

Consolidated Financial Highlights for the Third Quarter Ended December 31, 2022

[Based on J-GAAP]

February 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: 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: February 10, 2023
 Scheduled Commencement of Dividend Payment: -
 Supplemental Material for Financial Results: Available
 Holding of Quarterly Financial Results Meeting: No

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

1. Consolidated Results for the Third Quarter Ended December 31, 2022 (April 1, 2022 – December 31, 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 nine months ended								
December 31, 2022	1,410,472	7.4	106,384	30.3	109,666	33.3	85,927	13.4
December 31, 2021	1,312,987	86.5	81,659	62.3	82,252	55.8	75,748	85.8

(Note) 1. Comprehensive income: For the nine months ended December 31, 2022: ¥278,478 million 161.8%
 For the nine months ended December 31, 2021: ¥106,367 million 343.3%

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 nine months ended December 31, 2021 represents the comparison with the results of Mitsubishi UFJ Lease & Finance Company Limited.

	Earnings per share	Diluted earnings per share
For the nine months ended	(Yen)	(Yen)
December 31, 2022	59.84	59.66
December 31, 2021	52.76	52.63

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
As of	(Millions of yen)	(Millions of yen)	%
December 31, 2022	11,125,962	1,566,019	13.9
March 31, 2022	10,328,872	1,333,467	12.7

(Reference) Shareholders' equity: As of December 31, 2022: ¥1,541,956 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
For the fiscal year	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
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 Fiscal 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 December 31, 2022	1,466,912,244 shares	As of March 31, 2022	1,466,912,244 shares
As of December 31, 2022	30,835,571 shares	As of March 31, 2022	31,056,401 shares
For the nine months ended December 31, 2022	1,436,009,363 shares	For the nine months ended December 31, 2021	1,435,622,733 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. (“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 Third Quarter Ended December 31, 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 Nine Months ended December 31, 2022 and 2021	11
Quarterly Consolidated Statements of Comprehensive Income	
For the Nine Months ended December 31, 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 Third Quarter Ended December 31, 2022

(1) Summary of Operating Results

1) Overview of Financial Results, etc.

Quarterly net income attributable to owners of the parent increased by 13.4% year on year mainly thanks to the profit contribution from CAI International, Inc., and a decrease in credit costs.

- Quarterly net income attributable to owners of the parent for the nine months ended December 31, 2022 increased by ¥10.1 billion, or 13.4% year on year, to ¥85.9 billion mainly thanks to 1) the profit contribution from CAI International, Inc., a marine container leasing company in the U.S.A. that became the Company's wholly-owned subsidiary in November 2021, 2) a decrease in credit costs including the Aviation segment, and 3) the business growth of the subsidiaries mainly in Americas in the Global Business segment.
- The progress of net income for the nine months ended December 31, 2022 against the consolidated financial forecast for the fiscal year ending March 31, 2023 (net income attributable to owners of the parent of ¥110.0 billion) was 78.1%.

The Company has been promoting reorganization of domestic and overseas business branches/group companies and "Business Portfolio Transformation".

- Since the business integration in April 2021, we have been promoting reorganization of domestic and overseas business branches/group companies to enhance our competitiveness through effective utilization of management resources and integrating our know-how.
- As part of "Business Portfolio Transformation", we have resolved to conduct a transfer of the shares of Diamond Asset Finance Company Limited, which mainly operates residential real estate-related finance. (scheduled to transfer in March 2023).
- The new Medium-term Management Plan is scheduled to be started from the fiscal year ending March 31, 2024.

(Billions of yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022	Change (%)
Revenues	1,312.9	1,410.4	7.4
Gross profit	239.2	264.6	10.6
Operating income	81.6	106.3	30.3
Recurring income	82.2	109.6	33.3
Quarterly net income attributable to owners of the parent	75.7	85.9	13.4

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 we want to be recognized by our stakeholders and how we should transform to become such a company to realize "Our 10-year Vision". We defined the three-phase Medium-term Management Plans covering the next ten years as "hop," "step," and "jump," and are now discussing specific management strategy, business strategy, KPIs and others for the new 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 defined as "hop," during the process of developing the plan.

In accordance with the United Nations "Guiding Principles on Business and Human Rights," we established the "Human Rights Policy" and announced it in October 2022. We will proactively and continuously conduct our business activities in consideration of internationally recognized standards related to human rights, in order to fulfill our responsibility to respect human rights as is 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.A.
 - 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.
 - Invested in a newly established subsidiary of Mitsubishi Corporation, which undertakes the warehouse DX operations that have been developed by Mitsubishi Corporation.
- Sep. 2022:
- Completed an eco-friendly logistics facility “CPD Nishiyodogawa”.
- Dec. 2022:
- Announced to conclude a capital and business alliance agreement with Connected Robotics Inc., engaging in research and development of robotics services designed for the food industry.
 - Announced to transfer shares of Diamond Asset Finance Company Limited, a group company mainly operating the residential real estate-related finance, in order to concentrate resources on prioritized businesses in the Real Estate segment, and to improve profitability in the segment (scheduled to come into effect in March 2023).
- Jan. 2023:
- Commenced the business operation under the new management structure following the completion of the merger of CAI International, Inc. and Beacon Intermodal Leasing, LLC, operating the marine container leasing business.
 - Announced to merge Mitsubishi HC Capital Energy Inc. and HGE Ltd., operating solar power generation business (scheduled to come into effect in April 2023).
- Feb. 2023:
- Announced to reach an agreement to establish an auto leasing joint venture in Thailand with ALD S.A., a global leading company in the auto leasing industry based in France.
 - Announced to absorb and merge Japan Infrastructure Initiative Company Limited (“JII”), a group company making investments and providing loans in the overseas infrastructure sector, after making JII a wholly-owned subsidiary on the premise that MUFG Bank, Ltd. would assign all of JII shares which it holds to the Company (scheduled to come into effect in April 2023).
 - Announced the business integration of group companies in the U.S.A., Mitsubishi HC Capital America, Inc., Mitsubishi HC Capital (U.S.A.) Inc., and ENGS Commercial Finance Co. (scheduled to come into effect in April 2023).

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 nine months ended December 31, 2021 and for the year ended March 31, 2022 were converted into new reportable segments.

(Customer Solutions)

Despite the large gains on sales related to real estate leasing, a decrease in credit costs, and other factors, segment profit remained flat year on year at ¥28.8 billion due to a reactionary fall in multiple sales by cancellation of certain large deals recorded in the nine months ended December 31, 2021.

(Global Business)

Segment profit decreased by ¥9.0 billion, or 25.2% year on year, to ¥26.9 billion due to an absence of large gains on sales of strategic shareholdings recorded in the nine months ended December 31, 2021 and recognition of loss on valuation of securities due to a decline in market value of certain strategic shareholdings despite the factors contributing to profit increase such as the business growth of the subsidiaries mainly in Americas, a decrease in credit costs, and gains on revaluation of securities recorded at a European subsidiary.

(Environment, Energy & Infrastructure)

Segment profit increased by ¥9.5 billion to ¥8.2 billion mainly thanks to an increase in profits from overseas renewable energy-related equity-method investments, gains on sales of investments in certain projects in the infrastructure business, and an absence of credit costs recorded in the nine months ended December 31, 2021 for certain customers in the infrastructure project.

(Aviation)

Segment profit decreased by ¥2.2 billion, or 96.6% year on year, to ¥0.0 billion mainly due to an increase in exchange revaluation losses related to foreign currency-denominated borrowings in Japanese Operating Lease with Call Option (JOLCO) resulted from the weak yen, an absence of gains on revaluation of certain receivables from bankrupt debtors recorded in the nine months ended December, 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)

Despite impairment losses on certain railway freight car assets were posted accompanied with the determination of sales aiming to the replacement of the portfolio, segment profit increased by ¥12.6 billion year on year to ¥12.3 billion mainly thanks to the profit contribution from CAI International, Inc., a marine container leasing company in the U.S.A. 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. Such two marine container leasing companies merged on January 1, 2023.

(Real Estate)

Segment profit increased by ¥1.5 billion, or 24.1% year on year, to ¥7.8 billion mainly thanks to an increase in gains on sales, while credit costs were posted for a certain project in the U.S.A.

(Mobility)

Segment profit increased by ¥0.4 billion, or 16.1% year on year, to ¥3.3 billion mainly thanks to an increase in gains on sales of vehicles for which the leasing term matured, against a backdrop of strong used car market in Japan.

Segment profit or losses by reportable segments

(Billions of yen)

		For the nine months ended December 31, 2021	For the nine months ended December 31, 2022	Change (%)
Reportable segments	Customer Solutions	28.7	28.8	0.3
	Global Business	36.0	26.9	(25.2)
	Environment, Energy & Infrastructure	(1.2)	8.2	—
	Aviation	2.3	0.0	(96.6)
	Logistics	(0.3)	12.3	—
	Real Estate	6.3	7.8	24.1
	Mobility	2.8	3.3	16.1
Adjustments		1.1	(1.6)	—
Total		75.7	85.9	13.4

(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 December 31, 2022	Change (%)
Reportable segments	Customer Solutions	3,337.6	3,217.4	(3.6)
	Global Business	2,316.3	2,588.9	11.8
	Environment, Energy & Infrastructure	417.9	428.8	2.6
	Aviation	1,365.1	1,760.6	29.0
	Logistics	1,026.7	1,187.9	15.7
	Real Estate	712.7	651.8	(8.5)
	Mobility	129.4	129.3	(0.1)
Adjustments		39.3	32.8	(16.7)
Total		9,345.3	9,997.8	7.0

(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 December 31, 2022 increased by ¥797.0 billion to ¥11,125.9 billion, total equity increased by ¥232.5 billion to ¥1,566.0 billion, and interest-bearing debt (excluding lease obligations) increased by ¥443.1 billion to ¥8,509.2 billion.

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

The progress made toward the consolidated financial forecast announced on May 16, 2022 (net income attributable to owners of the parent of ¥110.0 billion) during the nine months ended December 31, 2022 was almost as planned, which achieved 78.1%, and accordingly, there has been no change in the consolidated financial forecast for the fiscal year ending March 31, 2023.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	For the fiscal year ended March 31, 2022 (As of March 31, 2022)	For the nine months ended December 31, 2022 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	540,942	547,659
Installment receivables	255,143	247,042
Lease receivables and investments in leases	3,265,267	3,317,712
Operating loans receivables	1,662,226	1,734,477
Other operating loans receivable	183,749	216,771
Lease and other receivables	80,382	86,569
Securities	2,019	817
Merchandise	48,242	40,752
Other current assets	156,006	153,579
Allowance for doubtful accounts	(22,657)	(23,790)
Total current assets	6,171,321	6,321,591
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,086,149	3,572,947
Advances on purchases of leased assets	34,622	116,089
Total leased assets	3,120,771	3,689,037
Other operating assets	222,654	222,506
Own-used assets	13,782	18,857
Total property, plant and equipment	3,357,208	3,930,401
Intangible assets		
Leased assets	39,495	26,805
Other intangible assets		
Goodwill	90,326	103,328
Other	137,819	141,426
Total other intangible assets	228,145	244,755
Total intangible assets	267,641	271,561
Investments and other assets		
Investment securities	376,645	394,832
Distressed receivables	108,188	116,902
Others	119,866	167,335
Allowance for doubtful accounts	(76,791)	(81,225)
Total investments and other assets	527,908	597,844
Total non-current assets	4,152,758	4,799,806
Deferred assets		
Bond issuance costs	4,791	4,564
Total deferred assets	4,791	4,564
Total assets	10,328,872	11,125,962

(Millions of yen)

	For the fiscal year ended March 31, 2022 (As of March 31, 2022)	For the nine months ended December 31, 2022 (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	184,042	142,682
Short-term borrowings	591,431	623,990
Current portion of bonds payable	443,647	528,420
Current portion of long-term borrowings	810,475	935,123
Commercial papers	682,593	745,568
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	247,900	243,171
Income taxes payable	24,818	13,867
Deferred profit on installment sales	11,110	10,283
Provision for bonuses	14,685	11,048
Provision for bonuses for directors (and other officers)	2,535	1,719
Other current liabilities	222,102	384,604
Total current liabilities	3,235,343	3,640,481
Non-current liabilities		
Bonds payable	1,820,244	1,692,042
Long-term borrowings	3,113,196	3,368,901
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	356,592	372,027
Provision for retirement benefits for directors (and other officers)	136	102
Retirement benefit liability	8,856	6,533
Reserve for contract of insurance	11,148	11,655
Other non-current liabilities	449,886	468,198
Total non-current liabilities	5,760,061	5,919,461
Total liabilities	8,995,404	9,559,942
Equity		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	548,586	546,884
Retained earnings	638,043	680,675
Treasury shares	(19,369)	(19,231)
Total shareholders' equity	1,200,456	1,241,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,953	13,469
Deferred gains or losses on hedges	1,460	59,173
Foreign currency translation adjustment	92,776	226,379
Remeasurements of defined benefit plans	123	1,408
Total accumulated other comprehensive income	109,313	300,430
Share acquisition rights	1,861	2,191
Non-controlling interests	21,835	21,871
Total equity	1,333,467	1,566,019
Total liabilities and equity	10,328,872	11,125,962

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the Nine Months ended December 31, 2022 and 2021)

(Millions of yen)

	For the nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)	For the nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)
Revenues	1,312,987	1,410,472
Cost of revenues	1,073,769	1,145,809
Gross profit	239,218	264,662
Selling, general and administrative expenses	157,558	158,277
Operating income	81,659	106,384
Non-operating income		
Interest income	510	1,350
Dividend income	1,249	1,211
Share of profit of entities accounted for using equity method	4,319	8,579
Other	3,402	6,768
Total non-operating income	9,482	17,910
Non-operating expenses		
Interest expenses	4,292	5,206
Foreign exchange losses	3,128	7,164
Other	1,467	2,256
Total non-operating expenses	8,889	14,627
Recurring income	82,252	109,666
Extraordinary income		
Gain on sale of investment securities	28,669	1,990
Gain on valuation of investment securities	-	7,228
Gain on bargain purchase	431	-
Total extraordinary income	29,101	9,218
Extraordinary losses		
Loss on sale of investment securities	106	370
Loss on valuation of investment securities	-	2,201
Loss on step acquisitions	229	-
Total extraordinary losses	335	2,572
Income before income taxes	111,018	116,312
Income taxes	33,971	29,281
Net income	77,046	87,030
Net income attributable to non-controlling interests	1,297	1,103
Net income attributable to owners of the parent	75,748	85,927

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Nine Months ended December 31, 2022 and 2021)

(Millions of yen)

	For the nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)	For the nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)
Net income	77,046	87,030
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,506)	(1,844)
Deferred gains or losses on hedges	6,423	42,816
Foreign currency translation adjustment	36,811	133,889
Remeasurements of defined benefit plans, net of tax	898	1,299
Share of other comprehensive income of entities accounted for using equity method	1,694	15,287
Total other comprehensive income	29,320	191,447
Comprehensive income	106,367	278,478
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	104,692	276,650
Comprehensive income attributable to non-controlling interests	1,674	1,828

(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 new Medium-term Management Plan which is scheduled to be started from the fiscal year ending March 31, 2024.

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 nine months ended December 31, 2021 are converted into new reportable segments.

2. Information on profit or losses by reportable segments

For the nine months ended December 31, 2021 (April 1, 2021 to December 31, 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 (losses)	28,760	36,042	(1,266)	2,312	(380)	6,303	2,843	1,134	75,748

(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 ¥2,059 million related to the merger with Hitachi Capital Corporation under the purchase method.

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

For the nine months ended December 31, 2022 (April 1, 2022 to December 31, 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	28,844	26,952	8,291	78	12,302	7,822	3,301	(1,667)	85,927

(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 ¥1,967 million related to the merger with Hitachi Capital Corporation under the purchase method.

2. Segment profit 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 and goodwill by reportable segment

For the nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(Significant impairment losses on non-current assets)

Aviation segment recorded an impairment loss of ¥3,366 million on leased asset.

(Significant changes in goodwill)

Following the acquisition of all shares of CAI International, Inc., Logistics segment recorded goodwill of ¥33,613 million, which is adjusted to reflect the finalization of the provisional accounting treatment.

For the nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Significant impairment losses on non-current assets)

Aviation and Logistics segments recorded impairment losses on leased assets of ¥4,550 million and ¥2,407 million, respectively.

(Significant changes in goodwill)

Not applicable

(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 nine months ended December 31, 2022 by the reasonably estimated effective tax rate (after tax effect accounting) applicable to income before income taxes for the fiscal 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 December 31, 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 fiscal year ended March 31 2022.

(Transfer of shares of Diamond Asset Finance Company Limited)

The Company resolved at its Board of Directors meeting held on December 23, 2022 to transfer all shares of its consolidated subsidiary Diamond Asset Finance Company Limited and concluded a share transfer agreement on the same day.

1. Overview of the share transfer

(1) Name and business description of the subsidiary

Name of the subsidiary: Diamond Asset Finance Company Limited

Business description: Real property loans for corporations, investment condominium loans for individuals, and real property leasing business

(2) Name of the transferee

GK Pearl

(A 100%-owned subsidiary of GK Emerald, in which Japan Revival Sponsor Fund IV, LPS (which is managed and operated by Keystone Partners Co., Ltd.) has made *tokumei kumiai* investments)

(3) Date of the share transfer

March 1, 2023 (scheduled)

(4) Summary of the transaction including the legal form

Share transfer agreement with cash consideration

2. Name of the segment in which the subsidiary was included in the disclosure of segment information

Real Estate