

## Message from the President & CEO



**Accelerating transformation  
to enhance corporate value  
over the medium to long  
term and achieve sustainable  
growth**

A handwritten signature in white ink, appearing to read 'Tajiri', followed by a stylized flourish.

Representative Director  
President & CEO

## Message from the President & CEO

### Feeling the transformation mindset take hold

Our 10-year Vision is encapsulated in the phrase, “Together we innovate, challenge and explore the frontiers of the future.” This represents our desire to be an innovator that forges the future without being caught up in past precedents, a company that continues to pioneer and innovate in areas that no one has ever ventured into before. At the same time, behind this vision is a strong sense of crisis that our Group may not even exist in 10 years if we continue to just follow the status quo.

It may not be the best idea to start this message with such negative talk, but I cannot get this sense of crisis out of my mind. It is easier said than done for a company to have a sense of crisis when business is going well. Yet, as someone who has been in the financial industry both at home and abroad for the past four decades, I have seen many companies fail due to complacency when things were going well. That is why, since taking office as President & CEO in April 2023, I have been strongly pushing ahead with Company-wide transformation.

In order to advance our transformation, each and

every employee must take ownership of this transformation, take on new challenges, and change themselves. New efforts will be accompanied by failure, but I have personally experienced that learning from such failures leads to one’s growth and development. I would even go so far as to welcome failures that lead to the next step, and I take every opportunity to directly communicate this sentiment to employees.

Based on this thinking, when we rolled out the 2025 MTMP, we launched initiatives to promote transformation, such as the Zero-Gravity Venture Lab (going by the name “ZERO-GRA”), **1** which includes calling for new business ideas and an intra-entrepreneurship program, and the Innovation Investment Fund (an investment facility totaling ¥10 billion), **2** which delegates investment decision authority to business departments and encourages speedy and responsible investment in startup companies.

ZERO-GRA’s intra-entrepreneurship program has led to the establishment of its first new company after a year of business feasibility assessment. Under the Innovation Investment Fund initiative, a new subscription service has been launched in collaboration with an investee of the fund. These two examples showcase that we are gradu-

ally seeing concrete results from these initiatives.

To further accelerate this wave of transformation, further instill a culture that encourages employees to take on challenges, and bring together the ideas and energy of our employees, in FY2024, we launched a project we call “Top Gun,” which I have directly led. This project aims to create new business models, solutions, and schemes that will increase our ability to provide added value to customers. We will accomplish this by sharing opinions based on free, outside-the-box thinking and by utilizing our comprehensive strengths to command the various functions within the Group beyond organizational boundaries. **3** When we started this project, we called for participants and received applications from over 2,000 employees, which is about 60% of our Group’s workforce in Japan. This made us keenly aware of our employees’ commitment to transformation. After narrowing down the number from these 2,000 or so employees, we formed several teams, which have held lively discussions with the management team, including myself.

Amid these various initiatives and daily interactions with many employees on various occasions, I have repeatedly emphasized the need for transformation, and

“ To advance our transformation, I want each and every employee to take ownership of our transformation and take on new challenges. ”



**1** Zero-Gravity Venture Lab ▶ P.21

As one of our initiatives to promote transformation, we are calling for new business ideas and implementing an intra-entrepreneurship program.



**2** Innovation Investment Fund ▶ P.21

We are promoting the creation of new services and the development of new businesses through open innovation with startup companies, beginning with investment in such companies.



**3** Top Gun ▶ P.21

This Company-wide project for innovation, directly led by the President & CEO, attracted applications from 2,149 employees, or about 60% of our Group’s workforce in Japan.

## Message from the President & CEO



I feel that a mindset toward transformation has gradually taken hold within the Group.

### Progress of the 2025 MTMP and formulation of the 2028 MTMP

Starting from its origins in the domestic leasing business, the Group has steadily achieved profit growth by expanding business domains and the geographical reach of its operations through M&As, and by increasing its asset base while accumulating quality assets. Following our business integration in April 2021, we have grown into a company with total assets of ¥11.7 trillion and interest-bearing debt of ¥8.8 trillion. We are now gradually reaching the time when we must shift away from our conventional growth strategy based on expanding the balance sheet.

**“ We will shift away from our growth strategy based on expanding the balance sheet and transform our business portfolio into one comprising more profitable and value-added businesses. ”**

For this reason, we recognize the need to shift our business portfolio to one comprising more profitable and value-added businesses while limiting the growth of our balance sheet to a more gradual pace than in the past. **As a key strategy of the 2025 MTMP, we have named this shift “the evolution and layering of business models” and have been promoting the transformation of our business portfolio.** **4** I believe that we are making steady progress in this effort.

In terms of financial results, we were able to achieve our net income targets in both the first and second years of the 2025 MTMP. In the second year, FY2024, we recorded an unexpectedly large amount of credit costs in the Americas business of the Global Customer Business segment, and a one-time loss in the Environment & Energy segment, but net income reached a record high thanks to the strong performance in the Aviation segment and Logistics segment. While it was a challenging year with mixed results for our business segments, we believe that it demonstrated the strengths of the business portfolio that the Group is aiming for, which I will explain later.

For the financial targets for FY2025, the final year of the 2025 MTMP, we aim to further surpass our previous

record high and achieve net income of ¥160 billion as announced. However, despite the yen being weaker than expected when the 2025 MTMP was formulated, the increase in profits, including the effect of the weak yen, was not sufficient, and unfortunately, we expect ROA and ROE to fall short of their original targets. Although the business environment is uncertain due to factors such as US tariff measures and geopolitical risks, we will continue our efforts to finish off the 2025 MTMP.

In FY2025, we are also formulating our next Medium-term Management Plan (the 2028 MTMP), which is positioned as the “step” phase of the “hop,” “step,” and “jump” phases we are taking toward realizing Our 10-year Vision. Although the business environment both in Japan and overseas is rapidly changing and difficult to predict, we intend to formulate a Medium-term Management Plan that is understandable to all stakeholders and under which we will achieve sustainable growth even in such circumstances.

FY2025 is a very important year: we will cap off the 2025 MTMP and formulate the 2028 MTMP in parallel. All employees of the Group will work together to tackle this challenge.



**Progress of the Medium-term Management Plan (2025 MTMP) ▶ P.19**

We are shifting to a more profitable business portfolio and advancing our transformation.

**Web** [For details about our Medium-term Management Plan, please visit our corporate website.](#)

## Message from the President & CEO

### Working to enhance corporate value over the medium to long term

Our price-to-book value ratio (PBR) is still below 1.0 (as of June 30, 2025). We intend to achieve a stable PBR of over 1.0 as soon as possible in order to enhance our corporate value over the medium to long term. Toward this end, the Group is focusing on achieving an ROE that sustainably exceeds the cost of shareholder equity it recognizes (approximately 10%), as well as increasing our price-to-earnings ratio (PER) by reducing our cost of shareholder equity and fostering growth expectations. **5**

As mentioned earlier, ROE is expected to fall short of the target set in the 2025 MTMP. In this regard, some shareholders and investors have been critical, saying that there seems to be less focus on achieving the ROE target than on the net income target. However, I would like to reiterate that we are managing our business with a strong awareness of achieving an ROE that exceeds the cost of shareholder equity in the short term and further improving ROE over the medium to long term.

In order to improve ROE, we need to both grow profits and optimize our capital structure. With regard to profit growth, we are placing greater emphasis on improving profitability in addition to increasing the amount of profit. Under the 2025 MTMP, we have incorporated not only the amount of net income, but also ROA and ROE into the KPIs for officers' remuneration. As I mentioned at the

beginning of this message, to simultaneously improve the amount of profits and profitability, it is essential to transform the entire Company, including changing the mindset of employees, and the evolution and layering of business models set out in the 2025 MTMP is an important strategy for this purpose. Each employee must be able to fully utilize the strengths of the Group to help solve the challenges faced by our customers, without being confined to the framework and fixed ideas of a leasing company.

In terms of optimizing the capital structure, we will make strategic investments to grow profits and retain the earnings necessary to maintain our financial soundness, while also allocating the portion that exceeds the required amount of capital to shareholder returns, taking into account the progress of the evolution and layering of business models. We have been highly praised for increasing dividends for 26 consecutive years, and we will continue to consider shareholder returns that will satisfy our shareholders.

Regarding the PER, in order to share the Group's growth story to the capital markets and foster expectations for growth while reducing the cost of shareholder equity, we need to have our shareholders understand what the Group is aiming for in the medium to long term, how it will achieve this goal, and the path and strategy leading to it.

To reduce the cost of shareholder equity, we will strengthen our risk management capabilities to limit

fluctuations in our performance resulting from the recognition of large amounts of credit costs and impairment losses that occurred over the two-year period from FY2023 to FY2024. We will also more proactively incorporate ESG elements, such as environmental measures, human rights, and compliance, into our management, and further enhance information disclosure.

We also recognize that further nurturing growth expectations is an important challenge. I believe this is a challenge not only for our Group, but for the entire leasing industry in Japan. Because our businesses are so diverse, we sometimes hear from shareholders and investors both in Japan and overseas that it is difficult to get an overall picture of what businesses the Mitsubishi HC Capital Group engages in and what our strengths are.

Based on these opinions, in FY2024, we took advantage of various opportunities, including the General Meeting of Shareholders, to clearly explain the business portfolio that our Group aims for, described below, using an illustration. In addition, in July 2024, we held our first Business Segment Meetings for our Aviation and Logistics segments with the aim of providing a deeper understanding of our business operations and creating opportunities for direct communication between the heads of our units and business divisions and investors. **6** These efforts were well received by the shareholders and investors who participated.

In addition, although we have set the goal "Together we innovate, challenge and explore the frontiers of the



**Message from the CFO** ▶ P.22

Realizing medium- to long-term growth and maximizing corporate value by managing business with an awareness of the cost of shareholder equity



**Web Business Segment Meetings**

We held our first Business Segment Meetings to explain our Aviation and Logistics segments to stakeholders. In July 2025, we also held a Business Segment Meeting focusing on our Real Estate segment.

## Message from the President & CEO

future” as Our 10-year Vision, more than a few have said that this is somewhat abstract and the specific details are difficult to understand. We recognize that this is a major issue, and that we need to respond appropriately to such feedback in the 2028 MTMP.

We will continue to enhance information disclosure and communication with our shareholders and investors in order to foster a better understanding of the Group.

### Building a robust business portfolio that combines profitability, growth potential, and stability

To help you further understand the Group, I would like to touch on the business portfolio that we are aiming for, which I consider to be of great importance.

The Group’s business portfolio can largely be divided into two categories: (1) traditional leasing and finance for domestic and overseas customers, and (2) leasing, finance, and investment in specialized businesses, such as Environment & Energy, Aviation, Logistics, Real Estate, and Mobility.

Looking at (1), although the Global Customer Business segment has experienced relatively large fluctuations in performance in recent years due to one-off factors, compared to (2), this category has relatively lower volatility, and it is a stable revenue base. Also, (1) is positioned as a

base for creating new businesses that can build strong relationships with various customers.

On the other hand, (2) is subject to market conditions and therefore has relatively higher volatility than (1), but its profitability is also correspondingly higher. In addition, the timing and magnitude of market fluctuations concerning each specialized business are not necessarily the same, so the volatilities of the specialized businesses offset each other. This is a distinctive characteristic of category (2).

By combining these two types of business portfolios, the Group as a whole has a business portfolio with low volatility and stable profitability. Looking back at the first and second years of the 2025 MTMP, although large amounts of credit costs and impairment losses were recorded in different segments, the profitability of other segments made up for these negative factors, and we reached our net income target.

However, in order to enhance our corporate value over the medium to long term as mentioned on the previous page, in other words, to quickly achieve an ROE that exceeds the cost of shareholder equity, which is an urgent issue, and to improve the PER by reducing the cost of shareholder equity and fostering growth expectations, the key will be to further improve and grow the quality of the business portfolio that we have built to date. In the area of category (1), in addition to quickly restoring the profitability of the Americas business, we are increasing profitability overall by adding a variety of

Mitsubishi HC Capital Group’s business portfolio



value, such as data utilization, to existing businesses both in Japan and overseas and thereby improving profitability, while divesting and withdrawing from businesses both in Japan and overseas that do not achieve the expected profitability. In the area of category (2), while carefully assessing market conditions, we continue to make bold large-scale investments in European Energy, an overseas renewable and next-generation energy company, as well as in aircraft and marine containers.

In order to maintain a robust business portfolio that combines profitability, growth potential, and stability, we must upgrade our portfolio while controlling business risks through careful and thorough risk management. We will continue to work on these efforts. 7



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Risk management ▶ P.60

Realizing Our 10-year Vision through effective enterprise risk management and a sound risk culture adapted to an increasingly uncertain business environment

## Message from the President & CEO

“ There is no end to our transformation, and we must constantly keep changing. ”

### Providing maximum support for employees to take on new challenges and achieve self-realization, encouraging their growth, and rewarding their achievements

Finally, I would like to share my thoughts on our strategy to strengthen human capital. Naturally, for the Group to advance our transformation and sustainably enhance corporate value, the growth of each employee is essential. To encourage employees' growth and self-realization, we place the right people in the right positions and provide opportunities for employees to acquire the necessary skill sets. As an investment in our human capital, training costs per employee are among the highest in the industry.\* In addition, we have established the Career Challenge Program, which creates opportunities for employees to realize their desired careers. Through these efforts, we have created an environment in which employees can be highly motivated and maximize their abilities by being assigned to the departments or jobs of their choice.

In addition, we intend to create an open and lively work environment to encourage the emergence of new synergies that cannot be created by individuals alone. Whenever I visit our Group's offices around the world, I

repeatedly emphasize the importance of communication by saying "Communication, communication, and communication!" I am particularly conscious of respecting each other and eliminating guessing at their intentions and bias when communicating with employees.

Furthermore, we properly reward employees' efforts and achievements through clear and transparent evaluations and compensation. With regard to compensation, we have implemented a base pay increase for three consecutive years since 2023, resulting in a total wage increase of about 20% over those three years.

Based on my belief that human resources are our most irreplaceable asset, in this Integrated Report, the section on our strategy to strengthen human capital is included as part of our value creation story, just like our business strategies. **8**

### Continuing our transformation and contributing to a sustainable and prosperous future

So far, I have been talking about how the entire Group is working on transformation due to my strong sense of crisis. Through initiatives such as ZERO-GRA and Top Gun,



which I introduced at the beginning, the mindset and behavior of employees are visibly changing. Collaborative activities that stem from communication beyond organizational walls and activities to take on challenges without fear of failure are also actually taking place. On the other hand, the business environment surrounding the Group is constantly changing, symbolized by rising interest rates and changes to lease accounting standards in Japan, heightening geopolitical risks overseas and US tariff measures, and concerns about a global economic downturn due to these factors. As a result, the future is becoming increasingly uncertain.

Indeed, there is no end to our transformation, and we must constantly keep changing as there is no future for the Group if we continue on with the status quo. As stated in Our Mission, we will continue to transform ourselves and contribute to a prosperous and sustainable future by creating social value that is unique to the Group.

\*FY2023 basis



**Message from the Head of Human Resources & General Affairs Division** ▶ P.47

Aiming to become an organization where the Company and each employee can take on new challenges and grow