Message from the Chairman of the Board of Directors

Enhancing corporate value through collaboration between executive and supervisory functions

Now that the Medium-Term Management Plan 2028 is under way, tackling challenges in uncharted territory has become essential. The Board of Directors must fulfill its oversight role and serve as the driving force behind these challenges. I am pursuing a new form of governance that fosters a culture unafraid of failure and in which executive and supervisory work as one to drive sustainable growth.



1. Assembling a board that drives transformation: cultivating an environment for active discussion

For the Board of Directors to fully perform its intended supervisory and decision-making functions, it must do more than receive reports from the executive team; it must be a forum for strategic discussion from a medium-to-long-term perspective. I attach great importance to creating an atmosphere in which outside directors with diverse expertise can candidly engage in discussion. I also want to run the Board in a way that draws out recommendations representing true wisdom arising from the personal character the directors have cultivated rather than from their expertise alone.

2. Improving operational effectiveness and pursuing self-transformation through continuous refinement of the Board of Directors

The executive team's explanations of agenda items and its reporting materials have evolved and are now easier to understand. As chair and having come up through the company, when I regard an explanation to be insufficient, I designate the appropriate person in charge to investigate and provide additional detail. Building a trusted corporate governance regime hinges on two concepts: the separation of executive and supervisory and the continuous improvement of the Board of Directors. I find it interesting that in effectiveness assessments conducted to identify issues, outside directors' scores tend to be higher than those of internal directors. The effectiveness assessment is not merely an occasion to voice opinions; it is something for which we ourselves must also take responsibility. I believe that all directors must not only express their thoughts but also take up the challenge of continuous self-transformation, and in so doing raise the Board's effectiveness.

3. Encouraging discussions that view failure positively rather than being discouraged by it

When I assumed the role of chair at the start of the new fiscal year, I proposed—and won support for—three principles governing how the Board of Directors should operate: discussion from the perspective of medium-to-long-term sustainable growth, taking necessary risks, and openly acknowledging failures and using them as lessons for the future. As the executive divisions take on challenges in new areas beyond our existing frameworks, the Board of Directors emphasizes forward-looking discussion that is not averse to failure but treats it as fuel for growth. A management attitude that tolerates failure and encourages bold attempts is essential to creating innovation. The key to learning from failure is to disclose it honestly, and I have told the executive side to make the lessons learned company knowledge rather than individual experience. By creating a forum for discussion where we can learn from failures resulting from proactive initiatives, we aim to foster organizational growth and establish new business models.

4. Evolving the investment decision process and governance policy to address new risk-taking

Going beyond our core leasing business requires multilayered evaluation criteria. Decisions must weigh not only short-term profitability but also strategic fit and future value. Governance must redefine risk, tolerate failure, and set clear early exit criteria. I also take care to incorporate the perspectives of all stakeholders, including minority shareholders, and ensure that the Board operates fairly and with a high degree of transparency. Diversity of perspectives is directly linked to enhancing medium-to-long-term corporate value. I believe it is important for outside directors to take the lead in voicing their opinions from that perspective.

5. Enhancing corporate value through constructive dialogue between the executive and supervisory functions

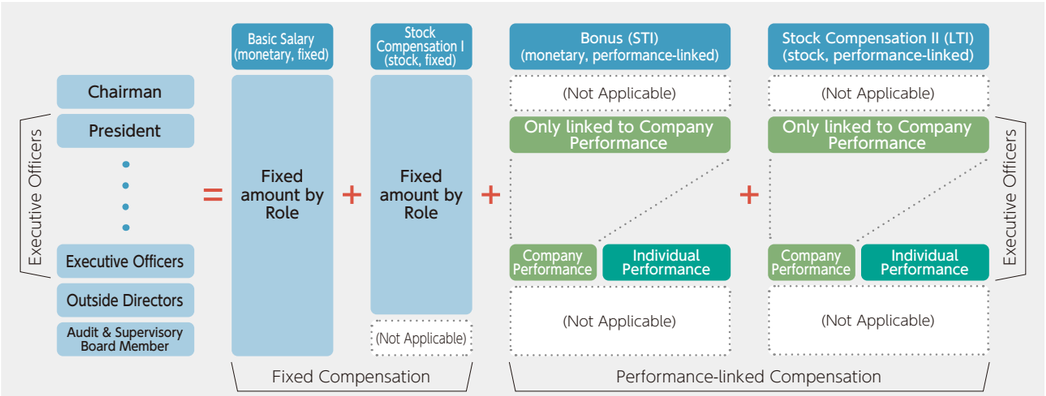
With regard to driving sustainable growth for the company, as set out in our Plan 2028, improving capital efficiency, as measured by ROA and ROE, and improving PBR are among the Board of Directors' most important themes. There is no endpoint in evolving governance to achieve our financial targets; we need to look beyond simple compliance and regularly question what governance truly means. I greatly value the ideal of approaching challenging initiatives as one team. Executive and supervisory functions have different roles, but I believe that building a sense of unity through constructive dialogue is important for further enhancing corporate value at this moment of transformation.

Executive Compensation

Basic policy

Our basic policy on executive compensation is to link compensation more clearly to the company's performance and the value of its shares. This incentivizes officers to contribute to improving performance and increasing corporate value over the mediumtolong term and, in turn, offer shareholders a commitment to raising the value of the company's stock. To this end, compensation for executive officers is structured as a combination of base salary (fixed compensation) and performancelinked compensation.
The maximum amount of compensation for directors is deliberated on by the optional Nomination and Compensation Committee (a majority of whose members are outside directors), resolved by the Board of Directors, and then put forward as an agenda item at the General Meeting of Shareholders. The composition ratio and calculation method of compensation for directors are likewise determined by the Board of Directors following deliberation by the optional Nomination and Compensation Committee.
An overview of the Details of Policy on Decisions on the Remuneration for each Director resolved at the Board of Directors meeting held on June 25, 2025, is described below.

Composition of Executive Compensation



Company Performance Metrics

	Evaluation Metric	Description and Purpose
Bonus (STI)	Gross profit before Funding Costs	Selected as an indicator to measure the group's fundamental profitability
	Ordinary Income	Selected as an indicator to measure the group's profitability, including equity-method earnings
	Net Income Attributable to Owners of the Parent	A key management objective and the source of funds for dividends and other shareholder returns. Selected as an indicator to measure the degree to which it is achieved
Stock Compen-sation II (LTI)	Comprehensive Sustainability Assessment	A comprehensive evaluation of contributions to a decarbonized and circular economy, together with human capital management initiatives Adopted as an indicator that supports medium-to-long-term growth in cor-porate value Examples: Renewable energy-related targets, circular economy-related targets, human capital investment-related targets, work-style reform, women's advancement-related targets
	Relative TSR (vs. TOPIX Growth Rate)	Adopted as an indicator that protects shareholder interests through dividend policy and sustained growth in corporate value
	Consolidated ROE (Net Income)	Adopted as an indicator for steadily improving earnings power relative to shareholders' equity and thereby lifting the stock price and PBR
	Consolidated ROA (Ordinary Income)	Adopted as an indicator to measure improvements in asset efficiency and the shift to an asset-turnover-centered business model

Fiscal 2025: Total compensation for directors and corporate auditors

Category	Total Compensation (¥ million)	Total by Type of Compensation (¥ million)				Number of Eligible Officers
		Base Salary (fixed compensation)		Performance-linked Compensation		
		Basic Salary	Stock Compensation I	Bonus Monetary Compensation	Stock Compensation II	
Directors (of which are outside directors)	482 (77)	317 (71)	27 (6)	57 (—)	80 (—)	15 (8)
Corporate Auditors (of which are outside corporate auditors)	86 (62)	86 (62)	–	–	–	5 (3)
Total (of which are outside officers)	568 (140)	404 (133)	27 (6)	57 (—)	80 (—)	20 (11)