

[Translation]

THE **154**th

Notice of Annual General Meeting of Shareholders

Date and Time : Wednesday, June 21, 2023
at 10:00 a.m.

Location : Tokyo Dome City Hall
(East side of Tokyo Dome Hotel)
3-61, Koraku 1-chome, Bunkyo-ku, Tokyo

Matter to Be Resolved : Item
Election of 12 Directors due to expiration
of the term of office of all Directors

We will live-stream the General Meeting of Shareholders to make it viewable on the internet.
Please refer to page 5 for details.

Note: This English translation incorporates, from page 34 to page 79, the contents that are not provided in the paper-based documents delivered to shareholders who have requested pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations.

Dear Shareholders:

June 1, 2023
(Commencement date of measures for electronic provision: May 31, 2023)
6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Hitachi, Ltd.

President & CEO
and Director

Keiji Kojima



Notice of the 154th Annual General Meeting of Shareholders

The 154th Annual General Meeting of Shareholders of Hitachi, Ltd. is to be held as follows:

Date and Time Wednesday, June 21, 2023 at 10:00 a.m. (Reception Start: 9:00 a.m.)

Location 3-61, Koraku 1-chome, Bunkyo-ku, Tokyo
Tokyo Dome City Hall (East side of Tokyo Dome Hotel)

Agenda
Reporting Matter Report on the Business Report, Financial Statements, and Consolidated Financial Statements for the 154th Business Term (from April 1, 2022 to March 31, 2023), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee

Matters to Be Resolved
Item Election of 12 Directors due to expiration of the term of office of all Directors

● The following materials or items are not provided in the paper-based documents delivered to shareholders who have requested pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations:

- (a) Business Report: "Five-year Summary of Asset and Results of Operation of Hitachi Group," "Business Overview and Results of Hitachi Group - Results by Segment," "Research and Development of Hitachi Group," "Employees of Hitachi Group", "Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control System) and Operation of the Internal Control System," "Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies," "Matters Concerning the Company's Stock," "Information on the Stock Acquisition Rights, etc.," "Policy on Determination of Distribution of Surplus etc.," and "Matters Concerning Accounting Auditor".
- (b) Consolidated Financial Statement: "Consolidated Statements of Changes in Equity" and "Notes to Consolidated Financial Statements".
- (c) Financial Statement: "Unconsolidated Statement of Changes in Net Assets" and "Notes to Unconsolidated Financial Statements".
- (d) Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements, Transcript of Accounting Auditors' Audit Report on Unconsolidated Financial Statements, and Transcript of Audit Committee's Audit Report.

The Audit Committee and the accounting auditor have audited the materials to be audited including the above.

In addition, the Company website also posts Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows as supplementary information.

● In the case that the Business Report, Consolidated Financial Statements, Financial Statements or Reference Documentation for the Annual General Meeting of Shareholders need to be modified, the Company will post such modification on its website as below.

<https://www.hitachi.com/smeet-e/index.html>



Live Streaming of the General Meeting of Shareholders

We will live-stream the General Meeting of Shareholders (the “Meeting”) to make it viewable on the internet as detailed below.

To protect the privacy of the shareholders present at the meeting, the webcast will only show the areas of the venue around the chairperson and executives; however, the camera may capture some shareholders in cases where it cannot be avoided. Thank you in advance for your understanding.

1

Time and date of streaming

From 10:00 a.m. to the end of the Meeting on Wednesday, June 21, 2023

*The live stream web page will be accessible starting around 9:50 a.m., 10 minutes before the start of the Meeting.

*The live stream may be cancelled due to unavoidable circumstances. Thank you in advance for your understanding.

2

Viewing Information

To access the webcast, please have your shareholder number ready, which will be required for shareholder authorization (login) (Please be sure to keep your shareholder number with you when mailing your voting slip).

1. Viewing site: <https://www.icue-gmos.com/soukai/hitachi/154/>
2. ID: Hitachi6501 (half-width characters)
3. Password: shareholder number (indicated on your voting slip (voting-right exercising form), or dividend-related documents, etc.)
4. For inquiries about ID and/or password, please contact
Shareholder registry administrator: Tokyo Securities Transfer Agent Co., Ltd.
TEL: 0120-25-6501 (toll-free)(Japanese Only)
(Business hours: Between 9:00 a.m. and 5:00 p.m. (except Saturday and Sunday))

Please limit the viewers of the live streaming to shareholders and do not allow others, such as representatives, to watch the live stream.

Precautions regarding the live stream

Viewing the live stream is not considered attendance at the Meeting prescribed in the Companies Act, and you will not be able to ask questions or exercise your voting rights on the meeting day. Please send us your voting slip or exercise your voting rights on the internet in advance.

Note that any problem with the device used to watch the Meeting, internet connection, or other conditions may prevent you from viewing or cause audio or visual problems.

The viewer will bear any expense for viewing such as internet services.

Questions regarding the Meeting are accepted on the website.

We accept your questions regarding the Meeting on our website below. We will answer some questions in which shareholders are supposed to be interested at the Meeting. Please note that the questions which are not answered at the Meeting will not be answered after that.

Accepted period: to Wednesday, June 14, 2023

U R L: <https://krs.bz/hi6501/m?f=1>

Please access the website with your shareholder number, which is required to register your question.

Item

Election of 12 Directors due to expiration of the term of office of all Directors

Due to expiration of the term of office of all Directors at the close of this Meeting, it is proposed that 12 Directors be elected. The Company has proposed the following 12 nominees for Directors (including 9 independent directors*) to reflect global and diverse viewpoints to the management as well as to realize further growth of social innovation business and reinforce the functions of supervision of management.

* The "Independent Directors" in this notice are the directors who fulfill the qualification requirements to be outside directors as provided by the Companies Act of Japan and also meet the independence criteria defined by the Company and those as provided by Japanese stock exchanges where the Company is listed, unless otherwise stated.

The list of nominees

No	Name		Current Position and Responsibilities at the Company
1	Katsumi Ihara	RE OD ID	Independent Director Chairman of the Board ■ Nominating Committee (Chair) ■ Audit Committee ■ Compensation Committee
2	Ravi Venkatesan	RE OD ID	Independent Director
3	Cynthia Carroll	RE OD ID	Independent Director ■ Nominating Committee
4	Ikuro Sugawara	RE OD ID	Independent Director ■ Audit Committee
5	Joe Harlan	RE OD ID	Independent Director ■ Compensation Committee
6	Louise Pentland	RE OD ID	Independent Director
7	Takatoshi Yamamoto	RE OD ID	Independent Director ■ Compensation Committee (Chair)
8	Hiroaki Yoshihara	RE OD ID	Independent Director ■ Nominating Committee ■ Audit Committee (Chair)
9	Helmuth Ludwig	RE OD ID	Independent Director ■ Audit Committee
10	Keiji Kojima	RE	Representative Executive Officer, President & CEO and Director ■ Compensation Committee
11	Mitsuaki Nishiyama	NEW	Associate
12	Toshiaki Higashihara	RE	Executive Chairman, Representative Executive Officer and Director ■ Nominating Committee

NEW : Newly selected nominee

RE : Re-selected nominee

OD : Outside Director nominee as provided by the Companies Act of Japan

ID : Independent Director as provided by Japanese stock exchanges where the Company is listed

No

1

Katsumi Ihara

(Date of Birth: Sept. 24, 1950)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Nominating Committee
8 out of 8 days (100%)Audit Committee
14 out of 15 days (93%)Compensation Committee
8 out of 8 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Chairman of the Board Nominating Committee (Chair) Member of Audit Committee Member of Compensation Committee	Five years	1,300

Brief Biography

5/1981	Joined Sony Corporation
6/2005	Executive Deputy President, Representative Corporate Executive Officer, Member of the Board, Sony Corporation
4/2009	Executive Deputy President, Corporate Executive, Sony Corporation
6/2009	Executive Vice President, Representative Director, Sony Financial Holdings Inc.
6/2010	President, Representative Director, Sony Financial Holdings Inc.
6/2011	President, Representative Director, Sony Life Insurance Co., Ltd.
4/2015	Chairman, Director, Sony Life Insurance Co., Ltd. (Retired in June 2017)
6/2016	Chairman, Director, Sony Financial Holdings Inc. (Retired in June 2017)
6/2018	Director, Hitachi, Ltd. (currently in office)

Reason for selection as Independent Director nominee and his expected roles

Mr. Ihara has rich experience and insight in the area of global corporate management gained through the involvement in management at major companies conducting diversified businesses globally. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

2

Ravi Venkatesan

(Date of Birth: Jan. 12, 1963)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	Two years 11 months	500

Brief Biography

7/1999	Chairman of the Board of Directors, Cummins India Ltd. (India) (Retired in March 2004)
1/2004	Chairman, Microsoft India Pvt. Ltd. (India) (Retired in September 2011)
4/2011	Independent Director, Infosys Ltd. (India) (Retired in May 2018, served as Co-Chairman from April 2017 to August 2017)
4/2013	Venture Partner, Unitus Ventures LLC. (India) (currently in office)
8/2015	Chairman (Non-Executive), Bank of Baroda (India) (Retired in August 2018)
9/2018	Special Representative for Young People & Innovation, UNICEF (Retired in September 2022)
7/2020	Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Chairman, Global Energy Alliance for People and Planet, LLC (USA)
Trustee, The Rockefeller Foundation (USA)
Venture Partner, Unitus Ventures LLC. (India)

Reason for selection as Independent Director nominee and his expected roles

Mr. Venkatesan has rich experience and insight in the area of global corporate management, digital business and emerging markets. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

3

Cynthia Carroll

(Date of Birth: Nov. 13, 1956)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Nominating Committee
9 out of 10 days (90%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Nominating Committee	Ten years	1,600

Brief Biography

- 10/1991 General Manager, Foil Products, Alcan Inc. (Canada)
- 1/1996 Managing Director, Aughinish Alumina Ltd., Alcan Inc.
- 10/1998 President, Bauxite, Alumina and Specialty Chemicals, Alcan Inc.
- 1/2002 President & CEO, Primary Metal Group, Alcan Inc.
- 3/2007 CEO, Anglo American plc. (UK) (Retired in April 2013)
- 6/2013 Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

- Director, Baker Hughes Company (USA)*
- Director, Pembina Pipeline Corporation (Canada)*
- Director, Glencore plc (Switzerland)*

Reason for selection as Independent Director nominee and her expected roles

Ms. Carroll has rich experience and insight as the top executive of major global companies in the mining industry. She was selected as an independent director nominee, since she was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

4

Ikuro Sugawara

(Date of Birth: Mar. 6, 1957)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
7 out of 7 days (100%)Audit Committee
9 out of 9 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Audit Committee	One year	400

Brief Biography

- 4/1981 Joined Ministry of International Trade and Industry of Japan
- 7/2010 Director-General of the Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry of Japan ("METI")
- 9/2012 Director-General of the Manufacturing Industries Bureau, METI
- 6/2013 Director-General of the Economic and Industrial Policy Bureau, METI
- 7/2015 Vice-Minister of Economy, Trade and Industry of Japan
- 8/2017 Special Advisor to the Cabinet of Japan (Retired in June 2018)
- 6/2022 Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

- Outside Director, Toyota Motor Corporation
- Outside Director, FUJIFILM Holdings Corporation

Reason for selection as Independent Director nominee and his expected roles

Mr. Sugawara has rich experience and insight in the area of public administration, etc. gained through leading positions at government agencies. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

5

Joe Harlan

(Date of Birth: May 5, 1959)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
 9 out of 9 days (100%)

Compensation Committee
 8 out of 8 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Compensation Committee	Five years	1,300

Brief Biography

- 9/1999 Vice President and Chief Financial Officer, Lighting Business, General Electric Company (USA)
- 9/2001 Vice President, Corporate Financial Planning and Analysis, 3M Company (USA)
- 11/2002 President and Chief Executive Officer, Sumitomo 3M Ltd.
- 10/2004 Executive Vice President, Electro and Communications Business, 3M Company (USA)
- 10/2009 Executive Vice President, Consumer and Office Business, 3M Company (USA)
- 9/2011 Executive Vice President, Performance Materials, The Dow Chemical Company (USA)
- 9/2012 Executive Vice President, Chemicals, Energy and Performance Materials, The Dow Chemical Company (USA)
- 10/2014 Chief Commercial Officer and Vice Chairman, Market Business, The Dow Chemical Company (USA)
- 10/2015 Vice Chairman and Chief Commercial Officer, The Dow Chemical Company (USA) (Retired in August 2017)
- 6/2018 Director, Hitachi, Ltd. (currently in office)

Reason for selection as Independent Director nominee and his expected roles

Mr. Harlan has rich experience and insight in the area of global corporate management gained through the involvement in management at major companies conducting diversified businesses globally. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

6

Louise Pentland

(Date of Birth: Apr. 11, 1972)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
 9 out of 9 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	Eight years	1,200

Brief Biography

- 8/1997 Admitted as a Solicitor (UK)
- 7/2001 Senior Legal Counsel, Nokia Networks, Nokia Corporation (Finland)
- 9/2007 Vice President, Acting Chief Legal Officer and Head of IP Legal, Nokia Corporation (Finland)
- 7/2008 Senior Vice President and Chief Legal Officer, Nokia Corporation (Finland)
- 6/2009 Admitted to New York State Bar Association
- 2/2011 Executive Vice President and Chief Legal Officer, Nokia Corporation (Finland) (Retired in May 2014)
- 4/2015 General Counsel, PayPal, eBay Inc. (USA)
- 6/2015 Director, Hitachi, Ltd. (currently in office)
- 7/2015 Senior Vice President and Chief Legal Officer, PayPal Holdings, Inc. (USA)
- 9/2016 Executive Vice President, Chief Business Affairs and Legal Officer, PayPal Holdings, Inc. (USA)
- 1/2022 Executive Vice President and Senior Advisor, PayPal Holdings, Inc. (USA) (Retired in July 2022)

Other Principal Positions Held

Director, Experian plc (Ireland/UK)*

Reason for selection as Independent Director nominee and her expected roles

Ms. Pentland has deep insight into corporate legal matters and corporate governance gained through her rich experience as the chief legal officer of major global companies. She was selected as an independent director nominee, since she was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting her global viewpoint.

No

7

Takatoshi Yamamoto (Date of Birth: Oct. 20, 1952)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Audit Committee
6 out of 6 days (100%)Compensation Committee
8 out of 8 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Compensation Committee (Chair)	Seven years	14,000

Brief Biography

4/1975 Joined Nomura Research Institute, Ltd.
 4/1989 Joined Morgan Stanley Japan Limited
 12/1995 Managing Director, Morgan Stanley Japan Limited
 6/1999 Managing Director and Vice Chairman, Tokyo Branch, Morgan Stanley Japan Limited
 7/2005 Managing Director and Vice Chairman, UBS Securities Japan Co., Ltd.
 6/2009 Managing Director, CASIO COMPUTER CO., LTD.
 6/2011 Advisor, CASIO COMPUTER CO., LTD. (Retired in June 2012)
 6/2016 Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Outside Director, Murata Manufacturing Co., Ltd.

Reason for selection as Independent Director nominee and his expected roles

Mr. Yamamoto has broad range of insight in business and management gained through his experience in the area of corporate analysis and global corporate management. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

8

Hiroaki Yoshihara (Date of Birth: Feb. 9, 1957)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Nominating Committee
10 out of 10 days (100%)Audit Committee
15 out of 15 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Nominating Committee Audit Committee (Chair)	Nine years	3,300

Brief Biography

11/1978 Joined Peat Marwick Mitchell & Co.
 7/1996 National Managing Partner, the Pacific Rim Practice, KPMG LLP
 10/1997 The Board Member, KPMG LLP
 10/2003 Vice Chairman and Global Managing Partner, KPMG International (Retired in April 2007)
 6/2014 Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Outside Director, HOYA CORPORATION

Reason for selection as Independent Director nominee and his expected roles

Mr. Yoshihara has rich experience and insight in the area of global corporate management and accounting. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

9

Helmuth Ludwig

(Date of Birth: Sept. 19, 1962)

RE

OD

ID



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Audit Committee
15 out of 15 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Audit Committee	Two years 11 months	4,200

Brief Biography

- 6/2001 President, Software and System House Division, Siemens AG (Germany)
- 8/2002 President, Systems Engineering Division, Automation and Drives Group, Siemens AG (Germany)
- 8/2007 President, Siemens PLM Software, Inc. (USA)
- 10/2010 Global Head of Communications, Industry Automation, Siemens Corp. (USA)
- 10/2011 President and CEO, Industry Sector, North America, Siemens Industry, Inc. (USA)
- 10/2014 Executive Vice President and Chief Digital Officer, Digital Factory Division, Product Lifecycle Management, Siemens Corp. (USA)
- 10/2016 Chief Information Officer, Siemens AG (Germany) (Retired in December 2019)
- 1/2020 Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA) (currently in office)
- 7/2020 Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

- Chairperson of the Board, Circor International, Inc. (USA)*
- Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA)
- Senior Advisor, Bridgepoint, LLC (USA)

Reason for selection as Independent Director nominee and his expected roles

Mr. Ludwig has rich experience and insight in the area of global corporate management and digital business. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No

10

Keiji Kojima

(Date of Birth: Oct. 9, 1956)

RE



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Compensation Committee
8 out of 8 days (100%)

Position and Responsibilities at the Company	Share Ownership
Representative Executive Officer, President & CEO and Director Member of Compensation Committee	101,100

Brief Biography

- 4/1982 Joined Hitachi, Ltd.
- 4/2011 General Manager, Hitachi Research Laboratory
- 4/2012 Vice President and Executive Officer
- 4/2016 Senior Vice President and Executive Officer
- 4/2018 Representative Executive Officer, Executive Vice President
- 6/2021 Representative Executive Officer, President & COO and Director, Hitachi, Ltd.
- 4/2022 Representative Executive Officer, President & CEO and Director, Hitachi, Ltd. (currently in office)

Reason for selection as Director nominee and his expected roles

Mr. Kojima has rich experience and a proven performance record, having been engaged in R&D and business management in the digital business both at the Company and at Group companies as well as in global promotion of Lumada business. He has been engaged in the management of the Company as President & COO since June 2021 and as President & CEO since April 2022. Mr. Kojima was selected as a director nominee, since he was expected to continue to promote information sharing and draw on his rich experience and performance record to reinforce the decision-making function of the Board of Directors as a member of the Board.

No

11

Mitsuaki Nishiyama

(Date of Birth: Sep. 25, 1956)

NEW



Position and Responsibilities at the Company	Share Ownership
Associate	26,660

Brief Biography

4/1979	Joined Hitachi, Ltd.
4/2008	General Manager, Finance Department I
4/2011	Executive Officer, Hitachi Cable, Ltd.
6/2012	Executive Officer, Board Director, Hitachi Cable, Ltd.
4/2013	Vice President and Executive Officer, Board Director, Hitachi Cable, Ltd.
7/2013	Vice President and Managing Officer, Hitachi Metals, Ltd. (currently Proterial, Ltd.)
4/2014	Vice President and Executive Officer, Hitachi Metals, Ltd. (Retired in March 2015)
4/2015	Vice President and Executive Officer, Hitachi, Ltd.
4/2016	Representative Executive Officer, Senior Vice President and Executive Officer, Hitachi, Ltd.
4/2020	Representative Executive Officer, Chairperson and CEO, Hitachi Metals, Ltd.
6/2020	Representative Executive Officer, Chairperson, President and CEO, Hitachi Metals, Ltd.
	Representative Executive Officer, Chairperson, President and CEO, and Director, Hitachi Metals, Ltd.
1/2023	Representative Director, Executive Chairman, Proterial, Ltd. (Retired in March 2023)
4/2023	Associate, Hitachi, Ltd. (currently in office)

Reason for selection as Director nominee and his expected roles

Mr. Nishiyama has rich experience and a proven performance record, having been engaged in operations in such areas as accounting and financial affairs and management at the Company and Group companies, etc. Mr. Nishiyama was selected as a director nominee, since he was expected to reinforce the supervisory functions of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others based on his rich experience and a proven performance record.

No

12

Toshiaki Higashihara

(Date of Birth: Feb. 16, 1955)

RE



Attendance for Fiscal 2022

Board of Directors meetings
9 out of 9 days (100%)Nominating Committee
10 out of 10 days (100%)

Position and Responsibilities at the Company	Share Ownership
Executive Chairman, Representative Executive Officer and Director Member of Nominating Committee	199,200

Brief Biography

4/1977	Joined Hitachi, Ltd.
4/2007	Vice President and Executive Officer
4/2008	President, Hitachi Power Europe GmbH
4/2010	Representative Executive Officer, President and Chief Executive Officer, Hitachi Plant Technologies, Ltd.
6/2010	President and Representative Director, Hitachi Plant Technologies, Ltd.
4/2011	Vice President and Executive Officer, Hitachi, Ltd.
4/2013	Senior Vice President and Executive Officer, Hitachi, Ltd.
4/2014	Representative Executive Officer and President & COO, Hitachi, Ltd.
6/2014	Representative Executive Officer, President & COO and Director, Hitachi, Ltd.
4/2016	Representative Executive Officer, President & CEO and Director, Hitachi, Ltd.
5/2021	Representative Executive Officer, Executive Chairman, President & CEO and Director, Hitachi, Ltd.
6/2021	Representative Executive Officer, Executive Chairman & CEO and Director, Hitachi, Ltd.
4/2022	Executive Chairman, Representative Executive Officer and Director, Hitachi, Ltd. (currently in office)

Reason for selection as Director nominee and his expected roles

Mr. Higashihara has rich experience and a proven performance record, having been engaged in business management in a broad range of fields, including social infrastructure business and power systems business, both at the Company and at Group companies, as well as in the promotion of the Group's global business development. He has been engaged in the management of the Company as President since April 2014, as Executive Chairman and President since May 2021 and as Executive Chairman since June 2021. He has been serving as Executive Chairman and Director since April 2022. Mr. Higashihara was selected as a director nominee, since he was expected to continue to promote information sharing and draw on his rich experience and performance record to reinforce the decision-making function of the Board of Directors as a member of the Board.

Notes:

1. "Attendance" at Board of Directors meetings and the committees meetings is based on the days held each meetings during each member's term of office.
2. Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Joe Harlan, Takatoshi Yamamoto, Hiroaki Yoshihara and Helmuth Ludwig and Mses. Cynthia Carroll and Louise Pentland are nominees who fulfill the qualification requirements to be outside director nominees as provided for in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act. The Company has reported all of them as independent directors to the Japanese stock exchanges where the Company is listed.
3. The Company maintains a limited liability agreement (hereinafter referred to as "Agreement") with Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Joe Harlan, Takatoshi Yamamoto, Hiroaki Yoshihara and Helmuth Ludwig and Mses. Cynthia Carroll and Louise Pentland. The general intent of the Agreement is to limit the liability of Directors provided for in Article 423, Paragraph 1 of the Companies Act to the aggregate amount of each item stipulated under Article 425, Paragraph 1 of the Companies Act. The Agreement will be renewed should the aforementioned individuals be re-elected at this Meeting. In the event Mr. Mitsuaki Nishiyama is elected as a director, the Company will newly enter into the same agreement with him.
4. The Company currently has a Directors' and Officers' Liability Insurance Agreement, which is stipulated in Article 430-3, Paragraph 1 of Companies Act, nominating each of its director candidates other than Mr. Mitsuaki Nishiyama as an insured person with an insurance company. The content of the Insurance Agreement is stated in "(6) Directors and Executive Officers - 3) Contents of Directors' and Officers' Liability Insurance Agreement" in the Business Report. Upon the approval of director election, each director other than Mr. Mitsuaki Nishiyama will continue to be and he will be newly an insured person of the insurance agreement. The Company plans to renew the agreement with the same terms and conditions during the tenure of each director.
5. Mr. Hiroaki Yoshihara served as Non-Executive Director (a similar position to outside director under the Companies Act) at the Company's overseas subsidiaries from September 2008 to March 2012.
6. In the event this agenda is approved, the members and the chair of the committees are expected to be as follows:
Nominating Committee :Katsumi Ihara (Chair), Cynthia Carroll, Hiroaki Yoshihara, Toshiaki Higashihara
Audit Committee :Hiroaki Yoshihara (Chair), Katsumi Ihara, Ikuro Sugawara, Helmuth Ludwig, Mitsuaki Nishiyama
Compensation Committee :Takatoshi Yamamoto (Chair), Katsumi Ihara, Joe Harlan, Keiji Kojima
7. The Company has no transactions with Unitus Ventures LLC., where Mr. Ravi Venkatesan is currently serving as Venture Partner, with Southern Methodist University, where Mr. Helmuth Ludwig is currently serving as Professor of Practice and with Bridgepoint, LLC, where Mr. Helmuth Ludwig is currently serving as Senior Advisor.
8. The Company has no transactions whose volume is more than 1% of the Company's consolidated revenues or each company's respective consolidated revenues with Siemens AG, where Mr. Helmuth Ludwig had served as Chief Information Officer (retired in December 2019).
9. Mr. Hiroaki Yoshihara served as Vice Chairman of KPMG International until April 2007. However, the Accounting Auditors of the Company do not belong to the KPMG Group. In addition, there is no contractual relationship between Mr. Yoshihara and the Company in relation to accounting and other professional services or consulting services, etc.
10. The positions with * in "Other Principal Positions Held" of each nominee are similar positions in each of the foreign corporations to outside director under the Companies Act.

(1) Business Overview and Results of Hitachi Group

Business Results

The Hitachi Group secured revenues of 10,881.1 billion yen, mainly due to the expansion of the Lumada business, solid performance in the power grid and railway systems businesses, higher revenues from Hitachi Astemo, Ltd. as a result of the recovery in production volume by automakers and the impact of foreign exchange, despite the severe business environment owing from semiconductor shortage and soaring materials and energy prices. Adjusted EBITA was 884.6 billion yen and Adjusted EBITA Margin was 8.1%. Net income attributable to Hitachi, Ltd. stockholders was 649.1 billion yen, a new record high for the third consecutive year, mainly due to the gains on business reorganization resulting from the sale of shares of listed group companies.

Regarding funds, core free cash flow* of 416.4 billion yen was secured.

As the Hitachi Group has maintained the profitability and ability to generate cash even under the difficult business environment, the Group increased the amount of its annual dividend 20 yen to 145 yen (with an interim dividend of 70 yen and a year-end dividend of 75 yen) and repurchased its own shares of approximately 200.0 billion yen.

*Core free cash flows are cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.

Measures Taken and Aims

In the current fiscal year, as the first year of the “2024 Mid-term Management Plan,” seeking global growth with the three pillars, “Digital,” “Green” and “Innovation,” Hitachi chiefly pursued the following initiatives and move ahead with the shift to growth mode.

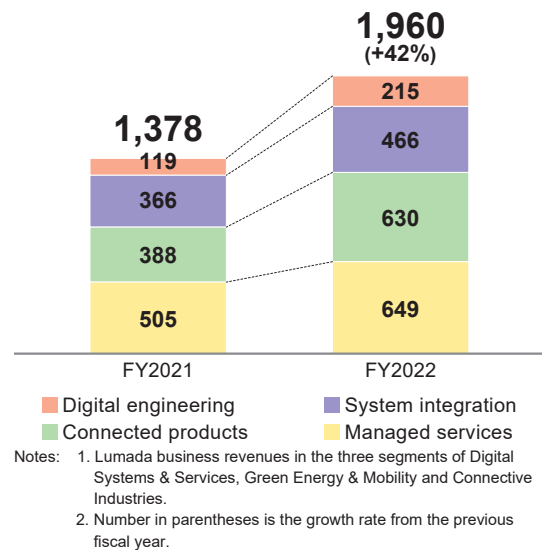
– Global Growth of the Digital Business in Response to Rising DX and GX* Demand

To accelerate digital business in the global market experiencing growing DX demand in the field of social infrastructure, Hitachi established Hitachi Digital LLC in North America. Hitachi Digital has played a central role in advancing a digital strategy spanning the Hitachi Group with Lumada and other solutions, and in response to rising GX demand, Hitachi Energy Ltd, Hitachi Rail Ltd. and other Group entities have secured expanded orders.

In addition, GlobalLogic Inc., which continues to grow, has also set up a site in Japan and is applying its development techniques to Hitachi’s projects in Japan. In anticipation of further growth, GlobalLogic acquired digital engineering companies in Romania and Uruguay in order to establish a presence in Europe and Latin America and to acquire new customers and human resources.

*DX: Digital transformation, GX: Green transformation

Lumada business revenues
(Billions of yen)



– Global Risk Management Supporting Growth

Amid ongoing uncertainty in the business environment, Hitachi has developed a system to centrally monitor global risk information and proactively respond to risks in response to risks that increase with business growth. We strive to ascertain the risks that could impact the Hitachi Group, including soaring prices of goods, geopolitical risks and large-scale disaster risks, and after quickly identifying priority risks, Hitachi tries to respond ahead of the rapidly changing business environment.

– Reorganization of the Automotive Systems Business

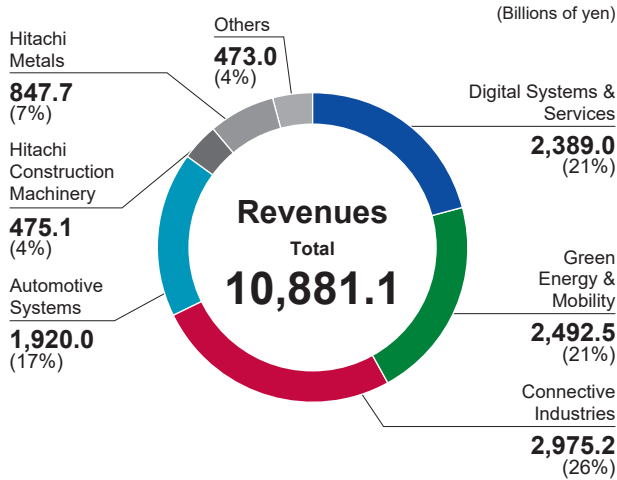
To achieve the sustainable growth and enhanced corporate value of Hitachi Astemo, Ltd. in the automobile and motorcycle industry undergoing a period of dramatic change, Hitachi decided to implement a partial transfer of shares in the company. Through this transaction, Hitachi Astemo will become an equity-method affiliate of Hitachi. Hitachi will continue the collaboration with the growing Hitachi Astemo gaining a new joint partner, particularly in the areas of electrification and autonomous driving, enabling each company to grow together.

Consolidated Financial Results for Fiscal 2022 (Billions of yen)

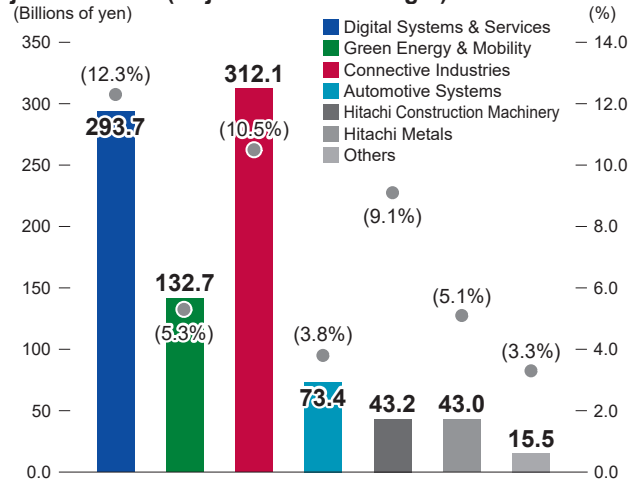
Revenues	Adjusted EBITA [Adjusted EBITA Margin]	Net income attributable to Hitachi, Ltd. stockholders	ROIC
10,881.1	884.6 [8.1%]	649.1	7.6%
Year over year 106%	Year over year 103% [Year over year -0.2]	Year over year 111%	Year over year -0.1

Notes: 1. The consolidated financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards (IFRS)
 2. Adjusted EBITA = Adjusted operating income + Acquisition-related amortization + Share of profits (losses) of investments accounted for using the equity method.
 3. ROIC = ("NOPAT" + Share of profits (losses) of investments accounted for using the equity method) / "Invested Capital" × 100
 NOPAT (Net Operating Profit after Tax) = Adjusted Operating Income × (1 - Tax burden rate)
 Invested Capital = Interest-bearing debt + Total equity

[Reference] Financial Results by Segment Revenues

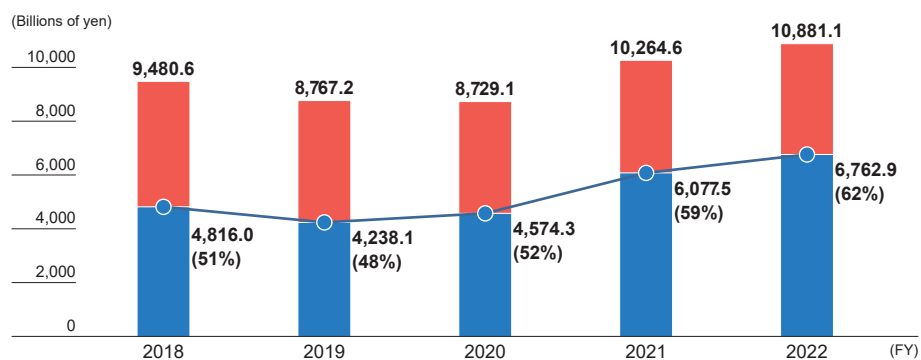


Adjusted EBITA (Adjusted EBITA Margin)

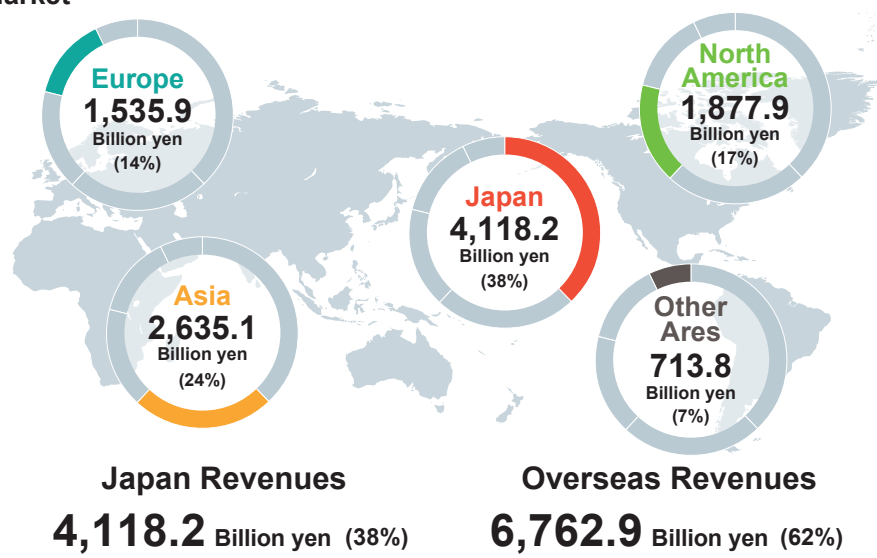


Notes: 1. Revenues by segment include intersegment transactions.
 2. The number in parentheses in "Revenues" is the percentage of each segment's revenues to total revenues.
 3. The number in parentheses in "Adjusted EBITA (Adjusted EBITA Margin)" is Adjusted EBITA Margin.

[Reference]
Overseas Revenues Trends



Revenues by Market



- Notes: 1. In "Overseas Revenues Trends," the blue parts show overseas revenues and the red parts show domestic revenues. The number in parenthesis is the percentage of overseas revenues to total revenues.
 2. The number in parenthesis in "Revenues by Market" is the percentage of revenues in each market to total revenues.

(2) Course of Actions for Hitachi Group

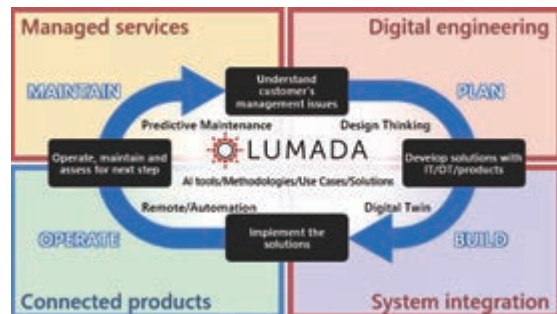
Since its establishment, Hitachi has operated under the Mission “Contribute to society through the development of superior, original technology and products.” In accordance with this Mission, Hitachi has resolved issues facing society through the development of technologies and products that support social infrastructures.

In the 2024 Mid-term Management Plan, Hitachi aims to "support people's quality of life with data and technology that fosters a sustainable society." Establishing “Digital,” “Green” and “Innovation” as the three pillars, Hitachi focuses on the following measures to realize such society through global growth with One Hitachi.



– Strengthening and Expanding the Data-driven Cycle of Value Co-creation with Customers in Lumada

Hitachi is strengthening the cycle of value co-creation with customers in Lumada by understanding customers' management issues, then designing and implementing solutions to those issues, and implementing operation and maintenance while tackling solutions to the next issues. Riding the growing demand for DX and GX as a tailwind, Hitachi expands Lumada solutions with every business in the Hitachi Group including energy, transportation and industry.



– Aspiring to be an Innovator in Solving Environmental Issues

Through the Social Innovation Business based on collaborative creation with stakeholders, Hitachi works to both solving environmental issues and improving people's quality of life.

Initiatives aimed at decarbonization in particular have picked up speed, Hitachi aims to achieve carbon neutrality at its business sites by Fiscal 2030, and across the entire value chain by Fiscal 2050 as its long-term environmental targets in “Hitachi Environmental Innovation 2050”. Hitachi is making progress in reducing CO₂ emissions faster than the target and aims to further reducing CO₂ emissions reducing energy consumption and the use of renewable energy. Hitachi also helps customers reduce their CO₂ emissions by providing solutions driven by Hitachi's efficient, environmentally-conscious products.

– Creating Innovation for Growth

Hitachi aims to advance the creation of innovation for global business growth, to expand R&D investments including cutting-edge research, and to also extend corporate venturing investments to collaborate with startup companies. Hitachi will achieve sustainable growth that continues to future generations by exploring the issues faced by society and customers, and devising innovations aimed at solving them.

With this approach, Hitachi seeks business growth while tackling cost restructuring by promoting rationalization that includes site consolidation, thus ensuring its ability to generate cash in a stable fashion even in an uncertain management environment due to soaring resources price and ongoing global inflation. While enhancing the ability to generate cash, Hitachi also makes the investments necessary for growth in a swift but carefully selected manner, providing stable returns to shareholders.

Hitachi's Initiatives for ESG (Environment, Society, Governance)

To realize the sustainable society aimed in the “2024 Mid-term Management Plan,” Hitachi is pursuing various ESG initiatives.



Omika Green Network: Collaboration for Decarbonization Capable of Growth from a Regional Perspective

Hitachi is working to develop the Omika Green Network led by the Omika Works located in Hitachi, Ibaraki prefecture.

Applying the technologies and expertise gained through demonstration activities related to decarbonization conducted at the Omika Works to the local community, suppliers and other stakeholders, Hitachi aims to achieve carbon neutrality, which is a common issue among all stakeholders, and Hitachi's business growth.

<Please check the website for details>

https://www.hitachi.com/products/it/control_sys/ogn/

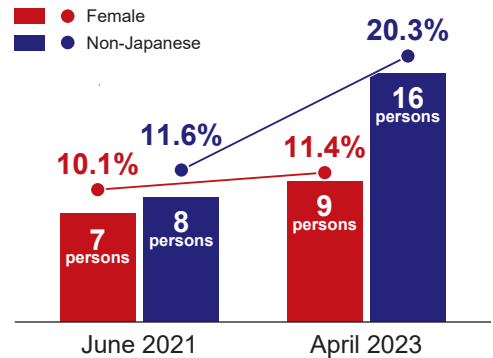


Diversity, Equity and Inclusion (DEI)

As one of its targets to achieve further growth through the use of diverse human capital, Hitachi will increase the percentages of female and non-Japanese executive-level staff (executive and corporate officers) to 30% respectively by Fiscal 2030.

In April 2023, one new female executive officer was appointed, bringing the ratio of female executives to 11.4%. In addition, one new executive officer and two new corporate officers who are non-Japanese were appointed, bringing the ratio of non-Japanese executives to a record high 20.3%.

Going forward, Hitachi is accelerating these initiatives to meet its targets.



Recognized as a Grand Prize Company in the Corporate Governance of the Year® 2022 Awards

To date, Hitachi has made efforts to develop and strengthen its corporate governance system by thoroughly separating management supervision and execution functions through a highly diverse Board of Directors, by establishing a structure enabling swift business execution, and by continued reorganization of business portfolio.

These efforts were recognized with Hitachi being designated as a Grand Prize Company in the Corporate Governance of the Year 2022 awards organized by the Japan Association of Corporate Directors from 1,800 companies listed in the Prime Market in the Tokyo Stock Exchange.



(3) Borrowings and Financing Activity of Hitachi Group

Major Borrowings (As of March 31, 2023)

Name of Company	Creditor	Balance of Borrowings
The Company	Japan Bank for International Cooperation	162.9 billion yen
	Mizuho Bank, Ltd.	30.0 billion yen
	MUFG Bank, Ltd.	20.0 billion yen

Note: In addition to the figures shown above, the Company owes 484.4 billion yen of long-term borrowings by means of syndicated loan agreements.

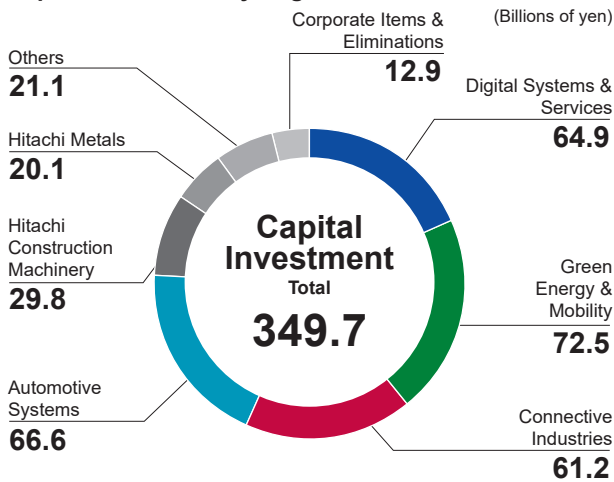
Major Financing Activities

There is no material financing by issuance of stock and corporate bonds, etc. in Fiscal 2022.

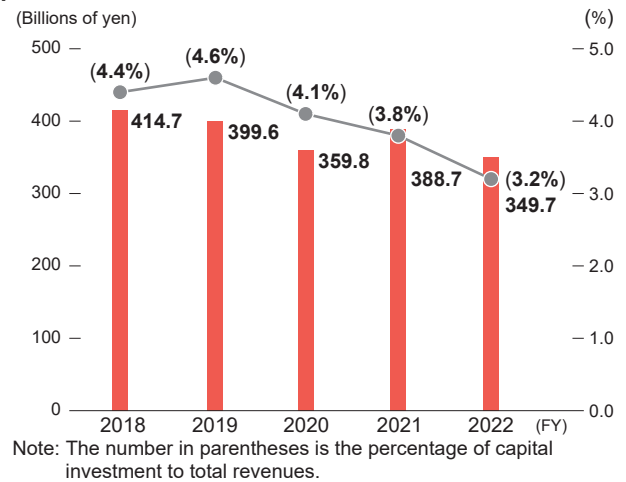
(4) Capital Investment of Hitachi Group

During Fiscal 2022, the Hitachi Group carried out capital investment of 349.7 billion yen for further global business expansion. However, the total investment decreased 38.9 billion yen from the preceding fiscal year, mainly due to strictly-selected capital investment in the Automotive Systems business and the effect of conversion of Hitachi Construction Machinery into an equity-method affiliate and sale of Hitachi Metals.

Capital Investment by Segment



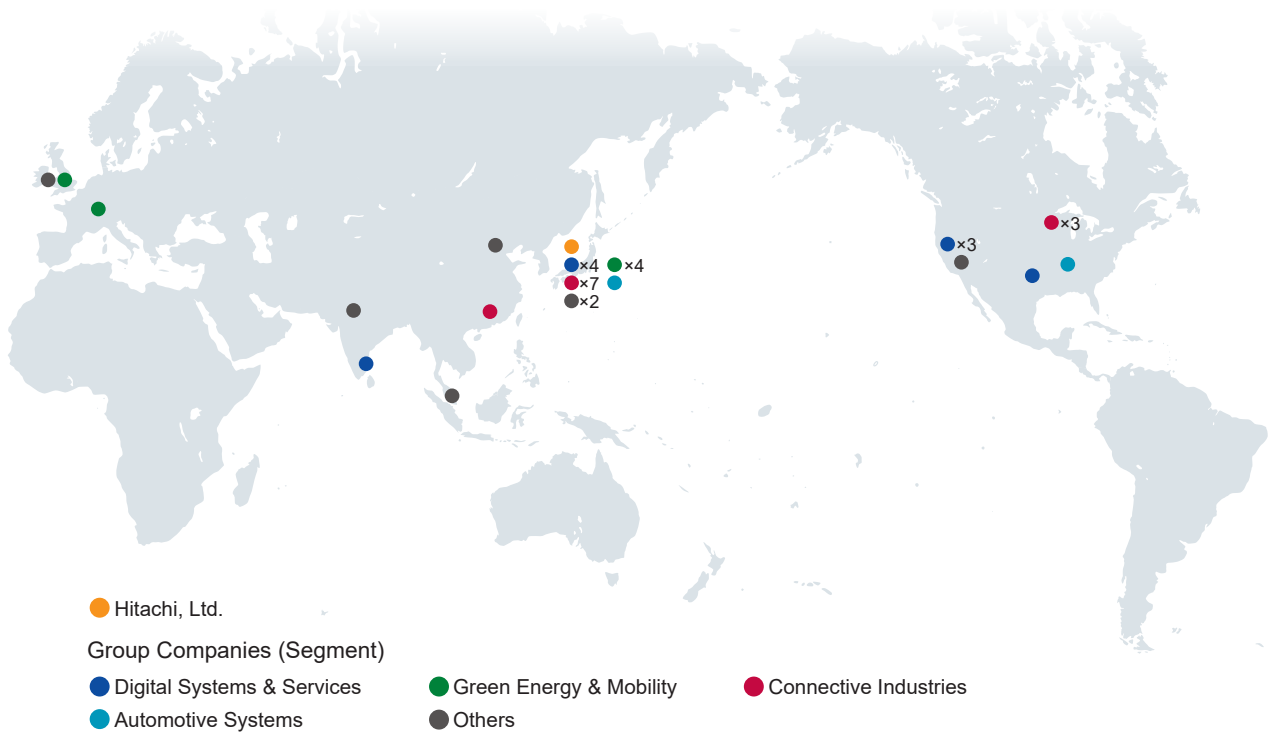
Capital Investment Trend



(5) Major Facilities and Major Group Companies of Hitachi Group (As of March 31, 2023)

The Company's facilities are located in Japan and Hitachi group companies are located all over the world, including Japan.

The Company's major facilities and group companies are shown below.



Note: The circles show the number and location of the Company and major group companies.

The Company

	Location
Head Office	Tokyo (Chiyoda-ku)
R&D	Tokyo (Kokubunji), Ibaraki (Hitachi), Saitama (Hatoyama), Kanagawa (Totsuka-ku, Yokohama)
Manufacturing, Design and Engineering	Tokyo (Adachi-ku, Shinagawa-ku, Chiyoda-ku, Minato-ku), Ibaraki (Hitachi, Hitachinaka), Kanagawa (Saiwai-ku, Kawasaki; Hadano; Totsuka-ku, Yokohama), Yamaguchi (Kudamatsu)
Sales and Area Operations	Tokyo (Shinagawa-ku, Chiyoda-ku, Minato-ku) Hokkaido Area Operation (Chuo-ku, Sapporo), Tohoku Area Operation (Aoba-ku, Sendai), Kanto Area Operation (Taito-ku), Hokuriku Area Operation (Toyama), Chubu Area Operation (Nakamura-ku, Nagoya), Kansai Area Operation (Kita-ku, Osaka), Chugoku Area Operation (Naka-ku, Hiroshima), Shikoku Area Operation (Takamatsu), Kyushu Area Operation (Sawara-ku, Fukuoka)

Group Companies

Segment	Name of Company	Location	Ratio of Voting Rights (%)
Digital ■ Systems & Services	Hitachi Information & Telecommunication Engineering, Ltd.	Nishi-ku, Yokohama, Kanagawa	100.0
	Hitachi Channel Solutions, Corp.	Shinagawa-ku, Tokyo	100.0
	Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	100.0
	Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	100.0
	GlobalLogic Worldwide Holdings, Inc.	U.S.A.	100.0
	Hitachi Computer Products (America), Inc.	U.S.A.	100.0
	Hitachi Digital LLC	U.S.A.	100.0
	Hitachi Payment Services Private Limited	India	100.0
	Hitachi Vantara LLC	U.S.A.	100.0
Green ■ Energy & Mobility	Hitachi-GE Nuclear Energy, Ltd.	Hitachi, Ibaraki	80.0
	Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo	100.0
	Hitachi Power Semiconductor Device, Ltd.	Hitachi, Ibaraki	100.0
	Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki	100.0
	Hitachi Energy Ltd	Switzerland	100.0
	Hitachi Rail Ltd.	U.K.	100.0
■ Connective Industries	Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
	Hitachi Global Life Solutions, Inc.	Minato-ku, Tokyo	100.0
	Hitachi High-Tech Corporation	Minato-ku, Tokyo	100.0
	Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
	Hitachi Industrial Products, Ltd.	Chiyoda-ku, Tokyo	100.0
	Hitachi Industry & Control Solutions, Ltd.	Taito-ku, Tokyo	100.0
	Hitachi Plant Services Co., Ltd.	Toshima-ku, Tokyo	100.0
	Hitachi Elevator (China) Co., Ltd.	China	70.0
	Hitachi Industrial Holdings Americas, Inc.	U.S.A.	100.0
	JR Technology Group, LLC	U.S.A.	100.0
	Sullair, LLC	U.S.A.	100.0

Segment	Name of Company	Location	Ratio of Voting Rights (%)
■ Automotive Systems	Hitachi Astemo, Ltd.	Hitachinaka, Ibaraki	66.6
	Hitachi Astemo Americas, Inc.	U.S.A.	100.0
■ Others	Hitachi-LG Data Storage, Inc.	Minato-ku, Tokyo	51.0
	Hitachi Real Estate Partners, Ltd.	Chiyoda-ku, Tokyo	100.0
	Hitachi America, Ltd.	U.S.A.	100.0
	Hitachi Asia Ltd.	Singapore	100.0
	Hitachi (China), Ltd.	China	100.0
	Hitachi Europe Ltd.	U.K.	100.0
	Hitachi India Pvt. Ltd.	India	100.0

Notes: 1. The total number of consolidated subsidiaries is 696.

2. The number of equity-method affiliates is 267. The major equity-method affiliates are Hitachi Kokusai Electric Inc., Arcerik Hitachi Home Appliances B.V., Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd, and Hitachi Construction Machinery Co., Ltd.
3. Sullair, LLC changed its name to Hitachi Global Air Power US, LLC on April 12, 2023.
4. Hitachi Construction Machinery Co., Ltd. was converted into an equity-method affiliate from a consolidated subsidiary as a result of the partial share transfer on August 23, 2022.
5. Hitachi Metals, Ltd. (currently Proterial, Ltd.) has ceased to be a group company of the Company as a result of the share transfer on January 5, 2023.
6. Ratio of voting rights includes indirect ownership.

(6) Directors and Executive Officers

1) Directors

Name, Position and Responsibilities, etc. (As of March 31, 2023)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Chairman of the Board Nominating Committee (Chair) Audit Committee Compensation Committee	-
Ravi Venkatesan	Independent Director	-	Chairman, Global Energy Alliance for People and Planet, LLC (USA) Trustee, The Rockefeller Foundation (USA) Venture Partner, Unitus Ventures LLC. (India)
Cynthia Carroll	Independent Director	Nominating Committee	Director, Baker Hughes Company (USA)* Director, Pembina Pipeline Corporation (Canada)* Director, Glencore plc (Switzerland)*
Ikuro Sugawara	Independent Director	Audit Committee	Outside Director, Toyota Motor Corporation Outside Director, FUJIFILM Holdings Corporation
Joe Harlan	Independent Director	Compensation Committee	-
Louise Pentland	Independent Director	-	Director, Experian plc (Ireland/UK)*
Takatoshi Yamamoto	Independent Director	Compensation Committee (Chair)	Outside Director, Murata Manufacturing Co., Ltd.
Hiroaki Yoshihara	Independent Director	Nominating Committee Audit Committee (Chair)	Outside Director, HOYA CORPORATION
Helmuth Ludwig	Independent Director	Audit Committee	Chairperson of the Board, Circor International, Inc. (USA)* Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA) Senior Advisor, Bridgepoint, LLC (USA)
Keiji Kojima	Director	Compensation Committee	-
Hideaki Seki	Director	Audit Committee	-
Toshiaki Higashihara	Executive Chairman	Nominating Committee	-

- Notes: 1. Mr. Hiroaki Yoshihara, Director (Audit Committee (Chair)), has considerable knowledge of finance and accounting based on his long experience at KPMG Group with businesses related to accounting, etc.
2. The Company has appointed Director Hideaki Seki as a Standing Committee member of the Audit Committee. The Company strives to improve the audit and supervisory functions of the Audit Committee by appointing a Standing Committee member and creating a system where the Audit Committee can discuss and make its decisions based on coordination with the internal auditing division and others, along with a timely grasp of accurate information through attendance to important internal meetings, etc. and information-sharing with other Committee members.
3. All of Independent directors of the Company have been reported as independent directors to the Japanese stock exchanges where the Company is listed.
4. The positions with * in "Other Principal Positions Held" are similar positions in each of the foreign corporations to outside director under the Companies Act.
5. The Company has transactions, including the sales of products and services and purchase of products and services, with Toyota Motor Corporation, FUJIFILM Holdings Corporation, Murata Manufacturing Co., Ltd. and HOYA CORPORATION. The volume of transactions with each of the companies and corporations is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding entity (less than 1% of either party's consolidated revenues).

General Intent of Limited Liability Agreement with Directors

The Company has entered into a limited liability agreement stipulated in Article 427, Paragraph 1 of the Companies Act with each of Directors (excluding Director concurrently serving as an Executive Officer). The general intent of the agreement is to limit the liability of Directors to the aggregate amount of each item stipulated under Article 425, Paragraph 1 of the Companies Act.

【Major Activities of Independent Directors】

Each Independent Director attended the Board meetings and relevant Committee meetings, stated opinions and made proposals proactively, conducted analyses from various perspectives, and discussed openly and effectively.

Name	Attendance	Activities and duties performed by Independent Directors regarding their expected role
Katsumi Ihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 8 out of 8 days Audit Committee: 14 out of 15 days Compensation Committee: 8 out of 8 days	Mr. Ihara stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies from a business management viewpoint based on his rich corporate management experience and insight gained through the involvement in management at major companies conducting diversified businesses globally. He also led discussion as Chairperson at the Board meetings and the Nominating Committee respectively.
Ravi Venkatesan	Board of Directors meetings: 9 out of 9 days	Mr. Venkatesan stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies mainly focusing on digital business from a global viewpoint based on his rich experience and insight in the area of digital business and emerging markets.
Cynthia Carroll	Board of Directors meetings: 9 out of 9 days Nominating Committee: 9 out of 10 days	Ms. Carroll stated her opinions and made proposals with respect to general management of the Group such as management policies and business strategies from a global viewpoint as well as a perspective of human capital management including diversity & inclusion based on her rich experience and insight as the top executive of major global companies.
Ikuro Sugawara	Board of Directors meetings: 7 out of 7 days Audit Committee 9 out of 9 days	Mr. Sugawara stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies based on his rich experience and insight in such areas as public administration.
Joe Harlan	Board of Directors meetings: 9 out of 9 days Compensation Committee: 8 out of 8 days	Mr. Harlan stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies from a global business management viewpoint based on his rich corporate management experience and insight gained through the involvement in management at major companies conducting diversified businesses globally.
Louise Pentland	Board of Directors meetings: 9 out of 9 days	Ms. Pentland stated her opinions and made proposals with respect to general management of the Group such as management policies and business strategies from global viewpoint as well as a perspective of a compliance and risk management viewpoint based on her rich experience and insight as chief legal officer at major global companies.
Takatoshi Yamamoto	Board of Directors meetings: 9 out of 9 days Audit Committee: 6 out of 6 days Compensation Committee: 8 out of 8 days	Mr. Yamamoto stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies from investor's viewpoints focusing on the one regarding IR/information disclosure and corporate value based on his rich experience and insight in the area of corporate analysis and global corporate management. He also led discussion as Chairperson at the Compensation Committee.
Hiroaki Yoshihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 10 out of 10 days Audit Committee: 15 out of 15 days	Mr. Yoshihara stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies mainly from viewpoints of improving business results and risk management based on his rich experience and insight in the area of global corporate management and accounting. He also led discussion as Chairperson at the Audit Committee.
Helmuth Ludwig	Board of Directors meetings: 9 out of 9 days Audit Committee: 15 out of 15 days	Mr. Ludwig stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies mainly focusing on the digital business from a global viewpoint based on his rich experience and insight in the area of global corporate management and digital business.

Note: "Attendance" at Board of Directors meetings and the committees meetings is based on the days held each meetings during each member's term of office.

2) Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2023)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	Executive Officer	General	-
*Keiji Kojima	President	Overall management, innovation strategies	-
*Masakazu Aoki	Executive Vice President and Executive Officer	Assistant to the President (business for industrial digital, water & environment business, industrial products business, industrial equipment systems business, building systems business, smart life & ecofriendly systems business, measurement and analytical systems business and healthcare business)	-
*Yoshihiko Kawamura	Executive Vice President and Executive Officer	Assistant to the President (finance strategies, corporate pension system, investment strategies, investor relations strategies, cost structure reform, risk management, corporate auditing and corporate export regulation)	-
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)	Chairman, Hitachi Europe Ltd.
*Toshiaki Tokunaga	Executive Vice President and Executive Officer	Assistant to the President (business for financial institutions, business for government, public corporation and social infrastructure systems, defense systems business, services & platforms business, social innovation business promotion and digital strategies)	-
Jun Abe	Senior Vice President and Executive Officer	Services & platforms business	-
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems, and defense systems business	-
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Human capital strategies, diversity, equity & inclusion strategies, corporate communications strategies and safety and health management	-
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales and regional strategies	-
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business	-
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies	-
Noriharu Amiya	Vice President and Executive Officer	Railway systems business	-
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analytical systems business	President and Director, Hitachi High-Tech Corporation
Hitoshi Ito	Vice President and Executive Officer	Government & external relations	-
Tatsuro Ueda	Vice President and Executive Officer	Business for financial institutions	-
Kenji Urase	Vice President and Executive Officer	Energy business	-

Name	Position	Responsibilities	Other Principal Positions Held
Tomomi Kato	Vice President and Executive Officer	Finance strategies and corporate pension system	-
Tadashi Kume	Vice President and Executive Officer	Nuclear energy business	-
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing	-
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)	-
Norihiro Suzuki	Vice President and Executive Officer	Research & development	-
Kenichi Tanaka	Vice President and Executive Officer	Human capital strategies	-
Jun Taniguchi	Vice President and Executive Officer	Digital strategies and services & platforms business	CEO, Hitachi Digital LLC
Lorena Dellagiovanna	Vice President and Executive Officer	Sustainability strategies, environmental strategies and diversity, equity & inclusion strategies	-
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)	Chairman, Hitachi Asia Ltd. Chairman, Hitachi India Pvt. Ltd.
Hideshi Nakatsu	Vice President and Executive Officer	Water & environment business	-
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies	-
Andrew Barr	Vice President and Executive Officer	Railway systems business	Director, Hitachi Rail Ltd.
Tatsuro Hoshino	Vice President and Executive Officer	Marketing & sales strategies (business for digital systems & services)	-
Kentaro Masai	Vice President and Executive Officer	Supply chain management (manufacturing strategies and quality assurance) and safety and health management	-
Shinya Mitsudomi	Vice President and Executive Officer	Urban business strategies and building systems business	President and Director, Hitachi Building Systems, Co., Ltd.
Masashi Murayama	Vice President and Executive Officer	Cost structure reform and information security management	-
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital	-
Takashi Yoda	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.

Notes: 1. The Executive Officers marked with * are the Representative Executive Officers.

2. The Executive Officer, Toshiaki Higashihara and the President, Keiji Kojima concurrently hold the position of Director.

New Executive Officers

The Company changed its Executive Officers as of April 1, 2023 as follows.

Name	Position	Responsibilities
*Toshiaki Higashihara	Executive Officer	General
*Keiji Kojima	President	Overall management
*Masakazu Aoki	Executive Vice President and Executive Officer	Assistant to the President (business for industrial digital, water & environment business, industrial products business, industrial equipment systems business, building systems business, smart life & ecofriendly systems business, measurement and analytical systems business and healthcare business)
*Yoshihiko Kawamura	Executive Vice President and Executive Officer	Assistant to the President (finance strategies, corporate pension system, investment strategies, investor relations strategies, cost structure reform, risk management, corporate auditing and corporate export regulation)
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)
*Toshiaki Tokunaga	Executive Vice President and Executive Officer	Assistant to the President (cloud services platforms business, digital engineering business, business for financial institutions, business for government, public corporation and social infrastructure systems, defense systems business, social innovation business promotion and digital strategies)
Jun Abe	Senior Vice President and Executive Officer	Cloud services platforms business
Lorena Dellagiovanna	Senior Vice President and Executive Officer	Sustainability strategies, environmental strategies and diversity, equity & inclusion strategies
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems and defense systems business
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Human capital strategies, diversity, equity & inclusion strategies, corporate communications strategies and safety and health management
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales and regional strategies
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business
**Giuseppe Marino	Senior Vice President and Executive Officer	Railway systems business
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies
**Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)
Noriharu Amiya	Vice President and Executive Officer	Railway systems business
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analytical systems business
Hitoshi Ito	Vice President and Executive Officer	Government & external relations
**Yasunori Inada	Vice President and Executive Officer	Nuclear energy business
Tatsuro Ueda	Vice President and Executive Officer	Business for financial institutions
Kenji Uruse	Vice President and Executive Officer	Energy business
Tomomi Kato	Vice President and Executive Officer	Finance strategies and corporate pension system
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategies and quality assurance), environmental strategies and safety and health management

Name	Position	Responsibilities
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)
Kenichi Tanaka	Vice President and Executive Officer	Human capital strategies
Jun Taniguchi	Vice President and Executive Officer	Digital strategies and digital engineering business
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)
Hideshi Nakatsu	Vice President and Executive Officer	Water & environment business
**Itaru Nishizawa	Vice President and Executive Officer	Research & development
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies
Andrew Barr	Vice President and Executive Officer	Regional strategies (EMEA)
**Yoshinori Hosoya	Vice President and Executive Officer	Cloud services platforms business
**Chie Mashima	Vice President and Executive Officer	Marketing & sales strategies (business for digital systems & services) and social innovation business promotion
Shinya Mitsudomi	Vice President and Executive Officer	Urban business strategies and building systems business
Masashi Murayama	Vice President and Executive Officer	Cost structure reform and information security management
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital
Takashi Yoda	Vice President and Executive Officer	Marketing & sales strategies (business for energy)

Notes: 1. The Executive Officers marked with * are the Representative Executive Officers.
2. The Executive Officers marked with** are newly appointed.
3. The Executive Officer, Chie Mashima's name in the family register is Chie Aihara.

3) Contents of Directors' and Officers' Liability Insurance Agreement

(i) Coverage of Insured Persons

The Company's Directors, Executive Officers and employees who work as officers at the company to which they are assigned, and some domestic subsidiaries' directors, corporate auditors, executive officers and employees (including employees who work as officers at the company to which they are assigned).

(ii) Outline of the Insurance Agreement

The agreement compensates damages, litigation costs, etc. incurred by an insured person as a result of a claim for damages due to an act or omission of the insured person as an executive of a company. However, the Company has taken measures to ensure that the appropriateness of the execution of duties by officers is not impaired by excluding compensation for intentional negligence of duties, illegal acquisition of private benefits or benefits, and damages resulting from criminal acts. The entire insurance costs are beared by the Company or its subsidiaries holding the insurance agreement.

4) Compensation for Directors and Executive Officers

Regarding the compensation for Directors and Executive Officers, the Company's Compensation Committee determines the Policy for Determining Individual Compensation of Directors and Executive Officers (the "Compensation Policy") as well as the amount of compensation, etc. of each Director and Executive Officer as follows.

Compensation Policy

[Method of Determination of Policy]

The Company's Compensation Committee sets forth the Policy for Determining Individual Compensation of Directors and Executive Officer pursuant to applicable provisions of the Companies Act.

[Basic Policy]

Compensation for Directors and Executive Officers shall be determined in accordance with the following key policy.

- Compensation shall be commensurate with roles and responsibilities of each Director and Executive Officer.
- Compensation for Directors shall be such that it enables them to exercise functions of supervision of management effectively.
- Compensation for Executive Officers shall be reflected by considering the following factors;
(Alignment with the 2024 Mid-Term Management Plan)

In the Short-term incentive compensation and Long-term incentive compensation, set performance metrics toward the Mid-term Management Plan as Key Performance Indicator ("KPI") to encourage executives to achieve them.

(Establishment of compensation program and corporate performance program that foster a growth mindset)

Pursue an optimal balance between short and medium- to long-term performance about "growth," "improving profitability" and "cash generation", aiming for improvement of short-term performance and medium to long-term growth in corporate value.

Establish a compensation program that significantly rewards performance by setting stretched goals and commensurate compensation levels.

(Setting indicators to promote sustainable management)

Develop specific indicators and goals related to "Environments," "Business with Integrity" and "Quality of life" under its sustainability strategy, and encourage their implementation.

(Expansion of stock compensation that rewards growth in corporate value over the medium- to long- term)

Expand stock compensation to better align with medium to long-term corporate value.

- Competitive compensation levels with a global perspective
Ensure competitive compensation levels to attract and retain key executives in global market, regardless of their residence or origin, who lead global management of global organization.
- Compensation benchmarking with objectivity and transparency
Reference to the benchmarks in the US and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives.
- Transparency and objectivity through enhanced compensation disclosure and shareholder engagement
Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement.

[Compensation Structure]

(i) Matters relating to Directors

Compensation for Directors is basic remuneration as fixed pay. The amount of basic remuneration is decided by adjusting a basic amount to reflect full-time or part-time status, committee membership and position, and travel from place of residence, etc. A Director concurrently serving as an Executive Officer is not paid compensation as a Director.

(ii) Matters relating to Executive Officers

Compensation for Executive Officers consists of basic remuneration as fixed pay and short-term incentive compensation & long-term incentive compensation as variable pay. The basic amount of basic remuneration, short-term incentive compensation, and medium- and long-term incentive compensation is set based on the ratio of 1:1.2:2.0 as the standard, taking into account the composition of executive compensation for major global companies including the U.S. and European companies, in order to improve corporate value through the growth of global businesses. The higher position Executive Officers holds, the higher proportion of variable pay is set to the total annual compensation.

The method of determination of each type of compensation is as follows.

Basic remuneration

- The amount of basic remuneration is decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.

Short-term incentive compensation

- The amount of short-term incentive compensation is decided within the range of 0 to 200% of a basic amount set according to the relevant position by adjusting that amount to reflect financial results and individual performance. Evaluation items and proportion of evaluation item are as shown in the following table.

Evaluation items		Proportion of evaluation item		
		President (CEO)	Executive officers in charge of business	Executive officers in charge of corporate affairs
Financial Performance	Corporate	70%	30%	40%
	Division	—	30%	—
Individual goals		10%	20%	40%
Sustainability measurement		20%	20%	20%

- The amount of the financial performance linked component varies according to the evaluation of corporate performance and division performance.
 - Corporate performance is evaluated using consolidated revenues, profit index and cash flow in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors.
 - Division performance is evaluated using consolidated revenues, profit index and cash flow in order to measure the level of achievement of targets under the Mid-term Management Plan and the annual budgets for divisions.
- The amount of the individual goals linked component varies according to the evaluation of the level of achievement of individual target for each Executive Officer determined based on his/her responsibility.
- The amount of the sustainability measurement linked component varies according to the degree of achievement of the numerical goals about materiality which is established on the sustainability strategy.

Medium- and Long-term incentive compensation

- The target amount (Medium- and Long-term incentive compensation target ("LTI target")) are decided based on the positions of Executive Officers, and the shares of Restricted Stock ("RS") compensation with incumbency condition and Performance-linked Restricted Stock ("Performance-linked RS") compensation are granted in order to propel management from a long-term perspective and to provide incentives to bring about a sustainable increase in enterprise value by further promoting senior management's shared values with shareholders through the holding of shares during their term of office. The conditions, the grant ratio to LTI target and grant date of RS and Performance-Linked RS compensation are as follows;

Type of stock compensation	Condition		The grant ratio to LTI target	Grant date of Restricted Stock
Restricted Stock Compensation	Incumbency condition		30%	Every Fiscal Year
Performance-linked Restricted Stock Compensation	Stock price condition		70%	After the end of the three fiscal years beginning with the base fiscal year
	Conditions for achievement of Mid-term Management Plan targets	ROIC	10%	After the end of the final fiscal year of the Med-term Management Plan period
		Sustainability targets	10%	

- In RS compensation, the shares of RS equivalent to 30% of the LTI target are granted and the restriction on the shares is lifted depending on the tenure of each executive over the three fiscal years from the beginning of the fiscal year when the RS is granted.
- In Performance-linked RS compensation, the shares of Performance-linked RS Compensation will be granted depending on the degree of achievement of the evaluation KPI during a certain evaluation period, and restriction on transfer will be lifted upon retirement. Performance-linked RS compensation comprises of compensation with stock price condition and with conditions for achievement of Mid-term Management Plan targets.

In stock compensation with stock price condition, Performance Share Units ("PSUs") equivalent to 70% of the LTI target are granted, and the shares of restricted stock equivalent to 0 ~ 200% of the PSUs are granted in accordance with the results of comparing the Total Shareholder Return growth rate of the Company stock with the TOPIX growth rate and with the stock price growth rates of comparable companies in global competition as determined by the Compensation Committee for the three fiscal years beginning at the beginning of the fiscal year to which the PSUs are granted.

In stock compensation with conditions for achievement of Mid-term Management Plan targets, PSUs equivalent to 20% of the LTI target are granted. The shares of restricted stock equivalent to the PSUs are granted when the target of ROIC and sustainability indicators during the period of Mid-term Management Plan covering the fiscal year when the PSUs are granted are achieved.

- If it is deemed to be inappropriate to grant the shares of restricted stock due to laws and regulations in the country of residence, etc., cash award based on the value of the Company's share price shall be substituted for restricted stock.
- From Fiscal 2019, shares of restricted stock have been granted in place of the stock options as stock-based compensation the Company has granted until then. From Fiscal 2023, the medium- and long-term compensation described above is granted.

If it is found that an executive officer has been engaged in misconduct during his/her term of office, compensation for Executive Officers that has been already paid shall be returned to the Company.

With regard to persons who are hired externally such as foreign persons, a compensation package could be individually determined based on the level of compensation in a job market which is considered for compensation benchmarking while referring the above policy. The Company grants restricted stock units to non-Japanese Executive Officers as long-term incentive compensation. One third of vested restricted stock units are delivered in the form of shares of common stock of the Company and cash each fiscal year over three years from the beginning of the fiscal year containing the day on which restricted stock units are granted.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2022

Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)				Number of persons
		Fixed pay	Variable pay		Others	
			Short-term incentive compensation	Medium- and long-term incentive compensation		
Directors (excluding Independent Directors)	60	60	—	—	—	1
Independent Directors	420	420	—	—	—	11
Executive Officers	4,850	1,726	1,694	1,429	—	33
Total	5,331	2,207	1,694	1,429	—	45

Notes: 1. The number of Directors indicated excludes two Directors who serve or served concurrently as Executive Officers.

2. Fixed pay and short-term incentive compensation consist of monetary compensation, and medium- and long-term incentive compensation consists of non-monetary compensation and monetary compensation.

Performance Indicators Used to Calculate Performance-linked Compensation

Regarding the short-term incentive compensation, "Company performance" was evaluated referring to consolidated revenues, adjusted operating income, EBIT, and net income attributable to Hitachi, Ltd. stockholders in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors. "Division performance" was evaluated referring to Adjusted EBITA and Core free cash flows in each division, among other indicators, to measure the level of achievement of targets under the Mid-term Management Plan and the annual budgets for divisions.

Please refer to "Business Overview and Results of Hitachi Group" in this report regarding the business results in Fiscal 2022.

The TSR/TOPIX Growth Rate Ratios defined in conditions for exercising stock option as stock-based compensation (stock acquisition rights) and in conditions for lifting transfer restrictions of restricted stock issued as medium- to long-term incentive compensation are as follows.

Name	Term	TSR/ TOPIX Growth Rate Ratio
The First Stock Acquisition Rights of Hitachi, Ltd.	From April 1, 2016 to March 29, 2019	125.8%
The Second Stock Acquisition Rights of Hitachi, Ltd.	From March 31, 2017 to March 31, 2020	121.6%
The Third Stock Acquisition Rights of Hitachi, Ltd.	From March 30, 2018 to March 31, 2021	120.5%
Restricted Stocks issued in May 2019	From April 1, 2019 to March 31, 2022	146.7%
Restricted Stocks issued in May 2020	From April 1, 2020 to March 31, 2023	167.2%
Restricted Stocks issued in June 2021	From April 1, 2021 to March 31, 2023 (Note)	149.1%
Restricted Stocks issued in June 2022	From April 1, 2022 to March 31, 2023 (Note)	117.6%

Note: The ratios are calculated to determine the number of shares whose transfer restricted are lifted for persons who retired from Executive Officers, Directors or Corporate Officers on March 31, 2023.

Reasons Why the Compensation Committee Judged that the Respective Amount of Compensation, etc. of Each Director and Executive Officer in Fiscal 2022 was in Line with the Compensation Policy

The Compensation Committee judged that the respective amount of compensation, etc. of each Director and Executive Officer was in line with the Compensation Policy, because it determined the "Compensation Structure" which is a specific criteria, based on the "Basic Policy," and determined the specific amount of compensation in accordance with the "Compensation Structure."

Consolidated Statement of Financial Position

	Fiscal 2021 (Reference) (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
	(Millions of yen)	
(Assets)		
Current assets	6,599,431	5,928,535
Cash and cash equivalents	968,827	833,283
Trade receivables and contract assets	2,978,149	2,874,987
Inventories	2,042,432	1,646,188
Investments in securities and other financial assets	376,315	346,916
Other current assets	233,708	227,161
Non-current assets	7,288,071	6,572,879
Investments accounted for using the equity method	411,201	478,620
Investments in securities and other financial assets	584,806	496,897
Property, plant and equipment	2,478,901	1,700,471
Goodwill	2,153,706	2,165,350
Other intangible assets	1,257,128	1,244,688
Other non-current assets	402,329	486,853
Total assets	13,887,502	12,501,414
(Liabilities)		
Current liabilities	5,854,066	5,166,178
Short-term debt	1,234,119	777,650
Current portion of long-term debt	336,418	141,861
Other financial liabilities	294,047	263,748
Trade payables	1,754,633	1,548,497
Accrued expenses	738,030	720,961
Contract liabilities	1,069,732	1,241,366
Other current liabilities	427,087	472,095
Non-current liabilities	2,678,159	1,999,669
Long-term debt	1,556,175	1,293,837
Retirement and severance benefits	414,839	323,264
Other non-current liabilities	707,145	382,568
Total liabilities	8,532,225	7,165,847
(Equity)		
Hitachi, Ltd. stockholders' equity	4,341,836	4,942,854
Common stock	461,731	462,817
Capital surplus	46,119	-
Retained earnings	3,197,725	3,637,184
Accumulated other comprehensive income	639,263	846,392
Treasury stock, at cost	(3,002)	(3,539)
Non-controlling interests	1,013,441	392,713
Total equity	5,355,277	5,335,567
Total liabilities and equity	13,887,502	12,501,414

Consolidated Statement of Profit or Loss

	Years ended March 31	
	2022 (Reference)	2023
	(Millions of yen)	
Revenues	10,264,602	10,881,150
Cost of sales	(7,705,981)	(8,192,063)
Gross profit	2,558,621	2,689,087
Selling, general and administrative expenses	(1,820,385)	(1,940,943)
Other income	128,354	302,196
Other expenses	(83,965)	(245,016)
Financial income	27,938	7,878
Financial expenses	(97)	(20,417)
Share of profits (losses) of investments accounted for using the equity method	40,485	52,847
Earnings before interest and taxes (EBIT)	850,951	845,632
Interest income	15,492	25,652
Interest charges	(27,110)	(51,313)
Income before income taxes	839,333	819,971
Income taxes	(168,469)	(116,101)
Net income	670,864	703,870
Net income attributable to:		
Hitachi, Ltd. stockholders	583,470	649,124
Non-controlling interests	87,394	54,746

Unconsolidated Balance Sheet

	Fiscal 2021 (Reference) (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
	(Millions of yen)	
(Assets)		
Current assets	1,139,368	1,020,191
Cash	62,225	32,916
Trade receivables and contract assets	639,422	591,333
Finished goods	12,987	15,493
Semi-finished goods	17,317	14,954
Raw materials	27,520	32,344
Work in process	64,279	62,805
Advances paid	31,752	26,266
Short-term loan receivables	114,002	75,124
Others	181,494	177,759
Allowance for doubtful receivables	(11,634)	(8,807)
Fixed assets	4,676,251	4,920,307
Tangible fixed assets	202,192	192,605
Buildings	105,265	95,950
Structures	6,018	5,358
Machinery	7,522	6,744
Vehicles	127	123
Tools and equipment	41,966	41,546
Land	23,815	23,430
Lease assets	14,339	14,982
Construction in progress	3,138	4,467
Intangible fixed assets	96,778	96,938
Patents	49	41
Software	90,855	91,579
Right of using facilities	68	207
Lease assets	75	54
Others	5,729	5,055
Investments and others	4,377,279	4,630,763
Affiliated companies' common stock	3,610,468	3,849,069
Other securities of affiliated companies	9,058	18,592
Investments in affiliated companies	33,267	33,126
Investments in securities	284,485	244,722
Long-term loan receivables	347,176	362,011
Deferred tax assets	40,637	58,624
Others	52,414	64,753
Allowance for doubtful receivables	(228)	(137)
Total assets	5,815,620	5,940,498

	Fiscal 2021 (Reference) (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
	(Millions of yen)	
(Liabilities)		
Current liabilities	2,106,178	1,474,485
Electronically recorded obligations	10,292	10,613
Trade accounts payable	276,483	262,665
Short-term debt	682,328	143,730
Current installments of debentures	90,000	30,000
Lease liabilities	3,723	4,261
Other accounts payable	20,106	22,393
Accrued expenses	173,829	181,803
Contract liabilities	112,025	104,486
Deposits received	688,256	674,680
Provision for product warranties	460	69
Provision for loss on construction contracts	43,708	37,272
Others	4,963	2,507
Non-current liabilities	1,065,707	1,129,374
Debentures	160,000	130,000
Long-term debt	666,732	750,378
Lease liabilities	13,192	12,718
Accrued pension liability	74,003	75,212
Provision for loss on business of affiliated companies	131,785	139,422
Asset retirement obligations	12,118	10,889
Others	7,875	10,754
Total liabilities	3,171,886	2,603,860
(Net assets)		
Stockholders' equity	2,555,037	3,216,044
Common stock	461,731	462,817
Capital surplus	452,473	254,133
Capital reserve	179,697	180,783
Others	272,775	73,349
Retained Earnings	1,643,835	2,502,632
Others	1,643,835	2,502,632
Reserve for advanced depreciation of fixed assets	1,026	927
Retained earnings carried forward	1,642,808	2,501,705
Treasury stock	(3,002)	(3,539)
Valuation and translation adjustments	87,227	119,359
Unrealized holding gains on securities	76,502	103,379
Deferred profit or loss on hedges	10,725	15,980
Subscription rights to shares	1,468	1,233
Total net assets	2,643,733	3,336,637
Total liabilities and net assets	5,815,620	5,940,498

Unconsolidated Statement of Operations

	Years ended March 31	
	2022 (Reference)	2023
	(Millions of yen)	
Revenues	1,623,424	1,631,338
Cost of sales	1,155,026	1,173,314
Gross profit on sales	468,398	458,023
Selling, general and administrative expenses	354,447	369,999
Operating income	113,950	88,023
Other income	285,085	312,820
Interest income and dividends	275,339	292,812
Others	9,746	20,008
Other expenses	33,987	46,125
Interest expenses	6,034	14,185
Others	27,952	31,939
Ordinary income	365,049	354,719
Extraordinary gain	146,586	701,451
Gain on sale of affiliated companies' common stock	-	687,447
Gain on sale of investments in securities	17,138	12,640
Gain on sale of real property	7,604	1,363
Gain on valuation of securities	121,833	-
Gain on sale of investments in capital of affiliated companies	10	-
Extraordinary loss	19,390	23,690
Loss on impairment of assets	4,552	12,091
Impairment loss on affiliated companies' common stock	12,554	9,556
Impairment loss on investments in capital of affiliated companies	-	1,908
Impairment loss on investments in securities	2,282	134
Income before income taxes	492,246	1,032,480
Income taxes		
Current	(50,629)	76,455
Deferred	26,760	(31,922)
Net Income	516,115	987,946

The 154th Annual General Meeting of Shareholders of Hitachi, Ltd.

Matters subject to measures for electronic provision that are not provided in the paper-based documents delivered to shareholders who have requested

Hitachi, Ltd.

Note: The contents are not provided in the paper-based documents delivered to shareholders who have requested pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations.

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(1) Five-year Summary of Assets and Results of Operation of Hitachi Group

1) Consolidated Basis

Fiscal Year	(Billions of yen)				
	2018	2019	2020	2021	2022
Revenues	9,480.6	8,767.2	8,729.1	10,264.6	10,881.1
Adjusted Operating Income	754.9	661.8	495.1	738.2	748.1
Adjusted EBITA	-	-	609.1	855.3	884.6
Income Before Income Taxes	516.5	180.2	844.4	839.3	819.9
Net Income Attributable to Hitachi, Ltd. Stockholders	222.5	87.5	501.6	583.4	649.1
Total Assets	9,626.5	9,930.0	11,852.8	13,887.5	12,501.4

Notes: 1. "Adjusting Operating Income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.
2. "Adjusted EBITA" is representing the operating income, adding back the amortization of intangible assets, etc. recognizing upon business combinations, and adding or deducting shares of profits (losses) of investments accounted for using the equity method.

2) Unconsolidated Basis

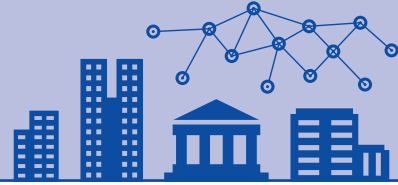
Fiscal Year	(Billions of yen)				
	2018	2019	2020	2021	2022
Revenues	1,927.2	1,793.2	1,678.2	1,623.4	1,631.3
Operating Income	93.0	108.0	39.0	113.9	88.0
Ordinary Income	304.0	355.4	305.4	365.0	354.7
Net Income	174.0	119.4	705.5	516.1	987.9
Total Assets	3,934.1	4,004.4	4,982.6	5,815.6	5,940.4

Notes: 1. From Fiscal 2021, the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) etc. and the figures for Fiscal 2021 and 2022 have been calculated in accordance with this standard.
2. Net income reached a new record high due mainly to the increase in extraordinary income resulting from the sale of shares in listed group companies.

(2) Business Overview and Results of Hitachi Group - Results by Segment

Digital Systems & Services

To realize a sustainable society, Hitachi is utilizing advanced digital technologies including AI, IoT and analytics with the Lumada business at the core to provide sophisticated digital solutions creating value from data.



Revenues	Adjusted EBITA		ROIC
		Adjusted EBITA Margin	
2,389.0 billion yen Year over year 111%	293.7 billion yen Year over year 104%	12.3% Year over year -0.8 points	8.3% Year over year -2.3 points

Sales and profits increased mainly due to the impact of foreign exchange rates and the expansion of the Lumada business. GlobalLogic, which continues to grow at a high rate, recorded revenues of 184% (154% in U.S. dollars) of the previous fiscal year (from July 2021, when the acquisition was completed, to March 2022) and Adjusted EBITA Margin of 21.8%.

[Measures Taken]

To respond to global DX demand, Hitachi has strived to provide digital solutions to the issues and needs of society and customers through a range of collaborative creation activities. Based on the robust growth foundations of the Lumada business combining the digital engineering of GlobalLogic with Hitachi's highly reliable system integration and other qualities, Hitachi has worked to enhance and expand sites to develop and provide services globally as well as develop by strengthening its hiring and development programs. Hitachi is also accelerating the creation of synergy spanning the business fields of the entire Group.



Co-creation project with GlobalLogic at Lumada Innovation Hub Tokyo

Green Energy & Mobility

To realize a sustainable and decarbonized society, Hitachi is promoting to provide the GX Solutions, including power grids combining IT and OT, clean energy systems including renewable and nuclear energy, and eco-friendly railway systems. Hitachi is also working to solve the issues faced by society and customers with the provision of cutting-edge solutions, including improved convenience in transportation systems using MaaS,¹ and the optimized operation and management of energy-related facilities through EFaaS.²



¹ MaaS (Mobility as a Service) : A service integrating search, reservation, payment and other functions by optimally combining multiple means of public transportation and mobility services.

² EFaaS (Energy & Facility Management as a Service) : A service providing integrated support for the efficient operation and management of facilities.

Revenues	Adjusted EBITA		ROIC
	Adjusted EBITA	Adjusted EBITA Margin	
2,492.5 billion yen Year over year 122%	132.7 billion yen Year over year 144%	5.3% Year over year +0.8 points	3.2% Year over year +1.2 points

Sales and profits increased mainly due to the impact of foreign exchange and the steady performance of Hitachi Energy and the railway systems business. At Hitachi Energy, sales and profits increased mainly due to the steady growth in orders received, improvement of profitability and impact of foreign exchange, despite the impact of soaring component prices.

[Measures Taken]

Leveraging the One Hitachi structure based on coordination with the digital business, Hitachi has strived to provide services and solutions combining IT, OT and products.

In the energy business, Hitachi developed “Lumada Inspection Insights,” a digital solution to inspect, monitor and optimize key facilities such as power transmission networks. Hitachi also launched carbon neutrality solutions that help reduce CO₂ emissions.

In the railway business, Hitachi has contributed the expansion of clean and highly convenient transportation through smart mobility solutions and the provision of storage battery-integrated hybrid rolling stock.



Substation equipment for the offshore energy environment



Smart mobility in Genoa, Italy

Connective Industries

Embracing "Connected" (connecting equipment and facilities) as a keyword, Hitachi is seamlessly connecting highly competitive products digitally and providing this as a solution in the fields of industrial systems including robotics SI, building systems, smart life and ecofriendly systems including home appliances and air conditioners, measurement and analytical systems, and healthcare.



Revenues	Adjusted EBITA		ROIC
	Adjusted EBITA	Adjusted EBITA Margin	
2,975.2 billion yen Year over year 108%	312.1 billion yen Year over year 121%	10.5% Year over year +1.1 points	10.8% Year over year +1.4 points

Sales and profits increased mainly in the measurement and analytical systems business, which increased sales in semiconductor manufacturing equipment, clinical chemistry and immunochemistry analyzers, etc., and building systems business, which expanded the building services business and received the impact of foreign exchange.

[Measures Taken]

Hitachi has focused on the expansion of total seamless solutions^{*1} and recurring business^{*2}. Hitachi has also accelerated the roll-out of Lumada Solutions utilizing digital technologies based on collaborative creation with customers. In North America, Hitachi has reinforced business structure aimed at expanding total seamless solutions by acquiring companies to strengthen the marking business in the product and to reinforce the system integration business in OT and IT.

^{*1} Solution connecting across the gaps among businesses and companies to solve issues and offer solutions that achieve overall optimization with leveraging the strengths gained by maintaining a combination of products, OT and IT

^{*2} Ongoing and cyclical services including after-sales service



Operating in three groups: Urban, Advanced Technology and Industry

Automotive Systems

To develop a sustainable mobility-based society that is friendly to the global environment and people, Hitachi provides high-efficiency powertrain systems, advanced chassis, autonomous driving and advanced driver-assistance systems for automobiles, as well as systems for motorcycles with one of the highest market shares in the world.



Revenues	Adjusted EBITA		ROIC
		Adjusted EBITA Margin	
1,920.0 billion yen Year over year 120%	73.4 billion yen Year over year 118%	3.8% Year over year -0.1 points	4.0% Year over year +0.5 points

Despite continued semiconductor shortages and supply chain disruptions in China, sales and profits increased due to the impact of foreign exchange and a gradual recovery in production by automakers.

[Measures Taken]

Hitachi has contributed to improve corporate value for customers in response to the CASE (Connected, Autonomous, Shared & Service, Electric) trends of the automotive industry, through initiatives to commercialize cybersecurity solutions for connected cars,* the development of all-round sensing systems for autonomous driving, next-generation chassis systems and the expanded supply of electric drive systems.

Hitachi decided a partial transfer of shares in Hitachi Astemo. Hitachi Astemo will aim to achieve further growth with a new joint partner.



Electric axle for electric vehicles

*A system that monitors cyber attacks in real-time and keeps damage to a minimum in automobiles that connect to the Internet and are able to receive a range of services including software updates

Hitachi Construction Machinery

Hitachi Construction Machinery provides Hydraulic Excavators, Wheel Loaders, Mining Machinery, Maintenance and Services and Construction Solutions and Mine Management Systems, etc.

Revenues	475.1 billion yen Year over year 46%	Adjusted EBITA	43.2 billion yen Year over year 43%
		Adjusted EBITA Margin	9.1% Year over year -0.7 points

On August 23, 2022, the partial sale of Hitachi Construction Machinery shares was completed, and the company became an equity-method affiliate of the Company, resulting in a decrease in both sales and profits.

Hitachi Metals

Hitachi Metals provides Specialty Steel Products, Functional Components and Equipment, Magnetic Materials and Power Electronics Materials, Wires, Cables and Related Products, etc.

Revenues	847.7 billion yen Year over year 90%	Adjusted EBITA	43.0 billion yen Year over year 140%
		Adjusted EBITA Margin	5.1% Year over year +1.8 points

Despite price slides caused by a rise in raw material prices and the impact of foreign exchange, sales declined as the sale of Hitachi Metals shares was completed on January 5, 2023 and Hitachi Metals is not an affiliate of the Company. On the other hand, profit increased mainly due to cost reduction measures.

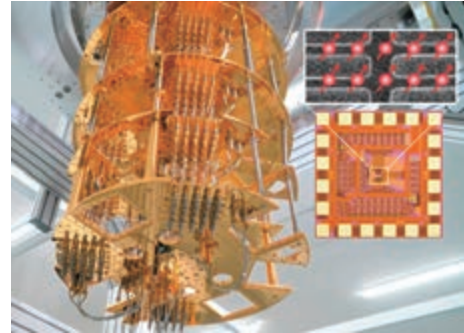
Others

Main products and services in this segment are Optical Disk Drives and Property Management, etc.

Revenues	473.0 billion yen Year over year 104%	Adjusted EBITA	15.5 billion yen Year over year 66%
		Adjusted EBITA Margin	3.3% Year over year -1.9 points

(3) Research and Development (R&D) of Hitachi Group

With an R&D mission, “Strengthen initiatives to create innovation with digital contributing to global business growth,” Hitachi creates innovation to resolve issues of society and customers. Specifically, through co-creation by Lumada, Hitachi achieves DX driven by the customer experience through creation of scenarios for customer growth. Hitachi is also engaged in research aimed at the realization of the expansion of the use of hydrogen fuel, overcoming of intractable diseases and age-related diseases and large-scale quantum computers contributing to the resolution of social issues, as future disruptive technologies by back-casting from 2050.

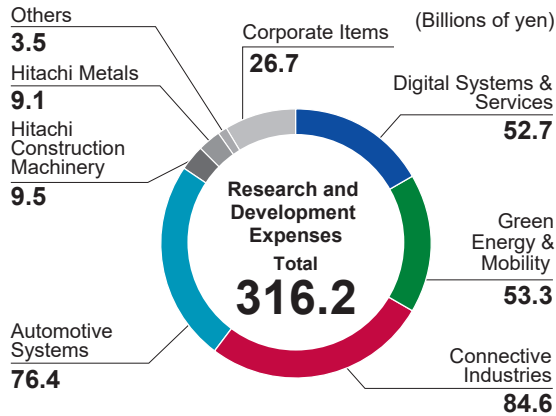


Silicon quantum computer

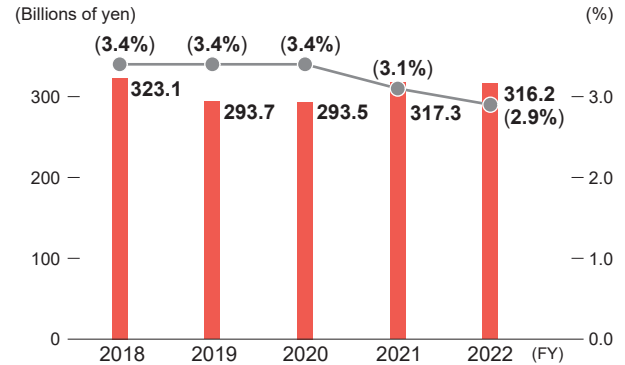
(Note) Part of this research was supported by the Japan Science and Technology Agency (JST) “Moon Shot Type R&D Project” (Grant No.JPMJMS2065).

Expenses on R&D during Fiscal 2022 amounted to 316.2 billion yen. In order to achieve the goals of the 2024 Med-term Management Plan, Hitachi continues to devort to create innovation by expanding investments in advanced research and corporate venturing investments for co-creation with start-up companies.

R&D Expenses by Segment



R&D Expenses Trends



Note: The number in parentheses is the percentage of R&D expenses to total revenues.

(4) Employees of Hitachi Group (As of March 31, 2023)

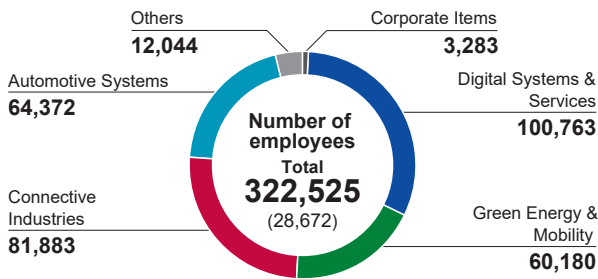
Hitachi formulated “2024 Human Resources Strategy,” whose mission is contribution to business through diverse talents, equitable opportunity and inclusive organization. Implementing the human resources strategy aligned with business strategy contributes to further business growth of Hitachi.

Hitachi held a briefing conference on “2024 Human Resources Strategy.” Please check the website for details. <https://www.hitachi.com/IR-e/library/presentation/webcast/221012.htm>

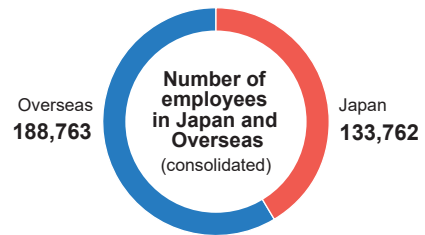


Number of employees in the Hitachi Group is 322,525 (including 28,672 employees on a non-consolidated basis) as of March 31, 2023.

Number of Employees by Segments



Number of Employees in Japan and Overseas



- Notes:
1. The figure in parentheses is the number of employees on a non-consolidated basis.
 2. As a result of the partial sale of Hitachi Construction Machinery Co., Ltd. shares and the sale of Hitachi Metals, Ltd. shares, there are no employees belonging to the Hitachi Construction Machinery segment and Hitachi Metals segment.

(5) Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control System) and Operation of the Internal Control System

1) Summary of resolution of Board of Directors on enhancing the internal control system

- a. The following measures shall be taken to ensure the effectiveness of audits by the Audit Committee.
- (i) When necessary, the Board of Directors may appoint one or more director(s), who does not serve concurrently as an executive officer, as a director responsible for assisting with the duties of the Audit Committee. In addition, the Board of Directors Office (the "Office") shall be established specifically to assist with the duties of each Committee and the Board of Directors.
 - (ii) In order to ensure the independence of the Office personnel from Executive Officers and the effect of instructions by the Audit Committee, the Office is staffed with personnel who work only for the Office and are not subject to orders and instructions of Executive Officers, and the Audit Committee shall be informed in advance of planned transfers of the Office personnel.
 - (iii) Executive Officers and employees shall report without delay to the members of the Audit Committee significant matters affecting the Company and its subsidiaries, results of internal audits, and the implementation status of reporting under the internal reporting system. It shall be provided for in the company regulation that reporters using the internal reporting system common to the Hitachi Group shall not receive disadvantageous treatment for reason of having made a report, and the secretariat of the system shall thoroughly administer this provision.
 - (iv) The Office shall be in charge of payment for the expenses incurred in connection with the execution of the duties of the Audit Committee members and other administrative duties, and shall promptly process the payment for the expense or debt except in the case where the expense or debt of the claim is clearly found to be unnecessary to the execution of the duties of them.
 - (v) Standing Committee member(s) shall be appointed to the Audit Committee, and activity plans of the Audit Committee shall be prepared in coordination with the audit plans of Internal Auditing Office.
- b. The following measures shall be effective to ensure the adequacy of business operations within the Company and the Hitachi Group.
- (i) Such fundamental policies as the emphasis of the social responsibilities of business enterprises shall be shared with the subsidiaries of the Company.
 - (ii) Each subsidiary of the Company shall develop systems to ensure the appropriateness of operations corresponding to its size and other characteristics, basic framework of which is similar to ones employed in the Company. In order to ensure development of such systems in each subsidiary, directors and auditors shall be sent from the Company to its subsidiary, and regular audits shall be conducted for the subsidiary.
 - (iii) A reporting system to Directors shall be established to ensure that the execution of duties by Executive Officers of the Company is in compliance with laws, regulations, and the Articles of Incorporation.
 - (iv) Information pertaining to the execution of duties by Executive Officers of the Company shall be prepared and maintained in accordance with internal rules.
 - (v) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals, and carry out other such measures with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.
 - (vi) Efficient performance of duties of the Executive Officers of the Company, and Directors and Executive Officers of the subsidiaries shall be ensured through the following business management systems.
 - The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.
 - Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared in order to operate business in a planned and efficient manner.

- Internal audits of the Company and its subsidiaries shall be conducted to monitor and identify the status of their business operations and to facilitate improvements.
- The Audit Committee shall receive the audit plans of the accounting auditors in advance, and the prior approval of the Audit Committee shall be required with respect to the fees to be paid to the accounting auditors.
- Documented business processes for matters to be reflected in financial reports shall be executed at the Company and its subsidiaries, and internal and external auditors shall examine said processes in order to ensure the reliability of financial reports.
- A structure for the adequate and efficient conduct of business operations common to the Hitachi Group companies shall be established.
- (vii) Continuous maintenance of a legal and regulatory compliance structure shall be ensured through the following business management systems.
 - Internal audits shall be conducted, and various committees shall be established for legal and regulatory compliance activities. Furthermore, the internal reporting system common to the Hitachi Group shall be established and education on legal and regulatory compliance shall be provided.
 - Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.
- (viii) A system shall be established, in which the subsidiaries report on important issues and the progress in measures for operations to the Company through the Company's Senior Executive Committee, medium-term business plans and the budget system.
- (ix) The policy on transactions within the Hitachi Group is to trade fairly based on market prices.

2) Summary of status of operation of the internal control system

Audit Committee

- A standing committee member has been appointed to grasp information in a timely and accurate manner through attendance to important internal meetings, such as the Senior Executive Committee, and promote information-sharing with other Committee members.
- The Audit Committee receives reports on audit plans of the accounting auditor and the Internal Auditing Office in advance and proposes changes in such plans, if necessary, and closely coordinate with the accounting auditor and the Internal Auditing Office through exchanging information and opinions on a regular basis.

Board of Directors Office

- In order to assist with the duties of each Committee and the Board of Directors, the Office is staffed with 16 employees (as of March 31, 2023) who exclusively serve the Office and are not subject to orders and instructions of Executive Officers. Nine of them are allocated as the full-time auditors auditing the governance and risk management, etc. in each sector of Digital Systems & Services, Green Energy & Mobility and Connective Industries, and Automotive Systems business.

Senior Executive Committee

- The Senior Executive Committee meets twice a month, in principle, to deliberate on specific important matters concerning the Company or its subsidiaries and the annual business plan.
- The Senior Executive Committee makes efforts to identify potential signal of new risks through such means as progress reports on business operations of the Company and its subsidiaries, on a regular basis.

Business Performance Management

- The Company has formulated business strategies, measures to be taken and financial targets as the medium-term business plan and annual budget, and manages business performance based on these plans.

Establishment of Internal Regulations and Training, etc.

- With respect to risks related to compliance, information security, environment, disasters, quality, and investment activities, etc., the Company establishes and amends regulations and guidelines, conducts training, and prepares and distributes manuals to ensure risk management.

Whistleblowing System

- The Company has established and operates the whistleblowing system common to the Hitachi Group.
- The Company has also established and operates a reporting system to directors for suspicion of illegal acts, etc. of Executive Officers of the Company.

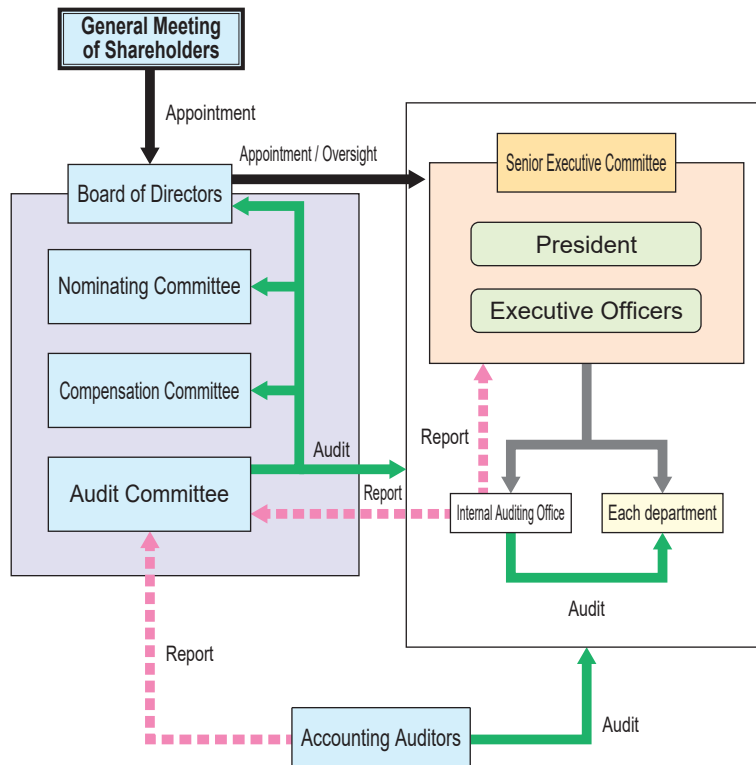
Internal Audit

- The Internal Auditing Office has conducted internal audits of the Company and its subsidiaries to monitor and improve their business operations, as well as to confirm the status of their compliance and prevent illegal acts.
- The Internal Auditing Office has reported the results of its internal auditing for the Company and its subsidiaries to the Audit Committee members without delay.

[Reference] Corporate Governance System and Internal Control System

The Company is a company with Nominating Committee, etc. under the Companies Act, aiming to establish a framework for quick business operation and to realize highly transparent management by separating responsibilities for management oversight and those for execution of business operations.

The Board of Directors, which is responsible for the oversight of management, determines basic policies for management, etc. and also monitor business executions by executive officers while significantly delegating authorities to executive officers.



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

The Group invests a great deal of business resources in fundamental research and in the development of market-leading products and businesses that will bear fruit in the future, and realizing the benefits from these management policies requires that they be continued for a set period of time. For this purpose, the Company keeps its shareholders and investors well informed of not just the business results for each period but also of the Company's business policies for creating value in the future.

While the Company recognizes the importance of its revitalization of business activities and performance that can be brought about through a change in management control, it also recognizes the necessity of determining the impact on company value and the interests of all shareholders of the buying activities and buyout proposals of parties attempting to acquire a large share of stock of the Company or a Group company by duly examining the business description, future business plans, past investment activities, and other necessary aspects of such a party.

There is no party that is currently attempting to acquire a large share of the Company's stocks nor is there a specific threat, neither does the Company intend to implement specified so-called anti-takeover measures in advance of the appearance of such a party, but the Company does understand that it is one of the natural duties bestowed upon it by the shareholders and investors to continuously monitor the state of trading of the Company's stock and then to immediately take what the Company deems to be the best action in the event of the appearance of a party attempting to purchase a large share of the Company's stock. In particular, together with outside experts, the Company will evaluate the buyout proposal of the party and hold negotiations with the buyer, and if the Company deems that said buyout will not maintain the Company's value and is not in the best interest of the shareholders, then the Company will quickly determine the necessity, content, etc., of specific countermeasures and prepare to implement them. The same response will also be taken in the event a party attempts to acquire a large percentage of the shares of a Group company.

(7) Matters Concerning the Company's Stock (As of March 31, 2023)1) **Authorized** 2,000,000,000 shares2) **Issued** 938,083,077 shares

Note: On December 14, 2022, the Company canceled 30,488,800 treasury shares.

3) **Number of Shares per Unit** 100 shares4) **10 Largest Shareholders**

Name	Share Ownership (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	170,613,800	18.20
Custody Bank of Japan, Ltd. (Trust Account)	62,533,350	6.67
STATE STREET BANK AND TRUST COMPANY 505223	24,766,482	2.64
GOVERNMENT OF NORWAY	24,582,891	2.62
Nippon Life Insurance Company	20,000,099	2.13
Hitachi Employees' Shareholding Association	19,674,086	2.10
SSBTC CLIENT OMNIBUS ACCOUNT	19,566,283	2.09
NATS CUMCO	17,331,942	1.85
STATE STREET BANK WEST CLIENT – TREATY 505234	17,147,487	1.83
JP MORGAN CHASE BANK 385632	14,748,517	1.57

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

2. Treasury stock (510,830 shares) is not included in the calculation of "Shareholding Ratio."

5) **Shareholders Composition**

Class of shareholders	Status of shares							Number of shares less than one unit (shares)	
	Government and municipality	Financial institution	Financial instruments business operator	Other institution	Foreign corporations, etc.		Individuals and others		Total
					Non-individuals	Individuals			
Number of shareholders	3	179	66	2,234	1,139	151	213,906	217,678	-
Share ownership (units)	110	3,186,976	250,814	117,951	4,324,784	1,570	1,476,105	9,358,310	2,252,077
Ownership percentage of shares (%)	0.00	34.06	2.68	1.26	46.21	0.02	15.77	100.00	-

Note: Of 510,830 shares of treasury stock, 5,108 units are included in the "Individuals and others" column, while 30 shares are included in the "Number of shares less than one unit" column.

6) **Shares Issued to the Executive Officers, etc. of the Company as Compensation**

The Company issued 251,900 of new shares to 35 Executive Officers of the Company, 72,100 of new shares to 34 Corporate Officers (the executive positions next to Executive Officers) of the Company and 13,000 of new shares to 5 Executives of the Group companies, respectively, as restricted stock compensation plan and restricted stock unit compensation plan, the medium- and long-term incentive compensation on June 15, 2022.

7) **Other Significant Matters concerning the Company's Stock****Acquisition of treasury stock** (Market purchase at Tokyo Stock Exchange)

Treasury stock acquired pursuant to the resolution at the Board of Directors Meeting held on April 28, 2022

- Type and number of shares acquired: Common stock of 29,983,800 shares

- Total purchase price for acquisition of shares: 199,999,720,349 yen

- Period of acquisition: From May 11, 2022 to November 30, 2022

(8) Information on the Stock Acquisition Rights, etc.

Stock Acquisition Rights Held by Senior Managements (As of March 31, 2023)

Name of stock acquisition rights (Date of resolution)	The First Stock Acquisition Rights of Hitachi, Ltd. (June 29, 2016)	The Second Stock Acquisition Rights of Hitachi, Ltd. (April 6, 2017)	The Third Stock Acquisition Rights of Hitachi, Ltd. (April 11, 2018)
Class and number of shares to be issued upon exercise of stock acquisition rights	Common stock 124,720 shares	Common stock 137,400 shares	Common stock 136,900 shares
Amount to be paid in upon exercise of stock acquisition rights	¥1 per share	¥1 per share	¥1 per share
Exercise period of stock acquisition rights	From July 15, 2016 to July 14, 2046	From April 27, 2017 to April 26, 2047	From April 27, 2018 to April 26, 2048
Conditions for the exercise of stock acquisition rights	(Note 1, 2)	(Note 1, 2)	(Note 1, 2)
Stock acquisition rights held by senior managements	13 Executive Officers of the Company 6,236 of stock acquisition rights (Note 3)	14 Executive Officers of the Company 6,870 of stock acquisition rights (Note 3)	19 Executive Officers of the Company 6,845 of stock acquisition rights (Note 3)

- Notes: 1. A holder of stock acquisition rights may exercise all the stock acquisition rights together only within 10 days (in case the last day is not a business day, the following business day) from the day immediately following the date on which he/she ceases to be an Executive Officer, a Director or a Corporate Officer of the Company.
2. The number of stock acquisition rights which a holder of stock acquisition rights may exercise shall be determined based on the ratio of (i) the total shareholder return for shares of Hitachi for three years from the beginning of the fiscal year in which the date of allotment of the stock acquisition rights falls to (ii) the growth rate of TOPIX (Tokyo Stock Price Index) for the same period (the "TSR/TOPIX Growth Rate Ratio"), in accordance with the stock price conditions:
- In case the TSR/TOPIX Growth Rate Ratio is 120% or more
All the stock acquisition rights allotted (the "Allotted Rights") may be exercised.
 - In case the TSR/TOPIX Growth Rate Ratio is 80% or more but less than 120%
Only a part of the Allotted Rights may be exercised according to the degree of the TSR/TOPIX Growth Rate Ratio (*).
- *Number of stock acquisition rights exercisable = $\text{Number of Allotted Rights} \times \left\{ \left(\frac{\text{TSR/TOPIX Growth Rate Ratio}}{\text{Growth Rate Ratio}} \times 1.25 \right) - 0.5 \right\}$
- Any fraction less than one stock acquisition right will be rounded down.
- In case the TSR/TOPIX Growth Rate Ratio is less than 80%
No Allotted Rights may be exercised.
3. The number of Executive Officers includes two Executive Officers who concurrently serve as Directors.

(9) Policy on Determination of Distribution of Surplus etc.

The Company views the return of profits to shareholders through enhancing corporate value from mid- to long-term perspective, and paying dividends and repurchase of its shares as an important managerial issue.

The policy of the Company regarding dividends is to aim for stable payment of dividends while also securing funds necessary for investment, and the dividends are determined by comprehensively taking into account factors such as financial performance trends, the financial situation, and the dividend payout ratio.

The Company flexibly conducts repurchase of its shares depending on factors such as capital needs and the business environment.

In accordance with mid- to long-term management strategy, the Company utilizes undistributed profits in areas such as M&A, research and development, and capital expenditure, in order to secure competitiveness and aim for growth of the business as global enterprise.

(10) Matters Concerning Accounting Auditor

1) Name of accounting auditor

Ernst & Young ShinNihon LLC

2) Fees to accounting auditor in Fiscal 2022

(Millions of yen)

Category	Amount		
	Fees for audit services*	Fees for non-audit services	Total
Fees etc. by the Company and its subsidiaries	1,371	62	1,433
Fees etc. by the Company	579	46	625

Notes: 1. The column marked with * includes fees for audits under the Financial Instruments and Exchange Act.
2. The Audit Committee of the Company has given the consent with regard to the fees etc. to accounting auditor, in accordance with Article 399, Paragraph 1 of the Companies Act, after having obtained necessary information and examined the status of the execution of duties by the accounting auditor, content of the audit plan, and grounds for calculating the estimated amount of fees, etc.

3) Description of non-audit services

The Company commissioned various consulting services and assurance services (except auditing) to Ernst & Young ShinNihon LLC and paid fees.

4) Subsidiaries whose financial statements are audited by certified public accountants, etc. other than the Company's accounting auditors

Of the major subsidiaries of the Company (listed in "Major Facilities and Major Group Companies of Hitachi Group"), overseas subsidiaries have certified public accountants ("CPA") or auditing firms, etc. of the network firms that Ernst & Young ShinNihon LLC belongs audit their financial statements.

5) Removal and non-retention policy on accounting auditors

In the event the Audit Committee determines that the causes provided for in each item of Paragraph 1 of Article 340 of the Companies Act apply to an accounting auditor and the accounting auditor needs to be removed immediately, the Audit Committee shall remove the accounting auditor by unanimity. Should this occur, the Audit Committee member selected by the Audit Committee shall give a report on the removal of the accounting auditor and the reason therefor at the first general meeting of shareholders to be convened after the said removal.

Besides the case above, it is determined that an accounting auditor should be replaced for such reason as the difficulty of ensuring an adequate performance of duties by the accounting auditor, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

(11) Consolidated Statement of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2022	2023
	(Millions of yen)	
Net income	670,864	703,870
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(11,224)	21,484
Remeasurements of defined benefit plans	30,795	40,202
Share of OCI of investments accounted for using the equity method	(403)	1,511
Total items not to be reclassified into net income	19,168	63,197
Items that can be reclassified into net income		
Foreign currency translation adjustments	391,489	232,360
Net changes in cash flow hedges	8,172	7,265
Share of OCI of investments accounted for using the equity method	41,207	14,595
Total items that can be reclassified into net income	440,868	254,220
Other comprehensive income (OCI)	460,036	317,417
Comprehensive income	1,130,900	1,021,287
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	958,008	905,819
Non-controlling interests	172,892	115,468

(12) Consolidated Statement of Changes in Equity (April 1, 2022 to March 31, 2023)

(Millions of yen)

	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 year	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			72,970	(72,970)		-		-
Net income			649,124			649,124	54,746	703,870
Other comprehensive income				256,695		256,695	60,722	317,417
Dividends to Hitachi, Ltd. stockholders			(129,148)			(129,148)		(129,148)
Dividends to non-controlling interests							(34,828)	(34,828)
Acquisition of treasury stock					(200,212)	(200,212)		(200,212)
Sales of treasury stock		(94)			258	164		164
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		153,487	(153,487)			-		-
Changes in non-controlling interests		(1,181)		23,404		22,223	(701,368)	(679,145)
Total changes in equity	1,086	(46,119)	439,459	207,129	(537)	601,018	(620,728)	(19,710)
Balance at end of year	462,817	-	3,637,184	846,392	(3,539)	4,942,854	392,713	5,335,567

(13) Consolidated Statement of Cash Flows (Supplementary Information)

	Years ended March 31	
	2022	2023
	(Millions of yen)	
Cash flows from operating activities		
Net income	670,864	703,870
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	540,252	526,310
Impairment losses	35,091	129,894
Income taxes	168,469	116,101
Share of (profits) losses of investments accounted for using the equity method	(40,485)	(52,847)
Financial income and expenses	(2,012)	18,204
Net (gain) loss on business reorganization and others	(102,135)	(297,351)
(Gain) loss on sale of property, plant and equipment	(21,066)	(2,465)
Change in trade receivables and contract assets	(33,292)	(60,673)
Change in inventories	(330,187)	(244,346)
Change in trade payables	156,475	43,964
Change in accrued expenses	9,679	36,826
Change in retirement and severance benefits	(29,122)	49,935
Other	(52,596)	28,182
Subtotal	969,935	995,604
Interest received	16,372	25,675
Dividends received	18,824	26,419
Interest paid	(26,698)	(49,770)
Income taxes paid	(248,490)	(170,883)
Net cash provided by (used in) operating activities	729,943	827,045
Cash flows from investing activities		
Purchase of property, plant and equipment	(296,968)	(252,638)
Purchase of intangible assets	(142,893)	(157,947)
Proceeds from sale of property, plant and equipment, and intangible assets	109,836	55,580
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(933,200)	(106,069)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	168,892	616,317
Other	45,467	(4,180)
Net cash provided by (used in) investing activities	(1,048,866)	151,063
Free cash flows	(318,923)	978,108
Cash flows from financing activities		
Change in short-term debt, net	653,244	(277,685)
Proceeds from long-term debt	44,798	80,062
Payments on long-term debt	(305,943)	(288,795)
Proceeds from payments from non-controlling interests	-	310
Dividends paid to Hitachi, Ltd. stockholders	(111,149)	(129,005)
Dividends paid to non-controlling interests	(56,338)	(52,217)
Acquisition of common stock for treasury	(251)	(200,212)
Proceeds from sales of treasury stock	451	164
Purchase of shares of consolidated subsidiaries from non-controlling interests	(22,009)	(274,687)
Other	(64)	(901)
Net cash provided by (used in) financing activities	202,739	(1,142,966)
Effect of exchange rate changes on cash and cash equivalents	69,125	29,314
Change in cash and cash equivalents	(47,059)	(135,544)
Cash and cash equivalents at beginning of year	1,015,886	968,827
Cash and cash equivalents at end of year	968,827	833,283

(14) Notes to Consolidated Financial Statements

(Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements)

1. Basis of presentation

The consolidated financial statements presented herein, under Article 120, Paragraph 1 of the Regulations of Companies' Financial Statements, have been prepared in conformity with International Financial Reporting Standards (hereinafter "IFRS"). However, under the second sentence of the above provision, some descriptions and notes required under IFRS are omitted.

2. Scope of consolidation and application of equity method

The number of consolidated subsidiaries is 696 and the number of equity-method affiliates is 267.

3. Accounting standard for income and expenses

The Company recognizes revenue in accordance with the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Company offers multiple solutions to meet its customers' needs which may involve the delivery or performance of multiple elements, such as goods or services. When the Company enters into multiple contracts for providing the goods or services, related contracts are combined based on interdependencies between each contract's consideration and the time the Company entered into such contracts, and the transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services for the purpose of recognizing revenue.

In estimating the stand-alone selling price, the Company considers various factors such as market conditions, entity-specific factors and information about the customer or situation of customer.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Variable consideration, such as discounts and rebates, is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The promised amount of consideration does not include a significant financing component.

For a performance obligation satisfied over time, the Company measures its progress towards complete satisfaction of that performance obligation based on the costs incurred or the period of services being provided in consideration of the nature of the goods and services for the purpose of recognizing revenue. When the Company cannot reasonably measure the progress, revenue is recognized only to the extent of the costs incurred.

The Company recognizes the incremental costs of obtaining a contract with a customer and the costs directly related to fulfilling a contract as an asset if those costs are expected to be recovered, and those assets are amortized based on the methods used to recognize revenue of the goods or services to which the assets relate. The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is less than one year.

Revenue recognition under long-term projects requires significant assumptions about the estimated total cost, estimated total selling price, risk associated with the contract, and other factors. These estimates are subject to variance of uncertain economic conditions in the future and may vary due to a variety of reasons beyond our control. The Company reviews these estimates on an ongoing basis and reflects them in accounting practices.

4. Financial assets

The Company has adopted IFRS 9 "Financial Instruments".

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost when they meet the following requirements:

- The financial asset is held within a business model the objective of which is to hold the asset to collect contractual cash flows.
- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method.

Financial assets measured at fair value through other comprehensive income

The Company holds certain equity instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are classified as Financial assets measured at fair value through other comprehensive income by designation. They are initially and subsequently measured at fair value, and the changes in fair value are recognized in OCI. The cumulative amount of OCI is recognized in equity as AOCI. Dividends on equity instruments designated as fair value through other comprehensive income are recognized in profit or loss, except where they are considered to be a return of the investment.

Financial assets measured at fair value through profit or loss

Equity instruments not designated as Financial assets measured at fair value through other comprehensive income and debt instruments not classified as financial assets measured at amortized cost are classified as Financial assets measured at fair value through profit or loss. These instruments are subsequently measured at fair value and the changes in fair value are recognized in profit or loss.

Impairment of financial assets

The Company evaluates allowance for doubtful receivables depending on whether the credit risk has increased significantly since initial recognition, if the credit risk has increased significantly since initial recognition, the allowance for doubtful receivables is measured at the amount equal to the lifetime expected credit losses on the financial assets, if the credit risk has not increased significantly since initial recognition, the allowance for doubtful receivables is measured at the amount equal to 12-month expected credit losses. However, for trade receivables, contract assets, and lease receivables, allowance for doubtful receivables is always measured at the amount equal to the lifetime expected credit losses. Whether credit risk has increased significantly is determined based on changes in the risk of default and changes in expected credit losses are recognized in profit or loss as impairment losses.

5. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the specific identification method or by the moving average method for finished goods, semi-finished goods and work in process, and generally by the moving average method for raw materials. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

6. Property, plant and equipment, Goodwill and Other intangible assets

Property, plant and equipment

Property, plant and equipment are measured using the cost model and stated at the cost less accumulated depreciation and accumulated impairment losses. Each asset is depreciated mainly using the straight-line method over its estimated useful lives. Right-of-use asset is depreciated from the commencement date of the lease to the earlier of the end of the useful life of the underlying asset or the end of the lease term on a straight-line basis.

Goodwill and Other intangible assets

Other intangible assets with finite useful lives are measured using the cost model and stated at the cost less accumulated amortization and accumulated impairment losses. Each asset is amortized mainly using the straight-line method over its estimated useful lives.

Goodwill and Other intangible assets with indefinite useful lives are stated at the cost less accumulated impairment losses.

Impairment losses

For each non-financial asset, the Company reviews the carrying amount and tests for impairment when there are events or circumstances indicating an asset's carrying amount may not be recoverable. For an asset that does not generate cash flows that are largely independent of the cash flows from other assets, the Company considers indicators of impairment based on a cash generating unit (CGU) or a group of CGUs. Irrespective of any indicators of impairment, the Company tests Goodwill and Other intangible assets with indefinite-lives for impairment annually by estimating the recoverable amount of each CGU (or group of CGUs) to which such assets are allocated.

7. Accounting methods for retirement and severance benefits

The Company and certain subsidiaries have defined benefit pension plans, severance lump-sum payment plans and defined contribution pension plans to provide retirement and severance benefits to employees.

(1) Defined Benefit Plans

Defined benefit plans include defined benefit pension plans and severance lump-sum payment plans. The present value of defined benefit obligations and retirement benefit costs are measured based on the projected unit credit method. The present value of defined benefit obligations and the fair value of plan assets are remeasured as of the end of reporting period. Actuarial differences arising during the year and changes in fair value of plan assets (excluding interest income) are recognized in OCI and are not subsequently reclassified into profit or loss. Any prior service cost, which arises at the time of a plan amendment, is recognized immediately in profit or loss when such an amendment occurs.

The present value of defined benefit obligations less the fair value of plan assets is presented as the net amount of defined benefit liability or asset in non-current liabilities or assets.

(2) Defined Contribution Plans

Defined contribution pension plans are post-employment benefit plans in which the employer pays a certain amount of premiums to a third-party asset manager but has no legal or constructive obligation to pay in excess of such contributions. Contributions to the defined contribution plans are recognized in profit or loss in the period when the service is provided by the employees.

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 treatments 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 this risk-sharing corporate pension plan, which 43 subsidiaries newly introduced on April 1, 2022, imposes no additional contribution obligations, 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 Consolidated Statement of Profit or Loss. In addition, in the Consolidated Statement of Financial Position, Other non-current assets decreased by 49,334 million yen, and Retirement and severance benefits increased by 1,851 million yen, respectively. Excluding the settlement loss in above, the impacts of changing pension plans on profit or loss for the fiscal year ending March 31, 2023 are not material.

(Notes on Accounting Estimates)

1. Impairment of Property, Plant and Equipment, Goodwill and Other Intangible Assets (Impairment losses of (129,894) million yen)

The calculation method used in determining impairment of property, plant and equipment, goodwill and other intangible assets are described in note 6 in the "Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements". The Company measures the recoverable amount of an asset or a CGU (or a group of CGUs) as the higher of fair value less costs of disposal and value in use. In measuring fair values, the Company and its subsidiaries primarily use the income approach (present value technique) based on the estimated future cash flows expected to result from the use of the asset and its eventual disposal or the market approach to derive reasonable estimates of values in orderly market transactions, such as comparisons of similar public companies and the current gross value of the asset. Value in use is calculated by the estimated future cash flows based on business plans approved by management, discounted at the discount rate which is derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experiences, and generally has a maximum of five years. Estimated cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-term average growth rate of the market to which the asset belongs. Although a certain amount of negative impact caused by soaring material prices and a shortage of semiconductors is included in current business plans, these plans may be affected by risks related to market or economic environment, and actual result may differ from the estimates. In addition, the discount rate used to calculate the value in use is affected by stock market trends and fluctuations in interest rates.

The group of CGUs to which a significant proportion of goodwill was allocated were the power grids business in the Green Energy & Mobility segment as of March 31, 2023. Impairment losses on the goodwill of Hitachi Energy were recognized 38,394 million yen mainly due to the rise in discount rate accompanying the significant rise in interest rates, etc. for the three months ended September 30, 2022. Furthermore, the Company performed the annual impairment test of the goodwill of the power grids business in the fourth quarter of fiscal year 2022. The recoverable amount used in the annual impairment test of goodwill of the power grids business was calculated based on the value in use and in calculation of the value in use, estimated future cash flows was discounted at the discount rate derived from the weighted average cost of capital. Estimated future cash flows was based on business plan for five years and beyond the period covered by the business plan were calculated taking into account growth rate. The significant assumptions were revenue growth rates and gross profit ratios which reflected past experience and external information. The growth rate was set taking into account long-term inflation rate announced by an external research organization and the impact of interest rates incorporated discount rate at the annual impairment test of the goodwill. Additional impairment losses were not recognized as the result of the annual impairment test.

The carrying amount of goodwill allocated to the power grids business was 524,951 million yen as of March 31, 2023.

The Company considers it unlikely for the carrying amount of each CGU (or group of CGUs), together with allocated goodwill, would exceed the respective recoverable amounts of the CGU (or group of CGUs) even if the primary assumptions used for the impairment test changed within a reasonable range.

2. Employee Retirement Benefits (The ending balance of Retirement and severance benefits of 323,264 million yen)

Calculation methods for employee retirement benefits are described in the note 7 in the "Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements".

The measurement of a significant amount of employee retirement benefit costs is derived from actuarial valuations containing a number of actuarial assumptions including mortality, withdrawal and retirement rates, changes in wages and the discount rate. The Company and its subsidiaries make judgements regarding the actuarial assumptions used by taking into account various factors including personnel demographics, market conditions and expected trends in interest rates. Actuarial assumptions are determined based on the best estimates and judgements but may be affected by variance of uncertain economic conditions in the future or by amendments or issuance of related laws.

3. Long-term projects (The ending balance of Provisions for expected losses on construction contracts of 94,952 million yen)

The Company is engaged in long-term projects to 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) and provisions for expected losses on construction contracts are recognized based on future estimated losses when there is a possibility of incurring losses in the future. For long-term projects, the total estimated revenue is calculated to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when uncertainty associated with the total estimated revenue is subsequently resolved. In addition, the total estimated costs are estimated considering contract risks and other factors. The Company regularly reviews these estimates and reflects them in its accounting treatment.

4. Deferred tax assets (The ending balance of Deferred tax assets of 271,567 million yen)

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which unused tax loss carryforwards, unused tax credits and future deductible temporary differences can be utilized. A certain amount of negative impact caused by soaring material prices and a shortage of semiconductor is included in future taxable income. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in specific tax jurisdictions during the periods in which these deductible differences become deductible. The Company carries out an assessment of the scheduled reversals of deferred tax liabilities and projected future taxable income, including the execution of certain available tax strategies if needed. Based on these factors, the Company considers it is more likely than not it will realize the benefits of these deductible differences as of March 31, 2023. However, the times and amounts of taxable income occurrence may be affected by variance of uncertain economic conditions in the future, and the actual times and amounts may differ from the estimates. As a result of the reevaluation of a realizability of deferred tax assets in line with an improvement of long-term forecast related to future taxable income of the Company and its Japanese subsidiaries which apply the group tax sharing system, for the year ended March 31, 2023, the Company and its Japanese subsidiaries recognized deferred tax assets on a part of deductible temporary differences which had been unrecognized ever. In the 2023 Japan tax reform, a corporate income tax corresponding to a global minimum tax was established, and the tax reform act ("Act for Partial Revision of the Income Tax Act, etc." (Act No. 3 of 2023)), including the rules related to the global minimum tax (hereinafter "Global minimum tax system"), was enacted on March 28, 2023. However, IAS 12 "Income Taxes" does not offer specific guidance on accounting for the Global minimum tax system. It is unclear whether the Global minimum tax system create additional temporary differences, whether to remeasure deferred taxes for the Global minimum tax system and which tax rate to use to measure deferred taxes. Furthermore, the tax rate that will apply to an entity's excess profit in future periods depends on a number of factors that are difficult, if not impossible, to forecast reliably. The Company and its subsidiaries, therefore, developed an appropriate accounting policy, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and concluded that not accounting for deferred taxes related to the Global minimum tax system would result in the most relevant and reliable information.

(Notes to Consolidated Statement of Financial Position)

1. The components of Trade receivables and contract assets: Accounts receivable of 1,972,168 million yen, Contract assets of 804,500 million yen, and Others of 98,319 million yen.
Trade receivables and contract assets are stated as net of the allowance for doubtful receivables. Others include notes receivable and electronically recorded monetary claims.
2. Accumulated other comprehensive income: Foreign currency translation adjustments of 635,260 million yen, remeasurements of defined benefit plans of 87,967 million yen, net changes in financial assets measured at fair value through other comprehensive income of 115,355 million yen, and net changes in cash flow hedges of 7,810 million yen.
3. Collateralized assets: Trade receivables and contract assets of 349 million yen, investments in securities and other financial assets of 319 million yen, and property, plant and equipment of 2,004 million yen.
Secured debts: 286 million yen.
4. Allowance deducted directly from assets: 83,841 million yen from trade receivables and contract assets, and 1,801 million yen from other receivables.
5. Property, plant and equipment include land of 141,293 million yen and buildings and structures of 522,790 million yen.
Accumulated depreciation and impairment losses of property, plant and equipment are (3,731,315) million yen.
Other intangible assets include software of 208,294 million yen.
6. Guarantees: 11,337 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Other income
Other income of 302,196 million yen mainly consists of net gain or loss on business reorganization and others of 297,351 million yen. It includes a gain on the sale of shares of Hitachi Transport System, Ltd. in the amount of 140,293 million yen, and on the sale of shares of Hitachi Metals, Ltd. in the amount of 95,324 million yen.
2. Other expenses
Other expenses of (245,016) million yen mainly consists of impairment losses on property, plant and equipment and goodwill and other intangible assets of (129,894) million yen and a settlement loss of (51,185) million yen due to the change to the risk-sharing corporate pension plan introduced by subsidiaries.
3. Income taxes
Income taxes of (116,101) million yen includes current tax expense of (280,420) million yen and deferred tax expense of 164,319 million yen.

(Notes to Consolidated Statement of Changes in Equity)

1. Class and number of issued shares and treasury stocks at end of year

(1) Issued shares	Common stock	938,083,077 shares
(2) Treasury stocks	Common stock	510,830 shares
2. Cash dividends
Total amount of cash dividends 129,148 million yen
3. Class and number of shares to be issued upon exercise of stock acquisition rights at end of year
Common stock 417,340 shares

(Notes on Revenue Recognition)

1. Disaggregation of revenue

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

(Millions of yen)

	Japan					Overseas Revenues Subtotal	Total Revenues
		Asia	North America	Europe	Other Areas		
Digital Systems & Services	1,555,208	236,443	321,996	222,346	53,102	833,887	2,389,095
Green Energy & Mobility	444,499	413,579	458,978	829,339	346,127	2,048,023	2,492,522
Connective Industries	1,480,942	994,751	259,907	201,803	37,869	1,494,330	2,975,272
Automotive Systems	485,774	699,256	455,255	161,012	118,770	1,434,293	1,920,067
Hitachi Construction Machinery	80,640	83,040	94,671	80,460	136,303	394,474	475,114
Hitachi Metals	323,193	181,280	283,606	41,547	18,100	524,533	847,726
Others	391,886	62,748	6,121	8,140	4,120	81,129	473,015
Subtotal	4,762,142	2,671,097	1,880,534	1,544,647	714,391	6,810,669	11,572,811
Corporate items and Eliminations	(643,898)	(35,983)	(2,542)	(8,699)	(539)	(47,763)	(691,661)
Total	4,118,244	2,635,114	1,877,992	1,535,948	713,852	6,762,906	10,881,150

The Digital Systems & Services segment consists of Front Business, IT Services and Services & Platforms, for which revenue amounted to 982,541 million yen, 898,298 million yen and 938,130 million yen for the year ended March 31, 2023 (including intersegment transactions). Front Business and IT Services are operated mainly in Japan, and Services & Platforms is operated mainly in Japan, North America and Europe.

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 fiscal year ended March 31, 2023, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 1,805,588 million yen.

2. Information about satisfaction of performance obligations

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

(Digital Systems & Services)

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

These long-term projects in system integration, consulting and cloud service businesses provide goods and services according to customers' specifications over a specified period of time, and revenue is recognized mainly based on the pattern of the cost accrual (the progress of the project mostly based on the cost incurred relative to the estimated total cost) or the passage of time as performance obligations are satisfied over time. Many of the contracts require payments based on milestones, and in some cases, payments are made before performance obligations are satisfied.

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

(Green Energy & Mobility and Connective Industries)

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

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

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

(Other)

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

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

3. Information about contract balances

The following table shows the beginning and ending balances of Trade receivables, Contract assets and Contract liabilities from contracts with customers for the fiscal year ended March 31, 2023.

(Millions of yen)

	April 1, 2022	March 31, 2023
Trade receivables	2,381,832	2,072,238
Contract assets	665,627	849,402
Contract liabilities	1,150,592	1,314,799

Of the revenue recognized during the fiscal year ended March 31, 2023, the amount included in Contract liabilities at the beginning of the fiscal year was 745,452 million yen. And the amount related to performance obligations satisfied in the past periods was not material.

4. Transaction price allocated to remaining performance obligations

The following table shows the balance of unsatisfied performance obligations by reportable segment for the fiscal year ended March 31, 2023.

(Millions of yen)

	Intersegment transactions	Balance of unsatisfied performance obligations
	Digital Systems & Services	52,481
Green Energy & Mobility	45,801	7,554,950
Connective Industries	106,653	1,825,227

Segments of the Company and its subsidiaries that have contracts under which revenue is recognized over a long period of time are primarily the Digital Systems & Services segment, Green Energy & Mobility segment and Connective Industries segment.

The estimated timing of unsatisfied performance obligations at the fiscal year ended March 31, 2023 is as follows.

Approximately 90% of the balance of unsatisfied performance obligations of the Digital Systems & Services segment was expected to be satisfied within three years and approximately 10% after three years but no more than five years.

Approximately 60% of the balance of unsatisfied performance obligations of the Green Energy & Mobility segment was expected to be satisfied within three years and approximately 40% after three years but no more than five years.

Approximately 90% of the balance of unsatisfied performance obligations of the Connective Industries segment was expected to be satisfied within three years.

The remaining segments have contracts whose initial expected terms are generally one year or less.

Accordingly, related information is excluded from this disclosure in accordance with the practical expedient.

5. Assets recognized from the costs incurred for obtaining or fulfilling contracts with customers

The Company and its subsidiaries recognize the costs incurred for obtaining or fulfilling contracts with customers as an asset to the extent those costs are expected to be recovered. Such costs recognized as an asset as of March 31, 2023 were not material.

(Notes on Financial Instruments)

1. Status of Financial Instruments

The Company and its subsidiaries, in an endeavor to optimize the capital efficiency of their business activities through efficient management of operating funds, include highly liquid short-term investments, which mature within three months of the date of acquisition and pose very little risk of fluctuation in value, in "cash equivalents" as immediately available financial resources.

Customer credit risk regarding receivables is managed based mainly on the current economic conditions, inherent risks, the financial position of the relevant customer and the past record.

Investments in securities and other financial assets mainly comprise equity financial instruments, which are managed by constantly monitoring the fair value.

Short-term debt and long-term debt are mainly used to fund business operations and capital expenditures.

2. Fair Value, etc. of Financial Instruments

(1) 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 and Other financial liabilities

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 and 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 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.

(2) Financial Instruments Measured at Amortized Cost

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

	Carrying amounts	Fair Values
<u>Assets</u>		
Investments in securities and other financial assets		
Lease receivables	22,858	22,858
Debt securities	46,729	46,729
Long-term loans receivable	385	385
<u>Liabilities</u>		
Long-term debt [1]		
Bonds	160,000	159,250
Long-term debt	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 consolidated statement of financial position.

(3) 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.

The following table presents the assets and liabilities that are measured at fair value on a recurring basis as of 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

The following table presents the changes in Level 3 instruments measured on a recurring basis for the year ended March 31, 2023.

(Millions of yen)

Level 3 financial assets	Equity securities	Debt securities	Total
Balance at beginning of year	123,632	5,686	129,318
Gain in profit or loss [1]	777	96	873
Loss in OCI [2]	(1,213)	-	(1,213)
Purchases	33,762	529	34,291
Sales and redemption	(13,513)	(521)	(14,034)
Acquisitions and divestitures	(13,964)	(846)	(14,810)
Other	3,316	15	3,331
Balance at end of year	132,797	4,959	137,756
Unrealized gain relating to financial assets held at end of year [3]	766	96	862

- [1] Gain in profit or loss related to Financial assets measured at fair value through profit or loss is included in Financial income in the consolidated statement of profit or loss.
- [2] Loss in OCI related to Financial assets measured at fair value through other comprehensive income is included in Net changes in financial assets measured at fair value through OCI in the 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 year is included in Financial income in the 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.

(Note on Per Share Information)

Hitachi, Ltd. stockholders' equity per share	5,271.97 yen
Net income attributable to Hitachi, Ltd. stockholders per share	684.55 yen

(Note on Major Subsequent Events)

Repurchase of Shares of Common Stock

The Board of Directors decided to repurchase shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of the Company's Articles of Incorporation, as follows.

(a) Reason for repurchase

The Company views the return of profits to shareholders through enhancing corporate value from mid- and long-term perspective and paying dividends continuously as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition and the price of its common stock as well as the progress of the review of the business portfolio.

(b) Outline of the Repurchase

- (i) Class of shares to be repurchased
Common stock of the Company
- (ii) Aggregate number of shares to be repurchased
Up to 20 million shares
(2.13% of the number of outstanding shares (excluding treasury stocks))
- (iii) Aggregate amount of repurchase
Up to 100.0 billion yen
- (iv) Period of the repurchase
From April 28, 2023 to March 31, 2024
- (v) Method of repurchase
Expected open market purchase through the Tokyo Stock Exchange

(Other Note)

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 107.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2024. Furthermore, non-controlling interests in Hitachi Astemo will decrease approximately 258.0 billion yen in the consolidated statement of changes in equity for the year ending March 31, 2024.

(15) Unconsolidated Statement of Changes in Net Assets (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Stockholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total stockholders' equity
		Capital reserve	Others	Total capital surplus	Others		Total retained earnings		
					Reserve for advanced depreciation of fixed assets	Retained earnings carried forward			
Balance at beginning of year	461,731	179,697	272,775	452,473	1,026	1,642,808	1,643,835	(3,002)	2,555,037
Change during year									
Issuance of new shares	1,086	1,086		1,086					2,172
Reversal of reserve for advanced depreciation of fixed assets					(98)	98	-		-
Distribution of surplus						(129,148)	(129,148)		(129,148)
Net income						987,946	987,946		987,946
Acquisition of treasury stock								(200,212)	(200,212)
Disposition of treasury stock			(8)	(8)				258	249
Cancellation of treasury stock			(199,417)	(199,417)				199,417	-
(Net) Change in items other than stockholders' equity during year									
Total change during year	1,086	1,086	(199,426)	(198,339)	(98)	858,896	858,797	(537)	661,007
Balance at end of year	462,817	180,783	73,349	254,133	927	2,501,705	2,502,632	(3,539)	3,216,044

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Total valuation and translation adjustments		
Balance at beginning of year	76,502	10,725	87,227	1,468	2,643,733
Change during year					
Issuance of new shares					2,172
Reversal of reserve for advanced depreciation of fixed assets					-
Distribution of surplus					(129,148)
Net income					987,946
Acquisition of treasury stock					(200,212)
Disposition of treasury stock					249
Cancellation of treasury stock					-
(Net) Change in items other than stockholders' equity during year	26,876	5,255	32,132	(235)	31,896
Total change during year	26,876	5,255	32,132	(235)	692,903
Balance at end of year	103,379	15,980	119,359	1,233	3,336,637

(16) Notes to Unconsolidated Financial Statements

(Notes on Important Accounting Policy)

1. Inventories
Finished goods, semi-finished goods and work in process: Stated at cost. Cost is determined by the specific identification method or the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)
Raw materials: Stated at cost. Cost is determined by the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)
2. Securities
Affiliated companies' common stock and investments in affiliated companies are stated at cost. Cost is determined by the moving average method.
Other securities except stock and investments without market value are stated at fair value. The difference between acquisition cost and carrying cost of other securities except stock and investments without market value is recognized in "Unrealized holding gains on securities."
The cost of other securities except stock and investments without market value is computed based on the moving average method.
Other stock and investments without market value are stated at cost determined by the moving average method.
3. Derivatives
Derivatives are stated at fair value.
4. Depreciation of tangible fixed assets (excluding lease assets)
Straight-line method.
5. Amortization of intangible fixed assets (excluding lease assets)
Selling, leasing, or otherwise marketing software: Amortized based on expected gross revenues ratably.
Other intangible fixed assets: Straight-line method.
6. Depreciation of lease assets
Financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee: Depreciation is calculated by the straight-line method with no residual value, using the lease term as useful life.
Of the financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee, leases commencing on or before March 31, 2008 are accounted for based on accounting methods applied to ordinary lease transactions.
7. Allowances and Provisions
Allowance for doubtful receivables:
Estimated uncollectible amounts are accounted for based on loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables including doubtful receivables.
Provision for product warranties:
In order to prepare for expenditures related to after-sales product services, estimated in-warranty service costs are accounted for based on past records.
Provision for loss on construction contracts:
In order to provide for losses relating to construction contracts and made-to-order software, an estimated loss for subsequent fiscal years is accounted for.
Accrued pension liability:
Accrued pension liability is provided for employees' retirement and severance benefits. Such liability is determined based on projected benefit obligation and expected plan assets as of the end of this fiscal year. The projected benefit obligation is determined by attributing the expected retirement and severance benefits to each year by the benefit formula basis.
Prior service cost is amortized by the straight-line method over the estimated average remaining service years of employees.
Unrecognized actuarial gain or loss is amortized by the straight-line method mainly over the estimated average remaining service years of employees from the next fiscal year.
Provision for loss on business of affiliated companies:
In order to provide for losses relating to the business of affiliated companies, the amount the Company is expected to bear in excess of the amounts invested in and loaned to for such companies is accounted for.

8. Accounting standard for income and expenses
The Company recognizes revenue in accordance with the following five-step approach.
 - Step 1: Identify the contract(s) with a customer
 - Step 2: Identify the performance obligations in the contract
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price to the performance obligations in the contract
 - Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Company sells goods and services such as system integration, cloud services, control systems, software, IT products, industry & distribution systems, energy solutions, and railway systems. Long-term projects provide goods and services and control over the goods is transferred to customers over a specified period of time. Thus, revenue is recognized over the specified period of time. Further to other goods and services, revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at delivery of the goods.

In addition, multiple solutions are offered to meet its customers' needs which may involve the delivery or performance of multiple elements, such as goods or services. When the Company enters into multiple contracts for providing the goods or services, related contracts are combined based on interdependencies between each contract's consideration and the time the Company entered into such contracts, and the transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services for the purpose of recognizing revenue.

In estimating the stand-alone selling price, the Company considers various factors such as market conditions, entity-specific factors and information about the customer or situation of customer.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Variable consideration such as discounts is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The promised amount of consideration does not include a significant financing component.

For a performance obligation satisfied over time, the Company measures its progress towards complete satisfaction of that performance obligation based on the costs incurred or the period of services being provided in consideration of the nature of the goods and services for the purpose of recognizing revenue. When the Company cannot reasonably measure the progress, revenue is recognized only to the extent of the costs incurred.

Revenue recognition under long-term projects requires significant assumptions about the estimated total cost, estimated total selling price, risk associated with the contract, and other factors. These estimates are subject to variance of uncertain economic conditions in the future and may vary due to a variety of reasons beyond our control. The Company reviews these estimates on an ongoing basis and reflects them in accounting practices.

9. Hedge accounting
Deferral hedge accounting is employed.
10. Accounting for income taxes and related tax effect accounting
From fiscal 2022, the Company adopted the group tax sharing system. In addition, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No.42, August 12, 2021), the Company performs the accounting for income taxes, and accounting and disclosure of related tax effect accounting.

(Notes on Accounting Estimates)

1. Valuation of affiliated companies' common stock and investments in affiliated companies
 - (1) Amounts recorded in the financial statements of this fiscal year
The ending balance of Affiliated companies' common stock and investments in affiliated companies, without market value: 3,851,309 million yen
 - (2) Information that contributes to understanding of accounting estimates
Affiliated companies' common stock without market value is evaluated by considering possibility of recovery based on the performance according to the business plan of those companies if the real value of the stock has declined significantly as compared to the purchase price. A part of affiliated companies' common stock is evaluated based on the real value which includes the excess earning power calculated by enterprise value measurement at the time of the acquisition of the Company concerned. Necessity of impairing the excess earning power is determined by the possibility of achieving the future business plan.
Business plans are estimated based on revenue growth rate and gross margin ratio, and other factors. In addition, although a certain amount of negative impact caused by soaring material prices and a shortage of semiconductor is included in current business plans, these plans may be affected by risks related to market or economic environment, and actual result may differ from the estimates.
Significant changes in primary assumptions of the business plan could result in the real value being less than the purchase price.
2. Loss on impairment of Fixed Assets
 - (1) Amounts recorded in the financial statements of this fiscal year
The ending balance of Tangible fixed assets: 192,605 million yen
The ending balance of Intangible fixed assets (excluding selling, leasing, or otherwise marketing software): 78,036 million yen
 - (2) Information that contributes to understanding of accounting estimates
This note is omitted as the same content is stated in '6. Property, plant and equipment, Goodwill and Other intangible assets' under 'Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements' in the Notes to Consolidated Financial Statements.
3. Provision for loss on business of affiliated companies
 - (1) Amounts recorded in the financial statements of this fiscal year
The ending balance of Provision for loss on business of affiliated companies: 139,422 million yen
 - (2) Information that contributes to understanding of accounting estimates
This note is omitted as the same content is stated in '7. Allowances and Provisions' under 'Notes on Important Accounting Policy' in the Notes to Unconsolidated Financial Statements.
4. Accrued pension liability
 - (1) Amounts recorded in the financial statements of this fiscal year
The ending balance of Accrued pension liability: 75,212 million yen
 - (2) Information that contributes to understanding of accounting estimates
This note is omitted as the same content is stated in '7. Allowances and Provisions' under 'Notes on Important Accounting Policy' in the Notes to Unconsolidated Financial Statements and '2. Employee Retirement Benefits' under 'Notes on Accounting Estimates' in the Notes to Consolidated Financial Statements.
5. Provision for loss on construction contracts
 - (1) Amounts recorded in the financial statements of this fiscal year
The ending balance of Provision for loss on construction contracts: 37,272 million yen
 - (2) Information that contributes to understanding of accounting estimates
This note is omitted as the same content is stated in '7. Allowances and Provisions' under 'Notes on Important Accounting Policy' in the Notes to Unconsolidated Financial Statements and '3. Long-term projects' under 'Notes on Accounting Estimates' in the Notes to Consolidated Financial Statements.
6. Deferred tax assets
 - (1) Amounts recorded in the financial statements of this fiscal year
The ending balance of Deferred tax assets: 58,624 million yen
 - (2) Information that contributes to understanding of accounting estimates
This note is omitted as the same content is stated in '4. Deferred tax assets' under 'Notes on Accounting Estimates' in the Notes to Consolidated Financial Statements.

(Notes to Unconsolidated Balance Sheet)

1. Collateralized assets

(Millions of yen)

Type of asset	Year-end book value	Description
Affiliated companies' common stock	46	Collaterals for borrowings by affiliated companies
Investments in securities	8	Collaterals for borrowings by investees
Long-term loan receivables	37	Collaterals for borrowings by affiliated companies and investees
Total	91	

2. Accumulated depreciation of tangible fixed assets

Buildings	136,017 million yen
Structures	23,622 million yen
Machinery	82,408 million yen
Vehicles	933 million yen
Tools and equipment	144,138 million yen
Lease assets	7,583 million yen

3. Guarantees

The Company guarantees financial guarantees from financial institutions concerning subsidiaries' order received, subsidiaries' borrowings from financial institutions, etc. as follows.

(Millions of yen)

Guarantee	Year-end balance
Hitachi Energy Ltd	528,104
Hitachi Rail STS S.p.A.	271,048
Hitachi America Capital, Ltd.	93,471
Hitachi International (Holland) B.V.	39,781
Hitachi Rail Ltd.	35,234
Hitachi Energy Switzerland Ltd	6,013
Hitachi Energy Canada Inc.	5,219
Kawasaki Railcar Manufacturing Co., Ltd.	1,600
Others	3,039
Total	983,513

In addition to the foregoing, the Company has entered into an agreement with each of the following overseas affiliated companies on maintaining their finances in a sound condition, etc., mainly to enhance their credit in order to support their financing activities:

Hitachi America Capital, Ltd., Hitachi International (Holland) B.V., Hitachi International Treasury Ltd., Hitachi (China) Finance Co., Ltd. and Hitachi Power Europe GmbH

4. Short-term receivables from affiliated companies	311,266 million yen
Long-term receivables from affiliated companies	372,441 million yen
Short-term payables to affiliated companies	755,838 million yen
Long-term payables to affiliated companies	6,308 million yen

(Notes to Unconsolidated Statement of Operations)

1. Loss on impairment of assets

(1) Summary of the major assets or asset groups for which impairment loss was recognized

Classification	Description	Category	Location
Assets to be held and used	Software relating to service business for financial institutions	Software	-
Assets to be held and used	Software relating to accounting and tax return	Software	-

(2) Reason to recognize impairment loss

The Company recognized the impairment loss for assets to be held and used since amounts invested in the above assets are expected to be irrecoverable due to decline in their profitability.

(3) Amounts of impairment loss

Buildings	116 million yen
Structures	10 million yen
Machinery	396 million yen
Vehicles	10 million yen
Tools and equipment	147 million yen
Land	133 million yen
Lease assets	8 million yen
Software	10,447 million yen
Others	819 million yen
Total	12,091 million yen

(4) Method of grouping assets

Although the grouping of assets is principally based on business divisions or places of business, some assets and asset groups are grouped as a separate unit that generates cash flows independently of other asset groups.

(5) Calculation of recoverable amounts

For assets to be held and used, calculation is based on the higher of net sales price and value in use, and net sales price is calculated by deducting the estimated cost of disposal from real estate appraisal value.

2. Revenues from affiliated companies	393,722 million yen
Purchases from affiliated companies	759,478 million yen
Non-operating transactions with affiliated companies	687,298 million yen

(Note to Unconsolidated Statement of Changes in Net Assets)
Matters related to Class and Number of Treasury Stock

(Shares)

Class	Number of shares			
	At beginning of year	Increase during year	Decrease during year	At end of year
Common stock	998,721	30,084,761	30,572,652	510,830

Summary of Reason for Change

The increase during this fiscal year by 30,084,761 shares is due to the repurchase of 29,983,800 shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of Hitachi's Articles of Incorporation, which was approved at the Board of Directors meeting held on April 28, 2022, and the acquisition of 69,200 shares without consideration in accordance with the restricted stock compensation plan, and the purchase of 31,761 shares from less-than-one unit shareholders at their request. The decrease during this fiscal year by 30,572,652 shares is due to the cancellation of 30,488,800 shares of its treasury shares pursuant to Article 178 of the Companies Act of Japan, and the disposition of 81,660 shares as a result of the exercise of stock acquisition rights, and the sale of 2,192 shares to less-than-one unit shareholders at their request.

(Note on Revenue Recognition)

Information about the basis to understand revenue is omitted as the same content is stated in '8. Accounting standard for income and expenses' under 'Notes on Important Accounting Policy' in the Notes on Unconsolidated Financial Statements and '3. Accounting standard for income and expenses' under 'Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements' in the Notes to Consolidated Financial Statements.

Information about disaggregation of revenue and to understand the amount of revenue in the current and the following fiscal years are omitted as the same content is stated in 'Note on Revenue Recognition' in the Notes to Consolidated Financial Statements. Of the revenue recognized during the fiscal year ended on March 31, 2023, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term project was 390,496 million yen.

(Note on Accounting for Deferred Taxes)

The major causes of deferred tax assets are accrued pension liability and accrued bonuses to employees.

(Note on Leased Fixed Assets)

In addition to the capitalized fixed assets, as significant equipment, the Company utilizes cogeneration facilities under lease arrangements.

(Note on Transactions with Related Parties)

(Millions of yen)

Attribute	Name of company etc.	% of voting rights held	Relationship with the related parties	Description of transaction	Transaction amount	Classification	Year-end balance
Subsidiary	Hitachi Energy Finance Ltd	Indirect: 100.0%	Loans	Loan (Note 3)	26,736	Long-term loan receivables	320,472
Subsidiary	Hitachi High-Tech Corporation	Direct: 100.0%	Sale of the Company's products, etc.	Deposit received (Note 4)	21,109	Deposit received	112,296
Subsidiary	Hitachi Systems, Ltd.	Direct: 100.0%	Outsourcing of the Company's software development, outsourcing of maintenance of the Company's telecommunications equipment *	Deposit received (Note 4)	9,984	Deposit received	74,676
Subsidiary	Hitachi Global Life Solutions, Inc.	Direct: 100.0%	Manufacturing, sale and maintenance of the Group's products *	Deposit received (Note 4)	(23,945)	Deposit received	71,201
Subsidiary	Hitachi Solutions, Ltd.	Direct: 100.0%	Outsourcing of the Company's information systems and software development *	Deposit received (Note 4)	3,805	Deposit received	61,591
Subsidiary	Hitachi Energy Ltd	Direct: 100.0%	*	Guarantee	528,104	-	-
Subsidiary	Hitachi Rail STS S.p.A.	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products, etc.	Guarantee	271,048	-	-
Subsidiary	Hitachi America Capital, Ltd.	Indirect: 100.0%	*	Guarantee	93,471	-	-
Subsidiary	Hitachi Metals, Ltd. (Note 1)	Direct: (Note 1) 53.4%	Purchase of Hitachi Metals' products	Transfer of shares of Hitachi Metals, Ltd. (Note 1) Transfer price Profits	382,042 328,648	-	-
Affiliate	Hitachi Transport System, Ltd. (Note 2)	Direct: (Note 2) 39.9%	Outsourcing of the Company's products transport and storage	Transfer of shares of Hitachi Transport System, Ltd. (Note 2) Transfer price Profits	221,983 210,653	-	-

* The Company's Directors, Executive Officers or employees concurrently hold position of directors or officers at the subsidiary.

- Notes: 1. Hitachi Metals, Ltd. changed its company name to Proterial, Ltd. on January 4, 2023. The Company transferred all stocks of Hitachi Metals, Ltd. to Hitachi Metals, Ltd. in association with the acquisition of treasury stock by itself on January 5, 2023. As a result, it is no longer a related party. The transfer price was determined with due consideration to the valuation amount presented by an independent third party.
2. Hitachi Transport System, Ltd. changed its company name to LOGISTEED, Ltd. on April 1, 2023. The Company transferred all stocks of Hitachi Transport System, Ltd. to Hitachi Transport System, Ltd. in association with the acquisition of treasury stock by itself on March 1, 2023. As a result, it is no longer a related party. The transfer price was determined with due consideration to the valuation amount presented by an independent third party.
3. The interest rate was determined with due consideration to market interest rates. The transaction amount of the loans indicates the change from the balance at the beginning of the fiscal year.
4. These are loans or deposits made based on the pooling system wherein the funds of affiliated companies are concentrated at the Company to be loaned to affiliated companies who have financing needs. The interest rates on loans and deposits are determined with due consideration to market interest rates. The transaction amount indicates the increase or decrease from the balance at the beginning of the fiscal year, including interest received and paid.

(Note on Per Share Information)

Net assets per share 3,557.49 yen
Net income per share 1,041.20 yen

(Note on Major Subsequent Events)

Repurchase of Shares of Common Stock

The Board of Directors decided to repurchase shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of the Company's Articles of Incorporation, as follows.

(a) Reason for repurchase

The Company views the return of profits to shareholders through enhancing corporate value from mid- and long-term perspective and paying dividends continuously as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition and the price of its common stock as well as the progress of the review of the business portfolio.

(b) Outline of the Repurchase

- (i) Class of shares to be repurchased
Common stock of the Company
- (ii) Aggregate number of shares to be repurchased
Up to 20 million shares
(2.13% of the number of outstanding shares (excluding treasury stocks))
- (iii) Aggregate amount of repurchase
Up to 100.0 billion yen
- (iv) Period of the repurchase
From April 28, 2023 to March 31, 2024
- (v) Method of repurchase
Expected open market purchase through the Tokyo Stock Exchange

(Additional Information)

Transfer of subsidiary's shares

On March 30, 2023, the Company entered into the following two agreements regarding the transfer of a part of the shares of Hitachi Astemo, Ltd. (hereinafter "Hitachi Astemo"), a consolidated subsidiary of the Company, 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 shares 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 shares 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 shares to Honda.

The consideration is expected to be approximately 158.0 billion yen. Assuming the series of transactions based on the agreements are settled, the Company plans to post an extraordinary gain of approximately 108.0 billion yen in gain on sale of affiliated companies' common stock in the unconsolidated statement of operations for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024).

Independent Auditor's Report

May 10, 2023

Mr. Keiji Kojima, President & CEO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Koji Fujima
Designated Engagement Partner
Certified Public Accountant

Yasuhiro Ozeki
Designated Engagement Partner
Certified Public Accountant

Shinya Yoshida
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of Hitachi, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with International Financial Reporting Standards (IFRSs) (however, certain disclosures are omitted pursuant to the second sentence of Article 120-1 of the Regulations on Corporate Accounting).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs (however, certain disclosures are omitted pursuant to the second sentence of Article 120-1 of the Regulations on Corporate Accounting) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs (however, certain disclosures are omitted pursuant to the second sentence of Article 120-1 of the Regulations on Corporate Accounting), matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs (however, certain disclosures are omitted pursuant to the second sentence of Article 120-1 of the Regulations on Corporate Accounting).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Note)

This is an English translation of the Japanese language Independent Auditor's Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Company, prepared in Japanese, for the fiscal year ended March 31, 2023. Ernst & Young ShinNihon LLC has not audited the English language version of the consolidated financial statements for the above-mentioned year.

Independent Auditor's Report

May 10, 2023

Mr. Keiji Kojima, President & CEO
Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Koji Fujima
Designated Engagement Partner
Certified Public Accountant

Yasuhiro Ozeki
Designated Engagement Partner
Certified Public Accountant

Shinya Yoshida
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operation, the statement of changes in net assets, the notes to the financial statements, and its supplementary schedules of Hitachi, Ltd. (the Company) applicable to the 154th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Note)

This is an English translation of the Japanese language Independent Auditor's Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the unconsolidated financial statements of the Company, prepared in Japanese, for the fiscal year ended March 31, 2023. Ernst & Young ShinNihon LLC has not audited the English language version of the unconsolidated financial statements for the above-mentioned year.

(19) Transcript of Audit Committee's Audit Report

AUDIT REPORT

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 154th business term (from April 1, 2022 to March 31, 2023). We hereby report as follows on the method and results thereof:

1. Method of Audit

- 1) We received periodical reports, obtained required explanations, and clarified opinions regarding the state of implementation and operation of the contents of the resolutions of the Board of Directors concerning the matters as listed in Article 416, Paragraph 1, Item 1 (ro) and (ho) of the Companies Act, and the status of the systems (internal control systems) established thereunder.
- 2) In accordance with the audit policy, assignment of audit duties, etc., as determined by the Audit Committee, and, in collaboration with the relevant departments, we attended important meetings, received reports or heard from the Directors, Executive Officers, etc. on matters concerning the execution of their duties, requested explanations as necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company.
- 3) As regards subsidiaries, we sought to communicate and exchange information with the Directors, Executive Officers, Auditors, and others of the subsidiaries, received reports on their business operations, requested explanations as necessary, and conduct interviews and other tasks for their Head Offices and principal business offices by visiting to the offices or using the Internet, etc.
- 4) We examined the contents of the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report giving due consideration to such things as the circumstances of deliberations by the Board of Directors and others.
- 5) Further, we monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties and requested explanations as necessary.
- 6) We also received a notice from the Accounting Auditors to the effect that "structures for ensuring that duties are appropriately performed" (matters stipulated in each item under Article 131 of the Regulations of Companies' Financial Statements) were being developed pursuant to the "Quality Management Standards for Auditing" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

We examined the business report and its supplementary schedules, the unconsolidated financial statements (the unconsolidated balance sheet, the unconsolidated statement of operations, the unconsolidated statement of changes in net assets, and the notes to unconsolidated financial statements) and their supplementary schedules, as well as consolidated financial statements (the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statement of changes in equity, and the notes to consolidated financial statements) for this business term in accordance with the foregoing method.

2. Results of Audit

(1) Results of Audit on Business Report etc.

We are of the opinion:

- 1) that the business report and its supplementary schedules fairly present the state of the Company in accordance with the laws, regulations and the Articles of Incorporation;
- 2) that, in connection with the performance by Directors and Executive Officers of their duties, no dishonest act or material fact of violation of laws, regulations or the Articles of Incorporation exists;
- 3) that the contents of the resolution by the Board of Directors concerning internal control systems are appropriate. Further, there is nothing to note with respect to the performance by Directors and Executive Officers of their duties and description of the business report related to said internal control systems;
- 4) that the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report are appropriate.

(2) Results of Audit on Unconsolidated Financial Statements and Their Supplementary Schedules

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

(3) Results of Audit on Consolidated Financial Statements

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

May 12, 2023

Audit Committee, Hitachi, Ltd.

Hiroaki Yoshihara
Hideaki Seki (Standing)
Katsumi Ihara
Ikuro Sugawara
Helmuth Ludwig

Note: Messrs. Katsumi Ihara, Ikuro Sugawara, Hiroaki Yoshihara and Helmuth Ludwig are outside Directors pursuant to Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.