

[Translation]

# Quarterly Report

(The Second Quarter of 155th Business Term)

From July 1, 2023 to September 30, 2023

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]	November 10, 2023
[Fiscal Year]	The Second Quarter of 155th Business Term (from July 1, 2023 to September 30, 2023)
[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]	Yuki Fukutani, Manager, Legal Division
[Contact Address]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-3258-1111
[Contact Person]	Yuki Fukutani, Manager, Legal Division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

---

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 ...	5
3. Material Agreements, etc. ....	10
III. Information on the Company .....	11
1. Information on the Company’s Stock, etc. ....	11
(1) Total number of shares, etc. ....	11
(2) Information on the stock acquisition rights, etc. ....	11
(3) Information on moving strike convertible bonds, etc. ....	11
(4) Changes in the total number of issued shares and the amount of common stock and other .....	11
(5) Major shareholders .....	12
(6) Information on voting rights .....	13
2. Changes in Senior Management .....	14
IV. Financial Information .....	14
Part II Information on Guarantors, etc. for the Company .....	14
[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)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Year ended March 31, 2023
Revenues	5,416,779 [2,846,963]	4,960,069 [2,637,581]	10,881,150
Income before income taxes	282,145	322,056	819,971
Net income attributable to Hitachi, Ltd. stockholders	172,515 [135,357]	209,103 [139,082]	649,124
Comprehensive income attributable to Hitachi, Ltd. stockholders	681,216	641,493	905,819
Total Hitachi, Ltd. stockholders' equity	4,851,087	5,415,811	4,942,854
Total equity	5,518,818	5,825,762	5,335,567
Total assets	13,617,345	13,475,204	12,501,414
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	180.01 [142.17]	224.14 [149.61]	684.55
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	179.83	223.88	683.89
Total Hitachi, Ltd. stockholders' equity ratio (%)	35.6	40.2	39.5
Net cash provided by (used in) operating activities	233,652	316,926	827,045
Net cash provided by (used in) investing activities	(72,339)	(110,290)	151,063
Net cash provided by (used in) financing activities	(338,473)	(194,329)	(1,142,966)
Cash and cash equivalents at end of period	866,016	905,838	833,283

(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 September 30, 2022 and 2023, respectively.

## 2. Description of Business

There were no material changes in principal businesses of Hitachi during the six months ended September 30, 2023. The Hitachi Group is comprised of the Company, 684 consolidated subsidiaries, and 269 equity-method associates and joint-ventures.

Effective from April 1, 2023, the Company abolished Hitachi Construction Machinery segment and Hitachi Metals segment and discloses its business in five segments: three sectors as “Digital Systems & Services,” “Green Energy & Mobility” and “Connective Industries,” Automotive Systems, 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 six months ended September 30, 2023 were as follows.

(As of September 30, 2023)

Segments	Main products and services	BU and principal affiliated companies
Digital Systems & Services	<ul style="list-style-type: none"> <li>• Digital Solutions (System Integration, Consulting, Cloud Services)</li> <li>• IT Products (Storage, Servers)</li> <li>• Software</li> <li>• ATMs</li> </ul>	<p>[BU]            Financial Institutions BU            Social Infrastructure Systems BU            Cloud Services Platforms BU (Note 2)            Digital Engineering BU (Note 2)</p> <p>[Consolidated subsidiaries]            Hitachi Information &amp; Telecommunication Engineering, Ltd.            Hitachi Channel Solutions Corp.            Hitachi Solutions, Ltd.            Hitachi Systems, Ltd.            GlobalLogic Worldwide Holding, Inc.            Hitachi Computer Products (America), Inc.            Hitachi Digital LLC            Hitachi Payment Services Private Limited            Hitachi Vantara LLC</p>
Green Energy & Mobility	<ul style="list-style-type: none"> <li>• Energy Solutions (Power Grids, Renewable Energy, Nuclear)</li> <li>• Railway Systems</li> </ul>	<p>[BU] (Note 3)            Power Grids BU            Nuclear Energy BU            Railway Systems BU</p> <p>[Consolidated subsidiaries]            Hitachi-GE Nuclear Energy, Ltd.            Hitachi Plant Construction, Ltd.            Hitachi Power Semiconductor Device, Ltd.            Hitachi Power Solutions Co., Ltd.            Hitachi Energy Ltd            Hitachi Rail Ltd.</p>
Connective Industries	<ul style="list-style-type: none"> <li>• Building Systems (Elevators, Escalators)</li> <li>• Smart Life &amp; Ecofriendly Systems (Home Appliances, Air Conditioners)</li> <li>• Measurement and Analytical Systems (Semiconductor Manufacturing Equipment, Clinical Analyzers)</li> <li>• Industry &amp; Distribution Solutions</li> <li>• Water &amp; Environment Solutions</li> <li>• Industrial Machinery</li> </ul>	<p>[BU]            Building Systems BU            Industrial Digital BU            Water &amp; Environment BU</p> <p>[Consolidated subsidiaries]            Hitachi Building Systems Co., Ltd.            Hitachi Global Life Solutions, Inc.            Hitachi High-Tech Corporation            Hitachi Industrial Equipment Systems Co., Ltd.            Hitachi Industrial Products, Ltd.            Hitachi Industry &amp; Control Solutions, Ltd.            Hitachi Plant Services Co., Ltd.            Hitachi Elevator (China) Co., Ltd.            Hitachi Global Air Power US, LLC (Note 4)            Hitachi Industrial Holdings Americas, Inc.            JR Technology Group, LLC</p> <p>[Equity-method associates]            Hitachi Kokusai Electric Inc.            Arcelik Hitachi Home Appliances B.V.            Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd</p>
Automotive Systems	<ul style="list-style-type: none"> <li>• Powertrain</li> <li>• Chassis</li> <li>• Advanced Driver Assistance</li> <li>• Motorcycle Systems</li> </ul>	<p>[Consolidated subsidiaries]            Hitachi Astemo, Ltd. (Note 5)            Hitachi Astemo Americas, Inc. (Note 5)</p>

(As of September 30, 2023)

Segments	Main products and services	BU and principal affiliated companies
Others	<ul style="list-style-type: none"><li>• Property Management</li><li>• Others</li></ul>	[Consolidated subsidiaries] Hitachi-LG Data Storage, Inc. Hitachi Real Estate Partners, Ltd. Hitachi America, Ltd. Hitachi Asia Ltd. Hitachi (China), Ltd. Hitachi Europe Ltd. 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. Services & Platforms BU belonging to Digital Systems & Services segment was reorganized as Cloud Services Platforms BU on April 1, 2023. Digital Engineering BU was established in Digital Systems & Services segment on April 1, 2023.
  3. Energy BU belonging to Green Energy & Mobility segment was abolished on April 1, 2023.
  4. Sullair, LLC changed its name to Hitachi Global Air Power US, LLC on April 12, 2023.
  5. Hitachi Astemo, Ltd. and Hitachi Astemo Americas, Inc. have ceased to be consolidated subsidiaries of the Company and become equity-method associates of the Company due to transferring a part of its shares in Hitachi Astemo, Ltd. on October 16, 2023. Consequently, there is no company which belongs to the Automotive Systems segment since then.
  6. In addition to the table above, the major equity-method associate is Hitachi Construction Machinery Co., Ltd.

## II. Business Overview

### 1. Risk Factors

There were no new risk factors recognized during the six months ended September 30, 2023.

During the six months ended September 30, 2023, the following is the material change in the risk factors stated in the Annual Securities Report for the 154th business term pursuant to the Financial Instruments and Exchange Act of Japan, and the relevant change is underlined.

(Before the Change)

#### *Rapid Technological Innovation*

New technologies are rapidly emerging in the segments in which Hitachi conducts business, with the pace of technological innovation. The development of new and advanced technologies, the continuous, timely and cost-effective incorporation of such technologies into products, systems and services and the effective marketing of such products, etc. are indispensable to remaining competitive. For instance, it is important to respond to technological innovations, including automation and electrification using technologies such as digital and robots and environmentally friendly technologies such as decarbonization and resource circulation. While introducing such products, etc. requires significant resource commitment to research and development, there can be no assurance that Hitachi's research and development will be successful. Failure in Hitachi's endeavors to develop and incorporate such advanced technologies into products and services in a timely manner, or to achieve market acceptance for such products, etc., may negatively affect Hitachi's business, financial condition and results of operations.

<Text below omitted>

(After the Change)

#### *Rapid Technological Innovation*

New technologies are rapidly emerging in the segments in which Hitachi conducts business, with the pace of technological innovation. The development of new and advanced technologies, the continuous, timely and cost-effective incorporation of such technologies into products, systems and services and the effective marketing of such products, etc. are indispensable to remaining competitive. For instance, it is important to respond to technological innovations, including application of generative AI to human intellectual activity, automation and electrification using technologies such as digital and robots and environmentally friendly technologies such as decarbonization and resource circulation. While introducing such products, etc. requires significant resource commitment to research and development, there can be no assurance that Hitachi's research and development will be successful. Failure in Hitachi's endeavors to develop and incorporate such advanced technologies into products and services in a timely manner, or to achieve market acceptance for such products, etc., may negatively affect Hitachi's business, financial condition and results of operations.

<Text below omitted>

(Before the Change)

#### *Sharp Decline in Demand*

Oversupply in the markets in which Hitachi competes may lead to declines in sales prices, revenues and profitability. In addition, adjustment to demand may force Hitachi to dispose of excess supply or obsolete equipment or reduce production, which can result in losses. For example, the imbalance between supply and demand in information equipment, elevators, semiconductor and automotive equipment industries and a resultant deterioration in market conditions could negatively affect Hitachi's businesses, financial condition and results of operations.

<Text below omitted>

(After the Change)

#### *Sharp Decline in Demand*

Oversupply in the markets in which Hitachi competes may lead to declines in sales prices, revenues and profitability. In addition, adjustment to demand may force Hitachi to dispose of excess supply or obsolete equipment or reduce production, which can result in losses. For example, the imbalance between supply and demand in information equipment, elevators and semiconductor industries and a resultant deterioration in market conditions could negatively affect Hitachi's businesses, 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 six months ended September 30, 2023 were as follows.

Revenues decreased 8% to 4,960.0 billion yen, as compared with the six months ended September 30, 2022, due mainly to decreased revenues owing to selling a part of shares of Hitachi Construction Machinery Co., Ltd. and selling shares of Hitachi Metals, Ltd. (Currently Proterial, Ltd.). The decrease was partially offset by increased revenues in Green Energy & Mobility segment including Hitachi Energy Ltd and Railway Systems business which performed well, Automotive Systems segment due to moderate production recovery of automaker production and solving semiconductor shortage and Digital Systems & Services segment including Lumada business which performed well.

Cost of sales decreased 9% to 3,730.5 billion yen, as compared with the six months ended September 30, 2022, and the ratio of cost of sales to revenues decreased 1% to 75%, as compared with the six months ended September 30, 2022. Gross profit decreased 7% to 1,229.5 billion yen, as compared with the six months ended September 30, 2022.

Selling, general and administrative expenses ("SG&A") decreased 9% to 904.0 billion yen and the ratio of SG&A to revenues came to 18%, which was the same level as for the six months ended September 30, 2022, respectively.

Share of profits of investments accounted for using the equity method increased 6.5 billion yen to 33.2 billion yen, as compared with the six months ended September 30, 2022 mainly because Hitachi Construction Machinery Co., Ltd. ceased to be the Company's consolidated subsidiary and became its equity-method associate in August 2022.

As a result of foregoing, Adjusted EBITA (defined as Adjusted Earnings before Interest, Taxes and Amortization, and representing the revenues less cost of sales as well as SG&A, 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 7.8 billion yen to 400.9 billion yen, as compared with the six months ended September 30, 2022.

Other income decreased 52.9 billion yen to 21.5 billion yen, as compared with the six months ended September 30, 2022, due mainly to the gains on business reorganization posted in the six months ended September 30, 2022 by selling a part of shares of Hitachi Construction Machinery Co., Ltd. Other expenses decreased 91.6 billion yen to 42.7 billion yen, as compared with the six months ended September 30, 2022, due mainly to the absence of the impairment losses posted in Hitachi Energy Ltd and expenses posted by shifting to risk-sharing corporate pension in the six months ended September 30, 2022.

Financial income (excluding interest income) decreased 4.8 billion yen to 6.6 billion yen, and financial expenses (excluding interest charges) decreased 6.2 billion yen to 4.2 billion yen, as compared with the six months ended September 30, 2022, respectively.

Earnings before interest and taxes increased 47.5 billion yen to 339.8 billion yen, as compared with the six months ended September 30, 2022.

Interest income increased 8.4 billion yen to 19.7 billion yen and interest charges increased 16.1 billion yen to 37.5 billion yen, as compared with the six months ended September 30, 2022, respectively.

Income before income taxes increased 39.9 billion yen to 322.0 billion yen, as compared with the six months ended September 30, 2022.

Income taxes increased 8.4 billion yen to 89.7 billion yen, as compared with the six months ended September 30, 2022.

Net income increased 31.4 billion to 232.3 billion yen, as compared with the six months ended September 30, 2022.

Net income attributable to non-controlling interests decreased 5.0 billion yen to 23.2 billion yen, as compared with the six months ended September 30, 2022.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 36.5 billion yen to 209.1 billion yen, as compared with the six months ended September 30, 2022.

#### 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, 2023, the company reclassified its reportable segment in five segments: Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive systems and Others. Accordingly, the amounts previously reported for the six months ended September 30, 2022 have been restated in conformity with the new segments.

Revenues and Adjusted EBITA for Business Management Reinforcement Division, which were previously included in Green Energy & Mobility segment, are included in Others segment from April 1, 2023. Accordingly, the amounts previously reported for the six months ended September 30, 2022 have been restated in conformity with this change.

#### (Digital Systems & Services)

Revenues increased 8% to 1,192.5 billion yen, as compared with the six months ended September 30, 2022, due mainly to the strong results of Lumada business and growth of GlobalLogic by harvesting the demand for DX

Adjusted EBITA increased 17.5 billion yen to 135.0 billion yen, as compared with the six months ended September 30, 2022, due mainly to increased revenues. The increase was partially offset by decreased profit due mainly to continued investment in development for growth to expand business in Services & Platforms business.



(Green Energy & Mobility)

Revenues increased 27% to 1,345.7 billion yen, as compared with the six months ended September 30, 2022, due mainly to sales increase in Hitachi Energy Ltd by ongoing orders and sales increase in the Railway Systems business resulting from the progress in major projects.

Adjusted EBITA increased 25.3 billion yen to 79.6 billion yen, as compared with the six months ended September 30, 2022, due mainly to increased revenues, as well as increased profitability in Hitachi Energy Ltd and improved profitability in Railway Systems business resulting from the progress in major projects and better project mix. The increase was partially offset by decreased profits due mainly to cost increase in a certain project in Energy business.

(Connective Industries)

Revenues increased 3% to 1,463.8 billion yen, as compared with the six months ended September 30, 2022, due mainly to increased revenues in Industrial Products business and Water and Environment business. The increase was partially offset by decreased revenues in Measurement and Analytical Systems business.

Adjusted EBITA decreased 3.4 billion yen to 145.7 billion yen, as compared with the six months ended September 30, 2022, due mainly to decrease in profit resulting from decreased revenues in Measurement and Analytical Systems business, despite increased revenues.

(Automotive Systems)

Revenues increased 17% to 1,035.2 billion yen, as compared with the six months ended September 30, 2022, due mainly to moderate production recovery of automaker production and resolving semiconductor shortage as well as the absence of the impact of municipal lockdown in China posted in six months ended September 30, 2022.

Adjusted EBITA increased 29.4 billion yen to 41.2 billion yen, as compared with the six months ended September 30, 2022, due mainly to increased revenues.

(Others)

Revenues increased 3% to 241.8 billion yen, as compared with the six months ended September 30, 2022. Adjusted EBITA improved 9.4 billion to 7.8 billion yen, as compared with the six months ended September 30, 2022.

Revenues by Market

Revenues in Japan decreased 7% to 1,769.8 billion yen, as compared with the six months ended September 30, 2022, due mainly to decreased revenues owing to selling a part of shares of Hitachi Construction Machinery Co., Ltd. and selling shares of Hitachi Metals, Ltd. The decrease was partially offset by increased revenues in Digital Systems & Services segment due to steady growth in Front Business, and increased revenues in Connective Industries segment due to the rebound from decreased revenues resulting from the shortage of semiconductor supplies in the six months ended September 30, 2022 and increase in orders for large-scale projects in Water and Environment business.

Overseas revenues decreased 9% to 3,190.2 billion yen, as compared with the six months ended September 30, 2022, due mainly to decreased revenues owing to selling a part of Hitachi Construction Machinery Co., Ltd. and selling shares of Hitachi Metals, Ltd. The decrease was partially offset by increased revenues in Green Energy & Mobility segment including Hitachi Energy Ltd and increased revenues in Automotive Systems segment due mainly to the resolving shortage of semiconductor supplies, as well as the impact of foreign exchange.

As a result, the ratio of overseas revenues to total revenues decreased 1% to 64%, as compared with the six months ended September 30, 2022.

## (2) Analysis of Financial Condition and Cash Flows

### Liquidity and Capital Resources

During the six months ended September 30, 2023, 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 six months ended September 30, 2023 increased by 23.2 billion yen and income tax payment increased by 6.5 billion yen, as compared with the six months ended September 30, 2022, respectively. However, net cash inflow from a change in trade receivables and contract assets increased by 25.1 billion yen, as well as net cash outflow from a change in inventories decreased by 114.9 billion yen, as compared with the six months ended September 30, 2022, respectively.

As a result of the foregoing, net cash provided by operating activities was 316.9 billion yen in the six months ended September 30, 2023, an increase of 83.2 billion yen compared with the six months ended September 30, 2022.

#### (Cash Flows from Investing Activities)

Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the six months ended September 30, 2023 decreased by 18.4 billion yen, as compared with the six months ended September 30, 2022. However, net amount of investments related to property, plant and equipment\* was 175.0 billion yen in the six months ended September 30, 2023 and this net sum increased by 11.2 billion yen, as compared with the six months ended September 30, 2022. Furthermore, 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 six months ended September 30, 2023 decreased by 45.4 billion yen, as compared with the six months ended September 30, 2022, due mainly to the sale of shares of Hitachi Construction Machinery Co., Ltd. in the six months ended September 30, 2022.

As a result of the foregoing, net cash used in investing activities was 110.2 billion yen in the six months ended September 30, 2023, an increase of 37.9 billion yen compared with the six months ended September 30, 2022.

\* 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 inflow from a change in short-term debt in the six months ended September 30, 2023 increased by 45.4 billion yen, as compared with the six months ended September 30, 2022. Furthermore, net cash outflow related to long-term debt\*\* in the six months ended September 30, 2023 decreased by 13.9 billion yen, as compared with the six months ended September 30, 2022 and acquisition of common stock for treasury in the six months ended September 30, 2023 decreased by 40.0 billion yen, as compared with the six months ended September 30, 2022.

As a result of the foregoing, net cash used in financing activities was 194.3 billion yen in the six months ended September 30, 2023, a decrease of 144.1 billion yen compared with the six months ended September 30, 2022.

\*\* 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 September 30, 2023, were 905.8 billion yen, an increase of 72.5 billion yen from March 31, 2023. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 206.6 billion yen in the six months ended September 30, 2023, an increase of 45.3 billion yen compared with the six months ended September 30, 2022.

### Assets, Liabilities and Equity

The following is an overview of Hitachi's assets, liabilities, and equity as of September 30, 2023.

Total assets were 13,475.2 billion yen, an increase of 973.7 billion yen from March 31, 2023, due mainly to 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 2,375.8 billion yen, an increase of 162.5 billion yen from March 31, 2023, due mainly to an increase in short-term debt.

Total Hitachi, Ltd. stockholders' equity increased by 472.9 billion yen from March 31, 2023, to 5,415.8 billion yen. The ratio of total Hitachi, Ltd. stockholders' equity to total assets was 40.2%, as compared with 39.5% as of March 31, 2023.

Non-controlling interests were 409.9 billion yen, an increase of 17.2 billion yen from March 31, 2023.

Total equity was 5,825.7 billion yen, an increase of 490.1 billion yen from March 31, 2023. The ratio of interest-bearing debt to total equity was 0.41, which was the same level as of March 31, 2023

### (3) Management Policy

There were no material changes in Hitachi's management policy during the six months ended September 30, 2023.

### (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 six months ended September 30, 2023.

#### 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 six months ended September 30, 2023.

### (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 154th business term pursuant to the Financial Instruments and Exchange Act of Japan. The Hitachi Group's R&D expenditures in the six months ended September 30, 2023 were 155.7 billion yen, 3.1% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Six months ended September 30, 2023
Digital Systems & Services	25.7
Green Energy & Mobility	27.8
Connective Industries	42.6
Automotive Systems	46.0
Others	0.6
Corporate items & Eliminations	12.8
Total	155.7

### (6) 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, 2024 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 154th business term.

Segment	The amount of capital investment for the fiscal year ending March 31, 2024 (Billions of yen)	
	Initial Plan	Updated Plan
Digital Systems & Services	67.0	67.0
Green Energy & Mobility	99.0	108.0
Connective Industries	80.0	80.0
Automotive Systems	40.0	51.0
Others	22.0	22.0
Corporate Items & Eliminations	2.0	2.0
Total	310.0	330.0

(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.

## (7) Forward-Looking Statements

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

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

- 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.

The material contract renewed during the three months ended September 30, 2023 is as follows

Cross License Agreement

Party	Party	Country	Item under contract	Contract description	Contract period
Hitachi-GE Nuclear Energy, Ltd. (Consolidated subsidiary)	GE-Hitachi Nuclear Energy Americas LLC	U.S.A.	Nuclear reactor systems	Cross license of patents and technology	From October 30, 1991 to December 31, 2023

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) (September 30, 2023)	Number of shares issued as of the filing date (shares) (Note) (November 10, 2023)	Stock exchange on which the Company is listed	Description
Common stock	938,241,277	927,167,877	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	938,241,277	927,167,877	—	—

(Note) The "Number of shares issued as of the filing date" does not include shares issued upon exercise of stock acquisition rights from November 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)
From July 1, 2023 to September 30, 2023	—	938,241,277	—	463,417	—	181,383

(Note) The total number of issued shares decreased to 11,073,400 due to the cancellation of treasury stock on October 18, 2023.

## (5) Major shareholders

(As of September 30, 2023)

Name	Address	Share Ownership (shares)	Ownership percentage to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	165,356,100	17.84
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	58,852,150	6.35
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.)	Bankplassen 2, 0107 Oslo 1 Oslo 0107 NO (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	24,951,370	2.69
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts 02101 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	23,695,502	2.56
NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)	C/O Citibank, New York 111 Wall Street, New York, NY, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	20,239,016	2.18
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	20,000,099	2.16
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	One Congress Street, Suite 1, Boston, Massachusetts (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	19,957,992	2.15
Hitachi Employees' Shareholding Association	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	18,899,108	2.04
State Street Bank West Client - Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	17,741,387	1.91
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	13,818,784	1.49
Total	-	383,511,508	41.38

(Notes) 1. NATS CUMCO is the nominee name of the depository bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.

2. Some reports on substantial shareholdings regarding the Company under the Financial Instruments and Exchange Act are available for public inspection. However, the information in the reports is not described in the above table since the Company does not confirm the actual status of shareholdings as of September 30, 2023. The major contents of the reports are as follows.

Holders	BlackRock Japan Co. Ltd and nine other persons
Date on which the duty to file report	September 15, 2023
Number of shares	68,635,088 shares
Ownership percentage to the total number of issued shares	7.32%

Holders	Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other person
Date on which the duty to file report	March 15, 2022
Number of shares	58,850,673 shares
Ownership percentage to the total number of issued shares	6.08%

(6) Information on voting rights

1) Issued shares

(As of September 30, 2023)

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	11,466,000	—	—
Shares with full voting right (others)	Common stock	924,569,900	9,245,699	—
Shares less than one unit	Common stock	2,205,377	—	—
Number of issued shares	938,241,277		—	—
Total number of voting rights	—		9,245,699	—

(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, 2023)

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	11,434,900	—	11,434,900	1.22
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	—	11,466,000	—	11,466,000	1.22

(Note) The total number of issued shares decreased to 11,073,400 due to the cancellation of treasury stock on October 18, 2023.

2. Changes in Senior Management

There were no changes in senior managements from the filing date of the Annual Securities Report for the 154th business term pursuant to the Financial Instruments and Exchange of Act of Japan to September 30, 2023.

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	September 30, 2023	March 31, 2023
<b>Assets</b>			
Current assets			
Cash and cash equivalents		905,838	833,283
Trade receivables and contract assets	6	2,994,935	2,874,987
Inventories		1,863,977	1,646,188
Investments in securities and other financial assets	7	324,652	346,916
Other current assets		343,102	227,161
Total current assets		6,432,504	5,928,535
Non-current assets			
Investments accounted for using the equity method	5	522,586	478,620
Investments in securities and other financial assets	7	514,763	496,897
Property, plant and equipment		1,773,300	1,700,471
Goodwill	11	2,403,920	2,165,350
Other intangible assets		1,341,589	1,244,688
Other non-current assets	8	486,542	486,853
Total non-current assets		7,042,700	6,572,879
Total assets		13,475,204	12,501,414
<b>Liabilities</b>			
Current liabilities			
Short-term debt		897,839	777,650
Current portion of long-term debt	7	137,163	141,861
Other financial liabilities	7	283,131	263,748
Trade payables		1,576,224	1,548,497
Accrued expenses		722,831	720,961
Contract liabilities		1,474,394	1,241,366
Other current liabilities		484,126	472,095
Total current liabilities		5,575,708	5,166,178
Non-current liabilities			
Long-term debt	7	1,340,846	1,293,837
Retirement and severance benefits	8	327,377	323,264
Other non-current liabilities		405,511	382,568
Total non-current liabilities		2,073,734	1,999,669
Total liabilities		7,649,442	7,165,847
<b>Equity</b>			
Hitachi, Ltd. stockholders' equity			
Common stock		463,417	462,817
Capital surplus	5	-	-
Retained earnings	9	3,782,729	3,637,184
Accumulated other comprehensive income		1,271,683	846,392
Treasury stock, at cost		(102,018)	(3,539)
Total Hitachi, Ltd. stockholders' equity		5,415,811	4,942,854
Non-controlling interests	5	409,951	392,713
Total equity		5,825,762	5,335,567
Total liabilities and equity		13,475,204	12,501,414

See accompanying notes to condensed quarterly consolidated financial statements.

### Condensed Quarterly Consolidated Statement of Profit or Loss

Six months ended September 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Revenues	10	4,960,069	5,416,779
Cost of sales		(3,730,503)	(4,101,557)
Gross profit		1,229,566	1,315,222
Selling, general and administrative expenses		(904,084)	(990,593)
Other income	5,11	21,566	74,508
Other expenses	8,11	(42,775)	(134,430)
Financial income	12	6,624	11,425
Financial expenses	12	(4,243)	(10,519)
Share of profits (losses) of investments accounted for using the equity method		33,232	26,677
EBIT (Earnings before interest and taxes)		339,886	292,290
Interest income		19,731	11,308
Interest charges		(37,561)	(21,453)
Income before income taxes		322,056	282,145
Income taxes		(89,718)	(81,299)
Net income		232,338	200,846
Net income attributable to:			
Hitachi, Ltd. stockholders		209,103	172,515
Non-controlling interests		23,235	28,331
Earnings per share attributable to Hitachi, Ltd. stockholders	13		Yen
Basic		224.14	180.01
Diluted		223.88	179.83

### Condensed Quarterly Consolidated Statement of Comprehensive Income

Six months ended September 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Net income		232,338	200,846
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		32,280	(18,257)
Remeasurements of defined benefit plans		(165)	17,232
Share of OCI of investments accounted for using the equity method		397	571
Total items not to be reclassified into net income		32,512	(454)
Items that can be reclassified into net income			
Foreign currency translation adjustments		390,417	552,473
Net changes in cash flow hedges		10,704	(742)
Share of OCI of investments accounted for using the equity method		23,376	38,198
Total items that can be reclassified into net income		424,497	589,929
Other comprehensive income (OCI)		457,009	589,475
Comprehensive income		689,347	790,321
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		641,493	681,216
Non-controlling interests		47,854	109,105

See accompanying notes to condensed quarterly consolidated financial statements.

### Condensed Quarterly Consolidated Statement of Profit or Loss

Three months ended September 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Revenues		2,637,581	2,846,963
Cost of sales		(1,982,469)	(2,147,215)
Gross profit		655,112	699,748
Selling, general and administrative expenses		(460,176)	(496,672)
Other income		22,372	70,341
Other expenses		(27,328)	(71,280)
Financial income		14,623	8,083
Financial expenses		-	(12,336)
Share of profits (losses) of investments accounted for using the equity method		13,387	13,777
EBIT (Earnings before interest and taxes)		217,990	211,661
Interest income		8,520	6,058
Interest charges		(19,939)	(12,180)
Income before income taxes		206,571	205,539
Income taxes		(55,905)	(51,742)
Net income		150,666	153,797
Net income attributable to:			
Hitachi, Ltd. stockholders		139,082	135,357
Non-controlling interests		11,584	18,440
Earnings per share attributable to Hitachi, Ltd. stockholders	13		Yen
Basic		149.61	142.17
Diluted		149.44	142.03

### Condensed Quarterly Consolidated Statement of Comprehensive Income

Three months ended September 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Net income		150,666	153,797
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		(12,812)	(11,869)
Remeasurements of defined benefit plans		(256)	-
Share of OCI of investments accounted for using the equity method		83	559
Total items not to be reclassified into net income		(12,985)	(11,310)
Items that can be reclassified into net income			
Foreign currency translation adjustments		111,699	139,795
Net changes in cash flow hedges		994	388
Share of OCI of investments accounted for using the equity method		7,953	21,201
Total items that can be reclassified into net income		120,646	161,384
Other comprehensive income (OCI)		107,661	150,074
Comprehensive income		258,327	303,871
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		238,979	269,053
Non-controlling interests		19,348	34,818

See accompanying notes to condensed quarterly consolidated financial statements.

## Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2023

Millions of yen

2023								
	Common stock	Capital surplus	Retained earnings (note 9)	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of period	462,817	-	3,637,184	846,392	(3,539)	4,942,854	392,713	5,335,567
Changes in equity								
Reclassified into retained earnings	-	-	6,282	(6,282)	-	-	-	-
Net income	-	-	209,103	-	-	209,103	23,235	232,338
Other comprehensive income	-	-	-	432,390	-	432,390	24,619	457,009
Dividends to Hitachi, Ltd. stockholders	-	-	(70,317)	-	-	(70,317)	-	(70,317)
Dividends to non-controlling interests	-	-	-	-	-	-	(30,291)	(30,291)
Acquisition of treasury stock	-	-	-	-	(98,685)	(98,685)	-	(98,685)
Sales of treasury stock	-	(152)	-	-	206	54	-	54
Issuance of new shares	600	600	-	-	-	1,200	-	1,200
Transfer to capital surplus from retained earnings	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	(448)	477	(817)	-	(788)	(325)	(1,113)
Total changes in equity	600	-	145,545	425,291	(98,479)	472,957	17,238	490,195
Balance at end of period	463,417	-	3,782,729	1,271,683	(102,018)	5,415,811	409,951	5,825,762

Six months ended September 30, 2022

Millions of yen

2022								
	Common stock	Capital surplus (note 5)	Retained earnings (note 9)	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	-	-	50,950	(50,950)	-	-	-	-
Net income	-	-	172,515	-	-	172,515	28,331	200,846
Other comprehensive income	-	-	-	508,701	-	508,701	80,774	589,475
Dividends to Hitachi, Ltd. stockholders	-	-	(62,870)	-	-	(62,870)	-	(62,870)
Dividends to non-controlling interests	-	-	-	-	-	-	(23,114)	(23,114)
Acquisition of treasury stock	-	-	-	-	(138,695)	(138,695)	-	(138,695)
Sales of treasury stock	-	(94)	-	-	253	159	-	159
Issuance of new shares	1,086	1,086	-	-	-	2,172	-	2,172
Transfer to capital surplus from retained earnings	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	1,548	-	25,721	-	27,269	(431,701)	(404,432)
Total changes in equity	1,086	2,540	160,595	483,472	(138,442)	509,251	(345,710)	163,541
Balance at end of period	462,817	48,659	3,358,320	1,122,735	(141,444)	4,851,087	667,731	5,518,818

See accompanying notes to condensed quarterly consolidated financial statements.

## Condensed Quarterly Consolidated Statement of Cash Flows

Six months ended September 30, 2023 and 2022

Millions of yen

	Note	2023	2022
<b>Cash flows from operating activities:</b>			
Net income		232,338	200,846
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		247,004	282,415
Impairment losses		6,156	62,695
Income taxes		89,718	81,299
Share of (profits) losses of investments accounted for using the equity method		(33,232)	(26,677)
Financial income and expenses		13,540	3,744
Net (gain) loss on business reorganization and others		(11,105)	(66,147)
(Gain) loss on sale of property, plant and equipment		(9,737)	(7,502)
Change in trade receivables and contract assets		165,915	140,808
Change in inventories		(137,760)	(252,751)
Change in trade payables		(76,507)	(53,265)
Change in accrued expenses		(29,928)	(47,403)
Change in retirement and severance benefits		889	51,023
Other		(70,472)	(83,696)
Subtotal		386,819	285,389
Interest received		19,810	11,476
Dividends received		7,032	11,595
Interest paid		(36,842)	(21,500)
Income taxes paid		(59,893)	(53,308)
Net cash provided by (used in) operating activities		316,926	233,652
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(116,587)	(137,894)
Purchase of intangible assets		(79,165)	(71,133)
Proceeds from sale of property, plant and equipment, and intangible assets		20,689	45,262
Purchase of investments in securities and other financial assets		(12,049)	(30,508)
(including investments in subsidiaries and investments accounted for using the equity method)			
Proceeds from sale of investments in securities and other financial assets		81,792	127,223
(including investments in subsidiaries and investments accounted for using the equity method)			
Other		(4,970)	(5,289)
Net cash provided by (used in) investing activities		(110,290)	(72,339)
<b>Cash flows from financing activities:</b>			
Change in short-term debt, net		57,653	12,224
Proceeds from long-term debt		3,199	72,167
Payments on long-term debt		(65,854)	(148,745)
Proceeds from payments from non-controlling interests		-	310
Dividends paid to Hitachi, Ltd. stockholders		(70,235)	(62,727)
Dividends paid to non-controlling interests		(20,099)	(40,026)
Acquisition of common stock for treasury		(98,685)	(138,695)
Proceeds from sales of treasury stock		54	159
Purchase of shares of consolidated subsidiaries from non-controlling interests		(362)	(32,705)
Other		-	(435)
Net cash provided by (used in) financing activities		(194,329)	(338,473)
Effect of exchange rate changes on cash and cash equivalents		60,248	74,349
Change in cash and cash equivalents		72,555	(102,811)
Cash and cash equivalents at beginning of period		833,283	968,827
Cash and cash equivalents at end of period		905,838	866,016

See accompanying notes to condensed quarterly consolidated financial statements.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(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 six months ended September 30, 2023 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 five segments consisting of Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems 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, 2023.

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, 2023.

**(3) Material Accounting Policies**

Material 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, 2023.

Income taxes for the six months ended September 30, 2023 are computed using the estimated annual effective tax rate.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(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 five 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 grids, Renewable energy, Nuclear), and Railway systems

**Connective Industries:**

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

**Automotive Systems:**

Powertrain, Chassis, Advanced driver assistance, and Motorcycle systems

**Others:**

Property management and others

Effective from April 1, 2023, a portion of the business previously included in the Green Energy & Mobility segment has been transferred to Business Management Reinforcement Division, and included in Others. Figures for the six months ended September 30, 2022 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 equity-method associates of the Company. In January 2023, the Company sold all shares of Hitachi Metals, Ltd. (currently Proterial, Ltd.). As a result, Hitachi Metals, Ltd. was deconsolidated. Accordingly, the Hitachi Construction Machinery segment and the Hitachi Metals segment ceased to be business segments, but the segment figures for the six months ended September 30, 2023 and 2022 are disclosed individually to enhance fair disclosure. From the second quarter of the fiscal year ended March 31, 2023, the Company includes its share of profits (losses) of investments accounted for using the equity method of Hitachi Construction Machinery and its subsidiaries after the transfer of shares in Corporate items and Eliminations.



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

The following tables show business segment information for the six months ended September 30, 2023 and 2022.

Millions of yen

	2023			
	Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	1,112,099	1,317,555	1,369,447	1,030,966
Revenues from Intersegment Transactions	80,403	28,158	94,403	4,251
Total Revenues	1,192,502	1,345,713	1,463,850	1,035,217
Segment Profit (Loss)	135,061	79,671	145,719	41,291

Millions of yen

	2023					
	Segment				Corporate items and Eliminations	Total
	Hitachi Construction Machinery	Hitachi Metals	Others	Subtotal		
Revenues						
Revenues from External Customers	-	-	120,152	4,950,219	9,850	4,960,069
Revenues from Intersegment Transactions	-	-	121,666	328,881	(328,881)	-
Total Revenues	-	-	241,818	5,279,100	(319,031)	4,960,069
Segment Profit (Loss)	-	-	7,849	409,591	(8,653)	400,938

Millions of yen

	2022			
	Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	1,015,825	1,037,363	1,329,265	881,624
Revenues from Intersegment Transactions	84,062	24,990	98,517	2,426
Total Revenues	1,099,887	1,062,353	1,427,782	884,050
Segment Profit (Loss)	117,484	54,333	149,189	11,846

Millions of yen

	2022					
	Segment				Corporate items and Eliminations	Total
	Hitachi Construction Machinery	Hitachi Metals	Others	Subtotal		
Revenues						
Revenues from External Customers	474,168	554,608	118,590	5,411,443	5,336	5,416,779
Revenues from Intersegment Transactions	946	14,099	115,202	340,242	(340,242)	-
Total Revenues	475,114	568,707	233,792	5,751,685	(334,906)	5,416,779
Segment Profit (Loss)	43,226	27,633	(1,640)	402,071	(9,014)	393,057

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 share of profits (losses) of investments accounted for using the equity method, and others.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

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

Millions of yen

	2023	2022
Segment Profit (Loss)	400,938	393,057
Amortization of Intangible assets, etc. recognized upon business combinations	(42,224)	(41,751)
Other income	21,566	74,508
Other expenses	(42,775)	(134,430)
Financial income	6,624	11,425
Financial expenses	(4,243)	(10,519)
EBIT (Earnings before interest and taxes)	339,886	292,290
Interest income	19,731	11,308
Interest charges	(37,561)	(21,453)
Income before income taxes	322,056	282,145

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(5) Business Acquisitions and Divestitures**

The following are the main Business Acquisitions and Divestitures for the six months ended September 30, 2023, including the period up to the approval date of the condensed quarterly consolidated financial statements.

**(a) Sale of shares of Hitachi Astemo, Ltd. (hereinafter “Hitachi Astemo”)**

On March 30, 2023, the Company entered into the following two agreements regarding the transfer of a part of the shares of Hitachi Astemo, a consolidated subsidiary of the Company in the Automotive Systems segment, to Hitachi Astemo and Honda Motor Co., Ltd. (hereinafter “Honda”) and for inviting JIC Capital, Ltd. (hereinafter “JICC”) as a new joint partner.

(i) Share Subscription Agreement with JICC-01 Limited Partnership (hereinafter “JICC-01”) managed by JICC-01 G.K., which is a wholly owned subsidiary of JICC including that Hitachi Astemo issues Class shares to JICC-01, and Hitachi Astemo purchases a part of shares of its common stocks held by the Company, using a portion of the funds raised through the issuance of Class shares

(ii) Agreement for investment in kind and share transfer with Honda including that Hitachi Astemo issues common stocks to Honda in exchange for Honda to invest the shares of Hitachi Astemo Electric Motor Systems, Ltd. in kind and the Company transfers a part of shares of Hitachi Astemo’s common stocks to Honda

On October 16, 2023, the series of transactions was completed. The Company’s consideration was 157,807 million yen.

As a result of the series of transactions, the Company’s ownership ratio of shares of Hitachi Astemo decreased from 66.6% to 40%, and Hitachi Astemo turned into an equity-method associate of the Company.

An expected gain on the sale of Hitachi Astemo shares in the amount of approximately 122.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the fiscal year ending March 31, 2024. Furthermore, non-controlling interests in Hitachi Astemo will decrease approximately 272.0 billion yen in the consolidated statement of changes in equity for the fiscal year ending March 31, 2024.

The following are the main Business Acquisitions and Divestitures for the six months ended September 30, 2022.

**(a) Additional acquisition of shares of Hitachi Energy Ltd (hereinafter “Hitachi Energy”)**

On September 30, 2022, the Company signed an agreement with ABB Ltd (hereinafter “ABB”) to acquire 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 call options, owned by the Company.

The consideration was 1,679 million U.S. dollars (243,200 million yen).

The Company derecognized the non-controlling interests and recognized other accounts payable in Other financial liabilities and the difference between other accounts payable and non-controlling interest in capital surplus.

As a result of 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. Simultaneously, the Company completed the payment of the consideration to ABB and derecognized the Other financial liabilities.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(b) Sale of shares of Hitachi Construction Machinery Co., Ltd. (hereinafter “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 six months ended September 30, 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**  
**September 30, 2023**

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. (hereinafter "Hitachi Rail"), a consolidated subsidiary of the Company in the Green Energy & Mobility segment, signed an agreement with Thales S.A. (hereinafter "Thales") to acquire the ground transportation systems business in order to expand the rail signaling 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 first half of 2024. Hitachi Rail agreed on an enterprise value of 1,660 million euro (approximately 262.2 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.

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

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

	Millions of yen	
	September 30, 2023	March 31, 2023
Accounts receivable	1,936,525	1,972,168
Contract assets	954,841	804,500
Others	103,569	98,319
Total	2,994,935	2,874,987

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

Others include electronically recorded monetary claims and notes receivable.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(7) Fair Value of Financial Instruments**

**(a) Fair Value Measurements**

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

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

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

**Investments in securities and other financial assets**

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

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

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

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

**Long-term debt**

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

**Other financial liabilities**

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

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

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

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost as of September 30 and March 31, 2023 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

	September 30, 2023		March 31, 2023	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
<u>Assets</u>				
Investments in securities and other financial assets				
Lease receivables	23,967	24,586	22,858	22,858
Debt securities	48,711	48,490	46,729	46,729
Long-term loans receivable	1,602	1,602	385	385
<u>Liabilities</u>				
Long-term debt [1]				
Bonds	160,000	157,243	160,000	159,250
Long-term borrowings	1,062,388	1,059,804	1,022,994	1,022,130

[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**  
**September 30, 2023**

The following tables present the assets and liabilities that are measured at fair value on a recurring basis as of September 30 and March 31, 2023.

September 30, 2023				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	493	-	34,469	34,962
Debt securities	9,512	4,883	2,937	17,332
Derivatives	-	127,888	-	127,888
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	224,016	-	107,699	331,715
<b>Total financial assets at fair value</b>	<b>234,021</b>	<b>132,771</b>	<b>145,105</b>	<b>511,897</b>
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	76,857	-	76,857
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>76,857</b>	<b>-</b>	<b>76,857</b>

March 31, 2023				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	335	-	28,352	28,687
Debt securities	8,684	4,145	4,959	17,788
Derivatives	-	78,327	-	78,327
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	234,175	-	104,445	338,620
<b>Total financial assets at fair value</b>	<b>243,194</b>	<b>82,472</b>	<b>137,756</b>	<b>463,422</b>
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	49,385	-	49,385
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>49,385</b>	<b>-</b>	<b>49,385</b>



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

The following tables present the changes in Level 3 instruments measured on a recurring basis for the six months ended September 30, 2023 and 2022.

September 30, 2023	Millions of yen		
Level 3 financial assets	Equity securities	Debt securities	Total
Balance at beginning of period	132,797	4,959	137,756
Gain (loss) in profit or loss [1]	1,353	(40)	1,313
Gain in OCI [2]	3,887	-	3,887
Purchases	4,183	26	4,209
Sales and redemption	(3,569)	(733)	(4,302)
Other	3,517	(1,275)	2,242
Balance at end of period	142,168	2,937	145,105
Unrealized gain relating to financial assets held at end of period [3]	1,321	-	1,321

September 30, 2022	Millions of yen		
Level 3 financial assets	Equity securities	Debt securities	Total
Balance at beginning of period	123,632	5,686	129,318
Gain in profit or loss [1]	1,629	219	1,848
Loss in OCI [2]	(10,888)	-	(10,888)
Purchases	15,136	509	15,645
Sales and redemption	(575)	(503)	(1,078)
Acquisitions and divestitures	(8,118)	(547)	(8,665)
Other	3,236	19	3,255
Balance at end of period	124,052	5,383	129,435
Unrealized gain relating to financial assets held at end of period [3]	1,625	219	1,844

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

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

[3] 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.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(8) Employee Benefits**

(Revision of defined benefit pension plan)

The following is the main revision of defined benefit pension plan for the six months ended September 30, 2022.

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 plans, 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 plans. Since the risk-sharing corporate pension plans, 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 for the six months ended September 30, 2022. And in the condensed quarterly consolidated statement of financial position for the six months ended September 30, 2022, 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 ended March 31, 2023 were not material.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(9) Dividends**

Dividends paid on the Company's common stock for the six months ended September 30, 2023 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 12, 2023	70,317	Retained earnings	75.0	March 31, 2023	June 2, 2023

Dividends on the Company's common stock whose record date falls in the six months ended September 30, 2023 and the effective date falls in the next period are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on October 27, 2023	74,144	Retained earnings	80.0	September 30, 2023	November 27, 2023

Dividends paid on the Company's common stock for the six months ended September 30, 2022 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 13, 2022	62,870	Retained earnings	65.0	March 31, 2022	June 2, 2022

Dividends on the Company's common stock whose record date falls in the six months ended September 30, 2022 and the effective date falls in the next period are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on October 28, 2022	66,277	Retained earnings	70.0	September 30, 2022	November 29, 2022

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(10) Revenues**

(a) Disaggregation of revenue

The Company derives revenues primarily from contracts with customers.

The disaggregation of revenue attributable to each reportable segment and geographic area for the six months ended September 30, 2023 and 2022 are as follows.

Effective from April 1, 2023, the Company reclassified its reportable segments. Accordingly, figures for the six months ended September 30, 2022 have been restated on the basis of the reclassification. Details of the reclassification are described in note 4.

Millions of yen

2023							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Digital Systems & Services	774,537	113,079	165,476	111,582	27,828	417,965	1,192,502
Green Energy & Mobility	157,882	226,836	294,842	464,877	201,276	1,187,831	1,345,713
Connective Industries	683,892	530,332	130,481	101,068	18,077	779,958	1,463,850
Automotive Systems	241,697	349,286	275,396	89,361	79,477	793,520	1,035,217
Hitachi Construction Machinery	-	-	-	-	-	-	-
Hitachi Metals	-	-	-	-	-	-	-
Others	205,810	26,141	3,039	4,751	2,077	36,008	241,818
Subtotal	2,063,818	1,245,674	869,234	771,639	328,735	3,215,282	5,279,100
Corporate items and Eliminations	(293,989)	(16,206)	(1,848)	(4,406)	(2,582)	(25,042)	(319,031)
Total	1,769,829	1,229,468	867,386	767,233	326,153	3,190,240	4,960,069

Millions of yen

2022							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Digital Systems & Services	699,085	119,885	153,474	102,353	25,090	400,802	1,099,887
Green Energy & Mobility	157,239	196,041	202,721	361,277	145,075	905,114	1,062,353
Connective Industries	652,605	526,279	129,328	100,744	18,826	775,177	1,427,782
Automotive Systems	215,706	341,442	200,164	71,220	55,518	668,344	884,050
Hitachi Construction Machinery	80,640	83,040	94,671	80,460	136,303	394,474	475,114
Hitachi Metals	211,461	122,472	194,653	27,341	12,780	357,246	568,707
Others	196,137	28,236	3,248	4,179	1,992	37,655	233,792
Subtotal	2,212,873	1,417,395	978,259	747,574	395,584	3,538,812	5,751,685
Corporate items and Eliminations	(309,924)	(19,671)	(1,054)	(3,949)	(308)	(24,982)	(334,906)
Total	1,902,949	1,397,724	977,205	743,625	395,276	3,513,830	5,416,779

The Digital Systems & Services segment consists of Front Business, IT Services, and Services & Platforms, for which revenue amounted to 482,022 million yen, 454,775 million yen and 476,001 million yen for the six months ended September 30, 2023 and 445,265 million yen, 411,755 million yen and 450,727 million yen for the six months ended September 30, 2022, respectively (including intersegment transactions). Front Business and IT Services are operated mainly in Japan, and Services

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

& Platforms is operated mainly in Japan, North America and Europe.

The Company's revenues include revenue recognized based on the pattern of the cost accrual arising from long-term projects. Of the revenue recognized during the six months ended September 30, 2023 and 2022, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 991,656 million yen and 777,099 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.

(Automotive Systems)

In the Automotive Systems segment, 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.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(11) Other Income and Expenses**

The main components of other income and expenses for the six months ended September 30, 2023 and 2022 are as follows:

	Millions of yen	
	2023	2022
Net gain (loss) on sales and disposals of fixed assets	9,045	7,356
Impairment losses	(6,156)	(62,695)
Net gain (loss) on business reorganization and others	11,105	66,147
Special termination benefits	(2,145)	(2,911)

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 six months ended September 30, 2023 and 2022 were 8,301 million yen and 65,606 million yen, respectively. Restructuring charges (structural reform expenses) include impairment losses and special termination benefits. Impairment losses for the six months ended September 30, 2022 include 38,419 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. In addition, the settlement loss of 51,185 million yen recognized for the six months ended September 30, 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 six months ended September 30, 2022. Details of this transaction are described in note 8.

**(12) Financial Income and Expenses**

The main components of financial income and expenses for the six months ended September 30, 2023 and 2022 are as follows:

	Millions of yen	
	2023	2022
Dividends received	3,221	5,059
Exchange gain (loss)	2,331	4,910

Dividends received for the six months ended September 30, 2023 and 2022 are from financial assets measured at fair value through other comprehensive income.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

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

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the six months ended September 30, 2023 and 2022 are as follows:

Six months ended September 30

	Number of shares	
	2023	2022
Weighted average number of shares on which basic EPS is calculated	932,918,400	958,347,984
Effect of dilutive securities		
Stock options	387,620	417,340
Restricted stock	643,349	536,020
Restricted stock units	32,681	33,462
Number of shares on which diluted EPS is calculated	933,982,050	959,334,806

	Millions of yen	
	2023	2022
Net income attributable to Hitachi, Ltd. stockholders		
Basic	209,103	172,515
Effect of dilutive securities	-	-
Diluted	209,103	172,515

	Yen	
	2023	2022
EPS attributable to Hitachi, Ltd. stockholders		
Basic	224.14	180.01
Diluted	223.88	179.83

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the three months ended September 30, 2023 and 2022 are as follows:

Three months ended September 30

	Number of shares	
	2023	2022
Weighted average number of shares on which basic EPS is calculated	929,610,905	952,053,876
Effect of dilutive securities		
Stock options	387,620	417,340
Restricted stock	652,216	520,326
Restricted stock units	38,099	28,273
Number of shares on which diluted EPS is calculated	930,688,840	953,019,815

	Millions of yen	
	2023	2022
Net income attributable to Hitachi, Ltd. stockholders		
Basic	139,082	135,357
Effect of dilutive securities	-	-
Diluted	139,082	135,357

	Yen	
	2023	2022
EPS attributable to Hitachi, Ltd. stockholders		
Basic	149.61	142.17
Diluted	149.44	142.03



**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(14) Contingencies**

***Litigation***

In November 2017, a subsidiary in Japan received a complaint that was filed against three companies, namely a construction company of a condominium complex, the subsidiary and a secondary subcontractor, by a contractee in Japan seeking approximately 45.9 billion yen in compensation for expenses allegedly incurred arising from concerns over partial deficiencies of piling work during the construction phases of the condominium complex, which the subsidiary contracted as the primary subcontractor. 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 (41,561 million yen) and interest allegedly incurred by performance defects of a power plant. As of September 30, 2023, the amount of compensation claimed by the customer was changed to 270 million euro (42,666 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.

**Notes to Condensed Quarterly Consolidated Financial Statements**  
**September 30, 2023**

**(15) Subsequent Events**

***(a) Cancellation of Treasury Shares***

The Company cancelled its treasury shares pursuant to Article 178 of the Companies Act of Japan, as follows.

- (i) Class of cancelled shares  
Common stock of the Company
- (ii) Number of cancelled shares  
11,073,400 shares (1.18% of total number of outstanding shares before the cancellation)
- (iii) Total number of outstanding shares after the cancellation  
927,167,877 shares
- (iv) Cancellation date  
October 18, 2023
- (v) Accounting  
Decreased in Capital surplus

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

The condensed quarterly consolidated financial statements were approved on November 10, 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]	November 10, 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. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

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

Mr. Keiji Kojima, President & CEO, and Mr. Yoshihiko Kawamura, Executive Vice President and Executive Officer, confirmed that statements contained in the Quarterly Report for the second quarter of the 155th fiscal year (from July 1, 2023 to September 30, 2023) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.