

Consolidated First Quarter Earnings Report [IFRS]

For the Three Months Ended June 30, 2020



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 Scheduled date of submission of financial reports: August 6, 2020
 Scheduled commencement of dividend payment: —
 Preparation of supplementary material for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(All amounts rounded down)

1. Consolidated Results for the First Quarter Ended June 30, 2020 (April 1, 2020 – June 30, 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	%
Three Months Ended June 30, 2020	109,758	(4.2)	8,993	(17.0)	6,738	(18.9)	6,574	(18.5)	4,951	—
Three Months Ended June 30, 2019	114,517	(1.1)	10,832	(20.0)	8,310	(18.9)	8,064	(19.6)	314	(96.6)

	Earnings per share (basic)	Earnings per share (diluted)	ROE
	¥	¥	%
Three Months Ended June 30, 2020	56.30	—	6.9
Three Months Ended June 30, 2019	69.01	—	8.5

(Ref.) Volume of business: Three Months Ended June 30, 2020: ¥353,446 million; Three Months Ended June 30, 2019: ¥574,536 million

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	¥ million	¥ million	¥ million	%	¥
As of June 30, 2020	3,674,018	394,174	378,516	10.3	3,241.29
As of March 31, 2020	3,719,474	396,013	380,728	10.2	3,260.23

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	For the Year
	¥	¥	¥	¥	¥
Year ended March 31, 2020	—	52.00	—	58.00	150.00
Year ending March 31, 2021	—				
Year ending March 31, 2021 (Forecast)		40.00	—	54.00	94.00

Note: Changes from the latest released dividend forecasts: None

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 paid 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

Note: Changes from the latest released performance forecasts: None

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

The consolidated earnings forecast is estimated based on certain assumptions as it is difficult to predict when the COVID-19 will be contained at this point. For details, please refer to "(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast" on page 8.

* 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 : None

(ii) Changes to accounting policies other than (i) above : None

(iii) Changes to accounting estimates : None

(3) Number of outstanding shares (common shares)

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

As of June 30, 2020: 124,826,552 shares As of March 31, 2020: 124,826,552 shares

(ii) Treasury stock at end of term

As of June 30, 2020: 8,046,885 shares As of March 31, 2020: 8,046,875 shares

(iii) Weighted average number of shares outstanding

Three months ended June 30, 2020: 116,779,669 shares Three months ended June 30, 2019: 116,856,774 shares

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

* Explanation for proper use of earning forecasts, etc.

Consolidated forecasts stated herein have been prepared using information available on the date of release. Accordingly, forecasts may differ significantly from actual results for a variety of reasons. For the assumptions used in forecasts and notes of caution regarding the use of the forecasts, please refer to “(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast” on page 8.

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1. Qualitative Information concerning Financial Results for the First Quarter Ended June 30, 2020

(1) Explanation about Operating Results

1) Summary of operating results

Summarized results for the three months ended June 30, 2020 were as follows.

(¥ million, %)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020	Y on Y Change
Volume of business	574,536	353,446	(38.5)
Revenues	114,517	109,758	(4.2)
Gross profit	33,815	31,514	(6.8)
Profit before tax	10,832	8,993	(17.0)
Net income attributable to owners of the parent	8,064	6,574	(18.5)

During the three months ended June 30, 2020, the Group strived to steadily carry out “FY2019-FY2021 Mid-Term Management Plan” released in October 2019, while, in light of the global spread of the COVID-19, making various efforts to reduce infection risk through teleworking and staggered working hours, ensure implementation of BCP/BCM and recover the topline in the environment coexisting with the COVID-19, with the highest priority placed on the safety and health of our stakeholders including employees.

As a result, the main financial results (volume of business and profit before tax, etc.) exceeded initial forecasts of the first quarter due to a contribution to business performance resulting from revenues for selling electricity from renewable energy in Japan.

One of main topics in Environment/Energy is the promotion of Captive-consumption solar power generation business which the Company started at Shibata Factory of Bourbon Corporation in Niigata Prefecture, as a new effort towards post-FIT (Feed-in Tariff.)

We are also working on the development of a new business model and collaborating with Hitachi Solutions, Ltd. in developing a service model to provide comprehensive support for the subscription business of B to B companies.

In addition, we received “Certification Program for Contribution to Tokyo Forest Action: Forest Development Support Certification” from the Tokyo Metropolitan Government in relation to “Companies’ Forest/Hitachi Capital Group’s Forest (Hachioji City, Tokyo)” in which our group participates as part of social contribution programs. Furthermore, we were selected as one of the component companies of “MSCI Japan Empowering Women Index (WIN)” in recognition of our efforts to promote diversity and of all ESG indices adopted by Government Pension Investment Fund (GPIF), proving that our initiatives for ESG management have been highly evaluated by outside parties.

During the three months ended June 30, 2020, the movement of people and products were restricted through government restrictions or self-restraint on outings due to the global spread of the COVID-19, causing various restrictions on economic activities and decreases in corporate capital investments and personal consumption; and the Company’s volume of business dropped 38.5% year on year to ¥353,446 million.

As a result, revenues decreased 4.2% year on year to ¥109,758 million and profit before tax decreased 17.0% year on year to ¥8,993 million.

However, the progress rate to initial forecasts of the first half recorded 55% about profit before tax. Therefore, the result generally showed steady growth and exceeded the initial forecasts incorporating the COVID-19 impact.

(For assumptions made for the earnings forecast, please refer to “(3) Explanation on Future Forecast Information including Consolidated Earnings Forecast” on page 8 of the Consolidated First Quarter Earnings Report [IFRS] for the Three Months Ended June 30, 2020.)

Results by segment for the three months ended June 30, 2020 were as follows.

(Japan: Account Solution)

Revenues increased 4.0% year on year to ¥59,436 million and profit before tax increased 8.0% to ¥5,688 million mainly due to a steady performance of Environment/Energy business.

(Japan: Vendor Solution)

Revenues decreased 1.4% year on year to ¥6,141 million mainly due to a decrease in the volume of business because of the spread of the COVID-19.

Profit before tax increased 14.6% to ¥1,721 million mainly due to a decrease in selling, general and administrative expenses despite a decrease in revenues.

(Europe)

Revenues decreased 10.0% year on year to ¥29,842 million mainly due to a decrease in the volume of business because of the spread of the COVID-19 and the impact of strong yen.

Profit before tax decreased 21.5% to ¥3,135 million mainly due to a temporary increase in allowance for doubtful accounts in relation to a moratorium in the U.K. business in addition to a decrease in revenues.

(The Americas)

Revenues decreased 16.0% year on year to ¥6,774 million and profit before tax decreased 51.1% to ¥473 million mainly due to a decrease in the volume of business because of the spread of the COVID-19 in addition to the closing of the large-scale factoring business in FY2019.

(China)

Revenues decreased 29.8% year on year to ¥2,484 million and profit before tax decreased 39.2% to ¥455 million mainly due to a decrease in the volume of business because of the COVID-19 in addition to the closing of the large-scale factoring business, etc. in FY2019.

(ASEAN)

Revenues decreased 22.6% year on year to ¥3,552 million mainly due to a decrease in the volume of business because of the spread of the COVID-19.

The segment recorded loss before tax of ¥372 million due to a temporary increase in allowance for doubtful accounts in relation to a moratorium in the Indonesia business in addition to a decrease in revenues.

2) Key management indicators (Annualized)

(%)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
ROA	1.1	1.0
OHR	62.7	64.1
[Reference] ROE	8.5	6.9

(2) Explanation about Consolidated Financial Position

1) Assets, liabilities and net assets

Financial position as of June 30, 2020 was as follows:

(¥ million, %)

	As of March 31, 2020	As of June 30, 2020	Change	
			Amount	%
Total assets	3,719,474	3,674,018	(45,455)	(1.2)
Interest-bearing debt	3,081,051	3,064,523	(16,527)	(0.5)
Total equity	396,013	394,174	(1,839)	(0.5)

i . Total assets

Total assets as of June 30, 2020 decreased ¥45,455 million from March 31, 2020 to ¥3,674,018 million due to a decrease in trade and other receivables mainly in Europe and Japan as a consequence of a decrease in the volume of new business because of the COVID-19 impact and a decrease in finance lease receivables mainly in Japan and China.

ii . Interest-bearing debt

Interest-bearing debt as of June 30, 2020 decreased ¥16,527 million from March 31, 2020 to ¥3,064,523 million mainly due to a decrease in short-term borrowings in the Europe.

iii . Total equity

Total equity as of June 30, 2020 decreased ¥1,839 million from March 31, 2020 to ¥394,174 million, and major components consist of a decrease due to cash dividends paid of ¥6,773 million, a decrease in accumulated other comprehensive income of ¥2,039 million, despite recording net income attributable to owners of the parent of ¥6,574 million.

2) Cash flows

Cash flows during three months ended June 30, 2020 were as follows:

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020	(¥ million) Change
Cash flows from operating activities	72,313	80,926	8,613
Cash flows from investing activities	(4,987)	(2,667)	2,320
Cash flows from financing activities	(10,198)	(22,300)	(12,101)
Free cash flow	67,325	78,258	10,933

i .Cash flows from operating activities

Net cash provided by operating activities was ¥80,926 million primarily due to a decrease in trade and other receivables of ¥68,866 million as a consequence of a decrease in the volume of new business because of the COVID-19 impact, a decrease in finance lease receivables of ¥18,097 million, and purchase of operating leased assets of ¥43,550 million.

ii . Cash flows from investing activities

Net cash used in investing activities was ¥2,667 million primarily due to purchase of other property, plant and equipment of ¥1,499 million, purchase of investments in securities and payments to time deposits of ¥1,098 million, proceeds from sale and redemption of investments in securities and withdrawal of time deposits of ¥991 million, and purchase of other intangible assets of ¥869 million.

iii . Cash flows from financing activities

Net cash used in financing activities was ¥22,300 million primarily due to payments on long-term borrowings and bonds of ¥183,009 million, and proceeds from long-term borrowings and bonds of ¥168,409 million.

As a result, cash and cash equivalent as of June 30, 2020 increased ¥56,225 million from March 31, 2020 to ¥321,688 million. Free cash flow, a sum of cash flows from operating and investing activities, resulted in cash inflows of ¥78,258 million, an increase of ¥10,933 million from the three months ended June 30, 2019.

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

In terms of the business environment surrounding the Company, the global outbreak of the COVID-19 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 COVID-19 will end at this time as was the case at the time of the previous announcement (May 29, 2020), 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 will have significant negative impact until June 2020 and then the economy will gradually recover towards March 2021.

Based on these circumstances, the consolidated earnings forecasts for the year ending March 31, 2021 remain unchanged from those announced on May 29, 2020, but subject to change depending on the future development of the COVID-19.

	(¥ million)
	Fiscal Year Ending March 31, 2021
Volume of business	1,755,000
Revenues	450,200
Gross profit	136,000
Profit before tax	38,500
Net income attributable to owners of the parent	27,500
Basic earnings per share attributable to owners of the parent	¥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.

(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, 2020	As of June 30, 2020
Assets		
Cash and cash equivalents	265,463	321,688
Trade and other receivables	1,279,496	1,207,626
Finance lease receivables	1,256,013	1,233,094
Other financial assets	103,494	95,271
Operating leased assets	544,434	534,762
Investments accounted for using the equity method	37,623	37,513
Other property, plant and equipment	122,071	121,102
Other intangible assets	41,306	41,233
Deferred tax assets	14,292	14,653
Other assets	55,279	67,073
Total assets	3,719,474	3,674,018
Liabilities		
Trade and other payables	87,675	62,859
Borrowings and bonds	3,081,051	3,064,523
Other payables	12,638	13,821
Other financial liabilities	50,610	50,662
Income tax payable	3,435	1,461
Retirement and severance benefits	7,440	7,553
Deferred tax liabilities	5,915	5,947
Other liabilities	74,692	73,015
Total liabilities	3,323,460	3,279,844
Equity		
Equity attributable to owners of the parent		
Common stock	9,983	9,983
Capital surplus	45,029	45,055
Retained earnings	359,572	359,374
Accumulated other comprehensive income	(19,231)	(21,271)
Treasury stock	(14,626)	(14,626)
Total equity attributable to owners of the parent	380,728	378,516
Non-controlling interests	15,285	15,658
Total equity	396,013	394,174
Total liabilities and equity	3,719,474	3,674,018

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

Summary of Quarterly Consolidated Statements of Profit or Loss

(¥ million)

	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Revenues	114,517	109,758
Cost of sales	80,702	78,243
Gross profit	33,815	31,514
Selling, general and administrative expenses	23,634	23,859
Other income	191	412
Other expenses	12	6
Share of profits of investments accounted for using the equity method	473	931
Profit before tax	10,832	8,993
Income taxes	2,521	2,254
Net income	8,310	6,738
Net income attributable to:		
Owners of the parent	8,064	6,574
Non-controlling interests	246	163
Earnings per share		
Earnings per share attributable to owners of the parent (basic and diluted)	¥69.01	¥56.30

Summary of Quarterly Consolidated Statements of Comprehensive Income

(¥ million)

	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Net income	8,310	6,738
Other comprehensive income		
Items not to be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	46	(191)
Share of other comprehensive income of investments accounted for using the equity method	(27)	23
Total items not to be reclassified to net income	19	(168)
Items that can be reclassified to net income		
Foreign currency translation adjustments	(7,828)	300
Cash flow hedges	(184)	(1,321)
Share of other comprehensive income of investments accounted for using the equity method	(2)	(598)
Total items that can be reclassified to net income	(8,015)	(1,618)
Other comprehensive income	(7,996)	(1,787)
Comprehensive income	314	4,951
Comprehensive income attributable to:		
Owners of the parent	104	4,535
Non-controlling interests	209	416

(3) Summary of Quarterly Consolidated Statements of Changes in Equity
For the Three Months Ended June 30, 2019 (April 1, 2019 - June 30, 2019)

(¥ million)

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

For the Three Months Ended June 30, 2020 (April 1, 2020 - June 30, 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, 2020	9,983	45,029	359,572	(19,231)	(14,626)	380,728	15,285	396,013
Changes in equity								
Net income			6,574			6,574	163	6,738
Other comprehensive income				(2,039)		(2,039)	252	(1,787)
Comprehensive income for the period			6,574	(2,039)		4,535	416	4,951
Dividends to equity owners of the parent			(6,773)			(6,773)		(6,773)
Dividends to non-controlling interests							(73)	(73)
Acquisition of treasury stock					(0)	(0)		(0)
Equity transactions with non-controlling interests		(1)				(1)	(0)	(1)
Acquisition of non-controlling interests							30	30
Share-based payment transaction		27				27		27
Total changes in equity	—	26	(198)	(2,039)	(0)	(2,211)	372	(1,839)
As of June 30, 2020	9,983	45,055	359,374	(21,271)	(14,626)	378,516	15,658	394,174

(4) Summary of Quarterly Consolidated Statements of Cash Flows

(¥ million)

	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Net income	8,310	6,738
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	34,329	38,206
Income taxes	2,521	2,254
Share of profits of investments accounted for using the equity method	(473)	(931)
(Increase) decrease in trade and other receivables	111,203	68,866
(Increase) decrease in finance lease receivables	(5,609)	18,097
Purchase of operating leased assets	(54,049)	(43,550)
Proceeds from sale of operating leased assets	8,000	9,063
Increase (decrease) in trade and other payables	(20,734)	(12,782)
Other	(6,817)	(826)
Subtotal	76,680	85,136
Income taxes paid	(4,367)	(4,210)
Net cash provided by (used in) operation activities	72,313	80,926
Cash flows from investing activities		
Purchase of other property, plant and equipment	(1,569)	(1,499)
Purchase of other intangible assets	(1,159)	(869)
Purchase of investments in securities and payments to time deposits	(1,014)	(1,098)
Proceeds from sale and redemption of investments in securities and withdrawal of time deposits	682	991
Purchase of investments accounted for using the equity method	(327)	(200)
Net decrease (increase) in short-term loans receivable	23	8
Payments of long-term loans receivable	(1,620)	(1)
Collection of long-term loans receivable	0	0
Other	(3)	1
Net cash provided by (used in) investing activities	(4,987)	(2,667)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,965	(946)
Proceeds from long-term borrowings and bonds	130,518	168,409
Payments on long-term borrowings and	(150,600)	(183,009)
Dividends paid to owners of the parent	(2)	(6,709)
Dividends paid to non-controlling interests	(99)	(73)
Proceeds from payments from non-controlling interests	20	30
Other	(0)	(0)
Net cash provided by (used in) financing activities	(10,198)	(22,300)
Effect of exchange rate changes on cash and cash equivalents	(1,728)	266
Net increase (decrease) in cash and cash equivalents	55,398	56,225
Cash and cash equivalents at beginning of period	219,858	265,463
Cash and cash equivalents at end of period	275,257	321,688

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

(Notes concerning going concern)

Not applicable

(Changes to accounting policies)

Not applicable

(Changes to accounting estimates)

Not applicable

(Segment information)

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

(¥ million)

	Reportable segments							Other	Total	Adjustments	Consolidated statement of profit or loss
	Japan		Europe	The Americas	China	ASEAN	Total				
	Account Solution	Vendor Solution									
Revenues											
External customers	57,005	6,213	33,174	8,068	3,538	4,587	112,587	2,584	115,172	(655)	114,517
Intersegment	141	12	-	-	-	-	153	261	414	(414)	-
Total	57,147	6,226	33,174	8,068	3,538	4,587	112,741	2,846	115,587	(1,070)	114,517
Profit (loss) before tax	5,266	1,501	3,993	967	749	498	12,977	80	13,058	(2,225)	10,832

(Notes)

1. "Other" includes business segments not included in any other reportable segments and includes companies transforming its business structure through business development and revitalization.
2. Adjustment of profit (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 Three Months Ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(¥ 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	59,288	6,131	29,842	6,774	2,484	3,552	108,074	2,313	110,388	(629)	109,758
Intersegment	147	10	-	-	-	-	158	282	440	(440)	-
Total	59,436	6,141	29,842	6,774	2,484	3,552	108,233	2,595	110,828	(1,070)	109,758
Profit (loss) before tax	5,688	1,721	3,135	473	455	(372)	11,101	30	11,132	(2,139)	8,993

(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.

(Significant subsequent events)

Not applicable

3. Supplementary Information

(1) Change in Quarterly Consolidated Performance

Consolidated Results for the Year Ending March 31, 2021

(¥ million, %)

	No.	Three Months Ended June 30, 2019 (Results)	Three Months Ended June 30, 2020 (Results)	Y on Y change
Revenues	1	114,517	109,758	(4.2)
Cost of sales	2	80,702	78,243	(3.0)
Gross profit	3	33,815	31,514	(6.8)
Selling, general and administrative expenses	4	23,634	23,859	1.0
Other income	5	191	412	115.9
Other expenses	6	12	6	(50.9)
Share of profits of investments accounted for using the equity method	7	473	931	96.6
Profit before tax	8	10,832	8,993	(17.0)
Income taxes	9	2,521	2,254	(10.6)
Net income	10	8,310	6,738	(18.9)
Net income attributable to:				
Owners of the parent	11	8,064	6,574	(18.5)
Non-controlling interests	12	246	163	(33.6)
Earnings per share				
Earnings per share attributable to owners of the parent (basic and diluted)	13	¥69.01	¥56.30	(18.4)

(2) Segment Information by Business

(Consolidated Business Volume)

(¥ million, %)

		No.	Three Months Ended June 30, 2019		Three Months Ended June 30, 2020		Y on Y change
				Composition		Composition	
Japan	Account Solution	1	201,985	35.2	138,248	39.2	(31.6)
	Wholesale	2	159,903	27.9	100,890	28.6	(36.9)
	Information equipment related	3	71,647	12.5	44,128	12.5	(38.4)
	Industrial construction machinery related	4	17,166	3.0	14,577	4.1	(15.1)
	Commercial logistics related	5	18,285	3.2	10,167	2.9	(44.4)
	Factoring	6	9,796	1.7	4,922	1.4	(49.8)
	Card	7	16,511	2.9	8,736	2.5	(47.1)
	Others	8	26,496	4.6	18,358	5.2	(30.7)
	Vehicle	9	14,755	2.6	12,913	3.7	(12.5)
	Residential CMS	10	27,325	4.7	24,444	6.9	(10.5)
	Others	11	0	0.0	0	0.0	-
	Vendor Solution	12	47,825	8.3	36,874	10.4	(22.9)
	Europe	13	164,817	28.7	73,757	20.9	(55.2)
	The Americas	14	105,154	18.3	69,342	19.6	(34.1)
	China	15	24,057	4.2	23,687	6.7	(1.5)
	ASEAN	16	28,646	5.0	9,667	2.7	(66.3)
	Others	17	2,348	0.4	2,209	0.6	(5.9)
	Elimination and others	18	(298)	(0.1)	(339)	(0.1)	-
	Consolidated business volume	19	574,536	100.0	353,446	100.0	(38.5)

(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.