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 53rd Fiscal Year
(from April 1, 2023 to March 31, 2024)

MITSUBISHI HC CAPITAL Inc.

(E04788)

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(Note) This document is an excerpt translation of the Annual Securities Report (The 53rd Fiscal Year from April 1, 2023 to March 31, 2024), 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 2024 (For the year ended March 31, 2024).

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 25, 2024
Fiscal Year	The 53rd Fiscal Year (from April 1, 2023 to March 31, 2024)
Company Name	Mitsubishi HC Capital Inc.
Company Name in English	Mitsubishi HC Capital Inc.
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Name of Contact Person	Hirokazu Kato, Senior Corporate Officer, General Manager of Accounting Department
Place for Public Inspection	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Mitsubishi HC Capital Inc. Nagoya Office (22-24, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi) Mitsubishi HC Capital Inc. Makuhari Office (6-1, Nakase 2-chome, Mihama-ku, Chiba, Chiba) Mitsubishi HC Capital Inc. Osaka Office (1-1, Fushimimachi 4-chome, Chuo-ku, Osaka, Osaka) 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)

Part 1 Company Information

Item 1. Overview of the Company and its Consolidated Subsidiaries

1. Summary of Business Results

(1) Consolidated

Fiscal Year		49th	50th	51st	52nd	53rd
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenues	(Millions of Yen)	923,768	947,658	1,765,559	1,896,231	1,950,583
Recurring Income	(Millions of Yen)	94,376	64,968	117,239	146,076	151,633
Net Income Attributable to Owners of the Parent	(Millions of Yen)	70,754	55,314	99,401	116,241	123,842
Comprehensive Income	(Millions of Yen)	48,296	53,066	174,586	265,136	220,222
Total Equity	(Millions of Yen)	798,820	817,906	1,333,467	1,551,029	1,705,345
Total Assets	(Millions of Yen)	6,285,966	6,014,896	10,328,872	10,726,196	11,149,858
Equity per Share	(Yen)	872.78	901.66	912.19	1,064.46	1,174.88
Earnings per Share	(Yen)	79.44	62.07	69.24	80.95	86.30
Diluted Earnings per Share	(Yen)	79.14	61.84	69.06	80.71	86.06
Equity Ratio	(%)	12.4	13.4	12.7	14.3	15.1
Return on Equity	(%)	9.2	7.0	8.0	8.2	7.7
Price Earnings Ratio	(Times)	6.7	10.8	8.2	8.4	12.4
Cash Flows from Operating Activities	(Millions of Yen)	(252,199)	199,314	195,845	46,752	(49,128)
Cash Flows from Investing Activities	(Millions of Yen)	(32,988)	1,220	(107,879)	(127,322)	143,336
Cash Flows from Financing Activities	(Millions of Yen)	552,320	(372,808)	(192,157)	(8,948)	(222,977)
Cash and Cash Equivalents at the End of the Year	(Millions of Yen)	455,588	286,213	520,083	460,486	335,307
Number of Employees (Separately, Average Number of Temporary Employees)	(Persons)	3,301 (277)	3,284 (372)	8,803 (1,569)	8,648 (1,462)	8,424 (1,383)

(Notes) 1. Effective from the 51st term, the Company changed its accounting policies for “Method for How to Post Re-leasing Revenues in Lease Transactions,” “Method for Posting Lease Transactions as Finance,” and “Method for Posting Deferred Assets (Bond Issuance Cost),” and the new accounting policies have been retrospectively applied to the figures of the 50th term.

2. A performance-based stock compensation plan has been introduced from the 53rd fiscal year. The Company’s shares held by a trust under the performance-based stock compensation plan are included in the number of treasury shares excluded from the number of outstanding shares as of March 31 used for calculation of equity per share. They are also included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period for the purpose of calculating earnings per share and diluted earnings per share.

(2) Management Indicators of the Submitting Company, etc.

Fiscal Year		49th	50th	51st	52nd	53rd
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenues	(Millions of Yen)	470,854	492,019	838,475	764,506	755,707
Recurring Income	(Millions of Yen)	41,087	61,392	34,008	79,910	73,293
Net Income	(Millions of Yen)	38,768	63,399	51,584	82,204	82,798
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	1,466,912,244	1,466,912,244	1,466,912,244
Total Equity	(Millions of Yen)	508,589	557,554	880,601	881,212	851,108
Total Assets	(Millions of Yen)	4,476,092	4,181,294	5,700,025	5,317,966	4,963,571
Equity per Share	(Yen)	569.07	623.69	612.00	612.09	592.04
Dividend per Share (of the above Interim Dividend per Share)	(Yen)	25.00 (12.50)	25.50 (12.75)	28.00 (13.00)	33.00 (15.00)	37.00 (18.00)
Earnings per Share	(Yen)	43.53	71.14	35.93	57.24	57.70
Diluted Earnings per Share	(Yen)	43.36	70.87	35.84	57.08	57.54
Equity Ratio	(%)	11.3	13.3	15.4	16.5	17.1
Return on Equity	(%)	7.7	11.9	5.7	9.4	9.6
Price Earnings Ratio	(Times)	12.2	9.4	15.9	11.9	18.5
Payout Ratio	(%)	57.4	35.8	77.9	57.7	64.1
Number of Employees (Separately, Average Number of Temporary Employees)	(Persons)	1,379 (105)	1,412 (112)	2,235 (289)	2,182 (282)	2,140 (283)
Total Shareholders Return (Indicator: TOPIX Machinery Index)	(%) (%)	98.8 (90.5)	127.4 (128.6)	115.0 (131.2)	141.0 (138.8)	216.0 (196.2)
Highest Share Price of Each Fiscal Year	(Yen)	728.0	699.0	670.0	747.0	1,095.5
Lowest Share Price of Each Fiscal Year	(Yen)	445.0	437.0	521.0	558.0	675.0

(Notes) 1. The highest and lowest share prices were those on the First Section of the Tokyo Stock Exchange on or before April 3, 2022, and have been those on the Prime Market of the Tokyo Stock Exchange since April 4, 2022.

2. Effective from the 51st term, the Company changed its accounting policies for "Method for How to Post Re-leasing Revenues in Lease Transactions," "Method for Posting Lease Transactions as Finance," and "Method for Posting Deferred Assets (Bond Issuance Cost)," and the new accounting policies have been retrospectively applied to the figures of the 50th term.

3. A performance-based stock compensation plan has been introduced from the 53rd fiscal year. The Company's shares held by a trust under the performance-based stock compensation plan are included in the number of treasury shares excluded from the number of outstanding shares as of March 31 used for calculation of equity per share. They are also included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period for the purpose of calculating earnings per share and diluted earnings per share.

2. History

Month and Year	Former Mitsubishi UFJ Lease & Finance Company Limited	Former Hitachi Capital Corporation
September 1957		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	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).	
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	Listed on the Second Section of the Tokyo Stock Exchange.	
September 1988	Listed on the First Section of the Tokyo Stock Exchange.	
October 1999	Merged with Ryoshin Leasing Corp.	
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.
June 2024	Delisted from the Nagoya Stock Exchange.

3. Description of Business

The Group consists of the Company, its 437 subsidiaries and 89 affiliates. Other affiliated companies include Mitsubishi Corporation and Mitsubishi UFJ Financial Group, Inc.

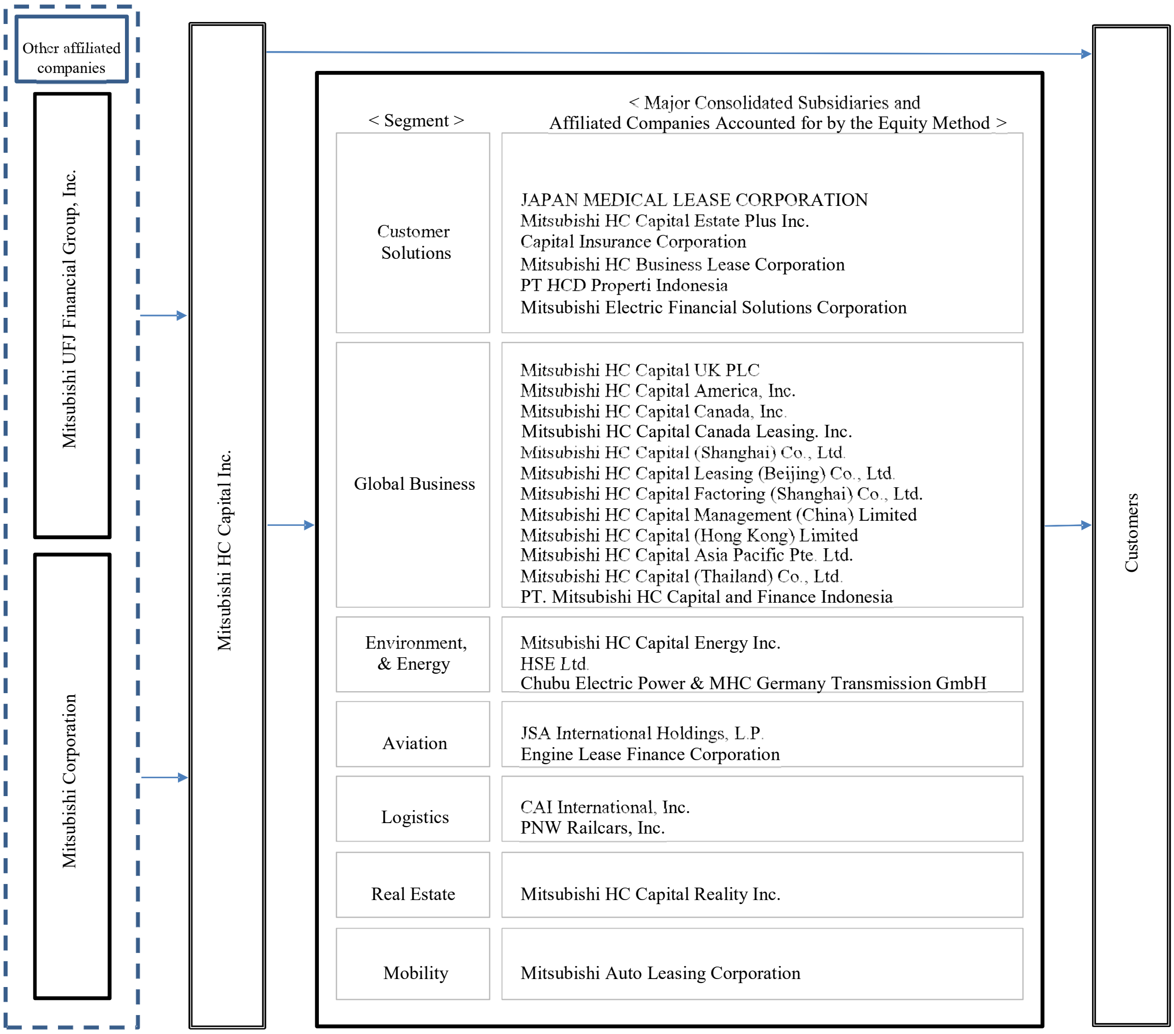
(1) The Group is conducting its business in the seven segments of “Customer Solutions,” “Global Business,” “Environment & Energy,” “Aviation,” “Logistics,” “Real Estate,” and “Mobility.”

The main businesses of each reportable segment are as follows.

Reportable Segments	Main Businesses
Customer Solutions	Finance solution business for companies and government agencies, energy-saving solutions business, sales finance business provided through collaboration with vendors, real estate leasing business, and financial service business
Global Business	Finance solution business and sales finance business provided through collaboration with vendors in Europe, the Americas, China and ASEAN region
Environment & Energy	Renewable energy business, environment-related finance solution business
Aviation	Aircraft leasing business, and aircraft engine leasing business
Logistics	Marine container leasing business, and railway freight car leasing business
Real Estate	Real estate finance business, real estate investment business, real estate asset management business
Mobility	Auto leasing business and supplementary services

In accordance with the organizational changes effective April 1, 2023, the name of the reportable segment “Environment, Energy & Infrastructure” was changed to “Environment & Energy” from the fiscal year under review.

(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)					
JAPAN MEDICAL LEASE CORPORATION	Shinagawa-ku, Tokyo	¥100 million	Customer Solutions	100	Loans of business funds
Mitsubishi HC Capital Estate Plus Inc. (Note 2)	Chiyoda-ku, Tokyo	¥251 million	Customer Solutions	100	Loans of business funds Leasing of real estate and others
Capital Insurance Corporation (Note 3)	Chiyoda-ku, Tokyo	¥6,200 million	Customer Solutions	79.36	
Mitsubishi HC Business Lease Corporation (Note 3)	Minato-ku, Tokyo	¥10,000 million	Customer Solutions	100	Leasing of equipment, etc. Loans of business funds
PT HCD Properti Indonesia (Notes 3 and 4)	Jakarta	Rp580,000 million	Customer Solutions	63.45 (63.45)	
Mitsubishi HC Capital UK PLC (Notes 3 and 5)	Staines-upon-Thames	STG£116,168 thousand	Global Business	100	Debt guarantee
Mitsubishi HC Capital America, Inc. (Note 3)	Norwalk	US$180,000 thousand	Global Business	100	Debt guarantee
Mitsubishi HC Capital Canada, Inc. (Notes 3 and 4)	Burlington	CA$97,000 thousand	Global Business	100 (100)	Debt guarantee
Mitsubishi HC Capital Canada Leasing. Inc. (Note 4)	Trois-Rivieres	CA$10,126 thousand	Global Business	100 (100)	Debt guarantee
Mitsubishi HC Capital (Shanghai) Co., Ltd. (Note 3)	Shanghai	US$55,000 thousand	Global Business	100	Debt guarantee
Mitsubishi HC Capital Leasing (Beijing) Co., Ltd. (Notes 3 and 4)	Beijing	US$170,000 thousand	Global Business	100 (100)	Debt guarantee
Mitsubishi HC Capital Factoring (Shanghai) Co., Ltd. (Notes 3 and 4)	Shanghai	RMB306,570 thousand	Global Business	100 (100)	
Mitsubishi HC Capital Management (China) Limited (Note 3)	Hong Kong	HK$2,285,516 thousand	Global Business	100	Debt guarantee
Mitsubishi HC Capital (Hong Kong) Limited (Notes 3 and 4)	Hong Kong	HK$310,000 thousand	Global Business	100 (100)	Debt guarantee
Mitsubishi HC Capital Asia Pacific Pte. Ltd. (Note 3)	Singapore	S$126,400 thousand	Global Business	100	Debt guarantee
Mitsubishi HC Capital (Thailand) Co., Ltd. (Notes 3 and 4)	Bangkok	THB1,100,000 thousand	Global Business	100 (51)	Debt guarantee
PT. Mitsubishi HC Capital and Finance Indonesia (Notes 3 and 4)	Jakarta	Rp400,000 million	Global Business	100 (15)	Debt guarantee
Mitsubishi HC Capital Energy Inc.	Chiyoda-ku, Tokyo	¥150 million	Environment & Energy	100	Leasing of equipment, etc. Loans of business funds

Company Name	Location	Share Capital	Principal Business (Note 1)	Ownership or Ownership Ratio of Voting Rights (%)	Relationship
HSE Ltd.	Hitachi-shi, Ibaraki	¥50 million	Environment & Energy	85.1	Leasing of equipment, etc. Loans of business funds
JSA International Holdings, L.P. and its 16 subsidiaries (Note 3)	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
CAI International, Inc. (Note 4)	San Francisco	US$0 thousand	Logistics	100 (100)	Debt guarantee
PNW Railcars, Inc. (Note 4)	Portland	US$1 thousand	Logistics	100 (100)	
Mitsubishi HC Capital Reality Inc.	Chiyoda-ku, Tokyo	¥300 million	Real Estate	100	Loans of business funds
MHC America Holdings Corporation (Note 3)	New York	US$0 thousand	Group financing business	100	Debt guarantee
204 other companies					
(Affiliated companies accounted for by the equity method) Mitsubishi Electric Financial Solutions Corporation	Shinagawa-ku, Tokyo	¥1,010 million	Customer Solutions	45	Leasing of equipment, etc.
Chubu Electric Power & MHC Germany Transmission GmbH	Dusseldorf	EUR25 thousand	Environment & Energy	49	
Mitsubishi Auto Leasing Corporation	Minato-ku, Tokyo	¥960 million	Mobility	50	Leasing of equipment, etc.
64 other companies					
(Other affiliated companies) Mitsubishi Corporation (Note 6)	Chiyoda-ku, Tokyo	¥204,446 million	General trading company	(Owned) 18.40	Leasing of equipment, etc.
Mitsubishi UFJ Financial Group, Inc. (Notes 4 and 6)	Chiyoda-ku, Tokyo	¥2,141,513 million	Bank holding company	20.03 (5.52)	

(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. As of October 1, 2023, Mitsubishi HC Capital Property Inc. and Mitsubishi HC Capital Community Corporation underwent an absorption-type merger, where Mitsubishi HC Capital Property Inc. is the surviving company and Mitsubishi HC Capital Community Corporation is the absorbed company, resulting in the company name changed to Mitsubishi HC Capital Estate Plus Inc.
3. These companies are specific subsidiaries.
   In addition, 3 of the 16 subsidiaries of JSA International Holdings, L.P. are specific subsidiaries.
4. The figure in parentheses in "Ownership or ownership ratio of voting rights" is included the number of indirect ownership or the ownership ratio of indirect ownership.
5. The percentage of consolidated net sales (excluding internal net sales between consolidated companies) accounted for by Mitsubishi HC Capital UK PLC exceeds 10%.

Key profit and loss information	(1) Revenues	¥226,901 million
	(2) Recurring Income	¥21,017 million
	(3) Net Income	¥16,359 million
	(4) Total Equity	¥201,450 million
	(5) Total Assets	¥1,535,745 million

6. It is a company that submits annual securities reports.

5. Employees

(1) Consolidated

(As of March 31, 2024)

Name of the Segment	Number of Employees
Customer Solutions	2,505 (793)
Global Business	4,131 (296)
Environment & Energy	165 (38)
Aviation	229 (9)
Logistics	167 (－)
Real Estate	229 (32)
Mobility	294 (102)
Corporate	704 (113)
Total	8,424 (1,383)

(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. The names of 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."
5. 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, 2024)

Number of Employees	Average Age	Average Length of Service	Average Annual Salary (Thousands of Yen)
2,140 (283)	41.3	15 years and 7 months	9,772

Name of the Segment	Number of Employees
Customer Solutions	1,182 (152)
Global Business	49 (3)
Environment & Energy	77 (4)
Aviation	50 (5)
Logistics	24 (－)
Real Estate	42 (2)
Mobility	20 (4)
Corporate	696 (113)
Total	2,140 (283)

(Notes) 1. Number of employees includes those seconded from other companies to the Company, excluding those seconded from the Company to other companies.
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. The names of 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.

(3) Relationship with Labor Union

Some consolidated subsidiaries have labor unions.

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

(4) Information on Diversity

(i) Initiatives to promote Diversity, Equity and Inclusion

We position the promotion of diversity, equity and inclusion (DEI) as an important management strategy for the further expansion of the Group’s business domain and global development.

Basic Views

We seek to foster a corporate culture with the vitality to create new value by bringing together diverse talent who can leverage one another’s strengths to maximize the impact of their individual motivations and talents.

Management Message

Mitsubishi HC Capital positions the promotion of DEI as an important management strategy for the further expansion of the Group’s business domain and global development. We aim to create an environment that brings together talented individuals with a diversity of knowledge, experience, and attributes so they can leverage one another’s strengths to maximize the impact of their individual motivations and talents.

To realize a workplace environment where diverse talent can exercise their strengths, we hire and promote personnel regardless of nationality, age, gender, sexual orientation, gender identity, race, or disability. Further, we support the formation of careers tailored to each individual and provide a robust support system to accommodate a variety of work styles, and strive to foster a supportive corporate culture. Through such efforts, we will continue to advance diversity, equity, and inclusion.

Diversity, Equity & Inclusion

ちがいを受け入れ
ちがいをチカラに
誰もがチャレンジ

Embracing diversity as a strength
so that all may thrive.

Taiju Hisai, Representative Director, President & CEO Mitsubishi HC Capital Inc.

(ii) Results of Each Indicator for Diversity of the Submitting Company and Consolidated Subsidiaries

Submitting Companies

Fiscal Year under Review				
Ratio of Female Workers in Management Positions (%) (Note 1)	Ratio of Taking Childcare Leave for Male Workers (%) (Notes 2 and 3)	Gender Pay Gap for Workers (%) (Notes 1 and 4)		
		All Workers	Of which Regular Workers	Of which Part-Timers and Fixed-Term Workers
16.0	113.0	67.1	65.5	65.6

(Notes) 1. The figures were calculated based on the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).

2. The figures represent the percentage of taking childcare leave, etc. specified in Article 71-4, Item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991)” pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).”

3. The ratio of male workers, by employment management classification, who have taken childcare leave at Mitsubishi HC Capital Inc. is as follows: An asterisk “*” indicates that there were no male workers eligible to take childcare leave.

Career-track positions 113.0%

Business professional *

Business associate *

Because the number of male workers taking childcare leave in a fiscal year other than the one in which their spouse gave birth increased, the figure exceeded 100%.

4. For salary, the same standards are applied depending on position and post. Gender pay gap for the same position and post does not differ. Differences in the average salary for men and women occur due to hiring by position, the number of years of continuous service and other factors. We will continue to advance women's long-term employment, support women's career development, and proactively carry out promotions.

Consolidated Subsidiaries (Note 1)

Fiscal Year under Review					
Company Name	Ratio of Female Workers in Management Positions (%) (Note 2)	Ratio of Taking Childcare Leave for Male Workers (%) (Note 3)	Gender Pay Gap for Workers (%) (Notes 2 and 5)		
			All Workers	Of which Regular Workers	Of which Part-Timers and Fixed-Term Workers
Mitsubishi HC Business Lease Corporation	11.9	20.0	67.4	65.0	69.8
DRS Company Limited (Note 4)	30.3	*	–	–	–
MHC Triple Win Corporation	7.7	–	–	–	–
Mitsubishi HC Capital Servicer Corporation	26.3	–	–	–	–
JAPAN MEDICAL LEASE CORPORATION	9.0	–	–	–	–

(Notes)
1. As for consolidated subsidiaries, we disclose indicators released, or scheduled to be released shortly, for domestic consolidated subsidiaries with 101 or more regularly employed workers as stipulated by the "Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)," pursuant to the said act.
2. The figures were calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
3. The figures represent the percentage of taking childcare leave, etc. specified in Article 71-4, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991)" pursuant to the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)."
4. The ratio of male workers taking childcare leave is given as "*" for DRS Company Limited, which indicates that there were no male workers eligible to take childcare leave.
5. For salary, the same standards are applied depending on position and post. Gender pay gap for the same position and post does not differ. Differences in the average salary for men and women occur due to hiring by position, the number of years of continuous service and other factors. We will continue to advance women's long-term employment, support women's career development, and proactively carry out promotions.

Item 2. Business Overview

1. Management Policy, Business Environment and Tasks Ahead, etc.

The management policy, business environment and tasks ahead, etc. of the Group are as follows.

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 these changes to the 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. Further, 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.

In light of these circumstances, the Group formulated a Medium-term Management Plan covering the three-year period from the fiscal year ended March 31, 2024 ("2025 MTMP"), which was announced in May 2023.

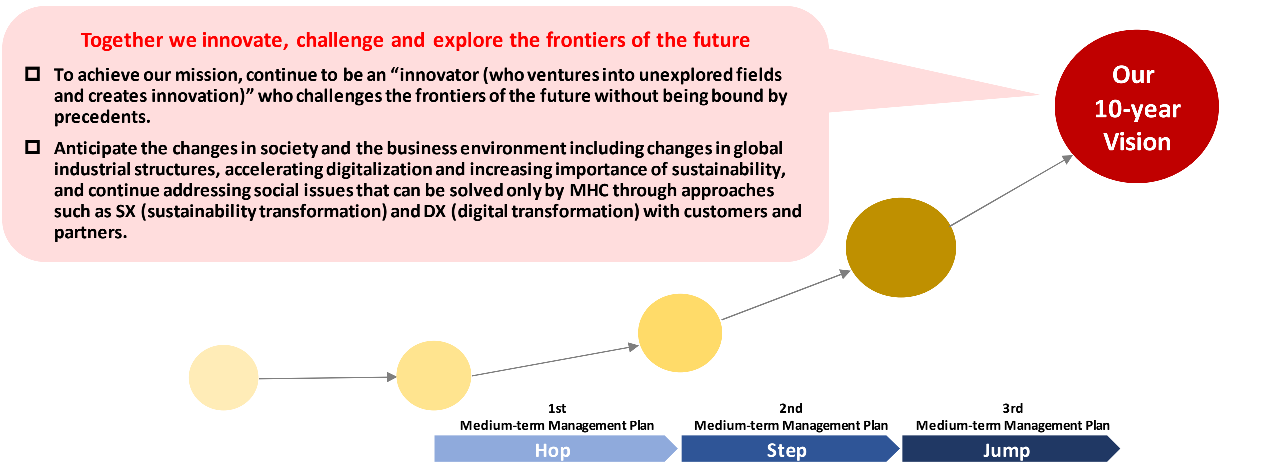
(ii) The Direction the Group should take and the Outline of the 2025 MTMP

The Group has established Our 10-year Vision, "Together we innovate, challenge and explore the frontiers of the future." In order to achieve this vision, we are proceeding with the evolution and layering of business models by developing services and promoting business investment, utilizing tangible and intangible assets such as data and other elements, to their fullest potential.

For the promotion of the above, we will aim for sustainable growth by solving environmental, social, and economic issues. At the same time, we will aim to enhance our medium- to long-term corporate value by achieving an optimal balance sheet based on well-balanced growth potential, return on capital, and financial soundness.

The 2025 MTMP is positioned as the "hop" plan of our three Medium-term Management Plans ("hop," "step," and "jump") toward Our 10-year Vision. We address the management plan with "sowing seeds" and "gaining a solid foothold" leading to a leap to the "step" and "jump" plans as keywords.

- We will achieve "Our 10-year Vision" by implementing Medium-term Management Plans in three phases. The 2025 MTMP which started in FYE3/2024 is set as phase one, "hop," followed by the Management Plans as phase two, "step," and phase three, "jump."
- Our targets for FYE3/2026, the final fiscal year of the "hop" phase, are net income of ¥160 billion, ROA*1 of approx. 1.5% and ROE*2 of approx. 10%. The target payout ratio for the period of the 2025 MTMP is 40% or more. (ROA and ROE are based on net income attributable to owners of the parent)



	FYE3/2022	FYE3/2023	FYE3/2024	FYE3/2026	FYE3/2029	FYE3/2032
Net income	¥99.4 bn	¥116.2 bn	¥123.8 bn	¥160.0 bn		
ROA	1.0%	1.1%	1.1%	Approx. 1.5%		
ROE	8.0%	8.2%	7.7%	Approx. 10%		
Payout Ratio	40.4%	40.8%	42.9%	40% or more		

*1 ROA: Return On Asset
*2 ROE: Return On Equity

(iii) Business Strategies

Business Types

The Group classifies its businesses into the five types below, and will proceed with the “evolution and layering of business models” to achieve business portfolio transformation.

Evolution and Layering of Business Models

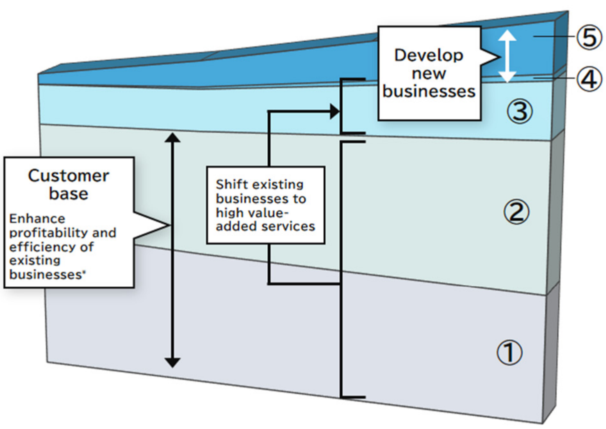
Business Type	Business Characteristics	Direction	Examples	Risk	Return
⑤ Asset utilization business	Promote business investment utilizing assets, aiming to maximize revenue from those businesses	Risks and returns are relatively higher than ① and ②, so we will increase the size of asset utilization business in a phased manner in consideration of risk capital, etc.	• Non-FIT renewable energy businesses • Real estate revitalization and development investment	Medium risk and medium return	
④ Data utilization platform services	Utilize data to develop platform businesses, and mainly acquire service revenue	The initiative for this business is difficult and will take time to generate profits. However, it will help differentiate MHC from competitors, so we will actively plant seeds for this domain	• Inventory optimization services utilizing data • Sharing services utilizing data		
③ Finance + services	Add maintenance services, AM*5, etc. mainly to ②, and acquire service revenue as well as income gain and capital gain	Promote the shift mainly from ② (add services) to increase profitability	• Operating leases with maintenance services • Service solutions such as asset management		
② Asset finance	Investment and lending mainly in specific marketable general purpose assets backed by the value of business assets. Capital gain as well as income gain can be acquired	A profit base which generates stable cash flows. However, some assets have relatively low risk but yield low returns, so we aim to increase profitability by reducing low-profitability assets and evolving into an O&D business	• Operating leases • Real estate securitization	Low risk and low return	
① Customer finance	Acquire income gain more stably and continuously through corporate financing	Same as ②. However, risks and returns of this business are both lower than ②, so we will take drastic action to increase profitability (accelerating the reduction of low-profitability assets, promoting efficiency improvement, etc.)	• Finance leases • Vendor leases • Installment sales • Lending		

Vision of the Evolution and Layering of Business Models

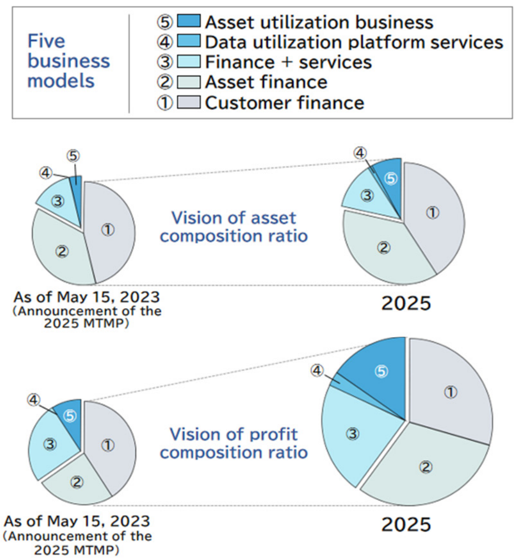
We will proceed with the evolution and layering of business models by simultaneously working on the enhancement of the profitability and efficiency of existing businesses, shifting existing businesses to high value-added services, and developing new businesses.

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

Evolution and layering of business models



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



・ Enhance Profitability and Efficiency of existing Businesses

① Customer finance and ② asset finance are positioned as profit bases for creating stable cash flows from their firm customer bases. On the other hand, given that returns on some assets are relatively low, in addition to strengthening their profitability, we will steadily promote the reduction of low-profitability assets.

・ Shift existing Businesses to high value-added Services

We will maintain and expand our ① customer finance and ② asset finance customer bases and shift these existing businesses to high value-added services—namely ③ finance + services and ④ data utilization platform services—and increase their returns by improving customer experience.

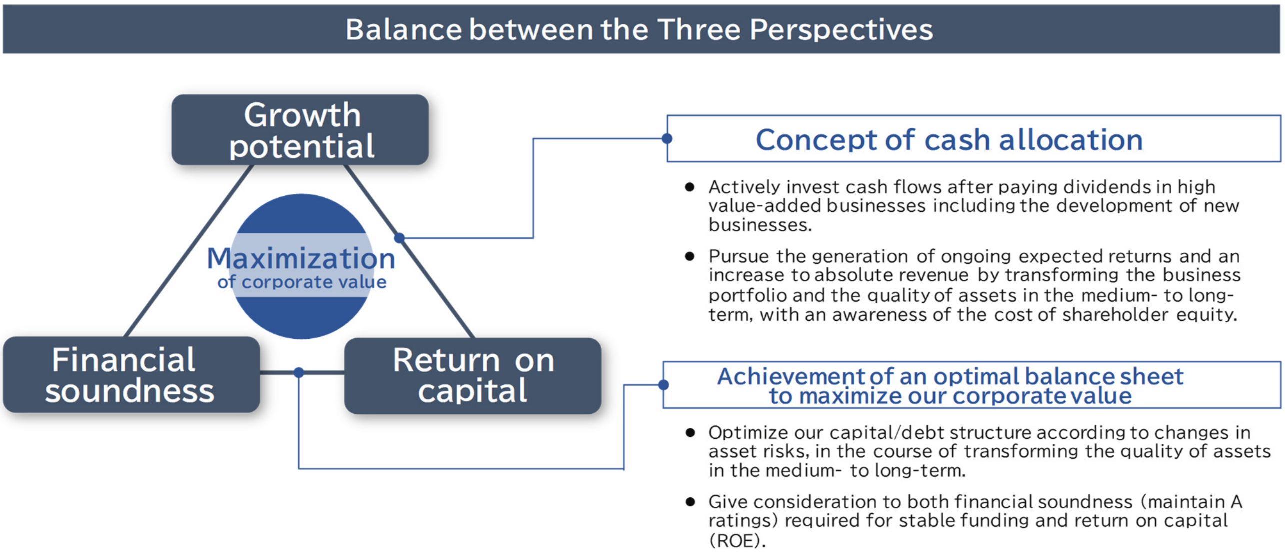
・ Develop new Businesses

We will proceed with the development of ④ data utilization platform services, ⑤ the asset utilization business, and other new businesses, and focus on these new businesses as the pillars of medium- to long-term profit growth, in addition to ③ finance + services.

<u>Premise for Business Strategies</u>

We will achieve profit growth by transforming our business portfolio and the quality of our assets in the medium to long term through the evolution and layering of business models. To this end, we will actively invest cash flows from a medium- to long-term perspective after paying dividends.

For the purpose of supporting this effort, we will achieve medium- to long-term return on capital and financial soundness by optimizing our balance sheet, and then maximize our corporate value.



Business Strategies by Segment

The direction of the business strategies by segment is as follows.

Segment	Direction of Business Strategies
Customer Solutions	• Enhance profitability by launching many new services for which we have conducted PoC[*1] with each partner company. • We will accelerate the evolution and layering of business models by creating various solutions that help us provide added value to customers and resolve their management issues, and promoting internal collaboration on and the dissemination of such solutions. • Reform sales processes by improving accuracy and efficiency of sales activities through the development/usage of a new customer information management system and the reallocation of human resources.
Global Business	<Europe> • Promote the accumulation of high-quality new assets in the decarbonization domain and other businesses as well as profit expansion strategies, such as an increase in gains on sales of used cars. • Expand interest rate fees by reducing funding costs, etc. <Americas> • Expand fees based on an improved interest rate environment as well as through initiatives such as revising pricing standards, etc. • In the sales finance business for commercial trucks, review the models and processes to control credit risks in consideration of third-party assessments. • Diversify and restructure our business portfolio to achieve appropriate risks and returns.
Aviation	• Enhance profitability by strengthening coordination between the aircraft/aircraft engine leasing, engine parts sales,[*2] and Japan businesses. • Stably expand the high-quality portfolio through M&A and other measures. • Expand businesses and services aimed at realizing a decarbonized society.
Logistics	• Accumulate transactions by executing more new investments in the container leasing business, and maintain high utilization rates by further sophisticating operations. • Acquire highly profitable and long-term transactions in the North America freight railcar leasing business and continue to generate gains on sales by strengthening O&D (Origination & Distribution) operations.
Environment & Energy	• Further expand our domestic power generating capacity (solar, wind, etc.) (targeting over 1,000MW by the end of FY2024). • Accelerate sales of domestic solar and biomass power generation businesses in which we have a minority stake. • Develop renewable energy power generation businesses in Europe through European Energy A/S (a company developing and operating renewable and next-generation energy businesses), in which we acquired a 20% stake in April 2024.
Real Estate	• Increase profit generated during leasing terms by enhancing development and adding value in Japan and continue to generate gains on sales of assets. • O&D[*3] in domestic finance businesses and restructuring of the Division's portfolio. • Reduce losses and collect the maximum amount of debts in problematic U.S. projects.
Mobility	• Expand domestic and overseas EV integrated services. • Reduce costs and strengthen sales capabilities from the merger of the two domestic auto leasing companies.

*1 PoC (Proof of Concept): Verification of feasibility of new ideas and technologies.

*2 Engine parts sales: A business that dismantles used engines and sells the individual parts.

*3 O&D (Origination & Distribution): A business model for real estate non-recourse loans aiming to increase profitability through sales or sub-participation of loans in part to external parties such as by dividing loans into senior loan portions and subordinated loan portions.

Key Themes across Segments

We have defined the themes below to be addressed with the concerted efforts of the Group across segments.

These themes will lead to our goal of contributing to a prosperous and sustainable future by creating social value with partners, not by the Group alone.

	Future vision
Hydrogen	As a leading holder of renewable energy power sources in Japan, contribute to building a hydrogen supply chain with green hydrogen production at the core.
EVs	Contribute to realizing a carbon-neutral society based on EVs.
Logistics	To address social issues and customer needs in logistics supply chains, develop and provide optimal logistics solutions by collaborating with leading partners and thereby achieve a full line-up of logistics services.
Decarbonization Solutions	Evolve into an integrated service provider to realize a decarbonized society.

(iv) Corporate Functions Strategies

We enhance our corporate functions centering on the four strategies below.

	Major Initiatives for the 2025 MTMP
Fostering and Securing Talent	・ Enhance employee engagement by utilizing surveys, etc. ・ Develop a talent portfolio contributing to the achievement of management strategies. ・ Strategically disclose human capital.
Bolstering the Financial Base and Internal Organizational Base	・ Procure stable and competitive funds, expand funding capacity and enhance the ALM* framework. ・ Redevelop frameworks for credit examination and management in response to business portfolio transformation. ・ Develop optimal IT systems responding to new businesses and business models.
Strengthening the Corporate Governance Framework	・ Promote group-wide unified management by strengthening the consolidated management framework. ・ Enhance integrated risk management in response to business advancement and changes. ・ Develop a framework for unified management of internal auditing on a global basis.
Enhancing Stakeholder Engagement	・ Enhance financial and non-financial information to be disclosed and diversify means to dispatch information. ・ Enhance communication with external stakeholders. ・ Promote and strengthen efforts for sustainability.

* Asset Liability Management: Comprehensive management of assets and liabilities

(v) Frameworks to promote transformation

We will eliminate obstacles to achieving transformation, and change our way of thinking for transformation.

We will speedily promote various initiatives from new perspectives and not simply stay on conventional paths.

	Direction of Initiatives
1 "Lay" the Foundation of Transformation	Foster all employees' awareness of transformation.
2 "Create" Transformation	Develop frameworks so that efforts contributing to transformation can be actively launched.
3 "Promote" Transformation	Develop an agile discussion framework and promote transformation by advancing efficient decision-making processes and the delegation of authority that comes with responsibility, etc.

(3) Business Issues to be addressed as a Priority Matter

In order to achieve Our 10-year Vision, the Group proceeds with the "evolution and layering of business models" by promoting services and business investment, utilizing tangible and intangible assets such as data and other elements, to their fullest potential.

It is considered necessary to transform the awareness of each employee in order to progress the "evolution and layering of business models." As a mechanism for this, we will build the "frameworks to promote transformation." As the "frameworks to promote transformation," we implement measures from three angles of "laying the foundation of transformation," "creating transformation," and "promoting transformation," and execute the measures from new perspectives that are not an extension of the past.

Further, the 2025 MTMP is positioned as the "hop" plan of our three Medium-term Management Plans ("hop," "step," and "jump") toward Our 10-year Vision, and we strategically implement to contribute to the "sowing seeds" and "gaining a solid foothold" that will lead to the leap towards the "step" and "jump" plans, including transforming the awareness of employees towards reform.

(4) Target Performance Indicators

The Company will aim to achieve the following financial and non-financial targets during FY2023 to FY2025 (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026), which is the period that is the subject of the 2025 MTMP.

<Financial Targets>

Item	Targets	
Financial Targets (End of FY2025)	Net income attributable to owners of the parent	¥160.0 billion (CAGR vs. FY2022: +11.2%)
	ROA	Approx. 1.5% (vs. FY2022: Approx. +0.4 pts)
	ROE	Approx. 10% (vs. FY2022: Approx. +1.8 pts)
Dividend Policy (2025 MTMP Period)	Payout ratio: 40% or more	• As a general rule, return profits to shareholders by paying dividends. • Increase the total amount of dividend payment through profit growth.
Financial Soundness (2025 MTMP Period)	Maintain A ratings	• Establish both a sound financial base and an active investment strategy. • Maintain current stand-alone ratings*.

(Note) Net income attributable to owners of the parent is used for the calculation of ROA and ROE.

* Credit ratings for the Group on a stand-alone basis without external support.

<Non-financial Targets>

KPI	Targets (2025 MTMP)
Level of fulfillment of a talent portfolio in line with our management strategies (non-consolidated)	Formulate the talent portfolio framework and visualize the level of fulfillment.
Results of the employee engagement survey (non-consolidated)	Refine the survey content, enhance analysis.
Employee ratio of "standard" level or higher in DX assessments[*1] (non-consolidated)	80% or more
Monthly average overtime hours (operational efficiency) (non-consolidated)	14 hours or less
Rate of annual paid holidays taken by employees (non-consolidated)	70% or more
GHG emissions amount (Scope 3[*2]) (consolidated)	Analyze the categories which have a major impact and visualize Scope 3[*2] emissions.
GHG emissions amount (Scope 1[*2], 2[*2]) (consolidated)	FY 2030: -55% compared to FY 2019 FY 2050: net zero
Energy consumption (domestic) (non-consolidated + domestic Group companies)	-1% YoY continually.

*1 DX assessment: A tool provided by an external vendor for measuring levels of DX literacy. Employees are categorized into three levels: beginner, standard, and expert.

*2 Scope 1: Direct emissions of GHG from the business operator itself (fuel combustion, industrial processes)
Scope 2: Indirect emissions associated with use of electricity, heat, and steam supplied by other companies.

Scope 3: Indirect emissions other than Scope 1 and Scope 2 (other companies' emissions related to the business operator's activities)

2. Concept and Efforts for Sustainability

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

(1) Basic Views on Sustainability

The Company believes that efforts toward sustainability—among them, protecting the global environment, respecting human rights, and embracing diversity—are an essential responsibility to society that corporations should fulfill. To continue to survive, corporations must pursue long-term growth while gaining the trust of their stakeholders by engaging in business activities that seek to resolve environmental, social, and economic issues.

(2) Materiality (material Issues)

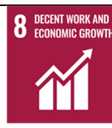
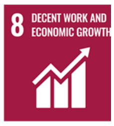
Mitsubishi HC Capital has identified the following six materiality as priority key challenges which must be addressed to achieve sustainable development of Mitsubishi HC Capital Group.

Against a backdrop of megatrends such as recent climate change driven by global warming, population growth, urbanization and scarcity of resources, not only our personal life but also social environment have been drastically changing worldwide. Under such circumstances, companies are expected to take efforts to solve numerous issues, such as to promote a decarbonized society and to create a circular economy.

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

Materiality of the Group

Materiality	Why the Group treats as highly material Challenges	How related to SDGs
Promote a decarbonized Society	・ 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 service and solutions, such as renewable energy investment and EV promotion. ・ It is quite a few impact on but is significant for the Group to distinct its business from the business not solving social issues.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Realize the circular Economy	・ The Group aims to contribute to creating a circular economy by reducing waste, not only in the Group but also within society through maximizing the potential of assets as a leading leader in the leasing industry. The Group treats this challenge as material. ・ The Group can also contribute to realizing a sustainable and prosperous society through strengthening the collaboration between partners.	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER 15 LIFE ON LAND
Establish resilient social Infrastructure	・ Large parts of the infrastructure within Japan needs to be repaired. The Group also recognizes the business has huge potential opportunities to support the development of infrastructure in overseas countries with active collaboration between various partners and create a smart city. ・ The Group will contribute to the business being diversified, enhanced and efficient through establishing the system and providing services for supporting the collaboration of various companies.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Realize healthy Lifestyles that promote positive Wellbeing	・ It is vital for its stakeholders that the Group recognizes the importance of health, safety, mental and physical wellbeing for realizing the prosperous future. ・ Valuable human resources are key. Personal development and attraction and retention of talent is significant for the Group members.	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Create Businesses utilizing the latest Technologies	・ Both financing for the purpose of digital transformation of customers and providing solution by internal and external	

Materiality	Why the Group treats as highly material Challenges	How related to SDGs
	digital technologies boost development of new business models. ・ Including establishing supply chain with utilizing with new alternative energies, the Group identifies material one as the opportunity.	 
Collaborate with Partners locally and globally	・ Social issues differ by countries and regions. It is significant that the Group aims to solve these issues by collaborating with local partners to ensure the Group is meeting individual needs through local community-based communication. ・ The Group can realize mutual benefits in developing society by utilizing the integrated capability in the Group.	 

* Please refer to the website regarding how the Company identified the materiality.
https://www.mitsubishi-hc-capital.com/english/sustainability/materiality.html

(3) Basic Sustainability Policy

The Company has been building partnerships with numerous stakeholders globally and has considered itself to have the huge potential capability to contribute and solve social issues. The Company established “Our Mission” to create social value with customers and partner companies and to contribute the prosperous and sustainable future as its ideal image, and defined “Our Vision” as what is required to achieve it. The Basic Sustainability Policy consists of and integrates “Our Mission,” “Our Vision” and the materiality.

In particular, we are promoting the appropriate disclosure of information related to initiatives on climate change as part of promoting a decarbonized society, which is one of the materialities set by the Company, and related to initiatives on investments in human capital that aim to resolve the materiality.

How Materiality relates to “Our Mission” and “Our Vision”

(4) Addressing Climate Change

Climate change is a major challenge that needs to be resolved in order for a sustainable society become a reality. The Group believes that for any company to survive moving forward, it must work to solve this problem through its business activities. Furthermore, the Group is aware of the importance of earning the trust of stakeholders through proper disclosure of information, and supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Information Disclosure according to Four Disclosure Items suggested by TCFD Recommendations

(i) Governance

The Group has established the Sustainability Committee to better contribute to the realization of a sustainable and prosperous future. This Committee is one of the advisory bodies to the Executive Committee and meets to discuss the climate change issue and other key challenges related to sustainability. The results of the deliberations are reported to the Executive Committee and the Board of Directors. The material issues that include promotion of a decarbonized society were identified through deliberations by the Sustainability Committee, Executive Committee, and Board of Directors. The Group will promote efforts to identify and manage the impact of climate change on business and reinforce its governance.

(ii) Risk Management

Regulatory changes, technological innovation, shift in business models in line with the transition to a decarbonized society or extreme weather, etc. stemming from global warming may affect our operating results and financial position in the form of business failure of business partners due to earnings deterioration and other factors, decline in value of assets owned by the Group, and others. The Group recognizes climate change risk as one of the critical risks in company-wide risk management, and while identifying, assessing and managing the risk, will regard this as a business opportunity and contribute to realizing a decarbonized society.

a. Risk Management System Overview

The Group uses the "integrated risk management" framework to comprehensively manage risks to primary businesses that could have a substantial impact on investors' decisions.

The important risks managed within the integrated risk management framework include, but are not limited to, credit risks, asset risks, investment risks, market risks, liquidity risks, and operational risks.

To manage envisaged risk factors, the departments overseeing specific risks monitor issues arising from developments in the external environment or other changes, regularly consider measures to address such risks, and then report and deliberate them at meetings of each committee including the Risk Management Committee. In addition, we operate a risk management system in which important matters are reported to and discussed by the Executive Committee and the Board of Directors. For details of the risk management system, please refer to "Item 2. Business Overview, 3. Business and Related Risks."

b. Classification and Example of Impacts of Climate Change Risks

Climate change risks consist of transition risks associated with climate-related regulation tightening and technological innovation, etc. and physical risks associated with extreme weather and changes in climates. The TCFD recommendations classify these risks into subcategories of policy and legal/technology/market/reputation, and acute/chronic, and show examples of impacts.

The Company recognizes that impacts of climate change risks occur in various time frames such as short, medium and long term through broad transmission routes including existing risks like credit risks, asset risks and investment risks. Furthermore, in addition to direct impacts on the Company's business activities, the onset of indirect impacts through the Company's customers is also possible.

Based on such risk characteristics and details of the TCFD recommendations, the Company sorts out examples of impacts of climate change risks for each of its major risks, also taking into account its risk management framework. Under the integrated risk management system, the Company is also advancing the establishment of a system to identify/assess and manage climate change risks in light of relations with other major risks.

Going forward, the Company will review the risk classification and examples of impacts according to changes in external environment, and deepening of analysis and assessment of climate change risks.

c. Status of Integration into overall Risk Management

Various impacts of climate change risks on other major risks are reported to and discussed by the Risk Management Committee. We will advance integration of such risks, including risks identified through scenario analysis, in overall risk management by establishing a monitoring system and other means. In addition, development of targets and plans related to climate change and details of monitoring are reported to and discussed by the Sustainability Committee. Details of discussions of both committees are reflected in the Company's management strategies under the system of monitoring by the Board of Directors so that we can appropriately address the risks from both perspectives of overall risk management and individual risks.

(iii) Strategy

The Company identifies risks and opportunities brought by future climate change to the Group, and conducts scenario analysis on "transition risks" and "physical risks" for the purpose of appropriately disclosing information and considering future measures.

The scenario analysis is carried out based on limited information and data available at present. We will strive to reflect the analysis in appropriate disclosure by carefully interpreting the results of this analysis, continuing to obtain more information and relevant data through dialogues with stakeholders, and promoting refinement of analysis methods and expansion of businesses to be analyzed.

a. Overview of the Scenario Analysis

Overview of Transition Risk Analysis

Target Sector and main Segment	Target Sector	Main Segment
	Energy (Oil and Gas, Coal and Electric Utilities)	Environment & Energy
	Transportation (Air Freight and Passenger Air Transportation)	Aviation
	Materials and Buildings (Real Estate Management and Development)	Real Estate
Scenario	Net Zero Emissions by 2050 Scenario (NZE scenario) and Stated Policies Scenario (STEPS scenario) published by the International Energy Agency (IEA)	
Analysis Method	Identify opportunities and risks for a decarbonized society in target sectors and assess business impacts (qualitative analysis)	

Overview of physical Risk Analysis

Analysis Subject	Assets for business possessed by the Environment & Energy Business Division, the Real Estate Business Division, and the Group's offices and branches
Scenario	Shared Socioeconomic Pathways (SSP5-8.5) published by the Intergovernmental Panel on Climate Change (IPCC)
Analysis Method	Assess business impacts of extreme weather and changes in climates that can occur at the locations of assets for business (qualitative analysis)

b. Results of the Scenario Analysis

Each headquarters in charge of Environment & Energy, Aviation, Real Estate, and Customer Solutions, which are segments subject to implementation of the scenario analysis, and the Risk Management Department, a department in charge of company-wide overall risk management, discussed the Company's business impacts of climate change and confirmed consistency between results of the scenario analysis and the existing strategic policy.

The Group endeavors to minimize risks and maximize opportunities by taking short- and long-term measures as for risks and opportunities related to climate change. As results of the transition risk analysis, the need to appropriately handle risks and opportunities associated to expansion of renewable energy (Environment & Energy), shift to low mileage aircraft/engines and low-carbon fuels such as SAF and hydrogen (Aviation), growing demand for low-carbon buildings (Real Estate), etc. have been recognized. Furthermore, as results of the physical risk analysis, risks including damage caused by disasters to power stations and deterioration of power generating facilities such as solar panels (Environment & Energy), loss in value of real estate due to intensification of natural disasters and increases in construction/operation expenses and renovation costs (Real Estate), damage caused by disasters to the Group's offices, and increases in operating expenses and insurance costs have been anticipated.

While appropriate countermeasures for climate change risks have been developed, acquisition of business opportunities has been incorporated in strategies as for opportunities brought by climate change. Going forward, we will reflect KPIs related to climate change in the process of implementing the Medium-term Management Plan, and establish a system to regularly monitor relevant trends in Japan and abroad, and the status of initiatives of the Group.

(iv) Metrics and Targets

Based on the recognition that efforts to realize a decarbonized society are an urgent issue, we will set the Group's greenhouse gas reduction targets pursuant to the Paris Agreement, and we promote the transition to a decarbonized society. In the case where greenhouse gas emissions increase significantly in the future due to efforts for new businesses, or where numerical value changes while calculation of greenhouse gas emissions of the entire Group including supply chains are sophisticated, and other cases, the established targets may be reviewed appropriately, but we plan to set the targets so that any targets are in line with the level of the Paris Agreement, just like the targets established at present.

a. The Group’s Targets for Reduction of Greenhouse Gas Emissions

Scope 1 and Scope 2	Short Term (Every Year)	Medium Term (to Fiscal 2030)	Long Term (to Fiscal 2050)
	Energy usage in Japan: -1% compared to the prior fiscal year	-55% compared to fiscal 2019	Net zero

b. Future Efforts

For the Group’s property leasing and aircraft leasing transactions (Scope 3 - Category 13, Downstream leased assets) and real estate investment transactions (Scope 3 - Category 15, Investments) that are thought to involve greenhouse gas emissions, we also consider the measurement method and conduct discussions toward disclosure.

Going forward, we will promote reduction of greenhouse gas emissions of the entire Group including supply chains through formulation of the policy for sectors with high greenhouse gas emissions and the transaction plan, and other means.

(5) Initiatives on Investments in Human Capital

(i) Direction of Strategies

The Group recognizes that accumulating and utilizing human capital is an important issue to improve corporate value through realization of the “basic management policy” and “medium- to long-term management direction.” In particular, to realize “SX/DX” and “business portfolio transformation” shown in the “medium- to long-term management direction” and achieve performance indicators at which the Group aims, it will secure and utilize necessary human capital in terms of both quality and quantity.

(ii) Themes that We want to accomplish

In securing and utilizing human capital (qualitative shift in human resources and securing of the quantity of human resources) we uphold two themes to be accomplished in the medium to long term.

What we want to accomplish (a) Fulfillment of a talent portfolio Develop and secure human resources contributing to the Company’s realization of strategies (quality and quantity)	We define quality and quantity of human resources necessary to realize the “medium- to long-term management direction” and visualize a talent portfolio. We understand a gap between necessary human resources and current human resources in terms of quality and quantity, and implement measures for filling the gap to supplement necessary human resources.
What we want to accomplish (b) Maintaining and improving MHC engagement	The Group defines “MHC engagement” as a situation in which employees work together in pursuit of value creation. We will work to maintain and improve spontaneity (a situation in which employees can work using their own discretion), diversity (a situation in which diversity among employees leads to cross-fertilization of ideas), and a positive workplace environment (in which employees can exercise their spontaneity and diversity to the full), which are the three elements comprising MHC engagement.

(iii) Details of Initiatives

The two themes that we want to accomplish as priorities are the reconstruction of the human resource management based, and the creation of a system for maintaining and improving MHC engagement.

	Details of Initiatives
Reconstruction of the Human Resource Management Base	The Group has collected/accumulated information on human resources and used it for utilization of human resources (allocation and development) to date. Going forward, for “What we want to accomplish (a) fulfillment of a talent portfolio,” we will reconstruct the human resource management base, define types of human resources necessary to realize the “medium- to long-term management direction,” and then further understand human resources and conduct the human resource development that contributes to qualitative shift. In understanding human resources, we handle qualitative factors such as experience, knowledge, skills and competency in addition to the quantitative perspective including the number of employees. In human resource development (qualitative shift), we identify qualitative issues to fulfill a talent portfolio and take measures for capacity development. Moreover, we will improve the accuracy of matching between human resources and jobs by also putting in place information on jobs, in addition to information on human resources, systematically to further ensure that the right people are placed in the right jobs.
Creation of a System for maintaining and improving MHC Engagement	The Group has identified current issue areas by survey, and implemented improvement activities to date. Going forward, we will create an index for MHC engagement and work to maintain and improve it. Maintaining MHC engagement for the Group as a whole at a high level will also result in securing the desired number of human resources.

(iv) Metrics and Targets

We have set visualization of the level of fulfillment of the talent portfolio and enhancement of the analysis of the results of the engagement survey as non-financial targets for our Medium-term Management Plans. However, we will disclose numerical targets for the engagement survey and the level of fulfillment of the talent portfolio at the time of FY2024 results and the announcement of FY2025 results, respectively.

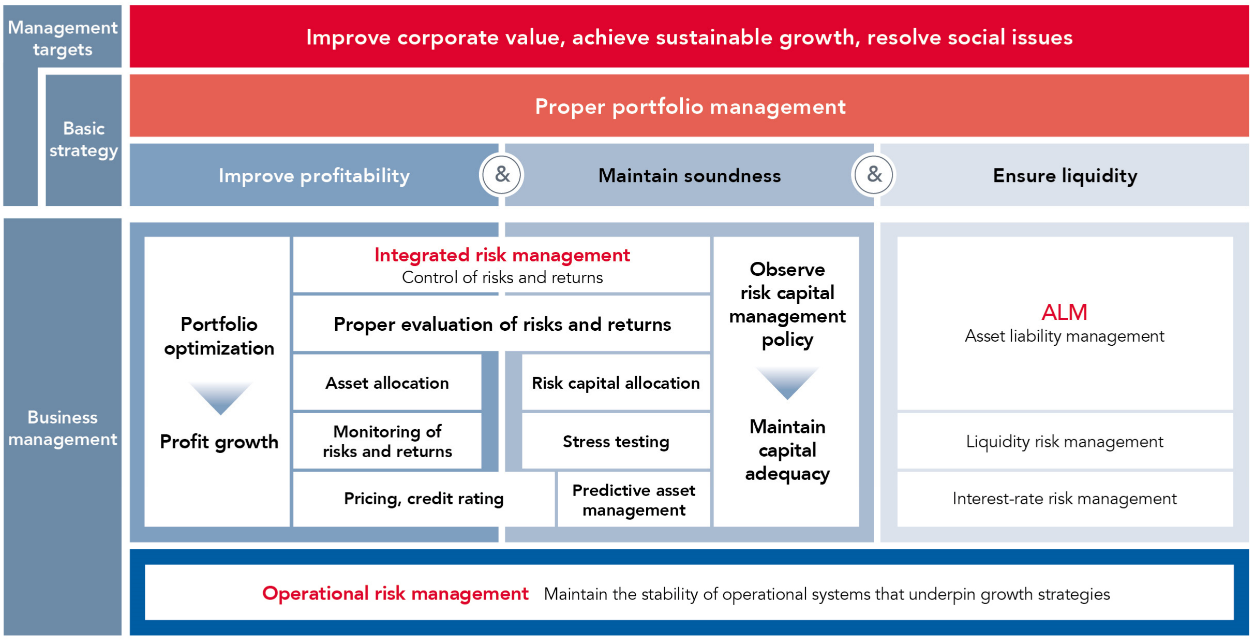
3. Business and Related Risks

The Mitsubishi HC Capital Group comprehensively manages the main items of the business and related risks that may potentially have important impact on investors' decisions using the framework including Integrated Risk Management. The Group has established an appropriate system to manage these risks and strives to prevent them from emerging or to minimize their impact if they occur.

Furthermore, to manage these potential risk factors, we operate a system whereby the division responsible for the relevant area of risk monitors and identifies issues arising from changes in the external environment and other factors. Each of these divisions holds regular discussions to review appropriate response measures and reports promptly to the Executive Committee, a consultative and decision-making body that controls the execution of business. Specifically, in addition to the Risk Management Committee that comprehensively and systematically manages risks related to overall management, the Asset Liability Management (ALM) Committee, Compliance Committee, and other committees meet quarterly or as necessary to discuss the issues surrounding and measures to address individual risks. Additionally, important matters at each committee are reported to and discussed by the Board of Directors.

The forward-looking statements herein are based on judgments made by the Group as of March 31, 2024.

Overview of Risk Management Framework



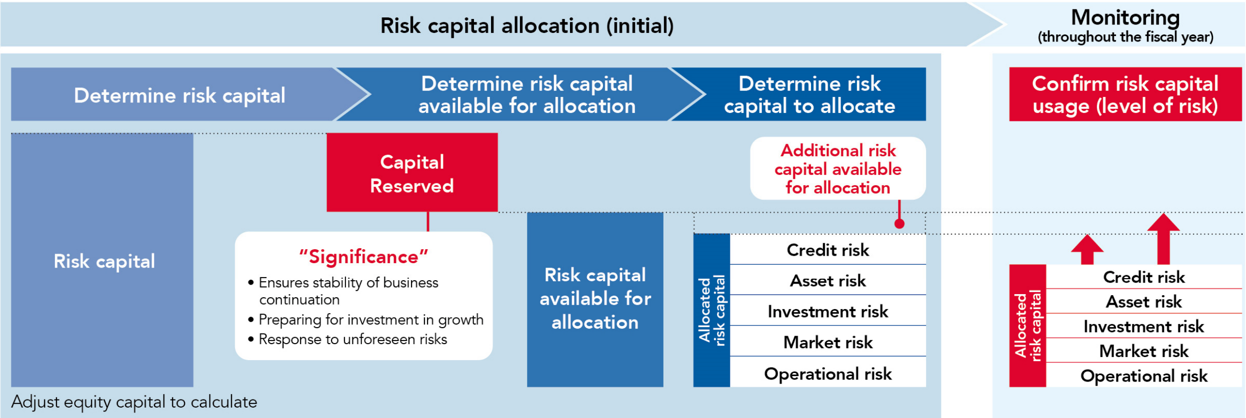
(1) Integrated Risk Management

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 in 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 disposals 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, 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. Additionally, in the event of a customer bankruptcy, the Group takes the asset back and recovers funds by leasing it to a different customer or selling it. As for selling assets, in addition to business trends and the financial landscape, major incidents arising from technical problems, obsolescence due to technological change, revisions to laws and regulations, increased concern over global pandemics or terrorism, natural disasters, war, or geopolitical risk may render the asset irrecoverable or cause its selling price to fluctuate. Furthermore, the recording of an impairment loss or increased costs associated with property management could also impact the Group's business results and financial position.

[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 criteria to maintain a portfolio with risk diversification taken into account, including asset types, 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 holds warning sign management meetings as necessary 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 holds warning sign management meetings as necessary 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, wind power, and other renewable energy businesses in and outside Japan as well as various business investments, 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 through 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 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. The cost of funds for acquiring the leased property, on the other hand, is affected by fluctuations in the market interest rate as the funds are procured by striking a balance between fixed and variable interest rate funds for fundraising diversification and reduction of funding costs. 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. Meanwhile, the ALM Committee meets quarterly or as required to analyze scenarios and data in connection with geopolitical risk, pandemics, and various other risk factors and to determine ALM policy based on trends in the financial market environment, the risk situation, and other considerations.

(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 papers, 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 flows, 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, putting in place funding arrangements to ensure that the immediately necessary funds can be secured, including funds for repayment, even if the fundraising environment deteriorates, and reporting on the status of funding 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 (iv) Market Risk and (v) 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 as the basis for the rollout of a Companywide strategy reflecting the market environment. 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 established a regional financial base in North America where it holds a large asset balance, thus putting in place a Group financing system, which includes the consolidation of financing. The North American regional financial base offers not only indirect financing but also various forms of fund procurement, including issuance of commercial papers and corporate bonds, thus providing funds to Group companies expanding into North America.

(vi) Operational Risk

a. Risk related to Earthquakes, Wind and Flood Damage, Pandemics, War, 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 backbone systems, establishing a system infrastructure that allows work from home, and implementing office shifts limited to operations that must continue.

As the Group does not have bases in Ukraine or Russia, it envisages limited direct impact from the situation in the region. However, should the situation escalate going forward, there may be indirect impacts such as an increase in non-performing loans due to worsening of the credit status of customers. This might require measures such as additional provisions of allowance for doubtful receivables, which could impact the Group’s operating results and financial position.

In March 2022, the Group set up a Crisis Management Headquarters that is working to address cybersecurity, trade control, and money laundering, track financial trends, enhance screening and management of deals, monitor the impact on the value of Group operating assets, and identify and manage other indirect impacts.

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 operating 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, malware infections, unauthorized access by outside parties, and other cyberattacks. Unauthorized access by outside parties, malware 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 operating results and financial position.

[Main Efforts to Address Risk]

The Group has established a cross-organizational 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, malware, 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. Legal 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 or company rules, it could impact the Group's operating 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]

The Group strictly adheres to laws, regulations, and company rules in conducting its operations. The Group has established the Principles for Prevention of Bribery and Corruption, the Principles for Compliance with Competition Laws, the Basic Policy on Anti-social Elements, the Principles for Money-Laundering Prevention, the Personal Information Protection Policy, and the Principles for National Security Export Control and prepared the Compliance Manual to disseminate these policies and rules to all executives and employees of the Group, which is available for viewing at any time on the Company intranet. In addition, the Group provides ongoing compliance education. The Group is working to strengthen its compliance system and has also established the Compliance Hotline System, which it operates while regularly incorporating feedback from outside experts.

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, sales bases in Japan, 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 operating 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 risk addressed in the framework of integrated risk management, the Group recognizes the major risks listed below. These risks are managed within the integrated risk management framework, including individual impact and combined impacts across multiple risk items, according to their individual characteristics and status. The Group explores a unified response and formulates a response policy as necessary and additionally conducts scenario analysis appropriate to the situation as part of a multi-faceted verification of risk resilience.

(i) Risk Related to Conduct

The Group is implementing various measures based on the keyword of "transformation" to achieve Our 10-year Vision of "Together we innovate, challenge and explore the frontiers of the future." During this process, any actions by our executives and employees that compromise customer protection, fair competition, market integrity, public interest, or social norms and cause harm to our stakeholders could impact the Group's credibility, business results, and financial position.

[Main Efforts to Address Risk]

The Group emphasizes integrity as one of the core elements of the Action Principles, which set forth the values and mindset to be held and actions to be taken by each and every employee within the Basic Management Policy. This means maintaining high ethical standards and constantly returning to the basics. The Group ensures that all executives and employees conduct themselves accordingly. In addition, the Group has established the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct. While ensuring that all executives and employees maintain high ethical standards and respect both laws and regulations and the spirit of social norms, the Group also provides ongoing education on the topic of integrity.

(ii) 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.

(iii) 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 and outside Japan, 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.

(iv) Risk Related to Expansion of Operating Base, Strategic Partnerships, and M&As

In pursuit of continued growth through expansion of its operating base, the Mitsubishi HC Capital Group engages, in and outside Japan, in strategic partnerships with outside entities aimed at the enhancement of various services and tries to diversify and expand the Group's business portfolio through M&As in addition to expanding business on its own.

The Group endeavors to diversify its business and enhance its services through this kind of approach. However, changes in the domestic or international economic and financial conditions, intensification of competition, changes in the business environment or strategy of partners, revision of relevant legislation, and other factors could cause a failure to achieve expected results or result in the need to record additional expenses, such as impairment of goodwill recorded at the time of an M&A. Such a situation could impact the Group's business results and financial position.

[Main Efforts to Address Risk]

In addition to review by the relevant departments according to the individual investment amounts and severity of risks, the Group brings in outside experts for a comprehensive review of the fitness of the investment structure and the future investment effect from a broad point of view when considering each M&A or partnership deal. Even after an M&A deal is executed, the

Group's rules are applied to establish a system for proper operational management, and monitoring is carried out on the business plan, results management, and other aspects so that the necessary actions can be taken in a timely manner.

(v) 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.

(vi) 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.

(vii) Climate Change Risk

Failure to respond to regulatory changes, technological innovations, or shifts in business models associated with the transition to a decarbonized society, or extreme weather conditions associated with global warming could cause customer bankruptcies due to deteriorating performance or could cause the value of assets held by the Group to decline, which could impact the Group's business results and financial position. Moreover, if the Group's response to climate change risk or its information disclosure are inadequate, or are deemed to be so, there is the possibility for the Group's corporate value to be damaged.

[Main Efforts to Address Risk]

The Group recognizes promoting a decarbonized society as a priority task in achieving sustainable growth that forms part of its materiality (material issues). Accordingly, the Group has expressed its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and is working to enhance risk identification and assessment and relevant information disclosure in accordance with the recommendations. Additionally, the Group recognizes climate change as a significant risk for Companywide risk management and is progressing with relevant initiatives.

(viii) Human Rights Violation Risk

With corporate responsibility extending throughout the supply chain and the emphasis on sustainability initiatives, the prevailing view is that companies should recognize stakeholders as broadly encompassing ordinary individuals and local residents. Under these circumstances, if the Group were to neglect these stakeholders, and human rights violations were to occur within the Group or be committed by customers of the Group, it could be perceived as the Group itself causing, encouraging, or directly participating in those human rights violations. In turn, this could lead to damage to the Group's corporate value.

[Main Efforts to Address Risk]

The Group established the Human Rights Policy in September 2022, declaring that we "recognize that conducting business with the utmost respect of human rights is a major challenge, and we will fulfill our responsibilities in this matter across all our business activities." In addition, the Group launched an internal project to address human rights violation risk in October 2022. Moving forward, the Group will continue to advance efforts to eliminate human rights violations.

(ix) 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.

Despite the subsiding of the COVID-19 pandemic, which had continued since 2020, the Group will continue to promote diverse and flexible workstyles that utilize the IT remote communication tools and telecommuting systems, which were rolled out during the pandemic for both internal and external use. This will be done from the standpoint of improvement of productivity and Business Continuity Management (BCM) including the prevention of the spread of infection.

(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 in 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.

4. 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.

Segment profit or loss presented is consistent with net income attributable to owners of the parent in the consolidated statements of income.

(Consolidated Operating Results) (Billions of yen)

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Changes	Changes (%)
Revenues	1,896.2	1,950.5	54.3	2.9
Gross Profit	357.3	380.0	22.7	6.4
Operating Income	138.7	146.1	7.4	5.4
Recurring Income	146.0	151.6	5.5	3.8
Net Income Attributable to Owners of the Parent	116.2	123.8	7.6	6.5
New Transactions Volume	2,640.6	3,051.9	411.3	15.6

(Consolidated Financial Position) (Billions of yen)

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Changes	Changes (%)
Total Equity	1,551.0	1,705.3	154.3	9.9
Total Assets	10,726.1	11,149.8	423.6	3.9
Interest-Bearing Debt	8,236.1	8,439.7	203.6	2.5
Equity Ratio (%)	14.3	15.1	0.8pt	–

(i) Financial Position and Operating Results

For operating results, etc. for the fiscal year under review, the volume of new transactions increased by ¥411.3 billion or 15.6% year on year to ¥3,051.9 billion.

Revenues increased by ¥54.3 billion or 2.9% to ¥1,950.5 billion.

Meanwhile, gross profit rose by ¥22.7 billion or 6.4% to ¥380.0 billion, operating income by ¥7.4 billion or 5.4% to ¥146.1 billion, recurring income by ¥5.5 billion or 3.8% to ¥151.6 billion, and net income attributable to owners of the parent by ¥7.6 billion or 6.5% to ¥123.8 billion.

As of March 31, 2024, total assets increased by ¥423.6 billion or 3.9% from the previous fiscal year-end to ¥11,149.8 billion, while total equity rose by ¥154.3 billion or 9.9% to ¥1,705.3 billion, and interest-bearing debt (excluding lease obligations) increased by ¥203.6 billion or 2.5% to ¥8,439.7 billion. The equity ratio increased by 0.8 points to 15.1%.

(ii) Cash Flows

Cash and cash equivalents as of March 31, 2024 totaled ¥335.3 billion, a decrease of ¥125.1 billion or 27.2% from the previous fiscal year-end.

The ¥125.1 billion decrease came from ¥49.1 billion used in operating activities and ¥222.9 billion used in financing activities despite ¥143.3 billion provided by investing activities.

Operating activities used net cash of ¥49.1 billion compared to net inflows of ¥46.7 billion in the previous fiscal year. Inflows from income before income taxes of ¥167.6 billion with an adjustment of ¥527.0 billion for depreciation and loss on disposal and sales of leased assets, a decrease in lease receivables and investments in leases of ¥64.1 billion, a decrease in loans receivable of ¥16.4 billion, a decrease in installment receivables of ¥12.1 billion, and an increase in trade payables of ¥10.9 billion were set against outflows from purchases of leased assets of ¥884.8 billion.

Investing activities provided net cash of ¥143.3 billion compared to net outflows of ¥127.3 billion in the previous fiscal year. This mainly consisted of proceeds from withdrawal of/payments into time deposits of ¥125.8 billion.

Financing activities used net cash of ¥222.9 billion compared to ¥8.9 billion in the previous fiscal year. Net outflows of ¥70.5 billion for direct funding and ¥89.8 billion for bank loans and other forms of indirect funding were set against items including ¥51.7 billion in cash dividends paid.

(iii) Operating Transactions

a. New Transactions Volume

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

Previous Fiscal Year

(Billions of yen)

	Reportable Segments							Adjustments	Total
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
New Transactions Volume	933.2	1,300.7	35.8	195.6	55.3	87.9	31.8	–	2,640.6

Fiscal Year under Review

(Billions of yen)

	Reportable Segments							Adjustments	Total
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
New Transactions Volume	984.8	1,389.6	22.8	456.3	38.3	152.0	14.3	(6.4)	3,051.9

b. Operating Results

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

Previous Fiscal Year

(Billions of yen)

	Reportable Segments							Adjustments	Amount recorded in Consolidated Statement of Income
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Gross Profit	116.5	121.1	16.4	33.6	32.1	24.9	9.0	3.4	357.3
Segment Profit	38.1	29.0	11.6	6.2	15.3	12.6	3.7	(0.6)	116.2

Fiscal Year under Review

(Billions of yen)

	Reportable Segments							Adjustments	Amount recorded in Consolidated Statement of Income
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Gross Profit	115.9	135.3	10.4	49.1	35.5	23.8	1.2	8.4	380.0
Segment Profit	38.1	16.6	7.3	27.3	17.8	11.9	2.7	1.8	123.8

c. Segment Asset Balance

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

Previous Fiscal Year

(Billions of yen)

	Reportable Segments							Adjustments	Amount recorded on the Consolidated Balance Sheet
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Segment Assets	3,227.7	2,644.2	433.2	1,640.2	1,092.9	447.2	41.4	1,199.0	10,726.1

(Note) Segment assets include operating assets, investments in the affiliates accounted for by the equity method, goodwill and investment securities. Adjustments include segment assets not attributable to any reportable segments, and the difference between the total amount of segment assets and the total assets on the consolidated balance sheet, which consists of cash and cash equivalents and own-used assets, etc.

Fiscal Year under Review

(Billions of yen)

	Reportable Segments							Adjustments	Amount recorded on the Consolidated Balance Sheet
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Segment Assets	2,966.5	3,070.8	416.6	2,020.0	1,099.0	525.4	51.9	999.4	11,149.8

(Note) Segment assets include operating assets, investments in the affiliates accounted for by the equity method, goodwill and investment securities. Adjustments include segment assets not attributable to any reportable segments, and the difference between the total amount of segment assets and the total assets on the consolidated balance sheet, which consists of cash and cash equivalents and own-used assets, etc.

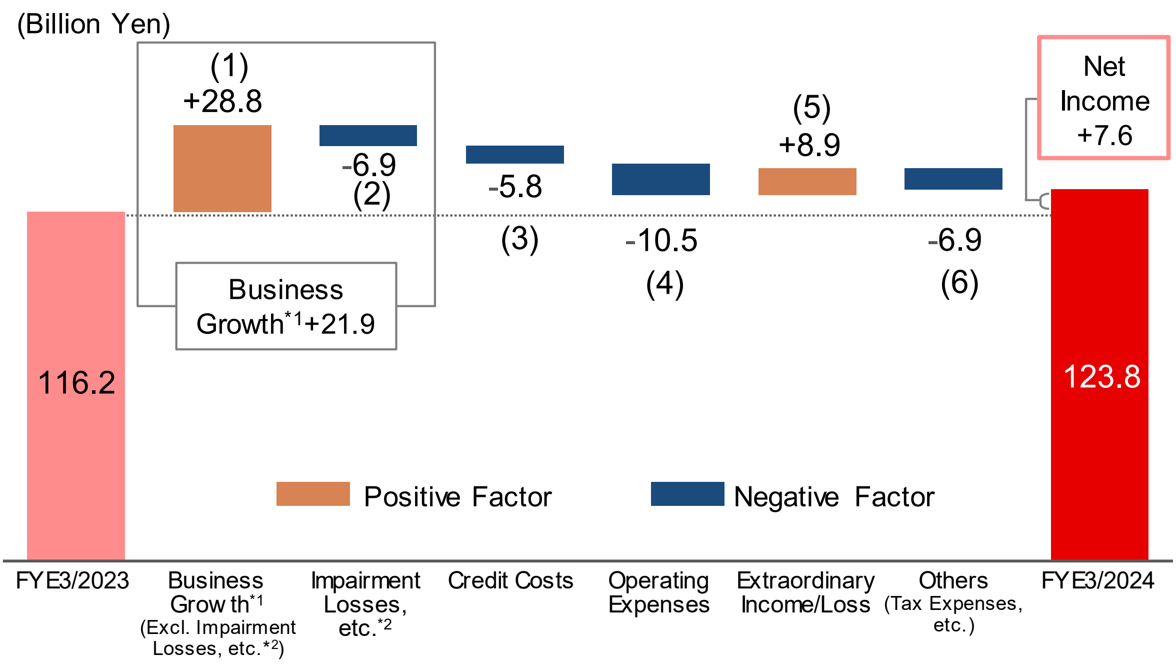
(2) Views and Issues Analyzed/Discussed with Regard to the Operating Results, etc. from the Management's Perspective

(i) Overview of Financial Results, etc.

For the fiscal year ended March 31, 2024, net income attributable to owners of the parent increased by ¥7.6 billion to ¥123.8 billion. The annual dividend per share was ¥37, increasing for 25 consecutive fiscal years.

- Net income attributable to owners of the parent for the fiscal year ended March 31, 2024 exceeded the initial forecast of ¥120.0 billion by ¥3.8 billion, or 3.2%, hitting a record high for two consecutive years.
- The annual dividend per share increased by ¥4 year on year to ¥37, as per initial forecast, increasing for 25 consecutive fiscal years.

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



* 1 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 gains on bad debts recovered).

* 2 The amount of impairment losses, etc., is the combined total of impairment losses and losses on certain U.S. projects in the Real Estate segment.

Major factors for increase/decrease in net income attributable to owners of the parent are as follows (the amounts provided reflect the impact on income before income taxes).

Business Growth (excluding impairment losses, etc.)	¥28.8 billion
Impairment Losses, etc.	¥(6.9) billion
Increase in Credit Costs	¥(5.8) billion
Increase in Operating Expenses	¥(10.5) billion
Increase in Extraordinary Income/Loss	¥8.9 billion
Increase in Others (tax expenses, etc.)	¥(6.9) billion

(ii) Major Topics

Formulation and Announcement of the Medium-Term Management Plan for FY2023 - FY2025 ("2025 MTMP")

The Company formulated a Medium-term Management Plan covering the three-year period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026 ("2025 MTMP"), which was announced in May 2023. The 2025 MTMP is positioned as the "hop" plan of our three Medium-term Management Plans ("hop," "step," and "jump") toward Our 10-Year Vision (Together we innovate, challenge and explore the frontiers of the future). The financial targets for the fiscal year ending March 31, 2026, the final fiscal year of the 2025 MTMP, are net income attributable to owners of the parent of ¥160.0 billion, ROA of approximately 1.5%, ROE of approximately 10%, and a payout ratio of 40% or more during the 2025 MTMP period. Net income attributable to owners of the parent is used for the calculation of ROA and ROE.

For details on the 2025 MTMP, please refer to "1. Management Policy, Business Environment and Tasks Ahead, etc." in "Item 2. Business Overview."

Major Business Topics

April 2023

- Announced the conclusion of a "Virtual PPA" (non-fossil certificate transfer agreement for renewable energy electricity) between Mitsubishi HC Capital Energy Inc., which is engaged in the renewable energy power generation business, and Tokyo Metro Co., Ltd.
- Made CenterPoint Development Inc., a Group company engaged in the development of logistics facilities and an asset management business specializing in such facilities, a wholly owned subsidiary.
- Established the "Innovation Investment Fund" with a total ¥10.0 billion of funds available for investments in startups with the aim to promote creation of new services and development of new businesses, and started operations.

<Investment Activities in FY2023 (fiscal year ended March 31, 2024)>

Investee Companies	Business Description
Tabist Co., Ltd.	Provision of DX services for hotel reservation management and pricing
ZERO Co., Ltd	Operation of vending machines to contribute to reduction of food loss
Credit Engine Group, Inc.	Development and operation of online trading platform business
MedUp, Inc.	Provision of products to improve hospital management such as enhancement of regional cooperation
matsuri technologies Inc.	Operation of private lodging and short-term rental services
M-INT Inc.	Development of electronic referral systems and medical resource databases
Aakel Technologies Inc.	Provision of DX services related to decarbonization and EV energy management

May 2023

- Announced HSE Ltd., engaged in the renewable energy power generation business, launched a renewable energy aggregation business (prediction of renewable energy power generation and preparation of power generation plans, and provision of electricity and non-fossil value based on them).

August 2023

- Announced to start business operations in Silicon Valley in the U.S. to strengthen the business intelligence function as part of the innovation initiatives.

September 2023

- Mitsubishi HC Capital Energy Inc. and Mitsubishi Auto Leasing Corporation launched an integrated service necessary for the introduction and operation of EVs, including the supply of EVs and charging infrastructure as well as renewable energy as the power source.
- Announced the business alliance with Horizon Ocean Management, Ltd. with the aim of stabilizing and improving efficiency of the O&M service (maintenance, inspection and repair) in the offshore wind power generation business.

November 2023

- Announced the business alliance with Lenovo Japan LLC and Mitsubishi UFJ Trust and Banking Corporation with an aim to provide a comprehensive package service to support startups, including PC subscription service.
- Announced the launch of a verification project using robots in logistics facilities, as a METI commissioned project, together with BIC CAMERA INC. and YAMAZEN CORPORATION.
- Started offering facial photo collection and authentication service on a subscription model with TOPPAN Edge Inc.
- Signed a partnership agreement with AeroEdge Co., Ltd. manufacturing and selling aircraft engine parts with an aim to enhance the partnership to accelerate DX and SDGs in the aviation industry.

December 2023

- Selected the first projects that passed the final review in the internal startup program of the Zero-Gravity Venture Lab, an initiative aimed at accelerating new business development, and officially launched the projects toward the establishment of a company.

	・ Announced to start a trial for a preventive maintenance service for infrastructure using an earthworm-like in-pipe crawling robot "Sooha" offered by SoLARIS Inc.
January 2024	・ Decided to invest in European Energy A/S, a Danish company developing and operating renewable and next generation energy business (investment was executed in April 2024).
	・ Transferred shares of DFL Lease Co., Ltd. and Shutoken Leasing Co., Ltd., both Group companies.
February 2024	・ Announced the launch of a joint venture for renewable energy generation based on a PPA (Power Purchase Agreement) between the Group, TOKYU CORPORATION and TOKYO POWER SUPPLY CO., LTD and the conclusion of a contract for the first project.
	・ Announced the transfer of shares of Sekisui Leasing Co., Ltd., a group company (transfer conducted in June 2024).
	・ Decided to establish the "Robotics Business Development Department," a dedicated organization to accelerate the development and promotion of new businesses in the robotics sector, in April 2024.
March 2024	・ Began the full-scale utilization of generative AI by the Company in cooperation with Hitachi, Ltd.

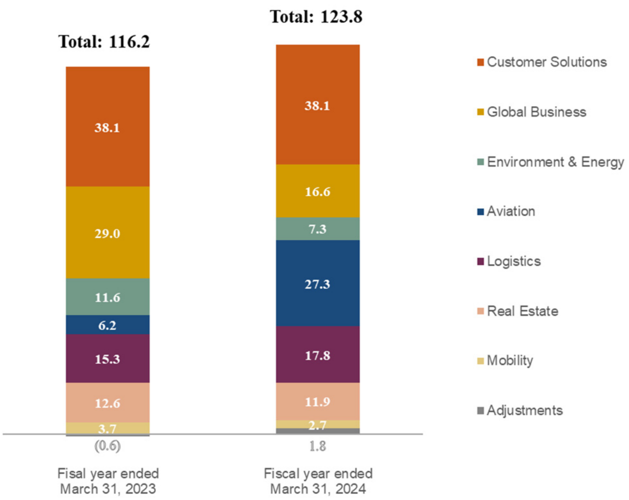
(iii) Operating Results by Reportable Segment

Operating results by reportable segment are as follows.

In accordance with the organizational changes effective April 1, 2023, the name of the reportable segment "Environment, Energy & Infrastructure" was changed to "Environment & Energy" from the fiscal year under review.

Details of the business of each segment are as described in "3. Description of Business" in "1. Overview of the Company and its Consolidated Subsidiaries."

Segment Profit (net Income attributable to Owners of the Parent by Segment) Year on Year (Billions of yen)



Main Factors for Changes in Segment Profit

Customer Solutions

Segment profit remained unchanged year on year at ¥38.1 billion mainly due to an increase in gains on sales of strategic shareholding, despite the absence of large gains on sales of assets related to real estate leasing and insurance claim income from a certain deal recorded in the previous fiscal year.

Global Business

Segment profit decreased by ¥12.4 billion, or 42.8% year on year, to ¥16.6 billion. This was mainly due to an increase in credit costs in line with the worsening market condition of the transportation sector that was strong during the COVID-19 pandemic in the Americas and the absence of gains on revaluation of securities recorded in Europe in the previous fiscal year, despite the positive effects of adjusting the fiscal period associated with the reorganization of subsidiaries in the Americas.
Effective April 1, 2023, we executed the business integration of three subsidiaries in the Americas with a different fiscal year-end. While the surviving company's fiscal year-end is March 31, the two merged companies' fiscal year-end was December

31. Accordingly, results of the two merged companies for the period from January 1, 2023 to March 31, 2023 are also included in the consolidation for the fiscal year ended March 31, 2024, resulting in a year-on-year increase in profit.

Environment & Energy
Segment profit decreased by ¥4.3 billion, or 37.1% year on year, to ¥7.3 billion mainly due to recording of impairment losses on a solar power generation project in Japan and a decrease in profits from equity-method investments despite an increase in gains on sale of assets.

Aviation
Segment profit increased by ¥21.1 billion, or 340.3% year on year, to ¥27.3 billion mainly thanks to an increase in leasing revenues, a reversal of large credit costs, a decrease in impairment losses, and a decrease in exchange revaluation losses related to foreign currency-denominated borrowings in aircraft leasing transactions that our head office is engaged in.

Logistics
Segment profit increased by ¥2.4 billion, or 15.9% year on year, to ¥17.8 billion mainly thanks to an increase in gains on sale of assets (mainly shipping) despite a decrease in leasing revenues attributable to the normalization of the utilization rates of marine containers after a period of overheated market conditions.

Real Estate
Segment profit decreased by ¥0.7 billion, or 5.6% year on year, to ¥11.9 billion mainly due to recording of losses in U.S. projects against a backdrop of the worsening real estate market, the negative effect of the deconsolidation of Diamond Asset Finance Company Limited, and an increase in tax expenses despite an increase in gains on sale of assets and the recording of gains on step acquisitions in relation to making CenterPoint Development Inc. a wholly owned subsidiary.

Mobility
Segment profit decreased by ¥1.0 billion, or 26.4% year on year, to ¥2.7 billion mainly due to the negative effect of the deconsolidation of Mitsubishi HC Capital Auto Lease Corp.

(iv) Financial Position
As of March 31, 2024, total assets increased by ¥423.6 billion or 3.9% from the previous fiscal year-end to ¥11,149.8 billion, while total equity rose by ¥154.3 billion or 9.9% to ¥1,705.3 billion, and interest-bearing debt (excluding lease obligations) increased by ¥203.6 billion or 2.5% to ¥8,439.7 billion. The equity ratio increased by 0.8 points to 15.1%.

(v) 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.

At the end of the fiscal year under review, interest-bearing debt (excluding lease obligations) increased ¥203.6 billion from the previous fiscal year-end to ¥8,439.7 billion, and total liabilities increased ¥269.3 billion from the previous fiscal year-end to ¥9,444.5 billion. Out of interest-bearing debt, long-term liabilities such as long-term borrowings rose by ¥189.8 billion from the previous fiscal year-end to ¥5,383.9 billion, while short-term liabilities such as short-term borrowings and commercial paper increased by ¥13.8 billion from the previous fiscal year-end to ¥3,055.8 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 papers, 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 corporate bonds for retail investors as well as financing from banks and institutional investors.

With regard to fund management in the entire Group, we have put in place a system to allocate funds efficiently utilizing group finance from Mitsubishi HC Capital and Regional Treasury Base.

From the perspective of liquidity, we manage cash flows 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 ¥737.8 billion.

For cash flows, please refer to "(ii) Cash Flows" in "(1) Overview of Operating Results, etc." in "4. Management's Analyses of Consolidated Financial Position, Operating Results and Cash Flows" of "Item 2. Business Overview."

(vi) 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, 2024)

Type of Loans Receivable	Number (Items)	Percentage (%)	Balance (Millions of Yen)	Percentage (%)	Average Contracted Interest Rate (%)
For Consumers Unsecured (excluding Housing)	25	0.29	29	0.00	2.08
Secured (excluding Housing)	–	–	–	–	–
For Housing	5,541	64.67	26,414	1.78	1.49
Total	5,566	64.96	26,444	1.78	1.49
For Business Operators Total	3,003	35.04	1,456,697	98.22	2.24
Total	8,569	100.00	1,483,142	100.00	2.18

(ii) Breakdown of Financing

(As of March 31, 2024)

Lenders, etc.		Balance (Millions of Yen)	Average Financing Interest Rate (%)
Borrowings from Financial Institutions, etc.		1,993,777	2.10
Others		1,817,669	0.74
	Corporate Bonds and Commercial Papers	1,757,867	0.75
Total		3,811,447	1.45
Shareholders' Equity		831,723	–
	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, 2024)

By Industry	Number of Obligors (Items)	Percentage (%)	Balance (Millions of Yen)	Percentage (%)
Manufacturing	114	2.16	33,872	2.28
Construction	18	0.34	667	0.05
Electricity, Gas, Heat Supply and Water	38	0.72	83,486	5.63
Transport and Communications	28	0.53	305,377	20.59
Wholesale and Retail Trade, and Eating and Drinking Places	226	4.28	20,646	1.39
Finance and Insurance	34	0.64	44,481	3.00
Real Estate	201	3.80	452,337	30.50
Service	478	9.05	475,796	32.08
Agriculture	–	–	–	–
Individuals	4,057	76.78	26,444	1.78
Others	90	1.70	40,032	2.70
Total	5,284	100.00	1,483,142	100.00

(iv) Breakdown of Loans Receivable Outstanding by Collateral

(As of March 31, 2024)

Type of Collateral received		Balance (Millions of Yen)	Percentage (%)
Securities		–	–
	including Shares	–	–
Claim		5,881	0.40
	including Deposits	2,124	0.14
Merchandise		–	–
Real Estate		163,432	11.02
Foundation		–	–
Others		7,274	0.49
Total		176,587	11.91
Guarantees		6,006	0.40
Unsecured		1,300,548	87.69
Total		1,483,142	100.00

(v) Breakdown of Loans Receivable Outstanding by Period

(As of March 31, 2024)

By Period	Number (Items)	Percentage (%)	Balance (Millions of Yen)	Percentage (%)
1 Year or Less	939	10.96	71,514	4.82
Over 1 Year to 5 Years	890	10.39	524,861	35.39
Over 5 Years to 10 Years	1,000	11.67	575,605	38.81
Over 10 Years to 15 Years	104	1.21	223,937	15.10
Over 15 Years to 20 Years	391	4.56	33,948	2.29
Over 20 Years to 25 Years	1,403	16.37	11,229	0.76
Over 25 Years	3,842	44.84	42,046	2.83
Total	8,569	100.00	1,483,142	100.00
Average Period per Case			7.28 years	

(Note) Periods are on a contractual term basis.

5. 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	Up to 2026 (Note 2)	Aircraft purchase agreement ・Boeing 737 Max 8 22 aircraft (Note 1)

(Notes) 1. In the fiscal year ended March 31, 2021, the Company entered into an agreement to change the number of aircraft purchased to 22 from 30 in the initial agreement.

2. In the fiscal year ended March 31, 2023, the Company entered into an agreement to change the expected date of receipt in the initial agreement (up to 2025) to the period up to 2026.

(2) The Company resolved at the Board of Directors' meeting held on April 14, 2023 to acquire all of the shares of CenterPoint Development Inc., an affiliated company accounted for by the equity method, and entered into a share transfer agreement as of the said date. Details are as described in "Notes to Business Combinations" in "1. Consolidated Financial Statements, etc." of "Item 5. Financial Information."

(3) On November 8, 2023, the Company made the decision to transfer all of its shareholdings in consolidated subsidiaries DFL Lease Company Limited and Shutoken Leasing Co., Ltd., and concluded a share transfer agreement on the same day. Details are as described in "Notes to Business Combinations" in "1. Consolidated Financial Statements, etc." of "Item 5. Financial Information."

(4) At the Board of Directors meeting held on January 19, 2024, the Company decided to invest (approximately €700 million) in European Energy A/S ("European Energy"), a Danish company developing and operating renewable and next generation energy mainly in Europe, and signed an investment agreement to acquire 20% of outstanding shares in European Energy. Details are as described in "Notes to Significant Subsequent Events" in "1. Consolidated Financial Statements, etc." of "Item 5. Financial Information."

6. 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	843,262

(Note) leased 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	213,422

(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	3,904,046

(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, 2024)	Number of Shares Issued as of the Date of Submission (June 25, 2024)	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	Prime Market of the Tokyo Stock Exchange	Number of shares per unit 100
Total	1,466,912,244	1,466,912,244	—	—

(Note) On April 25, 2024, the Company submitted an application for the delisting of its shares from Nagoya Stock Exchange, with the delisting taking place on June 15, 2024.

(2) Share Acquisition Rights, etc.

(i) Description of the Stock Option Plan

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 Share Acquisition Rights*	375	579 [471]
Class, Description and Number of Shares to be issued upon Exercise of Share Acquisition Rights*	Common Shares 37,500 (Note 1)	Common Shares 57,900 (Note 1) [47,100] (Note 1)
Amount to be paid upon Exercise of Share Acquisition Rights*	¥1 per share	
Exercise Period of Share 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 Share 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 Share Acquisition Rights*	(Note 2)	
Matters concerning the transfer of Share Acquisition Rights*	Acquisition of share 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 Share 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 Share Acquisition Rights*	1,133 [1,039]	1,568 [1,436]
Class, Description and Number of Shares to be issued upon Exercise of Share Acquisition Rights*	Common Shares 113,300 (Note 1) [103,900] (Note 1)	Common Shares 156,800 (Note 1) [143,600] (Note 1)
Amount to be paid upon Exercise of Share Acquisition Rights*	¥1 per share	
Exercise Period of Share 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 Share 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 Share Acquisition Rights*	(Note 2)	
Matters concerning the transfer of Share Acquisition Rights*	Acquisition of share 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 Share 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 Share Acquisition Rights*	2,316 [2,201]	3,367 [3,089]
Class, Description and Number of Shares to be issued upon Exercise of Share Acquisition Rights*	Common Shares 231,600 (Note 1) [220,100] (Note 1)	Common Shares 336,700 (Note 1) [308,900] (Note 1)
Amount to be paid upon Exercise of Share Acquisition Rights*	¥1 per share	
Exercise Period of Share 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 Share 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 Share Acquisition Rights*	(Note 2)	
Matters concerning the transfer of Share Acquisition Rights*	Acquisition of share 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 Share 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 Share Acquisition Rights*	2,875	3,842
Class, Description and Number of Shares to be issued upon Exercise of Share Acquisition Rights*	Common Shares 287,500 (Note 1)	Common Shares 384,200 (Note 1)
Amount to be paid upon Exercise of Share Acquisition Rights*	¥1 per share	
Exercise Period of Share 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 Share 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 Share Acquisition Rights*	(Note 2)	
Matters concerning the transfer of Share Acquisition Rights*	Acquisition of share 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 Share 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 & Supervisory Committee Members) Executive Officers of the Company: 55 (excluding those concurrently holding positions as directors)
Number of Share Acquisition Rights*	4,003	8,411 [8,211]
Class, Description and Number of Shares to be issued upon Exercise of Share Acquisition Rights*	Common Shares 400,300 (Note 1)	Common Shares 841,100 (Note 1) [821,100] (Note 1)
Amount to be paid upon Exercise of Share Acquisition Rights*	¥1 per share	
Exercise Period of Share 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 Share 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 Share Acquisition Rights*	(Note 2)	(Note 4)
Matters concerning the transfer of Share Acquisition Rights*	Acquisition of share 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 Share Acquisition Rights in Connection with Organizational Restructuring*	(Note 3)	

Date of Resolution	June 28, 2022
Category and Number of Grantees (Persons)	Directors of the Company: 6 (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) Executive Officers of the Company: 55 (excluding those concurrently holding positions as directors)
Number of Share Acquisition Rights*	8,554
Class, Description and Number of Shares to be issued upon Exercise of Share Acquisition Rights*	Common Shares 855,400 (Note 1)
Amount to be paid upon Exercise of Share Acquisition Rights*	¥1 per share
Exercise Period of Share Acquisition Rights*	From July 16, 2022 to July 15, 2052
Issue Price of Shares and Additional paid-in Capital per Share if Shares are issued upon Exercise of Share Acquisition Rights*	Issue Price: ¥512 Additional paid-in capital per share: ¥256
Conditions for exercise of Share Acquisition Rights*	(Note 4)
Matters concerning the transfer of Share Acquisition Rights*	Acquisition of share 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 Share Acquisition Rights in Connection with Organizational Restructuring*	(Note 3)

* Description as of the last day of the fiscal year under review (March 31, 2024) 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, 2024), 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 share acquisition rights shall be common shares, and the number of shares to be issued upon exercise of each share acquisition right (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 share 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 share 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 stock 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 capital reserve 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 Share Acquisition Rights," share acquisition right holders may exercise share 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), share 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 share acquisition rights of the restructured company are delivered to the share acquisition right holders in accordance with the matters related to delivery of share 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 share acquisition right 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"), share 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 share acquisition right holders remaining unexercised (hereinafter referred to as "Remaining Share 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 share 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 Share Acquisition Rights of the restructured Company to be delivered
   The same number of share acquisition rights as the number of remaining share acquisition rights held by the share acquisition right holders shall be delivered respectively.

   (2) Class of Shares of the Restructured Company to be issued upon Exercise of Share Acquisition Rights
   Common shares of the Restructured Company.

   (3) Number of Shares of the Restructured Company to be issued upon Exercise of Share 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 Share Acquisition Rights
   Value of assets to be contributed upon the exercise of each share 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 share 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 share acquisition right to be delivered.

   (5) Period during which Share Acquisition Rights can be exercised
   Starting from the later of either the initial date of the exercise period of share acquisition rights as stipulated in the "Exercise Period of Share Acquisition Rights" or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of share acquisition rights as stipulated in the "Exercise Period of Share Acquisition Rights."

(6) Matters concerning increase in Share Capital and Capital Reserve by issuing of Shares upon Exercise of Share Acquisition Rights

(i) Amount of share capital to be increased with the issuance of shares upon exercise of share 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 share 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 Share Acquisition Rights by Transfer

Acquisition of share 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 Share Acquisition Rights

To be determined in accordance with (Note 2) above or (Note 4) below.

(9) Terms of Acquisition of Share Acquisition Rights

The Company may acquire share 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 share 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 Share Acquisition Rights,” share acquisition right holders may exercise share 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), share 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 share acquisition rights of the restructured company are delivered to the share acquisition right holders in accordance with the matters related to delivery of share 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 share acquisition right holders.

(ii) Rights Plan

Not applicable.

(iii) Other Share 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 (Thousands of Shares)	Balance of Number of Issued Shares (Thousands of 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, 2024)

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	–	84	45	1,436	585	580	335,262	337,992	–
Number of Shares held (Units)	–	3,623,981	359,411	5,139,351	2,699,117	2,967	2,822,929	14,647,756	2,136,644
Shareholding Ratio (%)	–	24.74	2.45	35.09	18.43	0.02	19.27	100.00	–

(Note) 29,804,554 shares of treasury shares are stated in “Individuals and Others,” including 298,045 units, and 54 shares in Shares less than one unit.

(6) Major Shareholders

(As of March 31, 2024)

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	18.37
Mitsubishi UFJ Financial Group, Inc.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	208,345	14.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1 Akasaka 1-chome, Minato-ku, Tokyo	125,617	8.74
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	65,927	4.58
MUFG Bank, Ltd.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	50,348	3.50
Mitsubishi UFJ Trust and Banking Corporation (Note)	4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo	28,431	1.97
Meiji Yasuda Life Insurance Company	1-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo	27,990	1.94
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)	16,345	1.13
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1 Konan 2-chome, Minato-ku, Tokyo)	12,019	0.83
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6-4 Otemachi 2-chome, Chiyoda-ku, Tokyo	11,419	0.79
Total	–	810,490	56.39

(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, 2024)

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	29,804,500	–	–
Shares with full Voting Rights (Others)	Common shares	1,434,971,100	14,349,711	–
Shares Less than One Unit	Common shares	2,136,644	–	–
Total Number of issued Shares		1,466,912,244	–	–
Total Number of Voting Rights		–	14,349,711	–

(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 Company shares (61 voting rights) and 20 Company 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 2,685,200 Company shares (26,852 voting rights) and 68 Company shares, respectively, held by a trust under the performance-based stock compensation plan.

(ii) Treasury Shares, etc.

(As of March 31, 2024)

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	29,804,500	–	29,804,500	2.03
Total	–	29,804,500	–	29,804,500	2.03

(Note) In addition to the Number of Shares held under own Name of 29,804,554 shares (including 54 shares less than one unit), 2,685,268 of the Company's shares held by a trust under the performance-based stock compensation plan are recorded as treasury shares in the financial statements.

(8) Description of Officers' and Employees' Shareholding Plan

The Company resolved at the 52nd Annual General Meeting of Shareholders held on June 27, 2023 to adopt a performance-based stock compensation plan that uses a trust (hereinafter, the "Plan") for Directors (excluding non-Executive Directors and non-residents in Japan) excluding Directors who are Audit & Supervisory Committee Members and Executive Officers, etc. (excluding non-residents in Japan; hereinafter, the Directors and the Executive Officers, etc. are collectively referred to as the "Director(s), etc.").

(i) Outline of the Plan

The Plan is a stock compensation plan where the Company shares and cash equivalent to the conversion value of the Company shares (hereinafter, the "Company Shares, etc.") are delivered or paid (hereinafter, the "Delivery, etc.") to the Directors, etc., based on the achievement level of performance targets of the Medium-term Management Plan of the Company. The Company entrusts money to a trust bank to acquire, in advance, the Company shares of which the Delivery, etc. will be conducted in the future, and the trust bank acquires the Company shares with the entrusted money. Furthermore, in accordance with the separately established company rules on the regulations for share delivery, points are granted to the Directors, etc. and the Deliver, etc. of the Company Shares, etc. to the Directors, etc. is conducted according to the points. The initial trust term shall be approximately three years from August 2023 to August 2026 (planned), corresponding to the period of the Medium-term Management Plan, and the maximum amount of trust money contributed by the Company to the trust in the initial trust term shall be ¥2.4 billion.

Class of Trust	Monetary trust other than a specified solely administered monetary trust (third-party benefit trust)
Purpose of Trust	Granting of incentives to Directors, etc.
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Directors, etc. (including retired individuals) who fulfill the beneficiary requirements
Trust Administrator	A third party who has no interest in the Company
Date of Change in Trust Agreement	August 15, 2023 (The Company inherited an agreement concluded by the former Hitachi Capital Corporation, and has changed the contents.)
Trust Period	August 15, 2023 to August 31, 2026 (planned)
Date of Commencement of the Plan	August 15, 2023
Exercise of Voting Rights	Voting rights will not be exercised
Class of Shares Acquired	Common shares of the Company
Method of acquiring Shares	Acquisition in the stock market
Rights Holder	The Company
Residual Assets	As the rights holder, the Company may receive residual assets to the extent of the trust's reserves.

(ii) Total Number of Shares of which Delivery, etc. to the Directors, etc. will be conducted

4,650 thousand shares (maximum number for the three years)

(iii) Scope of Persons who can receive Beneficiary Rights and other Rights under the Plan

Of the Directors, etc., persons who meet the beneficiary requirements separately stipulated in the company rules on the regulations for share delivery

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

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

Not applicable.

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

Not applicable.

(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	596	543,542
Treasury Shares Acquired during the Period	93	94,379

(Note) The treasury shares acquired during the period do not include shares purchased for fractional shares from June 1, 2024 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)	612,200	612,200	92,700	92,700
Number of Treasury Shares held	29,804,554	–	29,711,947	–

(Notes) 1. The disposal of treasury shares acquired during the fiscal year under review and the period is due to the exercise of share acquisition rights.

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 share acquisition rights from June 1, 2024 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 share acquisition rights from June 1, 2024 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.

As stated in "(4) Target Performance Indicators, 1. Management Policy, Business Environment and Tasks Ahead, etc., Item 2. Business Overview," a medium-term target level for the payout ratio shall be 40% or more for the three-year period from fiscal 2023 (the fiscal year ended March 31, 2024), the period covered by the Medium-term Management Plan (2025 MTMP). We will increase the total amount of dividend payment through profit growth.

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 10, 2023 Board of Directors' Resolution	25,866	18.00
May 22, 2024 Board of Directors' Resolution	27,305	19.00

4. Corporate Governance, etc.

(1) Overview of Corporate Governance

(i) Basic Stance on Corporate Governance

While emphasizing initiatives to achieve sustainable corporate growth and a medium-to long-term improvement in corporate value, the Company aspires to contribute to a more prosperous society by respecting the rights and interests of all of its stakeholders—shareholders, customers, local communities, and employees—and fulfilling their trust in the Company.

With the recognition that it is one of its social responsibilities to ensure transparent and sound management, the Company continues to work on initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Committee and the internal audit system, ensuring timely and appropriate disclosures of information, and actively engaging in investor relations (IR) and other activities.

Basic Policy on Corporate Governance

Fostering sound Corporate Culture

In accordance with Our Vision, which guides all of the Company's activities, and the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct, which serves as the standard for the decisions and behaviors of all employees, the Company strives to understand the diversity of its various stakeholders including shareholders, customers, local communities, and employees and foster a corporate culture that respects their rights and perspectives and sound corporate ethics.

Appropriate Information Disclosure and Transparency

The Company conducts proactive and continuous information disclosure in order to be trusted and properly evaluated by each 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, the Company voluntarily and proactively discloses non-financial information that is deemed useful to its stakeholders.

Securing the Rights and Equality of Shareholders

The Company takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively and all shareholders including minority shareholders and foreign shareholders are treated equally.

Constructive Dialogue with Shareholders

Through events such as general shareholders meetings, financial results briefings and other domestic and overseas investor relations (IR) events, the Company pursues proactive and constructive dialogue with diverse shareholders. It thereby seeks to gain understanding from shareholders regarding matters such as its business strategies and further enhance corporate governance through dialogue.

Ensuring Effectiveness of the Board of Directors

All members of the Board of Directors, including Outside Directors, call upon their experience and insight as they engage in free and open discussions, supporting appropriate risk-taking. In this manner, they adequately fulfill their duties and responsibilities to achieve the sustainable growth of the Company, medium-to long-term improvement of its corporate value, and enhancement of its capital efficiency.

Mitsubishi HC Capital Group’s Code of Ethics

Establishing Trust

Fully recognizing the weight of our social responsibility and public mission, the Company aims 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, the Company offers products and services that best meet customers’ needs to obtain customers’ satisfaction and support.

Strict Compliance with Laws and Regulations

The Company strictly adheres to all applicable laws, regulations, and rules (including social, industry, and company rules) and undertakes appropriate and sincere corporate activities in line with social norms. The Company also respects 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, The Company pursues harmony with society.

Exclusion of Anti-Social Elements/Money-Laundering Prevention

The Company takes 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, the Company takes every possible measure to block money laundering and terrorist financing.

(ii) Corporate Governance System

a. Overview of Corporate Governance Systems

The Company is a company with an audit & supervisory committee, and has established a Board of Directors to be responsible for important decision-making and supervisory functions, and an Audit & Supervisory Committee to be responsible for audit and supervisory functions.

In addition, to further enhance its corporate governance, the Company has established the Nomination Committee and the Compensation Committee, as advisory bodies to the Board of Directors related to the nomination of the President, remuneration for Directors, and other matters. The Company has also established the Governance Committee, which consists of Outside Directors, Representative Directors, and others, as an organization that gives the Board of Directors advice related to matters including improvement of its effectiveness.

Alongside adopting an executive officer system, the Company has established an Executive Committee to serve as a body for deliberation and decision-making on important management matters.

i) Matters concerning the Board of Directors and the Audit & 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 particularly to Outside Directors, the General Affairs Department serves as the secretariat for the Board of Directors, and the Audit & Supervisory Committee Office has been established which assists the duties of the Audit & Supervisory Committee.

Each year, all Directors conduct a review and evaluation of the Board of Directors over the previous year. In addition, discussions only by Independent Outside Directors are held regularly, and in the event that an issue, etc. is raised there, it will be appropriately responded to and improved.

Please refer to "(3) Status of the Audit" in "4. Corporate Governance, etc." in "Item 4. Information on the Company" for matters concerning the Audit & Supervisory Committee.

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

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.

Based on the recognition that appropriate involvement of Independent Outside Directors is extremely important for resolutions related to nomination and remuneration, the Company has established the Nomination Committee and Compensation Committee, of which Independent Outside Directors comprise the majority, and which are advisory bodies for the Board 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 utilize an external expert organization to regularly monitor the comparison between the Company's remuneration system for Directors and the market level, and deliberate on 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.

List of the Members in the respective Organizations

Name	Title	Board of Directors	Audit & Supervisory Committee	Governance Committee	Nominating Committee	Compensation Committee
Takahiro Yanai	Director, Chairman	◎		◎	◎	
Taiju Hisai	Representative Director President & CEO	○		○		◎
Aiichiro Matsunaga	Representative Director Deputy President	○		○		
Kazumi Anei	Director Deputy President	○				
Haruhiko Sato	Director Managing Executive Officer	○				
Yuri Sasaki	Director (Independent Outside Director)	○		○	○	○
Kayoko Kawamura	Director (Independent Outside Director)	○		○	○	○
Shota Kondo	Director (Outside Director)	○		○	○	○
Yoshitaka Shiba	Director (Audit & Supervisory Committee Member)	○	◎	○		
Hiroyasu Nakata	Director (Audit & Supervisory Committee Member) (Independent Outside Director)	○	○	○	○	○
Hiroko Kaneko	Director (Audit & Supervisory Committee Member) (Independent Outside Director)	○	○	○	○	○
Masayuki Saito	Director (Audit & Supervisory Committee Member) (Independent Outside Director)	○	○	○	○	○

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

iii) Matters concerning Business Execution

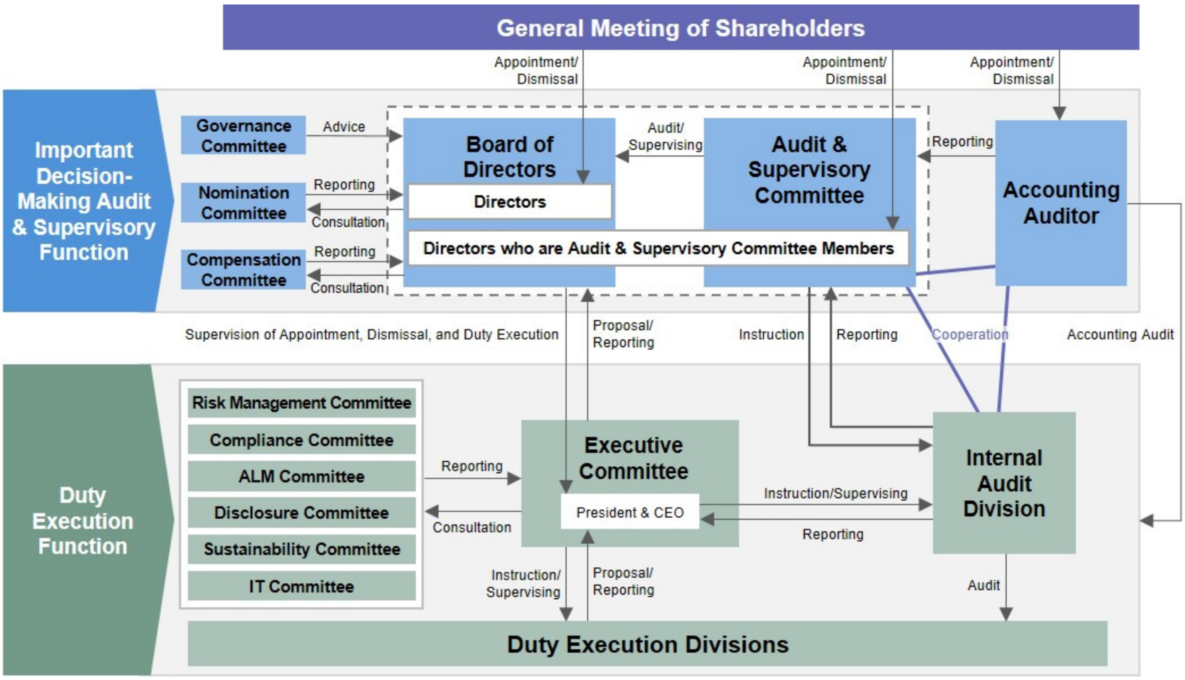
As a company with an audit & supervisory committee, the Company delegates the business execution decisions to the Executive Committee in an appropriate manner, a body which will deliberate and decide on important management matters, and expedites the decision-making process, with the aim of strengthening the supervisory functions 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 President & CEO, Deputy President, and Executive Officers separately specified by the President & CEO. The Committee will hold deliberations and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary deliberations of matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors.

The Company has 26 Executive Officers (four of whom concurrently serve as Directors) as of June 25, 2024.

iv) Reasons for Adoption of current Corporate Governance System

In order to enhance the transparency and fairness 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 & supervisory committee.



b. Status of Activities of the Board of Directors and each Committee (Frequency of Meetings, specific Discussion Items, Attendance of Directors and Committee Members)

i) Board of Directors

The Board of Directors meetings are held every month, in principle. The meetings were held 15 times in FY2023, where important management matters such as the Medium-term Management Plan, major investment projects, business strategies of each business division, and IR activities were deliberated and decided. In addition, the rationality of strategic shareholding was verified. Furthermore, the status of audit is reported from the Audit & Supervisory Committee in a timely manner.

The deliberations of the Executive Committee and its advisory bodies concerning risk management, compliance, sustainability, and other matters are regularly reported to the Board of Directors. In addition, the Board of Directors deliberates on important policies, etc.

Aiming to further accelerate the management decision-making process and secure more time for the Board of Directors to deliberate important matters, the Company reviewed the standards for items to be submitted to and authorized by the Board of Directors and expanded the scope of matters delegated to the Executive Committee, etc. as of October 1, 2023, after having multiple discussions with Independent Outside Directors at the Governance Committee.

Attendance at the meetings by Directors and Audit & Supervisory Committee Members in FY2023 was as follows:

15/15 times (100%)	Takahiro Yanai, Taiju Hisai, Kazumi Anei, Haruhiko Sato, Hiroyasu Nakata, Yuri Sasaki, Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko
14/15 times (93%)	Masayuki Saito
13/15 times (87%)	Takuya Kuga

ii) Governance Committee

The committee meetings were held 6 times in FY2023, and conducted PDCA for effectiveness assessment by deliberating the manner of effectiveness assessment for the Board of Directors and the analysis of the assessment results. The committee also reviewed the standards for items to be submitted to the Board of Directors in order to secure more time for the Board to deliberate important matters. In addition, the committee discussed the establishment of guidelines regarding the holding of the Company's shares by Directors so that profits are appropriately shared between Directors, shareholders, and other stakeholders.

Attendance at the meetings by Directors and Audit & Supervisory Committee Members in FY2023 was as follows:

6/6 times (100%)	Takahiro Yanai, Taiju Hisai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Akira

	Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

iii) Nominating Committee

Committee meetings were held 6 times in FY2023, which deliberated succession plans for the President & CEO and Representative Director candidates, skills that the Directors should have (skill matrix), etc.

Attendance at the meetings by Directors and Audit & Supervisory Committee Members in FY2023 was as follows:

6/6 times (100%)	Takahiro Yanai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito

iv) Compensation Committee

The committee meetings were held 7 times in FY2023, which deliberated the Directors' remuneration scheme and standards, verified the amount paid as performance-based compensation, and deliberated the adoption of a performance-based stock compensation plan.

Attendance at the meetings by Directors and Audit & Supervisory Committee Members in FY2023 was as follows:

7/7 times (100%)	Taiju Hisai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko
6/7 times (86%)	Masayuki Saito

c. 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, the Company will continue to make further improvements and enhancements by reviewing it appropriately 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, the internal control system shall be applied to each Group company by 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 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, etc. 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 require the Group companies to request prior approval or consultation or to provide reports regarding important management matters in line with internal rules in order to manage the Group appropriately. Thus, the Company shall manage the Group companies with responsible departments giving approval, implementing consultation, receiving reports, etc. 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 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 executives and employees of the Group comply with laws and regulations and the Articles of Incorporation, by establishing and disseminating internal rules, etc. 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 executives and employees of the Group comply with laws and regulations, etc., including education for the Group's executives and employees) and monitor how the Group's executives and employees are working on those programs.
(5) The Company shall establish the Compliance Hotline System as an internal whistleblowing system under which the Group's executives, employees, etc., can report to or seek consultations with the Company regarding unfair practices and other conduct. 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, etc. and fully inform all executives and employees through internal training and on other occasions.
(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, etc. 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 which deliberates 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, etc. 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 the 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, the Board of Directors and Audit & Supervisory Committee.

With regard to findings that require improvement, for which guidance was provided to the departments subject to audits (important findings), those departments, after taking improvement measures, are made to report the results to the General Manager of the Internal Audit Department. The results for important findings are to be reported by the Internal Audit Department to the Representative Director, in order to ensure the effectiveness of the audit.

(3) The General Manager of the Internal Audit Department shall regularly and appropriately build collaborative relationships with the Audit & Supervisory Committee Member(s) of the Company and Auditors and other relevant persons and the Accounting Auditor of the Group companies, 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 shall build a basis for the stable recording of returns that commensurate with risk, for achievement of an appropriate capital structure, and appropriate allocation of resources, primarily by identifying and recognizing, evaluating and measuring, controlling, monitoring, and reporting the risks of the Group and by implementing continuous comprehensive risk management.

(3) The Company shall establish individual risk management methods and their implementations, by classifying significant risks into the following categories based on characteristic features of businesses and services of the Group.

i) Credit risks
ii) Asset risks
iii) Investment risks
iv) Market risks
v) Liquidity risks
vi) Country risks
vii) Operational risks

(4) The Company shall implement and monitor risk capital management after comprehensively grasping the risks of the Group that can be evaluated, measured and forecasted in a reasonably quantitative manner and by periodically and as necessary examining the risk capital management.

(5) The Company shall establish internal rules, etc. that state, among other matters, the Group’s basic policies for risk management and risk management methods, operations, systems, etc. The Group Companies shall also prepare necessary internal rules, etc. that state, among other matters, the risk management and operations of the Group Companies.

(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 to the Risk Management Committee shall be made on major risks of the Group’s businesses, 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 demand significant risk-related reports from the Group Companies and compile them into information necessary for company-level risk management before reporting current risk, issues, and if necessary countermeasures, etc. related to the overall management of the Group, to the Board of Directors, which shall supervise their implementations.

<Crisis Management>

(1) The Company shall clarify its basic ideas and judging standards in preparation against an event that may lead to huge loss, undermine credibility, or cause substantial delay or long-term interruption in business of the Group, and establish a system, etc. that ensures continuous management of operations in general and recovery of normal functions to fulfill social responsibility and minimize losses of the Group.

(2) The Company shall, in peacetime, clarify the departments responsible for events in crisis based on the characteristics of their business, prepare systems that deal with different levels of events in crisis, and establish internal rules, etc. that enable activities to collect information and collaborate in crisis, and allow business continuity and recovery. The Group companies shall establish corresponding internal rules, etc. 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, and in accordance with the Group's management targets and management plans.

(2) The Company shall establish the Executive Committee, a body which will deliberate and decide on important matters, and the Board of Directors shall delegate the business execution decisions to the Executive Committee in an appropriate manner. The Executive Committee will hold discussions and make decisions on important matters, including the business management of the Group, in addition to conducting preliminary deliberations 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 organizational structure, etc., in accordance with the internal rules, etc., 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, etc.

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 & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee shall attend the meeting to confirm the details of the deliberation.

(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 through reports, etc. of the Compliance Committee.

(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, etc.

(5) The Company shall request prior approval, prior consultation, or reporting of matters related to the execution of duties by Directors of the Group companies pursuant to the provisions of the internal rules, etc.

Framework concerning Individuals (Employees) who assist with Duties of the Audit & Supervisory Committee

(1) The Company shall establish an Audit & Supervisory Committee Office to assist with duties of the Audit & Supervisory Committee.

(2) The Company shall allocate employees to assist with duties of the Audit & Supervisory Committee to the Audit & Supervisory Committee Office.

(3) The above employees shall not be subject to the directions and instructions of Directors excluding Directors who are Audit & Supervisory Committee Members.

(4) When implementing personnel transfers or disciplinary action for the above employees, prior consent of the Audit & Supervisory Committee shall be obtained. When determining performance evaluation, compensation, etc., related to those employees, the prior consent of the Audit & Supervisory Committee Member(s) selected by the Audit & 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 & Supervisory Committee smoothly.

Framework for reporting to the Audit & Supervisory Committee

(1) Directors, Executive Officers and other relevant executives, and employees must repost the following matters without delay to the Audit & Supervisory Committee or the Audit & Supervisory Committee Member(s) selected by the Audit & 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 & 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 & Supervisory Committee or the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee without delay, if any of the matters set forth in the preceding paragraph occurs.

(3) The Audit & Supervisory Committee Member(s) selected by the Audit & 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 & Supervisory Committee, Directors, Executive Officers and other relevant executives, and employees must attend the Audit & Supervisory Committee meeting and explain matters with necessary materials. In addition, they have a similar duty to explain if required by the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee.

(5) The Company shall not treat the persons who have made the reports under (1) to the Audit & Supervisory Committee or any Audit & Supervisory Committee Members disadvantageously, just because they made those reports.

Matters concerning Policies regarding the Expenses or Liabilities arising from the Execution of Duties by the Audit & Supervisory Committee Members

(1) The Audit & Supervisory Committee Office shall promptly process expenses or liabilities when each Audit & 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 & Supervisory Committee Member.

Other Frameworks for ensuring effective Audits by the Company's Audit & Supervisory Committee Members

(1) The Audit & Supervisory Committee should create an opportunity to interview regularly with Directors, Executive Officers and other relevant executives, and employees, concerning the business, and conduct a regular meeting to exchange opinions with the President and the Accounting Auditor.

(2) The Audit & Supervisory Committee may request opinions from lawyers, the Accounting Auditor, etc. as necessary, for cases that require expertise.

(3) The Audit & Supervisory Committee should receive in advance an audit plan from the Accounting Auditor, and regularly receive an audit implementation report; in addition, the Audit & Supervisory Committee should interview as necessary, regarding the implementation of audit.

(4) The Audit & 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, of the offices, etc. including the subsidiary, and by understanding the actual situation.

(5) The employee, who should assist the duties of an Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee and the duties of the Audit & Supervisory Committee, may attend the Executive Committee, committees and other important meetings and make necessary statements thereat, and view important documents.

(6) An Audit & Supervisory Committee Member selected by the Audit & 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 personnel of the General Manager of the Internal Audit Department should be decided upon prior consultation with the Audit & Supervisory Committee Member(s) selected by the Audit & Supervisory Committee.

(8) The Internal Audit Department should report to the Audit & 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 & Supervisory Committee in relation to information provision, investigation, and report.

(9) Directors, Executive Officers and other relevant executives, and employees should provide the necessary cooperation for the execution of duties of the Audit & Supervisory Committee, based on the Audit & Supervisory Committee Regulations, standards for audit, etc. of the Audit & Supervisory Committee, and standards for the Audit & Supervisory Committee to conduct an audit regarding an internal control system.

d. 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, namely Takahiro Yanai, Yuri Sasaki, Kayoko Kawamura, Shota Kondo, Yoshitaka Shiba, Hiroyasu Nakata, 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 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 insureds under this agreement are the Directors, Directors who are Audit & Supervisory Committee Members, Audit & Supervisory Board Members, and Executive Officers, etc. of the Company and its subsidiaries in Japan. There is no insurance premium to be paid by the insureds.

(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 & 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 General Meeting of Shareholders 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 General Meeting of Shareholders; and Contents and Reasons if the Requirements for Special Resolution of a General Meeting of Shareholders 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: 9, Female: 3 (Ratio of female officers: 25.0%)

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Director, Chairman	Takahiro Yanai	May 4, 1958	April 1982	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	(Note)4	24,400
			May 2012	Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) In charge of CIB (Corporate Investment Banking) and Secondarily in charge of Market Sales Division of BTMU Managing Officer, Deputy Group Head, Integrated Trust Assets Business Group, Deputy Group Head, Integrated Corporate Banking Business Group, and Head of the Corporate & Investment Banking Planning Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)		
			June 2015	Managing Director, Chief Executive, Retail Banking Business Unit of BTMU Managing Executive Officer, Group Head, Integrated Retail Banking Business Group of MUFG		
			May 2016	Senior Managing Executive Officer, Group Head, Transaction Banking Group of BTMU		
			June 2017	President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (MUL) (currently the Company) Concurrently served as Executive Officer of MUL		
			April 2021	Representative Director, President & CEO of the Company		
			April 2023	Director, Chairman of the Company (incumbent)		

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Representative Director, President & CEO	Taiju Hisai	April 27, 1962	April 1985	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	(Note)4	5,300
			July 2011	General Manager, Corporate Investment Banking Division for the Americas, Headquarters for the Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (currently MUFG Bank, Ltd.) Concurrently served as President of BTMU Leasing & Finance, Inc.		
			July 2012	General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of BTMU Concurrently assigned to BTMU (Europe) Limited		
			June 2014	Executive Officer and General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of BTMU Concurrently assigned to BTMU (Europe) Limited		
			September 2014	Executive Officer, Regional Executive for India Concurrently served as Deputy General Manager, Corporate Banking Division for Asia and Oceania, Headquarters for Asia and Oceania of BTMU		
			May 2016	Managing Executive Officer, in charge of Credit of BTMU		
			April 2018	Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank)		
			April 2019	Senior Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank		
			June 2021	Deputy President of the Company Concurrently served as Executive Officer of the Company		
			June 2022	Director, Deputy President of the Company Concurrently served as Executive Officer of the Company		
			April 2023	Representative Director, President & CEO of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)		

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Representative Director, Deputy President	Aiichiro Matsunaga	March 14, 1963	April 1986	Joined Mitsubishi Corporation	(Note)4	0
			May 2013	General Manager, Power Systems International Dept., New Energy & Power Generation Div. of Mitsubishi Corporation		
			October 2013	General Manager, Power Systems International Dept., New Energy & Power Generation Div. of Mitsubishi Corporation (Concurrently) Executive Vice President of Mitsubishi Corporation Machinery, Inc.		
			March 2014	Global Environmental & Infrastructure Business Group CEO Office of Mitsubishi Corporation		
			April 2014	President, Mitsubishi Corporation do Brasil, S.A., Sao Paulo (Concurrently) Deputy Regional CEO, Latin America and the Caribbean (Concurrently) General Manager, Asuncion Liaison Office		
			April 2017	Senior Vice President (Riji) of Mitsubishi Corporation Regional CEO, Latin America and the Caribbean, Sao Paulo, Brasil (Concurrently) President, Mitsubishi Corporation do Brasil, S.A. (Concurrently) General Manager, Asuncion Liaison Office		
			April 2018	Senior Vice President (Shikko-Yakuin) of Mitsubishi Corporation Regional CEO, Latin America and the Caribbean, Sao Paulo, Brasil (Concurrently) President, Mitsubishi Corporation do Brasil, S.A. (Concurrently) General Manager, Asuncion Liaison Office		
			April 2019	Executive Vice President, Group CEO, Industrial Infrastructure Group of Mitsubishi Corporation		
			April 2022	Executive Vice President, Group CEO, Power Solution Group, and Power & Retail DX Task Force Leader of Mitsubishi Corporation		
			July 2022	Executive Vice President, Group CEO, Power Solution Group of Mitsubishi Corporation		
			April 2024	Deputy President of the Company Concurrently served as Executive Officer of the Company		
			June 2024	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 shares held (Shares)
Director, Deputy President	Kazumi Anei	September 18, 1960	April 1985 Joined Hitachi Leasing Corp. (currently the Company) April 2003 General Manager of Sales Dept. II, Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital) April 2005 Head of Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital April 2010 Head of Kanagawa Sales Division of Hitachi Capital April 2011 Head of Tokyo Sales Division III, Corporate Business Division of Hitachi Capital October 2011 Co-Head of Corporate Business Division of Hitachi Capital April 2014 Corporate Officer, Head of Corporate Business Division, and Co-Head of Account Sales Promotion Division of Hitachi Capital April 2015 Corporate Officer and Head of Corporate Business Division, Corporate Sales & Marketing Group of Hitachi Capital April 2016 Executive Officer, Head of Corporate Business Division, Corporate Sales & Marketing Group, and Head of Service Business Division of Hitachi Capital April 2017 Executive Officer, Corporate Sales & Marketing Group, in charge of Japan, and Head of Customer E&E Business Division of Hitachi Capital April 2018 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, in charge of Japan, and Head of Environment and Energy Business, Corporate Business Division, Customer E&E Business Division of Hitachi Capital April 2019 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, and Chief Executive for Japan, Corporate Sales & Marketing Group of Hitachi Capital 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 April 2021 Director, Senior Managing Executive Officer of the Company May 2021 Director, Deputy President of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)	(Note)4	56,500
Director, Managing Executive Officer	Haruhiko Sato	June 19, 1965	April 1989 Joined Mitsubishi Corporation November 2002 Mitsubishi International GmbH (based in Dusseldorf) January 2007 Finance Director, Moscow Office of Mitsubishi Corporation April 2009 Treasurer Office of Mitsubishi Corporation April 2011 Deputy General Manager, Structured Finance, M&A Advisory Dept. of Mitsubishi Corporation March 2014 Senior Vice President, Corporate Staff Section and CFO of Mitsubishi Corporation (Americas) April 2019 General Manager, Power Solution Administration Department of Mitsubishi Corporation April 2021 Director, Managing Executive Officer of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)	(Note)4	0

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Director (Independent Outside Director)	Yuri Sasaki	May 26, 1967	April 1995 April 1998 April 2001 April 2006 April 2007 June 2014 January 2015 November 2015 June 2018 April 2020 April 2021 July 2022	Assistant at Hitotsubashi University (Faculty of Commerce and Management) Assistant Professor of Faculty of Commerce, Takachiho University of Commerce (current Takachiho University) Assistant Professor of Faculty of Economics, Meiji Gakuin University Visiting Scholar at University of Washington Professor of Faculty of Economics, Meiji Gakuin University (incumbent) Director of JBA TIBOR Administration Expert Committee Member of Financial System Council, Financial Services Agency (incumbent) Visiting Scholar at University of Washington Director of Hitachi Capital Corporation (currently the Company) Dean of Faculty of Economics, Meiji Gakuin University Director of the Company (incumbent) Director of Meiji Yasuda Life Insurance Company (incumbent)	(Note)4	1,300
Director (Independent Outside Director)	Kayoko Kawamura	July 12, 1964	April 1987 August 1999 January 2006 April 2008 July 2009 March 2010 January 2012 March 2012 July 2016 January 2019 April 2021 July 2021 June 2024	Joined IBM Japan, Ltd. Executive Assistant to the GM of Global Services, IBM Asia Pacific and Japan Manager, Global Delivery Solution of IBM Japan, Ltd. Director, Head of Open System Development of IBM Japan, Ltd. Director, Head of Financial Service Delivery Application Management Service Delivery of IBM Japan, Ltd. Director (non-executive), Regional Bank Solution and Services Co., Ltd. (until March 2015) Director (non-executive), IBM Global Services Japan Collaboration Solutions and Services Company (until March 2015) Director, Head of Application Management Service Delivery of IBM Japan, Ltd. Director (non-executive), D&I Information Systems Inc. (until March 2015) Director (non-executive), MLI Systems Inc. (until March 2015) Director, Head of Sales, Technology Support Service of IBM Japan, Ltd. Director, Head of Business Consulting of Teradata Japan, Ltd. Director, Head of Business Consulting, Executive Officer of Teradata Japan, Ltd. Senior Director, Customer Support Services, Executive Officer of Teradata Japan, Ltd. (incumbent) Director of the Company (incumbent)	(Note)4	0

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Director (Outside Director)	Shota Kondo	September 27, 1967	April 1991 May 2013 April 2016 April 2017 April 2019 April 2020 April 2021 April 2022 April 2024 May 2024 June 2024 June 2024	Joined Mitsubishi Corporation General Manager, Russia Business Dept., Natural Gas Business Div. of Mitsubishi Corporation General Manager, Shale Gas Business Dept., Natural Gas Business Div. of Mitsubishi Corporation General Manager, Canada Oil & Gas Business Dept., Energy Resources Div. B of Mitsubishi Corporation General Manager, Houston Branch of Mitsubishi Corporation (Americas) (Concurrently) General Manager, Houston Branch of Mitsubishi International Corporation General Manager, Natural Gas Group CEO Office of Mitsubishi Corporation Senior Vice President, General Manager, Natural Gas Group CEO Office of Mitsubishi Corporation Senior Vice President, General Manager, Corporate Strategy & Planning Dept. of Mitsubishi Corporation Executive Vice President, Group CEO, Smart-Life Creation Group of Mitsubishi Corporation (incumbent) Director of Lawson, Inc. (incumbent) Director of OK Corporation (incumbent) Director of the Company (incumbent)	(Note)4	0
Director (Audit & Supervisory Committee Member) (Full-time)	Yoshitaka Shiba	July 25, 1961	April 1986 May 2009 May 2011 June 2012 May 2014 May 2016 July 2018 April 2020 April 2024 May 2024 June 2024	Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.) General Manager, Kibafukagawa Commercial Banking Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Deputy General Manager, Human Resources Division (Nagoya) of BTMU Executive Officer and General Manager, Credit Division of The Bank of BTMU Executive Officer and General Manager, Internal Audit & Credit Examination Division of BTMU Managing Executive Officer, in charge of corporate banking offices and branches in Central Region of Japan of BTMU Managing Executive Officer, Regional Head, Commercial Banking Offices and Branches in Central Region of Japan of MUFG Bank, Ltd. Senior Managing Corporate Executive, Group CAO, and Managing Director, Head of Internal Audit Division of Mitsubishi UFJ Financial Group, Inc. Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. Advisor of the Company Director (Audit & Supervisory Committee Member) of the Company (incumbent)	(Note)5	0

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member) (Independent Outside Director)	Hiroyasu Nakata	August 29, 1951	April 1977	Completed the legal apprentice course at the Legal Training and Research Institute of the Supreme Court of Japan Admitted to the bar (Daini Tokyo Bar Association) (until March 1990)	(Note)5	2,700
			April 1990	Associate Professor at Faculty of Law and Economics, Chiba University		
			June 1993	Professor at Faculty of Law and Economics, Chiba University		
			April 1995	Professor at Faculty of Law, Hitotsubashi University		
			April 1999	Professor of Graduate School of Law, Hitotsubashi University		
			April 2003	Trustee of Hitotsubashi University		
			April 2008	Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law		
			April 2015	Emeritus Professor of Hitotsubashi University		
			April 2017	Professor at Waseda Law School		
			June 2017	Emeritus Professor of The University of Tokyo		
			June 2018	Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)		
			April 2021	Director of the Company		
			June 2024	Director (Audit & Supervisory Committee Member) of the Company (incumbent)		
Director (Audit & Supervisory Committee Member) (Independent Outside Director)	Hiroko Kaneko	March 28, 1958	April 1980	Joined The Sapporo Television Broadcasting Co., Ltd.	(Note)5	2,700
			October 1989	Joined Ota Showa Audit Corporation (currently ERNST & YOUNG SHINNIHON LLC)		
			February 1993	Registered as certified public accountant		
			May 2007	Partner, ERNST & YOUNG SHINNIHON (currently ERNST & YOUNG SHINNIHON LLC)		
			July 2010	Senior Partner, ERNST & YOUNG SHINNIHON LLC		
			April 2018	Professor at Waseda Graduate School of Accountancy		
			June 2018	Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd.		
			June 2019	Director of Kanagawa Chuo Kotsu Co., Ltd.		
			June 2020	Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)		
			February 2021	Member of Business Accounting Council, Financial Services Agency (incumbent)		
			April 2021	Director (Audit & Supervisory Committee Member) of the Company (incumbent)		
			March 2022	Member of the Board, The Yokohama Rubber Co., Ltd.		
			June 2022	Director (Audit & Supervisory Committee Member), Kanagawa Chuo Kotsu Co., Ltd.		
			June 2023	Audit & Supervisory Board Member of Development Bank of Japan Inc. (incumbent)		
			June 2023	Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd. (incumbent)		

Title	Name	Date of Birth	Career Summary		Term	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member) (Independent Outside Director)	Masayuki Saito	November 8, 1954	April 1977 April 2008 June 2010 April 2011 April 2012 April 2013 January 2016 January 2020 January 2021 June 2022 March 2024	Joined Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation) Executive Officer and Head of Finance and Accounting Unit of DIC Corporation Director and Executive Officer, Head of Finance and Accounting Unit of DIC Corporation Director and Managing Executive Officer, Head of Finance and Accounting Unit of DIC Corporation Representative Director, Senior Managing Executive Officer, Assistant to the President and CEO, and Head of Finance and Accounting Unit of DIC Corporation Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in Charge of Finance & Accounting Div. of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. Representative Director, Executive Vice President, CFO, and Assistant to President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. Representative Director, Executive Vice President, and Assistant to President and CEO of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. Chairman of the Board of Directors of DIC Corporation Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. Director, Audit & Supervisory Committee Member of the Company (incumbent) Advisor of DIC Corporation (incumbent)	(Note)5	2,700
Total						95,600

(Notes) 1. Directors who are not Audit & Supervisory Committee Members, Ms. Yuri Sasaki, Ms. Kayoko Kawamura and Mr. Shota Kondo are Outside Directors.

2. Directors who are Audit & Supervisory Committee Members, Mr. Hiroyasu Nakata, Ms. Hiroko Kaneko and Mr. Masayuki Saito are Outside Directors.

3. The Company has introduced an executive officer system, and has 26 Executive Officers (four of whom concurrently serve as Directors).

4. From the close of the Annual General Meeting of Shareholders held on June 25, 2024 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2025.

5. From the close of the Annual General Meeting of Shareholders held on June 25, 2024 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.

(ii) Status of Outside Officers

The Company has six 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 an efficient and effective corporate governance system to further enhance it.

At present, the Company's Board of Directors is composed of Directors from a variety of professions and industries, and the Company believes that it has 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	Yuri Sasaki	Not applicable	・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. ・The Company expects 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.
Outside Director	Kayoko Kawamura	Ms. Kayoko Kawamura previously served as a Director of IBM Japan Ltd., but the transaction amount between IBM Japan Ltd. and MHC in FY2023 was less than 1% of the consolidated net sales of either company.	・Ms. Kayoko Kawamura has a wealth of experience and knowledge in DX, having previously served as a systems engineer and head of application development for financial institutions among other positions at IBM Japan Ltd., and is currently primarily responsible for supporting digital transformation (DX) for client companies, at Teradata Japan, Ltd. In addition, since she has experience in the management of corporate organizations as a part-time officer, the Company expects her to contribute to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, and is therefore appointing her as a new Director. ・The Company expects her to use her knowledge to advise us on the promotion of DX, one of our important measures, to contribute to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director from an objective perspective independent of executive management responsible for executing business and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, the Nomination Committee and the Compensation Committee, based on the above knowledge.

Title	Name	Relationship with the Company	Reasons for Appointment and expected Role
Outside Director	Shota Kondo	Mr. Shota Kondo 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.	・Mr. Shota Kondo has a wealth of management experience at a major Japanese general trading company, as well as deep knowledge in Japanese and international businesses. The Company expects him to use his experience and knowledge from a practical perspective to contribute to the appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director, and is therefore appointing him as a new Director. ・As Mr. Kondo concurrently serves as the Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company, he is not designated as an Independent Director. Mitsubishi Corporation is an important business partner for the Company to work together with to aim for the improvement of corporate value. ・Among other positions, including overseas assignments in the U.S., he had served as General Manager, Natural Gas Group CEO Office and General Manager, Corporate Strategy & Planning Dept. Currently he assumes a position of the Group CEO, Smart-Life Creation Group. The Company expects to utilize Mr. Kondo's management experience and extensive knowledge in overall Japanese and international businesses for the Company's management and effectively utilize advice from him, who has served as a chief of business areas of collaboration between Mitsubishi Corporation and the Company. The Company deems that this will lead to the improvement of the Company's corporate value and contribute to the enhancement of the interests of all shareholders including minority shareholders. ・Mr. Kondo has indicated his intention to perform his duties as a Director for the benefit of the Company, and not for any specific shareholder. If any item of business posing a conflict of interest between Mitsubishi Corporation and the Company is submitted to the Company's Board of Directors, he will participate in neither the resolutions nor the deliberations. ・The Company expects 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.

Title	Name	Relationship with the Company	Reasons for Appointment and expected Role
Outside Director (Audit & Supervisory Committee Member)	Hiroyasu Nakata	Not applicable	・Mr. Hiroyasu Nakata has previously contributed to the appropriate decision-making and supervision of overall management by the Board of Directors as a Director who is not Audit & Supervisory Committee Member. ・The Company expects him to use deep knowledge as a legal expert to contribute to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, as well as to neutral and objective audits, and is therefore appointing him as a new Director (Audit & Supervisory Committee Member). ・The Company expects that he will contribute to ensuring its sound 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.
Outside Director (Audit & Supervisory Committee Member)	Hiroko Kaneko	Not applicable	・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 & Supervisory Committee Member). ・The Company expects that she will contribute to ensuring its sound 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.
Outside Director (Audit & Supervisory Committee Member)	Masayuki Saito	Mr. Masayuki Saito previously served as Representative Director and Executive Vice President of DIC Corporation, but the transaction amount between DIC Corporation and MHC in FY2023 was less than 1% of the consolidated net sales of either company.	・Mr. Masayuki Saito has a wealth of management experience at a major Japanese manufacturing company, as well as deep knowledge in finance and accounting. The Company expects him to contribute to the appropriate decision-making of the Board of Directors and supervision of overall management as an Independent Outside Director, and to neutral and objective audits, and has therefore been reappointed as a Director (Audit & Supervisory Committee Member). ・The Company expects that he will contribute to ensuring its sound 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.

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

Independence Standards for Outside Directors

The Company shall judge the independence through confirmation as to whether the candidate at any time in the past three years has fallen under any of the following (1) through (6), on condition that the individual fulfills the requirements for independent directors set forth by the financial instruments exchanges of Japan, such as the Tokyo Stock Exchange, and then through multifaceted examination as to whether the individual can be evaluated as having independence 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 (*1)

(2) An executive of a lender (*2) that exceeds the standards set by the Company

(3) An executive of a business partner (*3) 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 (*4) 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.

(*4) A donation exceeding a certain amount means a donation exceeding 10 million yen per business year.

Even if the candidate falls under any of the above (1) through (6), if there are special circumstances for designating the candidate as an independent director and the Company judges that he/she substantially has independence and therefore will register him/her as an independent director with the financial instruments exchanges of Japan, such as the Tokyo Stock Exchange, the reason therefor shall be explained and disclosed in the Reference Materials Concerning the General Meeting of Shareholders relating to such notification and the election proposal.

(iii) Supervision or Audits by Outside Directors (collaboration with internal audit, with the Audit & Supervisory Committee, with accounting audit, and relationship with internal control departments)

At the Board of Directors' meetings, Outside Directors receive internal audit plans and audit implementation reports from the Internal Audit Department, activity reports from the Audit & Supervisory Committee, and financial results, the status of business execution and reports on operation of the Risk Management Committee, the Compliance Committee, etc. from internal control departments.

Of Outside Directors, Directors who are Audit & Supervisory Committee Members regularly receive reports on the implementation status of individual audits from the Internal Audit Department, and reports on audit and review results from the Accounting Auditor, and express their opinions where appropriate to strengthen mutual collaboration.

The status of the Audit & Supervisory Committee's activities is as described in "(3) Status of the Audit" in "4. Corporate Governance, etc." of "Item 4. Information on the Company."

(3) Status of the Audit

(i) Status of the Audit of the Audit & Supervisory Committee

a. Organization, Personnel and Procedures

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

In addition to having been involved in management at one of Japan's major financial institutions, Mr. Yoshitaka Shiba has also accumulated experience and knowledge as the Group CAO and Head of the Internal Audit Department.

Mr. Hiroyasu Nakata has deep knowledge as a legal expert.

Ms. Hiroko Kaneko has extensive experience at major audit firms and as a university professor, as well as in-depth knowledge as an accounting expert.

Mr. Masayuki Saito has a wealth of management experience at a major Japanese manufacturing company, as well as deep knowledge in finance and accounting.

Each Audit & 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. Yoshitaka Shiba serves as Chairman of the Audit & Supervisory Committee. In addition, the Company has established the Audit & Supervisory Committee Office, which assists in activities of the Audit & Supervisory Committee. Employees with appropriate knowledge, ability and experience have been assigned to the Office.

b. Status of Audit Activities of the Audit & Supervisory Committee

A. Number of Audit & Supervisory Committee Meetings held and Attendance of each Audit & Supervisory Committee Member

The Audit & Supervisory Committee meetings are held every month, in principle. Audit & Supervisory Committee meetings were held 15 times during fiscal 2023, and attendance of Audit & Supervisory Committee Members is as follows.

15/15 times (100%): Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko, and Masayuki Saito

B. Specific Matters for Consideration, etc. by the Audit & Supervisory Committee

With the basic policy of implementing audits that contribute to the establishment of a quality corporate governance structure, the Audit & Supervisory Committee closely cooperates with the Internal Audit Department, internal control departments and the Accounting Auditor to conduct effective audits.

Main matters deliberated and reported by the Audit & Supervisory Committee

・Audit policies and audit plans
・Fees for the Accounting Auditor, the reappointment of the Accounting Auditor and the appropriateness of audit results
・Preparation of audit reports
・Important agenda proposed to the meetings of the Board of Directors
・Results of operational audits and internal control audits by the Internal Audit Department
・The status of internal controls managed by internal control departments
・Progress and results of the audit by the Accounting Auditor, process for determining Key Audit Matters (KAM), etc.
・Matters reported and discussed by committees (risk management, compliance, sustainability, IT, information disclosure, ALM, etc.)

C. Status of Audit Activities of the Audit & Supervisory Committee

Through the following activities, the Audit & Supervisory Committee works to conduct objective and effective audits from an independent position.

Major Audit & Supervisory Committee Activities

・Deliberations, etc. among the Audit & Supervisory Committee
  - Formulation of audit policies, audit plans, and priority audit items for the year
  - Reporting on business execution by business execution divisions
  - Matters related to business reporting, financial results documents, etc.
  - Reporting on the Accounting Auditor's audit plans, the status of audits, and audit results
  - Reporting on the Internal Audit Department's audit plans, the status of audits, and audit results
・On-site observations of offices in Japan and overseas
  - On-site observations of offices of MHC and its Group companies in Japan and overseas

・Meetings with the management team

- Regular opinion exchanges with Representative Directors, Business Division Heads, and Corporate Center Division Heads
- Opinion exchanges with Group companies' management members

The major activities of full-time Audit & Supervisory Committee Members are as follows. The results of these activities are reported to the Audit & Supervisory Committee, or appropriately shared with part-time Audit & Supervisory Committee Members, increasing the effectiveness of the Audit & Supervisory Committee's activities.

Main Activities of Full-time Audit & Supervisory Committee Members

・Attendance at meetings

- Attendance at Executive Committee meetings and other committee meetings held by business execution divisions, information collection, etc.

・On-site audits and observations of offices in Japan and overseas

- On-site audits and observations of offices of MHC and its Group companies in Japan and overseas, information collection, etc.

・Inspection of documents

- Inspection of important documents, examination of content

・Meetings with the management team

- Regular and ad-hoc meetings with Representative Directors, etc.

・Discussions with internal control divisions

- Regular and ad-hoc meetings with accounting departments, risk management departments, and legal and compliance departments

・Discussions with Group company auditors, etc.

- Regular and ad-hoc meetings with auditors, etc. at domestic and overseas Group companies

・Discussions with the Accounting Auditor

- Regular and ad-hoc meetings with the Accounting Auditor

Full-time Audit & Supervisory Committee Members collect wide-ranging information by attending major meetings, confirming important documents, and collaborating with the Internal Audit Department and internal control departments. They report on important matters to external Audit & Supervisory Committee members in order to deepen their understanding, and for particularly important matters, they issue instructions for additional reporting to related parties to include such matters in agenda items for the Audit & Supervisory Committee.

Organically combining the resolute independence of external Audit & Supervisory Committee members with the information gathering capabilities of internal Audit & Supervisory Committee members serves to enhance the effectiveness of the Audit & Supervisory Committee's activities. They communicate what they have noticed in these audit activities to business execution divisions, and they provide advice as needed.

Audit & Supervisory Committee Members and Outside Directors who are not members of the Audit & Supervisory Committee are able to collaborate as necessary through exchanging information at Board of Directors meetings and Governance Committee meetings, etc. Further, the effectiveness of Audit & Supervisory Committee activities is enhanced through discussions among Independent External Directors alone.

(ii) Status of internal Audits

Internal audits of the Company are implemented by the Internal Audit Department (49 members). The Internal Audit Department conducts internal audits systematically based on an annual audit plan, regularly reports the results to the Representative Director, the Board of Directors and the Audit & Supervisory Committee, and closely exchanges opinions on mutual recognition of issues and other matters. The General Manager of the Internal Audit Department requests auditees to take corrective actions on observations identified during internal audits where recommended improvements were provided and then report the results of those actions. The General Manager also informs the Representative Director about significant findings to ensure the effectiveness of the audit. The General Manager of the Internal Audit Department has built cooperative relationships with Audit & Supervisory Committee, corporate auditors and others at Group companies, and the Accounting Auditor, and this enables exchange of information and other actions on a regular and appropriate basis, in an effort to conduct audits efficiently. The General Manager also exchanges related information with the departments in charge of the Risk Management Committee, the Compliance Committee, and others.

(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 became Mitsubishi UFJ Lease & Finance Company Limited, which merged with Hitachi Capital Corporation in April 2021 and changed its 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

Motohiro Shimizu, Designated Engagement Partner, Certified Public Accountant
Masashi Tsurumi, Designated Engagement Partner, Certified Public Accountant
Aki Saito, Designated Engagement Partner, Certified Public Accountant

d. Composition of Assistants in Audit Duties

The assistants involved in the audit duties of the Company are 14 certified public accountants and 40 other members.

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 & 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 & Supervisory Committee will dismiss the Accounting Auditor based on the consent of all Audit & Supervisory Committee Members.

In addition to the above, if it is determined that the Accounting Auditor should be changed, such as in cases of obstacles hindering their ability to execute the duties of Accounting Auditor, the Audit & Supervisory Committee shall decide the details of the proposal relating to dismissal or non-reappointment of the Accounting Auditor that will be submitted to the General Meeting of Shareholders.

f. Evaluation of the Audit Firm

The Audit & 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	256	31	264	12
Consolidated Subsidiaries	194	13	190	27
Total	450	44	454	40

(Notes) 1. 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.

2. The content of non-audit services in consolidated subsidiaries for the previous fiscal year and the fiscal year under review consists of preliminary investigation services related to the change of Accounting Auditors and preparation of comfort letters, etc.

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	–	54	–	38
Consolidated Subsidiaries	1,132	169	1,230	197
Total	1,132	224	1,230	236

(Notes) 1. 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.

2. 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 & Supervisory Committee gave Consent to Fees, etc. for the Accounting Auditor

During the fiscal year under review, the Audit & Supervisory Committee agrees to this remuneration as it has confirmed that these amounts are determined after sufficient discussion with the Accounting Auditor by using the number of auditing days and of auditors required to perform appropriate and efficient accounting auditing as the basis for calculation.

(4) Officers' Remuneration, etc.

(i) Policy for determining Details, Amount, and Calculation Method of Officer Remuneration, etc. and Method of Determination

a. Basic Policy

i) For the purpose of enhancing corporate value through the execution of business strategies, the Company also considers officer incentive when determining officer remuneration.

ii) The level of remuneration shall be appropriate for the roles and responsibilities of each officer, taking into consideration the level of the market, from the standpoints of enhancing corporate value in the medium to long term and improving business performance in the short term.

In accordance with the above basic policy, the Board of Directors of the Company has resolved the policy on the details of remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) as follows in b.

b. Policy on the Details of Remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

i) Remuneration System

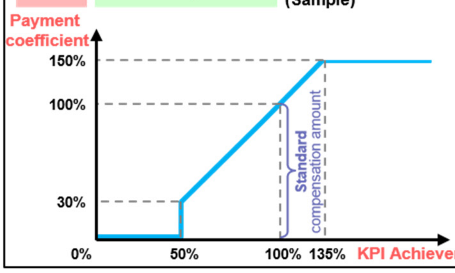
- In principle, remuneration, etc. for Executive Directors shall be comprised of basic remuneration, short-term incentive compensation (performance-based monetary compensation), and medium- to long-term incentive compensation (performance-based stock compensation). Short-term incentive compensation will be paid in cash as a bonus, and medium- to long-term incentive compensation will be paid as the Company Shares, etc. using a trust framework.
- For the purpose of maintaining a healthy ratio of performance-based compensation, the ratio between fixed remuneration (basic remuneration) and floating compensation (bonus and stock compensation) shall be around 1 to 0.6 (the ratio of basic remuneration to bonuses to stock compensation shall be around 1 to 0.3 to 0.3).
- From the standpoint of ensuring the effectiveness of the supervisory function, remuneration for non-executive directors (excluding Directors who are Audit & Supervisory Committee Members) does not include bonuses and stock compensation, which are incentive compensation.

Remuneration System for Executive Officers

Type of Remuneration		Details of Remuneration	Remu-neration Ratio	KPIs for Evaluation/ Evaluation Weight			Range of Payment Coefficient Based on KPI Achievement
Fixed	Basic Remuneration	■ Fixed remuneration according to position	62.5% 1	-			-
Floating	Bonus (Short-term Incentive) Performance-based	■ Amount determined based on the consolidated business performance of the previous year, etc. 1. KPIs for performance evaluation are set in line with MHC's numerical targets 2. Regarding responsible duties, quantitative and qualitative evaluations are conducted from the perspective of performance and the level of contribution	18.75% 0.3	KPI / Position	Representative Director	Other	0-150%
				Net income attributable to owners of the parent ROA[*1] ROE[*2]	100%	70%	
				Responsible Duties	-	30%	
	Stock (Medium- to Long-term Incentive) Performance-based	■ Amount determined based on the level of achievement during the three-year period of the Medium-term Management Plan	18.75% 0.3	Net income attributable to owners of the parent ROA[*1] ROE[*2] TSR against TOPIX growth rate[*3]	100%		0-150%

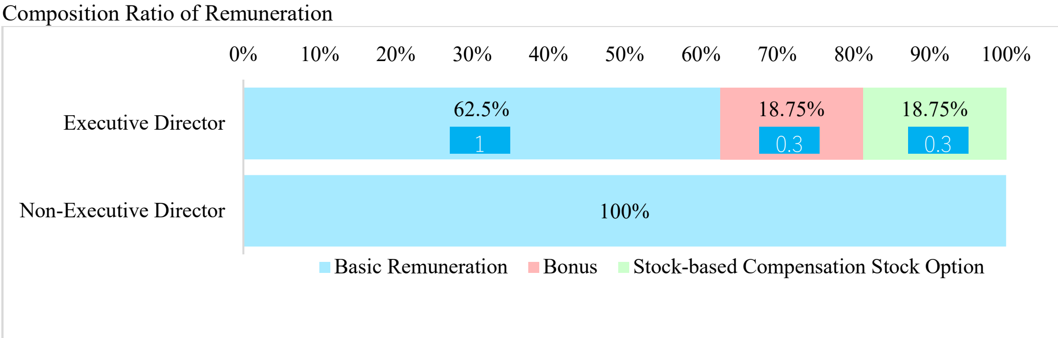
*1 Return On Asset
*2 Return On Equity
*3 Total Shareholder Return

Bonus | Stock Compensation | Changes in Payment Coefficient for Performance-based Compensation (Sample)



KPI Achievement Rate	Payment Amount (Standard compensation amount × Payment Coefficient)
Less than 50%	0
50%	Standard compensation amount ×30%
100%	Standard compensation amount ×100%
135% or more	Standard compensation amount ×150%

Composition Ratio of Remuneration



・Fixed Remuneration

The amount of fixed remuneration is determined based on the amount corresponding to the position and comprehensive consideration of the roles, responsibilities, and other factors of each Director.

・Floating Compensation

From the standpoint of clarifying the relationship between performance and remuneration, for bonuses and stock compensation, the financial indicators, etc. emphasized in the management strategy as indicators representing the Company's growth are set as the KPIs for evaluating performance (KPIs and evaluation ratios are shown above).

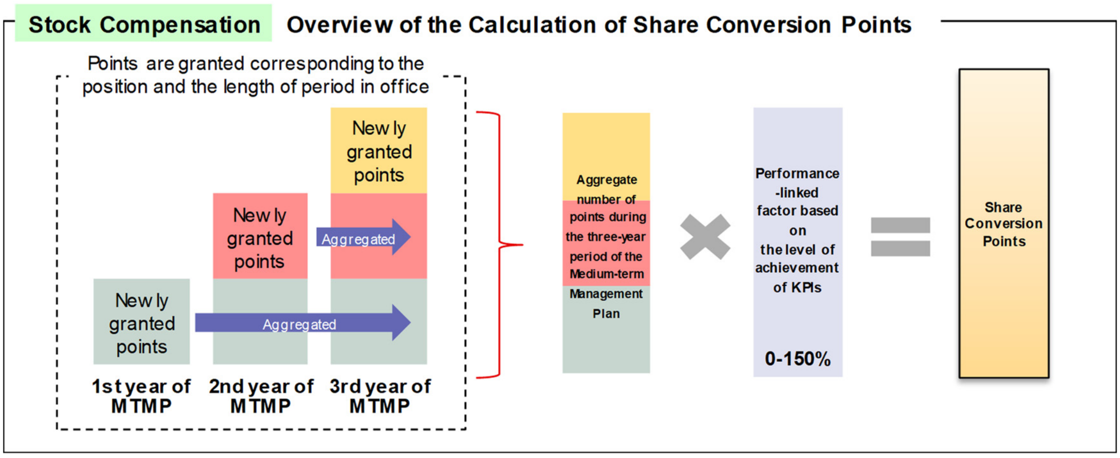
[Bonus]

- (1) Net income attributable to owners of the parent, (2) ROA, and (3) ROE are used, which are set according to the Company's numerical targets (KPIs for evaluating company-wide performance).
- In regard to bonuses for Representative Directors, the entire amount is linked to the company-wide performance evaluation, while the bonus for other Executive Directors is based 70% on the company-wide performance evaluation and 30% on the evaluation of duties for which each individual is responsible. For both positions, the amount of bonuses to be paid is determined within the range of 0 to 150% of the standard amount based on the achievement rate of KPIs.
- For respective operational responsibilities, a standard evaluation sheet is used by the President & CEO to perform quantitative and qualitative evaluations from the standpoint of performance and contribution of the Executive Director with respect to the operations for which they are responsible. The purpose of this is to improve the incentive of individual Directors by properly evaluating not only the degree of achievement of targets for business results but also the degree of contribution, which cannot be evaluated solely quantitatively.

[Stock Compensation]

- The growth rate of (1) net income attributable to owners of the parent, (2) ROA, (3) ROE, and (4) TSR against TOPIX growth rate, which has been set as numeral targets in the Medium-term Management Plan to enhance the Company's corporate value in the medium to long term, shall be indicators for evaluating performance (KPIs).
- The Company Shares, etc. corresponding to share conversion points, which are calculated as the following formula, are provided, with the use of the system of trust. Specifically, one Company share shall be provided per one point. In principle, a portion of shares held by the trust is converted into cash in the trust, and the compensation is paid at a percentage of shares 50% : cash 50%.

  Share conversion points = "points granted corresponding to the position and the term of office (accumulated value for a period of three years, which is the period of the Medium-term Management Plan) × performance-linked factor (varying in a range between 0% to 150%) according to the achievement level of KPIs"



<Malus and Claw-back Clause for Stock Compensation and Shareholding Policy>

- As for stock compensation, the points or share conversion points that have already been granted can be confiscated, and money equivalent to the Company Shares, etc. that have already been delivered reclaimed, in the case of a material violation of the office regulations or internal regulations, resignation for personal reasons during the term of office against the will of the Company, termination for legitimate reasons, gaining employment at a competitor without the Company's permission, etc.
- The Company recommends that directors hold the Company's shares. In principle, directors shall continue to hold the Company's shares obtained during the term of their office until the time of their resignation, regardless of the number of shares held.

・Other Compensation

If a Director (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) needs to live in an area far away from his or her home due to a transfer associated with a change in their responsibilities or assigned location, the Director is to be provided with an appropriate property as company housing (hereinafter, the difference between the total monthly rent required for the Company to rent the company housing and the total amount of monthly company housing rent collected from the Director is referred to as "non-monetary remuneration for the provision of company housing"). The company housing to be provided shall be a general standard property, and the maximum rent shall be established in advance based on position and geographical area. The company housing rent (if the maximum rent is exceeded, the full amount of the excess amount is added) shall be collected from the Director as their own expenses (there are currently no eligible officers who are provided with company housing).

(ii) Timing or Conditions of Remuneration, etc.

- Basic remuneration shall be paid in a fixed monthly amount on the designated day.
- Bonuses shall be paid in an amount determined based on the results of the previous fiscal year (April to next March) on or after the date of the Annual General Meeting of Shareholders in June of every year.
- As stock compensation, points are granted at the end of every fiscal year (the end of March) corresponding to the position and number of months in office of the relevant person, in principle. The aggregate number of the said points of three years is multiplied by the performance-linked factor to calculate share conversion points, based on which the Company Shares, etc. are provided in July of the fiscal year following the final fiscal year of the Medium-term Management Plan period (three years).
- Non-monetary remuneration for the provision of company housing shall be paid monthly in addition to basic remuneration.

Type of Remuneration	Payment Timing	Subject Period of Payment
Basic Remuneration	A predetermined Date every Month	Every Fiscal Year
Bonus	After an annual General Meeting of Shareholders	Previous Fiscal Year (April to next March)
Stock Compensation	–	Medium-term Management Plan Period (three Years)
(a) Points*	End of every Fiscal Year	Every Fiscal Year
(b) The Company Shares, etc.	July following the End of the Medium-term Management Plan	Medium-term Management Plan Period during which (a) was aggregated
Non-monetary Remuneration related to the Provision of Company Housing	A predetermined Date every Month	Every Fiscal Year

* The (b) Company Shares, etc. are provided based on the share conversion points calculated by multiplying the number of (a) points aggregated during the Medium-term Management Plan period by the performance-linked factor.

(iii) Method of Determining Remuneration, etc., Outline of the Committee's Procedures, and Description of its Activities

- The details of remuneration, etc. and the policy for determining remuneration, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) are resolved at meetings of the Board of Directors after preliminary deliberations by the Compensation Committee, which is comprised of a majority of Independent Outside Directors. The Compensation Committee also deliberates annually on the appropriateness of the level and composition of remuneration based on remuneration data and other information provided by external professional organizations.
- The members and chairperson of the Compensation Committee are selected by the Board of Directors, and the Committee adopts resolutions by a majority of the members present. In addition, the Company's rules stipulate that the Board of Directors shall respect the deliberations of the Committee.
- The Company believes it is helpful that the specific amount of basic remuneration and bonuses for Directors (excluding Directors who are Audit & Supervisory Committee Members), as well as non-monetary remuneration for the provision of company housing, is determined flexibly based on certain standards by someone who is familiar with individual operations and the Company's situation. The decision is thus entrusted to the President & CEO (Taiju Hisai), who is the Representative Director, within the upper limit set forth by resolution of the General Meeting of Shareholders, based on the policy resolved by the Board of Directors and Compensation Committee. The Company will take measures to ensure that the authority of the President & CEO is appropriately exercised as follows. Regarding stock compensation, the Company Shares, etc. corresponding to share conversion points calculated based on the regulations for share delivery, which were stipulated by the resolution of the Board of Directors, shall be provided.

[Measures to ensure that the delegated Authority is properly exercised]

- Basic remuneration is determined based on certain pre-established standards (remuneration table) that are deliberated by the Compensation Committee.
- The following shall apply to the portion of the bonus linked to the company-wide performance:
  - ・KPIs are established according to numerical targets discussed at the Board of Directors.
  - ・The amount to be paid is determined according to the achievement rate of the KPIs based on a predetermined payment coefficient deliberated by the Compensation Committee.
  - ・The results of the company-wide performance evaluation and the amount to be paid are subsequently reported to the Compensation Committee for verification.

  In addition, the following shall apply to the portion of the bonus linked to operational responsibilities:
  - ・After deliberations in advance by the Compensation Committee, an evaluation sheet (an evaluation sheet providing details on predetermined targets, weighting of individual targets, and evaluation criteria) is finalized.
  - ・After the individual duties are evaluated based on the evaluation sheet, the results and amount to be paid are subsequently

reported to the Compensation Committee for verification.

- For stock compensation, points corresponding to the position and number of months in office of the relevant person at the end of every fiscal year are granted based on the prescribed standards as per the regulations for share delivery, which are resolved by the Board of Directors. In principle, the performance-linked factor, which is determined upon the completion of the Medium-term Management Plan every three years shall also be as per the regulations for share delivery.
- Non-monetary remuneration related to the provision of company housing:
  ・The company housing to be provided shall be a general standard property, and the maximum rent shall be established in advance based on position and geographical area.
  ・The Company housing rent calculated based on the predetermined percentage (if the maximum rent is exceeded, the full amount of the excess amount is added) shall be collected from the Director as their own expenses. (There are currently no eligible officers who are provided with company housing.)

・The Amounts of Remuneration, etc. for Directors have been resolved at the General Meeting of Shareholders as follows.

Type of Remuneration	Amount of Remuneration, etc.	Date of Resolution by the General Meeting of Shareholders	Number of eligible Directors at the Time of the Resolution of the General Meeting of Shareholders becoming Effective*	Number of eligible Directors as of June 25, 2024
Directors (excluding Directors who are Audit & Supervisory Committee Members)				
Monetary Remuneration (total of basic remuneration and bonus)	Annually ¥800 million	February 26, 2021	10	8
Of these, Outside Directors	Annually ¥100 million		3	3
Non-monetary Remuneration related to the Provision of Company Housing	Monthly ¥2 million		7 Excluding Outside Directors	0 (No eligible Directors)
Stock Compensation		June 27, 2023	4 Excluding Non-executive Directors and Directors not residing in Japan	4
Trust Contribution Amount	Annually ¥800 million During subject period ¥2,400 million			
Number of Shares Delivered	Annually 1,550 thousand shares During subject period 4,650 thousand shares			

* The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) related to the amount of remuneration is not specified.

c. Matters concerning Calculation of Performance-based Compensation

The amount of performance-based compensation is calculated using the designated formula based on the achievement rate of each KPI.

[Bonus]

- The KPIs for evaluating company-wide performance used for bonuses for Executive Directors are (i) net income attributable to owners of the parent (weighted at 70%), (ii) ROA (weighted at 15%), and (iii) ROE (weighted at 15%).
- The targets and results for the fiscal year ended March 31, 2024 are as follows.

KPI	Target	Result	Achievement Rate	Evaluation Weight
Net Income attributable to Owners of the Parent	¥120.0 billion	¥123.8 billion	103.2%	70%
ROA	1.1%	1.1%	100.0%	15%
ROE	7.8%	7.7%	98.7%	15%

- For the portion linked to operational responsibilities of Executive Directors other than the Representative Director, the President & CEO will use a standard evaluation sheet to perform quantitative and qualitative evaluations from the standpoint of performance and contribution. Performance targets are set based on the environment of the business in charge, the previous year's performance, and other factors according to the responsibilities of each Director, and evaluations are performed taking into account the respective performance and contribution.

[Stock Compensation]

- The KPIs for stock compensation for executive directors are (i) net income attributable to owners of the parent (weighted at 60%), (ii) ROA (weighted at 10%), (iii) ROE (weighted at 10%), and (iv) TSR against TOPIX growth rate (weighted at 20%).
- The targets for the period of the Medium-term Management Plan (FY2023 - FY2025) are as follows.

KPI	Target	Result	Achievement Rate	Evaluation Weight
Net Income attributable to Owners of the Parent	¥160.0 billion	–	–	60%
ROA	Approx. 1.5%	–	–	10%
ROE	Approx. 10%	–	–	10%
TSR	TOPIX growth rate	–	–	20%

* Achievement rates for KPIs related to stock compensation are not listed as they will be confirmed after the end of the final fiscal year of the Medium-term Management Plan (FY2023 - FY2025).

d. Reasons for the Board of Directors' Determination that the Content of individual Remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) for the Fiscal Year under Review is appropriate

The specific amount of basic remuneration and bonuses, as well as non-monetary remuneration for the provision of company housing are entrusted to the President & CEO within the upper limit set forth by resolution of the General Meeting of Shareholders. In addition, as the Company has taken measures as described in [Measures to ensure that the delegated authority is properly exercised] at b. (iii) above, there is a system for the Compensation Committee and the Audit & Supervisory Committee to confirm that individual remuneration, etc. for Directors is determined by procedures that are objective and transparent, and that the content is in line with the policy established by the Company. The Board of Directors has determined that the content of individual remuneration, etc. for each Director for the fiscal year under review is in line with the remuneration policy.

e. Details and Method of determining Remuneration, etc. of Directors (Audit & Supervisory Committee Members)

- For Directors (Audit & Supervisory Committee Members), from the standpoint of ensuring the fairness of audits, bonuses and stock-based compensation, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.
- The amount of remuneration for Directors (Audit & Supervisory Committee Members) is to be determined through discussion by Directors who are Audit & Supervisory Committee Members within the range decided with the resolution of the General Meeting of Shareholders (the table below).

Type of Remuneration	Amount of Remuneration	General Meeting of Shareholders Date of Resolution	Number of eligible Directors at the Time of the Resolution of the General Meeting of Shareholders becoming Effective*	Number of eligible Directors as of June 25, 2024
Director (Audit & Supervisory Committee Member)				
Monetary remuneration (basic remuneration)	Annually ¥200 million	February 26, 2021	5	4

* The number of Directors (Audit & Supervisory Committee Members) related to the amount of remuneration is not specified.

(ii) Total Amount of Remuneration, etc. by Officer Category, total Amount of Remuneration, etc. by Type, and Number of eligible Officers

Officer Category	Amount of Remuneration (Millions of Yen)	Total Amount of Remuneration, etc. by Type (Millions of Yen)				Number of eligible Officers (Persons)
		Fixed Remuneration (Basic Remuneration)	Performance-based Compensation (Bonus)	Performance-based Compensation (Stock Compensation)	Other	
Directors who are Not Audit & Supervisory Committee Members (excluding Outside Directors)	422	298	55	68	–	6
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	49	49	–	–	–	1
Outside Directors	91	91	–	–	–	7

(Notes) 1. The amount of performance-based compensation (bonus) is the amount of reversal of provision for bonuses for directors (and other officers) for the fiscal year under review.
2. The total amount for performance-based compensation (stock compensation) is the amount of expenses posted for points awarded during the fiscal year under review.
3. There were no payments of non-monetary compensation related to the provision of company housing during the fiscal year under review.
4. The table above includes remuneration, etc. paid to one Director who resigned due to his passing on January 4, 2024.

(iii) Total Amount of Remuneration, etc. paid by the Group to Each Officer

Name	Total Amount of Remuneration, etc. paid by the Group (Millions of Yen)	Officer Category	Company Category	Amount of Remuneration, etc. paid by the Group by Type (Millions of Yen)			
				Fixed Remuneration (Basic Remuneration)	Performance-based Compensation (Bonus)	Performance-based Compensation (Stock Compensation)	Other
Taiju Hisai	123	Director	Reporting company	74	21	27	–

(Notes) 1. The amount of performance-based compensation (bonus) is the amount of reversal of provision for bonuses for directors (and other officers) for the fiscal year under review.
2. The total amount for performance-based compensation (stock compensation) is the amount of expenses posted for points awarded during 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 examine annually if it is rational to hold each stock and sell such shares when it is judged no longer rational to hold them, taking into account the impacts on business and markets, and after obtaining understanding from business partners. 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 stocks.)

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 potential business opportunities in the future. The Board of Directors verifies the rationality of shareholdings.

The Company examined all of the relevant investment shares using the above methods at the Board of Directors meeting held in the fiscal year ended March 2024.

b. Number of Issues and Amount recorded on the Balance Sheet

	Number of Issues (Issues)	Total Amount recorded on the Balance Sheet (Millions of Yen)
Unlisted Stocks	87	5,109
Stocks other than unlisted Stocks	31	18,725

(Issues that increased in the Number of Shares 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	6	488	Invested in startups with the aim of promoting the creation of new services and development of new businesses.
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 the Number of Shares 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	8	1,847
Stocks other than unlisted Stocks	22	8,147

c. Information on the Number of specified Investment Stocks and Deemed Holdings of Shares by Issue and Amounts recorded on the Balance Sheet, etc.

Specified Investment Stock

Issues	During the Fiscal Year under Review Number of Shares (Shares) Amount recorded on the Balance Sheet (Millions of Yen)	Previous Fiscal Year Number of Shares (Shares) Amount recorded on the Balance Sheet (Millions of Yen)	Purpose of Holding, Overview of Business Alliance, etc., Quantitative Holding Effect and Reason for Increase in the Number of Shares	Holding of Shares in the Company
Aeon Co., Ltd.	901,092	1,351,492	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment. During the fiscal year under review, the Company sold a portion of its shareholding.	No
	3,239	3,467		
Tokyo Ohka Kogyo Co., Ltd.	562,689	187,563	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment. Please note that a 3-for-1 split of ordinary shares was carried out on January 1, 2024. The number of shares for the fiscal year under review are after the share split.	No
	2,576	1,442		
Shimadzu Corporation	430,000	430,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	1,818	1,780		
Tokai Corp.	768,634	768,634	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	1,683	1,521		
Okuma Corporation	221,600	221,600	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	1,577	1,309		
Okaya & Co., Ltd.	76,200	76,200	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	1,288	790		
Mitsubishi Research Institute, Inc.	216,500	216,500	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	1,073	1,104		
Jeol Ltd.	125,000	125,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	782	530		
Zeria Pharmaceutical Co., Ltd.	302,964	302,964	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	645	680		
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
	531	544		

Issues	During the Fiscal Year under Review Number of Shares (Shares) Amount recorded on the Balance Sheet (Millions of Yen)	Previous Fiscal Year Number of Shares (Shares) Amount recorded on the Balance Sheet (Millions of Yen)	Purpose of Holding, Overview of Business Alliance, etc., Quantitative Holding Effect and Reason for Increase in the Number of Shares	Holding of Shares in the Company
GS Yuasa Corporation	142,400	142,400	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	447	339		
Nagoya Railroad Co., Ltd.	183,000	243,900	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment. During the fiscal year under review, the Company sold a portion of its shareholding.	Yes
	396	498		
Nachi-Fujikoshi Corp.	113,000	113,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	394	446		
Tokai Tokyo Financial Holdings, Inc.	633,937	633,937	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	386	232		
Nippo Ltd.	134,000	134,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	216	106		
SENKO Group Holdings Co., Ltd.	179,450	179,450	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	205	169		
JTower Inc.	50,641	50,641	The Company entered into a business alliance agreement with the said company for the purpose of collaboration in the communications infrastructure sharing sector. Held to maintain and strengthen cooperative relationships with the said company in establishing a finance scheme related to capital investment in the sector.	No
	200	248		
AeroEdge Co., Ltd.	57,140	*	The Company entered into a business alliance agreement with the said company for the purpose of strengthening collaboration on accelerating DX and SDGs in the aviation industry. Held to maintain and strengthen cooperative relationships with the said company, mainly in the area of DX for parts production in the aviation industry and others. Became subject to description from the fiscal year under review due to its new listing.	No
	183	*		

Issues	During the Fiscal Year under Review	Previous Fiscal Year	Purpose of Holding, Overview of Business Alliance, etc., 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 recorded on the Balance Sheet (Millions of Yen)	Amount recorded on the Balance Sheet (Millions of Yen)		
Meito Sangyo Co., Ltd.	101,970	101,970	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	181	168		
The Torigoe Co., Ltd.	212,000	212,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	151	127		
JDC Corporation	250,000	500,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment. During the fiscal year under review, the Company sold a portion of its shareholding.	No
	134	302		
Iseki & Co., Ltd.	115,000	115,000	The Company entered into a business alliance agreement with the said company for the purpose of providing financial services related to agricultural machines and others sold by the said company's group. Held to maintain and strengthen partnership in the agricultural sector.	No
	118	136		
Japan Transcity Corporation	150,491	150,491	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	101	91		
Okamura Corporation	38,160	38,160	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	86	52		
Mitsumura Printing Co., Ltd.	48,800	48,800	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
	80	59		
Imuraya Group Co., Ltd.	26,302	26,302	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	66	58		
Yahagi Construction Co., Ltd.	39,600	39,600	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	61	32		
Yamada Holdings Co., Ltd.	100,000	100,000	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
	44	45		

Issues	During the Fiscal Year under Review Number of Shares (Shares) Amount recorded on the Balance Sheet (Millions of Yen)	Previous Fiscal Year Number of Shares (Shares) Amount recorded on the Balance Sheet (Millions of Yen)	Purpose of Holding, Overview of Business Alliance, etc., Quantitative Holding Effect and Reason for Increase in the Number of Shares	Holding of Shares in the Company
Yamanaka Co., Ltd.	40,000 27	40,000 27	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	Yes
Altech Co., Ltd.	40,080 12	40,080 10	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment.	No
JAPAN CRAFT HOLDINGS CO., LTD.	58,000 9	29,000 16	Mainly held to maintain and strengthen comprehensive business relationships including leases in the Customer Solutions segment. Please note that a 2-for-1 split of ordinary shares was carried out on July 1, 2023. The number of shares for the fiscal year under review are after the share split.	No
PT GoTo Gojek Tokopedia Tbk	– –	1,581,298,147 1,534	The Company held the shares to maintain and strengthen cooperative relationships, but sold all of its shareholding during the fiscal year under review.	No
Sompo Holdings, Inc.	– –	210,080 1,103	The Company held the shares to maintain and strengthen cooperative relationships, but sold all of its shareholding during the fiscal year under review.	No
Rock Field Co., Ltd.	– –	482,064 754	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	Yes
Tokio Marine Holdings, Inc.	– –	165,375 421	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
Taisho Pharmaceutical Holdings Co., Ltd.	– –	60,000 331	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
Cyfuse Biomedical K.K.	– –	200,000 244	The Company held the shares to maintain and strengthen cooperative relationships, but sold all of its shareholding during the fiscal year under review.	No
MS&AD Insurance Group Holdings, Inc.	– –	42,907 176	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
Hirano Tecseed Co., Ltd.	– –	66,800 137	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

Issues	During the Fiscal Year under Review	Previous Fiscal Year	Purpose of Holding, Overview of Business Alliance, etc., 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 recorded on the Balance Sheet (Millions of Yen)	Amount recorded on the Balance Sheet (Millions of Yen)		
Freund Corporation	–	188,200	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	120		
SK-Electronics Co., Ltd.	–	60,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	106		
SoftBank Corp.	–	53,200	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	81		
Tsuzuki Denki Co., Ltd.	–	49,812	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	77		
Meiji Electric Industries Co., Ltd.	–	60,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	Yes
	–	72		
Kisoji Co., Ltd.	–	30,626	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	67		
Waida MFG. Co., Ltd.	–	64,700	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	65		
Hochiki Corporation	–	37,500	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	58		
Koike Sanso Kogyo Co., Ltd.	–	13,310	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	30		
Aska Pharmaceutical Holdings Co., Ltd.	–	9,466	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	11		
Encho Co., Ltd.	–	5,000	The Company held the shares to maintain and strengthen the relationship, but sold all of its shareholding during the fiscal year under review.	No
	–	4		

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

2. A hyphen "–" indicates that the Company does not hold the relevant issue.

3. An asterisk "*" indicates that the information was omitted because the relevant issue was unlisted stock.

(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	5	4,322	1	1,650
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	143	–	–
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 pure investment during the fiscal year under review.