

[Translation]

Quarterly Report

(The First Quarter of 155th Business Term)

From April 1, 2023 to June 30, 2023

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

[Cover]

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

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

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

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

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

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Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year ended March 31, 2023
Revenues	2,569,816	2,322,488	10,881,150
Income before income taxes	76,606	115,485	819,971
Net income attributable to Hitachi, Ltd. stockholders	37,158	70,021	649,124
Comprehensive income attributable to Hitachi, Ltd. stockholders	412,163	402,514	905,819
Total Hitachi, Ltd. stockholders' equity	4,618,198	5,245,116	4,942,854
Total equity	5,649,120	5,638,556	5,335,567
Total assets	14,602,075	13,155,368	12,501,414
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	38.53	74.79	684.55
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	38.49	74.70	683.89
Total Hitachi, Ltd. stockholders' equity ratio (%)	31.6	39.9	39.5
Net cash provided by (used in) operating activities	106,153	118,161	827,045
Net cash provided by (used in) investing activities	(72,019)	(39,863)	151,063
Net cash provided by (used in) financing activities	16,005	(27,666)	(1,142,966)
Cash and cash equivalents at end of period	1,079,285	925,445	833,283

(Note) 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. Description of Business

There were no material changes in principal businesses of Hitachi during the three months ended June 30, 2023. The Hitachi Group is comprised of the Company, 688 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 disclose 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 three months ended June 30, 2023 were as follows.

(As of June 30, 2023)

Segments	Main products and services	BU and principal affiliated companies
Digital Systems & Services	<ul style="list-style-type: none"> • Digital Solutions (System Integration, Consulting, Cloud Services) • IT Products (Storage, Servers) • Software • ATMs 	<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 & 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"> • Energy Solutions (Power Grids, Renewable Energy, Nuclear) • Railway Systems 	<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"> • 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 • Industrial Machinery 	<p>[BU] Building Systems BU Industrial Digital BU Water & 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 & 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"> • Powertrain • Chassis • Advanced Driver Assistance • Motorcycle Systems 	<p>[Consolidated subsidiaries] Hitachi Astemo, Ltd. Hitachi Astemo Americas, Inc.</p>

(As of June 30, 2023)

Segments	Main products and services	BU and principal affiliated companies
Others	<ul style="list-style-type: none">• Property Management• Others	[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. 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 three months ended June 30, 2023.

There were no material changes 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.

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

(1) Analysis of Results of Operations

Results of Operations

The results of operations in the three months ended June 30, 2023 were as follows.

Revenues decreased 10% to 2,322.4 billion yen, as compared with the three months ended June 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 which performed well on strong demand and Automotive Systems segment due to the absence of the impact of municipal lockdown in China posted in three months ended June 30, 2022, as well as the impact of foreign exchange.

Cost of sales decreased 11% to 1,748.0 billion yen and the ratio of cost of sales to revenues decreased 1% to 75%, as compared with the three months ended June 30, 2022, respectively. Gross profit decreased 7% to 574.4 billion yen, as compared with the three months ended June 30, 2022.

Selling, general and administrative expenses ("SG&A") decreased 10% to 443.9 billion yen, as compared with the three months ended June 30, 2022. The ratio of SG&A to revenues was 19%, which was the same level as for the three months ended June 30, 2022.

Share of profits of investments accounted for using the equity method increased 6.9 billion yen to 19.8 billion yen, as compared with the three months ended June 30, 2022 mainly because Hitachi Construction Machinery Co., Ltd. ceased to be the Company's consolidated subsidiary and became its equity-method associate.

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 16.1 billion yen to 170.9 billion yen due mainly to improved profitability in Automotive Systems segment and Green Energy & Mobility segment despite decreased revenues.

Other income decreased 3.0 billion yen to 1.1 billion yen, as compared with the three months ended June 30, 2022. Other expenses decreased 45.7 billion yen to 17.3 billion yen, as compared with the three months ended June 30, 2022 due mainly to the expenses posted by shifting to risk-sharing corporate pension in the three months ended June 30, 2022.

Financial income (excluding interest income) decreased 5.0 billion yen to 3.0 billion yen and financial expenses (excluding interest charges) increased 12.3 billion yen to 15.2 billion yen, as compared with the three months ended June 30, 2022, respectively.

EBIT (Earnings before interest and taxes) increased 41.2 billion yen to 121.8 billion yen, as compared with the three months ended June 30, 2022.

Interest income increased 5.9 billion yen to 11.2 billion yen and interest charges increased 8.3 billion yen to 17.6 billion yen, as compared with the three months ended June 30, 2022, respectively.

Income before income taxes increased 38.8 billion yen to 115.4 billion yen, as compared with the three months ended June 30, 2022.

Income taxes increased 4.2 billion yen to 33.8 billion yen, as compared with the three months ended June 30, 2022.

Net income increased 34.6 billion to 81.6 billion yen, as compared with the three months ended June 30, 2022.

Net income attributable to non-controlling interests increased 1.7 billion yen to 11.6 billion yen, as compared with the three months ended June 30, 2022.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 32.8 billion yen to 70.0 billion yen, as compared with the three months ended June 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 segments in five segments: Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems and Others.

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 three months ended June 30, 2022 have been restated in conformity with this change.

(Digital Systems & Services)

Revenues increased 8% to 545.9 billion yen, as compared with the three months ended June 30, 2022, due mainly to the strong results of Lumada business by harvesting the demand for DX.

Adjusted EBITA increased 3.1 billion yen to 52.4 billion yen, as compared with the three months ended June 30, 2022, due mainly to increased revenues, despite sales decrease in overseas storage business and increased investment for growth to expand

business in Services & Platforms business.

(Green Energy & Mobility)

Revenues increased 23% to 627.9 billion yen, as compared with the three months ended June 30, 2022, due mainly to strong results in Hitachi Energy and Railway Systems business.

Adjusted EBITA increased 19.0 billion yen to 43.1 billion yen, as compared with the three months ended June 30, 2022, due mainly to increased revenues, as well as increased profits in Hitachi Energy and improved profitability in Railway Systems business resulting from the progress in major projects and better project mix.

(Connective Industries)

Revenues increased 4% to 695.3 billion yen as compared with the three months ended June 30, 2022, due mainly to increased revenues in Industrial Products business and the absence of the impact of municipal lockdown in China in Smart Life & Ecofriendly Systems business posted in three months ended June 30, 2022, as well as the impact of foreign exchange. The increase was partially offset by decreased revenues in Building Systems business and Measurement & Analytical Systems business.

Adjusted EBITA increased 6.7 billion yen to 67.8 billion yen, as compared with the three months ended June 30, 2022, due mainly to increased revenues and cost reduction. The increase was partially offset by decreased revenues and decreased profit resulting from increased investment in growth in Measurement & Analytical Systems business.

(Automotive Systems)

Revenues increased 27% to 494.1 billion yen, as compared with the three months ended June 30, 2022, due mainly to the absence of the impact of municipal lockdown in China posted in three months ended June 30, 2022 and resolving semiconductor shortage, as well as the impact of foreign exchange.

Adjusted EBITA improved 18.7 billion yen to profit of 14.0 billion yen, as compared with the three months ended June 30, 2022, due mainly to improved operating rate owing to the increase in production volume.

(Others)

Revenues decreased 3% to 108.0 billion yen, as compared with the three months ended June 30, 2022.

Adjusted EBITA increased 4.6 billion to 0.6 billion yen, as compared with the three months ended June 30, 2022.

Revenues by Market

Revenues in Japan decreased 8% to 804.3 billion yen, as compared with the three months ended June 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 each segment due mainly to the absence of the impact of municipal lockdown in China posted in three months ended June 30, 2022 and resolving semiconductor shortage, as well as increased revenues resulting from steady growth in Front Business and IT Services of Digital Systems & Services.

Overseas revenues decreased 11% to 1,518.1 billion yen, as compared with the three months ended June 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 mainly in North America in Green Energy & Mobility including Hitachi Energy and increased revenues due to recovery of North American market conditions and the absence of the impact of municipal lockdown in China in Automotive Systems, as well as the impact of foreign exchange.

As a result, the ratio of overseas revenues to total revenues decreased 1% to 65%, as compared with the three months ended June 30, 2022.

(2) Analysis of Financial Condition and Cash Flows

Liquidity and Capital Resources

During the three months ended June 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 inflow from a change in trade receivables and contract assets in the three months ended June 30, 2023 decreased by 1.4 billion yen and income tax payment increased by 60.8 billion yen, as compared with the three months ended June 30, 2022, respectively. However, net cash outflow from a change in inventories decreased by 69.3 billion yen as well as net cash outflow from a change in trade payables decreased by 18.7 billion yen, as compared with the three months ended June 30, 2022, respectively.

As a result of the foregoing, net cash provided by operating activities was 118.1 billion yen in the three months ended June 30, 2023, an increase of 12.0 billion yen compared with the three months ended June 30, 2022.

(Cash Flows from Investing Activities)

Net amount of investments related to property, plant and equipment* was 84.5 billion yen in the three months ended June 30, 2023 and this net sum increased by 8.9 billion yen, as compared with the three months ended June 30, 2022. However, purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) in the three months ended June 30, 2023 decreased by 8.2 billion yen, as compared with the three months ended June 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 three months ended June 30, 2023 increased by 33.4 billion yen, as compared with the three months ended June 30, 2022.

As a result of the foregoing, net cash used in investing activities was 39.8 billion yen in the three months ended June 30, 2023, a decrease of 32.1 billion yen compared with the three months ended June 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 outflow related to long-term debt** in the three months ended June 30, 2023 decreased by 73.9 billion yen, as compared with the three months ended June 30, 2022. Furthermore, net cash outflow from acquisition of common stock for treasury in the three months ended June 30, 2023 decreased by 12.5 billion yen, as compared with the three months ended June 30, 2022. However, net cash inflow from a change in short-term debt in the three months ended June 30, 2023 decreased by 173.5 billion yen, as compared with the three months ended June 30, 2022.

As a result of the foregoing, net cash used in financing activities was 27.6 billion yen in the three months ended June 30, 2023, as compared with 16.0 billion yen of net cash inflow in the three months ended June 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 June 30, 2023 were 925.4 billion yen, an increase of 92.1 billion yen from March 31, 2023. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of 78.2 billion yen in the three months ended June 30, 2023, an increase of 44.1 billion yen compared with the three months ended June 30, 2022.

Assets, Liabilities and Equity

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

Total assets were 13,155.3 billion yen, an increase of 653.9 billion yen from March 31, 2023, due mainly to the impact of foreign exchange despite decreases in trade receivables and contract assets.

Total interest-bearing debt, the sum of short-term debt and long-term debt including current portion of long-term debt, was 2,419.1 billion yen, an increase of 205.7 billion yen from March 31, 2023, due mainly to the impact of foreign exchange.

Total Hitachi, Ltd. stockholders' equity increased by 302.2 billion yen from March 31, 2023, to 5,245.1 billion yen. The ratio of total Hitachi, Ltd. stockholders' equity to total assets was 39.9%, as compared with 39.5% as of March 31, 2023.

Non-controlling interests were 393.4 billion yen, an increase of 0.7 billion yen from March 31, 2023.

Total equity was 5,638.5 billion yen, an increase of 302.9 billion yen from March 31, 2023. The ratio of interest-bearing debt to total equity was 0.43, as compared with 0.41 as of March 31, 2023.

(3) Management Policy

There were no material changes in Hitachi's management policy during the three months ended June 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 three months ended June 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 three months ended June 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 three months ended June 30, 2023 were 73.1 billion yen, 3.1% of revenues. A breakdown of R&D expenditures by segment is shown below.

(Billions of yen)

Segment	Three months ended June 30, 2023
Digital Systems & Services	12.3
Green Energy & Mobility	13.5
Connective Industries	20.3
Automotive Systems	19.6
Others	0.3
Corporate items & Eliminations	6.8
Total	73.1

(6) 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 June 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 September 30, 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) (June 30, 2023)	Number of shares issued as of the filing date (shares) (Note) (August 8, 2023)	Stock exchange on which the Company is listed	Description
Common stock	938,241,277	938,241,277	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	938,241,277	938,241,277	–	–

(Note) The "Number of shares issued as of the filing date" does not include shares issued upon exercise of stock acquisition rights from August 1, 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)
May 31, 2023	158,200	938,241,277	600	463,417	600	181,383

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

Issue price: 7,586 yen per share

Amount by which stated capital is to be increased: 3,793 yen per share

Allottees: 37 Executive Officers of the Company, 38 Corporate Officers of the Company and 5 Directors of its subsidiaries

(5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of March 31, 2023 is stated in this item because the Company does not identify the number of voting rights as of June 30, 2023 due to the lack of information on the number of the Company's shares held by the entity which the Company holds one quarter or more of total number of voting rights of such entity as of June 30, 2023.

1) Issued shares

(As of March 31, 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	541,900	—	—
Shares with full voting right (others)	Common stock	935,289,100	9,352,891	—
Shares less than one unit	Common stock	2,252,077	—	—
Number of issued shares	938,083,077		—	—
Total number of voting rights	—		9,352,891	—

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

2) Treasury stock, etc.

(As of March 31, 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	510,800	—	510,800	0.05
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	—	541,900	—	541,900	0.06

2. Changes in Senior Management

There were no changes in senior managements after the filing date of the Annual Securities Report for the 154th business term pursuant to the Financial Instruments and Exchange Act of Japan to June 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	June 30, 2023	March 31, 2023
Assets			
Current assets			
Cash and cash equivalents		925,445	833,283
Trade receivables and contract assets	6	2,741,047	2,874,987
Inventories		1,829,297	1,646,188
Investments in securities and other financial assets	7	402,259	346,916
Other current assets		353,361	227,161
Total current assets		6,251,409	5,928,535
Non-current assets			
Investments accounted for using the equity method		504,539	478,620
Investments in securities and other financial assets	7	532,978	496,897
Property, plant and equipment		1,757,500	1,700,471
Goodwill		2,342,408	2,165,350
Other intangible assets		1,316,313	1,244,688
Other non-current assets	8	450,221	486,853
Total non-current assets		6,903,959	6,572,879
Total assets		13,155,368	12,501,414
Liabilities			
Current liabilities			
Short-term debt		945,067	777,650
Current portion of long-term debt	7	141,394	141,861
Other financial liabilities	7	378,158	263,748
Trade payables		1,569,593	1,548,497
Accrued expenses		586,693	720,961
Contract liabilities		1,388,866	1,241,366
Other current liabilities		456,476	472,095
Total current liabilities		5,466,247	5,166,178
Non-current liabilities			
Long-term debt	7	1,332,685	1,293,837
Retirement and severance benefits	8	327,293	323,264
Other non-current liabilities		390,587	382,568
Total non-current liabilities		2,050,565	1,999,669
Total liabilities		7,516,812	7,165,847
Equity			
Hitachi, Ltd. stockholders' equity			
Common stock		463,417	462,817
Capital surplus		-	-
Retained earnings	9	3,642,475	3,637,184
Accumulated other comprehensive income		1,172,772	846,392
Treasury stock, at cost		(33,548)	(3,539)
Total Hitachi, Ltd. stockholders' equity		5,245,116	4,942,854
Non-controlling interests		393,440	392,713
Total equity		5,638,556	5,335,567
Total liabilities and equity		13,155,368	12,501,414

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Profit or Loss

Three months ended June 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Revenues	10	2,322,488	2,569,816
Cost of sales		(1,748,034)	(1,954,342)
Gross profit		574,454	615,474
Selling, general and administrative expenses		(443,908)	(493,921)
Other income	11	1,134	4,167
Other expenses	8,11	(17,387)	(63,150)
Financial income	12	3,011	8,071
Financial expenses	12	(15,253)	(2,912)
Share of profits (losses) of investments accounted for using the equity method		19,845	12,900
EBIT (Earnings before interest and taxes)		121,896	80,629
Interest income		11,211	5,250
Interest charges		(17,622)	(9,273)
Income before income taxes		115,485	76,606
Income taxes		(33,813)	(29,557)
Net income		81,672	47,049
Net income attributable to:			
Hitachi, Ltd. stockholders		70,021	37,158
Non-controlling interests		11,651	9,891
Earnings per share attributable to Hitachi, Ltd. stockholders	13		Yen
Basic		74.79	38.53
Diluted		74.70	38.49

Condensed Quarterly Consolidated Statement of Comprehensive Income

Three months ended June 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Net income		81,672	47,049
Other comprehensive income (OCI)			
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		45,092	(6,388)
Remeasurements of defined benefit plans		91	17,232
Share of OCI of investments accounted for using the equity method		314	12
Total items not to be reclassified into net income		45,497	10,856
Items that can be reclassified into net income			
Foreign currency translation adjustments		278,718	412,678
Net changes in cash flow hedges		9,710	(1,130)
Share of OCI of investments accounted for using the equity method		15,423	16,997
Total items that can be reclassified into net income		303,851	428,545
Other comprehensive income (OCI)		349,348	439,401
Comprehensive income		431,020	486,450
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		402,514	412,163
Non-controlling interests		28,506	74,287

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended June 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	-	-	5,710	(5,710)	-	-	-	-
Net income	-	-	70,021	-	-	70,021	11,651	81,672
Other comprehensive income	-	-	-	332,493	-	332,493	16,855	349,348
Dividends to Hitachi, Ltd. stockholders	-	-	(70,317)	-	-	(70,317)	-	(70,317)
Dividends to non-controlling interests	-	-	-	-	-	-	(27,809)	(27,809)
Acquisition of treasury stock	-	-	-	-	(30,215)	(30,215)	-	(30,215)
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	-	123	(123)	-	-	-	-	-
Changes in non-controlling interests	-	(571)	-	(403)	-	(974)	30	(944)
Total changes in equity	600	-	5,291	326,380	(30,009)	302,262	727	302,989
Balance at end of period	463,417	-	3,642,475	1,172,772	(33,548)	5,245,116	393,440	5,638,556

Three months ended June 30, 2022

Millions of yen

	2022							
	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	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	-	-	44,992	(44,992)	-	-	-	-
Net income	-	-	37,158	-	-	37,158	9,891	47,049
Other comprehensive income	-	-	-	375,005	-	375,005	64,396	439,401
Dividends to Hitachi, Ltd. stockholders	-	-	(62,870)	-	-	(62,870)	-	(62,870)
Dividends to non-controlling interests	-	-	-	-	-	-	(22,326)	(22,326)
Acquisition of treasury stock	-	-	-	-	(42,746)	(42,746)	-	(42,746)
Sales of treasury stock	-	(94)	-	-	247	153	-	153
Issuance of new shares	1,086	1,086	-	-	-	2,172	-	2,172
Transfer to capital surplus from retained earnings	-	2,666	(2,666)	-	-	-	-	-
Changes in non-controlling interests	-	(49,777)	-	17,267	-	(32,510)	(34,480)	(66,990)
Total changes in equity	1,086	(46,119)	16,614	347,280	(42,499)	276,362	17,481	293,843
Balance at end of period	462,817	-	3,214,339	986,543	(45,501)	4,618,198	1,030,922	5,649,120

See accompanying notes to condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statement of Cash Flows

Three months ended June 30, 2023 and 2022

Millions of yen

	Note	2023	2022
Cash flows from operating activities:			
Net income		81,672	47,049
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		121,357	141,779
Impairment losses		2,331	896
Income taxes		33,813	29,557
Share of (profits) losses of investments accounted for using the equity method		(19,845)	(12,900)
Financial income and expenses		3,403	(2,155)
Net (gain) loss on business reorganization and others		1,238	(1,203)
(Gain) loss on sale of property, plant and equipment		11	(2,775)
Change in trade receivables and contract assets		329,459	330,914
Change in inventories		(125,435)	(194,747)
Change in trade payables		(57,861)	(76,592)
Change in accrued expenses		(158,813)	(144,744)
Change in retirement and severance benefits		2,020	49,135
Other		40,579	10,019
Subtotal		253,929	174,233
Interest received		9,551	4,463
Dividends received		2,691	7,139
Interest paid		(16,436)	(9,006)
Income taxes paid		(131,574)	(70,676)
Net cash provided by (used in) operating activities		118,161	106,153
Cash flows from investing activities:			
Purchase of property, plant and equipment		(53,785)	(68,296)
Purchase of intangible assets		(35,306)	(32,459)
Proceeds from sale of property, plant and equipment, and intangible assets		4,547	25,134
Purchase of investments in securities and other financial assets		(1,553)	(9,840)
(including investments in subsidiaries and investments accounted for using the equity method)			
Proceeds from sale of investments in securities and other financial assets		51,621	18,149
(including investments in subsidiaries and investments accounted for using the equity method)			
Other		(5,387)	(4,707)
Net cash provided by (used in) investing activities		(39,863)	(72,019)
Cash flows from financing activities:			
Change in short-term debt, net		115,669	289,220
Proceeds from long-term debt		-	5,670
Payments on long-term debt		(31,752)	(111,386)
Proceeds from payments from non-controlling interests		-	310
Dividends paid to Hitachi, Ltd. stockholders		(70,363)	(62,972)
Dividends paid to non-controlling interests		(11,059)	(29,105)
Acquisition of common stock for treasury		(30,215)	(42,747)
Proceeds from sales of treasury stock		54	153
Purchase of shares of consolidated subsidiaries from non-controlling interests		-	(32,705)
Other		-	(433)
Net cash provided by (used in) financing activities		(27,666)	16,005
Effect of exchange rate changes on cash and cash equivalents		41,530	60,319
Change in cash and cash equivalents		92,162	110,458
Cash and cash equivalents at beginning of period		833,283	968,827
Cash and cash equivalents at end of period		925,445	1,079,285

See accompanying notes to condensed quarterly consolidated financial statements.

Notes to Condensed Quarterly Consolidated Financial Statements
June 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 three months ended June 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 three months ended June 30, 2023 are computed using the estimated annual effective tax rate.

Notes to Condensed Quarterly Consolidated Financial Statements
June 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 three months ended June 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 three months ended June 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
June 30, 2023

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

Millions of yen

	2023			
	Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	508,731	615,421	653,412	491,416
Revenues from Intersegment Transactions	37,250	12,521	41,936	2,756
Total Revenues	545,981	627,942	695,348	494,172
Segment Profit (Loss)	52,463	43,150	67,837	14,084

Millions of yen

	2023					
	Segment				Corporate items and Eliminations	Total
	Hitachi Construction Machinery	Hitachi Metals	Others	Subtotal		
Revenues						
Revenues from External Customers	-	-	48,240	2,317,220	5,268	2,322,488
Revenues from Intersegment Transactions	-	-	59,765	154,228	(154,228)	-
Total Revenues	-	-	108,005	2,471,448	(148,960)	2,322,488
Segment Profit (Loss)	-	-	698	178,232	(7,244)	170,988

Millions of yen

	2022			
	Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	465,203	496,968	625,305	387,068
Revenues from Intersegment Transactions	40,180	11,756	45,499	1,161
Total Revenues	505,383	508,724	670,804	388,229
Segment Profit (Loss)	49,355	24,099	61,083	(4,679)

Millions of yen

	2022					
	Segment				Corporate items and Eliminations	Total
	Hitachi Construction Machinery	Hitachi Metals	Others	Subtotal		
Revenues						
Revenues from External Customers	266,982	270,319	55,831	2,567,676	2,140	2,569,816
Revenues from Intersegment Transactions	557	6,492	55,193	160,838	(160,838)	-
Total Revenues	267,539	276,811	111,024	2,728,514	(158,698)	2,569,816
Segment Profit (Loss)	21,447	13,165	(3,937)	160,533	(5,657)	154,876

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
June 30, 2023

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

Millions of yen

	2023	2022
Segment Profit (Loss)	170,988	154,876
Amortization of Intangible assets, etc. recognized upon business combinations	(20,597)	(20,423)
Other income	1,134	4,167
Other expenses	(17,387)	(63,150)
Financial income	3,011	8,071
Financial expenses	(15,253)	(2,912)
EBIT (Earnings before interest and taxes)	121,896	80,629
Interest income	11,211	5,250
Interest charges	(17,622)	(9,273)
Income before income taxes	115,485	76,606

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2023

(5) Business Acquisitions and Divestitures

The following are the material Business Acquisitions and Divestitures.

(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

The consideration is expected to be approximately 158.0 billion yen.

Assuming the series of transactions based on the agreements is settled, it is expected that the Company’s ownership ratio of shares of Hitachi Astemo will decrease from 66.6% to 40%, and Hitachi Astemo will turn into an equity-method associate of the Company.

An expected gain on the sale of Hitachi Astemo shares in the amount of approximately 111.0 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 267.0 billion yen in the consolidated statement of changes in equity for the fiscal year ending March 31, 2024.

(b) 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 fiscal year ending March 31, 2024. Hitachi Rail agreed on an enterprise value of 1,660 million euro (approximately 261.6 billion yen) and the final purchase price will be determined after certain adjustments. The effects of this transaction on the Company’s consolidated financial statements are currently being evaluated.

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 2023

(6) Trade Receivables and Contract Assets

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

	Millions of yen	
	June 30, 2023	March 31, 2023
Accounts receivable	1,752,791	1,972,168
Contract assets	876,901	804,500
Others	111,355	98,319
Total	2,741,047	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.

(7) Fair Value of Financial Instruments

(a) Fair Value Measurements

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

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

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

Investments in securities and other financial assets

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

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

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

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

Long-term debt

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

Other financial liabilities

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

Notes to Condensed Quarterly Consolidated Financial Statements
June 30, 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 June 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

	June 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	25,217	25,217	22,858	22,858
Debt securities	46,883	46,608	46,729	46,729
Long-term loans receivable	1,466	1,466	385	385
<u>Liabilities</u>				
Long-term debt [1]				
Bonds	160,000	159,137	160,000	159,250
Long-term borrowings	1,053,003	1,053,303	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
June 30, 2023

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

June 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	508	-	29,807	30,315
Debt securities	9,661	4,758	2,944	17,363
Derivatives	-	119,806	-	119,806
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	246,474	-	109,012	355,486
Total financial assets at fair value	256,643	124,564	141,763	522,970
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	90,968	-	90,968
Total financial liabilities at fair value	-	90,968	-	90,968

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
Total financial assets at fair value	243,194	82,472	137,756	463,422
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	49,385	-	49,385
Total financial liabilities at fair value	-	49,385	-	49,385

Notes to Condensed Quarterly Consolidated Financial Statements
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The following tables present the changes in Level 3 instruments measured on a recurring basis for the three months ended June 30, 2023 and 2022.

June 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]	281	(24)	257
Gain in OCI [2]	2,889	-	2,889
Purchases	1,616	8	1,624
Sales and redemption	(314)	(718)	(1,032)
Other	1,550	(1,281)	269
Balance at end of period	138,819	2,944	141,763
Unrealized gain relating to financial assets held at end of period [3]	249	-	249

June 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]	847	138	985
Gain in OCI [2]	155	-	155
Purchases	7,255	509	7,764
Sales and redemption	(14)	(494)	(508)
Other	2,442	13	2,455
Balance at end of period	134,317	5,852	140,169
Unrealized gain relating to financial assets held at end of period [3]	843	138	981

[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 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
June 30, 2023

(8) Employee Benefits

(Revision of defined benefit pension plan)

The following is the main revision of defined benefit pension plan for the three months ended June 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 three months ended June 30, 2022. And in the condensed quarterly consolidated statement of financial position for the three months ended June 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.

(9) Dividends

Dividends paid on the Company's common stock for the three months ended June 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 paid on the Company's common stock for the three months ended June 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

Notes to Condensed Quarterly Consolidated Financial Statements
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(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 three months ended June 30, 2023 and 2022 are as follows.

Effective from April 1, 2023, the Company reclassified its reportable segments. Accordingly, figures for the three months ended June 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	348,299	52,292	78,721	52,850	13,819	197,682	545,981
Green Energy & Mobility	70,920	108,384	139,221	221,110	88,307	557,022	627,942
Connective Industries	314,326	258,028	64,750	50,466	7,778	381,022	695,348
Automotive Systems	113,115	163,760	134,171	44,773	38,353	381,057	494,172
Hitachi Construction Machinery	-	-	-	-	-	-	-
Hitachi Metals	-	-	-	-	-	-	-
Others	94,779	8,225	1,480	2,821	700	13,226	108,005
Subtotal	941,439	590,689	418,343	372,020	148,957	1,530,009	2,471,448
Corporate items and Eliminations	(137,091)	(7,069)	(797)	(2,097)	(1,906)	(11,869)	(148,960)
Total	804,348	583,620	417,546	369,923	147,051	1,518,140	2,322,488

Millions of yen

2022							
	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
Digital Systems & Services	320,823	50,963	71,087	49,851	12,659	184,560	505,383
Green Energy & Mobility	69,478	93,516	94,991	179,249	71,490	439,246	508,724
Connective Industries	296,437	260,824	62,542	41,809	9,192	374,367	670,804
Automotive Systems	95,786	139,585	93,083	33,581	26,194	292,443	388,229
Hitachi Construction Machinery	42,966	46,461	53,890	50,861	73,361	224,573	267,539
Hitachi Metals	103,337	58,985	95,239	13,319	5,931	173,474	276,811
Others	92,488	13,583	1,943	1,931	1,079	18,536	111,024
Subtotal	1,021,315	663,917	472,775	370,601	199,906	1,707,199	2,728,514
Corporate items and Eliminations	(147,818)	(8,716)	(494)	(1,507)	(163)	(10,880)	(158,698)
Total	873,497	655,201	472,281	369,094	199,743	1,696,319	2,569,816

The Digital Systems & Services segment consists of Front Business, IT Services, and Services & Platforms, for which revenue amounted to 213,538 million yen, 208,077 million yen and 225,906 million yen for the three months ended June 30, 2023 and 200,365 million yen, 189,463 million yen and 213,018 million yen for the three months ended June 30, 2022, respectively (including intersegment transactions). Front Business and IT Services are operated mainly in Japan, and Services & Platforms

Notes to Condensed Quarterly Consolidated Financial Statements
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is operated mainly in Japan, North America and Europe.

The Company's revenues include revenue recognized based on the pattern of the cost accrual arising from long-term projects. Of the revenue recognized during the three months ended June 30, 2023 and 2022, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 455,403 million yen and 368,676 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
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(11) Other Income and Expenses

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

	Millions of yen	
	2023	2022
Net gain (loss) on sales and disposals of fixed assets	(702)	2,629
Impairment losses	(2,331)	(896)
Net gain (loss) on business reorganization and others	(1,238)	1,203
Special termination benefits	(1,158)	(1,806)

Impairment losses are mainly recognized on property, plant and equipment 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 three months ended June 30, 2023 and 2022 were 3,489 million yen and 2,702 million yen, respectively. Restructuring charges (structural reform expenses) include impairment losses and special termination benefits. In addition, the settlement loss of 51,185 million yen recognized for the three months ended June 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 three months ended June 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 three months ended June 30, 2023 and 2022 are as follows:

	Millions of yen	
	2023	2022
Dividends received	2,867	4,736
Exchange gain (loss)	(10,861)	(2,850)

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

Notes to Condensed Quarterly Consolidated Financial Statements
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(13) Earnings Per Share (EPS) Information

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

	Number of shares	
	2023	2022
Weighted average number of shares on which basic EPS is calculated	936,262,241	964,356,537
Effect of dilutive securities		
Stock options	387,620	417,340
Restricted stock	637,873	531,391
Restricted stock units	33,069	30,788
Number of shares on which diluted EPS is calculated	937,320,803	965,336,056

	Millions of yen	
	2023	2022
Net income attributable to Hitachi, Ltd. stockholders		
Basic	70,021	37,158
Effect of dilutive securities	-	-
Diluted	70,021	37,158

	Yen	
	2023	2022
EPS attributable to Hitachi, Ltd. stockholders		
Basic	74.79	38.53
Diluted	74.70	38.49

Notes to Condensed Quarterly Consolidated Financial Statements
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(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 (41,456 million yen) and interest allegedly incurred by performance defects of a power plant. As of June 30, 2023, the amount of compensation claimed by the customer was changed to 270 million euro (42,557 million yen). Although the subsidiary in Europe will vigorously defend itself against this lawsuit, there can be no assurance that it will not be held liable for any amounts claimed.

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

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

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

(15) Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements were approved on August 8, 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]	August 8, 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 first quarter of the 155th fiscal year (from April 1, 2023 to June 30, 2023) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.