

August 5, 2019

Consolidated First Quarter Earnings Report [IFRS]

For the Three Months Ended June 30, 2019



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 Scheduled date of submission of financial reports: August 9, 2019
 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, 2019 (April 1, 2019 – June 30, 2019)

(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, 2019	114,517	(1.1)	10,832	(20.0)	8,310	(18.9)	8,064	(19.6)	314	(96.6)
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)

	Earnings per share (basic)	Earnings per share (diluted)	ROE
	¥	¥	%
Three Months Ended June 30, 2019	69.01	—	8.5
Three Months Ended June 30, 2018	85.80	—	10.7

(Ref.) Volume of business: Three Months Ended June 30, 2019: ¥574,536 million; Three Months Ended June 30, 2018: ¥666,608 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, 2019	3,754,397	390,482	377,476	10.1	3,230.25
As of March 31, 2019	3,772,784	390,418	377,557	10.0	3,230.95

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
	¥	¥	¥	¥	¥
Year ended March 31, 2019	—	46.00	—	0.00	46.00
Year ending March 31, 2020	—	—	—	—	—
Year ending March 31, 2020 (Forecast)	—	44.00	—	44.00	128.00

Note: Changes from the latest released dividend forecasts: None

As announced in "Re: Appropriation of Dividends (Special Dividends) from Retained Earnings" on July 29, 2019, it has scheduled to make a special dividend of 40 yen per share as of the record date of August 14, 2019. Consequently, the Company will set the annual dividends for the year ending March 31, 2020 as 128 yen per share, which is a total of the two ordinary dividend payments (88 yen per share) in a year and this special dividend. It has described the same amount for the year of year ending March 31, 2020 (Forecast) of above table.

3. Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(% 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	226,500	0.2	20,500	(21.8)	15,400	(20.9)	14,800	(23.1)	126.65
Fiscal year	466,500	2.9	45,000	37.6	34,000	87.2	32,500	67.8	278.12

Note: Changes from the latest released performance forecasts: None

(Ref.) Volume of business: Interim: ¥1,150,000 million Fiscal year: ¥2,230,000 million

* Notes

(1) Significant changes in subsidiaries during 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, 2019: 124,826,552 shares As of March 31, 2019: 124,826,552 shares

(ii) Treasury stock at end of term

As of June 30, 2019: 7,969,819 shares As of March 31, 2019: 7,969,770 shares

(iii) Weighted average number of shares outstanding

Three months ended June 30, 2019: 116,856,774 shares Three months ended June 30, 2018: 116,871,478 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 8.

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1. Qualitative Information concerning Financial Results for the First Quarter Ended June 30, 2019

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the three months ended June 30, 2019 were as follows.

(¥ million, %)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Y on Y Change
Volume of business	666,608	574,536	(13.8)
Revenues	115,798	114,517	(1.1)
Gross profit	35,164	33,815	(3.8)
Profit before tax	13,543	10,832	(20.0)
Net income attributable to owners of the parent	10,027	8,064	(19.6)

For the three months ended June 30, 2019, in order to respond to changing global environment and also to ensure maintenance of good and operating receivables following the inappropriate factoring deals of Hitachi Capital Factoring (China), Co., Ltd., a subsidiary of the Company, the Group has strived to take thoroughgoing measures to prevent recurrence, such as drastic review of large-scale factoring business and further strengthening risk management.

As a result, we closed our large-scale factoring business in China and the Americas, and the volume of business decreased 13.8% year on year to ¥574,536 million.

Revenues decreased 1.1% year on year to ¥114,517 million and gross profit decreased 3.8% year on year to ¥33,815 million due to a decrease in sale of semiconductor manufacturing facilities by strategic inventory adjustments in electronic device business of Japan Business, despite solid performance in Global Business including Europe, the Americas, and ASEAN. In addition to the decrease in revenues, selling, general and administrative expenses increased due to a business expansion in Global Business, and accordingly, despite the positive effect of business structural reform in Japan Business, profit before tax decreased 20.0% year on year to ¥10,832 million and net income attributable to owners of the parent decreased 19.6% year on year to ¥8,064 million.

Results by segment for the three months ended June 30, 2019 were as follows.

(Japan: Account Solution)

Revenues decreased 6.3% year on year to ¥57,147 million and profit before tax decreased 14.2% to ¥5,266 million due to a decrease in sale of semiconductor manufacturing facilities by strategic inventory adjustments in electronic device business, despite solid growth in volume of business.

(Japan: Vendor Solution)

Revenues decreased 0.6% year on year to ¥6,226 million and profit before tax decreased 1.7% to ¥1,501 million due to a decrease in finance-related income affected by a prolonged low interest rate environment in Japan despite a steady growth in volume of business.

(Europe)

Revenues increased 5.0% year on year to ¥33,174 million due to strong performance of Vehicle Solution business in the European continent.

Profit before tax decreased 9.9% to ¥3,993 million due to an increase in selling, general and administrative expenses followed by a business expansion.

(The Americas)

Revenues increased 36.6% year on year to ¥8,068 million due to a strong performance in Canada business.

Profit before tax decreased 15.6% to ¥967 million due to an increase in selling, general and administrative expenses followed by a business expansion.

(China)

Revenues decreased 21.5% year on year to ¥3,538 million and profit before tax decreased 59.7% to ¥749 million due to the closing of large-scale factoring business.

(ASEAN)

Revenues increased 7.8% year on year to ¥4,587 million and profit before tax increased 5.9% to ¥498 million due to increases in revenues in all group companies in Singapore, Thailand, Malaysia, and Indonesia as a result of business deployment that takes into consideration regional characteristics.

2) Key management indicators (Annualized)

(%)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
ROA	1.5	1.1
OHR	57.6	62.7
[Ref.] ROE	10.7	8.5

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of June 30, 2019 was as follows:

(¥ million, %)

	As of March 31, 2019	As of June 30, 2019	Change	
			Amount	%
Total assets	3,772,784	3,754,397	(18,387)	(0.5)
Interest-bearing debt	3,118,052	3,149,732	31,679	1.0
Total equity	390,418	390,482	63	0.0

i . Total assets

Total assets as of June 30, 2019 decreased ¥18,387 million from March 31, 2019 to ¥3,754,397 million due to a decrease in trade and other receivables mainly in the Americas.

ii . Interest-bearing debt

Interest-bearing debt as of June 30, 2019 increased ¥31,679 million from March 31, 2019 to ¥3,149,732 million due mainly to recognition of lease liabilities as a result of adoption of IFRS 16.

iii .Total equity

Total equity as of June 30, 2019 remained almost unchanged from March 31, 2019 and amounted to ¥390,482 million, and major components consist of a decrease in the opening balance of retained earnings as of April 1, 2019 of ¥193 million due to adoption of IFRS 16, an increase due to recording net income attributable to owners of the parent of ¥8,064 million, and a decrease in accumulated other comprehensive income of ¥7,959 million due mainly to a decrease in foreign currency translation adjustments.

2) Cash flows

Cash flows during three months ended June 30, 2019 were as follows:

(¥ million)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Change
Cash flows from operating activities	(59,320)	72,313	131,633
Cash flows from investing activities	(10,549)	(4,987)	5,561
Cash flows from financing activities	86,178	(10,198)	(96,376)
Free cash flow	(69,870)	67,325	137,195

i . Cash flows from operating activities

Net cash provided by operating activities was ¥72,313 million primarily due to decrease in trade and other receivables from convergence our large factoring business in China and the Americas of ¥111,203 million, purchase of operating leased assets of ¥54,049 million, and decrease in trade and other payables of ¥20,734 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥4,987 million primarily due to payments of long-term loans receivable of ¥1,620 million, purchase of other property, plant and equipment of ¥1,569 million, and purchase of other intangible assets of ¥1,159 million.

iii . Cash flows from financing activities

Net cash used in financing activities was ¥10,198 million primarily due to payments on long-term borrowings and bonds of ¥150,600 million, and proceeds from long-term borrowings and bonds of ¥130,518 million.

As a result, cash and cash equivalent as of June 30, 2019 increased ¥55,398 million from March 31, 2019 to ¥275,257 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash inflows of ¥67,325 million, an increase of ¥137,195 million from the three months ended June 30, 2018.

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

The outlook of the business environment surrounding the Company is expected to remain uncertain due mainly to an impasse in the Brexit negotiations and the escalating U.S.-China trade friction.

Under such circumstances, the Company will aim to maintain a systematic growth by accumulating high-quality assets and building business portfolios insusceptible to changes in external environment.

Based on these circumstances, the financial results forecasts for the six months ending September 30, 2019 and the year ending March 31, 2020 remain unchanged from those announced on July 25, 2019.

	Six Months Ending September 30, 2019	Fiscal Year Ending March 31, 2020
Volume of business	1,150,000	2,230,000
Revenues	226,500	466,500
Gross profit	69,000	143,200
Profit before tax	20,500	45,000
Net income attributable to owners of the parent	14,800	32,500
Basic earnings per share attributable to owners of the parent	¥126.65	¥278.12

Consolidated earnings forecasts stated herein have 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 these 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, 2019	As of June 30, 2019
Assets		
Cash and cash equivalents	219,858	275,257
Trade and other receivables	1,517,882	1,355,029
Finance lease receivables	1,206,090	1,259,193
Other financial assets	91,653	102,426
Operating leased assets	503,486	502,899
Investments accounted for using the equity method	36,746	36,788
Other property, plant and equipment	93,655	113,676
Other intangible assets	41,604	41,214
Deferred tax assets	15,167	15,112
Other assets	46,640	52,798
Total assets	3,772,784	3,754,397
Liabilities		
Trade and other payables	104,810	70,799
Borrowings and bonds	3,118,052	3,149,732
Other payables	11,510	9,450
Other financial liabilities	58,494	51,280
Income tax payable	3,867	1,903
Retirement and severance benefits	6,395	6,442
Deferred tax liabilities	4,865	4,843
Other liabilities	74,368	69,461
Total liabilities	3,382,365	3,363,914
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,313	45,320
Retained earnings	339,655	347,526
Accumulated other comprehensive income	(2,968)	(10,927)
Treasury stock	(14,425)	(14,425)
Total equity attributable to owners of the parent	377,557	377,476
Non-controlling interests	12,861	13,006
Total equity	390,418	390,482
Total liabilities and equity	3,772,784	3,754,397

(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, 2018 (April 1, 2018 to June 30, 2018)	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)
Revenues	115,798	114,517
Cost of sales	80,634	80,702
Gross profit	35,164	33,815
Selling, general and administrative expenses	22,346	23,634
Other income	23	191
Other expenses	11	12
Share of profits of investments accounted for using the equity method	712	473
Profit before tax	13,543	10,832
Income taxes	3,297	2,521
Net income	10,245	8,310
Net income attributable to:		
Owners of the parent	10,027	8,064
Non-controlling interests	218	246
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥85.80	¥69.01

Summary of Quarterly Consolidated Statements of Comprehensive Income

(¥ million)

	Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)
Net income	10,245	8,310
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	1,136	46
Share of other comprehensive income of investments accounted for using the equity method	4	(27)
Total items not to be reclassified to net income	1,141	19
Items that can be reclassified to net income		
Foreign currency translation adjustments	(1,590)	(7,828)
Cash flow hedges	(479)	(184)
Share of other comprehensive income of investments accounted for using the equity method	(88)	(2)
Total items that can be reclassified to net income	(2,157)	(8,015)
Other comprehensive income	(1,016)	(7,996)
Comprehensive income	9,229	314
Comprehensive income attributable to:		
Owners of the parent	9,087	104
Non-controlling interests	141	209

(3) Summary of Quarterly Consolidated Statements of Changes in Equity
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 period			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 accumulated 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

For the Three Months Ended June 30, 2019 (April 1, 2019 - June 30, 2019)

(¥ 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, 2019	9,983	45,313	339,655	(2,968)	(14,425)	377,557	12,861	390,418
Cumulative effects of changes in accounting policies			(193)			(193)	(1)	(194)
Restated balance	9,983	45,313	339,462	(2,968)	(14,425)	377,364	12,859	390,224
Changes in equity								
Net income			8,064			8,064	246	8,310
Other comprehensive income				(7,959)		(7,959)	(37)	(7,996)
Comprehensive income for the period			8,064	(7,959)		104	209	314
Dividends to non-controlling interests							(99)	(99)
Acquisition of treasury stock					(0)	(0)		(0)
Equity transactions with non-controlling interests		7				7	36	43
Total changes in equity	—	7	8,064	(7,959)	(0)	111	146	258
As of June 30, 2019	9,983	45,320	347,526	(10,927)	(14,425)	377,476	13,006	390,482

(4) Summary of Quarterly Consolidated Statements of Cash Flows

(¥ million)

	Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)
Cash flows from operating activities		
Net income	10,245	8,310
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,578	34,329
Income taxes	3,297	2,521
Share of profits of investments accounted for using the equity method	(712)	(473)
(Increase) decrease in trade and other receivables	(49,049)	111,203
(Increase) decrease in finance lease receivables	8,059	(5,609)
Purchase of operating leased assets	(43,833)	(54,049)
Proceeds from sale of operating leased assets	13,949	8,000
Increase (decrease) in trade and other payables	(14,324)	(20,734)
Other	(15,252)	(6,817)
Subtotal	(55,041)	76,680
Income taxes paid	(4,278)	(4,367)
Net cash provided by (used in) operating activities	(59,320)	72,313
Cash flows from investing activities		
Purchase of other property, plant and equipment	(2,703)	(1,569)
Purchase of other intangible assets	(999)	(1,159)
Purchase of investments in securities and payments to time deposits	(6,442)	(1,014)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	231	682
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	(594)	—
Purchase of investments accounted for using the equity method	—	(327)
Net decrease (increase) in short-term loans receivable	—	23
Payments of long-term loans receivable	(100)	(1,620)
Other	58	(2)
Net cash provided by (used in) investing activities	(10,549)	(4,987)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,757	9,965
Proceeds from long-term borrowings and bonds	213,468	130,518
Payments on long-term borrowings and bonds	(129,717)	(150,600)
Dividends paid to owners of the parent	(5,158)	(2)
Dividends paid to non-controlling interests	(82)	(99)
Proceeds from payments from non-controlling interests	—	20
Other	(89)	(0)
Net cash provided by (used in) financing activities	86,178	(10,198)
Effect of exchange rate changes on cash and cash equivalents	570	(1,728)
Net increase (decrease) in cash and cash equivalents	16,878	55,398
Cash and cash equivalents at beginning of period	174,805	219,858
Cash and cash equivalents at end of period	191,684	275,257

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

(Notes concerning going concern)

Not applicable

(Changes to accounting policies)

Adoption of IFRS 16 “Leases”

The Group previously adopted IAS 17 “Leases” but adopted IFRS 16 “Leases” effective April 1, 2019. As a result of adopting the standard, leases are accounted for based on a single lessee accounting model, under which a lessee recognizes a right-of-use asset representing the right to use the underlying asset over the lease term and a lease liability representing the obligation to make lease payments to the lessor at the inception of the lease. Subsequent to recognition of the right-of-use-asset and lease liability, a lessee recognizes depreciation of right-of-use assets and interest on lease liabilities. In addition, an intermediate lessor classifies subleases into finance lease or operating lease based on the right-of-use asset from the head lease, rather than the underlying lease asset.

The Group adopted IFRS 16 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, 2019.

The impacts of adopting IFRS 16 on the opening balance of the Group’s quarterly consolidated financial statements as of April 1, 2019 were increases in other property, plant and equipment of ¥16,180 million, finance lease receivables of ¥67,254 million and borrowings and bonds of ¥83,627 million, and a decrease in retained earnings of ¥193 million.

(Changes to accounting estimates)

Not applicable

(Segment information)

I 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.

II For the Three Months Ended June 30, 2019 (April 1, 2019 - June 30, 2019)

(¥ 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	57,005	6,213	33,174	8,068	3,538	4,587	112,587	2,584	115,172	(655)	114,517
Intersegment	141	12	-	-	-	-	153	261	414	(414)	-
Total	57,147	6,226	33,174	8,068	3,538	4,587	112,741	2,846	115,587	(1,070)	114,517
Profit before tax	5,266	1,501	3,993	967	749	498	12,977	80	13,058	(2,225)	10,832

(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.

(Significant subsequent events)

Not applicable

3. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2020

(¥ million, %)

	No.	Three Months Ended June 30, 2018 (Results)	Three Months Ended June 30, 2019 (Results)	Y on Y change
Revenues	1	115,798	114,517	(1.1)
Cost of sales	2	80,634	80,702	0.1
Gross profit	3	35,164	33,815	(3.8)
Selling, general and administrative expenses	4	22,346	23,634	5.8
Other income	5	23	191	702.1
Other expenses	6	11	12	11.3
Share of profits of investments accounted for using the equity method	7	712	473	(33.5)
Profit before tax	8	13,543	10,832	(20.0)
Income taxes	9	3,297	2,521	(23.5)
Net income	10	10,245	8,310	(18.9)
Net income attributable to:				
Owners of the parent	11	10,027	8,064	(19.6)
Non-controlling interests	12	218	246	12.9
Earnings per share				
Earnings per share attributable to owners of the parent (basic and diluted)	13	¥85.80	¥69.01	(19.6)

(2) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

		No.	Three Months Ended June 30, 2018		Three Months Ended June 30, 2019		Y on Y change
				Composition		Composition	
Japan	Account Solution	1	176,915	26.5	201,985	35.2	14.2
	Wholesale	2	135,764	20.4	159,903	27.9	17.8
	Information equipment related	3	42,629	6.4	71,647	12.5	68.1
	Industrial construction machinery related	4	15,193	2.3	17,166	3.0	13.0
	Commercial logistics related	5	17,319	2.6	18,285	3.2	5.6
	Factoring	6	10,382	1.6	9,796	1.7	(5.6)
	Card	7	17,000	2.5	16,511	2.9	(2.9)
	Others	8	33,240	5.0	26,496	4.6	(20.3)
	Vehicle	9	13,273	2.0	14,755	2.6	11.2
	Residential CMS	10	27,794	4.1	27,325	4.7	(1.7)
	Others	11	82	0.0	0	0.0	-
	Vendor Solution	12	46,871	7.0	47,825	8.3	2.0
	Europe	13	175,325	26.3	164,817	28.7	(6.0)
	The Americas	14	178,864	26.8	105,154	18.3	(41.2)
	China	15	59,803	9.0	24,057	4.2	(59.8)
	ASEAN	16	26,468	4.0	28,646	5.0	8.2
	Others	17	2,669	0.4	2,348	0.4	(12.0)
	Elimination and others	18	(310)	(0.0)	(298)	(0.1)	-
	Consolidated business volume	19	666,608	100.0	574,536	100.0	(13.8)

(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.