

FOR IMMEDIATE RELEASE

**Notice Regarding Issuance of Stock Compensation-Type
Stock Options (Stock Acquisition Rights)**

Tokyo, June 28, 2022 --- Mitsubishi HC Capital Inc. (TSE, NSE: 8593, Representative Director, President & CEO: Takahiro Yanai, the “Company”) hereby announces that the issuance of stock acquisition rights for the purpose of stock compensation-type stock options for the Company’s directors (except outside directors and Audit & Supervisory Committee members; hereinafter the same) and executive officers (except those who concurrently serve as directors; hereinafter the same), etc. was resolved at the Board of Directors Meeting held on June 28, 2022, pursuant to Articles 236, 238 and 240 of the Companies Act, as stated below.

-Description-

1. Reasons for Issuance of Stock Acquisition Rights as Stock Compensation-Type Stock Options

The Company will issue stock acquisition rights as stock compensation-type stock options to the Company’s directors and executive officers, etc. for the purpose of further increasing motivation and morale to contribute towards improving mid- to long-term performance and enhancing corporate value, by further strengthening the link between the Company’s performance and share value and having them share with shareholders not only the benefits of share price increases but also the risks of share price decreases.

2. Outline of Issuance of Stock Acquisition Rights

(1) Name of Stock Acquisition Rights

Fourteenth (14th) Issuance of Stock Acquisition Rights of Mitsubishi HC Capital Inc.

(2) Total Number of Stock Acquisition Rights

8,554 units.

The total number above is the scheduled number for the allotment, and in the case of a decrease in the total number of stock acquisition rights to be allotted, due to reasons such as no application for acceptance being made, the total number of stock acquisition rights to be allotted shall be the total number of stock acquisition rights to be issued.

- more -

(3) Persons Entitled to Allotment of Stock Acquisition Rights and Number Thereof;
Number of Stock Acquisition Rights to Be Allotted

Company directors	Six (6) persons, 1,864 units
Company executive officers, etc.	Fifty Five (55) persons, 6,690 units

(4) Class and Number of Shares Underlying Stock Acquisition Rights

The class of shares underlying the stock acquisition rights shall be common shares of the Company, and the number of shares underlying each stock acquisition right ("Number of Shares") shall be one hundred (100) shares.

In the event of a share split (including an allotment of common shares of the Company without contribution; hereinafter the same for references to share splits) or a share consolidation of the common shares of the Company after the allotment date of the stock acquisition rights set forth in (14) below ("Allotment Date"), the Company shall make an adjustment to the Number of Shares by using the following formula; provided that the adjustment shall be made for the number of shares underlying the stock acquisition rights that remain unexercised at that time, and any fractions of less than one (1) share resulting from such adjustment shall be rounded down:

$$\begin{array}{l} \text{Number of Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split or} \\ \text{share consolidation} \end{array}$$

In the case of a share split, the adjusted Number of Shares shall apply from the day immediately after the record date of the said share split (when the record date is not specified, the day the share split becomes effective), and in the case of a share consolidation, the adjusted Number of Shares shall apply from the day the share consolidation becomes effective. Provided that in cases where the Company conducts a share split conditional on approval at the general meeting of shareholders of the Company of a proposal to reduce retained earnings and increase capital or capital reserves, and if the record date for the share split shall be the day prior to the day on which such general shareholders' meeting closes, the adjusted Number of Shares shall apply from the day immediately after the day of such general shareholders' meeting.

In addition to the above, after the Allotment Date, in the event that the Company conducts a merger, company split, or share exchange, or needs to adjust the

Number of Shares in accordance with these cases, the Company may make adjustments to the Number of Shares to the extent the Company's Board of Directors deems necessary.

(5) Value of Property to Be Contributed When Stock Acquisition Rights Are Exercised

The value of property to be contributed when each stock acquisition right is exercised shall be the exercise amount per share granted by exercising each stock acquisition right, which shall be one (1) yen, multiplied by the Number of Shares to be delivered.

(6) Method of Calculation for Amount to Be Paid for Stock Acquisition Rights

The amount to be paid for each stock acquisition right shall be the option price per share, which is calculated based on the method of calculation below and the basic assumptions listed from (ii) to (vii) below, multiplied by the Number of Shares to be delivered (any amounts of less than one (1) yen shall be rounded up).

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

Where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

(i) C = option price per share

(ii) S = share price (the closing price for ordinary trading of the common shares of the Company on the Tokyo Stock Exchange on July 15, 2022 (or the standard price on the next trading day where there is no closing price on that day))

(iii) X = exercise price, as stated in (5) above

(iv) t = expected residual term, 4.3 years

(v) σ = volatility, calculated based on the closing price for ordinary trading of the common shares of the Company on each trading day for 4.3 years (period from March 28, 2018 to July 15, 2022)

(vi) r = risk-free interest rate, which shall be the interest rate on Japanese government bonds for the remaining years corresponding to the expected residual term

(vii) λ = dividend yield, which shall be the dividend per share of the last financial year divided by the share price specified in (ii) above

(viii) $N(\cdot)$ = cumulative distribution function of the standard normal distribution

The amount calculated by the above is the fair price of the stock acquisition rights and does not fall under an advantageous issuance. Furthermore, persons being granted the stock acquisition rights will offset the compensation right which they have against the Company with the payment due for the stock acquisition rights.

(7) Exercise Period of Stock Acquisition Rights

From July 16, 2022 to July 15, 2052

(8) Conditions for Exercise of Stock Acquisition Rights

(i) A holder of stock acquisition rights may exercise his/her stock acquisition rights only within the term set forth in (7) above and during the five-year period starting on the day one year after the day immediately after the date upon which he/she no longer holds the position of director or executive officer, etc. of the Company.

(ii) Notwithstanding (i) above, if any proposal for approval of a merger agreement under which the Company is the non-surviving company, a company split agreement or a company split plan under which the Company is the company being split, or a share exchange agreement or a share transfer plan under which the Company is to become the wholly-owned subsidiary is approved by the Company's general shareholders meeting (or, where a resolution of the general shareholders meeting is not required, approved by the Company's Board of Directors Meeting), a holder of stock acquisition rights may exercise his/her stock acquisition rights for a period of 30 days from the date immediately after the relevant approval date; provided that this shall not apply if stock acquisition rights of the Reorganized Company will be granted to the holders of stock acquisition rights in accordance with the matters regarding delivery of the stock acquisition rights in accordance with the Reorganization set forth in (12) below.

(iii) Other conditions shall be as set forth in the “Stock Acquisition Allocation Agreement” entered into between the Company and the holders of the stock acquisition rights.

(9) Matters Regarding Increase in Capital and Capital Reserves When Shares Are Issued By Exercising Stock Acquisition Rights

(i) The amount of increase in capital when shares are issued by exercising the stock acquisition rights shall be half the maximum amount of increase in stated capital, etc. calculated pursuant to Article 17, paragraph (1) of the Regulations on Corporate Accounting, and any fractions less than one yen resulting from the calculation shall be rounded up.

(ii) The amount of increase in capital reserves when shares are issued by exercising the stock acquisition rights shall be the amount resulting by deducting the amount of increase in capital set forth in (i) above from the maximum amount of increase in stated capital, etc. stated in (i) above.

(10) Provisions on Acquisition of Stock Acquisition Rights

The Company can acquire free of charge the stock acquisition rights on a date separately specified by the Company’s Board of Directors Meeting in respect of items (i) to (v) below, if approved by the Company’s general meeting of shareholders (or by the Company’s Board of Directors Meeting where shareholder approval is not required):

(i) a proposal for approval of a merger agreement under which the Company is the non-surviving company;

(ii) a proposal for approval of a company split agreement or a company split plan under which the Company is the company being split;

(iii) a proposal for approval of a share exchange agreement or a share transfer plan under which the Company is to become the wholly-owned subsidiary;

(iv) a proposal for approval to change the Company’s Articles of Incorporation to establish provisions concerning the requirement to obtain the Company’s approval with regard to acquisition of all the Company’s outstanding shares through a transfer; and

(v) a proposal for approval to change the Company's Articles of Incorporation to establish provisions concerning the requirement to obtain the Company's approval with regard to acquisition of a class of shares underlying the stock acquisition rights through a transfer or concerning the acquisition by the Company of all of those shares by a resolution of the Company's general shareholders meeting.

(11) Restriction on Acquisition of Stock Acquisition Rights Through Transfer

An acquisition of stock acquisition rights through a transfer requires approval by a resolution of the Company's Board of Directors Meeting.

(12) Matters Regarding Delivery of Stock Acquisition Rights in Accordance with Reorganization

In each case where the Company conducts a merger (limited to a merger whereby the Company will be extinguished), absorption-type company split or incorporation-type company split (in each case, limited to a company split whereby the Company will be the company being split), or share exchange or share transfer (in each case, limited to a share exchange or share transfer whereby the Company will be the wholly-owned subsidiary) (collectively, "Reorganization"), the stock acquisition rights of the stock company provided in Article 236, paragraph (1), item (viii), (a) through (e) of the Companies Act ("Reorganized Company") will be delivered respectively to the holders of the stock acquisition rights ("Outstanding Stock Acquisition Rights") immediately before the effective date of the Reorganization (meaning for an absorption-type merger, the effective date of the absorption-type merger; for an incorporation-type merger, the establishment date of the stock company incorporated by the incorporation-type merger; for an absorption-type company split, the effective date of the absorption-type company split; for an incorporation-type company split, the establishment date of the stock company incorporated by the incorporation-type company split; for a share exchange, the effective date of the share exchange; and for a share transfer, the establishment date of the wholly-owning parent company incorporated by the share transfer; hereinafter the same). However, this shall be conditioned on the absorption-type merger agreement, incorporation-type merger agreement, or absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan providing for delivery of stock acquisition rights of the Reorganized Company in line with each of the following items:

- (i) Number of stock acquisition rights of the Reorganized Company to be delivered

The number that equals the Outstanding Stock Acquisition Rights held by the holders of the stock acquisition rights shall be delivered, respectively.

- (ii) Class of shares of the Reorganized Company underlying the stock acquisition rights

Common shares of the Reorganized Company.

- (iii) Number of shares of the Reorganized Company underlying the stock acquisition rights

To be determined in accordance with (4) above, taking into consideration the terms, conditions, etc. of the Reorganization.

- (iv) Value of property to be contributed when stock acquisition rights are exercised

The value of property to be contributed when each stock acquisition right to be delivered is exercised shall be the exercise price after reorganization specified below, multiplied by the number of the Reorganized Company's shares underlying each stock acquisition right determined by (iii) above. The exercise price after reorganization shall be one (1) yen per share of the Reorganized Company to be delivered upon exercise of each of the delivered stock acquisition rights.

- (v) Exercise period of stock acquisition rights

From the first day of the period in which the stock acquisition rights may be exercised as set forth in (7) above or the effective date of the Reorganization, whichever is later, until the expire date on which the exercise period of stock acquisition rights set forth in (7) above.

- (vi) Matters regarding increase in capital and capital reserves when shares are issued by exercising stock acquisition rights

To be determined in accordance with (9) above.

- (vii) Restriction on acquisition of stock acquisition rights through transfer

An acquisition of stock acquisition rights through a transfer requires approval by a resolution of the Reorganized Company's Board of Directors.

- (viii) Conditions for exercise of stock acquisition rights
To be determined in accordance with (8) above.

- (ix) Provisions on acquisition of stock acquisition rights
To be determined in accordance with (10) above.

- (13) Arrangement for Fractions of Less Than One Share Resulting from Exercise of Stock Acquisition Rights
If there are any fractions of less than one share to be delivered to holders of stock acquisition rights who exercised the stock acquisition rights, they shall be rounded down.

- (14) Allotment Date of Stock Acquisition Rights
July 15, 2022

- (15) Place to Accept Claims for Exercise of Stock Acquisition Rights
Governance Control Department (or any department in charge of the relevant operation at that moment) of the Company

- (16) Place for Payments of Money to Be Contributed upon Exercise of Stock Acquisition Rights
The head office of MUFG Bank, Ltd. (or a bridge bank of the relevant bank or a bridge head office and branch of the relevant head office)

- (17) Arrangement in Case of Issuance of Share Option Certificates
No share option certificates will be issued.

###