




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

Mitsubishi HC Capital Inc.
May 15, 2023

Agenda

1.	The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP	P.4
2.	Financial and Non-Financial Targets	P.6-7
3.	Positioning of the 2025 MTMP and Value Creation Process	P.9-12
4.	Business Strategies	P.14-19
5.	Corporate Functions Strategies	P.21
6.	Frameworks to Promote Transformation	P.23
7.	Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)	P.25-28

-
- 
- 1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP**
 2. Financial and Non-Financial Targets
 3. Positioning of the 2025 MTMP and Value Creation Process
 4. Business Strategies
 5. Corporate Functions Strategies
 6. Frameworks to Promote Transformation
 7. Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)
-

1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP

We established Our 10-year Vision,

“Together we innovate, challenge and explore the frontiers of the future.”
In order to achieve this vision, we will proceed 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 will address the management plan with “sowing seeds” and “gaining a solid foothold” leading to a leap to the “step” and “jump” plans as keywords.

1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP



2. Financial and Non-Financial Targets

3. Positioning of the 2025 MTMP and Value Creation Process

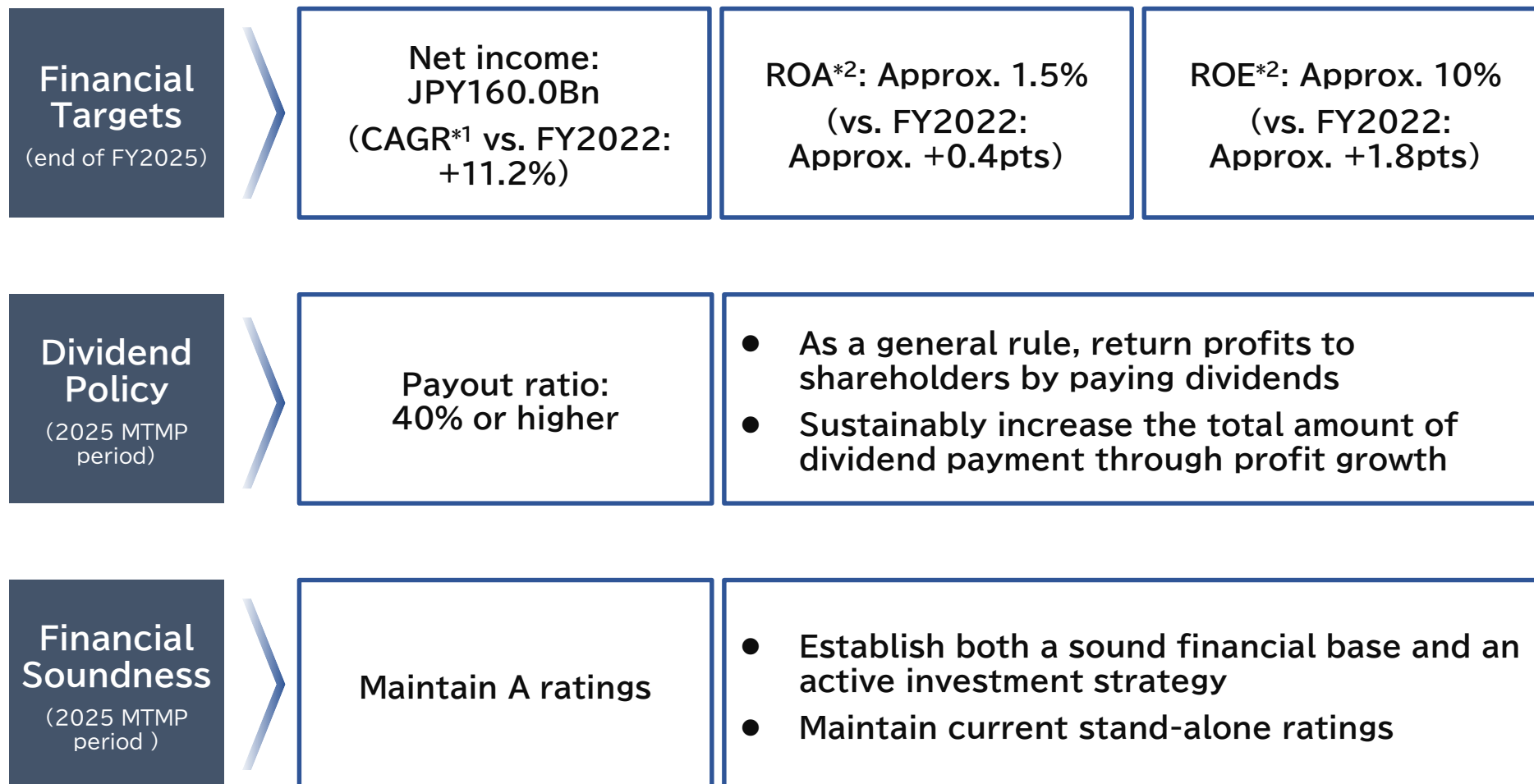
4. Business Strategies

5. Corporate Functions Strategies

6. Frameworks to Promote Transformation

7. Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)

2-1. Financial Targets



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

*1 CAGR: Compound Annual Growth Rate

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

2-2. Non-Financial Targets

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

*³ GHG: Green House Gas

1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP

2. Financial and Non-Financial Targets

 **3. Positioning of the 2025 MTMP and Value Creation Process**

4. Business Strategies

5. Corporate Functions Strategies

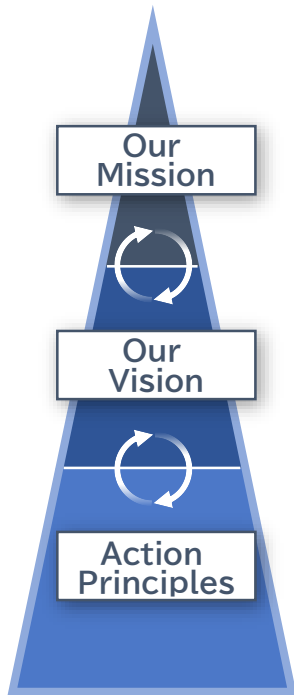
6. Frameworks to Promote Transformation

7. Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)

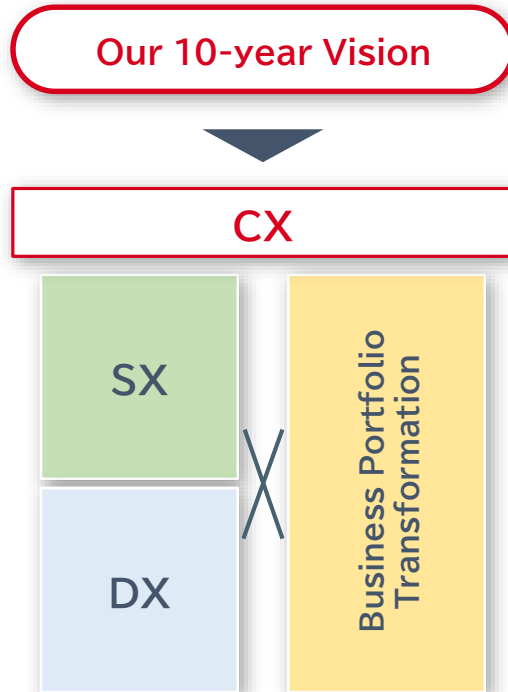
3-1. Positioning of the 2025 MTMP

- ▶ We have defined the Basic Management Policy and the medium- to long-term management direction to clarify the direction we should take.
- ▶ With these in mind, we have refined the Mitsubishi HC Capital (defined as “MHC”) Value Creation Process and formulated the 2025 MTMP based on the process as a guideline.

Basic Management Policy *4



Medium- to Long-term Management Direction *4



Value Creation Process



Create value through capital input and business activities, thus achieve the accumulation of non-financial capital and the increase of future financial capital

Medium-term Management Plan

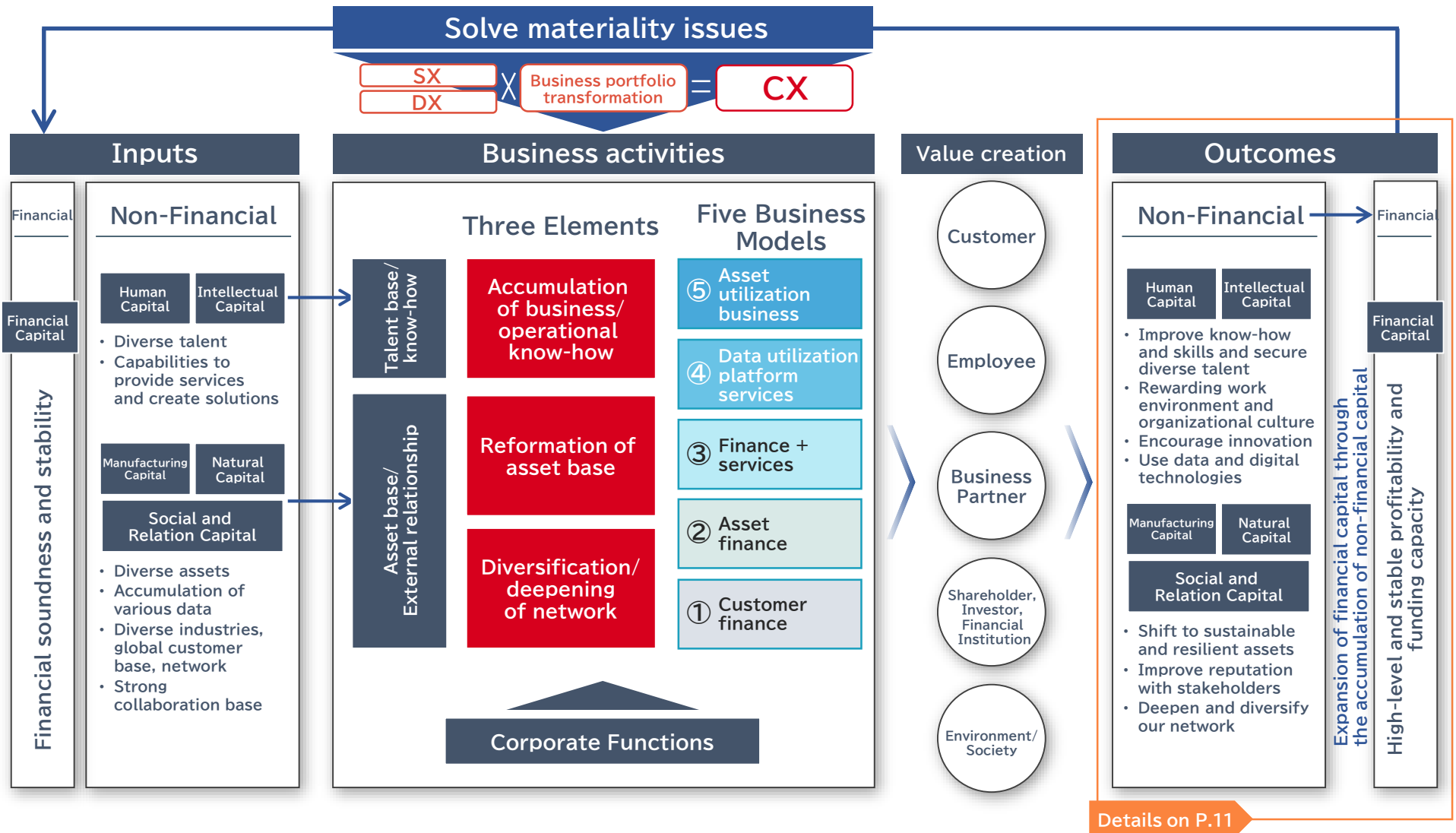
2031 MTMP
(FY2029 - FY2031)
[Jump]

2028 MTMP
(FY2026 - FY2028)
[Step]

**2025
MTMP**
(FY2023 - FY2025)
[Hop]

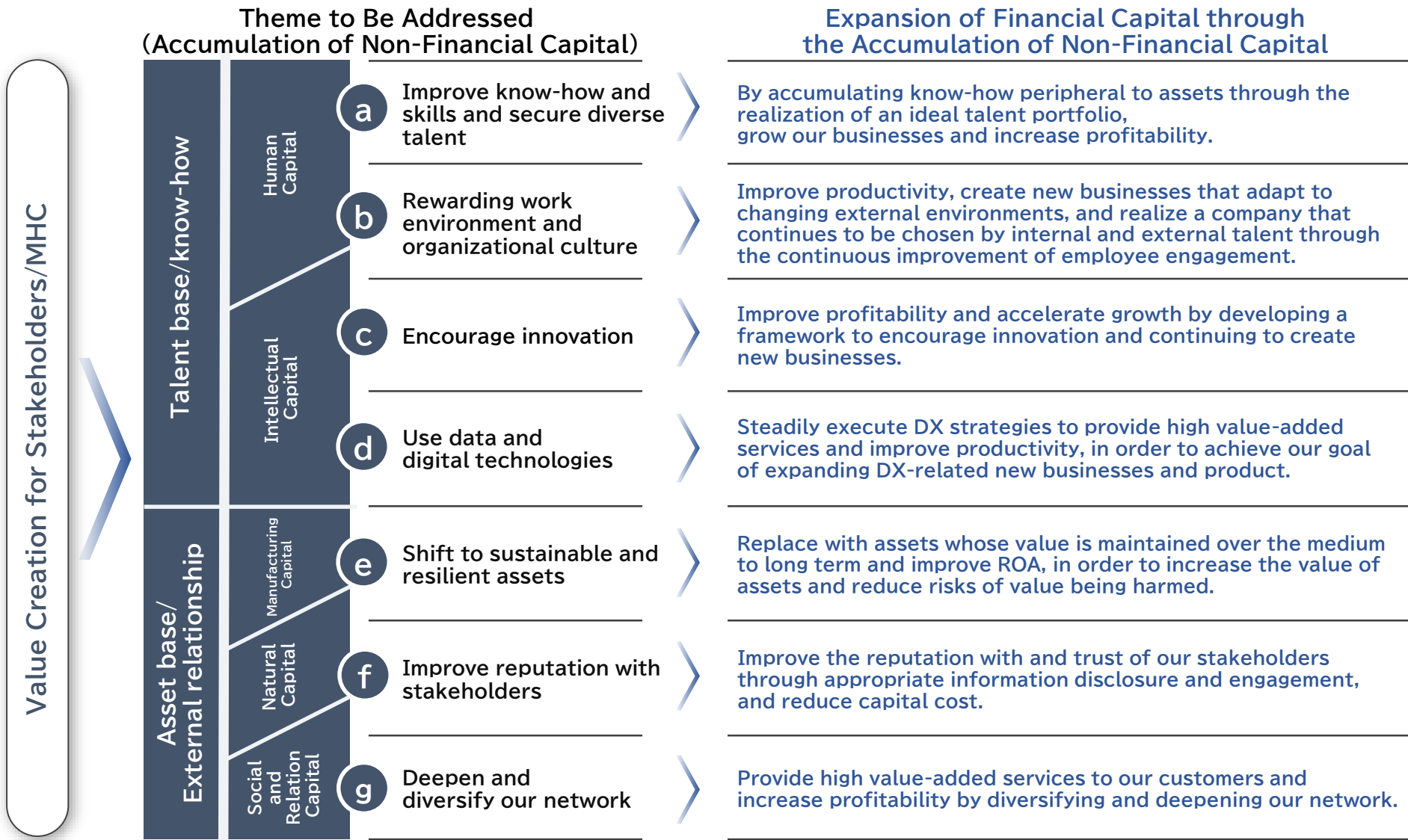
*4 Announced on May 16, 2022. Refer to pages 25-28 for details

3-2. Value Creation Process (Overview)



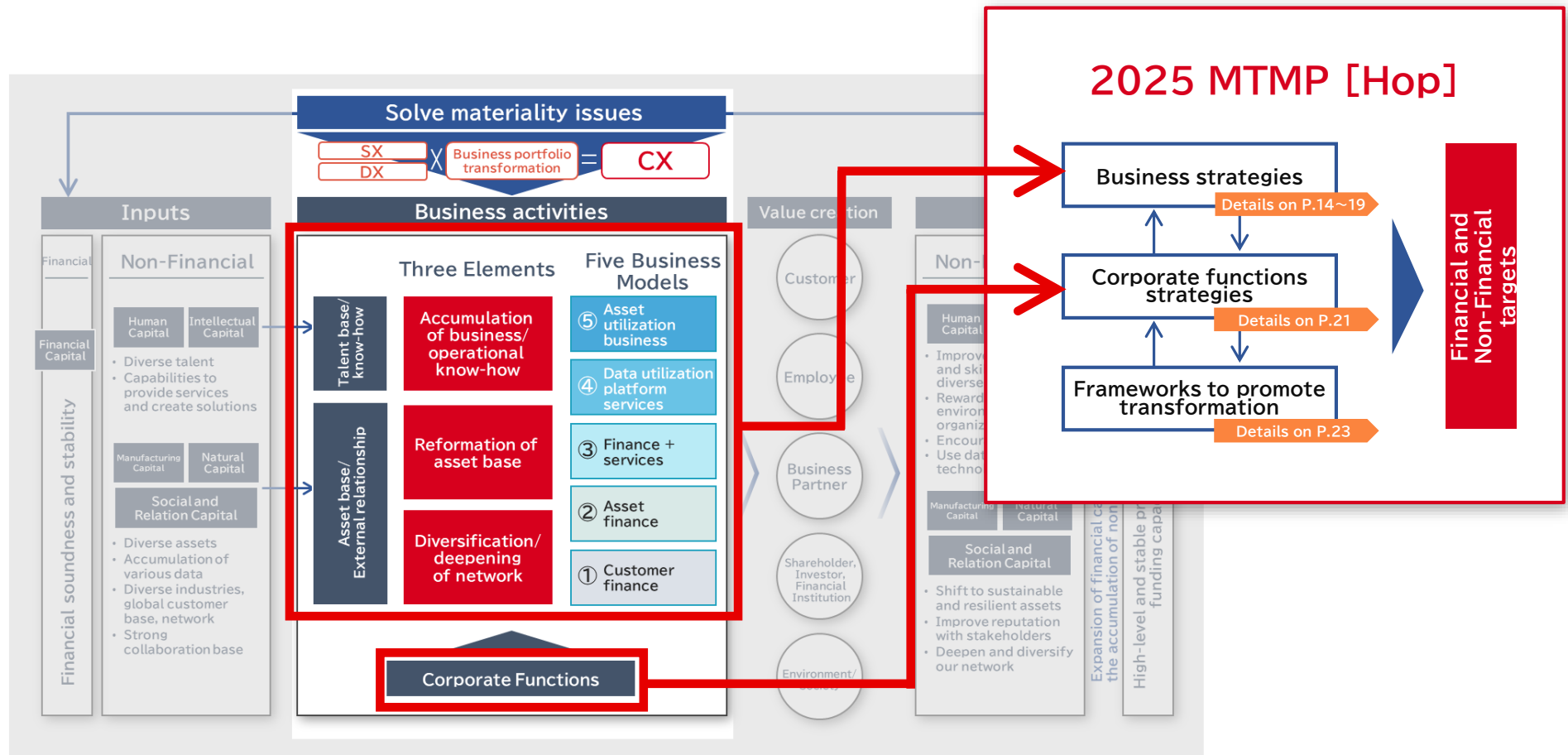
3-3. Value Creation Process

(Expansion of Financial Capital through the Accumulation of Non-Financial Capital)



3-4. Composition of the 2025 MTMP and Relationship with the Value Creation Process

- ▶ The 2025 MTMP is composed of business strategies, corporate functions strategies, frameworks to promote transformation, and Financial and Non-Financial targets.
- ▶ Business activities in FY2023 through FY2025 in the Value Creation Process apply to business strategies and corporate functions strategies in the 2025 MTMP. We will develop frameworks to promote transformation, which support those strategies, and aim to achieve Financial and Non-Financial targets.



-
1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP
 2. Financial and Non-Financial Targets
 3. Positioning of the 2025 MTMP and Value Creation Process



4. Business Strategies

5. Corporate Functions Strategies
6. Frameworks to Promote Transformation
7. Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)

4-1. Business Strategies (for the Evolution and Layering of Business Models)

▶ We will proceed with the evolution and layering of business models in order to achieve business portfolio transformation.

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.	<ul style="list-style-type: none"> Non-FIT renewable energy businesses Real estate revitalization and development investment 		
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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Operating leases Real estate securitization 		
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.)	<ul style="list-style-type: none"> Finance leases Vendor leases Installment sales Lending 		

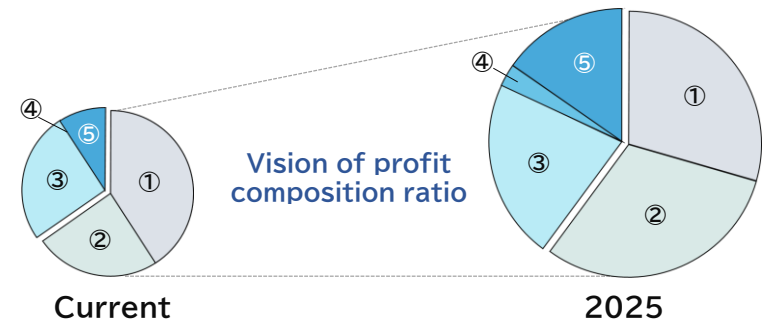
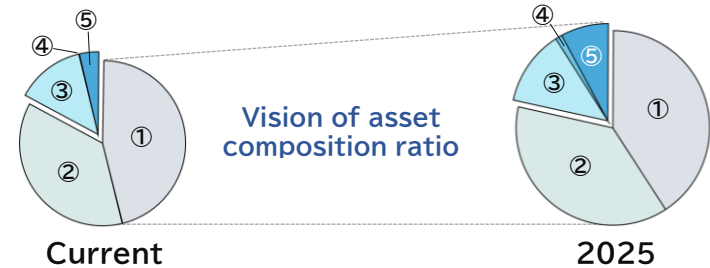
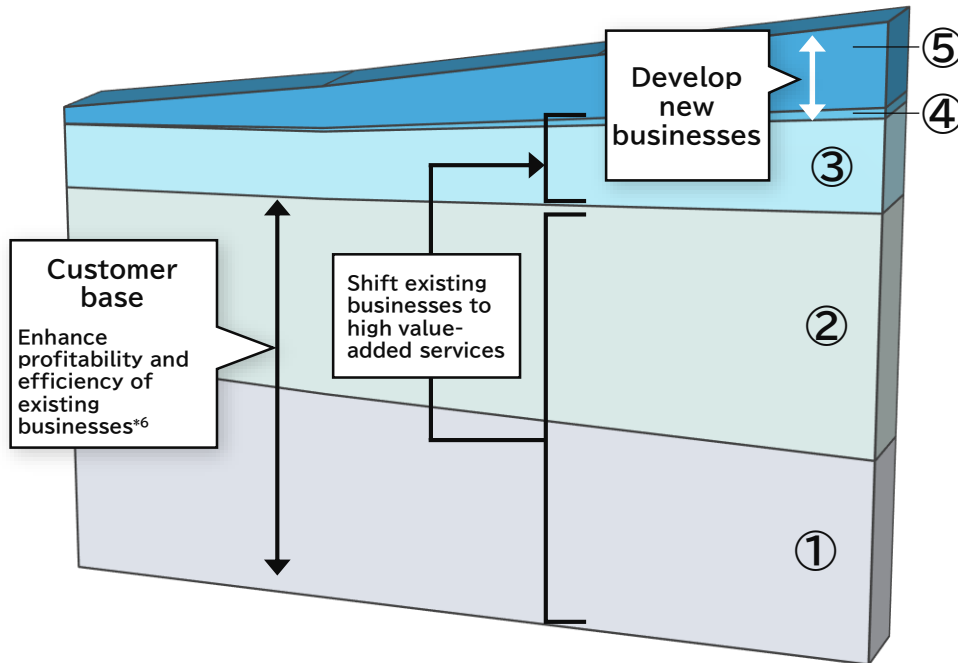
Evolution and Layering of Business Models

*5 AM: Asset Management

4-2. Business Strategies (Vision of the Evolution and Layering of Business Models)

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

Evolution and layering of business models

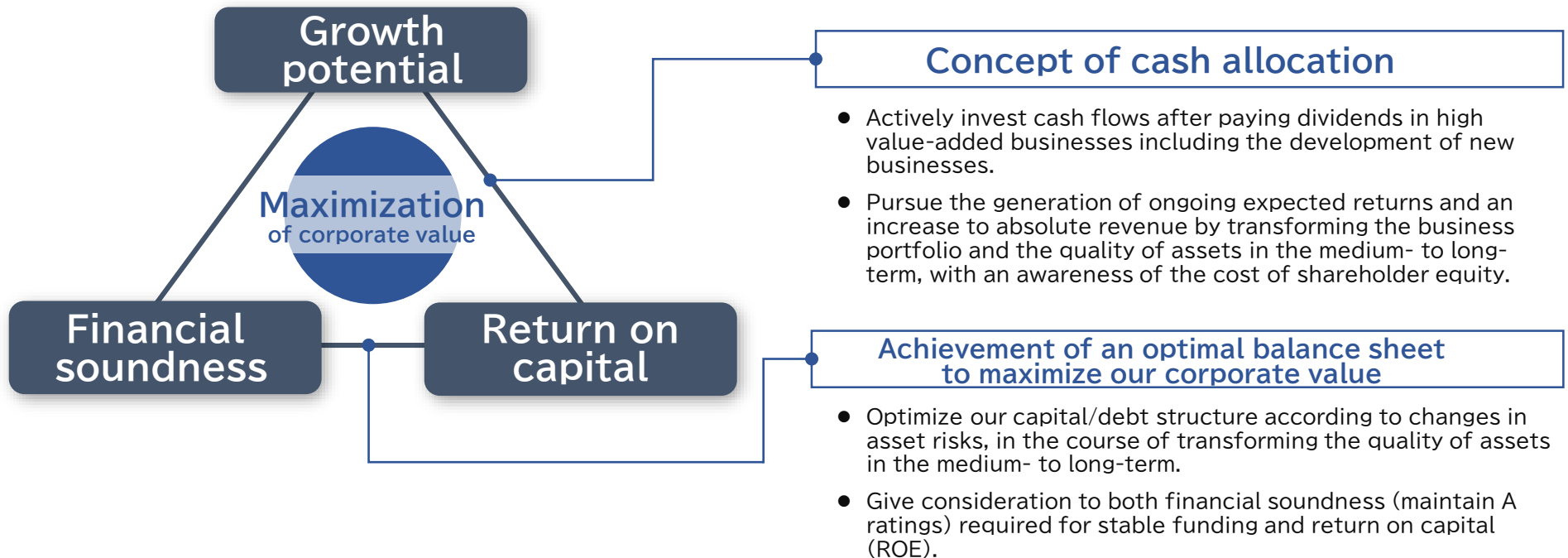


*6 Includes restructuring and withdrawal. Actively accumulate high-profitability assets, while selling and reducing low-profitability assets. Evolve into O&D business.

4-3. Premise for Business Strategies (Financial Strategies that Support the Evolution and Layering of Business Models)

- ▶ 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.

Balance between the Three Perspectives



4-4. Business Strategies by Segment

Customer Solutions Business

Achieve business portfolio transformation through establishing our solid customer base and the development of a new sales process by utilizing data and digital technologies

Net income 

Total assets 

Core Strategies

- Leveraging our solid customer base as our strength, accelerate the creation of collaboration businesses based on multi-layered customer relationships and shareholder channels, etc.
- Provide new services leading to the evolution and layering of business models
- Pursue efficiency by establishing a new sales process which utilizes data and digital technologies

Global Business

Improve profitability through strategic allocation of management resources considering regional characteristics

Net income 

Total assets 

Core Strategies

- Diversify businesses, expand our customer base, and shift to high value-added products by considering social issues and needs of each country and region
- Increase added value and differentiate our business by digitalizing business processes and providing digital platforms to more vendors and customers
- Increase profitability by enhancing decarbonization businesses such as EVs, charging stations, and solar power generation

Aviation Business

Recover profitability early on and develop a new business base by strengthening group synergy

Net income 

Total assets 

Core Strategies

- Firmly maintain our competitive, industry-leading portfolio of aircraft and aircraft engine leasing businesses
- Enhance capabilities to address changes in industry and customer needs through optimized collaboration within the MHC Group, and expand the business size
- Create new businesses (next-generation aviation technologies, decarbonization, etc.) with the aim of acquiring a business platform for the future

Logistics Business

Contribute to solving social issues in the logistics field by further strengthening our business base and developing new businesses

Net income 

Total assets 

Core Strategies

- Further strengthen the container business base by using digital technologies, etc. in addition to expanding reselling and trading businesses by leveraging our world-class position in the industry
- Improve profitability of railway freight car leasing business in the U.S. through portfolio optimization and a shift to the asset O&D model
- Create new growth opportunities that contribute to realizing a decarbonized and circular society

4-4. Business Strategies by Segment

Environment & Energy Business

Maintain our position as a leading renewable energy operator in Japan and increase added value by expanding business domains

Net income 

Total assets 

Core Strategies

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

Real Estate Business

Contribute to building a sustainable social infrastructure through real estate investment and lending business and asset management business

Net income 

Total assets 

Core Strategies

- Create business opportunities by increasing capabilities to enhance value through investment and lending and strengthening development of eco- and society-friendly assets
- Enhance investment in logistics facilities development by increasing sourcing and leasing pipelines
- Differentiate our asset classes and address investors' needs related to ESG, etc., aiming to enhance and expand asset management business

Mobility Business

Expand profits by strengthening and developing EV-related businesses in consideration of social decarbonization needs

Net income 

Total assets 

Core Strategies

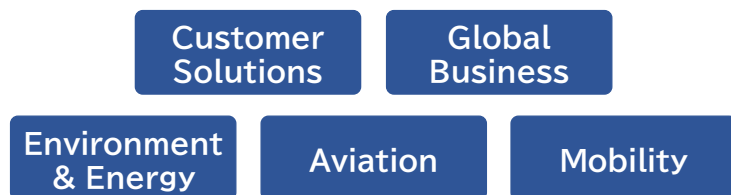
- Develop and commercialize an integrated service that can extensively provide functions necessary for introducing and operating EVs, such as constructing charging facilities networks, reusing automotive batteries, and supplying renewable energies
- Create synergy early on through the merger of two automotive leasing companies in Japan
- Expand our mobility business base by collaborating with strategic partners in the ASEAN region, etc.

4-5. Business Strategies (Key Themes across segments)

- ▶ We have defined themes to be addressed with the concerted efforts of the MHC Group across segments.
- ▶ These themes will lead to Our 10-year Vision of contributing to a prosperous and sustainable future by creating social value with partners, not by the MHC Group alone.

Hydrogen

Develop hydrogen business strategies that leverage global business operations and customer bases



EVs

Develop and commercialize an integrated service that can extensively provide the functions necessary for introducing and operating EVs such as renewable energy supply and charging infrastructure



Logistics

To address social issues and customer needs on logistics supply chains, develop and provide “seamless logistics solutions” by collaborating with leading partners



Decarbonization Solutions (Energy Conservation, Carbon Credits)

Develop and provide a one-stop service contributing to realizing a decarbonized society (visualizing CO2 emissions, energy conservation, renewable energies, creating carbon credits, etc.)



-
1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP
 2. Financial and Non-Financial Targets
 3. Positioning of the 2025 MTMP and Value Creation Process
 4. Business Strategies
 -  **5. Corporate Functions Strategies**
 6. Frameworks to Promote Transformation
 7. Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)

5. Corporate Functions Strategies

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 (increase the number of talent and qualitatively transform their abilities)
- Strategically disclose human capital (set goals in line with the HR strategy and communicate goals)

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 evolution 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 (promote efforts for climate change and human rights, enhance and communicate ESG-related information)

-
1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP
 2. Financial and Non-Financial Targets
 3. Positioning of the 2025 MTMP and Value Creation Process
 4. Business Strategies
 5. Corporate Functions Strategies



6. Frameworks to Promote Transformation

7. Reference: Basic Management Policy/Medium- to Long-term Management Direction (Released on May 16, 2022)

6. 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.

① “Lay” the foundation of transformation

Foster all employees’ awareness of transformation.

- Awareness reform through the dissemination of information from the management to all levels of employees as well as face-to-face communication between them

② “Create” transformation

Develop frameworks so that efforts contributing to transformation can be actively launched.

- Full-fledged start of a program to seek business ideas and the intra-entrepreneurship program, which is an initiative to promote in-house venture business
- Introduction of a new organizational evaluation system which encourages transformation

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.

- Promotion of investment in R&D (establishment of the Innovation Investment Fund, JPY10.0Bn)
- Promotion of the delegation of authority to front offices (decentralization)

-
1. The Direction the Mitsubishi HC Capital Group Should Take and the Outline of the 2025 MTMP
 2. Financial and Non-Financial Targets
 3. Positioning of the 2025 MTMP and Value Creation Process
 4. Business Strategies
 5. Corporate Functions Strategies
 6. Frameworks to Promote Transformation
 -  **7. Reference: Basic Management Policy/Medium- to Long-term Management Direction** (Released on May 16, 2022)
-

7-1. Basic Management Policy (Reposted)



Our Mission ~Our long-term goal~

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

Our Vision ~Objectives to achieve our long-term goal~

- 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 ~“Values and mindset to be held” and “actions to be taken” by each and every employee~

- | | |
|------------------|--|
| • 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. |

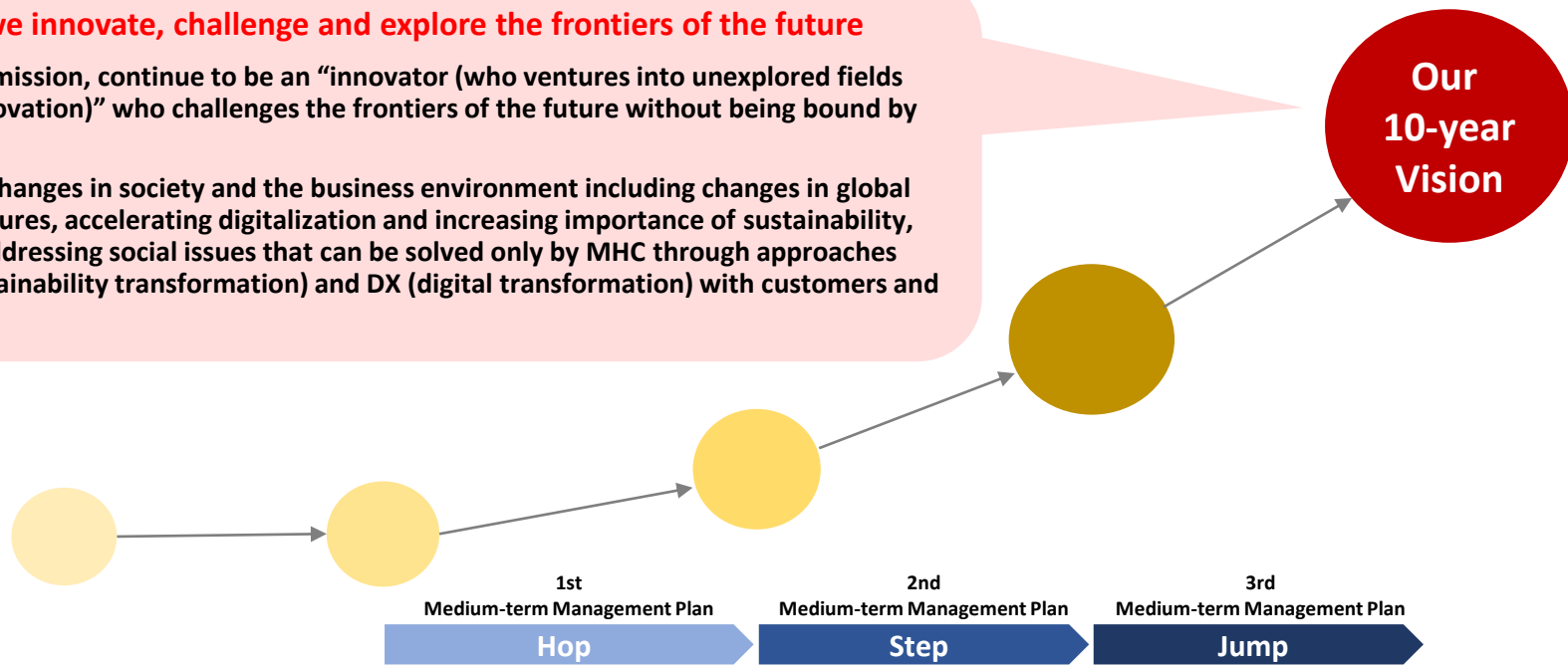
7-2. Our 10-year Vision (Reposted)

※ Figures for FYE 3/2023, expected targets for FYE 3/2026, and an expected target of payout ratio during the period of new Medium-term Management plan are as of May 16, 2022.

- We will achieve “Our 10-year Vision” by implementing Medium-term Management Plans in three phases. The new Medium-term Management Plan starting in FYE3/2024 is set as phase one, “hop,” followed by the Management Plans as phase two, “step,” and phase three, “jump.”
- Our expected target of ROA* is approx. 1.5% and of ROE* is approx. 10% for FYE3/2026, the final fiscal year of the “hop” phase. The expected target of payout ratio for the period of the new Medium-term Management Plan is aimed to be approx. 40%.

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

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



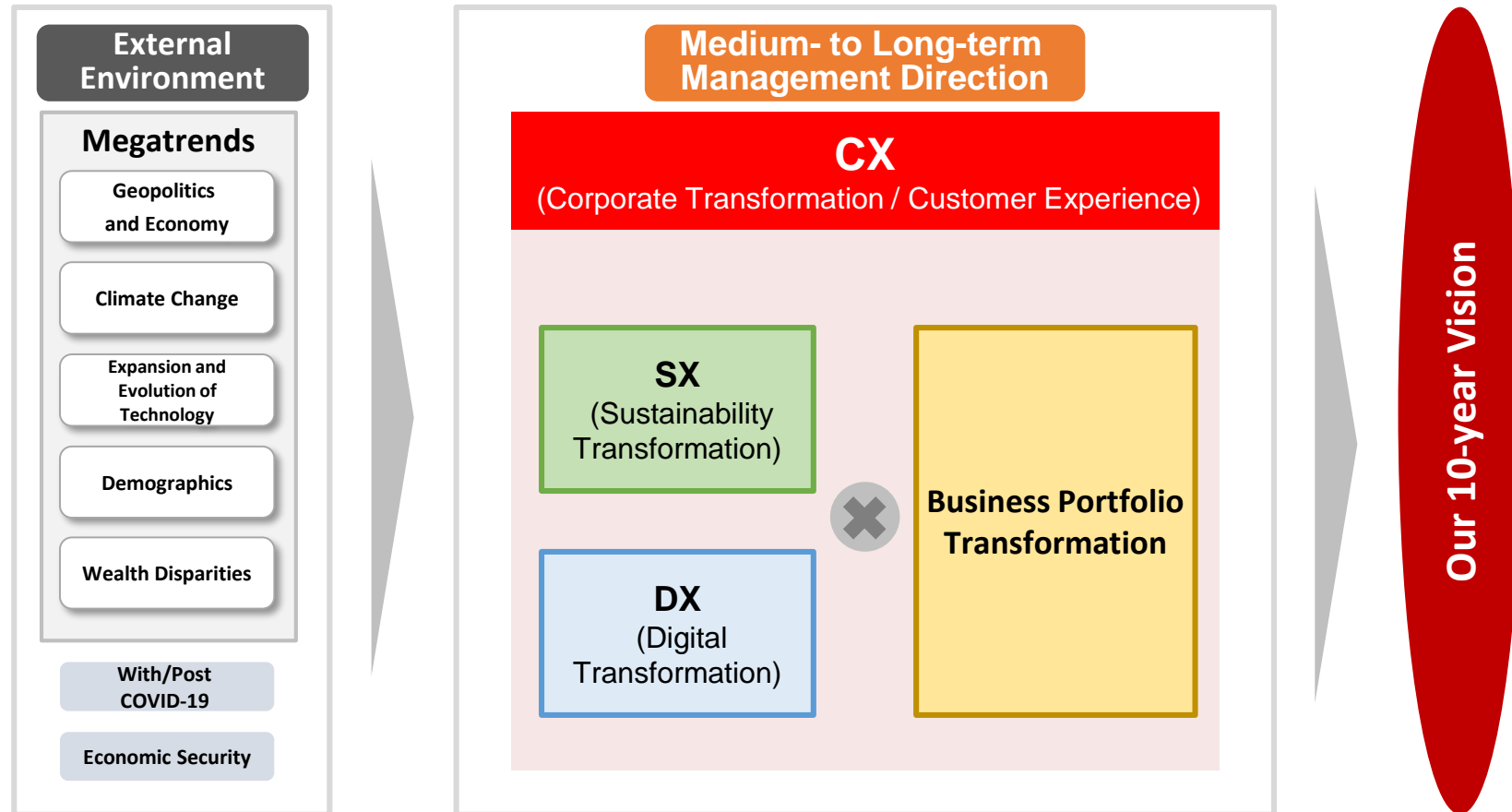
	FYE3/2022	FYE3/2023	FYE3/2024	FYE3/2026	FYE3/2029	FYE3/2032
ROA*	1.0%	1.1%	...	Approx. 1.5%		
ROE*	8.0%	8.2%	...	Approx. 10%		
Payout Ratio	40.4%	40.5%	Approx. 40% (during the period of new Medium-term Management Plan)			

[Expected target]

* ROA and ROE are based on net income

7-3. Medium- to Long-term Management Direction: Toward Our 10-year Vision (Reposted)

- Achieve “Our 10-year Vision” by promoting CX through “SX / DX” and “Business Portfolio Transformation.”
- We can achieve “Customer Experience” by implementing “Corporate Transformation.”



7-4. Medium- to Long-term Management Direction: Implementing CX (Reposted)

CX

(Corporate Transformation / Customer Experience)

SX / DX

SX

Achieve “co-existence and co-prosperity with environmental and social values” and “sustainable growth” through efforts for materiality and solid management base.

DX

Achieve “creation and qualitative improvement of customer value” by utilizing data and digital technologies and making strategic investments.



Business portfolio transformation

- I “Developing” new businesses**
 - ✓ Develop new businesses and domains and create new revenue sources by utilizing stable cash flows and the wide-ranging customer base of existing businesses.
- II Shift existing business to high value-added services**
 - ✓ Shift to high value-added services by maintaining and expanding the customer base of existing businesses and increase returns by improving customer experience.
- III Enhance profitability and efficiency of existing businesses**
 - ✓ Enhance profitability and efficiency of existing businesses that create stable cash flows.

Legal Disclaimer

- This presentation contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of Mitsubishi HC Capital Inc. and/or its group companies.
- These forward-looking statements are inherently subject to a number of risks and uncertainties that could cause the actual results, performance, achievements, financial position etc. to differ materially from the information expressed or implied by these forward-looking statements, which is based on assumptions and beliefs in light of information currently available to the management of Mitsubishi HC Capital Inc. at the time of publication. Accordingly, due to various risks and uncertainties, the statements are not a guarantee of future performance or developments. We may not be successful in implementing our business strategy, and management may fail to achieve its targets for a wide range of possible reasons.
- Amounts are rounded down in this presentation, which may cause a fractional error in total amounts. We undertake no obligation to update or correct any forward-looking statements after the date of this presentation. The information set forth in this presentation is subject to change without notice.
- This presentation is not intended to solicit, offer, or sell investments in any jurisdiction, and should not be the sole basis for making investment and other decisions. The reader is cautioned not to place undue reliance on forward-looking statements.
- We assume no liability for any damage resulting from the use.
- This presentation is created in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes. If there is any conflict or inconsistency between these two texts, the Japanese text shall prevail.