

[Translation]

THE **155** th

Notice of Annual General Meeting of Shareholders

Date and Time : Friday, June 21, 2024
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 3 for details.

 **Hitachi, Ltd.**

(Securities Identification Code : 6501)

Dear Shareholders:

6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Hitachi, Ltd.President & CEO
and Director

Keiji Kojima

**Notice of the 155th Annual General Meeting of Shareholders**

The 155th Annual General Meeting of Shareholders of Hitachi, Ltd. is to be held as follows:

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, ending in Fiscal 2024, Hitachi aims to realize a sustainable society through data and technology, with “Digital”, “Green”, and “Innovation” as the pillars of growth.

Even in a rapidly changing and unpredictable business environment, Hitachi continues to make further contributions to society in order to achieve the Mid-term Management Plan and sustainable growth in the future. We appreciate your continued understanding and support.

Date and Time **Friday, June 21, 2024 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 155th Business Term (from April 1, 2023 to March 31, 2024), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee
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Matter to Be Resolved	Item Election of 12 Directors due to expiration of the term of office of all Directors
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- 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 155th Annual 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 Friday, June 21, 2024

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

2

Viewing Information

1. Viewing site: <https://www.soukai-portal.net>
2. Login ID and Password: Please enter your login ID and password indicated on the voting slip (voting-right exercising form) .
3. How to watch: After logging in, please follow the on-screen instructions (Japanese Only).
4. For inquiries about ID and/or password, please contact
Shareholder registry administrator: Tokyo Securities Transfer Agent Co., Ltd.
TEL: 0120-88-0768 (toll-free) (Japanese Only)
(Business hours: Between 9:00 a.m. and 5:00 p.m. (except Saturday and Sunday))

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.
- The live stream may be cancelled due to unavoidable circumstances.
- 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. Please follow the guidance provided by the Shareholders' Meeting Portal for your use (Japanese Only).

Accepted period to 5:20 p.m. on Friday, June 14, 2024

URL

<https://www.soukai-portal.net>

Please access the website with your login ID and password indicated on the voting slip.

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

Due to expiration of the term of office of all of the Directors at the close of the Meeting, it is proposed that 12 Directors be elected. The Company has nominated the following 12 Director candidates (including nine Independent Directors*) to share their global and diverse viewpoints with the Company's management as well as to realize the continued growth of the social innovation business and reinforce the Company's management supervision functions.

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

The nominees

No	Name		Current Position and Responsibilities at the Company
1	Katsumi Ihara	RE OD ID	Independent Director Chair of the Board of Directors ■ Nominating Committee (Chair) ■ Audit Committee ■ Compensation Committee
2	Ravi Venkatesan	RE OD ID	Independent Director
3	Ikuro Sugawara	RE OD ID	Independent Director ■ Audit Committee
4	Isabelle Deschamps	NEW OD ID	-
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	RE	Director ■ Audit Committee
12	Toshiaki Higashihara	RE	Executive Chairman, Representative Executive Officer and Director ■ Nominating Committee

NEW : Newly selected nominee

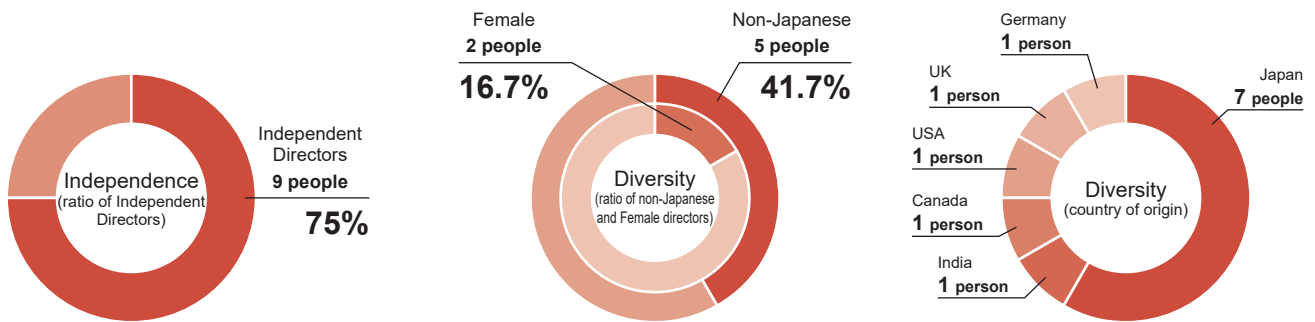
RE : Re-selected nominee

OD : Outside Director nominee according to provisions of Companies Act of Japan

ID : Independent Director according to the provisions of the Japanese stock exchanges where the Company is listed

Board of Directors Composition

In the case that the matters of the Meeting are resolved, the composition of the Board of Directors are as follows.



Matters Considered by the Nominating Committee in Nominating a Director Candidate

Size of the Board

Given the need for diversity of the Board views and efficiency of the Board, the number of directors shall be no more than 20. The Nominating Committee shall consider the optimal size of the Board following the policy described above in deciding the matters relating to a proposal concerning election and removal of directors to be submitted to the General Meeting of Shareholders.

Composition of the Board

In nominating a director candidate, the Nominating Committee shall consider:

1. diversity in the experience and expertise, etc. possessed by the director candidates, the composition ratio between independent directors and other directors (directors concurrently serving as executive officers and non-executive directors from within the Hitachi Group), and other such matters in order to ensure the effectiveness of the management supervision and decision-making functions of the Board;
2. that to maintain the continuity of the Board, new candidates do not constitute all or almost all of the nominees; and
3. the period of time since the candidate's assumption of office as the Company's director and the candidate's age to keep bringing fresh ideas and viewpoints regularly to the Board.

In principle, a person will not be nominated as a director candidate after his or her 75th birthday. However, in special circumstances, a person over 75 years old may be nominated as a director candidate if the Nominating Committee approves. Also, in principle, the Nominating Committee will not nominate a person as an independent director candidate if a person has reached 10 years of total tenure. However, in special circumstances, a person with the total tenure of 10 years or more may be nominated as an independent director candidate, but even in this case, a person with the total tenure of 12 years or more can no longer be nominated as an independent director candidate.

Qualification for Directors

In nominating a director candidate, the Nominating Committee shall consider that:

1. such nominee has the highest personal and professional ethics, integrity and insight; and
2. such independent director nominee has distinguished records of leadership or experience at policy making levels in business, law, administration, accounting or education, etc., in addition to satisfying the criteria for independency as provided in this Guideline.

Criteria for Independency of Directors

The Nominating Committee considers director to be independent unless:

1. his or her immediate family member* is, or has been within the last three years, a director or an executive officer of the Company or any of its subsidiaries;
2. he or she is currently an executive director, an executive officer or an employee of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues;
3. he or she has received during any of the last three fiscal years more than 10 million yen in direct compensation for his or her service as a specialist in law, accounting or tax, or as a consultant from the Company, other than director compensations; or
4. he or she serves as an executive officer or director of a not-for-profit organization, and the Company's discretionary charitable contributions to the organization in any of the last three fiscal years are more than 10 million yen and 2% of that organization's annual gross revenues.

* An "immediate family member" includes a person's spouse, parents, children, siblings, grand-parents, grand-children, mothers and fathers-in-law, sons and daughters-in-law, spouses of siblings, grand-parents-in-law, grand-children-in-law, and brothers and sisters-in-law.

No

1

Katsumi Ihara (Date of Birth: Sept. 24, 1950)

RE

OD

ID



Attendance in Fiscal 2023

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%)

Compensation Committee
 7 out of 7 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Chair of the Board of Directors Chair of the Nominating Committee Member of the Audit Committee Member of the Compensation Committee	Six years	1,400

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 nomination as Independent Director and expected roles

Mr. Ihara has rich experience and insight in the area of global corporate management gained through the involvement in the management of major companies conducting diverse businesses globally. He was nominated to be as an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company and supervising the Executive Officers and other's execution of their duties from an independent perspective.

No

2

Ravi Venkatesan (Date of Birth: Jan. 12, 1963)

RE

OD

ID



Attendance in Fiscal 2023

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	Three years 11 months	600

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 2023)
 7/2020 Director, Hitachi, Ltd. (currently in office)
 10/2022 Board Chair, Global Energy Alliance for People and Planet, LLC (USA) (currently in office)

Other Principal Positions Held

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

Reason for nomination as Independent Director and expected roles

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

No

3

Ikuro Sugawara (Date of Birth: Mar. 6, 1957)

RE

OD

ID



Attendance in Fiscal 2023

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 the Audit Committee	Two years	700

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 nomination as Independent Director and 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 nominated to be as an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

4

Isabelle Deschamps (Date of Birth: June 11, 1970)

NEW

OD

ID



Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
-	-	0

Brief Biography

5/1993 Admitted an Attorney-at-Law at Quebec Bar (Canada)
 2/2003 Head of Legal and Company Secretary, Nestle UK Ltd (UK)
 11/2009 Admitted as a Solicitor (UK)
 10/2012 Senior Vice President, General Counsel Global Categories and Intellectual Property, Unilever PLC (UK)
 1/2017 Executive Vice President, General Counsel Europe and Global E-Commerce, Digital and Privacy, Unilever PLC (UK)
 1/2018 Executive Vice President, General Counsel Europe and Global Foods & Refreshments, Unilever N.V. (Netherlands)
 9/2018 Member of Executive Committee, Group General Counsel, AkzoNobel N.V. (Netherlands)
 10/2021 Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (UK) (currently in office)

Other Principal Positions Held

Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (UK)

Reason for nomination as Independent Director and expected roles

Ms. Deschamps has rich experience and insight in the area of corporate legal matters and corporate governance, having served as the chief legal officer of major global companies, etc. She was nominated to be as an independent director because she is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

5

Joe Harlan (Date of Birth: May 5, 1959)

RE

OD

ID



Attendance in Fiscal 2023

Board of Directors meetings

9 out of 9 days (100%)

Compensation Committee

7 out of 7 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of the Compensation Committee	Six years	1,500

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 nomination as Independent Director and expected roles

Mr. Harlan has rich experience and insight in the area of global corporate management gained through his involvement in management at major companies conducting diverse businesses globally. He was nominated to be an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

6

Louise Pentland (Date of Birth: Apr. 11, 1972)

RE

OD

ID



Attendance in Fiscal 2023

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	Nine years	1,300

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)
- 9/2023 Executive Vice President and Chief Counsel, Disney Park, Experiences and Products, The Walt Disney Company (USA) (currently in office)

Other Principal Positions Held

- Director, Experian plc (Ireland/ UK) *
- Executive Vice President and Chief Counsel, Disney Park, Experiences and Products, The Walt Disney Company (USA)

Reason for nomination as Independent Director and 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 nominated to be an independent director because she is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

7

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

RE

OD

ID



Attendance in Fiscal 2023

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

Compensation Committee
 7 out of 7 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Chair of the Compensation Committee	Eight years	14,900

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 nomination as Independent Director and 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 nominated to be an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

8

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

RE

OD

ID



Attendance in Fiscal 2023

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 the Nominating Committee Chair of the Audit Committee	Ten years	3,600

Brief Biography

11/1978 Joined Peat Marwick Mitchell & Co.
 7/1996 National Managing Partner, the Pacific Rim Practice, KPMG LLP
 10/1997 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 nomination as Independent Director and expected roles

Mr. Yoshihara has rich experience and insight in the area of global corporate management and accounting. He was nominated to be an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

9

Helmuth Ludwig (Date of Birth: Sept. 19, 1962)

RE

OD

ID



Attendance in Fiscal 2023

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 the Audit Committee	Three years 11 months	5,400

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

- Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA)
- Senior Advisor, Bridgepoint, LLC (USA)

Reason for nomination as Independent Director and expected roles

Mr. Ludwig has rich experience and insight in the area of global corporate management and digital business. He was nominated to be an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the Executive Officers and others' execution from an independent perspective.

No

10

Keiji Kojima (Date of Birth: Oct. 9, 1956)

RE



Attendance in Fiscal 2023

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

Compensation Committee
 7 out of 7 days (100%)

Position and Responsibilities at the Company	Share Ownership
Representative Executive Officer, President & CEO and Director Member of the Compensation Committee	113,900

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 nomination as Director and 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 the 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 nominated to be a director because he is 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.



Attendance in Fiscal 2023

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

Position and Responsibilities at the Company	Share Ownership
Director Member of the Audit Committee	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.
 6/2023 Director, Hitachi, Ltd. (currently in office)

Reason for nomination as Director and expected roles

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



Attendance in Fiscal 2023

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 the Nominating Committee	208,200

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 nomination as Director and 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 the social infrastructure business and the 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 nominated to be a director because he is 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 committee meetings is based on the number of days when meetings were held 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 Ms. Isabelle Deschamps 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 the "Agreement") with Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Joe Harlan, Takatoshi Yamamoto, Hiroaki Yoshihara, Helmuth Ludwig and Mitsuaki Nishiyama and Ms. 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 the Meeting. In the event Ms. Isabelle Deschamps is elected as a director, the Company will newly enter into the same agreement with her.
4. The Company currently has a Directors' and Officers' Liability Insurance Agreement, which is stipulated in Article 430-3, Paragraph 1 of the Companies Act, nominating each of its director candidates other than Ms. Isabelle Deschamps as an insured person with an insurance company. The content of the Insurance Agreement is stated in "Directors and Executive Officers - Contents of Directors' and Officers' Liability Insurance Agreement" in the Business Report. Upon the election of the directors, each director other than Ms. Isabelle Deschamps will continue to be insured under the insurance agreement and Ms. Isabelle Deschamps will newly become an insured person under 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 item is approved, the members and the chair of the committees are expected to be as follows:
Nominating Committee : Katsumi Ihara (chair), 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 Rio Tinto plc, where Ms. Isabelle Deschamps is currently serving as Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, with The Walt Disney Company, where Ms. Louise Pentland is currently serving as Executive Vice President and Chief Counsel, Disney Park, Experiences and Products, 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 AkzoNobel N.V., where Ms. Isabelle Deschamps had served as Member of Executive Committee, Group General Counsel (retired in September 2021), with PayPal Holdings, Inc., where Ms. Louise Pentland had served as Executive Vice President and Senior Advisor (retired in July 2022), and with Siemens AG, where Mr. Helmuth Ludwig had served as Chief Information Officer (retired in December 2019).
9. The Company has no contractual relationship with Ms. Isabelle Deschamps and Louise Pentland and in relation to legal and other professional services, etc. Mr. Hiroaki Yoshihara had served as Vice Chairman and Global Managing Partner of KPMG International until April 2007. However, the Accounting Auditors of the Company do not belong to the KPMG Group. In addition, the Company has no contractual relationship with Mr. Yoshihara 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.

Business Overview and Results of Hitachi Group

Business Results

In Fiscal 2023, although the global economy showed a gradual recovery, the business environment remained uncertain due to rising geopolitical risks in various regions as well as inflation and currency fluctuations. Under such environment, despite the impact of business restructuring, Hitachi recorded revenues of 9,728.7 billion yen and Adjusted EBITA of 918.1 billion yen, due mainly to the organic business growth resulting from the expansion of the Lumada business and the solid performance of the power grid and railway systems businesses, as well as the impact of foreign exchange. Adjusted EBITA Margin was 9.4%, an increase of 1.3 percentage points from the previous fiscal year. Net income attributable to Hitachi, Ltd. stockholders was 589.8 billion yen.

Regarding funds, core free cash flow* was 571.4 billion yen, a new record high, due to improving cash generation capabilities by enhancement of cash flow management.

As Hitachi has improved its profitability and ability to generate cash it increased the amount of its annual dividend 35 yen to 180 yen (with an interim dividend of 80 yen and a year-end dividend of 100 yen) and repurchased its own shares of approximately 100.0 billion yen.

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

Actions in Fiscal 2023 and Aims

In the current fiscal year as the second year of the “2024 Mid-term Management Plan”, Hitachi chiefly pursued the following initiatives and accelerated the shift to growth mode.

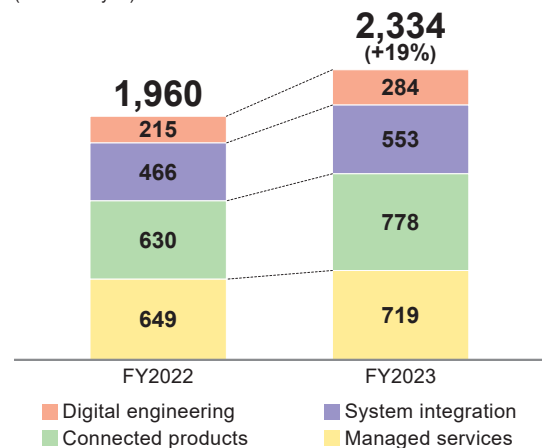
– Further Growth of Social Innovation Business in Response to Rising DX and GX¹ Demand

While the global market continued to experience growing DX and GX demand, Hitachi worked as One Hitachi to strengthen the cycle of value co-creation with customers under 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. As a result, Lumada business revenues reached 2,334 billion yen, an increase of 19% from the previous fiscal year.

Orders received by Hitachi were still solid. In Japan, Hitachi received an order for the next-generation nationwide load dispatching system and contributes to stable electricity supply by sharing the nationwide² power supply and demand adjustment systems. Overseas, Hitachi Energy Ltd secured its largest multi-year framework agreement to support TenneT with six North Sea offshore wind connections in partnership with Petrofac. In the railway systems business, Hitachi Rail Ltd. has received an order from Trenitalia S.p.A in Italy for high-speed railways worth approximately 140.0 billion yen.

¹ DX: Digital transformation, GX: green transformation ² Excluding Okinawa area

Lumada business revenues
(Billions of yen)



Notes: 1. Lumada business revenues in the three segments of Digital Systems & Services, Green Energy Mobility and Connective Industries.
2. Number in parentheses is the growth rate from the previous fiscal year.

– Global Reorganization for Further Strengthening the Lumada Business

To strengthen the collaborative creation cycle with Lumada and accelerate the creation of synergies with the OT (control and operational technology), Hitachi has conducted reorganization globally. Hitachi Digital Services LLC was established by spinning off the digital solutions business from Hitachi Vantara LLC. As an integrator of OT and IT, the new company will work with Hitachi Vantara LLC and GlobalLogic Inc. as well as Hitachi's business in the OT area, including energy, transportation, and industry, to drive the global growth of the Lumada business as One Hitachi. In addition, the Company's IT product business, which has been responsible for business development, R&D, and production of data infrastructure such as storage, was spun off to establish Hitachi Vantara, Ltd. Hitachi has established an integrated manufacturing, sales, and service operation structure with the new company and Hitachi Vantara LLC.

– Accelerating the initiatives for utilizing Generative AI

In order to actively utilize generative AI as a growth engine for the Lumada business, Hitachi is accelerating efforts, including initiatives to establish its organizations and structure, increase use cases, and address risks. For details of AI-related initiatives, please refer to "Acceleration of Social Innovation through AI Transformation" below.

Consolidated Financial Results for Fiscal 2023 (Billions of yen)

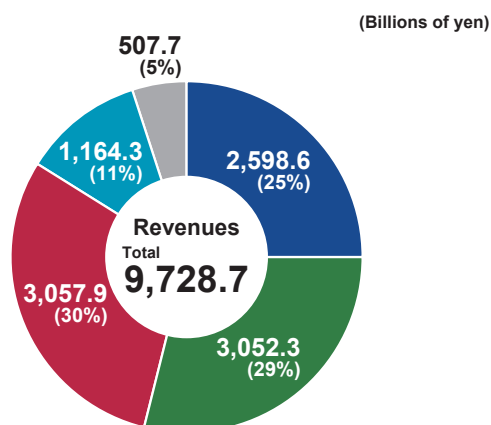
Revenues	Adjusted EBITA	Adjusted EBITA Margin	Net income attributable to Hitachi, Ltd. stockholders	ROIC
9,728.7	918.1	9.4%	589.8	8.7%
Year over year -11% ↘	Year over year +4% ↗	Year over year +1.3 ↗	Year over year -9% ↘	Year over year +1.1 ↗

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

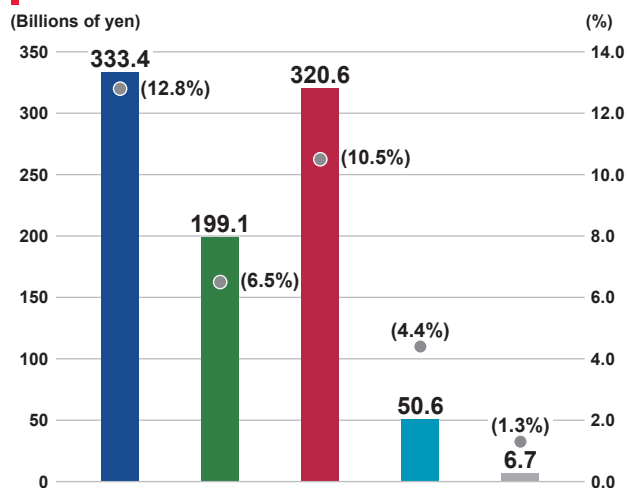
Financial Results by Segment

■ Digital Systems & Services ■ Green Energy & Mobility ■ Connective Industries
■ Automotive Systems ■ Others

Revenues



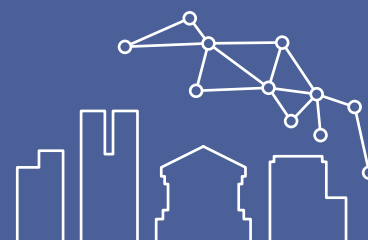
Adjusted EBITA (Adjusted EBITA Margin)



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.

Digital Systems & Services

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

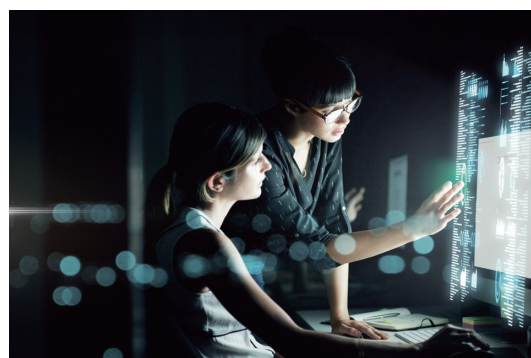


Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
2,598.6 billion yen	333.4 billion yen	12.8%	8.8%
Year over year +9% ↗	Year over year +14% ↗	Year over year +0.5 points ↗	Year over year +0.5 points ↗

Sales and profits increased mainly due to the impact of the expansion of the Lumada business and foreign exchange. GlobalLogic, which continues to grow at a high rate, increased sales revenue of 23% (15% in U.S. dollars) from the previous fiscal year and recorded Adjusted EBITA Margin of 19.6%.

Action in Fiscal 2023

Leveraging a wealth of digital human resources and advanced technologies, Hitachi worked to provide a variety of solutions to solve social and customer problems. To further expand its global business, GlobalLogic, a growth engine, continues to expand its service development and delivery bases and human resources to maintain high business growth. In order to further accelerate the creation of synergies through combining IT, OT, and Products, which is one of the strengths of the Hitachi Group, Hitachi also reorganized Hitachi Vantara globally. Hitachi is also actively investing in innovative technologies supporting business growth. Hitachi is engaged in a wide range of collaborative activities with customers and partners in Japan and overseas to create innovations using rapidly evolving generative AI.



Creating innovation by leveraging rapidly evolving generative AI

Green Energy & Mobility

To help realize a sustainable decarbonized society, Hitachi is providing solutions, including HVDC* systems, that support energy conversion, clean energy systems including nuclear and renewable energy systems, energy management services that utilize digital technology to optimize overall energy use, environmentally friendly railway systems solutions, and digital asset management systems for energy and railway systems.

*High-voltage direct-current transmission



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,052.3 billion yen	199.1 billion yen	6.5%	5.1%
Year over year +24% ↗	Year over year +22% ↗	Year over year -0.1 points ↘	Year over year +1.9 points ↗

Sales and profits increased due to solid growth in the power grid and the railway systems business. Adjusted EBITA Margin was same level as the previous fiscal year, due mainly to the PMI related costs associated with the acquisition of power grids business.

(Note) Since the Fiscal 2023, a portion of the businesses previously included in the Green Energy & Mobility segment has been transferred and included in Others. Figures shown above, including the numbers of the previous fiscal year, are presented on the basis of the new classification.

Actions in Fiscal 2023

Hitachi promoted the enhancement of services and solutions by leveraging synergies within the Hitachi Group, such as collaboration between the business in this segment and the digital business.

In the energy field, orders such as HVDC systems for offshore wind power generation increased. Hitachi is also establishing technologies and models for energy management systems that digitally connect multiple locations.

In the railway systems field, Hitachi strengthened its efforts in digital asset management for rolling stock and infrastructure. In Europe and North America, Hitachi is contributing to the conversion to public transportation with a low negative impact on environment through utilizing digital technologies, such as expanding metropolitan railway lines with fully automated operations.

In addition, to improve operational efficiency, Hitachi has begun to take initiatives for using Worksite-Augmenting Metaverse*, which features use of worksite data-collection technology and generative AI.

*Technology to reproduce social infrastructure and construction/manufacturing sites on a virtual space (metaverse).



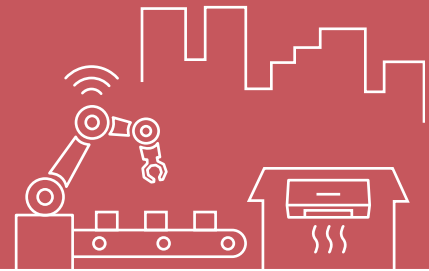
Energy management utilizing digital technology



UK train maintenance utilizing Hitachi's digital asset management

Connective Industries

Hitachi creates new customer value and sustainable society by digitally and seamlessly connecting highly competitive products and providing them as solutions in the fields of Urban (building systems, home appliances and air conditioners), Advanced Technology (measurement and analysis systems, healthcare equipment), and Industry (industry & distribution solutions, water & environment solutions, industrial machinery).



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,057.9 billion yen	320.6 billion yen	10.5%	10.5%
Year over year +3% ↗	Year over year +3% ↗	Year over year ±0.0 points →	Year over year -0.3 points ↘

Sales and profits increased mainly in the building systems business, resulting from expansion of the building services business, and in the industrial products business as well as the impact of foreign exchange.

Actions in Fiscal 2023

Through the collaborative creation cycle with customers in Lumada, Hitachi has expanded total seamless solutions^{*1} from the Industry field to the Urban and Healthcare fields, and strengthened its recurring business^{*2}.

In addition, to accelerate global growth, Hitachi has expanded total seamless solutions in the Industry field, with the central role played by J.R. Automation Technologies, LLC. and Flexware Innovation, Inc., North American companies Hitachi acquired. Further, Hitachi has focused on deepening collaborative creation by utilizing bases closer to customers in the semiconductor manufacturing equipment business and on strengthening its molecular diagnostics business and particle therapy systems business mainly in North America in the Healthcare field.



Operating in three groups:
Urban, Advanced Technology and Industry

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

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

Automotive Systems

The Automotive Systems business provides high-efficiency power train systems, advanced chassis, autonomous driving, and advanced driver-assistance systems and integrated electronic control platform, supporting progress in software-defined vehicles (SDV) and also provides systems for motorcycles.

Revenues	1,164.3 billion yen Year over year -39%	Adjusted EBITA	50.6 billion yen Year over year -31%
		Adjusted EBITA Margin	4.4% Year over year +0.6 points

On October 16, 2023, the partial transfer of shares of Hitachi Astemo, Ltd. was completed, and the company became an equity-method affiliate of the Company, resulting in a decrease in both sales and profits.

Others

Other products and services including Property Management are provided in this segment.

Revenues	507.7 billion yen Year over year +2%	Adjusted EBITA	6.7 billion yen Year over year +21.9 billion yen
		Adjusted EBITA Margin	1.3% Year over year +4.4 points

(Note) Since the Fiscal 2023, a portion of the businesses previously included in the Green Energy & Mobility segment has been transferred and included in Others. Figures shown above, including the numbers of the previous fiscal year, are presented on the basis of the new classification.

Five-year Summary of Assets and Results of Operation of Hitachi Group

Consolidated Basis

Fiscal Year	(Billions of yen)				
	2019	2020	2021	2022	2023
Revenues	8,767.2	8,729.1	10,264.6	10,881.1	9,728.7
Adjusted Operating Income	661.8	495.1	738.2	748.1	755.8
Adjusted EBITA	-	609.1	855.3	884.6	918.1
Income Before Income Taxes	180.2	844.4	839.3	819.9	825.8
Net Income Attributable to Hitachi, Ltd. Stockholders	87.5	501.6	583.4	649.1	589.8
Total Assets	9,930.0	11,852.8	13,887.5	12,501.4	12,221.2

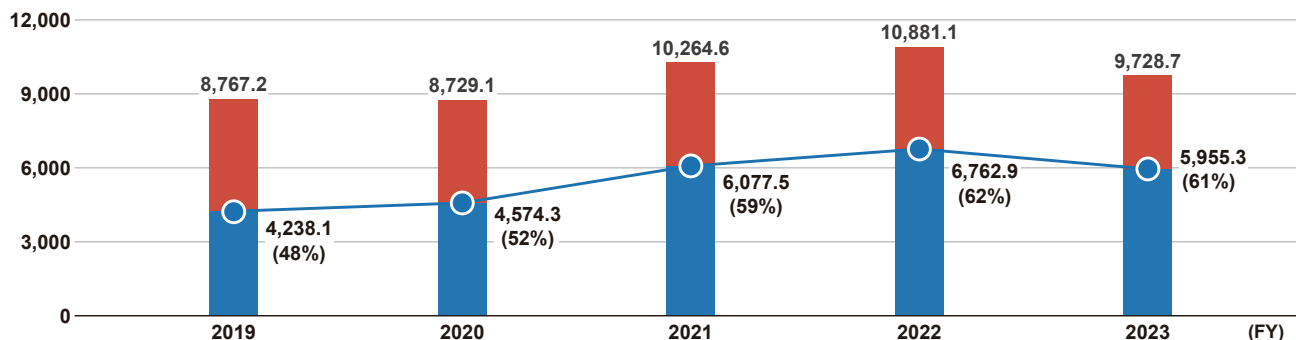
Unconsolidated Basis

Fiscal Year	(Billions of yen)				
	2019	2020	2021	2022	2023
Revenues	1,793.2	1,678.2	1,623.4	1,631.3	1,756.9
Operating Income	108.0	39.0	113.9	88.0	147.7
Ordinary Income	355.4	305.4	365.0	354.7	401.0
Net Income	119.4	705.5	516.1	987.9	581.5
Total Assets	4,004.4	4,982.6	5,815.6	5,940.4	6,095.4

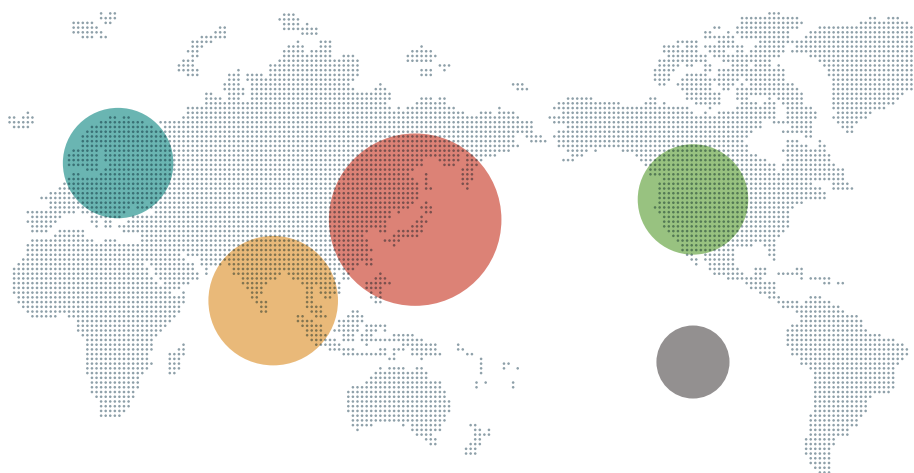
- Notes: 1. From Fiscal 2021, the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. and the figures for Fiscal 2021, 2022 and 2023 have been calculated in accordance with this standard.
2. In Fiscal 2023, the revenues and operating income increased from the previous fiscal year and ordinary income reached a new record high, due mainly to the solid performance in the Digital Systems & Services business. Net Income decreased due to a decrease of extraordinary income resulting from the sale of shares.

Overseas Revenues Trends

(Billions of yen)



Revenues by Market



Overseas Revenues

5,955.3 Billion yen (61%)

22%

Asia

2,151.5 Billion yen

16%

North America

1,582.9 Billion yen

16%

Europe

1,550.8 Billion yen

7%

Other Areas

669.9 Billion yen

Japan Revenues

3,773.3 Billion yen

39%

Note: 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.

Course of Actions for Hitachi Group

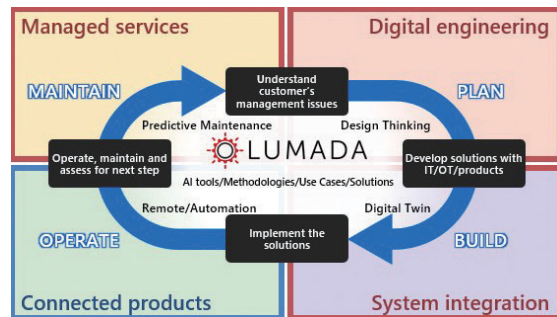
Since its foundation, Hitachi's mission has been to "Contribute to society through the development of superior, original technology and products." The Company has solved the challenges facing society by developing technologies and products that support social infrastructure.

Under the 2024 Mid-term Management Plan, Hitachi also aims to support people's quality of life with data and technology that foster a sustainable society. Establishing Digital, Green and Innovation as the three pillars, Hitachi focuses on the following measures to fulfill its vision for society through global growth under the unifying banner of 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 working to create solutions to the next issue. Riding the growing demand for DX and GX as a tailwind, Hitachi works to create and roll out Lumada solutions by working with every business in the Hitachi Group including energy, transportation, and industry and utilizing cutting-edge technologies such as generative AI.



– Promoting Environmental Management and Strengthening Human Capital

Through the Social Innovation Business, Hitachi works to strike a balance between solving environmental issues and improving people's quality of life.

For initiatives aimed at decarbonization, Hitachi has set goals of achieving carbon neutrality at its business sites by Fiscal 2030, and across the entire value chain by Fiscal 2050. Hitachi is making progress in reducing CO₂ emissions at a pace that exceeds its targets. In addition to further promoting reductions, Hitachi is also helping customers reduce their CO₂ emissions by providing solutions with its environmentally friendly products.

In addition, to achieve further growth through the utilization of diverse human resources, Hitachi is working to increase the percentages of female and non-Japanese executive-level staff, to acquire and develop digital human resources, etc., and to improve employee engagement to foster a growth mindset as One Hitachi.

– Creating Innovation for Growth

Hitachi has advanced the creation of innovation for global business growth and works to expand corporate venturing investments to collaborate with startups, in addition to R&D investments including cutting-edge research. 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.

To generate stable cash even in an unstable business environment that is difficult to foresee, Hitachi strives to grow its business through these efforts and also works to improve asset efficiency through ongoing business restructuring. While enhancing the ability to generate cash, Hitachi will also provide stable returns to shareholders, making the investments necessary for growth in a swift but carefully selected manner.

Acceleration of Social Innovation through AI Transformation

Hitachi believes that AI is a driving force for innovation that improves society. Hitachi further accelerates the Social Innovation Business through "AI transformation" that significantly improves business productivity and creates new business opportunities through active utilization of rapidly evolving Generative AI.

What is Generative AI?

Generative AI is artificial intelligence that can interpret a huge amount of data and generate various contents such as images, texts, sounds, and program code. Typical examples include ChatGPT, an AI that can generate text.



Establishment of Organization for Promoting Group-wide AI Transformation

Hitachi has worked with customers on more than 100 projects utilizing AI and data analytics every year, led by the Lumada Data Science Lab, established in 2020. Hitachi is working to utilize AI in a group-wide manner with its great advantage that Hitachi has GlobalLogic Inc. headquartered in Silicon Valley, the U.S., which is the forefront of innovation.

Hitachi quickly responded to the emergence of generative AI and has established an organization for promoting group-wide AI transformation in both providing value to customers and transforming internal business processes.

May 2023: Establishment of Generative AI Center

Hitachi established a new organization called "Generative AI Center" to promote the responsible and effective use of generative AI.

Data scientists and AI researchers who have knowledge of generative AI and specialists in the various fields of in-house operations bring together in the center. It offers consulting and other services to support cutting-edge use cases and value creation of generative AI.

Please check the website for details

<https://www.hitachi.com/New/cnews/month/2023/05/230515.html>



Discussion by data scientists

December 2023: Assignment of Chief AI Transformation Officer

Hitachi created the position of "Chief AI Transformation Officer" in each of the three sectors: Digital Systems & Services, Green Energy & Mobility, and Connective Industries.

As the promoters leading the implementation of the AI transformation, they are responsible for the coordination and penetration of the group-wide strategy within each sector. In addition, they also facilitate the seamless sharing of validation results, technologies, and know-how, accumulating best practices and prompting the creation of synergies with diverse knowledge to accelerate group-wide projects aimed at transforming internal processes through generative AI.

Expansion of the AI Ecosystem through Partnerships: Acceleration of DX through Collaboration with NVIDIA

In March 2024, Hitachi announced it is collaborating on generative AI with U.S. semiconductor giant NVIDIA Corporation.

The two companies accelerate social innovation through DX by combining Hitachi's leadership and digital solutions in operational technology (OT) and NVIDIA's expertise in generative AI.

Hitachi will further expand our AI ecosystem with advanced partners, including this collaboration.

Please check the website for details
<https://www.hitachi.com/New/cnews/month/2024/03/240319.html>

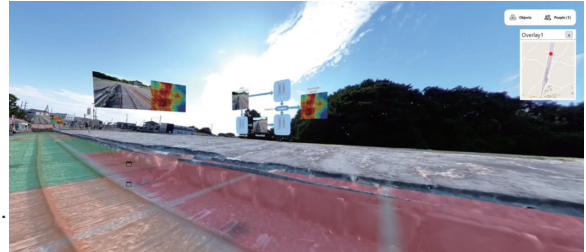
Examples of collaboration with NVIDIA

- Development of solutions to optimize facilities and business processes in the energy and transportation fields through advanced simulation in virtual spaces
- Creation of new AI solutions through integration of Hitachi's Lumada solution library with NVIDIA's platforms
- Provision of AI infrastructure products that integrate NVIDIA's AI technologies and image processing semiconductors with Hitachi Vantara's storage

Use Case (1): Railway Metaverse Evolving Vehicle Design, Maintenance and service

Hitachi developed the Worksite-Augmenting Metaverse technology that enables to reproduce railway vehicles and tracks in a virtual space (metaverse) by using generative AI, thereby permitting optimal design and safe operation of rolling stock and accurate maintenance of tracks.

For example, operation and maintenance information can be added to a 3D model of a railway track reproduced in the metaverse, and its status can be indicated by color or other means. This technology improves safety and efficiency with support for on-site maintenance operations, fully remote maintenance, and assistance in training to learn in what circumstances repairs are needed, among others.



Reproduce a track with the status displayed colors in the metaverse

Please check the website for details
<https://www.hitachi.com/rd/sc/story/mv/index.html>

Use Case (2): Internal Process Reform with Generative AI

Within the Group, Hitachi is promoting the use of generative AI in various operations of more than 250,000 employees and thereby accumulating know-how that will lead to productivity improvement. For example, Hitachi is reforming its internal process with the following initiatives.

- Improving productivity in software development, such as code generation, testing efficiency, and responsibility considerations when applying generative AI
 - Speeding up customer service operations by integrating past inquiries and operational manuals with generative AI
- Hitachi is continuing internal trials and applying them to collaborative creation activities with its customers.

Addressing Risks Involved in Use of AI

While the use of AI as a source of innovation has many advantages, it also entails various risks, including information leakage, copyright and privacy violations, and false information.

Hitachi established Principles guiding the ethical use of AI with a view toward the human-centered development of AI and its societal implementation in 2021, in addition to continuing its existing privacy protection efforts. Hitachi is also promoting the use of generative AI while appropriately managing risks, such as creating guidelines for its use, with the leading role played by the Generative AI Center.

Please check the website for details
<https://www.hitachi.com/New/cnews/month/2021/02/210222.html>

Borrowings and Financing Activities of Hitachi Group

Major Borrowings (As of March 31, 2024)

Name of Company	Creditor	Balance of Borrowings
The Company	Japan Bank for International Cooperation	184.7 billion yen

Note: In addition to the figures shown above, the Company owes long-term borrowings by means of syndicated loan agreements of 438.2 billion yen.

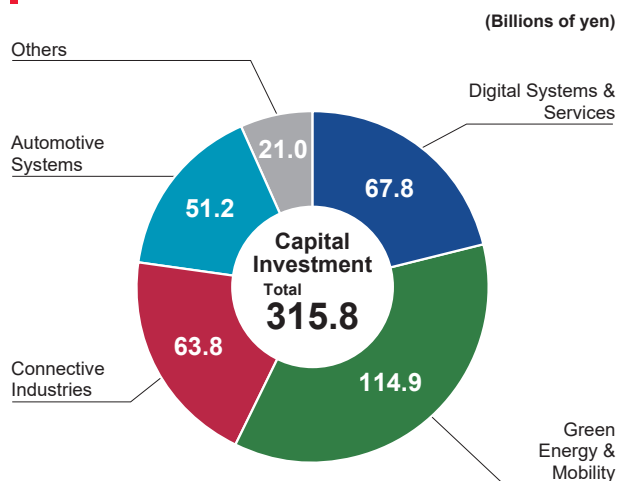
Major Financing Activities

The Company issued unsecured bonds in December 2023, procuring a total of 90.0 billion yen to use to refinance of short-term funding for repaying the 18th Series Unsecured Straight Bonds and expenditures of the construction and refurbishment of “Kyōsō-tō”, energy saving building, in the Central Research Laboratory.

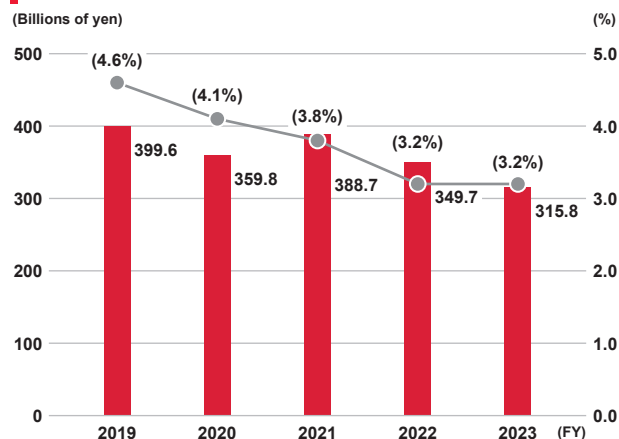
Capital Investment of Hitachi Group

During Fiscal 2023, the Hitachi Group carried out capital investment of 315.8 billion yen for further global business expansion. Despite the total investment decreased from the preceding fiscal year, mainly due to the effect of business reorganization, the percentage of capital investment to total revenues was 3.2%, which was the same level as Fiscal 2022.

Capital Investment by Segment



Capital Investment Trend



Note: The number in parentheses is the percentage of capital investment to total revenues.

Research and Development (R&D) of Hitachi Group

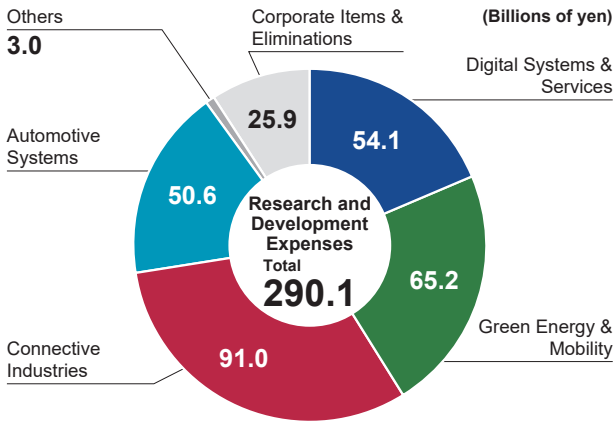
With the R&D mission, “Strengthen initiatives to create innovation with digital and green contributing to global business growth,” Hitachi creates innovation to resolve issues of society and customers. Specifically, through creation of scenarios for customer growth by Lumada co-creation, Hitachi achieves DX and GX driven by the customer experience value. Hitachi has developed Worksite-Augmenting Metaverse using generative AI and distributed control technology for renewable energy. Hitachi is also engaged in research aimed at the realization of the mass production of hydrogen, radiation/cell and gene therapy and large-scale quantum computers, etc., as future disruptive technologies contributing to the resolution of social issues.



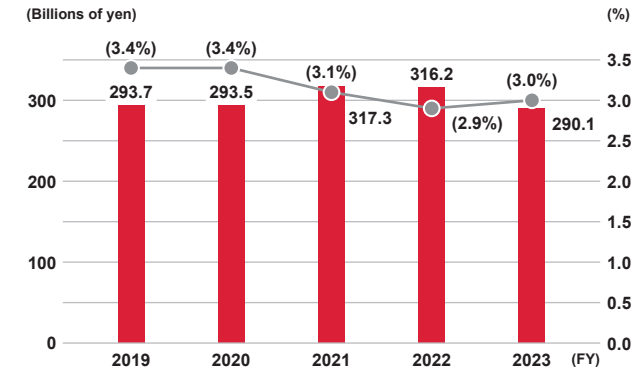
Inside of a railway vehicle reproduced by metaverse

R&D expenses during Fiscal 2023 amounted to 290.1 billion yen. In order to achieve the goals of the 2024 Mid-term Management Plan, Hitachi continues to be devoted to innovating by increasing its investments in advanced research and corporate venture capital 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.

Employees of Hitachi Group

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.

Please review a briefing session held in 2022 and Hitachi Sustainability Report for the details of "2024 Human Resources Strategy."

<https://www.hitachi.com/IR-e/library/presentation/webcast/221012.html>

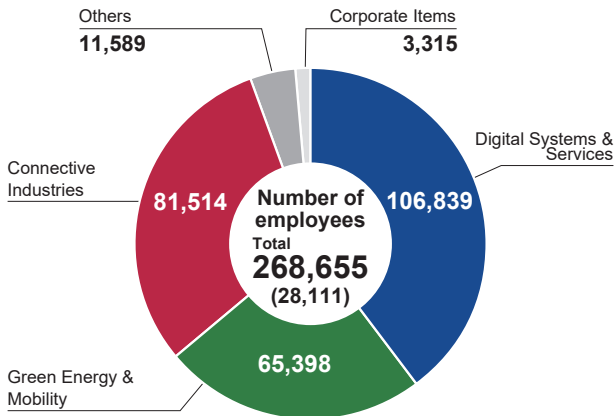
<https://www.hitachi.com/sustainability/download/index.html>



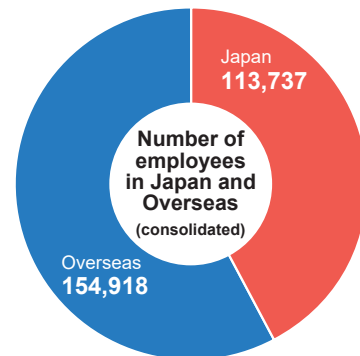
Number of Employees in the Hitachi Group

268,655 (including 28,111 employees on a non-consolidated basis)

Number of Employees by Segments



Number of Employees in Japan and Overseas



- Notes: 1. The number of employees is as of March 31, 2024.
 2. The figure in parentheses is the number of employees on a non-consolidated basis.
 3. There are no employees belonging to the Automotive Systems segment since Hitachi Astemo, Ltd. is no longer a consolidated subsidiary of the Company as a result of a partial transfer of shares of Hitachi Astemo, Ltd.

Major Facilities and Major Group Companies of Hitachi Group (As of March 31, 2024)

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 Digital Services 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 Global Air Power US, LLC	U.S.A.	100.0
	Hitachi Industrial Holdings Americas, Inc.	U.S.A.	100.0
JR Technology Group, LLC	U.S.A.	100.0	

Segment	Name of Company	Location	Ratio of Voting Rights (%)
■ Others	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 573.

2. The number of equity-method affiliates is 369. The major equity-method affiliates are Hitachi Kokusai Electric Inc., Arcerik Hitachi Home Appliances B.V., Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd, Hitachi Astemo, Ltd. and Hitachi Construction Machinery Co., Ltd.

3. Hitachi Digital Services LLC was established on November 1, 2023 and succeeded the digital solutions business of Hitachi Vantara LLC.

4. Hitachi Power Semiconductor Device, Ltd. has ceased to be a group company of the Company as a result of the share transfer on May 2, 2024.

5. Hitachi Astemo, Ltd. and Hitachi Astemo Americas, Inc. were converted into equity-method affiliates from consolidated subsidiaries as a result of the partial transfer of shares of Hitachi Astemo, Ltd. on October 16, 2023.

6. Ratio of voting rights includes indirect ownership.

Directors and Executive Officers

Directors

Name, Position and Responsibilities, etc. (As of March 31, 2024)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Chair of the Board of Directors Nominating Committee (Chair) Audit Committee Compensation Committee	-
Ravi Venkatesan	Independent Director	-	Board Chair, 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)* Executive Vice President and Chief Counsel, Disney Park, Experiences and Products, The Walt Disney Company (USA)
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	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	-
Mitsuaki Nishiyama	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 the KPMG Group with businesses related to accounting, etc. Mr. Mitsuaki Nishiyama, Director (Audit Committee), has considerable knowledge of finance and accounting based on his long experience as a chief of accounting and finance department of the Company as well as an Executive Officer in charge of accounting and finance department.
2. The Company has appointed Director Mitsuaki Nishiyama 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 its coordination with the internal auditing division and others, along with its timely understanding of accurate information through attendance of important internal meetings, etc. and information-sharing with other committee members.
3. All of the 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 positions in each of the foreign corporations that are similar to outside director under the Companies Act.
5. The Company engages in transactions, including the sale 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 as stipulated in Article 427, Paragraph 1 of the Companies Act with each of the Directors (excluding Directors concurrently serving as Executive Officers). 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 matters openly and effectively.

Name	Attendance	Activities and duties of the Independent Directors related to their expected role
Katsumi Ihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 10 out of 10 days Audit Committee: 15 out of 15 days Compensation Committee: 7 out of 7 days	Mr. Ihara stated his opinions and made proposals regarding the 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 his involvement in the management of major companies conducting diverse businesses globally. He also led discussions at meetings of the Board of Directors and the Nominating Committee as the chairperson of both bodies.
Ravi Venkatesan	Board of Directors meetings: 9 out of 9 days	Mr. Venkatesan stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies 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: 10 out of 10 days	Ms. Carroll stated her opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint as well as a human capital management perspective 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: 15 out of 15 days	Mr. Sugawara stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a corporate growth and governance viewpoint 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: 7 out of 7 days	Mr. Harlan stated his opinions and made proposals regarding the 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 his involvement in the management of major companies conducting diverse businesses globally.
Louise Pentland	Board of Directors meetings: 9 out of 9 days	Ms. Pentland stated her opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint as well as a compliance and risk management perspective based on her rich experience and insight as a chief legal officer at major global companies.
Takatoshi Yamamoto	Board of Directors meetings: 9 out of 9 days Compensation Committee: 7 out of 7 days	Mr. Yamamoto stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from investors' viewpoints focusing on issues related to 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 discussions as the chairperson of 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 regarding the general management of the Group such as management policies and business strategies mainly from the 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 discussions as the chairperson of 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 regarding the general management of the Group such as management policies and business strategies 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 committee meetings is based on the days when meetings were held during each member's term of office.

Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2024)

Name	Position	Responsibilities	Other Principal Positions Held
*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 analysis 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, Assistant to Executive Vice President (Digital Systems & Services (Japan))	-
*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	Director, Hitachi Rail Ltd.
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies	-
Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.

Name	Position	Responsibilities	Other Principal Positions Held
Noriharu Amiya	Vice President and Executive Officer	Railway systems business	-
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analysis systems business	President and Director, Hitachi High-Tech Corporation
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 Urase	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 strategy and quality assurance), environmental strategies and safety and health management	-
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	CEO, Hitachi Digital LLC
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	-
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)	President, Hitachi Europe Ltd.
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	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	Marketing & sales strategies (business for energy)	-

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

2. Executive Officer Toshiaki Higashihara and President Keiji Kojima concurrently hold Director positions.

New Executive Officers

The Company changed its Executive Officers as of April 1, 2024 as follows.

Name	Position	Responsibilities
*Toshiaki Higashihara	Executive Officer	General
*Keiji Kojima	President	Overall management
*Jun Abe	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 analysis systems business and healthcare business)
*Brice Koch **	Executive Vice President and Executive Officer	Assistant to the President (management strategies, regional strategies, investment strategies, risk management, corporate export regulation, cost structure reform and information security management)
*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 (growth strategies, cloud services platform 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)
Tatsuro Ueda	Senior Vice President and Executive Officer	Business for financial institutions, Assistant to Executive Vice President (Digital Systems & Services (APAC))
*Tomomi Kato	Senior Vice President and Executive Officer	Finance strategies, corporate pension system, investment strategies, investor relations strategies and risk management
**Shashank Samant	Senior Vice President and Executive Officer	Regional strategies (Americas)
Lorena Dellagiovanna	Senior Vice President and Executive Officer	Sustainability strategies, environmental strategies, human capital strategies, safety and health management 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, Assistant to Executive Vice President (Digital Systems & Services (Japan))
Hidenobu Nakahata	Senior Vice President and Executive Officer	Legal matters, risk management, corporate auditing, government & external relations and corporate communications strategies
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales strategies
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business
Giuseppe Marino	Senior Vice President and Executive Officer	Railway systems business
Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)
Noriharu Amiya	Vice President and Executive Officer	Urban business strategies and building systems business
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analysis systems business
Yasunori Inada	Vice President and Executive Officer	Nuclear energy business
**Yoshiaki Kagata	Vice President and Executive Officer	Cost structure reform and information security management

Name	Position	Responsibilities
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance) and safety and health management
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)
Jun Taniguchi	Vice President and Executive Officer	Digital strategies
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)
**Nitesh Banga	Vice President and Executive Officer	Digital engineering business
**Hirohide Hirai	Vice President and Executive Officer	Government & external relations
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
**Yuto Matsumura	Vice President and Executive Officer	Legal matters
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital
Takashi Yoda	Vice President and Executive Officer	Marketing & sales strategies (business for energy) and energy business

Notes: 1. Executive Officers marked with * are Representative Executive Officers.
2. Executive Officers marked with** are newly appointed.

Content of Directors' and Officers' Liability Insurance Agreement

(i) Insured People Covered

- The Company's Directors, Executive Officers, Corporate Officers (the executive positions just below Executive Officers) and employees who work as officers at the company to which they are assigned.
- Some of the Company's 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 insured people for damages and litigation costs, etc. incurred as a result of any damage claims due to an act or omission carried out by the insured person as an executive of a company. However, the Company has taken measures to ensure that the appropriateness of the officers' execution of their duties is not impaired by excluding compensation for intentional negligence in the fulfillment of their duties, the illegal acquisition of private benefits or other benefits and damages resulting from criminal acts. The entire cost of the insurance agreement is borne by the Company or its subsidiaries that hold the insurance agreement.

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 the 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 the roles and responsibilities of each Director and Executive Officer.

- Compensation for Directors shall be such that it enables them to exercise the 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 Indicators ("KPIs") 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 with respect to "growth", "improving profitability" and "cash generation", aiming for improved short-term performance and medium- to long-term growth in corporate value.

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

(Setting indicators to promote sustainable management)

Develop specific indicators and goals related to "Environment, " "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 the global market, regardless of their residence or origin, who can lead the management of a 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 consists of basic remuneration and stock compensation as fixed pay. The basic amount of basic remuneration and stock compensation is set based on the ratio of 3:1 as the standard.

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 to reflect full-time or part-time status, committee membership and position, and attendance of meetings, etc.

Stock compensation

- A restricted stock compensation unit will be granted as an incentive to offer management supervision and advice with an awareness of medium- and long-term improvements in corporate value. The units will become vested at the end of three fiscal years after granting, and common stocks or cash for the vested units will be delivered.
- The stock compensation described above is granted from the Directors to be elected at the 155th Annual General Meeting of Shareholders.

If it is found that a director has engaged in misconduct during his/her term of office, compensation for Directors that has already been paid shall be returned to the Company. 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 and medium- and 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 the position an Executive Officer holds, the higher the proportion of variable pay is set to 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 each division in order to measure the level of achievement of targets under the Mid-term Management Plan and the annual budgets for each division.
- The amount of the individual goals linked component varies according to the evaluation of the level of achievement of individual targets 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 for materiality which are established under the sustainability strategy.

Medium- and Long-term incentive compensation

- The target amount (Medium- and Long-term incentive compensation target (“LTI target”)) is decided based on the positions of Executive Officers, and the shares of Restricted Stock (“RS”) compensation with an 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 corporate 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		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%
		Sustainability targets	10%
			After the end of the final fiscal year of the Mid-term Management Plan period

- 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 the restriction on transfer will be lifted upon retirement. Performance-linked RS compensation comprises compensation with a stock price condition and compensation with conditions related to the achievement of Mid-term Management Plan targets.
 - In stock compensation with a stock price condition, Performance Share Units (“PSUs”) equivalent to 70% of the LTI target are granted. 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 (“TSR/TOPIX Growth Rate Ratio”) and with the %ile rank of the Total Shareholder Return growth rate of the Company among the global comparable companies determined by the Compensation Committee (“Global Competitive Comparison”). The evaluation period is the three fiscal years beginning at the fiscal year to which the PSUs are granted. For Executive Officers who retire before the end of the evaluation period, ex-post evaluation is conducted by subtracting the number of shares obtained by multiplying the ratio of their tenure to the evaluation period.
 - In stock compensation with conditions related to the 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 inappropriate to grant shares of restricted stock due to laws and regulations in the country of residence, etc., a 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 engaged in misconduct during his/her term of office, compensation for Executive Officers that has already been 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 medium- and long-term incentive compensation. One third of vested restricted stock units are delivered in the form of common stocks 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 2023

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	—	—	—	2
Independent Directors	418	418	—	—	—	9
Executive Officers	5,743	1,812	2,022	1,908	—	35
Total	6,222	2,291	2,022	1,908	—	46

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, Revenues of Lumada business, Adjusted EBITA margin, Earnings per Share and Core free cash flows 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 Revenues, Revenues of Lumada business, Adjusted EBITA margin 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 each division.

Please refer to "Business Overview and Results of Hitachi Group" in this report regarding the business results in Fiscal 2023.

The results of Performance Indicators for each medium- and long-term incentive compensation are as follows.

Name	Performance Indicators	Term	The result of Performance Indicators
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.	TSR/TOPIX Growth Rate Ratio	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	TSR/TOPIX Growth Rate Ratio	From April 1, 2020 to March 31, 2023	167.2%
Restricted Stocks issued in June 2021		From April 1, 2021 to March 31, 2024	205.8%
Restricted Stocks issued in June 2022		From April 1, 2022 to March 31, 2024 (Note)	163.6%
Performance-linked Restricted Stock Compensation granted in April 2023	TSR/TOPIX Growth Rate Ratio	From April 1, 2023 to March 31, 2024 (Note)	137.2%
	Global Competitive Comparison	From April 1, 2023 to March 31, 2024 (Note)	100%ile

Note: These are calculated to determine the number of shares to be lifted from transfer restriction under RS compensation or the number of shares to be issued under Performance-linked RS compensation to be held by individuals who retired from Executive Officers, Directors or Corporate officers of the Company on March 31, 2024.

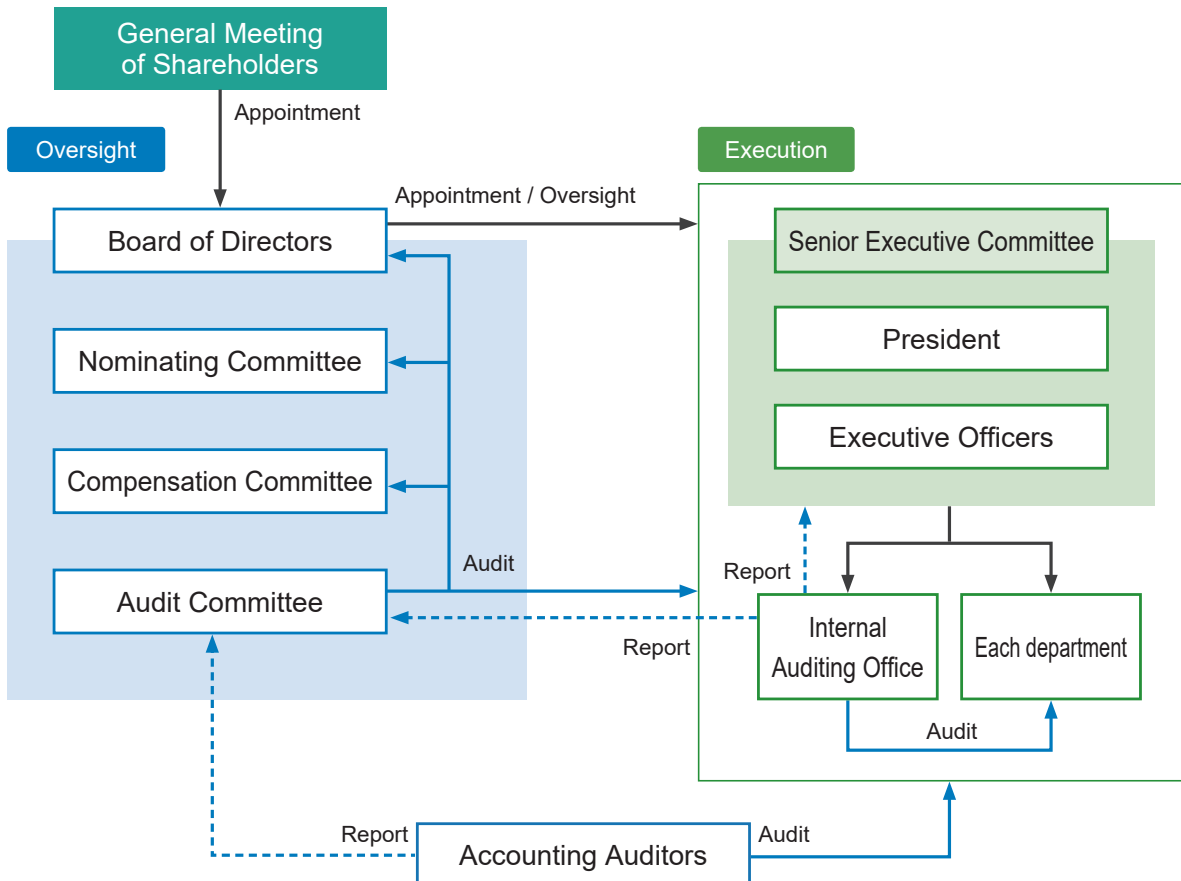
Reasons Why the Compensation Committee Judged that the Respective Amount of Compensation, etc. of Each Director and Executive Officer in Fiscal 2023 was in Line with the Compensation Policy

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."

Corporate Governance System and Internal Control System

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

The Board of Directors, which is responsible for overseeing management, determines basic policies for management, etc. and also monitor the Executive Officers execution of business while significantly delegating authority to the Executive Officers.



Summary of the resolution of the Board of Directors on the enhancement of the internal control system

- a. The following measures shall be taken to ensure the effectiveness of the audits by the Audit Committee.
 - (i) When necessary, the Board of Directors may appoint one or more directors, who are not concurrently serving as executive officers, to be director(s) 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 the Board of Directors and each committee with their duties.
 - (ii) To ensure the Office personnel are independent from the 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 the orders or instructions of Executive Officers, and the Audit Committee shall be informed in advance of planned transfers of Office personnel.
 - (iii) Executive Officers and employees shall report significant matters affecting the Company and its subsidiaries, the results of internal audits and the implementation status of reporting under the internal reporting system without delay to the members of the Audit Committee. It shall be provided for in the company regulation that reporters using the common internal reporting system of the Hitachi Group shall not be treated disadvantageously due to their submission of a report, and the system's administrative organization shall ensure this provision is thoroughly implemented.
 - (iv) The Office shall be responsible for paying for the expenses incurred in connection with the Audit Committee members' execution of their duties and other administrative duties, and shall promptly process payments for these expenses or debts except in cases where the expense or debt claimed is clearly found to be unnecessary for the execution of the Audit Committee members' duties.
 - (v) Standing Committee member(s) shall be appointed to the Audit Committee, and the activity plans of the Audit Committee shall be prepared in coordination with the audit plans of the Internal Auditing Office.
- b. The following measures shall be taken to ensure the adequacy of the operations within the Company and the Hitachi Group.
 - (i) Fundamental policies that emphasize 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 its operations appropriate for its size and other characteristics, the basic framework of which will be similar to the ones employed by the Company. To ensure each subsidiary's development of such systems, directors and auditors shall be sent by the Company to the subsidiaries, and regular audits of the subsidiaries shall be conducted.
 - (iii) A system for reporting matters to Directors shall be established to ensure that the Executive Officers of the Company execute their duties in compliance with laws, regulations and the Articles of Incorporation.
 - (iv) Information pertaining to the Company's Executive Officers' execution of their duties 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 regarding various risks. Efforts shall be made to identify possible new risks through measures such as progress reports on business operations and, should it become necessary, an Executive Officer will be appointed promptly to be responsible for responding to a new risk.
 - (vi) The efficiency of the Company's Executive Officers, and the subsidiaries' Directors and Executive Officers' performance of their duties shall be ensured through the following business management systems.
 - The Senior Executive Committee shall be established 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 to operate business in a planned and efficient manner.

- Internal audits of the Company and its subsidiaries shall be conducted to identify and monitor the status of their business operations and to facilitate improvements.
 - The Audit Committee shall receive the accounting auditors' audit plans in advance, and the prior approval of the Audit Committee shall be required regarding the fees to be paid to the accounting auditors.
 - Documented business processes for matters to be reflected in financial reports shall be executed by the Company and its subsidiaries, and internal and external auditors shall examine these processes to ensure the reliability of financial reports.
 - A structure for the adequate and efficient conduct of the common business operations of 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, a Hitachi Group common internal reporting system shall be established and education regarding 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 submit reports on important issues and the progress of measures regarding 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.

Summary of status of operation of the internal control system

Audit Committee

- A standing committee member has been appointed to understand information in a timely and accurate manner by attending important internal meetings, such as meetings of 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 to these plans, if necessary, and closely coordinates with the accounting auditor and the Internal Auditing Office by exchanging information and opinions on a regular basis.

Board of Directors Office

- To assist with the duties of each Committee and the Board of Directors, the Office is staffed with 15 employees (as of March 31, 2024) who exclusively serve the Office and are not subject to the orders or instructions of Executive Officers. Eight of the Office's employees are allocated as full-time auditors auditing governance and risk management, etc. in the Digital Systems & Services, Green Energy & Mobility and Connective Industries.

Senior Executive Committee

- The Senior Executive Committee meets twice a month, in principle, to deliberate specific important matters concerning the Company or its subsidiaries and the annual business plan.
- The Senior Executive Committee makes efforts to identify potential signs of new risks through means such as progress reports on the 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 its medium-term business plan and annual budget, and manages business performance based on these plans.

Establishment of Internal Regulations and Training, etc.

- Regarding risks related to compliance, information security, the environment, disasters, quality, 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 Hitachi Group common whistleblowing system.
- The Company has also established and operates a system for reporting suspicions of illegal acts, etc. by the Executive Officers to the Directors.

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 of the Company and its subsidiaries to the Audit Committee members without delay.

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.

Matters Concerning Accounting Auditor

Name of accounting auditor

Ernst & Young ShinNihon LLC

Fees to accounting auditor in Fiscal 2023

(Millions of yen)

Category	Amount		
	Fees for audit services (Note 1)	Fees for non-audit services	Total
Fees, etc. by the Company and its subsidiaries	1,019	50	1,069
Fees, etc. by the Company	574	49	623

Notes: 1. The fees for audits under the Financial Instruments and Exchange Act are included.

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.

Description of non-audit services

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

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.

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.

Matters Concerning the Company's Stock (As of March 31, 2024)

Authorized 2,000,000,000 shares

Issued 927,167,877 shares

Note: On October 18, 2023, the Company canceled 11,073,400 treasury shares.

Number of Shares per Unit 100 shares

10 Largest Shareholders

Name	Share Ownership (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	155,658,700	16.80
Custody Bank of Japan, Ltd. (Trust Account)	57,317,377	6.19
STATE STREET BANK AND TRUST COMPANY 505223	22,663,806	2.45
GOVERNMENT OF NORWAY	21,161,670	2.28
NATS CUMCO	20,721,566	2.24
Nippon Life Insurance Company	20,000,099	2.16
SSBTC CLIENT OMNIBUS ACCOUNT	19,936,868	2.15
STATE STREET BANK WEST CLIENT – TREATY 505234	18,317,987	1.98
Hitachi Employees' Shareholding Association	17,568,674	1.90
JP MORGAN CHASE BANK 385632	15,303,016	1.65

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

2. Treasury stock (546,173 shares) is not included in the calculation of the shareholding ratio.

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	2	162	62	2,144	1,300	147	198,017	201,834	-
Share ownership (units)	92	2,912,162	147,230	122,176	4,724,150	1,232	1,342,859	9,249,901	2,177,777
Ownership percentage of shares (%)	0.00	31.48	1.59	1.32	51.07	0.01	14.52	100.00	-

Note: Of the 546,173 shares of treasury stock, 5,461 units are included in the "Individuals and others" column, while 73 shares are included in the "Number of shares less than one unit" column.

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

The Company issued 116,500 new shares to 37 Executive Officers of the Company, 38,400 new shares to 38 Corporate Officers (the executive positions just below Executive Officers) of the Company and 3,300 new shares to 5 Executives of Group companies, respectively, through restricted stock compensation plans and restricted stock unit compensation plans as the medium- and long-term incentive compensation on May 31, 2023.

Other Significant Matters concerning the Company's Stock

Acquisition of treasury stock (Market purchase on the Tokyo Stock Exchange)

Treasury stock acquired pursuant to the resolution at the Board of Directors Meeting held on April 27, 2023

- Type and number of shares acquired: 11,073,400 shares of common stock

- Total purchase price for the acquisition of shares: 99,999,418,727 yen

- Period of acquisition: May 23, 2023 to October 2, 2023

Stock Acquisition Rights Held by Senior Managements

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	113,200 shares of common stock	127,200 shares of common stock	131,020 shares of common stock
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	11 Executive Officers of the Company 5,660 of stock acquisition rights (Note 3)	12 Executive Officers of the Company 6,360 of stock acquisition rights (Note 3)	18 Executive Officers of the Company 6,551 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, Director or 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:
- If the TSR/TOPIX Growth Rate Ratio is 120% or more
All the stock acquisition rights allotted (the "Allotted Rights") may be exercised.
 - If 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 achievement of the TSR/TOPIX Growth Rate Ratio.*
- $$\text{*Number of stock acquisition rights exercisable} = \text{Number of Allotted Rights} \times \left\{ \left(\frac{\text{TSR/TOPIX Growth Rate Ratio}}{\text{Rate Ratio}} \times 1.25 \right) - 0.5 \right\}$$
- Any fraction less than one stock acquisition right will be rounded down.
- If 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.

Policy on the Determination of Distribution of Surplus, etc.

The Company views the return of profits to shareholders through enhancing corporate value from the med- 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 shares of its shares depending on factors such as capital needs and the business environment.

In accordance its med- 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.

Consolidated Statement of Financial Position

	Fiscal 2022 (Reference) (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
	(Millions of yen)	
(Assets)		
Current assets	5,928,535	5,854,597
Cash and cash equivalents	833,283	705,367
Trade receivables and contract assets	2,874,987	2,991,316
Inventories	1,646,188	1,510,647
Investments in securities and other financial assets	346,916	331,280
Other current assets	227,161	315,987
Non-current assets	6,572,879	6,366,687
Investments accounted for using the equity method	478,620	816,434
Investments in securities and other financial assets	496,897	320,101
Property, plant and equipment	1,700,471	1,221,842
Goodwill	2,165,350	2,371,678
Other intangible assets	1,244,688	1,178,750
Other non-current assets	486,853	457,882
Total assets	12,501,414	12,221,284
(Liabilities)		
Current liabilities	5,166,178	4,802,600
Short-term debt	777,650	37,827
Current portion of long-term debt	141,861	187,486
Other financial liabilities	263,748	266,245
Trade payables	1,548,497	1,399,699
Accrued expenses	720,961	697,471
Contract liabilities	1,241,366	1,658,435
Other current liabilities	472,095	555,437
Non-current liabilities	1,999,669	1,559,081
Long-term debt	1,293,837	954,709
Retirement and severance benefits	323,264	246,231
Other non-current liabilities	382,568	358,141
Total liabilities	7,165,847	6,361,681
(Equity)		
Hitachi, Ltd. stockholders' equity	4,942,854	5,703,705
Common stock	462,817	463,417
Capital surplus	-	-
Retained earnings	3,637,184	4,084,729
Accumulated other comprehensive income	846,392	1,160,550
Treasury stock, at cost	(3,539)	(4,991)
Non-controlling interests	392,713	155,898
Total equity	5,335,567	5,859,603
Total liabilities and equity	12,501,414	12,221,284

Consolidated Statement of Profit or Loss

	Years ended March 31	
	2023 (Reference)	2024
	(Millions of yen)	
Revenues	10,881,150	9,728,716
Cost of sales	(8,192,063)	(7,146,629)
Gross profit	2,689,087	2,582,087
Selling, general and administrative expenses	(1,940,943)	(1,826,271)
Other income	302,196	116,653
Other expenses	(245,016)	(97,184)
Financial income	7,878	17,388
Financial expenses	(20,417)	(10,015)
Share of profits (losses) of investments accounted for using the equity method	52,847	75,284
Earnings before interest and taxes (EBIT)	845,632	857,942
Interest income	25,652	38,781
Interest charges	(51,313)	(70,922)
Income before income taxes	819,971	825,801
Income taxes	(116,101)	(199,053)
Net income	703,870	626,748
Net income attributable to:		
Hitachi, Ltd. stockholders	649,124	589,896
Non-controlling interests	54,746	36,852

Consolidated Statement of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2023	2024
	(Millions of yen)	
Net income	703,870	626,748
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	21,484	45,156
Remeasurements of defined benefit plans	40,202	13,872
Share of OCI of investments accounted for using the equity method	1,511	1,437
Total items not to be reclassified into net income	63,197	60,465
Items that can be reclassified into net income		
Foreign currency translation adjustments	232,360	354,395
Net changes in cash flow hedges	7,265	14,915
Share of OCI of investments accounted for using the equity method	14,595	22,025
Total items that can be reclassified into net income	254,220	391,335
Other comprehensive income (OCI)	317,417	451,800
Comprehensive income	1,021,287	1,078,548
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	905,819	1,013,811
Non-controlling interests	115,468	64,737

Consolidated Statement of Changes in Equity (April 1, 2023 to March 31, 2024)

(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	462,817	-	3,637,184	846,392	(3,539)	4,942,854	392,713	5,335,567
Changes in equity								
Reclassified into retained earnings			110,653	(110,653)		-		-
Net income			589,896			589,896	36,852	626,748
Other comprehensive income				423,915		423,915	27,885	451,800
Dividends to Hitachi, Ltd. stockholders			(144,461)			(144,461)		(144,461)
Dividends to non-controlling interests							(30,580)	(30,580)
Acquisition of treasury stock					(100,458)	(100,458)		(100,458)
Sales of treasury stock		(151)			213	62		62
Cancellation of treasury stock		(98,793)			98,793	-		-
Issuance of new shares	600	600				1,200		1,200
Transfer to capital surplus from retained earnings		105,689	(105,689)			-		-
Changes in non-controlling interests		(7,345)	(2,854)	896		(9,303)	(270,972)	(280,275)
Total changes in equity	600	-	447,545	314,158	(1,452)	760,851	(236,815)	524,036
Balance at end of year	463,417	-	4,084,729	1,160,550	(4,991)	5,703,705	155,898	5,859,603

Consolidated Statement of Cash Flows (Supplementary Information)

	Years ended March 31	
	2023	2024
	(Millions of yen)	
Cash flows from operating activities		
Net income	703,870	626,748
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	526,310	451,525
Impairment losses	129,894	29,668
Income taxes	116,101	199,053
Share of (profits) losses of investments accounted for using the equity method	(52,847)	(75,284)
Financial income and expenses	18,204	21,824
Net (gain) loss on business reorganization and others	(297,351)	(97,048)
(Gain) loss on sale of property, plant and equipment	(2,465)	(17,857)
Change in trade receivables and contract assets	(60,673)	40,206
Change in inventories	(244,346)	(88,320)
Change in trade payables	43,964	7,327
Change in accrued expenses	36,826	54,016
Change in retirement and severance benefits	49,935	(5,193)
Other	28,182	(34,598)
Subtotal	995,604	1,112,067
Interest received	25,675	38,655
Dividends received	26,419	29,963
Interest paid	(49,770)	(69,165)
Income taxes paid	(170,883)	(154,908)
Net cash provided by (used in) operating activities	827,045	956,612
Cash flows from investing activities		
Purchase of property, plant and equipment	(252,638)	(232,874)
Purchase of intangible assets	(157,947)	(152,271)
Proceeds from sale of property, plant and equipment, and intangible assets	55,580	45,048
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(106,069)	(70,622)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	616,317	265,693
Other	(4,180)	13,483
Net cash provided by (used in) investing activities	151,063	(131,543)
Free cash flows	978,108	825,069
Cash flows from financing activities		
Change in short-term debt, net	(277,685)	(550,170)
Proceeds from long-term debt	80,062	105,130
Payments on long-term debt	(288,795)	(301,507)
Proceeds from payments from non-controlling interests	310	487
Dividends paid to Hitachi, Ltd. stockholders	(129,005)	(144,343)
Dividends paid to non-controlling interests	(52,217)	(32,345)
Acquisition of common stock for treasury	(200,212)	(100,458)
Proceeds from sales of treasury stock	164	62
Purchase of shares of consolidated subsidiaries from non-controlling interests	(274,687)	(1,763)
Other	(901)	-
Net cash provided by (used in) financing activities	(1,142,966)	(1,024,907)
Effect of exchange rate changes on cash and cash equivalents	29,314	71,922
Change in cash and cash equivalents	(135,544)	(127,916)
Cash and cash equivalents at beginning of year	968,827	833,283
Cash and cash equivalents at end of year	833,283	705,367

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 573 and the number of equity-method affiliates is 369.
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. When a defined benefit plan has a surplus, the net defined benefit asset is limited to the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

(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, 2023, all the subsidiaries participating in the Hitachi Pension Fund have completed changing their pension plans from defined benefit pension plan to risk-sharing corporate pension plan for current employees.

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 the Company and the consolidated subsidiaries have introduced, imposes no additional contribution obligations, it is classified as defined contribution plan.

(Notes on Accounting Estimates)

1. Allowance for doubtful receivables (The ending balance of Allowance for doubtful receivables of 115,354 million yen from trade receivables and contract assets, and 1,709 million yen from other receivables)

Calculation methods for Allowance for doubtful receivables are described in the note 4 in the "Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements".

Expected credit losses are measured by taking the probability weighted average of the discounted present values of differences between the total amount of the contractual cash flows and the total amount of cash flows expected to be received in the future from the financial assets. If one or more events occur, such as overdue payments, extended payment terms, negative evaluation by third party credit rating agencies, and/or a deterioration in financial position and operating results, including capital deficit, the financial assets are individually assessed as credit-impaired financial assets and expected credit losses are measured based mainly on historical credit loss experience, future collectible amounts and other factors. The expected credit losses on the financial assets that are not credit-impaired are measured through collective assessment based mainly on provision rates depending on historical credit loss experience adjusted by the current and future economic situation and other factors, if necessary.

Expected credit losses are determined based on the best estimates and judgements but may be affected by deterioration of customers' financial conditions in the future or by variance of uncertain economic conditions in the future.

2. Impairment of Property, Plant and Equipment, Goodwill and Other Intangible Assets (Impairment losses of (28,180) 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 due to the business environment 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, 2024. 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 indices such as long-term inflation rate announced by an external research organization. Impairment losses related to the goodwill were not recognized in the fiscal year ended March 31, 2024.

The carrying amount of goodwill allocated to the power grids business was 623,034 million yen as of March 31, 2024.

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.

3. Employee Retirement Benefits (The ending balance of Retirement and severance benefits of 246,231 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.

4. Long-term projects (The ending balance of Provisions for expected losses on construction contracts of 97,921 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.

5. Deferred tax assets (The ending balance of Deferred tax assets of 285,337 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 due to the business environment 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, 2024. 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.

The Company has applied the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (hereinafter "the Pillar Two income taxes") in accordance with IAS 12 "Income taxes" amended on May 23, 2023. As a result of applying the temporary exception, the Company does not recognize deferred tax assets and liabilities related to the Pillar Two income taxes.

(Notes to Consolidated Statement of Financial Position)

1. The components of Trade receivables and contract assets: Accounts receivable of 1,975,770 million yen, Contract assets of 930,743 million yen, and Others of 84,803 million yen.
Trade receivables and contract assets are stated as net of the allowance for doubtful receivables. Others include electronically recorded monetary claims and notes receivable.
2. Accumulated other comprehensive income: Foreign currency translation adjustments of 984,432 million yen, remeasurements of defined benefit plans of 103,039 million yen, net changes in financial assets measured at fair value through other comprehensive income of 50,378 million yen, and net changes in cash flow hedges of 22,701 million yen.
3. Collateralized assets: Trade receivables and contract assets of 310 million yen, investments in securities and other financial assets of 311 million yen, and property, plant and equipment of 9,088 million yen.
Secured debts: 7,142 million yen.
4. Allowance deducted directly from assets: 115,354 million yen from trade receivables and contract assets, and 1,709 million yen from other receivables.
5. Property, plant and equipment include buildings and structures of 423,749 million yen and machinery of 240,090 million yen.
Accumulated depreciation and impairment losses of property, plant and equipment are (2,474,652) million yen.
Other intangible assets include software of 183,728 million yen.
6. Guarantees: 10,725 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Other income
Other income of 116,653 million yen mainly consists of net gain or loss on business reorganization and others of 97,048 million yen. It includes a gain on the sale of shares of Hitachi Astemo, Ltd. in the amount of 121,642 million yen.
2. Other expenses
Other expenses of (97,184) million yen mainly consists of impairment losses on property, plant and equipment and other intangible assets of (28,180) million yen.
3. Income taxes
Income taxes of (199,053) million yen includes current tax expense of (254,207) million yen and deferred tax expense of 55,154 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	927,167,877 shares
(2) Treasury stocks	Common stock	546,173 shares
2. Cash dividends
Total amount of cash dividends 144,461 million yen
3. Class and number of shares to be issued upon exercise of stock acquisition rights at end of year

Common stock	387,620 shares
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(Notes on Revenue Recognition)

1. Disaggregation of revenue

The Company derives revenues primarily from contracts with customers.

The disaggregation of revenue attributable to each reportable segment and geographic area for the fiscal year ended March 31, 2024 are as follows.

(Millions of yen)

	Japan						Overseas Revenues Subtotal	Total Revenues
		Asia	North America	Europe	Other Areas			
Digital Systems & Services	1,731,209	227,920	344,412	235,460	59,658	867,450	2,598,659	
Green Energy & Mobility	426,098	466,546	665,049	1,009,260	485,349	2,626,204	3,052,302	
Connective Industries	1,519,738	1,030,523	267,199	204,838	35,662	1,538,222	3,057,960	
Automotive Systems	273,069	395,538	305,639	100,803	89,335	891,315	1,164,384	
Others	427,956	60,131	7,029	9,751	2,929	79,840	507,796	
Subtotal	4,378,070	2,180,658	1,589,328	1,560,112	672,933	6,003,031	10,381,101	
Corporate items & Eliminations	(604,687)	(29,114)	(6,412)	(9,234)	(2,938)	(47,698)	(652,385)	
Total	3,773,383	2,151,544	1,582,916	1,550,878	669,995	5,955,333	9,728,716	

The Digital Systems & Services segment consists of Front Business, IT Services and Services & Platforms, for which revenue amounted to 1,111,193 million yen, 969,816 million yen and 983,456 million yen for the year ended March 31, 2024 (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, 2024, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 2,255,703 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.

(Automotive Systems)

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

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, 2024.

(Millions of yen)

	April 1, 2023	March 31, 2024
Trade receivables	2,072,238	2,063,056
Contract assets	849,402	971,988
Contract liabilities	1,314,799	1,739,770

Of the revenue recognized during the fiscal year ended March 31, 2024, the amount included in Contract liabilities at the beginning of the fiscal year was 800,909 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, 2024.

(Millions of yen)

	Intersegment transactions	Balance of unsatisfied performance obligations
Digital Systems & Services	69,825	1,446,972
Green Energy & Mobility	50,743	10,189,630
Connective Industries	107,453	2,019,113

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, 2024 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 20% 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, 2024 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, 2024 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	27,414	28,810
Debt securities	46,486	46,162
Long-term loans receivable	8,840	8,840
<u>Liabilities</u>		
Long-term debt [1]		
Bonds	220,000	218,586
Long-term debt	679,355	677,633

[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, 2024.

(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	510	-	35,404	35,914
Debt securities	10,523	5,648	2,901	19,072
Derivatives	-	132,410	2,171	134,581
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	58,929	-	105,910	164,839
Total financial assets at fair value	69,962	138,058	146,386	354,406
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	64,659	-	64,659
Total financial liabilities at fair value	-	64,659	-	64,659

The following table presents the changes in Level 3 instruments measured on a recurring basis for the year ended March 31, 2024.

(Millions of yen)

Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of year	132,797	4,959	-	137,756
Gain (loss) in profit or loss [1]	512	(47)	-	465
Gain in OCI [2]	4,375	-	-	4,375
Purchases	10,408	39	2,095	12,542
Sales and redemption	(8,176)	(746)	-	(8,922)
Acquisitions and divestitures	(2,170)	(14)	-	(2,184)
Other	3,568	(1,290)	76	2,354
Balance at end of year	141,314	2,901	2,171	146,386
Unrealized gain (loss) relating to financial assets held at end of year [3]	480	(7)	-	473

- [1] Gain (loss) in profit or loss related to Financial assets measured at fair value through profit or loss is included in Financial income and Financial expenses in the consolidated statement of profit or loss.
- [2] Gain in OCI related to Financial assets measured at fair value through other comprehensive income is included in Net changes in financial assets measured at fair value through OCI in the consolidated statement of comprehensive income.
- [3] Unrealized gain (loss) relating to Financial assets measured at fair value through profit or loss held at the end of year is included in Financial income and Financial expenses 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	6,155.38 yen
Net income attributable to Hitachi, Ltd. stockholders per share	634.57 yen

(Notes on Major Subsequent Events)

1. 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 decided to repurchase its own shares this time, taking into consideration its financial condition and the progress of the asset sales.

(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 21 million shares(*)

(2.27% of the number of outstanding shares (excluding treasury stocks))

(*)Aggregate number of shares to be repurchased will be 105 million shares after the effective date (July 1, 2024) of the Share Split that described below 2.

(iii) Aggregate amount of repurchase

Up to 200.0 billion yen

(iv) Period of the repurchase

From April 30, 2024 to March 31, 2025

(v) Method of repurchase

Expected open market purchase through the Tokyo Stock Exchange

2. Share Split and Partial Amendment of Articles of Incorporation

The Company decided on April 26, 2024 to implement a share split and partially amend its Articles of Incorporation.

(a) Purpose of share split

The Company will conduct a share split in order to create a more investor-friendly environment and expand its investor base by reducing the amount per investment unit of the Company's shares.

(b) Overview of share split

(i) Method of share split

The Company will conduct a share split into 5 shares for every one common share held by shareholders recorded in the latest register of shareholders as of June 30, 2024.

(ii) Number of shares to be increased by share split(*)

Total number of issued shares before the share split 927,167,877 shares

Number of shares to be increased by this share split 3,708,671,508 shares

Total number of issued shares after the share split 4,635,839,385 shares

Total number of shares authorized to be issued after the share split 10,000,000,000 shares

(*) The number of shares shown above is calculated based on the total number of shares outstanding as of March 31, 2024, and may change by the record date of the share split.

(c) Schedule

Date of public notice of the record date June 14, 2024 (scheduled)

Record date June 30, 2024 (scheduled)

Effective date July 1, 2024 (scheduled)

(d) Amendment of the total shares authorized to be issued by the Company

The total number of shares authorized to be issued by the Company will be amended to 10,000,000,000 shares as of July 1, 2024.

(e) Impact on per share information

Per share information assuming that the share split was performed at the beginning of this fiscal year is as follows.

Hitachi, Ltd. stockholders' equity per share 1,231.08 yen

Net income attributable to Hitachi, Ltd. stockholders per share 126.91 yen

(f) Others

There will be no change in the amount of stated capital as a result of the share split.

As the share split will take effect on July 1, 2024, the year-end dividend for the fiscal year ending March 31, 2024, which has a dividend record date of March 31, 2024, will be paid based on the shares before the share split.

Unconsolidated Balance Sheet

	Fiscal 2022 (Reference) (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
	(Millions of yen)	
(Assets)		
Current assets	1,020,191	1,687,949
Cash	32,916	25,403
Trade receivables and contract assets	591,333	667,498
Finished goods	15,493	13,179
Semi-finished goods	14,954	13,518
Raw materials	32,344	30,314
Work in process	62,805	66,762
Advances paid	26,266	32,201
Short-term loan receivables	75,124	572,849
Others	177,759	279,809
Allowance for doubtful receivables	(8,807)	(13,587)
Fixed assets	4,920,307	4,407,538
Tangible fixed assets	192,605	187,066
Buildings	95,950	91,956
Structures	5,358	5,380
Machinery	6,744	7,299
Vehicles	123	141
Tools and equipment	41,546	46,409
Land	23,430	20,894
Lease assets	14,982	12,943
Construction in progress	4,467	2,041
Intangible fixed assets	96,938	97,748
Patents	41	31
Software	91,579	92,730
Right of using facilities	207	140
Lease assets	54	78
Others	5,055	4,767
Investments and others	4,630,763	4,122,722
Affiliated companies' common stock	3,849,069	3,837,689
Other securities of affiliated companies	18,592	26,848
Investments in affiliated companies	33,126	32,253
Investments in securities	244,722	76,666
Long-term loan receivables	362,011	34
Prepaid pension costs	-	6,361
Deferred tax assets	58,624	103,253
Others	64,753	40,322
Allowance for doubtful receivables	(137)	(706)
Total assets	5,940,498	6,095,488

	Fiscal 2022 (Reference) (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
	(Millions of yen)	
(Liabilities)		
Current liabilities	1,474,485	1,450,411
Electronically recorded obligations	10,613	12,462
Trade accounts payable	262,665	276,563
Short-term debt	132,730	69,016
Current portion of debentures	30,000	-
Current portion of long-term debt	11,000	107,501
Lease liabilities	4,261	4,437
Other accounts payable	22,393	71,624
Accrued expenses	181,803	181,294
Contract liabilities	104,486	118,774
Deposits received	674,680	574,026
Provision for product warranties	69	79
Provision for loss on construction contracts	37,272	33,318
Others	2,507	1,313
Non-current liabilities	1,129,374	1,030,880
Debentures	130,000	220,000
Long-term debt	750,378	547,484
Lease liabilities	12,718	9,973
Accrued pension liability	75,212	66,959
Provision for loss on business of affiliated companies	139,422	165,953
Asset retirement obligations	10,889	10,469
Others	10,754	10,041
Total liabilities	2,603,860	2,481,292
(Net assets)		
Stockholders' equity	3,216,044	3,553,986
Common stock	462,817	463,417
Capital surplus	254,133	181,383
Capital reserve	180,783	181,383
Others	73,349	-
Retained Earnings	2,502,632	2,914,176
Others	2,502,632	2,914,176
Reserve for advanced depreciation of fixed assets	927	835
Retained earnings carried forward	2,501,705	2,913,340
Treasury stock	(3,539)	(4,991)
Valuation and translation adjustments	119,359	59,059
Unrealized holding gains on securities	103,379	28,537
Deferred profit or loss on hedges	15,980	30,521
Subscription rights to shares	1,233	1,149
Total net assets	3,336,637	3,614,195
Total liabilities and net assets	5,940,498	6,095,488

Unconsolidated Statement of Operations

	Years ended March 31	
	2023 (Reference)	2024
	(Millions of yen)	
Revenues	1,631,338	1,756,937
Cost of sales	1,173,314	1,218,045
Gross profit on sales	458,023	538,892
Selling, general and administrative expenses	369,999	391,179
Operating income	88,023	147,712
Other income	312,820	324,571
Interest income and dividends	292,812	295,671
Others	20,008	28,899
Other expenses	46,125	71,282
Interest expenses	14,185	21,499
Others	31,939	49,782
Ordinary income	354,719	401,001
Extraordinary gain	701,451	278,191
Gain on sale of investments in securities	12,640	153,330
Gain on sale of affiliated companies' common stock	687,447	110,135
Gain on sale of real property	1,363	14,726
Extraordinary loss	23,690	47,105
Impairment loss on affiliated companies' common stock	9,556	37,229
Loss on impairment of assets	12,091	9,001
Impairment loss on investments in capital of affiliated companies	1,908	873
Impairment loss on investments in securities	134	-
Income before income taxes	1,032,480	632,088
Income taxes		
Current	76,455	81,541
Deferred	(31,922)	(31,023)
Net Income	987,946	581,570

Unconsolidated Statement of Changes in Net Assets (April 1, 2023 to March 31, 2024)

(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	462,817	180,783	73,349	254,133	927	2,501,705	2,502,632	(3,539)	3,216,044
Change during year									
Issuance of new shares	600	600		600					1,200
Reversal of reserve for advanced depreciation of fixed assets					(91)	91	-		-
Distribution of surplus						(144,461)	(144,461)		(144,461)
Net income						581,570	581,570		581,570
Acquisition of treasury stock								(100,458)	(100,458)
Disposition of treasury stock			(120)	(120)				213	92
Cancellation of treasury stock			(98,793)	(98,793)				98,793	-
Transfer to capital surplus from retained earnings			25,564	25,564		(25,564)	(25,564)		-
(Net) Change in items other than stockholders' equity during year									
Total change during year	600	600	(73,349)	(72,749)	(91)	411,634	411,543	(1,452)	337,942
Balance at end of year	463,417	181,383	-	181,383	835	2,913,340	2,914,176	(4,991)	3,553,986

	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	103,379	15,980	119,359	1,233	3,336,637
Change during year					
Issuance of new shares					1,200
Reversal of reserve for advanced depreciation of fixed assets					-
Distribution of surplus					(144,461)
Net income					581,570
Acquisition of treasury stock					(100,458)
Disposition of treasury stock					92
Cancellation of treasury stock					-
Transfer to capital surplus from retained earnings					-
(Net) Change in items other than stockholders' equity during year	(74,841)	14,540	(60,300)	(83)	(60,384)
Total change during year	(74,841)	14,540	(60,300)	(83)	277,557
Balance at end of year	28,537	30,521	59,059	1,149	3,614,195

(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.
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:
In order to provide for employees' retirement and severance benefits, the Company accounted for Accrued pension liability or Prepaid pension costs 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
The Company adopts 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.

(Change in Presentation)

Unconsolidated Balance Sheet

"Current portion of long-term debt" is separately disclosed from "Short-term debt" of "Current liabilities" due to the increase of the materiality in this fiscal year.

(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: 3,839,056 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 due to the business environment 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: 187,066 million yen
The ending balance of Intangible fixed assets (excluding selling, leasing, or otherwise marketing software): 80,682 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: 165,953 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 Prepaid pension costs: 6,361 million yen
The ending balance of Accrued pension liability: 66,959 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. 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: 33,318 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 '4. 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: 103,253 million yen
 - (2) Information that contributes to understanding of accounting estimates
This note is omitted as the same content is stated in '5. 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	6	Collaterals for borrowings by investees
Long-term loan receivables	32	Collaterals for borrowings by affiliated companies
Total	84	

2. Accumulated depreciation of tangible fixed assets

Buildings	137,588 million yen
Structures	23,876 million yen
Machinery	81,765 million yen
Vehicles	918 million yen
Tools and equipment	144,355 million yen
Lease assets	10,159 million yen

3. Guarantees

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

(Millions of yen)

Guarantee	Year-end balance
Hitachi Energy Ltd	840,694
Hitachi Rail STS S.p.A.	322,443
Hitachi Rail Ltd.	60,422
Hitachi Energy Canada Inc.	4,720
Kawasaki Railcar Manufacturing Co., Ltd.	1,600
Others	3,788
Total	1,233,669

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	944,065 million yen
Long-term receivables from affiliated companies	9,484 million yen
Short-term payables to affiliated companies	826,405 million yen
Long-term payables to affiliated companies	4,935 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 storage infrastructure management services	Software	-
Assets to be held and used	Software relating to service business for financial institutions	Software	-
Assets to be held and used	Software relating to service business for medical institutions	Software, etc.	-

(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	59 million yen
Structures	5 million yen
Machinery	1,068 million yen
Vehicles	1 million yen
Tools and equipment	384 million yen
Software	6,971 million yen
Others	510 million yen
Total	9,001 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	400,758 million yen
Purchases from affiliated companies	787,547 million yen
Non-operating transactions with affiliated companies	157,024 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	510,830	11,139,272	11,103,929	546,173

Summary of Reason for Change

The increase during this fiscal year by 11,139,272 shares is due to the repurchase of 11,073,400 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 27, 2023, and the purchase of 46,472 shares from less-than-one unit shareholders at their request, and the acquisition of 19,400 shares without consideration in accordance with the restricted stock compensation plan. The decrease during this fiscal year by 11,103,929 shares is due to the cancellation of 11,073,400 shares of its treasury shares pursuant to Article 178 of the Companies Act of Japan, and the disposition of 29,720 shares as a result of the exercise of stock acquisition rights, and the sale of 809 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, 2024, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term project was 444,089 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 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 America, Ltd.	Direct: 100.0%	Sale of the Group's products *	Underwriting of capital increase	75,685	-	-
Subsidiary	Hitachi Energy Finance Ltd	Indirect: 100.0%	Loan	Loan (Note 1)	42,912	Short-term loan receivables	363,384
Subsidiary	Hitachi America Capital, Ltd.	Indirect: 100.0%	*	Loan (Note 1) (Note 2)	192,290	Short-term loan receivables	192,290
Subsidiary	Hitachi International (Holland) B.V.	Direct: 100.0%	*	Deposits paid (Note 1) (Note 2)	95,610	Other current assets	95,610
Subsidiary	Hitachi (China), Ltd.	Direct: 100.0%	Sale of the Group's products *	Borrowing (Note 1) (Note 2)	67,697	Short-term debt	67,697
Subsidiary	Hitachi High-Tech Corporation	Direct: 100.0%	Sale of the Company's products *	Deposits received (Note 1) (Note 2) (Note 3)	3,196	Deposits received	115,492
Subsidiary	Hitachi Global Life Solutions, Inc.	Direct: 100.0%	Manufacturing, sale and maintenance of the Group's products *	Deposits received (Note 1) (Note 2) (Note 3)	(627)	Deposits received	70,573
Subsidiary	Hitachi Systems, Ltd.	Direct: 100.0%	Outsourcing of the Company's software development, outsourcing of maintenance of the Company's telecommunications equipment *	Deposits received (Note 1) (Note 2) (Note 3)	(12,560)	Deposits received	62,116
Subsidiary	Hitachi Energy Ltd	Direct: 100.0%	*	Guarantees	840,694	-	-
Subsidiary	Hitachi Rail STS S.p.A.	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products *	Guarantees	322,443	-	-
Affiliate	Hitachi Astemo, Ltd.	Direct: 40.0%	Purchase of Hitachi Astemo, Ltd.'s products *	Transfer of shares of Hitachi Astemo, Ltd. (Note 4) Transfer price Profits	112,090 77,080	-	-

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

Notes: 1. The interest rate was determined with due consideration to market interest rates. The transaction amount indicates the change from the balance at the beginning of the fiscal year.

2. These are transactions made based on the pooling system wherein the funds of the Company and affiliated companies to be loaned to affiliated companies who have financing needs through the Company or overseas financial subsidiaries.

3. The transaction amount includes interest received and paid.

4. The Company transferred a part of shares of Hitachi Astemo, Ltd. to Hitachi Astemo, Ltd. in association with the acquisition of treasury stocks by itself. The transfer price was determined with due consideration to the valuation amount presented by an independent third party.

(Note on Per Share Information)

Net assets per share 3,899.16 yen

Net income per share 625.36 yen

(Notes on Major Subsequent Events)

1. 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 decided to repurchase its own shares this time, taking into consideration its financial condition and the progress of the asset sales.

(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 21 million shares(*)

(2.27% of the number of outstanding shares (excluding treasury stocks))

(*)Aggregate number of shares to be repurchased will be 105 million shares after the effective date (July 1, 2024) of the Share Split that described below 2.

(iii) Aggregate amount of repurchase

Up to 200.0 billion yen

(iv) Period of the repurchase

From April 30, 2024 to March 31, 2025

(v) Method of repurchase

Expected open market purchase through the Tokyo Stock Exchange

2. Share Split and Partial Amendment of Articles of Incorporation

The Company decided on April 26, 2024 to implement a share split and partially amend its Articles of Incorporation.

(a) Purpose of share split

The Company will conduct a share split in order to create a more investor-friendly environment and expand its investor base by reducing the amount per investment unit of the Company's shares.

(b) Overview of share split

(i) Method of share split

The Company will conduct a share split into 5 shares for every one common share held by shareholders recorded in the latest register of shareholders as of June 30, 2024.

(ii) Number of shares to be increased by share split(*)

Total number of issued shares before the share split 927,167,877 shares

Number of shares to be increased by this share split 3,708,671,508 shares

Total number of issued shares after the share split 4,635,839,385 shares

Total number of shares authorized to be issued after the share split 10,000,000,000 shares

(*) The number of shares shown above is calculated based on the total number of shares outstanding as of March 31, 2024, and may change by the record date of the share split.

(c) Schedule

Date of public notice of the record date June 14, 2024 (scheduled)

Record date June 30, 2024 (scheduled)

Effective date July 1, 2024 (scheduled)

(d) Amendment of the total shares authorized to be issued by the Company

The total number of shares authorized to be issued by the Company will be amended to 10,000,000,000 shares as of July 1, 2024.

(e) Impact on per share information

Per share information assuming that the share split was performed at the beginning of this fiscal year is as follows.

Net assets per share 779.83 yen

Net income per share 125.07 yen

(f) Others

There will be no change in the amount of stated capital as a result of the share split.

As the share split will take effect on July 1, 2024, the year-end dividend for the fiscal year ending March 31, 2024, which has a dividend record date of March 31, 2024, will be paid based on the shares before the share split.

Independent Auditor's Report

May 9, 2024

Mr. Keiji Kojima, President & CEO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Koji Fujima
Designated Engagement Partner
Certified Public Accountant

Teruyasu Omote
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, 2023 to March 31, 2024.

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, 2024, in accordance with International Financial Reporting Standards (IFRSs) (however, certain disclosures are omitted pursuant to the second sentence of Article 120, Paragraph 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, Paragraph 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, Paragraph 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, Paragraph 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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, 2024. 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 9, 2024

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

Koji Fujima
Designated Engagement Partner
Certified Public Accountant

Teruyasu Omote
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 operations, 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 155th fiscal year from April 1, 2023 to March 31, 2024.

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, 2024, 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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, 2024. Ernst & Young ShinNihon LLC has not audited the English language version of the unconsolidated financial statements for the above-mentioned year.

AUDIT REPORT

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 155th business term (from April 1, 2023 to March 31, 2024). 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, 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) 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 9, 2024

Audit Committee, Hitachi, Ltd.
Hiroaki Yoshihara
Katsumi Ihara
Ikuro Sugawara
Helmuth Ludwig
Mitsuaki Nishiyama (Standing)

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.