

**Consolidated Financial Highlights for the Third Quarter of
the Fiscal Year Ending March 31, 2025**
[Based on J-GAAP]

February 14, 2025

Company Name: **Mitsubishi HC Capital Inc.**
 Stock Exchange Listed on: Tokyo (Prime Market)
 Company Code: 8593 URL: <https://www.mitsubishi-hc-capital.com/english/>
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 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 of the Fiscal Year Ending March 31, 2025
 (April 1, 2024 – December 31, 2024)

(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	
For the nine months ended	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 31, 2024	1,551,957	8.9	137,905	35.7	140,038	34.3	87,016	8.0
December 31, 2023	1,425,097	1.0	101,644	(4.5)	104,301	(4.9)	80,581	(6.2)

(Note) Comprehensive income: For the nine months ended December 31, 2024: ¥160,121 million (13.7)%
 For the nine months ended December 31, 2023: ¥185,544 million (33.4)%

	Earnings per share	Diluted earnings per share
For the nine months ended	(Yen)	(Yen)
December 31, 2024	60.64	60.50
December 31, 2023	56.14	55.99

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(Millions of yen)	(Millions of yen)	%	(Yen)
December 31, 2024	11,805,106	1,805,853	15.2	1,246.40
March 31, 2024	11,149,858	1,705,345	15.1	1,174.88

(Reference) Equity capital: As of December 31, 2024: ¥1,788,831 million
 As of March 31, 2024: ¥1,685,267 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, 2024	—	18.00	—	19.00	37.00
ending March 31, 2025	—	20.00	—		
ending March 31, 2025 (Forecast)				20.00	40.00

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

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	94.08

(Note) Changes from the latest released financial forecasts: No

* Notes

(1) Significant changes in the scope of consolidation during the period : Yes

New: European Energy A/S (affiliate accounted for using the equity method)

Excluded: Miyuki Building Co., Ltd. (consolidated subsidiary)

(Note) Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Additional information) (New affiliate accounted for using the equity method through share acquisition)” on page 11.

(2) Application of accounting treatments specific to the preparation of the quarterly consolidated financial statements : Yes

(Note) Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Notes concerning accounting treatments specific to the preparation of the quarterly consolidated financial statements)” on page 11 for details.

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

(i) Changes in accounting policies with revision of accounting standards, etc. : No

(ii) Changes in accounting policies other than (i) above : No

(iii) Changes in accounting estimates : No

(iv) Restatement of revisions : No

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury shares)	As of December 31, 2024	1,466,912,244	shares	As of March 31, 2024	1,466,912,244	shares
(ii) Number of treasury shares	As of December 31, 2024	31,708,861	shares	As of March 31, 2024	32,489,822	shares
(iii) Average number of shares outstanding during the period	For the nine months ended December 31, 2024	1,434,867,965	shares	For the nine months ended December 31, 2023	1,435,280,969	shares

(Note) The number of treasury shares includes the Company's shares held by a trust under the performance-based stock compensation plan (2,555,825 shares and 2,685,268 shares as of December 31, 2024 and March 31, 2024, respectively). 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 performance-based stock compensation plan (2,604,692 shares and 1,502,123 shares for the nine months ended December 31, 2024 and 2023, respectively).

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or an audit firm : Yes (voluntary)

* 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 written 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) Consolidated Operating Results

For the nine months ended December 31, 2024, net income attributable to owners of the parent increased by ¥6.4 billion, or 8.0% year on year, to ¥87.0 billion thanks mainly to the strong performance by the Aviation segment and the Logistics segment as well as the positive effects of fiscal period adjustment associated with the change of fiscal year-end of our consolidated subsidiaries JSA International Holdings, L.P. and its subsidiaries*, which have already been included in the initial plan, despite an increase in credit costs in the Global Business segment and the Environment & Energy segment.

* Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Additional information) (Change of fiscal year-end of consolidated subsidiaries)” on page 11 for details.

(Billions of yen)

	For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)	Change (%)
Revenues	1,425.0	1,551.9	8.9
Gross profit	270.0	346.5	28.3
Operating income	101.6	137.9	35.7
Recurring income	104.3	140.0	34.3
Net income attributable to owners of the parent	80.5	87.0	8.0

(Major topics)

- April 2024
- Announced the establishment of a special purpose company with Pacific Power Co., Ltd. to support the introduction of equipment contributing to decarbonization such as solar power generation and storage batteries.
 - Completed the investment in European Energy A/S, a Danish company engaging in renewable and next generation energy business, and made the company our equity-method affiliate*.
- * Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Additional information)(New affiliate accounted for using the equity method through share acquisition) on page 11 for details.
- May 2024
- Announced “Progress of the Medium-term Management Plan (2025 MTMP)” at the date of disclosure of the financial results for the fiscal year ended March 31, 2024*.
- * Posted “Progress of 2025 MTMP - as of the Time of the Financial Results Briefing for FYE3/2024” on the Company’s website on June 20, 2024.
 (“Medium-term Management Plan” page of the website)
 URL <https://www.mitsubishi-hc-capital.com/english/investors/managementplan/index.html>
- June 2024
- Announced to start discussions with Central Research Institute of Electric Power Industry and NEXTEMS on collaboration for a demonstration project of green hydrogen production in Miyakojima, aiming for Japan’s first resource-circulating, third-party-owned on-site hydrogen supply model.
 - To accelerate sustainability management of Nissei Holdings Ltd., our consolidated subsidiary Mitsubishi HC Capital Energy Inc. signed a PPA* for Fukushima Plant of Nissei Limited, a subsidiary of Nissei Holdings Ltd.
- * PPA (Power Purchase Agreement) is an arrangement in which electricity is supplied to a demand site from a distant power generation facility based on a power purchase agreement.
- Achieved one of the non-financial targets set out in the 2025 MTMP to achieve “the ratio of standard or higher level talent in DX assessment* of 80% or more (non-consolidated)” ahead of schedule.
- * A tool provided by an external vendor to measure the DX literacy level, and the results classify employees into three levels: Beginner, Standard, and Expert.

July 2024	<ul style="list-style-type: none"> Started to provide GX Assessment Lease that supports customers decarbonization investment through lease and installment transactions and certifies that leased property used by customers is a low-carbon facility. Announced to join “Sustainable Aviation Fuel Financing Alliance” and co-invested in “SAFFA Fund I, LP” focusing on Sustainable Aviation Fuel (“SAF”) to contribute to the expansion of production of SAF which is expected as a means of decarbonization in the aviation industry.
August 2024	<ul style="list-style-type: none"> Mitsubishi HC Capital Energy Inc. announced that it entered into a joint venture agreement on a grid-scale battery business with Samsung C&T Corporation. The Company and its group company Mitsubishi Auto Leasing Corporation announced that they started a collaboration with GO Inc. to develop and enhance the EV charging infrastructure for corporations including gathering customer needs related to EV introduction and operation and sharing information.
September 2024	<ul style="list-style-type: none"> Transferred shares of its consolidated subsidiary Miyuki Building Co., Ltd. Provided cleaning robots to SOTETSU KIGYO Co., Ltd. undertaking the cleaning of “YUMEGAOKA SORATOS,” a large-scale commercial complex located in Yokohama, Kanagawa, and started full-scale operation at the complex.
October 2024	<ul style="list-style-type: none"> Selected the project that passed the final review in the second round of the Founder Program that offers opportunities for intra-entrepreneurship under the Zero-Gravity Venture Lab, one of the initiatives aimed at accelerating new business development. Launched a demonstration experiment with The Kobe Shimbun to install digital signage on the campuses of universities and technical colleges in the Kobe area and deliver contents introducing and increasing recognition of companies based in Hyogo.
November 2024	<ul style="list-style-type: none"> Launched collaborative creation with Hitachi, Ltd. and Happiness Planet Ltd. to create new employee benefit services. Held “CLAP WakBiz,” one of the biggest new business creation ideathons in Japan. New business development personnel from 55 companies, primarily listed companies, and our employees participated.
December 2024	<ul style="list-style-type: none"> The Company and Mitsubishi Auto Leasing Corporation signed a basic agreement with AUCNET INC. to develop a used EV leasing service with a driving range guarantee with the aim of spreading used EV leasing and developing a domestic circular model for EV batteries. Announced to start collaboration with Fulltime System Co., Ltd. and its subsidiary Fulltimelocker Co., Ltd. and Japan Post Co., Ltd. to realize a circular economy and reduce redelivery.

(Investment projects through the Innovation Investment Fund^{*1} announced during the nine months ended December 31, 2024)

Name of investee	Business description
MNES Inc.	Provision of medical support cloud service and remote image diagnostic aid service
MUSE Inc.	Development and sale of robots for retail stores
Formic Technologies Inc.	Provision of industrial robots to the manufacturers using the Robot-as-a-Service model in the U.S.
SoLARIS Inc.	Research and development, sale and support of soft robotics and mechatronics and development and sale of artificial muscles
EneCoat Technologies Co., Ltd.	Development, manufacture and sale of perovskite solar cells (PSCs) ^{*2} and related materials
LexxPluss Inc.	Development and manufacture of automated transfer robots for factory and warehouse logistics
AEOS Inc.	Research and development on IT environment to support a safe and secure life Research and development on AI engines to assist daily life Research and development on data models to connect people and society
SPACECOOL INC.	Development and sale of radioactive cooling ^{*3} materials
PXP Corporation	Development of flexible solar cells

^{*1} A total of ¥10 billion of funds launched in April 2023 for investment in startups with an aim to promote creation of new services and development of new businesses.

^{*2} Next generation solar cells that are thin, lightweight and flexible which use chemical compounds having a crystalline structure called the perovskite structure as a power-generating layer.

^{*3} A natural phenomenon in which an object emits infrared rays to its surroundings, causing its temperature to decrease.

(2) Operating Results by Reportable Segments

Operating results by reportable segments* and major factors of changes are as follows.

* For overview of reportable segments, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Notes concerning segment information, etc.)" on page 13.

(Customer Solutions)

Segment profit decreased by ¥1.3 billion, or 5.5% year on year, to ¥23.1 billion mainly due to negative effects of deconsolidation of consolidated subsidiaries of DFL Lease Co., Ltd., Shutoken Leasing Co., Ltd. and Sekisui Leasing Co., Ltd., and recording of large credit costs related to an individual transaction despite positive factors including an increase in gain on sales related to real estate leasing and recording of gain on sales of shares of subsidiaries and affiliates.

(Global Business)

Segment profit decreased by ¥12.0 billion, or 77.2% year on year, to ¥3.5 billion mainly due to an increase in credit costs in line with the market downturn of the transportation sector in the Americas and an absence of positive effects of fiscal period adjustment* associated with the reorganization of subsidiaries in the Americas in the previous fiscal year.

* 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, the consolidated financial statements for the nine months ended December 31, 2023 included the results of the surviving company from April 1, 2023 to December 31, 2023 as well as the results of the two merged companies from January 1, 2023 to March 31, 2023.

(Environment & Energy)

The segment recorded a segment loss of ¥10.2 billion, a decrease of ¥14.2 billion in profit compared to the nine months ended December 31, 2023, mainly due to recording of large credit costs on a renewable energy project in Japan and additional impairment losses on a solar power generation project in Japan for which impairment losses were recorded in the previous fiscal year.

(Aviation)

Segment profit increased by ¥22.7 billion, or 159.6% year on year, to ¥37.0 billion mainly thanks to increases in leasing revenue and gain on sales as well as the positive effects of fiscal period adjustment associated with the change of fiscal year-end of JSA International Holdings, L.P. and its subsidiaries.

(Logistics)

Segment profit increased by ¥3.0 billion, or 21.2% year on year, to ¥17.5 billion mainly thanks to increased utilization rates in the railcar leasing business, an increase in assets in the marine container leasing business, and an increase in gain on sales in both businesses despite a decrease in gain on sales of vessels.

(Real Estate)

Segment profit increased by ¥2.3 billion, or 36.4% year on year, to ¥8.8 billion mainly because, despite an absence of gain on step acquisitions recorded in relation to making CenterPoint Development Inc. a wholly-owned subsidiary in April 2023 and recording of loss on sale of shares of subsidiaries and affiliates in relation to the transfer of shares of our consolidated subsidiary Miyuki Building Co., Ltd., large gain on sales was recorded by the company prior to the share transfer.

(Mobility)

Segment profit increased by ¥0.8 billion, or 36.7% year on year, to ¥3.2 billion thanks to strong performance of our equity-method affiliate Mitsubishi Auto Leasing Corporation resulting in an increase in share of profit of entities accounted for using equity method.

Segment profit or loss

(Billions of yen)

		For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)	Change (%)
Reportable segments	Customer Solutions	24.5	23.1	(5.5)
	Global Business	15.5	3.5	(77.2)
	Environment & Energy	3.9	(10.2)	—
	Aviation	14.2	37.0	159.6
	Logistics	14.5	17.5	21.2
	Real Estate	6.5	8.8	36.4
	Mobility	2.3	3.2	36.7
Adjustments		(1.1)	3.7	—
Total		80.5	87.0	8.0

- (Note) 1. Adjustments of segment profit or loss 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. Total of segment profit or loss is consistent with net income attributable to owners of the parent on the quarterly consolidated statements of income.

Segment assets

(Billions of yen)

		As of March 31, 2024	As of December 31, 2024	Change (%)
Reportable segments	Customer Solutions	2,966.5	2,943.8	(0.8)
	Global Business	3,070.8	3,192.5	4.0
	Environment & Energy	416.6	503.4	20.8
	Aviation	2,020.0	2,429.6	20.3
	Logistics	1,099.0	1,202.7	9.4
	Real Estate	525.4	531.9	1.2
	Mobility	51.9	56.1	8.1
Adjustments		29.0	16.7	(42.2)
Total		10,179.4	10,877.0	6.9

- (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 of transactions between segments.

(3) Consolidated Financial Position

Compared to the figures as of March 31, 2024, total assets as of December 31, 2024 increased by ¥655.2 billion to ¥11,805.1 billion, net assets increased by ¥100.5 billion to ¥1,805.8 billion, and interest-bearing debt (excluding lease obligations) increased by ¥504.2 billion to ¥8,944.0 billion.

(4) Future Outlook

The progress made toward the consolidated financial forecast for the fiscal year ending March 31, 2025 announced on May 15, 2024 (net income attributable to owners of the parent of ¥135.0 billion) during the nine months ended December 31, 2024 was 64.5% mainly because credit costs in the Global Business segment increased in line with the market downturn of the transportation sector in the Americas and the Environment & Energy segment recognized large credit costs and impairment losses not included in the initial plan.

However, the consolidated financial forecast for the fiscal year ending March 31, 2025 remains unchanged mainly because the Aviation segment and the Logistics segment expect to post results exceeding the initial plan and the Environment & Energy segment expects to record large gains related to the sale of an overseas infrastructure project.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	For the fiscal year ended March 31, 2024 (As of March 31, 2024)	For the nine months ended December 31, 2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	366,478	282,080
Installment receivables	172,368	165,864
Lease receivables and investments in leases	3,153,989	3,135,986
Operating loans receivables	1,850,117	1,940,195
Other operating loans receivable	211,228	220,597
Lease and other receivables	80,030	83,866
Securities	2,565	2,312
Merchandise	38,240	49,808
Other current assets	194,181	243,375
Allowance for doubtful accounts	(28,373)	(29,599)
Total current assets	6,040,826	6,094,487
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,891,057	4,325,567
Advances on purchases of leased assets	119,139	119,047
Total leased assets	4,010,196	4,444,614
Other operating assets	207,957	246,480
Own-used assets	18,561	17,902
Total property, plant and equipment	4,236,715	4,708,997
Intangible assets		
Leased assets	12,989	8,951
Other intangible assets		
Goodwill	102,091	99,195
Other	132,748	125,346
Total other intangible assets	234,839	224,541
Total intangible assets	247,829	233,493
Investments and other assets		
Investment securities	427,529	572,903
Distressed receivables	122,035	104,817
Other	138,080	144,249
Allowance for doubtful accounts	(66,983)	(57,696)
Total investments and other assets	620,661	764,274
Total non-current assets	5,105,206	5,706,766
Deferred assets		
Bond issuance costs	3,825	3,852
Total deferred assets	3,825	3,852
Total assets	11,149,858	11,805,106

(Millions of yen)

	For the fiscal year ended March 31, 2024 (As of March 31, 2024)	For the nine months ended December 31, 2024 (As of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	171,616	199,097
Short-term borrowings	471,060	510,469
Current portion of bonds payable	563,684	599,030
Current portion of long-term borrowings	1,012,618	882,752
Commercial papers	784,178	870,147
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	224,330	228,504
Income taxes payable	13,083	12,200
Deferred profit on installment sales	7,016	6,972
Provision for bonuses	17,420	13,013
Provision for bonuses for directors (and other officers)	2,091	1,674
Other current liabilities	278,869	295,153
Total current liabilities	3,545,972	3,619,016
Non-current liabilities		
Bonds payable	1,606,588	1,807,372
Long-term borrowings	3,435,702	3,699,206
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	341,628	346,548
Provision for retirement benefits for directors (and other officers)	69	41
Provision for share awards for directors (and other officers)	516	712
Retirement benefit liability	6,049	3,070
Reserve for contract of insurance	12,818	12,694
Other non-current liabilities	495,166	510,588
Total non-current liabilities	5,898,539	6,380,236
Total liabilities	9,444,512	9,999,252
Net assets		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	546,268	546,008
Retained earnings	775,152	806,121
Treasury shares	(20,894)	(20,361)
Total shareholders' equity	1,333,722	1,364,965
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,987	25,502
Deferred gains or losses on hedges	36,817	33,030
Foreign currency translation adjustment	292,477	355,359
Remeasurements of defined benefit plans	7,262	9,973
Total accumulated other comprehensive income	351,544	423,866
Share acquisition rights	1,866	1,538
Non-controlling interests	18,211	15,482
Total net assets	1,705,345	1,805,853
Total liabilities and net assets	11,149,858	11,805,106

(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 2024)

(Millions of yen)

	For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Revenues	1,425,097	1,551,957
Cost of revenues	1,155,066	1,205,454
Gross profit	270,031	346,503
Selling, general and administrative expenses	168,386	208,597
Operating income	101,644	137,905
Non-operating income		
Interest income	3,410	340
Dividend income	1,829	1,025
Share of profit of entities accounted for using equity method	6,516	4,942
Other	5,578	3,797
Total non-operating income	17,334	10,105
Non-operating expenses		
Interest expenses	8,674	6,199
Foreign exchange losses	3,493	127
Other	2,508	1,646
Total non-operating expenses	14,677	7,973
Recurring income	104,301	140,038
Extraordinary income		
Gain on sale of investment securities	3,709	3,167
Gain on sale of shares of subsidiaries and affiliates	—	4,297
Gain on step acquisitions	4,822	—
Gain on bargain purchase	—	572
Total extraordinary income	8,531	8,037
Extraordinary losses		
Loss on sale of investment securities	294	127
Loss on valuation of investment securities	—	484
Loss on sale of shares of subsidiaries and affiliates	168	20,699
Total extraordinary losses	463	21,311
Income before income taxes	112,369	126,763
Income taxes	30,951	39,159
Net income	81,418	87,603
Net income attributable to non-controlling interests	837	587
Net income attributable to owners of the parent	80,581	87,016

(Quarterly Consolidated Statements of Comprehensive Income)
(For the nine months ended December 31, 2023 and 2024)

(Millions of yen)

	For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Net income	81,418	87,603
Other comprehensive income		
Valuation difference on available-for-sale securities	2,443	10,574
Deferred gains or losses on hedges	(2,956)	401
Foreign currency translation adjustment	100,497	62,950
Remeasurements of defined benefit plans, net of tax	(198)	2,698
Share of other comprehensive income of entities accounted for using equity method	4,341	(4,107)
Total other comprehensive income	104,126	72,517
Comprehensive income	185,544	160,121
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	184,375	159,338
Comprehensive income attributable to non-controlling interests	1,169	783

(3) Notes to the Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of Standard for the Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting standards for quarterly financial statements generally accepted in Japan (applying the omissions prescribed in Article 4, Paragraph 2 of Standard for the Preparation of Quarterly Financial Statements).

(Notes concerning 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, 2024 by the reasonably estimated effective tax rate (after tax effect accounting) applicable to income before income taxes for the fiscal year ending March 31, 2025.

(Additional information)

(Change of fiscal year-end of consolidated subsidiaries)

With respect to our consolidated subsidiaries JSA International Holdings, L.P. and its 16 subsidiaries having a fiscal year-end of December 31, we previously used their financial statements as of December 31 to prepare the consolidated financial statements and made necessary consolidation adjustments for significant transactions among consolidated companies that occurred between December 31 and the consolidated fiscal year-end. Effective April 1, 2024, the fiscal year-end of these consolidated subsidiaries was changed to March 31 to align with the consolidated fiscal year-end, and we have adopted the method to adjust earnings for the period between January 1, 2024 to March 31, 2024 through the consolidated statements of income, and accordingly the period subject to consolidation for the fiscal year ending March 31, 2025 is 15 months from January 1, 2024 to March 31, 2025.

Revenues of these consolidated subsidiaries from January 1, 2024 to March 31, 2024 amounted to ¥40,653 million, operating income amounted to ¥9,125 million, recurring income amounted to ¥9,063 million, income before income taxes amounted to ¥9,063 million, and net income amounted to ¥6,061 million. Deferred gains or losses on hedges and foreign currency translation adjustment for the same period increased by ¥6,443 million and ¥22,866 million, respectively.

As a result of this change, net income attributable to owners of the parent in the quarterly consolidated statements of income for the nine months ended December 31, 2024 increased by ¥9,437 million.

(New affiliate 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 engaging in renewable and next generation energy business mainly in Europe, and signed an investment agreement to acquire 20% of all shares of European Energy (“Investment”) on the same day. The investment through our consolidated subsidiary MHC Energy Europe ApS (“MHC Energy Europe”) based on the agreement was completed on April 16, 2024. As a result, European Energy has become the Company’s affiliate accounted for using the equity method.

The overview of the investee European Energy is as follows.

Company name	European Energy A/S
Line of business	Renewable energy and next generation energy business
Data of application of the equity method	April 16, 2024
Voting right ratio after the share acquisition	20.0%

1. Purpose of the investment

European Energy operates renewable energy business in 28 countries, mainly in Europe. Further, it has a large growth potential by being a global leading and pioneering player in the next generation energy sector through production of green hydrogen and e-methanol.

Through the strategic partnership with European Energy and by leveraging the capability and knowledge of both companies, the Company will accelerate the development of renewable and next generation energy business on a global scale with an aim to enhance the Environment & Energy business and contribute to realizing a decarbonized society.

2. Date of investment

April 16, 2024

3. Period of business results of European Energy included in the quarterly consolidated statements of income for the nine months ended December 31, 2024

The fiscal year-end of MHC Energy Europe who has made the investment in European Energy is December 31, and the company's financial statements for the nine months ended September 30, 2024 were used to prepare the consolidated financial statements for the nine months ended December 31, 2024.

Since the date of application of the equity method to European Energy was April 16, 2024, the company's business results from April 16 to September 30, 2024 are included in "Share of profit of entities accounted for using equity method" in the quarterly consolidated statements of income for the nine months ended December 31, 2024.

4. Outline of the accounting treatment applied

(1) Acquisition costs of the investee and the breakdown

		(Millions of yen)
Consideration for acquisition	Cash	120,005
Expenses directly related to acquisition	Advisory fees, etc.	930
Acquisition costs		120,935

(2) Amount equivalent to "goodwill" included in investment securities, factors that make up the goodwill, and amortization method and period

The amount equivalent to "goodwill" is currently in the process of calculation as the allocation of acquisition costs after the share acquisition has not been completed.

(Notes concerning segment information, etc.)

[Segment information]

1. Overview of reportable segments

Main business description of each reportable segment is 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 railcar 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

2. Information on revenues and profit or loss by reportable segment

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

(Millions of yen)

	Reportable segments							Adjustments (Note) 1, 2	Amount recorded in quarterly consolidated statements of income (Note) 3
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Revenues									
Revenues from external customers	785,861	319,371	34,456	144,644	93,950	43,218	2,605	989	1,425,097
Inter-segment sales or transfers	939	330	2	—	—	13	—	(1,286)	—
Total	786,801	319,702	34,459	144,644	93,950	43,231	2,605	(296)	1,425,097
Segment profit	24,553	15,559	3,983	14,269	14,525	6,519	2,362	(1,191)	80,581

(Note)1. Adjustments of revenues include revenue adjustment of ¥(1,258) million related to the merger with Hitachi Capital Corporation under the purchase method.

2. 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 adjustment of ¥1,070 million related to the merger with Hitachi Capital Corporation under the purchase method.

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

For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1,2,4	Amount recorded in quarterly consolidated statements of income (Note) 3
	Customer Solutions	Global Business	Environment & Energy	Aviation (Note) 4	Logistics	Real Estate	Mobility		
Revenues									
Revenues from external customers	718,932	364,290	30,929	245,790	99,831	87,147	4,127	907	1,551,957
Inter-segment sales or transfers	916	74	2	—	—	10	—	(1,003)	—
Total	719,849	364,364	30,932	245,790	99,831	87,157	4,127	(95)	1,551,957
Segment profit (loss)	23,199	3,545	(10,249)	37,035	17,598	8,894	3,227	3,765	87,016

(Note)1. Adjustments of revenues include revenue adjustment of ¥(567) million related to the merger with Hitachi Capital Corporation under the purchase method.

2. Adjustments of segment profit (loss) consist mostly of company-wide expenses and income not allocated to any reportable segments. It also includes profit adjustment of ¥321 million related to the merger with Hitachi Capital Corporation under the purchase method.

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

4. As described in Notes to the Quarterly Consolidated Financial Statements (Additional information) (Change of fiscal year-end of consolidated subsidiaries), effective April 1, 2024, JSA International Holdings, L.P. and its 16 subsidiaries changed their fiscal year-end, and the resulting effect was adjusted through the consolidated statements of income. The effect of the fiscal period change on segment profit (loss) was ¥9,437 million, with ¥6,061 million recorded in the Aviation segment and ¥3,376 million in Adjustments. The adjustment relates to financing transactions between consolidated companies in different segments resulting from unifying the fiscal year-end.

3. Information on impairment losses on non-current assets or goodwill by reportable segment

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

(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.

For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(Significant impairment losses on non-current assets)

The Environment & Energy segment recorded impairment losses of ¥4,003 million mainly on other operating assets, and the Aviation segment recorded impairment losses of ¥2,306 million on leased assets and other intangible assets in cost of revenues.

(Significant changes in goodwill)

Not applicable

(Notes concerning significant changes in shareholders' equity)

Not applicable

(Notes concerning going concern assumption)

Not applicable

(Notes concerning quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 is not prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2024 are as follows.

	(Millions of yen)	
	For the nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)	For the nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024)
Depreciation of leased assets	235,020	270,844
Depreciation of other operating assets	8,899	9,294
Depreciation of own-used assets	8,016	7,415
Other depreciation	2,892	2,762
Amortization of goodwill	6,849	8,282