Consolidated Financial Highlights for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2025
[Based on J-GAAP]

November 14, 2024

Company Name: **Mitsubishi HC Capital Inc.**
Stock Exchange Listed on: Tokyo (Prime Market)
Company Code: 8593 URL: https://www.mitsubishi-hc-capital.com/english/
Representative: Taiju Hisai, Representative Director, President & CEO
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Scheduled Date of Filing of Semiannual Securities Report: November 14, 2024
Scheduled Commencement of Dividend Payment: December 10, 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 Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2025 (April 1, 2024 – September 30, 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 six months ended	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
September 30, 2024	1,069,590	13.5	102,231	58.7	104,348	55.9	61,722	17.0
September 30, 2023	942,519	(0.2)	64,414	(13.1)	66,915	(11.7)	52,739	(16.5)

(Note) Comprehensive income: For the six months ended September 30, 2024: ¥66,583 million (60.8)%
For the six months ended September 30, 2023: ¥170,035 million (31.8)%

	Earnings per share	Diluted earnings per share
For the six months ended	(Yen)	(Yen)
September 30, 2024	43.02	42.92
September 30, 2023	36.73	36.63

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(Millions of yen)	(Millions of yen)	%	(Yen)
September 30, 2024	11,436,397	1,741,688	15.1	1,201.90
March 31, 2024	11,149,858	1,705,345	15.1	1,174.88

(Reference) Equity capital: As of September 30, 2024: ¥1,724,870 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 performance 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. Interim Consolidated Financial Statements and Major Notes, (3) Notes to the Interim Consolidated Financial Statements (Additional information) (New affiliate accounted for using the equity method through share acquisition)” on page 11 and “2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to the Interim Consolidated Financial Statements (Business combinations)” on page 16 for details.

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

(Note) Please refer to “2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to the Interim Consolidated Financial Statements (Notes concerning accounting treatments specific to the preparation of the interim 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 September 30, 2024	1,466,912,244	shares	As of March 31, 2024	1,466,912,244	shares
(ⅱ) Number of treasury shares	As of September 30, 2024	31,793,889	shares	As of March 31, 2024	32,489,822	shares
(ⅲ) Average number of shares outstanding during the period	For the six months ended September 30, 2024	1,434,746,839	shares	For the six months ended September 30, 2023	1,435,700,572	shares

(Note) The number of treasury shares as of September 30, 2024 includes the Company’s shares held by a trust under the performance-based stock compensation plan (2,563,098 shares and 2,685,268 shares as of September 30, 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 (2,623,557 shares and 987,816 shares for the six months ended September 30, 2024 and 2023, respectively).

* This “Consolidated Financial Highlights” is outside the scope of review procedure by certified public accountants or an audit firm.

* Explanation regarding the appropriate use of the forecasts, etc.

(Remarks on forward-looking statements)

The forward-looking statements in this report, including financial forecast, have been prepared by using information available to Mitsubishi HC Capital Inc. (“Company” or “we”) on the date of release and the certain assumptions deemed reasonable by the Company, and are not intended to assure that the Company will achieve such results. Actual earnings may differ significantly from the forecasts for various reasons.

* This “Consolidated Financial Highlights” is 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 six months ended September 30, 2024, net income attributable to owners of the parent increased by ¥8.9 billion, or 17.0% year on year, to ¥61.7 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 Environment & Energy segment and the Global Business segment.

* Please refer to "2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to the Interim Consolidated Financial Statements (Additional information) (Change of fiscal year-end of consolidated subsidiaries)" on page 11 for details of the "positive effects of fiscal period adjustment."

(Billions of yen)

	For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	For the six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)	Change (%)
Revenues	942.5	1,069.5	13.5
Gross profit	175.0	245.4	40.2
Operating income	64.4	102.2	58.7
Recurring income	66.9	104.3	55.9
Net income attributable to owners of the parent	52.7	61.7	17.0

(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. Interim Consolidated Financial Statements and Major Notes, (3) Notes to the Interim 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
- 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
- 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
- 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.

(Investment projects through the Innovation Investment Fund[*1] announced during the six months ended September 30, 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

∗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.

(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. Interim Consolidated Financial Statements and Major Notes, (3) Notes to the Interim Consolidated Financial Statements (Notes concerning segment information, etc.)" on page 13.)

(Customer Solutions)

Segment profit increased by ¥0.3 billion, or 2.6% year on year, to ¥15.6 billion mainly thanks to an increase in gain on sales related to real estate leasing and recording of gain on sales of shares of subsidiaries and affiliates despite 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.

(Global Business)

Segment profit decreased by ¥6.2 billion, or 61.3% year on year, to ¥3.9 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 six months ended September 30, 2023 included the results of the surviving company from April 1, 2023 to September 30, 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 ¥9.5 billion, a decrease of ¥12.1 billion in profit compared to the six months ended September 30, 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 a year ago.

(Aviation)

Segment profit increased by ¥18.0 billion, or 246.4% year on year, to ¥25.3 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 ¥1.7 billion, or 17.9% year on year, to ¥11.6 billion mainly thanks to increases in leasing revenue and gain on sales in the railway freight car leasing business and an increase in profit in the marine container leasing business on the back of favorable market conditions despite a decrease in gain on sales of shipping.

(Real Estate)

Segment profit increased by ¥1.4 billion, or 20.6% year on year, to ¥8.3 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 ¥0.3 billion, or 24.7% year on year, to ¥1.9 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 six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	For the six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)	Change (%)
Reportable segments	Customer Solutions	15.2	15.6	2.6
	Global Business	10.2	3.9	(61.3)
	Environment & Energy	2.6	(9.5)	—
	Aviation	7.3	25.3	246.4
	Logistics	9.8	11.6	17.9
	Real Estate	6.9	8.3	20.6
	Mobility	1.6	1.9	24.7
Adjustments		(1.0)	4.3	—
Total		52.7	61.7	17.0

(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 interim consolidated statements of income.

Segment assets

(Billions of yen)

		As of March 31, 2024	As of September 30, 2024	Change (%)
Reportable segments	Customer Solutions	2,966.5	2,941.1	(0.9)
	Global Business	3,070.8	3,047.4	(0.8)
	Environment & Energy	416.6	507.5	21.8
	Aviation	2,020.0	2,245.2	11.1
	Logistics	1,099.0	1,219.0	10.9
	Real Estate	525.4	506.3	(3.6)
	Mobility	51.9	54.3	4.6
Adjustments		29.0	1.4	(95.0)
Total		10,179.4	10,522.5	3.4

(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 September 30, 2024 increased by ¥286.5 billion to ¥11,436.3 billion, net assets increased by ¥36.3 billion to ¥1,741.6 billion, and interest-bearing debt (excluding lease obligations) increased by ¥117.4 billion to ¥8,557.2 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 six months ended September 30, 2024 was 45.7% mainly because the Environment & Energy segment recognized large credit costs and impairment losses not included in the initial plan, and the Global Business segment recorded credit costs in excess of those in the initial plan due to delays in the market recovery in the transportation sector in the Americas.

However, the consolidated financial forecast for the 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 also expects to record gain on sales exceeding the initial plan in the second half.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	For the fiscal year ended March 31, 2024 (As of March 31, 2024)	For the six months ended September 30, 2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	366,478	382,293
Installment receivables	172,368	167,315
Lease receivables and investments in leases	3,153,989	3,113,506
Operating loans receivables	1,850,117	1,848,303
Other operating loans receivable	211,228	208,742
Lease and other receivables	80,030	77,180
Securities	2,565	2,866
Merchandise	38,240	53,134
Other current assets	194,181	150,219
Allowance for doubtful accounts	(28,373)	(25,444)
Total current assets	6,040,826	5,978,117
Non-current assets		
Property, plant and equipment		
Leased assets		
Leased assets	3,891,057	4,110,873
Advances on purchases of leased assets	119,139	105,580
Total leased assets	4,010,196	4,216,454
Other operating assets	207,957	237,662
Own-used assets	18,561	18,364
Total property, plant and equipment	4,236,715	4,472,481
Intangible assets		
Leased assets	12,989	9,091
Other intangible assets		
Goodwill	102,091	102,531
Other	132,748	125,851
Total other intangible assets	234,839	228,382
Total intangible assets	247,829	237,474
Investments and other assets		
Investment securities	427,529	565,688
Distressed receivables	122,035	135,528
Other	138,080	125,991
Allowance for doubtful accounts	(66,983)	(82,655)
Total investments and other assets	620,661	744,552
Total non-current assets	5,105,206	5,454,509
Deferred assets		
Bond issuance costs	3,825	3,771
Total deferred assets	3,825	3,771
Total assets	11,149,858	11,436,397

(Millions of yen)

	For the fiscal year ended March 31, 2024 (As of March 31, 2024)	For the six months ended September 30, 2024 (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	171,616	174,451
Short-term borrowings	471,060	479,845
Current portion of bonds payable	563,684	617,757
Current portion of long-term borrowings	1,012,618	814,126
Commercial papers	784,178	851,723
Current maturities of loans from the securitizations of the minimum future rentals on lease contracts	224,330	220,501
Income taxes payable	13,083	13,270
Deferred profit on installment sales	7,016	6,892
Provision for bonuses	17,420	11,710
Provision for bonuses for directors (and other officers)	2,091	1,252
Other current liabilities	278,869	407,802
Total current liabilities	3,545,972	3,599,336
Non-current liabilities		
Bonds payable	1,606,588	1,724,287
Long-term borrowings	3,435,702	3,501,229
Loans from the securitizations of the minimum future rentals on lease contracts, less current maturities	341,628	347,794
Provision for retirement benefits for directors (and other officers)	69	37
Provision for share awards for directors (and other officers)	516	604
Retirement benefit liability	6,049	3,036
Reserve for contract of insurance	12,818	12,848
Other non-current liabilities	495,166	505,534
Total non-current liabilities	5,898,539	6,095,373
Total liabilities	9,444,512	9,694,709
Net assets		
Shareholders' equity		
Share capital	33,196	33,196
Capital surplus	546,268	546,200
Retained earnings	775,152	809,581
Treasury shares	(20,894)	(20,416)
Total shareholders' equity	1,333,722	1,368,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,987	23,907
Deferred gains or losses on hedges	36,817	14,397
Foreign currency translation adjustment	292,477	307,746
Remeasurements of defined benefit plans	7,262	10,256
Total accumulated other comprehensive income	351,544	356,308
Share acquisition rights	1,866	1,577
Non-controlling interests	18,211	15,240
Total net assets	1,705,345	1,741,688
Total liabilities and net assets	11,149,858	11,436,397

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

(Interim Consolidated Statements of Income)

(Millions of yen)

	For the six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)	For the six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Revenues	942,519	1,069,590
Cost of revenues	767,485	824,167
Gross profit	175,034	245,422
Selling, general and administrative expenses	110,619	143,190
Operating income	64,414	102,231
Non-operating income		
Interest income	2,403	266
Dividend income	1,546	883
Share of profit of entities accounted for using equity method	5,028	3,209
Other	3,969	2,956
Total non-operating income	12,947	7,316
Non-operating expenses		
Interest expenses	5,740	4,161
Foreign exchange losses	2,975	—
Other	1,731	1,038
Total non-operating expenses	10,446	5,199
Recurring income	66,915	104,348
Extraordinary income		
Gain on sale of investment securities	2,477	2,969
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	7,299	7,839
Extraordinary losses		
Loss on sale of investment securities	238	—
Loss on valuation of investment securities	—	291
Loss on sale of shares of subsidiaries and affiliates	129	20,699
Total extraordinary losses	368	20,991
Income before income taxes	73,847	91,196
Income taxes	20,836	29,388
Net income	53,011	61,807
Net income attributable to non-controlling interests	271	85
Net income attributable to owners of the parent	52,739	61,722

(Interim Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)	For the six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Net income	53,011	61,807
Other comprehensive income		
Valuation difference on available-for-sale securities	2,865	9,073
Deferred gains or losses on hedges	4,366	(17,606)
Foreign currency translation adjustment	102,891	16,055
Remeasurements of defined benefit plans, net of tax	(184)	2,974
Share of other comprehensive income of entities accounted for using equity method	7,084	(5,721)
Total other comprehensive income	117,024	4,775
Comprehensive income	170,035	66,583
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	169,219	66,486
Comprehensive income attributable to non-controlling interests	816	96

(3) Notes to the Interim Consolidated Financial Statements

(Notes concerning accounting treatments specific to the preparation of the interim consolidated financial statements)

Tax expenses of the Company and its certain consolidated subsidiaries were calculated through multiplying income before income taxes for the six months ended September 30, 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 interim consolidated statements of income for the six months ended September 30, 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 interim consolidated statements of income for the six months ended September 30, 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 six months ended June 30, 2024 were used to prepare the consolidated financial statements for the six months ended September 30, 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 June 30, 2024 are included in "Share of profit of entities accounted for using equity method" in the interim consolidated statements of income for the six months ended September 30,2024.

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 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

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

For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1, 2	Amount recorded in interim consolidated statements of income (Note) 3
	Customer Solutions	Global Business	Environment & Energy	Aviation	Logistics	Real Estate	Mobility		
Revenues									
Revenues from external customers	520,794	209,418	22,553	89,890	61,758	36,131	1,460	513	942,519
Inter-segment sales or transfers	639	—	2	—	—	9	—	(650)	—
Total	521,434	209,418	22,555	89,890	61,758	36,140	1,460	(137)	942,519
Segment profit	15,217	10,206	2,648	7,312	9,883	6,916	1,601	(1,046)	52,739

(Note)1. Adjustments of revenues include revenue adjustment of ¥(913) 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 reporting segments. It also includes profit adjustment of ¥754 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 interim consolidated statements of income.

For the six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(Millions of yen)

	Reportable segments							Adjustments (Note) 1,2,4	Amount recorded in interim consolidated statements of income (Note) 3
	Customer Solutions	Global Business	Environment & Energy	Aviation (Note) 4	Logistics	Real Estate	Mobility		
Revenues									
Revenues from external customers	481,596	243,054	20,421	175,116	66,409	79,682	2,728	580	1,069,590
Inter-segment sales or transfers	572	31	1	—	—	10	—	(616)	—
Total	482,168	243,086	20,423	175,116	66,409	79,692	2,728	(35)	1,069,590
Segment profit (loss)	15,606	3,947	(9,530)	25,328	11,655	8,344	1,997	4,373	61,722

(Note)1. Adjustments of revenues include revenue adjustment of ¥(417) 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 reporting segments. It also includes profit adjustment of ¥184 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 interim consolidated statements of income.
4. As described in Notes to the Interim 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 six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Significant impairment losses on non-current assets)

The Environment & Energy segment recorded impairment losses of ¥5,816 million mainly on other operating 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 six months ended September 30, 2024 (April 1, 2024 to September 30, 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 ¥2,302 million on leased assets and other intangible assets.

(Significant changes in goodwill)

Not applicable

(Notes concerning significant changes in shareholders' equity)

Not applicable

(Notes concerning going concern assumption)

Not applicable

(Business combinations)

Business divestiture

(Share transfer of Miyuki Building Co., Ltd.)

The Company decided at its Board of Directors meeting on August 9, 2024 to sell all shares of its consolidated subsidiary Miyuki Building Co., Ltd. (“Miyuki Building”) held by the Company and its consolidated subsidiary Mitsubishi HC Capital Estate Plus Inc., signed a share transfer agreement on September 13, 2024 and completed the transfer on September 20, 2024.

1. Outline of the share transfer
   (1) Name and business description of the subsidiary
   Name of the subsidiary: Miyuki Building Co., Ltd.
   Business description Real estate leasing business
   (2) Name of the transferee
   RED WAVE G.K.
   (3) Main reason for the share transfer
   The Company made Miyuki Building its consolidated subsidiary in 2009 and had been enhancing the operational functions of real estate business including leasing, administration, and property management. The Company made a decision to execute the share transfer that it will be meaningful for Miyuki Building to achieve further growth by collaborating with TOEI CO., LTD., a long-established real estate lessor mainly in Chukyo area and an investor of RED WAVE G.K.
   The Company group has launched the “Medium-term Management Plan for FY2023 - FY2025” and has undertaken the Business Portfolio Transformation including the strategic allocation of management resources and optimization of business process within its group toward realizing “Our 10-year Vision,” and this share transfer is also conducted as a part of the transformation.
   (4) Date of the share transfer
   September 20, 2024
   (5) Outline of the transaction including the legal form
   A share transfer agreement for cash consideration

2. Outline of the accounting treatment applied
   (1) Amount of loss on sale
   ¥20,699 million
   (2) Fair carrying amounts of assets and liabilities of the transferred business and the major components

	(Millions of yen)
Current assets	5,884
Non-current assets	68,194
Total assets	74,079
Current liabilities	18,451
Non-current liabilities	33,590
Total liabilities	52,042

   (3) Accounting treatment
   The difference between the carrying amount on a consolidated basis and the transfer price of Miyuki Building is recorded as “Loss on sale of shares of subsidiaries and affiliates” in Extraordinary losses.

3. Name of the segment in which the subsidiary was included in the disclosure of segment information
   Real Estate

4. Approximate amount of earnings of the business recorded in the interim consolidated statements of income

	(Millions of yen)
Revenues	60,359
Operating income	38,057