

FOR IMMEDIATE RELEASE

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**Hitachi Announces Consolidated Financial Results
for the Second Quarter Ended September 30, 2022**

Tokyo, October 28, 2022 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the second quarter of fiscal 2022, ended September 30, 2022

Note: All figures were converted at the rate of 145 yen to the U.S. dollar as of September 30, 2022.

Summary

	Six months ended September 30			
	Billions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021(A)	2022(B)		2022
1. Revenues	4,832.6	5,416.7	112	37,357
2. Adjusted operating income	310.0	324.6	105	2,239
3. Adjusted EBITA (Adjusted Earnings before interest, taxes and amortization)	372.4	393.0	106	2,711
4. Income before income taxes	420.1	282.1	67	1,946
5. Net income	364.4	200.8	55	1,385
6. Net income attributable to Hitachi, Ltd. stockholders	322.4	172.5	54	1,190
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.dollars)
Basic	333.67	180.01	54	1.24
Diluted	333.24	179.83	54	1.24

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 770 consolidated subsidiaries and 368 equity-method associates and joint ventures.

Condensed Quarterly Consolidated Statement of Profit or Loss

	Six months ended September 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Revenues	4,832,665	5,416,779	112	37,357
Cost of sales	(3,647,380)	(4,101,557)	112	(28,287)
Gross profit	1,185,285	1,315,222	111	9,070
Selling, general and administrative expenses	(875,230)	(990,593)	113	(6,832)
Adjusted operating income	310,055	324,629	105	2,239
Other income	105,159	74,508	71	514
Other expenses	(21,184)	(134,430)	635	(927)
Financial income	9,282	11,425	123	79
Financial expenses	(1,255)	(10,519)	838	(73)
Share of profits (losses) of investments accounted for using the equity method	23,404	26,677	114	184
EBIT (Earnings before interest and taxes)	425,461	292,290	69	2,016
Interest income	7,665	11,308	148	78
Interest charges	(13,019)	(21,453)	165	(148)
Income before income taxes	420,107	282,145	67	1,946
Income taxes	(55,693)	(81,299)	146	(561)
Net income	364,414	200,846	55	1,385
Net income attributable to:				
Hitachi, Ltd. stockholders	322,444	172,515	54	1,190
Non-controlling interests	41,970	28,331	68	195
Earnings per share attributable to Hitachi, Ltd. stockholders	Yen	Yen		U.S.dollars
Basic	333.67	180.01	54	1.24
Diluted	333.24	179.83	54	1.24

Condensed Quarterly Consolidated Statement of Comprehensive Income

	Six months ended September 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Net income	364,414	200,846	55	1,385
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(10,276)	(18,257)	-	(126)
Remeasurements of defined benefit plans	-	17,232	-	119
Share of OCI of investments accounted for using the equity method	(232)	571	-	4
Total items not to be reclassified into net income	(10,508)	(454)	-	(3)
Items that can be reclassified into net income				
Foreign currency translation adjustments	40,409	552,473	-	3,810
Net changes in cash flow hedges	1,879	(742)	-	(5)
Share of OCI of investments accounted for using the equity method	15,985	38,198	239	263
Total items that can be reclassified into net income	58,273	589,929	-	4,068
Other comprehensive income (OCI)	47,765	589,475	-	4,065
Comprehensive income	412,179	790,321	192	5,450
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	366,183	681,216	186	4,698
Non-controlling interests	45,996	109,105	237	752

Condensed Quarterly Consolidated Statement of Financial Position

	Millions of yen		(B)-(A)	Millions of
	As of March 31, 2022 (A)	As of September 30, 2022 (B)		U.S. dollars
				As of September 30, 2022
Assets				
Current assets				
Cash and cash equivalents	968,827	866,016	(102,811)	5,973
Trade receivables and contract assets	2,978,149	2,800,110	(178,039)	19,311
Inventories	2,042,432	1,985,929	(56,503)	13,696
Investments in securities and other financial assets	376,315	332,999	(43,316)	2,297
Other current assets	233,708	297,552	63,844	2,052
Total Current assets	6,599,431	6,282,606	(316,825)	43,328
Non-current assets				
Investments accounted for using the equity method	411,201	598,097	186,896	4,125
Investments in securities and other financial assets	584,806	518,487	(66,319)	3,576
Property, plant and equipment	2,478,901	2,114,679	(364,222)	14,584
Goodwill	2,153,706	2,406,171	252,465	16,594
Other intangible assets	1,257,128	1,328,335	71,207	9,161
Other non-current assets	402,329	368,970	(33,359)	2,545
Total Non-current assets	7,288,071	7,334,739	46,668	50,584
Total Assets	13,887,502	13,617,345	(270,157)	93,913
Liabilities				
Current liabilities				
Short-term debt	1,234,119	1,146,127	(87,992)	7,904
Current portion of long-term debt	336,418	205,840	(130,578)	1,420
Other financial liabilities	294,047	484,687	190,640	3,343
Trade payables	1,754,633	1,705,044	(49,589)	11,759
Accrued expenses	738,030	695,867	(42,163)	4,799
Contract liabilities	1,069,732	1,156,864	87,132	7,978
Other current liabilities	427,087	415,409	(11,678)	2,865
Total Current liabilities	5,854,066	5,809,838	(44,228)	40,068
Non-current liabilities				
Long-term debt	1,556,175	1,452,822	(103,353)	10,019
Retirement and severance benefits	414,839	415,174	335	2,863
Other non-current liabilities	707,145	420,693	(286,452)	2,901
Total Non-current liabilities	2,678,159	2,288,689	(389,470)	15,784
Total Liabilities	8,532,225	8,098,527	(433,698)	55,852
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	461,731	462,817	1,086	3,192
Capital surplus	46,119	48,659	2,540	336
Retained earnings	3,197,725	3,358,320	160,595	23,161
Accumulated other comprehensive income	639,263	1,122,735	483,472	7,743
(Foreign currency translation adjustments)	444,651	952,512	507,861	6,569
(Remeasurements of defined benefit plans)	105,675	75,188	(30,487)	519
(Net changes in financial assets measured at fair value through OCI)	110,109	89,275	(20,834)	616
(Net changes in cash flow hedges)	(21,172)	5,760	26,932	40
Treasury stock, at cost	(3,002)	(141,444)	(138,442)	(975)
Total Hitachi, Ltd. stockholders' equity	4,341,836	4,851,087	509,251	33,456
Non-controlling interests	1,013,441	667,731	(345,710)	4,605
Total Equity	5,355,277	5,518,818	163,541	38,061
Total Liabilities and Equity	13,887,502	13,617,345	(270,157)	93,913

Condensed Quarterly Consolidated Statement of Changes in Equity

Millions of yen

Six months ended September 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	-	-	4,923	(4,923)	-	-	-	-
Net income	-	-	322,444	-	-	322,444	41,970	364,414
Other comprehensive income	-	-	-	43,739	-	43,739	4,026	47,765
Dividends to Hitachi, Ltd. stockholders	-	-	(53,175)	-	-	(53,175)	-	(53,175)
Dividends to non-controlling interests	-	-	-	-	-	-	(32,423)	(32,423)
Acquisition of treasury stock	-	-	-	-	(146)	(146)	-	(146)
Sales of treasury stock	-	(296)	-	-	738	442	-	442
Issuance of new shares	941	941	-	-	-	1,882	-	1,882
Changes in non-controlling interests	-	(12,920)	-	(2,877)	-	(15,797)	(20,962)	(36,759)
Total changes in equity	941	(12,275)	274,192	35,939	592	299,389	(7,389)	292,000
Balance at end of period	461,731	71,765	2,984,796	309,500	(2,901)	3,824,891	925,341	4,750,232

Millions of yen

Six months ended September 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	-	-	50,950	(50,950)	-	-	-	-
Net income	-	-	172,515	-	-	172,515	28,331	200,846
Other comprehensive income	-	-	-	508,701	-	508,701	80,774	589,475
Dividends to Hitachi, Ltd. stockholders	-	-	(62,870)	-	-	(62,870)	-	(62,870)
Dividends to non-controlling interests	-	-	-	-	-	-	(23,114)	(23,114)
Acquisition of treasury stock	-	-	-	-	(138,695)	(138,695)	-	(138,695)
Sales of treasury stock	-	(94)	-	-	253	159	-	159
Issuance of new shares	1,086	1,086	-	-	-	2,172	-	2,172
Changes in non-controlling interests	-	1,548	-	25,721	-	27,269	(431,701)	(404,432)
Total changes in equity	1,086	2,540	160,595	483,472	(138,442)	509,251	(345,710)	163,541
Balance at end of period	462,817	48,659	3,358,320	1,122,735	(141,444)	4,851,087	667,731	5,518,818

Millions of U.S. dollars

Six months ended September 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	3,184	318	22,053	4,409	(21)	29,944	6,989	36,933
Changes in equity								
Reclassified into retained earnings	-	-	351	(351)	-	-	-	-
Net income	-	-	1,190	-	-	1,190	195	1,385
Other comprehensive income	-	-	-	3,508	-	3,508	557	4,065
Dividends to Hitachi, Ltd. stockholders	-	-	(434)	-	-	(434)	-	(434)
Dividends to non-controlling interests	-	-	-	-	-	-	(159)	(159)
Acquisition of treasury stock	-	-	-	-	(957)	(957)	-	(957)
Sales of treasury stock	-	(1)	-	-	2	1	-	1
Issuance of new shares	7	7	-	-	-	15	-	15
Changes in non-controlling interests	-	11	-	177	-	188	(2,977)	(2,789)
Total changes in equity	7	18	1,108	3,334	(955)	3,512	(2,384)	1,128
Balance at end of period	3,192	336	23,161	7,743	(975)	33,456	4,605	38,061

Condensed Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30			
	Millions of yen		(B)-(A)	Millions of U.S. dollars
	2021 (A)	2022 (B)		2022
Cash flows from operating activities				
Net Income	364,414	200,846	(163,568)	1,385
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	263,048	282,415	19,367	1,948
Impairment losses	2,072	62,695	60,623	432
Income taxes	55,693	81,299	25,606	561
Share of (profits) losses of investments accounted for using the equity method	(23,404)	(26,677)	(3,273)	(184)
Financial income and expenses	892	3,744	2,852	26
Net (gain) loss on business reorganization and others	(97,540)	(66,147)	31,393	(456)
(Gain) loss on sale of property, plant and equipment	(6,864)	(7,502)	(638)	(52)
Change in trade receivables and contract assets	173,636	140,808	(32,828)	971
Change in inventories	(232,911)	(252,751)	(19,840)	(1,743)
Change in trade payables	(27,268)	(53,265)	(25,997)	(367)
Change in accrued expenses	(43,136)	(47,403)	(4,267)	(327)
Change in retirement and severance benefits	(14,064)	51,023	65,087	352
Other	(130,613)	(83,696)	46,917	(577)
Subtotal	283,955	285,389	1,434	1,968
Interest received	8,487	11,476	2,989	79
Dividends received	7,099	11,595	4,496	80
Interest paid	(12,546)	(21,500)	(8,954)	(148)
Income taxes paid	(125,527)	(53,308)	72,219	(368)
Net cash provided by (used in) operating activities	161,468	233,652	72,184	1,611
Cash flows from investing activities				
Purchase of property, plant and equipment	(138,828)	(137,894)	934	(951)
Purchase of intangible assets	(66,258)	(71,133)	(4,875)	(491)
Proceeds from sale of property, plant and equipment, and intangible assets	35,523	45,262	9,739	312
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(921,457)	(30,508)	890,949	(210)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	106,152	127,223	21,071	877
Other	33,439	(5,289)	(38,728)	(36)
Net cash provided by (used in) investing activities	(951,429)	(72,339)	879,090	(499)
Free cash flows	(789,961)	161,313	951,274	1,113
Cash flows from financing activities				
Change in short-term debt, net	895,309	12,224	(883,085)	84
Proceeds from long-term debt	26,699	72,167	45,468	498
Payments on long-term debt	(167,850)	(148,745)	19,105	(1,026)
Proceeds from payments from non-controlling interests	-	310	310	2
Dividends paid to Hitachi, Ltd. stockholders	(53,127)	(62,727)	(9,600)	(433)
Dividends paid to non-controlling interests	(33,165)	(40,026)	(6,861)	(276)
Acquisition of common stock for treasury	(146)	(138,695)	(138,549)	(957)
Proceeds from sales of treasury stock	442	159	(283)	1
Purchase of shares of consolidated subsidiaries from non-controlling interests	(21,607)	(32,705)	(11,098)	(226)
Other	(16)	(435)	(419)	(3)
Net cash provided by (used in) financing activities	646,539	(338,473)	(985,012)	(2,334)
Effect of exchange rate changes on cash and cash equivalents	8,502	74,349	65,847	513
Change in cash and cash equivalents	(134,920)	(102,811)	32,109	(709)
Cash and cash equivalents at beginning of period	1,015,886	968,827	(47,059)	6,682
Cash and cash equivalents at end of period	880,966	866,016	(14,950)	5,973

Segment Information

(1) Business Segments

	Six months ended September 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars 2022
	2021 (A)	2022 (B)		
Digital Systems & Services	976,636 19%	1,099,887 19%	113	7,585
Green Energy & Mobility	951,106 18%	1,071,521 19%	113	7,390
Connective Industries	1,337,538 26%	1,427,782 25%	107	9,847
Automotive Systems	755,956 15%	884,050 15%	117	6,097
Hitachi Construction Machinery	473,692 9%	475,114 8%	100	3,277
Hitachi Metals	456,352 9%	568,707 10%	125	3,922
Others	217,474 4%	224,624 4%	103	1,549
Subtotal	5,168,754 100%	5,751,685 100%	111	39,667
Corporate items & Eliminations	(336,089)	(334,906)	-	(2,310)
Total Revenues	4,832,665	5,416,779	112	37,357
Digital Systems & Services	116,999 32%	117,484 29%	100	810
Green Energy & Mobility	31,913 9%	45,833 11%	144	316
Connective Industries	119,126 33%	149,189 37%	125	1,029
Automotive Systems	24,224 6%	11,846 3%	49	82
Hitachi Construction Machinery	43,299 12%	43,226 11%	100	298
Hitachi Metals	17,050 5%	27,633 7%	162	191
Others	11,965 3%	6,860 2%	57	47
Subtotal	364,576 100%	402,071 100%	110	2,773
Corporate items & Eliminations	7,862	(9,014)	-	(62)
Total Adjusted EBITA	372,438	393,057	106	2,711

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 Six months ended September 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

	Six months ended September 30			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars 2022
	2021 (A)	2022 (B)		
Japan	1,912,476 40%	1,902,949 35%	100	13,124
Asia	1,248,156 26%	1,397,724 26%	112	9,639
North America	726,105 15%	977,205 18%	135	6,739
Europe	617,774 12%	743,625 14%	120	5,128
Other Areas	328,154 7%	395,276 7%	120	2,726
Overseas Revenues Subtotal	2,920,189 60%	3,513,830 65%	120	24,233
Total Revenues	4,832,665 100%	5,416,779 100%	112	37,357

Notes

(1) Notes Regarding Going Concern

Not applicable.

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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