
Consolidated Financial Results Summary for the First Quarter ended June 30, 2020

August 5, 2020

 **Hitachi Capital Corporation**

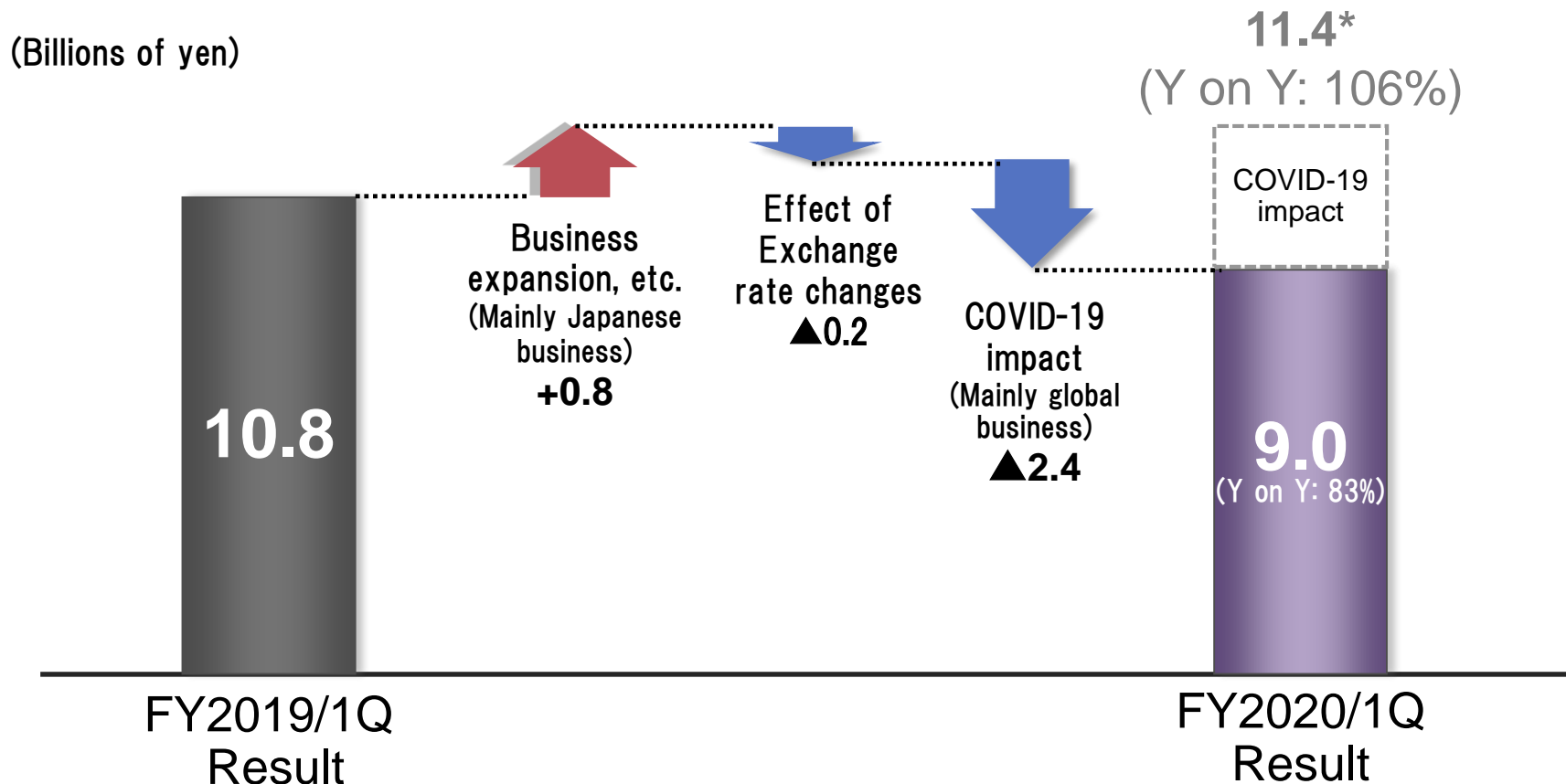
The highlights of Consolidated Financial Results for the First Quarter of FY2020

- Consolidated earnings forecasts for the fiscal year ending March 31, 2021 remain unchanged.
(Unchanged assumption of the COVID-19 impact calculation)
- Profit before tax: The result exceeded initial forecasts of the first quarter as a result of steady performance of Environment/Energy in Japan and cost reduction, etc.
(1Q result: ¥9 billion/Progress rate to initial forecasts of the first half(¥16.3 billion): 55%)
- Volume of business: The result exceeded initial forecasts of the first quarter despite negative impact resulting from economic slowdown and city-wide lockdown due to the COVID-19 impact.
(1Q result: ¥353.4 billion/Progress rate to initial forecasts of the first half(¥702.7 billion): 50%)
- Selling, general and administrative expenses: Allowance for doubtful accounts temporary increased within expectation due to correspondence to moratoriums in UK and Indonesia, etc.
(1Q result: ¥23.8 billion/Progress rate to initial forecasts of the first half(¥49.5 billion): 48%)

*<Assumption of consolidated earnings forecasts for the fiscal year ending March 31, 2021>
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 COVID-19 impact will have significant negative impact until June 2020 and then the economy will gradually recover towards March 2021.*

Profit before tax of the First Quarter of FY2020 (Year on Year)

- The result(¥9.0 billion) progressed 55% to initial forecasts of the first half (¥16.3 billion).
- The result increased 6% year on year excluding the COVID-19 impact.



*The result excluding the COVID-19 impact

Contents

- 1. Summary of Consolidated Financial Results
for the First Quarter of FY2020**
- 2. Summary of Performance by Business**
- 3. Consolidated Financial Forecast for FY2020**

1. Summary of Consolidated Financial Results for the First Quarter of FY2020

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	574,536	353,446	62%	▲6,745	63%
Revenues	114,517	109,758	96%	▲2,092	98%
Cost of sales	80,702	78,243	97%	▲1,330	99%
Gross profit	33,815	31,514	93%	▲761	95%
Selling, general and administrative expenses	23,634	23,859	101%	▲595	103%
Profit before tax	10,832	8,993	83%	▲166	85%
Net income attributable to owners of the parent	8,064	6,574	82%	▲132	83%
Operating assets	3,226,070	3,073,646	95%	▲28,644	96%
ROE	8.5%	6.9%	▲1.6%	—	—
ROA	1.3%	1.1%	▲0.2%	—	—
OHR	62.7%	64.1%	+1.4%	—	—
Yearly average currency exchange rate	Yen / £	141 yen	134 yen	▲8 yen	—
	Yen / US \$	110 yen	108 yen	▲2 yen	—

2-1. Summary of Japan Business/Global Business

(Millions of yen)

		FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	Japan Business	251,861	176,991	70%	▲ 27	70%
	Global Business	322,675	176,454	55%	▲ 6,717	57%
Gross profit	Japan Business	15,235	15,276	100%	0	100%
	Global Business	18,538	16,274	88%	▲ 760	92%
Profit before tax	Japan Business	6,849	7,440	109%	0	109%
	Global Business	6,209	3,691	59%	▲ 165	62%
Operating assets	Japan Business	1,605,771	1,625,247	101%	▲ 53	101%
	Global Business	1,620,298	1,448,398	89%	▲ 28,591	91%
ROA	Japan Business	1.7%	1.8%	+0.1%	—	—
	Global Business	1.5%	1.0%	▲ 0.5%	—	—
ROA (Local currency basis)	Global Business	1.5%	1.0%	▲ 0.5%	—	—

*Adjustments (company-wide expense) are not allocated to gross profit and profit before tax of Japan Business and Global Business.

2-2. Breakdown of Japan Business

(Millions of yen)

	Volume of business			Operating assets		
	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change
Total of Japan Business	251,861	176,991	70%	1,605,771	1,625,247	101%
Account Solution	201,985	138,248	68%	1,053,337	1,119,860	106%
Vendor Solution	47,825	36,874	77%	435,696	439,422	101%
Total of reportable segments	249,811	175,122	70%	1,489,034	1,559,283	105%
Other	2,348	2,209	94%	116,737	65,963	57%

	Gross profit			Profit before tax		
	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change
Total of Japan Business	15,235	15,276	100%	6,849	7,440	109%
Account Solution	9,109	9,178	101%	5,266	5,688	108%
Vendor Solution	4,057	4,110	101%	1,501	1,721	115%
Total of reportable segments	13,167	13,289	101%	6,768	7,410	109%
Other	2,067	1,987	96%	80	30	38%

*Adjustments (company-wide expense) are not allocated to total of Japan Business

2-3. Breakdown of Global Business(1): Europe, The Americas

■ Europe (UK, Poland, the Netherlands, Germany, Austria, Belgium, Czech, Slovakia, Hungary)

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	164,817	73,757	45%	▲ 4,210	47%
Gross profit	11,202	10,185	91%	▲ 580	96%
Profit before tax	3,993	3,135	79%	▲ 168	83%
Operating assets	841,677	822,937	98%	▲ 24,732	101%
ROA (Local currency basis)	1.9%	1.5%	▲ 0.4%	—	—

■ The Americas (US, Canada)

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	105,154	69,342	66%	▲ 1,469	67%
Gross profit	4,202	3,530	84%	▲ 74	86%
Profit before tax	967	473	49%	▲ 10	50%
Operating assets	354,390	314,036	89%	▲ 145	89%
ROA (Local currency basis)	1.0%	0.6%	▲ 0.4%	—	—

2-3. Breakdown of Global Business(2): China, ASEAN

■ China (Mainland China, Hong Kong)

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	24,057	23,687	98%	▲ 598	101%
Gross profit	1,431	1,127	79%	▲ 27	81%
Profit before tax	749	455	61%	▲ 9	62%
Operating assets	275,534	185,575	67%	▲ 1,057	68%
ROA (Local currency basis)	1.0%	0.9%	▲ 0.1%	—	—

■ ASEAN (Singapore, Thailand, Malaysia, Indonesia)

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change	Foreign exchange effects	Y on Y (excluding foreign exchange effects)
Volume of business	28,646	9,667	34%	▲ 439	35%
Gross profit	1,701	1,430	84%	▲ 77	89%
Profit before tax	498	▲ 372	—	22	—
Operating assets	148,696	125,849	85%	▲ 2,655	86%
ROA (Local currency basis)	1.3%	▲ 1.3%	▲ 2.6%	—	—

3. Consolidated Financial Forecast for FY2020 (Preliminary calculation)

(Millions of yen)

	FY2019 Results	FY2020 Forecasts	Y on Y Change	
Volume of business	2,186,490	1,755,000	80%	
Revenues	464,020	450,200	97%	
Cost of sales	327,703	314,200	96%	
(of which, cost of capital)	40,027	36,900	92%	
Gross profit	136,316	136,000	100%	
Selling, general and administrative expenses	96,442	99,500	103%	
Profit before tax	42,526	38,500	91%	
Net income attributable to owners of the parent	30,693	27,500	90%	
Dividend per share (yen)	150 yen(*1)	94 yen	—	
Payout ratio	41.9%(*2)	39.9%	▲2.0%	
ROE	8.1%	7.1%	▲1.0%	
ROA	1.3%	1.2%	▲0.1%	
OHR	61.9%	65.7%	+3.7%	
Yearly average currency exchange rate	Yen / £	138 yen	135 yen	Exchange sensitivity (*3) : Approx. 110 million yen
	Yen / US \$	109 yen	108 yen	Exchange sensitivity (*3) : Approx. 30 million yen

(*1) Ordinary dividend payments 110 yen + Special Dividends 40 yen (*2) Calculated using ordinary dividend payments (110 yen share)
(*3) The impact on Profit before tax in case JPY vs £/\$ changed 1 yen (FY2020 forecasts)

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Note:

This document contains forward - looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed using information available at the time. Accordingly, forecasts may differ from actual results due to a variety of factors.



Appendix

Breakdown of Cost of Sales/SG&A

■ Breakdown of cost of sales

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change
Cost of sales	80,702	78,243	97%
(of which, cost of capital)	10,595	8,592	81%

■ Breakdown of SG&A

(Millions of yen)

	FY2019/1Q Results	FY2020/1Q Results	Y on Y Change
Selling, general and administrative expenses	23,634	23,859	101%
(of which, personnel costs)	12,572	12,288	98%
(of which, business management expenses, etc.)	8,632	7,916	92%
(of which, bad debt-related expenses)	2,430	3,654	150%

Quarterly Credit Trends by Region

	Credit loss ratio				Credit loss(Millions of yen)			
	Annually Accumulated			1Q Accumulated	Annually Accumulated			1Q Accumulated
	FY2017 Results	FY2018 Results	FY2019 Results	FY2020/1Q Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2020/1Q Results
Total	0.20%	0.18%	0.23%	0.29%	6,452	6,156	7,383	2,244
Japan	0.05%	0.06%	0.07%	0.06%	812	911	1,160	233
Europe	0.22%	0.25%	0.30%	0.45%	1,705	2,169	2,655	920
The Americas	0.79%	0.49%	0.79%	0.90%	2,652	2,070	2,480	709
Asia	0.28%	0.22%	0.33%	0.49%	1,281	1,005	1,087	381

*Credit loss ratio : Credit loss ÷ Operating assets

*Credit loss : This is the actual amount of bad debt losses that are different from bad debt-related expenses and the allowance for bad debt.