

Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2024

[Based on J-GAAP]

May 15, 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
 Date of General Meeting of Shareholder: June 25, 2024
 Scheduled Date of Submission of Financial Reports: June 25, 2024
 Scheduled Commencement of Dividend Payment: June 7, 2024
 Supplemental Material for Financial Results: Available
 Holding of Financial Results Meeting: Scheduled (for Institutional Investors and Analysts)

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

1. Consolidated Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Consolidated Operating Results

(Year-on-year change %)

	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 fiscal year ended								
March 31, 2024	1,950,583	2.9	146,176	5.4	151,633	3.8	123,842	6.5
March 31, 2023	1,896,231	7.4	138,727	21.6	146,076	24.6	116,241	16.9

(Note) Comprehensive income: For the fiscal year ended March 31, 2024: ¥220,222 million (16.9%)
 For the fiscal year ended March 31, 2023: ¥265,136 million 51.9%

	Earnings per share	Diluted earnings per share	Return on equity	Recurring income to total assets	Operating margin
For the fiscal year ended	(Yen)	(Yen)	%	%	%
March 31, 2024	86.30	86.06	7.7	1.4	7.5
March 31, 2023	80.95	80.71	8.2	1.4	7.3

(Reference) Share of profit of entities accounted for using equity method: For the fiscal year ended March 31, 2024: ¥9,278 million
 For the fiscal year ended March 31, 2023: ¥11,982 million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio	Equity per share
As of	(Millions of yen)	(Millions of yen)	%	(Yen)
March 31, 2024	11,149,858	1,705,345	15.1	1,174.88
March 31, 2023	10,726,196	1,551,029	14.3	1,064.46

(Reference) Shareholders' equity: As of March 31, 2024: ¥1,685,267 million
 As of March 31, 2023: ¥1,528,773 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
For the fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2024	(49,128)	143,336	(222,977)	335,307
March 31, 2023	46,752	(127,322)	(8,948)	460,486

2. Dividends

	Dividends per share					Total dividends (For the year)	Payout ratio (Consolidated)	Dividends to equity (consolidated)
	1st Quarter end	2nd Quarter end	3rd Quarter end	Fiscal year-end	Annual			
For the fiscal year	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	%	%
ended March 31, 2023	—	15.00	—	18.00	33.00	47,402	40.8	3.3
ended March 31, 2024	—	18.00	—	19.00	37.00	53,171	42.9	3.3
ending March 31, 2025 (Forecast)	—	20.00	—	20.00	40.00		42.5	

(Note) The fiscal year-end dividend for the fiscal year ended March 31, 2024 is scheduled to be resolved at the Board of Directors meeting to be held on May 22, 2024.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Year-on-year change %)

	Net income attributable to owners of the parent		Earnings per share
	(Millions of yen)	%	(Yen)
Full year	135,000	9.0	94.11

* 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, DFL Lease Co., Ltd.

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

1) Changes in accounting policies with revision of accounting standards, etc. : Yes
2) Changes in accounting policies other than 1) above : No
3) Changes in accounting estimates : No
4) Restatement of revisions : No

(3) Number of outstanding shares (common shares)

1) Number of outstanding shares (including treasury shares)	As of March 31, 2024	1,466,912,244 shares	As of March 31, 2023	1,466,912,244 shares
2) Number of treasury shares	As of March 31, 2024	32,489,822 shares	As of March 31, 2023	30,718,231 shares
3) Average number of shares outstanding	For the fiscal year ended March 31, 2024	1,435,070,178 shares	For the fiscal year ended March 31, 2023	1,436,042,105 shares

(Note) From the fiscal year ended March 31, 2024, Mitsubishi HC Capital Inc. ("Company") introduced a performance-based stock compensation plan. The number of treasury shares as of March 31, 2024 includes the Company's shares held by a trust under the plan (2,685,268 shares as of March 31, 2024).

Also, the number of treasury shares excluded in calculating the average number of shares outstanding during the period includes the Company's shares held by a trust under the plan (1,777,757 shares for the fiscal year ended March 31, 2024).

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated Operating Results

(Year-on-year change %)

	Revenues		Operating income		Recurring income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
For the fiscal year ended								
March 31, 2024	755,707	(1.2)	29,305	(7.1)	73,293	(8.3)	82,798	0.7
March 31, 2023	764,506	(8.8)	31,560	74.6	79,910	135.0	82,204	59.4

	Earnings per share	Diluted earnings per share
	(Yen)	(Yen)
For the fiscal year ended		
March 31, 2024	57.70	57.54
March 31, 2023	57.24	57.08

(2) Non-consolidated Financial Position

	Total assets	Total Equity	Equity ratio	Equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
As of				
March 31, 2024	4,963,571	851,108	17.1	592.04
March 31, 2023	5,317,966	881,212	16.5	612.09

(Reference) Shareholders' equity: As of March 31, 2024: ¥849,241 million
As of March 31, 2023: ¥879,074 million

* 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.

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended March 31, 2024

1) Overview of Financial Results, etc.

Net income attributable to owners of the parent for the fiscal year ended March 31, 2024 increased by ¥7.6 billion year on year to ¥123.8 billion. Annual dividend per share is to be 37 yen, increasing for 25 consecutive years.

- Net income attributable to owners of the parent for the fiscal year ended March 31, 2024 exceeded the initial forecast of ¥120.0 billion by ¥3.8 billion, or 3.2%, hitting a record high for two consecutive years.
- While net income had been slow compared to the initial forecast until the 3rd Quarter end due to losses and expenses not anticipated in the initial plan, the initial forecast was achieved because profits in Aviation and Logistics segments and gains on sales of assets in Real Estate and Environment & Energy segments exceeded the plans.
- The annual dividend per share is to be 37 yen*, an increase by ¥4 year on year, as per the initial forecast, increasing for 25 consecutive years.

For the fiscal year ending March 31, 2025, net income attributable to owners of the parent is forecast to be ¥135.0 billion, and annual dividend per share is forecast to be ¥40, an increase by ¥3 year on year.

- We forecast the net income attributable to owners of the parent for the fiscal year ending March 31, 2025 will increase by ¥11.1 billion, or 9.0% year on year, to ¥135.0 billion thanks mainly to the growth in Aviation and other segments, and an absence of large losses recorded in the fiscal year ended March 31, 2024, despite a reactionary fall in extraordinary income recorded in the fiscal year ended March 31, 2024.
- The annual dividend per share for the fiscal year ending March 31, 2025 will increase by ¥3 year on year to ¥40 (payout ratio of 42.5% on the premise of the financial forecast), increasing for 26 consecutive years.

The first year of the Medium-term Management Plan (2025 MTMP) for the enhancement of the medium- to long-term corporate value got off to a satisfactory start.

- We had a smooth start for financial and non-financial targets. The replacement of business portfolios has also progressed steadily.
- While there are issues with the pace of the “Evolution and Layering of Business Models” and the Americas of the Global Business segment, we will recover on a company-wide basis.
- Regarding the “Frameworks to Promote Transformation”, we have steadily fostered the awareness of transformation through the use of the Innovation Investment Fund, etc.

* The fiscal year-end dividend for the fiscal year ended March 31, 2024 is scheduled to be resolved at the Board of Directors meeting to be held on May 22, 2024.

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)
Revenues	1,896.2	1,950.5	2.9
Gross profit	357.3	380.0	6.4
Operating income	138.7	146.1	5.4
Recurring income	146.0	151.6	3.8
Net income attributable to owners of the parent	116.2	123.8	6.5

2) Major topics

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

The Company formulated the Medium-term Management Plan covering the three-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 (the “2025 MTMP”), which was announced in May 2023. The 2025 MTMP is positioned as the “hop” plan of our three Medium-term Management Plans (“hop,” “step,” and “jump”) toward Our 10-year Vision (Together we innovate, challenge and explore the frontiers of the future), and we intend to promote initiatives such as the “Evolution and Layering of Business Models”, “Key Themes across Segments”, and “Frameworks to Promote Transformation”.

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

Timing	Description																	
Apr. 2023	• Announced the conclusion of a virtual PPA (an agreement to transfer non-fossil certificates related to renewable electricity) between a group company, Mitsubishi HC Capital Energy and Tokyo Metro.	Evolution and layering of business models																
	• Made CenterPoint Development, a group company engaged in the development of logistics facilities and asset management business specializing in logistics facilities, a wholly-owned subsidiary.	Evolution and layering of business models																
May 2023	• Announced the launch of the renewable energy aggregation business at our group company HSE (prediction of renewable energy power generation and preparation of power generation plans, and provision of electricity and non-fossil value based on them).	Evolution and layering of business models																
June 2023	• Announced the establishment of “Innovation Investment Fund” with a total of ¥10.0 billion of funds available for investments in startups with an aim to promote creation of new services and development of new businesses (started operation in April 2023). (Major investments by the Innovation Investment Fund during the fiscal year ended March 31, 2024)	Frameworks to promote transformation																
	<table border="1"> <thead> <tr> <th>Name of investee</th> <th>Business description</th> </tr> </thead> <tbody> <tr> <td>Tabist</td> <td>Provision of DX services for reservation management and pricing</td> </tr> <tr> <td>ZERO</td> <td>Operation of vending machines to reduce food waste</td> </tr> <tr> <td>Credit Engine Group</td> <td>Development and operation of online lending platform business</td> </tr> <tr> <td>MedUp</td> <td>Provision of product to improve hospital management such as enhancement of regional cooperation</td> </tr> <tr> <td>matsuri technologies</td> <td>Operation of private lodging/short-term rental services</td> </tr> <tr> <td>M-INT</td> <td>Development of e-referral letter system and medical resources database</td> </tr> <tr> <td>Aakel Technologies</td> <td>Provision of DX services related to decarbonization and EV energy management</td> </tr> </tbody> </table>		Name of investee	Business description	Tabist	Provision of DX services for reservation management and pricing	ZERO	Operation of vending machines to reduce food waste	Credit Engine Group	Development and operation of online lending platform business	MedUp	Provision of product to improve hospital management such as enhancement of regional cooperation	matsuri technologies	Operation of private lodging/short-term rental services	M-INT	Development of e-referral letter system and medical resources database	Aakel Technologies	Provision of DX services related to decarbonization and EV energy management
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M-INT	Development of e-referral letter system and medical resources database																	
Aakel Technologies	Provision of DX services related to decarbonization and EV energy management																	
Aug. 2023	• Announced to start business operation in Silicon Valley in the U.S. to strengthen the business intelligence function as part of the innovation initiatives.	Frameworks to promote transformation																

Sep. 2023	<ul style="list-style-type: none"> Mitsubishi HC Capital Energy and Mitsubishi Auto Leasing 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. 	Key themes across segments
	<ul style="list-style-type: none"> Announced the business alliance with Horizon Ocean Management with the aim of stabilizing and improving efficiency of the O&M service (maintenance, inspection, and repair) in the offshore wind power generation business. 	Evolution and layering of business models
Nov. 2023	<ul style="list-style-type: none"> Announced the business alliance with Lenovo Japan and Mitsubishi UFJ Trust and Banking with an aim to provide a comprehensive package to support startups, including PC subscription service. 	Evolution and layering of business models
	<ul style="list-style-type: none"> Announced the launch of a verification project using robots in logistics facilities, as a METI commissioned project, together with BIC CAMERA and YAMAZEN. 	Evolution and layering of business models
	<ul style="list-style-type: none"> Started offering facial photo collection and authentication service on a subscription model with TOPPAN Edge. 	Evolution and layering of business models
	<ul style="list-style-type: none"> Signed a partnership agreement with AeroEdge manufacturing and selling aircraft engine parts with an aim to enhance the partnership to accelerate DX and SDGs in the aviation industry. 	Evolution and layering of business models
Dec. 2023	<ul style="list-style-type: none"> Selected the first projects that passed the final review in the 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. 	Frameworks to promote transformation
	<ul style="list-style-type: none"> Announced to start a trial for a preventive maintenance service for infrastructure using an earthworm-like in-pipe crawling robot "Sooha" offered by SoLARIS. 	Evolution and layering of business models
Jan. 2024	<ul style="list-style-type: none"> Decided to invest in European Energy A/S, a Danish company engaging in renewable and next generation energy business (investment was executed in April 2024). 	Evolution and layering of business models
	<ul style="list-style-type: none"> Transferred shares of our group companies, DFL Lease and Shutoken Leasing. 	Evolution and layering of business models
Feb. 2024	<ul style="list-style-type: none"> Announced the launch of a joint venture for renewable energy generation based on a PPA between the Mitsubishi HC Capital Group, TOKYU and Tokyu Power Supply and the conclusion of a contract for the first project. 	Evolution and layering of business models
	<ul style="list-style-type: none"> Announced the transfer of shares of our group company Sekisui Leasing. 	Evolution and layering of business models
	<ul style="list-style-type: none"> Announced to establish "Robotics Business Development Department," a new organization dedicated to accelerating development and promotion of new businesses in the robotics sector in April 2024. 	Evolution and layering of business models
Mar. 2024	<ul style="list-style-type: none"> Began full-scale utilization of generative AI at the Company in cooperation with Hitachi. 	Frameworks to promote transformation

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 the fiscal year ended March 31, 2024.

(For details of new reportable segments, please refer to "3. Consolidated Financial Statements and Major Notes, (5) Notes to the Consolidated Financial Statements (Segment information, etc.)" on page 17.)

(Customer Solutions)

Segment profit remained at the same level as a year ago at ¥38.1 billion mainly due to an increase in gain on sale of strategic shareholdings despite absences of large gains on sales related to real estate leasing and insurance claim income for a certain deal, both recorded in the fiscal year ended March 31, 2023.

(Global Business)

Segment profit decreased by ¥12.4 billion, or 42.8% year on year, to ¥16.6 billion mainly due to an increase in credit costs in line with the worsening market condition of the transportation sector that was strong during the COVID-19 pandemic in the Americas and an absence of gain on valuation of securities recorded in Europe in the fiscal year ended March 31, 2023 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 fiscal year ended March 31, 2024, resulting in a year-on-year increase in profit.

(Environment & Energy)

Segment profit decreased by ¥4.3 billion, or 37.1% year on year, to ¥7.3 billion mainly due to recording of impairment losses on a solar power generation project in Japan and a decrease in profits from equity-method investments despite an increase in gains on sale of assets.

(Aviation)

Segment profit increased by ¥21.1 billion, or 340.3% year on year, to ¥27.3 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 ¥2.4 billion, or 15.9% year on year, to ¥17.8 billion mainly thanks to an increase in gains on sale of assets (mainly shipping) despite a decrease in leasing revenue attributable to the normalization of an operating rate of marine containers after a period of overheated market conditions.

(Real Estate)

Segment profit decreased by ¥0.7 billion, or 5.6% year on year, to ¥11.9 billion mainly due to recording of losses in U.S. projects against a backdrop of the worsening real estate market, the negative effect of the deconsolidation of Diamond Asset Finance Company Limited, and an increase in tax expenses despite an increase in gains on sale of assets and recording of gains on step acquisitions in relation to making CenterPoint Development Inc. a wholly-owned subsidiary.

(Mobility)

Segment profit decreased by ¥1.0 billion, or 26.4% year on year, to ¥2.7 billion mainly due to the negative effect of the deconsolidation of Mitsubishi HC Capital Auto Lease Corporation.

Segment profit or losses by reportable segments

(Billions of yen)

		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)
Reportable segments	Customer Solutions	38.1	38.1	(0.0)
	Global Business	29.0	16.6	(42.8)
	Environment & Energy	11.6	7.3	(37.1)
	Aviation	6.2	27.3	340.3
	Logistics	15.3	17.8	15.9
	Real Estate	12.6	11.9	(5.6)
	Mobility	3.7	2.7	(26.4)
Adjustments		(0.6)	1.8	—
Total		116.2	123.8	6.5

(Note) 1. Adjustments of segment profit consist of company-wide expenses and income not allocated to any reportable segments and profit adjustments recorded by purchase method associated with the merger with Hitachi Capital Corporation.

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

Segment assets by reportable segments

(Billions of yen)

		As of March 31, 2023	As of March 31, 2024	Change (%)
Reportable segments	Customer Solutions	3,227.7	2,966.5	(8.1)
	Global Business	2,644.2	3,070.8	16.1
	Environment & Energy	433.2	416.6	(3.9)
	Aviation	1,640.2	2,020.0	23.2
	Logistics	1,092.9	1,099.0	0.6
	Real Estate	447.2	525.4	17.5
	Mobility	41.4	51.9	25.5
Adjustments		105.8	29.0	(72.6)
Total		9,632.9	10,179.4	5.7

(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 not attributable to any reportable segments such as investment securities related to Corporate, and offsets of transactions between segments.

(2) Summary of Financial Position as of March 31, 2024

1) Assets, liabilities, and equity

Compared to the figures as of March 31, 2023, total assets as of March 31, 2024 increased by ¥423.6 billion, or 3.9%, to ¥11,149.8 billion, total equity increased by ¥154.3 billion, or 9.9%, to ¥1,705.3 billion, and interest-bearing debt (excluding lease obligations) increased by ¥203.6 billion, or 2.5%, to ¥8,439.7 billion.

2) Cash flows

Cash and cash equivalents as of March 31, 2024 decreased by ¥125.1 billion, or 27.2% year on year, to ¥335.3 billion, due to cash outflows in operating activities of ¥49.1 billion and in financing activities of ¥222.9 billion despite cash inflows in investing activities of ¥143.3 billion.

Net cash outflows from operating activities were ¥49.1 billion (net cash inflows of ¥46.7 billion for the fiscal year ended March 31, 2023), mainly consisting of cash inflows from income before income taxes of ¥167.6 billion and depreciation, loss on disposal and sales of leased assets of ¥527.0 billion, a decrease in lease receivables and investments in leases of ¥64.1 billion, a decrease in loans receivable of ¥16.4 billion, a decrease in installment receivables of ¥12.1 billion, and an increase in trade payables of ¥10.9 billion despite cash outflows from purchases of leased assets of ¥884.8 billion.

Net cash inflows from investing activities were ¥143.3 billion (net cash outflows of ¥127.3 billion for the fiscal year ended March 31, 2023), mainly consisting of net cash inflows from payments into/proceeds from withdrawal of time deposits of ¥125.8 billion.

Net cash outflows from financing activities were ¥222.9 billion (net cash outflows of ¥8.9 billion for the fiscal year ended March 31, 2023), mainly consisting of net cash outflows from direct financing of ¥70.5 billion and indirect financing through bank borrowings of ¥89.8 billion, and dividends paid of ¥51.7 billion.

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

Consolidated financial forecast (net income attributable to owners of the parent) for the fiscal year ending March 31, 2025 is forecast to be ¥135.0 billion, an increase by ¥11.1 billion, or 9.0 % year on year.

We expect profit growth thanks mainly to the growth in Aviation and other segments and an absence of large losses recorded in the fiscal year ended March 31, 2024 despite a reactionary fall due to an absence of extraordinary income recorded in the fiscal year ended March 31, 2024.

Annual dividend per share for the fiscal year ending March 31, 2025 is forecast to be ¥40 (interim: ¥20, year-end: ¥20, payout ratio of 42.5% on the premise of the financial forecast), an increase by ¥3 year on year, increasing for 26 consecutive years.

2. Basic Policy for Selection of Accounting Standards

The MHC Group has adopted Japan GAAP considering the comparability of the consolidated financial statements between periods and companies. The MHC Group has not yet decided whether to adopt IFRS but plans to take appropriate actions in consideration of both domestic and international situations.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	For the fiscal year ended March 31, 2023 (As of March 31, 2023)	For the fiscal year ended March 31, 2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	589,688	366,478
Installment receivables	231,280	172,368
Lease receivables and investments in leases	3,264,169	3,153,989
Operating loans receivables	1,691,579	1,850,117
Other operating loans receivable	219,632	211,228
Lease and other receivables	77,647	80,030
Securities	3,213	2,565
Merchandise	46,064	38,240
Other current assets	160,487	194,181
Allowance for doubtful accounts	(22,094)	(28,373)
Total current assets	6,261,670	6,040,826
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,332,834	3,891,057
Advances on purchases of leased assets	58,969	119,139
Total leased assets	3,391,803	4,010,196
Other operating assets	219,625	207,957
Own-used assets	17,478	18,561
Total property, plant and equipment	3,628,907	4,236,715
Intangible assets		
Leased assets		
Leased assets	23,197	12,989
Total leased assets	23,197	12,989
Other intangible assets		
Goodwill	91,497	102,091
Software	21,622	19,975
Telephone subscription right	33	23
Other	111,379	112,750
Total other intangible assets	224,532	234,839
Total intangible assets	247,730	247,829
Investments and other assets		
Investment securities	400,113	427,529
Distressed receivables	99,912	122,035
Deferred tax assets	33,224	26,148
Retirement benefit asset	3,389	12,379
Other investments	115,450	99,552
Allowance for doubtful accounts	(68,806)	(66,983)
Total investments and other assets	583,284	620,661
Total non-current assets	4,459,922	5,105,206
Deferred assets		
Bond issuance costs	4,603	3,825
Total deferred assets	4,603	3,825
Total assets	10,726,196	11,149,858

(Millions of yen)

	For the fiscal year ended March 31, 2023 (As of March 31, 2023)	For the fiscal year ended March 31, 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	160,678	171,616
Short-term borrowings	633,099	471,060
Current portion of bonds payable	642,883	563,684
Current portion of long-term borrowings	959,951	1,012,618
Commercial papers	559,485	784,178
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	246,640	224,330
Lease obligations	19,794	17,852
Income taxes payable	9,381	13,083
Deferred profit on installment sales	9,648	7,016
Provision for bonuses	15,890	17,420
Provision for bonuses for directors (and other officers)	2,255	2,091
Other current liabilities	252,643	261,017
Total current liabilities	3,512,353	3,545,972
Non-current liabilities		
Bonds payable	1,582,848	1,606,588
Long-term borrowings	3,253,535	3,435,702
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	357,662	341,628
Lease obligations	43,089	37,427
Deferred tax liabilities	143,810	159,118
Provision for retirement benefits for directors (and other officers)	110	69
Provision for share awards for directors (and other officers)	—	516
Retirement benefit liability	6,463	6,049
Asset retirement obligations	40,635	39,481
Reserve for contract of insurance	12,055	12,818
Other non-current liabilities	222,602	259,139
Total non-current liabilities	5,662,813	5,898,539
Total liabilities	9,175,166	9,444,512
Equity		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	547,344	546,268
Retained earnings	710,989	775,152
Treasury shares	(19,158)	(20,894)
Total shareholders' equity	1,272,372	1,333,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,817	14,987
Deferred gains or losses on hedges	53,051	36,817
Foreign currency translation adjustment	186,545	292,477
Remeasurements of defined benefit plans	1,985	7,262
Total accumulated other comprehensive income	256,400	351,544
Share acquisition rights	2,138	1,866
Non-controlling interests	20,118	18,211
Total equity	1,551,029	1,705,345
Total liabilities and equity	10,726,196	11,149,858

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Revenues	1,896,231	1,950,583
Cost of revenues	1,538,904	1,570,487
Gross profit	357,327	380,095
Selling, general and administrative expenses	218,600	233,919
Operating income	138,727	146,176
Non-operating income		
Interest income	2,467	3,912
Dividend income	1,907	2,411
Rental income	120	155
Share of profit of entities accounted for using equity method	11,982	9,278
Other non-operating income	8,150	7,703
Total non-operating income	24,628	23,460
Non-operating expenses		
Interest expenses	7,746	11,061
Foreign exchange losses	5,437	3,542
Other non-operating expenses	4,096	3,399
Total non-operating expenses	17,279	18,003
Recurring income	146,076	151,633
Extraordinary income		
Gain on sale of investment securities	2,996	7,243
Gain on sale of shares of subsidiaries and associates	—	5,306
Gain on valuation of investment securities	7,194	—
Gain on step acquisitions	1,159	4,822
Total extraordinary income	11,350	17,372
Extraordinary losses		
Loss on sale of investment securities	407	296
Loss on valuation of investment securities	2,369	—
Loss on sale of shares of subsidiaries and associates	1,006	1,032
Impairment losses	479	—
Total extraordinary losses	4,262	1,329
Income before income taxes	153,164	167,676
Income taxes- current	24,941	27,215
Income taxes - deferred	10,510	15,797
Total income taxes	35,451	43,013
Net income	117,712	124,663
Net income attributable to non-controlling interests	1,471	820
Net income attributable to owners of the parent	116,241	123,842

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Net income	117,712	124,663
Other comprehensive income		
Valuation difference on available-for-sale securities	(463)	140
Deferred gains or losses on hedges	39,631	(18,484)
Foreign currency translation adjustment	93,891	104,217
Remeasurements of defined benefit plans, net of tax	1,854	4,992
Share of other comprehensive income of entities accounted for using equity method	12,510	4,692
Total other comprehensive income	147,424	95,558
Comprehensive income	265,136	220,222
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	262,934	218,986
Comprehensive income attributable to non-controlling interests	2,202	1,235

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	33,196	548,586	638,043	(19,369)	1,200,456
Cumulative effects of changes in accounting policies					—
Restated balance	33,196	548,586	638,043	(19,369)	1,200,456
Changes during the period					
Dividends of surplus			(43,087)		(43,087)
Net income attributable to owners of the parent			116,241		116,241
Changes due to a merger of a consolidated subsidiary and a non-consolidated subsidiary			(206)		(206)
Change in ownership interest of parent due to transactions with non-controlling interests		(1,191)			(1,191)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(49)		211	161
Net changes in items other than shareholders' equity					
Total changes during the period	—	(1,241)	72,946	210	71,916
Balance at the end of the period	33,196	547,344	710,989	(19,158)	1,272,372

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	14,953	1,460	92,776	123	109,313	1,861	21,835	1,333,467
Cumulative effects of changes in accounting policies	394				394			394
Restated balance	15,347	1,460	92,776	123	109,707	1,861	21,835	1,333,861
Changes during the period								
Dividends of surplus								(43,087)
Net income attributable to owners of the parent								116,241
Changes due to a merger of a consolidated subsidiary and a non-consolidated subsidiary								(206)
Change in ownership interest of parent due to transactions with non-controlling interests								(1,191)
Purchase of treasury shares								(0)
Disposal of treasury shares								161
Net changes in items other than shareholders' equity	(529)	51,591	93,769	1,861	146,693	276	(1,717)	145,252
Total changes during the period	(529)	51,591	93,769	1,861	146,693	276	(1,717)	217,168
Balance at the end of the period	14,817	53,051	186,545	1,985	256,400	2,138	20,118	1,551,029

For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	33,196	547,344	710,989	(19,158)	1,272,372
Cumulative effects of changes in accounting policies			(7,957)		(7,957)
Restated balance	33,196	547,344	703,032	(19,158)	1,264,414
Changes during the period					
Dividends of surplus			(51,723)		(51,723)
Net income attributable to owners of the parent			123,842		123,842
Changes due to a merger of a consolidated subsidiary and a non-consolidated subsidiary					—
Change in ownership interest of parent due to transactions with non-controlling interests		(966)			(966)
Purchase of treasury shares				(2,134)	(2,134)
Disposal of treasury shares		(109)		398	288
Net changes in items other than shareholders' equity					
Total changes during the period	—	(1,076)	72,119	(1,735)	69,307
Balance at the end of the period	33,196	546,268	775,152	(20,894)	1,333,722

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	14,817	53,051	186,545	1,985	256,400	2,138	20,118	1,551,029
Cumulative effects of changes in accounting policies								(7,957)
Restated balance	14,817	53,051	186,545	1,985	256,400	2,138	20,118	1,543,072
Changes during the period								
Dividends of surplus								(51,723)
Net income attributable to owners of the parent								123,842
Changes due to a merger of a consolidated subsidiary and a non-consolidated subsidiary								—
Change in ownership interest of parent due to transactions with non-controlling interests								(966)
Purchase of treasury shares								(2,134)
Disposal of treasury shares								288
Net changes in items other than shareholders' equity	169	(16,234)	105,931	5,276	95,143	(271)	(1,906)	92,965
Total changes during the period	169	(16,234)	105,931	5,276	95,143	(271)	(1,906)	162,273
Balance at the end of the period	14,987	36,817	292,477	7,262	351,544	1,866	18,211	1,705,345

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Cash flows from operating activities		
Income before income taxes	153,164	167,676
Depreciation of leased assets	313,992	313,589
Loss on disposal and sales of leased assets	165,768	213,422
Depreciation of other operating assets	12,588	11,974
Depreciation and loss on disposal of own-used assets	11,489	10,677
Other depreciation	3,436	3,845
Amortization of goodwill	8,601	9,232
Increase (decrease) in allowance for doubtful accounts	(13,265)	(11,845)
Interest and dividend income	(4,375)	(6,323)
Financial expenses and interest expenses	143,227	219,113
Share of loss (gain) of entities accounted for using equity method	(11,982)	(9,278)
Loss (gain) on valuation of investment securities	(4,825)	—
Loss (gain) on sale of investment securities	(2,588)	(6,947)
Loss (gain) on sale of shares of subsidiaries and associates	1,006	(4,273)
Loss (gain) on step acquisitions	(1,159)	(4,822)
(Increase) decrease in rental income and other receivables	3,482	3,143
(Increase) decrease in installment receivables	11,942	12,132
(Increase) decrease in lease receivables and investments in leases	23,458	64,179
(Increase) decrease in loans receivable	(76,750)	16,468
(Increase) decrease in operating securities and investments in private equity securities	14,385	(9,530)
Purchases of leased assets	(479,501)	(884,863)
Purchases of other operating assets	(16,629)	(21,718)
Increase (decrease) in trade payables	(22,646)	10,924
Other	219	67,903
Subtotal	233,036	164,681
Interest and dividends received	6,557	10,944
Interest paid	(139,042)	(216,901)
Income taxes paid	(53,800)	(7,852)
Cash flows from operating activities	46,752	(49,128)
Cash flows from investing activities		
Purchase of own-used assets	(8,793)	(7,532)
Purchase of investment securities	(9,981)	(2,965)
Proceeds from sale and redemption of investment securities	20,302	23,412
Payments for acquisition of newly consolidated subsidiaries	(4,677)	(8,659)
Payments for sale of consolidated subsidiaries	(14,157)	(849)
Proceeds from sales of consolidated subsidiaries	2,816	12,167
Payments into time deposits	(252,427)	(60,714)
Proceeds from withdrawal of time deposits	139,045	186,516
Other	551	1,960
Cash flows from investing activities	(127,322)	143,336

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	80,025	(205,345)
Net increase (decrease) in commercial papers	(130,161)	204,526
Proceeds from loans from the securitizations of the minimum future rentals on lease contracts	519,089	304,665
Repayments of loans from the securitization of the minimum future rentals on lease contracts	(407,007)	(369,364)
Proceeds from long-term borrowings	1,065,363	1,212,669
Repayments of long-term borrowings	(990,689)	(1,097,132)
Proceeds from issuance of bonds	361,330	494,368
Redemption of bonds	(463,710)	(704,767)
Dividends paid	(43,087)	(51,723)
Dividends paid to non-controlling interests	(2,552)	(3,227)
Proceeds from share issuance to non-controlling shareholders	7,282	385
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,553)	(1,834)
Other	(1,276)	(6,199)
Cash flows from financing activities	(8,948)	(222,977)
Effect of exchange rate change on cash and cash equivalents	29,816	3,589
Net increase (decrease) in cash and cash equivalents	(59,701)	(125,179)
Cash and cash equivalents at the beginning of the period	520,083	460,486
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	104	—
Cash and cash equivalents at the end of the period	460,486	335,307

- (5) Notes to the Consolidated Financial Statements
(Notes concerning going-concern assumption)
Not applicable

(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” from the fiscal year ended March 31, 2024. 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 expected remaining life of the financial assets at initial recognition.

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

(Additional information)

(Performance-based stock compensation plan)

During the fiscal year ended March 31, 2024, the Company introduced a performance-based stock compensation plan (“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 March 31, 2024 are ¥2,318 million and 2,685 thousand shares, respectively.

(Segment information, etc.)

1. Overview of reportable segments

Following the organizational changes effective April 1, 2023, the name of the reportable segment “Environment, Energy & Infrastructure” was changed to “Environment & Energy” from the fiscal year ended March 31, 2024.

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 services and 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 fiscal year ended March 31, 2023 is presented under the new segment name.

2. Calculation of profit or loss and assets by reportable segment

The accounting treatments applied to reported business segments are consistent with those adopted in preparation of the consolidated financial statements.

Profit of reportable segments are based on net income attributable to owners of the parent.

Intersegment earnings and transfers are based on market prices.

3. Information on profit or loss and assets by reportable segment

For the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1	Amount recorded in consolidated financial statements (Note) 2
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Segment profit	38,167	29,013	11,657	6,209	15,385	12,645	3,798	(636)	116,241
Segment assets (Note) 3	3,227,742	2,644,283	433,296	1,640,232	1,092,910	447,277	41,402	1,199,051	10,726,196

(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 ¥2,775 million related to the merger with Hitachi Capital Corporation under the purchase method.

Adjustments of segment assets include goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007, other segment assets not attributable to any reportable segments, such as investment securities related to Corporate, and elimination of intersegment transactions totaling ¥105,820 million, and the sum of such amount and the segment assets of all reportable segments amounted to ¥9,632,966 million. The remainder of the adjustments of segment assets of ¥1,093,230 million represents the difference between total segment assets including Corporate and total consolidated assets, which consists of assets other than segment assets such as cash and deposits and own-used assets.

2. Segment profit is consistent with net income attributable to owners of the parent on the consolidated statements of income.
3. Segment assets include operating assets, equity-method investments, goodwill and investment securities.

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1	Amount recorded in consolidated financial statements (Note) 2
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Segment profit	38,159	16,609	7,331	27,338	17,835	11,934	2,796	1,837	123,842
Segment assets (Note) 3	2,966,569	3,070,801	416,600	2,020,037	1,099,079	525,414	51,952	999,401	11,149,858

(Note)1. Adjustments of segment profit consist of company-wide expenses and income not allocated to any reportable segments. It also includes a profit adjustment of ¥1,387 million related to the merger with Hitachi Capital Corporation under the purchase method.

Adjustments of segment assets include goodwill recognized when Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd. merged and became Mitsubishi UFJ Lease & Finance Company Limited in 2007, other segment assets not attributable to any reportable segments, such as investment securities related to Corporate, and elimination of intersegment transactions totaling ¥29,016 million, and the sum of such amount and the segment assets of all reportable segments amounted to ¥10,179,473 million. The remainder of the adjustments of segment assets of ¥970,385 million represents the difference between total segment assets including Corporate and total consolidated assets, which consists of assets other than segment assets such as cash and deposits and own-used assets.

2. Segment profit is consistent with net income attributable to owners of the parent on the consolidated statements of income.
3. Segment assets include operating assets, equity-method investments, goodwill and investment securities.

4. Information on impairment losses on non-current assets by reportable segment

For the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments							Corporate/ elimination	Total
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Impairment losses	—	479	—	5,946	2,473	—	—	—	8,899

(Note) The amount in “Global Business” is recorded in extraordinary losses as impairment loss on goodwill and intangible assets. The amount in “Aviation” and “Logistics” is recorded in cost of revenues as impairment loss on leased assets.

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments							Corporate/ elimination	Total
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Impairment losses	—	—	5,816	2,713	—	—	—	—	8,529

(Note) The amount in “Environment & Energy” is recorded in cost of revenues as impairment loss on other operating assets, etc. The amount in “Aviation” is recorded in cost of revenues as impairment loss on leased assets.

5. Information on goodwill amortization and unamortized balance by reportable segment

For the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments							Corporate/ elimination (Note)	Total
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Amortization during the period	—	841	—	3,138	1,935	500	67	2,117	8,601
Balance at the end of the period	—	13,330	—	32,007	36,975	—	714	8,469	91,497

(Note) Corporate/elimination for amortization during the period and balance at the end of the period represents amortization and outstanding balance, respectively, 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.

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments							Corporate/ elimination (Note)	Total
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Amortization during the period	—	1,105	—	3,356	2,070	511	71	2,117	9,232
Balance at the end of the period	—	14,070	—	30,823	37,429	12,712	702	6,352	102,091

(Note) Corporate/elimination for amortization during the period and balance at the end of the period represents amortization and outstanding balance, respectively, 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.

(Per share information)

	For the fiscal year ended March 31,2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31,2024 (April 1, 2023 – March 31, 2024)
Equity per share	¥1,064.46	¥1,174.88
Earnings per share	¥80.95	¥86.30
Diluted earnings per share	¥80.71	¥86.06

(Note) The basis for calculation of equity per share, earnings per share, and diluted earnings per share is as follows.

1. Equity per share

	For the fiscal year ended March 31,2023 (As of March 31, 2023)	For the fiscal year ended March 31,2024 (As of March 31, 2024)
Total equity (millions of yen)	1,551,029	1,705,345
Amount deducted from total equity (millions of yen)	22,256	20,078
(Of which, share acquisition rights (millions of yen))	(2,138)	(1,866)
(Of which, non-controlling interests (millions of yen))	(20,118)	(18,211)
Equity related to common shares at end of the period (millions of yen)	1,528,773	1,685,267
Number of common shares used for calculation of equity per share at the end of the period (thousand shares)	1,436,194	1,434,422

(Note) The Company's shares held by a trust under the performance-based stock compensation plan is included in the number of treasury shares excluded from the number of outstanding shares as of March 31 used for calculation of equity per share. The number of treasury shares excluded was 2,685 thousand shares as of March 31, 2024.

2. Earnings per share and diluted earnings per share

	For the fiscal year ended March 31,2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31,2024 (April 1, 2023 – March 31, 2024)
Earnings per share		
Net income attributable to owners of the parent (millions of yen)	116,241	123,842
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to common shareholders of the parent (millions of yen)	116,241	123,842
Average number of shares during the period (thousand shares)	1,436,042	1,435,070
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (millions of yen)	—	—
Increase in common shares (thousand shares)	4,209	3,966
(Of which, share acquisition rights (thousand shares))	(4,209)	(3,966)
Summary of potential dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	—	—

(Note) The Company's shares held by a trust under the performance-based stock compensation plan is included in the number of treasury shares excluded in the calculation of average number of shares during the period used for calculation of earnings and diluted earnings per share. The average number of treasury shares during the period excluded was 1,777 thousand shares for the fiscal year ended March 31, 2024.

(Significant subsequent events)

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

The Company resolved at its Board of Directors meeting on January 19, 2024 to invest approximately €700 million in European Energy A/S (“European Energy”), a Danish company developing and operating renewable and next generation energy business mainly in Europe, and signed an investment agreement to acquire 20% of outstanding shares and voting rights in European Energy (“Investment”) on the same day. The investment based on the agreement was completed on April 16, 2024. As a result, European Energy has become the Company’s associate accounted for using the equity method.

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 2023)	Consolidated net assets: €432 million Consolidated total assets: €2,027 million

3. Date of the Investment

April 16, 2024

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) Transferred price	Approximately €700 million
(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 has acquired 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 funded the Investment mainly with our own funds, borrowings and corporate bonds.