HITACHI

Annual Securities Report

(The 156th Business Term)
From April 1, 2024 to March 31, 2025

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

[Cover]

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[Fiscal Year]	The 156th Business Term (from April 1, 2024 to March 31, 2025)
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This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan with some contents including cover page, table of contents and URL of the reference information.

Certain information in “Part I. Information on the Company - II. Business Overview - 3. Risk Factors - Risks Related to Our American Depositary Shares” is only included in this English translation of the Annual Securities Report for ADSs holders and not included in the original report.

Certain information in “Part I. Information on the Company - V. Financial Information” in this document incorporates financial statements prepared in conformity with the International Financial Report Standards (“IFRS”) as issued by the International Accounting Standards Board and independent auditor’s report instead of the English translation of the Annual Securities Report.

The translation of the Internal Control Report, the Independent Auditors’ Report and the Confirmation Letter for the original Annual Securities Report are included at the end of this document.

This English translation of the Annual Securities Report reflected the amendment that was reported in the Amendment Report of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via EDINET on July 31, 2025.

In this document, the terms “we,” “us,” “our” and “Hitachi” refer to Hitachi, Ltd. and consolidated subsidiaries or, as the context may require, Hitachi, Ltd. on a non-consolidated basis and the term “the Company” refers to Hitachi, Ltd. on a non- consolidated basis.

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

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

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

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Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal year	152nd business term	153rd business term	154th business term	155th business term	156th business term
Year end	March 2021	March 2022	March 2023	March 2024	March 2025
Revenues	8,729,196	10,264,602	10,881,150	9,728,716	9,783,370
Income before income taxes	844,443	839,333	819,971	825,801	962,733
Net income attributable to Hitachi, Ltd. stockholders	501,613	583,470	649,124	589,896	615,724
Comprehensive income attributable to Hitachi, Ltd. stockholders	838,237	958,008	905,819	1,013,811	523,435
Total Hitachi, Ltd. stockholders' equity	3,525,502	4,341,836	4,942,854	5,703,705	5,847,091
Total equity	4,458,232	5,355,277	5,335,567	5,859,603	6,031,417
Total assets	11,852,853	13,887,502	12,501,414	12,221,284	13,284,813
Total Hitachi, Ltd. stockholders' equity per share (yen)	729.29	897.78	1,054.39	1,231.08	1,277.25
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	103.86	120.75	136.91	126.91	133.85
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	103.70	120.59	136.78	126.75	133.72
Total Hitachi, Ltd. stockholders' equity ratio (%)	29.7	31.3	39.5	46.7	44.0
Return on equity (%)	15.0	14.8	14.0	11.1	10.7
Price earnings ratio (times)	9.6	10.2	10.6	21.9	25.8
Net cash provided by (used in) operating activities	793,128	729,943	827,045	956,612	1,172,240
Net cash provided by (used in) investing activities	(458,840)	(1,048,866)	151,063	(131,543)	(573,650)
Net cash provided by (used in) financing activities	(184,838)	202,739	(1,142,966)	(1,024,907)	(424,122)
Cash and cash equivalents at end of year	1,015,886	968,827	833,283	705,367	866,242
Number of employees	350,864	368,247	322,525	268,655	282,743

(Notes) 1. Our consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS").

2. "Income from continuing operations, before income taxes" is shown in the "Income before income taxes" column for the 152nd business term.

3. On July 1, 2024, the Company completed the share split into five shares for per share of common stock. The figures of "Total Hitachi, Ltd. stockholders' equity per share", "Earnings per share attributable to Hitachi, Ltd. stockholders, basic" and "Earnings per share attributable to Hitachi, Ltd. stockholders, diluted" are calculated on the assumption that the Company concluded this split at the beginning of the 152nd business term.

4. The average number of part-time employees is not stated since they represented fewer than 10% of the number of employees.

(2) Financial data, etc. of the Company

(Millions of yen, unless otherwise stated)

Fiscal year	152nd business term	153rd business term	154th business term	155th business term	156th business term
Year end	March 2021	March 2022	March 2023	March 2024	March 2025
Revenues	1,678,223	1,623,424	1,631,338	1,756,937	1,774,233
Ordinary income	305,461	365,049	354,719	401,001	428,610
Net income	705,511	516,115	987,946	581,570	390,107
Common stock	460,790	461,731	462,817	463,417	464,384
Number of issued shares (thousands of shares)	967,885	968,234	938,083	927,167	4,580,341
Total net assets	2,243,742	2,643,733	3,336,637	3,614,195	3,587,499
Total assets	4,982,609	5,815,620	5,940,498	6,095,488	6,515,451
Net assets per share (yen)	463.70	546.35	711.50	779.83	783.48
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	105 [50]	125 [60]	145 [70]	180 [80]	43 [21]
Net income per share, basic (yen)	145.95	106.73	208.24	125.07	84.79
Net income per share, diluted (yen)	145.84	106.66	208.12	125.00	84.71
Stockholders' equity ratio (%)	45.0	45.4	56.1	59.3	55.0
Return on equity (%)	36.9	21.1	33.1	16.7	10.8
Price earnings ratio (times)	6.9	11.6	7.0	22.2	40.8
Dividend payout ratio (%)	14.4	23.4	13.9	28.8	50.7
Number of employees	29,850	29,485	28,672	28,111	25,892
Total shareholder return (%) [Comparative indicator: Dividend-included TOPIX] (%)	162.6 [142.1]	203.5 [145.0]	242.7 [153.4]	460.1 [216.8]	574.6 [213.4]
Highest share price (yen)	5,515.0	7,460.0	7,463.0	14,140.0	4,448.0
Lowest share price (yen)	2,855.0	4,750.0	5,665.0	6,992.0	2,584.0

(Notes)
1. On July 1, 2024, the Company completed the share split into five shares for every common stock. The figures of "Net assets per share", "Net income per share, basic" and "Net income per share, diluted" are calculated on the assumption that the Company concluded this split at the beginning of the 152nd business term. The figures of "Dividends per share" for the 155th business term and earlier are stated based on the actual dividend amounts before the share split.
2. The average number of part-time employees is not stated since they represented fewer than 10% of the number of employees.
3. The highest and lowest share prices are market prices on the Prime Market of the Tokyo Stock Exchange since April 4, 2022 and the highest and lowest share prices before that are market prices on the first section of the Tokyo Stock Exchange. On July 1, 2024, the Company completed the share split into five shares for per share of common stock. For the 156th business term, the highest and lowest share prices stated are those after the share split.
4. Effective from the 153rd business term, the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020). The figures for key financial data from the 153rd business term are restated as the standard is applied.

2. History

1910 Founded as a repair shop at Hitachi copper mine of Kuhara Mining Company

Feb. 1920 Incorporated as Hitachi, Ltd. with the Hitachi and Kameido Works

Feb. 1921 Acquired the Kasado shipyard from Nippon Kisen Co., Ltd. and established Kasado Works

May 1935 Equity participation in Kyousei Reiki Kogyo K.K. (later changed its name to Hitachi Plant Engineering & Construction Co., Ltd.)

1910
A five-horsepower induction motor, one of the products we offered during our founding period (motor)

May 1937 Merged Kokusan Industries, Ltd. and established seven factories, including Totsuka Works

Apr. 1939 Established Taga Works, spun off the Hitachi Research Laboratory from Hitachi Works

Sep. 1940 Established Mito Works

Apr. 1942 Established the Central Research Laboratory

Sep. 1943 Merged Riken Vacuum Industry and established Mobara Works

Mar. 1944 Spun off Shimizu Works from Kameari Works

Dec. Spun off Tochigi Works from Taga Works

Apr. 1947 Established Hinode Shokai Co., Ltd. (currently Hitachi High-Tech Corporation)

May 1949 Established Higashi-Nippon Senikikai K.K. (later changed its name to Hitachi Medical Corporation)

Feb. 1950 Established Nitto Transport K.K. (later Hitachi Transport System, Ltd.)

May 1955 Established Hitachi Sales Corporation

Oct. 1956 Spun off Hitachi Metals Industries, Ltd. (later Hitachi Metals, Ltd.) and Hitachi Cable, Ltd.

1956
Escalators that became vertical metropolitan pathways

Nov. Established Hitachi Kiden Kogyo, Ltd.

Jun. 1957 Spun off Kokubu Works from Hitachi Works

Feb. 1959 Established Yokohama Works

Oct. Established Hitachi New York, Ltd. (currently Hitachi America, Ltd.)

Jun. 1960 Equity participation in Nippon Business Consultant Co., Ltd. (later changed its name to Hitachi Information Systems, Ltd.)

Aug. Established Hitachi Geppan Corp. (later changed its name to Hitachi Credit Corporation)

Feb. 1961 Spun off Naka Works from Taga Works;

Equity participation in Maxell Electric Industrial Co., Ltd.

Aug. Established Katsuta Works

Aug. 1962 Established Kanagawa Works

Feb. 1963 Spun off Narashino Works from Kameido Works

Apr. Spun off Hitachi Chemical Company, Ltd.

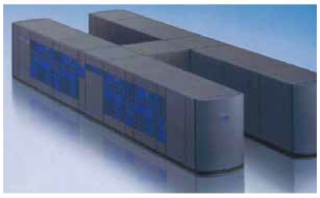
1964
The world's first Shinkansen
(bullet train) cars to reach 200 km/h

Feb. 1966 Established the Mechanical Engineering Research Laboratory

Feb. 1968 Spun off Sawa Works from Taga Works, spun off Tokai Works from Yokohama Works, and spun off Odawara Works from Kanagawa Works

Feb.	1969	Established Software Works
Apr.		Established Ome Works
Aug.		Established Omika Works
Dec.		Spun off Hitachi Construction Machinery Co., Ltd.
May	1970	Established Takasaki Works
Sep.		Established Hitachi Software Engineering Co., Ltd.
Apr.	1971	Acquired Asahi Works from Hitachi Denshi, Ltd.
Jun.		Established the Production Engineering Research Laboratory
Feb.	1973	Established the Systems Development Laboratory
Jun.	1974	Established Tsuchiura Works
Nov.		Relocated Kameido Works and renamed it Nakajo Works
Jun.	1982	Established Hitachi Europe Ltd.
Apr.	1985	Established Advanced Research Laboratory
Feb.	1989	Established Hitachi Asia Pte. Ltd. (currently Hitachi Asia Ltd.)
Feb.	1991	Integrated Sawa Works into the Automotive Products Division
Aug.		Integrated Katsuta Works into the Materials Process Technology Division; integrated Totsuka Works into the Information & Telecommunication Division; integrated Naka Works into the Instruments Division
Feb.	1992	Integrated Yokohama Works and Tokai Works into the AV Products Division
Aug.		Changed the operation unit of home appliances, computers and electronic devices businesses from a factory to a business division
Feb.	1993	Integrated the Semiconductor Technology Development Center, Musashi Works and Takasaki Works into the Semiconductor Division
Aug.		Integrated Shimizu Works into the Air Conditioning Division, integrated Nakajo Works and Narashino Works into the Industrial Equipment Division
Aug.	1994	Integrated Consumer Products Group and Image & Information Media Division and renamed them Consumer Products & Information Media Systems Group
Oct.		Established Hitachi (China), Ltd.
Feb.	1995	Reorganized business groups as the Power & Industrial Systems Group, Consumer Products & Information Media Systems Group, Information Systems Group and Electronics Components Group; integrated a part of the R&D division and sales division into the business groups
Apr.		Merged Hitachi Sales Corporation
Apr.	1999	Reorganized business groups into de facto companies to independently operate each business group
Oct.	2000	Merged Hitachi Credit Corporation with Hitachi Leasing Corp. and changed its name to Hitachi Capital Corporation
Oct.	2001	Split the Instruments Group and Semiconductor Manufacturing Equipment Group via a company split and reorganized them as Hitachi High -Technologies Corporation (currently Hitachi High-Tech Corporation); Split the Industrial Machinery Systems Division via a company split and reorganized it as Hitachi Industries Co., Ltd.


1972
COMTRAC, Computer Aided Traffic Control System for Shinkansen, operations launched


1999
Launch of super technical server (world's fastest at the time)


2001
Proton therapy system (University of Tsukuba Hospital)

Apr.	2002	Split the Home Appliance Group via a company split and reorganized it as Hitachi Home & Life Solutions, Inc.; Split the Industrial Equipment Group via a company split and reorganized it as Hitachi Industrial Equipment Systems Co., Ltd.
Oct.		Split the Display Group via a company split and established Hitachi Displays, Ltd.; Split the Telecommunication Equipment Division via a company split and reorganized it as Hitachi Communication Technologies, Ltd.; Turned Unisia Jecs Corporation (its name later changed to Hitachi Unisia Automotive, Ltd.) into a wholly owned subsidiary via a share exchange
Jan.	2003	Acquired the HDDs business from IBM Corp., and commenced operations as Hitachi Global Storage Technologies Netherlands B.V.
Apr.		Split the semiconductor business, centering on system LSIs, via a company split and established Renesas Technology Corp. (It merged with NEC Electronics Corporation and changed its name to Renesas Electronics Corporation in April 2010, and ceased to be an affiliate of the Company due to a decrease in the Company's ownership percentage of voting rights in September 2013.)
Jun.		Adopted committee system as the Company's corporate governance structure
Oct.	2004	Merged TOKICO, Ltd. and Hitachi Unisia Automotive, Ltd.; Split the Mechatronics System Division, centering on ATMs, via a company split and established Hitachi-Omron Terminal Solutions, Corp. (later changing its name to Hitachi Channel Solutions, Corp.)
Apr.	2006	Split the Social & industrial infrastructure business via a company split and integrated it with Hitachi Plant Engineering & Construction Co., Ltd., Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. and reorganized them as Hitachi Plant Technologies, Ltd.; Merged Hitachi Home & Life Solutions, Inc. with Hitachi Air Conditioning Systems Co., Ltd. and changed its name to Hitachi Appliances, Inc.
Dec.		Turned Clarion Co., Ltd. into a consolidated subsidiary via a tender offer
Jul.	2007	Split the nuclear power systems business via a company split and reorganized it as Hitachi-GE Nuclear Energy, Ltd. (currently Hitachi GE Vernova Nuclear Energy, Ltd.)
Mar.	2009	Turned Hitachi Koki Co., Ltd. into a consolidated subsidiary via a tender offer; Turned Hitachi Kokusai Electric Inc. into a consolidated subsidiary via a tender offer
Jul.		Merged Hitachi Communication Technologies, Ltd.; Split the Automotive Systems Group via a company split and established Hitachi Automotive Systems, Ltd.; Split the Consumer Business Group via a company split and established Hitachi Consumer Electronics Co., Ltd.
Oct.		Reorganized business groups into in-house companies with independent accounting to promote quick business operation
Feb.	2010	Turned Hitachi Information Systems, Ltd., Hitachi Software Engineering Co., Ltd. and Hitachi Systems & Services, Ltd. into wholly owned subsidiaries
Apr.		Turned Hitachi Plant Technologies, Ltd. and Hitachi Maxell, Ltd. into wholly owned subsidiaries via share exchanges (turned Hitachi Maxell, Ltd. into an equity-method associate of the Company via the sale of its shares in March 2014, and it ceased to be an affiliate of the Company in March 2017 following the sale of its shares)
Oct.		Merged Hitachi Software Engineering Co., Ltd. with Hitachi Systems & Services, Ltd. and changed its name to Hitachi Solutions, Ltd.
Oct.	2011	Merged Hitachi Electronics Services Co., Ltd. with Hitachi Information Systems, Ltd. and changed its name to Hitachi Systems, Ltd.
Mar.	2012	Transferred the HDDs business to Western Digital Corporation via the sale of shares of Viviti Technologies Ltd., a holding company for Hitachi Global Storage Technologies Inc., etc.; Transferred small and medium-sized displays business via the sale of shares of Hitachi Displays, Ltd.
Apr.	2013	Merged Hitachi Plant Technologies, Ltd.
Jul.		Merged Hitachi Metals, Ltd. with Hitachi Cable, Ltd.

Feb. 2014 Split the thermal power generating systems business via a company split and transferred it to Mitsubishi Hitachi Power Systems, Ltd. (It ceased to be an affiliate of the Company in September 2020 following the sale of its shares.)

Mar. Turned Hitachi Medical Corporation into a wholly owned subsidiary via a share exchange (It changed its name to Hitachi Healthcare Manufacturing, Ltd. following the reorganization of Hitachi's healthcare business in April 2016.)

Apr. 2015 Reorganized Central Research Laboratory, Hitachi Research Laboratory, Yokohama Research Laboratory, Design Division and overseas R&D facilities into Global Center for Social Innovation, Center for Technology Innovation and Center for Exploratory Research to establish global R&D structure from the perspective of customers.

Oct. Hitachi Appliances, Inc. transferred its air-conditioning systems business to a joint venture established with Johnson Controls Inc.

Apr. 2016 Reorganized in-house companies into business units as a market-specific business structure

2017
Class 800 train for the Intercity Express Programme (IEP)

May Turned Hitachi Transport System, Ltd. into an equity-method associate of the Company via the sale of a part of its shares (It ceased to be an affiliate of the Company in March 2023 following the sale of its shares)

Oct. Turned Hitachi Capital Corporation into an equity-method associate of the Company via the sale of a part of its shares (It ceased to be an affiliate of the Company as a result of the merger with Mitsubishi UFJ Lease & Finance Company Limited. in April 2021.)

Mar. 2017 Transferred the power tools business via the sale of shares of Hitachi Koki, Co., Ltd.

Jun. 2018 Sold the semiconductor manufacturing equipment business of Hitachi Kokusai Electric Inc. (currently KOKUSAI DENKI Electric Inc.) and turned it into an equity-method associate of the Company

Mar. 2019 Transferred the car information systems business via the sale of shares of Clarion, Co., Ltd.

Apr. Merged Hitachi Appliances, Inc. with Hitachi Consumer Marketing, Inc. and changed its name to Hitachi Global Life Solutions, Inc.

Apr. 2020 Transferred the business of Hitachi Chemical Company, Ltd. via a sale of its shares

May Turned Hitachi High-Tech Corporation into a wholly owned subsidiary

Jul. Acquired the power grids business from ABB Ltd and commenced operations as Hitachi ABB Power Grids Ltd. (later changed its name to Hitachi Energy Ltd)

2021
Establishment of Lumada Innovation Hub Tokyo as the flagship site for co-creation

Jan. 2021 Merged Hitachi Automotive Systems, Ltd. with Keihin Corporation, Showa Corporation and Nissin Kogyo Co., Ltd. and changed its name to Hitachi Astemo, Ltd.

Mar. Split the diagnostic imaging-related business via a company split and sold it to FUJIFILM Healthcare Corporation via the sale of its shares

July Hitachi Global Digital Holdings LLC (later changed its name to Hitachi Digital LLC) turned GlobalLogic Worldwide Holdings, Inc., which is the parent of GlobalLogic Inc., into a wholly owned subsidiary

Aug. 2022 Turned Hitachi Construction Machinery Co., Ltd. into an equity-method associate of the Company via the sale of a part of its shares

Jan. 2023 Transferred the business of Hitachi Metals, Ltd. (currently Proterial, Ltd.) via the sale of its shares

Oct. Turned Hitachi Astemo, Ltd. (currently Astemo, Ltd.) into an equity-method associate of the Company via the sale of a part of its shares

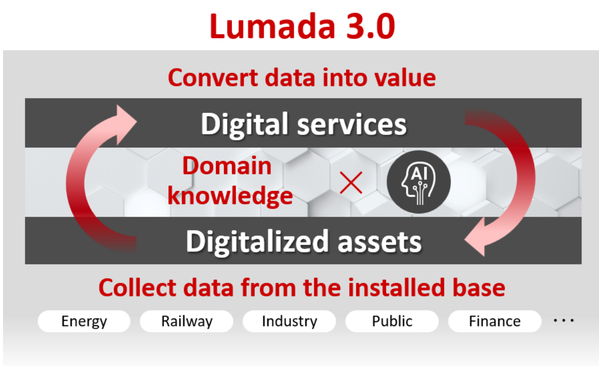
3. Description of Business

As of March 31, 2025, the Hitachi Group, which comprises the Company and 994 affiliates (618 consolidated subsidiaries and 376 equity-method associates and joint ventures), positions three sectors, namely Digital Systems & Services, Green Energy & Mobility, and Connective Industries, as growth areas and allocates related business units into each sector. Also operating in a fourth sector, Others, the Hitachi Group engages in a broad range of business activities across all four sectors, from product development and manufacturing to sales and services.

(Note) As of April 1, 2025, in order to enhance the flexibility of the operation of the energy business and the railway systems business, Green Energy & Mobility has been divided into two sectors, Energy and Mobility, and the total number of segments is now five, including Digital Systems & Services, Connective Industries and Others.

Hitachi's strength include its ability to transform social infrastructure, powering it with a combination of cutting-edge information technology (IT) and operational technology (OT), its high-quality, highly reliable products, and its integrated technology and domain knowledge (specialized knowledge and experience in a specific area or industry).

As society and business continue to generate more data, Hitachi's Lumada acts as an engine that creates new value from these data and accelerates digital innovation. "Lumada" is a collective term for the solutions, services and technologies that utilize Hitachi's advanced digital technologies. The purpose of Lumada is to create new value and knowledge by illuminating customers' data, and to contribute to solving issues and driving growth for our customers and society as a whole. The name Lumada comes from "illuminate" and "data." Since launching the business in 2016, Lumada has continued to evolve.



In this evolved Lumada, Hitachi's broad installed base (products and systems) is positioned as a digitalized asset as a source of data that creates value. By providing digital services that convert collected data into value using Hitachi's domain knowledge and AI, we will contribute to solving customer issues. Moreover, we will expand to installed bases of other companies and proactively utilize the data we obtain from them. We will also apply our know-how to create value by combining the domain knowledge and AI cultivated in one industry and field to other industries and fields. This will lead to solutions to issues facing society as a whole.

A typical example is HMAX, a digital asset management solution with AI technology. Utilizing cutting-edge AI technology, we will collect and analyze real-time data from installed bases such as railway rolling stock and signals, and provide a one-stop service for the maintenance and operation of railway systems, thereby helping railway operators improve maintenance efficiency and reduce costs. And by expanding HMAX beyond railways to other industries such as energy and industrial sectors, and to installed bases of other companies, we will bring innovation to the entire social infrastructure.

An outline of key businesses for each segment and the positioning of Business Units (BU) of the Company and principal affiliated companies are described as follows.

(As of March 31, 2025)

Segments	Main products and services	BU and principal affiliated companies
Digital Systems & Services	・Digital Solutions (System Integration, Consulting, Cloud Services) ・IT Products (Storage, Servers) ・Software ・ATMs	[BU] Cloud Services & Platform BU Digital Engineering BU Financial Institutions BU Social Infrastructure Systems BU [Consolidated subsidiaries] Hitachi Channel Solutions Corp. Hitachi Information & Telecommunication Engineering, Ltd. Hitachi Solutions, Ltd. Hitachi Systems, Ltd. Hitachi Vantara, Ltd. GlobalLogic Worldwide Holding, Inc. Hitachi Computer Products (America), Inc. Hitachi Digital LLC Hitachi Digital Services LLC Hitachi Payment Services Private Limited Hitachi Vantara LLC [Equity-method associates] KOKUSAI DENKI Electric Inc.
Green Energy & Mobility	・Energy Solutions (Power Grids, Renewable Energy, Nuclear) ・Railway Systems	[BU] Power Grids BU Nuclear Energy BU Railway Systems BU [Consolidated subsidiaries] Hitachi-GE Nuclear Energy, Ltd. Hitachi Plant Construction, Ltd. Hitachi Power Solutions Co., Ltd. Hitachi Energy Ltd. Hitachi Rail Ltd.
Connective Industries	・Building Systems (Elevators, Escalators) ・Smart Life & Ecofriendly Systems (Home Appliances, Air Conditioners) ・Measurement and Analysis Systems (Semiconductor Manufacturing Equipment, Clinical Analyzers) ・Industry & Distribution Solutions ・Water & Environment Solutions ・Industrial Machinery	[BU] Building Systems BU Industrial Digital BU Water & Environment BU [Consolidated subsidiaries] Hitachi Building Systems Co., Ltd. Hitachi Global Life Solutions, Inc. Hitachi High-Tech Corporation Hitachi Industrial Equipment Systems Co., Ltd. Hitachi Industrial Products, Ltd. Hitachi Industry & Control Solutions, Ltd. Hitachi Plant Services Co., Ltd. Hitachi Elevator (China) Co., Ltd. Hitachi Global Air Power US, LLC Hitachi Industrial Holdings Americas, Inc. JR Technology Group, LLC [Equity-method associates] Arcelik Hitachi Home Appliances B.V. Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd
Others	・Property Management ・Others	[Consolidated subsidiaries] Hitachi Real Estate Partners, Ltd. Hitachi America, Ltd. Hitachi Asia Ltd. Hitachi (China), Ltd. Hitachi Europe Ltd. Hitachi India Pvt. Ltd.

(Notes) 1. Hitachi Computer Products (America), Inc. changed its name to Hitachi Vantara Manufacturing, Inc. as of April 1, 2025.

2. Hitachi-GE Nuclear Energy, Ltd. changed its name to Hitachi GE Vernova Nuclear Energy, Ltd. as of June 1, 2025.

3. Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China), Ltd., Hitachi Europe Ltd. and Hitachi India Pvt. Ltd. are the Hitachi Group's regional supervising company for the Americas, Asia, China, Europe and India, and they sell the Hitachi

Group's products.

4. In addition to the above, the major equity-method associates as of March 31, 2025, include Hitachi Astemo, Ltd. and Hitachi Construction Machinery Co., Ltd. Hitachi Astemo, Ltd. changed its name to Astemo, Ltd. as of April 1, 2025.

4. Information on Affiliates

(1) Consolidated subsidiaries

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Channel Solutions, Corp.	Shinagawa-ku, Tokyo	8,500	Digital Systems & Services	100.0	The Company purchases ATMs and other information equipment. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Information & Telecommunication Engineering, Ltd.	Nishi-ku, Yokohama, Kanagawa	1,350	Digital Systems & Services	100.0	Hitachi Group outsources the design, development, manufacturing, evaluation and validation of storage, servers and telecommunication networks equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	20,000	Digital Systems & Services	100.0	The Company outsources the development of information systems and software, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	19,162	Digital Systems & Services	100.0	The Company outsources the calculation, development of software, and installation and maintenance of telecommunication equipment and computers. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Vantara, Ltd.	Totsuka-ku, Yokohama, Kanagawa	10,000	Digital Systems & Services	100.0	The Company purchases storage, servers and other data infrastructure products, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*GlobalLogic Worldwide Holdings, Inc.	California, U.S.A.	(Thousands of US dollars) 9,082,164	Digital Systems & Services	[100.0] 100.0	Operating digital engineering service business. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Computer Products (America), Inc.	Oklahoma, U.S.A.	(Thousands of US dollars) 14,000	Digital Systems & Services	[100.0] 100.0	The Company supplies parts for computer peripherals. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi Digital LLC	California, U.S.A.	(Thousands of US dollars) 10,627,301	Digital Systems & Services	100.0	Holding company for Hitachi Vantara LLC, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi Digital Services LLC	California, U.S.A.	(Thousands of US dollars) 457,218	Digital Systems & Services	[100.0] 100.0	Operating system integration business for industries, financial institutions and others, mainly in North America. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Payment Services Private Limited	Chennai, India	(Thousands of Indian rupee) 79,158	Digital Systems & Services	[58.8] 100.0	Offering the payment services for financial institutions in India. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Vantara LLC	California, U.S.A.	(Thousands of US dollars) 139,606	Digital Systems & Services	[100.0] 100.0	Sales company for Hitachi Group's storage, etc. The Company outsources consulting services. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi-GE Nuclear Energy, Ltd.	Hitachi, Ibaraki	5,000	Green Energy & Mobility	80.0	The Company delivers nuclear power generation equipment, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo	3,000	Green Energy & Mobility	100.0	The Company orders the construction of the energy and industrial plants, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki	4,000	Green Energy & Mobility	100.0	The Company purchases power plant parts, and outsources the maintenance of power generation equipment and control equipment, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Energy Ltd	Zurich, Switzerland	(Thousands of Swiss franc) 1,260	Green Energy & Mobility	100.0	Holding company for power grids business companies from which the Company purchases power grids devices, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi Rail Ltd.	London, U.K.	(Thousands of Sterling pounds) 2,201,362	Green Energy & Mobility	100.0	Manufacturing, sales, engineering and maintenance of the Company’s railway systems products. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo	5,105	Connective Industries	100.0	Design, manufacturing, sales, installation and maintenance, etc. of the elevators and escalators the Company has developed. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Global Life Solutions, Inc.	Minato-ku, Tokyo	20,000	Connective Industries	100.0	Manufacturing and sales of the Hitachi Group’s home appliances, and sales, system installation and maintenance, etc. of the Hitachi Group’s air-conditioning and refrigerating products. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi High-Tech Corporation	Minato-ku, Tokyo	7,938	Connective Industries	100.0	The Company sells and purchases transportation equipment and power-related parts, etc. through this company. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo	10,000	Connective Industries	100.0	The Company purchases industrial equipment. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Industrial Products, Ltd.	Chiyoda-ku, Tokyo	10,000	Connective Industries	100.0	The Company purchases industrial equipment. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Industry & Control Solutions, Ltd.	Taito-ku, Tokyo	3,000	Connective Industries	100.0	The Company outsources development of information control systems, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Plant Services Co., Ltd.	Toshima-ku, Tokyo	3,000	Connective Industries	100.0	The Company orders the construction, and outsources services of industrial and public plants, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Elevator (China) Co., Ltd.	Guangzhou, China	(Thousands of Chinese yuan) 538,806	Connective Industries	[70.0] 70.0	Sales, installation and maintenance, etc. of the Hitachi Group’s elevators and escalators in China. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Global Air Power US, LLC	Indiana, U.S.A.	-	Connective Industries	[100.0] 100.0	The Company purchases industrial equipment. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi Industrial Holdings Americas, Inc.	Illinois, U.S.A.	(Thousands of US dollars) 2,132,670	Connective Industries	[100.0] 100.0	Holding company for Hitachi Global Air Power US, LLC and JR Technology Group, LLC, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
JR Technology Group, LLC	Michigan, U.S.A.	-	Connective Industries	[100.0] 100.0	Holding company for JR Automation Technology, LLC, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Real Estate Partners, Ltd.	Chiyoda-ku, Tokyo	2,000	Others	100.0	The Company outsources the management of welfare facilities for employees, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi America, Ltd.	California, U.S.A.	(Thousands of US dollars) 14,681,606	Others	100.0	The Hitachi Group’s regional supervising company in Americas, it sells the Hitachi Group’s healthcare-related products, etc., and promotes R&D in Americas. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi Asia Ltd.	Singapore	(Thousands of Singapore dollars) 127,649	Others	100.0	The Hitachi Group’s regional supervising company for Asia, it sells the Hitachi Group’s industrial machinery and train-, healthcare- and information-related products, etc. The Company’s Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi (China), Ltd.	Beijing, China	(Thousands of US dollars) 226,380	Others	100.0	The Hitachi Group's regional supervising company for China, it sells the Hitachi Group's plant, industrial machinery and train-, healthcare- and information-related products, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
*Hitachi Europe Ltd.	Datchet, U.K.	(Thousands of Sterling pounds) 253,049	Others	100.0	The Hitachi Group's regional supervising company and promoting R&D company for Europe, it sells the Hitachi Group's industrial machinery and information-related products, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Hitachi India Pvt. Ltd.	New Delhi, India	(Thousands of Indian rupee) 344,000	Others	[100.0] 100.0	The Hitachi Group's regional supervising company for India, it sells the Hitachi Group's plants and industrial machinery related products, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Others - 585 companies	-	-	-	-	-

(Notes) 1. The unit of amounts and currency shown in the "Common stock" column is millions of yen, unless otherwise specified.

2. The common stock of Hitachi Global Air Power US, LLC and JR Technology Group, LLC is not shown since they are limited liability companies under U.S. law, and do not have common stock.

3. Companies with one asterisk (*) in the "Company name" column are specified subsidiaries.

4. The name of the segment in which the companies are classified is shown in the "Principal business" column.

5. The amounts in brackets in the upper row of the "Ownership percentage of voting rights" column represent voting rights owned indirectly by the Company through its subsidiaries, and is included in the total ownership shown in the lower row.

6. A company with negative net worth is shown below, along with the amount of liabilities in excess of assets.

Hitachi Power Europe GmbH 170,021 million yen

7. Hitachi Computer Products (America), Inc. changed its name to Hitachi Vantara Manufacturing, Inc. on April 1, 2025.

8. Hitachi-GE Nuclear Energy, Ltd. changed its name to Hitachi GE Vernova Nuclear Energy, Ltd. on June 1, 2025.

9. Revenues of Hitachi Energy Ltd (excluding intra-group revenue among consolidated companies) accounts for more than 10% of consolidated revenue.

Key information on profit or loss:

1) Revenues	2,395,491	million yen
2) Income before income taxes	291,696	million yen
3) Net Income	200,488	million yen
4) Total equity	779,607	million yen
5) Total assets	2,969,703	million yen

10. Revenues of Hitachi Rail Ltd. (excluding intra-group revenue among consolidated companies) accounts for more than 10% of consolidated revenue.

Key information on profit or loss:

1) Revenues	1,024,653	million yen
2) Income before income taxes	25,732	million yen
3) Net Income	15,229	million yen
4) Total equity	439,610	million yen
5) Total assets	1,770,249	million yen

(2) Equity-method associates and joint ventures

(As of March 31, 2025)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
KOKUSAI DENKI Electric Inc.	Minato-ku, Tokyo	1,000	Digital Systems & Services	20.0	The Company purchases electronic equipment and parts, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Arcelik Hitachi Home Appliances B.V.	Amsterdam, Netherlands	(Euros) 10,000	Connective Industries	[40.0] 40.0	Holding company for operating companies for the Hitachi Group's home appliances business in overseas market.
Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd	Hampshire, U.K.	(Thousands of US dollars) 935,107	Connective Industries	[40.0] 40.0	Holding company for air-conditioning systems business companies from which the Hitachi Group purchases air-conditioning systems devices.
Hitachi Astemo, Ltd.	Hitachinaka, Ibaraki	129,126	Automotive Systems	40.0	The Company purchases parts for railway vehicles, etc.
**Hitachi Construction Machinery Co., Ltd.	Taito-ku, Tokyo	81,576	Construction Machinery	25.4	The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Others - 371 companies	-	-	-	-	-

(Notes) 1. The unit of amounts and currency shown in the "Common stock" column are in millions of yen, unless otherwise specified.

2. Companies with two asterisks (**) in the "Company name" column submit Securities Registration Statement or Annual Securities Report.

3. Regarding KOKUSAI DENKI Electric Inc., Arcelik Hitachi Home Appliances B.V. and Johnson Controls- Hitachi Air Conditioning Holding (UK) Ltd, the name of the segment in which the companies are classified is shown in the "Principal business" column.

4. The amounts in brackets in the upper row of the "Ownership percentage of voting rights" column represent voting rights owned indirectly by the Company through its subsidiaries, and is included in the total ownership shown in the lower row.

5. A company with negative net worth is shown below, along with the amount of liabilities in excess of assets.

GE-Hitachi Nuclear Energy Holdings LLC 45,563 million yen

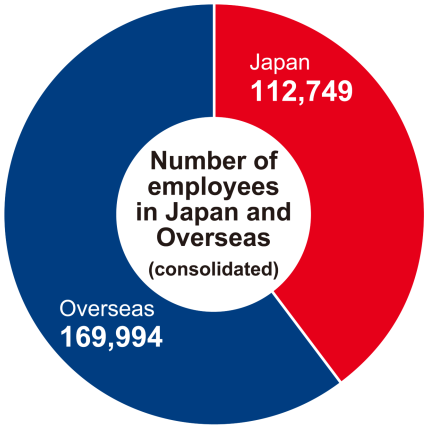
6. On April 1, 2025, Hitachi Astemo, Ltd. changed its name to Astemo, Ltd. and changed location from Hitachinaka, Ibaraki to Chiyoda-ku, Tokyo.

5. Employees

(1) Consolidated basis

(As of March 31, 2025)

Name of segment	Number of employees
Digital Systems & Services	107,548 [14,328]
Green Energy & Mobility	78,871 [3,126]
Connective Industries	81,817 [2,676]
Others	11,288 [2,543]
Corporate (Head Office and others)	3,219 [3,219]
Total	282,743 [25,892]



(Note) The number in brackets in the lower row of the "Number of employees" column is the number of employees of the Company included in each of the numbers in the upper row.

(2) The Company

(As of March 31, 2025)

Number of employees	Average age	Average length of service	Average annual salary
25,892	42.6	18.7 years	9,613,890 yen

(Note) Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

The Company's labor union, Hitachi Workers Union, is a member of the Japanese Electrical Electronic & Information Union.

The relationship between management and labor unions in the Hitachi Group is stable and cooperative.

(4) Indicators of diversity

1) Disclosure of indicator under Consolidated basis

	Ratio of women employees in managerial positions (%) (Notes 1-4)	Wage gap between men and women (%) (Ratio of women's wages to men's wages) (Notes 1-3, 5-8)				
		All employees	Permanent and full-time employees	Managerial level	Non-Managerial level	Part-time or fixed-term employees
The Company and the Hitachi Group	15.8	82.6	83.5	92.8	86.7	73.7
The Hitachi Group (consolidated companies in Japan)	6.3	71.1	72.3	95.0	80.1	62.4
The Hitachi Group (consolidated companies outside Japan)	21.9	92.2	92.3	90.5	91.3	91.4

(Notes) 1. Results from the year ended March 31, 2025 (FY2024) are listed. The figures exclude some overseas Hitachi Group companies, such as the newly integrated company in FY2024.

2. The companies included in "Hitachi Group (consolidated companies in Japan)" and the assumptions for these calculations are based on the following "2) Disclosure of indicators under the "Act on the Promotion of Women's Active Engagement in Professional Life" and "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members."

3. The gaps calculated based on the number of employees (as of March 31, 2025), excluding employees seconded from other companies while including employees seconded to other companies and employees on leave.

4. "Hitachi Group (consolidated companies outside Japan)" does not include some direct employees (manufacturing workers) who are not registered in the human resources database, some employees of newly consolidated companies, and some employees whose grades (job titles) are not registered in the human resources database.

5. "All employees" is the sum of "Permanent and full-time employees" and "Part-time or fixed-term employees." The "Permanent and full-time employees" are permanent employees in full-time positions, while the "Part-time or fixed-term employees" are employees who are either part-time or fixed-term employees.

6. In principle, "Hitachi Group (consolidated companies outside Japan)" includes companies with 250 or more employees.

7. Calculated in accordance with the laws and regulations of the country where each company is located, based on assumed cash compensation including annual basic bonuses, allowances and variable bonuses.

8. We apply the same system of compensation and benefits regardless of the employee's gender. However, the gender pay gap arises from factors such as higher proportion of men in senior positions, including managerial roles, and a greater proportion of women working shorter hours compared to men. We will continue to increase the number of women employees in managerial positions and promote the utilization of diverse perspective.

2) Disclosure of indicators under the "Act on the Promotion of Women's Active Engagement in Professional Life" and "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members"

(i) The Company

Company name	Ratio of women employees in managerial positions (%) (Note 1)	Percentage of men employees taking childcare leave (%) (Notes 1-5)	Wage gap between men and women (%) (Ratio of women's wages to men's wages) (Notes 1, 2, 6, 7)		
			All employees	Permanent and full-time employees	Part-time or fixed-term employees
Hitachi, Ltd.	8.5	71.9 (*)	69.8	71.1	56.0

(ii) Consolidated subsidiaries

Company name	Ratio of women employees in managerial positions (%) (Note 1)	Percentage of men employees taking childcare leave (%) (Notes 1-5)	Wage gap between men and women (%) (Ratio of women's wages to men's wages) (Notes 1, 2, 6, 7)		
			All employees	Permanent and full-time employees	Part-time or fixed-term employees
Hitachi Information & Energy Systems Co., Ltd.	1.6	100.0 (*)	69.2	72.4	57.8
HITACHI ICT BUSINESS SERVICES, LTD.	10.8	100.0 (*)	73.9	67.6	81.6
HITACHI ACADEMY CO., LTD.	23.9	75.0	94.3	90.6	109.1
HITACHI ADVANCED SYSTEMS CORPORATION	1.5	66.7 (*)	64.2	63.4	78.1
HITACHI APPLIANCES TECHNO SERVICE, LTD.	0.0	33.3 (*)	64.7	69.5	66.1
HITACHI PHARMA INFORMATION SOLUTIONS, LTD.	6.4	50.0	70.6	69.8	82.5
HITACHI INDUSTRIAL PRODUCTS, LTD.	1.5	75.6 (*)	66.8	68.0	55.3
HITACHI VANTARA, LTD.	4.6	71.4 (*)	65.6	67.0	63.2
Okinawa Hitachi Network Systems, Ltd.	2.9	100.0 (*)	80.4	82.1	54.9
Kansai Hitachi Co., Ltd	0.0	90.0 (**)	67.4	65.5	64.5
KANTO HITACHI CO., LTD.	1.0	16.7	65.9	64.8	60.8
Kyushu Hitachi Co., Ltd.	2.0	0.0 (*)	64.9	81.4	48.3
KYUSHU HITACHI SYSTEMS, LTD	6.6	41.7 (*)	79.3	77.6	65.9
HITACHI AIR CONDITIONIING SOLUTIONS CO., LTD.	0.0	66.7 (*)	68.8	67.7	105.7
HITACHI GLOBAL LIFE SOLUTIONS, INC.	2.5	39.4 (*)	68.1	68.5	63.8
HITACHI KE SYSTEMS, LTD.	3.5	75.0 (*)	81.0	87.3	59.2
Hitachi Transportation Technologies, Ltd.	1.4	70.0 (*)	73.4	74.4	53.8

Company name	Ratio of women employees in managerial positions (%) (Note 1)	Percentage of men employees taking childcare leave (%) (Notes 1-5)	Wage gap between men and women (%) (Ratio of women's wages to men's wages) (Notes 1, 2, 6, 7)		
			All employees	Permanent and full-time employees	Part-time or fixed-term employees
Hitachi Consulting Co., Ltd.	15.0	65.2 (*)	74.7	74.3	94.9
Hitachi Industrial Equipment Systems Co, Ltd.	3.0	82.6 (*)	72.0	71.6	60.9
HITACHI INDUSTRIAL EQUIPMENT TECHNOLOGY SERVICE, CO., LTD.	0.0	57.0	52.3	60.6	32.3
HITACHI INDUSTRIAL EQUIPMENT DRIVE & SOLUTIONS CO., LTD.	0.0	100.0 (*)	75.4	78.4	69.7
Hitachi Industry & Control Solutions, Ltd.	2.1	72.7 (*)	72.1	70.8	63.2
Shizuoka Hitachi Co., Ltd.	2.6	0.0	77.2	79.6	70.3
HITACHI SYSTEMS, LTD.	7.2	97.3 (*)	73.4	72.0	55.6
HITACHI SYSTEMS ENGINEERING SERVICES, LTD.	6.5	84.6 (*)	75.1	75.5	63.7
HITACHI SYSTEMS POWER SERVICIES, LTD.	14.3	33.3	79.0	77.4	41.5
HITACHI SYSTEMS FIELD SERVICES, LTD.	3.3	90.5 (*)	67.9	67.9	59.4
HITACHI SOCIAL INFORMATION SERVICES, LTD.	6.9	91.0 (*)	73.4	73.7	117.5
HITACHI INFORMATION & TELECOMMUNICATION ENGINEERING, LTD.	3.3	76.5 (*)	76.6	75.2	71.0
HITACHI SOLUTIONS, LTD.	8.9	98.0 (*)	74.0	73.5	74.1
HITACHI SOLUTIONS CREATE, LTD.	7.0	74.4 (*)	73.2	72.8	61.9
HITACHI SOLUTIONS TECHNOLOGY, LTD.	2.6	100.0 (*)	73.7	72.5	84.3
HITACHI SOLUTIONS WEST JAPAN, LTD.	5.2	95.2 (*)	72.5	72.2	54.9
HITACHI SOLUTIONS EAST JAPAN, LTD.	5.9	78.6 (*)	74.6	75.5	34.9
HITACHI TERMINAL MECHATRONICS, CORP.	0.0	-	60.5	58.4	64.3
HITACHI CHANNEL SOLUTIONS, CORP.	5.4	80.0 (*)	72.2	73.1	55.0
HITACHI TECHNOLOGIES AND SERVICES, LTD.	0.0	83.3 (*)	81.6	72.3	83.5
HITACHI DOCUMENT SOLUTIONS CO., LTD.	4.5	62.5 (*)	64.9	66.4	50.2

Company name	Ratio of women employees in managerial positions (%) (Note 1)	Percentage of men employees taking childcare leave (%) (Notes 1-5)	Wage gap between men and women (%) (Ratio of women's wages to men's wages) (Notes 1, 2, 6, 7)		
			All employees	Permanent and full-time employees	Part-time or fixed-term employees
Hitachi Nico Transmission Co., Ltd.	3.2	60.0	71.0	75.0	53.0
NICHIWA SERVICE, LTD.	7.8	42.9 (*)	88.2	90.6	72.1
Hitachi Hi-System21 CO., LTD.	6.8	100.0 (*)	75.2	75.5	66.3
HITACHI HIGH-TECH CORPORATION	5.7	82.8 (*)	73.8	73.2	71.0
HITACHI HIGH-TECHNOLOGIES KYUSHU	50.0	100.0	74.4	72.0	98.3
HITACHI HIGH-TECH SCIENCE CORPORATION	4.3	69.2 (*)	71.5	73.9	39.4
Hitachi High-Tech Support Corporation	10.0	100.0 (*)	92.3	92.3	77.2
Hitachi High-tech Solutions Corporation	2.3	83.3 (*)	75.3	69.4	75.3
HITACHI HIGH-TECH NEXUS CORPORATION	7.4	100.0 (*)	68.1	68.4	59.4
Hitachi High-Tech Fielding Corporation	2.5	85.7 (*)	61.7	59.1	72.3
Hitachi High-Tech Manufacturing & Service Corporation	1.5	60.0 (*)	91.6	92.7	82.3
HITACHI POWER SOLUTIONS CO., LTD.	1.8	56.5 (*)	76.3	94.0	54.1
Hitachi Building Systems Co., Ltd.	2.4	53.7 (*)	65.1	66.7	53.5
HITACHI BUILDING SYSTEMS ENGINEERING CO., LTD.	1.9	57.1 (*)	68.7	74.0	62.6
HITACHI PLANT CONSTRUCTION, LTD.	2.0	54.2 (*)	73.5	76.9	64.9
HITACHI PLANT SERVICES CO., LTD.	1.2	38.9 (*)	66.0	67.4	49.8
HITACHI PLANT MECHANICS CO., LTD.	2.4	12.5 (*)	80.0	84.5	55.3
Hitachi Insurance Services, Ltd.	9.9	0.0 (*)	58.9	56.5	59.7
HOKKAIDO HITACHI SYSTEMS, LTD.	6.5	50.0	78.3	76.6	61.6
HITACHI MANAGEMENT PARTNER CORP.	11.9	100.0	67.0	64.2	-
HITACHI YOU AND I CO., LTD.	14.8	-	102.5	108.1	95.4
Hitachi Real Estate Partners, Ltd.	4.1	100.0 (*)	68.2	64.5	67.2

(Notes) 1. Results from FY2024 are listed.

2. If there are no employees required for the calculation, "-" is indicated.

3. The figures are calculated by dividing the number of men employees who took childcare leave, etc. in FY2024 by the number of men employees who had a child born in FY2024.
4. For (*), employees taking leave for childcare purposes are included in the numerator.
5. For (**), the rates of childcare leave used in the employment management category according to the Act on the Promotion of Women's Active Engagement in Professional Life are as follows. Employees taking leave for childcare purposes are not included in the numerator.

Company name	Percentage of men employees taking childcare leave (%)
Kansai Hitachi Co.,Ltd	Management / Professional：88.9 Skilled / General office work：100.0

6. "All employees" is the sum of "Permanent and full-time employees" and "Part-time or fixed-term employees." The "Permanent and full-time employees" are permanent employees in full-time positions, while the "Part-time or fixed-term employees" are employees who are either part-time or fixed-term employees.
7. We apply the same system of compensation and benefits regardless of the employee's gender. However, the gender pay gap arises from factors such as higher proportion of men in senior positions, including managerial roles, and a greater proportion of women working shorter hours compared to men. We will continue to increase the number of women employees in managerial positions and promote the utilization of diverse perspective.

For details on the initiatives being pursued by the Company and its consolidated subsidiaries on diverse perspective, please see "Section II Business Overview, 2. Sustainability Approach and Initiatives" and the Hitachi Sustainability Report 2025.

II. Business Overview

1. Management Policy, Business Environment and Challenges Hitachi Group Faces

(1) Management Policy

Hitachi aims to achieve further progress by delivering competitive products and services, thereby creating higher value for customers, following its Mission: to contribute to society through the development of superior, original technology and products. Hitachi will enhance its competitiveness and achieve sustainable growth in the global market by maximizing the diverse management resources within the Hitachi Group, strengthening cash flow generation capabilities, optimizing capital allocation, and accelerating portfolio reforms. This process will be consistent with Hitachi's basic management policy, which is to increase corporate value by meeting the expectations of customers, shareholders, employees and other stakeholders.

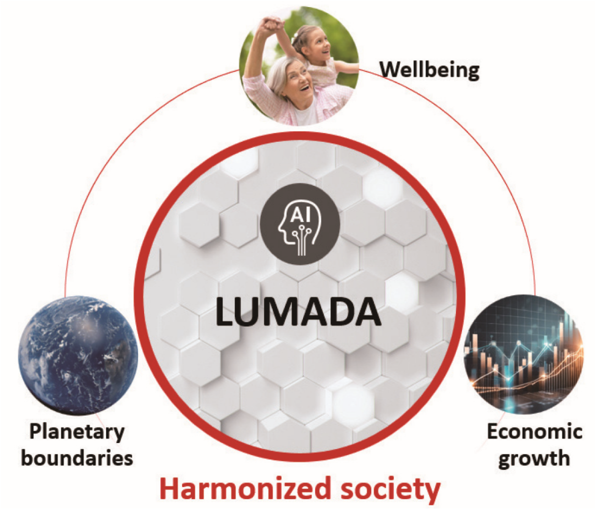
(2) Business Environment and Challenges the Hitachi Group Faces

1) Business environment and challenges facing the Hitachi Group

In today's world, the future is increasingly difficult to foresee. A myriad of changes is taking place, including the rising international and interregional conflicts and tensions, climate change, resource shortages, demographic change due to aging populations and problems of urbanization. On the other hand, innovations to solve increasingly complex social issues are emerging across the globe.

In this business environment, Hitachi announced the New Management Plan "Inspire 2027," under which Hitachi aims to contribute to a harmonized society where environment, well-being and economic growth are in balance and to achieve sustainable growth. To that end, Hitachi will transform itself into a digital centric company by innovating the social infrastructure with Lumada at the core.

In an unpredictable business environment, Hitachi aims to identify risks and takes agile actions while maintaining a steady long-term direction. Hitachi works towards further increasing corporate value as "True One Hitachi".



i) Business Structure for Realizing True One Hitachi with Digital at Core

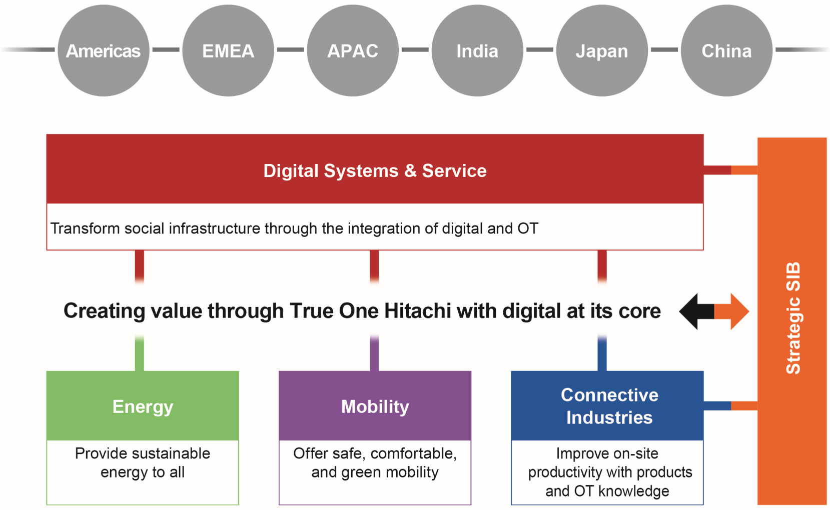
Hitachi has established a new business structure starting in April 2025, so as to accelerate value creation with digital at its core, by working together as True One Hitachi.

Hitachi enhances agility by operating the energy business and railway business, which are expanding in response to the global green transformation (GX), as two sectors: "Energy" and "Mobility." Through further collaboration among the four sectors, which are these two sectors and "Connective Industries" and "Digital Systems & Services," Hitachi enhances value creation in its businesses and further increases its competitiveness in the global market.

In addition, to create new growth businesses of One Hitachi, Hitachi has established a new Strategic SIB (Note) business unit by mobilizing resources from the Hitachi Group. Hitachi aims to create new businesses in anticipation of pivotal changes in society and technology.

Furthermore, in the six global regions encompassing Americas, EMEA, APAC, Japan, China, and newly added India, Hitachi aims to provide value to its customers, understanding social and economic conditions, market characteristics, and needs which are different in each region and identifying the risks and opportunities in each area.

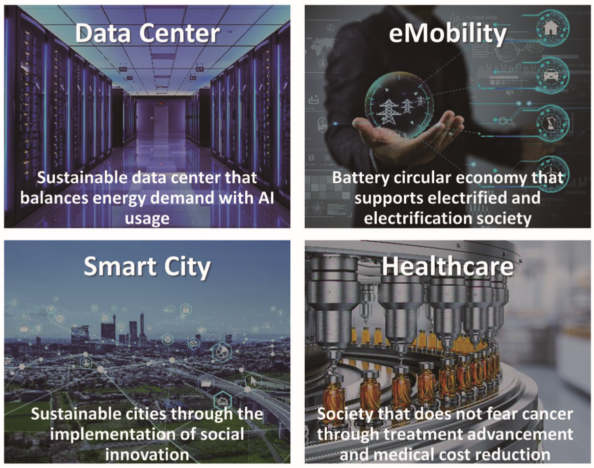
(Note) Social Innovation Business



ii) Achieving New Growth - Creation of New Businesses by Strategic SIB Business Unit

The newly established Strategic SIB business unit directly reports to the CEO and focuses on creating new businesses in areas where One Hitachi's strengths can be leveraged.

By identifying changes of technologies and society that will create the next turning points, Hitachi sets growth themes that entire Hitachi Group should tackle from the top down. In fiscal 2025, Hitachi works to create businesses from four areas set as strategic business areas: data center, eMobility, smart city and healthcare.



iii) Strengthening Foundation Supporting True One Hitachi

Hitachi strengthens risk management on a group and global scale to identify the risks and ensure rapid management decisions, even in an increasing uncertain condition. In addition, Hitachi continues to take advantage of business opportunities arising from changes in the business environment to seize new business opportunities. Even in an uncertain and rapidly changing social and economic conditions, Hitachi will achieve sustainable growth by both of threat alleviation and opportunity creation. At the same time, Hitachi continuously promotes the enhancement of human capital, which is the source of sustainable growth.

Hitachi continues to strengthen its cash generation capabilities and make disciplined investments for sustainable business growth, while achieving stable returns to shareholders.

2) Business environment in the focused business areas and issues to be addressed

The following are the business environment and issues to be addressed in four focal sectors, Digital Systems & Services, Energy, Mobility, and Connective Industries.

(Digital Systems & Services)

Despite ongoing uncertainty in the global economic environment, AI-related demand is expanding rapidly, driving growth in the global digital transformation (DX) market, driven by developments such as the rapid evolution of generative AI, and the full-scale introduction of AI to improve the business efficiency and competitiveness of companies. While labor shortage is a concern in Japan, there is still strong demand for the modernization of IT systems and DX.

In this market environment, Digital Systems & Services Sector has been committed to addressing the challenges facing customers and society, by delivering advanced digital solutions that utilize cutting-edge digital technologies such as generative AI, cloud and security. The Digital Systems & Services Sector will also collaborate with other sectors to connect a wide range of businesses by utilizing digital capabilities, accelerating the development of the Lumada business, which creates value through the synergies of Hitachi's strengths in IT, OT, and products. In addition, the sector will drive AI transformation that will dramatically improve the productivity of business processes and create new business opportunities, using rapidly evolving generative AI as a growth engine for Hitachi.

Specifically, the Digital Systems & Services Sector will leverage its AI and digital capabilities to strongly drive digitalization and service creation for the installed base of other sectors, thereby increasing the ratio of high value-added Lumada business across the entire Hitachi Group. Additionally, in the Japanese IT market, the sector will utilize AI to improve productivity and leverage the cutting-edge knowledge of digitally oriented human resources from overseas Hitachi Group companies such as GlobalLogic and Hitachi Digital Services to compensate for the serious shortage of digital human resources in Japan, while continuing to meet the high demand for large-scale mission-critical SI. The sector will also focus on creating innovative solutions by engaging in more active collaboration with global partners, while working proactively to develop human resources with advanced generative AI skills.

(Energy)

Against the backdrop of rising climate change and geopolitical risks, the energy transition is advancing rapidly and the world is moving from an era of direct combustion of fossil fuels to an era of energy use via electricity. As a result, demand for new energy supplies, particularly electricity, is expanding. Specifically, new business opportunities are emerging around the world through the expansion of clean energy and the development of power grids to accommodate it, the diversification and decentralization of power sources leading to the expansion of microgrids, the servitization of traditional social infrastructure businesses, and efforts to achieve a decarbonized society.

In the Energy Sector, we will accelerate the provision of digitalized assets and digital services leveraging Lumada, and help to achieve a harmonized society where the environment, wellbeing and economic growth are in balance, through its world-class products and integration capabilities.

In the power grids business, Hitachi Energy has established a new division dedicated to services and aims to become a world-class service provider by leveraging its global installed base and Hitachi's digital technologies and accelerating its profitable growth. Furthermore, in the nuclear power generation systems, with the start of construction of the first Small Modular Reactor (SMR) in Canada as a foothold, we aim to globally expand the SMR business to North America, Poland, and other parts of Europe, in cooperation with our partner, GE Vernova.

(Mobility)

The railway business is currently in a period of global transformation. In today's world, with the urgent need to respond to climate change, railways are being reevaluated as a critical and environmentally friendly means of transportation. Investments in rail infrastructure are increasingly focused on their roles in delivering the sustainable mobility transition and reducing carbon emissions globally. In developing countries where urbanization is progressing, the introduction of railway infrastructure is expected to improve living standards.

In the Mobility Sector, we acquired the ground transportation systems business of Thales S.A. (hereinafter "Thales") in May 2024 to strengthen our business portfolio and global footprint in transportation solutions.

Then, in September 2024, we launched HMAX, our digital asset management solution powered by AI technology. The solution addresses the asset management challenges of the rail industry's maintenance business and helps optimize the entire rail ecosystem, including trains, signaling systems and infrastructure. HMAX is already operational on 8,000 cars within 2,000 trains globally, and is set to grow further.

By strengthening our business portfolio not only in vehicles but also in signaling, and by expanding and enhancing our sustainable service business, we will be at the forefront of innovation based on the One Hitachi philosophy to provide safe, secure, comfortable and green transportation.

(Connective Industries)

With the progress of social aging and the resulting decline in the working population, there is an increasingly serious global shortage of the frontline workers essential to industry and social infrastructure. In addition, innovation in industry is expected to achieve both economic growth and consideration for the global environment, including the reduction of greenhouse gas emissions.

The Connective Industries Sector will deliver solutions that contribute to improving the productivity and well-being of frontline workers by combining digital technologies with highly competitive products in the Urban (building systems, home appliances, and air conditioning equipment) and Industry (industrial equipment, measurement and analysis equipment, healthcare equipment, industrial and distribution solutions, and water and environmental solutions) sectors. In addition, we will accelerate business growth through Integrated Industry Automation, which leverages the strengths of our combined product, OT, and IT capabilities to advance the field by taking advantage of the rapid advances in AI.

Specifically, the sector will strengthen our recurring business by promoting HMAX for the industrial sector powered by AI, using the extensive array of products that support industry and social infrastructure as an installed base. In addition, we will focus on biopharmaceuticals, batteries, and other fields, seeing the hybrid area of the process industry, where products are made by chemically reacting raw materials, and the discrete industry, where products are made by assembling parts, as a high-growth market. Meanwhile, to strengthen our core business, we will reform our business portfolio, including in-organic investments, conduct strategic R&D in core growth areas, and expand our global business.

To simplify the sector's business portfolio and organization and to enhance its competitiveness, from April 2025, the sector has also reorganized its business units (BUs) into three units: the Urban Systems BU, the Industrial Products & Services BU, and the Industrial AI BU. The sector will continue to further accelerate business management, create synergies between businesses, and spur global growth with Lumada as One Hitachi.

(3) Targets under the New Management Plan

Under the New Management Plan "Inspire 2027," Hitachi sets the following indicators as performance targets for management.

Indicators	New Management Plan "Inspire 2027" Target	Reason for selection as indicators
Annual growth rate for revenue (FY2024-FY2027 CAGR) (Note 1)	7-9%	Indicator to measure growth
Adjusted EBITA margin (FY2027) (Note 2)	13-15%	Indicator to measure profitability
Cash flow conversion (FY2027) (Note 3)	over 90%	Indicator to measure ability to generate cash
Return on invested capital (ROIC) (FY2027) (Note 4)	12-13%	Indicator to measure investment efficiency

(Notes) 1. CAGR is presented as compound annual growth rate.

2. In FY2025, we will revise the calculation formula for Adjusted EBITA (Adjusted Earnings before interest, taxes and amortization). Adjusted EBITA is representing the Adjusted operating income (revenues less cost of sales as well as selling, general and administrative expenses), adding back the amortization of intangible assets, etc. recognized upon business combinations. Adjusted EBITA margin is the ratio calculated by dividing Adjusted EBITA by revenue.

3. Cash flow conversion is calculated by dividing Core free cash flows by net income. Core free cash flows are cash flows presented as free cash flows (the sum of cash flows from operating and investing activities) excluding cash flows from M&A and asset sales, etc.

4. ROIC (Return on Invested Capital) is presented as ("NOPAT" + equity in earnings (losses) of affiliates) / "Invested Capital" x 100
"NOPAT (Net Operating Profit after Tax)" = Adjusted operating income x (1 - Tax burden rate)
"Invested Capital" = interest-bearing debt + total equity

In the New Management Plan "Inspire 2027," Hitachi has set long-term management targets "LUMADA 80-20," aiming for Lumada business revenues ratio of 80% and Lumada business Adjusted EBITA margin of 20%. Hitachi will drive further expansion and improvement of profitability of Lumada business by further investment and reorganization of the business portfolio.

In addition to providing the performance targets above, Hitachi will accelerate the provision of value to society and sustainable growth by promoting the following items as initiatives based on its sustainability strategy "PLEDGES" in order to deepen sustainable management.

P lanet	Lead Green Transformation globally to achieve a decarbonized society
L eadership	Lead transformation with people who can boldly tackle societal issues and pave the way for a brighter future
E mpowerment	Build a culture that praises learning and encourages challenge and growth
D iverse perspectives	Drive innovation by maximizing capabilities and performance of diverse talents
G overnance	Build a resilient foundation with safety and ethics as priority
E ngagement	Build sustainable value chain along with stakeholders
S ustainability for all	Accelerate value delivery to society and Hitachi's sustainable growth through PLEDGE

2. Sustainability Approach and Initiatives

Hitachi practices sustainable management, which positions sustainability as the core of its business strategy, to realize a future that achieves both the protection of the planet and a society where every individual is comfortable and active. Specifically, we contribute to solving global social and environmental issues and are working toward the realization of a sustainable society through the Social Innovation Business, which focuses on addressing social challenges. We strive to enhance the resilience of our business to ensure its continuity and increase corporate value by identifying risks and opportunities in our business due to social and environmental changes.

The following describes Hitachi’s sustainability approach and specific initiatives.

(1) Governance and Risk Management

1) Discussion of Group Strategies by the Senior Executive Committee

Hitachi has established a Senior Executive Committee as a council to ensure that the President deliberately decides on important managerial matters which may affect the business of the Company or the Hitachi Group, including the following strategies, through discussing from diverse viewpoints.

- Growth strategies and global (regional) strategies: Matters relating to management strategies for each business and region necessary for Hitachi’s growth.
- Risk management strategies: Matters needed to strengthen the Company’s management base linked to growth strategies through a unified and horizontal understanding of risks across the entire Hitachi Group globally
- Human resources strategies: Matters needed to foster an organization and culture aimed at the growth of Hitachi, and to secure and cultivate human resources.
- Other strategies including sustainability strategies relating to the Hitachi Group globally.

The Senior Executive Committee deliberates and makes decision on important sustainability issues. These issues are submitted to the Board of Directors as needed. By formulating and executing various strategies in an integrated manner as One Hitachi, we aim to further enhance our corporate value and achieve sustainable growth.

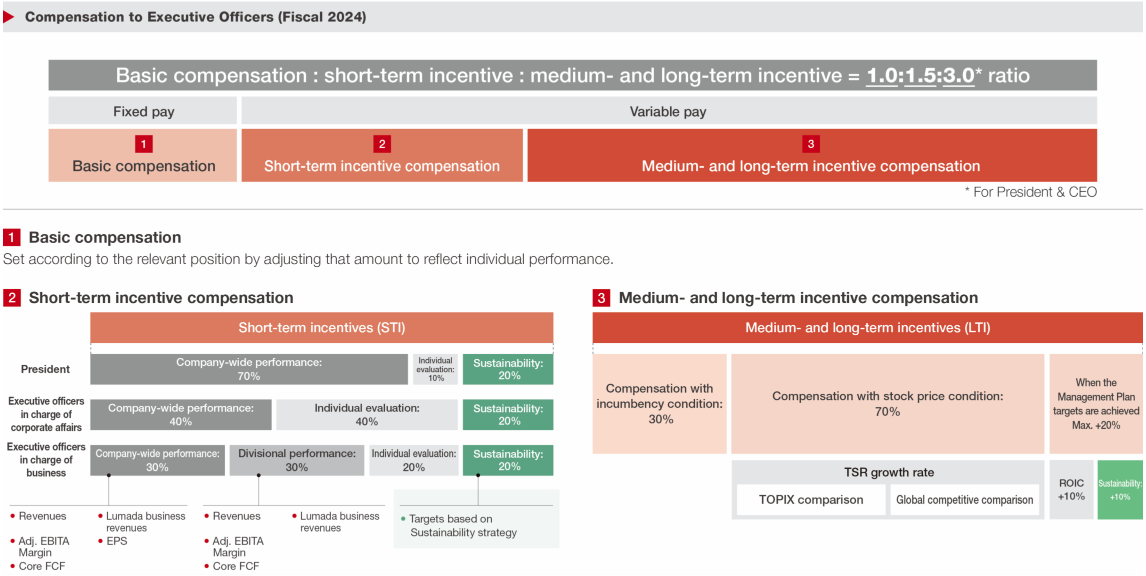
2) Promotion of Sustainable Management Practices across the Entire Group

Under the leadership of its Chief Sustainability Officer, Hitachi engages in sustainability initiatives on a group-wide basis. We hold the Sustainability Promotion Meeting once or twice a year to discuss important sustainability initiatives and share information. The meeting is chaired by the Chief Sustainability Officer. The other members are the heads of the business promotion divisions of each business unit (BU) and major group companies, and the Sustainability Officers of regional headquarters.

Individual sustainability themes such as carbon neutrality, circular economy, human rights due diligence (HRDD), inclusion, health and safety, supply chains, quality assurance, etc. are advanced by meeting bodies consisting of responsible staff at BUs and major group companies as part of cross-organizational activities in Hitachi. These bodies discuss measures and share information across the entire Hitachi Group.

3) Achievement of Sustainability Targets Used to Determine Compensation for Executive Officers

The degree of achievement of quantitative sustainability targets is used as an indicator for determining compensation for Executive Officers, motivating them to implement our sustainability strategy. We have set specific indicators and goals in line with the sustainability strategy, and have included them in the criteria for determining medium- and long-term incentive compensation and short-term incentive compensation. The compensation to Executive Officers is described in "IV. Information on the Company 4. Corporate Governance, etc. (4) Compensation to Directors and Executive Officers."



(2) Initiatives to Address Key Issues

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

Under its New Management Plan, Inspire 2027, which was announced in April 2025, Hitachi aims to "grow sustainably while contributing to a harmonized society where environment, wellbeing and economic growth are in balance." To achieve this, we will engage in green transformation (GX) while protecting the global environment, and aim to strengthen our human resources to drive sustainable growth, through proactive investment in human capital.

1) Activities addressing carbon neutrality and climate change (Disclosure based on TCFD)

In June 2018, the Company announced its endorsement of the recommendations by the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and disclosed information in line with the TCFD's recommendations in Hitachi Sustainability Report 2018 published in 2018. Since then, we have been disclosing information based on the recommendations. In this annual securities report, we include an excerpt.

(a) Governance

Hitachi sees climate change and other environmental issues as important management issues. The governance structure for addressing climate change issues is outlined in the (1) Governance and Risk Management section above.

(b) Strategy

In light of the serious environmental issues facing the world, in 2016, Hitachi established its Environmental Vision, which outlines the direction it aims to take in the environmental field, and Hitachi Environmental Innovation 2050, a set of long-term environment targets for achieving that vision. Since their formulation, we have established short-term action plans every three years, and have worked toward achieving our goals across the entire Hitachi Group. Our efforts include activities aimed at achieving carbon neutrality across all business sites and the entire value chain, improving water and resource utilization efficiency, and ecosystem conservation activities. This time, in addition to the environmental issues that have become apparent in recent years, Hitachi has updated its Environmental

Vision to include three new pillars—decarbonization, circular economy, and nature positive—reflecting changes in people's awareness and the evolution of business models aimed at addressing these issues. We have also updated our targets for achieving this vision. Hitachi aims to become a global leader in green transformation (GX) through its Social Innovation Business to help protect our Planet and achieve well-being for People.

In terms of decarbonization, we had aimed to achieve carbon neutrality across the entire value chain by fiscal 2050. This revision aims to reduce not only CO_2 but also greenhouse gas emissions as a whole, and to achieve "Net Zero" throughout the entire value chain by fiscal 2050. We will work to reduce greenhouse gas emissions and drive the decarbonization of our value chain through highly efficient products, innovative services, and future technologies.

<u>Climate-related Risks</u>

We categorize risks associated with climate change into risks related to the transition to decarbonization (applying mostly to the 1.5 °C scenario) and risks related to the physical impact of climate change (applying mostly to the 4 °C scenario). We analyze and manage each category separately.

- Risks related to the transition to decarbonization (applying mostly to the 1.5 °C scenario)

In general, the significant risks related to the transition to decarbonization are the risks that affect businesses that are unable to survive in a decarbonized world, which is related to the risk of becoming unable to use fossil fuels. Because many of the Hitachi's current businesses use electricity as an energy source, very few serious risks were found.

In addition to the risk above, Hitachi assumes that the risks related to the transition to decarbonization include a carbon tax, taxes on fuel and energy expenses, an increase in the cost of business due to the introduction of emissions trading, etc. and the loss of opportunities to sell products and services due to delayed technological development. Of these risks, the risk of delays in product development for decarbonization is inextricably linked to opportunities. We believe that we can avoid this risk by developing businesses that contribute to decarbonization.

- Risks related to the physical impacts of climate change (applying mostly to the 4 °C scenario)

The physical risk associated with climate change may include business continuity risks due to meteorological disasters likely caused by climate change, which are, for instance, intensified typhoons, flooding, drought, etc. (acute risks), and rising sea levels, prolonged heat waves, etc. (chronic risks).

Our measure to avoid such risks is to consider location conditions and the placement of facilities in view of damage caused by flooding when building a new factory.

Climate-related Opportunities

Hitachi may find numerous opportunities associated with climate change.

Both the decarbonization of business sites and the reduction of CO2 emissions from the use of products and services sold, which are a large part of the emissions from overall value chains, are important for the achievement of the CO2 emission reduction target set in Hitachi Environmental Innovation 2050 long-term environment targets. The development and provision of products and services that contribute to the reduction of CO2 emissions through energy conservation and other actions is a response to customer needs and contributes to the decarbonization of society. There are also opportunities to expand businesses that contribute to decarbonization, such as the spread of carbon-free solutions and services through co-creation with customers. GX efforts are the basis of the Social Innovation Business operated as part of Hitachi's management strategies, which creates significant opportunities for short-, medium- and long-term businesses.

The Hitachi Group's risks and opportunities associated with climate change

Hitachi's consideration of these risks and opportunities did not result in the discovery of any serious risks related to climate change that the Hitachi Group is facing at the current stage. We have found that participating in climate change efforts is an opportunity. In either scenario of 1.5 °C or 4 °C, we think that the Hitachi Group has high resilience in a shift to decarbonization from a medium- to long-term perspective by focusing on market trends and operating the business flexibly and strategically.

(c) Risk Management

We review and assess climate change-related risks by assessing the environmental impact for each BU and group company. The results of these evaluations are summarized by the Group Environment Division. Risks and opportunities that are found to be particularly important are discussed and decided upon by the Senior Executive Committee. If necessary, they are also discussed by the Board of Directors.

(d) Indicators and Targets

In the revised Hitachi Environmental Innovation 2050 long-term environment targets announced in May 2025, Hitachi set the following targets in the area of decarbonization.

Achieve net zero emissions in the value chain by FY2050.

Achieve carbon neutrality at factories and offices by FY2030.

Achieve a 52% reduction in greenhouse gas emissions in the value chain by FY2030.

Hitachi formulates an Environmental Action Plan every three years to achieve its long-term environmental goals. Hitachi has set indicators and targets in the action plan and is managing its progress toward these targets.

Among the indicators related to decarbonization, the targets and results related to the rate of reduction of total CO2 emissions at factories and offices are as follows.

Indicator	Targets		FY 2024 (Result)
	FY 2030	FY 2024	
Rate of reduction of total CO2 emissions at factories and offices (in comparison to FY 2010)	Carbon neutrality	50% reduction	81% reduction

(Note) They are indicators and targets of the 2024 Environmental Action Plan. As mentioned above, in May 2025, Hitachi Environmental Innovation 2050, a long-term environmental goal, was revised. In addition, the 2027 Environmental Action Plan was adopted in 2025. For details of the 2027 Environmental Action Plan, please refer to the Hitachi Sustainability Report 2025, which will be released in the near future.

Greenhouse gas emissions of the Hitachi Group (FY2024)

Indicator	Result
Scope1 (Note 1, 2)	278kt-CO2e
Scope2 (Note 1, 3)	126kt-CO2e

(Notes) 1. Based on the Environmental Management Classification Criteria established by the Company, we manage all Hitachi Group business sites classified into three categories: A, B, and C. In addition, companies belonging to the Hitachi Group as of March 31, 2025 are included in the calculation. Both Scope1 and Scope2 cover Category A business sites which have a large environmental impact and power generation business within the Hitachi Group.

2. Direct emissions from fuel use and industrial processes within the Hitachi Group

3. Indirect emissions associated with use of electricity and heat purchased by the Hitachi Group

2) Activities related to human capital and diversity

(a) Strategy

Hitachi believes that human capital – in other words, people – are the source of our value. Therefore, we have been strengthening our talents as a key element of management capital. We leverage the combined power of our global network of employees to provide value to our customers and society, contributing to the creation of sustainable societies.

In order to promote global development of the Social Innovation Business in a business environment marked by rapid change, we have built an organizational structure in which diverse talents work as one team transcending countries, regions, and business entities, and seek to develop proactive talents who are capable of adapting to changes promptly and to create an organizational culture that will facilitate this.

Initiatives in the Mid-Term Management Plan 2024

Hitachi has strived to secure and develop talents and improve our internal working environment based on the following policies

i) Promotion of business activities that incorporate diverse perspectives

At Hitachi, we believe that we can create an organization comprising talents with diverse perspectives and continue to provide innovative solutions for providing optimal services to our global customers and addressing social issues facing the world. A collaborative and supportive organizational culture forms the foundation of such an organization, and is indispensable for Hitachi to achieve its goals of enhancing its corporate value over the medium and long terms through its Social Innovation Business, and building a sustainable society. As such, Hitachi has been committed to fostering an inclusive workplace environment where each and every employee is recognized and respected for the value they possess and are able to maximize their abilities. Hitachi is driving initiatives aligned with diverse perspectives on a global basis, with the commitment of the President.

Focus areas

Gender inclusion and fair provision of opportunities	We are committed to building workplaces and teams that provide fair opportunities for all, regardless of gender.
Cultural and geographic inclusion	We are working to create systems and structures that enable all people, regardless of nationality, ethnicity, or place of residence, to fulfill their potential.
Intergenerational collaboration	We respect the strengths and experiences of all generations.
Respect for personal identity and individuality -- LGBTQIA+	We respect the individuality and differences of each person, and are committed to creating a work environment where all people can feel safe and fulfill their abilities in their own way without discrimination.
Accessibility - Disabilities and Neuro-inclusion	Through continuous improvements to work environments, systems, and tools, we are working to enable all people, including those with disabilities and other challenges, to demonstrate their abilities and make contributions.

Company-wide actions

Inclusive Leadership Workshop

To understand the importance of inclusive leadership, which is a skill necessary to respect diverse talent, promote innovation, and enhance competitiveness in a complex business environment, we have held the Inclusive Leadership Workshop since FY2023 (84 participants attended the workshop in FY2023). The workshop is designed to help participants learn specific actions for inclusive leadership. In FY2024, the number of target participants was expanded to approximately 130. In FY2025, we plan to expand this workshop to approximately 2,500 senior leaders.

Pride Month (LGBTQIA+)

As part of fostering an inclusive and psychologically safe work environment, events and webinars were held at the global and regional levels to promote an understanding of the importance of diverse perspectives. We also demonstrated our ongoing commitment to LGBTQIA+ inclusion by co-sponsoring Tokyo Rainbow Pride 2024, one of the largest LGBTQIA+-related events in Japan. Sponsorship of this event reflects Hitachi's commitment to psychological safety and an inclusive corporate culture for all current and future employees.

Diversity Month

Hitachi designated October 2024 as Diversity Month and implemented various initiatives and communications to make this period an opportunity to deepen understanding of inclusion, which is essential for innovation and growth. A series of initiatives during this period underscored the message that it is important to foster a work environment that is inclusive and psychologically safe, where the voices of all employees are respected.

One of the key initiatives of Diversity Month is the Unlock Yourself! campaign. In this campaign, approximately 70 global employees shared their personal reflections on what Inclusion at Hitachi initiatives mean to them. These stories were distributed globally in the form of six different posters to encourage awareness and participation in efforts to build an inclusive workplace environment.

Accessibility

Accessibility is built into a wide range of systems and tools, including in the work environment. In addition, Hitachi's new global brand guidelines include typography (fonts) that emphasize accessibility and ensure that all employees, partners, and customers have fair access to and engagement with Hitachi content.

Employee Resource Groups (ERG)

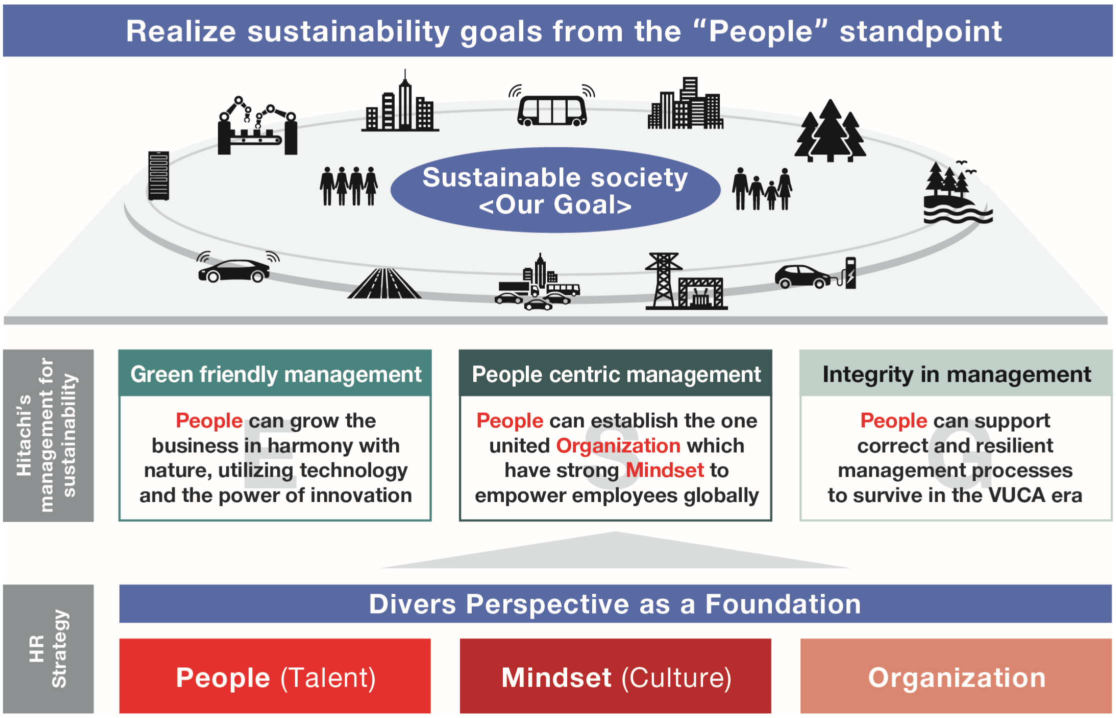
Throughout Hitachi, employees with common characteristics and interests work voluntarily as Employee Resource Groups (ERGs) and play an important role in raising awareness, sharing real-world experiences, and promoting practical improvements in the workplace. ERGs are active at each business division and regional level, leading a variety of initiatives ranging from awareness campaigns to accessibility assessments to promote an inclusive work environment.

Initiatives for Developing Women Leaders

The percentage of managerial positions filled by women at Hitachi and its group companies in Japan is gradually increasing but has yet to reach a sufficient level. We are therefore strengthening our efforts to develop female leaders. Specifically, we are advancing the following actions to support women's career development and help them achieve a work-life balance.

- Career development support for women through career training for young women, mentoring programs for women, etc., career development support provided before and after childcare leave, and seminars for promoting diverse workstyles for creating a workplace where diversity of workstyles is leveraged as a strength
- Introduction of expectant parent seminars that encourage men employees to consider plans for using childcare leave, and a system that helps employees develop plans for taking childcare leave and communicate with managers as necessary (declaration of childcare leave), to encourage men to participate in childcare
- Expansion of leave and temporary retirement programs system for support in life events, such as childcare and nursing care, and concierge services, beyond statutory requirements (an information-providing service supporting the search for a nursery and childcare and women's health concierge services, which help employees have their children enter nursery schools and provide support related to women's health)

ii) Global human capital management



To contribute to realizing a sustainable society, it is important to perform management that leads to the achievement of sustainability goals from the perspective of human capital. Therefore, Hitachi has adopted a strategy for global human capital management based on the positions of human capital and organizations in sustainability management, which it aimed to achieve under the Mid-term Management Plan 2024. Specifically, we have set three pillars for our human capital strategy: People (Talent), Mindset (Culture), and Organization. These pillars are supported by a foundation that utilizes diverse perspectives, including physical and mental health and safety, as well as the review and streamlining of HR operations. We have been pursing each initiative as follows.

<Status of implementation of human capital strategies and measures in the Mid-term Management Plan 2024>

Pillars	Strategy / Initiatives	Results during the period of the Mid-Term Management Plan 2024	Challenges / Opportunities
Strategy	Utilize diverse perspective	·Based on the revised policy, implement initiatives to enhance respect for employees and increase employee engagement ·Improve scores against company-wide goals, diversify decision-making layers, and increase the ratio of women managers	·Create safe and inclusive workplaces ·Increasing woman's workforce participation and engaging all generations in the workforce
People (Talent) Optimize talent (workforce and capability) and engagement **for growth**	Selection and development of management leaders	·Accelerate the expansion and diversification of the talent pool by conducting talent reviews and external appraisals globally to search for high-potential talents ·Redefined the talent requirements for management leaders aligned with the next management plan People (talent) Action (1)	·Acquire, assign and develop leaders to grow business by taking the necessary risks with a holistic view (Ensure talent pipeline)
	Review compensation structure	·Continue to raise compensation levels for employee that exceed the inflation rate in order to secure competitiveness in acquiring talents, and revise the compensation scheme for non-managerial positions in Japan based on job-based HR management ·Revise of the executive compensation scheme (Strengthening the linkage between corporate value and compensation)	·Ensure fairness, transparency and competitiveness in compensation
	Talent development	·Achieve the target number of digital talent during the period of the Mid-Term Management Plan 2024 by identifying the required capabilities and the number of talent to realize the Lumada business, strengthening recruitment and development, and promoting M&A ·Ensure an environment that supports employees' autonomous learning through introducing a learning platform People (talent) Action (2)	·Secure talents required for growth ·Strengthen the development of generative AI talents and MONOZUKURI talent, promoting employee upskilling and reskilling
Mindset (Culture) Foster a mindset and culture **for growth**	Improve employee engagement & Foster Hitachi Culture	·Achieve the target engagement score in the 2024 Mid-Term Management Plan through the deploying HR initiatives related to engagement drivers ·Revision to new competencies, focusing on business linkage and continuous communication activities to widely adopt the Hitachi group's mission and values Mindset (Culture) Action	·Create effective/efficient cycle to address factor and actions to increase engagement ·Develop One Hitachi mindset and behavior
Organization Promote collaboration between divisions and improve productivity and efficiency on a global basis **for growth**	Right People in the Right Place, Shift to job-based HR management in Japan	·Promote the right people in the right place by preparing guidelines for global talent mobility based on both company-led strategic placement and self-directed transfer, and conducting talent reviews in each region across business Organization Action	·Strengthen talent development and retention by leveraging talent across Bus
	Workforce Management	·Establish people productivity indicators, along with monitoring and improvement processes at each business	·Increase people productivity with growth ·Realizing strategic workforce management through the utilization of generative AI
Foundation	HR Operation	·Increase the efficiency of HR operations by expanding the global application of the integrated HR management platform and reviewing HR operations primarily in Japan	·Optimize HR operation ·Enhance common HR platform

The main measures related to the three pillars of our human capital strategy are as follows.

People (Talent) Action (1): Management leader selection and development

Changing business strategies are leading to changing requirements for managerial leadership. Hitachi's leaders are expected to respond effectively to globalization and DX, utilizing not only their own knowledge and experience, but also insights derived from inside and outside to be accountable for their judgements and decisions. They should also possess capabilities and personalities needed to change and executing strategies. For this reason, we undertake talent reviews and external appraisal (HLPO (Note)) globally to assess both performance and potential. We develop talents resources regardless of factors such as nationality and gender to select members of GT+ (Note), a pool of management leader candidates, and provide Future 50, a program for emerging talent to assign them to leadership positions at an early stage.

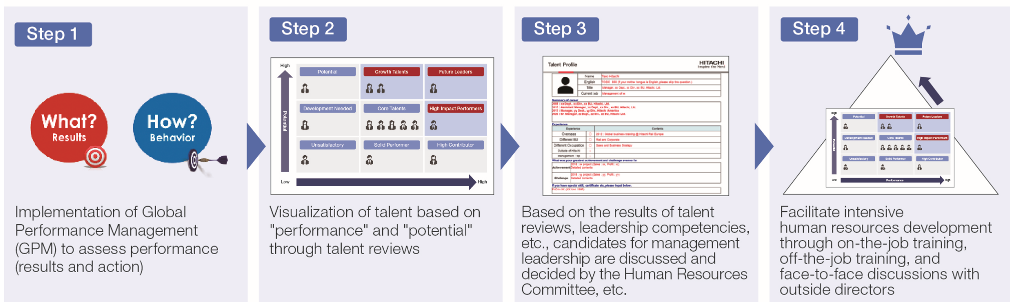
These initiatives are led in collaboration between top management and the Nominating Committee using the Global Leadership Development Program (GLD). It is an intensive program to develop candidates for leadership roles, such as future CEOs and division heads. Candidates receive on-the-job training (OJT), including tough assignments, and off-the-job training (Off-JT) such as external education and coaching. We also provide them with opportunities to speak directly with independent directors.

(Notes) 1. Hitachi Leadership Profile Online
2. Global Talent Plus

<Status of selection and training of management leaders>

Diversification of talent pool		Selected	Non Japanese	Female
GT+	FY2016	521	25 (4.8%)	25 (4.8%)
	FY2024	566	177 (31.3%)	135 (23.9%)
Future50 (Cumulative total of Candidates)		142	43 (30.3%)	31 (21.8%)

Steps to identify more diverse talents



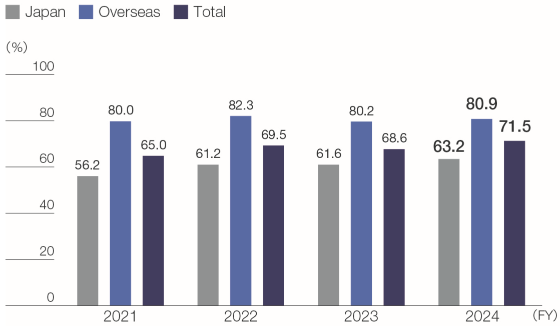
People (Talent) Action (2): Secure and develop digital talents

Aiming to accelerate the Social Innovation Business with the use of digital technology and achieve expansion of the Lumada business, a growth driver for Hitachi, we are focusing on securing and developing the human resources (digital talents) who will drive digital transformation (DX).

We are acquiring digital talents globally through recruitment and business acquisition in accordance with the growth of the Lumada business. The acquisition and development of digital talents also centers on Hitachi Academy, a corporate university of the Hitachi Group, providing an original DX training scheme that includes more than 100 courses and leveraging hands-on experience, and enhancing internal talents development using GlobalLogic methodology. By FY2024, we had secured 107,000 people with digital talents, exceeding the target of 97,000 set in the Mid-term Management Plan 2024. We will continue to secure and develop talents who will drive Lumada business.

Mindset (Culture) Action: Improving employee engagement and fostering the Hitachi culture globally

Results of Employee Engagement Score (percentage of positive response rate)



We conduct Hitachi Insights, an annual global employee survey, to plan and execute talents management measures. Senior management and managers at each workplace share the survey results for their teams with workplace members to identify organizational challenges. They then plan and implement countermeasures through the PDCA cycle.

As a means of identifying issues in planning and implementing actions to improve employee engagement, we focus on engagement drivers (items that are highly correlated in increasing employee engagement) and have been considering measures to address them. In FY2024, we worked on initiatives, such as accelerating actions to ensure the right person is in the right place, including the promotion of global talent mobility (including job-based HR management), developing a workplace environment with high psychological safety and fostering the Hitachi culture through the implementation of Hitachi Group Core Competency, and enhancing two-way communication with senior executives through town hall meetings, roundtable discussions, internal social media, and other means.

As a result, the Employee Engagement Score (Note) was 71.5% in FY2024, which means that the stretch target of increasing it to 71.0% by FY2024 under the Mid-term Management Plan 2024 was achieved.

(Note) The percentage of positive responses to employee engagement questions (The score is calculated from perspectives of: “pride in working for Hitachi;” “whether it is a rewarding place to work;” “job satisfaction and sense of accomplishment;” and “desire to continue working for Hitachi for the foreseeable future.”)

<Examples of actions to improve employee engagement and foster the Hitachi culture globally>

<u>Company-wide actions</u>

Promote communication for growth of organizations and employees

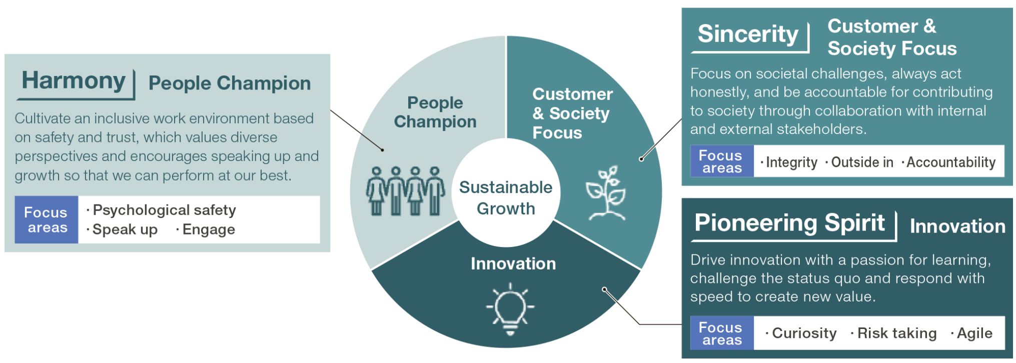
(e.g. townhall meetings and one-on-one meetings)

Accelerate talent mobility

(e.g. global talent mobility* and job-based HR management)
*Talent mobility across business sectors and countries/regions

Promoting Hitachi Group Core Competency* and alignment with all HR initiatives

*Hitachi Group Core Competency is based on factors including Hitachi Values and business strategies and specifically defines behaviors which all Hitachi Group employees are expected to take to demonstrate Hitachi founding spirit.



Global Expansion of Industrial Engineering (IE) Master Program

Hitachi has globalized the coverage of certification system for "IE Master" and "IE Leader" who drives manufacturing innovation at production sites since FY2024. A total of 33 employees in Japan and overseas were certified in FY2024, and Mr. Kume, Vice President & Executive officer, awarded certificates to them at an awards ceremony in November 2024.

▶The number of certified employees in FY2024
- IE Masters: 9 (Japan:1, Europe:3, China:2, USA:2)
- IE Leaders: 24 (Japan:14, China:7, USA:2, India:1)

Ask me anything in 2024

Global Online Event for employee – Ask me anything to CHRO was held on Friday, July 26th. With the theme of "People and Culture align with Hitachi's Founding Spiritsfor Sustainable Growth", this event was held as a measure to increase employee engagement through direct two-way communication with the CHRO. More than 2,400 employees from around the world participated in the event, which was held over several sessions.

Actions in individual business entities and regions

Hitachi Rail: Well-being Program (Be Well)

Hitachi Rail has defined five key areas of wellbeing and has implemented a comprehensive program to promote awareness and action within the company.
In FY 2024, in particular, Hitachi Rail focused on mental and physical health and conducted global initiatives on the themes of "Eat Well: Nutrition and Healthy Eating Habits" and "Mentally Well: Raising Awareness and Support for Mental Health." Employees from more than 15 countries participated in these initiatives, and its internal social media site about the event drew more than 22,000 views.

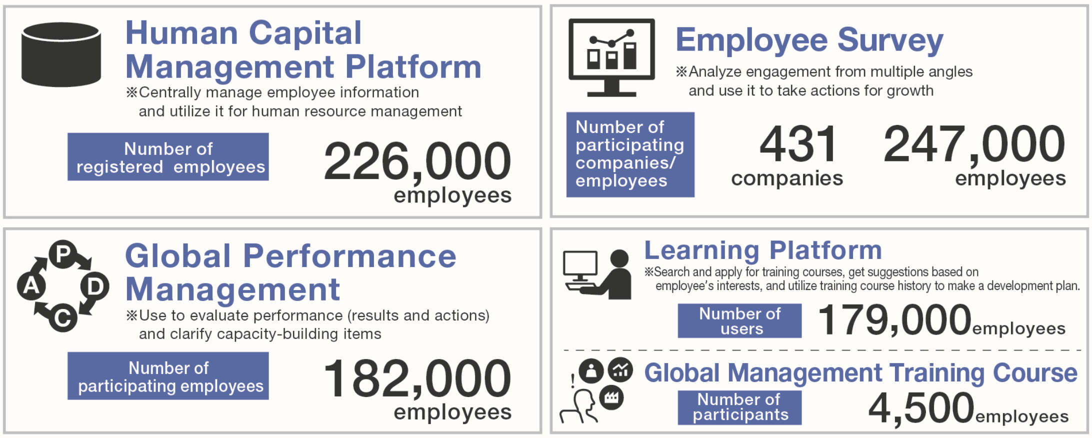
Hitachi Vantara: Earth Alliance Actions

The Earth Alliance Employee Resource Group, led by 12 global leaders from each country, has been formed to raise awareness for the realization of a sustainable society.
This group works with regional offices to promote global and voluntary environmental activities, such as holding "Earth Month" promoting employee participation in environmental campaigns, and conducting quarterly environmental education.
During Earth Month 2024, Hitachi Vantara covered key sustainability topics such as energy conservation, waste reduction, and tree planting, and held approximately 20 in-person and virtual events, which contributed to raising awareness within the company.

Organization Action: Putting the right person in the right place and shifting to job-based HR management in Japan

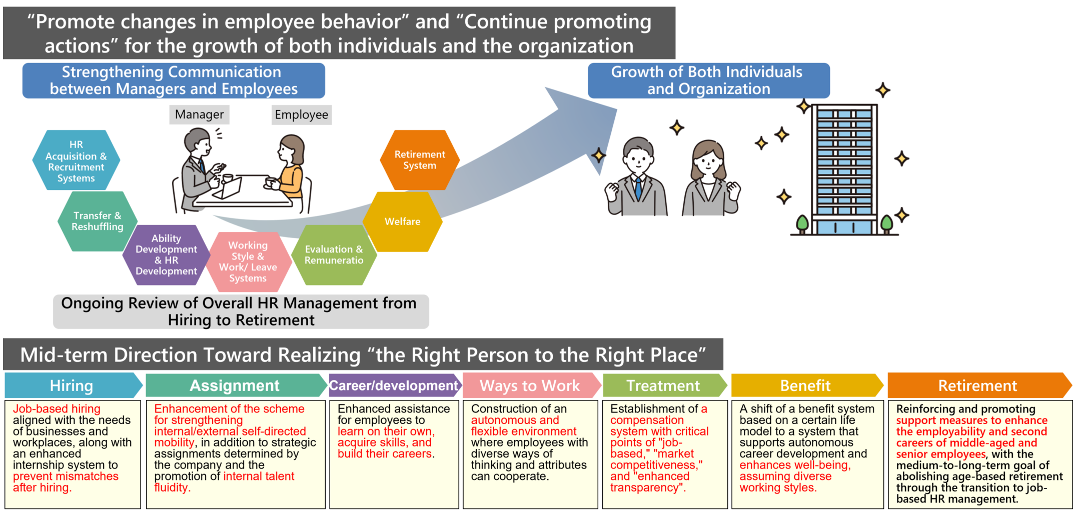
We are building a global integrated human capital management platform and promoting global talent mobility to secure, assign and develop the best talents worldwide. We started using the platform globally, and we are sharing information such as employee skills and career aspirations through its cloud-based system. We are using it for our global employee database and team management. At the same time, we are implementing a global training platform to create an environment where employees learn with autonomy.

<Penetrate growth-centered behavior through HR measures shared across the Hitachi Group>



<Actions in Japan>

We are accelerating the shift to job-based HR management. By putting the right person in the right place according to their personal abilities and motivations, we aim to maximize the performance of individuals and organizations, improve engagement, and develop both organizations and people. We have taken steps to build the foundation, such as visualizing jobs and people through the introduction of job descriptions, and have adopted measures such as promoting the learning experience platform (LXP), introducing a system of internal and external side jobs, and enhancing career-related communications between supervisors and employees. As a result, great progress has been made in changing employees' awareness and behaviors. For the growth of both individuals and the organization, we will continue to pursue ongoing initiatives such as manager-subordinate communications.



Foundation Action: Ensuring mental and physical health and safety

"Health and safety always comes first." This is the basic principle underlining the Hitachi Group Health and Safety Policy, and is shared by all Hitachi Group companies around the world. Employees work together with all related companies, including contractors and procurement partners, to develop a safe, secure, comfortable, and healthy workplace for everyone involved in our business activities.

Aiming to develop safe workplaces with zero accidents, Hitachi has developed and introduced occupational health and safety management systems tailored to its business. We also conduct regular risk assessments and audits, while also working to roll out occupational health and safety training globally.

Formulate HR strategies for Inspire 2027, the New Management Plan

Hitachi continues to position Human Capital as one of the most important components of its management capital. We aim to contribute to both business and society by further strengthening and revitalizing its organization and talent, while increasing the value it provides to employees.

In alignment with the policies of the New Management Plan "Inspire 2027," and in light of external factors, we have developed new human capital strategies, founded on the use of generative AI and other technologies. Going forward, we define five pillars as priority areas that we will focus on and will work to strengthen each of them.

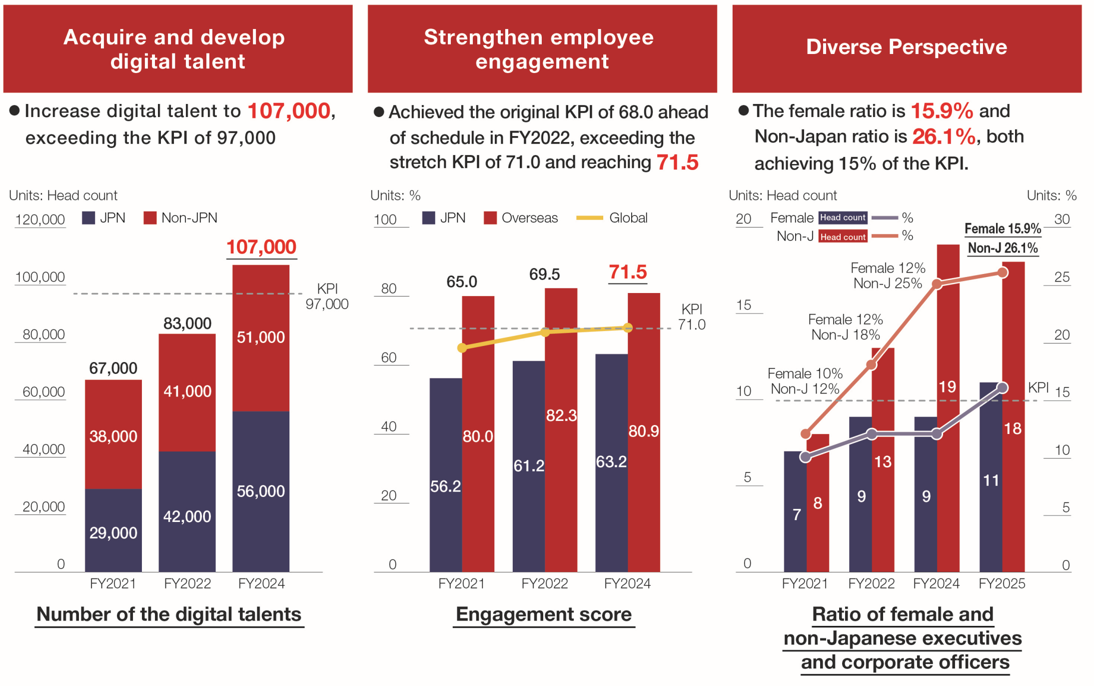
● Transformed into "Global Employer of Choice" to realize employee well-being

Strategy Pillars		Where we want to get to	Path to Get there
PEOPLE VALUE PROPOSITION		Global employer of choice with employee well-being	・Enhance **Hitachi employee value proposition** through deploying of employer brand messages etc. ・Ensure **Global compensation structure including stock plan** to further strengthen competitiveness in labor market
ORGANIZATION		Workforce plan and resources shift: Well-Being/Productivity/Effectiveness Strengthen in agile, transparent and simple decision-making	・Set higher target and implement for it to accelerate **talent diverse perspective of managers** ・Update organization for executing **Strategic Social Innovation Business and new regional strategy** ・**Review of policies in organizational design and talent allocation**, including optimization of the span of control for manager
TALENT	Leadership	Leaders with holistic view and entrepreneurial spirit, balancing One-Hitachi views	・Revise **Global Leadership Development Program (GLD)** from One Hitachi standpoint **including rotation of global leaders**
	Capability	Diverse employees are proactive on career and growth Skills for sustainable growth (e.g. IT x OT x Product)	・Introduce **global onboarding framework, more clarify of managers role and training program** based on this farmwork ・Develop **skills** aligned with business strategy and dynamic workforce planning **(e.g. IT x OT x Product)** ・Develop **global university relations program**, building brand recognition ・Accelerate talent and skillset development through further visualization of talent on Hitachi's HR platform
CULTURE	Harmony	Collaborative as One Hitachi	
	Sincerity	Everybody has ownership and leadership	・Foster **Hitachi culture with required behaviors** aligned with Hitachi VALUES ・Create collaborative culture and growth mindset by **mobilizing employees and new incentive structure**
	Pioneering Spirit	Aggressively take on challenges with understanding and considering difficulties and risks	
WX (Work Transformation)			・Transform **employee work and environment** through Gen AI/Tech to enhance productivity and well-being ・Promote optimization of **the work** by Gen AI and further enhance linkage with **workforce plan**

(b) Indicators and Targets

In implementing specific HR initiatives during the period of the Mid-Term Management Plan 2024, we clarify how each of them links to management goals and major management strategies. We set KPIs for each HR strategy and initiative to monitor their progress.

Indicators for particularly important HR strategies and initiatives are as follows: “Acquire and develop digital talent,” “Strengthen employee engagement (Note 1),” and promote “Diverse perspectives (Note 2) (Note 3).” We achieved the targets under the Mid-Term Management Plan 2024 for all three KPIs set and announced in FY2022.



Including the indicators above, particularly important KPIs are the following.

Indicators	Targets	Results
Number of digital talents	97,000 by FY2024	107,000 (As of March 31, 2025)
Percentage of positive responses to employee engagement questions in the employee survey	71% by FY2024 (Note 1)	71.5% (FY2024)
Ratio of women and non-Japanese executives (Global goal) (Note 2)	15% each by FY2024 (Note 3)	Ratio of women: 15.9% Ratio of non-Japanese: 26.1% (As of April 2025)
Number of fatal accidents	0 cases per year	2 cases (FY2024)
Total recordable injury frequency rate (TRIFR) (Note 4)	Half the rate of FY2021 by FY2024 (Note 5)	0.13 (FY2024)

(Notes) 1. Since we achieved the original goal of 68%, in FY2022- 2 years ahead of the FY 2024 target- we have now set a new goal.
2. This goal is in line with Japanese government’s request to “increase the percentage of women executives at companies listed on the Tokyo Stock Exchange Prime Market to 30% or more by 2030.” Targets and results refer to Executive Officers and corporate officers in the Company.
3. The numbers reflect personnel transfers on April 1, 2025.
4. Total Recordable Injury Frequency Rate (casualties per 200,000 work hours)
5. FY2021 score was 0.27

We successfully achieved our targets ahead of schedule in FY 2022 in terms of the “Ratio of non-Japanese executives” and the “Percentage of positive responses to employee engagement questions in the employee survey.”

With regard to the “Number of fatal accidents”, we take very seriously the fact that fatal accidents have occurred. In order to further improve accident prevention activities to restrict serious accidents, we have stepped up the reinforcement of global risk assessment activities. In addition, with regard to safety management by partner companies at construction sites, we have launched a working group and revised construction site guidelines to reflect revisions to the method of evaluating partner companies. At the same time, we have also begun to operate an evaluation check sheet, striving to prevent accidents in an integrated manner with the understanding of partner companies. We will continue to take steps toward becoming an accident-free workplace under the strong leadership with a vision of “all accidents can be prevented.”

3. Risk Factors

(1) About Risk Management

Hitachi's business activities have been transformed through innovations in digital technologies such as generative AI and the advancement of globalization, among other events, and the types of risks that could have a significant impact on management have also diversified. Since individual risks interact with each other and can affect business activities in a complex chain reaction, they must be viewed from multiple perspectives, such as their nature, likelihood of occurrence, and impact on Hitachi if they do occur. In addition, for Hitachi to enhance its corporate value over the medium to long term, it needs not only to view risks as threats but also to see their positive aspects, regarding them as business opportunities in implementing risk management and creating profit-earning opportunities. From this perspective, Hitachi has established the following risk management system and risk management process to manage risks in a group-wide manner.

1) Risk Management System

In accordance with internal rules for group-wide risk management, Hitachi has established a system for identifying and sharing information on group-wide risks and addressing risks of high importance on a priority basis. The Chief Risk Management Officer (CRMO), who is responsible for group-wide risk management, identifies major risks across Hitachi and reports to the Senior Executive Committee and the Board of Directors. Hitachi's risk management system is classified and organized into three lines of functions and roles (the "Three-Line Model"). The functions and roles of each of the three lines are as follows

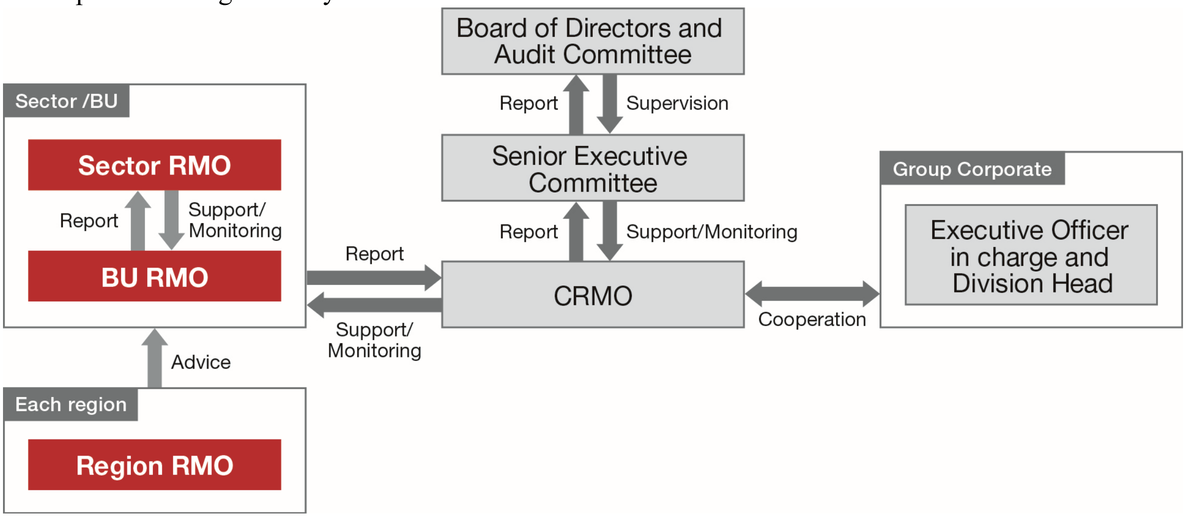
A Sector Risk Management Officer (RMO) and business unit RMO (BU RMO) are assigned to each sector and BU, which are the first line. They organize risk management of the sector/BU that they are in charge of, and report the status of risk management to the CRMO.

The second line, functional organization Group Corporate, works with the CRMO to provide advice and monitoring and other support for risk management in the first line.

The third line, the Internal Auditing Office, verifies and evaluates risk management in a position that is independent of the first and second lines.

In addition to the above, a Region RMO is also assigned to each overseas region and provides risk management advice to the first line from the perspective of their region.

<Group Risk Management System>



2) Risk Management Process

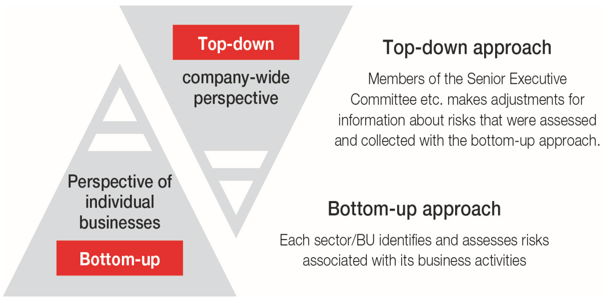
To ensure comprehensive and efficient risk management throughout Hitachi, Hitachi has established group-wide risk items, risk assessment methods, etc. in its internal rules for group-wide risk management. Risks are assessed by evaluating the impact (Note 1) and likelihood of occurrence (Note 2) for each risk item and by creating the Risk Heat Map. In the assessment, the sector/BU identifies risks related to its business activities and assesses the impact and likelihood of occurrence (bottom-up approach). The members of the Senior Executive Committee and others make adjustments for the risks identified and assessed with the bottom-up approach, as well as their impact and likelihood of occurrence, from the perspective of Hitachi as a whole and the risk as a whole (top-down approach).

(Notes) 1. The impact is evaluated based on finance, employees, customers/business partners, laws and regulations, and other factors and from the perspective of stakeholders.

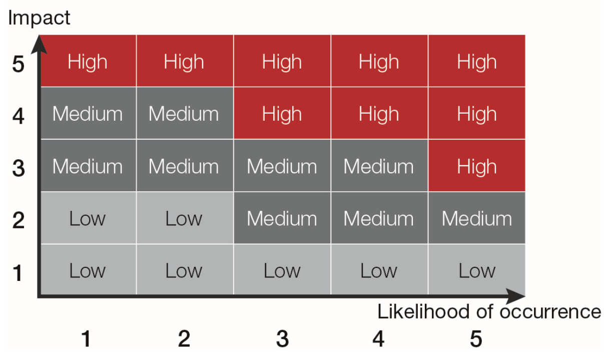
2. Likelihood of occurrence is evaluated in light of the actual occurrence in the past and the estimated probability of future occurrence.

Through the above process, Hitachi's countermeasures against risks are considered from the perspective of avoidance, mitigation, transfer, acceptance, etc. of risks that were identified and assessed. The effectiveness of measures taken to address risks is monitored on a regular basis, and additional countermeasures and remedial measures are implemented as necessary.

<Risk Assessment Process>



<Risk Heat Map>



(2) Risk Factors

Hitachi conducts business on a global scale across a broad range of business areas and utilizes sophisticated, specialized technologies to carry out its operations. As such, Hitachi's business activities are affected by a wide range of factors. The factors and measures taken for each risk factor are as follows.

The following risks and countermeasures are based on assumptions Hitachi considers reasonable as of the date of submission of this report. The countermeasures below will not necessarily eliminate the effects of the risks and may not effectively mitigate the effects.

1) Risks Related to Economy

Economic Trends

Hitachi's business is influenced by the global economy, economic and geopolitical conditions in certain regions or countries. Downward economic trends in regions, countries and Japan cause declines in consumer spending or capital investment. The rising interstate conflicts and tensions could cause restrictions on or cessations of economic activity in certain regions and subsequently, partially restrict Hitachi's products, systems and services or reduce demand for them, which could adversely affect its business, financial condition, and earnings.

In response to this risk, Hitachi combines the many different aspects of the Social Innovation Business in a range of business fields and regions, and it aims to take prompt countermeasures against geopolitical changes through risk evaluation and other means.

Currency Exchange Rates Fluctuations

Since Hitachi conducts business in many foreign countries, its business activities are exposed to risks from fluctuations in foreign currency exchange rates. Hitachi sells products, provides services and purchases raw materials and components in local currencies. Therefore, fluctuations in foreign currency exchange rates may result in lower revenues or higher costs in yen to Hitachi and thus affect its earnings, which are reported in Japanese yen. Hitachi's price competitiveness may decline if it seeks to increase prices in local currencies to compensate for lower revenues or to increase prices in yen to absorb the higher cost, and thus its earnings may be harmed. In addition, since Hitachi holds assets and liabilities denominated in foreign currencies, fluctuations in foreign currency exchange rates may adversely affect its financial condition presented in Japanese yen through foreign currency translation.

The table below shows the foreign exchange sensitivity for the fiscal year ending March 31, 2026 (impact of an exchange rate fluctuation of one-yen from the forecast rate) estimated as of March 31, 2025.

Currency	Forecast	Foreign exchange sensitivity (billions of yen)	
		Revenues	Adjusted EBITA
U.S. dollar	145 yen／U.S. dollar	14.0	1.0
Euro	155 yen／Euro	8.0	0.5

To mitigate the risk, Hitachi hedges the foreign exchange risks using forward exchange contracts and currency swap agreements and emphasizes a strategy of selling locally produced goods and services.

Financing Environment

Hitachi's primary sources of funds are cash flows from operations, borrowings from banks and other institutional lenders, and funding from capital markets, such as offerings of commercial paper and other debt securities, as well as equity securities. Hitachi needs liquid funds to pay its operating expenses, the principal of and interest on its debt and dividends on its capital stock. Hitachi also needs long-term financing to fund, among other things, capital expenditures and research and development expenses. Hitachi currently believes its cash flows from operations, borrowings from banks and other institutional lenders and funding from the capital markets can provide sufficient funding for its operations and other liquidity needs. However, a global economic downturn could adversely affect its cash flows from operations, business results and financial condition and may adversely affect its credit ratings. If Hitachi's ratings are downgraded, its ability to obtain additional financing on terms it considers favorable may be negatively affected.

Hitachi's reliance on banks and institutional lenders exposes it to risks related to rising interest rates, and Hitachi may need to increase its reliance on external sources of funding. An increased reliance on debt instruments may adversely affect Hitachi's credit ratings, which might affect its ability to successfully obtain additional financing on terms it considers favorable. The inability to successfully obtain such financing may increase Hitachi's financing costs, and therefore could adversely affect its financial condition and earnings. To reduce risks related to rising interest rates, Hitachi enters into interest rate swap agreements.

Furthermore, the failure of one or more of Hitachi's major lenders or a decision by one or more of them to change the terms and conditions of their loans or to stop lending to Hitachi could have an adverse effect on its access to funding.

Declining Share Prices

Hitachi invests in securities to maintain or promote its business or other relationships with other companies. These securities are exposed to the risk of declining stock prices. Such declines may require that Hitachi writes down equity securities that the Company and its consolidated subsidiaries hold. Further, contractual and other obligations may require the Company and its consolidated subsidiaries to maintain their holdings of these securities despite declining share prices and this may lead to material losses.

The table below shows the number of issues and the balance sheet amount of the stocks the Company owned at the end of the fiscal year ended March 31, 2025.

	Number of issues (issues)	Total amount recorded in the balance sheet (millions of yen)
Unlisted stocks	111	21,225
Others	32	37,127

To deal with these risks, Hitachi has a basic policy, under which it will not acquire and hold other companies' shares except for cases where acquiring or holding such shares is necessary in terms of transactions or business relationship. The Company also has a policy of reducing holdings that it already owns unless the significance and economic rationale of holding the shares are confirmed. Hitachi's policy for shareholding and its examination of the reasonableness of holding equity securities held for purposes other than pure investment are described in "IV Information on the Company - 4. Corporate Governance, etc. - (5) Information on shareholdings."

2) Risks Related to Supply Chain

Material and Component Procurement

Hitachi's manufacturing operations relies on procurement partners for supplies of materials, parts, components and services of adequate quality and quantity, delivered in a timely manner at a reasonable price. Procurement partners may not have the sufficient capacity to meet all of Hitachi's needs during periods of excess demand. Shortages of materials, parts, components and services may cause a sharp rise in their prices. In addition, prices of certain raw materials, parts and components which Hitachi purchases in local currencies, principally the U.S. dollar and the euro, could be adversely affected by fluctuations in foreign currency exchange rates. Increases in the market price of petroleum and other materials, such as copper, steel, synthetic resins, rare metals and rare-earth minerals, can increase Hitachi's production costs and may adversely affect its earnings. Conversely, decreases in commodity prices, such as for raw materials, parts and components, can result in write-downs of inventory. If natural disasters disrupt the operations of procurement partners and damage supply chains, this may adversely affect Hitachi's production. If there are violations of laws or regulations regarding human rights at procurement partners such as child labor and forced labor, Hitachi's reputation as an entity that places orders may decline and the stable procurement of raw materials or parts from the procurement partners may be hindered, which may adversely affect Hitachi's business, financial condition and earnings.

To deal with these risks, Hitachi establishes close relationships with procurement partners, responds appropriately to changes in demand in different regions through pursuing a strategy of selling locally produced goods and services, mitigates price fluctuation risks through long-term contracts, etc., formulates a business continuity plan (BCP) at domestic bases and major bases overseas to strengthen its ability to deal with business interruption risk, and uses and strengthens its procurement function. To prevent violations of laws and regulations at procurement partners, Hitachi uses self-inspections and audits using questionnaires and initiatives to promote understanding.

Credit Risks Arising from Business Transactions

Hitachi enters into transactions with diverse customers and procurement partners in Japan and other countries. Hitachi sells its products to certain customers on credit and pays in advance for products or services provided by certain procurement partners. Credit deterioration or a failure of one or more of Hitachi's customers and procurement partners could adversely affect Hitachi's financial condition, earnings and cash flows.

To deal with these risks, Hitachi takes measures to manage counterparty credit risk, such as regularly monitoring the credit conditions of such customers or procurement partners and setting limits on transaction amounts according to their credit conditions.

3) Risks Related to Geopolitics in Overseas Business

Overseas Business Activities

Hitachi seeks to expand its business in overseas markets as part of its business strategy. Through this overseas expansion, Hitachi aims to increase revenues, reduce costs and improve profitability. Various factors in foreign countries where Hitachi operates may adversely affect its overseas business activities. These factors include:

- changes in regulations relating to investments, exports, tariffs, antitrust, anti-bribery, consumer and business taxation, intellectual property, foreign trade and exchange controls, human rights, employment and labor, environment, resources and energy;
- differences in commercial and business customs such as terms and conditions of transactions;
- changes in labor relations and practices;
- deterioration of public sentiment against Japan and local residents' sentiment against Hitachi, and criticism and campaigns by various organizations;
- expansion and frequent occurrence of interstate/domestic conflicts;
- changes in national security and foreign policies;
- tightening economic security policies; and
- other political and social factors and geopolitical risk as well as economic trends and currency exchange rate fluctuations.

Because of these factors, there can be no assurance that Hitachi will be able to achieve the aims of its overseas growth strategy. This may adversely affect Hitachi's business growth prospects and earnings.

To deal with these risks, Hitachi constantly determines global political and economic conditions and analyzes their effects on its businesses. Based on the analysis, Hitachi implements group-wide measures, including the transfer of overseas risk assets.

4) Risks Related to Environment

Tightening of Regulations to Prevent Climate Change (Risks Associated with the Transition to decarbonization)

An increase in business costs due to carbon taxes, taxes on fuel and energy consumption and/or the introduction of carbon emission rights trading, etc., loss of selling opportunities due to delays in the development of technology for products and services, and investors and society's disapproval of Hitachi's stance on addressing the issue of climate change may adversely affect Hitachi's business activities, earnings and financial condition.

To deal with these risks, Hitachi has established its Hitachi Environmental Innovation 2050 long-term environmental targets and has been implementing an array of activities to achieve decarbonization. Hitachi will accelerate its efforts to achieve its targets. Divisions are aiming to achieve carbon neutrality for their own operations by fiscal 2030. They are introducing energy-efficient equipment and power generation using renewable energy through the introduction of Hitachi Internal Carbon Pricing, streamlining production and transportation, and promoting the use of electric power from non-fossil energy, etc. to prevent or reduce an increase in carbon taxes and other business costs and to reduce the risk of negative assessment. Hitachi is targeting Net Zero in the value chain by fiscal 2050 and aiming to develop and increase sales of innovative products and services that will lead to the reduction of greenhouse gases (GHG) emissions and develop energy-efficient products that will help reduce energy consumption.

5) Risk Related to Human Capital

Retaining Skilled Personnel

To remain competitive in Hitachi, Hitachi must continue to recruit and retain the talent it needs to execute its business. In particular, Hitachi is currently seeking talent that can operate globally, talent that can capture needs and provide optimal solution services close to customers, and next-generation leaders and digital/generative AI professionals who will drive sustainable growth. However, excellent talent is limited, and competition to recruit and retain such talent is intensifying. There can be no assurance that Hitachi will be able to recruit or retain the talent it requires.

To deal with these risks, Hitachi is working to secure the talent it needs in a timely manner, both domestically and globally, by establishing competitive compensation, promoting the utilization of diverse perspectives, taking steps to create a pleasant workplace and enhance engagement, securing outstanding global talent through a global human resources system, and securing and developing outstanding talent through the use of a global human resources platform and through the implementation of in-house educational programs.

6) Risk Related to Technology

Dependence on Information Systems

With the increased usage and importance of information systems in Hitachi's operating activities, disruptions in such systems due to computer viruses and other factors could have a negative impact on its operating activities, earnings and financial condition.

To deal with these risks, Hitachi continuously promotes cybersecurity measures and strictly prescribes and operates security technologies, products and procedures that apply to information systems. However, they may not be effective if unprecedented cyberattacks occur, or if there are any vulnerabilities in systems that are not managed by Hitachi.

Rapid Technological Innovation

New technologies are rapidly emerging in the segments in which Hitachi conducts business. In addition to the development of advanced technologies, the continuous, timely and cost-effective incorporation of such technologies into products, systems and services and the effective marketing of such products, etc. are indispensable to remaining competitive. For instance, it is important to respond to technological innovations, including automation and electrification using technologies such as generative AI, digital and robots and environmentally friendly technologies such as decarbonization and resource circulation. Hitachi is investing substantial management resources in in-house research and development, and in startup investments through its corporate venture fund to continue to provide value to customers while keeping track of trends of change. Failure in Hitachi's endeavors to develop such advanced technologies may negatively affect Hitachi's business, financial condition and results of operations.

To mitigate these risks, Hitachi promotes open innovation involving industry, government and academia, recruits and cultivates digitally savvy human resources and strengthens its grasp of client needs through a collaborative creation process using Lumada. Through those activities, Hitachi works to create an innovation ecosystem.

7) Risks Related to Natural disasters

Physical Impacts by Significant Disasters, Climate Change and Similar Events (Including Risks Related to the Physical Effects of Climate Change)

Hitachi has many facilities, including its R&D facilities, manufacturing facilities and its headquarters in Japan. Historically, Japan has experienced numerous natural disasters such as earthquakes, tsunamis and typhoons. Natural disasters in the future may have a significantly adverse effect on an array of Hitachi's corporate activities, from production to sales. Hitachi also has overseas facilities in Asia, the U.S. and Europe, which are also subject to similar natural disasters. Natural disasters in each of areas may cause damage on certain of Hitachi's plants and offices and the operations of its suppliers and customers. Due to climate change, large-scale natural disasters, including drought, rising sea levels, long heat waves and floods, may become more serious. Such significant natural disasters may directly damage or destroy Hitachi's facilities, which could disrupt its operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would result in significant losses. Furthermore, even if such significant natural disasters do not directly affect Hitachi's facilities, they could result in disruptions in distribution channels or supply chains. The spread of infectious diseases and geopolitical and social instability, such as terrorism, crime, civil disturbance and conflict, may also disrupt Hitachi's operations, render its employees unable to work, reduce consumer demand for its products or disrupt its supply and distribution channels, etc. In addition, Hitachi is not insured against all potential losses, and even losses that insurance covers may not be fully covered, and payment of insurance claims may be delayed due to objections, etc. Direct and indirect disruption of Hitachi's operations as a result of natural disasters or other events could have a negative impact on its operating activities, earnings and financial condition.

To deal with these risks, Hitachi works to strengthen its ability to deal with business interruption risk by formulating BCPs. When Hitachi builds a new plant, it determines the layout of equipment within the plant, taking into consideration possible floods.

8) Risks Related to the Others about the Whole of Company Management

Estimates, Fluctuations in Cost and Cancellation of Long-term Projects

Hitachi enters into a substantial number of long-term projects, particularly in connection with the construction of infrastructure systems. When the outcome of a construction can be reliably estimated, Hitachi recognizes revenue and expenses by reference to the stage of completion of the contract activity. In this case, revenue is recognized mainly based on the progress of the project, using mostly the cost incurred relative to the estimated total cost. When the outcome of a construction cannot be reliably estimated, Hitachi recognizes revenue only to the extent of that contract costs incurred will be recoverable, and recognizes contract costs as expenses in the period in which such costs are incurred. The revenue recognition for such long-term projects requires Hitachi to estimate the estimated total cost, estimated total selling price, contract risks and other factors using significant assumptions. However, these estimates are subject to change. Hitachi regularly reviews these estimates and adjusts them as it deems necessary. While Hitachi charges any anticipated losses on fixed price contracts to operations when it is able to estimate such losses, these estimates are subject to change. Fluctuations in costs can occur for a variety of reasons, many of which are beyond Hitachi's control. In addition, Hitachi or its counterparties may cancel these contracts. These factors would require Hitachi to revise its initial assumptions regarding a particular contract, and may adversely affect its business, financial condition and earnings.

To deal with these risks, Hitachi aims to identify and manage risks before the execution of contracts, and its operating division and finance division continue to manage and share identified risks after the execution of contracts for accurate estimates in a timely manner.

Intense Competition

Hitachi competes with diverse competitors ranging from huge global corporations to specialized companies including startups. To keep competitive in this environment, Hitachi's products and services must also be competitive in terms of engineering sophistication, quality and brand value. Hitachi must introduce its products and services to the markets in a timely manner. There can be no assurance that the products and services that Hitachi offers will be competitive. The failure of such products and services to be competitive may negatively affect Hitachi's business, financial condition and earnings.

In addition, advanced products, systems and services are becoming commoditized. Their production and development are expanding, together with the provision of services in low-cost regions and the use of the cloud and automation. As a result, price competition is intensifying. On the other hand, soaring raw material prices and personnel costs, impact of tariffs, and foreign exchange fluctuations may increase costs related to manufacturing, sales and service provision. Under such circumstances, if Hitachi is unable to charge prices comparable to those of its competitors, its competitiveness and overall profitability may be harmed. However, if Hitachi charges comparable prices, it may cause a loss.

To deal with these risks, Hitachi is emphasizing innovation through research and development, the expansion of the Lumada business, co-creation with customers, striving to produce high value-added products, cost reduction through value engineering, expanding the utilization of resources within Hitachi, and negotiating price pass-through with client companies.

Sharp Decline in Demand

Oversupply in the markets in which Hitachi competes may lead to declines in sales prices, revenues and profitability. In addition, adjustment to demand may force Hitachi to dispose of excess supply or obsolete equipment or reduce production, which can result in losses. For example, the imbalance between supply and demand in information equipment, elevators, semiconductor and industrial machinery industries and resultant deterioration in market conditions could negatively affect Hitachi's businesses, financial condition and earnings.

To deal with these risks, Hitachi works to strengthen the competitiveness of its products and services and controls the supply and inventory of products and services based on demand forecasts.

Strategy to Strengthen the Social Innovation Business

Hitachi's business strategy seeks to build its business portfolio and achieve a business structure with high growth potential and stable profitability mainly by strengthening the Social Innovation Business. To strengthen the Social Innovation Business, Hitachi plans to devote significant resources including capital expenditures and R&D, and is making investments in mergers and acquisitions and in new projects. In addition, Hitachi attempts to design an organizational structure suitable for promoting the Social Innovation Business more effectively in response to market changes. To implement this strategy, Hitachi has incurred and may continue to incur considerable expenses. Hitachi's efforts to implement this strategy may be unsuccessful or less successful than it currently anticipates. Even if these efforts are successful, there is no assurance that Hitachi will be able to sustain or increase profitability.

To deal with those risks, Hitachi works to manage implementation in a phase gate process in each business unit (BU) and analyze and discuss market trends, trends at competitors, technological trends and potential risks, among other issues, from a range of perspectives, in the Investment Strategy Committee, Senior Executive Committee, the Board of Directors and Audit Committee.

Acquisitions, Joint Ventures and Strategic Alliances

In every operating sector, Hitachi undertakes acquisitions of other companies, joint ventures and strategic alliances with outside partners to design and develop key new technologies and products, to strengthen competitiveness by complimenting and expanding products, systems and services and by scaling up and to acquire new locations and customer bases to expand into new regions and businesses. Matters which may have adverse effects on Hitachi's financial condition or profitability are described in "V.

Financial Information - Notes to Consolidated Financial Statements - (5) Business Acquisitions and Divestitures.” Such transactions are inherently risky because of the difficulties in integrating operations, technologies, products and personnel and achieving a return on investment. Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could adversely affect Hitachi’s business. Decisions made by or the performance of alliance partners that Hitachi cannot control or adverse business trends may also negatively affect the success of its alliances. Hitachi may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to the integration or restructuring of acquired businesses. Major financing for these costs may cause deterioration in Hitachi’s financial condition and decrease its capacity to finance. If it is expected that the amount invested is irrecoverable due to a decline in the profitability of an investee, Hitachi may incur significant losses, including impairment loss for goodwill. Hitachi had goodwill of 1,360,303 million yen in the Digital Systems & Services segment, 863,097 million yen in the Green Energy & Mobility segment and 263,423 million yen in the Connective Industries segment as of March 31, 2025. The amount of goodwill in each segment is described in “V. Financial Information - Notes to Consolidated Financial Statements - (4) Segment Information.” There can be no assurance that these transactions will be beneficial to Hitachi’s business or financial condition. Even assuming these transactions are beneficial, there can be no assurance that Hitachi will be able to successfully integrate the acquired businesses or achieve all or any of the initial objectives of these transactions.

To deal with those risks, Hitachi works to manage implementation in a phase gate process in each BU and analyze and discuss market and industry trends, strategies, purchase prices, PMI (post-merger integration) processes and potential risks, among other issues, from a range of perspectives, in the Investment Strategy Committee, Senior Executive Committee, the Board of Directors and Audit Committee.

Business Restructuring

Hitachi’s business strategy seeks to build its business portfolio and achieve a structure with high growth potential and profitability in part by:

- closing unprofitable operations;
- divesting subsidiaries and affiliated companies;
- reorganizing production bases and sales networks; and
- selling select assets.

Hitachi’s restructuring efforts may not be implemented in a timely manner or at all, including due to governmental regulations, employment issues or a lack of demand in the M&A market for businesses it may seek to sell. Restructuring efforts may also bring about unintended consequences, such as negative customer or employee perceptions, and in connection with past business restructuring, have caused and may continue to cause us to incur significant expenses and other costs, including additional impairment losses on Hitachi’s fixed assets and intangible assets, write-offs of inventory and losses on the disposal of fixed assets and losses related to the sale of securities. Current and future restructuring efforts may be unsuccessful or less successful than Hitachi presently anticipates and may adversely affect its business, financial condition and earnings.

To deal with these risks, Hitachi analyzes and discusses market and industry trends, strategies, sales prices, processes and potential risks, among other issues, from a range of perspectives, in the Investment Strategy Committee, Senior Executive Committee, the Board of Directors and Audit Committee.

Worsening of Business Performance of Equity-Method Affiliates

Hitachi uses the equity-method to account for a number of associates and joint ventures. If one or more of such equity-method affiliates records a loss during a given period, Hitachi must record that loss in a manner proportionate to its ownership interest in its consolidated financial statements. In addition, if the carrying amount of Hitachi's equity-method investments in associates or joint ventures is below the recoverable amount of the investments, Hitachi could be required to record an impairment loss.

The table below shows investments accounted for using the equity method as of March 31, 2025.

(Millions of yen)

Segment	March 31, 2025
Digital Systems & Services	64,475
Green Energy & Mobility	124,098
Connective Industries	162,291
Others	4,750
Subtotal	355,614
Corporate Items and Eliminations (Note)	480,617
Total	836,231

(Notes) Investments accounted for using the equity method in Hitachi Astemo Ltd. (currently Astemo Ltd.), Hitachi Construction Machinery Co., Ltd. and their subsidiaries are included in "Corporate Items and Eliminations".

To deal with these risks, Hitachi practices investment income management using return on invested capital (ROIC) and concentrates its investment in fields where profitability and growth are high. Hitachi monitors the achievement of business plans and the financial position at equity method affiliates in which Hitachi invests and sell businesses with low profitability and investee companies whose future competitiveness warrants concern.

Litigation and Other Legal Procedures

Hitachi faces the risk of being involved in litigation and alternative dispute resolution as well as regulatory investigation and actions in connection with its operations. Lawsuits or any other legal procedures for resolving disputes and regulatory actions may seek the payment of large, indeterminate amounts or otherwise limit Hitachi's operations, and their existence and magnitude may remain unknown for substantial periods of time.

In past, Hitachi has been the subject of several investigations of alleged antitrust violations in relation to certain product markets in Japan, Europe and North America, etc. and has received claims for damages from its customers, etc., which may have adverse effects on its financial condition or profitability. See "V. Financial Information - Notes to Consolidated Financial Statements - (29) Commitments and Contingencies." These investigations or disputes may result in significant penalties or compensation for damages, etc. in multiple jurisdictions. Such substantial legal liability or regulatory action could have an adverse effect on Hitachi's business, earnings, financial condition, cash flows, credibility and reputation. Furthermore, even if Hitachi is found to have no legal liability and it is not subject to regulatory actions or compensation for damages, Hitachi's credibility and reputation could nonetheless have been affected.

In addition, Hitachi's business activities are subject to various governmental regulations in countries where it operates, which include investments, exports, tariffs, antitrust, anti-bribery, consumer and business taxation, intellectual property, foreign trade and exchange controls, human rights, employment and labor, environment, resources and energy. These regulations limit, and other new or amended regulations may further limit, Hitachi's business activities or increase operating costs. In addition, the enforcement of such regulations, including the imposition of fines or surcharges for violations of such regulations, may adversely affect Hitachi's earnings, financial condition, cash flows, credibility and reputation. In addition, responding mainly to regulations on the protection of personal information may have an adverse effect on Hitachi's business.

To deal with these risks, Hitachi works to identify operations where regulations are applied, assess risks, take steps in response to risks and provide education to employees.

Product Quality and Liability

Hitachi increasingly provides products and services utilizing sophisticated technologies. Procuring parts from procurement partners reduces Hitachi's control over quality assurance. The occurrence of defects in Hitachi's products and services or inappropriate conduct in respect to quality could negatively affect its reputation for quality of products and services, expose it to liability for damages caused by such defects and negatively affect its ability to sell certain products. A significant product defect could adversely affect Hitachi's earnings, financial condition and future business prospects.

To deal with these risks, Hitachi conducts activities to prevent accidents and comply with technical laws and regulations, thorough risk assessment, and education on quality, reliability and reactions when product accidents occur. Furthermore, to ensure that customer safety and security are prioritized, Hitachi has established a structure in which the quality assurance departments operate independently from the design and manufacturing departments within each business division. In addition, in response to past inappropriate quality-related practices at subsidiaries of the Company, the quality assurance departments are also organizationally separated from the business divisions to further enhance their independence. Hitachi has reinforced the reporting line from the quality assurance departments in charge of each business division to the Corporate Quality Assurance Group and established systems for close information sharing between the two sides.

Management of Confidential Information

Hitachi maintains and manages personal information obtained from its customers, as well as confidential information of its customers and clients, relating to its technology, research and development, production, marketing and business operations in various forms. Unauthorized disclosures of such information could subject Hitachi to complaints or lawsuits for damages or could otherwise have a negative impact on its business, financial condition, earnings, credibility and reputation.

To deal with these risks, Hitachi establishes and implements rules on the management of confidential information and implements identity management and access control through encryption and the building of authentication infrastructure. Hitachi also examines information security at procurement partners.

Utilization of AI

In the course of Hitachi's business activities, the utilization of artificial intelligence (AI), including generative AI, as a source of innovation is indispensable. While leveraging AI offers numerous benefits, it also entails certain risks. These risks include information leakage, infringement of intellectual property rights and privacy, impacts on product quality or product safety arising from erroneous decisions or unexpected behaviors of AI systems, which may result in reputational damage, loss of trust, and financial harm to Hitachi. Furthermore, uncertainties regarding domestic and international laws and regulations applicable to AI technologies could have a negative impact on its operating activities, earnings and financial condition.

To deal with these risks, Hitachi has established AI-related ethical principles and policies. Under these policies, the AI Supervisory Committee, established within Hitachi, oversees and controls AI-related risks to promote robust AI governance. Additionally, Hitachi has developed guidelines for the use of generative AI and implements employee training programs to ensure that employees properly understand associated risks and conduct business activities in a safe and secure manner. In addition, Hitachi is working to strengthen AI governance in line with social changes by monitoring and analyzing trends and cases in laws and regulations related to AI in Japan and overseas, and by collaborating with external experts. By appropriately managing AI-related risks while safely leveraging cutting-edge technologies, Hitachi aims to address future challenges and contribute to the realization of a sustainable society.

Intellectual Property

Hitachi depends in part on proprietary technology and its ability to obtain patents, design rights, trademarks and other forms of intellectual property rights covering its products, product design, manufacturing processes and software-based services in Japan and other countries. The fact that Hitachi holds such intellectual property rights does not ensure that they will provide a competitive advantage to Hitachi. Various parties may challenge, invalidate Hitachi's patents, design rights, trademarks and other intellectual property rights or circumvent their use. There can be no assurance that claims allowed on any future patents will be sufficiently broad to protect Hitachi's technology. Effective patent, design right, copyright and trade secret protection may be unavailable or limited in some of the markets in which Hitachi operates, and its trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors and other persons.

To deal with these risks, Hitachi searches known examples before applying for intellectual property rights to increase the probability of obtaining rights and to obtain rights suitable for business. In countries where intellectual property protection is unavailable or limited, Hitachi strives to curb the unauthorized use of intellectual property primarily through contracts with employees and contractors.

Hitachi designs many of its products to include software or other intellectual property licenses from third parties. Competitors may not make their protected technology available to Hitachi, or may make it available to Hitachi only on unfavorable terms and conditions. There can be no assurance that Hitachi will be able to maintain a license for such intellectual property if obtained, for economic or other reasons, or that such intellectual property will give Hitachi the commercial advantages that it desires.

To deal with these risks, Hitachi endeavors to maintain good relations with the third parties through contracts and negotiations to exercise intellectual property rights.

From time to time, Hitachi is sued or receives notices regarding patent, design right and other intellectual property claims. Whether or not these claims have legitimacy, they may require significant resources to defend against and may divert management attention from Hitachi's business and operations and result in harm to its reputation. In addition, a successful infringement claims and Hitachi's inability to obtain the license for the infringed technology or substitute similar non-infringing technology may adversely affect its business.

To deal with these risks, Hitachi works to avoid disputes with other companies chiefly by conducting a patent clearance study before selling a new product or providing a new service and by changing the design of products or services if necessary.

Employee Retirement Benefits

Hitachi has a significant amount of employee retirement benefit costs that it derives from actuarial valuations based on a number of assumptions. Inherent in these valuations are actuarial assumptions used in estimating pension costs including mortality, withdrawal and retirement rates, changes in wages and the discount rate. Hitachi is required to make judgments regarding the actuarial assumptions by taking into account various factors including personnel demographics, market conditions and expected trends in interest rates. Although management believes that its actuarial assumptions are reasonable in light of the various underlying factors, there can be no assurance that the actuarial assumptions will correspond to actual results. If Hitachi's actuarial assumptions differ from actual results, the consequent deviation of actual pension costs from estimated costs may have an adverse effect on Hitachi's financial condition and earnings. A decrease in the discount rate may result in an increase in the amount of projected benefit obligations. In addition, Hitachi may change these actuarial assumptions, such as the discount rate. Changes in key assumptions may also have an adverse effect on Hitachi's financial condition and earnings.

To mitigate the risk, on April 1, 2019, Hitachi sought to change the corporate pension plan for its current employees participating in the Hitachi Pension Fund to a risk-sharing corporate pension plan and the change to a risk-sharing corporate pension plan managed by the Hitachi Pension Fund was completed on April 1, 2023. The revision can reduce asset management risks for the Company and subsidiaries participating in the Hitachi Pension Fund by fixing the Company's premium payments, and it is also possible to reduce the risk of an adverse effect on Hitachi's financial condition and earnings by discontinuing the recognition of liabilities related to retirement benefits.

9) Risks Related to the American Depositary Shares

Rights of ADS Holders

The rights of shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining the Company's accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the American Depositary Shares, or ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs in accordance with the instructions of ADS holders and will pay dividends and distributions collected from us as and to the extent provided in the deposit agreement. However, ADS holders will not be able to bring derivative actions, examine the Company's accounting books and records, or exercise appraisal rights through the depositary.

The Company is incorporated in Japan with limited liability. A significant portion of its assets are located outside the United States. As a result, it may be more difficult for investors to enforce against us judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States or judgments obtained in other courts outside Japan. There is doubt as to the enforceability in Japanese courts, in original actions or in actions for enforcement of the judgments of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States.

Unit Share System

The Companies Act allows companies to establish a "unit" of shares for the purpose of exercising voting rights at the general meetings of shareholders. Under the Company's articles of incorporation, one unit of its shares is composed of 100 shares, equivalent to 100 ADSs. Each unit of the Company's shares has one vote. A holder who owns shares or ADSs in other than multiples of 100 will own less than a whole unit (i.e., for the portion constituting fewer than 100 shares, or fewer than 100 ADSs). The Company's articles of incorporation, in accordance with the Companies Act, impose significant restrictions on the rights of holders of shares constituting less than a whole unit, which include restrictions on the right to vote, to attend a shareholders' meeting and to bring derivative actions. In addition, less than whole unit shares cannot be traded on Japanese stock markets. Under the unit share system, holders of the Company's shares constituting less than one unit have the right to require us to purchase their shares and the right to require us to sell them additional shares to create a whole unit of 100 shares. However, holders of its ADSs are unable to withdraw underlying shares representing less than one unit and, as a practical matter, are unable to require us to purchase those underlying shares. The unit share system, however, does not affect the transferability of ADSs, which may be transferred in lots of any number of whole ADSs.

Dilution of Shares by Issuances of Additional Shares

The Company may issue additional shares in the future within the unissued portion of its authorized share capital and sell shares held as treasury stock, generally without a shareholder vote unless the amount to be paid for shares is significantly lower than the market price. The issuing and sale of its shares in the future may be at prices below the prevailing market prices and may be dilutive.

Foreign Exchange Fluctuations

Market prices for the Company's ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the amount of cash dividends or other cash payments made to holders of ADSs will decline if the value of the yen declines against the dollar.

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

(1) Progress of Management Plan

1) Status of Key Indicators laid out as Management Targets

Under the "the Mid-term Management Plan 2024," the key indicators to measure performance in terms of meeting our management goals are as follows.

Indicators	Results (fiscal 2024)	Target of the Mid-term Management Plan 2024
Annual growth rate for revenue (CAGR from fiscal 2021 to fiscal 2024) (Note 1)	14%	5%-7%
Adjusted EBITA margin (Note 2)	11.7%	12%
Return on invested capital (ROIC)	10.9%	10%
Annual growth rate for EPS (CAGR from fiscal 2021 to fiscal 2024)	18%	10-14%
Core free cash flows (Cumulative for fiscal 2021 to fiscal 2024)	1.8 trillion yen	1.2 trillion yen

(Notes) 1. Calculated based on the Consolidated Total less equity in earnings of Hitachi Astemo, Ltd. (currently Astemo, Ltd.) as an affiliated company and consolidated figures of Hitachi Astemo, Ltd. prior to be accounted for using the equity method.

2. Adjusted EBITA is representing the Adjusted operating income (revenues less cost of sales as well as selling, general and administrative expenses), adding back the amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) of investments accounted for using the equity method. Adjusted EBITA margin is the ratio calculated by dividing Adjusted EBITA by revenue.

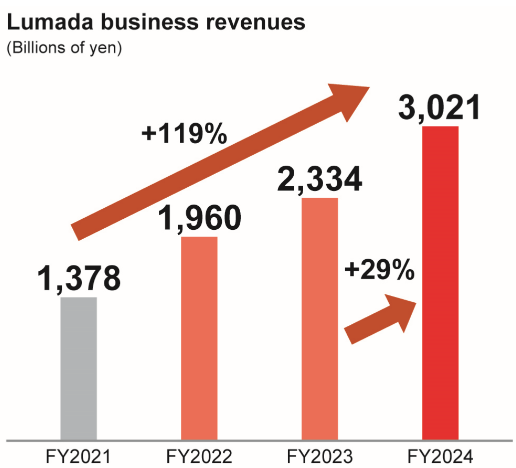
2) Global Business Expansion

In fiscal 2024, as the final year of the "the Mid-term Management Plan 2024," Hitachi chiefly pursued the following initiatives.

– Organic Growth of Businesses by Identifying Current Trends

Hitachi achieved organic growth of the Social Innovation Business by capturing demand for DX (digital transformation) and GX (green transformation) that is growing in Japan and overseas and new business opportunities arising from the acceleration of technological innovation.

Hitachi achieved growth in Lumada business primarily through DX demand and the evolution of generative AI. Lumada business revenues reached 3,021.0 billion yen in fiscal 2024, an increase of 29% from the previous fiscal year and has grown approximately 2.2 times in the three-year period of the Mid-term Management Plan 2024.



Note: Lumada business revenues excluding those in Hitachi Astemo, Ltd. (currently Astemo, Ltd.)

In addition, Hitachi continues to receive orders by tapping into GX demand. In the power grids business, Hitachi received an order from Amprion GmbH, a German transmission system operator, for four HVDC (high-voltage direct-current transmission) converter stations for transmitting energy from onshore and offshore wind power plants.

– Business Portfolio Reorganization for Further Growth

Hitachi also continues to restructure its businesses to achieve further growth in the future. In May 2024, Hitachi Rail Ltd. completed its acquisition of ground transportation systems business of Thales S.A., thereby strengthening its provision of railway systems and solutions. As a result, the revenues of Hitachi's railway systems business in fiscal 2024 exceeded 1 trillion yen.

In July 2024, Hitachi also decided to recapitalize its air conditioning joint venture. Hitachi transfers the shares of the joint venture to Robert Bosch GmbH and acquires the development and manufacturing base for commercial air conditioning equipment to develop the air conditioning solutions, which are in high demand areas resulting from data centers, etc.

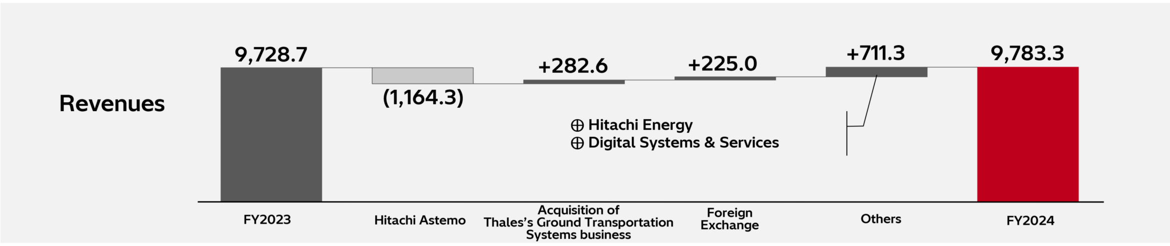
– Creating New Business Opportunities through the Use of Generative AI

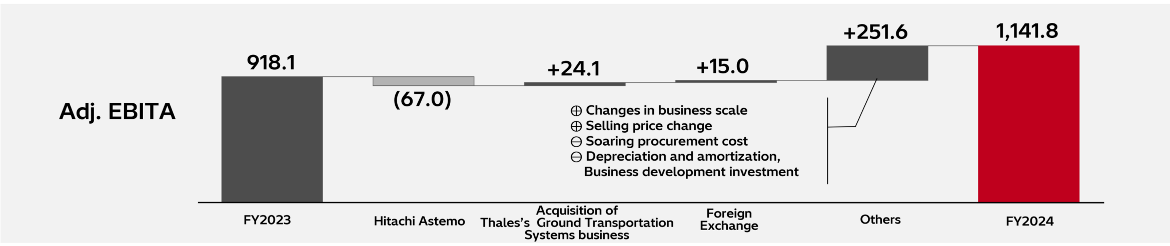
Hitachi is also making ongoing efforts to create new business opportunities through the use of rapidly evolving generative AI. In July 2024, Hitachi begun offering a partner-type service that provides comprehensive support for the AI transformation of its customers. It supports the customers to introduce, utilize and develop human resources for generative AI by leveraging the expertise in DX and the extensive knowledge and technologies related to generative AI that Hitachi has accumulated through Lumada.

(2) Analysis of Results of Operations

1) Statement of Operations

Billions of yen





Revenues increased 1% from the year ended March 31, 2024 (fiscal 2023), coming to 9,783.3 billion yen. Despite negative impacts including reduced revenues associated with the partial sale of shares in Hitachi Astemo, Ltd. (currently Astemo, Ltd.), revenues increased overall, in part thanks to foreign exchange effects. Other contributing factors were increased revenues in the Green Energy & Mobility segment, which benefited from the steady performance of the power grid business in Hitachi Energy and the acquisition of ground transportation systems business of Thales S.A. in the railway systems business, as well as the Digital Systems & Service segment, which included a steady performance in domestic operations, supported by large-scale projects for digital transformation (DX) and system modernization.

Cost of sales decreased 3% to 6,962.5 billion yen, as compared with fiscal 2023, and the ratio of cost of sales to revenues decreased 2 percentage points to 71%. Gross profit increased 9%, to 2,820.8 billion yen.

Selling, general and administrative expenses increased 1% from fiscal 2023 to 1,849.2 billion yen. The ratio of selling, general and administrative expenses to revenues was 19%, on a par with the level of fiscal 2023.

The share of gains (losses) of investments accounted for using the equity method declined 16.9 billion yen year on year, to the gains of 58.3 billion yen.

As a result of the foregoing, Adjusted EBITA (defined as Adjusted Earnings before Interest, Taxes and Amortization, and representing revenues less cost of sales as well as SG&A, adding back the amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) of investments accounted for using the equity method) increased 223.6 billion yen from fiscal 2023, to 1,141.8 billion yen.

Other income decreased 66.9 billion yen from fiscal 2023 to 49.6 billion yen, while other expenses increased 45.8 billion yen to 143.0 billion yen. The main components are as follows:

- The net gain on sales and disposal of property, plant and equipment increased 1.6 billion yen to 18.6 billion yen.
- Impairment losses increased 62.4 billion yen to 92.1 billion yen. This mainly reflected the recording of an impairment loss on goodwill of some businesses in North America as part of the Digital Systems & Services segment.
- The net gain on business reorganization and others decreased 67.4 billion yen year to year to 29.6 billion yen, chiefly due to a gain on the partial sale of shares in Hitachi Astemo, Ltd. posted during fiscal 2023, which more than offset a gain on the sale of Hitachi Power Semiconductor Device, Ltd. recorded in fiscal 2024.
- Special termination benefits decreased 8.9 billion yen to 10.5 billion yen.

Financial income (excluding interest income) increased 36.5 billion yen from fiscal 2023 to 53.9 billion yen, and financial expenses (excluding interest charges) increased 2.8 billion yen to 12.9 billion yen.

Earnings before interest and taxes increased 119.6 billion yen to 977.6 billion yen.

Interest income decreased 6.7 billion yen to 32.0 billion yen and interest charges decreased 24.0 billion yen to 46.9 billion yen.

Income before income taxes increased 136.9 billion yen from fiscal 2023 to 962.7 billion yen.

Income taxes increased 106.8 billion yen to 305.8 billion yen.

Net income increased 30.1 billion yen to 656.8 billion yen.

Net income attributable to non-controlling interests increased 4.2 billion yen to 41.1 billion yen.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 25.8 billion yen to 615.7 billion yen, as compared with fiscal 2023.

2) Operations by Segment

The following is an overview of earnings by segment. Effective from the fiscal year ended March 31, 2025, the Company reclassified its reportable segment into four segments: Digital Systems & Services, Green Energy & Mobility, Connective Industries, and Others.

The numbers within each chart represent the results of the main businesses, etc. in each segment and revenues for each segment include intersegment transactions, so the sum of these numbers in some segments does not correspond to the total results in the segments.

(Digital Systems & Services)

Billions of yen	FY2024		YoY	
	Revenues	Adj. EBITA	Revenues	Adj. EBITA
Digital Systems & Services	2,832.5	397.3	+9%	+63.9
		14.0%	[+7%] (Note)	+1.2 pts
Front Business	1,228.0	154.4	+11%	+30.6
		12.6%		+1.5 pts
IT Services	1,058.6	133.0	+9%	+21.0
		12.6%		+1.1 pts
Services & Platforms	1,069.8	99.1	+9%	+12.0
		9.3%		+0.4 pts
GlobalLogic (standalone)	301.7	57.3	+18%	+7.5
		19.0%	[+12%]	(0.6) pts

(Note). [ ]: Estimated year-on-year changes excluding foreign exchange impact. For GlobalLogic, estimated year-on-year changes in US dollar base.

Revenues increased in the segment overall. This included increased revenues in the Front Business, which saw a steady performance in the Lumada business, including major DX and system modernization projects chiefly in domestic business, in IT Services, where the Lumada business performed steadily in relation to cloud and security solutions, and in Services & Platforms, which befitted from the continued growth of GlobalLogic and steady progress in domestic DX and cloud services projects.

Adjusted EBITA increased, mainly due to increased revenues, pricing revisions, and improved productivity stemming from enhanced project management.

(Green Energy & Mobility)

Billions of yen	FY2024 Revenues	FY2024 Adj. EBITA	YoY Revenues	YoY Adj. EBITA
Green Energy & Mobility	3,915.5	369.0 9.4%	+28% [+24%](Note 1)	+169.8 +2.9 pts
Nuclear Energy & Hitachi Power Solutions	326.8	27.3 8.4%	(6)%(Note 2)	+1.1 +0.8 pts
Nuclear Energy	205.0	-	+20%	-
Hitachi Power Solutions	117.1	-	(1)%	-
Hitachi Energy (Standalone) (Note 3)	2,395.5	266.2 11.1%	+30%	+108.9 +2.6 pts
Related cost(Note 4)	-	(30.1)	-	+10.7
Railway Systems (Exclude related cost)(Note 3)	1,194.0	114.0 9.5%	+39%	+48.4 +1.8 pts
Related cost(Note 4)	-	(7.9)	-	(6.4)

(Notes) 1. [ ]: Estimated year-on-year changes excluding the foreign exchange impact.

2. The year-on-year comparison of Nuclear Energy & Hitachi Power Solutions includes the impact from the transfer of shares in Hitachi Power Semiconductor Device, Ltd. in fiscal 2024.

3. The Hitachi Energy (Standalone) and Railway Systems (Exclude related cost) do not include the Related cost.

4. The Related cost includes PMI related costs associated with acquisition.

Revenues increased in the segment overall. Despite a negative impact from decreased revenues associated with the sale of shares in Hitachi Power Semiconductor Device, Ltd., revenues increased overall, due mainly to the steady conversion of the order backlog into sales and expanded production capacity at Hitachi Energy, and increased revenues in Railway Systems primarily due to the acquisition of Thales's ground transportation systems business, as well as foreign exchange effects.

Adjusted EBITA also increased, mainly due to increased revenues, improved profitability in orders and ongoing production efficiency improvements at Hitachi Energy, as well as profitability improvements in Railway Systems from an enhanced project mix and cost structure reforms, which more than offset negative factors due to higher related costs including PMI-related costs associated with acquisitions of the power grids business and railway signaling systems business.

(Connective Industries)

Billions of yen	FY2024		YoY	
	Revenues	Adj. EBITA	Revenues	Adj. EBITA
Connective Industries	3,163.1	362.0 11.4%	+3% [2%](Note)	+41.3 +0.9 pts
Building Systems	932.6	111.3 11.9%	+1%	+14.3 +1.4 pts
Smart Life & Ecofriendly Systems (Hitachi Global Life Solutions)	367.6	39.2 10.7%	(2)%	+4.5 +1.4 pts
Measurement & Analysis Systems (Hitachi High-Tech)	756.5	87.9 11.6%	+5%	+12.4 +1.2 pts
Industrial Digital	399.0	48.0 12.0%	+8%	+5.7 +0.6 pts
Water & Environment	224.5	24.7 11.0%	+6%	+2.9 +0.7 pts
Industrial Products	520.2	59.1 11.4%	+7%	+4.2 +0.1 pts

(Note) [ ]: Estimated year-on-year changes excluding foreign exchange impact.

Revenues increased in the segment overall. The segment did face negative factors, including lower revenues in the Smart Life & Ecofriendly Systems area due to lower sales associated with the ongoing contraction of demand in the domestic market caused by rising prices. However, revenues increased in part thanks to foreign exchange effects, as well as due to the strong performance in Measurement & Analysis Systems driven by the clinical chemistry and immunoassay automated analyzer business and the radiation therapy system business, the steady performance in Industrial Products, which saw steady growth in businesses such as power distribution transformers, power receiving and transforming equipment, and mechanical systems, and Industrial Digital, where digital solutions for the industrial sector showed positive results.

Adjusted EBITA rose mainly due to increased revenues.

(Others)

Revenues decreased 2% year on year to 497.5 billion yen, as compared with fiscal 2023.

Adjusted EBITA increased 5.5 billion yen to 12.3 billion yen, as compared with fiscal 2023.

3) Revenues by Geographic Area

The following is an overview of revenues attributed to geographic areas based on customer location.

Billions of yen	Japan	North America	Europe	Asia	Other areas	Overseas revenues
Digital Systems & Services	**1,929.5**	**378.0**	**234.8**	**231.3**	**58.7**	**903.0**
YoY	**+11%**	**+10%**	**±0%**	**+2%**	**(2)%**	**+4%**
Green Energy & Mobility	**435.8**	**863.9**	**1,445.7**	**537.7**	**632.1**	**3,479.6**
YoY	**+2%**	**+30%**	**+43%**	**+15%**	**+30%**	**+32%**
Connective Industries	**1,582.5**	**284.5**	**220.6**	**1,037.4**	**38.0**	**1,580.6**
YoY	**+4%**	**+7%**	**+8%**	**+1%**	**+7%**	**+3%**
Three segments	**3,779.2**	**1,528.0**	**1,902.6**	**1,843.2**	**730.2**	**6,004.1**
YoY	**+8%**	**+20%**	**+31%**	**+5%**	**+26%**	**+19%**
Ratio	**39%**	**16%**	**19%**	**19%**	**7%**	**61%**
Consolidated Total	**3,779.2**	**1,528.0**	**1,902.6**	**1,843.2**	**730.2**	**6,004.1**
YoY(Note)	**±0%**	**(3)%**	**+23%**	**(14)%**	**+9%**	**+1%**
Ratio	**39%**	**16%**	**19%**	**19%**	**7%**	**61%**

(Note) The Consolidated Total is compared to the amount including Hitachi Astemo.

Japan

Domestic revenues increased. This was mainly due to increased revenues from the Digital Systems & Services segment, driven by the strong performance in the Front Business and the Connective Industries segment that featured steady progress with the Lumada business including the digital solutions business for the industrial fields, which more than offset the negative impacts on revenues due to the partial sale of shares in Hitachi Astemo, Ltd. and other factors.

Overseas

Overseas revenues increased from fiscal 2023, and accounted for 61% of total revenues, the same level as fiscal 2023. Revenues in each area are as follows;

(North America)

Revenues in North America decreased from fiscal 2023, attributable mainly to the decrease in revenues associated with selling a part of shares of Hitachi Astemo, Ltd., which more than offset positive impacts on revenue such as the power grids business in the Green Energy & Mobility segment.

(Europe)

Revenues in Europe increased from fiscal 2023, due mainly to increased revenues in Railway Systems in connection with the acquisition of Thales's ground transportation systems business and higher revenues from the power grids business in the Green Energy & Mobility segment.

(Asia)

Revenues in Asia composed of China and ASEAN, India and other areas decreased from fiscal 2023, due mainly to the fall in revenues associated with selling a part of shares of Hitachi Astemo, Ltd., which exceeded the impact of revenue gains from the power grids business in the Green Energy & Mobility segment.

(Other Areas)

Revenues in other areas increased from fiscal 2023, due mainly to increased revenues from the power grids business and railway systems business in the Green Energy & Mobility segment.

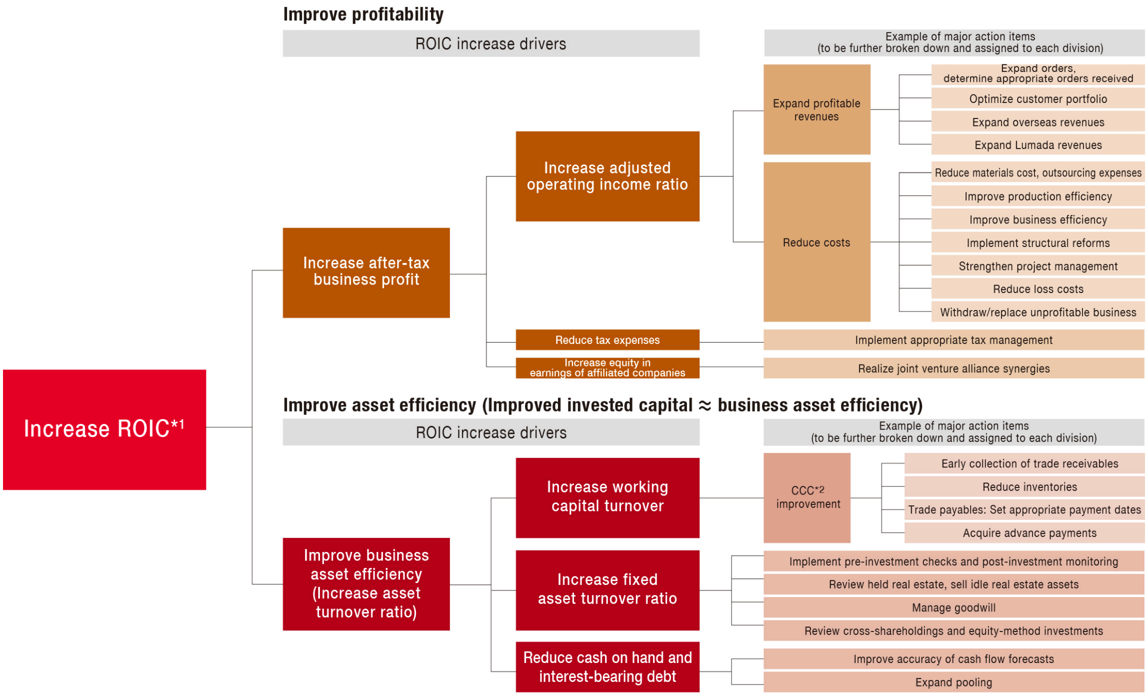
(3) Analysis of Financial Condition and Cash Flows

1) Liquidity and Capital Resources

Basic Policies for Financing Activities

We consider maintaining an appropriate level of liquidity and securing agile and efficient funding for current and future business operations to be important policies for our financing activities. Through the efficient management of working capital, we are working to optimize the efficiency of capital utilization throughout our business operations. We endeavor to improve our group cash management by centralizing this management for both ourselves and our overseas financial subsidiaries.

We introduced ROIC as a management indicator and are focusing on improving capital efficiency and the growth of highly profitable businesses through our management. ROIC is an indicator that evaluates returns generated by invested capital, and is calculated by dividing business profit after taxes by invested capital. To increase returns, ROIC needs to exceed the weighted average cost of capital (WACC), which is the cost of raising invested capital.



*1 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 – Effective income tax rate), Invested Capital = Interest-bearing debt + Total equity

*2 CCC: Cash Conversion Cycle

We use the key indicator of profitability Adjusted EBITA (representing the adjusted operating income (presented as revenues less cost of sales as well as SG&A), adding back the amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting the share of profits (losses) of investments accounted for using the equity method). Note that from fiscal 2025, the definition of Adjusted EBITA has changed to an indicator calculated by taking adjusted operating income and adding back the amortization of intangible assets, etc. recognized upon business combinations.

We will aim for an Adjusted EBITA margin of 13 to 15% and a ROIC of 12% to 13% and ensure disciplined investment judgments using as our criteria the Adjusted EBITA margin and ROIC, which are also used for assessing business acquisitions, in an effort to further increase both profitability and the efficiency of business assets.

Trends in the Funding Demands

Our major uses of funds are M&A for growth, investment in human resources, capital investment, research and development (R&D) investment and shareholder returns. We plan to use cash income from core free cash flows and the sale of assets to maintain a good balance between investment in future growth and shareholder returns.

Major M&A, etc. are described in "V. Financial Statements - Notes to Consolidated Financial Statements - (5) Business Acquisitions and Divestitures." The results and plan of the capital investments are described in "III. Property, Plants and Equipment." The policy and results of shareholder returns are described in " IV. Information on the Company - 3. Dividend Policy."

Capital Resources

Our internal sources of funds include cash flows generated by operating activities and cash and cash equivalents. Our management also considers short-term investments to be an immediately available source of funds. In addition, we raise funds in the capital markets in Japan and overseas by issuing bonds and equity and other capital securities and as well as through borrowings from financial institutions in response to our capital requirements. Management's policy for capital investment and M&A is to finance capital expenditures primarily by internally generated funds and to a lesser extent by funds raised through the issuance of bonds and equity securities.

When procuring funds through borrowing, our financial discipline policy is to maintain the appropriate financial condition by considering financial indicators such as the D/E ratio and the interest-bearing debt/EBITDA ratio. In order to flexibly access funding, we registered our shelf registration with a maximum outstanding balance of 300.0 billion yen.

We maintain commitment line agreements with multiple financial institutions under which we may borrow in order to ensure efficient access to the necessary funds. These commitment line agreements generally provide for a one-year or three-year term, renewable upon mutual agreement between us and each of the lending banks. As of March 31, 2025, our unused commitment lines totaled 505.0 billion yen.

We receive debt ratings from Moody's Japan K.K. (Moody's), S&P Global Rating Japan Inc. (S&P), as well as Rating and Investment Information, Inc. (R&I). Our debt ratings as of March 31, 2025 were as follows.

Rating Company	Long-term	Short-term
Moody's	A3	P-2
S&P	A	A-1
R&I	AA-	a-1+

With our current ratings, we believe that our access to the global capital markets will remain sufficient for our financing needs. We seek to maintain and improve our credit ratings.

2) Cash Flows

The following is a summary of cash flows in fiscal 2024.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 1,172.2 billion yen plus in fiscal 2024, and cash increased by 215.6 billion yen compared with fiscal 2023. This was due mainly to an increase in net income excluding net gain (loss) on business reorganization and others, and an increase in advances received (contract liabilities).

(Cash Flows from Investing Activities)

Net cash used in investing activities was 573.6 billion yen minus in fiscal 2024, and cash decreased by 442.1 billion yen compared with fiscal 2023. This was due mainly to the sale of a certain number of shares of Hitachi Astemo, Ltd. in fiscal 2023, and the acquisition of Thales's ground transportation systems in the Railway Systems business in fiscal 2024.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 424.1 billion yen minus in fiscal 2024, and cash increased by 600.7 billion yen compared with fiscal 2023. This was due mainly to a decrease in net expenditures (difference between proceeds and expenditures) from short-term debt and long-term debt in fiscal 2024, despite an increase in expenditures for the acquisition of common stock for treasury compared with fiscal 2023.

Free cash flow (the sum of cash flows from operating and investing activities) was 598.5 billion yen plus in fiscal 2024, and cash decreased by 226.4 billion yen compared with fiscal 2023.

Core free cash flow (free cash flows excluding cash flows from M&A and asset sales, etc.) was

780.5 billion yen plus in fiscal 2024, and cash increased by 209.1 billion yen compared with fiscal 2023.

As a result of the foregoing, cash and cash equivalents as of March 31, 2025, were 866.2 billion yen, increased by 160.8 billion yen compared with March 31, 2024.

3) Assets, Liabilities and Equity

As of March 31, 2025, total assets amounted to 13,284.8 billion yen, an increase of 1,063.5 billion yen from March 31, 2024. This was attributable to the acquisition of Thales's ground transportation systems business, which offset a decrease in assets resulting from the impact of foreign exchange. Cash and cash equivalents as of March 31, 2025 amounted to 866.2 billion yen, an increase of 160.8 billion yen from the amount as of March 31, 2024.

As of March 31, 2025, total interest-bearing debt, the sum of short-term debt and long-term debt including the current portion of long-term debt, amounted to 1,206.1 billion yen, an increase of 26.0 billion yen from March 31, 2024. As of March 31, 2025, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to 73.1 billion yen, an increase of 35.3 billion yen from March 31, 2024. As of March 31, 2025, the current portion of long-term debt amounted to 368.8 billion yen, an increase of 181.3 million yen from March 31, 2024. As of March 31, 2025, long-term debt (excluding the current portion), consisting mainly of debentures, and loans principally from banks and insurance companies, amounted to 764.1 billion yen, a decrease of 190.5 billion yen from March 31, 2024.

As of March 31, 2025, total Hitachi, Ltd. stockholders' equity amounted to 5,847.0 billion yen, an increase of 143.3 billion yen from March 31, 2024. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2025 was 44.0%, compared with 46.7% as of March 31, 2024.

Non-controlling interests as of March 31, 2025 was 184.3 billion yen, an increase of 28.4 billion yen from March 31, 2024.

Total equity as of March 31, 2025 was 6,031.4 billion yen, an increase of 171.8 billion yen from March 31, 2024. The ratio of interest-bearing debt to total equity was 0.20, the same level as on March 31, 2024.

(4) Production, Order Received and Sales

The Hitachi Group does not present production and orders received in amount or volume terms for each segment since it produces and sells a wide variety of products, there are variety of specifications among the same kinds of products and certain products are mass-produced. The balance of unsatisfied performance obligations for those segments that have contracts under which revenues are recognized over a long period of time is described in "Consolidated Financial Statements － Notes to V. Financial Information－Notes to Consolidated Financial Statements － (20) Revenues. Sales are shown in relation to the results of each segment in "(2) Analysis of Results of Operations."

(5) Important Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management considers certain accounting estimates to be critical, and recognizes that given their significance to the financial statements and the possibility that future events affecting the estimate may differ significantly from management's current assumptions could have a material impact on the presentation of our financial situation, on changes in our financial situation or on our earnings. There are two reasons for this recognition. First, the estimates require us to make assumptions about matters that are highly uncertain at the time the accounting estimates are made. Second, there could be different estimates that we reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur as time proceeds. Important accounting policies that require management to make estimates and assumptions are as follows.

Allowance for Doubtful Receivables

We recognize allowance for doubtful receivables at the amounts equal to expected credit losses on trade receivables, contract assets, and other receivables. 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.

Details of the evaluation of allowance for doubtful receivables are described in "Consolidated Financial Statements — Notes to Consolidated Financial Statements — (3) Summary of Material Accounting Policies — (d) Financial Instruments." Details of the increase or decrease in the allowance for doubtful receivables are described in "Consolidated Financial Statements — Notes to Consolidated Financial Statements — (25) Financial Instruments and Related Disclosures — (b) Financial Risks — (iii) Credit Risk."

Estimates, Fluctuations in Cost and Cancellation of Long-term Projects

We enter into a substantial number of long-term projects, particularly in connection with the construction of infrastructure systems. For a project in which control of products and service is transferred over a specified period of time, we measure 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 we cannot reasonably measure the progress, revenue is recognized only to the extent of the costs incurred. The revenue recognition for such long-term projects requires us to make significant assumptions about the estimated total cost, estimated total selling price, contract risks and other factors. However, these estimates are subject to change. We regularly review these estimates and adjust them as we deem necessary. We charge any anticipated losses on fixed price contracts to operations when we are able to estimate such losses. While we employ our best judgment based on available information, these estimates are subject to change. Fluctuations in costs can occur for a variety of reasons, many of which are beyond our control. In addition, we or our counterparties may cancel these contracts. These factors would require us to revise our initial assumptions regarding a particular contract, and may adversely affect our business, financial situation and earnings.

Business Combinations

Business combinations are accounted for using the acquisition method. In addition to tangible assets of the acquiree, intangible assets such as technologies, brands, and customer lists are valued at fair value. In these valuations, estimates are made based on appropriate assumptions and future projections according to each case. Independent external experts are usually involved in the valuation process, but significant estimates and assumptions in the valuation include inherent uncertainty. We consider the estimates of the key assumptions to be reasonable, but actual results may differ.

Impairment of Assets

We review the carrying amounts of assets that we own and use whenever events or changes in circumstances indicate that the carrying amounts may be unrecoverable, to determine whether there is any indication of impairment. If the carrying amount of an asset is judged to be impaired, the amount that exceeds the recoverable amount is recognized as an impairment loss. We measure the recoverable amount of an asset or a CGU (or a group of CGUs) as the higher of fair value less the cost of disposal and value in use.

In measuring fair values, we 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 using 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. It is based on certain assumptions that are considered reasonable as of the filing date of this report, but actual results may differ significantly depending on market risks, business environment risks, and other factors. The discount rate used to calculate the value in use is affected by stock market trends and interest rate fluctuations. We believe that the estimates of future cash flows and value in use are reasonable, but changes in estimates resulting from unpredictable changes in the business environment that lead to decreases in future cash flows or value in use can adversely affect the valuation of assets. We appropriately employ external experts depending on the complexity of calculating fair value and value in use.

Goodwill is the source of excess earning power based on the market competitiveness acquired through business acquisition, and the difference between the net assets of the acquiree and the consideration for acquisition is recorded as goodwill except for the amount recorded as intangible assets, etc. Goodwill is not amortized in accordance with IFRS. Irrespective of any indicators of impairment, we test assets for impairment annually, mainly in the fourth quarter, by estimating the recoverable amount of each CGU or a group of CGUs to which such assets are allocated. We continuously monitor the comparison between the initial estimate and the most recent estimate, and conduct impairment tests if there are signs that the value will fall below the original estimate and the carrying amount will not be recoverable, due to changes in events or circumstances such as in business strategies or in the market environment. Such changes in the events or circumstances include crises in the global economy and financial markets, and if the carrying amount of each CGU or a group of CGUs to which such assets are allocated exceeds the recoverable amount, the excess amount is recognized as an impairment loss.

The breakdowns of impairment and goodwill by segment are described in "V. Financial Information — Notes to Consolidated Financial Statements — (4) Segment Information." The main content is described in "V. Financial Information — Notes to Consolidated Financial Statements — (9) Property, Plant and Equipment and (10) Goodwill and Other Intangible Assets."

Deferred Tax Assets

Deferred tax assets are the amounts of taxes that will be recovered in future periods. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Although realization is not assured, we consider the scheduled reversals of deferred tax liabilities and projected future taxable income when assessing realizability. The outlook for future performance, which is the basis for estimating future taxable income, may differ from actual performance due to unforeseen events such as economic trends, supply and demand trends in markets, sales prices of products and services, procurement prices of raw materials and parts, fluctuations in exchange rates, and rapid technological innovations, and may be corrected in the future. As a result, the amounts of deferred tax assets that are determined to be recognizable may be adversely affected. The realizability of deferred tax assets is evaluated for each tax payment in each tax jurisdiction, and even if running similar businesses, the evaluations can differ depending on the product and the tax jurisdiction. 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. Based on these factors, we consider it is more likely than not it will realize the benefits of these deducible differences as of March 31, 2025. However, the actual times and amounts of taxable income occurrence may differ from the estimates.

Employee Retirement Benefits

We have a significant amount of employee retirement benefit costs that we derive from actuarial valuations based on a number of assumptions. Inherent in these valuations are a number of actuarial assumptions used in estimating employee retirement benefit costs including mortality, withdrawal and retirement rates, changes in wages and the discount rate. We are required to make judgments regarding the actuarial assumptions by taking into account various factors including personnel demographics, market conditions and expected trends in interest rates. Although management believes that its actuarial assumptions are reasonable in light of the various underlying factors, there can be no assurance that the actuarial assumptions will correspond to actual results. If our actuarial assumptions differ from actual results, the consequent deviation of actual employee retirement benefit costs from estimated costs may have an adverse effect on our financial situation and earnings. A decrease in the discount rate may result in an increase in the amount of projected benefit obligations. In addition, we may change these actuarial assumptions, such as the discount rate. Changes in actuarial assumptions may also have an adverse effect on our financial situation and earnings. Details of the evaluation of employee retirement benefits are described in “V. Financial Information — Notes to Consolidated Financial Statements — (3) Summary of Material Accounting Policies — (k) Retirement and Severance Benefits.”

(6) Forward-Looking Statements

Certain statements found in "1. Management Policy, Economic Environment and Challenges Hitachi Group Faces," "2. Sustainability Approach and Initiatives," "3. Risks Factors" and "4. Management's Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows" and other descriptions in this report may constitute "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such "forward-looking statements" reflect management's current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as "anticipate," "believe," "expect," "estimate," "forecast," "intend," "plan," "project" and similar expressions which indicate future events and trends may identify "forward-looking statements." Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the "forward-looking statements" and from historical trends. Certain "forward-looking statements" are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on "forward-looking statements," as such statements speak only as of the date of this report.

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi's major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi's assets and liabilities are denominated;
- uncertainty as to Hitachi's ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- credit conditions of Hitachi's customers and suppliers;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi's ability to response to tightening of regulations to prevent climate change
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi's ability to attract and retain skilled personnel;
- uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi's ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;

- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.

5. Material Agreements, etc.

Cross License Agreement

Party	Party	Country	Item under contract	Contract description	Contract period
Hitachi, Ltd. (The Company)	International Business Machines Corp.	U.S.A.	Information handling systems	Cross license of patents	From January 1, 2008 to the expiration of patents applied on or before January 1, 2028
Hitachi, Ltd. (The Company)	HP Inc. Hewlett Packard Enterprise Company	U.S.A.	All products and services	Cross license of patents	From March 31, 2010 to the expiration of patents applied on or before December 31, 2014
Hitachi, Ltd. (The Company)	EMC Corporation	U.S.A.	Information handling systems	Cross license of patents	From January 1, 2003 to the expiration of patents applied on or before December 31, 2007
Hitachi-GE Nuclear Energy, Ltd. (Consolidated subsidiary) (Note)	GE-Hitachi Nuclear Energy Americas LLC	U.S.A.	Nuclear reactor systems	Cross license of patents and technology	From October 30, 1991 to June 30, 2025

(Note) Hitachi-GE Nuclear Energy, Ltd. changed its name to Hitachi GE Vernova Nuclear Energy, Ltd. on June 1, 2025.

6. Research and Development

(1) Research Goals and Major Issues

The Hitachi Group (Hitachi, Ltd. and its consolidated subsidiaries) aims to further evolve its Social Innovation Business with Digital, Green and Innovation as growth drivers. To achieve this aim, the Hitachi Group considers "Strengthen initiatives to create innovation with digital and green contributing to global growth" to be its R&D mission and it has focused its allocation of R&D resources on creating innovations that revolutionize the customer experience and capture the essential issues that society faces.

To increase the competitiveness of the Hitachi Group's business activities and achieve future growth, as One Hitachi, the Hitachi Group promotes digital transformation (DX) and green transformation (GX), starting from the value of advanced customers in each region, while also expanding the Lumada business. In corporate R&D, the Hitachi Group is pursuing disruptive innovation based on backcasting from the issues society will face in 2050 as an upfront investment in innovation to realize future growth.

(2) Research and Development Scheme

The Hitachi Group is striving to improve the efficiency of R&D through close coordination between the R&D divisions of the Company and those of its group companies. In addition to collaborations with universities and research institutions in Japan and overseas, in April 2019 the Research & Development Group Kokubunji Site opened the *Kyōsō-no-Mori* R&D center, seeking to accelerate open collaborative creation with customers and partners. The Hitachi Group also promotes open innovation through corporate ventures in its development of the technological foundations and the creation of businesses with outside partners. Going forward, the Hitachi Group will anticipate technological and social turning points and achieve sustained growth.

To accelerate global growth through the Social Innovation Business, the Hitachi Group reorganized its R&D Group in April 2022. The Global Center for Social Innovation, which has been responsible for the development of value-driven innovations in tandem with Hitachi Group's front-line operations, and the Technology Innovation Center, which has been responsible for the development of world-leading technologies supporting value creation, have been integrated into the Center for Digital Services and the Center for Sustainability, to strengthen value creation through DX and GX. The Center for Exploratory Research is in charge of creating basic technologies with a view toward the future, while the Hitachi Group's overseas R&D facilities in North America, Europe, China, Asia and India promote research geared to the characteristics of their regions and the needs of the market.

(3) Investment in Innovation

To achieve further growth, the Hitachi Group will increase its investment in innovation groupwide.

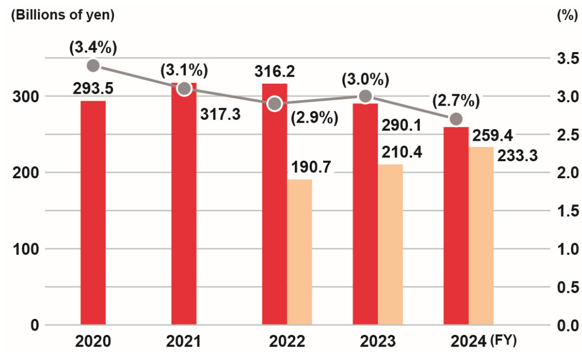
The fourth Corporate Venture Capital Fund was established in April 2025. It is one of the largest corporate venture investments in the Hitachi Group, equivalent to 400 million USD. As a result, the Company's assets under management of investment in startups have reached 1 billion USD. At the top level globally in terms of the size of its operations, the fund will further accelerate open innovation and contribute to innovation ecosystems at startup companies. The Hitachi Group will seek to capture new business opportunities to support sustained growth and create One Hitachi growth businesses through collaborative creation with startups exploring advanced technologies and new domains such as data centers, distributed energy systems, future workstyles, industrial AI, bio, quantum, nuclear fusion and space.

(4) R&D Expenditures

The Hitachi Group's R&D expenditures for the fiscal year ended March 31, 2025 were 259.4 billion yen, representing 2.7% of revenues. R&D expenses by segment and R&D expenses trends are shown below.

(Billions of yen)

Segment	Research and development expenditures
Digital Systems & Services	51.6
Green Energy & Mobility	85.5
Connective Industries	96.1
Others	1.6
Corporate items & Eliminations	24.5
Total	259.4



(Notes) 1. The red shows the total R&D expenses in the Hitachi Group and the orange shows the total in the three segments of Digital Systems & Services, Green Energy & Mobility and Connective Industries.
2. The number in parentheses is the percentage of R&D expenses to total revenues.

(5) R&D Achievements

Notable R&D achievements in the fiscal year ended March 31, 2025 are as follows.

1) Digital innovation initiatives using AI and generative AI (Digital Systems & Services segment and Corporate Items)

The Hitachi Group has endeavored to address social issues by creating next-generation technologies using AI and generative AI and applying these technologies in its businesses.

(i) Accelerating the transformation of system development using generative AI

The Company developed a new development framework for applying generative AI in the mission-critical system development domain. The framework is the development of an environment combining the Hitachi Group's accumulated knowledge of mission-critical and social infrastructure systems with generative AI. It can be flexibly customized to meet the needs and requirements of a project. The framework includes features such as automatic correction and comment creation, and the Company's in-house checks confirmed that 70 to 90% of the source code created by generative AI was appropriate. The Company aims to dramatically improve the efficiency of system development, while ensuring high quality to tackle social issues such as the shortage of software engineers.

(ii) Developing generative AI agent technology to support customer support operations

The Company developed "ReAct for CS" by upgrading it based on solutions to problems and requirements that are unique to customer support (hereinafter "CS") operations. The usefulness of ReAct for CS has been confirmed by an in-house demonstration of Hitachi Support 360, a support service used by the Hitachi Group. Complicated inquiries may be handled using a more powerful Large Language Model (LLM) agent called "ReAct" which is equipped with expertise that is not available from general-purpose LLMs. This technology is expected to streamline CS operations and reduce the burden on workers assigned to the operations. It will also help increase customer satisfaction through speedy and accurate actions. Going forward, the Company will expand the scope of its utilization and use it to handle of more advanced inquiries and overall business operations.

(iii) Developing text generation technology for explaining changes in sound emitted by machines operating abnormally

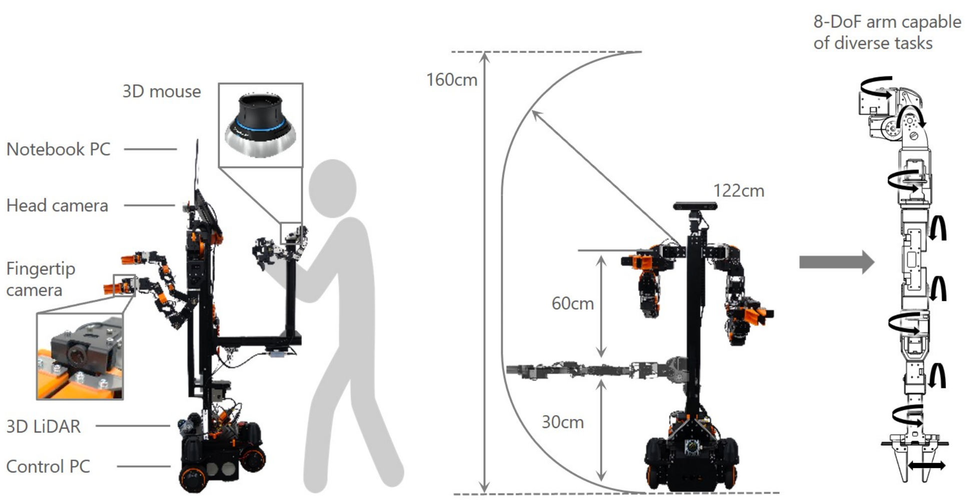
The Company has developed a generative AI-based noise detection technology to streamline quality inspections on production lines and inspections of infrastructure equipment. The technology clarifies the details of abnormalities and actions to address them by analyzing data about the machine's operating sounds and creating text as specific evidence of the detection of an abnormality. Listening checks, which have conventionally relied on the intuition of an experienced technician, will be objectively visualized and the problem of the shortage of experienced technicians will be eased. The precision of inspections will also increase. In addition, the Company will help increase efficiency in the manufacturing industry and in the infrastructure domain as a whole by accelerating maintenance operations and supporting appropriate actions.

An AI assistant capable of making proposals in areas ranging from the prevention of failures to repairs (concept image)

(iv) Developing AI robotics extending autonomous capabilities for on-site work

The Company developed an AI technology for comprehensively studying multimodal data using the ability to sense visual data, force, and other phenomena together with robot movement data with the goal of promoting DX in the domains of infrastructure, transportation and manufacturing and enhancing the wellbeing of front-line workers. By using the technology and developing a dual-arm robot capable of imitating and learning a person's movements via robot teaching, the Company proposes ways to reduce human workloads, relax restrictions on time and place of work and enable new workstyles. In light of the results of this research, one of the Company's researchers was included in the Innovators Under 35 Japan 2024 list selected by the MIT Technology Review (Japanese version).

(Note) Some of the results in the development of the technique described in this article for using deep learning for robot action training and action generation were obtained as a result of joint research with Professor Tetsuya Ogata of Incorporated Educational Institutions of Waseda University.



Dual-arm robot capable of imitating and learning a person's movements using robot teaching

(v) Developing technology to automatically generate learning data to strengthen the ability of generative AI to think logically

The Company has developed a technology that can automatically generate learning data to enhance the ability of generative AI to think logically, enhancing its ability to think in natural language and support sophisticated decision making operations. The technology automatically generates a broad range of learning data based on multistep thinking and mathematical logic, designed to answer questions such as whether an investment in XXX business in the XXX region is appropriate or not. It can be applied to any type of generative AI because an open system is used, making it possible to strengthen logical thinking through additional learning. The results of a demonstration using the most advanced generative AI showed that logical reasoning capacity increased approx. 9% on average, up to a maximum of 30% (Note). Going forward, the Company will continue to develop the technology in collaboration with customers, with the goal of realizing generative AI that can support complicated problem-solving throughout society.

(Note) According to the Company's research, as of November 2024. As an example, LLaMa-3.1-70B was used.

(vi) Developing the technology to make estimates based on deep insight to increase the resilience of manufacturing industry supply chains

A technology to make estimates based on deep insight has been developed to increase the resilience of manufacturing industry supply chains in the face of risks such as natural disasters and pandemics. By entering information about the supply of parts and corporate information into generative AI, this technology is designed to estimate with a high degree of accuracy data from manufacturing facilities that was previously hard to clarify. The Hitachi Group reviewed the technology internally, and demonstrated that it would be able to estimate data from a supplier's manufacturing facility at an accuracy exceeding 85%.

In March 2025, details of the research were presented at the second forum organized by the Institute for the research Promotion Organization for Digital Observatory which was established at National University Corporation, the University of Tokyo (hereinafter "The University of Tokyo"). During the forum, experts participated in a panel discussion and a poster session to identify problems and use cases and implement the technology in society. At the same time, the Company sought to strengthen networks with the goal of identifying potential collaboration partnerships among companies and organizations.

Understanding signs of risks in global events using the technology to increase the resilience of manufacturing industry supply chains (concept image)

2) Deepening initiatives to address future social issues (Corporate Items)

By strengthening its technological base, the Company sought to solve future social issues and create new value in pursuit of the research and development of advanced technologies and a sustainable society.

(i) Development of a new control method to stabilize and extend lifetimes by a hundred-fold and more for accelerating the development of quantum computers

In addition to more than 30 years of basic research on quantum physics at Hitachi Cambridge Laboratory, the Company formed an industry-academia partnership in 2020 through the Japan Science and Technology Agency's Moonshot Research and Development Program (grant no. JPMJMS2065). It is currently pursuing research into silicon quantum computers which have advantages in terms of scaling. To date, the Company has proposed an array configuration that makes efficient control methods and up-scaling possible. In June 2024, the Company developed a control method to extend the lifetime of qubits by a hundred times and by partly cancelling the noise inside a semiconductor. The Company will accelerate its research and seek to rapidly commercialize quantum computers through the realization of a quantum computer error correction technology and the improvement of the precision of large-scale quantum computing.

(Note) These results were partly obtained through collaborative research with the Institute of Science Tokyo, the University of Tokyo, The National Research and Development Agency, Institute of Physical and Chemical Research and Hitachi Cambridge Laboratory.

(ii) Development of a hydrogen production system to contribute to the realization of a decarbonized society

A new hydrogen production system has been developed to optimally plan and control the production of hydrogen using renewables and the associated use of electric power. An operation plan and real-time control based on the physical properties of water electrolyzers can reduce operational deviations and reduce the cost of production. In addition to hydrogen production, the system can be expanded to the optimal operation of systems such as rechargeable batteries and fuel cells at multiple locations. The Company seeks to make it possible for this technology to contribute to the establishment of a more sustainable society.

3) Value co-creation through open innovation (Corporate Items)

Collaborative creation with universities and research institutes in Japan and overseas was strengthened and an ecosystem was developed.

(i) Joint research with the University of Tokyo

Following a discussion about the future of energy systems and the ideal image of international cooperation in November 2023, the University of Tokyo, Imperial College London and the Company held joint event on innovation and opportunities in the green economy in October 2024. A broad range of topics such as decarbonization, the carbon cycle and the social acceptability of anti-climate change technologies were discussed at the event. In particular, the reduction of the carbon footprint along the entire supply chain, the enhancement of AI-based energy efficiency and the realization of integrated transition including the protection of biodiversity were specified as challenging issues in the transition to carbon neutrality.

Hitachi-UTokyo Laboratory is involved in research and development for creating and realizing a vision for building a Super Smart Society (Society 5.0), as advocated by the Japanese government. To date, a total of six versions of "Toward Realizing Energy Systems to Support Society 5.0" have been published showing a specific path to the realization of carbon neutrality. The seventh Industry-Academia Collaboration Forum held in January 2025 shared specific examples of an integrated transition and considerations for achieving it, with the goal of facilitating the shift to new social systems including electric power systems. Furthermore, a panel discussion on the importance of energy coordination and international cooperation was held and the initiatives for building a sustainable society were expanded.

A photo from the panel discussion

(ii) Hitachi-AIST Circular Economy Cooperative Research Laboratory holds the 2nd open forum

The Company and National Institute of Advanced Industrial Science and Technology (hereinafter "AIST") established the Hitachi-AIST Circular Economy Cooperative Research Laboratory within AIST in October 2022. Since then, we have promoted research based on three themes including the formulation of a grand design for a recycling-oriented society. The first open forum, held in February 2024, identified the future outlook for a circulator economy (hereinafter "CE") society and its technical and institutional challenges, giving consideration to the domestic and international shift from conventional linear economies to circular economies. It shared awareness about these issues with the audience. The second forum, held in February 2025, shared the results of discussions on specific technologies and rules for moving toward the ideal future in a CE society and on a system for encouraging behavioral changes. This was deepened through a panel discussion with outside experts.

4) Winning well-known external awards and design awards

The Company's products, technologies and designs have been highly evaluated externally and have received well-known awards.

(i) Okochi Memorial Production Prize won following the development and commercialization of a production plan optimization technology that reflects the expertise of experienced technicians (Connective Industries segment)

In the 71st (2024) Okochi Prize organized by the Okochi Memorial Foundation, the Company won the Okochi Memorial Production Prize for the development and commercialization of a production plan optimization technology that reflects the expertise of experienced technicians. The planning and optimization technology is capable of reproducing the planning done by experienced technicians by digitalizing their expertise through an analysis of historical data in plans they have developed and by using machine learning technologies. The technology is being used by Hitachi AI Technology/plan optimization service, one of the Hitachi Group's Lumada solutions. The Company received the award in recognition of its initiatives, which make a significant contribution to addressing social issues such as the passing down of the expertise of aging technicians and the reduction of work hours needed to facilitate workstyle reforms.

(ii) LABOSPECT® 006 α automatic analyzer won the Nippon Brand division award in the Top Ten New Products Awards (Connective Industries segment)

The LABOSPECT® 006 α automatic analyzer available from Hitachi High-Tech Corporation won the Nippon Brand division award at the 67th Top Ten New Products Awards hosted by the Nikkan Kogyo Shimbun, Ltd. The analyzer, which is used by advanced treatment hospitals, sanitary inspection laboratories, clinics and other clinical testing sites, automatically performs a biochemical analysis of blood. The award was granted because the analyzer is highly regarded as a product that reduces the burden on laboratory technicians and supports new workstyles in laboratories thanks to a significant reduction in the labor required in premeasurement work and maintenance. (The award was shared with Hitachi High-Tech Corporation.)

LABOSPECT 006® α automatic analyzer

(iii) The series 2300 train cars to be used with Hankyu Corporation's PRiVACE seat reservation service and the new 3000 series train cars for the Sendai Nanboku Subway Line won awards at the Good Design Award 2024 hosted by the Japan Institute of Design Promotion (Green Energy & Mobility segment)

The 2300 series train cars to be used with Hankyu Corporation's PRiVACE seat reservation service were jointly manufactured by Hankyu Corporation and the Company and are based on the concept of changing the time spent travelling every day into personal time spent in a private space. The award was presented in recognition of the Company's ability to achieve compatibility between comfort and privacy while enhancing the train cars' high-quality feel. (The award was shared with Hankyu Corporation).

The new 3000 series train cars for the Nanboku Subway Line were manufactured by the Company and are operated by the Transportation Bureau City of Sendai. The fabric used on the seats is inspired by a row of zelkova trees in Sendai, the city of forests, and pleasant, wood-grain partition boards are used in the interior design of the cars to convey tranquility even in brightness. Meanwhile, decreasing the level difference between the platform and car floor and improvements in noise reduction by using double glazing contribute to passengers' greater safety and comfort. The Company won the award in recognition of these points. (The award was shared with the Transportation Bureau City of Sendai.)

Exterior (left) and interior (right) of a 2300 series train car to be used with Hankyu Corporation's PRiVACE seat reservation service


Exterior (left) and interior (right) of a new 3000 series train car for the Sendai Nanboku Subway Line

III. Property, Plants and Equipment

1. Summary of Capital Investment, etc.

The Hitachi Group (the Company and consolidated subsidiaries) selectively invests in R&D and product fields expected to grow over the long term, and it also invests to streamline manufacturing process, etc. and to improve the reliability of its products and services.

Capital investment (based on the amount recorded as tangible fixed assets and the investment properties) in the fiscal year ended March 31, 2025 was 351.8 billion yen. A breakdown of capital investment by segment is as follows.

Segment	Capital investment (Billions of yen)	Change from preceding fiscal year (%)	Main purpose of investment
Digital Systems & Services	61.4	91	Product development, Maintenance and renewal of data center equipment
Green Energy & Mobility	160.0	139	Facility of production for power grid products, Facility of production for railway systems
Connective Industries	93.1	146	Manufacturing facilities for industrial products, Increase in development and production of semiconductor manufacturing equipment, and measurement and analysis equipment, Facility of production for building systems, Streamline development and production of other products
Others	22.8	108	Renovation of offices, R&D facilities
Corporate Items & Eliminations	14.3	-	-
Total	351.8	111	-

(Notes) 1. The figures in the above table include the amount of the right-of-use assets and the investment properties each of which is recorded as tangible fixed assets and other non-current assets, respectively.

2. These investments were mostly financed by the Hitachi Group's own capital.

2. Major Property, Plants and Equipment

The Hitachi Group (the Company and consolidated subsidiaries) engages in diverse business operations in Japan and overseas. It discloses information on major property, plants and equipment represented in breakdown by segment and major facilities of the Company and consolidated subsidiaries.

The situation at the end of the fiscal year ended March 31, 2025 is as follows.

(1) Breakdown by Segment

(As of March 31, 2025)

Segment	Book value (Millions of yen)								Number of employees
	Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use Assets	Other	Construction in progress	Total	
Digital Systems & Services	7,027 [694]	59,032	38,369	52,619	82,722	9,450	4,891	254,110	107,548
Green Energy & Mobility	40,918 [9,693]	150,191	136,173	35,654	86,789	71	131,424	581,220	78,871
Connective Industries	37,392 [5,124]	177,736	65,188	41,007	50,559	39	12,864	384,785	81,817
Others	18,728 [1,419]	49,217	2,231	8,575	31,465	-	1,951	112,167	11,288
Subtotal	104,065 [16,930]	436,176	241,961	137,855	251,535	9,560	151,130	1,332,282	279,524
Corporate Items & Eliminations	(10,112) [575]	16,598	196	3,863	(1,318)	-	28	9,255	3,219
Total	93,953 [17,505]	452,774	242,157	141,718	250,217	9,560	151,158	1,341,537	282,743

(2) The Company

(As of March 31, 2025)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)								Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use Assets	Other	Construction in progress	Total	
Cloud Services Platform Business Unit, Digital Engineering Business Unit, Financial Institutions Business Unit, Social Infrastructure Systems Business Unit and Digital Systems & Services Division (Kawasaki, Kanagawa)	Digital Systems & Services	System development facilities, manufacturing facilities for servers, etc.	607 [40]	26,477	80	15,976	16,712	5,394	2,001	67,250	12,753
Research & Development Group (Kokubunji, Tokyo)	Others	R&D facilities	4,540 [763]	16,829	971	2,672	1,872	-	1,116	28,002	2,073
Head Office (Chiyoda-ku, Tokyo)	Corporate	Other facilities	4,850 [522]	8,208	193	1,808	11,915	-	15	26,991	1,270
Railway Systems Business Unit (Kudamatsu, Yamaguchi)	Green Energy & Mobility	Manufacturing facilities for railway vehicles, etc.	1,013 [658]	12,966	4,644	864	3,491	-	362	23,344	2,323
Nuclear Energy Business Unit, Power Grids Business Unit and Energy Business Division (Hitachi, Ibaraki)	Green Energy & Mobility	Manufacturing facilities for power generating equipment, etc.	9,103 [3,020]	5,111	207	583	934	-	7	15,947	880
Control System Platform Division (Hitachi, Ibaraki)	Digital Systems & Services	Manufacturing facilities for switchboards and calculation control equipment, system development facilities	521 [202]	7,013	683	1,876	1,151	0	881	12,129	1,575
Corporate Hospital Group (Hitachi, Ibaraki)	Corporate	Medical facilities	63 [53]	9,076	1	1,674	14	-	12	10,843	1,824
IT Strategy & Digital Integration Division (Chiyoda-ku, Tokyo)	Others	System development facilities	- [-]	1,399	0	3,382	8	-	32	4,822	440
Building Systems Business Unit (Hitachinaka, Ibaraki)	Connective Industries	Facility of production for building systems	43 [476]	3,021	68	26	-	-	90	3,250	79
Industrial Digital Business Unit and Water & Environment Business Unit (Chiyoda-ku, Tokyo)	Connective Industries	Manufacturing facilities for industrial solution, and water and environment solution equipment	38 [13]	212	0	2,348	217	-	400	3,218	2,597

(3) Domestic subsidiaries

(As of March 31, 2025)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)								Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use Assets	Other	Construction in progress	Total	
Hitachi High-Tech Corporation, Naka Area (Hitachinaka, Ibaraki)	Connective Industries	Manufacturing facilities for semiconductor manufacturing equipment and measurement and analysis equipment, etc.	4,980 [334]	24,487	7,008	14,169	698	-	4,647	55,990	3,369
Hitachi High-Tech Corporation, Kasado Area (Kudamatsu, Yamaguchi)	Connective Industries	Manufacturing facilities for semiconductor manufacturing equipment, etc.	321 [15]	24,572	6,594	1,748	1,863	-	198	35,299	629
Hitachi Global Life Solutions, Inc., Taga Works (Hitachi, Ibaraki)	Connective Industries	Manufacturing facilities for home appliances	205 [539]	6,250	4,923	4,110	94	-	66	15,649	1,083
Hitachi Building Systems Co., Ltd., Head Office (Chiyoda-ku, Tokyo)	Connective Industries	Other facilities	3,952 [22]	5,057	323	1,356	-	-	20	10,710	1,392
Hitachi Real Estate Partners, Ltd., Hitachi Rectship Totsuka (Yokohama, Kanagawa)	Others	Rent office	- [-]	9,883	16	139	-	-	-	10,039	-
Hitachi Information Engineering, Ltd., Systemplaza Yokohama (Yokohama, Kanagawa)	Digital Systems & Services	Data center	- [-]	5,079	-	192	4,391	-	-	9,664	31
Hitachi High-Tech Corporation, Head Office (Minato-ku, Tokyo)	Connective Industries	Other facilities	- [-]	1,453	-	476	7,530	-	-	9,461	1,643
Hitachi Global Life Solutions, Inc., Tochigi Works (Tochigi, Tochigi)	Connective Industries	Manufacturing facilities for home appliances	119 [889]	4,138	2,711	1,427	14	-	582	8,993	621
Hitachi Industrial Equipment Systems Co., Ltd., Sagami Business Office (Ayase, Kanagawa)	Connective Industries	Manufacturing facilities for air compressor systems, etc.	3,175 [87]	2,248	1,227	146	4	-	260	7,062	270
Hitachi Industrial Products, Ltd., Tsuchiura Works (Tsuchiura, Ibaraki)	Connective Industries	Manufacturing facilities for pumps, etc.	1,154 [336]	2,657	1,390	343	107	-	29	5,682	793

(4) Overseas subsidiaries

(As of March 31, 2025)

Subsidiary (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)								Number of employees
			Land [Area in thousands of m^2]	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use Assets	Other	Construction in progress	Total	
Hitachi Energy Ltd (Zurich, Switzerland)	Green Energy & Mobility	Manufacturing facilities for power grid products, etc.	22,758 [4,613]	95,297	117,005	21,425	58,280	-	123,192	437,957	50,312
Hitachi Rail Ltd. (London, U.K.)	Green Energy & Mobility	Manufacturing facilities for railway systems products	7,441 [1,123]	31,040	11,727	11,164	22,241	-	7,635	91,248	20,297
Hitachi Vantara LLC (California, U.S.A.)	Digital Systems & Services	Other facilities	- [-]	-	16,880	12,799	14,750	1,702	-	46,131	7,274
Hitachi Payment Services Private Limited (Chennai, India)	Digital Systems & Services	Other facilities	- [-]	-	13,866	465	12,981	-	1,158	28,470	14,608
GlobalLogic Worldwide Holdings, Inc. (California, U.S.A.)	Digital Systems & Services	Other facilities	- [-]	2,072	2,887	977	15,251	-	23	21,210	32,877

(Note) The figures above are presented in consolidated basis of each company.

3. Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The Hitachi Group (the Company and consolidated subsidiaries) engages in diverse operations in Japan and overseas, and has not decided on specific plans to newly install or expand each of facilities as of the end of the fiscal year. Therefore, it discloses amounts of capital investment by segment.

The amount of capital investment for the fiscal year ending March 31, 2026 is expected to be 413.0 billion yen (new installation and expansions, based on the amount recorded as tangible fixed assets and the investment properties), and a breakdown by segment is as follows. From the beginning of the fiscal year ending March 31, 2026, report segments have been changed. Figures shown below are presented based on the new segmentation.

Segment	Amount (Billions of yen)	Main purpose of investment
Digital Systems & Services	77.0	Product development, Maintenance and renewal of data center equipment
Energy	189.0	Facility of production for power grid products
Mobility	25.0	Facility of production for railway systems
Connective Industries	80.0	Manufacturing facilities for industrial products, Increase in development and production of semiconductor manufacturing equipment, and measurement and analysis equipment, Facility of production for building systems, Streamline development and production of other products
Others	22.0	Renovation of offices, R&D facilities
Corporate Items & Eliminations	20.0	-
Total	413.0	-

(Notes) 1. The figures in the above table include the amount of the right-of-use assets and the investment properties, each of which is recorded as tangible fixed assets and other non-current assets, respectively.

2. These planned investments are expected to be mostly financed with the Hitachi Group’s own capital.

3. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

IV. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	10,000,000,000
Total	10,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31, 2025)	Number of shares issued as of the filing date (shares) (June 25, 2025)	Stock exchange on which the Company is listed	Description
Common stock	4,580,341,685	4,581,560,985	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	4,580,341,685	4,581,560,985	–	–

(Note) The Company newly issued 1,219,300 shares as restricted stock compensation on June 3, 2025. The "Number of shares issued as of the filing date" does not include shares issued upon the exercise of stock acquisition rights from June 1, 2025 to the filing date.

(2) Information on the stock acquisition rights, etc.

1) Details of stock option plans

Name	The First Stock Acquisition Rights of Hitachi, Ltd. (Note 1)	The Second Stock Acquisition Rights of Hitachi, Ltd. (Note 1)	The Third Stock Acquisition Rights of Hitachi, Ltd. (Note 1)
Date of resolution	June 29, 2016	April 6, 2017	April 11, 2018
Category and number of persons to whom stock acquisition rights are granted	31 Executive Officers of the Company 42 Corporate Officers of the Company	33 Executive Officers of the Company 37 Corporate Officers of the Company	33 Executive Officers of the Company 35 Corporate Officers of the Company
Number of stock acquisition rights	4,660 [4,372]	4,618 [4,363]	4,593 [4,192]
Class, detail and number of shares to be issued upon exercise of stock acquisition rights	Common stock 466,000 shares [437,200 shares] (Note 2)	Common stock 461,800 shares [436,300 shares] (Note 2)	Common stock 459,300 shares [419,200 shares] (Note 2)
Amount to be paid in upon exercise of stock acquisition rights	1 yen per share	1 yen per share	1 yen 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
Issue price for shares issued upon exercise of stock acquisition rights and amount of capitalization	Issue price: 269 yen (Note 3) Amount of capitalization: (Note 4)	Issue price: 368.8 yen (Note 3) Amount of capitalization: (Note 4)	Issue price: 486.2 yen (Note 3) Amount of capitalization: (Note 4)
Conditions for the exercise of stock acquisition rights	(Note 5, 6)	(Note 5, 6)	(Note 5, 6)
Matters regarding the acquisition of stock acquisition rights through transfer	Acquisition of stock acquisition rights through transfer shall be subject to the approval of the Board of Directors.	Acquisition of stock acquisition rights through transfer shall be subject to the approval of the Board of Directors.	Acquisition of stock acquisition rights through transfer shall be subject to the approval of the Board of Directors.
Matters regarding substitute payment	-	-	-
Matters regarding grant of stock acquisition rights upon organizational restructuring	(Note 7)	(Note 7)	(Note 7)

(Notes) 1. The table above shows information as of the end of fiscal year (March 31, 2025). The number of stock acquisition rights and the number of shares to be issued upon exercise of stock acquisition rights in brackets in the lower row is information as of the end of the last month ended before the filing date (May 31, 2025). With regard to the other items, there is no change from the information as of the end of fiscal year (March 31, 2025).

2. If the Company implements a stock split (including gratis allotment of shares of common stock; the same shall apply to references to a stock split hereinafter) or a reverse stock split with respect to common stock of the Company after the date of allotment of the stock acquisition rights, the Number of Shares to be Issued with respect to the stock acquisition rights not exercised at that time will be adjusted in accordance with following formula:

$$\text{Number of Shares to be Issued after adjustment} = \text{Number of Shares to be Issued before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

In addition, if there are unavoidable grounds requiring an adjustment of the Number of Shares to be Issued, the Number of Shares to be Issued may be adjusted to the extent necessary by a resolution of the Board of Directors.

Any fractions of less than one share resulting from the adjustment will be rounded down.

3. The issue price for shares issued upon the exercise of stock acquisition rights is the sum of the amount to be paid in upon exercise of each of the stock acquisition rights (¥1 per share) and the fair value of each of the stock acquisition right as calculated at the date of allotment.
4. The increase in common stock upon issuing shares through the exercise of stock acquisition rights shall be one half of the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting. Any fractions of less than one yen resulting from the calculation shall be rounded up to the nearest yen.
5. A holder of stock acquisition rights may exercise all of his/her stock acquisition rights together only within 10 days (in case the last day is not a business day, the following business day) from the day immediately following the date on which he/she ceases to be an Executive Officer, a Director or a Corporate Officer of the Company.
6. The number of stock acquisition rights which a holder of stock acquisition rights may exercise shall be determined based on the ratio of (i) total shareholder returns 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 Tokyo Stock Price Index (TOPIX) for the same period (the "TSR/TOPIX Growth Rate Ratio"), in accordance with the stock price conditions:
   a. If the TSR/TOPIX Growth Rate Ratio is 120% or more

      All the stock acquisition rights allotted (the "Allotted Rights") may be exercised.
   b. If the TSR/TOPIX Growth Rate Ratio is 80% or more but less than 120%

      Only part of the Allotted Rights may be exercised according to the degree of the TSR/TOPIX Growth Rate Ratio (*).

      $$\text{*Number of stock acquisition rights exercisable} = \text{Number of Allotted Rights} \times \{(\text{TSR/TOPIX Growth Rate Ratio} \times 1.25) - 0.5\}$$

      Any fraction less than one stock acquisition right will be rounded down.
   c. If the TSR/TOPIX Growth Rate Ratio is less than 80%

      No Allotted Rights may be exercised.
7. In the event that the Company engages in a merger (only if the Company is to be dissolved as a result of the merger), an absorption-type company split or incorporation-type company split (in each case, only if the Company is to be a split company), or share exchange or share transfer (in each case, only if the Company is to be a wholly-owned subsidiary) (hereafter all of which are collectively referred to as "Corporate Reorganization"), then stock acquisition rights for the entities specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (such entity hereinafter referred to as the "Reorganized Company") shall be issued to the Stock Acquisition Right Holders holding stock acquisition rights remaining in effect (the "Remaining Stock Acquisition Rights") immediately prior to the effective date of the Corporate Reorganization (hereinafter respectively referring to an effective date of absorption-type merger in the case of an absorption-type merger, a date of incorporation of a company incorporated through a consolidation-type merger in the case of a consolidation-type merger, an effective date of absorption-type company split in the case of an absorption-type company split, a date of incorporation of a company incorporated through an incorporation-type company split in the case of an incorporation-type company split, an effective date of a share exchange in the case of a share exchange, or a date of incorporation of a wholly owning parent company incorporated through share transfer). However, these stock acquisition rights shall be granted only if provisions for issuing the stock acquisition rights of the Reorganized Company in accordance with the following conditions are included in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

   (1) The number of stock acquisition rights of the Reorganized Company to be issued

   The number of stock acquisition rights equal to the number of Remaining Stock Acquisition Rights held by respective Stock Acquisition Right Holders shall be issued.

   (2) The class of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights

   Common shares of the Reorganized Company shall be issued.

   (3) The number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights

   The number shall be determined in accordance with the terms and conditions of Remaining Stock Acquisition Rights, taking into account the conditions and other factors concerning Corporate Reorganization.

   (4) Amount of assets to be contributed upon the exercise of stock acquisition rights

   The amount of assets contributed upon the exercise of stock acquisition rights to be issued shall be the amount derived by multiplying the amount to be paid in per share to be delivered upon the exercise of stock acquisition rights of the Reorganized Company (the "Post-reorganization Exercise Price") prescribed below by the number of shares of the Reorganized Company to be issued determined in accordance with paragraph (3) of this section. The Post-Reorganization exercise price shall be one yen.

   (5) Exercise period of stock acquisition rights

   The exercise period of stock acquisition rights shall be from the later of the first day of the exercise period of stock acquisition rights or the effective date of the Corporate Reorganization to the expiration date of the exercise period of stock acquisition rights.

   (6) Matters concerning common stock and capital reserve to be increased due to the issuance of shares upon the exercise of stock acquisition rights

   The matters shall be determined in accordance with the terms and conditions of Remaining Stock Acquisition Rights.

   (7) Restrictions on acquisition of stock acquisition rights through transfer

   The acquisition of stock acquisition rights through transfer shall be subject to the approval of the Reorganized Company.

   (8) Conditions for the exercise of stock acquisition rights

   The matters shall be determined in accordance with the terms and conditions of Remaining Stock Acquisition Rights.

   (9) Matters concerning the acquisition of stock acquisition rights

   The matters shall be determined in accordance with the terms and conditions of Remaining Stock Acquisition Rights.

2) Details of shareholder right plans

Not applicable.

3) Details of other stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares and the amount of common stock and other

Date		Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Change in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
May 27, 2020	(Note 1)	604,800	967,885,277	928	460,790	928	178,756
June 15, 2021	(Note 2)	349,600	968,234,877	941	461,731	941	179,697
June 15, 2022	(Note 3)	337,000	968,571,877	1,086	462,817	1,086	180,783
December 14, 2022	(Note 4)	(30,488,800)	938,083,077	-	462,817	-	180,783
May 31, 2023	(Note 5)	158,200	938,241,277	600	463,417	600	181,383
October 18, 2023	(Note 4)	(11,073,400)	927,167,877	-	463,417	-	181,383
June 3, 2024	(Note 6)	146,000	927,313,877	966	464,384	966	182,350
July 1, 2024	(Note 7)	3,709,255,508	4,636,569,385	-	464,384	-	182,350
January 27, 2025	(Note 4)	(56,227,700)	4,580,341,685	-	464,384	-	182,350

(Notes) 1. This increase is due to the issuance of new shares as restricted stock compensation.
Issue price: 3,067 yen per share
Amount of capitalization: 1,533.5 yen per share
Allottees: 31 Executive Officers of the Company and 33 Corporate Officers of the Company
2. This increase is due to the issuance of new shares as restricted stock compensation.
Issue price: 5,384 yen per share
Amount of capitalization: 2,692 yen per share
Allottees: 31 Executive Officers of the Company and 35 Corporate Officers of the Company
3. This increase is due to the issuance of new shares as restricted stock compensation.
Issue price: 6,448 yen per share
Amount of capitalization: 3,224 yen per share
Allottees: 35 Executive Officers of the Company, 34 Corporate Officers of the Company and 5 Directors of the consolidated subsidiaries.
4. The change in the total number of issued shares is due to the cancellation of treasury stock.
5. This increase is due to the issuance of new shares as restricted stock compensation.
Issue price: 7,586 yen per share
Amount of capitalization: 3,793 yen per share
Allottees: 37 Executive Officers of the Company, 38 Corporate Officers of the Company and 5 Directors of the consolidated subsidiaries.
6. This increase is due to the issuance of new shares as restricted stock compensation.
Issue price: 13,235 yen per share
Amount of capitalization: 6,617.5 yen per share
Allottees: 42 Executive Officers of the Company, 45 Corporate Officers of the Company and 5 Directors of the consolidated subsidiaries.
7. The Company completed the share split into five shares for every one common stock.
8. The Company issued its new shares as restricted stock compensation on June 3, 2025. The total number of issued shares, common stock and capital reserve increased by 1,219,300 shares, 2, 282 million yen and 2,282 million yen respectively.

(5) Shareholders composition

(As of March 31, 2025)

Class of shareholders	Status of shares (one unit of stock: 100 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	194	98	3,058	1,434	507	314,611	319,904	-
Share ownership (units)	464	14,075,695	747,698	571,693	23,548,427	7,888	6,816,100	45,767,965	3,545,185
Ownership percentage of shares (%)	0.00	30.75	1.63	1.25	51.45	0.02	14.89	100.00	-

(Notes) 1. Of 2,467,109 shares of treasury stock, 24,671 units are included in the “Individuals and others” column, while 9 shares are included in the “Number of shares less than one unit” column.
2. Of the shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing shares, the holders of which have not transferred titles), 268 units are included in the “Other institution” column and 25 shares are included in the “Number of shares less than one unit” column.

(6) Major shareholders

(As of March 31, 2025)

Name	Address	Share Ownership (shares)	Ownership percentage to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	788,876,600	17.23
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	270,599,100	5.91
State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts (15-1, Konan 2-chome, Minato-ku, Tokyo)	143,436,447	3.13
State Street Bank West Client - Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	98,697,835	2.16
Moxley & Co LLC (Standing Proxy: Mizuho Bank, Ltd.)	270 Park Ave, New York, NY 10017, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	95,208,929	2.08
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (15-1, Konan 2-chome, Minato-ku, Tokyo)	89,489,070	1.95
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts 02101 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	85,424,943	1.87
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	84,499,995	1.85
Hitachi Employees' Shareholding Association	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	79,042,957	1.73
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.)	Bankplassen 2, 0107 Oslo 1 Oslo 0107 NO (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	77,771,030	1.70
Total	-	1,813,046,906	39.60

(Notes) 1. MOXLEY & CO LLC is the nominee name of the depositary bank, JP Morgan Chase Bank, N.A, for the aggregate of the Company’s American Depositary Receipts (ADRs) holders.

2. Some reports on substantial shareholdings regarding the Company under the Financial Instruments and Exchange Act are available for public inspection. However, the information in the reports is not described in the above table since the Company had not confirmed the actual status of shareholdings as of March 31, 2025. The main contents of the reports are as follows. On July 1, 2024, the Company completed the share split of every one share into five shares for its common stock. The reports whose date on which the duly to file report is prior to the effective date of the share split show the number of shares before the share split.

Holders	BlackRock Japan Co. Ltd and nine others
Date on which the duty to file report	September 15, 2023
Number of shares	68,635,088 shares
Ownership percentage to the total number of issued shares	7.32%

Holders	Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other
Date on which the duty to file report	March 15, 2022
Number of shares	58,850,673 shares
Ownership percentage to the total number of issued shares	6.08%

(7) Information on voting rights

1) Issued shares

(As of March 31, 2025)

Classification	Number of shares (shares)		Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury stock, etc.)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury stock, etc.)	Common stock	2,482,100	—	—
Shares with full voting rights (others)	Common stock	4,574,314,400	45,743,144	—
Shares less than one unit	Common stock	3,545,185	—	—
Number of issued shares		4,580,341,685	—	—
Total number of voting rights		—	45,743,144	—

(Note) The "Shares with full voting rights (others)" column includes 26,800 shares registered in the name of Japan Securities Depository Center, Incorporated (account for managing shares, the holders of which have not transferred titles) and 268 voting rights for those shares.

2) Treasury stock, etc.

(As of March 31, 2025)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Hitachi, Ltd.	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,467,100	—	2,467,100	0.05
Mizuho Co., Inc.	28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo	15,000	—	15,000	0.00
Total	—	2,482,100	—	2,482,100	0.05

2. Information on Acquisition, etc. of Treasury Stock

Class of shares

Acquisition of common stock under Article 155, Item 3, 7 and 13 of the Companies Act

(1) Acquisition of treasury stock resolved at the general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Acquisition of common stock under Article 155, Item 3 of the Companies Act

Classification	Number of shares (shares) (Note 2)	Total amount (yen)
Resolution details on Board of Directors (April 26, 2024) (Note 1) (Acquisition period From April 30, 2024 to March 31, 2025)	105,000,000(maximum)	200,000,000,000(maximum)
Treasury stock acquired before the fiscal year ended March 31, 2025	―	―
Treasury stock acquired during the fiscal year eneded March 31, 2025	56,227,700	199,999,920,722
Total number and total value of remaining shares to be acquired under the resolution	48,772,300	79,278
Unexercised rate as of the end of the fiscal year ended March 31, 2025 (%)	46.4	0.0
Treasury stock acquired during the current period	―	―
Unexercised rate as of the filing date (%)	46.4	0.0

(Notes) 1. The Board of Directors has resolved that the method of acquisition would be market purchase on the Tokyo Stock Exchange.

2. On July 1, 2024, the Company completed the share split into five shares for every one common stock. The number of shares is stated on the assumption that the Company concluded this split at the beginning of the fiscal year ended March 31, 2025.

Classification	Number of shares (shares)	Total amount (yen)
Resolution details on Board of Directors (April 28, 2025) (Note 1) (Acquisition period From April 30, 2025 to March 31, 2026)	140,000,000(maximum)	300,000,000,000(maximum)
Treasury stock acquired before the fiscal year ended March 31, 2026	―	―
Treasury stock acquired during the fiscal year ended March 31, 2026	―	―
Total number and total value of remaining shares to be acquired under the resolution	140,000,000	300,000,000,000
Unexercised rate as of the end of the fiscal year ended March 31, 2026 (%)	100.0	100.0
Treasury stock acquired during the current period (Note 2)	2,191,900	8,478,558,796
Unexercised rate as of the filing date (%)	98.4	97.2

(Notes) 1. The Board of Directors has resolved that the method of acquisition would be market purchase on the

Tokyo Stock Exchange.

2. The number of shares of treasury stock acquired from June 1, 2025 to the filing date is not included.

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Acquisition of common stock under Article 155, Item 7 of the Companies Act (Note 1)

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2025 (Note 2)	84,759	285,876,545
Treasury stock acquired during the current period (Note 3)	5,150	18,124,196

(Notes) 1. Acquisition of stock less than one share unit due to purchase requests from shareholders under Article 192, Paragraph 1 of the Companies Act.

2. On July 1, 2024, the Company completed the share split into five shares for every one common stock. The number of shares is stated on the assumption that the Company concluded this split at the beginning of the fiscal year ended March 31, 2025.

3. The number of shares treasury stock acquired due to requests to purchase stock of less than one share unit from June 1, 2025 to the filing date is not included.

Acquisition of common stock under Article 155, Item 13 of the Companies Act (Note 1)

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2025 (Note 2)	227,200	-
Treasury stock acquired during the current period	42,700	-

(Notes) 1. Acquisition without consideration as part of the common stock allotted to the Company’s Executive Officers and Corporate Officers as restricted stock compensation (Article 27, Paragraph 1 of the Order for Enforcement of the Companies Act).

2. On July 1, 2024, the Company completed the share split into five shares for every one common stock. The number of shares is stated on the assumption that the Company concluded this split at the beginning of the fiscal year ended March 31, 2025.

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31, 2025		Current period (Note 1)	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	-	-	-	-
Acquired treasury stock which was canceled	56,227,700	195,598,175,436	-	-
Acquired treasury stock which was transferred due to merger, share exchange, share delivery or company split	-	-	-	-
Others (Acquired treasury stock which was transferred upon the exercise of stock acquisition rights and upon the restricted stock compensation and which was sold due to requests from shareholders holding less than one share unit to sell additional shares) (Note 2)	575,715	1,091,054,622	94,650	329,468,132
Total number of treasury stock held	2,467,109	-	4,612,209	-

(Notes) 1. The following are not included: the number of shares of treasury stock which were transferred with the exercise of stock acquisition rights from June 1, 2025 to the filing date; the number of shares of treasury stock which were transferred for the restricted stock compensation from June 1, 2025 to the filing date; the number of shares of treasury stock which were sold due to requests from shareholders holding less than one share unit to sell additional shares from June 1, 2025 to the filing date; the number of shares of treasury stock acquired due to the resolution at meeting of the Board of Directors held from June 1, 2025 to the filing date; and the number of shares of treasury stock acquired due to purchase requests from shareholders holding stock less than one share unit from June 1, 2025 to the filing date.

2. On July 1, 2024, the Company completed the share split into five shares for every one common stock. The number of shares is stated on the assumption that the Company concluded this split at the beginning of the fiscal year ended March 31, 2025.

3. Dividend Policy

The Company views the return of profits to shareholders by enhancing corporate value from a medium to long-term perspective and paying dividends and repurchasing its shares as an important managerial issue.

The policy of the Company regarding dividends is to aim for the stable payment of dividends while also securing the funds necessary for investment. 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 repurchases its shares, taking into consideration factors such as capital needs and the business environment.

In accordance with its medium- to long-term management strategy, the Company utilize undistributed profits in areas such as M&A, research and development, and capital expenditure, in order to secure competitiveness and grow the business as a global enterprise.

Based on the above policy, annual dividends of 43.0 yen per share were paid for the fiscal year ended March 31, 2025. A meeting of the Board of Directors held on October 30, 2024 resolved to pay interim dividends of 21.0 yen per share, resulting in total interim dividends of 96,545 million yen. In addition, a meeting of the Board of Directors held on May 13, 2025 resolved to pay year-end dividends of 22.0 yen per share, resulting in total year-end dividends of 100,713 million yen.

4. Corporate Governance, etc.

(1) Corporate Governance

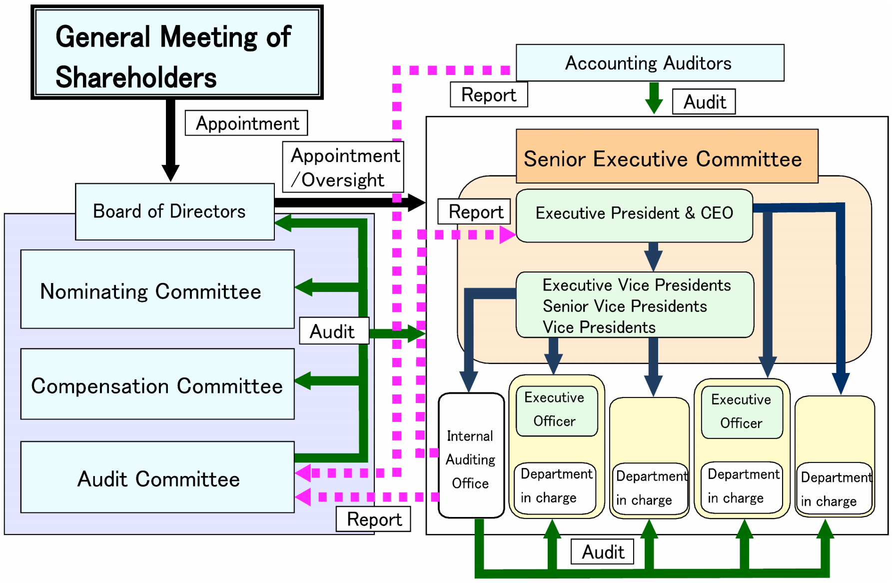
1) Basic policy about corporate governance

The Company considers the growth of profits for shareholders and investors from a long-term perspective as an important managerial objective. As the Company and the Hitachi Group have a wide range of stakeholders, from shareholders and investors to customers and clients, the Company realizes that building good relationships with them forms an important part of its corporate value.

The Company is a Company with Nominating Committee, etc. under the Companies Act, aiming to establish a framework for quick business operation and to realize highly transparent management by separating responsibilities for management oversight from those for the execution of business operations. The Company attempts to ensure that the composition of the Board of Directors remains appropriate so that it effectively fulfills its management oversight function and to reflect diverse global perspectives in management. The Company has positioned the Corporate Governance Guidelines as the basic framework of its corporate governance, including the functions of the Board of Directors.

In addition, the Company has positioned the Hitachi Group Code of Ethics and Business Conduct as rules for behavior to be shared among the Group to generate common values for the Hitachi Group and promote understanding of the social responsibilities to be fulfilled by the Company.

Chart of Corporate Governance System of the Company



2) Outline of corporate organizations

Board of Directors

The Board of Directors approves the basic management policy for the Hitachi Group and supervises the execution of the duties of Executive Officers and Directors in order to sustainably enhance corporate value and shareholders' common interests. The basic management policy includes the management plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation and Board of Directors Regulations.

With regard to the number of Directors and their election, the Company stipulates in its Articles of Incorporation that the Company shall have no more than 20 Directors. With regard to the adoption of resolutions for the election of Directors, the Company stipulates in its Articles of Incorporation that the resolutions for the election of Directors shall be approved by attending shareholders possessing one-third or more of all voting rights of the shareholders who are entitled to exercise their votes, and that the resolution shall not be made by cumulative voting. The Board of Directors was made up of 12 Directors who were elected at the Annual General Meeting of Shareholders held on June 25, 2025, nine of whom are Independent Directors (Note) and two of whom concurrently serve as Executive Officers.

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

Within the Board of Directors, there are three statutory committees: the Nominating Committee, the Audit Committee and the Compensation Committee. Independent Directors account for the majority of members of each committee.

The Board of Directors meetings were held nine days during the fiscal year ended March 31, 2025 (fiscal 2024). The attendance record of each Director during fiscal 2024 is as follows.

Name	Attendance / Number of days held the Board of Directors meetings (Note 1)	Attendance rate (Note 1)
Katsumi Ihara	9 days / 9 days	100%
Ravi Venkatesan	9 days / 9 days	100%
Cynthia Carroll (Note 2)	2 days / 2 days	100%
Ikuro Sugawara	9 days / 9 days	100%
Isabelle Deschamps (Note 3)	7 days / 7 days	100%
Joe Harlan	9 days / 9 days	100%
Louise Pentland	8 days / 9 days	89%
Takatoshi Yamamoto	9 days / 9 days	100%
Hiroaki Yoshihara	9 days / 9 days	100%
Helmuth Ludwig	9 days / 9 days	100%
Keiji Kojima	9 days / 9 days	100%
Mitsuaki Nishiyama	9 days / 9 days	100%
Toshiaki Higashihara	8 days / 9 days	89%

(Notes) 1. Based on the number of days the Board of Directors met during each member's term of office.
2. Ms. Carroll resigned on June 21, 2024.
3. Ms. Deschamps was appointed on June 21, 2024.

During fiscal 2024, in addition to reporting on the progress of the Mid-term Management Plan 2024, the Board of Directors received reports on the status of discussions in formulating the New Management Plan "Inspire 2027" on multiple occasions, and engaged in extensive discussions on the future direction of the Hitachi Group and the business strategies needed to achieve it. Broad discussions and deliberations also took place concerning management of risks relating to generative AI and actions on geopolitical risks based on the current global situation. Aside from strategic discussions of basic management policies and discussions of risks, the Board of Directors received reports on and discussed topics important to the executives which were discussed at the Senior Executive Committee, an advisory council to the President, facilitating a shared understanding with the executives. In order to promote more lively discussion, the Board of Directors spends more time exchanging views on agenda items than explaining them.

In addition, to improve the effectiveness of the Board of Directors, the Company utilizes dedicated information-sharing tools for Directors to share important information on business operations from the executive side, along with meeting materials for the Board of Directors and the various committees. The Company also strives to provide timely and accurate information by holding individual meetings as necessary. Furthermore, the Company provides Independent Directors with opportunities to gain a better understanding of its business and share information through explanations of its business activities, visits to Hitachi Group business sites, and direct information from the executive side. In fiscal 2024, the Company deepened Independent Directors' understanding of its business through their attendance at events such as the Hitachi Social Innovation Forum, Hitachi Digital Summit, business launch events, and research presentations held at our research institutes. The Company also created opportunities for dialogue with senior management and front-line employees.

The Company has established the Board of Directors Office to assist with the duties of each Committee and the Board of Directors. The Office is staffed with employees who exclusively serve the Office and are not subject to the orders or instructions of Executive Officers. Some of them are assigned auditing functions to audit legality and appropriateness within the Digital Systems & Services, Green Energy & Mobility and Connective Industries sectors.

The Nominating Committee

The Nominating Committee has the authority to determine that particular proposals should be submitted to the general meeting of shareholders for the election and dismissal of Directors. Following the Board of Directors meeting held on June 25, 2025, the Nominating Committee consisted of four Directors, three of whom are Independent Directors. The members of the committee are described in "(2) Directors and Senior Management - 1) Lists of directors and senior management - (a) Directors."

The Nominating Committee meetings were held nine days during fiscal 2024. The attendance record of each member of the Nominating Committee during fiscal 2024 is as follows.

Name	Attendance / Number of days held the Nominating Committee (Note 1)	Attendance rate (Note 1)
Katsumi Ihara	9 days / 9 days	100%
Cynthia Carroll (Note 2)	2 days / 2 days	100%
Hiroaki Yoshihara	9 days / 9 days	100%
Toshiaki Higashihara	9 days / 9 days	100%

(Note) 1. Based on the number of days the Nominating Committee met during each member's term of office.
2. Ms. Carroll resigned on June 21, 2024.

During fiscal 2024, in addition to deciding on the content of the proposal regarding the election of Directors to be submitted to the general meeting of shareholders, the Nominating Committee decided on a proposal for the appointment of the CEO to be submitted to the Board of Directors, discussed future candidates to succeed the CEO, and received and confirmed a preliminary report on the Executive Officer structure for fiscal 2025. In addition, to develop management-level leadership candidates, the members of the Nominating Committee held discussions and conducted one-on-one interviews with leadership candidates.

The Audit Committee

The Audit Committee has the authority to audit the execution of duties of Directors and Executive Officers and to determine proposals submitted to the general meeting of shareholders for the election and dismissal of accounting auditors.

The members and activities of the Audit Committee are described in "(3) Audit - 1) Audit by the Audit Committee."

The Compensation Committee

The Compensation Committee has the authority to determine remuneration policies for Directors and Executive Officers and remuneration for individuals based on those policies. Following the Board of Directors meeting held on June 25, 2025, the Compensation Committee consisted of five Directors, four of whom are Independent Directors. The members of the committee are described in "(2) Directors and Senior Management - 1) Lists of directors and senior management - (a) Directors."

The Compensation Committee were held eight days during fiscal 2024. The attendance record of each member of the Compensation Committee during fiscal 2024 is as follows.

Name	Attendance / Number of days held the Compensation Committee (Note)	Attendance rate (Note)
Katsumi Ihara	8 days / 8 days	100%
Joe Harlan	8 days / 8 days	100%
Takatoshi Yamamoto	8 days / 8 days	100%
Keiji Kojima	8 days / 8 days	100%

(Note) Based on the number of days the Compensation Committee met during each member's term of office.

During fiscal 2024, based on policies for determining compensation for Directors and Executive Officers, the Compensation Committee determined the amounts of remuneration for Directors and Executive Officers individually. This included a confirmation and review of the process and details of performance and individual target evaluations regarding the assessment of fixed pay amounts and the short-term incentive compensation paid to Executive Officers.

In addition, the Compensation Committee also engaged in extensive discussions and deliberations on the compensation system for Executive Officers, and decided to revise the CEO compensation levels from fiscal 2025, with a view to strengthening the Company's competitiveness and further enhancing its corporate value as a global company. Through these steps, the Company aims to secure sufficient competitiveness in the global market. The Compensation Committee also decided to introduce an executive compensation system linked to the New Management Plan, to continue to provide value to society and powerfully advance the achievement of the New Management Plan.

In its deliberations, the Compensation Committee considers changes in the business environment and the opinions of shareholder and investors and obtains the necessary information and advice from third-party organizations with global insight and experience.

Details of the compensation paid to Directors and Executive Officers of the Company are described in "(4) Compensation to Directors and Executive Officers."

Executive Officers

Executive Officers decide on matters delegated to them by the Board of Directors and execute the Company's business affairs within the scope of assignments determined by the Board of Directors. As of June 25, 2025, the Company has 33 Executive Officers (See "(2) Directors and Senior Management - 1) Lists of directors and senior management - (b) Executive Officers.")

The Company stipulates in its Articles of Incorporation that the Company shall have no more than 40 Executive Officers.

Senior Executive Committee

The Senior Executive Committee is a council to ensure that the President deliberately decides on important managerial matters which may affect the business of the Company or the Hitachi Group, through discussing from diverse viewpoints. It consists of eleven regular attendees as of June 25, 2025: the President & CEO (Toshiaki Tokunaga), two Executive Vice President and Executive Officers (Jun Abe and Brice Koch), six Senior Vice President and Executive Officers (Tomomi Kato, Andreas Schierenbeck, Jun Taniguchi, Lorena Dellagiovanna, Masahiko Hasegawa and Giuseppe Marino) and two Vice President and Executive Officers (Hidenori Azushima and Yuto Matsumura), in addition to other attendees designated by the President.

Matters deliberated and decided at the Senior Executive Committee include: management strategies for each business segment and region necessary for the Hitachi's growth; risk management strategies needed to strengthen the Company's management base linked to growth strategies through a unified and horizontal understanding of risks across the entire Hitachi Group globally; Human resources strategies needed to foster an organization and culture aimed at the growth of Hitachi, and to secure and cultivate human resources; and other strategies including sustainability strategies relating to the Hitachi Group globally.

Summary of a limited liability agreement and the directors' and officers' liability insurance agreement

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

In addition, the Company maintains a directors' and officers' liability insurance agreement stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The coverage of insured persons and outline of the insurance agreement are as follows.

i) Coverage of insured persons

The Company's Directors, Executive Officers, Corporate Officers (the executive positions just below Executive Officers), employees who work as officers at the company to which they are assigned and 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.

3) Matters determined by resolution of the Board of Directors without resolution at the general meeting of shareholders pursuant to the provisions of the Articles of Incorporation

The Company stipulates in the Articles of Incorporation that it may, unless otherwise provided in the applicable laws, determine on matters specified in each item of Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, without a resolution at the general meeting of shareholders.

For the repurchase of the company's own shares (Article 459, Paragraph 1, Item 1 of the Companies Act), the Board of Directors shall make decisions on the matter in order to enable timely implementation of capital strategies.

Regarding a reduction of capital reserve or earned surplus reserve (Article 459, Paragraph 1, Item 2 of the Companies Act), appropriation of surplus (excluding dividends of surplus and disposal of the property of the Company) (Article 459, Paragraph 1, Item 3 of the Companies Act) and dividends of surplus (Article 459, Paragraph 1, Item 4 of the Companies Act), since the Company was a company with committees as of the date of enforcement of the Companies Act, it was deemed that its Articles of Incorporation had stipulations that the Board of Directors was able to decide the above matters without resolution at the general meeting of shareholders and that it should not stipulate that such matters shall be resolved by the resolution of the general meeting of shareholders, in accordance with Article 57 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act (July 26, 2005, Act No. 87). Even after the enforcement of the Companies Act, the Company has made it a rule to make these important business judgments in a timely manner at the meetings of the Board of Directors to enhance the shareholders' common interests.

The Company has stipulated in its Articles of Incorporation that it may, by resolution of the Board of Directors, exempt any Director (including former Director) and Executive Officer (including former Executive Officer) from liabilities as provided in Article 423, Paragraph 1 of the Companies Act to the extent as provided in laws or regulations.

4) Requirement for special resolution of the general meeting of shareholders

To securely meet the quorum of the general meeting of shareholders under Article 309, Paragraph 2 of the Companies Act, the Company stipulates in its Articles of Incorporation that any resolution as provided in Article 309, Paragraph 2 of the Companies Act shall be adopted at a general meeting of shareholders where shareholders representing one-third or more of the voting rights of all the shareholders shall be present, by a majority of two-thirds or more of the voting rights of the shareholders who are present at the meeting and who are entitled to vote.

5) Internal control system and risk management system

Outlines of the internal control system and the risk management system of the Company are as follows. In addition, these systems were resolved by the Board of Directors as the basic policy for internal control system under the Companies Act.

i) The following measures shall be taken to ensure the effectiveness of audits by the Audit Committee.

(a) When necessary, the Board of Directors may appoint one or more directors, who does not serve concurrently 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.

(b) To ensure the Office personnel are independent from Executive Officers and the effect of instructions by the Audit Committee, the Office is staffed with personnel who work only for the Office and are not subject to orders and instructions of Executive Officers, and the Audit Committee shall be informed in advance of planned transfers of the Office personnel.

(c) 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 secretariat of the system's administrative organization shall ensure the provision is thoroughly implemented.

(d) 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 the payments for these expenses or debts except in the case where the expense or debt of the claim is clearly found to be unnecessary to the Audit Committee members' execution of their duties.

(e) Standing Committee member(s) shall be appointed to the Audit Committee, and activity plans of the Audit Committee shall be prepared in coordination with the audit plans of Internal Auditing Office.

ii) The following measures shall be taken to ensure the adequacy of the operations within the Company and the Hitachi Group.

(a) Fundamental policies that emphasize the social responsibilities of business enterprises shall be shared with the subsidiaries of the Company.

(b) 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 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 shall of the subsidiaries be conducted.

(c) A system of 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.

(d) Information pertaining to the Company's Executive Officers' execution of their duties shall be prepared and maintained in accordance with internal rules.

(e) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals, and carry out other such measures with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.

(f) Efficient performance of duties of the Executive Officers of the Company, and Directors and Executive Officers of the subsidiaries shall be ensured through the following business management systems.

- The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.

- Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared in order to operate business in a planned and efficient manner.
- Internal audits of the Company and its subsidiaries shall be conducted to monitor and identify the status of their business operations and to facilitate improvements.
- The Audit Committee shall receive the audit plans of the accounting auditors in advance, and the prior approval of the Audit Committee shall be required with respect to the fees to be paid to the accounting auditors.
- Documented business processes for matters to be reflected in financial reports shall be executed at the Company and its subsidiaries, and internal and external auditors shall examine said processes in order to ensure the reliability of financial reports.
- A structure for the adequate and efficient conduct of business operations common to the Hitachi Group companies shall be established.

(g) 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, an internal reporting system common for the Group shall be established and education on legal and regulatory compliance shall be provided.
- Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.

(h) A system shall be established, in which the subsidiaries report on important issues and the progress in measures for operations to the Company through the Company's Senior Executive Committee, medium-term business plans and the budget system.

(i) The policy on transactions within the Hitachi Group is to trade fairly based on market prices.

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

We invest 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.

The Company does not deny the significance of the vitalization of business activities and performance that can be brought about through a change in management control, but it 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, 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.

(2) Directors and Senior Management

1) Lists of directors and senior management

Men: 39 persons, Women: 4 persons

(Women's percentage to total number of Directors and Senior Management: 9%)

The Company is a Company with Nominating Committee, etc. pursuant to the Companies Act. The information on its Directors and Executive Officers is as follows.

(a) Directors


Katsumi Ihara


Ravi Venkatesan


Eriko Sakurai


Ikuro Sugawara


Isabelle Deschamps


Takashi Nishijima


Joe Harlan


Takatoshi Yamamoto


Helmuth Ludwig


Toshiaki Tokunaga


Mitsuaki Nishiyama


Toshiaki Higashihara

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Chairman of the Board Member of Nominating Committee (Chair), Audit Committee and Compensation Committee	Katsumi Ihara	Sept. 24, 1950	6/2005	Executive Deputy President, Representative Corporate Executive Officer, Member of the Board, Sony Corporation	(Note 1)	7,600
			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.		

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director	Ravi Venkatesan	Jan. 12, 1963	7/1999	Chairman of the Board of Directors, Cummins India Ltd. (retired in March 2004)	(Note 1)	3,800
			1/2004	Chairman, Microsoft India Pvt. Ltd. (retired in September 2011)		
			4/2011	Independent Director, Infosys Ltd. (retired in May 2018, served as Co-Chairman from April 2017 to August 2017)		
			4/2013	Venture Partner, Unitus Ventures LLC. (currently in office)		
			8/2015	Chairman (Non-Executive), Bank of Baroda (retired in August 2018)		
			9/2018	Special Representative for Young People & Innovation, UNICEF (retired in September 2023)		
			7/2020	Director, Hitachi, Ltd.		
			10/2022	Board Chair, Global Energy Alliance for People and Planet, LLC		
Director Member of Nominating Committee	Eriko Sakurai	Nov. 16, 1960	5/2008	Director, Dow Corning Toray Co., Ltd. (currently Dow Toray Co., Ltd.)	(Note 1)	0
			3/2009	Chairman and CEO, Representative Director, Dow Corning Toray Co., Ltd.		
			5/2011	Regional President Japan/Korea, Dow Corning Corporation		
			6/2018	Chairman and CEO, Representative Director, Dow Toray Co., Ltd.		
			8/2020	President, Representative Director, Dow Chemical Japan Limited (retired in June 2022)		
			2025/6	Director, Hitachi, Ltd.		
Director Member of Nominating Committee and Audit Committee	Ikuro Sugawara	Mar. 6, 1957	7/2010	Director-General of the Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry of Japan (hereinafter “METI”)	(Note 1)	4,900
			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.		
Director	Isabelle Deschamps	Jun. 11, 1970	5/1993	Admitted an Attorney-at -Law at Quebec Bar (Canada)	(Note 1)	0
			2/2003	Head of Legal and Company Secretary, Nestle UK Ltd		
			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.		
			10/2021	Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (currently in office)		
			6/2024	Director, Hitachi, Ltd.		

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director Member of Audit Committee and Compensation Committee	Takashi Nishijima	Aug. 12, 1957	10/2008 4/2010 6/2011 4/2012 4/2013 4/2019 4/2021 6/2025	Vice President, Head of Control Products Business Center, IA Business Headquarters, Yokogawa Electric Corporation President, Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) (retired in March 2012) Director, Yokogawa Electric Corporation Director and Senior Vice President, Head of IA Platform Business Headquarters, Yokogawa Electric Corporation President and Chief Operating Officer, Yokogawa Electric Corporation Chairman and Representative Director, Yokogawa Electric Corporation Chairman, Yokogawa Electric Corporation (retired in June 2023) Director, Hitachi, Ltd.	(Note 1)	0
Director Member of Compensation Committee	Joe Harlan	May. 5, 1959	9/1999 9/2001 11/2002 10/2004 10/2009 9/2011 9/2012 10/2014 10/2015 6/2018	Vice President and Chief Financial Officer, Lighting Business, General Electric Company Vice President, Corporate Financial Planning and Analysis, 3M Company President and Chief Executive Officer, Sumitomo 3M Ltd. Executive Vice President, Electro and Communications Business, 3M Company Executive Vice President, Consumer and Office Business, 3M Company Executive Vice President, Performance Materials, The Dow Chemical Company Executive Vice President, Chemicals, Energy and Performance Materials, The Dow Chemical Company Chief Commercial Officer and Vice Chairman, Market Business, The Dow Chemical Company Vice Chairman and Chief Commercial Officer, The Dow Chemical Company (retired in August 2017) Director, Hitachi, Ltd.	(Note 1)	9,100
Director Member of Compensation Committee (Chair)	Takatoshi Yamamoto	Oct. 20, 1952	12/1995 6/1999 7/2005 6/2009 6/2011 6/2016	Managing Director, Morgan Stanley Japan Limited Managing Director and Vice Chairman, Tokyo Branch, Morgan Stanley Japan Limited Managing Director and Vice Chairman, UBS Securities Japan Co., Ltd. Managing Director, CASIO COMPUTER CO., LTD. Advisor, CASIO COMPUTER CO., LTD. (retired in June 2012) Director, Hitachi, Ltd.	(Note 1)	77,800

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director Member of Audit Committee	Helmuth Ludwig	Sept. 19, 1962	6/2001 8/2002 8/2007 10/2010 10/2011 10/2014 10/2016 1/2020 7/2020	President, Software and System House Division, Siemens AG (Germany) President, Systems Engineering Division, Automation and Drives Group, Siemens AG (Germany) President, Siemens PLM Software, Inc. Global Head of Communications, Industry Automation, Siemens Corp. (USA) President and CEO, Industry Sector, North America, Siemens Industry, Inc. Executive Vice President and Chief Digital Officer, Digital Factory Division, Product Lifecycle Management, Siemens Corp. (USA) Chief Information Officer, Siemens AG (Germany) (retired in December 2019) Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (currently in office) Director, Hitachi, Ltd.	(Note 1)	28,300
Director Member of Compensation Committiee	Toshiaki Tokunaga	Mar. 15, 1967	4/1990 4/2014 4/2017 4/2018 4/2019 4/2020 4/2021 4/2025 6/2025	Joined Hitachi, Ltd. General Manager, Smart Information Systems Division, Services Division Group, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group President, Hitachi Appliances, Inc. (retired in March 2019) General Manager, Smart Life & Ecofriendly Systems Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, President & CEO, Hitachi Ltd. Representative Executive Officer, President & CEO and Director, Hitachi Ltd.	(Note 1)	372,000

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Director Member of Audit Committee (Chair) (Standing)	Mitsuaki Nishiyama	Sep. 25, 1956	4/1979 4/2008 4/2011 6/2012 4/2013 7/2013 4/2014 4/2015 4/2016 4/2020 6/2020 1/2023 4/2023 6/2023	Joined Hitachi, Ltd. General Manager, Finance Department I Executive Officer, Hitachi Cable, Ltd. Executive Officer, Board Director, Hitachi Cable, Ltd. Vice President and Executive Officer, Board Director, Hitachi Cable, Ltd. Vice President and Managing Officer, Hitachi Metals, Ltd. (currently Proterial, Ltd.) Vice President and Executive Officer, Hitachi Metals, Ltd. (retired in March 2015) Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, Senior Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, Chairperson and CEO, Hitachi Metals, Ltd. Representative Executive Officer, Chairperson, President and CEO, Hitachi Metals, Ltd. Representative Executive Officer, Chairperson, President and CEO, and Director, Hitachi Metals, Ltd. Representative Director, Executive Chairman, Proterial, Ltd. (retired in March 2023) Associate, Hitachi, Ltd. Director, Hitachi, Ltd.	(Note 1)	134,100

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Executive Chairman Member of Nominating Committee	Toshiaki Higashihara	Feb. 16, 1955	4/1977 4/2006 4/2007 4/2008 4/2010 6/2010 4/2011 4/2013 4/2014 6/2014 4/2016 5/2021 6/2021 4/2022	Joined Hitachi, Ltd. Chief Operating Officer, Information & Telecommunication Systems Vice President and Executive Officer President, Hitachi Power Europe GmbH Representative Executive Officer, President and Chief Executive Officer, Hitachi Plant Technologies, Ltd. President and Representative Director, Hitachi Plant Technologies, Ltd. Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, President & COO, Hitachi, Ltd. Representative Executive Officer, President & COO and Director, Hitachi, Ltd. Representative Executive Officer, President & CEO and Director, Hitachi, Ltd. Representative Executive Officer, Executive Chairman, President & CEO and Director, Hitachi, Ltd. Representative Executive Officer, Executive Chairman & CEO and Director, Hitachi, Ltd. Executive Chairman, Representative Executive Officer and Director, Hitachi, Ltd.	(Note 1)	1,112,200
Total						1,749,800

(Notes) 1. The term of office of the Directors starts upon the election at the Annual General Meeting of Shareholders on June 25, 2025 and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.

2. Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Takashi Nishijima, Joe Harlan, Takatoshi Yamamoto and Helmuth Ludwig and Mses. Eriko Sakurai and Isabelle Deschamps are directors who fulfill the qualification requirements to be outside directors as provided for in Article 2, Item 15 of the Companies Act.

(b) Executive Officers

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Representative Executive Officer, Executive Chairman General	Toshiaki Higashihara	Feb. 16, 1955	See “(a) Directors”		(Note 2)	1,112,200
Representative Executive Officer, President & CEO Overall management	Toshiaki Tokunaga	Mar. 15, 1967	See “(a) Directors”		(Note 2)	372,000
Representative Executive Officer, Executive Vice President and Executive Officer Assistant to the President (digital systems & services business and digital strategies) Digital systems & services business	Jun Abe	Jun. 14, 1961	4/1984 4/2016 4/2018 4/2021 4/2024	Joined Hitachi, Ltd. Senior General Manager, Control System Platform Division, Services & Platforms Business Unit Vice President and Executive Officer Senior Vice President and Executive Officer Representative Executive Officer, Executive Vice President and Executive Officer	(Note 2)	263,500
Representative Executive Officer, Executive Vice President and Executive Officer Assistant to the President (connective industries business) Connective industries business	Brice Koch	May. 24, 1964	1/2007 1/2010 1/2014 5/2017 4/2018 4/2020 7/2023 4/2024	North Asia President, ABB Ltd. Chairman and President, ABB (China) Ltd. Executive Vice President, Head of Marketing and Customer Solutions, Member of the Group Executive Committee, ABB Ltd. CEO, OC Oerlikon Management AG Joined Hitachi, Ltd. Executive Advisor to CEO, Hitachi, Ltd. General Manager of Automotive Systems Division, Hitachi, Ltd. Representative Director, President and CEO, Hitachi Automotive Systems, Ltd. (currently Astemo, Ltd.) Representative Director, President & CEO, Hitachi Automotive Systems, Ltd. Chairman of the Board, Hitachi Europe Ltd. Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	24,200
Senior Vice President and Executive Officer Urban systems business, industrial products & services business and industrial AI business	Noriharu Amiya	Feb. 1, 1969	4/1992 4/2018 10/2019 4/2022 4/2025	Joined Hitachi, Ltd. COO and CDO (Chief Digitalization Officer) of Railway Systems Business Unit General Manager of Management Planning Office, Strategy Planning Division Vice President and Executive Officer Senior Vice President and Executive Officer	(Note 2)	92,400

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Representative Executive Officer, Senior Vice President and Executive Officer Financial strategies, corporate pension system, investment strategies, investor relations strategies and risk management	Tomomi Kato	Oct. 13, 1963	4/1986 4/2018 4/2022 4/2024	Joined Hitachi, Ltd. General Manager of Financial Strategy Division, Finance Group, and General Manager of Asset Management Office, Investment Strategy Division Vice President and Executive Officer Representative Executive Officer, Senior Vice President and Executive Officer	(Note 2)	108,500
Senior Vice President and Executive Officer Regional strategies (Americas/EMEA)	Shashank Samant	Aug. 12, 1968	2/1998 3/2000 7/2008 4/2012 4/2022 10/2022 10/2023 4/2024	Director, WW Professional Service, Verifone Business, Hewlett-Packard Company President, Ness Technologies, Inc. President, GlobalLogic Worldwide Holdings, Inc. President & CEO, GlobalLogic Worldwide Holdings. Inc. Executive Advisor of Digital Systems & Services Division, Hitachi, Ltd. President & CEO, GlobalLogic Inc. Executive Advisor of Digital Systems & Services Division, Hitachi, Ltd. Chairman of the Board, GlobalLogic Inc. Executive Advisor of Digital Systems & Services Division, Hitachi, Ltd. Executive Chairman of the Board, Hitachi Digital LLC (currently in office) Chairman of the Board, GlobalLogic Inc. Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	12,000
Senior Vice President and Executive Officer Energy business	Andreas Schierenbeck	Jan. 14, 1966	1/2003 9/2006 8/2010 6/2012 6/2019 2/2022 7/2024	Senior Vice President, Power Transmission & Distribution, Energy Management System, Siemens AG President & CEO, Building Automation, Siemens AG President, Building Technology, Americas, Siemens AG CEO, thyssenkrupp Elevator AG CEO, Uniper SE Co-founder & Board Member, HH2E AG Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	6,800

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Senior Vice President and Executive Officer Strategic social innovation business	Jun Taniguchi	Dec. 3, 1972	4/1995 4/2018 4/2019 4/2022 4/2025	Joined Hitachi, Ltd. General Manager of Information Control Systems Division 3, Control System Platform Division, Services & Platforms Business Unit President of Hitachi Global Life Solutions, Ltd. Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	50,400
Senior Vice President and Executive Officer Sustainability strategies, environmental strategies, human capital strategies, safety and health management, diversity, equity & inclusion strategies and crisis management strategies	Lorena Dellagiovanna	Apr. 15, 1969	10/1988 4/2020 4/2021 4/2023	Joined Hitachi Europe GmbH Chief Diversity & Inclusion Officer, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd. Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	73,800
Senior Vice President and Executive Officer Business for government, public corporation and social infrastructure systems, and defense systems business; Assistant to the Executive Vice President (Digital Systems & Services (Japan))	Katsuya Nagano	Aug. 30, 1958	4/1983 4/2016 4/2017 4/2021	Joined Hitachi, Ltd. General Manager of Social Infrastructure Information Systems Division, Information & Communication Technology Business Division Vice President and Executive Officer Senior Vice President and Executive Officer	(Note 2)	228,800
Representative Executive Officer, Senior Vice President and Executive Officer Marketing & sales strategies, regional strategies (Japan/China), government & external relations and corporate communications strategies	Masahiko Hasegawa	Sept. 17, 1964	4/1987 4/2018 4/2020 4/2022	Joined Hitachi, Ltd. General Manager of Kansai Area Operation Vice President and Executive Officer Representative Executive Officer, Senior Vice President and Executive Officer	(Note 2)	182,900
Senior Vice President and Executive Officer Mobility business	Giuseppe Marino	Apr. 5, 1964	9/2005 11/2009 11/2015 4/2018 4/2019 10/2019 4/2023	Vice President, Operating Europe & Middle East, Ingersoll Rand Security Technologies Senior Vice President & COO, AnsaldoBreda S.p.A. (currently Hitachi Rail STS S.p.A.) Senior Vice President & COO, Hitachi Rail Italy S.p.A. Group COO, Rolling Stock, Hitachi Rail Europe Ltd. (currently Hitachi Rail Ltd.) COO Rolling Stock, Railway Systems Business Unit, Hitachi, Lid. CEO, Ansaldo Energia S.p.A. Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	26,000

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer Regional strategies (China)	Atsuhiro Aketa	Apr. 8, 1965	4/1988 4/2022 4/2023	Joined Hitachi, Ltd. CMO for Energy, Corporate Sales & Marketing Group, General Manager of Energy Sales & Marketing Division Vice President and Executive Officer	(Note 2)	28,800
Vice President and Executive Officer Management strategies	Hidenori Azushima	May. 17, 1968	4/1992 4/2022 4/2025	Joined Hitachi, Ltd. General Manager of Management Planning Office, Strategy Planning Division Vice President and Executive Officer	(Note 2)	38,700
Vice President and Executive Officer Nuclear energy business	Yasunori Inada	Sep. 9, 1966	4/1992 4/2017 4/2019 4/2020 4/2023	Joined Hitachi, Ltd. General Manager of Nuclear Engineering Procurement Division, Hitachi-GE Nuclear Energy, Ltd. (currently Hitachi GE Vernova Nuclear Energy) Vice President and Director, Hitachi Plant Construction, Ltd. President and Representative Director, Hitachi Plant Construction, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	24,300
Vice President and Executive Officer Business for financial institutions	Yasuki Imai	Jan. 24, 1976	4/2001 4/2018 4/2019 4/2020 4/2021 4/2022 4/2024 10/2024	Joined Hitachi, Ltd. Senior Manager of Business Planning Unit, Financial Information System Sales Management Division, Financial Institutions Business Unit Senior Director, Hitachi America, Ltd. Senior Vice President, Hitachi Vantara LLC Chief Lumada Business Officer, Hitachi Global Digital Holdings LLC President, Hitachi Industry & Control Solutions, Ltd. COO of Cloud Services Platform Business Unit, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	8,200
Vice President and Executive Officer Information security management and information technology strategies	Michael Goodman	Nov. 16, 1980	4/2001 6/2003 3/2009 5/2017 8/2020 4/2025	Head of IT, BioInformatics LLC Independent Contractor, United States Department of Homeland Security Founder & Principal Director, ScorpioSense LLC Director of Information Security and Privacy, Atypon Systems, LLC Managing Director, Accenture plc Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	0
Vice President and Executive Officer Supply chain management (manufacturing strategy and quality assurance) and safety and health management	Tadashi Kume	Jan. 4, 1963	4/1986 4/2019 4/2020	Joined Hitachi, Ltd. COO, Nuclear Energy Business Unit Vice President and Executive Officer	(Note 2)	146,500

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer Marketing & sales strategies (business for connective industries)	Takashi Saito	Jan. 6, 1964	4/1987 4/2020 4/2022	Joined Hitachi, Ltd. General Manager of Kansai Area Operation Vice President and Executive Officer	(Note 2)	87,800
Vice President and Executive Officer Research & development	Shigetoshi Sameshima	Jul. 26, 1968	4/1993 4/2023 4/2025	Joined Hitachi, Ltd. CTO of Digital Systems & Services Division Vice President and Executive Officer	(Note 2)	52,600
Vice President and Executive Officer Human capital strategies, safety and health management and crisis management strategies	Susumu Takimoto	Jul. 22, 1968	4/1992 4/2024 4/2025	Joined Hitachi, Ltd. Deputy CHRO Vice President and Executive Officer	(Note 2)	15,900
Vice President and Executive Officer Business synergy promotion in Americas	Yasuhiro Takeuchi	Nov. 26, 1966	4/1991 4/2013 10/2017 4/2020 4/2021 4/2025	Joined Hitachi, Ltd. General Manager, Global Business Strategy Department, Business Planning Office, Hitachi Industrial Equipment Systems Co., Ltd. Chief Operating Officer, Sullair, LLC (currently Hitachi Global Air Power US, LLC) President and CEO, Sullair, LLC President and Director, CEO of Hitachi Industrial Equipment Systems Co., Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	53,000
Vice President and Executive Officer Regional strategies (APAC/India)	Kojin Nakakita	Sept. 28, 1963	10/1988 4/2017 6/2017 4/2019	Joined Hitachi, Ltd. Chairman of Hitachi Asia Ltd. (currently in office) Chairman of Hitachi India Pvt. Ltd. (served as Director from April 2025 (currently in office)) Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	169,900
Vice President and Executive Officer Industrial products & services business	Hideshi Nakatsu	May. 10, 1967	10/1997 4/2016 4/2019 4/2021	Joined Hitachi Metals, Ltd. President and Representative Director, Hitachi Plant Services Co., Ltd. (retired in March 2020) CEO, Water & Environment Business Unit, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	113,500

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer Information technology strategies	Seiichiro Nukui	Jan. 3, 1965	4/1988 2/2010 4/2015 4/2017 4/2019	Joined Accenture Japan Ltd Vice President of Company Executive, and General Manger of Communication, Electric, Media and High-tech Industry, Power & Industrial Equipment Division, Accenture Japan Ltd Joined Hitachi, Ltd. Executive IT Strategist, Hitachi, Ltd. Urban Mobility Project Leader, Future Investment Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	166,600
Vice President and Executive Officer Regional strategies (EMEA)	Andrew Barr	Jan. 9, 1973	1/2002 1/2005 1/2014 5/2016 4/2019	Engineering Manager, Rolling Stock, UK Government Strategic Rail Authority Head of Maintenance Delivery [Rail Business], Hitachi Europe Ltd. COO, Hitachi Rail Europe Ltd. (currently Hitachi Rail Ltd.) CEO, Ansaldo STS S.p.A. (currently Hitachi Rail STS S.p.A.) Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	125,300
Vice President and Executive Officer Government & external relations	Hirohide Hirai	Mar. 5, 1964	4/1987 7/2020 7/2021 7/2022 7/2023 1/2024 4/2024	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Director-General for Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry Director-General for Industry Policy Bureau, Ministry of Economy, Trade and Industry Vice Minister for International Affairs, Ministry of Economy, Trade and Industry Special Advisor, Ministry of Economy, Trade and Industry Joined Hitachi, Ltd. Assistant to the President, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	11,200

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer Strategic social innovation business	Michele Fracchiolla	Jul. 30, 1965	1/2003 1/2011 1/2012 1/2013 4/2018 4/2021 4/2022 4/2024 4/2025	Senior Vice President, Automation, Security and Transportation Division, Elsag Datamat S.p.A. Senior Vice President, Special Projects, Ansaldo STS S.p.A. Senior Vice President, Operation Transformation Solutions Business Unit, Ansaldo STS President, Freight Business Unit, Ansaldo STS President Americas, Asia Pacific Business Unit, Hitachi Rail Ltd. Executive Officer EMEA and Australia Sales & Projects, Hitachi Rail Ltd. Executive Officer Europe & Australia & Latin America & UK, Hitachi Rail Ltd. Executive General Manager, EMEA Environment Division, Hitachi Europe Ltd. Head of Europe and Australia LoB Rail Control, Railway Systems Business Unit, and General Manager of Global Environment Business Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	2,000
Vice President and Executive Officer AI & software services business	Yoshinori Hosoya	Feb. 5, 1965	4/1988 4/2021 4/2023	Joined Hitachi, Ltd. COO, Social Infrastructure Systems Business Unit Vice President and Executive Officer	(Note 2)	110,300
Vice President and Executive Officer Marketing & sales strategies	Chie Mashima (Name in the Family Register: Chie Aihara)	May. 20, 1966	4/1989 4/2022 4/2023	Joined Hitachi, Ltd. General Manager of Social Innovation Business Division, Digital Systems & Services Division Vice President and Executive Officer	(Note 2)	90,700
Representative Executive Officer, Vice President and Executive Officer Legal matters, corporate export regulation, compliance strategies, corporate auditing and intellectual property strategies	Yuto Matsumura	Apr. 15, 1972	4/1998 2/2003 1/2005 1/2015 4/2024 4/2025	Admitted an Attorney-at -Law (Japan) Joined Mori Sogo Law Offices (currently Mori Hamada & Matsumoto) Admitted to New York State Bar Partner, Mori Hamada & Matsumoto Managing Partner, Mori Hamada & Matsumoto Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	11,200

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Vice President and Executive Officer Marketing & sales strategies (business for energy) and energy business	Takashi Yoda	Aug. 22, 1966	4/1990 4/2018 4/2019	Joined Hitachi, Ltd. General Manager of Energy Business Co-Creation & Promotion Division, Power and Energy Business Administration Division Vice President and Executive Officer	(Note 2)	167,500
Total						3,977,500

(Notes) 1. The "Position and Responsibility" column describes the positions and matters delegated to each of the Executive Officers by the Board of Directors.

2. The term of office of the Executive Officers expires on March 31, 2026.

2) Independent Directors

(a) Qualification for the Independent Directors and criteria for the independency

For electing an Independent Director, the Nominating Committee of the Company considers, in addition to the following criteria for the independency, whether the Independent Director has the highest personal and professional ethics, integrity and insight, and distinguished records of leadership or experience at policy making levels in business, law, administration, accounting or education, etc.

For the independency of an Independent Director, the Company considers the Independent director to be independent unless:

- his or her immediate family member (Note) is, or has been within the last three years, a director or an executive officer, of the Company or any of its subsidiaries;
- 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;
- 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
- 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.

(Note) 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-children-in-law, and brothers and sisters-in-law.

(b) Function and Role of the Independent Directors

Following the policy stated in "(a) Qualification for Independent Directors and criteria for the independency," the Company has elected nine persons; Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Takashi Nishijima, Joe Harlan and Helmuth Ludwig and Mses. Eriko Sakurai and Isabelle Deschamps, as outside Directors under Article 2, Item 15 of the Companies Act. The functions and roles expected to them are as follows:

Name	Function and Role
Katsumi Ihara	Mr. Ihara has rich experience and insight in the area of global corporate management gained through the involvement in management of major companies conducting diverse businesses globally. 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.
Ravi Venkatesan	Mr. Venkatesan has rich experience and insight in the area of global corporate management, digital business and emerging markets. 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.

Name	Function and Role
Eriko Sakurai	Ms. Sakurai has rich experience and insight in the area of global corporate management and sustainability, gained through the involvement in management of major companies conducting diverse businesses globally, etc. 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 and supervising the Executive Officers and others' execution of their duties from an independent perspective.
Ikuro Sugawara	Mr. Sugawara has rich experience and insight in the area of public administration, etc. gained through leading positions at government agencies. 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.
Isabelle Deschamps	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 is expected to leverage this experience and insight to reinforce the supervisory and 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.
Takashi Nishijima	Mr. Nishijima has rich experience and insight in the area of global corporate management and IT/OT gained through the involvement in the management of major companies conducting diverse businesses globally. 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.
Joe Harlan	Mr. Harlan has rich experience and insight in the area of global corporate management gained through the involvement in management at major companies conducting diverse businesses globally. 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.
Takatoshi Yamamoto	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 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.

Name	Function and Role
Helmuth Ludwig	Mr. Ludwig has rich experience and insight in the area of global corporate management and digital business. 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.

(c) Relationship between Independent Directors and the Company

None of the Independent Directors have a relationship with the Company that affects their independence as described in "(a) Qualification for the Independent Directors and criteria for the independency." In addition, there is no particular conflict of interest between any of the Independent Directors and the Company.

The Company considers that all Independent Directors are independent, and therefore has reported them as independent directors to each of the Company's listing stock exchanges in Japan.

In addition, the number of shares of the Company owned by each Independent Director is described in "1) Lists of directors and senior management."

(d) Supervision by the Independent Directors and relationship among internal audits, accounting audits and internal control audits

Independent Directors, who account for a majority of Directors, supervise the execution of duties of Executive Officers from an independent perspective. As described in the item "(3) Audit," the Audit Committee, a majority of the members of which are Independent Directors, receives reports and explanations about the results of internal audits, accounting audit and internal control audit, and verifies the matters reported or explained. In addition, the Audit Committee reports the results of its verification to the Board of Directors.

(3) Audit

1) Audit by the Audit Committee

Following the Board of Directors meeting held on June 25, 2025, the Audit Committee consisted of five Directors, including four Independent Directors and one standing Audit Committee member. The members of the committee are described in "(2) Directors and Senior Management - 1) Lists of directors and senior management - (a) Directors."

Mr. Mitsuaki Nishiyama, the Chair of the Audit Committee and the standing members of the Audit Committee, has considerable knowledge of finance and accounting based on his long experience as chief of a finance and accounting department and as an Executive Officer in charge of a finance and accounting department.

The Audit Committee strives to fulfill the Company's responsibilities to its shareholders, conducting audits to ensure the Directors and Executive Officers properly and validly carry out their administration of the Company in accordance with the audit policy and the audit plan established by the Audit Committee.

The members of the Audit Committee, who are in charge of internal inspections, examine the Business Units of the Company and receive reports from subsidiaries in order to check whether business transactions and property management are properly carried out. Furthermore, the standing Audit Committee member attends important meetings, including the budget meeting, the Senior Executive Committee and the Disclosure Committee, and keeps track of internal information.

The Hitachi Group uses a tripartite audit system (including the audit by the Audit Committee, the internal audit and the audit by accounting auditors), with the objectives of maintaining a high level of transparency and a proper degree of vigilance in the Hitachi Group as a whole and in each business and improving the effectiveness of internal control.

The attendance record of each member of the Audit Committee during fiscal 2024 is as follows.

Name	Attendance / Number of days held the Audit Committee (Note)	Attendance rate (Note)
Katsumi Ihara	13 days / 13 days	100%
Ikuro Sugawara	13 days / 13 days	100%
Hiroaki Yoshihara	13 days / 13 days	100%
Helmuth Ludwig	13 days / 13 days	100%
Mitsuaki Nishiyama	13 days / 13 days	100%

(Note) Based on the number of days the Audit Committee met during each member's term of office.

In fiscal 2024, the Audit Committee focused on reviewing the establishment and operation of internal control systems from the perspectives of strengthening the tripartite audit system, risk management, and the appropriateness of the execution of duties. In terms of specific efforts to strengthen the tripartite audit system, the Audit Committee received reports on audit plans and audit results from the Internal Auditing Office and, when necessary, provided instructions on key audit items. The Audit Committee also received reports and explanations from the accounting auditor regarding audit plans and audit results, and verified the results of the financial statement audit and internal control audit based on them. In addition, the Committee received reports and explanations regarding the accounting auditor's quality control system, and gave prior approval for compensation for the accounting auditor. The Committee also received regular reports from the executive side on risks, issues, and opportunities in each division, and visited Group locations to conduct investigative activities. Furthermore, a standing committee member worked to obtain information as needed in a timely and accurate manner, mainly by attending important internal meetings such as the Senior Executive Committee, and facilitated information sharing with other committee members.

2) Internal audit

The Internal Auditing Office is in charge of internal audits within the Hitachi Group and audits business units, Group companies and the corporate headquarters. The number of staff of the Internal Auditing Office was 39 as of March 31, 2025.

The Internal Auditing Office monitors and assesses whether overall business operations, including marketing, personnel management, labor management, compliance, procurement transactions, development, production and quality control, environment, disaster prevention, export regulations, information system, financing activities, and property management of the Hitachi Group are properly carried out pursuant to audit standards established by the Company, points out items required to be improved based on the results of audits, and follows up on subsequent improvements. The Internal Auditing Office reports in advance its internal audit plan to the Audit Committee, and reports the results of audits to the President and the Audit Committee. Although the internal audit plan and the results of internal audits are not directly reported to the Board of Directors, the member of the Audit Committee regularly reports to the Board of Directors the fact that the Internal Audit Office reports these contents to the Audit Committee and the details of discussions at the Audit Committee. Furthermore, with respect to internal control over financial reporting, the internal control division in the Internal Audit Office establishes and maintains the internal control systems pursuant to the Company's guidelines, assesses their effectiveness, and reports the results to the President and the Audit Committee.

3) Accounting audit

(a) Name of accounting auditor

Ernst & Young ShinNihon LLC

(b) Consecutive term of service of the certified public accountants

The Fukase accounting firm of certified public accountants carried out an accounting audit of the Company in 1970. Subsequently, from 1971, accounting audits were conducted by Musashi Audit Corporation, which was established by the Fukase certified public accountants and others, and then from 1986 by Century Audit Corporation, into which Musashi Audit Corporation had been merged. Starting from 2000, accounting audits were conducted by Ota Showa Century Audit Corporation, into which Century Audit Corporation had been merged. Ota Showa Century Audit Corporation has been renamed Ernst & Young ShinNihon LLC, and this firm currently conducts the accounting audits of the Company. Since 2003, when Ernst & Young ("EY") has become the network firm partnering with the accounting auditor, Hitachi Group companies, including overseas companies, have uniformly selected EY as their accounting auditor on a global basis. This Company has been striving to ensure that the accounting auditor performs its duties properly from an independent standpoint, maintaining a proper degree of tension with the Company through a mutual assessment between the Company's finance division and the internal audit division and the accounting auditor, and through the Audit Committee's strong cooperation with the accounting auditor and its examination of the selection and reappointment of the accounting auditor.

At Ernst & Young ShinNihon LLC, engagement partners are rotated and no engagement partners are involved in accounting audits of the same company for more than seven consecutive fiscal years. No lead engagement partner is involved in accounting audits of the same company for more than five consecutive fiscal years. If an engagement partner is involved in accounting audits of the same company for seven consecutive years, he or she will be involved in accounting audits of that company only after an interval of five fiscal years. No lead engagement partner who is involved in accounting audits of the same company for five consecutive fiscal years will be involved in accounting audits of that company again.

(c) Certified public accountants (CPAs) who executed accounting audit

Koji Fujima, Teruyasu Omote, Shinya Yoshida

(d) Assistants for audit works

34 CPAs and 78 staff belonging to Ernst & Young ShinNihon LLC assist in the execution of accounting audit work as instructed by the three CPAs mentioned in "(c) Certified public accountants (CPAs) who executed accounting audit."

(e) Policy and reason for the selection of accounting auditors

With a view to ensuring the appropriate execution of duties by accounting auditors, the Audit Committee selects accounting auditors by considering such factors as quality control systems for accounting auditors, implementation systems for auditing and the level of audit fees.

In addition, the Audit Committee has prepared the following policies with respect to "policies for determining the removal and non-reappointment of accounting auditors" set forth in Item 4 of Article 126 of the Ordinance for Enforcement of the Companies Act.

- 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 dismissed immediately, the Audit Committee shall dismiss the accounting auditor by unanimity. Should this occur, the Audit Committee member selected by the Audit Committee shall give a report on the dismissal of the accounting auditor and the reason therefor at the first general meeting of shareholders to be convened after the said dismissal.

- Besides the case above, if it is determined that an accounting auditor should be replaced for such reason as the difficulty of ensuring an adequate performance of the 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.

The Audit Committee comprehensively evaluated and examined Ernst & Young ShinNihon LLC from the perspectives of its history, business size, past audit performance and efforts to facilitate communication with the Audit Committee and other internal divisions, among other factors. As a result, the Audit Committee decided to select Ernst & Young ShinNihon LLC as the accounting auditor since the Audit Committee judged that none of the abovementioned policies applies to Ernst & Young ShinNihon LLC and therefore that the adequate performance of its duties by Ernst & Young ShinNihon LLC will continue to be secured.

(f) Evaluation of accounting auditor by the Audit Committee

The Audit Committee evaluated the appropriateness and relevance of the auditing conducted by the accounting auditor from the perspectives of the effectiveness of initiatives to facilitate communication with the Audit Committee and senior management in particular, the details and implementation of audit systems and auditing manuals, and remuneration for auditing, in accordance with the evaluation criteria the Audit Committee formulated in advance. To evaluate the accounting auditor, the Audit Committee gathered information on matters such as the independence of the accounting auditor, audit systems and the implementation of audits and the quality of said audits, from the Accounting Control Department and the Internal Auditing Office. The Audit Committee also received reports from the accounting auditor regarding compliance with laws and regulations including the accounting auditor's independence, methods for evaluating risks with respect to the acceptance and continuation of audit services, audit and inspection systems and quality control systems, detailed audit plans based on the accounting auditor's evaluations of risks pertaining to the Company, and quarterly audit progress as well as the results of audits and details of and progress with plans for improving business operations and auditing efficiency at the time of the completion of mid-term reviews and annual audits. Based on these reports, the Audit Committee concluded that the accounting auditor conducted highly transparent audits and its activities were appropriate and relevant.

4) Audit Fees

(a) Fees to accounting auditor

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2024	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	559	(Note 1) 36	574	(Note 1) 49
Consolidated subsidiaries	476	(Note 2) 7	445	(Note 2) 1
Total	1,035	43	1,019	50

(Notes) 1. The non-audit services were mainly various consulting services and assurance engagements.
2. The non-audit services were mainly assurance engagements.

(b) Audit fees (excluding the amount mentioned in "(a) Fees to accounting auditor") to the Company's accounting auditor, Ernst & Young ShinNihon LLC Group (including EY and its group firms which belong to the same network as Ernst & Young ShinNihon LLC)

Category	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2024	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	-	(Note 1) 223	-	(Note 1) 18
Consolidated subsidiaries	5,788	(Note 2) 751	4,505	(Note 2) 547
Total	5,788	974	4,505	565

(Notes) 1. The non-audit services were mainly various consulting services.
2. The non-audit services were mainly various consulting services and assurance engagements.

(c) Policy on determination of audit fees

To determine the amount of audit fees, the Company conducts interviews regarding the audit plan and assesses the efficiency of audit services, including the number of days and hours for auditing, the number of subjects to be audited and the scope of audits, in addition to the appropriateness of the estimate. The Company also holds discussions with the accounting auditor, taking into consideration the formation of auditors and audit fees for the preceding fiscal year. Furthermore, the Audit Committee receives the audit plans of the accounting auditors and the results of discussions between the auditors and Executive Officers of the Company, and approves the amount of the fees in advance of the Company's decision.

(d) Reasons why the Audit Committee accepted the audit fees

The Audit Committee has obtained the necessary information and examined the status of the execution of duties by the accounting auditor, the content of the audit plan, and the grounds for calculating the estimated amount of fees, etc. and concluded that these are reasonable. Therefore, the Audit Committee has given its consent with regard to the fees etc. to the accounting auditor, in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Compensation to Directors and Executive Officers

1) Policy on the determination of compensation of Directors and Executive Officers

[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 management plan)

  In the short-term incentive compensation and long-term incentive compensation, set performance metrics toward the 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 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 U.S. 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.

<u>Basic remuneration</u>

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 they are granted, and common stocks or cash for the vested units will be delivered.

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

Basic remanuation: short-term incentive: medium- and long-term incentive = 1.0:1.5:3.0* ratio		
Fixed pay	Variable pay	
Basic compensation	Short-term incentive compensation	Medium- and long-term incentive compensation

* For President & CEO

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. For the President & CEO, the basic amount of basic remuneration, short-term incentive compensation, and medium- and long-term incentive compensation is set based on the ratio of 1.0:1.5:3.0 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 emphasize improvement in corporate value through the growth of global businesses as well as emphasize alignment with shareholder value. The higher the position an Executive Officer holds, the higher the proportion of variable pay 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. The evaluation items and their respective proportions are as shown in the following table.

	Short-term incentives compensation			
President & CEO	Corporate performance:70%		Individual goals:10%	Sustainability:20%
Executive officers in charge of corporate affairs	Corporate performance:40%	Individual goals:40%		Sustainability:20%
Executive officers in charge of business	Corporate performance:30%	Division performance:30%	Individual goals:20%	Sustainability:20%

- The amount of the component linked to financial performance 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 management plan and the annual budgets for each division.
- The amount of the component linked to individual goals 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 component linked to sustainability measurement varies according to the degree of achievement of the quantitative sustainability goals.

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 the grant date of RS compensation are as follows:

<table>
<tr><th colspan="5">Medium- and long-term incentive compensation</th></tr>
<tr><td rowspan="2">Compensation with incumbency condition: 30%</td><td colspan="2">Compensation with stock price condition: 70%</td><td colspan="2">When the Management Plan targets are achieved Max. +20%</td></tr>
<tr><td colspan="2">TSR growth rate</td><td rowspan="2">ROIC +10%</td><td rowspan="2">Sustainability: +10%</td></tr>
<tr><td></td><td>TSR/TOPIX Growth Rate Ratio</td><td>Global Competitive Comparison</td></tr>
</table>

- In RS compensation, shares of RS equivalent to 30% of the LTI target are granted and the restriction on the shares is lifted upon retirement, 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 compromises of compensation with a stock price condition and compensation with conditions related to the achievement of management plan.
    - 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 to 200% of the PSUs are granted in accordance with the results achieved by 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 global peer 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, an 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 the 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 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 had hitherto granted. 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.

2) Amount of compensation

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)	76	67	—	8	—	1
Independent Directors	477	399	—	77	—	10
Executive Officers	6,120	1,565	2,043	2,306	204	30
Total	6,674	2,032	2,043	2,393	204	41

(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.
3. The “Others” column presents the fringe benefit equivalent, etc.

Performance indicators referred to in corporate performance evaluations for short-term incentive compensation are as follows.

Indicators	Fiscal year ended March 31, 2025	
	Target	Results
Consolidated revenues	9,000.0 billions of yen	9,783.3 billions of yen
Revenues of Lumada business (Note)	2,650.0 billions of yen	3,021.0 billions of yen
Adjusted EBITA margin	11.5%	11.7%
Earnings per Share	129 yen	133 yen
Core free cash flows	480.0 billions of yen	780.5 billions of yen

(Note) Excluding Hitachi Astemo

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.	TSR/TOPIX Growth Rate Ratio	From April 1, 2016 to March 29, 2019	125.8%
The Second Stock Acquisition Rights of Hitachi, Ltd.		From March 31, 2017 to March 31, 2020	121.6%
The Third Stock Acquisition Rights of Hitachi, Ltd.		From March 30, 2018 to March 31, 2021	120.5%
Restricted Stocks issued in May 2019	TSR/TOPIX Growth Rate Ratio	From April 1, 2019 to March 31, 2022	146.7%
Restricted Stocks issued in May 2020		From April 1, 2020 to March 31, 2023	167.2%
Restricted Stocks issued in June 2021		From April 1, 2021 to March 31, 2024	205.8%
Restricted Stocks issued in June 2022		From April 1, 2022 to March 31, 2025	213.8%
Performance-linked Restricted Stock Compensation granted in April 2023	TSR/TOPIX Growth Rate Ratio	From April 1, 2023 to September 30, 2024 (Note 1)	193.6%
		From April 1, 2023 to March 31, 2025 (Note 2)	175.2%
	Global Competitive Comparison	From April 1, 2023 to September 30, 2024 (Note 1)	100%ile
		From April 1, 2023 to March 31, 2025 (Note 2)	90%ile
Performance-linked Restricted Stock Compensation granted in April 2024	TSR/TOPIX Growth Rate Ratio	From April 1, 2024 to September 30, 2024 (Note 1)	144.3%
		From April 1, 2024 to March 31, 2025 (Note 2)	130.5%
	Global Competitive Comparison	From April 1, 2024 to September 30, 2024 (Note 1)	90%ile
		From April 1, 2024 to March 31, 2025 (Note 2)	80%ile

(Notes) 1. 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 of the Company on September 30, 2024.

2. 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, 2025.

Directors or Executive Officers whose compensation from the Company and consolidated subsidiaries is not less than 100 million yen and the amount of their compensation are as follows.

Name	Company	Category	Total amount of each type (Millions of yen)				Total amount of compensation, etc. (Millions of yen)
			Fixed pay	Variable pay		Others (Note 3)	
				Short-term incentive compensation (Note 1)	Medium- and Long-term incentive compensation (Note 2)		
Toshiaki Higashihara	The Company	Executive Officer (Note 4)	102	165	210	-	478
Keiji Kojima	The Company	Executive Officer (Note 4)	150	238	303	-	691
Jun Abe	The Company	Executive Officer	56	81	77	-	231
	Hitachi Global Life Solutions, Inc.	Director	4	3	-	-	
	Hitachi High-Tech Corporation	Chairman	4	3	-	-	
Brice Koch	Hitachi Europe Ltd. (Note 5)	Director	197	273	109	55	636
Alistair Dormer	The Company	Executive Officer	233	393	569	31	1,228
Toshiaki Tokunaga	The Company	Executive Officer	66	99	103	-	269
Tomomi Kato	The Company	Executive Officer	48	64	49	-	161
Shashank Samant	The Company	Executive Officer	114	-	-	-	583
	Hitachi America, Ltd. (Note 5)	Chairman	83	226	98	-	
	Hitachi Digital LLC (Note 5)	Executive Chairman	61	-	-	-	
Andreas Schierenbeck	Hitachi Energy Ltd (Note 5)	CEO	128	169	48	54	400
Lorena Dellagiovan-na	The Company	Executive Officer	142	221	163	173	705
	Hitachi Industrial Equipment Systems Co., Ltd.	Director	3	2	-	-	
Katsuya Nagano	The Company	Executive Officer	48	66	65	-	180
Hidenobu Nakahata	The Company	Executive Officer	48	60	131	-	240
Masahiko Hasegawa	The Company	Executive Officer	44	60	65	-	176
	Hitachi High-Tech Corporation	Director	3	2	-	-	
Giuseppe Marino	Hitachi Rail Ltd. (Note 5)	Director	95	117	82	10	305
Atsuhiro Aketa	The Company	Executive Officer	-	-	32	-	124
	Hitachi (China), Ltd. (Note 5)	Chairman	36	38	-	17	

Name	Company	Category	Total amount of each type (Millions of yen)				Total amount of compensation, etc. (Millions of yen)
			Fixed pay	Variable pay		Others (Note 3)	
				Short-term incentive compensation (Note 1)	Medium- and Long-term incentive compensation (Note 2)		
Noriharu Amiya	The Company	Executive Officer	15	19	41	-	117
	Hitachi Building Systems Co., Ltd.	Director	18	20	-	-	
	Hitachi Global Life Solutions, Inc.	Director	2	1	-	-	
Takashi Iizumi	The Company	Executive Officer	3	3	4	-	115
	Hitachi High-Tech Corporation	President and Director	32	34	37	-	
Yasunori Inada	The Company	Executive Officer	36	43	32	-	112
Tadashi Kume	The Company	Executive Officer	32	38	41	-	116
	Hitachi Industrial Products, Ltd.	Director	2	1	-	-	
	Hitachi Building Systems Co., Ltd.	Director	1	0	-	-	
Takashi Saito	The Company	Executive Officer	36	37	41	-	114
Jun Taniguchi	Hitachi Digital LLC (Note 5)	CEO	36	42	36	37	153
Kojin Nakakita	The Company	Executive Officer	-	-	10	-	170
	Hitachi Asia Ltd. (Note 5)	Chairman	36	38	36	50	
Hideshi Nakatsu	The Company	Executive Officer	36	40	41	-	117
Itaru Nishizawa	The Company	Executive Officer	36	39	36	-	111
Seiichiro Nukui	The Company	Executive Officer	36	39	41	-	116
Andrew Barr	Hitachi Europe Ltd. (Note 5)	Director	101	44	113	9	268
Yoshinori Hosoya	The Company	Executive Officer	34	35	36	-	107
	Hitachi Information & Telecommunication Engineering, Ltd.	Director	1	0	-	-	
Chie Mashima	The Company	Executive Officer	33	40	36	-	114
	Hitachi Systems, Ltd.	Director	2	1	-	-	
Kazunobu Morita	The Company	Executive Officer	30	40	41	-	114
	Hitachi High-Tech Solutions Corporation	Director	2	-	-	-	
Takashi Yoda	The Company	Executive Officer	34	39	41	-	116
	Hitachi Power Solutions Co., Ltd.	Director	1	0	-	-	

Name	Company	Category	Total amount of each type (Millions of yen)				Total amount of compensation, etc. (Millions of yen)
			Fixed pay	Variable pay		Others (Note 3)	
				Short-term incentive compensation (Note 1)	Medium- and Long-term incentive compensation (Note 2)		
Nitesh Banga	GlobalLogic Worldwide Holdings, Inc. (Note 5)	CEO	106	-	-	-	106

(Notes) 1. Compensation paid by the Company and consolidated subsidiaries based on financial results and individual performance in the short term is collectively referred to as short-term incentive compensation.
2. Medium- and long-term incentive compensation is restricted stock compensation, performance-linked restricted stock compensation, restricted stock units or cash award based on the value of the Company's share price.
3. The "Others" column presents the fringe benefit equivalent, etc.
4. Although serving concurrently as Directors for the fiscal year ended March 31, 2025, Messrs. Toshiaki Higashihara and Keiji Kojima did not receive compensation as Directors.
5. The amount of compensation, etc. from foreign consolidated subsidiaries is presented as the yen equivalent.

3) Authorities, roles and activities of the Compensation Committee

The Compensation Committee, which was established under the Companies Act, includes Independent Directors that represent a majority of committee members, holds the legal authority to determine remuneration for Directors and Executive Officers, and strives to ensure the objectivity, transparency and fairness of the remuneration determination processes. The Compensation Committee has the authority to determine remuneration policies and the details of remuneration (amount of compensation, etc.) of Directors and Executive Officers individually based on the policies. The Committee judged that the respective amount of compensation, etc. for the current period of each Director and Executive Officer was in line with the Compensation Policy because the Committee confirms and reviews processes and details with respect to the assessment of fixed pay amounts, evaluation of performance and individual targets related to short-term incentive compensation for Executive Officer. The members and activities of the Compensation Committee are described in "(1) Corporate Governance - 2) Outline of corporate organizations."

(5) Information on Shareholdings

(a) Criteria for classification of investment securities

The Company classifies investment securities that it holds into two types. If investment securities are held for the purpose of receiving benefits exclusively through stock price fluctuations or dividends, those are classified as investment securities for pure investment and the rest of investment securities are classified as investment securities owned for other purposes than pure investment.

(b) Investment securities held for purposes other than pure investment

(i) Policy for shareholding and examination of the reasonableness of holding

Under the basic policy, the Company will not acquire and hold other companies' shares except for cases where acquiring or holding such shares is necessary in terms of transactions or business relationships. The Company will seek to sell reducing shares that it already owns unless the significance and economic rationale of holding the shares are confirmed.

The Board of Directors verifies whether it is appropriate to hold shares for all stock the Company owns every year. In making this verification, each individual stock is re-examined as to the purpose of holding the shares and whether the benefits from holding the shares are in line with the target level of capital efficiency. As the result of the verification, the Company seeks to sell shares for which significance of holding shares and economic rationale of holding the shares are not confirmed. Details of shares sold in the fiscal year ended March 31, 2025, are presented in (ii) below.

(ii) Number of issues and balance sheet amount

	Number of issues (issues)	Total amount recorded in the balance sheet (millions of yen)
Unlisted stocks	111	21,225
Others	32	37,127

<Stock holding increased in the fiscal year ended March 31, 2025>

	Number of issues (issues)	Total purchase price for the shares increased (millions of yen)	Reasons of increase
Unlisted stocks	2	898	Purchasing for maintaining and strengthening relationship for business and business transactions
Others	-	-	-

<Stock holding decreased in the fiscal year ended March 31, 2025>

	Number of issues (issues)	Total selling price for the shares decreased (millions of yen)
Unlisted stocks	8	455
Others	7	4,040

(iii) The number and the amount recorded in the balance sheet, etc. of specified investment securities

Specified investment securities

Issue	Fiscal year ended March 31, 2025 (Note 1)	Fiscal year ended March 31, 2024 (Note 1)	Purpose of holdings, the summary of business alliance and reasons for increases (Note 2)	Holding shares of Hitachi, Ltd.
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Central Japan Railway Company	4,500,000	4,500,000	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	12,843	16,767		
Seibu Holdings Inc.	1,286,900	1,286,900	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	4,249	3,117		
DAIICHI SANKYO COMPANY, LIMITED	900,000	900,000	Maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	No
	3,159	4,299		
The Chiba Bank, Ltd.	2,000,000	3,000,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	2,798	3,784		
Sapporo Holdings Limited	300,800	597,600	Maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	Yes (Note 3)
	2,294	3,604		
Electric Power Development Co., Ltd.	523,280	523,280	Maintaining and enhancing business transactions of selling products and providing services in Energy business	Yes
	1,324	1,306		
West Japan Railway Company	430,000	430,000	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	1,254	1,348		
Ono Pharmaceutical Co., Ltd.	600,000	600,000	Maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	Yes
	961	1,472		
Kyoto Financial Group, Inc.	400,000	400,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	910	1,104		

Issue	Fiscal year ended March 31, 2025 (Note 1)	Fiscal year ended March 31, 2024 (Note 1)	Purpose of holdings, the summary of business alliance and reasons for increases (Note 2)	Holding shares of Hitachi, Ltd.
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Soracom, Inc.	962,400	962,400	Maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business	No
	872	2,091		
Keio Corporation	206,574	206,574	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	Yes
	786	861		
Seiko Electric Co., Ltd.	630,320	830,320	Maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business	Yes
	724	1,061		
TOKYU CORPORATION	394,016	394,016	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	Yes (Note 3)
	663	726		
Taragaon Regency Hotel	528,351	528,351	Acquired as a result of substitute performance for past accounting receivables in Industrial Digital business	No
	622	475		
The Keiyo Bank, Ltd.	550,275	550,275	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	Yes
	493	419		
Keihan Holdings Co., Ltd.	121,927	121,927	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	396	413		
TOMONY Holdings, Inc.	679,200	679,200	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	Yes (Note 3)
	365	283		
Kintetsu Group Holdings Co., Ltd.	104,291	104,291	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	332	464		
Cybertrust Japan Co., Ltd.	128,000	128,000	Maintaining and enhancing business transactions of selling products and providing services in Cloud Services Platform business	No
	295	232		

Issue	Fiscal year ended March 31, 2025 (Note 1)	Fiscal year ended March 31, 2024 (Note 1)	Purpose of holdings, the summary of business alliance and reasons for increases (Note 2)	Holding shares of Hitachi, Ltd.
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Kita-Nippon Bank, Ltd.	73,500	73,500	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	Yes
	235	180		
Aichi Financial Group, Inc.	74,112	74,112	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	211	196		
THE SHIGA BANK, LTD.	40,000	40,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	Yes
	210	167		
euglena Co., Ltd.	375,000	375,000	Maintaining and enhancing cooperative relationship in the area of R&D in Water & Environment business	No
	189	227		
San ju San Financial Group, Inc.	73,623	73,623	Maintaining and enhancing business transactions of purchasing raw materials and components, etc. in Financial Information Systems business	No
	174	153		
Tochigi Bank, Ltd.	513,150	513,150	Maintaining and enhancing business transactions of purchasing raw materials and components, etc. in Financial Information Systems business	No
	162	186		
Senshu Ikeda Holdings, Inc.	315,327	315,327	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	137	124		
THE TAIKO BANK, LTD.	88,000	88,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	126	134		
INNORULES CO., LTD.	150,000	150,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	92	131		
THE DAITO BANK, LTD.	110,000	110,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	77	84		

Issue	Fiscal year ended March 31, 2025 (Note 1) Number of shares (shares) Balance sheet amount (Millions of yen)	Fiscal year ended March 31, 2024 (Note 1) Number of shares (shares) Balance sheet amount (Millions of yen)	Purpose of holdings, the summary of business alliance and reasons for increases (Note 2)	Holding shares of Hitachi, Ltd.
Informetis Co., Ltd.	80,400 67	– –	Maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business (Note 4)	No
THE BANK OF KOCHI, LTD.	69,900 55	69,900 73	Held for maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
Tomato bank, Ltd.	30,000 36	30,000 38	Held for maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
Nippon Yakin Kogyo Co., Ltd.	– –	40,425 193	Held for maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	No
Daido Signal Co., Ltd.	– –	300,000 135	Held for maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
Nishi-Nippon Railroad Co., Ltd.	– –	6,000 15	Held for maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business	No
Procrea Holdings, Inc.	– –	5,211 9	Held for maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No

(Notes) 1. Since the number of issues that the Company owned as of March 31, 2024 and March 31, 2025, is less than 60, all of the stocks are listed.
2. Since it is hard to state the quantitative effects of holding the investment securities, such effects are not described. The means of verifying the significance and relations of holding shares are described in "(i) Policy for shareholding and examination of the reasonableness of holding."
3. The shareholding of major subsidiaries of the issuers of each stock is included.
4. The classification was changed to specified investment securities due to its new listing in the fiscal year ended March 31, 2025.

(c) Investment securities held for pure investment

None.

V. Financial Information

Refer to the consolidated financial statements incorporated in this Annual Securities Report.

VI. Stock-Related Administration for the Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	To be held within three months from the following day of the end of every fiscal year
Record date	End of every fiscal year
Record date for distribution of surplus	End of March and end of September
Number of shares constituting one unit	100 shares
Purchase and sale of shares less than one unit	
Handling office	(Special account) 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Transfer agent	(Special account) Sumitomo Mitsui Trust Bank, Limited
Forward office	-
Purchasing and selling fee	Free of charge
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, Nihon Keizai Shimbun will be adopted as its medium.
Special benefit for Shareholders	None

(Notes) 1. Under the Articles of Incorporation, distribution of surplus through dividend payment, if any, will be made to shareholders of record as of March 31 and September 30 of each year. In addition, the Company may make further distributions of surplus to shareholders of record as of another record date.

2. The Articles of Incorporation provide that a holder of shares representing less than one unit does not have any other rights of a shareholder in respect of those shares, other than those specified in the Articles of Incorporation. This includes:
   (1) Rights under each item of Article 189, Paragraph 2 of the Companies Act;
   (2) Rights to be allotted rights to subscribe for free for new shares and stock acquisition rights when such rights are granted to shareholders; or
   (3) Rights stipulated in the Articles of Incorporation

VII. Reference Information on the Company

1. Information on a Parent Company, etc. of the Company

The Company has no parent company.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2025, to the filing date of this Annual Securities Report.

(1)	Annual Securities Report and documents attached, and Confirmation Letter (The 155th business term (from April 1, 2023, to March 31, 2024))	Filed with the Director of the Kanto Local Finance Bureau on June 21, 2024
(2)	Internal Control Report	Filed with the Director of the Kanto Local Finance Bureau on June 21, 2024
(3)	Semi-annual Securities Report and Confirmation Letter (The first half of the 156th business term (from April 1, 2024, to September 30, 2024))	Filed with the Director of the Kanto Local Finance Bureau on November 11, 2024
(4)	Extraordinary Report	
	Extraordinary Report pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on June 24, 2024
	Extraordinary Report pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on December 16, 2024
	Extraordinary Report pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on January 31, 2025
	Extraordinary Report pursuant to Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on April 28, 2025
	Extraordinary Report pursuant to Article 19, Paragraph 2, Item 2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on April 28, 2025
(5)	Report for Share Repurchase	
	Report for Share Repurchase pursuant to Article 24-6, Paragraph 1 of Financial Instruments and Exchange Act	Filed with the Director of the Kanto Local Finance Bureau on July 9, 2024 August 7, 2024 September 9, 2024 October 8, 2024 November 11, 2024 December 10, 2024 January 15, 2025 February 12, 2025 March 11, 2025 April 9, 2025 May 14, 2025, and June 10, 2025
(6)	Securities Registration Statement and documents attached	Filed with the Director of the Kanto Local Finance Bureau on April 28, 2025

(7)	Amended Shelf Registration Statement (Amended Shelf Registration Statement concerning the Shelf Registration Statement filed on June 23, 2023)	Filed with the Director of the Kanto Local Finance Bureau on June 24, 2024 December 16, 2024 January 31, 2025, and April 28, 2025

Part II Information on Guarantors, etc. for the Company

Not applicable.

Consolidated Financial Statements

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Consolidated Financial Statements

Consolidated Statement of Financial Position

Millions of yen

	Note	March 31, 2025	March 31, 2024
Assets			
Current assets			
Cash and cash equivalents	25	866,242	705,367
Trade receivables and contract assets	6,20,25	3,496,340	2,991,316
Inventories	7	1,566,282	1,510,647
Investments in securities and other financial assets	11,25	318,421	331,280
Other current assets		350,558	315,987
Total current assets		6,597,843	5,854,597
Non-current assets			
Investments accounted for using the equity method	5,8	836,231	816,434
Investments in securities and other financial assets	11,25	349,567	320,101
Property, plant and equipment	9	1,341,537	1,221,842
Goodwill	5,10	2,486,823	2,371,678
Other intangible assets	10	1,199,996	1,178,750
Other non-current assets	12,20	472,816	457,882
Total non-current assets		6,686,970	6,366,687
Total assets		13,284,813	12,221,284
Liabilities			
Current liabilities			
Short-term debt	25	73,146	37,827
Current portion of long-term debt	25	368,818	187,486
Other financial liabilities	25	280,227	266,245
Trade payables	13	1,572,764	1,399,699
Accrued expenses		736,286	697,471
Contract liabilities	20	2,196,193	1,658,435
Other current liabilities	14	680,411	555,437
Total current liabilities		5,907,845	4,802,600
Non-current liabilities			
Long-term debt	25	764,152	954,709
Retirement and severance benefits	15	247,497	246,231
Other non-current liabilities	8,12, 14,20,25	333,902	358,141
Total non-current liabilities		1,345,551	1,559,081
Total liabilities		7,253,396	6,361,681
Equity			
Hitachi, Ltd. stockholders’ equity			
Common stock	16,19	464,384	463,417
Capital surplus	16,19,25	-	-
Retained earnings	16,18	4,350,503	4,084,729
Accumulated other comprehensive income	17	1,040,791	1,160,550
Treasury stock, at cost	16	(8,587)	(4,991)
Total Hitachi, Ltd. stockholders’ equity		5,847,091	5,703,705
Non-controlling interests	5,25	184,326	155,898
Total equity		6,031,417	5,859,603
Total liabilities and equity		13,284,813	12,221,284

See accompanying notes to consolidated financial statements.

Consolidated Statement of Profit or Loss

Years ended March 31, 2025 and 2024 — Millions of yen

	Note	2025	2024
Revenues	20	9,783,370	9,728,716
Cost of sales		(6,962,527)	(7,146,629)
Gross profit		2,820,843	2,582,087
Selling, general and administrative expenses		(1,849,237)	(1,826,271)
Other income	5,21	49,665	116,653
Other expenses	5,15,21	(143,023)	(97,184)
Financial income	22	53,944	17,388
Financial expenses	22	(12,905)	(10,015)
Share of profits (losses) of investments accounted for using the equity method	8	58,320	75,284
EBIT (Earnings before interest and taxes)		977,607	857,942
Interest income		32,038	38,781
Interest charges		(46,912)	(70,922)
Income before income taxes		962,733	825,801
Income taxes	12	(305,868)	(199,053)
Net income		656,865	626,748
Net income attributable to:			
Hitachi, Ltd. stockholders		615,724	589,896
Non-controlling interests		41,141	36,852
Earnings per share attributable to Hitachi, Ltd. stockholders	23		Yen
Basic		133.85	126.91
Diluted		133.72	126.75

Consolidated Statement of Comprehensive Income

Years ended March 31, 2025 and 2024 — Millions of yen

	Note	2025	2024
Net income		656,865	626,748
Other comprehensive income (OCI)	17		
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		(6,577)	45,156
Remeasurements of defined benefit plans		9,001	13,872
Share of OCI of investments accounted for using the equity method		(830)	1,437
Total items not to be reclassified into net income		1,594	60,465
Items that can be reclassified into net income			
Foreign currency translation adjustments		(86,628)	354,395
Net changes in cash flow hedges		(4,771)	14,915
Share of OCI of investments accounted for using the equity method		(3,906)	22,025
Total items that can be reclassified into net income		(95,305)	391,335
Other comprehensive income (OCI)		(93,711)	451,800
Comprehensive income		563,154	1,078,548
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		523,435	1,013,811
Non-controlling interests		39,719	64,737

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended March 31, 2025 Millions of yen

	2025							
	Common stock (note 16)	Capital surplus (note 16)	Retained earnings (notes 16 and 18)	Accumulated other comprehensive income (note 17)	Treasury stock, at cost (note 16)	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	463,417	-	4,084,729	1,160,550	(4,991)	5,703,705	155,898	5,859,603
Changes in equity								
Reclassified into retained earnings	-	-	1,668	(1,668)	-	-	-	-
Net income	-	-	615,724	-	-	615,724	41,141	656,865
Other comprehensive income	-	-	-	(92,289)	-	(92,289)	(1,422)	(93,711)
Dividends to Hitachi, Ltd. stockholders	-	-	(189,207)	-	-	(189,207)	-	(189,207)
Dividends to non-controlling interests	-	-	-	-	-	-	(28,608)	(28,608)
Acquisition of treasury stock	-	-	-	-	(200,285)	(200,285)	-	(200,285)
Sales of treasury stock	-	(843)	-	-	1,091	248	-	248
Cancellation of treasury stock	-	(195,598)	-	-	195,598	-	-	-
Issuance of new shares (note 19)	967	966	-	-	-	1,933	-	1,933
Transfer to capital surplus from retained earnings	-	162,411	(162,411)	-	-	-	-	-
Changes in non-controlling interests	-	33,064	-	(25,802)	-	7,262	17,317	24,579
Total changes in equity	967	-	265,774	(119,759)	(3,596)	143,386	28,428	171,814
Balance at end of year	464,384	-	4,350,503	1,040,791	(8,587)	5,847,091	184,326	6,031,417

Year ended March 31, 2024 Millions of yen

	2024							
	Common stock (note 16)	Capital surplus (note 16)	Retained earnings (notes 16 and 18)	Accumulated other comprehensive income (note 17)	Treasury stock, at cost (note 16)	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests (note 5)	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 (note 19)	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

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years ended March 31, 2025 and 2024 — Millions of yen

	Note	2025	2024
Cash flows from operating activities:			
Net income		656,865	626,748
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		431,534	451,525
Impairment losses		92,135	29,668
Income taxes		305,868	199,053
Share of (profits) losses of investments accounted for using the equity method		(58,320)	(75,284)
Financial income and expenses		8,485	21,824
Net (gain) loss on business reorganization and others		(29,638)	(97,048)
(Gain) loss on sale of property, plant and equipment		(18,891)	(17,857)
Change in trade receivables and contract assets		80,043	40,206
Change in inventories		(42,775)	(88,320)
Change in trade payables		66,257	7,327
Change in accrued expenses		46,675	54,016
Change in retirement and severance benefits		(39,858)	(5,193)
Other		(35,769)	(34,598)
Subtotal		1,462,611	1,112,067
Interest received		28,467	38,655
Dividends received		35,854	29,963
Interest paid		(50,093)	(69,165)
Income taxes paid		(304,599)	(154,908)
Net cash provided by (used in) operating activities		1,172,240	956,612
Cash flows from investing activities:			
Purchase of property, plant and equipment		(246,847)	(232,874)
Purchase of intangible assets		(144,801)	(152,271)
Proceeds from sale of property, plant and equipment, and intangible assets		46,379	45,048
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	5	(292,420)	(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)		73,395	265,693
Other		(9,356)	13,483
Net cash provided by (used in) investing activities		(573,650)	(131,543)
Cash flows from financing activities:	24		
Change in short-term debt, net		31,992	(550,170)
Proceeds from long-term debt		92,768	105,130
Payments on long-term debt		(174,532)	(301,507)
Proceeds from payments from non-controlling interests		43,591	487
Dividends paid to Hitachi, Ltd. stockholders		(189,057)	(144,343)
Dividends paid to non-controlling interests		(28,569)	(32,345)
Acquisition of common stock for treasury		(200,285)	(100,458)
Proceeds from sales of treasury stock		8	62
Purchase of shares of consolidated subsidiaries from non-controlling interests		(38)	(1,763)
Net cash provided by (used in) financing activities		(424,122)	(1,024,907)
Effect of exchange rate changes on cash and cash equivalents		(13,593)	71,922
Change in cash and cash equivalents		160,875	(127,916)
Cash and cash equivalents at beginning of year		705,367	833,283
Cash and cash equivalents at end of year		866,242	705,367

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(1) Nature of Operations

Hitachi, Ltd. (the Company) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The accompanying consolidated financial statements comprise the Company, its subsidiaries and the Company's interests in associates and joint ventures. The Company's and its subsidiaries' businesses are global and diverse, and include manufacturing and services in four segments consisting of Digital Systems & Services, Green Energy & Mobility, Connective Industries and Others.

(2) Basis of Presentation

As the Company meets the requirements of a "Specified Company applying Designated International Financial Reporting Standards" pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance of Japan No. 28 of 1976), the consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as permitted by the provision of Article 312 of the Ordinance. The Company's fiscal year begins on April 1 and ends on March 31 of the following calendar year.

The Company's consolidated financial statements have been prepared on a historical cost basis, except for derivative assets and liabilities, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and assets and liabilities associated with defined benefit plans.

The consolidated financial statements are presented in millions of Japanese yen, the functional currency of the Company.

Management of the Company has made a number of judgments, estimates and assumptions relating to the application of accounting policies, reporting of revenues and expenses and assets and liabilities in the preparation of these consolidated financial statements. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated. The effect of a change in accounting estimates, if any, is recognized in the reporting period in which the change was made and in future periods.

The information regarding judgments used in applying accounting policies that could have a material effect on the Company's consolidated financial statements is included in the following notes:

- note 3. *(a) Basis of Consolidation*
- note 3. *(d) Financial Instruments* and note 25. Financial Instruments and Related Disclosures

The information regarding uncertainties arising from assumptions and estimates that could result in material adjustments in the subsequent consolidated financial statements is included in the following notes:

- note 3. *(d) Financial Instruments* and note 25. Financial Instruments and Related Disclosures
- note 3. *(j) Impairment of Non-financial Assets,* note 9. Property, Plant and Equipment and note 10. Goodwill and Other Intangible Assets
- note 3. *(k) Retirement and Severance Benefits* and note 15. Employee Benefits
- note 3. *(l) Provisions,* note 3. *(n) Revenue Recognition,* note 14. Provisions and note 20. Revenues
- note 3. *(o) Income Taxes* and note 12. Deferred Taxes and Income Taxes

(3) Summary of Material Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control is obtained when the Company has risks or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the variable returns.

The Company consolidates all subsidiaries from the date on which the Company acquires control until the date on which the Company loses control.

Subsidiaries' financial statements are adjusted as necessary if their accounting policies differ from those of the Company.

Changes in ownership interests in subsidiaries without a loss of control are accounted for as equity transactions. Changes in ownership interests in subsidiaries with a loss of control are accounted for by derecognizing assets and liabilities, non-controlling interests, equity and accumulated other comprehensive income (AOCI) attributable to the subsidiaries.

(ii) Associates and Joint Ventures

Associates are entities over whose operational and financial policies the Company has the ability to exercise significant influence but which are not controlled by the Company.

Joint ventures are jointly controlled by more than one party, including the Company, and require unanimous agreement of all parties in deciding operational and financial policies of the entity.

Investments in associates and joint ventures are accounted for using the equity method. The consolidated financial statements of the Company include changes in profit or loss and other comprehensive income (OCI) of these associates and joint ventures from the date on which the Company obtains significant influence or joint control to the date on which it loses significant influence or joint control. The financial statements of the associates and joint ventures are adjusted as necessary if their accounting policies differ from those of the Company.

(iii) Structured Entities

The Company consolidates structured entities in case it is exposed or has rights to variable returns from its involvement with such entities and has the ability to affect those returns through its power over the entities.

(b) Cash Equivalents

Cash equivalents are highly liquid investments with insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition.

(c) Foreign Currency Translation

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency.

(i) Foreign Currency Transactions

Foreign currency transactions are converted into the functional currency of each company using the exchange rate prevailing at the transaction date or a rate that approximates such rate. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period. Foreign exchange gains and losses resulting from the currency conversion and settlement are recognized in profit or loss, except where gains and losses on assets or liabilities are recognized in OCI, foreign exchange effects relating to such assets or liabilities are also recognized in OCI, and presented in AOCI.

(ii) Foreign Operations

Assets and liabilities of foreign entities are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the period. Gains or losses derived from translating foreign entities' financial statements are recognized in OCI, and presented in AOCI.

(d) Financial Instruments

(i) Non-derivative Financial Assets

The Company initially recognizes trade and other receivables on the date such receivables arise. All other financial assets are initially recognized at the transaction date, on which the Company becomes a party to the agreement.

The Company derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred in transactions where the risks and economic rewards of owning the financial assets are substantially transferred. In transactions where the risks and economic rewards of owning the financial assets are neither substantially transferred nor retained, the Company continues to recognize the financial assets to the extent of its continuing involvement and derecognizes such financial assets only if its control is transferred.

The classification and measurement model of non-derivative financial assets is summarized as follows:

Financial Assets Measured at Amortized Cost

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

・The financial asset is held within a business model with the objective of collecting 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. Interest accrued on financial assets measured at amortized cost is included in Interest income in the consolidated statement of profit or loss.

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 (including direct transaction costs), 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 (including direct transaction costs) and the changes in fair value are recognized in profit or loss.

Impairment of Financial Assets

On a regular basis, but no less frequently than at the end of each quarterly reporting period, the Company evaluates the allowance for doubtful receivables based on expected credit losses on trade receivables, contract assets, and other 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. Default is defined as the state in which a critical problem with debtor’s payment of contractual cash flows has been identified and there are no reasonable expectations of recovering the financial asset in its entirety or a portion. To determine whether there have been any changes in the risk of default, external credit ratings, past due information and other factors are mainly taken into consideration.

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.

For the expected credit losses on trade receivables, contract assets, and other receivables, the allowances for doubtful receivables are recorded instead of directly reducing the carrying amounts. Changes in expected credit losses are recognized in profit or loss as impairment losses and are included in Selling, general and administrative expenses in the consolidated statement of profit or loss. For financial assets, after all means of collection have been exhausted and the potential for recovery is considered remote, it is determined that there are no longer any reasonable expectations of recovering the financial assets in their entirety or a portion and the carrying amounts are generally written off.

(ii) Non-derivative Financial Liabilities

The Company initially recognizes debt instruments on the date of issuance. All other financial liabilities are initially recognized at the transaction date, on which the Company becomes a party to the agreement.

The Company derecognizes financial liabilities if extinguished, or if the obligation in the contract is redeemed or the liability is discharged, cancelled or expires.

Non-derivative financial liabilities the Company holds include bonds, debts, trade payables and other financial liabilities. They are initially measured at fair value (less direct transaction costs), and bonds and long-term debt are subsequently measured at amortized cost using the effective interest method. Interest accrued on these financial liabilities is included in Interest charges in the consolidated statement of profit or loss.

The Company classifies financial liabilities subject to supplier finance arrangements as either short-term debt or trade payables in the consolidated statement of financial position, depending on the nature and terms of the transaction.

(iii) Derivatives and Hedge Accounting

The Company uses derivative instruments including forward exchange contracts, cross currency swaps and interest rate swaps in order to hedge foreign currency exchange risks and interest rate risks. All derivatives are measured at fair value irrespective of the objective and intent of holding them.

The Company accounts for hedging derivatives as follows:

- Fair value hedge: a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment. The changes in fair value of the recognized assets or liabilities or unrecognized firm commitments and the related derivatives are both recorded in profit or loss if the hedge is considered effective.
- Cash flow hedge: a hedge of a forecast transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability. The changes in fair value of the derivatives designated as cash flow hedges are recorded in other comprehensive income (OCI) if the hedge is considered effective. This treatment continues until profit or loss is affected by the variability of cash flows or the unrecognized firm commitment of the designated hedged item, when changes in fair value of the derivative are recognized in profit or loss. If a non-financial asset or a non-financial liability is recognized due to a hedged forecast transaction, the changes in the fair value of the derivative recognized in OCI are included directly in the acquisition cost or other carrying amount of the asset or liability when the asset or liability is recognized.

The Company follows the documentation requirements as prescribed by IFRS 9 "Financial Instruments", which includes the risk management objective and strategy for undertaking various hedge transactions. In addition, a formal assessment is made at the hedge's inception and subsequently on a periodic basis, as to whether the derivative used in hedging activities is effective in offsetting changes in fair values or cash flows of the hedged items. Hedge accounting is discontinued if a hedge becomes ineffective.

(iv) Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statement of financial position, only if the Company currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Put Options of Non-controlling Interests

The Company and its subsidiaries recognize put options on shares of subsidiaries held by non-controlling interests as financial liabilities at the present value of the exercise price. The Company derecognizes the non-controlling interests and recognizes the difference between the present value and non-controlling interests in capital surplus.

(f) 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.

(g) Property, Plant and Equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes direct costs of acquisition, costs of dismantling, removing and restoration of the assets. Each asset is depreciated mainly using the straight-line method over the following estimated useful lives for major classes of assets:

Buildings and structures	2 to 60 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years
Right-of-use assets	2 to 30 years

Estimated useful lives and the method of depreciation are reviewed at the fiscal year end. Changes in estimated useful lives or depreciation method are accounted for on a prospective basis as a change in accounting estimate.

(h) Goodwill and Other Intangible Assets

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

Software for internal use	2 to 10 years
Software for sale	2 to 8 years
Customer relationships	17 to 20 years
Technology	7 to 15 years
Other	2 to 20 years

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

(i) Leases

(i) Lessee

The Company and certain subsidiaries lease facilities, mainly buildings, machines, and vehicles, and recognize a right-of-use asset, a right to use the underlying asset, and a lease liability, an obligation to make lease payments, and recognize lease costs as depreciation charges for right-of-use assets and interest expenses on lease liabilities. Lease payments for short-term leases with a lease term of 12 months or less are recognized in profit or loss on a straight-line basis.

Right-of-use asset

A lessee shall apply a cost model to measure the right-of-use asset, and shall present the corresponding amount in Property, Plant and Equipment or Other intangible assets as the amount of the right-of-use asset at cost at the commencement date of the lease less any accumulated depreciation and any accumulated impairment losses. The right-of-use asset at cost includes the amount of the initial measurement of the lease liability and the initial direct cost incurred by the lessee. The lessee shall depreciate the right-of-use asset 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. Changes in the useful life or the lease term are accounted for on a prospective basis as a change in accounting estimate.

Lease liability

The lease liability is measured at the present value of lease payments that are not paid at the commencement date of the lease, discounted using the interest rate implicit in the lease or the lessee’s incremental borrowing rate, and is included in the Current portion of long-term debt or Long-term debt. Interest expense on the lease liability in each period during the lease term that produce a constant periodic rate of interest on the remaining balance of the lease liability is recognized in profit or loss over the lease term and is included in Interest charges in the consolidated statement of profit or loss.

(ii) Lessor

The Company and certain subsidiaries, as lessors, lease facilities, mainly buildings, machines, and equipment, whereby substantially all the risks and rewards incidental to the ownership of items of property, plant and equipment are transferred to the lessee. Therefore, such leases are classified as finance leases with the recognition of the underlying asset discontinued and the present value of the total amount of lease payments is used to recognize and measure the net investment in the lease.
If substantially all the risks and rewards incidental to the ownership remain with the lessor in a lease, it is classified as an operating lease, and the underlying asset is continuously recognized, and lease income is recognized over the lease term on a straight-line basis.

(j) Impairment of Non-Financial Assets

For each non-financial asset, the Company reviews the carrying amount and tests for impairment if 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 intangible assets with indefinite useful lives and goodwill for impairment annually, mainly in the fourth quarter, by estimating the recoverable amount of each CGU (or group of CGUs) to which such assets are allocated.

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. The Company consults with outside specialists, as appropriate, depending on the complexity of estimating fair values. 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. Since the Company and its subsidiaries are engaged in a wide range of business activities from development, production and sales of diverse products and the provision of various services, appropriate external information for each business activity is used for evaluating value in use for each business. 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.

If the carrying amount of the asset or the CGU (or the group of CGUs) exceeds its recoverable amount, an impairment loss is recognized at the excess amount.

For an asset or a CGU (or a group of CGUs) other than goodwill, its recoverable amount is subsequently estimated if there is a significant change in facts and circumstances and there is an indication that an impairment loss previously recognized on the asset may no longer exist or has decreased. If the estimated recoverable amount exceeds the carrying amount, the impairment loss recognized previously is reversed to the extent of the carrying amount that would have been recorded, net of depreciation or amortization, if impairment had not been recognized previously.

(k) Retirement and Severance Benefits

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

(i) 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.

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 judgments 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 judgments, but may be affected by variance of uncertain economic conditions in the future or by amendments or issuance of related laws.

(ii) Defined Contribution Plans

Defined contribution pension plans are post-employment benefit plans in which the employer pays a certain amount of premiums to the 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.

(l) Provisions

The Company recognizes provisions if it has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of obligation can be reliably estimated. Provisions may be affected by unexpected events or changes in circumstances, and actual payments may differ from the estimates.

In case that the time to settle an obligation is expected to be long, and thus the time value of money is material, the amount of a provision is measured at the present value of the amount of expenditures expected to be required to settle the obligation.

(m) Contingencies

The Company discloses contingent liabilities in accordance with International Accounting Standards (IAS) 37 “Provisions, Contingent Liabilities and Contingent Assets” if an obligation does not meet the recognition criteria of provisions prescribed above in *(l) Provisions*, excluding those where the possibility of an outflow of resources is remote.

The Company and its subsidiaries have financial guarantee contracts that require them to make payments to compensate the holder for a loss it incurs if a specified debtor defaults on payment based on the terms of a debt instrument.

(n) Revenue Recognition

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.

(o) Income Taxes

Deferred tax assets and liabilities resulting from temporary differences and others are accounted for based on a liability method. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill, temporary differences arising from an asset or liability in a transaction other than a business combination, which at the time of transaction affects neither accounting nor taxable income and does not give rise to equal taxable and deductible temporary differences, and future taxable difference arising from investments in subsidiaries, associates and joint ventures where that the Company is able to control the timing of reversal of the temporary difference while it is probable that the temporary difference will not reverse in the foreseeable future. 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 estimates of future taxable income. The timing and amounts of taxable income may be affected by fluctuations due to uncertain economic conditions in the future, and the actual timing and amounts may differ from the estimates. Current tax and deferred tax on items recognized in OCI are also recognized in OCI.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss and OCI in the period that includes the enactment date.

The Company has applied the 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 in accordance with IAS 12 “Income Taxes”.

(p) Earnings per Share

Basic earnings per share (EPS) for net income attributable to Hitachi, Ltd. stockholders is calculated based on the weighted average number of ordinary shares outstanding during the period. Diluted EPS for net income attributable to Hitachi, Ltd. stockholders is calculated based on the sum of weighted average number of ordinary shares outstanding during the period and the conversion of securities with dilutive effects or the number of authorized shares.

(q) Business Combinations

Business combinations are accounted for using the acquisition method. The Company determines, on a transaction by transaction basis, whether to measure non-controlling interests at fair value or by the appropriate share in the fair value of identifiable net assets of the acquiree. Acquisition related costs are expensed in the period in which the costs are incurred.

(r) New Accounting Standards not yet Adopted by the Company

The following table lists the principal new accounting standards and interpretations issued or amended prior to the approval date of the consolidated financial statements that are not yet adopted by the Company as of March 31, 2025. The Company is examining the impact of adopting this standard on its consolidated financial statements.

IFRSs	Title	Mandatory effective date (Fiscal year beginning on or after)	To be adopted by the Company (Fiscal year beginning on)	Description of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	April 1, 2027	New standard replacing IAS 1, the current accounting standard for presentation and disclosure of financial statements

(4) Segment Information

(a) Business Segments

The operating segments of the Company are the components for which separate financial information is available and which is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company discloses its business in four reportable segments, corresponding to categories of activities classified primarily by the similarities for the nature of markets, products and services, and economic characteristics. Several operating segments are aggregated into Green Energy & Mobility and Connective Industries for financial reporting purposes so that users of the financial statements better understand the Company's financial position and business performance. The Company aggregates operating segments based on the similarities of economic characteristics mainly using the segment profit (loss) margin ratio of operating segments. The primary products and services included in each segment are as follows:

(i) Digital Systems & Services:
Digital solutions (System integration, Consulting, Cloud services), IT products (Storage, Servers), Software, and ATMs

(ii) Green Energy & Mobility:
Energy solutions (Power grids, Renewable energy, Nuclear), and Railway systems

(iii) Connective Industries:
Building systems (Elevators, Escalators), Smart life & ecofriendly systems (Home appliances, Air conditioners), Measurement and analytical systems (Semiconductor manufacturing equipment, Clinical analyzers), Industry & distribution solutions, Water & environment solutions, and Industrial machinery

(iv) Others:
Property management and others

In October 2023, the Company sold a certain number of shares of Hitachi Astemo Ltd. (currently Astemo Ltd.). As a result, Hitachi Astemo Ltd. and its subsidiaries, which were included in the Automotive Systems segment, became equity-method associates of the Company. Accordingly, the Automotive Systems segment ceased to be an operating segment, but the segment figures for the year ended March 31, 2025 and 2024 are disclosed individually to enhance fair disclosure. The Company includes its share of profits (losses) of investments accounted for using the equity method of Hitachi Astemo Ltd. and its subsidiaries after the transfer of shares from the third quarter of the fiscal year ended March 31, 2024 (from October 1, 2023 to December 31, 2023) in Corporate items & Eliminations.

Effective from April 1, 2025, the Company changed its business structure in order to realize the Company's transformation into a "True One Hitachi" with digital at its core, and sustainably accelerate the growth of the Social Innovation Business as a digital-centric company. Accordingly, the Company will reclassify its reportable segments in five segments as Digital Systems & Services, Energy, Mobility, Connective Industries, and Others.
In addition, from the year ending March 31, 2026, the calculation method of the segment profit (loss), previously presented based on Adjusted EBITA (Adjusted Earnings before Interest, Taxes and Amortization), will be changed and presented, as a measure of profit (loss) used by the chief operating decision maker mainly in deciding how to allocate resources and in assessing performance. Previously Adjusted EBITA represented the profit (loss) calculated by deducting the selling, general and administrative expenses from the gross profit, adding back the amortization of intangible assets, etc. recognized upon business combinations, and adding the share of profits (losses) of investments accounted for using the equity method. But, from the year ending March 31, 2026, it will be calculated by deducting the selling, general and administrative expenses from the gross profit, and adding back the amortization of intangible assets, etc. recognized upon business combinations.

The following tables show business segment information for the years ended March 31, 2025 and 2024.

Millions of yen

	2025			
	Reportable Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	2,653,087	3,849,255	2,969,164	-
Revenues from Intersegment Transactions	179,497	66,253	194,030	-
Total Revenues	2,832,584	3,915,508	3,163,194	-
Segment Profit (Loss)	397,369	369,049	362,047	-
Total Assets	3,506,073	6,169,284	3,813,277	-
Other items				
Depreciation and Amortization	125,650	181,281	85,597	-
Impairment Losses	65,677	20,422	5,165	-
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	3,299	15,106	23,684	-
Investments Accounted for Using the Equity Method	64,475	124,098	162,291	-
Goodwill	1,360,303	863,097	263,423	-
Capital Expenditures	117,614	216,863	107,318	-

Millions of yen

	2025			
	Reportable Segment		Corporate items & Eliminations	Total
	Others	Subtotal		
Revenues				
Revenues from External Customers	270,915	9,742,421	40,949	9,783,370
Revenues from Intersegment Transactions	226,602	666,382	(666,382)	-
Total Revenues	497,517	10,408,803	(625,433)	9,783,370
Segment Profit (Loss)	12,357	1,140,822	1,023	1,141,845
Total Assets	2,316,824	15,805,458	(2,520,645)	13,284,813
Other items				
Depreciation and Amortization	32,370	424,898	6,636	431,534
Impairment Losses	871	92,135	-	92,135
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	457	42,546	15,774	58,320
Investments Accounted for Using the Equity Method	4,750	355,614	480,617	836,231
Goodwill	-	2,486,823	-	2,486,823
Capital Expenditures	39,022	480,817	15,967	496,784

Millions of yen

	2024			
	Reportable Segment			
	Digital Systems & Services	Green Energy & Mobility	Connective Industries	Automotive Systems
Revenues				
Revenues from External Customers	2,432,182	2,980,675	2,857,211	1,160,008
Revenues from Intersegment Transactions	166,477	71,627	200,749	4,376
Total Revenues	2,598,659	3,052,302	3,057,960	1,164,384
Segment Profit (Loss)	333,433	199,184	320,681	50,694
Total Assets	3,480,331	4,719,717	3,800,781	-
Other items				
Depreciation and Amortization	131,461	138,930	81,328	58,350
Impairment Losses	19,133	1,860	5,021	1,636
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	2,353	17,066	19,194	497
Investments Accounted for Using the Equity Method	49,496	104,383	175,255	-
Goodwill	1,433,628	690,034	248,016	-
Capital Expenditures	126,057	168,337	78,080	61,533

Millions of yen

	2024			
	Reportable Segment		Corporate items & Eliminations	Total
	Others	Subtotal		
Revenues				
Revenues from External Customers	267,395	9,697,471	31,245	9,728,716
Revenues from Intersegment Transactions	240,401	683,630	(683,630)	-
Total Revenues	507,796	10,381,101	(652,385)	9,728,716
Segment Profit (Loss)	6,780	910,772	7,412	918,184
Total Assets	1,908,227	13,909,056	(1,687,772)	12,221,284
Other items				
Depreciation and Amortization	32,608	442,677	8,848	451,525
Impairment Losses	2,018	29,668	-	29,668
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	563	39,673	35,611	75,284
Investments Accounted for Using the Equity Method	4,626	333,760	482,674	816,434
Goodwill	-	2,371,678	-	2,371,678
Capital Expenditures	36,876	470,883	(2,575)	468,308

Segment profit (loss) is measured by Adjusted EBITA. Adjusted EBITA is defined as Adjusted Earnings before Interest, Taxes and Amortization. Adjusted EBITA represents profit (loss) calculated by deducting selling, general and administrative expenses from gross profit, adding back amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) of investments accounted for using the equity method.

Intersegment transactions are generally recorded at the same prices used in arm's length transactions. Corporate items include corporate expenses not allocated to individual business segments, such as expenditures for advanced R&D, a part of net gain (loss) on share of profits (losses) of investments accounted for using the equity method, and others.

Corporate assets mainly consist of investments in securities and other financial assets.

Depreciation consists of that of property, plant and equipment and investment properties.

Impairment losses mainly consist of those recognized on property, plant and equipment, goodwill and other intangible assets.

Capital expenditures represent additions to property, plant and equipment, investment properties and other intangible assets.

Adjustments to income before income taxes from segment profit (loss) for the year ended March 31, 2025 and 2024 are as follows.

Millions of yen

	2025	2024
Segment Profit (Loss)	1,141,845	918,184
Amortization of intangible assets, etc. recognized upon business combinations	(111,919)	(87,084)
Other income	49,665	116,653
Other expenses	(143,023)	(97,184)
Financial income	53,944	17,388
Financial expenses	(12,905)	(10,015)
EBIT (Earnings before interest and taxes)	977,607	857,942
Interest income	32,038	38,781
Interest charges	(46,912)	(70,922)
Income before income taxes	962,733	825,801

(b) Geographic Information

The following table shows revenues attributed to geographic areas based on the location of the customers for the years ended March 31, 2025 and 2024.

Millions of yen

	2025	2024
Japan	3,779,203	3,773,383
North America	1,528,015	1,582,916
Europe	1,902,617	1,550,878
Asia	1,843,279	2,151,544
Other Areas	730,256	669,995
Overseas Revenues Subtotal	6,004,167	5,955,333
Total Revenues	9,783,370	9,728,716

Revenues in the U.S.A. for the years ended March 31, 2025 and 2024 were 1,311,308 million yen and 1,426,930 million yen, respectively. Revenues in China for the years ended March 31, 2025 and 2024 were 1,015,458 million yen and 1,154,781 million yen, respectively. Revenues from external customers attributable to any individual country and region other than Japan, the U.S.A. and China were not material for the years ended March 31, 2025 and 2024.

The following table shows the balances of property, plant and equipment, investment properties, goodwill and other intangible assets for each geographic area as of March 31, 2025 and 2024.

Millions of yen

	March 31, 2025	March 31, 2024
Japan	789,318	723,713
North America	1,990,689	2,069,604
Europe	1,863,431	1,606,086
Asia	290,302	296,175
Other Areas	107,539	91,206
Subtotal	5,041,279	4,786,784
Corporate items and Eliminations	18,560	19,050
Total	5,059,839	4,805,834

The balances of property, plant and equipment, investment properties, goodwill and other intangible assets in the U.S.A. as of March 31, 2025 and 2024 were 1,971,041 million yen and 2,058,257 million yen, respectively. The balances of property, plant and equipment, investment properties, goodwill and other intangible assets in the Swiss Confederation as of March 31, 2025 and 2024 were 1,178,542 million yen and 1,223,641 million yen, respectively. The balances of property, plant and equipment, investment properties, goodwill and other intangible assets in any individual country and region other than Japan, the U.S.A. and the Swiss Confederation were not material as of March 31, 2025 and 2024.

(c) Significant Customer Information

There was no concentration of revenues from a specific customer for the years ended March 31, 2025 and 2024.

(5) Business Acquisitions and Divestitures

The following is the main Business Acquisition for the year ended March 31, 2025, including the period up to the approval date of the consolidated financial statements.

(a) Acquisition of Thales' ground transportation systems business

On August 3, 2021, Hitachi Rail Ltd. (hereinafter "Hitachi Rail"), a consolidated subsidiary of the Company in the Green Energy & Mobility segment, signed an agreement with Thales S.A. (hereinafter "Thales") to acquire the ground transportation systems business in order to expand the rail signalling systems business globally. On May 31, 2024, based on the agreement, Hitachi Rail acquired 100% of the outstanding shares of CENTELEC UK LIMITED (hereinafter "CENTELEC"), which was transferred the ground transportation systems business from Thales, and CENTELEC has become a wholly owned subsidiary of the Company.

The following table summarizes the fair value of the consideration paid for CENTELEC and the amounts of the assets acquired, liabilities assumed and goodwill recognized as of the acquisition date.

	Millions of yen
Cash and cash equivalents	85,414
Trade receivables and contract assets	189,868
Inventories	46,055
Other current assets	38,558
Property, plant and equipment	28,668
Goodwill (not deductible for tax purposes)	188,858
Other intangible assets	103,797
Other non-current assets	21,883
Total	703,101
Short-term debt	25,024
Trade payables	104,045
Contract liabilities	133,199
Other current liabilities	97,256
Long-term debt	12,757
Retirement and severance benefits	19,541
Other non-current liabilities	30,786
Total	422,608
Cash paid for the acquisition	280,493

The gross contractual amount of trade receivables and contract assets is 219,412 million yen and the amount of contractual cash flow not expected to be collected is 29,544 million yen.

The goodwill mainly comprises excess earning power and expected synergies arising from the acquisition.

Other intangible assets include material intangible assets (order backlog of 71,308 million yen and technology of 20,374 million yen). These intangible assets are measured based on assumptions such as revenue growth rates, EBIT ratios, royalty rates and discount rates.

Furthermore, consideration for acquisition has also been finalized because price adjustments after the acquisition of shares have been completed. The amount of receivable as of March 31, 2025 is 24,497 million yen.

Acquisition related costs of 5,420 million yen have been posted up to the year ended March 31, 2024. Acquisition related costs included in Other expenses in the consolidated statement of profit or loss for the years ended March 31, 2025 and 2024 were 5,545 million yen and 2,876 million yen, respectively.

In addition to this acquisition, Hitachi Rail repaid 143 million euro (24,210 million yen) of certain loans owed by CENTELEC from Thales, and the repayment is included in Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) under Cash flows from investing activities in the consolidated statement of cash flows for the year ended March 31, 2025.

The operating results of CENTELEC for the period from the acquisition date to March 31, 2025 were not material.
On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for CENTELEC of April 1, 2024 would not differ materially from the amounts reported in the consolidated statement of profit or loss for the year ended March 31, 2025.

On June 12, 2024, CENTELEC changed its name to HITACHI RAIL GTS HOLDING LIMITED.

The following is the main Business Divestiture for the year ended March 31, 2024.

(a) Sale of shares of Hitachi Astemo, Ltd. (hereinafter "Hitachi Astemo")

On March 30, 2023, the Company entered into the following two agreements regarding the transfer of a part of the shares of Hitachi Astemo, a consolidated subsidiary of the Company in the Automotive Systems segment, to Hitachi Astemo and Honda Motor Co., Ltd. (hereinafter "Honda") and for inviting JIC Capital, Ltd. (hereinafter "JICC") as a new joint partner.

(i) Share Subscription Agreement with JICC-01 Limited Partnership (hereinafter "JICC-01") managed by JICC-01 G.K., which is a wholly owned subsidiary of JICC including that Hitachi Astemo issues Class shares to JICC-01, and Hitachi Astemo purchases a part of shares of its common stocks held by the Company, using a portion of the funds raised through the issuance of Class shares

(ii) Agreement for investment in kind and share transfer with Honda including that Hitachi Astemo issues common stocks to Honda in exchange for Honda to invest the shares of Hitachi Astemo Electric Motor Systems, Ltd. in kind and the Company transfers a part of shares of Hitachi Astemo's common stocks to Honda

On October 16, 2023, the series of transactions was completed. The Company's consideration was 157,807 million yen.
As a result of the series of transactions, the Company's ownership ratio of shares of Hitachi Astemo decreased from 66.6% to 40%, and Hitachi Astemo turned into an equity-method associate of the Company.
A gain on the sale of Hitachi Astemo shares in the amount of 121,642 million yen was recognized in Other income in the consolidated statement of profit or loss for the year ended March 31, 2024. The gain of 121,642 million yen included a gain of 77,792 million yen recognized due to fair value revaluation of the remaining Hitachi Astemo shares.
Furthermore, changes in non-controlling interests in the consolidated statement of changes in equity include derecognition of non-controlling interest in Hitachi Astemo as a result of its deconsolidation.

The following table shows the assets, liabilities, and equity of Hitachi Astemo as of March 31, 2023.

	Millions of yen
Cash and cash equivalents	138,491
Trade receivables and contract assets	341,914
Inventories	284,449
Investments in securities and other financial assets	39,757
Other current assets	23,301
Total current assets	827,912
Investments accounted for using the equity method	11,406
Investments in securities and other financial assets	12,196
Property, plant and equipment	555,360
Goodwill	86,480
Other intangible assets	125,397
Other non-current assets	68,325
Total non-current assets	859,164
Total assets	1,687,076
Short-term debt	186,002
Current portion of long-term debt	28,547
Other financial liabilities	38,796
Trade payables	267,933
Accrued expenses	111,110
Contract liabilities	676
Other current liabilities	30,900
Total current liabilities	663,964
Long-term debt	279,680
Retirement and severance benefits	31,045
Other non-current liabilities	14,249
Total non-current liabilities	324,974
Total liabilities	988,938
Total Hitachi, Ltd. stockholders' equity	437,640
Non-controlling interests	260,498
Total equity	698,138
Total liabilities and equity	1,687,076

The table above included intercompany liabilities as follows.

	March 31, 2023
Short-term debt	181,165
Accrued expenses	12,154
Long-term debt	43,178

On April 1, 2025, Hitachi Astemo changed its name to Astemo, Ltd.

The following is the material Business Divestiture other than the above.

(a) Sale of all shares of Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd (hereinafter "JCH")

Hitachi Global Life Solutions, Inc. (hereinafter "Hitachi GLS"), a consolidated subsidiary of the Company in the Connective Industries segment, has reached an agreement with Robert Bosch GmbH (hereinafter "Bosch") regarding the transfer of all shares of JCH, an equity-method associate of the Company, established with Johnson Controls, Inc. as an air conditioning joint venture. On July 23, 2024, Hitachi GLS and Bosch entered into a share purchase agreement.

Based on the agreement, Hitachi GLS will transfer all of its own 40% shares of JCH to Bosch, and JCH will cease to be an equity-method associate when the transaction is settled. The transaction is planned to be settled by the second quarter of the fiscal year ending March 31, 2026 (from July 1, 2025 to September 30, 2025).

The consideration is 1.4 billion U.S. dollars (approximately 200.0 billion yen), and an expected gain on the sale of JCH shares in the amount of approximately 135.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the fiscal year when the transfer is completed. The final consideration will be determined after certain adjustments.

(6) Trade Receivables and Contract Assets

The components of trade receivables and contract assets as of March 31, 2025 and 2024 are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Accounts receivable	2,277,707	1,975,770
Contract assets	1,145,151	930,743
Others	73,482	84,803
Total	3,496,340	2,991,316

Trade receivables and contract assets are stated as net of the allowance for doubtful receivables.

Others include electronically recorded monetary claims and notes receivable.

(7) Inventories

The components of inventories are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Finished goods	413,904	439,220
Semi-finished goods and work in process	606,119	597,357
Raw materials	546,259	474,070
Total	1,566,282	1,510,647

For the years ended March 31, 2025 and 2024, the amounts of inventories expensed and included as cost of sales were 4,215,297 million yen and 5,053,376 million yen, respectively, and the write-downs of inventories were 12,095 million yen and 31,954 million yen, respectively.

(8) Investments Accounted for Using the Equity Method

The aggregated carrying amounts of investments accounted for using the equity method as of March 31, 2025 and 2024, and the Company and certain subsidiaries' share of total comprehensive income of equity-method associates and joint ventures for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen

	Associates		Joint ventures	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Carrying amount of investments	734,763	727,644	101,468	88,790

As of March 31, 2025 and 2024, the Company and certain subsidiaries' interests in certain joint ventures operating at a loss have the cumulative loss exceeding the Company and certain subsidiaries' investments, and thus the negative amounts of 939 million yen and 1,128 million yen, respectively, were recognized in Other non-current liabilities.

Millions of yen

	Associates		Joint ventures	
	2025	2024	2025	2024
Net income	44,880	58,251	13,440	17,033
Other comprehensive income	(12,164)	22,195	7,428	1,267
Total comprehensive income	32,716	80,446	20,868	18,300

(9) Property, Plant and Equipment

The following table shows the changes in the net carrying amounts of property, plant and equipment.

Millions of yen

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use assets	Other	Construction in progress	Total
Net carrying amount								
March 31, 2023	141,293	522,790	493,395	158,068	242,932	12,332	129,661	1,700,471
Additions	933	5,748	18,736	14,722	85,375	2,443	187,721	315,678
Transfers between accounts	3,801	49,233	73,175	31,069	(230)	586	(157,634)	-
Sales and disposals	(4,531)	(3,272)	(6,084)	(2,339)	(4,200)	(81)	(2,157)	(22,664)
Depreciation	-	(39,433)	(92,092)	(56,206)	(86,476)	(4,181)	-	(278,388)
Impairment losses	(103)	(2,055)	(2,384)	(812)	(209)	(16)	(620)	(6,199)
Acquisitions and divestitures	(53,398)	(128,697)	(278,826)	(26,522)	(26,077)	(6)	(65,613)	(579,139)
Currency translation effect	4,573	20,034	37,457	8,645	15,295	(2,135)	9,941	93,810
Other	(4,119)	(599)	(905)	6,288	(1,514)	4,226	(5,104)	(1,727)
March 31, 2024	88,449	423,749	242,472	132,913	224,896	13,168	96,195	1,221,842
Additions	767	5,543	24,475	22,103	100,088	1,492	197,387	351,855
Transfers between accounts	3,401	59,999	35,871	30,840	258	441	(130,810)	-
Sales and disposals	(1,146)	(4,120)	(2,076)	(2,046)	(5,686)	(96)	(1,552)	(16,722)
Depreciation	-	(36,296)	(59,903)	(50,788)	(86,169)	(4,501)	-	(237,657)
Impairment losses	(47)	(1,200)	(596)	(597)	(473)	-	(492)	(3,405)
Acquisitions and divestitures	658	309	(484)	5,531	21,556	-	23	27,593
Currency translation effect	1	(1,458)	(389)	(769)	(4,580)	(524)	(4,328)	(12,047)
Other	1,870	6,248	2,787	4,531	327	(420)	(5,265)	10,078
March 31, 2025	93,953	452,774	242,157	141,718	250,217	9,560	151,158	1,341,537

The amount of depreciation recognized is included in Cost of sales and Selling, general and administrative expenses in the consolidated statement of profit or loss. Impairment losses are included in Other expenses in the consolidated statement of profit or loss.

The following table shows the gross carrying amounts and accumulated depreciation and impairment losses of property, plant and equipment.

Millions of yen

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Right-of-use assets	Other	Construction in progress	Total
Gross carrying amount								
March 31, 2023	210,288	1,302,106	2,186,968	865,630	526,665	26,543	313,586	5,431,786
March 31, 2024	92,229	999,856	1,092,588	657,139	519,870	29,237	305,575	3,696,494
March 31, 2025	98,467	1,064,578	1,083,121	697,815	557,022	28,755	363,415	3,893,173
Accumulated depreciation and impairment losses								
March 31, 2023	(68,995)	(779,316)	(1,693,573)	(707,562)	(283,733)	(14,211)	(183,925)	(3,731,315)
March 31, 2024	(3,780)	(576,107)	(850,116)	(524,226)	(294,974)	(16,069)	(209,380)	(2,474,652)
March 31, 2025	(4,514)	(611,804)	(840,964)	(556,097)	(306,805)	(19,195)	(212,257)	(2,551,636)

Impairment Losses Recognized for the Year Ended March 31, 2025:

The Connective Industries segment recognized impairment losses of 1,382 million yen, mainly attributable to the lower than expected future revenue on business assets of machineries in the Healthcare business.

Impairment Losses Recognized for the Year Ended March 31, 2024:

The Connective Industries segment recognized impairment losses of 2,641 million yen, mainly attributable to the lower than expected future revenue on business assets of machineries in the Healthcare business.

(10) Goodwill and Other Intangible Assets

The following table shows the changes in the net carrying amounts of Goodwill and Other intangible assets.

Millions of yen

	Goodwill	Other intangible assets					
		Software for internal use	Software for sale	Customer relationships	Technology	Other	Total
Net carrying amount							
March 31, 2023	2,165,350	158,844	49,450	703,685	105,148	227,561	1,244,688
Internal developments	-	20,908	12,658	-	-	88,405	121,971
Purchases	-	3,378	252	-	-	26,650	30,280
Transfers between accounts	-	34,952	18,586	-	-	(53,538)	-
Amortization	-	(49,283)	(20,426)	(45,185)	(15,992)	(40,348)	(171,234)
Impairment losses	-	(8,072)	(5,638)	-	-	(7,233)	(20,943)
Disposals	-	(1,338)	(442)	-	-	(1,995)	(3,775)
Acquisitions and divestitures	(64,493)	(41,423)	(25)	(61,800)	1,742	(45,867)	(147,373)
Currency translation effect	275,040	5,808	5,624	79,085	12,852	22,861	126,230
Other	(4,219)	1,442	(1,527)	-	-	(1,009)	(1,094)
March 31, 2024	2,371,678	125,216	58,512	675,785	103,750	215,487	1,178,750
Internal developments	-	3,069	12,935	-	-	115,687	131,691
Purchases	-	4,247	121	-	-	8,831	13,199
Transfers between accounts	-	47,827	21,800	-	-	(69,627)	-
Amortization	-	(47,711)	(22,003)	(46,792)	(19,553)	(56,691)	(192,750)
Impairment losses	(55,564)	(2,677)	(4,555)	(611)	(289)	(24,040)	(32,172)
Disposals	-	(2,166)	(42)	-	-	(883)	(3,091)
Acquisitions and divestitures	208,867	(193)	(1)	5,419	27,770	81,972	114,967
Currency translation effect	(38,158)	1,485	(1,313)	(8,425)	(1,810)	(1,393)	(11,456)
Other	-	2,245	6,400	-	-	(7,787)	858
March 31, 2025	2,486,823	131,342	71,854	625,376	109,868	261,556	1,199,996

The amount of amortization recognized is included in Cost of sales and Selling, general and administrative expenses in the consolidated statement of profit or loss. Impairment losses are included in Other expenses in the consolidated statement of profit or loss.

The following table shows the gross carrying amount and accumulated amortization and impairment losses of goodwill and other intangible assets.

Millions of yen

	Goodwill	Other intangible assets					
		Software for internal use	Software for sale	Customer relationships	Technology	Other	Total
Gross carrying amount							
March 31, 2023	2,229,739	699,414	621,620	815,503	145,470	524,418	2,806,425
March 31, 2024	2,420,134	668,350	652,857	825,438	153,967	531,825	2,832,437
March 31, 2025	2,590,843	706,638	699,403	821,300	181,771	635,851	3,044,963
Accumulated amortization and impairment losses							
March 31, 2023	(64,389)	(540,570)	(572,170)	(111,818)	(40,322)	(296,857)	(1,561,737)
March 31, 2024	(48,456)	(543,134)	(594,345)	(149,653)	(50,217)	(316,338)	(1,653,687)
March 31, 2025	(104,020)	(575,296)	(627,549)	(195,924)	(71,903)	(374,295)	(1,844,967)

The Company writes off goodwill from gross carrying amount and impairment losses if it has been fully impaired.

Impairment Losses Recognized for the Year Ended March 31, 2025:

The Digital Systems & Services segment recognized impairment losses of 64,212 million yen, mainly consisting of the effect of repositioning a part of platform business that enables data utilization as a non-focal area, recognizing impairment losses of 54,874 million yen on goodwill. The recoverable amount was calculated based on the fair value less costs of disposal. The fair value less costs of disposal was calculated by the market approach based on EV/Revenues valuation multiples of similar companies that were comparable to the business. The fair value hierarchy classification was level 3 measured by unobservable inputs. In addition to the above, impairment losses were recognized due to the lower than expected future revenue on software for internal use and sale as a result of changes in market trends.

The Green Energy & Mobility segment recognized impairment losses of 19,823 million yen. The main component of this amount was the recognition of an impairment loss of 17,442 million yen, which corresponded to the full amount of other intangible assets subject to the impairment loss due to the lower than expected future revenue as a result of changes in market trends in the railway systems business.

Impairment Losses Recognized for the Year Ended March 31, 2024:

The Digital Systems & Services segment recognized impairment losses of 18,449 million yen, mainly due to the lower than expected future revenue on software for internal use and sale as a result of changes in market trends.

All expenditures on research activities aimed at obtaining new scientific or technical knowledge or understanding are expensed when incurred. Expenditures on development activities for a new or major improvement of production plan or design prior to the beginning of commercial production or use are capitalized as an internally generated intangible asset only when such expenditures attributable to the intangible asset can be reliably measured, it is feasible for the Company to complete the development, and it is highly probable that the Company will obtain the future economic benefit. Otherwise, the expenditures are recognized as an expense when incurred.

The carrying amounts of internally generated other intangible assets (at cost less accumulated amortization and impairment losses) as of March 31, 2025 and 2024 amounted to 348,465 million yen and 262,555 million yen, respectively. These assets are mainly included in software for internal use or software for sale.

Research and development expenditures recognized as an expense for the years ended March 31, 2025 and 2024 were 259,431 million yen and 290,145 million yen, respectively, and they are included in Cost of sales and Selling, general and administrative expenses in the consolidated statement of profit or loss.

The Company tests goodwill acquired through business combinations for impairment by comparing the carrying amount and the recoverable amount per CGU (or group of CGUs).

The following are the group of CGUs with a significant proportion of goodwill allocated for the year ended March 31, 2025.
As of March 31, 2025, the group of CGUs with a significant proportion of goodwill allocated was the power grids business in the Green Energy & Mobility segment, and the carrying amount of goodwill allocated to the power grids business was 615,337 million yen. The recoverable amount used in the 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 (before tax) of 13.1% 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 of 3.0%. The key assumptions were revenue growth rates and gross profit ratios which reflected past experience and external information. The growth rate was set taking into account various indices such as long-term inflation rate announced by an external research organization.

As of March 31, 2025, the group of CGUs with a significant proportion of goodwill allocated was the Services & Platforms business in the Digital Systems & Services segment, and the carrying amount of goodwill allocated to the Services & Platforms business was 1,316,785 million yen. The recoverable amount used in the impairment test of goodwill of the Services & Platforms business was calculated based on the fair value less costs of disposal. The fair value less costs of disposal was calculated by the market approach based on EV/EBITDA valuation multiples of similar companies that were comparable to the Services & Platforms business. The fair value hierarchy classification was level 3 measured by unobservable inputs.

The following are the group of CGUs with a significant proportion of goodwill allocated for the year ended March 31, 2024.
As of March 31, 2024, the group of CGUs with a significant proportion of goodwill allocated was the power grids business in the Green Energy & Mobility segment, and the carrying amount of goodwill allocated to the power grids business was 623,034 million yen. The recoverable amount used in the 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 (before tax) of 13.1% 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 of 3.0%. The key assumptions were revenue growth rates and gross profit ratios which reflected past experience and external information. The growth rate was set taking into account various indices such as long-term inflation rate announced by an external research organization.

As of March 31, 2024, the group of CGUs with a significant proportion of goodwill allocated was the Services & Platforms business in the Digital Systems & Services segment, and the carrying amount of goodwill allocated to the Services & Platforms business was 1,397,890 million yen. The recoverable amount used in the impairment test of goodwill of the Services & Platforms business was calculated based on the fair value less costs of disposal. The fair value less costs of disposal was calculated by the market approach based on EV/EBITDA valuation multiples of similar companies that were comparable to the Services & Platforms business. The fair value hierarchy classification was level 3 measured by unobservable inputs.

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 key assumptions used for the impairment test changed within a reasonable range.

(11) Leases

(a) Lessee

The Company and certain subsidiaries use leased facilities and equipment, including buildings, machinery and equipment and vehicles.

The following table shows the carrying amount of right-of-use assets at March 31, 2025 and 2024 by class of underlying asset.

Millions of yen

	Class of underlying asset					Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Other	
March 31, 2024	168,457	27,798	17,186	11,192	604	225,237
March 31, 2025	192,406	28,622	18,055	10,906	500	250,489

The following table shows the expenses relating to leases and cash outflow for the years ended March 31, 2025 and 2024.

Millions of yen

	2025	2024
Depreciation for right-of-use assets		
Buildings and structures	68,364	68,823
Machinery and vehicles	9,945	9,895
Tools, furniture and fixtures	7,022	6,950
Land	759	787
Other	235	306
Total	86,325	86,761
Interest charges on lease liabilities	7,449	5,483
Expense relating to short-term leases, etc.	22,855	21,059
Expenses relating to leases	116,629	113,303

Millions of yen

	2025	2024
Total cash outflow for leases	120,301	118,607

Additions of right-of-use assets for the years ended March 31, 2025 and 2024 are disclosed in note 9.
The maturity analysis of lease liabilities at March 31, 2025 and 2024 is disclosed in note 25.

(b) Lessor

The Company and certain subsidiaries lease certain assets such as buildings, machines, and equipment under finance and operating lease arrangements.

The following table shows lease income for the years ended March 31, 2025 and 2024.

Millions of yen

	2025	2024
Lease income from finance leases	568	399
Lease income from operating leases	305	251
Total lease income	873	650

A significant component of lease income from finance leases represents finance income on the net investment in the lease.

(i) Finance leases

The following table shows the maturity analysis of the finance lease payments receivable as of March 31, 2025 and 2024.

Millions of yen

	March 31, 2025	March 31, 2024
Undiscounted lease payments to be received		
Within 1 year	7,709	13,755
After 1 year but not more than 5 years	11,309	11,529
More than 5 years	5,108	4,909
Total	24,126	30,193
Unearned finance income relating to the lease payments receivable	(2,323)	(2,338)
Net investment in finance leases	21,803	27,855

(ii) Operating leases

The following table shows the maturity analysis of the undiscounted operating lease payments to be received as of March 31, 2025 and 2024.

Millions of yen

	March 31, 2025	March 31, 2024
Within 1 year	252	175
After 1 year but not more than 5 years	585	67
More than 5 years	246	-
Total	1,083	242

(12) Deferred Taxes and Income Taxes

The components of income taxes recognized in the consolidated statement of profit or loss and deferred taxes recognized in the consolidated statement of comprehensive income are as follows:

Millions of yen

	2025	2024
Income taxes		
Current tax expense	314,010	254,207
Deferred tax expense		
Temporary differences originated and reversed	59,078	(46,690)
Changes in realizability of deferred tax assets	(67,220)	(8,464)
Total	305,868	199,053
Deferred taxes recognized in OCI		
Net changes in financial assets measured at fair value through OCI	(1,675)	19,609
Remeasurements of defined benefit plans	4,094	910
Net changes in cash flow hedges	65	5,973
Foreign currency translation adjustments	(2,009)	(2,587)
Total	475	23,905

The Company and its Japanese subsidiaries were subject to a national corporate tax, an inhabitant tax and business tax, for the years ended March 31, 2025 and 2024, which in the aggregate resulted in a combined statutory income tax rate of approximately 30.5%.

On March 31, 2025, amendments to corporation tax law were enacted in Japan. In accordance with this change, for the year ended March 31, 2025, the combined statutory income tax rate used to calculate deferred tax assets and deferred tax liabilities for temporary differences of the Company and its Japanese subsidiaries that are expected to be reversed on or after April 1, 2026, has been changed from approximately 30.5% to 31.4%. The impact of this change on consolidated financial statements was not material.

The Company and a part of Japanese subsidiaries has applied a group tax sharing system. A part of foreign subsidiaries file consolidated income tax returns in certain jurisdictions.

Tax laws have been enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development in certain countries and regions in which the Company is engaged in business activities. The estimated income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules are recognized in income taxes for the year ended March 31, 2025, but the impact on the consolidated financial statements was not material.

Reconciliations between the combined statutory income tax rate and the effective income tax rate are as follows:

	2025	2024
Combined statutory income tax rate	30.5%	30.5%
Share of (profits) losses of investments accounted for using the equity method	(1.8)	(2.8)
Change in excess amounts over the tax basis of investments in subsidiaries and investments accounted for using the equity method	5.6	0.6
Gain or loss on sale of investments in subsidiaries and investments accounted for using the equity method, etc.	2.5	(4.7)
Expenses not deductible for tax purposes	1.2	1.1
Impairment of goodwill	1.8	-
Change in realizability of deferred tax assets	(7.0)	(1.0)
Difference in statutory tax rates of foreign subsidiaries	(3.2)	(3.2)
Other, net	2.2	3.6
Effective income tax rate	31.8%	24.1%

Changes in deferred tax assets and liabilities are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Deferred tax assets, net at beginning of year	173,210	116,387
Recognized in profit or loss	8,142	55,154
Recognized in OCI	(475)	(23,905)
Acquisitions, divestitures and others	(650)	25,574
Deferred tax assets, net at end of year	180,227	173,210

Significant components of the deferred tax assets and liabilities are as follows:

Millions of yen

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	March 31, 2025	March 31, 2024	2025	2024
Deferred tax assets				
Retirement and severance benefits	37,099	49,403	(3,705)	(5,421)
Accrued expenses	190,085	187,635	6,503	9,873
Depreciation of property, plant and equipment	13,120	10,029	1,149	1,526
Net operating loss carryforwards	46,432	41,712	5,208	7,162
Net intercompany profits on inventories, P.P.E. and others	26,333	29,137	(2,533)	5,844
Deferred revenues	34,040	27,915	6,442	2,254
Other	175,216	163,040	15,909	25,695
Total deferred tax assets	522,325	508,871	28,973	46,933
Deferred tax liabilities				
Accelerated depreciation of P.P.E.	(1,108)	(853)	53	81
Investments in securities	(92,387)	(79,932)	(22,109)	(2,285)
Intangible assets	(175,119)	(193,214)	15,415	13,564
Other	(73,484)	(61,662)	(14,190)	(3,139)
Total deferred tax liabilities	(342,098)	(335,661)	(20,831)	8,221
Net deferred tax assets	180,227	173,210	8,142	55,154

Net deferred tax assets are included in the following accounts in the consolidated statement of financial position.

Millions of yen

	March 31, 2025	March 31, 2024
Other non-current assets	282,525	285,337
Other non-current liabilities	(102,298)	(112,127)
Total	180,227	173,210

Deferred tax liabilities are not recognized for excess amounts over the tax basis of investments in subsidiaries and investments accounted for using the equity method that are considered to be reinvested indefinitely, for such differences will unlikely reverse in the foreseeable future. The temporary differences related to undistributed earnings of subsidiaries for which deferred tax liabilities are not recognized were 1,027,793 million yen and 1,055,601 million yen, respectively, as of March 31, 2025 and 2024.

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. Although realization is not assured, 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, 2025.

Deductible temporary differences and net operating loss carryforwards for unrecognized deferred tax assets are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Deductible temporary differences	512,829	761,522
Net operating loss carryforwards	377,048	423,982
Total	889,877	1,185,504

Net operating loss carryforwards for unrecognized deferred tax assets will expire as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Within 5 years	42,298	52,754
After 5 years but not more than 10 years	20,913	31,464
More than 10 years or do not expire	313,837	339,764
Total	377,048	423,982

(13) Trade Payables

The components of trade payables as of March 31, 2025 and 2024 are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Accounts payable	1,506,205	1,343,234
Others	66,559	56,465
Total	1,572,764	1,399,699

Others include electronically recorded monetary claims and notes payable.

The Company and certain subsidiaries have entered into supplier finance arrangements with financial institutions. Under these arrangements, the financial institutions make payments to suppliers on behalf of the Company and certain subsidiaries for the trade payables owed to the suppliers, and the Company and certain subsidiaries subsequently make payments to the financial institutions in accordance with the terms of the arrangements. Additionally, in some contracts, the Company and certain subsidiaries have delegated the payment processing of the trade payables owed to suppliers to the financial institutions. In normal business transactions, the Company and certain subsidiaries typically settle trade payables within 180 days, and when supplier finance arrangements are in place, the payment terms are generally extended by 30 to 90 days. Furthermore, there are no guarantees or collateral provided to financial institutions in relation to the supplier finance arrangements.

The financial liabilities subject to supplier finance arrangements are included in short-term debt or trade payables in the consolidated statement of financial position, and they are recorded under accounts payable and others within the breakdown of trade payables mentioned above.

The carrying amounts of financial liabilities subject to supplier finance arrangements are as follows:

Millions of yen

	March 31, 2025		March 31, 2024
	Carrying amount	Of which finance institutions have completed the payments to suppliers	Carrying amount
Short-term debt	3,948	3,948	954
Trade payables	77,820	42,065	48,238
Total	81,768	46,013	49,192

As of March 31, 2025, there are no significant non-cash changes in the carrying amount of financial liabilities included in the supplier finance arrangements of the Company and certain subsidiaries.

(14) Provisions

Changes in the balance and components of provisions for the year ended March 31, 2025 are as follows:

Millions of yen

	Asset retirement obligations	Provisions related to restructuring (structural reform)	Product warranty provisions	Provisions for expected losses on construction contracts	Other provisions
March 31, 2024	27,791	8,494	77,646	97,921	134,981
Additions	3,672	10,524	42,180	83,162	135,607
Utilized	(698)	(14,314)	(22,297)	(93,748)	(98,794)
Acquisitions and divestitures	2	1,070	8,046	24,999	25,053
Currency translation effects, and others	(719)	(231)	(3,295)	(2,421)	(5,293)
March 31, 2025	30,048	5,543	102,280	109,913	191,554
Current	406	5,236	94,516	109,356	177,417
Non-current	29,642	307	7,764	557	14,137

Asset Retirement Obligations

The Company and its subsidiaries recognize asset retirement obligations principally based on the estimated future expenditures using historical experience when the Company and its subsidiaries have a legal or contractual obligation associated with the retirement of tangible fixed assets used in normal operations, such as lease dilapidations of factory facilities and premises.

Provisions Related to Restructuring (Structural Reform)

Provision related to restructuring (structural reform) is recognized when the Company and its subsidiaries have a detailed formal plan for the restructuring of the business or a part of business and have raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. The provision is recognized based on the estimated amount of direct expenditures attributable to restructuring.

Provisions related to restructuring (structural reform) mainly include special termination benefits for restructuring (structural reform).

Product Warranty Provisions

The Company and its subsidiaries provide warranties for certain products and services. Product warranty provisions are recognized by estimating future expenditures based principally on historical experience of warranty claims.

Provisions for Expected Losses on Construction Contracts

Provisions for expected losses on construction contracts are recognized based on future estimated losses as the Company and its subsidiaries fulfill long-term project requirements.

(15) Employee Benefits

(a) Retirement and Severance Benefits

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

The principal defined benefit pension plan is a corporate pension plan based on the Japanese Defined Benefit Corporate Pension Plan Act (the Act). Additionally, certain corporate pension plans adopt cash balance plans. Benefits under cash balance plans are calculated per each plan participant with a notional account balance, based on the contribution credits per salary level and interest credits based on market interest rate trends.

Pursuant to the Act, the Company has an obligation to make contributions to the Hitachi Pension Fund (the Fund) that manages the corporate pension plans. The directors of the Fund are responsible for faithfully executing operations in compliance with laws and regulations, and any orders issued by the Minister of Health, Labor and Welfare, and the director-generals of Regional Bureaus of Health and Welfare based on laws and regulations, as well as the rules of the Fund and the resolution of the Board of Representatives. The Fund prohibits the directors from acts that constitute conflicts of interests in the management and operation of the funds contributed for benefit payments (the contributions). If breached, the board members are jointly and severally held responsible.

The Fund is legally independent from the Company. The Board of Representatives comprises an equal number of representatives selected by the company and certain subsidiaries and representatives from the employee side. The proceedings of a Board of Representatives are decided by a majority vote of the members attending. In case of a tied vote, the chairman has the power to decide, except for exceptionally significant matters.

The actual management of the contributions is conducted by trustees in accordance with rules approved by the Board of Representatives. The Fund is responsible for managing the contributions to safely and efficiently manage the contributions by establishing the basic management policy of the contributions and preparing the management guidance in line with the policy submitted to the trustees.

The Company has future obligations to make contributions as defined by the Fund. The amount of contribution is periodically reviewed to the extent allowed by law.

The severance lump-sum payment plans provide a lump-sum payment at the time of retirement, and the benefit is calculated based on factors such as the salary level at retirement and the years of service. The Company and certain subsidiaries have an obligation to pay benefits directly to beneficiaries.

Defined contribution plans require companies to make contributions over a participation period, and plan participants themselves are responsible for the management of plan assets. Benefits are paid by the trustee, and the Company and certain subsidiaries' responsibility is limited to making contributions.

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. Risk-sharing corporate pension plans determine a risk reserve contribution 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.

The risk-sharing corporate pension plan introduced by the Company and its subsidiaries is a mechanism in which management and labor unions share risks. At the time of the transfer to this system, the employer bears certain risks by making fixed contributions, including contributions to the risk-sharing corporate pension plan, in accordance with agreements between management and labor unions. In the event of a financial imbalance, the plan participants also bear certain risks by adjusting benefits. Under the defined benefit pension plan, employers were required to make additional contributions in the event of a funding shortfall. The risk-sharing corporate pension plan, however, measures the risks that may arise in the future, and sets contributions to the risk-sharing corporate pension plan within the scope of the agreement between management and labor unions in advance to balance contributions. The amount equivalent to the contributions made to risk-sharing corporate pension plan determined based on the level of the fiscal deterioration risk, which is calculated at the time of transfer, shall be contributed to the plan on a straight-line basis over five years from the date of transfer, and no additional contributions are required.

In terms of the corresponding accounting treatment for retirement benefits, risk-sharing corporate pension plans, for which an entity accepts contribution obligations to the extent stipulated in the rules but has no further obligations to make any additional contributions, are classified as defined contribution plans. The risk-sharing corporate pension plans managed by the Hitachi Pension Fund impose no additional contribution obligations, so the risk-sharing corporate pension plans are also classified as defined contribution plans.

Changes in the present value of defined benefit obligations and the fair value of plan assets for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Defined benefit obligations		
At beginning of year	996,035	1,053,570
Service cost	25,290	25,166
Interest cost	16,604	12,367
Plan amendments	(847)	(2,086)
Actuarial losses	(45,854)	(955)
Benefits paid	(68,623)	(73,436)
Acquisitions and divestitures	16,487	(42,103)
Transfer to defined contribution pension plan	(3)	(10)
Settlements/curtailments	(21)	(1,538)
Effect of shift to risk-sharing corporate pension plan	-	(5,780)
Currency translation effect	2,278	30,840
At end of year	941,346	996,035
Fair value of plan assets		
At beginning of year	842,504	800,064
Interest income	10,726	10,032
Return on plan assets (excluding interest income)	(19,277)	62,714
Employers' contributions	12,341	10,176
Employees' contributions	5,941	4,440
Benefits paid	(51,920)	(55,105)
Acquisitions and divestitures	(1,624)	(9,985)
Transfer to defined contribution pension plan	-	-
Settlements/curtailments	-	(2,287)
Effect of shift to risk-sharing corporate pension plan	-	(6,960)
Currency translation effect	11,893	29,415
At end of year	810,584	842,504
Effect of asset ceiling	72,704	58,510
Net liability amount recognized in the consolidated statement of financial position	203,466	212,041

Changes in the effect of asset ceiling are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
At beginning of year	58,510	8,186
Interest income	633	242
Remeasurements Changes in the effect of asset ceiling	13,410	48,773
Currency translation effect	151	1,309
At end of year	72,704	58,510

The components of actuarial gain or loss are as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Arising from changes in financial assumptions	50,102	1,337
Arising from changes in demographic assumptions	1,883	(143)
Other	(6,131)	(239)

The Company and certain subsidiaries remeasure the defined benefit obligations and plan assets at the end of the fiscal year. The discount rates used in actuarial calculation of defined benefit obligations are as follows:

Percentage

	March 31, 2025	March 31, 2024
Discount rate	1.9	1.2

If, at March 31, 2025, the discount rate rose by 0.5%, the defined benefit obligations would decrease by 37,287 million yen, and if the discount rate decreased by 0.5%, the defined benefit obligations would increase by 39,995 million yen.

The sensitivity analysis is based on an assumption that all other variables other than the one analyzed are held constant; in reality, changes in other assumptions may impact the outcome of the analysis.

The Fund's plan asset management is based on the safe and efficient management of the contributions, diversified investments and determination of the investment ratio that should be sustained over the long term. The Fund seeks to maintain current value of assets sufficient for future obligations. A target rate of return is established to ensure a stable long term rate of return on assets. A diversified investment strategy is carried out while a target asset allocation is established to achieve the target rate of return. The target asset allocation is based on the expected rate of return by each class of asset, the standard deviation of the rate of return and the correlation coefficient among the assets. If market values fluctuate exceeding certain levels, the investment ratio is adjusted to the target allocation ratio in order to control risks.

In selecting trustees or asset management companies, the Fund takes into account appropriate quantitative and qualitative evaluations. The Fund also presents its management policies to the trustees or asset management companies, and periodically receives asset management reports.

The fair values of plan assets invested as of March 31, 2025 and 2024 are as follows:

Millions of yen

	March 31, 2025		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity	1,305	-	1,305
Government bonds and municipal debt securities	3,410	213	3,623
Corporate bonds and other debt securities	-	6,934	6,934
Hedge funds	-	28,617	28,617
Private equity	-	30,954	30,954
Cash and cash equivalents	12,417	-	12,417
Life insurance general accounts	-	107,773	107,773
Commingled funds	-	589,108	589,108
Other	2,535	27,318	29,853
Total	19,667	790,917	810,584

Millions of yen

	March 31, 2024		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity	1,643	-	1,643
Government bonds and municipal debt securities	3,367	218	3,585
Corporate bonds and other debt securities	-	6,785	6,785
Hedge funds	-	32,526	32,526
Private equity	-	33,901	33,901
Cash and cash equivalents	22,827	-	22,827
Life insurance general accounts	-	117,539	117,539
Commingled funds	-	596,252	596,252
Other	1,063	26,383	27,446
Total	28,900	813,604	842,504

Note: From the fiscal year ended March 31, 2025, we have changed the presentation as a result of changes in the composition ratio of the plan assets. Previously, "Private equity" was included in "Others" but is now presented separately, while "Securitization products," which have become less significant (the amounts as of March 31, 2025 and 2024 were 14,635 million yen and 14,762 million yen, respectively) are included in "Other". Accordingly, the presentation for the year ended March 31, 2024 has been restated on the basis of this change.

As of March 31, 2025 and 2024, investments in equity were allocated to 100% in stocks listed in foreign markets.

As of March 31, 2025, and 2024, foreign public bonds took 100% of the government bonds and municipal debt securities, the majority of which were foreign national bonds.

As of March 31, 2025 and 2024, investments in corporate bonds and other debt securities were allocated to 100% in foreign corporate bonds and debt instruments.

Hedge funds primarily consist of investments in equity long or short funds, multi-strategy hedge funds, credit hedge funds and global macro hedge funds.

Private equity primarily consists of investments in PE secondary, direct renting, real estate, real estate debt funds and real estate secondary.

Commingled funds represent pooled institutional investments. As of March 31, 2025 and 2024, commingled funds were allocated to 30% in listed stocks, 40% in government bonds, 10% in corporate bonds and other debt securities, 10% in cash and cash equivalents and 10% in other assets.

Funding by the Fund is conducted by taking into account various factors such as funded status and actuarial calculations. For the purpose of maintaining balanced finance into the future, the bylaws of the Fund require recalculation of the contribution amounts at the end of fiscal year every five years. Basic assumptions (expected interest rates, mortality rates, withdrawal rate, etc.) are reviewed to recalculate the appropriate level of contribution.

The amount of contributions expected to be paid by the Company and its subsidiaries to the plan assets for the year ending March 31, 2026 is 10,837 million yen.

The weighted average duration (expected average maturity) of defined benefit obligations as of March 31, 2025 and 2024 were 10.2 years and 10.0 years, respectively.

Contributions made to defined contribution plans and expensed in profit or loss in the years ended March 31, 2025 and 2024 were 36,413 million yen and 42,718 million yen, respectively.

In addition, contributions made to the risk-sharing corporate pension plan and expensed in profit or loss in the years ended March 31, 2025 and 2024 were 28,695 million yen and 37,778 million yen, respectively. The amount of the contributions to the risk-sharing corporate pension plan expected to be paid by the Company and its subsidiaries for the year ending March 31, 2026 is 2,665 million yen.

(b) Employee Benefit Expenses

The aggregated amounts of employee benefit expenses including salary recognized in the consolidated statement of profit or loss for the years ended March 31, 2025 and 2024 were 2,996,501 million yen and 2,868,049 million yen, respectively.

(16) Equity

(a) Common Stock

Number of shares

	March 31, 2025	March 31, 2024
Total number of authorized shares	10,000,000,000	2,000,000,000

Note: On July 1, 2024, the Company completed the share split into five (5) shares for every one (1) common share and partially amended its Articles of Incorporation. Accordingly, the total shares authorized to be issued by the Company became 10,000,000,000 shares.

	Issued shares outstanding (Number of shares)	Capital amount (Millions of yen)
March 31, 2023	938,083,077	462,817
March 31, 2024	927,167,877	463,417
March 31, 2025	4,580,341,685	464,384

Note: For the year ended March 31, 2024, on May 31, 2023, the Company issued new shares as restricted stock compensation, and the total number of issued shares increased by 158,200 shares. On October 18, 2023, the Company cancelled treasury stock, and the total number of issued shares decreased by 11,073,400 shares to 927,167,877 shares.

For the year ended March 31, 2025, on June 3, 2024, the Company issued new shares as restricted stock compensation, and the total number of issued shares increased by 146,000 shares. On July 1, 2024, as a result of the share split, the total number of issued shares increased by 3,709,255,508 shares and became 4,636,569,385 shares. On January 27, 2025, the Company cancelled treasury stock, and the total number of issued shares decreased by 56,227,700 shares to 4,580,341,685 shares.

Shares issued by the Company are non-par value common stock. The issued shares above include treasury stock. The changes in treasury stock for the years ended March 31, 2025 and 2024 are as follows:

	Treasury stock	
	(Number of shares)	(Millions of yen)
March 31, 2023	510,830	3,539
Acquisition of treasury stock	11,139,272	100,458
Sales of treasury stock	(30,529)	(213)
Cancellation of treasury stock	(11,073,400)	(98,793)
March 31, 2024	546,173	4,991
Acquisition of treasury stock	58,283,311	200,285
Sales of treasury stock	(134,675)	(1,091)
Cancellation of treasury stock	(56,227,700)	(195,598)
March 31, 2025	2,467,109	8,587

Note: Acquisition of treasury stock for the year ended March 31, 2025 include the increase in treasury stock of 10,728,252 shares as a result of the share split on July 1, 2024.

The number of shares of the Company held by the Company's associates as of March 31, 2025 and 2024 were 67,500 shares and 31,100 shares, respectively.

(b) Surplus

(i) Capital Surplus

The Companies Act of Japan mandates that at least half of paid-in capital be appropriated as common stock and the rest be appropriated as legal reserve within capital surplus.

The changes in capital surplus include the effect of changes in the Company’s ownership interest in its consolidated subsidiaries and cancellation of treasury stock. For the year ended March 31, 2024, the changes in capital surplus were mainly the decrease due to the cancellation of treasury stock. For the year ended March 31, 2025, the changes in capital surplus were mainly the decrease due to the cancellation of treasury stock and the increase due to capital increase through a third-party allotment by the Company's subsidiary.

In the event that the balance of capital surplus at the end of a period is negative, the Company transfers from retained earnings to ensure a capital surplus is maintained.

(ii) Retained Earnings

The Companies Act of Japan requires that ten percent of retained earnings appropriated for dividends be retained until the total amount of earned reserves included in capital reserve and retained earnings reaches a quarter of the nominal value of common stock. Earned reserves may be available for dividends by resolution at the shareholders’ meeting.

(17) Accumulated Other Comprehensive Income (AOCI) and Other Comprehensive Income (OCI)

Components of AOCI, net of related tax effects, presented in the consolidated statement of changes in equity, and changes in each component for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen

	2025	2024
Foreign currency translation adjustments		
Balance at beginning of year	984,432	635,260
OCI, net of reclassification	(93,582)	349,404
Net transfer of non-controlling interests	(691)	(232)
Balance at end of year	890,159	984,432
Remeasurements of defined benefit plans		
Balance at beginning of year	103,039	87,967
OCI	10,820	12,647
Net transfer of non-controlling interests	70	2,707
Reclassified into retained earnings	238	(282)
Balance at end of year	114,167	103,039
Net changes in financial assets measured at fair value through OCI		
Balance at beginning of year	50,378	115,355
OCI	(8,977)	45,389
Net transfer of non-controlling interests	1	5
Reclassified into retained earnings	(1,906)	(110,371)
Balance at end of year	39,496	50,378
Net changes in cash flow hedges		
Balance at beginning of year	22,701	7,810
OCI, net of reclassification	(550)	16,475
Net transfer of non-controlling interests	-	(2)
Others	(25,182)	(1,582)
Balance at end of year	(3,031)	22,701
Total AOCI		
Balance at beginning of year	1,160,550	846,392
OCI, net of reclassification	(92,289)	423,915
Net transfer of non-controlling interests	(620)	2,478
Reclassified into retained earnings	(1,668)	(110,653)
Others	(25,182)	(1,582)
Balance at end of year	1,040,791	1,160,550

The following shows a reconciliation of OCI, including non-controlling interests, to profit or loss items and deferred income tax effect per components of OCI during the years ended March 31, 2025 and 2024.

Millions of yen

	2025		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Foreign currency translation adjustments	(88,396)	2,009	(86,387)
Remeasurements of defined benefit plans	13,095	(4,094)	9,001
Net changes in financial assets measured at fair value through OCI	(8,252)	1,675	(6,577)
Net changes in cash flow hedges	5,420	(3,223)	2,197
Share of OCI of investments accounted for using the equity method	(1,391)	(3,346)	(4,737)
Total	(79,524)	(6,979)	(86,503)
Reconciliation of OCI to profit or loss:			
Foreign currency translation adjustments	(241)	-	(241)
Net changes in cash flow hedges	(10,126)	3,158	(6,968)
Share of OCI of investments accounted for using the equity method	1	-	1
Total	(10,366)	3,158	(7,208)
OCI, net of reclassification adjustments:			
Foreign currency translation adjustments	(88,637)	2,009	(86,628)
Remeasurements of defined benefit plans	13,095	(4,094)	9,001
Net changes in financial assets measured at fair value through OCI	(8,252)	1,675	(6,577)
Net changes in cash flow hedges	(4,706)	(65)	(4,771)
Share of OCI of investments accounted for using the equity method	(1,390)	(3,346)	(4,736)
Total	(89,890)	(3,821)	(93,711)
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Foreign currency translation adjustments			(1,164)
Remeasurements of defined benefit plans			(249)
Net changes in financial assets measured at fair value through OCI			-
Net changes in cash flow hedges			(9)
Total			(1,422)
OCI, net of reclassification adjustments, attributable to Hitachi, Ltd. stockholders:			
Foreign currency translation adjustments			(85,464)
Remeasurements of defined benefit plans			9,250
Net changes in financial assets measured at fair value through OCI			(6,577)
Net changes in cash flow hedges			(4,762)
Share of OCI of investments accounted for using the equity method			(4,736)
Total			(92,289)

Millions of yen

	2024		
	Before tax	Tax effect	After tax
OCI arising during the year:			
Foreign currency translation adjustments	460,465	(37)	460,428
Remeasurements of defined benefit plans	14,782	(910)	13,872
Net changes in financial assets measured at fair value through OCI	64,765	(19,609)	45,156
Net changes in cash flow hedges	18,847	(5,294)	13,553
Share of OCI of investments accounted for using the equity method	24,941	(1,280)	23,661
Total	583,800	(27,130)	556,670
Reconciliation of OCI to profit or loss:			
Foreign currency translation adjustments	(108,657)	2,624	(106,033)
Net changes in cash flow hedges	2,041	(679)	1,362
Share of OCI of investments accounted for using the equity method	(199)	-	(199)
Total	(106,815)	1,945	(104,870)
OCI, net of reclassification adjustments:			
Foreign currency translation adjustments	351,808	2,587	354,395
Remeasurements of defined benefit plans	14,782	(910)	13,872
Net changes in financial assets measured at fair value through OCI	64,765	(19,609)	45,156
Net changes in cash flow hedges	20,888	(5,973)	14,915
Share of OCI of investments accounted for using the equity method	24,742	(1,280)	23,462
Total	476,985	(25,185)	451,800
OCI, net of reclassification adjustments, attributable to non-controlling interests:			
Foreign currency translation adjustments			25,471
Remeasurements of defined benefit plans			1,320
Net changes in financial assets measured at fair value through OCI			1,109
Net changes in cash flow hedges			(15)
Total			27,885
OCI, net of reclassification adjustments, attributable to Hitachi, Ltd. stockholders:			
Foreign currency translation adjustments			328,924
Remeasurements of defined benefit plans			12,552
Net changes in financial assets measured at fair value through OCI			44,047
Net changes in cash flow hedges			14,930
Share of OCI of investments accounted for using the equity method			23,462
Total			423,915

(18) Dividends

Dividends paid on the Company's common stock for the years ended March 31, 2025 and 2024 are as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on October 30, 2024	96,545	Retained earnings	21.0	September 30, 2024	November 27, 2024
The Board of Directors on May 13, 2024	92,662	Retained earnings	100.0	March 31, 2024	June 4, 2024
The Board of Directors on October 27, 2023	74,144	Retained earnings	80.0	September 30, 2023	November 27, 2023
The Board of Directors on May 12, 2023	70,317	Retained earnings	75.0	March 31, 2023	June 2, 2023

The dividends on the Company's common stock whose record date falls in the year ended March 31, 2025 and the effective date falls in the next fiscal year is as follows:

Decision	Cash dividends (millions of yen)	Appropriation from	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors on May 13, 2025	100,713	Retained earnings	22.0	March 31, 2025	June 5, 2025

Note : On July 1, 2024, the Company completed the share split into five (5) shares for every one (1) common share. Cash dividends per share on or after the record date of September 30, 2024, reflect this share split. Cash dividends per share on or before the record date of June 30, 2024, do not reflect this share split.

(19) Stock-based Compensation

The Company introduced a restricted stock compensation plan as stock-based compensation in place of the stock option plan and grants shares of restricted stock in place of the existing stock options as stock-based compensation from the year ended March 31, 2020, and the Company introduced a restricted stock unit compensation plan and grants restricted stock units from the year ended March 31, 2021. In addition, the Company introduced a performance-linked restricted stock unit compensation plan in place of a part of the restricted stock compensation plan and grants performance-linked restricted stock units from the year ended March 31, 2024.

Note : On July 1, 2024, the Company completed the share split into five (5) shares for every one (1) common share. The figures are translated into on the assumption that the Company conducted this share split at the beginning of the previous fiscal year.

Stock-based compensation expenses recognized for the years ended March 31, 2025 and 2024 were 3,451 million yen and 2,260 million yen, respectively.

(a) Restricted stock compensation plan

In accordance with the restricted stock compensation plan (hereinafter "Plan") to be introduced by the Company, Executive Officers and Corporate Officers of the Company and a part of Officers of any of its subsidiaries (hereinafter "Eligible Persons") will receive shares of common stock to be newly issued or disposed by the Company by making contributions in kind of the monetary compensation claims which are granted in order to allot the shares of restricted stock to the Eligible Persons. In addition, with respect to the issuance or disposition of shares of common stock of the Company under the Plan, the Company and each Eligible Person executes an agreement on allotment of restricted stock (hereinafter "Allotment Agreement").

Outline of the Allotment Agreement

(i) Transfer restriction period

From the payment date relating to the issuance or disposition of the shares of restricted stock to the date on which the Eligible Person ceases to be an Executive Officer, Director or Corporate Officer of the Company or Officer of any of its subsidiaries.

(ii) Acquisition by the Company without consideration

If certain events set out in the Allotment Agreement occur, the Company will acquire the shares without any consideration promptly on or after a date notified to Eligible Persons. The Company will also acquire the shares for which the transfer restrictions are definitely not lifted at the time of such determination, without any consideration.

The outlines of issuance for the years ended March 31, 2025 and 2024 are as follows.

	March 31, 2025	March 31, 2024
Issuance date	June 3, 2024	May 31, 2023
Number of shares	247,500 shares	519,000 shares
Issue price per share [1] [2]	2,647.0 yen	1,517.2 yen

[1] The issue price for the year ended March 31, 2025 is the closing price per share for the Company's common stock on April 25, 2024 (preceding business day of the date upon the decision by the President regarding the issuance of new shares) in the Prime Market of the Tokyo Stock Exchange, Inc.

[2] The issue price for the year ended March 31, 2024 is the closing price per share for the Company's common stock on April 26, 2023 (preceding business day of the date upon the decision by the President regarding the issuance of new shares) in the Prime Market of the Tokyo Stock Exchange, Inc.

(b) Performance-linked restricted stock unit (hereinafter "PSU") compensation plan

In accordance with the PSU plan to be introduced by the Company, Executive Officers and Corporate Officers of the Company and a part of Officers of any of its subsidiaries (hereinafter "Eligible Persons") will be granted PSUs corresponding to the number of shares of the Company's common stock (hereinafter "Shares to be Delivered") set in advance for each Eligible Person. The PSUs will become vested depending on the degree of achievement of the evaluation KPI during a certain evaluation period and the shares of restricted stock will be delivered. PSU comprises of compensation with stock price condition and with conditions for achievement of Mid-term Management Plan targets. The detailed conditions for vesting Shares to be Delivered corresponding to each type of PSU are as follows.

Conditions for vesting Shares to be Delivered

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

(ii) In stock compensation with conditions for achievement of Mid-term Management Plan targets, 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.

The Eligible Persons will receive shares of restricted stock to be newly issued or disposed by the Company by making contributions in kind of the monetary compensation claims which are granted after the end of each fiscal year in order to allot the shares of restricted stock to the Eligible Persons.

(c) Restricted stock unit (hereinafter "RSU") compensation plan

In accordance with the RSU plan to be introduced by the Company, RSUs equivalent to the Company's common stock (hereinafter "Shares to be Delivered") will be granted to the Company's Directors, non-Japanese Executive Officers and Corporate Officers (hereinafter "Eligible Persons"). For Directors, RSUs equivalent to the Shares to be Delivered shall be granted to the Eligible Persons. RSUs will become vested at the end of three fiscal years after granting, and the Shares to be Delivered or cash for the vested RSUs will be delivered. For non-Japanese Executive Officers and Corporate Officers, the Eligible Persons will be granted RSUs corresponding to the number of Shares to be Delivered set in advance for each Eligible Person and, over three fiscal years after granting, one-third of the RSUs will become vested after the end of each fiscal year and the Shares to be Delivered or cash for the vested RSUs will be delivered.

The Eligible Persons will receive shares of common stock to be newly issued or disposed by the Company by making contributions in kind of the monetary compensation claims which are granted after the end of each fiscal year in order to allot the Shares to be Delivered to the Eligible Persons.

If the Eligible Persons retire due to expiration of their term of office, death or other legitimate reasons recognized by the Company's Compensation Committee, they will basically receive the Shares to be Delivered or cash corresponding to the portion of RSUs granted reflecting the period from the granting date until such retirement.

(d) Stock option plan

Under the Company's stock option plan, Executive Officers and Corporate Officers are granted the right to purchase shares of common stock of the Company (hereinafter "Stock Acquisition Rights").

Details of the Company's stock option plan for the years ended March 31, 2025 and 2024 are as follows.

Fiscal Year of Issuance and Name	Grant Date	Exercise period
Year ended March 31, 2019		
The Third Stock Acquisition Rights of Hitachi, Ltd.	April 11, 2018	From April 27, 2018 to April 26, 2048
Year ended March 31, 2018		
The Second Stock Acquisition Rights of Hitachi, Ltd.	April 6, 2017	From April 27, 2017 to April 26, 2047
Year ended March 31, 2017		
The First Stock Acquisition Rights of Hitachi, Ltd.	June 29, 2016	From July 15, 2016 to July 14, 2046

Conditions for the exercise of Stock Acquisition Rights

(i) During the above exercise period, a holder of Stock Acquisition Rights may exercise all the Stock Acquisition Rights determined in accordance with the provisions of paragraph (ii) or (iii) below in a lump sum only within ten days (in case the last day is not a business day, the following business day) from the day immediately following the date on which he/she ceases to be an Executive Officer, a Director or a Corporate Officer of the Company.

(ii) The number of Stock Acquisition Rights that a holder of Stock Acquisition Rights may exercise, shall be determined based on the ratio of the total shareholder return (hereinafter “TSR”) for shares of the Company for three years from the beginning of the fiscal year in which the date of allotment of the Stock Acquisition Rights falls (hereinafter “Waiting Period”) to the growth rate of TOPIX (Tokyo Stock Price Index) for the same period (hereinafter “TSR/TOPIX Growth Rate Ratio”): market condition.

(iii) The number of Stock Acquisition Rights, that a holder of Stock Acquisition Rights who has left his/her position in the Company before the end of the Waiting Period (hereinafter “Resignee”) may exercise, shall be determined by reducing the number of Stock Acquisition Rights allotted to him/her in proportion to the term of office of the Resignee in the Waiting Period, and applying the TSR/TOPIX Growth Rate Ratio for the period from the beginning of the fiscal year in which the date of allotment of the Stock Acquisition Rights falls to the time of resignation in accordance with the provision of paragraph (ii) above.

A summary of stock option activity for the years ended March 31, 2025 and 2024 is as follows. The number of stock options is translated into their equivalent number of shares (100 shares per stock option).

	2025		2024	
	Number of shares (shares)	Weighted average exercise price (yen)	Number of shares (shares)	Weighted average exercise price (yen)
Outstanding at beginning of year	1,938,100	1	2,086,700	1
Granted	-	-	-	-
Forfeited [1]	-	-	-	-
Exercised	(551,000)	1	(148,600)	1
Expired	-	-	-	-
Outstanding at end of year	1,387,100	1	1,938,100	1
Exercisable at end of year	-	-	-	-

[1] Including the Stock Acquisition Rights which became non-exercisable because of the market condition.

The weighted average share prices at the date of exercise for the years ended March 31, 2025 and 2024 were 2,825.0 yen and 1,460.0 yen.

The range of exercise price as of March 31, 2025 and 2024 was 1 yen. The weighted average remaining contractual lives of stock options outstanding as of March 31, 2025 and 2024 were 22.2 years and 23.2 years, respectively.

(20) Revenues

(a) Disaggregation of revenue

The Company derives revenues primarily from contracts with customers.

The disaggregation of revenue attributable to each reportable segment and geographic area for the fiscal years ended March 31, 2025 and 2024 is as follows.

Effective from April 1, 2024, the Company reclassified its reportable segments. Details of the reclassification are described in note 4.

Millions of yen

2025	Japan	North America	Europe	Asia	Other Areas	Overseas Revenues Subtotal	Total Revenues
Digital Systems & Services	1,929,584	378,078	234,813	231,348	58,761	903,000	2,832,584
Green Energy & Mobility	435,892	863,996	1,445,726	537,788	632,106	3,479,616	3,915,508
Connective Industries	1,582,505	284,583	220,626	1,037,458	38,022	1,580,689	3,163,194
Automotive Systems	-	-	-	-	-	-	-
Others	414,819	8,625	11,793	60,605	1,675	82,698	497,517
Subtotal	4,362,800	1,535,282	1,912,958	1,867,199	730,564	6,046,003	10,408,803
Corporate items & Eliminations	(583,597)	(7,267)	(10,341)	(23,920)	(308)	(41,836)	(625,433)
Total	3,779,203	1,528,015	1,902,617	1,843,279	730,256	6,004,167	9,783,370

Millions of yen

2024	Japan	North America	Europe	Asia	Other Areas	Overseas Revenues Subtotal	Total Revenues
Digital Systems & Services	1,731,209	344,412	235,460	227,920	59,658	867,450	2,598,659
Green Energy & Mobility	426,098	665,049	1,009,260	466,546	485,349	2,626,204	3,052,302
Connective Industries	1,519,738	267,199	204,838	1,030,523	35,662	1,538,222	3,057,960
Automotive Systems	273,069	305,639	100,803	395,538	89,335	891,315	1,164,384
Others	427,956	7,029	9,751	60,131	2,929	79,840	507,796
Subtotal	4,378,070	1,589,328	1,560,112	2,180,658	672,933	6,003,031	10,381,101
Corporate items & Eliminations	(604,687)	(6,412)	(9,234)	(29,114)	(2,938)	(47,698)	(652,385)
Total	3,773,383	1,582,916	1,550,878	2,151,544	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 1,228,037 million yen, 1,058,645 million yen and 1,069,776 million yen for the year ended March 31, 2025 and 1,111,193 million yen, 969,816 million yen and 983,456 million yen for the year ended March 31, 2024, respectively (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 years ended March 31, 2025 and 2024, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 3,029,280 million yen and 2,255,703 million yen, respectively.

(b) Information about satisfaction of performance obligations

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

(i) 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.

(ii) 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.

(c) 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 years ended March 31, 2025 and 2024.

Millions of yen

	2025		2024	
	March 31, 2025	April 1, 2024	March 31, 2024	April 1, 2023
Trade receivables	2,352,963	2,063,056	2,063,056	2,072,238
Contract assets	1,196,580	971,988	971,988	849,402
Contract liabilities	2,272,034	1,739,770	1,739,770	1,314,799

Of the revenue recognized during the fiscal years ended March 31, 2025 and 2024, the amount included in Contract liabilities at the beginning of the fiscal years was 1,059,123 million yen and 800,909 million yen, respectively. And the amount related to performance obligations satisfied in the past periods was not material.

(d) Transaction price allocated to remaining performance obligations

The following table shows the balance of unsatisfied performance obligations by reportable segment for the fiscal years ended March 31, 2025 and 2024.

Millions of yen

	March 31, 2025		March 31, 2024	
	Intersegment transactions	Balance of unsatisfied performance obligations	Intersegment transactions	Balance of unsatisfied performance obligations
Digital Systems & Services	78,234	1,544,338	69,825	1,446,972
Green Energy & Mobility	52,569	13,490,014	50,743	10,189,630
Connective Industries	120,358	1,828,964	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, 2025 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 70% 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 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.

Others 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.

(e) 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, 2025 and 2024 were not material.

(21) Other Income and Expenses

The main components of other income and expenses for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen

	2025	2024
Net gain (loss) on sales and disposals of fixed assets	18,692	17,056
Impairment losses	(92,135)	(29,668)
Net gain (loss) on business reorganization and others	29,638	97,048
Special termination benefits	(10,524)	(19,443)

Impairment losses are mainly recognized on property, plant and equipment, goodwill and other intangible assets. Net gain (loss) on business reorganization and others includes gains and losses related to obtaining and losing control of investees and gains and losses related to obtaining and losing significant influence over investees.

Details of Impairment losses are described in note 9 and note 10.

Restructuring charges (structural reform expenses) included in Other expenses for the years ended March 31, 2025 and 2024 were 102,659 million yen and 49,111 million yen, respectively. Restructuring charges (structural reform expenses) include impairment losses and special termination benefits.

(22) Financial Income and Expenses

The main components of financial income and expenses for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen

	2025	2024
Dividends received	2,472	9,875
Exchange gain (loss)	47,555	7,068

Dividends received for the years ended March 31, 2025 and 2024 are from financial assets measured at fair value through other comprehensive income.

(23) Earnings Per Share (EPS) Information

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the years ended March 31, 2025 and 2024 are as follows:

Number of shares

	2025	2024
Weighted average number of shares on which basic EPS is calculated	4,599,967,449	4,648,026,505
Effect of dilutive securities		
Stock options	1,387,100	1,938,100
Restricted stock	3,157,288	3,924,160
Restricted stock units	85,857	122,025
Number of shares on which diluted EPS is calculated	4,604,597,694	4,654,010,790

Millions of yen

	2025	2024
Net income attributable to Hitachi, Ltd. stockholders		
Basic	615,724	589,896
Effect of dilutive securities	-	-
Diluted	615,724	589,896

Yen

	2025	2024
EPS attributable to Hitachi, Ltd. stockholders		
Basic	133.85	126.91
Diluted	133.72	126.75

Note : On July 1, 2024, the Company completed the share split into five (5) shares for every one (1) common share. The figures for basic and diluted EPS attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this share split at the beginning of the previous fiscal year.

(24) Supplementary Cash Flow Information

Changes in liabilities from financing activities for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen

	Short-term debt	Bonds	Long-term borrowings	Lease liability	Total
March 31, 2023	777,650	160,000	1,022,994	252,704	2,213,348
Cash flows	(550,170)	60,000	(158,829)	(97,548)	(746,547)
Non-cash changes					
Finance lease liability incurred	-	-	-	85,528	85,528
Acquisitions and divestitures	(249,991)	-	(243,994)	(12,953)	(506,938)
Currency translation effect and others	60,338	-	59,184	15,109	134,631
March 31, 2024	37,827	220,000	679,355	242,840	1,180,022
Cash flows	31,092	-	(19,122)	(97,446)	(85,476)
Non-cash changes					
Finance lease liability incurred	-	-	-	99,696	99,696
Acquisitions and divestitures	1,979	-	-	21,986	23,965
Currency translation effect and others	2,248	-	(6,436)	(7,903)	(12,091)
March 31, 2025	73,146	220,000	653,797	259,173	1,206,116

In addition to the changes in cash flows for the year ended March 31, 2025, shown in the table above, there is a decrease in cash outflow of 34,804 million yen resulting from the settlement of derivatives related to long-term borrowings.

(25) Financial Instruments and Related Disclosures

(a) Capital Management

The Company manages its capital under the policy of maintaining appropriate level of assets, liabilities and capital for current and future business operations, as well as optimizing the efficiency of capital utilization throughout the business operations.

The Company uses the total Hitachi, Ltd. stockholders' equity ratio as an important indicator in capital management and it is regularly monitored. The total Hitachi, Ltd. stockholders' equity ratio as of March 31, 2025 and 2024 were 44.0% and 46.7%, respectively.

The Company is not subject to any capital requirements except for the general rules such as the Japanese Company Law.

(b) Financial Risks

The Company is engaged in business activities world-wide, and constantly exposed to various risks such as market risks (mainly currency exchange risk and interest rate risk), credit risk and liquidity risk. The Company implements risk management policies to avoid or mitigate these financial risks.

(i) Currency Exchange Risk

The Company and its subsidiaries hold assets and liabilities exposed to currency exchange risk. In order to hedge this risk, the management uses forward exchange contracts or cross currency swaps.

For trade receivables and payables denominated in foreign currencies, the Company and its subsidiaries measure the future cash flows per currency on a monthly basis, and enter into forward exchange contracts using a constant ratio with the purpose of fixing the future cash flows arising from receivables and payables and forecasted transactions denominated in foreign currencies. The terms of forward exchange contracts are largely within one year. If necessary, the Company and its subsidiaries establish a risk control policy and a risk management approach specific to each transaction by reviewing the business characteristics, the structure of income and expenditure, and conditions of the contract. The Company and its subsidiaries hedge the risk exposure arising from specific transactions based on the risk control policy and the risk management approach.

To fix cash flows from long-term debt denominated in foreign currencies, the Company and its subsidiaries enter into cross currency swap agreements with the same maturities as the underlying debt. The hedging relationship between the forward exchange contracts or cross currency swaps and the underlying hedged items is highly effective in offsetting the impact from changes in foreign currency exchange rates.

The sensitivity analysis for currency exchange rates shown below indicates the impact on income before income taxes, in the Company's consolidated statement of profit or loss, if the Japanese yen depreciated by 1% on the foreign-currency-denominated financial instruments held by the Company and its subsidiaries as of March 31, 2025 and 2024, while all other variables are held constant.

Millions of yen

	Currency	2025	2024
Impact on income before income taxes	US Dollar	293	2,336
	Euro	(34)	52

(ii) Interest Rate Risk

The Company and its subsidiaries are exposed to interest rate risk related principally to long-term debt obligations. In order to minimize this risk, the Company and its subsidiaries enter into interest rate swap agreements to control fluctuation risk of cash flows. The interest rate swaps entered into are mainly receive-variable, pay-fixed interest rate swaps. Under the interest rate swaps, the Company and its subsidiaries receive variable interest rate payments on long-term debt and make fixed interest rate payments, thereby creating fixed interest rate long-term debt.

Certain financing subsidiaries raise funds by issuing long-term debt with a fixed interest rate and lending it at variable interest rates, creating interest rate risk. In order to minimize this risk, interest rate swaps are used to convert, in effect, the fixed rate to a variable rate to manage fluctuations in fair value resulting from interest rate risk. The hedging relationship between the interest rate swaps and the underlying hedged items is highly effective in offsetting the impact from changes in cash flows and fair value resulting from interest rate risk.

The sensitivity analysis for interest rate shown below indicates the impact on income before income taxes, in the consolidated statement of profit or loss, if interest rates increased by 1% on the financial instruments (floating-interest financial assets and liabilities measured at amortized cost, financial assets and liabilities measured at fair value through profit or loss and derivatives) held by the Company and its subsidiaries as of March 31, 2025 and 2024, while all other variables are held constant.

Millions of yen

	2025	2024
Impact on income before income taxes	(1,611)	(2,736)

(iii) Credit Risk

Trade receivables and contract assets, and other receivables resulting from operating activities of the Company and its subsidiaries are exposed to credit risk of the customers. Investments in debt securities held for managing cash surplus and equity instruments held for strategic purposes are exposed to credit risk of the issuers. Derivative transactions entered into in order to lower market risks are exposed to credit risk of the counter-party financial institutions.

For credit risk of customers, the Company conducts periodic credit checks as appropriate for the products sold and the customers' financial conditions and credit ratings. A credit limit is set according to the credit risk. For cash surplus, investment is restricted to low risk debt securities, and derivative transactions are entered into with financial institutions with high credit rating only.

No significant concentration of credit risk is present in a particular region or a customer, as the Company and its subsidiaries are engaged in diverse industries worldwide.

The changes in the balance of allowance for doubtful receivables for trade receivables, contract assets and other receivables, and the changes in the gross carrying amounts of trade receivables and contract assets, and other receivables corresponding to the allowance for doubtful receivables for the years ended March 31, 2025 and 2024 are as follows. Other receivables mainly consist of lease receivables and financial assets measured at amortized cost such as short-term loans receivable, other accounts receivable, debt securities measured at amortized cost and long-term loans receivable.

Millions of yen

Trade receivables and contract assets	Allowance for doubtful receivables			Gross carrying amount		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
March 31, 2023	28,300	55,541	83,841	2,898,481	107,000	3,005,481
Change, net	3,631	28,158	31,789	389,431	7,847	397,278
Credit-impairment [1]	(4,405)	4,405	-	(21,304)	21,304	-
Write-off [2]	(4,085)	(1,959)	(6,044)	(7,533)	(6,125)	(13,658)
Other [3]	451	5,317	5,768	(244,619)	5,916	(238,703)
March 31, 2024	23,892	91,462	115,354	3,014,456	135,942	3,150,398
Change, net	12,359	(2,046)	10,313	340,380	(2,637)	337,743
Credit-impairment [1]	(372)	372	-	(676)	676	-
Write-off [2]	(3,545)	(1,616)	(5,161)	(12,344)	(2,379)	(14,723)
Other [3]	4,660	15,309	19,969	195,991	20,609	216,600
March 31, 2025	36,994	103,481	140,475	3,537,807	152,211	3,690,018

Millions of yen

Other receivables	Allowance for doubtful receivables			Gross carrying amount		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
March 31, 2023	389	1,412	1,801	368,448	2,367	370,815
Change, net	84	(286)	(202)	29,287	(421)	28,866
Credit-impairment [1]	(122)	122	-	(355)	355	-
Write-off [2]	(1)	(4)	(5)	(1,381)	(11)	(1,392)
Other [3]	23	92	115	(29,764)	115	(29,649)
March 31, 2024	373	1,336	1,709	366,235	2,405	368,640
Change, net	990	424	1,414	25,522	943	26,465
Credit-impairment [1]	-	-	-	(1)	1	-
Write-off [2]	(101)	(416)	(517)	(928)	(423)	(1,351)
Other [3]	(4)	(11)	(15)	(6,036)	(31)	(6,067)
March 31, 2025	1,258	1,333	2,591	384,792	2,895	387,687

[1] The Company measures the allowance for doubtful receivables relating to credit-impaired financial assets based on individual assessment and, therefore, transfers them from collective assessment.

[2] The Company generally writes off and derecognizes the corresponding carrying amount when it has no reasonable expectations of recovering the financial asset in its entirety or a portion.

[3] Other mainly includes the impact of acquisitions and divestitures and currency translation effect.

The maximum exposure to the credit risk equals the financial assets' carrying amount, net of allowance for doubtful receivables, in the consolidated statement of financial position, if collateral held is not included. The maximum exposure to the credit risk from loan commitments is disclosed in note 29. The maximum exposure to the credit risk from guarantee obligations is disclosed in note 29.

(iv) Liquidity Risk

Trade payables and financial liabilities, such as long-term debts, held by the Company and its subsidiaries are exposed to liquidity risk. With respect to this risk, the Company and its subsidiaries try to optimize capital efficiency through efficient management of working capital, and maintain cash control through a centralized cash management system. They are also able to raise funds, as necessary, from capital markets through the issuance of debt and equity securities, and from commercial banks through borrowings and commitment lines. The total unused commitment lines as of March 31, 2025 are disclosed in note 29.

The following tables present the maturities of non-derivative financial liabilities. Trade payables are not included in the tables since the carrying amounts agree with the contractual cash flows and they all mature in less than one year.

Millions of yen

	March 31, 2025				
	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Short-term debt	73,146	73,210	73,210	-	-
Long-term debt					
Lease liabilities	259,173	283,488	79,116	160,980	43,392
Bonds	220,000	229,593	1,479	145,486	82,628
Long-term borrowings	653,797	664,476	301,049	338,676	24,751

Millions of yen

	March 31, 2024				
	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Short-term debt	37,827	38,051	38,051	-	-
Long-term debt					
Lease liabilities	242,840	257,076	79,559	140,850	36,667
Bonds	220,000	231,072	1,479	55,852	173,741
Long-term borrowings	679,355	709,884	124,916	564,885	20,083

The weighted average interest rate for short-term debt is 4.1%, and the weighted average interest rate for long-term borrowings is 1.1% with maturities ranging from 2025 to 2039.

The details on each bond issued are provided below.

Millions of yen

Issuer	Name of bond	Issued	March 31, 2025	March 31, 2024	Security	Interest rates (%)	Mature in
The Company	Unsecured debenture #17	2013	20,000	20,000	Unsecured	1.4	2028
The Company	Unsecured debenture #19	2020	20,000	20,000	Unsecured	0.2	2027
The Company	Unsecured debenture #20	2020	90,000	90,000	Unsecured	0.3	2030
The Company	Unsecured debenture #21	2023	10,000	10,000	Unsecured	0.6	2028
The Company	Unsecured debenture #22	2023	30,000	30,000	Unsecured	0.9	2030
The Company	Unsecured debenture #23	2023	50,000	50,000	Unsecured	1.2	2033
Total			220,000	220,000			

The following table shows the maturities of the main types of derivatives, expressed in gross amounts, even though they are net settlement derivatives.

Millions of yen

		March 31, 2025			
		Within 1 year	After 1 year but not more than 5 years	More than 5 years	Total
Forward exchange contracts	In	38,080	29,845	3,105	71,030
	Out	30,157	19,915	138	50,210
Cross currency swaps	In	33,589	6,222	-	39,811
	Out	27,165	1,178	-	28,343
Interest rate swaps	In	-	12,616	-	12,616
	Out	-	366	-	366
Option contracts	In	-	1,856	-	1,856
	Out	-	-	-	-

Millions of yen

		March 31, 2024			
		Within 1 year	After 1 year but not more than 5 years	More than 5 years	Total
Forward exchange contracts	In	45,636	8,188	89	53,913
	Out	39,090	14,908	755	54,753
Cross currency swaps	In	57,347	684	-	58,031
	Out	9,562	89	-	9,651
Interest rate swaps	In	440	18,985	-	19,425
	Out	-	-	-	-
Option contracts	In	-	2,171	-	2,171
	Out	-	-	-	-

(c) Fair Value of Financial Instruments

(i) Fair Value Measurements

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

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

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

Investments in securities and other financial assets

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

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

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

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

Long-term debt

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

Other financial liabilities

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

(ii) 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, 2025 and 2024 are as follows.

The fair value estimated for financial assets and liabilities measured at amortized cost is classified mainly in Level 2 of the fair value hierarchy.

Millions of yen

	March 31, 2025		March 31, 2024	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
Assets				
Investments in securities and other financial assets				
Lease receivables	21,512	21,922	27,414	28,810
Debt securities	46,892	46,295	46,486	46,162
Long-term loans receivable	9,515	10,428	8,840	8,840
Liabilities				
Long-term debt [1]				
Bonds	220,000	211,220	220,000	218,586
Long-term borrowings	653,797	650,127	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.

(iii) 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 tables present the assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2025 and 2024.

March 31, 2025 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	373	-	47,118	47,491
Debt securities	9,881	5,941	2,979	18,801
Derivatives	-	124,615	1,856	126,471
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	47,382	-	103,593	150,975
Total financial assets at fair value	57,636	130,556	155,546	343,738
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	79,614	-	79,614
Total financial liabilities at fair value	-	79,614	-	79,614

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 tables present the changes in Level 3 instruments measured on a recurring basis for the years ended March 31, 2025 and 2024.

March 31, 2025 Millions of yen

Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of year	141,314	2,901	2,171	146,386
Gain (loss) in profit or loss [1]	1,929	(48)	(293)	1,588
Loss in OCI [2]	(3,385)	-	-	(3,385)
Purchases	10,940	27	-	10,967
Sales and redemption	(1,099)	(205)	-	(1,304)
Acquisitions and divestitures	83	17	-	100
Other	929	287	(22)	1,194
Balance at end of year	150,711	2,979	1,856	155,546
Unrealized gain (loss) relating to financial assets held at end of year [3]	1,929	(33)	(293)	1,603

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 (loss) in OCI related to Financial assets measured at fair value through other comprehensive income is included in Net changes in financial assets measured at fair value through OCI in the consolidated statement of comprehensive income.

[3] Unrealized gain (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.

(iv) Other

Equity instruments held with the objective of maintaining and strengthening business relations with the issuers are classified as Financial assets measured at fair value through other comprehensive income. The following is a list of principal equity instruments designated as fair value through other comprehensive income and their fair values.

March 31, 2025 Millions of yen

Principal Financial assets measured at fair value through other comprehensive income	Fair value
JECC Corporation	23,063
Central Japan Railway Company	12,843
Nippon Steel Kowa Real Estate Co., Ltd.	12,141
LOGISTEED Holdings, Ltd.	8,177
Invivoscribe, Inc.	4,785
Seibu Holdings Inc.	4,249
Japan Nuclear Fuel, Ltd.	3,667
Metro C S.C.p.A.	3,365
Daiichi Sankyo Co., Ltd.	3,159
The Chiba Bank, Ltd.	2,798

March 31, 2024 Millions of yen

Principal Financial assets measured at fair value through other comprehensive income	Fair value
JECC Corporation	22,298
Central Japan Railway Company	16,767
Nippon Steel Kowa Real Estate Co., Ltd.	10,265
LOGISTEED Holdings, Ltd.	9,993
Chuo-Nittochi Group Co., Ltd.	5,643
Invivoscribe, Inc.	4,845
Daiichi Sankyo Co., Ltd.	4,299
The Chiba Bank, Ltd.	3,784
Japan Nuclear Fuel, Ltd.	3,667
Sapporo Holdings, Ltd.	3,628

See note 22 for dividends received from investment securities classified as Financial assets measured at fair value through other comprehensive income.

Accumulated gains and losses on valuation of Financial assets measured at fair value through other comprehensive income are reclassified into retained earnings when derecognized during the fiscal year. The net gains reclassified, net of taxes, for the years ended March 31, 2025 and 2024 were 1,906 million yen and 110,371 million yen, respectively. These financial assets were derecognized upon disposal of shares after reviewing particular business relations, or acquisitions and divestitures.

The information on Financial assets measured at fair value through other comprehensive income that were derecognized for the years ended March 31, 2025 and 2024 is as follows:

Millions of yen

	2025	2024
Fair value at the time of derecognition	7,598	246,758
Accumulated gains at the time of derecognition	3,623	148,808

(d) Derivatives and Hedging Activities

(i) Fair Value Hedge

Changes in the fair value of recognized assets and liabilities, and of derivatives designated as a fair value hedge of these assets and liabilities are recognized in profit or loss for the period in which the changes occur. Derivatives designated as a fair value hedge include forward exchange contracts associated with operating transactions, cross currency swaps agreements and interest rate swaps associated with financing transactions.

(ii) Cash Flow Hedge

Foreign Currency Risk

A portion determined as an effective hedge with respect to changes in the fair value of forward exchange contracts designated as an effective cash flow hedge of forecasted foreign-currency-denominated transactions are recognized in OCI. AOCI is subsequently reclassified into profit or loss when the hedged items affect profit or loss for the period. If a non-financial asset or a non-financial liability is recognized due to a hedged forecast transaction, the changes in the fair value of the derivative recognized in OCI are included directly in the acquisition cost or other carrying amount of the asset or liability at which point the asset or liability is recognized.

Interest Rate Risk

A portion determined as an effective hedge with respect to changes in the fair value of interest rate swaps designated as a hedge of the variability of cash flows associated with long-term debt are recognized in OCI. AOCI is subsequently reclassified to interest charges over the period in which the interest on the debt affects profit or loss.

When applying hedge accounting, the Company assesses hedge effectiveness through a qualitative assessment of whether the critical terms of the hedged item and the hedging instrument match or are closely aligned and whether changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item in order to confirm that an economic relationship exists between the hedged item and the hedging instrument. The Company also sets appropriate hedge ratios based on the economic relationship between the hedged item and the hedging instrument and the Company's risk management policies. For the years ended March 31, 2025 and 2024, hedge ineffectiveness recognized in profit or loss were not material.

The notional amounts and carrying amounts of hedging instruments as of March 31, 2025 and 2024 are as follows. The carrying amount of hedging instruments is included in Investments in securities and other financial assets and Other financial liabilities or Other non-current liabilities in the consolidated statement of financial position.

March 31, 2025 Millions of yen

Hedging instruments	Notional amount		Carrying amount	
		More than 1 year	Assets	Liabilities
Fair value hedge				
Foreign currency risk	829,664	143	2,295	15,131
Interest rate risk	-	-	-	-
Cash flow hedge				
Foreign currency risk	713,534	173,049	6,022	11,663
Interest rate risk	194,376	194,376	10,157	-
Total	1,737,574	367,568	18,474	26,794

March 31, 2024 Millions of yen

Hedging instruments	Notional amount		Carrying amount	
		More than 1 year	Assets	Liabilities
Fair value hedge				
Foreign currency risk	515,005	5,964	39,357	642
Interest rate risk	46,458	15,141	515	-
Cash flow hedge				
Foreign currency risk	511,522	53,517	22,713	6,638
Interest rate risk	196,833	196,833	18,910	-
Total	1,269,818	271,455	81,495	7,280

The carrying amounts of hedged items related to fair value hedges as of March 31, 2025 and 2024 are as follows.

March 31, 2025 Millions of yen

Hedged items related to fair value hedges	Recognized in statement of financial position	Carrying amount	
		Assets	Liabilities
Foreign currency risk	Trade receivables and contract assets, Investments in securities and other financial assets, Short-term debt, Current portion of long-term debt and Trade payables	217,248	612,416
Interest rate risk	-	-	-
Total		217,248	612,416

March 31, 2024 Millions of yen

Hedged items related to fair value hedges	Recognized in statement of financial position	Carrying amount	
		Assets	Liabilities
Foreign currency risk	Trade receivables and contract assets, Investments in securities and other financial assets, Current portion of long-term debt and Trade payables	344,572	170,433
Interest rate risk	Investments in securities and other financial assets	46,458	-
Total		391,030	170,433

For the years ended March 31, 2025 and 2024, changes in the fair value of hedging instruments and hedged items related to fair value hedges and the accumulated amount of fair value hedge adjustments on hedged items included in the carrying amount of the hedged items were not material.

For the years ended March 31, 2025 and 2024, changes in the fair value of hedging instruments related to cash flow hedges recorded in Accumulated other comprehensive income are as follows.

Millions of yen

	April 1, 2024	Changes in fair value of hedging instruments recognized in other comprehensive income	Amount directly included in carrying amount of hedged assets or liabilities	Amount reclassified to profit or loss [1]	March 31, 2025
Foreign currency risk	14,841	4,859	(36,252)	(812)	(17,364)
Interest rate risk	18,910	561	-	(9,314)	10,157
Total	33,751	5,420	(36,252)	(10,126)	(7,207)

Millions of yen

	April 1, 2023	Changes in fair value of hedging instruments recognized in other comprehensive income	Amount directly included in carrying amount of hedged assets or liabilities	Amount reclassified to profit or loss [1]	March 31, 2024
Foreign currency risk	(3,682)	18,702	(2,220)	2,041	14,841
Interest rate risk	18,765	145	-	-	18,910
Total	15,083	18,847	(2,220)	2,041	33,751

[1] In the consolidated statement of profit or loss, the amount reclassified to profit or loss is included mainly in Revenues and Financial expenses for hedges of foreign currency risk and mainly in Interest charges for hedges of interest rate risk.

(e) Securitization of Financial Assets

For the purpose of providing diversified and stable financing, the Company and certain subsidiaries securitize certain financial assets, and transfer trade and lease receivables through certain third-party financial institutions or structured entities formed by these financial institutions. The Company does not consolidate such structured entities used for securitization purposes since it has been determined that they are not controlled by the Company.

These unconsolidated structured entities used for securitization purposes are operated in the ordinary course of business of the financial institutions, and they procure funds by issuing commercial paper and other borrowings. Basically, investors in these structured entities only have recourse to the assets owned by the entity itself, but not to any other assets held by the Company or its subsidiaries. The amount of assets transferred by the Company and certain subsidiaries is considerably small compared to the total assets of the structured entities sponsored by the financial institutions that purchase a large amount of assets from entities other than the Company and certain subsidiaries. The Company and certain subsidiaries have only limited exposure to the risks borne by these structured entities. The majority of the involvement with these structured entities used for securitization purposes by the Company and certain subsidiaries concerns the servicing of assets. The Company and certain subsidiaries do not provide any non-contractual support to the structured entities and have not made any implicit support arrangements with them.

For the securitizations of financial assets by the Company and certain subsidiaries, which resulted in derecognizing the financial assets in their entirety, the Company and certain subsidiaries retain no significant continuing involvement. For other securitizations of financial assets, the Company and certain subsidiaries do not derecognize the financial assets in their entirety when they retain substantially all credit risks and economic value related to the transferred financial assets through holding subordinated interests, and the carrying amounts of these financial assets are not material.

(26) Pledged Assets

As a general contractual term for long-term and short-term debt, banks may demand collateral and guarantees for present and future obligations, and retain rights to offset the liabilities with bank deposits when repayment is overdue or any breach of contract occurs.

Per trustee agreements of secured bonds and particular secured or unsecured loan agreements, trustees or lenders generally have the right to pre-approve profit distributions including dividend payments and new stock issues, as well as the right to demand additional collateral or mortgage.

The Company and its subsidiaries pledged a portion of their assets as collateral primarily for bank loans as follows:

Millions of yen

	March 31, 2025	March 31, 2024
Cash and cash equivalents	253	-
Trade receivables and contract assets	249	310
Other current assets	235	-
Investments in securities and other financial assets	290	311
Land	2,061	2,167
Buildings and structures	2	3
Machinery and vehicles	5,443	6,918
Total	8,533	9,709

(27) Principal Subsidiaries

The Company's consolidated financial statements include the following subsidiaries listed below.

(As of March 31, 2025)

Reporting segment	Name of subsidiary	Business location	Ownership percentage of voting rights (%)
Digital Systems & Services	Hitachi Channel Solutions, Corp.	Shinagawa-ku, Tokyo	100.0
Digital Systems & Services	Hitachi Information & Telecommunication Engineering, Ltd.	Yokohama, Kanagawa	100.0
Digital Systems & Services	Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	100.0
Digital Systems & Services	Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	100.0
Digital Systems & Services	Hitachi Vantara, Ltd.	Yokohama, Kanagawa	100.0
Digital Systems & Services	GlobalLogic Worldwide Holdings, Inc.	California, U.S.A.	100.0
Digital Systems & Services	Hitachi Computer Products (America), Inc.	Oklahoma, U.S.A.	100.0
Digital Systems & Services	Hitachi Digital LLC	California, U.S.A.	100.0
Digital Systems & Services	Hitachi Digital Services LLC	California, U.S.A.	100.0
Digital Systems & Services	Hitachi Payment Services Private Limited	Chennai, India	100.0
Digital Systems & Services	Hitachi Vantara LLC	California, U.S.A.	100.0
Green Energy & Mobility	Hitachi-GE Nuclear Energy, Ltd.	Hitachi, Ibaraki	80.0
Green Energy & Mobility	Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo	100.0
Green Energy & Mobility	Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki	100.0
Green Energy & Mobility	Hitachi Energy Ltd	Zurich, Switzerland	100.0
Green Energy & Mobility	Hitachi Rail Ltd.	London, U.K.	100.0
Connective Industries	Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
Connective Industries	Hitachi Global Life Solutions, Inc.	Minato-ku, Tokyo	100.0
Connective Industries	Hitachi High-Tech Corporation	Minato-ku, Tokyo	100.0
Connective Industries	Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
Connective Industries	Hitachi Industrial Products, Ltd.	Chiyoda-ku, Tokyo	100.0
Connective Industries	Hitachi Industry & Control Solutions, Ltd.	Taito-ku, Tokyo	100.0

(As of March 31, 2025)

Reporting segment	Name of subsidiary	Business location	Ownership percentage of voting rights (%)
Connective Industries	Hitachi Plant Services Co., Ltd.	Toshima-ku, Tokyo	100.0
Connective Industries	Hitachi Elevator (China) Co., Ltd.	Guangzhou, China	70.0
Connective Industries	Hitachi Global Air Power US, LLC	Indiana, U.S.A.	100.0
Connective Industries	Hitachi Industrial Holdings Americas, Inc.	Illinois, U.S.A.	100.0
Connective Industries	JR Technology Group, LLC	Michigan, U.S.A.	100.0
Others	Hitachi Real Estate Partners, Ltd.	Chiyoda-ku, Tokyo	100.0
Others	Hitachi America, Ltd.	California, U.S.A.	100.0
Others	Hitachi Asia Ltd.	Singapore	100.0
Others	Hitachi (China), Ltd.	Beijing, China	100.0
Others	Hitachi Europe Ltd.	Datchet, U.K.	100.0
Others	Hitachi India Pvt. Ltd.	New Delhi, India	100.0
-	Other 585 companies	-	-

(28) Related Party Transactions

(a) Related Party Transactions

The Company's and its subsidiaries' receivable and payable balances with associates and joint ventures are as follows:

Millions of yen

With associates	March 31, 2025	March 31, 2024
Trade receivables and contract assets	75,828	75,562
Trade payables	42,663	37,128
Contract liabilities	42,712	38,201

Millions of yen

With joint ventures	March 31, 2025	March 31, 2024
Trade receivables and contract assets	92,771	70,882

Revenue and purchase transactions of the Company and its subsidiaries with associates and joint ventures are as follows:

Millions of yen

With associates	2025	2024
Revenues	202,196	163,852
Purchases	191,023	183,023

Millions of yen

With joint ventures	2025	2024
Revenues	89,471	81,156
Purchases	23,868	8,754

(b) Compensation for Directors and Executive Officers of the Company

Millions of yen

	2025	2024
Basic remuneration and short-term incentive compensation	3,466	3,780
Medium and long-term incentive compensation	2,383	1,888
Total	5,849	5,668

(29) Commitments and Contingencies

(a) Loan Commitments

(i) Loan Commitments to Associates and Others

The Company provides loan commitments to associates and others. The outstanding balance of loan commitments as of March 31, 2025 is as follows:

Millions of yen

	March 31, 2025
Total commitments available	130
Less amount utilized	-
Balance available	130

Since some loan commitments require credit approval before execution, the amount of total commitments available may not be necessarily utilized in full.

(ii) Commitments with Financial Institutions

The Company has line of credit arrangements with banks in order to secure efficient financing for business operations. The total unused line of credit as of March 31, 2025 amounted to 505,000 million yen. The Company has commitment line agreements with a number of banks and pays commitment fees as consideration. These commitment agreements generally provide a one year term with renewal at the end of the term. The unused line of credit under these arrangements as of March 31, 2025 amounted to 305,000 million yen. The Company also maintains other commitment line agreements with several financial institutions, with terms of three years ending in July 2025. The unused line of credit under these arrangements as of March 31, 2025 amounted to 200,000 million yen.

(b) Commitments for Acquisition of Assets

As of March 31, 2025, outstanding commitments made to purchase property, plant and equipment were 65,206 million yen.

(c) Guarantee Obligations

The Company and certain subsidiaries provide debt guarantees to third-parties. As of March 31, 2025, the balance of the guarantee obligations was 4,396 million yen.

(d) Litigation

In November 2017, a subsidiary in Japan received a complaint that was filed against three companies, namely a construction company of a condominium complex, the subsidiary and a secondary subcontractor, by a contractee in Japan seeking approximately 45.9 billion yen in compensation for expenses allegedly incurred arising from concerns over partial deficiencies of piling work during the construction phases of the condominium complex, which the subsidiary contracted as the primary subcontractor. The compensation claim against these three companies was amended to approximately 51.0 billion yen in July 2018 and to approximately 50.5 billion yen in September 2022 by the contractee.
In relation to the aforementioned lawsuit, in April 2018, the subsidiary in Japan received a complaint that was filed against the subsidiary and the secondary subcontractor, by the construction company of the condominium complex seeking approximately 49.6 billion yen in compensation for expenses allegedly incurred arising from the aforementioned lawsuit. In July 2018, the compensation claim against these two companies was amended to approximately 54.8 billion yen by the construction company of the condominium complex. Although the subsidiary in Japan will address these claims and explain its position, there can be no assurance that it will not be held liable for any amounts claimed.

In December 2017, a subsidiary in Europe received a complaint filed by a customer in Europe seeking compensation for consequential losses of 263 million euro (42,634 million yen) and interest allegedly incurred by performance defects of a power plant. As of March 31, 2025, the amount of compensation claimed by the customer was changed to 270 million euro (43,767 million yen). Although the subsidiary in Europe will vigorously defend itself against this lawsuit, there can be no assurance that it will not be held liable for any amounts claimed.

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

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

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

(30) Subsequent Events

Repurchase of Shares of Common Stock

The Board of Directors held on April 28, 2025 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 Articles of Incorporation, as follows.

(i) Reason for repurchase

The Company views the return of profits to shareholders through enhancing corporate value from mid- and long-term perspective, paying dividends continuously and repurchasing its own shares flexibly as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition, asset sales and others.

(ii) Outline of the Repurchase

1) Class of shares to be repurchased
   Common stock of the Company
2) Aggregate number of shares to be repurchased
   Up to 140 million shares
   (3.06% of the number of outstanding shares (excluding treasury stocks))
3) Aggregate amount of repurchase
   Up to 300.0 billion yen
4) Period of the repurchase
   From April 30, 2025 to March 31, 2026
5) Method of repurchase
   Expected open market purchase through the Tokyo Stock Exchange

(31) Approval of Consolidated Financial Statements

The consolidated financial statements were approved on June 25, 2025 by Toshiaki Tokunaga, President and CEO of the Company.

Independent Auditor's Report

To the Stockholders and Board of Directors of
Hitachi, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hitachi, Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of recoverable amount of group of cash-generating units containing goodwill related to the power grids business

Description of Key Audit Matter

Hitachi, Ltd. (the Company) recognized goodwill in the amount of 615,337 million yen related to the power grids business (See Note (10) Goodwill and Other Intangible Assets). Such goodwill represents 25% of total goodwill and 5% of total assets of the Group. The Company performed an annual impairment test on the group of cash-generating units containing the goodwill for the year ended March 31, 2025.
The Company measured the recoverable amount based on value in use in the impairment test of the group of cash-generating units containing the goodwill. Value in use is determined using discounted future cash flows and is affected by estimates of future cash flows and the discount rate. Future cash flows are estimated based on the five-year business plan and the growth rate beyond the period covered by the business plan is taken into consideration. Key assumptions used for the business plan are revenue growth rates and gross profit ratios. The following growth rate beyond the period covered by the business plan and the discount rate were used by the Company.

Growth rate beyond the period covered by the business plan	3.0%
Discount rate (before taxes)	13.1%

Management judgements of the feasibility of the revenue growth rates and gross profit ratios are required. In addition, the growth rate beyond the period covered by the business plan is determined based primarily on the long-term inflation rate forecast released by an external research institution. Management judgements on selection of appropriate models and input data are necessary to estimate the growth rate beyond the period covered by the business plan and the discount rate.

We determined that the measurement of the recoverable amount is a key audit matter because of the significance of the balance of goodwill and the significant impact on the consolidated financial statements from the management judgements related to the key assumptions.

Auditor's Response

We primarily performed the following procedures regarding the measurement of each recoverable amount of the group of cash-generating units containing the goodwill.

- We obtained an understanding of the business plan by examining related business planning materials.
- We assessed the effectiveness of the business planning process by comparing the business plan from the prior fiscal year with the corresponding operating results and the business plan at the time of the impairment test.
- We made inquiries of management about measures to achieve the business plan, and compared revenue growth rates and gross profit ratios with actual operating results and available external data such as market research reports related to market growth rates.
- We involved valuation specialists from a network firm in assessing the valuation method of value in use, the growth rate beyond the period covered by the business plan and the discount rate. We assessed the appropriateness of models and input data utilized in the calculation regarding the growth rate beyond the period covered by the business plan and the discount rate. Further, we made inquiries of management about the growth rate beyond the period covered by the business plan, and assessed the level of growth rate beyond the period covered by the business plan.
- We made inquiries of management about the risks reflected in the discount rate and assessed their consistency with the risks reflected in future cash flows.
- We performed sensitivity analyses assuming reasonably possible changes in key assumptions, assessing the effect on the recoverable amount.

Estimation of total cost of long-term projects

Description of Key Audit Matter

Primarily in Digital Systems & Services segment, Green Energy & Mobility segment and Connective Industries segment, the Group has long-term projects involving the manufacture and provision of goods in accordance with customer specifications that are completed over specified periods of time to customers in a broad range of business areas across the world.

The Group recognizes revenues from long-term projects in the amount of 3,029,280 million yen by measuring the progress of the project mostly based on the cost incurred relative to the estimated total cost to satisfy the performance obligations (See Note (20) Revenues, (a) Disaggregation of revenue, (b) Information about satisfaction of performance obligations). Such revenues represent 31% of total revenues of the Group. Furthermore, the Group recognizes provisions for expected losses on construction contracts in the amount of 109,913 million yen based on the estimated amount of losses associated with fulfilling the project requirements (See Note (14) Provisions).

Estimations of total cost of long-term projects affect the corresponding amounts of revenues and provisions. Each of the Group's long-term projects is distinct in terms of customer requirements, such as detailed specifications and scheduling, and therefore estimations of total cost depend on management judgement. Estimations of total cost are particularly complex in relation to large-scale projects.

We determined that the estimation of total cost of long-term projects is a key audit matter because auditing estimations of total cost of long-term projects requires consideration of various factors affecting such estimations corresponding to each project as a result of the nature of the Group's long-term projects.

Auditor's Response
We obtained an understanding of the project management systems utilized by the Group as well as its processes for estimating total cost, and tested the relevant internal controls, including the approval of initial and revised operating budgets that serve as the basis of estimating total cost.
We selected samples of long-term projects, such as those projects whose total contract value exceeded certain materiality thresholds and projects subject to various qualitative risks, including delays in the progress of the project, and, on a quarterly basis, performed selected procedures from the following considering the status of each project:
・We obtained an understanding of the significant factors influencing the estimates related to customer specifications on goods and the timing of delivery and the effects of estimation uncertainty inherent in those significant factors influencing the estimates by examining contracts and project management materials and making inquiries of management and compared specific line items in the estimated total cost with corresponding quotations from suppliers.
・We assessed the management's judgements on the necessity of revising estimates of total cost considering the status of each project based on inquiries of management and by examining project management materials.
・We assessed the effectiveness of the processes for estimating total cost by comparing initial and previous period estimates with the actual total cost for completed projects and previous period estimates with the latest estimates for projects in progress.
・We additionally made separate inquiries to project managers for projects that were considered particularly significant to corroborate management explanations of their status.

Other Information
The other information comprises the information included in the annual report (Yukashoken Hokokusho) that contains audited consolidated financial statements but does not include the consolidated financial statements, financial statements and our auditor's report thereon. 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 IFRS Accounting Standards, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards.

・Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

The fees for the audits of the financial statements of Hitachi, Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are presented in paragraph (3) titled “Audit” in Section 4 “Corporate Governance, etc.” included in Item IV “Information on the Company” in Part I of the annual report (Yukashoken Hokokusho) for the year ended March 31, 2025 of the Group.

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.

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 25, 2025

/s/ Koji Fujima
Designated Engagement Partner
Certified Public Accountant

/s/ Teruyasu Omote
Designated Engagement Partner
Certified Public Accountant

/s/ Shinya Yoshida
Designated Engagement Partner
Certified Public Accountant

(Translation)

Following is an English translation of the Internal Control Report filed under the Financial Instruments and Exchange Act of Japan. We have made the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

[Cover]

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2025
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Name and title of Representative]	Toshiaki Tokunaga, President & CEO
[Name and title of CFO]	Tomomi Kato, Senior Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

President & CEO Toshiaki Tokunaga and Senior Vice President and Executive Officer Tomomi Kato are responsible for the design and operation of internal control over financial reporting of the Company, and have established and are operating internal control over financial reporting in accordance with the basic framework for internal control indicated in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control attempts to achieve its objectives to a reasonable extent when each basic element of internal control is organically linked and functions in unison. Therefore, internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedure

The assessment of internal control over financial reporting was conducted with a record date of March 31, 2025, the end of the current fiscal year, and the assessment was made in accordance with generally accepted assessment standards for internal control.

In this assessment, we evaluate internal controls that have a material impact on overall consolidated financial reporting ("company-level controls" hereinafter), and, based on the results, assess the internal control incorporated into business processes ("process-level controls" hereinafter). In assessing the business process, we evaluated the effectiveness of internal control by analyzing the selected business process, identifying a key control that would have a material impact on the reliability of financial reporting ("key control" hereinafter), and evaluating the design and operation of those key controls.

The scope of the assessment of internal control over financial reporting was determined for the Company and its consolidated subsidiaries and equity method affiliates from the perspective of the materiality of the effect on the reliability of financial reporting. The materiality of the effect on the reliability of financial reporting was determined by considering the materiality of the monetary and qualitative effects and the likelihood of their occurrence. The scope of assessment of internal control over business processes was reasonably determined based on the results of the assessment of company-level controls conducted for the Company and its consolidated subsidiaries and equity method affiliates. For equity method affiliates, asset and profit criteria are established to determine whether they should be included in the scope of the assessment of internal control.

With regard to the scope of assessment of internal control over business processes, the bases with the highest amount of sales revenue (after elimination of inter-company transactions) in the previous consolidated fiscal year were added up, and the bases with approximately 70% of consolidated sales revenue in the previous consolidated fiscal year were designated as "significant locations". Since there is a possibility that important manufacturing sites will not be included in the above selection indicators alone in the future, business sites that are in the top 70% of sales revenue before elimination of inter-company transactions are added to the selection indicators of "significant locations". For companies accounted for by the equity method, we selected "significant locations" based on the materiality of their impact on the consolidated financial statements.

Since our core business is social innovation business, we defined the accounts that are significantly related to the business purpose of the company at the selected significant locations as sales revenue, trade receivables and contract assets, trade payables, and inventories, and the business process leading to these accounts was the subject of our assessment. In addition, for significant locations and other locations (excluding locations whose impact on financial reporting is immaterial), business processes relating to a business or operation dealing with high-risk transactions, business processes relating to significant accounts involving estimates and the management's judgment, and business processes requiring special attention because of the involvement in non-routine or irregular transactions that have a high risk of misstatement are individually added to the scope of assessment of internal control over financial reporting as business processes with significant materiality in consideration of their impact on financial reporting.

In the procedure for determining the scope of assessment at the beginning of the period, we consider the need for changes in accounts that are significantly related to the business objectives of the entity. In addition, we review the scope of assessment of the risks associated with changes during the period, such as material changes in information systems, significant business restructuring, and acquisitions of overseas businesses, by examining their impact on financial reporting. In the current fiscal year, HITACHI RAIL GTS HOLDING LIMITED, which is engaged in railroad signal-related business, acquired by our subsidiary Hitachi Rail Ltd. on May 31, 2024, has been designated as a “significant location” for its effect on financial reporting.

In addition to the above, when there are assessment items in the company-level controls that are not operating effectively, the business locations/units and process-level controls related to them may be selected as the scope of assessment in consideration of their impact on financial reporting. In determining the scope of assessment, we also consider whether there is a need to include in the scope of assessment certain process-level controls that have been excluded from the scope of assessment for a long period of time. The certain process-level controls added under the above stipulate will continue to be assessed for at least two years.

3. Matters Related to Results of Assessment

As a result of the above assessment, we concluded that the Company's internal control over financial reporting was effective as of the end of the current fiscal year.

4. Supplementary Matters

None.

5. Special Notes

None.

TRANSLATION

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting under the Financial Instruments and Exchange Act and an audit of internal control over financial reporting under the attestation standards established by the American Institute of Certified Public Accountants.
In an audit of internal control over financial reporting under the Financial Instruments and Exchange Act, the auditors express an opinion on management's report on internal control over financial reporting, and do not express an opinion on the Company's internal control over financial reporting taken as a whole.

Independent Auditor's Report
(filed under the Financial Instruments and Exchange Act of Japan)

June 25, 2025

Mr.Toshiaki Tokunaga, President & CEO
Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Designated Engagement Partner, Certified Public Accountant:	Koji Fujima
Designated Engagement Partner, Certified Public Accountant:	Teruyasu Omote
Designated Engagement Partner, Certified Public Accountant:	Shinya Yoshida

[The Audit of the Consolidated Financial Statements]

Opinion

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, 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 comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows 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, 2024 to March 31, 2025.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of the Group applicable to the fiscal year ended March 31, 2025, in accordance with IFRS Accounting Standards under Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of recoverable amount of group of cash-generating units containing goodwill related to the power grids business

Description of Key Audit Matter

Hitachi, Ltd. (the Company) recognized goodwill in the amount of 615,337 million yen related to the power grids business (See Note (10) Goodwill and Other Intangible Assets). Such goodwill represents 25% of total goodwill and 5% of total assets of the Group. The Company performed an annual impairment test on the group of cash-generating units containing the goodwill for the year ended March 31, 2025.

The Company measured the recoverable amount based on value in use in the impairment test of the group of cash-generating units containing the goodwill. Value in use is determined using discounted future cash flows and is affected by estimates of future cash flows and the discount rate. Future cash flows are estimated based on the five-year business plan and the growth rate beyond the period covered by the business plan is taken into consideration. Key assumptions used for the business plan are revenue growth rates and gross profit ratios. The following growth rate beyond the period covered by the business plan and the discount rate were used by the Company.

Growth rate beyond the period covered by the business plan	3.0%
Discount rate (before taxes)	13.1%

Management judgements of the feasibility of the revenue growth rates and gross profit ratios are required. In addition, the growth rate beyond the period covered by the business plan is determined based primarily on the long-term inflation rate forecast released by an external research institution. Management judgements on selection of appropriate models and input data are necessary to estimate the growth rate beyond the period covered by the business plan and the discount rate.

We determined that the measurement of the recoverable amount is a key audit matter because of the significance of the balance of goodwill and the significant impact on the consolidated financial statements from the management judgements related to the key assumptions.

Auditor's Response

We primarily performed the following procedures regarding the measurement of each recoverable amount of the group of cash-generating units containing the goodwill.

- We obtained an understanding of the business plan by examining related business planning materials.
- We assessed the effectiveness of the business planning process by comparing the business plan from the prior fiscal year with the corresponding operating results and the business plan at the time of the impairment test.
- We made inquiries of management about measures to achieve the business plan, and compared revenue growth rates and gross profit ratios with actual operating results and available external data such as market research reports related to market growth rates.
- We involved valuation specialists from a network firm in assessing the valuation method of value in use, the growth rate beyond the period covered by the business plan and the discount rate. We assessed the appropriateness of models and input data utilized in the calculation regarding the growth rate beyond the period covered by the business plan and the discount rate. Further, we made inquiries of management about the growth rate beyond the period covered by the business plan, and assessed the level of growth rate beyond the period covered by the business plan.
- We made inquiries of management about the risks reflected in the discount rate and assessed their consistency with the risks reflected in future cash flows.
- We performed sensitivity analyses assuming reasonably possible changes in key assumptions, assessing the effect on the recoverable amount.

Estimation of total cost of long-term projects

Description of Key Audit Matter

Primarily in Digital Systems & Services segment, Green Energy & Mobility segment and Connective Industries segment, the Group has long-term projects involving the manufacture and provision of goods in accordance with customer specifications that are completed over specified periods of time to customers in a broad range of business areas across the world.

The Group recognizes revenues from long-term projects in the amount of 3,029,280 million yen by measuring the progress of the project mostly based on the cost incurred relative to the estimated total cost to satisfy the performance obligations (See Note (20) Revenues, (a) Disaggregation of revenue, (b) Information about satisfaction of performance obligations). Such revenues represent 31% of total revenues of the Group. Furthermore, the Group recognizes provisions for expected losses on construction contracts in the amount of 109,913 million yen based on the estimated amount of losses associated with fulfilling the project requirements (See Note (14) Provisions).

Estimations of total cost of long-term projects affect the corresponding amounts of revenues and provisions. Each of the Group's long-term projects is distinct in terms of customer requirements, such as detailed specifications and scheduling, and therefore estimations of total cost depend on management judgement. Estimations of total cost are particularly complex in relation to large-scale projects.

We determined that the estimation of total cost of long-term projects is a key audit matter because auditing estimations of total cost of long-term projects requires consideration of various factors affecting such estimations corresponding to each project as a result of the nature of the Group's long-term projects.

Auditor's Response

We obtained an understanding of the project management systems utilized by the Group as well as its processes for estimating total cost, and tested the relevant internal controls, including the approval of initial and revised operating budgets that serve as the basis of estimating total cost.

We selected samples of long-term projects, such as those projects whose total contract value exceeded certain materiality thresholds and projects subject to various qualitative risks, including delays in the progress of the project, and, on a quarterly basis, performed selected procedures from the following considering the status of each project:

- We obtained an understanding of the significant factors influencing the estimates related to customer specifications on goods and the timing of delivery and the effects of estimation uncertainty inherent in those significant factors influencing the estimates by examining contracts and project management materials and making inquiries of management and compared specific line items in the estimated total cost with corresponding quotations from suppliers.
- We assessed the management's judgements on the necessity of revising estimates of total cost considering the status of each project based on inquiries of management and by examining project management materials.
- We assessed the effectiveness of the processes for estimating total cost by comparing initial and previous period estimates with the actual total cost for completed projects and previous period estimates with the latest estimates for projects in progress.
- We additionally made separate inquiries to project managers for projects that were considered particularly significant to corroborate management explanations of their status.

Other Information

The other information comprises the information included in the Group's annual report (Yukashoken Hokokusho) that contains audited consolidated financial statements but does not include the consolidated financial statements, financial statements and our audit report thereon. 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 IFRS Accounting Standards, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards.

・Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

[Internal Control Audit]

Opinion
Pursuant to Article 193-2, Section 2 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying Management’s Report on Internal Control Over Financial Reporting for the financial statements as at March 31, 2025 of Hitachi, Ltd. and its consolidated subsidiaries ("Management's Report").
In our opinion, Management's Report referred to above, which represents that the internal control over financial reporting as at March 31, 2025 of Hitachi, Ltd. and its consolidated subsidiaries (the Group) is effective, presents fairly, in all material respects, the result of management's assessment of internal control over financial reporting in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion
We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Internal Control section of our report. We are independent of the Group 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.

Responsibilities of Management and the Audit Committee for the Management’s Report
Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.
The Audit Committee is responsible for monitoring and verifying the design and operation of internal control over financial reporting.
Internal control over financial reporting may not prevent or detect misstatements completely.

Auditor’s Responsibilities for the Audit of Internal Control
Our objectives are to obtain reasonable assurance about whether Management's Report is free from material misstatement, and to issue an auditor’s report that includes our opinion from an independent standpoint.
As part of an audit in accordance with auditing standards on internal control generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

・Perform audit procedures to obtain audit evidence relating to the result of management's assessment of internal control over financial reporting in Management's Report. The design and performance of audit procedures for internal control audits is based on our judgement in consideration of the materiality of the effect on the reliability of financial reporting.
・Consider the overall presentation of Management's Report with regards to the scope, procedures, and result of the assessment of internal control over financial reporting including descriptions by management.
・Plan and perform the audit of internal control to obtain sufficient appropriate audit evidence regarding the result of management's assessment of internal control over financial reporting in Management's Report. We are responsible for the direction, supervision, and review of the audit of Management's Report. 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 internal control audit, the results of the internal control audit, any significant deficiencies in internal control that we identify, and the results of corrective measures for such significant deficiencies.
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.

Fee-related Information
The fees for the audits of the financial statements of Hitachi, Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are presented in paragraph (3) titled “Audit” in Section 4 “Corporate Governance, etc.” included in Item IV “Information on the Company” in Part I of the annual report (Yukashoken Hokokusho) for the year ended March 31, 2025 of the Group.

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.

(The above represents a translation, for convenience only, of the original report issued in the Japanese language.)

(Translation)

Following is an English translation of the Confirmation Letter filed under the Financial Instruments and Exchange Act of Japan.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2025
[Company Name]	Kabushiki Kaisha Hitachi Seisakusho
[Company Name in English]	Hitachi, Ltd.
[Name and title of Representative]	Toshiaki Tokunaga, President & CEO
[Name and title of CFO]	Tomomi Kato, Senior Vice President and Executive Officer
[Address of Head Office]	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

   Mr. Toshiaki Tokunaga, President & CEO, and Mr. Tomomi Kato, Senior Vice President and Executive Officer, confirmed that statements contained in the Annual Securities Report for the 156th fiscal year (from April 1, 2024, to March 31, 2025) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

   None.