

[NOTICE: This Notice of Convocation is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.]

Securities code: 8593

June 7, 2023

(Commencement date of electronic provision measures: May 26, 2023)

**NOTICE OF CONVOCAION OF
THE 52nd ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 52nd Annual General Meeting of Shareholders (the “Meeting”) of Mitsubishi HC Capital Inc. (the “Company”) will be held as described below.

If you will not attend the Meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the attached “Reference Materials Concerning the General Meeting of Shareholders.”

Yours very truly,

Mitsubishi HC Capital Inc.
Taiju Hisai
Representative Director, President & CEO
5-1, Marunouchi 1-chome,
Chiyoda-ku, Tokyo

PARTICULARS

1. Date and Time of the Meeting: Tuesday, June 27, 2023, at 10:00 a.m.
(Reception scheduled to open at 9:30 a.m.)
2. Place of the Meeting: Tsuru (West), The Main Bldg. Banquet Floor, Hotel New Otani
at 4-1 Kioi-cho, Chiyoda-ku, Tokyo
3. Matters to be dealt with at the Meeting:

Matters for Reporting:

- (1) The Details of Business Report for the 52nd Fiscal Year (from April 1, 2022 to March 31, 2023) and the Consolidated Financial Statements, and Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
- (2) The Details of the Financial Statements for the 52nd Fiscal Year (from April 1, 2022 to March 31, 2023).

Matters for Resolution:

- | | |
|-------------------------|--|
| First Item of Business | Election of 8 (Eight) Directors (Excluding Directors who are Audit and Supervisory Committee Members) |
| Second Item of Business | Determination of the Amount and Other Details of the Compensation Based on the Performance-Based Stock |

Compensation Plan for Directors, etc. (Excluding Non-executive Directors and Non-residents in Japan)
Excluding Directors who are Audit and Supervisory Committee Members

4. Matters concerning the electronic provision measures:

When convening this general meeting of shareholders, the Company has taken measures for electronic provision and has posted matters subject to the electronic provision measures on the following websites on the Internet.

The Company's website:

(<https://www.mitsubishi-hc-capital.com/english/investors/meeting/index.html>)

Tokyo Stock Exchange website:

(<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>)

To view the information, please access the website shown above, input the Company name or securities code (8593), and click "Search," and then click "Basic information" and "Documents for public inspection/PR information" in this order.

The Nagoya Stock Exchange website:

(<https://www.nse.or.jp/listing/search/>; available only in Japanese)

To view the information, please access the website shown above, input the Company name or securities code (8593), and click "Search," and then select "Timely disclosure information" and select "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" field.

"Online convocation (*Net de Shoshu*)":

(<https://s.srdb.jp/8593/>, available only in Japanese)

- End -

⊙ This notice of convocation of the Meeting delivered to the shareholders does not include the following matters in the Business Report, the Consolidated Financial Statements, and the Financial Statements that are subject to audit by the Audit and Supervisory Committee and the Accounting Auditor in preparing the Audit Reports. Please refer to "Other matters subject to the electronic provision measures (matters omitted from documents delivered to shareholders)" posted on each website shown above for the following matters.

(1) Part of the matters concerning the status of the Group (Changes in assets and income (loss), Principal business, Locations, Status of employees, Main lenders, Other important matters concerning the status of the Group), (2) Matters concerning the Company's shares, (3) Matters concerning share acquisition rights, (4) Part of the matters concerning the Company's officers (Overview of limited liability agreements, Matters concerning directors and officers liability insurance agreement, Matters concerning Outside Director), (5) Status of the accounting auditor, (6) System for ensuring appropriate business operation and overview of its operating status, (7) Consolidated statement of changes in equity, (8) Notes on consolidated financial statements, (9) Non-consolidated statement of changes in equity, and (10) Notes on non-consolidated financial statements

⊙ If any amendments are made to matters subject to the electronic provision measures, such amendments will be posted on the respective websites where the matters are posted.

Guidance on Exercising Voting Rights

If attending the Meeting in person

Please submit the enclosed voting rights exercise form to the receptionist at the Meeting.

If you are not attending the Meeting in person, you can designate one shareholder holding voting rights as your proxy to attend the Meeting. In such case, however, a document evidencing his/her appointment as proxy is required.

Date and time of the Meeting ▶▶▶ Tuesday, June 27, 2023, at 10:00 a.m.
(Reception scheduled to open at 9:30 a.m.)

If refraining from attending the Meeting

Exercise of voting rights in writing (voting rights exercise form)

Please indicate your votes for or against the items of business on the enclosed voting rights exercise form and send the completed form to the Company by return mail.

Please note that if there is no indication of your vote for or against an item of business, we will deem that you have voted for that item of business.

Deadline ▶▶▶ Monday, June 26, 2023, reach the Company no later than 5:10 p.m.

Exercise of voting rights via the Internet

Please access the voting rights exercise website (<https://evote.tr.mufg.jp/>) via the Internet, and exercise your voting rights.

Please note that the website is available in Japanese only.

Deadline ▶▶▶ Monday, June 26, 2023, no later than 5:10 p.m.

For details, please review the “Instructions for Exercising Voting Rights via the Internet” shown on page 4.

If any voting rights are exercised both via the Internet and by voting rights exercise form, the one exercised via the Internet will be deemed valid. In cases where any voting rights are exercised more than once via the Internet, the last voting rights exercised will be deemed valid.

Electronic Voting Rights Exercise Platform	Nominee shareholders (including standing proxies) such as trust and custody service banks can use the electronic voting rights exercise platform operated by ICJ, Inc., if they have made prior applications to use the platform.
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<Instructions for Exercising Voting Rights via the Internet>

Please use your “login ID” and “temporary password” provided on the voting rights exercise form to log on to the voting rights exercise website (<https://evote.tr.mufg.jp/>), and state your approval or disapproval by following the instructions on the screen. Please note that the website is available in Japanese only.

For inquiries regarding the system, etc. (Helpdesk)	Corporate Agency Division Mitsubishi UFJ Trust and Banking Corporation 0120-173-027 (toll-free within Japan) from 9:00 a.m. to 9:00 p.m.
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About Live Streaming for the Meeting and Prior Questions

The General Meeting of Shareholders will be broadcasted live to shareholders via Internet so that you can see it from anywhere.

In addition, in order to receive a number of opinions by shareholders, we are accepting prior questions regarding the objectives of this meeting via the Internet.

Please note that only Japanese is available for these.

For details, refer to the Notice of Convocation in Japanese.

[TRANSLATION]

REFERENCE MATERIALS CONCERNING
THE GENERAL MEETING OF SHAREHOLDERS

Items of Business and Reference Matters

(Reference) Composition of Directors Subject to Approval of the First Item of Business

The candidates for the first item of business are as follows.

Number	Candidate's Name	Current Position and Responsibility at the Company	Areas of Expertise (Note)				
			Management	Finance	Treasury	Law	Global
1	<u>Reappointment</u> Mr. Takahiro Yanai	Director, Chairman	●	●			
2	<u>Reappointment</u> Mr. Taiju Hisai	Representative Director, President & CEO	●	●			●
3	<u>Reappointment</u> Mr. Kanji Nishiura	Representative Director, Deputy President overall operation	●				●
4	<u>Reappointment</u> Mr. Kazumi Anei	Director, Deputy President Customer Solutions Unit	●	●			
5	<u>Reappointment</u> Mr. Haruhiko Sato	Director, Managing Executive Officer Head of Corporate & Strategic Planning Division Head of CFO (Chief Financial Officer)			●		●
6	<u>Reappointment</u> Mr. Hiroyasu Nakata	<u>Outside Director</u> <u>Independent Director</u>	Director				●
7	<u>Reappointment</u> Ms. Yuri Sasaki	<u>Outside Director</u> <u>Independent Director</u>	Director		●		
8	<u>Reappointment</u> Mr. Takuya Kuga	<u>Outside Director</u>	Director	●			●

(Reference) The terms of office of 4 (four) Directors who are Audit and Supervisory Committee members will expire at the close of the Annual General Meeting of Shareholders of the Company to be held in June 2024 pursuant to the provisions of Article 332 of the Companies Act and Article 22 of the Company's Articles of Incorporation. Therefore, re-election will not take place at this Meeting.

Number	Candidate's Name	Current Position and Responsibility at the Company	Areas of Expertise (Note)				
			Management	Finance	Treasury	Law	Global
1	Mr. Akira Hamamoto	Director (Chair of the Audit and Supervisory Committee)	●	●		●	
2	Mr. Koichiro Hiraiwa	<u>Outside Director</u> <u>Independent Director</u>	●	●			
3	Ms. Hiroko Kaneko	<u>Outside Director</u> <u>Independent Director</u>				●	
4	Mr. Masayuki Saito	<u>Outside Director</u> <u>Independent Director</u>	●		●		●

Outside Director

Candidate for Outside Director

Independent Director

Candidate to be registered with the Tokyo Stock Exchange and the Nagoya Stock Exchange as independent director

(Note) The areas of expertise are as follows. Management: Overall management; Finance: Finance; Treasury: Financial accounting; Law: Legal affairs, compliance, and risk management; Global: Global business

First Item of Business Election of 8 (Eight) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all 8 (eight) Directors (excluding Directors who are Audit and Supervisory Committee members) will expire at the close of this Meeting. Accordingly, you are hereby requested to newly elect 8 (eight) Directors.

Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
1	<p style="text-align: center;"><u>Reappointment</u> Takahiro Yanai (May 4, 1958)</p>	<p>April 1982 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2012 Managing Executive Officer, of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) In charge of CIB (Corporate Investment Banking) and Secondarily in charge of Market Sales Division of BTMU 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)</p> <p>June 2015 Managing Director, Chief Executive, Retail Banking Business Unit of BTMU Managing Executive Officer, Group Head, Integrated Retail Banking Business Group of MUFG</p> <p>May 2016 Senior Managing Executive Officer, Group Head, Transaction Banking Group of BTMU</p> <p>June 2017 President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (MUL) (currently the Company) Concurrently served as Executive Officer of MUL</p> <p>April 2021 Representative Director, President & CEO of the Company Concurrently served as Executive Officer of the Company</p> <p>April 2023 Director, Chairman of the Company (incumbent)</p>	21,600
<p>Reasons for proposing the candidate as Director</p> <p>Since 2017, Mr. Takahiro Yanai had served as the President & CEO of Mitsubishi UFJ Lease & Finance Company Limited based on a wealth of management experience at major Japanese financial institutions. He has a wealth of management 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, 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 are therefore reappointing him as a candidate for Director.</p>			
<p>Attendance at Board of Directors meetings (FY2022): 14 out of 14 times (100%)</p>			

Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
2	<p style="text-align: center;"> Reappointment Taiju Hisai (April 27, 1962) </p>	<p>April 1985 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>July 2012 General Manager, Corporate Banking Division for Europe, Middle East and Africa, Headquarters for Europe, Middle East and Africa of The Bank of Tokyo- Mitsubishi UFJ, Ltd. (BTMU) Concurrently assigned to BTMU (Europe) Limited</p> <p>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 Concurrently assigned to BTMU (Europe) Limited</p> <p>September 2014 Executive Officer, Regional Executive for India Concurrently served as Deputy General Manager, Corporate Banking Division for Asia and Oceania, Headquarters for Asia and Oceania of BTMU</p> <p>May 2016 Managing Executive Officer, in charge of Credit of BTMU</p> <p>April 2018 Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank, Ltd. (MUFG Bank)</p> <p>April 2019 Senior Managing Executive Officer and Group Head, Corporate Banking Group No. 1 of MUFG Bank</p> <p>June 2021 Deputy President of the Company Concurrently served as Executive Officer of the Company</p> <p>June 2022 Director, Deputy President of the Company Concurrently served as Executive Officer of the Company</p> <p>April 2023 Representative Director, President & CEO of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)</p>	3,700
<p>Reasons for proposing the candidate as Director</p> <p>Since 2021, Mr. Taiju Hisai had served as the 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 are therefore reappointing him as a candidate for Director.</p>			
<p>Attendance at Board of Directors meetings (FY2022): 11 out of 11 times (100%)</p>			

	<p>Reasons for proposing the candidate as Director</p> <p>Since 2021, Mr. Kanji Nishiura has served as the Representative Director, 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. 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 are therefore reappointing him as a candidate for Director.</p> <p>Attendance at Board of Directors meetings (FY2022): 14 out of 14 times (100%)</p>
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Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
4	<u>Reappointment</u> Kazumi Anei (September 18, 1960)	April 1985 Joined Hitachi Leasing Corp. (currently the Company)	51,300
		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 2011 Head of Tokyo Sales Division III, Corporate Business Division of Hitachi Capital	
		October 2011 Co-Head of Corporate Business 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 2015 Corporate Officer and Head of Corporate Business Division, Corporate Sales & Marketing Group 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 2017 Executive Officer, Corporate Sales & Marketing Group, in charge of Japan, and Head of Customer E&E 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 2019 Vice President and Executive Officer, Co-Head of Corporate Sales & Marketing Group, and Chief Executive for Japan, Corporate Sales & Marketing Group of Hitachi Capital	
		April 2020 Senior Vice President and Executive Officer, Chief Marketing Officer, and Head of Business Enhancement Division (in charge of Europe and the Americas) of Hitachi Capital	
		April 2021 Director, Senior Managing Executive Officer of the Company May 2021 Director, Deputy President of the Company (incumbent) Concurrently serves as Executive Officer of the Company (incumbent)	

	<p>Reasons for proposing the candidate as Director</p> <p>Mr. Kazumi Anei had served as an Executive Officer and the Chief Marketing Officer of Hitachi Capital Corporation since 2016 and 2020, respectively, and since 2021, he has led the overall business of the Company as the 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 are therefore reappointing him as a candidate for Director.</p>
	<p>Attendance at Board of Directors meetings (FY2022): 14 out of 14 times (100%)</p>

Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
5	<u>Reappointment</u> Haruhiko Sato (June 19, 1965)	April 1989 Joined Mitsubishi Corporation November 2002 Mitsubishi International GmbH January 2007 Moscow Office of Mitsubishi Corporation April 2009 Treasurer Office of Mitsubishi Corporation March 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) Concurrently serves as Executive Officer of the Company (incumbent)	0
Reasons for proposing the candidate as Director Mr. Haruhiko Sato currently assumes the positions of the Head of Corporate & Strategic Planning Division and Head of Treasury & Accounting Division, 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 are therefore reappointing him as a candidate for Director.			
Attendance at Board of Directors meetings (FY2022): 14 out of 14 times (100%)			

Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
6	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Independent Director</div> Hiroyasu Nakata (August 29, 1951)	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 (incumbent) (Important Status in Other Companies) –	1,300
Reasons for proposing the candidate as Director and roles expected of the candidate			
Mr. Hiroyasu Nakata has deep knowledge as a legal expert. He had contributed to appropriate decision making and supervision of overall management by the Board of Directors as an independent Outside Director. We are therefore reappointing him as a candidate for Director. 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 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.			
Attendance at Board of Directors meetings (FY2022): 14 out of 14 times (100%)			
Term of office as an Outside Director: 2 years and 3 months			

Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
7	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Independent Director</div> Yuri Sasaki (May 26, 1967)	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 (incumbent) January 2015 Expert Committee Member of Financial System Council of Financial Services Agency (incumbent) November 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) (Important Status in Other Companies) Professor of Faculty of Economics, Meiji Gakuin University Director of Meiji Yasuda Life Insurance Company	1,100
Reasons for proposing the candidate as Director and roles expected of the candidate			
<p>Ms. Yuri Sasaki has academic knowledge as a university professor, as well as outstanding insight and wealth of experience as an international finance researcher. She had contributed to appropriate decision making and supervision of overall management by the Board of Directors as an independent Outside Director. We are therefore reappointing her as a candidate for Director. We expect her to use her knowledge and experience 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.</p>			
Supplementary information on independence			
<p>Ms. Yuri Sasaki has satisfied the “Independence Standards for Outside Directors” set forth by the Company.</p>			
<p>She is currently a Director of Meiji Yasuda Life Insurance Company. However, the transaction amount for fiscal 2022 between Meiji Yasuda Life Insurance Company and the Company's group was less than 1% of the insurance premiums and other income of Meiji Yasuda Life Insurance Company and consolidated revenues of the Company. Therefore, such relationship would not affect her independence.</p>			
Attendance at Board of Directors meetings (FY2022): 14 out of 14 times (100%)			
Term of office as an Outside Director: 2 years and 3 months			

Number	Candidate's Name (Date of Birth)	Career Summary, Position, Responsibility and Representative Status in Other Companies	Number of Company's Shares Owned
8	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Outside Director</div> Takuya Kuga (December 5, 1963)	<p>April 1986 Joined Mitsubishi Corporation</p> <p>December 1997 Seconded to MC Realty, Inc. (Vice President) (Dallas, Los Angeles from June 1999) (until February 2003)</p> <p>April 2008 Seconded to Diamond Realty Management Inc.</p> <p>May 2008 President & Representative Director, Diamond Realty Management Inc.</p> <p>July 2009 Seconded to Mitsubishi Corp.-UBS Realty Inc.</p> <p>October 2009 President & Chief Executive Officer of Mitsubishi Corp.-UBS Realty Inc.</p> <p>July 2013 General Manager, Strategic Planning Office, Real Estate Development & Construction Division of Mitsubishi Corporation</p> <p>April 2015 General Manager, Urban Development Department, Real Estate Development & Construction Division of Mitsubishi Corporation</p> <p>April 2016 Division COO, Real Estate Development & Construction Division of Mitsubishi Corporation (Concurrently) General Manager, North America Real Estate Development Department of Mitsubishi Corporation</p> <p>October 2016 Division COO, Real Estate Business Division of Mitsubishi Corporation (Concurrently) General Manager, North America Real Estate Development Department of Mitsubishi Corporation</p> <p>January 2017 Division COO, Real Estate Business Division of Mitsubishi Corporation</p> <p>April 2017 Senior Vice President, Division COO, Real Estate Business Division of Mitsubishi Corporation</p> <p>April 2019 Senior Vice President, Division COO, Urban Infrastructure Division of Mitsubishi Corporation</p> <p>November 2019 Senior Vice President, General Manager, Urban Development Group CEO Office, Mitsubishi Corporation</p> <p>April 2022 Executive Vice President and Group CEO, Urban Development Group of Mitsubishi Corporation (incumbent)</p> <p>June 2022 Director of the Company (incumbent)</p> <p>(Important Status in Other Companies) Executive Vice President and Group CEO, Urban Development Group of Mitsubishi Corporation</p>	300

	<p>Reasons for proposing the candidate as Director and roles expected of the candidate</p> <p>Mr. Takuya Kuga has a wealth of management experience at a major Japanese general trading company, as well as deep knowledge in Japanese and international businesses. He has used 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 are therefore reappointing him as a candidate for Director.</p> <p>As Mr. Kuga 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.</p> <p>Among other positions, including overseas assignments in the U.S., he had served as Division COO, Real Estate Business Division and Division COO, Urban Infrastructure Division. Currently he assumes a position of the Group CEO, Urban Development Group. We expect to utilize Mr. Kuga's management experience and extensive knowledge in overall Japanese and international businesses for the Company's management and effectively utilize advice from him, who has 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.</p> <p>Mr. Kuga 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.</p> <p>Attendance at Board of Directors meetings (FY2022): 11 out of 11 times (100%)</p> <p>Term of office as an Outside Director: 1 year and 0 months</p>
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- (Notes) 1. Mr. Kanji Nishiura will assume the position of Outside Director of Sumitomo Metal Mining Co., Ltd., effective June 23, 2023.
2. There are no special interests between each candidate and the Company.
3. Mr. Hiroyasu Nakata, Ms. Yuri Sasaki, and Mr. Takuya Kuga are appointed as candidates for Outside Director provided for in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements (Liability Limitation Agreements) with Mr. Takahiro Yanai, Mr. Hiroyasu Nakata, Ms. Yuri Sasaki, and Mr. Takuya Kuga to limit their liability for damages, to the extent of the minimum amount of liability provided for under laws and regulations, if the requirements provided for under laws and regulations are met with respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act. If this item of business is approved, the Company plans to renew these agreements without making changes to their contents.
5. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430, Paragraph 3, Item 1 of the Companies Act with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, etc., said insurance agreement shall cover damages including compensation for damages and legal expenses to be borne by the insured parties. The candidates for Director in this item of business are to be included as insured parties in said insurance agreement. The agreement is to be renewed with the same contents when the agreement is next up for renewal.
6. The Company has registered Mr. Hiroyasu Nakata and Ms. Yuri Sasaki with the Tokyo Stock Exchange and the Nagoya Stock Exchange as independent officers, and if this item of business is approved, the Company will continue to register said candidates with said stock exchanges.
7. Mr. Hiroyasu Nakata and Ms. Yuri Sasaki have not been involved in corporate management in any way other than assuming office as Outside Director or Outside Statutory Auditor.; however, we believe that they will be able to properly perform their duties as Outside Directors for the reasons stated in "Reasons for proposing the candidate as Director and roles expected of the candidate."
8. Mr. Taiju Hisai and Mr. Takuya Kuga were newly elected as Directors at the General Meeting of Shareholders held on June 28, 2022. Accordingly, the attendance at the Board of Directors meetings held on and after June 28, 2022 is provided.

Opinions of the Audit and Supervisory Committee

The Audit and Supervisory Committee has confirmed the status of deliberations of the Nomination Committee and the Compensation Committee with respect to the election and compensation of Directors (excluding those who are members of the Audit and Supervisory Committee).

After such deliberation and as a result of careful review by the Audit and Supervisory Committee, it has concluded that there are no particular problems with the procedures for electing the candidates, that each candidate has been elected in accordance with the Company's Selection Standards for Directors, and that each candidate is qualified to serve as a Director of the Company.

The Committee have also determined that there are no particular problems with the procedures for determining the remuneration of each Director (excluding those who are Audit and Supervisory Committee members) and that the content of such remuneration is appropriate.

<Reference>

● The Company's Selection Standards for Directors

1. Directors should be mentally and physically sound enough to execute business.
2. Directors should be persons who are well respected, possess excellent integrity and hold themselves to high ethical standards.
3. Directors should have a law-abiding spirit.
4. Directors should be expected to have the ability to make objective judgments regarding management and have excellent insight and perspicacity.
5. Based on the candidates' knowledge, experience, ability, etc., it should be reasonably considered that the candidates will contribute to strengthening the functions of the Board of Directors.
6. In addition to 1. to 5. above, Outside Directors should (i) have experience, achievements and knowledge in their fields of specialty, (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 set aside time necessary to perform their duties.
7. A candidate for reappointment should have fulfilled the role expected of them during their term of office.

● Independence Standards for Outside Directors

The Company shall judge the independence through confirmation as to whether the candidate at any time in the past three years has fallen under any of the following (1) through (6), on condition that the individual fulfills the requirements for independent directors set forth by the financial instruments exchanges of Japan, such as the Tokyo Stock Exchange, and then through multifaceted examination as to whether the individual can be evaluated as having independence objectively and substantially:

- (1) A major shareholder (a shareholder holding 10% or more of the total voting rights) of the Company or an Executive (Note 1) thereof;
- (2) An Executive of a lender of the Company (Note 2) that exceeds the Company's standard;
- (3) An Executive of a business partner of the Company (Note 3) that exceeds the Company's standard;
- (4) A consultant, attorney-at-law, certified public accountant, or other person who provides professional services, that receives more than 10 million yen or more per fiscal year in monetary or other assets from the Company, excluding executive compensation;
- (5) A representative partner or partner of the Company's Accounting Auditor;
- (6) A person who belongs to an association which receives donations from the Company exceeding a certain amount (Note 4).

Note 1 An Executive refers to an Executive Director, Executive Officer, or other employees.

Note 2 A lender that exceeds the Company's standard refers to a lender from whom the amount the Company has borrowed exceeds 2% of the consolidated total assets of the Company.

Note 3 A business partner that exceeds the Company's standard refers to a business partner having dealings with the Company worth more than 2% of the consolidated net sales of the Company or of the business partner.

Note 4 Donations exceeding a certain amount refer to a donation exceeding 10 million yen per fiscal year.

Even if the candidate falls under any of the above (1) through (6), if there are special circumstances for designating the candidate as an independent director and the Company judges that he/she substantially has independence and therefore will register him/her as an independent director with the financial instruments exchanges of Japan, such as the Tokyo Stock Exchange, the reason therefor shall be explained and disclosed at the time of the candidate's election as an Outside Director.

Second Item of Business Determination of the Amount and Other Details of the Compensation Based on the Performance-Based Stock Compensation Plan for Directors, etc. (Excluding Non-executive Directors and Non-residents in Japan) Excluding Directors who are Audit and Supervisory Committee Members

*The purpose of this item of business is to seek approval for abolishing the current stock-based compensation stock option plan (refer to page 43 in the Japanese original) and newly adopting a performance-based stock compensation plan that uses a trust, as the medium- to long-term incentive compensation plan for Executive Directors.

1. Reasons for the Proposal and for Deeming the Proposed Compensation Reasonable

It was approved at the Extraordinary General Meeting of Shareholders held on February 26, 2021, that the amount of compensation for the Company's Directors (excluding Directors who are Audit and Supervisory Committee members) shall not exceed 800 million yen per year and, apart from the amount of the said compensation, the amount of compensation related to share acquisition rights allotted as stock-based compensation stock option for the Directors who are not Audit and Supervisory Committee members (excluding Outside Directors and persons subject to tax outside Japan) shall not exceed 150 million yen per year. Additionally, it was also approved at the said meeting that the amount of non-monetary compensation for the Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) pertaining to the provision of company housing shall not exceed 2 million yen per month.

The purpose of this item of business is to seek approval for introduction of the performance-based stock compensation plan (the "Plan") in place of the current stock-based compensation stock option for the Company's Directors (excluding non-Executive Directors and non-residents in Japan) excluding Directors who are Audit and Supervisory Committee members and Executive Officers, etc. (excluding non-residents in Japan) (hereinafter, the Directors and the Executive Officers, etc. are collectively referred to as the "Director(s), etc.") and determination of the amount and other details of the compensation based on the Plan as described in this item of business, with the aim of further motivating contribution to the increase of the corporate value in the medium to long term, and sharing the benefits and risks of stock price fluctuations with the shareholders. The amount of compensation for Directors (excluding non-Executive Directors and non-residents in Japan) excluding Directors who are Audit and Supervisory Committee members shall not include the employee salary portion payable to Directors who are concurrently serving as employees.

The Board of Directors, based on the discussion of the Compensation Committee, considers it reasonable to introduce the Plan, as it is closely linked to the medium- to long-term performance of the Company and is highly transparent and objective.

The number of the Company's Directors who are eligible under the Plan (excluding non-Executive Directors and non-residents in Japan) excluding Directors who are Audit and Supervisory Committee members will be 4, subject to the resolution for approval of the first item of business, "Election of 8 (Eight) Directors (Excluding Directors who are Audit and Supervisory Committee Members)," as originally proposed.

As stated above, the Plan is applicable to Executive Officers, etc. and the amount of the

compensation based on the Plan includes the compensation for the Executive Officers, etc. However, considering the possibility of such Executive Officers, etc. newly taking office as a Director during the target period of the Trust (defined in 2.(2) below), we seek approval for this item of business regarding the aggregate amount of compensation based on the Plan as compensation for Directors, etc.

Subject to the resolution for approval of this item of business as originally proposed, the Company will abolish the current compensation limit related to share acquisition rights as stock-based compensation stock option (based on the seventh item of business “Determination of the Amount and Other Details of the Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members) in the Form of Stock-based Compensation Stock Option” approved at the Extraordinary General Meeting of Shareholders held on February 26, 2021) and will not allot new share acquisition rights (excluding share acquisition rights that have been already allotted).

The maximum amount of compensation based on the Plan is apart from the amounts specified in the fifth item of business “Determination of the Amount of Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members)” and the eighth item of business “Determination of the Amount and Other Details of the Non-monetary Compensation (Provision of Company Housing) for Directors (Excluding Directors who are Audit and Supervisory Committee Members)” approved at the Extraordinary General Meeting of Shareholders held on February 26, 2021.

2. Amount and Other Details of the Compensation under the Plan

(1) Outline of the Plan

The Plan is a stock compensation plan using the Trust where the Company shares and cash equivalent to the conversion value of the Company shares (the “Company Shares, etc.”) are delivered or paid (the “Delivery, etc.”) to the Directors, etc., based on the achievement level of performance targets of the Medium-term Management Plan of the Company.

For each fiscal year subject to the Medium-term Management Plan of the Company, the Company shares will be acquired through the Trust, using the money from the amount of compensation for the Directors, etc. contributed to the Trust from the Company (the fiscal years subject to the Medium-term Management Plan are hereinafter referred to as the “Target Period.” The initial Target Period shall be the three fiscal years from the fiscal year ending on March 31, 2024 to the fiscal year ending on March 31, 2026, and thereafter shall be the fiscal years subject to the Medium-term Management Plan).

1) People eligible for the Delivery, etc. of the Company Shares, etc. subject to this item of business	<ul style="list-style-type: none"> • The Company’s Directors (excluding Non-Executive Directors and non-residents in Japan) excluding Directors who are Audit and Supervisory Committee members • The Company’s Executive Officers, etc. (excluding non-residents in Japan)
2) The maximum amount of money contributed from the Company	<ul style="list-style-type: none"> • The amount obtained by multiplying 800 million yen by the number of fiscal years of the Target Period • The amount will be 2,400 million yen in total for the three fiscal years of the initial Target Period
3) The maximum number of Company shares to be delivered to the Directors, etc. and the method for the Trust to acquire the Company shares	<ul style="list-style-type: none"> • The number obtained by multiplying 1,550 thousand shares by the number of fiscal years of the Target Period • The number will be 4,650 thousand shares in total for the three fiscal years of the initial Target Period • The Company shares will not be diluted as they will be acquired from the stock market
4) Details of the achievement level of performance targets	<ul style="list-style-type: none"> • Will be decided in a range between 0% to 150% based on the achievement level of the targeted performance indicators, etc. in the Target Period’s final fiscal year (the growth rate of (i) net income attributable to owners of the parent, (ii) ROA, (iii) ROE, and (iv) TSR (*) against TOPIX growth rate are used in the initial Target Period)
5) Timing of the Delivery, etc. of the Company Shares, etc. to Directors, etc.	<ul style="list-style-type: none"> • In principle, after the expiry of the Target Period

(*) An abbreviation for Total Shareholder Return.

(2) Maximum amount and other details regarding money contributed from the Company

For each Target Period, the Company will entrust money within the amount obtained by multiplying 800 million yen by the number of fiscal years of the Target Period as the compensation for the Directors, etc. and establish a trust wherein the Directors, etc. meeting the beneficiary requirements will be the beneficiaries (the “Trust”). The Company assumed the “BIP Trust Agreement,” which had been concluded between the former Hitachi Capital Corporation and Mitsubishi UFJ Trust and Banking Corporation on May 15, 2018 (the “Existing Trust Agreement”), at the time of the business integration. This time, the Company will establish the Trust as a new trust and amend the trust term and other details of the trust by entrusting additional money.

The total amount of Company shares and money remaining in the Trust at the time of amending the Existing Trust Agreement and trust money to be contributed from the Company shall not exceed the amount obtained by multiplying 800 million yen by the number of fiscal years of the Target Period.

When renewing the Target Period, the Company will extend the term of the Trust in line with the renewed Target Period by amending the trust agreement and entrusting additional money. The Company will entrust additional money each time the term of the Trust is extended, within the amount obtained by multiplying 800 million yen by the number of fiscal years of the Target Period. However, in cases of entrusting such additional money, if there are Company shares and money remaining in the Trust as of the last day of the trust term before extension, the total amount of the shares and the money and the trust money to be additionally entrusted by the Company shall not exceed the amount obtained by multiplying 800 million yen by the number of fiscal years of the Target Period.

(3) Method of calculating the number of Company shares to be delivered to the Directors, etc. and the maximum number thereof

The number of Company shares to be delivered to the Directors, etc. (including the shares subject to cash conversion) will be determined based on the share conversion points to be calculated by multiplying the accumulative points for the Target Period to be granted corresponding to the position and the term of office on the last day of each fiscal year of the Target Period by the performance-linked factor.

The maximum number of aggregate points granted to the Directors, etc. shall be 1,550 thousand points per fiscal year. The performance-linked factor will be decided in a range between 0% to 150% based on the achievement level of the targeted performance indicators, etc. in the Target Period’s final fiscal year (the growth rate of (i) net income attributable to owners of the parent, (ii) ROA, (iii) ROE, and (iv) TSR against TOPIX growth rate are used in the initial Target Period), and one Company share is delivered per one point (any fraction less than one point is rounded down).

However, in the case of a stock split, reverse stock split or other events regarding the Company shares conducted during the trust term, the maximum number of the points and the shares to be delivered will be adjusted according to the relevant stock split ratio, reverse stock split ratio, etc.

(4) Method and timing of the Delivery, etc. of the Company Shares, etc. to the Directors, etc.

The Directors, etc. who meet the beneficiary requirements will receive from the Trust

Company shares corresponding to 50% of the number of share conversion points (rounding down any fraction of shares) and cash equivalent to the conversion value of the Company shares corresponding to the remaining number of share conversion points after the Target Period ended in principle by carrying out the prescribed procedures to fix beneficiaries.

The Directors, etc. who resign during the Target Period (excluding in the case they pass away) will receive from the Trust Company Shares, etc. corresponding to the number of share conversion points immediately after their resignation. The Directors, etc. who became non-residents during the Target Period will immediately receive cash equivalent to the conversion value of the Company shares corresponding to the number of share conversion points through conversion into cash under the Trust.

In the case that the Directors, etc. who meet the beneficiary requirements pass away during the Target Period, the heirs of the Directors, etc. will receive from the Trust cash equivalent to the conversion value of the Company shares corresponding to the number of share conversion points to be calculated after the death of the Directors, etc. through conversion into cash under the Trust.

(5) Claw-back clause, etc.

In the case a material misconduct by a Director, etc. is discovered, the points or share conversion points already granted to the Director, etc. can be confiscated (malus), or money equivalent to the Company Shares, etc. delivered to the Director, etc. can be reclaimed (claw-back).

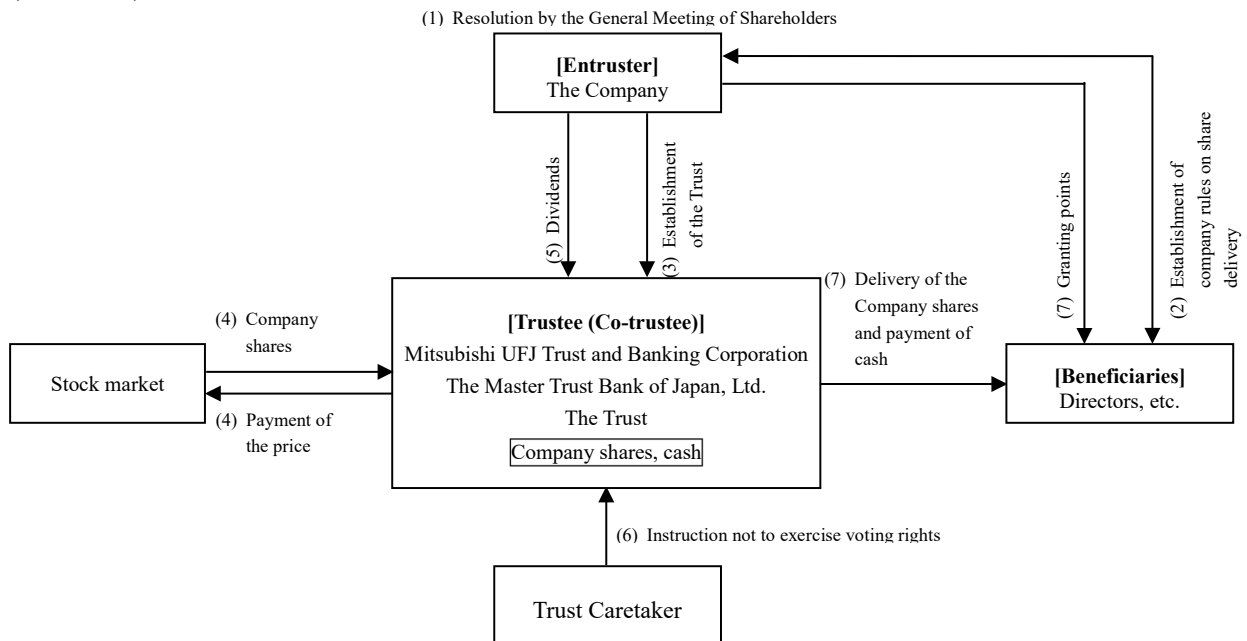
(6) Voting rights related to the Company shares in the Trust

Voting rights related to the Company shares in the Trust shall not be exercised to ensure neutrality to management of the Company.

(7) Other matters related to the Plan

Other matters related to the Plan shall be decided at the Company's Board of Director's meeting.

(Reference) Structure of the Trust



- (1) The Company will obtain approval on the introduction of the Plan in the General Meeting of Shareholders.
- (2) The Company will establish company rules on share delivery associated with the Plan at the Board of Directors meeting.
- (3) The Company will entrust money within the maximum amount approved by the General Meeting of Shareholders in (1), and establish the Trust wherein the Directors, etc. meeting the beneficiary requirements will be the beneficiaries.
- (4) For the Trust, the Company shares will be acquired from the stock market using the money contributed as stated in (3) in accordance with the instructions of the trust caretaker. The number of shares to be acquired for the Trust shall not exceed the number approved by the General Meeting of Shareholders as stated in (1).
- (5) Dividends of the Company shares in the Trust will be distributed as well as other Company shares.
- (6) The voting rights of the Company shares in the Trust shall not be exercised during the trust term.
- (7) During the trust term, beneficiaries will receive Company shares (rounding down fractions of shares) equivalent to 50% of the certain number of points granted to the beneficiaries as per the company rules on share delivery. The beneficiaries will also receive cash equivalent to the conversion value of the Company shares corresponding to the remaining points through conversion into cash under the Trust pursuant to the trust agreement.
- (8) Upon the expiry of the trust term, in the case that the Company continues to use the Trust for the Plan or a stock compensation plan similar to the Plan, residual shares will be used for the Delivery, etc. to the Directors, etc., and residual assets other than residual shares will be used for the funds to acquire shares.
- (9) Upon the expiry of the trust term, in the case that the Trust is terminated, the residual shares remaining after allocation to the beneficiaries will be converted into cash under the Trust, and the portion exceeding the amount calculated by deducting the cumulative amount of funds to acquire shares from the cumulated trust money (the "Trust Reserve Amount") will be donated to groups that have no conflicts of interest with the Company or the Directors, etc. (The portion within the Trust Reserve Amount will belong to the Company.)

Business Report

(April 1, 2022 to March 31, 2023)

1. Matters concerning the Status of the Group**(1) Business progress and results**

1) Overview of financial results, etc.

Net income attributable to owners of the parent exceeded the financial forecast and reached a record high of ¥116.2 billion. The annual dividend per share is ¥2 higher than the forecast at the beginning of the fiscal year.

- Net income attributable to owners of the parent for the fiscal year ended March 31, 2023 increased by ¥16.8 billion (16.9%) year on year, to a record high ¥116.2 billion, mainly thanks to the profit contribution from CAI International, Inc., a marine container leasing company in the U.S.A. that became the Company's wholly-owned subsidiary in November 2021, a decrease in credit costs, and business growth in the Americas in the Global Business segment.
- The Company exceeded the financial forecast (net income attributable to owners of the parent of ¥110.0 billion) by ¥6.2 billion.
- In line with exceeding the financial forecast, the full-year dividend per share has been set to ¥33.00 (dividend payout ratio of 40.8%), an increase of ¥2.00 from the forecast dividend of ¥31.00. This is a dividend increase of ¥5.00 per share from ¥28.00 per share for the previous fiscal year.

■ Revenues (consolidated)	(year on year)	■ Recurring income (consolidated)	(year on year)
¥1,896.2 billion	+¥130.6 billion (+7.4%)	¥146.0 billion	+¥28.8 billion (+24.6%)
■ Gross profit (consolidated)	(year on year)	■ Net income attributable to owners of the parent (consolidated)	(year on year)
¥357.3 billion	+¥22.6 billion (+6.8%)	¥116.2 billion	+¥16.8 billion (+16.9%)
■ Operating income (consolidated)	(year on year)	■ New transactions volume (consolidated)	(year on year)
¥138.7 billion	+¥24.6 billion (+21.6%)	¥2,640.6 billion	¥132.7 billion (+5.3%)

2) Major topics

Formulation and announcement of the Medium-term Management Plan for FY2023 - FY2025 (“2025 MTMP”)

The Company formulated the Medium-term Management Plan covering the three-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 (the “2025 MTMP”), which was announced in May 2023. The 2025 MTMP is positioned as the “hop” plan of our three Medium-term Management Plans (“hop,” “step,” and “jump”) toward Our 10-Year Vision (Together we innovate, challenge and explore the frontiers of the future). For details on the 2025 MTMP, please refer to “(2) The Company’s management strategy in the medium to long term and issues to be addressed” under “(2) Issues to be addressed.”

Establishment and announcement of the “Human Rights Policy”

In accordance with the United Nations “Guiding Principles on Business and Human Rights,” we established the “Human Rights Policy” and announced it in October 2022. We will proactively and continuously conduct our business activities in consideration of internationally recognized standards related to human rights, in order to fulfill our responsibility to respect human rights as is expected of global companies, for achieving a society where human rights are respected.

Major business topics

- May 2022
- Announced the acquisition of a partial stake in a distributed solar power generation project in Massachusetts, the U.S.A.
 - Completed an eco-friendly multi-tenant logistics facility “CPD Nagoya Minato.”
- Jul. 2022
- Built a new solar power plant next to the Akita Tenbinno Wind Power Plant which was built in Akita city, Akita prefecture in September 2015 and started commercial operation as a wind and solar hybrid power plant.
 - Invested in a newly established subsidiary of Mitsubishi Corporation, which undertakes the warehouse DX operations that have been developed by Mitsubishi Corporation.
- Sep. 2022
- Completed an eco-friendly logistics facility “CPD Nishiyodogawa.”
- Dec. 2022
- Announced to conclude a capital and business alliance agreement with Connected Robotics Inc., engaging in research and development of robotics services designed for the food industry.
 - Announced to transfer shares of Diamond Asset Finance Company Limited, a Group company mainly operating the residential real estate-related finance, in order to concentrate resources on prioritized businesses in the Real Estate segment, and to improve profitability in the segment (transfer completed in March 2023).
- Jan. 2023
- Commenced the business operation under the new management structure following the completion of the merger of CAI International, Inc. and Beacon Intermodal Leasing, LLC, operating the marine container leasing business.
 - Announced to merge Mitsubishi HC Capital Energy Inc. and HGE Ltd., operating solar power generation business (merger completed in April 2023).
- Feb. 2023
- Established an auto leasing joint venture in Thailand with ALD S.A., a global leading company in the auto leasing industry based in France.
 - Announced to absorb and merge Japan Infrastructure Initiative Company Limited (“JII”), a Group company making investments and providing loans in the overseas infrastructure sector, after making JII a wholly-owned subsidiary on the premise that MUFG Bank, Ltd. would assign all of the shares which it holds to the Company (merger completed in April 2023).
 - Announced the business integration of Group companies in the U.S.A., Mitsubishi HC Capital America, Inc., Mitsubishi HC Capital (U.S.A.) Inc., and ENGS Commercial Finance Co. (business integration completed in April 2023).
 - Concluded a merger agreement between Mitsubishi Auto Leasing Corporation, which engages in the auto leasing business, and Mitsubishi HC Capital Auto Lease Corporation (merger completed in April 2023).
- Mar. 2023
- Formed a joint healthcare fund with the Development Bank of Japan Inc.
 - Concluded a lease agreement with TOKYO GAS CO., LTD that utilizes a transition loan.
 - Universal Hydrogen Co. a U.S. company the Company has invested in that develops hydrogen storage capsules and hydrogen fuel cell-powered aircraft engines, successfully completed the first test flight of a propeller aircraft with a 40-seat capacity, the largest in the world for hydrogen fuel cell-powered aircraft, and is progressing with its practical application.
- Apr. 2023
- Announced the conclusion of a “Virtual PPA” (non-fossil certificate transfer agreement for renewable energy electricity) between Mitsubishi HC Capital Energy Inc., which is engaged in the renewable energy power generation business, and Tokyo Metro Co., Ltd.
 - Made CenterPoint Development Inc., a Group company engaged in the development of logistics facilities and an asset management business specializing in such facilities, a wholly-owned subsidiary.



Logistics facility CPD Nagoya Minato



Marine container



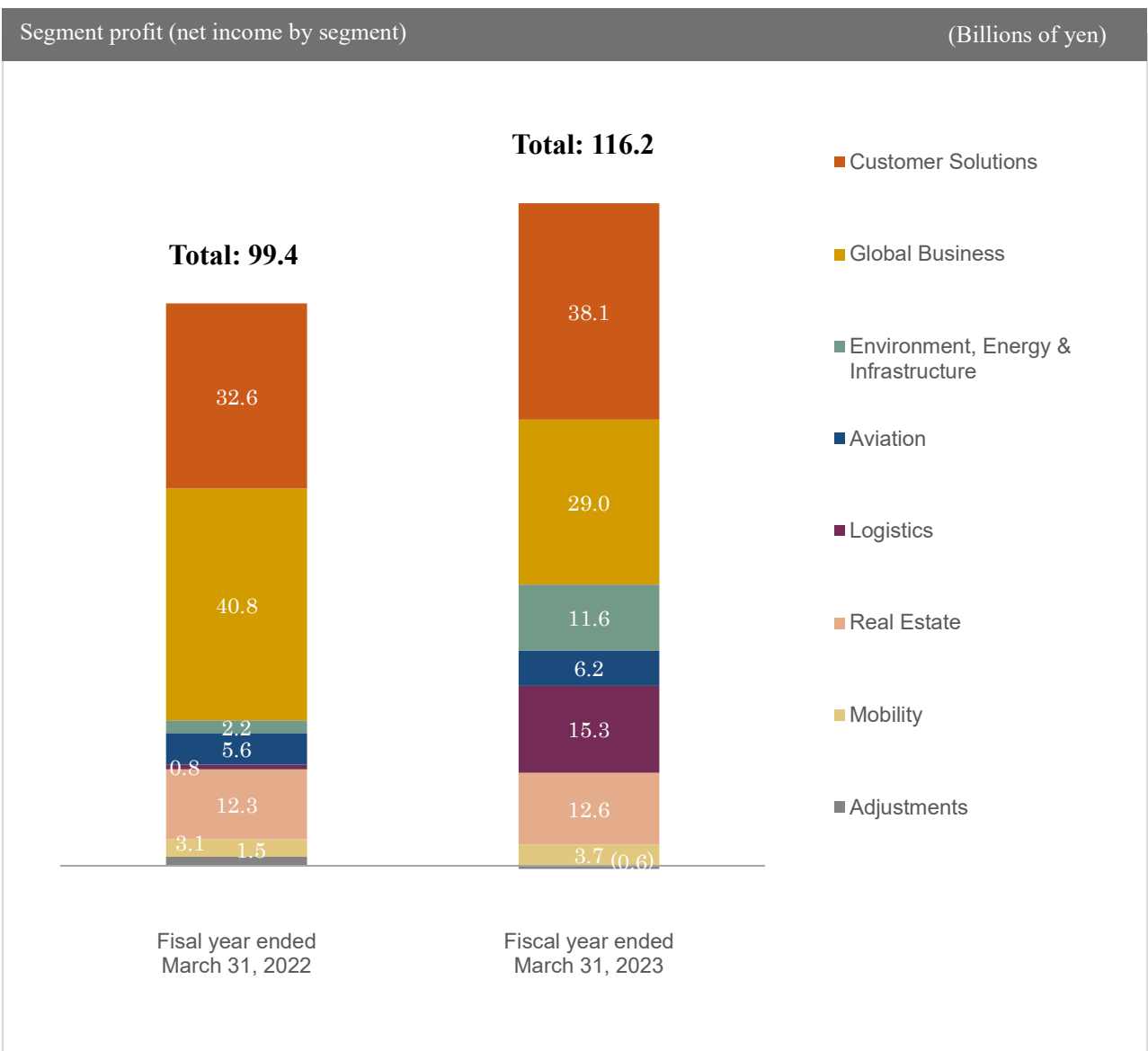
Hydrogen fuel cell aircraft

3) Operating results by reportable segment

Operating results by reportable segment are as follows.

As a result of the organizational change as of April 1, 2022, the reportable segments were changed to the seven segments below.

A description of the business in each segment is provided in “Principal business” section of the Other Matters Subject to the Electronic Provision Measures (Matters Omitted from Documents Delivered to Shareholders).



	Main factors for changes in segment profit
Customer Solutions	Segment profit increased by ¥5.4 billion (16.7%) year on year to ¥38.1 billion mainly thanks to large gains on sales related to real estate leasing, a decrease in credit costs, and other factors.
Global Business	Segment profit decreased by ¥11.8 billion (29.0%) year on year to ¥29.0 billion due to recognition of loss on valuation of securities following a decline in the market value of certain cross-shareholdings and the absence of large gains on sales of cross-shareholdings recorded in the previous fiscal year, despite the factors contributing to profit increase such as the business growth of the subsidiaries, mainly in the Americas, a decrease in credit costs, and gains on revaluation of securities recorded at a European subsidiary.
Environment, Energy & Infrastructure	Segment profit increased by ¥9.3 billion (411.6%) year on year to ¥11.6 billion mainly thanks to an increase in profits from overseas renewable energy-related equity-method investments, gains on sales of investments in certain projects in the infrastructure business, and an absence of credit costs recorded in the previous fiscal year for certain customers in the infrastructure business.
Aviation	Segment profit increased by ¥0.5 billion (9.3%) year on year to ¥6.2 billion mainly thanks to the recovery trend in the business that is shown by an increase in leasing revenues and gains on sales of owned assets, a decrease in credit costs and so on, despite an absence of gains on sales of certain receivables from bankrupt debtors recorded in the previous fiscal year, an increase in exchange revaluation losses related to foreign currency-denominated borrowings in Japanese Operating Lease with Call Option (JOLCO) resulting from the weak yen, and an increase in impairment losses.
Logistics	Segment profit increased by ¥14.5 billion (1,787.4%) year on year to ¥15.3 billion mainly thanks to the full-year profit contribution from CAI International, Inc., a marine container leasing company in the U.S.A. that became the Company's wholly-owned subsidiary in November 2021 and the steady performance of Beacon Intermodal Leasing, LLC, which also operates a marine container leasing business. The two marine container leasing companies merged on January 1, 2023.
Real Estate	Segment profit increased by ¥0.2 billion (2.0%) year on year to ¥12.6 billion mainly thanks to a decrease in tax expenses accompanying the transfer of shares of Diamond Asset Finance Company Limited, which was the wholly owned subsidiary, although credit costs were posted for a certain project in the U.S.A. and other factors.
Mobility	Segment profit increased by ¥0.6 billion (21.2%) year on year to ¥3.7 billion mainly thanks to an increase in gains on sales of vehicles for which the leasing term matured in Japan, responding to the high demand for used cars.

4) Consolidated financial position

Total assets at the end of the current fiscal year increased by ¥397.3 billion (3.8%) year on year to ¥10,726.1 billion, total equity increased by ¥217.5 billion (16.3%) year on year to ¥1,551.0 billion and interest-bearing debt (excluding lease obligations) increased by ¥170.0 billion (2.1%) year on year to ¥8,236.1 billion. In addition, the equity-to-asset ratio increased by 1.6 percentage points from the end of the previous fiscal year to 14.3%.

(2) Issues to be addressed (Management policy, business environment, issues to be addressed)

1) Basic management policy

As its basic management policy, the Company has established “Our Mission,” “Our Vision,” and “Action Principles” indicated below.

“Our Mission” is our long-term goal, “Our Vision” is the objectives to achieve our long-term goal, and the “Action Principles” are the values and mindset to be held and actions to be taken by each and every employee in order to realize our Mission and Vision.

◎ Our Mission

Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.

◎ Our Vision

- 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

- 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.

Mitsubishi HC Capital Inc. has identified the six material issues below as priority key challenges which must be addressed to achieve sustainable development of Mitsubishi HC Capital Group.

Against the backdrop of global megatrends in recent years such as climate change driven by global warming, population growth, urbanization, and scarcity of resources, our lives and social environment are largely changing globally, and companies are expected to make efforts to solve numerous issues, such as promoting a decarbonized society and building a circular economy.

The Group will proceed its effective management and business activities toward solving such issues based on the materiality with appreciating the significance.

Materiality	Why the Group treats as highly material challenges	How related to 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. ■ The impact on the business side is large and significant, involving matters including distinguishing activities that go against the 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 within the Group but also in society through maximizing the potential of assets. As a leader in the leasing industry, the Group believes this issue is highly 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"> ■ The Group recognizes that the business has many opportunities to support infrastructure projects in Japan that require repair and rebuilding, as well as the development of infrastructure and creation of smart cities in emerging countries with active collaboration between various partners. ■ The Group will contribute to the diversification, enhancement and optimization of the business through establishing systems and providing services for supporting the collaboration between companies. 	
Realize healthy lifestyles that promote positive wellbeing	<ul style="list-style-type: none"> ■ It is vital for stakeholders that the Group recognizes the importance of health, safety, and physical and mental wellbeing for realizing a prosperous future. ■ Valuable human resources are key to the value and trust in our corporate activities. Improving employee motivation, acquiring top talent, and similar actions are highly important. 	
Create businesses utilizing the latest technologies	<ul style="list-style-type: none"> ■ Both financing for the purpose of the digital transformation of customers and using internal digital technologies to increase the efficiency for this promote the development for new business models. ■ The Group identifies this for highly material opportunities for diversified and innovative business creation, including establishing supply chains utilizing alternative energies. 	
Collaborate with partners locally and globally	<ul style="list-style-type: none"> ■ Social issues differ by country and region. The Group should create synergies with local partners and find new opportunities inside and outside of Japan, meeting individual needs through community based efforts. ■ The Group can realize mutual benefits in developing society by utilizing its integrated capabilities. 	

- 2) The Company's management strategy in the medium to long term and issues to be addressed
- (i) Business environment

In recent years, there have been drastic changes in the external environment and there is an increasing need to recognize megatrends, or the trends influencing domestic and international economies over the medium to long term, such as geopolitics and the economy, climate change, expansion and evolution of technology, demographics, and wealth disparities.

In these changes to the external environment, the roles required of the Group are changing to better resolve social issues through business investment and operation, in addition to conventional leasing and finance. Further, business models at an industry level are expected to change rapidly at a speed which has exceeded all expectations. In such circumstances that all companies are to adapt to the environmental changes, the prominence of the Group, holding various asset-related functions and offering flexible services which are not limited to financial functions, will increase further.

In light of these circumstances, the Group formulated a Medium-term Management Plan (2025 MTMP) that covers the three-year period starting from fiscal 2023 (the fiscal year ending March 31, 2024) and announced it in May 2023.

- (ii) The Direction the Group Should Take and the Outline of the 2025 MTMP

The Group has established Our 10-year Vision, "Together we innovate, challenge and explore the frontiers of the future." In order to achieve this vision, we will proceed with the evolution and layering of business models by developing services and promoting business investment utilizing tangible and intangible assets, such as data and other elements, to their fullest potential.

For the promotion of the above, we will aim for sustainable growth by solving environmental, social and economic issues. At the same time, we will aim to enhance our medium- to long-term corporate value by achieving an optimal balance sheet based on well-balanced growth potential, return on capital, and financial soundness.

The 2025 MTMP is positioned as the "hop" plan of our three Medium-term Management Plans ("hop," "step," and "jump") toward Our 10-year Vision. We will address the management plan with "sowing seeds" and "gaining a solid foothold" leading to a leap to the "step" and "jump" plans as keywords.

Our 10-year Vision

"Our 10-year Vision" is to be "Together we innovate, challenge and explore the frontiers of the future." This is inspired by the following aspirations.

- 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 MHC through approaches such as SX (sustainability transformation) and DX (digital transformation) with customers and partners.

(iii) Business Strategies

Business types

The Group's businesses are classified into the five types below.

Business Type	Business Characteristics
(e) Asset utilization business	Promote businesses investment utilizing assets, aiming to maximize revenue from those businesses
(d) Data utilization platform services	Utilize data to develop platform businesses, and mainly acquire service revenue
(c) Finance + services	Mainly add maintenance services, asset management, etc. to “(b) Asset finance,” and acquire service revenue as well as income gain and capital gain
(b) Asset finance	Investment and lending mainly in specific marketable general purpose assets backed by the value of business assets. Capital gain as well as income gain can be acquired
(a) Customer finance	Acquire income gain more stably and continuously through corporate financing

Vision of the “evolution and layering of business models”

We will proceed with the evolution and layering of business models by simultaneously working on the enhancement of the profitability and efficiency of existing businesses, shifting existing businesses to high value-added services, and developing new businesses.

- Enhance profitability and efficiency of existing businesses

(a) Customer finance and (b) asset finance are positioned as profit bases for creating stable cash flows from their firm customer bases. On the other hand, given that returns on some assets are relatively low, in addition to strengthening their profitability, we will steadily promote the reduction of low-profitability assets.

- Shift existing businesses to high value-added services

We will maintain and expand our (a) customer finance and (b) asset finance customer bases and shift these existing businesses to high value-added services—namely (c) finance + services and (d) data utilization platform services—and increase their returns by improving customer experience.

- Develop new businesses

We will proceed with the development of (d) data utilization platform services, (e) the asset utilization business, and other new businesses, and focus on these new businesses as the pillars of medium- to long-term profit growth, in addition to (c) finance + services.

Premise for business strategies

We will achieve profit growth by transforming our business portfolio and the quality of our assets in the medium- to long-term through the evolution and layering of business models. To this end, we will actively invest cash flows from a medium- to long-term perspective after paying dividends.

For the purpose of supporting this effort, we will achieve medium- to long-term return on capital and financial soundness by optimizing our balance sheet, and then maximize our corporate value.

Business strategies by segment

The direction of the business strategies by segment is as follows.

Segment	Direction of Business Strategies
Customer Solutions	Achieve business portfolio transformation through establishing our solid customer base and the development of a new sales process by utilizing data and digital technologies
Global Business	Improve profitability through strategic allocation of management resources considering regional characteristics
Aviation	Recover profitability early on and develop a new business base by strengthening group synergy
Logistics	Contribute to solving social issues in the logistics field by further strengthening our business base and developing new businesses
Environment & Energy	Maintain our position as a leading renewable energy operator in Japan and increase added value by expanding business domains
Real Estate	Contribute to building a sustainable social infrastructure through real estate investment and lending business and asset management business
Mobility	Expand profits by strengthening and developing EV-related businesses in consideration of social decarbonization needs

(Note) As the name of the “Environment, Energy & Infrastructure” reportable segment will be changed to “Environment & Energy” for the next consolidated fiscal year (ending March 31, 2024) in accordance with the organizational change, the name after the change is shown.

Key themes across segments

We have defined the themes below to be addressed with the concerted efforts of the Group across segments.

These themes will lead to our goal of contributing to a prosperous and sustainable future by creating social value with partners, not by the Group alone.

Hydrogen	Develop hydrogen business strategies that leverage global business operations and customer bases
EVs	Develop and commercialize an integrated service that can extensively provide the functions necessary for introducing and operating EVs such as renewable energy supply and charging infrastructure
Logistics	To address social issues and customer needs on logistics supply chains, develop and provide “seamless logistics solutions” by collaborating with leading partners
Decarbonization solutions (energy conservation, carbon credits)	Develop and provide a one-stop service contributing to realizing a decarbonized society (visualizing CO ₂ emissions, energy conservation, renewable energies, creating carbon credits, etc.)

Corporate Functions Strategies

We will enhance our corporate functions centering on the four strategies below.

	Major Initiatives for the 2025 MTMP
Fostering and securing talent	<ul style="list-style-type: none"> • Enhance employee engagement by utilizing surveys, etc. • Develop a talent portfolio contributing to the achievement of management strategies • Strategically disclose human capital
Bolstering the financial base and internal organizational base	<ul style="list-style-type: none"> • Procure stable and competitive funds, expand funding capacity and enhance the ALM framework • Redevelop frameworks for credit examination and management in response to business portfolio transformation • Develop optimal IT systems responding to new businesses and business models

	Major Initiatives for the 2025 MTMP
Strengthening the corporate governance framework	<ul style="list-style-type: none"> Promote group-wide unified management by strengthening the consolidated management framework Enhance integrated risk management in response to business advancement and changes Develop a framework for unified management of internal auditing on a global basis
Enhancing stakeholder engagement	<ul style="list-style-type: none"> Enhance financial and non-financial information to be disclosed and diversify means to dispatch information Enhance communication with external stakeholders Promote and strengthen efforts for sustainability

Frameworks to promote transformation

We will eliminate obstacles to achieving transformation, and change our way of thinking for transformation.

We will speedily promote various initiatives from new perspectives and not simply stay on conventional paths.

	Direction of Initiatives
1) “Lay” the foundation of transformation	Foster all employees’ awareness of transformation
2) “Create” transformation	Develop frameworks so that efforts contributing to transformation can be actively launched
3) “Promote” transformation	Develop an agile discussion framework and promote transformation by advancing efficient decision-making processes and the delegation of authority that comes with responsibility, etc.

(iv) Business issues to be addressed as a priority matter

In order to achieve “Our 10-year Vision,” the Group will proceed with the “evolution and layering of business models” by promoting services and business investment, utilizing tangible and intangible assets, such as data and other elements, to their fullest potential.

It is considered necessary to transform the awareness of each employee in order to progress the “evolution and layering of business models.” As a mechanism for this, we will build the “frameworks to promote transformation” described in the previous section. As the “frameworks to promote transformation,” we will implement measures from three angles of “laying the foundation of transformation,” “creating transformation,” and “promoting transformation,” and will execute the measures from new perspectives that are not an extension of the past.

Further, the 2025 MTMP is positioned as the “hop” plan of our three Medium-term Management Plans (“hop,” “step,” and “jump”) toward “Our 10-Year Vision,” and will be strategically implemented to contribute to the “sowing seeds” and “gaining a solid foothold” that will lead to the leap towards the “step” and “jump” phases, including transforming the awareness of employees towards reform.

3) Target performance indicators

The Company will aim to achieve the following financial and non-financial targets during fiscal 2023 to fiscal 2025 (from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026), which is the period that is the subject of the 2025 MTMP.

<Financial targets>

Item	Targets	
Financial Targets (End of FY2025)	Net income attributable to owners of the parent	¥160.0 billion (+11.2% vs. FY2022 CAGR)
	ROA	Approx. 1.5% (Approx. +0.4pts vs. FY2022)
	ROE	Approx. 10% (Approx. +1.8pts vs. FY2022)
Dividend Policy (2025 MTMP period)	Payout ratio: 40% or higher	<ul style="list-style-type: none"> As a general rule, return profits to shareholders by paying dividends Sustainably increase the total amount of dividend payment through profit growth
Financial Soundness (2025 MTMP period)	Maintain A ratings	<ul style="list-style-type: none"> Establish both a sound financial base and an active investment strategy Maintain current stand-alone ratings

(Notes) 1. CAGR: Compound Annual Growth Rate

2. Net income attributable to owners of the parent is used in the calculations of ROA and ROE.

<Non-financial targets>

KPI	Targets (2025 MTMP)
Level of fulfillment of a talent portfolio in line with our management strategies	Formulate the talent portfolio framework and visualize the level of fulfillment
Results of the employee engagement survey	Refine the survey content, enhance analysis
Number of new DX-related businesses and products	Develop a base for DX frameworks (develop and acquire DX talent, system investment, etc.)
Operational efficiency	
Ratio of female managers	20% or more
Rate of annual paid holidays taken by employees	70% or more
Monthly average overtime hours	14 hours or less
Ratio of taking childcare and maternity leave	100%
GHG emissions amount (Scope 3)	Analyze the categories which have a major impact and visualize Scope 3 emissions
GHG emissions amount (Scope 1, 2)	-55% in FY2030 vs. FY2019 and net zero in FY2050
Energy consumption (domestic)	-1% YoY continually

(Note) GHG: Green House Gas

(3) Status of capital investments

The total investment in leased assets related to operating lease transactions during the current fiscal year was ¥452.5 billion.

(4) Status of financing

Interest-bearing debt on a consolidated basis came to ¥8,236.1 billion, an increase of ¥170.0 billion from the end of the previous fiscal year.

Out of this, borrowings from financial institutions came to ¥4,846.5 billion (a ¥331.4 billion increase from the end of the previous fiscal year), and direct funding through bonds payable, commercial papers, and securitization of receivables, etc. came to ¥3,389.5 billion (a ¥161.4 billion decrease).

When financing, the Group attempted to stabilize funding and control costs while appropriately managing liquidity risk, interest rate fluctuation risk, etc.

(5) Status of major subsidiaries

Company name	Share capital or investments in capital	Percentage of voting rights held	Principal business	Main location
DFL Lease Company Limited	¥3,700 million	80 (-)	Leasing and financial business	Osaka-shi, Osaka
Shutoken Leasing Co., Ltd.	¥3,300 million	70.71 (-)	Leasing and financial business	Chiyoda-ku, Tokyo
JAPAN MEDICAL LEASE CORPORATION	¥100 million	100 (-)	Leasing and financial business	Shinagawa-ku, Tokyo
Mitsubishi HC Capital Property Inc.	¥251 million	100 (-)	Real estate rental business	Chiyoda-ku, Tokyo
Capital Insurance Corporation	¥6,200 million	79.36 (-)	Non-life insurance	Chiyoda-ku, Tokyo
Mitsubishi HC Capital Community Corporation	¥80 million	100 (-)	Real estate rental business	Minato-ku, Tokyo
Mitsubishi HC Business Lease Corporation	¥10,000 million	100 (-)	Leasing and financial business	Minato-ku, Tokyo
PT HCD Properti Indonesia	Rp 580,000 million	63.45 (63.45)	Real estate rental business	Indonesia
Mitsubishi HC Capital UK PLC	STG£116,168 thousand	100 (-)	Leasing and financial business	UK
ENGS Holdings Inc.	US\$ 0 thousand	100 (-)	Leasing and financial business	U.S.
Mitsubishi HC Capital America, Inc.	US\$ 180,000 thousand	100 (-)	Leasing and financial business	U.S.
Mitsubishi HC Capital Canada, Inc.	CAS\$ 97,000 thousand	100 (100)	Leasing and financial business	Canada
Mitsubishi HC Capital (Shanghai) Co., Ltd.	US\$ 55,000 thousand	100 (-)	Leasing business	China
Mitsubishi HC Capital Leasing (Beijing) Co., Ltd.	US\$ 170,000 thousand	100 (100)	Leasing and financial business	China
Mitsubishi HC Capital Factoring (Shanghai) Co., Ltd.	RMB 306,570 thousand	100 (100)	Factoring business	China
Mitsubishi HC Capital Management (China) Limited	HK\$ 2,285,516 thousand	100 (-)	Group fund raising business	Hong Kong
Mitsubishi HC Capital (Hong Kong) Limited	HK\$ 310,000 thousand	100 (100)	Leasing and financial business	Hong Kong
Mitsubishi HC Capital Asia Pacific Pte. Ltd.	S\$ 126,400 thousand	100 (-)	Leasing and financial business	Singapore
Mitsubishi HC Capital (Thailand) Co., Ltd.	THB 1,100,000 thousand	100 (99.99)	Leasing and financial business	Thailand
PT. Mitsubishi HC Capital and Finance Indonesia	Rp 400,000 million	100 (15)	Leasing business	Indonesia
Mitsubishi HC Capital Energy Inc.	¥150 million	100 (-)	Energy-related asset management business	Chiyoda-ku, Tokyo
Japan Infrastructure Initiative Company Limited	¥17,500 million	100 (-)	Infrastructure-related investment business	Chiyoda-ku, Tokyo
JSA International Holdings, L.P.	US\$ 742,183 thousand	100 (-)	Aircraft leasing business	U.S.
Engine Lease Finance Corporation	US\$ 1 thousand	100 (100)	Aircraft engine leasing business	Ireland
CAI International, Inc.	US\$ 0 thousand	100 (100)	Container leasing business	U.S.
PNW Railcars, Inc.	US\$ 1 thousand	100 (100)	Freight car leasing business	U.S.
Mitsubishi HC Capital Realty Inc.	¥300 million	100 (-)	Real estate-related investment business	Chiyoda-ku, Tokyo
MHC America Holdings Corporation	US\$ 0 thousand	100 (-)	Group fund raising business	U.S.

(Notes) 1. As of April 1, 2023, Mitsubishi HC Capital America, Inc. and ENGS Holdings Inc. underwent an absorption-type merger, where Mitsubishi HC Capital America, Inc. is the surviving company and ENGS Holdings Inc. is the absorbed company.

2. As of April 1, 2023, the Company and Japan Infrastructure Initiative Company Limited underwent an absorption-type merger, where the Company is the surviving company and Japan Infrastructure Initiative Company Limited is the absorbed company.
3. Because an absorption-type merger was conducted as of January 1, 2023 (local time), where CAI International, Inc. was the surviving company and Beacon Intermodal Leasing, LLC was the absorbed company, Beacon Intermodal Leasing, LLC has been removed from the major subsidiaries.
4. Figures in parenthesis in “percentage of voting rights held” represent the percentage of voting rights indirectly owned.

(6) Status of business combinations

Diamond Asset Finance Company Limited has been removed as a subsidiary of the Company due to the transfer of all of the said company’s shares in March 2023. Also, Mitsubishi HC Capital Auto Lease Corporation conducted a capital increase through third-party allocation in March 2023. As a result of this, the Company’s share of ownership has decreased, and the said company has been removed as a subsidiary of the Company, and has become as equity-method affiliate.

2. Matters concerning the Company’s officers

(1) Names, etc. of Directors

Directors (excluding Directors who are Audit & Supervisory Committee Members)

Position	Name	Responsibility	Significant concurrent positions outside the Company
Representative Director, Chairman	Seiji Kawabe		
Representative Director, President & CEO	Takahiro Yanai		
Representative Director, Deputy President	Kanji Nishiura	Overall operation	
Director, Deputy President	Kazumi Anei	Customer Solutions Unit	
Director, Deputy President	Taiju Hisai	Overall Corporate Center Global Business Unit	
Director, Managing Executive Officer	Haruhiko Sato	Head of Corporate & Strategic Planning Division and Co-head of Treasury & Accounting Division	
Director (Outside Director)	Hiroyasu Nakata		
Director (Outside Director)	Yuri Sasaki		Professor of Faculty of Economics, Meiji Gakuin University Director, Meiji Yasuda Life Insurance Company
Director (Outside Director)	Go Watanabe		Audit & Supervisory Board Member, MITSUBISHI GAS CHEMICAL COMPANY, INC.
Director (Outside Director)	Takuya Kuga		Executive Vice President, Mitsubishi Corporation

Directors who are Audit & Supervisory Committee Members

<u>Position</u>	<u>Name</u>	<u>Responsibility</u>	<u>Significant concurrent positions outside the Company</u>
Director	Akira Hamamoto	Chair of Audit & Supervisory Committee Full-time Audit & Supervisory Committee Member	
Director (Outside Director)	Koichiro Hiraiwa		Representative Director, Dream Estate Tokyo Inc.
Director (Outside Director)	Hiroko Kaneko		Professor, Waseda Graduate School of Accountancy Director, Kanagawa Chuo Kotsu Co., Ltd. Member of the Board, The Yokohama Rubber Co., Ltd.
Director (Outside Director)	Masayuki Saito		Chairman of the Board of Directors, DIC Corporation

(Notes)

1. Director who is an Audit & Supervisory Committee Member Hiroko Kaneko resigned as Professor at Waseda Graduate School of Accountancy as of March 31, 2023.
2. Directors Hiroyasu Nakata, Yuri Sasaki, Go Watanabe and Takuya Kuga, and Directors who are Audit & Supervisory Committee Members Koichiro Hiraiwa, Hiroko Kaneko and Masayuki Saito are Outside Directors.
3. Directors Hiroyasu Nakata and Yuri Sasaki, and Directors who are Audit & Supervisory Committee Members Koichiro Hiraiwa, Hiroko Kaneko and Masayuki Saito have been reported to the Tokyo Stock Exchange and the Nagoya Stock Exchange as Independent Directors.
4. To ensure the effectiveness of audits, the Company has appointed Director who is an Audit & Supervisory Committee Member Akira Hamamoto to serve as a full-time Audit & Supervisory Committee Member.
5. Director who is an Audit & Supervisory Committee Member Hiroko Kaneko has been involved in accounting audits for many years as a Certified Public Accountant and possesses considerable knowledge of finance and accounting. Further, Directors who are Audit & Supervisory Committee Members Akira Hamamoto, Koichiro Hiraiwa and Masayuki Saito possess considerable knowledge of finance and accounting based on their wealth of management experience at a major financial institution in the case of Mr. Hamamoto, and listed companies in the case of Mr. Hiraiwa and Mr. Saito.
6. Effective April 1, 2023, the position and responsibilities of some Directors were changed as follows.

Name	Position	
	After April 1, 2023	March 31, 2023
Seiji Kawabe	Director	Representative Director, Chairman
Takahiro Yanai	Director, Chairman	Representative Director, President & CEO
Taiju Hisai	Representative Director, President & CEO	Director, Deputy President

Name	Responsibility	
	After April 1, 2023	March 31, 2023
Taiju Hisai	—	Overall Corporate Center Global Business Unit
Haruhiko Sato	Head of Corporate & Strategic Planning Division and Head of Treasury & Accounting Division	Head of Corporate & Strategic Planning Division and Co-head of Treasury & Accounting Division

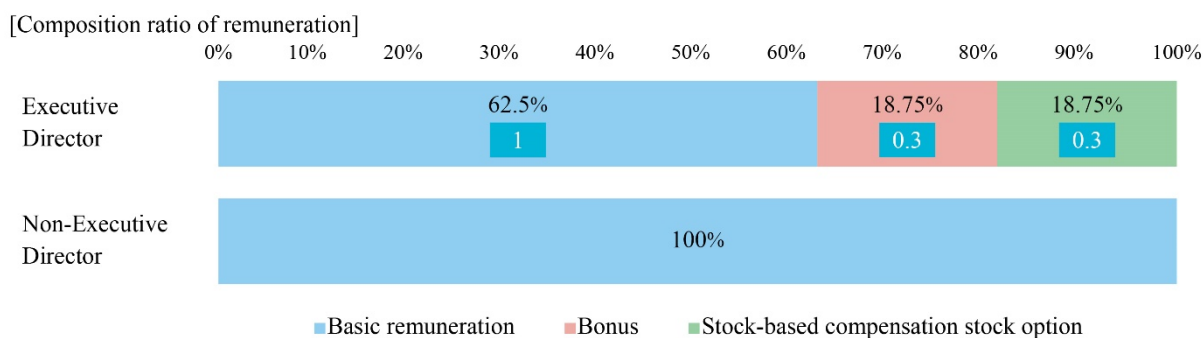
(2) Matters concerning remuneration, etc. of Directors

1) Policy for determining details, amount, and calculation method of officer remuneration, etc. and method of determination

a. Basic policy

- (i) For the purpose of increasing corporate value through the execution of business strategies, the Company also considers officer incentive when determining officer remuneration.
- (ii) The level of remuneration shall be appropriate for the roles and responsibilities of each officer, taking into consideration the level of the market, from the standpoints of increasing corporate value in the medium to long term and improving business performance in the short term.

In accordance with the above basic policy, the Board of Directors of the Company, following deliberation by the Compensation Committee, has resolved the policy for determining the details of remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) as follows in b.



b. Policy for determining the details of remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

(i) Remuneration system

- In principle, remuneration, etc. for Executive Directors shall be comprised of basic remuneration (fixed remuneration), annual incentive compensation (performance-based compensation), and medium- to long-term incentive compensation.
- Percentages are set for performance-based compensation and non-performance-based compensation for the purpose of maintaining a healthy ratio of performance-based compensation. In addition, in order to improve not only short-term performance but also medium- to long-term corporate value, the Company establishes appropriate short-term and medium- to long-term incentive ratio in the remuneration system.
- Specifically, the ratio of non-performance-based compensation (basic remuneration and stock-based compensation stock option) to performance-based compensation (bonus) shall be around 1.3 to 0.3 (the ratio of basic remuneration to stock-based compensation stock option to bonuses shall be around 1 to 0.3 to 0.3). While maintaining this basic policy, the ratio shall be determined based on a comprehensive consideration of the individual Director's role, responsibilities, etc.

	Type of remuneration	Remuneration ratio	Details of remuneration	Evaluation method, ratio	Range of variation based on KPI achievement
Fixed	Basic remuneration	62.5% 1	1. The amount determined according to title is paid monthly.		
Floating	Bonus (Short-term incentive) Performance-based	18.75% 0.3	<ol style="list-style-type: none"> The amount paid to each individual is determined based on the consolidated business performance of the previous year, etc. The financial indicators, etc. emphasized in the management strategy as indicators representing the Company's growth that are important in management strategy as indicators representing the Company's growth are set as the KPI for evaluating company-wide performance, and the targets are set according to the Company's numerical targets (net income attributable to owners of the parent, ROA, ROE, OHR). The achievement of the executive officers excluding Representative Directors in their duties is evaluated using a standard evaluation sheet, from the perspective of performance and the level of contribution regarding the duties. 	[Representative Director] Company-wide performance evaluation: 100% [Executive Director] (Other than Representative Director) Company-wide performance evaluation: 70% Evaluation of responsible duties: 30%	0-150%
	Stock-based compensation stock option (Medium-to long-term incentive) Stock compensation	18.75% 0.3	<ol style="list-style-type: none"> Share acquisition rights of the number calculated based on the stock price on the base date are offered from the perspective of sharing value with shareholders and improving medium- to long-term corporate value. The number of stock options to be offered is determined according to the title at the beginning of the term of the officer, which is June. Share acquisition rights can be exercised for 5 years from the day 1 year after the retirement of an officer. 		

(Note) In addition, in the event that it becomes necessary to reside in an area away from home, an appropriate property shall be provided as company housing

- For non-Executive Directors including Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), from the standpoint of ensuring the effectiveness of the supervisory function, bonuses and stock-based compensation stock option, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.

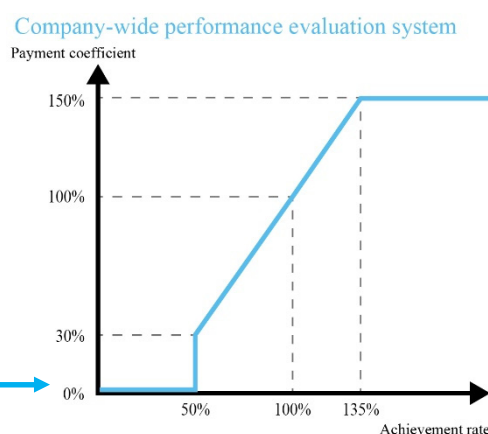
	Type of remuneration	Remuneration ratio	Details of remuneration
Fixed	Basic remuneration	100%	1. For Internal Directors who do not concurrently serve as Executive Officers (excluding those who are Audit & Supervisory Committee Members) and Outside Directors (excluding those who are Audit & Supervisory Committee Members), from the standpoint of ensuring the effectiveness of the supervisory function, bonuses and stock-based compensation stock option, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.

(ii) Performance-based compensation

- From the standpoint of clarifying the relationship between performance and compensation, the financial indicators, etc. emphasized in the management strategy as indicators representing the Company’s growth are set as the KPI for evaluating company-wide performance when it comes to bonuses, which are performance-based compensation. For the target values, net income attributable to owners of the parent, ROA, ROE, and OHR are used, which are set according to the Company’s numerical targets.
- The total amount of the bonus for the Representative Director is linked to the company-wide performance, and the amount to be paid is determined within the range of 0 to 150% of the standard amount according to the degree of achievement of the plan for the company-wide performance evaluation (KPI).
- In regard to bonuses for Executive Directors other than the Representative Director, 70% is linked to the company-wide performance evaluation and 30% is linked to the evaluation of responsible duties, while the amount of both bonuses is determined within the range of 0 to 150% of the standard amount.
- For the portion linked to operational responsibilities, the President will use a standard evaluation sheet to perform quantitative and qualitative evaluations from the standpoint of performance and contribution of the Executive Director with respect to the operations for which they are responsible. The purpose of this is to improve the incentive of individual Directors by properly evaluating not only the degree of achievement of targets for business results but also the degree of contribution, which cannot be evaluated solely quantitatively.

【KPIs and evaluation ratio of performance-based compensation】

		Company-wide performance evaluation	Evaluation of responsible duties
KPI		Net income attributable to owners of the parent ----- ROA ----- ROE ----- OHR	Evaluated individually
Evaluation ratio	Representative Director	100%	—
	Executive Director other than the Representative Director,	70%	30%



(iii) Non-performance-based compensation

- For stock-based compensation stock option, which are medium- to long-term incentive compensation, the number of share acquisition rights to be allocated is determined and paid according to the role and position of each individual Director.

(Note) The details of the stock option plan are as set forth in “Matters concerning share acquisition rights, etc.” section of the Other Matters Subject to the Electronic Provision Measures (Matters Omitted from Documents Delivered to Shareholders).

mentioned resolution of the General Meeting of Shareholders does not stipulate the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) relating to the amount of remuneration, etc., but as of the effective date of the resolution, there were ten Directors (excluding Directors who are Audit & Supervisory Committee Members and three of whom were Outside Directors paid only basic remuneration).

- The Company believes it is good for the specific amount of basic remuneration and bonuses, as well as non-monetary remuneration for the provision of company housing, to be determined flexibly based on certain standards by someone who is familiar with individual operations and the Company's situation. The decision is thus entrusted to the President & CEO (Takahiro Yanai until March 31, 2023, and Taiju Hisai from April 1, 2023), who is the Representative Director, within the upper limit set forth by resolution of the General Meeting of Shareholders, based on the policy resolved by the Board of Directors and Compensation Committee. We will take measures to ensure that the authority of the President & CEO is appropriately exercised as follows.
 - In regard to stock-based compensation stock option, the number of share acquisition rights to be allocated to each Director is determined by resolution of the Board of Directors.
- (vi) Measures to ensure that the delegated authority is properly exercised
- Basic remuneration is determined based on certain pre-established standards (remuneration table) that are deliberated by the Compensation Committee
 - The following shall apply to the portion of the bonus linked to the company-wide performance:
 - ✓ KPI is established according to numerical targets discussed at the Board of Directors.
 - ✓ The amount to be paid is determined according to the achievement rate of the KPI based on a predetermined payment coefficient deliberated by the Compensation Committee.
 - ✓ The results of the company-wide performance evaluation and the amount to be paid are subsequently reported to the Compensation Committee for verification. In addition, the following shall apply to the portion of the bonus linked to operational responsibilities:
 - ✓ After deliberations in advance by the Compensation Committee, an evaluation sheet (an evaluation sheet providing details on predetermined targets, weighting of individual targets, and evaluation criteria) is finalized.
 - ✓ After the individual duties are evaluated based on the evaluation sheet, the results and amount to be paid are subsequently reported to the Compensation Committee for verification.
 - In regard to non-monetary remuneration for provision of company housing, (a) the company housing to be provided shall be a general standard property, and the maximum rent shall be established in advance based on position and geographical area, while (b) the company housing rent calculated based on the predetermined percentage (if the maximum rent is exceeded, the full amount of the excess amount is added to the rent) shall be collected from the Directors as their own expenses.

c. Details and method of determining remuneration, etc. of Directors who are Audit & Supervisory Committee Members

- For Directors who are Audit & Supervisory Committee Members, from the standpoint of ensuring the fairness of audits, bonuses and stock-based compensation stock option, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.
- In accordance with the resolution the General Meeting of Shareholders (February 26, 2021), the amount of remuneration for Directors who are Audit & Supervisory Committee Members is to be ¥200 million or less per year. The amount of remuneration for Directors who are Audit & Supervisory Committee Members is to be determined through discussion by Directors who are Audit & Supervisory Committee Members. The above-mentioned resolution of the General Meeting of Shareholders does not stipulate the number of Directors who are Audit & Supervisory Committee Members relating to the amount of remuneration, etc., but as of the effective date of that resolution, there were five Directors who are Audit & Supervisory Committee Members.

	Type of remuneration	Remuneration ratio	Details of remuneration
Fixed	Basic remuneration	100%	1. For Directors who are Audit & Supervisory Committee Members, from the standpoint of ensuring the fairness of audits, bonuses and stock-based compensation stock option, which are incentive compensation, shall not be paid. Remuneration shall be limited to basic remuneration only.

d. Matters concerning calculation of performance-based compensation

- The KPIs for evaluating company-wide performance for bonuses for Executive Directors are as follows: (1) net income attributable to owners of the parent (weighted at 70%), which is emphasized in the management strategy as one of the indicators of the Company's growth and has been announced as a numerical target for the current fiscal year; (2) ROA (weighted at 10%); (3) ROE (weighted at 10%); and (4) OHR (weighted at 10%). The amount of performance-based compensation is calculated using the designated formula based on the achievement rate of each KPI.
- The results for the fiscal year ended March 31, 2023 are as follows.

KPI	Target	Result	Achievement rate	Evaluation weight
Net income attributable to owners of the parent	¥110.0 billion	¥116.2 billion	105.6%	70%
ROA	1.1%	1.1%	100.0%	10%
ROE	8.2%	8.2%	100.0%	10%
OHR	54.1%	55.8%	96.3%	10%

- In addition, for the portion linked to operational responsibilities of Executive Directors other than the Representative Director, the President, who is the Representative Director, will use a standard evaluation sheet to perform quantitative and qualitative evaluations from the standpoint of performance and contribution. Performance targets are set based on the environment of the business in charge, the previous year's performance, and other factors according to the responsibilities of each Director, and evaluations are performed taking into

account the respective performance and contribution.

e. Reasons for the Board of Directors' determination that the content of individual remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) for the fiscal year under review is in line with the policy

- The specific amount of basic remuneration and bonuses, as well as non-monetary remuneration for the provision of company housing are entrusted to the President & CEO within the upper limit set forth by resolution of the General Meeting of Shareholders. The Company has taken measures as described in "Measures to ensure that the delegated authority is properly exercised" at b.(vi) above. Furthermore, there is a system for the Compensation Committee and the Audit & Supervisory Committee to confirm that individual remuneration, etc. for Directors is determined by procedures that are objective and transparent, and that the content is in line with the policy established by the Company. As such, the Board of Directors has determined that a system is in place to ensure that the content of individual remuneration, etc. for each Director for the fiscal year under review is in line with the remuneration policy.

2) Total amount of remuneration, etc. by officer category, total amount of remuneration, etc. by type, and number of eligible officers

Category	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)				Number of people
		Fixed remuneration (Basic remuneration)	Performance-based compensation (Bonus)	Share options	Other	
Directors (excluding Audit & Supervisory Committee Members)	573	383	95	95	—	12
Of these, Outside Directors	54	54	—	—	—	5
Directors (Audit & Supervisory Committee Members)	109	109	—	—	—	7
Of these, Outside Audit & Supervisory Board Members	47	47	—	—	—	4
Total	683	493	95	95	—	19

(Notes) 1. The amount of performance-based compensation (bonus) is the amount of reversal of provision for bonuses for directors (and other officers) for the fiscal year under review.

2. There were no payments of non-monetary compensation related to the provision of company housing during the fiscal year under review.

3. Policy on determining dividends of surplus, etc.

The Company has pursued its basic policy of returning profits to shareholders through dividends and we have increased dividends for 24 consecutive terms.

The medium-term target level for the dividend payout ratio is 40% or more in the three-year period from fiscal 2023 (fiscal year ending March 31, 2024), which is the target period of the 2025 MTMP, and the Company plans to sustainably increase the total amount of dividends through profit growth.

Consolidated Balance Sheet
(As of March 31, 2023)

(Millions of yen)

Assets		Liabilities	
Accounting title	Amount	Accounting title	Amount
Current assets		Current liabilities	
Cash and deposits	589,688	Notes and accounts payable - trade	160,678
Installment receivables	231,280	Short-term borrowings	633,099
Lease receivables and investments in leases	3,264,169	Current portion of bonds payable	642,883
Operating loans receivables	1,691,579	Current portion of long-term borrowings	959,951
Other operating loans receivable	219,632	Commercial papers	559,485
Lease and other receivables	77,647	Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	246,640
		Lease obligations	19,794
Securities	3,213	Income taxes payable	9,381
Merchandise	46,064	Deferred profit on installment sales	9,648
Other current assets	160,487	Provision for bonuses	15,890
Allowance for doubtful accounts	(22,094)	Provision for bonuses for directors (and other officers)	2,255
Total current assets	6,261,670	Other current liabilities	252,643
		Total current liabilities	3,512,353
Non-current assets		Non-current liabilities	
Property, plant and equipment		Bonds payable	1,582,848
Leased assets		Long-term borrowings	3,253,535
Leased assets	3,332,834	Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	357,662
Advances on purchases of leased assets	58,969	Lease obligations	43,089
Total leased assets	3,391,803	Deferred tax liabilities	143,810
		Provision for retirement benefits for directors (and other officers)	110
Other operating assets	219,625	Retirement benefit liability	6,463
Own-used assets	17,478	Asset retirement obligations	40,635
Total property, plant and equipment	3,628,907	Reserve for contract of insurance	12,055
		Other non-current liabilities	222,602
Intangible assets		Total non-current liabilities	5,662,813
Leased assets		Total liabilities	9,175,166
Leased assets	23,197	Equity	
Total leased assets	23,197	Shareholders' equity	
Other intangible assets		Share capital	33,196
Goodwill	91,497	Capital surplus	547,344
Other	133,034	Retained earnings	710,989
Total other intangible assets	224,532	Treasury shares	(19,158)
Total intangible assets	247,730	Total shareholders' equity	1,272,372
Investments and other assets		Accumulated other comprehensive income	
Investment securities	400,113	Valuation difference on available-for-sale securities	14,817
Distressed receivables	99,912	Deferred gains or losses on hedges	53,051
Deferred tax assets	33,224	Foreign currency translation adjustment	186,545
Other investments and other assets	118,840	Remeasurements of defined benefit plans	1,985
Allowance for doubtful accounts	(68,806)	Total accumulated other comprehensive income	256,400
Total investments and other assets	583,284	Share acquisition rights	2,138
Total non-current assets	4,459,922	Non-controlling interests	20,118
Deferred assets		Total equity	1,551,029
Bond issuance costs	4,603	Total liabilities and equity	10,726,196
Total deferred assets	4,603		
Total assets	10,726,196		

Consolidated Statement of Income
(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounting title	Amount	
Revenues		1,896,231
Cost of revenues		1,538,904
Gross profit		357,327
Selling, general and administrative expenses		218,600
Operating income		138,727
Non-operating income		
Interest and dividend income	4,375	
Share of profit of entities accounted for using equity method	11,982	
Other non-operating income	8,271	24,628
Non-operating expenses		
Interest expenses	7,746	
Other non-operating expenses	9,533	17,279
Recurring income		146,076
Extraordinary income		
Gain on sale of investment securities	2,996	
Gain on valuation of investment securities	7,194	
Gain on step acquisitions	1,159	11,350
Extraordinary losses		
Loss on sale of investment securities	407	
Loss on valuation of investment securities	2,369	
Loss on sale of shares of subsidiaries and associates	1,006	
Impairment losses	479	4,262
Income before income taxes		153,164
Income taxes - current	24,941	
Income taxes - deferred	10,510	35,451
Net income		117,712
Net income attributable to non-controlling interests		1,471
Net income attributable to owners of the parent		116,241

Non-consolidated Balance Sheet
(As of March 31, 2023)

(Millions of yen)

Assets		Liabilities	
Accounting title	Amount	Accounting title	Amount
Current assets		Current liabilities	
Cash and deposits	296,931	Notes payable - trade	2,967
Installment receivables	159,181	Accounts payable - trade	90,984
Lease receivables	284,640	Short-term borrowings	196,853
Investments in leases	1,296,842	Current portion of bonds payable	363,730
Operating loans receivables	252,882	Current portion of long-term borrowings	435,695
Loans receivable from subsidiaries and associates	1,254,204	Commercial papers	448,500
Other operating loans receivable	57,807	Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	68,723
Lease and other receivables	13,997	Lease obligations	16,446
Securities	1,116	Accounts payable - other	2,385
Merchandise	924	Income taxes payable	214
Advance payments to suppliers	3,157	Accrued expenses	21,894
Prepaid expenses	4,438	Advances received - lease	29,711
Other current assets	49,562	Deposits received	11,535
Allowance for doubtful accounts	(4,943)	Unearned revenue	2
Total current assets	3,670,743	Deferred profit on installment sales	7,188
Non-current assets		Provision for bonuses	3,580
Property, plant and equipment		Provision for bonuses for directors (and other officers)	468
Leased assets		Asset retirement obligations	2,785
Leased assets	183,793	Other current liabilities	6,441
Advances on purchases of leased assets	484	Total current liabilities	1,710,108
Total leased assets	184,277	Non-current liabilities	
Own-used assets		Bonds payable	1,038,240
Buildings	722	Long-term borrowings	1,545,116
Structures	28	Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	35,570
Equipment	856	Lease obligations	33,119
Land	678	Long-term guarantee deposits received	52,689
Total own-used assets	2,286	Provision for retirement benefits	3,216
Total property, plant and equipment	186,564	Asset retirement obligations	17,273
Intangible assets		Other non-current liabilities	1,420
Leased assets		Total non-current liabilities	2,726,645
Leased assets	22,606	Total liabilities	4,436,754
Total leased assets	22,606	Equity	
Other intangible assets		Shareholders' equity	
Goodwill	8,469	Share capital	33,196
Other	8,390	Capital surplus	
Total other intangible assets	16,860	Legal capital surplus	33,802
Total intangible assets	39,467	Other capital surplus	509,108
Investments and other assets		Total capital surplus	542,911
Investment securities	93,228	Retained earnings	
Shares of subsidiaries and associates	1,061,962	Legal retained earnings	638
Investments in other securities of subsidiaries and associates	188,953	Other retained earnings	389,126
Investments in capital	0	General reserve	72,035
Distressed receivables	7,202	Retained earnings brought forward	317,091
Long-term prepaid expenses	11,314	Total retained earnings	389,764
Long-term guarantee deposits	14,184	Treasury shares	(19,158)
Prepaid pension costs	179	Total shareholders' equity	946,713
Deferred tax assets	39,345	Valuation and translation adjustments	
Other investments and other assets	5,793	Valuation difference on available-for-sale securities	10,845
Allowance for doubtful accounts	(4,283)	Deferred gains or losses on hedges	(78,484)
Total investments and other assets	1,417,882	Total valuation and translation adjustments	(67,639)
Total non-current assets	1,643,913	Share acquisition rights	2,138
Deferred assets		Total equity	881,212
Bond issuance costs	3,309	Total liabilities and equity	5,317,966
Total deferred assets	3,309		
Total assets	5,317,966		

Non-consolidated Statement of Income
(April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounting title	Amount	
Revenues		
Lease sales	650,724	
Installment sales	61,593	
Revenue - operating loans	27,916	
Other revenues	24,272	764,506
Cost of revenues		
Lease costs	591,254	
Installment costs	57,880	
Capital costs	19,011	
Other cost of sales	7,223	675,371
Gross profit		89,135
Selling, general and administrative expenses		57,575
Operating income		31,560
Non-operating income		
Interest and dividend income	73,550	
Other non-operating income	8,704	82,255
Non-operating expenses		
Interest expenses	26,439	
Other non-operating expenses	7,466	33,905
Recurring income		79,910
Extraordinary income		
Gain on sale of investment securities	2,882	
Gain on sale of investments in other securities of subsidiaries and associates	291	3,173
Extraordinary losses		
Loss on sale of investment securities	374	
Loss on valuation of investment securities	1,795	
Loss on valuation of shares of subsidiaries and associates	178	2,348
Income before income taxes		80,734
Income taxes - current	745	
Income taxes - deferred	(2,215)	(1,469)
Net income		82,204