
Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2023

[Fiscal 2023]

October 27, 2023

Yoshihiko Kawamura

Executive Vice President and Executive Officer, CFO

Hitachi, Ltd.

Contents

1. Key Messages
2. Q2 FY2023 Results
3. FY2023 Forecast
4. Appendix



1. Key Messages

1

Results
Continuing
Consolidated
Business

Q2 Revenues: 2,096.5bn yen (YoY +13%)
Adj. EBITA: 202.7bn yen (YoY +17.3bn yen)

H1 Revenues: 3,924.8bn yen (YoY +12%)
Adj. EBITA: 359.6bn yen (YoY +49.2bn yen)

2

**FY2023
Forecast**

Continuing Consolidated Business forecast was revised upward
Revenues: 8,000.0bn yen (+2% from previous forecast^(a))
Adj. EBITA: 818.0bn yen (+18.0bn yen from previous forecast)
Revenues and profits are expected to increase YoY

Consolidated Total forecasts net income of 520.0bn yen
(+20.0bn yen from previous forecast), and Core FCF of 340.0bn
yen (+30.0bn yen from previous forecast)

3

Firm order growth mainly in large-scale businesses

- Digital Systems & Services: Q2 orders 669.3bn yen (YoY +15%), backlog c.1.5trn yen
- Hitachi Energy: Q2 orders 653.8bn yen (YoY +14%), backlog c.3.9trn yen

4

100.0bn yen share buyback and cancellation were completed.
Amount of interim dividend is planned to be 80 yen / share
(+10 yen from FY2022 interim dividend, +5 yen from FY2022 year-end
dividend)



2. Q2 FY2023 Results

Highlights of Results (Q2 FY23)

- Continuing Consolidated Business revenues and profits increased mainly in Digital Systems & Services and Green Energy & Mobility, despite increased revenues and decreased profits of Connective Industries due to investment restraint by semiconductor-related customers

Billions of yen	Total	Continuing Consolidated Business	Deconsolidated Business
Revenues	2,637.5	2,096.5	541.0
YoY	(7)%	[+10%] ^(a) +13%	(46)%
Adjusted EBITA	229.9	202.7	27.2
YoY	(8.2)	+17.3	(25.5)
Adjusted EBITA margin	8.7%	9.7%	5.0%
YoY	+0.3 pts	(0.3) pts	(0.3) pts
Net income attributable to Hitachi, Ltd. stockholders	139.0	144.5	(5.4)
YoY	+3.7	+15.9	(12.2)
Core free cash flows	92.1		
YoY	+72.8		

Actual FX rate	Q2 FY22 (Average)	Q2 FY23 (Average)
US \$	138 yen	145 yen
€	139 yen	157 yen

(a) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

Q2 FY23 Results by Business Segment (1/3)

Billions of yen	Q2 FY23		YoY		Dynamics
	Revenues	Adj. EBITA ^(a)	Revenues	Adj. EBITA	
Digital Systems & Services	646.5	82.5 12.8%	+9% [+7%] ^(b)	+14.4 +1.3 pts	<ul style="list-style-type: none"> Segment revenues and profits increased Front Business revenues and profits increased due to steady growth in Lumada business for financial and public field, harvesting strong DX demand, and dealing with large-scale system renewal projects, etc. IT Services revenues and profits increased due to solid performance of Lumada business (security, cloud-related services, and services for manufacturing and distribution, etc.) Services & Platforms revenues and profits increased due to growth of GlobalLogic, FX impact, recovery of storage sales, and increase in domestic DX/cloud services. Continued investment in development for growth GlobalLogic revenues and profits increased. Revenues increased YoY+21% (US dollar base YoY +16%) and maintained high profitability; Adj. EBITA margin of 20%
Front Business	268.5	28.3 10.6%	+10%	+10.2 +3.2 pts	
IT Services	246.7	30.2 12.3%	+11%	+2.8 (0.1) pts	
Services & Platforms	250.1	21.0 8.4%	+5%	+3.3 +0.9 pts	
Green Energy & Mobility	717.7	36.5 5.1%	+30% [+23%]	+6.2 (0.4) pts	<ul style="list-style-type: none"> Segment revenues and profits increased due to solid business performance in Hitachi Energy and Railway Systems Nuclear Energy & Hitachi Power Solutions revenues increased. Profits decreased due to cost increases in a certain project Hitachi Energy revenues increased due to ongoing order wins across the business portfolio. Profits improved from higher revenues and operating leverage driven by solid execution Railway Systems revenues and profits increased due to progress in major projects and profitability improvement resulting from better project mix
Nuclear Energy	30.6	-	+7%	-	
Hitachi Power Solutions	26.1	-	+15%	-	
Nuclear Energy & Hitachi Power Solutions	71.8	(2.3) (3.2)%	+17%	(6.3) (9.8) pts	
Hitachi Energy	441.5	34.0 7.7%	+35%	+14.4 +1.7 pts	
Related cost ^(c)	-	(7.7)	-	(4.7)	
Railway Systems	204.6	13.2 6.5%	+29%	+4.0 +0.7 pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(a) Percentages are Adjusted EBITA margin (b) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

(c) Related cost includes PMI related costs associated with the acquisition of power grids business

Q2 FY23 Results by Business Segment (2/3)

Billions of yen	Q2 FY23		YoY		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Connective Industries	768.5	77.8 10.1%	+2% [+1%] ^(a)	(10.2) (1.5) pts	<ul style="list-style-type: none"> Segment revenues increased due to sales increase mainly in Building Systems BU^(b) and digital solutions and products in industrial fields. Profits decreased due to sales decrease in Measurement & Analysis Systems (Hitachi High-Tech), etc. Building Systems BU revenues and profits increased due to expansion of building service business, despite the continued adjustment phase in Chinese real estate market Smart Life & Ecofriendly Systems revenues and profits decreased due to the decrease of domestic demand and a change in product mix, etc. Measurement & Analysis Systems (Hitachi High-Tech) revenues and profits decreased due to sales decrease in semiconductor manufacturing equipment Industrial Digital BU revenues and profits increased due to business expansion in digital solutions and robotic SI businesses, and cost reduction, etc. Water & Environment BU revenues increased due to solid business performance in air conditioning system business. Profits decreased due to a change in product mix, etc. Industrial Products revenues and profits increased due to solid business performance
Building Systems	240.5	27.5 11.4%	+5%	+3.7 +1.1 pts	
Smart Life & Ecofriendly Systems (Hitachi GLS ^(c))	98.9	7.5 7.6%	(7)%	(4.8) (4.0) pts	
Measurement & Analysis Systems (Hitachi High-Tech)	163.6	17.3 10.6%	(9)%	(13.0) (6.3) pts	
Industrial Digital	96.2	10.1 10.5%	+6%	+1.7 +1.3 pts	
Water & Environment	46.1	2.4 5.3%	+24%	(1.4) (5.1) pts	
Industrial Products	118.1	12.7 10.7%	+7%	+1.1 +0.2 pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(a) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

(b) BU: Business Unit

(c) Hitachi GLS : Hitachi Global Life Solutions

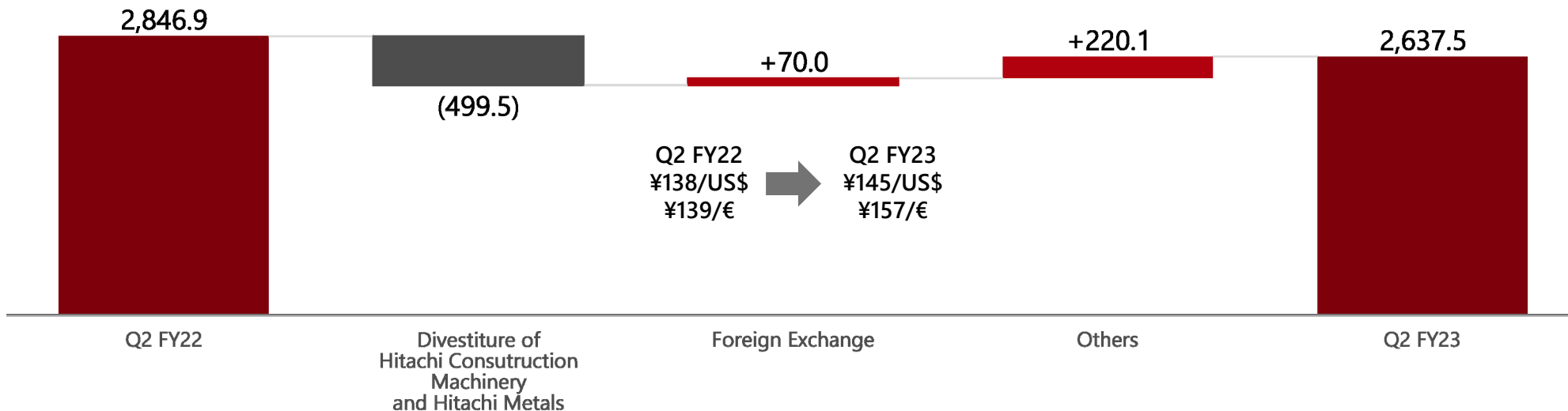
Q2 FY23 Results by Business Segment (3/3)

Billions of yen	Q2 FY23		YoY		Dynamics
	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Hitachi Astemo	541.0	27.2 5.0%	+9% [+5%] ^(a)	+10.6 +1.7 pts	• Revenues and profits increased due to moderate production recovery of OEMs and solving semiconductor shortage, etc.
Hitachi Construction Machinery	0.0	0.0 -	(100)%	(21.7) -	• Due to selling a part of Hitachi Construction Machinery shares in FY2022 (Included in Consolidated total until August FY22)
Hitachi Metals	0.0	0.0 -	(100)%	(14.4) -	• Due to selling Hitachi Metals shares in FY2022 (Included in Consolidated total until Q3 FY22)
Others	133.8	7.1 5.3%	+9% [+8%]	+4.8 +3.4 pts	• Overseas and domestic sales companies, etc.
Corporate items & Eliminations	(170.0)	(1.4)	-	+1.9	• Cost for updating the company-wide management platform, etc.
Consolidated Total	2,637.5	229.9 8.7%	(7)% [(10)%]	(8.2) +0.3 pts	

Factors Affecting Changes in Revenues and Adjusted EBITA (Q2 FY23 Total)

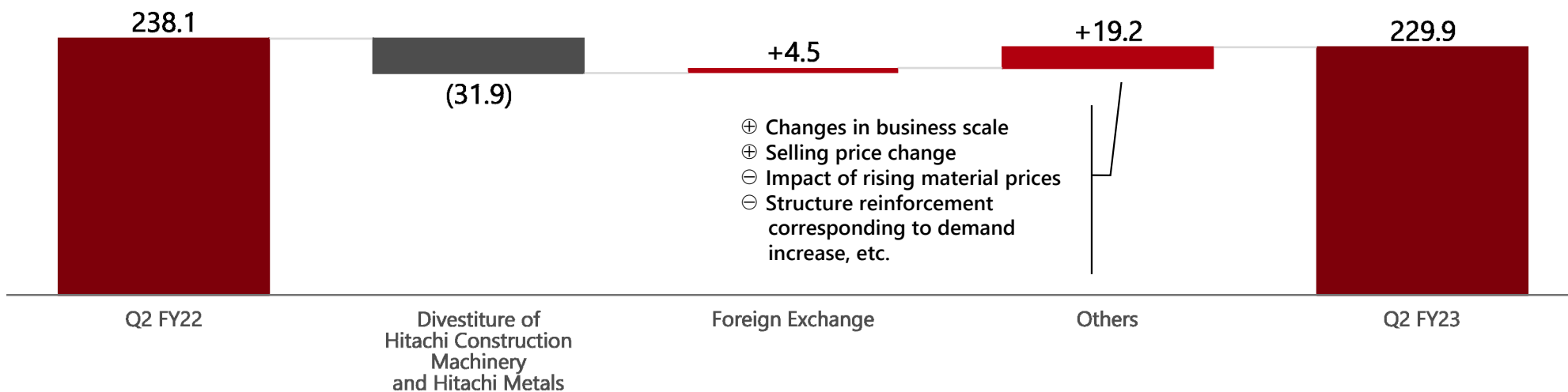
Revenues

Billions of yen



Adjusted EBITA

Billions of yen



Summary of Consolidated Financial Position

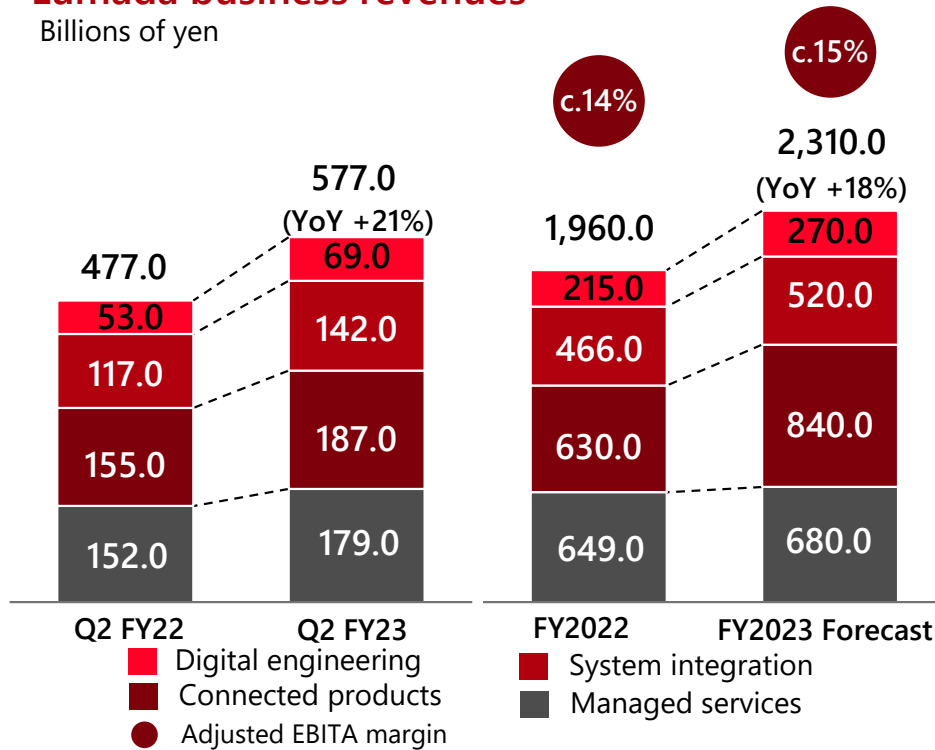
Billions of yen	As of March 31, 2023	As of Sep 30, 2023	Change from March 31, 2023
Total assets	12,501.4	13,475.2	+973.7
Cash and cash equivalents	833.2	905.8	+72.5
Trade receivables and contract assets	2,874.9	2,994.9	+119.9
Total liabilities	7,165.8	7,649.4	+483.5
Interest-bearing debt	2,213.3	2,375.8	+162.5
Total Hitachi, Ltd. stockholders' equity	4,942.8	5,415.8	+472.9
Non-controlling interests	392.7	409.9	+17.2
Cash Conversion Cycle	58.1 days	63.3 days	+5.2 days
Total Hitachi, Ltd. stockholders' equity ratio	39.5%	40.2%	+0.7 pts
D/E ratio	0.41 times	0.41 times	±0.00 pts

Summary of Consolidated Statement of Cash Flows

Billions of yen	H1 FY22	H1 FY23	YoY
Cash flows from operating activities	233.6	316.9	+83.2
Cash flows from investing activities	(72.3)	(110.2)	(37.9)
Free cash flows	161.3	206.6	+45.3
Core free cash flows	24.6	121.1	+96.5

Lumada business revenues^(a)

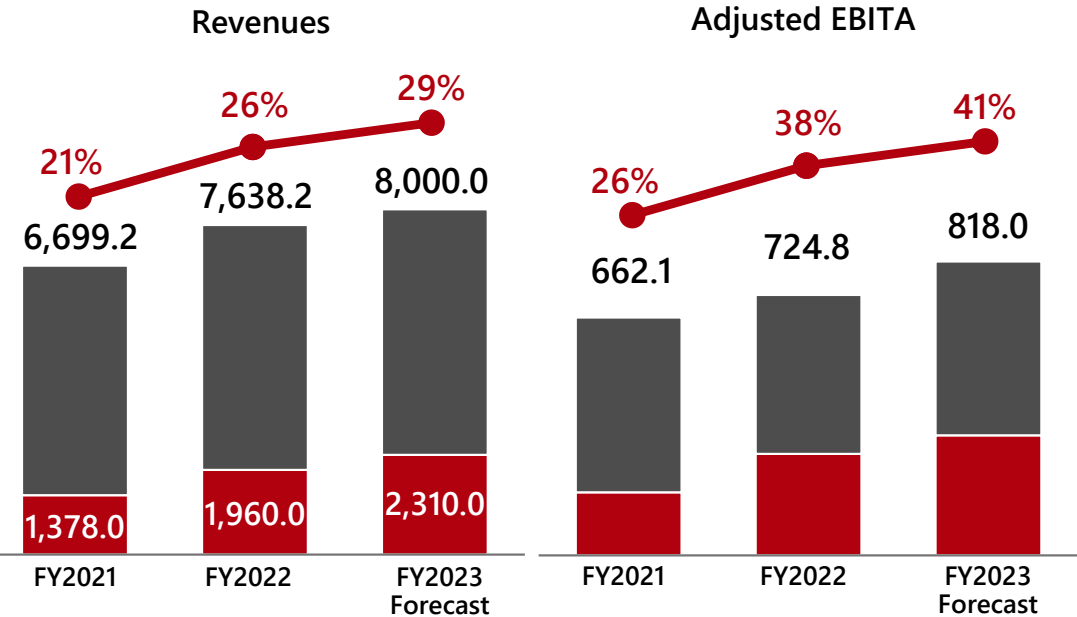
Billions of yen



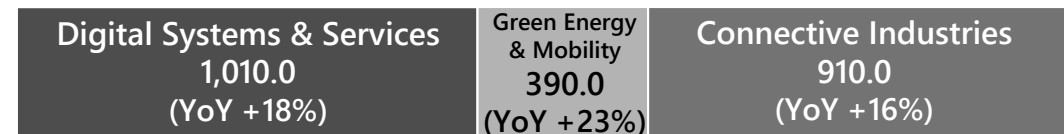
(a) Excluding Hitachi Astemo

Lumada business ratio

■ Lumada ■ Non Lumada ● Lumada ratio



Lumada business revenues composition by segments (FY2023)



Lumada business expansion

Digital	<ul style="list-style-type: none"> Since the establishment of the Generative AI Center in May 2023, orders related to generative AI have increased both domestically and internationally, and GlobalLogic has received orders from U.S. software companies for a project utilizing generative AI Company-wide AI transformation project is in progress to improve system development/customer service productivity through the use of generative AI GlobalLogic received "Supplier of the Year" award from Continental Automotive, a global automotive parts company GlobalLogic Japan accelerates co-creation with customers, including the development of "Metaverse for Construction Approvals"^(b) with Taisei Corporation and "Cancer Ecosystem"^(c) with Aflac
Green	<ul style="list-style-type: none"> Rail Systems Business participated as a consortium member in a state-of-the-art digital signaling project for high-speed rail lines in Italy
Connective	<ul style="list-style-type: none"> Hitachi, together with Mitsui E&S and Mitsui Warehouse, was commissioned by the Ministry of Land, Infrastructure, Transport and Tourism to develop technology to improve the efficiency of terminal operations at ports through AI

(b) Centralized data management system for consensus building among stakeholders on a cloud-based architectural metaverse

(c) A system for various stakeholders to collaborate in order to comprehensively solve social issues related to cancer



3. FY2023 Forecast

Highlights of Forecast (FY2023)

- Revised upward for all profit items from the previous forecast. Continuing Consolidated Business is expected to increase YoY in both revenues and profit
- Hitachi Astemo became an equity method affiliate in October 2023
- Acquisition of Thales GTS is expected to be completed in the first half of 2024. FY2023 forecast does not include Thales GTS

Billions of yen	Total		Continuing Consolidated Business	
	July Forecast	October Forecast	July Forecast	October Forecast
Revenues	8,800.0	9,150.0	7,820.0	8,000.0
YoY		(16)%	[+3%] ^(a)	+5%
Adjusted EBITA	835.0	865.0	800.0	818.0
YoY		(19.6)		+93.1
Adjusted EBITA margin	9.5%	9.5%	10.2%	10.2%
YoY		+1.4 pts		+0.7 pts
Net income attributable to Hitachi, Ltd. Stockholders	500.0	520.0	502.0	533.0
YoY		(129.1)		(108.7)
EPS	535 yen	559 yen	537 yen	573 yen
YoY		(125) yen		(104) yen
Core free cash flows	310.0	340.0		
YoY		(76.4)		
ROIC	7.5%	8.0%		
YoY		+0.4 pts		

	Assumed FX rate	FX sensitivity ^(b) (H2 FY2023)	
		Revenues	Adj. EBITA
US \$	140 yen	+6.0bn yen	+0.4bn yen
€	150 yen	+3.0bn yen	+0.2bn yen

(a) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

(b) Impact of FX rate fluctuation by one-yen depreciation from assumed rate

Highlights of Forecast (FY2023)

Billions of yen	FY2023 Forecast		YoY		Previous forecast comparison		Dynamics
	Revenues	Adj. EBITA ^(a)	Revenues	Adj. EBITA	Revenues	Adj. EBITA	
Digital Systems & Services	2,470.0	310.0 12.6%	+3% [+2%] ^(b)	+16.2 +0.3 pts	+1%	+2.0 ±0.0 pts	<ul style="list-style-type: none"> Segment forecast was revised upward by 20.0bn yen of revenues and 2.0bn yen of Adj. EBITA from the previous forecast
GlobalLogic (standalone) ^(c)	252.0	52.0 20.6%	+22%	+6.8 (1.2) pts	±0%	±0.0 ±0.0 pts	<ul style="list-style-type: none"> Segment forecasts revenues and profits YoY increase due to expansion of Lumada business by harvesting digital demand GlobalLogic forecasts revenues and profits YoY increase due to continuing growth despite the impact of the economic slowdown in North America and Europe
Green Energy & Mobility	2,780.0	186.0 6.7%	+13% [+9%]	+22.4 +0.1 pts	+8%	+13.0 ±0.0 pts	<ul style="list-style-type: none"> Segment forecast was revised upward by 200.0bn yen of revenues and 13.0bn yen of Adj. EBITA from the previous forecast
Hitachi Energy (standalone)	1,666.3	137.1 8.2%	+18%	+36.1 +1.1 pts	+11%	+15.1 +0.1 pts	<ul style="list-style-type: none"> Hitachi Energy forecasts revenues and profits YoY growth through conversion of order backlog on the back of market tailwind and order pipeline. Supply chain challenges and production capacity build up among the key priorities towards profitability improvement and sustainable growth
Railway Systems	812.1	56.1 6.9%	+10%	+8.6 +0.4 pts	(12)%	(1.7) +0.6 pts	<ul style="list-style-type: none"> Railway Systems forecasts revenues and profits YoY increase due to progress in major projects and profitability improvement (The revised forecast does not include the impact of the acquisition of Thales GTS)
Connective Industries	3,000.0	330.0 11.0%	+1% [+1%]	+17.8 +0.5 pts	±0%	±0.0 ±0.0 pts	<ul style="list-style-type: none"> No change from the previous segment forecast
Building Systems	860.0	84.7 9.8%	(3)%	+1.1 +0.4 pts	+2%	+0.5 (0.2) pts	<ul style="list-style-type: none"> Building Systems BU forecasts profits YoY increase due to expansion of building service business despite revenues YoY decrease due to continuing adjustment phase in Chinese real estate market and FX impact
Measurement & Analysis Systems (Hitachi High-Tech)	670.0	80.3 12.0%	(1)%	(12.3) (1.7) pts	±0%	±0.0 ±0.0 pts	<ul style="list-style-type: none"> Measurement & Analysis Systems (Hitachi High-Tech) forecasts profits YoY decrease due to increase in development cost, etc.
Hitachi Astemo	1,150.0	47.0 4.1%	(40)% [(42)%]	(26.4) +0.3 pts	+17%	+12.0 +0.5 pts	<ul style="list-style-type: none"> Due to conversion to an equity-method affiliate, included in Consolidated Total until October FY23
Consolidated Total	9,150.0	865.0 9.5%	(16)% [(17)%]	(19.6) +1.4 pts	+4%	+30.0 ±0.0 pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

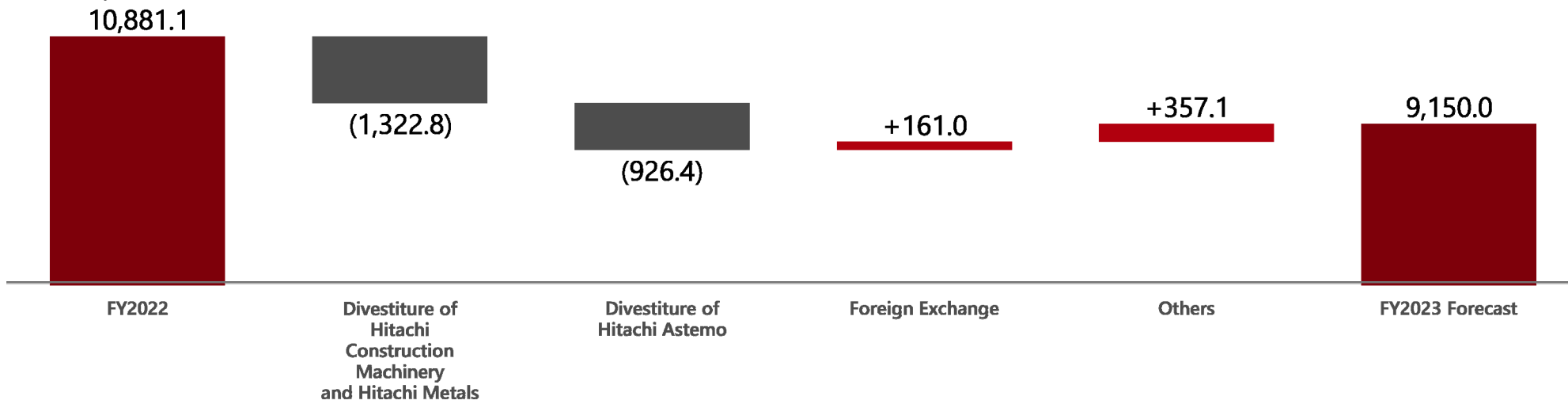
(a) Percentages are Adjusted EBITA margin (b) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

(c) Standalone does not include acquisition related cost

Factors Affecting Changes in Revenues and Adjusted EBITA (FY2023 Total)

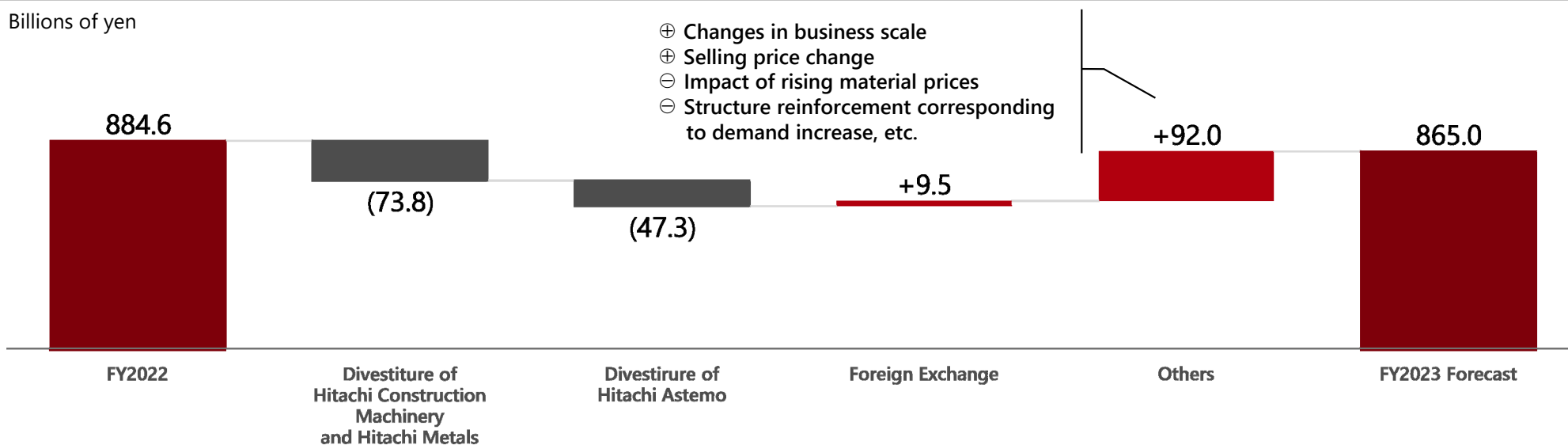
Revenues

Billions of yen



Adjusted EBITA

Billions of yen





4. Appendix

Highlights of Results (H1 FY23)

- Digital Systems & Services and Green Energy & Mobility revenues and profits increased. Continuing Consolidated Business revenues and profits also increased due to the absence of the impact of lockdown in China in previous fiscal year, and FX impact

Billions of yen	Total	Continuing Consolidated Business	Deconsolidated Business
Revenues	4,960.0	3,924.8	1,035.2
YoY	(8)%	[+10%] ^(a)	(46)%
Adjusted EBITA	400.9	359.6	41.2
YoY	+7.8	+49.2	(41.4)
Adjusted EBITA margin	8.1%	9.2%	4.0%
YoY	+0.8 pts	+0.3 pts	(0.3) pts
Net income attributable to Hitachi, Ltd. stockholders	209.1	217.7	(8.6)
YoY	+36.5	+48.5	(11.9)
Core free cash flows	121.1		
YoY	+96.5		

(a) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

Highlights of Results (H1 FY23)

Billions of yen	H1 FY23		YoY		Dynamics
	Revenues	Adj. EBITA ^(a)	Revenues	Adj. EBITA	
Digital Systems & Services	1,192.5	135.0 11.3%	+8% [+7%] ^(b)	+17.5 +0.6 pts	<ul style="list-style-type: none"> Segment revenues and profits increased due to expansion of Lumada business by harvesting digital demand
GlobalLogic (standalone ^(c))	120.6	23.9 19.8%	+23%	+1.7 (2.8) pts	<ul style="list-style-type: none"> GlobalLogic revenues and profits increased due to continued growth despite economic slowdown in North America and Europe
Green Energy & Mobility	1,345.7	79.6 5.9%	+27% [+21%]	+25.3 +0.8 pts	<ul style="list-style-type: none"> Segment revenues and profits increased
Hitachi Energy (standalone)	827.3	63.3 7.7%	+31%	+26.4 +1.8 pts	<ul style="list-style-type: none"> Hitachi Energy revenues and profits increased due to solid business performance and steady execution of the significant order backlog on the back of energy transition acceleration
Railway Systems	390.3	27.0 6.9%	+24%	+11.8 +2.1 pts	<ul style="list-style-type: none"> Railway Systems revenues and profits increased due to progress in major projects and profitability improvement resulting from better project mix
Connective Industries	1,463.8	145.7 10.0%	+3% [+2%]	(3.4) (0.4) pts	<ul style="list-style-type: none"> Segment revenues increased due to Industrial Products, etc. Profits decreased due to sales decrease in semiconductor manufacturing equipment in Measurement & Analysis Systems (Hitachi High-Tech)
Building Systems	468.6	52.8 11.3%	+1%	+6.6 +1.3 pts	<ul style="list-style-type: none"> Building Systems BU revenues and profits increased due to expansion of building service business, despite the continued adjustment phase in Chinese real estate market
Measurement & Analysis Systems (Hitachi High-Tech)	317.2	32.4 10.2%	(6)%	(21.4) (5.8) pts	<ul style="list-style-type: none"> Measurement & Analysis Systems (Hitachi High-Tech) revenues and profits decreased due to sales decrease in semiconductor manufacturing equipment
Hitachi Astemo	1,035.2	41.2 4.0%	+17% [+13%]	+29.4 +2.7 pts	<ul style="list-style-type: none"> Revenues and profits increased due to moderate production recovery of OEMs, resolving semiconductor shortage, and the absence of the impact of lockdown in China in Q1 FY22, etc.
Consolidated Total	4,960.0	400.9 8.1%	(8)% [(11)%]	+7.8 +0.8 pts	

Adjusted operating income, EBIT and EBITDA by segments are provided in the "Supplemental Material" on the Hitachi web site

(a) Percentages are Adjusted EBITA margin

(b) Figures in parentheses are estimated YoY changes excluding the impact of FX rate fluctuation

(c) Standalone does not include acquisition related cost

Summary of Consolidated Statement of Profit or Loss

	Q2 FY22	Q2 FY23	YoY	H1 FY22	H1 FY23	YoY	FY22	FY23	YoY	Previous forecast comparison
Billions of yen										
Revenues	2,846.9	2,637.5	(7)%	5,416.7	4,960.0	(8)%	10,881.1	9,150.0	(16)%	+4%
Adjusted Operating Income	203.0	194.9	(8.1)	324.6	325.4	+0.8	748.1	720.0	(28.1)	+45.0
Equity in earnings of affiliates	+13.7	+13.3	(0.3)	+26.6	+33.2	+6.5	+52.8	+65.0	+12.1	±0.0
Acquisition-related amortization to be added back	+21.3	+21.6	+0.2	+41.7	+42.2	+0.4	+83.6	+80.0	(3.6)	(15.0)
Adjusted EBITA	238.1	229.9	(8.2)	393.0	400.9	+7.8	884.6	865.0	(19.6)	+30.0
Net gain on business reorganization and others	+64.9	+12.3	(52.6)	+66.1	+11.1	(55.0)	+297.3	+120.0	(177.3)	+10.0
Acquisition-related amortization	(21.3)	(21.6)	(0.2)	(41.7)	(42.2)	(0.4)	(83.6)	(80.0)	+3.6	+15.0
Structural reform expenses ^(a)	(62.9)	(4.8)	+58.0	(65.6)	(8.3)	+57.3	(139.2)	(130.0) ^(b)	+122.7	(20.0)
Others	(7.2)	+2.1	+9.3	(59.5)	(21.6)	+37.9	(113.4)			
EBIT	211.6	217.9	+6.3	292.2	339.8	+47.5	845.6	775.0	(70.6)	+35.0
Interest	(6.1)	(11.4)	(5.2)	(10.1)	(17.8)	(7.6)	(25.6)	(40.0)	(14.3)	(5.0)
Income taxes [Effective income tax rate]	(51.7)	(55.9)	(4.1)	(81.2)	(89.7)	(8.4)	(116.1)	(178.0)	(61.8)	(15.0)
							[14.2%]	[24.2%]		
Deduction for non-controlling interests	(18.4)	(11.5)	+6.8	(28.3)	(23.2)	+5.0	(54.7)	(37.0)	+17.7	+5.0
Net income attributable to Hitachi, Ltd. Stockholders	135.3	139.0	+3.7	172.5	209.1	+36.5	649.1	520.0	(129.1)	+20.0

(a) Structural reform expenses include impairment loss and special severance pay

(b) Sum of "Structural reform expenses" and "Others"

Revenues by Market (H1 FY23)

Billions of yen	Japan	China	ASEAN, India, other areas	North America	Europe	Other areas	Overseas Revenues
Digital Systems & Services	774.5	16.7	96.3	165.4	111.5	27.8	417.9
YoY	+11%	(29)%	±0%	+8%	+9%	+11%	+4%
Green Energy & Mobility	157.8	97.5	129.2	294.8	464.8	201.2	1,187.8
YoY	±0%	+7%	+24%	+45%	+29%	+39%	+31%
Connective Industries	683.8	389.8	140.5	130.4	101.0	18.0	779.9
YoY	+5%	(1)%	+7%	+1%	±0%	(4)%	+1%
Continuing Consolidated Business	1,528.1	502.5	377.6	591.9	677.8	246.6	2,396.7
YoY	+10%	(2)%	+12%	+21%	+20%	+29%	+14%
Ratio	39%	13%	10%	15%	17%	6%	61%
Hitachi Astemo	241.6	144.2	205.0	275.3	89.3	79.4	793.5
YoY	+12%	(8)%	+11%	+38%	+25%	+43%	+19%
Consolidated Total	1,769.8	646.7	582.6	867.3	767.2	326.1	3,190.2
YoY ^(a)	(7)%	(12)%	(12)%	(11)%	+3%	(17)%	(9)%
Ratio	36%	13%	12%	17%	15%	7%	64%

(a) YoY of Consolidated Total is compared to the previous year's results including Hitachi Construction Machinery and Hitachi Metals

Orders Results by Business Segment

- Firm order growth mainly in Digital Systems & Services, Hitachi Energy and Railway Systems

Billions of yen	Q2 FY23	YoY	H1 FY23	YoY		Q2 FY23	YoY	H1 FY23	YoY
Digital Systems & Services	669.3	+15%	1,401.0	+13%	Connective Industries	783.4	(4)%	1,556.0	(2)%
Front Business	293.5	+19%	666.0	+18%	Building Systems	246.0	(8)%	483.8	(11)%
IT Services	256.6	+13%	511.5	+10%	Smart Life & Ecofriendly Systems (Hitachi GLS ^(a))	98.9	(7)%	187.2	±0%
Services & Platforms	250.1	+5%	476.0	+6%	Measurement & Analysis Systems (Hitachi High-Tech)	157.4	(6)%	309.2	(9)%
Green Energy & Mobility	931.5	+31%	2,209.8	+52%	Industrial Digital	83.0	+1%	182.1	+14%
Nuclear Energy	54.9	+90%	79.3	+56%	Water & Environment	61.1	+25%	118.5	+18%
Hitachi Power Solutions	22.8	(5)%	47.3	(7)%	Industrial Products	130.8	+2%	252.4	+5%
Hitachi Energy	653.8	+14%	1,669.3	+42%					
Railway Systems	185.5	+148%	376.0	+148%					

(a) Hitachi GLS : Hitachi Global Life Solutions

Item	Contents
Continuing Consolidated Business	Consolidated total less deconsolidated business
Deconsolidated Business	Hitachi Astemo, Hitachi Construction Machinery and Hitachi Metals
Adjusted EBITA	Adjusted operating income plus acquisition-related amortization and equity in earnings (losses) of affiliates
Acquisition-related amortization	Amortization and depreciation of intangible assets and other assets allocated from goodwill recognized through fair-value evaluation of an acquired company's assets and liabilities. This cost is a non-cash cost and is included in the purchase price for the company
Adjusted operating income	Revenues less selling, general and administrative expenses as well as cost of sales
EBIT	Income before income taxes less interest income plus interest charges
EBITDA	Income before income taxes less interest income plus interest charges, depreciation and amortization
ROIC (Return on Invested Capital)	$\text{ROIC} = \frac{\text{NOPAT} + \text{equity in earnings (losses) of affiliates}}{\text{Invested Capital}} \times 100$ $\text{NOPAT (Net Operating Profit after Tax)} = \text{Adjusted operating income} \times (1 - \text{tax burden rate})$ $\text{Invested Capital} = \text{interest-bearing debt} + \text{total equity}$
Core free cash flows	Cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.
EPS (Earnings per share)	(Basic) Earnings per share attributable to Hitachi, Ltd. stockholders. Weighted average number of shares to calculate (basic) earnings per share for FY2023 forecast is 929,691,526
Front Business	System integration, sales, maintenance, related services of software and hardware, and consulting businesses for financial, public and social infrastructure (power, rail, telecommunication, etc.) sectors, and information control systems business
IT Services	Businesses of Hitachi Solutions and Hitachi Systems
Services & Platforms	Businesses of digital solutions (artificial intelligence, IoT platform, software, cloud service, etc.), sales of IT products (storage and server), maintenance, etc.

Item	Regarding YoY comparison
Digital Systems & Services	Figures for Hitachi Consulting Japan, which were included in IT Services until FY2022, are included in Services & Platforms from FY2023. YoY for this segment reflects this change
Hitachi Power Solutions	Figures for Hitachi Power Solutions, which were included in Energy BU until FY2022, are disclosed independently from FY2023. YoY for Green Energy & Mobility segment reflects this change
Green Energy & Mobility	Figures for Business Management Reinforcement Division, which were included in Energy BU until FY2022, are included in "Others" from FY2023. YoY for Green Energy & Mobility segment and "Others" reflects this change

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.



Hitachi Social Innovation is
POWERING GOOD