

Explanation of the Value Creation Process

Inputs

Financial Capital

Net income for fiscal 2023 exceeded our initial forecast at 123.8 billion yen (up 6.5% from the previous fiscal year), reaching a record high for the second consecutive year, while consolidated total assets amounted to 11,149.8 billion yen and consolidated net assets totaled 1,705.3 billion yen. Our financial strategy is to aim for an optimal capital structure from the three perspectives of financial soundness, return on capital, and growth potential. From the perspective of financial soundness, we have maintained a solid A credit rating.

Human Capital

Only people can lead and realize the transformation and development of a company. We have 8,424 employees (consolidated, as of March 31, 2024) with diverse backgrounds who are familiar with specialized assets such as manufacturing facilities, real estate, and aircraft, and who can implement services related to these assets. We are in the process of formulating a Human Resource Portfolio framework that will contribute to the realization of our management strategy, and are also strengthening measures related to the improvement of employee engagement.

Intellectual Capital

Our strengths lie in our credit management capabilities, market, asset and credit risk management capabilities, and asset-liability management (ALM) operations. In addition, we have accumulated not only asset-related know-how, but also operational know-how in businesses and adjacent areas that originate from assets, which we possess in the form of organizational knowledge that does not belong to any specific individuals.

Three Elements

Business activities that organically utilize financial and non-financial capital are positioned as the engine that drives the value creation process. We have identified Three Elements that are necessary for the steady functioning of this system and the achievement of Our 10-year Vision. The Three Elements represent the direction of our future business activities necessary to overcome our weaknesses while leveraging and enhancing our strengths. They were identified from the perspective of non-financial capital based on an appropriate recognition of our management resources, strengths, and weaknesses. These are mainly linked to the direction of

Manufacturing Capital

We own a wide variety of assets globally, including 220 aircraft, 411 aircraft engines, 3,423,000 CEUs of marine containers, and 21,931 railway freight cars (as of March 31, 2024), with assets in all segments totaling 10.1 trillion yen. The accumulation of intangible assets, such as data related to customers, business operations, and assets, is also one of our strengths. We are contributing to the construction of a robust social infrastructure.

Social and Relation Capital

As our Company was created by the merger of Mitsubishi UFJ Lease & Finance Company Limited and Hitachi Capital Corporation, our strengths lie in our solid customer base and our strong relationships and collaborative foundations with the Mitsubishi and Hitachi Groups. We also operate globally and have a network of customers and partners across diverse regions and industries. We make maximum use of these networks to co-create value that cannot be achieved by a single company.

Natural Capital

As one of Japan's leading operators in renewable energy, we have a wealth of knowledge and skills and a broad network, and through our business we are contributing to the promotion of a decarbonized society. We are working on decarbonization and resource recycling along the value chain from asset procurement, manufacturing, and distribution (upstream) to utilization and consumption (downstream).

our business strategies which include the evolution and layering of business models.

(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.

(2) Restructuring of asset base

We will identify assets with low profitability and reduce, withdraw from, and restructure 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, from procurement and manufacturing to use, we will replace our assets with ones that consider environmental impact and human rights and that are sustainable and resilient enough to withstand medium- to long-term changes in the operating environment. Further, we will build a database to maximize the potential of our data assets

and improve the efficiency and sophistication of our operations.

(3) Diversification/deepening of network

By building a network with diverse domestic and overseas partners, not limited to the Mitsubishi and Hitachi Groups, we will expand our business domains to cover the entire supply chain and product lifecycle. We will thus endeavor to deepen our relationship with customers by providing services in areas that are peripheral to assets rather than only offering finance solutions. 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.

Five Business Models

We have classified our business models into five types: (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.

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

	① Customer finance	② Asset finance	③ Finance + services	④ Data utilization platform services	⑤ Asset 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*, 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	• Finance leases • Vendor leases • Installment sales • Lending	• Operating leases • Real estate securitization	• Operating leases with maintenance services • Service solutions such as asset management	• Inventory optimization services utilizing data • Sharing services utilizing data	• Non-FIT renewable energy businesses • Real estate revitalization and development investment

*AM: Asset Management

Outcomes (value provided)

To realize Our 10-year Vision, we will co-create value with our stakeholders by developing Company-wide and segment-specific strategies based on the Three Elements and the evolution and layering of business models. We will expand our financial capital by achieving business growth and higher profitability through the creation of new high value-added businesses and productivity improvements. We will do this by accumulating non-financial capital, such as improving and diversifying

our know-how and skills, creating a rewarding work environment, creating innovation, replacing our assets with sustainable and resilient assets, improving stakeholder appreciation, utilizing data and digital technologies, and diversifying and deepening our networks. We believe that these efforts will increase our profitability and expected growth rate, reduce our cost of capital, and increase our corporate value.