

Consolidated Financial Statements

Consolidated Statement of Financial Position

	Fiscal 2024 (Reference) (As of March 31, 2025)	Fiscal 2025 (As of March 31, 2026)
	(Millions of yen)	
(Assets)		
Current assets	6,597,843	7,867,239
Cash and cash equivalents	866,242	1,323,480
Trade receivables and contract assets	3,496,340	4,004,890
Inventories	1,566,282	1,770,479
Investments in securities and other financial assets	318,421	355,304
Other current assets	350,558	413,086
Non-current assets	6,686,970	7,174,007
Investments accounted for using the equity method	836,231	612,142
Investments in securities and other financial assets	349,567	593,559
Property, plant and equipment	1,341,537	1,652,913
Goodwill	2,486,823	2,647,501
Other intangible assets	1,199,996	1,215,731
Other non-current assets	472,816	452,161
Total assets	13,284,813	15,041,246
(Liabilities)		
Current liabilities	5,907,845	7,167,139
Short-term debt	73,146	43,407
Current portion of long-term debt	368,818	425,877
Other financial liabilities	280,227	317,342
Trade payables	1,572,764	1,658,755
Accrued expenses	736,286	799,334
Contract liabilities	2,196,193	3,054,661
Other current liabilities	680,411	867,763
Non-current liabilities	1,345,551	1,101,500
Long-term debt	764,152	539,753
Retirement and severance benefits	247,497	235,675
Other non-current liabilities	333,902	326,072
Total liabilities	7,253,396	8,268,639
(Equity)		
Hitachi, Ltd. stockholders' equity	5,847,091	6,568,369
Common stock	464,384	466,666
Capital surplus	-	-
Retained earnings	4,350,503	4,759,761
Accumulated other comprehensive income	1,040,791	1,502,404
Treasury stock, at cost	(8,587)	(160,462)
Non-controlling interests	184,326	204,238
Total equity	6,031,417	6,772,607
Total liabilities and equity	13,284,813	15,041,246

Consolidated Statement of Profit or Loss

	Years ended March 31	
	2025 (Reference)	2026
	(Millions of yen)	
Revenues	9,783,370	10,586,781
Cost of sales	(6,962,527)	(7,407,252)
Gross profit	2,820,843	3,179,529
Selling, general and administrative expenses	(1,849,237)	(1,980,254)
Other income	49,665	133,520
Other expenses	(143,023)	(200,802)
Financial income	53,944	106,811
Financial expenses	(12,905)	(8,871)
Share of profits (losses) of investments accounted for using the equity method	58,320	44,116
Earnings before interest and taxes (EBIT)	977,607	1,274,049
Interest income	32,038	32,702
Interest charges	(46,912)	(33,642)
Income before income taxes	962,733	1,273,109
Income taxes	(305,868)	(421,678)
Net income	656,865	851,431
Net income attributable to:		
Hitachi, Ltd. stockholders	615,724	802,368
Non-controlling interests	41,141	49,063

Consolidated Statement of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2025	2026
	(Millions of yen)	
Net income	656,865	851,431
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(6,577)	37,046
Remeasurements of defined benefit plans	9,001	15,830
Share of OCI of investments accounted for using the equity method	(830)	5,042
Total items not to be reclassified into net income	1,594	57,918
Items that can be reclassified into net income		
Foreign currency translation adjustments	(86,628)	385,277
Net changes in cash flow hedges	(4,771)	5,903
Share of OCI of investments accounted for using the equity method	(3,906)	27,645
Total items that can be reclassified into net income	(95,305)	418,825
Other comprehensive income (OCI)	(93,711)	476,743
Comprehensive income	563,154	1,328,174
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	523,435	1,269,567
Non-controlling interests	39,719	58,607

Consolidated Statement of Changes in Equity (April 1, 2025 to March 31, 2026)

(Millions of yen)

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

Consolidated Statement of Cash Flows (Supplementary Information)

	Years ended March 31	
	2025	2026
	(Millions of yen)	
Cash flows from operating activities		
Net income	656,865	851,431
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	431,534	457,973
Impairment losses	92,135	151,502
Income taxes	305,868	421,678
Share of (profits) losses of investments accounted for using the equity method	(58,320)	(44,116)
Financial income and expenses	8,485	(61,985)
Net (gain) loss on business reorganization and others	(29,638)	(131,877)
(Gain) loss on sale of property, plant and equipment	(18,891)	7,251
Change in trade receivables and contract assets	(343,973)	(370,388)
Change in inventories	(42,775)	(125,247)
Change in trade payables	66,257	(14,047)
Change in accrued expenses	46,675	34,227
Change in contract liabilities	424,016	716,947
Change in retirement and severance benefits	(39,858)	925
Other	(35,769)	49,151
Subtotal	1,462,611	1,943,425
Interest received	28,467	33,333
Dividends received	35,854	91,234
Interest paid	(50,093)	(35,422)
Income taxes paid	(304,599)	(364,509)
Net cash provided by (used in) operating activities	1,172,240	1,668,061
Cash flows from investing activities		
Purchase of property, plant and equipment	(246,847)	(351,790)
Purchase of intangible assets	(144,801)	(146,039)
Proceeds from sale of property, plant and equipment, and intangible assets	46,379	14,089
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(292,420)	(175,347)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	73,395	297,145
Other	(9,356)	20,389
Net cash provided by (used in) investing activities	(573,650)	(341,553)
Free cash flows	598,590	1,326,508
Cash flows from financing activities		
Change in short-term debt, net	31,992	(38,622)
Proceeds from long-term debt	92,768	76,443
Payments on long-term debt	(174,532)	(412,409)
Proceeds from payments from non-controlling interests	43,591	1,433
Dividends paid to Hitachi, Ltd. stockholders	(189,057)	(204,915)
Dividends paid to non-controlling interests	(28,569)	(38,498)
Acquisition of common stock for treasury	(200,285)	(352,260)
Proceeds from sales of treasury stock	8	3
Purchase of shares of consolidated subsidiaries from non-controlling interests	(38)	(2,212)
Net cash provided by (used in) financing activities	(424,122)	(971,037)
Effect of exchange rate changes on cash and cash equivalents	(13,593)	101,767
Change in cash and cash equivalents	160,875	457,238
Cash and cash equivalents at beginning of year	705,367	866,242
Cash and cash equivalents at end of year	866,242	1,323,480

Notes to Consolidated Financial Statements

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

1. Basis of presentation
The consolidated financial statements presented herein, under Article 120, Paragraph 1 of the Regulations of Companies' Financial Statements, have been prepared in conformity with International Financial Reporting Standards (hereinafter "IFRS"). However, under the second sentence of the above provision, some descriptions and notes required under IFRS are omitted.
2. Scope of consolidation and application of equity method
The number of consolidated subsidiaries is 606 and the number of equity-method affiliates is 217.
3. Accounting standard for income and expenses
The Company recognizes revenue in accordance with the following five-step approach.
 - Step 1: Identify the contract(s) with a customer
 - Step 2: Identify the performance obligations in the contract
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price to the performance obligations in the contract
 - Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

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

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

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

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

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

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

4. Financial assets

Financial assets measured at amortized cost

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

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

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets measured at fair value through profit or loss

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

Impairment of financial assets

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

5. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the specific identification method or by the moving average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

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

Property, plant and equipment

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

Goodwill and Other intangible assets

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

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

Impairment losses

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

7. Accounting methods for retirement and severance benefits

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

(1) Defined Benefit Plans

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

The present value of defined benefit obligations less the fair value of plan assets is presented as the net amount of defined benefit liability or asset in non-current liabilities or assets. When a defined benefit plan has a surplus, the net defined benefit asset is limited to the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

(2) Defined Contribution Plans

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

On April 1, 2023, all the subsidiaries participating in the Hitachi Pension Fund have completed changing their pension plans from defined benefit pension plan to risk-sharing corporate pension plan for current employees. Under this plan, a risk reserve contribution is determined in advance in accordance with the rules governing the plan, and the pension benefits are adjusted annually based on the financial position of the plan to maintain balanced finance.

In terms of the corresponding accounting treatments for retirement benefits, risk-sharing corporate pension plans, for which an entity accepts contribution obligations to the extent stipulated in the rules but has no further obligations to make any additional contributions, are classified as defined contribution plans. Since this risk-sharing corporate pension plan, which the Company and the consolidated subsidiaries have introduced, imposes no additional contribution obligations, it is classified as defined contribution plan.

(Notes on Accounting Estimates)

1. Allowance for doubtful receivables (The ending balance of Allowance for doubtful receivables of 139,385 million yen from trade receivables and contract assets, and 1,960 million yen from other receivables)

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

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

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

2. Impairment of Property, Plant and Equipment, Goodwill and Other Intangible Assets (Impairment losses of (122,613) million yen)

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

The group of CGUs to which a significant proportion of goodwill was allocated were the power grids business in the Energy segment as of March 31, 2026. The recoverable amount used in the annual impairment test of goodwill of the power grids business was calculated based on the value in use and in calculation of the value in use, estimated future cash flows was discounted at the discount rate derived from the weighted average cost of capital. Estimated future cash flows was based on business plan for five years and beyond the period covered by the business plan were calculated taking into account growth rate. The significant assumptions were revenue growth rates and gross profit ratios which reflected past experience and external information. The growth rate was set taking into account indices such as long-term inflation rate announced by an external research organization. Impairment losses related to the goodwill were not recognized in the fiscal year ended March 31, 2026.

The carrying amount of goodwill allocated to the power grids business was 659,712 million yen as of March 31, 2026.

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

3. Employee Retirement Benefits (The ending balance of Retirement and severance benefits of 235,675 million yen)

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

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

4. Long-term projects (The ending balance of Provisions for expected losses on construction contracts of 103,336 million yen)

The Company is engaged in long-term projects to provide goods and services according to customers' specifications over a specified period of time, and revenue is recognized mainly based on the pattern of the cost accrual (the progress of the project mostly based on the cost incurred relative to the estimated total cost) and provisions for expected losses on construction contracts are recognized based on future estimated losses when there is a possibility of incurring losses in the future. For long-term projects, the total estimated revenue is calculated to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when uncertainty associated with the total estimated revenue is subsequently resolved. In addition, the total estimated costs are estimated considering contract risks and other factors. The Company regularly reviews these estimates and reflects them in its accounting treatment.

5. Deferred tax assets (The ending balance of Deferred tax assets of 201,738 million yen)

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which unused tax loss carryforwards, unused tax credits and future deductible temporary differences can be utilized. A certain amount of negative impact due to the business environment is included in future taxable income. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in specific tax jurisdictions during the periods in which these deductible differences become deductible. The Company carries out an assessment of the scheduled reversals of deferred tax liabilities and projected future taxable income, including the execution of certain available tax strategies if needed. Based on these factors, the Company considers it is more likely than not it will realize the benefits of these deductible differences as of March 31, 2026. However, the times and amounts of taxable income occurrence may be affected by variance of uncertain economic conditions in the future, and the actual times and amounts may differ from the estimates.

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

(Notes to Consolidated Statement of Financial Position)

1. The components of Trade receivables and contract assets: Accounts receivable of 2,621,130 million yen, Contract assets of 1,314,805 million yen, and Others of 68,955 million yen.
Trade receivables and contract assets are stated as net of the allowance for doubtful receivables. Others include electronically recorded monetary claims and notes receivable.
2. Accumulated other comprehensive income: Foreign currency translation adjustments of 1,290,980 million yen, remeasurements of defined benefit plans of 130,835 million yen, net changes in financial assets measured at fair value through other comprehensive income of 75,375 million yen, and net changes in cash flow hedges of 5,214 million yen.
3. Collateralized assets: Cash and cash equivalents of 80 million yen, trade receivables and contract assets of 184 million yen, other current assets of 330 million yen, investments in securities and other financial assets of 277 million yen, and property, plant and equipment of 6,127 million yen.
Secured debts: 2,868 million yen.
4. Allowance deducted directly from assets: 139,385 million yen from trade receivables and contract assets, and 1,960 million yen from other receivables.
5. Accumulated depreciation and impairment losses of property, plant and equipment are (2,473,184) million yen.
6. Guarantees: 3,346 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Other income
Other income of 133,520 million yen mainly consists of net gain or loss on business reorganization and others of 131,877 million yen.
2. Other expenses
Other expenses of (200,802) million yen mainly consists of impairment losses on investments accounted for using the equity method, property, plant and equipment, goodwill and other intangible assets of (151,502) million yen.
3. Income taxes
Income taxes of (421,678) million yen includes current tax expense of (431,376) million yen and deferred tax expense of 9,698 million yen.

(Notes to Consolidated Statement of Changes in Equity)

1. Class and number of issued shares and treasury stocks at end of year
 - (1) Issued shares Common stock 4,535,560,985 shares
 - (2) Treasury stocks Common stock 35,798,823 shares
2. Cash dividends
Total amount of cash dividends 205,070 million yen
3. Class and number of shares to be issued upon exercise of stock acquisition rights at end of year
Common stock 1,152,100 shares

(Notes on Revenue Recognition)

1. Disaggregation of revenue

The Company derives revenues primarily from contracts with customers.

The disaggregation of revenue attributable to each reportable segment and geographic area for the fiscal year ended March 31, 2026 are as follows.

(Millions of yen)

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

The Digital Systems & Services segment consists of Front Business, IT Services and Services & Platforms, for which revenue amounted to 1,309,932 million yen, 1,107,993 million yen and 1,082,670 million yen for the year ended March 31, 2026 (including intersegment transactions). Front Business and IT Services are operated mainly in Japan, and Services & Platforms is operated mainly in Japan, North America and Europe.

The Company's revenues include revenue recognized based on the pattern of the cost accrual arising from long-term projects. Of the revenue recognized during the fiscal year ended March 31, 2026, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 3,504,796 million yen.

2. Information about satisfaction of performance obligations

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

(Digital Systems & Services)

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

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

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

(Energy, Mobility and Connective Industries)

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

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

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

3. Information about contract balances

The following table shows the beginning and ending balances of Trade receivables, Contract assets and Contract liabilities from contracts with customers for the fiscal year ended March 31, 2026.

(Millions of yen)

	April 1, 2025	March 31, 2026
Trade receivables	2,352,963	2,692,793
Contract assets	1,196,580	1,394,506
Contract liabilities	2,272,034	3,136,649

Of the revenue recognized during the fiscal year ended March 31, 2026, the amount included in Contract liabilities at the beginning of the fiscal year was 1,032,764 million yen. And the amount related to performance obligations satisfied in the past periods was not material.

4. Transaction price allocated to remaining performance obligations

The following table shows the balance of unsatisfied performance obligations by reportable segment for the fiscal year ended March 31, 2026.

(Millions of yen)

	(Millions of yen)	
	Intersegment transactions	Balance of unsatisfied performance obligations
Digital Systems & Services	94,152	1,720,141
Energy	23,808	9,966,376
Mobility	2,082	7,103,586
Connective Industries	164,226	2,159,124

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

The estimated timing of unsatisfied performance obligations at the fiscal year ended March 31, 2026 is as follows.

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

Approximately 80% of the balance of unsatisfied performance obligations of the Energy segment was expected to be satisfied within three years and approximately 20% after three years but no more than five years.

Approximately 50% of the balance of unsatisfied performance obligations of the Mobility segment was expected to be satisfied within three years and approximately 20% after three years but no more than five years.

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

Others have contracts whose initial expected terms are generally one year or less.

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

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

The Company and its subsidiaries recognize the costs incurred for obtaining or fulfilling contracts with customers as an asset to the extent those costs are expected to be recovered. Such costs recognized as an asset as of March 31, 2026 were not material.

(Notes on Financial Instruments)

1. Status of Financial Instruments

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

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

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

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

2. Fair Value, etc. of Financial Instruments

(1) Fair Value Measurements

The following methods and assumptions are used to measure the fair value of financial assets and liabilities.

Cash and cash equivalents, Trade receivables, Short-term loans receivable, Other accounts receivable, Short-term debt, Other accounts payable and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Investments in securities and other financial assets and Other financial liabilities

The fair value of lease receivables is based on the present value of lease payments receivable calculated for each group of years to maturity using discount rates that reflect the time to maturity and credit risk.

Investment securities with quoted market prices are estimated using the quoted share prices. In the absence of an active market for investment securities, quoted prices for similar investment securities, quoted prices associated with transactions that are not distressed for identical or similar investment securities or other relevant information including market interest rate curves, referenced credit spreads or default rates, are used to determine fair value. If significant inputs of fair value measurement are unobservable, the Company uses price information provided by financial institutions to evaluate such investments. The information provided is corroborated by the income approach using its own valuation model, or the market approach using comparisons with prices of similar securities.

The fair value of long-term loans receivable is estimated based on the present value of future cash flows using the interest rate applicable to an additional loan of the same type.

Derivative assets and derivative liabilities are measured at fair value based on quoted prices associated with transactions that are not distressed, prices in inactive markets, or based on models using interest rate curves and forward and spot prices for currencies and commodities. If significant inputs are unobservable, the Company mainly uses the income approach or the market approach to corroborate relevant information provided by financial institutions and other available information.

Long-term debt

The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using the market interest rates applicable to the same contractual terms.

(2) Financial Instruments Measured at Amortized Cost

The carrying amounts and estimated fair values of the financial instruments measured at amortized cost as of March 31, 2026 is as follows.

The fair value estimated for financial assets and liabilities measured at amortized cost is classified mainly in Level 2 of the fair value hierarchy.

(Millions of yen)

	Carrying amounts	Fair values
<u>Assets</u>		
Investments in securities and other financial assets		
Lease receivables	22,595	24,937
Debt securities	46,308	45,203
Long-term loans receivable	10,914	11,675
<u>Liabilities</u>		
Long-term debt [1]		
Bonds	220,000	206,938
Long-term debt	443,696	437,837

[1] Long-term debt is included in Current portion of long-term debt and Long-term debt in the consolidated statement of financial position.

(3) Financial Instruments Measured at Fair Value

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three levels of the fair value hierarchy based on the measurement inputs' observability as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2: Valuations measured by direct or indirect observable inputs other than Level 1

Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input that is significant with the lowest level in the fair value measurement as a whole.

Transfers between levels are deemed at the beginning of each quarter period.

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

(Millions of yen)				
Class of financial instruments	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:				
Investments in securities and other financial assets				
Equity securities	559	-	67,527	68,086
Debt securities	11,285	7,183	3,484	21,952
Derivatives	-	125,317	225	125,542
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	264,331	1,208	110,035	375,574
Total financial assets at fair value	276,175	133,708	181,271	591,154
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	83,272	-	83,272
Total financial liabilities at fair value	-	83,272	-	83,272

The following table presents the changes in Level 3 instruments measured on a recurring basis for the year ended March 31, 2026.

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

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

Fair values are measured by the finance departments in accordance with the Company's policies and procedures. Valuation models are determined so that they reflect each financial instrument's nature, characteristics and risks most appropriately. The finance departments continually examine changes in important inputs that could affect the fair value. In case the fair value of a financial instrument was significantly impaired, administrators review and approve the impairment loss.

(Notes on Per Share Information)

Hitachi, Ltd. stockholders' equity per share	1,459.71 yen
Earnings per share attributable to Hitachi, Ltd. stockholders	176.76 yen

(Notes on Major Subsequent Events)

1. Repurchase of Shares of Common Stock

The Board of Directors held on April 27, 2026 resolved to authorize the repurchase of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of the Articles of Incorporation, as follows.

(a) Reason for repurchase

The Company views the return of profits to shareholders through enhancing corporate value from a mid- and long-term perspective, paying stable dividends and repurchasing its own shares flexibly as an important managerial issue. In light of its current financial standing and the progress of asset sales, Hitachi has decided to execute a share repurchase to further expand shareholder returns.

(b) Outline of the repurchase

(i) Class of shares to be repurchased
Common stock of the Company

(ii) Aggregate number of shares to be repurchased
Up to 160 million shares
(3.56% of the number of outstanding shares (excluding treasury stock))

(iii) Aggregate amount of repurchase
Up to 500.0 billion yen

(iv) Period of repurchase
From April 28, 2026 to March 31, 2027

(v) Method of repurchase
Expected open market purchase through the Tokyo Stock Exchange

2. Sale of the Home Appliance Business

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

Based on the agreement, Hitachi GLS will transfer 80.1% of the shares of the new company to SPC. As a result of this transfer of shares, Hitachi GLS's ownership ratio of shares of the new company will decrease from 100% to 19.9%, and the new company will be deconsolidated and not be accounted for as an equity-method associate. The share transfer is expected to be completed by the end of the year ending March 31, 2027.

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

(Other Note)

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

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

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