

[Translation]

Quarterly Report

(The First Quarter of 153rd Business Term)

From April 1, 2021 to June 30, 2021

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

Hitachi, Ltd.

[Cover]

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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

Unless the context indicates otherwise, the term “Company” refers to Hitachi, Ltd. and the term “Hitachi” refers to the Company and its consolidated subsidiaries.

Unless otherwise stated, in this document, where we present information in millions or hundreds of millions of yen, we have truncated amounts of less than one million or one hundred million, as the case may be. Accordingly, the total of figures presented in columns or otherwise may not equal the total of the individual items. We have rounded all percentages to the nearest percent, one-tenth of one percent or one-hundredth of one percent, as the case may be.

References in this document to the “Financial Instruments and Exchange Act” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

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Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Year ended March 31, 2021
Revenues	1,594,277	2,367,437	8,729,196
Income from continuing operations, before income taxes	339,709	166,855	844,443
Net income attributable to Hitachi, Ltd. stockholders	223,251	122,231	501,613
Comprehensive income attributable to Hitachi, Ltd. stockholders	242,291	127,022	838,237
Total Hitachi, Ltd. stockholders' equity	3,036,533	3,594,003	3,525,502
Total equity	3,700,850	4,503,107	4,458,232
Total assets	10,160,516	11,899,746	11,852,853
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	231.13	126.49	519.29
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	230.86	126.33	518.51
Total Hitachi, Ltd. stockholders' equity ratio (%)	29.9	30.2	29.7
Net cash provided by operating activities	153,796	137,071	793,128
Net cash provided by (used in) investing activities	357,457	(7,054)	(458,840)
Net cash provided by (used in) financing activities	526,681	10,698	(184,838)
Cash and cash equivalents at end of period	1,851,083	1,161,989	1,015,886

(Notes) 1. Hitachi's consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

2. Revenues do not include the consumption tax, etc.

2. Description of Business

There were no material changes in principal businesses of Hitachi during the three months ended June 30, 2021. The Hitachi Group is comprised of the Company, 865 consolidated subsidiaries, and 274 equity-method associates and joint-ventures.

Changes in Business Unit (BU) of the Company and principal affiliated companies during the three months ended June 30, 2021 were as follows.

(As of June 30, 2021)

Main products and services	BU and principal affiliated companies	
	BU	Affiliated companies
<u>IT</u>		[Consolidated subsidiaries] (Change in company name) (Note 1) Hitachi Global Digital Holdings LLC
<u>Energy</u>	(New) (Note 2) Power Grid BU	[Consolidated subsidiaries] (Change in company name) (Note 3) Hitachi Energy Ltd
<u>Automotive Systems</u> (Reclassification of segment) (Note 4) Automotive Systems (Powertrain, Chassis, Advanced Driver Assistance, Motorcycle)		[Consolidated subsidiaries] (Reclassification of segment) (Note 4) Hitachi Astemo, Ltd. Hitachi Astemo Americas, Inc.

- (Notes)
1. Hitachi Global Digital Holdings Corporation changed its name to Hitachi Global Digital Holdings LLC on April 1, 2021.
 2. Power Grid BU was newly established on April 1, 2021.
 3. Hitachi ABB Power Grids Ltd changed its name to Hitachi Energy Ltd on June 30, 2021.
 4. Hitachi Astemo, Ltd., Hitachi Astemo Americas, Inc. and their main products and services, Automotive Systems, were spun off from the Smart Life segment to the Automotive Systems segment newly established on April 1, 2021.
 5. In addition to the table above, Hitachi Capital Corporation, which was the major equity-method associates of the Company, merged with Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.) and ceased to be an equity-method affiliate of the Company on April 1, 2021.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the three months ended June 30, 2021.

There were no material changes in the risk factors stated in the Annual Securities Report for the 152nd business term pursuant to the Financial Instruments and Exchange Act of Japan.

2. Management's Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows

(1) Analysis of Results of Operations

Results of Operations

The results of operations in the three months ended June 30, 2021 were as follows.

Revenues increased 48% to 2,367.4 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased in revenues owing to the recovery of market conditions worsened by the impact of COVID-19 (the new coronavirus infection), the acquisition of the power grid business from ABB Ltd and the management integration related to Hitachi Astemo, Ltd. (the management integration among Hitachi Automotive Systems, Ltd., Keihin Corporation, Showa Corporation and Nissin Kogyo Co., Ltd).

Cost of sales increased 52% to 1,790.6 billion yen and the ratio of cost of sales to revenues increased 2% to 76%, as compared with the three months ended June 30, 2020, respectively. Gross profit increased 39% to 576.7 billion yen, as compared with the three months ended June 30, 2020.

Selling, general and administrative expenses ("SG&A") increased 25% to 446.2 billion yen, as compared with the three months ended June 30, 2020. The ratio of SG&A to revenues decreased 3% to 19%, as compared with the three months ended June 30, 2020.

Adjusted operating income (presented as revenues less cost of sales as well as SG&A) increased 72.1 billion yen to 130.4 billion yen, as compared with the three months ended June 30, 2020.

Other income decreased 247.0 billion yen to 37.1 billion yen, as compared with the three months ended June 30, 2020, due mainly to the gains on business reorganization and others posted in the three months ended June 30, 2020 by selling shares of Hitachi Chemical Company, Ltd. Other expenses decreased 4.2 billion yen to 10.8 billion yen, as compared with the three months ended June 30, 2020.

Financial income (excluding interest income) increased 0.3 billion yen to 2.5 billion yen and financial expenses (excluding interest charges) increased 1.7 billion yen to 2.5 billion yen, as compared with the three months ended June 30, 2020, respectively.

Share of profits of investments accounted for using the equity method increased 0.3 billion yen to 11.8 billion yen, as compared with the three months ended June 30, 2020.

EBIT (earnings before interest and taxes, which is presented as income from continuing operations, before income taxes less interest income plus interest charges) decreased 171.7 billion yen to 168.6 billion yen, as compared with the three months ended June 30, 2020.

Interest income increased 0.9 billion yen to 4.6 billion yen and interest charges increased 2.0 billion yen to 6.4 billion yen, as compared with the three months ended June 30, 2020, respectively.

Income from continuing operations, before income taxes decreased 172.8 billion yen to 166.8 billion yen, as compared with the three months ended June 30, 2020.

Income taxes decreased 82.9 billion yen to 29.9 billion yen, as compared with the three months ended June 30, 2020.

Net income decreased 89.5 billion to 136.9 billion yen, as compared with the three months ended June 30, 2020.

Net income attributable to non-controlling interests increased 11.4 billion yen to 14.7 billion yen, as compared with the three months ended June 30, 2020.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased 101.0 billion yen to 122.2 billion yen, as compared with the three months ended June 30, 2020.

Operations by Segment

The following is an overview of results of operations by segment. Revenues for each segment include intersegment transactions. Effective from April 1, 2021, the automotive systems business, which is composed of Hitachi Astemo, Ltd. and its affiliated companies, was spun off from the Smart Life segment as the Automotive Systems segment. Accordingly, the amounts previously reported for the three months ended June 30, 2020 have been restated in conformity with the new segments.

(IT)

Revenues increased 3% to 442.8 billion yen, as compared with the three months ended June 30, 2020, due mainly to the growth of Lumada business.

Adjusted operating income increased 5.3 billion yen to 43.6 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues and improved cost structure.

EBIT increased 6.0 billion yen to 44.1 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased adjusted operating income.

(Energy)

Revenues increased 352% to 336.1 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues by acquiring the power grid business from ABB Ltd.

Adjusted operating income worsened 4.5 billion yen to loss of 2.4 billion yen, as compared with the three months ended June 30, 2020, due mainly to posting amortization of intangible assets and structural reform expenses related to the acquisition of the power grid business from ABB Ltd. The decrease was partially offset by increased income due to the acquisition.

EBIT worsened 4.5 billion yen to loss of 1.5 billion yen as compared with the three months ended June 30, 2020, due mainly to decreased adjusted operating income.

(Industry)

Revenues increased 13% to 186.9 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues with the recovery of market conditions and higher sales at JR Technology Group, LLC.

Adjusted operating income increased 7.8 billion yen to 9.6 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues and improved profitability.

EBIT increased 5.9 billion yen to 10.3 billion yen as compared with the three months ended June 30, 2020, due mainly to increased adjusted operating income.

(Mobility)

Revenues increased 43% to 354.7 billion yen, as compared with the three months ended June 30, 2020, due mainly to the expansion of business for China in the building systems business, the recovery of market conditions in the railway systems business as well as the impact of foreign exchange.

Adjusted operating income increased 2.7 billion yen to 21.9 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues.

EBIT increased 23.4 billion yen to 43.4 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased adjusted operating income as well as the gains by selling a part of shares of Agility Trains East (Holdings) Limited stock.

(Smart Life)

Revenues decreased 9% to 266.5 billion yen, as compared with the three months ended June 30, 2020, due mainly to the impact of sale of diagnostic imaging-related business.

Adjusted operating income decreased 3.2 billion yen to 20.2 billion yen, as compared with the three months ended June 30, 2020, due mainly to decreased revenues.

EBIT increased ¥0.1 billion yen to 26.3 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased profit of equity-method associates, despite decreased adjusted operating income.

(Automotive Systems)

Revenues increased 250% to 382.5 billion yen, as compared with the three months ended June 30, 2020, due mainly to the management integration related to Hitachi Astemo, Ltd. and the recovery of market conditions.

Adjusted operating income improved 33.7 billion yen to 12.1 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues.

EBIT improved 40.7 billion yen to 12.8 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased adjusted operating income.

(Hitachi Construction Machinery)

Revenues increased 34% to 228.1 billion yen, as compared with the three months ended June 30, 2020, due mainly to the recovery of market conditions and the impact of foreign exchange.

Adjusted operating income increased 8.8 billion yen to 11.5 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues.

EBIT increased 9.9 billion yen to 12.3 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased adjusted operating income.

(Hitachi Metals)

Revenues increased 47% to 226.8 billion yen, as compared with the three months ended June 30, 2020, due mainly to the recovery of market conditions, including an increase in demand for products for automobile.

Adjusted operating income improved 15.8 billion yen to 8.5 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues.

EBIT improved 11.3 billion yen to 4.6 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased adjusted operating income.

(Others)

Revenues increased 8% to 106.4 billion yen, as compared with the three months ended June 30, 2020.

Adjusted operating income increased 3.5 billion to 5.1 billion yen, and EBIT increased 1.0 billion yen to 5.4 billion yen, as compared with the three months ended June 30, 2020, respectively.

Revenues by Market

Revenues in Japan increased 11% to 907.5 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues in the Automotive Systems segment resulting from the management integration related to Hitachi Astemo, Ltd. and the recovery of market conditions, and in the Hitachi Metals, despite decreased revenues in the Smart Life sector owing to the impact of selling diagnostic imaging-related business.

Overseas revenues increased 88% to 1,459.8 billion yen, as compared with the three months ended June 30, 2020, due mainly to increased revenues in the Energy sector resulting from the acquisition of the power grid business from ABB Ltd, in the Automotive Systems segment resulting from the management integration related to Hitachi Astemo, Ltd. and the recovery of market conditions, and in the Mobility sector resulting from the expansion of business for China.

As a result, the ratio of overseas revenues to total revenues increased 13% to 62%, as compared with the three months ended June 30, 2020.

(2) Analysis of Financial Condition and Cash Flows

Liquidity and Capital Resources

During the three months ended June 30, 2021, there were no major changes in the Company's policies of maintaining liquidity and ensuring funds, efforts for improvement in fund management efficiency, and ideas regarding funding sources and fundraising.

Cash Flows

(Cash Flows from Operating Activities)

Net cash outflow from a change in trade payables in the three months ended June 30, 2021 decreased by 98.0 billion yen, as compared with the three months ended June 30, 2020. However, net cash inflow from a change in trade receivables and contract assets decreased by 114.6 billion yen and net cash outflow from a change in inventories increased by 26.1 billion yen as well as income tax payment increased by 56.9 billion yen, as compared with the three months ended June 30, 2020, respectively.

As a result of the foregoing, net cash provided by operating activities was 137.0 billion yen in the three months ended June 30, 2021, a decrease of 16.7 billion yen compared with the three months ended June 30, 2020.

(Cash Flows from Investing Activities)

Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the three months ended June 30, 2021 decreased by 12.7 billion yen, as compared with the three months ended June 30, 2020. However, proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the three months ended June 30, 2021 decreased by 365.7 billion yen, as compared with the three months ended June 30, 2020, due mainly to the sale of shares of Hitachi Chemical Company, Ltd. in the three months ended June 30, 2020. Net amount of investments related to property, plant and equipment* was 86.1 billion yen in the three months ended June 30, 2021 and this net sum increased by 24.0 billion yen, as compared with the three months ended June 30, 2020.

As a result of the foregoing, net cash used in investing activities was 7.0 billion yen in the three months ended June 30, 2021, as compared with 357.4 billion yen of net cash inflow in the three months ended June 30, 2020.

* The sum of the purchase of property, plant and equipment and the purchase of intangible assets, less the proceeds from sale of property, plant and equipment, and intangible assets.

(Cash Flows from Financing Activities)

Net cash outflow related to purchase of shares of consolidated subsidiaries from non-controlling interests in the three months ended June 30, 2021 decreased by 407.3 billion yen, as compared with the three months ended June 30, 2020, due mainly to the purchase of shares of Hitachi High-Tech Corporation in the three months ended June 30, 2020. Net cash inflow from a change in short-term debt in the three months ended June 30, 2021 decreased by 898.2 billion yen, as compared with the three months ended June 30, 2020. Furthermore, net cash outflow related to long-term debt** in the three months ended June 30, 2021 was 33.6 billion yen and this net sum increased by 5.4 billion yen, as compared with the three months ended June 30, 2020.

As a result of the foregoing, net cash provided by financing activities was 10.6 billion yen in the three months ended June 30, 2021, a decrease of 515.9 billion yen compared with the three months ended June 30, 2020.

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

As a result of the foregoing, cash and cash equivalents as of June 30, 2021 were 1,161.9 billion yen, an increase of 146.1 billion yen from March 31, 2021. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 130.0 billion yen in the three months ended June 30, 2021, a decrease of 381.2 billion yen compared with the three months ended June 30, 2020.

Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities and equity as of June 30, 2021.

Total assets were 11,899.7 billion yen, an increase of 46.8 billion yen from March 31, 2021, due mainly to increases in cash and cash equivalents resulting from increased short-term debt and in inventories.

Total interest-bearing debt, the sum of short-term debt and long-term debt, was 2,531.9 billion yen, an increase of 134.6 billion yen from March 31, 2021, due mainly to an increase in short-term debt.

Total Hitachi, Ltd. stockholders' equity increased by 68.5 billion yen from March 31, 2021, to 3,594.0 billion yen. The ratio of total Hitachi, Ltd. stockholders' equity to total assets was 30.2%, as compared with 29.7% as of March 31, 2021.

Non-controlling interests were 909.1 billion yen, a decrease of 23.6 billion yen from March 31, 2021.

Total equity was 4,503.1 billion yen, an increase of 44.8 billion yen from March 31, 2021. The ratio of interest-bearing debt to total equity was 0.56, as compared with 0.54 as of March 31, 2021.

(3) Management Policy

There were no material changes in Hitachi's management policy during the three months ended June 30, 2021.

(4) Challenges Hitachi Group Faces

1) Business and Financial Challenges Hitachi Group Faces

There were no material changes in Hitachi's business and financial challenges during the three months ended June 30, 2021.

2) Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies

There were no material changes in Hitachi's fundamental policy during the three months ended June 30, 2021.

(5) Research and Development

There were no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 152nd business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the three months ended June 30, 2021 were 75.4 billion yen, 3.2% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Three months ended June 30, 2021
IT	12.1
Energy	8.9
Industry	2.3
Mobility	7.6
Smart Life	10.5
Automotive Systems	20.2
Hitachi Construction Machinery	6.0
Hitachi Metals	3.0
Others	0.4
Corporate Items	4.0
Total	75.4

(6) Property, Plant and Equipment

The major property, plants and equipment materially changed during the three months ended June 30, 2021 are as follows.

Breakdown by Segment

(As of June 30, 2021)

Segment	Book value (Millions of yen)								Number of employees
	Land [Area in thousands of m ²]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use Assets	Other	Construction in progress	Total	
Smart Life (Note)	16,797 [2,624]	61,816	31,650	30,276	17,789	-	7,655	165,983	22,340
Automotive Systems (Note)	53,032 [10,360]	123,063	250,566	31,675	25,134	-	69,748	553,218	68,241

(Note) From April 1, 2021, the automotive systems business, which is composed of Hitachi Astemo, Ltd. and its affiliated companies, was spun off from the Smart Life segment as the Automotive Systems segment. As a result, the book value of the facilities in the Smart Life segment materially decreased.

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

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

The amount of capital investment for the fiscal year ending March 31, 2022 is updated as follows (new installation and expansions, based on the amount recorded as tangible fixed assets and the investment property).

Segment	The amount of capital investment for the fiscal year ending March 31, 2022 (Billions of yen)	
	Initial Plan	Updated Plan
IT	55.0	60.0
Energy	40.0	40.0
Industry	19.0	19.0
Mobility	26.0	26.0
Smart Life	38.0	38.0
Automotive Systems	105.0	98.0
Hitachi Construction Machinery	60.0	57.0
Hitachi Metals	40.0	40.0
Others	26.0	26.0
Corporate Items & Elimination	24.0	24.0
Total	433.0	428.0

- (Notes) 1. The figures in the above table include the amount of the right-of-use assets and the investment property, each of which is recorded as property, plant and equipment and other non-current assets, respectively.
2. These planned investments are expected to be mostly financed with the Hitachi Group's own capital.
3. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

(8) Forward-Looking Statements

Certain statements found in “2. Management’s Discussion and Analysis of Consolidated Financial Conditions, Operating Results and Cash Flows” and other descriptions in this report may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

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

- 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. Material Agreements, etc.

No material agreements were entered into during the three months ended June 30, 2021.

III. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	2,000,000,000
Total	2,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of third quarter (shares) (June 30, 2021)	Number of shares issued as of the filing date (shares) (Note) (August 5, 2021)	Stock exchange on which the Company is listed	Description
Common stock	968,234,877	968,234,877	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	968,234,877	968,234,877	–	–

(Note) The "Number of shares issued as of the filing date" does not include shares issued upon exercise of stock acquisition rights from August 1, 2021 to the filing date.

(2) Information on the stock acquisition rights, etc.

1) Details of stock option plans

Not applicable.

2) Details of other stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Change in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
June 15, 2021 (Note)	349,600	968,234,877	941	461,731	941	179,697

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

Issue price: 5,384 yen per share

Amount by which stated capital is to be increased: 2,692 yen per share

Allottees: 31 Executive officers of the Company and 35 Corporate officers of the Company

(5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of March 31, 2021 is stated in this item because the Company does not identify the number of voting rights as of June 30, 2021 due to the lack of information on the number of the Company's shares held by the entity which the Company holds one quarter or more of total number of voting rights of such entity as of June 30, 2021.

1) Issued shares

(As of March 31, 2021)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 1,088,900	—	—
Shares with full voting right (others)	Common stock 964,415,100	9,644,151	—
Shares less than one unit	Common stock 2,381,277	—	—
Number of issued shares	967,885,277	—	—
Total number of voting rights	—	9,644,151	—

(Note) The “Shares with full voting right (others)” column includes 5,300 shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing stocks whose shareholders have not transferred titles) and 53 voting rights for those shares.

2) Treasury stock, etc.

(As of March 31, 2021)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,055,700	—	1,055,700	0.11
Aoyama Special Steel Co., Ltd.	9-11, Shinkawa 2-chome, Chuo-ku, Tokyo	2,100	—	2,100	0.00
SAITA KOUGYOU CO., LTD.	5-3, Takinogawa 5-chome, Kita-ku, Tokyo	17,600	—	17,600	0.00
Nitto Jidosha Kiki K.K.	3268, Nagaoka, Ibarakimachi, Higashiibaraki-gun, Ibaraki	10,500	—	10,500	0.00
Mizuho Co., Inc.	4-1, Koishikawa 5-chome, Bunkyo-ku, Tokyo	3,000	—	3,000	0.00
Total	—	1,088,900	—	1,088,900	0.11

2. Changes in Senior Management

There were no changes in senior managements after the filing date of the Annual Securities Report for the 152nd business term pursuant to the Financial Instruments and Exchange Act of Japan.

IV. Financial Information

Refer to the condensed quarterly consolidated financial statements incorporated in this Quarterly Report.

Part II Information on Guarantors, etc. for the Company

Not applicable.

Condensed Quarterly Consolidated Financial Statements

Condensed Quarterly Consolidated Statement of Financial Position

Millions of yen

	Note	June 30, 2021	March 31, 2021
Assets			
Current assets			
Cash and cash equivalents		1,161,989	1,015,886
Trade receivables and contract assets	6	2,492,827	2,734,476
Inventories		1,797,475	1,653,395
Investments in securities and other financial assets	7	328,749	328,153
Other current assets		247,387	211,390
Total current assets		6,028,427	5,943,300
Non-current assets			
Investments accounted for using the equity method		360,774	472,105
Investments in securities and other financial assets	7	604,932	534,324
Property, plant and equipment		2,401,683	2,408,887
Goodwill		1,166,273	1,161,210
Other intangible assets		958,521	964,830
Other non-current assets		379,136	368,197
Total non-current assets		5,871,319	5,909,553
Total assets		11,899,746	11,852,853
Liabilities			
Current liabilities			
Short-term debt		563,923	416,635
Current portion of long-term debt	7	327,089	274,392
Other financial liabilities	7	328,872	288,973
Trade payables		1,516,184	1,515,954
Accrued expenses		555,840	698,553
Contract liabilities		1,000,091	933,844
Other current liabilities		387,017	468,579
Total current liabilities		4,679,016	4,596,930
Non-current liabilities			
Long-term debt	7	1,640,981	1,706,329
Retirement and severance benefits		430,773	433,954
Other non-current liabilities	7	645,869	657,408
Total non-current liabilities		2,717,623	2,797,691
Total liabilities		7,396,639	7,394,621
Equity			
Hitachi, Ltd. stockholders' equity			
Common stock		461,731	460,790
Capital surplus	5,7	75,351	84,040
Retained earnings	8	2,785,441	2,710,604
Accumulated other comprehensive income		274,300	273,561
Treasury stock, at cost		(2,820)	(3,493)
Total Hitachi, Ltd. stockholders' equity		3,594,003	3,525,502
Non-controlling interests	5,7	909,104	932,730
Total equity		4,503,107	4,458,232
Total liabilities and equity		11,899,746	11,852,853

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Profit or Loss

Three months ended June 30, 2021 and 2020

Millions of yen

	Note	2021	2020
Revenues	9	2,367,437	1,594,277
Cost of sales		(1,790,670)	(1,179,428)
Gross profit		576,767	414,849
Selling, general and administrative expenses		(446,284)	(356,479)
Other income	5,10	37,149	284,154
Other expenses	10	(10,833)	(15,126)
Financial income	11	2,538	2,237
Financial expenses	11	(2,547)	(754)
Share of profits (losses) of investments accounted for using the equity method		11,880	11,537
EBIT (Earnings before interest and taxes)		168,670	340,418
Interest income		4,639	3,656
Interest charges		(6,454)	(4,365)
Income from continuing operations, before income taxes		166,855	339,709
Income taxes		(29,906)	(112,881)
Income from continuing operations		136,949	226,828
Income (loss) from discontinued operations	12	0	(337)
Net income		136,949	226,491
Net income attributable to:			
Hitachi, Ltd. stockholders		122,231	223,251
Non-controlling interests		14,718	3,240
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders	13		Yen
Basic		126.49	231.48
Diluted		126.33	231.21
Earnings per share attributable to Hitachi, Ltd. stockholders	13		
Basic		126.49	231.13
Diluted		126.33	230.86

Condensed Quarterly Consolidated Statement of Comprehensive Income

Three months ended June 30, 2021 and 2020

Millions of yen

	Note	2021	2020
Net income		136,949	226,491
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		(15,348)	17,462
Remeasurements of defined benefit plans		-	-
Share of OCI of investments accounted for using the equity method		(248)	39
Total items not to be reclassified into net income		(15,596)	17,501
Items that can be reclassified into net income			
Foreign currency translation adjustments		6,462	11,015
Net changes in cash flow hedges		6,714	1,173
Share of OCI of investments accounted for using the equity method		10,696	(4,862)
Total items that can be reclassified into net income		23,872	7,326
Other comprehensive income (OCI)		8,276	24,827
Comprehensive income		145,225	251,318
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		127,022	242,291
Non-controlling interests		18,203	9,027

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended June 30, 2021

Millions of yen

	2021							
	Common stock	Capital surplus (note 7)	Retained earnings (note 8)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests (note 7)	Total equity
Balance at beginning of period	460,790	84,040	2,710,604	273,561	(3,493)	3,525,502	932,730	4,458,232
Changes in equity								
Reclassified into retained earnings	-	-	5,781	(5,781)	-	-	-	-
Net income	-	-	122,231	-	-	122,231	14,718	136,949
Other comprehensive income	-	-	-	4,791	-	4,791	3,485	8,276
Dividends to Hitachi, Ltd. stockholders	-	-	(53,175)	-	-	(53,175)	-	(53,175)
Dividends to non-controlling interests	-	-	-	-	-	-	(25,627)	(25,627)
Acquisition of treasury stock	-	-	-	-	(61)	(61)	-	(61)
Sales of treasury stock	-	(301)	-	-	734	433	-	433
Issuance of new shares	941	941	-	-	-	1,882	-	1,882
Changes in non-controlling interests	-	(9,329)	-	1,729	-	(7,600)	(16,202)	(23,802)
Total changes in equity	941	(8,689)	74,837	739	673	68,501	(23,626)	44,875
Balance at end of period	461,731	75,351	2,785,441	274,300	(2,820)	3,594,003	909,104	4,503,107

Three months ended June 30, 2020

Millions of yen

	2020							
	Common stock	Capital surplus (note 5)	Retained earnings (note 8)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests (note 5)	Total equity
Balance at beginning of period	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	-	-	4,836	(4,836)	-	-	-	-
Net income	-	-	223,251	-	-	223,251	3,240	226,491
Other comprehensive income	-	-	-	19,040	-	19,040	5,787	24,827
Dividends to Hitachi, Ltd. stockholders	-	-	(48,311)	-	-	(48,311)	-	(48,311)
Dividends to non-controlling interests	-	-	-	-	-	-	(14,419)	(14,419)
Acquisition of treasury stock	-	-	-	-	(15)	(15)	-	(15)
Sales of treasury stock	-	(203)	-	-	465	262	-	262
Issuance of new shares	928	928	-	-	-	1,856	-	1,856
Changes in non-controlling interests	-	(325,174)	-	5,638	-	(319,536)	(437,044)	(756,580)
Total changes in equity	928	(324,449)	179,776	19,842	450	(123,453)	(442,436)	(565,889)
Balance at end of period	460,790	140,346	2,475,984	(37,228)	(3,359)	3,036,533	664,317	3,700,850

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Cash flows

Three months ended June 30, 2021 and 2020

Millions of yen

	Note	2021	2020
Cash flows from operating activities:			
Net income		136,949	226,491
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		130,929	98,449
Impairment losses		1,341	338
Income taxes		29,906	112,881
Share of (profits) losses of investments accounted for using the equity method		(11,880)	(11,537)
Financial income and expenses		(723)	(1,418)
Net (gain) loss on business reorganization and others		(36,714)	(281,651)
(Gain) loss on sale of property, plant and equipment		1,646	(2,857)
Change in trade receivables and contract assets		307,535	422,176
Change in inventories		(154,561)	(128,435)
Change in trade payables		(17,276)	(115,321)
Change in accrued expenses		(142,408)	(119,227)
Change in retirement and severance benefits		(6,275)	(3,900)
Other		1,564	3,168
Subtotal		240,033	199,157
Interest received		5,257	3,273
Dividends received		5,546	5,585
Interest paid		(7,057)	(4,429)
Income taxes paid		(106,708)	(49,790)
Net cash provided by (used in) operating activities		137,071	153,796
Cash flows from investing activities:			
Purchase of property, plant and equipment		(66,516)	(53,135)
Purchase of intangible assets		(30,997)	(19,852)
Proceeds from sale of property, plant and equipment, and intangible assets		11,377	10,900
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)		(10,901)	(23,617)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)		67,903	433,629
Other		22,080	9,532
Net cash provided by (used in) investing activities		(7,054)	357,457
Cash flows from financing activities:			
Change in short-term debt, net		145,747	1,044,031
Proceeds from long-term debt		19,017	5,011
Payments on long-term debt		(52,619)	(33,156)
Dividends paid to Hitachi, Ltd. stockholders		(53,233)	(48,367)
Dividends paid to non-controlling interests		(26,979)	(12,096)
Acquisition of common stock for treasury		(61)	(15)
Proceeds from sales of treasury stock		433	262
Purchase of shares of consolidated subsidiaries from non-controlling interests		(21,607)	(428,972)
Other		-	(17)
Net cash provided by (used in) financing activities		10,698	526,681
Effect of exchange rate changes on cash and cash equivalents		5,388	818
Change in cash and cash equivalents		146,103	1,038,752
Cash and cash equivalents at beginning of period		1,015,886	812,331
Cash and cash equivalents at end of period		1,161,989	1,851,083

See accompanying notes to condensed quarterly consolidated financial statements.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

(1) Nature of Operations

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The condensed quarterly consolidated financial statements of the Company as of and for the three months ended June 30, 2021 comprise the Company, its subsidiaries and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in nine segments consisting of IT, Energy, Industry, Mobility, Smart Life, Automotive Systems, Hitachi Construction Machinery, Hitachi Metals, and Others.

(2) Basis of Presentation

As the Company meets the requirements of a "Specified Company applying Designated International Financial Reporting Standards" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), the condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting," as permitted by the provision of Article 93 of the Ordinance. They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the financial statements and notes included in the Company's annual consolidated financial statements for the year ended March 31, 2021.

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies, reporting of revenues and expenses and assets and liabilities in the preparation of these condensed quarterly consolidated financial statements. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated. The effect of a change in accounting estimates, if any, is recognized in the reporting period in which the change was made and in future periods.

Judgments, estimates and assumptions that could have a material effect on these condensed quarterly consolidated financial statements are basically the same as those disclosed in the Company's annual consolidated financial statements for the year ended March 31, 2021.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

(3) Significant Accounting Policies

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2021.

Income taxes for the three months ended June 30, 2021 are computed using the estimated annual effective tax rate.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

(4) Segment Information

The operating segments of the Company are the components for which separate financial information is available and which is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company discloses its business in nine reportable segments, corresponding to categories of activities classified primarily by the similarities for the nature of markets, products and services, and economic characteristics. Several operating segments are aggregated into Energy, Industry, Mobility and Smart Life for financial reporting purposes so that users of the financial statements better understand the Company's financial position and business performance. The Company aggregates operating segments based on the similarities of economic characteristics mainly using gross profit margin ratios of operating segments. The primary products and services included in each segment are as follows:

IT:

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

Energy:

Energy solutions (Nuclear, Renewable energy, Thermal, Power grid)

Industry:

Industry & distribution solutions, Water & environment solutions and Industrial machinery

Mobility:

Building systems (Elevators, Escalators) and Railway systems

Smart Life:

Smart life & ecofriendly systems (Home appliances, Air conditioners), Measurement and analytical systems (Medical and Bio, Semiconductor, Industry)

Automotive Systems:

Powertrain, Chassis, Advanced driver assistance, Motorcycle

Hitachi Construction Machinery:

Hydraulic excavators, Wheel loaders, Mining machinery, Maintenance and services, Construction solutions and Mine management systems

Hitachi Metals:

Specialty steel products, Functional components and equipment, Magnetic materials and power electronics materials, and Wires, cables and related products

Others:

Optical disk drives, Property management and others

In January 2021, Hitachi Automotive Systems, Ltd., a consolidated subsidiary of the Company, integrated management with Keihin Corporation, Showa Corporation, and Nissin Kogyo Co., Ltd and established Hitachi Astemo, Ltd. Subsequently, on April 1, 2021, in addition to the current five sectors which are the areas of focus of the Social Innovation Business, Hitachi Astemo, Ltd. was spun off from the Smart Life segment and positioned as a business alongside the five sectors. Also, this change will facilitate swift decision-making to establish a structure that will achieve smooth integration and growth strategies, create synergies and further accelerate the growth of the business. As a result, effective from April 1, 2021, the Automotive systems segment is identified as a separate reportable segment. Figures for the three months ended June 30, 2020 have been restated on the basis of the reclassification.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2021

The following tables show business segment information for the three months ended June 30, 2021 and 2020.

Revenues from External Customers

	Millions of yen	
	2021	2020
IT	407,191	397,549
Energy	325,011	64,339
Industry	152,357	134,239
Mobility	353,261	246,349
Smart Life	248,546	273,401
Automotive Systems	381,530	108,865
Hitachi Construction Machinery	227,622	170,119
Hitachi Metals	219,563	149,062
Others	50,018	47,554
Subtotal	2,365,099	1,591,477
Corporate items	2,338	2,800
Total	2,367,437	1,594,277

Revenues from Intersegment Transactions

	Millions of yen	
	2021	2020
IT	35,706	32,637
Energy	11,104	10,078
Industry	34,612	31,617
Mobility	1,520	1,893
Smart Life	18,046	20,885
Automotive Systems	1,057	532
Hitachi Construction Machinery	514	38
Hitachi Metals	7,289	5,711
Others	56,389	51,035
Subtotal	166,237	154,426
Corporate items and Eliminations	(166,237)	(154,426)
Total	-	-

Total Revenues

	Millions of yen	
	2021	2020
IT	442,897	430,186
Energy	336,115	74,417
Industry	186,969	165,856
Mobility	354,781	248,242
Smart Life	266,592	294,286
Automotive Systems	382,587	109,397
Hitachi Construction Machinery	228,136	170,157
Hitachi Metals	226,852	154,773
Others	106,407	98,589
Subtotal	2,531,336	1,745,903
Corporate items and Eliminations	(163,899)	(151,626)
Total	2,367,437	1,594,277

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2021

Segment Profit (Loss)

Millions of yen

	2021	2020
IT	44,122	38,035
Energy	(1,524)	3,073
Industry	10,369	4,415
Mobility	43,477	20,011
Smart Life	26,342	26,185
Automotive Systems	12,805	(27,964)
Hitachi Construction Machinery	12,385	2,429
Hitachi Metals	4,641	(6,699)
Others	5,431	4,413
Subtotal	158,048	63,898
Corporate items and Eliminations	10,622	276,520
Total	168,670	340,418
Interest income	4,639	3,656
Interest charges	(6,454)	(4,365)
Income from continuing operations, before income taxes	166,855	339,709

Segment profit (loss) is measured by EBIT.

Intersegment transactions are generally recorded at the same prices used in arm's length transactions. Corporate items include corporate expenses not allocated to individual business segments, such as expenditures for advanced R&D, a part of net gain (loss) on business reorganization and share of profits (losses) of investments accounted for using the equity method, and others.

June 30, 2021

(5) Business Acquisitions and Divestitures

The following are the main Business Acquisitions and Divestitures for the three months ended June 30, 2021, including the period up to the approval date of the condensed quarterly consolidated financial statements.

(a) Acquisition of Thales' ground transportation systems business

On August 3, 2021, Hitachi Rail Ltd. (Hitachi Rail), a consolidated subsidiary of the Company in the Mobility segment, signed an agreement with Thales S.A. (Thales) to acquire the ground transportation systems business in order to expand the rail signalling systems business globally. Based on the agreement, Hitachi Rail will acquire Thales' ground transportation systems business which will be carved out from Thales. The transaction is subject to the usual conditions including regulatory and antitrust clearances and is expected to be completed by the fiscal year ending March 31, 2023. Hitachi Rail agreed on an enterprise value of 1,660 million euro (approximately 215.0 billion yen) and the final purchase price will be determined after certain adjustments. The effects of this transaction on the Company's consolidated financial statements are currently being evaluated.

(b) Sale of all shares of Hitachi Metals, Ltd. (Hitachi Metals)

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

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

(ii) In the event Tender Offer is enacted and Tender Offeror is unable to acquire all of the Hitachi Metals Shares (excluding treasury stock held by Hitachi Metals and Shares to Be Sold by the Company) in Tender Offer, Tender Offeror and the Company will request convening of a general meeting of shareholders on the matter of items required for implementation of share consolidation (Share Consolidation) on Hitachi Metals and exercise approval right for the proposal.

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

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

The consideration is expected to be approximately 382.0 billion yen.

Assuming the transaction is settled, it is expected that the Company will transfer Shares to Be Sold by the Company. As a result, the Company's ownership ratio of Hitachi Metals Shares will decrease from 53.4% to 0%, and Hitachi Metals will be deconsolidated. An expected gain on the sale of Hitachi Metals Shares in the amount of approximately 114.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss. Furthermore, non-controlling interest in Hitachi Metals will decrease approximately 230.0 billion yen in the consolidated statement of changes in equity as a result of its deconsolidation.

(c) Acquisition of GlobalLogic Inc.

On March 31, 2021, the Company decided to acquire GlobalLogic Inc. (GlobalLogic), a leading U.S.-headquartered digital engineering service company, in order to strengthen the digital portfolio of "Lumada" and the definitive agreement was signed among Hitachi Global Digital Holdings LLC (HGDH) which is a subsidiary located in the U.S., MergeCo H Global Inc. (SPC) which was established by HGDH for the acquisition and GlobalLogic Worldwide Holdings, Inc. (GlobalLogic Worldwide Holdings) which is the parent company of GlobalLogic.

On July 13, 2021, HGDH acquired 100% of the outstanding shares of GlobalLogic Worldwide Holdings and GlobalLogic Worldwide Holdings and GlobalLogic have become wholly owned subsidiaries of the Company, as a result of the transaction, including the merger of SPC with and into GlobalLogic Worldwide Holdings, which is the surviving company. The cash paid for the acquisition is approximately 8.4 billion U.S. dollars (approximately 915.3 billion yen). Acquisition related costs of approximately 4,000 million yen will be recorded for the year ending March 31, 2022. Hitachi America Capital, Ltd. which is a subsidiary located in the U.S., repaid approximately 1.1 billion U.S. dollars (approximately 115.5 billion yen) of certain loans owed by GlobalLogic, in addition to the acquisition cost.

Due to a time constraint between the acquisition date and the filing date of the quarterly report, the initial accounting treatment for the acquisition of GlobalLogic has not yet been completed. Accordingly, no disclosure has been made to the amounts of assets acquired and liabilities assumed that were recognized at the date of acquisition or the balance of goodwill.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

(d) Reorganization of the Global Home Appliances Business (excluding Japan)

On December 16, 2020, Hitachi Global Life Solutions, Inc. (Hitachi GLS), a consolidated subsidiary of the Company in the Smart Life segment, and Arçelik A.S. (Arçelik) signed a share purchase agreement to establish a new joint venture company. Based on the agreement, Hitachi GLS established a new company and transferred its global home appliances business outside of Japan into the new company on July 1, 2021, and Hitachi GLS transferred 60% of the shares of common stock of the new company to Arçelik. The consideration is 343 million U.S. dollars (38,000 million yen). As a result, Hitachi GLS's ownership ratio of shares of the new company decreased from 100% to 40%, and the new company turned into an equity-method associate of the Company.

(e) Other

To implement the growth investments necessary to strengthen and expand the Social Innovation Business globally, the Company issued commercial paper at a total issue price of 100,000 million yen in July 2021. Also, the Company borrowed money totaling 500,000 million yen from several financial institutions in July 2021. All interest rates reflect market interest rates and maturities are within one year. There are no collateral or other important riders.

The following are the main Business Acquisitions and Divestitures for the three months ended June 30, 2020.

(a) Additional acquisition of shares of Hitachi High-Tech Corporation (Hitachi High-Tech)

On January 31, 2020, the Company decided to conduct a tender offer to acquire all issued shares of Hitachi High-Tech, a consolidated subsidiary of the Company in the Smart Life segment, to establish the measurement and analysis platform to strengthen Lumada. The Company commenced the tender offer on February 17, 2020, and the tender offer was completed on April 6, 2020.

Furthermore, the Company conducted a series of procedures to make Hitachi High-Tech a wholly-owned subsidiary of the Company. As a result, the Company's ownership ratio of shares of Hitachi High-Tech increased to 100% on May 20, 2020. The total consideration paid was 531,084 million yen, and the Company recognized decreases in capital surplus of 321,627 million yen and non-controlling interest of 209,457 million yen, respectively, for the three months ended June 30, 2020.

(b) Sale of all shares of Hitachi Chemical Company, Ltd. (Hitachi Chemical)

On December 18, 2019, the Company signed a tender offer agreement with Showa Denko K.K. (Showa Denko) and HC Holdings K.K. (HC Holdings), a wholly-owned subsidiary of Showa Denko, under which the Company agrees to tender all shares of common stock in Hitachi Chemical held by the Company, in response to a tender offer to be carried out by HC Holdings for the shares of common stock of Hitachi Chemical, a consolidated subsidiary of the Company. HC Holdings commenced the tender offer on March 24, 2020, and the tender offer was completed on April 20, 2020. The consideration received by the Company was 495,145 million yen.

As a result, the Company's ownership ratio of shares of Hitachi Chemical decreased from 51.4% to 0%, and Hitachi Chemical was deconsolidated. A gain on the sale of shares of Hitachi Chemical in the amount of 278,839 million yen was recognized in Other income in the condensed quarterly consolidated statement of profit or loss. Furthermore, non-controlling interest in Hitachi Chemical decreased 220,402 million yen in Changes in non-controlling interests in the condensed quarterly consolidated statement of changes in equity as a result of its deconsolidation.

On October 1, 2020, Hitachi Chemical changed its name to Showa Denko Materials Co., Ltd.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2021

(6) Trade Receivables and Contract Assets

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

	June 30, 2021	March 31, 2021
Accounts receivable	1,581,335	1,948,569
Contract assets	756,952	634,318
Others	154,540	151,589
Total	2,492,827	2,734,476

Trade receivables and contract assets are stated as net of the allowance for doubtful receivables.

Others include notes receivable and electronically recorded monetary claims.

(7) Fair Value of Financial Instruments

(a) Fair Value Measurements

The following methods and assumptions are used to measure the fair value of financial assets and liabilities.

Cash and cash equivalents, Trade receivables, Short-term loans receivable, Other accounts receivable, Short-term debt, Other accounts payable and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Investments in securities and other financial assets

The fair value of lease receivables is based on the present value of lease payments receivable calculated for each group of years to maturity using discount rates that reflect the time to maturity and credit risk.

Investment securities with quoted market prices are estimated using the quoted share prices. In the absence of an active market for investment securities, quoted prices for similar investment securities, quoted prices associated with transactions that are not distressed for identical or similar investment securities or other relevant information including market interest rate curves, referenced credit spreads or default rates, are used to determine fair value. If significant inputs of fair value measurement are unobservable, the Company uses price information provided by financial institutions to evaluate such investments. The information provided is corroborated by the income approach using its own valuation model, or the market approach using comparisons with prices of similar securities.

The fair value of long-term loans receivable is estimated based on the present value of future cash flows using the interest rate applicable to an additional loan of the same type.

Derivative assets are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company mainly uses the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

Long-term debt

The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using the market interest rates applicable to the same contractual terms.

Other financial liabilities

Derivative liabilities are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company uses mainly the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

(b) Financial Instruments Measured at Amortized Cost

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost as of June 30 and March 31, 2021 are as follows.

The fair value estimated for financial assets and liabilities measured at amortized cost is classified in Level 2 of the fair value hierarchy.

Millions of yen

	June 30, 2021		March 31, 2021	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
<u>Assets</u>				
Investments in securities and other financial assets				
Lease receivables	85,246	86,554	90,044	91,483
Debt securities	54,665	54,667	55,714	55,716
Long-term loans receivable	1,832	1,832	21,103	22,409
<u>Liabilities</u>				
Long-term debt [1]				
Bonds	355,923	358,008	365,959	367,537
Long-term borrowings	1,299,437	1,301,858	1,295,609	1,296,373

[1] Long-term debt is included in Current portion of long-term debt and Long-term debt in the condensed quarterly consolidated statement of financial position.

(c) Financial Instruments Measured at Fair Value

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three levels of the fair value hierarchy based on the measurement inputs' observability as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Valuations measured by direct or indirect observable inputs other than Level 1
- Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input that is significant with the lowest level in the fair value measurement as a whole.

Transfers between levels are deemed at the beginning of each quarter period.

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

The following tables present the assets and liabilities that are measured at fair value on a recurring basis as of June 30 and March 31, 2021.

June 30, 2021				Millions of yen
Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets				
Equity securities	85	-	13,163	13,248
Debt securities	12,550	4,672	6,218	23,440
Derivatives	-	43,026	87	43,113
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	328,426	1,138	106,997	436,561
Total financial assets at fair value	341,061	48,836	126,465	516,362
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	24,958	-	24,958
Total financial liabilities at fair value	-	24,958	-	24,958

March 31, 2021				Millions of yen
Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets				
Equity securities	131	-	9,865	9,996
Debt securities	12,749	4,548	6,054	23,351
Derivatives	-	34,981	87	35,068
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	235,278	977	110,853	347,108
Total financial assets at fair value	248,158	40,506	126,859	415,523
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	26,739	-	26,739
Total financial liabilities at fair value	-	26,739	-	26,739

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

The following tables present the changes in Level 3 instruments measured on a recurring basis for the three months ended June 30, 2021 and 2020.

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

June 30, 2020	Millions of yen			
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of period	112,885	8,617	6,147	127,649
Gain (loss) in profit or loss [1]	(139)	57	(1)	(83)
Gain in OCI [2]	1,205	-	-	1,205
Purchases	1,068	303	-	1,371
Sales and redemption	(1,041)	(613)	(6,061)	(7,715)
Acquisitions and divestitures	(3,591)	(656)	-	(4,247)
Other	118	(4)	-	114
Balance at end of period	110,505	7,704	85	118,294
Unrealized gain (loss) relating to financial assets held at end of period [4]	(152)	57	(1)	(96)

[1] Gain (loss) in profit or loss related to FVTPL financial assets is included in Financial income and Financial expenses in the condensed quarterly consolidated statement of profit or loss.

[2] Gain (loss) in OCI related to FVTOCI financial assets is included in Net changes in financial assets measured at fair value through OCI in the condensed quarterly consolidated statement of comprehensive income.

[3] Transfer from Level 3 is mainly due to an investee becoming listed on the stock market.

[4] Unrealized gain (loss) relating to FVTPL financial assets held at the end of period is included in Financial income and Financial expenses in the condensed quarterly consolidated statement of profit or loss.

Fair values are measured by the finance departments in accordance with the Company's policies and procedures. Valuation models are determined so that they reflect each financial instrument's nature, characteristics and risks most appropriately. The finance departments continually examine changes in important inputs that could affect the fair value. In case the fair value of a financial instrument was significantly impaired, administrators review and approve the impairment loss.

(d) Other

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

Put options on non-controlling interests of Hitachi ABB Power Grids Ltd are measured at the present value of the exercise price. The carrying amount of the put options above as of June 30 and March 31, 2021 were 238,189 million yen and 237,805 million yen, respectively, included in Other non-current liabilities in the condensed quarterly consolidated statement of financial position.

On June 30, 2021, Hitachi ABB Power Grids Ltd changed its name to Hitachi Energy Ltd.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2021

(8) Dividends

Dividends paid on the Company's common stock for the three months ended June 30, 2021 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 12, 2021	53,175	Retained earnings	55.0	March 31, 2021	June 2, 2021

Dividends paid on the Company's common stock for the three months ended June 30, 2020 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 13, 2020	48,311	Retained earnings	50.0	March 31, 2020	June 8, 2020

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2021

(9) Revenues

(a) Disaggregation of revenue

The Company derives revenues primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and geographic area.

Effective from April 1, 2021, the Company reclassified its reportable segments. Accordingly, figures for the three months ended June 30, 2020 have been restated on the basis of the reclassification. Details of the reclassification are described in note 4.

Millions of yen

June 30, 2021							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Energy	61,256	75,552	65,456	86,401	47,450	274,859	336,115
Industry	126,869	19,345	29,874	6,087	4,794	60,100	186,969
Mobility	76,537	176,002	13,795	75,574	12,873	278,244	354,781
Smart Life	132,960	72,245	29,389	26,123	5,875	133,632	266,592
Automotive Systems	108,740	141,639	75,490	31,659	25,059	273,847	382,587
Hitachi Construction Machinery	43,205	43,684	42,118	39,037	60,092	184,931	228,136
Hitachi Metals	98,433	48,502	65,119	10,371	4,427	128,419	226,852
Others	88,707	12,739	1,277	2,940	744	17,700	106,407
Subtotal	1,058,294	629,383	360,425	310,143	173,091	1,473,042	2,531,336
Corporate items and Eliminations	(150,711)	(7,901)	(1,669)	(2,858)	(760)	(13,188)	(163,899)
Total	907,583	621,482	358,756	307,285	172,331	1,459,854	2,367,437

Millions of yen

June 30, 2020							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Energy	59,932	10,161	3,570	607	147	14,485	74,417
Industry	122,881	16,413	19,943	3,308	3,311	42,975	165,856
Mobility	75,690	103,467	11,982	47,911	9,192	172,552	248,242
Smart Life	147,657	81,775	29,104	25,690	10,060	146,629	294,286
Automotive Systems	40,595	33,142	17,259	12,455	5,946	68,802	109,397
Hitachi Construction Machinery	39,934	39,026	27,906	17,855	45,436	130,223	170,157
Hitachi Metals	78,808	34,084	32,998	6,931	1,952	75,965	154,773
Others	82,250	12,244	1,967	1,387	741	16,339	98,589
Subtotal	959,428	368,451	183,199	149,133	85,692	786,475	1,745,903
Corporate items and Eliminations	(141,425)	(7,805)	(994)	(781)	(621)	(10,201)	(151,626)
Total	818,003	360,646	182,205	148,352	85,071	776,274	1,594,277

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

The IT segment consists of Front Business and Services & Platforms, for which revenue amounted to 302,164 million yen and 173,018 million yen for the three months ended June 30, 2021 and 291,222 million yen and 172,847 million yen for the three months ended June 30, 2020, respectively (including intersegment transactions). Front Business is operated mainly in Japan, and Services & Platforms is operated mainly in Japan, North America and Europe.

The Company's revenues include revenue recognized based on the pattern of the cost accrual arising from long-term projects. Of the revenue recognized during the three months ended June 30, 2021 and 2020, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects were 341,774 million yen and 223,179 million yen, respectively.

(b) Information about satisfaction of performance obligations

The following is information about satisfaction of performance obligations related to major goods and services of each reportable segment.

(IT)

Front Business primarily provides goods and services such as system integration, consulting and cloud services. These long-term projects provide goods and services according to customers' specifications over a specified period of time, and revenue is recognized mainly based on the pattern of the cost accrual (the progress of the project mostly based on the cost incurred relative to the estimated total cost) or the passage of time as performance obligations are satisfied over time.

Many of the contracts require payments based on milestones, and in some cases, payments are made before performance obligations are satisfied.

Services & Platforms primarily sells control systems, software and IT products. Revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

(Energy, Industry and Mobility)

The Energy segment includes revenue from businesses such as energy solutions, which are operated mainly in Japan, Asia, Europe, and North America. The Industry segment includes revenue from businesses such as industry & distribution solutions, which are operated mainly in Japan. The Mobility segment includes revenue from building systems and railway systems businesses. The building systems business is operated mainly in China and the railway systems business is operated mainly in Europe.

Long-term projects related to contracts such as construction in these segments involve manufacturing and providing goods based on customers' specifications over a specified period of time. As performance obligations are satisfied over time, revenue is recognized mainly based on the pattern of the cost accrual (the progress of the project mostly based on the cost incurred relative to the estimated total cost). In addition, these segments provide certain services promised in the contracts such as maintenance throughout the duration of the contract, and recognize revenue over time based on the passage of time. Many of the contracts require payments based on milestones, and, in some cases, payments are made before performance obligations are satisfied.

Further, in the sale of industrial equipment, etc. included in the Industry segment, and in the sale of elevators, etc. included in the Mobility segment, revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

(Other)

In the Smart Life, Automotive Systems, Hitachi Construction Machinery, and Hitachi Metals segments, performance obligations are generally satisfied at a point in time upon completion or upon delivery of the goods, and revenue is recognized when control over goods is transferred to customers. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

These segments provide certain services promised in the contracts such as maintenance throughout the duration of the contract, and they recognize revenue over time based on the passage of time. The Company's general terms and conditions apply, and there are no significant transactions in which payment terms include deferred payments, etc.

Notes to Condensed Quarterly Consolidated Financial Statements
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(10) Other Income and Expenses

The main components of other income and expenses for the three months ended June 30, 2021 and 2020 are as follows:

	Millions of yen	
	2021	2020
Net gain (loss) on sales and disposals of fixed assets	(1,872)	2,015
Impairment losses	(1,341)	(338)
Net gain (loss) on business reorganization and others	36,714	281,651
Special termination benefits	(1,945)	(1,185)

Impairment losses are mainly recognized on property, plant and equipment, investment properties, goodwill and other intangible assets. Net gain (loss) on business reorganization and others include gains and losses related to obtaining and losing control of investees and gains and losses related to obtaining and losing significant influence over investees.

Restructuring charges (structural reform expenses) included in other expenses for the three months ended June 30, 2021 and 2020 were 3,286 million yen and 1,523 million yen, respectively. Restructuring charges (structural reform expenses) mainly include impairment losses and special termination benefits.

(11) Financial Income and Expenses

The main components of financial income and expenses for the three months ended June 30, 2021 and 2020 are as follows:

	Millions of yen	
	2021	2020
Dividends received	1,909	1,976
Exchange gain (loss)	(1,816)	(390)

Dividends received for the three months ended June 30, 2021 and 2020 are from FVTOCI financial assets.

Notes to Condensed Quarterly Consolidated Financial Statements
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(12) Discontinued Operations

In the Energy segment, the Company classified the part of thermal power generation systems business which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. (currently Mitsubishi Power, Ltd.) for business integration in the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd. but was operated by the Company and certain subsidiaries as discontinued operations in the condensed quarterly consolidated statement of profit or loss since the projects were completed in the year ended March 31, 2015.

Profit or loss and cash flows from the discontinued operations for the three months ended June 30, 2021 and 2020 are as follows:

	Millions of yen	
	2021	2020
Profit or loss from discontinued operations		
Revenues	0	4
Cost of sales and expenses	0	(341)
Income (loss) from discontinued operations, before income taxes	0	(337)
Income taxes	-	-
Income (loss) from discontinued operations	0	(337)

	Millions of yen	
	2021	2020
Cash flows from discontinued operations		
Cash flows from operating activities	0	(260)
Cash flows from investing activities	-	-
Cash flows from financing activities	0	381

Notes to Condensed Quarterly Consolidated Financial Statements

June 30, 2021

(13) Earnings Per Share (EPS) Information

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the three months ended June 30, 2021 and 2020 are as follows:

	Number of shares	
	2021	2020
Weighted average number of shares on which basic EPS is calculated	966,301,120	965,905,747
Effect of dilutive securities		
Stock options	551,578	681,400
Restricted stock	693,289	446,753
Restricted stock units	20,438	5,506
Number of shares on which diluted EPS is calculated	967,566,425	967,039,406

	Millions of yen	
	2021	2020
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	122,231	223,588
Effect of dilutive securities	-	-
Diluted	122,231	223,588
Net income (loss) from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	0	(337)
Effect of dilutive securities	-	-
Diluted	0	(337)
Net income attributable to Hitachi, Ltd. stockholders		
Basic	122,231	223,251
Effect of dilutive securities	-	-
Diluted	122,231	223,251

	Yen	
	2021	2020
EPS from continuing operations, attributable to Hitachi, Ltd. stockholders		
Basic	126.49	231.48
Diluted	126.33	231.21
EPS from discontinued operations, attributable to Hitachi, Ltd. stockholders		
Basic	0.00	(0.35)
Diluted	0.00	(0.35)
EPS attributable to Hitachi, Ltd. stockholders		
Basic	126.49	231.13
Diluted	126.33	230.86

(14) Contingencies

Litigation

In November 2017, a subsidiary in Japan received a complaint that was filed against three companies, namely a construction company of a condominium complex, the subsidiary and a secondary subcontractor, by a contractee in Japan seeking approximately 45.9 billion yen in compensation for expenses allegedly incurred arising from concerns over partial deficiencies of piling work during the construction phases of the condominium complex, which the subsidiary contracted as the primary subcontractor. In July 2018, the compensation claim against these three companies was amended to approximately 51.0 billion yen by the contractee.

In relation to the aforementioned lawsuit, in April 2018, the subsidiary in Japan received a complaint that was filed against the subsidiary and the secondary subcontractor, by the construction company of the condominium complex seeking approximately 49.6 billion yen in compensation for expenses allegedly incurred arising from the aforementioned lawsuit. In July 2018, the compensation claim against these two companies was amended to approximately 54.8 billion yen by the construction company of the condominium complex. Although the subsidiary in Japan will address these claims and explain its position, there can be no assurance that it will not be held liable for any amounts claimed.

In December 2017, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of 263 million euro (34,611 million yen) and interest allegedly incurred by performance defects of a power plant. As of June 30, 2021, the amount of compensation claimed by the customer was changed to 270 million euro (35,531 million yen). Although the subsidiary in Europe will vigorously defend itself against this lawsuit, there can be no assurance that it will not be held liable for any amounts claimed.

The Company and its subsidiaries execute a number of business reorganizations, including mergers, acquisitions and divestitures. Contracts for these reorganizations include clauses for transaction price adjustments subsequent to the reorganizations. There is a possibility products or services provided by the Company and its subsidiaries contain defects. As the result of price adjustments, or in compensation for defects in products or services etc. there is a possibility that the Company pays for any amounts.

Depending upon the outcome of the above legal proceedings, there may be an adverse effect on the consolidated financial position or results of operations. Currently, the Company is unable to estimate the adverse effect, if any, of many of these proceedings. The actual amount of fines, surcharge payments or any other payments resulting from these legal proceedings may be different from the accrued amounts.

In addition to the above, the Company and its subsidiaries are subject to legal proceedings and claims which have arisen in the ordinary course of business and have not been finally adjudicated. These actions when ultimately concluded and determined will not, in the opinion of management, have a material adverse effect on the condensed quarterly consolidated financial statements of the Company and subsidiaries.

(15) Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements were approved on August 5, 2021 by Keiji Kojima, President and COO of the Company.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	August 5, 2021
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Title and Name of Representative]	Keiji Kojima, President & COO
[Name and title of CFO]	Yoshihiko Kawamura, Senior Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Mr. Keiji Kojima, President & COO, and Mr. Yoshihiko Kawamura, Senior Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the first quarter of the 153rd fiscal year (from April 1, 2021 to June 30, 2021) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.