Business Overview and Results of Hitachi Group

Business Results

In Fiscal 2025, the global economy remained subject to an increasingly uncertain business environment due to the expansion of protectionist measures under U.S. trade policies, heightened geopolitical risks such as those in the Middle East, and rising inflation fueled by higher raw material and energy prices. In this environment, Hitachi recorded revenues of 10,586.7 billion yen and Adjusted EBITA of 1,311.4 billion yen, due mainly to the organic growth of business in many segments, including the steady performance of the power grids business and rail systems business. The Adjusted EBITA Margin was 12.4%, an increase of 1.3 percentage points from the previous fiscal year due mainly to the expansion of the Lumada* business. Net income attributable to Hitachi, Ltd. stockholders was 802.3 billion yen. In addition, ROIC increased by 1.5 percentage points from the previous fiscal year to 12.4%, with both figures—including Adjusted EBITA—reaching record highs. The Lumada business revenue ratio was 40%, and the Adjusted EBITA Margin was 16%.

Regarding funds, core free cash flow** was 1,170.2 billion yen, a new record high, due to improving cash generation capabilities and advances received for large-scale projects.

As Hitachi has improved its profitability and ability to generate cash, it increased the amount of its annual dividend 7 yen to 50 yen (with an interim dividend of 23 yen and a year-end dividend of 27 yen) and repurchased its own shares of 352.0 billion yen.

*Lumada is the collective term for Hitachi's advanced digital technologies—solutions, services, and technologies—designed to extract value from customer data and accelerate digital innovation

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

Actions in Fiscal 2025 and Aims

As the first year of the Hitachi Group Management Plan “Inspire 2027,” Hitachi undertook the following key initiatives, accelerating sustainable growth driven by a true One Hitachi and advancing our transformation into a digital centric company.

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

Amid rising geopolitical risks across the globe, Hitachi worked to establish and execute robust risk management processes in order to strike a balanced approach between mitigating threats and creating opportunities under any circumstances.

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 business impacts. In addition, through initiatives such as Hitachi Energy’s capital investment of over 1 billion dollars in the United States, it worked to increase local procurement ratios and diversify procurement routes. Through these efforts, Hitachi strengthened business resilience and reinforced supply chain robustness.

In addition, to swiftly respond to the rapid advancement of AI technologies—such as AI agents and Physical AI* —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 that is able to respond to swiftly to change even amid a rapidly evolving business environment.

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

– 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. By utilizing vast volumes of data derived from both physical and digital assets and reinforcing advanced AI with Hitachi’s distinctive deep domain knowledge, we address complex challenges facing social infrastructure.

As a core solution within the Lumada business, HMAX delivers value across 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 Adjusted EBITA Margin exceeding 20%.

**HMAX is a suite of next-generation solutions that combines AI, data, and expertise to solve complex social infrastructure challenges, maximizing outcomes and value for clients and society.

– 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 also acquired a minority stake in Shermco to strengthen service businesses supporting the reliability and safety of power infrastructure.

In addition, Hitachi implemented ongoing business portfolio reforms toward achieving “Inspire 2027,” including partial divestments of shares in Hitachi Construction Machinery and Astemo, as well as capital restructuring 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. We have steadily implemented reforms to our business portfolio to achieve the goals of Inspire 2027.

Consolidated Financial Results for Fiscal 2025 (Billions of yen)

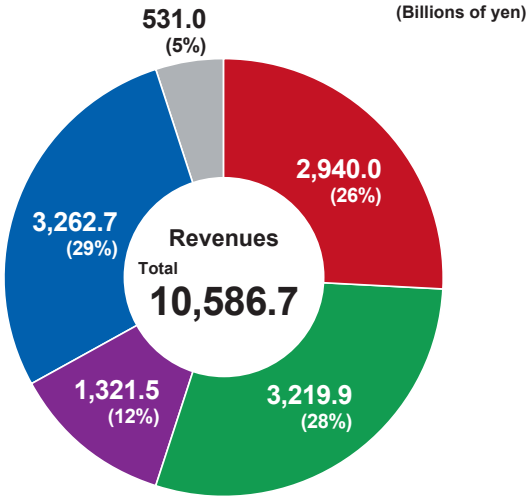
Revenues	Adjusted EBITA	Adjusted EBITA Margin	Net income attributable to Hitachi, Ltd. stockholders	ROIC
10,586.7	1,311.4	12.4%	802.3	12.4%
Year over year +8% ↗	Year over year +21% ↗	Year over year +1.3 ↗	Year over year +30% ↗	Year over year +1.5 ↗

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

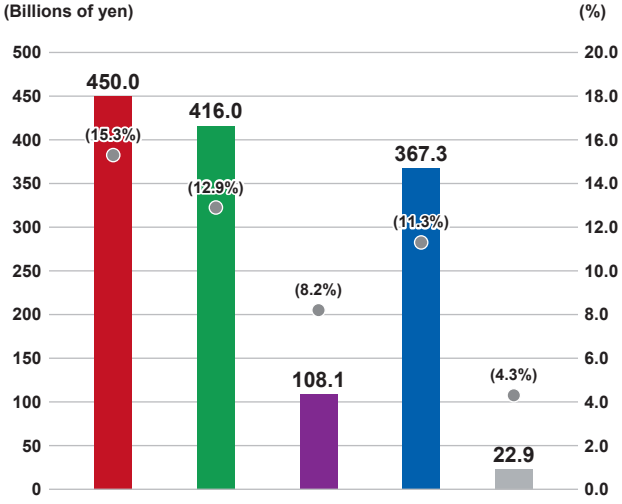
Financial Results by Segment

Digital Systems & Services Energy Mobility Connective Industries Others

Revenues



Adjusted EBITA (Adjusted EBITA Margin)



Notes: 1. Revenues by segment include intersegment transactions.
2. The number in parentheses in “Revenues” is the percentage of each segment’s revenues to total revenues.

Business Overview and Results of Hitachi Group - Results by Segment

The status of each business segment during the current fiscal year is as follows. In the current fiscal year, in connection with a review of the business structure, the Company revised its reportable segments to the following five categories: Digital Systems & Services, Energy, Mobility, Connective Industries, and Others*. Due to this change in segment classification, the operating results of each segment, including those for the previous fiscal year, are presented based on the revised segment classification.

* Management, sale, and rental of real estate and other businesses

Digital Systems & Services

With the aim of realizing a sustainable society, the Company, positioning the Lumada business at its core, provides advanced digital solutions that create value from data by combining advanced digital technologies such as AI, highly reliable system integration (SI) capabilities cultivated over many years, and domain knowledge derived from on site operational experience.

Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
2,940.0 billion yen	450.0 billion yen	15.3%	11.6%
Year over year +4% ↗	Year over year +14% ↗	Year over year +1.4 points ↗	Year over year +1.4 points ↗

Revenues and profits increased, reflecting continued growth in DX and modernization businesses, primarily in the domestic IT market, as well as the implementation of business structure reforms and cost-reduction initiatives.

Actions in Fiscal 2025

With AI positioned as a key growth driver, the Company promoted as priority strategies the strengthening of execution capabilities in its system integration (SI) business, the expansion of its services and recurring business, and the growth of the Lumada business under One Hitachi during the fiscal year.

In response to strong demand, primarily in Japan, for the digitalization of customers' operations, the Company made extensive use of AI across its SI business, which is characterized by highly reliable and high value-added system development and operational capabilities. It also worked to make significant improvements in productivity and the creation of new value. In its services and recurring business, the Company provided AI infrastructure and services enabling highly reliable and rapid use of data, such as Hitachi iQ* and Hitachi Application Reliability Centers (HARC)**, while strengthening high value-added solutions including AI agents. In addition, the Company conducted early-stage implementation and verification by positioning its own operational sites as the first customer ("customer zero"), and is leveraging the insights obtained to further enhance its services.

In the Lumada business under One Hitachi, the Company expanded the deployment of HMAX, which integrates advanced digital technologies such as AI with Hitachi's global installed base of equipment, machinery, and core systems, across a wide range of industries and sectors. At the same time, collaborative creation with global partners was accelerated, contributing to the growth of the Lumada business.

*A portfolio of AI infrastructure solutions that comprehensively support enterprises from AI adoption to operation.
**Managed services that provide continuous support, including proposing improvements, while accompanying customers in their cloud operations.

Creating innovation by leveraging advanced digital technologies such as rapidly evolving AI

Energy

In the power grid business, through the provision of advanced power grid infrastructure and digital solutions, the Company supports the delivery of a secure, resilient, and stable power supply in regions around the world. Solutions including high-voltage direct current (HVDC) transmission, environmentally efficient products, and digital systems for asset management and monitoring are deployed to address steadily expanding electricity demand. In the nuclear energy business, the Company is steadily advancing its operations in Japan and overseas with the aim of contributing to the reduction of CO_2 emissions.

Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,219.9 billion yen	416.0 billion yen	12.9%	15.4%
Year over year +23% ↗	Year over year +65% ↗	Year over year +3.3 points ↗	Year over year +6.9 points ↗

Revenues and profits increased due to sustained robust demand for power grid equipment in the Power Grid business, steady conversion of order backlog into revenues, and favorable foreign exchange effects.

Actions in Fiscal 2025

Within the power grid business, in order to reliably respond to increasing order backlogs and market demand, Hitachi Energy continued to invest in capacity expansion and operational excellence, thereby strengthening execution capabilities. Hitachi Energy is also engaged in highly critical infrastructure projects, including HVDC interconnections, and has expanded its business by, for example, entering into a framework agreement with the German energy company E.ON in July 2025 for the supply of transformers with a total value of up to 700 million U.S. dollars.

In the nuclear energy business, Hitachi contributed to the restart of boiling water reactors* in Japan. In addition, in the small modular reactor (SMR) business, a joint venture with GE Vernova received an order for Canada's first commercial SMR unit.

Furthermore, Hitachi commenced the provision of HMAX Energy, a next-generation AI-powered service and solution suite for energy infrastructure. HMAX Energy supports the entire energy value chain by enabling long-term utilization of assets, improving operational efficiency, and enhancing grid reliability.

*Nuclear reactor that generates electricity by producing steam in the reactor and sending it directly to a turbine.

HMAX Energy, a pioneering AI-powered service and solution suite for critical energy infrastructure

Mobility

In the Mobility Sector, with a focus on railways, we have continuously advanced integrated solutions that combine rolling stock, signalling, and digital technologies both in Japan and overseas. In addition to further enhancing reliability, we are strengthening operational efficiency and maintainability, thereby contributing to the realization of sustainable transport infrastructure and the creation of new social value.

Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
1,321.5 billion yen	108.1 billion yen	8.2%	8.3%
Year over year +13% ↗	Year over year +14% ↗	Year over year +0.1 points ↗	Year over year -0.7 points ↘

Revenues and profits increased, driven by strong performance in the railway signaling and control business, mainly in the European and North American markets, as well as favorable foreign exchange effects.

Actions in Fiscal 2025

Initiatives centered on digital technologies and AI made significant progress. In August 2025, the Company completed the acquisition of Omnicom, a UK-based company engaged in digital railway monitoring services. Through the integration of Omnicom's infrastructure monitoring technologies—covering assets such as tracks and overhead lines—into HMAX for Rail, the Company strengthened its digital asset management business supporting railway operations and maintenance.

In Japan as well, the Company commenced collaborative creation initiatives aimed at DX in the rolling stock maintenance field utilizing HMAX for Rail, promoting efforts such as the automation of inspections and addressing workforce shortages.

Furthermore, the Company opened a new manufacturing facility in Maryland, the United States, to strengthen local production capabilities and to showcase digital solutions at manufacturing sites. In Germany, the Company entered into a large-scale contract with Deutsche Bahn related to train control systems, thereby enhancing its global presence as a digitally driven railway solutions provider. At the same time, the integration with the railway signaling business acquired from Thales in 2024 has been accelerated.

Through these initiatives, the Company has demonstrated its capabilities across three dimensions—physical assets, digital technologies, and AI—both domestically and internationally.

HMAX for Rail grew, supported by increased orders for railway rolling stock and maintenance services.

Connective Industries

In the Industry fields—such as measurement and analytical instruments, healthcare equipment, industrial equipment, as well as industrial, distribution, water and environmental solutions—and the Urban fields, including building systems and home appliances and air-conditioning equipment. Through the provision of HMAX Industry, a portfolio of next-generation solutions that combines highly competitive products, domain knowledge accumulated over many years, and AI, the Company aims to contribute to the transformation of global industries and the realization of a prosperous society.

Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,262.7 billion yen	367.3 billion yen	11.3%	11.9%
Year over year -1% ↘	Year over year +6% ↗	Year over year +0.8 points ↗	Year over year +0.4 points ↗

Revenues decreased as a result of reduced demand for newly installed elevators in China in the Building Systems business. However, profitability improved, supported by increased sales of semiconductor manufacturing equipment and the expansion of the Building Services business.

Actions in Fiscal 2025

By focusing on HMAX Industry, a portfolio of next-generation solutions that combines highly competitive products, extensive domain knowledge, and AI, the Company worked to expand the Lumada business and its recurring business*.

Against the backdrop of a declining workforce and technological innovation driven by AI, high growth is expected particularly in the semiconductor, biopharmaceutical, advanced materials, and building domains. To capture new growth opportunities in these areas, in addition to further strengthening products, the Company accelerated the deployment of digital services centered on HMAX. Specifically, the Company commenced the provision of “BuilMirai” as a service, which leverages data from building facilities to enable efficient and comfortable building operations. Furthermore, the Company has also engaged in collaborative creation with customers regarding AI agents that support diagnostics of factory equipment failures.

In addition, at Hitachi Global Life Solutions, Ltd., all shares of an air-conditioning joint venture company with another partner were transferred to Robert Bosch GmbH, while the Shimizu Works, a development and manufacturing base for commercial air-conditioning equipment, was acquired. Through these transactions, the Company is advancing initiatives to accelerate the deployment of green cooling solutions in growth markets such as green buildings and data centers.

*Recurring services include continuous and cyclical services such as after-sales services.

Business operations in the industry and urban fields

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

Consolidated Basis

(Billions of yen)

Fiscal Year	2021	2022	2023	2024	2025
Revenues	10,264.6	10,881.1	9,728.7	9,783.3	10,586.7
Adjusted Operating Income	738.2	748.1	755.8	971.6	1,199.2
Adjusted EBITA	814.8	831.7	842.9	1,083.5	1,311.4
Income Before Income Taxes	839.3	819.9	825.8	962.7	1,273.1
Net Income Attributable to Hitachi, Ltd. Stockholders	583.4	649.1	589.8	615.7	802.3
Total Assets	13,887.5	12,501.4	12,221.2	13,284.8	15,041.2

Notes: Beginning with the current consolidated fiscal year, the Company revised the calculation method of Adjusted EBITA. Figures for prior years have been restated using the revised calculation method.

Unconsolidated Basis

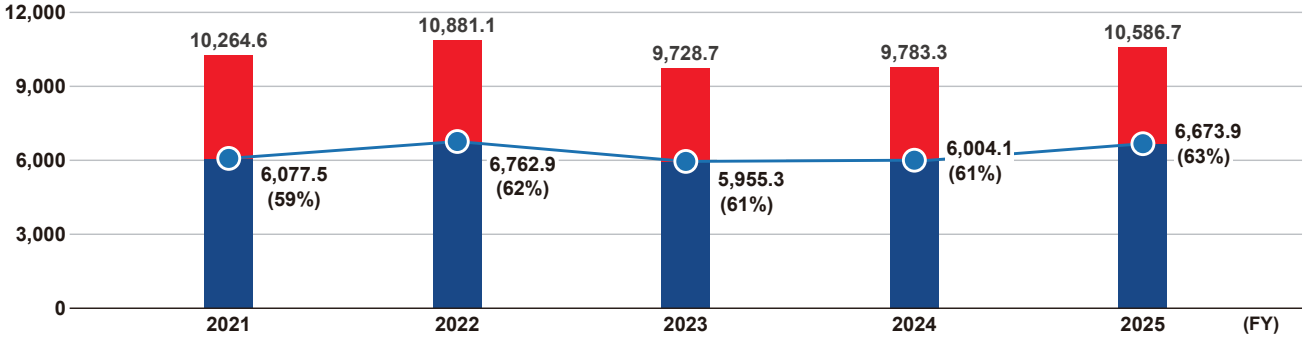
(Billions of yen)

Fiscal Year	2021	2022	2023	2024	2025
Revenues	1,623.4	1,631.3	1,756.9	1,774.2	1,843.1
Operating Income	113.9	88.0	147.7	212.0	212.0
Ordinary Income	365.0	354.7	401.0	428.6	799.9
Net Income	516.1	987.9	581.5	390.1	784.0
Total Assets	5,815.6	5,940.4	6,095.4	6,515.4	6,932.6

Notes: In Fiscal 2025, revenues increased from the previous fiscal year, mainly due to the solid performance in the Digital Systems & Services business, while operating income remained at the same level due to increased strategic investments and other factors. Ordinary income and net income increased from the previous fiscal year, mainly due to higher dividend income, and ordinary income reached a new record high.

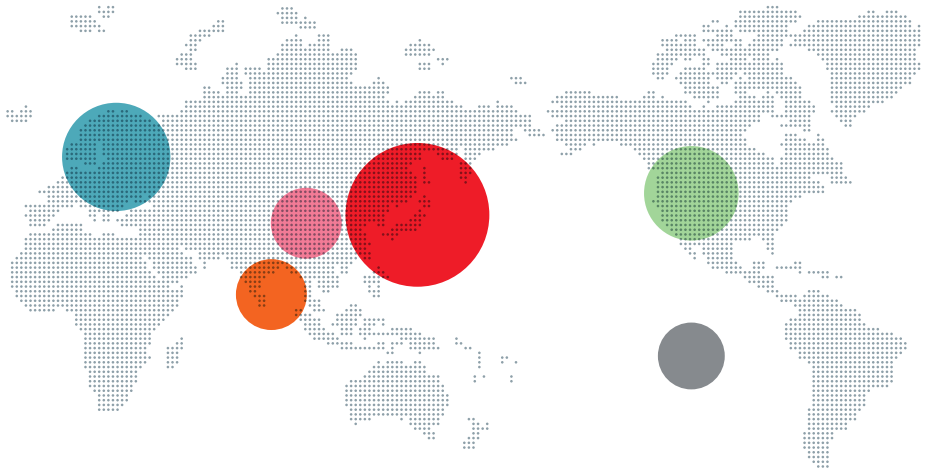
Overseas Revenues Trends

(Billions of yen)



Notes: 1. The blue parts show overseas revenues and the red parts show domestic revenues.
2. The number in parenthesis is the percentage of overseas revenues to total revenues.

Revenues by Market



Overseas Revenues

6,673.9 Billion yen (63%)

North America	Europe	China	Asia (excl. Japan, China, and the Middle East)	Other Areas
16%	21%	9%	9%	8%
1,653.8 Billion yen	2,274.9 Billion yen	951.7 Billion yen	964.2 Billion yen	829.2 Billion yen

Japan Revenues

3,912.8 Billion yen

37%

Notes: 1. The number in parenthesis is the percentage of overseas revenues to total revenues.
2. Other Areas include the Middle East, Latin America, Africa, and Oceania.

Course of Actions for Hitachi Group

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 across 190 countries, and high quality products refined over 116 years of history. Leveraging insights gained from on site operations across a wide range of industries, Hitachi is committed to solving challenges faced by social infrastructure worldwide, aiming to become a global leader that brings continuous innovation to social infrastructure through digital technology.

Under its management plan "Inspire 2027," the Group 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.

–Accelerating Growth by Capturing the Expanding AI Market

In recent years, manufacturing and infrastructure sites have faced growing demands to address labor shortages and improve safety and productivity. As a result, increasing attention is being given to the field of Physical AI, which drives innovation in on-site operations within the physical world, and the market is expected to expand further going forward.

Against this backdrop, the Hitachi Group leverages its extensive know how and deployment track record in social infrastructure operations—its "digitalized assets"—to create digital services. By running a cycle that links the creation of such services to further asset expansion and service enhancement, Hitachi will roll out "Lumada 3.0" .

A representative example of these digital services is "HMAX" a next generation solution portfolio that leverages AI to transform social infrastructure. Launched in 2024 for railway operators, HMAX has since expanded its application to a wide range of industries, including energy, manufacturing, and building maintenance.

Looking ahead, we will capitalize on the rapid expansion of the AI market—driven by developments such as Physical AI and agentic AI capable of autonomous decision making and execution—and further scale the HMAX business, the growth engine of Lumada. Through this expansion, we aim to accelerate overall Group growth and enhance profitability.

–Turning Business Opportunities into Growth through Globally Autonomous and Decentralized Management

Even amid an increasingly uncertain business environment, the Group aims to achieve company wide growth by practicing globally autonomous and decentralized management, which enables each region to independently identify and pursue business opportunities.

Specifically, across the world's six regions—Americas, EMEA, APAC, India, Japan, and China—we identify growth areas unique to each region and promote business expansion tailored to regional characteristics.

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.

Eastern Green Link3 project

–Deepening Sustainable Management

– Responding to a Rapidly Changing Business Environment

Globally autonomous and decentralized management is also effective at mitigating risks, and through the enhancement of enterprise risk management (ERM)*, Hitachi is promoting agile management.

Hitachi is strengthening business resilience and continuously reinforcing the robustness of its supply chain by increasing local procurement ratios through the establishment and expansion of manufacturing facilities, as well as by diversifying procurement routes. At the same time, Hitachi has already been promoting appropriate price pass through measures to mitigate the impact of U.S.A. reciprocal tariffs.

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

* Enterprise Risk Management: A framework to comprehensively identify risks and opportunities arising from changes in the business environment and reflect them in management strategy and decision-making.

–Strengthening Human Capital to Support Long Term Corporate Value Enhancement

To the realization of Inspire 2027, Hitachi is focusing on developing next generation leaders and expanding our pool of generative AI professionals, which serve as key drivers of sustainable growth. In addition, to enhance To encourage employees to enhance their awareness of increasing corporate value, Hitachi has decided to introduce share based compensation 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 across the entire Group.

–Initiatives for Future Growth

–AI-driven internal transformation and leveraging the Company through the use of AI as "Customer Zero"**

Hitachi is promoting the development of an environment in which employees can effectively utilize AI, and 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 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 AI driven internal operational transformation represents a significant strength as "Customer Zero." Hitachi will leverage these internal achievements to expand externally as services, including offerings that maximize the effectiveness of customers' AI agent implementations and solutions that support frontline workers

** "Customer Zero" refers to the approach of treating the company itself as the first customer and proactively implementing transformation initiatives using digital technologies and AI ahead of 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 has accelerate business creation through co-creation with partners and capital alliances. Hitachi also continues to invest in research and development of innovative new technologies that contribute to solving societal challenges. For details on our research and development activities, please also refer to R&D of Hitachi Group below.

New business development

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.

New technology development

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.

New technology development

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.

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.

Please check the website for more information about Inspire 2027 and the presentation by President & CEO Tokunaga. https://www.hitachi.com/en/ir/corporate/strategy/

Borrowings and Financing Activities of Hitachi Group

Major Borrowings (As of March 31, 2026)

Name of Company	Creditor	Balance of Borrowings
The Company	Mizuho Bank, Ltd.	30.0 billion yen
	MUFG Bank, Ltd.	20.0 billion yen

Note: In addition to the figures shown above, the Company owes long-term borrowings by means of syndicated loan agreements of 311.8 billion yen.

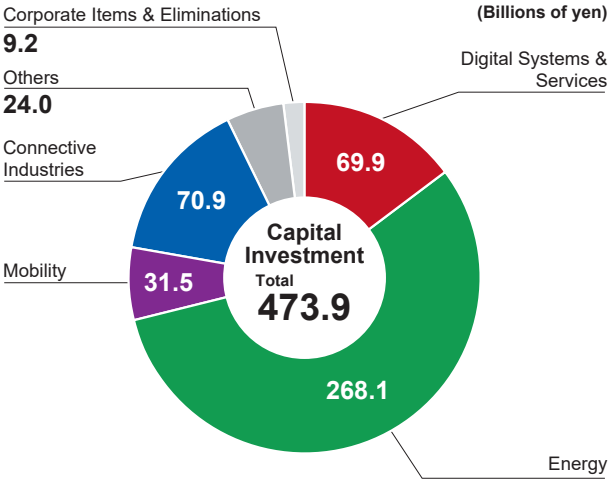
Major Financing Activities

There is no material financing by issuance of stock and corporate bonds, etc. in Fiscal 2025.

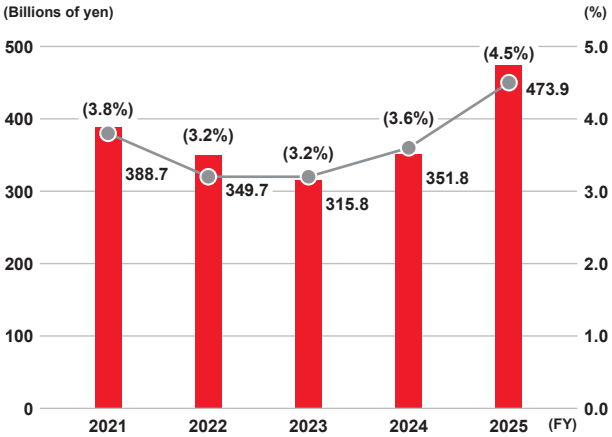
Capital Investment of Hitachi Group

During Fiscal 2025, the Hitachi Group carried out capital investment of 473.9 billion yen. It increased 122.0 billion yen from the previous fiscal year. This increase was mainly attributable to proactive investments aimed at business expansion, particularly in the power grids and the railway businesses.

Capital Investment by Segment



Capital Investment Trend



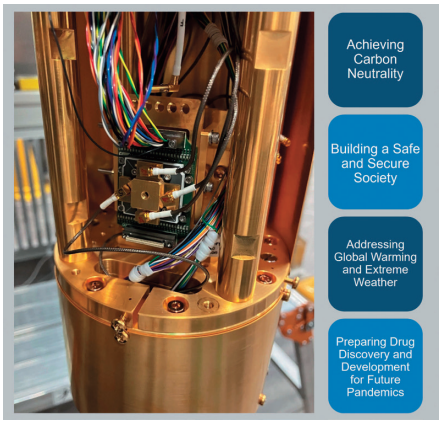
Note: The number in parentheses is the percentage of capital investment to total revenues.

Research and Development (R&D) of Hitachi Group

To realize a Harmonized Society in which environmental sustainability, well-being, and economic growth are in balance, Hitachi is creating technologies that drive innovation across society and industry. In recent years in particular, Hitachi has been promoting innovation through advanced AI technologies in the physical domain*, one example of which is the Integrated World Infrastructure Model (IWIM). IWIM is Hitachi's integrated Physical AI model, which accurately understands and reasons about phenomena in the physical world and responds appropriately by integrating AI technologies with the knowledge and methodologies that Hitachi has accumulated in the field of social infrastructure. By leveraging IWIM, Hitachi has developed technologies that autonomously learn on site and optimize operations to automate complex tasks, as well as next-generation AI agents that support skills transfer to less-experienced personnel while improving operational efficiency.

Furthermore, as part of the Next domain, which aims to address increasingly complex societal challenges and create new value through disruptive innovation, Hitachi is pursuing the development of world-first and world-leading technologies, such as large-scale silicon-based quantum computers and infrastructure monitoring technologies that leverage space big data

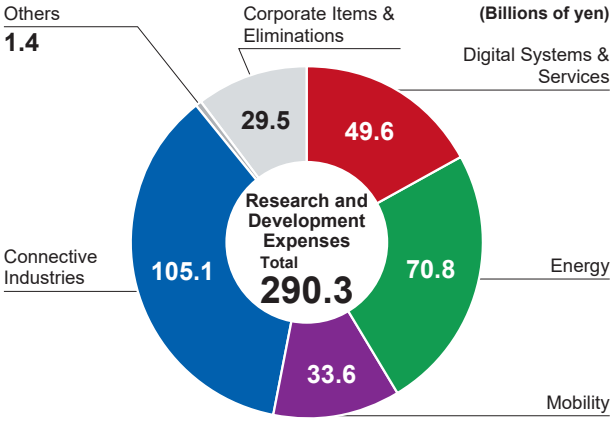
* The domain of the real world that humans can physically interact with, as opposed to the digital domain



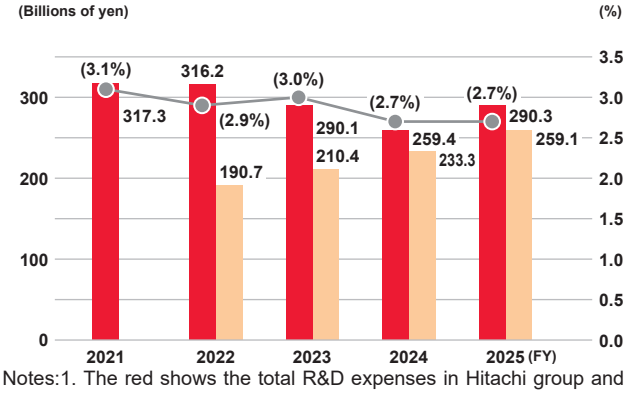
Silicon-based quantum computer and application image
(Note) Part of this research was conducted with support from the Japan Science and Technology Agency (JST), Moonshot Research and Development Program (Grant Numbers: JPMJMS2065 and JPMJMS256H).

R&D expenses during Fiscal 2025 amounted to 290.3 billion yen, an increase of 30.9 billion yen from the previous fiscal year. This increase was mainly attributable to proactive investments aimed at business expansion, particularly in the power grid and the railway businesses. In addition to the development of advanced technologies through its own R&D activities, Hitachi is also promoting strategic investments in startups with cutting-edge digital technologies and those operating in new frontiers, including through the management of corporate venture capital funds.

R&D Expenses by Segment



R&D Expenses Trends



Notes:1. The red shows the total R&D expenses in 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.

Employees of Hitachi Group

As Hitachi develops its social innovation business globally, Hitachi believes that employees are the source of our value. Therefore, Hitachi leverages the combined power of its global network of employees to provide value to its customers and society, contributing to the creation of a sustainable society.

Under Inspire 2027, the Company is promoting initiatives to strengthen its human capital, including the acquisition of highly talented individuals through competitive compensation and the development of talent with expertise in fields essential for business growth, such as generative AI, as well as future management leaders.

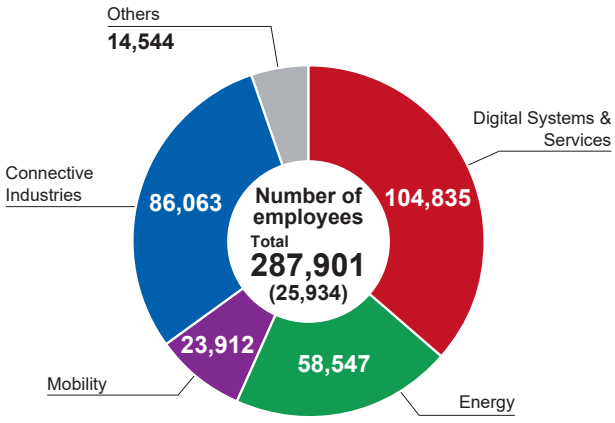
As part of these initiatives, the Company has decided to introduce a share-based compensation plan for employees (RSU* plan) and to roll out an ESPP** on a global basis. Through these measures, the Company seeks to enhance employees' sense of ownership and commitment, while more closely aligning management and employees with the Company's sustainable growth objectives, thereby aiming to enhance long-term corporate value.

* Restricted Stock Unit ** Employee Stock Purchase Plan

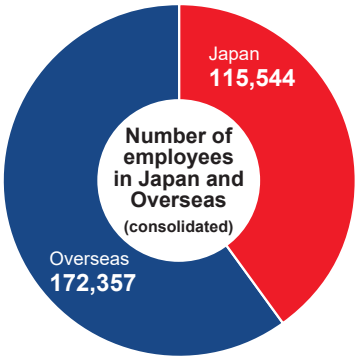
Number of Employees in the Hitachi Group

287,901 (including 25,934 employees on unconsolidated basis)

Number of Employees by Segments



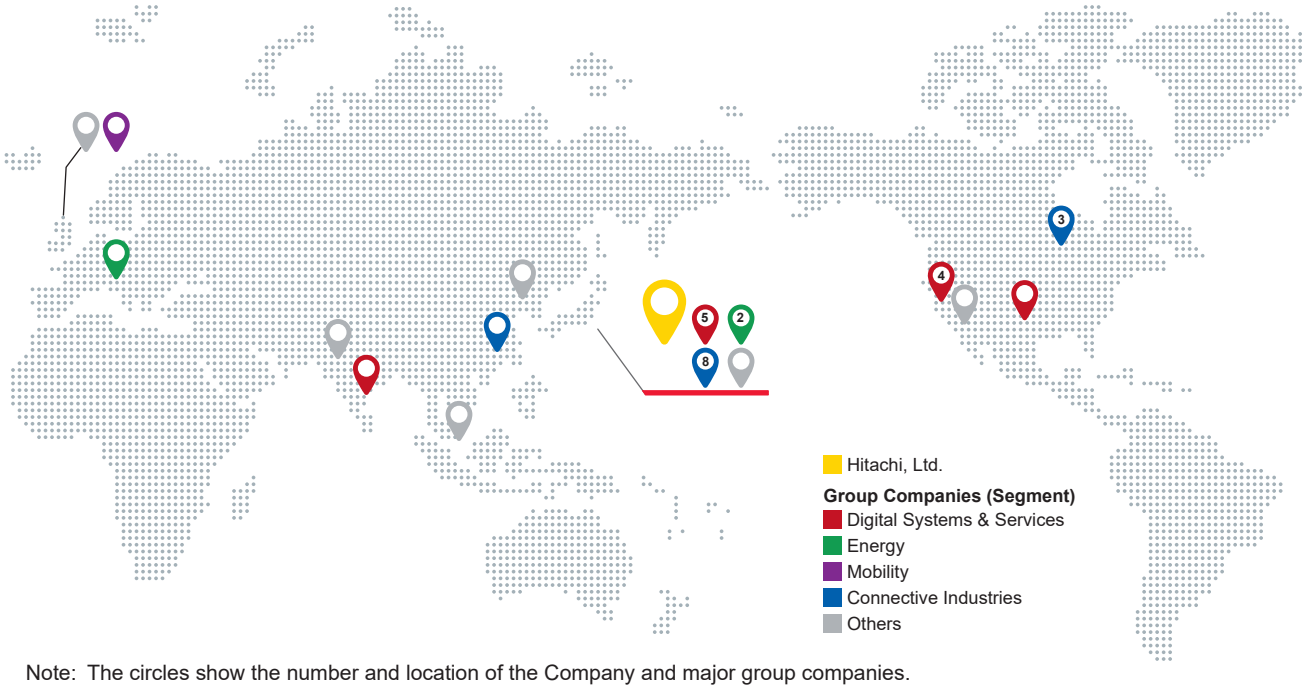
Number of Employees in Japan and Overseas



Notes: 1. The number of employees is as of March 31, 2026.
2. The figure in parentheses is the number of employees on unconsolidated basis.

Major Facilities and Major Group Companies of Hitachi Group (As of March 31, 2026)

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



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

The Company

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

Group Companies

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

Segment	Name of Company	Location	Ratio of Voting Rights (%)
■ Others	Hitachi Real Estate Partners, Ltd.	Chiyoda-ku, Tokyo	100.0
	Hitachi America, Ltd.	U.S.A.	100.0
	Hitachi Asia Ltd.	Singapore	100.0
	Hitachi (China), Ltd.	China	100.0
	Hitachi Europe Ltd.	U.K.	100.0
	Hitachi India Pvt. Ltd.	India	100.0

Notes: 1. The total number of consolidated subsidiaries is 606.
2. The number of equity-method affiliates is 217. The major equity-method affiliates are Kokusai Electric Inc., Arcerik Hitachi Home Appliances B.V. and Astemo, Ltd.
3. Hitachi Computer Products (America), Inc. changed its name to Hitachi Vantara Manufacturing, Inc. on April 1, 2025.
4. Hitachi-GE Nuclear Energy, Ltd. changed its name to Hitachi GE Vernova Nuclear Energy, Ltd. on June 1, 2025.
5. Hitachi Astemo, Ltd. changed its name to Astemo, Ltd. on April 1, 2025.
6. Ratio of voting rights includes indirect ownership.

Directors and Executive Officers

Directors

Name, Position and Responsibilities, etc. (As of March 31, 2026)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Chair of the Board of Directors Nominating Committee (chair) Audit Committee Compensation Committee	-
Eriko Sakurai	Independent Director	Nominating Committee	Outside Director, Astellas Pharma Inc. Outside Director, Kao Corporation
Ikuro Sugawara	Independent Director	Nominating Committee Audit Committee	Outside Director, FUJIFILM Holdings Corporation
Takashi Nishijima	Independent Director	Audit Committee Compensation Committee	Outside Director, Murata Manufacturing Co., Ltd.
Helmuth Ludwig	Independent Director	Audit Committee	Senior Advisor, Bridgepoint, LLC (USA) Member Board of Directors, Myers Industries Inc. (USA)* Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA)
Takatoshi Yamamoto	Independent Director	Compensation Committee (chair)	Outside Director, Murata Manufacturing Co., Ltd.
Joe Harlan	Independent Director	Compensation Committee	-
Ravi Venkatesan	Independent Director	-	Venture Partner, Capria Ventures Advisors LLP. (India) Board Chair, Global Energy Alliance for People and Planet, LLC (USA)
Isabelle Deschamps	Independent Director	-	Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (UK)
Toshiaki Higashihara	Executive Chairman	Nominating Committee	-
Mitsuaki Nishiyama	Director	Audit Committee (chair)	-
Toshiaki Tokunaga	Director	Compensation Committee	-

Notes:
1. Mr. Mitsuaki Nishiyama, Director (Audit Committee (chair)), has considerable knowledge of finance and accounting based on his long experience as a chief of accounting and finance department of the Company as well as an Executive Officer in charge of accounting and finance department.
2. The Company has appointed Director Mitsuaki Nishiyama as a standing committee member of the Audit Committee. The Company strives to improve the audit and supervisory functions of the Audit Committee by appointing a standing committee member and creating a system where the Audit Committee can discuss and make its decisions based on its coordination with the internal auditing division and others, along with its timely understanding of accurate information through attendance of important internal meetings, etc. and information-sharing with other committee members.
3. All of the Independent Directors of the Company have been reported as independent directors to the Japanese stock exchanges where the Company is listed.
4. The position with * in “Other Principal Positions Held” is a position in the foreign corporation that is similar to outside director under the Companies Act.
5. The Company engages in transactions, including the sale and purchase of products and services, with Astellas Pharma Inc., Kao Corporation, FUJIFILM Holdings Corporation and Murata Manufacturing Co., Ltd. The volume of transactions with each of the companies and corporations is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding entity (less than 1% of either party's consolidated revenues).

Resigned Directors

Name	Position	Committee Membership	Other Principal Positions Held	Resignation date
Joe Harlan	Independent Director	Compensation Committee	-	April 21, 2026

General Intent of Limited Liability Agreement with Directors

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

Major Activities of Independent Directors

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

Name	Attendance	Activities and duties of the Independent Directors related to their expected role
Katsumi Ihara	Board of Directors meetings: 10 out of 10 days Nominating Committee: 10 out of 10 days Audit Committee: 12 out of 12 days Compensation Committee: 7 out of 7 days	Mr. Ihara stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a business management viewpoint based on his rich corporate management experience and insight gained through his involvement in the management of major companies conducting diverse businesses globally. He also led discussions at meetings of the Board of Directors and the Nominating Committee as the chairperson of both bodies.
Eriko Sakurai	Board of Directors meetings: 8 out of 8 days Nominating Committee: 7 out of 7 days	Ms. Sakurai stated her opinions and made proposals regarding the general management of the Company such as management policies and business strategies from a global business management viewpoint based on her rich experience and insight in corporate management and sustainability cultivated through her work at large-scale enterprises that develop diversified businesses on a global basis.
Ikuro Sugawara	Board of Directors meetings: 10 out of 10 days Nominating Committee: 7 out of 7 days Audit Committee: 12 out of 12 days	Mr. Sugawara stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a corporate growth and governance viewpoint based on his rich experience and insight in such areas as public administration.
Takashi Nishijima	Board of Directors meetings: 8 out of 8 days Audit Committee: 8 out of 8 days Compensation Committee: 5 out of 5 days	Mr. Nishijima stated his opinions and made proposals regarding the general management of the Company such as management policies and business strategies from a global business management viewpoint based on his rich experience and insight in corporate management cultivated through his work at international large-scale enterprises.
Helmuth Ludwig	Board of Directors meetings: 10 out of 10 days Audit Committee: 12 out of 12 days	Mr. Ludwig stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint based on his rich experience and insight in the area of global corporate management and digital business.
Takatoshi Yamamoto	Board of Directors meetings: 10 out of 10 days Compensation Committee: 7 out of 7 days	Mr. Yamamoto stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from investors' viewpoints focusing on issues related to IR, information disclosure and corporate value based on his rich experience and insight in the area of corporate analysis and global corporate management. He also led discussions as the chairperson of the Compensation Committee.
Joe Harlan	Board of Directors meetings: 9 out of 10 days Compensation Committee: 6 out of 7 days	Mr. Harlan stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global business management viewpoint based on his rich corporate management experience and insight gained through his involvement in the management of major companies conducting diverse businesses globally.
Ravi Venkatesan	Board of Directors meetings: 10 out of 10 days	Mr. Venkatesan stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint based on his rich experience and insight in the area of digital business and emerging markets.
Isabelle Deschamps	Board of Directors meetings: 10 out of 10 days	Ms. Deschamps stated her opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint as well as a legal, governance, compliance and risk management perspective based on her rich experience and insight as a chief legal officer at major global companies, etc.

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

Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2026)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	Executive Officer	General	-
*Toshiaki Tokunaga	President	Overall management	-
*Jun Abe	Executive Vice President and Executive Officer	Assistant to the President (digital systems & services business and digital strategies) Digital systems & services business	-
*Brice Koch	Executive Vice President and Executive Officer	Assistant to the President (connective industries business) Connective industries business	-
Noriharu Amiya	Senior Vice President and Executive Officer	Urban systems business, industrial products & services business and industrial AI business	Chairman and Director, Hitachi Building Systems Co., Ltd.
*Tomomi Kato	Senior Vice President and Executive Officer	Finance strategies, corporate pension system, investment strategies, investor relations strategies and risk management	-
Shashank Samant	Senior Vice President and Executive Officer	Regional strategies (Americas/EMEA)	Chairman, Hitachi America, Ltd. Chairman, Hitachi Europe Ltd.
Andreas Schierenbeck	Senior Vice President and Executive Officer	Energy business	-
Jun Taniguchi	Senior Vice President and Executive Officer	Strategic social innovation business	-
Lorena Dellagiovanna	Senior Vice President and Executive Officer	Sustainability strategies, environmental strategies, human capital strategies, safety and health management, diversity, equity & inclusion strategies and crisis management strategies	-
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems, and defense systems business; Assistant to the Executive Vice President (Digital Systems & Services (Japan))	-
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales strategies, regional strategies (Japan/China), government & external relations and corporate communications strategies	-
Giuseppe Marino	Senior Vice President and Executive Officer	Mobility business	CEO, Hitachi Rail Ltd.

Name	Position	Responsibilities	Other Principal Positions Held
Atsuhiro Aketa	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.
Hidenori Azushima	Vice President and Executive Officer	Management strategies	-
Yasunori Inada	Vice President and Executive Officer	Nuclear energy business	-
Yasuki Imai	Vice President and Executive Officer	Business for financial institutions	-
Michael Goodman	Vice President and Executive Officer	Information security management and information technology strategies	-
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance) and safety and health management	-
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)	-
Shigetoshi Sameshima	Vice President and Executive Officer	Research & development	-
Susumu Takimoto	Vice President and Executive Officer	Human capital strategies, safety and health management and crisis management strategies	-
Yasuhiro Takeuchi	Vice President and Executive Officer	Business synergy promotion in Americas	CEO, Hitachi America, Ltd.
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC/India)	Chairman, Hitachi Asia Ltd. Director, Hitachi India Pvt. Ltd.
Hideshi Nakatsu	Vice President and Executive Officer	Industrial products & services business	-
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies	-
Hirohide Hirai	Vice President and Executive Officer	Government & external relations	-
Michele Fracchiolla	Vice President and Executive Officer	Strategic social innovation business	-
Yoshinori Hosoya	Vice President and Executive Officer	AI & software services business	-
Chie Mashima	Vice President and Executive Officer	Marketing & sales strategies	-
*Yuto Matsumura	Vice President and Executive Officer	Legal matters, corporate export regulation, compliance strategies, corporate auditing and intellectual property strategies	-
Takashi Yoda	Vice President and Executive Officer	Marketing & sales strategies (business for energy) and energy business	-

Notes: 1. Executive Officers marked with * are Representative Executive Officers.
2. Executive Officer Toshiaki Higashihara and President Toshiaki Tokunaga concurrently hold Director positions.

Executive Officers who resigned in Fiscal 2025

Name	Position	Responsibilities	Other Principal Positions Held	Date of resignation
Andrew Barr	Vice President and Executive Officer	Regional strategies (EMEA)	-	February 20,2026

New Executive Officers

The Company changed its Executive Officers as of April 1, 2026 as follows.

Name	Position	Responsibilities
*Toshiaki Higashihara	Executive Officer	General
*Toshiaki Tokunaga	President	Overall management
*Jun Abe	Executive Vice President and Executive Officer	Assistant to the President (digital systems & services business; digital strategies) Digital systems & services business
Noriharu Amiya	Senior Vice President and Executive Officer	Connective industries business
*Tomomi Kato	Senior Vice President and Executive Officer	Finance strategies, corporate pension system, risk management, investment strategies, investor relations strategies
Andreas Schierenbeck	Senior Vice President and Executive Officer	Energy business
Jun Taniguchi	Senior Vice President and Executive Officer	Strategic social innovation business
Lorena Dellagiovanna	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
Katsuya Nagano	Senior Vice President and Executive Officer	Assistant to the Executive Vice President (Digital Systems & Services (Japan)) Digital services business
*Masahiko Hasegawa	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
Giuseppe Marino	Senior Vice President and Executive Officer	Mobility business
Atsuhiro Aketa	Vice President and Executive Officer	Marketing & sales strategies (business for energy)
Hidenori Azushima	Vice President and Executive Officer	Digital Systems & Services business (corporate strategies)
Yasunori Inada	Vice President and Executive Officer	Nuclear energy business
Yasuki Imai	Vice President and Executive Officer	Digital services business
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance) and safety and health management
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)
Shigetoshi Sameshima	Vice President and Executive Officer	Research & development
**Yoshimitsu Takagi	Vice President and Executive Officer	Industrial solutions business
Susumu Takimoto	Vice President and Executive Officer	Human capital strategies, crisis management strategies, safety and health management
Yasuhiro Takeuchi	Vice President and Executive Officer	Regional strategies (Americas)
**Takahiro Tsukishima	Vice President and Executive Officer	Corporate strategies
**Megumu Tsuda	Vice President and Executive Officer	Environmental strategies, sustainability strategies

Name	Position	Responsibilities
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)
Hideshi Nakatsu	Vice President and Executive Officer	Industrial products business
**Masashi Hatakeyama	Vice President and Executive Officer	Finance strategies, corporate pension system
Hirohide Hirai	Vice President and Executive Officer	Government & external relations
**Satoko Fujimori	Vice President and Executive Officer	Information security management and information technology strategies
Michele Fracchiolla	Vice President and Executive Officer	Regional strategies (EMEA)
**Alice Po	Vice President and Executive Officer	Value integration
Yoshinori Hosoya	Vice President and Executive Officer	AI & software services business
**Kosuke Horiuchi	Vice President and Executive Officer	Regional strategies (India)
Chie Mashima	Vice President and Executive Officer	Marketing & sales strategies; Regional strategies (Japan)
*Yuto Matsumura	Vice President and Executive Officer	Legal matters, corporate export regulation, compliance strategies, intellectual property strategies and corporate auditing
**Yoshimaro Yusuki	Vice President and Executive Officer	Regional strategies (China)
Takashi Yoda	Vice President and Executive Officer	Business Management Promotion

Notes: 1. Executive Officers marked with * are Representative Executive Officers.
2. Executive Officers marked with** are newly appointed.
3. Alice Po's registered legal name is Po Woei Chiann.

Content of Directors' and Officers' Liability Insurance Agreement

(i) Insured People Covered

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

(ii) Outline of the Insurance Agreement

The agreement compensates insured people for damages and litigation costs, etc. incurred as a result of any damage claims due to an act or omission carried out by the insured person as an executive of a company. However, the Company has taken measures to ensure that the appropriateness of the officers' execution of their duties is not impaired by excluding compensation for intentional negligence in the fulfillment of their duties, the illegal acquisition of private benefits or other benefits and damages resulting from criminal acts. The entire cost of the insurance agreement is borne by the Company or its subsidiaries that hold the insurance agreement.

Compensation for Directors and Executive Officers

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

Compensation Policy
[Method of Determination of Policy]

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

[Basic Policy]

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

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

(Alignment with the Management Plan)

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

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

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

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

(Setting indicators to promote sustainable management)

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

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

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

The Company will 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 US and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives.

- Transparency and objectivity through enhanced compensation disclosure and shareholder engagement

Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement.

[Compensation Structure]

(i) Matters relating to Directors

Compensation for Directors consists of basic remuneration 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

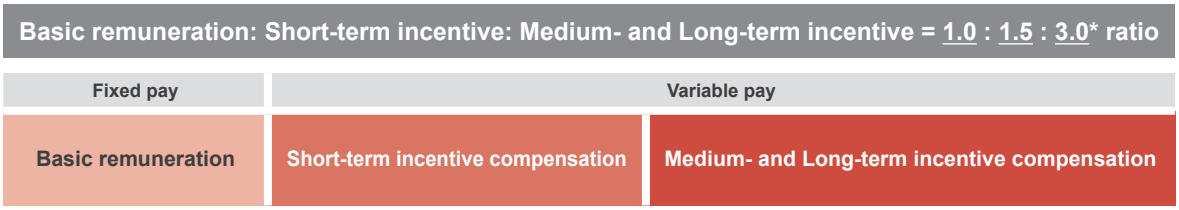
- The amount of basic remuneration is decided by adjusting a basic amount to reflect full-time or part-time status, committee membership and position, and attendance of meetings, etc.

Stock compensation

- A restricted stock compensation unit is granted as an incentive to offer management supervision and advice with an awareness of medium- and long-term improvements in corporate value. The units becomes vested at the end of three fiscal years after granting, common stocks or cash for the vested units are delivered.

If it is found that a director has engaged in misconduct during his/her term of office, compensation for Directors that has already been paid shall be returned to the Company. A Director concurrently serving as an Executive Officer is not paid compensation as a Director.

(ii) Matters relating to Executive Officers



* 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. In the case of 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 both the improvement of corporate value through the growth of global businesses and emphasize alignment with shareholder value. The compensation mix for the other Executive Officers is determined based on the level established for the President and CEO, such that the more higher the position an Executive Officer holds, the greater the proportion of variable pay is set to total annual compensation.

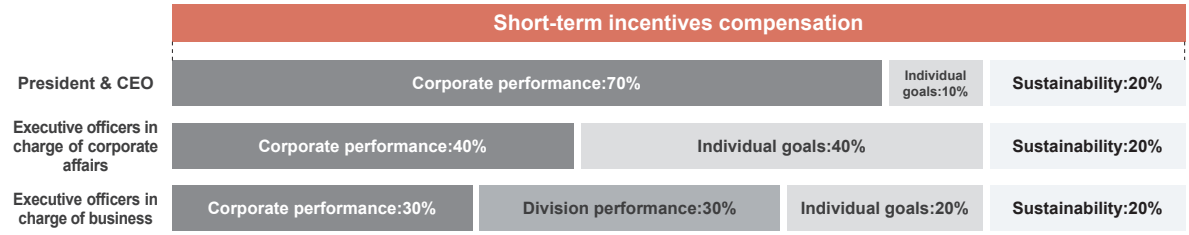
The method of determination of each type of compensation is as follows.

Basic remuneration

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

Short-term incentive compensation

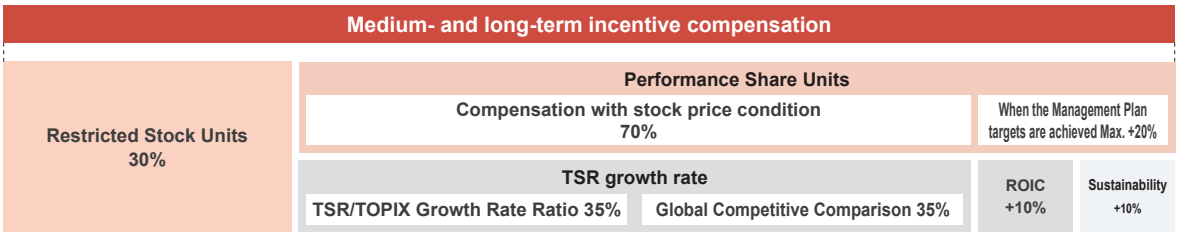
- The amount of short-term incentive compensation is decided within the range of 0 to 200% of a basic amount set according to the relevant position by adjusting that amount to reflect financial results and individual performance. Evaluation items and proportion of evaluation item are as follows;



- The amount of the financial performance linked component varies according to the evaluation of corporate performance and division performance.
  - Corporate performance is evaluated using consolidated revenues, profit index and cash flow in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors.
  - Division performance is evaluated using consolidated revenues, profit index and cash flow in each division in order to measure the level of achievement of targets under the Management Plan and the annual budgets for each division.
- The amount of the individual goals linked component varies according to the evaluation of the level of achievement of individual targets for each Executive Officer determined based on his/her responsibility.
- The amount of the sustainability measurement linked component varies according to the degree of achievement of the numerical goals for materiality which are established under the sustainability strategy 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 the shares of Restricted Stock (“RS”) compensation with an incumbency condition and Performance-linked Restricted Stock (“Performance-linked RS”) compensation are granted in order to propel management from a medium to long-term perspective and to provide incentives to bring about a sustainable increase in corporate value by further promoting senior management’s shared values with shareholders through the holding of shares during their term of office. The conditions, the grant ratio to LTI target and grant date of RS and Performance-Linked RS compensation are as follows;



- In RS compensation units, RS compensation units equivalent to 30% of the LTI target are granted and commencing from the beginning of the fiscal year in which the units are granted, one-third of the number of the granted units shall be delivered as shares of the Company’s common stock upon the completion of each one fiscal year, over a period of three years. (Restricted stock equivalent to 30% of the LTI base amount is granted, and the transfer restrictions are lifted upon retirement, depending on each executive’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.)
- In performance-linked RS compensation units, the shares of Performance-linked RS Compensation unit will be granted depending on the degree of achievement of the evaluation KPI during a certain evaluation period, and the restriction on transfer will be lifted upon retirement. Performance-linked RS compensation compromises compensation with a stock price condition and compensation with conditions related to the achievement of Management Plan targets.
  - 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, Performance Share Units (“PSUs”) equivalent to 70% of the LTI target are granted. The Company’s common stock equivalent to 50 ~ 200% of the PSUs are granted in accordance with the results of comparing the Total Shareholder Return growth rate of the Company stock with the TOPIX growth rate (“TSR/TOPIX Growth Rate Ratio”) and with the %ile rank of the Total Shareholder Return growth rate of the Company among the global comparable companies determined by the Compensation Committee (“Global Competitive Comparison”). The evaluation period is the three fiscal years beginning in the fiscal year in which the PSUs are granted. For Executive Officers who retire before the end of the evaluation period, ex-post evaluation is conducted by subtracting the number of shares obtained by multiplying the ratio of their tenure to the evaluation period.
  - In stock compensation with conditions related to the achievement of 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 PSUs are granted when the target of ROIC and sustainability indicators during the period of Management Plan covering the fiscal year when the PSUs are granted are achieved.
- If it is deemed inappropriate to grant shares of restricted stock 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 RSU and PSU.
- From Fiscal 2019, shares of restricted stock have been granted in place of the stock options as stock-based compensation the Company has granted until then. From Fiscal 2023, the medium- and long-term compensation described above is granted. In addition, from the fiscal year starting April 1, 2026, the stock-based compensation system has been revised. The above restricted stock compensation has been abolished and replaced with a mid- to long-term incentive compensation consisting of restricted stock units and performance stock units. Stock compensation granted before the revision will be handled in accordance with the previous system and conditions.

If it is found that an Executive Officer has engaged in misconduct during his/her 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 referring the above policy.

With the aim of further enhancing the effectiveness of value sharing with shareholders through share ownership by Executive Officers, the Company has established shareholding guidelines applicable to Executive Officers and promotes continuous share ownership. 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 base compensation by coefficients determined according to their respective positions.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2025

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	5,915	1,417	2,104	2,129	263	27
Total	6,521	1,866	2,104	2,286	263	40

Notes: 1. The number of Directors indicated excludes 2 Directors who serve or served concurrently as Executive Officers.
2. Fixed remuneration and short-term incentive remuneration consist of monetary compensation, while mid- to long-term incentive remuneration consists of non-monetary compensation and monetary compensation. The amount of mid- to long-term incentive remuneration represents the amount expensed for the fiscal year.
3. “Others” includes the total amount of monetary compensation related to tax adjustments and housing allowances and other fringe benefits.
4. In addition to the above, payments include mid- to long-term incentive remuneration of ¥312 million paid to one Director who retired at the conclusion of the 156th AGM held on June 25, 2025, and severance payments (remuneration paid upon retirement in accordance with contractual arrangements) totaling ¥738 million paid to two Executive Officers who retired as of March 31, 2026.
5. Remuneration, etc. paid to officers are presented after conversion into Japanese yen.

Performance Indicators Used to Calculate Performance-linked Compensation

Regarding the short-term incentive compensation, "Company performance" was evaluated referring to Consolidated revenues, Revenues of Lumada business, Adjusted EBITA margin, Earnings per Share and Core free cash flows in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors. "Division performance" was evaluated referring to Revenues, Revenues of Lumada business, Adjusted EBITA margin and Core free cash flows in each division, among other indicators, to measure the level of achievement of targets under the Mid-term Management Plan and the annual budgets for each division.

Please refer to "Business Overview and Results of Hitachi Group" in this report regarding the business results in Fiscal 2025.

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

Name	Performance Indicators	Term	The result of Performance Indicators
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	90%ile
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)	80%ile
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)	70%ile

Note: These are calculated to determine the number of shares to be issued under Performance-linked RS compensation to be held by individuals who retired from Executive Officers, Directors or Corporate officers of the Company on March 31, 2026.

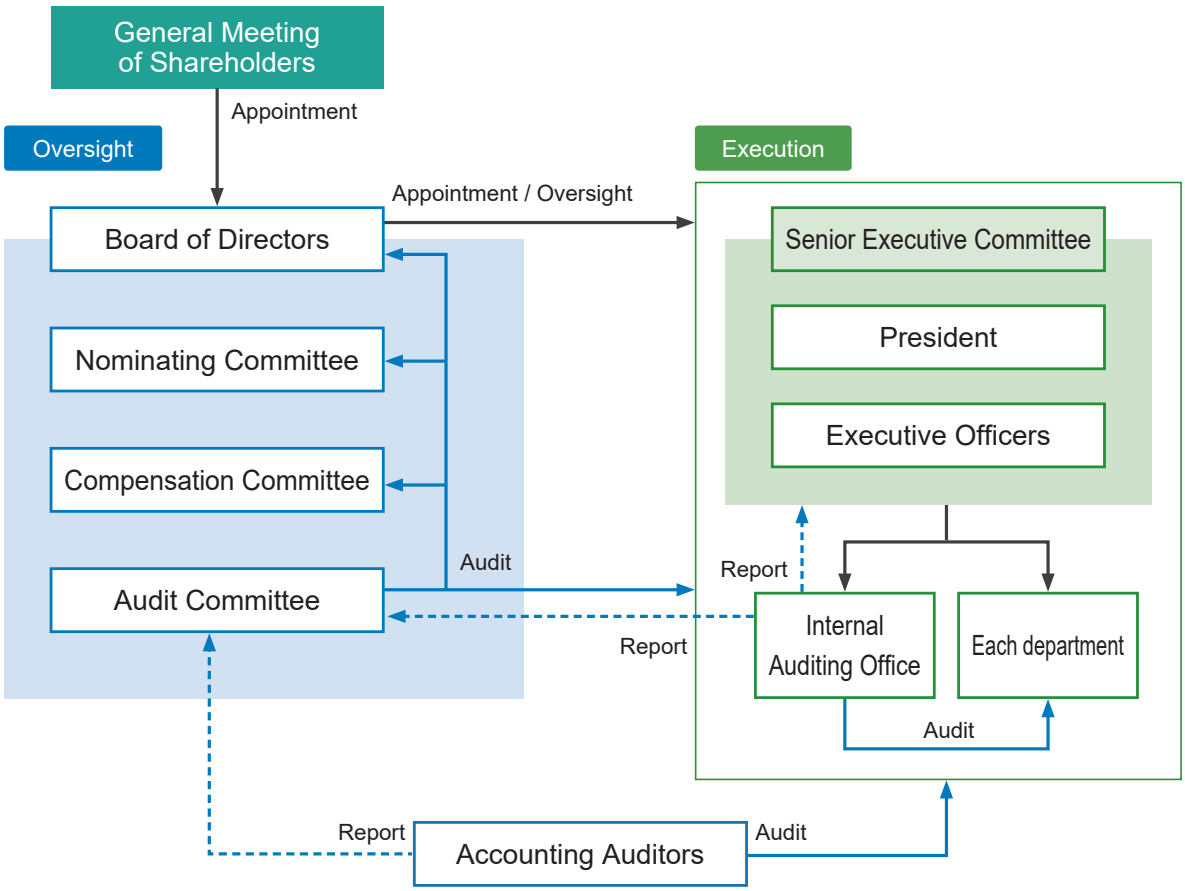
Reasons why the Remuneration Committee concluded that the details of individual remuneration, etc. for the fiscal year are consistent with the policy for determining remuneration

With respect to the details of individual remuneration, etc. for Directors and Executive Officers, the Remuneration Committee determined a remuneration framework that serves as the specific basis for remuneration decisions in accordance with the policy for determining remuneration. As the details of such individual remuneration, etc. were determined based on this framework, the Remuneration Committee has concluded that they are consistent with the policy for determining remuneration.

Corporate Governance System and Internal Control System

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

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



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

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

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

(i) When necessary, the Board of Directors may appoint one or more directors, who are not concurrently serving as executive officers, to be director(s) responsible for assisting with the duties of the Audit Committee. In addition, the Board of Directors Office (the “Office”) shall be established specifically to assist the Board of Directors and each committee with their duties.

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

(iii) Executive Officers and employees shall report significant matters affecting the Company and its subsidiaries, the results of internal audits and the implementation status of reporting under the internal reporting system without delay to the members of the Audit Committee. It shall be provided for in the company regulation that reporters using the common internal reporting system of the Hitachi Group shall not be treated disadvantageously due to their submission of a report, and the system's administrative organization shall ensure this provision is thoroughly implemented.

(iv) The Office shall be responsible for paying for the expenses incurred in connection with the Audit Committee members' execution of their duties and other administrative duties, and shall promptly process payments for these expenses or debts except in cases where the expense or debt claimed is clearly found to be unnecessary for the execution of the Audit Committee members' duties.

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

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

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

(ii) Each subsidiary of the Company shall develop systems to ensure the appropriateness of its operations appropriate for its size and other characteristics, the basic framework of which will be similar to the ones employed by the Company. To ensure each subsidiary's development of such systems, directors and auditors shall be sent by the Company to the subsidiaries, and regular audits of the subsidiaries shall be conducted.

(iii) A system for reporting matters to Directors shall be established to ensure that the Executive Officers of the Company execute their duties in compliance with laws, regulations and the Articles of Incorporation.

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

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

(vi) The efficiency of the Company's Executive Officers, and the subsidiaries' Directors and Executive Officers' performance of their duties shall be ensured through the following business management systems.

- The Senior Executive Committee shall be established to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.
- Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared to operate business in a planned and efficient manner.

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

(vii) Continuous maintenance of a legal and regulatory compliance structure shall be ensured through the following business management systems.

- Internal audits shall be conducted and various committees shall be established for legal and regulatory compliance activities. Furthermore, a Hitachi Group common internal reporting system shall be established and education regarding legal and regulatory compliance shall be provided.
- Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.

(viii) A system shall be established in which the subsidiaries submit reports on important issues and the progress of measures regarding operations to the Company through the Company’s Senior Executive Committee, medium-term business plans and the budget system.

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

Summary of status of operation of the internal control system

Audit Committee

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

Board of Directors Office

- To assist with the duties of each Committee and the Board of Directors, the Office is staffed with 14 employees (as of March 31, 2026) who exclusively serve the Office and are not subject to the orders or instructions of Executive Officers. Eight of the Office's employees are dedicated to legality and validity audits in the Digital Systems & Services, Energy, Mobility and Connective Industries to serve as an auditor within the sector.

Senior Executive Committee

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

Business Performance Management

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

Establishment of Internal Regulations and Training, etc.

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

Whistleblowing System

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

Internal Audit

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

Fundamental Policy on the Conduct of People Influencing Decisions on the Company's Financial and Business Policies

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

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

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

Matters Concerning Accounting Auditor

Name of accounting auditor

Ernst & Young ShinNihon LLC

Fees to accounting auditor in Fiscal 2025

(Millions of yen)

Category	Amount		
	Fees for audit services (Note 1)	Fees for non-audit services	Total
Fees, etc. by the Company and its subsidiaries	1,232	41	1,273
Fees, etc. by the Company	666	34	700

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

Description of non-audit services

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

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

Some of the Company's overseas subsidiaries have been audited by an audit firm other than the Company's Accounting Auditor.

Removal and non-retention policy on accounting auditors

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

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

Matters Concerning the Company's Stock (As of March 31, 2026)

Authorized 10,000,000,000 shares

Issued 4,535,560,985 shares

Note: On March 31, 2026, the Company canceled 46,000,000 treasury shares.

Number of Shares per Unit 100 shares

10 Largest Shareholders

Name	Share Ownership (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	742,663,700	16.50
Custody Bank of Japan, Ltd. (Trust Account)	248,921,800	5.53
STATE STREET BANK AND TRUST COMPANY 505001	147,704,302	3.28
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	145,160,508	3.23
MOXLEY & CO LLC	108,165,930	2.40
Nippon Life Insurance Company	84,499,995	1.88
Hitachi Employees' Shareholding Association	73,662,230	1.64
GOVERNMENT OF NORWAY	70,531,030	1.57
JP MORGAN CHASE BANK 385642	67,468,788	1.50
STATE STREET BANK AND TRUST COMPANY 505223	64,500,403	1.43

Notes: 1. MOXLEY & CO LLC is the nominee name of the depositary bank, JP Morgan Chase Bank, N.A, for the aggregation of the Company's American Depositary Receipts (ADRs) holders.
2. Treasury stock (35,798,823 shares) is not included in the calculation of the shareholding ratio.

Shareholders Composition

Class of shareholders	Status of shares								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institution	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	2	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	-

Note: Of the 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.

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

Through restricted stock compensation plans, Performance-linked RS compensation and restricted stock unit compensation plans as the medium- and long-term incentive compensation, the Company issued as follow.

Category	Number of people	Shares
Executive Officers (including those retired)	38	888,500
Corporate Officers (including those retired)	43	266,300
Executives of Group companies (including those retired)	10	64,500

Other Significant Matters concerning the Company's Stock

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

Treasury stock acquired pursuant to the resolution at the Board of Directors Meeting held on April 28, 2025

- Type and number of shares acquired: 68,675,100 shares of common stock
- Total purchase price for the acquisition of shares: 299,999,409,241 yen
- Period of acquisition: April 30, 2025 to December 17, 2025

In addition, Hitachi resolved to acquire treasury shares at the Board of Directors Meeting held on January 29, 2026, and based on such resolution, the acquisition of treasury shares had been completed by March 31, 2026.

- Type and maxium number of shares acquired: up to 30,000,000 shares of common stock
  Number of shares acquired 10,803,800 shares (Period of acquisition: March 1, 2026 to March 31, 2026)
- Maxium purchase price for the acquisition of shares: 100,000,000,000 yen
  Total purchase price for the acquisition of shares:52,055,401,296 yen
- Period of acquisition: January 30, 2026 to April 30, 2026

Information on the Stock Acquisition Rights, etc. (As of March 31, 2026)

Stock Acquisition Rights Held by Senior Managements

Name of stock acquisition rights (Date of resolution)	The First Stock Acquisition Rights of Hitachi, Ltd. (June 29, 2016)	The Second Stock Acquisition Rights of Hitachi, Ltd. (April 6, 2017)	The Third Stock Acquisition Rights of Hitachi, Ltd. (April 11, 2018)
Class and number of shares to be issued upon exercise of stock acquisition rights	399,400 shares of common stock	398,800 shares of common stock	353,900 shares of common stock
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
Conditions for the exercise of stock acquisition rights	(Note 1, 2)	(Note 1, 2)	(Note 1, 2)
Stock acquisition rights held by senior managements	5 Executive Officers of the Company etc., 3,994 of stock acquisition rights (Note 3)	5 Executive Officers of the Company etc., 3,988 of stock acquisition rights (Note 3)	8 Executive Officers of the Company 3,539 of stock acquisition rights (Note 3)

Notes: 1. A holder of stock acquisition rights may exercise all the stock acquisition rights together only within 10 days (in case the last day is not a business day, the following business day) from the day immediately following the date on which he/she ceases to be an Executive Officer, Director or Corporate Officer of the Company.

2. The number of stock acquisition rights which a holder of stock acquisition rights may exercise shall be determined based on the ratio of (i) the total shareholder return for shares of Hitachi for three years from the beginning of the fiscal year in which the date of allotment of the stock acquisition rights falls to (ii) the growth rate of TOPIX (Tokyo Stock Price Index) for the same period (the "TSR/TOPIX Growth Rate Ratio"), in accordance with the stock price conditions:
   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 a part of the Allotted Rights may be exercised according to the degree of achievement of the TSR/TOPIX Growth Rate Ratio.*

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

      Any fraction less than one stock acquisition right will be rounded down.
   c. If the TSR/TOPIX Growth Rate Ratio is less than 80%
      No Allotted Rights may be exercised.

3. The number of Executive Officers includes one Executive Officer who concurrently serve as Directors.

Policy on the Determination of Distribution of Surplus, etc.

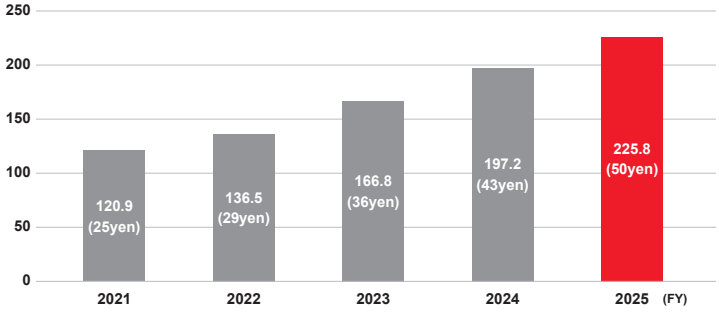
The Company views the return of profits to shareholders through enhancing corporate value from a medium- to long-term perspective and paying dividends and repurchasing its shares as an important managerial issue.

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 global enterprise.

Shareholder returns status

Total annual dividend (Billions of yen)



Acquisition of treasury stock (billions of yen)

2021	2022	2023	2024	2025
0	199.9	99.9	199.9	352.0

Note: The number in parenthesis is the annual dividends per share. On July 1, 2024, the Company conducted a stock split at a ratio of 5 shares for each 1 share, and the annual dividends per share is adjusted to reflect the stock split.

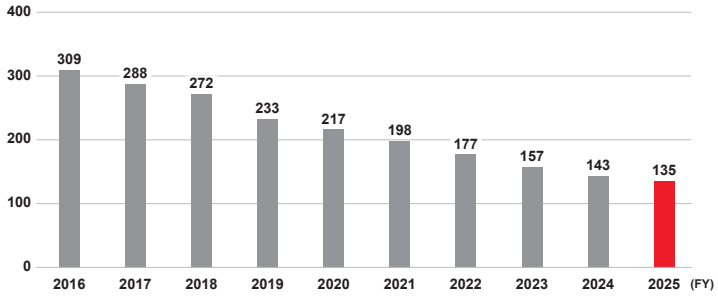
Policy on the Strategic Shareholdings

Hitachi's basic policy is not to acquire or hold the shares of other companies except in cases where acquiring or holding such shares is necessary in terms of commercial transactions or business relationships. Hitachi will promote divesting such shares already held unless the significance or economic rationalities of holding are confirmed. The Board of Directors verifies the appropriateness of all such shareholdings every year. In the verification, each individual share is examined as to the purpose of holding the share and whether benefits from holding the share are in line with its capital efficiency targets. As a result of verification, Hitachi promotes the divesture of the share for which the significance or economic rationality of holding is not confirmed.

As of the end of Fiscal 2025, the ratio of strategic shareholdings (total amount recorded on the balance sheet) made up 4.0% of total equity in the consolidated statement of financial position. The increase in the total balance sheet amount was mainly attributable to the reclassification of shares in Hitachi Construction Machinery Co., Ltd. - formerly an equity method affiliate - as strategic shareholding shares, following a review of the capital relationship. The Company remains committed to business portfolio reform and the reduction of strategic shareholding shares.

Strategic shareholding status (As of the end of each fiscal year)

Number of stock names



Total amount recorded on balance sheet (billions of yen)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
324.3	270.3	179.6	141.8	201.0	274.4	234.7	66.3	58.3	271.5

The ratio of strategic shareholdings (Total amount recorded on the balance sheet) (%)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
7.9	6.0	4.1	3.3	4.5	5.1	4.4	1.1	1.0	4.0