

November 6, 2019

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

For the Six Months Ended September 30, 2019

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

Inquiries: Satoshi Inoue, Vice President and Executive Officer

Phone: +81-3-3503-2118

Scheduled date of submission of financial reports: November 13, 2019

Scheduled commencement of dividend payment: December 5, 2019

Preparation of supplementary material for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts rounded down)

## 1. Consolidated Financial Results for the Second Quarter Ended September 30, 2019 (April 1, 2019 – September 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	%
Six Months Ended September 30, 2019	225,972	0.0	20,644	(21.3)	15,664	(19.5)	15,209	(21.0)	3,057	(86.6)
Six Months Ended September 30, 2018	225,956	15.5	26,218	9.0	19,465	10.5	19,246	11.6	22,756	(16.3)

	Earnings per share (basic)	Earnings per share (diluted)	ROE
	¥	¥	%
Six Months Ended September 30, 2019	130.16	—	8.0
Six Months Ended September 30, 2018	164.69	—	10.0

(Ref.) Volume of business: Six Months Ended September 30, 2019: ¥1,156,399 million; Six Months Ended September 30, 2018: ¥1,365,660 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 September 30, 2019	3,708,842	393,212	380,040	10.2	3,252.19
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: Yes

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)

	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	%	¥
Fiscal year	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: Yes

(Ref.) Volume of business: Fiscal year: ¥2,300,000 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 September 30, 2019: 124,826,552 shares      As of March 31, 2019: 124,826,552 shares

( ii ) Treasury stock at end of term

As of September 30, 2019: 7,969,853 shares      As of March 31, 2019: 7,969,770 shares

( iii ) Weighted average number of shares outstanding

Six months ended September 30, 2019: 116,856,751 shares      Six months ended September 30, 2018: 116,864,157 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.

Hitachi Capital Corporation will have the quarterly financial results meeting to report the financial results for the second quarter ended September 30, 2019 for institutional investors and financial analysts on November 6, 2019.

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## 1. Qualitative Information concerning Financial Results for the Second Quarter Ended September 30, 2019

### (1) Explanation about Operating Results

#### 1) Summary of operating results

Summarized results for the six months ended September 30, 2019 were as follows.

(¥ million, %)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Y on Y Change
Volume of business	1,365,660	1,156,399	(15.3)
Revenues	225,956	225,972	0.0
Gross profit	68,724	66,285	(3.5)
Profit before tax	26,218	20,644	(21.3)
Net income attributable to owners of the parent	19,246	15,209	(21.0)

For the six months ended September 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.

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

As a result, due to the termination of large-scale factoring business in China and the Americas, the Group recorded that profit before tax decreased 21.3 % year on year to ¥20,644 million. However, despite negative impact of yen appreciation, the Group achieved the initial target as Japan Business and ASEAN business 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” in Goshogawara City and Nakadomari-machi, Aomori Prefecture.
- September 2019, the “Yokohama-machi Hibaritaira Wind Power Plant” 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.

“Life (Infrastructure and Urban Development)”

- September 2019, a commercial facility “SAKURA MACHI Kumamoto” in Kumamoto City, Kumamoto Prefecture, implemented our digital signage solution.

“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 six months ended September 30, 2019 were as follows.

(Japan: Account Solution)

Revenues decreased 2.2% year on year to ¥112,522 million and profit before tax decreased 15.1% to ¥9,193 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 decreased 0.2% year on year to ¥12,476 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.

Profit before tax increased 5.8% to ¥3,133 million due to a decrease in selling, general and administrative expenses as a result of business structural reform.

(Europe)

Revenues increased 3.1% year on year to ¥65,615 million due to strong performance of Mobility business in the continental Europe.

Profit before tax decreased 9.2% to ¥8,142 million due to the appreciation of yen and an increase in selling, general and administrative expenses associated with the business expansion in continental Europe despite a stable growth in U.K. business.

(The Americas)

Revenues increased 26.0% year on year to ¥15,684 million due to the acquisition of Global Technology Finance, LLC in February 2019 and strong performance in Canada business.

Profit before tax decreased 20.8% to ¥1,883 million due to the closing of the large-scale factoring business and an increase in expenses related to business expansion.

(China)

Revenues decreased 27.6% year on year to ¥6,779 million and profit before tax decreased 66.0% to ¥1,257 million due to the closing of large-scale factoring business and syndicated loan.

(ASEAN)

Revenues increased 4.5% year on year to ¥8,984 million due to steady performance in most regions as a result of business deployment that takes into consideration regional characteristics.

Profit before tax increased 24.3% year on year to ¥1,146 million due mainly to an increase in revenues as well as a decrease in selling, general and administrative expenses as a result of strengthening of management base.

## 2) Key management indicators (Annualized)

	(%)	
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
ROA	1.5	1.1
OHR	58.4	63.7
[Ref.] ROE	10.0	8.0

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

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

(¥ million, %)

	As of March 31, 2019	As of September 30, 2019	Change	
			Amount	%
Total assets	3,772,784	3,708,842	(63,942)	(1.7)
Interest-bearing debt	3,118,052	3,082,646	(35,406)	(1.1)
Total equity	390,418	393,212	2,793	0.7

i . Total assets

Total assets as of September 30, 2019 decreased ¥63,942 million from March 31, 2019 to ¥3,708,842 million due to a decrease in trade and other receivables mainly in the Americas and China.

ii . Interest-bearing debt

Interest-bearing debt as of September 30, 2019 decreased ¥35,406 million from March 31, 2019 to ¥3,082,646 million due mainly to a decrease in short-term borrowings in the Americas and China.

iii . Total equity

Total equity as of September 30, 2019 increased ¥2,793 million from March 31, 2019 to ¥393,212 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 ¥15,209 million, and a decrease in accumulated other comprehensive income of ¥12,714 million due mainly to a decrease in foreign currency translation adjustments, resulting in an increase in equity attributable to owners of the parent.

## 2) Cash flows

Cash flows during six months ended September 30, 2019 were as follows:

(¥ million)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Change
Cash flows from operating activities	(104,954)	79,820	184,774
Cash flows from investing activities	(18,760)	(15,190)	3,570
Cash flows from financing activities	181,811	(55,605)	(237,416)
Free cash flow	(123,715)	64,629	188,344

### i . Cash flows from operating activities

Net cash provided by operating activities was ¥79,820 million primarily due to a decrease in trade and other receivables of ¥117,459 million resulting from the closing of the large-scale factoring business in China and the Americas, purchase of operating leased assets of ¥99,700 million, and an increase in finance lease receivables of ¥25,750 million.

### ii . Cash flows from investing activities

Net cash used in investing activities was ¥15,190 million primarily due to purchase of other property, plant and equipment of ¥9,367 million, purchase of investments in securities and payments to time deposits of ¥3,202 million, and purchase of other intangible assets of ¥2,174 million.

### iii . Cash flows from financing activities

Net cash used in financing activities was ¥55,605 million primarily due to payments on long-term borrowings and bonds of ¥351,747 million, and proceeds from long-term borrowings and bonds of ¥338,375 million.

As a result, cash and cash equivalents as of September 30, 2019 increased ¥6,576 million from March 31, 2019 to ¥226,434 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash inflows of ¥64,629 million, an increase of ¥188,344 million from the six months ended September 30, 2018.

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

For the six months ended September 30, 2019, we achieved our initial targets despite the negative impact of yen appreciation. However, 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 year ending March 31, 2020 have been revised from the previous forecasts announced on August 5, 2019 as shown below in order to reflect changes in the assumed exchange rates for the second half, but the forecasts for profit before tax and net income attributable to owners of the parent remain unchanged.

(¥ million)

Fiscal Year Ending March 31, 2020	Previous forecast	Revised forecast	Change		
			Amount	%	
Volume of business	2,230,000	2,300,000	70,000	3.1	
Revenues	466,500	459,300	(7,200)	(1.5)	
Gross profit	143,200	139,400	(3,800)	(2.7)	
Profit before tax	45,000	45,000	-	-	
Net income attributable to owners of the parent	32,500	32,500	-	-	
Basic earnings per share attributable to owners of the parent	¥278.12	¥278.12	-	-	
Assumed exchange rate (Second half)	Yen/£	¥145	¥135	¥(10)	(6.9)
	Yen/\$	¥110	¥108	¥(2)	(1.8)

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 September 30, 2019
<b>Assets</b>		
Cash and cash equivalents	219,858	226,434
Trade and other receivables	1,517,882	1,329,512
Finance lease receivables	1,206,090	1,274,597
Other financial assets	91,653	106,274
Operating leased assets	503,486	505,162
Investments accounted for using the equity method	36,746	36,877
Other property, plant and equipment	93,655	120,872
Other intangible assets	41,604	40,706
Deferred tax assets	15,167	14,820
Other assets	46,640	53,582
Total assets	3,772,784	3,708,842
<b>Liabilities</b>		
Trade and other payables	104,810	83,108
Borrowings and bonds	3,118,052	3,082,646
Other payables	11,510	11,579
Other financial liabilities	58,494	52,151
Income tax payable	3,867	2,872
Retirement and severance benefits	6,395	6,541
Deferred tax liabilities	4,865	4,929
Other liabilities	74,368	71,800
Total liabilities	3,382,365	3,315,629
<b>Equity</b>		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,313	45,325
Retained earnings	339,655	354,840
Accumulated other comprehensive income	(2,968)	(15,682)
Treasury stock	(14,425)	(14,426)
Total equity attributable to owners of the parent	377,557	380,040
Non-controlling interests	12,861	13,171
Total equity	390,418	393,212
Total liabilities and equity	3,772,784	3,708,842

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

## Summary of Quarterly Consolidated Statements of Profit or Loss

(¥ million)

	Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)	Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)
Revenues	225,956	225,972
Cost of sales	157,231	159,687
Gross profit	68,724	66,285
Selling, general and administrative expenses	44,050	46,764
Other income	33	205
Other expenses	43	35
Share of profits of investments accounted for using the equity method	1,554	954
Profit before tax	26,218	20,644
Income taxes	6,753	4,980
Net income	19,465	15,664
Net income attributable to:		
Owners of the parent	19,246	15,209
Non-controlling interests	219	454
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥164.69	¥130.16

## Summary of Quarterly Consolidated Statements of Comprehensive Income

(¥ million)

	Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)	Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)
Net income	19,465	15,664
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	1,140	1,163
Share of other comprehensive income of investments accounted for using the equity method	13	(24)
Total items not to be reclassified to net income	1,154	1,139
Items that can be reclassified to net income		
Foreign currency translation adjustments	2,974	(11,686)
Cash flow hedges	(715)	(1,647)
Share of other comprehensive income of investments accounted for using the equity method	(120)	(411)
Total items that can be reclassified to net income	2,137	(13,746)
Other comprehensive income	3,291	(12,606)
Comprehensive income	22,756	3,057
Comprehensive income attributable to:		
Owners of the parent	22,667	2,663
Non-controlling interests	89	393

(3) Summary of Quarterly Consolidated Statements of Changes in Equity  
For the Six Months Ended September 30, 2018 (April 1, 2018 - September 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			19,246			19,246	219	19,465
Other comprehensive income				3,421		3,421	(129)	3,291
Comprehensive income for the period			19,246	3,421		22,667	89	22,756
Dividends to equity owners of the parent			(5,026)			(5,026)		(5,026)
Dividends to non-controlling interests							(94)	(94)
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		68		0		69	33	102
Acquisition of non-controlling interests							264	264
Share-based payment transaction		6				6		6
Total changes in equity	—	74	14,220	3,421	(89)	17,627	292	17,919
As of September 30, 2018	9,983	45,290	344,885	6,329	(14,425)	392,063	14,433	406,496

For the Six Months Ended September 30, 2019 (April 1, 2019 - September 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			15,209			15,209	454	15,664
Other comprehensive income				(12,546)		(12,546)	(60)	(12,606)
Comprehensive income for the period			15,209	(12,546)		2,663	393	3,057
Dividends to non-controlling interests							(117)	(117)
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		12				12	35	48
Total changes in equity	—	12	15,378	(12,714)	(0)	2,676	311	2,988
As of September 30, 2019	9,983	45,325	354,840	(15,682)	(14,426)	380,040	13,171	393,212

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

(¥ million)

	Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)	Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)
<b>Cash flows from operating activities</b>		
Net income	19,465	15,664
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	66,296	69,560
Income taxes	6,753	4,980
Share of profits of investments accounted for using the equity method	(1,554)	(954)
(Increase) decrease in trade and other receivables	(92,708)	117,459
(Increase) decrease in finance lease receivables	(29,817)	(25,750)
Purchase of operating leased assets	(79,677)	(99,700)
Proceeds from sale of operating leased assets	26,732	15,821
Increase (decrease) in trade and other payables	(6,162)	(7,981)
Other	(8,561)	(3,321)
Subtotal	(99,234)	85,778
Income taxes paid	(5,719)	(5,957)
Net cash provided by (used in) operating activities	(104,954)	79,820
<b>Cash flows from investing activities</b>		
Purchase of other property, plant and equipment	(9,394)	(9,367)
Purchase of other intangible assets	(2,599)	(2,174)
Purchase of investments in securities and payments to time deposits	(7,344)	(3,202)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	1,201	1,468
Payment for acquisition of subsidiary's shares resulting in changes in scope of consolidation	(594)	—
Purchase of investments accounted for using the equity method	—	(344)
Net decrease (increase) in short-term loans receivable	—	23
Payments of long-term loans receivable	(100)	(1,621)
Other	70	27
Net cash provided by (used in) investing activities	(18,760)	(15,190)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	63,576	(42,131)
Proceeds from long-term borrowings and bonds	407,548	338,375
Payments on long-term borrowings and bonds	(283,914)	(351,747)
Dividends paid to owners of the parent	(5,168)	(3)
Dividends paid to non-controlling interests	(94)	(117)
Proceeds from payments from non-controlling interests	38	20
Purchase of shares of consolidated subsidiaries from non-controlling interests	(84)	—
Other	(89)	(0)
Net cash provided by (used in) financing activities	181,811	(55,605)
Effect of exchange rate changes on cash and cash equivalents	1,776	(2,448)
Net increase (decrease) in cash and cash equivalents	59,873	6,576
Cash and cash equivalents at beginning of period	174,805	219,858
Cash and cash equivalents at end of period	234,678	226,434

(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 Six Months Ended September 30, 2018 (April 1, 2018 - September 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	114,657	12,451	63,652	12,452	9,361	8,594	221,170	5,935	227,106	(1,149)	225,956
Intersegment	354	53	—	—	—	—	407	560	967	(967)	—
Total	115,012	12,504	63,652	12,452	9,361	8,594	221,578	6,495	228,073	(2,117)	225,956
Profit before tax	10,831	2,962	8,963	2,378	3,695	922	29,754	852	30,606	(4,387)	26,218

## (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 Six Months Ended September 30, 2019 (April 1, 2019 - September 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	112,178	12,454	65,615	15,684	6,779	8,984	221,699	5,354	227,053	(1,081)	225,972
Intersegment	343	21	—	—	—	—	365	534	899	(899)	—
Total	112,522	12,476	65,615	15,684	6,779	8,984	222,064	5,889	227,953	(1,981)	225,972
Profit before tax	9,193	3,133	8,142	1,883	1,257	1,146	24,757	383	25,140	(4,496)	20,644

## (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)

(Issuance of unsecured straight bonds (with limited interbond pari passu clause))

Based on a comprehensive resolution to issue bonds passed on March 26, 2019, the Company decided to issue its 78th, 79th and 80th unsecured straight bonds (with limited interbond pari passu clause). The details of the bonds are as follows.

	78th	79th	80th
(1) Total issue amount	¥25 billion	¥25 billion	¥10 billion
(2) Issue price	¥100 per ¥100 bond face value		
(3) Payment date	October 25, 2019		
(4) Redemption date	The principal of the bond will be redeemed in full on October 20, 2022	The principal of the bond will be redeemed in full on October 18, 2024	The principal of the bond will be redeemed in full on October 19, 2029
(5) Interest rate	0.020% per annum	0.120% per annum	0.280% per annum
(6) Use of proceeds	Redemption fund for short-term bonds		

(Establishment of a subsidiary)

On October 28, 2019, Hitachi Capital has decided to establish a subsidiary of Hitachi Capital Community Corporation, a consolidated subsidiary of the Company, (i.e. sub-subsidiary of Hitachi Capital) in the Republic of Indonesia.

1. Purpose of establishment

To engage in real estate leasing business in the Republic of Indonesia

2. Outline of the subsidiary (a sub-subsidiary of the Company)

(1) Name	PT HD Properti Indonesia (TBC)
(2) Address	Jakarta Special Province, the Republic of Indonesia (TBC)
(3) Business	Real estate leasing and its related business in the Republic of Indonesia
(4) Capital	IDR 580 billion (approx. ¥4.64 billion)
(5) Date of establishment	TBD
(6) Investment ratio	Hitachi Capital Community: 63.4%

Note: 1 IDR=0.008 JPY

### 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			
		Second Quarter (Results)	Six Months Ended September 30, 2018 (Results)	Second Quarter (July to September)		Six Months Ended September 30, 2019 (April to September)	
				(Results)	Y on Y	(Results)	Y on Y
Revenues	1	110,157	225,956	111,454	1.2	225,972	0.0
Cost of sales	2	76,597	157,231	78,984	3.1	159,687	1.6
Gross profit	3	33,560	68,724	32,469	(3.3)	66,285	(3.5)
Selling, general and administrative expenses	4	21,704	44,050	23,129	6.6	46,764	6.2
Other income	5	9	33	14	50.0	205	514.5
Other expenses	6	31	43	23	(27.3)	35	(17.2)
Share of profits of investments accounted for using the equity method	7	841	1,554	480	(42.9)	954	(38.6)
Profit before tax	8	12,675	26,218	9,812	(22.6)	20,644	(21.3)
Income taxes	9	3,456	6,753	2,458	(28.9)	4,980	(26.3)
Net income	10	9,219	19,465	7,353	(20.2)	15,664	(19.5)
Net income attributable to:							
Owners of the parent	11	9,218	19,246	7,145	(22.5)	15,209	(21.0)
Non-controlling interests	12	0	219	207	—	454	107.7
Earnings per share							
Earnings per share attributable to owners of the parent (basic and diluted)	13	¥78.89	¥164.69	¥61.15	(22.5)	¥130.16	(21.0)



## (2) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

		No.	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019		Y on Y change
				Composition		Composition	
Japan	Account Solution	1	370,254	27.1	434,752	37.7	17.4
	Wholesale	2	279,000	20.4	341,167	29.6	22.3
	Information equipment related	3	93,463	6.8	151,253	13.1	61.8
	Industrial construction machinery related	4	30,230	2.2	59,649	5.2	97.3
	Commercial logistics related	5	45,294	3.3	34,574	3.0	(23.7)
	Factoring	6	19,933	1.5	15,693	1.4	(21.3)
	Card	7	33,671	2.5	33,090	2.9	(1.7)
	Others	8	56,407	4.1	46,906	4.0	(16.8)
	Vehicle	9	26,677	2.0	31,509	2.7	18.1
	Residential CMS	10	64,214	4.7	62,075	5.4	(3.3)
	Others	11	362	0.0	0	0.0	-
Vendor Solution	12	92,350	6.8	99,611	8.6	7.9	
Europe	13	335,595	24.6	319,683	27.6	(4.7)	
The Americas	14	367,091	26.9	199,697	17.3	(45.6)	
China	15	139,364	10.2	47,152	4.1	(66.2)	
ASEAN	16	56,743	4.1	51,269	4.4	(9.6)	
Others	17	4,911	0.3	4,845	0.4	(1.3)	
Elimination and others	18	(651)	(0.0)	(614)	(0.1)	-	
Consolidated business volume	19	1,365,660	100.0	1,156,399	100.0	(15.3)	

## (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.