

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the First Quarter Ended June 30, 2022**

Tokyo, July 29, 2022 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the first quarter of fiscal 2022, ended June 30, 2022

Note: All figures were converted at the rate of 137 yen to the U.S. dollar as of June 30, 2022.

Summary

	Three months ended June 30			
	Billions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021(A)	2022(B)		2022
1. Revenues	2,367.4	2,569.8	109	18,758
2. Adjusted operating income	130.4	121.5	93	887
3. Adjusted EBITA (Adjusted Earnings before interest, taxes and amortization)	161.1	154.8	96	1,130
4. Income before income taxes	166.8	76.6	46	559
5. Net income	136.9	47.0	34	343
6. Net income attributable to Hitachi, Ltd. stockholders	122.2	37.1	30	271
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.dollars)
Basic	126.49	38.53	30	0.28
Diluted	126.33	38.49	30	0.28

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. "Adjusted EBITA" = Adjusted operating income + Acquisition-related amortization + Share of profits(losses) of investments accounted for using the equity method.

4. The figures are for 846 consolidated subsidiaries and 290 equity-method associates and joint ventures.

Condensed Quarterly Consolidated Statement of Profit or Loss

	Three months ended June 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Revenues	2,367,437	2,569,816	109	18,758
Cost of sales	(1,790,670)	(1,954,342)	109	(14,265)
Gross profit	576,767	615,474	107	4,493
Selling, general and administrative expenses	(446,284)	(493,921)	111	(3,605)
Adjusted operating income	130,483	121,553	93	887
Other income	37,149	4,167	11	30
Other expenses	(10,833)	(63,150)	583	(461)
Financial income	2,538	8,071	318	59
Financial expenses	(2,547)	(2,912)	114	(21)
Share of profits (losses) of investments accounted for using the equity method	11,880	12,900	109	94
EBIT (Earnings before interest and taxes)	168,670	80,629	48	589
Interest income	4,639	5,250	113	38
Interest charges	(6,454)	(9,273)	144	(68)
Income before income taxes	166,855	76,606	46	559
Income taxes	(29,906)	(29,557)	99	(216)
Net income	136,949	47,049	34	343
Net income attributable to:				
Hitachi, Ltd. stockholders	122,231	37,158	30	271
Non-controlling interests	14,718	9,891	67	72
Earnings per share attributable to Hitachi, Ltd. stockholders	Yen	Yen		U.S. dollars
Basic	126.49	38.53	30	0.28
Diluted	126.33	38.49	30	0.28

Condensed Quarterly Consolidated Statement of Comprehensive Income

	Three months ended June 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Net income	136,949	47,049	34	343
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(15,348)	(6,388)	-	(47)
Remeasurements of defined benefit plans	-	17,232	-	126
Share of OCI of investments accounted for using the equity method	(248)	12	-	0
Total items not to be reclassified into net income	(15,596)	10,856	-	79
Items that can be reclassified into net income				
Foreign currency translation adjustments	6,462	412,678	-	3,012
Net changes in cash flow hedges	6,714	(1,130)	-	(8)
Share of OCI of investments accounted for using the equity method	10,696	16,997	159	124
Total items that can be reclassified into net income	23,872	428,545	-	3,128
Other comprehensive income (OCI)	8,276	439,401	-	3,207
Comprehensive income	145,225	486,450	335	3,551
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	127,022	412,163	324	3,008
Non-controlling interests	18,203	74,287	408	542

Condensed Quarterly Consolidated Statement of Financial Position

	Millions of yen		(B)-(A)	Millions of U.S. dollars
	As of March 31, 2022 (A)	As of June 30, 2022 (B)		As of June 30, 2022
Assets				
Current assets				
Cash and cash equivalents	968,827	1,079,285	110,458	7,878
Trade receivables and contract assets	2,978,149	2,764,004	(214,145)	20,175
Inventories	2,042,432	2,329,859	287,427	17,006
Investments in securities and other financial assets	376,315	412,507	36,192	3,011
Other current assets	233,708	302,689	68,981	2,209
Total Current assets	6,599,431	6,888,344	288,913	50,280
Non-current assets				
Investments accounted for using the equity method	411,201	429,694	18,493	3,136
Investments in securities and other financial assets	584,806	599,138	14,332	4,373
Property, plant and equipment	2,478,901	2,563,028	84,127	18,708
Goodwill	2,153,706	2,381,063	227,357	17,380
Other intangible assets	1,257,128	1,344,973	87,845	9,817
Other non-current assets	402,329	395,835	(6,494)	2,889
Total Non-current assets	7,288,071	7,713,731	425,660	56,305
Total Assets	13,887,502	14,602,075	714,573	106,584
Liabilities				
Current liabilities				
Short-term debt	1,234,119	1,560,980	326,861	11,394
Current portion of long-term debt	336,418	291,096	(45,322)	2,125
Other financial liabilities	294,047	387,607	93,560	2,829
Trade payables	1,754,633	1,795,991	41,358	13,109
Accrued expenses	738,030	620,372	(117,658)	4,528
Contract liabilities	1,069,732	1,106,066	36,334	8,073
Other current liabilities	427,087	410,872	(16,215)	2,999
Total Current liabilities	5,854,066	6,172,984	318,918	45,058
Non-current liabilities				
Long-term debt	1,556,175	1,607,886	51,711	11,736
Retirement and severance benefits	414,839	427,695	12,856	3,122
Other non-current liabilities	707,145	744,390	37,245	5,434
Total Non-current liabilities	2,678,159	2,779,971	101,812	20,292
Total Liabilities	8,532,225	8,952,955	420,730	65,350
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	461,731	462,817	1,086	3,378
Capital surplus	46,119	-	(46,119)	-
Retained earnings	3,197,725	3,214,339	16,614	23,462
Accumulated other comprehensive income	639,263	986,543	347,280	7,201
(Foreign currency translation adjustments)	444,651	817,297	372,646	5,966
(Remeasurements of defined benefit plans)	105,675	77,387	(28,288)	565
(Net changes in financial assets measured at fair value through OCI)	110,109	104,757	(5,352)	765
(Net changes in cash flow hedges)	(21,172)	(12,898)	8,274	(94)
Treasury stock, at cost	(3,002)	(45,501)	(42,499)	(332)
Total Hitachi, Ltd. stockholders' equity	4,341,836	4,618,198	276,362	33,709
Non-controlling interests	1,013,441	1,030,922	17,481	7,525
Total Equity	5,355,277	5,649,120	293,843	41,234
Total Liabilities and Equity	13,887,502	14,602,075	714,573	106,584

Condensed Quarterly Consolidated Statement of Changes in Equity

Millions of yen

Three months ended June 30, 2021								
	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	460,790	84,040	2,710,604	273,561	(3,493)	3,525,502	932,730	4,458,232
Changes in equity								
Reclassified into retained earnings	-	-	5,781	(5,781)	-	-	-	-
Net income	-	-	122,231	-	-	122,231	14,718	136,949
Other comprehensive income	-	-	-	4,791	-	4,791	3,485	8,276
Dividends to Hitachi, Ltd. stockholders	-	-	(53,175)	-	-	(53,175)	-	(53,175)
Dividends to non-controlling interests	-	-	-	-	-	-	(25,627)	(25,627)
Acquisition of treasury stock	-	-	-	-	(61)	(61)	-	(61)
Sales of treasury stock	-	(301)	-	-	734	433	-	433
Issuance of new shares	941	941	-	-	-	1,882	-	1,882
Changes in non-controlling interests	-	(9,329)	-	1,729	-	(7,600)	(16,202)	(23,802)
Total changes in equity	941	(8,689)	74,837	739	673	68,501	(23,626)	44,875
Balance at end of period	461,731	75,351	2,785,441	274,300	(2,820)	3,594,003	909,104	4,503,107

Millions of yen

Three months ended June 30, 2022								
	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	461,731	46,119	3,197,725	639,263	(3,002)	4,341,836	1,013,441	5,355,277
Changes in equity								
Reclassified into retained earnings	-	-	44,992	(44,992)	-	-	-	-
Net income	-	-	37,158	-	-	37,158	9,891	47,049
Other comprehensive income	-	-	-	375,005	-	375,005	64,396	439,401
Dividends to Hitachi, Ltd. stockholders	-	-	(62,870)	-	-	(62,870)	-	(62,870)
Dividends to non-controlling interests	-	-	-	-	-	-	(22,326)	(22,326)
Acquisition of treasury stock	-	-	-	-	(42,746)	(42,746)	-	(42,746)
Sales of treasury stock	-	(94)	-	-	247	153	-	153
Issuance of new shares	1,086	1,086	-	-	-	2,172	-	2,172
Changes in non-controlling interests	-	(47,111)	(2,666)	17,267	-	(32,510)	(34,480)	(66,990)
Total changes in equity	1,086	(46,119)	16,614	347,280	(42,499)	276,362	17,481	293,843
Balance at end of period	462,817	-	3,214,339	986,543	(45,501)	4,618,198	1,030,922	5,649,120

Millions of U.S. dollars

Three months ended June 30, 2022								
	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	3,370	337	23,341	4,666	(22)	31,692	7,397	39,090
Changes in equity								
Reclassified into retained earnings	-	-	328	(328)	-	-	-	-
Net income	-	-	271	-	-	271	72	343
Other comprehensive income	-	-	-	2,737	-	2,737	470	3,207
Dividends to Hitachi, Ltd. stockholders	-	-	(459)	-	-	(459)	-	(459)
Dividends to non-controlling interests	-	-	-	-	-	-	(163)	(163)
Acquisition of treasury stock	-	-	-	-	(312)	(312)	-	(312)
Sales of treasury stock	-	(1)	-	-	2	1	-	1
Issuance of new shares	8	8	-	-	-	16	-	16
Changes in non-controlling interests	-	(344)	(19)	126	-	(237)	(252)	(489)
Total changes in equity	8	(337)	121	2,535	(310)	2,017	128	2,145
Balance at end of period	3,378	-	23,462	7,201	(332)	33,709	7,525	41,234

Condensed Quarterly Consolidated Statement of Cash Flows

	Three months ended June 30			
	Millions of yen		(B)-(A)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Cash flows from operating activities				
Net Income	136,949	47,049	(89,900)	343
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	130,929	141,779	10,850	1,035
Impairment losses	1,341	896	(445)	7
Income taxes	29,906	29,557	(349)	216
Share of (profits) losses of investments accounted for using the equity method	(11,880)	(12,900)	(1,020)	(94)
Financial income and expenses	(723)	(2,155)	(1,432)	(16)
Net (gain) loss on business reorganization and others	(36,714)	(1,203)	35,511	(9)
(Gain) loss on sale of property, plant and equipment	1,646	(2,775)	(4,421)	(20)
Change in trade receivables and contract assets	307,535	330,914	23,379	2,415
Change in inventories	(154,561)	(194,747)	(40,186)	(1,422)
Change in trade payables	(17,276)	(76,592)	(59,316)	(559)
Change in accrued expenses	(142,408)	(144,744)	(2,336)	(1,057)
Change in retirement and severance benefits	(6,275)	49,135	55,410	359
Other	1,564	10,019	8,455	73
Subtotal	240,033	174,233	(65,800)	1,272
Interest received	5,257	4,463	(794)	33
Dividends received	5,546	7,139	1,593	52
Interest paid	(7,057)	(9,006)	(1,949)	(66)
Income taxes paid	(106,708)	(70,676)	36,032	(516)
Net cash provided by (used in) operating activities	137,071	106,153	(30,918)	775
Cash flows from investing activities				
Purchase of property, plant and equipment	(66,516)	(68,296)	(1,780)	(499)
Purchase of intangible assets	(30,997)	(32,459)	(1,462)	(237)
Proceeds from sale of property, plant and equipment, and intangible assets	11,377	25,134	13,757	183
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(10,901)	(9,840)	1,061	(72)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	67,903	18,149	(49,754)	132
Other	22,080	(4,707)	(26,787)	(34)
Net cash provided by (used in) investing activities	(7,054)	(72,019)	(64,965)	(526)
Free cash flows	130,017	34,134	(95,883)	249
Cash flows from financing activities				
Change in short-term debt, net	145,747	289,220	143,473	2,111
Proceeds from long-term debt	19,017	5,670	(13,347)	41
Payments on long-term debt	(52,619)	(111,386)	(58,767)	(813)
Proceeds from payments from non-controlling interests	-	310	310	2
Dividends paid to Hitachi, Ltd. stockholders	(53,233)	(62,972)	(9,739)	(460)
Dividends paid to non-controlling interests	(26,979)	(29,105)	(2,126)	(212)
Acquisition of common stock for treasury	(61)	(42,747)	(42,686)	(312)
Proceeds from sales of treasury stock	433	153	(280)	1
Purchase of shares of consolidated subsidiaries from non-controlling interests	(21,607)	(32,705)	(11,098)	(239)
Other	-	(433)	(433)	(3)
Net cash provided by (used in) financing activities	10,698	16,005	5,307	117
Effect of exchange rate changes on cash and cash equivalents	5,388	60,319	54,931	440
Change in cash and cash equivalents	146,103	110,458	(35,645)	806
Cash and cash equivalents at beginning of period	1,015,886	968,827	(47,059)	7,072
Cash and cash equivalents at end of period	1,161,989	1,079,285	(82,704)	7,878

Segment Information

(1) Business Segments

	Three months ended June 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars 2022
	2021 (A)	2022 (B)		
Digital Systems & Services	442,897 18%	505,383 18%	114	3,689
Green Energy & Mobility	476,620 19%	512,403 19%	108	3,740
Connective Industries	667,837 26%	670,804 25%	100	4,896
Automotive Systems	382,587 15%	388,229 14%	101	2,834
Hitachi Construction Machinery	228,136 9%	267,539 10%	117	1,953
Hitachi Metals	226,852 9%	276,811 10%	122	2,021
Others	106,407 4%	107,345 4%	101	784
Subtotal	2,531,336 100%	2,728,514 100%	108	19,916
Corporate items & Eliminations	(163,899)	(158,698)	-	(1,158)
Total Revenues	2,367,437	2,569,816	109	18,758
Digital Systems & Services	44,342 28%	49,355 31%	111	360
Green Energy & Mobility	11,823 8%	18,533 12%	157	135
Connective Industries	62,243 39%	61,083 38%	98	446
Automotive Systems	13,167 8%	(4,679) (3%)	-	(34)
Hitachi Construction Machinery	13,275 8%	21,447 13%	162	157
Hitachi Metals	9,281 6%	13,165 8%	142	96
Others	5,102 3%	1,629 1%	32	12
Subtotal	159,233 100%	160,533 100%	101	1,172
Corporate items & Eliminations	1,964	(5,657)	-	(41)
Total Adjusted EBITA	161,197	154,876	96	1,130

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

2. Effective from April 1, 2022, the Company reclassified its reportable segments. Accordingly, figures for the three months ended June 30, 2021 have been restated on the basis of the reclassification.

3. From the year ending March 31, 2023, the segment profit (loss), previously presented based on EBIT, is changed and presented on an Adjusted EBITA basis, as a measure of profit (loss) used by the chief operating decision maker mainly in deciding how to allocate resources and in assessing performance.

(2) Revenues by Market

	Three months ended June 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Japan	907,583 38%	873,497 34%	96	6,376
Asia	621,482 26%	655,201 26%	105	4,782
North America	358,756 15%	472,281 18%	132	3,447
Europe	307,285 13%	369,094 14%	120	2,694
Other Areas	172,331 8%	199,743 8%	116	1,458
Overseas Revenues Subtotal	1,459,854 62%	1,696,319 66%	116	12,382
Total Revenues	2,367,437 100%	2,569,816 100%	109	18,758

Notes

(1) Notes Regarding Going Concern

Not applicable.

(2) Revision of defined benefit pension plan

Since the Company and a consolidated subsidiary of the Company introduced a risk-sharing corporate pension plan on April 1, 2019, for current employees participating in the defined benefit pension plan managed by the Hitachi Pension Fund, the same has been promoted to the other subsidiaries participating pension plans managed by the Hitachi Pension Fund. On April 1, 2022, newly 43 subsidiaries have changed their pension plans for current employees from defined benefit pension plans to risk-sharing corporate pension plans, and now the revision of Hitachi group pension plans managed by Hitachi Pension Fund has been almost completed.

Under this plan, a risk reserve contribution is determined in advance with the rules governing the plan, and the pension benefits are adjusted annually based on the financial position of the plan to maintain balanced finance.

In terms of the corresponding accounting treatment for retirement benefits, risk-sharing corporate pension plans, for which an entity accepts contribution obligations to the extent stipulated in the rules but has no further obligations to make any additional contributions, are classified as designed contribution plans. Since the risk-sharing corporate pension plans, which subsidiaries introduced on April 1, 2022, impose no additional contribution obligations, at the time of the revised plan, the difference between the defined benefit obligations related to the portion transferred to the revised plan and the amount of assets transferred to the revised plan corresponding to the decrease in defined benefit obligations, 51,185 million yen, was recognized as a settlement loss in Other expenses in the condensed quarterly consolidated statement of profit or loss. In addition, Other non-current assets in the condensed quarterly consolidated statement of financial position decreased by 49,334 million yen, and Retirement and severance benefits increased by 1,851 million yen. Excluding the settlement loss, the impacts of changing pension plans on profit or loss for the fiscal year ending March 31, 2023 are not material.

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 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:

- 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;
- credit conditions of Hitachi’s customers and suppliers;
- 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 Hitachi’s ability to respond to tightening of regulations to prevent climate change
- 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 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;
- exacerbation of social and economic impacts of the spread of COVID-19;
- 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;
- 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;
- 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;
- uncertainty as to the success of cost structure overhaul;
- 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;
- 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 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.

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