

Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2022

[Fiscal 2022]

October 28, 2022

Yoshihiko Kawamura

Executive Vice President and Executive Officer, CFO

Hitachi, Ltd.

Contents

1. Points
2. H1 FY2022 Results
3. FY2022 Forecast
4. Appendix



1. Points

1

H1 FY22 consolidated total revenues were 5,416.7bn yen (YoY+12%), adjusted EBITA*¹ was 393.0bn yen (YoY+20.6bn yen), and net income was 172.5bn yen (YoY(149.9)bn yen)

- Net income decreased due to the impact of the shift to risk-sharing corporate pension plan, goodwill impairment loss of Hitachi Energy ((38.3)bn yen) caused by WACC^(※) increase, and gains from the selling of overseas home appliance business in Q2 FY21, etc.

(※) WACC: Weighted Average Cost of Capital

2

Orders remained firm mainly in Digital Systems & Services and Green Energy & Mobility

- Orders in Digital Systems & Services remained firm due to strong DX demand (Q2 orders: 582.8bn yen, YoY+17%)
- Hitachi Energy orders continued to show solid growth with significant project wins (Q2 orders: 575.4bn yen, YoY +107% order backlog: approx. 2.5 trillion yen)

3

Implementing portfolio reforms

- Selling a part of Hitachi Construction Machinery shares was completed and it became an equity method affiliate
- Tender offer for Hitachi Metals shares was completed on October 25, and tender offer for Hitachi Transport System shares has started on October 28
- Decided to make Hitachi Energy a wholly owned subsidiary, expecting to be completed by the end of December 2022

4

FY2022 forecast is revised upward to revenues of 10,400.0bn yen (+6% from previous forecast), adjusted EBITA of 877.0bn yen (+32.0bn yen from previous forecast). Core free cash flows^{(1)*2} forecast is 250.0bn yen (+15.0bn yen from previous forecast), net income is expected to achieve a record high of 600.0bn yen

Macro economy outlook (real GDP YoY growth rate⁽¹⁾)

Region	CY2022 Hitachi forecast as of September	CY2022 Hitachi forecast as of June	Outlook
Global	+3.0%	+3.2%	Material prices hike and inflation to continue and spread in each country put downward pressure on the economy
Japan	+1.5%	+1.4%	Economic recovery is slow due to soaring oil and raw material prices and yen depreciation. Increasing willingness to invest in DX and GX, mainly in the manufacturing industry
U.S.	+1.6%	+2.8%	Slowdown mainly in domestic demand due to the impact of Federal Reserve's interest rate raise and high prices
Europe	+3.0%	+2.7%	With continuing energy price increases, stagflation will occur in the second half of 2022 and the first half of 2023. Expecting negative growth in some countries including Germany
China	+3.2%	+4.1%	Zero-corona policy continues. While production and logistics stagnation caused by the China lockdown has been resolved, consumption recovery is slow. Growth rate declines, while infrastructure investment promotion supports the economy

Positive and negative factors of macro economy

Positive factors	Negative factors
<ul style="list-style-type: none"> World-wide expansion of DX demand Increase in environment-related investment for carbon neutral transition Increase in EV usage and expansion of EV charging system Infrastructure investment and economic measures <ul style="list-style-type: none"> Investment in building national resilience in Japan (ex. cross-regional coordination of electricity transmission) Infrastructure Investment Act, Chips and Science Act, and Inflation Reduction Act in the U.S. China's policy to promote infrastructure construction for economic growth 	<ul style="list-style-type: none"> Geopolitical risks, including the situation in Ukraine Soaring resource and food prices and rising global inflation Stagflation due to ECB interest rate raise and economic slowdown Risk of economic deterioration due to the U.S. Federal Reserve's interest rate raise Activity restrictions due to China's zero-corona policy and deterioration of the real estate market Continued price hikes for materials and logistics costs Continuing supply shortages in some semiconductors

(1) Based on Short-term Economic Outlook of Hitachi Research Institute

Business Environment (Q2 FY22)

- Semiconductor shortage has affected mainly Hitachi Astemo (Shortages of some logic, analog, and discrete semiconductors)
 - ⇒ Implementing countermeasures of procuring from multiple suppliers, strategic inventory securing, and searching for alternatives, etc.
- Soaring material prices has impacted mainly on Hitachi Energy and Hitachi Astemo
 - ⇒ Revising selling prices and reducing costs

	Semiconductor shortage	Soaring material prices and transportation cost	Soaring electricity price	Situation in Ukraine and Russia
Digital Systems & Services	<ul style="list-style-type: none"> • Continued impact on IT products and ATM related business 	<ul style="list-style-type: none"> • Soaring materials prices for IT products 	Minor Impact	<ul style="list-style-type: none"> • Minimized business impact while some business bases of GlobalLogic exist in Ukraine
Green Energy & Mobility	<ul style="list-style-type: none"> • Revenues decrease and cost increase in power grids business 	<ul style="list-style-type: none"> • Cost increases of electrical steel sheet and logistics in power grids business 	<ul style="list-style-type: none"> • Cost increase due to higher electricity prices 	Minor Impact
Connective Industries	<ul style="list-style-type: none"> • Impact on products delivery due to lower production than planned in Industrial Products • Parts shortage affected Hitachi High-Tech production 	<ul style="list-style-type: none"> • Cost increase in Building Systems • Cost increase for some products of Industrial Products 	Minor Impact	Minor Impact
Hitachi Astemo	<ul style="list-style-type: none"> • Delayed production recovery of some OEMs • Revenues decrease due to semiconductor supply constraints at some suppliers 	<ul style="list-style-type: none"> • Cost increase in some products due to price increase in materials such as steel and copper 	<ul style="list-style-type: none"> • Cost increase due to higher electricity prices 	Minor Impact

Highlights of Business (Q2 FY22)

Billions of yen	Q2 FY22		YoY		Dynamics
	Revenues	Adj. EBITA ⁽¹⁾	Revenues	Adj. EBITA	
Digital Systems & Services^{*3}	594.5	68.1 11.5%	111%	(4.5) (2.1) pts	<ul style="list-style-type: none"> Segment revenues increased led by Lumada business. Profits decreased due to increased investment in growth for business expansion and cost increases in certain projects GlobalLogic revenues increased YoY 150% (dollar base YoY 119%) and maintained high profitability; adjusted EBITA ratio of 22.2% and EBITDA ratio of 25.4%. Synergies with Hitachi Vantara and others steadily expanded
GlobalLogic (standalone ⁽²⁾)	51.5	11.4 22.2%	150%	+3.9 +0.2 pts	
Green Energy & Mobility	559.1	27.3 4.9%	118%	+7.2 +0.7 pts	<ul style="list-style-type: none"> Segment revenues and profits increased due to FX impact and firm demand for Hitachi Energy and Railway Systems Hitachi Energy revenues and profits increased due to FX impact and stable growth in business
Hitachi Energy (standalone)	328.1	19.6 6.0%	129%	+8.1 +1.5 pts	
Connective Industries	756.9	88.1 11.6%	113%	+31.2 +3.1 pts	<ul style="list-style-type: none"> Segment revenues and profits increased due to firm performance of Measurement & Analysis Systems (Hitachi High-Tech) and Industrial Products Building Systems BU⁽³⁾ revenues and profits increased due to FX impact and expansion of building service business Measurement & Analysis Systems (Hitachi High-Tech) revenues and profits increased due to sales increase in semiconductor manufacturing equipment and clinical chemistry and immunochemistry analyzers
Building Systems	229.9	23.8 10.3%	105%	+4.9 +1.7 pts	
Measurement & Analysis Systems (Hitachi High-Tech)	179.5	30.3 16.9%	129%	+17.5 +7.7 pts	
Hitachi Astemo	495.8	16.5 3.3%	133%	+5.4 +0.3 pts	<ul style="list-style-type: none"> Revenues and profits increased due to production recovery of some OEMs affected by lockdown in China in Q1 FY22 and FX impact
Consolidated Total	2,846.9	238.1 8.4%	115%	+26.9 (0.2) pts	

Revenues and Adjusted EBITA by each segment are listed from page 30

(1) Percentages are adjusted EBITA ratio

(2) Standalone does not include acquisition related cost

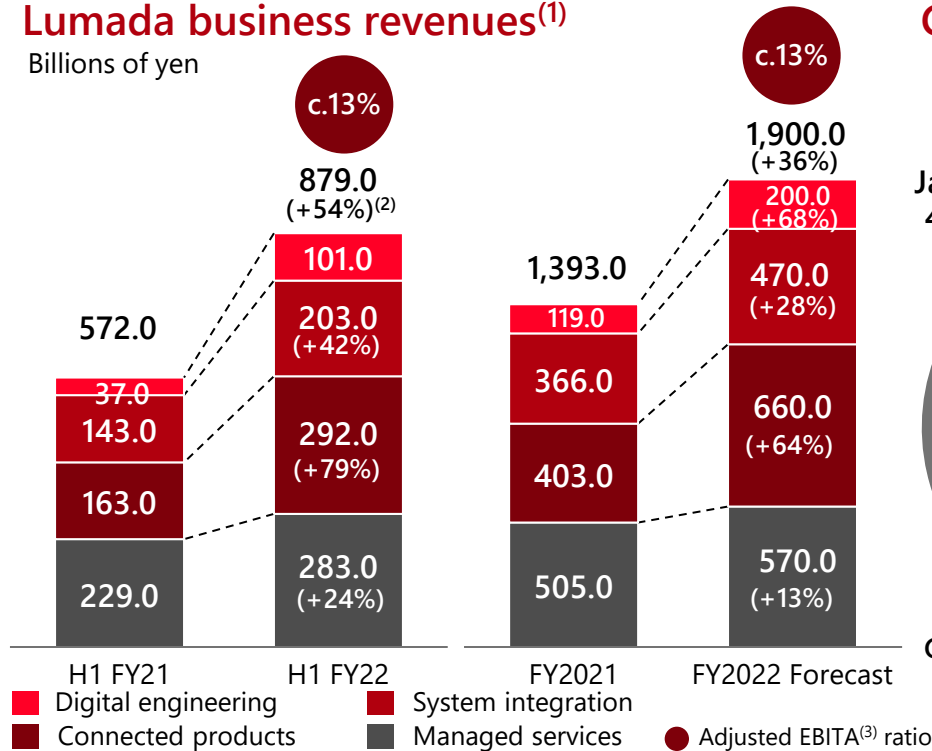
(3) BU: Business Unit

Highlights of Orders Results (Q2 FY22)

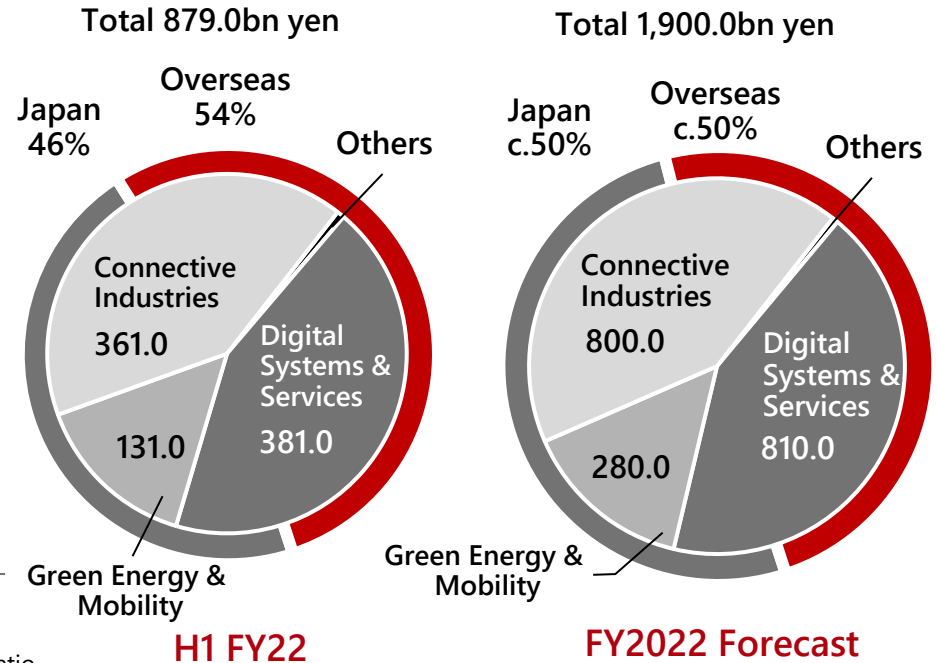
Billions of yen	FY22 Orders		YoY		Dynamics (Q2 FY22)
	Q2	H1	Q2	H1	
Digital Systems & Services	582.8	1,241.8	117%	114%	<ul style="list-style-type: none"> Segment orders increased due to strong sales in Lumada solutions that meet DX demand, including financial field and Hitachi Solutions, despite continued investment restraint of customers in transportation field GlobalLogic added 26 new customers, including world's top brands in automotive, high-tech, and financial institutions
Hitachi Energy	575.4	1,176.2	207%	205%	<ul style="list-style-type: none"> Orders increased mainly in North America and Europe driven by acceleration of energy transition towards a carbon neutral society Several major orders, including North-South HVDC link for Germany and cross border HVDC interconnection bringing hydro power from Quebec, Canada to New York
Building Systems	267.8	544.1	106%	112%	<ul style="list-style-type: none"> In China, orders for new installation remained firm despite a continued adjustment phase of demand. In Japan, orders for new installation and modernization increased
Measurement & Analysis Systems (Hitachi High-Tech)	167.9	341.0	81%	92%	<ul style="list-style-type: none"> Orders decreased in semiconductor manufacturing equipment despite demand expansion for clinical chemistry and immunochemistry analyzers
Industrial Digital	81.9	159.5	103%	104%	<ul style="list-style-type: none"> Steady orders due to expansion of digital solutions business and large orders for projects in the automotive and pharmaceutical fields, etc.

Lumada business revenues⁽¹⁾

Billions of yen



Composition by segments⁽¹⁾



Category	Business	Topics
Digital engineering (Including GlobalLogic)	Consulting on DX, digital solution business through customer co-creation, etc.	Railway Systems collaborates with GlobalLogic and Hitachi Vantara on a co-creation project with European railroad operators to implement monitoring and predictive maintenance solutions for railroad infrastructure
System integration	System integration with digital technology, engineering services for OT (Operational Technology)	Developed "Carbon Credit Market System" jointly with JPX Market Innovation & Research. Started co-creation with SEKISUI CHEMICAL to promote materials informatics in materials development
Connected products	Equipment and facilities with data collection/transmission functions to support digital services, etc.	Received an order for 139 elevators and escalators for the largest complex development project in Nihonbashi, the largest order ever received by Hitachi in Japan
Managed services	Cloud-based services, equipment and facility operation monitoring services, etc.	GlobalLogic and Hitachi Vantara jointly proposed and won the cloud migration project for GlobalLogic's client, a U.S. digital marketing services company. Accelerate End-to-End service proposals

(1) Excluding Lumada business revenues of listed subsidiaries including Hitachi Construction Machinery

(2) Figures in parentheses are the growth percentage of revenues compared to the previous fiscal year for each category

(3) Adjusted EBITA for Lumada business represents adjusted operating income^{*5}



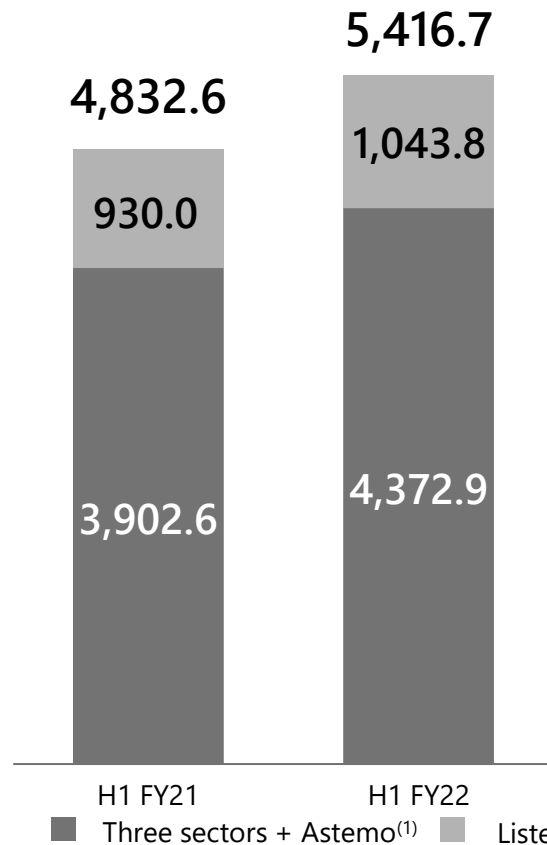
2. H1 FY2022 Results

Highlights of Results (H1 FY22)

Revenues

YoY 12% up

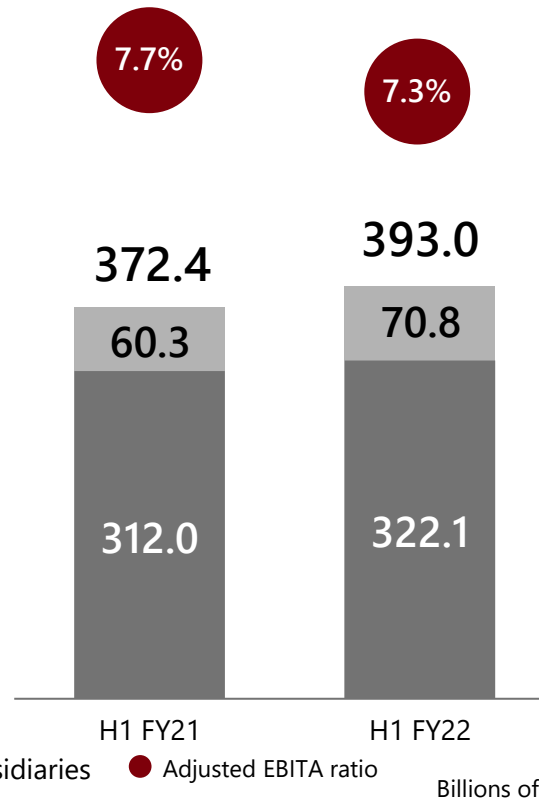
Revenues increased due to FX impact, market recovery trend and acquisition of GlobalLogic



Adjusted EBITA⁽²⁾

YoY +20.6bn yen

Adjusted EBITA increased mainly in Connective Industries and Green Energy & Mobility



Overseas revenues

3,513.8bn yen (YoY +20%)

Lumada business revenues⁽³⁾

879.0bn yen (YoY +54%)

Net income attributable to Hitachi, Ltd. stockholders

172.5bn yen (YoY (149.9)bn yen)

EBITDA^{*4}

575.4bn yen (YoY (113.8)bn yen)

Cash flows from operating activities

233.6bn yen (YoY +72.1bn yen)

Core free cash flows

24.6bn yen (YoY +68.2bn yen)

Interim dividend

70 yen / share (YoY +10 yen)

(1) Changed reporting segment structure from FY2022

(2) Changed definition of adjusted EBITA from FY2022

(3) Excluding Lumada business revenues of listed subsidiaries including Hitachi Construction Machinery

- Three sectors: revenues and profits increased due to FX impact, market recovery trend and acquisition of GlobalLogic
- Astemo: profits decreased due to OEM production cutbacks following continuous semiconductor shortage and supply chain disruptions in China
- Listed subsidiaries: revenues and profits increased in Hitachi Metals due to market recovery trend

Billions of yen	Three sectors* ⁶ [Digital Systems & Services, Green Energy & Mobility, Connective Industries]	Astemo [Automotive Systems]	Listed subsidiaries [Hitachi Construction Machinery, Hitachi Metals]	Total
Revenues	3,488.9	884.0	1,043.8	5,416.7
YoY	111%	117%	112%	112%
Adjusted EBITA	310.3	11.8	70.8	393.0
YoY	+22.4	(12.3)	+10.5	+20.6
Adjusted EBITA ratio	8.9%	1.3%	6.8%	7.3%
YoY	(0.2) pts	(1.9) pts	+0.3 pts	(0.4) pts
Net income attributable to Hitachi, Ltd. stockholders	169.1	(27.7)	31.1	172.5
YoY	(127.5)	(31.3)	+8.9	(149.9)

H1 FY22 Results by Business Segment (1/3)

Billions of yen	H1 FY22		YoY		Dynamics
	Revenues	Adj. EBITA ⁽²⁾	Revenues	Adj. EBITA	
Digital Systems & Services	1,099.8	117.4 10.7%	113%	+0.4 (1.3) pts	<ul style="list-style-type: none"> Segment revenues increased due to steady growth in Lumada business, and promoted growth investment to expand business
Front Business* ⁷	445.3	27.8 6.3%	105%	(6.7) (1.8) pts	<ul style="list-style-type: none"> In Front Business, Lumada business remained firm despite the continued impact of restrained investment in the transportation field, etc. Profits decreased due to increased growth investments for expansion of digital solutions and cost increases in certain projects
IT Services* ⁸	417.4	48.5 11.6%	105%	+2.1 ±0.0 pts	<ul style="list-style-type: none"> In IT Services, revenues increased due to solid performance of Lumada business (security and cloud services)
Services & Platforms* ⁹	445.0	33.5 7.5%	126%	+2.3 (1.3) pts	<ul style="list-style-type: none"> In Services & Platforms, overseas cloud business performed well, despite the impact of soaring material prices for IT products. GlobalLogic business grew steadily
Green Energy & Mobility	1,071.5	45.8 4.3%	113%	+13.9 +0.9 pts	<ul style="list-style-type: none"> Segment revenues and profits increased due to FX impact and firm demand for Hitachi Energy and Railway Systems BU
Nuclear Energy* ¹⁰	46.3	-	93%	-	<ul style="list-style-type: none"> Nuclear Energy BU and Energy BU revenues and profits decreased due to the transfer of Hitachi Plant Construction's thermal power-related business in Nuclear Energy BU and cost increases in a certain project
Energy* ¹⁰	75.7	-	91%	-	
Nuclear Energy & Energy	121.3	1.3 1.1%	88%	(7.2) (5.0) pts	
Hitachi Energy	630.0	36.9 5.9%	122%	+8.1 +0.3 pts	<ul style="list-style-type: none"> Hitachi Energy revenues and profits increased due to FX impact and stable growth in business
Related cost ⁽¹⁾	-	(6.8)	-	+3.4	
Railway Systems* ¹⁰	313.8	15.2 4.8%	109%	+8.2 +2.4 pts	<ul style="list-style-type: none"> Railway Systems BU revenues and profits increased due to FX impact, project ramp-up and profitability improvement

Adjusted operating income, EBIT^{*11} and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(1) Related cost includes PMI related costs associated with the acquisition of power grids business

(2) Percentages are adjusted EBITA ratio

H1 FY22 Results by Business Segment (2/3)

Billions of yen	H1 FY22		YoY		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Connective Industries	1,427.7	149.1 <i>10.4%</i>	107%	+30.0 <i>+1.5 pts</i>	<ul style="list-style-type: none"> Segment revenues and profits increased due to firm performance of Measurement & Analysis Systems (Hitachi High-Tech) and Building Systems BU, while Smart Life & Ecofriendly Systems revenues decreased due to selling overseas home appliance business and the impact of lockdown in China Building Systems BU revenues and profits increased due to FX impact and expansion of building service business Smart Life & Ecofriendly Systems revenues and profits decreased due to selling overseas home appliance business and the lockdown in China Measurement & Analysis Systems (Hitachi High-Tech) revenues and profits increased due to sales increase in semiconductor manufacturing equipment and clinical chemistry and immunochemistry analyzers Industrial Digital BU revenues and profits increased due to growth in digital solution business Water & Environment BU revenues decreased due to the impact of large-scale projects in the year-before period in air conditioning system business Industrial Products revenues and profits increased due to firm performance of mass-produced and non-mass-produced products
Building Systems	463.9	46.2 <i>10.0%</i>	107%	+3.9 <i>+0.2 pts</i>	
Smart Life & Ecofriendly Systems (Hitachi GLS ⁽¹⁾)	188.1	16.7 <i>8.9%</i>	92%	(6.4) <i>(2.4) pts</i>	
Measurement & Analysis Systems (Hitachi High-Tech)	335.9	53.8 <i>16.0%</i>	119%	+26.6 <i>+6.4 pts</i>	
Industrial Digital ^{*10}	166.2	13.5 <i>8.1%</i>	108%	+0.7 <i>(0.2) pts</i>	
Water & Environment ^{*10}	67.1	4.3 <i>6.4%</i>	95%	+0.2 <i>+0.5 pts</i>	
Industrial Products	197.7	16.4 <i>8.3%</i>	109%	+3.3 <i>+1.0 pts</i>	

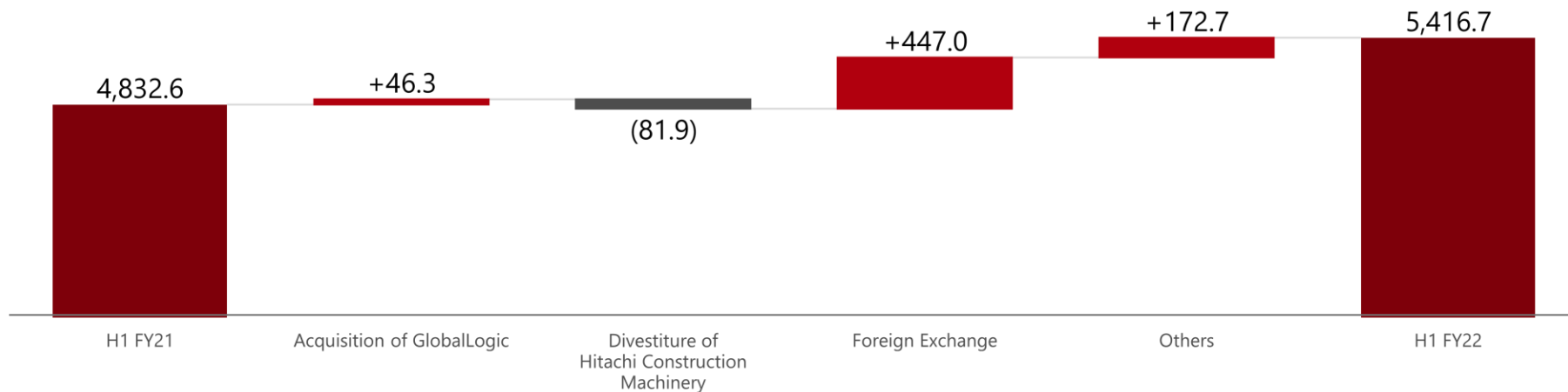
H1 FY22 Results by Business Segment (3/3)

Billions of yen	H1 FY22		YoY		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Hitachi Astemo	884.0	11.8 <i>1.3%</i>	117%	(12.3) <i>(1.9) pts</i>	• Despite increased revenues due to FX impact, profits decreased due to the impact of reduced production by OEM due to the impacts of semiconductor shortage and the lockdown in China in Q1, soaring raw material prices, and product mix
Hitachi Construction Machinery	475.1	43.2 <i>9.1%</i>	100%	±0.0 <i>±0.0 pts</i>	• Profits remained flat due to decreased demand in China, Russia CIS, Japan, Western Europe and North America, the impact of price adjustment in the Americas market in the year-before period, cost increase mainly in steel prices, and completion of selling a part of shares of Hitachi Construction Machinery in August, despite increase in sales volume of new machine for construction and mining, parts and services, and FX impact, etc.
Hitachi Metals	568.7	27.6 <i>4.9%</i>	125%	+10.5 <i>+1.2 pts</i>	• Revenues and profits increased due to sliding-scale pricing following soaring material prices, FX impact and cost reduction
Others	224.6	6.8 <i>3.1%</i>	103%	(5.1) <i>(2.4) pts</i>	
Corporate items & Eliminations	(334.9)	(9.0)	-	(16.8)	• Cost for renewing the company-wide management platform, etc.
Total	5,416.7	393.0 <i>7.3%</i>	112%	+20.6 <i>(0.4) pts</i>	

Factors Affecting Changes in Revenues and Adjusted EBITA (H1 FY22 Total)

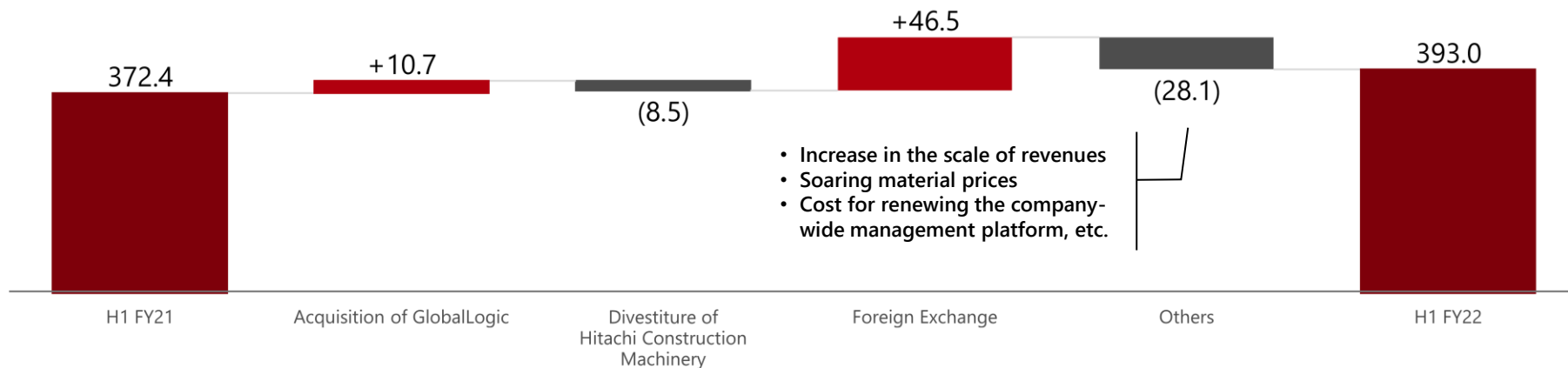
Revenues

Billions of yen



Adjusted EBITA

Billions of yen



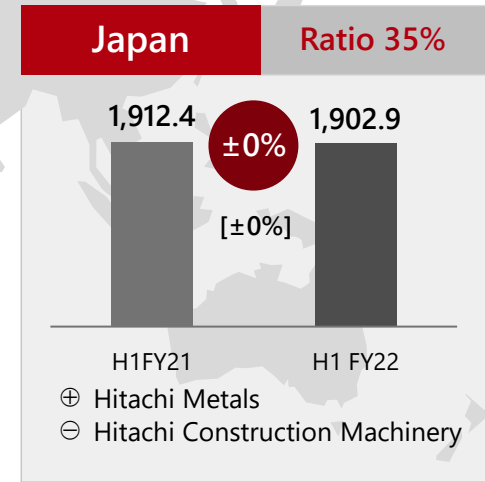
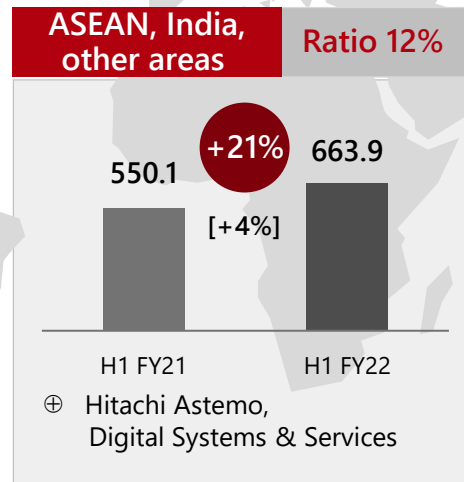
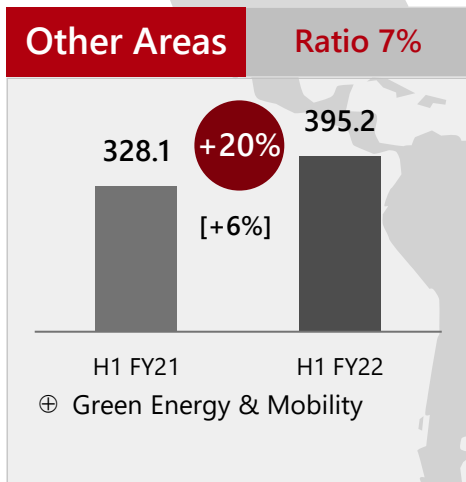
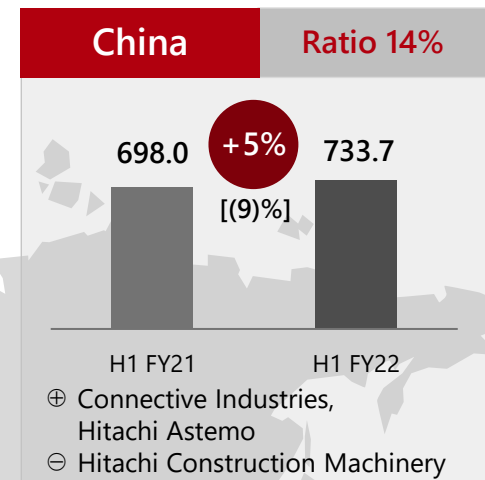
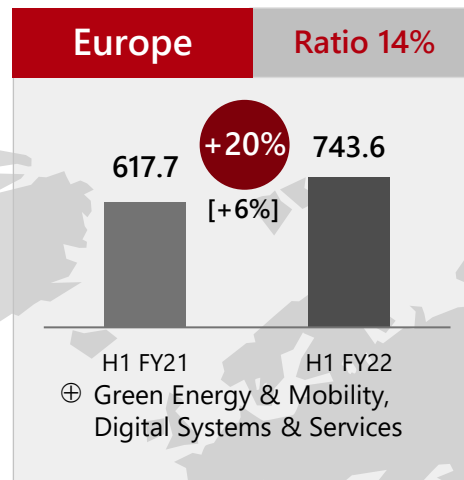
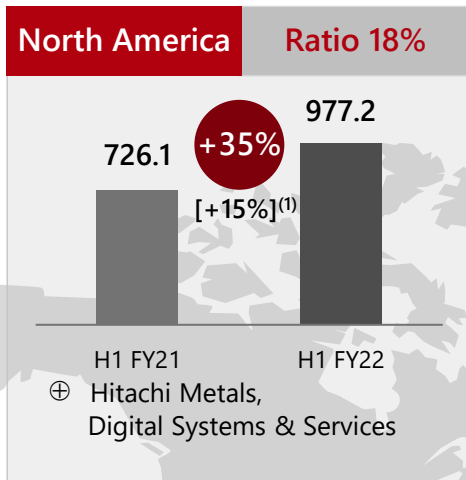
Summary of Consolidated Financial Position

Billions of yen	As of March 31, 2022	As of September 30, 2022	Change from March 31, 2022
Total assets	13,887.5	13,617.3	(270.1)
Cash and cash equivalents	968.8	866.0	(102.8)
Trade receivables and contract assets	2,978.1	2,800.1	(178.0)
Total liabilities	8,532.2	8,098.5	(433.6)
Interest-bearing debt	3,126.7	2,804.7	(321.9)
Total Hitachi, Ltd. stockholders' equity	4,341.8	4,851.0	+509.2
Non-controlling interests	1,013.4	667.7	(345.7)
Cash Conversion Cycle	78.1 days	64.7 days	(13.4) days
Total Hitachi, Ltd. stockholders' equity ratio	31.3%	35.6%	+4.3 pts
D/E ratio	0.58 times	0.51 times	(0.07) pts

Summary of Consolidated Statement of Cash Flows

Billions of yen	H1 FY2021	H1 FY2022	YoY
Cash flows from operating activities	161.4	233.6	+72.1
Cash flows from investing activities	(951.4)	(72.3)	+879.0
Free cash flows	(789.9)	161.3	+951.2
Core free cash flows	(43.6)	24.6	+68.2

Revenues by Market (H1 FY22)



Overseas Revenues **3,513.8** billion yen

Ratio **65** %

Billions of yen

(1) Ratios in parentheses are approximate year-on-year changes of revenues excluding FX impact



3. FY2022 Forecast

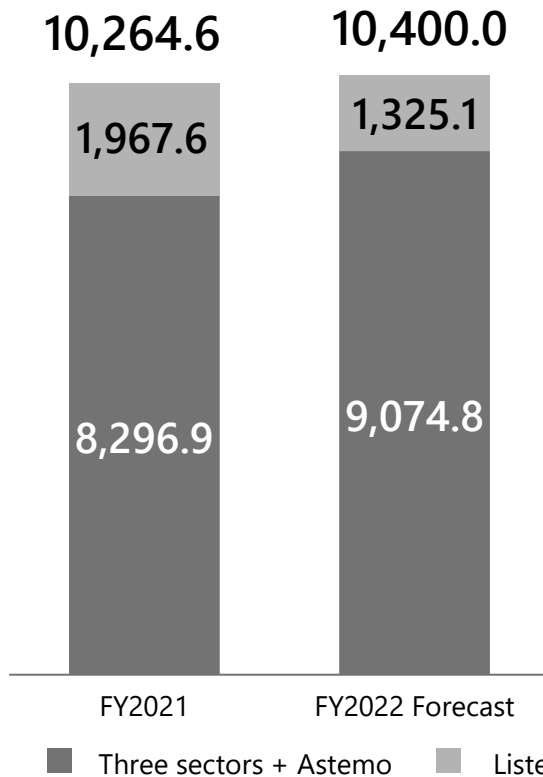
Highlights of Forecast (FY2022)

Revenues

YoY 1% up

(Previous forecast comparison⁽¹⁾ 6% up)

Revenues increase by +9%
in three sectors + Astemo

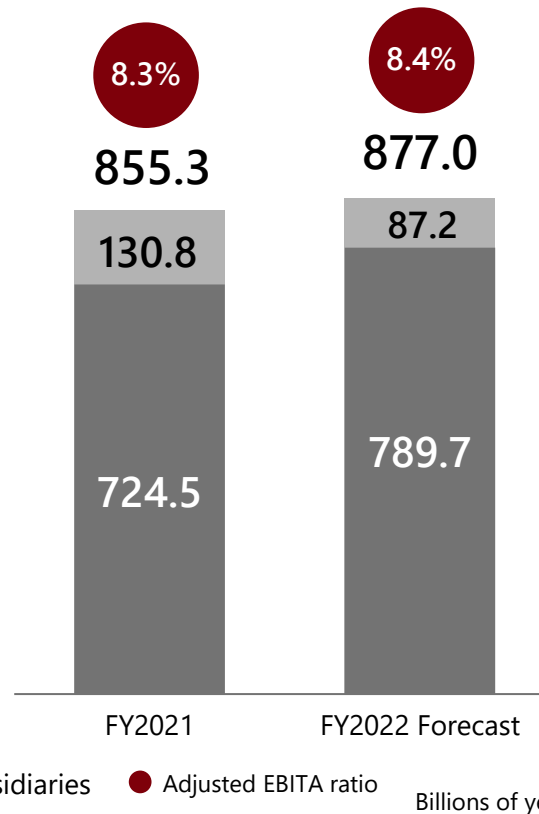


Adjusted EBITA

YoY +21.6bn yen

(Previous forecast comparison +32.0)

Adjusted EBITA increases by +65.2
in three sectors + Astemo



Lumada business revenues⁽²⁾

1,900.0bn yen (YoY +36%)
(Previous forecast comparison +30.0bn yen)

Net income attributable to Hitachi, Ltd. stockholders

600.0bn yen (YoY +16.5bn yen)
(Previous forecast comparison ±0.0bn yen)

EBITDA

1,377.0bn yen (YoY(15.8)bn yen)
(Previous forecast comparison (67.0)bn yen)

Cash flows from operating activities

690.0bn yen (YoY (39.9)bn yen)
(Previous forecast comparison +15.0bn yen)

Core free cash flows

250.0bn yen (YoY (40.0)bn yen)
(Previous forecast comparison +15.0bn yen)

ROIC^{*12}

7.2% (YoY (0.5) pts)
(Previous forecast comparison ±0.0 pts)

Assumed FX rate for H2 FY22

130 yen / US \$, 140 yen / €

FX sensitivity⁽³⁾ for H2 FY22 (bn)

US \$: Revenues +8.5 [+170.0]

Adj. EBITA +0.5 [+10.0]

€: Revenues +3.5 [+35.0]

Adj. EBITA +0.2 [+2.0]

(1) "Previous forecast" is the forecast as of July 29, 2022

(2) Excluding Lumada business revenues of listed subsidiaries including Hitachi Construction Machinery

(3) Impact of FX rate fluctuation by one-yen depreciation from assumed rate. Numbers in parentheses are the impacts in the case that exchange rates of 150 yen / US \$ and 150 yen / € continue

- Three sectors: revenues and profits increase in Digital Systems & Services, Green Energy & Mobility and Connective Industries
- Astemo: revenues and profits increase due to easing supply constraints and market recovery trend
- Listed subsidiaries: revenues and profits decrease due to selling a part of Hitachi Construction Machinery shares and selling Hitachi Metals shares

Billions of yen	Three sectors [Digital Systems & Services, Green Energy & Mobility, Connective Industries]	Astemo [Automotive Systems]	Listed subsidiaries [Hitachi Construction Machinery, Hitachi Metals]	Total
Revenues	7,224.8	1,850.0	1,325.1	10,400.0
YoY	108%	116%	67%	101%
Previous forecast comparison	102%	103%	133%	106%
Adjusted EBITA	697.7	92.0	87.2	877.0
YoY	+35.6	+29.6	(43.6)	+21.6
Previous forecast comparison	+7.7	±0.0	+24.2	+32.0
Adjusted EBITA ratio	9.7%	5.0%	6.6%	8.4%
YoY	(0.2) pts	+1.1 pts	(0.1) pts	+0.1 pts
Previous forecast comparison	(0.1) pts	(0.1) pts	+0.3 pts	(0.2) pts
Net income attributable to Hitachi, Ltd. stockholders	567.3	0.7	32.0	600.0
YoY	+43.1	(13.9)	(12.6)	+16.5
Previous forecast comparison	(2.7)	(9.3)	+12.0	±0.0

FY2022 Forecast by Business Segment (1/3)

Billions of yen	FY2022 Forecast		YoY		Previous forecast comparison		Dynamics
	Revenues	Adj. EBITA ⁽³⁾	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Digital Systems & Services⁽¹⁾	2,290.0	300.0 13.1%	106%	+18.5 ±0.0 pts	100%	±0.0 ±0.0 pts	<ul style="list-style-type: none"> No change from the previous segment forecast Forecast increased revenues and profits by reaping the benefits of digital demand in Japan and overseas and maintaining continuous investment for growth GlobalLogic expects over 20% high growth rate as it continues BCP measures and leverages its strengths in digital engineering to create DX projects
Front Business	985.0	105.0 10.7%	104%	+7.6 +0.4 pts	100%	±0.0 ±0.0 pts	
IT Services	860.0	103.0 12.0%	102%	+2.6 +0.1 pts	100%	±0.0 ±0.0 pts	
Services & Platforms	840.0	80.0 9.5%	108%	+6.6 ±0.0 pts	100%	±0.0 ±0.0 pts	
Green Energy & Mobility	2,310.0	159.0 6.9%	113%	+66.6 +2.4 pts	100%	±0.0 ±0.0 pts	<ul style="list-style-type: none"> Segment forecast was revised upward from the previous segment forecast (Revenues +10.0bn yen) Nuclear Energy BU and Energy BU forecast profits YoY increase due to profitability improvement while Energy BU forecasts revenues YoY decrease due to strategy change of wind power generation system business Hitachi Energy forecasts revenues and profits YoY increase due to solid business performance, improved profitability and FX impact, despite the continuing impact of soaring material prices Railway Systems BU forecasts revenues and profits increase due to FX impact
Nuclear Energy	160.4	-	106%	-	100%	-	
Energy	177.3	-	97%	-	100%	-	
Nuclear Energy & Energy	321.8	33.3 10.3%	96%	+3.8 +1.5 pts	100%	±0.0 ±0.0 pts	
Hitachi Energy	1,310.6	104.9 8.0%	122%	+39.7 +1.9 pts	101%	+0.4 (0.1) pts	
Related cost ⁽²⁾	-	(22.7)	-	+1.5	-	+5.1	
Railway Systems	679.7	42.7 6.3%	108%	+13.8 +1.7 pts	99%	(0.8) ±0.0 pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(1) Earnings of GlobalLogic (standalone bases), revenues: 200.0bn yen, adjusted EBITA: 43.0bn yen, are included in FY2022 forecast

(2) Related cost includes PMI related costs associated with the acquisition of power grids business

(3) Percentages are adjusted EBITA ratio

FY2022 Forecast by Business Segment (2/3)

Billions of yen	FY2022 Forecast		YoY		Previous forecast comparison		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Connective Industries	2,840.0	303.0 10.7%	103%	+45.1 +1.3 pts	103%	+7.0 ±0.0 pts	<ul style="list-style-type: none"> Segment forecast was revised upward from the previous forecast (Revenues +70.0bn yen, Adj. EBITA +7.0bn yen) Building Systems BU forecasts revenues and profits YoY increase due to FX impact and expansion of building service business, etc. Smart Life & Ecofriendly Systems forecasts revenues and profits YoY decrease due to the impacts of the selling of overseas home appliance business and the lockdown in China Measurement & Analysis Systems (Hitachi High-Tech) forecasts revenues and profits YoY increase due to sales increase in semiconductor manufacturing equipment and clinical chemistry and immunochemistry analyzers Industrial Digital BU forecasts revenues YoY increase due to growth in digital solution business etc., while forecasting profits YoY decrease due to increase in growth investment such as R&D for expansion of Lumada business, etc. Water & Environment BU forecasts revenues and profits YoY increase due to fixed cost reduction, as well as stable growth in air conditioning system business Industrial Products forecasts revenues and profits YoY increase due to its solid order
Building Systems	860.0	76.6 8.9%	105%	+6.8 +0.4 pts	105%	+2.0 (0.2) pts	
Smart Life & Ecofriendly Systems (Hitachi GLS ⁽¹⁾)	372.0	38.0 10.2%	94%	(2.0) +0.1 pts	100%	±0.0 ±0.0 pts	
Measurement & Analysis Systems (Hitachi High-Tech)	680.0	90.7 13.3%	118%	+30.9 +2.9 pts	100%	+6.6 +0.9 pts	
Industrial Digital	350.0	39.2 11.2%	102%	(3.6) (1.2) pts	100%	±0.0 ±0.0 pts	
Water & Environment	188.0	19.5 10.4%	103%	+2.0 +0.8 pts	100%	±0.0 ±0.0 pts	
Industrial Products	436.0	44.6 10.2%	106%	+6.8 +1.0 pts	104%	+0.9 (0.3) pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(1) Hitachi GLS: Hitachi Global Life Solutions

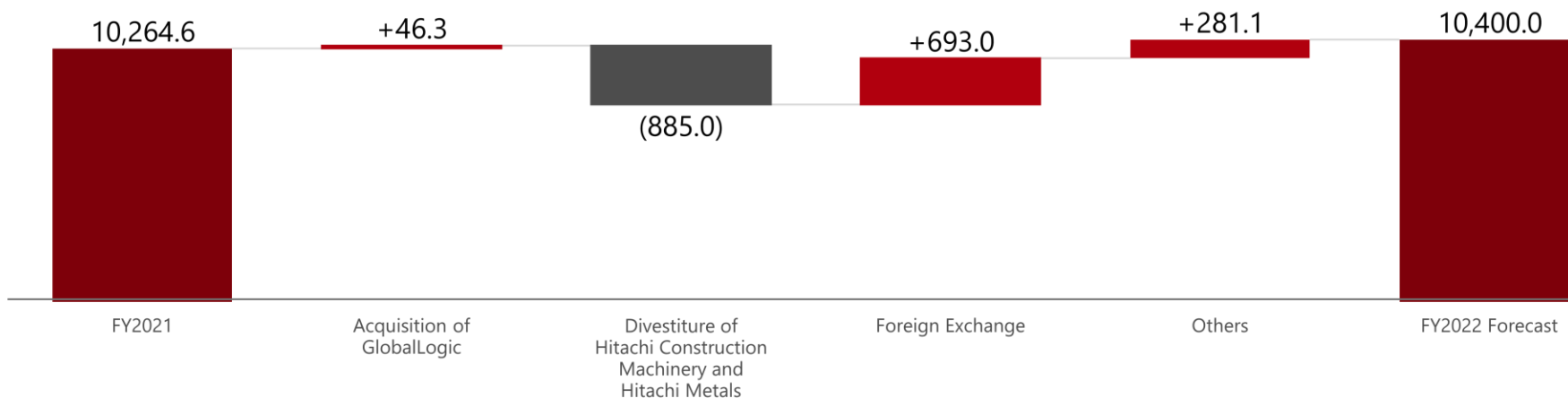
FY2022 Forecast by Business Segment (3/3)

Billions of yen	FY2022 Forecast		YoY		Previous forecast comparison		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Hitachi Astemo	1,850.0	92.0 5.0%	116%	+29.6 +1.1 pts	103%	±0.0 (0.1) pts	<ul style="list-style-type: none"> Revenues forecast was revised by +50.0bn yen from the previous forecast due to FX impact, etc. Forecasts revenues and profits YoY increase due to market recovery in H2, despite the impact of reduced production by OEM due to semiconductor shortage and the lockdown in China in addition to soaring material prices
Hitachi Construction Machinery	475.1	43.2 9.1%	46%	(56.9) (0.7) pts	110%	+7.2 +0.7 pts	<ul style="list-style-type: none"> Included in consolidated total until August 2022 when selling a part of HCM shares was completed
Hitachi Metals	850.0	44.0 5.2%	90%	+13.2 +1.9 pts	149%	+17.0 +0.5 pts	<ul style="list-style-type: none"> Segment forecast was revised upward from the previous forecast due to the change of forecast assumption (Revenues+280.0bn yen, Adj. EBITA+17.0bn yen) Assuming the consolidating period by Q3 due to the selling of Hitachi Metals shares, while previously assumed the consolidation by Q2
Others	460.0	17.0 3.7%	101%	(6.6) (1.5) pts	100%	±0.0 ±0.0 pts	
Corporate items & Eliminations	(675.1)	(81.2)	-	(88.2)	-	+0.7	<ul style="list-style-type: none"> Cost for renewing the company-wide management platform, global business risks of (10.0)bn yen, etc.
Total	10,400.0	877.0 8.4%	101%	+21.6 +0.1 pts	106%	+32.0 (0.2) pts	

Factors Affecting Changes in Revenues and Adjusted EBITA (FY2022 Total)

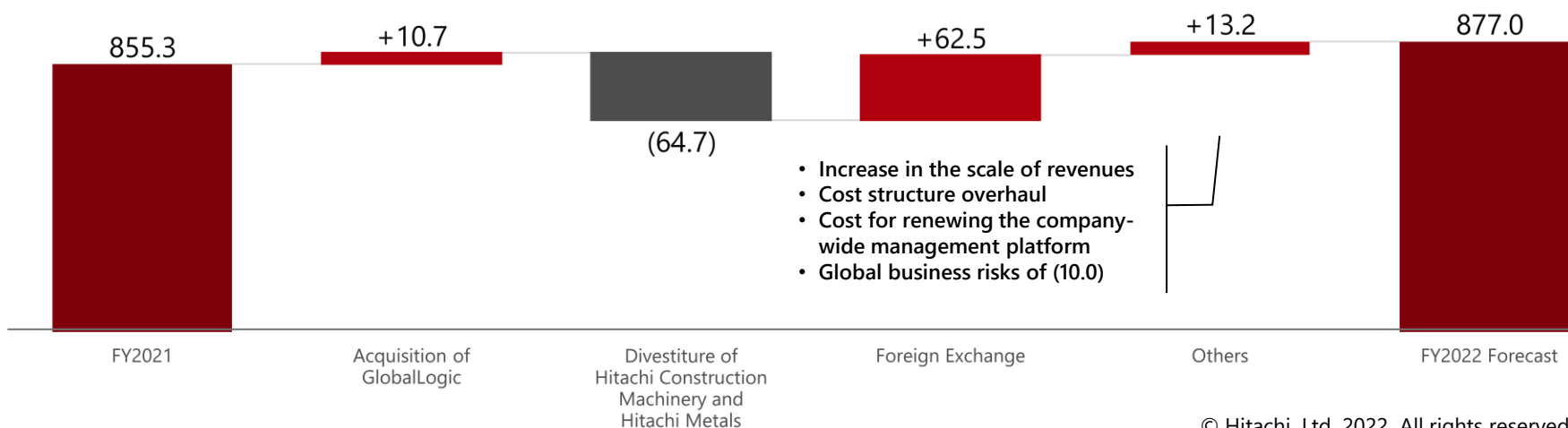
Revenues

Billions of yen



Adjusted EBITA

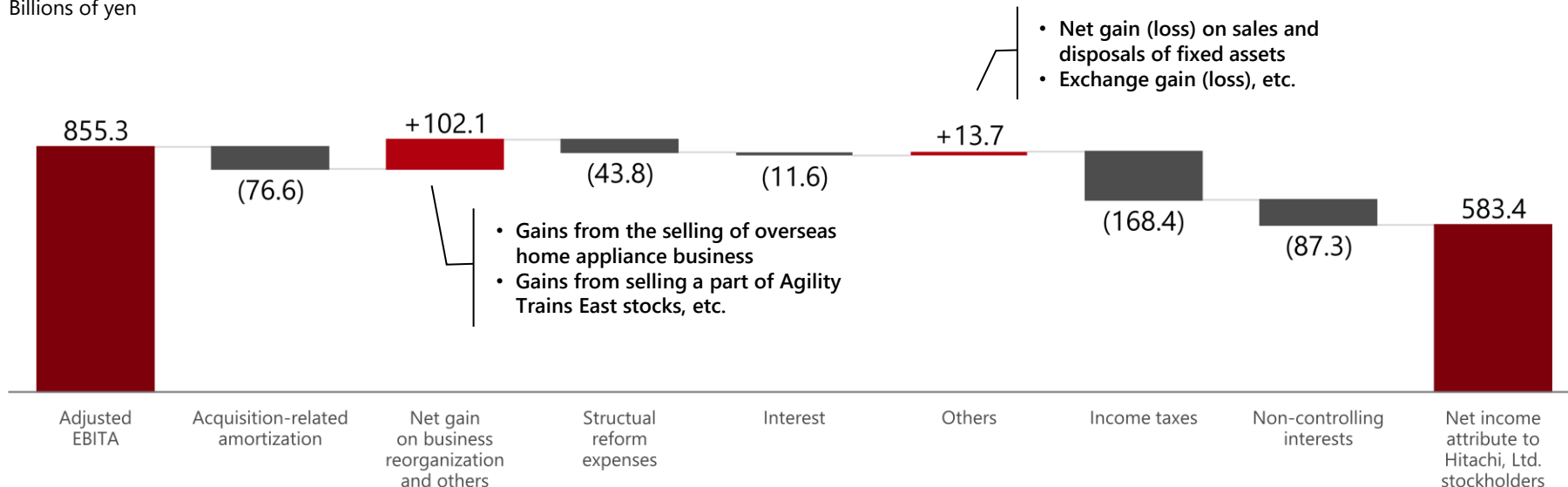
Billions of yen



Factors Affecting Changes in Net Income Attributable to Hitachi, Ltd. Stockholders (FY2022 Total)

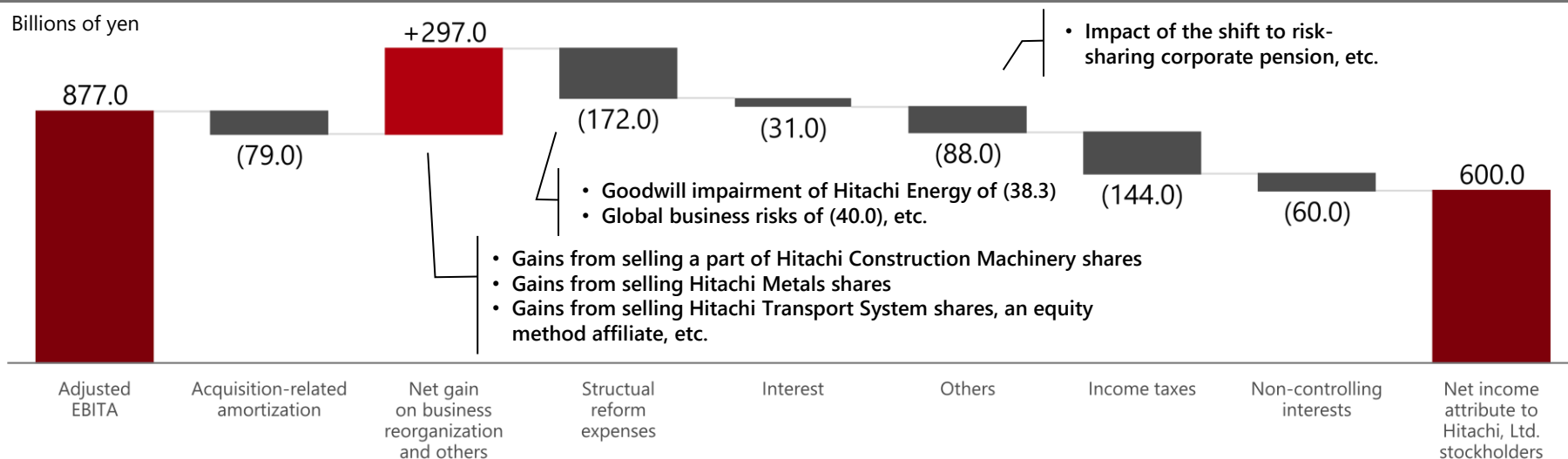
FY2021

Billions of yen



FY2022 Forecast

Billions of yen



Summary of Consolidated Statement of Profit or Loss (FY2022 total)

Billions of yen	Q2 FY21	Q2 FY22	YoY	H1 FY21	H1 FY22	YoY	FY2021	FY2022	YoY	Previous forecast comparison
Revenues	2,465.2	2,846.9	115%	4,832.6	5,416.7	112%	10,264.6	10,400.0	101%	106%
Adjusted Operating Income	179.5	203.0	+23.5	310.0	324.6	+14.5	738.2	753.0	+14.7	+28.0
Equity in earnings (losses) of affiliates	+11.5	+13.7	+2.2	+23.4	+26.6	+3.2	+40.4	+45.0	+4.5	+2.0
Acquisition-related Amortization* ¹³ to be added back	+20.1	+21.3	+1.1	+38.9	+41.7	+2.7	+76.6	+79.0	+2.3	+2.0
Adjusted EBITA	211.2	238.1	+26.9	372.4	393.0	+20.6	855.3	877.0	+21.6	+32.0
Net gain on business reorganization and others	+60.8	+64.9	+4.1	+97.5	+66.1	(31.3)	+102.1	+297.0	+194.8	(8.0)
Acquisition-related Amortization	(20.1)	(21.3)	(1.1)	(38.9)	(41.7)	(2.7)	(76.6)	(79.0)	(2.3)	(2.0)
Structural reform expenses ⁽¹⁾	(1.4)	(62.9)	(61.4)	(4.7)	(65.6)	(60.8)	(43.8)	(172.0)	(128.1)	(90.0)
Others	+6.3	(7.2)	(13.5)	(0.7)	(59.5)	(58.7)	+13.9	(88.0)	(101.9)	±0.0
EBIT	256.7	211.6	(45.1)	425.4	292.2	(133.1)	850.9	835.0	(15.9)	(68.0)
Interest	(3.5)	(6.1)	(2.5)	(5.3)	(10.1)	(4.7)	(11.6)	(31.0)	(19.3)	(12.0)
Income taxes [Effective income tax rate]	(25.7)	(51.7)	(25.9)	(55.6)	(81.2)	(25.6)	(168.4) [20.1%]	(144.0) [17.9%]	+24.4	+80.0
Non-controlling interests	(27.2)	(18.4)	+8.8	(41.9)	(28.3)	+13.6	(87.3)	(60.0)	+27.3	±0.0
Net income attributable to Hitachi, Ltd. Stockholders	200.2	135.3	(64.8)	322.4	172.5	(149.9)	583.4	600.0	+16.5	±0.0

(1) Structural reform expenses include impairment loss and special severance pay

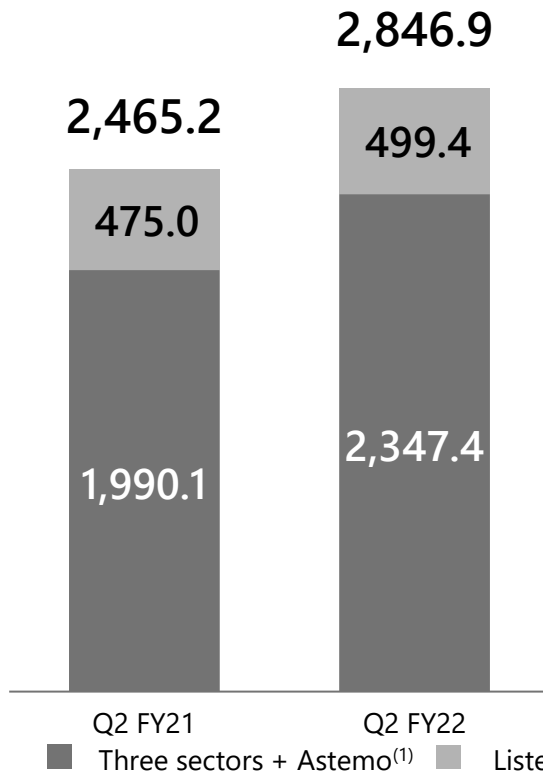
4. Appendix

Highlights of Results (Q2 FY22)

Revenues

YoY 15% up

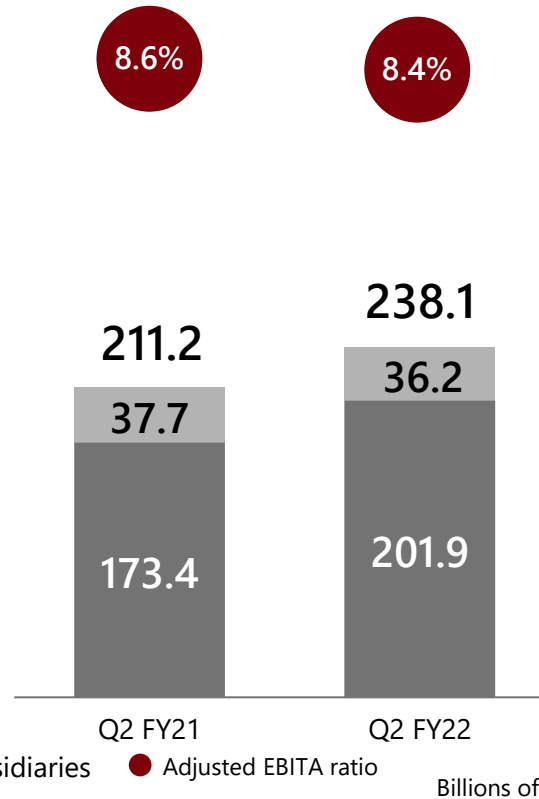
Revenues increased due to FX impact and market recovery trend



Adjusted EBITA⁽²⁾

YoY +26.9bn yen

Adjusted EBITA increased mainly in Connective Industries and Green Energy & Mobility



Overseas revenues

1,817.5bn yen (YoY +24%)

Lumada business revenues⁽³⁾

480.0bn yen (YoY +50%)

Net income attributable to Hitachi, Ltd. stockholders

135.3bn yen (YoY (64.8)bn yen)

EBITDA

352.6bn yen (YoY (36.6)bn yen)

Cash flows from operating activities

127.4bn yen (YoY +103.1bn yen)

Core free cash flows

19.2bn yen (YoY +102.4bn yen)

(1) Changed reporting segment structure from FY2022

(2) Changed definition of adjusted EBITA from FY2022

(3) Excluding Lumada business revenues of listed subsidiaries including Hitachi Construction Machinery

Billions of yen

- Three sectors: revenues and profits increased due to FX impact and market recovery
- Astemo: revenues and profits increased due to FX impact and recovery of production in some OEMs despite continuous semiconductor shortage
- Listed subsidiaries: while revenues and profits increased in Hitachi Metals due to market recovery trend, segment profits decreased due to selling a part of Hitachi Construction Machinery shares

Billions of yen	Three sectors [Digital Systems & Services, Green Energy & Mobility, Connective Industries]	Astemo [Automotive Systems]	Listed subsidiaries [Hitachi Construction Machinery, Hitachi Metals]	Total
Revenues	1,851.6	495.8	499.4	2,846.9
YoY	115%	133%	105%	115%
Adjusted EBITA	185.4	16.5	36.2	238.1
YoY	+23.0	+5.4	(1.5)	+26.9
Adjusted EBITA ratio	10.0%	3.3%	7.3%	8.4%
YoY	±0.0 pts	+0.3 pts	(0.7) pts	(0.2) pts
Net income attributable to Hitachi, Ltd. stockholders	128.5	(6.8)	13.6	135.3
YoY	(53.8)	(7.6)	(3.4)	(64.8)

Q2 FY22 Results by Business Segment (1/3)

Billions of yen	Q2 FY22		YoY		Dynamics
	Revenues	Adj. EBITA ⁽²⁾	Revenues	Adj. EBITA	
Digital Systems & Services	594.5	68.1 11.5%	111%	(4.5) (2.1) pts	<ul style="list-style-type: none"> Segment revenues increased led by Lumada business. Profits decreased due to increased investment in growth for business expansion and cost increases in certain projects In Front Business, Lumada business remained firm despite the continued impact of restrained investment in the transportation field, etc. Profits decreased due to increased growth investments for expansion of digital solutions and cost increase in a certain project In IT Services, revenues increased due to solid performance of Lumada business (security and cloud services) In Services & Platforms, overseas cloud business performed well, and GlobalLogic business grew steadily, despite profits decrease due to the impact of soaring material prices for IT products
Front Business	244.9	18.1 7.4%	106%	(3.4) (1.9) pts	
IT Services	225.2	27.9 12.4%	105%	(0.1) (0.7) pts	
Services & Platforms	234.8	17.5 7.5%	119%	(2.3) (2.5) pts	
Green Energy & Mobility	559.1	27.3 4.9%	118%	+7.2 +0.7 pts	<ul style="list-style-type: none"> Segment revenues and profits increased due to FX impact and solid business performance for Hitachi Energy and Railway Systems BU Nuclear Energy BU and Energy BU revenues and profits decreased due to the decrease in large-scale solar power projects and cost increases in a certain project Hitachi Energy revenues and profits increased due to FX impact and stable growth in business Railway Systems BU revenues and profits increased due to FX impact and profitability improvement
Nuclear Energy	28.7	-	98%	-	
Energy	39.3	-	87%	-	
Nuclear Energy & Energy	67.1	1.1 1.7%	85%	(2.3) (2.6) pts	
Hitachi Energy	328.1	19.6 6.0%	129%	+8.1 +1.5 pts	
Related cost ⁽¹⁾	-	(3.0)	-	(2.4)	
Railway Systems	158.1	9.2 5.8%	111%	+1.9 +0.6 pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(1) Related cost includes PMI related costs associated with the acquisition of power grids business

(2) Percentages are adjusted EBITA ratio

Q2 FY22 Results by Business Segment (2/3)

Billions of yen	Q2 FY22		YoY		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Connective Industries	756.9	88.1 <i>11.6%</i>	113%	+31.2 <i>+3.1 pts</i>	<ul style="list-style-type: none"> Segment revenues and profits increased mainly in Measurement & Analysis Systems (Hitachi High-Tech) and Industrial Products Building Systems BU revenues and profits increased due to FX impact and expansion of building service business Smart Life & Ecofriendly Systems revenues and profits increased due to the firm sales of domestic home appliances Measurement & Analysis Systems (Hitachi High-Tech) revenues and profits increased due to sales increase in semiconductor manufacturing equipment and clinical chemistry and immunochemistry analyzers Industrial Digital BU revenues increased due to growth in digital solution business Water & Environment BU profits increased due to solid business performance and fixed cost reduction Industrial Products revenues and profits increased due to production increase for mass-produced products
Building Systems	229.9	23.8 <i>10.3%</i>	105%	+4.9 <i>+1.7 pts</i>	
Smart Life & Ecofriendly Systems (Hitachi GLS ⁽¹⁾)	106.1	12.4 <i>11.6%</i>	113%	+2.6 <i>+1.3 pts</i>	
Measurement & Analysis Systems (Hitachi High-Tech)	179.5	30.3 <i>16.9%</i>	129%	+17.5 <i>+7.7 pts</i>	
Industrial Digital	91.0	8.4 <i>9.2%</i>	109%	(0.5) <i>(1.4) pts</i>	
Water & Environment	37.2	3.9 <i>10.4%</i>	100%	+0.9 <i>+2.5 pts</i>	
Industrial Products	110.2	11.6 <i>10.5%</i>	119%	+5.5 <i>+3.9 pts</i>	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(1) Hitachi GLS: Hitachi Global Life Solutions

Q2 FY22 Results by Business Segment (3/3)

Billions of yen	Q2 FY22		YoY		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Hitachi Astemo	495.8	16.5 <i>3.3%</i>	133%	+5.4 <i>+0.3 pts</i>	• Revenues and profits increased due to production recovery of some OEMs affected by lockdown in China in Q1 and FX impact
Hitachi Construction Machinery	207.5	21.7 <i>10.5%</i>	85%	(8.2) <i>(1.7) pts</i>	• Hitachi Construction Machinery was included in Hitachi's consolidated total until August 2022 when selling a part of shares of Hitachi Construction Machinery has been completed
Hitachi Metals	291.8	14.4 <i>5.0%</i>	127%	+6.6 <i>+1.6 pts</i>	• Revenues and profits increased due to sliding-scale pricing following soaring material prices, FX impact and cost reduction
Others	117.2	5.2 <i>4.5%</i>	106%	(1.6) <i>(1.7) pts</i>	
Corporate items & Eliminations	(176.2)	(3.3)	-	(9.2)	• Cost for renewing the company-wide management platform, etc.
Total	2,846.9	238.1 <i>8.4%</i>	115%	+26.9 <i>(0.2) pts</i>	

The following data is provided in the "Supplemental Material" on the Hitachi web site

No	Data
1	Summary of Condensed Quarterly Consolidated Statement of Profit or Loss
2	Summary of Condensed Quarterly Consolidated Statement of Cash Flows
3	Summary of Condensed Quarterly Consolidated Statement of Financial Position
4	Financial Results and Forecast by Sectors, Astemo and Listed Subsidiaries
5	Financial Results and Forecast by Business Segments
6	Revenues by Market
7	Capital Expenditure (Completion Basis)
8	Depreciation and Amortization
9	Shares of Profits (Losses) of Investments Accounted for Using Equity Method
10	R&D Expenditure
11	Foreign Exchange Rate
12	Number of Employees and Consolidated Subsidiaries

- *1 "Adjusted EBITA" is presented as adjusted operating income plus acquisition-related amortization and equity in earnings (losses) of affiliates
- *2 "Core free cash flows" are cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.
- *3 Figures for information control systems business, which were included in Services & Platforms until FY2021, are included in Front Business from FY2022. The year-over-year comparison for Digital Systems & Services segment reflects this change
- *4 "EBITDA" is presented as income before income taxes less interest income plus interest charges, depreciation and amortization
- *5 "Adjusted operating income" is presented as revenues less selling, general and administrative expenses as well as cost of sales
- *6 The total of "three sectors" is presented as the consolidated total less the total of Hitachi Astemo and listed subsidiaries. It includes others and corporate items & eliminations
- *7 System integration, sales, maintenance, related services of software and hardware, and consulting businesses for financial, public, enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, and information control systems business
- *8 Businesses of Hitachi Solutions, Hitachi Systems, and Hitachi Consulting
- *9 Businesses of digital solutions (artificial intelligence, IoT platform, software, cloud service, etc.), sales of IT products (storage and server), maintenance, etc.
- *10 Figures for each BU include information control systems business, which are also included in Digital Systems & Services segment
- *11 "EBIT" is presented as income before income taxes less interest income plus interest charges
- *12 $ROIC \text{ (Return on Invested Capital)} = (\text{NOPAT} + \text{equity in earnings (losses) of affiliates}) / \text{"Invested Capital"} \times 100$
NOPAT (Net Operating Profit after Tax) = adjusted operating income x (1 – tax burden rate)
Invested Capital = interest-bearing debt + total equity
- *13 Acquisition-related amortization is presented as amortization and depreciation of intangible assets and other assets allocated from goodwill recognized through fair-value evaluation of an acquired company's assets and liabilities. This cost is a non-cash cost and is included in the purchase price for the company

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi’s ability to respond to tightening of regulations to prevent climate change
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- exacerbation of social and economic impacts of the spread of COVID-19;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.



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