

May 29, 2020



Consolidated Earnings Report [IFRS]

For the Year Ended March 31, 2020

Corporate Name: **Hitachi Capital Corporation**
 Stock Code: 8586 URL: <https://www.hitachi-capital.co.jp>
 Stock Listing: Tokyo Stock Exchange
 Representative Director: Seiji Kawabe, President and CEO
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 Date of ordinary general meeting of shareholders: June 29, 2020
 Scheduled commencement of dividend payment: June 26, 2020
 Scheduled date of submission of annual securities report: June 30, 2020
 Preparation of supplementary material for financial results: Yes
 Holding of financial results meeting: Yes (for investors & analysts)

(All amounts rounded down)

1. Consolidated Results for the Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	%
Year ended March 31, 2020	464,020	2.4	42,526	30.0	31,985	76.1	30,693	58.5	15,529	27.6
Year ended March 31, 2019	453,253	12.2	32,706	(26.2)	18,161	(45.3)	19,363	(39.6)	12,167	(70.1)

	Earnings per share (basic)	Earnings per share (diluted)	ROE	ROA	Profit before tax margin
	¥	¥	%	%	%
Year ended March 31, 2020	262.67	—	8.1	1.1	9.2
Year ended March 31, 2019	165.69	—	5.1	0.9	7.2

(Ref.) Share of profits of investments accounted for using the equity method:

Year ended March 31, 2020: ¥1,430 million Year ended March 31, 2019: ¥3,001 million
 Volume of business: Year ended March 31, 2020: ¥2,186,490 million Year ended March 31, 2019: ¥2,745,094 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	%	¥
Year ended March 31, 2020	3,719,474	396,013	380,728	10.2	3,260.23
Year ended March 31, 2019	3,772,784	390,418	377,557	10.0	3,230.95

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Year ended March 31, 2020	130,021	(15,741)	(65,623)	265,463
Year ended March 31, 2019	(176,507)	(56,268)	277,131	219,858

(Note) Purchase and sale of operating leased assets are included in operating activities.

2. Dividends

	Dividends per share					Total dividends (For the year) ¥ million	Payout ratio (Consolidated) %	Dividends to Equity (Consolidated) %
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year			
	¥	¥	¥	¥	¥	¥ million	%	%
Year ended March 31, 2019	—	46.00	—	0.00	46.00	5,376	27.8	1.4
Year ended March 31, 2020	—	52.00	—	58.00	150.00	17,532	57.1	4.6
Year ending March 31, 2021 (Forecast)	—	40.00	—	54.00	94.00		39.9	

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 pays the annual dividend of 150 yen per share for the year ended March 31, 2020, consisting of two ordinary dividends (110 yen per share) and the special dividend, the total amount for the year ended March 31, 2020 in the above table shows such amount.

3. Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(% 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	219,500	(2.9)	16,300	(21.0)	12,400	(20.8)	11,800	(22.4)	101.04
Fiscal year	450,200	(3.0)	38,500	(9.5)	29,000	(9.3)	27,500	(10.4)	235.49

(Ref.) Volume of business: Interim: ¥702,700 million Fiscal year: ¥1,755,000 million

It is difficult to predict when the novel coronavirus infection will end at this time. Therefore those financial figures are estimated based on the certain assumptions. For the details, please refer to "(3) Consolidated earnings forecasts for the fiscal year ending March 31, 2021 on page 6.

* Notes

(1) Significant changes in subsidiaries during the period under review

(Transfer of specific subsidiaries accompanying the change of scope of consolidation): 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 "3. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements" on page 17.

(3) Number of outstanding shares (common shares)

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

As of March 31, 2020: 124,826,552 shares As of March 31, 2019: 124,826,552 shares

(ii) Treasury stock at end of term

As of March 31, 2020: 8,046,875 shares As of March 31, 2019: 7,969,770 shares

(iii) Weighted average number of shares outstanding

Year ended March 31, 2020: 116,853,475 shares Year ended March 31, 2019: 116,860,470 shares

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

* Explanation for proper use of earnings 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) Consolidated earnings forecasts for the year ending March 31, 2021 on page 6.

The Company will have a financial results meeting for institutional investors and financial analysts on May 29, 2020.

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1. Analysis of Operating Results and Consolidated Financial Position

(1) Analysis of Operating Results

1) Summary of operating results

Summarized consolidated financial results for the fiscal year ended March 31, 2020 were as follows:

	Year Ended March 31, 2019	Year Ended March 31, 2020	Y on Y Change
Volume of business	2,745,094	2,186,490	(20.3)
Revenues	453,253	464,020	2.4
Gross profit	140,393	136,316	(2.9)
Profit before tax	32,706	42,526	30.0
Net income attributable to owners of the parent	19,363	30,693	58.5

During the fiscal year ended March 31, 2020, the global economy had been on a gradual slowdown trend due to the impact of the U.S.-China trade friction until the third quarter. In the fourth quarter, however, following the rapid spread of the novel coronavirus infection (COVID-19) and a pandemic declaration by WHO, governments in major countries declared states of emergency and implemented measures such as entry/exit restrictions, causing significant restrictions on economic activities and drastic deterioration of the business confidence.

For the fiscal year ended March 31, 2020, as indicated in “FY2019-FY2021 Mid-Term Management Plan” released in October 2019, the Company has steadily implemented measures towards 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 response to the inappropriate factoring deals at Hitachi Capital Factoring (China) Co., Ltd., a subsidiary of the Company, which occurred in the fiscal year ended March 31, 2019, the Group positioned the fiscal year ended March 31, 2020 as a “year to strengthen the base” and performed a fundamental review of its global business after comprehensive business inspections. And as thoroughgoing measures to prevent recurrence, the Group strived to further enhance operational risk management system and fraud risk management through implementation and operation of more stringent global credit risk related rules, closer coordination between overseas group companies and headquarters, as well as, training on new credit risk related rules to employees.

As a result, profit before tax increased 30.0% year on year to ¥42,526 million due to steady implementation of the business strategy such as strengthen key businesses and the closing of large factoring businesses as initially planned despite recording of allowance for doubtful accounts of ¥2,600 million in relation to the impact of the novel coronavirus infection.

We calculated allowance for doubtful accounts assuming that credit risk will increase until the first half of the year fiscal ended March 31, 2021 (about 6 months) both in Japan and Global Business.

(Main topics in key businesses)

“Environment/Energy”

- July 2019, Tsugaru Wind Power Generation Co., Ltd., a subsidiary 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 subsidiary of the Company, has started the supply of specified electricity generated by renewable energy.
- February 2020, Hitachi Green Energy Corporation, a subsidiary of the Company, commenced test operation at “Solar Power Plant in Niimi City, Okayama Prefecture (36.4MW).”

As a result, the Group’s accumulated power generation capacity has expanded to 593MW (as of March 31, 2020).

“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.
- March 2020, our Polish subsidiary Hitachi Capital Polska Sp. z o.o. established new branches in Czech Republic, Slovakia, and Hungary.

As a result, our mobility business has expanded to eight countries in the Continental Europe (as of March 31, 2020).

“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 Prefecture.
- 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.
- March 2020, the Company launched a proof-of-concept for IoT smart house aiming at building “Life as a Service” model for a comprehensive smart-life-related service with Asahi Kasei Homes Corporation and Sharp Corporation.

“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.
- March 2020, the Company entered into a comprehensive partnership agreement for Industrial IoT with Yokogawa Electric Corporation and amnimo Inc.

Results by segment for the fiscal year ended March 31, 2020 were as follows.

(Japan: Account Solution)

Revenues increased 4.1% year on year to ¥238,740 million due to a steady performance in Environment/Energy.

Profit before tax decreased 11.1% to ¥20,188 million due to a decrease in sale of semiconductor manufacturing facilities as a result of strategic inventory adjustments in electronic device business and recording of allowance for doubtful accounts in relation to the impact of the novel coronavirus infection.

(Japan: Vendor Solution)

Revenues increased 0.9% year on year to ¥25,173 million due to a steady growth in volume of business of information communication equipment.

Profit before tax decreased 13.0% to ¥5,435 million due to recording of allowance for doubtful accounts in relation to the impact of the novel coronavirus infection, despite a decrease in selling, general and administrative expenses as a result of a business structural reform.

(Europe)

Revenues increased 4.3% year on year to ¥132,590 million due to strong performance of Mobility business in the Continental Europe.

Profit before tax increased 1.5% to ¥18,533 million due to a solid growth in U.K. business despite recording of the appreciation of yen and allowance for doubtful accounts in relation to the impact of the novel coronavirus infection.

(The Americas)

Revenues increased 9.3% year on year to ¥29,447 million due to the acquisition of Global Technology Finance, LLC in February 2019 and strong performance in Canada business.

Profit before tax decreased 37.0% to ¥3,212 million due to the closing of the large-scale factoring business and allowance for doubtful accounts in relation to the impact of the novel coronavirus infection.

(China)

Revenues decreased 34.5% year on year to ¥12,189 million due to the closing of large-scale factoring business and syndicated loan.

Profit before tax amounted to ¥1,956 million due to an absence of allowance of ¥20,665 million for inappropriate factoring deals recorded in the year ended March 31, 2019 despite a decrease in revenues and allowance for doubtful accounts in relation to the impact of the novel coronavirus infection.

The Company, in cooperation with external experts, developed recurrence prevention measures against the inappropriate factoring deals at Hitachi Capital Factoring (China) Co., Ltd. which occurred in the fiscal year ended March 31, 2019 and confirmed that the measures have been thoroughly implemented.

(ASEAN)

Revenues increased 0.4% year on year to ¥17,601 million due to steady performance in Malaysia and Indonesia.

Profit before tax decreased 53.0% to ¥702 million due to recording of allowance for doubtful accounts for individual receivables in Singapore and also for the impact of the novel coronavirus infection.

2) Key management indicators

	Year Ended March 31, 2019	Year Ended March 31, 2020
ROE	5.1	8.1
ROA	0.9	1.1
Ratio of equity attributable to owners of the parent	10.0	10.2

3) Consolidated earnings forecasts for the fiscal year ending March 31, 2021

In terms of the business environment surrounding the Company, the global outbreak of the novel coronavirus infection has been causing serious effects on the global economy, and its uncertainty remains due to concerns over the second (and third) wave.

The Company expects decreases in volume of business in both Japan and Global Business due to declines in capital investments and personal consumption as well as restrictions on business activities.

As it is difficult to predict when the novel coronavirus infection will end at this time, the Company incorporates decreases in business volume and revenues in its consolidated earnings forecasts for the fiscal year ending March 31, 2021, assuming that the novel coronavirus infection will have significant negative impact until June 2020 and then the economy will gradually recover towards March 2021.

Based on the above, the consolidated earnings forecasts for the fiscal year ending March 31, 2021 are as follows, but they may be subject to change depending on the future development of the novel coronavirus infection.

(¥ million)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ending March 31, 2021 (Forecast)
Volume of business	2,186,490	1,755,000
Revenues	464,020	450,200
Gross profit	136,316	136,000
Profit before tax	42,526	38,500
Net income attributable to owners of the parent	30,693	27,500
Basic earnings per share attributable to owners of the parent	¥262.67	¥235.49

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.

(2) Analysis of Financial Position

1) Assets, liabilities and equity

Financial position as of March 31, 2020 was as follows:

(¥ million, %)

	As of March 31, 2019	As of March 31, 2020	Change	
			Amount	%
Total assets	3,772,784	3,719,474	(53,310)	(1.4)
Interest-bearing debt	3,118,052	3,081,051	(37,001)	(1.2)
Total equity	390,418	396,013	5,594	1.4

i . Total assets

Total assets as of March 31, 2020 decreased ¥53,310 million from March 31, 2019 to ¥3,719,474 million due to a decrease in trade and other receivables in the Americas and China.

ii . Interest-bearing debt

Interest-bearing debt as of March 31, 2020 decreased ¥37,001 million from March 31, 2019 to ¥3,081,051 million mainly due to a decrease in short short-term borrowings in the Americas and China.

iii . Total equity

Total equity as of March 31, 2020 increased ¥5,594 million from March 31, 2019 to ¥396,013 million, and major components consist of a decrease in 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 ¥30,693 million, a decrease in cash dividends paid of ¥10,750 million, and a decrease in accumulated other comprehensive income of ¥16,262 million.

2) Cash flows

Cash flows during the year ended March 31, 2020 were as follows:

(¥ million)

	Year Ended March 31, 2019	Year Ended March 31, 2020	Change
Cash flows from operating activities	(176,507)	130,021	306,528
Cash flows from investing activities	(56,268)	(15,741)	40,526
Cash flows from financing activities	277,131	(65,623)	(342,754)
Free cash flow	(232,775)	114,279	347,055

i . Cash flows from operating activities

Net cash provided by operating activities was ¥130,021 million primarily due to a decrease in trade and other receivables of ¥169,386 million resulting from the closing of the large-scale factoring business in China and the Americas, purchase of operating leased assets of ¥214,207 million, and proceeds from sale of operating leased assets of ¥43,759 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥15,741 million primarily due to purchase of other property, plant and equipment of ¥13,859 million, proceeds from sale and redemption of investments in securities and withdrawal of time deposits of ¥12,302 million, purchase of other intangible assets of ¥4,720 million, and purchase of investments in securities and payments to time deposits of ¥4,459 million.

iii . Cash flows from financing activities

Net cash used in financing activities was ¥65,623 million primarily due to proceeds from long-term borrowings and bonds of ¥810,516 million, payments on long-term borrowings and bonds of ¥715,579 million, and a decrease in short-term borrowings of ¥151,080 million.

As a result, cash and cash equivalent as of March 31, 2020 increased ¥45,604 million from March 31, 2019 to ¥265,463 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash inflows of ¥114,279 million, an increase of ¥347,055 million from the year ended March 31, 2019.

(3) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

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.

3) Dividends for the current and next fiscal years

(¥, %)

	Year Ended March 31, 2020	Year Ending March 31, 2021 (Forecast)	Change	
			Amount	%
Annual dividend per share	150.00	94.00	(56.00)	(37.3)

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 pays the annual dividend of 150 yen per share for the year ended March 31, 2020, consisting of two ordinary dividends (110 yen per share) and the special dividend, the year ended March 31, 2020 in the above table shows such amount.

2. Basic Policy for Selection of Accounting Standards

The Company has adopted International Financial Reporting Standard (IFRS) voluntarily for the annual securities report for the fiscal year ended March 31, 2015. By adopting IFRS, global accounting standards, and improving the comparability of the financial information in the capital market, the Company seeks to broaden domestic and overseas shareholder and investor base and to diversify funding methods in the global markets.

3. Consolidated Financial Statements

(1) [Consolidated Statements of Financial Position]

(¥ million)

	As of March 31, 2019	As of March 31, 2020
Assets		
Cash and cash equivalents	219,858	265,463
Trade and other receivables	1,517,882	1,279,496
Finance lease receivables	1,206,090	1,256,013
Other financial assets	91,653	103,494
Operating leased assets	503,486	544,434
Investments accounted for using the equity method	36,746	37,623
Other property, plant and equipment	93,655	122,071
Other intangible assets	41,604	41,306
Deferred tax assets	15,167	14,292
Other assets	46,640	55,279
Total assets	3,772,784	3,719,474
Liabilities		
Trade and other payables	104,810	87,675
Borrowings and bonds	3,118,052	3,081,051
Other payables	11,510	12,638
Other financial liabilities	58,494	50,610
Income tax payable	3,867	3,435
Retirement and severance benefits	6,395	7,440
Deferred tax liabilities	4,865	5,915
Other liabilities	74,368	74,692
Total liabilities	3,382,365	3,323,460
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,313	45,029
Retained earnings	339,655	359,572
Accumulated other comprehensive income	(2,968)	(19,231)
Treasury stock	(14,425)	(14,626)
Total equity attributable to owners of the parent	377,557	380,728
Non-controlling interests	12,861	15,285
Total equity	390,418	396,013
Total liabilities and equity	3,772,784	3,719,474

(2) [Consolidated Statements of Profit or Loss and Comprehensive Income]
 [Consolidated Statements of Profit or Loss]

	(¥ million)	
	For the Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Revenues	453,253	464,020
Cost of sales	312,859	327,703
Gross profit	140,393	136,316
Selling, general and administrative expenses	110,997	96,442
Other income	1,023	2,078
Other expenses	714	856
Share of profits of investments accounted for using the equity method	3,001	1,430
Profit before tax	32,706	42,526
Income taxes	14,544	10,541
Net income	18,161	31,985
Net income attributable to:		
Owners of the parent	19,363	30,693
Non-controlling interests	(1,201)	1,292
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥165.69	¥262.67

[Consolidated Statements of Comprehensive Income]

(¥ million)

	For the Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net income	18,161	31,985
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	(1,198)	(605)
Remeasurements of defined benefit plans	(1,395)	170
Share of other comprehensive income of investments accounted for using the equity method	(157)	(35)
Total items not to be reclassified to net income	<u>(2,752)</u>	<u>(470)</u>
Items that can be reclassified to net income		
Foreign currency translation adjustments	(1,504)	(12,032)
Cash flow hedges	(1,583)	(3,284)
Share of other comprehensive income of investments accounted for using the equity method	(153)	(669)
Total items that can be reclassified to net income	<u>(3,241)</u>	<u>(15,986)</u>
Other comprehensive income	<u>(5,993)</u>	<u>(16,456)</u>
Comprehensive income	<u>12,167</u>	<u>15,529</u>
Comprehensive income attributable to:		
Owners of the parent	13,514	14,649
Non-controlling interests	(1,346)	880

(3) [Consolidated Statements of Changes in Equity]

For the Year ended March 31, 2019 (April 1, 2018 - March 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, 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			19,363			19,363	(1,201)	18,161
Other comprehensive income				(5,848)		(5,848)	(145)	(5,993)
Comprehensive income for the period			19,363	(5,848)		13,514	(1,346)	12,167
Dividends to equity owners of the parent			(10,401)			(10,401)		(10,401)
Dividends to non-controlling interests							(230)	(230)
Acquisition of treasury stock					(89)	(89)		(89)
Transfer to retained earnings				(27)		(27)		(27)
Transfer from other comprehensive income			27			27		27
Equity transactions with non-controlling interests		97		0		98	32	131
Acquisition of non-controlling interests							264	264
Share-based payment transaction		—				—		—
Total changes in equity	—	97	8,989	(5,876)	(89)	3,121	(1,279)	1,842
As of March 31, 2019	9,983	45,313	339,655	(2,968)	(14,425)	377,557	12,861	390,418

For the Year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(¥ 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			30,693			30,693	1,292	31,985
Other comprehensive income				(16,044)		(16,044)	(411)	(16,456)
Comprehensive income for the period			30,693	(16,044)		14,649	880	15,529
Dividends to equity owners of the parent			(10,750)			(10,750)		(10,750)
Dividends to non-controlling interests							(242)	(242)
Acquisition of treasury stock					(200)	(200)		(200)
Transfer to retained earnings			168	(168)		—		—
Equity transactions with non-controlling interests		(291)		(50)		(341)	134	(207)
Acquisition of non-controlling interests							1,653	1,653
Share-based payment transaction		7				7		7
Total changes in equity	—	(283)	20,110	(16,262)	(200)	3,363	2,425	5,789
As of March 31, 2020	9,983	45,029	359,572	(19,231)	(14,626)	380,728	15,285	396,013

(4) [Consolidated Statements of Cash Flows]

(¥ million)

	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Net income	18,161	31,985
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	131,608	146,384
Income taxes	14,544	10,541
Share of profits of investments accounted for using the equity method	(3,001)	(1,430)
(Increase) decrease in trade and other receivables	(127,396)	169,386
(Increase) decrease in finance lease receivables	(68,122)	(3,438)
Purchase of operating leased assets	(167,219)	(214,207)
Proceeds from sale of operating leased assets	46,616	43,759
Increase (decrease) in trade and other payables	348	(15,293)
Other	(11,170)	(28,386)
Subtotal	(165,629)	139,302
Income taxes paid	(10,877)	(9,281)
Net cash provided by (used in) operating activities	(176,507)	130,021
Cash flows from investing activities		
Purchase of other property, plant and equipment	(21,470)	(13,859)
Purchase of other intangible assets	(5,158)	(4,720)
Purchase of investments in securities and payments to time deposits	(21,500)	(4,459)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	6,128	12,302
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	(4,922)	(294)
Purchase of investments accounted for using the equity method	(2,696)	(682)
Payments for transfer of business	(2,207)	(2,802)
Net decrease (increase) in short-term loans receivable	(832)	(5)
Payments of long-term loans receivable	(3,691)	(1,762)
Collection of long-term loans receivable	25	495
Other	58	47
Net cash provided by (used in) investing activities	(56,268)	(15,741)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	125,709	(151,080)
Proceeds from long-term borrowings and bonds	770,327	810,516
Payments on long-term borrowings and bonds	(607,994)	(715,579)
Dividends paid to owners of the parent	(10,415)	(10,750)
Dividends paid to non-controlling interests	(358)	(242)
Proceeds from payments from non-controlling interests	38	1,713
Purchase of shares of consolidated subsidiaries from non-controlling interests	(84)	—
Other	(89)	(200)
Net cash provided by (used in) financing activities	277,131	(65,623)
Effect of exchange rate changes on cash and cash equivalents	697	(3,051)
Net increase (decrease) in cash and cash equivalents	45,053	45,604
Cash and cash equivalents at beginning of period	174,805	219,858
Cash and cash equivalents at end of period	219,858	265,463

(5) Notes to the 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 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)

Consolidated Statements of Cash Flows

“Collection of long-term loans receivable” in “Cash flows from investing activities” was included in “Other” for the year ended March 31, 2019 but is separately presented for the year ended March 31, 2020 as it became material. The consolidated statements of cash flows for the year ended March 31, 2019 has been reclassified in order to reflect this change in presentation.

As a result, “Other” of ¥83 million in “Cash flows from investing activities” in the consolidated statements of cash flows for the year ended March 31, 2019 were reclassified as “Collection of long-term loans receivable” of ¥25 million and “Other” of ¥58 million.

(Segment information)

Segment information

The Group's reportable segments are components of the Group for which separate financial information is available that are reviewed by the Board of Directors regularly to make decisions regarding the allocation of management resources and evaluate operating performance.

The Group classifies reportable segments into Japan, Europe, the Americas, China and ASEAN, and further classifies Japan into "Account Solution" and "Vendor Solution" in view of its business model and customers to provide solutions, resulting in six reportable segments in total.

Services and customers to provide solutions by reportable segment are described below:

(1) Account Solution (Japan)

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 (Japan)

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, and 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.

Segment information for the years ended March 31, 2019 and 2020 is as follows.

For the Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statements of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	228,634	24,870	127,091	26,945	18,600	17,534	443,676	11,683	455,360	(2,107)	453,253
Intersegment	747	85	-	-	-	-	832	1,103	1,936	(1,936)	-
Total	229,381	24,956	127,091	26,945	18,600	17,534	444,509	12,787	457,297	(4,044)	453,253
Profit (loss) before tax	22,718	6,245	18,251	5,100	(13,895)	1,493	39,914	1,302	41,216	(8,509)	32,706

(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 (loss) 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.

For the Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statements of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	238,010	25,139	132,590	29,447	12,189	17,601	454,979	10,887	465,866	(1,846)	464,020
Intersegment	730	34	-	-	-	-	764	1,088	1,852	(1,852)	-
Total	238,740	25,173	132,590	29,447	12,189	17,601	455,743	11,976	467,719	(3,699)	464,020
Profit before tax	20,188	5,435	18,533	3,212	1,956	702	50,029	941	50,971	(8,444)	42,526

(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 (loss) 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.

(Per share information)

Equity per share attributable to owners of the parent and the basis for calculation and earnings per share attributable to owners of the parent and the basis for calculation are as follows. Diluted earnings per share attributable to owners of the parent is not disclosed as the Company has no dilutive shares.

Items	As of March 31, 2019	As of March 31, 2020
Number of common stock at year-end (shares)	116,856,782	116,779,677
Total equity attributable to owners of the parent (¥ million)	377,557	380,728
Total equity per share attributable to owners of the parent	3,230.95 Yen	3,260.23 Yen

Items	For the Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Weighted average number of common stock during the year (shares)	116,860,470	116,853,475
Net income attributable to owners of the parent (¥ million)	19,363	30,693
Earnings per share attributable to owners of the parent	165.69 Yen	262.67 Yen

(Significant subsequent events)

Not applicable

4. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ended March 31, 2020

(¥ million, %)

	No.	Fiscal Year Ended March 31, 2019		Fiscal Year Ended March 31, 2020			
		Fourth Quarter (Results)	Twelve Months Ended March 31, 2019 (Results)	Fourth Quarter (January to March) (Results)		Twelve Months Ended March 31, 2020 (April to March) (Results)	
				Y on Y	Y on Y	Y on Y	Y on Y
Revenues	1	115,104	453,253	125,677	9.2	464,020	2.4
Cost of sales	2	79,214	312,859	89,660	13.2	327,703	4.7
Gross profit	3	35,889	140,393	36,016	0.4	136,316	(2.9)
Selling, general and administrative expenses	4	44,997	110,997	25,937	(42.4)	96,442	(13.1)
Other income	5	505	1,023	1,784	252.7	2,078	103.1
Other expenses	6	362	714	804	122.0	856	19.9
Share of profits of investments accounted for using the equity method	7	839	3,001	222	(73.4)	1,430	(52.3)
Profit (loss) before tax	8	(8,124)	32,706	11,282	—	42,526	30.0
Income taxes	9	4,130	14,544	2,931	(29.0)	10,541	(27.5)
Net income (loss)	10	(12,254)	18,161	8,350	—	31,985	76.1
Net income (loss) attributable to:							
Owners of the parent	11	(10,503)	19,363	7,871	—	30,693	58.5
Non-controlling interests	12	(1,751)	(1,201)	478	—	1,292	—
Earnings (loss) per share							
Earnings (loss) per share attributable to owners of the parent (basic and diluted)	13	¥(89.88)	¥165.69	¥67.37	—	¥262.67	58.5

(2) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

	No.	Year ended March 31, 2019		Year ended March 31, 2020		Y on Y change	
			Composition		Composition		
Japan	Account Solution	1	802,990	29.2	828,314	37.9	3.2
	Wholesale	2	618,516	22.5	645,868	29.5	4.4
	Information equipment related	3	224,979	8.2	279,585	12.8	24.3
	Industrial construction machinery related	4	61,108	2.2	103,806	4.8	69.9
	Commercial logistics related	5	89,950	3.3	65,679	3.0	(27.0)
	Factoring	6	59,767	2.2	33,443	1.5	(44.0)
	Card	7	68,174	2.5	66,221	3.0	(2.9)
	Others	8	114,535	4.1	97,132	4.4	(15.2)
	Vehicle	9	56,557	2.1	60,781	2.8	7.5
	Residential CMS	10	127,021	4.6	121,665	5.6	(4.2)
	Others	11	894	0.0	0	0.0	-
	Vendor Solution	12	181,971	6.6	191,707	8.8	5.4
Europe	13	662,687	24.1	651,404	29.8	(1.7)	
The Americas	14	721,770	26.3	332,590	15.2	(53.9)	
China	15	251,027	9.2	86,141	3.9	(65.7)	
ASEAN	16	116,103	4.2	87,711	4.0	(24.5)	
Others	17	9,822	0.4	9,878	0.5	0.6	
Elimination and others	18	(1,277)	(0.0)	(1,256)	(0.1)	-	
Consolidated business volume	19	2,745,094	100.0	2,186,490	100.0	(20.3)	

(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.