing companies and expanded its business.

2025 MTMP Strategy

- Develop and commercialize integrated services that can provide the essential functions for the introduction and operation of EVs, such as the development of charging facility networks, the reuse of vehicle-mounted batteries, the supply of renewable energy, etc.
- Generate synergy effects following the merger of two domestic auto leasing companies.
- Strengthen and expand the mobility business base in the ASEAN region by collaborating on joint business with strategic partners.

Outlook for
increases during the
2025 MTMP

Net income



Total assets



▲ An EV used for sales introduced by utilizing our EV-related integrated services



▲ A used vehicle auction company established through a joint venture in Indonesia with one of the largest local taxi companies

V. Financial Information

Financial Performance: Profit & Loss Statement

(JPY Mn)		FYE 3/2021*	FYE 3/2022	FYE 3/2023
1	Revenues	1,713,891	1,765,559	1,896,231
		-	+3.0%	+7.4%
2	Cost of Revenues	1,418,066	1,430,898	1,538,904
		-	+0.9%	+7.5%
3	Cost of Funds	92,392	77,493	136,656
		-	-16.1%	+76.3%
4	Gross Profit	295,825	334,661	357,327
		-	+13.1%	+6.8%
5	SG&A Expenses	197,774	220,569	218,600
		-	+11.5%	-0.9%
6	Personnel Expenses	91,011	99,286	112,007
		-	+9.1%	+12.8%
7	Non-personnel Expenses	79,162	83,806	89,735
		-	+5.9%	+7.1%
8	Allowance	27,599	37,477	16,858
		-	+35.8%	-55.0%
9	Operating Income	98,051	114,092	138,727
		-	+16.4%	+21.6%
10	Recurring Income	105,419	117,239	146,076
		-	+11.2%	+24.6%
11	Extraordinary Income	20,591	30,399	11,350
		-	+47.6%	-62.7%
12	Extraordinary Loss	299	388	4,262
		-	+29.8%	+998.4%
13	Net Income Attributable to Owners of the Parent	87,166	99,401	116,241
		-	+14.0%	+16.9%

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

* Figures for FYE 3/2021 are the sum of consolidated results of Mitsubishi UFJ Lease & Finance and those of Hitachi Capital (IFRS basis) converted into J-GAAP basis in a simplified manner, and are presented as reference values

Financial Performance: Balance Sheet, etc.

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

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

*1 Figures for FYE 3/2021 are the sum of consolidated results of Mitsubishi UFJ Lease & Finance and those of Hitachi Capital (IFRS basis)

*2 Net income attributable is used for the calculation of ROE and ROA

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

(JPY Mn)		FYE 3/2021* (end-Mar. 2021)	FYE 3/2022 (end-Mar. 2022)	FYE 3/2023 (end-Mar. 2023)
14	Total Funding	7,633,836	8,066,082	8,236,106
		-	+5.7%	+2.1%
15	Indirect Funding	4,193,928	4,515,103	4,846,586
		-	+7.7%	+7.3%
16	Direct Funding	3,439,908	3,550,978	3,389,520
		-	+3.2%	-4.5%
17	CP	643,812	682,593	559,485
		-	+6.0%	-18.0%
18	Securitization	584,565	604,493	604,302
		-	+3.4%	0.0%
19	Corporate Bonds	2,211,530	2,263,891	2,225,731
		-	+2.4%	-1.7%
20	Direct Funding Ratio	45.1%	44.0%	41.2%
		-	-1.1pt	-2.8pt
21	Long-Term Funding Ratio	81.5%	81.1%	82.5%
		-	-0.4pt	+1.4pt
22	Foreign Currency Funding Ratio	43.1%	49.4%	56.3%
		-	+6.3pt	+6.9pt

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

* Figures for FYE 3/2021 are the sum of consolidated results of Mitsubishi UFJ Lease & Finance and those of Hitachi Capital (IFRS basis)

Segment Performance

(JPY Bn)	Customer Solutions			Global Business			Environment & Energy			Aviation		
	FYE 3/2022	FYE 3/2023	Change	FYE 3/2022	FYE 3/2023	Change	FYE 3/2022	FYE 3/2023	Change	FYE 3/2022	FYE 3/2023	Change
Gross Profit	116.0	116.5	+0.5	112.2	121.1	+8.8	17.6	16.4	-1.1	35.0	33.6	-1.4
Recurring Income	45.8	55.2	+9.3	30.2	35.3	+5.0	6.4	14.3	+7.8	9.4	9.1	-0.2
Segment Profit*	32.6	38.1	+5.4	40.8	29.0	-11.8	2.2	11.6	+9.3	5.6	6.2	+0.5
New Transactions Volume	958.0	933.2	-24.8	1,109.0	1,300.7	+191.6	36.4	35.8	-0.6	181.3	195.6	+14.2
Segment Assets	3,337.6	3,227.7	-109.9	2,316.3	2,644.2	+327.9	419.3	433.2	+13.8	1,365.1	1,640.2	+275.1

(JPY Bn)	Logistics			Real Estate			Mobility			Adjustments		
	FYE 3/2022	FYE 3/2023	Change	FYE 3/2022	FYE 3/2023	Change	FYE 3/2022	FYE 3/2023	Change	FYE 3/2022	FYE 3/2023	Change
Gross Profit	6.9	32.1	+25.2	26.6	24.9	-1.6	8.2	9.0	+0.7	11.9	3.4	-8.4
Recurring Income	1.0	19.9	+18.9	18.9	13.6	-5.2	3.7	4.1	+0.4	1.4	-5.8	-7.2
Segment Profit*	0.8	15.3	+14.5	12.3	12.6	+0.2	3.1	3.7	+0.6	1.5	-0.6	-2.1
New Transactions Volume	74.6	55.3	-19.2	116.2	87.9	-28.2	31.9	31.8	-0.1	0.0	0.0	0.0
Segment Assets	1,026.7	1,092.9	+66.1	712.7	447.2	-265.4	129.4	41.4	-88.0	37.9	105.8	+67.9

* Segment profit refers to net income by segment

Segment Performance (by Quarter)

Gross Profit (JPY Bn)		FYE 3/2022				FYE 3/2023			
		1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)	1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)
1	Customer Solutions	28.1	30.2	29.3	28.2	31.2	28.0	27.9	29.3
2	Global Business	25.7	27.1	28.1	31.1	31.2	30.2	30.6	29.0
3	Environment & Energy	3.4	2.5	4.5	7.0	3.2	4.1	3.7	5.2
4	Aviation	3.6	16.2	4.5	10.6	6.7	4.5	8.5	13.8
5	Logistics	1.7	2.1	0.2	2.6	8.5	8.8	7.1	7.5
6	Real Estate	3.6	6.0	5.4	11.3	8.1	6.6	5.3	4.7
7	Mobility	2.2	2.1	2.1	1.7	2.5	2.2	2.3	1.9
8	Adjustments	2.6	3.2	3.4	2.5	1.4	0.0	1.0	0.9
9	Total Gross Profit	71.3	89.8	78.0	95.4	93.2	84.6	86.7	92.6

Recurring Income (JPY Bn)		FYE 3/2022				FYE 3/2023			
		1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)	1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)
1	Customer Solutions	12.2	14.5	14.1	4.9	16.7	13.5	12.2	12.6
2	Global Business	7.2	6.2	8.9	7.8	12.6	10.2	6.7	5.6
3	Environment & Energy	1.4	0.7	-1.6	6.0	2.6	3.4	3.7	4.5
4	Aviation	-3.4	9.5	-2.1	5.4	-1.2	-2.5	4.0	8.9
5	Logistics	0.2	1.1	-1.4	1.1	5.8	5.8	3.9	4.3
6	Real Estate	1.9	4.3	3.7	8.9	4.1	4.2	3.2	1.9
7	Mobility	1.1	1.0	1.0	0.3	1.6	1.1	1.1	0.1
8	Adjustments	-0.1	0.7	0.6	0.2	-0.5	-2.2	-1.2	-1.8
9	Total Recurring Income	20.6	38.4	23.1	34.9	41.9	33.8	33.8	36.4

Segment Performance (by Quarter) (Cont'd)

Segment Profit (Net Income) (JPY Bn)		FYE 3/2022				FYE 3/2023			
		1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)	1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)
1	Customer Solutions	8.3	10.0	10.3	3.9	11.2	9.3	8.1	9.3
2	Global Business	24.2	5.1	6.5	4.8	10.2	13.3	3.3	2.0
3	Environment & Energy	0.8	0.2	-2.3	3.5	1.9	3.5	2.8	3.3
4	Aviation	-2.4	6.6	-1.8	3.3	-0.9	-1.8	2.8	6.1
5	Logistics	0.0	0.8	-1.2	1.1	4.6	4.5	3.1	3.0
6	Real Estate	1.1	2.7	2.3	6.0	2.6	2.8	2.2	4.8
7	Mobility	0.9	0.9	0.9	0.2	1.3	1.0	0.9	0.4
8	Adjustments	0.0	0.6	0.5	0.4	0.8	-1.6	-0.8	1.0
9	Total Segment Profit	33.1	27.3	15.2	23.6	32.0	31.1	22.7	30.3

New Transactions Volume (JPY Bn)		FYE 3/2022				FYE 3/2023			
		1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)	1Q (3 months)	2Q (3 months)	3Q (3 months)	4Q (3 months)
1	Customer Solutions	212.4	218.7	236.7	290.0	211.2	223.3	245.0	253.5
2	Global Business	263.4	264.8	285.4	295.3	322.3	329.5	337.5	311.3
3	Environment & Energy	11.3	8.9	12.2	3.9	17.7	8.0	2.9	7.0
4	Aviation	33.2	35.2	68.6	44.2	13.5	69.4	59.4	53.1
5	Logistics	19.1	17.6	23.0	14.8	15.5	19.9	10.7	9.1
6	Real Estate	25.9	20.5	22.0	47.6	23.2	10.6	17.7	36.2
7	Mobility	7.2	8.3	8.0	8.3	5.4	8.1	7.9	10.1
8	Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Total New Transactions Volume	572.8	574.3	656.2	704.3	609.2	669.1	681.3	680.8

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