

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the First Quarter Ended June 30, 2023**

Tokyo, July 28, 2023 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the first quarter of fiscal 2023, ended June 30, 2023

Summary

(Billions of yen)

	Three months ended June 30, 2022 (A)	Three months ended June 30, 2023 (B)	(B)/(A) (%)
1. Revenues	2,569.8	2,322.4	90
2. Adjusted operating income	121.5	130.5	107
3. Adjusted EBITA (Adjusted Earnings before interest, taxes and amortization)	154.8	170.9	110
4. Income before income taxes	76.6	115.4	151
5. Net income	47.0	81.6	174
6. Net income attributable to Hitachi, Ltd. stockholders	37.1	70.0	188
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)	
Basic	38.53	74.79	194
Diluted	38.49	74.70	194

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 688 consolidated subsidiaries and 269 equity-method associates and joint ventures.

Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended June 30, 2022 (A)	Three months ended June 30, 2023 (B)	(B)/(A) (%)
Revenues	2,569,816	2,322,488	90
Cost of sales	(1,954,342)	(1,748,034)	89
Gross profit	615,474	574,454	93
Selling, general and administrative expenses	(493,921)	(443,908)	90
Adjusted operating income	121,553	130,546	107
Other income	4,167	1,134	27
Other expenses	(63,150)	(17,387)	28
Financial income	8,071	3,011	37
Financial expenses	(2,912)	(15,253)	524
Share of profits (losses) of investments accounted for using the equity method	12,900	19,845	154
EBIT (Earnings before interest and taxes)	80,629	121,896	151
Interest income	5,250	11,211	214
Interest charges	(9,273)	(17,622)	190
Income before income taxes	76,606	115,485	151
Income taxes	(29,557)	(33,813)	114
Net income	47,049	81,672	174
Net income attributable to:			
Hitachi, Ltd. stockholders	37,158	70,021	188
Non-controlling interests	9,891	11,651	118
Earnings per share attributable to Hitachi, Ltd. stockholders	Yen	Yen	
Basic	38.53	74.79	194
Diluted	38.49	74.70	194

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2022 (A)	Three months ended June 30, 2023 (B)	(B)/(A) (%)
Net income	47,049	81,672	174
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)	45,092	-
Remeasurements of defined benefit plans	17,232	91	1
Share of OCI of investments accounted for using the equity method	12	314	-
Total items not to be reclassified into net income	10,856	45,497	419
Items that can be reclassified into net income			
Foreign currency translation adjustments	412,678	278,718	68
Net changes in cash flow hedges	(1,130)	9,710	-
Share of OCI of investments accounted for using the equity method	16,997	15,423	91
Total items that can be reclassified into net income	428,545	303,851	71
Other comprehensive income (OCI)	439,401	349,348	80
Comprehensive income	486,450	431,020	89
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders	412,163	402,514	98
Non-controlling interests	74,287	28,506	38

Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023 (A)	As of June 30, 2023 (B)	(B)-(A)
Assets			
Current assets			
Cash and cash equivalents	833,283	925,445	92,162
Trade receivables and contract assets	2,874,987	2,741,047	(133,940)
Inventories	1,646,188	1,829,297	183,109
Investments in securities and other financial assets	346,916	402,259	55,343
Other current assets	227,161	353,361	126,200
Total Current assets	5,928,535	6,251,409	322,874
Non-current assets			
Investments accounted for using the equity method	478,620	504,539	25,919
Investments in securities and other financial assets	496,897	532,978	36,081
Property, plant and equipment	1,700,471	1,757,500	57,029
Goodwill	2,165,350	2,342,408	177,058
Other intangible assets	1,244,688	1,316,313	71,625
Other non-current assets	486,853	450,221	(36,632)
Total Non-current assets	6,572,879	6,903,959	331,080
Total Assets	12,501,414	13,155,368	653,954
Liabilities			
Current liabilities			
Short-term debt	777,650	945,067	167,417
Current portion of long-term debt	141,861	141,394	(467)
Other financial liabilities	263,748	378,158	114,410
Trade payables	1,548,497	1,569,593	21,096
Accrued expenses	720,961	586,693	(134,268)
Contract liabilities	1,241,366	1,388,866	147,500
Other current liabilities	472,095	456,476	(15,619)
Total Current liabilities	5,166,178	5,466,247	300,069
Non-current liabilities			
Long-term debt	1,293,837	1,332,685	38,848
Retirement and severance benefits	323,264	327,293	4,029
Other non-current liabilities	382,568	390,587	8,019
Total Non-current liabilities	1,999,669	2,050,565	50,896
Total Liabilities	7,165,847	7,516,812	350,965
Equity			
Hitachi, Ltd. stockholders' equity			
Common stock	462,817	463,417	600
Capital surplus	-	-	-
Retained earnings	3,637,184	3,642,475	5,291
Accumulated other comprehensive income	846,392	1,172,772	326,380
(Foreign currency translation adjustments)	635,260	906,280	271,020
(Remeasurements of defined benefit plans)	87,967	87,747	(220)
(Net changes in financial assets measured at fair value through OCI)	115,355	154,850	39,495
(Net changes in cash flow hedges)	7,810	23,895	16,085
Treasury stock, at cost	(3,539)	(33,548)	(30,009)
Total Hitachi, Ltd. stockholders' equity	4,942,854	5,245,116	302,262
Non-controlling interests	392,713	393,440	727
Total Equity	5,335,567	5,638,556	302,989
Total Liabilities and Equity	12,501,414	13,155,368	653,954

Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

Three months ended June 30, 2022								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	461,731	46,119	3,197,725	639,263	(3,002)	4,341,836	1,013,441	5,355,277
Changes in equity								
Reclassified into retained earnings	-	-	44,992	(44,992)	-	-	-	-
Net income	-	-	37,158	-	-	37,158	9,891	47,049
Other comprehensive income	-	-	-	375,005	-	375,005	64,396	439,401
Dividends to Hitachi, Ltd. stockholders	-	-	(62,870)	-	-	(62,870)	-	(62,870)
Dividends to non-controlling interests	-	-	-	-	-	-	(22,326)	(22,326)
Acquisition of treasury stock	-	-	-	-	(42,746)	(42,746)	-	(42,746)
Sales of treasury stock	-	(94)	-	-	247	153	-	153
Issuance of new shares	1,086	1,086	-	-	-	2,172	-	2,172
Transfer to capital surplus from retained earnings	-	2,666	(2,666)	-	-	-	-	-
Changes in non-controlling interests	-	(49,777)	-	17,267	-	(32,510)	(34,480)	(66,990)
Total changes in equity	1,086	(46,119)	16,614	347,280	(42,499)	276,362	17,481	293,843
Balance at end of period	462,817	-	3,214,339	986,543	(45,501)	4,618,198	1,030,922	5,649,120

(Millions of yen)

Three months ended June 30, 2023								
	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	462,817	-	3,637,184	846,392	(3,539)	4,942,854	392,713	5,335,567
Changes in equity								
Reclassified into retained earnings	-	-	5,710	(5,710)	-	-	-	-
Net income	-	-	70,021	-	-	70,021	11,651	81,672
Other comprehensive income	-	-	-	332,493	-	332,493	16,855	349,348
Dividends to Hitachi, Ltd. stockholders	-	-	(70,317)	-	-	(70,317)	-	(70,317)
Dividends to non-controlling interests	-	-	-	-	-	-	(27,809)	(27,809)
Acquisition of treasury stock	-	-	-	-	(30,215)	(30,215)	-	(30,215)
Sales of treasury stock	-	(152)	-	-	206	54	-	54
Issuance of new shares	600	600	-	-	-	1,200	-	1,200
Transfer to capital surplus from retained earnings	-	123	(123)	-	-	-	-	-
Changes in non-controlling interests	-	(571)	-	(403)	-	(974)	30	(944)
Total changes in equity	600	-	5,291	326,380	(30,009)	302,262	727	302,989
Balance at end of period	463,417	-	3,642,475	1,172,772	(33,548)	5,245,116	393,440	5,638,556

Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2022 (A)	Three months ended June 30, 2023 (B)	(B)-(A)
Cash flows from operating activities			
Net Income	47,049	81,672	34,623
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	141,779	121,357	(20,422)
Impairment losses	896	2,331	1,435
Income taxes	29,557	33,813	4,256
Share of (profits) losses of investments accounted for using the equity method	(12,900)	(19,845)	(6,945)
Financial income and expenses	(2,155)	3,403	5,558
Net (gain) loss on business reorganization and others	(1,203)	1,238	2,441
(Gain) loss on sale of property, plant and equipment	(2,775)	11	2,786
Change in trade receivables and contract assets	330,914	329,459	(1,455)
Change in inventories	(194,747)	(125,435)	69,312
Change in trade payables	(76,592)	(57,861)	18,731
Change in accrued expenses	(144,744)	(158,813)	(14,069)
Change in retirement and severance benefits	49,135	2,020	(47,115)
Other	10,019	40,579	30,560
Subtotal	174,233	253,929	79,696
Interest received	4,463	9,551	5,088
Dividends received	7,139	2,691	(4,448)
Interest paid	(9,006)	(16,436)	(7,430)
Income taxes paid	(70,676)	(131,574)	(60,898)
Net cash provided by (used in) operating activities	106,153	118,161	12,008
Cash flows from investing activities			
Purchase of property, plant and equipment	(68,296)	(53,785)	14,511
Purchase of intangible assets	(32,459)	(35,306)	(2,847)
Proceeds from sale of property, plant and equipment, and intangible assets	25,134	4,547	(20,587)
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(9,840)	(1,553)	8,287
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	51,621	33,472
Other	(4,707)	(5,387)	(680)
Net cash provided by (used in) investing activities	(72,019)	(39,863)	32,156
Free cash flows	34,134	78,298	44,164
Cash flows from financing activities			
Change in short-term debt, net	289,220	115,669	(173,551)
Proceeds from long-term debt	5,670	-	(5,670)
Payments on long-term debt	(111,386)	(31,752)	79,634
Proceeds from payments from non-controlling interests	310	-	(310)
Dividends paid to Hitachi, Ltd. stockholders	(62,972)	(70,363)	(7,391)
Dividends paid to non-controlling interests	(29,105)	(11,059)	18,046
Acquisition of common stock for treasury	(42,747)	(30,215)	12,532
Proceeds from sales of treasury stock	153	54	(99)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(32,705)	-	32,705
Other	(433)	-	433
Net cash provided by (used in) financing activities	16,005	(27,666)	(43,671)
Effect of exchange rate changes on cash and cash equivalents	60,319	41,530	(18,789)
Change in cash and cash equivalents	110,458	92,162	(18,296)
Cash and cash equivalents at beginning of period	968,827	833,283	(135,544)
Cash and cash equivalents at end of period	1,079,285	925,445	(153,840)

Segment Information
(1) Business Segments

(Millions of yen)

	Three months ended June 30, 2022 (A)	Three months ended June 30, 2023 (B)	(B)/(A) (%)
Digital Systems & Services	505,383 18%	545,981 22%	108
Green Energy & Mobility	508,724 19%	627,942 26%	123
Connective Industries	670,804 25%	695,348 28%	104
Automotive Systems	388,229 14%	494,172 20%	127
Hitachi Construction Machinery	267,539 10%	- -	-
Hitachi Metals	276,811 10%	- -	-
Others	111,024 4%	108,005 4%	97
Subtotal	2,728,514 100%	2,471,448 100%	91
Corporate items & Eliminations	(158,698)	(148,960)	-
Total Revenues	2,569,816	2,322,488	90
Digital Systems & Services	49,355 31%	52,463 30%	106
Green Energy & Mobility	24,099 15%	43,150 24%	179
Connective Industries	61,083 38%	67,837 38%	111
Automotive Systems	(4,679) (3%)	14,084 8%	-
Hitachi Construction Machinery	21,447 13%	- -	-
Hitachi Metals	13,165 8%	- -	-
Others	(3,937) (2%)	698 0%	-
Subtotal	160,533 100%	178,232 100%	111
Corporate items & Eliminations	(5,657)	(7,244)	-
Total Adjusted EBITA	154,876	170,988	110

- Notes: 1. Revenues by business segment include intersegment transactions.
2. Effective from April 1, 2023, a portion of the business previously included in the Green Energy & Mobility segment has been transferred to Business Management Reinforcement Division, and included in the Others segment. Figures for the three months ended June 30, 2022 have been restated on the basis of the reclassification.
3. In August 2022, the Company sold a certain number of shares of Hitachi Construction Machinery Co., Ltd. (Hitachi Construction Machinery). As a result, Hitachi Construction Machinery and its subsidiaries, which were included in the Hitachi Construction Machinery segment, became equity-method associates of the Company. In January 2023, the Company sold all shares of Hitachi Metals, Ltd. (currently Proterial, Ltd.). As a result, Hitachi Metals, Ltd. was deconsolidated. Accordingly, the Hitachi Construction Machinery segment and the Hitachi Metals segment ceased to be business segments, but the segment figures for the three months ended June 30, 2022 and 2023 are disclosed individually to enhance fair disclosure. From the second quarter of the fiscal year ended March 31, 2023, the Company includes its share of profits (losses) of investments accounted for using the equity method of Hitachi Construction Machinery and its subsidiaries after the transfer of shares in Corporate items & Eliminations.

(2) Revenues by Market

(Millions of yen)

	Three months ended June 30, 2022 (A)	Three months ended June 30, 2023 (B)	(B)/(A) (%)
Japan	873,497 34%	804,348 35%	92
Asia	655,201 26%	583,620 25%	89
North America	472,281 18%	417,546 18%	88
Europe	369,094 14%	369,923 16%	100
Other Areas	199,743 8%	147,051 6%	74
Overseas Revenues Subtotal	1,696,319 66%	1,518,140 65%	89
Total Revenues	2,569,816 100%	2,322,488 100%	90

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.

###