

[Translation]

# Quarterly Report

(The First Quarter of 154th Business Term)

From April 1, 2022 to June 30, 2022

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

Hitachi, Ltd.

[Cover]

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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, 2021	Three months ended June 30, 2022	Year ended March 31, 2022
Revenues	2,367,437	2,569,816	10,264,602
Income before income taxes	166,855	76,606	839,333
Net income attributable to Hitachi, Ltd. stockholders	122,231	37,158	583,470
Comprehensive income attributable to Hitachi, Ltd. stockholders	127,022	412,163	958,008
Total Hitachi, Ltd. stockholders' equity	3,594,003	4,618,198	4,341,836
Total equity	4,503,107	5,649,120	5,355,277
Total assets	11,899,746	14,602,075	13,887,502
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	126.49	38.53	603.75
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	126.33	38.49	602.96
Total Hitachi, Ltd. stockholders' equity ratio (%)	30.2	31.6	31.3
Net cash provided by (used in) operating activities	137,071	106,153	729,943
Net cash provided by (used in) investing activities	(7,054)	(72,019)	(1,048,866)
Net cash provided by (used in) financing activities	10,698	16,005	(202,739)
Cash and cash equivalents at end of period	1,161,989	1,079,285	968,827

(Note) 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. Description of Business

There were no material changes in principal businesses of Hitachi during the three months ended June 30, 2022. The Hitachi Group is comprised of the Company, 846 consolidated subsidiaries, and 290 equity-method associates and joint-ventures.

Effective from April 1, 2022, the Company reclassified its reportable segments in seven segments: three sectors as “Digital Systems & Services,” “Green Energy & Mobility” and “Connective Industries,” Automotive Systems, two listed subsidiary groups as Hitachi Construction Machinery and Hitachi Metals, and Others.

Major business and the positioning of principal affiliated companies for each segment and changes in Business Unit (BU) of the Company and principal affiliated companies during the three months ended June 30, 2022 were as follows.

(As of June 30, 2022)

Main products and services	BU and principal affiliated companies	
	BU	Affiliated companies
<u>Digital Systems &amp; Services</u> Digital Solutions (System Integration, Consulting, Cloud Services), IT Products (Storage, Servers), Software, ATMs	Financial Institutions BU Social Infrastructure Systems BU Services & Platforms BU	[Consolidated subsidiaries] Hitachi Information & Telecommunication Engineering, Ltd. Hitachi Channel Solutions Corp. Hitachi Solutions, Ltd. Hitachi Systems, Ltd. GlobalLogic Worldwide Holding, Inc. Hitachi Computer Products (America), Inc. Hitachi Digital LLC (Note 2) Hitachi Payment Services Private Limited Hitachi Vantara LLC
<u>Green Energy &amp; Mobility</u> Energy Solutions (Power Grid, Renewable Energy, Nuclear), Railway Systems	Power Grid BU Energy BU Nuclear Energy BU Railway Systems BU	[Consolidated subsidiaries] Hitachi-GE Nuclear Energy, Ltd. Hitachi Plant Construction, Ltd. Hitachi Power Semiconductor Device, Ltd. Hitachi Power Solutions Co., Ltd. Hitachi Energy Ltd Hitachi Rail Ltd.
<u>Connective Industries</u> Building Systems (Elevators, Escalators), Smart Life & Ecofriendly Systems (Home Appliances, Air Conditioners), Measurement and Analytical Systems (Medical and Bio, Semiconductor, Industry), Industry & Distribution Solutions, Water & Environment Solutions, Industrial Machinery	Building Systems BU Industrial Digital BU Water & Environment BU	[Consolidated subsidiaries] Hitachi Building Systems Co., Ltd. Hitachi Global Life Solutions, Inc. Hitachi High-Tech Corporation Hitachi Industrial Equipment Systems Co., Ltd. Hitachi Industrial Products, Ltd. Hitachi Industry & Control Solutions, Ltd. Hitachi Plant Services Co., Ltd. Hitachi Elevator (China) Co., Ltd. Hitachi Industrial Holdings Americas, Inc. JR Technology Group, LLC Sullair, LLC [Equity-method associates] Hitachi Kokusai Electric Inc. Arcelik Hitachi Home Appliances B.V. Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd
<u>Automotive Systems</u> Powertrain, Chassis, Advanced Driver Assistance, Motorcycle System)	—	[Consolidated subsidiaries] Hitachi Astemo, Ltd. Hitachi Astemo Americas, Inc.
<u>Hitachi Construction Machinery</u> Hydraulic Excavators, Wheel Loaders, Mining Machinery, Maintenance and Services, Construction Solutions, Mine Management Systems	—	[Consolidated subsidiaries] Hitachi Construction Machinery Co., Ltd.
<u>Hitachi Metals</u> Specialty Steel Products, Functional Components and Equipment, Magnetic Materials and Power Electronics Materials, Wires, Cables and Related Products	—	[Consolidated subsidiaries] Hitachi Metals, Ltd.
<u>Others</u> Optical Disk Drives, Property Management	—	[Consolidated subsidiaries] Hitachi-LG Data Storage, Inc. Hitachi Real Estate Partners, Ltd. Hitachi America, Ltd. Hitachi Asia Ltd. Hitachi (China), Ltd. Hitachi Europe Ltd. Hitachi India Pvt. Ltd.

- (Notes) 1. Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China), Ltd., Hitachi Europe Ltd. and Hitachi India Pvt. Ltd. are the Hitachi Group's regional supervising company for Americas, Asia, China, Europe and India, and they sell the Hitachi Group's products.
2. Hitachi Global Digital Holdings LLC changed its name to Hitachi Digital LLC on April 1, 2022.
3. In addition to the table above, the major equity-method associate is Hitachi Transport System, Ltd.

## II. Business Overview

### 1. Risk Factors

There were no new risk factors recognized during the three months ended June 30, 2022.

There were no material changes in the risk factors stated in the Annual Securities Report for the 153rd 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, 2022 were as follows.

Revenues increased 9% to 2,569.8 billion yen, as compared with the three months ended June 30, 2021, due mainly to increased in revenues owing to the impact of foreign exchange and recovery trend of market conditions as well as increased in revenues resulting from acquisition of GlobalLogic Inc. ("GlobalLogic").

Cost of sales increased 9% to 1,954.3 billion yen and the ratio of cost of sales to revenues was 76%, which was the same level as for the three months ended June 30, 2021, respectively. Gross profit increased 7% to 615.4 billion yen, as compared with the three months ended June 30, 2021.

Selling, general and administrative expenses ("SG&A") increased 11% to 493.9 billion yen, as compared with the three months ended June 30, 2021. The ratio of SG&A to revenues was 19%, which was the same level as for the three months ended June 30, 2021.

Adjusted operating income (presented as revenues less cost of sales as well as SG&A) decreased 8.9 billion yen to 121.5 billion yen, as compared with the three months ended June 30, 2021, due mainly to lower profits resulting from municipal lockdowns in China due to the spread of COVID-19. The decrease was partially offset by increase of revenues.

Share of profits of investments accounted for using the equity method increased 1.0 billion yen to 12.9 billion yen, as compared with the three months ended June 30, 2021.

Adjusted EBITA (defined as Adjusted Earnings before Interest, Taxes and Amortization, and representing the operating income, adding back the amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) of investments accounted for using the equity method) decreased 6.3 billion yen to 154.8 billion yen.

Other income decreased 32.9 billion yen to 4.1 billion yen, as compared with the three months ended June 30, 2021, due mainly to the gains on business reorganization and others posted in the three months ended June 30, 2021 by selling a part of shares of Agility Trains East (Holdings) Limited. Other expenses increased 52.3 billion yen to 63.1 billion yen, as compared with the three months ended June 30, 2021 due mainly to the expenses posted by shifting to risk-sharing corporate pension.

Financial income (excluding interest income) increased 5.5 billion yen to 8.0 billion yen and financial expenses (excluding interest charges) increased 0.3 billion yen to 2.9 billion yen, as compared with the three months ended June 30, 2021, respectively.

EBIT (Earnings before interest and taxes) decreased 88.0 billion yen to 80.6 billion yen, as compared with the three months ended June 30, 2021.

Interest income increased 0.6 billion yen to 5.2 billion yen and interest charges increased 2.8 billion yen to 9.2 billion yen, as compared with the three months ended June 30, 2021, respectively.

Income before income taxes decreased 90.2 billion yen to 76.6 billion yen, as compared with the three months ended June 30, 2021.

Income taxes decreased 0.3 billion yen to 29.5 billion yen, as compared with the three months ended June 30, 2021.

Net income decreased 89.9 billion to 47.0 billion yen, as compared with the three months ended June 30, 2021.

Net income attributable to non-controlling interests decreased 4.8 billion yen to 9.8 billion yen, as compared with the three months ended June 30, 2021.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased 85.0 billion yen to 37.1 billion yen, as compared with the three months ended June 30, 2021.

##### 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, 2022, the Company reclassified its reportable segments in seven segments: Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems, Hitachi Construction Machinery, Hitachi Metals and Others. Accordingly, the amounts previously reported for the three months ended June 30, 2021 have been restated in conformity with the new segments.

##### (Digital Systems & Services)

Revenues increased 14% to 505.3 billion yen, as compared with the three months ended June 30, 2021, due mainly to the strong results of Lumada business and GlobalLogic.

Adjusted EBITA increased 5.0 billion yen to 49.3 billion yen, as compared with the three months ended June 30, 2021, due mainly to increased revenues despite decreased profits due to increased investment in growth for expansion of digital solutions in Front Business, and the factors decreasing profits such as semiconductor shortage in Services & Platforms.

(Green Energy & Mobility)

Revenues increased 8% to 512.4 billion yen, as compared with the three months ended June 30, 2021, due mainly to impact of foreign exchange and strong results in Hitachi Energy and Railway Systems business.

Adjusted EBITA increased 6.7 billion yen to 18.5 billion yen, as compared with the three months ended June 30, 2021, due mainly to increased revenues and improved profitability in Railway Systems business. The increase was partially offset by decreased profits due to the impact of transfer of thermal power-related business in Hitachi Plant Construction and cost increase in a certain project in Energy business.

(Connective Industries)

Revenues were 670.8 billion yen, which was the same level as the three months ended June 30, 2021, despite decreased revenues in Smart Life & Ecofriendly Systems business resulting from the impact of selling of overseas home appliance business and municipal lockdowns in China due to the spread of COVID-19. The decrease was partially offset by strong results in Measurement & Analysis Systems business and Industrial Digital business.

Adjusted EBITA decreased 1.1 billion yen to 61.0 billion yen, as compared with the three months ended June 30, 2021, due mainly to decreased profits in Smart Life & Ecofriendly Systems business and in Industrial Products business resulting from the soaring material prices.

(Automotive Systems)

Revenues increased 1% to 388.2 billion yen, as compared with the three months ended June 30, 2021, due mainly to the impact of foreign exchange despite the factors decreasing profits such as the reduced production of automakers resulting from municipal lockdowns in China due to the spread of COVID-19 and semiconductor shortage.

Adjusted EBITA worsened 17.8 billion yen to loss of 4.6 billion yen, as compared with the three months ended June 30, 2021, due mainly to decrease in operation rate resulting from municipal lockdowns in China and the soaring material prices. The decrease was partially offset by the increased revenues.

(Hitachi Construction Machinery)

Revenues increased 17% to 267.5 billion yen, as compared with the three months ended June 30, 2021, due mainly to increase in sales volume of new machine for mining and parts and service, and the impact of foreign exchange despite the factors decreasing revenues such as decreased demand in China and Russia CIS.

Adjusted EBITA increased 8.1 billion yen to 21.4 billion yen, as compared with the three months ended June 30, 2021, due mainly to increased revenues. The increase was partially offset by the impact of lower profits from the cost increase mainly in steel price.

(Hitachi Metals)

Revenues increased 22% to 276.8 billion yen, as compared with the three months ended June 30, 2021, due mainly to the soaring material prices and the impact of foreign exchange.

Adjusted EBITA increased 3.8 billion yen to 13.1 billion yen, as compared with the three months ended June 30, 2021, due mainly to improved profitability owing to cost reduction measures.

(Others)

Revenues increased 1% to 107.3 billion yen, as compared with the three months ended June 30, 2021.

Adjusted EBITA decreased 3.4 billion to 1.6 billion yen, as compared with the three months ended June 30, 2021, respectively.

Revenues by Market

Revenues in Japan decreased 4% to 873.4 billion yen, as compared with the three months ended June 30, 2021, due mainly to decreased revenues in the Connective Industries sector and the Automotive Systems despite increased revenues mainly in Hitachi Metals.

Overseas revenues increased 16% to 1,696.3 billion yen, as compared with the three months ended June 30, 2021, due mainly to increased revenues in Digital Systems & Services sector resulting from the acquisition of GlobalLogic as well as in Hitachi Metals due mainly to the soaring material prices, the impact of foreign exchange and recovery trend of market conditions.

As a result, the ratio of overseas revenues to total revenues increased 4% to 66%, as compared with the three months ended June 30, 2021.



## (2) Analysis of Financial Condition and Cash Flows

### Liquidity and Capital Resources

During the three months ended June 30, 2022, 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 cash inflow from a change in trade receivables and contract assets in the three months ended June 30, 2022 increased by 23.3 billion yen and income tax payment decreased by 36.0 billion yen, as compared with the three months ended June 30, 2021, respectively. However, net cash outflow from a change in trade payables increased by 59.3 billion yen as well as net cash outflow from a change in inventories increased by 40.1 billion yen, as compared with the three months ended June 30, 2021, respectively.

As a result of the foregoing, net cash provided by operating activities was 106.1 billion yen in the three months ended June 30, 2022, a decrease of 30.9 billion yen compared with the three months ended June 30, 2021.

#### (Cash Flows from Investing Activities)

Net amount of investments related to property, plant and equipment\* was 75.6 billion yen in the three months ended June 30, 2022 and this net sum decreased by 10.5 billion yen, as compared with the three months ended June 30, 2021. However, 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, 2022 decreased by 49.7 billion yen, as compared with the three months ended June 30, 2021.

As a result of the foregoing, net cash used in investing activities was 72.0 billion yen in the three months ended June 30, 2022, an increase of 64.9 billion yen compared with the three months ended June 30, 2021.

\* 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)

Acquisition of common stock for treasury in the three months ended June 30, 2022 increased by 42.6 billion yen, as compared with the three months ended June 30, 2021. Furthermore, net cash outflow related to long-term debt\*\* in the three months ended June 30, 2022 increased by 72.1 billion yen, as compared with the three months ended June 30, 2021. However, net cash inflow from a change in short-term debt in the three months ended June 30, 2022 increased by 143.4 billion yen, as compared with the three months ended June 30, 2021.

As a result of the foregoing, net cash provided by financing activities was 16.0 billion yen in the three months ended June 30, 2022, an increase of 5.3 billion yen compared with the three months ended June 30, 2021.

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

As a result of the foregoing and effect of exchange rate changes, cash and cash equivalents as of June 30, 2022 were 1,079.2 billion yen, an increase of 110.4 billion yen from March 31, 2022. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 34.1 billion yen in the three months ended June 30, 2022, a decrease of 95.8 billion yen compared with the three months ended June 30, 2021.

### Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities and equity as of June 30, 2022.

Total assets were 14,602.0 billion yen, an increase of 714.5 billion yen from March 31, 2022, due mainly to the impact of foreign exchange despite decreases in trade receivables and contract assets.

Total interest-bearing debt, the sum of short-term debt and long-term debt, was 3,459.9 billion yen, an increase of 333.2 billion yen from March 31, 2022, due mainly to an increase in short-term debt.

Total Hitachi, Ltd. stockholders' equity increased by 276.3 billion yen from March 31, 2022, to 4,618.1 billion yen. The ratio of total Hitachi, Ltd. stockholders' equity to total assets was 31.6%, as compared with 31.3% as of March 31, 2022.

Non-controlling interests were 1,030.9 billion yen, an increase of 17.4 billion yen from March 31, 2022.

Total equity was 5,649.1 billion yen, an increase of 293.8 billion yen from March 31, 2022. The ratio of interest-bearing debt to total equity was 0.61, as compared with 0.58 as of March 31, 2022.

### (3) Management Policy

There were no material changes in Hitachi's management policy during the three months ended June 30, 2022.

### (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, 2022.

#### 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, 2022.

### (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 153rd 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, 2022 were 76.3 billion yen, 3.0% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Three months ended June 30, 2022
Digital Systems & Services	11.9
Green Energy & Mobility	12.4
Connective Industries	18.9
Automotive Systems	17.7
Hitachi Construction Machinery	5.3
Hitachi Metals	2.9
Others	0.5
Corporate items & Eliminations	6.3
Total	76.3

### (6) Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The Hitachi Group (the Company and consolidated subsidiaries) engages in diverse operations in Japan and overseas, and has not decided on specific plans to newly install or expand each of facilities as of the end of the consolidated fiscal year and each quarter of the consolidated fiscal year. For this reason, it discloses amounts of capital investment by segment.

The amount of capital investment for the fiscal year ending March 31, 2023 is updated as follows (new installation and expansions, based on the amount recorded as tangible fixed assets and the investment property).

Segment	The amount of capital investment for the fiscal year ending March 31, 2023 (Billions of yen)	
	Initial Plan	Updated Plan
Digital Systems & Services	65.0	62.0
Green Energy & Mobility	80.0	86.0
Connective Industries	76.0	76.0
Automotive Systems	96.0	96.0
Hitachi Construction Machinery	16.0	31.0
Hitachi Metals	16.0	16.0
Others	27.0	27.0
Corporate Items & Eliminations	16.0	16.0
Total	392.0	410.0

(Notes) 1. The figures in the above table include the amount of the right-of-use assets and the investment property, each of which is recorded as property, plant and equipment and other non-current assets, respectively.

2. These planned investments are expected to be mostly financed with the Hitachi Group's own capital.

3. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

### (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:

- 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.

### 3. Material Agreements, etc.

No material agreements were entered into during the three months ended June 30, 2022.

### 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 fiscal year (shares) (June 30, 2022)	Number of shares issued as of the filing date (shares) (Note) (August 9, 2022)	Stock exchange on which the Company is listed	Description
Common stock	968,571,877	968,571,877	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	968,571,877	968,571,877	-	-

(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, 2022 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)
June 15, 2022	337,000	968,571,877	1,086	462,817	1,086	180,783

(Note) This increase is due to the issuance of new shares as restricted stock compensation plan and restricted stock units ("RSUs") compensation plan.

Issue price: 6,448 yen per share

Amount by which stated capital is to be increased: 3,224 yen per share

Allottees: 35 Executive Officers of the Company (including a person who served as an Executive Officer at the granting date of RSUs and has already retired.), 34 Corporate Officers of the Company and 5 Directors of its subsidiaries

##### (5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of March 31, 2022 is stated in this item because the Company does not identify the number of voting rights as of June 30, 2022 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, 2022.

1) Issued shares

(As of March 31, 2022)

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	1,031,900	—	—
Shares with full voting right (others)	Common stock	964,889,300	9,648,893	—
Shares less than one unit	Common stock	2,313,677	—	—
Number of issued shares	968,234,877		—	—
Total number of voting rights	—		9,648,893	—

(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 March 31, 2022)

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	998,700	—	998,700	0.10
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	—	1,031,900	—	1,031,900	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 153rd 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, 2022	March 31, 2022
<b>Assets</b>			
Current assets			
Cash and cash equivalents		1,079,285	968,827
Trade receivables and contract assets	6	2,764,004	2,978,149
Inventories		2,329,859	2,042,432
Investments in securities and other financial assets	7	412,507	376,315
Other current assets		302,689	233,708
Total current assets		6,888,344	6,599,431
Non-current assets			
Investments accounted for using the equity method		429,694	411,201
Investments in securities and other financial assets	7	599,138	584,806
Property, plant and equipment		2,563,028	2,478,901
Goodwill		2,381,063	2,153,706
Other intangible assets		1,344,973	1,257,128
Other non-current assets	8	395,835	402,329
Total non-current assets		7,713,731	7,288,071
Total assets		14,602,075	13,887,502
<b>Liabilities</b>			
Current liabilities			
Short-term debt		1,560,980	1,234,119
Current portion of long-term debt	7	291,096	336,418
Other financial liabilities	7	387,607	294,047
Trade payables		1,795,991	1,754,633
Accrued expenses		620,372	738,030
Contract liabilities		1,106,066	1,069,732
Other current liabilities		410,872	427,087
Total current liabilities		6,172,984	5,854,066
Non-current liabilities			
Long-term debt	7	1,607,886	1,556,175
Retirement and severance benefits	8	427,695	414,839
Other non-current liabilities	7	744,390	707,145
Total non-current liabilities		2,779,971	2,678,159
Total liabilities		8,952,955	8,532,225
<b>Equity</b>			
Hitachi, Ltd. stockholders' equity			
Common stock		462,817	461,731
Capital surplus	7	-	46,119
Retained earnings	9	3,214,339	3,197,725
Accumulated other comprehensive income		986,543	639,263
Treasury stock, at cost		(45,501)	(3,002)
Total Hitachi, Ltd. stockholders' equity		4,618,198	4,341,836
Non-controlling interests	7	1,030,922	1,013,441
Total equity		5,649,120	5,355,277
Total liabilities and equity		14,602,075	13,887,502

See accompanying notes to condensed quarterly consolidated financial statements.

### Condensed Quarterly Consolidated Statement of Profit or Loss

Three months ended June 30, 2022 and 2021

Millions of yen

	Note	2022	2021
Revenues	10	2,569,816	2,367,437
Cost of sales		(1,954,342)	(1,790,670)
Gross profit		615,474	576,767
Selling, general and administrative expenses		(493,921)	(446,284)
Other income	11	4,167	37,149
Other expenses	8,11	(63,150)	(10,833)
Financial income	12	8,071	2,538
Financial expenses	12	(2,912)	(2,547)
Share of profits (losses) of investments accounted for using the equity method		12,900	11,880
EBIT (Earnings before interest and taxes)		80,629	168,670
Interest income		5,250	4,639
Interest charges		(9,273)	(6,454)
Income before income taxes		76,606	166,855
Income taxes		(29,557)	(29,906)
Net income		47,049	136,949
Net income attributable to:			
Hitachi, Ltd. stockholders		37,158	122,231
Non-controlling interests		9,891	14,718
Earnings per share attributable to Hitachi, Ltd. stockholders	13		Yen
Basic		38.53	126.49
Diluted		38.49	126.33

### Condensed Quarterly Consolidated Statement of Comprehensive Income

Three months ended June 30, 2022 and 2021

Millions of yen

	Note	2022	2021
Net income		47,049	136,949
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		(6,388)	(15,348)
Remeasurements of defined benefit plans		17,232	-
Share of OCI of investments accounted for using the equity method		12	(248)
Total items not to be reclassified into net income		10,856	(15,596)
Items that can be reclassified into net income			
Foreign currency translation adjustments		412,678	6,462
Net changes in cash flow hedges		(1,130)	6,714
Share of OCI of investments accounted for using the equity method		16,997	10,696
Total items that can be reclassified into net income		428,545	23,872
Other comprehensive income (OCI)		439,401	8,276
Comprehensive income		486,450	145,225
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		412,163	127,022
Non-controlling interests		74,287	18,203

See accompanying notes to condensed quarterly consolidated financial statements.



## Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended June 30, 2022

Millions of yen

	2022							
	Common stock	Capital surplus (note 7)	Retained earnings (note 9)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests (note 7)	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

Three months ended June 30, 2021

Millions of yen

	2021							
	Common stock	Capital surplus (note 7)	Retained earnings (note 9)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests (note 7)	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

See accompanying notes to condensed quarterly consolidated financial statements.

## Condensed Quarterly Consolidated Statement of Cash flows

Three months ended June 30, 2022 and 2021

Millions of yen

	Note	2022	2021
<b>Cash flows from operating activities:</b>			
Net income		47,049	136,949
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		141,779	130,929
Impairment losses		896	1,341
Income taxes		29,557	29,906
Share of (profits) losses of investments accounted for using the equity method		(12,900)	(11,880)
Financial income and expenses		(2,155)	(723)
Net (gain) loss on business reorganization and others		(1,203)	(36,714)
(Gain) loss on sale of property, plant and equipment		(2,775)	1,646
Change in trade receivables and contract assets		330,914	307,535
Change in inventories		(194,747)	(154,561)
Change in trade payables		(76,592)	(17,276)
Change in accrued expenses		(144,744)	(142,408)
Change in retirement and severance benefits		49,135	(6,275)
Other		10,019	1,564
Subtotal		174,233	240,033
Interest received		4,463	5,257
Dividends received		7,139	5,546
Interest paid		(9,006)	(7,057)
Income taxes paid		(70,676)	(106,708)
Net cash provided by (used in) operating activities		<u>106,153</u>	<u>137,071</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(68,296)	(66,516)
Purchase of intangible assets		(32,459)	(30,997)
Proceeds from sale of property, plant and equipment, and intangible assets		25,134	11,377
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)		(9,840)	(10,901)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)		18,149	67,903
Other		(4,707)	22,080
Net cash provided by (used in) investing activities		<u>(72,019)</u>	<u>(7,054)</u>
<b>Cash flows from financing activities:</b>			
Change in short-term debt, net		289,220	145,747
Proceeds from long-term debt		5,670	19,017
Payments on long-term debt		(111,386)	(52,619)
Proceeds from payments from non-controlling interests		310	-
Dividends paid to Hitachi, Ltd. stockholders		(62,972)	(53,233)
Dividends paid to non-controlling interests		(29,105)	(26,979)
Acquisition of common stock for treasury		(42,747)	(61)
Proceeds from sales of treasury stock		153	433
Purchase of shares of consolidated subsidiaries from non-controlling interests		(32,705)	(21,607)
Other		(433)	-
Net cash provided by (used in) financing activities		<u>16,005</u>	<u>10,698</u>
Effect of exchange rate changes on cash and cash equivalents		60,319	5,388
Change in cash and cash equivalents		<u>110,458</u>	<u>146,103</u>
Cash and cash equivalents at beginning of period		968,827	1,015,886
Cash and cash equivalents at end of period		<u>1,079,285</u>	<u>1,161,989</u>

See accompanying notes to condensed quarterly consolidated financial statements.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(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, 2022 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 seven segments consisting of Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems, 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, 2022.

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, 2022.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(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, 2022.

Income taxes for the three months ended June 30, 2022 are computed using the estimated annual effective tax rate.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(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 seven 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 Green Energy & Mobility and Connective Industries 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 the segment profit (loss) margin ratio of operating segments. The primary products and services included in each segment are as follows:

**Digital Systems & Services:**

Digital solutions (System integration, Consulting, Cloud services), IT products (Storage, Servers), Software, and ATMs

**Green Energy & Mobility:**

Energy solutions (Power grid, Renewable energy, Nuclear), and Railway systems

**Connective Industries:**

Building systems (Elevators, Escalators), Smart life & ecofriendly systems (Home appliances, Air conditioners), Measurement and analytical systems (Medical and Bio, Semiconductor, Industry), Industry & distribution solutions, Water & environment solutions, and Industrial machinery

**Automotive Systems:**

Powertrain, Chassis, Advanced driver assistance, and Motorcycle systems

**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, 2022, the Company changed its business structure in order to realize further evolution and growth of the Social Innovation Business and aims to realize a sustainable society. Accordingly, the Company reclassified its reportable segments in seven segments as Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems, Hitachi Construction Machinery, Hitachi Metals, and Others. Figures for the three months ended June 30, 2021 have been restated on the basis of the reclassification.

In addition, from the year ending March 31, 2023, 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.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

The following tables show business segment information for the three months ended June 30, 2022 and 2021.

Millions of yen

	2022			
	Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	465,203	500,647	625,305	387,068
Revenues from Intersegment Transactions	40,180	11,756	45,499	1,161
Total Revenues	505,383	512,403	670,804	388,229
Segment Profit (Loss)	49,355	18,533	61,083	(4,679)

Millions of yen

	2022					
	Segment				Corporate items and Eliminations	Total
	Hitachi Construction Machinery	Hitachi Metals	Others	Subtotal		
Revenues						
Revenues from External Customers	266,982	270,319	52,152	2,567,676	2,140	2,569,816
Revenues from Intersegment Transactions	557	6,492	55,193	160,838	(160,838)	-
Total Revenues	267,539	276,811	107,345	2,728,514	(158,698)	2,569,816
Segment Profit (Loss)	21,447	13,165	1,629	160,533	(5,657)	154,876

Millions of yen

	2021			
	Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	407,191	465,480	613,695	381,530
Revenues from Intersegment Transactions	35,706	11,140	54,142	1,057
Total Revenues	442,897	476,620	667,837	382,587
Segment Profit (Loss)	44,342	11,823	62,243	13,167

Millions of yen

	2021					
	Segment				Corporate items and Eliminations	Total
	Hitachi Construction Machinery	Hitachi Metals	Others	Subtotal		
Revenues						
Revenues from External Customers	227,622	219,563	50,018	2,365,099	2,338	2,367,437
Revenues from Intersegment Transactions	514	7,289	56,389	166,237	(166,237)	-
Total Revenues	228,136	226,852	106,407	2,531,336	(163,899)	2,367,437
Segment Profit (Loss)	13,275	9,281	5,102	159,233	1,964	161,197

Segment profit (loss) is measured by Adjusted EBITA. Adjusted EBITA is defined as Adjusted Earnings before Interest, Taxes and Amortization. Adjusted EBITA represents profit (loss) calculated by deducting selling, general and administrative expenses from gross profit, adding back amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) of investments accounted for using the equity method.

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, 2022**

Adjustments to income before income taxes from segment profit are as follows.

Millions of yen

	2022	2021
Segment Profit (Loss)	154,876	161,197
Amortization of Intangible assets, etc. recognized upon business combinations	(20,423)	(18,834)
Other income	4,167	37,149
Other expenses	(63,150)	(10,833)
Financial income	8,071	2,538
Financial expenses	(2,912)	(2,547)
EBIT (Earnings before interest and taxes)	80,629	168,670
Interest income	5,250	4,639
Interest charges	(9,273)	(6,454)
Income before income taxes	76,606	166,855

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(5) Business Acquisitions and Divestitures**

The following are the main Business Acquisitions and Divestitures for the three months ended June 30, 2022, including the period up to the approval date of the condensed quarterly consolidated financial statements.

**(a) Sale of all shares of Hitachi Transport System, Ltd. (Hitachi Transport System)**

On April 28, 2022, the Company entered into an agreement regarding the following three points, etc. for the common stocks of Hitachi Transport System (Hitachi Transport System Shares), an equity-method associate of the Company, with HTSK Co., Ltd. (Offeror), a wholly owned subsidiary of HTSK Holdings Co., Ltd. (Offeror Parent), all equity interests in which are currently owned by HTSK Investment L.P., which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P.

(i) The Offeror will launch a tender offer (Tender Offer) for Hitachi Transport System Shares and the Company will not tender any of its shares of Hitachi Transport System (Shares to Be Sold by the Company) in the Tender Offer.

(ii) The Company will sell the Shares to Be Sold by the Company in accordance with the share repurchase to be conducted by Hitachi Transport System.

(iii) The Company obtains 10.0 billion yen worth of the Offeror Parent's shares with voting rights (equivalent to 10% of the total voting rights).

The consideration is expected to be approximately 222.0 billion yen.

Assuming the transaction is settled, Hitachi Transport System will be no longer the Company's equity-method associate. An expected gain on the sale of Hitachi Transport System Shares in the amount of approximately 140.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023.

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

**(a) Sale of shares of Hitachi Construction Machinery Co., Ltd. (Hitachi Construction Machinery)**

On January 14, 2022, the Company entered into an agreement regarding the transfer of a part of the shares of Hitachi Construction Machinery, a consolidated subsidiary of the Company in the Hitachi Construction Machinery segment, with HCJI Holdings G.K., a special purpose company which is expected to be jointly invested by HJC Holdings2 G.K., a special purpose company wholly owned by a fund that Japan Industrial Partners, Inc. manages, operates, and provides information, and Citrus Investment LLC, a special purpose company wholly owned by ITOCHU Corporation.

The consideration is expected to be approximately 182.4 billion yen. Assuming the transaction is settled, it is expected that the Company's ownership ratio of shares of Hitachi Construction Machinery will decrease from 51.4% to 25.4%, and Hitachi Construction Machinery will turn into an equity-method associate of the Company.

An expected gain on the sale of Hitachi Construction Machinery shares in the amount of approximately 58.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023. Furthermore, non-controlling interests in Hitachi Construction Machinery will decrease approximately 389.0 billion yen in the consolidated statement of changes in equity for the year ending March 31, 2023.

**(b) Acquisition of Thales' ground transportation systems business**

On August 3, 2021, Hitachi Rail Ltd.(Hitachi Rail) , a consolidated subsidiary of the Company in the Green Energy & Mobility segment, signed an agreement with Thales S.A.(Thales) to acquire the ground transportation systems business in order to expand the rail signalling systems business globally. Based on the agreement, Hitachi Rail will acquire Thales' ground transportation systems business which will be carved out from Thales. The transaction is subject to the usual conditions including regulatory and antitrust clearances and is expected to be completed by the fiscal year ending March 31, 2023. Hitachi Rail agreed on an enterprise value of 1,660 million euro (approximately 236.8 billion yen) and the final purchase price will be determined after certain adjustments. The effects of this transaction on the Company's consolidated financial statements are currently being evaluated.

**(c) Sale of all shares of Hitachi Metals, Ltd. (Hitachi Metals)**

On April 28, 2021, the Company entered into an agreement regarding the following four points for the common stocks of Hitachi Metals (Hitachi Metals Shares), a consolidated subsidiary of the Company in the Hitachi Metals segment, with K. K. BCJ-52 (Tender Offeror), a wholly owned company of G.K. BCJ-51, the outstanding shares of which are indirectly owned by investment funds which Bain Capital Private Equity, LP and its group provide with investment advice.

(i) Tender Offeror will launch a tender offer (Tender Offer) for Hitachi Metals Shares, when conditions for the commencement of Tender Offer are satisfied, and the Company will not apply for Tender Offer with regard to all of the Hitachi Metals Shares held by the Company (Shares to Be Sold by the Company).

(ii) In the event Tender Offer is enacted and Tender Offeror is unable to acquire all of the Hitachi Metals Shares (excluding treasury stock held by Hitachi Metals and Shares to Be Sold by the Company) in Tender Offer, Tender Offeror and the



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

Company will request convening of a general meeting of shareholders on the matter of items required for implementation of share consolidation (Share Consolidation) on Hitachi Metals and exercise approval right for the proposal.

(iii) As promptly as practically possible after Tender Offeror and the Company become holders of all shares of Hitachi Metals (excluding treasury stock held by Hitachi Metals) as a result of Share Consolidation, capital reduction and other measures (Capital Reduction) will be performed for Hitachi Metals in order to secure distributable amount required for acquisition of treasury stock by Hitachi Metals (Share Repurchase).

(iv) Immediately after Capital Reduction takes effect, Shares to Be Sold by the Company will be transferred to Hitachi Metals as a result of Share Repurchase.

The consideration is expected to be approximately 382.0 billion yen.

Assuming the transaction is settled, it is expected that the Company will transfer Shares to Be Sold by the Company. As a result, the Company's ownership ratio of Hitachi Metals Shares will decrease from 53.4% to 0%, and Hitachi Metals will be deconsolidated. An expected gain on the sale of Hitachi Metals Shares in the amount of approximately 104.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023. Furthermore, non-controlling interest in Hitachi Metals will decrease approximately 268.0 billion yen in the consolidated statement of changes in equity for the year ending March 31, 2023.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(6) Trade Receivables and Contract Assets**

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

	Millions of yen	
	June 30, 2022	March 31, 2022
Accounts receivable	1,936,593	2,210,590
Contract assets	687,201	623,766
Others	140,210	143,793
<b>Total</b>	<b>2,764,004</b>	<b>2,978,149</b>

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, 2022**

**(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, 2022 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, 2022		March 31, 2022	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
<u>Assets</u>				
Investments in securities and other financial assets				
Lease receivables	68,717	70,052	70,227	71,648
Debt securities	54,447	54,447	55,057	55,058
Long-term loans receivable	1,458	1,458	1,650	1,650
<u>Liabilities</u>				
Long-term debt [1]				
Bonds	341,160	340,298	357,548	357,468
Long-term borrowings	1,199,983	1,199,248	1,207,825	1,207,727

[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, 2022**

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, 2022.

June 30, 2022	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	847	-	20,780	21,627
Debt securities	8,839	4,562	5,852	19,253
Derivatives	-	103,040	-	103,040
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	265,035	-	113,537	378,572
<b>Total financial assets at fair value</b>	<b>274,721</b>	<b>107,602</b>	<b>140,169</b>	<b>522,492</b>
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	88,657	-	88,657
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>88,657</b>	<b>-</b>	<b>88,657</b>

March 31, 2022	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	1,364	-	17,591	18,955
Debt securities	9,521	4,692	5,686	19,899
Derivatives	-	63,596	-	63,596
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	282,025	2,144	106,041	390,210
<b>Total financial assets at fair value</b>	<b>292,910</b>	<b>70,432</b>	<b>129,318</b>	<b>492,660</b>
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	47,145	-	47,145
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>47,145</b>	<b>-</b>	<b>47,145</b>

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

The following tables present the changes in Level 3 instruments measured on a recurring basis for the three months ended June 30, 2022 and 2021.

June 30, 2022				Millions of yen
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	123,632	5,686	-	129,318
Gain in profit or loss [1]	847	138	-	985
Gain in OCI [2]	155	-	-	155
Purchases	7,255	509	-	7,764
Sales and redemption	(14)	(494)	-	(508)
Other	2,442	13	-	2,455
Balance at end of period	134,317	5,852	-	140,169
Unrealized gain relating to financial assets held at end of period [4]	843	138	-	981

June 30, 2021				Millions of yen
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	120,718	6,054	87	126,859
Gain in profit or loss [1]	35	122	-	157
Loss in OCI [2]	(2,788)	-	-	(2,788)
Purchases	4,919	470	-	5,389
Sales and redemption	(2,414)	(424)	-	(2,838)
Acquisitions and divestitures	10	-	-	10
Transfer from Level 3 [3]	(301)	-	-	(301)
Other	(19)	(4)	-	(23)
Balance at end of period	120,160	6,218	87	126,465
Unrealized gain relating to financial assets held at end of period [4]	27	122	-	149

- [1] Gain in profit or loss related to FVTPL financial assets is included in Financial income in the condensed quarterly consolidated statement of profit or loss.
- [2] Gain(loss) 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] Transfer from Level 3 is mainly due to an investee becoming listed on the stock market.
- [4] Unrealized gain relating to FVTPL financial assets held at the end of period is included in Financial income 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.

**(d) Other**

The Company and its subsidiaries recognize put options on shares of subsidiaries held by non-controlling interests as financial liabilities at the present value of the exercise price. The Company derecognizes the non-controlling interests and recognizes the difference between the present value and non-controlling interests in capital surplus.

Put options on non-controlling interests of the Company and its subsidiaries are measured at the present value of the exercise price. The carrying amount of the put options above as of June 30 and March 31, 2022 were 301,080 million yen and 268,851 million yen, respectively, included in Other non-current liabilities in the condensed quarterly consolidated statement of financial position.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(8) Employee Benefits**

**(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 that participate in pension plan 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 plan to risk-sharing corporate pension plan, and now the revision of Hitachi group pension plan managed by the Hitachi Pension Fund has been almost completed.

Under this plan, a risk reserve contribution is determined in advance in accordance 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 plan, 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 defined contribution plan. Since the risk-sharing corporate pension plan, which subsidiaries introduced on April 1, 2022, impose no additional contribution obligations, at the time of the shift to 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. And in the condensed quarterly consolidated statement of financial position, Other non-current assets decreased by 49,334 million yen, and Retirement and severance benefits increased by 1,851 million yen respectively. Excluding the settlement loss in above, the impacts of changing pension plans on profit or loss for the fiscal year ending March 31, 2023 are not material.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(9) Dividends**

Dividends paid on the Company's common stock for the three months ended June 30, 2022 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, 2022	62,870	Retained earnings	65.0	March 31, 2022	June 2, 2022

Dividends paid on the Company's common stock for the three months ended June 30, 2021 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 12, 2021	53,175	Retained earnings	55.0	March 31, 2021	June 2, 2021

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(10) 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, 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. Details of the reclassification are described in note 4.

Millions of yen

June 30, 2022							
	Japan					Overseas Revenues Subtotal	Total Revenues
		Asia	North America	Europe	Other Areas		
Digital Systems & Services	320,823	50,963	71,087	49,851	12,659	184,560	505,383
Green Energy & Mobility	73,801	92,872	94,991	179,249	71,490	438,602	512,403
Connective Industries	296,437	260,824	62,542	41,809	9,192	374,367	670,804
Automotive Systems	95,786	139,585	93,083	33,581	26,194	292,443	388,229
Hitachi Construction Machinery	42,966	46,461	53,890	50,861	73,361	224,573	267,539
Hitachi Metals	103,337	58,985	95,239	13,319	5,931	173,474	276,811
Others	88,165	14,227	1,943	1,931	1,079	19,180	107,345
Subtotal	1,021,315	663,917	472,775	370,601	199,906	1,707,199	2,728,514
Corporate items and Eliminations	(147,818)	(8,716)	(494)	(1,507)	(163)	(10,880)	(158,698)
Total	873,497	655,201	472,281	369,094	199,743	1,696,319	2,569,816

Millions of yen

June 30, 2021							
	Japan					Overseas Revenues Subtotal	Total Revenues
		Asia	North America	Europe	Other Areas		
Digital Systems & Services	321,587	39,675	37,907	31,951	11,777	121,310	442,897
Green Energy & Mobility	82,774	93,654	79,251	161,283	59,658	393,846	476,620
Connective Industries	314,848	249,490	59,263	32,902	11,334	352,989	667,837
Automotive Systems	108,740	141,639	75,490	31,659	25,059	273,847	382,587
Hitachi Construction Machinery	43,205	43,684	42,118	39,037	60,092	184,931	228,136
Hitachi Metals	98,433	48,502	65,119	10,371	4,427	128,419	226,852
Others	88,707	12,739	1,277	2,940	744	17,700	106,407
Subtotal	1,058,294	629,383	360,425	310,143	173,091	1,473,042	2,531,336
Corporate items and Eliminations	(150,711)	(7,901)	(1,669)	(2,858)	(760)	(13,188)	(163,899)
Total	907,583	621,482	358,756	307,285	172,331	1,459,854	2,367,437

The Digital Systems & Services segment consists of Front Business, IT Services, and Services & Platforms, for which revenue amounted to 200,365 million yen, 192,260 million yen and 210,212 million yen for the three months ended June 30, 2022 and 194,969 million yen, 185,575 million yen and 156,070 million yen for the three months ended June 30, 2021, respectively (including intersegment transactions). Front Business and IT Services are operated mainly in Japan, and Services & Platforms is operated mainly in Japan, North America and Europe.

The Company's revenues include revenue recognized based on the pattern of the cost accrual arising from long-term projects. Of



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

the revenue recognized during the three months ended June 30, 2022 and 2021, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects were 368,676 million yen and 341,774 million yen, respectively.

(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.

(Digital Systems & Services)

Front Business and IT Services primarily provide 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 IT products and software. 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. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.

(Green Energy & Mobility and Connective Industries)

The Green Energy & Mobility segment includes revenue from businesses such as energy solutions and railway systems. The energy solutions business is operated mainly in Asia, North America, and Europe. The railway systems business is operated mainly in Europe. The Connective Industries segment includes revenue from businesses such as building systems, smart life & ecofriendly systems, measurement and analytical systems, and industry & distribution solutions. The building systems business is operated mainly in China, the smart life & ecofriendly systems business is operated mainly in Japan, the measurement and analytical systems business is operated mainly in Japan, Asia, North America, and Europe, and the industry & distribution solutions business is operated mainly in Japan.

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 elevators, home appliances, measurement and analytical systems, industrial equipment, etc. included in the Connective Industries 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. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.

(Other)

In the Automotive Systems, 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. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, 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. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(11) Other Income and Expenses**

The main components of other income and expenses for the three months ended June 30, 2022 and 2021 are as follows:

	Millions of yen	
	2022	2021
Net gain (loss) on sales and disposals of fixed assets	2,629	(1,872)
Impairment losses	(896)	(1,341)
Net gain (loss) on business reorganization and others	1,203	36,714
Special termination benefits	(1,806)	(1,945)

Impairment losses are mainly recognized on property, plant and equipment and other intangible assets. Net gain (loss) on business reorganization and others includes 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, 2022 and 2021 were 2,702 million yen and 3,286 million yen, respectively. Restructuring charges (structural reform expenses) mainly include impairment losses and special termination benefits. In addition, the settlement loss of 51,185 million yen recognized for the three months ended June 30, 2022 due to the change to the risk-sharing corporate pension plan introduced by subsidiaries on April 1, 2022, is included in Other expenses for the three months ended June 30, 2022. Details of this transaction are described in note 8.

**(12) Financial Income and Expenses**

The main components of financial income and expenses for the three months ended June 30, 2022 and 2021 are as follows:

	Millions of yen	
	2022	2021
Dividends received	4,736	1,909
Exchange gain (loss)	(2,850)	(1,816)

Dividends received for the three months ended June 30, 2022 and 2021 are from FVTOCI financial assets.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(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, 2022 and 2021 are as follows:

	Number of shares	
	2022	2021
Weighted average number of shares on which basic EPS is calculated	964,356,537	966,301,120
Effect of dilutive securities		
Stock options	417,340	551,578
Restricted stock	531,391	693,289
Restricted stock units	30,788	20,438
Number of shares on which diluted EPS is calculated	965,336,056	967,566,425

	Millions of yen	
	2022	2021
Net income attributable to Hitachi, Ltd. stockholders		
Basic	37,158	122,231
Effect of dilutive securities	-	-
Diluted	37,158	122,231

	Yen	
	2022	2021
EPS attributable to Hitachi, Ltd. stockholders		
Basic	38.53	126.49
Diluted	38.49	126.33

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**June 30, 2022**

**(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 in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of 263 million euro (37,529 million yen) and interest allegedly incurred by performance defects of a power plant. As of June 30, 2022, the amount of compensation claimed by the customer was changed to 270 million euro (38,526 million yen). Although the subsidiary in Europe will vigorously defend itself against this lawsuit, there can be no assurance that it 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 9, 2022 by Keiji Kojima, 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 9, 2022
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Keiji Kojima, President & CEO
[Name and title of CFO]	Yoshihiko Kawamura, Executive 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. Keiji Kojima, President & CEO, and Mr. Yoshihiko Kawamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the first quarter of the 154th fiscal year (from April 1, 2022 to June 30, 2022) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.