

*This is an excerpt translation of the Japanese original. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.*

# Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the  
Financial Instruments and Exchange Act)  
The 51st Fiscal Year  
(from April 1, 2021 to March 31, 2022)

**mitsubishi** HC CAPITAL Inc.

(E04788)

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(Note) This document is an excerpt translation of the Annual Securities Report (The 51st Fiscal Year from April 1, 2021 to March 31, 2022), which was originally prepared in Japanese, that covers up to "Item 4. Information on the Company." For details regarding "Item 5. Financial Information" of the Annual Securities Report prepared in Japanese, please refer to Financial Information 2022 (For the year ended March 31, 2022).

## Cover

Document title	Annual Securities Report (“Yukashoken Hokokusho”)
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 28, 2022
Fiscal year	The 51st Fiscal Year (from April 1, 2021 to March 31, 2022)
Company name	Mitsubishi HC Capital Inc.
Company name in English	Mitsubishi HC Capital Inc.
Title and name of representative	Takahiro Yanai, Representative Director, President & CEO
Address of registered head office	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
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Name of contact person	Toru Fukuyama, Senior Corporate Officer, General Manager of Accounting Department
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. 8-20, Sakae 3-chome, Naka-ku, Nagoya, Aichi Mitsubishi HC Capital Inc. Nagoya Office (22-24, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi) Mitsubishi HC Capital Inc. Omiya Branch (11-3, Sakuragicho 1-chome, Omiya-ku, Saitama, Saitama) Mitsubishi HC Capital Inc. Yokohama Branch (11-5, Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa) Mitsubishi HC Capital Inc. Osaka Office (1-1, Fushimimachi 4-chome, Chuo-ku, Osaka, Osaka) Mitsubishi HC Capital Inc. Kobe Branch (48, Akashimachi, Chuo-ku, Kobe, Hyogo)

(Note) On April 1, 2021, the Company (the former Mitsubishi UFJ Lease & Finance Company Limited; hereinafter “Mitsubishi UFJ Lease & Finance”) executed a business integration with Hitachi Capital Corporation (“Hitachi Capital”) and changed the trade name to Mitsubishi HC Capital Inc. (“Mitsubishi HC Capital”) on the same day.

For the previous fiscal year, figures for Mitsubishi UFJ Lease & Finance are shown in “1. Summary of Business Results” of “Item 1. Overview of the Company and Its Consolidated Subsidiaries,” “1. Consolidated Financial Statements, Etc.” of “Item 5. Financial Information,” and “2. Non-Consolidated Financial Statements, Etc.” of “Item 5. Financial Information” of this Report.

The figures for the previous fiscal year in “3. Management’s Analyses of Consolidated Financial Position, Operating Results and Cash Flows” of “Item 2. Business Overview,” are the sum of the figures for Mitsubishi UFJ Lease & Finance and those for Hitachi Capital (IFRS standards) converted into J-GAAP basis in a simplified manner, which are reclassified to conform to the new segmentation after integration and presented as reference value.

## Part 1 Company Information

### Item 1. Overview of the Company and Its Consolidated Subsidiaries

#### 1. Summary of Business Results

##### (1) Consolidated

Fiscal year	47th	48th	49th	50th	51st
Year ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Revenues (Millions of yen)	869,948	864,224	923,768	947,658	1,765,559
Recurring income (Millions of yen)	86,177	87,605	94,376	64,968	117,239
Net income attributable to owners of the parent (Millions of yen)	63,679	68,796	70,754	55,314	99,401
Comprehensive income (Millions of yen)	65,283	66,718	48,296	53,066	174,586
Total equity (Millions of yen)	731,124	778,582	798,820	817,906	1,333,467
Total assets (Millions of yen)	5,552,712	5,790,929	6,285,966	6,014,896	10,328,872
Equity per share (Yen)	794.43	846.97	872.78	901.66	912.19
Earnings per share (Yen)	71.57	77.28	79.44	62.07	69.24
Diluted earnings per share (Yen)	71.31	76.99	79.14	61.84	69.06
Equity ratio (%)	12.7	13.0	12.4	13.4	12.7
Return on equity (%)	9.3	9.4	9.2	7.0	8.0
Price earnings ratio (Times)	8.7	7.3	6.7	10.8	8.2
Cash flows from operating activities (Millions of yen)	(50,751)	(239,403)	(252,199)	199,314	195,845
Cash flows from investing activities (Millions of yen)	(31,962)	(34,063)	(32,988)	1,220	(107,879)
Cash flows from financing activities (Millions of yen)	147,611	299,752	552,320	(372,808)	(192,157)
Cash and cash equivalents at the end of the year (Millions of yen)	160,124	186,489	455,588	286,213	520,083
Number of employees (Separately, average number of temporary employees) (Persons)	3,126 (355)	3,217 (283)	3,301 (277)	3,284 (372)	8,803 (1,569)

(Note) As stated in “Notes to Changes in Accounting Policies” in “1. Consolidated Financial Statements, Etc.” of “Item 5. Financial Information,” changes in accounting policies for the fiscal year under review are retroactively applied, and for the 50th fiscal year, figures after retroactive application are presented.

## (2) Management indicators of the submitting company, etc.

Fiscal year		47th	48th	49th	50th	51st
Year ended		March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Revenues	(Millions of yen)	469,586	474,081	470,854	492,019	838,475
Recurring income	(Millions of yen)	38,431	50,791	41,087	61,392	34,008
Net income	(Millions of yen)	29,899	46,279	38,768	63,399	51,584
Share capital	(Millions of yen)	33,196	33,196	33,196	33,196	33,196
Total number of issued shares	(Shares)	895,834,160	895,834,160	895,834,160	895,834,160	1,466,912,244
Total equity	(Millions of yen)	481,561	497,324	508,589	557,554	880,601
Total assets	(Millions of yen)	3,951,111	4,236,814	4,476,092	4,181,294	5,700,025
Equity per share	(Yen)	539.50	556.83	569.07	623.69	612.00
Dividend per share (of the above interim dividend per share)	(Yen)	18.00 (7.50)	23.50 (9.50)	25.00 (12.50)	25.50 (12.75)	28.00 (13.00)
Earnings per share	(Yen)	33.61	51.99	43.53	71.14	35.93
Diluted earnings per share	(Yen)	33.48	51.79	43.36	70.87	35.84
Equity ratio	(%)	12.2	11.7	11.3	13.3	15.4
Return on equity	(%)	6.5	9.5	7.7	11.9	5.7
Price earnings ratio	(Times)	18.6	10.8	12.2	9.4	15.9
Payout ratio	(%)	53.6	45.2	57.4	35.8	77.9
Number of employees (Separately, average number of temporary employees)	(Persons)	1,289 (103)	1,317 (105)	1,379 (105)	1,412 (112)	2,235 (289)
Total shareholders return (Indicator: TOPIX Machinery Index)	(%) (%)	115.7 (115.9)	109.1 (110.0)	107.8 (99.6)	136.9 (141.5)	124.3 (144.3)
Highest share price of each fiscal year	(Yen)	753	760	728	699	670
Lowest share price of each fiscal year	(Yen)	526	480	445	437	521

(Note) 1. The highest and lowest share prices are those on the Tokyo Stock Exchange (First Section).

2. As stated in “Notes to Changes in Accounting Policies” in “2. Non-Consolidated Financial Statements, Etc.” of “Item 5. Financial Information,” changes in accounting policies for the fiscal year under review are retroactively applied, and for the 50th fiscal year, figures after retroactive application are presented.

## 2. History

Month and year	Former Mitsubishi UFJ Lease & Finance Company Limited	Former Hitachi Capital Corporation
September 1957	Established Diamond Lease Company Limited with a total of 16 companies as shareholders, including 11 Mitsubishi Group companies, notably The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.), Mitsubishi Corporation, The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation), Meiji Life Insurance Company (currently Meiji Yasuda Life Insurance Company), and Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.), as well as Nippon Life Insurance Company, The Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Limited), and three affiliated companies of The Chase Manhattan Bank (at that time).	Established Tokyo Hitachi Home Electric Appliance Geppuhanbai Corp. and Osaka Hitachi Home Electric Appliance Geppuhanbai Corp. (merged with Hitachi Geppan Corp. in December 1960).
May 1958		Established Kyushu Hitachi Home Electric Appliance Geppuhanbai Corp. and Nagoya Hitachi Home Electric Appliance Geppuhanbai Corp. (merged with Hitachi Geppan Corp. in December 1960).
August 1960		Established Hitachi Geppan Corp. (changed its trade name to Hitachi Credit Corp. in January 1969).
April 1971		
December 1976		Listed on the Second Section of the Tokyo Stock Exchange.
September 1979		Listed on the First Section of the Tokyo Stock Exchange.
March 1985		
September 1988		
October 1999		
October 2000		Merged with Hitachi Leasing Corp. and changed its trade name to Hitachi Capital Corp.
April 2007	Merged with UFJ Central Leasing Co., Ltd. and changed its trade name to Mitsubishi UFJ Lease & Finance Company Limited. Listed on the First Section of the Nagoya Stock Exchange.	
August 2016	Mitsubishi UFJ Lease & Finance Company Limited and Hitachi Capital Corp. entered into a capital and business alliance.	

Month and year	Mitsubishi HC Capital Inc.
April 2021	Mitsubishi UFJ Lease & Finance Company Limited merged with Hitachi Capital Corp. and changed its trade name to Mitsubishi HC Capital Inc.
November 2021	Acquired all shares of CAI International, Inc. and made it a consolidated subsidiary.
April 2022	Following the reorganization of market segments on the stock exchanges, shifted to the Prime Market of the Tokyo Stock Exchange and the Premier Market of the Nagoya Stock Exchange.

### 3. Description of Business

The Group consists of the Company, 467 subsidiaries and 102 affiliates. Other affiliated companies include Mitsubishi Corporation and Mitsubishi UFJ Financial Group, Inc.

- (1) On April 1, 2021, the Company (the former Mitsubishi UFJ Lease & Finance Company Limited; hereinafter “Mitsubishi UFJ Lease & Finance”) executed a business integration with Hitachi Capital Corporation (“Hitachi Capital”) and changed the trade name to Mitsubishi HC Capital Inc. (“Mitsubishi HC Capital”). In connection with the business integration, the Company reorganized the reportable segments of Mitsubishi UFJ Lease & Finance and Hitachi Capital and the reportable segments have been changed to 10 segments of “Customer Business,” “Account Solution,” “Vendor Solution,” “LIFE,” “Real Estate,” “Environment & Renewable Energy,” “Aviation,” “Logistics,” “Mobility,” and “Others” effective April 1, 2021. “Healthcare,” “Infrastructure & Investment,” and other businesses were integrated as “Others” according to integration standard stipulated on “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information.”

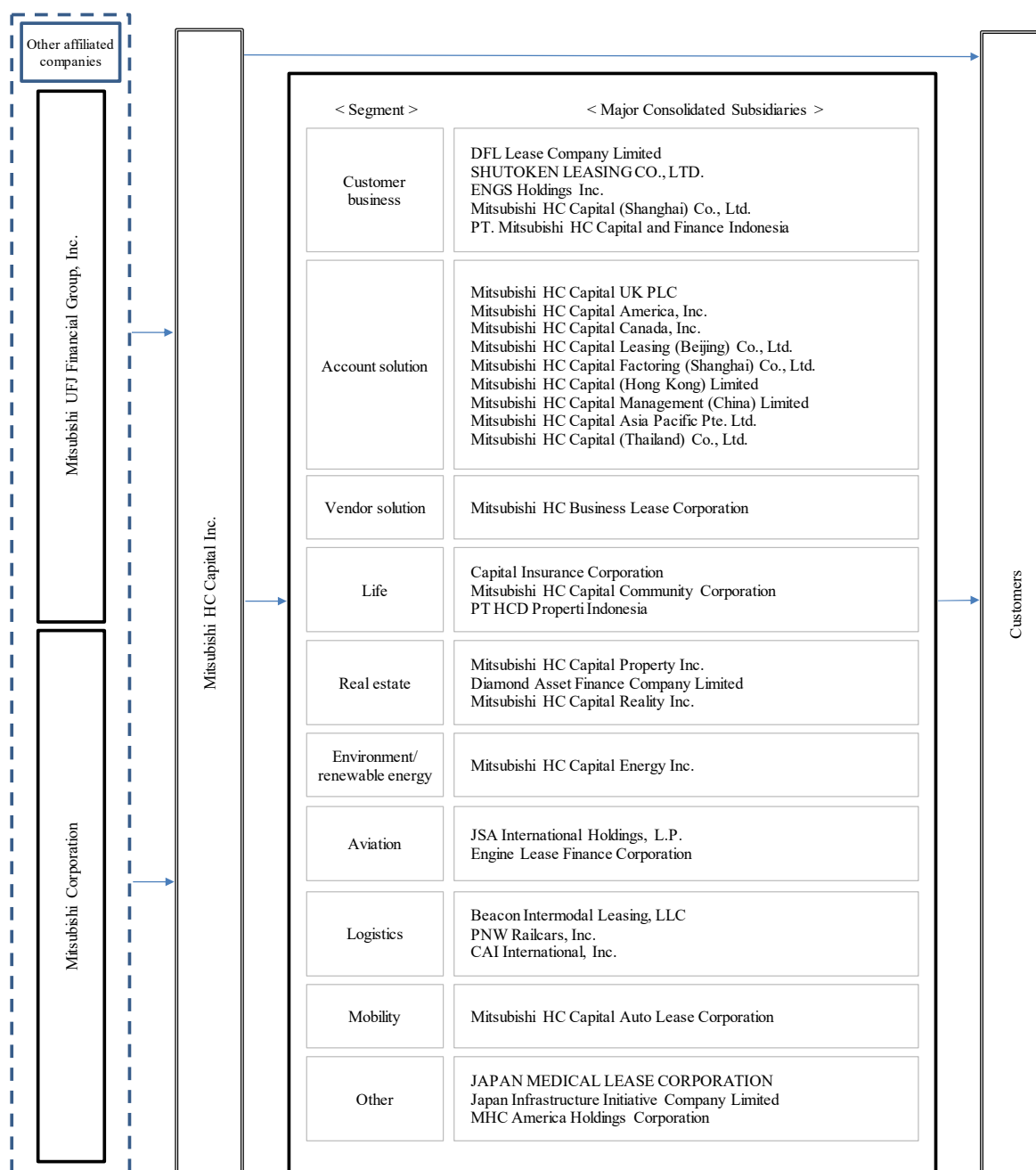
Description of the reportable segments and main services and business description after the change are as follows.

Reportable segments	Main services and business description
Customer Business	Finance solutions for corporations
Account Solution	Financial services for companies, government agencies, and vendors
Vendor Solution	Sales finance provided through collaboration with vendors
LIFE	Development, operation, and leasing of logistics and commercial facilities Community development Food and agriculture and living essentials industry Non-life insurance
Real Estate	Real estate securitization finance Real estate revitalization investment business Real estate asset management business Real estate leasing business
Environment & Renewable Energy	Power generation by renewable energy Environment-related equipment leasing and finance
Aviation	Aircraft leasing business Aircraft engine leasing business
Logistics	Marine container leasing business Railway freight car leasing business Auto leasing business
Mobility	Auto leasing business and supplementary services
Others	Servicing Trust service Settlement services Medical equipment leasing and finance Investment and financing to social infrastructure, etc.

We plan to change the reportable segments in the fiscal year ending March 31, 2023 along with the organizational changes.



(2) Our business structure is shown below.



#### 4. Overview of Subsidiaries and Affiliates

Company name	Location	Share capital	Principal business (Note 1)	Ownership or ownership ratio of voting rights (%)	Relationship
(Consolidated subsidiaries)					
DFL Lease Company Limited (Note 2)	Chuo-ku, Osaka, Osaka	¥3,700 million	Customer Business	80	Loans of business funds
Shutoken Leasing Co., Ltd.	Chiyoda-ku, Tokyo	¥3,300 million	Customer Business	70.71	Loans of business funds
ENGs Holdings Inc.	Itasca	US\$0 thousand	Customer Business	100	
Mitsubishi HC Capital (Shanghai) Co., Ltd. (Notes 2 and 3)	Shanghai	US\$55,000 thousand	Customer Business	100	Debt guarantee
PT. Mitsubishi HC Capital and Finance Indonesia (Notes 2, 3 and 4)	Jakarta	Rp400,000 million	Customer Business	100 (15)	Debt guarantee
Mitsubishi HC Capital UK PLC (Notes 2 and 3)	Staines-upon- Thames	STG£110,668 thousand	Account Solution	100	Debt guarantee
Mitsubishi HC Capital America, Inc. (Notes 2 and 3)	Norwalk	US\$180,000 thousand	Account Solution	100	Debt guarantee
Mitsubishi HC Capital Canada, Inc. (Notes 2, 3 and 4)	Burlington	CA\$97,000 thousand	Account Solution	100 (100)	Debt guarantee
Mitsubishi HC Capital Leasing (Beijing) Co., Ltd. (Notes 2, 3 and 4)	Beijing	US\$170,000 thousand	Account Solution	100 (100)	Debt guarantee
Mitsubishi HC Capital Factoring (Shanghai) Co., Ltd. (Notes 2, 3 and 4)	Shanghai	RMB306,570 thousand	Account Solution	100 (100)	
Mitsubishi HC Capital (Hong Kong) Limited (Notes 2, 3 and 4)	Hong Kong	HK\$310,000 thousand	Account Solution	100 (100)	
Mitsubishi HC Capital Management (China) Limited (Notes 2 and 3)	Hong Kong	HK\$2,285,516 thousand	Account Solution	100	Debt guarantee One concurrent officer
Mitsubishi HC Capital Asia Pacific Pte. Ltd. (Notes 2 and 3)	Singapore	US\$126,400 thousand	Account Solution	100	
Mitsubishi HC Capital (Thailand) Co., Ltd. (Notes 2, 3 and 4)	Bangkok	THB1,100,000 thousand	Account Solution	100 (99.99)	Debt guarantee
Mitsubishi HC Business Lease Corporation (Notes 2 and 3)	Minato-ku, Tokyo	¥10,000 million	Vendor Solution	100	Loans of business funds
Capital Insurance Corporation (Notes 2 and 3)	Chiyoda-ku, Tokyo	¥6,200 million	LIFE	79.36	
Mitsubishi HC Capital Community Corporation (Note 3)	Minato-ku, Tokyo	¥80 million	LIFE	100	Leasing of real estate Loans of business funds
PT HCD Properti Indonesia (Notes 2 and 4)	Jakarta	Rp580,000 million	LIFE	63.45 (63.45)	

Company name	Location	Share capital	Principal business (Note 1)	Ownership or ownership ratio of voting rights (%)	Relationship
Mitsubishi HC Capital Property Inc. (Note 3)	Chiyoda-ku, Tokyo	¥251 million	Real Estate	100	Leasing of real estate Loans of business funds, etc.
Diamond Asset Finance Company Limited (Note 2)	Chiyoda-ku, Tokyo	¥8,575 million	Real Estate	100	Loans of business funds
Mitsubishi HC Capital Reality Inc. (Note 3)	Chiyoda-ku, Tokyo	¥300 million	Real Estate	100	Loans of business funds
Mitsubishi HC Capital Energy Inc. (Note 3)	Chiyoda-ku, Tokyo	¥150 million	Environment & Renewable Energy	100	Loans of business funds
JSA International Holdings, L.P. and its 26 subsidiaries (Note 2)	Cayman Islands Grand Cayman, etc.	US\$742,183 thousand	Aviation	100	Loans of business funds Debt guarantee
Engine Lease Finance Corporation (Note 4)	Shannon	US\$1 thousand	Aviation	100 (100)	Debt guarantee
Beacon Intermodal Leasing, LLC (Note 4)	Boston	US\$1 thousand	Logistics	100 (100)	
PNW Railcars, Inc. (Notes 3 and 4)	Portland	US\$1 thousand	Logistics	100 (100)	
CAI International, Inc.	San Francisco	US\$0 thousand	Logistics	100	
Mitsubishi HC Capital Auto Lease Corporation (Note 3)	Minato-ku, Tokyo	¥300 million	Mobility	100	Loans of business funds
JAPAN MEDICAL LEASE CORPORATION	Shinagawa-ku, Tokyo	¥100 million	Others	100	Loans of business funds
Japan Infrastructure Initiative Company Limited (Note 2)	Chiyoda-ku, Tokyo	¥17,500 million	Others	95.1	Loans of business funds
MHC America Holdings Corporation (Notes 2 and 3)	New York	US\$0 thousand	Group financing business	100	Debt guarantee One concurrent officer
209 other companies					
(Affiliated companies accounted for by the equity method)					
Mitsubishi Electric Credit Corporation	Shinagawa-ku, Tokyo	¥1,010 million	Customer Business	45	Leasing of equipment, etc.
Mitsubishi Auto Leasing Holdings Corporation	Minato-ku, Tokyo	¥300 million	Logistics	50	
Chubu Electric Power & MHC Germany Transmission GmbH (Note 3)	Dusseldorf	EUR25 thousand	Others	49	
70 other companies					

Company name	Location	Share capital	Principal business (Note 1)	Ownership or ownership ratio of voting rights (%)	Relationship
(Other affiliated companies)				(Owned)	
Mitsubishi Corporation (Note 5)	Chiyoda-ku, Tokyo	¥204,446 million	General trading company	18.39	Leasing of equipment, etc.
Mitsubishi UFJ Financial Group, Inc. (Notes 4 and 5)	Chiyoda-ku, Tokyo	¥2,141,513 million	Bank holding company	20.05 (5.53)	

- (Notes)
1. The “Principal business” column of consolidated subsidiaries other than MHC America Holdings Corporation indicates the name of the reportable segment of the principal business operated by the consolidated subsidiaries. Since MHC America Holdings Corporation does not belong to any specific reportable segment, the business it operates is presented.
  2. These companies are specific subsidiaries.  
In addition, 4 of the 26 subsidiaries of JSA International Holdings, L.P. are specific subsidiaries.
  3. These companies changed their trade names in the fiscal year under review.
  4. The figure in parentheses in “Ownership or ownership ratio of voting rights” is the included number of indirect ownership or the ownership ratio of indirect ownership.
  5. It is a company that submits annual securities reports.

## 5. Employees

(1) Consolidated

(As of March 31, 2022)

Name of the segment	Number of employees	
Customer Business	1,607	(193)
Account Solution	3,264	(224)
Vendor Solution	427	(142)
LIFE	321	(192)
Real Estate	338	(56)
Environment & Renewable Energy	121	(38)
Aviation	198	(10)
Logistics	408	(109)
Mobility	614	(198)
Others	520	(268)
Corporate	985	(139)
Total	8,803	(1,569)

- (Notes)
1. Number of employees includes those seconded from outside of the Group to the Group, excluding those seconded from the Group to outside of the Group.
  2. The figures in parentheses in the column of the number of employees indicate the average number of temporary employees employed during the fiscal year under review.
  3. The number of temporary employees includes part-timers, temporary employees, and employees on temporary contracts.
  4. As a result of the business integration resulting from the merger with Hitachi Capital Corp. on April 1, 2021, the number of employees increased significantly from the end of the previous fiscal year.
  5. The reportable segments have been changed from the fiscal year under review. Details are as described in “Notes to Segment Information, Etc.” in “1. Consolidated Financial Statements, Etc.” of “Item 5. Financial Information.”
  6. The number of employees listed as “Corporate” refers to those belonging to administrative divisions that cannot be classified into specific segments.

## (2) Status of submitting company

(As of March 31, 2022)

Number of employees	Average age	Average length of service	Average annual salary (Thousands of yen)
2,235 (289)	40.4	15.5 years	8,660

Name of the segment	Number of employees
Customer Business	648 (65)
Account Solution	220 (35)
Vendor Solution	4 (—)
LIFE	47 (8)
Real Estate	43 (2)
Environment & Renewable Energy	50 (7)
Aviation	47 (5)
Logistics	37 (—)
Mobility	5 (2)
Others	153 (26)
Corporate	981 (139)
Total	2,235 (289)

- (Notes)
1. Excluding employees seconded from the Company to other companies, number of employees includes employees seconded from other companies to the Company.
  2. The figures in parentheses in the column of the number of employees indicate the average number of temporary employees employed during the fiscal year under review.
  3. The number of temporary employees includes part-timers, temporary employees, and employees on temporary contracts.
  4. Average annual salary includes bonuses and non-standard wages.
  5. As a result of the business integration resulting from the merger with Hitachi Capital Corp. on April 1, 2021, the number of employees increased significantly from the end of the previous fiscal year. Average length of service includes the length of service at Mitsubishi UFJ Lease & Finance Company Limited and Hitachi Capital Corp. prior to the merger.
  6. The reportable segments have been changed from the fiscal year under review. Details are as described in “Notes to Segment Information, Etc.” in “1. Consolidated Financial Statements, Etc.” of “Item 5. Financial Information.”
  7. The number of employees listed as “Corporate” refers to those belonging to administrative divisions that cannot be classified into specific segments.

## (3) Relationship with labor union

Some consolidated subsidiaries have labor unions.

There is nothing to be noted for labor-management relations.

## Item 2. Business Overview

### 1. Management Policy, Business Environment and Tasks Ahead, Etc.

Forward-looking statements herein are based on the Group's judgment as of the end of the fiscal year under review.

#### (1) Basic management policy

The Company has established the following “Our Mission,” “Our Vision” and “Action Principles” as its basic management policy.

“Our Mission” is our long-term goal, “Our Vision” is the objectives to achieve our long-term goal, and the “Action Principles” are the values and mindset to be held and actions to be taken by each and every employee in order to realize our Mission and Vision.

#### ◎ 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.

(2) The Company's management strategy in the medium to long term and issues to be addressed

(i) Business environment

In recent years, there have been drastic changes in the external environment and there is an increasing need to recognize megatrends, or the trends influencing domestic and international economies over the medium to long term, such as geopolitics and the economy, climate change, expansion and evolution of technology, demographics, and wealth disparities.

In this external environment, the roles required of the Group are changing to better resolve social issues through business investment and operation, in addition to conventional leasing and finance. Moreover, in both during and after the COVID-19 pandemic situation, business models at an industry level are expected to change rapidly at a speed which has exceeded all expectations. In such circumstances that all companies are to adapt to the environmental changes, the prominence of the Group, holding various asset-related functions and offering flexible services which are not limited to financial functions, will increase further.

The Group will contribute to a sustainable and prosperous future by regarding these drastic environmental changes in society and the relevant industries as new business opportunities and creating social value for various customers and local communities.

(ii) Medium- to Long-term Management Direction

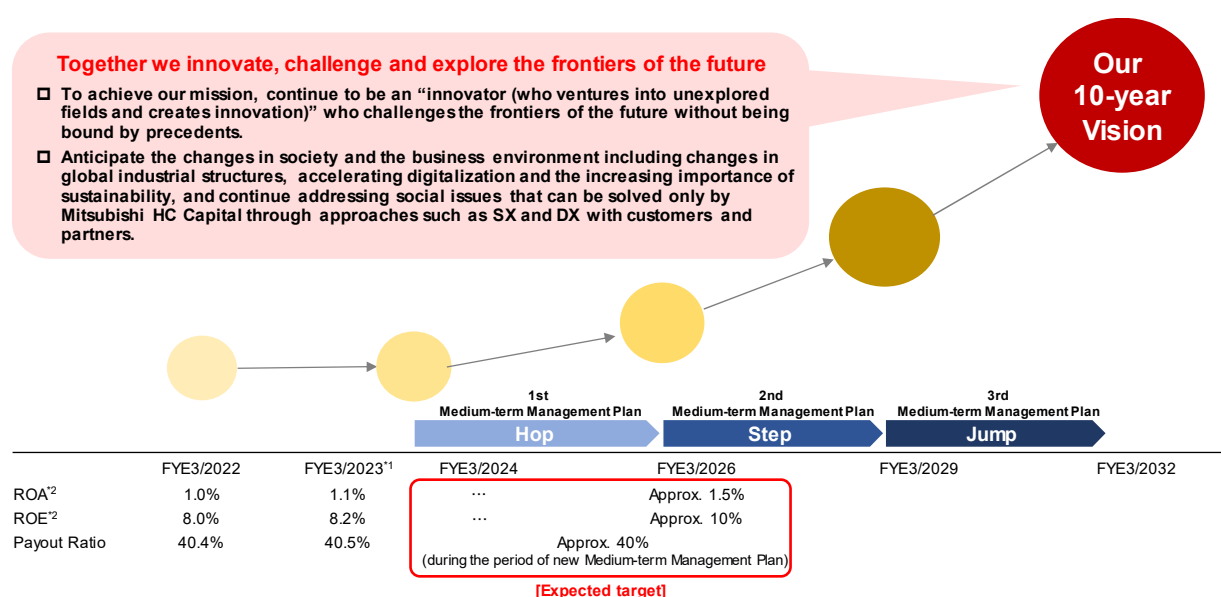
In order to achieve Our Mission, we have set forth our Medium- to Long-term Management Direction and our "Our 10-year Vision," which describes how we want to be recognized by our stakeholders and how we must transform to realize Our Mission.

Our 10-year Vision

"Our 10-year Vision" is to be "Together we innovate, challenge and explore the frontiers of the future." This is inspired by the following aspirations.

- 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 the increasing importance of sustainability, and continue addressing social issues that can be solved only by Mitsubishi HC Capital through approaches such as SX and DX with customers and partners.

We will achieve "Our 10-year Vision" through Medium-term Management Plans in three stages (Hop, Step, and Jump). The new Medium-term Management Plan, which begins in fiscal 2023 (the fiscal year ending March 31, 2024), will serve as the Hop.



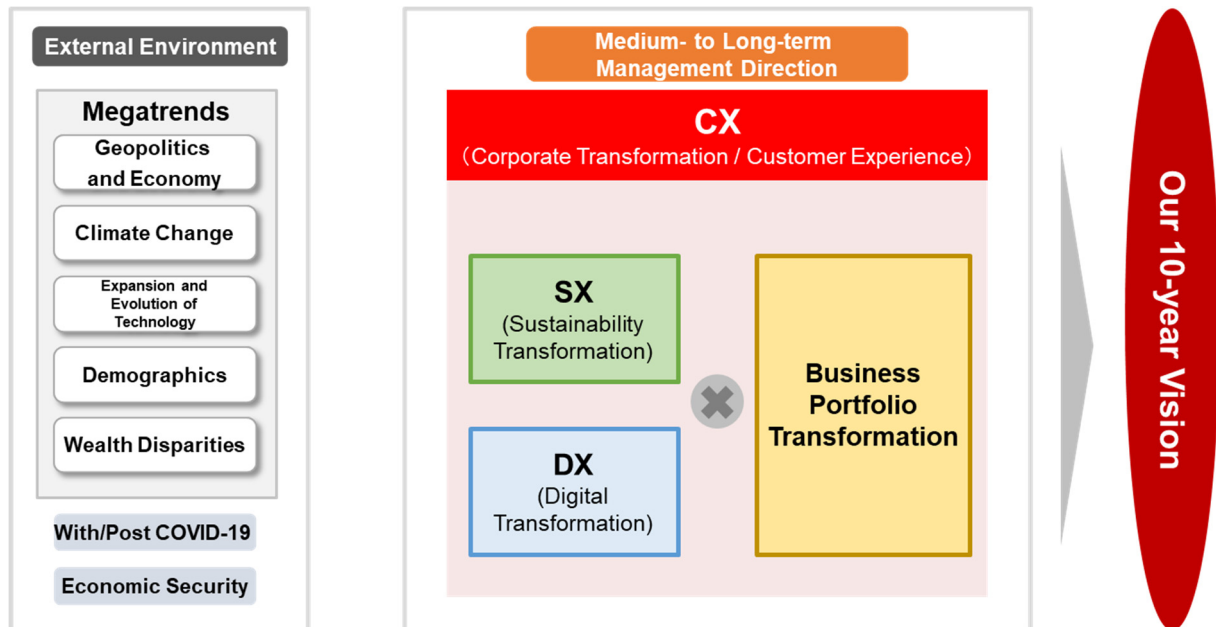
<sup>\*1</sup> The figures of the fiscal year ending March 31, 2023 are the forecast as of May 16, 2022.

<sup>\*2</sup> ROA and ROE are based on net income attributable to owners of the parent.



### Toward “Our 10-year Vision”

By working on “SX/DX” and “Business Portfolio Transformation,” we will promote CX and realize “Our 10-year Vision.” CX above has two meanings: “Corporate Transformation: company-wide transformation” and “Customer Experience: creating customer value.” We will realize CX “Customer Experience: creating customer value” by implementing “Corporate Transformation: company-wide transformation.”



### SX / DX

Our SX (Sustainability Transformation) will allow us to achieve “coexistence and co-prosperity with environmental and social values” and “sustainable growth” through materiality initiatives and a solid management base.

Furthermore, through DX (Digital Transformation), we will achieve “creation and qualitative improvement of customer value” by utilizing data and digital technologies and making strategic investments.

### Business portfolio transformation











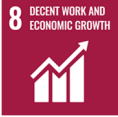


As part of our business portfolio transformation, we will carry out the three initiatives: 1) “Developing” new businesses, 2) shifting existing businesses to high value-added services, and 3) enhancing profitability and efficiency of existing businesses. In addition to developing new businesses and domains and create new revenue sources by utilizing stable cash flows and the wide-ranging customer base of existing businesses, we will shift to high value-added services by maintaining and expanding the customer base of existing businesses and increase returns by improving customer experience. At the same time, we will enhance the profitability and efficiency of existing businesses that create stable cash flows.

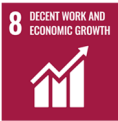

(iii) Materiality

Mitsubishi HC Capital Inc. identified the next six material issues as priority key challenges which must be addressed to achieve sustainable development of Mitsubishi HC Capital Group.

Against the backdrop of global environmental changes in recent years such as climate change driven by global warming, population growth, urbanization, and scarcity of resources, companies are expected to make efforts to solve numerous issues, such as promoting a decarbonized society and building a circular economy.

The Group will proceed its effective management and business activities toward solving such issues based on the materiality with appreciating the significance.

Materiality	Why the Group treats as highly material challenges	How related to SDGs
Promote a decarbonized society	<ul style="list-style-type: none"> <li>Efforts to realize a decarbonized society have been globally recognized as an urgent issue, and the Group can significantly contribute to solving this challenge through its services and solutions, such as renewable energy investment and EV promotion.</li> <li>The impact on the business side is large and significant, involving matters including distinguishing activities that go against the social issues.</li> </ul>	 
Realize the circular economy	<ul style="list-style-type: none"> <li>The Group aims to contribute to creating a circular economy by reducing waste, not only within the Group but also in society through maximizing the potential of assets. As a leader in the leasing industry, the Group believes this issue is highly material.</li> <li>The Group can also contribute to realizing a sustainable and prosperous society through strengthening the collaboration between partners.</li> </ul>	   
Establish resilient social infrastructure	<ul style="list-style-type: none"> <li>The Group recognizes that the business has many opportunities to support infrastructure projects in Japan that require repair and rebuilding, as well as the development of infrastructure and creation of smart cities in emerging countries with active collaboration between various partners.</li> <li>The group will contribute to the diversification, enhancement and optimization of the business through establishing systems and providing services for supporting the collaboration between companies.</li> </ul>	 
Realize healthy lifestyles that promote positive wellbeing	<ul style="list-style-type: none"> <li>It is vital for stakeholders that the Group recognizes the importance of health, safety, and physical and mental wellbeing for realizing a prosperous future.</li> <li>Valuable human resources are key to the value and trust in our corporate activities. Improving employee motivation, acquiring top talent, and similar actions are highly important.</li> </ul>	  
Create businesses utilizing the latest technologies	<ul style="list-style-type: none"> <li>Both financing for the purpose of the digital transformation of customers and using internal digital technologies to increase the efficiency for this promote the development for new business models.</li> <li>The Group identifies this for highly material opportunities for diversified and innovative business creation, including establishing supply chains utilizing alternative energies.</li> </ul>	 

Materiality	Why the Group treats as highly material challenges	How related to SDGs
Collaborate with partners locally and globally	<ul style="list-style-type: none"> <li>• Social issues differ by country and region. The Group should create synergies with local partners and find new opportunities inside and outside of Japan, meeting individual needs through community based efforts.</li> <li>• The Group can realize mutual benefits in developing society by utilizing its integrated capabilities.</li> </ul>	 

(3) Business issues to be addressed as a priority matter

In order to create synergies through business integration, we recognize the importance of the promotion of PMI (Post Merger Integration, the business integration process). We have established a department that oversees the company's PMI and promotes overall synergies, and has been engaged in vigorous activities in various working groups. As a result, PMI is progressing well.

Through business integration, we aim to create synergies from three aspects: cost synergies, such as optimization of management resources; sales synergies; and synergies from the use of capital reserves created by the integration.

In addition, recognizing the importance of the six material issues (materiality) described in the previous section, we will implement business strategies and measures aimed to solve these issues.

The first Medium-term Management Plan after the business integration is currently being formulated and is scheduled to be announced during fiscal 2022 (the fiscal year ending March 31, 2023).

(4) Target performance indicators

The medium-term management policy and strategy, as well as the specific performance indicators to be targeted, will be considered in the formulation of the Medium-term Management Plan for the three-year period beginning in fiscal 2023 (the fiscal year ending March 31, 2024).

At this point in time, the following are the expected targets for the performance indicators for fiscal 2025 (the fiscal year ending March 31, 2026), which is the final year of the Medium-term Management Plan.

Item	Expected target	March 31, 2022 (actual)
ROA	Approx. 1.5%	1.0%
ROE	Approx. 10%	8.0%
Payout ratio	Approx. 40% (From fiscal 2023 to fiscal 2025)	40.4%

(Note) Net income attributable to owners of the parent is used in the calculations of ROA and ROE. In addition, the start-of-year values used in the calculations of ROA and ROE for the fiscal year ended March 31, 2022 reflect the business integration with Hitachi Capital.

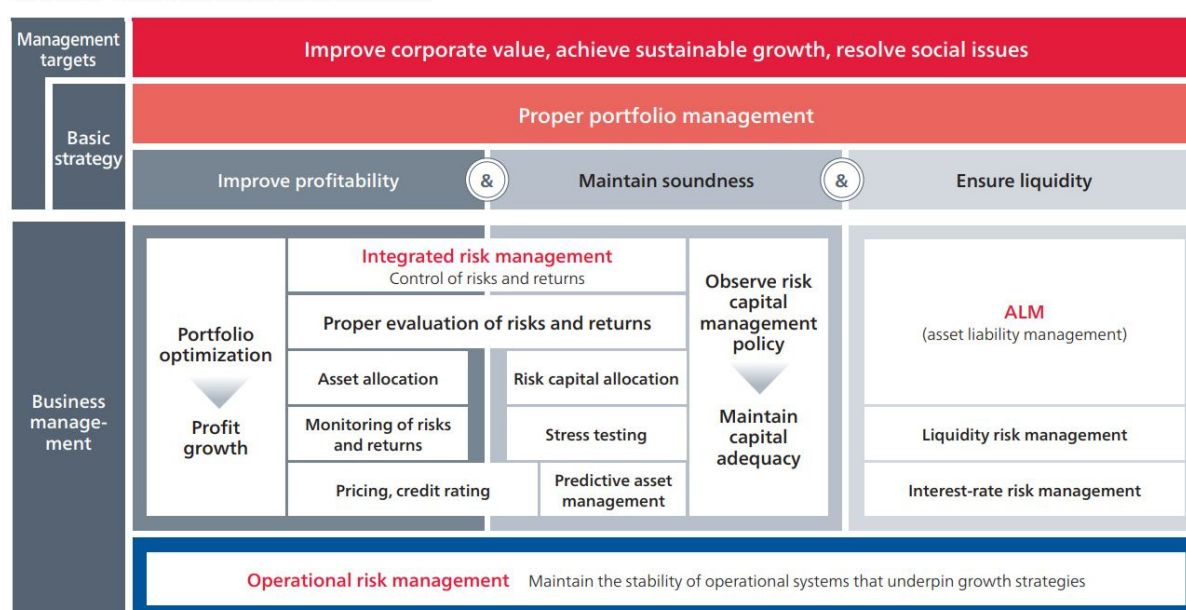
## 2. Risk Factors

The Group comprehensively manages risks in its businesses and other areas that may have a material impact on investors' judgment through the framework described in "(1) Integrated risk management" while providing an overview of risks and details of its major risk initiatives in "(2) Major risks managed within framework of integrated risk management." The Group has established an appropriate management system of such risks to prevent them from materializing and minimize the impact when they do occur.

The risk management system is designed to manage potential risk factors. Each department responsible for each risk identifies issues arising from changes in the external environment, reviews countermeasures against these risks on a regular basis, and reports without delay to the Executive Committee, which is the consultative and decision-making body for controlling business execution. Specifically, in addition to the ALM (Asset and Liability Management) Committee, Compliance Committee and Disclosure Committee on J-SOX, which discuss individual risk issues and countermeasures, the Risk Management Committee, which comprehensively and systematically manages risks related to overall management, meets on a quarterly basis and as needed, reports on the status of risks and deliberates on response policies. Important matters in each committee are reported to the Board of Directors for deliberation.

Forward-looking statements herein are based on the Group's judgment as of the end of the fiscal year under review.

### Overview of Risk Management Framework



### (1) Integrated risk management

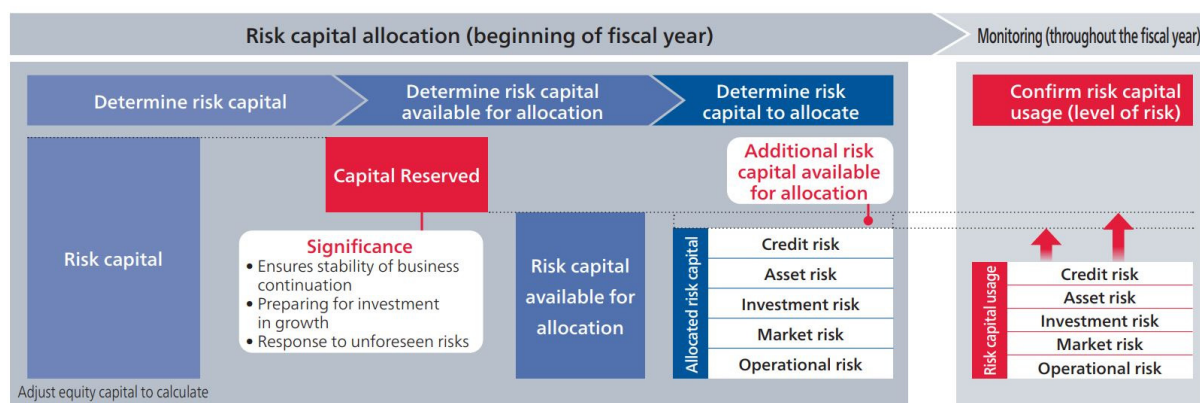
Mitsubishi HC Capital engages in business operations that incorporate the framework of integrated risk management in order to work toward sustainable growth by balancing maintenance of management soundness with improving profitability. The major risks managed within the framework of integrated risk management include credit risk, asset risk, investment risk, market risk, liquidity risk, and operational risk. Risk management is conducted on a consolidated basis.

Specifically, risk capital is allocated to the respective risk category based on the Company's risk capital management policy after quantifying each risk using risk assessment methods tailored to the characteristics of the asset or business. Reasonable risk-taking is then carried out within the scope of risk tolerance.

Within this risk management framework, regular monitoring is undertaken of the utilization of risk capital and the status of portfolios, the results of which are reported to and discussed by the Risk Management Committee, the Executive Committee, and the Board of Directors.

In this way, efforts are made to ensure appropriate response measures and to promote effective internal communication about risk. Arrangements are in place to ensure that the Board of Directors is fully informed of the risk management system and risk management status and that it maintains oversight thereof.

## Managing Risk Capital to Ensure Soundness



### (2) Major risks managed within framework of integrated risk management

The Mitsubishi HC Capital Group conducts business activities globally. The Group provides capital investments and services necessary for customer businesses through leases and other means. The assets it holds for leases and related transactions are diversified, ranging from general movable property such as office equipment and production equipment to assets, such as aircraft, that are used in particular industries. Demand for capital investment can decline considerably if a customer's business environment deteriorates with deceleration or slowdown in business at home or abroad. In that case, a decline in leases and other transactions could impact the Group's business results and financial position. Additionally, losses arising from inadequacy of internal processes, personnel, or systems or their failure to function, or exogenous events could impact the Group's business results and financial position.

The major items among these envisioned risks are managed within the framework set out under 1. Integrated Risk Management.

#### (i) Credit risk

The Mitsubishi HC Capital Group conducts business that extends credit over the medium to long term through leases, installment sales, monetary loans, and other financial services of various forms. Depending on future business trends and the financial landscape, additional provisions of allowance for doubtful receivables could be necessary with increasing non-performing loans due to deterioration of a company's credit status, which could impact the Group's business results and financial position. Furthermore, because the Group is engaged in business globally, it is subject to country risk in which losses may arise depending on the political and economic situations in the countries and territories where customers and investees are located.

#### [Main efforts to address risk]

When considering the advisability of each deal, the Group carefully reviews the customer's credit standing using its own rating system and makes a thorough study in light of the value of the leased property, country risk, and other factors in an effort to ensure a reasonable return for the risk. Additionally, the Group continues to check the customer's credit standing on an ongoing basis even after entering into business relations and has a system in place to take the necessary steps in the event that the customer's credit standing worsens. Moreover, it engages in credit management with respect to the portfolio as a whole and considers risk diversification to ensure that credit is not concentrated with a specific customer, industry, country, territory, and so on, while striving to ensure sound management by regularly measuring the credit risk of its portfolio and monitoring to ensure that it is within a certain scope of capital.

#### (ii) Asset risk

In addition to general movable property, the Mitsubishi HC Capital Group holds such global assets as aircraft and real estate, including buildings, and conducts a business leasing these assets in and outside Japan in the form of operating leases and others. In this business, the Group is exposed to asset risk in addition to the aforementioned credit risk, so fluctuation in revenue from asset management and disposal could impact the profitability of the leases. For this reason, when engaging in operating leases, the Group carefully assesses the future value according to asset type in addition to the customer's credit standing before working on each deal. Even after entering into business relations, the Group continues monitoring the status of the leasing and secondary markets for said assets along with the status of asset use by the leaseholder, striving to prevent risks from emerging or to mitigate their impact if they occur.

a. Global assets

The Group holds global assets such as aircraft and aircraft engines, ships, containers, and railway cars and conducts a business leasing these assets in and outside Japan in the form of operating leases and others. In the business related to global assets, the Group is exposed to price fluctuation risk pertaining to said assets in addition to the aforementioned credit risk. With operating leases, in addition to lease fee revenue received from the customer, the Group recovers funds by selling the asset at the end of the lease period. In the sales of our assets, the Group's operating results and financial position may be affected by such factors as the risk that assets may not be recovered due to economic trends and financial conditions, major accidents caused by technological problems, obsolescence due to technological innovation, revisions to laws and regulations, the spread of infectious diseases worldwide, heightened concerns about terrorism, natural disasters and war/geopolitical risks, etc., risks that asset sales prices may fluctuate, as well as recording of impairment losses and increased costs associated with property management.

[Main efforts to address risk]

When engaging in operating leases with global assets, the Group conducts a comprehensive review that includes a checklist for deals involving movable property and future asset liquidity before working on each deal and endeavors to ensure a reasonable return for the credit risk and asset value fluctuation risk. Furthermore, the Group has established internal investment criteria to maintain a portfolio with risk diversification taken into account, including applicable models, regions, and time of expiration. Moreover, the Group continues to check the customer's credit standing and industry trends on an ongoing basis even after entering into business relations and has a system in place to take the necessary steps in the event that the customer's credit standing worsens, such as collecting a deposit from the customer to cover asset wear and tear as necessary. Additionally, the Group regularly holds warning sign management meetings at business divisions and risk management divisions for each major asset category to review applicable industry trends and signs of problems that could impact asset value fluctuation. The Group also regularly measures customer credit risk and the risk of fluctuations in the value of assets in its portfolio to monitor whether it is within a certain scope of capital, in an effort to ensure sound management.

b. Real estate

The Group is engaged in and outside Japan in investment in and financing of commercial real estate such as offices, residences, commercial facilities, logistics facilities, and hotels, and in leasing and other business operations based on its portfolio of owned properties. These assets are subject to revenue fluctuation risk and price fluctuation risk. In the real estate-related business, in addition to lease fee revenue from tenants, the Group recovers funds by selling those assets that are not long-term holdings at the right time. Lease fee revenue and revenue from sale of assets may fluctuate depending on the market environment, such as business trends, the financial landscape, and the lease market in the specific location of the asset, and this could impact the Group's business results and financial position.

[Main efforts to address risk]

The Group makes a careful decision based on a comprehensive review of future asset value and liquidity before working on each deal and endeavors to ensure a reasonable return for the asset value fluctuation risk. Furthermore, the Group continues to check the status of asset management, price trends, and industry trends on an ongoing basis even after entering into business relations and has a system in place to maximize revenue. Additionally, the Group regularly holds warning sign management meetings at business divisions and risk management divisions to review industry trends and signs of problems that could impact asset value fluctuation. The Group also regularly measures the risk of fluctuations in the value of assets in its portfolio to monitor whether it is within a certain scope of capital, in an effort to ensure sound management.

(iii) Investment risk

The Mitsubishi HC Capital Group is engaged in investment in and financing of projects such as solar power generation and other renewable energy businesses and an overseas infrastructure business as well as various business investing activities, including loans to operating companies and funds. These investing activities are subject to such risks as risk of changes in the business environment including business fluctuations and declining demand, risk of revenue falling below the plan due to sluggish performance of investees or partners, risk of diminished recoverability of the investment amount, risk of investee stock value falling below a certain level, and risk of investee stock value staying below a certain level for a considerable period of time due to sudden changes in the economic or financial situation or a major disruption of the financial markets regardless of the investee's performance. These risks could result in a total or partial loss of the investment, including a valuation loss, or create the necessity of additional funding. In addition, there are the risk that the Group may be unable to exit or restructure the business at the desired time or using the desired method due to differences with the partner's management policy or low liquidity of the investment asset and the risk that the Group may be disadvantaged by not being able to obtain relevant information from the investee, and these risks could impact the Group's business results and financial position.

[Main efforts to address risk]

The Group holds investment meetings according to the individual investment amounts and severity of risk to gather the opinions of the relevant departments and makes a careful decision based on a comprehensive review of future investment value and liquidity from a broad point of view when considering each investment, thereby endeavoring to ensure a reasonable return for the investment value fluctuation risk. Additionally, the Group continues to check the status of investment management and industry trends on an ongoing basis even after entering into business relations and has a system in place to maximize revenue. The Group also regularly measures the risk of fluctuations in the value of investments in its portfolio to monitor whether it is within a certain scope of capital, in an effort to ensure sound management.

(iv) Market risk

a. Interest rate fluctuation risk

The fees for leases and installment sales conducted by the Mitsubishi HC Capital Group are set based on the purchase price for the transacted property and the market interest rates at the time of contract. Most of these basically do not fluctuate during the contract term. Acquisition funds for the leased property, on the other hand, are procured at both fixed and variable interest rates for fundraising diversification and reduction of funding costs, and the cost of capital is affected by fluctuations in the market interest rate. As such, a sharp rise in the market interest rate resulting from sudden changes in the financial situation could impact the Group's business results and financial position.

b. Exchange rate fluctuation risk

The Group actively conducts business outside Japan, and as foreign currency-denominated assets increase, so does their percentage of consolidated operating assets. The financial statements of the Group's consolidated subsidiaries outside Japan are expressed in the local currency while the Company's consolidated financial statements are expressed in Japanese yen. As such, although fundraising is, in principle, conducted in the same currency as the asset, should a large fluctuation occur in exchange rates, it could impact the Group's business results and financial position in Japanese yen terms.

[Main efforts to address risk]

The Group constantly watches movements in the financial markets and, as needed, monitors through ALM any imbalances in the form of interest rates or currency exchange for asset management and for procurement of funds. It then manages interest rate fluctuation risk through appropriate hedge operations while taking interest rate movements into account. To address exchange rate fluctuation risk, in principle, the Group raises funds in the same currency as the operating asset in an effort to minimize loss on currency valuation of assets. The Group also regularly measures the quantitative risk of the position of portfolio holdings incurring a loss over a certain period of time at a certain probability and to what extent in the event that interest or currency exchange rates take a disadvantageous turn based on past statistics, and monitors whether it is within a certain scope of capital in an effort to ensure sound management. Moreover, the ALM Committee meets quarterly or as necessary, conducts scenario and data analyses based on geopolitical risks and pandemics and various other risk factors, and determines the ALM policy based on such factors as trends in the financial market environment and the risk situation.

(v) Liquidity risk

When engaging in acquisition of lease properties for leases, installment sales, and monetary lending, the Mitsubishi HC Capital Group raises a large amount of funds in Japanese yen and other currencies. The Group attempts to balance the period of leases and other credit transactions and investments with the period of fundraising, but should it experience difficulty securing enough funds because of heightened risk aversion on the part of financial institutions and investors due to a free fall in economic and financial conditions and major confusion in the financial markets or a decline in the Group's creditworthiness, it could impact the Group's business results and financial position.

[Main efforts to address risk]

With respect to the procurement of funds, the Group tries to ensure the liquidity of funds through efforts to diversify by procuring funds directly from the market including corporate bonds, commercial paper, and securitization of lease receivables in addition to borrowing from financial institutions as well as through procurement with long- and short-term balance, careful management of cash flow, and measures to supplement liquidity during emergencies, such as through the acquisition of commitment lines. Additionally, the Group conducts stage-by-stage management of liquidity, has built a procurement structure to ensure that the immediately necessary funds can be secured, including funds for repayment, even if the fundraising environment deteriorates, checks the liquidity conditions and reports to the ALM Committee.

In addition to analyses of credit, interest rate sensitivity (the impact on revenue of interest rate fluctuation) and other items, the ALM Committee carries out comprehensive investigations of (4) Market risk and (5) Liquidity risk in the event of stress developing in the financial markets or other relevant areas, including the potential impact on profit. It then decides a fund procurement strategy and risk response policies in light of the market environment as the basis for the rollout of Companywide



strategy. Regarding risk management in particular, it coordinates with the Risk Management Committee, which is one arm of the Companywide integrated risk management system. By strengthening the warning sign management system and coordinating with contingency planning, it makes efforts to improve the flexibility and resilience of financial structures in the event of a crisis situation emerging.

Meanwhile, to support the globalization of its business over recent years and also to increase its ability to procure foreign currency, the Group is progressing with the reorganization of its regional financial bases. As part of this, it has first opened a regional financial base in North America where the Group has a large asset balance and established a Group financing system in North America. The base will offer not only indirect financing but also various forms of fund procurement, including issue of commercial paper and medium-term notes, thus providing funds to Group companies expanding into North America. By also reinforcing its ability to monitor the financial situation, it has promoted sharing of knowledge and information within the Group and is working on optimal operational support in North America.

(vi) Operational risk

a. Risk related to earthquakes, wind and flood damage, war, pandemics, terrorism, etc.

The Mitsubishi HC Capital Group uses facilities, including sites and systems, in and outside Japan to conduct its operations. Earthquakes, wind and flood damage, or other natural disasters as well as pandemics, war, terrorism, or other unpredictable circumstances could cause a reduction of activities or prevent operations at those sites by damaging the sites themselves or the systems or by injuring employees or preventing them from coming to work, thereby disrupting business operations. Moreover, depending on the extent of the damages or how long the event lasts, a large sum of money could be required to restore the systems or other facilities, or it may take a long time for business operations to recover. Such a situation could impact the Group's business results and financial position.

[Main efforts to address risk]

The Group has established responsible departments depending on the envisioned risk to prepare for such circumstances and has a system in place to establish a crisis response headquarters to respond to a critical situation. The Group is also working to establish a system for business continuity by putting together a business continuity plan, implementing redundancy measures for core systems, establishing a system infrastructure that allows work from home, and implementing office shifts limited to operations that must continue.

Although the Group does not have a base in Ukraine or Russia and the direct impact of the situation in Ukraine on the Group is expected to be limited, depending on future conditions, additional provisions of allowance for doubtful receivables could be necessary with increasing non-performing loans due to deterioration of a business partner's credit status or other indirect impacts, which could impact the Group's business results and financial position.

Since March 2022, the Company has set up a Crisis Management Headquarters and worked to implement measures for cybersecurity, implement measures for trade management and money laundering, closely monitor financial trends, strengthen project review management, closely monitor the impact on the value of the Company's operating assets, understand and manage other indirect impacts, etc.

b. System risk

The Group utilizes e-mail as well as a variety of information systems to conduct account processing, management of various contracts, customer management, asset management of leased properties, and other operations. An outage or failure of these information systems arising from poor maintenance, poor development, or other such problems could cause an interruption of contract and collection operations or services provided to customers, which in turn could cause a suspension of operating activities and economic loss, thereby impacting the Group's business results and financial position.

[Main efforts to address risk]

The Group has a system in place to properly manage and maintain these systems through internal cooperation and partnership with other companies in order to ensure their stable operation. The Group is equipped with an integrated response system for failures that includes swift action and sharing of information internally and externally where the failure occurs as well as establishment and implementation of measures to prevent subsequent recurrence. Additionally, Group-wide IT control is implemented for system development at the Group companies in Japan and other countries by using standardized methods as part of a proprietary process.

c. Cybersecurity risk and information security risk

The Group utilizes e-mail as well as a variety of information systems to conduct account processing, management of various contracts, customer management, asset management of leased properties, and other operations. These information systems are subject to risk of business e-mail scams, computer virus infections, unauthorized access by outside parties, and other cyberattacks. Unauthorized access by outside parties, computer virus infections, human error, fraud, scams, and other

problems could result in system outages or failures, monetary damages, leaks or unauthorized use of confidential information or customer information, or other incidents. These could cause an interruption of contract and collection operations or services provided to customers, which in turn could cause a suspension of operating activities, economic loss, or loss of social confidence from leakage of important information, thereby impacting the Group's business results and financial position.

[Main efforts to address risk]

The Group has established a cross-organizational Computer Security Incident Response Team (MHC-SIRT) to address these risks and has a system in place to prevent incidents at the entrance, internal, and exit stages and respond to them if they occur. Specifically, in preparation for cyberattacks that exploit vulnerabilities, the Group keeps software up to date to detect unauthorized access, computer viruses, and other cyberattacks and maintains management preparedness to prevent problems. At the same time, the Group has established an internal and external coordination system and conducts drills to prepare for incidents. Moreover, targeted e-mail training is provided for all employees, and internal education on information security is carried out on an ongoing basis.

d. Compliance risk

The Group's operations are subject to a range of relevant legislation in and outside Japan. As the primary examples, in Japan its operations must comply with the Companies Act, tax laws, the Financial Instruments and Exchange Act, the Anti-Monopoly Act, the Personal Information Protection Act, the Money Lending Business Act, the Installment Sales Act, the Act on Prevention of Transfer of Criminal Proceeds, and laws and regulations related to the environment. Outside Japan, the Group's operations are subject to the legislation of each country and region as well as to oversight by regulatory authorities. Should there be a failure of compliance with legislation, social norms, or company rules, it could impact the Group's business results and financial position by causing restriction on or interruption of operations, a claim for damages from customers or others, and a fall in social confidence.

[Main efforts to address risk]

In addition to rigorous compliance with legislation and company rules, the Group makes it a practice to carry out operations in accordance with high ethical standards and social norms. The Group provides continuing training on compliance and takes measures to prevent money laundering, funding of terrorism, and fraud in an effort to further strengthen its compliance system.

e. System change risk

The Group's operations are subject to a range of relevant legislation, accounting and tax regulations, and other systems in and outside Japan. Should there be substantial changes or revisions to any of the various systems closely related to the Group's operations that the Group was unable to properly address, there could be penalties for nonconformance, suspension of product offering, restrictions on business activities, sales losses, or other negative consequences that could impact the Group's business results and financial position.

[Main efforts to address risk]

The Group's corporate centers, business divisions, domestic business branches, and sites in each country continuously monitor revisions and changes to the various systems in and outside Japan, such as legal, accounting, and tax systems, applying to the relevant country and services. In addition, the Group gathers information on and implements measures to address changes and revisions as quickly as possible while reinforcing such monitoring by actively utilizing outside experts.

f. Administrative risk

The Group conducts transactions in various forms, and various administrative work arises with each transaction. Improper administrative work, including human error, fraud, and other irregularities, could cause an interruption of contract and collection operations or services provided to customers, which in turn could cause a suspension of operating activities or loss of customer trust, thereby impacting the Group's business results and financial position.

[Main efforts to address risk]

The Group has established administrative rules for each transaction and conducts business according to these rules while reviewing them as needed. Additionally, an internal reporting system is in place for internal administrative incidents. Should such an incident occur, the system includes internal reporting, swiftly addressing the incident, identifying the cause, and establishing/implementing measures to prevent recurrence.

(3) Other major risks

In addition to the risks managed within an integrated risk management framework, the Group also recognizes the following major risks. If the Group recognizes the possibility of such a risk emerging, it analyzes the status and outlook of the risk, the impact on each risk managed within the integrated risk management framework, and the combined impact on multiple risks, considers the response of the Group, and establishes a response policy as necessary. In addition, the Group carries out stress

tests envisioning new or multiple scenarios depending on the situation and performs a multifaceted verification of risk resilience.

(i) Risks related to business base expansion, strategic alliances, M&As, etc.

In order to achieve sustainable growth through the expansion of its business base, the Group is engaged in strategic alliances with external parties to enhance various services in addition to its own development in Japan and overseas. The Group is also working to diversify and expand the Group's business portfolio through M&As.

Although we at the Group are working to diversify our business and enhance our services with this approach, due to changes in economic and financial conditions in Japan and overseas, intensifying competition, changes in the business environment and strategies of our business partners, and changes in related laws and regulations, we may not be able to achieve the expected effects, or we may be forced to write down goodwill that we recorded in M&As, which may result in additional expenses that may affect the Group's operating results and financial position.

[Main efforts to address risk]

In undertaking M&As and other projects, each relevant department conducts a review in accordance with the amount of investment and the depth of risk involved in each individual project. In addition, external experts are appointed to make a comprehensive judgment by carefully assessing the rationality of the investment structure and future investment effects from a broad perspective. Furthermore, even after executing M&A projects, the Group has developed a system for conducting appropriate business operations by applying the Group's regulations, etc., and has also developed a system for monitoring business plans and performance management, etc. and taking the necessary measures in a timely manner.

(ii) Global Pandemic risk

Should a global pandemic arise, negative consequences such as broad disruption of the supply chain, temporary restrictions on or suspension of economic activity by each national government, and damage to industrial systems or financial functions could impact a wide range of customers or businesses utilizing the assets of the Mitsubishi HC Capital Group. This may result in customer bankruptcies or a drop in the value of the Group's asset holdings, which could impact the Group's business results and financial position.

To create a global response system, the Group set up a Crisis Management Headquarters in February 2020 and put in place a business continuity system. Aware that we are currently in the pandemic phase of COVID-19, the Group continues to implement preventive measures against infection. At the same time, however, it is ensuring continued progress with new initiatives by utilizing IT tools to strengthen internal and external communication, evolving its business style, and taking other relevant steps.

[Impact of the COVID-19 pandemic]

The COVID-19 pandemic has continued since 2020. Despite increased vaccinations, the situation has followed a repeating cycle in various countries with an increase in infections due to the spread of a new variant followed by a temporary drop. As such, the final end of the pandemic is not yet in sight, and some level of impact is envisioned to persist for the time being.

In terms of the impact of the pandemic on the Group's business, the stagnation of global economic activity has resulted in customer capital investment being limited, scaled down, postponed or otherwise affected in ways that could prevent the Group's operating assets from achieving the planned expansion or cause them to decrease, leading to a decline in revenue. Additional provisions of allowance for doubtful receivables could increase with increasing non-performing loans due to deterioration of a customer's credit status caused by various impacts, including price inflation, rising interest rates and supply chain disruptions.

Moreover, these impacts could affect the assets held as operating assets by the Group through price falls, reduced operating rates for leases and similar assets, and price falls in shares or similar assets.

Meanwhile, if a financial crisis emerges while the impact of the COVID-19 pandemic persists, it could become impossible to procure funds as planned. However, no such situation has yet arisen. This is thanks, among other factors, to the Group's measures to ensure reliable on-hand liquidity and to the control by the central banks of the various countries and regions.

It should be noted that the restriction of human movement and other measures could also limit the business activities of the Mitsubishi HC Capital Group in the future. In response, the Group is taking steps to adapt its internal project activities to pandemic and post-pandemic conditions. In addition to continuing to carry out appropriate measures to prevent infection and revising operational procedures, this means that the Group is utilizing IT tools and strengthening information security to enhance the provision of systems that enable business operations to function smoothly on a remote basis.

(iii) Climate change risk

Should climate change occur that has a major impact on society, the scale and frequency of natural disasters would increase.

If the Mitsubishi HC Capital Group and its customers were unable to adapt to the regulatory changes, technical innovation, or a shift in business models for preventing the negative effects of climate change, or if the business model or business infrastructure and tools changed dramatically resulting in customer bankruptcy due to a drop in performance or loss of assets or a drop in the value of assets held by the Group or loss of property, it could impact the Group's business results and financial position. In addition, if the Group's response or information disclosure related to climate change risk is insufficient or if it is regarded as insufficient, this could result in damage to the corporate value of the Group.

[Main efforts to address risk]

The Group recognizes "Promote a decarbonized society" and "Realize a circular economy" as priority themes for sustainable growth as materiality (material issues), and expresses support for the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)," and is working to identify and evaluate risks and expand information disclosure in accordance with the TCFD Recommendations. In addition, the Group recognizes climate change risks as an important risk in company-wide risk management, and will promote initiatives to identify and manage climate change risks.

(iv) Risk associated with expansion of business domains

The Mitsubishi HC Capital Group is expanding the scope of its operations on a global basis, including new business domains, within the scope permissible under laws, regulations, and various other conditions. Should risks emerge within that process that exceed the scope of reasonable assumptions despite verification of the risks along with our knowledge and experience in the expanded business domain, or if the expanded business does not develop as envisioned, it could impact the Group's business results and financial position.

(v) Intensifying competition

Competition in the leasing and other businesses of the Mitsubishi HC Capital Group conducted in and outside Japan could intensify not only from companies in the same business but also from financial institutions and others, or the competitive landscape could change due to a shift in business models of other industries, technical innovation, or other factors. The Group makes various efforts to maintain and strengthen its competitiveness, including by offering greater added value to its customers and creating value as an asset holder and through low-cost fund procurement. However, should the current competitive situation intensify further, a fall in market share and decline in income could impact the Group's business results and financial position.

(vi) Risk related to personnel recruitment

The Mitsubishi HC Capital Group must stably secure adequate human resources, in order to maintain and strengthen its competitiveness in the various businesses it operates in and outside Japan. The Group strives to continuously recruit and train capable personnel, but should it not be able to adequately secure and train the needed personnel this could impact the Group's business results and financial position.

(vii) Risk related to labor and employment management

The Group employs a large number of staff in its business operations. This involves the risk of long working hours having a negative effect on the mental or physical health of employees or other negative impacts, making them unable to fulfill the expected duties, and the risk of legal infringement due to failure to appropriately monitor legal requirements relating to employment and related areas. Additionally, there is the possibility of these risks resulting in damage to public trust.

To lessen the abovementioned risks, the Group promotes projects aimed at improved productivity and introduces systems to enable diverse workstyles (teleworking, flextime, etc.). In this way, it works not only to reduce long working hours but also to put in place a work environment that accommodates employees with childcare or nursing care responsibilities. Additionally, to address harassment and other personnel issues, the Group has introduced measures for employees in Japan and overseas, including internal whistleblowing systems and advice services. To enable employees to develop their abilities to the full, the Group is addressing workplace enhancement as a major focus of initiatives.

(4) Stress tests

In the execution of management strategy, the Group makes efforts to gauge the degree of impact of stress periods caused by various risk events with potential impact on its business, such as deterioration in market conditions including economic downturns and market fluctuation. Specifically, the Group has posited a number of potential high-stress scenarios, ranging from a deterioration in the overall world economy to market fluctuation, deterioration of credit, and the emergence of large-scale concentrations of risk in individual business fields. Based on these scenarios, it has undertaken analysis and verification of the potential degree of impact of stress conditions on profitability and equity in each fiscal period.

These multifaceted verifications enable the Group to confirm its risk resilience and to ensure that the risk return balance of management plans does not exceed tolerable levels.

### 3. Management's Analyses of Consolidated Financial Position, Operating Results and Cash Flows

#### (1) Overview of operating results, etc.

The financial position, operating results and cash flows of the Group (the Company, consolidated subsidiaries and affiliated companies accounted for by the equity method) (hereinafter referred to as "operating results, etc.") for the fiscal year under review are as follows.

In the fiscal year under review, the reportable segments and accounting policies were changed. Comparative analysis is based on figures after retroactive application. In addition, segment profit or loss presented is consistent with net income attributable to owners of the parent in the consolidated statements of income.

(Details of changes in reportable segments are described in "Notes to Segment Information, Etc." in "1. Consolidated Financial Statements, Etc." of "Item 5. Financial Information," and details of changes in accounting policies are described in "Notes to Changes in Accounting Policies" in "1. Notes to Consolidated Financial Statements, Etc." of "Item 5. Financial Information.")

(Consolidated operating results)

(Billions of yen)

	Fiscal year ended March 31, 2021 (Mitsubishi UFJ Lease & Finance)	Fiscal year ended March 31, 2022	Changes	Changes (%)
Revenues	947.6	1,765.5	817.9	86.3
Gross profit	160.4	334.6	174.1	108.5
Operating income	62.3	114.0	51.7	83.1
Recurring income	64.9	117.2	52.2	80.5
Net income attributable to owners of the parent	55.3	99.4	44.0	79.7
New transactions volume	1,003.2	2,507.8	1,504.6	150.0

(Consolidated financial position)

	Fiscal year ended March 31, 2021 (Mitsubishi UFJ Lease & Finance)	Fiscal year ended March 31, 2022	Changes	Changes (%)
Total equity (Billions of yen)	817.9	1,333.4	515.5	63.0
Total assets (Billions of yen)	6,014.8	10,328.8	4,313.9	71.7
Equity-to-asset ratio (%)	13.4	12.7	(0.7)	—

(i) Financial position and operating results

For operating results, etc. for the fiscal year under review, on the sales side, new transactions volume increased by ¥1,504.6 billion, or 150.0%, to ¥2,507.8 billion.

On the income side, revenues increased by ¥817.9 billion, or 86.3%, to ¥1,765.5 billion.

On the profit and loss side, gross profit increased by ¥174.1 billion, or 108.5%, to ¥334.6 billion, operating income increased by ¥51.7 billion, or 83.1%, to ¥114.0 billion, recurring income increased by ¥52.2 billion, or 80.5%, to ¥117.2 billion, and net income attributable to owners of parent increased by ¥44.0 billion, or 79.7%, to ¥99.4 billion.

At the end of the fiscal year under review, total assets increased by ¥4,313.9 billion, or 71.7%, to ¥10,328.8 billion, total equity increased by ¥515.5 billion, or 63.0%, to ¥1,333.4 billion, and interest-bearing debt (excluding lease obligations) increased by ¥3,431.1 billion, or 74.0%, to ¥8,066.0 billion.

(ii) Cash flows

Cash and cash equivalents as of March 31, 2022 increased ¥233.8 billion, or 81.7% year on year, to ¥520.0 billion, due to cash inflows in operating activities of ¥195.8 billion and a cash increase associated with a merger of ¥316.8 billion despite cash outflows in investing and financing activities of ¥107.8 billion and ¥192.1 billion, respectively.

Net cash provided by operating activities was ¥195.8 billion (cash provided of ¥199.3 billion for the fiscal year ended March 31, 2021), mainly consisting of cash inflows from income before income taxes of ¥147.2 billion, depreciation of leased assets and loss on disposal and sales of leased assets of ¥443.9 billion despite cash outflows from purchases of leased assets and other operating assets of ¥404.9 billion.

Net cash used in investing activities was ¥107.8 billion (cash provided of ¥1.2 billion for the fiscal year ended March 31, 2021), mainly consisting of cash outflows from payments for acquisition of newly consolidated subsidiaries of ¥124.5 billion, purchase of investment securities of ¥13.6 billion despite cash inflows from proceeds from sales and redemption of investment securities of ¥36.0 billion.

Net cash used in financing activities was ¥192.1 billion (cash used of ¥372.8 billion in the fiscal year ended March 31, 2021), mainly consisting of net cash outflows from direct financing of ¥68.5 billion, indirect financing through bank borrowings of ¥73.2 billion, and dividends paid of ¥32.8 billion.

(iii) Operating transactions

a. New transaction volume

The actual volume of new transactions for each segment in the fiscal year is as follows.

Previous fiscal year (Mitsubishi UFJ Lease & Finance)

(Billions of yen)

	Reportable segments							Adjustments	Total
	Customer Business	Environment & Energy	Healthcare	Real Estate	Aviation	Logistics	Infrastructure & Investment		
New transactions volume	587.2	33.1	39.5	146.4	106.0	75.1	15.5	0.0	1,003.2

Fiscal year under review

(Billions of yen)

	Reportable segments							Adjustments	Total
	Customer Business	Account Solution	Vendor Solution	LIFE	Real Estate	Environment & Renewable Energy	Aviation		
New transactions volume	592.2	1,092.5	132.7	155.2	130.1	31.3	181.3		

	Reportable segments			Adjustments	Total
	Logistics	Mobility	Others		
New transactions volume	78.0	55.7	58.5	(0.0)	2,507.8

b. Operating results

Operating results for each segment in the fiscal year are as follows.

Previous fiscal year (Mitsubishi UFJ Lease & Finance)

(Billions of yen)

	Reportable segments							Adjustments	Amount recorded in consolidated statement of income
	Customer Business	Environment & Energy	Healthcare	Real Estate	Aviation	Logistics	Infrastructure & Investment		
Gross profit	59.8	7.7	4.9	46.2	27.5	5.0	2.0	7.0	160.4
Segment profit	25.5	3.7	0.7	28.0	2.8	1.8	0.3	(7.6)	55.3

Fiscal year under review

(Billions of yen)

	Reportable segments							Adjustments	Amount recorded in consolidated statement of income
	Customer Business	Account Solution	Vendor Solution	LIFE	Real Estate	Environment & Renewable Energy	Aviation		
Gross profit	62.9	102.6	15.0	15.7	38.0	17.0	35.0		
Segment profit (loss)	33.4	26.9	3.0	4.8	19.1	7.0	5.7		

	Reportable segments			Adjustments	Amount recorded in consolidated statement of income
	Logistics	Mobility	Others		
Gross profit	7.7	14.9	15.3	10.0	334.6
Segment profit (loss)	2.7	1.9	(3.4)	(2.1)	99.4

c. Segment asset balance

Segment asset balance at the end of the fiscal year is as follows.

Previous fiscal year (Mitsubishi UFJ Lease & Finance)

(Billions of yen)

	Reportable segments							Adjustments	Amount recorded in consolidated balance sheet
	Customer Business	Environment & Energy	Healthcare	Real Estate	Aviation	Logistics	Infrastructure & Investment		
Segment assets	2,129.5	198.5	157.3	955.6	1,203.8	545.5	111.6	712.6	6,014.8

(Note) Segment assets include operating assets, investments in the affiliates accounted for by the equity method, goodwill and investment securities.

Fiscal year under review

(Billions of yen)

	Reportable segments						
	Customer Business	Account Solution	Vendor Solution	LIFE	Real Estate	Environment & Renewable Energy	Aviation
Segment assets	2,002.1	2,353.4	424.6	312.7	974.9	315.4	1,365.1

	Reportable segments			Adjustments	Amount recorded in consolidated balance sheet
	Logistics	Mobility	Others		
Segment assets	1,063.2	174.8	355.5	986.7	10,328.8

(Note) Segment assets include operating assets, investments in the affiliates accounted for by the equity method, goodwill and investment securities.



(2) Views and issues analyzed/discussed with regard to the operating results, etc. from the management's perspective

On April 1, 2021, the Company (the former Mitsubishi UFJ Lease & Finance Company Limited; hereinafter "Mitsubishi UFJ Lease & Finance") executed a business integration with Hitachi Capital Corporation ("Hitachi Capital") and changed the trade name to Mitsubishi HC Capital Inc. ("Mitsubishi HC Capital").

- The figures for the previous fiscal year ended March 31, 2021 in "(i) Major Operating Results and Topics" 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, which are presented as reference value.
- The figures for the previous fiscal year in "(ii) Operating results by reportable segment" 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, which are reclassified to conform to the new segmentation and presented as reference value.
- The comparison with the figures as of the end of the previous fiscal year (March 31, 2021) in "(iii) Financial position" represent a comparison with the figures for Mitsubishi UFJ Lease & Finance.

(i) Major operating results and topics

Net income attributable to owners of the parent increased by ¥12.2 billion or 14.0% year on year (to reference value), to ¥99.4 billion, exceeding the full-year forecast (net income attributable to owners of the parent of ¥95.0 billion) by ¥4.4 billion. This was mainly thanks to 1) business growth in subsidiaries in Europe and the United States in the Account Solution segment and in marine container leasing in the Logistics segment, 2) an increase in gains on sale of assets in the Aviation segment, 3) continuous replacement of the portfolio, and 4) steady promotion of asset turnover businesses.

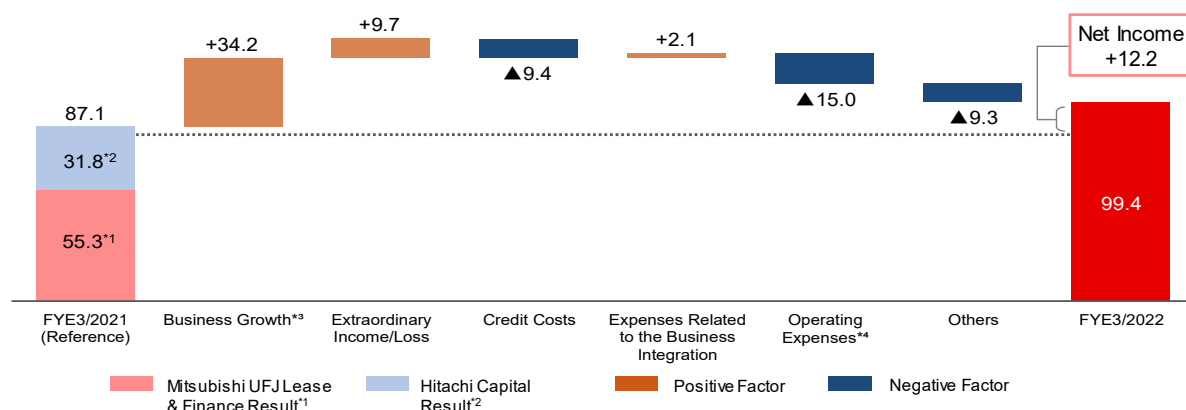
In conjunction with outperforming the full-year earnings forecasts, the annual dividend per share has been set to ¥28, an increase of ¥2 from the forecast dividend of ¥26. This is a ¥2.5 increase over the previous fiscal year's dividend of ¥25.5.

(Billions of yen)

	Fiscal year ended March 31, 2021 (Reference value)	Fiscal year ended March 31, 2022	Change	Change (%)
Revenues	1,713.8	1,765.5	51.6	3.0
Gross profit	295.8	334.6	38.8	13.1
Operating income	98.0	114.0	16.0	16.4
Recurring income	105.4	117.2	11.8	11.2
Net income attributable to owners of the parent	87.1	99.4	12.2	14.0
Volume of new transaction	2,261.4	2,507.8	246.3	10.9

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

(Billions of yen)



Major factors for increase/decrease in net income attributable to owners of the parent are as follows (the amount stated is the effect on income before income taxes).

Business Growth	¥34.2 billion
Increase in Extraordinary Income/Loss	¥9.7 billion
Increase in Credit Costs	¥(9.4) billion
Decrease in Expenses Related to the Business Integration	¥2.1 billion
Increase in Operating Expenses	¥(15.0) billion
Increase in Others (tax expenses, etc.)	¥(9.3) billion

The amount of business growth is the combined total of gross profit and non-operating income/loss (the amount of non-operating income/loss does not include recoveries of written-off receivables). The amount of operating expenses does not include expenses related to the business integration.

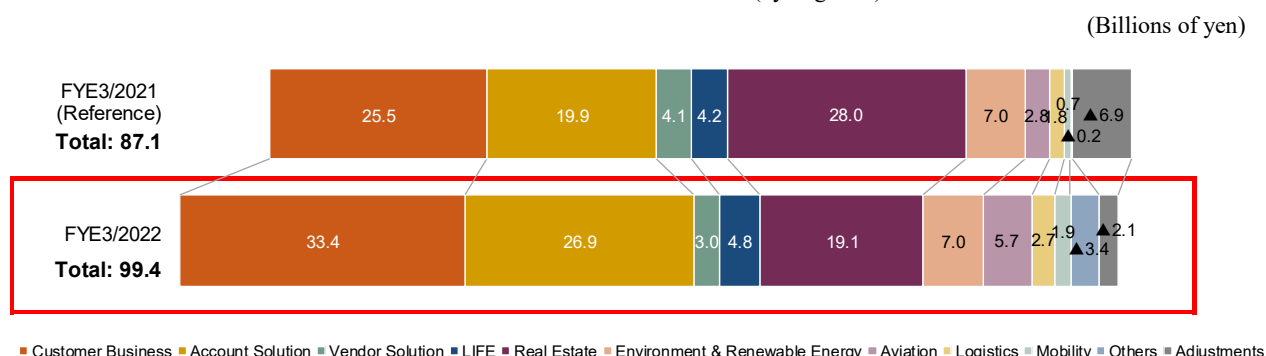
Major topics include that, in October 2021, the Company announced its support for Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, in December 2021, identified and announced the following six material issues as our priority key challenges we should address for our sustainable growth: (1) Promote a decarbonized society, (2) Realize the circular economy, (3) Establish resilient social infrastructure, (4) Realize healthy lifestyles that promote positive wellbeing, (5) Create businesses utilizing the latest technologies, and (6) Collaborate with partners locally and globally. The MHC Group will implement specific business strategy/measures in line with these material issues. Please refer to “(2) The Company’s management strategy in the medium to long term and issues to be addressed” in “1. Management Policy, Business Environment and Tasks Ahead, Etc.” of “Item 2. Business Overview” for details of the six material issues.

As part of our efforts toward promotion of a decarbonized society and realization of prosperous and sustainable future through business, we established the Tokorozawa Kitaiwaoka Solar Power Plant in July 2021 under the solar sharing model which allows to cope with both providing electricity to Tokorozawa City, Saitama Prefecture, and cultivating blueberries. Our overseas efforts include the acquisition of shares of Trung Nam Wind Power Joint Stock Company, a Vietnamese wind power generation business developer and operator, in May 2021 to enter the wind power market in Vietnam and the investment in a solar power generation business in California, the U.S., in September 2021. Also, we made investment in Universal Hydrogen Co., a U.S. hydrogen-powered aircraft startup, in October 2021 and purchased 25 new generation fuel-efficient aircraft engines in the aircraft engine leasing business in November 2021, with an aim to contribute to reducing environmental impacts of the aviation industry by further increasing such engines.

In Logistics segment, the Company acquired all shares of CAI International, Inc., a leading U.S. marine container leasing company, and made them our wholly-owned subsidiary in November 2021. Taking advantage of this acquisition, we will enhance our global competitiveness in the marine container leasing business with high growth potential and stable leasing demand to develop the business as one of our growth drivers.

(ii) Operating results by reportable segment

◎ Increase/Decrease in Net Income Attributable to Owners of the Parent (by Segment)



Operating results by reportable segment are presented below.

#### Customer Business

Segment profit increased by ¥7.9 billion or 31.2% from the previous fiscal year (reference value) to ¥33.4 billion mainly thanks to business growth of ENGS Holdings Inc., a U.S. sales finance company, and an increase in gain on sale of strategic shareholdings.

#### Account Solution

Segment profit increased by ¥6.9 billion or 34.9% from the previous fiscal year (reference value) to ¥26.9 billion mainly thanks to business growth in Europe and the United States despite an increase in selling, general, and administrative expenses associated with expansion of business activities.

#### Vendor Solution

Segment profit decreased by ¥1.1 billion or 28.2% from the previous fiscal year (reference value) to ¥3.0 billion due to a decrease in segment assets despite an increase in the volume of new transactions.

#### LIFE

Segment profit increased by ¥0.6 billion or 14.6% from the previous fiscal year (reference value) to ¥4.8 billion thanks to an increase in sales gain of logistics facilities in real estate-related businesses and a decrease in selling, general and administrative expenses.

#### Real Estate

Segment profit decreased by ¥8.8 billion or 31.7% from the previous fiscal year (reference value) to ¥19.1 billion due to the reactionary fall in sales gains and absence of compensation received in association with the redevelopment project, both recorded in the previous fiscal year.

#### Environment & Renewable Energy

Segment profit remained flat compared to the previous fiscal year (reference value) at ¥7.0 billion mainly due to the absence of the gain on step acquisition in the solar power generation business recorded in the previous fiscal year despite an increase in electricity sales revenue.

#### Aviation

Segment profit increased by ¥2.9 billion or 105.4% from the previous fiscal year (reference value) to ¥5.7 billion mainly thanks to an increase in gain on sale of assets and posting of gain on sale of certain receivables from bankrupt debtors, despite recognition of credit costs for certain existing customers, expenses in relation to modification of terms for certain existing lease contracts, posting of impairment losses, and foreign exchange losses related to borrowings denominated in foreign currencies in certain businesses.

#### Logistics

Segment profit increased by ¥0.8 billion or 47.7% from the previous fiscal year (reference value) to ¥2.7 billion mainly thanks to a steady performance by marine container leasing company Beacon Intermodal Leasing, LLC and an increase in equity-method investment gains in the auto leasing business, despite recording one-time expenses in connection with reconfiguration of portfolio in the railway freight car leasing business and expenses related to the acquisition of CAI International, Inc.

#### Mobility

Segment profit increased by ¥1.1 billion or 160.7% from the previous fiscal year (reference value) to ¥1.9 billion mainly thanks to an increase in gain on sales of vehicles for which the leasing term has matured in Japan and overseas etc., responding to the high demand for used cars on a global basis.

#### Others

Segment profit decreased by ¥3.1 billion from the previous fiscal year (reference value) to a segment loss of ¥3.4 billion primarily due to recording credit costs for certain customers in the infrastructure business.

In line with the organizational changes, the reportable segments will be changed in the fiscal year ending March 31, 2023.

## Segment profits or losses by reportable segments

(Billions of yen)

		Fiscal year ended March 31, 2021 (Reference value)	Fiscal year ended March 31, 2022	Change (%)
Reportable Segment	Customer Business	25.5	33.4	31.2
	Account Solution	19.9	26.9	34.9
	Vendor Solution	4.1	3.0	(28.2)
	LIFE	4.2	4.8	14.6
	Real Estate	28.0	19.1	(31.7)
	Environment & Renewable Energy	7.0	7.0	0.8
	Aviation	2.8	5.7	105.4
	Logistics	1.8	2.7	47.7
	Mobility	0.7	1.9	160.7
	Others	(0.2)	(3.4)	–
	Adjustments	(6.9)	(2.1)	–
Total		87.1	99.4	14.0

- (Notes) 1. Adjustments of segment profit (loss) consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reportable segments.
2. Segment profit (loss) is consistent with net income attributable to owners of the parent on the consolidated statements of income.

## Segment assets by reportable segments

(Billions of yen)

		As of March 31, 2021 (Reference value)	As of March 31, 2022	Change (%)
Reportable Segment	Customer Business	2,129.5	2,002.1	(6.0)
	Account Solution	2,109.2	2,353.4	11.6
	Vendor Solution	434.4	424.6	(2.3)
	LIFE	321.8	312.7	(2.8)
	Real Estate	955.6	974.9	2.0
	Environment & Renewable Energy	322.4	315.4	(2.1)
	Aviation	1,203.8	1,365.1	13.4
	Logistics	545.5	1,063.2	94.9
	Mobility	161.1	174.8	8.5
	Others	355.7	355.5	(0.1)
	Adjustments	65.4	3.2	(95.1)
Total		8,604.8	9,345.3	8.6

- (Notes) 1. Segment assets include operating assets, equity-method investments, goodwill and investment securities.
2. Adjustments of segment assets consist mostly of goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007 and other segment assets such as investment securities related to corporate, which are not attributable to any reportable segments, and offsets in transactions between segments.

(iii) Financial position

As of March 31, 2022, total assets increased by ¥4,313.9 billion from the previous fiscal year-end to ¥10,328.8 billion, mainly thanks to the business integration with Hitachi Capital on April 1, 2021. Total equity rose by ¥515.5 billion to ¥1,333.4 billion and interest-bearing debt (excluding lease obligations) increased by ¥3,431.1 billion to ¥8,066.0 billion. The equity-to-asset ratio fell 0.7 percentage points to 12.7%.

(iv) Capital resources and liquidity of funds

We obtain a large amount of funds in domestic and foreign currencies to fund our operations such as lease transactions and providing loans.

Interest-bearing debt balances (excluding lease obligations) have increased by ¥3,431.1 billion to ¥8,066.0 billion, and total liabilities increased by ¥3,798.4 billion to ¥8,995.4 billion. For interest-bearing debt, long-term liabilities such as long-term borrowings increased by ¥2,004.3 billion to ¥5,290.0 billion, while short-term liabilities such as short-term borrowings and commercial papers increased by ¥1,426.7 billion to ¥2,776.0 billion.

We are committed to securing funds to support our businesses at any time while we control the cost of funds. We diversify our financing methods such as by using indirect financing through borrowings from financial institutions and direct financing through corporate bonds, commercial paper, and securitization of lease receivables. With regard to indirect financing, we continue borrowing from wide range of financial institutions with long standing relationship, such as Japan's three mega-banks, regional banks, and life insurance companies. With regard to direct financing, we diversify our funding source, such as issuing bonds for retail investors as well as financing from banks and institutional investors.

With regard to fund management in the Group, we have centralized financing operation to Mitsubishi HC Capital, Regional Treasury Base, and overseas subsidiaries to allocate funds efficiently through group finance.

From the perspective of liquidity, we manage cash flow closely and monitor funding liquidity risk even in normal times. The quarterly ALM Committee, identifies the current status and issues of liquidity risk and discusses measures against the risk. We are committed to maintaining a strong financial position through these risk management initiatives.

In order to prepare for changes in the funding environment due to financial market turmoil and various risks, we have made overdraft agreements and commitment line agreements with multiple financial institutions to secure liquidity support in the event of an emergency. At the end of the fiscal year, the undrawn commitment in the Group amounted to ¥678.1 billion.

For cash flows, please refer to "(ii) Cash flows" in "(1) Overview of operating results, etc." in "3. Management's Analyses of Consolidated Financial Position, Operating Results and Cash Flows" of "Item 2. Business Overview."

(v) Significant accounting estimates and assumptions used in such estimates

Of the accounting estimates used in the preparation of the consolidated financial statements and the non-consolidated financial statements and the assumptions used in such estimates, those that are significant are described in "Notes on Significant Accounting Estimates" in "1. Consolidated Financial Statements, Etc." of "Item 5. Financial Information" and "Notes on Significant Accounting Estimates" in "2. Non-Consolidated Financial Statements, Etc." of "Item 5. Financial Information."

- (3) Status of operating loans receivable based on the Cabinet Office Ordinance on Disclosure of Specified Finance Companies, etc. (Ordinance of the Ministry of Finance No. 57 of May 19, 1999)

The status of operating loans receivable in the Company is as follows.

(i) Breakdown of loans receivable outstanding by type

(As of March 31, 2022)

Type of loans receivable	Number (items)	Percentage (%)	Balance (Millions of yen)	Percentage (%)	Average contracted interest rate (%)
For consumers					
Unsecured (excluding housing)	49	0.49	56	0.01	2.15
Secured (excluding housing)	—	—	—	—	—
For housing	6,605	65.94	36,693	2.05	1.38
Total	6,654	66.43	36,749	2.06	1.38
For business operators					
Total	3,363	33.57	1,750,947	97.94	1.57
Total	10,017	100.00	1,787,696	100.00	1.55

(ii) Breakdown of financing

(As of March 31, 2022)

Lenders, etc.	Balance (Millions of yen)	Average financing interest rate (%)
Borrowings from financial institutions, etc.	2,206,164	0.85
Others	2,242,777	0.69
Bonds and Commercial papers	2,129,882	0.71
Total	4,448,942	0.77
Shareholders' equity	866,959	—
Share capital and capital contributions	33,196	—

(Notes) 1. The total amount of loans receivable transferred in the fiscal year under review was ¥0 million.

2. The average financing interest rate is the weighted average interest rate based on the contracted interest rate on the year-end balance of borrowings, etc.

## (iii) Breakdown of loans receivable outstanding by industry

(As of March 31, 2022)

By industry	Number of obligors (items)	Percentage (%)	Balance (Millions of yen)	Percentage (%)
Manufacturing	133	2.10	24,251	1.36
Construction	17	0.27	769	0.04
Electricity, gas, heat supply and water	42	0.66	99,427	5.56
Transport and communications	37	0.58	296,006	16.56
Wholesale and retail trade, and eating and drinking places	235	3.71	15,306	0.86
Finance and insurance	36	0.57	228,223	12.77
Real estate	227	3.58	386,803	21.64
Service	610	9.63	634,363	35.48
Agriculture	—	—	—	—
Individuals	4,905	77.40	36,749	2.05
Others	95	1.50	65,795	3.68
Total	6,337	100.00	1,787,696	100.00

## (iv) Breakdown of loans receivable outstanding by collateral

(As of March 31, 2022)

Type of collateral received	Balance (Millions of yen)	Percentage (%)
Securities	—	—
including shares	—	—
Claim	7,619	0.43
including deposits	2,886	0.16
Merchandise	—	—
Real Estate	175,130	9.80
Foundation	162	0.01
Others	3,836	0.21
Total	186,749	10.45
Guarantees	10,269	0.57
Unsecured	1,590,678	88.98
Total	1,787,696	100.00



## (v) Breakdown of loans receivable outstanding by period

(As of March 31, 2022)

By period	Number (items)	Percentage (%)	Balance (Millions of yen)	Percentage (%)
1 year or less	916	9.14	63,318	3.54
Over 1 year to 5 years	1,228	12.26	808,977	45.25
Over 5 years to 10 years	1,069	10.67	353,546	19.78
Over 10 years to 15 years	97	0.97	195,026	10.91
Over 15 years to 20 years	849	8.48	303,104	16.96
Over 20 years to 25 years	1,710	17.07	11,996	0.67
Over 25 years	4,148	41.41	51,727	2.89
Total	10,017	100.00	1,787,696	100.00
Average period per case			8.59 years	

(Note) Periods are on a contractual term basis.

#### 4. Material Agreements, Etc.

- (1) Aircraft purchase agreement between JSA International U.S. Holdings, LLC, a consolidated subsidiary of the Company, and Boeing

Contract company name	Contract year	Contractor	Expected date of receipt	Description of the contract
JSA International U.S. Holdings, LLC	Fiscal year ended March 31, 2019	Boeing	Since 2023 up to 2025	Aircraft purchase agreement • Boeing 737 Max 8 22 aircraft (Note)

(Note) In the previous fiscal year, the Company entered into an agreement to change the number of aircraft purchased to 22 from 30 in the initial agreement.

- (2) At the Board of Directors meeting held on June 18, 2021, the Company resolved to acquire all the shares of CAI International, Inc. (hereinafter referred to as “CAI”) through a merger between Cattleya Acquisition Corp. (Delaware/hereinafter referred to as “Acquiring Subsidiary”), a wholly owned subsidiary in the U.S. established by the Company for the acquisition, and CAI (in a reverse triangular merger), and entered into a merger agreement between the Company, the Acquiring Subsidiary and CAI. Details are as described in “Notes to Business Combinations” in “1. Consolidated Financial Statements, Etc.” of “Item 5. Financial Information.”

#### 5. Research and Development Activities

There is nothing to be noted.

### Item 3. Property, Plants and Equipment

#### 1. Leased Assets

##### (1) Overview of capital investments

The breakdown of capital investment in leased assets at the Group (the Company and its consolidated subsidiaries) for the fiscal year under review is as follows.

Category	Acquisition cost (Millions of yen)
Operating lease assets	436,249

(Note) Lease assets transferred from lease investment assets due to the conclusion of a renegotiated lease agreement after the completion of a finance lease transaction are not included.

Breakdown of assets sold or retired due to the termination of lease transactions during the fiscal year under review are as follows.

Category	Book value (Millions of yen)
Operating lease assets	148,205

(Note) Includes sales and retirement of leased assets under renegotiated lease agreements.

##### (2) Major facilities

The breakdown of leased assets at the Group is as follows.

Category	Book value (Millions of yen)
Operating lease assets	3,125,644

(Note) Includes leased assets under renegotiated lease agreements.

##### (3) Plans for capital investment, disposal of property, plants and equipment, etc.

There are no plans to build or dispose of important facilities. The Group offers flexible services which are not limited to financial functions while utilizing various functions related to tangible and intangible assets, and has not formulated a capital investment plan that targets only leased assets. Based on contracts, etc. with business partners, assets related to operating leases, etc. are acquired and disposed of as needed.

#### 2. Assets for Own Use

##### (1) Overview of Capital Investments

There is nothing to be noted.

##### (2) Major Facilities

There is nothing to be noted.

##### (3) Plans for Capital Investment, Disposal of Property, Plants and Equipment, Etc.

There is nothing to be noted.

#### Item 4. Information on the Company

##### 1. Information on the Company's Shares, Etc.

###### (1) Total number of shares, etc.

###### (i) Total number of shares

Type	Total number of authorized shares
Common shares	4,800,000,000
Total	4,800,000,000

###### (ii) Outstanding shares

Type	Number of shares issued as of the end of the fiscal year (March 31, 2022)	Number of shares issued as of the date of submission (June 28, 2022)	Name of financial instrument exchange or registered authorized financial instrument firm association on which shares are listed	Description
Common shares	1,466,912,244	1,466,912,244	(As of the end of the fiscal year) First Section of the Tokyo Stock Exchange First Section of the Nagoya Stock Exchange (As of the submission date) Prime Market of the Tokyo Stock Exchange Premier Market of the Nagoya Stock Exchange	Number of shares per unit 100
Total	1,466,912,244	1,466,912,244	—	—

###### (2) Stock acquisition, etc.

###### (i) Description of the stock option plan

Date of resolution	September 29, 2010	September 29, 2011
Category and number of grantees (persons)	Directors of the Company: 9 (excluding Outside Directors) Executive Officers of the Company: 17 (excluding those concurrently holding positions as Directors)	Directors of the Company: 10 (excluding Outside Directors) Executive Officers of the Company: 17 (excluding those concurrently holding positions as Directors)
Number of stock acquisition rights*	521	542
Class, description and number of shares to be issued upon exercise of stock acquisition rights*	Common shares 52,100 (Note 1)	Common shares 54,200 (Note 1)
Amount to be paid upon exercise of stock acquisition rights*	¥1 per share	
Exercise period of stock acquisition rights*	From October 16, 2010 to October 15, 2040	From October 15, 2011 to October 14, 2041
Issue price of shares and additional paid-in capital per share if shares are issued upon exercise of stock acquisition rights*	Issue price: ¥250.2 Additional paid-in capital per share: ¥125.1	Issue price: ¥283.2 Additional paid-in capital per share: ¥141.6
Conditions for exercise of stock acquisition rights*	(Note 2)	
Matters concerning the transfer of stock acquisition rights*	Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company by its resolution.	
Matters concerning the delivery of stock acquisition rights in connection with organizational restructuring*	(Note 3)	

Date of resolution	September 27, 2012	September 26, 2013
Category and number of grantees (persons)	Directors of the Company: 10 (excluding Outside Directors) Executive Officers of the Company: 17 (excluding those concurrently holding positions as Directors)	Directors of the Company: 10 (excluding Outside Directors) Executive Officers of the Company: 19 (excluding those concurrently holding positions as Directors)
Number of stock acquisition rights*	1,546	1,522
Class, description and number of shares to be issued upon exercise of stock acquisition rights*	Common shares 154,600 (Note 1)	Common shares 152,200 (Note 1)
Amount to be paid upon exercise of stock acquisition rights*	¥1 per share	
Exercise period of stock acquisition rights*	From October 16, 2012 to October 15, 2042	From October 16, 2013 to October 15, 2043
Issue price of shares and additional paid-in capital per share if shares are issued upon exercise of stock acquisition rights*	Issue price: ¥312.9 Additional paid-in capital per share: ¥156.5	Issue price: ¥503 Additional paid-in capital per share: ¥252
Conditions for exercise of stock acquisition rights*	(Note 4)	
Matters concerning the transfer of stock acquisition rights*	Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company by its resolution.	
Matters concerning the delivery of stock acquisition rights in connection with organizational restructuring*	(Note 3)	

Date of resolution	September 25, 2014	September 29, 2015
Category and number of grantees (persons)	Directors of the Company: 10 (excluding Outside Directors) Executive Officers of the Company: 18 (excluding those concurrently holding positions as Directors)	Directors of the Company: 9 (excluding Outside Directors) Executive Officers of the Company: 20 (excluding those concurrently holding positions as Directors)
Number of stock acquisition rights*	1,923	2,284 [2,187]
Class, description and number of shares to be issued upon exercise of stock acquisition rights*	Common shares 192,300 (Note 1)	Common shares 228,400 (Note 1) [218,700] (Note 1)
Amount to be paid upon exercise of stock acquisition rights*	¥1 per share	
Exercise period of stock acquisition rights*	From October 16, 2014 to October 15, 2044	From October 16, 2015 to October 15, 2045
Issue price of shares and additional paid-in capital per share if shares are issued upon exercise of stock acquisition rights*	Issue price: ¥491 Additional paid-in capital per share: ¥246	Issue price: ¥547 Additional paid-in capital per share: ¥274
Conditions for exercise of stock acquisition rights*	(Note 4)	
Matters concerning the transfer of stock acquisition rights*	Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company by its resolution.	
Matters concerning the delivery of stock acquisition rights in connection with organizational restructuring*	(Note 3)	

Date of resolution	September 29, 2016	September 27, 2017
Category and number of grantees (persons)	Directors of the Company: 9 (excluding Outside Directors) Executive Officers of the Company: 20 (excluding those concurrently holding positions as Directors)	Directors of the Company: 9 (excluding Outside Directors) Executive Officers of the Company: 27 (excluding those concurrently holding positions as Directors)
Number of stock acquisition rights*	3,400 [3,285]	4,141 [3,813]
Class, description and number of shares to be issued upon exercise of stock acquisition rights*	Common shares 340,000 (Note 1) [328,500] (Note 1)	Common shares 414,100 (Note 1) [381,300] (Note 1)
Amount to be paid upon exercise of stock acquisition rights*	¥1 per share	
Exercise period of stock acquisition rights*	From October 15, 2016 to October 14, 2046	From October 14, 2017 to October 13, 2047
Issue price of shares and additional paid-in capital per share if shares are issued upon exercise of stock acquisition rights*	Issue price: ¥437 Additional paid-in capital per share: ¥219	Issue price: ¥567 Additional paid-in capital per share: ¥284
Conditions for exercise of stock acquisition rights*	(Note 4)	
Matters concerning the transfer of stock acquisition rights*	Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company by its resolution.	
Matters concerning the delivery of stock acquisition rights in connection with organizational restructuring*	(Note 3)	

Date of resolution	June 28, 2018	June 25, 2019
Category and number of grantees (persons)	Directors of the Company: 6 (excluding Outside Directors) Executive Officers of the Company: 33 (excluding those concurrently holding positions as Directors)	Directors of the Company: 5 (excluding Outside Directors) Executive Officers of the Company: 30 (excluding those concurrently holding positions as Directors)
Number of stock acquisition rights*	3,836 [3,459]	4,797 [4,545]
Class, description and number of shares to be issued upon exercise of stock acquisition rights*	Common shares 383,600 (Note 1) [345,900] (Note 1)	Common shares 479,700 (Note 1) [454,500] (Note 1)
Amount to be paid upon exercise of stock acquisition rights*	¥1 per share	
Exercise period of stock acquisition rights*	From July 14, 2018 to July 13, 2048	From July 13, 2019 to July 12, 2049
Issue price of shares and additional paid-in capital per share if shares are issued upon exercise of stock acquisition rights*	Issue price: ¥591 Additional paid-in capital per share: ¥296	Issue price: ¥514 Additional paid-in capital per share: ¥257
Conditions for exercise of stock acquisition rights*	(Note 4)	
Matters concerning the transfer of stock acquisition rights*	Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company by its resolution.	
Matters concerning the delivery of stock acquisition rights in connection with organizational restructuring*	(Note 3)	

Date of resolution	June 24, 2020	June 25, 2021
Category and number of grantees (persons)	Directors of the Company: 5 (excluding Outside Directors) Executive Officers of the Company: 31 (excluding those concurrently holding positions as Directors)	Directors of the Company: 6 (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) Executive Officers of the Company: 55 (excluding those concurrently holding positions as Directors)
Number of stock acquisition rights*	4,963 [4,710]	8,503
Class, description and number of shares to be issued upon exercise of stock acquisition rights*	Common shares 496,300 (Note 1) [471,000] (Note 1)	Common shares 850,300 (Note 1)
Amount to be paid upon exercise of stock acquisition rights*	¥1 per share	
Exercise period of stock acquisition rights*	From July 16, 2020 to July 15, 2050	From July 16, 2021 to July 15, 2051
Issue price of shares and additional paid-in capital per share if shares are issued upon exercise of stock acquisition rights*	Issue price: ¥425 Additional paid-in capital per share: ¥213	Issue price: ¥500 Additional paid-in capital per share: ¥250
Conditions for exercise of stock acquisition rights*	(Note 4)	(Note 5)
Matters concerning the transfer of stock acquisition rights*	Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company by its resolution.	
Matters concerning the delivery of stock acquisition rights in connection with organizational restructuring*	(Note 3)	

\*Description as of the last day of the fiscal year under review (March 31, 2022) is presented. For matters that changed from the last day of the fiscal year under review to the end of the month before the submission date (May 31, 2022), the description as of the end of the month before the submission date is described in [ ], and for other matters, there is no change from the description as of the last day of the fiscal year under review.

(Notes) 1. The class of shares to be issued upon exercise of the stock acquisition shall be common shares, and the number of shares to be issued upon exercise of each stock acquisition (hereinafter referred to as the “Number of Shares Granted”) shall be 100 shares.

If the Company splits its common shares (including gratis allotment of shares of common shares of the Company; the same shall apply hereinafter to the description of a share split) or consolidates its common shares after the date on which the stock acquisition rights are allotted (hereinafter referred to as the “Allotment Date”), the Number of Shares Granted shall be adjusted according to the following formula; provided, however, that such adjustment shall be made to the number of shares underlying the stock acquisition rights that have not been exercised at the time of such adjustment, and any fraction less than one share arising from such adjustment shall be discarded.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Ratio of stock split or stock consolidation

Number of Shares Granted after adjustment shall apply in the case of a stock split on or after the day following the record date of such stock split (if the record date is not specified, the effective date thereof) and in the case of a share consolidation on or after the effective date thereof; provided, however, that in cases where a stock split is carried out on the condition that a proposal to increase share capital or reserves by reducing the amount of surplus is approved at the General Meeting of Shareholders of the Company, and where the record date for the stock split is a day on or before the date of conclusion of such General Meeting of Shareholders, the Number of Shares Granted after adjustment shall apply on or after the day following the date of conclusion of such General Meeting of Shareholders.



In addition to the above, if the Company carries out a merger, company split or share exchange or otherwise requires an adjustment to the Number of Shares Granted after the Allotment Date, the Company may make an adjustment to the Number of Shares Granted as deemed necessary by the Board of Directors of the Company.

2. (1) In addition to the period within “exercise period of stock acquisition rights,” stock acquisition right holders may exercise stock acquisition rights within a period not exceeding five years from the date on which one year has passed from the date following the date on which they lost their positions as Directors, Corporate Auditors or Executive Officers of the Company.
- (2) Notwithstanding (1) above, if a proposal for approval of a merger agreement under which the Company will become an extinct company, a proposal for approval of a company split agreement or company split plan under which the Company will become a splitting company, or a proposal for approval of a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved at the General Meeting of Shareholders of the Company (if a resolution of the General Meeting of Shareholders is not required, a resolution of the Board of Directors of the Company is adopted), stock acquisition rights may be exercised within 30 days from the day following the date of such approval; provided, however, that this shall not apply to cases where the stock acquisition rights of the restructured company are delivered to the stock acquisition right holders in accordance with the matters related to delivery of stock acquisition rights in accordance with the organizational restructuring as set forth in (Note 3) below.
- (3) Other conditions shall be as set forth in the “Share Option Allotment Agreement” to be concluded between the Company and the stock acquisition holders.
3. In the event the Company merges (only if the Company disappears as a result of merger), performs an absorption-type company split or an incorporation-type company split (only if the Company is to be a splitting company), or conducts a share exchange or a share transfer (only if the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to as “Organizational Restructuring”), stock acquisition rights of a corporation described in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (hereinafter referred to as “Restructured Company”) shall be delivered respectively to stock acquisition right holders remaining unexercised (hereinafter referred to as “Remaining Stock Acquisition Rights”) immediately prior to the effective day of Organizational Restructuring (this means the day on which an absorption-type merger becomes effective with regard to an absorption-type merger, the day of formation of the stock company incorporated in the consolidation-type merger with regard to a consolidation-type merger, the day on which an absorption-type company split becomes effective with regard to an absorption-type company split, the day of formation of the stock company incorporated in the incorporation-type split with regard to an incorporation-type company split, the day on which a share exchange becomes effective with regard to a share exchange, and the day of formation of the wholly owning parent company incorporated in the share transfer with regard to a share transfer; the same shall apply hereinafter); provided, however, that the delivery of stock acquisition rights of the Restructured Company in accordance with the following items shall be subject to the provisions of the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
  - (1) Number of stock acquisition rights of the Restructured Company to be delivered  
The same number of stock acquisition rights as the number of remaining stock acquisition rights held by the stock acquisition right holders shall be delivered respectively.
  - (2) Class of shares of the Restructured Company to be issued upon exercise of stock acquisition rights  
Common shares of the Restructured Company.
  - (3) Number of shares of the Restructured Company to be issued upon exercise of stock acquisition rights  
To be decided according to (Note 1) above after taking into consideration the conditions, etc. of the Organizational Restructuring.
  - (4) Value of assets to be contributed upon exercise of stock acquisition rights  
Value of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the exercise price after restructuring as specified below by the number of shares of the Restructured Company to be issued for each stock acquisition right as determined in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the Restructuring Company that can be delivered by exercising each stock acquisition right to be delivered.
  - (5) Period during which stock acquisition rights can be exercised  
Starting from the later of either the initial date of the exercise period of stock acquisition rights as stipulated in the “exercise period of stock acquisition” or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of stock acquisition rights as stipulated in the “exercise period of stock acquisition rights.”

- (6) Matters concerning increase in share capital and capital reserve by issuing of shares upon exercise of stock acquisition rights
    - (i) Amount of share capital to be increased with the issuance of shares upon exercise of stock acquisition rights shall be 1/2 of the maximum amount of increase in share capital as calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, and where any fraction less than one yen arises as a result of the calculation, such fraction shall be rounded up.
    - (ii) Amount of capital reserve to be increased with the issuance of shares upon exercise of stock acquisition rights shall be the maximum amount of increase in share capital as described in (i) above less the amount of share capital increase as described in (i) above.
  - (7) Restriction on the acquisition of stock acquisition rights by transfer
 

Acquisition of stock acquisition rights by transfer shall be subject to the approval of the board of Directors of the Restructured Company by its resolution.
  - (8) Conditions for exercise of stock acquisition rights
 

To be determined in accordance with (Note 2) above.
  - (9) Terms of acquisition of stock acquisition rights
 

The Company may acquire stock acquisition rights on the date specifically determined by the Board of Directors of the Company without any compensation if proposals (i), (ii), (iii), (iv) or (v) below are approved by the General Meeting of Shareholders of the Company (if a resolution of the General Meeting of Shareholders is not required, a resolution of the Board of Directors of the Company is adopted).

    - (i) Proposal to approve a merger agreement under which the Company will become an extinct company
    - (ii) Proposal to approve a company split agreement or a company split plan under which the company will become a splitting company
    - (iii) Proposal to approve a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary
    - (iv) Proposal to approve an amendment to the Articles of Incorporation to create a provision, as a feature of all shares issued by the Company, that the approval of the Company shall be required for the acquisition of such shares by transfer
    - (v) Proposal to approve an amendment to the Articles of Incorporation to create a provision that, as a feature of a class of shares underlying stock acquisition rights, approval of the Company shall be required for the acquisition of such class of shares by transfer, or that the Company shall acquire all of such class of shares by resolution of a General Meeting of Shareholders of the Company
4. (1) In addition to the period within “exercise period of stock acquisition rights,” stock acquisition right holders may exercise stock acquisition rights within a period not exceeding five years from the date on which one year has passed from the date following the date on which they lost their positions as Directors, Corporate Auditors, Executive Officers, etc. of the Company.
  - (2) Notwithstanding (1) above, if a proposal for approval of a merger agreement under which the Company will become an extinct company, a proposal for approval of a company split agreement or company split plan under which the Company will become a splitting company, or a proposal for approval of a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved at the General Meeting of Shareholders of the Company (if a resolution of the General Meeting of Shareholders is not required, a resolution of the Board of Directors of the Company is adopted), stock acquisition rights may be exercised within 30 days from the day following the date of such approval; provided, however, that this shall not apply to cases where the stock acquisition rights of the restructured company are delivered to the stock acquisition right holders in accordance with the matters related to delivery of stock acquisition rights in accordance with the organizational restructuring as set forth in (Note 3) above.
  - (3) Other conditions shall be as set forth in the “Share Option Allotment Agreement” to be concluded between the Company and the stock acquisition right holders.
  5. (1) In addition to the period within “exercise period of stock acquisition rights,” stock acquisition right holders may exercise stock acquisition rights within a period not exceeding five years from the date on which one year has passed from the date following the date on which they lost their positions as Directors or Executive Officers, etc. of the Company.
  - (2) Notwithstanding (1) above, if a proposal for approval of a merger agreement under which the Company will become an extinct company, a proposal for approval of a company split agreement or company split plan under which the Company will become a splitting company, or a proposal for approval of a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved at the General Meeting of

Shareholders of the Company (if a resolution of the General Meeting of Shareholders is not required, a resolution of the Board of Directors of the Company is adopted), stock acquisition rights may be exercised within 30 days from the day following the date of such approval; provided, however, that this shall not apply to cases where the stock acquisition rights of the restructured company are delivered to the stock acquisition right holders in accordance with the matters related to delivery of stock acquisition rights in accordance with the organizational restructuring as set forth in (Note 3) above.

- (3) Other conditions shall be as set forth in the “Share Option Allotment Agreement” to be concluded between the Company and the stock acquisition right holders.

(ii) Rights plan

Not applicable.

(iii) Other stock acquisition rights, etc.

Not applicable.

- (3) Exercises, etc., of moving strike convertible bonds, etc.

Not applicable.

- (4) Changes in number of issued shares, share capital, etc.

Date	Changes in number of issued shares (Thousand shares)	Balance of number of issued shares (Thousand shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
April 1, 2021	571,078	1,466,912	—	33,196	—	33,802

(Note) As a result of the merger of Mitsubishi UFJ Lease & Finance Company Limited and Hitachi Capital Corp. (merger ratio: 1: 5.1) on April 1, 2021, the total number of issued shares increased 571,078 thousand shares to 1,466,912 thousand shares.

- (5) Shareholding by shareholder category

(As of March 31, 2022)

(As of March 31, 2022)

Category	Status of shares (100 shares per unit)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	87	42	640	543	172	119,001	120,485	—
Number of shares held (Units)	—	3,560,699	232,844	6,789,268	2,515,775	1,097	1,560,862	14,660,545	857,744
Shareholding ratio (%)	—	24.29	1.58	46.31	17.16	0.01	10.65	100.00	—

(Note) 30,754,328 shares of treasury shares are stated in “Individuals and others,” including 307,543 units, and 28 shares in Shares less than one unit.

## (6) Major shareholders

(As of March 31, 2022)

Name	Location	Number of shares held (thousands of shares)	Ownership percentage to the total number of issued shares (excluding treasury shares) (%)
Mitsubishi Corporation	3-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	264,044	18.38
Mitsubishi UFJ Financial Group, Inc.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	208,345	14.50
Hitachi, Ltd.	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo	167,678	11.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo	114,134	7.94
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	55,176	3.84
MUFG Bank, Ltd.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	50,348	3.50
Meiji Yasuda Life Insurance Company	1-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	31,100	2.16
Mitsubishi UFJ Trust and Banking Corporation (Note)	4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo	28,431	1.97
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	11,419	0.79
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1 Konan 2-chome, Minato-ku, Tokyo)	11,330	0.78
Total	—	942,010	65.59

(Note) Shares in trust business is not included for Mitsubishi UFJ Trust and Banking Corporation.

## (7) Voting rights

## (i) Issued shares

(As of March 31, 2022)

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	Common shares 30,754,300	—	—
Shares with full voting rights (others)	Common shares 1,435,300,200	14,353,002	—
Shares less than one unit	Common shares 857,744	—	—
Total number of issued shares	1,466,912,244	—	—
Total number of voting rights	—	14,353,002	—

- (Notes) 1. The shares of common shares in the “Shares with full voting rights (others)” and “Shares less than one unit” columns include 6,100 shares (61 voting rights) and 20 shares, respectively, held by Japan Securities Depository Center, Incorporated.
2. The shares of common stock in the “Shares with full voting rights (others)” and Shares less than one unit” columns include 302,000 shares (3,020 voting rights) and 73 shares, respectively, held by the trust as a performance-based stock compensation plan implemented by the former Hitachi Capital Corp.

(ii) Treasury shares, etc.

(As of March 31, 2022)

Name of shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total shares held (Shares)	Ownership percentage to the total number of issued shares (%)
Mitsubishi HC Capital Inc.	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	30,754,300	—	30,754,300	2.09
Total	—	30,754,300	—	30,754,300	2.09

## 2. Acquisitions, etc. of Treasury Shares

Class of shares, etc.- Acquisition of shares of common shares pursuant to Article 155, Item 7 of the Companies Act, acquisition of shares of common shares pursuant to Article 155, Item 9 of the Companies Act, and acquisition of shares of common shares pursuant to Article 155, Item 11 of the Companies Act

(1) Acquisitions by a resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisitions by a resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors (May 17, 2021) (Date of acquisition: May 17, 2021)	329	210,560
Treasury shares acquired before the fiscal year under review	—	—
Treasury shares acquired during the fiscal year under review	329	210,560
Total number and total amount of remaining shares to be acquired by the resolution	—	—
Unexercised rate as of the end of the fiscal year under review (%)	—	—
Treasury shares acquired during the period	—	—
Unexercised rate as of the submission date (%)	—	—

- (Notes) 1. The Company purchased treasury shares pursuant to the provisions of Article 234, Paragraphs 2, 4 and 5 of the Companies Act for the disposal of fractions of less than one share arising from the merger effective April 1, 2021.
2. The purchase unit is the closing price of the Company’s shares on Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. on the purchase date.

(3) Acquisitions not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	4,503	2,818,912
Treasury shares acquired during the period	130	78,760

- (Note) 1. The treasury shares acquired during the period do not include shares purchased for fractional shares from June 1, 2022 until the date of submission of this Annual Securities Report.

(4) Disposals or holding of acquired treasury shares

Category	During the fiscal year under review		During the period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Acquired treasury shares that were offered to subscribers for subscription	—	—	—	—
Acquired treasury shares that were canceled	—	—	—	—
Acquired treasury shares that were transferred due to merger, exchange of shares, issue of shares or corporate split	—	—	—	—
Others (Note 1)	296,520	556,200	142,200	142,200
Number of treasury shares held	30,754,328	—	30,612,258	—

- (Notes) 1. The breakdown of the disposal of treasury shares acquired during the fiscal year under review is due to the exercise of stock acquisition (number of shares: 296,100 shares, total disposal price: ¥296,100) and the sale of shares constituting less than one unit (number of shares: 420 shares, total disposal price: ¥260,100). In addition, the disposal of treasury shares acquired during the period is due to the exercise of stock acquisition.
2. The number of treasury shares to be disposed of during the period does not include the sale of shares constituting less than one unit and the exercise of stock acquisition from June 1, 2022 to the submission date of this Annual Securities Report.
3. The number of treasury shares held during the period does not include any increase or decrease due to the purchase or sale of shares constituting less than one unit and the exercise of stock acquisition from June 1, 2022 to the submission date of this Annual Securities Report.

### 3. Dividend Policy

The Company's basic policy is to return profits to shareholders through dividends.

The Company's basic policy is to pay dividends of surplus twice a year, consisting of an interim dividend and a year-end dividend. Pursuant to Article 459, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation stipulate that dividends of surplus may be paid by resolution of the Board of Directors.

The Company is subject to consolidated dividend regulations.

The Company is considering a medium-term target level for the dividend payout ratio in the formulation of the Medium-term Management Plan covering a period of 3 years from fiscal 2023 (fiscal year ending March 2024). As stated in "(4) Target performance indicators, 1. Management Policy, Business Environment and Tasks Ahead, Etc., Item 2. Business Overview," the Company currently expects the dividend payout ratio to be around 40%.

The Company will make effective use of retained earnings for future management by allocating it to funds for the purchase of high-quality operating assets.

Dividends of surplus for the fiscal year under review are as follows:

Date of resolution	Total dividend amount (Millions of yen)	Dividend per share (Yen)
November 12, 2021 Board of Directors' resolution	18,667	13.00
May 24, 2022 Board of Directors' resolution	21,542	15.00

#### 4. Corporate Governance, Etc.

##### (1) Overview of corporate governance

##### (i) Basic stance on corporate governance

The Company recognizes that transparent and sound management is one of its social responsibilities, with a focus on sustainable growth and medium- to long-term enhancement of corporate value. The Company respects the rights and interests of all stakeholders, including shareholders, customers, local communities, and employees, and strives to contribute to the realization of a prosperous society while responding to their trust.

In order to fulfill its social responsibilities, the Company has established the “Basic Policy on Corporate Governance” and the “Mitsubishi HC Capital Group’s Code of Ethics,” and is continuously working to enhance its corporate governance by revitalizing the Board of Directors, improving the Audit and Supervisory Committee and internal audit system, disclosing information in a timely and appropriate manner, and promoting investor relations (IR) activities.

##### Basic Policy on Corporate Governance

##### Appropriate cooperation with all stakeholders

Based on Out Mission, which serve as guidelines for all activities, and the Mitsubishi HC Capital Group’s Code of Ethics and Code of Conduct, which serve as standards of judgment and conduct for all employees, the Company strives to cooperate appropriately with shareholders, customers, local communities, employees, and various other stakeholders.

We will also strive to foster a corporate culture and culture that respects the diversity of our stakeholders and respects their rights, positions, and sound business ethics.

##### Appropriate information disclosure and transparency

The Company actively and continuously discloses information in order to gain the trust and appropriate evaluation of its stakeholders. In addition, the Company will develop and properly operate an internal system for accurate, prompt and fair disclosure of information on the Company’s management policies, business strategies, business activities and financial conditions.

In addition to the items required to be disclosed by laws and regulations, we voluntarily and proactively disclose non-financial information that is deemed useful to our stakeholders.

##### Securing the rights and equality of shareholders

The Company will take appropriate measures, including improving the environment, to ensure that shareholders’ rights are secured and exercised effectively, and will give consideration to the equal treatment of all shareholders, including minority and foreign shareholders.

##### Dialogue with shareholders

The Company will engage in constructive and proactive dialogue with shareholders through financial results briefings, domestic and overseas IR events, etc., to ensure people gain an understanding of the Company’s management strategy, etc., and to take appropriate measures based on an understanding of the position of shareholders.

##### Responsibilities of the Board of Directors

All members of the Board of Directors of the Company, including Outside Directors, utilize their experience and knowledge to invigorate the Board of Directors through open-minded discussions. In addition, the Board of Directors appropriately fulfills its roles and responsibilities for the sustainable growth of the Company, the enhancement of medium- to long-term corporate value, and the improvement of profitability and capital efficiency in an environment that supports appropriate risk-taking.



## Mitsubishi HC Capital Group's Code of Ethics

### Establishing Trust

Fully recognizing the weight of our social responsibility and public mission, we aim to establish the unshaken trust of society through complete information management and sound and proper business activities, including the timely and appropriate disclosure of company information.

### Customer-Oriented Approach

Consistently taking a customer-oriented approach and having good communication, we offer products and services that best meet customers' needs to obtain customers' satisfaction and support.

### Strict Compliance with Laws and Regulations

We strictly adhere to all applicable laws and rules (including social, industry, and company rules) and undertake appropriate and sincere corporate activities in line with social norms. We also respect internationally accepted standards as a corporate group operating globally.

### Respect for Human Rights and the Environment

Respecting the personality and character of each other and emphasizing conservation of the global environment that is the shared asset of humankind, we pursue harmony with society.

### Exclusion of Anti-Social Elements/Money-Laundering Prevention

We take a resolute stance against anti-social elements that threaten the order and safety of civil society.

In compliance with all applicable laws and regulations related to preventing money laundering, we take every possible measure to block money laundering and terrorist financing.

(ii) Corporate governance system

a. Overview of corporate governance systems

The Company conducted a business integration through a merger with Hitachi Capital Corporation as of April 1, 2021. In conjunction therewith, the Company transitioned into a company with an Audit and Supervisory Committee in order to enhance the fairness and transparency of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance.

i) Matters concerning the Board of Directors and the Audit and Supervisory Committee

The Company implements a system to manage and operate business in line with the basic policy decided by the Board of Directors. Each Outside Director has qualities appropriate for their positions, giving the Board of Directors a set of diversified and sufficient skills.

In addition, for timely, appropriate, and smooth provision of information in particular to Outside Directors, the Company establishes the Audit and Supervisory Committee Office in which staff members assist the duties of the Audit and Supervisory Committee.

Please refer to “(3) Status of the audit” for matters concerning the Audit and Supervisory Committee.

ii) Matters concerning the Governance Committee, the Nominating Committee and the Compensation Committee

As an advisory body to the Board of Directors, the Company has established the Governance Committee, which is composed of Outside Directors, Representative Directors, and others. It will widely exchange opinions on the enhancement of the effectiveness of the Board of Directors, and other matters concerning the Board of Directors, and continue to work on enhancing the soundness, transparency, and fairness of the Company’s management.

In addition, the Company has established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors, in order to enhance the independence, objectivity and accountability of the functions of the Board of Directors in relation to the nomination and compensation of Directors.

The Nomination Committee will deliberate on matters such as the nomination of Directors, the succession plan for the President & CEO, and the knowledge, experience, and skills that Directors should possess.

The Compensation Committee will employ an external expert organization to regularly monitor the comparison between the Company’s compensation system for Directors and the market level, and deliberate on various policies concerning the compensation systems, levels, etc. for Directors.

The members and chairperson of the Nomination and Compensation Committees are selected by the Board of Directors, and matters for deliberation at the Committees shall be resolved by a majority of the members present. The internal rules stipulate that the Board of Directors shall make resolutions by respecting the contents of the resolutions of the Committees.

Name of the organization and the names of its members

Name	Title	Board of Directors	Audit and Supervisory Committee	Governance Committee	Nominating Committee	Compensation Committee
Seiji Kawabe	Representative Director, Chairman	◎		◎	◎	
Takahiro Yanai	Representative Director President & CEO	○		○		◎
Kanji Nishiura	Representative Director Deputy President	○		○		
Kazumi Anei	Director Deputy President	○				
Taiju Hisai	Director Deputy President	○				
Haruhiko Sato	Director Managing Executive Officer	○				
Hiroyasu Nakata	Director (Independent Outside Director)	○		○	○	○
Yuri Sasaki	Director (Independent Outside Director)	○		○	○	○
Go Watanabe	Director (Outside Director)	○		○	○	○

Name	Title	Board of Directors	Audit and Supervisory Committee	Governance Committee	Nominating Committee	Compensation Committee
Takuya Kuga	Director (Outside Director)	○		○	○	○
Akira Hamamoto	Director (Audit and Supervisory Committee Member)	○	◎	○		
Koichiro Hiraiwa	Director (Audit and Supervisory Committee Member) (Independent Outside Director)	○	○	○	○	○
Hiroko Kaneko	Director (Audit and Supervisory Committee Member) (Independent Outside Director)	○	○	○	○	○
Masayuki Saito	Director (Audit and Supervisory Committee Member) (Independent Outside Director)	○	○	○	○	○

(Note) ◎: Chairperson/Committee Chairperson, ○: Member

### iii) Matters concerning business execution

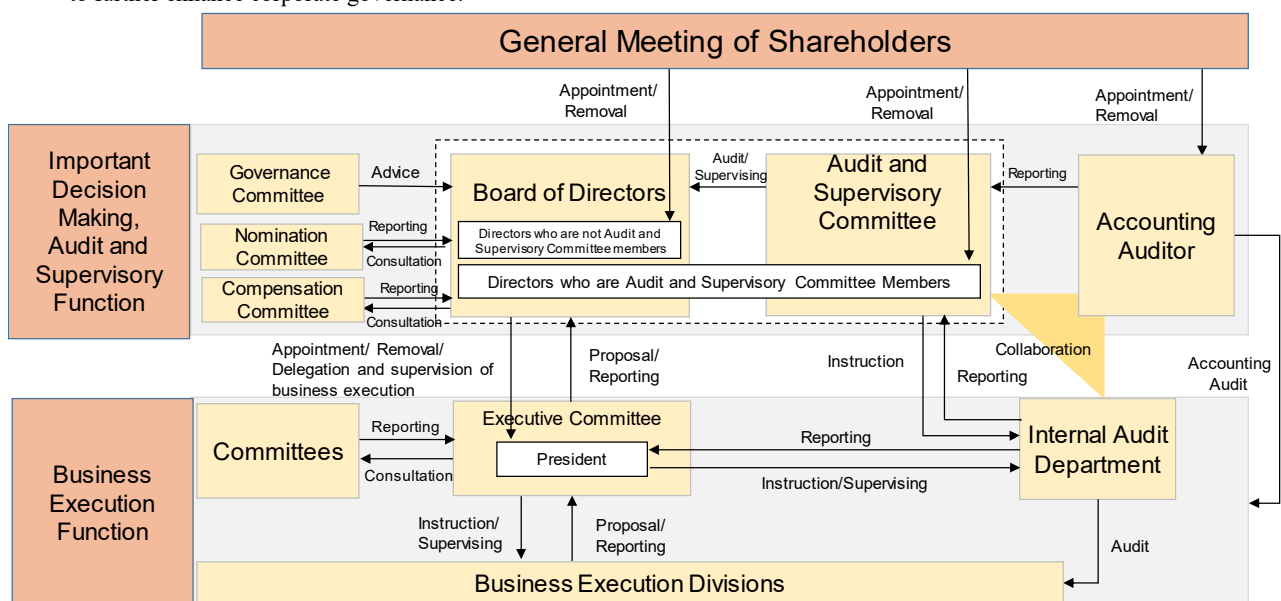
As a company with an Audit and Supervisory Committee, the Company delegates many business execution decisions to the Executive Committee, a body which will deliberate and decide on important management matters, and expedites the decision-making process, with the aim of strengthening the supervisory function of the Board of Directors. In addition, the Company has introduced an executive officer system, in order to further enhance and invigorate the functions of the Board of Directors by clarifying the responsibilities related to the execution of business.

The Executive Committee, a body which will deliberate and decide on important management matters, is composed of the Chairman, President & CEO, Deputy Presidents, and Executive Officers separately designated by the President & CEO. In addition to discussing and deciding on important matters, including business management of the Group, the Executive Committee considers matters to be submitted to the Board of Directors in advance in order to contribute to the decision-making of the Board of Directors.

The Company has 31 Executive Officers (five of whom concurrently serve as Directors) as of June 28, 2022.

### iv) Reasons for adoption of current corporate governance system

In order to enhance the fairness and transparency of management, strengthen the supervisory functions of the Board of Directors, and enhance corporate governance, the Company adopted the institutional design of a company with an Audit and Supervisory Committee. Also, the Company has established a Governance Committee comprised of Outside Directors, Representative Directors, etc. as an advisory body to the Board of Directors concerning improvement of the effectiveness of the Board of Directors, in addition to the establishment of the Nomination and Compensation Committees as advisory bodies concerning matters such as the nomination of the President and compensation for Directors, in order to further enhance corporate governance.



#### Matters concerning compliance

The Company has established and disseminated the “Compliance Manual” to ensure that its officers and employees comply with laws and regulations and the Articles of Incorporation, and conduct business activities in compliance with social ethical standards. At the same time, the Company has established the Mitsubishi HC Capital Group’s Code of Ethics and Code of Conduct to be thoroughly embraced by its officers and employees in order to share fundamental values and ethics and reflect them in business.

Moreover, the Company has established and is operating the Compliance Hotline System as an internal whistleblowing framework under which its officers and employees can report to or seek consultations with the Company regarding unfair practices and other conduct.

In addition, the Company promptly disseminates information thoroughly on the establishment and revision of laws and regulations, etc. related to its business, and provides education through e-learning and other means as necessary.

#### Matters concerning risk management

The Company has established the Risk Management Department, which is responsible for risk management, and has established internal rules, etc. that stipulate basic policies, risk management systems, and operations for the risk

management of the Group as a whole. The Group companies have also developed internal rules, etc. that stipulate risk management systems, operations, and other matters. The Board of Directors receives reports on the current status, issues, and countermeasures for the risks related to the overall management.

In addition, the Company has established the Risk Management Committee, etc. as advisory bodies to the Executive Committee, which is composed of executive officers, etc., to refine risk management.

b. Development of risk management system and internal control system

The Company has resolved to use a system for ensuring the propriety of business activities of the company (internal control system), as follows, in accordance with Article 399-13, paragraph (1), (b) and (c) of the Companies Act, as well as relevant laws and regulations. Going forward, we will continue to make further improvements and enhancements by reviewing it as appropriate in accordance with changes in the environment.

Hereinafter, “the Group” refers to “the Company and the Company’s subsidiaries and affiliates,” and “Group companies” refers to “the Company’s subsidiaries and affiliates.” In addition, in specifically applying the internal control system to the Group companies, the system will be applied after making appropriate adjustments based on factors such as the business operations, scale, and importance of each Group company.

**System for group management**

- (1) The Company shall establish the Mitsubishi HC Capital Group's Code of Ethics and Code of Conduct in order to share fundamental values and ethics to be embraced by all members of the Group and reflect them in business.
- (2) The Company shall establish a management method between the Company and the Group companies, in order to ensure the propriety of the business activities of the Group companies, and establish internal rules to improve the management efficiency and corporate value of the Group as a whole, through the Group carrying out activities with a strong sense of solidarity.
- (3) The Company shall receive reports, etc. from the Group companies and conduct management of the Group in line with various internal rules established for the Group management, in adherence to the allocation of duties.
- (4) The Company shall establish management and operational methods for internal controls pertaining to the financial reports of the Group, and shall effectively develop and operate the internal controls of the Group as a whole, so that the Company's financial reports will be prepared appropriately, in accordance with the provisions of the Financial Instruments and Exchange Act.

**System for compliance with laws and regulations**

- (1) The Company shall establish the Mitsubishi HC Capital Group's Code of Ethics and Code of Conduct in order to share fundamental values and ethics to be embraced by all members of the Group and reflect them in business.
- (2) The Company shall establish a system for ensuring that the officers and employees of the Group comply with laws and regulations and the Articles of Incorporation, by establishing and disseminating various internal rules and the Compliance Manual.
- (3) The Company shall establish the Compliance Committee, which deals with establishment, maintenance, management, etc., of the Group's compliance system, in addition to the Chief Compliance Officer (Head of Risk Management Division), who is responsible for the compliance of the Group, and the Legal & Compliance Department, which is tasked with enforcing compliance.

The Group companies shall, if there are any legal risks, etc. intrinsic to the business activities of such company, cooperate with the Company as necessary, and develop an appropriate compliance system.
- (4) The Company shall formulate compliance programs (specific plans to ensure that the officers and employees of the Group comply with laws and regulations, etc., including education for the Group's officers and employees) and monitor how the Group's officers and employees are working on those programs.
- (5) The Company shall establish the Compliance Hotline System as an internal whistleblowing framework under which the Group's officers, employees, etc., can report to or seek consultations with the Company regarding unfair practices and other conduct.
- (6) The Group shall take a resolute stance against anti-social forces, which threaten the peace and stability of civil society, and work to prevent transactions with such forces.
- (7) The Company shall be aware of the possibility that funds transacted through the Group may be used for various criminal activities and/or terrorism, and shall work to prevent money laundering.

**Information disclosure system**

- (1) The Group shall establish internal rules for appropriately disclosing information regarding decisions and occurrences concerning the Group in a timely manner, in accordance with accounting standards and other relevant laws and regulations. The Group companies shall cooperate with the Company as necessary.
- (2) The Company shall establish a Disclosure Committee for deliberating on the appropriateness of information disclosure regarding the Group and the effectiveness of internal controls and procedures related to information disclosure, among other matters.

**Internal audit system**

- (1) The Company shall establish internal rules to smoothly and effectively promote audit activities by clarifying procedures for planning, implementing, and reporting internal audits and providing instructions for improvement within the Group.
- (2) The Company shall establish the Internal Audit Department as a department in charge of internal audits. The Internal Audit Department shall systematically implement internal audits related to the Group based on an annual audit plan and report the audit results to the Representative Director and Audit & Supervisory Committee. The Company shall ensure the effectiveness of auditing by requesting the parties subject to audit of the Group to report the outcome of improvement efforts on the suggestions and guidance for audit findings to the General Manager of the Internal Audit Department, and to the Representative Director for important audit findings.

(3) The General Manager of the Internal Audit Department of the Company shall build collaborative relationships with the Audit and Supervisory Committee Member of the Company and Auditors and other relevant persons and the Accounting Auditor of the Group companies on a regular basis, such as by exchanging relevant information with them, and shall work to ensure the efficient implementation of the audit.

## **Risk management system**

### **Company-wide risk management**

- (1) The Company shall establish a company-wide risk management system that is based on the policy of taking risks within the controlled scope decided by the Executive Committee, the Board of Directors etc. through overall understanding of the wide-ranging risks of the Group and sufficient consideration of potential risks estimated along with new operations. The company-wide risk management aims to ensure sound management and contribute to sustainable improvement of corporate value, while performing its social responsibility as a company to stakeholders including clients, shareholders, employees and communities.
- (2) The Company aims for the stable recording of returns commensurate with risk, achievement of an appropriate capital structure, and appropriate allocation of resources, by identifying and recognizing, evaluating and measuring, controlling, monitoring, and reporting the risks of the Group as well as conducting integrated risk management and ongoing operations.
- (3) The Company shall classify the major risks of the Group as follows according to the characteristics of its businesses, operations, etc., and establish risk management methods, operations, and the like.
  - i) Credit risks
  - ii) Asset risks
  - iii) Investment risks
  - iv) Market risks
  - v) Liquidity risks
  - vi) Country risks
  - vii) Operational risks
- (4) The Group companies shall understand the Group's overall risks that can be reasonably evaluated and measured quantitatively. The Company shall discuss risk capital management as necessary and on a regular basis and take actions for its implementation, monitoring, etc.
- (5) The Company shall establish internal rules that state, among other matters, the Group's basic policies for risk management and risk management frameworks and operations. The Group companies shall also prepare internal rules that state, among other matters, the risk management frameworks and operations.
- (6) The Company shall establish an executive officer and a department in charge of companywide risk management respectively and hold Risk Management Committee meetings related to integrated risk management of the Group as necessary and on a regular basis. The report at the Risk Management Committee shall be made on major risks of the Group's business, and other risk-management-related matters concerning financial markets, liquidity, compliance, systems, IT and others provided from the committees and internal auditing.
- (7) The Company shall request the Group companies to report important risk-related matters and compile information that is necessary for the company-wide risk management. Then a report shall be made to the Board of Directors on the current situation, issues and measures to be taken as necessary, etc. and the Board of Directors shall supervise the integrated risk management and operations.

### **Crisis Management**

- (1) The Company shall clarify the Group's basic approach to and criteria for responding to crisis events and sharing them with the Group companies in order to prepare for events such as huge financial losses, loss of credibility, excessive delays or prolonged suspension of business at the Group. Also, the Company shall establish the systems necessary to ensure the continuation of overall business operations, perform its social responsibility and minimize the Group's losses and the restoration of normal functions.
- (2) The Company shall, during normal times, designate departments to respond to potential emergency events according to its nature and establish a response system according to risk stage. The Company shall establish internal rules that are necessary in an emergency for information collection, internal collaboration and implementation of measures for business continuation and recovery. The Group companies shall establish corresponding internal rules within each company.



**Framework for ensuring the efficient execution of duties**

- (1) The Company shall set management targets for the Group and draw up management plans to manage business based on appropriate methods. The Group companies shall conduct business management based on appropriate methods, based on the Group's management targets and management plans.
- (2) The Company shall establish the Executive Committee, to which decisions, etc., regarding certain matters are delegated by the Board of Directors to the president subject to deliberation at the Executive Committee. The Executive Committee will hold discussions and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary considerations of matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors. In addition, various committees shall be established as advisory bodies for the Executive Committee.
- (3) In order to efficiently conduct the execution of duties based on the decisions of the Board of Directors, the Company shall build an employee rank framework, organizational structure, etc., in accordance with the internal rules, and shall assign the execution of duties. The Group companies shall provide appropriate cooperation such as reports to and consultations with the Company on necessary matters pursuant to the internal rules.

**Other matters related to the execution of duties by Directors**

(Framework for ensuring that the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation, framework for retention and management of information, and framework for reports to the Company of matters related to the execution of duties by subsidiaries' Directors)

- (1) The Company shall establish the Executive Committee to deliberate and decide on important management matters. The Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee shall attend the meeting, confirm the details of the deliberation, and receive reports.
- (2) The Company shall clearly define the authority and responsibilities of the Board of Directors and Directors regarding material decision-making matters including compliance management, as well as matters decided at the discretion of the Board of Directors.
- (3) The Board of Directors shall receive and confirm reports of material information related to the execution of duties by Executive Directors, and utilize an internal whistleblowing system.
- (4) The Company shall retain and manage material documents and other data related to the execution of duties by Directors pursuant to the provisions of the internal rules.
- (5) The Company shall request reports of matters related to the execution of duties by Directors of the Group companies pursuant to the provisions of the internal rules.

**Framework concerning employees who assist with duties of the Audit and Supervisory Committee**

- (1) The Company shall establish an Audit and Supervisory Committee Office to assist with duties of the Audit and Supervisory Committee.
- (2) The Company shall allocate employees to assist with duties of the Audit and Supervisory Committee to the Audit and Supervisory Committee Office.
- (3) The above employees shall not be subject to the directions and instructions of Directors excluding Directors who are Audit and Supervisory Committee Members.
- (4) When implementing personnel transfers or disciplinary action for the above employees, prior consent of the Audit and Supervisory Committee shall be obtained. When determining performance evaluation, compensation, etc., related to those employees, the prior consent of the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee shall be obtained.
- (5) Executive Directors shall cooperate in developing working environments and other relevant conditions so that the above employees can assist with duties of the Audit and Supervisory Committee smoothly.

**Framework for reporting to the Audit and Supervisory Committee**

- (1) Directors, Executive Officers and other relevant executives, and employees must report the following matters without delay to the Audit and Supervisory Committee or the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee:
  1. When they discover any facts that are likely to cause significant damage (including loss of credit) to the Company or when significant damage occurs, they shall immediately report that effect (including matters concerning material lawsuits);
  2. The status of whistleblowing through an internal whistleblowing system developed by Directors;
  3. The status of management concerning elimination of transactions, and blocking of relationships, with anti-social forces; and

4. Other matters that the Audit and Supervisory Committee requests to be reported.
- (2) Directors, Auditors, and employees of subsidiaries or persons who receive reports from any of those persons must report to the Audit and Supervisory Committee or the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee without delay, if any of the matters set forth in the preceding paragraph occurs.
  - (3) The Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee shall cooperate closely with the Auditors of Group companies and other relevant persons, through means such as exchanging information necessary for the execution of duties.
  - (4) If required by the Audit and Supervisory Committee, Directors, Executive Officers and other relevant executives and employees must attend the Audit and Supervisory Committee meeting and explain matters with necessary materials. In addition, they have a similar duty to explain if required by the Audit and Supervisory Committee Member(s) selected by the Audit and Supervisory Committee.
  - (5) The Company shall not treat persons who have made the reports under (1) to the Audit and Supervisory Committee or any Audit and Supervisory Committee Members disadvantageously, just because they made those reports.
  - (6) The Company shall not treat persons who have made reports just because they made those reports using an internal whistleblowing system disadvantageously, and the Company shall specify this in the internal rules and fully inform all employees through internal training and on other occasions.

**Matters concerning policies regarding the expenses or liabilities arising from the execution of duties by the Audit and Supervisory Committee Members**

- (1) The Audit and Supervisory Committee Office shall promptly process expenses or liabilities when each Audit and Supervisory Committee Member makes requests with respect to the prepayment of expenses and other payments, except in cases where such requested expenses or liabilities are deemed to be clearly unnecessary for the execution of the duties of an Audit and Supervisory Committee Member.

**Other frameworks for ensuring effective audits by the Company's Audit and Supervisory Committee Members**

- (1) The Audit and Supervisory Committee should create an opportunity to conduct interviews regularly with Directors and Executive Directors, and employees, concerning the business, and conduct regular meetings to exchange opinions with the President and Accounting Auditor.
- (2) The Audit and Supervisory Committee may request opinions from lawyers, Accounting Auditors, etc. as necessary, for cases that require expertise.
- (3) The Audit and Supervisory Committee should receive in advance an audit plan from the Accounting Auditors, and regularly receive an audit implementation report; in addition, it should conduct an interview as necessary, regarding the implementation of audits.
- (4) The Audit and Supervisory Committee should make efforts to enhance the effectiveness of the audit, by cooperating with the Internal Audit department and conducting an audit, regularly or in a timely manner, on the offices, etc. including the subsidiary, and by understanding the actual situation.
- (5) An employee who should assist the duties of an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee and the duties of the Audit and Supervisory Committee may attend the Executive Committee, committees and other important meetings and make necessary statements thereat, and view important documents.
- (6) An Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee should request that the Company and its subsidiaries report on its business, or investigate the situation of the duties and properties, and the Company and its subsidiaries should cooperate therewith.
- (7) The person to serve as the general manager of the Internal Audit Department should be decided upon prior consultation with the Full-time Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee.
- (8) The Internal Audit Department should make a report to the Audit and Supervisory Committee regarding the internal audit plan, internal audit result, and the amendment and abolition of the important rules related to internal audit, and should respond to requests by the Audit and Supervisory Committee in relation to information provision, investigation, and report.
- (9) Directors, Executive Directors and employees should provide the necessary cooperation for the execution of duties of the Audit and Supervisory Committee, based on the Audit and Supervisory Committee Regulations, standards for audit, etc. of the Audit and Supervisory Committee, and standards for the Audit and Supervisory Committee to conduct an audit regarding an internal control system.

c. Overview of limited liability agreements and Directors and officers liability insurance agreements

i) Limited liability agreements

The Company has entered into limited liability agreements with non-Executive Directors (Outside Directors and Audit and Supervisory Committee members), namely Hiroyasu Nakata, Yuri Sasaki, Go Watanabe, Takuya Kuga, Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko, and Masayuki Saito, as described below.

- In the event that a non-executive Director is liable to the Company as a result of negligence in their duties, that liability shall be limited to the minimum liability set forth in Article 425, Paragraph 1 of the Companies Act.
- The above limitation is recognized only when the non-executive Director performed the duty in question in good faith and without gross negligence.

ii) Directors and officers liability insurance agreements

The Company plans to enter into a Directors and officers liability insurance agreement as provided for in Article 430, Paragraph 3, Item 1 of the Companies Act with an insurance company. The agreement will cover losses incurred from damage compensation, legal fees, etc. in cases where an insured receives a claim for damages from a shareholder or third party. In addition, as a measure to ensure that the lawfulness of the execution of duties of the insured person is not compromised, the following losses, etc. are excluded from coverage.

- 1) Damage arising from the fact that the insured illegally obtains a private gain or benefit
- 2) Damage arising from criminal acts of the insured
- 3) Damage arising from the insured's acts committed with the knowledge that they violate laws or regulations

The insured parties under this agreement are the Directors, Directors who are Audit and Supervisory Committee members, Audit & Supervisory Board Members, and Executive Officers of the Company and its 40 subsidiaries in Japan. There is no insurance premium to be paid by the insured parties.

(iii) The contents of the Articles of Incorporation that provide for a fixed number of Directors or restrictions on the qualifications of Directors, or make special provisions which differ from those of the Companies Act with respect to the requirements for a resolution on the appointment and dismissal of Directors

The Company's Articles of Incorporation stipulate the following regarding the fixed number of Directors and the resolution for their election.

a. Fixed number of Directors

The Articles of Incorporation stipulate that the Company shall have no more than 22 Directors (of these, no more than seven Directors are Audit and Supervisory Committee Members).

b. Requirements for resolution on election of Directors

The Company's Articles of Incorporation stipulate that a resolution for the election of Directors shall be adopted by a majority of the votes of shareholders present at the meeting who hold at least one-third of the voting rights of shareholders entitled to exercise voting rights.

In addition, the Articles of Incorporation also stipulate that resolution for the election of Directors shall not be made by cumulative voting.

(iv) Matters and reasons if it has been decided that the matters for resolution of a Shareholders Meeting may be resolved by a Board of Directors Meeting; matters and reasons if it is stipulated in the Articles of Incorporation that the matters for resolution of a Board of Directors Meeting may not be resolved by a Shareholders Meeting; and contents and reasons if the requirements for special resolution of a Shareholders Meeting have been changed

a. Decision-making body for dividends of surplus, etc.

The Company's Articles of Incorporation stipulate that, except as otherwise provided for by laws and regulations, the matters including dividends of surplus set forth in each item of Article 459, Paragraph 1 of the Companies Act shall be determined by resolution of the Board of Directors without a resolution of the General Meeting of Shareholders. This is for the purpose of flexibly returning profits to shareholders by making dividends of surplus, etc. with the authority of the Board of Directors.

b. Decision-making body for acquisition of treasury shares

The Company's Articles of Incorporation stipulate that, in accordance with Article 165, Paragraph 2 of the Companies Act, the Company may acquire its treasury shares through market transactions or other means by resolution of the Board of Directors in order to implement capital policies quickly.

c. Exemption of Directors, etc. from liability

In accordance with Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, exempt Directors (including a person who was a Director) from liability for damages under Article 423, Paragraph 1 of the Act, to the extent of the minimum liability amount stipulated by laws and regulations, in order to develop an environment in which Directors can fully exercise their abilities and perform their expected roles.

In addition, as a transitional measure in connection with the management integration of the Company and Hitachi Capital Corporation, the Company's Supplementary Provisions of its Articles of Incorporation stipulate that the Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, exempt executive officers (including persons who were executive officers) of the absorbed company in an absorption-type merger with the Company as the surviving company and Hitachi Capital Corporation as the absorbed company, from liability for damages prior to the taking effect of the merger under Article 423, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, to the extent permitted by laws and regulations.

d. Requirements for special resolution of shareholders' meeting

The Company's Articles of Incorporation stipulate that the adoption of a special resolution of a shareholders' meeting, provided for in Article 309, Paragraph 2 of the Companies Act, shall require at least two-thirds of the votes of shareholders present at the meeting who hold at least one-third of the voting rights of shareholders entitled to exercise voting rights. The purpose of this is to ensure smooth management of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

(2) Directors of the Company

(i) Directors and Executive Officers

Male: 12 Female: 2 (Percentage of female officers: 14.3%)

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Representative Director, Chairman	Seiji Kawabe	September 3, 1955	<p>April 1980 Joined Hitachi Leasing Corp. (currently the Company)</p> <p>August 2000 General Manager of Sales Dept. II, Kansai Branch Office of Hitachi Leasing Corp.</p> <p>October 2000 General Manager of Sales Dept. II, Kansai Corporate Sales Branch I, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital)</p> <p>April 2002 Head of Kansai Corporate Sales Branch and General Manager of Sales Dept. II, Kansai Sales Division of Hitachi Capital</p> <p>April 2003 Head of Sales Division I of Hitachi Capital</p> <p>September 2007 Co-head of Corporate Sales &amp; Marketing Division and Co-head of Tokyo Sales Division II of Hitachi Capital</p> <p>April 2008 Vice President, Executive Officer, and Cohead of the Corporate Sales &amp; Marketing Division of Hitachi Capital</p> <p>April 2009 Vice President, Executive Officer, and Head of the Corporate Sales &amp; Marketing Division of Hitachi Capital</p> <p>April 2012 Senior Vice President and Executive Officer, in charge of Corporate Business, Hitachi Group Business and Financial Services Business of Hitachi Capital</p> <p>April 2014 Senior Vice President, Executive Officer, and Chief Marketing Officer of Hitachi Capital</p> <p>April 2015 Senior Vice President, Executive Officer, Chief Marketing Officer, Head of the Corporate Sales &amp; Marketing Division, and Head of the Service Business Division of Hitachi Capital</p> <p>April 2016 Representative Executive Officer, President and Chief Executive Officer of Hitachi Capital</p> <p>June 2016 Director, Representative Executive Officer, President, Chief Executive Officer of Hitachi Capital</p> <p>June 2019 Audit &amp; Supervisory Board Member of Credit Information Center Corp. (CIC) (incumbent)</p> <p>April 2021 Representative Director, Chairman of the Company (incumbent)</p>	(Note)4	125,000

Title	Name	Date of Birth	Career Summary		Term	Number of Company's Shares Owned (Shares)
Representative Director, President & CEO	Takahiro Yanai	May 4, 1958	April 1982	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	(Note)4	17,900
			May 2012	Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ Ltd. (BTMU)		
				Managing Officer of Mitsubishi UFJ Financial Group, Inc. (MUFG)		
			June 2015	Managing Director of BTMU		
			May 2016	Managing Executive Officer of MUFG		
			June 2017	Senior Managing Executive Officer of BTMU		
				President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)		
				Concurrently served as Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited		
			April 2021	Representative Director, President & CEO of the Company (incumbent)		
				Concurrently serves as Executive Officer of the Company (incumbent)		
Representative Director, Deputy President	Kanji Nishiura	February 11, 1958	April 1980	Joined Mitsubishi Corporation	(Note)4	1,800
			January 2003	Seconded to Metal One Corporation		
			April 2009	General Manager, Metals Group CEO Office of Mitsubishi Corporation		
			April 2010	Senior Vice President and General Manager, Metals Group CEO Office of Mitsubishi Corporation		
			April 2011	Senior Vice President and Division COO, Non-Ferrous Metals Division of Mitsubishi Corporation		
			April 2013	Senior Vice President, Division COO, Mineral Resources Investment Div., and General Manager, MDP Department of Mitsubishi Corporation		
			April 2015	Executive Vice President and Group COO, Metals Group of Mitsubishi Corporation		
			April 2016	Executive Vice President and Group CEO, Metals Group of Mitsubishi Corporation		
			April 2018	Executive Vice President, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management, (Concurrently) Regional CEO, Asia & Oceania of Mitsubishi Corporation		
			June 2018	Member of the Board, Executive Vice President, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management, (Concurrently) Regional CEO, Asia & Oceania of Mitsubishi Corporation		
			April 2019	Member of the Board, Executive Vice President, Corporate Functional Officer, Global Strategy of Mitsubishi Corporation		
			April 2020	Member of the Board of Mitsubishi Corporation		
			June 2020	Corporate Advisor of Mitsubishi Corporation		
			April 2021	Representative Director, Deputy President of the Company (incumbent)		
				Concurrently serves as Executive Officer of the Company (incumbent)		

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director, Deputy President	Kazumi Anei	September 18, 1960	<p>April 1985 Joined Hitachi Leasing Corp. (currently the Company)</p> <p>April 2003 General Manager of Sales Dept. II, Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital)</p> <p>April 2005 Head of Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital</p> <p>April 2010 Head of Kanagawa Sales Division of Hitachi Capital</p> <p>April 2011 Head of Tokyo Sales Division III, Corporate Business Division of Hitachi Capital</p> <p>October 2011 Co-Head of Corporate Business Division of Hitachi Capital</p> <p>April 2014 Corporate Officer, Head of Corporate Business Division and Co-Head of Account Sales Promotion Division of Hitachi Capital</p> <p>April 2015 Corporate Officer and Head of Corporate Business Division, Corporate Sales &amp; Marketing Group of Hitachi Capital</p> <p>April 2016 Executive Officer, Head of Corporate Business Division, Corporate Sales &amp; Marketing Group, and Head of Service Business Division of Hitachi Capital</p> <p>April 2017 Executive Officer, Corporate Sales &amp; Marketing Group, in charge of Japan, and Head of Customer E&amp;E Business Division of Hitachi Capital</p> <p>April 2018 Vice President and Executive Officer, Co-Head of Corporate Sales &amp; Marketing Group, in charge of Japan, and Head of Environment and Energy Business, Corporate Business Division, Customer E&amp;E Business Division of Hitachi Capital</p> <p>April 2019 Vice President and Executive Officer, Co-Head of Corporate Sales &amp; Marketing Group, and Chief Executive for Japan, Corporate Sales &amp; Marketing Group of Hitachi Capital</p> <p>April 2020 Senior Vice President and Executive Officer, Chief Marketing Officer, and Head of Business Enhancement Division (in charge of Europe and the Americas) of Hitachi Capital</p> <p>April 2021 Director, Senior Managing Executive Officer of the Company</p> <p>May 2021 Director, Deputy President of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)</p>	(Note)4	44,600

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director, Deputy President	Taiju Hisai	April 27, 1962	<p>April 1985 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>July 2011 General Manager, CIB Division for the Americas, Headquarters for the Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)</p> <p>July 2012 General Manager, Corporate Banking Division for Europe, Middle East and Africa, European Headquarters of BTMU</p> <p>June 2014 Executive Officer, General Manager, Corporate Banking Division for Europe, Middle East and Africa, European Headquarters of BTMU</p> <p>September 2014 Executive Officer, Regional Executive for India Concurrently served as Deputy General Manager, Corporate Banking Division for Asia and Oceania, Asia and Oceania Headquarters of BTMU (Special appointment)</p> <p>May 2016 Managing Executive Officer in charge of Corporate Banking Credit Division, Credit Division and Investment Banking Division of BTMU</p> <p>April 2018 Managing Executive Officer and General Manager, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank)</p> <p>April 2019 Senior Managing Executive Officer and General Manager, Corporate Banking Group No. 1 of MUFG Bank</p> <p>June 2021 Deputy President of the Company Concurrently serves as Executive Officer of the Company</p> <p>June 2022 Director, Deputy President of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)</p>	(Note)4	1,600
Director, Managing Executive Officer	Haruhiko Sato	June 19, 1965	<p>April 1989 Joined Mitsubishi Corporation</p> <p>November 2002 Mitsubishi International GmbH</p> <p>January 2007 Moscow Office of Mitsubishi Corporation</p> <p>April 2009 Treasurer Office of Mitsubishi Corporation</p> <p>March 2014 Senior Vice President, Corporate Staff Section and CFO of Mitsubishi Corporation (Americas)</p> <p>April 2019 General Manager, Power Solution Administration Department of Mitsubishi Corporation</p> <p>April 2021 Director, Managing Executive Officer of the Company (incumbent)</p>	(Note)4	0



Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director (Independent Outside Director)	Hiroyasu Nakata	August 29, 1951	<p>April 1977 Completed the legal apprentice course at the Legal Training and Research Institute of the Supreme Court of Japan</p> <p>Admitted to the bar (Daini Tokyo Bar Association) (until March 1990)</p> <p>April 1990 Associate Professor at Faculty of Law and Economics, Chiba University</p> <p>June 1993 Professor at Faculty of Law and Economics, Chiba University</p> <p>April 1995 Professor at Faculty of Law, Hitotsubashi University</p> <p>April 1999 Professor of Graduate School of Law, Hitotsubashi University</p> <p>April 2003 Trustee of Hitotsubashi University</p> <p>April 2008 Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law</p> <p>April 2015 Emeritus Professor of Hitotsubashi University</p> <p>April 2017 Professor at Waseda Law School</p> <p>June 2017 Emeritus Professor of The University of Tokyo</p> <p>June 2018 Audit &amp; Supervisory Board Member of Mitsubishi UFJ Lease &amp; Finance Company Limited (currently the Company)</p> <p>April 2021 Director of the Company (incumbent)</p>	(Note)4	0
Director (Independent Outside Director)	Yuri Sasaki	May 26, 1967	<p>April 1995 Assistant of Hitotsubashi University (Faculty of Commerce and Management)</p> <p>April 1998 Assistant Professor of Faculty of Commerce, Takachiho University of Commerce (current Takachiho University)</p> <p>April 2001 Assistant Professor of Faculty of Economics, Meiji Gakuin University</p> <p>April 2006 Visiting Scholar of University of Washington</p> <p>April 2007 Professor of Faculty of Economics, Meiji Gakuin University (incumbent)</p> <p>June 2014 Director of JBA TIBOR Administration (incumbent)</p> <p>January 2015 Expert Committee Member of Financial System Council of Financial Services Agency (incumbent)</p> <p>November 2015 Visiting Scholar of University of Washington</p> <p>June 2018 Director of Hitachi Capital Corporation (currently the Company)</p> <p>April 2020 Dean of Faculty of Economics, Meiji Gakuin University</p> <p>April 2021 Director of the Company (incumbent)</p>	(Note)4	900

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director (Outside Director)	Go Watanabe	September 19, 1958	<p>April 1982    Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>August 2007    General Manager, Corporate Banking Human Resources Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)</p> <p>April 2008    General Manager, European Planning Division, European Headquarters of BTMU</p> <p>June 2009    Executive Officer of BTMU Deputy President, General Manager of Shanghai Branch of The Bank of Tokyo-Mitsubishi UFJ (China), Ltd.</p> <p>July 2011    Executive Officer, General Manager, Global Corporate Banking Division of BTMU</p> <p>May 2012    Managing Executive Officer, General Manager, Nagoya Sales Headquarters of BTMU</p> <p>June 2013    Managing Executive Officer, Chief Executive Officer, Asian and Oceanian Headquarters of BTMU</p> <p>July 2013    Managing Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>July 2016    First Senior Vice President of Nidec Corporation</p> <p>September 2020    Chairman of MST Insurance Service Co., Ltd.</p> <p>June 2021    Director of the Company (incumbent)</p> <p>June 2022    Audit &amp; Supervisory Board Member of MITSUBISHI GAS CHEMICAL COMPANY, INC. (incumbent)</p>	(Note)4	3,000

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director (Outside Director)	Takuya Kuga	December 5, 1963	<p>April 1986 Joined Mitsubishi Corporation</p> <p>April 2008 Seconded to Diamond Realty Management Inc.</p> <p>May 2008 President &amp; Representative Director of Diamond Realty Management Inc.</p> <p>July 2009 Seconded to Mitsubishi Corp.- UBS Realty Inc.</p> <p>October 2009 President &amp; Chief Executive Officer of Mitsubishi Corp.- UBS Realty Inc.</p> <p>July 2013 General Manager, Strategic Planning Office, Real Estate Development &amp; Construction Division of Mitsubishi Corporation</p> <p>April 2015 General Manager, Urban Development Department, Real Estate Development &amp; Construction Division of Mitsubishi Corporation</p> <p>April 2016 Division COO, Real Estate Development &amp; Construction Division of Mitsubishi Corporation (Concurrently) General Manager, North America Real Estate Development Department of Mitsubishi Corporation</p> <p>October 2016 Division COO, Real Estate Business Division of Mitsubishi Corporation (Concurrently) General Manager, North America Real Estate Development Department of Mitsubishi Corporation</p> <p>January 2017 Division COO, Real Estate Business Division of Mitsubishi Corporation</p> <p>April 2017 Senior Vice President and Division COO, Real Estate Business Division of Mitsubishi Corporation</p> <p>April 2019 Senior Vice President and Division COO, Urban Infrastructure Division of Mitsubishi Corporation</p> <p>November 2019 Senior Vice President and General Manager, Urban Development Group CEO Office of Mitsubishi Corporation</p> <p>April 2022 Executive Vice President and Group CEO, Urban Development Group of Mitsubishi Corporation (incumbent)</p> <p>June 2022 Director of the Company (incumbent)</p>	(Note)4	0

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director (Audit and Supervisory Committee member) (Full-time)	Akira Hamamoto	May 19, 1960	<p>April 1983 Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>June 2010 Executive Officer and General Manager, Internal Audit Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)</p> <p>May 2011 Executive Officer and Deputy General Manager, Global Compliance Division of MUFG Concurrently served as Deputy General Manager, Corporate Risk Management Division of MUFG Executive Officer and General Manager, Global Compliance Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Concurrently served as Senior Manager, Information Security Management Office of BTMU Concurrently served as Senior Manager, Information Systems Planning Office, Information Systems Division of BTMU (Special appointment)</p> <p>May 2013 Managing Executive Officer and General Manager, Corporate Banking Division No.2 of BTMU</p> <p>June 2015 Managing Corporate Executive and Group CCO of MUFG Concurrently served as Group CLO (Chief Legal Officer) of MUFG Managing Director and CCO of BTMU Concurrently served as CLO of BTMU</p> <p>June 2017 Senior Managing Corporate Executive and Group CCO of MUFG Concurrently served as Group CLO of MUFG Director and Senior Managing Executive Officer and CCO of BTMU Concurrently served as CLO of BTMU</p> <p>June 2019 Member of the Board of Directors and Full-time Member of the Audit &amp; Supervisory Committee of MUFG Bank, Ltd.</p> <p>June 2021 Senior Managing Executive Officer of the Company</p> <p>June 2022 Director (Audit and Supervisory Committee member) of the Company (incumbent)</p>	(Note)5	1,500

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director (Audit and Supervisory Committee member) (Independent Outside Director)	Koichiro Hiraiwa	January 2, 1950	<p>April 1974 Joined Bank of Japan</p> <p>May 1997 General Manager of Okayama Branch, Bank of Japan</p> <p>January 2002 General Manager of Kyoto Branch, Bank of Japan</p> <p>April 2004 Head of Business Planning Department, Financial Business Division, NTT DATA Corporation</p> <p>June 2005 Head of Financial Strategy Business Promoting Office, Financial Business Division, NTT DATA Corporation</p> <p>July 2008 Head of Financial Business Planning Office, Financial Business Planning and Administration Department, NTT DATA Corporation</p> <p>March 2009 President &amp; Representative Director, the Kyoto Hotel, Ltd.</p> <p>March 2015 Director, Allied Telesis Holdings K.K.</p> <p>June 2015 Representative Director, Apua Consulting Inc.</p> <p>June 2015 Director, Hitachi Capital Corporation (currently the Company)</p> <p>December 2017 Representative Director, Dream Estate Tokyo Inc. (incumbent)</p> <p>June 2019 Chairman, Hitachi Capital Corporation</p> <p>April 2021 Director (Audit and Supervisory Committee member) of the Company (incumbent)</p>	(Note)5	9,000
Director (Audit and Supervisory Committee member) (Independent Outside Director)	Hiroko Kaneko	March 28, 1958	<p>April 1980 Joined The Sapporo Television Broadcasting Co., Ltd.</p> <p>October 1989 Joined Ota Showa Audit Corporation (currently ERNST &amp; YOUNG SHINNIHON LLC)</p> <p>February 1993 Registered as certified public accountant</p> <p>May 2007 Partner, ERNST &amp; YOUNG SHINNIHON (currently ERNST &amp; YOUNG SHINNIHON LLC)</p> <p>July 2010 Senior Partner, ERNST &amp; YOUNG SHINNIHON LLC</p> <p>April 2018 Professor at Waseda Graduate School of Accountancy (incumbent)</p> <p>June 2018 Audit &amp; Supervisory Board Member, The Shoko Chukin Bank, Ltd.</p> <p>June 2019 Director, Kanagawa Chuo Kotsu Co., Ltd. (incumbent)</p> <p>June 2020 Audit &amp; Supervisory Board Member of Mitsubishi UFJ Lease &amp; Finance Company Limited (currently the Company)</p> <p>February 2021 Member of Business Accounting Council, Financial Services Agency (incumbent)</p> <p>April 2021 Director (Audit and Supervisory Committee member) of the Company (incumbent)</p> <p>March 2022 Member of the Board, The Yokohama Rubber Co., Ltd. (incumbent)</p>	(Note)5	0

Title	Name	Date of Birth	Career Summary	Term	Number of Company's Shares Owned (Shares)
Director (Audit and Supervisory Committee member) (Independent Outside Director)	Masayuki Saito	November 8, 1954	<p>April 1977 Joined Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation)</p> <p>April 2008 Executive Officer and Head of Finance and Accounting Unit of DIC Corporation</p> <p>June 2010 Director and Executive Officer, Head of Finance and Accounting Unit of DIC Corporation</p> <p>April 2011 Director and Managing Executive Officer, Head of Finance and Accounting Unit of DIC Corporation</p> <p>April 2012 Representative Director, Senior Executive Officer, Assistant to the President and CEO, and Head of Finance and Accounting Unit of DIC Corporation</p> <p>April 2013 Representative Director, Senior Executive Officer, Assistant to the President and CEO, and Head of Finance and Accounting Unit of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.</p> <p>January 2016 Representative Director, Executive Vice President, CFO, and Assistant to the President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.</p> <p>January 2020 Representative Director and Executive Vice President, and Assistant to the President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.</p> <p>January 2021 Chairman of the Board of Directors of DIC Corporation (incumbent) Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. (incumbent)</p> <p>June 2022 Director (Audit and Supervisory Committee member) of the Company (incumbent)</p>	(Note)5	0
Total					205,300

- (Notes)
1. Directors who are not Audit and Supervisory Committee members, Mr. Hiroyasu Nakata, Ms. Yuri Sasaki, Mr. Go Watanabe and Mr. Takuya Kuga are Outside Directors.
  2. Directors who are Audit and Supervisory Committee members, Mr. Koichiro Hiraiwa, Ms. Hiroko Kaneko and Mr. Masayuki Saito are Outside Directors.
  3. The Company has introduced an executive officer system, and has 31 Executive Officers (five of whom concurrently serve as Directors).
  4. From the close of the Annual General Meeting of Shareholders held on June 28, 2022 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2023.
  5. From the close of the Annual General Meeting of Shareholders held on June 28, 2022 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.
  6. To provide for the possibility of the number of Directors who are Audit and Supervisory Committee members falling below the number required by laws and regulations, the Company has appointed Mr. Hiroyasu Nakata as a Director who is a substitute Audit and Supervisory Committee member.

(ii) Status of outside officers

The Company has seven Outside Directors, including five Independent Outside Directors.

The Board of Directors is responsible for the appropriate decision-making of the Board of Directors and the oversight of overall management from an external perspective. The Board of Directors appoints a number of Outside Directors and strives to establish and further enhance an efficient and effective corporate governance system.

At present, the Company's Board of Directors is composed of Directors from a variety of professions and industries, and we believe that we have the right number and diversity.

The personnel relationship, capital relationship or business relationship between the Outside Directors and the Company, other interests, and the reasons for the election of the Outside Directors are as follows.

Title	Name	Relationship with the Company	Reasons for Appointment and Expected Role
Outside Director	Hiroyasu Nakata	Not applicable	<ul style="list-style-type: none"><li>• Based on his deep knowledge as a legal expert, he has contributed to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, and has therefore been reappointed as a Director.</li><li>• We expect that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.</li></ul>
Outside Director	Yuri Sasaki	Not applicable	<ul style="list-style-type: none"><li>• Based on her academic knowledge as a university professor and excellent insights and abundant experience as a researcher of international finance, she has contributed to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, and has therefore been reappointed as a Director.</li><li>• We expect that she will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and experience and from an objective perspective independent from the management team that executes business.</li></ul>

Title	Name	Relationship with the Company	Reasons for Appointment and Expected Role
Outside Director	Go Watanabe	<ul style="list-style-type: none"> <li>• Mr. Go Watanabe previously served as Managing Executive Officer of Mitsubishi UFJ financial Group, Inc., which is a major shareholder of the Company.</li> <li>• He previously served as Managing Executive Officer of MUFG Bank, Ltd., which has financial transactions with the Company, including procurement transactions.</li> <li>• He previously held the position of Senior Managing Executive Officer at Nidec Corporation. While there are business relationships such as lease agreements between Nidec and the Company, the transaction amount in FY2021 was less than 1% of the consolidated net sales of Nidec and the Company.</li> <li>• He previously held the position of Representative Director and Chairman at MST Insurance Service Co., Ltd. While there are business relationships such as lease agreements between MST and the Company, the transaction amount in FY2021 was less than 1% of the consolidated net sales of MST and the Company.</li> <li>• He is currently serving as Audit &amp; Supervisory Board Member at Mitsubishi Gas Chemical Company, Inc. (MGC). While there are business relationships such as lease agreements between MGC and the Company, the transaction amount in FY2021 was less than 1% of the consolidated net sales of MGC and the Company.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on his extensive management experience at Japan's leading financial institutions and manufacturers and his extensive knowledge of domestic and overseas financial businesses, he has contributed to the Board of Directors' appropriate decision-making and overall management supervision from a practical perspective as an Outside Director, and has therefore been reappointed as a Director.</li> <li>• Mr. Watanabe has worked at Mitsubishi UFJ Financial Group, Inc., a major shareholder of the Company (six years have passed since he retired as of the end of June 2022). The Nomination Committee, where more than half of the members are independent Outside Directors, has judged that Mr. Watanabe's management experience and extensive knowledge in finance and international business should be utilized in the management of the Company, as this will lead to the enhancement of its corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders.</li> <li>• We expect that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge.</li> </ul>



Title	Name	Relationship with the Company	Reasons for Appointment and Expected Role
Outside Director	Takuya Kuga	<p>Mr. Takuya Koga is currently Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company, and there are business relationships such as lease agreements between Mitsubishi Corporation and the Company.</p>	<ul style="list-style-type: none"> <li>• Based on his extensive management experience at Japan's leading general trading company and his extensive knowledge of domestic and overseas businesses, he is deemed to contribute to the Board of Directors' appropriate decision-making and overall management supervision from a practical perspective as an Outside Director, and has therefore been appointed as a new Director.</li> <li>• Mr. Kuga is concurrently serving as Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company. The Nomination Committee, where more than half of the members are independent Outside Directors, has judged that Mr. Kuga's management experience and extensive knowledge in international business should be utilized in the management of the Company, as this will lead to the enhancement of its corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders.</li> <li>• We expect that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of overall management as an Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge.</li> </ul>
Outside Director (Audit and Supervisory Committee Member)	Koichiro Hiraiwa	<ul style="list-style-type: none"> <li>• Mr. Koichiro Hiraiwa previously held the position of Representative Director and President at The Kyoto Hotel, Ltd. While there are business relationships such as lease agreements between Kyoto Hotel and the Company, the transaction amount in FY2021 was less than 1% of the consolidated net sales of Kyoto Hotel and the Company.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on his experience at the central bank in Japan and Japan's leading telecommunication company as well as his extensive knowledge through management of a major hotel, he has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director, and to neutral and objective audit, and has therefore been reappointed as a Director (Audit and Supervisory Board Member).</li> <li>• We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.</li> </ul>

Title	Name	Relationship with the Company	Reasons for Appointment and Expected Role
Outside Director (Audit and Supervisory Committee Member)	Hiroko Kaneko	Not applicable	<ul style="list-style-type: none"> <li>Based on her extensive experience at major audit firms and as a university professor as well as her in-depth knowledge as an accounting expert, she has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an Independent Outside Director, and to neutral and objective audits, and has therefore been reappointed as a Director (Audit and Supervisory Board Member).</li> <li>We expect that she will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.</li> </ul>
Outside Director (Audit and Supervisory Committee Member)	Masayuki Saito	<ul style="list-style-type: none"> <li>Mr. Masayuki Saito is currently serving as Director and Chairman at DIC Corporation. While there are business relationships such as lease agreements between DIC and the Company, the transaction amount in FY2021 was less than 1% of the consolidated net sales of DIC and the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Based on his extensive management experience at Japan's leading manufacturer and his extensive knowledge in the finance and accounting fields, he is deemed to contribute to the Board of Directors' appropriate decision-making, overall management supervision, and neutral and objective audit as an Independent Outside Director, and has therefore been appointed as a new Director (Audit and Supervisory Board Committee Member).</li> <li>We expect that he will contribute to ensuring the sound management of the Company as an Independent Outside Director, and contribute to improving the soundness, transparency and fairness of management as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.</li> </ul>

(Note) The Company has designated Directors Hiroyasu Nakata and Yuri Sasaki, and Directors Koichiro Hiraiwa, Hiroko Kaneko, and Masayuki Saito, who are members of the Audit and Supervisory Committee, as independent Directors, and has registered them as such with the Tokyo Stock Exchange and the Nagoya Stock Exchange.

#### Independence Standards for Outside Directors

Based on the assumption that the requirements for being an independent officer are satisfied as stipulated by the Tokyo Stock Exchange and other domestic financial instruments exchanges, the Company checks whether the individual falls under any of the following (1) through (6) at present and in the past three fiscal years, and then judges whether they can be deemed to be independent objectively and substantially.

- (1) A major shareholder of the Company (a person who holds 10% or more of the total voting rights) or an executive thereof <sup>(\*)1</sup>
  - (2) An executive of a lender <sup>(\*)2</sup> that exceeds the standards set by the Company
  - (3) An executive of a business partner <sup>(\*)3</sup> that exceeds the standards set by the Company
  - (4) A person who provides professional services, such as a consultant, lawyer, or certified public accountant, receiving monetary or other property benefits exceeding 10 million yen per business year in addition to remuneration for officers from the Company
  - (5) Representative partner or employee of the Company's accounting auditor
  - (6) A person who belongs to an organization that has received a donation exceeding a certain amount <sup>(\*)4</sup> from the Company
- (\*)1 Executive means executive Directors, executive officers and other employees, etc.  
(\*)2 Lenders exceeding the standards set by the Company are those with the Company's borrowings exceeding 2% of the consolidated total assets.  
(\*)3 A business partner that exceeds the standards set by the Company is a business partner with which transactions with the Company exceed 2% of the consolidated net sales of the Company or the business partner.  
(\*)4 A donation exceeding a certain amount means a donation exceeding 10 million yen per business year.

In addition, even in cases that fall under any of (1) to (6) above, if the Company judges that there are special circumstances to designate the person as an Independent Officer and that the person is substantially independent, and files a notification as an Independent Officer with a financial instruments exchange in Japan, such as the Tokyo Stock Exchange, the Company will explain and disclose the reason in the Reference Documents for the General Meeting of Shareholders, etc. pertaining to the notification and the election proposal.

- (iii) Interaction between supervision or audits by Outside Directors and internal audits, audits by the Audit and Supervisory Committee and accounting audits, and relationship with internal control departments

Each Outside Director cooperates with internal audits, audits by the Audit and Supervisory Committee and accounting audits, as well as develops relationships with internal control departments, by receiving explanations from the Board of Directors on financial results, audits, the status of business execution, the Risk Management Committee, the Compliance Committee, etc., and deliberating on proposals submitted to the Board of Directors.

The Audit and Supervisory Committee Members, who are Outside Directors, cooperate with internal audits, accounting audits and External Directors, as well as develop relationships with internal control departments, by attending meetings of the Board of Directors and receiving explanations from the Internal Audit Department, the Internal Control Department, and the accounting auditor at the Audit and Supervisory Committee.

(3) Status of the audit

(i) Status of the audit of the Audit and Supervisory Committee

a. Organization, personnel and procedures

The Company is a company with an Audit and Supervisory Committee, which consists of one full-time Audit and Supervisory Committee Member and three part-time Audit and Supervisory Committee Members (outside) at the time of submission of this report.

Audit and Supervisory Committee Members Mr. Akira Hamamoto, Mr. Koichiro Hiraiwa and Mr. Masayuki Saito have a wealth of management experience in a major financial institution (in the case of Mr. Hamamoto) and listed companies (in the case of Mr. Hiraiwa and Mr. Saito) and have considerable knowledge regarding corporate management, finance and accounting. In addition, Mr. Akira Hamamoto, who serves as a full-time Audit and Supervisory Committee Member of a major financial institution, and Mr. Koichiro Hiraiwa, who serves as Chairman of the Audit Committee of Hitachi Capital Corporation, are well acquainted with audit operations in the respective companies.

Ms. Hiroko Kaneko, Audit and Supervisory Committee Member, who has been involved in accounting audits for many years as a certified public accountant and who is currently a professor at Waseda Graduate School of Accountancy, possesses considerable knowledge regarding finance and accounting. Each Audit and Supervisory Committee Member of the Company has a high level of insight into the financial business, and the Company also has established a system to ensure the full effectiveness of accounting audits.

Mr. Akira Hamamoto serves as Chairman of the Audit and Supervisory Committee. In addition, the Company has established the Audit and Supervisory Committee Office, which assists in activities of the Audit and Supervisory Committee. Employees (six people) with appropriate knowledge, ability and experience have been assigned to the Office.

b. Status of activities of the Audit and Supervisory Committee

A. Number of Audit and Supervisory Committee meetings held and attendance of each Audit and Supervisory Committee Member

Audit and Supervisory Committee meetings were held 12 times during the fiscal year under review, and attendance by Audit and Supervisory Committee Members is as follows.

Title	Name	Attendance status
Full-time Audit and Supervisory Committee Member	Seiichiro Kishino	12/12 times
Full-time Audit and Supervisory Committee Member	Shuji Miake	12/12 times
Audit and Supervisory Committee Member	Teruyuki Minoura	12/12 times
Audit and Supervisory Committee Member	Koichiro Hiraiwa	12/12 times
Audit and Supervisory Committee Member	Hiroko Kaneko	12/12 times

B. Main items for consideration, etc. by the Audit and Supervisory Committee

Main items considered by the Audit and Supervisory Committee during the fiscal year under review included audit policies and audit plans, consent to audit fees, etc. for the Accounting Auditor, the reappointment of the Accounting Auditor and the appropriateness of audit results, the preparation of audit reports, and opinions on the election, compensation, etc. of Directors (excluding those who are Audit and Supervisory Committee Members). In addition, reporting was made on matters including important agenda proposed to the meetings of the Board of Directors, the status of activities of the Audit and Supervisory Committee, results of on-site audits on business bases, results of operational audits and internal control audits by internal audit departments, the status of internal control by internal audit departments, and the progress status and results of audits by the Accounting Auditor.

C. Status of activities of the Audit and Supervisory Committee

Following the audit policy and divisions of duties that are determined by the Audit and Supervisory Committee, full-time Audit and Supervisory Committee Members attend the Executive Committee and other internal important meetings as elected Audit and Supervisory Meeting Members. Their activities also include interviews with Representative Directors and others, review of important documents, receipt of reports from internal audit departments, internal control departments and the Accounting Auditor, exchange of information with them, on-site audits on business bases and interviews with Directors and auditors of subsidiaries. Part-time Audit and Supervisory Committee Members attend meetings of the Board of Directors, the Audit and Supervisory Committee, and the Governance Committee and make statements as necessary for deliberation of proposals, etc., and share various kinds of information through reports from full-time Audit and Supervisory Committee Members, internal audit departments and internal control departments, and the Accounting Auditor at the Audit and Supervisory Committee meetings and

express opinions as necessary. Matters recognized through these audit activities are communicated to Representative Directors and executive departments as appropriate, and advice is provided as necessary.

In addition, part-time Audit and Supervisory Committee Members attend meetings of the Nomination Committee and the Compensation Committee, which were established on April 1, 2022, and make comments as necessary for deliberation of proposals, etc.

(ii) Status of internal audits

Internal audits of the Company are implemented by the Internal Audit Department (47 members). The Internal Audit Department conducts internal audits systematically based on an annual audit plan and reports the results to the Representative Director and the Audit and Supervisory Committee. Audit targets are notified of and instructed concerning matters requiring improvement, and the results of improvement are reported after the audit to ensure the effectiveness of the audit. The General Manager of the Internal Audit Department has built cooperative relationships with Audit and Supervisory Committee Members, auditors and others at Group companies, and the Accounting Auditor, and this enables regular exchange of information and other actions, in an effort to conduct audits efficiently. The General Manager also attends important meetings of the Risk Management Committee, the Compliance Committee and other internal audit departments to exchange related information.

(iii) Status of accounting audits

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Continuous audit period

The Company (then Diamond Lease Company Limited) concluded an audit agreement with Deloitte Touche Tohmatsu LLC (then Nishikata Audit Corporation) in 1980. Subsequently, the Company merged with UFJ Central Leasing Co., Ltd. in April 2007 and changed the trade name to Mitsubishi UFJ Lease & Finance Company Limited, which merged with Hitachi Capital Corporation in April 2021 and changed the trade name to Mitsubishi HC Capital Inc., and continued to conclude audit agreements with Deloitte Touche Tohmatsu LLC.

c. Certified public accountants who executed the services

Hideo Shirata, Designated Engagement Partner, Certified Public Accountant

Motohiro Shimizu, Designated Engagement Partner, Certified Public Accountant

Aki Saito, Designated Engagement Partner, Certified Public Accountant

d. Composition of assistants in audit duties

The Company has 21 certified public accountants and 57 other members as assistants in audit duties.

e. Policy and reason for the selection of an audit firm

In selecting an audit firm, the Company has the policy of deciding on an audit firm after comprehensively evaluating a broad range of items concerning the audit firm that include governance; the status of organizations and systems including business administration; the status of personnel affairs, such as the policies for recruitment and HR development; and financial conditions, all of which are the management basis of audit firm, as well as experience in auditing the industry in which the Company operates; the level of understanding of details of the Company group's business and risks; the availability of professionals in finance; expertise, such as the status of its overseas network; the status of compliance with related laws and regulations; the status of compliance with responding to inspection, etc. of relevant authorities; ensuring of independence; maintenance and improvement of quality management; the system for offering services including communication with management executives and the Audit and Supervisory Committee; and the level of auditing fees. The Company concluded that Deloitte Touche Tohmatsu LLC fully satisfied these items and selected the firm as the audit firm of the Company.

When it is recognized that the Accounting Auditor falls under any of the items set forth in Article 340, paragraph 1 of the Companies Act, the Company considers the dismissal of the Accounting Auditor. When judging that there is an immediate need for dismissal, the Audit and Supervisory Committee will dismiss the Accounting Auditor based on the consent of all Audit and Supervisory Committee Members. When judging that the Accounting Auditor should be changed mainly due to the recognition that execution of duties by the Accounting Auditor is disrupted, the Audit and Supervisory Committee will decide on the content of an agenda item proposed to a General Meeting of Shareholders concerning the dismissal or non-reappointment of the Accounting Auditor.

f. Evaluation of the audit firm

The Audit and Supervisory Committee evaluates the audit firm comprehensively concerning matters including the structure of the most recent audit team, the appropriateness of the audit plan, the difference between the plan and the actual results, and analysis of the causes, in addition to items listed in the reasons for its selection.

(iv) Content, etc. of audit fees

a. Fees for certified public accountants, etc. for audits

Category	Previous fiscal year		Fiscal year under review	
	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)
Reporting company	1,419	41	296	34
Consolidated subsidiaries	68	—	151	21
Total	1,488	41	448	56

The content of non-audit services in the Company for the previous fiscal year and the fiscal year under review consists of preparation of comfort letters, etc.

In addition, the content of non-audit services in consolidated subsidiaries during the fiscal year under review is preliminary investigation services related to the change of Accounting Auditors and others.

- b. Fees for Deloitte Touche Tohmatsu Limited's member firms that belong to the same network with the certified public accountants, etc. for audits (excluding a.)

Category	Previous fiscal year		Fiscal year under review	
	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)
Reporting company	—	46	—	47
Consolidated subsidiaries	338	128	787	143
Total	338	175	787	191

The content of non-audit services in the Company for the previous fiscal year and the fiscal year under review consists of tax advisory services, etc.

Further, the content of non-audit services in consolidated subsidiaries for the previous fiscal year and the fiscal year under review consists of tax advisory services, etc.

- c. Content of fees for other important audit and attestation services

There are no important fees for audit and attestation services that some of the consolidated subsidiaries of the Company paid in the previous fiscal year and the fiscal year under review to certified public accountants for audits, etc. who belong to networks other than ones that certified public accountants, etc. of the Company belong to.

- d. Policy for determining audit fees

Although there are no applicable items, they are determined in consideration of the size, characteristics, number of audit days, etc.

- e. Reason why the Audit and Supervisory Committee gave consent to fees, etc. for the Accounting Auditor

The reason why the Audit and Supervisory Committee gave consent to Article 399, paragraphs 1 and 3 of the Companies Act concerning fees, etc. for the Accounting Auditor that the Board of Directors proposed is that the Audit and Supervisory Committee confirmed that the proposed fees, etc. had been determined after sufficient consultation with the Accounting Auditor about audit fees, based on the number of audit days and the number of staff, etc. required for appropriate and efficient accounting audits.

(4) Officers' compensation, etc.

- (i) Content of officers' compensation, etc. and compensation amounts, or the content of the policy on determining the calculation method, and the determination method

a. Basic policy

- Officers' compensation of the Company is determined by also taking into account officers' incentive with a view to increasing corporate value through execution of business strategies.
- The level of compensation is appropriate with respect to the roles and responsibilities of each officer, and is also based on market levels, from the viewpoints of increasing medium- to long-term corporate value and improving short-term business performance.

The Company's Board of Directors established the following policy b for determining the content of compensation, etc. of individual Directors (excluding persons who are Audit and Supervisory Committee Members) in line with the basic policy mentioned above.

b. Policy on determining the content of compensation, etc. for individual Directors (excluding persons who are Audit and Supervisory Committee Members)

i) Compensation system

- Directors' (excluding Outside Directors and persons who are Audit and Supervisory Committee Members; hereinafter, the same in (ii)) compensation consists of base compensation (fixed compensation), annual incentive compensation (performance-based compensation) and medium- to long-term incentive compensation in principle. Regarding annual incentive compensation, cash is paid as a bonus, while medium- to long-term incentive compensation is paid through the allotment of stock compensation-type stock options.
- The Company has established a payment ratio for performance-based compensation and non-performance-based compensation with a view to maintaining a sound performance-based compensation. In addition, the Company has also established appropriate short-term and medium- to long-term incentive ratios under this compensation system, in order to enhance not only short-term business performance and but also medium- to long-term corporate value.
- Specifically, the ratio of non-performance-based compensation (base compensation and stock compensation-type stock options) and performance-based compensation (bonus) is generally set at 1.3 : 0.3 (the ratio of base compensation to stock compensation-type stock options to bonus is generally set at 1 : 0.3 : 0.3). Using this as the base case, the ratio is determined by taking into account the roles, responsibilities and other factors with regard to each Director on a comprehensive basis.

	Type of compensation	Compensation Ratio of compensation	Contents of compensation	Evaluation method and ratio	Fluctuation range by KPI achievement level
Fixed	Base compensation	62.5% 10	1. The amount determined according to roles, responsibilities, etc., is paid monthly.		
Fluctuation	Bonus (Short-term incentives)	18.75% 3	1. Individual amounts are determined based on the consolidated performance, etc., of the previous fiscal year. 2. With respect to the indicators of company-wide performance evaluation, financial indicators that are emphasized as the indicators of the Company's growth from the perspective of management strategy are set as indicators (KPI) for the company-wide performance evaluation. The target values are set in accordance with the Company's numerical goals (net income attributable to owners of the parent, ROE and OHR). 3. To determine the achievement level of Executive Directors (excluding Representative Directors) in their responsible duties, quantitative and qualitative evaluations are conducted, using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties handled by the relevant Executive Director.	[Representative Director] Company-wide performance evaluation 100%  [Executive Director] (Excluding Representative Directors) Company-wide performance evaluation 70% Responsible duty evaluation 30%	0 to 150%
	Performance-based				
	Stock compensation-type stock option (Medium to long-term incentive) Stock compensation	18.75% 3	1. The individual number of stock acquisitions, which is calculated based on the stock price on the record date from the viewpoint of sharing value with shareholders and the enhancement of medium to long-term corporate value, is granted. 2. The individual number to be granted is determined in accordance with the roles and title at the beginning of the term of office, which is June of each year. 3. The exercise period of the stock acquisitions is five years from one year after resignation as an Officer of the Company.		

(Note) In addition to the above, when the need arises to reside in a region away from the person's home, an appropriate property is provided as company housing.



- Outside Directors (excluding persons who are Audit and Supervisory Committee Members) are not paid a bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the effectiveness of their supervisory functions. Accordingly, they are paid only base compensation.

	Type of compensation	Compensation ratio	Contents of compensation
Fixed	Base compensation	100%	1. Outside Directors are not paid bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the effectiveness of the supervisory functions. Accordingly, they are paid only base compensation.

#### ii) Performance-based compensation

- With respect to bonuses, which are performance-based compensation, financial indicators which are emphasized as the indicator of the Company's growth from the perspective of management strategy, are set as an indicator (key performance indicator or KPI) for the company-wide performance evaluation, with a view to clarifying the relationship between business performance and compensation, and the target values use the net income attributable to owners of the parent, ROA, ROE and OHR, which have been set as the Company's numerical goals.
- The bonus of Representative Directors is fully linked to the company-wide performance evaluation, with the amount to be paid determined within the range of 0% to 150% of the standard amount, based on the level of achievement of the projection for the KPI for company-wide performance evaluation.
- The bonus of Executive Directors, excluding Representative Directors, is based 70% on the company-wide performance evaluation and 30% on the evaluation of the duties for which each individual is responsible. The amount to be paid based on each evaluation is determined within the range of 0% to 150% of the standard amount.
- For the portion based on the duties the relevant person is responsible for, quantitative and qualitative evaluations are conducted by the President, using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties handled by the relevant Executive Director. The purpose is to enhance the incentive of each Director by appropriately evaluating not only the level of achievement of performance targets, but also results, such as the level of contributions, and these cannot be evaluated by quantitative means alone.

#### iii) Non-performance-based compensation

- Stock compensation-type stock options, which represent medium- to long-term incentive compensation, are paid after the number of stock acquisition rights to be allotted is determined, according to the roles and title of each Director.  
(Note) For details of the stock option system, please refer to (i) "Description of the stock option plan" in (2) "Stock acquisition, etc." in 1. "Information on the Company's Shares, Etc."
- When it is necessary for Directors to reside in an area away from home due to a transfer resulting from a change of duties or base, the Company provides such Directors with appropriate company housing (the difference between the total rent per month required by the Company to rent the company housing and the total company housing rent per month collected from the Directors will be referred to as "non-monetary compensation related to the provision of company housing"). The company housing shall be properties of a general and standard level, and the upper limit of rent by title and region shall be established beforehand. The company housing rent to be calculated based on the predetermined rate (when the total rent exceeds the limit, all of the excess amount is added to the amount for collection) shall be collected from Directors as their own expense.

#### iv) Policy for when compensation is paid and how payment conditions are decided

- Base compensation is a fixed amount and paid on a predetermined date each month.
- Bonus amounts are decided based on the performance in the previous fiscal year (April to March of the next year) and paid on a date after a General Meeting of Shareholders held in June every year.
- Stock compensation-type stock options are paid in July (payment in advance), after the number of stock acquisition rights to be allotted to each Director is resolved at the meeting of the Board of Directors in June every year.
- Non-monetary compensation related to the provision of company housing is paid every month, separately from base compensation.

#### v) Outline of the method of determining compensation, etc., and Committee procedures, and content of activities

- In order to ensure transparency and objectiveness in determining officers' compensation, etc., the Company makes a resolution at a meeting of the Board of Directors after deliberating details of the compensation, etc., the policy to

determine them, and others beforehand at the Compensation Committee, the majority of whose members are Independent Directors. The Compensation Committee also deliberates annually on the appropriateness of compensation levels and composition based on compensation data provided by external expert organizations.

- The members and chairperson of the Compensation Committee are selected by the Board of Directors, and the Committee makes resolutions by a majority of the members present. The internal rules stipulate that the Board of Directors shall make resolutions by respecting the resolutions of the Committee.
- The amount of compensation, etc. to be paid to Directors (excluding those who are Audit and Supervisory Committee Members) has been set at no more than ¥800 million (including ¥100 million for Outside Directors) annually for the sum of base compensation and bonus, while the amount of compensation, etc. related to the granting of stock compensation-type stock options has been set at no more than ¥150 million annually, and non-monetary compensation related to the provision of company housing at no more than ¥2 million per month, by a resolution of the General Meeting of Shareholders (February 26, 2021). Although the number of Directors (excluding those who are Audit and Supervisory Committee Members) relating to the amount of compensation, etc. was not specified in the relevant resolution of the General Meeting of Shareholders, the number of Directors (excluding those who are Audit and Supervisory Committee Members) at the time of the resolution at said General Meeting of Shareholders becoming effective is 10 (three of whom are Outside Directors, to whom only base compensation is to be paid).
- The Company considers it useful for persons who are well-acquainted with individual operations and the Company's circumstances, to flexibly determine the specific amounts of base compensation and bonuses to be paid, as well as non-monetary compensation related to the provision of company housing based on certain standards, and they are determined at the discretion of the President who serves as Representative Director (Takahiro Yanai), within the range of the upper limits approved by resolution of the General Meeting of Shareholders and based on the policy resolved at the meetings of the Board of Directors and the Compensation Committee. Then, the Company takes measures to ensure the authority of the President and Executive Officer is exercised appropriately.
- With regard to stock compensation-type stock options, the number of stock acquisition rights to be allotted to each Director is resolved at the meeting of the Board of Directors.

vi) Measures to ensure that the delegated authority is exercised appropriately

- The base compensation shall be determined based on certain standards (a compensation table) set in advance after deliberation by the Compensation Committee.
- Regarding the portion of bonus, linked to company-wide performance:
  - Indicators (KPIs) shall be set in accordance with numerical targets deliberated by the Board of Directors.
  - The payment amount shall be determined according to the achievement rate of KPIs based on the payment coefficient set in advance after deliberation by the Compensation Committee
  - The results of the company-wide performance evaluation and the amount paid shall be reported to the Compensation Committee after the fact and verified.

In addition, in respect of the portion of bonus, linked to responsible duties,

- A standard evaluation sheet (evaluation sheet specifying the content of predetermined targets and the weight and evaluation standards of individual targets) shall be formulated based on prior deliberation by the Compensation Committee
- Individual duties the relevant person is responsible for shall be evaluated based on the relevant evaluation sheet, and the results and the amount paid shall be reported to the Compensation Committee after the fact and verified.
- Non-monetary compensation related to the provision of company housing (a) shall be properties of a general and standard level, and the upper limit of rent by title and region shall be established beforehand. (b) The company housing rent to be calculated based on the predetermined rate (when the total rent exceeds the limit, all of the excess amount is added to the amount for collection) shall be collected from Directors as their own expense.

c. Detail and method of determination of compensation, etc. for Directors who are Audit and Supervisory Committee Members

- Directors who are Audit and Supervisory Committee Members are not paid bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the fairness of audits. Accordingly, they are paid only base compensation.

- The compensation amount of Directors who are Audit and Supervisory Committee Members is no more than ¥200 million annually by resolution at the General Meeting of Shareholders (February 26, 2021). The compensation amount of each Director who is an Audit and Supervisory Committee Member shall be determined by deliberation by the Audit and Supervisory Committee. Although the number of Directors who are Audit and Supervisory Committee Members relating to the amount of compensation, etc. was not specified in the relevant resolution of the General Meeting of Shareholders, the number of Directors who are Audit and Supervisory Committee Members at the time of the resolution at said General Meeting of Shareholders becoming effective is 5.

	Type of compensation	Compensation ratio	Contents of compensation
Fixed	Base compensation	100%	1. Directors who are Audit and Supervisory Committee Members are not paid bonus or stock compensation-type stock options, which represent incentive compensation, in order to ensure the fairness of audits. Accordingly, they are paid only base compensation.

d. Matters concerning calculation of performance-based compensation

- The KPI of the company-wide performance evaluation concerning bonus for Directors with performance-based compensation (excluding Outside Directors and those who are Audit and Supervisory Committee Members) during the fiscal year under review is valued as an indicator representing the growth of the Company from the viewpoint of management strategy. The following numbers, which have been publicized as numerical targets for the fiscal year under review, are used: (1) Net income attributable to owners of the parent (valuation weight at 70%), (2) ROE (15%) and (3) OHR (15%). The amount of performance-based compensation is calculated based on a prescribed formula based on the achievement rate of consolidated net income of the fiscal year under review.
- Results for the fiscal year ended March 2022 are as follows:

KPI	Targets	Results	Achievement rate	Evaluation weight
Net income attributable to owners of the parent	¥95.0 billion	¥99.4 billion	104.6%	70%
ROE	8.0%	8.0%	100.0%	15%
OHR	55.9%	54.6%	102.9%	15%

- For the portion based on the duties the relevant person is responsible for of Executive Director (excluding Representative Directors), quantitative and qualitative evaluations are conducted by the President, who is a Representative Director, using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties handled by the relevant Executive Director. Performance numerical targets are set based on the environment of the business that individuals are in charge of, results of the previous fiscal year and others in accordance with the responsibility of each Director. Evaluation is made by taking into account individual performance and contribution levels.
- e. Reasons why the Board of Directors has concluded that the content of the individual compensation, etc. of Directors for the fiscal year under review is in line with the Policy
- In the Company, the determination of the specific amount of base compensation and bonus, and non-monetary compensation relating to the provision of company housing is left to the discretion of the President and Executive Officer within the limits set forth in the resolution of the General Meeting of Shareholders. However, the following measures set forth in the “Measures to ensure the authority delegated to the President is exercised appropriately” have been taken. The Company has in place a system under which the individual compensation, etc. of Directors is determined through objective and transparent procedures, and that the Governance Committee and the Audit and Supervisory Committee confirm that the above content is in line with the policy set by the Company. Therefore, the Board of Directors has concluded that a system has been established to ensure that the individual compensation, etc., of Directors for the fiscal year under review is in line with the compensation policy.

Measures to ensure that the authority delegated to the President is exercised appropriately

- The base compensation shall be determined based on certain standards (a compensation table) that is set in advance and is confirmed by Outside Directors at the Governance Committee.
- Regarding the portion of bonus, linked to company-wide performance:
  - Indicators (KPIs) shall be set in accordance with numerical targets deliberated by the Board of Directors.
  - The payment amount shall be determined according to the achievement rate of KPIs based on the payment coefficient that is set in advance and confirmed by Outside Directors at the Governance Committee.
  - Results of company-wide performance evaluation and the amount paid shall be reported to Outside Directors at the Governance Committee after the fact and verified.

In addition, in respect of the portion of bonus, linked to responsible duties,

- It shall be evaluated based on a standard evaluation sheet (evaluation sheet specifying the content of predetermined targets and the weight and evaluation standards of individual targets).
- Results of the evaluation of the duties that each individual is responsible for and the amount paid shall be reported to Outside Directors at the Governance Committee after the fact and verified.
- Stock compensation-type stock options shall be determined at the meeting of the Board of Directors as to the number of shares to be allotted to each individual and the determination shall not be delegated to Directors or other third parties.
- Non-monetary compensation related to the provision of company housing (a) shall be properties of a general and standard level, and the upper limit of rent by title and region shall be established beforehand. (b) The company housing rent to be calculated based on the predetermined rate (when the total rent exceeds the limit, all of the excess amount is added to the amount for collection) shall be collected from Directors as their own expense.

(ii) Total amount of compensation, etc. by officer category, total amount of compensation, etc. by compensation type, and number of applicable officers

Officer category	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by compensation type (Millions of yen)				Number of applicable officers (Persons)
		Fixed compensation (Base compensation)	Performance-based compensation (bonus)	Stock option	Others	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	514	328	96	89	—	7
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	86	86	—	—	—	2
Outside Director	96	96	—	—	—	7

- (Notes)
1. The amount of performance-based compensation (bonus) is a provision for reserve for Directors' bonuses for the fiscal year under review.
  2. During the fiscal year under review, there was no non-monetary compensation related to the provision of company housing.

(iii) Total amount of compensation, etc. paid by the Group to each Officer

Name	Total amount of compensation, etc. paid by the Group (Millions of yen)	Officer category	Company category	Amount of compensation, etc. paid by the Group by compensation type			
				Fixed compensation (Base compensation)	Performance-based compensation (Bonuses)	Stock option	Others
Seiji Kawabe	119	Director	Reporting company	75	22	22	—
Takahiro Yanai	119	Director	Reporting company	75	22	22	—

(Note) The amount of performance-based compensation (bonus) is a provision for reserve for Directors' bonuses for the fiscal year under review.

(5) Status of shareholdings

(i) Investment share classification standards and approach

For the classification of investment shares for pure investment purposes and those for purposes other than pure investment, the Company classifies investment shares held solely for the purpose of targeting gains through fluctuations in the value of shares or the receipt of dividends related to shares into investment shares for pure investment purposes; and classifies those with a view to developing long-term and stable relationships with business partners and promoting business, and those for the purpose of strengthening relationships based on continuous capital and business alliances into investment shares for purposes other than pure investment.

(ii) Investment shares for purposes other than pure investment

a. Methods of verifying the shareholding policy and the reasonableness of shareholdings, and the content of the verification by the Board of Directors, etc. concerning the rationality of the holding of individual issues

Under the corporate policy of enhancing its corporate value, the Company holds shares for purposes other than pure investment with a view to developing stable and long-term relationships with business partners, promoting business, along with strengthening such relationships based on capital/business alliances, and creation of new business opportunities. The Company's basic policy is to regularly examine if it is rational to hold each stock and sell such shares when it is judged no longer rational to hold them. Even when it is judged rational to hold shares, the Company may sell such shares in consideration of the impact of the risk of mark-to-market valuation fluctuations of the shares on the Company's finance, capital efficiency, etc. (Out of investment shares for purposes other than pure investment, the description herein refers to shares other than unlisted shares.)

The methods for verifying the rationality of the shareholdings employ the following main items to verify: (i) A quantitative evaluation based on factors including the size of business transactions/profit, dividends received, and capital costs, (ii) A qualitative evaluation of the business activities to date, and (iii) Potential business opportunities in the future. The Board of Directors verifies the rationality of shareholdings by adjusting the focus on each of the items above in accordance with the significance of holding each stock and the benefits expected therefrom.

The Company examined the relevant investment shares using the above methods at the Board of Directors meeting held in the fiscal year ended March 2022. It was confirmed that stocks subject to this examination where it was judged no longer reasonable to hold them would be sold.

b. Number of issues and amount reported on the balance sheet

	Number of issues (Issues)	Total amount recorded on the balance sheet (Millions of yen)
Unlisted stocks	99	9,159
Stocks other than unlisted stocks	56	21,614

(Issues that increased in number held in the fiscal year under review)

	Number of issues (Issues)	Total acquisition cost related to an increase in the number of shares held (Millions of yen)	Reason for the increase in the number of shares
Unlisted stocks	2	374	To develop and expand business mainly through acquiring information, knowledge, know-how and others, providing the above to each other, and strengthening relationships.
Stocks other than unlisted stocks	—	—	—

(Note) Issues with an increased or decreased number of shares do not include changes caused by stock consolidation, stock splits, stock transfers, stock exchange, mergers, etc.

(Issues that decreased in number held in the fiscal year under review)

	Number of issues (Issues)	Total sales amount related to a decrease in the number of shares held (Millions of yen)
Unlisted stocks	10	810
Stocks other than unlisted stocks	25	32,177

(Note) Two out of the unlisted issues that decreased in number were due to corporate liquidation.

- c. Information on the number of specified investment stocks and deemed holdings of shares by issue and amounts reported on the balance sheet, etc.

Specified investment stock

Issues	During the fiscal year under review	Previous fiscal year	Purpose of holding, quantitative holding effect and reason for increase in the number of shares	Holding of shares in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amount reported on the balance sheet (Millions of yen)	Amount reported on the balance sheet (Millions of yen)		
Aeon Co., Ltd.	1,801,992	1,151,582	Mainly held to maintain and strengthen business relationships in the Customer Business segment. (*)	No
	4,702	3,799		
Shimadzu Corporation	430,000	430,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Previous fiscal year: Yes Fiscal year under review: No
	1,821	1,722		
Tokyo Ohka Kogyo Co., Ltd.	187,563	187,563	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	1,380	1,297		
Tokai Corp.	768,634	768,634	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	1,325	1,853		
Sompo Holdings, Inc.	210,080	—	Mainly held to maintain and strengthen cooperative relationships at non-life insurance companies in which the two companies jointly invest (*)	No
	1,130	—		
Okuma Corporation	221,600	221,600	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	1,130	1,407		
Mitsubishi Research Institute, Inc.	216,500	216,500	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	866	891		
Jeol Ltd.	125,000	125,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	858	548		
Okaya & Co., Ltd.	76,200	76,200	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	742	694		
Rock Field Co., Ltd.	482,064	482,064	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	716	813		
Nagoya Railroad Co., Ltd.	304,800	304,800	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	661	802		
Zeria Pharmaceutical Co., Ltd.	302,964	302,964	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	576	637		
Nachi-Fujikoshi Corp.	113,000	113,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	473	544		
Bangkok Bank Public Co., Ltd.	920,000	920,000	Mainly held to maintain and strengthen cooperative relationships at the Company's overseas local subsidiaries	No
	463	410		



Issues	During the fiscal year under review	Previous fiscal year	Purpose of holding, quantitative holding effect and reason for increase in the number of shares	Holding of shares in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amount reported on the balance sheet (Millions of yen)	Amount reported on the balance sheet (Millions of yen)		
Tokio Marine Holdings, Inc.	55,125	55,125	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	392	290		
JTower Inc.	50,641	50,641	Held to maintain and strengthen partnership in the telecommunications sector based on business alliance	No
	366	433		
Taisho Pharmaceutical Holdings Co., Ltd.	60,000	60,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	340	428		
GS Yuasa Corporation	142,400	142,400	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	333	427		
Hirano Tecseed Co., Ltd.	150,000	150,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	311	435		
JDC Corporation	500,000	500,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	276	307		
TOA Corporation	400,000	400,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	272	385		
Tokai Tokyo Financial Holdings, Inc.	633,937	633,937	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	255	256		
MS&AD Insurance Group Holdings, Inc.	42,907	42,907	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	170	139		
Meito Sangyo Co., Ltd.	101,970	101,970	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	162	154		
SENKO Group Holdings Co., Ltd.	179,450	179,450	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Previous fiscal year: Yes Fiscal year under review: No
	161	188		
Freund Corporation	200,000	200,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	157	157		
Iseki & Co., Ltd.	115,000	—	Held to maintain and strengthen partnership in the agricultural sector based on business alliance (*)	No
	149	—		
The Torigoe Co., Ltd.	212,000	212,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	139	177		
Kisoji Co., Ltd.	61,226	61,226	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	127	142		

Issues	During the fiscal year under review	Previous fiscal year	Purpose of holding, quantitative holding effect and reason for increase in the number of shares	Holding of shares in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amount reported on the balance sheet (Millions of yen)	Amount reported on the balance sheet (Millions of yen)		
Tsuzuki Denki Co., Ltd.	66,412	66,412	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	98	110		
Hochiki Corporation	75,000	75,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	92	102		
Japan Transcity Corporation	150,491	150,491	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	91	84		
Nippo Ltd.	134,000	134,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	88	92		
SoftBank Corp.	53,200	53,200	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	75	76		
Mitsumura Printing Co., Ltd.	48,800	48,800	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	72	88		
Waida MFG. Co., Ltd.	64,700	64,700	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	64	72		
Meiji Electric Industries Co., Ltd.	60,000	60,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	61	89		
Imuraya Group Co., Ltd.	26,302	26,302	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	59	66		
SK-Electronics Co., Ltd.	60,000	60,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	49	76		
Takihyo Co., Ltd.	39,600	39,600	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	47	74		
Okamura Corporation	38,160	38,160	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	46	49		
Yamada Holdings Co., Ltd.	100,000	100,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	38	59		
Daiwa House Industry Co., Ltd.	10,000	—	Mainly held to maintain and strengthen business relationships in the LIFE segment. (*)	No
	32	—		
Yahagi Construction Co., Ltd.	39,600	39,600	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	31	33		

Issues	During the fiscal year under review	Previous fiscal year	Purpose of holding, quantitative holding effect and reason for increase in the number of shares	Holding of shares in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amount reported on the balance sheet (Millions of yen)	Amount reported on the balance sheet (Millions of yen)		
Yamanaka Co., Ltd.	40,000	40,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	28	29		
Koike Sanso Kogyo Co., Ltd.	13,310	13,310	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	27	30		
Fujikyu Holdings Co., Ltd.	39,000	39,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	25	30		
The Hachijuni Bank, Ltd.	57,750	57,750	Mainly held to maintain and strengthen relationships in financial transactions	Yes
	23	23		
Takeda Printing Co., Ltd.	28,900	28,900	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	Yes
	18	19		
Suzuken Co., Ltd.	4,791	4,791	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	17	20		
Sala Corporation	25,647	25,647	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	16	15		
Techno Ryowa Ltd.	14,320	87,120	Mainly held to maintain and strengthen business relationships in the Customer Business segment. During the fiscal year under review, the Company sold a portion of its shareholding.	Yes
	12	76		
Aska Pharmaceutical Holdings Co., Ltd.	9,466	9,466	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	11	13		
Altech Co., Ltd.	40,080	40,080	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	10	14		
Encho Co., Ltd.	5,000	5,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	4	5		
Marujun Co., Ltd.	5,000	5,000	Mainly held to maintain and strengthen business relationships in the Customer Business segment.	No
	3	5		
Chailease Holding Co., Ltd.	—	36,998,489	The Company held the shares to strengthen the relationship based on a business alliance, but sold all of its shareholding during the fiscal year under review.	No
	—	28,353		
Sho-Bond Holdings Co., Ltd.	—	297,220	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	1,417		

Issues	During the fiscal year under review	Previous fiscal year	Purpose of holding, quantitative holding effect and reason for increase in the number of shares	Holding of shares in the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Amount reported on the balance sheet (Millions of yen)	Amount reported on the balance sheet (Millions of yen)		
Nippon Rietec Co., Ltd.	—	200,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	Previous fiscal year: Yes Fiscal year under review: No
	—	407		
Hirogin Holdings, Inc.	—	515,667	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	349		
Kaga Electronics Co., Ltd.	—	129,692	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	321		
Nikon Corporation	—	215,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	222		
Sanrio Company, Ltd.	—	91,150	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	Previous fiscal year: Yes Fiscal year under review: No
	—	159		
Tsumura & Co.	—	30,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	118		
Noritake Co., Limited	—	24,502	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	86		
Chuo Spring Co., Ltd.	—	40,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	40		
The Aichi Bank, Ltd.	—	13,090	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	Yes
	—	39		
The Chiba Bank, Ltd.	—	52,754	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	Yes
	—	38		
Oliver Corporation	—	7,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	—	20		

(Notes) 1. The quantitative holding effect is verified for each individual issue using the method described in (2) a. above, but is not described for confidentiality reasons.

2. (\*) On April 1, 2021, an absorption-type merger took place with Mitsubishi UFJ Lease & Finance Company Limited as the surviving company and Hitachi Capital Corporation as the absorbed company. Consequently, the number of shares increased.
3. A hyphen “-” indicates that the Company does not hold the relevant issue.

(iii) Investment stocks for pure investment purposes

Category	During the fiscal year under review		Previous fiscal year	
	Number of issues (Issues)	Total amount recorded on the balance sheet (Millions of yen)	Number of issues (Issues)	Total amount recorded on the balance sheet (Millions of yen)
Unlisted stocks	2	14,951	2	14,289
Stocks other than unlisted stocks	—	—	—	—

Category	During the fiscal year under review		
	Total dividends received (Millions of yen)	Total gain (loss) on sale (Millions of yen)	Total unrealized gains (losses) (Millions of yen)
Unlisted stocks	699	—	—
Stocks other than unlisted stocks	—	—	—

(Note) As unlisted stocks do not have market prices, “Total unrealized gains (losses)” are not stated.

- (iv) There are no investment shares reclassified from held for pure investment to held for other than pure investment during the fiscal year under review.
- (v) There are no investment shares reclassified from held for other than pure investment to held for pure investment during the fiscal year under review.