

INTEGRATED REPORT 2024

MITSUBISHI HC CAPITAL
INTEGRATED REPORT 2024

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Editorial Policy

We are working to solve social issues and create new value by operating global and advanced asset businesses.

This report combines both financial and non-financial information, including an overview of medium-to-long-term value creation, management strategies, financial results, and ESG information, so that our shareholders, investors, and all other stakeholders may become better acquainted with the efforts of the Mitsubishi HC Capital Group (hereinafter “the Group”) to sustainably improve our corporate value.

Also, please note that in editing this report, we referenced the International Integrated Reporting Framework recommended by the International Integrated Reporting Council and the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry.

Guidelines Referenced

International Integrated Reporting Framework, issued by the International Integrated Reporting Council
Guidance for Collaborative Value Creation, issued by the Ministry of Economy, Trade and Industry



Forward-looking Statements

The strategies, plans, results, and other information presented in this report contain future projections and forecasts. Such forward-looking statements reflect assessments made by the Group based on the information available at the time of this report’s preparation. Please note that actual results are influenced by a wide range of significant factors and may therefore differ considerably from the content of these statements.


Reporting Period

Fiscal year ended March 31, 2024 (April 2023 to March 2024)
(Some sections include information on activities before and after the reporting period.)

Reporting Scope

Mitsubishi HC Capital Inc. (hereinafter “the Company”) and its subsidiaries and affiliates

Information Disclosure

This report combines and discloses important financial and non-financial information to help readers better understand the Company.
 <https://www.mitsubishi-hc-capital.com/english/>

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Corporate Website

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Financial Information

- Investor Relations section of our website
- Annual Securities Report
- Consolidated Financial Highlights
- Financial Results

Non-financial Information

- Sustainability section of our website
- Corporate Governance Report
- ESG Data Book



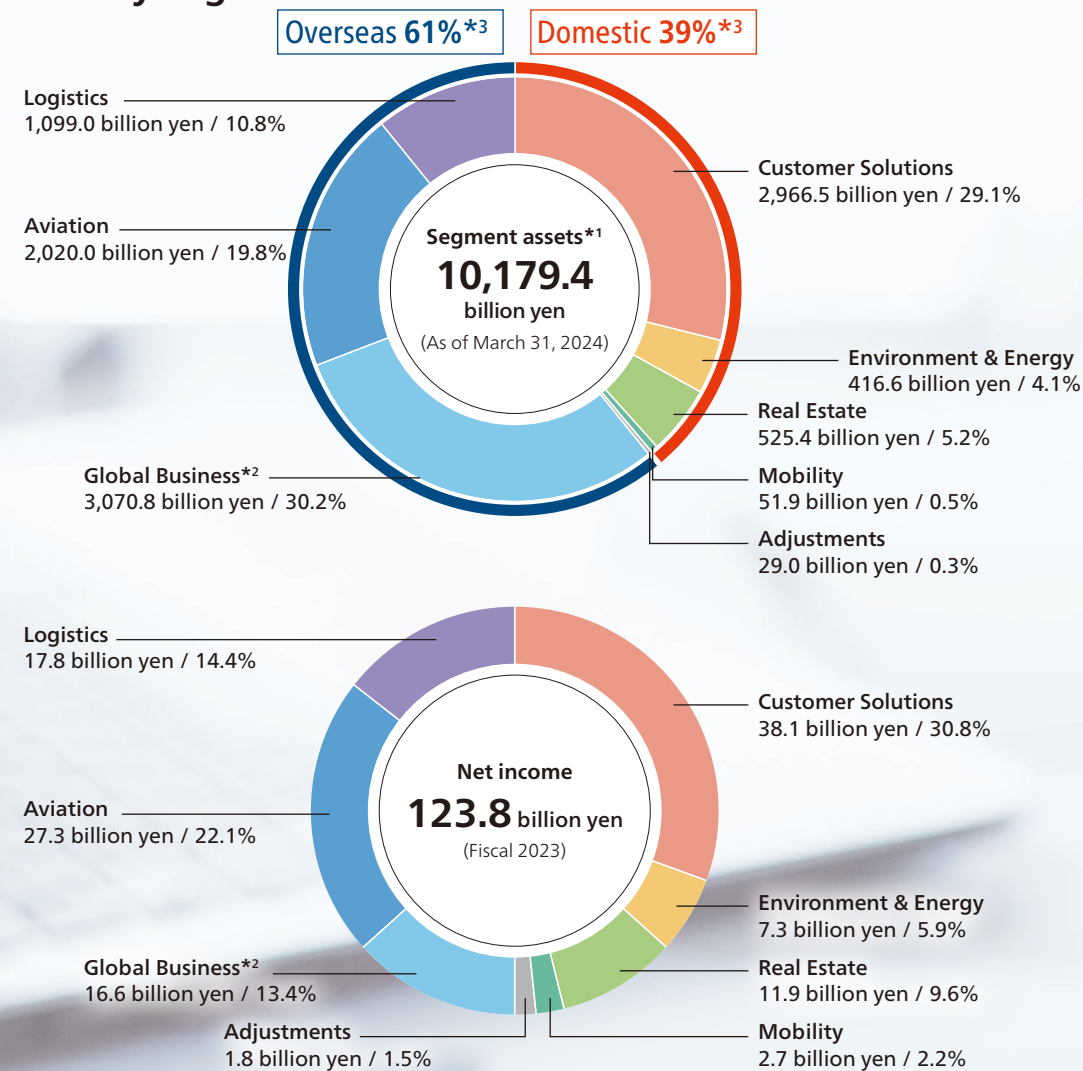
Integrated Report (print, PDF)



The Integrated Report (print, PDF) can be downloaded here:
<https://www.mitsubishi-hc-capital.com/english/investors2/library/various-reports/index.html>

At a Glance

Composition by Segment



*¹ Operating assets + equity method investments + goodwill + investment securities, etc.

*² Profits and operating assets in the Global Business segment do not include overseas profits and assets belonging to other segments such as Aviation and Logistics.

*³ Approximate ratios are shown by counting the Customer Solutions, Environment & Energy, Real Estate, and Mobility segments as domestic, and the Global Business, Aviation, and Logistics segments as overseas, but some segments include both domestic and overseas assets and actual ratios differ from the above.

Description of Business

Customer Solutions	Finance solution business for companies and government agencies, energy-saving solutions business, sales finance business provided through collaboration with vendors, real estate leasing business, and financial service business
Global Business	Finance solution business and sales finance business provided through collaboration with vendors in Europe, the Americas, China and the ASEAN region
Environment & Energy	Renewable energy business, environment-related finance solution business
Aviation	Aircraft leasing business, and aircraft engine leasing business
Logistics	Marine container leasing business, and railway freight car leasing business
Real Estate	Real estate finance business, real estate investment business, real estate asset management business
Mobility	Auto leasing business and supplementary services

Mitsubishi HC Capital Group in Figures (Fiscal 2023)

Market Capitalization and Ranking (As of March 31, 2024)

Market Capitalization

1,569.6 billion yen

Ranking

119th

*Rank among companies listed on the Tokyo Stock Exchange Prime Market (common stock only)

Global Network

Business operations

in more than **20** countries and regions around the world

Number of Employees

Consolidated

8,424 people

Shareholder Return

Increased dividends consecutively for 25 fiscal periods

Payout Ratio

42.9%

Dividend per Share

37 yen

Ratings by External Agencies

Japan Credit Rating Agency (JCR)

AA

Rating and Investment Information (R&I)

AA

Moody's

A3

S&P

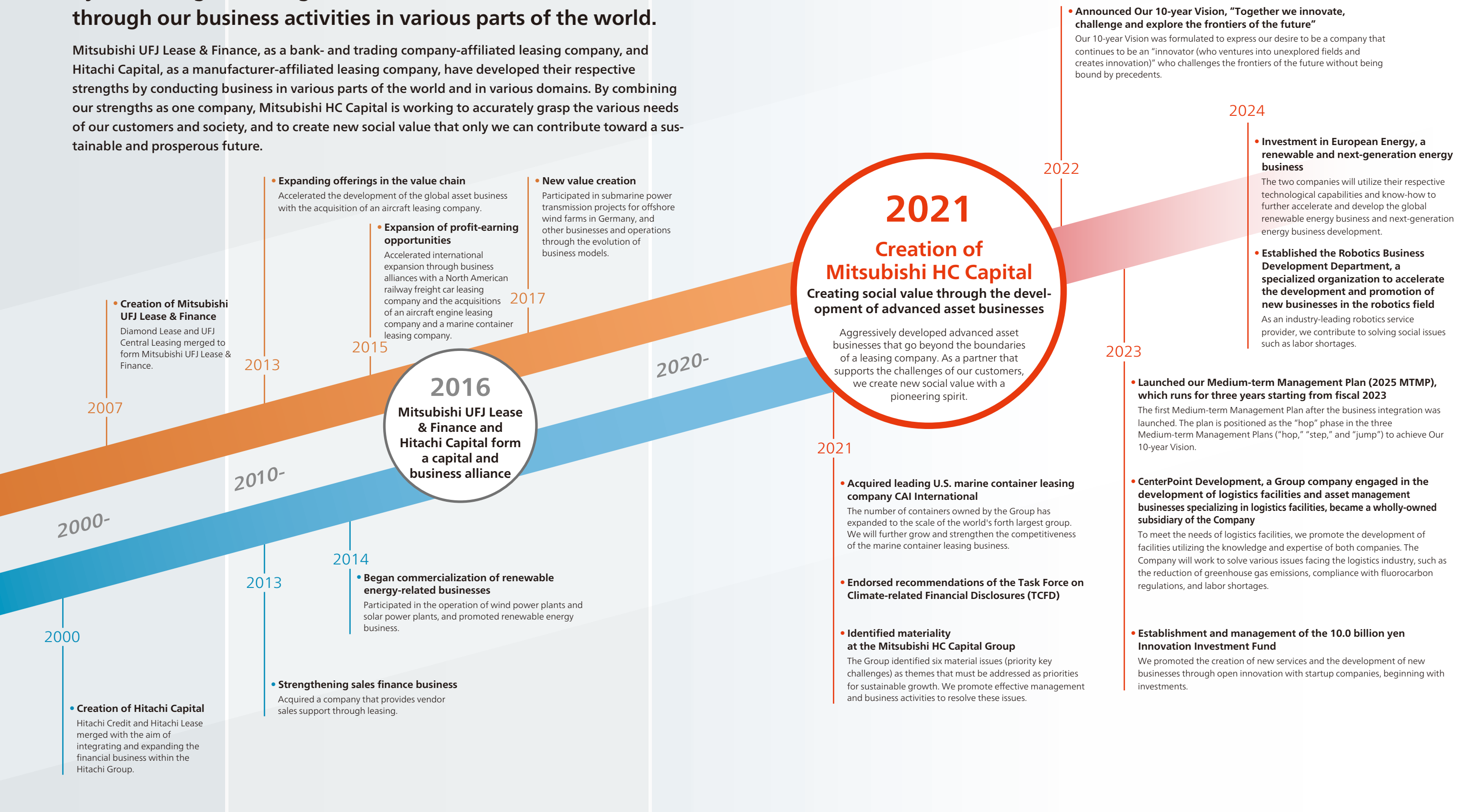
A-



History of Value Creation

We create new social value that only we can deliver by combining the strengths we have cultivated through our business activities in various parts of the world.

Mitsubishi UFJ Lease & Finance, as a bank- and trading company-affiliated leasing company, and Hitachi Capital, as a manufacturer-affiliated leasing company, have developed their respective strengths by conducting business in various parts of the world and in various domains. By combining our strengths as one company, Mitsubishi HC Capital is working to accurately grasp the various needs of our customers and society, and to create new social value that only we can contribute toward a sustainable and prosperous future.



Basic Management Policy and Medium- to Long-term Management Direction

The Group has established a Basic Management Policy consisting of Our Mission, which is the ideal image that the Group aims to achieve over the long term, and Our Vision and Action Principles to realize that mission.

In addition, as a milestone toward the realization of Our Mission, we have established Our 10-year Vision (details on pages 9-10), and our medium- to long-term management direction indicates what kind of company we should be and what kind of changes we need to make to achieve this goal.

In order to achieve Our 10-year Vision, we will promote CX by organically integrating SX / DX through materiality initiatives and the use of data and digital technologies, and business portfolio transformation to realize an optimal portfolio.

Basic Management Policy

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.

Our 10-year Vision

Medium- to Long-term Management Direction



CX: Corporate Transformation

SX / DX

Sustainability Transformation (SX)

Achieve co-existence and co-prosperity with environmental and social value and sustainable growth through efforts for materiality (priority key challenges) and a solid management base.

- 1 Business strategies based on materiality
- 2 Strong corporate functions strategies that support sustainable growth
- 3 Building a relationship of trust with stakeholders (improving engagement)

Digital Transformation (DX)

Achieve creation and qualitative improvement of customer value by utilizing data and digital technologies and making strategic investments in a customer-oriented, future-oriented manner.

- 1 Developing and acquiring DX talent
- 2 Developing a base for DX frameworks
- 3 Building frameworks for aggressive DX
- 4 Developing new businesses

Business Portfolio Transformation

Portfolio Management

Withdraw decisively from businesses that will not contribute to enhancing corporate value in the future and optimize the business portfolio, thus achieving sustainable growth and medium- to long-term enhancement of corporate value.

- Review what our businesses should be like from a medium- to long-term perspective and promote new investments through strategic allocation of management resources.
- Evolve management with recognition of capital cost to create medium- to long-term returns.
- Pursue capital efficiency through balance sheet optimization with an awareness of the finite nature of management resources (including capital, funds, and talent).

Evolution and Layering of Business Models

- I Enhance profitability and efficiency of existing businesses
- II Shift existing businesses to high value-added services
- III Develop new businesses

Our 10-year Vision

As a milestone to our long-term aspirations, we have formulated a 10-year Vision. We aim to reach this goal through three Medium-term Management Plans representing the “hop,” “step,” and “jump” phases.

Financial Targets of the Medium-term Management Plan (2025 MTMP)

	Fiscal 2021	Fiscal 2022	(Period of the 2025 MTMP)		
			Fiscal 2023	Fiscal 2024 Forecast	Fiscal 2025 Target
Net income attributable to owners of parent	99.4 billion yen	116.2 billion yen	123.8 billion yen	135.0 billion yen	160.0 billion yen
ROA*	1.0%	1.1%	1.1%	1.2%	Approx. 1.5%
ROE*	8.0%	8.2%	7.7%	8.0%	Approx. 10%
Payout ratio	40.4%	40.8%	42.9%	42.5%	40% or higher (for the duration of the 2025 MTMP)
Financial soundness	A rating	A rating	A rating	Maintain A ratings (for the duration of the 2025 MTMP)	

*ROA and ROE are based on net income

Our 10-year Vision

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 us through approaches such as SX and DX with customers and partners.

Jump

2031 Medium-term Management Plan
Fiscal 2029 to Fiscal 2031

Step

2028 Medium-term Management Plan
Fiscal 2026 to Fiscal 2028

Hop

2025 Medium-term Management Plan
Fiscal 2023 to Fiscal 2025



Message from the President & CEO



Challenging Ourselves to Become an Innovator that Maximizes the Potential of Assets, Aspiring to Unexplored Realms

Communication, communication, and communication

One of the things I try to do most as the President & CEO is value dialogue and communication.

That's because I keenly realized the importance of this during my previous job as a banker, when I worked in management positions in offices in the United States, the United Kingdom, India, and other countries.

I must motivate professional local employees in every location to work toward the same goal. The languages, mentalities, and cultural backgrounds of these employees vary widely. In Japan, if a manager said something, the employees would usually understand the context and the reason behind it and work as one team, almost automatically, to achieve the goal, but it was not so easy overseas. In fact, I failed many times.

What I learned from that experience was to abandon the one-sided assumption that people probably understand me, and to stubbornly pursue dialogue and communication. So, wherever I go in the world, I keep saying "communication, communication, and communication."

As I took office as President & CEO in April 2023, the Mitsubishi HC Capital Group's first Medium-term Management Plan (2025 MTMP) was beginning. How can I make our employees understand that the achievement of the 2025 MTMP is vitally important for the sustainable growth of our Group in the future? I thought the only way to achieve this was through diligent dialogue and communication. The management team, including myself, visited domestic and overseas offices in person and engaged in a series of dialogues. Those were

not one-time events, but we strove to keep on visiting the same locations.

I believe that such dialogue and communication are important not only with our employees, but with all our stakeholders, including shareholders, investors, customers, and business partners. Although we have been making every effort to engage in dialogue and communication with these stakeholders over the past year, it is still not enough.

During our dialogue with shareholders and investors in Japan and overseas, people told us that they were able to understand the Mitsubishi HC Capital Group's 10-year Vision and the strategy of the 2025 MTMP, which is the first step towards realizing that vision. However, we also heard comments like "what is the specific path to attaining Our 10-year Vision?," "what are the basic strengths of the Mitsubishi HC Capital Group?," and "what sets you apart from your competitors?" I take these comments seriously, and at this moment I am still trying to figure out how we can help our stakeholders understand the Mitsubishi HC Capital Group and show them the path to our future growth, as we continue our exploratory process to enhance our Group's corporate value in the medium to long term. Through this message, I would like to convey to our stakeholders that the Mitsubishi HC Capital Group is a company that is making steady progress and continuously increasing its corporate value.

Emphasis on raising corporate value

The first thing I would like to share with you is what I am focusing on in order to improve corporate value.

The 2025 MTMP is positioned as the first step, or "hop," toward the realization of Our 10-year Vision, but without achieving the plan's targets, we will not be able to achieve the growth that will follow in the "step" and "jump." I will never settle for the status quo, but will

constantly stimulate communication with internal and external stakeholders, elicit ideas for various reforms, and propel corporate transformation, thereby boosting the corporate value of the Group.

My mission to increase corporate value is to manage our Group with an awareness of the cost of capital. We are focusing on two main indicators: achieving return on

Message from the President & CEO



equity (ROE) that sustainably exceeds the cost of shareholder equity, and improving price-to-earnings ratio (PER) by improving growth expectations and reducing the cost of shareholder equity.

We recognize that our Group's cost of shareholder equity is about 10%. With the initial goal of raising ROE to the same level as the cost of capital, we have set ROE of approximately 10% as one of the financial targets of the 2025 MTMP. We believe it is important to steadily reach this goal while charting a course to achieve it.

An essential condition for improving PER is to increase stakeholders' understanding of our Group, including its business model, and their growth expectations. To that end, we will strive to engage appropriately with our stakeholders by reducing ESG risks, enhancing disclosure

and transparency, including non-financial information, and reducing the cost of capital through dialogue with the market.

In addition, we have a consistent approach to returning profits to shareholders through dividends. As mentioned above, we believe that one of the most important factors for improving the corporate value of our Group is to achieve ROE that steadily exceeds the cost of shareholder equity through sustained growth in net income. In that sense, we are not considering ROE improvement such as through share buybacks, which may have immediate effects but could rather hinder long-term growth, through effects such as impact on credit ratings. Our basic policy is to steadily increase earnings by building and managing our stable and strong portfolio, which is one of our Group's strengths, and to return the fruits of these efforts in the form of stable dividends. That policy has yielded 25 consecutive fiscal years of dividend increases. For fiscal 2024, we are forecasting a dividend of 40 yen per share, an increase of 3 yen from the previous year, which, if realized, will be the 26th consecutive year of dividend increases.

Another important task for the immediate future is to raise awareness of us as a new integrated company. While the names of both Mitsubishi UFJ Lease & Finance and Hitachi Capital were widely known in society as leading players in the industry before our integration, the penetration of our new post-integration name "Mitsubishi HC Capital" is still in the early stages. We are also implementing measures to raise awareness, such as airing TV commercials, in order to make more people aware of not only our Group name but also our social value. That effort will lead to an enhancement in human resources and employee engagement, and ultimately to an increase in corporate value.

Who is Mitsubishi HC Capital?

"Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets." That is Our Mission we first formulated when Mitsubishi HC Capital was launched in April 2021.

Our Mission is our long-term vision of what we want to be, and it is the *raison d'être* of the Mitsubishi HC Capital Group in society.

The essence of our business can be summed up in one word: "assets." "Assets" here include not only tangible assets such as aircraft, aircraft engines, marine containers, electric vehicles (EVs), renewable energy generation

facilities, and real estate, but also intangible assets such as information assets including software and databases, innovative assets including R&D and licensing, and economic competencies including human resources and organizations. Our Group has a wealth of knowledge about "assets," accumulated through leasing and financing over the more than 50 years since its establishment. We will promote services and business investment that maximize the potential value of these tangible and intangible assets, in order to solve the business challenges of our customers and partners together with

them.

We have also identified six material issues (Promote a Decarbonized Society, Realize the Circular Economy, Establish Resilient Social Infrastructure, Realize Healthy Lifestyles that Promote Positive Wellbeing, Create Businesses Utilizing the Latest Technologies, and Collaborate with Partners Locally and Globally) as priority key challenges that our Group must address and resolve in order to realize Our Mission.

Of these, "Promoting a Decarbonized Society" is an issue that needs to be addressed from a medium- to long-term perspective as a common challenge for the entire world. Our Group has set a target of reducing

Scope 1 and 2 greenhouse gas emissions by 55% from fiscal 2019 levels by 2030, and reaching net zero by 2050. In addition to energy conservation and eco-driving, which we have been promoting for some time, we are also pursuing various initiatives across the organization, together with overseas Group companies. These include promoting electrification and energy conservation by switching to EVs, reducing greenhouse gas emissions by expanding renewable energy generation businesses such as solar and wind power, and switching to renewable energy for electricity use. In the future, we will also focus on solving global environmental problems through our global Group businesses.

Progress of the 2025 MTMP

After a two-year integration process, the 2025 MTMP was released in May 2023. This is the first step, or "hop," of the three Medium-term Management Plans to realize Our 10-year Vision. It is also a period for "sowing seeds" and "gaining a solid foothold" for the following "step" and "jump."

My personal assessment of the first year of the 2025 MTMP is that we are off to a good start.

In particular, from a financial perspective, consolidated net income for fiscal 2023 increased 7.6 billion yen from the previous year to 123.8 billion yen, surpassing our performance target of 120 billion yen and marking the second consecutive year of record profits. We are proud that this is the result of the strength of our portfolio, which is able to ensure sustainable growth while reducing volatility for the consolidated Group as a whole.

At the same time, we have aggressively replaced assets to improve asset efficiency and profitability. While we are pursuing new large-scale investments, such as our investment in European Energy, a European renewable and next-generation energy company, and making CenterPoint Development, which develops and operates logistics facilities in Japan, a wholly-owned subsidiary, we are also exiting businesses that we could not fully utilize as a Group. Examples include the sales of Shutoken Leasing, DFL Lease, and Sekisui Leasing. These moves are steadily improving profitability in our portfolio as a whole.

In addition, we made steady progress on "Key Themes across Segments" and "Frameworks to Promote Transformation," which were included in the 2025 MTMP as strategies of "sowing seeds" for the medium- to long-term sustainable growth of our Group. For the former, "Key Themes across Segments," we have established four

themes: hydrogen, EVs, logistics, and decarbonization solutions, and have been discussing them throughout the year. Since we believe that there is a limit to conventional strategy formulation and execution by existing siloed organizations, we will go forward with these themes in a focused manner by mobilizing our Group's resources across organizations. Through the year's efforts, we have further revitalized inter-organizational collaboration and created new initiatives. Not limited to these themes, I feel that a culture of collaboration and co-creation through the organizations is gradually taking root. The latter, "Frameworks to Promote Transformation," is an initiative aimed at fostering an organizational culture for promoting corporate transformation, which is required to achieve Our 10-year Vision. I have also led efforts such as town hall meetings to spread the spirit of transformation that is embodied in the 2025 MTMP. Through initiatives such as the Zero-Gravity Venture Lab (commonly known as "ZERO-GRA"), an intra-entrepreneurship program that encourages employees to take on new challenges, and the 10 billion yen Innovation Investment Fund, which promotes open innovation with startup companies, we feel that enthusiasm for transformation within our Group is steadily rising.

On the other hand, our efforts over the past year have also identified challenges for the future. With regard to business strategies, we feel that the speed of progress in the evolution and layering of business models, which we set as a core initiative in the 2025 MTMP, is somewhat lacking. The key here is the transformation of the Customer Solutions segment, which is the Group's key profit base and customer base, and which has created many new businesses by providing solutions to

Message from the President & CEO

customers' issues. We recognize that the challenge is to further accelerate its transformation toward full-scale profit contribution and ROA improvement. In order to support the transformation of this segment throughout the Company, I launched a project in April 2024 that I am myself leading, to draw out the transformation mindset of all executives and employees and to strongly promote it.

We also recognize the urgent need to restore the profitability of the Americas business within the Global Business segment, which incurred a large loss in fiscal 2023. In fiscal 2024, we are working to quickly restore and expand profitability by revising the risk management framework and diversifying and restructuring our business portfolio in the Americas.

communicated to all employees of our global Group that we want to be a company where employees are happy and cheerful, and a company that is trusted and respected by society; in other words, a company which employees are proud to tell their friends and family about.

This is my greatest commitment to the more than 8,000 employees of our Group. I believe that if we cannot do so, we will not be able to realize the corporate value enhancement I mentioned at the beginning.

Strengths of the Mitsubishi HC Capital Group - past, present, and future

"It's hard to understand what Japanese leasing companies do," "the characteristics of the Mitsubishi HC Capital Group are obscure"... Unfortunately, more than a few of our shareholders and investors have voiced such opinions. So, here I would like to discuss what I consider to be the strengths of our Group.

The first strength is our history and story. Looking back at the history of the Mitsubishi HC Capital Group, its origins can be largely traced back to the former Mitsubishi UFJ Lease & Finance Group and the former Hitachi Capital Group, and their predecessors. For more than 50 years since its establishment, our Group has grown continuously, starting from the leasing and financing and installment sales businesses, while expanding its business scale and regions of operation significantly in response to changes in the social and economic environment. Given this history, our Group's solid customer base and business foundation are invaluable assets. They are built on our relationships with our current primary shareholders Mitsubishi UFJ Financial Group and Mitsubishi Corporation, and with Hitachi, which is a former shareholder of Hitachi Capital and is still an important business partner today.

By leveraging these assets, the business integration has enabled us to realize our second strength, a business portfolio that combines stable income and profitability. This is our Group's current strength that I would like to emphasize most, and we will be developing it further in the future.

Please see the illustration on the right. Our Group's business portfolio is based, first of all, on a solid foundation of the Customer Solutions and Global Business segments that can generate steady profits based on a stable and solid customer base and business foundation. On top of those, there are five pillars of specialized businesses: Environment & Energy, Aviation, Mobility, Real Estate, and Logistics, which are subject to relatively high volatility due to market conditions, but also generate reasonably high returns. The timing and magnitude of market fluctuations in these five specialized businesses

are not necessarily the same, accompanying a characteristic that allows them to offset each other's volatility. The result is a portfolio with low volatility and stable profitability for our Group as a whole. This is a unique characteristic of our Group that no other company can imitate.

Mitsubishi HC Capital Group's Business Portfolio



The third strength, our human resources, will bring further growth toward the future to our Group's stable and robust business portfolio, which has been realized through the business integration that originated with our Group's history. The former Mitsubishi UFJ Lease & Finance had employees with expertise in financial business and business investment as a financial and trading company-affiliated leasing company. The former Hitachi Capital had employees skilled in sales finance to support sales expansion of products and services as a manufacturer-affiliated leasing company. There are also more Group employees abroad than in Japan, including professionals in specialized businesses. After the business integration in 2021, many powerful new colleagues were attracted to our Group. One of our strengths is our ability to provide added value through the combination of the two former companies and newly added excellent human resources. We believe that the synergistic effect of the integration of the two companies is to create a company where diverse human resources are active globally and move society forward.

Since I became President & CEO, I have consistently

To be an innovator who grasps change and continues to take on the challenge of solving social issues

Put plainly, the Mitsubishi HC Capital Group, whose shareholders and partners include major Japanese corporations such as Mitsubishi UFJ Financial Group, Mitsubishi Corporation, and Hitachi, has not faced any major management crises and has steadily increased its business performance through multiple integration processes. However, I feel that the so-called "big company disease" of reliance on precedent and maintenance of the status quo still remains within our Group. There is nothing scarier than conceitedness when things are going well. I have a strong sense of crisis that if our Group continues along a mere extension of the status quo, our future will not be secure, and in fact, we may not even exist 10 years from now.

It was with such a strong sense of crisis that we started to formulate Our 10-year Vision in the first year after the integration. After serious discussions with all the Directors and Executive Officers, we set that vision as "Together we innovate, challenge and explore the frontiers of the future," with the thought that we must

become a presence that is not an extension of the status quo. This vision is also positioned as a compass to guide us in the realization of the above-mentioned mission. It expresses our strong belief that our Group is not bound by the past or present, but will continue to innovate, challenge, and explore the frontiers of the future with a pioneering spirit. In other words, we will continue to venture into unexplored realms and create innovation.

The future 10 years from now are uncertain, as society and the business environment will have undergone significant transformation, including changes in industrial structures occurring on a global scale, accelerated digitization, and the growing importance of sustainability. Nevertheless, we will continue to take on the challenge of solving social issues that only the Mitsubishi HC Capital Group can solve, together with our customers and partners. We will do so by grasping every change and by tirelessly implementing company-wide reforms through business activities that lead to initiatives to address material issues.

Profile

In 1985, he joined Mitsubishi Bank (currently MUFG Bank). Since then, he served in various managerial positions globally, in Japan, the U.S., Europe and India. In June 2021, he became a Deputy President and Executive Officer of Mitsubishi HC Capital and from April 2023, he became Representative Director, President & CEO.



Materiality (Priority Key Challenges)

The Mitsubishi HC Capital Group believes that efforts toward sustainability, such as protecting the global environment, respecting human rights, and embracing diversity, are essential social responsibilities that corporations should fulfill. We believe that for any company to survive moving forward, it must pursue long-term growth while earning the trust of its stakeholders by engaging in business activities for solving issues in terms of the environment, society, and the economy.

We have therefore identified the following six material issues as priority key challenges that must be addressed.

Against a backdrop of megatrends on a global scale such as climate change driven by global warming, population growth, urbanization, and a scarcity of resources in recent years, not only our personal lives but also social environments have been drastically changing worldwide. Under such circumstances, companies are expected to make efforts to solve numerous issues, such as promoting a decarbonized society and building a circular economy.

In our Group, we are committed to effective management and business activities to resolve issues based on appropriate understanding of the material issues.

Materiality of the Group

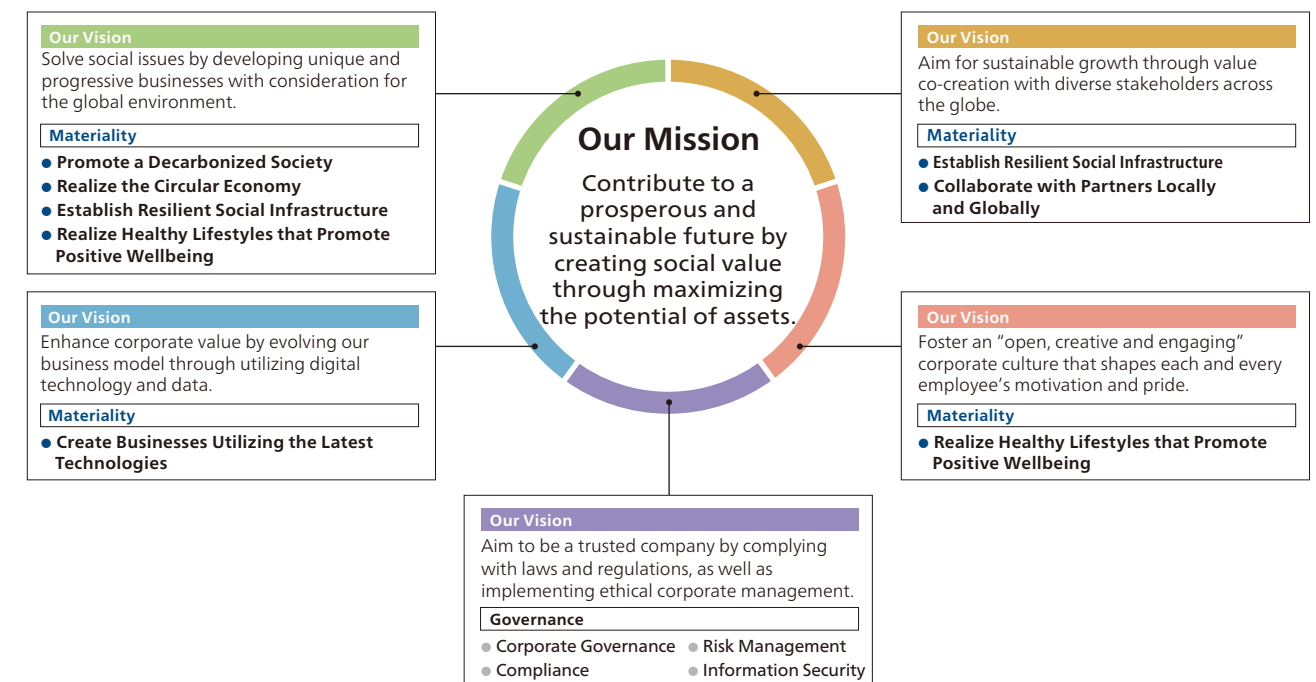
Materiality	Why the Group Treats as Highly Material Challenges	Related SDGs
Promote a Decarbonized Society	<ul style="list-style-type: none"> Efforts to realize a decarbonized society have been globally recognized as an urgent issue and the Group can significantly contribute to solving this challenge through its services and solutions, such as renewable energy investment and EV promotion. It is quite a few impact on but is significant for the Group to distinct its business from the business not solving social issues. 	 
Realize the Circular Economy	<ul style="list-style-type: none"> The Group aims to contribute to creating a circular economy by reducing waste, not only in the Group but also within society through maximizing the potential of assets as a leading leader in the leasing industry. The Group treats this challenge as material. The Group can also contribute to realizing a sustainable and prosperous society through strengthening the collaboration between partners. 	   
Establish Resilient Social Infrastructure	<ul style="list-style-type: none"> Large parts of the infrastructure within Japan needs to be repaired. The Group also recognizes the business has huge potential opportunities to support the development of infrastructure in overseas countries with active collaboration between various partners and create a smart city. The Group will contribute to the business being diversified, enhanced and efficient through establishing the system and providing services for supporting the collaboration of various companies. 	 
Realize Healthy Lifestyles that Promote Positive Wellbeing	<ul style="list-style-type: none"> It is vital for its stakeholders that the Group recognizes the importance of health, safety, mental and physical wellbeing for realizing the prosperous future. Valuable human resources are key. Personal development and attraction and retention of talent is significant for the Group members. 	  
Create Businesses Utilizing the Latest Technologies	<ul style="list-style-type: none"> Both financing for the purpose of digital transformation of customers and providing solution by internal and external digital technologies urge to develop new business models. Including establishing supply chain with utilizing with new alternative energies, the Group identifies material one as the opportunity. 	 
Collaborate with Partners Locally and Globally	<ul style="list-style-type: none"> Social issues differ by countries and regions. It is significant that the Group aims to solve these issues by collaborating with local partners to ensure the Group is meeting individual needs through local community-based communication. The Group can realize mutual benefits in developing society by utilizing the integrated capability in the Group. 	 

Relationship Between Material Issues, Our Mission and Our Vision (Basic Sustainability Policy)

We have established connections with many stakeholders globally and have great potential to contribute to the resolution of social issues. With this potential, we have established Our Mission as our aspiration to create social value together with our customers and partners

and contribute to a sustainable and prosperous future, and Our Vision as what we should aim for in order to realize this aspiration. This integrated stance of Our Mission, Our Vision, and the identified material issues is what makes the Basic Sustainability Policy of the Group.

How Materiality Relate to “Our Mission” and “Our Vision”



Material Issues Identification Process

1. Examination of important ESG issues from the Company’s perspective

We made an exhaustive list of ESG issues based on ISO 26000, the Sustainable Development Goals (SDGs), and other relevant international guidelines and principles. Subsequently, we conducted a survey of employees and internal interviews to identify candidates based on their importance in terms of both opportunities and risks related to our business.

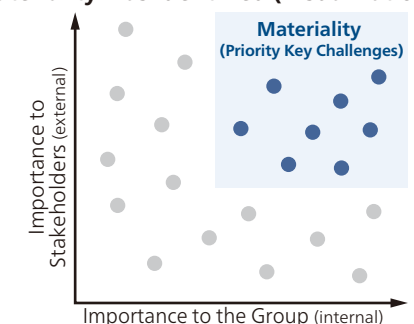
2. Consideration of important ESG issues from the perspective of external stakeholders

We confirmed the expectations and requests for the Group based on expertise and opinions obtained from interviews with external stakeholders, such as major customers and shareholders, and narrowed down the list of candidates.

3. Discussion and deliberation by management

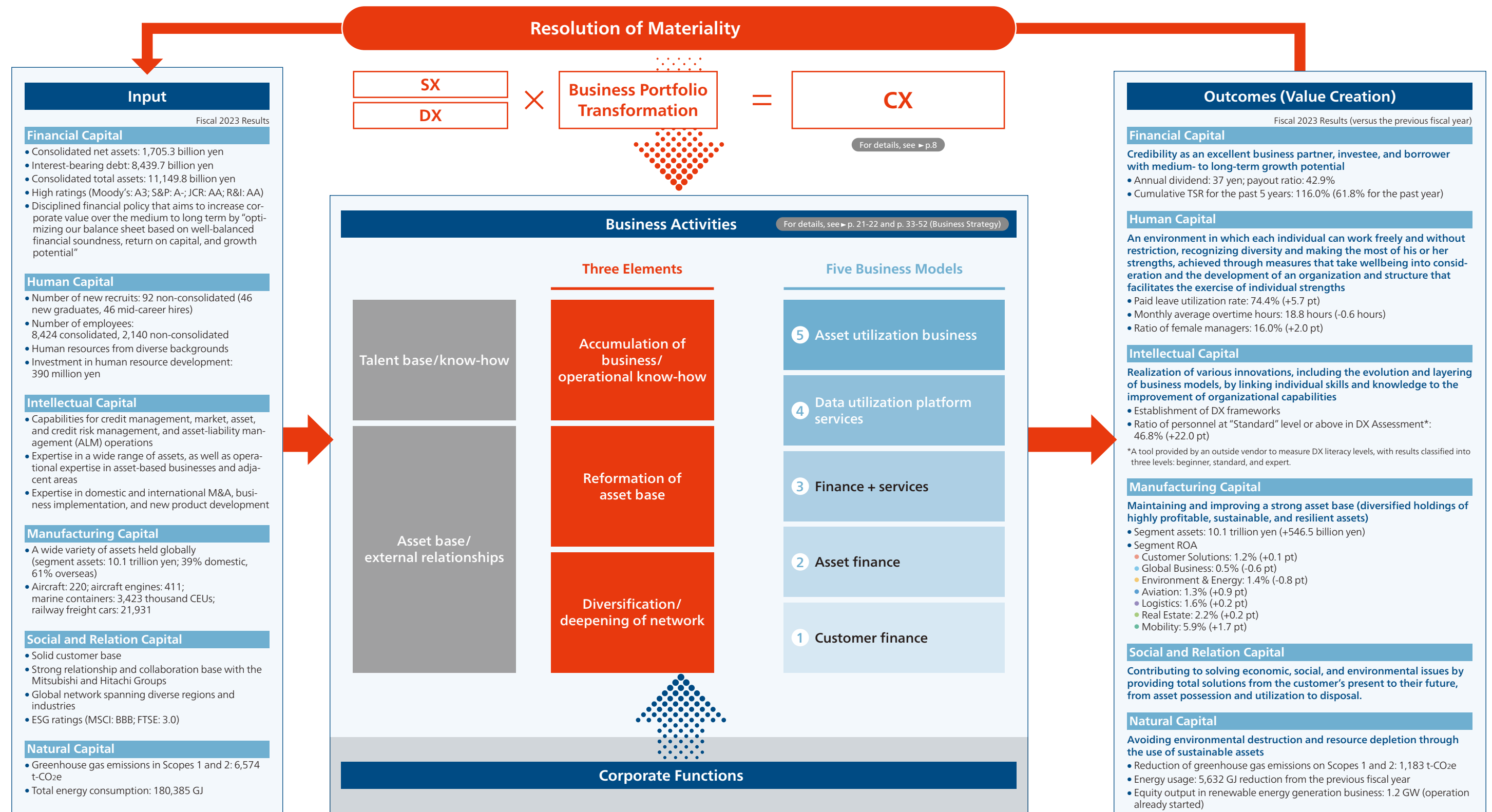
Identified through discussions at the Sustainability Committee, Executive Committee, and Board of Directors meetings, based on the relationship between Our Mission, Our Vision, and the SDGs, as well as their relevance to each business.

How Materiality was Identified (Visualization)



Value Creation Process

The Mitsubishi HC Capital Group will achieve Corporate Transformation (CX) toward its 10-year Vision by leveraging its diverse global assets and strong customer base to create value with stakeholders through its business activities. This cycle is the Company-wide Common Guideline and Language of our Group.



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	<ul style="list-style-type: none">• Finance leases• Vendor leases• Installment sales• Lending	<ul style="list-style-type: none">• Operating leases• Real estate securitization	<ul style="list-style-type: none">• Operating leases with maintenance services• Service solutions such as asset management	<ul style="list-style-type: none">• Inventory optimization services utilizing data• Sharing services utilizing data	<ul style="list-style-type: none">• 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.

Stakeholder Dialogue

In order to realize our 10-year Vision, we have placed great importance on dialogue with our stakeholders, identifying their expectations, interests, and needs, and responding to each of them with the strengths we have developed over the years. Through careful dialogue, we initiated the following new initiatives in fiscal 2023. We will continue these efforts to enhance our corporate value over the medium to long term.

Stakeholders	Stakeholder expectations, interests, and needs	Strengths of Mitsubishi HC Capital	Dialogue methods and opportunities	Results for fiscal 2023
 Customers	<ul style="list-style-type: none"> Providing a variety of finance-based services Support for capital investment and financing Creating innovation Reducing the environmental impact of business operations (e.g., achieving carbon neutrality) 	<ul style="list-style-type: none"> Partnerships with a wide variety of companies, including major shareholders Ability to solve customers' problems (a wide variety of businesses) Ability to provide funding 	<ul style="list-style-type: none"> Sales activities through in-person visits and online meetings Dissemination of information on our website Inquiries by phone and e-mail 	<ul style="list-style-type: none"> Launched renewable energy aggregation business Started providing an integrated service for corporate EV introduction Developed GX Assessment Lease as green finance through lease and installment transactions (provided since July 2024)
 Employees	<ul style="list-style-type: none"> Personal growth and job satisfaction Maintenance of labor environment Sustainability as sources of salary and bonuses and as a place to work Improvement of working conditions Diversity, equity, and inclusion Human rights protection 	<ul style="list-style-type: none"> Diverse human resources Abundant human resource systems that support flexible work styles Providing opportunities for self-realization and personal growth through diverse businesses 	<ul style="list-style-type: none"> Personnel interviews Company intranet Company newsletter Engagement survey Career inventory 	<ul style="list-style-type: none"> Messages from the President & CEO to employees through a blog Town hall meetings by top management for employees Unification of the human resources systems of the two former companies Selected the projects that passed the final screening for the first stage of the Intra-entrepreneurship program and started full-fledged efforts to establish a business company
 Business partners	<ul style="list-style-type: none"> Strengthening of our own business through partnerships Creating innovation Financial credibility as a medium- to long-term business partner Promoting the sale of our products and services 	<ul style="list-style-type: none"> One of the best customer bases in Japan across diverse industries and regions Possession of a wide variety of assets in Japan and overseas Ability to provide services and solutions based on our leasing business Business management and investment skills Ability to provide financing (financial support capabilities) 	<ul style="list-style-type: none"> Sales activities through in-person visits and online meetings Dissemination of information on our website Inquiries by phone and e-mail 	<ul style="list-style-type: none"> Established the Innovation Investment Fund, an investment fund totaling 10 billion yen for startup companies to promote the creation of new services and the development of new businesses Established a new specialized organization, the Robotics Business Development Department, to accelerate the development and promotion of new businesses in the robotics field (April 1, 2024).
 Shareholders (equity investors), bond investors, financial institutions	<ul style="list-style-type: none"> Appropriate information disclosure and enhanced dialogue with the market Stable medium- and long-term growth Generation of sustainable cash flow Stable and continuous dividend payments Sound business operations Strengthening governance Expansion of ESG investment 	<ul style="list-style-type: none"> Stable performance based on a well-diversified business portfolio High credit ratings from external agencies Ability to raise funds through partnerships with major shareholders Strong financial position and structure 	<ul style="list-style-type: none"> General Meeting of Shareholders Financial results briefings Briefings and various meetings for investors Information services of the Tokyo Stock Exchange Dissemination of information on our website Communication through various media 	<ul style="list-style-type: none"> Achieved net income target and record-high net income Achieved 25 consecutive fiscal years of dividend increases Developed a Sustainable Bond Framework and issued Sustainability Bonds
 Environment & society	<ul style="list-style-type: none"> Realization of a decarbonized society Realization of a circular economy Protection of human rights Coexistence with local communities 	<ul style="list-style-type: none"> Extensive knowledge and skills and a broad network as one of the top renewable energy generating companies in Japan Providing solutions at each lifecycle stage from the introduction of goods to the end of their use 	<ul style="list-style-type: none"> ESG Data Book Dissemination of information on our website Social contribution activities 	<ul style="list-style-type: none"> Investment in European Energy, a Danish renewable and next-generation energy company (investment completed in April 2024) Purchase and sale of various used machinery (industrial machine tools, physical and chemical equipment, semiconductor manufacturing equipment, medical equipment, etc.) Designed and began operating a human rights due diligence system under our Human Rights Project Various social contribution activities and volunteer activities

2025 Medium-term Management Plan Progress


The Mitsubishi HC Capital Group has formulated its first post-merger Medium-term Management Plan (2025 MTMP), which is guided by the value creation process and covers the three-year period from fiscal 2023 to fiscal 2025. All executives and employees of our Group are united in implementing the 2025 MTMP in order to realize Our 10-year Vision.

Outline of the 2025 MTMP

We have positioned the 2025 MTMP as the hop of the hop, step, and jump phases toward the realization of Our 10-year Vision. While steadily “sowing seeds” in new areas and “gaining a solid foothold” by restructuring and redefining existing areas, we will promote the evolution and layering of business models to enhance our corporate value over the medium to long term.

We have three main strategies: business strategies based on the evolution and layering of business models;

corporate functions strategies to foster and secure talent and to bolster the financial base and internal organizational base; and frameworks to promote transformation to implement awareness reform. Fiscal 2023 is a very important year for the Group to move into a new phase, and we have implemented a variety of initiatives under the theme of “transformation.”

 Outline and Progress of the MTMP
<https://www.mitsubishi-hc-capital.com/english/investors/managementplan/index.html>

Progress of the 2025 MTMP

The financial targets for the first year of the 2025 MTMP were achieved with the exception of ROE, and steady progress was also made toward non-financial targets. The replacement of assets for the business portfolio transformation, our key initiative, also progressed well.

On the other hand, challenges to achieving the 2025 MTMP include a lack of speed in the evolution and layering of business models and the urgent need to restore profitability in the Global Business as soon as possible.

During the period of the 2025 MTMP, we will steadily achieve various financial and non-financial targets, maintain and improve market trust and expectations, and expedite various measures related to key themes across segments and frameworks to promote transformation. We will promote “sowing seeds” that will lead to the next Medium-term Management Plan and the ones thereafter. Please refer to pages 51-52 for key themes across segments.

Progress of the 2025 MTMP

Results	<ul style="list-style-type: none">● Achieved financial targets for the first year of the 2025 MTMP, except for ROE. Aviation and Logistics are driving overall performance.● Made steady progress toward achieving the non-financial targets of the 2025 MTMP.● Made steady progress in asset replacement to transform the business portfolio and improve capital efficiency.<ul style="list-style-type: none">• New investments: Invested in European Energy, acquired CenterPoint Development as a wholly-owned subsidiary, etc.• Divestments and withdrawals: Sold Shutoken Leasing, DFL Lease, and Sekisui Leasing; withdrew from personal credit card business; sold strategic shareholdings; etc.
Challenges	<ul style="list-style-type: none">● Lack of urgency in the evolution and layering of business models (e.g., shifting to high value-added and high ROA businesses). In particular, the creation of businesses that will significantly contribute to profitability in Customer Solutions will be a challenge going forward.● In the Americas business in our Global Business, credit costs increased in the mainstay commercial truck sales finance business. There is an urgent need to recover profitability.
Direction for fiscal 2024-2025	<ul style="list-style-type: none">● Achieve various financial and non-financial targets and continue to increase PBR and enhance corporate value.● Promote various measures to quickly realize the evolution and layering of business models in the Customer Solutions business and to increase earnings.● In the Americas business in our Global Business, quickly recover and enhance profitability by reviewing the risk management system, diversifying and restructuring the business portfolio, and other measures.● Expedite various measures related to key themes across segments and frameworks to promote transformation, and implement “sowing seeds” that will lead to the next Medium-term Management Plan.

Financial Targets

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024 Forecast	Fiscal 2025 Target
Net income attributable to owners of parent	99.4 billion yen	116.2 billion yen	123.8 billion yen	135.0 billion yen	160.0 billion yen
ROA*	1.0%	1.1%	1.1%	1.2%	approx. 1.5%
ROE*	8.0%	8.2%	7.7%	8.0%	approx. 10%
Dividend payout ratio	40.4%	40.8%	42.9%	42.5%	At least 40% (for the duration of the 2025 MTMP)
Financial soundness	A rating	A rating	A rating	Maintain A ratings (for the duration of the 2025 MTMP)	

*ROA and ROE are based on net income

Non-financial Targets

		KPI (italicized brackets: Scope [consolidated or non-consolidated])	Target (for the duration of the 2025 MTMP)	Fiscal 2023 Results	Evaluation
Talent base / know-how	Human capital	Level of fulfillment of a talent portfolio in line with our management strategies (non-consolidated)	Formulate the talent portfolio framework and visualize the level of fulfillment	Assessed approximately 1,200 employees	○
		Results of the employee engagement survey (non-consolidated)	Refine the survey content and enhance analysis	Fundamentally revised survey questions	○
	Intellectual capital	Ratio of personnel at “Standard” level or above in DX Assessment* (non-consolidated)	80% or more	46.8% (+22.0 pt YoY)	○
		Monthly average overtime hours (operational efficiency) (non-consolidated)	14 hours or less	18 hours 47 minutes (-0.6 hours from the previous fiscal year)	△
		Rate of annual paid holidays taken by employees (non-consolidated)	70% or more	74.4% (+5.7% pt from the previous fiscal year)	◎
Asset base / External relationship	Manufacturing capital	GHG emissions amount (Scope 3) (consolidated)	Analyze the categories that have a major impact and visualize Scope 3 emissions	Conducted fact-finding surveys and methodology verification for each asset and transaction	○
	Social and relation capital	GHG emissions amount (Scope 1, 2) (consolidated)	-55% in fiscal 2030 vs. fiscal 2019 and net zero in fiscal 2050	-41.8% (vs. fiscal 2019)	○
	Natural capital	Energy consumption (domestic) (non-consolidated + Group companies in Japan)	-1% YoY continually	-4.1% (vs. fiscal 2022)	◎

 : New KPIs and targets (update existing KPIs and targets)

*A tool provided by an outside vendor to measure DX literacy levels, with results classified into three levels: beginner, standard, and expert.

The targets for net income, ROA, and ROE for fiscal 2025, as well as the policies related to financial strategies, remain unchanged from the time the 2025 MTMP was formulated, with the aim of achieving net income of 160 billion yen, ROA of approximately 1.5%, and ROE of approximately 10%.

In the fiscal 2023 financial results, profit growth was driven by Aviation and Logistics, where market conditions were favorable. Net income increased 7.6 billion yen year-on-year to 123.8 billion yen, exceeding the initial forecast and reaching a new record high, and ROA was 1.1%, in line with the initial forecast, achieving the financial targets for the first year of the 2025 MTMP, respectively. However, ROE was 7.7%, slightly below the initial forecast, mainly due to the impact of the yen’s depreciation against the U.S. dollar, which was more severe than expected at the beginning of the fiscal year.

Overall, we are making steady progress toward achieving our non-financial targets as well. In terms of quantitative targets, we are achieving our target of

maintaining a 1% year-on-year continual reduction in energy consumption (domestic). Although we have not yet reached our monthly average overtime hours target of 14 hours or less, we are working to achieve further improvement through measures such as disclosing actual overtime hours by department and line to all employees on the Company intranet to raise awareness of the need to reduce overtime hours, as well as through measures to improve operational efficiency.

Qualitative targets are gradually being quantified. KPIs and targets related to DX and operational efficiency, which were qualitative at the time of the release of the 2025 MTMP, have been quantified. The KPI “level of fulfillment of a talent portfolio in line with our management strategies” was refined in fiscal 2023 to visualize competencies and other metrics by conducting a personnel assessment of approximately 1,200 employees in order to establish a talent portfolio framework. From fiscal 2024 onward, we will continue to refine the assessment to achieve quantification during the 2025 MTMP period.

Message from the CFO



Aiming to Optimize Profit Growth and Capital Efficiency Through a Balance of Financial Soundness, Return on Capital, and Growth Potential

Haruhiko Sato

Director, Managing Executive Officer
Head of Corporate & Strategic
Planning Division
CFO

The value creation process is the engine of growth to realize Our 10-year Vision

Our 10-year Vision, “Together we innovate, challenge and explore the frontiers of the future,” expresses our desire to “continue to be an innovator who takes on the challenge of solving social issues that only we can solve without being bound by precedents.” It is also positioned as a guiding compass to guide us in the realization of Our Mission. In order to realize Our 10-year Vision, we are pursuing corporate transformation (CX) through sustainability transformation (SX), digital transformation (DX), and business portfolio transformation over the medium to long term. Specifically, we plan to steadily improve our corporate value by dividing the nine years of our three Medium-term Management Plans, which started last fiscal year, into “hop,” “step,” and “jump” phases. We then summarize the series of cycles through which we will improve our corporate value in the value creation process.

The key concept of our value creation process is to create value while utilizing and accumulating financial and non-financial capital classified into six categories. The process shows value creation through the investment of each type of capital and business activities, and how the resulting accumulation of non-financial capital leads to the expansion of financial capital. In other words, the value creation process is our growth engine, and we aim

to resolve our material issues and realize Our 10-year Vision by repeating this cycle. While all of the five types of non-financial capital, human capital, intellectual capital, manufacturing capital, social and relation capital, and natural capital remain important, we recognize that human capital in particular is a core element that is the source of our competitive advantage and the driving force for the sustainable improvement of corporate value. We also place importance on natural capital, as it is our responsibility as a global company to contribute to a sustainable and better world. To make this value

Financial Status

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Revenues	1,765,559	1,896,231	1,950,583
Recurring income	117,239	146,076	151,633
Net income attributable to owners of the parent	99,401	116,241	123,842
Total assets	10,328,872	10,726,196	11,149,858
Segment assets	9,345,376	9,632,966	10,179,473
Interest-bearing debt	8,066,082	8,236,106	8,439,792
ROE (%)	8.0	8.2	7.7
ROA (%)	1.0	1.1	1.1
Dividend payout ratio (%)	40.4	40.8	42.9

creation process work, we have set KPIs and targets not only for financial capital but also for non-financial capital for each type of capital, and we ensure the effectiveness of the process by measuring its accumulation.

For more information ▶ see pages 19-22, “Value Creation Process.”

Under the 2025 MTMP, which is positioned as the “hop,” we aim to achieve a net income of 160.0 billion yen, ROA of approximately 1.5%, ROE of approximately 10%, maintain our A credit ratings, and a dividend payout ratio of 40% or more while building a foundation to realize Our 10-year Vision by “sowing seeds” in new areas and “gaining a solid foothold” by restructuring and redefining existing areas. To achieve these targets, we

are promoting Company-wide evolution and layering of business models as part of our business portfolio transformation, improving profitability and the efficiency of our existing portfolio through a shift to high value-added services and the development of new businesses.

In addition, we will make investments that lead to “sowing seeds” and “gaining a solid foothold,” such as investments in new businesses, data infrastructure development, research and development, and human capital to create intellectual property and intangible assets. In this way, we will increase the value of our financial and non-financial capital and achieve sustainable growth toward Our 10-year Vision.

For more information ▶ see pages 33-50, “Business Strategies.”

Steady progress in both financial and non-financial aspects of the 2025 MTMP

Fiscal 2023, the first year of the 2025 MTMP, was the very first step in CX, and we are pleased to see steady progress in both the financial and non-financial aspects of the plan. We achieved our financial targets for net income of 123.8 billion yen, meeting our initial forecast of 120.0 billion yen, and for ROA of 1.1%. We fell slightly short of our ROE target due to the impact of yen depreciation, which caused the denominator, equity capital, to be larger than expected when the MTMP was formulated, but we will continue to fine-tune the path toward achieving the MTMP for each segment, targeting an upside to the net income target of 160.0 billion yen in the final year of the MTMP.

In addition, progress on non-financial targets has generally been steady, including progress on each of the quantitative targets and the quantification of targets that were previously given only as qualitative targets. As for the most important human capital-related KPI, “Level of

fulfillment of a talent portfolio in line with our management strategies,” in fiscal 2023, we conducted an assessment of about 1,200 employees to visualize their competencies and other metrics, in order to formulate a talent portfolio that will help ensure more of the right people are placed in the right jobs. We will conduct the assessment for approximately 1,000 more employees in fiscal 2024 and pursue sophistication in order to realize the quantification of targets during the period of the 2025 MTMP. With regard to natural capital, we are making steady progress in our efforts to achieve our greenhouse gas emission reduction targets, and furthermore, we see funding through sustainable finance as one of the important methods for engagement with our stakeholders in the future. By supporting investments aimed at solving social issues, which we have set as one of our material issues, with funding through sustainable finance, we intend to improve our corporate value over the medium to long term.

Three things to balance to achieve medium- to long-term growth

Through the business integration, we have become a corporate group with a large balance sheet of over 11 trillion yen. In light of this situation, the major direction of our financial strategy to realize Our 10-year Vision is to aim for profit growth and long-term sustainable optimization of capital efficiency by increasing asset efficiency (ROA) through the evolution and layering of business models and other measures, while allowing the balance sheet to expand only moderately. To achieve this, we believe it is important to strike a balance between financial soundness, return on capital, and growth potential. This is not an easy task, but I will explain in some detail how we will achieve it.

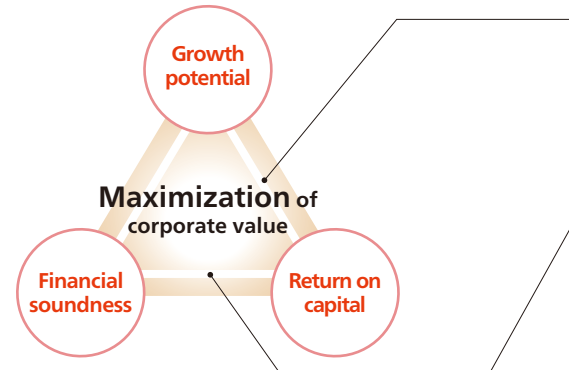
As a financial company with a large balance sheet,

high-quality and stable funding is a lifeline. In the process of increasing profitability through the evolution and layering of business models, we believe it will become increasingly important to maintain financial soundness, including the accumulation of a reasonable amount of equity capital. On the other hand, to sustainably improve corporate value, it is also necessary to realize ROE that exceeds the cost of shareholder equity, or in other words, to pursue return on capital. In order to achieve a higher return on capital while maintaining financial soundness, we aim to improve asset efficiency (ROA) with the evolution and layering of business models. Simply pursuing a balance between financial soundness and return on capital could

Message from the CFO

fall into a diminishing equilibrium. In order to simultaneously achieve profit growth to enhance corporate value, we will also pursue growth potential by making good use

Balance between the Three Perspectives



Concept of cash allocation

- Actively invest cash flows after paying dividends in high value-added businesses, including the development of new businesses.
- Pursue the generation of ongoing expected returns and an increase in absolute revenue by transforming the business portfolio and the quality of assets in the medium to long term, with an awareness of the cost of shareholder equity.

Achievement of an optimal balance sheet to maximize our corporate value

- Optimize our capital/debt structure according to changes in asset risks, in the course of transforming the quality of assets in the medium to long term by the evolution and layering of business models.
- Give consideration to both financial soundness (maintain A ratings) required for stable funding and return on capital (ROE).

Financial soundness and consolidated financial operations

Again, as a company with a large balance sheet, it is extremely important for us to maintain the trust of our stakeholders, including shareholders, institutional investors, rating agencies, and financial institutions, in order to raise funds and conduct business in a stable manner. As one indicator of maintaining such trust, we have set “maintain A ratings” as one of the financial targets of our 2025 MTMP. In order to achieve this goal, we do not intend to pursue excessive leverage, but rather to maintain a certain level of equity capital assessed as appropriate by rating agencies. By adhering to a stable and solid financial discipline, we have been able to maintain top credit ratings compared to our industry peers.

Maintaining one of the Highest Ratings in the Industry

	JCR	R&I	S&P	Moody's
Issuer rating (outlook)	AA (stable)	AA (stable)	A- (stable)	A3 (stable)
Short-term rating	J-1+	a-1+	A-2	P-2

As of March 31, 2024, our interest-bearing debt was approximately 8.4 trillion yen, growing to the top five among Japanese companies (excluding the banking and securities industries). In light of this situation, in the area of finance, we are working on three key areas: (1) securing high-quality funds by leveraging the creditworthiness of the entire consolidated Group, (2) expanding debt capacity (funding capacity), and (3) maintaining a risk management system that can withstand a financial crisis.

We recognize the importance of stable funding of foreign currencies, which account for approximately 60% of interest-bearing debt, and have established a global

of the equity capital accumulated through the balance of those two as an investment for growth. Below is an explanation of how we will pursue each of these goals.

system in which our major sites in Japan, the Americas, and Europe, where our businesses are large-scale, control funding within their respective regions, basically from financial institutions and investors in the regions where they conduct their businesses. In addition, we are expanding debt capacity on a consolidated basis by enhancing the Group’s presence on a global basis through the promotion of investor relations (IR) and the expansion of funding in the market in these three regions. As a result, the Group has good business relationships with more than 100 financial institutions.

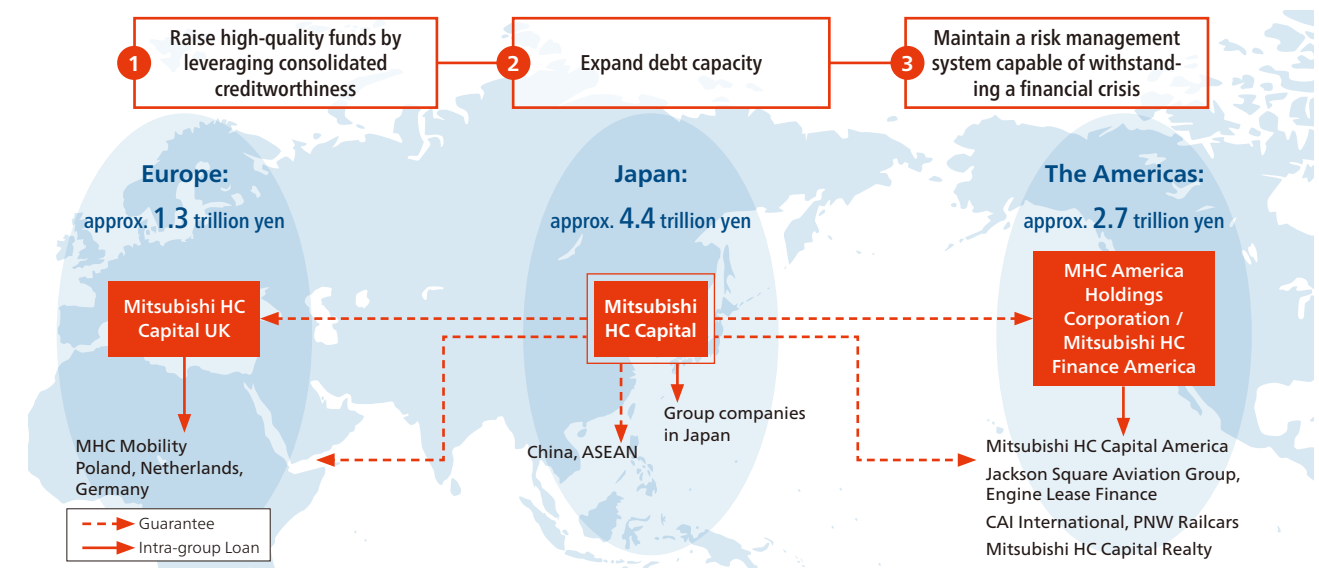
With regard to our risk management system, we have established a system that can appropriately respond to interest rate fluctuation risk through asset and liability management (ALM) based on financial discipline on a consolidated basis. In addition, based on the experience of the financial crisis triggered by the bankruptcy of Lehman Brothers and other events, we are continuously implementing liquidity management to deal with the risk of unexpected events (tail risk) in the financial markets.

Return on capital

We are working to improve return on capital through the evolution and layering of business models. There are two major ways to improve capital efficiency (ROE): increasing asset efficiency (ROA) and increasing financial leverage. However, as I mentioned in the financial soundness section, we do not intend to excessively increase our financial leverage in order to maintain our financial soundness. We are working to improve asset efficiency by shifting to high-value-added businesses such as “finance + services,” “data utilization platform services,” and “asset utilization business” through the evolution and layering of business models.

To this end, portfolio management with an awareness

Establish a Funding Structure Centered on Japan, the Americas, and Europe



*1 Guarantees from Mitsubishi HC Capital to Mitsubishi HC Capital UK are limited to medium-term notes (bonds issued under a single program that stipulates various forms of issuance, such as scheme and currency used) and commercial paper.

*2 Some Group companies raise funds on their own.

of the cost of shareholder equity, including the decisive replacement of assets, is extremely important. As we have multiple businesses with different risk characteristics, we calculate the weighted average cost of capital (WACC) for each business and use it as a risk-return guideline when considering new businesses such as strategic investments. We also analyze and visualize the profitability of each business from the perspective of whether the profitability of existing businesses (ROIC) covers the WACC of the business in question, and use this information to consider restructuring plans, withdrawal policies, or asset replacement for businesses with low profitability. The results of this analysis are shared with the Board of Directors, and we continue to use them in high-level discussions such as Company-wide strategic allocation of management resources in order to maintain and improve return on capital.

Growth potential

I believe that we have great potential for steady growth in the future. Our strong and well-diversified portfolio, consisting of domestic and overseas leasing and financing businesses conducted by the Customer Solutions segment and Global Business segment, which are the backbone of our Group, and five specialized businesses (Environment & Energy, Aviation, Logistics, Real Estate, and Mobility), has the potential for further profit growth and asset efficiency through the evolution and layering of business models and the decisive replacement of assets.

I believe that inorganic growth through strategic investments as well as organic growth in each of our business

domains are indispensable to achieve this growth. In the post-integration period alone, we have made a number of large investments in the following domains: the acquisition of CAI International, a US marine container leasing company (2021), the conversion of CenterPoint Development, a domestic logistics facility development and management company, into a subsidiary (2023), and the investment in European Energy, a European renewable and next-generation energy company (2024). CAI has already become one of our core businesses driving our growth. We intend to make several strategic investments for further growth in the future while also replacing assets.

In addition, as initiatives for further future growth, we are aggressively promoting Company-wide initiatives such as “Key Themes across Segments” and “Frameworks to Promote Transformation” which I will describe next.

For more information ▶ see pages 51-52, “Key Themes across Segments.”

Frameworks to promote transformation

Under the 2025 MTMP, the theme of which is corporate transformation, we are promoting frameworks to promote transformation, consisting of three pillars, with the aim of raising the awareness of each and every employee toward transformation.

In the first pillar, “lay” the foundation of transformation, we are conducting a Company-wide survey on the degree of penetration of the 2025 MTMP and implementing a number of measures based on the survey results. Through these steady efforts, we feel that we are making steady progress in fostering an awareness of transformation among all employees.

Message from the CFO



In the second pillar, “create” transformation, in fiscal 2023, in addition to implementing the intra-entrepreneurship program (first round) and the business idea contest, we have introduced a new organizational evaluation system to promote transformation. In the intra-entrepreneurship program, two projects that passed the final screening are currently undergoing verification for commercialization, and we have been promoting a more powerful program (second round) in fiscal 2024 based on the

issues raised in the first round of the program. I hope that by having all employees see the business ideas that fellow employees have proposed as challenges for transformation and the recognition they have received, the momentum toward transformation will accelerate even further.

The third pillar, “promote” transformation, encourages the creation of new services and the development of new businesses by investing in startup companies through the Innovation Investment Fund, an investment fund with a total value of 10.0 billion yen. This fund has been utilized in 15 projects with an investment amount of over 1.7 billion yen from fiscal 2023 to September 2024. The thought process of developing new businesses through open innovation with startup companies has begun to take root, and we will continue to encourage growth through the use of this fund.

Conducting management with an awareness of the cost of shareholder equity in order to increase corporate value

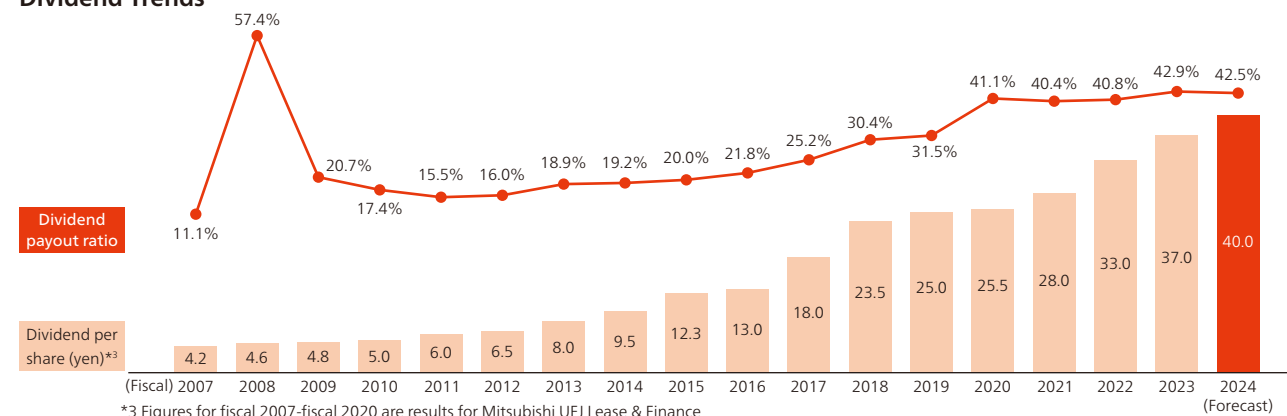
In order to achieve sustainable profit growth and enhance our corporate value over the medium to long term, we have stated that we believe it is important to balance three perspectives in our financial strategy. Based on this premise, I would like to explain our management with an awareness of cost of shareholder equity.

The price book-value ratio (PBR) has a theoretical relationship of “PBR = expected ROE x expected PER = expected ROE x 1 / (r (cost of shareholder equity) - g (expected profit growth rate)).” Based on this decomposition formula, in order to achieve a PBR of 1x or more, we have adopted a straightforward approach: “Achieve ROE that sustainably exceeds the cost of shareholder equity while continuing to grow profits.” By achieving profit growth and ROE that exceeds the cost of shareholder equity, we hope to raise the capital market’s growth expectations for the Group and, by making this more sustainable, we hope to raise the PER. In addition, we intend to further

raise the PER by steadily accumulating non-financial capital, which will lead to an increase in financial capital, and by reducing the cost of shareholder equity through appropriate engagement with the capital market and other stakeholders. Since these elements are interrelated, we aim to increase corporate value, including a sustainable increase in PBR, by promoting them in an integrated manner.

The following is our plan to improve PBR from the two perspectives of ROE and PER and what we are specifically focusing on. Currently, we recognize the cost of shareholder equity for the Group to be approximately 10%. Based on this recognition, we have set ROE of approximately 10% as one of the financial targets in the 2025 MTMP, aiming to first raise ROE to the same level as the cost of shareholder equity. As I have explained, we plan to achieve this by improving asset efficiency (ROA) through the evolution and layering of business models while promoting asset replacement, including new investments, and portfolio

Dividend Trends



management based on the strategy and risk characteristics of each business, thereby improving our reputation in the capital market. In addition, the Company will try to lower the cost of shareholder equity by reducing ESG risks, enhancing information disclosure including financial and non-financial information, and further actively promoting constructive dialogue with the capital market. In July 2024, we held the first Business Segment Meeting in which the heads of the Aviation and Logistics businesses engaged in a

dialogue with the aim of improving our shareholders, investors, and other stakeholders’ understanding of our business. I do not believe that reducing the cost of shareholder equity will be achieved in the short term, but it is important that shareholders and investors feel that Mitsubishi HC Capital has transformed through such steady efforts as we continue our unceasing efforts to reduce the cost of shareholder equity.

Providing returns to shareholders through dividends

So far, we have stated that our goal of increasing corporate value is to achieve ROE that exceeds the cost of shareholder equity on a sustainable basis, accompanied by profit growth, and that we will achieve such ROE by taking on more risk than before without excessively expanding the balance sheet to increase returns and raise asset efficiency (ROA), both of which we will achieve through a straightforward approach. In light of the above, one can see that while shareholder return measures such as share buybacks are an immediate ROE improvement measure (affecting the denominator), they are somewhat different from the steady

process of improving corporate value that we aim to achieve. Our policy is to return profits to shareholders in the form of dividends in principle, taking into consideration the balance between securing the capital buffer necessary for profit growth and financial soundness, which affects funding costs.

Regarding dividends, we have a solid track record of returning profits to shareholders, having increased dividends for 25 consecutive fiscal years. We believe it is important to provide stable dividends in line with profit growth, and we have gradually increased the dividend payout ratio, targeting 40% or more since fiscal 2020.

Total Shareholder Return

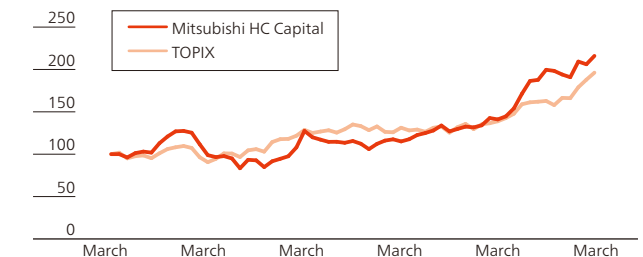
	1 year	3 years		5 years	
		Cumulative	Annualized	Cumulative	Annualized
Mitsubishi HC Capital	+61.8%	+74.9%	+20.5%	+116.0%	+16.7%
TOPIX	+41.3%	+52.5%	+15.1%	+96.2%	+14.4%

*4 Total shareholder return (TSR): Total return on investment including capital gains and dividends.

*5 TSR is calculated for Mitsubishi HC Capital based on accumulated dividends and stock price fluctuations, and for TOPIX based on a stock price index including dividends (prepared by the Company based on Bloomberg data, etc.).

*6 The values in the graph are indexed to the market value based on TSR, with the closing price data as of March 31, 2019 as 100 (holding period is until March 31, 2024).

TSR (5-year history)



*7 Figures for fiscal 2018-fiscal 2020 are results for Mitsubishi UFJ Lease & Finance

To our stakeholders

Throughout my career, which has been focused on the treasury division both in Japan and overseas, I have kept the principle of always being fair. When there are opposing viewpoints or issues that need to be resolved, I have always tried to make management decisions from a fair perspective rather than being biased toward one side or the other. We are in the most important period of transformation since the foundation of our Group. I believe that during such a period of transformation, I will be able to make flexible management decisions by concurrently serving as the Head of the Treasury & Accounting Division as CFO and the Head of the

Corporate & Strategic Planning Division as CSO. In my previous explanations, I have mentioned the importance of balancing three things in enhancing our corporate value over the medium to long term. In other words, this means striking a balance between using the accelerator and brake while driving a vehicle with diverse passengers. I am determined once again to enhance our corporate value while always keeping a fair perspective based on the condition of the passengers and of the road. We will continue to return the fruits of our profit growth in the form of corporate value to all of our stakeholders. I look forward to your continued support of our Company.

Business Strategies

Customer Solutions

Taking on the challenge of creating new businesses by leveraging a strong customer base

Kazumi Anei

Director, Deputy President,
Customer Solutions Unit



The Customer Solutions Unit has been developing its business with a focus on finance in Japan for more than 50 years. With a customer base of approximately 570,000 companies and segment profit accounting for approximately one third of consolidated net income, the Customer Solutions Unit continues to grow steadily as a core business within the Group.

However, the transaction volume in the leasing industry in Japan has been stagnant for more than a decade due to changes in lease accounting standards, long-term low interest rates, and the impact of the spread of the COVID-19 pandemic. In this environment, the Customer Solutions Unit is promoting the evolution and layering of business models beyond finance in order to realize Our 10-year Vision.

Through our past transactions with our customers, we own a wide variety and large volume of assets. By analyzing the operational data of these assets in collaboration with our customers, we will

provide higher value-added services, such as supporting optimal asset operations through the use of the Internet of Things (IoT) and DX. We will strive to shift our business model to one that can provide holistic services from procurement to disposal of assets, rather than simply providing financing. We will also contribute to the realization of a circular economy.

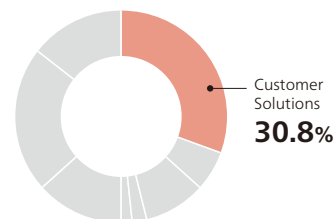
To this end, we will further strengthen communication with our customers and collaborate with them to solve their problems, backed by our partnerships with industry leaders such as the Mitsubishi UFJ Financial Group and Mitsubishi Corporation, which are our major shareholders, and Hitachi — a vital partner — thereby robustly advancing our transformation from a finance company to a service company.

The Customer Solutions Unit will continue to provide customers with services that only Mitsubishi HC Capital can offer. We will strive to remain a partner our customers can rely on.

Segment profit
(Fiscal 2023)

38.1 billion yen

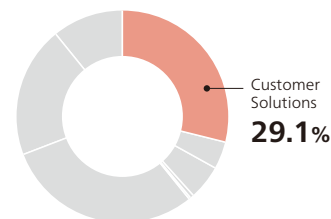
Group total
123.8 billion yen



Segment assets
(As of March 31, 2024)

2,966.5 billion yen

Group total
10,179.4 billion yen



Main business

Finance solutions business for companies and government agencies, energy-saving solution business, sales finance business provided through collaboration with vendors, real estate leasing business, and financial service business

Core strategies in the 2025 MTMP

- To further reinforce our solid customer base, we will enhance the functions provided to customers through our finance solutions while also accelerating the creation of collaborative businesses that combine customers' services with our functions as a business partner recognized by customers.
- We will provide new services leading to the evolution and layering of business models.
- We will pursue efficiency through the establishment of a new sales process that utilizes data and digital technologies.

2025 MTMP Progress

The Customer Solutions Unit is working to build a new business of "finance + services" in collaboration with partners for the evolution and layering of business models.

In fiscal 2023, in addition to conducting several PoC^{*1} in collaboration with business partners, we made seven investments in startup companies that contribute to the promotion of DX by utilizing the Innovation Investment Fund.^{*2}

Through these efforts, we were able to create new services, including the provision of services in the decarbonization field such as a PPA (Power Purchase Agreement) business using our subsidiary MHC Renewable Networks^{*3} and the provision of refurbishing services for used semiconductor manufacturing equipment. We will continue to focus our resources on promising projects while also identifying projects undergoing verification, leading to the early launch of services.

- ^{*1} Proof of Concept. Verification of the feasibility of a new idea or technology.
^{*2} A fund launched by the Company in April 2023 to promote the creation of new services and the development of new businesses through open innovation with startup companies, with investment as the starting point.
^{*3} On March 26, 2024, the Company acquired all the equity of RenetS, which was jointly established with REZIL (formerly Chuo Electric Power) on October 28, 2021, making it a wholly owned subsidiary and changing its name.



Future Initiatives

In order to further speed up our efforts toward the Company-wide strategy of the evolution and layering of business models, we will strengthen our relationships with customers and our approach to their management even more than before. In this way, we will understand our customers' management issues and develop and provide new approaches and services to solve them. All employees of the Customer Solutions Unit will have a keen awareness of the need for transformation and will promote the transformation of our business portfolio.

In addition, sales processes in existing operations such as leasing and installment sales will be transformed into a DX-based division of operations,^{*6} including digital marketing,^{*4} inside sales,^{*5} and electronic contracts, in order to establish an efficient sales structure.

- ^{*4} Forming a population of potential customers by providing information on the Group's services, solutions, and seminars via email and the Internet.
^{*5} Inside sales: A sales method division of operations using email and telephone calls from a call center.
^{*6} A system that enables seamless coordination of digital marketing, inside sales, and field sales (visit-based sales) operations.



Topics Robotics Solutions to Help Eliminate Labor Shortages

To address the social issue of labor shortages due to the declining birthrate and aging population, we are aiming to build an ecosystem with partners and other organizations possessing cutting-edge technologies. In April 2024, we established the Robotics Business Development Department as a specialized organization with the aim of realizing innovative services^{*7} that increase productivity through automation using robots.

Recent automation solutions are realized not only with robots, but also with a complex combination of various technologies and functions, involving a wide variety of players. In this context, we will expand our business as a robot service provider that offers new value to our customers, not only through our customer base and financing functions, but also through our coordinating function that combines system integration, operational support, and business design. We will continue to expand our business by uncovering needs from the user's point of view.

In the future, we aim to become one of the core businesses of the Group, so that when people think of robotics, they think of Mitsubishi HC Capital.



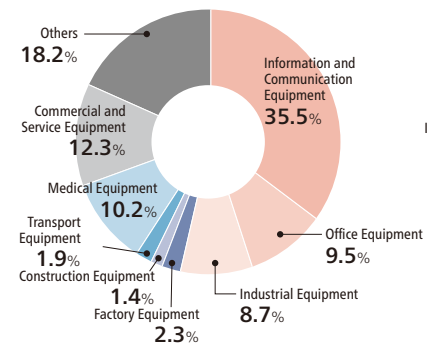
Image of robot introduction

- ^{*7} The robots being developed by MUSE will provide retail stores with the functions they need, such as product transportation, sales floor (display shelf) management, and sales floor guidance. In addition, MUSE will provide peripheral functions and data necessary for the use of robots as a service, and will aim to develop a subscription-type service together with consulting services related to the introduction of robots and the development of a robot-friendly environment.

Business Strategies

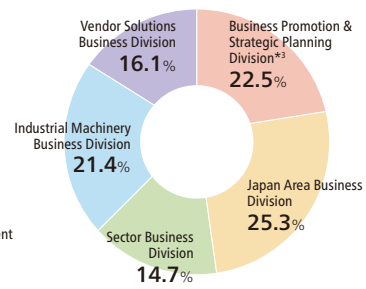
Customer Solutions' Initiatives by Division

Breakdown of Customer Solutions' Leasing Transaction Volume by Property Type*¹ (Fiscal 2023)



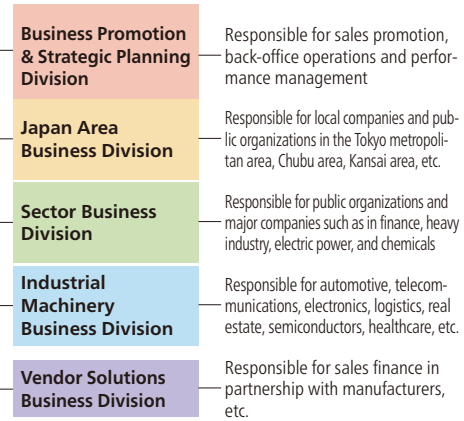
*¹ Leasing transaction volume at sales departments, main subsidiaries, etc. belonging to the Customer Solutions segment. Mitsubishi Auto Leasing, which mainly handles transportation equipment, is included in the Mobility segment and is therefore excluded from the above table.

Breakdown of Customer Solutions' Sales Division Transaction Volume*² (Fiscal 2023)



*² Consolidation adjustments within Customer Solutions are not included.

*³ The Business Promotion & Strategic Planning Division includes the transaction volume of DFL Lease and Shutoken Leasing, which were sold in January 2024, and Sekisui Leasing, which was sold in June 2024.



Business Promotion & Strategic Planning Division

Strategies

- Promote new business development in Customer Solutions, develop business in the field of robotics
- Promote a recycling-oriented economy of returned leased items, reform sales and administrative processes by utilizing digital technology



Main Initiatives

MHC Renewable Networks, a Group company, develops and provides services that help promote low-voltage solar power generation, reduce corporate carbon emissions, and carbon neutrality. MHC Eco Solutions is also working to realize a recycling-oriented economy by repairing and erasing data from used PCs and information equipment, promoting them as reusable products, and recycling waste plastics and other materials.



Japan Area Business Division

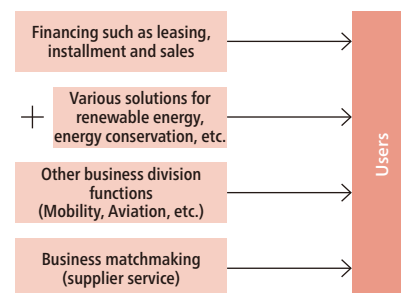
Strategies

- Provide solutions to customer/social issues through organized account sales
- Establish an efficient sales structure by utilizing data obtained through extensive sales activities



Main Initiatives

Through organized account sales utilizing our nationwide sales network and shareholder channels, we approach the business and social issues of our customers and provide solutions by making full use of the Group's capabilities as well as business matchmaking. In recent years, as customers' needs for decarbonization initiatives have grown, we have been providing a variety of services, including renewable energy provision and investment in energy conservation, together with financing.



Sector Business Division

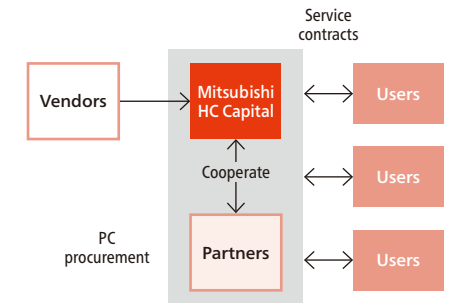
Strategies

- Contribute to solving customer and social issues through collaboration with business partners
- Provide comprehensive services not limited to funding but ranging from equipment installation to maintenance and disposal



Main Initiatives

We provide LCM (Life Cycle Management) services that comprehensively manage the lifecycles of PCs from procurement to use, asset management, and disposal. With the growing demand for Windows 10 replacement in Japan, we see this as a business opportunity to strengthen our sales structure and provide rental services that fully support our customers' PCs through business collaboration with business partners.



Industrial Machinery Business Division

Strategies

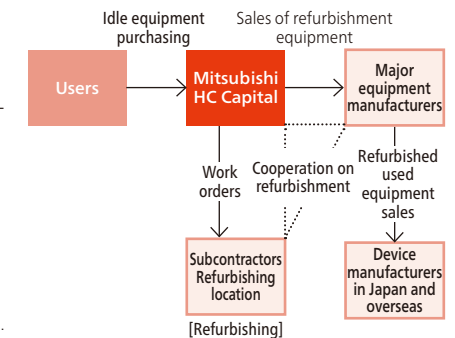
- Contribute to customers as a group specializing in telecommunications, logistics, real estate, semiconductors, healthcare, production machinery, etc.
- Utilize our advanced knowledge of the industry to solve social and industry issues and create new business models



Main Initiatives

In collaboration with our business partners, we provide a refurbishing*⁴ service for used semiconductor manufacturing equipment that contributes to the circular economy. Utilizing the Group's customer base, we have established a series of circular schemes that include not only leasing and renting semiconductor manufacturing equipment, but also purchasing used equipment, providing a refurbishing environment, and selling used equipment, and we intend to further promote these schemes in the future.

*⁴ To service and recondition used equipment to a near-new condition.



Vendor Solutions Business Division

Strategies

- Maintain and expand the largest market share in the vendor leasing market
- Establish an accurate and efficient operational structure utilizing data and digital technologies

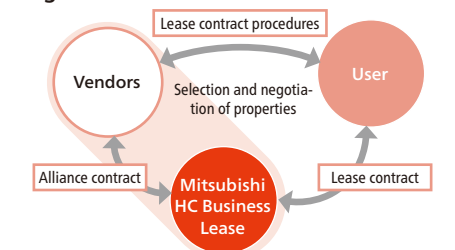


Main Initiatives

Our Group handles a variety of equipment, including information and telecommunications equipment, and supports sales promotion by manufacturers and trading companies through leasing and installment sales.

We are also working on the evolution of the vendor finance business, such as the incorporation of AI in the screening of leases and other contracts as the company with the top-class share of leases in the industry.

Conceptual Diagram of Vendor Lease Agreement



Business Strategies

Global Business

Contribute to solving social issues in each country through business development tailored to regional characteristics

Osamu Muramoto

Senior Managing Executive Officer, In charge of Global Business Unit,
Head of Europe Division, Global Business Unit



The overseas businesses of the Mitsubishi HC Capital Group have been strengthened as a growth area by Mitsubishi UFJ Lease & Finance and Hitachi Capital, respectively, prior to the integration. Currently, overseas operations have grown to account for approximately 60% of the total segment assets of the entire Group.

With overseas offices in more than 20 countries in Europe, the Americas, and Asia, we have one of the largest networks among Japanese leasing companies, offering a wide variety of products and services and developing our business with personnel with diverse skills to make this possible. One of our major characteristics and strengths is that our business foundation is supported by a well-balanced and diversified product and customer base and abundant human resources.

The Global Business Unit provides a wide range of high value-added products and services to global customers, while shifting its business portfolio to improve profitability. In addition to providing leasing, sales finance, and other services to quality local companies in each country and Japanese companies expanding overseas, we also support their growth by investing in their businesses. In the U.K., we are also contributing to the revitalization of local consumer activity through sales

finance and loans for individuals using digital technology.

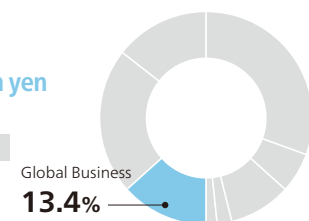
Each regional headquarters plans, formulates, and implements strategies tailored to the characteristics of its region. In Europe and the Americas, in addition to the respective focus areas, we are actively engaged in infrastructure financing, such as solar power generation and EV (electric vehicle) charging facilities, and EV leasing, in response to the need for a decarbonized society. Meanwhile, in Asia, we are strengthening our core products and services at each of our offices, as well as efficiently utilizing and reallocating management resources, including our network of offices and human resources, in light of the market environment.

Gathering information on and promptly responding to changes in the external environment, including global conditions, technological innovations, and political and economic situations in various countries, is becoming more important than ever before. The Global Business Unit will respond flexibly and promptly to changes in the environment by collaborating with our overseas network, human resources, and external partners, and will achieve further growth in business performance by responding to customer needs.

Segment profit (Fiscal 2023)

16.6 billion yen

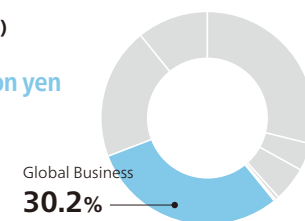
Group total
123.8 billion yen



Segment assets (As of March 31, 2024)

3,070.8 billion yen

Group total
10,179.4 billion yen



Main business

Offer finance solutions in Europe, the Americas, China, and ASEAN, as well as sales finance and other services in collaboration with vendors.

Core strategies in the 2025 MTMP

- Provide solutions to social issues and needs in each country and region in collaboration with local partners
- Increase added value by digitalizing business processes and providing digital platforms to vendors and customers
- Increase profitability by enhancing decarbonization businesses such as EVs, charging stations, and solar power generation

Europe

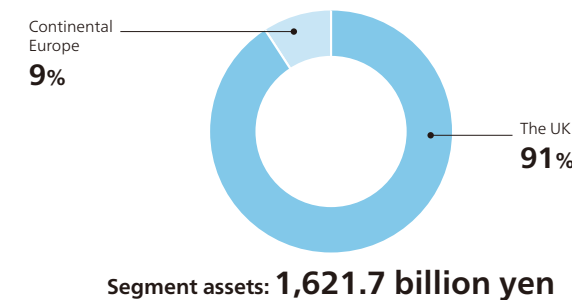
Mitsubishi HC Capital UK PLC ("MHCUK"), the core of our European business, is a UK non-bank financial services company, authorized and regulated by the Financial Conduct Authority (FCA), trading under the brand "Novuna"*. The group has been in business for over 40 years and currently has business establishments in 11 European countries, providing innovative financial solutions. With over 2,250 employees, the six business units have total assets of approximately 8.8 billion pounds and

close to 1.3 million corporate and individual customers.

We have achieved a high level of customer satisfaction by providing high value-added services utilizing digital technology. We are also actively involved in sustainable energy (solar power generation, energy storage systems, etc.) and sustainable transportation (EVs and EV charging facilities, etc.) for decarbonization.

* Coined from the Latin *novo*, meaning "new," and *una*, meaning "together." It represents our commitment to innovation together with our partners.

Breakdown of Assets by Region (As of March 31, 2024)



Jon Lawes
Managing Director,
Novuna Vehicle Solutions
Mitsubishi HC Capital UK

Robert Gordon
Chief Executive Officer
Mitsubishi HC Capital UK

2025 MTMP Progress

Improving added value through digitalization

We continue to enhance our digital technology, particularly in our core business of personal sales finance/loans, to provide a superior digital experience, fast reliable credit evaluation and payout for our customers. We continue to deliver consistent performance and business growth, despite the current high interest rate environment.

Strengthening decarbonization businesses

In our Europe business, we are promoting efforts to decarbonize society. For example, the percentage of

Battery Electric Vehicles (EV) in our fleet has already exceeded 20%. By 2030, we aim to convert 100% of our leased passenger cars and light commercial vehicles (less than 3.5 tons), and 50% of our funded larger van fleet (over 3.5 tons) to EVs. We are supporting Hydrogen HGV trials.

In 2023, we launched a Project Finance initiative to implement funding for projects that lead to reducing carbon emissions. The company provides services and funding for EV depot charging and maintains its investment in GRIDSERVE, one of the UK's leading EV public charging networks.

Future Efforts

Our Europe business has a very well-diversified risk portfolio, and its performance has been stable even in the current high-interest-rate environment. Going forward, we are aiming for further earnings growth as the external environment is expected to improve. In particular, our European mobility subsidiary, which is a member of the MHCUK Group, will play a very important role in

developing our future European business initiatives by leveraging our existing customer base and relationships with business partners. We will continue to provide innovative and value-added financial solutions to be one of the most trusted financial services brands in the UK and Europe.

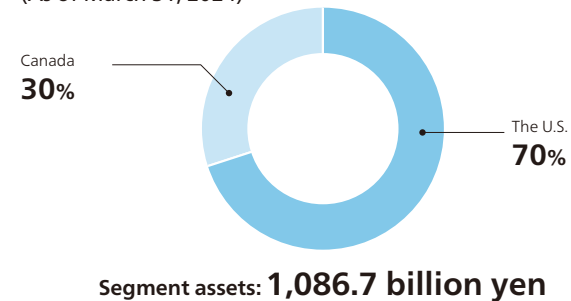
Business Strategies

The Americas

The Americas business is centered on Mitsubishi HC Capital America, Inc. (MHCA), which was established in April 2023 through the merger of three U.S. group companies, provides a wide range of financing solutions, including sales financing and operating leases for commercial trucks and other vehicles, and structured financing in the North American region (the United States and Canada). In addition, we provide new businesses and services together with our business partners, including business alliances with companies engaged in as-a-service businesses* to evolve and layer our business models.

* A business model in which product functions are provided as a service for a fixed fee.

Breakdown of Assets by Region
(As of March 31, 2024)



2025 MTMP Progress

Steady progress in the integration of the three companies

Through the integration of the three companies, we are combining the know-how accumulated by each company to enhance our presence in North America and our competitiveness by increasing added value of our products and services. We are also working to realize cost synergies and improve operational efficiency by organizing, consolidating, and integrating our offices scattered across the United States and multiple internal systems and platforms.

Efforts in various measures to enhance profitability

Commercial truck sales financing, the core business of the Americas business, is susceptible to trends in the

used car market and changes in debtor credit conditions associated with fluctuations in freight transportation supply, demand, and freight market conditions, and its profitability tends to fluctuate significantly. MHCA is working to strengthen its overall portfolio management to enhance its resilience to market fluctuations and ensure stable earnings. Specifically, MHCA will further promote well-balanced portfolio management in terms of both “offense” and “defense” by replacing and diversifying its business portfolio through proactive sales activities, reviewing credit judgment criteria, and improving collateral asset resale capabilities.

Future Efforts

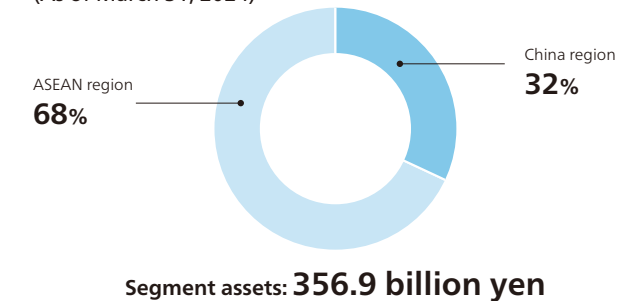
Currently, we are working on returning to profitability and growth by transforming our portfolio through the acquisition of new high-quality contracts that realize appropriate risk/return and the strengthening of our risk management system. In addition, we are steadily working on focused areas such as sustainability, decarbonization, and digital solutions in order to achieve our goals in the 2025 MTMP and our 10-year Vision. As part of these efforts, we are collaborating with startup companies in the Robotics as a Service business to acquire know-how and expertise in this new business.



ASEAN & China

In Asia, we operate in five countries: Singapore, Thailand, Indonesia, Malaysia, and China (including Hong Kong SAR). Our business activities are rooted in the local communities of each country, and we provide financing solutions that meet the needs of our customers and sales finance in partnership with vendors.

Breakdown of Assets by Region
(As of March 31, 2024)



2025 MTMP Progress

In addition to our core business of asset finance for industrial equipment, automobiles, construction machinery, and IT equipment, we are focusing on businesses that meet SDGs' needs, such as renewable energy and EV-related businesses.

At the same time, through the implementation of selection and concentration, we are downsizing

low-performing businesses, leading to improved profitability.

In Indonesia, we are considering partnerships with state-owned electric power affiliate companies to engage in solar-related businesses, and are promoting decarbonization businesses through collaboration with partners.

Future Efforts

We will continue to strengthen our corporate finance and sales finance businesses by leveraging the customer base and network of partners we have cultivated over the years while developing businesses based on our materiality.

For example, in Thailand, we have begun to make comprehensive proposals to help reduce greenhouse

gas emissions by combining the conversion of buses used to transport employees to and from industrial parks to EVs with the installation of solar panels, storage batteries, and recharging facilities.

We will accelerate our efforts to transform our business portfolio through strategic allocation of management resources and continue to improve profitability in Asia.



Topics

The challenge of new businesses to solve social issues in Malaysia

In addition to its headquarters in Kuala Lumpur, Mitsubishi HC Capital Malaysia Sdn. Bhd. has sales offices in Penang, Johor Bahru, Kota Kinabalu, and Kuching, and provides sales finance and customer finance throughout Malaysia.

The 2025 MTMP aims to (1) strengthen our core businesses through DX initiatives, including the development of digital platforms for vendors and customers, (2) enhance profitability by transforming our business portfolio into “finance + services” such as rentals and operating leases, and (3) pursue new business opportunities based on social needs for sustainability and decarbonization.

We are also actively investing in human resource development to encourage the acquisition of know-how and expertise that will contribute to the transformation of our business model.



Lee Boon Cheng
Managing Director
Mitsubishi HC Capital Malaysia

Business Strategies

Environment & Energy

Promoting a decarbonized society as Japan's leading renewable energy provider

Takuji Naruse

Managing Executive Officer
Head of Environment & Energy Business Division



We live in an era when the world is becoming more environmentally conscious and moving toward carbon neutrality, a major challenge facing our planet. We have a strong desire to contribute to solving this issue by responding firmly to the growing demand for renewable energy.

The Mitsubishi HC Capital Group is developing its renewable power generation business while owning 1.1 GW of power plants in Japan, mainly solar and onshore wind power. In addition, we are also involved in the battery storage business, which helps stabilize the power grid, the aggregation business¹, and the corporate PPA² business, which delivers electricity directly to customers who wish to adopt green power, thereby enhancing the value of our assets as we work toward the realization of a decarbonized society. Furthermore, focusing on the hydrogen market, which is expected to widely spread on a business basis after 2030, we have started to study the possibility of implementing a demonstration project for manufacturing green hydrogen using solar power generation.

Meanwhile, overseas, in April 2024 we took a 20%

stake in European Energy (EE) of Denmark, which is developing renewable energy businesses in 28 countries around the world, mainly in Europe. EE is also actively engaged in next-generation energy businesses such as green hydrogen and e-methanol production, and we will contribute to solving environmental issues with this company overseas as well.

Each of these initiatives is not a complete project in itself. We will organically link the knowledge and experience we have accumulated through our individual businesses, for example, by combining solar power generation and battery storage to utilize power stored during the day for 24 hours a day, or by collaborating with domestic and overseas businesses in the area of next-generation energy. Furthermore, we will proactively create new initiatives while maximizing synergies to play a solid role in supplying green energy for the next generation and create value for society.

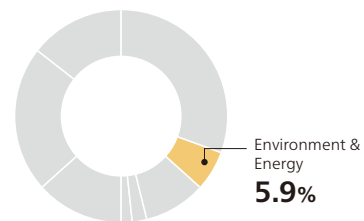
^{*1} Business that manages the supply of electricity generated at power plants and controls supply-demand balance by serving as an intermediary between power companies and consumers.

^{*2} A mechanism that allows companies to purchase electricity derived from renewable energy generating facilities from retail electric suppliers or power generation companies over the long term at fixed prices.

Segment profit
(Fiscal 2023)

7.3 billion yen

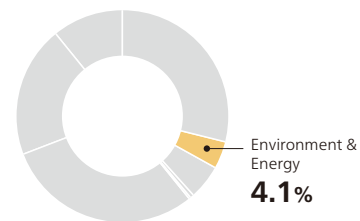
Group total
123.8 billion yen



Segment assets
(As of March 31, 2024)

416.6 billion yen

Group total
10,179.4 billion yen



Main business

Renewable energy business

Core strategies in the 2025 MTMP

- Stable supply of electricity through renewable energy generation and strengthened revenue base through the expansion of power plants
- Improving the added value of in-house power plants through efforts to develop new businesses, such as a battery storage business and generation-side aggregation through renewable energy
- In Europe and the United States, accelerating business expansion through improving development functions in renewable energy generation business

2025 MTMP Progress

2025 MTMP policies

We believe that the importance of renewable energy will increase globally, and in our business we are committed to expanding our power plants, engaging in new businesses to improve the added value of our assets, and accelerating business development in Europe and the United States. On the other hand, there are headwinds such as the relatively slow growth in demand for renewable energy at present and the increasing costs associated with renewable energy development due to inflation and high resource prices, but we are steadily sowing the seeds with the 2025 MTMP.

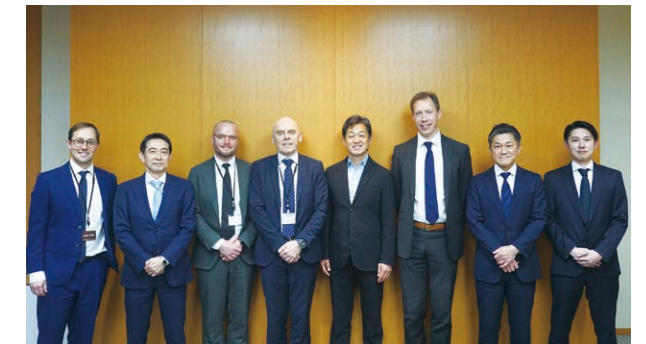
Evolution and layering of domestic business

In Japan, we are steadily developing projects to increase the power plants, and at the same time, we are strengthening our power supply base by selling some of our assets in order to improve the quality of our portfolio. We are also expanding our efforts in new businesses, such as aggregation business initiatives to maximize the value of our assets and the building of schemes to

support the introduction of decarbonization facilities in local communities.

Developing a business foundation in Europe

In Europe, we have invested in EE, a renewable and next-generation energy business company, to lay the foundation for business development, and we will support business growth and create social value by dispatching personnel to EE to work on its operations in the region.



Management teams of EE and Mitsubishi HC Capital

Future Efforts

This division has set the goal of “building a sustainable revenue base while continuous contribution to a decarbonized society.”

In Japan, we intend to capture market growth centered on solar power and onshore wind power, and maintain our position as the industry's leading renewable energy producer with 2.5 GW of generating capacity over the medium to long term. At the same time, we will accurately identify changes in electricity systems and establish an electricity service business that maximizes the value of assets we own through batteries storage business and aggregation business, etc., and promote evolution and layering of business models.

In addition, we will work on projects for hydrogen and other next-generation energy projects, after conducting demonstrations of such projects.

Overseas, mainly in Europe and the United States, we will expand our renewable energy business from development to operation by collaborating with renewable energy companies that have development functions. In Europe, we have developed our business with EE and will continue to expand our capability on a global basis as well.

To realize these goals, the human resources that support the business are indispensable, and we will work to raise awareness and develop human resources for the transformation into an Asset Utilization Business.



Topics

Investment in a European renewable and next-generation energy company

In April 2024, we completed our investment in EE, a Danish company that develops renewable and next-generation energy businesses mainly in Europe, and acquired 20% of its shares. This acquisition is part of our efforts in the Asset Utilization Business, which is part of the evolution and layering of business models that is the core of our 2025 MTMP.

Since its establishment in 2004, EE has steadily expanded its business and continues to grow. The company has been developing solar and onshore wind power generation businesses mainly in Europe, with a cumulative development track record of over 3 GW of renewable energy and more than 60 GW in development and construction projects.

The company is also actively involved in the next-generation energy business, producing green hydrogen and e-methanol using renewable energy-derived electricity, and is already preparing for commercial operation in Europe.



Power generating facility in Holmen, Denmark, developed by EE

Business Strategies

Aviation

Transforming the aviation business portfolio to lead the decarbonization of the airline industry

Yasuyuki Kusakari

Managing Executive Officer,
Head of Aviation Business Division
Chairman of JSA International Holdings, L.P.



Due to the growth of the global economy and global population, passenger demand and the number of aircraft are expected to increase over the medium to long term, and the aviation industry is positioned as a growth market. It is also a period of major change, as the world moves toward decarbonization and a shift to next-generation aircraft such as SAF* and hydrogen.

In the midst of the industry's "growth and transformation," the Aviation Business Division is responsible for driving the growth of the Group's business and taking on the challenge of change.

The strength of the Group's Aviation Business is its ability to meet the diverse needs of customers around the world through synergetic collaboration as a "global one team" between aircraft leasing company Jackson Square Aviation (JSA), spare engine leasing company Engine Lease Finance (elfc), used engine parts distributor INAV, and the Aviation Business Department, which handles Japanese Operating Lease. We have also developed an advanced global governance system, including risk

management, and a framework on which global human resources, regardless of nationality or location, whether domestic or overseas, can play an active role.

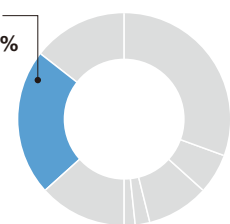
The Aviation Business is a relatively volatile business in terms of short-term performance, as passenger demand is susceptible to economic fluctuations, geopolitical risks, pandemics, and other factors. In this context, we have grown our business by providing a variety of services along the asset lifecycle, while controlling volatility and maintaining profitability consistently throughout our history, and while aggressively investing in aircraft and engines.

We will further leverage this robust business foundation and, together with various partners, take on the challenge of transformation by exploring new decarbonization businesses such as SAF and hydrogen to further improve business profitability and sustainable corporate value.

* SAF: Abbreviation for Sustainable Aviation Fuel.

Segment profit
(Fiscal 2023)
27.3 billion yen

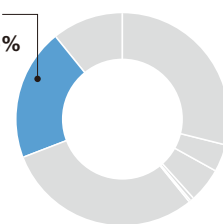
Aviation
22.1%



Group total
123.8 billion yen

Segment assets
(As of March 31, 2024)
2,020.0 billion yen

Aviation
19.8%



Group total
10,179.4 billion yen

Main business

Aircraft leasing business and aircraft engine leasing business

Core strategies in the 2025 MTMP

- Strengthen our ability to respond to industry changes and customer needs, sustain and expand our high-quality business portfolio, and enhance our risk management capabilities by leveraging the collective strengths of the Group
- Portfolio transformation through investment and implementation of next-generation aviation technologies such as SAF and hydrogen with a view to a decarbonized society

2025 MTMP Progress

Industry-leading portfolio

The number of aircraft in the Group's fleet at the end of fiscal 2023 increased to 220, up 21 from the end of the previous fiscal year, mainly due to aggressive investment in new-generation narrow-body aircraft. By balancing the purchase and sale of aircraft, we continued to maintain a high-quality portfolio with a high degree of liquidity and a young average aircraft age of 5 years and a remaining lease term of 7.2 years. As for engines, we strengthened cooperation with various partners and executed large-lot projects, which greatly increased the number of engines we possess to 411, up 64 units from the end of the previous fiscal year, and solidified our position as the market leader.

Strengthening the services of group companies

In addition to strengthening used engine-related services through elfc's wholly-owned subsidiary INAV, a new company, MHC Aviation Services Co., Ltd., was established in June 2024 to strengthen our ability to meet the needs of domestic investor clients and to expand our aircraft and engine-related services. In addition, we promoted cooperation among group companies and structured a large-scale lease project in collaboration with JSA, elfc, and INAV. As a result, segment profit for fiscal 2023 reached a record high of 27.3 billion yen, mainly due to the contribution of a large reversal of allowance for doubtful accounts.

Future Efforts

In order to realize our vision for the airline business as laid out in our 10-year Vision, "contributing to solving problems of customers and society through 'global one team' spirit and the provision of high-quality products and services in anticipation of a decarbonized society," we will continue to strengthen the Group's comprehensive strengths and build a future foundation with a view to decarbonization. We will provide global one-stop services for the entire aircraft and engine lifecycle through integrated global operations of this business unit, including JSA, elfc, and INAV, to achieve high-quality

Working toward transformation

Working toward a decarbonized society, we promoted the replacement and steadily increased the percentage of new-generation aircraft owned by JSA. We also invested in SAFFA Fund I, LP (SAFFA) to contribute to the expansion of SAF production, which is expected to be a decarbonization tool for the aviation industry. SAFFA is a fund that aims to increase SAF supply by investing in its production, and we are promoting the decarbonization of the industry through our investment in this fund. In addition, together with the partners, we signed a collaboration agreement to explore new business opportunities, and studied the commercialization of SAF and hydrogen-related businesses to plant the seeds for portfolio transformation.



portfolio growth and improve profitability.

To bolster the overall strength of our aviation business, we will expand our product lineup for domestic investors, conduct M&A and portfolio purchases, build a global IT infrastructure through system integration, and upgrade the governance and risk management of our group companies. As for decarbonization, we will work on business development in the field of next-generation aviation technologies such as SAF and hydrogen, while increasing the ratio of new-generation aircraft and engines, mainly in JSA and elfc.



Topics

Initiatives to promote decarbonization in the aviation industry

As a first for JSA, Air France has signed a Sustainability Link Lease agreement for two Airbus A350-900 aircraft introduced by the airline in 2023. The Sustainability Link Lease adjusts the lease payment based on the customer's achievement of sustainability goals. JSA has established a mechanism to reduce lease payments based on the degree of achievement of KPI targets set in consultation with Air France. In addition, solar panels installed at elfc's headquarters are expected to cover more than 10% of the electricity used on the premises. Through these efforts, we aim to contribute to the promotion of decarbonization in the airline industry.



Kevin McDonald
CEO
Jackson Square Aviation



Richard Hough
President & CEO
Engine Lease Finance Corporation

Business Strategies

Logistics

Supporting global logistics with new ideas
and helping to reduce environmental impact

Hisashi Ishimaki

Managing Executive Officer
Head of Mobility Business Division, Head of Logistics Business Division,
Chairman of CAI International, Inc., and Chairman of PNW Railcars, Inc.



Our business strategy is to “contribute to solving social issues in the logistics field by further strengthening our business base and developing new businesses,” and we aim to become “an operating company with a global presence by constantly seeking to provide customer value.”

Marine containers and railcars handled by the Logistics Business Division are indispensable for ocean and rail logistics. Both of these modes of transportation emit less carbon dioxide than other means, and can efficiently transport large volumes of goods that support various industries and people’s lives.

In our marine container leasing business, we are actively engaged in the sale of used containers after lease expirations. These containers are mainly used for secondary purposes such as stationary warehouses on land, contributing to the realization of a circular economy. We are also actively introducing digital technology, for example, by developing demand forecasting models using AI.

In the railcar leasing business, we sell some of our existing railcars and replace them with new railcar

investment every year to constantly optimize our portfolio in response to market needs, thereby responding to customers’ requests and improving profitability.

Through these measures, we are contributing to reducing our environmental impact and solving social issues in the logistics industry while working to resolve our materiality.

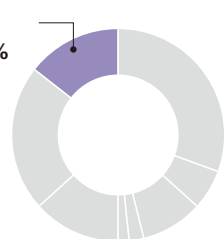
All of the leased assets in this division are intended to be held for 10 years or longer. Therefore, in order to maintain high profitability while responding to changes in the business environment and managing risks that may occur during the long holding period, it is important to develop and secure expert personnel who are well versed in the industry. It is also important to build organizational wisdom in terms of knowledge, expertise, and know-how. Human resource development and organizational development are two of my most important roles, and keeping this in mind, I promote business management through professional teams on a daily basis.

Segment profit
(Fiscal 2023)

Logistics
14.4%

17.8 billion yen

Group total
123.8 billion yen

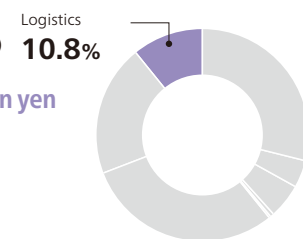


Segment assets
(As of March 31, 2024)

Logistics
10.8%

1,099.0 billion yen

Group total
10,179.4 billion yen



Main business

Marine container leasing business, railcar leasing business

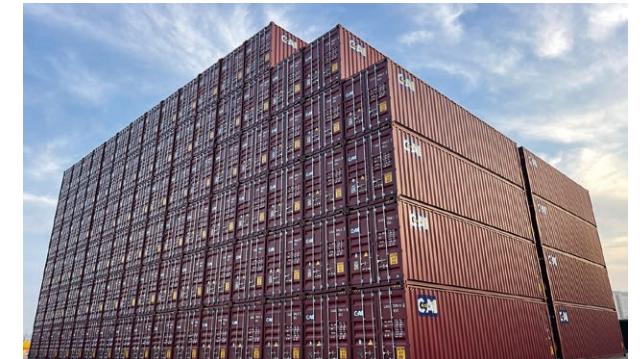
Core strategies in the 2025 MTMP

- Further strengthen the marine container business base through the utilization of digital technologies and other measures leveraging our world-class position in the industry and enhancing not only our leasing but also our container trading functions
- Improve the profitability of the railcar leasing business by generating income and capital gains through the shift to the asset turnover model to optimize the balance of existing fleet by railcar type through a mix of the sale of some of the owned assets and new car investments
- Create new growth opportunities that contribute to realizing a decarbonized and circular society

2025 MTMP Progress

Reinforcing the business foundation to increase earnings

In fiscal 2023, the marine container leasing market entered an adjustment phase of supply and demand as market conditions, which had a surge in demand during the COVID-19 pandemic, normalized. Under these circumstances, CAI International (CAI), the Group’s marine container leasing company, maintained a high utilization rate of approximately 99% throughout the year, thanks to marketing and operational efforts, including proactive leasing offerings of the existing container fleet and extension of existing contracts, while controlling new investments to a moderate level. In fiscal 2024, demand for marine containers is on a recovery trend, as the political uncertainty in the waters surrounding the Suez Canal and restrictions on traffic through the Panama Canal have disrupted marine logistics and increased the volume of vessels required worldwide. By keeping a bird’s-eye view of these market trends and making agile and flexible new investments, the marine container leasing business is steadily strengthening its business base in accordance with a core strategy set forth in the 2025 MTMP. PNW Railcars (PNW), the Group’s railcar leasing company, continued to execute leases at favorable terms and improve its utilization



throughout the year through business activities that capitalized on the robust railcar leasing market. PNW Railcars is also working to improve profitability as outlined in the 2025 MTMP by optimizing its portfolio through the replacement and conversion of railcars to meet customers’ needs, and by adopting the asset turnover model in which some of its railcars are sold and replaced with newly purchased cars. We will continue to invest in key transportation infrastructure assets in North America to further strengthen our business foundation and contribute to social and economic development.

Future Efforts

We deal in transportation equipment that is indispensable to the logistics that support society and the economy, and we will contribute to solving social issues in the logistics industry through our business activities while making the most of the logistics-related knowledge, capabilities, and expertise that CAI and PNW possess.

As part of our transformation efforts, we are actively promoting the use of digital technology to streamline and improve the efficiency of our operations, and also promoting R&D activities to develop new businesses. We are also engaged in active discussions on organizational reforms and the evolution and layering of business models. The presence

of mid-career employees with experience and expertise in the logistics industry and people with diverse backgrounds in our organization is one of our strengths in taking on the challenge of reform.

By sharing the logistics-related knowledge and expertise developed in this division with other divisions, we will leverage the comprehensive strengths of the Group to strengthen our business foundation and create new growth opportunities that will contribute to improving logistics efficiency and realizing a decarbonized, recycling-oriented society, both in Japan and overseas.



Topics

Enhanced SX and DX initiatives to reduce environmental impact and sophisticate container management

CAI has made considerable progress toward two major corporate initiatives: the first is our commitment to sustainability and the environment and the second is ongoing digital transformation. We continually work to minimize the environmental impact of container manufacturing, including the use of water-based paints and refrigerants with lower global warming potential. Our global offices use renewable energy sources when available and recycling initiatives.

Digital transformation is a continual process as we manage a fleet with over 3 million CEU*¹ of equipment. The combination of data analytics and machine learning can allow us to better predict container demand, fleet movements, and repairs costs. The use of telematics*² allows us to have smart containers*³ that can be tracked in real time and better predict port arrivals and manage storage costs. The increased adoption of cloud-based technologies will allow our systems to communicate directly with our customers, enhancing overall customer service and further leveraging CAI’s relationship with our customers.

*¹ Cost equivalent unit whereby the cost of each type of container is expressed as a ratio relative to the cost of a standard 20-foot dry van container.

*² A technology that makes it possible to provide new services by installing a communication system on a moving medium and communicating information in both directions.

*³ Container that collects and shares position, temperature, and other data in real time using built-in sensors and communication technology.



Katherine McCabe
President and CEO
CAI International, Inc.

Business Strategies

Real Estate

Maximizing the power of real estate and promoting the creation of sustainable social infrastructure

Katsuji Okamoto

Managing Executive Officer
Head of Real Estate Business Division



Real estate is the foundation of people's lives (homes and commercial properties) and industrial activities (office buildings and logistics facilities). In Our 10-year Vision, we aim to be a player that can contribute to creating and maximizing the social and economic value of real estate and building sustainable social infrastructure through our three core businesses of real estate financing, real estate investment, and real estate asset management. This is also a solution to the materiality that we are facing.

Specifically, in the real estate investment business, we are engaged not only in development activities but also in environmentally and socially conscious revitalization investments that renovate and effectively utilize existing properties without demolishing them. In the real estate financing business, we also provide financing with an emphasis on ESG perspectives. In the real estate asset management business, we will expand assets under management through existing private REIT businesses and the new funds to meet investor needs, to contribute to building

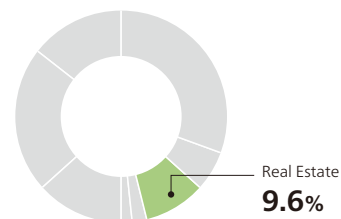
sustainable social infrastructure through long-term asset management. In addition, we will continue to evolve real estate, which is the foundation of lifestyles and industry, into something without being bound by precedents, while effectively utilizing our stable and strong customer and partner base in response to changes in the business environment.

To this end, we have enhanced our portfolio and improved profitability through the sale of Diamond Asset Finance (DAF), a housing finance company, and the acquisition of CenterPoint Development (CPD), a logistics development and management company, as a wholly-owned subsidiary. In addition to this, we are proactively cooperating with a hospitality-related DX operator to improve the operational efficiency of hotels in which we invest (through the Innovation Investment Fund), and are considering the automated operation of cold warehouses, which have unfavorable labor conditions, thus promoting our SX and DX strategies.

Segment profit
(Fiscal 2023)

11.9 billion yen

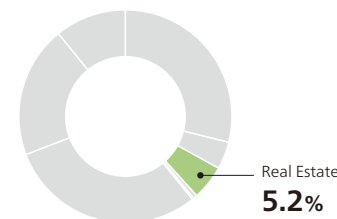
Group total
123.8 billion yen



Segment assets
(As of March 31, 2024)

525.4 billion yen

Group total
10,179.4 billion yen



Main business

Real estate financing business, real estate investment business, real estate asset management business

Core strategies in the 2025 MTMP

- 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 the asset management business

2025 MTMP Progress

The Evolution and Layering of Business Models and Business Portfolio Transformation

In this business segment, following the sale of DAF in March 2023 at the end of the previous fiscal year for the purpose of business portfolio transformation to improve ROA, we made CPD a wholly owned subsidiary in April 2023 to evolve the business model and acquire in-house development capabilities for logistics facilities. In the real estate finance business, we are strengthening our efforts in highly profitable projects, while studying the O&D*¹ business, identifying projects, and working to execute them.

SX Promotion Initiatives to Solve Social Issues

In the real estate financing business, in addition to investing in and financing environmentally and socially conscious assets such as ZEH*² housing and properties with environmental certifications, we are actively investing in and financing office assets with laboratories for social infrastructure development and the development of environmentally friendly cold warehouses. In the real estate investment business, we are implementing a number of initiatives aimed at acquiring environmental certifications through renewal work, facility upgrades, and other value-enhancing measures, as well as new development. In the real estate asset management

business, we have acquired a GRESB rating, a benchmark for ESG considerations, and are working to improve our score by further strengthening our initiatives.

New Business Development and Business Alliances with a Focus on Corporate Transformation (CX)

As part of our CX initiatives, we are strengthening our investments in and business alliances with startup companies through our Innovation Investment Fund, the first of which is Tabist, which provides support for promoting DX in lodging facilities, and the second is *matsuri* technologies, which deal in private lodging. The former aims to increase the potential value of lodging facilities and solve issues faced by the lodging industry, while the latter aims to increase the value of rental housing and solve the shortage of human resources in the lodging and tourism industry through a labor-saving model, and aims to increase earnings by improving the management of this business and creating new markets.

*1 Origination & Distribution. A business model that increases profitability by selling a portion of real estate non-recourse loans to outside parties, for example, by dividing them into senior and subordinated tranches.

*2 Net Zero Energy House. A house that aims to achieve net zero energy consumption by improving the insulation performance of the building, reducing energy consumption by installing high-efficiency equipment, and generating renewable energy such as solar power.

Future Initiatives

In the medium to long term, the positioning of real estate as an investment asset will remain unchanged, and we expect the real estate market to continue to grow both in Japan and overseas. In this context, by concentrating resources on our three core businesses, we will build a structure that will enable us to create further business opportunities and transform our business portfolio. We will also demonstrate a high presence in the real estate market and drive further improvement in ROA. In addition, we will

strengthen investment and development in environmentally and socially conscious assets, particularly in the office and logistics sectors, to add value to our portfolio.

In order to realize Our 10-year Vision, we will create and maximize the social and economic value of real estate, which is the foundation of lifestyles and industry, to provide convenience, safety, and comfort to global and local communities and people, thereby contributing to the building of sustainable social infrastructure.



Topics

Creating a Lively Atmosphere through a New Landmark Building Complex in Osaka, the City of Water

Osaka Dojimahama Tower (hereafter "the Project"), which has been developed in Dojimahama 1-chome, Kita-ku, Osaka City in collaboration with Mitsubishi Estate, Mitsubishi Corporation Urban Development and Sekisui House was completed in April 2024. The Project was planned to reconstruct the Osaka Mitsubishi Building, long a symbol of the region, as a new landmark to serve as a symbol of Osaka, the city of water, integrated into the surrounding waterside space with consideration of its regional and historic nature. The building was reborn as a multi-purpose building encompassing offices, a hotel, and a retail zone with 32 floors above ground and a total floor area of approximately 67,000m². By offering new working styles and one-of-a-kind experiences, it will further enhance the appeal of its surroundings and strengthen Osaka's international competitiveness. The Project also includes the redevelopment of Dojima Park, including a sightseeing boat dock that will form a new waterside hub and enhance disaster prevention functions.



Osaka Dojimahama Tower

Business Strategies

Mobility

Contribute to customers' decarbonization by expanding the ecosystem for next-generation mobility

Hisashi Ishimaki

Managing Executive Officer
Head of Mobility Business Division
Head of Logistics Business Division
Chairman of CAI International, Inc.
Chairman of PNW Railcars, Inc.



Nowadays, people are saying that the automobile industry is undergoing a once-in-a-century transformation, and I believe that our auto leasing business must also change. The Mobility Business Division's business strategy is to strengthen and develop EV-related businesses based on society's decarbonization needs. We aim to contribute to solving social issues through efficient and low environmental impact mobility businesses that support the movement of people and goods.

Electric vehicles (EVs) are one of the means to realize a decarbonized society, but their introduction and operation require a different approach than that of conventional gasoline- and diesel-powered vehicles, namely, a solution to the "charging" problem. We do not simply lease the EVs themselves, but also provide integrated EV services that combine charging facilities, renewable electricity, and battery degradation diagnosis according to customer needs. EVs have a high compatibility with digital technology, so we are also developing new services that

support safe and efficient operation by collecting and analyzing a variety of data on vehicle condition and operating status.

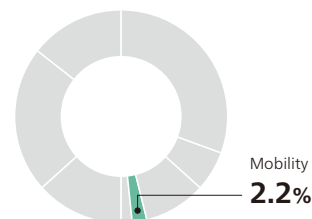
Through these efforts, we are contributing to the realization of a decarbonized and recycling-oriented society while working to resolve the materiality of our Company.

EVs and the technologies surrounding them are expected to continue to advance in the future. We aim to create new business models that are not yet available in the world by combining them. However, what is important at this time is to nurture the ideas and concepts that emerge through the exchange of various opinions and ideas, and link them to the creation of innovative value that has never existed before. One of my important roles is to create an open organization with a high level of psychological safety, where we respect each other and can have unrestricted discussions about anything with anyone. Always keeping this in mind, I continue to take on daily challenges together with my colleagues.

Segment profit
(Fiscal 2023)

2.7 billion yen

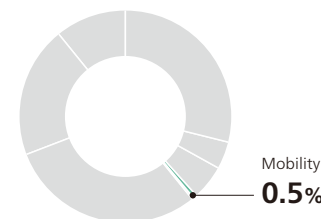
Group total
123.8 billion yen



Segment assets
(As of March 31, 2024)

51.9 billion yen

Group total
10,179.4 billion yen



Main business

Mobility-related businesses focused on auto leasing and fleet management services

Core strategies in the 2025 MTMP

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

2025 MTMP Progress

Building integrated services necessary for the introduction and utilization of EVs

The Mobility Business Division, as part of the EV initiative in the business strategy of the 2025 MTMP, "Key Themes across Segments," has been working with related internal departments and external business partners to build an integrated EV service through demonstration tests involving the conversion of our company fleet to EVs. In September 2023, the Mobility Business Division, in collaboration with Mitsubishi HC Capital Energy, Mitsubishi Auto Leasing, and other members of the Mitsubishi HC Capital Group released the first integrated EV service that provides EV leasing, fleet management, parking facilities where charging facilities can be installed, and charging services using electric power with non-fossil value.

Initiatives in the domestic auto leasing business

Mitsubishi Auto Leasing and Mitsubishi HC Capital Auto-Lease merged in April 2023, and we focused on mutual understanding, integration, and synergy creation between the former two companies, as well as on specific discussions regarding the new company's vision and

medium- to long-term management direction. In addition, together with our business partners, we have been working to realize a decarbonized society by providing mobility services centered on EVs to Setagaya, a ward of Tokyo, and by improving business efficiency through the use of digital technologies.

Strengthening mobility business in the ASEAN Region

We worked to strengthen the foundation of our auto leasing business and evolve our business model through DX. ALD MHC Mobility Services (Thailand), established in Thailand as a joint venture with Ayvens, the world's top player in the auto leasing industry, commenced full-scale operations in August 2023. PT. Balai Lelang Caready, which operates an auction business in Indonesia, has greatly improved customer convenience with its independently developed auction system, and was selected as the best auction company for fiscal 2023 by the Directorate General of Finance and Asset Management, the local regulatory authority.



Future Initiatives

Leveraging the integrated corporate strength of our Group, we will further expand functions offered that are necessary for introducing and operating EVs, in cooperation with the Environment & Energy Business Division, which promotes renewable energy business, the Real Estate Business Division, which collaborates in the installation of charging facilities, and the Digitalization Strategy Planning Department, which has expertise in

data collection and analysis. In addition, we will contribute to solving social issues by supporting customers' decarbonization efforts in cooperation with the Customer Solution Unit. Furthermore, we aim to further create synergies from the Mitsubishi Auto Leasing merger in Japan and to develop integrated EV services and further strengthen our customer base in cooperation with our partners in overseas regions.



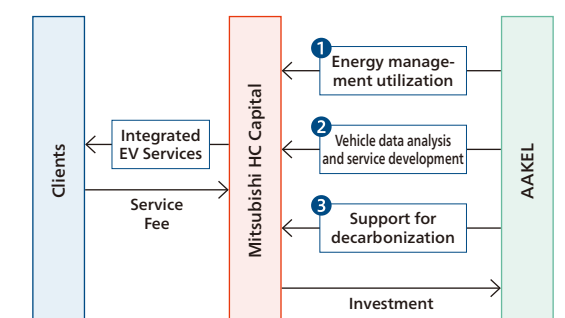
Topics

Capital and business alliance with a strategic business partner to strengthen the functions of integrated EV services

In fiscal 2023, the Company entered into a capital and business alliance agreement with AAKEL Technologies (AAKEL), a provider of GHG emissions reduction support services and EV energy management systems. Through this alliance, we have begun a demonstration experiment replacing company-owned vehicles with EVs with the aim of providing our customers with a new high value-added service that combines AAKEL's EV energy management function and battery degradation diagnosis function through measurement and analysis of SoH* data with our integrated EV services. In addition, we will help "promote a decarbonized society," one of our materiality, by utilizing the Company's extensive carbon neutrality and digital expertise and delivery capabilities, not only in collaboration in the mobility field, but also in areas such as decarbonization solutions, one of our Key Themes across Segments.

* SoH: Abbreviation for State of Health. An indicator of battery deterioration. Percentage of fully charged capacity at the time of degradation with the initial fully charged capacity set to 100%.

AAKEL Business Model



Key Themes across Segments

As one of the strategies for “sowing seeds” for medium- to long-term sustainable growth in the 2025 MTMP, the Mitsubishi HC Capital Group has established “Key Themes across Segments.” We are focusing on four areas: hydrogen, EVs, logistics, and decarbonization solutions, and we are promoting them by mobilizing the Group’s resources. Through activities in fiscal 2023, collaboration between segments

has been further revitalized and new initiatives are being created. We will work to solve social issues and create social value related to these themes, and contribute to the realization of a sustainable and prosperous future.

Hydrogen

Development of a hydrogen business strategy leveraging global business and our customer base

Our Initiatives

The Mitsubishi HC Capital Group is one of Japan’s leading renewable energy providers, with 1.1 GW of power generation projects in Japan, mainly solar and onshore wind power. Leveraging these business experiences, we are considering a green hydrogen demonstration project on Miyakojima Island and have launched a variety of initiatives in the hydrogen field. We will further promote initiatives in the hydrogen field in preparation for the full-scale arrival of a hydrogen society after 2030, and aim to become one of the leading green hydrogen producers in Japan.

Cross-Divisional Synergies

In order to launch a hydrogen business in Japan, where hydrogen is still in its infancy, it is important not only to build a hydrogen supply system but also to uncover demand for hydrogen. While the Environment & Energy Business Division, which is responsible for the renewable energy business, will play a central role in examining the

supply side of the business, the Customer Solutions Unit and the Mobility Business Division will collaborate to discuss with business partners from the perspective of assets that use hydrogen, such as boilers and other heat source equipment and mobility equipment, to establish a business by building a supply chain that leverages our customer base.



Miyakojima Tokyu Hotel & Resorts
(Study on Green Hydrogen Demonstration Project in Miyakojima Island)

EVs

Construct and commercialize integrated services that can provide a wide range of functions necessary for the introduction and operation of EVs, including renewable energy supply, charging infrastructure, etc.

Our Initiatives

In order to realize a decarbonized society, more and more companies and municipalities are converting their company fleets to EVs (electric vehicles). In addition to EV leasing, we also provide support for the installation of charging facilities, which are essential for EV operation, and are engaged in the conversion of the electricity that powers EVs to renewable energy as well as energy management services. By leveraging the comprehensive strengths of our Group, we will contribute to the realization of a carbon-neutral society with EVs as the starting point by providing integrated services that cover the introduction of EVs to their operation.

Cross-Divisional Synergies

The Group has been developing functions for EV-integrated services through demonstration experiments replacing company-owned vehicles with EVs. In

September 2023, the Group, together with Mitsubishi Auto Leasing and Mitsubishi HC Capital Energy, released the first EV integrated service scheme, which includes the supply of electricity with non-fossil value. We will continue to expand services and functions that can respond to the various issues and needs of our customers and further strengthen our proposals to them through internal collaboration and cooperation with external partners in Japan and overseas.



Logistics

Establish and provide one-stop logistics solutions in collaboration with leading partners to address social issues and customer needs in the logistics supply chain

Our Initiatives

The logistics industry must continue to respond to various social issues and customer needs in response to the “2024 problem”^{*1} caused by the enforcement of laws related to work style reform in Japan. In the midst of various structural changes in business practices and technological innovation in the industry, our Group will work with our partners to build and provide high value-added solutions to the major issues in the logistics supply chain, such as systemization of transportation, logistics DX and standardization, and building a logistics network, through the possession of related assets and the utilization of data.

^{*1} 2024 problem: Problem caused by the enforcement of a cap on overtime for truck drivers since April 2024 due to a legal amendment. Operators will need to lower the number of trips or hire more drivers, with some projecting up to 40% will go bankrupt or close.

Cross-Divisional Synergies

The Customer Solution Unit has built a solid sales base with customers who are large to medium-sized logistics

operators and cargo owner companies, focusing on various financing transactions including leasing. At the same time, logistics issues are diverse, ranging from “scrap and build” to replace aging distribution centers with the latest facilities and equipment, to CO₂ reduction in warehouse operations and transportation and delivery, to future EV introduction. To address these issues, we will further strengthen our collaboration with the Real Estate Business Division, the Environment & Energy Business Division, and the Mobility Business Division, as well as



Addressing issues in the logistics supply chain

with the Mitsubishi Group and the Hitachi Group.

Decarbonization Solutions

Establish and provide one-stop services (CO₂ visualization, energy conservation, renewable energy, and credit creation) that contribute to the realization of a decarbonized society

Our Initiatives

To realize a decarbonized society, we will support our customers’ decarbonization efforts from the planning stage, and at the implementation stage, we will integrate our own and our partners’ various functions and solutions, aiming to be a one-stop provider of support for our customers’ decarbonization efforts. In addition, by providing GX Assessment Lease,^{*2} which was developed as green finance through lease and installment transactions, we will strongly support customers’ various investments for decarbonization through lease and finance.

^{*2} GX Assessment Lease: A proprietary lease installment program that helps customers install low-carbon facilities. This product incorporates the four core components of the Green Loan Principles (“use of proceeds,” “process for project evaluation and selection,” “management of proceeds,” and “reporting”) into leases and installment transactions. It enables customers to clearly demonstrate that the equipment they have installed has a certain level of environmental improvement effect. The product design and management system have been evaluated by Rating and Investment Information, Inc.

Cross-Divisional Synergies

We will contribute to the realization of a decarbonized society by flexibly meeting our customers’ decarbonization needs received by the Customer Solution Unit with information from each of our business units and divisions that are developing renewable energy and related businesses such as wind power, solar power, and storage batteries. In addition, we will accumulate decarbonization-related information obtained by each of these business divisions and develop new environment-related services by making



full use of data utilization technologies through collaboration with the divisions promoting DX.

Message from the Head of Human Resources & General Affairs Division

Aiming to be an organization that encourages challenges and links the growth of each employee with that of the Company

Takashi Yamaguchi

Managing Executive Officer
Head of Human Resources & General Affairs Division
Deputy Head of Risk Management Division



Positioning of Human Resources at Mitsubishi HC Capital

The Mitsubishi HC Capital Group aims to contribute to the realization of a prosperous society by meeting the expectations of customers, partners, and other stakeholders through the fulfillment and pride of each and every employee and the vitality of their work.

Human resources are important management capital indispensable for the sustainable growth of a company. In the 2025 MTMP, we have set “fostering and securing talent” as one of the corporate functions strategies. In the process of creating value through business activities,

non-financial capital is also an important element, and we consider human capital to be one of the most important. In the 2025 MTMP, we set non-financial targets related to human capital. In order to realize our management strategies, we will continuously and aggressively invest in human capital to maximize the value of human resources, which are the source of our competitiveness and the driving force for the sustainable growth of the Company.

Creating an Environment Where Transformation Happens Continuously

In order for our Group to earn the trust of our customers, society, and other stakeholders and continue to be an attractive company, it is essential that we respond quickly to changes in the environment and continuously innovate to create new value. To this end, it is important to create an environment in which each and every employee — the agent of transformation — has an awareness of the need for transformation and is able to take positive action and take on challenges without fear of failure. The potential for change is increased when ideas and perspectives from diverse employees with different attributes, values, and backgrounds are combined. We have introduced systems and frameworks to encourage the creation of business models that transcend conventional frameworks, and we will continue to accelerate these systems and frameworks throughout the Company. We will continue to develop a system that supports employees who take on challenges, aiming to create an organization in which the growth of each and every employee leads to the growth of our Group.

Action Principles

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.

Realization of Human Capital Management Linked to Management Strategies

We recognize that accumulating and utilizing human capital is a key issue in improving corporate value. We have identified “fulfillment of talent portfolio” and “maintenance and improvement of MHC engagement*” as two themes we would like to accomplish in the medium to long term. In order to realize the evolution and layering of business models that the Group is pursuing, it is necessary to increase the fulfillment of the talent portfolio in line with management strategies. We will

accumulate and utilize both the quality and quantity of human capital necessary to achieve the SX/DX and business portfolio transformation outlined in the medium- to long-term management direction and to achieve the management indicators targeted by the Group. We also believe that by creating a rewarding work environment and organizational culture, we can lay the foundation for employees to take on challenges with peace of mind.

* MHC engagement = a state in which employees work together to create value.

Toward Fulfilling the Talent Portfolio

In order to fulfill the talent portfolio from a medium- to long-term perspective, we are working to understand (visualize) the gap between the current situation and the ideal human resources that we seek, in terms of both quality and quantity, and to address these issues.

In terms of quality of human resources, we have enhanced rank-based training tailored to junior, mid-level, and management-level employees, and introduced open application training programs to encourage employees to be independent. For example, under DX, we are working to lay the groundwork for the creation and qualitative improvement of customer value through the use of data and digital technologies. In fiscal 2023, we implemented a program with two pillars: raising the digital literacy level of all employees and developing high-level human resources. In addition, Career Design (a system in which employees report on their envisioned careers), which is implemented once a year, asks employees to proactively think about what they want to do with their careers, what they want to become, and what they think their careers should be like, as an oppor-

tunity to raise consciousness of career ownership.

The Group provides employees with a variety of experience and learning opportunities (reskilling) to support the career development of each and every employee and to promote qualitative change in human resources. In the past, we conducted personnel rotations based on the characteristics and experience of employees, but in the future, by visualizing job information and other data in a database, we will use it to further match the skills of employees with the right jobs (the right people in the right places).

In terms of quantity of human resources, we are striving to secure quantity by actively hiring new graduates as well as mid-career employees. As measures to enhance our recruitment framework, we have introduced referral hiring through employee referrals and alumni recruitment to re-hire employees who have resigned in the past as part of efforts to recruit from a diverse pool of talent. In addition, we are striving to retain and keep employees, including senior employees, by maintaining and improving their motivation.

Aiming to Create a Motivating Workplace

As mentioned above, we believe that maintaining and improving MHC engagement will lead to the strengthening of human capital that contributes to our management strategies; MHC engagement consists of three elements: self-motivation, diversity, and working environment, and it is essential that we enhance each of these elements. To this end, we will focus on creating an environment in which employees with various knowledge and experience can engage more voluntarily, diverse employees can respect each other, and employees can

maximize their motivation and abilities. We will promote diversity, equity, and inclusion, and improve our systems to create a comfortable and rewarding work environment for employees of all attributes. We will also provide information internally and externally to gain better understanding from our stakeholders.

We will continue to support the challenges of each and every employee and create a workplace where we can grow together and create a more rewarding work environment.

Human Capital Initiatives

The Group recognizes that the accumulation and utilization of human capital is an important issue in enhancing corporate value through the realization of the Basic Management Policy and the medium- to long-term management direction. In particular, we will secure and utilize the necessary human capital, both in terms of quality and quantity, to achieve the SX/DX and business portfolio transformation outlined in the medium- to long-term management direction and to realize the vision of our Group.

Themes that We Want to Accomplish

In securing and utilizing human capital (qualitative shift in human resources and securing of the quantity of human resources) we uphold two themes to be accomplished in the medium to long term.

What we want to accomplish (a) Fulfillment of a talent portfolio Develop and secure human resources contributing to the Group's realization of strategies (quality and quantity)	We define quality and quantity of human resources necessary to realize the “medium- to long-term management direction” and visualize a talent portfolio. We understand a gap between necessary human resources and current human resources in terms of quality and quantity, and implement measures for filling the gap to supplement necessary human resources.
What we want to accomplish (b) Maintaining and improving MHC engagement	The Group defines “MHC engagement” as a situation in which employees work together in pursuit of value creation. We will work to maintain and improve spontaneity (a situation in which employees can work using their own discretion), diversity (a situation in which diversity among employees leads to cross-fertilization of ideas), and a positive workplace environment (in which employees can exercise their spontaneity and diversity to the full), which are the three elements comprising MHC engagement.

Details of Initiatives

The two themes that we want to accomplish as priorities are the reconstruction of the human resource management base, and the creation of a system for maintaining and improving MHC engagement.

Details of Initiatives	
Reconstruction of the human resource management base	The Group has collected/accumulated information on human resources and used it for utilization of human resources (allocation and development) to date. Going forward, for “What we want to accomplish (a) fulfillment of a talent portfolio,” we will reconstruct the human resource management base, define types of human resources necessary to realize the “medium- to long-term management direction,” and then further understand human resources and conduct the human resource development that contributes to qualitative shift. In understanding human resources, we handle qualitative factors such as experience, knowledge, skills and competency in addition to the quantitative perspective including the number of employees. In human resource development (qualitative shift), we identify qualitative issues to fulfill a talent portfolio and take measures for capacity development. Moreover, we will improve the accuracy of matching between human resources and jobs by also putting in place information on jobs, in addition to information on human resources, systematically to further ensure that the right people are placed in the right jobs.
Creation of a system for maintaining and improving MHC engagement	The Group has identified current issue areas by survey, and implemented improvement activities to date. Going forward, we will create an index for MHC engagement and work to maintain and improve it. Maintaining MHC engagement for the Group as a whole at a high level will also result in securing the desired number of human resources.

Indicators and Targets

The non-financial targets of the 2025 MTMP are to visualize the level of fulfillment of the talent portfolio and to enhance the analysis of the results of the engagement survey. The Company plans to disclose quantitative targets for the fulfillment level of the talent portfolio and the results of the engagement survey at the time of the announcement of financial results for fiscal 2025 and fiscal 2024, respectively.

Fulfillment of a Talent Portfolio

Training system

We have four main themes for human resource development: rank-based, global, DX, and diversity training. In addition, amidst a rapidly changing environment, we believe that human resource development tailored to the career development of each individual employee is important to stimulate each employee to meet the challenges of the future, so we have greatly expanded our training programs in the form of open-application training. We will continue to strive to provide opportunities for our employees to develop and realize their own careers.

Main Human Resource Education, Training and Support Systems

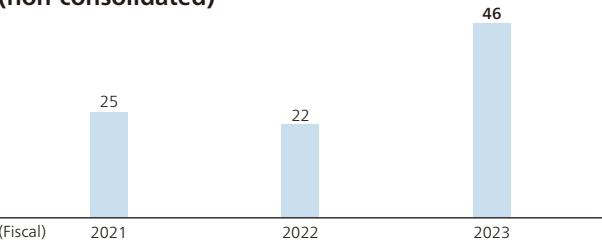
Theme	Contents	Number of Sessions	Number of Participants	Training Time (h)		Training Cost	
				Total	Per Person	Total (million yen)	Per Capita (yen)
Rank-based	Programs related to the skills required for each rank: junior, mid-level, and management-level	41	1,820	30,453.0	14.2	182.6	85,334
Global	Programs for both mindset and skills	12	357	9,990.9	4.7	50.5	23,603
DX	Programs according to the results of the DX assessment	12	9,590	18,195.9	8.5	79.9	37,319
Diversity	Programs on the themes of women's participation and advancement, career development, and corporate culture	9	382	2,265.0	1.1	11.2	5,254
Self-development, etc.	Financial support mainly for the self-development and professional development of each department	13	81	1,939.5	0.9	61.5	28,720
Total		87	12,230	62,844.3	29.4	385.7	180,230

Developing and securing professional human resources

The business environment in which our Group operates is becoming increasingly sophisticated as globalization and DX advance, and the development and securing of human resources to support corporate growth is an important issue. In the area of human resource development, we are focusing on external seminars and support for the acquisition of professional certifications for our employees to acquire the advanced professional skills required in various fields. To recruit from a diverse pool of talent, we have developed schemes for referral hiring through employee referrals and alumni recruitment to

re-hire employees who have resigned in the past. In particular, we are actively recruiting professionals in various industries and high-potential human resources with latent skills and abilities for mid-career hiring.

Number of Mid-career Hires (persons) (non-consolidated)



Voice
Employee comments

Professional human resource development initiatives

Improving the efficiency of the screening operation process through the introduction of digital technology

I am primarily responsible for work related to automated screening for sales finance in partnership with vendors in China and ASEAN regional offices. In the course of my work, I strongly feel the need to utilize digital technology when conducting research and analysis of internal and external data. For example, digital technology has enabled me to analyze information obtained from internal and external sources to identify statistical trends and characteristics of customers in each region, which has led to the upgrading of our screening criteria.

In addition, the Company offers learning programs on DX, and what I learned in the data science course I attended. I was able to immediately apply in the field. In the future, I would like to work on modeling and automation using data and AI. In addition, I would like to be involved in creating an infrastructure that makes reliable data readily available when needed, introducing BI tools, and planning academic training programs.



Miwa Shimizu
Chief Project Manager
International Credit Gr. No. 4
International Credit Department,
Credit Division

Human Capital Initiatives

Training and securing global talent

Our Group has a wide range of global operations, and we focus on developing human resources who will lead our overseas business and recruiting students and others with overseas experience and overseas orientation. We have introduced training programs that not only improve language skills, but also enhance cross-cultural understanding and communication skills, which are directly related to practical business operations. In addition to training programs aimed at fostering interest in working overseas in junior employees, we also aim to develop core global talent and expand the base of such human resources by providing opportunities for early exposure to overseas business practices through the overseas trainee program.

Number of Digital Training Participants

Target	Program	Content	Number of Participants (persons)
All employees	DX assessment	Measure DX literacy levels to determine each person's skill level	3,071
DX beginner	E-learning and practice tests	A program combining a monthly e-learning course on a specific theme and two practice tests	1,586
DX standard	E-learning	Employees take the designated e-learning course	1,194
	Creativity training workshop	A design thinking program made to cultivate innovative mindsets and skills	66
DX expert	Data utilization workshop	A program designed to teach the concepts and methods of data analysis	30
Director	DX transformation-driving mind seminar	A lecture by an expert in DX traction	32
New employees	DX mind training	A program to learn the DX approach and mindset as a member of society	46
Selected employees	Management strategy course for the digital age	An external training program on DX strategy	2
Total			6,027

Maintenance and improvement of MHC engagement

Implementation of engagement survey

The Group conducts an engagement survey every year, and in fiscal 2023, approximately 90% of employees of the entire Group responded to the survey on a consolidated Group basis. Since it is important to maintain and improve MHC engagement in each workplace, the survey results were returned to management at each workplace, and training was provided on the use of the results data. We will continue to maintain and improve MHC engagement in the future.

Promoting diversity, equity, and inclusion

We promote diversity, equity, and inclusion (DEI) by establishing the following policy: "We seek to foster a corporate culture with the vitality to create new value by bringing together diverse talent who can leverage one

Developing and securing digital talent

Aiming to create and qualitatively improve customer value through the use of data and digital technologies, we are currently working on laying the groundwork to realize this goal. In fiscal 2023, we implemented a program based on a DX assessment for all employees with two pillars: (1) raising the level of DX literacy and (2) developing advanced DX talent. In addition, we are hiring people with skills and experience in data utilization and other areas who can promote the Group's goal of streamlining existing businesses and developing new businesses. We will continue to identify the skills and experience required for digital talent and strive to develop and secure digital talent.

another's strengths to maximize the impact of their individual motivations and talents."

In addition to enhancing support systems for employees with various attributes and at different stages of life, we focus on efforts to promote understanding of DEI among all employees. In addition, training is provided for managers with the aim of improving their ability to manage diverse human resources. Moreover, every May is designated as DEI Month for internal information dissemination and e-learning. In May 2024, we created a logo and catchphrase to help employees visualize their actions and attitudes toward DEI promotion.



ちがいを受け入れ
ちがいをチカラに
誰もがチャレンジ

Promoting women's participation and advancement

Promoting the advancement of women is one of the important issues to be addressed in promoting DEI. In addition to expanding support systems that allow women to continue working in the face of life events unique to women, we are also working on career development support. In addition to rank-based internal training programs, we dispatch female executive candidates and management candidates to external women-only training programs every year for the purpose of building external

Employing people with disabilities

Achieving normalization is also an important issue, and we conduct e-learning for all employees, including executive officers, to promote understanding of employment of people with disabilities. We also support the success of people with disabilities by providing a workplace environment where they can work actively with peace of mind through a full-time employment system that allows people with disabilities who were on fixed-term employment contracts to convert to full-time employees (permanent employment), regular interviews to support their retention in the workplace, and ongoing education and training programs that include managers.

Work-life balance

We have created an environment that enables flexible working styles, such as flexible working without core time, work from home, and satellite offices. In addition, we are working to reduce working hours by improving work using DX, and we are working to achieve a more fulfilling work-life balance by setting recommended "leave work early" days and encouraging more balanced work styles.

Support for balancing work and childcare

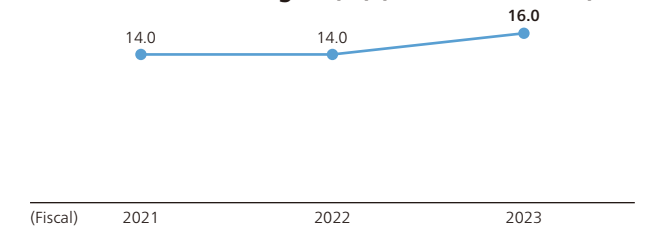
We are working to reinforce our support system and create a workplace environment that enables employees to balance work and childcare. In particular, in order to improve the rate of male employees taking childcare leave, we published a childcare leave guidebook targeting male employees, and held seminars on the subject. As a result, both men and women have achieved 100% rate of taking childcare leave. The average number of days a male employee took childcare leave last year was 17.8 days, and we will continue to work on measures to increase the number of days taken.

Recognized as a Certified Health & Productivity Management Outstanding Organization (large enterprise category)

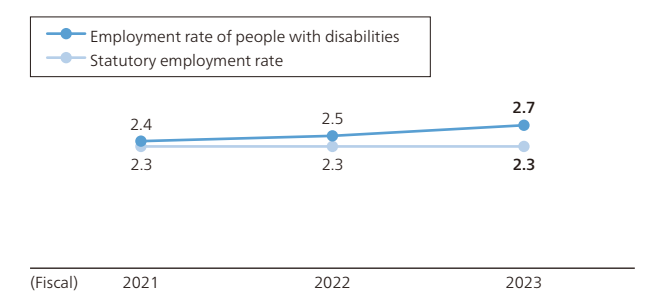
In 2024, we were recognized as a Certified Health & Productivity Management Outstanding Organization in the large enterprise category for the sixth consecutive year. In

networks. In fiscal 2023, a total of 433 female employees attended internal and external training programs.

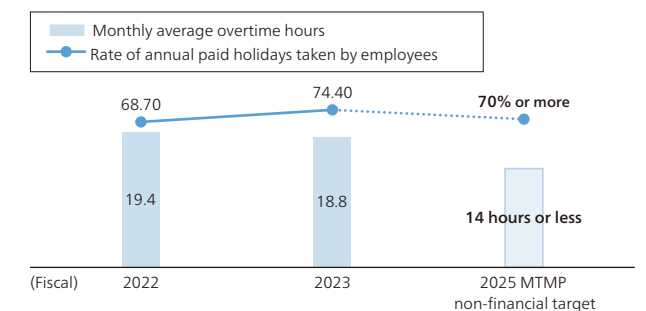
Ratio of Female Managers (%) (non-consolidated)



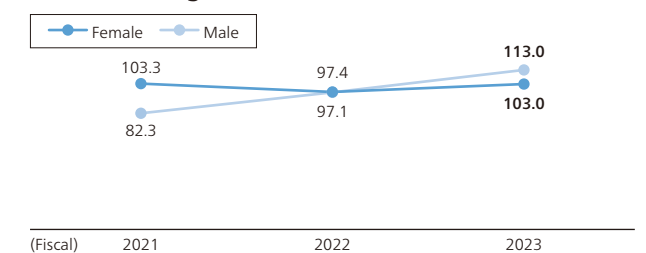
Employment Rate of People with Disabilities (%) (non-consolidated)



Monthly Average Overtime Hours (hours) / Rate of Annual Paid Holidays Taken by Employees (%) (non-consolidated)



Ratio of Taking Childcare Leave (%)*



* Calculated using the formula stipulated by the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (including seconded employees).
Male ratio of taking childcare leave = Employees who took their first childcare leave in the target year ÷ Employees whose spouses gave birth in the target year
* Ratio of taking childcare leave = Employees who took their first childcare leave in the target year ÷ Employees who had a child born to them or their spouse in the target year

fiscal 2023, we introduced health promotion leave that can be used in connection with sports and health, and strive to create a workplace where each employee can work in a healthy manner and demonstrate their abilities to the fullest.



Realize a Circular Economy

Our Group has set “Realize a Circular Economy” as a materiality (priority key challenge). We are working on this as one of the specific approaches to Our Mission, “creating social value through maximizing the potential of assets.”

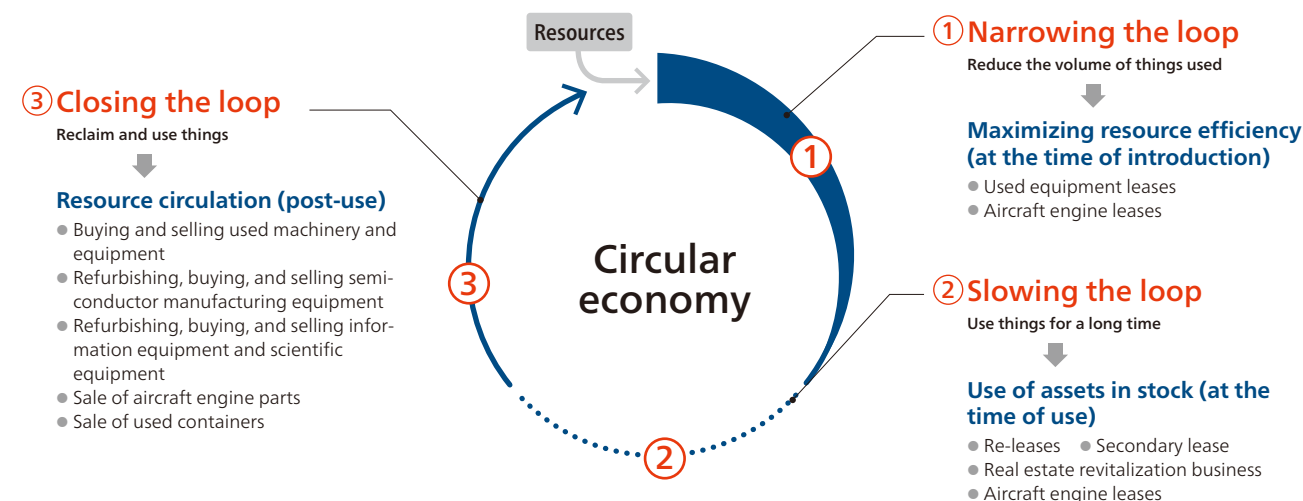
Circular Economy at Mitsubishi HC Capital

Our Group contributes to the realization of a circular economy through a variety of businesses.

Due to the nature of its business model, leasing, which is our founding business, has a high affinity with the circular economy, and our Group has a variety of value propositions and solutions that maximize the value of the facilities and equipment covered by our contracts. As shown in the chart below, our Group’s

circular economy-related businesses are linked to various factors for realizing a circular economy. Although this page covers representative examples, we are working on businesses related to a circular economy in many areas other than those mentioned.

Social interest is also increasing, and we will continue to expand the functions we provide and work with our customers and partners to realize a circular economy.



References: Tomohiro Tasaki, “Transformation and information dissemination towards the realization of a circular economy (2024),” *Ad Studies*, Vol.87, 2024.

Bocken, N.M.P., de Pauw, I., Bakker, C., van Der Grinten, B (2016). “Product design and business model strategies for a circular economy.” *Journal of Industrial and Production Engineering*, 33(5): 308–320

Strengths of the Mitsubishi HC Capital Group in Circular Economy-related Businesses

In circular economy-related businesses, in addition to our Group’s strengths of networks with customers and partners and our expertise and track record of initiatives for assets and various industries, we utilize digital technologies such as IoT and data utilization to increase the value we provide.

The table on the right shows representative examples of our organization and Group companies that conduct circular economy-related businesses.

Representative Mitsubishi HC Capital Organizations (including Group companies) that Conduct Circular Economy-related Business

Unit/Business Division	Department/Group Company Name	Circular Economy-related Businesses
Customer Solutions Unit	Electronics Business	Refurbishing and selling of semiconductor manufacturing equipment
	Department	Buying and selling of industrial and production machinery
	U-MACHINE	Buying and selling of medical equipment
	M-cast	Refurbishing, reusing, and recycling of information equipment and scientific equipment
	MHC Eco Solutions	
Aviation Business Division	Engine Lease Finance INAV	Aircraft engine leasing Sale of aircraft engine parts
Real Estate Business Division	Mitsubishi HC Capital Realty	Real estate revitalization business
Logistics Business Division	CAI International	Marine container leasing

Value and Solutions Provided by our Group at the Lifecycle Stages of Things

Our Group provides solutions at each lifecycle stage, from introducing things to terminating the use of things, and we achieved many results in fiscal 2023 as well.

Time of introduction

In situations where customers are installing equipment, we provide the appropriate things that meet their needs, such as equipment that promotes decarbonization and energy conservation and engines that contribute to improving the utilization rate of aircraft. We also provide a wide range of financing functions such as operating leases, sharing, and rentals to fulfill customers’ needs for use (as opposed to ownership).

Related businesses	ESG lease promotion business, GX Assessment Lease, aircraft engine leasing, used equipment and instrument leasing, etc.
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Aircraft engine

Time of use

In a lease contract, when the lease contract period expires, we provide two options: “release contract” (usually a one-year extension contract) and “return”. If “release contract” is chosen, the initial contract period will be extended. This allows for extended use every year at a lower cost than the initial contract period. In addition, residual value-setting leases support the reassembly of leases (secondary leases) based on residual value.

In an effort to encourage the use of assets in stock, in the real estate revitalization business, we acquire old offices and other facilities, and carry out projects to revitalize their real estate value, such as updating their equipment and renovating their common areas. In addition, in the aircraft engine leasing business, we maintain and improve the asset value of engines through timely and appropriate maintenance, making it possible to use them for long periods of time.

Related businesses	Re-leasing (reference: Customer Solutions Unit’s 2023 results: 48 billion yen), aircraft engine leasing, real estate revitalization business, etc.
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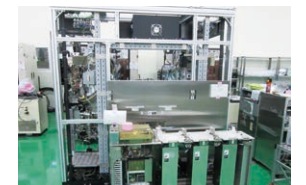
Office building after renovation

Post-use

In the field of resource recycling, we are developing our business targeting a variety of things.

If “return” is selected when the lease contract expires, the returned property will be used for secondary use by new customers. Leveraging our Group’s strengths such as our expertise and network, we work in multiple areas, purchasing not only equipment and instruments returned by customers, but also idle assets and equipment of customers, leasing them to other customers, and engaging in the refurbishing and reuse business. For example, after a lease expires in the marine container leasing business, those containers are used for stationary warehouses on land.

We are also pursuing the possibility of reuse and recycling of aircraft engines and information equipment, which are difficult to reuse as facilities and equipment, by dismantling and maintaining them and developing a sales business for parts that can be used as spare parts. Ultimately, we contribute to the realization of a circular economy by properly disposing of items that are difficult to reuse and recycle.



Semiconductor manufacturing equipment under refurbishing



Data erasure work on used computers

Results Related to Resource Circulation (Post-use) (Fiscal 2023)

Sales value of used machinery and equipment

15 billion yen

Total sales amount of used machinery and equipment for industrial machine tools, semiconductor manufacturing equipment, scientific equipment, construction equipment, medical equipment, and information equipment for the Customer Solutions Unit

PCs refurbished and sold

Over 470,000 units

Purchase properties returned at lease expiration and customers’ idle assets, and conduct appropriate refurbishing, including data erasure, to develop the reuse business

Information Disclosure in Line with the Four Themes Recommended by the TCFD


Climate change is a major challenge that needs to be resolved in order for a sustainable society to become a reality. The Group believes that for any company to survive moving forward, it must work to solve this problem through its business activities. Furthermore, the Group is aware of the importance of earning the trust of stakeholders through the proper disclosure of information and supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).



Governance

Our Group has established a Sustainability Committee to contribute to the realization of a sustainable and prosperous future. This committee is positioned as one of the advisory bodies to the Executive Committee and meets to discuss the climate change issue and other key challenges related to sustainability. The results are reported to the Executive Committee and the Board of Directors. "Promote a decarbonized society" and other

materiality were identified through discussions at the Sustainability Committee, Executive Committee, and Board of Directors. Our Group will strengthen governance by promoting initiatives to understand and manage the impact of climate change on our business.

 Sustainability Promotion Framework
<https://www.mitsubishi-hc-capital.com/english/sustainability/environment/tcfd.html>

Risk Management

Regulatory changes and technological innovation in line with the transition to a decarbonized society or extreme weather caused by global warming may affect our operating results and financial condition, such as a decline in the value assets owned by the Group. Our Group identifies, assesses, and manages climate change risks, seizes business opportunities, and contributes to the realization of a decarbonized society.

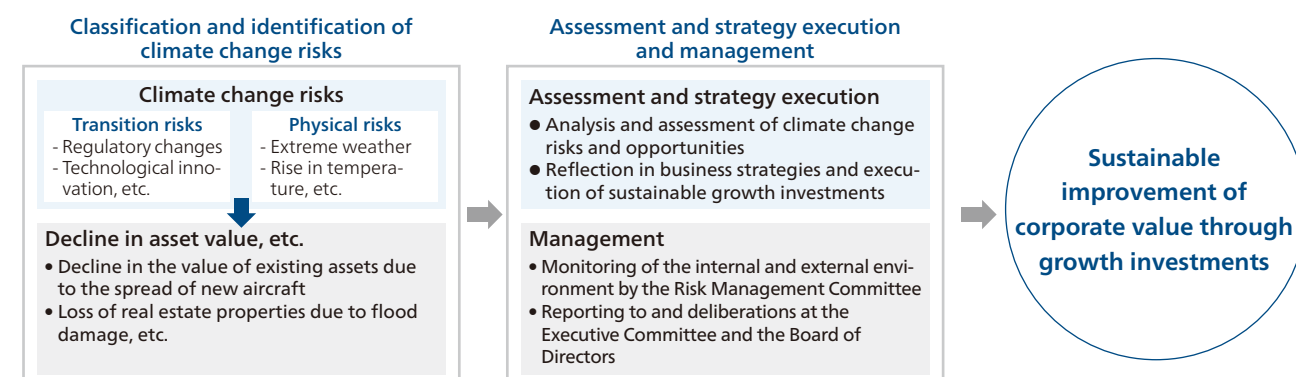
Identification, assessment, and management of climate change risks

Climate change risks consist of transition risks associated such as with regulation tightening and technological innovation, and physical risks associated with extreme weather and changes in climate. We believe that impacts will occur over a variety of time frames (short, medium, and long term) through broad transmission routes including existing

risks such as credit risks, asset risks, and investment risk. Based on our integrated risk management system, we are building a system to identify, assess, and manage climate change risks in light of their relation to other major risks.

Status of integration into overall risk management

The various impacts of climate change risks on other major risks are reported to and discussed by the Risk Management Committee, and integration into overall risk management will be promoted through the establishment of a monitoring system and other means. In addition, the development of targets and plans related to climate change and details of monitoring are reported to and discussed by the Sustainability Committee. The contents of the deliberations of both committees are supervised by the Board of Directors and are designed to be reflected in the Company's overall management strategies.



Strategies for Action on Climate Change

The Company identifies risks and opportunities to the Group brought by future climate change, and conducts scenario analysis on transition risks and physical risks for the purpose of appropriately disclosing information and considering future measures.

The scenario analysis was carried out based on the information and data available at present. We will continue to obtain more information and related data through careful interpretation of analysis results and dialogue with stakeholders and strive to reflect this in appropriate disclosure by improving our analysis methods and expanding the businesses being analyzed.


Results of the scenario analysis

Discussions were held with each division in charge of Environment & Energy, Aviation, Real Estate, and Customer Solutions, which are the segments targeted for scenario analysis, and with the Risk Management Department, which is the department in charge of risk management for the entire Company, to ensure consistency between scenario analysis results and existing strategic policies.

The Group endeavors to minimize risks and maximize opportunities by taking short- and long-term measures regarding risks and opportunities related to climate change. As a result of the transition risk analysis, we

recognize the need to appropriately handle risks and opportunities associated with the expansion of renewable energy (Environment & Energy), the shift to low mileage aircraft and aircraft engines and low-carbon fuels such as SAF and hydrogen (Aviation), growing demand for low-carbon buildings (Real Estate), and other trends. Furthermore, as a result of the physical risk analysis, we anticipate risks including damage caused by disasters to power stations and deterioration of power generating facilities such as solar panels (Environment & Energy), loss in value of real estate due to intensification of natural disasters and increases in construction and operations expenses and renovation costs (Real Estate), damage caused by disasters to the Group's offices, and increases in operating expenses and insurance costs.

While appropriate countermeasures for climate change risks have been developed, the acquisition of business opportunities brought by climate change has been incorporated into our strategies. Going forward, we will reflect KPIs related to climate change in the process of executing the Medium-term Management Plan, and establish a system to regularly monitor relevant trends in Japan and abroad, and the status of initiatives of the Group.

 Results of the Scenario Analysis
<https://www.mitsubishi-hc-capital.com/english/sustainability/environment/tcfd.html>

Metrics and Targets

Based on our recognition that efforts to realize a decarbonized society are an urgent issue, we will set the Group's greenhouse gas reduction targets pursuant to the Paris Agreement, and we promote the transition to a decarbonized society. In the case such as where greenhouse gas emissions increase significantly in the future due to efforts for new businesses, or where numerical values change as the calculation of greenhouse gas

emissions of the entire Group including supply chains are sophisticated, the established targets may be revised if necessary, but we plan to set the targets so that any targets are in line with the level of the Paris Agreement, just as the targets currently being established.

Future efforts

We calculated greenhouse gas emissions and obtained third-party guarantees for certain building lease transactions, aircraft lease transactions (Category 13 – Downstream leased assets), and real estate investment transactions (Category 15 - Investments), which are considered to be high greenhouse gas emission transactions in our Group.

Going forward, we will promote the reduction of greenhouse gas emissions of the entire Group including supply chains, through the expansion of transactions with greenhouse gas emissions calculated, formulation of a policy for sectors with high greenhouse gas emissions and the transaction plan, and other means.

The Group's Targets for Reduction of Greenhouse Gas Emissions

	Short Term (every year)	Medium Term (to fiscal 2030)	Long Term (to fiscal 2050)
GHG emissions (Scopes 1 and 2)	—	(55)% compared to 2019	Net zero
Energy use in Japan:	(1)% compared to the prior fiscal year	—	—

Human Rights Initiatives

The Mitsubishi HC Capital Group recognizes that human rights and labor practices are important issues for achieving its mission and operating business globally. We strive to carry out business activities while respecting the human rights of all people.



Please refer to our website for details.

Human Rights Initiatives <https://www.mitsubishi-hc-capital.com/english/sustainability/social/index.html>

Approach to Human Rights

The Guiding Principles on Business and Human Rights, adopted by the United Nations in 2011, call for companies to play three roles in respecting human rights: formulating a human rights policy, undertaking human rights due diligence, and providing relief. The Group examined its Human Rights Policy through dialogues with external experts and internal specialized departments and established it in September 2022 after discussions at Executive Committee and Board of Directors meetings. In November 2023, the Group began conducting human rights due diligence and will continue to improve relief to make the complaint handling mechanism already in operation even more effective.

Our Code of Ethics and Conduct state, "Consistent with

the fundamental spirit of respect for humanity, no employee engages in any discriminatory action or human rights violation on grounds of gender, sexual orientation, age, nationality, race, ethnicity, political opinion, beliefs, religion, social status, lineage, illness, or disability." The Group's compliance manual also states, "Respect for human rights and the prohibition of discrimination." A part of that clearly states, "Eliminating harassment."

Aiming to realize a society that respects human rights, we are proactively and continuously engaged in business activities that consider internationally recognized standards for human rights to fulfill our responsibilities with respect to human rights, as is expected of global companies.

Human Rights Policy (opening statement)

We at the Mitsubishi HC Capital Group recognize that conducting business with the utmost respect for human rights is a major challenge, and we will fulfill our responsibilities in this matter across all our business activities.

Through dialogue and collaboration with relevant stakeholders, we will exclude exploitative labor practices, such as modern slavery, forced labor, human trafficking, and child labor, from the businesses and supply chains of the Mitsubishi HC Capital Group.

We will address human rights risks relevant to our businesses earnestly and appropriately to fulfill our obligations to respect human rights in a manner expected of global companies, aiming to realize a society that respects human rights.

We will realize a flexible working style, respect a diversity of values, and strive to create a comfortable working environment in which every individual can demonstrate their maximum potential.



Please refer to our website for details.

https://www.mitsubishi-hc-capital.com/pdf/english/sustainability/various_policies/human_rights_policy.pdf

Human Rights Training and Raising Awareness

The Group educates and raises awareness among all employees about human rights in order to ensure respect for human rights.

In fiscal 2023, in conjunction with the introduction of human rights due diligence, we conducted an e-learning course on the basics of human rights, including business and human rights, the Group's Human Rights Policy and response to human rights, and strengthening prevention of workplace harassment, which was taken by all of our approximately 5,000 employees in Japan. In

addition, we have conducted human rights courses for mid-career hires and e-learning courses on compliance, diversity, people with disabilities, and sustainability, with a total of approximately 27,500 employees learning about human rights.

In addition, 14 group training sessions have been held, including a human rights course for new employees, training for managers including harassment prevention, and diversity training, with a total of approximately 400 employees attending.

Human Rights Due Diligence

As mentioned above, the Group began conducting human rights due diligence in 2023, targeting customers and suppliers of credit transactions and outside contractors. This was the result of a Company-wide, cross-segment Human Rights Project, which took approximately one year of discussions and system design. We expanded the scope of our efforts by adding purchase transactions in April 2024 and adding investment transactions in October 2024.

In addressing human rights due diligence, the following two elements are incorporated in the design of the system.

1. Screening business partners based on information regarding concerns about human rights violations.

We have established a mechanism for identifying clients, suppliers, and other business partners where information exists regarding concerns about human rights violations in areas of critical risk.

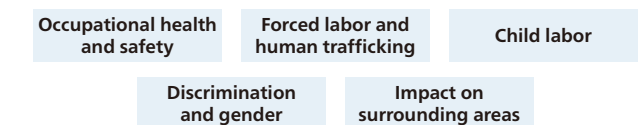
2. Eliminating the risk of human rights violations through dialogue with business partners (engagement)

Where concerns have been identified through screening, we open a dialogue (engagement) with the business partners and, by confirming the actual situation and their responses, we encourage them to consider human rights initiatives.

The main objective of human rights due diligence is to prevent and reduce human rights risk in our corporate activities by using dialogue to improve and enhance human rights awareness at our business partners. Through repeated dialogue with business partners, we will gain experience in how to handle human rights due diligence and enhance its effectiveness.

Identifying areas of critical risk

In order to ensure effective responses to various types of human rights issues, we have determined the following areas of critical risk as preconditions for human rights due diligence in light of the principles of the UN Global Compact.



Response to the Modern Slavery Act in the UK

The Group has published a statement on the website of Mitsubishi HC Capital UK PLC regarding its efforts to prevent slave labor and human trafficking in accordance with the Modern Slavery Act that came into force in the UK in 2015.



For more information, please visit the website.

<https://www.mitsubishihccapital.co.uk/media/lrceyp3/2024-mhcuk-anti-slavery-statement-final-25-09-24.pdf>

Voice Employee comments

Toward advancement of human rights due diligence

Promoting improvement and enhancement of the system by incorporating opinions from the field and external experts

In order for a company to fulfill its role of respecting human rights, it is important to establish new rules or to consider them in light of existing systems. In the Human Rights Project, discussions are persistently held among the various departments involved in the operation of the system. It is truly encouraging that each member of the team is actively sharing their opinions and ideas while making use of their expertise. Recently, we have received an increasing number of inquiries from employees regarding human rights due diligence, and we feel that the system is gradually becoming more widespread and leading to greater awareness.

In designing the system, we have taken into account the opinions of our sales and other front-line employees, and we will continue to exchange opinions with outside experts to improve and strengthen the system. We will continue to work as one to respect the human rights of our stakeholders, while deepening communication with Group companies in Japan and overseas, based on the laws and regulations of each country and on surveys of the actual situation.



Kenichiro Ota
Senior Manager

Sustainability Transformation Planning Group,
Corporate Planning Department, Corporate & Strategic
Planning Division

Junko Kanazawa
Chief Project Manager

Sustainability Transformation Planning Group,
Corporate Planning Department, Corporate & Strategic
Planning Division

Risk Management

Achieving Our 10-year Vision through effective enterprise risk management and a sound risk culture in response to changes in the business environment

Hiroshi Ikebe

Managing Executive Officer
Head of Credit Division
Head of Risk Management Division
Chief Crisis Management Officer
Chief Compliance Officer
Chief Information Security Officer



Risk Management Initiatives to Enhance Business Management

Importance of risk management in expanding business domains

In more than 20 countries and regions around the world, the Mitsubishi HC Capital Group is expanding its business domains to include asset holding businesses in the aviation, logistics, and mobility fields and investment and loan businesses in the environment & energy and real estate fields, in addition to financial services such as leasing and installment sales, which is our founding business. With the increasingly uncertain political, economic, and social climate in recent years, various unpredictable and challenging risks, such as geopolitical and cyberattack risks, have become apparent. In this environment, we recognize that the importance of a framework for detecting new risks that are expected to emerge and managing them in a timely and appropriate manner has increased even more than before. By analyzing information and data from multiple perspectives and enhancing the precision of our risk management, we will maintain sound management and fulfill our social responsibility as a company to meet the expectations of our stakeholders.

Enhancement of risk management framework

The Group is building a management framework to deal with new risks that arise in the process of changes in the external environment and the evolution and layering of business models. Specifically, we have established a system that enables us to make investment decisions by having management divisions work together to analyze

information and data in a flexible and rational manner in response to risks arising from new business areas, and a risk/return evaluation system that takes into account the actual business conditions. We are also focusing on the development of management models that can capture signs of deterioration in the industry environment of our business partners and in asset markets such as aircraft and real estate. In addition, we are actively engaged in risk communication with our business units and overseas offices to clarify the risk appetite of the entire Group, thereby increasing the sensitivity of risk management, and we are implementing various other initiatives to enhance the sophistication of our enterprise risk management framework.

Toward further business growth

On the other hand, risk is also a source of profit. In order for our Group to achieve further growth, it is important to assess the risks of each business in a timely and appropriate manner and optimize our business portfolio to maximize returns. By continuously developing such an effective enterprise risk management framework, we will make management decisions such as selectively investing in businesses with high growth potential and replacing the portfolio at appropriate times. We will continue to appropriately grasp the rapidly changing external environment and actively share risk-related management information throughout the entire Group, thereby building a sound risk culture and contributing to the sustainable and stable enhancement of corporate value.

Basic Risk Management Policy

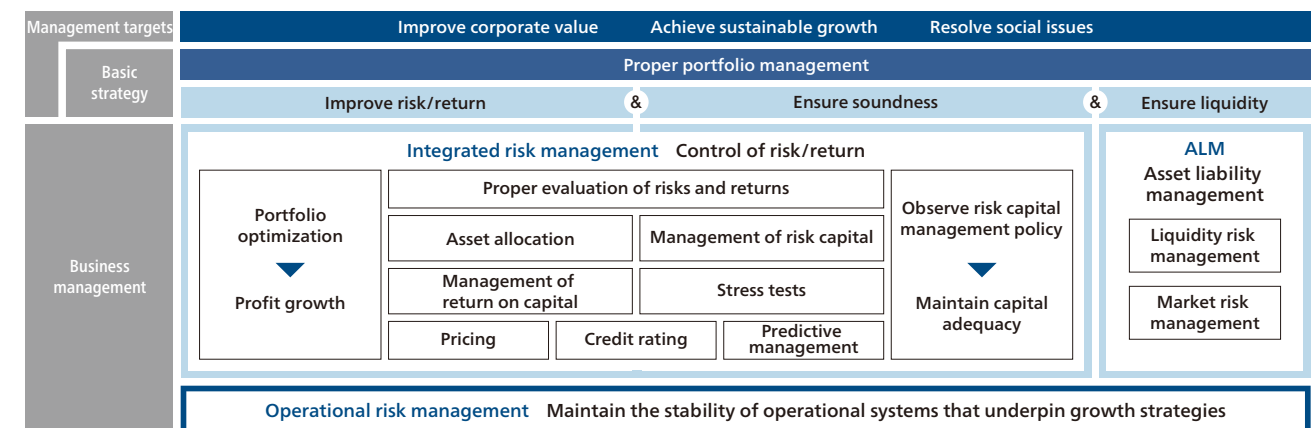
The Group shall comprehensively assess a wide range of risks and fully consider various risks expected to arise from new business operations in order to ensure sound management. By doing so, we will contribute to the sustainable improvement of corporate value while establishing an enterprise risk management framework designed to fulfill the Group's social responsibility as a corporation to its customers, shareholders, employees, local communities, and other stakeholders.

Risk Management and Operations

In order to achieve its management objectives, the Group conducts risk management based on its business strategy and strategy to strengthen its management foundation. To achieve appropriate portfolio management, it is necessary to improve risk/return and ensure soundness, and we conduct integrated risk

management using the framework and methods shown in the diagram below. In addition, we conduct comprehensive asset and liability management to ensure stable funding and liquidity, and operational risk management to maintain a stable business operating structure that supports our growth strategy.

Overview of risk management framework of the Group



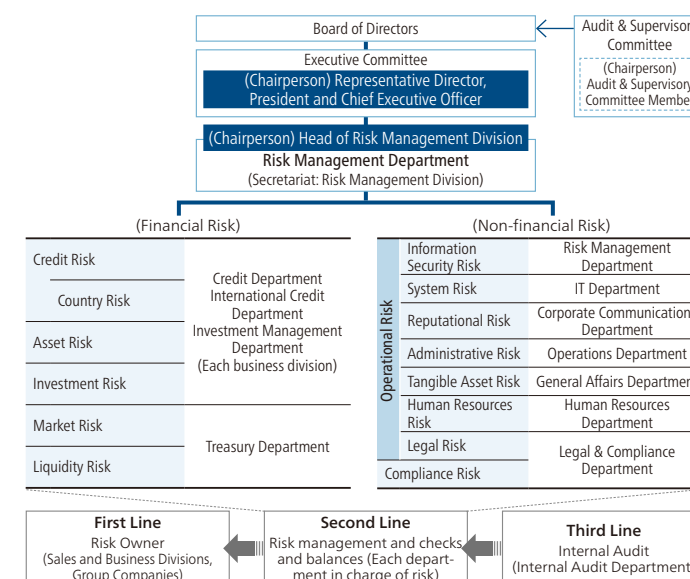
Risk Management System

The Group identifies and recognizes various risks across the entire Group, and is structured to manage risks according to the risk category by the department in charge. The Risk Management Committee, chaired by the Head of Risk Management Division, comprehensively and systematically manages risks for the entire Group on a global basis, and reports and deliberates on

important matters to the Executive Committee, chaired by the President, and the Board of Directors. In addition, the Group has introduced a "three-lines model" process to establish an effective risk management framework.

* A risk management framework with three lines of defense (First Line: sales and business divisions, Group companies, Second Line: each department in charge of risk, and Third Line: Internal Audit Department).

Diagram of risk management system



Significant risks to the Group

Credit Risk	Risk of an increase in credit costs due to deterioration in the financial condition of the party to whom credit for leases and other financial services is extended, etc.
Country Risk	Risk of incurring losses in global transactions due to political and economic conditions in the countries and regions with which we do business
Asset Risk	Risk of declines in the value of assets such as real estate, aircraft, marine containers, etc., or loss of revenue opportunities due to deterioration in economic or market conditions
Investment Risk	Risk of loss of revenue opportunities and reduced return on investments in projects and business investments due to deterioration of economic and market conditions
Market Risk	Risk that the cost of funds, etc. may rise due to significant fluctuations in market conditions or foreign exchange rates in fund procurement
Liquidity Risk	Risk of inability to raise sufficient funds due to sudden deterioration of financial conditions or turmoil in financial markets, etc.
Operational Risk	Risk of stagnation in business operations due to natural disasters, wars, system or administrative incidents within the Group, etc.
Compliance Risk	Risk of non-compliance with laws, various regulations, and internal rules, resulting in business restrictions or stoppages, or loss of public trust

Risk Management

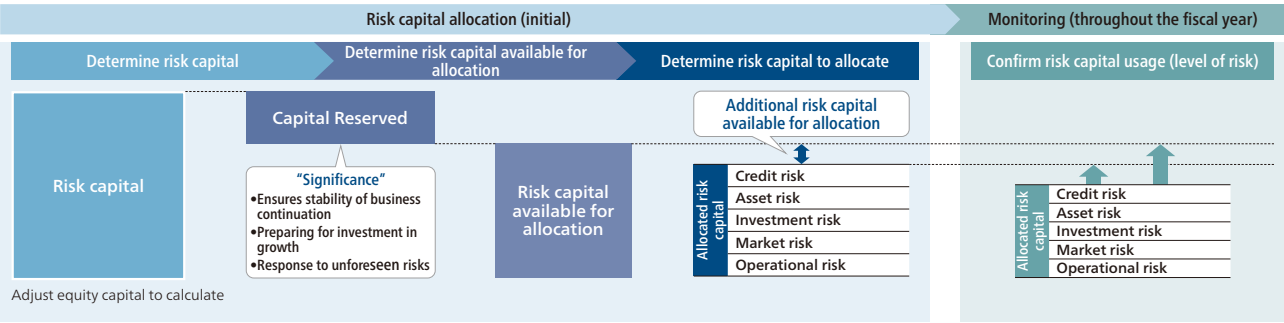
Risk Capital Management

The Group measures and quantifies the various risks it faces using statistical and other methods in the framework of integrated risk management on a uniform scale as much as possible. We then manage risk capital by adding up the figures for various risks and comparing it to our equity capital (≒ risk capital), which is our management strength.

Specifically, the Company sets maximum risk limits for

each risk category (determined allocated risk capital) for credit risk, asset risk, investment risk, market risk, and operational risk, and is prepared to take risks within the limits of its risk tolerance. We regularly monitor and report to top management on the status of risk capital used and the status of the portfolio. Through such risk capital management, we maintain capital adequacy and ensure sound management.

Managing risk capital to ensure soundness



Stress Tests

We conduct stress tests on a regular basis to understand the impact of risks that cannot be comprehended by statistical methods. Specifically, we analyze and verify the potential impact on the Group's periodic profit and loss and capital adequacy under stress conditions based on multiple scenarios, such as deterioration of the global economy, market fluctuations and credit conditions in

each business field, and concentration of credit risk on large customers.

Through this multifaceted verification, we check whether our management and business plans are reasonable in their risk appetite and whether our risk endurance is sufficient.

Other Important Risks

In addition to the major risks listed on the previous page, we recognize the following risks as having a significant impact on management. Since these risks have an impact

on multiple risk items, we are working to enhance our risk management through measures such as the formulation of policies to respond to changes in the situation.

Conduct risks

Risk of stakeholders being disadvantaged by actions of officers and employees of the Group that deviate from customer protection, market soundness, social norms, etc., resulting in a loss of trust in the Group

Risks related to expansion of operating base, strategic partnerships, M&A and others

Risk of not achieving expected results in strategic alliances and M&As due to changes in domestic and international economic and financial conditions, changes in related laws and regulations, etc., or incurring goodwill and other expenses

Climate change risks

- Risk of not being able to respond to regulatory changes, technological innovations, business model changes, etc. associated with the transition to a decarbonized society
- Risk of response or disclosure of climate change risks being deemed inadequate, leading to a loss of corporate value

Risks related to securing human resources

Risk that we may not be able to continuously secure and foster the competent human resources needed to maintain and strengthen the competitiveness of our various businesses in Japan and overseas

Risks associated with expansion of business areas

Risks associated with expansion of business areas that exceed the scope of experience, knowledge, and risk assessment, and that unexpected risks may materialize, or business may not progress as expected

Human rights violation risks

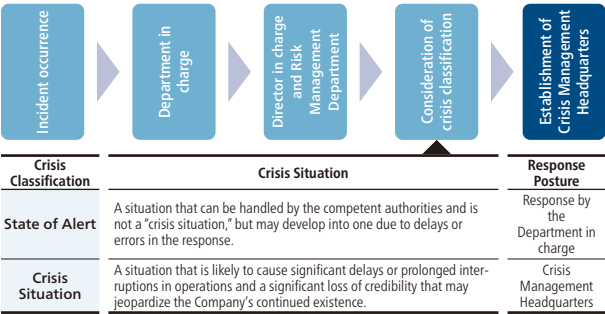
Risk of human rights violations at the Group or at business partners, in which the Group is deemed to have facilitated or been involved, leading to a loss of corporate value

For more information, please visit the website.
https://www.mitsubishi-hc-capital.com/english/sustainability/governance/risk_management.html

Crisis Management

The Group has established Crisis Management Regulations, Disaster Response Regulations, and a response manual, and has built an infrastructure to minimize the impact of natural disasters, man-made disasters, accidents, etc. on management. Furthermore, in the event of a crisis, the Group determines the crisis category based on the status of the event in question and establishes a Crisis Management Headquarters if it determines the situation to be a "crisis situation." Under the leadership of management and in close cooperation with related departments, the Crisis Management Headquarters collects and shares information, and examines and issues instructions on response policies.

Crisis response flow



BCP

Based on the experience of the Great East Japan Earthquake, we have developed a practical Business Continuity Plan (BCP) and conduct periodic drills. Specifically, we have established a system infrastructure that allows for system redundancy and telecommuting, set up a response headquarters in the event of a disaster, conducted drills for debt fulfillment operations, and provided BCP training, etc.

Furthermore, in the last fiscal year, we held an in-house Disaster Prevention Workshop to identify issues after reaffirming our response procedures based on disaster scenarios, in an effort to improve the effectiveness of these procedures.

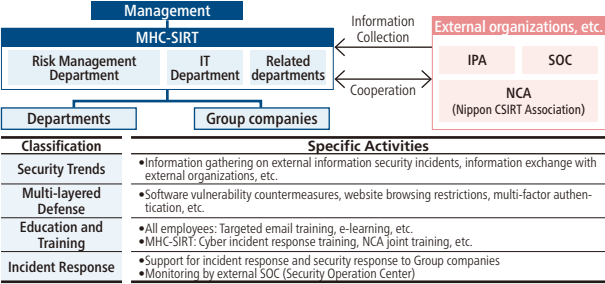
BCP measures

Phase	Objectives	Items to be implemented	Main concrete measures
Initial response	Ensuring employee safety	"Appropriate initial response" Confirming the safety of employees and directing the initial response policy	<ul style="list-style-type: none">• Introduction of safety check systems• Multiplexing of communication means<ul style="list-style-type: none">• Company iPhone, MCA radio, etc.• Dual information systems<ul style="list-style-type: none">• Email, etc.
Business continuity	Fulfillment of minimum social responsibilities	"debt fulfillment" Payments to suppliers and repayments to financial institutions, etc.	<ul style="list-style-type: none">• Periodic training/education<ul style="list-style-type: none">• Safety check/communication check training• Disaster response headquarters start-up training• Debt fulfillment training• System switchover/recovery training• BCP training (e-learning), etc.
Restoration	Ensuring business infrastructure	"Normal operations" Establishing an infrastructure that enables the implementation of key system operations	<ul style="list-style-type: none">• Redundant core systems<ul style="list-style-type: none">• Core systems (main systems)

Information Security

To protect all of its information assets from various security threats, the Group strives to establish an effective information security management framework and rules. We have also established a cross-organizational team, the MHC-SIRT (Security Incident Response Team), which is responsible for preventing cyberattacks, conducting periodic in-house education and training, and examining responses and investigating causes when incidents occur.

MHC-SIRT activity overview



Holding of GRMC

The Group is engaged in a variety of initiatives to deepen communication and mutual understanding with its Group companies. Last fiscal year, for the first time, the Global Risk Management Conference (GRMC) was held between our Risk Management Division and overseas Group companies.

The GRMC was attended by approximately 60 people, including President Hisai, officers and employees of overseas Group companies, and members of the Risk Management Division, including the Head. The GRMC consisted of two parts: a plenary session and a subcommittee meeting. During the plenary session, participants exchanged opinions on the activities of the Group's risk management framework based on the three-lines model and on the risk management plan and the risk events to be on the lookout for in fiscal 2024. In addition, the subcommittees share the policies, frameworks, and initiatives of the Company and overseas Group companies, and utilize the expertise of each company to strengthen the risk management framework of the entire Group.



Compliance

In order to achieve Our 10-year Vision, it is essential for all officers and employees, including those of Group companies, to recognize and share the basic compliance values and ethics so as to realize Our Mission, “Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.” All officers and employees are guided by and comply with the Mitsubishi HC Capital Group Code of Ethics and Conduct established by the Board of Directors.

Compliance Efforts

The Group strongly recognizes that the trust and confidence of its customers and society are the cornerstones of its existence and considers it of utmost importance to practice corporate activities based on a high sense of mission and ethics.

From this perspective, we have established the Mitsubishi HC Capital Group Code of Ethics and Conduct as a guideline for Group officers and employees on our basic values and ethics regarding compliance.

In addition, to ensure compliance with the Code of

Ethics and Conduct, we have prepared a compliance manual with more specific and easy-to-understand explanations, which is available on the Company intranet for all Group officers and employees to access at any time for ongoing education.

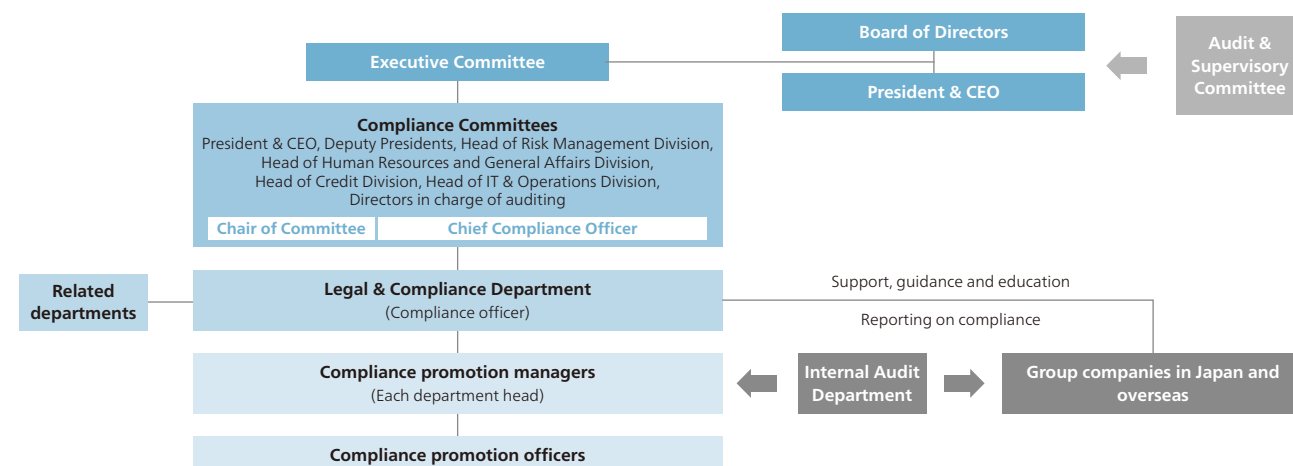
In addition, we continuously conduct Integrity Training to share the importance of “integrity” (Maintain the highest standards of ethics and constantly return to the basics), which is an Action Principle of our Group, with all Group officers and employees.

Outline of Compliance Management Structure and System

Our Chief Compliance Officer (CCO) supervises a company-wide compliance management structure and system. Under the leadership of the CCO, the Legal & Compliance Department plans and manages internal structures and systems and provides guidance and supervision to each division and Group company, as well as guidance on the correction of compliance violations. In the event that a compliance violation is brought to light, our basic response policy is for the Legal &

Compliance Department to ensure prompt reporting to management, the fulfilling corporate social responsibility, and the prevention of further harm and recurrences. Depending on the nature of the compliance violation, a third-party organization may be involved in the investigation. We strive to investigate the cause of such incidents, formulate and implement measures to prevent recurrences, and further educate employees to raise awareness of compliance.

Please refer to our website for details.
Code of Ethics <https://www.mitsubishi-hc-capital.com/english/sustainability/governance/compliance.html>



Compliance-Related Awareness and Education

With regard to the various business laws (Money Lending Business Act, Installment Sales Act, Financial Instruments and Exchange Act, etc.) for which the Group is registered and licensed, the Company provides individual training and measures the level of understanding. In addition, the Group provides yearly education on the Code of Ethics and Conduct and other laws and regulations related to anti-corruption in general (anti-bribery, compliance with antitrust laws, prevention of fraud,

prevention of insider trading, prevention of transactions with anti-social forces, prevention of money laundering, personal information protection, Whistleblower Protection Act, security trade control, understanding of anti-harassment, etc.). In addition to the training, we conduct periodic monitoring using compliance awareness surveys and self-checks to measure the level of understanding and confirm that understanding has penetrated the Company.

Whistleblowing System

The Group has set up a compliance hotline system as a whistleblowing system for officers and employees to report and consult about misconduct and related issues (any real or suspected violation of laws, regulations, internal rules, or the Code of Ethics, including corruption, by officers, employees, etc.).

The compliance hotline system provides multiple points of contact within and outside the Company where officers and employees (including those already retired) can report and consult without hesitation and may do so anonymously. The consultant is obligated to maintain confidentiality.

In the event that a compliance violation is brought to light through a hotline or other means, we ensure prompt reporting to management, the fulfillment of corporate social responsibility, and the prevention of further harm and recurrences. In addition, after analyzing the content of hotline reports, we strive to deepen employee education and foster compliance awareness.

What can be consulted or reported

Any of the following acts engaged in by officers and employees in violation or suspected of being in violation of laws, regulations, internal rules, or the Code of Ethics can be consulted or reported.

- Acts affecting the protection of customer interests
- Acts impacting the protection of the environment
- Acts affecting fair competition, such as violations of anti-trust laws
- Acts related to provision of bribes or other illegal benefits to government officials and the like both in Japan and overseas
- Other inappropriate acts in violation of laws, regulations, rules, or social justice

Officers and employees who report or consult shall receive no disadvantageous treatment whatsoever due to such reporting or consulting.

Principles for Money-Laundering Prevention

The Group is striving to enhance its structure and system to prevent money-laundering and terrorist financing (collectively, “Money-Laundering”) and eliminate any trade relationship with persons (individuals and entities)

subject to sanctions, which violates economic sanctions of the United Nations, international organizations, and individual countries.

1. We shall comply with all applicable laws and regulations for preventing Money-Laundering in and outside the country.
2. Recognizing Money-Laundering prevention as one of our critical challenges, the top management of each company of the Group shall proactively and aggressively tackle this issue.
3. With regard to persons subject to sanctions identified under the UN Security Council’s resolution and by OFAC or other regulatory authorities, we shall check and screen every contemplated transaction appropriately according to applicable laws and regulations.
4. Taking the risk-based approach, we shall appropriately manage customers and transactions to address the risks in the Money-Laundering.
5. We shall monitor all transactions continually, and if any of them is suspected of being involved in Money-Laundering, we shall report it to relevant authorities as required.
6. We shall provide training programs continuously to maintain and improve awareness about Money-Laundering prevention of the officers and employees of the Group and their capability to deal with those transactions.
7. We shall ensure the appropriate business operation for Money-Laundering prevention by conducting regular internal audits and other processes.

Message from the Chairman of the Board



Looking Back on Fiscal 2023

As I mentioned in last year's Integrated Report, we have designated the two-year period following the business integration in April 2021 as the period for the post-merger integration (PMI), during which the Board of Directors has diligently examined and deliberated upon the comprehensive overview of the integrated company from multiple perspectives, based on the conservatively established standards for items to be submitted to the Board of Directors. After the completion of the PMI over the past two years and an improved understanding of the Company by each Director, the discussions on the Evaluation of the Effectiveness of the Board of Directors for fiscal 2022 were held in the Governance Committee and the Board of Directors. As a result, we have reviewed the scope of delegation regarding decision making in business execution, narrowing down the standards for items to be submitted to the Board of Directors to focus on the matters that should be deliberated in the board, effective from September 2023, and allocating more time for discussions on critical issues. Consequently, starting from the second half of fiscal 2023, we were dedicating more time to in-depth discussions

on critical agenda items, ensuring a thorough review process.

Specifically, the Board of Directors deepened discussions on the following two themes. One was monitoring the progress of the Medium-term Management Plan (2025 MTMP). In fiscal 2023, which was the first year of the 2025 MTMP, the Board of Directors engaged in discussions to further explore the strategies outlined in the 2025 MTMP, such as achieving a PBR of 1x and long-term enhancement of corporate value. The other theme of discussion was the skill matrix of Directors. The Nomination Committee deliberated on the skills that our Board of Directors should possess, taking into account the targets and key initiatives of the 2025 MTMP. As a result, we added "IT/DX" to the skill matrix. With the active participation from our Directors in the subsequent series of processes, including interviews with candidates and discussions in the Nomination Committee and the Board of Directors, we have decided to welcome Ms. Kayoko Kawamura, who has extensive experience and expertise in IT/DX, as a new Independent Outside Director, effective June 2024.

Toward Further Advancement of Governance

My primary duty as the Chairman of the Board of Directors is to facilitate open and inclusive meeting operations, allowing our Independent Outside Directors to fully contribute their expertise. Additionally, I strive to act as a bridge such that the opinions, proposals, and questions of the Directors are communicated to the business executive team so that they can be effectively addressed to improve governance practices. I will leverage my experience of serving as the President & CEO for six years, including the period of the PMI and the time at the former Mitsubishi UFJ Lease & Finance, as valuable insights in

bridging gaps and fulfilling my responsibilities diligently.

This fiscal year, we plan to utilize the Governance Committee, which serves as an advisory body to the Board of Directors, to engage in more open and free exchanges of opinions regarding the ideal balance between offense and defense, as well as on the challenges and improvement measures of the Company. As the Chairman, I will actively seek input from our Independent Outside Directors and leverage their insights to further enhance our corporate governance, thereby meeting the expectations of our stakeholders.

Dialogue with Independent Outside Directors



Yuri Sasaki

Director
(Independent Outside Director)

Kayoko Kawamura

Director
(Independent Outside Director)

Hiroyasu Nakata

Director, Audit & Supervisory
Committee Member
(Independent Outside Director)

Hiroko Kaneko

Director, Audit & Supervisory
Committee Member
(Independent Outside Director)

Masayuki Saito

Director, Audit & Supervisory
Committee Member
(Independent Outside Director)

Toward Sustainable Growth of Mitsubishi HC Capital Group

What is your assessment of the first year of the 2025 Medium-term Management Plan (2025 MTMP)?

Sasaki When I saw the initial draft of the 2025 MTMP, it seemed a bit abstract in some respects, but I felt that it was fleshed out and communicated to employees through detailed discussions at the Board of Directors meetings.

I expect that the further integration of the two former companies will accelerate the progress of the 2025 MTMP.

Nakata Many discussions were held at the board meeting about the 2025 MTMP, which deepened our understanding of it. Naturally, there were times when the plan did not go as expected or unexpected losses were incurred, but these were also

promptly reported to the board and discussed in depth. I hope that this will continue to be the case in the future.

Kaneko Our business is diverse, and the business conditions and challenges vary considerably by segment and region. Furthermore, I strongly feel that our business is becoming more complex these days, not only in terms of financial targets, but also in terms of non-financial targets, such as human resources and sustainability. Under such circumstances, I highly appreciate the fact that we have been proactive in identifying business fields and withdrawing from them as well as investing in them. The

external environment has shifted more dramatically than anticipated, making it extremely difficult to steer the Company's course, but I feel that the Board of Directors has been able to hold discussions while maintaining a common understanding of the issues.

Saito We have been thinking of fiscal 2023 as a period for maturing our organization, and we recognize that we are making steady progress in this regard step by step. I would like us to continue to make steady progress in maturing this year, including our overseas operations, and firmly establish our corporate culture during the period of this 2025 MTMP.

Please tell us about the Group's efforts to enhance corporate value.

Saito Risk management is becoming increasingly important as the external environment undergoes major changes, such as global economic trends, climate change, and cyber security issues. Fostering a sense of unity in our overseas operations, which account for more than 60% of

our total consolidated assets, and human resource development are also challenges. With more than 400,000 individual shareholders and many individual investors interested in our Company, it is important to explain our business and policies on issues in a more straightforward manner.

Kaneko Strategies for improving PBR and achieving ROE that exceeds the cost of shareholder equity were carefully discussed by the Board of Directors, and the direction of the corresponding measures was clarified. Although the Company by itself cannot control the share price in

Dialogue with Independent Outside Directors

some respects, it is important to clearly set forth a strategy for improving profitability.

In terms of information disclosure, the Corporate Governance Report has been revised to be more easily understood, and the President and other members of our top

management are actively engaged in dialogue with investors.

Sasaki The Board of Directors has analyzed and discussed ways to improve our corporate value and confirmed initiatives aiming to ensure the understanding of the strategy by each employee, but it is important to



see how far we can penetrate this understanding in the future.

How would you assess the current governance?

Kaneko I believe that the Company has a very high awareness of governance. As a Part-time Audit & Supervisory Committee member, I am very encouraged by the fact that the Internal Audit Department has created a global internal audit system in cooperation with the Internal Audit Department of each group company, including those overseas, and I believe this is a good model for effective internal auditing.

Saito We have been involved in major acquisitions overseas, and I think it is not an easy task to bring

each company together under a single set of governance rules called MHC. In such a situation, it is very reasonable to create a global team to share the governance rules, have them understand the corporate culture of MHC, and seek their agreement. And we need to be thorough in this step.

Nakata We evaluate the effectiveness of the Board of Directors at the end of each fiscal year, and I think it was worthwhile that the Company's response to this evaluation has been extremely proactive, and it verifies

the extent to which the recommendations made in the previous year's effectiveness evaluation have been implemented this year. I believe that a virtuous cycle has been created in which directors point out issues, the Company responds to them, and everyone tries to improve the situation. I also feel that the level of response to the recommendations made by the Directors is very high.

Kaneko I agree, and I believe that the ability to listen to the recommendations of Directors is a sign that a good governance structure is in place.

Please share your thoughts on the addition of IT/DX to the expertise of the Board of Directors this fiscal year.

Saito It is important to have highly skilled outsiders join in the discussions among our top management. I believe that the addition of the IT/DX category is very appropriate from the viewpoint that it is important for sustainable growth to create a global IT information sharing platform and information system, and to transform the business model by incorporating DX into existing businesses.

Kawamura Since IT is at the core of

company management nowadays, DX must be considered both from the conservative perspective of system integration and from the aggressive perspective of business expansion. If both are not done with flexibility, IT will become a major risk factor for management.

I hope that my experience will be useful in the IT world, where anything can happen, and that I can help inspire people to think about new

things. Although I have only participated in two board meetings at this time, I feel that communication with executives at board meetings has been smooth and successful.



What are your expectations for the Company's sustainable growth?

Sasaki I have high expectations for the synergies that will emerge from the integration as we leverage each company's unique characteristics with each other. As a leasing company, we have grown both in size and in what

we can do, so I have high expectations for us to tackle new challenges without much fear of failure, as the President has said.

Kawamura We have a lot of business opportunities, and although

overseas business accounts for the majority of our business, making it a challenging situation, I believe that we are in an environment that allows us to take on a variety of challenges. In cases where a business is not well

established in one division but has a track record in other divisions or overseas, promoting cross-divisional efforts across multiple divisions, including overseas, may be a shortcut to encouraging new challenges.



Nakata I believe our strength is the stability we have achieved by building a very broad and diverse business portfolio, and the fact that we continue to take on new challenges based on this portfolio. However, that stability can change due to a variety of factors, so we

need to consider business development with flexibility.

Kaneko While leasing has been our foundational business, we have changed the nature of our business in response to changing times. I believe that we must continue to change constantly in response to the changing times and environment. In this sense, we are not a finished project. The breadth of our business domain offsets the volatility of our business and provides a sense of stability and the seeds for growth. We expect to make good use of this to create the next business pillar, a profitable business. To this end, I would like to emphasize the importance of active dialogue between top management and employees, as well as among

employees, to create a work environment in which employees can work with enthusiasm and vigor.

Saito In order for the organization to grow and mature, it is necessary for employees to be energized as the organization grows in effectiveness. I believe that the driving force for achieving results beyond our expectations is to create a corporate culture and atmosphere in which each and every officer and employee, both in Japan and overseas, is strongly aware that they are a member of the MHC Group and can work energetically. Creating a situation where employees are happy to be with the Company and, as a result, lead to sustainable growth -- I believe this is one of the main missions of all Directors.

In closing, what is your message to stakeholders?

Sasaki First, we must contribute with our own expertise. On top of that, I believe that there are some things that are hard to see from within the Company, so as an Independent Outside Director, I believe it is most important to communicate how I see and feel looking in from the outside.

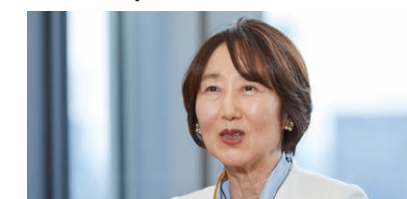
Kawamura In addition to contributing from an IT/DX perspective, it is important for us as Independent Outside Directors to provide our opinions from a neutral standpoint, free of any unconscious bias toward the business. Moreover, in order to achieve sustainable growth, it is important to have the human resources to support it. We would like to contribute to the motivation of our employees and the development of the next generation of leaders.

Nakata I have taught at universities as a professor of law and have done a lot of work for government agencies in this connection. Based on the impressions I have gained through these experiences, I think it is worthwhile to communicate whenever I feel something is not quite right.

In addition, when I visited the Osaka office last year on an Outside Director observation tour, I was greatly impressed by the enthusiasm of the employees. As an Independent Outside Director, I would like to maintain a certain distance from the Company, but also fulfill my duties by getting involved in the business.

Kaneko As an Independent Outside Director, I always keep the protection of minority shareholders in mind. Holding shares through the Directors' Shareholding Association is an expression of our intention to be in the same position as minority shareholders.

I have been involved in accounting audits for nearly 30 years and have seen internal controls and governance in various companies. I would like to use this knowledge to fulfill my role. Although the position of each stakeholder may differ, I believe that there



is no major difference in the direction we are aiming for in terms of increasing corporate value as a sustainable company. As a Director, I would like to explore what we need to do to achieve sustainable growth, and as a member of the Audit & Supervisory Committee, I would like to monitor the governance system closely from an independent, third-party perspective.



Saito I believe that the composition of our Independent Outside Directors is ideal, with little overlap in skills, as shown in the skills matrix. My strengths are in management, international business, and finance, and I would like to provide oversight and advice, especially in our international operations. One of the most important points is to contribute to the development of global human resources and organizational strengthening.

Corporate Governance

Basic Views on Corporate Governance

While emphasizing initiatives to achieve sustainable corporate growth and a medium- to long-term improvement in corporate value, Mitsubishi HC Capital (MHC) aspires to contribute to a more prosperous society by respecting the rights and interests of all of its stakeholders—shareholders, customers, local communities, and employees—and fulfilling their trust in the Company.

With the recognition that it is one of its social responsibilities to ensure transparent and sound management, MHC continues to work on initiatives to enhance corporate governance by boosting the activity of the Board of Directors, reinforcing the Audit & Supervisory Committee and the internal audit system, ensuring timely and appropriate disclosures of information, and actively engaging in investor relations (IR) and other activities.

Basic policies

Fostering a sound corporate culture

In accordance with Our Mission, which guides all of MHC's activities, and the Mitsubishi HC Capital Group Code of Ethics and Code of Conduct, which serves as the standard for the decisions and behaviors of all employees, MHC strives to understand the diversity of its various stakeholders including shareholders, customers, local communities, and employees and foster a corporate culture that respects their rights and perspectives and sound corporate ethics.

Ensuring appropriate information disclosure and transparency

MHC conducts proactive and continuous information disclosure in order to be trusted and properly evaluated by each of its stakeholders. It also establishes and appropriately operates internal systems to facilitate the swift

and impartial disclosure of accurate information regarding its management policies, business strategies, business activities, financial condition, etc.

In addition to the items it is required to disclose pursuant to laws and regulations, it actively and voluntarily discloses non-financial information deemed useful to its stakeholders.

Ensuring the rights and equal treatment of shareholders

MHC takes appropriate steps to ensure that the rights of shareholders are secured and can be exercised effectively and all shareholders including minority shareholders and foreign shareholders are treated equally.

Constructive dialogue with shareholders

Through events such as the General Meeting of Shareholders, financial results briefings, and other domestic and overseas investor relations (IR) events, MHC pursues proactive and constructive dialogue with diverse shareholders. It thereby seeks to gain understanding from shareholders regarding matters such as its business strategies and further enhance corporate governance through dialogue.

Ensuring effectiveness of the Board of Directors

All members of the Board of Directors, including Outside Directors, call upon their experience and insight as they engage in free and open discussions, supporting appropriate risk-taking. In this manner, they adequately fulfill their duties and responsibilities to achieve the sustainable growth of MHC, medium- to long-term improvement of its corporate value, and enhancement of its capital efficiency.

Outline of Corporate Governance Systems

MHC is a company with an Audit & Supervisory Committee, and has established a Board of Directors to be responsible for important decision-making and supervisory functions, and an Audit & Supervisory Committee to be responsible for audit and supervisory functions.

In order to further enhance its corporate governance, MHC has also established a Nomination Committee and a Compensation Committee to serve as advisory bodies

to designate the President & CEO and determine the remuneration, etc. of Directors. Further, MHC has established a Governance Committee to serve as an advisory body to the Board of Directors.

Alongside adopting an executive officer system, MHC has established an Executive Committee to serve as a body for deliberation and decision-making on important management matters.

Board of Directors and Audit & Supervisory Committee

MHC implements a system to manage and operate business in line with the basic policy decided by the Board of Directors. Each Outside Director has qualities appropriate for their positions, giving the Board of Directors a set of diversified and sufficient skills.

In addition, for timely, appropriate, and smooth provision of information particularly to Outside Directors, the General Affairs Department serves as the secretariat for the Board of Directors, and the Audit & Supervisory Committee Office has been established to assist the duties of the Audit & Supervisory Committee.

Each year, all Directors conduct a review and evaluation of the Board of Directors over the previous year. In addition, discussions attended only by independent Outside Directors are held regularly, and in the event that an issue, etc. is raised there, it will be appropriately responded to and improved.

Governance Committee, Nomination Committee, and Compensation Committee

The Governance Committee, consisting of Outside Directors, Representative Directors, etc., exchanges a wide range of opinions on the improvement of the Board of Directors' effectiveness and other matters regarding the Board of Directors, in order to work on the improvement of the soundness, transparency, and

fairness of MHC's management.

The Nomination Committee discusses the appointment of Directors, the succession plan for the President & CEO, the knowledge, experience, skills, etc. that Directors should have, and other matters.

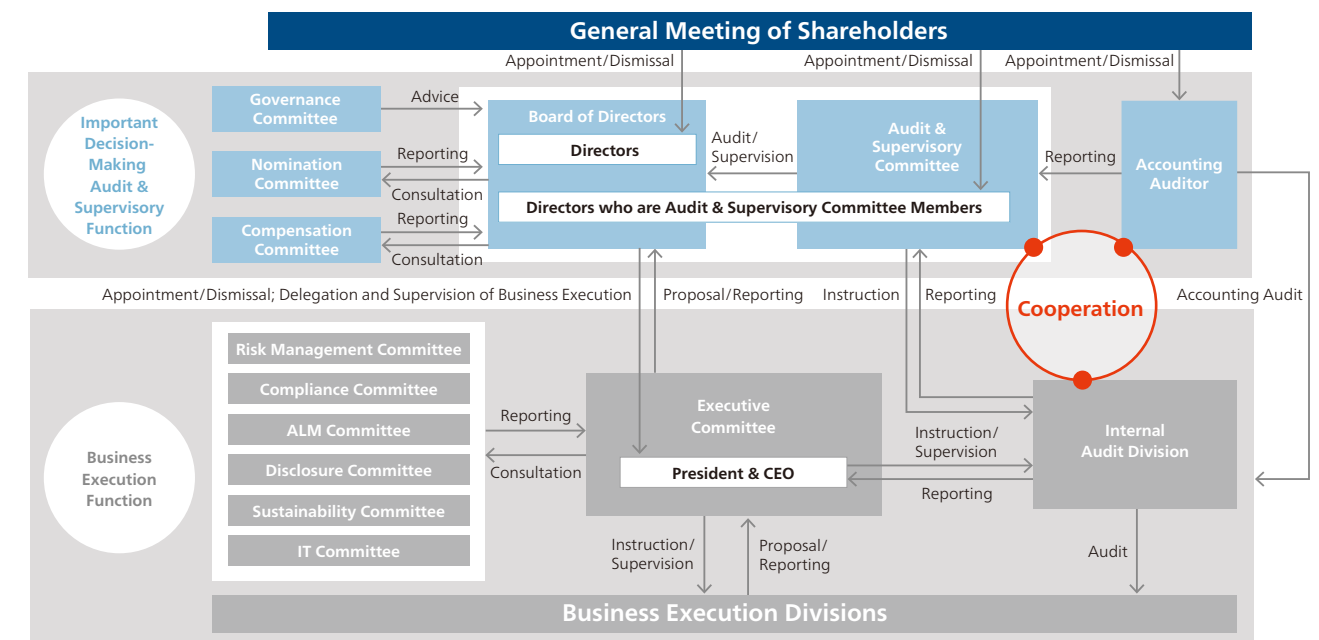
The Compensation Committee regularly monitors the Directors' remuneration system of MHC in comparison with the market standard by using an external specialized agency, and discusses policies, etc. concerning the systems, standards, etc. for Directors' remuneration.

The members and the chairperson of the Nomination Committee and the Compensation Committee shall be selected by the Board of Directors, and the majority of the members shall be independent Outside Directors. Items discussed in the committees shall be resolved by a majority of committee members in attendance. It is stipulated in internal rules that the Board of Directors shall make decisions in deference to decisions made by the committees.

Business Execution

As a company with an Audit & Supervisory Committee, MHC delegates business execution decisions to the Executive Committee—a body which will deliberate and decide on important management matters—within an appropriate scope, and expedites the decision-making process, with the aim of strengthening the supervisory functions of the Board of Directors. In addition, MHC has adopted an executive officer system, in order to further

Corporate Governance Structure (as of June 25, 2024)



Corporate Governance

enhance and invigorate the functions of the Board of Directors by clarifying the responsibilities related to the execution of business.

The Executive Committee is composed of the President & CEO, Deputy President(s), and Executive Officers separately specified by the President & CEO. The committee shall hold deliberations and make decisions

Structure of the Board of Directors

Views on the appropriate balance of knowledge, experience and skills, diversity, and size of the Board of Directors as a whole

MHC assumes that the Board of Directors shall possess skills in “overall management,” “finance,” “treasury and accounting,” “legal affairs, compliance, and risk management,” “global business,” “IT and DX,” and other areas, in view of the business lineup.

MHC recognizes that diversity of Directors is important for the purposes of strengthening the function of the Board of Directors, and that gender, nationality, and race are factors which should be considered.

On the other hand, MHC believes that it is not necessarily desirable, for the purposes of strengthening the functions of the Board of Directors, to elect a Director with a certain attribute merely to comply with formal and external diversity requirements even when they lack the qualities and abilities that are required for the role.

Therefore, MHC believes, as a desirable way of achieving diversity within MHC, that it is necessary to consider whether it can be expected that such a Director can perform the necessary skills and possesses the ability in light of the respective management environment as a top priority, and elect a desirable person without restrictions on gender, nationality, race, age, career, etc. Based on such a view, MHC will continue to determine the appropriate composition of the Board of Directors.

Currently, it is assumed that MHC’s Board of Directors

on important matters, including the business management of the Group, in addition to conducting preliminary deliberations on matters that are to be submitted to the Board of Directors to facilitate decision-making by the Board of Directors.

As of June 25, 2024, there are 26 Executive Officers, including four concurrently serving as Directors.

consists of Directors from a variety of business categories and industries, and has an appropriate number of members to ensure a balanced composition of appropriate skills and diversity.

Although no foreign Director has been elected, MHC acknowledges that the Board of Directors has been performing a sufficient supervisory function, as it has elected several Directors who possess a wealth of international business experience, and has received valuable opinions on global business development.

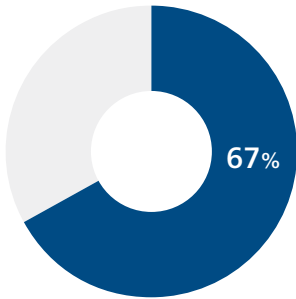
Training policy for Directors

MHC provides briefings on matters including the corporate mission, business conditions, and corporate governance to newly appointed Outside Directors. After taking office, Directors are given information on training opportunities such as seminars held by external organizations on the latest corporate governance trends, DX, and sustainability.

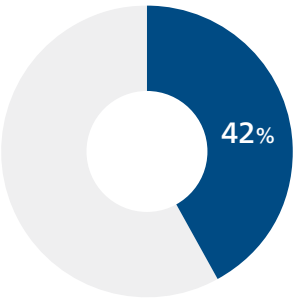
In addition, Outside Directors have fostered cooperation by exchanging and sharing a variety of information through opinion exchange meetings, in which only the Governance Committee, which serves as an advisory body to the Board of Directors, and Outside Directors participate.

MHC bears the full cost related to the training of Directors.

Ratio of Non-executive Directors



Ratio of Outside Directors



Composition of the Board of Directors and reasons for appointment and expertise of each Director

Name	Title	Reason for Appointment and Expected Role	Areas of Expertise*2					
			Management	Finance	Treasury	Legal	Global	DX
Takahiro Yanai	Director, Chairman	Since 2017, Mr. Takahiro Yanai has served as the President & CEO of Mitsubishi UFJ Lease & Finance based on his management experience at a major Japanese financial institution. He has a wealth of experience as the chief of business execution leading the management of the Company as it expands globally. By using deep knowledge based on his experience, he has been in charge of supervision of management as a non-executive Director and Chairman since April 2023. We have deemed him to be the best candidate to aim for further improvement of the soundness of the management of the Company and enhancement of corporate value over the medium to long term. We have therefore appointed him as a candidate for Director.	●	●				
Taiju Hisai	Representative Director, President & CEO	Since 2021, Mr. Taiju Hisai has served as a Deputy President and an Executive Officer of the Company and has led the overall business of the Company based on a wealth of management experience at a major Japanese financial institution. He has served as the Representative Director, President & CEO, and an Executive Officer acting as the chief of business execution since April 2023. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We have deemed him to be the best candidate to take command of business as the Representative Director, President & CEO, and an Executive Officer and to aim for the Company's sustainable growth and improvement of corporate value over the medium to long term. We have therefore appointed him as a candidate for Director.	●	●			●	
Aiichiro Matsunaga	Representative Director, Deputy President	Since April 2024, Mr. Aiichiro Matsunaga has served as a Deputy President, and Executive Officer of the Company. With his wealth of management experience at a major Japanese general trading company, he has managed the overall operations to assist the President & CEO. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We expect him to contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director, and we have therefore appointed him as a candidate for Director.	●	●			●	
Kazumi Anei	Director, Deputy President	Mr. Kazumi Anei has served as an Executive Officer and the CMO*1 of Hitachi Capital Corporation since 2016 and 2020, respectively, and since 2021, he has led the overall business of the Company as a Director, Deputy President, and an Executive Officer of the Company. He has sufficient experience and knowledge to assume business management of the Company as it expands globally. We expect him to contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director, and we have therefore reappointed him as a candidate for Director.	●	●				
Haruhiko Sato	Director, Managing Executive Officer	Mr. Haruhiko Sato is currently the Head of the Corporate & Strategic Planning Division and CFO, serving as the Director, Managing Executive Officer of the Company. He has a wealth of experience at a major Japanese general trading company, as well as experience and knowledge in the corporate division, which he has cultivated while engaged in the business management of the Company as it expands globally. We expect him to utilize this background and contribute to the Company's sustainable growth and improvement of corporate value over the medium to long term as an Executive Director. We have therefore reappointed him as a candidate for Director.		●	●		●	
Yuri Sasaki	Director (Outside Director) (Independent Director)	Ms. Yuri Sasaki has been contributing to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director based on her academic knowledge as a university professor as well as outstanding knowledge and a wealth of experience as an international finance researcher. We have therefore appointed her to a Director position. We expect her to use her knowledge and expertise to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for executing business and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee, and Compensation Committee.		●				
Kayoko Kawamura	Director (Outside Director) (Independent Director)	Ms. Kayoko Kawamura has a wealth of experience and knowledge in DX, having previously served as a systems engineer and head of application development for financial institutions among other positions at IBM Japan, and is currently primarily responsible for supporting DX for customer companies. In addition, since she has experience in the management of corporate organizations as a part-time officer, we have determined that she can contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director and are therefore appointing her as a new candidate for Director. We expect her to use her knowledge to advise us on the promotion of DX, one of our important measures, to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an independent Outside Director from an objective perspective independent of executive management responsible for executing business and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee, and Compensation Committee.						●

*1 Chief Marketing Officer

*2 Management: overall management; Finance: finance; Treasury: treasury and accounting; Legal: legal affairs, compliance, and risk management; Global: global business; DX: IT and DX

Corporate Governance

Name	Title	Reason for Appointment and Expected Role	Areas of Expertise					
			Management	Finance	Treasury	Legal	International	DX
Shota Kondo	Director (Outside Director)	Mr. Shota Kondo has a wealth of management experience at a major Japanese general trading company, as well as a deep knowledge of Japanese and international businesses. We have determined that he can use his experience and knowledge from a practical perspective to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director. We have therefore appointed him to a Director position. As Mr. Kondo concurrently serves as the Executive Vice President of Mitsubishi Corporation, a major shareholder of the Company, he is not designated as an independent Director. Mitsubishi Corporation is an important business partner for the Company to work together with to aim for the improvement of corporate value. Among other positions, including overseas assignments in the U.S., he had served as the General Manager of the Natural Gas Group CEO Office and the General Manager of the Corporate Strategy & Planning Department. Currently, he serves as the Group CEO of the S.L.C. (Smart-Life Creation) Group. We expect to utilize Mr. Kondo's management experience and extensive knowledge of overall Japanese and international businesses for the Company's management and effectively utilize advice from him, having served as a chief of business areas of collaboration between Mitsubishi Corporation and the Company. We deem that this will lead to the improvement of the Company's corporate value and contribute to the enhancement of the interests of all shareholders, including minority shareholders. Mr. Kondo has indicated his intention to perform his duties as a Director for the benefit of the Company and not for any specific shareholder. If any item of business posing a conflict of interest between Mitsubishi Corporation and the Company is submitted to the Company's Board of Directors, he will participate in neither the resolutions nor the deliberations. We expect him to use his knowledge to contribute to appropriate decision-making and supervision of overall management by the Board of Directors as an Outside Director and to contribute to the improvement of the soundness, transparency, and fairness of the management of the Company as a member of the Governance Committee, Nomination Committee, and Compensation Committee.	●	●			●	
Yoshitaka Shiba	Director, Audit & Supervisory Committee Member	Mr. Yoshitaka Shiba has experience as the Group Chief Audit Officer (CAO) and the General Manager of the Internal Audit Division in addition to his management experience at a major Japanese financial institution. We have appointed him as a Director with the expectation that, by exercising his knowledge and expertise, he will contribute to ensuring the sound management of the Company as a Director who is also an Audit & Supervisory Committee member.	●	●		●		
Hiroyasu Nakata	Director, Audit & Supervisory Committee member (Outside Director) (Independent Director)	Mr. Hiroyasu Nakata has contributed to appropriate decision-making and supervision of overall management by the Board of Directors as a Director who is not an Audit and Supervisory Committee member. We have determined that, based on his deep knowledge as a legal expert, Mr. Nakata can contribute to the Board of Directors' appropriate decision-making and overall management supervision as an independent Outside Director, and to neutral and objective audits, and therefore appointed him as a Director. We expect that he will contribute to ensuring the sound management of the Company as an independent Outside Director and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.				●		
Hiroko Kaneko	Director, Audit & Supervisory Committee member (Outside Director) (Independent Director)	Based on her extensive experience at major audit firms and as a university professor, as well as her in-depth knowledge as an accounting expert, Ms. Hiroko Kaneko has contributed to the Board of Directors' appropriate decision-making and overall management supervision as an independent Outside Director and to neutral and objective audits, and has therefore been reappointed as a Director. We expect that she will contribute to ensuring the sound management of the Company as an independent Outside Director, and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.			●			
Masayuki Saito	Director, Audit & Supervisory Committee member (Outside Director) (Independent Director)	Based on his extensive management experience at a leading Japanese manufacturer and his extensive knowledge in the finance and accounting fields, Mr. Masayuki Saito has been contributing to the Board of Directors' appropriate decision-making, overall management supervision, and neutral and objective audits as an independent Outside Director. We have therefore appointed him as a Director. We expect that he will contribute to ensuring the sound management of the Company as an independent Outside Director and contribute to improving the soundness, transparency, and fairness of management as a member of the Governance Committee, the Nomination Committee, and the Compensation Committee, based on the above knowledge and from an objective perspective independent from the management team that executes business.	●		●		●	

Status of Activities of the Board of Directors and Committees

Board of Directors

Board of Directors meetings are held every month, in principle. The meetings were held 15 times in fiscal 2023, where important management matters such as the Medium-term Management Plan, major investment projects, business strategies of each business division, and IR activities were deliberated and decided. In addition, the rationality of cross-shareholdings was verified. Furthermore, the status of audit is reported from the Audit & Supervisory Committee in a timely manner.

The content of matters deliberated on by the Executive Committee and its advisory committees regarding risk management, compliance, sustainability, etc. at MHC is regularly reported to the Board of Directors. Important policies and other matters are deliberated upon by the Board of Directors.

Aiming to further accelerate the management

decision-making process and secure more time for the Board of Directors to deliberate important matters, MHC reviewed the standards for items to be submitted to and authorized by the Board of Directors and expanded the scope of matters delegated to the Executive Committee, etc. as of October 1, 2023, after having multiple discussions with independent Outside Directors at the Governance Committee.

15/15 times (100%)	Takahiro Yanai, Taiju Hisai, Kazumi Anei, Haruhiko Sato, Hiroyasu Nakata, Yuri Sasaki, Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko
14/15 times (93%)	Masayuki Saito
13/15 times (87%)	Takuya Kuga

Governance Committee

Committee meetings were held six times in fiscal 2023, and PDCA was conducted for effectiveness assessment by deliberating the manner of effectiveness assessment for the Board of Directors and the analysis of the assessment results. Also, the standards for items to be submitted to and authorized by the Board of Directors were reviewed in order to secure more time for the Board of Directors to deliberate important matters. In addition, deliberation was made on the establishment of guidelines regarding the holding of MHC's shares by Directors so that profits are appropriately shared between Directors and other stakeholders including shareholders.

6/6 times (100%)	Takahiro Yanai, Taiju Hisai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Akira Hamamoto, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito
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Nomination Committee

Committee meetings were held six times in fiscal 2023, which deliberated succession plans for the President & CEO and Representative Director candidates, skills that the Directors should have (skill matrix), etc.

6/6 times (100%)	Takahiro Yanai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko, Masayuki Saito
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Compensation Committee

Committee meetings were held seven times in fiscal 2023, which deliberated the Directors' remuneration scheme and standards, verified the amounts paid as performance-based compensation, and deliberated the adoption of a performance-based stock compensation plan.

7/7 times (100%)	Taiju Hisai, Hiroyasu Nakata, Yuri Sasaki, Takuya Kuga, Koichiro Hiraiwa, Hiroko Kaneko
6/7 times (86%)	Masayuki Saito

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

MHC has continued efforts to further improve the effectiveness of the activities of the Board of Directors based on reviews and assessments by all of the Directors on their activities throughout the year for the purpose of maintaining and enhancing the functions of the Board of Directors.

Response to Fiscal 2022 Issues

Issues in Fiscal 2022	Response to Issues
Securing time for deliberation according to the level of importance of each agenda item	<ul style="list-style-type: none">Review the standards for items to be submitted to the Board of Directors and appropriately change the frequency of reports from each advisory committee of the Executive CommitteeEnhance preliminary explanations of important agenda itemsStart a system for Directors to submit questions in advance and for relevant departments to answer them
Improving explanations of agenda items	<ul style="list-style-type: none">Thoroughly clarify the points of materials, simplify them, unify their formats, etc.Bring forward the deadline for providing materials
Promoting understanding of business	<ul style="list-style-type: none">Conduct ongoing reporting of the current status of each unit and each business divisionProvide ongoing explanations of business details from each Division Head at the Corporate Center to Outside Directors at the Audit & Supervisory CommitteeVisit domestic sites and investee facilitiesConduct interviews between Outside Directors and overseas Group companies' management and visits to overseas sites
Enhancing communication	<ul style="list-style-type: none">Continue to hold meetings of independent Outside Directors onlyHold meetings for the exchange of opinions between independent Outside Directors, the Chairman, and the President & CEO
Providing opportunities for self-development	<ul style="list-style-type: none">Enhance opportunities for obtaining information on currently appropriate themes such as DX and sustainability

Evaluation of the Effectiveness of the Board of Directors in Fiscal 2023

Assessment Manner	<ul style="list-style-type: none">Having confirmed the validity of the self-assessment method used for fiscal 2022, MHC decided to conduct a survey of all Directors on the effectiveness of the Board of Directors, Governance Committee, Nomination Committee, and Compensation Committee, for fiscal 2023 as well. <div><div>February 2024 Governance Committee</div><div>March 2024</div><div>April and May 2024 Governance Committee</div><div>May 2024 Board of Directors</div></div> <ul style="list-style-type: none">Decided to conduct a survey using a questionnaire (discussed questions for the questionnaire)Finalized questions based on the discussion in February. All Directors answered the questionnaire.Confirmed issues and discussed responses to the issues in the Governance Committee meetings in April and May based on the results of the questionnaire.Summarized the evaluation of the effectiveness in fiscal 2023.
Results	<ul style="list-style-type: none">The major results of the assessment above are shown below:<ul style="list-style-type: none">(i) It was determined that MHC's Board of Directors, etc. are sufficiently performing their roles.<ul style="list-style-type: none">Following the review of the standards for items to be submitted to the Board of Directors in October 2023, lively discussions were held in the latter half of the fiscal year because it became possible to use more time for deliberation over important agenda items. This led to fostering mutual understanding and common awareness among Directors.Information has been provided to Outside Directors in various forms, and opinions have been exchanged in an atmosphere where it is easy to exchange questions and opinions.Effective measures have been implemented to solve all of the issues that were recognized in the previous effectiveness assessment. For example, Directors' understanding of business was enhanced through meetings of independent Outside Directors only, visits to domestic and overseas offices, etc.Substantial deliberation has been conducted with the Governance Committee, Nomination Committee, and the Compensation Committee based on appropriate provision of information.(ii) Meanwhile, it has been recognized that there is room for improvement in matters (themes) to be discussed in the Board of Directors, Governance Committee, Nomination Committee, and the Compensation Committee, the contents of materials and explanations to further enhance the effectiveness of the Board of Directors, etc., information provision frameworks, further enhancement of communication, and other matters. We will address the further enhancement of corporate governance by steadily implementing efforts to resolve every issue.

Appointment and Dismissal of Directors

The Board of Directors resolves to appoint candidates to serve as Directors after the Nomination Committee, of which independent Outside Directors comprise the majority, holds discussions in advance based on the selection standards described below. The Board of Directors also resolves to appoint candidates to serve as Directors who are also Audit & Supervisory Committee

members after the Nomination Committee discusses it and the Audit & Supervisory Committee agrees to it. In addition, if Directors are found to meet the dismissal standards described below, their dismissal is deliberated by the Nomination Committee in a timely manner and decided by the Board of Directors.

Selection standards

- Directors and Audit & Supervisory Committee members should have the mental and physical soundness sufficient to execute business.
- Directors and Audit & Supervisory Committee members should be persons who are well respected, possess excellent integrity, and hold themselves to high ethical standards.
- Directors and Audit & Supervisory Committee members should have a law-abiding mentality.
- Directors and Audit & Supervisory Committee members should be expected to make objective judgments regarding management and have excellent insight and perspicacity.
- It is reasonable to consider that the candidates will help strengthen the functions of the Board of Directors in view of their knowledge, experience, capabilities, and similar factors.
- In addition to 1. to 5. above, candidates for Outside Directors should (i) have experience, achievements, and knowledge in their fields of specialization, (ii) be able to contribute to the implementation of appropriate decision-making and management supervision of the Board of Directors, and (iii) be expected to secure the time necessary to fulfill their duties.
- Candidates for reappointment should have performed roles expected of them during each of their previous assignments.

Dismissal standards

- Director significantly damaged the value of MHC by neglecting their duties.
- Director violated laws, articles of incorporation, or other regulations/rules of MHC, or conducted an act against public order and/or morals, which caused serious damage to MHC or hindrance to the business of MHC as a result.
- Director is deemed to not meet the selection standards for Directors.

Remuneration of Directors

Basic policy

- MHC officers' remuneration is determined by also taking into account officers' incentives, with a view toward increasing corporate value through the execution of business strategies.
- The level of remuneration is appropriate with respect to the roles and responsibilities of each officer, and is also based on market levels, from the viewpoints of increasing corporate value over the medium to long term and improving short-term business performance.

According to the basic policy above, MHC's Board of Directors has resolved the policies on the remuneration, etc. of individual Directors (excluding persons who are Audit & Supervisory Committee members).

Remuneration system

In principle, Executive Directors' remuneration, etc., consists of base remuneration, short-term incentive compensation (performance-based monetary compensation), and medium- to long-term incentive compensation (performance-based stock compensation). As short-term incentive compensation, cash is paid as a bonus, while medium- to long-term incentive compensation is paid as provision of MHC's shares, etc. in a trust framework. With a view toward maintaining a sound performance-based ratio, the ratio of fixed remuneration (base remuneration) to floating compensation (bonus and stock compensation) is generally set at 1:0.6 (the ratio of base remuneration to bonus to stock compensation is generally set at 1:0.3:0.3). Bonuses and stock compensation, which represent incentive compensation, are not paid to non-executive Directors (excluding persons who are Audit & Supervisory Committee members) from the standpoint of ensuring the effectiveness of their supervisory functions, and to Directors who are Audit & Supervisory Committee members from the standpoint of ensuring the fairness of audits.

Corporate Governance

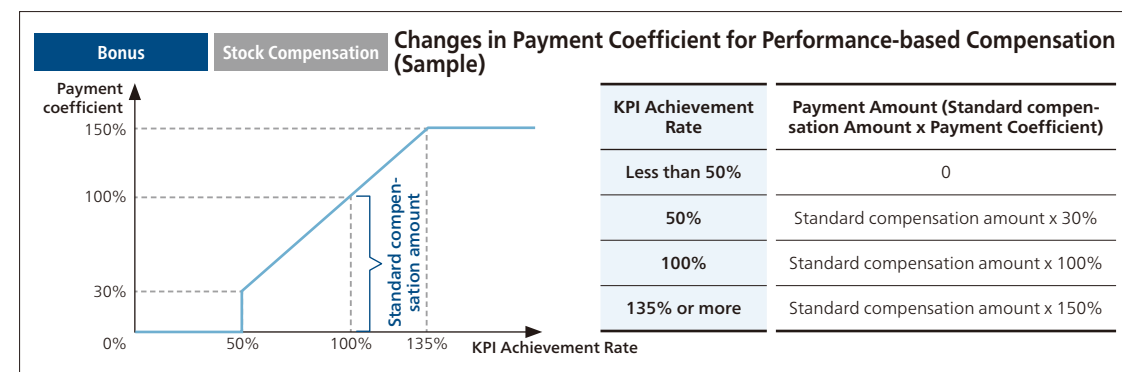
Remuneration System for Executive Directors

Type of Remuneration	Details of Remuneration	Remuneration Ratio	KPIs for Evaluation/Evaluation Weight			Range of Payment Coefficient Based on KPI Achievement
Fixed	Basic Remuneration	Fixed remuneration according to position 1	—			—
	Bonus (Short-term Incentive) Performance-based	Amount determined based on the consolidated business performance of the previous year, etc. 1. KPIs for performance evaluation are set in line with MHC's numerical targets 2. Regarding responsible duties, quantitative and qualitative evaluations are conducted from the perspective of performance and the level of contribution 18.75% 0.3	Position KPI	Representative Director	Other	0-150%
	Stock (Medium-term Incentives) Performance-based	Amount determined based on the level of achievement during the three-year period of the Medium-term Management Plan 18.75% 0.3	Net income attributable to owners of the parent ROA* ¹ ROE* ² TSR against TOPIX growth rate* ³	100%	70%	

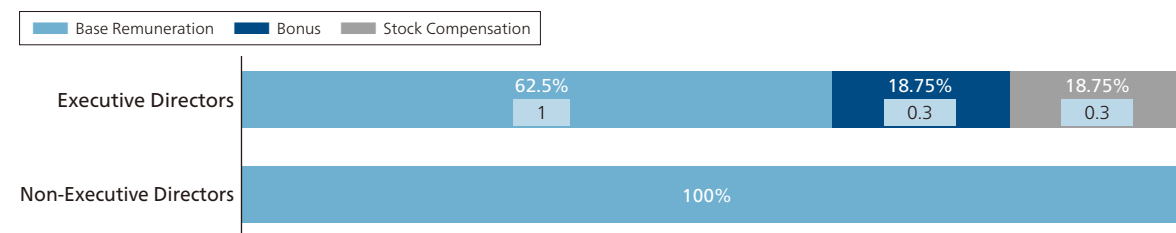
*1 Return On Assets

*2 Return On Equity

*3 Total Shareholder Return



Composition of Remuneration



Fixed Remuneration

The amount of fixed remuneration is determined based on the amount corresponding to the position and comprehensive consideration of the roles, responsibilities, and other factors of each Director.

Floating Compensation

With respect to bonuses and stock compensation, financial indicators which are emphasized as indicators of MHC's growth from the perspective of management strategy, are set as indicators (key performance indicators, or "KPIs") for the company-wide performance evaluation, with a view to clarifying the relationship between business performance and remuneration.

• Bonuses

(1) The net income attributable to owners of the parent, (2) ROA, and (3) ROE, which have been set as MHC's numerical goals, are set as KPIs for the Company-wide performance evaluation.

The bonuses of Representative Directors are fully linked to the Company-wide performance evaluation, while the bonuses for other executive Directors is based 70% on the Company-wide performance evaluation and 30% on the evaluation of the duties for which each individual is responsible. For both positions, the amounts of bonuses to be paid are determined within the range of 0% to 150% of the standard amount based on the achievement rate of KPIs.

For the portion based on the responsible duties, quantitative and qualitative evaluations are conducted by the President & CEO, using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties handled by the relevant executive Director. The purpose is to enhance the incentive of each Director by appropriately evaluating not only the level of achievement of performance targets, but also results, such as the level of contributions, which cannot be evaluated by quantitative means alone.

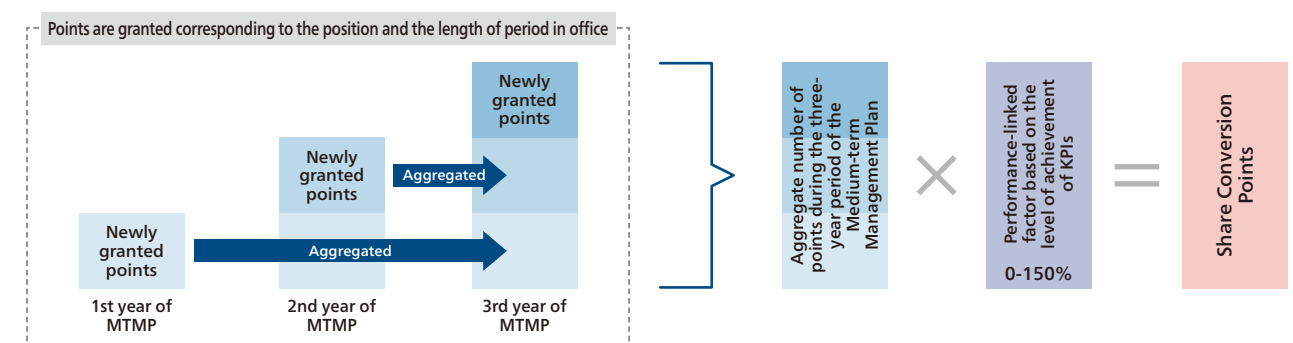
• Stock compensation

From the perspective of increasing its corporate value over the medium to long term, (1) net income attributable to owners of the parent, (2) ROA, (3) ROE, and (4) TSR against TOPIX growth rate, which MHC has set as numerical goals, etc. in the Medium-term Management Plan, are set as indicators (KPIs) for the performance evaluation.

By using a trust framework, MHC's shares, etc. corresponding to share conversion points, which are calculated using the following formula, are provided. Specifically, one share of MHC and a corresponding amount of cash per point is delivered. In principle, the portion of MHC's shares possessed in the trust are converted into cash value therein, and compensation is provided in the form of Company shares and cash at a percentage of 50:50.

Share conversion points = the number of points granted corresponding to the position and the number of months in office of the relevant person (the aggregate number of points during the three-year period of the Medium-term Management Plan) multiplied by the performance-linked coefficient based on the level of achievement of KPIs (ranging from 0 to 150%)

Stock compensation Overview of the Calculation of Share Conversion Points



(Malus and claw-back clause for stock compensation and shareholding policy)

As for stock compensation, the points or share conversion points that have already been granted can be confiscated, or money equivalent to MHC's shares, etc. that have already been delivered reclaimed, in the case of a material violation of the office regulations or internal regulations, resignation for personal reasons during the term of office against the will of MHC, dismissal for justifiable reasons, gaining employment at a competitor without MHC's permission, etc.

MHC recommends the holding of its shares by its Directors. Further, in principle, Directors shall continue to hold MHC's shares obtained during the term of their office until the time of their resignation, regardless of the number of shares held.

Other Compensation

When it is necessary for Directors (excluding Outside Directors and those who are Audit & Supervisory Committee members) to reside in an area away from home due to a transfer resulting from a change of duties or place of assignment, MHC provides such Directors with appropriate company housing. The company housing shall be properties of a general and standard level,

and the upper limit of rent by title and region shall be established beforehand. The company housing rent to be calculated based on the predetermined rate (when the total rent exceeds the limit, all of the excess amount is added to the amount for collection) shall be collected from Directors as their own expenses. (Currently, company housing is not provided to anyone eligible for this compensation.)

Directors and Executive Officers (As of June 25, 2024)

Directors



Takahiro Yanai
Director, Chairman

Born: May 4, 1958
Number of Company's Shares Owned:
24,400 (207,000)*1


April 1982 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
May 2012 Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
In charge of CIB (Corporate Investment Banking) and second in charge of Market Sales Division
Managing Officer, Deputy Group Head, Integrated Trust Assets Business Group; Deputy Group Head, Integrated Corporate Banking Business Group; and Head of the Corporate & Investment Banking Planning Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)
June 2015 Managing Director, and Chief Executive, Retail Banking Business Unit of BTMU
Managing Executive Officer; and Group Head, Integrated Retail Banking Business Group of MUFG
May 2016 Senior Managing Executive Officer; Group Head, Transaction Banking Group of BTMU
June 2017 President & CEO and Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)
April 2021 Representative Director and President & CEO, and Executive Officer of the Company
April 2023 Director and Chairman of the Company (incumbent)



Taiju Hisai
Representative Director, President & CEO

Born: April 27, 1962
Number of Company's Shares Owned:
5,300 (55,600)*1


April 1985 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
July 2011 General Manager, Investment Banking Division for the Americas, Headquarters for the Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (currently MUFG Bank, Ltd.); and President of BTMU Leasing & Finance, Inc.
July 2012 General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of BTMU; and assigned to BTMU (Europe) Limited
June 2014 Executive Officer and General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of BTMU; and assigned to BTMU (Europe) Limited
Sep. 2014 Executive Officer; Regional Executive for India; and Deputy General Manager, Corporate Banking Division for Asia and Oceania, Headquarters for Asia and Oceania of BTMU
May 2016 Managing Executive Officer in charge of Credit of BTMU
April 2018 Managing Executive Officer; and Group Head, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank)
April 2019 Senior Managing Executive Officer; and Group Head, Corporate Banking Group No. 1 of MUFG Bank
June 2021 Deputy President and Executive Officer of the Company
June 2022 Director, Deputy President, and Executive Officer of the Company
April 2023 Representative Director, President & CEO, and Executive Officer of the Company (incumbent)



Yoshitaka Shiba
Director, Audit & Supervisory Committee Member (full-time)

Born: July 25, 1961
Number of Company's Shares Owned: 0*1

April 1986 Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)
May 2009 General Manager, Kibafukagawa Commercial Banking Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (currently MUFG Bank, Ltd.)
May 2011 Deputy General Manager, Human Resources Division (Nagoya) of BTMU
June 2012 Executive Officer; and General Manager, Credit Division of BTMU
May 2014 Executive Officer; and General Manager, Internal Audit & Credit Examination Division of BTMU
May 2016 Managing Executive Officer and in charge of corporate banking offices and branches in Central Region of Japan of BTMU
July 2018 Managing Executive Officer; and Regional Head, Commercial Banking Offices and Branches in Central Region of Japan of MUFG Bank, Ltd.
April 2020 Senior Managing Corporate Executive, Group CAO, and Managing Director, Head of Internal Audit Division of Mitsubishi UFJ Financial Group, Inc. (MUFG)
April 2024 Managing Executive Officer of MUFG
May 2024 Advisor of the Company
June 2024 Director and Audit & Supervisory Committee member of the Company (incumbent)



Hiroyasu Nakata
Director, Audit & Supervisory Committee Member (Independent Outside Director)

Born: August 29, 1951
Number of Company's Shares Owned: 2,700*1

April 1977 Completed the legal apprentice course at the Legal Training and Research Institute of the Supreme Court of Japan Admitted to the bar (Daini Tokyo Bar Association) (until March 1990)
April 1990 Associate Professor at Faculty of Law and Economics, Chiba University
June 1993 Professor at Faculty of Law and Economics, Chiba University
April 1995 Professor at Faculty of Law, Hitotsubashi University
April 1999 Professor of Graduate School of Law, Hitotsubashi University
April 2003 Trustee of Hitotsubashi University
April 2008 Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law
April 2015 Emeritus Professor of Hitotsubashi University
April 2017 Professor at Waseda Law School
June 2017 Emeritus Professor of The University of Tokyo
June 2018 Audit & Supervisory Board member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)
April 2021 Director of the Company
April 2024 Director and Audit & Supervisory Committee member of the Company (incumbent)



Aiichiro Matsunaga
Representative Director, Deputy President, Overall Operation

Born: March 14, 1963
Number of Company's Shares Owned: 0 *1


April 1986 Joined Mitsubishi Corporation
May 2013 General Manager, Power Systems International Dept., New Energy & Power Generation Div. of Mitsubishi Corporation
Oct. 2013 General Manager, Power Systems International Dept., New Energy & Power Generation Div. of Mitsubishi Corporation; and Executive Vice President of Mitsubishi Corporation Machinery, Inc.
Mar. 2014 Global Environmental & Infrastructure Business Group CEO Office of Mitsubishi Corporation
April 2014 President, Mitsubishi Corporation do Brasil, S.A., Sao Paulo; Deputy Regional CEO, Latin America and the Caribbean; and General Manager, Asuncion Liaison Office
April 2017 Senior Vice President (Rij) of Mitsubishi Corporation; Regional CEO, Latin America and the Caribbean, Sao Paulo, Brazil; President, Mitsubishi Corporation do Brasil, S.A., and General Manager, Asuncion Liaison Office
April 2018 Senior Vice President (Executive Officer) of Mitsubishi Corporation; Regional CEO, Latin America and the Caribbean, Sao Paulo, Brazil; President, Mitsubishi Corporation do Brasil, S.A.; General Manager, Asuncion Liaison Office
April 2019 Executive Vice President, Group CEO, Industrial Infrastructure Group of Mitsubishi Corporation
April 2022 Executive Vice President, Group CEO, Power Solution Group, and Power & Retail DX Task Force Leader of Mitsubishi Corporation
July 2022 Executive Vice President, Group CEO, Power Solution Group of Mitsubishi Corporation
April 2024 Deputy President and Executive Officer of the Company
June 2024 Representative Director and Deputy President of the Company (incumbent)



Kazumi Anei
Director, Deputy President, Customer Solutions Unit

Born: September 18, 1960
Number of Company's Shares Owned:
56,500 (55,600)*1


April 1985 Joined Hitachi Leasing Corp. (currently the Company)
April 2003 General Manager of Sales Dept. II, Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital Corporation (Hitachi Capital)
April 2005 Head of Kansai Corporate Sales Branch, Kansai Sales Division of Hitachi Capital
April 2010 Head of Kanagawa Sales Division of Hitachi Capital
April 2014 Corporate Officer, Head of Corporate Business Division, and Co-Head of Account Sales Promotion Division of Hitachi Capital
April 2016 Executive Officer; Head of Corporate Business Division, Corporate Sales & Marketing Group; and Head of Service Business Division of Hitachi Capital
April 2018 Vice President and Executive Officer; Co-Head of Corporate Sales & Marketing Group; in charge of Japan; and Head of Environment and Energy Business, Corporate Business Division, Customer E&E Business Division of Hitachi Capital
April 2020 Senior Vice President and Executive Officer, CMO* and Head of Business Enhancement Division (in charge of Europe and the Americas) of Hitachi Capital
April 2021 Director, and Senior Managing Executive Officer of the Company
May 2021 Director, Deputy President, and Executive Officer of the Company (incumbent)
*Chief Marketing Officer



Hiroko Kaneko
Director, Audit & Supervisory Committee Member (Independent Outside Director)

Born: March 28, 1958
Number of Company's Shares Owned: 2,700*1

April 1980 Joined The Sapporo Television Broadcasting Co., Ltd.
Oct. 1989 Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
Feb. 1993 Registered as certified public accountant
May 2007 Partner, ERNST & YOUNG SHINNINHON (currently Ernst & Young ShinNihon LLC)
July 2010 Senior Partner, Ernst & Young ShinNihon LLC
April 2018 Professor at Waseda Graduate School of Accountancy
June 2018 Audit & Supervisory Board member, The Shoko Chukin Bank, Ltd.
June 2019 Director, Kanagawa Chuo Kotsu Co., Ltd.
June 2020 Audit & Supervisory Board member of Mitsubishi UFJ Lease & Finance Company Limited (currently the Company)
Feb. 2021 Member of Business Accounting Council, Financial Services Agency (incumbent)
April 2021 Director, Audit & Supervisory Committee member of the Company (incumbent)
Mar. 2022 Member of the Board, The Yokohama Rubber Co., Ltd. (incumbent)
June 2022 Director (Audit and Supervisory Committee member), Kanagawa Chuo Kotsu Co., Ltd. (incumbent)
June 2023 Audit & Supervisory Board member of Development Bank of Japan Inc. (incumbent)
June 2023 Audit & Supervisory Board member of Shin-Etsu Chemical Co., Ltd. (incumbent)



Masayuki Saito
Director, Audit & Supervisory Committee Member (Independent Outside Director)

Born: November 8, 1954
Number of Company's Shares Owned: 2,700*1


April 1977 Joined Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation)
April 2008 Executive Officer, in charge of Finance & Accounting Div. of DIC Corporation
June 2010 Director, Executive Officer and in charge of Finance & Accounting Div. of DIC Corporation
April 2011 Director, Managing Executive Officer and in charge of Finance and Accounting Div. of DIC Corporation
April 2012 Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in charge of Finance & Accounting Div. of DIC Corporation
April 2013 Representative Director, Senior Managing Executive Officer, Assistant to President and CEO, and in charge of Finance and Accounting Div. of DIC Corporation
Jan. 2016 Chairman of the Supervisory Board, Sun Chemical Group Cooperatief U.A.
Representative Director, Executive Vice President, CFO, and Assistant to President and CEO of DIC Corporation
Chairman of the Supervisory Board, Sun Chemical Group Cooperatief U.A.
Jan. 2020 Representative Director, Executive Vice President, and Assistant to President and CEO of DIC Corporation
Chairman of the Supervisory Board, Sun Chemical Group Cooperatief U.A.
Jan. 2021 Chairman of the Board of Directors of DIC Corporation
Chairman of the Supervisory Board, Sun Chemical Group Cooperatief U.A.
June 2022 Director, Audit & Supervisory Committee member of the Company (incumbent)
Mar. 2024 Advisor of DIC Corporation (incumbent)



Haruhiko Sato
Director, Managing Executive Officer, Head of Corporate & Strategic Planning Division, CFO

Born: June 19, 1965
Number of Company's Shares Owned:
0 (31,900)*1

April 1989 Joined Mitsubishi Corporation
Nov. 2002 Mitsubishi International GmbH (based in Dusseldorf)
Jan. 2007 Finance Director, Moscow Office of Mitsubishi Corporation
April 2009 Treasurer Office of Mitsubishi Corporation
April 2011 Deputy General Manager, Structured Finance, M&A Advisory Dept. of Mitsubishi Corporation
Mar. 2014 Senior Vice President, Corporate Staff Section and CFO of Mitsubishi Corporation (Americas)
April 2019 General Manager, Power Solution Administration Department of Mitsubishi Corporation
April 2021 Director, Managing Executive Officer of the Company (incumbent)



Yuri Sasaki
Director (Independent Outside Director)

Born: May 26, 1967
Number of Company's Shares Owned: 1,300*1


April 1995 Assistant at Hitotsubashi University (Faculty of Commerce and Management)
April 1998 Assistant Professor of Faculty of Commerce, Takachiho University of Commerce (current Takachiho University)
April 2001 Assistant Professor of Faculty of Economics, Meiji Gakuin University
April 2006 Visiting Scholar at University of Washington
April 2007 Professor of Faculty of Economics, Meiji Gakuin University (incumbent)
June 2014 Director of JBA TIBOR Administration
Jan. 2015 Expert Committee member of Financial System Council of Financial Services Agency (incumbent)
Nov. 2015 Visiting Scholar at University of Washington
June 2018 Director of Hitachi Capital Corporation (currently the Company)
April 2020 Dean of Faculty of Economics, Meiji Gakuin University
April 2021 Director of the Company (incumbent)
July 2022 Director of Meiji Yasuda Life Insurance Company (incumbent)



Kayoko Kawamura
Director (Independent Outside Director)

Born: July 12, 1964
Number of Company's Shares Owned: 0*1

April 1987 Joined IBM Japan, Ltd.
Aug. 1999 Executive Assistant to the GM of Global Services, IBM Asia Pacific and Japan
Jan. 2006 Manager, Global Delivery Solution of IBM Japan, Ltd.
April 2008 Director, Head of Open System Development of IBM Japan, Ltd.
July 2009 Director, Head of Financial Service Delivery - Application Management Service Delivery of IBM Japan, Ltd.
May 2010 Director (non-executive), Regional Bank Solution and Services Co., Ltd. (until March 2015)
Mar. 2021 Director (non-executive), IBM Global Services Japan Collaboration Solutions and Services Company (until March 2015)
Jan. 2012 Director, Head of Application Management Service Delivery of IBM Japan, Ltd.
Mar. 2012 Director (non-executive), D&I Information Systems Inc. (until March 2015)
Director (non-executive), MLI Systems Inc. (until March 2015)
July 2016 Director, Head of Sales, Technology Support Service of IBM Japan, Ltd.
Jan. 2019 Director, Head of Business Consulting of Teradata Japan, Ltd.
April 2021 Director, Head of Business Consulting, Executive Officer of Teradata Japan, Ltd.
July 2021 Senior Director, Customer Support Services, Executive Officer of Teradata Japan, Ltd. (incumbent)
June 2024 Director of the Company (incumbent)



Shota Kondo
Director (Outside Director)

Born: September 27, 1967
Number of Company's Shares Owned: 0*1

April 1991 Joined Mitsubishi Corporation
May 2013 General Manager, Russia Business Dept., Natural Gas Business Div. of Mitsubishi Corporation
April 2016 General Manager, Shale Gas Business Dept., Natural Gas Business Div. of Mitsubishi Corporation
April 2017 General Manager, Canada Oil & Gas Business Dept., Energy Resources Div. B of Mitsubishi Corporation
April 2019 General Manager, Houston Branch of Mitsubishi Corporation (Americas); and General Manager, Houston Branch of Mitsubishi International Corporation
April 2020 General Manager, Natural Gas Group CEO Office of Mitsubishi Corporation
April 2021 Senior Vice President, and General Manager, Natural Gas Group CEO Office of Mitsubishi Corporation
April 2022 Senior Vice President, and General Manager, Corporate Strategy & Planning Dept. of Mitsubishi Corporation
April 2024 Executive Vice President, and Group CEO, Smart-Life Creation Group of Mitsubishi Corporation (incumbent)
May 2024 Director of Lawson, Inc. (incumbent)
June 2024 Director of OK Corporation (incumbent)
June 2024 Director of the Company (incumbent)

*1 Number of shares held as of March 31, 2024. Figures in parentheses represent the number of potential shares. This states the number of shares subject to stock acquisition rights under the stock compensation-type stock option system granted in the past.

Executive Officers *1indicates additional post of Director and Corporate Executive Officer

● President & CEO			Nozomu Naruse	Customer Solutions Unit Head of Vendor Solutions Division Commissioned as General Manager of Vendor Solutions Business Department, Vendor Solutions Division Representative Director of Mitsubishi HC Business Lease Corporation
Taiju Hisai*				
● Deputy Presidents			Hiroshi Ikebe	Head of Credit Division Head of Risk Management Division CCMO*2 CCO*3 CISO*4
Aiichiro Matsunaga*	Overall Operation			
Kazumi Anei*	Customer Solutions Unit			
● Senior Managing Executive Officers				
Masashi Takeda	Head of ASEAN Division, Global Business Unit Director of Mitsubishi HC Capital Asia Pacific Pte. Ltd.			
Osamu Muramoto	Global Business Unit Head of Europe Division, Global Business Unit		Hisashi Ishimaki	Head of Mobility Business Division Head of Logistics Business Division Chairman of CAI International, Inc. Chairman of PNW Railcars, Inc.
● Managing Executive Officers				
Kazuhiko Takeuchi	Commissioned as General Manager of Corporate & Strategic Planning Department Head of IT & Operations Division		Katsuya Kitahara	Head of Business Promotion & Strategic Planning Division, Customer Solutions Uni
Shinji Tanaka	Head of Sector Business Division, Customer Solutions Unit (joint head)		Makoto Sawada	Head of Sector Business Division, Customer Solutions Unit (joint head)
Takeo Nakai	Head of Japan Area Business Division, Customer Solutions Unit (joint head) Deputy Head of Industrial Machinery Business Division, Customer Solutions Unit		Yuji Suzuki	Head of Japan Area Business Division, Customer Solutions Unit (joint head)
Kazunori Hamazaki	Internal Audit Department		Masahiko Tanimura	Head of Americas Division, Global Business Unit Chairman of Mitsubishi HC Capital America, Inc.
Yasuyuki Hirota	Head of Global Business Promotion Division and Head of China Division, Global Business Unit Director Chairman of Mitsubishi HC Capital Management (China) Limited Director Chairman of Mitsubishi HC Capital (Hong Kong) Limited		Katsuji Okamoto	Head of Real Estate Business Division
Yukio Maruyama	Head of Japan Area Business Division, Customer Solutions Unit (joint head)		Yasuhiro Sato	Head of Industrial Machinery Business Division, Customer Solutions Unit
Haruhiko Sato*	Head of Corporate & Strategic Planning Division CFO		Takuji Naruse	Head of Environment & Energy Business Division
			Toru Fukuyama	General Manager of Audit and Supervisory Committee Office
			Takashi Yamaguchi	Head of Human Resources & General Affairs Division Deputy Head of Risk Management Division
			Naoshi Ogikubo	Deputy Head of Corporate & Strategic Planning Division
			Yasuyuki Kusakari	Head of Aviation Business Division Chairman of JSA International Holdings, L.P.

*2 Chief Crisis Management Officer
*3 Chief Compliance Officer
*4 Chief Information Security Officer

Financial Information

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Revenues (Millions of yen)	1,765,559	1,896,231	1,950,583
Gross profit (Millions of yen)	334,661	357,327	380,095
Operating income (Millions of yen)	114,092	138,727	146,176
Recurring income (Millions of yen)	117,239	146,076	151,633
Net income attributable to owners of the parent (Millions of yen)	99,401	116,241	123,842
Customer Solutions	32,692	38,167	38,159
Global Business	40,856	29,013	16,609
Environment & Energy	2,278	11,657	7,331
Aviation	5,682	6,209	27,338
Logistics	815	15,385	17,835
Real Estate	12,395	12,645	11,934
Mobility	3,134	3,798	2,796
Adjustments			
Total assets (Millions of yen)	10,328,872	10,726,196	11,149,858
Segment assets (Millions of yen)	9,345,376	9,632,966	10,179,473
Customer Solutions	3,337,672	3,227,742	2,966,569
Global Business	2,316,383	2,644,283	3,070,801
Environment & Energy	419,399	433,296	416,600
Aviation	1,365,126	1,640,232	2,020,037
Logistics	1,026,757	1,092,910	1,099,079
Real Estate	712,700	447,277	525,414
Mobility	129,429	41,402	51,952
Adjustments			
Interest-bearing debt (Millions of yen)	8,066,082	8,236,106	8,439,792
Total equity (Millions of yen)	1,333,467	1,551,029	1,705,345
Cash flows (Millions of yen)			
Operating activities	195,845	46,752	(49,128)
Investing activities	(107,879)	(127,322)	143,336
Financing activities	(192,157)	(8,948)	(222,977)
Cash and cash equivalents at the end of the year (Millions of yen)	520,083	460,486	335,307
Equity ratio (%)	12.7	14.3	15.1
ROE (%)	8.0	8.2	7.7
ROA (%)	1.0	1.1	1.1
New transactions volume (Billions of yen)	2,507.8	2,640.6	3,051.9
Per-share indicators			
Earnings (yen)	69.24	80.95	86.30
Equity (yen)	912.19	1,064.46	1,174.88
Dividend (yen)	28.0	33.0	37.0
Payout ratio (%)	40.4	40.8	42.9

Non-financial Information

Environment

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Total energy usage (GJ) (consolidated)	200,441	186,017	180,385
GHG emissions (t-CO2e) (consolidated)	Scope 1	3,449	3,211
	Scope 2 (location based)	7,880	6,786
	Scope 2 (market based)	6,606	4,546
	Scope 1+2 total (market based)	10,055	7,757
	Scope 3 total	18,565	18,302
Output of renewable energy in operation (MW)	Total	1,205	1,366
	Solar power generation	907	1,020
	Wind power generation	298	340

*1 Obtained the third-party assurance (consolidated)

*2 Started calculating categories 13 and 15 from fiscal 2023

Society

	Fiscal 2021	Fiscal 2022	Fiscal 2023
No. of employees (people) (unconsolidated)	Total	2,235	2,182
	Male	1,361	1,307
	Female	874	875
Composition of employees (by country or region) (people) (unconsolidated)	Total	2,235	2,182
	Japan	2,229	2,174
	Europe	0	0
	The Americas	4	5
	China	0	0
	ASEAN	2	3
Ratio of female managers (%) (unconsolidated)	14.0	14.0	16.0
Average annual salary (all employees, millions of yen) (unconsolidated)	8.7	9.2	9.7
Wage ratio between male and female full-time employees (female average wage/male average wage) (%) (unconsolidated)	-	65.4	65.5
No. of new graduate hires (people) (unconsolidated)	58	30	46
Career recruitment ratio (%) (unconsolidated)*3	37.0	49.2	56.6
Employment ratio for people with disabilities (annual average, %) (unconsolidated)	2.4	2.5	2.7
Turnover rate (for personal reasons) (%) (unconsolidated)	3.4	2.4	2.4
Ratio of taking childcare leave (male) (%) (unconsolidated)	82.3	97.1	113.0
Ratio of taking childcare leave (female) (%) (unconsolidated)	103.3	97.4	103.0
Total working hours per employee (annual, hours) (unconsolidated)	-	1,945.5	1,962.6
Total overtime working hours per employee (annual, hours) (unconsolidated)	-	232.6	225.6
Average monthly overtime hours per employee (hours) (unconsolidated)	-	19.4	18.8
Rate of annual paid holidays taken by employees (%) (unconsolidated)	63.7	68.7	74.4
Average training hours per employee (annual, hours) (unconsolidated)	-	30.1	29.4
Average training expenditure per employee (annual, yen) (unconsolidated)	-	99,407	180,230

*3 Due to changes in the calculation criteria, past figures have also been reviewed.

Governance*4

	Fiscal 2021	Fiscal 2022	Fiscal 2023
No. of Directors	15	14	12
No. of Outside Directors	7	7	6
No. of female Directors	2	2	2

*4 All as of June 30 of each fiscal year

Corporate Information

Corporate Profile (As of July 1, 2024)

Company name	Mitsubishi HC Capital Inc.
Head Office	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan
Representative	Representative Director, President & CEO Taiju Hisai
Number of Employees	Consolidated: 8,424; Non-consolidated 2,140 (As of March 31, 2024)
Main Business Activities	ActivitiesLeasing, installment sales, various types of financing, etc.
Stock Listings	Tokyo Stock Exchange (TSE) Prime Market Nagoya Stock Exchange (NSE) Premier Market
Paid-in Capital	¥33,196 million



Marunouchi Office

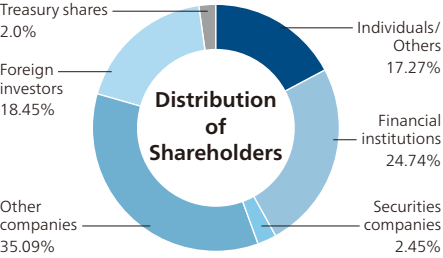
External Evaluations

External Credit Ratings (As of March 31, 2024)

Rating Agency	Long-term	Short-term
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA	
	Issued registered bond preliminary rating: AA Planned issuance amount: 600 billion yen Planned issuance period: 2 years from September 1, 2023	Commercial papers Issuance limit: 1,300 billion yen Rating: J-1+
	Euro MTN Program: AA Issuance limit: Equivalent of US\$6 billion	
Rating and Investment Information, Inc. (R&I)	Long-term issuer rating: AA	
	Issued registered bond preliminary rating: AA Planned issuance amount: 600 billion yen Planned issuance period: September 1, 2023 to August 31, 2025	Commercial papers Issuance limit: 1,300 billion yen Rating: a-1+
	Euro MTN Program: AA Issuance limit: Equivalent of US\$6 billion	
Moody's	Long-term issuer rating: A3	—
	Euro MTN Program: A3 Issuance limit: Equivalent of US\$6 billion	
S&P	Long-term issuer rating: A-	Short-term issuer rating: A-2

Stock Information (As of March 31, 2024)

Authorized shares	4,800,000,000
Total number of issued shares	1,466,912,244 (Excluding 29,804,554 treasury shares)
Number of shareholders	337,992



Major Shareholders

Name	Shares held (Thousand shares)	Ownership (%)
Mitsubishi Corporation	264,044	18.37
Mitsubishi UFJ Financial Group, Inc.	208,345	14.49
The Master Trust Bank of Japan, Ltd. (Trust account)	125,617	8.74
Custody Bank of Japan, Ltd. (Trust account)	65,927	4.58
MUFG Bank, Ltd.	50,348	3.50
Mitsubishi UFJ Trust and Banking Corporation	28,431	1.97
Meiji Yasuda Life Insurance Company	27,990	1.94
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	16,345	1.13
JP MORGAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,019	0.83
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,419	0.79

(Note) Treasury shares (29,804,554 shares) are excluded when calculating ownership.

Selection as an index stock for SRI (Socially Responsible Investment)

FTSE Russell

The Company has been selected as a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, performance indexes of Japanese companies that excel in addressing ESG issues, developed by global index broker FTSE Russell.



S&P/JPX Carbon Efficient Index

S&P Dow Jones Indices, LLC (S&P), a global index provider, and the Tokyo Stock Exchange, a member of the Japan Exchange Group (JPX), have jointly developed an ESG index (stock price index), and the Company's stock has been included in this index since 2018, the year it was launched.



Sompo Sustainability Index

The Company has been selected for the Sompo Sustainability Index, a composite of about 300 companies that are making remarkable efforts in ESG, established by Sompo Asset Management.



Participation in initiatives

Signatory to the UN Global Compact

We will contribute to the realization of a sustainable society by adhering to the 10 principles in the four areas of human rights, labor, environment, and anti-corruption advocated by the United Nations Global Compact (UNGC), and by promoting sustainability initiatives.



External Evaluations / Participation in Initiative
<https://www.mitsubishi-hc-capital.com/english/sustainability/valuation.html>

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