

FOR IMMEDIATE RELEASE

**Notice Regarding Recording of a Provision for Allowance and Variance
between Earnings Forecast and Actual Results**

Tokyo, July 25, 2019 - Hitachi Capital Corporation (TSE:8586, President & CEO: Seiji Kawabe, “the Company”) hereby announces as follows that a variance has arisen between the full-year Consolidated Earnings Forecast for the year ended March 31, 2019 announced on November 5, 2018 and the actual results announced today, due to the Company recording a substantial amount of provision for allowance for its business in China in its consolidated financial results for the year ended March 31, 2019.

- Description -

1. Recording of a Provision for Allowance

As announced in “Notice Regarding Postponement of the Announcement for Consolidated Earnings Report for the Year Ended March 31, 2019,” on May 10, 2019, the Company postponed the announcement for Consolidated Earnings Report for the Year Ended March 31, 2019, since the Company had been proceeding with investigation of the cause at the Internal Investigation Committee as well as continuing discussion regarding allowance, etc. with accounting auditor, for the reason that there might be possibilities of inappropriate deals occurred in Hitachi Capital Factoring (China) Co., Ltd., a subsidiary of the Company. Subsequently, as announced in “Notice Regarding Establishment of the Special Investigation Committee,” on June 17, 2019 the investigations have been carried out through the Special Investigation Committee, which consists of an Independent Outside Director as the Chairman and other external experts who have no special interest in the Company. Based on the results of the investigation and discussions with the Company’s accounting auditor, the Company decided to record a provision for allowance of approximately 20.6 billion yen as selling, general and administrative expenses in the year ended March 31, 2019.

■ Overview of deals subject to the substantial amount of arrears, etc.

Number of deals	4
Provision recorded for Year ended March 31, 2019	20,665 million yen (1,265,476 thousand RMB)

* Calculated at 16.33 yen/ RMB

2. Variance between consolidated earnings forecast and actual results for the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(¥ million)

	Revenues	Profit before tax	Net income	Net income attributable to owners of the parent	Earnings per share attributable to owners of the parent (basic)
Previous announced forecast (A) (November 5, 2018)	460,500	52,000	38,500	37,000	¥ 316.62
Actual results (B)	453,253	32,706	18,161	19,363	¥ 165.69
Amount of change (B - A)	△7,246	△19,293	△20,338	△17,636	-
Rate of change (%)	△1.6	△37.1	△52.8	△47.7	-
(Reference) Previous Results for the year ended March 31, 2018	404,124	44,295	33,224	32,057	¥ 274.26

3. Reason for variance

Profit before tax and net income attributable to owners of the parent ended up being lower than the forecast due to the above-mentioned provision for allowance.

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