

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Consolidated Financial Results  
for the Third Quarter Ended December 31, 2019**

**Tokyo, January 31, 2020** --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2019, ended December 31, 2019

Note: All figures were converted at the rate of 110 yen to the U.S. dollar as of December 31, 2019.

## Summary

	Nine months ended December 31			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2018(A)	2019(B)		2019
1. Revenues	6,782.9	6,344.1	94	57,674
2. Adjusted operating income	534.5	445.6	83	4,051
3. EBIT (Earnings before interest and taxes)	305.4	54.9	18	500
4. Income from continuing operations, before income taxes	306.7	52.1	17	474
5. Net income	164.8	86.2	52	784
6. Net income attributable to Hitachi, Ltd. stockholders	82.6	55.1	67	501
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	85.57	57.10	67	0.52
Diluted	85.50	57.03	67	0.52

Notes: 1. The Company's consolidated financial statements are prepared based on IFRS.

2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

3. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

4. The figures are for 824 consolidated subsidiaries and 452 equity-method associates and joint ventures.

5. A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

6. On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

**Condensed Quarterly Consolidated Statement of Profit or Loss**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Revenues	6,782,969	6,344,181	94	57,674
Cost of sales	(4,948,029)	(4,631,184)	94	(42,102)
Gross profit	1,834,940	1,712,997	93	15,573
Selling, general and administrative expenses	(1,300,400)	(1,267,363)	97	(11,521)
Adjusted operating income	534,540	445,634	83	4,051
Other income	108,784	29,006	27	264
Other expenses	(360,615)	(468,413)	130	(4,258)
Financial income	14,349	12,183	85	111
Financial expenses	(2,077)	(880)	42	(8)
Share of profits (losses) of investments accounted for using the equity method	10,473	37,420	357	340
EBIT (Earnings before interest and taxes)	305,454	54,950	18	500
Interest income	16,711	15,413	92	140
Interest charges	(15,404)	(18,242)	118	(166)
Income from continuing operations, before income taxes	306,761	52,121	17	474
Income taxes	(137,541)	35,266	—	321
Income from continuing operations	169,220	87,387	52	794
Loss from discontinued operations	(4,404)	(1,187)	27	(11)
Net income	164,816	86,200	52	784
Net income attributable to:				
Hitachi, Ltd. stockholders	82,627	55,146	67	501
Non-controlling interests	82,189	31,054	38	282
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders		Yen		U.S. Dollars
Basic	90.13	58.33	65	0.53
Diluted	90.06	58.26	65	0.53
Earnings per share attributable to Hitachi, Ltd. stockholders		Yen		U.S. Dollars
Basic	85.57	57.10	67	0.52
Diluted	85.50	57.03	67	0.52

Note: On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

**Condensed Quarterly Consolidated Statement of Comprehensive Income**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Net income	164,816	86,200	52	784
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(60,405)	28,368	—	258
Remeasurements of defined benefit plans	—	—	—	—
Share of OCI of investments accounted for using the equity method	(1,488)	787	—	7
Total items not to be reclassified into net income	(61,893)	29,155	—	265
Items that can be reclassified into net income				
Foreign currency translation adjustments	(24,881)	(44,168)	178	(402)
Net changes in cash flow hedges	(1,855)	14,179	—	129
Share of OCI of investments accounted for using the equity method	20,192	(1,296)	—	(12)
Total items that can be reclassified into net income	(6,544)	(31,285)	478	(284)
Other comprehensive income (OCI)	(68,437)	(2,130)	3	(19)
Comprehensive income	96,379	84,070	87	764
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	25,247	65,516	260	596
Non-controlling interests	71,132	18,554	26	169

**Condensed Quarterly Consolidated Statement of Financial Position**

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2019 (A)	As of December 31, 2019 (B)		As of December 31, 2019
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	807,593	694,460	(113,133)	6,313
Trade receivables and contract assets	2,399,933	2,194,934	(204,999)	19,954
Inventories	1,356,762	1,614,479	257,717	14,677
Investments in securities and other financial assets	284,267	321,140	36,873	2,919
Other current assets	187,238	718,562	531,324	6,532
<b>Total Current assets</b>	<b>5,035,793</b>	<b>5,543,575</b>	<b>507,782</b>	<b>50,396</b>
<b>Non-current assets</b>				
Investments accounted for using the equity method	724,461	505,884	(218,577)	4,599
Investments in securities and other financial assets	568,349	490,171	(78,178)	4,456
Property, plant and equipment	1,956,685	2,207,089	250,404	20,064
Intangible assets	960,016	1,150,203	190,187	10,456
Other non-current assets	381,288	384,435	3,147	3,495
<b>Total Non-current assets</b>	<b>4,590,799</b>	<b>4,737,782</b>	<b>146,983</b>	<b>43,071</b>
<b>Total Assets</b>	<b>9,626,592</b>	<b>10,281,357</b>	<b>654,765</b>	<b>93,467</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term debt	111,031	471,276	360,245	4,284
Current portion of long-term debt	185,250	245,484	60,234	2,232
Other financial liabilities	257,792	468,107	210,315	4,256
Trade payables	1,406,012	1,298,394	(107,618)	11,804
Accrued expenses	653,676	512,532	(141,144)	4,659
Contract liabilities	553,510	645,944	92,434	5,872
Other current liabilities	438,289	552,095	113,806	5,019
<b>Total Current liabilities</b>	<b>3,605,560</b>	<b>4,193,832</b>	<b>588,272</b>	<b>38,126</b>
<b>Non-current liabilities</b>				
Long-term debt	708,490	845,825	137,335	7,689
Retirement and severance benefits	526,688	513,259	(13,429)	4,666
Other non-current liabilities	371,451	366,188	(5,263)	3,329
<b>Total Non-current liabilities</b>	<b>1,606,629</b>	<b>1,725,272</b>	<b>118,643</b>	<b>15,684</b>
<b>Total Liabilities</b>	<b>5,212,189</b>	<b>5,919,104</b>	<b>706,915</b>	<b>53,810</b>
<b>Equity</b>				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	459,862	1,072	4,181
Capital surplus	463,786	460,295	(3,491)	4,185
Retained earnings	2,287,587	2,263,586	(24,001)	20,578
Accumulated other comprehensive income	56,360	49,505	(6,855)	450
(Foreign currency translation adjustments)	52,166	11,072	(41,094)	101
(Remeasurements of defined benefit plans)	10,312	7,594	(2,718)	69
(Net changes in financial assets measured at fair value through OCI)	95,725	111,416	15,691	1,013
(Net changes in cash flow hedges)	(101,843)	(80,577)	21,266	(733)
Treasury stock, at cost	(3,920)	(3,775)	145	(34)
<b>Total Hitachi, Ltd. stockholders' equity</b>	<b>3,262,603</b>	<b>3,229,473</b>	<b>(33,130)</b>	<b>29,359</b>
Non-controlling interests	1,151,800	1,132,780	(19,020)	10,298
<b>Total Equity</b>	<b>4,414,403</b>	<b>4,362,253</b>	<b>(52,150)</b>	<b>39,657</b>
<b>Total Liabilities and Equity</b>	<b>9,626,592</b>	<b>10,281,357</b>	<b>654,765</b>	<b>93,467</b>

**Condensed Quarterly Consolidated Statement of Changes in Equity**

Yen (millions)

Nine months ended December 31, 2018								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	575,809	2,105,395	142,167	(4,137)	3,278,024	1,233,647	4,511,671
Cumulative effects of changes in accounting policies	-	-	3,209	-	-	3,209	(1,406)	1,803
Restated balance	458,790	575,809	2,108,604	142,167	(4,137)	3,281,233	1,232,241	4,513,474
Changes in equity								
Reclassified into retained earnings	-	-	20,450	(20,450)	-	-	-	-
Net income	-	-	82,627	-	-	82,627	82,189	164,816
Other comprehensive loss	-	-	-	(57,380)	-	(57,380)	(11,057)	(68,437)
Dividends to Hitachi, Ltd. stockholders	-	-	(77,246)	-	-	(77,246)	-	(77,246)
Dividends to non-controlling interests	-	-	-	-	-	-	(37,940)	(37,940)
Acquisition of treasury stock	-	-	-	-	(198)	(198)	-	(198)
Sales of treasury stock	-	(237)	-	-	442	205	-	205
Changes in non-controlling interests	-	(86,512)	-	(449)	-	(86,961)	(109,342)	(196,303)
Total changes in equity	-	(86,749)	25,831	(78,279)	244	(138,953)	(76,150)	(215,103)
Balance at end of period	458,790	489,060	2,134,435	63,888	(3,893)	3,142,280	1,156,091	4,298,371

Yen (millions)

Nine months ended December 31, 2019								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	458,790	463,786	2,287,587	56,360	(3,920)	3,262,603	1,151,800	4,414,403
Cumulative effects of changes in accounting policies	-	-	(2,596)	-	-	(2,596)	(1,075)	(3,671)
Restated balance	458,790	463,786	2,284,991	56,360	(3,920)	3,260,007	1,150,725	4,410,732
Changes in equity								
Reclassified into retained earnings	-	-	15,210	(15,210)	-	-	-	-
Net income	-	-	55,146	-	-	55,146	31,054	86,200
Other comprehensive income (loss)	-	-	-	10,370	-	10,370	(12,500)	(2,130)
Dividends to Hitachi, Ltd. stockholders	-	-	(91,761)	-	-	(91,761)	-	(91,761)
Dividends to non-controlling interests	-	-	-	-	-	-	(40,266)	(40,266)
Acquisition of treasury stock	-	-	-	-	(129)	(129)	-	(129)
Sales of treasury stock	-	(138)	-	-	274	136	-	136
Issuance of new shares	1,072	1,072	-	-	-	2,144	-	2,144
Changes in non-controlling interests	-	(4,425)	-	(2,015)	-	(6,440)	3,767	(2,673)
Total changes in equity	1,072	(3,491)	(21,405)	(6,855)	145	(30,534)	(17,945)	(48,479)
Balance at end of period	459,862	460,295	2,263,586	49,505	(3,775)	3,229,473	1,132,780	4,362,253

U.S. Dollars (millions)

Nine months ended December 31, 2019								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	4,171	4,216	20,796	512	(36)	29,660	10,471	40,131
Cumulative effects of changes in accounting policies	-	-	(24)	-	-	(24)	(10)	(33)
Restated balance	4,171	4,216	20,773	512	(36)	29,636	10,461	40,098
Changes in equity								
Reclassified into retained earnings	-	-	138	(138)	-	-	-	-
Net income	-	-	501	-	-	501	282	784
Other comprehensive income (loss)	-	-	-	94	-	94	(114)	(19)
Dividends to Hitachi, Ltd. stockholders	-	-	(834)	-	-	(834)	-	(834)
Dividends to non-controlling interests	-	-	-	-	-	-	(366)	(366)
Acquisition of treasury stock	-	-	-	-	(1)	(1)	-	(1)
Sales of treasury stock	-	(1)	-	-	2	1	-	1
Issuance of new shares	10	10	-	-	-	19	-	19
Changes in non-controlling interests	-	(40)	-	(18)	-	(59)	34	(24)
Total changes in equity	10	(32)	(195)	(62)	1	(278)	(163)	(441)
Balance at end of period	4,181	4,185	20,578	450	(34)	29,359	10,298	39,657

**Condensed Quarterly Consolidated Statement of Cash Flows**

	Nine months ended December 31		
	Yen (millions)		U.S. Dollars (millions)
	2018	2019	2019
<b>Cash flows from operating activities</b>			
Net income	164,816	86,200	784
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	270,807	316,482	2,877
Impairment losses	322,335	76,933	699
Income taxes	134,935	(35,267)	(321)
Share of (profits) losses of investments accounted for using the equity method	(10,473)	(37,420)	(340)
Financial income and expenses	(4,872)	(1,117)	(10)
Net (gain) loss on business reorganization and others	(82,376)	(27,508)	(250)
(Gain) loss on sale of property, plant and equipment	(24,139)	1,642	15
Change in trade receivables and contract assets	266,479	316,753	2,880
Change in inventories	(353,866)	(300,531)	(2,732)
Change in other assets	(40,865)	(2,543)	(23)
Change in trade payables	(101,345)	(130,254)	(1,184)
Change in retirement and severance benefits	(23,916)	(16,318)	(148)
Change in other liabilities	(162,777)	209,371	1,903
Other	(1,441)	4,922	45
Subtotal	353,302	461,345	4,194
Interest received	15,806	18,600	169
Dividends received	16,552	12,983	118
Interest paid	(17,099)	(18,849)	(171)
Income taxes paid	(166,210)	(166,232)	(1,511)
Net cash provided by (used in) operating activities	202,351	307,847	2,799
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(293,081)	(232,758)	(2,116)
Purchase of intangible assets	(60,830)	(64,939)	(590)
Proceeds from sale of property, plant and equipment, and intangible assets	60,349	20,502	186
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(41,149)	(234,499)	(2,132)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	161,237	53,170	483
Other	(2,021)	(33,498)	(305)
Net cash provided by (used in) investing activities	(175,495)	(492,022)	(4,473)
<b>Free cash flows</b>	26,856	(184,175)	(1,674)
<b>Cash flows from financing activities</b>			
Change in short-term debt, net	278,748	357,022	3,246
Proceeds from long-term debt	84,724	88,484	804
Payments on long-term debt	(109,023)	(229,559)	(2,087)
Proceeds from payments from non-controlling interests	4,949	5,004	45
Dividends paid to Hitachi, Ltd. stockholders	(77,264)	(91,766)	(834)
Dividends paid to non-controlling interests	(39,363)	(40,509)	(368)
Acquisition of common stock for treasury	(198)	(129)	(1)
Proceeds from sales of treasury stock	205	136	1
Purchase of shares of consolidated subsidiaries from non-controlling interests	(138,894)	(1,340)	(12)
Other	(27)	(460)	(4)
Net cash provided by (used in) financing activities	3,857	86,883	790
Effect of exchange rate changes on cash and cash equivalents	(19,932)	(15,841)	(144)
Change in cash and cash equivalents	10,781	(113,133)	(1,028)
Cash and cash equivalents at beginning of period	697,964	807,593	7,342
Cash and cash equivalents at end of period	708,745	694,460	6,313

**Segment Information**

**(1) Business Segments**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
IT	1,475,934 20%	1,494,266 22%	101	13,584
Energy	272,265 4%	245,732 3%	90	2,234
Industry	546,232 7%	554,980 8%	102	5,045
Mobility	907,499 12%	832,671 12%	92	7,570
Smart Life	1,205,478 16%	1,076,816 16%	89	9,789
Hitachi High-Technologies	540,472 7%	516,977 7%	96	4,700
Hitachi Construction Machinery	743,192 10%	687,188 10%	92	6,247
Hitachi Metals	775,531 11%	670,963 10%	87	6,100
Hitachi Chemical	522,366 7%	479,698 7%	92	4,361
Others	422,220 6%	351,690 5%	83	3,197
Subtotal	7,411,189 100%	6,910,981 100%	93	62,827
Corporate items & Eliminations	(628,220)	(566,800)	—	(5,153)
<b>Revenues Total</b>	<b>6,782,969</b>	<b>6,344,181</b>	<b>94</b>	<b>57,674</b>
IT	156,675 30%	165,683 36%	106	1,506
Energy	10,465 2%	(1,431) (0%)	—	(13)
Industry	23,395 4%	25,545 5%	109	232
Mobility	65,200 12%	61,368 13%	94	558
Smart Life	27,505 5%	44,015 10%	160	400
Hitachi High-Technologies	51,448 10%	48,190 11%	94	438
Hitachi Construction Machinery	84,311 16%	57,938 13%	69	527
Hitachi Metals	42,776 8%	11,821 2%	28	107
Hitachi Chemical	39,275 8%	28,303 6%	72	257
Others	26,545 5%	16,822 4%	63	153
Subtotal	527,595 100%	458,254 100%	87	4,166
Corporate items & Eliminations	6,945	(12,620)	—	(115)
<b>Adjusted operating income Total</b>	<b>534,540</b>	<b>445,634</b>	<b>83</b>	<b>4,051</b>
IT	165,467 68%	158,184 375%	96	1,438
Energy	(279,962) (115%)	(379,214) (899%)	—	(3,447)
Industry	24,156 10%	30,200 72%	125	275
Mobility	103,741 42%	91,608 217%	88	833
Smart Life	(345) (0%)	36,492 86%	—	332
Hitachi High-Technologies	49,590 20%	48,493 115%	98	441
Hitachi Construction Machinery	80,153 33%	58,459 139%	73	531
Hitachi Metals	37,037 15%	(52,864) (125%)	—	(481)
Hitachi Chemical	35,607 15%	24,085 57%	68	219
Others	28,825 12%	26,734 63%	93	243
Subtotal	244,269 100%	42,177 100%	17	383
Corporate items & Eliminations	61,185	12,773	—	116
<b>EBIT Total</b>	<b>305,454</b>	<b>54,950</b>	<b>18</b>	<b>500</b>

Notes: 1. Revenues by business segment include intersegment transactions.

2. Effective from April 1, 2019, the company reclassify its reportable segments. Accordingly, figures for the nine months ended December 31, 2018 have been restated on the basis of the reclassification.

**(2) Revenues by Market**

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Japan	3,221,536 47%	3,153,415 50%	98	28,667
Asia	1,546,727 23%	1,372,697 21%	89	12,479
North America	895,987 13%	825,089 13%	92	7,501
Europe	750,159 11%	671,247 11%	89	6,102
Other Areas	368,560 6%	321,733 5%	87	2,925
Overseas Revenues Subtotal	3,561,433 53%	3,190,766 50%	90	29,007
Total Revenues	6,782,969 100%	6,344,181 100%	94	57,674



## Notes

### (1) Notes Regarding Going Concern

Not applicable.

### (2) Changes in Accounting Policies

#### Adoption of IFRS 16 “Leases”

From the beginning of the fiscal year ending March 31, 2020, the Company has adopted IFRS 16 “Leases” (IFRS 16).

As a transitional measure upon the adoption of IFRS 16, the Company applies this standard and a method of recognizing the cumulative effect of the initial application as an adjustment to the beginning balance of retained earnings at the date of initial application. The impact of adopting IFRS 16 on the condensed quarterly consolidated statement of financial position at the beginning of the current consolidated fiscal year includes an increase in assets of 218,161 million yen associated with the recognition of right-of-use assets, an increase in liabilities of 221,832 million yen associated with the recognition of lease liabilities, and a decrease in equity of 3,671 million yen associated with the recognition of an adjustment to the beginning balance of retained earnings at the date of initial application. The impact on the condensed quarterly consolidated statement of profit or loss is not material. In addition, with respect to the condensed quarterly consolidated statement of cash flows, while lease payments for operating leases were previously included in cash flows from operating activities, adjustments for depreciation expense for right-of-use assets are included in cash flows from operating activities and payments of lease liabilities are included in cash flows from financing activities as a result of adopting IFRS 16; therefore, compared with the previous accounting standard, cash flows from operating activities increase while cash flows from financing activities decrease.

### (3) Subsequent Events

#### (a) Additional acquisition of shares of Hitachi High-Technologies Corporation (Hitachi High-Technologies)

The Company decided to conduct a tender offer under the Financial Instruments and Exchange Act of Japan to acquire all issued shares of Hitachi High-Technologies.

Please refer to the News Release “Hitachi Announces Tender Offer for Shares of Hitachi High-Technologies Corporation (Securities Code 8036)” announced on January 31, 2020, for detailed information.

#### (b) Issue of the unsecured straight bonds

Pursuant to a comprehensive resolution in Senior Executive Committee held on January 31, 2020, the Company decided to issue unsecured straight bonds. Please refer to the News Release "Hitachi Announces Issue of Unsecured Straight Bonds" announced on January 31, 2020, for detailed information.

**(4) Settlement regarding the South African project**

At the meeting of the Board of Directors held on December 18, 2019, the Company approved a settlement with Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") regarding the transfer price adjustment for the South African project previously in the process of arbitration based on economic rationality and business strategy, etc., and reached a settlement agreement with MHI on the same day. As a result of the conclusion of this agreement, all common shares of Mitsubishi Hitachi Power Systems Co., Ltd. (hereinafter "MHPS") held by the Company will be transferred to MHI, and the Company will pay 130,000 million yen to MHI comprising a settlement payment of 200,000 million yen offset by a consideration of 70,000 million yen in loans receivable to Mitsubishi Hitachi Power Systems Africa Proprietary Limited (hereinafter "MHPS Africa") to be transferred to MHI. Accordingly, the Company recorded other accounts payable of 200,000 million yen related to the settlement payment to MHI and other provision of 273,272 million yen related to the transfer of shares of MHPS. The Company also reversed the provision of 105,041 million yen related to the transfer price adjustment, etc. of the South African project, which had been recorded prior to the conclusion of this agreement. As a result of the above, the Energy segment recorded a loss of 375,967 million yen due to the settlement, which is included in Other expenses in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2019. Other accounts payable and other provision related to this agreement are included in Other financial liabilities and Other current liabilities, respectively, in the condensed quarterly consolidated statement of financial position as of December 31, 2019. The amount of 130,000 million yen, comprising a settlement payment offset by a consideration in loans receivable to MHPS Africa to be transferred to MHI, is scheduled to be paid to MHI in March 2020, and the shares of MHPS will be delivered to MHI as soon as the procedures required for the transfer are completed. Regarding the assets to be transferred to MHI under this agreement, the shares of MHPS previously included in Investments accounted for using the equity method and loans receivable to MHPS Africa previously included in Investments in securities and other financial assets classified as non-current assets in the condensed quarterly consolidated statement of financial position, the total of which is 333,614 million yen, were reclassified to Other current assets in the condensed quarterly consolidated statement of financial position since they met the criteria as held-for-sale assets in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

## **Cautionary Statement**

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility as to cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

**###**