

[Translation]

# Quarterly Report

(The Third Quarter of 154th Business Term)  
From October 1, 2022 to December 31, 2022

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
Hitachi, Ltd.

[Cover]

|   |  |
|---|--|
| [Document Filed]                              | Quarterly Report (“Shihanki Hokokusho”)  |
| [Applicable Law]                              | Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan   |
| [Filed with]                                  | Director, Kanto Local Finance Bureau   |
| [Filing Date]                                 | February 9, 2023   |
| [Fiscal Year]                                 | The Third Quarter of 154th Business Term (from October 1, 2022 to December 31, 2022)   |
| [Company Name]                                | Kabushiki Kaisha Hitachi Seisakusho  |
| [Company Name in English]                     | Hitachi, Ltd.  |
| [Title and Name of Representative]            | Keiji Kojima, President & CEO  |
| [Address of Head Office]                      | 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo   |
| [Phone No.]                                   | 03-3258-1111   |
| [Contact Person]                              | Takahiro Yamada, Manager, Legal Division   |
| [Contact Address]                             | 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo   |
| [Phone No.]                                   | 03-3258-1111   |
| [Contact Person]                              | Takahiro Yamada, Manager, Legal Division   |
| [Place Where Available for Public Inspection] | Tokyo Stock Exchange, Inc.<br>(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)<br>Nagoya Stock Exchange, Inc.<br>(8-20, Sakae 3-chome, Naka-ku, Nagoya) |

---

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.

# Contents

|   |    |
|---|----|
| Part I Information on the Company .....   | 1  |
| I. Overview of the Company .....  | 1  |
| 1. Key Financial Data .....   | 1  |
| 2. Description of Business .....  | 2  |
| II. Business Overview .....   | 4  |
| 1. Risk Factors .....   | 4  |
| 2. Management’s Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows ... | 4  |
| 3. Material Agreements, etc. ....   | 9  |
| III. Information on the Company .....   | 10 |
| 1. Information on the Company’s Stock, etc. ....  | 10 |
| (1) Total number of shares, etc. ....   | 10 |
| (2) Information on the stock acquisition rights, etc. ....  | 10 |
| (3) Information on moving strike convertible bonds, etc. ....   | 10 |
| (4) Changes in the total number of issued shares and the amount of common stock and other .....                       | 10 |
| (5) Major shareholders .....  | 10 |
| (6) Information on voting rights .....  | 11 |
| 2. Changes in Senior Management .....   | 11 |
| IV. Financial Information .....   | 12 |
| Part II Information on Guarantors, etc. for the Company .....   | 12 |
| [Condensed Quarterly Consolidated Financial Statements] .....   | F1 |
| [Confirmation Letter] .....   | A1 |

## 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)

|   | Nine months ended<br>December 31, 2021 | Nine months ended<br>December 31, 2022 | Year ended<br>March 31, 2022 |
|---|--|--|------------------------------|
| Revenues  | 7,346,665<br>[2,514,000]               | 8,108,796<br>[2,692,017]               | 10,264,602                   |
| Income before income taxes  | 593,256                                | 456,819                                | 839,333                      |
| Net income attributable to Hitachi, Ltd.<br>stockholders                        | 450,785<br>[128,341]                   | 292,232<br>[119,717]                   | 583,470                      |
| Comprehensive income attributable to Hitachi,<br>Ltd. stockholders              | 556,799                                | 481,233                                | 958,008                      |
| Total Hitachi, Ltd. stockholders' equity  | 3,950,153                              | 4,524,170                              | 4,341,836                    |
| Total equity  | 4,901,382                              | 5,170,596                              | 5,355,277                    |
| Total assets  | 13,423,876                             | 13,281,006                             | 13,887,502                   |
| Earnings per share attributable to Hitachi, Ltd.<br>stockholders, basic (yen)   | 466.47<br>[132.80]                     | 306.99<br>[127.48]                     | 603.75                       |
| Earnings per share attributable to Hitachi, Ltd.<br>stockholders, diluted (yen) | 465.86                                 | 306.66                                 | 602.96                       |
| Total Hitachi, Ltd. stockholders' equity ratio (%)                              | 29.4                                   | 34.1                                   | 31.3                         |
| Net cash provided by (used in) operating<br>activities                          | 257,156                                | 380,090                                | 729,943                      |
| Net cash provided by (used in) investing<br>activities                          | (1,027,728)                            | (145,277)                              | (1,048,866)                  |
| Net cash provided by (used in) financing<br>activities                          | 710,132                                | (260,857)                              | (202,739)                    |
| Cash and cash equivalents at end of period                                      | 990,202                                | 959,299                                | 968,827                      |

(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. The figures of "Revenues," "Net income attributable to Hitachi, Ltd. stockholders" and "Earnings per share attributable to Hitachi, Ltd. stockholders, basic" in square bracket are those for the three months ended December 31, 2021 and 2022, respectively.

3. The number of "Cash and cash equivalents at end of period" for nine months ended December 31, 2022 are the sum of "Cash and cash equivalents in the condensed quarterly consolidated statement of financial position" and "Cash and cash equivalents included in assets held for sale" as of December 31, 2022, respectively. Details are described in "Condensed Quarterly Consolidated Financial Statements - Note to Condensed Quarterly Consolidated Financial Statements December 31, 2022 - (6) Cash and Cash Equivalents".

## 2. Description of Business

There were no material changes in principal businesses of Hitachi during the nine months ended December 31, 2022. The Hitachi Group is comprised of the Company, 760 consolidated subsidiaries, and 369 equity-method associates and joint-ventures.

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

Major business and the positioning of principal affiliated companies for each segment and changes in Business Unit (BU) of the Company and principal affiliated companies during the nine months ended December 31, 2022 were as follows.

(As of December 31, 2022)

| Main products and services   | BU and principal affiliated companies  |   |
|--|--|---|
|  | BU   | Affiliated companies  |
| <u>Digital Systems &amp; Services</u><br>Digital Solutions (System Integration, Consulting, Cloud Services), IT Products (Storage, Servers), Software, ATMs  | Financial Institutions BU<br>Social Infrastructure Systems BU<br>Services & Platforms BU | [Consolidated subsidiaries]<br>Hitachi Information & Telecommunication Engineering, Ltd.<br>Hitachi Channel Solutions, Corp.<br>Hitachi Solutions, Ltd.<br>Hitachi Systems, Ltd.<br>GlobalLogic Worldwide Holdings, Inc.<br>Hitachi Computer Products (America), Inc.<br>Hitachi Digital LLC (Note 2)<br>Hitachi Payment Services Private Limited<br>Hitachi Vantara LLC  |
| <u>Green Energy &amp; Mobility</u><br>Energy Solutions (Power Grids, Renewable Energy, Nuclear), Railway Systems   | Power Grids BU<br>Energy BU<br>Nuclear Energy BU<br>Railway Systems BU                   | [Consolidated subsidiaries]<br>Hitachi-GE Nuclear Energy, Ltd.<br>Hitachi Plant Construction, Ltd.<br>Hitachi Power Semiconductor Device, Ltd.<br>Hitachi Power Solutions Co., Ltd.<br>Hitachi Energy Ltd<br>Hitachi Rail Ltd.  |
| <u>Connective Industries</u><br>Building Systems (Elevators, Escalators),<br>Smart Life & Ecofriendly Systems (Home Appliances, Air Conditioners),<br>Measurement and Analytical Systems (Medical and Bio, Semiconductor, Industry),<br>Industry & Distribution Solutions,<br>Water & Environment Solutions,<br>Industrial Machinery | Building Systems BU<br>Industrial Digital BU<br>Water & Environment BU                   | [Consolidated subsidiaries]<br>Hitachi Building Systems Co., Ltd.<br>Hitachi Global Life Solutions, Inc.<br>Hitachi High-Tech Corporation<br>Hitachi Industrial Equipment Systems Co., Ltd.<br>Hitachi Industrial Products, Ltd.<br>Hitachi Industry & Control Solutions, Ltd.<br>Hitachi Plant Services Co., Ltd.<br>Hitachi Elevator (China) Co., Ltd.<br>Hitachi Industrial Holdings Americas, Inc.<br>JR Technology Group, LLC<br>Sullair, LLC<br>[Equity-method associates]<br>Hitachi Kokusai Electric Inc.<br>Arcelik Hitachi Home Appliances B.V.<br>Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd |
| <u>Automotive Systems</u><br>Powertrain, Chassis, Advanced Driver Assistance, Motorcycle Systems   | —  | [Consolidated subsidiaries]<br>Hitachi Astemo, Ltd.<br>Hitachi Astemo Americas, Inc.  |
| <u>Hitachi Construction Machinery</u><br>Hydraulic Excavators, Wheel Loaders, Mining Machinery, Maintenance and Services, Construction Solutions, Mine Management Systems  | —  | [Consolidated subsidiaries]<br>— (Note 3)   |
| <u>Hitachi Metals</u><br>Specialty Steel Products, Functional Components and Equipment, Magnetic Materials and Power Electronics Materials, Wires, Cables and Related Products   | —  | [Consolidated subsidiaries]<br>Hitachi Metals, Ltd. (Note 4)  |
| <u>Others</u><br>Optical Disk Drives, Property Management  | —  | [Consolidated subsidiaries]<br>Hitachi-LG Data Storage, Inc.<br>Hitachi Real Estate Partners, Ltd.<br>Hitachi America, Ltd.<br>Hitachi Asia Ltd.<br>Hitachi (China), Ltd.<br>Hitachi Europe Ltd.<br>Hitachi India Pvt. Ltd.   |

- (Notes)
1. Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China), Ltd., Hitachi Europe Ltd. and Hitachi India Pvt. Ltd. are the Hitachi Group's regional supervising company for Americas, Asia, China, Europe and India, and they sell the Hitachi Group's products.
  2. Hitachi Global Digital Holdings LLC changed its name to Hitachi Digital LLC on April 1, 2022.
  3. Hitachi Construction Machinery Co., Ltd. has ceased to be a consolidated subsidiary of the Company and become an equity-method associate of the Company as a result of transfer of a part of its shares in Hitachi Construction Machinery Co., Ltd. on August 23, 2022. Consequently, there is no company which belongs to the Hitachi Construction Machinery segment since then.
  4. Hitachi Metals, Ltd. has ceased to be an affiliate of the Company due to transferring its shares on January 5, 2023. Consequently, there is no company which belongs to the Hitachi Metals segment since then. Hitachi Metals, Ltd changed its name to Proterial, Ltd. on January 4, 2023.
  5. In addition to the table above, the major equity-method associates are Hitachi Construction Machinery Co., Ltd. and Hitachi Transport System, Ltd.

## II. Business Overview

### 1. Risk Factors

There were no new risk factors recognized during the nine months ended December 31, 2022.

During the nine months ended December 31, 2022, the following is the material change in the risk factors stated in the Annual Securities Report for the 153rd business term pursuant to the Financial Instruments and Exchange Act of Japan, and the relevant change is underlined.

(Before the Change)

#### *Restructuring of Our Business*

<Text above omitted>

Our restructuring efforts may not be implemented in a timely manner or at all, including due to governmental regulations, employment issues or a lack of demand in the M&A market for businesses we may seek to sell. In addition, we have listed subsidiaries and from time to time the interests of these listed subsidiaries' shareholders may conflict with our interests. Such conflicts of interest may result in difficulties in timely implementing group-wide policies, including mergers, company splits and other similar transactions to which the listed subsidiaries are parties. Restructuring efforts may also bring about unintended consequences, such as negative customer or employee perceptions, and have caused and may continue to cause us to incur significant expenses and other costs, including additional impairment losses on our fixed assets and intangible assets, write-offs of inventory and losses on the disposal of fixed assets and losses related to the sale of securities. Current and future restructuring efforts may be unsuccessful or less successful than we presently anticipate and may adversely affect our business, financial condition and results of operations.

<Text below omitted>

(After the Change)

#### *Restructuring of Our Business*

<Text above omitted>

Our restructuring efforts may not be implemented in a timely manner or at all, including due to governmental regulations, employment issues or a lack of demand in the M&A market for businesses we may seek to sell. Restructuring efforts may also bring about unintended consequences, such as negative customer or employee perceptions, and have caused and may continue to cause us to incur significant expenses and other costs, including additional impairment losses on our fixed assets and intangible assets, write-offs of inventory and losses on the disposal of fixed assets and losses related to the sale of securities. Current and future restructuring efforts may be unsuccessful or less successful than we presently anticipate and may adversely affect our business, financial condition and results of operations.

<Text below omitted>

### 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 nine months ended December 31, 2022 were as follows.

Revenues increased 10% to 8,108.7 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of foreign exchange and growth of customers' investment, as well as increased revenues resulting from the acquisition of GlobalLogic Inc. ("GlobalLogic"). The increase was partially offset by conversion of Hitachi Construction Machinery Co., Ltd. to an equity-method affiliate of the Company as a result of selling a part of shares of Hitachi Construction Machinery Co., Ltd.

Cost of sales increased 11% to 6,123.9 billion yen and the ratio of cost of sales to revenues increased 1% to 76%, as compared with the nine months ended December 31, 2021, respectively. Gross profit increased 9% to 1,984.8 billion yen, as compared with the nine months ended December 31, 2021.

Selling, general and administrative expenses ("SG&A") increased 10% to 1,457.3 billion yen, as compared with the nine months ended December 31, 2021, and the ratio of SG&A to revenues was 18%, which was the same level as for the nine months ended December 31, 2021.

Adjusted operating income (presented as revenues less cost of sales as well as SG&A) increased 43.0 billion yen to 527.4 billion yen, as compared with the nine months ended December 31, 2021.

Share of profits of investments accounted for using the equity method increased 0.6 billion yen to profit of 34.0 billion yen, as compared with the nine months ended December 31, 2021.

As a result of foregoing, adjusted EBITA (defined as Adjusted Earnings before Interest, Taxes and Amortization, and representing the operating income, adding back the amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) of investments accounted for using the equity method) increased 49.0 billion yen to 624.2 billion yen, as compared with the nine months ended December 31, 2021..

Other income decreased 28.7 billion yen to 71.6 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the gains on business reorganization and others posted in the nine months ended December 31, 2021 by selling a part of shares of Arcelik Hitachi Home Appliances B.V. and a part of shares of Agility Trains (East) Holdings Limited, Ltd. The

decrease was partially offset by the gains on business reorganization and others as a result of deconsolidation of Hitachi Construction Machinery Co., Ltd. Other expenses increased 121.1 billion yen to 152.3 billion yen, as compared with the nine months ended December 31, 2021, due mainly to expenses posted by shifting to risk-sharing corporate pension and the impairment losses on goodwill of Hitachi Energy owing to the rise in discount rate following the significant rise in interest rates, etc.

Financial income (excluding interest income) decreased 5.0 billion yen to 9.9 billion yen and financial expenses (excluding interest charges) increased 15.7 billion yen to 16.2 billion yen, as compared with the nine months ended December 31, 2021, respectively.

Earnings before interest and taxes, which is presented as income from continuing operations, before income taxes less interest income plus interest charges decreased 126.8 billion yen to 474.5 billion yen, as compared with the nine months ended December 31, 2021.

Interest income increased 6.2 billion yen to 17.6 billion yen and interest charges increased 15.8 billion yen to 35.3 billion yen, as compared with the nine months ended December 31, 2021, respectively.

Income before income taxes decreased 136.4 billion yen to 456.8 billion yen, as compared with the nine months ended December 31, 2021.

Income taxes increased 41.9 billion yen to 122.9 billion yen, as compared with the nine months ended December 31, 2021.

Net income decreased 178.3 billion to 333.8 billion yen, as compared with the nine months ended December 31, 2021.

Net income attributable to non-controlling interests decreased 19.8 billion yen to 41.6 billion yen, as compared with the nine months ended December 31, 2021.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased 158.5 billion yen to 292.2 billion yen, as compared with the nine months ended December 31, 2021.

#### Operations by Segment

The following is an overview of results of operations by segment. Revenues for each segment include intersegment transactions. Effective from April 1, 2022, the company reclassified its reportable segment in seven segments: Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive systems, Hitachi Construction Machinery, Hitachi Metals and Others. Accordingly, the amounts previously reported for the nine months ended December 31, 2021 have been restated in conformity with the new segments.

##### (Digital Systems & Services)

Revenues increased 12% to 1,678.0 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of foreign exchange as well as strong results in Lumada business and GlobalLogic.

Adjusted EBITA increased 8.5 billion yen to 188.3 billion yen, as compared with the nine months ended December 31, 2021, due mainly to increased revenues, despite cost increase in a certain project.

##### (Green Energy & Mobility)

Revenues increased 18% to 1,723.7 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of foreign exchange and strong results in Hitachi Energy and Railway Systems business.

Adjusted EBITA increased 36.9 billion yen to 91.9 billion yen, as compared with the nine months ended December 31, 2021, due mainly to increased revenues and improved profitability in Railway Systems business, despite decreased profits due to cost increase in a certain project in Energy business.

##### (Connective Industries)

Revenues increased 9% to 2,170.3 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of foreign exchange and strong results in Measurement and Analytical Systems business and Building Systems business. The increase was partially offset by decreased revenues in Smart Life & Ecofriendly Systems business resulting from the impact of selling of overseas home appliance business, and municipal lockdowns in China.

Adjusted EBITA increased 41.4 billion yen to 227.4 billion yen, as compared with the nine months ended December 31, 2021, due mainly to increased revenues, despite decreased profits due to increased investment and sales expenses associated with promotion activities in Industrial Digital business.

##### (Automotive Systems)

Revenues increased 20% to 1,377.2 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of foreign exchange and moderate production recovery of OEMs, despite the factors decreasing profits such as the continuous semiconductor shortage and supply chain disruptions in China.

Adjusted EBITA increased 2.5 billion yen to 39.8 billion yen, as compared with the nine months ended December 31, 2021, due mainly to increased revenues, despite soaring raw material prices.

##### (Hitachi Construction Machinery)

Revenues decreased 34% to 475.1 billion yen, as compared with the nine months ended December 31, 2021, due mainly to conversion of Hitachi Construction Machinery Co., Ltd., which was included in Hitachi Construction Machinery segment, to an equity-method affiliate of the Company as a result of selling a part of shares of Hitachi Construction Machinery Co., Ltd. in August 2022.



Adjusted EBITA decreased 24.9 billion yen to 43.2 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of selling a part of shares of Hitachi Construction Machinery Co., Ltd. as described above.

(Hitachi Metals)

Revenues increased 23% to 847.7 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the sliding-scale system by soaring material prices and the impact of foreign exchange.

Adjusted EBITA increased 19.5 billion yen to 43.0 billion yen, as compared with the nine months ended December 31, 2021, due mainly to increased revenues and improved profitability owing to cost reduction measures .

(Others)

Revenues increased 3% to 332.9 billion yen, as compared with the nine months ended December 31, 2021.

Adjusted EBITA decreased 5.9 billion to 9.4 billion yen, as compared with the nine months ended December 31, 2021.

Revenues by Market

Revenues in Japan were 2,873.1 billion yen, which was the same level as for the nine months ended December 31, 2021, despite increased revenues mainly in Hitachi Metals, Automotive Systems and Connective Industries. The increase was partially offset by conversion of Hitachi Construction Machinery Co., Ltd. to an equity-method affiliate of the Company.

Overseas revenues increased 17% to 5,235.6 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the impact of foreign exchange, as well as increased revenues in Green Energy & Mobility sector resulting from the strong results in Hitachi Energy and Railway Systems business, in the Automotive Systems segment resulting from moderate production recovery of OEMs, and in Digital Systems & Services sector resulting from the acquisition of GlobalLogic.

As a result, the ratio of overseas revenues to total revenues increased 4% to 65%, as compared with the nine months ended December 31, 2021.

(2) Analysis of Financial Condition and Cash Flows

Liquidity and Capital Resources

During the nine months ended December 31, 2022, there were no major changes in the Company's policies of maintaining liquidity and ensuring funds, efforts for improvement in fund management efficiency, and ideas regarding funding sources and fundraising.

Cash Flows

(Cash Flows from Operating Activities)

Net cash outflow from a change in trade payables in the nine months ended December 31, 2022 was 19.2 billion yen, as compared with net cash inflow of 47.3 billion yen for the nine months ended December 31, 2021. Net cash inflow from a change in trade receivables and contract assets increased by 3.4 billion yen, as compared with the nine months ended December 31, 2021. Net cash outflow from a change in inventories decreased by 9.7 billion yen, and income tax payment decreased by 78.9 billion yen, as compared with the nine months ended December 31, 2021, respectively.

As a result of the foregoing, net cash provided by operating activities was 380.0 billion yen in the nine months ended December 31, 2022, an increase of 122.9 billion yen compared with the nine months ended December 31, 2021.

(Cash Flows from Investing Activities)

Net amount of investments related to property, plant and equipment\* was 256.2 billion yen in the nine months ended December 31, 2022 and this net sum decreased by 1.2 billion yen compared with the nine months ended December 31, 2021. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the nine months ended December 31, 2022 decreased by 890.2 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the purchase of shares of GlobalLogic Worldwide Holdings, Inc. in the nine months ended December 31, 2021. 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 nine months ended December 31, 2022 increased by 36.1 billion yen, as compared with the nine months ended December 31, 2021, due mainly to the sale of shares of Hitachi Construction Machinery Co., Ltd.

As a result of the foregoing, net cash used in investing activities was 145.2 billion yen in the nine months ended December 31, 2022, a decrease of 882.4 billion yen compared with the nine months ended December 31, 2021.

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

(Cash Flows from Financing Activities)

Net cash outflow related to long-term debt\*\* in the nine months ended December 31, 2022 decreased by 115.2 billion yen, as compared with the nine months ended December 31, 2021. However, net cash inflow from a change in short-term debt in the nine months ended December 31, 2022 decreased by 622.4 billion yen, as compared with the nine months ended December 31, 2021 and acquisition of common stock for treasury in the nine months ended December 31, 2022 increased by 199.9 billion yen, as compared with the nine months ended December 31, 2021.

As a result of the foregoing, net cash used in financing activities was 260.8 billion yen in the nine months ended December 31, 2022, as compared with 710.1 billion yen of net cash inflow in the nine months ended December 31, 2021.

\*\* 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 December 31, 2022 were 959.2 billion yen, a decrease of 9.5 billion yen from March 31, 2022. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 234.8 billion yen in the nine months ended December 31, 2022, an increase of 1,005.3 billion yen compared with the nine months ended December 31, 2021.

#### Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities and equity as of December 31, 2022.

Total assets were 13,281.0 billion yen, a decrease of 606.4 billion yen from March 31, 2022, due mainly to conversion of Hitachi Construction machinery Co., Ltd. to an equity-method affiliate of the Company, despite increased assets resulting from the impact of foreign exchange.

Total interest-bearing debt, the sum of short-term debt and long-term debt including current portion of long-term debt, was 3,054.7 billion yen, a decrease of 71.9 billion yen from March 31, 2022, due mainly to a decrease in current portion of long-term debt and long-term debt, despite an increase in short term debt.

Total Hitachi, Ltd. stockholders' equity increased by 182.3 billion yen from March 31, 2022, to 4,524.1 billion yen. The ratio of total Hitachi, Ltd. stockholders' equity to total assets was 34.1%, as compared with 31.3% as of March 31, 2022.

Non-controlling interests were 646.4 billion yen, a decrease of 367.0 billion yen from March 31, 2022.

Total equity was 5,170.5 billion yen, a decrease of 184.6 billion yen from March 31, 2022. The ratio of interest-bearing debt to total equity was 0.59, as compared with 0.58 as of March 31, 2022.

#### (3) Management Policy

There were no material changes in Hitachi's management policy during the nine months ended December 31, 2022.

#### (4) Challenges Hitachi Group Faces

##### 1) Business and Financial Challenges Hitachi Group Faces

There were no material changes in Hitachi's business and financial challenges during the nine months ended December 31, 2022.

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

There were no material changes in Hitachi's fundamental policy during the nine months ended December 31, 2022.

#### (5) Research and Development

There were no material changes in the research and development of the Hitachi Group (the Company and consolidated subsidiaries) stated in the Annual Securities Report for the 153rd business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the nine months ended December 31, 2022 were 232.4 billion yen, 2.9% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

| Segment                        | Nine months ended<br>December 31, 2022 |
|--------------------------------|--|
| Digital Systems & Services     | 38.5                                   |
| Green Energy & Mobility        | 37.1                                   |
| Connective Industries          | 61.4                                   |
| Automotive Systems             | 56.3                                   |
| Hitachi Construction Machinery | 9.5                                    |
| Hitachi Metals                 | 9.1                                    |
| Others                         | 1.4                                    |
| Corporate items & Eliminations | 18.8                                   |
| Total                          | 232.4                                  |

(6) Property, Plant and Equipment

The major property, plants and equipment materially changed during the nine months ended December 31, 2022 are as follows.

*Breakdown by Segment*

(As of December 31, 2022)

| Segment                                    | Book value (Millions of yen)                         |                                |                              |  |                        |       |                             |       | Number of employees |
|--|--|--------------------------------|------------------------------|--|------------------------|-------|-----------------------------|-------|---------------------|
|  | Land<br>[Area in<br>thousands<br>of m <sup>2</sup> ] | Buildings<br>and<br>structures | Machinery<br>and<br>vehicles | Tools,<br>furniture<br>and<br>fixtures | Right-of-use<br>Assets | Other | Construction<br>in progress | Total |                     |
| Hitachi Construction Machinery<br>(Note 1) | -<br>[-]   | -                              | -                            | -                                      | -                      | -     | -                           | -     | -                   |
| Hitachi Metals<br>(Note 2)                 | -<br>[-]   | -                              | -                            | -                                      | -                      | -     | -                           | -     | 26,902              |

- (Notes) 1. As Hitachi Construction Machinery Company, Ltd. was converted into an equity-method associate of the Company from its subsidiary on August 23, 2022, there is no company which belongs to the Hitachi Construction Machinery segment. Consequently, no property, plants and equipment were recorded in the segment.
2. As of December 31, 2022, the assets which belong to the Hitachi Metals Segment were classified as assets held for sale. Details are described in “Condensed Quarterly Consolidated Financial Statements - Notes to Condensed Quarterly Consolidated Financial Statements December 31, 2022 - (9) Assets Held for Sale”.

*Domestic subsidiaries and Overseas subsidiaries*

As Hitachi Construction Machinery Company, Ltd. was converted into an equity-method associate on August 23, 2022, the Tsuchiura Works, Hitachinaka-Rinko Works and Hitachinaka Works of Hitachi Construction Machinery Company, Ltd. are no longer the facilities of the Company’s domestic subsidiaries.

As of December 31, 2022, the assets which belong to Hitachi Metals Segment, including Yasugi Works and Ibaraki Works of Hitachi Metals, Ltd., Hitachi Metals Neomaterial., Ltd. and Waupaca Foundry, Inc., were classified as assets held for sale.

(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, 2023 is updated as follows (new installation and expansions, based on the amount recorded as tangible fixed assets and the investment property) . The amount of capital investment which is shown in the Initial Plan is the amount planned as of the filing date of the Annual Securities Report for the 153rd business term.

| Segment                        | The amount of capital investment<br>for the fiscal year ending March 31, 2023<br>(Billions of yen) |              |
|--------------------------------|--|--------------|
|                                | Initial Plan   | Updated Plan |
| Digital Systems & Services     | 65.0   | 62.0         |
| Green Energy & Mobility        | 80.0   | 78.0         |
| Connective Industries          | 76.0   | 70.0         |
| Automotive Systems             | 96.0   | 73.0         |
| Hitachi Construction Machinery | 16.0   | 29.8         |
| Hitachi Metals                 | 16.0   | 20.1         |
| Others                         | 27.0   | 21.0         |
| Corporate Items & Eliminations | 16.0   | 15.9         |
| Total                          | 392.0  | 370.0        |

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

materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

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

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

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

#### 3. Material Agreements, etc.

No material agreements were entered into during the nine months ended December 31, 2022.

III. Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

| Class        | Number of shares issued as of the end of fiscal year (shares) (December 31, 2022) | Number of shares issued as of the filing date (shares) (Note) (February 9, 2023) | Stock exchange on which the Company is listed | Description  |
|--------------|---|--|---|--|
| Common stock | 938,083,077   | 938,083,077  | Tokyo, Nagoya                                 | The number of shares per one unit of shares is 100 shares. |
| Total        | 938,083,077   | 938,083,077  | —   | —  |

(Note) The "Number of shares issued as of the filing date" does not include shares issued upon exercise of stock acquisition rights from February 1, 2023 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) |
|-------------------|--|---|--|---|---|--|
| December 14, 2022 | (30,488,800)   | 938,083,077   | —  | 462,817                                   | —   | 180,783                                      |

(Note) The change in the total number of issued shares is due to the cancellation of treasury stock.

(5) Major shareholders

Not applicable.

#### (6) Information on voting rights

Information on voting rights as of September 30, 2022 is stated in this item because the Company does not identify the number of voting rights as of December 31, 2022 due to the lack of information on the number of the Company's shares held by the entity which the Company holds one quarter or more of total number of voting rights of such entity as of December 31, 2022.

##### 1) Issued shares

(As of September 30, 2022)

| Classification   | Number of shares (shares) | Number of voting rights | Description |
|--|---------------------------|-------------------------|-------------|
| Shares without voting right                                | —                         | —                       | —           |
| Shares with restricted voting right (treasury stock, etc.) | —                         | —                       | —           |
| Shares with restricted voting right (others)               | —                         | —                       | —           |
| Shares with full voting right (treasury stock, etc.)       | Common stock 21,777,800   | —                       | —           |
| Shares with full voting right (others)                     | Common stock 944,512,500  | 9,445,125               | —           |
| Shares less than one unit                                  | Common stock 2,281,577    | —                       | —           |
| Number of issued shares                                    | 968,571,877               | —                       | —           |
| Total number of voting rights                              | —                         | 9,445,125               | —           |

(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 September 30, 2022)

| Name of shareholder            | Address  | Number of shares held under own name (shares) | Number of shares held under the names of others (shares) | Total shares held (shares) | Ownership percentage to the total number of issued shares (%) |
|--------------------------------|--|---|--|----------------------------|---|
| Hitachi, Ltd.                  | 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo               | 21,744,600                                    | —  | 21,744,600                 | 2.25  |
| 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.               | 28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo              | 3,000   | —  | 3,000                      | 0.00  |
| Total                          | —  | 21,777,800                                    | —  | 21,777,800                 | 2.25  |

#### 2. Changes in Senior Management

There were no changes in senior managements from the filing date of the Annual Securities Report for the 153rd business term pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2022

#### 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 | December 31, 2022 | March 31, 2022 |
|---|------|-------------------|----------------|
| <b>Assets</b>   |      |                   |                |
| Current assets  |      |                   |                |
| Cash and cash equivalents                                 | 6    | 839,608           | 968,827        |
| Trade receivables and contract assets                     | 7    | 2,568,812         | 2,978,149      |
| Inventories   |      | 1,762,698         | 2,042,432      |
| Investments in securities and other financial assets      | 8    | 272,453           | 376,315        |
| Assets held for sale                                      | 5,9  | 1,187,829         | -              |
| Other current assets                                      |      | 306,414           | 233,708        |
| Total current assets                                      |      | 6,937,814         | 6,599,431      |
| Non-current assets  |      |                   |                |
| Investments accounted for using the equity method         | 5    | 485,007           | 411,201        |
| Investments in securities and other financial assets      | 8    | 476,095           | 584,806        |
| Property, plant and equipment                             |      | 1,699,648         | 2,478,901      |
| Goodwill  | 5,13 | 2,120,916         | 2,153,706      |
| Other intangible assets                                   | 5    | 1,222,574         | 1,257,128      |
| Other non-current assets                                  | 10   | 338,952           | 402,329        |
| Total non-current assets                                  |      | 6,343,192         | 7,288,071      |
| Total assets  |      | 13,281,006        | 13,887,502     |
| <b>Liabilities</b>  |      |                   |                |
| Current liabilities                                       |      |                   |                |
| Short-term debt   |      | 1,530,140         | 1,234,119      |
| Current portion of long-term debt                         | 8    | 217,531           | 336,418        |
| Other financial liabilities                               | 8    | 280,356           | 294,047        |
| Trade payables  |      | 1,478,754         | 1,754,633      |
| Accrued expenses  |      | 573,669           | 738,030        |
| Contract liabilities                                      |      | 1,138,338         | 1,069,732      |
| Liabilities directly associated with assets held for sale | 5,9  | 467,695           | -              |
| Other current liabilities                                 |      | 395,580           | 427,087        |
| Total current liabilities                                 |      | 6,082,063         | 5,854,066      |
| Non-current liabilities                                   |      |                   |                |
| Long-term debt  | 8    | 1,307,066         | 1,556,175      |
| Retirement and severance benefits                         | 10   | 344,532           | 414,839        |
| Other non-current liabilities                             | 8    | 376,749           | 707,145        |
| Total non-current liabilities                             |      | 2,028,347         | 2,678,159      |
| Total liabilities   |      | 8,110,410         | 8,532,225      |
| <b>Equity</b>   |      |                   |                |
| Hitachi, Ltd. stockholders' equity                        |      |                   |                |
| Common stock  |      | 462,817           | 461,731        |
| Capital surplus   | 5,8  | -                 | 46,119         |
| Retained earnings   | 11   | 3,260,488         | 3,197,725      |
| Accumulated other comprehensive income                    |      | 804,355           | 639,263        |
| Treasury stock, at cost                                   |      | (3,490)           | (3,002)        |
| Total Hitachi, Ltd. stockholders' equity                  |      | 4,524,170         | 4,341,836      |
| Non-controlling interests                                 | 5,8  | 646,426           | 1,013,441      |
| Total equity  |      | 5,170,596         | 5,355,277      |
| Total liabilities and equity                              |      | 13,281,006        | 13,887,502     |

See accompanying notes to condensed quarterly consolidated financial statements.



### Condensed Quarterly Consolidated Statement of Profit or Loss

Nine months ended December 31, 2022 and 2021

Millions of yen

|  | Note    | 2022        | 2021        |
|--|---------|-------------|-------------|
| Revenues   | 12      | 8,108,796   | 7,346,665   |
| Cost of sales  |         | (6,123,921) | (5,532,216) |
| Gross profit   |         | 1,984,875   | 1,814,449   |
| Selling, general and administrative expenses                                   |         | (1,457,376) | (1,329,989) |
| Other income   | 5,13    | 71,658      | 100,377     |
| Other expenses   | 5,10,13 | (152,309)   | (31,127)    |
| Financial income   | 14      | 9,915       | 14,927      |
| Financial expenses   | 14      | (16,260)    | (553)       |
| Share of profits (losses) of investments accounted for using the equity method |         | 34,016      | 33,318      |
| EBIT (Earnings before interest and taxes)                                      |         | 474,519     | 601,402     |
| Interest income  |         | 17,637      | 11,364      |
| Interest charges   |         | (35,337)    | (19,510)    |
| Income before income taxes   |         | 456,819     | 593,256     |
| Income taxes   |         | (122,962)   | (81,015)    |
| Net income   |         | 333,857     | 512,241     |
| Net income attributable to:  |         |             |             |
| Hitachi, Ltd. stockholders   |         | 292,232     | 450,785     |
| Non-controlling interests  |         | 41,625      | 61,456      |
| Earnings per share attributable to Hitachi, Ltd. stockholders                  | 15      |             | Yen         |
| Basic  |         | 306.99      | 466.47      |
| Diluted  |         | 306.66      | 465.86      |

### Condensed Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2022 and 2021

Millions of yen

|  | Note | 2022     | 2021     |
|--|------|----------|----------|
| Net income   |      | 333,857  | 512,241  |
| Other comprehensive income (OCI)                                   |      |          |          |
| Items not to be reclassified into net income                       |      |          |          |
| Net changes in financial assets measured at fair value through OCI |      | (17,131) | (15,528) |
| Remeasurements of defined benefit plans                            |      | 17,232   | -        |
| Share of OCI of investments accounted for using the equity method  |      | 641      | (255)    |
| Total items not to be reclassified into net income                 |      | 742      | (15,783) |
| Items that can be reclassified into net income                     |      |          |          |
| Foreign currency translation adjustments                           |      | 209,406  | 123,539  |
| Net changes in cash flow hedges                                    |      | 5,375    | 1,908    |
| Share of OCI of investments accounted for using the equity method  |      | 22,664   | 20,401   |
| Total items that can be reclassified into net income               |      | 237,445  | 145,848  |
| Other comprehensive income (OCI)                                   |      | 238,187  | 130,065  |
| Comprehensive income   |      | 572,044  | 642,306  |
| Comprehensive income attributable to:                              |      |          |          |
| Hitachi, Ltd. stockholders   |      | 481,233  | 556,799  |
| Non-controlling interests  |      | 90,811   | 85,507   |

See accompanying notes to condensed quarterly consolidated financial statements.

### Condensed Quarterly Consolidated Statement of Profit or Loss

Three months ended December 31, 2022 and 2021

Millions of yen

|  | Note | 2022        | 2021        |
|--|------|-------------|-------------|
| Revenues   |      | 2,692,017   | 2,514,000   |
| Cost of sales  |      | (2,022,364) | (1,884,836) |
| Gross profit   |      | 669,653     | 629,164     |
| Selling, general and administrative expenses                                   |      | (466,783)   | (454,759)   |
| Other income   |      | 469         | 367         |
| Other expenses   |      | (21,198)    | (15,092)    |
| Financial income   |      | 7,103       | 6,452       |
| Financial expenses   |      | (14,354)    | (105)       |
| Share of profits (losses) of investments accounted for using the equity method |      | 7,339       | 9,914       |
| EBIT (Earnings before interest and taxes)                                      |      | 182,229     | 175,941     |
| Interest income  |      | 6,329       | 3,699       |
| Interest charges   |      | (13,884)    | (6,491)     |
| Income before income taxes   |      | 174,674     | 173,149     |
| Income taxes   |      | (41,663)    | (25,322)    |
| Net income   |      | 133,011     | 147,827     |
| Net income attributable to:  |      |             |             |
| Hitachi, Ltd. stockholders   |      | 119,717     | 128,341     |
| Non-controlling interests  |      | 13,294      | 19,486      |
| Earnings per share attributable to Hitachi, Ltd. stockholders                  | 15   |             | Yen         |
| Basic  |      | 127.48      | 132.80      |
| Diluted  |      | 127.34      | 132.63      |

### Condensed Quarterly Consolidated Statement of Comprehensive Income

Three months ended December 31, 2022 and 2021

Millions of yen

|  | Note | 2022      | 2021    |
|--|------|-----------|---------|
| Net income   |      | 133,011   | 147,827 |
| Other comprehensive income (OCI)                                   |      |           |         |
| Items not to be reclassified into net income                       |      |           |         |
| Net changes in financial assets measured at fair value through OCI |      | 1,126     | (5,252) |
| Remeasurements of defined benefit plans                            |      | -         | -       |
| Share of OCI of investments accounted for using the equity method  |      | 70        | (23)    |
| Total items not to be reclassified into net income                 |      | 1,196     | (5,275) |
| Items that can be reclassified into net income                     |      |           |         |
| Foreign currency translation adjustments                           |      | (343,067) | 83,130  |
| Net changes in cash flow hedges                                    |      | 6,117     | 29      |
| Share of OCI of investments accounted for using the equity method  |      | (15,534)  | 4,416   |
| Total items that can be reclassified into net income               |      | (352,484) | 87,575  |
| Other comprehensive income (OCI)                                   |      | (351,288) | 82,300  |
| Comprehensive income   |      | (218,277) | 230,127 |
| Comprehensive income attributable to:                              |      |           |         |
| Hitachi, Ltd. stockholders   |      | (199,983) | 190,616 |
| Non-controlling interests  |      | (18,294)  | 39,511  |

See accompanying notes to condensed quarterly consolidated financial statements.

## Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2022

Millions of yen

|  | 2022         |                          |                             |  |                         |  |                                    |              |
|--|--------------|--------------------------|-----------------------------|--|-------------------------|--|------------------------------------|--------------|
|  | Common stock | Capital surplus (note 5) | Retained earnings (note 11) | 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                     | 461,731      | 46,119                   | 3,197,725                   | 639,263                                | (3,002)                 | 4,341,836                                | 1,013,441                          | 5,355,277    |
| Changes in equity                                  |              |                          |                             |  |                         |  |                                    |              |
| Reclassified into retained earnings                | -            | -                        | 50,205                      | (50,205)                               | -                       | -  | -                                  | -            |
| Net income   | -            | -                        | 292,232                     | -                                      | -                       | 292,232                                  | 41,625                             | 333,857      |
| Other comprehensive income                         | -            | -                        | -                           | 189,001                                | -                       | 189,001                                  | 49,186                             | 238,187      |
| Dividends to Hitachi, Ltd. stockholders            | -            | -                        | (129,148)                   | -                                      | -                       | (129,148)                                | -                                  | (129,148)    |
| Dividends to non-controlling interests             | -            | -                        | -                           | -                                      | -                       | -  | (24,388)                           | (24,388)     |
| Acquisition of treasury stock                      | -            | -                        | -                           | -                                      | (200,160)               | (200,160)                                | -                                  | (200,160)    |
| Sales of treasury stock                            | -            | (94)                     | -                           | -                                      | 255                     | 161                                      | -                                  | 161          |
| Cancellation of treasury stock                     | -            | (199,417)                | -                           | -                                      | 199,417                 | -  | -                                  | -            |
| Issuance of new shares                             | 1,086        | 1,086                    | -                           | -                                      | -                       | 2,172                                    | -                                  | 2,172        |
| Transfer to capital surplus from retained earnings | -            | 150,526                  | (150,526)                   | -                                      | -                       | -  | -                                  | -            |
| Changes in non-controlling interests               | -            | 1,780                    | -                           | 26,296                                 | -                       | 28,076                                   | (433,438)                          | (405,362)    |
| Total changes in equity                            | 1,086        | (46,119)                 | 62,763                      | 165,092                                | (488)                   | 182,334                                  | (367,015)                          | (184,681)    |
| Balance at end of period                           | 462,817      | -                        | 3,260,488                   | 804,355                                | (3,490)                 | 4,524,170                                | 646,426                            | 5,170,596    |

Nine months ended December 31, 2021

Millions of yen

|   | 2021         |                          |                             |  |                         |  |                                    |              |
|---|--------------|--------------------------|-----------------------------|--|-------------------------|--|------------------------------------|--------------|
|   | Common stock | Capital surplus (note 8) | Retained earnings (note 11) | Accumulated other comprehensive income | Treasury stock, at cost | Total Hitachi, Ltd. stockholders' equity | Non-controlling interests (note 8) | 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     | -            | -                        | 4,718                       | (4,718)                                | -                       | -  | -                                  | -            |
| Net income                              | -            | -                        | 450,785                     | -                                      | -                       | 450,785                                  | 61,456                             | 512,241      |
| Other comprehensive income              | -            | -                        | -                           | 106,014                                | -                       | 106,014                                  | 24,051                             | 130,065      |
| Dividends to Hitachi, Ltd. stockholders | -            | -                        | (111,210)                   | -                                      | -                       | (111,210)                                | -                                  | (111,210)    |
| Dividends to non-controlling interests  | -            | -                        | -                           | -                                      | -                       | -  | (45,756)                           | (45,756)     |
| Acquisition of treasury stock           | -            | -                        | -                           | -                                      | (208)                   | (208)                                    | -                                  | (208)        |
| Sales of treasury stock                 | -            | (294)                    | -                           | -                                      | 739                     | 445                                      | -                                  | 445          |
| Issuance of new shares                  | 941          | 941                      | -                           | -                                      | -                       | 1,882                                    | -                                  | 1,882        |
| Changes in non-controlling interests    | -            | (19,318)                 | -                           | (3,739)                                | -                       | (23,057)                                 | (21,252)                           | (44,309)     |
| Total changes in equity                 | 941          | (18,671)                 | 344,293                     | 97,557                                 | 531                     | 424,651                                  | 18,499                             | 443,150      |
| Balance at end of period                | 461,731      | 65,369                   | 3,054,897                   | 371,118                                | (2,962)                 | 3,950,153                                | 951,229                            | 4,901,382    |

See accompanying notes to condensed quarterly consolidated financial statements.

## Condensed Quarterly Consolidated Statement of Cash Flows

Nine months ended December 31, 2022 and 2021

Millions of yen

|   | Note | 2022      | 2021        |
|---|------|-----------|-------------|
| <b>Cash flows from operating activities:</b>  |      |           |             |
| Net income  |      | 333,857   | 512,241     |
| Adjustments to reconcile net income to net cash provided by operating activities              |      |           |             |
| Depreciation and amortization   |      | 405,975   | 397,833     |
| Impairment losses   |      | 67,290    | 5,296       |
| Income taxes  |      | 122,962   | 81,015      |
| Share of (profits) losses of investments accounted for using the equity method                |      | (34,016)  | (33,318)    |
| Financial income and expenses   |      | 7,983     | (1,755)     |
| Net (gain) loss on business reorganization and others   |      | (64,980)  | (93,905)    |
| (Gain) loss on sale of property, plant and equipment  |      | (5,369)   | (5,367)     |
| Change in trade receivables and contract assets   |      | 126,910   | 123,450     |
| Change in inventories   |      | (368,518) | (378,278)   |
| Change in trade payables  |      | (19,233)  | 47,330      |
| Change in accrued expenses  |      | (103,782) | (109,374)   |
| Change in retirement and severance benefits   |      | 54,631    | (19,607)    |
| Other   |      | (1,436)   | (52,217)    |
| Subtotal  |      | 522,274   | 473,344     |
| Interest received   |      | 16,251    | 11,967      |
| Dividends received  |      | 17,634    | 12,253      |
| Interest paid   |      | (34,490)  | (19,901)    |
| Income taxes paid   |      | (141,579) | (220,507)   |
| Net cash provided by (used in) operating activities   |      | 380,090   | 257,156     |
| <b>Cash flows from investing activities:</b>  |      |           |             |
| Purchase of property, plant and equipment   |      | (196,643) | (208,002)   |
| Purchase of intangible assets   |      | (108,534) | (97,710)    |
| Proceeds from sale of property, plant and equipment, and intangible assets                    |      | 48,935    | 48,224      |
| Purchase of investments in securities and other financial assets                              |      |           |             |
| (including investments in subsidiaries and investments accounted for using the equity method) |      | (36,873)  | (927,074)   |
| Proceeds from sale of investments in securities and other financial assets                    |      |           |             |
| (including investments in subsidiaries and investments accounted for using the equity method) |      | 151,352   | 115,157     |
| Other   |      | (3,514)   | 41,677      |
| Net cash provided by (used in) investing activities   |      | (145,277) | (1,027,728) |
| <b>Cash flows from financing activities:</b>  |      |           |             |
| Change in short-term debt, net  |      | 481,670   | 1,104,163   |
| Proceeds from long-term debt  |      | 77,730    | 38,165      |
| Payments on long-term debt  |      | (173,272) | (248,983)   |
| Proceeds from payments from non-controlling interests   |      | 310       | -           |
| Dividends paid to Hitachi, Ltd. stockholders  |      | (129,102) | (111,232)   |
| Dividends paid to non-controlling interests   |      | (43,038)  | (50,590)    |
| Acquisition of common stock for treasury  |      | (200,160) | (208)       |
| Proceeds from sales of treasury stock   |      | 161       | 445         |
| Purchase of shares of consolidated subsidiaries from non-controlling interests                |      | (274,687) | (21,607)    |
| Other   |      | (469)     | (21)        |
| Net cash provided by (used in) financing activities   |      | (260,857) | 710,132     |
| Effect of exchange rate changes on cash and cash equivalents                                  |      | 16,516    | 34,756      |
| Change in cash and cash equivalents   |      | (9,528)   | (25,684)    |
| Cash and cash equivalents at beginning of period  |      | 968,827   | 1,015,886   |
| Cash and cash equivalents at end of period  | 6    | 959,299   | 990,202     |

See accompanying notes to condensed quarterly consolidated financial statements.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(1) Nature of Operations**

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The condensed quarterly consolidated financial statements of the Company as of and for the nine months ended December 31, 2022 comprise the Company, its subsidiaries and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in seven segments consisting of Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems, Hitachi Construction Machinery, Hitachi Metals and Others.

**(2) Basis of Presentation**

As the Company meets the requirements of a "Specified Company applying Designated International Financial Reporting Standards" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), the condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting," as permitted by the provision of Article 93 of the Ordinance. They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the financial statements and notes included in the Company's annual consolidated financial statements for the year ended March 31, 2022.

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

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

Judgments, estimates and assumptions that could have a material effect on these condensed quarterly consolidated financial statements are basically the same as those disclosed in the Company's annual consolidated financial statements for the year ended March 31, 2022.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(3) Significant Accounting Policies**

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2022.

Income taxes for the nine months ended December 31, 2022 are computed using the estimated annual effective tax rate.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(4) Segment Information**

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

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

**Digital Systems & Services:**

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

**Green Energy & Mobility:**

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

**Connective Industries:**

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

**Automotive Systems:**

Powertrain, Chassis, Advanced driver assistance, and Motorcycle systems

**Hitachi Construction Machinery:**

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

**Hitachi Metals:**

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

**Others:**

Optical disk drives, Property management and others

Effective from April 1, 2022, the Company changed its business structure in order to realize further evolution and growth of the Social Innovation Business and aims to realize a sustainable society. Accordingly, the Company reclassified its reportable segments in seven segments as Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems, Hitachi Construction Machinery, Hitachi Metals, and Others. Figures for the nine months ended December 31, 2021 have been restated on the basis of the reclassification.

In August 2022, the Company sold a certain number of shares of Hitachi Construction Machinery Co., Ltd. (Hitachi Construction Machinery). As a result, Hitachi Construction Machinery and its subsidiaries, which were included in the Hitachi Construction Machinery segment, became the equity-method associates of the Company. Accordingly, the Hitachi Construction Machinery segment ceased to be a business segment, and from the second quarter of this fiscal year, the Company includes its share of profits (losses) of investments accounted for using the equity method of Hitachi Construction Machinery and its subsidiaries after the transfer of shares in Corporate items and Eliminations.

In addition, from the year ending March 31, 2023, segment profit (loss), previously presented based on EBIT, is changed and presented on an Adjusted EBITA basis, as a measure of profit (loss) used by the chief operating decision maker mainly in deciding how to allocate resources and in assessing performance.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

The following tables show business segment information for the nine months ended December 31, 2022 and 2021.

Millions of yen

|   | 2022                       |                         |                       |                    |
|---|----------------------------|-------------------------|-----------------------|--------------------|
|   | Segment                    |                         |                       |                    |
|   | Digital Systems & Services | Green Energy & Mobility | Connective Industries | Automotive Systems |
| Revenues                                |                            |                         |                       |                    |
| Revenues from External Customers        | 1,555,957                  | 1,683,733               | 2,023,418             | 1,373,442          |
| Revenues from Intersegment Transactions | 122,082                    | 39,978                  | 146,960               | 3,773              |
| Total Revenues                          | 1,678,039                  | 1,723,711               | 2,170,378             | 1,377,215          |
| Segment Profit (Loss)                   | 188,321                    | 91,990                  | 227,407               | 39,868             |

Millions of yen

|   | 2022                           |                |         |           |                                  |           |
|---|--------------------------------|----------------|---------|-----------|----------------------------------|-----------|
|   | Segment                        |                |         |           | Corporate items and Eliminations | Total     |
|   | Hitachi Construction Machinery | Hitachi Metals | Others  | Subtotal  |                                  |           |
| Revenues                                |                                |                |         |           |                                  |           |
| Revenues from External Customers        | 474,168                        | 825,588        | 162,314 | 8,098,620 | 10,176                           | 8,108,796 |
| Revenues from Intersegment Transactions | 946                            | 22,138         | 170,622 | 506,499   | (506,499)                        | -         |
| Total Revenues                          | 475,114                        | 847,726        | 332,936 | 8,605,119 | (496,323)                        | 8,108,796 |
| Segment Profit (Loss)                   | 43,226                         | 43,054         | 9,479   | 643,345   | (19,112)                         | 624,233   |

Millions of yen

|   | 2021                       |                         |                       |                    |
|---|----------------------------|-------------------------|-----------------------|--------------------|
|   | Segment                    |                         |                       |                    |
|   | Digital Systems & Services | Green Energy & Mobility | Connective Industries | Automotive Systems |
| Revenues                                |                            |                         |                       |                    |
| Revenues from External Customers        | 1,380,135                  | 1,426,487               | 1,842,133             | 1,146,744          |
| Revenues from Intersegment Transactions | 115,291                    | 38,582                  | 156,439               | 4,596              |
| Total Revenues                          | 1,495,426                  | 1,465,069               | 1,998,572             | 1,151,340          |
| Segment Profit (Loss)                   | 179,790                    | 55,053                  | 185,945               | 37,331             |

Millions of yen

|   | 2021                           |                |         |           |                                  |           |
|---|--------------------------------|----------------|---------|-----------|----------------------------------|-----------|
|   | Segment                        |                |         |           | Corporate items and Eliminations | Total     |
|   | Hitachi Construction Machinery | Hitachi Metals | Others  | Subtotal  |                                  |           |
| Revenues                                |                                |                |         |           |                                  |           |
| Revenues from External Customers        | 718,775                        | 669,983        | 155,135 | 7,339,392 | 7,273                            | 7,346,665 |
| Revenues from Intersegment Transactions | 1,591                          | 20,866         | 168,183 | 505,548   | (505,548)                        | -         |
| Total Revenues                          | 720,366                        | 690,849        | 323,318 | 7,844,940 | (498,275)                        | 7,346,665 |
| Segment Profit (Loss)                   | 68,176                         | 23,478         | 15,428  | 565,201   | 10,002                           | 575,203   |

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

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



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

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

Millions of yen

|  | 2022      | 2021     |
|--|-----------|----------|
| Segment Profit (Loss)  | 624,233   | 575,203  |
| Amortization of Intangible assets, etc.<br>recognized upon business combinations | (62,718)  | (57,425) |
| Other income   | 71,658    | 100,377  |
| Other expenses   | (152,309) | (31,127) |
| Financial income   | 9,915     | 14,927   |
| Financial expenses   | (16,260)  | (553)    |
| EBIT (Earnings before interest and taxes)  | 474,519   | 601,402  |
| Interest income  | 17,637    | 11,364   |
| Interest charges   | (35,337)  | (19,510) |
| Income before income taxes   | 456,819   | 593,256  |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(5) Business Acquisitions and Divestitures**

The following are the main Business Acquisitions and Divestitures for the nine months ended December 31, 2022, including the period up to the approval date of the condensed quarterly consolidated financial statements.

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

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

- (i) Offeror will launch a tender offer (Tender Offer) for Hitachi Transport System Shares and the Company will not tender any of its shares of Hitachi Transport System (Shares to Be Sold by the Company) in Tender Offer.
- (ii) The Company will sell Shares to Be Sold by the Company in accordance with the share repurchase to be conducted by Hitachi Transport System.
- (iii) The Company obtains 10.0 billion yen worth of Offeror Parent's shares with voting rights (equivalent to 10% of the total voting rights).

Offeror commenced Tender Offer on October 28, 2022, and Tender Offer was completed on November 29, 2022.

The Company's consideration is expected to be approximately 222.0 billion yen.

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

The Company classified investments in Hitachi Transport System as held for sale as of December 31, 2022. Details of the assets held for sale are described in note 9.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(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.

Tender Offeror commenced Tender Offer on September 27, 2022, and Tender Offer was completed on October 25, 2022. Following the completion of Tender Offer, the above related transactions, such as Share Consolidation of Hitachi Metals shares, took place and Shares to Be Sold by the Company were transferred on January 5, 2023. The Company's consideration was 382,042 million yen.

As a result the transaction was settled. The Company's ownership ratio of Hitachi Metals Shares decreased from 53.4% to 0%, and Hitachi Metals was deconsolidated. An expected gain on the sale of Hitachi Metals Shares in the amount of approximately 95.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023. Furthermore, non-controlling interest in Hitachi Metals will decrease approximately 272.0 billion yen in the consolidated statement of changes in equity for the year ending March 31, 2023.

The Company classified assets and liabilities held by Hitachi Metals as held for sale as of December 31, 2022. Details of the assets held for sale are described in note 9.

On January 4, 2023, Hitachi Metals changed its name to Proterial, Ltd.

**(c) Additional acquisition of shares of Hitachi Energy Ltd (Hitachi Energy)**

On September 30, 2022, the Company signed an agreement with ABB Ltd (ABB) to acquire the remaining 19.9% of the shares of Hitachi Energy, a consolidated subsidiary of the Company in the Green Energy & Mobility segment, owned by ABB by exercising a call option, owned by the Company.

As a result of the additional acquisition of shares on December 28, 2022, the Company's ownership ratio of shares of Hitachi Energy increased from 80.1% to 100% and Hitachi Energy has become a wholly owned subsidiary of the Company. The consideration was 1,679 million U.S. dollars (243,200 million yen).

The Company derecognized the non-controlling interests and recognized the difference between the consideration and non-controlling interests in capital surplus.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

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

On January 14, 2022, the Company entered into an agreement regarding the transfer of a part of the shares of Hitachi Construction Machinery, a consolidated subsidiary of the Company in the Hitachi Construction Machinery segment, with HCJI Holdings G.K., a special purpose company which is jointly invested by HCJ Holdings Ltd., a special purpose company wholly owned by a fund that Japan Industrial Partners, Inc. manages, operates, and provides information, and Citrus Investment LLC, a special purpose company wholly owned by ITOCHU Corporation. In accordance with this agreement, a certain number of shares of Hitachi Construction Machinery common stocks owned by the Company were transferred to HCJI Holdings G.K., on August 23, 2022.

As a result of this transfer of shares, the Company's ownership ratio of shares of Hitachi Construction Machinery decreased from 51.4% to 25.4%, and Hitachi Construction Machinery turned into an equity-method associate of the Company. The Company's consideration was 182,457 million yen.

A gain on the sale of Hitachi Construction Machinery shares in the amount of 39,211 million yen was recognized in Other income in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2022. Furthermore, changes in non-controlling interests in the condensed quarterly consolidated statement of changes in equity include derecognition of non-controlling interest in Hitachi Construction Machinery as a result of its deconsolidation.

The following table shows the assets, liabilities, and equity of Hitachi Construction Machinery as of March 31, 2022.

|  | Millions of yen |
|--|-----------------|
| Cash and cash equivalents                            | 87,583          |
| Trade receivables and contract assets                | 237,792         |
| Inventories  | 368,267         |
| Investments in securities and other financial assets | 62,193          |
| Other current assets                                 | 8,421           |
| Total current assets                                 | 764,256         |
| Investments accounted for using the equity method    | 26,662          |
| Investments in securities and other financial assets | 63,197          |
| Property, plant and equipment                        | 442,904         |
| Goodwill   | 55,367          |
| Other intangible assets                              | 58,967          |
| Other non-current assets                             | 29,321          |
| Total non-current assets                             | 676,418         |
| Total assets   | 1,440,674       |
|  |                 |
| Short-term debt                                      | 103,320         |
| Current portion of long-term debt                    | 81,731          |
| Other financial liabilities                          | 51,239          |
| Trade payables                                       | 144,531         |
| Accrued expenses                                     | 37,965          |
| Contract liabilities                                 | 9,967           |
| Other current liabilities                            | 24,893          |
| Total current liabilities                            | 453,646         |
| Long-term debt                                       | 229,487         |
| Retirement and severance benefits                    | 17,622          |
| Other non-current liabilities                        | 50,607          |
| Total non-current liabilities                        | 297,716         |
| Total liabilities                                    | 751,362         |
|  |                 |
| Total Hitachi, Ltd. stockholders' equity             | 318,069         |
| Non-controlling interests                            | 371,243         |
| Total equity   | 689,312         |
| Total liabilities and equity                         | 1,440,674       |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

The following are the main Business Acquisitions and Divestitures for the nine months ended December 31, 2021.

**(a) 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 following table summarizes the fair value of the consideration paid for GlobalLogic and the amounts of the assets acquired, liabilities assumed and goodwill recognized as of the acquisition date.

|  | <u>Millions of yen</u> |
|--|------------------------|
| Cash and cash equivalents                        | 11,391                 |
| Trade receivables and contract assets            | 30,266                 |
| Other current assets                             | 2,692                  |
| Non-current assets (excluding intangible assets) | 4,324                  |
| Intangible assets                                |                        |
| Goodwill (not deductible for tax purposes)       | 822,173                |
| Other intangible assets                          | 231,130                |
| Total  | 1,101,976              |
| <br>   |                        |
| Current liabilities                              | 134,272                |
| Non-current liabilities                          | 45,454                 |
| Total  | 179,726                |
| <br>   |                        |
| Cash paid for the acquisition                    | 922,250                |

The goodwill mainly comprises excess earning power and expected synergies arising from the acquisition.

Other intangible assets include the intangible asset representing customer relationships in the amount of 227,424 million yen. The intangible asset representing customer relationships is measured based on assumptions such as revenue growth rates, EBITDA ratios, revenue growth rate for existing customers, attrition rate of existing customers, and discount rate.

Acquisition related costs included in Other expenses in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2021 were 3,874 million yen.

In addition to this acquisition, Hitachi America Capital, Ltd. which is a subsidiary located in the U.S., repaid 1,074 million U.S. dollars (118,554 million yen) of certain loans owed by GlobalLogic.

The operating results of GlobalLogic for the period from the acquisition date to December 31, 2021 were not material.

On a pro forma basis, revenues and net income using an assumed acquisition date for GlobalLogic of April 1, 2021 would not differ materially from the amounts reported in the condensed quarterly consolidated financial statements for the nine months ended December 31, 2021.

On April 1, 2022, HGDH changed its name to Hitachi Digital LLC.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

***(b) 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 Connective Industries 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 350 million U.S. dollars (38,797 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.

The following is a material Business Acquisition other than the above.

***(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 Green Energy & Mobility segment, signed an agreement with Thales S.A.(Thales) to acquire the ground transportation systems business in order to expand the rail signalling systems business globally. Based on the agreement, Hitachi Rail will acquire Thales' ground transportation systems business which will be carved out from Thales. The transaction is subject to the usual conditions including regulatory and antitrust clearances and is expected to be completed by the second half of 2023. Hitachi Rail agreed on an enterprise value of 1,660 million euro (approximately 234.8 billion yen) and the final purchase price will be determined after certain adjustments. The effects of this transaction on the Company's consolidated financial statements are currently being evaluated.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(6) Cash and Cash Equivalents**

The reconciliation of the amount of cash and cash equivalents between condensed quarterly consolidated statement of financial position and condensed quarterly consolidated statement of cash flows is as follows.

Millions of yen

|   | December 31, 2022 |
|---|-------------------|
| Cash and cash equivalents in the condensed quarterly consolidated statement of financial position | 839,608           |
| Cash and cash equivalents included in assets held for sale  | 119,691           |
| Cash and cash equivalents in the condensed quarterly consolidated statement of cash flows         | 959,299           |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

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

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

|                     | Millions of yen   |                  |
|---------------------|-------------------|------------------|
|                     | December 31, 2022 | March 31, 2022   |
| Accounts receivable | 1,658,523         | 2,210,590        |
| Contract assets     | 807,189           | 623,766          |
| Others              | 103,100           | 143,793          |
| <b>Total</b>        | <b>2,568,812</b>  | <b>2,978,149</b> |

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

Others include notes receivable and electronically recorded monetary claims.

**(8) 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**  
**December 31, 2022**

**(b) Financial Instruments Measured at Amortized Cost**

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost as of December 31 and March 31, 2022 are as follows.

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

Millions of yen

|  | December 31, 2022 |                       | March 31, 2022   |                       |
|--|-------------------|-----------------------|------------------|-----------------------|
|  | Carrying amounts  | Estimated fair values | Carrying amounts | Estimated fair values |
| <u>Assets</u>  |                   |                       |                  |                       |
| Investments in securities and other financial assets |                   |                       |                  |                       |
| Lease receivables                                    | 24,469            | 24,469                | 70,227           | 71,648                |
| Debt securities                                      | 47,467            | 47,467                | 55,057           | 55,058                |
| Long-term loans receivable                           | 414               | 414                   | 1,650            | 1,650                 |
| <u>Liabilities</u>                                   |                   |                       |                  |                       |
| Long-term debt [1]                                   |                   |                       |                  |                       |
| Bonds  | 250,000           | 247,331               | 357,548          | 357,468               |
| Long-term borrowings                                 | 1,019,012         | 1,015,850             | 1,207,825        | 1,207,727             |

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

**(c) Financial Instruments Measured at Fair Value**

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

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

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

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

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

The following tables present the assets and liabilities that are measured at fair value on a recurring basis as of December 31 and March 31, 2022.

| December 31, 2022   |                |               |                | Millions of yen |
|---|----------------|---------------|----------------|-----------------|
| Class of financial instruments  | Level 1        | Level 2       | Level 3        | Total           |
| Financial assets measured at fair value through profit or loss:             |                |               |                |                 |
| Investments in securities and other financial assets                        |                |               |                |                 |
| Equity securities   | 400            | -             | 28,278         | 28,678          |
| Debt securities   | 8,430          | 3,942         | 4,949          | 17,321          |
| Derivatives   | -              | 79,692        | -              | 79,692          |
| Financial assets measured at fair value through other comprehensive income: |                |               |                |                 |
| Investments in securities and other financial assets                        |                |               |                |                 |
| Equity securities   | 218,009        | -             | 94,313         | 312,322         |
| <b>Total financial assets at fair value</b>                                 | <b>226,839</b> | <b>83,634</b> | <b>127,540</b> | <b>438,013</b>  |
| Financial liabilities measured at fair value through profit or loss:        |                |               |                |                 |
| Other financial liabilities   |                |               |                |                 |
| Derivatives   | -              | 54,097        | -              | 54,097          |
| <b>Total financial liabilities at fair value</b>                            | <b>-</b>       | <b>54,097</b> | <b>-</b>       | <b>54,097</b>   |

| March 31, 2022  |                |               |                | Millions of yen |
|---|----------------|---------------|----------------|-----------------|
| Class of financial instruments  | Level 1        | Level 2       | Level 3        | Total           |
| Financial assets measured at fair value through profit or loss:             |                |               |                |                 |
| Investments in securities and other financial assets                        |                |               |                |                 |
| Equity securities   | 1,364          | -             | 17,591         | 18,955          |
| Debt securities   | 9,521          | 4,692         | 5,686          | 19,899          |
| Derivatives   | -              | 63,596        | -              | 63,596          |
| Financial assets measured at fair value through other comprehensive income: |                |               |                |                 |
| Investments in securities and other financial assets                        |                |               |                |                 |
| Equity securities   | 282,025        | 2,144         | 106,041        | 390,210         |
| <b>Total financial assets at fair value</b>                                 | <b>292,910</b> | <b>70,432</b> | <b>129,318</b> | <b>492,660</b>  |
| Financial liabilities measured at fair value through profit or loss:        |                |               |                |                 |
| Other financial liabilities   |                |               |                |                 |
| Derivatives   | -              | 47,145        | -              | 47,145          |
| <b>Total financial liabilities at fair value</b>                            | <b>-</b>       | <b>47,145</b> | <b>-</b>       | <b>47,145</b>   |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

The following tables present the changes in Level 3 instruments measured on a recurring basis for the nine months ended December 31, 2022 and 2021.

| December 31, 2022  |                   |                 |             | Millions of yen |
|--|-------------------|-----------------|-------------|-----------------|
| Level 3 financial assets   | Equity securities | Debt securities | Derivatives | Total           |
| Balance at beginning of period   | 123,632           | 5,686           | -           | 129,318         |
| Gain in profit or loss [1]   | 2,803             | 94              | -           | 2,897           |
| Loss in OCI [2]  | (12,112)          | -               | -           | (12,112)        |
| Purchases  | 20,407            | 514             | -           | 20,921          |
| Sales and redemption   | (1,102)           | (506)           | -           | (1,608)         |
| Acquisitions and divestitures  | (8,175)           | (547)           | -           | (8,722)         |
| Other [4]  | (2,862)           | (292)           | -           | (3,154)         |
| Balance at end of period   | 122,591           | 4,949           | -           | 127,540         |
| Unrealized gain relating to financial assets held at end of period [5] | 2,792             | 94              | -           | 2,886           |

| December 31, 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]   | 2,269             | 105             | 4           | 2,378           |
| Loss in OCI [2]  | (1,803)           | -               | -           | (1,803)         |
| Purchases  | 9,218             | 564             | -           | 9,782           |
| Sales and redemption   | (5,504)           | (871)           | -           | (6,375)         |
| Acquisitions and divestitures  | (25)              | (229)           | -           | (254)           |
| Transfer from Level 3 [3]  | (1,278)           | -               | -           | (1,278)         |
| Other  | (86)              | 3               | -           | (83)            |
| Balance at end of period   | 123,509           | 5,626           | 91          | 129,226         |
| Unrealized gain relating to financial assets held at end of period [5] | 2,236             | 120             | 4           | 2,360           |

[1] Gain in profit or loss related to Financial assets measured at fair value through profit or loss is included in Financial income in the condensed quarterly consolidated statement of profit or loss.

[2] Loss in OCI related to Financial assets measured at fair value through other comprehensive income is included in Net changes in financial assets measured at fair value through other comprehensive income 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] The amount of Hitachi Metals' assets reclassified to Assets held for sale is included in Other.

[5] Unrealized gain relating to Financial assets measured at fair value through profit or loss held at the end of period is included in Financial income in the condensed quarterly consolidated statement of profit or loss.

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

**(d) Other**

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

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

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(9) Assets Held for Sale**

The Company classified assets or disposal groups as held for sale if the assets are available for immediate sale in their present condition and the sale is highly probable within one year. Assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Company mainly classified assets and liabilities held by Hitachi Metals and investments in Hitachi Transport System as held for sale as of December 31, 2022. Details of these transactions are described in note 5.

The following table is breakdown of the assets held for sale and liabilities directly associated with assets held for sale as of December 31, 2022.

Millions of yen

|   | December 31, 2022 |
|---|-------------------|
| Assets held for sale                                      |                   |
| Cash and cash equivalents                                 | 119,691           |
| Trade receivables and contract assets                     | 177,250           |
| Inventories   | 255,292           |
| Other current assets                                      | 34,892            |
| Investments accounted for using the equity method         | 99,409            |
| Property, plant and equipment                             | 338,700           |
| Goodwill  | 102,895           |
| Other non-current assets                                  | 59,700            |
| <b>Total</b>  | <b>1,187,829</b>  |
| Liabilities directly associated with assets held for sale |                   |
| Trade payables  | 193,164           |
| Other current liabilities                                 | 149,228           |
| Non-current liabilities                                   | 125,303           |
| <b>Total</b>  | <b>467,695</b>    |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(10) Employee Benefits**

**(Revision of defined benefit pension plan)**

Since the Company and a consolidated subsidiary of the Company introduced a risk-sharing corporate pension plan on April 1, 2019, for current employees participating in the defined benefit pension plan managed by the Hitachi Pension Fund, the same has been promoted to the other subsidiaries that participate in pension plan managed by the Hitachi Pension Fund. On April 1, 2022, newly 43 subsidiaries have changed their pension plans for current employees from defined benefit pension plan to risk-sharing corporate pension plan, and now the revision of Hitachi group pension plan managed by the Hitachi Pension Fund has been almost completed.

Under this plan, a risk reserve contribution is determined in advance in accordance with the rules governing the plan, and the pension benefits are adjusted annually based on the financial position of the plan to maintain balanced finance.

In terms of the corresponding accounting treatment for retirement benefits, risk-sharing corporate pension plan, for which an entity accepts contribution obligations to the extent stipulated in the rules but has no further obligations to make any additional contributions, are classified as defined contribution plan. Since the risk-sharing corporate pension plan, which subsidiaries introduced on April 1, 2022, impose no additional contribution obligations, at the time of the shift to the revised plan, the difference between the defined benefit obligations related to the portion transferred to the revised plan and the amount of assets transferred to the revised plan corresponding to the decrease in defined benefit obligations, 51,185 million yen, was recognized as a settlement loss in Other expenses in the condensed quarterly consolidated statement of profit or loss. And in the condensed quarterly consolidated statement of financial position, Other non-current assets decreased by 49,334 million yen, and Retirement and severance benefits increased by 1,851 million yen, respectively. Excluding the settlement loss in above, the impacts of changing pension plans on profit or loss for the fiscal year ending March 31, 2023 are not material.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(11) Dividends**

Dividends paid on the Company's common stock for the nine months ended December 31, 2022 are as follows:

| Decision                                      | Cash dividends<br>(millions of yen) | Appropriation<br>from | Cash dividends<br>per share (yen) | Record date        | Effective date    |
|---|-------------------------------------|-----------------------|-----------------------------------|--------------------|-------------------|
| The Board of Directors<br>on May 13, 2022     | 62,870                              | Retained earnings     | 65.0                              | March 31, 2022     | June 2, 2022      |
| The Board of Directors<br>on October 28, 2022 | 66,277                              | Retained earnings     | 70.0                              | September 30, 2022 | November 29, 2022 |

Dividends paid on the Company's common stock for the nine months ended December 31, 2021 are as follows:

| Decision                                      | Cash dividends<br>(millions of yen) | Appropriation<br>from | Cash dividends<br>per share (yen) | Record date        | Effective date    |
|---|-------------------------------------|-----------------------|-----------------------------------|--------------------|-------------------|
| The Board of Directors<br>on May 12, 2021     | 53,175                              | Retained earnings     | 55.0                              | March 31, 2021     | June 2, 2021      |
| The Board of Directors<br>on October 27, 2021 | 58,035                              | Retained earnings     | 60.0                              | September 30, 2021 | November 29, 2021 |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(12) Revenues**

(a) Disaggregation of revenue

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

Effective from April 1, 2022, the Company reclassified its reportable segments. Accordingly, figures for the nine months ended December 31, 2021 have been restated on the basis of the reclassification. Details of the reclassification are described in note 4.

Millions of yen

| December 31, 2022                |           |           |               |           |             |                            |                |
|----------------------------------|-----------|-----------|---------------|-----------|-------------|----------------------------|----------------|
|                                  | Japan     |           |               |           |             | Overseas Revenues Subtotal | Total Revenues |
|                                  |           | Asia      | North America | Europe    | Other Areas |                            |                |
| Digital Systems & Services       | 1,055,289 | 180,415   | 241,082       | 162,641   | 38,612      | 622,750                    | 1,678,039      |
| Green Energy & Mobility          | 259,876   | 308,177   | 324,179       | 590,459   | 241,020     | 1,463,835                  | 1,723,711      |
| Connective Industries            | 996,722   | 799,236   | 196,427       | 150,350   | 27,643      | 1,173,656                  | 2,170,378      |
| Automotive Systems               | 340,883   | 526,279   | 315,487       | 110,571   | 83,995      | 1,036,332                  | 1,377,215      |
| Hitachi Construction Machinery   | 80,640    | 83,040    | 94,671        | 80,460    | 136,303     | 394,474                    | 475,114        |
| Hitachi Metals                   | 323,193   | 181,280   | 283,606       | 41,547    | 18,100      | 524,533                    | 847,726        |
| Others                           | 276,242   | 42,999    | 4,612         | 6,314     | 2,769       | 56,694                     | 332,936        |
| Subtotal                         | 3,332,845 | 2,121,426 | 1,460,064     | 1,142,342 | 548,442     | 5,272,274                  | 8,605,119      |
| Corporate items and Eliminations | (459,668) | (28,446)  | (1,747)       | (6,040)   | (422)       | (36,655)                   | (496,323)      |
| Total                            | 2,873,177 | 2,092,980 | 1,458,317     | 1,136,302 | 548,020     | 5,235,619                  | 8,108,796      |

Millions of yen

| December 31, 2021                |           |           |               |         |             |                            |                |
|----------------------------------|-----------|-----------|---------------|---------|-------------|----------------------------|----------------|
|                                  | Japan     |           |               |         |             | Overseas Revenues Subtotal | Total Revenues |
|                                  |           | Asia      | North America | Europe  | Other Areas |                            |                |
| Digital Systems & Services       | 1,046,568 | 132,253   | 159,892       | 124,902 | 31,811      | 448,858                    | 1,495,426      |
| Green Energy & Mobility          | 266,288   | 303,149   | 239,688       | 481,352 | 174,592     | 1,198,781                  | 1,465,069      |
| Connective Industries            | 985,849   | 717,997   | 148,658       | 96,804  | 49,264      | 1,012,723                  | 1,998,572      |
| Automotive Systems               | 325,666   | 439,561   | 226,380       | 94,026  | 65,707      | 825,674                    | 1,151,340      |
| Hitachi Construction Machinery   | 154,758   | 135,633   | 136,201       | 112,654 | 181,120     | 565,608                    | 720,366        |
| Hitachi Metals                   | 298,803   | 150,662   | 197,322       | 30,630  | 13,432      | 392,046                    | 690,849        |
| Others                           | 269,406   | 41,231    | 4,123         | 6,197   | 2,361       | 53,912                     | 323,318        |
| Subtotal                         | 3,347,338 | 1,920,486 | 1,112,264     | 946,565 | 518,287     | 4,497,602                  | 7,844,940      |
| Corporate items and Eliminations | (463,516) | (24,591)  | (3,396)       | (5,182) | (1,590)     | (34,759)                   | (498,275)      |
| Total                            | 2,883,822 | 1,895,895 | 1,108,868     | 941,383 | 516,697     | 4,462,843                  | 7,346,665      |

The Digital Systems & Services segment consists of Front Business, IT Services, and Services & Platforms, for which revenue amounted to 665,453 million yen, 630,540 million yen and 688,992 million yen for the nine months ended December 31, 2022 and 638,496 million yen, 597,534 million yen and 555,781 million yen for the nine months ended December 31, 2021, respectively (including intersegment transactions). Front Business and IT Services are operated mainly in Japan, and Services & Platforms is operated mainly in Japan, North America and Europe.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

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 nine months ended December 31, 2022 and 2021, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects were 1,240,892 million yen and 1,108,452 million yen, respectively.

(b) Information about satisfaction of performance obligations

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

(Digital Systems & Services)

Front Business and IT Services primarily provide goods and services such as system integration, consulting and cloud service. Services & Platforms primarily provides IT products and software.

These long-term projects in system integration, consulting and cloud service businesses 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.

In IT products and software businesses, revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.

(Green Energy & Mobility and Connective Industries)

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

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

Further, in the sale of elevators, home appliances, measurement and analytical systems, industrial equipment, etc. included in the Connective Industries segment, revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.

(Other)

In the Automotive Systems, Hitachi Construction Machinery, and Hitachi Metals segments, performance obligations are generally satisfied at a point in time upon completion or upon delivery of the goods, and revenue is recognized when control over goods is transferred to customers. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.

These segments provide certain services promised in the contracts such as maintenance throughout the duration of the contract, and they recognize revenue over time based on the passage of time. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(13) Other Income and Expenses**

The main components of other income and expenses for the nine months ended December 31, 2022 and 2021 are as follows:

|  | Millions of yen |         |
|--|-----------------|---------|
|  | 2022            | 2021    |
| Net gain (loss) on sales and disposals of fixed assets | 5,204           | 5,124   |
| Impairment losses                                      | (67,290)        | (5,296) |
| Net gain (loss) on business reorganization and others  | 64,980          | 93,905  |
| Special termination benefits                           | (3,901)         | (3,827) |

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

Restructuring charges (structural reform expenses) included in Other expenses for the nine months ended December 31, 2022 and 2021 were 71,191 million yen and 9,123 million yen, respectively. Restructuring charges (structural reform expenses) include impairment losses and special termination benefits. In addition, the settlement loss of 51,185 million yen recognized for the nine months ended December 31, 2022 due to the change to the risk-sharing corporate pension plan introduced by subsidiaries on April 1, 2022, is included in Other expenses for the nine months ended December 31, 2022. Details of this transaction are described in note 10.

Impairment losses for the nine months ended December 31, 2022 include 38,446 million yen in the Green Energy & Mobility segment, mainly consisting of 38,394 million yen in impairment losses on goodwill in the power grids business due to the rise in discount rate following the significant rise in interest rates, etc. The recoverable amount was determined on the basis of value in use, which was measured at 10,600 million U.S. dollars (1,534,986 million yen) as of September 30, 2022, the date on which impairment losses were recognized. The value in use was discounted at 13.2% (before tax), which was derived from the weighted average cost of capital.

**(14) Financial Income and Expenses**

The main components of financial income and expenses for the nine months ended December 31, 2022 and 2021 are as follows:

|                      | Millions of yen |       |
|----------------------|-----------------|-------|
|                      | 2022            | 2021  |
| Dividends received   | 7,791           | 5,771 |
| Exchange gain (loss) | (9,388)         | 4,929 |

Dividends received for the nine months ended December 31, 2022 and 2021 are from financial assets measured at fair value through other comprehensive income.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(15) Earnings Per Share (EPS) Information**

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the nine months ended December 31, 2022 and 2021 are as follows:

Nine months ended December 31

|  | Number of shares |             |
|--|------------------|-------------|
|  | 2022             | 2021        |
| Weighted average number of shares on which basic EPS is calculated | 951,926,474      | 966,384,756 |
| Effect of dilutive securities                                      |                  |             |
| Stock options  | 417,340          | 516,398     |
| Restricted stock   | 560,466          | 713,890     |
| Restricted stock units   | 35,727           | 35,737      |
| Number of shares on which diluted EPS is calculated                | 952,940,007      | 967,650,781 |

|   | Millions of yen |         |
|---|-----------------|---------|
|   | 2022            | 2021    |
| Net income attributable to Hitachi, Ltd. stockholders |                 |         |
| Basic   | 292,232         | 450,785 |
| Effect of dilutive securities                         | -               | -       |
| Diluted   | 292,232         | 450,785 |

|  | Yen    |        |
|--|--------|--------|
|  | 2022   | 2021   |
| EPS attributable to Hitachi, Ltd. stockholders |        |        |
| Basic  | 306.99 | 466.47 |
| Diluted  | 306.66 | 465.86 |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the three months ended December 31, 2022 and 2021 are as follows:

Three months ended December 31

|  | Number of shares |             |
|--|------------------|-------------|
|  | 2022             | 2021        |
| Weighted average number of shares on which basic EPS is calculated | 939,139,584      | 966,451,638 |
| Effect of dilutive securities                                      |                  |             |
| Stock options  | 417,340          | 499,000     |
| Restricted stock   | 525,766          | 671,546     |
| Restricted stock units   | 24,216           | 29,052      |
| Number of shares on which diluted EPS is calculated                | 940,106,906      | 967,651,236 |

|   | Millions of yen |         |
|---|-----------------|---------|
|   | 2022            | 2021    |
| Net income attributable to Hitachi, Ltd. stockholders |                 |         |
| Basic   | 119,717         | 128,341 |
| Effect of dilutive securities                         | -               | -       |
| Diluted   | 119,717         | 128,341 |

|  | Yen    |        |
|--|--------|--------|
|  | 2022   | 2021   |
| EPS attributable to Hitachi, Ltd. stockholders |        |        |
| Basic  | 127.48 | 132.80 |
| Diluted  | 127.34 | 132.63 |

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**December 31, 2022**

**(16) 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. The compensation claim against these three companies was amended to approximately 51.0 billion yen in July 2018 and to approximately 50.5 billion yen in September 2022 by the contractee.

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

In December 2017, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of 263 million euro (37,213 million yen) and interest allegedly incurred by performance defects of a power plant. As of December 31, 2022, the amount of compensation claimed by the customer was changed to 270 million euro (38,202 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.

**(17) Approval of Condensed Quarterly Consolidated Financial Statements**

The condensed quarterly consolidated financial statements were approved on February 9, 2023 by Keiji Kojima, President and CEO of the Company.

[Cover]

|   |  |
|---|--|
| [Document Filed]                              | Confirmation Letter  |
| [Applicable Law]                              | Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan   |
| [Filed with]                                  | Director, Kanto Local Finance Bureau   |
| [Filing Date]                                 | February 9, 2023   |
| [Company Name]                                | Kabushiki Kaisha Hitachi Seisakusho  |
| [Company Name in English]                     | Hitachi, Ltd.  |
| [Title and Name of Representative]            | Keiji Kojima, President & CEO  |
| [Title and Name of CFO]                       | Yoshihiko Kawamura, Executive Vice President and Executive Officer   |
| [Address of Head Office]                      | 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo   |
| [Place Where Available for Public Inspection] | Tokyo Stock Exchange, Inc.<br>(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)<br>Nagoya Stock Exchange, Inc.<br>(8-20, Sakae 3-chome, Naka-ku, Nagoya) |

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

Mr. Keiji Kojima, President & CEO, and Mr. Yoshihiko Kawamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the third quarter of the 154th fiscal year (from October 1, 2022 to December 31, 2022) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.