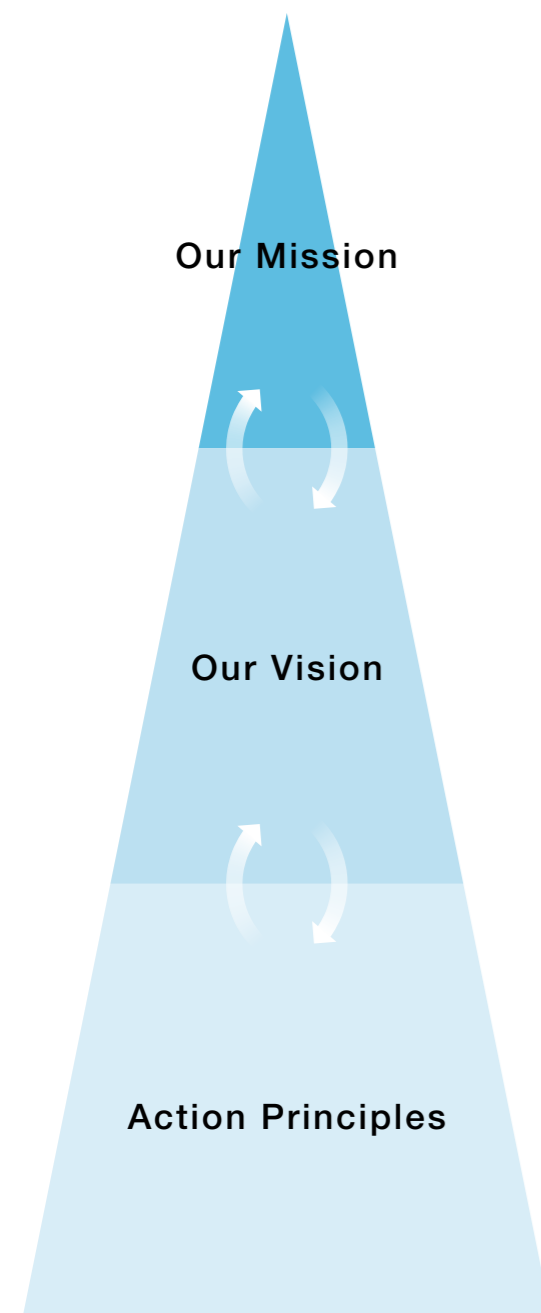


## Positions of Value Creation Process and Medium-term Management Plan

We have defined the Basic Management Policy as our long-term goal and medium- to long-term management direction, setting out what we aim to do to achieve Our 10-year Vision.

We have refined the Value Creation Process as a summary of how we create value for our stakeholders and then formulated the Medium-term Management Plan for FY2023 to FY2025 ("2025 MTMP") by referring to the Value Creation Process as guidelines.

### Basic Management Policy\*<sup>1</sup>



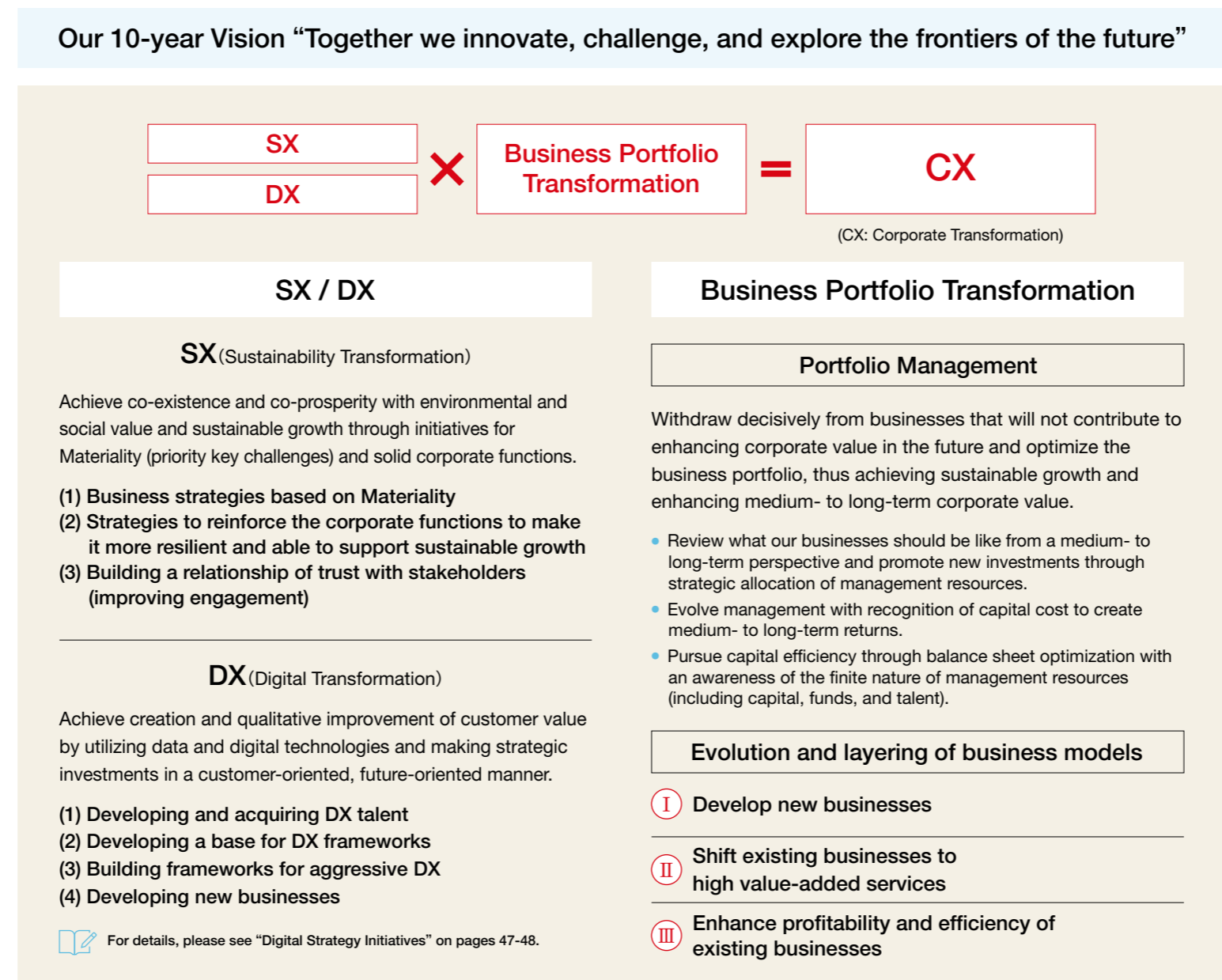
\*1 Established on April 1, 2021, Revised on May 16, 2022

Please refer to our website for details.

Basic Management Policy  
<https://www.mitsubishi-hc-capital.com/english/corporate/idea/index.html>

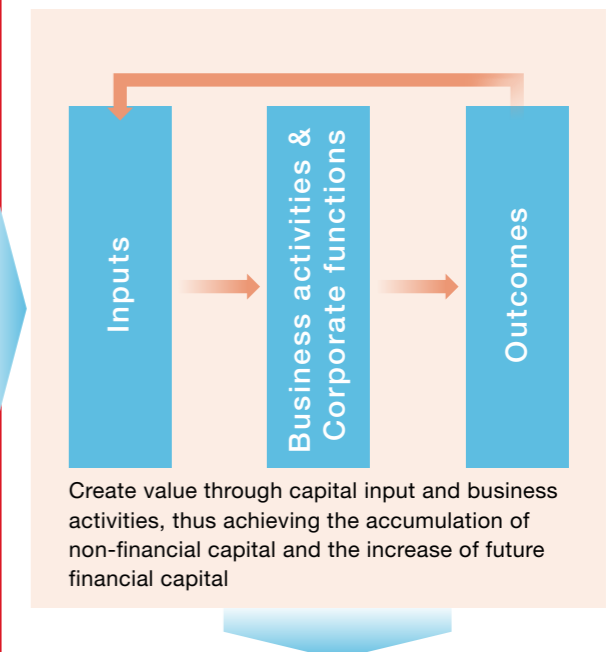
### Medium to Long-term Management Direction\*<sup>2</sup>

To achieve Our 10-year Vision, we will promote CX by organically combining SX and DX implemented with measures such as initiatives on our Materiality, the use of data and digital technologies, etc., and Business Portfolio Transformation aimed at realizing an optimal portfolio.



\*2 Announced on May 16, 2022

### Value Creation Process

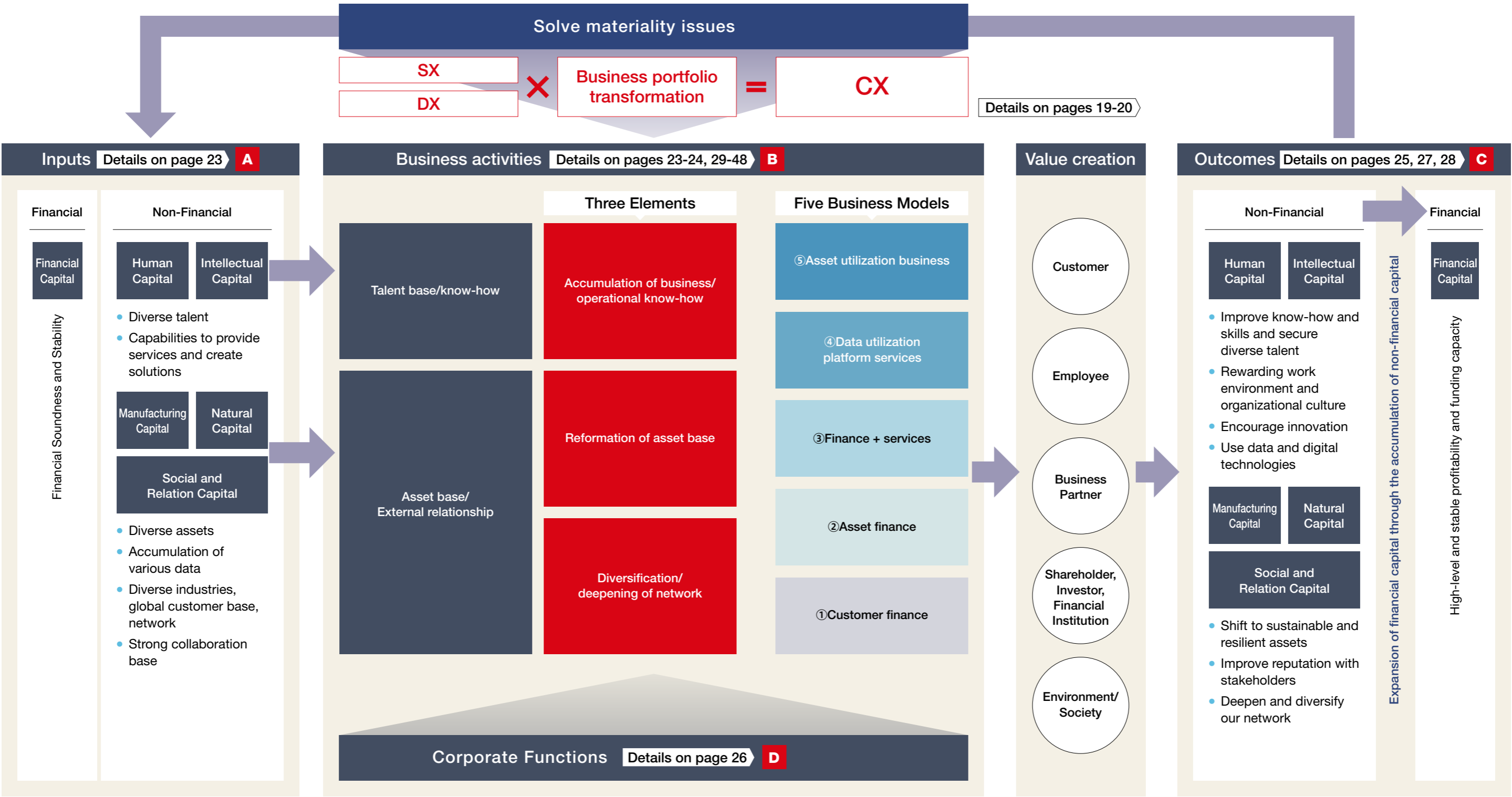


### Medium-term Management Plan



# Value Creation Process

Our value creation process shows the flow, that is, injecting capital and creating value for stakeholders through business activities, thus achieving CX and solving issues as Materiality while accumulating non-financial capital and eventually expanding financial capital.



# Explanation of Each Part of the Value Creation Process

## A Inputs

We have organized the major factors of our important management resources, which have been injected into business activities, by categorizing them into financial capital and nonfinancial capital, respectively.

### Financial Capital

A profit base that realizes stable growth and a sound, stable financial foundation based on our ability to raise funds in Japan and other countries are among our most important management resources. Net income for FY2022 stood at 116.2 billion yen, and since the business integration in April 2021, our consolidated net income has continued to reach a new record high every year. We

have thus achieved stable, sustainable growth. In addition, our consolidated total equity, as of March 31, 2023, amounted to 1,551.0 billion yen, with an equity ratio of 14.3%. We have therefore secured the equity needed to firmly maintain financial soundness (credit rating of A).

### Non-Financial Capital

#### Human Capital, Intellectual Capital

These types of capital are core elements of the source of our competitive advantage and the engine for the sustainable enhancement of corporate value. In terms of human capital, we have 8,648 people (consolidated/as of March 31, 2023) with diverse backgrounds who have extensive knowledge of specialized assets, including manufacturing equipment, real estate, and aircraft, and knowledge that enables us to operate leasing and finance related to such assets, as well as service and other businesses.

Concerning intellectual capital, we have accumulated expertise in integrated risk management, credit examination, and ALM (total management of assets and liabilities) related to leasing, investment, lending, and assets, among others, in addition to knowledge of each asset and business domain.

**Manufacturing Capital, Natural Capital, Social and Relation Capital**  
Important matters that are closely related to these types of

capital include our initiatives for achieving decarbonization. We position these as important management resources among our company-wide sustainability initiatives. We have numerous customer bases in Japan and other countries, have built portfolios (consolidated total assets: 10,726.1 billion yen as of March 31, 2023), which are dispersed in terms of both business and region and have accumulated data related to customers, business operations, and assets. We have an equity-owned power generation capacity of 1.2 GW (as of March 31, 2023) in Japan and other countries through renewable energy generation business using solar power, wind power, and other renewable energy sources. We also have strong business partnerships with Mitsubishi UFJ Financial Group, Inc., Mitsubishi Corporation, and Hitachi, Ltd., in addition to our global network within the Mitsubishi HC Capital Group, which operates in more than 20 countries. They constitute a source of our competitive advantage.

## B Business Activities

### Three Elements

We have set up the initiatives we need to pursue to overcome our weaknesses while utilizing and enhancing our management resources and strengths as the three elements.

#### (1) Accumulation of business/operational know-how

We will strive to enhance our business know-how and acquire operational know-how to identify changing customer needs. For example, for new business development or investments, we will enhance the overall Group's capabilities of creating and operating businesses by making use of the skills and experience of our business management human resources, which are our strengths. In addition, to provide value-added services, we will enhance our operational know-how to meet the customer needs for services peripheral to assets, such as maintenance, rental, and subscription services.

which are sustainable and resilient enough to withstand medium- to long-term changes in the operating environment. Further, we will build a database and work to develop a digital solution system, which will enable efficiency improvement and the sophistication of operations, and we will make full use of data.

#### (3) Diversification/deepening of network

We will build a network with diverse domestic and overseas partners, including Mitsubishi UFJ Financial Group, Inc., Mitsubishi Corporation, and Hitachi, Ltd., to cover the entire supply chain. At the same time, we will provide services in areas that are peripheral to assets rather than only offering finance solutions. We will thus endeavor to deepen our relationship with customers. We will also deepen our network with customers multilaterally as a data platform provider that possesses and utilizes abundant data. We will also aim to evolve into a business partner that solves customers' issues through business operations and investments related to new markets and needs, which existing players have yet to cover.

#### (2) Reformation of asset base

We will identify assets with low profitability and reduce, withdraw from, and rebuild such assets. At the same time, we will shift to highly profitable assets that are expected to be sought by customers. In addition, throughout the entire supply chain, we will remake our assets into those that consider environmental impact and human rights and

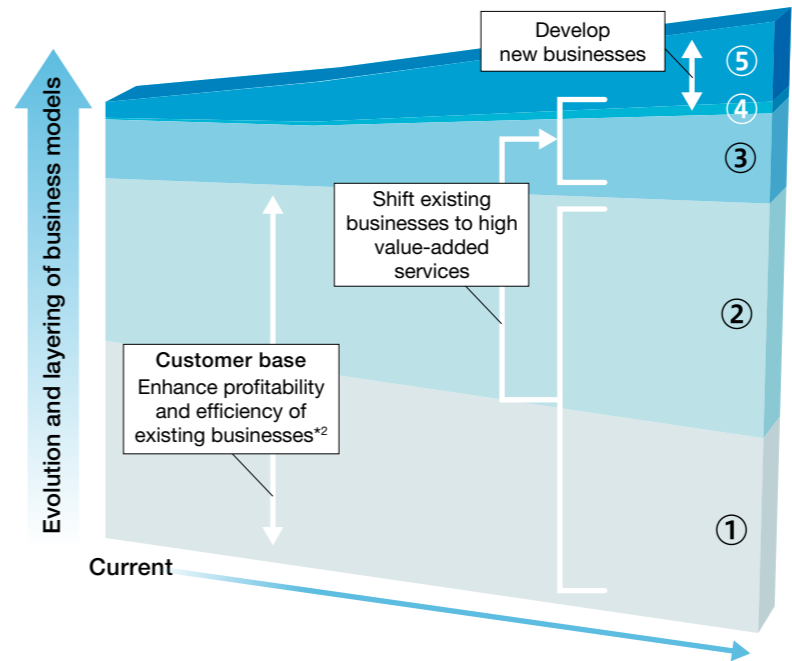
### Five Business Models

We have classified our business models into five ones: (1) customer finance, (2) asset finance, (3) finance + services, (4) data utilization platform services, and (5) asset utilization business. We will advance the evolution and layering of business models toward the achievement of the business portfolio transformation.

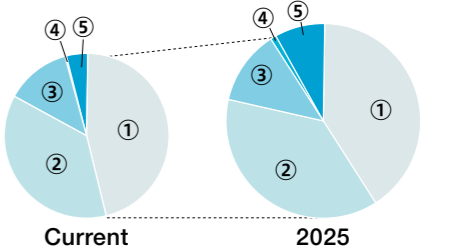
As major targets, we have set enhancing the profitability and efficiency of existing businesses, shifting existing businesses to high value-added services, and developing new businesses. We will advance the evolution and layering of business models by simultaneously driving these three measures.

	①Customer finance	②Asset finance	③Finance+services	④Data utilization platform services	⑤Asset utilization business
Business Characteristics	Acquiring income gains from leases, etc., consistently and continuously with leases and lending based on customer credit	Investment and lending mainly in specific marketable general-purpose assets backed by the value of business assets. Gains on sales of owned assets as well as income gain can be acquired	Add maintenance services, AM <sup>*1</sup> , etc., mainly to asset finance, and acquire service revenue as well as income gain and capital gain	Utilize data to develop platform businesses and mainly acquire service revenue	Promote business investment utilizing assets, aiming to maximize revenue from those businesses
Examples	<ul style="list-style-type: none"><li>Finance leases</li><li>Vendor leases</li><li>Installment sales</li><li>Lending</li></ul>	<ul style="list-style-type: none"><li>Operating leases</li><li>Real estate securitization</li></ul>	<ul style="list-style-type: none"><li>Operating leases with maintenance services</li><li>Service solutions such as asset management</li></ul>	<ul style="list-style-type: none"><li>Inventory optimization services utilizing data</li><li>Sharing services utilizing data</li></ul>	<ul style="list-style-type: none"><li>Non-FIT renewable energy businesses</li><li>Real estate revitalization and development investment</li></ul>

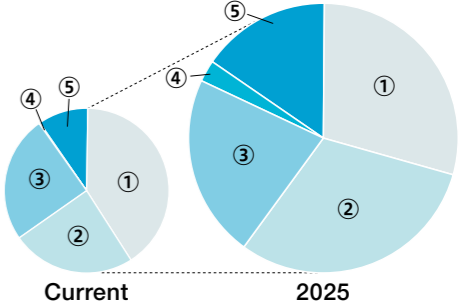
### Vision of the Evolution and Layering of Business Models



#### ● Vision of asset composition ratio



#### ● Vision of profit composition ratio



<sup>\*2</sup> Includes restructuring and withdrawal. Actively accumulate high-profitability assets while selling and reducing low-profitability assets. Evolve into O&D business.

## C Outcomes

### Expansion of Financial Capital through the Accumulation of Non-Financial Capital

We have set themes that we should aim to address in the future concerning five types of nonfinancial capital (human capital, intellectual capital, manufacturing capital, natural capital, and social and relation capital) so that our value creation process will function, and the accumulation of nonfinancial capital will lead steadily to the expansion of financial capital.

We will accumulate nonfinancial capital by implementing these initiatives, aiming to achieve an expansion of financial capital and, ultimately, the sustainable enhancement of our corporate value.

Theme to Be Addressed (Accumulation of Non-Financial Capital)	Expansion of Financial Capital through the Accumulation of Non-Financial Capital
Human Capital	<b>Improve know-how and skills and secure diverse talent</b> > By accumulating know-how peripheral to assets through the realization of an ideal talent portfolio, grow our businesses and increase profitability.
	<b>Rewarding work environment and organizational culture</b> > Improve productivity, create new businesses that adapt to changing external environments, and realize a company that continues to be chosen by internal and external talent through the continuous improvement of employee engagement.
Intellectual Capital	<b>Encourage innovation</b> > Improve profitability and accelerate growth by developing a framework to encourage innovation and continuing to create new businesses.
	<b>Use data and digital technologies</b> > Steadily execute DX strategies to provide high value-added services and improve productivity, in order to achieve our goal of expanding DX-related new businesses and products.
Manufacturing Capital	<b>Shift to sustainable and resilient assets</b> > Replace with assets whose value is maintained over the medium to long term and improve ROA to increase the value of assets and reduce risks of value being harmed.
Natural Capital	<b>Improve reputation with stakeholders</b> > Improve the reputation with and trust of our stakeholders through appropriate information disclosure and engagement, and reduce capital cost.
Social and Relation Capital	<b>Deepen and diversify our network</b> > Provide high value-added services to our customers and increase profitability by diversifying and deepening our network.

## D Corporate Functions

### Corporate Functions Strategies

We will focus mainly on the following four corporate function strategies to support the evolution and layering of business models.

<b>Fostering and securing talent</b>	<ul style="list-style-type: none"> <li>Enhance employee engagement by utilizing surveys, etc.</li> <li>Develop a talent portfolio contributing to the achievement of management strategies (increase the number of talent and qualitatively transform their abilities)</li> <li>Strategically disclose human capital (set goals in line with the HR strategy and communicate goals)</li> </ul>
<b>Bolstering the financial base and internal organizational base</b>	<ul style="list-style-type: none"> <li>Procure stable and competitive funds, expand funding capacity, and enhance the ALM framework</li> <li>Redevelop frameworks for credit examination and management in response to business portfolio transformation</li> <li>Develop optimal IT systems responding to new businesses and business models</li> </ul>
<b>Strengthening the corporate governance framework</b>	<ul style="list-style-type: none"> <li>Promote Group-wide unified management by strengthening the consolidated management framework</li> <li>Enhance integrated risk management in response to business evolution and changes</li> <li>Develop a framework for unified management of internal auditing on a global basis</li> </ul>
<b>Enhancing stakeholder engagement</b>	<ul style="list-style-type: none"> <li>Enhance financial and non-financial information to be disclosed and diversify means to dispatch information</li> <li>Enhance communication with external stakeholders</li> <li>Promote and strengthen efforts for sustainability (promote efforts for climate change and human rights, enhance and communicate ESG-related information)</li> </ul>

### Frameworks to Promote Transformation

To implement awareness reform aimed at transformation, we will eliminate obstacles to achieving the transformation and speedily promote various initiatives from new perspectives and not simply stay on conventional paths.

<b>(1)“Lay” the foundation of transformation</b>	<b>Foster all employees’ awareness of transformation.</b> <ul style="list-style-type: none"> <li>Awareness reform through the dissemination of information from the management to all levels of employees as well as face to face communication between them</li> </ul>
<b>(2)“Create” transformation</b>	<b>Develop frameworks so that efforts contributing to transformation can be actively launched.</b> <ul style="list-style-type: none"> <li>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</li> <li>Introduction of a new organizational evaluation system that encourages transformation</li> </ul>
<b>(3)“Promote” transformation</b>	<b>Develop an agile discussion framework and promote transformation by advancing efficient decision-making processes and the delegation of authority that comes with responsibility, etc.</b> <ul style="list-style-type: none"> <li>Promotion of investment in R&amp;D (establishment of the Innovation Investment Fund, 10.0 billion yen)</li> <li>Promotion of the delegation of authority to front offices (decentralization)</li> </ul>