

HITACHI

Annual Securities Report

(The 157th Business Term)

From April 1, 2025 to March 31, 2026

Hitachi, Ltd.

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

[Cover]

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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 the 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 Reporting 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.

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	153rd business term	154th business term	155th business term	156th business term	157th business term
Year end	March 2022	March 2023	March 2024	March 2025	March 2026
Revenues	10,264,602	10,881,150	9,728,716	9,783,370	10,586,781
Income before income taxes	839,333	819,971	825,801	962,733	1,273,109
Net income attributable to Hitachi, Ltd. stockholders	583,470	649,124	589,896	615,724	802,368
Comprehensive income attributable to Hitachi, Ltd. stockholders	958,008	905,819	1,013,811	523,435	1,269,567
Total Hitachi, Ltd. stockholders' equity	4,341,836	4,942,854	5,703,705	5,847,091	6,568,369
Total equity	5,355,277	5,335,567	5,859,603	6,031,417	6,772,607
Total assets	13,887,502	12,501,414	12,221,284	13,284,813	15,041,246
Total Hitachi, Ltd. stockholders' equity per share (yen)	897.78	1,054.39	1,231.08	1,277.25	1,459.71
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)	120.75	136.91	126.91	133.85	176.76
Earnings per share attributable to Hitachi, Ltd. stockholders, diluted (yen)	120.59	136.78	126.75	133.72	176.63
Total Hitachi, Ltd. stockholders' equity ratio (%)	31.3	39.5	46.7	44.0	43.7
Return on equity (%)	14.8	14.0	11.1	10.7	12.9
Price earnings ratio (times)	10.2	10.6	21.9	25.8	25.3
Net cash provided by (used in) operating activities	729,943	827,045	956,612	1,172,240	1,668,061
Net cash provided by (used in) investing activities	(1,048,866)	151,063	(131,543)	(573,650)	(341,553)
Net cash provided by (used in) financing activities	202,739	(1,142,966)	(1,024,907)	(424,122)	(971,037)
Cash and cash equivalents at end of year	968,827	833,283	705,367	866,242	1,323,480
Number of employees	368,247	322,525	268,655	282,743	287,901

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

2. On July 1, 2024, the Company completed the share split into five (5) shares for every one (1) common share. The "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" figures are calculated assuming the Company conducted this share split at the beginning of its 153rd business term.

3. 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	153rd business term	154th business term	155th business term	156th business term	157th business term
Year end	March 2022	March 2023	March 2024	March 2025	March 2026
Revenues	1,623,424	1,631,338	1,756,937	1,774,233	1,843,173
Ordinary income	365,049	354,719	401,001	428,610	799,972
Net income	516,115	987,946	581,570	390,107	784,025
Common stock	461,731	462,817	463,417	464,384	466,666
Number of issued shares (thousands of shares)	968,234	938,083	927,167	4,580,341	4,535,560
Total net assets	2,643,733	3,336,637	3,614,195	3,587,499	3,949,169
Total assets	5,815,620	5,940,498	6,095,488	6,515,451	6,932,686
Net assets per share (yen)	546.35	711.50	779.83	783.48	877.49
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	125 [60]	145 [70]	180 [80]	43 [21]	50 [23]
Net income per share, basic (yen)	106.73	208.24	125.07	84.79	172.72
Net income per share, diluted (yen)	106.66	208.12	125.00	84.71	172.58
Stockholders' equity ratio (%)	45.4	56.1	59.3	55.0	57.0
Return on equity (%)	21.1	33.1	16.7	10.8	20.8
Price earnings ratio (times)	11.6	7.0	22.2	40.8	25.8
Dividend payout ratio (%)	23.4	13.9	28.8	50.7	28.9
Number of employees	29,485	28,672	28,111	25,892	25,934
Total shareholder return (%) [Comparative indicator: Dividend-included TOPIX] (%)	125.7 [102.0]	150.3 [107.9]	286.9 [152.5]	358.8 [150.2]	464.3 [202.2]
Highest share price (yen)	7,460.0	7,463.0	14,140.0	4,448.0	6,039.0
Lowest share price (yen)	4,750.0	5,665.0	6,992.0	2,584.0	2,590.0

- (Notes) 1. On July 1, 2024, the Company completed the share split into five (5) shares for every one (1) common share. The “Net assets per share,” “Net income per share, basic” and “Net income per share, diluted” figures are calculated assuming the Company conducted this share split at the beginning of its 153rd business term. The “Dividends per share” figures 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 (5) shares for every one (1) common share. The highest and lowest share prices stated for the 156th business term and thereafter are the prices after the stock split.

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.)	
May 1937	Merged Kokusan Industries, Ltd. and established seven factories, including Totsuka Works	 <p>1910 A five-horsepower induction motor, one of the products we offered during our founding period (motor)</p>
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.	 <p>1956 Escalators that became vertical metropolitan pathways</p>
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.	
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	 <p>1964 The world's first Shinkansen (bullet train) cars to reach 200 km/h</p>

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. (It ceased to be an affiliate of the Company in August 2025 following the sale of its shares)
Apr. 2016	Reorganized in-house companies into business units as a market-specific business structure
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)
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
Jul.	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 (It ceased to be an affiliate of the Company in November 2025 following 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



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



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

3. Description of Business

As of March 31, 2026, the Hitachi Group, which comprises the Company and 823 affiliates (606 consolidated subsidiaries and 217 equity-method associates and joint ventures), positions four sectors, namely Digital Systems & Services, Energy, Mobility and Connective Industries, as growth areas and allocates related business units into each sector. Also operating in a fifth sector, Others, the Hitachi Group engages in a broad range of business activities across all five sectors, from product development and manufacturing to sales and services.

The Hitachi Group's strength lies in its unique combination of advanced IT as a cutting-edge digital technology, control and operational technologies (OT) derived from on-site expertise in 190 countries, and high-quality products refined over 116 years of history. Leveraging insights gained from on-site operations in a wide range of industries, Hitachi is committed to solving challenges faced by social infrastructure worldwide, aiming to become a global leader in continuously transforming social infrastructure through digital.

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 through the use of AI and domain knowledge, and is now being rolled out as Lumada 3.0.



In Lumada 3.0, Hitachi's globally deployed installed base, including products and IT systems, is positioned as "digitalized assets" which generate data and create value. By analyzing data collected in real time from these digitalized assets using Hitachi's domain knowledge and AI, Hitachi provides digital services that contribute to solving the challenges faced by Hitachi's customers and society. Furthermore, the provision of these digital services leads to the expansion of Hitachi's product sales and the collection and analysis of data from installed bases including the bases of other companies, thereby contributing to the further expansion of digitalized assets.

Through this cycle of value creation, Hitachi is working to expand the delivery of value through digital technologies and to address societal challenges.

A representative example of the digital services in Lumada 3.0 is HMAX, a next-generation solution portfolio that leverages AI to transform social infrastructure. By combining AI and data with Hitachi's domain knowledge, HMAX provides solutions tailored to the challenges in each sector and it enables Hitachi to offer recurring services that deliver continuous value. As a core solution within the Lumada business, HMAX is being deployed in various industries, including in the mobility, energy and industrial sectors.

Hitachi aims to become a global leader in continuously transforming social infrastructure through digital with Lumada 3.0.

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, 2026)

Segments	Main products and services	BU and principal affiliated companies
Digital Systems & Services	<ul style="list-style-type: none"> • Digital Solutions (System Integration, Cloud Services, Consulting Service) • IT Products (Storage, Servers) • Software • ATMs 	<p>[BU] Social Infrastructure Systems BU Financial Institutions BU AI & Software Services BU Digital Engineering & AI Solutions BU</p> <p>[Consolidated subsidiaries] Hitachi Channel Solutions, Corp. Hitachi Information & Telecommunication Engineering, Ltd. Hitachi Solutions, Ltd. Hitachi Systems, Ltd. Hitachi Vantara, Ltd. GlobalLogic Worldwide Holdings, Inc. Hitachi Digital LLC Hitachi Digital Services LLC Hitachi Payment Services Private Limited Hitachi Vantara LLC Hitachi Vantara Manufacturing, Inc.</p> <p>[Equity-method associates] KOKUSAI DENKI Electric Inc.</p>
Energy	<ul style="list-style-type: none"> • Energy Solutions (Power Grids, Nuclear) 	<p>[BU] Nuclear Energy BU Power Grids BU</p> <p>[Consolidated subsidiaries] Hitachi GE Vernova Nuclear Energy, Ltd. Hitachi Plant Construction, Ltd. Hitachi Energy Ltd</p>
Mobility	<ul style="list-style-type: none"> • Railway Systems 	<p>[BU] Railway Systems BU</p> <p>[Consolidated subsidiaries] Hitachi Rail Ltd.</p>
Connective Industries	<ul style="list-style-type: none"> • Building Systems (Elevators, Escalators) • Smart Life & Ecofriendly Systems (Home Appliances, Air Conditioners) • Industrial Machinery & Solutions • Measurement and Analysis Systems (Semiconductor Manufacturing Equipment, Clinical Analyzers) • Industry & Distribution Solutions • Water & Environment Solutions 	<p>[BU] Urban Systems BU Industrial Products & Services BU Industrial AI BU</p> <p>[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 Power Solutions Co., Ltd. Hitachi Elevator (China) Co., Ltd. Hitachi Global Air Power US, LLC Hitachi Industrial Holdings Americas, Inc. JR Technology Group, LLC</p> <p>[Equity-method associates] Arcelik Hitachi Home Appliances B.V.</p>
Others	<ul style="list-style-type: none"> • Property Management • Others 	<p>[Consolidated subsidiaries] Hitachi Real Estate Partners, Ltd. Hitachi America, Ltd. Hitachi Asia Ltd. Hitachi (China), Ltd. Hitachi Europe Ltd. Hitachi India Pvt. Ltd.</p>

(Notes) 1. Effective April 1, 2026, the Company carried out a reorganization of its BUs. As part of this reorganization, the Social Infrastructure Systems BU and the Financial Institutions BU, which had previously been part of the Digital Systems & Services segment, were consolidated into the Digital Services BU. In addition, within the Connective Industries segment, the Urban Systems BU, the Industrial Products & Services BU, and the Industrial AI BU were reorganized into the

Industrial Solutions BU, the Industrial Products BU, and the Urban Solutions & Services BU.

2. 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.
3. In addition to the above, the major equity-method associates as of March 31, 2026, include Astemo, Ltd.

4. Information on Affiliates
(1) Consolidated subsidiaries

(As of March 31, 2026)

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) 10,018,164	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, 2026)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
*Hitachi Digital LLC	California, U.S.A.	(Thousands of US dollars) 11,905,301	Digital Systems & Services	[100.0] 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 Vantara Manufacturing, 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 GE Vernova Nuclear Energy, Ltd.	Hitachi, Ibaraki	5,000	Energy	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	Energy	100.0	The Company orders the construction of 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, 2026)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
Hitachi Energy Ltd	Zurich, Switzerland	(Thousands of Swiss franc) 1,260	Energy	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	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.
Hitachi High-Tech Corporation	Minato-ku, Tokyo	7,938	Connective Industries	100.0	The Company purchases transportation equipment and medical equipment, and sells power-related parts, etc. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2026)

Company name	Location	Common stock	Principal business	Ownership percentage of voting rights (%)	Relationship
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.	Taito-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 Power Solutions Co., Ltd.	Hitachi, Ibaraki	4,000	Connective Industries	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 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, 2026)

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) 15,748,406	Others	100.0	The Hitachi Group's regional supervising company in Americas, it formulates and executes the Hitachi Group's regional strategies 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 formulates and executes the Hitachi Group's regional strategies and sells the Hitachi Group's industrial machinery and train-, healthcare- and information-related products, etc. in Asia. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.

(As of March 31, 2026)

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 formulates and executes the Group's regional strategies and sells plant-, industrial machinery-, railway-, healthcare-, and information-related products, etc. in China. 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) 187,256	Others	100.0	The Hitachi Group's regional supervising company for Europe, it formulates and executes the Hitachi Group's regional strategies, sells information-related products, etc. and promotes R&D in Europe. 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 formulates and executes the Group's regional strategies, sells plant- and industrial machinery-related products, etc. in India. The Company's Directors, Executive Officers or employees concurrently hold the position of directors or officers.
Others - 573 companies	-	-	-	-	-

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

- 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.
- Companies with one asterisk (*) in the "Company name" column are specified subsidiaries. In addition, one of the companies included in "Others," HV Fund, SCS-RAIF, qualifies as a specified subsidiary.
- The name of the segment in which the companies are classified is shown in the "Principal business" column.
- 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.
- Companies with negative net worth are shown below, along with the amount of liabilities in excess of assets.

Hitachi Power Europe GmbH	198,266 million yen
Hitachi Vantara LLC	114,957 million yen

7. 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	2,988,009 million yen
2) Income before income taxes	438,791 million yen
3) Net Income	299,950 million yen
4) Total equity	1,117,117 million yen
5) Total assets	4,313,271 million yen

8. 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	1,192,236 million yen
2) Income before income taxes	35,197 million yen
3) Net Income	24,484 million yen
4) Total equity	511,431 million yen
5) Total assets	2,039,537 million yen

(2) Equity-method associates and joint ventures

(As of March 31, 2026)

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.
Astemo, Ltd.	Chiyoda-ku, Tokyo	129,126	Automotive Systems	40.0	The Company purchases parts for railway vehicles, etc.
Others - 214 companies	-	-	-	-	-

- (Notes) 1. The unit of amounts and currency shown in the "Common stock" column are in millions of yen, unless otherwise specified.
2. Regarding KOKUSAI DENKI Electric Inc. and Arcelik Hitachi Home Appliances B.V., the name of the segment in which the companies are classified is shown in the "Principal business" column.
3. 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 they are included in the total ownership shown in the lower row.
4. A company with negative net worth is shown below, along with the amount of liabilities in excess of assets.

GE Vernova Hitachi Nuclear Energy Holdings LLC 82,366 million yen

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 greater 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.

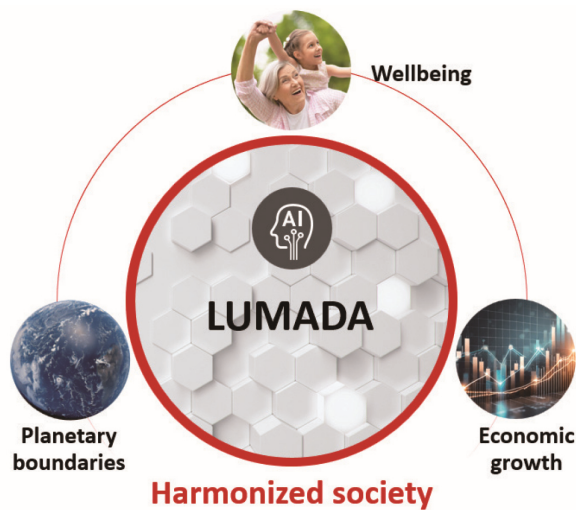
(2) Business Environment and Challenges the Hitachi Group Faces

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, under its management plan, Inspire 2027, Hitachi is advancing its transformation into a digital centric company and striving to achieve sustainable growth, thereby contributing to the realization of a "harmonized society," in which the environment, people's well being, and economic growth are in harmony.

Even amid rapidly changing business conditions, Hitachi will respond flexibly and swiftly to change and work as a unified Group, a true One Hitachi, to create value unique to Hitachi and further enhance corporate value.



a) Accelerating Growth by Capturing the Expanding AI Market

In recent years, manufacturing and infrastructure sites have faced the growing need to address the labor shortage and improve safety and productivity. As a result, increasing attention is being paid to the field of physical AI (Note), which drives innovation in on-site operations within the physical world, and the market is expected to continue to expand. Against this backdrop, the Hitachi Group leverages its track record in the deployment of products and IT systems on social infrastructure sites, specifically, its digitalized assets, to collect and analyze data using AI and domain knowledge and generate digital services. By implementing a cycle that leads to further value creation, Hitachi will advance Lumada 3.0.

As a core solution underpinning the Lumada business, we are accelerating the deployment of HMAX. Launched in 2024 for railway operators, applications for HMAX have since expanded into a wide range of industries, including energy, manufacturing, and building maintenance.

Looking ahead, we will capitalize on the rapid expansion of the AI market, which is driven by developments such as physical AI and agentic AI capable of autonomously making decisions and executing actions, and continues to increase the scale of the HMAX business, the growth engine of

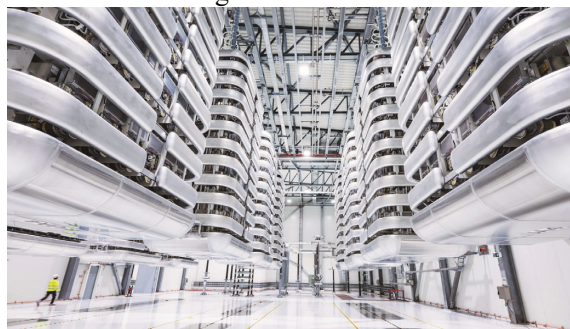
Lumada. Through this expansion, we aim to accelerate the growth of the Group as a whole and enhance profitability.

(Note) AI technologies that analyze and interpret real world data and translate insights into concrete actions, such as the control of facilities and equipment

b) Turning Business Opportunities into Growth through Globally Autonomous and Decentralized Management

Even amid an increasingly uncertain business environment, the Group aims to achieve groupwide growth through globally autonomous and decentralized management which enables us to independently identify and pursue business opportunities in each region.

Specifically, in our six regions around the world, the Americas, EMEA, APAC, India, Japan, and China, we identify growth areas that are unique to each region and expand businesses tailored to the characteristics of the region. In the United Kingdom, for example, Hitachi Energy was selected as the supplier of converter stations for the country's longest HVDC interconnection, among other initiatives, demonstrating our ability to accurately capture region specific business opportunities and translate them into growth.



Involvement in the Eastern Green Link3 project and the further expansion of HVDC

c) Deepening Sustainable Management

Responding to a Rapidly Changing Business Environment

Globally autonomous and decentralized management is also an effective means of mitigating risks, and by enhancing enterprise risk management (ERM) (Note), Hitachi is promoting agile management. Hitachi is strengthening business resilience and continuously reinforcing the robustness of its supply chain by increasing its local procurement ratio by establishing and expanding manufacturing facilities and diversifying its procurement routes. At the same time, Hitachi is already working to implement appropriate price pass through measures to mitigate the impact of U.S. reciprocal tariffs.



Hitachi Rail Hagerstown Manufacturing Facility (Maryland, U.S.)

(Note) Enterprise Risk Management: A framework for comprehensively identifying risks and opportunities arising from changes in the business environment so that they can be reflected in a company's management strategy and decision-making.

Strengthening Human Capital to Support Long Term Corporate Value Enhancement

To execute the human capital strategy set forth in Inspire 2027, Hitachi is focusing on developing next generation leaders and expanding our pool of AI professionals, who will serve as key drivers of sustainable growth. In addition, to encourage employees to enhance their awareness of increasing corporate value, Hitachi has decided to introduce a share-based compensation program for employees. Together with the share-based compensation program for executives, the Hitachi Group aims to enhance long-term corporate value by sharing value with our shareholders through the entire Group.

d) Initiatives for Future Growth

AI-driven internal transformation and the use of AI as "Customer Zero" (Note)

Hitachi is promoting the development of an environment in which employees can effectively utilize AI, and it is working to improve operational efficiency across a wide range of areas, including design and development, quality assurance and maintenance, and indirect functions. In particular, in system development, the use of AI has enhanced productivity in the system

integration processes, steadily advancing internal operational reforms.

For the Hitachi Group, which operates across a broad range of business domains, systematizing knowledge and know how through the AI-driven transformation of internal operations represents a significant strength as “Customer Zero.” Hitachi will leverage these internal achievements to expand them externally as services, including offerings that maximize the effectiveness of customers implementation of AI agents and solutions that support frontline workers.

(Note) “Customer Zero” is the approach of treating the company itself as the first customer and proactively implementing transformation initiatives using digital technologies and AI ahead of their external deployment.

Developing New Businesses and Technologies to Drive Future Growth

Within the Strategic SIB Business Unit, Hitachi has defined growth themes that fully leverage the strengths of a true One Hitachi and it has been accelerating the creation of businesses through co-creation activities with partners and capital alliances. Hitachi also continues to invest in the research and development of innovative new technologies that contribute to solving societal challenges.

New business development	New technology development	New technology development
<p>Energy Solutions Hitachi has developed next-generation AI infrastructure that adopts clean and efficient power-sharing policies, aiming for efficient energy management for AI data centers.</p>	<p>Utilization of Space Big Data By leveraging environmental data collected from space, Hitachi has focused on developing technologies that enhance infrastructure operation and maintenance and contribute to a sustainable society.</p>	<p>Silicon Quantum Computing Hitachi has aimed to establish a foundation that dramatically accelerates technological innovation by applying the breakthrough computational capabilities of silicon quantum computing.</p>

Even amid a rapidly changing business environment, Hitachi will continue to accelerate growth through these initiatives, while promoting disciplined management, including investments aligned with our capital allocation policy, thereby striving to further enhance corporate value and provide stable returns to our 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, driven by the rapid evolution of AI and the full-scale adoption of AI to improve business efficiency and competitiveness, thereby accelerating growth particularly in the global digital transformation (DX) market. In Japan, while labor shortages remain a concern, strong demand continues for IT system modernization and DX.

In this market environment, the Digital Systems & Services Sector provides advanced digital solutions that utilize cutting-edge digital technologies such as AI, cloud, and security technologies to address challenges faced by customers and society. In collaboration with other sectors, the sector will strongly drive the digitalization and servitization of the installed base across the Hitachi Group by leveraging its AI and digital capabilities. Furthermore, positioning rapidly evolving AI as a growth engine, the sector will promote AI transformation to dramatically improve productivity and create new business opportunities. Through these initiatives, the sector will scale the next-generation solution suite HMAX, which leverages AI to transform social infrastructure, across customers' assets, accelerate the growth of the Lumada business, and increase the proportion of high value-added Lumada business across the Hitachi Group.

In the Japanese IT market, the sector will enhance system integration (SI) productivity through the use of AI, while leveraging advanced knowledge from digital talent in overseas Group companies such as GlobalLogic to address the serious shortage of digital talent in Japan. At the same time, it will continue to meet strong demand for large-scale mission-critical SI projects. The sector will also strengthen collaboration with global partners, focus on creating innovative solutions, and develop human resources with advanced AI skills.

(Energy)

Against the backdrop of rising climate change and geopolitical risks, the transition toward a decarbonized society is accelerating, and the global shift toward low-carbon energy is gaining momentum. In addition, electricity demand is expected to continue increasing due to factors such as the expansion of data centers driven by advances in digitalization and AI, further intensifying the need to strengthen the capacity for stable electricity supply. Specifically, progress is being made in the expansion of clean energy, the development of power grids to support this transition, the expansion of microgrids through the diversification and decentralization of power sources, and the reassessment of stable power sources including nuclear energy.

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 global environment and sustainable social and economic growth are in balance, through our world-class products and integration capabilities.

In the power grids business, Hitachi Energy aims to become a world-class service provider by leveraging the value of its global installed base and the Hitachi Group's digital technologies, while accelerating profitable growth through more advanced services and the expansion of the continuous delivery of value enabled by the deployment of HMAX Energy. In nuclear power generation systems, with the start of the construction of the first Small Modular Reactor (SMR) in Canada as a foothold, we will advance the deployment of the SMR business in North America, Poland, and other parts of Europe, while taking into account increasing investment trends in Japan and the United States, in collaboration with our partner, GE Vernova.

(Mobility)

The business environment surrounding the mobility sector, particularly the railway industry, is undergoing significant transformation driven by global efforts toward achieving a decarbonized society, ongoing urbanization, and rapid advancements in digital technologies. Railways are being re-evaluated as an environmentally friendly mass transportation mode, leading to increased infrastructure investment not only in developed countries but also in emerging markets. At the

same time, challenges are becoming more complex, including aging infrastructure, shortages of maintenance personnel, and increasingly stringent requirements for safety and reliability.

Against this backdrop, the Company has positioned railway solutions that integrate physical, digital, and AI technologies as its core strategy. Through the integration of the rail signaling business acquired from Thales S.A. (hereinafter “Thales”) in 2024, the Hitachi Group is expanding its business portfolio to encompass rolling stock, signaling and control systems, and digital services. Furthermore, it is strengthening its digital asset management business centered on HMAX Mobility, which leverages AI technologies.

Specifically, the Company is advancing initiatives such as the integration of digital monitoring technologies through the acquisition of Omnicom in 2025, the promotion of maintenance DX (digital transformation) in Japan, and the reinforcement of its business foundations in North America and Europe. Through these efforts, the Company aims to enhance added value and strengthen competitiveness in its railway business, thereby contributing to a sustainable mobility society while achieving the long-term growth of its railway operations.

(Connective Industries)

In the industrial sector, structural challenges such as a shrinking and aging workforce, the expansion of capital expenditures (CAPEX), and rising volatility in operating expenses (OPEX) are becoming more pronounced. At the same time, demand is rapidly increasing for automation and labor savings through AI, the faster recovery of investments through the shorter time to market, and the reduction and optimization of OPEX.

The Connective Industries Sector operates across its Industry domains (measurement and analysis systems, healthcare equipment, industrial, distribution and water & environment solutions) and Facility domains (building systems, air conditioning systems, and industrial equipment). In these domains, the sector will deliver solutions that maximize customers’ lifetime value by combining data generated from a vast installed base of highly reliable products with domain knowledge of real-world operations and physical AI, through the deployment of the next-generation solution suite HMAX Industry.

In particular, the sector has identified four priority business domains—facilities, semiconductor manufacturing, In Vitro diagnostics, and pharmaceutical manufacturing—where AI-related investments are growing at a high rate and where growth can be driven by the sector’s strong products and HMAX, and will focus its efforts on these areas. For example, in the facilities domain, starting from elevators and escalators that have globally top-class connected units and rates, the sector will optimize overall building operations and improve energy efficiency using HMAX. In semiconductor manufacturing and diagnostics, the sector will expand HMAX solutions based on its measurement and analysis technologies centered on CD-SEM (Note) and biochemical immunoassay analyzers, both of which have the largest share of their global markets, to shorten time-to-market, improve productivity, and reduce downtime.

To support this growth, the sector will strengthen R&D in physical AI to expand HMAX, including high-speed and low-power edge AI semiconductors. In addition, the sector will accelerate the development of a business portfolio centered on physical AI and the creation of the next generation of globally leading products.

As part of its business structure to accelerate this growth strategy, the sector reorganized its business units (BU) in April 2026 into three BUs: Industrial Solutions BU, Industrial Products BU, and Urban Solutions & Services BU. The sector will further increase management speed, create synergies across businesses, and accelerate global growth through Lumada under the One Hitachi approach.

(Note) Critical Dimension-Scanning Electron Microscope (CD-SEM): An application of a scanning electron microscope (SEM) specialized for measuring the dimensions of fine patterns formed on semiconductor wafers.

(3) Targets under the Management Plan

Under Inspire 2027, Hitachi sets the following indicators as performance targets for management.

Indicators	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. Adjusted EBITA (Adjusted Earnings before interest, taxes and amortization) 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.

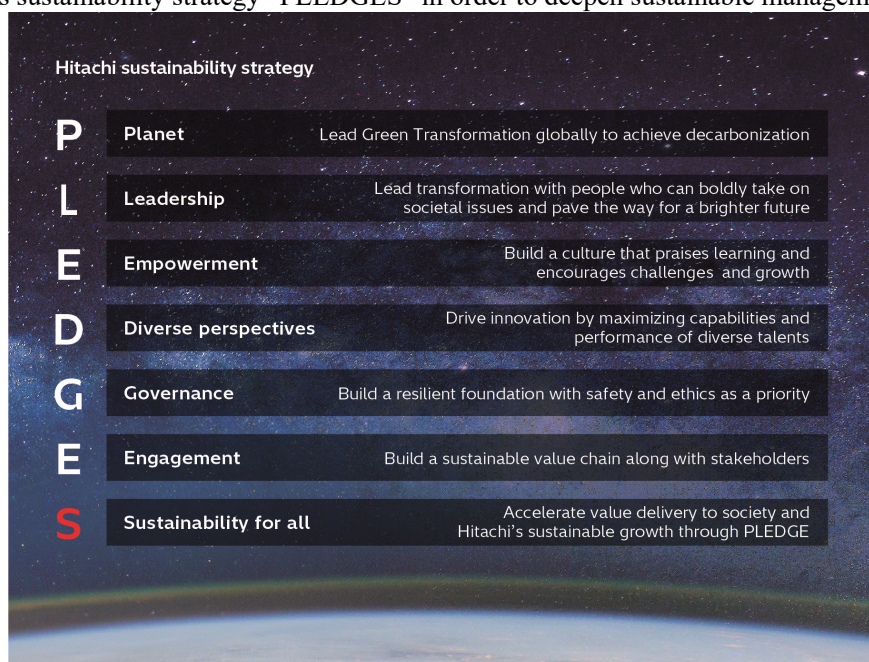
4. ROIC (Return on Invested Capital) is presented as (“NOPAT” + equity in earnings (losses) of affiliates) / “Invested Capital” x 100

“NOPAT (Net Operating Profit after Tax)” = Adjusted operating income x (1 - Tax burden rate)

“Invested Capital” = interest-bearing debt + total equity

In 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.



2. Sustainability Approach and Initiatives

The Hitachi Group 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

The Hitachi Group has established a Senior Executive Committee as an advisory council to the President to deliberate and make decisions on important managerial matters that may affect the business of the Company or the Hitachi Group, including the following strategies, through discussions 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 decisions 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. In addition to the Sustainability Steering Committee, which meets quarterly and is chaired by the Chief Sustainability Officer, we hold Sustainability Promotion Meetings once or twice a year to discuss important sustainability initiatives and share information. These meetings include the heads of the business promotion divisions of each business unit (BU) and major group companies, as well as sustainability officers of regional headquarters.

For the sustainability themes under the Hitachi Group sustainability strategy, PLEDGES, such as the environment, human capital, health and safety, quality and product safety and sustainable procurement, etc., we have established individual meeting bodies consisting of responsible members from BUs and major group companies. These initiatives are advanced throughout the entire Hitachi Group through group-wide discussions of measures and information sharing.

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

The degree of achievement of quantitative sustainability targets is used as a metric 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 paid to Executive Officers is described in “IV. Information on the Company 4. Corporate Governance, etc. (4) Compensation to Directors and Executive Officers.”

► Compensation to Executive Officers (Fiscal 2026)

Basic remuneration : Short-term incentive : Medium- and Long-term incentive = 1.0 : 1.5 : 3.0* ratio		
Fixed pay	Variable pay	
1 Basic remuneration	2 Short-term incentive compensation	3 Medium- and Long-term incentive compensation

* For President & CEO

1 Basic remuneration

Set according to the relevant position by adjusting that amount to reflect individual performance.

2 Short-term incentive compensation

	Short-term incentives compensation (STI)			
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%

• Targets based on Sustainability strategy

3 Medium- and long-term incentive compensation

	Medium- and long-term incentive compensation (LTI)			
Restricted Stock Units 30%	Performance Share Units			
	Compensation with stock price condition 70%			When the Management Plan targets are achieved Max.+20%
	TSR growth rate		ROIC +10%	Sustainability +10%
	TSR/TOPIX Growth Rate Ratio 35%	Global Competitive Comparison 35%		

(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 management plan, Inspire 2027, 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 decarbonization and climate change (Disclosure based on TCFD)

In June 2018, the Company announced its endorsement of the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and disclosed information in line with these recommendations since publishing the Hitachi Sustainability Report 2018 in the same year.

This annual securities report includes an excerpt of these disclosures.

(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

For Hitachi, the environment serves as an essential foundation for medium- to long-term value creation through GX. In response to the growing severity of global environmental issues, Hitachi has established its Environmental Vision, which defines the direction for the entire Group. Toward realizing this vision, Hitachi has set its Hitachi Environmental Innovation 2050 long-term environmental targets with a focus on decarbonization, the circular economy, and nature positive.

Environmental Vision

Hitachi aims to become a global leader in green transformation through its Social Innovation Business to help protect our Planet and achieve well-being for People



Decarbonization



Circular Economy



Nature Positive

Climate-related Risks

Risks related to climate change are analyzed and classified as risks related to the transition to decarbonization (applying mostly to the 1.5 °C scenario) and risks related to the physical impacts 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 associated with businesses that are unable to survive in their current state in a decarbonized world, which is the risk of becoming unable to use fossil fuels. Because many of 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 sales opportunities due to delays in the technological development of services and products for decarbonization. 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, including, for instance, intensified typhoons, flooding, drought, etc. (acute risks), and rising sea levels, prolonged heat waves, etc. (chronic risks).

One way 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 the Hitachi Environmental Innovation 2050 long-term environmental 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 popularization 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

As a result of its consideration of climate change-related risks, Hitachi has not currently identified any significant and difficult-to-address risks impacting the continuity of its business. On the other hand, recognizing that initiatives to address climate change could lead to potential business opportunities, we will continue to evaluate climate change-related risks and opportunities, considering changes in policies, markets, and other external trends.

Under both the 1.5 °C and 4 °C scenarios, we believe that the Hitachi Group's resilience is high in the transition to decarbonization over the medium to long term because we are closely monitoring market trends and operating the business flexibly and strategically.

(c) Risk management

We review and assess climate change-related risks by identifying the environmental impact of each BU and group company. Risks and opportunities that are identified as particularly important for the Group as a whole are discussed by the Senior Executive Committee. If necessary, they are also discussed by the Board of Directors.

(d) Metrics and targets

In our Hitachi Environmental Innovation 2050 long-term environmental targets, the Hitachi Group has set the following targets in the area of decarbonization.

Long-term target (FY2050):

- Achieve net zero greenhouse gas (GHG) emissions throughout the value chain.

Mid-term targets (FY2030):

- Achieve carbon neutrality at factories and offices.
- Achieve a 52% reduction in GHG emissions throughout the value chain.

In order to achieve our long-term environmental targets, we formulate three-year Environmental Action Plans as short-term targets. Currently, under Environmental Action Plan 2027, we have established metrics and targets and are managing progress toward them.

Among the decarbonization metrics in Environmental Action Plan 2027, the targets for reducing GHG emissions from factories and offices are as follows:

Item	Metric	Base Year	Targets		
			FY2025	FY2026	FY2027
Factory and office GHG emissions reduction	GHG emissions reduction rate	FY2019	60%	65%	75%

The Group expects to achieve the FY 2025 GHG emissions reduction target (60%). More information will be available in the Hitachi Sustainability Report 2026, which will be published at a later date.

Greenhouse gas emissions of the Hitachi Group (FY2025)

Metrics	Results
Scope 1 (Note 1, 2)	285kt-CO ₂ e
Scope 2 (Note 1, 3)	113kt-CO ₂ e

(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. Both Scope 1 and Scope 2 in the table above 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

(i) Global human capital management

At Hitachi, people are the engine of value creation and growth. By strengthening and bringing together their capabilities as True One Hitachi through proactive investment in human capital, we create value for customers and our communities, under its management plan, Inspire 2027. Operating in an environment shaped by rapid technological advancement, increasing global competition for talent, and evolving skill requirements, Hitachi's new global human capital strategy is designed to proactively address emerging risks and organizational challenges.

Given the diversity of Hitachi's businesses and our unique strengths across IT, OT, and products, becoming a global employer of choice and attracting, developing, and retaining high quality talent is essential to sustaining competitiveness. Accordingly, our talent management and total rewards are being transformed to ensure global consistency of related initiatives and operating model, market alignment, and fairness, while remaining flexibly responsive to local conditions.

At the same time, as Hitachi evolves from a Japan centric organization into a truly global enterprise, we are strengthening systems, business processes, and digital platforms to enable collaboration across regions and businesses. Through these initiatives, Hitachi aims to maximize the capabilities of the entire Group and deliver long-term value to society and all stakeholders.

i) Overview of Hitachi's Global Human Capital Strategy

Under Hitachi's new global human capital strategy, three focus areas—Talent Management, Total Rewards, and One HR Platform—have been identified, and initiatives are being systematically advanced.

● Talent Management

At Hitachi, we are strengthening our leadership pipeline and succession planning to ensure organizational resilience and continuity. A global job-based talent management framework has been enhanced to improve role clarity, promote fairness and transparency, and strongly align skills, roles, and people decisions with business strategy. This approach also supports internal talent mobility and systematic capability development across the Hitachi Group.

● Total Rewards

We are transforming our total rewards framework to drive transparency, equity, and market competitiveness, underpinned by job-based pay structures and a strong pay for performance philosophy. Through this initiative, we are committed to benchmarking compensation on a global basis and offering competitive and appropriate remuneration and we aim to design distinctive and inclusive Hitachi specific offerings that support attraction, retention, and motivation of diverse talent globally.

● One HR Platform

These focus areas are supported by a common One HR Platform, including shared systems, data, and processes, enabling consistency and scalability throughout the Hitachi Group.

ii) Key Initiatives and HR Programs under Hitachi's Global Human Capital Strategy

The figure below provides a systematic overview of the interrelationships among the three focus areas, six key initiatives, and individual HR programs within Hitachi's human capital strategy.

< Connection between 3 focus areas/6 key initiatives/ HR program >

3 Focus Areas	6 Initiatives	HR Programs			
Talent Management	<p>▶ Key initiative I</p> <p>Enable talent acquisition, development and mobility to accelerate synergy</p>	<p>▶ HR program I -①</p> <p>Overview of Talent Acquisition</p>	<p>▶ HR program I -②</p> <p>Initiatives for Workforce Deployment</p>	<p>▶ HR program I -③</p> <p>Advancing job-based HR management in Japan</p>	Cultivate an employee growth mindset
	<p>▶ Key initiative II</p> <p>Development of leaders for sustainable growth</p>	Career training & consultation services to support self-directed career development	Talent development initiatives to establish a learning organization	Regional initiatives to develop employee skills	Global Performance Management (GPM)
Total Reward	<p>▶ Key initiative III</p> <p>Fostering a high-performance culture</p>	Global compensation philosophy ensuring fair evaluation and compensation	<p>▶ HR program III-①</p> <p>Review of compensation levels and systems in Japan</p>	Re-employment after retirement age	
	<p>▶ Key initiative IV</p> <p>Incentivize employees to increase corporate value</p>	<p>▶ HR program IV-①</p> <p>Restricted Stock Units plan (RSU) for senior leaders</p>	<p>▶ HR program IV-②</p> <p>Employee Stock Ownership Programs (Employee Shareholding Association and ESPP)</p>	Initiatives to support employee wealth building (Japan)	
One HR Platform	<p>▶ Key initiative V</p> <p>Strengthen AI expertise and adoption</p>	<p>▶ HR program V-①</p> <p>Acquiring and developing AI professionals</p>	<p>▶ HR program V-②</p> <p>AI literacy program</p>	The use of AI in HR operation	Fostering people analytics
	<p>▶ Key initiative VI</p> <p>Enhance the global HR platform to strengthen One Hitachi collaboration</p>	Hitachi Global Grade (HGG)	<p>▶ HR program VI-①</p> <p>Global Human Capital management Platform (Workday)</p>	Integration of acquired companies	

The details of each key initiative and HR program are as follows.

Talent Management - Key initiatives I: Enable talent acquisition, development, and mobility to accelerate synergy

To remain resilient in an increasingly complex and rapidly changing business environment, we must continuously align our people, skills and roles with evolving strategic priorities. Accordingly, we are strengthening talent management as a strategic enabler of long-term growth. Our talent management system is focused on strategic leadership development and empowers employees to take ownership of their careers by building the talent and critical capabilities required for strategy execution through a job-based, integrated talent framework, while strengthening the timely and effective deployment of leaders. This approach also enables effective talent flow across the Group by connecting acquisition, development, mobility, and fostering continuous learning and a growth mindset.

(HR Program I-① : Overview of talent acquisition)

The global talent landscape continues to evolve, shaped by the rapid emergence of new skills, changing candidate values and expectations, and shifting demographics.

To attract and recruit talent globally, Hitachi applies a unified talent strategy that combines workforce planning, talent acquisition, and talent development to address dynamic business and capability needs. Talent Acquisition teams embedded within the business units (BU) are positioned as specialists in specific locations and sectors. This approach supports agile hiring and targeted initiatives, including programs for early-career talent and roles

requiring niche skills. Insights and best practices gained through initiatives are shared across the organization, driving continuous improvements.

For example, Hitachi Rail is building its workforce through strategic talent acquisition by closely aligning long-term project pipelines, technology roadmaps and regional growth plans, focusing on critical capabilities such as digital signaling, software engineering, AI-enabled maintenance, systems engineering, cybersecurity, and sustainability. The objective is to build a future-ready workforce by emphasizing transferable skills, strengthening collaboration across Talent Acquisition, Engineering and Digital teams, and proactively identifying capability gaps in line with evolving industry needs. As a result, Hitachi Rail has enhanced its ability to attract diverse talent from adjacent industries, secure critical skills at pace, and strengthen medium-to-long-term workforce resilience and employability.

In Japan, we are advancing a personalized talent acquisition strategy, focused on new graduate recruitment, with a strong emphasis on a job-based model. This approach aligns individual career aspirations with specific roles, ensuring candidates are matched with opportunities tailored to their unique needs and strengths. A cornerstone of this approach is our job-based internship program, which enables new graduates to immerse themselves in real job functions and business operations. Through these hands-on experiences, candidates can explore specialties and preferences firsthand, supporting a more thoughtful and self-driven matching process.

(HR Program I-② : Initiatives for workforce deployment)

At Hitachi, we ensure effective talent allocation through a global and structured approach that aligns roles, capabilities, and business strategies, enabling effective deployment across the organization. This approach is supported by job-based talent management, which clarifies role requirements and enables consistent and objective talent deployment decisions across businesses and regions.

Talent reviews conducted at global, business, and regional levels provide visibility on employee capabilities, performance, and potential, supporting informed allocation and succession planning. Hitachi also promotes internal mobility across businesses and regions, providing employees with access to diverse career opportunities through internal job posting processes and platforms, while enabling the organization to respond to evolving business needs.

These initiatives are complemented by efforts to strengthen global talent mobility policies and frameworks and expand the adoption of job-based management, particularly in Japan, to ensure greater consistency, transparency, fairness, and equal access to opportunities across the organization. Together, they reinforce employee motivation and a shared sense of purpose, enabling both individuals and the organization to grow sustainably. Through this approach, Hitachi enhances workforce agility, and supports effective execution of its business strategy.

■ Building Global One HR structure/Group Corporate

Hitachi is driving talent mobility by forming diverse and specialized global teams, bringing together talent across regions, functions and business to build Global One HR. The objective is to enable seamless global execution by strengthening integrated execution capabilities globally and aligning each business and region. As a result, Hitachi has established a more integrated global HR organization, strengthened cross-regional and sector collaboration and communication, and enhanced execution capability, while building a scalable model for future globalization through ongoing learning and adaptation.

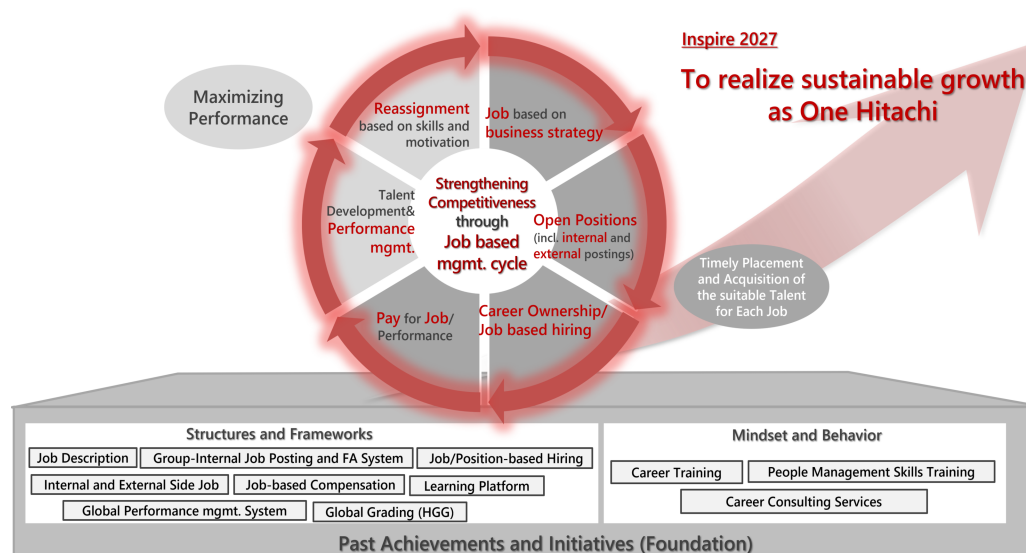
(HR Program I-③ : Advancing job-based HR management in Japan)

Our company has been promoting job-based management through both the development of structures and frameworks, as well as initiatives aimed at driving changes in mindset and behavior. As a result, the foundation for job-based management has largely been established. Concrete outcomes of promoting job-based management can be seen in several areas. For example, under the group-internal job posting system, both the number of open positions and applicants have doubled over the past five years. This has led to a growing

number of cases in which the most suitable talent for each role is appointed based on individual motivation and capabilities, regardless of attributes such as nationality, gender, or age. This is attributable to the expansion of opportunities for employees to proactively apply for roles that align with their skills and career aspirations, following the clarification of job responsibilities and requirements.

In graduate recruitment, we have introduced a job-matching approach, under which job categories or positions are confirmed at the time of offer. In a survey of job offer recipients conducted in 2025, more than 90% of job offer recipients have expressed positive feedback, noting a strong sense of alignment between their skills and career aspirations and the assigned job, as well as a clearer understanding of their post-joining roles, which contributes to higher motivation.

Going forward, by continuously operating the job-based management cycle, which includes recruitment, compensation, capability development, performance improvement and reassignment based on skills and motivation and grounded in the jobs required to execute our business strategy, we will enable timely talent acquisition and maximize performance. Through these efforts, we aim to further strengthen our competitiveness and achieve sustainable growth.



Talent Management - Key initiatives II: Development of leaders for sustainable growth

Hitachi regards the development of future leaders who can lead the entire group over the long term as a key pillar of its human capital strategy. In particular, amid the accelerating pace of environmental change and the increasing globalization of businesses, we recognize that insufficient development of next-generation leaders could pose risks that may affect business execution capabilities and the long-term sustainability of the organization. To strengthen the talent pool of future leaders, Hitachi is redefining what future leaders need to succeed and hence, enhancing its leadership development programs. The program aims to support individuals from all levels to learn quickly, think strategically across the organization, drive change, empower diverse talent, and inspire with a clear vision.

Through this approach, Hitachi seeks to develop next-generation global leaders and build a robust pipeline that supports succession planning throughout the group, while continuously developing and producing leadership talent.

■ Empowering Leaders Through Learning and Coaching/Hitachi Energy

Power Your Leadership is Hitachi Energy's leadership development program, designed as a structured program consisting of e-learning, workshops, and collaborative learning programs. It is utilized by managers worldwide to enhance leadership awareness, challenge fixed mindsets, and strengthen leadership behaviors.

In addition, Hitachi Energy provides professional coaching to all employees. By combining learning and coaching, the program aims to enable each individual to reflect on themselves, unlock their potential, and drive transformation across the organization. Implemented globally across multiple business units and regions, over 250 participants engaged in the program between 2022 and 2025, with more than 2,100 hours of coaching delivered.

Total Reward - Key initiatives III: Fostering a high-performance culture

Hitachi positions the cultivation of an environment and culture in which each employee can perform with confidence and continue to challenge themselves to pursue ambitious goals as an important opportunity. We strive to maximize employee engagement and performance through fair and transparent evaluation and compensation systems, a compensation structure that appropriately rewards achievements and contributions, long-term incentives, and support systems that provide security through the whole career path.

Our Total Reward program is designed not only to recognize short-term results, but also to place emphasis on behaviors that reflect future-oriented growth and challenge, thereby encouraging sustained contribution to the organization.

Through these initiatives, Hitachi links individual employee development with the enhancement of corporate value, reinforcing a high-performance culture and strengthening sustainable competitiveness

(HR Program III-① : Review of compensation levels and systems in Japan)

At Hitachi, in response to changes in the labor market environment and increasing workforce mobility, we have reviewed compensation levels across job grades in Japan and raised compensation ranges with the aim of ensuring market-competitive remuneration. This initiative is intended to appropriately evaluate and reward each employee for the challenges they take on and their achievements, thereby enhancing engagement and fostering a virtuous cycle of value creation. At the same time, to realize fair and transparent compensation based on roles and responsibilities, we are progressively transitioning toward a job-based compensation framework (Pay for Job) in Japan. By enabling compensation to be set in line with professional expertise and the significance of each role, we aim to build a talent portfolio aligned with our business strategy. In addition, we are enhancing transparency around compensation by disclosing job-level compensation ranges at the time of recruitment.

Through these initiatives, the introduction of a job-based compensation system, which establishes clearer compensation criteria based on job content and level of responsibility, has led to greater transparency and a higher level of acceptance regarding compensation compared to the traditional competency-based system.

Total Reward - Key initiatives IV: Incentivize employees to increase corporate value

Hitachi positions the alignment of employee incentives with long-term corporate value creation as an important element of its human capital strategy. In a complex and evolving business environment, encouraging employees to act with a long-term perspective contributes to stronger execution capability of human capital-related opportunity. Through this approach, Hitachi seeks to reinforce a foundation that supports sustained growth and value creation across the Group.

(HR Program IV-① : Restricted Stock Units plan (RSU) for senior leaders)

Hitachi has introduced a new share-based compensation program for employees and granted Restricted Stock Units (RSUs) to approximately 1,800 management leaders across more than 40 countries (Note). Eligible participants include employees of Hitachi and directors and employees of certain subsidiaries, specifically those who are positioned approximately two to three levels below the CEOs of business units or the heads of corporate functions. Through this program, Hitachi seeks to extend an ownership mindset across the

leadership layer, encourage a management perspective, and align the interests of eligible employees with those of shareholders, thereby supporting the creation of long-term corporate value. In addition, Hitachi aims to enhance employee engagement and attract and retain top talent.

(Note) Residents of countries where it is difficult to deliver shares due to overseas laws and regulations will receive an amount equivalent to the RSUs in lieu of the delivery of the shares of the Company by the trust.

(HR Program IV-②) : Employee Stock Ownership Programs (Employee Shareholding Association and ESPP))

Hitachi, Ltd. and certain domestic Group companies have introduced an Employee Shareholding Association to support employees' asset formation and enhance their sense of participation in management. As of the end of March 2026, shares held through Hitachi's Employee Shareholding Association ranked seven among major shareholders, representing 1.64% of the total number of issued shares (excluding treasury stock). In addition, Hitachi is promoting the introduction of a new framework, the Employee Stock Purchase Plan (ESPP), to enable employees outside Japan to purchase shares of the Company. The Company aims to expand the ESPP to up to 150,000 employees by fiscal year 2027 and will continue to enhance the program. Under these employee share ownership programs, Hitachi provides education related to asset formation in connection with the acquisition of shares of the Company, and employees are eligible to receive incentives linked to Company performance. This framework enables employees to benefit from the Company's growth through their own asset-formation activities. Through these initiatives, Hitachi will further support asset building, strengthen employees' sense of belonging, and promote value sharing between employees and shareholders.

(Note) Employees for whom implementation is legally or practically difficult are excluded from the scope of this program.

One HR Platform- Key initiatives V: Strengthen AI expertise and adoption

Hitachi positions the strengthening and adoption of AI expertise as a key element of our human capital strategy, recognizing AI as a critical driver of competitiveness and value creation to ensure future-ready talent and organization. We recognize that if knowledge of AI and the skills to utilize it do not become sufficiently widespread, there is a risk of falling behind in adapting to technological changes and declining competitiveness, and challenges related to risk management and ethics may come to the fore.

By reinforcing AI-related capabilities across the Group, Hitachi aims to enhance the execution of the business transformation while managing technology-related risks and supporting sustainable, medium-to-long-term growth.

(HR Program V-①) : Acquiring and developing AI professionals)

The strengthening of AI talent at Hitachi began in 2024, with the aim of developing 50,000 AI professionals. As AI technologies continue to evolve and their application areas expand, our focus has broadened to include agentic AI technologies which are capable of autonomously making decisions and executing tasks as well as physical AI technologies, which use robotics and other technologies to perform real-world tasks. Through both talent development and recruitment, we are promoting the acquisition of AI skills and capabilities necessary to drive business initiatives in each division. Through these efforts, we expanded our AI professional workforce to approximately 39,000 people in FY2025. In developing AI professionals, we are deploying a global approach that combines Hitachi's proprietary training programs with a range of external resources in a flexible manner, enabling employees to rapidly acquire the skills required for each business initiative.

■ Business Assistance AI Application Project/Hitachi Elevator (China) Co., Ltd.

Hitachi Elevator (China) Co., Ltd is advancing the Business Assistance AI Application Project by establishing an AI management platform that integrates technology development and governance, enabling AI capabilities to be shared and reused across business units while embedding intelligent tools into business processes.

(HR Program V-②) : AI literacy program)

Hitachi is taking a structured, group-wide approach to strengthening AI literacy by integrating workforce education, hands on AI adoption, and robust governance. This approach is anchored on three key pillars.

First, Hitachi has established an AI Center of Excellence (AI CoE), which serves as a central hub for driving the creation of value through the safe, ethical, and practical use of AI in line with the Group's responsible AI principles.

Second, the Group has launched a company-wide AI literacy training program. This program focuses on building a foundational understanding of AI concepts, increasing employee familiarity with AI technologies, and strengthening awareness of risk management and readiness for AI use, aligned with Hitachi's governance standards and ethical guidelines.

Third, Hitachi is fostering a cross-functional digital community of practice that brings together HR and other functional teams to share and accumulate knowledge on AI. Through initiatives to embed AI tools into everyday work, the program promotes continuous learning through knowledge sharing and peer to peer learning.

One HR Platform- Key initiatives VI: Enhance the global HR platform to strengthen One Hitachi collaboration

Hitachi views the advancement of strategic talent utilization as a significant human capital opportunity and is progressing the development of a globally unified talent management foundation. At the same time, we recognize that insufficient development of this foundation or inconsistencies in its operation could hinder effective talent deployment and talent visibility, posing risks to the Hitachi Group's overall competitiveness. Starting with the building of a talent database and the implementation of a Global Leadership Development program targeting selected top talent, we continue to expand our efforts through common job grading and performance management, a global learning platform, and a global human resources management integration platform (Workday). Through these initiatives, Hitachi aims to enable the visualization of talent and the strategic development and appointment of leaders across countries and businesses, thereby strengthening decision-making capabilities and execution throughout the organization.

(HR Program VI-①) : Integrated human capital management platform (Workday)

We are building a global integrated human capital management platform (Workday) and promoting global talent mobility to secure, deploy and develop the best talent worldwide. Through our human capital management platform, we share up-to-date talent information (professional skills, career preferences, etc.) via a cloud system. The platform enables the centralized management of various processes, including the search for talent throughout the Group.

We utilize this information for team management, performance management, development planning, and career development. The platform is gradually being expanded to the whole Group.

At the same time, we are implementing a global training platform to create an environment where employees learn independently.



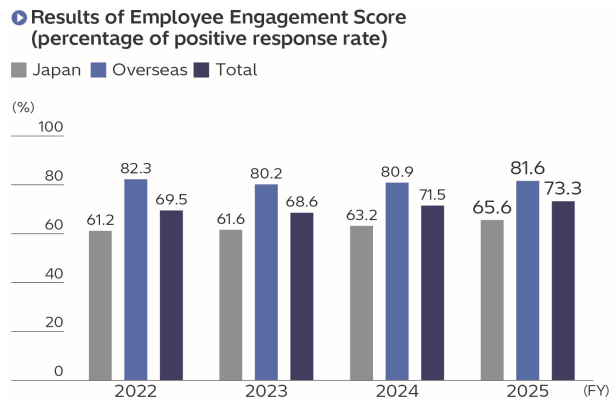
■ One Global HR Platform for Scalable Talent Growth/Hitachi Energy

Hitachi Energy is strengthening its global HR platform by leveraging robust digital infrastructure and standardized processes to manage a large-scale workforce expansion, including the recruitment and integration of 15,000 employees between 2024 and 2027. The objective is to enable scalable, data-driven people management through a single global source of HR master data, standardized governance, and clearly defining roles and responsibilities, ensuring high-quality data, process efficiency and seamless cross-functional collaboration. As a result, the organization has already demonstrated its ability to process over one million applications annually, support high-volume hiring and workforce mobility, and enhance operational efficiency through automation, analytics and self-service tools, while strengthening diversity, inclusion and a high-performance culture throughout the global workforce.

iii) Enhancing Employee Engagement through Key Initiatives and HR Programs

As part of its Human Capital management, Hitachi monitors Employee Engagement through its global employee survey (Hitachi Insights) and has established the employee engagement score^(Note) as a KPI to monitor the current status and identify areas of improvement.

Specifically, Hitachi focuses on some core engagement drivers including talent deployment, corporate culture, work environment, which are factors strongly correlated with employee engagement and implement various initiatives.



For transparency, Hitachi also strengthens two-way communication between top management and employees through town hall meetings, roundtable discussions, and internal social platforms.

As a result, the employee engagement score for fiscal 2025 was 73.3 points, an increase of 1.8 points compared with fiscal 2024. As part of the new management plan, Inspire 2027, Hitachi has set an ambitious target of 80 points and will continue to advance these initiatives toward achieving this goal.

From fiscal 2026, Hitachi will strengthen employee experience through redesigning our survey to leverage employee’s opinions and feedback in further improvements, using AI-enabled support to analyze results and plan actions. In addition, the survey results provide managers and team members opportunities to encourage employees to have a mindset of ownership with the final goal of fostering professional growth and enhancing the performance of the organization as a whole.

(Note) Percentage of positive responses to employee engagement survey questions (measured based on three factors: pride in working for the company, whether the workplace is considered rewarding, and short-term intention to remain with the company).

■ Ask Me Anything (AMA) Sessions

Hitachi hosted Ask Me Anything sessions, in which CHRO responded directly to questions from employees, and the events attracted a large number of participants from around the world. By providing forums for open and candid discussions of management-related topics, these sessions promote two-way communication and transparency. To further reinforce employee engagement and foster a shared sense of direction within the organization, the AMA sessions were followed by business-specific global town hall meetings. Together, these initiatives strengthened shared understanding of the company’s strategic priorities, business direction and people agenda, while promoting an inclusive and participatory workplace culture.

■ **Townhall Meetings (THM)**

Townhall Meetings provide a platform for direct dialogue between leadership and employees, enabling the transparent sharing of management strategy, key priorities, and the broader business context. They play a central role in fostering mutual understanding through two-way communication. These sessions aim to encourage a strong sense of ownership among employees, enhance engagement, and embed our corporate culture, while also strengthening a shared One Hitachi identity across the organization. In fiscal year 2025, the meetings were implemented more than 50 times across a wide range of locations worldwide, contributing to enhanced transparency and strengthened trust within the organization.

ii) 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 and 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 in Hitachi achieving its goals of enhancing its corporate value over the medium and long term 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 is able to maximize their abilities. Hitachi is driving initiatives aligned with diverse perspectives on a global basis, and Hitachi’s President is committed to these activities.

Focus areas

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.
Gender inclusion and fair provision of opportunities	We are committed to building workplaces and teams that provide fair opportunities for all, regardless of gender.
Intergenerational collaboration	We respect the strengths and experiences of all generations.
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.
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.

■ **Inclusive Leadership Workshop**

To understand the importance of inclusive leadership, which is a skill for respecting diverse talent, fostering innovation, and enhancing competitiveness in a complex business environment, we have held the Inclusive Leadership Workshop since FY2023.

(84 executives and corporate officers attended in FY2023, and the target audience was expanded to approximately 130 leaders in FY2024). The workshop is designed to enable participants to learn about specific actions for practicing inclusive leadership. In FY2025, the program was further expanded and provided to over 3,000 senior leaders.

■ **Pride Month (LGBTQIA+)**

As part of fostering an inclusive and open 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 Pride 2025, 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.

■ Inclusion Month

Hitachi designated October 2025 as Inclusion Month, positioning this period as an opportunity to deepen understanding of inclusion, which is essential for innovation and growth.

During this month, in addition to messages delivered by leaders and the rollout of e-learning programs for all employees, the 30 Days Challenge was implemented in Japan to encourage daily inclusive actions. This initiative provided employees with opportunities to consciously reflect on and put inclusive behaviors into practice in their everyday work.

Through these initiatives, Hitachi emphasized the message that fostering an inclusive and psychologically safe workplace, where the voices of all employees are respected, is critically important.

■ Disability Inclusion

Centered on the empowerment of each individual, Hitachi is fostering a global organizational culture in which diverse perspective becomes a driving force for innovation. This is achieved through initiatives such as Participation in The Valuable 500, a global network that places disability inclusion at the core of business and strives to drive social transformation, and sponsorship of the Deaflympics. In addition, by implementing mindset transformation and optimizing systems through our guidelines and seminars, we are accelerating the realization of inclusion, enabling all employees to contribute to society and thrive as their authentic selves.

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, career development support provided before and after childcare leave, and seminars promoting diverse workstyles to create a workplace where diversity of workstyles is leveraged as a strength.
- Introduction of an expectation framework that encourages male 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 sabbatical programs to support life events such as childcare and nursing care, and concierge services beyond statutory requirements, including information services to support nursery and childcare searches and women's health concierge services, helping employees navigate childcare enrollment and receive support related to women's health.

(iii) 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.

We take very seriously the fact that fatal accidents occurred in FY2025. In order to further improve accident prevention activities to restrict serious accidents, we have stepped up the reinforcement of global risk assessment activities. To improve the quality of risk assessments, it is essential to accurately identify hazards and implement effective countermeasures. To ensure that this is consistently carried out across all group companies and business locations, we are working to enhance the quality of risk assessments by incorporating AI and leveraging past insights.

We will continue to take steps toward becoming an accident-free workplace under the strong leadership with the vision, “all accidents can be prevented.”

(b) Indicators and Targets

In implementing the specific human capital initiatives outlined in the Inspire 2027 management plan, we clarify how each initiative links to management goals and key business strategies, establish KPIs for each human capital strategy and initiative, and monitor progress.

Among these, we have established the following as human capital targets under PLEDGES, Hitachi's sustainability strategy, for those human capital strategies and initiatives of particular importance, and are promoting them as company-wide initiatives to achieve the targets for fiscal year 2027.

	Indicators	2027 Targets	2025 Results
PLEDGES KPIs	Number of global leaders who realize growth strategy	1,000 ppl.	Approx. 550 ppl.
	Number of AI professional talents	50,000 ppl.	Approx. 39,000 ppl.
	Employee growth mindset score	70.0 points	Approx. 69.2 points
	Employee engagement score	80.0 points	73.3 points
	Number of employees eligible for RSU grants under the employee share-based compensation program (Note 1)	1,500 ppl.	Approx. 1,800 ppl.
	Number of employees eligible for the ESPP	150,000 ppl.	Approx. 130,000 ppl.
	Number of fatal accidents	0 cases per year	4 cases per year
	Total recordable injury frequency rate (TRIFR) (Note 2)	0.1 or less	0.15
Other Key KPIs	Ratio of women executive and corporate officers (Note 3)	25%	15.9%
	Ratio of ethnically/ culturally diverse executive and corporate officers	30%	23.2% (As of April ^t , 2026)

(Notes) 1. Residents of countries where it is difficult to deliver shares due to overseas laws and regulations will receive an amount equivalent to RSU in lieu of the delivery of the Company's shares by trust.

2. Total Recordable Injury Frequency Rate (casualties per 200,000 work hours)

3. 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 those of the Company alone and apply to Executive Officers and corporate officers in the Company.

3. Risk Factors

(1) About Risk Management

Hitachi's business activities have been transformed through innovations in digital technologies such as AI and the advancement of globalization, among other events, and the types of risks that could have a significant impact on management have 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 is important not only to view risks as threats but also to view them positively as business opportunities and create profit-earning opportunities in the risk management process. Accordingly, Hitachi has developed a group-wide risk management system and risk management process, with reference to international risk management frameworks such as COSO-ERM and ISO31000, to promote comprehensive, efficient and systematic risk management across the Hitachi Group.

1) Risk Management System

In accordance with internal rules for group-wide risk management, Hitachi has established a system for managing 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 risks across the Hitachi Group and reports to the Senior Executive Committee and the Board of Directors on the status of risk responses.

Furthermore, Hitachi has built a risk management system that classifies and organizes risk management functions and roles within the Hitachi Group into three lines (the "Three-Line Model"). The functions and roles of each line 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 implement and oversee risk management of the sector/BU that they are in charge of, and report the status of risk management to the CRMO and Group Corporate.

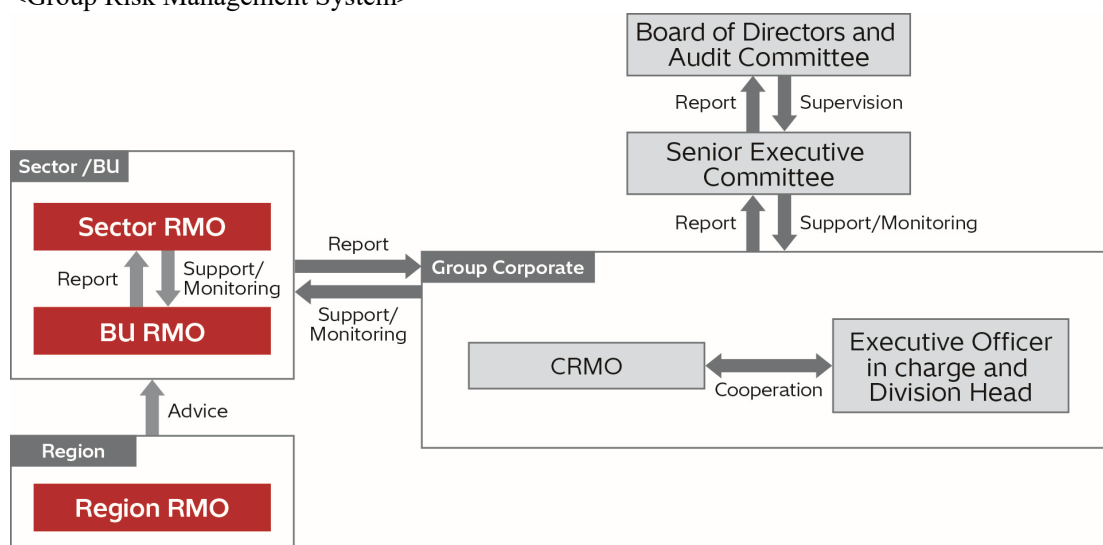
Group Corporate, which is the second line, manages risk in each division, assigning an RMO where necessary, and also works with the CRMO to provide advice, support and monitoring, etc. for first-line risk management.

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

In addition to the above, an RMO is also assigned to each region, including Japan, and works with the CRMO to provide risk management advice to the first line from the perspective of their region.

Going forward, Hitachi aims to strengthen the group-wide risk management promotion system by further increasing information sharing between RMOs and cooperation across the Hitachi Group.

<Group Risk Management System>



2) Risk Management Process

In accordance with internal rules setting out group-wide risk items, risk assessment methods and other relevant matters, Hitachi continually identifies and assesses risks, and implements and improves measures to address them, through the following process, in line with changes in the business environment both inside and outside the Company.

(a) Identification and assessment of risks

Based on group-wide risk items, sectors and BUs identify risks related to their business activities and assess the impact (Note 1) and likelihood of occurrence (Note 2) (bottom-up approach). The results of the assessment using a bottom-up approach are coordinated by members of the Senior Executive Committee and others from the perspective of the Hitachi Group as a whole and the overall risk portfolio (top-down approach).

Based on the results of the top-down approach, which are organized using tools such as risk heat maps, etc., the Senior Executive Committee identifies the top risks for the Hitachi Group. Among these, matters requiring prioritized discussion and action are designated as key focus areas.

(Notes) 1. Impact

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

Evaluation is made in terms of the actual occurrence in the past and the estimated probability of future occurrence.

(b) Measures to address risks

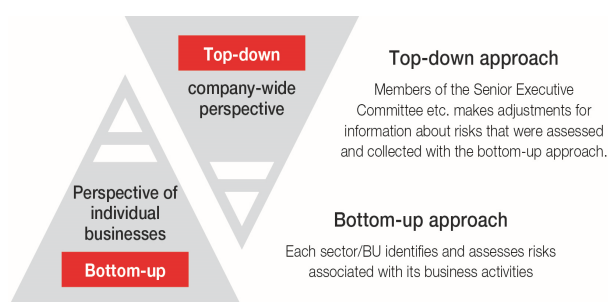
Measures to address identified and assessed risks are formulated and implemented from the perspective of avoidance, mitigation, transfer, acceptance, etc. The status of measures for the key focus areas determined in the process described in (a) section above, which include important management priorities such as ensuring strategic human capital and strengthening the supply chain, is reported to the Senior Executive Committee and the effectiveness and appropriateness of the measures and the schedule for addressing risks are discussed.

(c) Improvement

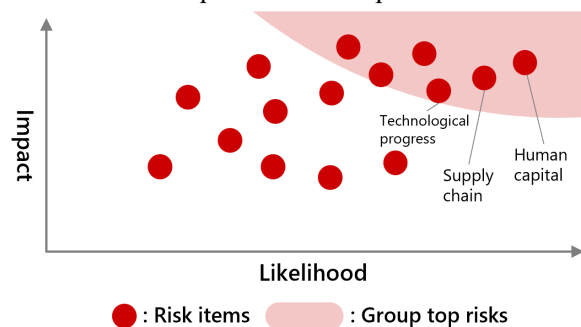
Hitachi adapts to the changing business environment by confirming that risks are being properly identified, analyzed, assessed and addressed and continually making improvements where necessary.

Additionally, under the slogan “We Are All Risk Managers,” efforts are made to foster a risk culture and risk ownership across the Hitachi Group and to increase the effectiveness of the risk management process through training programs that encourage a change in behavior and initiatives to strengthen human resources.

<Risk Assessment Process>



<Illustrative Group 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 the 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 countries and regions, including on a global basis 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 Rate 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, 2027 (impact of an exchange rate fluctuation of one yen from the forecast rate) estimated as of March 31, 2026.

Currency	Forecast	Foreign exchange sensitivity (billions of yen)	
		Revenues	Adjusted EBITA
U.S. dollar	150 yen / U.S. dollar	14.5	1.5
Euro	175 yen / Euro	9.0	0.8

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 currently believes that these sources can provide sufficient funding for its operations and other liquidity needs. However, a global economic downturn and disruptions in financial markets may adversely affect the funding environment and terms. A global economic downturn could adversely affect its cash flows from operations, results of operations and financial condition, and may adversely affect its credit ratings. If Hitachi's ratings are downgraded or disruptions in financial markets occur, Hitachi's financing costs may increase, which could adversely affect its financial condition and results of operations. 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.

To deal with these risks, Hitachi is working to secure stable funding sources by strengthening its cash flow generation and continuously reviewing its asset holdings. Hitachi utilizes interest rate swaps to mitigate the risk of rising interest rates. However, depending on changes in the financing environment,

Hitachi's ability to obtain additional financing on terms it considers favorable may be adversely affected.

Declining Stock 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 stock 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, 2026.

	Number of issues (issues)	Total amount recorded in the balance sheet (millions of yen)
Unlisted stocks	104	21,206
Others	31	250,312

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 raw 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 raw 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 multiple 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 the 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, the procurement of non-fossil energy, 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 year 2050 and aiming to develop and increase sales of innovative products and services that will lead to the reduction of greenhouse gases (GHG) emissions, as well as products and services that help reduce energy consumption through energy savings.

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 skilled personnel that can operate globally and fulfill needs and provide optimal solution services in a position close to customers and the next generation of global leaders and AI professionals who will drive sustainable growth. However, the pool of

best-in-class talent is limited, and competition to recruit and retain them is intensifying. There is no assurance that Hitachi will be able to recruit or retain the talent it requires. In addition, as Hitachi conducts its business operations globally, ensuring the safety and health of employees and other personnel involved in its business activities, including those of its business partners, is a prerequisite for business continuity. If serious occupational accidents, injuries, or deficiencies in workplace health and safety management were to occur, these events could result in employees and other personnel being unable to work, the suspension of operations, delays in projects, or other disruptions which may adversely affect Hitachi's operating activities, earnings, and financial condition.

To address these risks, Hitachi is working to secure the talent it needs in a timely manner, both in Japan and globally, by establishing competitive compensation, promoting the utilization of diverse perspectives, taking steps to create pleasant workplaces and enhance engagement, securing outstanding global talent through a global human resources system, and securing and developing outstanding talent by using a global human resources platform and implementing in-house educational programs. Furthermore, to ensure the safety and health of all personnel involved in its operating activities, Hitachi has developed and introduced occupational health and safety management systems tailored to business characteristics, conducts regular risk assessments, and provides training under a unified health and safety management framework across its domestic and overseas group companies. Through these efforts, Hitachi endeavors to prevent occupational accidents and to maintain a safe and healthy working environment.

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 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 of 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 Other Matters Regarding the Management of the Entire Company

Estimates, Cost fluctuations 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 project can be reliably estimated, Hitachi recognizes revenue and expenses referencing the stage of completion of the contracted 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 project 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 the costs are incurred. Revenue recognition for these long-term projects requires Hitachi to estimate the total cost, 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 these losses, these estimates are subject to change. Costs can fluctuate for a variety of reasons, many of which are beyond Hitachi's control. In addition, Hitachi or its counterparties may cancel these contracts. Furthermore, in relation to these contracts, there is a risk that, due to internal and external factors, projects may not be properly managed regarding specifications, the allocation of roles and responsibilities, schedule and delivery timelines, costs, and quality. In particular, in high-risk projects, such as long-term contracts or projects involving new technologies, delays in project schedules, increases in costs, damages arising from breaches of contracts, or delays in responding to defects in products or systems may occur. These events may result in significant changes to the assumptions underlying the estimates related to these contracts, and they may also necessitate the revision of the terms of contracts or their termination. These factors would require Hitachi to revise its initial assumptions regarding particular contracts, and they may adversely affect its business, financial condition, and earnings.

To address these risks, Hitachi identifies and evaluates the structure of contracts, contractual terms, risks and project characteristics prior to entering into contracts and manages risks based on these assessments. After entering into contracts, relevant departments, including business and finance divisions, share information and continuously monitor the progress, costs, and risks of projects, thereby striving to ensure timely and accurate estimates and appropriate project management.

Intense Competition

Hitachi competes with diverse competitors ranging from huge global corporations to specialized companies including startups. In addition, in recent years, rapid advancements and the increasing adoption of advanced technologies such as AI and robotics have significantly changed the competitive landscape and the nature of competition itself, and have become an important factor affecting Hitachi's competitiveness.

To keep competitive in this environment, Hitachi's solutions and services must also be competitive not only in terms of engineering sophistication, quality and brand value, but also in terms of functionality and

ease of use. Hitachi must introduce its solutions and services to the markets in a timely manner. There can be no assurance that the solutions 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, co-creation with customers, the expansion of the Lumada business, enhancement of value-added solutions through the utilization of AI and the deployment of HMAX, cost reduction through value engineering, expanding the utilization of resources within Hitachi, and negotiating price pass-through with client companies.

Sharp Decline in Demand

A sharp decline in demand or oversupply in the markets in which Hitachi competes may lead to a decline in sales prices, and consequently to a decline in revenues and profitability. In addition, to balance supply and demand, Hitachi may be forced to dispose of excess inventory or obsolete equipment or reduce production, which can result in losses. For example, if the balance between supply and demand is disrupted in the markets for information equipment, elevators, industrial equipment, etc., as well as power transmission and distribution equipment and related systems in the energy sector and vehicles, signaling and traffic management systems in the railway sector, and market conditions deteriorate, this could adversely affect Hitachi's businesses, financial condition, and earnings. In addition, the impact of demand fluctuations on revenues and income in the energy sector and the railway sector may be delayed, due to the nature of long-term projects and project-based businesses.

To address these risks, in addition to strengthening the competitiveness of its products, solutions and services, Hitachi controls supply and inventory based on demand forecasts and works to optimize its project portfolio, in addition to other measures.

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 and investments in other companies, joint ventures and strategic alliances with outside partners to design and develop key new technologies and products, to strengthen competitiveness by complementing 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 1,429,043 million yen in the Digital Systems & Services segment, 659,712 million yen in the Energy segment, 275,583 million yen in the Mobility segment and 283,163 million yen in the Connective Industries segment as of March 31, 2026. 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 its 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 recoverable amount of Hitachi's equity-method investments in associates or joint ventures is below the carrying 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, 2026.

(Millions of yen)

Segment	March 31, 2026
Digital Systems & Services	68,517
Energy	119,071
Mobility	73,771
Connective Industries	55,696
Others	4,839
Subtotal	321,894
Corporate Items and Eliminations (Note)	290,248
Total	612,142

(Notes) Investments accounted for using the equity method in Astemo Ltd. and its 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 sells 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 AI agents and physical 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 AI agents 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 deal with these risks, the Company and subsidiaries participating in the Hitachi Pension Fund have adopted a risk-sharing corporate pension plan. Under this plan, the contribution obligations are fixed and no liabilities related to retirement benefits are recognized, thereby reducing the risk of adverse effects on Hitachi's financial condition and earnings.

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 depository.

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 Management Plan “Inspire 2027,” the key indicators to measure performance in terms of meeting our management goals are as follows.

Indicators	Results	Target of Inspire 2027
Annual growth rate for revenue	(Year on year) 8.2%	(CAGR from fiscal 2024 to fiscal 2027) 7-9%
Adjusted EBITA margin	(fiscal 2025) 12.4%	(fiscal 2027) 13-15%
Cash flow conversion (Note)	(fiscal 2025) 103%	(fiscal 2027) Over 90%
Return on invested capital (ROIC)	(fiscal 2025) 12.4%	(fiscal 2027) 12-13%

(Note) Calculated excluding special factors.

2) Global Business Expansion

In fiscal 2025, as the first year of the Management Plan, Inspire 2027, Hitachi chiefly pursued the following initiatives.

– Executing Agile Management in Response to Changes in the Business Environment

Amid increasing geopolitical risks around the world, Hitachi worked to establish and execute robust risk management processes to strike a balanced approach between mitigating threats and creating opportunities in any environment. Specifically, Hitachi mitigated the impact of U.S. reciprocal tariffs through measures including price pass through. In response to the conflict in the Middle East, Hitachi took steps to visualize and minimize its impacts on business. In addition, through initiatives such as Hitachi Energy’s over 1 billion dollars of capital investments in the United States, it worked to increase its local procurement ratio and diversify its procurement routes. Through these efforts, Hitachi increased the resilience of its businesses and the robustness of its supply chain.

Additionally, to swiftly respond to the rapid advancement of AI technologies, such as AI agents and physical AI technologies, and the expansion of related markets, we established the AI Agent Promotion Office. We also entered into a strategic partnership with OpenAI to jointly explore the development of next-generation AI infrastructure and efficient infrastructure solutions to support the expansion of global data centers. Furthermore, we intensified efforts to address the increasing sophistication and frequency of cyberattacks. We continued to execute highly agile management to respond swiftly to change even amid the rapidly evolving business environment.

– Accelerating the Growth of the Lumada Business through the Expansion of HMAX

Hitachi began the full-scale rollout of “HMAX by Hitachi,” a next-generation portfolio of solutions that leverages AI to transform social infrastructure. As a core solution within the Lumada business, HMAX delivers value in a wide range of industries, including mobility, energy, and industry. In the current fiscal year, HMAX recorded revenue of approximately 300.0 billion yen with an Adjusted EBITA margin that exceeded 20%.

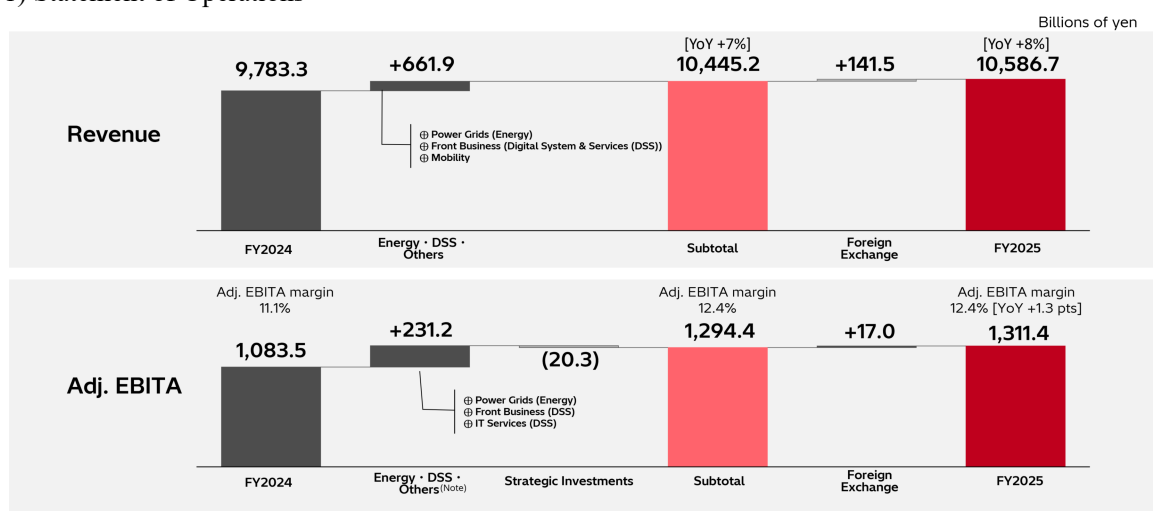


– Business Portfolio Reorganization for Further Growth

Hitachi acquired synvert, a German company with strengths in AI driven business design, to further strengthen the expansion of HMAX, and it also acquired a minority stake in Shermco to strengthen service businesses supporting the reliability and safety of power infrastructure. In addition, Hitachi implemented its ongoing business portfolio reforms toward the achievement of Inspire 2027, including a decision to divest a portion of the shares of Hitachi Construction Machinery and Astemo that it holds and to restructure the capital of Hitachi Channel Solutions, which operates businesses such as ATMs. In April of this year, we decided to restructure the capital of Hitachi Global Life Solutions, Inc.’s home appliance business.

(2) Analysis of Results of Operations

1) Statement of Operations



(Note) Including (24.0) billion from the U.S. reciprocal tariff impact

Revenues increased 8% from the year ended March 31, 2025 (fiscal 2024), coming to 10,586.7 billion yen. This increase was due mainly to increased revenues in the Energy segment supported by strong demand for power grids and increased revenues in the Digital Systems & Services segment reflecting solid demand for DX (digital transformation) in Japan. The increase was partially offset by decreased revenues in Connective Industries segment due mainly to weaker demand for new elevator and escalator installations in Building Systems business.

Cost of sales increased 6% to 7,407.2 billion yen, as compared with fiscal 2024, and the ratio of cost of sales to revenues decreased 1 percentage point to 70%. Gross profit increased 13%, to 3,179.5 billion yen.

Selling, general and administrative expenses increased 7% from fiscal 2024 to 1,980.2 billion yen. The ratio of selling, general and administrative expenses to revenues was 19%, on a par with the level of fiscal 2024.

As a result of the above, Adjusted EBITA (defined as Adjusted Earnings before Interest, Taxes and Amortization, and representing the revenues less cost of sales as well as SG&A, adding back the amortization of intangible assets, etc. recognized upon business combinations) increased 227.9 billion yen from fiscal 2024, to 1,311.4 billion yen. The Company changed calculation method of Adjusted EBITA. Adjusted EBITA for the twelve months ended March 31, 2025 has been restated on the basis of this change of definition.

Other income increased 83.8 billion yen from fiscal 2024 to 133.5 billion yen, while other expenses increased 57.7 billion yen to 200.8 billion yen. The main components are as follows:

- The net gain on sales and disposal of property, plant and equipment was worsened by 26.1 billion yen and turned to loss of 7.4 billion yen.
- Impairment losses increased 59.3 billion yen to 151.5 billion yen. This mainly reflected the recording of an impairment loss on goodwill of file storage businesses as part of the Digital Systems & Services segment.

- The net gain on business reorganization and others increased 102.2 billion yen year to year to 131.8 billion yen, chiefly due to a gain on the partial sale of Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd.
- Special termination benefits increased 5.6 billion yen to 16.1 billion yen.

Financial income (excluding interest income) increased 52.8 billion yen from fiscal 2024 to 106.8 billion yen, and financial expenses (excluding interest charges) decreased 4.0 billion yen to 8.8 billion yen.

The share of gains (losses) of investments accounted for using the equity method declined 14.2 billion yen year on year, to the gains of 44.1 billion yen.

Earnings before interest and taxes increased 296.4 billion yen to 1,274.0 billion yen.

Interest income increased 0.6 billion yen to 32.7 billion yen and interest charges decreased 13.2 billion yen to 33.6 billion yen.

Income before income taxes increased 310.3 billion yen from fiscal 2024 to 1,273.1 billion yen.

Income taxes increased 115.8 billion yen to 421.6 billion yen.

Net income increased 194.5 billion yen to 851.4 billion yen.

Net income attributable to non-controlling interests increased 7.9 billion yen to 49.0 billion yen.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased 186.6 billion yen to 802.3 billion yen, as compared with fiscal 2024.

2) Operations by Segment

The following is an overview of earnings by segment. The revenue for each segment includes intersegment revenue. Effective from April 1, 2025, the Company reclassified its reportable segment in five segments: Digital Systems & Services, Energy, Mobility, Connective Industries and Others. Accordingly, the amounts previously reported for the twelve months ended March 31, 2025 have been restated in conformity with the new segments.

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	FY2025		YoY	
	Revenue	Adj. EBITA	Revenue	Adj. EBITA
Digital Systems & Services	2,940.0	450.0	+4%	+55.9
		15.3%	[+4%]^(Note)	+1.4 pts
Front Business	1,309.9	187.2	+7%	+34.0
		14.3%		+1.8 pts
IT Services	1,108.0	148.0	+5%	+15.5
		13.4%		+0.9 pts
Services & Platforms	1,082.7	110.9	(4)%	+14.5
		10.2%		+1.6 pts

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

Revenues increased in the segment overall. This included steady growth of Front Business centered on DX and modernizations in Japan and the expansion of Lumada business. The increase was partially offset by reduced revenues in Services & Platforms business due mainly to the continued impact of restrained investment from European and U.S. customers.

Adjusted EBITA increased, due mainly to increased revenues, and improved profitability stemming from enhanced project management and cost reduction.

(Energy)

Billions of yen	FY2025		YoY	
	Revenue	Adj. EBITA	Revenue	Adj. EBITA
Energy	3,219.9	416.0	+23%	+164.0
		12.9%	[+20%]^(Note)	+3.3 pts
Power Grids	3,005.6	396.5	+24%	+164.8
		13.2%		+3.6 pts
Nuclear Energy	211.0	-	+3%	-
		-		-

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

Revenues increased, driven by solid execution of strong order backlog, particularly in large-scale project as well as foreign exchange fluctuations in Power Grids business.

Adjusted EBITA also increased driven by higher revenue bringing volume leverage, improved revenue profile, operational excellence, solid project execution, expansion of Lumada business and lower IT platform renewal costs in Power Grids business.

(Mobility)

Billions of yen	FY2025		YoY	
	Revenue	Adj. EBITA	Revenue	Adj. EBITA
Mobility	1,321.5	108.1	+13%	+13.2
		8.2%	[+6%]^(Note 1)	+0.1 pts
Mobility (excl. related cost)	1,321.5	121.6	+13%	+18.8
		9.2%		+0.4 pts
Related cost^(Note 2)	-	(13.5)	-	(5.6)

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

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

Revenues increased in the segment overall due mainly to the impact of foreign exchange effects as well as acquisition of Thales's ground transportation systems and the steady growth of Lumada business including signaling systems business.

Adjusted EBITA also increased, due mainly to increased revenues and improved profitability in signaling systems business of Thales S.A. The increase was partially offset by decreased profits due to related costs, including PMI (Post Merger Integration)-related costs associated with the impact of acquisition of railway signaling systems business.

(Connective Industries)

Billions of yen	FY2025		YoY	
	Revenue	Adj. EBITA	Revenue	Adj. EBITA
Connective Industries	3,262.7	367.3 11.3%	(1)% [(1)%] ^(Note)	+22.0 +0.8 pts
Urban Systems	1,213.6	127.0 10.5%	(7)%	(2.6) +0.5 pts
Building Systems	852.8	105.3 12.3%	(9)%	(5.2) +0.4 pts
Industrial Products & Services	659.1	71.4 10.8%	+3%	+6.7 +0.6 pts
Industrial AI	1,426.6	180.8 12.7%	+3%	+21.7 +1.2 pts
Measurement & Analysis Systems	821.7	102.6 12.5%	+9%	+14.6 +0.9 pts
Industrial Digital	398.7	51.1 12.8%	±0%	+3.5 +0.9 pts

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

Revenues decreased in the segment overall due mainly to decreased revenues in Building Systems business resulting from weaker demand for new elevator and escalator installations in China and the impact of foreign exchange. The decrease was partially offset by increased revenues in Measurement & Analysis Systems driven by the steady growth of semiconductor manufacturing equipment business, and by increased revenues in Industrial Products & Service business driven by the steady growth of industrial products.

Adjusted EBITA rose due mainly to increased revenues in Measurement & Analysis Systems business, despite decreased revenues across the entire segment.

(Others)

Revenues increased 7% year on year to 531.0 billion yen, as compared with fiscal 2024.

Adjusted EBITA increased 11.0 billion yen to 22.9 billion yen, as compared with fiscal 2024.

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 Total
Digital Systems & Services	2,066.5	357.3	223.9	235.1	57.0	873.4
YoY	+7%	(5)%	(5)%	+2%	(3)%	(3)%
Energy	254.6	898.9	1,031.8	474.7	559.6	2,965.2
YoY	+11%	+17%	+44%	+12%	+16%	+24%
Mobility	85.8	111.3	822.5	128.7	173.0	1,235.7
YoY	(7)%	+20%	+13%	+15%	+17%	+15%
Connective Industries	1,691.0	284.2	206.3	1,042.3	38.7	1,571.7
YoY	±0%	±0%	(7)%	±0%	+2%	(1)%
Consolidated Total	3,912.8	1,653.8	2,274.9	1,915.9	829.2	6,673.9
YoY	+4%	+8%	+20%	+4%	+14%	+11%
Ratio	37%	16%	21%	18%	8%	63%

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 steady progress with the Lumada business.

Overseas

Overseas revenues increased from fiscal 2024, and the ratio to total revenues was 63%, an increase of 2 percentage points compared with fiscal 2024. Revenues in each area are as follows;

(North America)

Revenues in North America increased from fiscal 2024, attributable mainly to the increase in revenue such as the power grids business in Energy segment. The increase was partially offset by reduced revenues in Services & Platforms business due mainly to the continued impact of restrained investment from European and U.S. customers.

(Europe)

Revenues in Europe increased from fiscal 2024, due mainly to increased revenues from the power grids business in the Energy segment and increased revenues from the acquisition of Thales's ground transportation systems business in the Mobility segment.

(Asia)

Revenues in Asia composed of China and ASEAN, India and other areas increased from fiscal 2024, due mainly to increased revenues in Measurement & Analysis Systems driven by the steady growth of semiconductor manufacturing equipment business. The decrease was partially offset by increased revenues in Building Systems business resulting from weaker demand for new elevator and escalator installations in China.

(Other Areas)

Revenues in other areas increased from fiscal 2024, due mainly to increased revenues in the Energy segment and Mobility segment.

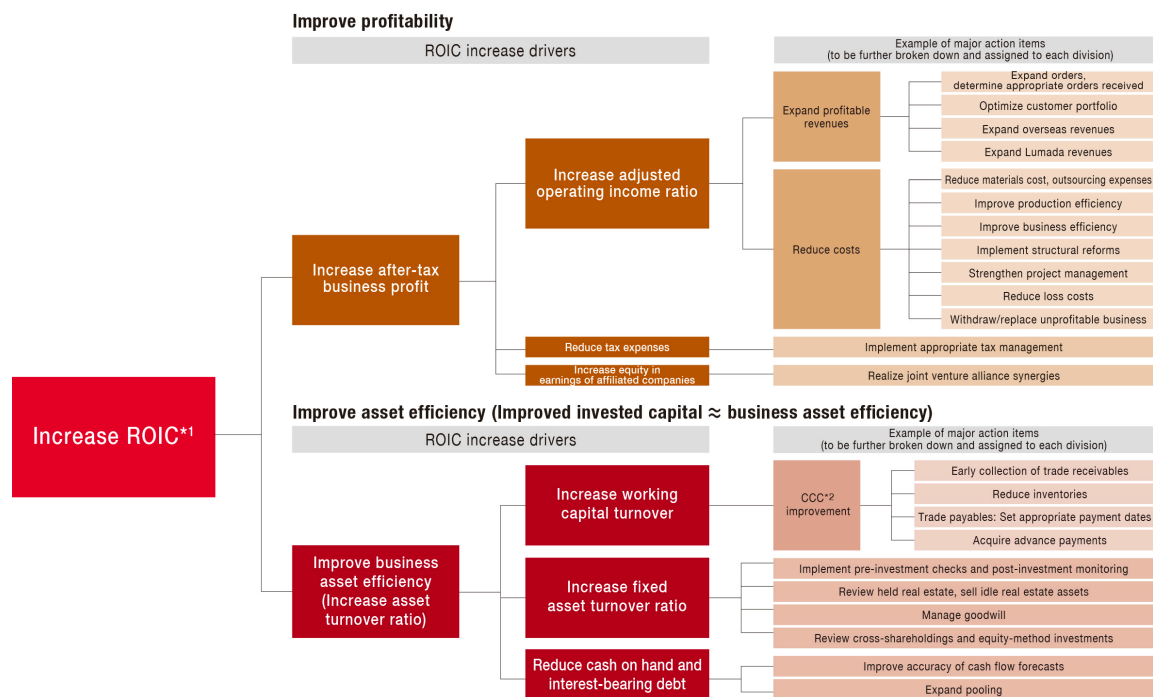
(3) Analysis of Financial Condition and Cash Flows

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 a indicator calculated by adding back the amortization of intangible assets, etc. recognized upon business combinations to adjusted operating income, which is derived from revenue less cost of sales as well as selling, general and administrative expense).

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, 2026, 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, 2026 were as follows.

Rating Company	Long-term	Short-term
Moody's	A2	P-1
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 2025.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 1,668.0 billion yen plus in fiscal 2025, and cash increased by 495.8 billion yen compared with fiscal 2024. 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 341.5 billion yen minus in fiscal 2025, and cash increased by 232.0 billion yen compared with fiscal 2024. This was due mainly to the acquisition of Thales's ground transportation systems business in fiscal 2024, and the sale of shares of JCH in fiscal 2025, despite an increase in expenditures for the purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 971.0 billion yen minus in fiscal 2025, and cash decreased by 546.9 billion yen compared with fiscal 2024. This was due mainly to an increase in expenditures for the acquisition of common stock for treasury and an increase in net expenditures (difference between proceeds and expenditures) from short-term debt and long-term debt in fiscal 2025.

Free cash flow (the sum of cash flows from operating and investing activities) was 1,326.5 billion yen plus in fiscal 2025, and cash increased by 727.9 billion yen compared with fiscal 2024.

Core free cash flow (free cash flows excluding cash flows from M&A and asset sales, etc.) was 1,170.2 billion yen plus in fiscal 2025, and cash increased by 389.6 billion yen compared with fiscal 2024.

As a result of the foregoing, cash and cash equivalents as of March 31, 2026, were 1,323.4 billion yen, an increase of 457.2 billion yen compared with March 31, 2025.

3) Assets, Liabilities and Equity

As of March 31, 2026, total assets amounted to 15,041.2 billion yen, an increase of 1,756.4 billion yen from March 31, 2025. This was attributable to an increase in working capital and other assets, mainly driven by the expansion of orders and revenues. Cash and cash equivalents as of March 31, 2026 amounted to 1,323.4 billion yen, an increase of 457.2 billion yen from the amount as of March 31, 2025.

As of March 31, 2026, total interest-bearing debt, the sum of short-term debt and long-term debt including the current portion of long-term debt, amounted to 1,009.0 billion yen, a decrease of 197.0 billion yen from March 31, 2025. As of March 31, 2026, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to 43.4 billion yen, a decrease of 29.7 billion yen from March 31, 2025. As of March 31, 2026, the current portion of long-term debt amounted to 425.8 billion yen, an increase of 57.0 billion yen from March 31, 2025. As of March 31, 2026, long-term debt (excluding the current portion), consisting mainly of debentures, and loans principally from banks and insurance companies, amounted to 539.7 billion yen, a decrease of 224.3 billion yen from March 31, 2025.

As of March 31, 2026, total Hitachi, Ltd. stockholders' equity amounted to 6,568.3 billion yen, an increase of 721.2 billion yen from March 31, 2025. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2026 was 43.7%, compared with 44.0% as of March 31, 2025.

Non-controlling interests as of March 31, 2026 was 204.2 billion yen, an increase of 19.9 billion yen from March 31, 2025.

Total equity as of March 31, 2026 was 6,772.6 billion yen, an increase of 741.1 billion yen from March 31, 2025. The ratio of interest-bearing debt to total equity was 0.15, a decrease of 0.05 from March 31, 2025.

(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 deductible differences as of March 31, 2026. 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 included in the sections titled “1. Management Policy, Economic Environment and Challenges Hitachi Group Faces,” “2. Sustainability Approach and Initiatives,” “3. Risk Factors,” and “4. Management’s Discussion and Analysis of Consolidated Financial Condition, Operating Results and Cash Flows” under “II. Business Overview,” as well as “5. Employees and Related Information” under “IV. Information on the Company,” 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 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 Vernova Nuclear Energy, Ltd. (Consolidated subsidiary)	GE Vernova Hitachi Nuclear Energy Americas LLC	U.S.A.	Nuclear reactor systems	Cross license of patents and technology	From October 30, 1991 to March 31, 2036

6. Research and Development

(1) Research goals and major issues

The Hitachi Group (Hitachi and its consolidated subsidiaries) aims to achieve a “harmonized society,” one in which environment, wellbeing, and economic growth are in balance. To realize this vision, the Group pursues technological development aimed at developing growth markets and new markets through research and development activities that not only contribute to business differentiation in core markets but also create turning points in a changing external environment. Building on the Group’s “technological foundations,” that is, its portfolio of “strong technologies,” this kind of technological development is leading to differentiation in products and services and the creation of innovation.

The Group is also focusing on technological development which will lead to expansion of “HMAX,” a suite of next-generation solutions that brings the power of AI to social infrastructure and that is a realization of the Lumada 3.0 strategy. Pivotal to this technological development is a physical AI architecture called the Integrated World Infrastructure Model (IWIM).

By learning Hitachi’s domain knowledge related to the operation and maintenance of social infrastructure, IWIM has the ability to accurately grasp and infer physical phenomena occurring in the real world and respond to them appropriately. This kind of technological development will accelerate the development and commercial application of Physical AI that will contribute to equipment monitoring, smart maintenance and the resolution of other worksite issues and help transform the social infrastructure.

(2) Research and Development Scheme

The Hitachi Group conducts research and development from a global perspective through close coordination between the R&D divisions of the Company and those of its group companies. The Group works with diverse partners, including universities, research institutions, industry organizations and other companies, and is expanding joint research and collaboration out of the Research & Development Group Kokubunji Site’s Kyoso-no-mori R&D center. Through such initiatives, the Group anticipates technological and social turning points and promotes integrated technological development spanning the creation of innovation and its social implementation. Additionally, the Hitachi Group is driving the development of technological foundations and creation of businesses with outside partners through a corporate venturing-based open innovation program.

To accelerate sustainable innovation with a view to capturing growth markets and creating new markets, the Hitachi Group reorganized its R&D Group in April 2025. In Japan, the Group established three major R&D areas: Digital Innovation R&D, which is the creation of solutions combining operations technology (OT) and digital technology; Sustainability Innovation R&D, which is innovation combining OT and products; and Next Research, which is the creation of the next growth areas. Overseas, the Group is driving business growth and new value creation by grasping changes in each region through R&D facilities in North America, Europe, China, Asia and India and promoting business creation in collaboration with business divisions in each country and region and R&D geared to regional characteristics and market needs.

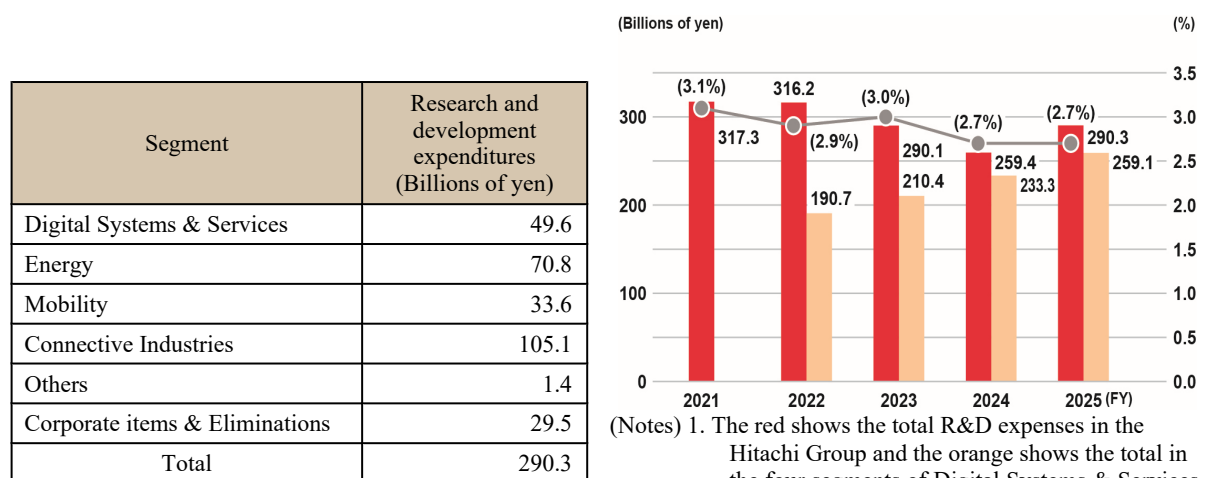
(3) Investment in Innovation

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

In Corporate Venturing investments, including the fourth fund of 400 million USD, the largest fund established in 2025, the Company’s assets under management of investment in startups have reached a cumulative total of 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 building innovation ecosystems leveraging startups. Specifically, Hitachi is promoting collaborative creation with startups in advanced technologies and new domains, including Physical AI, which integrates Hitachi’s strengths in OT, IT, and products with AI, as well as data centers, healthcare, distributed energy systems, quantum, nuclear fusion, and space, primarily through the activities of the Strategic SIB Business Unit, which focuses on creating new businesses. By leveraging the technologies and business opportunities generated through these initiatives, Hitachi aims to create One Hitachi growth businesses and capture new business opportunities.

(4) R&D Expenditures

The Hitachi Group's R&D expenditures for the fiscal year ended March 31, 2026 were 290.3 billion yen, representing 2.7% of revenues. R&D expenses by segment and R&D expenses trends are shown below.



(Notes) 1. The red shows the total R&D expenses in the Hitachi Group and the orange shows the total in the four segments of Digital Systems & Services, 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, 2026 are as follows.

The Hitachi Group leveraged its expertise in social infrastructure operation and control technologies, AI and other digital technologies, and product technologies to drive R&D related to its green and sustainability ambitions and R&D related to cutting-edge technologies for creating the next growth areas. Through integrated initiatives in each of these areas, the Group contributed to the resolution of social issues, the creation of new value, and the realization of a sustainable society and the society of the future.

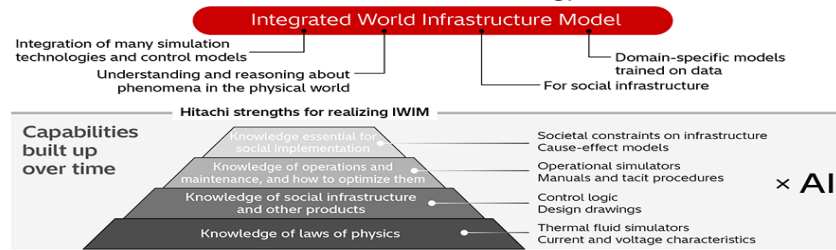
1) Developing foundational technologies supporting Lumada 3.0/HMAX (Corporate, Digital Systems & Services segment, Connective Industries segment)

The Company announced a physical AI architecture called the Integrated World Infrastructure Model (IWIM) for transforming the social infrastructure in a safe and sustainable manner (November 2025). IWIM integrates AI technology with Hitachi's expertise and methodology in the social infrastructure domain, enabling it to accurately grasp and infer physical phenomena occurring in the real world and respond to them appropriately. Using IWIM, the Company developed Physical AI which, through "autonomous, continuous learning (Note 1)" of worksite motion data and operational knowhow, optimizes motion and improves the speed and quality of operations (March 2026). Furthermore, Hitachi developed "Edge AI (Note 2)" technologies, enabling high-density integration of the circuitry for processing diverse sensor data on one semiconductor chip and achieving efficient motion through an optimized circuit that also succeeds in reducing power consumption (October 2025). These technologies will contribute to the global rollout of HMAX, a realization of the Lumada 3.0 strategy, with the aim of realizing a society where humans, AI and robots evolve together and maximizing value.

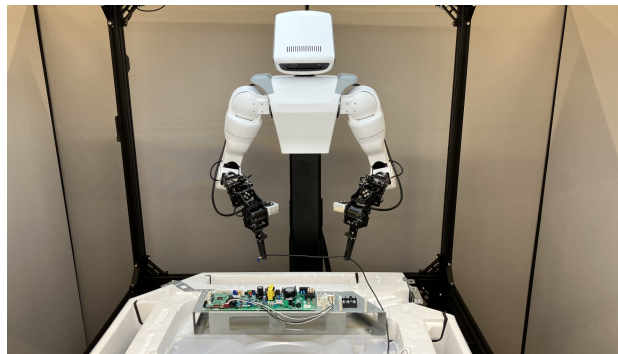
(Notes) 1. Part of this research was performed with the support of the Japan Science and Technology Agency (JST)'s Moonshot R&D Program (Grant No. JPMJMS2031).

2. AI deployed directly in network terminal equipment (edge devices).

- Understanding and reasoning about phenomena in the physical world, including social infrastructure and products, is crucial.
- Integrating the knowledge and methods of the physical world that Hitachi has accumulated so far with AI technology.



Overview of physical AI architecture “IWIM”



Motion of Physical AI robot

- 2) Developing next-generation AI agent “Naivy” and enhancing its applications (Digital Systems & Services segment, Energy segment, Connective Industries segment)

The Group developed “Frontline Coordinator – Naivy (Note 1)” (hereinafter, “Naivy”) (July 2025). Naivy is an AI agent that integrates the metaverse and worksite information and then provides necessary information to people and robots. Used in combination with various applications, it helps improve the work efficiency and wellbeing of frontline workers. Hitachi confirmed that, in an on-site verification trial jointly performed with Hitachi Plant Services Co., Ltd., the performance of inexperienced workers in facility management tasks improved by around 30 percent. Naivy also contributed to enhancing worksite safety, for example, Hitachi and Hitachi Plant Construction, Ltd. jointly developed a “risk and hazard prediction support system (Note 2)” using Naivy, a system which is a specific use case of Hitachi’s “Advanced On-Site Safety Solution”, (October 2025). Furthermore, Naivy was also used in a “knowledge utilization app for equipment managers” provided by Hitachi Solutions, Ltd. (March 2026), and sales expansion of the app was promoted through the One Hitachi approach, contributing to worksite digital transformation (DX) and safety enhancement.

(Notes) 1. Derived from the terms “navigator” and “AI,” this name symbolizes the role of a coordinator for integrated collaboration among people, AI, and robots. The trademark has been registered.

2. Risk and hazard prediction: It refers to reducing the risk of occupational hazards and preventing accidents by identifying in advance unsafe conditions, behaviors, and mental states lurking in the workplace. It also embraces wider evaluation of risks, incorporating elements of risk assessment.

- 3) Developing high sensitivity defect inspection technology contributing toward improved production efficiency of semiconductor devices (Connective Industries segment)

Hitachi developed technology capable of high-sensitivity inspection of micro-defects of 10 nm (1/100 million millimeters) or smaller in the semiconductor manufacturing process. The technology combines technology for automatically recognizing the device circuit layout and adjusting detection sensitivity based on the layout and technology for identifying false detection, reducing false positives that arise from variability in manufacturing processes but are not associated with defects. Hitachi confirmed in an evaluation using semiconductor device evaluation samples that the technology can suppress false

positives by 90% or more. With this technology, Hitachi will support reduction in inspection manhours and the stable provision of devices. By integrating the developed technology into multibeam scanning electron microscopes, Hitachi will realize high-speed, high-sensitivity inspection. Hitachi also aims to contribute even more to improving production efficiency by using data on the electrical and material properties obtained during inspections to create digital twins (Note) of manufacturing processes.

(Note) A technology that uses data collected from the real world to recreate that reality within a virtual space on a computer. In this context, it refers to its use for optimizing manufacturing processes and quality control.

4) Realizing Society 5.0 and stepping up the creation of an ecosystem for accelerating realization of a circular economy (Corporate)

The Hitachi-UTokyo Laboratory had previously published six proposals titled “Toward Realizing Energy Systems to Support Society 5.0,” indicating a specific path toward the realization of carbon neutrality. In the seventh proposal published in April 2025, the Lab summarized priority issues and countermeasures in a written proposal, based on a comprehensive analysis of changes and trends since the sixth proposal. At the Eighth Industry-Academia Collaboration Forum held in January 2026, the Lab reviewed the proposals and debated energy reforms and also held discussions on the themes of “fairness and competitiveness of the energy system” and “acceleration of regional transition” and debated in depth the action to be taken next for the realization of a sustainable society. In recognition of its initiatives to date, the Lab won the Chairman Award of the Japan Business Federation, at the 8th Japan Open Innovation Prize (February 2026).

In October 2022, the Hitachi-AIST Circular Economy Cooperative Research Laboratory was established within National Institute of Advanced Industrial Science and Technology (hereinafter “AIST”). Since then, the laboratory has promoted research based on three themes including the formulation of a grand design for a recycling-oriented society. The Hitachi-AIST Circular Economy Cooperative Research Laboratory released a research report on Circular Value-added Productivity (CVP), an indicator for evaluating the economic efficiency of circular economy (CE) activities. This report presents the definition and calculation methods of CVP, its application to individual companies and value networks, and practical considerations for its use. At the third open forum held in February 2026, in-depth discussions were held with outside experts on a roadmap and requirements for realizing the “ideal future,” standardization and cooperation with important stakeholders, and the nature of measures for delivering both economic and environmental value. The Lab was awarded the 2025 Good Design Award for these circular economy-related proposal activities (October 2025).



Award ceremony at the 8th Japan Open Innovation Prize



Receipt of 2025 Good Design Award for circular economy-related proposal activities

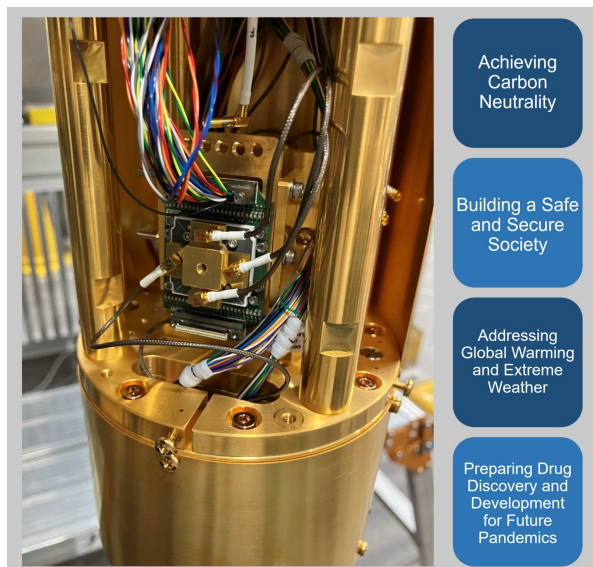
5) Accelerating R&D for the social implementation of silicon quantum computing (Corporate)

Since 2020, after many years of basic research at Hitachi Cambridge Laboratory, Hitachi has been using the JST's Moonshot Research and Development Program (grant no. JPMJMS2065) and other means to promote R&D into silicon quantum computers, which have advantages in terms of scaling them up. In October 2025, Hitachi signed a memorandum of understanding (MOU) for the establishment of a global ecosystem with RIKEN, which is a leading global institution in this area, and Belgium's imec, which serves as a hub for global research and innovation. By building an R&D network that leverages research facilities and specialist human resources around the world, Hitachi is accelerating R&D into new “spin qubit (Note 1)” control technologies.

In March 2026, Hitachi announced that it will participate in the Phase 2 (FY2026–FY2030) research and development projects under JST's Moonshot Research & Development Program (Grant No.: JPMJMS256H). Hitachi is also promoting the creation of a silicon quantum computing platform (Note 2) open to developers and researchers and the provision of a silicon quantum computer cloud service (Note 3) by 2027 while also expanding industry-academia-government collaboration and international standardization, and the use of silicon quantum computers to solve social issues.

(Notes) 1. qubit: the smallest unit of information used in a quantum computer.

2. Shared platform enabling app development and research using quantum computers
3. Service allowing researchers and developers to actually manipulate single-electron qubits via the internet



Silicon quantum computer and envisaged uses

6) Achieving proof-of-principle for structured radio wave technology that increases space-based disaster and infrastructure monitoring precision (Corporate)

Hitachi achieved proof-of-principle for structured radio wave (Note) technology that has potential applications in disaster and environmental monitoring using artificial satellites. This is original technology for controlling and analyzing radio waves that makes it possible to acquire multiple features such as the shape, motion, and material of objects (multivariate data) simultaneously. Hitachi recently confirmed the effectiveness of techniques for generating, controlling, detecting, and analyzing structured radio waves that have a vortex wavefront through experiments using acoustic waves. The technology allows many types of information to be acquired without being affected by weather or time of day and will be useful for swift decision-making or early detection of signs of anomalies. Going forward, Hitachi will work with partner companies, universities, and research institutes to promote the use of structured radio waves in diverse fields, and contribute to achieving sustainability, safety, and security for society.

(Note) Structured radio waves are radio waves created by controlling the degrees of freedom in properties such as polarization state, phase, and frequency. The experiments used superposed vortex wavefronts.



Image of Earth observation using Structured radio waves

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, 2026 was 473.9 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	69.9	114	Product development, Maintenance and renewal of data center equipment
Energy	268.1	192	Facility of production for power grid products
Mobility	31.5	165	Facility of production for railway systems
Connective Industries	70.9	75	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	24.0	105	Renovation of offices, R&D facilities
Corporate Items & Eliminations	9.2	64	-
Total	473.9	135	-

(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, 2026 is as follows.

(1) Breakdown by Segment

(As of March 31, 2026)

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	6,901 (693)	56,958	46,422	56,940	87,283	7,541	2,555	264,600	104,835
Energy	38,536 (8,157)	144,499	163,433	33,669	91,599	118	239,985	711,839	58,547
Mobility	9,416 (1,825)	50,578	18,095	16,922	32,347	-	9,309	136,667	23,912
Connective Industries	45,341 (5,545)	194,489	69,782	43,124	52,445	22	14,347	419,550	86,063
Others	15,883 (1,381)	46,041	2,036	9,373	32,435	-	2,205	107,973	11,343
Subtotal	116,077 (17,603)	492,565	299,768	160,028	296,109	7,681	268,401	1,640,629	284,700
Corporate Items & Eliminations	△8,262 (574)	16,218	261	4,530	△569	-	106	12,284	3,201
Total	107,815 (18,178)	508,783	300,029	164,558	295,540	7,681	268,507	1,652,913	287,901

(2) The Company

(As of March 31, 2026)

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	
Digital Systems & Services Division, Social Infrastructure Systems, Financial Institutions, AI & Software Services, Digital Engineering & AI Solutions Business Units (Kawasaki, Kanagawa)	Digital Systems & Services	System development facilities, manufacturing facilities for servers, etc.	138 [17]	14,983	50	14,076	15,391	3,234	922	48,797	12,717
Head Office (Chiyoda-ku, Tokyo)	Corporate	Other facilities	4,850 [522]	7,810	259	1,942	13,921	-	100	28,885	1,307
Research & Development Group (Kokubunji, Tokyo)	Others	R&D facilities	4,540 [763]	15,952	1,008	3,615	1,782	-	1,175	28,072	1,981
Railway Systems Business Unit (Kudamatsu, Yamaguchi)	Mobility	Manufacturing facilities for railway vehicles, etc.	1,013 [658]	12,220	4,894	1,137	3,377	-	549	23,193	2,314
Nuclear Energy Business Unit and Power Grids Business Unit (Hitachi, Ibaraki)	Energy	Manufacturing facilities for power generating equipment, etc.	9,103 [3,020]	4,753	16	492	860	-	1,111	16,337	438
Infrastructure Control Systems Division (Hitachi, Ibaraki)	Digital Systems & Services	Manufacturing facilities for switchboards and calculation control equipment, system development facilities	521 [202]	7,110	1,564	1,829	985	0	436	12,448	1,611
Corporate Hospital Group (Hitachi, Ibaraki)	Corporate	Medical facilities	63 [53]	8,542	0	2,099	7	-	4	10,627	1,764
IT Strategy & Digital Integration Division (Chiyoda-ku, Tokyo)	Others	System development facilities	- [-]	1,400	-	3,271	5	-	1	4,679	444
Urban Systems Business Unit (Hitachinaka, Ibaraki)	Connective Industries	Facility of production for building systems	43 [476]	2,885	45	30	3	-	1,414	4,423	131
Connective Industries Division, Industrial AI Business Unit (Chiyoda-ku, Tokyo)	Connective Industries	Manufacturing facilities for industrial solution, and water and environment solution equipment	38 [13]	199	11	2,439	163	-	106	2,959	2,397

(3) Domestic subsidiaries

(As of March 31, 2026)

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.	4,879 [334]	31,206	7,525	14,221	92	-	386	58,311	3,571
Hitachi High-Tech Corporation, Kasado Area (Kudamatsu, Yamaguchi)	Connective Industries	Manufacturing facilities for semiconductor manufacturing equipment, etc.	321 [15]	23,666	5,351	1,299	1,617	-	109	32,366	640
Hitachi Systems, Ltd., Yokohama Center (Yokohama, Kanagawa)	Digital Systems & Services	Data center	- [-]	10,234	-	650	5,387	-	-	16,271	138
Hitachi Global Life Solutions, Inc., Taga Works (Hitachi, Ibaraki)	Connective Industries	Manufacturing facilities for home appliances	134 [529]	6,053	4,349	3,807	952	-	178	15,476	1,044
Hitachi Global Life Solutions, Inc., Shimizu Works (Shizuoka, Shizuoka)	Connective Industries	Manufacturing facilities for air-conditioning equipment	6,917 [265]	1,280	2,401	658	-	-	57	11,315	977
Hitachi Building Systems Co., Ltd., Mito Works (Hitachinaka, Ibaraki)	Connective Industries	Other facilities	96 [9]	6,797	2,073	850	29	-	765	10,612	1,226
Hitachi Building Systems Co., Ltd., Head Office (Chiyoda-ku, Tokyo)	Connective Industries	Other facilities	3,952 [22]	4,710	276	1,188	29	-	13	10,170	1,344
Hitachi Real Estate Partners, Ltd., Hitachi Rectship Totsuka (Yokohama, Kanagawa)	Others	Rent office	- [-]	9,338	15	91	-	-	-	9,444	-
Hitachi Global Life Solutions, Inc., Tochigi Works (Tochigi, Tochigi)	Connective Industries	Manufacturing facilities for home appliances	119 [889]	5,004	2,915	1,190	9	-	67	9,308	621
Hitachi High-Tech Corporation, Head Office (Minato-ku, Tokyo)	Connective Industries	Other facilities	- [-]	1,379	-	351	6,402	-	-	8,133	1,781

(4) Overseas subsidiaries

(As of March 31, 2026)

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)	Energy	Manufacturing facilities for power grid products, etc.	29,230 [5,036]	137,075	161,403	32,609	89,316	-	238,365	687,998	55,043
Hitachi Rail Ltd. (London, U.K.)	Mobility	Manufacturing facilities for railway systems products	8,402 [1,167]	38,294	12,964	15,701	28,968	-	8,759	113,088	20,923
Hitachi Vantara LLC (California, U.S.A.)	Digital Systems & Services	Other facilities	- [-]	-	22,213	17,854	10,690	2,190	-	52,947	5,391
Hitachi Payment Services Private Limited (Chennai, India)	Digital Systems & Services	Other facilities	- [-]	-	16,440	487	14,989	-	631	32,547	5,207
GlobalLogic Worldwide Holdings, Inc. (California, U.S.A.)	Digital Systems & Services	Other facilities	- [-]	1,829	3,261	878	15,326	-	139	21,433	30,254

(Note) The figures in the above table 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, 2027 is expected to be 511.0 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.

Segment	Amount (Billions of yen)	Main purpose of investment
Digital Systems & Services	70.0	Product development, Maintenance and renewal of data center equipment
Energy	284.0	Facility of production for power grid products
Mobility	32.0	Facility of production for railway systems
Connective Industries	85.0	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	31.0	Renovation of offices, R&D facilities
Corporate Items & Eliminations	9.0	-
Total	511.0	-

- (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 of or sell principal facilities, with the exception of disposing of 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, 2026)	Number of shares issued as of the filing date (shares) (June 22, 2026)	Stock exchange on which the Company is listed	Description
Common stock	4,535,560,985	4,535,560,985	Tokyo, Nagoya	The number of shares per one unit of shares is 100 shares.
Total	4,535,560,985	4,535,560,985	-	-

(Note) 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, 2026 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	3,994 [3,827]	3,988 [3,840]	3,539 [3,423]
Class, detail and number of shares to be issued upon exercise of stock acquisition rights	Common stock 399,400 shares [382,700 shares] (Note 2)	Common stock 398,800 shares [384,000 shares] (Note 2)	Common stock 353,900 shares [342,300 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: 368.6 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, 2026). 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, 2026). With regard to the other items, there is no change from the information as of the end of fiscal year (March 31, 2026).

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:

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

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 (*).
$$\text{*Number of stock acquisition rights exercisable} = \text{Number of Allotted Rights} \times \left\{ \left(\frac{\text{TSR/TOPIX Growth Rate Ratio}}{100} \times 1.25 \right) - 0.5 \right\}$$

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)
June 15, 2021 (Note 1)	332,000	968,217,277	893	461,684	893	179,650
June 15, 2021 (Note 1,2)	17,600	968,234,877	47	461,731	47	179,697
June 15, 2022 (Note 3)	303,000	968,537,877	976	462,708	976	180,674
June 15, 2022 (Note 2,3)	34,000	968,571,877	109	462,817	109	180,783
December 14, 2022 (Note 4)	(30,488,800)	938,083,077	-	462,817	-	180,783
May 31, 2023 (Note 5)	103,800	938,186,877	393	463,211	393	181,177
May 31, 2023 (Note 2,5)	54,400	938,241,277	206	463,417	206	181,383
October 18, 2023 (Note 4)	(11,073,400)	927,167,877	-	463,417	-	181,383
June 3, 2024 (Note 6)	49,500	927,217,377	327	463,745	327	181,711
June 3, 2024 (Note 2,6)	96,500	927,313,877	638	464,384	638	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
June 3, 2025 (Note 8)	185,700	4,580,527,385	347	464,731	347	182,697
June 3, 2025 (Note 2,8)	1,033,600	4,581,560,985	1,934	466,666	1,934	184,632
March 31, 2026 (Note 4)	(46,000,000)	4,535,560,985	-	466,666	-	184,632

(Notes) 1. This increase is due to the issuance of new shares for consideration as restricted stock compensation.

Issue price: 5,384 yen per share

Amount of capitalization: 2,692 yen per share

Allottees: Executive Officers of the Company and Corporate Officers of the Company

2. These are based on the delivery of shares under post-delivery-type stock compensation.

3. This increase is due to the issuance of new shares for consideration as restricted stock compensation.

Issue price: 6,448 yen per share

Amount of capitalization: 3,224 yen per share

Allottees: Executive Officers of the Company, Corporate Officers of the Company and 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 for consideration as restricted stock compensation.

Issue price: 7,586 yen per share

Amount of capitalization: 3,793 yen per share

Allottees: Executive Officers of the Company, Corporate Officers of the Company and Directors of the consolidated subsidiaries.

6. This increase is due to the issuance of new shares for consideration as restricted stock compensation.

Issue price: 13,235 yen per share

Amount of capitalization: 6,617.5 yen per share

Allottees: Executive Officers of the Company, Corporate Officers of the Company and Directors of the consolidated subsidiaries.

7. The Company completed the share split into five shares for every one common stock.

8. This increase is due to the issuance of new shares for consideration as restricted stock compensation.

Issue price: 3,744 yen per share

Amount of capitalization: 1,872 yen per share

Allottees: Executive Officers of the Company, Corporate Officers of the Company and Directors of the consolidated subsidiaries.

(5) Shareholders composition

(As of March 31, 2026)

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	221	98	3,628	1,582	1,308	356,693	363,532	-
Share ownership (units)	30	12,599,693	569,845	545,456	24,681,092	12,335	6,909,209	45,317,660	3,794,985
Ownership percentage of shares (%)	0.00	27.80	1.26	1.20	54.46	0.03	15.25	100.00	-

(Notes) 1. Of 35,798,823 shares of treasury stock, 357,988 units are included in the “Individuals and others” column, while 23 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, 2026)

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	742,663,700	16.50
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	248,921,800	5.53
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)	147,704,302	3.28
The Chase Manhattan Bank ,N.A. Londonsecs Lending Omnibus Account (Standing proxy: Mizuho Bank, Ltd.)	Woolgate House, Coleman Street London EC2P 2HD, England (15-1, Konan 2-chome, Minato-ku, Tokyo)	145,160,508	3.23
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)	108,165,930	2.40
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	84,499,995	1.88
Hitachi Employees' Shareholding Association	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	73,662,230	1.64
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.)	Bankplassen 2, 0107 Oslo 1 Oslo 0107 NO (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	70,531,030	1.57
JP Morgan Chase Bank 385642 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom6-6 (15-1, Konan 2-chome, Minato-ku, Tokyo)	67,468,788	1.50
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)	64,500,403	1.43
Total		1,753,278,686	38.96

(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, 2026. The main contents of the reports are as follows.

Holders	BlackRock Japan Co. Ltd and thirteen others
Date on which the duty to file report	February 27, 2026
Number of shares	381,605,381 shares
Ownership percentage to the total number of issued shares	8.33%

Holders	Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other
Date on which the duty to file report	September 15, 2025
Number of shares	253,999,735 shares
Ownership percentage to the total number of issued shares	5.54%

(7) Information on voting rights

1) Issued shares

(As of March 31, 2026)

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 35,813,800	—	—
Shares with full voting rights (others)	Common stock 4,495,952,200	44,959,522	—
Shares less than one unit	Common stock 3,794,985	—	—
Number of issued shares	4,535,560,985	—	—
Total number of voting rights	—	44,959,522	—

(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, 2026)

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	35,798,800	—	35,798,800	0.79
Mizuho Co., Inc.	28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo	15,000	—	15,000	0.00
Total	—	35,813,800	—	35,813,800	0.79

(8) Shares ownership plan for executives and employees

1) Overview of the Program

From fiscal 2026, the Company introduced a restricted stock unit (hereinafter, “RSUs”) program for its employees, as well as directors and certain employees of some subsidiaries, including overseas subsidiaries (hereinafter, the “Target Subsidiaries”; such individuals, the “Eligible Employees, etc.”).

Under the program, RSUs are granted to the Eligible Employees, etc., and, upon satisfaction of certain conditions, shares of the Company and/or cash in an amount equivalent to the proceeds from the conversion and disposition of the Company’s shares (hereinafter, the “Company Shares, etc.”) are delivered or provided (hereinafter, “Deliveries”) from the trust in exchange for the RSUs.

Deliveries will be made from a Board Incentive Plan Trust to directors of the Target Subsidiaries, and from an Employee Stock Ownership Plan Trust to employees of the Company and the Target Subsidiaries.

The program extends ownership mindset across leadership, encourages a management perspective, and aligns the Eligible Employees, etc. with shareholder interests to create long-term corporate value. In addition, the Company seeks to enhance employee engagement and attract and retain top talent by expanding the program.

Outline of the Trust Agreement

Type of Trust	Trust of money other than a money trust for specific sole management
Purpose of Trust	Provision of incentives to Eligible Directors and Employees
Truster	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Eligible Directors and Employees who satisfy the beneficiary requirements
Trust Administrator	A third party professional with no interest in the Company or its subsidiaries
Trust Agreement Date	April 7, 2026
Trust Term (initial trust period)	April 7, 2026 to end of June, 2031
Plan Start Date	April 1, 2026
Exercise of Voting Rights	Not exercised
Class of Shares to be Acquired	Common stock of the Company
Total Acquisition Amount	65,000 million yen
Method of Share Acquisition	To be acquired from the Company
Timing of Share Acquisition	April 2026
Residual Interest Holder	The Company
Residual Property	Residual assets receivable by the Company as the residual interest holder shall be within the trust expense reserve.

2) Total number of the Company’s shares to be delivered to the Eligible Employees, etc.

13,404,825 shares

3) Persons entitled to receive beneficiary rights and other rights under the Trust Plan

Eligible Directors and Employees who satisfy the beneficiary requirements

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)	Total amount (yen)
Resolution details on Board of Directors (April 28, 2025) (Note) (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	68,675,100	299,999,409,241
Total number and total value of remaining shares to be acquired under the resolution	71,324,900	590,759
Unexercised rate as of the end of the fiscal year ended March 31, 2026 (%)	50.9	0.0
Treasury stock acquired during the current period	—	—
Unexercised rate as of the filing date (%)	50.9	0.0

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

Classification	Number of shares (shares)	Total amount (yen)
Resolution details on Board of Directors (January 29, 2026) (Note) (Acquisition period From January 30, 2026 to April 30, 2026)	30,000,000(maximum)	100,000,000,000(maximum)
Treasury stock acquired before the fiscal year ended March 31, 2026	—	—
Treasury stock acquired during the fiscal year ended March 31, 2026	10,803,800	52,055,401,296
Total number and total value of remaining shares to be acquired under the resolution	19,196,200	47,944,598,704
Unexercised rate as of the end of the fiscal year ended March 31, 2026 (%)	64.0	47.9
Treasury stock acquired during the current period	9,753,700	47,944,319,005
Unexercised rate as of the filing date (%)	31.5	0.0

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

Classification	Number of shares (shares)	Total amount (yen)
Resolution details on Board of Directors (April 27, 2026) (Note 1) (Acquisition period From April 28, 2026 to March 31, 2027)	160,000,000(maximum)	500,000,000,000(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	160,000,000	500,000,000,000
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)	6,656,500	32,901,360,700
Unexercised rate as of the filing date (%)	95.8	93.4

(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, 2026 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, 2026	46,119	206,082,738
Treasury stock acquired during the current period (Note 2)	4,654	22,896,154

(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. The number of shares treasury stock acquired due to requests to purchase stock of less than one share unit from June 1, 2026 to the filing date is not included.

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

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2026	42,700	-
Treasury stock acquired during the current period	1,200	-

(Note) 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).

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

Classification	Fiscal year ended March 31, 2026		Current period (Note)	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	-	-	13,404,825	60,084,983,291
Acquired treasury stock which was canceled	46,000,000	199,505,220,000	-	-
Acquired treasury stock which was transferred due to merger, share exchange, share delivery or company split	-	-	-	-
Others (Acquired treasury stock transferred upon the exercise of stock acquisition rights, and sold in response to requests from shareholders holding less than one trading unit to purchase additional shares) (Note)	236,005	880,877,454	43,385	194,477,232
Total number of treasury stock held	35,798,823	-	38,766,667	-

(Note) Excludes the number of treasury shares that changed during the period from June 1, 2026 to the filing date.

3. Dividend Policy

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

The Company determines dividends and repurchase of its shares by comprehensively considering the allocation of cash generated to mid- to long-term growth investments and shareholder returns, the overall level of shareholder returns combining dividends and share repurchases, and the impact on its financial condition and capital structure, in light of the business environment and other relevant factors.

Based on this approach, the Company aims for stable dividend payments and flexible and timely repurchase of its shares.

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

Based on the above policy, annual dividends of 50.0 yen per share were paid for the fiscal year ended March 31, 2026. Pursuant to a resolution of the Board of Directors dated October 30, 2025, interim dividends were 23.0 yen per share, resulting in total interim dividends of 104,357 million yen. In addition, pursuant to a resolution of the Board of Directors dated May 14, 2026, year-end dividends were 27.0 yen per share, resulting in total year-end dividends of 121,493 million yen.

4. Corporate Governance, etc.

(1) Corporate Governance

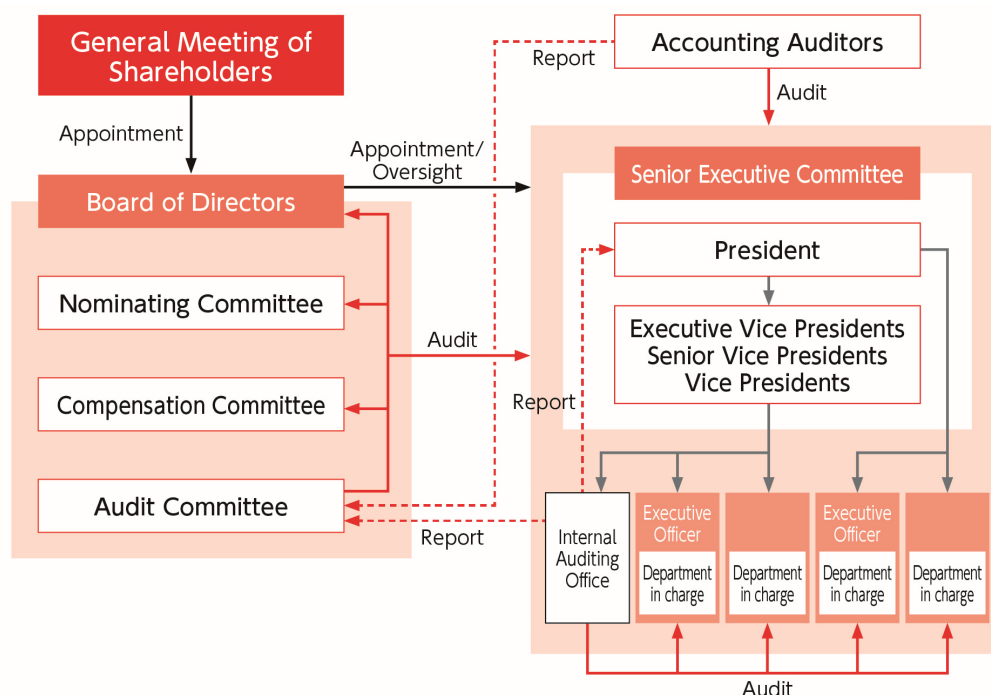
1) Basic policy about corporate governance

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. As of June 22, 2026, the Board of Directors

is made up of 11 Directors, eight of whom are Independent Directors (Note1, 2) and two of whom concurrently serve as Executive Officers. Furthermore, a proposal titled “Election of 11 Directors due to expiration of the term of office of all Directors” has been submitted as an agenda item for resolution at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026. If this proposal is approved, the Board is again expected to consist of 11 Directors, eight of whom are Independent Directors and two of whom concurrently serve as Executive Officers.

(Notes) 1. 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.

2. Joe Harlan, Independent Director, resigned on April 21, 2026.

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.

Board of Directors meetings were held on 10 days during the fiscal year ended March 31, 2026 (fiscal 2025). The attendance record of each Director during fiscal 2025 is as follows.

Name	Attendance / Number of days on which Board of Directors meetings were held (Note 1)	Attendance rate (Note 1)
Katsumi Ihara	10 days / 10 days	100%
Eriko Sakurai (Note 2)	8 days / 8 days	100%
Ikuro Sugawara	10 days / 10 days	100%
Hiroaki Yoshihara (Note 3)	2 days / 2 days	100%
Takashi Nishijima (Note 2)	8 days / 8 days	100%
Helmuth Ludwig	10 days / 10 days	100%
Takatoshi Yamamoto	10 days / 10 days	100%
Joe Harlan	9 days / 10 days	90%
Ravi Venkatesan	10 days / 10 days	100%
Isabelle Deschamps	10 days / 10 days	100%
Louise Pentland (Note 3)	2 days / 2 days	100%
Toshiaki Higashihara	10 days / 10 days	100%
Mitsuaki Nishiyama	10 days / 10 days	100%
Keiji Kojima (Note 3)	2 days / 2 days	100%
Toshiaki Tokunaga (Note 2)	8 days / 8 days	100%

(Notes) 1. Based on the number of days the Board of Directors met during each member’s term of office.

2. Ms. Sakurai, Mr. Nishijima and Mr. Tokunaga were appointed on June 25, 2025.

3. Mr. Yoshihara, Ms. Pentland and Mr. Kojima resigned on June 25, 2025.

During fiscal 2025, the Board of Directors received reports on the progress of the Management Plan, Inspire 2027, on multiple occasions, and engaged in extensive discussions on the future direction of the Hitachi Group and the business strategies required to realize this vision. Broad discussions and deliberations were also held regarding the management of risks associated with AI and responses to geopolitical risks, etc. in light of recent global developments. In addition to these strategic discussions of basic management policies and discussions of risk-related matters, the Board of Directors received reports from the President on key topics important to the executives, including important management issues discussed by the Senior Executive Committee, an advisory council to the President, and the Board of Directors engaged in discussions of these matter, facilitating a shared understanding with the people responsible for the supervisory and executive functions of management. In order to promote more active discussions, the Board of Directors allocates more time to the exchange of views on agenda items than to their explanation.

In addition, to enhance the effectiveness of the Board of Directors, the Company utilizes dedicated information-sharing tools for Directors, through which important information relating to

business operations is shared by executives in a timely manner, in addition to materials for meetings of the Board of Directors and its various committees. The Company also strives to provide timely and accurate information by holding individual meetings as necessary. In principle, the Company holds meetings of the Board of Directors in countries with strong relevance to its business once a year, and in December 2025, a meeting of the Board of Directors was held in New Delhi, India. At the meeting of the Board of Directors held in New Delhi, business strategies in the India region were discussed, and lectures by local experts and visits to local subsidiaries were also arranged.

Furthermore, the Company provides Independent Directors with enhanced opportunities to increase their understanding of the business and to share information through briefings on business activities, visits to Group sites, and the direct provision of information by executives. In fiscal 2025, the Company enabled Independent Directors to increase their understanding of its business by facilitating their participation in events such as the opening ceremony of the Hitachi Rail Hagerstown Factory, visits to the Hitachi Rail CBTC Solutions Headquarters, the Hitachi Social Innovation Forum, the Hitachi Digital Summit, business launch events, and research presentations held at research laboratories. 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 the legality and appropriateness of activities within the Digital Systems & Services, 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. As of June 22, 2026, the Nominating Committee consists of 4 Directors, three of whom are Independent Directors. Following a resolution by the Board of Directors after the Annual General Meeting of Shareholders scheduled for June 24, 2026, the Committee is expected to consist of 4 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.”

Nominating Committee meetings were held on 10 days during fiscal 2025. The attendance record of each member of the Nominating Committee during fiscal 2025 is as follows.

Name	Attendance / Number of days on which Nominating Committee meetings were held (Note 1)	Attendance rate (Note 1)
Katsumi Ihara	10 days / 10 days	100%
Eriko Sakurai (Note 2)	7 days / 7 days	100%
Ikuro Sugawara (Note 2)	7 days / 7 days	100%
Hiroaki Yoshihara (Note 3)	3 days / 3 days	100%
Toshiaki Higashihara	10 days / 10 days	100%

(Notes) 1. Based on the number of days the Nominating Committee met during each member’s term of office.

2. Ms. Sakurai and Mr. Sugawara were appointed on June 25, 2025.

3. Mr. Yoshihara resigned on June 25, 2025.

During fiscal 2025, the Nominating Committee decided the content of the proposal regarding the election of Directors to be submitted to the Annual General Meeting of Shareholders, discussed future candidates to succeed the CEO, and received and confirmed a preliminary report on the Executive Officer structure for fiscal 2026. 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) Audits - 1) Audits 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. As of June 22, 2026, the Compensation Committee consisted of 4 Directors, three of whom are Independent Directors. Following a resolution by the Board of Directors after the Annual General Meeting of Shareholders scheduled for June 24, 2026, the Committee is expected to consist of 3 Independent Directors. The members of the committee are described in “(2) Directors and Senior Management - 1) Lists of directors and senior management.”

Compensation Committee meetings were held on 7 days during fiscal 2025. The attendance record of each member of the Compensation Committee during fiscal 2025 is as follows.

Name	Attendance / Number of days on which Compensation Committee meetings were held (Note 1)	Attendance rate (Note 1)
Katsumi Ihara	7 days / 7 days	100%
Takashi Nishijima (Note 2)	5 days / 5 days	100%
Takatoshi Yamamoto	7 days / 7 days	100%
Joe Harlan	6 days / 7 days	86%
Keiji Kojima (Note 3)	2 days / 2 days	100%
Toshiaki Tokunaga (Note 2)	5 days / 5 days	100%

(Note) 1. Based on the number of days the Compensation Committee met during each member’s term of office.

2. Mr. Nishijima and Mr. Tokunaga were appointed on June 25, 2025.
3. Mr. Kojima resigned on June 25, 2025.

During fiscal 2025, based on policies for determining compensation for Directors and Executive Officers, the Compensation Committee determined the amounts of compensation 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, with a view to strengthening the Company’s competitiveness as a global company and further enhancing its corporate value, the Compensation Committee also engaged in consideration and deliberation regarding the stock compensation system for Executive Officers, and decided to revise the system from fiscal 2026. Specifically, the Company will abolish the conventional restricted stock compensation system subject to continued service conditions and unify its global stock compensation framework into a system consisting of Restricted Stock Units and Performance Share Units. Through these initiatives, the Company aims to more strongly align executive compensation with the medium- to long-term enhancement of corporate value and shareholder value.

In its deliberations, the Compensation Committee considers changes in the business environment and the opinions of shareholders 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 22, 2026, the Company has 36 Executive Officers (See “(2) Directors and Senior Management - 1) Lists of directors and senior management.”)

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 ensuring that the President deliberately decides on important managerial matters which may affect the business of the Company or the Hitachi Group, through discussion of the matters from diverse viewpoints. It consists of twelve regular attendees as of June 22, 2026: the President & CEO (Toshiaki Tokunaga), Executive Vice President and Executive Officer (Jun Abe), 7 Senior Vice President and Executive Officers (Noriharu Amiya, Tomomi Kato, Andreas Schierenbeck, Jun Taniguchi, Lorena Dellagiovanna, Masahiko Hasegawa and Giuseppe Marino) and 3 Vice President and Executive Officers (Takahiro Tsukishima, Hirohide Hirai and Yuto Matsumura), in addition to other attendees designated by the President.

Important matters deliberated and decided by 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 limited liability agreement and 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 Directors who concurrently serve as Executive Officers). 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 as 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

The Company is a Company with Nominating Committee, etc. pursuant to the Companies Act.

(a) The information on its Directors and Executive Officers as of June 22, 2026 (date of submission of Annual Securities Report) is as follows.

Men: 38 persons, Women: 7 persons

(Women's percentage to total number of Directors and Executive Officers: 16%)

(i) Directors

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	Sep. 24, 1950	6/2005 Executive Deputy President, Representative Corporate Executive Officer, Member of the Board, Sony Corporation 4/2009 Executive Deputy President, Corporate Executive, Sony Corporation 6/2009 Executive Vice President, Representative Director, Sony Financial Holdings Inc. 6/2010 President, Representative Director, Sony Financial Holdings Inc. 6/2011 President, Representative Director, Sony Life Insurance Co., Ltd. 4/2015 Chairman, Director, Sony Life Insurance Co., Ltd. (retired in June 2017) 6/2016 Chairman, Director, Sony Financial Holdings Inc. (retired in June 2017) 6/2018 Director, Hitachi, Ltd.	(Note 1)	7,900
Director Member of Nominating Committee	Eriko Sakurai	Nov. 16, 1960	5/2008 Director, Dow Corning Toray Co., Ltd. (currently Dow Toray Co., Ltd.) 3/2009 Chairman and CEO, Representative Director, Dow Corning Toray Co., Ltd. (retired in July 2020) 5/2011 Regional President Japan/Korea, Dow Corning Corporation 8/2020 President, Representative Director, Dow Chemical Japan Limited (retired in June 2022) 2025/6 Director, Hitachi, Ltd.	(Note 1)	200
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") 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.	(Note 1)	5,700

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 Vice President, Head of Control Products Business Center, IA Business Headquarters, Yokogawa Electric Corporation 4/2010 President, Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) (retired in March 2012) 6/2011 Director, Yokogawa Electric Corporation 4/2012 Director and Senior Vice President, Head of IA Platform Business Headquarters, Yokogawa Electric Corporation 4/2013 President and Chief Operating Officer, Yokogawa Electric Corporation 4/2019 Chairman and Representative Director, Yokogawa Electric Corporation 4/2021 Chairman, Yokogawa Electric Corporation (retired in June 2023) 6/2025 Director, Hitachi, Ltd.	(Note 1)	400
Director Member of Audit Committee	Helmuth Ludwig	Sep. 19, 1962	6/2001 President, Software and System House Division, Siemens AG (Germany) 8/2002 President, Systems Engineering Division, Automation and Drives Group, Siemens AG (Germany) 8/2007 President, Siemens PLM Software, Inc. 10/2010 Global Head of Communications, Industry Automation, Siemens Corp. (USA) 10/2011 President and CEO, Industry Sector, North America, Siemens Industry, Inc. 10/2014 Executive Vice President and Chief Digital Officer, Digital Factory Division, Product Lifecycle Management, Siemens Corp. (USA) 10/2016 Chief Information Officer, Siemens AG (Germany) (retired in December 2019) 1/2020 Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (currently in office) 7/2020 Director, Hitachi, Ltd.	(Note 1)	28,500
Director Member of Compensation Committee (Chair)	Takatoshi Yamamoto	Oct. 20, 1952	12/1995 Managing Director, Morgan Stanley Japan Limited 6/1999 Managing Director and Vice Chairman, Tokyo Branch, Morgan Stanley Japan Limited 7/2005 Managing Director and Vice Chairman, UBS Securities Japan Co., Ltd. 6/2009 Managing Director, CASIO COMPUTER CO., LTD. 6/2011 Advisor, CASIO COMPUTER CO., LTD. (retired in June 2012) 6/2016 Director, Hitachi, Ltd.	(Note 1)	80,000

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	<p>7/1999 Chairman of the Board of Directors, Cummins India Ltd. (retired in March 2004)</p> <p>1/2004 Chairman, Microsoft India Pvt. Ltd. (retired in September 2011)</p> <p>4/2011 Independent Director, Infosys Ltd. (retired in May 2018, served as Co-Chairman from April 2017 to August 2017)</p> <p>4/2013 Venture Partner, Unitus Ventures LLC. (currently Capria Ventures Advisors LLP) (currently in office)</p> <p>8/2015 Chairman (Non-Executive), Bank of Baroda (retired in August 2018)</p> <p>9/2018 Special Representative for Young People & Innovation, UNICEF (retired in September 2023)</p> <p>7/2020 Director, Hitachi, Ltd.</p> <p>10/2022 Board Chair, Global Energy Alliance for People and Planet, LLC</p>	(Note 1)	4,100
Director	Isabelle Deschamps	Jun. 11, 1970	<p>5/1993 Admitted an Attorney-at -Law at Quebec Bar (Canada)</p> <p>2/2003 Head of Legal and Company Secretary, Nestle UK Ltd</p> <p>11/2009 Admitted as a Solicitor (UK)</p> <p>10/2012 Senior Vice President, General Counsel Global Categories and Intellectual Property, Unilever PLC (UK)</p> <p>1/2017 Executive Vice President, General Counsel Europe and Global E-Commerce, Digital and Privacy, Unilever PLC (UK)</p> <p>1/2018 Executive Vice President, General Counsel Europe and Global Foods & Refreshments, Unilever N.V. (Netherlands)</p> <p>9/2018 Member of Executive Committee, Group General Counsel, AkzoNobel N.V.</p> <p>10/2021 Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (currently in office)</p> <p>6/2024 Director, Hitachi, Ltd.</p>	(Note 1)	300
Executive Chairman Member of Nominating Committee	Toshiaki Higashihara	Feb. 16, 1955	<p>4/1977 Joined Hitachi, Ltd.</p> <p>4/2006 Chief Operating Officer, Information & Telecommunication Systems</p> <p>4/2007 Vice President and Executive Officer</p> <p>4/2008 President, Hitachi Power Europe GmbH</p> <p>4/2010 Representative Executive Officer, President and Chief Executive Officer, Hitachi Plant Technologies, Ltd.</p> <p>6/2010 President and Representative Director, Hitachi Plant Technologies, Ltd.</p> <p>4/2011 Vice President and Executive Officer, Hitachi, Ltd.</p> <p>4/2013 Senior Vice President and Executive Officer, Hitachi, Ltd.</p> <p>4/2014 Representative Executive Officer, President & COO, Hitachi, Ltd.</p> <p>6/2014 Representative Executive Officer, President & COO and Director, Hitachi, Ltd.</p> <p>4/2016 Representative Executive Officer, President & CEO and Director, Hitachi, Ltd.</p> <p>5/2021 Representative Executive Officer, Executive Chairman, President & CEO and Director, Hitachi, Ltd.</p> <p>6/2021 Representative Executive Officer, Executive Chairman & CEO and Director, Hitachi, Ltd.</p> <p>4/2022 Executive Chairman, Representative Executive Officer and Director, Hitachi, Ltd.</p>	(Note 1)	1,272,700

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 Joined Hitachi, Ltd. 4/2008 General Manager, Finance Department I 4/2011 Executive Officer, Hitachi Cable, Ltd. 6/2012 Executive Officer, Board Director, Hitachi Cable, Ltd. 4/2013 Vice President and Executive Officer, Board Director, Hitachi Cable, Ltd. 7/2013 Vice President and Managing Officer, Hitachi Metals, Ltd. (currently Proterial, Ltd.) 4/2014 Vice President and Executive Officer, Hitachi Metals, Ltd. (retired in March 2015) 4/2015 Vice President and Executive Officer, Hitachi, Ltd. 4/2016 Representative Executive Officer, Senior Vice President and Executive Officer, Hitachi, Ltd. 4/2020 Representative Executive Officer, Chairperson and CEO, Hitachi Metals, Ltd. 6/2020 Representative Executive Officer, Chairperson, President and CEO, Hitachi Metals, Ltd. Representative Executive Officer, Chairperson, President and CEO, and Director, Hitachi Metals, Ltd. 1/2023 Representative Director, Executive Chairman, Proterial, Ltd. (retired in March 2023) 4/2023 Associate, Hitachi, Ltd. 6/2023 Director, Hitachi, Ltd.	(Note 1)	134,300
Director Member of Compensation Committee	Toshiaki Tokunaga	Mar. 15, 1967	4/1990 Joined Hitachi, Ltd. 4/2014 General Manager, Smart Information Systems Division, Services Division Group, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group 4/2017 President, Hitachi Appliances, Inc. (retired in March 2019) 4/2018 General Manager, Smart Life & Ecofriendly Systems Division, Hitachi, Ltd. 4/2019 Vice President and Executive Officer, Hitachi, Ltd. 4/2020 Senior Vice President and Executive Officer, Hitachi, Ltd. 4/2021 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. 4/2025 Representative Executive Officer, President & CEO, Hitachi Ltd. 6/2025 Representative Executive Officer, President & CEO and Director, Hitachi Ltd.	(Note 1)	450,000
Total					1,984,100

- (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, Ikuro Sugawara, Takashi Nishijima, Helmuth Ludwig, Takatoshi Yamamoto and Ravi Venkatesan and Ms. 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.

(ii) 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 “(i) Directors”		(Note 2)	1,272,700
Representative Executive Officer, President & CEO Overall management	Toshiaki Tokunaga	Mar. 15, 1967	See “(i) Directors”		(Note 2)	450,000
Representative Executive Officer, Executive Vice President and Executive Officer Assistant to the President (digital systems & services business; 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)	314,100
Senior Vice President and Executive Officer Connective industries 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)	122,800
Representative Executive Officer, Senior Vice President and Executive Officer Finance strategies, corporate pension system, risk management, investment strategies, investor relations strategies	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)	139,300
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)	23,800

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)	80,800
Senior Vice President and Executive Officer Human capital strategies, crisis management strategies, safety and health management, diversity, opportunity and inclusion strategies, environmental strategies, sustainability strategies, value integration 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)	98,000
Senior Vice President and Executive Officer Assistant to the Executive Vice President (Digital Systems & Services (Japan)) Digital services business	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)	276,900
Representative Executive Officer, Senior Vice President and Executive Officer Marketing & sales strategies, regional strategies overall management, corporate strategies overall management, government & external relations and corporate communications strategies, Business Management Promotion	Masahiko Hasegawa	Sep. 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)	231,600

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 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, Ltd. CEO, Ansaldo Energia S.p.A. Senior Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	49,600
Vice President and Executive Officer Marketing & sales strategies (business for energy)	Atsuhiko 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)	59,300
Vice President and Executive Officer Digital Systems & Services business (corporate 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)	48,500
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)	54,800
Vice President and Executive Officer Digital services business	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)	8,700

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 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)	177,000
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)	119,100
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)	62,200
Vice President and Executive Officer Industrial solutions business	Yoshimitsu Takagi	Mar. 27, 1967	4/1989 4/2012 4/2019 4/2020 7/2020 4/2021 4/2025 4/2026	Joined Hitachi, Ltd. General Manager of Marketing Department, Medical Systems Sales & Marketing Division, Science & Medical Systems Business Group, Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation) Deputy General Manager of Analytical & Medical Solution Business Group, and General Manager of Medical Systems Sales & Marketing Division, Hitachi High-Technologies Corporation Executive Officer, Hitachi High-Tech Corporation Executive Officer of Hitachi High-Tech Corporation Vice President and Executive Officer of Hitachi High-Tech Corporation Representative Director and President of Hitachi High-Tech Corporation Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	1,800
Vice President and Executive Officer Human capital strategies, crisis management strategies, safety and health management	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

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 (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)	35,100
Vice President and Executive Officer Corporate strategies	Takahiro Tsukishima	Apr. 24, 1965	11/1991 10/2014 4/2020 4/2022 4/2023 4/2024 4/2026	Joined Hitachi, Ltd. General Manager of Smart Energy Solutions Development Division, Social Innovation Business Development Office, Information Systems Group Deputy General Manager of Business Creation Promotion Division, Social Innovation Business Division CTO of Digital Systems & Services Division General Manager of Strategy Planning Division, Digital Systems & Services Division CSO and CTrO of Digital Systems & Services Division Vice President and Executive Officer	(Note 2)	6,100
Vice President and Executive Officer Environmental strategies, sustainability strategies	Megumu Tsuda	Jan. 30, 1969	4/1991 4/2013 4/2017 4/2020 7/2021 4/2022 4/2023 4/2025 4/2026	Joined Osaka Gas Co., Ltd. General Manager of IR Department, Osaka Gas Co., Ltd. General Manager of Corporate Social Responsibility & Environment Department, Osaka Gas Co., Ltd. General Manager of Innovation Department, Osaka Gas Co., Ltd. Joined Hitachi, Ltd. General Manager of Sustainability Promotion Division, Hitachi, Ltd. General Manager of Internal Environment Initiative Division, General Manager of Sustainability Promotion Division, Hitachi, Ltd. General Manager of Group Environment Division, General Manager of Group Sustainability Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	28,600

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 (APAC)	Kojin Nakakita	Sep. 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)	200,700
Vice President and Executive Officer Industrial products business	Hideshi Nakatsu	May. 10, 1967	4/1997 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)	144,000
Vice President and Executive Officer Finance strategies, corporate pension system	Masashi Hatakeyama	Jun. 28, 1973	3/2007 4/2022 4/2026	Joined Hitachi, Ltd. CFO of Digital Systems & Services Division, Senior Director of Finance Management Office, Digital Systems & Services Division Vice President and Executive Officer	(Note 2)	6,100
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)	11,500

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 security management and information technology strategies	Satoko Fujimori (Name in the Family Register: Satoko Shiraishi)	Dec. 20, 1968	4/1991 4/2017 7/2017 4/2020 4/2024 4/2025 4/2026	Joined Hitachi, Ltd. Senior Director of Transportation Information Systems Division, Social Infrastructure Information Systems Division, Government & Public Corporation and Social Infrastructure Systems Business Unit Business Development Director of Hitachi Information Control Systems Europe Ltd. Vice President of Social Systems Division, Social Infrastructure Systems Business Unit, Hitachi, Ltd. President of Applications Services Division, Digital Engineering Business Unit, Hitachi, Ltd. COO of AI & Software Services Business Unit, President of Applications Services Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	4,100
Vice President and Executive Officer Regional strategies (EMEA)	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)	6,400

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 Value integration	Alice Po (Name in the Register: Po Woei Chiann)	Jul. 15, 1973	4/1999 4/2015 4/2023 4/2024 4/2026	Joined Hitachi Asia Ltd. General Manager of Value Integration Group, Hitachi Asia Ltd. General Manager of Procurement Intelligence Office, Value Integration Division, Hitachi, Ltd. CPO and General Manager of Value Integration Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	3,400
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)	139,300
Vice President and Executive Officer Regional strategies (India)	Kosuke Horiuchi	Jun. 12, 1965	4/1989 4/2014 4/2016 4/2017 4/2020 4/2022 4/2026	Joined Hitachi, Ltd. General Manager of Financial Solution Sales Division 1, Financial Information Systems Sales Management Group, Information & Telecommunication Company Deputy Managing Director of Hitachi Asia Ltd. Managing Director of Hitachi Asia Ltd. General Manager of Financial Systems Sales Management Division, System & Services Business Sales Management Division, Corporate Marketing Group, Hitachi, Ltd. General Manager of Kansai Area Operation, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd.	(Note 2)	43,100
Vice President and Executive Officer Marketing & sales strategies; Regional strategies (Japan)	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)	121,400

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions		Term of office	Share ownership (shares)
Representative Executive Officer, Vice President and Executive Officer Legal matters, corporate export regulation, compliance strategies, intellectual property strategies and corporate auditing	Yuto Matsumura	Apr. 15, 1972	4/1998	Admitted an Attorney-at -Law (Japan) Joined Mori Sogo Law Offices (currently Mori Hamada & Matsumoto)	(Note 2)	11,500
			2/2003	Admitted to New York State Bar		
			1/2005	Partner, Mori Hamada & Matsumoto		
			1/2015	Managing Partner, Mori Hamada & Matsumoto		
			4/2024	Vice President and Executive Officer, Hitachi, Ltd.		
			4/2025	Representative Executive Officer, Vice President and Executive Officer, Hitachi, Ltd.		
Vice President and Executive Officer Regional strategies (China)	Yoshimaro Yusuki	Sep. 7, 1964	4/1988	Joined Hitachi, Ltd.	(Note 2)	41,700
			4/2012	General Manager of Financial Sales Division 3, Financial System Sales Division, Information & Telecommunication Company		
			4/2014	General Manager of Financial Sales Division, Financial Business Group, Hitachi Systems, Ltd.		
			4/2016	Deputy General Manager of Financial Information Systems Sales Management Division, Hitachi, Ltd.		
			4/2017	General Manager of Financial Systems Sales Division, Financial Institutions Business Unit, Hitachi, Ltd.		
			4/2020	General Manager of Kanto Area Operation, Hitachi, Ltd.		
			4/2022	General Manager of Chubu Area Operation, Hitachi, Ltd.		
			4/2026	Vice President and Executive Officer, Hitachi, Ltd.		
Vice President and Executive Officer Business Management Promotion	Takashi Yoda	Aug. 22, 1966	4/1990	Joined Hitachi, Ltd.	(Note 2)	198,000
			4/2018	General Manager of Energy Business Co-Creation & Promotion Division, Power and Energy Business Administration Division		
			4/2019	Vice President and Executive Officer		
Total						4,607,900

(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, 2027.

(b) The Company proposes to submit the following proposal at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026: “Election of 11 Directors due to expiration of the term of office of all Directors” If this proposal is approved, the status of the Company’s Directors and Executive Officers will be as follows. Please note that the titles of Directors and Executive Officers are listed including those to be decided at the Board of Directors meeting scheduled to be held after the Annual General Meeting of Shareholders.

Men: 37 persons, Women: 8 persons

(Women’s percentage to total number of Directors and Executive Officers: 18%)

(i) Directors



Ikuro Sugawara



Ilham Kadri



Takashi Nishijima



Masahiko Chino



Helmuth Ludwig



Eriko Sakurai



Isabelle Deschamps



Ravi Venkatesan



Toshiaki Higashihara



Mitsuaki Nishiyama



Toshiaki Tokunaga

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	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)	5,700
			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 Member of Nominating Committee	Ilham Kadri	Feb. 14, 1969	1/2007	Marketing Director of Rohm and Haas Company (currently The Dow Chemical Company)	(Note 1)	0
			9/2009	General Manager of the Dow Advanced Materials Division (Middle East and Africa), and the Europe, Middle East and Africa Commercial Director of the Dow Water & Process Solutions Division, of The Dow Chemical Company		
			1/2013	President of Diversey Care, Vice President of Sealed Air Corporation		
			1/2017	Senior Vice President, Sealed Air Corporation		
			9/2017	President and CEO of Diversey, Inc.		
			3/2019	CEO of Solvay S.A. (retired in December 2023)		
			12/2023	CEO of Syensqo SA (retired in December 2025)		
6/2026	Director, Hitachi, Ltd. (scheduled to take office in June 2026)					

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions	Term of office	Share ownership (shares)
Director Member of Nominating Committee and Audit Committee	Takashi Nishijima	Aug. 12, 1957	10/2008 Vice President, Head of Control Products Business Center, IA Business Headquarters, Yokogawa Electric Corporation 4/2010 President, Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) (retired in March 2012) 6/2011 Director, Yokogawa Electric Corporation 4/2012 Director and Senior Vice President, Head of IA Platform Business Headquarters, Yokogawa Electric Corporation 4/2013 President and Chief Operating Officer, Yokogawa Electric Corporation 4/2019 Chairman and Representative Director, Yokogawa Electric Corporation 4/2021 Chairman, Yokogawa Electric Corporation (retired in June 2023) 6/2025 Director, Hitachi, Ltd.	(Note 1)	400
Director Member of Audit Committee (Chair)	Masahiko Chino	Oct. 26, 1963	9/2001 Representative Partner, KPMG FAS Co., Ltd. (currently in office, scheduled to retire in June 2026) 9/2009 Director, KPMG Healthcare Japan Co., Ltd. (currently in office, scheduled to retire in June 2026) 8/2018 Senior Executive Board Member, KPMG AZSA LLC (retired in June 2025) 10/2019 Chairman of the Board, KPMG Consulting Co., Ltd (retired in December 2024) 9/2021 Representative Director and Chairman, KPMG Ignition Tokyo Inc. (currently in office, scheduled to retire in June 2026) 10/2022 Representative Director, KPMG Advisory Lighthouse, Inc (currently in office, scheduled to retire in June 2026) 3/2023 Co-Chairman, KPMG Japan (currently in office, scheduled to retire in June 2026) Representative Director, KPMG Consulting Co., Ltd. (currently in office, scheduled to retire in June 2026) 6/2025 Senior Executive Officer, KPMG AZSA LLC (currently in office, scheduled to retire in June 2026) 12/2025 President & CEO, KPMG Advisory Holdings Co., Ltd. (currently in office, scheduled to retire in June 2026) 6/2026 Director, Hitachi, Ltd. (scheduled to take office in June 2026)	(Note 1)	0
Director Member of Audit Committee	Helmuth Ludwig	Sep. 19, 1962	6/2001 President, Software and System House Division, Siemens AG (Germany) 8/2002 President, Systems Engineering Division, Automation and Drives Group, Siemens AG (Germany) 8/2007 President, Siemens PLM Software, Inc. 10/2010 Global Head of Communications, Industry Automation, Siemens Corp. (USA) 10/2011 President and CEO, Industry Sector, North America, Siemens Industry, Inc. 10/2014 Executive Vice President and Chief Digital Officer, Digital Factory Division, Product Lifecycle Management, Siemens Corp. (USA) 10/2016 Chief Information Officer, Siemens AG (Germany) (retired in December 2019) 1/2020 Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (currently in office) 7/2020 Director, Hitachi, Ltd.	(Note 1)	28,500

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions	Term of office	Share ownership (shares)
Director Member of Compensation Committee (Chair)	Eriko Sakurai	Nov. 16, 1960	5/2008 Director, Dow Corning Toray Co., Ltd. (currently Dow Toray Co., Ltd.) 3/2009 Chairman and CEO, Representative Director, Dow Corning Toray Co., Ltd. (retired in July 2020) 5/2011 Regional President Japan/Korea, Dow Corning Corporation 8/2020 President, Representative Director, Dow Chemical Japan Limited (retired in June 2022) 2025/6 Director, Hitachi, Ltd.	(Note 1)	200
Director Member of Compensation Committee	Isabelle Deschamps	Jun. 11, 1970	5/1993 Admitted an Attorney-at -Law at Quebec Bar (Canada) 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.	(Note 1)	300
Director	Ravi Venkatesan	Jan. 12, 1963	7/1999 Chairman of the Board of Directors, Cummins India Ltd. (retired in March 2004) 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 Capria Ventures Advisors LLP) (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	(Note 1)	4,100

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 Joined Hitachi, Ltd. 4/2006 Chief Operating Officer, Information & Telecommunication Systems 4/2007 Vice President and Executive Officer 4/2008 President, Hitachi Power Europe GmbH 4/2010 Representative Executive Officer, President and Chief Executive Officer, Hitachi Plant Technologies, Ltd. 6/2010 President and Representative Director, Hitachi Plant Technologies, Ltd. 4/2011 Vice President and Executive Officer, Hitachi, Ltd. 4/2013 Senior Vice President and Executive Officer, Hitachi, Ltd. 4/2014 Representative Executive Officer, President & COO, Hitachi, Ltd. 6/2014 Representative Executive Officer, President & COO and Director, Hitachi, Ltd. 4/2016 Representative Executive Officer, President & CEO and Director, Hitachi, Ltd. 5/2021 Representative Executive Officer, Executive Chairman, President & CEO and Director, Hitachi, Ltd. 6/2021 Representative Executive Officer, Executive Chairman & CEO and Director, Hitachi, Ltd. 4/2022 Executive Chairman, Representative Executive Officer and Director, Hitachi, Ltd.	(Note 1)	1,272,700
Director Member of Audit Committee (Standing)	Mitsuaki Nishiyama	Sep. 25, 1956	4/1979 Joined Hitachi, Ltd. 4/2008 General Manager, Finance Department I 4/2011 Executive Officer, Hitachi Cable, Ltd. 6/2012 Executive Officer, Board Director, Hitachi Cable, Ltd. 4/2013 Vice President and Executive Officer, Board Director, Hitachi Cable, Ltd. 7/2013 Vice President and Managing Officer, Hitachi Metals, Ltd. (currently Proterial, Ltd.) 4/2014 Vice President and Executive Officer, Hitachi Metals, Ltd. (retired in March 2015) 4/2015 Vice President and Executive Officer, Hitachi, Ltd. 4/2016 Representative Executive Officer, Senior Vice President and Executive Officer, Hitachi, Ltd. 4/2020 Representative Executive Officer, Chairperson and CEO, Hitachi Metals, Ltd. 6/2020 Representative Executive Officer, Chairperson, President and CEO, Hitachi Metals, Ltd. Representative Executive Officer, Chairperson, President and CEO, and Director, Hitachi Metals, Ltd. 1/2023 Representative Director, Executive Chairman, Proterial, Ltd. (retired in March 2023) 4/2023 Associate, Hitachi, Ltd. 6/2023 Director, Hitachi, Ltd.	(Note 1)	134,300

Position and Responsibility	Name	Date of birth	Business experience, including experience in Hitachi, and functions	Term of office	Share ownership (shares)
Director	Toshiaki Tokunaga	Mar. 15, 1967	4/1990 Joined Hitachi, Ltd. 4/2014 General Manager, Smart Information Systems Division, Services Division Group, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group 4/2017 President, Hitachi Appliances, Inc. (retired in March 2019) 4/2018 General Manager, Smart Life & Ecofriendly Systems Division, Hitachi, Ltd. 4/2019 Vice President and Executive Officer, Hitachi, Ltd. 4/2020 Senior Vice President and Executive Officer, Hitachi, Ltd. 4/2021 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. 4/2025 Representative Executive Officer, President & CEO, Hitachi Ltd. 6/2025 Representative Executive Officer, President & CEO and Director, Hitachi Ltd.	(Note 1)	450,000
Total					1,896,200

(Notes) 1. The term of office of the Directors starts upon the election at the Annual General Meeting of Shareholders on June 24, 2026 and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.

2. Messrs. Ikuro Sugawara, Takashi Nishijima, Masahiko Chino, Helmuth Ludwig and Ravi Venkatesan, and Ms. Ilham Kadri, 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.

(ii) Executive Officers

There have been no changes from item “(ii) Executive Officers” under (a) above.

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," as of the filing date of this Annual Securities Report, the Company has elected eight persons; Messrs. Katsumi Ihara, Ikuro Sugawara, Takashi Nishijima, Helmuth Ludwig, Takatoshi Yamamoto and Ravi Venkatesan 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.
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.

Name	Function and Role
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.
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.
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.
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.
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.
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.

(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) Audits,” 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) Audits

1) Audits by the Audit Committee

As of June 22, 2026, the Audit Committee consists of 5 directors, four of whom are Independent Directors and one of whom is a standing Audit Committee member. Following a resolution by the Board of Directors after the Annual General Meeting of Shareholders scheduled for June 24, 2026, it is expected the committee will consist of 5 directors: four of whom are Independent Directors and one of whom is a standing Audit Committee member. The members of the committee are described in “(2) Directors and Senior Management - 1) Lists of directors and senior management.”

As of June 22, 2026, Mr. Mitsuaki Nishiyama is the Chair of the Audit Committee and the standing member of the Audit Committee. He has considerable knowledge of finance and accounting based on his long experience as the chief of a finance and accounting department and as an Executive Officer in charge of a finance and accounting department. It is planned that he will continue to serve as a standing Audit Committee member following the Annual General Meeting of Shareholders scheduled for June 24, 2026.

Mr. Masahiko Chino is scheduled to assume the positions of Audit Committee member and Chair of the Audit Committee after the Annual General Meeting of Shareholders scheduled for June 24, 2026. He has considerable knowledge of finance and accounting based on his long experience in accounting and related duties at the KPMG Group.

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 budget meetings, meetings of the Senior Executive Committee and the Disclosure Committee, and keeps track of internal information.

The Hitachi Group uses a tripartite audit system (including audits by the Audit Committee, internal audits and audits 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 2025 is as follows.

Name	Attendance / Number of days the Audit Committee met (Note 1)	Attendance rate (Note 1)
Katsumi Ihara	12 days / 12 days	100%
Ikuro Sugawara	12 days / 12 days	100%
Hiroaki Yoshihara (Note 2)	4 days / 4 days	100%
Takashi Nishijima (Note 3)	8 days / 8 days	100%
Helmuth Ludwig	12 days / 12 days	100%
Mitsuaki Nishiyama	12 days / 12 days	100%

(Notes) 1. Based on the number of days the Audit Committee met during each member’s term of office.

2. Mr. Yoshihara resigned on June 25, 2025.

3. Mr. Nishijima was appointed on June 25, 2025.

In fiscal 2025, 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 audits

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 38 as of March 31, 2026.

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 the 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 members of the Audit Committee regularly report to the Board of Directors the fact that the Internal Auditing Office reports these contents to the Audit Committee and the details of the Audit Committee's discussions. Furthermore, with respect to internal control over financial reporting, the internal control division in the Internal Auditing 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 audits

(a) Name of accounting auditor

Ernst & Young ShinNihon LLC

(b) Consecutive terms 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 was renamed Ernst & Young ShinNihon LLC, and this firm currently conducts the accounting audits of the Company. Since 2003, when Ernst & Young ("EY") became 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 audits

Koji Fujima, Nobuyuki Shimizu, Teruyasu Omote, Shinya Yoshida

(d) Assistants for audit work

32 CPAs and 82 staff belonging to Ernst & Young ShinNihon LLC assist in the execution of accounting audit work as instructed by the four CPAs mentioned in "(c) Certified public accountants (CPAs) who executed accounting audits."

(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 reasons 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, the implementation of audits and the quality of these 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, 2026		Fiscal year ended March 31, 2025	
	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	666	(Note 1) 34	559	(Note 1) 36
Consolidated subsidiaries	566	(Note 2) 7	476	(Note 2) 7
Total	1,232	41	1,035	43

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

2. The non-audit services were mainly assurance engagements.

(b) 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, 2026		Fiscal year ended March 31, 2025	
	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) 160	-	(Note 1) 223
Consolidated subsidiaries	5,923	(Note 2) 578	5,788	(Note 2) 751
Total	5,923	738	5,788	974

(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 Compensation of Directors and Executive Officers 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 medium- 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 both improved short-term performance and medium to long-term growth in corporate value.

Establish a compensation program that significantly rewards financial results and 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.

Promote long-term share ownership through measures such as the establishment of shareholding guidelines.

- 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 as fixed pay and stock compensation. The basic amount of basic remuneration and stock compensation is set based on the ratio of 3:1 as the standard.

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

Basic remuneration

The amount of basic remuneration is decided by adjusting a basic amount to reflect full-time or part-time status, committee membership and position, and attendance of meetings, etc.

Stock compensation

A restricted stock compensation unit will be granted as an incentive to offer management supervision and advice with an awareness of medium- and long-term improvements in corporate value. The units will become vested at the end of three fiscal years after 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 their 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 remuneration : Short-term incentive : Medium- and Long-term incentive = 1.0 : 1.5 : 3.0* ratio		
Fixed pay	Variable pay	
Basic remuneration	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 compensation mix for the other Executive Officers is determined based on the level established for the President & CEO, such that the higher the position an Executive Officer holds, the greater the proportion of variable pay in 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 specific 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 their responsibilities.
- The amount of the component linked to sustainability measurement varies according to the degree of achievement of the quantitative sustainability goals established under the sustainability strategy in management plan.

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 Restricted Stock Units (“RSUs”) and Performance Share Units (“PSUs”) are granted in order to propel management from a medium- and 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 stock compensation are as follows:

Medium- and long-term incentive compensation				
Restricted Stock Units 30%	Performance Share Units			
	Compensation with stock price condition 70%			When the Management Plan targets are achieved Max. +20%
	TSR growth rate		ROIC	Sustainability
	TSR/TOPIX Growth Rate Ratio 35%	Global Competitive Comparison 35%	+10%	+10%

- Under the RSU program, RSUs equivalent to 30% of the LTI target are granted and one third of granted RSUs are delivered in the form of common stock of the Company each fiscal year over three years from the beginning of the fiscal year containing the day on which RSUs are granted.
- Under the PSU program, common stock of the Company will be delivered after the evaluation period depending on the degree of achievement of the evaluation KPI during a certain evaluation period. The PSU program consists of compensation with a stock price condition and compensation with conditions related to the achievement of management plan.
 - Stock compensation with a stock price condition is designed using Total Shareholder Return (“TSR”) as a performance metric, with the objective of enhancing medium- to long-term alignment with shareholder value. Specifically, PSUs equivalent to 70% of the LTI target are granted. The Company’s common stock equivalent to 0 or 50 to 200% of the granted PSUs are delivered in accordance with the results achieved by comparing the TSR growth rate of the Company stock with the TOPIX growth rate (“TSR/TOPIX Growth Rate Ratio”) and with the percentile rank of the TSR 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 Management Plan targets, this adopts, as vesting conditions, ROIC, a key performance indicator of the management plan, and sustainability metrics for which quantitative targets are established under the management plan, with the objective of enhancing management’s medium- to long-term commitment to the management plan. Specifically, PSUs equivalent to 20% of the LTI target are granted. The Company’s common stock equivalent to the granted PSUs is delivered 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 RSUs and PSUs 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 such RSUs and PSUs.

- 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 incentive compensation consisting of restricted stock compensation (Note), restricted stock units and performance-linked restricted stock compensation units is granted. In addition, from fiscal 2026, the stock compensation system is revised, and the above-mentioned restricted stock compensation is abolished, and medium- and long-term incentive compensation consisting of RSUs and PSUs is granted. Stock compensation granted before the revision is handled in accordance with the previous system and conditions.

(Note) In restricted stock compensation, shares of restricted stock equivalent to 30% of the LTI target are granted, and the transfer restrictions are lifted upon retirement, depending on each Executive Officer's period of service and reason for retirement over the three fiscal years from the beginning of the fiscal year in which the shares are granted.

If it is found that an Executive Officer has engaged in misconduct during their term of office, compensation for the Executive Officer 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 referencing the above policy.

Shareholding guidelines for Executive Officers are designed to further enhance the effectiveness of sharing value with shareholders through shareholding and to promote continued shareholding. Specifically, the guidelines set a target whereby Executive Officers are expected to acquire, within four years of appointment, and continuously hold during their term of office, shares equivalent in value to an amount calculated by multiplying their basic remuneration by coefficients determined according to their respective positions.

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)	179	100	-	79	-	2
Independent Directors	426	348	-	78	-	11
Executive Officers	6,966	1,417	2,104	(Note) 4 2,442	(Note) 5 1,001	28
Total	7,572	1,866	2,104	2,599	1,001	(Note) 6 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. The amount of medium- and long-term incentive compensation represents the amount expended for the fiscal year ended March 31, 2026.
3. The “Others” includes the total amount of monetary compensation related to tax adjustments, housing allowances and other fringe benefits, etc. and severance payments (compensation paid upon retirement in accordance with contractual arrangements).
4. Payments include medium- and long-term incentive compensation of 312 million yen paid to one Director who retired at the conclusion of the 156th Annual General Meeting of Shareholders held on June 25, 2025, as compensation until the retirement of Executive Officer.
5. Payments include severance payments totaling 738 million yen paid to two Executive Officers who retired as of March 31, 2026.
6. The figures represent cumulative headcounts.
7. Compensation, etc. paid to some officers in foreign currencies is presented after conversion into Japanese yen.

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

Indicators	Fiscal year ended March 31, 2026	
	Targets	Results
Consolidated revenues	10,100.0 billion yen	10,586.7 billion yen
Revenues of Lumada business	3,900.0 billion yen	4,146.0 billion yen
Adjusted EBITA margin	11.0%	12.4%
Earnings per share	155 yen	176 yen
Core free cash flows	640.0 billion yen	1,170.2 billion yen

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

Name	Performance Indicators	Term	The result of Performance Indicators
Performance-linked Restricted Stock Compensation granted in April 2023	TSR/TOPIX Growth Rate Ratio	From April 1, 2023 to March 31, 2026	168.9%
	Global Competitive Comparison	From April 1, 2023 to March 31, 2026	90th percentile
Performance-linked Restricted Stock Compensation granted in April 2024	TSR/TOPIX Growth Rate Ratio	From April 1, 2024 to March 31, 2026 (Note)	126.1%
	Global Competitive Comparison	From April 1, 2024 to March 31, 2026 (Note)	80th percentile
Performance-linked Restricted Stock Compensation granted in April 2025	TSR/TOPIX Growth Rate Ratio	From April 1, 2025 to March 31, 2026 (Note)	97.5%
	Global Competitive Comparison	From April 1, 2025 to March 31, 2026 (Note)	70th percentile

(Note) These are calculated to determine the number of shares to be granted under Performance-linked Restricted Stock Compensation Units to be held by individuals who retired from Executive Officers of the Company on March 31, 2026.

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	180	244	-	527
Toshiaki Tokunaga	The Company	Executive Officer (Note 4)	150	331	279	-	761
Jun Abe	The Company	Executive Officer	66	94	103	-	263
Brice Koch	The Company (Note 5)	Executive Officer	222	320	341	506	1,390
Noriharu Amiya	The Company	Executive Officer	40	60	57	-	169
	Hitachi Building Systems Co., Ltd.	Chairman of the Board	3	2	-	-	
	Hitachi Global Life Solutions, Inc.	Director	3	2	-	-	
Tomomi Kato	The Company	Executive Officer	48	67	65	-	181
Shashank Samant	Hitachi America, Ltd. (Note 5)	Chairman	266	272	509	-	1,048
Andreas Schierenbeck	Hitachi Energy Ltd (Note 5)	CEO	206	319	167	125	819
Jun Taniguchi	Hitachi Digital LLC (Note 5)	Executive Officer	48	62	57	34	201
Lorena Dellagiovan- na	The Company (Note 5)	Executive Officer	146	280	223	176	827
Katsuya Nagano	The Company	Executive Officer	48	67	73	-	188
Masahiko Hasegawa	The Company	Executive Officer	44	63	73	-	187
	Hitachi High-Tech Corporation	Director	3	2	-	-	
Giuseppe Marino	Hitachi Rail Ltd. (Note 5)	Director	135	225	228	44	633
Atsuhiko Aketa	The Company	Executive Officer	-	9	47	-	142
	Hitachi (China), Ltd. (Note 5)	Chairman	36	32	-	18	
Hidenori Azushima	The Company	Executive Officer	36	40	27	-	104
Yasunori Inada	The Company	Executive Officer	36	44	47	-	127
Yasuki Imai	The Company	Executive Officer	34	38	26	-	101
	Hitachi Channel Solutions Corp.	Director	1	0	-	-	
Michael Goodman	The Company	Executive Officer	55	46	17	318	438

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)		
Tadashi Kume	The Company	Executive Officer	31	39	47	-	124
	Hitachi Industrial Products, Ltd.	Director	2	1	-	-	
	Hitachi Building Systems Co., Ltd.	Director	2	1	-	-	
Takashi Saito	The Company	Executive Officer	34	43	47	-	126
	Hitachi Power Solutions Co., Ltd.	Director	1	0	-	-	
Shigetoshi Sameshima	The Company	Executive Officer	36	41	27	-	105
Susumu Takimoto	The Company	Executive Officer	33	40	23	-	100
	Hitachi Industrial Equipment Systems Co., Ltd.	Director	2	1	-	-	
Yasuhiro Takeuchi	The Company	Executive Officer	3	-	-	-	137
	Hitachi America, Ltd. (Note 5)	President & CEO	33	43	18	39	
Kojin Nakakita	The Company	Executive Officer	-	-	14	-	139
	Hitachi Asia Ltd. (Note 5)	Chairman	36	39	47	2	
Hideshi Nakatsu	The Company	Executive Officer	36	41	47	-	124
Seiichiro Nukui	The Company	Executive Officer	36	39	89	-	164
Hirohide Hirai	The Company	Executive Officer	36	43	32	-	111
Michele Fracchiolla	Hitachi Rail Ltd. (Note 5)	Executive Officer	76	69	41	0	188
Yoshinori Hosoya	The Company	Executive Officer	34	41	47	-	125
	Hitachi Information & Telecommunication Engineering, Ltd.	Director	1	0	-	-	
Chie Mashima	The Company	Executive Officer	33	40	47	-	124
	Hitachi Systems, Ltd.	Director	2	1	-	-	
Yuto Matsumura	The Company	Executive Officer	36	41	32	-	110
Takashi Yoda	The Company	Executive Officer	36	42	47	-	125
Keiji Kojima	The Company	Director	26	-	71	-	409
	The Company (Note 6)	Executive Officer	-	-	312	-	
Andrew Barr	Hitachi Europe Ltd. (Note 5)	President	97	39	-	7	144

- (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 consists of restricted stock compensation, performance-linked restricted stock compensation, restricted stock units or cash awards based on the value of the Company's share price.
 3. The "Others" includes amounts equivalent to monetary compensation related to tax adjustments, housing allowances, and other fringe benefits, as well as severance payments (compensation paid upon retirement in accordance with contractual arrangements).
 4. Although serving concurrently as Directors for the fiscal year ended March 31, 2026, Messrs. Toshiaki Higashihara and Toshiaki Tokunaga did not receive compensation as Directors.
 5. The amount of compensation, etc. in foreign currencies is presented as the yen equivalent.
 6. This represents the amount expensed for the fiscal year ended March 31, 2026 as medium- and long-term incentive compensation until the retirement of Executive Officer.

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 fiscal year 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, 2026, 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	104	21,206
Others	31	250,312

<Stock holding increased in the fiscal year ended March 31, 2026>

	Number of issues (issues)	Total purchase price for the shares increased (millions of yen)	Reasons of increase
Unlisted stocks	1	84	Strengthening and maintaining relationship for business and business transactions
Others	-	-	-

(Note) In addition to the stocks in the above tables, the Company holds one listed stock whose classification in accounting was changed from affiliated company's common stocks to investment securities due to a partial sale of shares.

<Stock holding decreased in the fiscal year ended March 31, 2026>

	Number of issues (issues)	Total selling price for the shares decreased (millions of yen)
Unlisted stocks	7	1,605
Others	6	5,334

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

Specified investment securities

Stock name	Fiscal year ended March 31, 2026 (Note 1)	Fiscal year ended March 31, 2025 (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)		
Hitachi Construction Machinery Co., Ltd.	39,062,310	-	As a result of a partial sale of the shares held in the process of reviewing its capital relationship, the Company holds this stock as specified investment securities. (Note 4)	No
	205,897	-		
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
	18,378	12,843		
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
	5,625	4,249		
DAIICHI SANKYO COMPANY, LIMITED	900,000	900,000	Maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	No
	2,489	3,159		
Electric Power Development Co., Ltd.	523,280	523,280	Maintaining and enhancing business transactions of selling products and providing services in Energy business	Yes
	2,266	1,324		
The Chiba Bank, Ltd.	1,000,000	2,000,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	1,996	2,798		
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
	1,624	910		
Ono Pharmaceutical Co., Ltd.	600,000	600,000	Maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	Yes
	1,506	961		
West Japan Railway Company	430,000	430,000	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	1,345	1,254		

Stock name	Fiscal year ended March 31, 2026 (Note 1)	Fiscal year ended March 31, 2025 (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)		
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
	1,105	493		
Seiko Electric Co., Ltd.	430,320	630,320	Maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business	Yes
	915	724		
Soracom, Inc.	962,400	962,400	Maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business	No
	866	872		
Keio Corporation	206,574	206,574	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	Yes
	796	786		
TOKYU CORPORATION	394,016	394,016	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	Yes (Note 3)
	733	663		
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
	508	211		
Tochigi Bank, Ltd.	513,150	513,150	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	441	162		
Taragaon Regency Hotel	528,351	528,351	Acquired as a result of substitute performance for past accounting receivables in Industrial Digital business	No
	429	622		
San ju San Financial Group, Inc.	73,623	73,623	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	423	174		
TOMONY Holdings, Inc.	519,200	679,200	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	Yes (Note 3)
	422	365		

Stock name	Fiscal year ended March 31, 2026 (Note 1)	Fiscal year ended March 31, 2025 (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)		
Keihan Holdings Co., Ltd.	121,927	121,927	Maintaining and enhancing business transactions of selling products and providing services in Railway Systems business	No
	393	396		
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
	372	210		
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
	335	332		
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
	330	235		
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
	270	137		
DIGITAL GRID Corporation	335,340	-	Maintaining and enhancing business transactions of selling products and providing services in Water & Environment business (Note 5)	No
	246	-		
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
	202	126		
INNOAX CO., LTD.	150,000	150,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	128	92		
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
	106	77		
THE BANK OF KOCHI, LTD.	69,900	69,900	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	71	55		

Stock name	Fiscal year ended March 31, 2026 (Note 1)	Fiscal year ended March 31, 2025 (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)		
Tomato bank, Ltd.	30,000	30,000	Maintaining and enhancing business transactions of selling products and providing services in Financial Information Systems business	No
	46	36		
Informetis Co., Ltd.	80,400	80,400	Maintaining and enhancing business transactions of selling products and providing services in Social Infrastructure Systems business	No
	36	67		
Sapporo Holdings Limited	-	300,800	Held for Maintaining and enhancing business transactions of selling products and providing services in Industrial Digital business	No
	-	2,294		
Cybertrust Japan Co., Ltd.	-	128,000	Held for Maintaining and enhancing business transactions of selling products and providing services in Services & Platforms business	No
	-	295		
Euglena Co., Ltd.	-	375,000	Held for Maintaining and enhancing cooperative relationship in the area of R&D in Water & Environment business	No
	-	189		

- (Notes) 1. Since the number of issues that the Company owned as of March 31, 2025 and March 31, 2026, was 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 in accounting was changed from affiliated company’s common stocks to investment securities due to the partial sale of shares. The Company partially sold its shares on May 15, 2026, and the number of shares held after the sale is 21,462,310 shares.
5. The classification was changed to specified investment securities due to its new listing in the fiscal year ended March 31, 2026.

(c) Investment securities held for pure investment
None.

5. Employees and Related Information

(1) Basic Policy on Human Capital Strategy, etc

Under the belief that “people are the engine of value creation and growth,” Hitachi Group is promoting a human capital strategy aligned with the policies set out in its management plan. Details of this human capital strategy are provided in “Section II Business Overview, 2. Sustainability Approach and Initiatives, (2) Initiatives to Address Key Issues, 2) Activities related to human capital and diversity.”

In addition, we have established a globally applicable “Global Compensation Philosophy” as the policy for determining the amounts and content of employees’ salaries and other benefits. Specifically, our compensation design is aligned with its business policies and human capital strategy, based on the following three principles:

(Maintaining Market Competitiveness)

Each group company should set its compensation level and pay mix in comparison with respective markets, which are appropriate from the perspective of attracting, retaining, and engaging the talent required for the company.

(Pay for Performance)

Each group company should determine the individual’s compensation by reflecting his/her performance based on the roles and responsibilities of the job he/she occupies. In evaluating performance, not only results but also the behaviors taken to achieve those results are assessed, and an appropriate balance is maintained between “short-term and long-term” and “individual and organizational” perspectives.

(Ensuring Transparency)

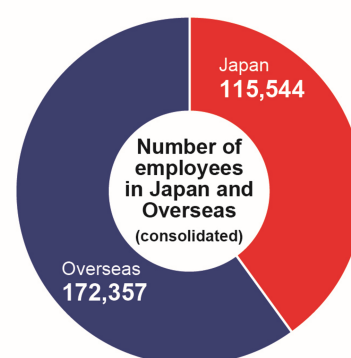
Each group company should ensure transparency in performance evaluation by disclosing the evaluation criteria and process and, more importantly, by providing feedback to the individual on the reason for the evaluation as well as the result. In this way, each company should encourage improvement and growth, as well as ensure the engagement of the individual.

(2) Employees

1) Consolidated basis

(As of March 31, 2026)

Name of segment	Number of employees
Digital Systems & Services	104,835 [14,664]
Energy	58,547 [522]
Mobility	23,912 [2,392]
Connective Industries	86,063 [2,763]
Others	11,343 [2,392]
Corporate (Head Office and others)	3,201 [3,201]
Total	287,901 [25,934]



(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, 2026)

Number of employees	Average age	Average length of service	Average annual salary	Rate of change in average annual salary from the previous fiscal year
25,934	42.2	18.1 years	9,949,714 yen	+3.5 %

(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) Shares ownership plan for executives and employees limited solely to employees and other personnel

The Company has introduced a shares ownership plan for executives and employees that is limited solely to employees and other personnel. Details of this shares ownership plan for executives and employees are described in "1. Information on the Company's Stock, etc. (8) Shares ownership plan for executives and employees."

5) Indicators of diversity

(a) 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		Part-time or fixed-term employees	
			Managerial level	Non-Managerial level		
The Company and the Hitachi Group	17.4	82.4	83.5	90.8	86.7	67.1
The Hitachi Group (consolidated companies in Japan)	6.8	72.9	73.9	95.4	81.7	65.1
The Hitachi Group (consolidated companies outside Japan)	22.7	91.2	91.3	86.7	90.6	83.7

(Notes) 1. Results from the year ended March 31, 2026 (FY2025) are listed. The figures exclude some overseas Hitachi Group companies, such as the newly integrated company in FY2025.

- The companies included in "Hitachi Group (consolidated companies in Japan)" and the assumptions for these calculations are based on the following "(b) 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."
- The gaps calculated based on the number of employees (as of March 31, 2026), excluding employees seconded from other companies while including employees seconded to other companies and employees on leave.
- "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.
- "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.
- 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, based on the workforce composition across the Company and its consolidated subsidiaries, 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 business activities that incorporate diverse perspectives.

(b) 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.	8.9	94.5 (*)	71.6	72.8	59.3

(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 IE Systems Co., Ltd.	1.4	100.0 (*)	74.9	76.4	49.6
Hitachi ICT Business Services, Ltd.	13.4	75.0 (*)	79.3	71.6	84.2
Hitachi Academy Co., Ltd.	26.0	60.0	94.8	92.6	103.1
Hitachi Advanced Systems Corporation	2.1	100.0 (*)	68.4	66.9	101.2
Hitachi Appliances Techno Service, Ltd.	0.0	0.0	67.4	72.1	70.7
Hitachi Pharma Information Solutions, Ltd.	9.8	100.0	70.0	68.6	87.0
Hitachi Industrial Products, Ltd.	1.3	88.5 (*)	69.8	70.4	63.8
Hitachi Vantara Ltd.	4.2	66.7 (*)	68.3	67.3	69.9
Hitachi Energy Japan, Ltd.	3.7	71.4	74.7	75.0	67.8
Okinawa Hitachi Network Systems, Ltd.	0.0	80.0 (*)	76.5	77.3	48.9
Kansai Hitachi, Ltd.	0.0	123.1 (*)	67.2	67.1	54.3
Kanto Hitachi, Ltd.	2.0	66.7	65.0	63.6	58.6
Kyushu Hitachi, Ltd.	2.9	100.0 (**)	55.9	79.6	32.2
Kyushu Hitachi Systems, Ltd.	8.1	71.4 (*)	79.2	79.5	49.9
Hitachi Air Conditioning Solutions Co., Ltd.	3.5	33.3 (*)	68.1	66.7	105.6
Hitachi Global Life Solutions, Inc.	3.1	74.3 (*)	69.8	70.7	61.6

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 KE Systems, Ltd.	4.2	66.7 (*)	79.8	86.7	57.5
Hitachi Transportation Technologies, Ltd.	1.3	83.3 (*)	75.0	75.1	52.5
Hitachi Consulting Co., Ltd.	17.0	84.6 (*)	74.7	74.2	85.3
Hitachi Industrial Equipment Systems Co., Ltd.	3.5	86.7 (*)	73.2	72.8	63.1
Hitachi Industrial Equipment Greentech, Ltd.	0.0	66.7 (*)	61.6	64.1	81.8
Hitachi Industrial Equipment Techno Service, Ltd.	0.0	77.7	51.5	61.9	30.4
Hitachi Industry & Control Solutions, Ltd.	2.1	78.9 (*)	73.8	72.2	61.4
Shizuoka Hitachi Co., Ltd.	2.7	0.0	76.4	81.3	61.4
Hitachi Systems, Ltd.	8.0	99.4 (*)	75.5	74.0	74.4
Hitachi Systems Engineering Services, Ltd.	7.4	100.0 (*)	76.5	76.4	62.1
Hitachi Systems Power Services, Ltd.	14.4	100.0 (*)	80.8	79.3	51.4
Hitachi Systems Field Services, Ltd.	3.6	100.0 (*)	64.7	68.8	64.4
Hitachi Social Information Services, Ltd.	8.4	71.4 (*)	75.4	75.5	53.6
Hitachi Information & Telecommunication Engineering, Ltd.	4.1	78.6 (*)	78.7	76.5	72.9
Hitachi Solutions, Ltd.	10.0	101.3 (*)	75.2	74.6	77.8
Hitachi Solutions Create, Ltd.	6.7	92.2 (*)	76.3	75.4	75.3
Hitachi Solutions Technology, Ltd.	2.7	87.5 (*)	75.8	74.2	82.3
Hitachi Solutions West Japan, Ltd.	6.5	96.2 (*)	74.6	74.6	53.7
Hitachi Solutions East Japan, Ltd.	6.7	75.0 (*)	76.8	77.0	49.3
Hitachi Terminal Mechatronics, Corp.	0.0	-	65.0	62.2	53.8
Hitachi Channel Solutions, Corp.	5.2	44.4	76.3	75.3	77.2
Chugoku Hitachi, Ltd.	0.0	100.0	79.6	76.2	115.7
Hitachi Technology and Service, Ltd.	1.7	100.0 (*)	82.8	72.8	78.8

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
Tohoku Hitachi, Ltd.	0.0	0.0 (**)	68.8	71.0	70.0
Hitachi Document Solutions Co., Ltd.	4.8	76.9 (*)	69.0	70.0	58.4
Hitachi Nico Transmission Co., Ltd.	3.4	80.0	72.0	73.0	66.0
Nichiwa Service Co., Ltd.	6.8	50.0 (*)	56.1	74.4	62.5
Hitachi Hi-System21 Co., Ltd.	10.5	73.3 (*)	78.4	78.7	71.2
Hitachi High-Tech Corporation	6.1	101.0 (*)	77.0	76.7	67.3
Hitachi High-Tech Analysis Corporation	4.2	81.8 (*)	74.3	76.5	50.5
Hitachi High-Tech Kyushu Corporation	33.3	40.0	61.0	63.0	94.0
Hitachi High-Tech Support Corporation	8.3	100.0 (*)	95.5	99.2	72.0
Hitachi High-Tech Solutions Corporation	4.0	66.7 (*)	72.9	71.1	69.5
Hitachi High-Tech Nexus Corporation	8.5	100.0	71.6	71.6	61.8
Hitachi High-Tech Fielding Corporation	3.6	91.7 (*)	78.3	68.8	86.1
Hitachi High-Tech Manufacturing & Service Corporation	1.5	100.0 (*)	65.8	66.0	72.6
Hitachi Power Solutions Co., Ltd.	1.9	78.6 (*)	68.2	88.9	44.6
Hitachi Building Systems Co., Ltd.	3.0	100.0 (*)	66.3	70.8	65.4
Hitachi Building Systems Engineering Co., Ltd.	0.0	75.0	70.0	76.5	64.0
Hitachi Plant Construction, Ltd.	2.6	76.2 (*)	71.4	75.9	59.2
Hitachi Plant Services, Ltd.	1.4	42.9 (*)	67.3	69.4	53.3
Hitachi Plant Mechanics, Ltd.	2.2	12.5 (*)	70.7	70.8	61.0
Hitachi Property and Service, Ltd.	8.7	100.0	59.2	62.2	60.4
Hitachi Insurance Services, Ltd.	11.2	100.0 (*)	54.4	85.8	74.3
Hokkaido Hitachi Systems, Ltd.	7.6	100.0 (*)	78.9	79.0	47.7
Hitachi Management Partner, Corp.	11.1	50.0	67.2	65.0	56.5
Hitachi You & I, Ltd.	18.8	-	106.5	109.5	95.0
Hitachi Real Estate Partners, Ltd.	5.0	100.0 (*)	66.5	63.9	59.0

(Notes) 1. Results from FY2025 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 FY2025 by the number of men employees who had a child born in FY2025.
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 (%)
Kyushu Hitachi, Ltd.	Management / Professional : 100.0 Skilled / General office work : -
Tohoku Hitachi, Ltd.	Management / Professional : 0.0 Skilled / General office work : 0.0

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, based on the workforce composition across the Company and its consolidated subsidiaries, 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 2026.

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	(Special account)
Handling office	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, 2026, to the filing date of this Annual Securities Report.

- | | |
|--|--|
| (1) Annual Securities Report and documents attached, and Confirmation Letter
(The 156th business term (from April 1, 2024, to March 31, 2025)) | Filed with the Director of the Kanto Local Finance Bureau on June 25, 2025 |
| (2) Internal Control Report | Filed with the Director of the Kanto Local Finance Bureau on June 25, 2025 |
| (3) Shelf Registration Statement and documents attached | Filed with the Director of the Kanto Local Finance Bureau on June 27, 2025 |
| (4) Amended Annual Securities Report and Confirmation Letter
Amendment to Annual Securities Report and Confirmation Letter filed on June 23, 2021 | Filed with the Director of the Kanto Local Finance Bureau on July 31, 2025 |
| Amendment to Annual Securities Report and Confirmation Letter filed on June 22, 2022 | Filed with the Director of the Kanto Local Finance Bureau on July 31, 2025 |
| Amendment to Annual Securities Report and Confirmation Letter filed on June 21, 2023 | Filed with the Director of the Kanto Local Finance Bureau on July 31, 2025 |
| Amendment to Annual Securities Report and Confirmation Letter filed on June 21, 2024 | Filed with the Director of the Kanto Local Finance Bureau on July 31, 2025 |
| Amendment to Annual Securities Report and Confirmation Letter (1) above | Filed with the Director of the Kanto Local Finance Bureau on July 31, 2025 |
| (5) Semi-annual Securities Report and Confirmation Letter
(The first half of the 157th business term (from April 1, 2025, to September 30, 2025)) | Filed with the Director of the Kanto Local Finance Bureau on November 11, 2025 |

- | | |
|---|--|
| (6) Extraordinary Report
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 |
| 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 26, 2025 |
| 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 29, 2026 |
| Extraordinary Report pursuant to Article 19, Paragraph 2, Item 1 and 2-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc. | Filed with the Director of the Kanto Local Finance Bureau on March 23, 2026 |
| Extraordinary Report pursuant to Article 19, Paragraph 2, Item 2 and 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 27, 2026 |
| (7) 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 10, 2025
August 7, 2025
September 8, 2025
October 10, 2025
November 12, 2025
December 11, 2025
January 14, 2026
February 12, 2026
March 12, 2026
April 14, 2026
May 14, 2026, and
June 12, 2026 |
| (8) Securities Registration Statement and documents attached
(Issuance of new shares as restricted stock compensation) | Filed with the Director of the Kanto Local Finance Bureau on April 28, 2025 |
| (Disposal of treasury shares as restricted stock compensation) | Filed with the Director of the Kanto Local Finance Bureau on April 27, 2026 |
| (9) Amended Shelf Registration Statement
(Amended Shelf Registration Statement concerning the Shelf Registration Statement filed on June 27, 2025) | Filed with the Director of the Kanto Local Finance Bureau on July 31, 2025
January 29, 2026
March 23, 2026, and
April 27, 2026 |

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

	Notes	March 31, 2026	March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	25	1,323,480	866,242
Trade receivables and contract assets	6,20,25	4,004,890	3,496,340
Inventories	7	1,770,479	1,566,282
Investments in securities and other financial assets	25	355,304	318,421
Other current assets		413,086	350,558
Total current assets		7,867,239	6,597,843
Non-current assets			
Investments accounted for using the equity method	5,8	612,142	836,231
Investments in securities and other financial assets	25	593,559	349,567
Property, plant and equipment	9,11	1,652,913	1,341,537
Goodwill	5,10	2,647,501	2,486,823
Other intangible assets	10	1,215,731	1,199,996
Other non-current assets	12,20	452,161	472,816
Total non-current assets		7,174,007	6,686,970
Total assets		15,041,246	13,284,813
Liabilities			
Current liabilities			
Short-term debt	25	43,407	73,146
Current portion of long-term debt	25	425,877	368,818
Other financial liabilities	25	317,342	280,227
Trade payables	13	1,658,755	1,572,764
Accrued expenses		799,334	736,286
Contract liabilities	20	3,054,661	2,196,193
Other current liabilities	14	867,763	680,411
Total current liabilities		7,167,139	5,907,845
Non-current liabilities			
Long-term debt	25	539,753	764,152
Retirement and severance benefits	15	235,675	247,497
Other non-current liabilities	8,12, 14,20,25	326,072	333,902
Total non-current liabilities		1,101,500	1,345,551
Total liabilities		8,268,639	7,253,396
Equity			
Hitachi, Ltd. stockholders' equity			
Common stock	16,19	466,666	464,384
Capital surplus	16,19,25	-	-
Retained earnings	16,18	4,759,761	4,350,503
Accumulated other comprehensive income	17	1,502,404	1,040,791
Treasury stock, at cost	16	(160,462)	(8,587)
Total Hitachi, Ltd. stockholders' equity		6,568,369	5,847,091
Non-controlling interests	5,25	204,238	184,326
Total equity		6,772,607	6,031,417
Total liabilities and equity		15,041,246	13,284,813

See accompanying notes to consolidated financial statements.

Consolidated Statement of Profit or Loss

Years ended March 31, 2026 and 2025

Millions of yen

	Notes	2026	2025
Revenues	20	10,586,781	9,783,370
Cost of sales		(7,407,252)	(6,962,527)
Gross profit		3,179,529	2,820,843
Selling, general and administrative expenses		(1,980,254)	(1,849,237)
Other income	5,21	133,520	49,665
Other expenses	5,21	(200,802)	(143,023)
Financial income	5,22	106,811	53,944
Financial expenses	22	(8,871)	(12,905)
Share of profits (losses) of investments accounted for using the equity method	8	44,116	58,320
EBIT (Earnings before interest and taxes)		1,274,049	977,607
Interest income		32,702	32,038
Interest charges		(33,642)	(46,912)
Income before income taxes		1,273,109	962,733
Income taxes	12	(421,678)	(305,868)
Net income		851,431	656,865
Net income attributable to:			
Hitachi, Ltd. stockholders		802,368	615,724
Non-controlling interests		49,063	41,141
Earnings per share attributable to Hitachi, Ltd. stockholders	23		Yen
Basic		176.76	133.85
Diluted		176.63	133.72

Consolidated Statement of Comprehensive Income

Years ended March 31, 2026 and 2025

Millions of yen

	Notes	2026	2025
Net income		851,431	656,865
Other comprehensive income (OCI)	17		
Items not to be reclassified into net income			
Net changes in financial assets measured at fair value through OCI		37,046	(6,577)
Remeasurements of defined benefit plans		15,830	9,001
Share of OCI of investments accounted for using the equity method		5,042	(830)
Total items not to be reclassified into net income		57,918	1,594
Items that can be reclassified into net income			
Foreign currency translation adjustments		385,277	(86,628)
Net changes in cash flow hedges		5,903	(4,771)
Share of OCI of investments accounted for using the equity method		27,645	(3,906)
Total items that can be reclassified into net income		418,825	(95,305)
Other comprehensive income (OCI)		476,743	(93,711)
Comprehensive income		1,328,174	563,154
Comprehensive income attributable to:			
Hitachi, Ltd. stockholders		1,269,567	523,435
Non-controlling interests		58,607	39,719

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended March 31, 2026

Millions of yen

	2026							
	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	464,384	-	4,350,503	1,040,791	(8,587)	5,847,091	184,326	6,031,417
Changes in equity								
Reclassified into retained earnings	-	-	5,646	(5,646)	-	-	-	-
Net income	-	-	802,368	-	-	802,368	49,063	851,431
Other comprehensive income	-	-	-	467,199	-	467,199	9,544	476,743
Dividends to Hitachi, Ltd. stockholders	-	-	(205,070)	-	-	(205,070)	-	(205,070)
Dividends to non-controlling interests	-	-	-	-	-	-	(38,036)	(38,036)
Acquisition of treasury stock	-	-	-	-	(352,260)	(352,260)	-	(352,260)
Disposition of treasury stock	-	(785)	-	-	880	95	-	95
Cancellation of treasury stock	-	(199,505)	-	-	199,505	-	-	-
Issuance of new shares (note 19)	2,282	2,282	-	-	-	4,564	-	4,564
Transfer to capital surplus from retained earnings	-	193,686	(193,686)	-	-	-	-	-
Changes in non-controlling interests	-	4,322	-	60	-	4,382	(659)	3,723
Total changes in equity	2,282	-	409,258	461,613	(151,875)	721,278	19,912	741,190
Balance at end of year	466,666	-	4,759,761	1,502,404	(160,462)	6,568,369	204,238	6,772,607

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)
Disposition 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

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years ended March 31, 2026 and 2025

Millions of yen

	Notes	2026	2025
Cash flows from operating activities:			
Net income		851,431	656,865
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization		457,973	431,534
Impairment losses		151,502	92,135
Income taxes		421,678	305,868
Share of (profits) losses of investments accounted for using the equity method		(44,116)	(58,320)
Financial income and expenses		(61,985)	8,485
Net (gain) loss on business reorganization and others		(131,877)	(29,638)
(Gain) loss on sale of property, plant and equipment		7,251	(18,891)
Change in trade receivables and contract assets		(370,388)	(343,973)
Change in inventories		(125,247)	(42,775)
Change in trade payables		(14,047)	66,257
Change in accrued expenses		34,227	46,675
Change in contract liabilities		716,947	424,016
Change in retirement and severance benefits		925	(39,858)
Other		49,151	(35,769)
Subtotal		1,943,425	1,462,611
Interest received		33,333	28,467
Dividends received		91,234	35,854
Interest paid		(35,422)	(50,093)
Income taxes paid		(364,509)	(304,599)
Net cash provided by (used in) operating activities		1,668,061	1,172,240
Cash flows from investing activities:			
Purchase of property, plant and equipment		(351,790)	(246,847)
Purchase of intangible assets		(146,039)	(144,801)
Proceeds from sale of property, plant and equipment, and intangible assets		14,089	46,379
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	5	(175,347)	(292,420)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	5	297,145	73,395
Other		20,389	(9,356)
Net cash provided by (used in) investing activities		(341,553)	(573,650)
Cash flows from financing activities:			
Change in short-term debt, net	24	(38,622)	31,992
Proceeds from long-term debt		76,443	92,768
Payments on long-term debt		(412,409)	(174,532)
Proceeds from payments from non-controlling interests		1,433	43,591
Dividends paid to Hitachi, Ltd. stockholders		(204,915)	(189,057)
Dividends paid to non-controlling interests		(38,498)	(28,569)
Acquisition of common stock for treasury		(352,260)	(200,285)
Proceeds from sales of treasury stock		3	8
Purchase of shares of consolidated subsidiaries from non-controlling interests		(2,212)	(38)
Net cash provided by (used in) financing activities		(971,037)	(424,122)
Effect of exchange rate changes on cash and cash equivalents		101,767	(13,593)
Change in cash and cash equivalents		457,238	160,875
Cash and cash equivalents at beginning of year		866,242	705,367
Cash and cash equivalents at end of year		1,323,480	866,242

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 five segments consisting of Digital Systems & Services, 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

Regarding the consolidated statement of cash flows, a change in presentation has been made effective the fiscal year beginning April 1, 2025 for improved clarity. "Change in contract liabilities," which was previously included in "Change in trade receivables and contract assets" under cash flows from operating activities, has been reclassified and separately presented. The consolidated statement of cash flows for the year ended March 31, 2025 has been reclassified in order to reflect this change in presentation.

As a result, regarding the consolidated statement of cash flows for the year ended March 31, 2025, "Change in trade receivables and contract assets" of 424,016 million yen has been reclassified as "Change in contract liabilities."

Notes to Consolidated Financial Statements

(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.

Notes to Consolidated Financial Statements

(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.

Notes to Consolidated Financial Statements

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

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.

Notes to Consolidated Financial Statements

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. 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	1 to 7 years
Customer relationships	17 to 20 years
Technology	7 to 15 years
Development expenditure	3 to 10 years
Other	2 to 20 years

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

Notes to Consolidated Financial Statements

(i) Leases

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.

(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.

Notes to Consolidated Financial Statements

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.

Notes to Consolidated Financial Statements

(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 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.

Notes to Consolidated Financial Statements

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, 2026. 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

Notes to Consolidated 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 five 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 Energy 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 reportable segment are as follows:

(i) Digital Systems & Services:

Digital solutions (System integration, Cloud services, Consulting services), IT products (Storage, Servers), Software, and ATMs

(ii) Energy:

Energy solutions (Power grids, Nuclear)

(iii) Mobility:

Railway systems

(iv) Connective Industries:

Building systems (Elevators, Escalators), Smart life & ecofriendly systems (Home appliances, Air conditioners), Industrial Machinery & Solutions, Measurement and analysis systems (Semiconductor manufacturing equipment, Clinical analyzers), Industry & distribution solutions, and Water & environment solutions

(v) Others:

Property management and others

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 reclassified its reportable segments in five segments as Digital Systems & Services, Energy, Mobility, Connective Industries, and Others. Figures for the year ended March 31, 2025 have been restated on the basis of the reclassification.

In addition, from the year ended March 31, 2026, the calculation method of the segment profit (loss), previously presented based on Adjusted EBITA (Adjusted Earnings before Interest, Taxes and Amortization), is 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 ended March 31, 2026, it is 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. Adjusted EBITA for the year ended March 31, 2025 has been restated on the basis of this change of definition.

Notes to Consolidated Financial Statements

The following tables show business segment information for the years ended March 31, 2026 and 2025.

Millions of yen

	2026			
	Reportable Segment			
	Digital Systems & Services	Energy	Mobility	Connective Industries
Revenues				
Revenues from External Customers	2,756,551	3,200,844	1,320,631	3,000,760
Revenues from Intersegment Transactions	183,506	19,109	940	262,031
Total Revenues	2,940,057	3,219,953	1,321,571	3,262,791
Segment Profit (Loss)	450,059	416,015	108,115	367,396
Total Assets	3,783,627	5,525,054	2,083,835	4,361,318
Other items				
Depreciation and Amortization	127,443	142,486	56,059	92,645
Impairment Losses	88,962	16,560	18,099	5,609
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	5,635	(2,992)	12,697	10,085
Investments Accounted for Using the Equity Method	68,517	119,071	73,771	55,696
Goodwill	1,429,043	659,712	275,583	283,163
Capital Expenditures	135,351	311,536	39,400	86,739

Millions of yen

	2026			
	Reportable Segment		Corporate items & Eliminations	Total
	Others	Subtotal		
Revenues				
Revenues from External Customers	275,252	10,554,038	32,743	10,586,781
Revenues from Intersegment Transactions	255,837	721,423	(721,423)	-
Total Revenues	531,089	11,275,461	(688,680)	10,586,781
Segment Profit (Loss)	22,966	1,364,551	(53,115)	1,311,436
Total Assets	2,709,143	18,462,977	(3,421,731)	15,041,246
Other items				
Depreciation and Amortization	33,631	452,264	5,709	457,973
Impairment Losses	83	129,313	22,189	151,502
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	508	25,933	18,183	44,116
Investments Accounted for Using the Equity Method	4,839	321,894	290,248	612,142
Goodwill	-	2,647,501	-	2,647,501
Capital Expenditures	37,266	610,292	10,049	620,341

Notes to Consolidated Financial Statements

Millions of yen

	2025			
	Reportable Segment			
	Digital Systems & Services	Energy	Mobility	Connective Industries
Revenues				
Revenues from External Customers	2,653,087	2,562,363	1,169,750	3,086,306
Revenues from Intersegment Transactions	179,497	64,648	1,605	194,030
Total Revenues	2,832,584	2,627,011	1,171,355	3,280,336
Segment Profit (Loss)	394,070	252,005	94,907	345,394
Total Assets	3,506,073	4,161,931	1,918,877	3,901,753
Other items				
Depreciation and Amortization	125,650	131,683	48,505	86,690
Impairment Losses	65,677	2,725	17,442	5,420
Share of Profits (Losses) of Investments Accounted for Using the Equity Method	3,299	3,436	11,670	23,684
Investments Accounted for Using the Equity Method	64,475	56,173	67,857	162,359
Goodwill	1,360,303	615,337	247,760	263,423
Capital Expenditures	117,614	182,534	33,147	108,500

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)	11,900	1,098,276	(14,751)	1,083,525
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

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, and adding back amortization of intangible assets, etc. recognized upon business combinations.

Intersegment transactions are generally recorded at the same prices used in arm's length transactions. Corporate items include corporate expenses not allocated to individual segments, such as expenditures for advanced R&D, 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 investments accounted for using the equity method, property, plant and equipment, goodwill and other intangible assets.

Capital expenditures represent additions to property, plant and equipment, investment properties and other intangible assets.

Notes to Consolidated Financial Statements

Adjustments to income before income taxes from segment profit (loss) for the years ended March 31, 2026 and 2025 are as follows.

	Millions of yen	
	2026	2025
Segment Profit (Loss)	1,311,436	1,083,525
Amortization of Intangible assets, etc. recognized upon business combinations	(112,161)	(111,919)
Other income	133,520	49,665
Other expenses	(200,802)	(143,023)
Financial income	106,811	53,944
Financial expenses	(8,871)	(12,905)
Share of profits (losses) of investments accounted for using the equity method	44,116	58,320
EBIT (Earnings before interest and taxes)	1,274,049	977,607
Interest income	32,702	32,038
Interest charges	(33,642)	(46,912)
Income before income taxes	1,273,109	962,733

Notes to Consolidated Financial Statements

(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, 2026 and 2025.

	Millions of yen	
	2026	2025
Japan	3,912,854	3,779,203
North America	1,653,812	1,528,015
Europe	2,274,956	1,902,617
Asia	1,915,940	1,843,279
Other Areas	829,219	730,256
Overseas Revenues Subtotal	6,673,927	6,004,167
Total Revenues	10,586,781	9,783,370

Revenues in the U.S.A. for the years ended March 31, 2026 and 2025 were 1,445,760 million yen and 1,311,308 million yen, respectively. Revenues in China for the years ended March 31, 2026 and 2025 were 951,723 million yen and 1,015,458 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, 2026 and 2025.

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, 2026 and 2025.

	Millions of yen	
	March 31, 2026	March 31, 2025
Japan	836,180	789,318
North America	2,095,306	1,990,689
Europe	2,136,992	1,863,431
Asia	338,554	290,302
Other Areas	150,669	107,539
Subtotal	5,557,701	5,041,279
Corporate items and Eliminations	(7,602)	18,560
Total	5,550,099	5,059,839

The balances of property, plant and equipment, investment properties, goodwill and other intangible assets in the U.S.A. as of March 31, 2026 and 2025 were 2,049,479 million yen and 1,971,041 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, 2026 and 2025 were 1,237,504 million yen and 1,178,542 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, 2026 and 2025.

(c) Significant Customer Information

There was no concentration of revenues from a specific customer for the years ended March 31, 2026 and 2025.

Notes to Consolidated Financial Statements

(5) Business Acquisitions and Divestitures

The following are the main Business Acquisition and Divestitures for the year ended March 31, 2026, including the period up to the approval date of the consolidated financial statements.

(a) Sale of shares of Hitachi Construction Machinery Co., Ltd. (hereinafter “Hitachi Construction Machinery”)

On November 5, 2025, the Company entered into an agreement regarding the transfer of a part of common stocks of Hitachi Construction Machinery, an equity-method associate of the Company in Corporate items of segment information, with GOLDMAN SACHS JAPAN CO., LTD. and Daiwa Securities Co. Ltd. In accordance with this agreement, the share transfer was completed on November 7, 2025.

The consideration was 68,100 million yen. As a result of this transfer of shares, the Company’s ownership ratio of shares of Hitachi Construction Machinery decreased from 25.4% to 18.4%, and Hitachi Construction Machinery ceased to be an equity-method associate. Net income attributable to Hitachi, Ltd. stockholders from the share transfer is not material to the consolidated statement of profit or loss for the year ended March 31, 2026.

(b) Acquisition of synvert Holding GmbH (hereinafter “synvert”)

On September 22, 2025, GlobalLogic Inc. (hereinafter “GL”), a consolidated subsidiary of the Company in the Digital Systems & Services segment, and Bonus Technology, Inc. (hereinafter “Bonus”) which is a subsidiary of GL located in the U.S., signed an agreement with Maxburg Beteiligungen III GmbH & Co. KG, MixMax 2020 Beteiligungs GmbH & Co. KG, which are held by Maxburg Capital Partners, as well as individual shareholders to acquire synvert which is a leading consulting firm in the data and AI space, in order to accelerate the deployment of HMAX, Hitachi's solution suite advancing operational autonomy and business model innovation through Agentic and Physical AI, solving customer and societal challenges in the AI era. On November 3, 2025, based on the agreement, Bonus acquired 100% of the outstanding shares of synvert, and synvert became a wholly owned subsidiary of the Company.

The following table summarizes the fair value of the consideration paid for synvert and the amounts of the assets acquired, liabilities assumed and goodwill recognized as of the acquisition date.

	<u>Millions of yen</u>
Cash and cash equivalents	2,526
Trade receivables and contract assets	3,808
Other current assets	2,354
Goodwill (not deductible for tax purposes)	46,729
Other intangible assets	24,209
Other non-current assets	293
Total	79,919
Short-term debt	10,935
Other current liabilities	4,488
Other non-current liabilities	8,306
Total	23,729
Cash paid for the acquisition	56,190

The goodwill mainly comprises excess earning power and expected synergies arising from the acquisition.

Other intangible assets include material intangible assets (customer relationships of 24,209 million yen). These intangible assets are measured based on assumptions such as revenue growth rate for existing customers, attrition rate of existing customers, EBITDA ratios and discount rates.

In addition to this acquisition, Bonus repaid 44 million euro (8,052 million yen) of certain loans owed by synvert from a financial institution, 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, 2026.

The operating results of synvert for the period from the acquisition date to March 31, 2026 were not material.

Notes to Consolidated Financial Statements

On a pro forma basis, revenues and net income attributable to Hitachi, Ltd. stockholders using an assumed acquisition date for synvert of April 1, 2025 would not differ materially from the amounts reported in the consolidated statement of profit or loss for the year ended March 31, 2026.

(c) 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, 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 International plc as an air conditioning joint venture. On July 23, 2024, Hitachi GLS and Bosch entered into a share purchase agreement.

On June 12, 2025, all of the 40% shares of JCH held by Hitachi GLS, which were previously included in Investments accounted for using the equity method in the consolidated statement of financial position, were reclassified to held-for-sale assets since they met the criteria in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, during the year ended March 31, 2026. Additionally, dividends of 63,226 million yen received from JCH after the reclassification to held-for-sale assets were recorded as Financial income in the consolidated statement of profit or loss for the year ended March 31, 2026.

Furthermore, on August 1, 2025, Hitachi GLS transferred all its JCH shares to Bosch. The consideration was 1,436 million U.S. dollars (207,066 million yen), and a gain on the sale of JCH shares in the amount of 87,618 million yen was recognized in Other income in the consolidated statement of profit or loss for the year ended March 31, 2026.

The following is the main Business Acquisition for the year ended March 31, 2025.

(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 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 became 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.

	<u>Millions of yen</u>
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.

Notes to Consolidated Financial Statements

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 is finalized because price adjustments after the acquisition of shares were completed. The amount of receivable as of March 31, 2025 is 24,497 million yen.

Acquisition related costs of 10,965 million yen had been posted up to the year ended March 31, 2025, and acquisition related costs included in Other expenses in the consolidated statement of profit or loss for the year ended March 31, 2025 were 5,545 million yen.

In addition to this acquisition, Hitachi Rail repaid 143 million euro (24,210 million yen) of certain loans owed by CENITELEC 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 CENITELEC 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 CENITELEC 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, CENITELEC changed its name to HITACHI RAIL GTS HOLDING LIMITED.

The following are the material Business Acquisition and Divestitures other than the above.

(a) Sale of the Home Appliance Business

Hitachi Global Life Solutions, Inc. (hereinafter "Hitachi GLS"), a consolidated subsidiary of the Company in the Connective Industries segment, decided the establishment of a new company for its home appliance business and the transfer of 80.1% of the shares of the new company to a special purpose company managed by Nojima Corporation, and entered into a share purchase agreement on April 21, 2026.

As a result of this transfer of shares based on the agreement, Hitachi GLS's ownership ratio of shares of the new company will decrease from 100% to 19.9%, and the new company will be deconsolidated and not be accounted for as an equity-method associate. The share transfer is expected to be completed by the end of the year ending March 31, 2027.

The consideration is approximately 110.0 billion yen, and the final consideration will be determined after certain adjustments. Net income attributable to Hitachi, Ltd. stockholders from the share transfer is not material to the consolidated statement of profit or loss for the year ending March 31, 2027.

(b) Acquisition of Clever Devices Holdings LLC (hereinafter "Clever Devices")

On March 31, 2026, Hitachi Rail Ltd. (hereinafter "Hitachi Rail"), a consolidated subsidiary of the Company in the Mobility segment, entered into an agreement to acquire Clever Devices, a leading U.S.-based provider of Intelligent Transportation Systems for transit agencies around the world, in order to mark its growth as a global digital mobility player.

The acquisition is based on the agreement among Hitachi Rail, Hitachi Rail U.S. Connect Parent, Inc. (hereinafter "Parent") which is a wholly owned subsidiary of Hitachi Rail, Hitachi Rail U.S. Connect Merger Sub, LLC (hereinafter "Merger") which is a wholly owned subsidiary of Parent, Clever Devices and the unitholder representative of it.

The transaction is subject to the usual conditions including regulatory and antitrust clearances and is expected to be completed by the end of 2026. Merger will be merged with and into Clever Devices, which will be the surviving company. As a result, Clever Devices will become a wholly owned subsidiary of Parent.

The consideration for the acquisition is expected to be 360 million dollars (approximately 57.5 billion yen) and the purchase price will be determined after certain adjustments. The effects of this transaction on the Company's consolidated financial statements are currently being evaluated.

Notes to Consolidated Financial Statements

(c) Sale of shares of Astemo, Ltd. (hereinafter "Astemo")

On December 16, 2025, the Company entered into an agreement regarding the transfer of a part of common stocks of Astemo, an equity-method associate of the Company in Corporate items of segment information, with Honda Motor Co., Ltd. In accordance with this agreement, the share transfer is expected to be completed in the first quarter of fiscal year ending March 31, 2027 (from April 1, 2026 to June 30, 2026).

The consideration is expected to be approximately 152.3 billion yen. As a result of this transfer of shares, the Company's ownership ratio of shares of Astemo will decrease from 40.0% to 19.0%, and Astemo will cease to be an equity-method associate. Net income attributable to Hitachi, Ltd. stockholders from the share transfer is not material to the consolidated statement of profit or loss for the year ending March 31, 2027.

(6) Trade Receivables and Contract Assets

The components of trade receivables and contract assets as of March 31, 2026 and 2025 are as follows:

	Millions of yen	
	March 31, 2026	March 31, 2025
Accounts receivable	2,621,130	2,277,707
Contract assets	1,314,805	1,145,151
Others	68,955	73,482
Total	4,004,890	3,496,340

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, 2026	March 31, 2025
Finished goods	454,703	413,904
Semi-finished goods and work in process	700,130	606,119
Raw materials	615,646	546,259
Total	1,770,479	1,566,282

For the years ended March 31, 2026 and 2025, the amounts of inventories expensed and included as cost of sales were 4,341,212 million yen and 4,215,297 million yen, respectively, and the write-downs of inventories were 29,624 million yen and 12,095 million yen, respectively.

Notes to Consolidated Financial Statements

(8) Investments Accounted for Using the Equity Method

The aggregated carrying amounts of investments accounted for using the equity method as of March 31, 2026 and 2025, and the Company and certain subsidiaries' share of total comprehensive income of equity-method associates and joint ventures for the years ended March 31, 2026 and 2025 are as follows:

Millions of yen				
	Associates		Joint ventures	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Carrying amount of investments	499,368	734,763	112,774	101,468

As of March 31, 2026 and 2025, the Company and certain subsidiaries' interests in certain associates and joint ventures operating at a loss have the cumulative loss exceeding the Company and certain subsidiaries' investments, and thus the negative amounts of 11,156 million yen and 939 million yen, respectively, were recognized in Other non-current liabilities.

Millions of yen				
	Associates		Joint ventures	
	2026	2025	2026	2025
Net income	30,065	44,880	14,051	13,440
Other comprehensive income	28,895	(12,164)	3,792	7,428
Total comprehensive income	58,960	32,716	17,843	20,868

Notes to Consolidated Financial Statements

(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, 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
Additions	2,182	7,097	26,807	23,893	128,297	1,331	284,201	473,808
Transfers between accounts	2,575	64,922	72,660	35,670	(967)	1,675	(176,535)	-
Sales and disposals	(689)	(3,089)	(1,127)	(2,325)	(4,970)	(104)	(2,318)	(14,622)
Depreciation	-	(39,379)	(64,433)	(48,657)	(92,872)	(4,517)	-	(249,858)
Impairment losses	(258)	(2,222)	(929)	(478)	(336)	-	(1,123)	(5,346)
Acquisitions and divestitures	6,918	3,587	2,622	790	580	-	32	14,529
Currency translation effect	3,525	20,611	21,890	7,304	16,018	141	17,065	86,554
Other	(391)	4,482	382	6,643	(427)	(405)	(3,973)	6,311
March 31, 2026	107,815	508,783	300,029	164,558	295,540	7,681	268,507	1,652,913

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.

Notes to Consolidated Financial Statements

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, 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
March 31, 2026	112,306	1,146,637	1,216,461	736,479	614,583	29,907	269,724	4,126,097
Accumulated depreciation and impairment losses								
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)
March 31, 2026	(4,491)	(637,854)	(916,432)	(571,921)	(319,043)	(22,226)	(1,217)	(2,473,184)

Impairment Losses Recognized for the Year Ended March 31, 2026:

The Energy segment recognized impairment losses of 2,382 million yen, mainly attributable to impairment losses on business assets of buildings and structures as a result of the business portfolio review in the power grids business.

Impairment Losses Recognized for the Year Ended March 31, 2025:

The Connective Industries segment recognized impairment losses of 1,637 million yen, mainly attributable to the lower than expected future revenue on business assets of machineries in the Healthcare business.

Notes to Consolidated Financial Statements

(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						Total
		Software for internal use	Software for sale	Customer relationships	Technology	Development expenditure	Other	
Net carrying amount								
March 31, 2024	2,371,678	125,216	58,512	675,785	103,750	91,521	123,966	1,178,750
Internal developments	-	3,069	12,935	-	-	32,147	83,540	131,691
Purchases	-	4,247	121	-	-	5	8,826	13,199
Transfers between accounts	-	47,827	21,800	-	-	998	(70,625)	-
Amortization	-	(47,711)	(22,003)	(46,792)	(19,553)	(15,683)	(41,008)	(192,750)
Impairment losses	(55,564)	(2,677)	(4,555)	(611)	(289)	(2,053)	(21,987)	(32,172)
Disposals	-	(2,166)	(42)	-	-	(7)	(876)	(3,091)
Acquisitions and divestitures	208,867	(193)	(1)	5,419	27,770	8,891	73,081	114,967
Currency translation effect	(38,158)	1,485	(1,313)	(8,425)	(1,810)	488	(1,881)	(11,456)
Other	-	2,245	6,400	-	-	(850)	(6,937)	858
March 31, 2025	2,486,823	131,342	71,854	625,376	109,868	115,457	146,099	1,199,996
Internal developments	-	1,327	14,823	-	-	34,680	82,331	133,161
Purchases	-	2,251	35	-	-	13	10,971	13,270
Transfers between accounts	-	62,017	21,846	-	-	219	(84,082)	-
Amortization	-	(53,227)	(27,418)	(44,462)	(19,562)	(18,200)	(43,950)	(206,819)
Impairment losses	(79,881)	(5,545)	(15,234)	(247)	(516)	(4,706)	(11,072)	(37,320)
Disposals	-	(2,980)	(137)	-	-	(63)	(1,598)	(4,778)
Acquisitions and divestitures	50,208	55	369	26,937	259	-	(663)	26,957
Currency translation effect	190,351	4,477	6,878	43,578	7,634	20,085	9,020	91,672
Other	-	(512)	61	-	-	(41)	84	(408)
March 31, 2026	2,647,501	139,205	73,077	651,182	97,683	147,444	107,140	1,215,731

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.

Notes to Consolidated Financial Statements

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						Total
		Software for internal use	Software for sale	Customer relationships	Technology	Development expenditure	Other	
Gross carrying amount								
March 31, 2024	2,420,134	668,350	652,857	825,438	153,967	142,811	389,014	2,832,437
March 31, 2025	2,590,843	706,638	699,403	821,300	181,771	182,477	453,374	3,044,963
March 31, 2026	2,758,077	738,212	734,139	896,820	187,596	246,903	473,721	3,277,391
Accumulated amortization and impairment losses								
March 31, 2024	(48,456)	(543,134)	(594,345)	(149,653)	(50,217)	(51,290)	(265,048)	(1,653,687)
March 31, 2025	(104,020)	(575,296)	(627,549)	(195,924)	(71,903)	(67,020)	(307,275)	(1,844,967)
March 31, 2026	(110,576)	(599,007)	(661,062)	(245,638)	(89,913)	(99,459)	(366,581)	(2,061,660)

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, 2026:

The Digital Systems & Services segment recognized impairment losses of 88,255 million yen, mainly consisting of the effect of repositioning the file storage business as a non-focal area, recognizing impairment losses of 65,038 million yen on the full amount of goodwill. 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 Mobility segment recognized impairment losses of 15,339 million yen. The main component of this amount was the recognition of an impairment loss of 8,708 million yen, which corresponded to the full amount of development expenditure and other intangible assets related to certain assets in the railway systems business subject to the impairment loss due to the lower than expected future revenue as a result of changes in market trends.

The Energy segment recognized impairment losses of 9,262 million yen. The main component of this amount was the recognition of an impairment loss of 7,889 million yen, which corresponded to the full amount of software for sale subject to the impairment loss related to in-house software for sale that became technologically obsolete due to changes in the market and technological environment in the power grids business.

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 Mobility segment recognized impairment losses of 17,442 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.

Notes to Consolidated Financial Statements

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, 2026 and 2025 amounted to 384,919 million yen and 348,465 million yen, respectively. These assets are mainly included in development expenditure, software for internal use or software for sale.

Research and development expenditures recognized as an expense for the years ended March 31, 2026 and 2025 were 290,399 million yen and 259,431 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, 2026.

As of March 31, 2026, the group of CGUs with a significant proportion of goodwill allocated was the power grids business in the Energy segment, and the carrying amount of goodwill allocated to the power grids business was 659,712 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 13.2% 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, 2026, 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 1,389,172 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, 2025.

As of March 31, 2025, the group of CGUs with a significant proportion of goodwill allocated was the power grids business in the Energy 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.

Notes to Consolidated Financial Statements

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

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, 2026 and 2025 by class of underlying asset.

	Class of underlying asset					Millions of yen
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Other	Total
March 31, 2025	192,406	28,622	18,055	10,906	500	250,489
March 31, 2026	228,578	35,019	21,384	10,423	623	296,027

The following table shows the expenses relating to leases and cash outflow for the years ended March 31, 2026 and 2025.

	Millions of yen	
	2026	2025
Depreciation for right-of-use assets		
Buildings and structures	74,034	68,364
Machinery and vehicles	11,506	9,945
Tools, furniture and fixtures	6,563	7,022
Land	704	759
Other	238	235
Total	93,045	86,325
Interest charges on lease liabilities	9,878	7,449
Expense relating to short-term leases, etc.	24,728	22,855
Expenses relating to leases	127,651	116,629

	Millions of yen	
	2026	2025
Total cash outflow for leases	122,639	120,301

Additions of right-of-use assets for the years ended March 31, 2026 and 2025 are disclosed in note 9.

The maturity analysis of lease liabilities at March 31, 2026 and 2025 is disclosed in note 25.

Notes to Consolidated Financial Statements

(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	
	2026	2025
Income taxes		
Current tax expense	431,376	314,010
Deferred tax expense		
Temporary differences originated and reversed	27,804	59,078
Changes in realizability of deferred tax assets	(37,502)	(67,220)
Total	421,678	305,868
Deferred taxes recognized in OCI		
Net changes in financial assets measured at fair value through OCI	16,526	(1,675)
Remeasurements of defined benefit plans	11,264	4,094
Net changes in cash flow hedges	83	65
Foreign currency translation adjustments	4,342	(2,009)
Total	32,215	475

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, 2026 and 2025, 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 apply 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 years ended March 31, 2026 and 2025, but the impact on the consolidated financial statements was not material.

Notes to Consolidated Financial Statements

Reconciliations between the combined statutory income tax rate and the effective income tax rate are as follows:

	2026	2025
Combined statutory income tax rate	30.5%	30.5%
Share of (profits) losses of investments accounted for using the equity method	(1.1)	(1.8)
Change in excess amounts over the tax basis of investments in subsidiaries and investments accounted for using the equity method	0.7	5.6
Gain or loss on sale of investments in subsidiaries and investments accounted for using the equity method, etc.	3.4	2.5
Expenses not deductible for tax purposes	1.1	1.2
Impairment of goodwill	1.9	1.8
Change in realizability of deferred tax assets	(2.9)	(7.0)
Difference in statutory tax rates of foreign subsidiaries	(2.6)	(3.2)
Other, net	2.1	2.2
Effective income tax rate	33.1%	31.8%

Changes in deferred tax assets and liabilities are as follows:

Millions of yen

	March 31, 2026	March 31, 2025
Deferred tax assets, net at beginning of year	180,227	173,210
Recognized in profit or loss	9,698	8,142
Recognized in OCI	(32,215)	(475)
Acquisitions, divestitures and others	(10,039)	(650)
Deferred tax assets, net at end of year	147,671	180,227

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, 2026	March 31, 2025	2026	2025
Deferred tax assets				
Retirement and severance benefits	16,012	37,099	(2,499)	(3,705)
Accrued expenses	214,761	190,085	16,997	6,503
Depreciation of property, plant and equipment	7,959	13,120	(3,875)	1,149
Net operating loss carryforwards	55,420	46,432	4,451	5,208
Net intercompany profits on inventories, P.P.E. and others	29,924	26,333	3,282	(2,533)
Deferred revenues	33,690	34,040	(2,010)	6,442
Write-downs of inventories	30,239	25,381	3,237	(329)
Other	213,943	149,835	31,598	16,238
Total deferred tax assets	601,948	522,325	51,181	28,973
Deferred tax liabilities				
Accelerated depreciation of P.P.E.	(1,033)	(1,108)	75	53
Investments in securities	(127,155)	(92,387)	27,707	(22,109)
Intangible assets	(182,764)	(175,119)	10,699	15,415
Other	(143,325)	(73,484)	(79,964)	(14,190)
Total deferred tax liabilities	(454,277)	(342,098)	(41,483)	(20,831)
Net deferred tax assets	147,671	180,227	9,698	8,142

Notes to Consolidated Financial Statements

Net deferred tax assets are included in the following accounts in the consolidated statement of financial position.

Millions of yen		
	March 31, 2026	March 31, 2025
Other non-current assets	201,738	282,525
Other non-current liabilities	(54,067)	(102,298)
Total	147,671	180,227

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 are unlikely to reverse in the foreseeable future. The temporary differences related to undistributed earnings of subsidiaries for which deferred tax liabilities are not recognized were 1,534,793 million yen and 1,027,793 million yen, respectively, as of March 31, 2026 and 2025.

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, 2026.

Deductible temporary differences and net operating loss carryforwards for unrecognized deferred tax assets are as follows:

Millions of yen		
	March 31, 2026	March 31, 2025
Deductible temporary differences	404,468	512,829
Net operating loss carryforwards	403,228	377,048
Total	807,696	889,877

Net operating loss carryforwards for unrecognized deferred tax assets will expire as follows:

Millions of yen		
	March 31, 2026	March 31, 2025
Within 5 years	40,606	42,298
After 5 years but not more than 10 years	8,219	20,913
More than 10 years or do not expire	354,403	313,837
Total	403,228	377,048

Notes to Consolidated Financial Statements

(13) Trade Payables

The components of trade payables as of March 31, 2026 and 2025 are as follows:

	Millions of yen	
	March 31, 2026	March 31, 2025
Accounts payable	1,590,786	1,506,205
Others	67,969	66,559
Total	1,658,755	1,572,764

Others include electronically recorded obligations 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:

	March 31, 2026		March 31, 2025		March 31, 2024
	Carrying amount	Of which finance institutions have completed the payments to suppliers	Carrying amount	Of which finance institutions have completed the payments to suppliers	Carrying amount
Short-term debt	3,099	3,099	3,948	3,948	954
Trade payables	92,065	53,704	77,820	42,065	48,238
Total	95,164	56,803	81,768	46,013	49,192

As of March 31, 2026, the carrying amount of financial liabilities included in the supplier finance arrangements of the Company and certain subsidiaries includes an increase of 14,304 million yen due to foreign currency translation effects.

Notes to Consolidated Financial Statements

(14) Provisions

Changes in the balance and components of provisions for the year ended March 31, 2026 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, 2025	30,048	5,543	102,280	109,913	191,554
Additions	1,649	16,156	62,464	36,967	128,612
Utilized	(2,109)	(16,888)	(23,427)	(51,895)	(96,031)
Acquisitions and divestitures	-	-	253	-	60
Currency translation effects, and others	283	575	8,831	8,351	20,115
March 31, 2026	29,871	5,386	150,401	103,336	244,310
Current	743	4,948	141,905	102,674	228,022
Non-current	29,128	438	8,496	662	16,288

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.

Notes to Consolidated Financial Statements

(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.

Notes to Consolidated Financial Statements

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.

Notes to Consolidated Financial Statements

Changes in the present value of defined benefit obligations and the fair value of plan assets for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen	
	March 31, 2026	March 31, 2025
Defined benefit obligations		
At beginning of year	941,346	996,035
Service cost	26,761	25,290
Interest cost	21,435	16,604
Plan amendments	2,772	(847)
Actuarial losses	(20,249)	(45,854)
Benefits paid	(75,281)	(68,623)
Acquisitions and divestitures	1,421	16,487
Transfer to defined contribution pension plan	(181)	(3)
Settlements/curtailments	(31)	(21)
Currency translation effect, etc.	113,387	2,278
At end of year	1,011,380	941,346
Fair value of plan assets		
At beginning of year	810,584	842,504
Interest income	16,808	10,726
Return on plan assets (excluding interest income)	44,962	(19,277)
Employers' contributions	13,247	12,341
Employees' contributions	5,631	5,941
Benefits paid	(57,763)	(51,920)
Acquisitions and divestitures	-	(1,624)
Transfer to defined contribution pension plan	-	-
Settlements/curtailments	-	-
Currency translation effect, etc.	111,836	11,893
At end of year	945,305	810,584
Effect of asset ceiling	114,196	72,704
Net liability amount recognized in the consolidated statement of financial position	180,271	203,466

Changes in the effect of asset ceiling are as follows:

	Millions of yen	
	March 31, 2026	March 31, 2025
At beginning of year	72,704	58,510
Interest income	1,241	633
Remeasurements		
Changes in the effect of asset ceiling	38,036	13,410
Currency translation effect	2,215	151
At end of year	114,196	72,704

Notes to Consolidated Financial Statements

The components of actuarial gain or loss are as follows:

	Millions of yen	
	March 31, 2026	March 31, 2025
Arising from changes in financial assumptions	44,121	50,102
Arising from changes in demographic assumptions	(9,084)	1,883
Other	(14,788)	(6,131)

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, 2026	March 31, 2025
Discount rate	2.6	1.9

If, at March 31, 2026, the discount rate rose by 0.5%, the defined benefit obligations would decrease by 43,669 million yen, and if the discount rate decreased by 0.5%, the defined benefit obligations would increase by 47,257 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.

Notes to Consolidated Financial Statements

The fair values of plan assets invested as of March 31, 2026 and 2025 are as follows:

Millions of yen

	March 31, 2026		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Equity	1,500	-	1,500
Government bonds and municipal debt securities	3,455	243	3,698
Corporate bonds and other debt securities	-	7,432	7,432
Hedge funds	-	27,039	27,039
Private equity	-	30,827	30,827
Cash and cash equivalents	9,974	-	9,974
Life insurance general accounts	-	110,522	110,522
Commingled funds	-	717,199	717,199
Other	4,657	32,457	37,114
Total	19,586	925,719	945,305

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

As of March 31, 2026 and 2025, investments in equity were allocated to 100% in stocks listed in foreign markets.

As of March 31, 2026, and 2025, 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, 2026 and 2025, 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 and credit hedge funds.

Private equity primarily consists of investments in PE secondary, direct renting, real estate, real estate debt funds and real estate secondary.

Notes to Consolidated Financial Statements

Commingled funds represent pooled institutional investments. As of March 31, 2026, commingled funds were allocated to 40% in listed stocks, 35% in government bonds, 10% in corporate bonds and other debt securities, 5% in cash and cash equivalents and 10% in other assets. As of March 31, 2025, 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, 2027 is 15,052 million yen.

The weighted average duration (expected average maturity) of defined benefit obligations as of March 31, 2026 and 2025 were 10.7 years and 10.2 years, respectively.

Contributions made to defined contribution plans and expensed in profit or loss in the years ended March 31, 2026 and 2025 were 53,154 million yen and 36,413 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, 2026 and 2025 were 28,206 million yen and 28,695 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, 2027 is 1,299 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, 2026 and 2025 were 3,317,587 million yen and 2,996,501 million yen, respectively.

Notes to Consolidated Financial Statements

(16) Equity

(a) Common Stock

	Number of shares	
	March 31, 2026	March 31, 2025
Total number of authorized shares	10,000,000,000	10,000,000,000

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, 2024	927,167,877	463,417
March 31, 2025	4,580,341,685	464,384
March 31, 2026	4,535,560,985	466,666

Note: 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.

For the year ended March 31, 2026, on June 3, 2025, the Company issued new shares as restricted stock compensation, and the total number of issued shares increased by 1,219,300 shares. On March 31, 2026, the Company cancelled treasury stock, and the total number of issued shares decreased by 46,000,000 shares to 4,535,560,985 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, 2026 and 2025 are as follows:

	Treasury stock	
	(Number of shares)	(Millions of yen)
March 31, 2024	546,173	4,991
Acquisition of treasury stock	58,283,311	200,285
Disposition of treasury stock	(134,675)	(1,091)
Cancellation of treasury stock	(56,227,700)	(195,598)
March 31, 2025	2,467,109	8,587
Acquisition of treasury stock	79,567,719	352,260
Disposition of treasury stock	(236,005)	(880)
Cancellation of treasury stock	(46,000,000)	(199,505)
March 31, 2026	35,798,823	160,462

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, 2026 and 2025 were 67,500 shares.

Notes to Consolidated Financial Statements

(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, 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. For the year ended March 31, 2026, the changes in capital surplus were mainly the decrease due to the cancellation of treasury stock.

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.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 are as follows:

	Millions of yen	
	2026	2025
Foreign currency translation adjustments		
Balance at beginning of year	890,159	984,432
OCI, net of reclassification	400,900	(93,582)
Net transfer of non-controlling interests	(79)	(691)
Balance at end of year	1,290,980	890,159
Remeasurements of defined benefit plans		
Balance at beginning of year	114,167	103,039
OCI	16,831	10,820
Net transfer of non-controlling interests	(6)	70
Reclassified into retained earnings	(157)	238
Balance at end of year	130,835	114,167
Net changes in financial assets measured at fair value through OCI		
Balance at beginning of year	39,496	50,378
OCI	41,368	(8,977)
Net transfer of non-controlling interests	-	1
Reclassified into retained earnings	(5,489)	(1,906)
Balance at end of year	75,375	39,496
Net changes in cash flow hedges		
Balance at beginning of year	(3,031)	22,701
OCI, net of reclassification	8,100	(550)
Others	145	(25,182)
Balance at end of year	5,214	(3,031)
Total AOCI		
Balance at beginning of year	1,040,791	1,160,550
OCI, net of reclassification	467,199	(92,289)
Net transfer of non-controlling interests	(85)	(620)
Reclassified into retained earnings	(5,646)	(1,668)
Others	145	(25,182)
Balance at end of year	1,502,404	1,040,791

Notes to Consolidated Financial Statements

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, 2026 and 2025.

		Millions of yen		
		2026		
		Before tax	Tax effect	After tax
OCI arising during the year:				
	Foreign currency translation adjustments	392,792	(4,342)	388,450
	Remeasurements of defined benefit plans	27,094	(11,264)	15,830
	Net changes in financial assets measured at fair value through OCI	53,572	(16,526)	37,046
	Net changes in cash flow hedges	15,886	(3,037)	12,849
	Share of OCI of investments accounted for using the equity method	32,680	(676)	32,004
	Total	522,024	(35,845)	486,179
Reconciliation of OCI to profit or loss:				
	Foreign currency translation adjustments	(3,173)	-	(3,173)
	Net changes in cash flow hedges	(9,900)	2,954	(6,946)
	Share of OCI of investments accounted for using the equity method	2,123	(1,440)	683
	Total	(10,950)	1,514	(9,436)
OCI, net of reclassification adjustments:				
	Foreign currency translation adjustments	389,619	(4,342)	385,277
	Remeasurements of defined benefit plans	27,094	(11,264)	15,830
	Net changes in financial assets measured at fair value through OCI	53,572	(16,526)	37,046
	Net changes in cash flow hedges	5,986	(83)	5,903
	Share of OCI of investments accounted for using the equity method	34,803	(2,116)	32,687
	Total	511,074	(34,331)	476,743
OCI, net of reclassification adjustments, attributable to non-controlling interests:				
	Foreign currency translation adjustments			9,794
	Remeasurements of defined benefit plans			(21)
	Net changes in financial assets measured at fair value through OCI			(260)
	Net changes in cash flow hedges			31
	Total			9,544
OCI, net of reclassification adjustments, attributable to Hitachi, Ltd. stockholders:				
	Foreign currency translation adjustments			375,483
	Remeasurements of defined benefit plans			15,851
	Net changes in financial assets measured at fair value through OCI			37,306
	Net changes in cash flow hedges			5,872
	Share of OCI of investments accounted for using the equity method			32,687
	Total			467,199

Notes to Consolidated Financial Statements

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)

Notes to Consolidated Financial Statements

(18) Dividends

Dividends paid on the Company's common stock for the years ended March 31, 2026 and 2025 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, 2025	104,357	Retained earnings	23.0	September 30, 2025	November 27, 2025
The Board of Directors on May 13, 2025	100,713	Retained earnings	22.0	March 31, 2025	June 5, 2025
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

Dividends on the Company's common stock whose record date falls in the year ended March 31, 2026 and the effective date falls in the next fiscal year 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 May 14, 2026	121,493	Retained earnings	27.0	March 31, 2026	June 4, 2026

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.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 were 3,569 million yen and 3,451 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, 2026 and 2025 are as follows.

	March 31, 2026	March 31, 2025
Issuance date	June 3, 2025	June 3, 2024
Number of shares	185,700 shares	247,500 shares
Issue price per share [1] [2]	3,744 yen	2,647 yen

[1] The issue price for the year ended March 31, 2026 is the closing price per share for the Company’s common stock on April 25, 2025 (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, 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.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 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

Notes to Consolidated Financial Statements

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, 2026 and 2025 is as follows. The number of stock options is translated into their equivalent number of shares (100 shares per stock option).

	2026		2025	
	Number of shares (shares)	Weighted average exercise price (yen)	Number of shares (shares)	Weighted average exercise price (yen)
Outstanding at beginning of year	1,387,100	1	1,938,100	1
Granted	-	-	-	-
Forfeited [1]	-	-	-	-
Exercised	(235,000)	1	(551,000)	1
Expired	-	-	-	-
Outstanding at end of year	1,152,100	1	1,387,100	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, 2026 and 2025 were 3,757.3 yen and 2,825.0 yen, respectively.

The range of exercise price as of March 31, 2026 and 2025 was 1 yen. The weighted average remaining contractual lives of stock options outstanding as of March 31, 2026 and 2025 were 21.1 years and 22.2 years, respectively.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 is as follows.

Effective from April 1, 2025, the Company reclassified its reportable segments. Details of the reclassification are described in note 4.

Millions of yen

2026							
	Japan					Overseas Revenues Subtotal	Total Revenues
		North America	Europe	Asia	Other Areas		
Digital Systems & Services	2,066,578	357,395	223,945	235,110	57,029	873,479	2,940,057
Energy	254,669	898,999	1,031,840	474,767	559,678	2,965,284	3,219,953
Mobility	85,863	111,332	822,570	128,784	173,022	1,235,708	1,321,571
Connective Industries	1,691,091	284,224	206,326	1,042,367	38,783	1,571,700	3,262,791
Others	456,225	5,508	12,963	55,095	1,298	74,864	531,089
Subtotal	4,554,426	1,657,458	2,297,644	1,936,123	829,810	6,721,035	11,275,461
Corporate items & Eliminations	(641,572)	(3,646)	(22,688)	(20,183)	(591)	(47,108)	(688,680)
Total	3,912,854	1,653,812	2,274,956	1,915,940	829,219	6,673,927	10,586,781

Millions of yen

2025							
	Japan					Overseas Revenues Subtotal	Total Revenues
		North America	Europe	Asia	Other Areas		
Digital Systems & Services	1,929,584	378,078	234,813	231,348	58,761	903,000	2,832,584
Energy	230,275	771,270	718,968	422,399	484,099	2,396,736	2,627,011
Mobility	92,271	92,567	726,214	112,368	147,935	1,079,084	1,171,355
Connective Industries	1,695,851	284,742	221,170	1,040,479	38,094	1,584,485	3,280,336
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

Notes to Consolidated Financial Statements

The Digital Systems & Services segment consists of Front Business, IT Services, and Services & Platforms, for which revenue amounted to 1,309,932 million yen, 1,107,993 million yen and 1,082,670 million yen for the year ended March 31, 2026 and 1,228,037 million yen, 1,058,645 million yen and 1,123,806 million yen for the year ended March 31, 2025, 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. There were changes to the scope of internal transaction offsets in Services & Platforms due to a reorganization of the business structure. Accordingly, figures for the year ended March 31, 2025, have been restated to reflect this change.

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, 2026 and 2025, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 3,504,796 million yen and 3,029,280 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 and cloud service. Services & Platforms primarily provides consulting service, IT products and software.

These long-term projects in system integration, cloud and consulting 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) Energy, Mobility and Connective Industries

The Energy segment includes revenue from businesses such as energy solutions, and the Mobility segment includes revenue from railway systems. The energy solutions business is operated mainly in North America, Europe, and Asia. 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, North America, Europe, and Asia, 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.

Notes to Consolidated Financial Statements

(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, 2026 and 2025.

Millions of yen

	2026		2025	
	March 31, 2026	April 1, 2025	March 31, 2025	April 1, 2024
Trade receivables	2,692,793	2,352,963	2,352,963	2,063,056
Contract assets	1,394,506	1,196,580	1,196,580	971,988
Contract liabilities	3,136,649	2,272,034	2,272,034	1,739,770

Of the revenue recognized during the fiscal years ended March 31, 2026 and 2025, the amount included in Contract liabilities at the beginning of the fiscal years was 1,032,764 million yen and 1,059,123 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, 2026 and 2025.

Millions of yen

	March 31, 2026		March 31, 2025	
	Intersegment transactions	Balance of unsatisfied performance obligations	Intersegment transactions	Balance of unsatisfied performance obligations
Digital Systems & Services	94,152	1,720,141	78,234	1,544,338
Energy	23,808	9,966,376	21,393	7,228,196
Mobility	2,082	7,103,586	1,684	6,163,960
Connective Industries	164,226	2,159,124	149,850	1,926,822

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, Energy segment, Mobility segment and Connective Industries segment.

The estimated timing of unsatisfied performance obligations at the fiscal year ended March 31, 2026 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 80% of the balance of unsatisfied performance obligations of the Energy segment was expected to be satisfied within three years and approximately 20% after three years but no more than five years.

Approximately 50% of the balance of unsatisfied performance obligations of the 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, 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 80% of the balance of unsatisfied performance obligations of the Energy segment was expected to be satisfied within three years and approximately 10% after three years but no more than five years.

Approximately 50% of the balance of unsatisfied performance obligations of the Mobility segment was expected to be satisfied within three years and approximately 30% 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.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 were not material.

(21) Other Income and Expenses

The main components of other income and expenses for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen	
	2026	2025
Net gain (loss) on sales and disposals of fixed assets	(7,480)	18,692
Impairment losses	(151,502)	(92,135)
Net gain (loss) on business reorganization and others	131,877	29,638
Special termination benefits	(16,156)	(10,524)

Impairment losses are mainly recognized on investments accounted for using the equity method, 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, 2026 and 2025 were 167,658 million yen and 102,659 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, 2026 and 2025 are as follows:

	Millions of yen	
	2026	2025
Dividends received	66,554	2,472
Exchange gain (loss)	39,303	47,555

Dividends received for the year ended March 31, 2026 include dividends of 63,226 million yen received from Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd. Details are described in note 5.

Dividends received other than the above are from financial assets measured at fair value through other comprehensive income.

Notes to Consolidated Financial Statements

(23) Earnings Per Share (EPS) Information

The calculations of basic and diluted EPS attributable to Hitachi, Ltd. stockholders for the years ended March 31, 2026 and 2025 are as follows:

	Number of shares	
	2026	2025
Weighted average number of shares on which basic EPS is calculated	4,539,315,453	4,599,967,449
Effect of dilutive securities		
Stock options	1,152,100	1,387,100
Restricted stock	2,075,337	3,157,288
Restricted stock units	52,229	85,857
Number of shares on which diluted EPS is calculated	4,542,595,119	4,604,597,694

	Millions of yen	
	2026	2025
Net income attributable to Hitachi, Ltd. stockholders		
Basic	802,368	615,724
Effect of dilutive securities	-	-
Diluted	802,368	615,724

	Yen	
	2026	2025
EPS attributable to Hitachi, Ltd. stockholders		
Basic	176.76	133.85
Diluted	176.63	133.72

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.

Notes to Consolidated Financial Statements

(24) Supplementary Cash Flow Information

Changes in liabilities from financing activities for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen				
	Short-term debt	Bonds	Long-term borrowings	Lease liability	Total
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
Cash flows	(38,622)	-	(228,817)	(97,911)	(365,350)
Non-cash changes					
Finance lease liability incurred	-	-	-	128,689	128,689
Acquisitions and divestitures	2	-	-	-	2
Currency translation effect and others	8,881	-	18,716	11,983	39,580
March 31, 2026	43,407	220,000	443,696	301,934	1,009,037

In addition, there is an increase in cash outflows of 9,238 million yen and a decrease in cash outflows of 34,804 million yen, resulting from the settlement of derivatives related to long-term borrowings for the years ended March 31, 2026 and 2025, respectively.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 were 43.7% and 44.0%, 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, 2026 and 2025, while all other variables are held constant.

		Millions of yen	
	Currency	2026	2025
Impact on income before income taxes	US Dollar	167	293
	Euro	(10)	(34)

Notes to Consolidated Financial Statements

(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, 2026 and 2025, while all other variables are held constant.

	Millions of yen	
	2026	2025
Impact on income before income taxes	25	(1,611)

(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.

Notes to Consolidated Financial Statements

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, 2026 and 2025 are as follows. Other receivables mainly consist of other accounts receivable, lease receivables, short-term loans receivable, financial assets measured at amortized cost such as long-term loans receivable and debt securities measured at amortized cost.

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, 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
Change, net	(6,318)	(1,326)	(7,644)	270,317	(9,054)	261,263
Credit-impairment [1]	(2,812)	2,812	-	(3,262)	3,262	-
Write-off [2]	(1,070)	(11,659)	(12,729)	(11,659)	(12,074)	(23,733)
Other [3]	(6,337)	25,620	19,283	256,364	42,772	299,136
March 31, 2026	20,457	118,928	139,385	4,049,567	177,117	4,226,684

Millions of yen

Other receivables	Allowance for doubtful receivables			Gross carrying amount		
	Collective assessment	Individual assessment	Total	Collective assessment	Individual assessment	Total
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
Change, net	(380)	(88)	(468)	82,817	239	83,056
Credit-impairment [1]	(48)	48	-	(118)	118	-
Write-off [2]	(25)	(274)	(299)	(241)	(281)	(522)
Other [3]	25	111	136	14,370	306	14,676
March 31, 2026	830	1,130	1,960	481,620	3,277	484,897

[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.

Notes to Consolidated Financial Statements

(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, 2026 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, 2026				
	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Short-term debt	43,407	45,111	45,111	-	-
Long-term debt					
Lease liabilities	301,934	331,575	90,279	175,272	66,024
Bonds	220,000	228,114	21,479	154,859	51,776
Long-term borrowings	443,696	455,456	326,441	48,061	80,954

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

The weighted average interest rate for short-term debt is 3.9%, and the weighted average interest rate for long-term borrowings is 2.7% with maturities ranging from 2026 to 2039.

Notes to Consolidated Financial Statements

The details on each bond issued are provided below.

Millions of yen

Issuer	Name of bond	Issued	March 31, 2026	March 31, 2025	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, 2026			
		Within 1 year	After 1 year but not more than 5 years	More than 5 years	Total
Forward exchange contracts	In	44,367	42,722	2,397	89,486
	Out	29,003	24,876	9	53,888
Cross currency swaps	In	19,236	4,690	-	23,926
	Out	26,323	1,068	-	27,391
Interest rate swaps	In	4,864	-	259	5,123
	Out	16	199	-	215
Option contracts	In	-	225	-	225
	Out	-	-	-	-

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	-	-	-	-

Notes to Consolidated Financial Statements

(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.

Notes to Consolidated Financial Statements

(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, 2026 and 2025 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, 2026		March 31, 2025	
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
<u>Assets</u>				
Investments in securities and other financial assets				
Lease receivables	22,595	24,937	21,512	21,922
Debt securities	46,308	45,203	46,892	46,295
Long-term loans receivable	10,914	11,675	9,515	10,428
<u>Liabilities</u>				
Long-term debt [1]				
Bonds	220,000	206,938	220,000	211,220
Long-term borrowings	443,696	437,837	653,797	650,127

[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.

Notes to Consolidated Financial Statements

The following tables present the assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2026 and 2025.

March 31, 2026				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	559	-	67,527	68,086
Debt securities	11,285	7,183	3,484	21,952
Derivatives	-	125,317	225	125,542
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	264,331	1,208	110,035	375,574
Total financial assets at fair value	276,175	133,708	181,271	591,154
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	83,272	-	83,272
Total financial liabilities at fair value	-	83,272	-	83,272

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

Notes to Consolidated Financial Statements

The following tables present the changes in Level 3 instruments measured on a recurring basis for the years ended March 31, 2026 and 2025.

March 31, 2026				Millions of yen
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of year	150,711	2,979	1,856	155,546
Gain (loss) in profit or loss [1]	94	(6)	(1,795)	(1,707)
Gain (loss) in OCI [2]	4,967	-	-	4,967
Purchases	19,470	23	221	19,714
Sales and redemption	(1,973)	(125)	-	(2,098)
Acquisitions and divestitures	-	13	-	13
Other	4,293	600	(57)	4,836
Balance at end of year	177,562	3,484	225	181,271
Unrealized gain (loss) relating to financial assets held at end of year [3]	108	(13)	-	95

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
Gain (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

[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.

Notes to Consolidated Financial Statements

(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, 2026	Millions of yen
Principal Financial assets measured at fair value through other comprehensive income	Fair value
Hitachi Construction Machinery Co., Ltd. [1]	205,897
JECC Corporation	23,674
Central Japan Railway Company	18,378
Nippon Steel Kowa Real Estate Co., Ltd.	11,681
LOGISTEED Holdings, Ltd.	9,606
Seibu Holdings Inc.	5,625
Invivoscribe, Inc.	5,116
Metro C S.C.p.A.	3,852
Japan Nuclear Fuel, Ltd.	3,667
Daiichi Sankyo Co., Ltd.	2,489

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

[1] On May 13, 2026, the Company entered into an agreement regarding the transfer of a part of common stocks of Hitachi Construction Machinery, with BofA Securities Japan Co., Ltd., Daiwa Securities Co. Ltd. and JPMorgan Securities Japan Co., Ltd. In accordance with this agreement, the share transfer was completed on May 15, 2026. The number of shares held as of March 31, 2026 was 39,062,310 shares, and the number of shares held after the share transfer was 21,462,310 shares. Net income attributable to Hitachi, Ltd. stockholders from the share transfer is not material to the consolidated statement of profit or loss for the year ending March 31, 2027.

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, 2026 and 2025 were 5,489 million yen and 1,906 million yen, respectively. These financial assets were derecognized upon disposal of shares after reviewing particular business relations, or acquisitions and divestitures.

Notes to Consolidated Financial Statements

The information on Financial assets measured at fair value through other comprehensive income that were derecognized for the years ended March 31, 2026 and 2025 is as follows:

	Millions of yen	
	2026	2025
Fair value at the time of derecognition	7,557	7,598
Accumulated gains at the time of derecognition	5,921	3,623

(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 and cross currency swap agreements 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 is 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 is 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, 2026 and 2025, hedge ineffectiveness recognized in profit or loss were not material.

Notes to Consolidated Financial Statements

The notional amounts and carrying amounts of hedging instruments as of March 31, 2026 and 2025 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, 2026 Millions of yen

Hedging instruments	Notional amount		Carrying amount	
		More than 1 year	Assets	Liabilities
Fair value hedge				
Foreign currency risk	699,580	85,626	9,079	4,311
Cash flow hedge				
Foreign currency risk	390,976	104,635	8,806	9,873
Interest rate risk	207,844	-	3,985	-
Total	1,298,400	190,261	21,870	14,184

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
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

The carrying amounts of hedged items related to fair value hedges as of March 31, 2026 and 2025 are as follows.

March 31, 2026 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, Other financial liabilities and Trade payables	66,388	633,192
Total		66,388	633,192

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
Total		217,248	612,416

For the years ended March 31, 2026 and 2025, 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.

Notes to Consolidated Financial Statements

For the years ended March 31, 2026 and 2025, 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, 2025	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, 2026
Foreign currency risk	(17,364)	14,807	256	(2,649)	(4,950)
Interest rate risk	10,157	1,079	-	(7,251)	3,985
Total	(7,207)	15,886	256	(9,900)	(965)

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)

[1] In the consolidated statement of profit or loss, the amount reclassified to profit or loss is included mainly in Cost of sales 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.

Notes to Consolidated Financial Statements

(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, 2026	March 31, 2025
Cash and cash equivalents	80	253
Trade receivables and contract assets	184	249
Other current assets	330	235
Investments in securities and other financial assets	277	290
Land	2,281	2,061
Buildings and structures	2	2
Machinery and vehicles	3,844	5,443
Total	6,998	8,533

Notes to Consolidated Financial Statements

(27) Principal Subsidiaries

The Company's consolidated financial statements include the following subsidiaries listed below.

(As of March 31, 2026)

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 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
Digital Systems & Services	Hitachi Vantara Manufacturing, Inc.	Oklahoma, U.S.A.	100.0
Energy	Hitachi GE Vernova Nuclear Energy, Ltd.	Hitachi, Ibaraki	80.0
Energy	Hitachi Plant Construction, Ltd.	Toshima-ku, Tokyo	100.0
Energy	Hitachi Energy Ltd	Zurich, Switzerland	100.0
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
Connective Industries	Hitachi Plant Services Co., Ltd.	Taito-ku, Tokyo	100.0

Notes to Consolidated Financial Statements

(As of March 31, 2026)

Reporting segment	Name of subsidiary	Business location	Ownership percentage of voting rights (%)
Connective Industries	Hitachi Power Solutions Co., Ltd.	Hitachi, Ibaraki	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 573 companies	-	-

Notes to Consolidated Financial Statements

(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, 2026	March 31, 2025
Trade receivables and contract assets	106,761	75,828
Trade payables	11,557	42,663
Contract liabilities	75,102	42,712

Millions of yen		
With joint ventures	March 31, 2026	March 31, 2025
Trade receivables and contract assets	114,753	92,771

Revenue and purchase transactions of the Company and its subsidiaries with associates and joint ventures are as follows:

Millions of yen		
With associates	2026	2025
Revenues	163,014	202,196
Purchases	101,640	191,023

In addition to the transactions of the Company and its subsidiaries with associates for the year ended March 31, 2026, dividends of 63,226 million yen were received from Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd. Details are described in note 5.

Millions of yen		
With joint ventures	2026	2025
Revenues	90,879	89,471
Purchases	23,537	23,868

(b) Compensation for Directors and Executive Officers of the Company

Millions of yen		
	2026	2025
Basic remuneration and short-term incentive compensation	6,007	3,466
Medium and long-term incentive compensation	3,671	2,383
Others	1,267	-
Total	10,944	5,849

Notes to Consolidated Financial Statements

(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, 2026 is as follows:

	Millions of yen
	March 31, 2026
Total commitments available	102
Less amount utilized	-
Balance available	102

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, 2026 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, 2026 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 2028. The unused line of credit under these arrangements as of March 31, 2026 amounted to 200,000 million yen.

(b) Commitments for Acquisition of Assets

As of March 31, 2026, outstanding commitments made to purchase property, plant and equipment were 88,892 million yen.

(c) Guarantee Obligations

The Company and certain subsidiaries provide debt guarantees to third-parties. As of March 31, 2026, the balance of the guarantee obligations was 3,346 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.

Regarding the aforementioned lawsuit filed by the contractee in Japan, on June 17, 2026, a first-instance judgment was rendered ordering three companies, namely the construction company of the condominium complex, the subsidiary and the secondary subcontractor, to jointly and severally pay compensation for damages and related delay damages to the contractee in Japan, and the total amount of the damages awarded and the delay damages accrued up to the date of the judgment amounts to approximately 2.5 billion yen. The subsidiary in Japan will review the details and respond appropriately.

Notes to Consolidated Financial Statements

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 (48,245 million yen) and interest allegedly incurred by performance defects of a power plant. As of March 31, 2026, the amount of compensation claimed by the customer was changed to 270 million euro (49,527 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 27, 2026 resolved to authorize the repurchase 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 a mid- and long-term perspective, paying stable dividends and repurchasing its own shares flexibly as an important managerial issue. In light of its current financial standing and the progress of asset sales, the Company has decided to execute a share repurchase to further expand shareholder returns.

(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 160 million shares
(3.56% of the number of outstanding shares (excluding treasury stocks))
- 3) Aggregate amount of repurchase
Up to 500.0 billion yen
- 4) Period of the repurchase
From April 28, 2026 to March 31, 2027
- 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 22, 2026 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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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.

Estimation of total cost of long-term projects

Description of Key Audit Matter

Primarily in Digital Systems & Services segment, Energy segment, 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 3,504,796 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 33% of total revenues of the Group. Furthermore, the Group recognizes provisions for expected losses on construction contracts in the amount of 103,336 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, 2026 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, 2026 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 22, 2026

/s/ Koji Fujima
Designated Engagement Partner
Certified Public Accountant

/s/ Nobuyuki Shimizu
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 22, 2026
[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, 2026, 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, business sites that are in the top 70% of sales revenue before elimination of inter-company transactions in the previous consolidated fiscal year have been 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, the Company executed a partial transfer of its shares

in Hitachi Construction Machinery Co., Ltd. on November 7, 2025. As a result, Hitachi Construction Machinery Co., Ltd. is no longer an equity-method associate of the Company and has been excluded from the scope of assessment.

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 22, 2026

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: Nobuyuki Shimizu

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 notes to the consolidated financial statements of Hitachi, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2025 to March 31, 2026.

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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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.

Estimation of total cost of long-term projects***Description of Key Audit Matter***

Primarily in Digital Systems & Services segment, Energy segment, 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 3,504,796 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 33% of total revenues of the Group. Furthermore, the Group recognizes provisions for expected losses on construction contracts in the amount of 103,336 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, 2026 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, 2026 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, including those applicable to audits of financial statements of public interest entities, 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, 2026 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, 2026 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 22, 2026
[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 157th fiscal year (from April 1, 2025, to March 31, 2026) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.