

# Consolidated Financial Highlights for the Third Quarter Ended December 31, 2023

## [Based on J-GAAP]

February 9, 2024

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: February 9, 2024  
 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 Third Quarter Ended December 31, 2023 (April 1, 2023 – December 31, 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 nine months ended								
December 31, 2023	1,425,097	1.0	101,644	(4.5)	104,301	(4.9)	80,581	(6.2)
December 31, 2022	1,410,472	7.4	106,384	30.3	109,666	33.3	85,927	13.4

(Note) Comprehensive income: For the nine months ended December 31, 2023: ¥185,544 million (33.4%)  
 For the nine months ended December 31, 2022: ¥278,478 million 161.8%

	Earnings per share	Diluted earnings per share
	(Yen)	(Yen)
For the nine months ended		
December 31, 2023	56.14	55.99
December 31, 2022	59.84	59.66

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
As of	(Millions of yen)	(Millions of yen)	%
December 31, 2023	11,256,396	1,673,206	14.7
March 31, 2023	10,726,196	1,551,029	14.3

(Reference) Shareholders' equity: As of December 31, 2023: ¥1,650,590 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 December 31, 2023	1,466,912,244 shares	As of March 31, 2023	1,466,912,244 shares
( ii ) Number of treasury shares	As of December 31, 2023	32,610,419 shares	As of March 31, 2023	30,718,231 shares
( iii ) Weighted average number of shares outstanding	For the nine months ended December 31, 2023	1,435,280,969 shares	For the nine months ended December 31, 2022	1,436,009,363 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 December 31, 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 (1,502,123 shares as of December 31, 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.

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# 1. Qualitative Information concerning Financial Results for the Third Quarter Ended December 31, 2023

## (1) Summary of Operating Results

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

Quarterly net income attributable to owners of the parent decreased by ¥5.3 billion year on year to ¥80.5 billion. New transactions volume and segment assets increased.

- Quarterly net income attributable to owners of the parent for the nine months ended December 31, 2023 decreased by ¥5.3 billion, or 6.2% year on year, to ¥80.5 billion and the amount of a decrease in net income was declined compared with the first half mainly because the Aviation segment has been steadily recovering and the Logistics segment progressed favorably compared with the initial plan, despite losses in U.S. projects in the Real Estate segment and impairment losses in the Environment & Energy segment in the first half.
- Further, new transactions volume for the nine months ended December 31, 2023 increased by ¥250.5 billion, or 12.8% year on year, to ¥2,210.3 billion, and segment assets as of December 31, 2023 also increased by ¥657.4 billion, or 6.8%, to ¥10,290.4 billion from March 31, 2023, thanks to an increase in new transactions continuing from the first half in the Aviation, Real Estate and Customer Solutions segments.

The financial forecast for the fiscal year ending March 31, 2024 (net income attributable to owners of the parent of ¥120.0 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 nine months ended December 31, 2023 was 67.2%.
- Despite the progress, the consolidated financial forecast remains unchanged, because the Logistics segment has been progressing favorably compared with the initial plan, the profits in the Aviation segment are planned to be weighted toward the second half and will exceed the initial plan, and we expect to record large gains on sales of owned assets in the Real Estate and Environment & Energy segments.

Decided to invest in a European environmental energy business company toward the evolution and layering of business model.

- We have decided to invest (approx. ¥110.0 billion) in European Energy A/S, a Danish company developing and operating renewable and next generation energy business mainly in Europe. We will acquire 20% of its outstanding shares and make it our equity-method affiliate.
- Toward the evolution and layering of business models in the Medium-term Management Plan (2025 MTMP), we will accelerate initiatives to enhance development functions in the renewable energy business, which is the core strategy of the Environment & Energy business.

(Billions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023	Change (%)
Revenues	1,410.4	1,425.0	1.0
Gross profit	264.6	270.0	2.0
Operating income	106.3	101.6	(4.5)
Recurring income	109.6	104.3	(4.9)
Quarterly net income attributable to owners of the parent	85.9	80.5	(6.2)

## 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:
  - 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).
- 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 business alliance with Lenovo Japan LLC and Mitsubishi UFJ Trust and Banking Corporation with an aim to provide a comprehensive package service to support startups, including PC subscription service.
  - As 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. (completed the transfer in January 2024).
  - Commissioned by METI, we launched a verification project using robots in logistics facilities together with BIC CAMERA INC. and YAMAZEN CORPORATION.
  - Started offering facial photo collection and authentication service on a subscription model with TOPPAN Edge Inc.
  - Signed a partnership agreement with AeroEdge Co., Ltd. manufacturing and selling aircraft engine parts with an aim to enhance the partnership to accelerate DX and SDGs in the aviation industry.
- Dec. 2023:
- Selected the first projects that passed the final review in the founder program (internal startup program) of the Zero-Gravity Venture Lab, an initiative aimed at accelerating new business development, and officially launched the projects toward the establishment of a company.
  - Announced to start a trial for a preventive maintenance service for infrastructure using an earthworm-like in-pipe crawling robot “Sooha” offered by SoLARIS Inc.
- Jan. 2024:
- Announced the capital and business alliance with MedUp, Inc. with an aim to support the business improvement of healthcare facilities and to establish a sustainable community-based integrated healthcare system.
  - Decided to invest in European Energy A/S, a Danish company developing and operating renewable and next generation energy business mainly in Europe, which is an area leading the way in decarbonization, with an aim to enhance and expand the Environment & Energy business on a global scale.
- Feb. 2024:
- Announced the launch of a joint venture for renewable energy generation based on a PPA between the Group, TOKYU CORPORATION and TOKYU POWER SUPPLY CO.,LTD and the conclusion of a contract for the first project.

### 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 ¥4.2 billion, or 14.9% year on year, to ¥24.5 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 nine months ended December 31, 2022.

(Global Business)

Segment profit decreased by ¥11.3 billion, or 42.3% year on year, to ¥15.5 billion mainly due to an absence of gains on revaluation of securities recorded at a European subsidiary in the nine months ended December 31, 2022, an increase in operating expenses in subsidiaries mainly in Europe and the Americas, and an increase 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 and the business growth in the European subsidiaries.

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 nine months ended December 31, 2023, resulting in a year-on-year increase in profit.

(Environment & Energy)

Segment profit decreased by ¥4.3 billion, or 52.0% year on year, to ¥3.9 billion mainly due to recording of impairment losses on a solar power generation project and a decrease in profits from equity-method investments 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 ¥14.1 billion year on year to ¥14.2 billion mainly thanks to an increase in leasing revenue, reversal of large credit costs, a decrease in impairment losses 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 ¥2.2 billion, or 18.1% year on year, to ¥14.5 billion mainly thanks to an increase in gains on sales of owned assets (mainly shipping).

(Real Estate)

Segment profit decreased by ¥1.3 billion, or 16.7% year on year, to ¥6.5 billion mainly due to recording of losses in U.S. projects in line with the worsening real estate market and the negative effects of the deconsolidation of Diamond Asset Finance Company Limited despite gains on step acquisitions recorded in relation to making CenterPoint Development Inc. our wholly-owned subsidiary.

(Mobility)

Segment profit decreased by ¥0.9 billion, or 28.4% year on year, to ¥2.3 billion mainly due to the effects of the deconsolidation of Mitsubishi HC Capital Auto Lease Corporation.

Segment profit or losses by reportable segments

(Billions of yen)

		For the nine months ended December 31, 2022	For the nine months ended December 31, 2023	Change (%)
Reportable segments	Customer Solutions	28.8	24.5	(14.9)
	Global Business	26.9	15.5	(42.3)
	Environment & Energy	8.2	3.9	(52.0)
	Aviation	0.0	14.2	—
	Logistics	12.3	14.5	18.1
	Real Estate	7.8	6.5	(16.7)
	Mobility	3.3	2.3	(28.4)
Adjustments		(1.6)	(1.1)	—
Total		85.9	80.5	(6.2)

(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, and profit adjustments recorded by the purchase method associated with the merger with Hitachi Capital Corporation.

2. Segment profit 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 December 31, 2023	Change (%)
Reportable segments	Customer Solutions	3,227.7	3,184.4	(1.3)
	Global Business	2,644.2	2,911.7	10.1
	Environment & Energy	433.2	422.9	(2.4)
	Aviation	1,640.2	2,007.6	22.4
	Logistics	1,092.9	1,145.2	4.8
	Real Estate	447.2	527.5	18.0
	Mobility	41.4	51.3	24.1
Adjustments		105.8	39.3	(62.8)
Total		9,632.9	10,290.4	6.8

(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 Financial Position

Compared to the figures as of March 31, 2023, total assets as of December 31, 2023 increased by ¥530.1 billion to ¥11,256.3 billion, total equity increased by ¥122.1 billion to ¥1,673.2 billion, and interest-bearing debt (excluding lease obligations) increased by ¥268.8 billion to ¥8,504.9 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 nine months ended December 31, 2023 was 67.2%.

Despite the progress, the consolidated financial forecast for the year ending March 31, 2024 remains unchanged, because the Logistics segment has been progressing favorably compared with the initial plan, the profits in the Aviation segment are planned to be weighted toward the second half and will exceed the initial plan, and we expect to record large gains on sales of owned assets in the Real Estate and Environment & Energy segments.

## 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 nine months ended December 31, 2023 (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	589,688	421,631
Installment receivables	231,280	223,076
Lease receivables and investments in leases	3,264,169	3,270,995
Operating loans receivables	1,691,579	1,800,826
Other operating loans receivable	219,632	183,094
Lease and other receivables	77,647	74,631
Securities	3,213	3,847
Merchandise	46,064	35,852
Other current assets	160,487	152,789
Allowance for doubtful accounts	(22,094)	(29,766)
Total current assets	6,261,670	6,136,980
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,332,834	3,906,121
Advances on purchases of leased assets	58,969	96,373
Total leased assets	3,391,803	4,002,495
Other operating assets	219,625	221,574
Own-used assets	17,478	18,469
Total property, plant and equipment	3,628,907	4,242,539
Intangible assets		
Leased assets	23,197	14,209
Other intangible assets		
Goodwill	91,497	107,357
Other	133,034	131,356
Total other intangible assets	224,532	238,713
Total intangible assets	247,730	252,923
Investments and other assets		
Investment securities	400,113	417,659
Distressed receivables	99,912	109,024
Other	152,065	157,944
Allowance for doubtful accounts	(68,806)	(64,761)
Total investments and other assets	583,284	619,866
Total non-current assets	4,459,922	5,115,329
Deferred assets		
Bond issuance costs	4,603	4,086
Total deferred assets	4,603	4,086
Total assets	10,726,196	11,256,396

(Millions of yen)

	For the fiscal year ended March 31, 2023 (As of March 31, 2023)	For the nine months ended December 31, 2023 (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	160,678	148,467
Short-term borrowings	633,099	485,411
Current portion of bonds payable	642,883	610,104
Current portion of long-term borrowings	959,951	954,854
Commercial papers	559,485	814,952
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	246,640	228,720
Income taxes payable	9,381	17,151
Deferred profit on installment sales	9,648	8,728
Provision for bonuses	15,890	11,750
Provision for bonuses for directors (and other officers)	2,255	1,837
Other current liabilities	272,437	382,988
Total current liabilities	3,512,353	3,664,965
Non-current liabilities		
Bonds payable	1,582,848	1,630,167
Long-term borrowings	3,253,535	3,436,125
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	357,662	344,591
Provision for retirement benefits for directors (and other officers)	110	123
Provision for share-based remuneration for directors (and other officers)	–	390
Retirement benefit liability	6,463	6,497
Reserve for contract of insurance	12,055	12,397
Other non-current liabilities	450,137	487,931
Total non-current liabilities	5,662,813	5,918,224
Total liabilities	9,175,166	9,583,189
Equity		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	547,344	546,284
Retained earnings	710,989	731,890
Treasury shares	(19,158)	(20,975)
Total shareholders' equity	1,272,372	1,290,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,817	17,307
Deferred gains or losses on hedges	53,051	52,734
Foreign currency translation adjustment	186,545	288,380
Remeasurements of defined benefit plans	1,985	1,771
Total accumulated other comprehensive income	256,400	360,194
Share acquisition rights	2,138	1,915
Non-controlling interests	20,118	20,700
Total equity	1,551,029	1,673,206
Total liabilities and equity	10,726,196	11,256,396

(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, 2023 and 2022)

(Millions of yen)

	For the nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)	For the nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)
Revenues	1,410,472	1,425,097
Cost of revenues	1,145,809	1,155,066
Gross profit	264,662	270,031
Selling, general and administrative expenses	158,277	168,386
Operating income	106,384	101,644
Non-operating income		
Interest income	1,350	3,410
Dividend income	1,211	1,829
Share of profit of entities accounted for using equity method	8,579	6,516
Other	6,768	5,578
Total non-operating income	17,910	17,334
Non-operating expenses		
Interest expenses	5,206	8,674
Foreign exchange losses	7,164	3,493
Other	2,256	2,508
Total non-operating expenses	14,627	14,677
Recurring income	109,666	104,301
Extraordinary income		
Gain on sale of investment securities	1,990	3,709
Gain on step acquisitions	—	4,822
Gain on valuation of investment securities	7,228	—
Total extraordinary income	9,218	8,531
Extraordinary losses		
Loss on sale of investment securities	370	294
Loss on valuation of investment securities	2,201	—
Loss on sale of shares of subsidiaries and associates	—	168
Total extraordinary losses	2,572	463
Income before income taxes	116,312	112,369
Income taxes	29,281	30,951
Net income	87,030	81,418
Net income attributable to non-controlling interests	1,103	837
Net income attributable to owners of the parent	85,927	80,581

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the nine months ended December 31, 2023 and 2022)

(Millions of yen)

	For the nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)	For the nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)
Net income	87,030	81,418
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,844)	2,443
Deferred gains or losses on hedges	42,816	(2,956)
Foreign currency translation adjustment	133,889	100,497
Remeasurements of defined benefit plans, net of tax	1,299	(198)
Share of other comprehensive income of entities accounted for using equity method	15,287	4,341
Total other comprehensive income	191,447	104,126
Comprehensive income	278,478	185,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	276,650	184,375
Comprehensive income attributable to non-controlling interests	1,828	1,169

(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, and 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 nine months ended December 31, 2022 is presented under the new segment name.

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

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 quarterly consolidated statements of income (Note) 2
	Customer Solutions	Global Business	Environment & Energy	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 profit adjustments of ¥1,967 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.

For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	24,553	15,559	3,983	14,269	14,525	6,519	2,362	(1,191)	80,581

(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 ¥1,070 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 nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Significant impairment losses on non-current assets)

The 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

For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Significant impairment losses on non-current assets)

The Environment & Energy segment recorded impairment losses mainly on other operating assets of ¥5,816 million, and the Aviation segment recorded impairment losses on leased assets of ¥2,666 million.

(Significant changes in goodwill)

The Real Estate segment recorded goodwill of ¥13,207 million associated with the acquisition of all shares of CenterPoint Development Inc.

(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, 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 ("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 December 31, 2023 are ¥2,335 million and 2,702 thousand shares, respectively.



(Significant subsequent events)

(New associate accounted for by the equity method through share acquisition)

The Company will invest approximately €700 million in European Energy A/S (“European Energy”) (“Investment”), a Danish company developing and operating renewable and next generation energy business mainly in Europe, in accordance with the resolution passed by the meeting of the Board of Directors held on January 19, 2024, and signed an investment agreement. The Company will acquire 20% of outstanding shares in European Energy. As a result, European Energy will become the Company’s equity-method affiliate.

1. Strategic Rationales of the Investment

European Energy, active in 28 countries, achieved more than accumulated 3GW of renewable energy development and has more than 60GW of development and construction pipelines mainly in Europe.

Further, European Energy has a large growth potential by being a global leading and pioneering player in Power-to-X which produces green energy such as e-methanol and green hydrogen generated from renewable energy sources.

“Promote a Decarbonized Society” is one of the Company’s important materiality. The Company has been expanding its renewable energy business and increasing added value in the segment to realize this materiality. In FY 2023, the Company launched its Medium-term Management Plan for FY2023-FY2025 (“2025 MTMP”) and is proceeding with the evolution and layering of business models to achieve business portfolio transformation. As one of its long-term growth strategies, the Company has been pursuing to enhance development functions of renewable energy business in Europe whereby this Investment will accelerate the initiative.

The Company, through the strategic partnership with European Energy and by leveraging the capability and knowledge of both companies, will accelerate the development of renewable and green energy on a global scale. By enhancing its initiatives in the environment & energy business, the Company will contribute to realizing a decarbonized society.

2. Overview of European Energy

(1) Company name	European Energy A/S
(2) Line of business	Renewable energy and next generation energy business
(3) Company size (Year ended December 2022)	Consolidated net assets: €391 million Consolidated total assets: €1,737 million

3. Schedule of the Investment

Scheduled to be executed during the three months ending March 31, 2024

(Note) The execution of the Investment is subject to approval by the competition authority in the relevant countries and regions and conditions set out in the agreement.

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

(1) Number of shares held before the transfer	— share (Number of voting rights: —) (Voting rights holding ratio: —%)
(2) Number of shares to be transferred	Outstanding share: Approximately 75 million shares
(3) Transfer price	Approximately €700 million (approximately ¥110.0 billion at the exchange rate of €1 =¥157.12)
(4) Number of shares held after the transfer	Approximately 75 million shares (Number of voting rights: approximately 75 million) (Voting rights holding ratio: 20.0%)

5. Method of funding and payment

The Company will acquire the shares of European Energy through its wholly-owned subsidiary in Denmark, MHC Energy Europe ApS, mainly by undertaking new shares privately issued and allocated by European Energy. We plan to fund the Investment mainly with our own fund, borrowings and corporate bonds.