

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for Fiscal 2020

Tokyo, April 28, 2021 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for fiscal 2020, ended March 31, 2021.

Note: All figures were converted at the rate of 111 yen to the U.S. dollar, as of March 31, 2021.

Summary

| | Years ended March 31 | | | |
|---|----------------------|---------|----------------|-----------------------------|
| | Billions of yen | | (B)/(A) (%) | Millions of U.S. dollars |
| | 2020(A) | 2021(B) | | 2021 |
| 1. Revenues | 8,767.2 | 8,729.1 | 100 | 78,641 |
| 2. Adjusted operating income | 661.8 | 495.1 | 75 | 4,461 |
| 3. EBIT (Earnings before interest and taxes) | 183.6 | 850.2 | 463 | 7,660 |
| 4. Income from continuing operations, before income taxes | 180.2 | 844.4 | 468 | 7,608 |
| 5. Net income | 127.2 | 518.5 | 407 | 4,671 |
| 6. Net income attributable to Hitachi, Ltd. stockholders | 87.5 | 501.6 | 573 | 4,519 |
| 7. Earnings per share attributable to Hitachi, Ltd. stockholders | (Yen) | (Yen) | | (U.S. Dollars) |
| Basic | 90.71 | 519.29 | 572 | 4.68 |
| Diluted | 90.60 | 518.51 | 572 | 4.67 |

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. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

4. The figures of the company are for 871 consolidated subsidiaries and 345 equity-method associates and joint ventures.

5. A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. (currently Mitsubishi Power, Ltd.) for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

1. Qualitative Information Concerning Consolidated Business Results

(1) Summary of Fiscal 2020 Consolidated Business Results

| | Year ended March 31, 2021 | | |
|---|---------------------------|---|----------------------------|
| | Yen (billions) | Year over year change (billion yen) | U.S. Dollars (millions) |
| Revenues | 8,729.1 | 0% | 78,641 |
| Adjusted operating income | 495.1 | (166.7) | 4,461 |
| EBIT | 850.2 | +666.6 | 7,660 |
| Income from continuing operations, before income taxes | 844.4 | +664.1 | 7,608 |
| Income from continuing operations | 519.1 | +390.1 | 4,677 |
| Loss from discontinued operations | (0.6) | +1.0 | (6) |
| Net income | 518.5 | +391.2 | 4,671 |
| Net income attributable to Hitachi, Ltd. stockholders | 501.6 | +414.0 | 4,519 |

For fiscal 2020, the Hitachi's consolidated revenues were 8,729.1 billion yen, remaining at the same level as fiscal 2019. While revenues were affected by the deconsolidation of Hitachi Chemical Company, Ltd. and the revenues decreased mainly in Hitachi Metals segment and Hitachi Construction Machinery segment where market conditions were deteriorated due to the expansion of COVID-19 infection, the revenues increased in the Energy segment where power grids business was acquired from ABB Ltd, the Mobility segment where building systems business in China remained firm and the Smart Life segment where the revenues were affected by the integration impact from the establishment of Hitachi Astemo, Ltd.

Adjusted operating income decreased 166.7 billion yen year over year, to 495.1 billion yen. The decrease was mainly due to the deconsolidation of Hitachi Chemical Company, Ltd. and the decline in profit in the Energy segment, Hitachi Construction Machinery segment and Hitachi Metals segment, despite the increase in profit in the IT segment.

EBIT increased 666.6 billion yen year over year, to 850.2 billion yen, mainly due to the loss for the settlement on the South Africa projects conducted by Mitsubishi Hitachi Power Systems in fiscal 2019, gains from selling Hitachi Chemical stock and gains from selling of diagnostic imaging-related business in the Smart Life segment, despite the decrease in adjusted operating income.

Income from continuing operations, before income taxes, increased 664.1 billion yen year over year, to 844.4 billion yen. After deducting income taxes of 325.2 billion yen, Hitachi posted income from continuing operations of 519.1 billion yen, up 390.1 billion yen year over year. Loss from discontinued operations decreased 1.0 billion yen year over year, to 0.6 billion yen. Net income increased 391.2 billion yen year over year, to 518.5 billion yen. Net income attributable to Hitachi, Ltd. stockholders increased 414.0 billion yen year over year, to 501.6 billion yen.

(2) Revenues, Adjusted Operating Income and EBIT by Segment

Please refer to the presentation material, "Outline of Consolidated Financial Results for the Year Ended March 31, 2021."

(3) Outlook for Fiscal 2021

| | Year ending March 31, 2022 | | |
|---|----------------------------|---|----------------------------|
| | Yen (billions) | Year over year change (billion yen) | U.S. Dollars (millions) |
| Revenues | 9,500.0 | +9% | 85,586 |
| Adjusted operating income | 740.0 | +244.8 | 6,667 |
| EBIT | 820.0 | (30.2) | 7,387 |
| Income from continuing operations, before income taxes | 800.0 | (44.4) | 7,207 |
| Net income | 620.0 | +101.4 | 5,586 |
| Net income attributable to Hitachi, Ltd. stockholders | 550.0 | +48.3 | 4,955 |

Reflecting these business environments, Hitachi forecasts the results shown above for fiscal 2021, the year ending March 31, 2022.

Projections for fiscal 2021 assume exchange rates of 105 yen to the U.S. dollar and 125 yen to the euro.

Hitachi will accelerate the global expansion of its Social Innovation Business through collaborative creation with customers, persist with its business structural reforms and pursue efforts to strengthen its business foundations by reviewing its business portfolio, with the aim of achieving sustainable growth.

2. Financial Position

(1) Financial Position

| | As of March 31, 2021 | | |
|---|----------------------|--|----------------------------|
| | Yen (billions) | Change from March 31, 2020 (billion yen) | U.S. Dollars (millions) |
| Total assets | 11,852.8 | +1,922.7 | 106,782 |
| Total liabilities | 7,394.6 | +1,731.2 | 66,618 |
| Interest-bearing debt | 2,397.3 | +912.3 | 21,598 |
| Total Hitachi, Ltd. stockholders' equity | 3,525.5 | +365.5 | 31,761 |
| Non-controlling interests | 932.7 | (174.0) | 8,403 |
| Cash Conversion Cycle | 81.0 days | 6.8 days increase | - |
| Total Hitachi, Ltd. stockholders' equity ratio | 29.7% | 2.1 points decrease | - |
| D/E ratio (including non-controlling interests) | 0.54 times | 0.19 points increase | - |

Total assets increased 1,922.7 billion yen from March 31, 2020, to 11,852.8 billion yen, mainly reflecting the impacts of the acquisition of power grids business from ABB, Ltd and the establishment of Hitachi Astemo, Ltd., while there was a decrease in assets due to the settlement on the South Africa projects conducted by Mitsubishi Hitachi Power Systems and the deconsolidation of Hitachi Chemical Company, Ltd. Interest-bearing debt increased 912.3 billion yen from March 31, 2020, to 2,397.3 billion yen, mainly due to the acquisition of power grids business from ABB, Ltd and the establishment of Hitachi Astemo, Ltd. As of March 31, 2021, the total Hitachi, Ltd. stockholders' equity increased 365.5 billion yen from March 31, 2020, to 3,525.5 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 29.7%. The debt-to-equity ratio, including non-controlling interests, was 0.54 times and Cash Conversion Cycle was 81.0 days.

(2) Cash Flows

| | Year ended March 31, 2021 | | |
|--------------------------------------|---------------------------|---|----------------------------|
| | Yen (billions) | Year over year change (billion yen) | U.S. Dollars (millions) |
| Cash flows from operating activities | 793.1 | +232.2 | 7,145 |
| Cash flows from investing activities | (458.8) | +66.9 | (4,134) |
| Free cash flows | 334.2 | +299.1 | 3,012 |
| Cash flows from financing activities | (184.8) | (187.6) | (1,665) |

Operating activities provided net cash of 793.1 billion yen, 232.2 billion yen more than in the previous fiscal year, mainly due to the payment regarding the settlement on the South Africa projects conducted by Mitsubishi Hitachi Power Systems in fiscal 2019 and an inventory reduction. Investing activities used net cash of 458.8 billion yen, 66.9 billion yen less than in the previous fiscal year, due to gains from selling Hitachi Chemical stock and selling of diagnostic imaging-related business in the Smart Life segment, despite the expenditure related to the acquisition of power grids business from ABB, Ltd. Free cash flows were positive 334.2 billion yen, an increase of 299.1 billion yen year over year. Financing activities used net cash of 184.8 billion yen, 187.6 billion yen more than in the previous fiscal year, mainly due to the purchase of all the shares of Hitachi High-Tech from non-controlling interests, despite the borrowings mainly for the acquisition of power grids business from ABB, Ltd.

Accordingly, cash and cash equivalents were 1,015.8 billion yen, up 203.5 billion yen from the end of the previous fiscal year.

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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- 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;
- 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;
- 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;
- 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;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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;
- 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 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 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. Basic Stance on Accounting Standard Selection

Hitachi, Ltd. applied International Financial Reporting Standards (IFRS), starting with the consolidated financial statements in its annual securities report for fiscal 2014, the year ended March 31, 2015. IFRS was applied in response to globalization, with the primary goal of building a uniform standard for evaluating operating results, standardizing operations, and improving management efficiency of the Hitachi Group.

Consolidated Statement of Profit or Loss

| | Years ended March 31 | | | |
|--|----------------------|-------------|---------|--------------------------|
| | Millions of yen | | (B)/(A) | Millions of U.S. dollars |
| | 2020 (A) | 2021 (B) | (%) | 2021 |
| Revenues | 8,767,263 | 8,729,196 | 100 | 78,641 |
| Cost of sales | (6,396,895) | (6,533,890) | 102 | (58,864) |
| Gross profit | 2,370,368 | 2,195,306 | 93 | 19,778 |
| Selling, general and administrative expenses | (1,708,485) | (1,700,126) | 100 | (15,316) |
| Adjusted operating income | 661,883 | 495,180 | 75 | 4,461 |
| Other income | 51,992 | 476,137 | 916 | 4,290 |
| Other expenses | (570,635) | (172,407) | 30 | (1,553) |
| Financial income | 5,768 | 13,969 | 242 | 126 |
| Financial expenses | (9,033) | (1,456) | 16 | (13) |
| Share of profits (losses) of investments accounted for using the equity method | 43,639 | 38,864 | 89 | 350 |
| EBIT (Earnings before interest and taxes) | 183,614 | 850,287 | 463 | 7,660 |
| Interest income | 20,638 | 16,934 | 82 | 153 |
| Interest charges | (23,984) | (22,778) | 95 | (205) |
| Income from continuing operations, before income taxes | 180,268 | 844,443 | 468 | 7,608 |
| Income taxes | (51,246) | (325,247) | 635 | (2,930) |
| Income from continuing operations | 129,022 | 519,196 | 402 | 4,677 |
| Loss from discontinued operations | (1,776) | (686) | 39 | (6) |
| Net income | 127,246 | 518,510 | 407 | 4,671 |
| Net income attributable to: | | | | |
| Hitachi, Ltd. stockholders | 87,596 | 501,613 | 573 | 4,519 |
| Non-controlling interests | 39,650 | 16,897 | 43 | 152 |

| | | | | |
|---|-------|--------|-----|--------------|
| Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders | Yen | Yen | | U.S. Dollars |
| Basic | 92.55 | 520.00 | 562 | 4.68 |
| Diluted | 92.43 | 519.22 | 562 | 4.68 |
| Earnings per share attributable to Hitachi, Ltd. stockholders | Yen | Yen | | U.S. Dollars |
| Basic | 90.71 | 519.29 | 572 | 4.68 |
| Diluted | 90.60 | 518.51 | 572 | 4.67 |

Consolidated Statement of Comprehensive Income

| | Years ended March 31 | | | |
|--|----------------------|----------|---------|--------------------------|
| | Millions of yen | | (B)/(A) | Millions of U.S. dollars |
| | 2020 (A) | 2021 (B) | (%) | 2021 |
| Net income | 127,246 | 518,510 | 407 | 4,671 |
| Other comprehensive income (OCI) | | | | |
| Items not to be reclassified into net income | | | | |
| Net changes in financial assets measured at fair value through OCI | (17,207) | 69,362 | - | 625 |
| Remeasurements of defined benefit plans | (8,396) | 88,736 | - | 799 |
| Share of OCI of investments accounted for using the equity method | (963) | 2,151 | - | 19 |
| Total items not to be reclassified into net income | (26,566) | 160,249 | - | 1,444 |
| Items that can be reclassified into net income | | | | |
| Foreign currency translation adjustments | (111,323) | 191,821 | - | 1,728 |
| Net changes in cash flow hedges | 13,173 | 5,346 | 41 | 48 |
| Share of OCI of investments accounted for using the equity method | (13,609) | 58,755 | - | 529 |
| Total items that can be reclassified into net income | (111,759) | 255,922 | - | 2,306 |
| Other comprehensive income (OCI) | (138,325) | 416,171 | - | 3,749 |
| Comprehensive income | (11,079) | 934,681 | - | 8,421 |
| Comprehensive income attributable to: | | | | |
| Hitachi, Ltd. stockholders | (8,465) | 838,237 | - | 7,552 |
| Non-controlling interests | (2,614) | 96,444 | - | 869 |

Consolidated Statement of Financial Position

| | Millions of yen | | (B)-(A) | Millions of U.S. dollars |
|--|--------------------------|--------------------------|-----------|--------------------------|
| | As of March 31, 2020 (A) | As of March 31, 2021 (B) | | As of March 31, 2021 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 812,331 | 1,015,886 | 203,555 | 9,152 |
| Trade receivables and contract assets | 2,260,205 | 2,734,476 | 474,271 | 24,635 |
| Inventories | 1,408,937 | 1,653,395 | 244,458 | 14,895 |
| Investments in securities and other financial assets | 279,951 | 328,153 | 48,202 | 2,956 |
| Other current assets | 456,165 | 211,390 | (244,775) | 1,904 |
| Total Current assets | 5,217,589 | 5,943,300 | 725,711 | 53,543 |
| Non-current assets | | | | |
| Investments accounted for using the equity method | 480,375 | 472,105 | (8,270) | 4,253 |
| Investments in securities and other financial assets | 440,514 | 534,324 | 93,810 | 4,814 |
| Property, plant and equipment | 2,165,311 | 2,408,887 | 243,576 | 21,702 |
| Goodwill | 635,927 | 1,161,210 | 525,283 | 10,461 |
| Other intangible assets | 479,794 | 964,830 | 485,036 | 8,692 |
| Other non-current assets | 510,571 | 368,197 | (142,374) | 3,317 |
| Total Non-current assets | 4,712,492 | 5,909,553 | 1,197,061 | 53,239 |
| Total Assets | 9,930,081 | 11,852,853 | 1,922,772 | 106,782 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Short-term debt | 183,303 | 416,635 | 233,332 | 3,753 |
| Current portion of long-term debt | 231,237 | 274,392 | 43,155 | 2,472 |
| Other financial liabilities | 252,403 | 288,973 | 36,570 | 2,603 |
| Trade payables | 1,270,668 | 1,515,954 | 245,286 | 13,657 |
| Accrued expenses | 604,415 | 698,553 | 94,138 | 6,293 |
| Contract liabilities | 615,096 | 933,844 | 318,748 | 8,413 |
| Other current liabilities | 576,056 | 468,579 | (107,477) | 4,221 |
| Total Current liabilities | 3,733,178 | 4,596,930 | 863,752 | 41,414 |
| Non-current liabilities | | | | |
| Long-term debt | 1,070,502 | 1,706,329 | 635,827 | 15,372 |
| Retirement and severance benefits | 514,375 | 433,954 | (80,421) | 3,909 |
| Other non-current liabilities | 345,287 | 657,408 | 312,121 | 5,923 |
| Total Non-current liabilities | 1,930,164 | 2,797,691 | 867,527 | 25,204 |
| Total Liabilities | 5,663,342 | 7,394,621 | 1,731,279 | 66,618 |
| Equity | | | | |
| Hitachi, Ltd. stockholders' equity | | | | |
| Common stock | 459,862 | 460,790 | 928 | 4,151 |
| Capital surplus | 464,795 | 84,040 | (380,755) | 757 |
| Retained earnings | 2,296,208 | 2,710,604 | 414,396 | 24,420 |
| Accumulated other comprehensive income | (57,070) | 273,561 | 330,631 | 2,465 |
| (Foreign currency translation adjustments) | (30,686) | 110,727 | 141,413 | 998 |
| (Remeasurements of defined benefit plans) | 1,958 | 80,300 | 78,342 | 723 |
| (Net changes in financial assets measured at fair value through OCI) | 66,373 | 135,022 | 68,649 | 1,216 |
| (Net changes in cash flow hedges) | (94,715) | (52,488) | 42,227 | (473) |
| Treasury stock, at cost | (3,809) | (3,493) | 316 | (31) |
| Total Hitachi, Ltd. stockholders' equity | 3,159,986 | 3,525,502 | 365,516 | 31,761 |
| Non-controlling interests | 1,106,753 | 932,730 | (174,023) | 8,403 |
| Total Equity | 4,266,739 | 4,458,232 | 191,493 | 40,164 |
| Total Liabilities and Equity | 9,930,081 | 11,852,853 | 1,922,772 | 106,782 |

Consolidated Statement of Changes in Equity

Millions of yen

| Year ended March 31, 2020 | | | | | | | | |
|--|--------------|-----------------|-------------------|--|-------------------------|--|---------------------------|--------------|
| | 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 year | 458,790 | 463,786 | 2,287,587 | 56,360 | (3,920) | 3,262,603 | 1,151,800 | 4,414,403 |
| Cumulative effects of changes in accounting policies | - | - | (2,596) | - | - | (2,596) | (1,075) | (3,671) |
| Restated balance | 458,790 | 463,786 | 2,284,991 | 56,360 | (3,920) | 3,260,007 | 1,150,725 | 4,410,732 |
| Changes in equity | | | | | | | | |
| Reclassified into retained earnings | - | - | 15,382 | (15,382) | - | - | - | - |
| Net income | - | - | 87,596 | - | - | 87,596 | 39,650 | 127,246 |
| Other comprehensive income | - | - | - | (96,061) | - | (96,061) | (42,264) | (138,325) |
| Dividends to Hitachi, Ltd. stockholders | - | - | (91,761) | - | - | (91,761) | - | (91,761) |
| Dividends to non-controlling interests | - | - | - | - | - | - | (47,361) | (47,361) |
| Acquisition of treasury stock | - | - | - | - | (166) | (166) | - | (166) |
| Sales of treasury stock | - | (138) | - | - | 277 | 139 | - | 139 |
| Issuance of new shares | 1,072 | 1,072 | - | - | - | 2,144 | - | 2,144 |
| Changes in non-controlling interests | - | 75 | - | (1,987) | - | (1,912) | 6,003 | 4,091 |
| Total changes in equity | 1,072 | 1,009 | 11,217 | (113,430) | 111 | (100,021) | (43,972) | (143,993) |
| Balance at end of year | 459,862 | 464,795 | 2,296,208 | (57,070) | (3,809) | 3,159,986 | 1,106,753 | 4,266,739 |

Millions of yen

| Year ended March 31, 2021 | | | | | | | | |
|---|--------------|-----------------|-------------------|--|-------------------------|--|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income | Treasury stock, at cost | Total Hitachi, Ltd. stockholders' equity | Non-controlling interests | Total equity |
| Balance at beginning of year | 459,862 | 464,795 | 2,296,208 | (57,070) | (3,809) | 3,159,986 | 1,106,753 | 4,266,739 |
| Changes in equity | | | | | | | | |
| Reclassified into retained earnings | - | - | 9,436 | (9,436) | - | - | - | - |
| Net income | - | - | 501,613 | - | - | 501,613 | 16,897 | 518,510 |
| Other comprehensive income | - | - | - | 336,624 | - | 336,624 | 79,547 | 416,171 |
| Dividends to Hitachi, Ltd. stockholders | - | - | (96,653) | - | - | (96,653) | - | (96,653) |
| Dividends to non-controlling interests | - | - | - | - | - | - | (41,076) | (41,076) |
| Acquisition of treasury stock | - | - | - | - | (159) | (159) | - | (159) |
| Sales of treasury stock | - | 108 | - | - | 475 | 583 | - | 583 |
| Issuance of new shares | 928 | 928 | - | - | - | 1,856 | - | 1,856 |
| Changes in non-controlling interests | - | (381,791) | - | 3,443 | - | (378,348) | (229,391) | (607,739) |
| Total changes in equity | 928 | (380,755) | 414,396 | 330,631 | 316 | 365,516 | (174,023) | 191,493 |
| Balance at end of year | 460,790 | 84,040 | 2,710,604 | 273,561 | (3,493) | 3,525,502 | 932,730 | 4,458,232 |

Millions of U.S. dollars

| Year ended March 31, 2021 | | | | | | | | |
|---|--------------|-----------------|-------------------|--|-------------------------|--|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income | Treasury stock, at cost | Total Hitachi, Ltd. stockholders' equity | Non-controlling interests | Total equity |
| Balance at beginning of year | 4,143 | 4,187 | 20,687 | (514) | (34) | 28,468 | 9,971 | 38,439 |
| Changes in equity | | | | | | | | |
| Reclassified into retained earnings | - | - | 85 | (85) | - | - | - | - |
| Net income | - | - | 4,519 | - | - | 4,519 | 152 | 4,671 |
| Other comprehensive income | - | - | - | 3,033 | - | 3,033 | 717 | 3,749 |
| Dividends to Hitachi, Ltd. stockholders | - | - | (871) | - | - | (871) | - | (871) |
| Dividends to non-controlling interests | - | - | - | - | - | - | (370) | (370) |
| Acquisition of treasury stock | - | - | - | - | (1) | (1) | - | (1) |
| Sales of treasury stock | - | 1 | - | - | 4 | 5 | - | 5 |
| Issuance of new shares | 8 | 8 | - | - | - | 17 | - | 17 |
| Changes in non-controlling interests | - | (3,440) | - | 31 | - | (3,409) | (2,067) | (5,475) |
| Total changes in equity | 8 | (3,430) | 3,733 | 2,979 | 3 | 3,293 | (1,568) | 1,725 |
| Balance at end of year | 4,151 | 757 | 24,420 | 2,465 | (31) | 31,761 | 8,403 | 40,164 |

Consolidated Statement of Cash Flows

| | Years ended March 31 | | |
|--|----------------------|-----------|--------------------------|
| | Millions of yen | | Millions of U.S. Dollars |
| | 2020 | 2021 | 2021 |
| Cash flows from operating activities | | | |
| Net Income | 127,246 | 518,510 | 4,671 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 433,158 | 491,663 | 4,429 |
| Impairment losses | 136,993 | 109,009 | 982 |
| Income taxes | 51,244 | 325,247 | 2,930 |
| Share of (profits) losses of investments accounted for using the equity method | (43,639) | (38,864) | (350) |
| Financial income and expenses | 870 | 1,337 | 12 |
| Net (gain) loss on business reorganization and others | (19,650) | (452,422) | (4,076) |
| (Gain) loss on sale of property, plant and equipment | (30,370) | (16,976) | (153) |
| Change in trade receivables and contract assets | 185,935 | 89,722 | 808 |
| Change in inventories | (143,072) | (47,937) | (432) |
| Change in trade payables | (115,086) | (31,811) | (287) |
| Change in accrued expenses | (47,575) | 32,693 | 295 |
| Change in retirement and severance benefits | (22,483) | (29,239) | (263) |
| Other | 224,378 | 11,322 | 102 |
| Subtotal | 737,949 | 962,254 | 8,669 |
| Interest received | 23,607 | 21,648 | 195 |
| Dividends received | 13,362 | 20,560 | 185 |
| Interest paid | (24,885) | (22,368) | (202) |
| Income taxes paid | (189,113) | (188,966) | (1,702) |
| Net cash provided by (used in) operating activities | 560,920 | 793,128 | 7,145 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (322,894) | (254,750) | (2,295) |
| Purchase of intangible assets | (98,382) | (118,195) | (1,065) |
| Proceeds from sale of property, plant and equipment, and intangible assets | 82,539 | 83,483 | 752 |
| Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) | (237,172) | (861,035) | (7,757) |
| Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) | 57,624 | 682,408 | 6,148 |
| Other | (7,541) | 9,249 | 83 |
| Net cash provided by (used in) investing activities | (525,826) | (458,840) | (4,134) |
| Free cash flows | 35,094 | 334,288 | 3,012 |
| Cash flows from financing activities | | | |
| Change in short-term debt, net | 80,849 | 199,679 | 1,799 |
| Proceeds from long-term debt | 334,919 | 523,467 | 4,716 |
| Payments on long-term debt | (279,446) | (230,488) | (2,076) |
| Proceeds from payments from non-controlling interests | 5,004 | 5,190 | 47 |
| Dividends paid to Hitachi, Ltd. stockholders | (91,699) | (96,611) | (870) |
| Dividends paid to non-controlling interests | (43,926) | (40,687) | (367) |
| Acquisition of common stock for treasury | (166) | (159) | (1) |
| Proceeds from sales of treasury stock | 139 | 583 | 5 |
| Purchase of shares of consolidated subsidiaries from non-controlling interests | (2,345) | (545,790) | (4,917) |
| Other | (492) | (22) | (0) |
| Net cash provided by (used in) financing activities | 2,837 | (184,838) | (1,665) |
| Effect of exchange rate changes on cash and cash equivalents | (33,193) | 54,105 | 487 |
| Change in cash and cash equivalents | 4,738 | 203,555 | 1,834 |
| Cash and cash equivalents at beginning of year | 807,593 | 812,331 | 7,318 |
| Cash and cash equivalents at end of year | 812,331 | 1,015,886 | 9,152 |

Segment Information
(1) Business Segments

| | Years ended March 31 | | | |
|--|----------------------|-------------------|----------------|-------------------------------------|
| | Millions of yen | | (B)/(A) (%) | Millions of U.S. dollars 2021 |
| | 2020 (A) | 2021 (B) | | |
| IT | 2,099,426 22% | 2,048,756 21% | 98 | 18,457 |
| Energy | 399,254 4% | 1,107,986 12% | 278 | 9,982 |
| Industry | 840,749 9% | 830,162 9% | 99 | 7,479 |
| Mobility | 1,144,447 12% | 1,199,632 13% | 105 | 10,807 |
| Smart Life | 2,167,616 22% | 2,240,334 24% | 103 | 20,183 |
| Hitachi Construction Machinery | 931,347 10% | 813,331 8% | 87 | 7,327 |
| Hitachi Metals | 881,402 9% | 761,615 8% | 86 | 6,861 |
| Hitachi Chemical | 631,433 7% | - - | - | - |
| Others | 484,830 5% | 449,008 5% | 93 | 4,045 |
| Subtotal | 9,580,504 100% | 9,450,824 100% | 99 | 85,143 |
| Corporate items & Eliminations | (813,241) | (721,628) | - | (6,501) |
| Total Revenues | 8,767,263 | 8,729,196 | 100 | 78,641 |
| IT | 249,412 37% | 269,438 53% | 108 | 2,427 |
| Energy | 13,528 2% | (47,704) (9%) | - | (430) |
| Industry | 54,750 8% | 45,587 9% | 83 | 411 |
| Mobility | 92,325 14% | 74,790 15% | 81 | 674 |
| Smart Life | 118,969 18% | 114,104 23% | 96 | 1,028 |
| Hitachi Construction Machinery | 75,549 11% | 31,641 6% | 42 | 285 |
| Hitachi Metals | 14,383 2% | (4,977) (1%) | - | (45) |
| Hitachi Chemical | 35,213 5% | - - | - | - |
| Others | 22,360 3% | 21,230 4% | 95 | 191 |
| Subtotal | 676,489 100% | 504,109 100% | 75 | 4,542 |
| Corporate items & Eliminations | (14,606) | (8,929) | - | (80) |
| Total Adjusted operating income | 661,883 | 495,180 | 75 | 4,461 |
| IT | 214,449 127% | 244,860 43% | 114 | 2,206 |
| Energy | (375,781) (223%) | (55,567) (10%) | - | (501) |
| Industry | 57,858 34% | 42,366 7% | 73 | 382 |
| Mobility | 112,349 67% | 129,036 23% | 115 | 1,162 |
| Smart Life | 90,016 53% | 206,527 36% | 229 | 1,861 |
| Hitachi Construction Machinery | 70,551 42% | 27,678 5% | 39 | 249 |
| Hitachi Metals | (57,274) (34%) | (49,155) (8%) | - | (443) |
| Hitachi Chemical | 24,806 15% | - - | - | - |
| Others | 31,294 19% | 25,319 4% | 81 | 228 |
| Subtotal | 168,268 100% | 571,064 100% | 339 | 5,145 |
| Corporate items & Eliminations | 15,346 | 279,223 | - | 2,516 |
| Total EBIT | 183,614 | 850,287 | 463 | 7,660 |

- Notes: 1. Revenues by business segment include intersegment transactions.
2. Effective from April 1, 2020, due to making Hitachi High-Tech Corporation a wholly-owned subsidiary of the Company during the three months ended June 30, 2020, Hitachi High-Tech segment was unified to the Smart Life segment. Figures for the year ended March 31, 2020 have been restated on the basis of the reclassification.
3. In April 2020, the Company sold all shares of Hitachi Chemical Company, Ltd. (currently Showa Denko Materials Co., Ltd.). As a result, Hitachi Chemical Company, Ltd. was deconsolidated. Accordingly, Hitachi Chemical segment ceased to be a business segment, but the segment figures for the year ended March 31, 2021 and 2020 are disclosed individually to enhance fair disclosure.

(2) Revenues by Market

| | Years ended March 31 | | | |
|----------------------------|----------------------|-------------------|----------------|-------------------------------------|
| | Millions of yen | | (B)/(A) (%) | Millions of U.S. dollars 2021 |
| | 2020 (A) | 2021 (B) | | |
| Japan | 4,529,095 52% | 4,154,818 48% | 92 | 37,431 |
| Asia | 1,767,537 20% | 1,893,620 22% | 107 | 17,060 |
| North America | 1,102,987 13% | 1,117,554 13% | 101 | 10,068 |
| Europe | 924,499 10% | 1,013,487 11% | 110 | 9,131 |
| Other Areas | 443,145 5% | 549,717 6% | 124 | 4,952 |
| Overseas Revenues Subtotal | 4,238,168 48% | 4,574,378 52% | 108 | 41,211 |
| Total Revenues | 8,767,263 100% | 8,729,196 100% | 100 | 78,641 |

Notes

(1) Notes Regarding Going Concern

Not applicable.

(2) Subsequent Events

Sale of all shares of Hitachi Metals, Ltd. (hereinafter “Hitachi Metals”)

On April 28, 2021, the Company entered into an agreement with K. K. BCJ-52, 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, regarding the common stocks of Hitachi Metals (hereinafter “Hitachi Metals Shares”), a consolidated subsidiary of the Company in the Hitachi Metals segment.

Assuming the transaction is settled, it is expected that the Company will transfer all of Hitachi Metals Shares held by the Company through an acquisition of treasury stock by Hitachi Metals. The consideration is expected to be approximately 382.0 billion yen, and Hitachi Metals will be deconsolidated. An expected gain on the sale of Hitachi Metals Shares in the amount of approximately 114.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss.

Please refer to the News Release “Notification of Agreement for Shares of Subsidiary, and Recognition of Extraordinary Gain on Unconsolidated Basis and Other Income on Consolidated Basis” announced on April 28, 2021, for detailed information.

(3) Acquisition of GlobalLogic Inc.

On March 31, 2021, the Company decided to acquire GlobalLogic Inc. (hereinafter “GlobalLogic”), a leading U.S.-headquartered digital engineering service company, in order to strengthen the digital portfolio of “Lumada.”

The acquisition is based on the definitive agreement among Hitachi Global Digital Holdings LLC (hereinafter “HGDH”) which is a subsidiary located in the U.S., MergeCo H Global Inc. (hereinafter “SPC”) which was established by HGDH for the acquisition and GlobalLogic Worldwide Holdings, Inc. (hereinafter “GlobalLogic Worldwide Holdings”) which is the parent company of GlobalLogic. The transaction is subject to customary conditions and regulatory approvals and expected to be completed by the end of July 2021.

The total acquisition cost, including repayment of GlobalLogic’s interest-bearing debt, is expected to be 9.6 billion U.S. dollars (approximately 1,036.8 billion yen). SPC will be merged with and into GlobalLogic Worldwide Holdings, which will be the surviving company. As a result, GlobalLogic Worldwide Holdings and GlobalLogic will become wholly owned subsidiaries of the Company.

Please refer to the News Release “Hitachi to Acquire GlobalLogic, a Leading U.S.-based Digital Engineering Service Company” announced on March 31, 2021, for detailed information.

Per share information

| | Years ended March 31 | | |
|--|----------------------|----------|---------------|
| | 2020 | 2021 | 2021 |
| | (Yen) | (Yen) | (U.S.Dollars) |
| Hitachi, Ltd. stockholders' equity per share | 3,270.43 | 3,646.46 | 32.85 |
| Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders | | | |
| Basic | 92.55 | 520.00 | 4.68 |
| Diluted | 92.43 | 519.22 | 4.68 |
| Earnings per share from discontinued operations, attributable to Hitachi, Ltd. stockholders | | | |
| Basic | (1.84) | (0.71) | (0.01) |
| Diluted | (1.84) | (0.71) | (0.01) |
| Earnings per share attributable to Hitachi, Ltd. stockholders | | | |
| Basic | 90.71 | 519.29 | 4.68 |
| Diluted | 90.60 | 518.51 | 4.67 |

The reconciliations of the numbers and the amounts used in the basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders computations are as follows:

| | Years ended March 31 | | |
|--|----------------------|--------------------|----------------------------|
| | 2020 | 2021 | 2021 |
| | (Number of shares) | (Number of shares) | |
| Weighted average number of shares on which basic earnings per share is calculated | 965,708,920 | 965,965,329 | |
| Effect of dilutive securities | | | |
| Stock options | 832,420 | 731,540 | |
| Restricted stock | 339,060 | 684,997 | |
| Restricted stock units | - | 24,533 | |
| Number of shares on which diluted earnings per share is calculated | 966,880,400 | 967,406,399 | |
| | (Millions of yen) | (Millions of yen) | (Millions of U.S. dollars) |
| Net income from continuing operations, attributable to Hitachi, Ltd. stockholders | | | |
| Basic | 89,372 | 502,299 | 4,525 |
| Effect of dilutive securities | - | - | - |
| Diluted | 89,372 | 502,299 | 4,525 |
| Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders | | | |
| Basic | (1,776) | (686) | (6) |
| Effect of dilutive securities | - | - | - |
| Diluted | (1,776) | (686) | (6) |
| Net income attributable to Hitachi, Ltd. stockholders | | | |
| Basic | 87,596 | 501,613 | 4,519 |
| Effect of dilutive securities | - | - | - |
| Diluted | 87,596 | 501,613 | 4,519 |

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