

# Consolidated Financial Highlights for the First Quarter Ended June 30, 2023

[Based on J-GAAP]

August 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/>  
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 Scheduled Date of Submission of Financial Reports: August 10, 2023  
 Scheduled Commencement of Dividend Payment: —  
 Supplemental Material for Financial Results: Available  
 Holding of Financial Results Meeting: No

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

## 1. Consolidated Results for the First Quarter Ended June 30, 2023 (April 1, 2023 – June 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 three months ended								
June 30, 2023	476,814	3.6	36,289	(10.3)	37,754	(10.0)	35,108	9.6
June 30, 2022	460,347	12.9	40,471	95.2	41,931	103.3	32,046	(3.4)

(Note) Comprehensive income: For the three months ended June 30, 2023: ¥96,193 million (17.7%)  
 For the three months ended June 30, 2022: ¥116,914 million 145.4%

	Earnings per share	Diluted earnings per share
For the three months ended	(Yen)	(Yen)
June 30, 2023	24.44	24.37
June 30, 2022	22.32	22.26

## (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
As of	(Millions of yen)	(Millions of yen)	%
June 30, 2023	11,146,942	1,615,972	14.3
March 31, 2023	10,726,196	1,551,029	14.3

(Reference) Shareholders' equity: As of June 30, 2023: ¥1,590,569 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	—				
ending March 31, 2024 (Forecast)		18.00	—	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	83.55

(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 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 June 30, 2023	1,466,912,244 shares	As of March 31, 2023	1,466,912,244 shares
( ii ) Number of treasury shares	As of June 30, 2023	30,645,630 shares	As of March 31, 2023	30,718,231 shares
( iii ) Weighted average number of shares outstanding	For the three months ended June 30, 2023	1,436,244,628 shares	For the three months ended June 30, 2022	1,435,962,386 shares

\* 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.

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## 1. Qualitative Information concerning Financial Results for the First Quarter Ended June 30, 2023

### (1) Summary of Operating Results

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

Gross profit increased by ¥1.3 billion, or 1.5% year on year, to ¥94.6 billion.

- Gross profit increased by ¥1.3 billion, or 1.5% year on year, to ¥94.6 billion mainly thanks to the business growth in the Aviation segment and the positive effects in the Global Business segment by adjusting fiscal period associated with the reorganization of subsidiaries in the Americas, while lowered profitability caused by rising cost of funds in subsidiaries mainly in Europe and the Americas in the Global Business segment and the negative effects by the deconsolidation of Diamond Asset Finance Company Limited and Mitsubishi HC Capital Auto Lease Corporation in the fiscal year ended March 31, 2023.

Recurring income decreased by ¥4.1 billion, or 10.0% year on year, to ¥37.7 billion.

- Recurring income decreased by ¥4.1 billion, or 10.0% year on year, to ¥37.7 billion mainly due to an increase in expenses associated with the promotion of business activities in subsidiaries mainly in Europe and the Americas and an increase in credit costs in the Americas in line with the worsening market condition in the Global Business segment.

Net income attributable to owners of the parent increased by ¥3.0 billion, or 9.6% year on year, to ¥35.1 billion.

- Net income attributable to owners of the parent increased by ¥3.0 billion, or 9.6% year on year, to ¥35.1 billion mainly thanks to posting of extraordinary income in the Real Estate segment as a result of making CenterPoint Development Inc. our wholly-owned subsidiary.
- The progress of net income for the three months ended June 30, 2023 against the financial forecast for the fiscal year ending March 31, 2024 (net income attributable to owners of the parent of ¥120.0 billion) was 29.3%.

(Billions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023	Change (%)
Revenues	460.3	476.8	3.6
Gross profit	93.2	94.6	1.5
Operating income	40.4	36.2	(10.3)
Recurring income	41.9	37.7	(10.0)
Quarterly net income attributable to owners of the parent	32.0	35.1	9.6

#### 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 towards the realization of carbon neutrality by 2050.
  - HSE Ltd., engaged in renewable energy power generation business, launched 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 (the merger is scheduled 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 Chuo Electric Power Co., Ltd.
- Aug. 2023:
- Announced to establish a hub in Silicon Valley in the U.S.A. to strengthen the business intelligence function as part of the innovation initiatives.

### 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 13.)

#### (Customer Solutions)

Segment profit decreased by ¥3.0 billion, or 27.4% year on year, to ¥8.2 billion mainly due to an absence of large gains on sales related to real estate leasing and insurance claim income for a certain deal, both recorded in the three months ended June 30, 2022.

(Global Business)

Segment profit decreased by ¥6.2 billion, or 60.6% year on year, to ¥4.0 billion mainly due to an increase in expenses associated with the promotion of business activities in subsidiaries mainly in Europe and the Americas, an increase in credit costs in the Americas in line with the worsening market condition, and lowered profitability caused by rising cost of funds, 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 three months ended June 30, 2023, resulting in a year-on-year increase in profit.

(Environment & Energy)

Segment profit increased by ¥0.7 billion, or 41.2% year on year, to ¥2.6 billion mainly thanks to 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, despite a decrease in gains on sales and the profit from equity-method investments.

(Aviation)

Segment profit increased by ¥3.2 billion year on year to ¥2.3 billion mainly thanks to an increase in leasing revenue and gains on sales, 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 17.2% year on year, to ¥5.4 billion mainly thanks to an increase in gains on sales.

(Real Estate)

Segment profit increased by ¥9.0 billion, or 340.1% year on year, to ¥11.7 billion mainly thanks to gains on step acquisitions recorded in relation to making CenterPoint Development Inc. our wholly-owned subsidiary, an increase in gains on sales and an absence of credit costs recorded in the three months ended June 30, 2022.

(Mobility)

Segment profit decreased by ¥0.4 billion, or 33.6% year on year, to ¥0.8 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 three months Ended June 30, 2022	For the three months Ended June 30, 2023	Change (%)
Reportable segments	Customer Solutions	11.2	8.2	(27.4)
	Global Business	10.2	4.0	(60.6)
	Environment & Energy	1.9	2.6	41.2
	Aviation	(0.9)	2.3	—
	Logistics	4.6	5.4	17.2
	Real Estate	2.6	11.7	340.1
	Mobility	1.3	0.8	(33.6)
Adjustments		0.8	(0.2)	—
Total		32.0	35.1	9.6

(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 June 30, 2023	Change (%)
Reportable segments	Customer Solutions	3,227.7	3,205.8	(0.7)
	Global Business	2,644.2	2,922.0	10.5
	Environment & Energy	433.2	440.9	1.8
	Aviation	1,640.2	1,654.4	0.9
	Logistics	1,092.9	1,090.2	(0.2)
	Real Estate	447.2	470.4	5.2
	Mobility	41.4	40.9	(1.0)
Adjustments		105.8	65.3	(38.3)
Total		9,632.9	9,890.2	2.7

(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 June 30, 2023 increased by ¥420.7 billion to ¥11,146.9 billion, total equity increased by ¥64.9 billion to ¥1,615.9 billion, and interest-bearing debt (excluding lease obligations) increased by ¥353.5 billion to ¥8,589.6 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 three months ended June 30, 2023 was 29.3%, and accordingly, there has been no change in the consolidated financial forecast for the year ending March 31, 2024.

## 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 three months ended June 30, 2023 (As of June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	589,688	569,664
Installment receivables	231,280	229,261
Lease receivables and investments in leases	3,264,169	3,299,931
Operating loans receivables	1,691,579	1,794,477
Other operating loans receivable	219,632	210,671
Lease and other receivables	77,647	72,045
Securities	3,213	7,390
Merchandise	46,064	51,791
Other current assets	160,487	329,462
Allowance for doubtful accounts	(22,094)	(32,930)
<b>Total current assets</b>	<b>6,261,670</b>	<b>6,531,765</b>
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,332,834	3,444,604
Advances on purchases of leased assets	58,969	67,704
<b>Total leased assets</b>	<b>3,391,803</b>	<b>3,512,309</b>
Other operating assets	219,625	218,848
Own-used assets	17,478	18,266
<b>Total property, plant and equipment</b>	<b>3,628,907</b>	<b>3,749,424</b>
Intangible assets		
Leased assets	23,197	19,930
Other intangible assets		
Goodwill	91,497	104,146
Other	133,034	132,303
<b>Total other intangible assets</b>	<b>224,532</b>	<b>236,449</b>
<b>Total intangible assets</b>	<b>247,730</b>	<b>256,379</b>
Investments and other assets		
Investment securities	400,113	404,170
Distressed receivables	99,912	107,385
Other	152,065	160,729
Allowance for doubtful accounts	(68,806)	(66,893)
<b>Total investments and other assets</b>	<b>583,284</b>	<b>605,391</b>
<b>Total non-current assets</b>	<b>4,459,922</b>	<b>4,611,195</b>
Deferred assets		
Bond issuance costs	4,603	3,981
<b>Total deferred assets</b>	<b>4,603</b>	<b>3,981</b>
<b>Total assets</b>	<b>10,726,196</b>	<b>11,146,942</b>

(Millions of yen)

	For the fiscal year ended March 31, 2023 (As of March 31, 2023)	For the three months ended June 30, 2023 (As of June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	160,678	135,373
Short-term borrowings	633,099	533,470
Current portion of bonds payable	642,883	644,703
Current portion of long-term borrowings	959,951	950,930
Commercial papers	559,485	736,878
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	246,640	244,308
Income taxes payable	9,381	11,511
Deferred profit on installment sales	9,648	9,365
Provision for bonuses	15,890	6,864
Provision for bonuses for directors (and other officers)	2,255	1,252
Other current liabilities	272,437	270,994
<b>Total current liabilities</b>	<b>3,512,353</b>	<b>3,545,653</b>
Non-current liabilities		
Bonds payable	1,582,848	1,636,883
Long-term borrowings	3,253,535	3,508,358
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	357,662	334,107
Provision for retirement benefits for directors (and other officers)	110	120
Retirement benefit liability	6,463	6,484
Reserve for contract of insurance	12,055	12,461
Other non-current liabilities	450,137	486,900
<b>Total non-current liabilities</b>	<b>5,662,813</b>	<b>5,985,316</b>
<b>Total liabilities</b>	<b>9,175,166</b>	<b>9,530,969</b>
<b>Equity</b>		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	547,344	547,309
Retained earnings	710,989	712,283
Treasury shares	(19,158)	(19,113)
<b>Total shareholders' equity</b>	<b>1,272,372</b>	<b>1,273,676</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,817	17,657
Deferred gains or losses on hedges	53,051	59,830
Foreign currency translation adjustment	186,545	237,606
Remeasurements of defined benefit plans	1,985	1,798
<b>Total accumulated other comprehensive income</b>	<b>256,400</b>	<b>316,892</b>
Share acquisition rights	2,138	2,103
Non-controlling interests	20,118	23,300
<b>Total equity</b>	<b>1,551,029</b>	<b>1,615,972</b>
<b>Total liabilities and equity</b>	<b>10,726,196</b>	<b>11,146,942</b>

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

(Millions of yen)

	For the three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	For the three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Revenues	460,347	476,814
Cost of revenues	367,078	382,175
Gross profit	93,269	94,639
Selling, general and administrative expenses	52,797	58,349
Operating income	40,471	36,289
Non-operating income		
Interest income	138	1,159
Dividend income	398	751
Share of profit of entities accounted for using equity method	2,774	2,129
Other	3,383	1,985
Total non-operating income	6,694	6,027
Non-operating expenses		
Interest expenses	1,450	2,808
Foreign exchange losses	3,211	977
Other	573	775
Total non-operating expenses	5,235	4,561
Recurring income	41,931	37,754
Extraordinary income		
Gain on sale of investment securities	300	1,378
Gain on step acquisitions	—	4,822
Total extraordinary income	300	6,201
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	—	138
Total extraordinary losses	—	138
Income before income taxes	42,231	43,817
Income taxes	9,813	8,429
Net income	32,418	35,388
Net income attributable to non-controlling interests	371	279
Net income attributable to owners of the parent	32,046	35,108

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

(Millions of yen)

	For the three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	For the three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Net income	32,418	35,388
Other comprehensive income		
Valuation difference on available-for-sale securities	1,168	2,841
Deferred gains or losses on hedges	15,456	4,301
Foreign currency translation adjustment	63,465	50,527
Remeasurements of defined benefit plans, net of tax	1,331	(162)
Share of other comprehensive income of entities accounted for using equity method	3,073	3,296
Total other comprehensive income	84,495	60,805
Comprehensive income	116,914	96,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	115,997	95,600
Comprehensive income attributable to non-controlling interests	916	593

(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 three months ended June 30, 2022 is presented under the new segment name.

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

For the three months ended June 30, 2022 (April 1, 2022 to June 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)	11,294	10,265	1,906	(900)	4,629	2,665	1,332	851	32,046

(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 ¥476 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 three months ended June 30, 2023 (April 1, 2023 to June 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	8,204	4,041	2,693	2,392	5,428	11,730	884	(266)	35,108

(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 ¥443 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 segment

For the three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Significant changes in goodwill)

Not applicable

For the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(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 is a provisional amount based on the information available at this point as the allocation of the acquisition cost has not been completed.

(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 three months ended June 30, 2023 by the reasonably estimated effective tax rate (after tax effect accounting) applicable to income before income taxes for the fiscal 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.