



Taiji Hisai

Representative Director,
President & CEO

Profile

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

Becoming an Innovator That Opens Up the Future of the Asset Business and Co-Creates Value

Bringing out the capabilities of all employees to the fullest to attain 2025 MTMP

I am Taiji Hisai, and I assumed the duties of Representative Director, President & CEO of Mitsubishi HC Capital Inc. on April 1, 2023.

During the previous two years, I was involved in the overall management of Mitsubishi HC Capital as a Deputy President. In that sense, although I have taken the reins as President & CEO since this past April, my actual job duties will not change significantly. Even so, I keenly feel the heavy weight of my responsibilities as the final decision-maker at Mitsubishi HC Capital.

In April 2023, Mitsubishi HC Capital launched its Medium-Term Management Plan for FY2023 - FY2025 (2025 MTMP), which runs for three years. Having assumed the role of President & CEO at the same time as the start of 2025 MTMP, my greatest responsibility is to ensure that we attain the objectives of 2025 MTMP through the strategies and measures set forth in the

plan. My chief role is to stand at the forefront and lead the Mitsubishi HC Capital Group, a large organization consisting of approximately 9,000 employees, and bring out the full capabilities of these employees. In my previous professional career, I spent many years overseas in managerial positions in such countries as the United States, the United Kingdom, and India. During this time, I focused my efforts on how I could motivate my team members who were from different countries with different languages and cultures, and spur them to work toward attaining shared goals.

I think one of the reasons I was selected as President & CEO was so that I could leverage this experience to exercise my leadership to unite Mitsubishi HC Capital Group employees worldwide and surmount the high hurdles we face.

Completion of the business integration process together with our employees and transitioning to a new stage of growth

Mitsubishi HC Capital was born in April 2021 through the integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital, both prominent leasing companies in Japan. The prevailing notion at that time was that the Mitsubishi Group was a “Lord” and the Hitachi Group a “Nobushi,” or a lordless samurai. In fact, we often heard that integrating these two companies, which had different systems, rules, and corporate cultures, would likely be no easy task. Thanks to the hard work of each employee, who occasionally set aside conflicting opinions, we accomplished all the tasks set at the outset of the merger within two years as originally planned as we aim to create something new and achieve synergistic coactions.

Having experienced the challenges of two major corporate mergers during my previous career, I consider our successful business integration nothing short of a

truly miraculous accomplishment. Although we faced differences because Mitsubishi UFJ Lease & Finance had a background in banking and trading house businesses, while Hitachi Capital’s background was in manufacturing businesses, the temperaments of the employees of both companies proved to be more similar than I anticipated. This affinity between the cultures of the two predecessor companies was a huge factor underpinning our successful completion of our PMI.

Over long years, Mitsubishi UFJ Lease & Finance built close partnerships with the Mitsubishi UFJ Financial Group and Mitsubishi Corporation, while Hitachi Capital forged similar ties with Hitachi, Ltd. and other Hitachi Group companies. These strong networks of our forerunners have been firmly inherited by Mitsubishi HC Capital. The integration of the two companies, which possessed different competitive advantages, enables us to mutually

expand our business fields, geographically diversify our portfolio, and create a full lineup of products and services, as well as build an extensive and strong customer base and network that leads the global market. Mitsubishi HC Capital Group currently undertakes business in more than 20 countries and regions. With overseas business accounting for over 50% of the segments' asset balance in FYE3/2023, Mitsubishi HC Capital Group is building a geographically diversified portfolio and demonstrating its presence globally. For example, one of our focus regions is the Americas, where the scale of our U.S.-based Group companies as a whole*¹ ranks among the top in the U.S. non-banking industry*². Building on this solid track record, Mitsubishi HC Capital Group will continue to march toward a new growth stage that maximizes synergies.



Group-wide global discussions are held to maximize synergies on a regular basis.

*¹ Total U.S.-based Group companies in the Global Business, Aviation, and Logistics segments.
*² Company internal survey.

Transforming ourselves to realize Our 10-Year Vision

Work on formulating 2025 MTMP began immediately after I became Deputy President. At first, we held repeated discussions led mainly by Seiji Kawabe, Chairman, Takahiro Yanai, President & CEO and the three Deputy Presidents including myself (all at that time). Despite numerous twists and turns, everyone unanimously focused on the type of corporate group the Company aspired to become over the long term. Additionally, during these discussions, one of our crucial themes was promoting initiatives to raise corporate value over the medium to long term and to realize a price-to-book ratio (PBR) exceeding 1x as a quantitative benchmark of this increased corporate value.

Society and the economy are currently in a time of historic structural change. Given this, perhaps ten years from now people might even say, “By the way, there was once an industry called leasing.” To ensure that Mitsubishi HC Capital Group can maintain its presence as one of Japan’s premier corporate groups amid this change, in the coming years, we must take on new challenges that go beyond the framework of a leasing

company. With this in mind, we all started our discussions with a shared recognition of the importance of transforming ourselves. In envisioning our future, we began our discussion with a completely blank slate, asking ourselves, “What type of company does Mitsubishi HC Capital Group seek to become when it transcends the framework of a leasing company?”

The manifestation of these discussions was Our 10-Year Vision, “Together we innovate, challenge and explore the frontiers of the future.” This Vision embodies our fervent desire to become a company that takes on challenges in yet unexplored domains and continuously takes on challenges not by ourselves but also together with our customers, partners, and various stakeholders. We will boldly tackle the challenge of achieving things that nobody has ever accomplished before. Although we will naturally experience failures along the way, we must never fear failure. We need to continuously act as a reformer and challenger that creates new things motivated by these failures. I believe this attitude will be highly acclaimed by our customers and partners.



phase. During this phase, the entire Group will work in unison in “sowing seeds” and “gaining a foothold” to enable us to leap ahead to the subsequent Skip and Jump phases. Specifically, in “sowing seeds” with an eye to the future, we will focus on promoting DX strategies and developing, securing, and utilizing human capital such as global human resources and digital talent. For “gaining a foothold,” we will promote issues for sustainable growth, such as the next-generation system structures, including the integration of core systems, and building a talent portfolio strategy that aligns with our management strategy.

Our business portfolio consists of a variety of businesses ranging from traditional core businesses to new businesses with high growth potential and profitability. This portfolio is widely dispersed globally and is becoming a stable and reliable profit foundation based on our solid leasing business with a wide range of customers.

For example, even though our Aviation Business was significantly affected, albeit temporarily, during the period of COVID-19, we were able to secure increased profits on a Group-wide basis thanks to the contribution of the marine container leasing business on the back of growing stay-at-home demand.

Additionally, we must work to transform our business portfolio while accurately responding to the needs and trends of the times to ensure our continued growth as a corporate group. To this end, we will shift focus toward high profitability on a project basis, as well as in business regions and business models. Moreover, by harnessing the knowledge and resources of each organization within the Group, we will implement a policy of focusing across all segments on the four Key Themes of Hydrogen, EVs, Logistics, and Decarbonization Solutions, which will also help solve social issues both domestically and globally.

We will focus on “sowing seeds” and “gaining a foothold” to achieve sustainable growth during the three years of 2025 MTMP

Mitsubishi HC Capital Group regards the 10-year period for achieving Our 10-Year Vision as consisting of three

phases, Hop, Step, and Jump. We have positioned the current three-year period of 2025 MTMP as the Hop

Realizing CX through the value creation process Please see pages 21-22 for the value creation process.

To realize Our 10-Year Vision, and ultimately achieve sustainable increases in corporate value, we must fully utilize both financial capital and non-financial capital. Accordingly, in formulating this plan, we first set up the “value creation process” that will serve as our guideline. After redefining our capital, which includes financial

capital, human capital, and intellectual capital, etc., we summarized the flow of capital accumulation and value creation via business activities into our own unique story. Furthermore, in addition to financial targets, 2025 MTMP sets non-financial targets to confirm that non-financial capital is accumulated through our value-creation

process. By properly executing this value creation process, we can achieve CX (Corporate Transformation) through SX (Sustainability Transformation), DX (Digital Transformation), and Business Portfolio Transformation.

The SX we advocate is a concept that involves creating businesses that contribute to the sustainability of the Company and its stakeholders while responding to the SDGs and contributing to the sustainability of the environment and society. In Japan, there is a saying, “Sampo Yoshi,” which means benefits for all three sides. Any zero-sum relationship whereby when one party makes a profit and the other party loses is not sustainable over time. Mindful of this, we will pursue ways of business that enable customers, society, and the Group

to co-create and share the fruits of these efforts in keeping with the notion of benefits for all three sides.

DX is now probably a prerequisite for a company’s ongoing existence. By utilizing digital technology, we aim to generate profits, improve the efficiency of our business and operations, and pave the way for taking on challenges in new fields. We consider promoting DX to be an essential initiative for companies of today.

In executing “Business Portfolio Transformation,” we will extensively review the way we do business from a medium- to long-term perspective with an awareness of the cost of capital. The key to achieving this will be the Evolution and Layering of Business Models, which I will explain next.

overall. With regard to Finance + Services, our policy will be to focus on developing high-value-added services such as subscription services. In the Data Utilization Platform Service, we will utilize data accumulated within the Group that has yet to be effectively utilized to create new services such as inventory optimization and sharing. In the Asset Utilization Business, we will engage in business that leverages the value of assets, such as real estate development and the aggregation business which integrates and manages renewable energy.

Mitsubishi HC Capital Group’s “Evolution and Layering of Business Models” is an innovative attempt to

evolve and layer formats into middle-risk, middle-return businesses to increase the profitability and added value of our core Customer Finance and Asset Finance businesses, including the new business of Finance + Services, as well as securing service revenue and business revenue. In particular, over the coming three years, we will strengthen the business foundations of Data Utilization Platform Services and Asset Utilization Business to establish a system that can consistently generate profits at the Step or Jump phases.

Diversification of revenue sources and sophistication of business models through Evolution and Layering of Business Models

Within 2025 MTMP, we have positioned the Evolution and Layering of Business Models as the core of our business strategy. In view of changes in the business environment over the medium to long term, we will pursue business operations and service development that maximize the use of tangible and intangible assets. In doing so, we have visualized this process of Evolution and Layering. Specifically, we have categorized our business into five business models. Using the customer base and profit bases of our founding business of

Customer Finance and Asset Finance as a foundation, we will shift these existing businesses into high-value-added services, namely Finance + Services, Data Utilization Platform Services, and Asset Utilization Business.

In our core Customer Finance and Asset Finance businesses, we will secure stable and continuous income gains from lease income, interest, and commissions and will replace low-profitability assets with high-profitability assets to achieve higher profitability



Pursuing new forms of asset businesses that sometimes compete and sometimes collaborate

We undertake asset businesses globally utilizing both tangible and intangible assets. Among these, we are currently focusing on the leasing business, and our main competitors are naturally domestic and overseas leasing companies. However, competitive relationships are becoming increasingly complex as business fields and business models diversify. Various types of non-leasing companies are now also our competitors, as well as our partners.

For example, the Mitsubishi HC Capital Group is working on projects for revitalizing urban functions and regional revitalization. This includes wide-ranging involvement in large-scale development projects, which were once the exclusive domain of general contractors, trading companies, and major real estate companies. We are also carrying out such renewable energy businesses as solar power and wind power businesses. We are even promoting some businesses in which we go beyond the

framework of a lease provider and serve as a business operator. General contractors and home builders in the real estate development business and general trading companies in the renewable energy business are all strong competitors. Meanwhile, these companies are also our partners with which we sometimes work together to build and operate business schemes.

Furthermore, it is important to build win-win relationships in which all parties involved in the business, including customers, can mutually utilize their respective functions and strengths and enjoy equal benefits. I expect that Mitsubishi HC Capital Group will play a role as a comprehensive financial service provider or project operator and so our business opportunities are expanding more than ever before. The days when Mitsubishi HC Capital Group focused solely on providing leasing functions are in the past. This is precisely why we must work on Evolving and Layering Business Models.

Four initiatives to improve the sophistication of our management foundation

To improve the sophistication of our management foundation, we have set four strategies consisting of fostering and securing human resources, bolstering the financial base and internal organizational base, strengthening the corporate governance framework, and enhancing stakeholder engagement.

I believe the key to Mitsubishi HC Capital Group’s further growth over the next ten years will be to effectively allocate and utilize our human resources, which

represent our greatest asset. Formed through the business integration of Mitsubishi UFJ Lease & Finance and Hitachi Capital, which were two companies with different backgrounds, Mitsubishi HC Capital Group possesses human resources in Japan and overseas who are well versed in financial businesses centered on leasing in addition to a large number of employees with specialized knowledge in specific assets and fields that include environmental & energy, aviation, marine containers, and

railway freight car leasing businesses.

Mitsubishi HC Capital Group has positioned human resources as the driving force behind this growth. As such, Mitsubishi HC Capital Group works to further expand and enhance its human resources by both quantitatively securing diverse human resources that include new graduate hires and mid-career hires as well as members who join the Group through M&A and then qualitatively transforming these resources through education and training programs.

In bolstering the financial base and internal organizational base, Mitsubishi HC Capital Group will implement financial strategies that take into account well-balanced growth potential, return on capital, and financial soundness. At the same time, we will work to rebuild our credit screening and management framework in accordance with our business portfolio transformation.

Regarding corporate governance, Mitsubishi HC Capital Group will focus on establishing an effective consolidated management framework and sophisticating its integrated risk management, which is the foundation for our business promotion. Through the business integration, Mitsubishi HC Capital Group has become a global group of companies with bases in more than 20 countries worldwide.

To pursue growth for the entire Group, all employees must share a vision for the future in implementing

strategies and measures based on common goals. A key point in doing so is balancing our centrifugal and centripetal forces. Instead of individually optimizing each business site, we aim for overall optimization as a Group. We will strive to establish effective global governance based on our Consolidated Management Philosophy, which advocates the disciplined growth of the Group.

For stakeholder engagement, we aim to further deepen ESG management through initiatives that address climate change and human rights. Concurrently, we will strive to forge even closer relationships with our stakeholders by disseminating financial and non-financial information in a timely and accurate manner. Recently, we have been receiving an increasing number of questions about our risk management from shareholders and investors in Europe and the United States. Promoting the Evolution and Layering of Business Models is synonymous with increasing risk tolerance. Therefore, we must quantify the risk factors faced by the Group and manage these appropriately through detailed analysis and effective countermeasures. We will continuously strive to minimize volatility in our management and business by smoothly operating a multi-layered risk management framework that includes adopting individual risk measures, ensuring compliance, and implementing internal controls.



Becoming a company with satisfied employees that is respected by society

Balance sheet optimization is our most important financial theme

Now, I would like to explain the quantitative indicators of the 2025 MTMP.

Mitsubishi HC Capital Group has established financial targets of 160 billion yen in net income, ROA (net income on total assets) of approximately 1.5%, and ROE (net income on equity) of approximately 10% for FYE 3/2026. During the period of 2025 MTMP, we have also set the goal of maintaining a dividend payout ratio of 40% or higher and an “A” credit rating. To attain these high financial targets, we consider one of our most important themes to be optimizing our balance sheet based on well-balanced growth potential, return on capital, and financial soundness.

Mitsubishi HC Capital Group has total assets exceeding 10 trillion yen. We believe we can continue to secure stable funding because we maintain steady performance and a sound financial position through our diversified business portfolio. On the other hand, I do not believe it prudent to increase total assets without limit from the perspective of ensuring sufficient resilience

against sudden changes in the external environment, such as the Lehman Shock in 2008. We recognize that it is essential to improve the quality of our portfolio through the Evolution and Layering of Business Models and thereby raise ROA and ROE.

Furthermore, I believe that improving our price book-value ratio (PBR) is an urgent management issue even though we have not set a specific numerical target. PBR serves as a benchmark for achieving our plans and is also watched closely by the market. Mitsubishi HC Capital Group’s PBR is hovering around 0.8x as of November 2023. I believe we should raise this to 1x as quickly as possible from the perspective of shareholder value. We will make our best efforts to gain even greater understanding and empathy for the Group by accumulating profits through the steady progress of 2025 MTMP and by disseminating the details and results of our initiatives to capital markets and society in a timely manner.

Mitsubishi HC Capital’s history spans over half a century counting the founding dates of our two predecessor companies. During this time, we have continuously achieved steady growth by providing a variety of leasing services to industry and society. We are deeply grateful to all our stakeholders for their support that made this growth possible.

We now stand at a major turning point in history. The business environment for companies remains clouded by factors that include rising geopolitical risks such as regional conflicts worldwide, supply chain disruptions, soaring resource and energy prices, ongoing inflation, and volatile fluctuations in exchange rates. Furthermore, AI and DX are reshaping the structure of economic society while there are also strong calls for corporate management to contribute to environmental and social sustainability. To respond appropriately to these issues and contribute to the realization of safe and secure lifestyles, we must create environmental, social, and economic value unique to Mitsubishi HC Capital Group.

Only people can lead and realize the transformation and development of a company. I am confident that realizing the happiness of every employee who supports Mitsubishi HC Capital Group’s value creation will allow us to contribute to society through our business and

services. Our goal is to continue being a company where all employees are satisfied and happy with their work and talk with pride to their families and friends about our Group. We will strive to earn the trust of society and be a respected corporate group by making steady progress with 2025 MTMP and by realizing Our 10-year Vision, “Together we innovate, challenge and explore the frontiers of the future.”

Mitsubishi HC Capital Group has achieved continuous development thanks to the support of numerous stakeholders, including its customers, shareholders and investors, business partners, and the local communities where Group companies have operating bases. We believe that by continuing to further deepen our relationships of trust with our stakeholders, we will be able to achieve healthier and fairer Group management. We would like to ask all our stakeholders for their continued understanding and support of the Group.