

Business Segment Meeting - Aviation -

August 2025

"Document update only"

Mitsubishi HC Capital, Inc.



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Definitions for Acronyms Used in This Material

■ MHC	: Mitsubishi HC Capital
■ JSA	: Jackson Square Aviation (Aircraft financing and leasing company)
■ elfc	: Engine Lease Finance Corporation (Aircraft engine financing and leasing company)
■ inav	: inav (Aircraft engine parts sales company)
■ ABD	: Aviation Business Department
■ MHCAS	: MHC Aviation Services
■ JOL/JOLCO	: Japanese Operating Lease with Call Option

01 Introduction to the Aviation Business Division

02 Business Overview

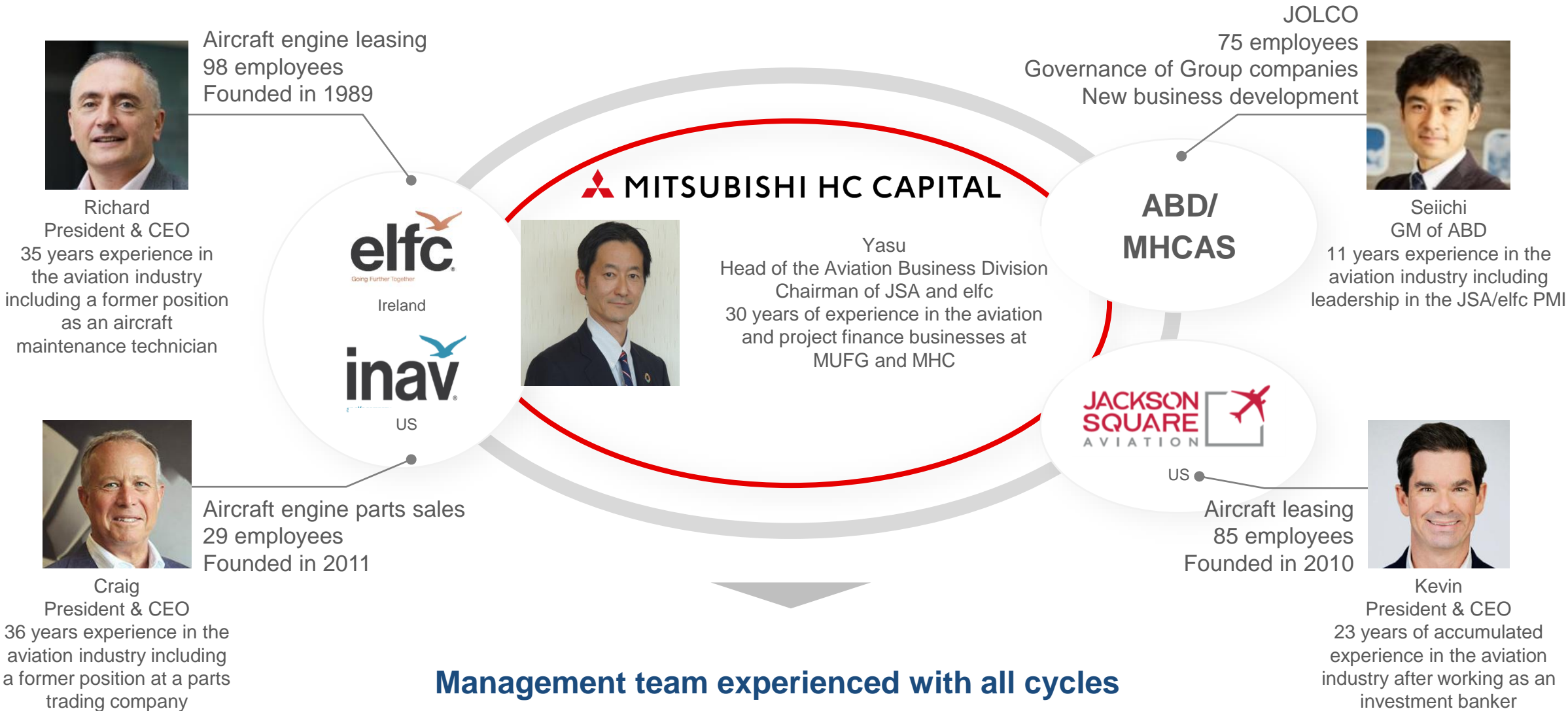
03 Business Strategies

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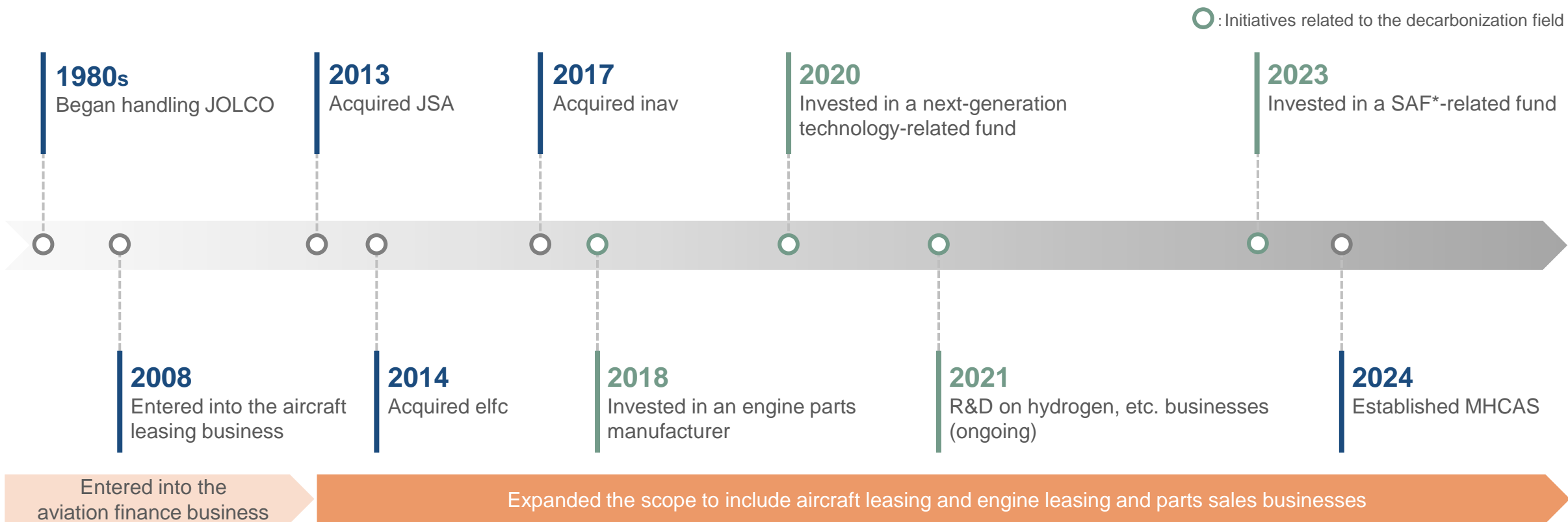
03 Business Strategies

Introduction to the Aviation Business Division



Overview


- 1980s Entered into the aircraft finance industry. Since then, we have provided services and accumulated business expertise for over 40 years
- 2013- Expanded the scope to include aircraft leasing and aircraft engine leasing and parts sales
- 2018- Acquired a minority stake in multiple companies in the decarbonization field



* Sustainable Aviation Fuel (manufactured with recyclable materials)


The aviation industry is a growth market, growing at a faster rate than the economy

Correlation



High correlations between GDP, passenger demand, and aircraft demand

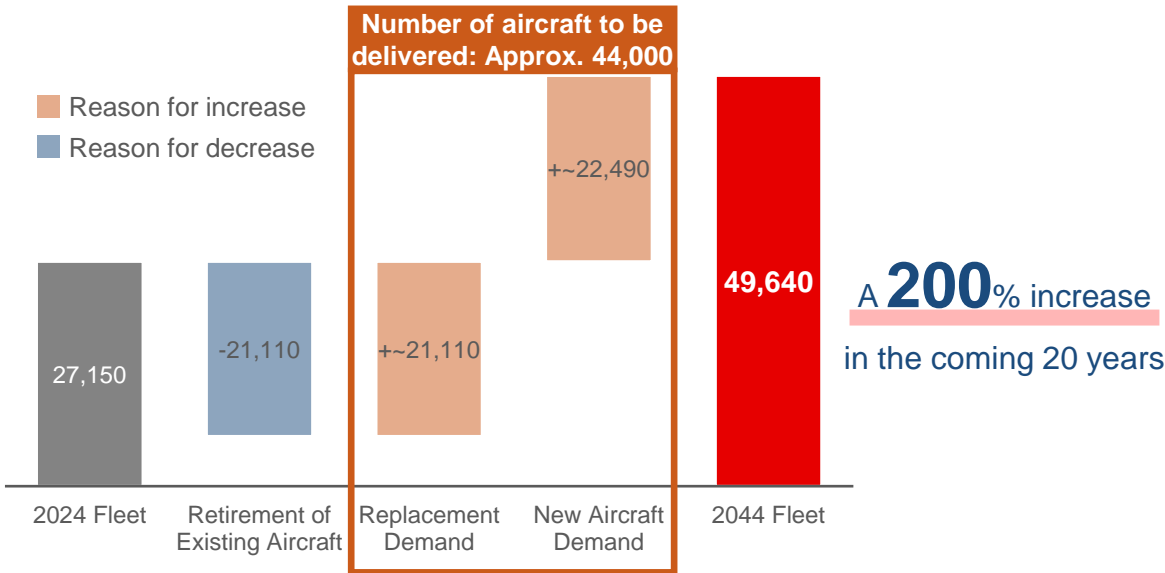
Passenger Demand



In line with GDP and population growth, an average growth rate of over 3% ^{*1} is expected for passenger demand and over 2%* for the aircraft fleet in the period between 2025 to 2044

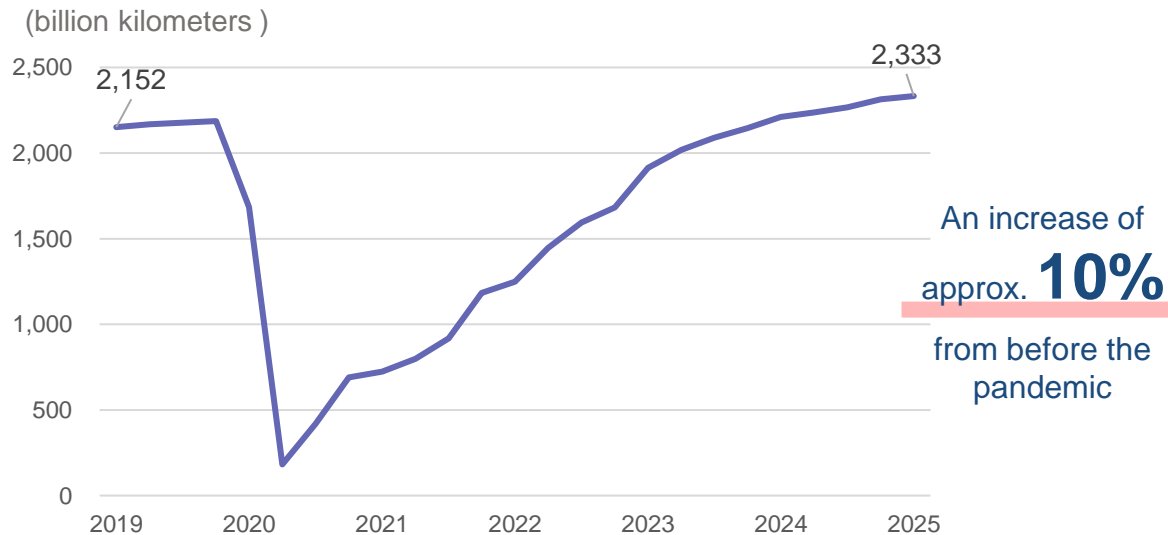
^{*1} (Source) Boeing, Airbus, Japan Aircraft Development Corporation (JADC)

【Reference】 Global Demand Forecast for Civil Aircraft (number of aircraft)



(Source) Boeing, Commercial Market Outlook 2025-2044

【Reference】 Passenger Demand Trends in the Aviation Industry (RPK^{*2})



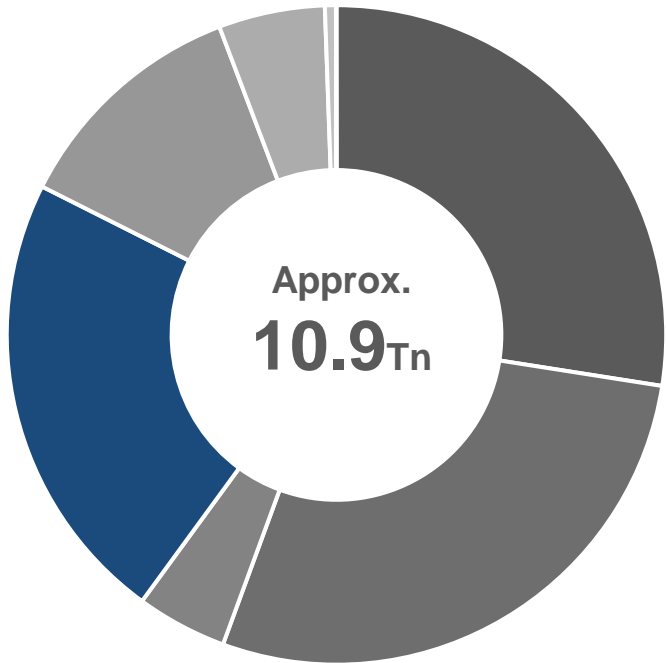
(Source) International Air Transport Association (IATA), Quarterly Air Transport Chartbook 2025 Q1

^{*2} Revenue Passenger Kilometers
(The distance flown by revenue-paying passengers. Calculated by multiplying the number of revenue passengers by the transport distance.)

Position of the Aviation Segment in the MHC Group MITSUBISHI HC CAPITAL

An important segment that accounts for approx. from 20% to 30% of the Group’s total profit and assets, respectively

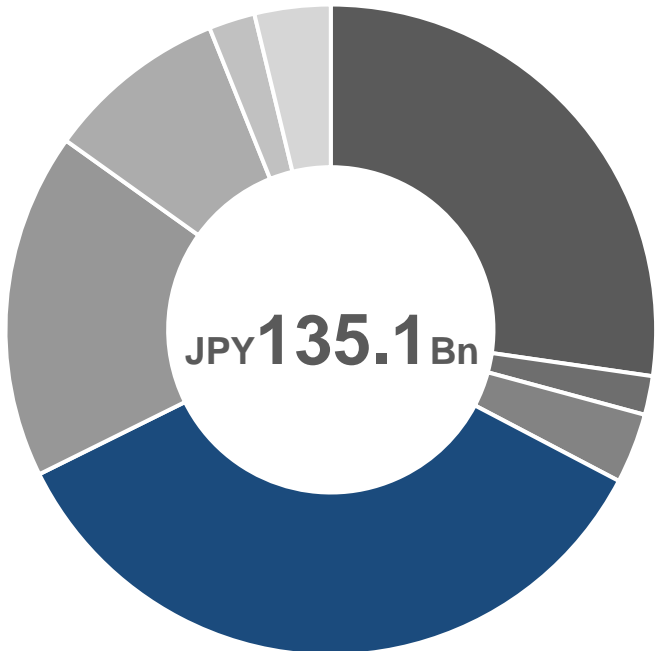
Segment Asset Balance (End of FY2024)



JPY2.4Tn / 22%

Approx. JPY10.9Tn (consolidated total)

Net Income (FY2024)



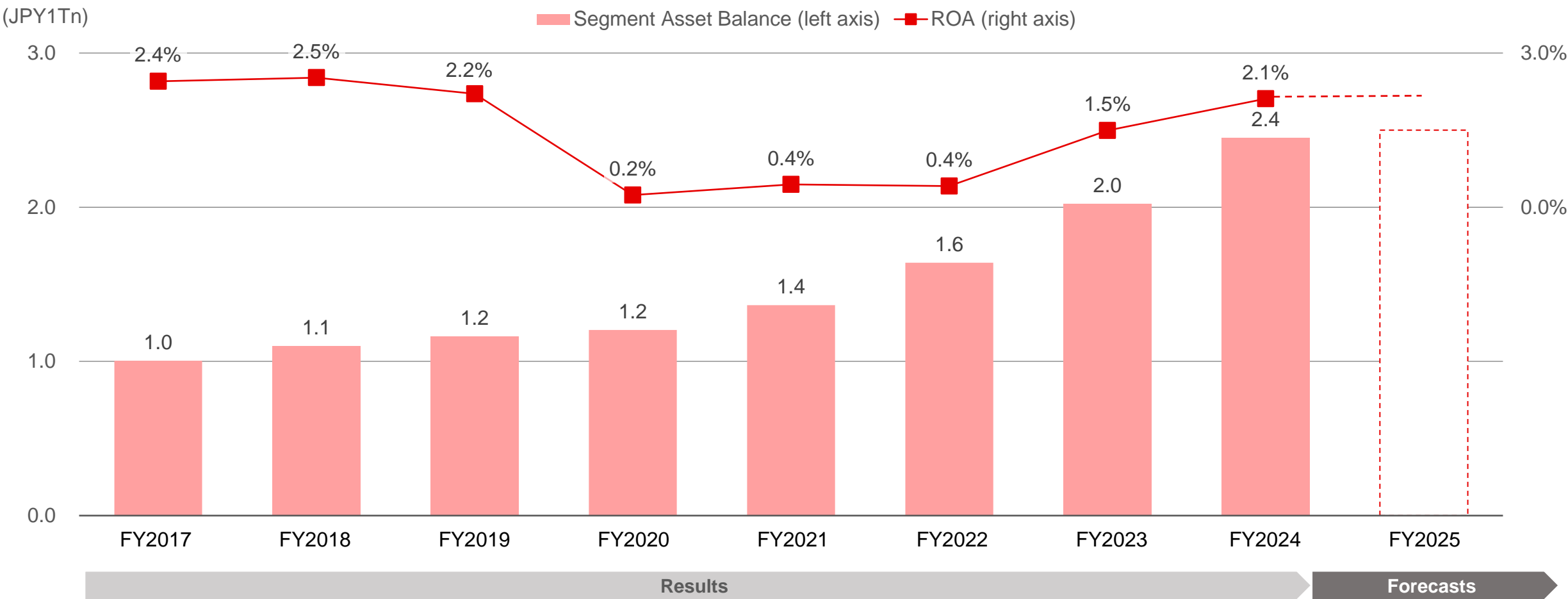
JPY47.2^{*} Bn / 35%

JPY135.1Bn (consolidated total)

* Includes a profit increase of ¥6.0 billion resulting from the change in JSA’s fiscal year implemented in FY2024

Changes in Segment Asset Balance/ROA

Segment profit for FY2024 hit a record high of 47.2 billion yen, with ROA recovering to 2.1%.
We continued to make investments and secure profits even amid the COVID-19 pandemic and some geopolitical concerns





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Strengths of Each Business ①


Aircraft Leasing (JSA) 	Business	<ul style="list-style-type: none"> ✓ Aircraft leasing (SLB*¹, OEM direct orders), financing*², and trading
	Business Model	<ul style="list-style-type: none"> ✓ SLB, focusing on newly manufactured and major 2 OEMs' next generation narrow-body*³ aircraft (mitigation of inventory risk), and OEM direct orders for Airbus/Boeing to accelerate the business model of acquiring and trading high quality aircraft with a lease period of 10 to 12 years in average ✓ Trading/O&D (improving ROA, and maintaining young fleet age) ✓ Long-term, stable lease fee income (Average lease term remaining: 7 years), gains on sales of aircraft
	Strengths	<ul style="list-style-type: none"> ✓ Globally diversified portfolio with high asset liquidity of in-demand next generation aircraft ✓ Broad product base, market leadership in SLB, and a management team experienced with all cycles ✓ Ranked 12th (market value)
JOLCO (ABD/MHCAS) 	Business	<ul style="list-style-type: none"> ✓ JOLCO financing and equity sales, aircraft & aircraft engines sales arrangement
	Strengths	<ul style="list-style-type: none"> ✓ Collaboration with JSA and elfc, comprehensive transactions with airlines ✓ Mitsubishi Group's network, 1,300+ investor base

*1 Sales and Lease Back: The method of procuring aircraft where aircraft are purchased from airline companies (i.e. customers) and then leased back to them

*2 Finance Lease and related lending products

*3 Single-aisle aircraft mainly used for domestic and short-distance flights

Strengths of Each Business ②

Aircraft Engine Leasing/ Parts Sales (elfc, inav) 	Business	elfc	✓ Aircraft engine leasing (SLB, OEM direct order, inventory), trading, etc.
		inav	✓ Purchase and sale of used engine parts
	Business Model	elfc	✓ SLB of newly manufactured engines (8 to 12 years), inventory engine leasing ✓ Engine maintenance, parts replacement ⇒ maintaining asset value, sales (including to inav) upon retirement ✓ Long-term/medium-term lease fees, engine sales proceeds, maintenance fees
		inav	✓ Part-out engines acquired from multiple sources (including elfc), and sell engine parts to airlines and MROs
	Strengths	elfc	✓ Top market share among non OEM related lessors (net book value) ✓ High asset liquidity of in-demand next generation aircraft ✓ Provides services throughout product lifecycles from manufacturing to retirement ✓ Technical team members accounting for 25% of employees , a diversified portfolio, and fundraising and credit management capabilities
		inav	✓ Stable procurement from elfc and other suppliers, appraisal and fundraising capabilities ✓ Large warehouses, repair management capabilities, large number of buyers

The average annual growth rates are 9.2% for JSA’s aircraft and 6.1% for elc’s engines

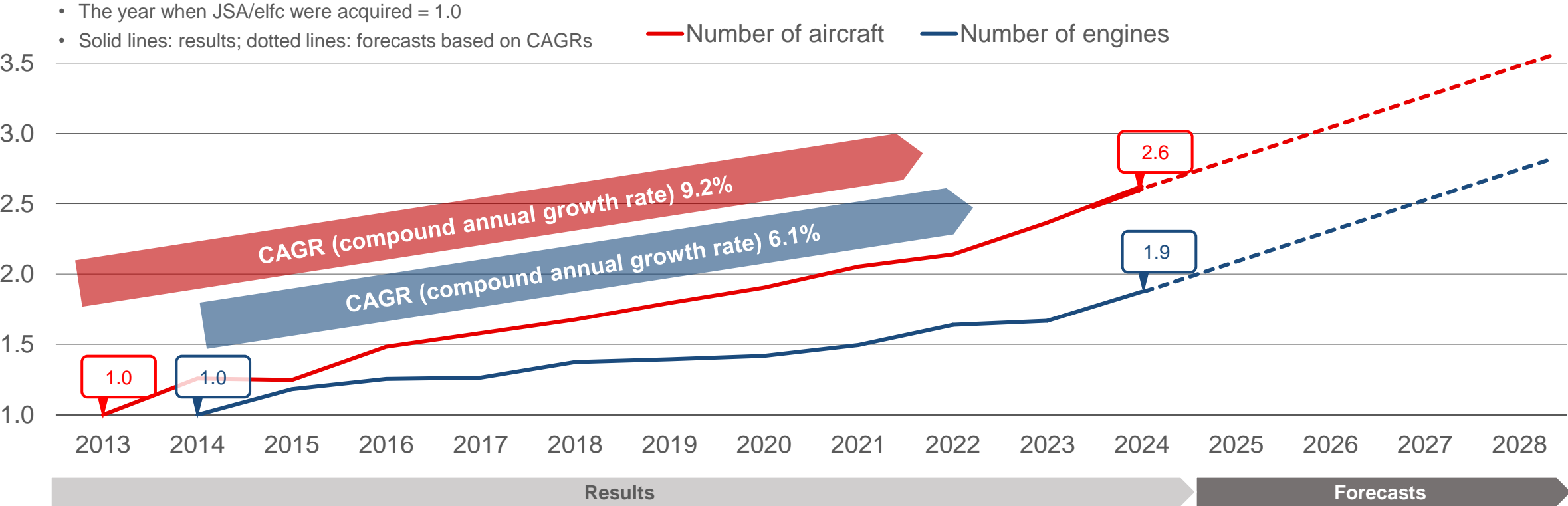


As one of the leading aircraft lessors, JSA has firmly maintained diversified portfolio and its high liquidity, posted profits for consecutive years and **continued growth**



As the industry leading engine lessor, elc has posted profits for consecutive years, **maintained profitability and steadily expanded.**

Changes in the Number of Owned Aircraft and Engines



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Measures

Objectives

Enhancement of the Integrated Capabilities of the Group



- ✓ Expand the group product base along asset lifecycle and provide the one stop service globally to meet all customers' needs
- ✓ Strengthen fundraising, data utilization, HR, and organizational capabilities

- ✓ **Achieve stable growth and ensure high profitability by strengthening group competitiveness**

Promotion of Decarbonization



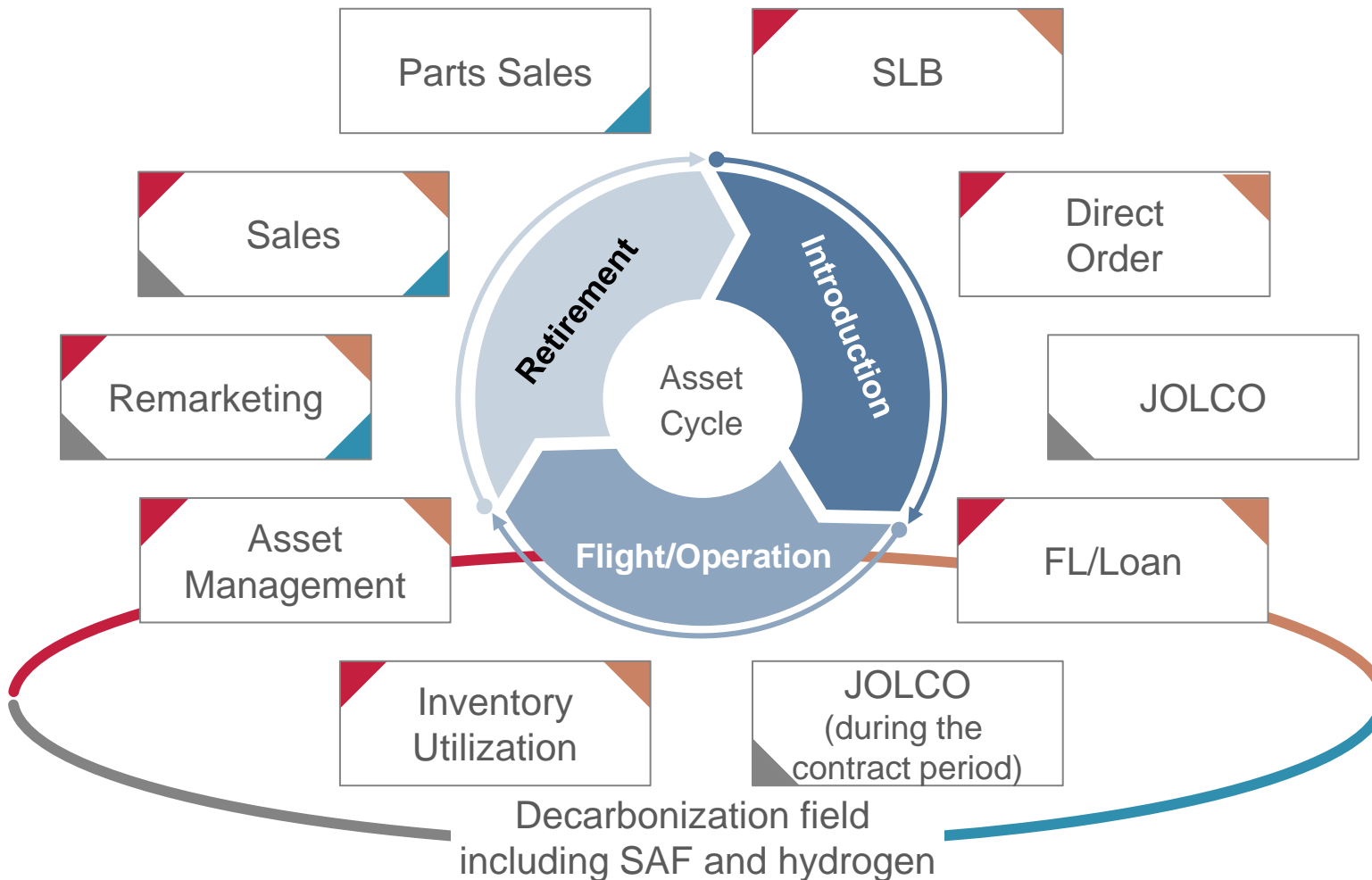
- ✓ Increase the volume of next generation aircraft and engine ratio
- ✓ New business R&D including SAF and H2 in line with the industry's policy to achieve net-zero CO₂ emissions by 2050

- ✓ **Realize medium to long-term portfolio transformation to achieve strong, continued growth**

Business Strategies (Overview of the Integrated Capabilities of the Group)



Provide one-stop, full lineup service along the asset lifecycle



Major Service Provider

JACKSON
SQUARE
AVIATION



elfc
Going Further Together

MITSUBISHI HC CAPITAL

inav
an elfc company

Point

- ✓ Provides one-stop services globally through the synergetic collaboration between JSA/elfc/inav/ABD/MHCAS in response to changes in the industry and customers' needs
- ✓ Full lineup service contributes to consistent growth

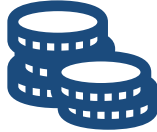
Full coverage and 100% committed strategic positioning

	Aircraft Leasing	Engine Leasing	Engine Parts Sales	JOLCO
MHC	JSA	elfc	inav	ABD/MHCAS
	Ownership Ratio 100%	Ownership Ratio 100%	Ownership Ratio 100%	Ownership Ratio 100%
Japanese Company A	✓ (Joint ownership)	✓ (Joint ownership)		✓
Japanese Company B	✓			✓
Japanese Company C	✓	Minority ownership	Minority ownership	✓
Japanese Company D	Minority ownership			✓

✓ The strategic position allows us to readily share the same thoughts as a team, and promotes effective and seamless business collaboration across the businesses with diversified products offerings

Mechanisms Supporting Growth Strategies (Risk Management Framework)

01



Price/Value Change Risk

Deterioration of aircraft and engine values due to changes in supply-demand balance, etc.

Mitigation

next generation aircraft and engines with high asset liquidity and resilient to inflation

02



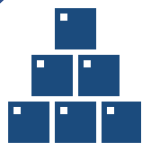
Credit Risk

Impact of market changes on collection of lease fees, etc.

Mitigation

portfolio and risk diversification, screening capabilities, asset collection capabilities, collateral requirements

03



Inventory Risk

Return of aircraft and engines, their shift to being inventory

Mitigation

Long-term leases, asset turnover, portfolio diversification

04



Geopolitical Risk

Impact of regional turmoil around the world on asset value, asset recovery, etc.

Mitigation

Regional diversification, asset management and recovery know-how

05



Interest Rate Risk

Impact of interest rate fluctuations on fundraising costs, etc.

Mitigation

ALM* management to mitigate interest rate risk

* Asset Liability Management (comprehensive management of assets and liabilities)

Mechanisms Supporting Growth Strategies (Governance Framework)

Robust group governance accompanied by management flexibility and mobility

