

[Translation]

Quarterly Report

(The First Quarter of 152nd Business Term)

From April 1, 2020 to June 30, 2020

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Hitachi, Ltd.

[Cover]

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[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & CEO
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Masachika Sawada, Manager, Legal Division
[Contact Address]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Masachika Sawada, Manager, Legal Division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

Unless the context indicates otherwise, the term “Company” refers to Hitachi, Ltd. and the term “Hitachi” refers to the Company and its consolidated subsidiaries.

Unless otherwise stated, in this document, where we present information in millions or hundreds of millions of yen, we have truncated amounts of less than one million or one hundred million, as the case may be. Accordingly, the total of figures presented in columns or otherwise may not equal the total of the individual items. We have rounded all percentages to the nearest percent, one-tenth of one percent or one-hundredth of one percent, as the case may be.

References in this document to the “Financial Instruments and Exchange Act” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

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Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Year ended March 31, 2020
Revenues	2,032,582	1,594,277	8,767,263
Income from continuing operations, before income taxes	181,872	339,709	180,268
Net income attributable to Hitachi, Ltd. stockholders	120,303	223,251	87,596
Comprehensive income attributable to Hitachi, Ltd. stockholders	77,450	242,291	(8,465)
Total Hitachi, Ltd. stockholders' equity	3,288,305	3,036,533	3,159,986
Total equity	4,420,146	3,700,850	4,266,739
Total assets	9,732,754	10,160,516	9,930,081
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	124.58	231.13	90.71
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	124.42	230.86	90.60
Total Hitachi, Ltd. stockholders' equity ratio (%)	33.8	29.9	31.8
Net cash provided by operating activities	78,861	153,796	560,920
Net cash provided by (used in) investing activities	(105,115)	357,457	(525,826)
Net cash provided by financing activities	72,937	526,681	2,837
Cash and cash equivalents at end of period	833,566	1,851,083	812,331

(Notes) 1. Hitachi's consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

2. Revenues do not include the consumption tax, etc.

2. Description of Business

There were no material changes in principal businesses of Hitachi during the three months ended June 30, 2020. The Hitachi Group is comprised of the Company, 739 consolidated subsidiaries, and 410 equity-method associates and joint-ventures.

Changes in Business Unit (BU) of the Company and principal affiliated companies during the three months ended June 30, 2020 were as follows.

(As of June 30, 2020)

Main products and services	BU and principal affiliated companies	
	BU	Affiliated companies
<u>IT</u>	(Change by organization merger) (Note 1) Defense Systems BU	
<u>Industry</u>		[Consolidated subsidiaries] (Change in company name) (Note 2) Hitachi Industrial Holdings Americas, Inc.
<u>Smart Life</u> (Reclassification of segment) (Note 3) Medical and Life Science Products, Analytical Equipment, Semiconductor Processing Equipment, Manufacturing and Inspection Equipment, Advanced Industrial Products		[Consolidated subsidiaries] (Reclassification of segment) (Note 3) Hitachi High-Tech Corporation
<u>Hitachi Chemical</u> (Excluded by the share transfer) (Note 4) Functional Materials (Electronics Materials, Printed Wiring Boards Materials, Electronics Components), Advanced Components and Systems (Mobility Components, Energy Storage Devices, Life Science-related Products)		[Consolidated subsidiaries] (Excluded by the share transfers) (Note 4) Hitachi Chemical Company, Ltd.
<u>Others</u>		[Consolidated subsidiaries] (Dissolved by the merger) (Note 5) Hitachi Life, Ltd. (Change in company name) (Note 5) Hitachi Real Estate Partners, Ltd.

- (Notes) 1. Defense Systems BU merged with Social Infrastructure Systems BU on April 1, 2020.
2. Sullair US Purchaser, Inc. changed its name to Hitachi Industrial Holdings Americas, Inc. on April 1, 2020.
3. Hitachi High-Tech Corporation became a wholly-owned subsidiary of the Company on May 20, 2020. As a result, Hitachi High-Tech segment was abolished and merged into Smart Life segment.
4. Hitachi Chemical Company, Ltd. has ceased to be an affiliate of the Company through the share transfer on April 20, 2020. As a result, Hitachi Chemical segment was abolished.
5. Hitachi Urban Investment, Ltd. merged with Hitachi Life, Ltd. and changed its name to Hitachi Real Estate Partners, Ltd. on April 1, 2020.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the three months ended June 30, 2020.

There were no material changes in the risk factors stated in the Annual Securities Report for the 151st business term pursuant to the Financial Instruments and Exchange Act of Japan.

2. Management's Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows

(1) Analysis of Results of Operations

Results of Operations

The results of operations in the three months ended June 30, 2020 were as follows.

Revenues decreased 22% to 1,594.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the impact of COVID-19 and lower revenues owing to the sale of shares of Hitachi Chemical Company, Ltd., despite higher revenues in the Energy sector and the Industry sector.

Cost of sales decreased 21% to 1,179.4 billion yen, as compared with the three months ended June 30, 2019, and the ratio of cost of sales to revenues was increased 1% to 74%, as compared with the three months ended June 30, 2019. Gross profit decreased 24% to 414.8 billion yen, as compared with the three months ended June 30, 2019.

Selling, general and administrative expenses ("SG&A") decreased 15% to 356.4 billion yen, as compared with the three months ended June 30, 2019, and the ratio of SG&A to revenues increased 1% to 22%, as compared with the three months ended June 30, 2019.

Adjusted operating income (presented as revenues less cost of sales as well as SG&A) decreased 66.0 billion yen to 58.3 billion yen, as compared with the three months ended June 30, 2019, due mainly to lower profits in the Smart Life sector, Hitachi Construction Machinery and Hitachi Metals.

Other income increased 240.5 billion yen to 284.1 billion yen, as compared with the three months ended June 30, 2019, due mainly to the gains on business reorganization and others by selling shares of Hitachi Chemical Company, Ltd. Other expenses increased 13.6 billion yen to 15.1 billion yen, as compared with the three months ended June 30, 2019.

Financial income (excluding interest income) decreased 0.1 billion yen to 2.2 billion yen and financial expenses (excluding interest charges) decreased 2.6 billion yen to 0.7 billion yen, as compared with the three months ended June 30, 2019, respectively.

Share of profits (losses) of investments accounted for using the equity method decreased 5.5 billion yen to profits of 11.5 billion yen, as compared with the three months ended June 30, 2019.

As a result of the foregoing, EBIT (earnings before interest and taxes, which is presented as income from continuing operations, before income taxes less interest income plus interest charges) increased 157.9 billion yen to 340.4 billion yen, as compared with the three months ended June 30, 2019.

Interest income decreased 1.3 billion yen to 3.6 billion yen and interest charges decreased 1.2 billion yen to 4.3 billion yen, as compared with the three months ended June 30, 2019, respectively.

Income from continuing operations, before income taxes increased 157.8 billion yen to 339.7 billion yen, as compared with the three months ended June 30, 2019.

Income taxes increased 71.6 billion yen to 112.8 billion yen, as compared with the three months ended June 30, 2019.

Loss from discontinued operations was 0.3 billion yen, which was the same level as for the three months ended June 30, 2019.

Net income increased 86.2 billion yen to 226.4 billion yen, as compared with the three months ended June 30, 2019.

Net income attributable to non-controlling interests decreased 16.6 billion yen to 3.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the business reorganization of Hitachi High-Tech and Hitachi Chemical and decline in earnings in Hitachi Construction Machinery and Hitachi Metals.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 102.9 billion yen to 223.2 billion yen, as compared with the three months ended June 30, 2019.

Operations by Segment

The following is an overview of results of operations by segment. Revenues for each segment include intersegment transactions. Effective from April 1, 2020, the Company reclassified Hitachi High-Tech segment in the Smart Life segment and abolished Hitachi Chemical segment. Accordingly, the amounts previously reported for the three months ended June 30, 2019 have been restated in conformity with the new segments.

(IT)

Revenues decreased 7% to 430.1 billion yen, as compared with the three months ended June 30, 2019, due mainly to the impact of COVID-19 and higher revenues by the transient services in the front business and the services & platforms business posted in the three months ended June 30, 2019.

Adjusted operating income decreased 1.9 billion yen to 38.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased revenues, despite improved profitability resulted from cost structure overhaul.

EBIT decreased 5.4 billion yen to 38.0 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased adjusted operating income and decrease in gains from selling the land of former production basis posted in the three months ended June 30, 2019.

(Energy)

Revenues increased 3% to 74.4 billion yen, as compared with the three months ended June 30, 2019, due mainly to the higher revenues in both of the nuclear energy business and the energy business.

Adjusted operating income increased 1.5 billion yen to 2.0 billion yen, as compared with the three months ended June 30, 2019, due mainly to the increased revenues and reduced fixed costs.

EBIT decreased 3.2 billion yen to 3.0 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decrease in share of profits of investments accounted for using the equity method.

(Industry)

Revenues increased 4% to 165.8 billion yen, as compared with the three months ended June 30, 2019, due mainly to the acquisition of JR Technology Group, LLC, despite the impact of COVID-19.

Adjusted operating income increased 0.3 billion yen to 1.7 billion yen, as compared with the three months ended June 30, 2019, due mainly to the increased revenues.

EBIT increased 2.2 billion yen to 4.4 billion yen, as compared with the three months ended June 30, 2019, due mainly to the gains posted by selling the land as well as the increased adjusted operating income.

(Mobility)

Revenues decreased 11% to 248.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the impact of foreign currency translation as well as the impact of COVID-19, despite the increased revenues by expanding the business in the building systems business.

Adjusted operating income decreased 0.7 billion yen to 19.1 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased income in the railway systems business owing mainly to the decreased revenues, despite the increased income in the building systems business due mainly to profitability improvement resulted from cost reduction, etc.

EBIT decreased 22.5 billion yen to 20.0 billion yen, as compared with the three months ended June 30, 2019, due mainly to the gains posted in the three months ended June 30, 2019 by selling a part of shares of Agility Trains West (Holdings) Limited stock.

(Smart Life)

Revenues decreased 19% to 403.6 billion yen, as compared with the three months ended June 30, 2019, due mainly to the impact of COVID-19, despite the increased revenues resulted from the acquisition of Chassis Brakes International B.V. and higher sales of semiconductor processing equipment.

Adjusted operating income decreased 21.5 billion yen to 1.8 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased revenues.

EBIT worsened 25.7 billion yen to loss of 1.7 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased adjusted operating income.

(Hitachi Construction Machinery)

Revenues decreased 27% to 170.1 billion yen, as compared with the three months ended June 30, 2019, due mainly to the impact of COVID-19 and foreign currency translation.

Adjusted operating income decreased 19.9 billion yen to 2.6 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased revenues, despite an improvement in profitability owing mainly to the reduced costs.

EBIT decreased 20.0 billion yen to 2.4 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased adjusted operating income.

(Hitachi Metals)

Revenues decreased 34% to 154.7 billion yen, as compared with the three months ended June 30, 2019, due mainly to a decrease in demand for products for automobile owing to the impact of COVID-19.

Adjusted operating income worsened 12.7 billion yen to loss of 7.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased revenues.

EBIT worsened 11.8 billion yen to loss of 6.6 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased adjusted operating income.

(Others)

Revenues decreased 8% to 98.5 billion yen, as compared with the three months ended June 30, 2019.

Adjusted operating income decreased 1.7 billion yen to 1.6 billion yen, and EBIT decreased 0.3 billion yen to 4.4 billion yen, as compared with the three months ended June 30, 2019, respectively.

Revenues by Market

Revenues in Japan decreased 15% to 818.0 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased revenues in the Smart Life sector and lower revenues owing to the sale of shares of Hitachi Chemical Company, Ltd. The decrease was partially offset by the increased revenues in the Industry sector.

Overseas revenues decreased 27% to 776.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the decreased revenues in North America, particularly in Hitachi Metals and the Smart Life sector, the decreased revenues in Europe, mainly in the Mobility sector and Hitachi Construction Machinery and decreased revenues in Asia and other area, mainly in Hitachi Construction Machinery, despite higher revenues in the Energy sector and the Industry sector. This decrease was also attributable to the decreased revenues owing to the sale of shares of Hitachi Chemical Company, Ltd.

As a result, the ratio of overseas revenues to total revenues decreased 3% to 49%, as compared with the three months ended June 30, 2019.

(2) Analysis of Financial Condition and Cash Flows

Liquidity and Capital Resources

During the three months ended June 30, 2020, there were no major changes in the Company's policies of maintaining liquidity and ensuring funds, efforts for improvement in fund management efficiency, and ideas regarding funding sources and fundraising.

Cash Flows

(Cash Flows from Operating Activities)

Net income in the three months ended June 30, 2020 increased by 86.2 billion yen, as compared with the three months ended June 30, 2019. Net cash outflow from a change in trade payables increased by 25.7 billion yen, as compared with the three months ended June 30, 2019. However, net cash inflow from a change in trade receivables and contract assets increased by 115.1 billion yen, as compared with the three months ended June 30, 2019. And, net cash outflow from a change in inventories decreased by 27.6 billion yen, as compared with the three months ended June 30, 2019 as well as 31.4 billion yen of decrease in income taxes payment. As a result of the foregoing, net cash provided by operating activities was 153.7 billion yen in the three months ended June 30, 2020, an increase of 74.9 billion yen compared with the three months ended June 30, 2019.

(Cash Flows from Investing Activities)

Net amount of investments related to property, plant and equipment* was 62.0 billion yen in the three months ended June 30, 2020. This net sum decreased by 29.9 billion yen compared with the three months ended June 30, 2019. Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the three months ended June 30, 2020 increased by 396.2 billion yen, as compared with the three months ended June 30, 2019, due mainly to the sale of shares of Hitachi Chemical Company, Ltd. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the three months ended June 30, 2020 decreased by 20.5 billion yen, as compared with the three months ended June 30, 2019. As a result of the foregoing, net cash provided by investing activities was 357.4 billion yen in the three months ended June 30, 2020, as compared with 105.1 billion yen of net cash outflow in the three months ended June 30, 2019.

* The sum of the purchase of property, plant and equipment and the purchase of intangible assets, less the proceeds from sale of property, plant and equipment, and intangible assets.

(Cash Flows from Financing Activities)

Net cash outflow related to purchase of shares of consolidated subsidiaries from non-controlling interests in the three months ended June 30, 2020 increased by 428.9 billion yen, as compared with the three months ended June 30, 2019, due mainly to the purchase of shares of Hitachi High-Tech Corporation. However, net cash outflow related to long-term debt** in the three months ended June 30, 2020 decreased by 48.5 billion yen, as compared with the three months ended June 30, 2019. Furthermore, net cash inflow from a change in short-term debt in the three months ended June 30, 2020 increased by 828.2 billion yen, as compared with the three months ended June 30, 2019. As a result of the foregoing, net cash flows provided in financing activities were 526.6 billion yen in the three months ended June 30, 2020, an increase of 453.7 billion yen compared with the three months ended June 30, 2019.

** The proceeds from long-term debt, less the payments on long-term debt.

As a result of the foregoing, cash and cash equivalents as of June 30, 2020 were 1,851.0 billion yen, an increase of 1,038.7 billion yen from March 31, 2020. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 511.2 billion yen in the three months ended June 30, 2020, an increase of 537.5 billion yen compared with the three months ended June 30, 2019.

Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities and equity as of June 30, 2020.

Total assets were 10,160.5 billion yen, an increase of 230.4 billion yen from March 31, 2020, due mainly to an increase in cash and cash equivalents and an increase in inventories, despite decreased trade receivables due to the lower revenues caused by the impact of COVID-19 and efforts for cash collection of trade payables.

Total interest-bearing debt, the sum of short-term debt and long-term debt, was 2,441.2 billion yen, an increase of 956.1 billion yen from March 31, 2020. This was due mainly to an increase in short-term debt.

Total Hitachi, Ltd. stockholders' equity decreased by 123.4 billion yen from March 31, 2020, to 3,036.5 billion yen. The ratio of total Hitachi, Ltd. stockholders' equity to total assets was 29.9%, as compared with 31.8% as of March 31, 2020.

Non-controlling interests were 664.3 billion yen, a decrease of 442.4 billion yen from March 31, 2020.

Total equity was 3,700.8 billion yen, a decrease of 565.8 billion yen from March 31, 2020. The ratio of interest-bearing debt to total equity was 0.66, as compared with 0.35 as of March 31, 2020.

(3) Management Policy

There were no material changes in Hitachi's management policy during the three months ended June 30, 2020.

(4) Challenges Hitachi Group Faces

1) Business and Financial Challenges Hitachi Group Faces

There were no material changes in Hitachi's business and financial challenges during the three months ended June 30, 2020.

2) Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies

There were no material changes in Hitachi's fundamental policy during the three months ended June 30, 2020.

(5) Research and Development

There were no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 151st business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the three months ended June 30, 2020 were 56.3 billion yen, 3.5% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Three months ended June 30, 2020
IT	12.2
Energy	1.4
Industry	2.3
Mobility	6.1
Smart Life	21.6
Hitachi Construction Machinery	4.7
Hitachi Metals	3.5
Others	0.4
Corporate Items	3.7
Total	56.3

(6) Property, Plant and Equipment

The major property, plants and equipment materially changed during the three months ended June 30, 2020 are as follows.

Breakdown by Segment

(As of June 30, 2020)

Segment	Book value (Millions of yen)								Number of employees
	Land [Area in thousands of m ²]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use Assets	Other	Construction in progress	Total	
Smart Life	59,173 [8,002]	134,112	177,512	47,675	30,257	-	47,919	496,648	55,927
Hitachi High-Tech (Note 1)	- [-]	-	-	-	-	-	-	-	-
Hitachi Chemical (Note 2)	- [-]	-	-	-	-	-	-	-	-

(Notes) 1. The book value of the facilities in the Smart Life segment materially increased due mainly to the fact that Hitachi High-Tech Corporation became a wholly-owned subsidiary of the Company on May 20, 2020, and the Hitachi High-Tech segment was abolished and reclassified in the Smart Life segment.

2. Hitachi Chemical Company, Ltd. has ceased to be a consolidated subsidiary of the Company due to the share transfer on April 20, 2020. As a result, there are not the property, plants and equipment in the Hitachi Chemical segment.

Domestic subsidiaries

The Yamazaki Works and Shimodate Works of Hitachi Chemical Company, Ltd. are no longer the facilities of the Company's domestic subsidiaries due to the fact that Hitachi Chemical Company, Ltd. has ceased to be a consolidated subsidiary of the Company as a result of the share transfer on April 20, 2020.

(7) Forward-Looking Statements

Certain statements found in “2. Management’s Discussion and Analysis of Consolidated Financial Conditions, Operating Results and Cash Flows” and other descriptions in this report 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 report.

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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, 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;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- 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;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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 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;
- 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;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; 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 elsewhere in this report and in other materials published by Hitachi.

3. Material Agreements, etc.

No material agreements were entered into during the three months ended June 30, 2020.

III. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	2,000,000,000
Total	2,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of third quarter (shares) (June 30, 2020)	Number of shares issued as of the filing date (shares) (Note) (August 31, 2020)	Stock exchange on which the Company is listed	Description
Common stock	967,885,277	967,885,277	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	967,885,277	967,885,277	–	–

(Note) The "Number of shares issued as of the filing date" does not include shares issued upon exercise of stock acquisition rights from August 1, 2020 to the filing date.

(2) Information on the stock acquisition rights, etc.

1) Details of stock option plans

Not applicable.

2) Details of other stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Change in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
May 27, 2020 (Note)	604,800	967,885,277	928	460,790	928	178,756

(Note) This increase is due to the issuance of new shares as restricted stock compensation.

Issue price: 3,067 yen per share

Amount by which stated capital is to be increased: 1,533.5 yen per share

Allottees: 31 Executive officers of the Company and 33 Corporate officers of the Company

(5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of May 28, 2020 is stated in this item because the Company does not identify the number of voting rights as of June 30, 2020 due to the lack of information on the number of the Company's shares held by the entity which the Company holds one quarter or more of total number of voting rights of such entity as of June 30, 2020.

1) Issued shares

(As of May 28, 2020)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 1,054,900	—	—
Shares with full voting right (others)	Common stock 964,353,700	9,643,537	—
Shares less than one unit	Common stock 2,476,677	—	—
Number of issued shares	967,885,277	—	—
Total number of voting rights	—	9,643,537	—

(Note) The “Shares with full voting right (others)” column includes 5,300 shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing stocks whose shareholders have not transferred titles) and 53 voting rights for those shares.

2) Treasury stock, etc.

(As of May 28, 2020)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,021,700	—	1,021,700	0.11
Aoyama Special Steel Co., Ltd.	9-11, Shinkawa 2-chome, Chuo-ku, Tokyo	2,100	—	2,100	0.00
SAITA KOUGYOU CO., LTD.	5-3, Takinogawa 5-chome, Kita-ku, Tokyo	17,600	—	17,600	0.00
Nitto Jidosha Kiki K.K.	3268, Nagaoka, Ibarakimachi, Higashiibaraki-gun, Ibaraki	10,500	—	10,500	0.00
Mizuho Co., Inc.	4-1, Koishikawa 5-chome, Bunkyo-ku, Tokyo	3,000	—	3,000	0.00
Total	—	1,054,900	—	1,054,900	0.11

2. Changes in Senior Management

There were no changes in senior managements after the filing date of the Annual Securities Report for the 151st business term pursuant to the Financial Instruments and Exchange Act of Japan.

IV. Financial Information

Refer to the condensed quarterly consolidated financial statements incorporated in this Quarterly Report.

Part II Information on Guarantors, etc. for the Company

Not applicable.

Condensed Quarterly Consolidated Financial Statements

Condensed Quarterly Consolidated Statement of Financial Position

Millions of yen

	Note	June 30, 2020	March 31, 2020
Assets			
Current assets			
Cash and cash equivalents		1,851,083	812,331
Trade receivables and contract assets	6	1,743,678	2,260,205
Inventories		1,447,620	1,408,937
Investments in securities and other financial assets	7	255,488	279,951
Other current assets	5	482,237	456,165
Total current assets		5,780,106	5,217,589
Non-current assets			
Investments accounted for using the equity method	5	459,633	480,375
Investments in securities and other financial assets	5,7	443,042	440,514
Property, plant and equipment		1,936,447	2,165,311
Goodwill		604,532	635,927
Other intangible assets		455,046	479,794
Other non-current assets		481,710	510,571
Total non-current assets		4,380,410	4,712,492
Total assets		10,160,516	9,930,081
Liabilities			
Current liabilities			
Short-term debt		1,202,744	183,303
Current portion of long-term debt	7	241,354	231,237
Other financial liabilities	7	367,872	252,403
Trade payables		1,098,284	1,270,668
Accrued expenses		463,953	604,415
Contract liabilities		634,394	615,096
Other current liabilities	5	626,896	576,056
Total current liabilities		4,635,497	3,733,178
Non-current liabilities			
Long-term debt	7	997,117	1,070,502
Retirement and severance benefits		492,574	514,375
Other non-current liabilities		334,478	345,287
Total non-current liabilities		1,824,169	1,930,164
Total liabilities		6,459,666	5,663,342
Equity			
Hitachi, Ltd. stockholders' equity			
Common stock		460,790	459,862
Capital surplus		140,346	464,795
Retained earnings	8	2,475,984	2,296,208
Accumulated other comprehensive income		(37,228)	(57,070)
Treasury stock, at cost		(3,359)	(3,809)
Total Hitachi, Ltd. stockholders' equity		3,036,533	3,159,986
Non-controlling interests		664,317	1,106,753
Total equity		3,700,850	4,266,739
Total liabilities and equity		10,160,516	9,930,081

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Profit or Loss

Three months ended June 30, 2020 and 2019

Millions of yen

	Note	2020	2019
Revenues	9	1,594,277	2,032,582
Cost of sales		(1,179,428)	(1,488,390)
Gross profit		414,849	544,192
Selling, general and administrative expenses		(356,479)	(419,804)
Other income	5,10	284,154	43,603
Other expenses	10	(15,126)	(1,477)
Financial income	11	2,237	2,367
Financial expenses	11	(754)	(3,445)
Share of profits (losses) of investments accounted for using the equity method		11,537	17,075
EBIT (Earnings before interest and taxes)		340,418	182,511
Interest income		3,656	4,963
Interest charges		(4,365)	(5,602)
Income from continuing operations, before income taxes		339,709	181,872
Income taxes		(112,881)	(41,226)
Income from continuing operations		226,828	140,646
Loss from discontinued operations	12	(337)	(409)
Net income		226,491	140,237
Net income attributable to:			
Hitachi, Ltd. stockholders		223,251	120,303
Non-controlling interests		3,240	19,934
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders	13		Yen
Basic		231.48	125.00
Diluted		231.21	124.85
Earnings per share attributable to Hitachi, Ltd. stockholders	13		
Basic		231.13	124.58
Diluted		230.86	124.42

Condensed Quarterly Consolidated Statement of Comprehensive Income

Three months ended June 30, 2020 and 2019

Millions of yen

	Note	2020	2019
Net income		226,491	140,237
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		17,462	128
Remeasurements of defined benefit plans		-	-
Share of OCI of investments accounted for using the equity method		39	25
Total items not to be reclassified into net income		17,501	153
Items that can be reclassified into net income			
Foreign currency translation adjustments		11,015	(66,669)
Net changes in cash flow hedges		1,173	295
Share of OCI of investments accounted for using the equity method		(4,862)	4,588
Total items that can be reclassified into net income		7,326	(61,786)
Other comprehensive income (OCI)		24,827	(61,633)
Comprehensive income		251,318	78,604
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		242,291	77,450
Non-controlling interests		9,027	1,154

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended June 30, 2020

Millions of yen

	2020							
	Common stock	Capital surplus (note 5)	Retained earnings (note 8)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests (note 5)	Total equity
Balance at beginning of period	459,862	464,795	2,296,208	(57,070)	(3,809)	3,159,986	1,106,753	4,266,739
Changes in equity								
Reclassified into retained earnings	-	-	4,836	(4,836)	-	-	-	-
Net income	-	-	223,251	-	-	223,251	3,240	226,491
Other comprehensive income	-	-	-	19,040	-	19,040	5,787	24,827
Dividends to Hitachi, Ltd. stockholders	-	-	(48,311)	-	-	(48,311)	-	(48,311)
Dividends to non-controlling interests	-	-	-	-	-	-	(14,419)	(14,419)
Acquisition of treasury stock	-	-	-	-	(15)	(15)	-	(15)
Sales of treasury stock	-	(203)	-	-	465	262	-	262
Issuance of new shares	928	928	-	-	-	1,856	-	1,856
Changes in non-controlling interests	-	(325,174)	-	5,638	-	(319,536)	(437,044)	(756,580)
Total changes in equity	928	(324,449)	179,776	19,842	450	(123,453)	(442,436)	(565,889)
Balance at end of period	460,790	140,346	2,475,984	(37,228)	(3,359)	3,036,533	664,317	3,700,850

Three months ended June 30, 2019

Millions of yen

	2019							
	Common stock	Capital surplus	Retained earnings (note 8)	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	-	-	13,183	(13,183)	-	-	-	-
Net income	-	-	120,303	-	-	120,303	19,934	140,237
Other comprehensive income	-	-	-	(42,853)	-	(42,853)	(18,780)	(61,633)
Dividends to Hitachi, Ltd. stockholders	-	-	(48,280)	-	-	(48,280)	-	(48,280)
Dividends to non-controlling interests	-	-	-	-	-	-	(22,132)	(22,132)
Acquisition of treasury stock	-	-	-	-	(28)	(28)	-	(28)
Sales of treasury stock	-	(138)	-	-	269	131	-	131
Issuance of new shares	1,072	1,072	-	-	-	2,144	-	2,144
Changes in non-controlling interests	-	(3,245)	-	126	-	(3,119)	2,094	(1,025)
Total changes in equity	1,072	(2,311)	85,206	(55,910)	241	28,298	(18,884)	9,414
Balance at end of period	459,862	461,475	2,370,197	450	(3,679)	3,288,305	1,131,841	4,420,146

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Cash flows

Three months ended June 30, 2020 and 2019

Millions of yen

	Note	2020	2019
Cash flows from operating activities:			
Net income		226,491	140,237
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		98,449	103,477
Impairment losses		338	388
Income taxes		112,881	41,226
Share of (profits) losses of investments accounted for using the equity method		(11,537)	(17,075)
Financial income and expenses		(1,418)	(1,217)
Net (gain) loss on business reorganization and others		(281,651)	(24,602)
(Gain) loss on sale of property, plant and equipment		(2,857)	(2,136)
Change in trade receivables and contract assets		422,176	307,038
Change in inventories		(128,435)	(156,093)
Change in trade payables		(115,321)	(89,574)
Change in accrued expenses	2	(119,227)	(141,486)
Change in retirement and severance benefits		(3,900)	(19,542)
Other	2	3,168	14,897
Subtotal		199,157	155,538
Interest received		3,273	7,883
Dividends received		5,585	2,235
Interest paid		(4,429)	(5,544)
Income taxes paid		(49,790)	(81,251)
Net cash provided by (used in) operating activities		153,796	78,861
Cash flows from investing activities:			
Purchase of property, plant and equipment		(53,135)	(79,003)
Purchase of intangible assets		(19,852)	(18,873)
Proceeds from sale of property, plant and equipment, and intangible assets		10,900	5,839
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)		(23,617)	(44,172)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)		433,629	37,371
Other		9,532	(6,277)
Net cash provided by (used in) investing activities		357,457	(105,115)
Cash flows from financing activities:			
Change in short-term debt, net		1,044,031	215,770
Proceeds from long-term debt		5,011	25,161
Payments on long-term debt		(33,156)	(101,867)
Proceeds from payments from non-controlling interests		-	2,603
Dividends paid to Hitachi, Ltd. stockholders		(48,367)	(48,328)
Dividends paid to non-controlling interests		(12,096)	(20,449)
Acquisition of common stock for treasury		(15)	(28)
Proceeds from sales of treasury stock		262	131
Purchase of shares of consolidated subsidiaries from non-controlling interests		(428,972)	(56)
Other		(17)	-
Net cash provided by (used in) financing activities		526,681	72,937
Effect of exchange rate changes on cash and cash equivalents		818	(20,710)
Change in cash and cash equivalents		1,038,752	25,973
Cash and cash equivalents at beginning of period		812,331	807,593
Cash and cash equivalents at end of period		1,851,083	833,566

See accompanying notes to condensed quarterly consolidated financial statements.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

(1) Nature of Operations

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The condensed quarterly consolidated financial statements of the Company as of and for the three months ended June 30, 2020 comprise the Company, its subsidiaries and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in eight segments consisting of IT, Energy, Industry, Mobility, Smart Life, Hitachi Construction Machinery, Hitachi Metals, and Others.

(2) Basis of Presentation

As the Company meets the requirements of a "Specified Company applying Designated International Financial Reporting Standards" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), the condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting," as permitted by the provision of Article 93 of the Ordinance. They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the financial statements and notes included in the Company's annual consolidated financial statements for the year ended March 31, 2020.

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies, reporting of revenues and expenses and assets and liabilities in the preparation of these condensed quarterly consolidated financial statements. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated. The effect of a change in accounting estimates, if any, is recognized in the reporting period in which the change was made and in future periods.

Judgments, estimates and assumptions that could have a material effect on these condensed quarterly consolidated financial statements are basically the same as those disclosed in the Company's annual consolidated financial statements for the year ended March 31, 2020.

For the three months ended June 30, 2020, the Company tested fixed assets, such as goodwill, for impairment and assessed the realizability of deferred tax assets, etc., which require management to make estimates of future cash flows or future taxable income, based on the assumption that most of the impact of the slowdown in the global economy caused by the spread of COVID-19 would occur in the first half of the fiscal year ending March 31, 2021, with the decrease in demand to continue in the second half of the fiscal year in part of the business, but would not be material in the longer term, although the situation varies from one segment or region to another since the Company is engaged in a wide range of business activities around the globe. The Company judged that this is the best assumption as of June 30, 2020. However, if the impact lasts longer or is wider than the assumption described above, it could affect significant accounting estimates or judgements regarding impairment of fixed assets, such as goodwill, and assessments of the realizability of deferred tax assets, etc.

Regarding the condensed quarterly consolidated statement of cash flows, changes in presentation have been made effective from April 1, 2020 for improved clarity. "Change in accrued expenses," which was previously included in "Change in other liabilities," has been reclassified and separately presented. "Change in other assets" and "Change in other liabilities," which were separately presented, have been included in "Other" under cash flows from operating activities. The condensed quarterly consolidated statement of cash flows for the three months ended June 30, 2019 has been reclassified in order to reflect these changes in presentation.

As a result, regarding the condensed quarterly consolidated statement of cash flows for the three months ended June 30, 2019, "Change in other liabilities" of (141,486) million yen has been reclassified as "Change in accrued expenses." In addition, "Change in other assets" of (6,152) million yen and "Change in other liabilities" of 17,554 million yen, which were separately presented, have been reclassified as "Other" under cash flows from operating activities.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2020

(3) Significant Accounting Policies

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2020.

Income taxes for the three months ended June 30, 2020 are computed using the estimated annual effective tax rate.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2020

(4) Segment Information

The operating segments of the Company are the components for which separate financial information is available and which is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company discloses its business in eight reportable segments, corresponding to categories of activities classified primarily by the similarities for the nature of markets, products and services, and economic characteristics. Several operating segments are aggregated into Energy, Industry, Mobility and Smart Life for financial reporting purposes so that users of the financial statements better understand the Company's financial position and business performance. The Company aggregates operating segments based on the similarities of economic characteristics mainly using gross profit margin ratios of operating segments. The primary products and services included in each segment are as follows:

IT:

Systems integration, Consulting, Control systems, Cloud services, Software, IT products (Storage, Servers) and ATMs

Energy:

Energy solutions (Nuclear, Renewable energy, Thermal, Power grid)

Industry:

Industry & distribution systems, Water & environment systems and Industrial machinery

Mobility:

Building systems (Elevators, Escalators) and Railway systems

Smart Life:

Smart life & ecofriendly systems (Refrigerators, Washing machines, Room air conditioners, Air-conditioning equipment), Automotive systems (Powertrain systems, Chassis systems, Advanced driver assistance systems), Medical and life science products, Analytical equipment, Semiconductor processing equipment, Manufacturing and inspection equipment, and Advanced industrial products

Hitachi Construction Machinery:

Hydraulic excavators, Wheel loaders, Mining machinery, Maintenance and services, Construction solutions and Mine management systems

Hitachi Metals:

Specialty steel products, Functional components and equipment, Magnetic materials and power electronics materials, and Wires, cables and related products

Others:

Optical disk drives, Property management and others

Effective from April 1, 2020, due to making Hitachi High-Tech Corporation (Hitachi High-Tech) a wholly-owned subsidiary of the Company during the three months ended June 30, 2020, Hitachi High-Tech was unified to Smart Life. Figures for the three months ended June 30, 2019 have been restated on the basis of the reclassification.

In April 2020, the Company sold all shares of Hitachi Chemical Company, Ltd. (Hitachi Chemical). As a result, Hitachi Chemical was deconsolidated. Accordingly, Hitachi Chemical segment ceased to be a business segment, but the segment figures for the three months ended June 30, 2020 and 2019 are disclosed individually to enhance fair disclosure.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

The following tables show business segment information for the three months ended June 30, 2020 and 2019.

Revenues from External Customers

	Millions of yen	
	2020	2019
IT	397,549	426,528
Energy	64,339	59,872
Industry	134,239	129,695
Mobility	246,349	278,131
Smart Life	382,266	468,212
Hitachi Construction Machinery	170,119	234,626
Hitachi Metals	149,062	226,601
Hitachi Chemical	-	151,104
Others	47,554	55,423
Subtotal	1,591,477	2,030,192
Corporate items	2,800	2,390
Total	1,594,277	2,032,582

Revenues from Intersegment Transactions

	Millions of yen	
	2020	2019
IT	32,637	36,326
Energy	10,078	12,220
Industry	31,617	30,500
Mobility	1,893	2,222
Smart Life	21,417	30,978
Hitachi Construction Machinery	38	70
Hitachi Metals	5,711	7,352
Hitachi Chemical	-	4,874
Others	51,035	52,069
Subtotal	154,426	176,611
Corporate items and Eliminations	(154,426)	(176,611)
Total	-	-

Total Revenues

	Millions of yen	
	2020	2019
IT	430,186	462,854
Energy	74,417	72,092
Industry	165,856	160,195
Mobility	248,242	280,353
Smart Life	403,683	499,190
Hitachi Construction Machinery	170,157	234,696
Hitachi Metals	154,773	233,953
Hitachi Chemical	-	155,978
Others	98,589	107,492
Subtotal	1,745,903	2,206,803
Corporate items and Eliminations	(151,626)	(174,221)
Total	1,594,277	2,032,582

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

Segment Profit (Loss)

	Millions of yen	
	2020	2019
IT	38,035	43,531
Energy	3,073	6,277
Industry	4,415	2,165
Mobility	20,011	42,593
Smart Life	(1,779)	23,952
Hitachi Construction Machinery	2,429	22,520
Hitachi Metals	(6,699)	5,122
Hitachi Chemical	-	7,825
Others	4,413	4,713
Subtotal	63,898	158,698
Corporate items and Eliminations	276,520	23,813
Total	340,418	182,511
Interest income	3,656	4,963
Interest charges	(4,365)	(5,602)
Income from continuing operations, before income taxes	339,709	181,872

Segment profit (loss) is measured by EBIT.

Intersegment transactions are generally recorded at the same prices used in arm's length transactions. Corporate items include corporate expenses not allocated to individual business segments, such as expenditures for advanced R&D, a part of net gain (loss) on business reorganization and share of profits (losses) of investments accounted for using the equity method, and others.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2020

(5) Business Acquisitions and Divestitures

The following are the main Business Acquisitions and Divestitures for the three months ended June 30, 2020, including the period up to the approval date of the condensed quarterly consolidated financial statements.

(a) Acquisition of ABB's power grids business

On December 17, 2018, the Company decided to acquire the power grid business of ABB Ltd (ABB) and signed an acquisition agreement with ABB in order to strengthen and expand energy solution business globally. Pursuant to this agreement, the Company invested 80.1% in Hitachi ABB Power Grids Ltd (Hitachi ABB Power Grid), which was spun off from ABB, and the acquisition was completed on July 1, 2020. As a result, Hitachi ABB Power Grid became a subsidiary of the Company. The Company has a call option to purchase 19.9% of the shares of Hitachi ABB Power Grid held by ABB, and ABB has a put option to sell 19.9% of the shares of Hitachi ABB Power Grid held by ABB to the Company exercisable after 2023.

The consideration for the acquisition of Hitachi ABB Power Grid was 6,850 million U.S. dollars (722,062 million yen). Acquisition related costs of 5,391 million yen have been posted before the year ended March 31, 2020, and approximately 3,000 million yen is expected to be recorded in the year ending March 31, 2021. Acquisition related costs included in Other expenses in the condensed quarterly consolidated statement of profit or loss for the three months ended June 30, 2020 and 2019 were 752 million yen and 284 million yen, respectively. In addition to this acquisition, the Company repaid 3,000 million U.S. dollars (323,190 million yen) of certain loans owed by Hitachi ABB Power Grid from ABB's subsidiary, ABB Capital B.V.

Due to a time constraint between the acquisition date and the filing date of the quarterly report, the initial accounting treatment for the acquisition of Hitachi ABB Power Grid has not been completed. Accordingly, no disclosure has been made to the amounts of assets acquired and liabilities assumed that were recognized at the date of acquisition, the amounts of non-controlling interests, or the balances of goodwill. The consideration may vary due to transaction price adjustment.

Assuming that such acquisition was made as of April 1, 2020, the impact on revenues and net income for the three months ended June 30, 2020 has not been disclosed due to the time constraint of preparing the pro forma data.

(b) Additional acquisition of shares of Hitachi High-Tech Corporation (Hitachi High-Tech)

On January 31, 2020, the Company decided to conduct a tender offer to acquire all issued shares of Hitachi High-Tech, a consolidated subsidiary of the Company in the Smart Life segment, to establish the measurement and analysis platform to strengthen Lumada. The Company commenced the tender offer on February 17, 2020, and the tender offer was completed on April 6, 2020.

Furthermore, the Company conducted a series of procedures to make Hitachi High-Tech a wholly-owned subsidiary of the Company. As a result, the Company's ownership ratio of shares of Hitachi High-Tech increased to 100% on May 20, 2020. The total consideration paid was 531,084 million yen, and the Company recognized decreases in capital surplus of 321,627 million yen and non-controlling interest of 209,457 million yen, respectively, for the three months ended June 30, 2020.

(c) Sale of all shares of Hitachi Chemical Company, Ltd. (Hitachi Chemical)

On December 18, 2019, the Company signed a tender offer agreement with Showa Denko K.K. (Showa Denko) and HC Holdings K.K. (HC Holdings), a wholly-owned subsidiary of Showa Denko, under which the Company agrees to tender all shares of common stock in Hitachi Chemical held by the Company, in response to a tender offer to be carried out by HC Holdings for the shares of common stock of Hitachi Chemical, a consolidated subsidiary of the Company in the Hitachi Chemical segment. HC Holdings commenced the tender offer on March 24, 2020, and the tender offer was completed on April 20, 2020. The consideration received by the Company was 495,145 million yen.

As a result, the Company's ownership ratio of shares of Hitachi Chemical decreased from 51.4% to 0%, and Hitachi Chemical was deconsolidated. A gain on the sale of shares of Hitachi Chemical in the amount of 278,839 million yen was recognized in Other income in the condensed quarterly consolidated statement of profit or loss. Furthermore, non-controlling interest in Hitachi Chemical decreased 220,402 million yen in Changes in non-controlling interests in the condensed quarterly consolidated statement of changes in equity as a result of its deconsolidation.

The following are the material Business Acquisitions and Divestitures other than the above.

(a) Sale of Diagnostic Imaging-related Business

On December 18, 2019, the Company signed an agreement with FUJIFILM Corporation (Fujifilm) regarding the transfer of the Diagnostic Imaging-related Business included in the Company, the Company's subsidiaries and associates in the Smart Life segment to Fujifilm.

The Company plans to transfer all shares of common stock of a new company established by the Company to Fujifilm after the Diagnostic Imaging-related Business is succeeded to the new company from the Company through an absorption-type company split. The consideration is expected to be approximately 179 billion yen.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2020

Assuming the transaction is settled, it is expected that the Company's ownership ratio of shares of the new company will decrease from 100% to 0%, and the new company will be deconsolidated. An expected gain on the sale of shares of the new company in the amount of approximately 111 billion yen will be recognized in Other income in the consolidated statement of profit or loss.

(b) Reorganization of automotive systems business

On October 30, 2019, the Company and Hitachi Automotive Systems, Ltd. (HiAMS), a consolidated subsidiary of the Company in the Smart Life segment, signed an agreement with Honda Motor Co., Ltd. (Honda), and Keihin Corporation, Showa Corporation, and Nissin Kogyo Co., Ltd. (together, "the Associates of Honda"), to integrate management of HiAMS and the Associates of Honda, in order to strengthen development and distribution of global and competitive solutions in the CASE area.

HiAMS and the Associates of Honda plan to conduct an absorption-type merger in which HiAMS will be the surviving company (the Integrated Company) and each of the Associates of Honda will be the disappearing companies after they become wholly-owned subsidiaries of Honda through tender offers to be conducted by Honda for the common shares of the Associates of Honda. The consideration will be the common shares of the Integrated Company. After the merger, the Company's ownership ratio of shares of the Integrated Company will become 66.6% and the Integrated Company will become a consolidated subsidiary of the Company. The effects of this transaction on the Company's consolidated financial statements are currently being evaluated.

(c) 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. (MHI) regarding the transfer price adjustment, etc. 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 settlement, it was agreed that all common shares of Mitsubishi Hitachi Power Systems, Ltd. (MHPS) held by the Company would be transferred to MHI, and the Company would 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 (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 provision related to this agreement is included in Other current liabilities in the condensed quarterly consolidated statement of financial position as of June 30, 2020. 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 the 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 was 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". Furthermore, on March 30, 2020, the Company transferred to MHI, the loans receivable to MHPS Africa, and paid 130,000 million yen to MHI comprising the settlement payment offset by the consideration in loans receivable. As of June 30, 2020, the corresponding amount of assets meeting the criteria as held-for-sale assets included in Other current assets is 263,614 million yen. The shares of MHPS will be delivered to MHI on September 1, 2020, as the procedures required for the transfer were completed.

Notes to Condensed Quarterly Consolidated Financial Statements
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(6) Trade Receivables and Contract Assets

The components of trade receivables and contract assets are as follows:

	June 30, 2020	March 31, 2020
Accounts receivable	1,176,186	1,684,225
Contract assets	428,192	429,117
Others	139,300	146,863
Total	1,743,678	2,260,205

Trade receivables and contract assets are stated as net of the allowance for doubtful receivables.

Others include notes receivable and electronically recorded monetary claims.

(7) Fair Value of Financial Instruments

(a) Fair Value Measurements

The following methods and assumptions are used to measure the fair value of financial assets and liabilities.

Cash and cash equivalents, Trade receivables, Short-term loans receivable, Other accounts receivable, Short-term debt, Other accounts payable and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Investments in securities and other financial assets

The fair value of lease receivables is based on the present value of lease payments receivable calculated for each group of years to maturity using discount rates that reflect the time to maturity and credit risk.

Investment securities with quoted market prices are estimated using the quoted share prices. In the absence of an active market for investment securities, quoted prices for similar investment securities, quoted prices associated with transactions that are not distressed for identical or similar investment securities or other relevant information including market interest rate curves, referenced credit spreads or default rates, are used to determine fair value. If significant inputs of fair value measurement are unobservable, the Company uses price information provided by financial institutions to evaluate such investments. The information provided is corroborated by the income approach using its own valuation model, or the market approach using comparisons with prices of similar securities.

The fair value of long-term loans receivable is estimated based on the present value of future cash flows using the interest rate applicable to an additional loan of the same type.

Derivative assets are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company mainly uses the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

Long-term debt

The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using the market interest rates applicable to the same contractual terms.

Other financial liabilities

Derivative liabilities are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company uses mainly the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

(b) Financial Instruments Measured at Amortized Cost

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost as of June 30 and March 31, 2020 are as follows.

The fair value estimated for financial assets and liabilities measured at amortized cost is classified in Level 2 of the fair value hierarchy.

Millions of yen

	June 30, 2020		March 31, 2020	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
<u>Assets</u>				
Investments in securities and other financial assets				
Lease receivables	85,844	87,145	83,553	84,834
Debt securities	71,383	71,386	73,048	73,051
Long-term loans receivable	25,700	28,393	26,642	28,576
<u>Liabilities</u>				
Long-term debt [1]				
Bonds	355,640	356,615	385,293	386,082
Long-term borrowings	612,125	615,363	637,648	640,929

[1] Long-term debt is included in Current portion of long-term debt and Long-term debt in the condensed quarterly consolidated statement of financial position.

(c) Financial Instruments Measured at Fair Value

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three levels of the fair value hierarchy based on the measurement inputs' observability as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Valuations measured by direct or indirect observable inputs other than Level 1
- Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input that is significant with the lowest level in the fair value measurement as a whole.

Transfers between levels are deemed at the beginning of each quarter period.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2020

The following tables present the assets and liabilities that are measured at fair value on a recurring basis as of June 30 and March 31, 2020.

June 30, 2020				Millions of yen
Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets				
Equity securities	-	-	3,548	3,548
Debt securities	9,251	4,710	7,704	21,665
Derivatives	-	34,555	85	34,640
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	148,191	-	106,957	255,148
Total financial assets at fair value	157,442	39,265	118,294	315,001
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	17,815	-	17,815
Total financial liabilities at fair value	-	17,815	-	17,815

March 31, 2020				Millions of yen
Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets				
Equity securities	-	-	4,001	4,001
Debt securities	8,638	4,550	8,617	21,805
Derivatives	-	44,409	6,147	50,556
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	135,452	-	108,884	244,336
Total financial assets at fair value	144,090	48,959	127,649	320,698
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	24,021	-	24,021
Total financial liabilities at fair value	-	24,021	-	24,021

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2020

The following tables present the changes in Level 3 instruments measured on a recurring basis for the three months ended June 30, 2020 and 2019.

June 30, 2020	Millions of yen			
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	112,885	8,617	6,147	127,649
Gain (loss) in profit or loss [1]	(139)	57	(1)	(83)
Gain in OCI [2]	1,205	-	-	1,205
Purchases	1,068	303	-	1,371
Sales and redemption	(1,041)	(613)	(6,061)	(7,715)
Acquisitions and divestitures	(3,591)	(656)	-	(4,247)
Other	118	(4)	-	114
Balance at end of period	110,505	7,704	85	118,294
Unrealized gain (loss) relating to financial assets held at end of period [3]	(152)	57	(1)	(96)

June 30, 2019	Millions of yen			
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	105,077	9,344	7,059	121,480
Gain (loss) in profit or loss [1]	(62)	37	(29)	(54)
Gain in OCI [2]	881	-	-	881
Purchases	1,018	359	-	1,377
Sales and redemption	(757)	(761)	-	(1,518)
Other	(10)	(24)	-	(34)
Balance at end of period	106,147	8,955	7,030	122,132
Unrealized gain (loss) relating to financial assets held at end of period [3]	(62)	62	(29)	(29)

[1] Gain (loss) in profit or loss related to FVTPL financial assets is included in Financial income and Financial expenses in the condensed quarterly consolidated statement of profit or loss.

[2] Gain in OCI related to FVTOCI financial assets is included in Net changes in financial assets measured at fair value through OCI in the condensed quarterly consolidated statement of comprehensive income.

[3] Unrealized gain (loss) relating to FVTPL financial assets held at the end of period is included in Financial income and Financial expenses in the condensed quarterly consolidated statement of profit or loss.

Fair values are measured by the finance departments in accordance with the Company's policies and procedures. Valuation models are determined so that they reflect each financial instrument's nature, characteristics and risks most appropriately. The finance departments continually examine changes in important inputs that could affect the fair value. In case the fair value of a financial instrument was significantly impaired, administrators review and approve the impairment loss.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

(8) Dividends

Dividends paid on the Company's common stock for the three months ended June 30, 2020 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 13, 2020	48,311	Retained earnings	50.0	March 31, 2020	June 8, 2020

Dividends paid on the Company's common stock for the three months ended June 30, 2019 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 10, 2019	48,280	Retained earnings	50.0	March 31, 2019	May 31, 2019

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

(9) Revenues

(a) Disaggregation of revenue

The Company derives revenues primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and geographic area.

Effective from April 1, 2020, the Company reclassified its reportable segments. Accordingly, figures for the three months ended June 30, 2019 have been restated on the basis of the reclassification. Details of the reclassification are described in note 4.

(Millions of yen)

June 30, 2020							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Energy	59,932	10,161	3,570	607	147	14,485	74,417
Industry	122,881	16,413	19,943	3,308	3,311	42,975	165,856
Mobility	75,690	103,467	11,982	47,911	9,192	172,552	248,242
Smart Life	188,252	114,917	46,363	38,145	16,006	215,431	403,683
Hitachi Construction Machinery	39,934	39,026	27,906	17,855	45,436	130,223	170,157
Hitachi Metals	78,808	34,084	32,998	6,931	1,952	75,965	154,773
Hitachi Chemical	-	-	-	-	-	-	-
Others	82,250	12,244	1,967	1,387	741	16,339	98,589
Subtotal	959,428	368,451	183,199	149,133	85,692	786,475	1,745,903
Corporate items and Eliminations	(141,425)	(7,805)	(994)	(781)	(621)	(10,201)	(151,626)
Total	818,003	360,646	182,205	148,352	85,071	776,274	1,594,277

(Millions of yen)

June 30, 2019							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Energy	63,710	4,848	1,825	1,031	678	8,382	72,092
Industry	119,776	20,634	12,103	2,426	5,256	40,419	160,195
Mobility	76,396	100,430	8,869	84,353	10,305	203,957	280,353
Smart Life	247,624	105,351	82,215	44,474	19,526	251,566	499,190
Hitachi Construction Machinery	40,876	56,640	47,137	38,289	51,754	193,820	234,696
Hitachi Metals	104,610	43,104	69,107	11,696	5,436	129,343	233,953
Hitachi Chemical	56,808	67,492	11,882	15,468	4,328	99,170	155,978
Others	87,170	12,855	4,515	1,589	1,363	20,322	107,492
Subtotal	1,122,556	455,172	285,994	235,769	107,312	1,084,247	2,206,803
Corporate items and Eliminations	(156,212)	(12,486)	(3,294)	(1,289)	(940)	(18,009)	(174,221)
Total	966,344	442,686	282,700	234,480	106,372	1,066,238	2,032,582

Notes to Condensed Quarterly Consolidated Financial Statements

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The IT segment consists of Front Business and Services & Platforms, for which revenue amounted to 291,222 million yen and 172,847 million yen for the three months ended June 30, 2020 and 299,114 million yen and 196,288 million yen for the three months ended June 30, 2019, respectively (including intersegment transactions). Front Business is operated mainly in Japan, and Services & Platforms is operated mainly in Japan, North America and Europe.

Effective from April 1, 2020, the IT segment changed its scope of business field. Figures for the three months ended June 30, 2019 have been restated on the basis of the reclassification.

(b) Information about satisfaction of performance obligations

The following is information about satisfaction of performance obligations related to major goods and services of each reportable segment.

(IT)

Front Business primarily provides goods and services such as system integration, consulting and cloud services. These long-term projects provide goods and services according to customers' specifications over a specified period of time, and revenue is recognized mainly based on the pattern of the cost accrual (the progress of the project mostly based on the cost incurred relative to the estimated total cost) or the passage of time as performance obligations are satisfied over time.

Many of the contracts require payments based on milestones, and in some cases, payments are made before performance obligations are satisfied.

Services & Platforms primarily sells control systems, software and IT products. Revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

(Energy, Industry and Mobility)

The Energy segment includes revenue from businesses such as energy solutions, and the Industry segment includes revenue from businesses such as industry & distribution systems. These segments are operated mainly in Japan. The Mobility segment includes revenue from building systems and railway systems businesses. The building systems business is operated mainly in China and the railway systems business is operated mainly in Europe.

Long-term projects related to contracts such as construction in these segments involve manufacturing and providing goods based on customers' specifications over a specified period of time. As performance obligations are satisfied over time, revenue is recognized mainly based on the pattern of the cost accrual (the progress of the project mostly based on the cost incurred relative to the estimated total cost). In addition, these segments provide certain services promised in the contracts such as maintenance throughout the duration of the contract, and recognize revenue over time based on the passage of time. Many of the contracts require payments based on milestones, and, in some cases, payments are made before performance obligations are satisfied.

Further, in the sale of industrial equipment, etc. included in the Industry segment, and in the sale of elevators, etc. included in the Mobility segment, revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

(Other)

In the Smart Life, Hitachi Construction Machinery, and Hitachi Metals segments, performance obligations are generally satisfied at a point in time upon completion or upon delivery of the goods, and revenue is recognized when control over goods is transferred to customers. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

These segments provide certain services promised in the contracts such as maintenance throughout the duration of the contract, and they recognize revenue over time based on the passage of time. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

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(10) Other Income and Expenses

The main components of other income and expenses for the three months ended June 30, 2020 and 2019 are as follows:

	Millions of yen	
	2020	2019
Net gain (loss) on sales and disposals of fixed assets	2,015	2,128
Impairment losses	(338)	(388)
Net gain (loss) on business reorganization and others	281,651	24,602
Special termination benefits	(1,185)	(976)

Impairment losses are mainly recognized on property, plant and equipment, investment properties, goodwill and other intangible assets. Net gain (loss) on business reorganization and others include gains and losses related to obtaining and losing control of investees and gains and losses related to obtaining and losing significant influence over investees.

Restructuring charges (structural reform expenses) included in other expenses for the three months ended June 30, 2020 and 2019 were 1,523 million yen and 1,517 million yen, respectively. Restructuring charges (structural reform expenses) mainly include impairment losses and special termination benefits.

(11) Financial Income and Expenses

The main components of financial income and expenses for the three months ended June 30, 2020 and 2019 are as follows:

	Millions of yen	
	2020	2019
Dividends received	1,976	2,367
Exchange gain (loss)	(390)	(2,559)

Dividends received for the three months ended June 30, 2020 and 2019 are from FVTOCI financial assets.

(12) Discontinued Operations

In the Energy segment, the Company classified the part of thermal power generation systems business which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. for business integration in the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd. but was operated by the Company and certain subsidiaries as discontinued operations in the condensed quarterly consolidated statement of profit or loss since the projects were completed in the year ended March 31, 2015.

Profit or loss and cash flows from the discontinued operations for the three months ended June 30, 2020 and 2019 are as follows:

	Millions of yen	
	2020	2019
Profit or loss from discontinued operations		
Revenues	4	18
Cost of sales and expenses	(341)	(427)
Loss from discontinued operations, before income taxes	(337)	(409)
Income taxes	-	-
Loss from discontinued operations	(337)	(409)

	Millions of yen	
	2020	2019
Cash flows from discontinued operations		
Cash flows from operating activities	(260)	(693)
Cash flows from investing activities	-	-
Cash flows from financing activities	381	740

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2020

(13) Earnings Per Share (EPS) Information

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the three months ended June 30, 2020 and 2019 are as follows:

	Number of shares	
	2020	2019
Weighted average number of shares on which basic EPS is calculated	965,905,747	965,688,022
Effect of dilutive securities		
Stock options	681,400	878,640
Restricted stock	446,753	308,714
Restricted stock units	5,506	-
Number of shares on which diluted EPS is calculated	967,039,406	966,875,376

	Millions of yen	
	2020	2019
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	223,588	120,712
Effect of dilutive securities	-	-
Diluted	223,588	120,712
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(337)	(409)
Effect of dilutive securities	-	-
Diluted	(337)	(409)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	223,251	120,303
Effect of dilutive securities	-	-
Diluted	223,251	120,303

	Yen	
	2020	2019
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	231.48	125.00
Diluted	231.21	124.85
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	(0.35)	(0.42)
Diluted	(0.35)	(0.42)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	231.13	124.58
Diluted	230.86	124.42

Notes to Condensed Quarterly Consolidated Financial Statements
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(14) Contingencies

Litigation

In November 2017, a subsidiary in Japan received a complaint that was filed against three companies, namely a construction company of a condominium complex, the subsidiary and a secondary subcontractor, by a contractee in Japan seeking approximately 45.9 billion yen in compensation for expenses allegedly incurred arising from concerns over partial deficiencies of piling work during the construction phases of the condominium complex, which the subsidiary contracted as the primary subcontractor. In July 2018, the compensation claim against these three companies was amended to approximately 51.0 billion yen by the contractee.

In relation to the aforementioned lawsuit, in April 2018, the subsidiary in Japan received a complaint that was filed against the subsidiary and the secondary subcontractor, by the construction company of the condominium complex seeking approximately 49.6 billion yen in compensation for expenses allegedly incurred arising from the aforementioned lawsuit. In July 2018, the compensation claim against these two companies was amended to approximately 54.8 billion yen by the construction company of the condominium complex. Although the subsidiary in Japan will address these claims and explain its position, there can be no assurance that it will not be held liable for any amounts claimed.

In December 2017, a subsidiary and an associate in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of 263 million euro (31,849 million yen) and interest allegedly incurred by performance defects of a power plant. As of June 30, 2020, the amount of compensation claimed by the customer was changed to 270 million euro (32,694 million yen). Although the subsidiary and the associate in Europe will vigorously defend themselves against this lawsuit, there can be no assurance that they will not be held liable for any amounts claimed.

The Company and its subsidiaries execute a number of business reorganizations, including mergers, acquisitions and divestitures. Contracts for these reorganizations include clauses for transaction price adjustments subsequent to the reorganizations. There is a possibility products or services provided by the Company and its subsidiaries contain defects. As the result of price adjustments, or in compensation for defects in products or services etc. there is a possibility that the Company pays for any amounts.

Depending upon the outcome of the above legal proceedings, there may be an adverse effect on the consolidated financial position or results of operations. Currently, the Company is unable to estimate the adverse effect, if any, of many of these proceedings. The actual amount of fines, surcharge payments or any other payments resulting from these legal proceedings may be different from the accrued amounts.

In addition to the above, the Company and its subsidiaries are subject to legal proceedings and claims which have arisen in the ordinary course of business and have not been finally adjudicated. These actions when ultimately concluded and determined will not, in the opinion of management, have a material adverse effect on the condensed quarterly consolidated financial statements of the Company and subsidiaries.

(15) Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements were approved on August 31, 2020 by Toshiaki Higashihara, President and CEO of the Company.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	August 31, 2020
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Toshiaki Higashihara, President & CEO
[Name and title of CFO]	Yoshihiko Kawamura, Senior Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Mr. Toshiaki Higashihara, President & CEO, and Mr. Yoshihiko Kawamura, Senior Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the first quarter of the 152nd fiscal year (from April 1, 2020 to June 30, 2020) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.