

August 2, 2018

## Consolidated First Quarter Earnings Report [IFRS]

For the Three Months Ended June 30, 2018



Corporate Name: **Hitachi Capital Corporation**  
 Stock Code: 8586 URL: <http://www.hitachi-capital.co.jp>  
 Stock Listing: Tokyo Stock Exchange  
 Representative Director: Seiji Kawabe, President and CEO  
 Inquiries: Satoshi Inoue, Executive Officer  
 Phone: +81-3-3503-2118  
 Scheduled date of submission of financial reports: August 8, 2018  
 Scheduled commencement of dividend payment: –  
 Preparation of supplementary material for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

(All amounts rounded down)

### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

#### (1) Consolidated Operating Results (Cumulative) (year-on-year change %)

	Revenues		Profit before tax		Net income		Net income attributable to owners of the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three Months Ended June 30, 2018	115,798	17.8	13,543	14.8	10,245	22.5	10,027	23.0	9,229	(31.5)
Three Months Ended June 30, 2017	98,311	10.1	11,801	5.2	8,366	9.5	8,154	11.0	13,471	—

	Earnings per share (basic)	Earnings per share (diluted)	ROE
Three Months Ended June 30, 2018	¥ 85.80	—	10.7%
Three Months Ended June 30, 2017	69.76	—	9.2%

(Ref.) Volume of business: Three Months Ended June 30, 2018: ¥666,608 million; Three Months Ended June 30, 2017: ¥577,244 million

#### (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	¥ million	¥ million	¥ million	%	¥
As of June 30, 2018	3,528,714	392,866	378,406	10.7	3,238.21
As of March 31, 2018	3,468,756	393,107	378,855	10.9	3,241.24

### 2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
Year ended March 31, 2018	—	43.00	—	43.00	86.00
Year ending March 31, 2019	—	—	—	—	—
Year ending March 31, 2019 (Forecast)	—	46.00	—	46.00	92.00

Note: Changes from the latest released dividend forecasts: None

### 3. Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% is year-on-year for the fiscal year or the interim period)

	Revenues		Profit before tax		Net income		Net income attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	213,600	9.2	24,500	1.9	18,300	3.9	17,800	3.2	152.29
Fiscal year	442,400	9.5	50,000	12.9	37,200	12.0	35,700	11.4	305.43

Note: Changes from the latest released performance forecasts: None

(Ref.) Volume of business: Interim: ¥1,144,000 million Fiscal year: ¥2,410,000 million

\* Notes

(1) Significant changes subsidiaries in the period under review: None

(2) Changes to accounting policies; changes to accounting estimates

( i ) Changes to accounting policies required by IFRS : Yes

( ii ) Changes to accounting policies other than ( i ) above : None

( iii ) Changes to accounting estimates : None

(Note) For details, please refer to "2. Summary of Quarterly Consolidated Financial Statements and Major Notes (5) Summary of Notes to the Quarterly Consolidated Financial Statements (Changes to accounting policies)" on page 13.

(3) Number of outstanding shares (common shares)

( i ) Shares issued at end of term (including treasury stock)

As of June 30, 2018: 124,826,552 shares      As of March 31, 2018: 124,826,552 shares

( ii ) Treasury stock at end of term

As of June 30, 2018: 7,969,679 shares      As of March 31, 2018: 7,940,500 shares

( iii ) Weighted average number of shares outstanding

Three months ended June 30, 2018: 116,871,478 shares      Three months ended June 30, 2017: 116,886,363 shares

\* Consolidated Earnings Report is outside the scope of an audit by certified public accountants or an audit corporation.

\* Explanation for proper use of the forecasts, etc.

Consolidated forecasts stated herein have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results for a variety of reasons. For the assumptions used in forecasts and notes of caution regarding the use of the forecasts, please refer to "(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast" on page 7.

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## 1. Qualitative Information Concerning Financial Results for the First Quarter Ended June 30, 2018

### (1) Explanation about Operating Results

#### 1) Summary of operating results

Summarized results for the three months ended June 30, 2018 were as follows.

(¥ million, %)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018	Y on Y Change
Volume of business	577,244	666,608	15.5
Revenues	98,311	115,798	17.8
Gross profit	32,465	35,164	8.3
Profit before tax	11,801	13,543	14.8
Net income attributable to owners of the parent	8,154	10,027	23.0

During the three months ended June 30, 2018, the global economy continued to show a moderate expansion backed by the strong growth of the U.K. economy due to the growth of personal consumption and the strong performance of the U.S. economy due to an improvement of employment conditions despite emergence of the protectionism. In Japan, the economy showed a moderate recovery including an increase in capital investments due to continuing monetary easing policy.

During the three months ended June 30, 2018, Japan Business promoted expansion of its focused sectors consisting of Growing sectors (Social infrastructure, Eco- and energy- related, Vehicle, Local governments/public) and a transition to the growth stage through business structural reform. In March 2018, the Company and Hitachi Transport System, Ltd. entered into a basic agreement on business alliance to realize new innovation through “Finance, Commerce, Logistics, and Information” and started a joint development of a smart safety driving management system through industry-academia collaboration in April 2018. Under “Working method transformation” project on which we have been eagerly working since FY2017, we have increased efficiency of sales and enhanced productivity through “aggressive IT investment” and “automating administrative work,” with an aim to save time and reduce costs. As a result of our structural reform initiatives including integration and joint use of systems and introduction of AI, in May 2018, the Company was selected as “2018 Noteworthy IT Strategy Companies” in the “2018 Competitive IT Strategy Company Stock Selection” in Japan.

Global Business is striving to maintain high and systematic growth through risk control according to regional characteristics and building a system insusceptible to external environments. In June 2018, the Group made Franchise Finance Limited its subsidiary with an aim to expand business finance in the U.K. The Group will continue to aim for sustainable growth of Europe business by not only increasing its market presence in the U.K. but also looking for opportunities to expand into markets in the European continent. Japan Infrastructure Initiative Company Limited, which was established based on the business alliance agreement with the Company, Hitachi, Ltd., Mitsubishi UFJ Financial Group, Inc., MUFG Bank, Ltd. and Mitsubishi UFJ Lease & Finance Company Limited, entered into an investment agreement for the Japan-Guam-Australia Optical Submarine Cable project, its second investment project, in April 2018.

As a result, the consolidated volume of business for the three months ended June 30, 2018 increased 15.5% year on year to ¥666,608 million as each area of Global Business (Europe, the Americas, China and ASEAN) showed solid performance, despite a decrease in Japan Business due to the closure of the factoring business.

Revenues increased 17.8% year on year to ¥115,798 million, gross profit increased 8.3% year on year to ¥35,164 million, profit before tax increased 14.8% year on year to ¥13,543 million and net income attributable to owners of the parent increased 23.0% year on year to ¥10,027 million, due to almost solid performance in each region of Global Business in addition to solid performance of Japan Business mainly in focused sectors.

Results by segment for the three months ended June 30, 2018 were as follows.

Effective October 1, 2017, part of healthcare business and agriculture business were transferred to Vendor Solution, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

(Account Solution)

Revenues increased 15.2% year on year to ¥60,982 million due to a steady performance of focused sectors such as Eco- and energy- related. As a result, profit before tax increased 22.0% to ¥6,136 million.

(Vendor Solution)

Revenues decreased 4.8% year on year to ¥6,260 million due to decreases in volume of business and finance-related income.

Profit before tax increased 20.9% to ¥1,527 million due to a decrease in selling, general and administrative expenses despite a decrease in revenues.

(Europe)

Revenues increased 33.1% year on year to ¥31,596 million due to solid performance of U.K. business and Vehicle Solution business in the Netherlands.

Profit before tax increased 9.2% to ¥4,434 million due to an increase in selling, general and administrative expenses despite an increase in revenues.

(The Americas)

Revenues increased 15.8% year on year to ¥5,908 million due to a strong performance in factoring business and Canada business.

Profit before tax increased 23.2% to ¥1,146 million due to a decrease in bad debt expenses in addition to an increase in revenues.

(China)

Revenues increased 13.5% year on year to ¥4,508 million due to a steady growth of businesses in mainland China and Hong Kong.

Profit before tax decreased 4.7% to ¥1,857 million due to an increase in financing costs associated with an interest rate rise despite an increase in revenues.

(ASEAN)

Revenues increased 15.0% year on year to ¥4,256 million due to increases in revenues in all regions, especially in Singapore.

Profit before tax increased 117.2% to ¥471 million due mainly to an increase in revenues as well as a decrease in bad debt expenses as a result of improving the quality of customer segments.

## 2) Key management indicators (Annualized)

	(%)	
	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018
ROE	9.2	10.7
ROA	1.4	1.5
Ratio of equity attributable to owners of the parent ratio	10.9	10.7

## (2) Explanation about Consolidated Financial Position

### 1) Assets, liabilities and net assets

Financial position as of June 30, 2018 was as follows:

	As of March 31, 2018	As of June 30, 2018	Change	
			Amount	%
Total assets	3,468,756	3,528,714	59,957	1.7
Interest-bearing debt	2,812,991	2,908,865	95,873	3.4
Total equity	393,107	392,866	(240)	(0.1)

#### i . Total assets

Total assets as of June 30, 2018 increased ¥59,957 million from March 31, 2018 to ¥3,528,714 million due to an increase in trade and other receivables mainly in Europe and the Americas.

#### ii . Interest-bearing debt

Interest-bearing debt as of June 30, 2018 increased ¥95,873 million from March 31, 2018 to ¥2,908,865 million due mainly to an increase in borrowings and bonds in Europe and the Americas.

#### iii . Total equity

Total equity as of June 30, 2018 decreased ¥240 million from March 31, 2018 to ¥392,866 million, and major components consist of a decrease in retained earnings as of April 1, 2018 of ¥4,419 million due to adoption of IFRS 9 (amended in July 2014), net income attributable to owners of the parent of ¥10,027 million, cash dividends paid of ¥5,026 million, and a decrease in accumulated other comprehensive income of ¥939 million due mainly to a decrease in foreign currency translation adjustments.

## 2) Cash flows

Cash flows during three months

June 30, 2018 were as follows:

(¥ million)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018	Change
Cash flows from operating activities	(67,558)	(59,320)	8,237
Cash flows from investing activities	(2,566)	(10,549)	(7,982)
Cash flows from financing activities	63,310	86,178	22,868
Free cash flow	(70,124)	(69,870)	254

### i . Cash flows from operating activities

Net cash used in operating activities was ¥59,320 million primarily due to an increase in trade and other receivables of ¥49,049 million, purchase of operating leased assets of ¥43,833 million, decrease in trade and other payables of ¥14,324 million, and proceeds from sale of operating leased assets of ¥13,949 million.

### ii . Cash flows from investing activities

Net cash used in investing activities was ¥10,549 million primarily due to purchase of investments in securities and payments to time deposits of ¥6,442 million, and purchase of other property, plant and equipment of ¥2,703 million.

### iii . Cash flows from financing activities

Net cash provided by financing activities was ¥86,178 million primarily due to proceeds from long-term borrowings and bonds of ¥213,468 million, and payments on long-term borrowings and bonds of ¥129,717 million.

As a result, cash and cash equivalent as of June 30, 2018 increased ¥16,878 million from March 31, 2018 to ¥191,684 million. Free cash flow, the sum of cash flows from operating and investing activities, resulted in cash outflows of ¥69,870 million, an increase of ¥254 million from the three months ended June 30, 2017.

## (3) Explanation on Future Forecast Information including Consolidated Earnings Forecast

For the fiscal year ending March 31, 2019, the final year of the "FY2016-FY2018 Mid-Term Management Plan," the Company aims to achieve profit before tax of over ¥50 billion for the first time in its history by maintaining high and systematic growth of Global Business, transitioning to the growth stage through business structural reform of Japan Business, and executing strategic investments to support business growth. For the three months ended June 30, 2018, the performance of both Japan Businesses and Global Businesses showed steady growth, but the outlook of the business environment surrounding the Company remains uncertain due to the emergence of protectionism around the world and the U.K.'s departure from the EU.

Based on these circumstances, the financial results forecast for the six months ending September 30, 2018 and the year ending March 31, 2019 remain unchanged from that announced previously.

(¥ million)

	Six Months Ending September 30, 2018	Fiscal Year Ending March 31, 2019
Volume of business	1,144,000	2,410,000
Revenues	213,600	442,400
Gross profit	67,800	139,500
Profit before tax	24,500	50,000
Net income attributable to owners of the parent	17,800	35,700
Basic earnings per share attributable to owners of the parent	¥152.29	¥305.43

The consolidated earnings forecast stated herein has been prepared based on the information available to the Company at the time this report was prepared, and contain certain potential risks and uncertainties. Accordingly, it should be noted that the actual results may differ from the forecasts due to changes in various factors.

#### (4) Basic Policy for Profit Distribution

##### 1) Cash dividends

The Company will secure internal reserves necessary to ensure a sound financial position and proactively execute strategic investment corresponding to changes in the business environment, in order to enhance corporate value and achieve sustainable growth. Also, we position returning profits to the shareholders as one of the most important management measures and maintain a stable distribution of dividends.

##### 2) Acquisition of treasury stock

The Group acquires treasury stock as a supplementary measure to dividends in returning profit to shareholders to the extent that is in line with the dividend policy, based on the comprehensive consideration of the capital needs to maintain the financial position of the company and carry out business plans and the market environment.



## 2. Summary of Quarterly Consolidated Financial Statements and Major Notes

### (1) Summary of Quarterly Consolidated Statements of Financial Position

	(¥ million)	
	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Cash and cash equivalents	174,805	191,684
Trade and other receivables	1,385,805	1,433,235
Finance lease receivables	1,149,772	1,142,089
Other financial assets	82,275	83,896
Operating leased assets	470,644	463,535
Investments accounted for using the equity method	33,644	33,558
Other property, plant and equipment	80,983	76,908
Other intangible assets	34,604	36,365
Deferred tax assets	15,225	15,812
Other assets	40,993	51,628
Total assets	3,468,756	3,528,714
<b>Liabilities</b>		
Trade and other payables	96,308	72,067
Borrowings and bonds	2,812,991	2,908,865
Other payables	16,034	14,089
Other financial liabilities	59,786	54,678
Income tax payable	4,280	3,164
Retirement and severance benefits	5,851	5,834
Deferred tax liabilities	3,740	3,557
Other liabilities	76,654	73,590
Total liabilities	3,075,649	3,135,847
<b>Equity</b>		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,215	45,213
Retained earnings	335,085	335,667
Accumulated other comprehensive income	2,907	1,968
Treasury stock	(14,336)	(14,425)
Total equity attributable to owners of the parent	378,855	378,406
Non-controlling interests	14,251	14,460
Total equity	393,107	392,866
Total liabilities and equity	3,468,756	3,528,714

## (2) Summary of Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

## Summary of Quarterly Consolidated Statements of Profit or Loss

(¥ million)

	Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)	Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)
Revenues	98,311	115,798
Cost of sales	65,846	80,634
Gross profit	32,465	35,164
Selling, general and administrative expenses	21,084	22,346
Other income	69	23
Other expenses	58	11
Share of profits of investments accounted for using the equity method	409	712
Profit before tax	11,801	13,543
Income taxes	3,434	3,297
Net income	8,366	10,245
Net income attributable to:		
Owners of the parent	8,154	10,027
Non-controlling interests	212	218
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥69.76	¥85.80

## Summary of Quarterly Consolidated Statements of Comprehensive Income

(¥ million)

	Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)	Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)
Net income	8,366	10,245
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	1,405	1,136
Share of other comprehensive income of investments accounted for using the equity method	11	4
Total items not to be reclassified to net income	1,416	1,141
Items that can be reclassified to net income		
Foreign currency translation adjustments	3,559	(1,590)
Cash flow hedges	172	(479)
Share of other comprehensive income of investments accounted for using the equity method	(43)	(88)
Total items that can be reclassified to net income	3,688	(2,157)
Other comprehensive income	5,105	(1,016)
Comprehensive income	13,471	9,229
Comprehensive income attributable to:		
Owners of the parent	13,236	9,087
Non-controlling interests	235	141

(3) Summary of Quarterly Consolidated Statements of Changes in Equity  
For the Three Months Ended June 30, 2017 (April 1, 2017 - June 30, 2017)

(¥ million)

	Equity attributable to owners of the parent					Total equity attributable to equity owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock			
As of April 1, 2017	9,983	45,600	312,736	(4,139)	(14,335)	349,844	13,333	363,178
Changes in equity								
Net income			8,154			8,154	212	8,366
Other comprehensive income				5,082		5,082	23	5,105
Comprehensive income for the period			8,154	5,082		13,236	235	13,471
Dividends to equity owners of the parent			(5,026)			(5,026)		(5,026)
Dividends to non-controlling interests							(172)	(172)
Acquisition of treasury stock		0			0	0		0
Equity transactions with non-controlling interests		(383)		(24)		(408)	(174)	(582)
Total changes in equity	—	(383)	3,128	5,057	0	7,801	(110)	7,690
As of June 30, 2017	9,983	45,216	315,864	917	(14,335)	357,646	13,222	370,868

For the Three Months Ended June 30, 2018 (April 1, 2018 - June 30, 2018)

(¥ million)

	Equity attributable to owners of the parent					Total equity attributable to equity owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock			
As of April 1, 2018	9,983	45,215	335,085	2,907	(14,336)	378,855	14,251	393,107
Cumulative effects of changes in accounting policies			(4,419)			(4,419)	(110)	(4,530)
Restated balance	9,983	45,215	330,665	2,907	(14,336)	374,436	14,140	388,576
Changes in equity								
Net income			10,027			10,027	218	10,245
Other comprehensive income				(939)		(939)	(76)	(1,016)
Comprehensive income for the			10,027	(939)		9,087	141	9,229
Dividends to equity owners of the parent			(5,026)			(5,026)		(5,026)
Dividends to non-controlling interests							(82)	(82)
Acquisition of treasury stock					(89)	(89)		(89)
Transfer to retained earnings				(0)		(0)		(0)
Transfer from other comprehensive income			0			0		0
Equity transactions with non-controlling interests		(4)				(4)	(4)	(8)
Acquisition of non-controlling interests							264	264
Share-based payment transaction		2				2		2
Total changes in equity	—	(1)	5,001	(939)	(89)	3,970	319	4,290
As of June 30, 2018	9,983	45,213	335,667	1,968	(14,425)	378,406	14,460	392,866

## (4) Summary of Quarterly Consolidated Statements of Cash Flows

(¥ million)

	Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)	Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)
<b>Cash flows from operating activities</b>		
Net income	8,366	10,245
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,323	32,578
Income taxes	3,434	3,297
Share of profits of investments accounted for using the equity method	(409)	(712)
(Increase) decrease in trade and other receivables	(21,612)	(49,049)
(Increase) decrease in finance lease receivables	(11,848)	8,059
Purchase of operating leased assets	(46,736)	(43,833)
Proceeds from sale of operating leased assets	11,354	13,949
Increase (decrease) in trade and other payables	(45,121)	(14,324)
Other	10,699	(15,252)
Subtotal	(63,549)	(55,041)
Income taxes paid	(4,008)	(4,278)
Net cash provided by (used in) operating	(67,558)	(59,320)
<b>Cash flows from investing activities</b>		
Purchase of other property, plant and equipment	(1,534)	(2,703)
Purchase of other intangible assets	(1,008)	(999)
Purchase of investments in securities and payments to time deposits	(323)	(6,442)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	285	231
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	—	(594)
Purchase of investments accounted for using the equity method	(0)	—
Payments of long-term loans receivable	—	(100)
Other	13	58
Net cash provided by (used in) investing activities	(2,566)	(10,549)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	43,443	7,757
Proceeds from long-term borrowings and bonds	157,749	213,468
Payments on long-term borrowings and	(132,127)	(129,717)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(565)	—
Dividends paid to owners of the parent	(5,017)	(5,158)
Dividends paid to non-controlling interests	(172)	(82)
Other	0	(89)
Net cash provided by financing activities	63,310	86,178
Effect of exchange rate changes on cash and cash equivalents	37	570
Net increase (decrease) in cash and cash equivalents	(6,777)	16,878
Cash and cash equivalents at beginning of period	178,081	174,805
Cash and cash equivalents at end of period	171,304	191,684

(5) Summary of Notes to the Quarterly Consolidated Financial Statements

(Notes concerning going concern)

Not applicable

(Changes to accounting policies)

(1) Adoption of IFRS 9 “Financial Instruments” (amended in July 2014)

Effective April 1, 2018, the Group adopted IFRS 9 “Financial Instruments” (amended in July 2014). IFRS 9 “Financial Instruments” (amended in July 2014) amends hedge accounting and classification and measurement of financial instruments and introduces the expected credit loss model for impairment of financial assets. The Group adopted IFRS 9 “Financial Instruments” (amended in July 2014) retrospectively in accordance with the transition method and recognized the cumulative effect of initial adoption of the standard as an adjustment to the balance of retained earnings as of April 1, 2018.

The impact of adopting the expected credit loss model for impairment on the Group’s consolidated financial statements as of April 1, 2018 was a decrease in trade and other receivables of ¥2,809 million, a decrease in finance lease receivables of ¥3,035 million, a decrease in retained earnings of ¥4,419 million, a decrease in non-controlling interests of ¥110 million and an increase in deferred tax assets of ¥1,314 million.

This change has no material impact on net income and earnings per share attributable to owners of the parent (basic and diluted) for the three months ended June 30, 2018.

The amendment of hedge accounting and classification and measurement of financial instruments has no material impact on the Group’s consolidated financial statements.

(2) Adoption of IFRS 15 “Revenue from Contracts with Customers”

Effective April 1, 2018, the Group adopted IFRS 15 “Revenue from Contracts with Customers.” The Group adopted IFRS 15 “Revenue from Contracts with Customers” retrospectively in accordance with the transition method and recognized the cumulative effect of initial adoption of the standard as an adjustment to the balance of retained earnings as of April 1, 2018. The adoption of this standard has no material impact on the Group’s consolidated financial statements.

(Changes to accounting estimates)

Not applicable

(Changes in presentation)

Summary of Quarterly Consolidated Statements of Cash Flows

“Increase (decrease) in payable due to collection of securitized receivables” in “Cash flows from operating activities,” which was previously stated separately, is included in “Other” from the three months ended June 30, 2018 because the amount is immaterial. The summary of quarterly consolidated statements of cash flows for the three months ended June 30, 2017 has been reclassified in order to reflect this change in presentation.

As a result, “Increase (decrease) in payable due to collection of securitized receivables” of ¥(456) million and “Other” of ¥11,155 million in “Cash flows from operating activities” in the summary of quarterly consolidated statements of cash flows for the three months ended June 30, 2017 were reclassified as “Other” of ¥10,699 million.

## (Segment information)

## I For the Three Months Ended June 30, 2017 (April 1, 2017 - June 30, 2017)

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statement of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	52,750	6,548	23,730	5,100	3,972	3,701	95,803	3,585	99,388	(1,076)	98,311
Intersegment	162	26	—	—	—	—	188	260	448	(448)	—
Total	52,913	6,574	23,730	5,100	3,972	3,701	95,991	3,845	99,837	(1,525)	98,311
Profit before tax	5,031	1,263	4,062	930	1,774	216	13,278	295	13,574	(1,772)	11,801

## (Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit before tax represents company-wide expense that is not allocated to any reportable segments. The company-wide expense mainly comprises general and administrative expenses that are not allocated to reportable segments.
3. The Group does not allocate assets and liabilities to the reportable segment used by the chief operating decision maker.
4. Inter-segment transactions are executed on an arm's length basis.
5. Effective October 1, 2017, part of healthcare business and agriculture business were transferred to vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

## II For the Three Months Ended June 30, 2018 (April 1, 2018 - June 30, 2018)

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statement of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	60,823	6,231	31,596	5,908	4,508	4,256	113,324	3,189	116,513	(715)	115,798
Intersegment	159	29	—	—	—	—	188	266	455	(455)	—
Total	60,982	6,260	31,596	5,908	4,508	4,256	113,512	3,456	116,969	(1,170)	115,798
Profit before tax	6,136	1,527	4,434	1,146	1,857	471	15,573	522	16,095	(2,552)	13,543

## (Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit before tax represents company-wide expense that is not allocated to any reportable segments. The company-wide expense mainly comprises general and administrative expenses that are not allocated to reportable segments.
3. The Group does not allocate assets and liabilities to the reportable segment used by the chief operating decision maker.
4. Inter-segment transactions are executed on an arm's length basis.
5. Effective October 1, 2017, part of healthcare business and agriculture business were transferred to vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.

(Significant subsequent events)

Based on a comprehensive resolution to issue bonds passed on March 26, 2018, the Company decided to issue its 73rd, 74th and 75th unsecured straight bonds (with limited interbond pari passu clause). The details of the bonds are as follows.

	73rd	74th	75th
(1) Total issue amount	¥25 billion	¥10 billion	¥10 billion
(2) Issue price	¥100 per ¥100 bond face value		
(3) Payment date	July 11, 2018		
(4) Redemption date	The principal of the bond will be redeemed in full on July 20, 2021	The principal of the bond will be redeemed in full on July 20, 2023	The principal of the bond will be redeemed in full on July 20, 2028
(5) Interest rate	0.010% per annum	0.170% per annum	0.355% per annum
(6) Use of proceeds	Redemption fund for short-term bonds		

### 3. Supplementary Information

#### (1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2019

(¥ million, %)

	No.	Three Months Ended June 30, 2017 (Results)	Three Months Ended June 30, 2018 (Results)	Y on Y change
Revenues	1	98,311	115,798	17.8
Cost of sales	2	65,846	80,634	22.5
Gross profit	3	32,465	35,164	8.3
Selling, general and administrative expenses	4	21,084	22,346	6.0
Other income	5	69	23	(65.5)
Other expenses	6	58	11	(80.7)
Share of profits of investments accounted for using the equity method	7	409	712	74.0
Profit before tax	8	11,801	13,543	14.8
Income taxes	9	3,434	3,297	(4.0)
Net income	10	8,366	10,245	22.5
Net income attributable to:				
Owners of the parent	11	8,154	10,027	23.0
Non-controlling interests	12	212	218	2.9
Earnings per share				
Earnings per share attributable to owners of the parent (basic and diluted)	13	¥69.76	¥85.80	23.0



(2) Contract Segment Information

1. For the Three Months Ended June 30, 2017 (April 1, 2017 - June 30, 2017)

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Volume of business (Composition %) (Y on Y Change %)	1	118,803 (20) (0)	67,098 (12) (-14)	43,959 (8) (-8)	229,861 (40) (-6)	64,043 (11) (8)	225,114 (39) (17)	58,225 (10) (-13)	347,382 (60) (9)	577,244 (100) (2)
Operating assets (Composition %) (Y on Y Change %)	2	1,084,051 (36) (3)	200,834 (6) (-28)	294,076 (10) (2)	1,578,962 (52) (-3)	468,604 (16) (21)	499,736 (17) (16)	461,953 (15) (18)	1,430,294 (48) (19)	3,009,256 (100) (6)

2. For the Three Months Ended June 30, 2018 (April 1, 2018 - June 30, 2018)

(¥ million, %)

	No.	Domestic consolidated				Overseas consolidated				Consolidated Total
		Lease	Factoring and loans	Installments and others	Total	Lease	Factoring and loans	Installments and others	Total	
Volume of business (Composition %) (Y on Y Change %)	1	113,564 (17) (-4)	56,839 (9) (-15)	55,741 (8) (27)	226,145 (34) (-2)	71,434 (11) (12)	292,503 (44) (30)	76,524 (11) (31)	440,462 (66) (27)	666,608 (100) (15)
Operating assets (Composition %) (Y on Y Change %)	2	1,094,599 (34) (1)	120,280 (4) (-40)	368,736 (11) (25)	1,583,616 (49) (0)	515,810 (16) (10)	629,728 (20) (26)	499,966 (15) (8)	1,645,505 (51) (15)	3,229,121 (100) (7)

(Notes)

1. "Lease" includes lease rentals, auto leases and other items.
2. "Factoring and loans" includes factoring, business loans (including home loans).
3. "Installments and others" include installment sales, loan sales through alliances, card services and other items.

## (3) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

		No.	Three Months Ended June 30, 2017		Three Months Ended June 30, 2018		Y on Y change
				Composition		Composition	
Japan	Account Solution	1	175,105	30.4	176,915	26.5	1.0
	Wholesale	2	133,671	23.2	135,764	20.4	1.6
	Information equipment related	3	45,958	8.0	42,629	6.4	(7.2)
	Industrial construction machinery related	4	14,114	2.4	15,193	2.3	7.6
	Commercial logistics related	5	12,338	2.1	17,319	2.6	40.4
	Factoring	6	20,709	3.6	10,382	1.6	(49.9)
	Card	7	16,463	2.9	17,000	2.5	3.3
	Others	8	24,087	4.2	33,240	5.0	38.0
	Vehicle	9	13,031	2.3	13,273	2.0	1.9
	Residential CMS	10	28,365	4.9	27,794	4.1	(2.0)
	Others	11	36	0.0	82	0.0	125.8
Vendor Solution	12	47,072	8.2	46,871	7.0	(0.4)	
Europe	13	133,599	23.1	175,325	26.3	31.2	
The Americas	14	136,922	23.7	178,864	26.8	30.6	
China	15	54,480	9.4	59,803	9.0	9.8	
ASEAN	16	22,379	3.9	26,468	4.0	18.3	
Others	17	8,391	1.4	2,669	0.4	(68.2)	
Elimination and others	18	(707)	(0.1)	(310)	(0.0)	-	
Consolidated business volume	19	577,244	100.0	666,608	100.0	15.5	

## (Notes)

1. Account Solution: Provide solutions to meet diversifying needs of customers such as corporates and public offices by combining our various functions such as lease, installments, insurance and trust, and in collaboration with partners, including the Hitachi Group.
2. Vendor Solution: Provide solutions to meet associated vendors' needs for sales promotion with the Group's financial services, mainly lease and installments.
3. Europe, the Americas, China, ASEAN: Provide solutions to customers and vendors in each area with the Group's wide range of financial services, and in collaboration with partners, including the Hitachi Group.
4. Effective October 1, 2017, part of the healthcare business and the agriculture business were transferred to the vendor solution business, and accordingly the segments were revised mainly in Account Solution and Vendor Solution. The figures by segment are presented based on the new segments.