Key Themes to Be Addressed across Segments

At the Mitsubishi HC Capital Group, we have defined and discussed key themes to be addressed with concerted efforts across segments to facilitate the evolution and layering of business models, which is aimed at achieving Our 10-year Vision.

We came up with this approach while we were looking for a way to overcome silo thinking and working and instead produce a vision for the future that transcends boundaries between divisions.

Specifically, we have identified four areas: hydrogen, EVs, logistics, and decarbonization solutions. We will work to address the social issues associated with these themes and create social value with partner companies, rather than by the Group working alone, helping to realize a prosperous and sustainable future.

Hydrogen

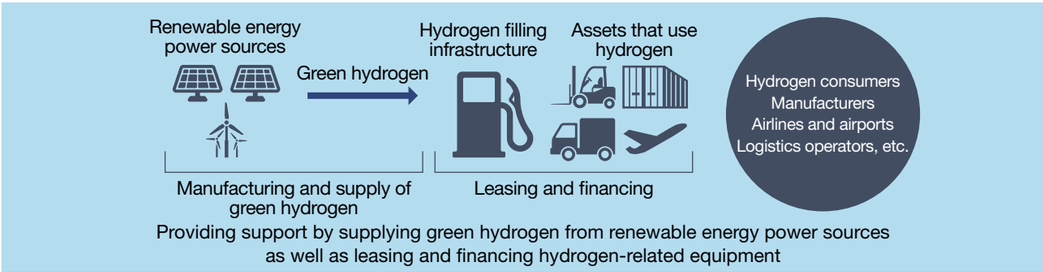
As a leading holder of renewable energy power sources in Japan and an asset business company with a diverse customer base, we will contribute to building a hydrogen supply chain with green hydrogen at the core.

The hydrogen market is set to expand from 2030 onward. As a leading holder of renewable energy power sources in Japan, in order to contribute to the development of a hydrogen supply chain, we will consider manufacturing green hydrogen by leveraging our experience in renewable energy generation businesses and the assets we possess to support customers' use of hydrogen by leasing and financing hydrogen-related equipment. We will create business opportunities while exploring the possibility of cooperation with key players in the supply chain, where hydrogen is produced, transported, and used.

As a first step toward realizing this goal, we are focusing on a business model of local production for local consumption, in which hydrogen is manufactured in places close to where it is needed. We will consider participation in demonstration projects with partner companies, among other measures, aiming to accumulate know-how in the business.

We will also look at expanding the business to address social issues faced by our customers, focusing on the fact that the number of assets that use hydrogen will increase in various areas.

Support for introduction, including financing for hydrogen-related equipment



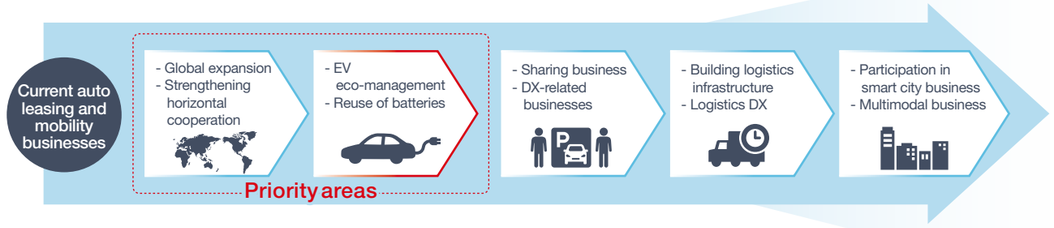
In October 2021, we invested in Universal Hydrogen Co., a US company developing hydrogen storage capsules and engines (power trains) for hydrogen-powered aircraft.

EV Related Business

We will provide integrated EV services that can extensively provide the functions necessary for introducing and operating EVs, such as building charging infrastructure, reusing automotive batteries, and supplying renewable energy, beyond only leasing EVs.

Given the possibility of developing businesses stemming from EVs, we will start by focusing on EV-related businesses, including charging facilities and batteries, strengthening cooperation within the Group and with external partners. We also envisage the development of a unique new service and business model that connects and combines different industrial fields through data collection and analysis that leverage digital technologies.

Aiming to achieve the Mitsubishi HC Capital Group Materiality through the mobility solutions business



As part of this initiative, in Japan, we are enhancing functions for the eight constituents in the fan-shaped conceptual rendering of the integrated EV service ("Conceptual rendering of an integrated service that can extensively provide the functions necessary for introducing and operating EVs" on page 42) and developing services by using the Group's project to replace company-owned vehicles with EVs as an opportunity for a demonstration experiment.

We will continue to develop charging solutions adapted to parking spaces in a range of specifications and forms, which is the largest obstacle to customers' shift to EVs at present, and advance initiatives to extend the lifetime cycle of automotive batteries, including monitoring their health conditions and maintenance and management of battery life. We will also address the diverse needs and issues faced by customers by combining functions held by the Group and cooperating with external partner companies to enhance our services, such as supplying renewable energy using the in-house power plants of Mitsubishi HC Capital Energy.

In addition, with respect to initiatives to realize the fan-shaped conceptual rendering, we are conducting studies for a demonstration experiment in Europe, a region that is leading the way with the introduction of EVs, in collaboration with partner companies. We hope to expand to other overseas regions in the future.

Example of initiatives

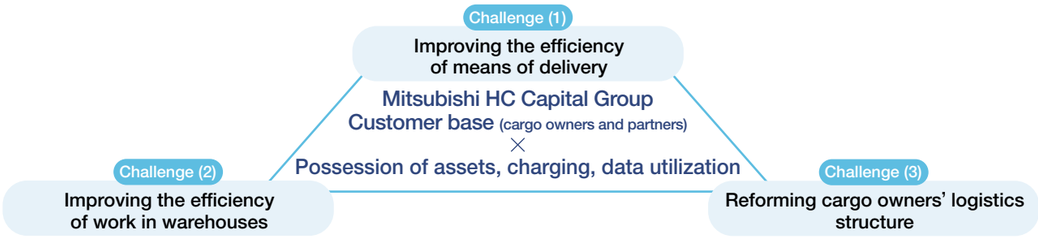
In September 2023, in the switching of company vehicles used at our Chushikoku Branch to EVs, Mitsubishi Auto Leasing and Mitsubishi HC Capital Energy, which are Group companies, began to provide an integrated one-stop service that permits customers to introduce EVs and renewable energy without bearing the initial cost. With this service, Mitsubishi Auto Leasing provides EV leasing and fleet management services, while Mitsubishi HC Capital Energy supplies power with non-fossil value together with charging infrastructure.

Logistics

We will build and provide optimal logistics solutions based on customer needs.

The 2024 problem will emerge due to new regulations to be imposed under the Act on the Arrangement of Related Acts to Promote Work Style Reform. This will pose a wide range of issues to the logistics industry, including a decline in transportation capacity and the need to reform cargo owner companies' logistics structure and revise their forms of transportation. At the Mitsubishi HC Capital Group, we will help customers maximize logistics efficiency and improve productivity by starting with the following solutions.

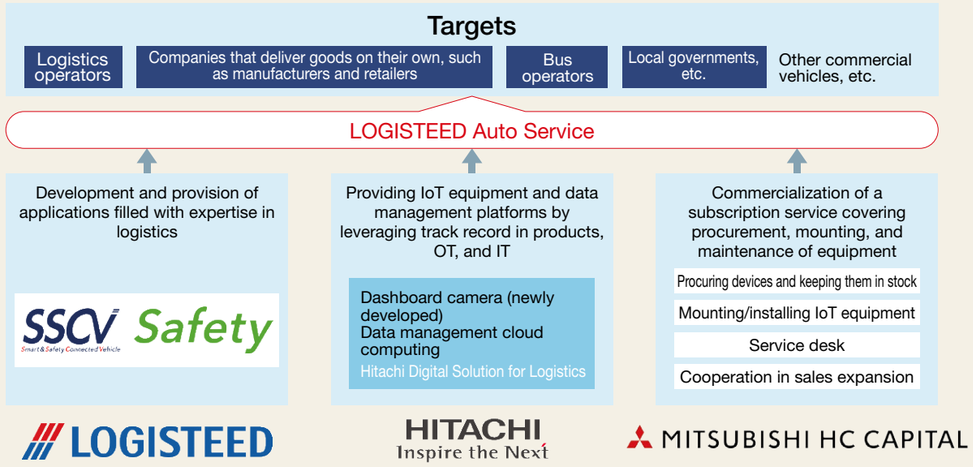
(1) Systematization of transportation: Providing solutions for improving the efficiency of transportation and delivery operations, sharing the operations, and reducing waiting time for loading
(2) Logistics DX and standardization: Labor saving for logistics facilities/equipment or shifting to unmanned operation using robotics, etc.
(3) Building a logistics network: Developing solutions aimed at providing high value-added logistics services by establishing, consolidating, and closing logistics bases



Example of initiatives

As part of initiatives for the systematization of transportation and logistics DX, LOGISTEED Auto Service, Ltd., which is jointly funded by LOGISTEED, Ltd. and Mitsubishi HC Capital, provides SSCV-Safety*1 as a subscription service. Aimed at building an accident-free society, this service visualizes drivers' physical conditions and the travel of trucks by using IoT and AI. We thus support labor at logistics work sites with many analog operations as well as traffic control operations, such as the allocation of vehicles, from the viewpoint of DX.

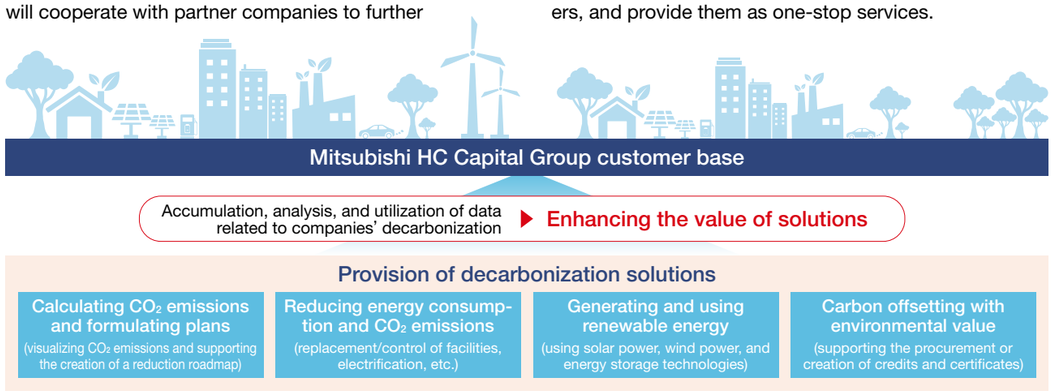
*1 SSCV-Safety (Smart & Safety Connected Vehicle): SSCV-Safety is the core function of the transportation digital platform of LOGISTEED, Ltd. This service is provided in combination with Hitachi Digital Solution for Logistics, a logistics solution from Hitachi, Ltd. We are responsible for managing the process from the procurement of devices needed to provide the service to their installation, maintenance, and replacement, and collecting service fees related to the money flow.



Decarbonization Solutions

We will offer diverse solutions as a total service provider in the decarbonized society.

While moves toward decarbonization are rapidly changing from a social issue to a compelling business challenge, we believe that a key mission of the Mitsubishi HC Capital Group is to provide optimal decarbonization solutions to our stakeholders. To fulfill this mission, we will cooperate with partner companies to further enhance our existing services and accelerate the development of new services. We will create new value by integrating data and solutions, which we have cultivated over many years, to co-create businesses with partner companies, enhance our lineup of solutions for customers, and provide them as one-stop services.



At the Mitsubishi HC Capital Group, we provide solutions tailored to customer needs in terms of both supply and consumption in the energy value chain by cooperating with various partner companies. We thus help customers solve their decarbonization issues.

We have now launched the development of a one-stop service, including proposals for facility replacement and the introduction of renewable energy, which will be given by introducing systems for monitoring, managing, and controlling energy and facilities and analyzing data. It will be a service in which we manage customers' energy and facilities in an integrated manner to contribute to further reductions in CO_2 emissions.

We are also supporting renewable energy supply and customers' initiatives to contribute to carbon neutrality through the Jikotaku Support Service ("Jikotaku Support," self-consignment support) *2 from Godo Kaisha RenetS, which we established through a joint investment with REZIL Inc. (formerly Chuo Electric Power Co., Ltd.), among other services, in addition to a PPA scheme with Mitsubishi HC Capital Energy.

*2 See the example of the initiative below for details of Jikotaku Support.

Example of initiatives

While demand for renewable energy is growing, companies are facing issues such as a lack of space for installing renewable energy power plants on their premises or roofs and a lack of know-how in self-consignment for supplying electric power generated in remote locations to their own facilities (supplying power generated at their own facilities to facilities, etc. in another area via a power transmission and distribution network possessed by an electricity transmission and distribution operator).

In response, we established Godo Kaisha RenetS through a joint investment with REZIL Inc. and began to provide Jikotaku Support, a one-stop service supporting the self-consignment of low-voltage electricity from solar power with a low environmental impact.

With this service, we provide one-stop support, from the development, maintenance, and management of a power plant to operations needed for self-consignment, such as procedures with a general electricity transmission and distribution operator, a leasing agreement on the power plant, calculation of its predicted power output, and submission of a power generation plan.