

# Consolidated Financial Highlights for the Second Quarter Ended September 30, 2023

## [Based on J-GAAP]

November 10, 2023

Company Name: **Mitsubishi HC Capital Inc.**  
 Stock Exchange Listed on: Tokyo (Prime Market), Nagoya (Premier Market)  
 Company Code: 8593 URL: <https://www.mitsubishi-hc-capital.com/english/>  
 Representative: Taiju Hisai, Representative Director, President & CEO  
 For Inquiry: Haruhiko Sato, Director, Managing Executive Officer TEL: +81-3-6865-3002  
 Scheduled Date of Submission of Financial Reports: November 10, 2023  
 Scheduled Commencement of Dividend Payment: December 11, 2023  
 Supplemental Material for Financial Results: Available  
 Holding of Financial Results Meeting: Scheduled (for Institutional Investors and Analysts)

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Results for the Second Quarter Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(1) Consolidated Operating Results (Cumulative) (% represents the change from the same period in the previous fiscal year)

	Revenues		Operating income		Recurring income		Net income attributable to owners of the parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
For the six months ended								
September 30, 2023	942,519	(0.2)	64,414	(13.1)	66,915	(11.7)	52,739	(16.5)
September 30, 2022	944,732	13.4	74,139	27.5	75,771	28.2	63,176	4.5

(Note) Comprehensive income: For the six months ended September 30, 2023: ¥170,035 million (31.8%)  
 For the six months ended September 30, 2022: ¥249,371 million 235.6%

	Earnings per share	Diluted earnings per share
	(Yen)	(Yen)
For the six months ended		
September 30, 2023	36.73	36.63
September 30, 2022	44.00	43.87

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
As of	(Millions of yen)	(Millions of yen)	%
September 30, 2023	11,291,007	1,686,108	14.7
March 31, 2023	10,726,196	1,551,029	14.3

(Reference) Shareholders' equity: As of September 30, 2023: ¥1,661,315 million  
 As of March 31, 2023: ¥1,528,773 million

### 2. Dividends

	Dividends per share				
	1st Quarter end	2nd Quarter end	3rd Quarter end	Fiscal year - end	Annual
For the fiscal year	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
ended March 31, 2023	—	15.00	—	18.00	33.00
ending March 31, 2024	—	18.00			
ending March 31, 2024 (Forecast)			—	19.00	37.00

(Note) Changes from the latest released dividend forecast : No

### 3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Year-on-year change %)

	Net income attributable to owners of the parent		Earnings per share
	(Millions of yen)	%	(Yen)
Full year	120,000	3.2	83.62

(Note) Changes from the latest released financial forecast : No

\* Notes

(1) Significant changes in subsidiaries during the period  
 (Change of specific subsidiaries accompanying the change of scope of consolidation) : Yes  
 Excluded: Japan Infrastructure Initiative Company Limited

(2) Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements : Yes  
 (Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements)” on page 16.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

( i ) Changes in accounting policies with revision of accounting standards, etc. : Yes  
 ( ii ) Changes in accounting policies other than ( i ) above : No  
 ( iii ) Changes in accounting estimates : No  
 ( iv ) Restatement of revisions : No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 16.

(4) Number of outstanding shares (common shares)

( i ) Number of outstanding shares (including treasury shares)	As of September 30, 2023	1,466,912,244 shares	As of March 31, 2023	1,466,912,244 shares
( ii ) Number of treasury shares	As of September 30, 2023	32,610,280 shares	As of March 31, 2023	30,718,231 shares
( iii ) Weighted average number of shares outstanding	For the six months ended September 30, 2023	1,435,700,572 shares	For the six months ended September 30, 2022	1,435,989,160 shares

(Note) During the three months ended September 30, 2023, Mitsubishi HC Capital Inc. (“Company”) introduced a performance-based stock compensation plan. The number of treasury shares includes the Company’s shares held by a trust under the plan (2,702,173 shares as of September 30, 2023). Also, the number of treasury shares excluded in calculating the weighted average number of shares outstanding includes the Company’s shares held by a trust under the plan (987,816 shares as of September 30, 2023).

\* This “Consolidated Financial Highlights” is outside the scope of review procedure by certified public accountants or an audit firm.

\* Explanation regarding the appropriate use of the forecasts, etc.  
 (Remarks on forward-looking statements)

The forward-looking statements in this report, including financial forecast, have been prepared by using information available to Mitsubishi HC Capital Inc. (“Company” or “we”) on the date of release and the certain assumptions deemed reasonable by the Company, and are not intended to assure that the Company will achieve such results. Actual earnings may differ significantly from the forecasts for various reasons.

\* This “Consolidated Financial Highlights” is made in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes. If there is any conflict or inconsistency between these two texts, the Japanese text shall prevail.

## Contents

1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2023	4
(1) Summary of Operating Results	4
(2) Summary of Consolidated Financial Position	9
(3) Explanation on Future Forecast Information including Consolidated Financial Forecast	9
2. Quarterly Consolidated Financial Statements and Major Notes	10
(1) Quarterly Consolidated Balance Sheets	10
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	12
Quarterly Consolidated Statements of Income	
For the six months ended September 30, 2023 and 2022	12
Quarterly Consolidated Statements of Comprehensive Income	
For the six months ended September 30, 2023 and 2022	13
(3) Notes to the Quarterly Consolidated Financial Statements	14
(Segment information)	14
(Notes concerning going concern assumption)	16
(Notes concerning significant changes in shareholders' equity)	16
(Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements)	16
(Changes in accounting policies)	16
(Additional information)	16
(Significant subsequent events)	17

# 1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2023

## (1) Summary of Operating Results

### 1) Overview of Financial Results, etc.

Quarterly net income attributable to owners of the parent decreased by ¥10.4 billion, or 16.5% year on year, to ¥52.7 billion.

- Quarterly net income attributable to owners of the parent for the six months ended September 30, 2023 decreased by ¥10.4 billion, or 16.5% year on year, to ¥52.7 billion mainly due to the losses in U.S. real estate projects in the Real Estate segment and the impairment losses in the Environment & Energy segment, etc., which were not included in the initial plan, while the Aviation segment has been steadily recovering and marine container leasing business in the Logistics segment favorably progressed compared with the initial plan.
- On the other hand, new transactions volume increased by 134.9 billion yen (10.6%) YoY to 1,413.3 billion yen, thanks to an increase in new transactions in the Aviation and Customer Solutions segments, etc. Segment assets also increased by 587.3 billion yen (6.1%) to 10,220.3 billion yen compared with the fiscal year ended March 31, 2023.

Financial forecast for the year ending March 31, 2024 (net income attributable to owners of the parent of ¥120 billion) remains unchanged.

- The progress made toward the forecast for the fiscal year ending March 31, 2024 (net income attributable to owners of the parent of ¥120.0 billion) during the six months ended September 30, 2023 was 43.9%.
- Despite the progress, the consolidated financial forecast remains unchanged, because the profits in the Aviation segment are planned to be weighted toward the second half and we expect marine container leasing business continues to progress favorably compared with the initial plan, and gains on sales of owned assets will exceed the initial plan.

Steadily implementing each initiative set forth in the Medium-term Management Plan (“2025 MTMP”) toward Our 10-year Vision.

- We have been reorganizing our businesses and Group companies in order to reallocate management resources strategically and optimize business operation.
- We created new businesses in the areas of EVs and decarbonization solutions, which are key themes across segments.
- As a part of our frameworks to promote transformation, we have established the Innovation Investment Fund, amounting to a total of ¥10.0 billion. We also launched the Zero-Gravity Venture Lab (called “ZERO-GRA”), an internal startup program.

(Billions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023	Change (%)
Revenues	944.7	942.5	(0.2)
Gross profit	177.9	175.0	(1.6)
Operating income	74.1	64.4	(13.1)
Recurring income	75.7	66.9	(11.7)
Quarterly net income attributable to owners of the parent	63.1	52.7	(16.5)

## 2) Major topics

### Formulation and announcement of the Medium-term Management Plan for FY2023 - FY2025 (“2025 MTMP”)

The Company formulated the Medium-term Management Plan covering the three-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 (the “2025 MTMP”), which was announced in May 2023. The 2025 MTMP is positioned as the “hop” plan of our three Medium-term Management Plans (“hop,” “step,” and “jump”) toward Our 10-year Vision (Together we innovate, challenge and explore the frontiers of the future). We set the financial targets at FY2025 (the fiscal year ending March 31, 2026), the final fiscal year of the 2025 MTMP, as net income attributable to owners of the parent of ¥160.0 billion, ROA of approximately 1.5%, ROE of approximately 10%, and dividend payout ratio during the 2025 MTMP of 40% or higher. Net income attributable to owners of the parent is used in the calculations of ROA and ROE.

Please refer to “Medium-term Management Plan for FY2023 - FY2025 (“2025 MTMP”)” posted on the Company’s website for more details of the 2025 MTMP.

(Medium-term Management Plan Page URL on our website)

<https://www.mitsubishi-hc-capital.com/english/investors/managementplan/index.html>

### Major business topics

- Apr. 2023:
  - Announced the conclusion of a virtual PPA (an agreement to transfer non-fossil certificates related to renewable electricity) between Mitsubishi HC Capital Energy Inc., engaged in the renewable energy generation business, and Tokyo Metro Co., Ltd.
  - Made CenterPoint Development Inc., a group company engaged in development of logistics facilities and asset management business specializing in logistics facilities, a wholly-owned subsidiary.
- May 2023:
  - Announced the participation in the “GX League” established by Japan’s Ministry of Economy, Trade and Industry aiming at transforming economic and social systems toward the realization of carbon neutrality by 2050.
  - HSE Ltd., engaged in renewable energy power generation business, announced the launch of the renewable energy aggregation business whereby the company predicts renewable energy power generation and prepares power generation plans as well as supply electricity and non-fossil value.
- June 2023:
  - Announced the establishment of “Innovation Investment Fund” with a total of ¥10 billion of funds available for investment in startups with an aim to promote creation of new services and development of new businesses (started operation in April 2023).
- July 2023:
  - Together with Hitachi, Ltd. and Tamakawa Village in Fukushima Prefecture, we launched the second phase of the “Empty-handed cashless verification project” using Hitachi’s unique integrated biometric certification infrastructure service.
  - Announced the merger of Mitsubishi HC Capital Property Inc. and Mitsubishi HC Capital Community Corporation, engaged mainly in real estate rental business (completed the merger in October 2023).
  - Announced the commencement of offering self-consignment service for solar power generation to MinebeaMitsumi Inc. and MITSUMI ELECTRIC CO., LTD. through Godo Kaisha RenetS, which was jointly established with REZIL Inc. (the former Chuo Electric Power Co., Ltd.).
- Aug. 2023:
  - Announced to start business operation in Silicon Valley in the U.S.A. to strengthen the business intelligence function as part of the innovation initiatives.
- Sep. 2023:
  - Mitsubishi HC Capital Energy Inc. and Mitsubishi Auto Leasing Corporation launched an integrated service necessary for the introduction and operation of EVs, including the supply of EVs and charging infrastructure as well as renewable energy as the power source.
  - Announced the business alliance with Horizon Ocean Management, Ltd. with the aim of stabilizing and improving efficiency of the O&M service (maintenance, inspection, and repair) in the offshore wind power generation business.
  - Announced the capital and business alliance with ZERO with the aim of contributing to the reduction of food losses and CO<sub>2</sub> emissions in Japan by promoting the introduction of an unmanned vending machine (“fuubo,” a food loss reduction box).

- Oct. 2023: · Announced the capital and business alliance with Credit Engine Group, Inc. with the aim of developing and providing new services toward the digital transformation of value chain in the leasing industry.
- Nov. 2023: · Announced the merger of MHC Reuse Services Corporation and MHC Eco-Business Co., Ltd. providing reuse and recycling services for leased property upon expiration of the lease term (scheduled to be merged in April 2024)
- Announced the business alliance with Lenovo Japan LLC and Mitsubishi UFJ Trust and Banking Corporation with an aim to provide a comprehensive package to support startups, including PC subscription service
- As a part of the Business Portfolio Transformation toward Our 10-year Vision, we announced to transfer shares of our group company, DFL Lease Co., Ltd. and Shutoken Leasing Co., Ltd. (scheduled to come into effect in January 2024).

### 3) Operating results by reportable segments

Operating results by reportable segments were as follows.

Following the organizational changes effective April 1, 2023, the name of the reportable segment "Environment, Energy & Infrastructure" was changed to "Environment & Energy" from April 1, 2023.

(For details of new reportable segments, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Segment information)" on page 14.)

#### (Customer Solutions)

Segment profit decreased by ¥5.4 billion, or 26.3% year on year, to ¥15.2 billion mainly due to an increase in credit costs and absences of large gains on sales related to real estate leasing and insurance claim income for a certain deal, both recorded in the six months ended September 30, 2022.

#### (Global Business)

Segment profit decreased by ¥13.4 billion, or 56.8% year on year, to ¥10.2 billion mainly due to an absence of gains on revaluation of securities recorded at a European subsidiary in the six months ended September 30, 2022, an increase in operational expenses in subsidiaries mainly in Europe and the Americas, and in credit costs in the Americas in line with the worsening market condition, despite the positive effects by adjusting fiscal period associated with the reorganization of subsidiaries in the Americas.

Effective April 1, 2023, we executed the business integration of three subsidiaries in the Americas having a different fiscal year-end. While the surviving company's fiscal year-end is March 31, the two merged companies' fiscal year-end was December 31. Accordingly, results of the two merged companies for the period from January 1, 2023 to March 31, 2023 are also included in the consolidation for the six months ended September 30, 2023, resulting in a year-on-year increase in profit.

#### (Environment & Energy)

Segment profit decreased by ¥2.7 billion, or 51.1% year on year, to ¥2.6 billion mainly due to recording of the impairment losses on a solar power generation project and an absence of gains on sales of investments in certain projects recorded in the six months ended September 30, 2022 despite a decrease in tax expenses as a result of recording deferred tax assets in relation to the absorption-type merger of Japan Infrastructure Initiative Company Limited.

#### (Aviation)

Segment profit increased by ¥10.0 billion year on year to ¥7.3 billion mainly thanks to an increase in leasing revenue, reversal of large credit costs, an absence of the impairment losses recorded in the six months ended September 30, 2022 and a decrease in exchange revaluation losses related to foreign currency-denominated borrowings in aircraft leasing transactions that our head office is engaged in.

#### (Logistics)

Segment profit increased by ¥0.7 billion, or 8.2% year on year, to ¥9.8 billion mainly thanks to an increase in gains on sales of owned assets (mainly shipping).

(Real Estate)

Segment profit increased by ¥1.3 billion, or 24.5% year on year, to ¥6.9 billion mainly thanks to gains on step acquisitions recorded in relation to making CenterPoint Development Inc. our wholly-owned subsidiary, an absence of large credit costs recorded in the six months ended September 30, 2022, and an increase in gains on sales despite the negative effects due to recording of the losses in U.S. projects against a backdrop of the worsening real estate market and the deconsolidation of Diamond Asset Finance Company Limited.

(Mobility)

Segment profit decreased by ¥0.7 billion, or 31.8% year on year, to ¥1.6 billion mainly due to the negative effects by the deconsolidation of Mitsubishi HC Capital Auto Lease Corporation.

Segment profit or losses by reportable segments

(Billions of yen)

		For the six months ended September 30, 2022	For the six months ended September 30, 2023	Change (%)
Reportable segments	Customer Solutions	20.6	15.2	(26.3)
	Global Business	23.6	10.2	(56.8)
	Environment & Energy	5.4	2.6	(51.1)
	Aviation	(2.7)	7.3	—
	Logistics	9.1	9.8	8.2
	Real Estate	5.5	6.9	24.5
	Mobility	2.3	1.6	(31.8)
Adjustments		(0.8)	(1.0)	—
Total		63.1	52.7	(16.5)

(Note) 1. Adjustments of segment profit (losses) consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reportable segments, and profit adjustments recorded by purchase method associated with the merger with Hitachi Capital Corporation.

2. Segment profit (losses) is equal to net income attributable to owners of the parent on the quarterly consolidated statements of income.

Segment assets by reportable segments

(Billions of yen)

		As of March 31, 2023	As of September 30, 2023	Change (%)
Reportable segments	Customer Solutions	3,227.7	3,188.8	(1.2)
	Global Business	2,644.2	2,963.3	12.1
	Environment & Energy	433.2	430.7	(0.6)
	Aviation	1,640.2	1,892.0	15.4
	Logistics	1,092.9	1,145.0	4.8
	Real Estate	447.2	504.1	12.7
	Mobility	41.4	43.1	4.1
Adjustments		105.8	52.9	(49.9)
Total		9,632.9	10,220.3	6.1

(Note) 1. Segment assets include operating assets, equity-method investments, goodwill, and investment securities.

2. Adjustments of segment assets consist mostly of goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007 and other segment assets such as company-wide investment securities, which are not attributable to any reportable segments, and offsets in transactions between segments.



(2) Summary of Consolidated Financial Position

Compared to the figures as of March 31, 2023, total assets as of September 30, 2023 increased by ¥564.8 billion to ¥11,291.0 billion, total equity increased by ¥135.0 billion to ¥1,686.1 billion, and interest-bearing debt (excluding lease obligations) increased by ¥420.4 billion to ¥8,656.5 billion.

(3) Explanation on Future Forecast Information including Consolidated Financial Forecast

The progress made toward the consolidated financial forecast announced on May 15, 2023 (net income attributable to owners of the parent of ¥120.0 billion) during the six months ended September 30, 2023 was 43.9%, mainly due to the losses in U.S. real estate projects in the Real Estate segment and the impairment losses in the Environment & Energy segment, which were not included in the initial plan.

The consolidated financial forecast for the year ending March 31, 2024 remains unchanged because the profits in the Aviation segment are planned to be weighted toward the second half and we expect marine container leasing business continues to progress favorably compared with the initial plan, and gains on sales of owned assets will exceed the initial plan.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	For the fiscal year ended March 31, 2023 (As of March 31, 2023)	For the six months ended September 30, 2023 (As of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	589,688	517,414
Installment receivables	231,280	226,737
Lease receivables and investments in leases	3,264,169	3,294,719
Operating loans receivables	1,691,579	1,825,028
Other operating loans receivable	219,632	195,427
Lease and other receivables	77,647	74,145
Securities	3,213	8,341
Merchandise	46,064	51,460
Other current assets	160,487	178,129
Allowance for doubtful accounts	(22,094)	(31,247)
Total current assets	6,261,670	6,340,156
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,332,834	3,755,941
Advances on purchases of leased assets	58,969	82,006
Total leased assets	3,391,803	3,837,948
Other operating assets	219,625	218,038
Own-used assets	17,478	18,781
Total property, plant and equipment	3,628,907	4,074,768
Intangible assets		
Leased assets	23,197	16,922
Other intangible assets		
Goodwill	91,497	108,120
Other	133,034	134,459
Total other intangible assets	224,532	242,579
Total intangible assets	247,730	259,502
Investments and other assets		
Investment securities	400,113	412,402
Distressed receivables	99,912	105,735
Other	152,065	161,058
Allowance for doubtful accounts	(68,806)	(66,862)
Total investments and other assets	583,284	612,332
Total non-current assets	4,459,922	4,946,603
Deferred assets		
Bond issuance costs	4,603	4,248
Total deferred assets	4,603	4,248
Total assets	10,726,196	11,291,007

(Millions of yen)

	For the fiscal year ended March 31, 2023 (As of March 31, 2023)	For the six months ended September 30, 2023 (As of September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	160,678	142,873
Short-term borrowings	633,099	560,986
Current portion of bonds payable	642,883	537,809
Current portion of long-term borrowings	959,951	936,332
Commercial papers	559,485	747,283
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	246,640	229,195
Income taxes payable	9,381	14,299
Deferred profit on installment sales	9,648	9,171
Provision for bonuses	15,890	11,338
Provision for bonuses for directors (and other officers)	2,255	1,556
Other current liabilities	272,437	262,867
<b>Total current liabilities</b>	<b>3,512,353</b>	<b>3,453,714</b>
Non-current liabilities		
Bonds payable	1,582,848	1,764,929
Long-term borrowings	3,253,535	3,533,976
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	357,662	346,032
Provision for retirement benefits for directors (and other officers)	110	112
Provision for share-based remuneration for directors (and other officers)	-	260
Retirement benefit liability	6,463	6,476
Reserve for contract of insurance	12,055	12,740
Other non-current liabilities	450,137	486,655
<b>Total non-current liabilities</b>	<b>5,662,813</b>	<b>6,151,184</b>
<b>Total liabilities</b>	<b>9,175,166</b>	<b>9,604,899</b>
Equity		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	547,344	546,299
Retained earnings	710,989	729,915
Treasury shares	(19,158)	(20,975)
<b>Total shareholders' equity</b>	<b>1,272,372</b>	<b>1,288,435</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,817	17,605
Deferred gains or losses on hedges	53,051	62,771
Foreign currency translation adjustment	186,545	290,723
Remeasurements of defined benefit plans	1,985	1,780
<b>Total accumulated other comprehensive income</b>	<b>256,400</b>	<b>372,880</b>
Share acquisition rights	2,138	1,915
Non-controlling interests	20,118	22,876
<b>Total equity</b>	<b>1,551,029</b>	<b>1,686,108</b>
<b>Total liabilities and equity</b>	<b>10,726,196</b>	<b>11,291,007</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the six months ended September 30, 2023 and 2022)

(Millions of yen)

	For the six months ended September 30, 2022 (April 1, 2022 – September 30, 2022)	For the six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)
Revenues	944,732	942,519
Cost of revenues	766,790	767,485
Gross profit	177,941	175,034
Selling, general and administrative expenses	103,802	110,619
Operating income	74,139	64,414
Non-operating income		
Interest income	513	2,403
Dividend income	923	1,546
Share of profit of entities accounted for using equity method	5,095	5,028
Other	5,445	3,969
Total non-operating income	11,977	12,947
Non-operating expenses		
Interest expenses	3,074	5,740
Foreign exchange losses	5,771	2,975
Other	1,499	1,731
Total non-operating expenses	10,345	10,446
Recurring income	75,771	66,915
Extraordinary income		
Gain on sale of investment securities	1,876	2,477
Gain on step acquisitions	-	4,822
Gain on valuation of investment securities	7,183	-
Total extraordinary income	9,060	7,299
Extraordinary losses		
Loss on sale of investment securities	-	238
Loss on valuation of investment securities	370	-
Loss on sale of shares of subsidiaries and associates	-	129
Total extraordinary losses	370	368
Income before income taxes	84,461	73,847
Income taxes	20,795	20,836
Net income	63,666	53,011
Net income attributable to non-controlling interests	489	271
Net income attributable to owners of the parent	63,176	52,739

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the six months ended September 30, 2023 and 2022)

(Millions of yen)

	For the six months ended September 30, 2022 (April 1, 2022 – September 30, 2022)	For the six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)
Net income	63,666	53,011
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,768)	2,865
Deferred gains or losses on hedges	43,463	4,366
Foreign currency translation adjustment	130,418	102,891
Remeasurements of defined benefit plans, net of tax	1,327	(184)
Share of other comprehensive income of entities accounted for using equity method	12,264	7,084
Total other comprehensive income	185,705	117,024
Comprehensive income	249,371	170,035
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	247,706	169,219
Comprehensive income attributable to non-controlling interests	1,665	816

(3) Notes to the Quarterly Consolidated Financial Statements

(Segment information)

1. Changes in reportable segments, etc.

Following the organizational changes effective April 1, 2023, the name of the reportable segment "Environment, Energy & Infrastructure" was changed to "Environment & Energy" from April 1, 2023. The change was merely a name change, and there are no impacts on segmentation or figures of segment information, etc.

Details of new reportable segments after the change of segment name are as follows.

Reportable segments	Main business description
Customer Solutions	Finance solution business for companies and government agencies, energy-saving solution business, sales finance business provided through collaboration with vendors, real estate leasing business, and financial service business
Global Business	Finance solution business, sales finance business provided through collaboration with vendors in Europe, the Americas, China, and ASEAN region
Environment & Energy	Renewable energy business, and environment related finance solution business
Aviation	Aircraft leasing business, and aircraft engine leasing business
Logistics	Marine container leasing business, and railway freight car leasing business
Real Estate	Real estate finance business, real estate investment business, and real estate asset management business
Mobility	Auto leasing business and supplementary services

The segment information for the six months ended September 30, 2022 is presented under the new segment name.

## 2. Information on profit or losses by reportable segments

For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1	Amount recorded in quarterly consolidated statements of income (Note) 2
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Segment profit (losses)	20,655	23,649	5,412	(2,742)	9,132	5,554	2,349	(834)	63,176

(Note)1. Adjustments of segment profit (losses) consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reportable segments. It also includes profit adjustments of ¥1,091 million related to the merger with Hitachi Capital Corporation under the purchase method.

2. Segment profit (losses) is equal to net income attributable to owners of the parent on the quarterly consolidated statements of income.

For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1	Amount recorded in quarterly consolidated statements of income (Note) 2
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Segment profit	15,217	10,206	2,648	7,312	9,883	6,916	1,601	(1,046)	52,739

(Note)1. Adjustments of segment profit consist mostly of adjustments of company-wide expenses included in selling, general and administrative expenses not allocated to any reportable segments. It also includes profit adjustments of ¥754 million related to the merger with Hitachi Capital Corporation under the purchase method.

2. Segment profit is equal to net income attributable to owners of the parent on the quarterly consolidated statements of income.

## 3. Information on impairment losses on non-current assets or goodwill by reportable segments

For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(Significant impairment losses on non-current assets)

Aviation segment recorded the impairment losses of ¥4,075 million on leased assets.

(Significant changes in goodwill)

Not applicable

For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Significant impairment losses on non-current assets)

Environment & Energy segment recorded the impairment losses of ¥5,816 million mainly on other operating assets.

(Significant changes in goodwill)

Real Estate segment recorded goodwill of ¥13,207 million associated with the acquisition of all shares of CenterPoint Development Inc. The amount of goodwill was finalized during the three months ended September 30, 2023, and there was no adjustment to the amount.

(Notes concerning going concern assumption)

Not applicable

(Notes concerning significant changes in shareholders' equity)

Not applicable

(Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements)

Tax expenses of the Company and its certain consolidated subsidiaries were calculated through multiplying income before income taxes for the six months ended September 30, 2023 by the reasonably estimated effective tax rate (after tax effect accounting) applicable to income before income taxes for the year ending March 31, 2024.

(Changes in accounting policies)

(Application of Accounting Standards Update (ASU) 2016-13 "Financial Instruments – Credit Losses")

Certain overseas consolidated subsidiaries applied ASU 2016-13 "Financial Instruments – Credit Losses" on April 1, 2023. As a result, allowance for doubtful accounts is recorded for financial assets in these overseas consolidated subsidiaries by estimating the expected credit losses over the remaining life of the financial assets at initial recognition.

As a result of this change, retained earnings in the quarterly consolidated financial statements as of April 1, 2023 decreased by ¥7,957 million.

(Additional information)

(Performance-based stock compensation plan)

During the three months ended September 30, 2023, the Company introduced a performance-based stock compensation plan as an incentive plan for the Company's directors excluding those who are Audit & Supervisory Committee members (excluding non-executive directors and non-residents in Japan; hereinafter the same applies) and executive officers, etc. (excluding non-residents in Japan; hereinafter directors and executive officers are collectively referred to as "Directors, etc.")

(1) Overview of the plan

The plan is a stock compensation plan under which the Company delivers and pays ("deliver") the Company's shares and cash equivalent to the conversion value of the Company's shares ("the Company Shares, etc.") based on the attainment of the targeted performance indicators set out in the Company's MTMP to the Company's Directors, etc. The Company entrusts money to a trust bank in advance to acquire the Company's shares to be delivered, and the trust bank uses the cash to acquire the Company's shares. Also, points are granted to Directors, etc. based on the share delivery rules established separately, and the Company Shares, etc. are delivered to Directors, etc. based on the points.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in Equity at the carrying amount at the trust. The carrying amount and the number of shares of these treasury shares as of September 30, 2023 are ¥2,335 million and 2,702 thousand shares, respectively.



(Significant subsequent events)

(Transfer of shares of DFL Lease Co., Ltd. and Shutoken Leasing Co., Ltd.)

On November 8, 2023, the Company decided to transfer all shares of its subsidiaries, DFL Lease Co., Ltd. ("DFL Lease") and Shutoken Leasing Co., Ltd. ("Shutoken Leasing") ("both companies") (the "Share Transfer"), and executed a share transfer agreement (the "Share Transfer Agreement") on the same date.

1. Reason of the share transfer

The Company made the both companies its consolidated subsidiaries in 2004, and has been providing various financing solution mainly to the customers of Resona group through the both companies. The both companies became the equity-method affiliated companies of Resona Holdings, Inc. ("Resona HD") in July 2018, and with collaborating with Resona HD, the both companies have been providing diverse service solution held by the Company group to Resona group.

The Company made a decision that it will be meaningful for the both companies to encourage further collaboration with Resona HD to further extend the business of both companies by utilizing Resona group's customer base and network and executed the Share Transfer Agreement.

The Company group has launched the "Medium-term Management Plan for FY2023 - FY2025" and has undertaken the Business Portfolio Transformation including the strategic allocation of management resources and optimization of business process within its group toward Our 10-year Vision, and this Share Transfer is also conducted as a part of the transformation.

2. Name of the transferee

Resona Holdings, Inc.

3. Schedule

(1) Execution of the Share Transfer Agreement: November 8, 2023

(2) Implementation of the Share Transfer: January 4, 2024 (to be determined)

4. Overview of the subsidiaries subject to the Share Transfer

(1) Company Name: DFL Lease Co., Ltd.

(2) Line of Business: General leasing business using Resona group as the main distribution channel

(3) Transactions with the Company: Business relationship related to loan of funds and provision of systems

(1) Company Name: Shutoken Leasing Co., Ltd.

(2) Line of Business: General leasing business using Resona group as the main distribution channel

(3) Transactions with the Company: Business relationship related to loan of funds and provision of systems

5. Number of shares to be transferred, transfer price, and number of shares held before and after the transfer

(1) Company name	DFL Lease Co., Ltd.
(2) Number of shares held before the transfer	8,550,000 shares (number of voting rights: 8,550,000; voting rights holding ratio: 80.0%)
(3) Number of shares to be transferred	8,550,000 shares (number of voting rights: 8,550,000)
(4) Transfer price	Approx. 5.4 billion yen*
(5) Number of shares held after the transfer	0 share (number of voting rights: 0; voting rights holding ratio: 0%)

\* The transfer price above is the amount agreed as the equity value of shares held by the Company and to be transferred, thus the final transfer price will be determined after a price adjustment, etc. stipulated in the Share Transfer Agreement. By the date on which the Share Transfer is implemented, DFL Lease plans to declare a dividend of surplus and the amount of the dividend payable to the Company will be deducted in determining the final transfer price.

(1) Company name	Shutoken Leasing Co., Ltd.
(2) Number of shares held before the transfer	6,586,500 shares (number of voting rights: 6,586,500; voting rights holding ratio: 70.7%)
(3) Number of shares to be transferred	6,586,500 shares (number of voting rights: 6,586,500)
(4) Transfer price	Approx. 5.7 billion yen*
(5) Number of shares held after the transfer	0 share (number of voting rights: 0; voting rights holding ratio: 0%)

\* The transfer price above is the amount agreed as the equity value of shares held by the Company and to be transferred, thus the final transfer price will be determined after a price adjustment, etc. stipulated in the Share Transfer Agreement. By the date on which the Share Transfer is implemented, Shutoken Leasing plans to declare a dividend of surplus and the amount of the dividend payable to the Company will be deducted in determining the final transfer price.

6. Impact on operating results

The impact that the Share Transfer will have on the Company's consolidated operating results will be minor.