

# Consolidated Financial Highlights for the Second Quarter Ended September 30, 2022

[Based on J-GAAP]

November 10, 2022

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: Takahiro Yanai, Representative Director, President & CEO  
 For Inquiry: Satoshi Inoue, Senior Managing Executive Officer TEL: +81-3-6865-3002  
 Scheduled Date of Submission of Financial Reports: November 10, 2022  
 Scheduled Commencement of Dividend Payment: December 12, 2022  
 Supplemental Material for Financial Results: Available  
 Holding of Quarterly 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, 2022 (April 1, 2022 – September 30, 2022)

### (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, 2022	944,732	13.4	74,139	27.5	75,771	28.2	63,176	4.5
September 30, 2021	833,358	83.3	58,151	80.6	59,089	75.7	60,482	146.0

(Note) 1. Comprehensive income: For the six months ended September 30, 2022: ¥249,371 million 235.6%  
 For the six months ended September 30, 2021: ¥74,310 million 517.5%

2. Mitsubishi HC Capital Inc. (the former Mitsubishi UFJ Lease & Finance Company Limited) executed the business integration with Hitachi Capital Corporation on April 1, 2021. The year-on-year percentage change for the six months ended September 30, 2021 represents the comparison with the results of Mitsubishi UFJ Lease & Finance Company Limited.

	Earnings per share	Diluted earnings per share
	(Yen)	(Yen)
For the six months ended		
September 30, 2022	44.00	43.87
September 30, 2021	42.13	42.03

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	(Millions of yen)	(Millions of yen)	%
As of			
September 30, 2022	11,154,540	1,558,866	13.8
March 31, 2022	10,328,872	1,333,467	12.7

(Reference) Shareholders' equity: As of September 30, 2022: ¥1,534,543 million  
 As of March 31, 2022: ¥1,309,769 million

## 2. Dividends

	Dividend per share				
	1st Quarter end	2nd Quarter end	3rd Quarter end	Fiscal Year - end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
For the year ended March 31, 2022	—	13.00	—	15.00	28.00
ending March 31, 2023	—	15.00			
ending March 31, 2023 (Forecast)			—	16.00	31.00

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

## 3. Consolidated Financial Forecast for the Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Year-on-year change %)

	Net income attributable to owners of the parent		Earnings per share
	(Millions of yen)	%	(Yen)
Full year	110,000	10.7	76.60

(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) : No

(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 15.

(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 15.

(4) Number of outstanding shares (common shares)

( i ) Number of outstanding shares (including treasury shares)

As of September 30, 2022	1,466,912,244 shares	As of March 31, 2022	1,466,912,244 shares
As of September 30, 2022	30,865,860 shares	As of March 31, 2022	31,056,401 shares
For the six months ended September 30, 2022	1,435,989,160 shares	For the six months ended September 30, 2021	1,435,598,327 shares

( ii ) Number of treasury shares

( iii ) Weighted average number of shares outstanding

\* This “Consolidated Financial Highlights” is outside the scope of an audit 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. (the “Company”) 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, 2022	4
(1) Summary of Operating Results	4
(2) Summary of Consolidated Financial Position	8
(3) Explanation on Future Forecast Information including Consolidated Financial Forecast	8
2. Quarterly Consolidated Financial Statements and Major Notes	9
(1) Quarterly Consolidated Balance Sheets	9
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	11
Quarterly Consolidated Statements of Income	
For the Six Months ended September 30, 2022 and 2021	11
Quarterly Consolidated Statements of Comprehensive Income	
For the Six Months ended September 30, 2022 and 2021	12
(3) Notes to the Quarterly Consolidated Financial Statements	13
(Segment information)	13
(Notes concerning going concern assumption)	15
(Notes concerning significant changes in shareholders' equity)	15
(Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements)	15
(Changes in accounting policies)	15
(Additional information)	15

# 1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2022

## (1) Summary of Operating Results

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

Quarterly net income attributable to owners of the parent increased by 4.5% year on year mainly thanks to the profit contribution from CAI International, Inc., and the business growth of the subsidiaries in Europe and Americas.

- Gross profit for the six months ended September 30, 2022 increased by ¥16.7 billion, or 10.4% year on year, to ¥177.9 billion mainly thanks to 1) the profit contribution from CAI International, Inc., a marine container leasing company in the U.S. that became the Company's wholly-owned subsidiary in November 2021, 2) the business growth of the subsidiaries mainly in Europe and Americas in the Global Business segment, and 3) an increase in gains on sales related to real estate business, and other factors.
- Quarterly net income attributable to owners of the parent for the six months ended September 30, 2022 increased by ¥2.6 billion, or 4.5% year on year, to ¥63.1 billion thanks to a decrease in credit costs in addition to an increase in gross profit, despite the absence of large gains on sales of strategic shareholdings (¥26.7 billion as extraordinary income), which were recorded for the six months ended September 30, 2021.

The progress of net income against the consolidated financial forecast was 57.4%. The forecast remains unchanged due to the uncertainties in the external environment.

- The progress of net income for the six months ended September 30, 2022 against the consolidated financial forecast for the year ending March 31, 2023 (net income attributable to owners of the parent of ¥110.0 billion) was 57.4%.
- The forecast remains unchanged taking into account the growing uncertainties in the external environment, such as the risk of recession mainly in Europe and the U.S., in the second half of this fiscal year.

(Billions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022	Change (%)
Revenues	833.3	944.7	13.4
Gross profit	161.1	177.9	10.4
Operating income	58.1	74.1	27.5
Recurring income	59.0	75.7	28.2
Quarterly net income attributable to owners of the parent	60.4	63.1	4.5

### 2) Major topics

In May 2022, the Company released the "Medium- to Long-term Management Direction" which describes "Our 10-year Vision (Together we innovate, challenge and explore the frontiers of the future)" and shows how the Company wants to be recognized by the Company's stakeholders and how the Company should transform to become such a company to realize "Our 10-year Vision". The Company defined the three-phase Medium-term Management Plans covering the next ten years as "hop," "step," and "jump," and are now discussing specific management and business strategies and KPIs for the new Medium-term Management Plan covering the three-year period from the year ending March 31, 2024 to the year ending March 31, 2026 ("2025 M-T Plan") defined as "hop," during the process of developing the plan.

In accordance with the United Nations "Guiding Principles on Business and Human Rights," the Company established the "Human Rights Policy" and announced it in October 2022. The Company will proactively and continuously conduct its business activities in consideration of internationally recognized standards related to human rights, in order to fulfill its duty to respect human rights as expected of global companies, for achieving a society where human rights are respected.

(Major business topics)

- May 2022: Announced the acquisition of partial stake of distributed solar power generation project in Massachusetts, the U.S.  
Also completed an eco-friendly multi-tenants logistics facility “CPD Nagoya Minato”.
- Jul. 2022: Built a new solar power plant next to the Akita Tenbinno Wind Power Plant which was built in Akita city, Akita prefecture in September 2015 and started commercial operation as a wind and solar hybrid power plant which enables stable power supply throughout the year because wind and solar power generate electricity efficiently at different times of the day and year.  
Also invested in a newly established subsidiary of Mitsubishi Corporation, which undertakes the warehouse DX operations that have been developed by Mitsubishi Corporation, with an aim to solve social issues in the logistics industry such as labor shortages and environmental impact through the cross-industrial partnership.
- Sep. 2022: Completed an eco-friendly logistics facility “CPD Nishiyodogawa”
- Oct. 2022: Resolved the merger of CAI International, Inc. and Beacon Intermodal Leasing, LLC (scheduled to come into effect in January 2023), both operating marine container leasing business, with an aim to enhance the competitiveness of the business in the global market by enforcing group governance, effectively using management resources, and creating additional value as a result of accelerated integration of technology and know-how. Also intend to further strengthen and expand the business to make it as a leading force that supports the mid- to long-term growth of the Company by incorporating the growth opportunity of marine container leasing business.

### 3) Operating results by reportable segments

Operating results by reportable segments were as follows.

Following the organizational changes effective April 1, 2022, the reportable segments were changed to the following seven segments.

(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 13.)

Figures for the six months ended September 30, 2021 and for the year ended March 31, 2022 were converted into new reportable segments.

#### (Customer Solutions)

Segment profit increased by ¥2.2 billion, or 12.4% year on year, to ¥20.6 billion mainly thanks to large gains on sales related to real estate leasing and a decrease in credit costs.

#### (Global Business)

Segment profit decreased by ¥5.7 billion, or 19.7% year on year, to ¥23.6 billion due to the absence of large gains on sales of strategic shareholdings posted for the six months ended September 30, 2021 despite the factors contributing to profit increase such as the business growth of the subsidiaries mainly in Europe and Americas, a decrease in credit costs, and posting of gains on valuation of securities at an European subsidiary.

#### (Environment, Energy & Infrastructure)

Segment profit increased by ¥4.2 billion, or 382.2% year on year, to ¥5.4 billion mainly thanks to an increase in profits from equity-method investments accompanied with starting commercial operation of a wind power generation project in Europe and gains on sales of equity interests in certain projects in the infrastructure business.

#### (Aviation)

Segment profit decreased by ¥6.9 billion year on year to a loss of ¥2.7 billion mainly due to exchange revaluation losses related to foreign currency-denominated borrowings in JOLCO (Japanese Operating Lease with Call Option) resulted from the weakening yen, an absence of gains on valuation of certain receivables from bankrupt debtors recorded for the six months ended September 30, 2021 and posting of an impairment loss, despite the recovery trend in the business that are shown by an increase in lease revenues, a decrease in credit costs and so on.

(Logistics)

Segment profit increased by ¥8.2 billion, or 913.5% year on year, to ¥9.1 billion mainly thanks to the profit contribution from CAI International, Inc., a marine container leasing company that became the Company's wholly-owned subsidiary in November 2021 and steady performance of Beacon Intermodal Leasing, LLC, which also operates marine container leasing business.

(Real Estate)

Segment profit increased by ¥1.6 billion, or 41.0% year on year, to ¥5.5 billion mainly thanks to an increase in gains on sales, while credit costs were posted for a certain project in the U.S.

(Mobility)

Segment profit increased by ¥0.4 billion, or 23.6% year on year, to ¥2.3 billion mainly thanks to an increase in gains on sales of vehicles for which the lease term matured, against a backdrop of strong used car market in Japan.

Segment profit or losses by reportable segments

(Billions of yen)

		For the six months ended September 30, 2021	For the six months ended September 30, 2022	Change (%)
Reportable segments	Customer Solutions	18.3	20.6	12.4
	Global Business	29.4	23.6	(19.7)
	Environment, Energy & Infrastructure	1.1	5.4	382.2
	Aviation	4.1	(2.7)	—
	Logistics	0.9	9.1	913.5
	Real Estate	3.9	5.5	41.0
	Mobility	1.9	2.3	23.6
Adjustments		0.6	(0.8)	—
Total		60.4	63.1	4.5

(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 consistent with 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, 2022	As of September 30, 2022	Change (%)
Reportable segments	Customer Solutions	3,337.6	3,245.6	(2.8)
	Global Business	2,316.3	2,577.0	11.3
	Environment, Energy & Infrastructure	417.9	430.4	3.0
	Aviation	1,365.1	1,639.0	20.1
	Logistics	1,026.7	1,183.3	15.3
	Real Estate	712.7	671.0	(5.8)
	Mobility	129.4	128.6	(0.6)
Adjustments		39.3	35.0	(11.1)
Total		9,345.3	9,910.2	6.0

(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.

3. Figures for the year ended March 31, 2022 are reference values which are simply converted into new reportable segments.

(2) Summary of Consolidated Financial Position

Compared to the figures as of March 31, 2022, total assets as of September 30, 2022 increased by ¥825.6 billion to ¥11,154.5 billion, total equity increased by ¥225.3 billion to ¥1,558.8 billion, and interest-bearing debt (excluding lease obligations) increased by ¥625.3 billion to ¥8,691.4 billion.

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

The progress of net income for the six months ended September 30, 2022 against the consolidated financial forecast announced on May 16, 2022 (net income attributable to owners of the parent of ¥110.0 billion) was 57.4%.

The consolidated financial forecast for the year ending March 31, 2023 remains unchanged taking into account the growing uncertainties in the external environment, such as the risk of recession mainly in Europe and the U.S., in the second half of this fiscal year.



## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	For the year ended March 31, 2022 (As of March 31, 2022)	For the six months ended September 30, 2022 (As of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	540,942	678,455
Installment receivables	255,143	249,712
Lease receivables and investments in leases	3,265,267	3,304,545
Operating loans receivables	1,662,226	1,763,886
Other operating loans receivable	183,749	201,510
Lease and other receivables	80,382	78,100
Securities	2,019	621
Merchandise	48,242	44,610
Other current assets	156,006	209,068
Allowance for doubtful accounts	(22,657)	(23,811)
<b>Total current assets</b>	<b>6,171,321</b>	<b>6,506,700</b>
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,086,149	3,472,497
Advances on purchases of leased assets	34,622	37,160
<b>Total leased assets</b>	<b>3,120,771</b>	<b>3,509,657</b>
Other operating assets	222,654	223,529
Own-used assets	13,782	17,723
<b>Total property, plant and equipment</b>	<b>3,357,208</b>	<b>3,750,910</b>
Intangible assets		
Leased assets	39,495	30,824
Other intangible assets		
Goodwill	90,326	100,335
Other	137,819	142,310
<b>Total other intangible assets</b>	<b>228,145</b>	<b>242,645</b>
<b>Total intangible assets</b>	<b>267,641</b>	<b>273,470</b>
Investments and other assets		
Investment securities	376,645	408,404
Distressed receivables	108,188	120,220
Others	119,866	173,398
Allowance for doubtful accounts	(76,791)	(83,468)
<b>Total investments and other assets</b>	<b>527,908</b>	<b>618,555</b>
<b>Total non-current assets</b>	<b>4,152,758</b>	<b>4,642,936</b>
Deferred assets		
Bond issuance costs	4,791	4,902
<b>Total deferred assets</b>	<b>4,791</b>	<b>4,902</b>
<b>Total assets</b>	<b>10,328,872</b>	<b>11,154,540</b>

(Millions of yen)

	For the year ended March 31, 2022 (As of March 31, 2022)	For the six months ended September 30, 2022 (As of September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	184,042	140,519
Short-term borrowings	591,431	593,827
Current portion of bonds payable	443,647	576,605
Current portion of long-term borrowings	810,475	1,080,832
Commercial papers	682,593	698,309
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	247,900	248,192
Income taxes payable	24,818	14,287
Deferred profit on installment sales	11,110	10,563
Provision for bonuses	14,685	11,246
Provision for bonuses for directors (and other officers)	2,535	1,273
Other current liabilities	222,102	249,268
Total current liabilities	3,235,343	3,624,924
Non-current liabilities		
Bonds payable	1,820,244	1,769,869
Long-term borrowings	3,113,196	3,354,858
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	356,592	368,905
Provision for retirement benefits for directors (and other officers)	136	95
Retirement benefit liability	8,856	6,657
Reserve for contract of insurance	11,148	11,447
Other non-current liabilities	449,886	458,915
Total non-current liabilities	5,760,061	5,970,749
Total liabilities	8,995,404	9,595,673
<b>Equity</b>		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	548,586	546,889
Retained earnings	638,043	679,470
Treasury shares	(19,369)	(19,250)
Total shareholders' equity	1,200,456	1,240,306
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,953	13,536
Deferred gains or losses on hedges	1,460	56,081
Foreign currency translation adjustment	92,776	223,184
Remeasurements of defined benefit plans	123	1,434
Total accumulated other comprehensive income	109,313	294,236
Share acquisition rights	1,861	2,205
Non-controlling interests	21,835	22,117
Total equity	1,333,467	1,558,866
Total liabilities and equity	10,328,872	11,154,540

(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, 2022 and 2021)

(Millions of yen)

	For the six months ended September 30, 2021 (April 1, 2021 - September 30, 2021)	For the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)
Revenues	833,358	944,732
Cost of revenues	672,183	766,790
Gross profit	161,175	177,941
Selling, general and administrative expenses	103,024	103,802
Operating income	58,151	74,139
Non-operating income		
Interest income	492	513
Dividend income	931	923
Share of profit of entities accounted for using equity method	3,081	5,095
Other	2,084	5,445
Total non-operating income	6,589	11,977
Non-operating expenses		
Interest expenses	2,382	3,074
Foreign exchange losses	2,264	5,771
Other	1,004	1,499
Total non-operating expenses	5,650	10,345
Recurring income	59,089	75,771
Extraordinary income		
Gain on sale of investment securities	26,842	1,876
Gain on valuation of investment securities	-	7,183
Gain on bargain purchase	431	-
Total extraordinary income	27,274	9,060
Extraordinary losses		
Loss on step acquisitions	229	-
Loss on valuation of investment securities	-	370
Total extraordinary losses	229	370
Income before income taxes	86,135	84,461
Income taxes	25,177	20,795
Net income	60,958	63,666
Net income attributable to non-controlling interests	476	489
Net income attributable to owners of the parent	60,482	63,176

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the Six Months ended September 30, 2022 and 2021)

(Millions of yen)

	For the six months ended September 30, 2021 (April 1, 2021 - September 30, 2021)	For the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)
Net income	60,958	63,666
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,512)	(1,768)
Deferred gains or losses on hedges	5,507	43,463
Foreign currency translation adjustment	21,667	130,418
Remeasurements of defined benefit plans, net of tax	868	1,327
Share of other comprehensive income of entities accounted for using equity method	821	12,264
Total other comprehensive income	13,351	185,705
Comprehensive income	74,310	249,371
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	73,484	247,706
Comprehensive income attributable to non-controlling interests	825	1,665

(3) Notes to the Quarterly Consolidated Financial Statements

(Segment information)

1. Changes in reportable segments, etc.

Effective April 1, 2022, the Company integrated business organizations having similar functions and roles in preparation for the Medium-term Management Plan (“2025 M-T Plan”) which starts in April 2023. As a result, the Company has seven reportable segments of “Customer Solutions,” “Global Business,” “Environment, Energy & Infrastructure,” “Aviation,” “Logistics,” “Real Estate” and “Mobility” from April 1, 2022.

Details of new reportable segments after the change of business organizations are as follows.

Reportable segments	Main services and business description
Customer Solutions	Finance solutions for companies and government agencies, sales finance provided through collaboration with vendors, real estate leasing, and financial services
Global Business	Finance solutions, sales finance provided through collaboration with vendors in Europe, the Americas, China, and ASEAN region
Environment, Energy & Infrastructure	Renewable energy power generation business, energy-saving business, and overseas infrastructure investment 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 securitization finance, real estate revitalization investment business, and real estate asset management business
Mobility	Auto leasing business and supplementary services

Figures in the segment information for the six months ended September 30, 2021 are converted into new reportable segments.

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

For the six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1	Amount recorded in consolidated financial statements (Note) 2
	Customer Solutions	Global Business	Environment, Energy & Infrastructure	Aviation	Logistics	Real Estate	Mobility		
Segment profit	18,372	29,448	1,122	4,174	901	3,939	1,901	621	60,482

(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 a profit adjustment of ¥1,405 million related to the merger with Hitachi Capital Corporation under the purchase method.

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

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 consolidated financial statements (Note) 2
	Customer Solutions	Global Business	Environment, Energy & Infrastructure	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 a profit adjustment of ¥1,091 million related to the merger with Hitachi Capital Corporation under the purchase method.

2. Segment profit (loss) is adjusted 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 by reportable segments

For the six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(Significant impairment losses on non-current assets)

Not applicable

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 an impairment loss of ¥4,075 million on leased asset.

(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, 2022 by the reasonably estimated effective tax rate (after tax effect accounting) applicable to income before income taxes for the year ending March 31, 2023.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

On April 1, 2022, the Company applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021, "Implementation Guidance on Accounting Standard for Fair Value Measurement"), and the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

The impact of this application on the quarterly consolidated financial statements is insignificant.

(Application of Accounting Standards Update (ASU) 2016-02 "Leases")

Certain overseas consolidated subsidiaries applied ASU 2016-02 "Leases" on April 1, 2022. As a result, lease assets and lease liabilities are recognized in general on the balance sheet of these overseas consolidated subsidiaries for all lease transactions entered into as a lessee.

The impact of this change on the quarterly consolidated financial statements is insignificant.

(Additional information)

(Accounting estimate related to the spread of COVID-19 infections)

As of September 30, 2022, there has been no significant change in the assumptions related to the impact of COVID-19 described in (Significant Accounting Estimates) in the Annual Securities Report for the year ended March 31 2022.