

2025 Medium-term Management Plan Progress


The Mitsubishi HC Capital Group has formulated its first post-merger Medium-term Management Plan (2025 MTMP), which is guided by the value creation process and covers the three-year period from fiscal 2023 to fiscal 2025. All executives and employees of our Group are united in implementing the 2025 MTMP in order to realize Our 10-year Vision.

Outline of the 2025 MTMP

We have positioned the 2025 MTMP as the hop of the hop, step, and jump phases toward the realization of Our 10-year Vision. While steadily “sowing seeds” in new areas and “gaining a solid foothold” by restructuring and redefining existing areas, we will promote the evolution and layering of business models to enhance our corporate value over the medium to long term.

We have three main strategies: business strategies based on the evolution and layering of business models;

corporate functions strategies to foster and secure talent and to bolster the financial base and internal organizational base; and frameworks to promote transformation to implement awareness reform. Fiscal 2023 is a very important year for the Group to move into a new phase, and we have implemented a variety of initiatives under the theme of “transformation.”

 [Outline and Progress of the MTMP
https://www.mitsubishi-hc-capital.com/english/investors/managementplan/index.html](https://www.mitsubishi-hc-capital.com/english/investors/managementplan/index.html)

Progress of the 2025 MTMP

The financial targets for the first year of the 2025 MTMP were achieved with the exception of ROE, and steady progress was also made toward non-financial targets. The replacement of assets for the business portfolio transformation, our key initiative, also progressed well.

On the other hand, challenges to achieving the 2025 MTMP include a lack of speed in the evolution and layering of business models and the urgent need to restore profitability in the Global Business as soon as possible.

During the period of the 2025 MTMP, we will steadily achieve various financial and non-financial targets, maintain and improve market trust and expectations, and expedite various measures related to key themes across segments and frameworks to promote transformation. We will promote “sowing seeds” that will lead to the next Medium-term Management Plan and the ones thereafter. Please refer to pages 51-52 for key themes across segments.

Progress of the 2025 MTMP

Results	<ul style="list-style-type: none"> • Achieved financial targets for the first year of the 2025 MTMP, except for ROE. Aviation and Logistics are driving overall performance. • Made steady progress toward achieving the non-financial targets of the 2025 MTMP. • Made steady progress in asset replacement to transform the business portfolio and improve capital efficiency. <ul style="list-style-type: none"> • New investments: Invested in European Energy, acquired CenterPoint Development as a wholly-owned subsidiary, etc. • Divestments and withdrawals: Sold Shutoken Leasing, DFL Lease, and Sekisui Leasing; withdrew from personal credit card business; sold strategic shareholdings; etc.
Challenges	<ul style="list-style-type: none"> • Lack of urgency in the evolution and layering of business models (e.g., shifting to high value-added and high ROA businesses). In particular, the creation of businesses that will significantly contribute to profitability in Customer Solutions will be a challenge going forward. • In the Americas business in our Global Business, credit costs increased in the mainstay commercial truck sales finance business. There is an urgent need to recover profitability.
Direction for fiscal 2024-2025	<ul style="list-style-type: none"> • Achieve various financial and non-financial targets and continue to increase PBR and enhance corporate value. • Promote various measures to quickly realize the evolution and layering of business models in the Customer Solutions business and to increase earnings. • In the Americas business in our Global Business, quickly recover and enhance profitability by reviewing the risk management system, diversifying and restructuring the business portfolio, and other measures. • Expedite various measures related to key themes across segments and frameworks to promote transformation, and implement “sowing seeds” that will lead to the next Medium-term Management Plan.

Financial Targets

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024 Forecast	Fiscal 2025 Target
Net income attributable to owners of parent	99.4 billion yen	116.2 billion yen	123.8 billion yen	135.0 billion yen	160.0 billion yen
ROA*	1.0%	1.1%	1.1%	1.2%	approx. 1.5%
ROE*	8.0%	8.2%	7.7%	8.0%	approx. 10%
Dividend payout ratio	40.4%	40.8%	42.9%	42.5%	At least 40% (for the duration of the 2025 MTMP)
Financial soundness	A rating	A rating	A rating	Maintain A ratings (for the duration of the 2025 MTMP)	

*ROA and ROE are based on net income

Non-financial Targets

	KPI (italicized brackets: Scope [consolidated or non-consolidated])	Target (for the duration of the 2025 MTMP)	Fiscal 2023 Results	Evaluation	
Talent base/know-how	Level of fulfillment of a talent portfolio in line with our management strategies (non-consolidated)	Formulate the talent portfolio framework and visualize the level of fulfillment	Assessed approximately 1,200 employees	○	
	Results of the employee engagement survey (non-consolidated)	Refine the survey content and enhance analysis	Fundamentally revised survey questions	○	
	Ratio of personnel at “Standard” level or above in DX Assessment* (non-consolidated)	80% or more	46.8% (+22.0 pt YoY)	○	
	Monthly average overtime hours (operational efficiency) (non-consolidated)	14 hours or less	18 hours 47 minutes (-0.6 hours from the previous fiscal year)	△	
Asset base/External relationship	Rate of annual paid holidays taken by employees (non-consolidated)	70% or more	74.4% (+5.7% pt from the previous fiscal year)	●	
	Manufacturing capital	GHG emissions amount (Scope 3) (consolidated)	Analyze the categories that have a major impact and visualize Scope 3 emissions	○	
	Social and relation capital	GHG emissions amount (Scope 1, 2) (consolidated)	-55% in fiscal 2030 vs. fiscal 2019 and net zero in fiscal 2050	-41.8% (vs. fiscal 2019)	○
	Natural capital	Energy consumption (domestic) (non-consolidated + Group companies in Japan)	-1% YoY continually	-4.1% (vs. fiscal 2022)	●

● : New KPIs and targets (update existing KPIs and targets)

*A tool provided by an outside vendor to measure DX literacy levels, with results classified into three levels: beginner, standard, and expert.

The targets for net income, ROA, and ROE for fiscal 2025, as well as the policies related to financial strategies, remain unchanged from the time the 2025 MTMP was formulated, with the aim of achieving net income of 160 billion yen, ROA of approximately 1.5%, and ROE of approximately 10%.

In the fiscal 2023 financial results, profit growth was driven by Aviation and Logistics, where market conditions were favorable. Net income increased 7.6 billion yen year-on-year to 123.8 billion yen, exceeding the initial forecast and reaching a new record high, and ROA was 1.1%, in line with the initial forecast, achieving the financial targets for the first year of the 2025 MTMP, respectively. However, ROE was 7.7%, slightly below the initial forecast, mainly due to the impact of the yen’s depreciation against the U.S. dollar, which was more severe than expected at the beginning of the fiscal year.

Overall, we are making steady progress toward achieving our non-financial targets as well. In terms of quantitative targets, we are achieving our target of

maintaining a 1% year-on-year continual reduction in energy consumption (domestic). Although we have not yet reached our monthly average overtime hours target of 14 hours or less, we are working to achieve further improvement through measures such as disclosing actual overtime hours by department and line to all employees on the Company intranet to raise awareness of the need to reduce overtime hours, as well as through measures to improve operational efficiency.

Qualitative targets are gradually being quantified. KPIs and targets related to DX and operational efficiency, which were qualitative at the time of the release of the 2025 MTMP, have been quantified. The KPI “level of fulfillment of a talent portfolio in line with our management strategies” was refined in fiscal 2023 to visualize competencies and other metrics by conducting a personnel assessment of approximately 1,200 employees in order to establish a talent portfolio framework. From fiscal 2024 onward, we will continue to refine the assessment to achieve quantification during the 2025 MTMP period.