

Message from the CEO



Turning *transformation* into results:

Shifting to profitability-focused management
and entering a new stage of accelerated
corporate value enhancement

A handwritten signature in black ink, reading "Taiju" followed by a stylized flourish.

Taiju Hisai
President & Chief Executive Officer

Message from the CEO

Transformation can only be achieved while we still have options

Over the past four decades, I have built my career in the financial services industry, both in Japan and overseas, and have observed a wide range of companies. Through this experience, I have come to firmly believe one thing: the more successful a company is today, the harder it is for it to change. Companies with highly capable employees, functioning business models, and a certain level of earnings tend to find it difficult to feel a sense of urgency and to face the need for *transformation* head-on. However, changes in the business environment do not wait. The competitive environment is constantly and inexorably changing. Time and again, I have seen companies whose management options were already limited by the time those changes became visible in their financial results. This is why a complacent mindset is extremely dangerous. Precisely because problems have not yet surfaced and we still have many options open to us, now is the time to pursue *transformation*.

Since becoming CEO in April 2023, I have consistently communicated both inside and outside the Group my strong belief that we must transform into an organization that is truly chosen by stakeholders over the next 10 years and beyond. This does not mean simply expanding our scale or pursuing short-term results. Rather, my message is that we must continue evolving

into an organization with true underlying strength—one that can keep creating value even as the business environment changes. I have also said that I want Mitsubishi HC Capital Group to be an organization where employees are satisfied and happy, and one that is trusted and respected by society. These are not emotional slogans. They are highly practical considerations for enhancing corporate value over the medium to long term amid an uncertain external environment, and they are grounded in my firm conviction as a business leader. To transform Mitsubishi HC Capital Group into such an organization, I have persistently communicated to employees the need for *transformation*, almost to the point of repetition. In the 2025 MTMP, our first medium-term management plan since the 2021 business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital, which covered the three years through the previous fiscal year, we incorporated *frameworks to promote transformation* across various initiatives. Through these efforts, I feel that the momentum for *transformation* has been growing within the Group, and that a mindset for *transformation* has begun to take root across the organization. Even so, I have not yet been able to dispel my strong sense of crisis that the Group may no longer exist 10 years from now. We launched our new 2028 MTMP this fiscal year, and I believe we must continue to drive *transformation* with strong determination.

The 2025 MTMP in review: achievements and challenges

Looking back on the 2025 MTMP, we implemented a wide range of transformation initiatives as the first stage toward Our FY2031 Vision.¹ These included *gaining a solid foothold by restructuring and redefining existing business domains, sowing seeds in new business domains, and the evolution and layering of business models* to transform our business portfolio. **1**

Through these initiatives, despite both positive and negative changes in the business environment that we had not anticipated when the 2025 MTMP began, we met our net income target in each of the three years of the 2025 MTMP, and achieved record-high net income for four consecutive fiscal years. Reflecting this solid performance, our stock price rose in tandem with the upward trend in the Japanese stock market, enabling us to reach a P/B ratio of around 1.0, which we had positioned as an initial milestone. I regard all of these as significant achievements.

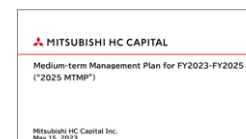
At the same time, we fell short of our financial targets for profitability, namely our ROE and ROA. The direct causes included sluggishness and underperformance in certain businesses, as well as the slow pace of our business portfolio

1. Our 10-year Vision, announced in May 2022, was redefined as Our FY2031 Vision when formulating the 2028 MTMP, including clarification of the timeline.

1 Medium-term Management Plan (2025 MTMP)

Over the three years from FY2023 to FY2025, we advanced *sowing seeds and gaining a solid foothold*.

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Please visit our website for details on the progress in each fiscal year.

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transformation. However, the underlying reason was that, because this was our first medium-term management plan after the integration, all executives and employees across the Group prioritized achieving a more intuitive target of profit in absolute terms. As a result, we were unable to give profitability ratios such as ROE and ROA the same level of attention that we gave to the amount of profit. This is my responsibility as CEO, and it is a challenge we have carried over into the 2028 MTMP.

Regarding internal transformation, the *frameworks to promote transformation* I mentioned earlier have fostered momentum for transformation and a willingness to take on challenges among executives and employees. I have also begun to hear people outside the Group say things such as, "Mitsubishi HC Capital seems to be doing many new things lately," or "I've been hearing more about Mitsubishi HC Capital recently." Whenever I hear such comments, I feel that our *transformation* is steadily bearing fruit. However, for employees across the Group to embrace new initiatives and challenges spontaneously on a daily basis even without such measures, we need to elevate *transformation* to a stage where it becomes embedded in our corporate culture. This is another challenge that remains to be addressed.

In the 2028 MTMP, which began this fiscal year, I am committed to taking stronger leadership as CEO in addressing these two remaining challenges from the 2025 MTMP.

Management with a greater commitment to profitability

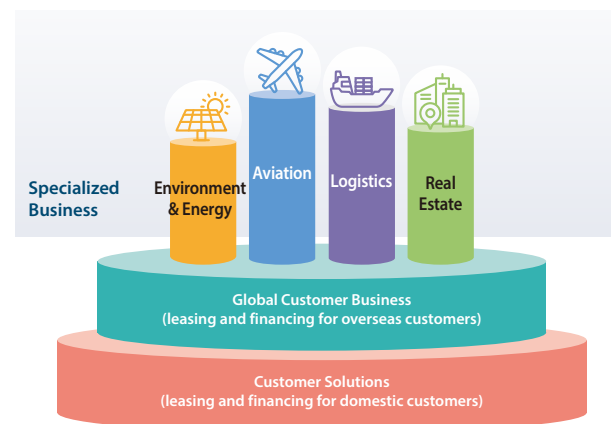
Under the 2028 MTMP, we will of course continue to focus on the amount of profit, but we are determined to shift management toward a much greater commitment to profitability. To that end, we have designated ROE as the top priority KPI of the 2028 MTMP and set a target of raising it to 10% in FY2028, a level equivalent to the Group's recognized cost of equity.² The specific driver for improving ROE is higher ROA. To improve ROA, we will not pursue profit growth through balance sheet expansion as we have done in the past. Instead, through bold business portfolio restructuring,³ we will curb the expansion

of total assets while making growth investments in highly profitable areas and building a business portfolio with high profitability and growth potential. We have been replacing assets to date, but over the three years of the 2028 MTMP, we plan to replace assets on a scale of ¥2 trillion. This will be an unprecedented scale of portfolio restructuring for the Group and will not be easy. At the same time, it reflects our strong sense of urgency that profitability cannot be improved unless we act with this level of boldness. It will be a major challenge, but I am determined to make it happen.

Even so, to enhance corporate value over the medium to long term, I do not regard an ROE of 10%, which is equivalent to the cost of equity, as the ultimate goal. Rather, I see it as the starting line. Toward FY2031, we will aim for an even higher ROE.

To support these strategies, I believed that we first needed to change the mindset of our executives, and we therefore made a major decision to revise our executive compensation scheme. We significantly increased the evaluation weight of ROE, our top priority KPI, making clear our emphasis on ROE.⁴ In addition, within the stock compensation component, we introduced new non-financial KPIs such as MHC engagement.² By aligning evaluation with strategy, we will strengthen our execution capabilities.

2. MHC engagement is defined as a state in which employees work as one to create value.



2 Medium-term Management Plan (2028 MTMP)

Taking into account both a review of the past and our vision for the future, we formulated the 2028 MTMP as the *step* phase toward Our FY2031 Vision.

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Please visit our website for details.



3 Business Portfolio Restructuring

We will accelerate more selective business portfolio restructuring than ever before, improving profitability by strengthening growth investments while curbing the expansion of our asset base.

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4 Corporate Governance

Our executive compensation is designed to enhance corporate value through the execution of our business strategies, while providing appropriate incentives for executives.

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The planned business portfolio restructuring on a scale of ¥2 trillion also reflects our strong sense of urgency that profitability cannot be improved unless we act with this level of boldness.

Embedding a *transformation* mindset into our corporate culture

Through various initiatives to date, we have fostered momentum for *transformation* within the Group. Under the 2028 MTMP, we will move toward embedding this mindset into our corporate culture. At the beginning of this message, I said that I have not yet been able to dispel my strong sense of crisis that the Group may no longer exist 10 years from now. Behind this is the fact that I still see symptoms of what is often called *big company disease* within the Group: precedent-based thinking that seeks to continue doing things the way they have always been done, a culture of waiting for instructions rather than thinking independently and taking ownership of decisions, and sectionalism, or a silo mentality, where people only think about their own departments. I believe this may partly be because the Group became larger following the business integration in 2021, and this deeply concerns me. Such tendencies not only impede *transformation* but could also weaken the organization and threaten the survival of the Group. I want to nip them in the bud, while they are still small. For this reason as well, we must embed a mindset of *transformation* and *challenge* into our corporate culture—and doing so requires change significant enough that people both inside and outside the Group can feel that Mitsubishi HC Capital has changed. Under the 2025 MTMP, I

asked employees to practice *trial and error*. Under the 2028 MTMP, we will go further *by encouraging employees to try, learn from failure, and try again*.

The source and starting point of every strategy lies in *people* and *corporate culture*. No matter how outstanding a strategy may be, it will not produce results unless the *people* who execute it change their behavior. We are truly committed to transforming our corporate culture so that it becomes the norm for each employee to think independently and continue taking on challenges, and so that the accumulation of these efforts translates into competitiveness across the entire organization. **5**

Above all, I firmly believe that our people are our greatest asset—and that everything begins with them.

The 2028 MTMP is a critical milestone that will determine whether we realize Our FY2031 Vision

To realize Our FY2031 Vision, we need to evolve our way of doing business and the very nature of the Group itself. Through the 2025 MTMP, we built the foundation for *transformation*, and that mindset has steadily begun to take root. However, to translate this *transformation* into tangible results in the form of enhanced corporate value, we must take our efforts one step

5 Message from the CHRO

Aiming to become a company that continues to evolve, where everyone takes on challenges, co-creates, and grows, we will transform our talent portfolio in line with our management strategies.

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further and deliver clear outcomes.

The Group's *transformation* is now in a transitional phase, moving from emergence to expansion. At this stage, what matters is not simply recognizing the need for transformation but seeing it through and turning it into lasting results. If we try to move on to the next stage without sufficient execution capabilities, the initiatives we have built up so far may end up being temporary, and we run the risk of reverting to our previous trajectory.

In that sense, I regard the three years of the 2028 MTMP as an extremely important turning point. Our FY2031 Vision, which is our medium- to long-term aspiration, will not be realized simply with the passage of time. We can only move closer to realizing it by steadily advancing *transformation* at pivotal moments like this. The 2028 MTMP is a particularly important milestone because its outcome will directly shape our future growth trajectory. As such, we position it as the phase in which we will raise profitability and accelerate the enhancement of corporate value. We will shift the focus of our management toward high-quality growth centered on capital efficiency and profitability, and as a result evolve into an organization capable of sustainably creating value.

In an uncertain business environment, simply responding to change is not enough. We need the ability to create change ourselves and turn its results into sustainable growth. To this end, as I have stated, we will drive both a shift to

profitability-focused management and a further deepening of corporate culture transformation under the 2028 MTMP. We will not allow *transformation* to end as a temporary initiative; instead, we will elevate it into a source of organizational competitiveness. Our *transformation* is still in progress, but corporate value is steadily increasing, and the foundation for medium- to long-term growth is firmly taking shape. Above all, we have the ability to embrace change and open up our own path to growth. I am confident that our future is bright and that we are ready to take a bold step toward further growth.

Creating social value through maximizing the potential of assets

So far, I have consistently emphasized the need for *transformation*. Finally, I would like to share two things that I believe, as CEO, we should not change.

The external environment surrounding the Group is becoming more uncertain than ever, marked by developments such as the rollback of globalization, global fragmentation and shifts in the world order, instability in the Middle East, and the rapid advancement of AI and the expansion of related markets. These changes go beyond ordinary economic cycles: they are



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reshaping industrial structures and the competitive landscape itself, demanding more flexible and rapid decision-making and stronger execution capabilities.

Amid such uncertainty, it is essential that we not be swayed by the external environment. Instead, we must clearly define our own strengths and direction, calmly assess the situation, accurately weigh risks and opportunities, and independently formulate and execute growth strategies. To do so, we must combine the flexibility to respond to short-term changes in the environment with the discipline to maintain unwavering principles over the medium to long term. **6**

These principles for the Group are expressed in Our Mission: “Contribute to a prosperous and sustainable future by creating social value through maximizing the potential of assets.” In other words, it means keeping assets at the heart of everything we do. We have created value for both businesses and society not only through leasing and finance, but also by recognizing the value of assets from multiple perspectives and unlocking their potential. I believe that the expertise we have accumulated as asset specialists is the source of our competitive advantage.

Going forward, we will need to further evolve our business model in response to changes in the business environment. We will likely change our business domains and earnings structure, and even the way we create value. At the same time, however, no matter how we change, our core strength and dedication to maximizing the potential of assets will never waver. Boldly

changing what should be changed while never wavering on the principles we must uphold—this is what will enable us to achieve sustainable growth even in an uncertain business environment. As CEO, I am determined to stay true to these principles and continue taking on challenges without fear of change. This is the first thing I believe we should not change.

Management with a clear focus on shareholders and stock price

The second thing I believe we should not change is to make clear, to investors and all other stakeholders inside and outside the Group, that we will remain firmly committed to managing our business with a keen awareness of our stock price as one indicator of market evaluation. By this, I do not mean being caught up in short-term stock price movements. Rather, I mean practicing management that earns the market’s sustained recognition through the enhancement of corporate value over the medium to long term.

As I have already explained, of the components that make up our P/B ratio, we have positioned ROE, which measures our ability to generate returns exceeding the cost of equity, as the top priority KPI of the 2028 MTMP. However, to enhance corporate value, improving ROE alone is not enough. It is also essential

that the market appropriately reflects the Group’s growth prospects in its valuation, and from this perspective, we will also work to raise our P/E ratio. **7**

The foundation for this will be strengthening our capacity for sustainable growth through corporate culture transformation. In addition, I believe it is important that we help the market fully understand our growth story through dialogue. Going forward, I intend to further enhance both the frequency and quality of dialogue, and to carefully communicate management’s thinking and the background to our decision-making.

On that basis, I am committed to steadily building the market’s trust through a range of initiatives and to evolving into an organization that consistently delivers lasting value. I hope you will look forward to our growth ahead.



6 Risks and Opportunities Underlying Strategies Toward Our FY2031 Vision

We will accurately identify the risks and opportunities arising from changes in the business environment and link them to sustainable growth and corporate value enhancement.

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7 Message from the CFO

We will maximize corporate value by rigorously pursuing more selective business portfolio restructuring and optimizing capital allocation.



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