

February 5, 2020

**Consolidated Third Quarter Earnings Report [IFRS]**

For the Nine Months Ended December 31, 2019



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 Scheduled date of submission of financial reports: February 13, 2020  
 Scheduled commencement of dividend payment: -  
 Preparation of supplementary material for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(All amounts rounded down)

## 1. Consolidated Financial Results for the Third Quarter Ended December 31, 2019 (April 1, 2019 – December 31, 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	%
Nine Months Ended December 31, 2019	338,343	0.1	31,244	(23.5)	23,635	(22.3)	22,821	(23.6)	23,930	3.8
Nine Months Ended December 31, 2018	338,148	13.9	40,831	12.7	30,416	11.4	29,866	12.9	23,056	(42.3)

	Earnings per share (basic)	Earnings per share (diluted)	ROE
	¥	¥	%
Nine Months Ended December 31, 2019	195.30	—	7.9
Nine Months Ended December 31, 2018	255.57	—	10.5

(Ref.) Volume of business: Nine Months Ended December 31, 2019: ¥ 1,639,460 million; Nine Months Ended December 31, 2018: ¥ 2,055,028 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 December 31, 2019	3,756,632	403,259	389,739	10.4	3,335.19
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	—	52.00	—		
Year ending March 31, 2020 (Forecast)				58.00	150.00

Note: Changes from the latest released dividend forecasts: No

As announced in "Re: Appropriation of Dividends (Special Dividends) from Retained Earnings," released on July 29, 2019, the Company paid a special dividend of 40 yen per share with the record date of August 14, 2019. As the Company expects to pay the annual dividend of 150 yen per share for the year ending March 31, 2020, consisting of two ordinary dividends (110 yen per share) and the special dividend, the total amount for the year ending March 31, 2020 (forecast) in the above table shows such amount.

## 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)

Fiscal year	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	%	¥
	459,300	1.3	45,000	37.6	34,000	87.2	32,500	67.8	278.12

Note: Changes from the latest released performance forecasts: No

(Ref.) Volume of business: Fiscal year: ¥2,300,000 million

\* Notes

- (1) Significant changes in subsidiaries during the period under review: Yes  
Inclusion: (Company Name) PT HCD Properti Indonesia
- (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 15.
- (3) Number of outstanding shares (common shares)  
( i ) Shares issued at end of term (including treasury stock)  
As of December 31, 2019: 124,826,552 shares      As of March 31, 2019: 124,826,552 shares  
( ii ) Treasury stock at end of term  
As of December 31, 2019: 7,969,975 shares      As of March 31, 2019: 7,969,770 shares  
( iii ) Weighted average number of shares outstanding  
Nine months ended December 31, 2019: 116,856,712 shares      Nine months ended December 31, 2018: 116,861,699 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 9.

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## 1. Qualitative Information concerning Financial Results for the Third Quarter Ended December 31, 2019

### (1) Explanation about Operating Results

#### 1) Summary of operating results

Summarized results for the nine months ended December 31, 2019 were as follows.

(¥ million, %)

	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Y on Y Change
Volume of business	2,055,028	1,639,460	(20.2)
Revenues	338,148	338,343	0.1
Gross profit	104,504	100,300	(4.0)
Profit before tax	40,831	31,244	(23.5)
Net income attributable to owners of the parent	29,866	22,821	(23.6)

For the nine months ended December 31, 2019, as indicated in “FY2019-FY2021 Mid-Term Management Plan” released in October 2019, the Company has steadily implemented measures toward our goal of achieving social values creation, such as focusing on key businesses (Environment/Energy, Mobility, Life, and Sales Finance) and increasing added value.

In addition, following the inappropriate factoring deals at Hitachi Capital Factoring (China) Co., Ltd., a subsidiary of the Company, the Group has strived to further strengthen risk management by taking thoroughgoing measures to prevent recurrence, among others.

As a result, profit before tax decreased 23.5% year on year to ¥31,244 million due mainly to the termination of large-scale factoring business in China and the Americas and yen appreciation, but the Group largely achieved the plan as Japan and U.K. businesses exceeded the initial forecasts.

(Main topics in key businesses)

#### “Environment/Energy”

- July 2019, Tsugaru Wind Power Generation Co., Ltd., a group company of the Company, has completed the building of “Jusanko Wind Power Plant (34.5MW)” in Goshogawara City and Nakadomari-machi, Aomori Prefecture.
- September 2019, the “Yokohama-machi Hibaritaira Wind Power Plant (32.2MW)” operated by Yokohama Wind Power Generation Co., Ltd., a group company of the Company, has started the supply of specified electricity generated by renewable energy.
- November 2019, Hitachi Green Energy Corporation, a group company of the Company, commenced test operation at “Solar Power Plant in Niimi City, Okayama Prefecture (36.4MW).”

As a result of these measures, the cumulative power generation capacity of the group has expanded to 570MW (as of the end of December 2019).

#### “Mobility”

- October 2019, the Company invested in Mobility Mixx B.V. engaging in MaaS in the Netherlands.
- October 2019, our Dutch subsidiary Hitachi Capital Mobility Holding Netherlands B.V. acquired Mobilease Belgium NV, providing mobility service in Belgium.

As a result of these measures, the business area of Mobility business has expanded to five countries in the continental Europe (as of the end of December 2019).

“Life”

- September 2019, a commercial facility “SAKURA MACHI Kumamoto” in Kumamoto City, Kumamoto Prefecture, implemented our digital signage solution.
- October 2019, the Company won a bid for the new prefectural gym construction project in Shiga.
- November 2019, the Company launched a joint development with Green Earth Institute Co., Ltd. of useful chemicals made from food and agricultural residues that contribute to “health.”
- December 2019, our subsidiary Hitachi Capital Community Corporation and a Daiwa House Group company PT Daiwa Manunggal Logistik Properti established a new real estate leasing company in Indonesia.

“Sales finance”

- April 2019, our U.K. subsidiary Hitachi Capital (UK) PLC established Hitachi Capital European Vendor Solutions B.V., a sales finance service provider, in Amsterdam, the Netherlands.

Results by segment for the nine months ended December 31, 2019 were as follows.

(Japan: Account Solution)

Revenues decreased 1.7% year on year to ¥169,624 million and profit before tax decreased 21.7% to ¥13,782 million due to a decrease in sale of semiconductor manufacturing facilities by strategic inventory adjustments in electronic device business, despite a solid growth in volume of business.

(Japan: Vendor Solution)

Revenues increased 1.3% year on year to ¥18,921 million due to a steady growth in volume of business of information communication equipment.

Profit before tax increased 6.4% to ¥4,827 million due to an increase in revenues and a decrease in selling, general and administrative expenses as a result of business structural reform.

(Europe)

Revenues increased 4.6% year on year to ¥98,677 million due to strong performance of Mobility business in the continental Europe.

Profit before tax decreased 3.9% to ¥13,281 million due to the appreciation of yen despite a stable growth in U.K. business.

(The Americas)

Revenues increased 15.9% year on year to ¥22,490 million due to the acquisition of Global Technology Finance, LLC in February 2019 and strong performance in Canada business.

Profit before tax decreased 34.7% to ¥2,521 million due to the closing of the large-scale factoring business and an increase in expenses related to business expansion.

(China)

Revenues decreased 32.2% year on year to ¥9,500 million and profit before tax decreased 66.1% to ¥1,955 million due to the closing of large-scale factoring business and syndicated loan.

(ASEAN)

Revenues increased 2.9% year on year to ¥13,420 million due to steady performance in Malaysia and Indonesia.

Profit before tax decreased 25.3% year on year to ¥988 million due mainly to recording allowance for doubtful accounts for individual receivables in Singapore.

## 2) Key management indicators (Annualized)

	(%)	
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019
ROA	1.5	1.1
OHR	58.2	63.1
[Ref.] ROE	10.5	7.9

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position As of December 31, 2019 was as follows:

(¥ million, %)

	As of March 31, 2019	As of December 31, 2019	Change	
			Amount	%
Total assets	3,772,784	3,756,632	(16,151)	(0.4)
Interest-bearing debt	3,118,052	3,126,588	8,535	0.3
Total equity	390,418	403,259	12,840	3.3

i . Total assets

Total assets as of December 31, 2019 decreased ¥16,151 million from March 31, 2019 to ¥3,756,632 million due to a decrease in trade and other receivables in the Americas and China.

ii . Interest-bearing debt

Interest-bearing debt as of December 31, 2019 increased ¥8,535 million from March 31, 2019 to ¥3,126,588 million due mainly to an increase in long-term borrowings and an increase in lease liabilities as a result of adoption of IFRS 16.

iii . Total equity

Total equity as of December 31, 2019 increased ¥12,840 million from March 31, 2019 to ¥403,259 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 ¥22,821 million, and a decrease due to cash dividends paid of ¥10,750 million.

## 2) Cash flows

Cash flows during nine months ended December 31, 2019 were as follows:

(¥ million)

	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Change
Cash flows from operating activities	(140,605)	120,964	261,570
Cash flows from investing activities	(38,757)	(8,875)	29,882
Cash flows from financing activities	236,031	(78,178)	(314,209)
Free cash flow	(179,363)	112,089	291,452

### i . Cash flows from operating activities

Net cash provided by operating activities was ¥120,964 million primarily due to a decrease in trade and other receivables of ¥152,187 million resulting from the closing of the large-scale factoring business in China and the Americas, purchase of operating leased assets of ¥146,152 million, and proceeds from sale of operating leased assets of ¥24,184 million.

### ii . Cash flows from investing activities

Net cash used in investing activities was ¥8,875 million primarily due to proceeds from sale and redemption of investments in securities and withdrawal of time deposits of ¥11,557 million, purchase of other property, plant and equipment of ¥11,045 million, purchase of investments in securities and payments to time deposits of ¥3,921 million, and purchase of other intangible assets of ¥3,409 million.

### iii . Cash flows from financing activities

Net cash used in financing activities was ¥78,178 million primarily due to proceeds from long-term borrowings and bonds of ¥607,739 million, payments on long-term borrowings and bonds of ¥568,042 million, and a decrease in short-term borrowings of ¥106,962 million.

As a result, cash and cash equivalents as of December 31, 2019 increased ¥32,860 million from March 31, 2019 to ¥252,718 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash inflows of ¥291,452 million, an increase of ¥112,089 million from the nine months ended December 31, 2018.



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

For the nine months ended December 31, 2019, we achieved most of our targets despite the negative impact of yen appreciation. The financial results forecasts for the year ending March 31, 2020 remain unchanged from the previous forecasts announced on November 6, 2019.

(¥ million)

		Fiscal Year Ending March 31, 2020
Volume of business		2,300,000
Revenues		459,300
Gross profit		139,400
Profit before tax		45,000
Net income attributable to owners of the parent		32,500
Basic earnings per share attributable to owners of the parent		¥278.12
Assumed exchange rate (Second half)	Yen/£	¥135
	Yen/\$	¥108

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 December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	219,858	252,718
Trade and other receivables	1,517,882	1,354,175
Finance lease receivables	1,206,090	1,268,403
Other financial assets	91,653	87,224
Operating leased assets	503,486	526,243
Investments accounted for using the equity method	36,746	37,490
Other property, plant and equipment	93,655	120,908
Other intangible assets	41,604	42,200
Deferred tax assets	15,167	13,905
Other assets	46,640	53,363
Total assets	3,772,784	3,756,632
<b>Liabilities</b>		
Trade and other payables	104,810	69,506
Borrowings and bonds	3,118,052	3,126,588
Other payables	11,510	11,244
Other financial liabilities	58,494	60,841
Income tax payable	3,867	2,918
Retirement and severance benefits	6,395	6,604
Deferred tax liabilities	4,865	4,762
Other liabilities	74,368	70,907
Total liabilities	3,382,365	3,353,373
<b>Equity</b>		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,313	45,323
Retained earnings	339,655	351,701
Accumulated other comprehensive income	(2,968)	(2,842)
Treasury stock	(14,425)	(14,426)
Total equity attributable to owners of the parent	377,557	389,739
Non-controlling interests	12,861	13,519
Total equity	390,418	403,259
Total liabilities and equity	3,772,784	3,756,632

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

## Summary of Quarterly Consolidated Statements of Profit or Loss

	(¥ million)	
	Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Revenues	338,148	338,343
Cost of sales	233,644	238,042
Gross profit	104,504	100,300
Selling, general and administrative expenses	66,000	70,504
Other income	517	294
Other expenses	351	51
Share of profits of investments accounted for using the equity method	2,161	1,207
Profit before tax	40,831	31,244
Income taxes	10,414	7,609
Net income	30,416	23,635
Net income attributable to:		
Owners of the parent	29,866	22,821
Non-controlling interests	550	813
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥255.57	¥195.30

## Summary of Quarterly Consolidated Statements of Comprehensive Income

	(¥ million)	
	Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Net income	30,416	23,635
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	(2,029)	2,838
Share of other comprehensive income of investments accounted for using the equity method	(163)	8
Total items not to be reclassified to net income	(2,193)	2,847
Items that can be reclassified to net income		
Foreign currency translation adjustments	(4,923)	(1,480)
Cash flow hedges	(84)	(648)
Share of other comprehensive income of investments accounted for using the equity method	(158)	(422)
Total items that can be reclassified to net income	(5,166)	(2,552)
Other comprehensive income	(7,359)	295
Comprehensive income	23,056	23,930
Comprehensive income attributable to:		
Owners of the parent	22,664	23,121
Non-controlling interests	392	809

(3) Summary of Quarterly Consolidated Statements of Changes in Equity  
For the Nine Months Ended December 31, 2018 (April 1, 2018 - December 31, 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			29,866			29,866	550	30,416
Other comprehensive income				(7,201)		(7,201)	(158)	(7,359)
Comprehensive income for the period			29,866	(7,201)		22,664	392	23,056
Dividends to equity owners of the parent			(10,401)			(10,401)		(10,401)
Dividends to non-controlling interests							(218)	(218)
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		75		0		75	33	109
Acquisition of non-controlling interests							264	264
Share-based payment transaction		9				9		9
Total changes in equity	—	85	19,464	(7,201)	(89)	12,258	472	12,731
As of December 31, 2018	9,983	45,300	350,130	(4,293)	(14,425)	386,694	14,613	401,308

For the Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 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			22,821			22,821	813	23,635
Other comprehensive income				299		299	(3)	295
Comprehensive income for the period			22,821	299		23,121	809	23,930
Dividends to equity owners of the parent			(10,750)			(10,750)		(10,750)
Dividends to non-controlling interests							(228)	(228)
Acquisition of treasury stock					(0)	(0)		(0)
Transfer to retained earnings				(168)		(168)		(168)
Transfer from accumulated other comprehensive income			168			168		168
Equity transactions with non-controlling interests		9		(4)		5	78	83
Total changes in equity	—	9	12,239	126	(0)	12,374	659	13,034
As of December 31, 2019	9,983	45,323	351,701	(2,842)	(14,426)	389,739	13,519	403,259

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

(¥ million)

	Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)
<b>Cash flows from operating activities</b>		
Net income	30,416	23,635
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	97,516	106,982
Income taxes	10,414	7,609
Share of profits of investments accounted for using the equity method	(2,161)	(1,207)
(Increase) decrease in trade and other receivables	(111,525)	152,187
(Increase) decrease in finance lease receivables	(45,131)	(10,551)
Purchase of operating leased assets	(116,741)	(146,152)
Proceeds from sale of operating leased assets	35,058	24,184
Increase (decrease) in trade and other payables	(11,165)	(22,865)
Other	(17,853)	(4,740)
Subtotal	(131,172)	129,082
Income taxes paid	(9,433)	(8,117)
Net cash provided by (used in) operating activities	(140,605)	120,964
<b>Cash flows from investing activities</b>		
Purchase of other property, plant and equipment	(10,995)	(11,045)
Purchase of other intangible assets	(3,803)	(3,409)
Purchase of investments in securities and payments to time deposits	(18,126)	(3,921)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	2,908	11,557
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	(594)	(294)
Advance payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	(4,359)	—
Purchase of investments accounted for using the equity method	(168)	(682)
Net decrease (increase) in short-term loans receivable	—	10
Payments of long-term loans receivable	(3,690)	(1,621)
Collection of long-term loans receivable	12	483
Other	58	47
Net cash provided by (used in) investing activities	(38,757)	(8,875)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	142,628	(106,962)
Proceeds from long-term borrowings and bonds	581,170	607,739
Payments on long-term borrowings and bonds	(476,873)	(568,042)
Dividends paid to owners of the parent	(10,412)	(10,743)
Dividends paid to non-controlling interests	(346)	(228)
Proceeds from payments from non-controlling interests	38	59
Purchase of shares of consolidated subsidiaries from non-controlling interests	(84)	—
Other	(89)	(0)
Net cash provided by (used in) financing activities	236,031	(78,178)
Effect of exchange rate changes on cash and cash equivalents	527	(1,050)
Net increase (decrease) in cash and cash equivalents	57,195	32,860
Cash and cash equivalents at beginning of period	174,805	219,858
Cash and cash equivalents at end of period	232,000	252,718

(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

(Changes in presentation)

Summary of Quarterly Consolidated Statements of Cash Flows

“Collection of long-term loans receivable” in “Cash flows from investing activities” was included in “Other” for the nine months ended December 31, 2018 but is separately presented for the nine months ended December 31, 2019 as it became material. The summary of quarterly consolidated statements of cash flows for the nine months ended December 31, 2018 has been reclassified in order to reflect this change in presentation.

As a result, “Other” of ¥70 million in “Cash flows from investing activities” in the summary of quarterly consolidated statements of cash flows for the nine months ended December 31, 2018 were reclassified as “Collection of long-term loans receivable” of ¥12 million and “Other” of ¥58 million.

## (Segment information)

## I For the Nine Months Ended December 31, 2018 (April 1, 2018 - December 31, 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	172,040	18,606	94,316	19,396	14,005	13,042	331,408	8,746	340,155	(2,006)	338,148
Intersegment	536	75	-	-	-	-	611	837	1,449	(1,449)	-
Total	172,576	18,681	94,316	19,396	14,005	13,042	332,019	9,584	341,604	(3,455)	338,148
Profit before tax	17,595	4,537	13,820	3,862	5,762	1,321	46,900	1,031	47,932	(7,101)	40,831

## (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 Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 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	169,087	18,899	98,677	22,490	9,500	13,420	332,075	8,028	340,104	(1,761)	338,343
Intersegment	536	21	-	-	-	-	558	807	1,366	(1,366)	-
Total	169,624	18,921	98,677	22,490	9,500	13,420	332,633	8,836	341,470	(3,127)	338,343
Profit before tax	13,782	4,827	13,281	2,521	1,955	988	37,356	608	37,965	(6,720)	31,244

## (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.	Fiscal Year Ended March 31, 2019		Fiscal Year Ending March 31, 2020			
		Third Quarter (Results)	Nine Months Ended December 31, 2018 (Results)	Third Quarter (October to December)		Nine Months Ended December 31, 2019 (April to December)	
				(Results)	Y on Y	(Results)	Y on Y
Revenues	1	112,192	338,148	112,370	0.2	338,343	0.1
Cost of sales	2	76,412	233,644	78,355	2.5	238,042	1.9
Gross profit	3	35,779	104,504	34,015	(4.9)	100,300	(4.0)
Selling, general and administrative expenses	4	21,949	66,000	23,740	8.2	70,504	6.8
Other income	5	483	517	88	(81.7)	294	(43.1)
Other expenses	6	308	351	16	(94.8)	51	(85.2)
Share of profits of investments accounted for using the equity method	7	607	2,161	252	(58.4)	1,207	(44.2)
Profit before tax	8	14,612	40,831	10,599	(27.5)	31,244	(23.5)
Income taxes	9	3,660	10,414	2,629	(28.2)	7,609	(26.9)
Net income	10	10,951	30,416	7,970	(27.2)	23,635	(22.3)
Net income attributable to:							
Owners of the parent	11	10,619	29,866	7,611	(28.3)	22,821	(23.6)
Non-controlling interests	12	331	550	358	8.1	813	47.7
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	13	¥90.88	¥255.57	¥65.14	(28.3)	¥195.30	(23.6)

## (2) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

	No.	Nine Months Ended December 31, 2018		Nine Months Ended December 31, 2019		Y on Y change	
			Composition		Composition		
Japan	Account Solution	1	553,558	26.9	589,007	35.9	6.4
	Wholesale	2	416,487	20.2	452,065	27.5	8.5
	Information equipment related	3	143,929	7.0	194,263	11.8	35.0
	Industrial construction machinery related	4	45,061	2.2	69,995	4.3	55.3
	Commercial logistics related	5	62,046	3.0	46,096	2.8	(25.7)
	Factoring	6	31,041	1.5	24,323	1.5	(21.6)
	Card	7	51,859	2.5	51,309	3.1	(1.1)
	Others	8	82,548	4.0	66,076	4.0	(20.0)
	Vehicle	9	41,605	2.0	45,591	2.8	9.6
	Residential CMS	10	94,643	4.6	91,350	5.6	(3.5)
	Others	11	822	0.1	0	0.0	-
	Vendor Solution	12	136,789	6.7	148,452	9.1	8.5
Europe	13	500,027	24.3	483,013	29.5	(3.4)	
The Americas	14	564,227	27.4	269,296	16.4	(52.3)	
China	15	206,444	10.0	71,597	4.4	(65.3)	
ASEAN	16	87,667	4.3	71,777	4.4	(18.1)	
Others	17	7,284	0.4	7,248	0.4	(0.5)	
Elimination and others	18	(971)	0.0	(934)	(0.1)	-	
Consolidated business volume	19	2,055,028	100.0	1,639,460	100.0	(20.2)	

## (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.