

FOR IMMEDIATE RELEASE

**Hitachi Announces Consolidated Financial Results
for the Third Quarter Ended December 31, 2023**

Tokyo, January 31, 2024 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2023, ended December 31, 2023

Summary

(Billions of yen)

| | Nine months ended December 31, 2022 (A) | Nine months ended December 31, 2023 (B) | (B)/(A) (%) |
|---|---|---|----------------|
| 1. Revenues | 8,108.7 | 7,218.1 | 89 |
| 2. Adjusted operating income | 527.4 | 525.7 | 100 |
| 3. Adjusted EBITA (Adjusted Earnings before interest, taxes and amortization) | 624.2 | 632.2 | 101 |
| 4. Income before income taxes | 456.8 | 642.1 | 141 |
| 5. Net income | 333.8 | 476.5 | 143 |
| 6. Net income attributable to Hitachi, Ltd. stockholders | 292.2 | 445.0 | 152 |
| 7. Earnings per share attributable to Hitachi, Ltd. stockholders | (Yen) | (Yen) | |
| Basic | 306.99 | 478.24 | 156 |
| Diluted | 306.66 | 477.69 | 156 |

Notes: 1. The Company's consolidated financial statements are prepared based on IFRS.

2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

3. "Adjusted EBITA" = Adjusted operating income + Acquisition-related amortization + Share of profits(losses) of investments accounted for using the equity method.

4. The figures are for 575 consolidated subsidiaries and 370 equity-method associates and joint ventures.

Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

| | Nine months ended December 31, 2022 (A) | Nine months ended December 31, 2023 (B) | (B)/(A) (%) |
|--|--|--|----------------|
| Revenues | 8,108,796 | 7,218,154 | 89 |
| Cost of sales | (6,123,921) | (5,355,406) | 87 |
| Gross profit | 1,984,875 | 1,862,748 | 94 |
| Selling, general and administrative expenses | (1,457,376) | (1,337,047) | 92 |
| Adjusted operating income | 527,499 | 525,701 | 100 |
| Other income | 71,658 | 119,775 | 167 |
| Other expenses | (152,309) | (55,410) | 36 |
| Financial income | 9,915 | 41,899 | 423 |
| Financial expenses | (16,260) | (7,570) | 47 |
| Share of profits (losses) of investments accounted for using the equity method | 34,016 | 42,631 | 125 |
| EBIT (Earnings before interest and taxes) | 474,519 | 667,026 | 141 |
| Interest income | 17,637 | 29,987 | 170 |
| Interest charges | (35,337) | (54,906) | 155 |
| Income before income taxes | 456,819 | 642,107 | 141 |
| Income taxes | (122,962) | (165,603) | 135 |
| Net income | 333,857 | 476,504 | 143 |
| Net income attributable to: | | | |
| Hitachi, Ltd. stockholders | 292,232 | 445,092 | 152 |
| Non-controlling interests | 41,625 | 31,412 | 75 |
| Earnings per share attributable to Hitachi, Ltd. stockholders | Yen | Yen | |
| Basic | 306.99 | 478.24 | 156 |
| Diluted | 306.66 | 477.69 | 156 |

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Nine months ended December 31, 2022 (A) | Nine months ended December 31, 2023 (B) | (B)/(A) (%) |
|--|--|--|----------------|
| Net income | 333,857 | 476,504 | 143 |
| Other comprehensive income (OCI) | | | |
| Items not to be reclassified into net income | | | |
| Net changes in financial assets measured at fair value through OCI | (17,131) | 43,966 | - |
| Remeasurements of defined benefit plans | 17,232 | (211) | - |
| Share of OCI of investments accounted for using the equity method | 641 | 322 | 50 |
| Total items not to be reclassified into net income | 742 | 44,077 | - |
| Items that can be reclassified into net income | | | |
| Foreign currency translation adjustments | 209,406 | 106,539 | 51 |
| Net changes in cash flow hedges | 5,375 | 9,412 | 175 |
| Share of OCI of investments accounted for using the equity method | 22,664 | 4,457 | 20 |
| Total items that can be reclassified into net income | 237,445 | 120,408 | 51 |
| Other comprehensive income (OCI) | 238,187 | 164,485 | 69 |
| Comprehensive income | 572,044 | 640,989 | 112 |
| Comprehensive income attributable to: | | | |
| Hitachi, Ltd. stockholders | 481,233 | 587,227 | 122 |
| Non-controlling interests | 90,811 | 53,762 | 59 |

Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

| | As of March 31, 2023 (A) | As of December 31, 2023 (B) | (B)-(A) |
|--|-----------------------------|--------------------------------|-----------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 833,283 | 864,301 | 31,018 |
| Trade receivables and contract assets | 2,874,987 | 2,720,806 | (154,181) |
| Inventories | 1,646,188 | 1,600,628 | (45,560) |
| Investments in securities and other financial assets | 346,916 | 292,711 | (54,205) |
| Other current assets | 227,161 | 355,438 | 128,277 |
| Total Current assets | 5,928,535 | 5,833,884 | (94,651) |
| Non-current assets | | | |
| Investments accounted for using the equity method | 478,620 | 771,640 | 293,020 |
| Investments in securities and other financial assets | 496,897 | 500,627 | 3,730 |
| Property, plant and equipment | 1,700,471 | 1,173,573 | (526,898) |
| Goodwill | 2,165,350 | 2,230,077 | 64,727 |
| Other intangible assets | 1,244,688 | 1,145,782 | (98,906) |
| Other non-current assets | 486,853 | 417,629 | (69,224) |
| Total Non-current assets | 6,572,879 | 6,239,328 | (333,551) |
| Total Assets | 12,501,414 | 12,073,212 | (428,202) |
| Liabilities | | | |
| Current liabilities | | | |
| Short-term debt | 777,650 | 500,320 | (277,330) |
| Current portion of long-term debt | 141,861 | 86,101 | (55,760) |
| Other financial liabilities | 263,748 | 307,767 | 44,019 |
| Trade payables | 1,548,497 | 1,342,390 | (206,107) |
| Accrued expenses | 720,961 | 557,023 | (163,938) |
| Contract liabilities | 1,241,366 | 1,570,486 | 329,120 |
| Other current liabilities | 472,095 | 485,067 | 12,972 |
| Total Current liabilities | 5,166,178 | 4,849,154 | (317,024) |
| Non-current liabilities | | | |
| Long-term debt | 1,293,837 | 1,168,146 | (125,691) |
| Retirement and severance benefits | 323,264 | 281,775 | (41,489) |
| Other non-current liabilities | 382,568 | 350,744 | (31,824) |
| Total Non-current liabilities | 1,999,669 | 1,800,665 | (199,004) |
| Total Liabilities | 7,165,847 | 6,649,819 | (516,028) |
| Equity | | | |
| Hitachi, Ltd. stockholders' equity | | | |
| Common stock | 462,817 | 463,417 | 600 |
| Capital surplus | - | - | - |
| Retained earnings | 3,637,184 | 3,844,041 | 206,857 |
| Accumulated other comprehensive income | 846,392 | 976,045 | 129,653 |
| (Foreign currency translation adjustments) | 635,260 | 725,726 | 90,466 |
| (Remeasurements of defined benefit plans) | 87,967 | 90,330 | 2,363 |
| (Net changes in financial assets measured at fair value through OCI) | 115,355 | 144,701 | 29,346 |
| (Net changes in cash flow hedges) | 7,810 | 15,288 | 7,478 |
| Treasury stock, at cost | (3,539) | (4,839) | (1,300) |
| Total Hitachi, Ltd. stockholders' equity | 4,942,854 | 5,278,664 | 335,810 |
| Non-controlling interests | 392,713 | 144,729 | (247,984) |
| Total Equity | 5,335,567 | 5,423,393 | 87,826 |
| Total Liabilities and Equity | 12,501,414 | 12,073,212 | (428,202) |

Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

| Nine months ended December 31, 2022 | | | | | | | | |
|--|--------------|-----------------|-------------------|--|-------------------------|--|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income | Treasury stock, at cost | Total Hitachi, Ltd. stockholders' equity | Non-controlling interests | Total equity |
| Balance at beginning of period | 461,731 | 46,119 | 3,197,725 | 639,263 | (3,002) | 4,341,836 | 1,013,441 | 5,355,277 |
| Changes in equity | | | | | | | | |
| Reclassified into retained earnings | - | - | 50,205 | (50,205) | - | - | - | - |
| Net income | - | - | 292,232 | - | - | 292,232 | 41,625 | 333,857 |
| Other comprehensive income | - | - | - | 189,001 | - | 189,001 | 49,186 | 238,187 |
| Dividends to Hitachi, Ltd. stockholders | - | - | (129,148) | - | - | (129,148) | - | (129,148) |
| Dividends to non-controlling interests | - | - | - | - | - | - | (24,388) | (24,388) |
| Acquisition of treasury stock | - | - | - | - | (200,160) | (200,160) | - | (200,160) |
| Sales of treasury stock | - | (94) | - | - | 255 | 161 | - | 161 |
| Cancellation of treasury stock | - | (199,417) | - | - | 199,417 | - | - | - |
| Issuance of new shares | 1,086 | 1,086 | - | - | - | 2,172 | - | 2,172 |
| Transfer to capital surplus from retained earnings | - | 150,526 | (150,526) | - | - | - | - | - |
| Changes in non-controlling interests | - | 1,780 | - | 26,296 | - | 28,076 | (433,438) | (405,362) |
| Total changes in equity | 1,086 | (46,119) | 62,763 | 165,092 | (488) | 182,334 | (367,015) | (184,681) |
| Balance at end of period | 462,817 | - | 3,260,488 | 804,355 | (3,490) | 4,524,170 | 646,426 | 5,170,596 |

(Millions of yen)

| Nine months ended December 31, 2023 | | | | | | | | |
|--|--------------|-----------------|-------------------|--|-------------------------|--|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income | Treasury stock, at cost | Total Hitachi, Ltd. stockholders' equity | Non-controlling interests | Total equity |
| Balance at beginning of 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 | - | - | 14,189 | (14,189) | - | - | - | - |
| Net income | - | - | 445,092 | - | - | 445,092 | 31,412 | 476,504 |
| Other comprehensive income | - | - | - | 142,135 | - | 142,135 | 22,350 | 164,485 |
| Dividends to Hitachi, Ltd. stockholders | - | - | (144,461) | - | - | (144,461) | - | (144,461) |
| Dividends to non-controlling interests | - | - | - | - | - | - | (30,291) | (30,291) |
| Acquisition of treasury stock | - | - | - | - | (100,301) | (100,301) | - | (100,301) |
| Sales of treasury stock | - | (152) | - | - | 208 | 56 | - | 56 |
| Cancellation of treasury stock | - | (98,793) | - | - | 98,793 | - | - | - |
| Issuance of new shares | 600 | 600 | - | - | - | 1,200 | - | 1,200 |
| Transfer to capital surplus from retained earnings | - | 105,109 | (105,109) | - | - | - | - | - |
| Changes in non-controlling interests | - | (6,764) | (2,854) | 1,707 | - | (7,911) | (271,455) | (279,366) |
| Total changes in equity | 600 | - | 206,857 | 129,653 | (1,300) | 335,810 | (247,984) | 87,826 |
| Balance at end of period | 463,417 | - | 3,844,041 | 976,045 | (4,839) | 5,278,664 | 144,729 | 5,423,393 |

Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

| | Nine months ended December 31, 2022 (A) | Nine months ended December 31, 2023 (B) | (B)-(A) |
|--|--|--|----------------|
| Cash flows from operating activities | | | |
| Net Income | 333,857 | 476,504 | 142,647 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 405,975 | 350,519 | (55,456) |
| Impairment losses | 67,290 | 7,879 | (59,411) |
| Income taxes | 122,962 | 165,603 | 42,641 |
| Share of (profits) losses of investments accounted for using the equity method | (34,016) | (42,631) | (8,615) |
| Financial income and expenses | 7,983 | 19,755 | 11,772 |
| Net (gain) loss on business reorganization and others | (64,980) | (96,601) | (31,621) |
| (Gain) loss on sale of property, plant and equipment | (5,369) | (21,671) | (16,302) |
| Change in trade receivables and contract assets | 126,910 | 205,904 | 78,994 |
| Change in inventories | (368,518) | (220,680) | 147,838 |
| Change in trade payables | (19,233) | (12,242) | 6,991 |
| Change in accrued expenses | (103,782) | (64,457) | 39,325 |
| Change in retirement and severance benefits | 54,631 | 1,846 | (52,785) |
| Other | (1,436) | (80,674) | (79,238) |
| Subtotal | 522,274 | 689,054 | 166,780 |
| Interest received | 16,251 | 28,431 | 12,180 |
| Dividends received | 17,634 | 17,655 | 21 |
| Interest paid | (34,490) | (54,729) | (20,239) |
| Income taxes paid | (141,579) | (137,546) | 4,033 |
| Net cash provided by (used in) operating activities | 380,090 | 542,865 | 162,775 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (196,643) | (160,881) | 35,762 |
| Purchase of intangible assets | (108,534) | (113,403) | (4,869) |
| Proceeds from sale of property, plant and equipment, and intangible assets | 48,935 | 39,544 | (9,391) |
| Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) | (36,873) | (58,265) | (21,392) |
| Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) | 151,352 | 106,004 | (45,348) |
| Other | (3,514) | 14,998 | 18,512 |
| Net cash provided by (used in) investing activities | (145,277) | (172,003) | (26,726) |
| Free cash flows | 234,813 | 370,862 | 136,049 |
| Cash flows from financing activities | | | |
| Change in short-term debt, net | 481,670 | (72,076) | (553,746) |
| Proceeds from long-term debt | 77,730 | 95,907 | 18,177 |
| Payments on long-term debt | (173,272) | (121,228) | 52,044 |
| Proceeds from payments from non-controlling interests | 310 | 350 | 40 |
| Dividends paid to Hitachi, Ltd. stockholders | (129,102) | (144,442) | (15,340) |
| Dividends paid to non-controlling interests | (43,038) | (32,323) | 10,715 |
| Acquisition of common stock for treasury | (200,160) | (100,301) | 99,859 |
| Proceeds from sales of treasury stock | 161 | 56 | (105) |
| Purchase of shares of consolidated subsidiaries from non-controlling interests | (274,687) | (1,703) | 272,984 |
| Other | (469) | - | 469 |
| Net cash provided by (used in) financing activities | (260,857) | (375,760) | (114,903) |
| Effect of exchange rate changes on cash and cash equivalents | 16,516 | 35,916 | 19,400 |
| Change in cash and cash equivalents | (9,528) | 31,018 | 40,546 |
| Cash and cash equivalents at beginning of period | 968,827 | 833,283 | (135,544) |
| Cash and cash equivalents at end of period | 959,299 | 864,301 | (94,998) |

Segment Information
(1) Business Segments

(Millions of yen)

| | Nine months ended December 31, 2022 (A) | Nine months ended December 31, 2023 (B) | (B)/(A) (%) |
|--------------------------------|--|--|----------------|
| Digital Systems & Services | 1,678,039 19% | 1,823,248 24% | 109 |
| Green Energy & Mobility | 1,707,902 20% | 2,128,452 28% | 125 |
| Connective Industries | 2,170,378 25% | 2,203,868 28% | 102 |
| Automotive Systems | 1,377,215 16% | 1,164,384 15% | 85 |
| Hitachi Construction Machinery | 475,114 6% | - - | - |
| Hitachi Metals | 847,726 10% | - - | - |
| Others | 348,745 4% | 368,086 5% | 106 |
| Subtotal | 8,605,119 100% | 7,688,038 100% | 89 |
| Corporate items & Eliminations | (496,323) | (469,884) | - |
| Total Revenues | 8,108,796 | 7,218,154 | 89 |
| Digital Systems & Services | 188,321 29% | 222,071 35% | 118 |
| Green Energy & Mobility | 101,511 16% | 126,971 20% | 125 |
| Connective Industries | 227,407 35% | 224,409 35% | 99 |
| Automotive Systems | 39,868 6% | 50,694 8% | 127 |
| Hitachi Construction Machinery | 43,226 7% | - - | - |
| Hitachi Metals | 43,054 7% | - - | - |
| Others | (42) 0% | 13,539 2% | - |
| Subtotal | 643,345 100% | 637,684 100% | 99 |
| Corporate items & Eliminations | (19,112) | (5,457) | - |
| Total Adjusted EBITA | 624,233 | 632,227 | 101 |

- Notes: 1. Revenues by business segment include intersegment transactions.
2. 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 nine months ended December 31, 2022 have been restated on the basis of the reclassification.
3. 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. In October 2023, the Company sold a certain number of shares of Hitachi Astemo, Ltd. (Hitachi Astemo). As a result, Hitachi Astemo and its subsidiaries, which were included in the Automotive Systems segment, became equity-method associates of the Company. Accordingly, the Hitachi Construction Machinery segment, the Hitachi Metals segment and the Automotive Systems segment ceased to be business segments, but the segment figures for the nine months ended December 31, 2022 and 2023 are disclosed individually to enhance fair disclosure. 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 from the second quarter of the fiscal year ended March 31, 2023, and its share of profits (losses) of investments accounted for using the equity method of Hitachi Astemo and its subsidiaries after the transfer of shares from the third quarter of the fiscal year ended March 31, 2024, respectively, in Corporate items & Eliminations.

(2) Revenues by Market

(Millions of yen)

| | Nine months ended December 31, 2022 (A) | Nine months ended December 31, 2023 (B) | (B)/(A) (%) |
|----------------------------|--|--|----------------|
| Japan | 2,873,177 35% | 2,627,187 36% | 91 |
| Asia | 2,092,980 26% | 1,723,227 24% | 82 |
| North America | 1,458,317 18% | 1,217,870 17% | 84 |
| Europe | 1,136,302 14% | 1,150,862 16% | 101 |
| Other Areas | 548,020 7% | 499,008 7% | 91 |
| Overseas Revenues Subtotal | 5,235,619 65% | 4,590,967 64% | 88 |
| Total Revenues | 8,108,796 100% | 7,218,154 100% | 89 |

Notes

(1) Notes Regarding Going Concern

Not applicable.

Cautionary Statement

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

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

- 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.

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