

[Translation]

Hitachi, Ltd. (Securities Identification Code : 6501)

**HITACHI**

THE **156**<sup>th</sup>

# Notice of Annual General Meeting of Shareholders

Date and Time

Wednesday, June 25, 2025  
at 10:00 a.m.

Location

3-61, Koraku 1-chome, Bunkyo-ku, Tokyo

**Kanadevia Hall**

Please note that the venue name has changed; however,  
it is the same location as last year.

Matter to Be  
Resolved

Item

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

■ We will live-stream the General Meeting of Shareholders to make it viewable on the Internet. Please refer to page 2 for details.

Dear Shareholders:

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

**Hitachi, Ltd.**

President &amp; CEO

Toshiaki Tokunaga

**Notice of the 156th Annual General Meeting of Shareholders**

The 156th Annual General Meeting of Shareholders of Hitachi, Ltd. is to be held as follows:

Since its establishment, Hitachi has operated under the Mission “Contribute to society through the development of superior, original technology and products.” In accordance with this Mission, Hitachi has resolved issues facing society through the development of technologies and products that support social infrastructures.

In April 2025, Hitachi announced its new Management Plan “Inspire 2027”. Under Inspire 2027, Hitachi aims to contribute to a harmonized society where environment, well-being and economic growth are in balance and to achieve sustainable growth. For the achievement, Hitachi will transform itself into a digital centric company by innovating the social infrastructure with Lumada at the core.

In an unpredictable business environment, Hitachi aims to identify risks and takes agile actions while maintaining a steady long-term direction. Hitachi works towards further increasing corporate value as “True One Hitachi”. We appreciate your continued understanding and support.

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**Date and Time** **Wednesday, June 25, 2025 at 10:00 a.m. (Reception Start: 9:00 a.m.)**

**Location** 3-61, Koraku 1-chome, Bunkyo-ku, Tokyo  
**Kanadevia Hall**

Please note that the venue name has changed; however, it is the same location as last year.

**Agenda**

<b>Reporting Matter</b>	Report on the Business Report, Financial Statements, and Consolidated Financial Statements for the 156th Business Term (from April 1, 2024 to March 31, 2025), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee
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<b>Matter to Be Resolved</b>	Item Election of 12 Directors due to expiration of the term of office of all Directors
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● In the case that the Business Report, Consolidated Financial Statements, Financial Statements or Reference Documentation for the Annual General Meeting of Shareholders need to be modified, the Company will post such modification on its website as below.

<https://www.hitachi.com/smeet-e/index.html>

## Live Streaming of the General Meeting of Shareholders

We will live-stream the 156th Annual General Meeting of Shareholders (the “Meeting”) to make it viewable on the internet as detailed below.

1

### Time and date of streaming

From 10:00 a.m. to the end of the Meeting on Wednesday, June 25, 2025

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

2

### Viewing Information

1. Viewing site: <https://www.soukai-portal.net>
2. Login ID and Password: Please enter your login ID and password indicated on the voting slip (voting-right exercising form) .
3. How to watch: After logging in, please follow the on-screen instructions (Japanese Only).
4. For inquiries about ID and/or password, please contact  
Sumitomo Mitsui Trust Bank, Limited  
TEL: 0120-88-0768 (toll-free) (Japanese Only)  
(Business hours: Between 9:00 a.m. and 9:00 p.m. (except the year-end and new year holidays))

### Precautions regarding the live stream

- Viewing the live stream is not considered attendance at the Meeting prescribed in the Companies Act, and you will not be able to ask questions or exercise your voting rights on the Meeting day. Please send us your voting slip or exercise your voting rights on the internet in advance.
- The live stream may be cancelled due to unavoidable circumstances.
- The viewer will bear any expense for viewing such as internet services.

### Questions regarding the Meeting are accepted on the website.

We accept your questions regarding the Meeting on our website below. We will answer some questions in which shareholders are supposed to be interested at the Meeting. Please note that the questions which are not answered at the Meeting will not be answered after that. Please follow the guidance provided by the Shareholders’ Meeting Portal for your use (Japanese Only).

**Accepted period** To 5:20 p.m. on Wednesday, June 18, 2025 **URL** <https://www.soukai-portal.net>

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

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

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

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

- NEW** : Newly selected nominee
- RE** : Re-selected nominee
- OD** : Outside Director nominee according to provisions of Companies Act of Japan
- ID** : Independent Director according to the provisions of the Japanese stock exchanges where the Company is listed

The nominees

No	Name	Current Position and Responsibilities at the Company	Attendance in Fiscal 2024
1	 <b>Katsumi Ihara</b> RE OD ID Date of Birth: Sep. 24, 1950 (74 years of age) Term of office as Independent Director: Seven Years	Independent Director Chair of the Board of Directors Nominating Committee (Chair) Audit Committee Compensation Committee	Board of Directors meetings: 9 out of 9 days (100%) Nominating Committee: 9 out of 9 days (100%) Audit Committee: 13 out of 13 days (100%) Compensation Committee: 8 out of 8 days (100%)
2	 <b>Ravi Venkatesan</b> RE OD ID Date of Birth: Jan. 12, 1963 (62 years of age) Term of office as Independent Director: Four years 11 months	Independent Director	Board of Directors meetings: 9 out of 9 days (100%)
3	 <b>Eriko Sakurai</b> NEW OD ID Date of Birth: Nov. 16, 1960 (64 years of age)	—	—
4	 <b>Ikuro Sugawara</b> RE OD ID Date of Birth: Mar. 6, 1957 (68 years of age) Term of office as Independent Director: Three years	Independent Director Audit Committee	Board of Directors meetings: 9 out of 9 days (100%) Audit Committee: 13 out of 13 days (100%)
5	 <b>Isabelle Deschamps</b> RE OD ID Date of Birth: Jun. 11, 1970 (54 years of age) Term of office as Independent Director: One year	Independent Director	Board of Directors meetings: 7 out of 7 days (100%)
6	 <b>Takashi Nishijima</b> NEW OD ID Date of Birth: Aug. 12, 1957 (67 years of age)	—	—

Please check the website for details  
<https://www.hitachi.com/smeet-e/index.html>



No	Name	Current Position and Responsibilities at the Company	Attendance in Fiscal 2024
7	 <b>Joe Harlan</b> RE OD ID Date of Birth: May. 5, 1959 (66 years of age) Term of office as Independent Director: Seven years	Independent Director Compensation Committee	Board of Directors meetings: 9 out of 9 days (100%) Compensation Committee: 8 out of 8 days (100%)
8	 <b>Takatoshi Yamamoto</b> RE OD ID Date of Birth: Oct. 20, 1952 (72 years of age) Term of office as Independent Director: Nine years	Independent Director Compensation Committee (Chair)	Board of Directors meetings: 9 out of 9 days (100%) Compensation Committee: 8 out of 8 days (100%)
9	 <b>Helmuth Ludwig</b> RE OD ID Date of Birth: Sep. 19, 1962 (62 years of age) Term of office as Independent Director: Four years 11 months	Independent Director Audit Committee	Board of Directors meetings: 9 out of 9 days (100%) Audit Committee: 13 out of 13 days (100%)
10	 <b>Toshiaki Tokunaga</b> NEW Date of Birth: Mar. 15, 1967 (58 years of age)	Representative Executive Officer, President & CEO	—
11	 <b>Mitsuaki Nishiyama</b> RE Date of Birth: Sep. 25, 1956 (68 years of age)	Director Audit Committee	Board of Directors meetings: 9 out of 9 days (100%) Audit Committee: 13 out of 13 days (100%)
12	 <b>Toshiaki Higashihara</b> RE Date of Birth: Feb. 16, 1955 (70 years of age)	Director, Executive Chairman, Representative Executive Officer Nominating Committee	Board of Directors meetings: 8 out of 9 days (89%) Nominating Committee: 9 out of 9 days (100%)

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

The experiences and insights, and skills of each director candidate are as follows.

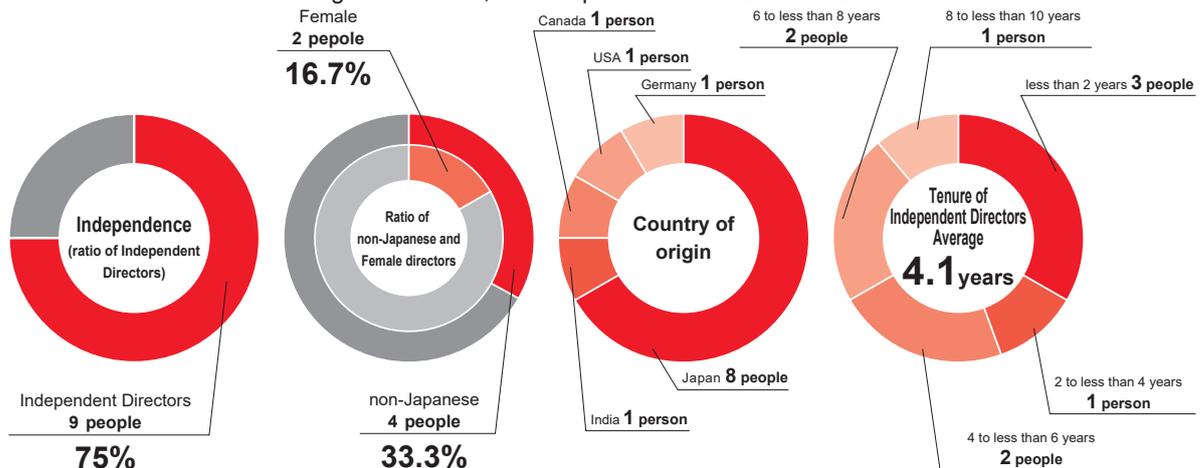
No	Name	Major Experiences and Insights	Core Skills			Professional Skills					
			Corporate management	Global business	Risk management	Finance and accounting	Legal affairs	Digital	Government, international and educational organizations	Sustainability	
1	Katsumi Ihara	Mr. Ihara has held various leadership positions in the electronics and financial businesses as well as CSO and CFO at Sony group, and has rich management experience and insight for management of diverse businesses globally.	○	○	○	○					
2	Ravi Venkatesan	Mr. Venkatesan has rich experience and insight in global corporate management at Infosys, Microsoft India and ServiceNow, digital business and emerging market business, as well as international organizations such as the Global Energy Alliance for People and Planet.	○	○	○			○	○		
3	Eriko Sakurai	Ms. Sakurai has rich experience and insight in the area of global corporate management and sustainability management, having served as head of business divisions and regions at Dow Corning and as chair of the Sustainability Committee as an independent director of financial institution.	○	○	○						○
4	Ikuro Sugawara	Mr. Sugawara has rich experience and insight from leadership positions in government agencies such as the Ministry of Economy, Trade and Industry, as well as serving as an independent director for global companies.	○	○	○				○		
5	Isabelle Deschamps	Ms. Deschamps has rich experience and insight in the areas of corporate law, corporate governance and sustainability management, having worked at Nestle, Unilever, Rio Tinto and other global companies.	○	○	○		○				○
6	Takashi Nishijima	Mr. Nishijima grew the business globally through the integration of IT/OT <sup>1</sup> and the promotion of DX <sup>2</sup> as President of Yokogawa Electric, and has rich experience and insight in global corporate management and sustainability management.	○	○	○			○			○
7	Joe Harlan	Mr. Harlan has rich experience and insight, having served as CFO of Lighting Business at General Electric, and various business and marketing roles at 3M and Dow Chemical.	○	○	○	○					
8	Takatoshi Yamamoto	Mr. Yamamoto has rich experience and insight in the area of corporate analysis and global corporate management at Morgan Stanley Securities and Nomura Research Institute.	○	○	○	○					
9	Helmuth Ludwig	Mr. Ludwig has rich experience and insight in the area of global corporate management and the digital business, as CIO at Siemens, as well as teaching experience at educational institutions.	○	○	○			○	○		
10	Toshiaki Tokunaga	Mr. Tokunaga has rich global corporate management and sustainability management experience and insight, primarily focused on the digital business at Hitachi.	○	○	○			○			○
11	Mitsuaki Nishiyama	Mr. Nishiyama has rich experience and insight in the areas of global corporate management and finance & accounting, having worked as CFO at Hitachi and as chairman and president of Hitachi Metals (currently Proterial).	○	○	○	○					
12	Toshiaki Higashihara	Mr. Higashihara has rich global corporate management as well as sustainability management experience and insight, having served as Hitachi's CEO, etc. as well as rich experience in key positions in government agencies and economic and industry organizations.	○	○	○			○	○		○

<sup>1</sup>OT: Operational Technology <sup>2</sup>DX: Digital Transformation

Definition	Core Skills	Corporate management	Corporate management experience and knowledge
		Global business	Business experience outside Japan or management experience at a company expanding business globally
		Risk management	Knowledge of the risk assessment and management required to sustain a company
	Professional Skills	Finance and accounting	Leadership experience such as CFO or practical experience in corporate analysis, and specialized knowledge in these fields
		Legal affairs	Expertise and practical experience in the legal affairs that are essential for conducting global business and rolling out new business
		Digital	Practical experience in the digital business that is vital for promoting DX in the Social Innovation Business
		Government, international and educational organizations	Leadership experience in government, governmental agencies, international organizations, or economic associations that facilitate an understanding of and response to regulations and social issues, as well as practical experience at educational institutions
		Sustainability	Expertise and practical experience of sustainability through corporate management

## Board of Directors Composition

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



## Matters Considered by the Nominating Committee in Nominating a Director Candidate

### Size of the Board

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

### Composition of the Board

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

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

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

### Qualification for Directors

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

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

### Criteria for Independency of Directors

The Nominating Committee considers an independent director to be independent unless:

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

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

No

1

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

RE

OD

ID



Attendance in Fiscal 2024

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

**Nominating Committee**  
 9 out of 9 days (100%)

**Audit Committee**  
 13 out of 13 days (100%)

**Compensation Committee**  
 8 out of 8 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Chair of the Board of Directors Chair of the Nominating Committee Member of the Audit Committee Member of the Compensation Committee	Seven years	7,500

**Brief Biography**

5/1981 Joined Sony Corporation  
 6/2005 Executive Deputy President, Representative Corporate Executive Officer, Member of the Board, Sony Corporation  
 4/2009 Executive Deputy President, Corporate Executive, Sony Corporation  
 6/2009 Executive Vice President, Representative Director, Sony Financial Holdings Inc.  
 6/2010 President, Representative Director, Sony Financial Holdings Inc.  
 6/2011 President, Representative Director, Sony Life Insurance Co., Ltd.  
 4/2015 Chairman, Director, Sony Life Insurance Co., Ltd. (retired in June 2017)  
 6/2016 Chairman, Director, Sony Financial Holdings Inc. (retired in June 2017)  
 6/2018 Director, Hitachi, Ltd. (currently in office)

**Reason for nomination as Independent Director and expected roles**

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

No

2

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

RE

OD

ID



Attendance in Fiscal 2024

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

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	Four years 11 months	3,800

**Brief Biography**

7/1999 Chairman of the Board of Directors, Cummins India Ltd. (India) (retired in March 2004)  
 1/2004 Chairman, Microsoft India Pvt. Ltd. (India) (retired in September 2011)  
 4/2011 Independent Director, Infosys Ltd. (India) (retired in May 2018, served as Co-Chairman from April 2017 to August 2017)  
 4/2013 Venture Partner, Unitus Ventures LLC. (India) (currently in office)  
 8/2015 Chairman (Non-Executive), Bank of Baroda (India) (retired in August 2018)  
 9/2018 Special Representative for Young People & Innovation, UNICEF (retired in September 2023)  
 7/2020 Director, Hitachi, Ltd. (currently in office)  
 10/2022 Board Chair, Global Energy Alliance for People and Planet, LLC (USA) (currently in office)

**Other Principal Positions Held**

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

**Reason for nomination as Independent Director and expected roles**

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

No

3

**Eriko Sakurai** (Date of Birth: Nov. 16, 1960)

NEW

OD

ID



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

**Brief Biography**

6/1987 Joined Dow Corning Corporation  
 5/2008 Director, Dow Corning Toray Co., Ltd. (Currently Dow Toray Co., Ltd.)  
 3/2009 Chairman and CEO, Representative Director, Dow Corning Toray Co., Ltd.  
 5/2011 Regional President Japan/Korea, Dow Corning Corporation  
 6/2018 Chairman and CEO, Representative Director, Dow Toray Co., Ltd.  
 8/2020 President, Representative Director, Dow Chemical Japan Limited (retired in June 2022)

**Other Principal Positions Held**

Outside Director, Kao Corporation  
 Outside Director, Astellas Pharma Inc.

**Reason for nomination as Independent Director and expected roles**

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

No

4

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

RE

OD

ID



Attendance in Fiscal 2024

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

**Audit Committee**  
 13 out of 13 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of the Audit Committee	Three years	4,800

**Brief Biography**

4/1981 Joined Ministry of International Trade and Industry of Japan  
 7/2010 Director-General of the Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry of Japan ("METI")  
 9/2012 Director-General of the Manufacturing Industries Bureau, METI  
 6/2013 Director-General of the Economic and Industrial Policy Bureau, METI  
 7/2015 Vice-Minister of Economy, Trade and Industry of Japan  
 8/2017 Special Advisor to the Cabinet of Japan (retired in June 2018)  
 6/2022 Director, Hitachi, Ltd. (currently in office)

**Other Principal Positions Held**

Outside Director, FUJIFILM Holdings Corporation

**Reason for nomination as Independent Director and expected roles**

Mr. Sugawara has rich experience and insight in the area of public administration, etc. gained through leading positions at government agencies. He was nominated to be as an independent director because he is expected to leverage this experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by providing opinions and proposals regarding the general management of the Company and supervising the Executive Officers and others' execution of their duties from an independent perspective.

No

5

**Isabelle Deschamps** (Date of Birth: Jun. 11, 1970)

RE

OD

ID



Attendance in Fiscal 2024

**Board of Directors meetings**  
 7 out of 7 days (100%)

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

**Brief Biography**

- 5/1993 Admitted an Attorney-at-Law at Quebec Bar (Canada)
- 2/2003 Head of Legal and Company Secretary, Nestle UK Ltd (UK)
- 11/2009 Admitted as a Solicitor (UK)
- 10/2012 Senior Vice President, General Counsel Global Categories and Intellectual Property, Unilever PLC (UK)
- 1/2017 Executive Vice President, General Counsel Europe and Global E-Commerce, Digital and Privacy, Unilever PLC (UK)
- 1/2018 Executive Vice President, General Counsel Europe and Global Foods & Refreshments, Unilever N.V. (Netherlands)
- 9/2018 Member of Executive Committee, Group General Counsel, AkzoNobel N.V. (Netherlands)
- 10/2021 Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (UK) (currently in office)
- 6/2024 Director, Hitachi, Ltd. (currently in office)

**Other Principal Positions Held**

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

**Reason for nomination as Independent Director and expected roles**

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

No

6

**Takashi Nishijima** (Date of Birth: Aug. 12, 1957)

NEW

OD

ID



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

**Brief Biography**

- 4/1981 Joined Hokushin Electric Works, Ltd. (Currently Yokogawa Electric Corporation)
- 10/2008 Vice President, Head of Control Products Business Center, IA Business Headquarters, Yokogawa Electric Corporation
- 4/2010 President, Yokogawa Meters & Instruments Corporation (retired in March 2012)
- 6/2011 Director, Yokogawa Electric Corporation
- 4/2012 Director and Senior Vice President, Head of IA Platform Business Headquarters, Yokogawa Electric Corporation
- 4/2013 President and Chief Operating Officer, Yokogawa Electric Corporation
- 4/2019 Chairman and Representative Director, Yokogawa Electric Corporation
- 4/2021 Chairman, Yokogawa Electric Corporation (retired in June 2023)

**Other Principal Positions Held**

Outside Director, Murata Manufacturing Co., Ltd.

**Reason for nomination as Director and expected roles**

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

No

7

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

RE

OD

ID



Attendance in Fiscal 2024

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

**Compensation Committee**  
 8 out of 8 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of the Compensation Committee	Seven years	9,000

**Brief Biography**

9/1999 Vice President and Chief Financial Officer, Lighting Business, General Electric Company (USA)  
 9/2001 Vice President, Corporate Financial Planning and Analysis, 3M Company (USA)  
 11/2002 President and Chief Executive Officer, Sumitomo 3M Ltd.  
 10/2004 Executive Vice President, Electro and Communications Business, 3M Company (USA)  
 10/2009 Executive Vice President, Consumer and Office Business, 3M Company (USA)  
 9/2011 Executive Vice President, Performance Materials, The Dow Chemical Company (USA)  
 9/2012 Executive Vice President, Chemicals, Energy and Performance Materials, The Dow Chemical Company (USA)  
 10/2014 Chief Commercial Officer and Vice Chairman, Market Business, The Dow Chemical Company (USA)  
 10/2015 Vice Chairman and Chief Commercial Officer, The Dow Chemical Company (USA) (retired in August 2017)  
 6/2018 Director, Hitachi, Ltd. (currently in office)

**Reason for nomination as Independent Director and expected roles**

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

No

8

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

RE

OD

ID



Attendance in Fiscal 2024

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

**Compensation Committee**  
 8 out of 8 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Chair of the Compensation Committee	Nine years	77,400

**Brief Biography**

4/1975 Joined Nomura Research Institute, Ltd.  
 4/1989 Joined Morgan Stanley Japan Limited  
 12/1995 Managing Director, Morgan Stanley Japan Limited  
 6/1999 Managing Director and Vice Chairman, Tokyo Branch, Morgan Stanley Japan Limited  
 7/2005 Managing Director and Vice Chairman, UBS Securities Japan Co., Ltd.  
 6/2009 Managing Director, CASIO COMPUTER CO., LTD.  
 6/2011 Advisor, CASIO COMPUTER CO., LTD. (retired in June 2012)  
 6/2016 Director, Hitachi, Ltd. (currently in office)

**Other Principal Positions Held**

Outside Director, Murata Manufacturing Co., Ltd.

**Reason for nomination as Independent Director and expected roles**

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

No

9

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

RE

OD

ID



Attendance in Fiscal 2024

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

**Audit Committee**  
 13 out of 13 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of the Audit Committee	Four years 11 months	28,200

**Brief Biography**

- 6/2001 President, Software and System House Division, Siemens AG (Germany)
- 8/2002 President, Systems Engineering Division, Automation and Drives Group, Siemens AG (Germany)
- 8/2007 President, Siemens PLM Software, Inc. (USA)
- 10/2010 Global Head of Communications, Industry Automation, Siemens Corp. (USA)
- 10/2011 President and CEO, Industry Sector, North America, Siemens Industry, Inc. (USA)
- 10/2014 Executive Vice President and Chief Digital Officer, Digital Factory Division, Product Lifecycle Management, Siemens Corp. (USA)
- 10/2016 Chief Information Officer, Siemens AG (Germany) (retired in December 2019)
- 1/2020 Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA) (currently in office)
- 7/2020 Director, Hitachi, Ltd. (currently in office)

**Other Principal Positions Held**

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

**Reason for nomination as Independent Director and expected roles**

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

No

10

**Toshiaki Tokunaga** (Date of Birth: Mar. 15, 1967)

NEW



Position and Responsibilities at the Company	Share Ownership
Representative Executive Officer President & CEO	319,500

**Brief Biography**

- 4/1990 Joined Hitachi, Ltd.
- 4/2014 General Manager, Smart Information Systems Division, Services Division Group, Information & Telecommunication Systems Company, Information & Telecommunication Systems Group
- 4/2017 President, Hitachi Appliances, Inc. (retired in March 2019)
- 4/2018 General Manager, Smart Life & Ecofriendly Systems Division, Hitachi, Ltd.
- 4/2019 Vice President and Executive Officer, Hitachi, Ltd.
- 4/2020 Senior Vice President and Executive Officer, Hitachi, Ltd.
- 4/2021 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd.
- 4/2025 Representative Executive Officer, President & CEO, Hitachi, Ltd. (currently in office)

**Reason for nomination as Director and expected roles**

Mr. Tokunaga has rich experience and a proven performance record, having been engaged in business management mainly in the digital business both at the Company and at Group companies. He has been engaged in the management of the Company as President & CEO since April 2025. Mr. Tokunaga was nominated to be a director because he is expected to promote information sharing and draw on his rich experience and performance record to reinforce the decision-making function of the Board of Directors as a member of the Board.

No

11

**Mitsuaki Nishiyama** (Date of Birth: Sep. 25, 1956)

RE



Attendance in Fiscal 2024

**Board of Directors meetings**  
**9 out of 9 days (100%)**
**Audit Committee**  
**13 out of 13 days (100%)**

Position and Responsibilities at the Company	Share Ownership
Director Member of the Audit Committee	134,000

**Brief Biography**

4/1979 Joined Hitachi, Ltd.  
 4/2008 General Manager, Finance Department I  
 4/2011 Executive Officer, Hitachi Cable, Ltd.  
 6/2012 Executive Officer, Board Director, Hitachi Cable, Ltd.  
 4/2013 Vice President and Executive Officer, Board Director, Hitachi Cable, Ltd.  
 7/2013 Vice President and Managing Officer, Hitachi Metals, Ltd. (currently Proterial, Ltd.)  
 4/2014 Vice President and Executive Officer, Hitachi Metals, Ltd. (retired in March 2015)  
 4/2015 Vice President and Executive Officer, Hitachi, Ltd.  
 4/2016 Representative Executive Officer, Senior Vice President and Executive Officer, Hitachi, Ltd.  
 4/2020 Representative Executive Officer, Chairperson and CEO, Hitachi Metals, Ltd.  
 6/2020 Representative Executive Officer, Chairperson, President and CEO, Hitachi Metals, Ltd.  
 Representative Executive Officer, Chairperson, President and CEO, and Director, Hitachi Metals, Ltd.  
 1/2023 Representative Director, Executive Chairman, Proterial, Ltd. (retired in March 2023)  
 4/2023 Associate, Hitachi, Ltd.  
 6/2023 Director, Hitachi, Ltd. (currently in office)

**Reason for nomination as Director and expected roles**

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

No

12

**Toshiaki Higashihara** (Date of Birth: Feb. 16, 1955)

RE



Attendance in Fiscal 2024

**Board of Directors meetings**  
**8 out of 9 days (89%)**
**Nominating Committee**  
**9 out of 9 days (100%)**

Position and Responsibilities at the Company	Share Ownership
Executive Chairman, Representative Executive Officer and Director Member of the Nominating Committee	1,065,100

**Brief Biography**

4/1977 Joined Hitachi, Ltd.  
 4/2007 Vice President and Executive Officer  
 4/2008 President, Hitachi Power Europe GmbH  
 4/2010 Representative Executive Officer, President and Chief Executive Officer, Hitachi Plant Technologies, Ltd.  
 6/2010 President and Representative Director, Hitachi Plant Technologies, Ltd.  
 4/2011 Vice President and Executive Officer, Hitachi, Ltd.  
 4/2013 Senior Vice President and Executive Officer, Hitachi, Ltd.  
 4/2014 Representative Executive Officer and President & COO, Hitachi, Ltd.  
 6/2014 Representative Executive Officer, President & COO and Director, Hitachi, Ltd.  
 4/2016 Representative Executive Officer, President & CEO and Director, Hitachi, Ltd.  
 5/2021 Representative Executive Officer, Executive Chairman, President & CEO and Director, Hitachi, Ltd.  
 6/2021 Representative Executive Officer, Executive Chairman & CEO and Director, Hitachi, Ltd.  
 4/2022 Executive Chairman, Representative Executive Officer and Director, Hitachi, Ltd. (currently in office)

**Reason for nomination as Director and expected roles**

Mr. Higashihara has rich experience and a proven performance record, having been engaged in business management in a broad range of fields, including the social infrastructure business and the power systems business, both at the Company and at Group companies, as well as in the promotion of the Group's global business development. He has been engaged in the management of the Company as President since April 2014, as Executive Chairman and President since May 2021 and as Executive Chairman since June 2021. He has been serving as Executive Chairman and Director since April 2022. Mr. Higashihara was nominated to be a director because he is expected to continue to promote information sharing and draw on his rich experience and performance record to reinforce the decision-making function of the Board of Directors as a member of the Board.

Notes:

1. Attendance at Board of Directors meetings and committee meetings is based on the number of days when meetings were held during each member's term of office.
2. Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Takashi Nishijima, Joe Harlan, Takatoshi Yamamoto, and Helmuth Ludwig and Ms. Eriko Sakurai and Isabelle Deschamps are nominees who fulfill the qualification requirements to be outside director nominees as provided for in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act. The Company has reported all of them as independent directors to the Japanese stock exchanges where the Company is listed.
3. The Company maintains a limited liability agreement (hereinafter the "Agreement") with Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Joe Harlan, Takatoshi Yamamoto, Helmuth Ludwig and Mitsuki Nishiyama and Ms. Isabelle Deschamps. The general intent of the Agreement is to limit the liability of Directors provided for in Article 423, Paragraph 1 of the Companies Act to the aggregate amount of each item stipulated under Article 425, Paragraph 1 of the Companies Act. The Agreement will be renewed should the aforementioned individuals be re-elected at the Meeting. In the event Ms. Eriko Sakurai and Mr. Takashi Nishijima are elected as a director, the Company will newly enter into the same agreement with them.
4. The Company currently has a Directors' and Officers' Liability Insurance Agreement, which is stipulated in Article 430-3, Paragraph 1 of the Companies Act, nominating each of its director candidates other than Ms. Eriko Sakurai and Mr. Takashi Nishijima as an insured person with an insurance company. The content of the Insurance Agreement is stated in "Directors and Executive Officers - Contents of Directors' and Officers' Liability Insurance Agreement" in the Business Report. Upon the election of the directors, each director other than Ms. Eriko Sakurai and Mr. Takashi Nishijima will continue to be insured under the insurance agreement Ms. Eriko Sakurai and Mr. Takashi Nishijima will newly become an insured person under the insurance agreement. The Company plans to renew the agreement with the same terms and conditions during the tenure of each director.
5. At Sumitomo Mitsui Financial Group, Inc. ("SMFG"), where Ms. Eriko Sakurai is currently serving as an Outside Director and is scheduled to resign on June 27, 2025, SMFG and its subsidiary, SMBC Nikko Securities Inc., received an administrative action under the Financial Instruments and Exchange Act from the Financial Services Agency in October 2022 in relation to a violation of Article 159, paragraph (3) (illegal stabilizing transactions) of the Financial Instruments and Exchange Act by former officers and employees of SMBC Nikko Securities Inc. SMBC Nikko Securities was convicted by the Tokyo District Court in February 2023 in connection with the same incident, the conviction became final. Furthermore, in October 2022, SMBC Nikko Securities Inc. received an administrative action from the Financial Services Agency under the Financial Instruments and Exchange Law in connection with the transfer of undisclosed information between officers and employees of SMBC Nikko Securities Inc. and Sumitomo Mitsui Banking Corporation, a subsidiary of SMFG. In addition, SMFG and Sumitomo Mitsui Banking Corporation received an order from the Financial Services Agency to submit reports under the Financial Instruments and Exchange Act and the Banking Act with respect to this incident. Ms. Eriko Sakurai, as an Outside Director, has always expressed the importance of compliance with laws and regulations, ensuring appropriateness of operations, and risk management at meetings of the SMFG board of directors and various committees, and has made recommendations for the thorough implementation of these measures. After the incident came to light, she has been involved in deliberations at meetings of the SMFG board of directors and various committees to formulate and implement effective measures to prevent recurrence, further strengthen SMFG's legal compliance and internal control systems, and foster sound corporate culture.
6. In the event this agenda item is approved, the members and the chair of the committees are expected to be as follows:  
Nominating Committee : Katsumi Ihara (chair), Eriko Sakurai, Ikuro Sugawara, Toshiaki Higashihara  
Audit Committee : Mitsuki Nishiyama (chair), Katsumi Ihara, Ikuro Sugawara, Takashi Nishijima, Helmuth Ludwig  
Compensation Committee : Takatoshi Yamamoto (chair), Katsumi Ihara, Takashi Nishijima, Joe Harlan, Toshiaki Tokunaga
7. The Company has no transactions with Unitus Ventures LLC., where Mr. Ravi Venkatesan is currently serving as Venture Partner, with Rio Tinto plc, where Ms. Isabelle Deschamps is currently serving as Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, with Southern Methodist University, where Mr. Helmuth Ludwig is currently serving as Professor of Practice, and with Bridgepoint, LLC, where Mr. Helmuth Ludwig is currently serving as Senior Advisor.
8. The Company has no transactions whose volume is more than 1% of the Company's consolidated revenues or each company's respective consolidated revenues with Dow Chemical Japan Limited, where Ms. Eriko Sakurai had served as President, Representative Director (retired in June 2022), with Dow Toray Co., where Ms. Eriko Sakurai had served as Chairman and CEO, Representative Director (retired in July 2020), with AkzoNobel N.V., where Ms. Isabelle Deschamps had served as Member of Executive Committee, Group General Counsel (retired in September 2021), and with Yokogawa Electric Corporation, where Mr. Takashi Nishijima had served as Chairman and Representative Director (retired in March 2021).
9. The Company has no contractual relationship with Ms. Isabelle Deschamps in relation to legal and other professional services, etc.

**Business Overview and Results of Hitachi Group**

**Business Results**

In Fiscal 2024, although the global economy showed a solid performance, due mainly to easing of rapid inflation and exchange rate fluctuations, the business environment remained uncertain due to changes in government in the United States and other countries and continued geopolitical risks. Under such environment, despite the impact of conversion of Hitachi Astemo, Ltd. (currently Astemo, Ltd.) into an equity-method affiliate in the previous fiscal year, Hitachi recorded revenues of 9,783.3 billion yen and Adjusted EBITA of 1,141.8 billion yen, due mainly to the organic growth of business in each segment including the expansion of the Lumada<sup>†</sup> business and the solid performance of the power grids business, as well as the completion of acquisition of ground transportation systems business of Thales S.A. and the impact of foreign exchange. Adjusted EBITA Margin was 11.7%, an increase of 2.3 percentage points from the previous fiscal year. Net income attributable to Hitachi, Ltd. stockholders was 615.7 billion yen.

Regarding funds, core free cash flow<sup>\*\*</sup> was 780.5 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<sup>\*\*\*</sup> to 43 yen (with an interim dividend of 21 yen and a year-end dividend of 22 yen) and repurchased its own shares of approximately 200.0 billion yen.

<sup>†</sup>Lumada is a general term for the solutions, services and technologies that utilize Hitachi's advanced digital technologies to create value from customers' data and accelerate digital innovation.

<sup>\*\*</sup>Core free cash flows are cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.

<sup>\*\*\*</sup>On July 1, 2024, the Company conducted a stock split at a ratio of 5 shares for each 1 share, and the dividend per share for the previous fiscal year is calculated by adjusting the effect of the stock split.

**Actions in Fiscal 2024 and Aims**

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

**– Organic Growth of Businesses by Identifying Current Trends**

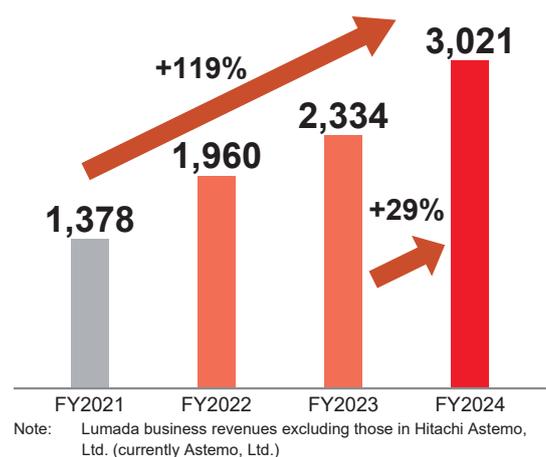
Hitachi achieved organic growth of the Social Innovation Business by capturing demand for DX and GX<sup>†</sup> that is growing in Japan and overseas and new business opportunities arising from the acceleration of technological innovation.

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

In addition, Hitachi continues to receive orders by tapping into GX demand. In the power grids business, Hitachi received an order from Amprion GmbH, a German transmission system operator, for four HVDC<sup>\*\*</sup> converter stations for transmitting energy from onshore and offshore wind power plants.

<sup>†</sup>DX: Digital transformation, GX: green transformation  
<sup>\*\*</sup>HVDC: High-voltage direct-current transmission

**Lumada business revenues**  
(Billions of yen)



**– Business Portfolio Reorganization for Further Growth**

Hitachi also continues to restructure its businesses to achieve further growth in the future.

In May 2024, Hitachi Rail Ltd. completed its acquisition of ground transportation systems business of Thales S.A., thereby strengthening its provision of railway systems and solutions. As a result, the revenues of Hitachi's railway systems business in Fiscal 2024 exceeded 1 trillion yen.

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

**– Creating New Business Opportunities through the Use of Generative AI**

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

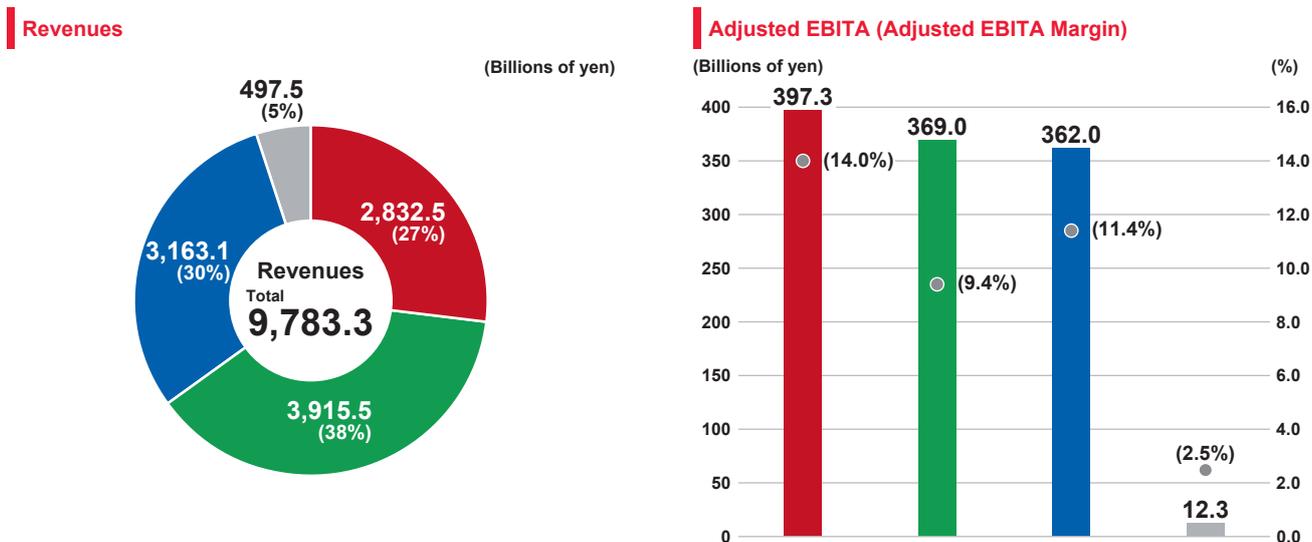
## Consolidated Financial Results for Fiscal 2024 (Billions of yen)

Revenues	Adjusted EBITA	Adjusted EBITA Margin	Net income attributable to Hitachi, Ltd. stockholders	ROIC
9,783.3	1,141.8	11.7%	615.7	10.9%
Year over year <b>+1%</b> ↗	Year over year <b>+24%</b> ↗	Year over year <b>+2.3</b> ↗	Year over year <b>+4%</b> ↗	Year over year <b>+2.2</b> ↗

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

## Financial Results by Segment

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



Notes: 1. Revenues by segment include intersegment transactions.  
 2. The number in parentheses in "Revenues" is the percentage of each segment's revenues to total revenues.  
 3. The number in parentheses in "Adjusted EBITA (Adjusted EBITA Margin)" is Adjusted EBITA Margin.

## Business Overview and Results of Hitachi Group - Results by Segment

The Results by “Digital Systems & Services”, “Green Energy & Mobility” and “Connective Industries” are as follows. In addition to these businesses, Hitachi also engages in the business in Others\*.

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

### Digital Systems & Services

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



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
2,832.5 billion yen	397.3 billion yen	14.0%	10.2%
Year over year +9% ↗	Year over year +19% ↗	Year over year +1.2 points ↗	Year over year +1.4 points ↗

Sales and profits increased mainly due to growth of business driven by the demand for DX and modernization mainly in the domestic IT market, and the impact of foreign exchange. GlobalLogic Inc., which continues to grow at a high rate, increased sales revenue of 18% (12% in U.S. dollars) from the previous fiscal year and recorded Adjusted EBITA Margin of 19.0%.

#### Action in Fiscal 2024

Leveraging advanced technologies including generative AI and a wealth of digital human resources, Hitachi worked to provide a variety of solutions to problems faced by society and customers. In response to strong demand from customers for the digitization of their operations mainly in Japan, Hitachi provided highly reliable system integration, which it has cultivated over many years in the mission-critical area, and strongly supported the promotion of DX. Also, Hitachi deepened the collaboration among GlobalLogic Inc., Hitachi Digital Services, LLC and Hitachi Vantara LLC and drove the provision of globally consistent services, from digital engineering to system integration and managed services. In addition, Hitachi pushed forward with building an ecosystem through alliances with global partners such as NVIDIA Corporation, Amazon Web Services Japan G.K., Google Cloud Corporation and Microsoft Corporation.

As One Hitachi, Hitachi is further accelerating the creation of synergies through IT x OT x Product, which is one of the strengths of the Hitachi Group, by digitally connecting a wide range of businesses.



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

# Green Energy & Mobility

Hitachi contributes to realization of a sustainable decarbonized society by providing solutions, including HVDC systems, that support energy conversion, clean energy systems including nuclear and renewable energy systems, energy management services that utilize digital technology to optimize overall energy use, environmentally friendly railway systems solutions, and digital asset management systems for energy and railway systems.



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,915.5 billion yen	369.0 billion yen	9.4%	8.7%
Year over year +28% ↗	Year over year +85% ↗	Year over year +2.9 points ↗	Year over year +3.6 points ↗

Sales and profits increased due to the organic growth in the power grids business, which resulted from strong growth in renewable energy-related projects and renewal of grid facilities, as well as the impact of acquisition of ground transportation systems business of Thales and the impact of foreign exchange.

## Actions in Fiscal 2024

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

In the energy field, Hitachi Energy Ltd plans an investment of over \$6 billion in strengthening manufacturing, engineering, digital, R&D, and partnerships by 2027 to meet the increasing demand in the power grids business. In the nuclear power business, Hitachi contributed to the restart of boiling water reactors\* in Japan. Furthermore, Hitachi is strengthening energy and facility management services business, which supports optimal energy operation and facility management with digital technologies.

In the railway systems field, Hitachi completed the acquisition of ground transportation systems business of Thales in May 2024, thus strengthening its business portfolio in transportation solutions. Additionally, in September 2024, Hitachi announced HMAX, a digital asset management solution enhanced by AI technologies. Hitachi helps optimize trains, signaling systems and infrastructures and improve maintenance and energy efficiency.

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



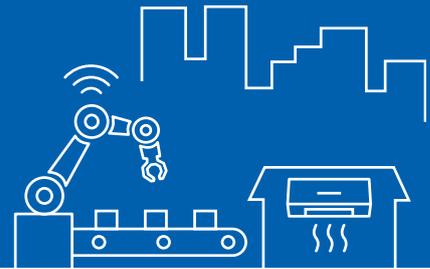
HVDC transformer test facility of Hitachi Energy in Ludvika, Sweden



Digital asset management solution HMAX

# Connective Industries

Hitachi aims to realize the well-being of society by providing solutions that contribute to the productivity improvement of frontline workers by combining highly competitive products with digital technologies in the fields of Urban (building systems, home appliances and air conditioners) and Industry (industrial machinery, measurement and analysis systems, healthcare equipment, industry & distribution solutions and water & environment solutions)



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,163.1 billion yen	362.0 billion yen	11.4%	11.5%
Year over year +3% ↗	Year over year +13% ↗	Year over year +0.9 points ↗	Year over year +1.0 points ↗

Sales and profits increased due to the growth of the building systems business, in which the building services business expanded, measurement and analysis systems business, in which the biochemistry and immunology automatic analysis systems and radiotherapy systems performed well, and the digital solutions business in the domestic industrial sector as well as the impact of foreign exchange.

## Actions in Fiscal 2024

Hitachi accelerated the provision of solutions that combine competitive products with extensive domain knowledge and advanced digital technologies, in its efforts to expand its Lumada and recurring business\*.

In particular, Hitachi expects high growth due to rising demand for DX and GX in the areas of semiconductor and battery manufacturing, healthcare including molecular diagnostics, biopharmaceutical manufacturing, personalized medicine, and minimally invasive therapies, and services. To capture new growth opportunities in these areas, Hitachi promoted the development of digital services by leveraging its extensive installed base (products and systems) and collaboration with GlobalLogic Inc. and the strengthening of the robotics SI business, in addition to bolstering product R&D. In the robotics SI business, which is being promoted mainly by JR Automation Technologies, LLC. in the U.S., Hitachi is accelerating the global expansion of the business through an acquisition of MA micro automation GmbH in Germany in September 2024.



Operating business in Urban and Industry areas

\*Ongoing and cyclical services that include after-sales service

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

### Consolidated Basis

Fiscal Year	(Billions of yen)				
	2020	2021	2022	2023	2024
Revenues	8,729.1	10,264.6	10,881.1	9,728.7	9,783.3
Adjusted Operating Income	495.1	738.2	748.1	755.8	971.6
Adjusted EBITA	609.1	855.3	884.6	918.1	1,141.8
Income Before Income Taxes	844.4	839.3	819.9	825.8	962.7
Net Income Attributable to Hitachi, Ltd. Stockholders	501.6	583.4	649.1	589.8	615.7
Total Assets	11,852.8	13,887.5	12,501.4	12,221.2	13,284.8

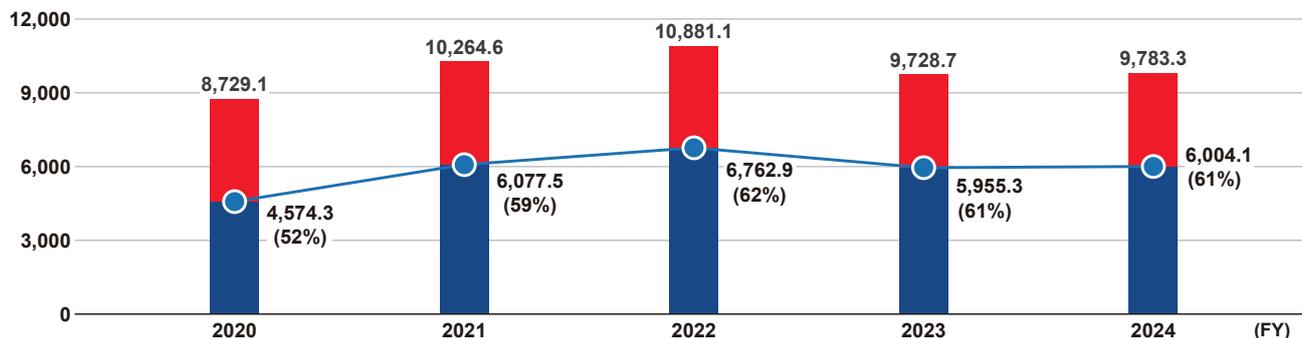
### Unconsolidated Basis

Fiscal Year	(Billions of yen)				
	2020	2021	2022	2023	2024
Revenues	1,678.2	1,623.4	1,631.3	1,756.9	1,774.2
Operating Income	39.0	113.9	88.0	147.7	212.0
Ordinary Income	305.4	365.0	354.7	401.0	428.6
Net Income	705.5	516.1	987.9	581.5	390.1
Total Assets	4,982.6	5,815.6	5,940.4	6,095.4	6,515.4

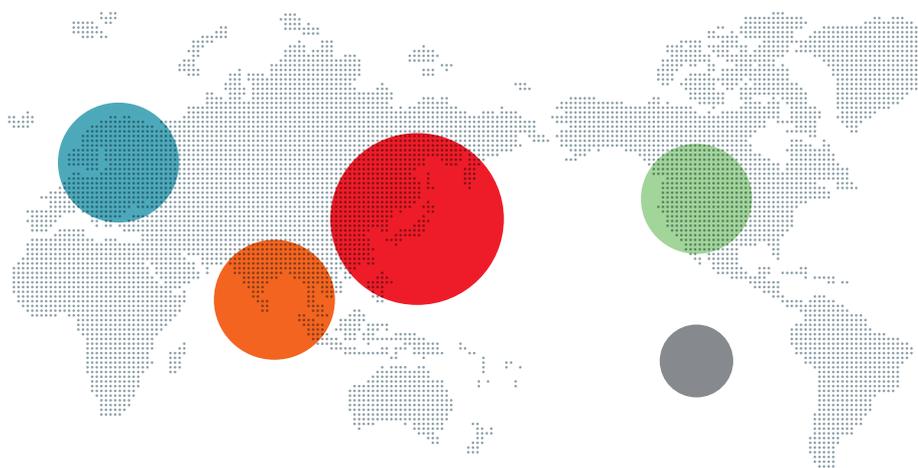
- Notes: 1. From Fiscal 2021, the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. and the figures for Fiscal 2021, 2022, 2023 and 2024 have been calculated in accordance with this standard.
2. In Fiscal 2024, the revenues and operating income increased from the previous fiscal year and ordinary income reached a new record high, due mainly to the solid performance in the Digital Systems & Services business. Net Income decreased from the previous fiscal year due to the decrease in extraordinary income such as the gain on stock sales.

## Overseas Revenues Trends

(Billions of yen)



## Revenues by Market



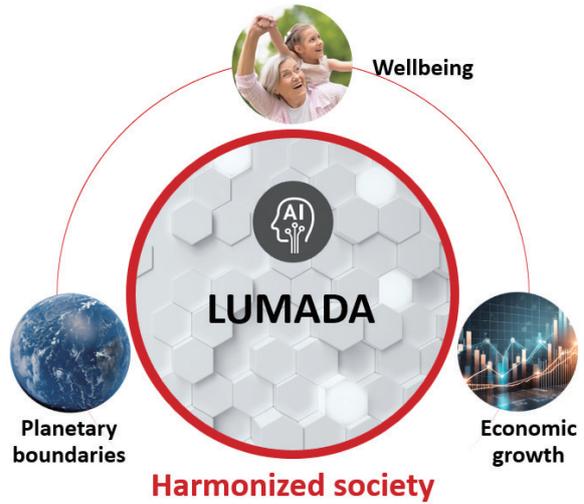
Overseas Revenues				Japan Revenues
6,004.1 Billion yen (61%)				3,779.2 Billion yen
16%	19%	19%	7%	39%
<b>North America</b>	<b>Europe</b>	<b>Asia</b>	<b>Other Areas</b>	
1,528.0 Billion yen	1,902.6 Billion yen	1,843.2 Billion yen	730.2 Billion yen	

Notes: 1. In "Overseas Revenues Trends," 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.

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

In April 2025, Hitachi announced its new Management plan "Inspire 2027". Under Inspire 2027, Hitachi aims to contribute to a harmonized society where environment, well-being and economic growth are in balance and to achieve sustainable growth. For the achievement, Hitachi will transform itself into a digital centric company by innovating the social infrastructure with Lumada at the core.

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



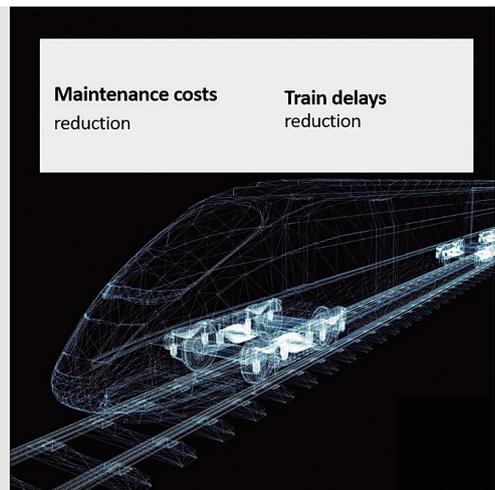
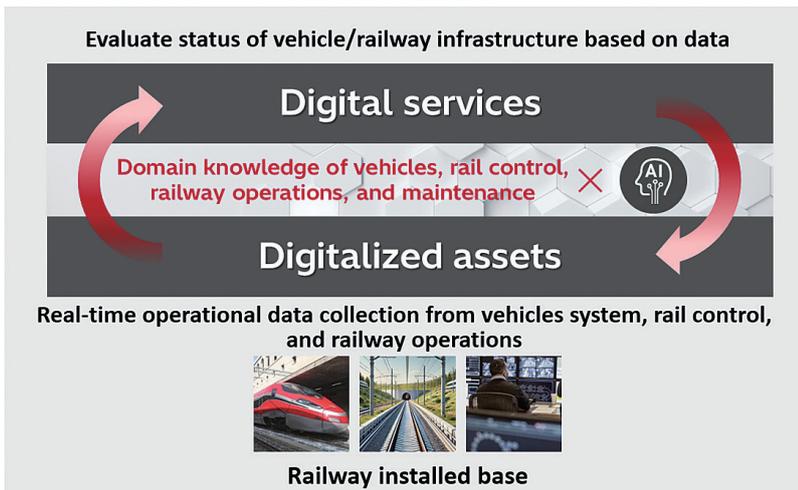
**– Evolution of Lumada Innovating Social Infrastructure**

Under Inspire 2027, Hitachi accelerates innovation in social infrastructure by evolving Lumada, which drives the Social Innovation Business. The evolved Lumada provides new digital services that convert data collected from Hitachi's extensive installed base (products and systems), digitalized assets, into value with AI strengthened by Hitachi's domain knowledge. This approach thereby promotes solutions to customer issues. Hitachi also expands the solutions to other industries and fields, thereby helping solve the issues facing society as a whole.

A prime example is HMAX. Utilizing cutting-edge AI technology, HMAX collects and analyzes real-time data from installed bases such as rolling stock and signals and provides one-stop services for maintenance, operation and design of railway systems. This helps railway operators improve maintenance efficiency and reduce costs. In addition, HMAX will innovate the overall social infrastructure by expanding beyond railways to other industries such as energy and industry and to other companies' installed base.

**Lumada**

**HMAX**



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

**– Business Structure for Realizing True One Hitachi with Digital at Core**

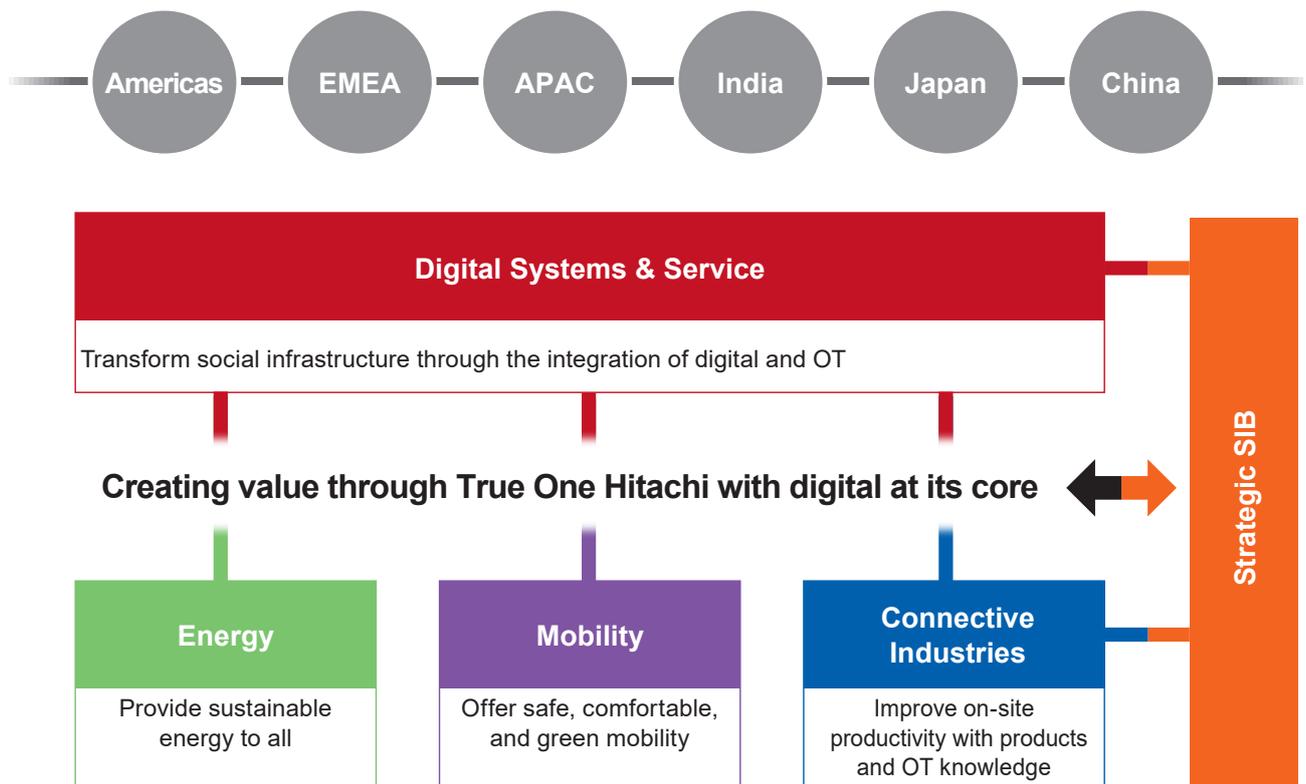
Hitachi has established a new business structure starting in April 2025, so as to accelerate value creation with digital at its core, by working together as True One Hitachi.

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

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

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

\*Social Innovation Business



## –Achieving New Growth - Creation of New Businesses by Strategic SIB Business Unit

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

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



## –Strengthening Foundation Supporting True One Hitachi

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

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

Please check the website for more information about Inspire 2027 and the presentation by President and CEO Tokunaga.

<https://www.hitachi.com/IR-e/library/strategy/index.html>

## Borrowings and Financing Activities of Hitachi Group

### Major Borrowings (As of March 31, 2025)

Name of Company	Creditor	Balance of Borrowings
The Company	Japan Bank for International Cooperation	164.4 billion yen

Note: In addition to the figures shown above, the Company owes long-term borrowings by means of syndicated loan agreements of 426.4 billion yen.

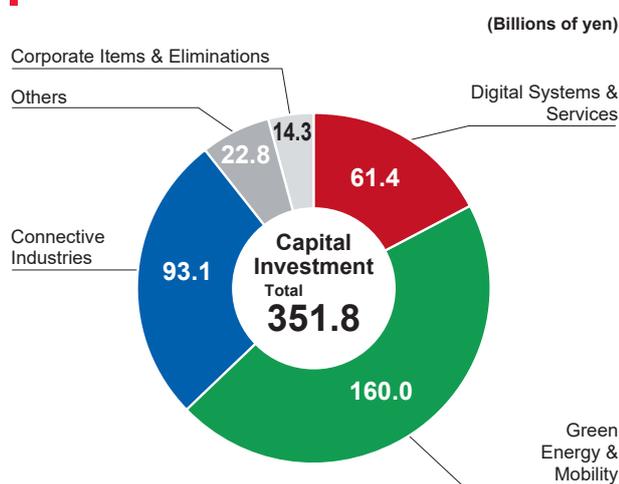
### Major Financing Activities

There is no material financing by issuance of stock and corporate bonds, etc. in Fiscal 2024.

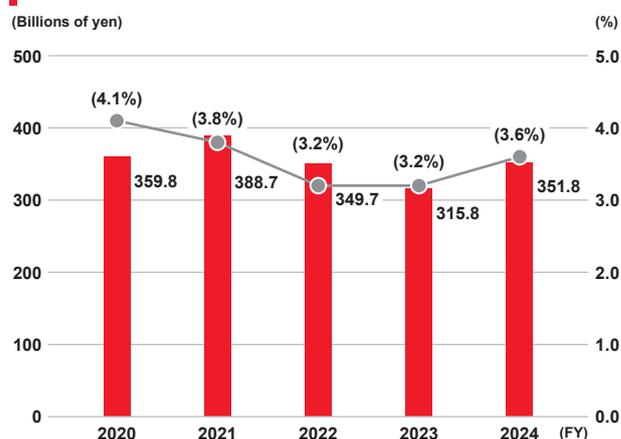
## Capital Investment of Hitachi Group

During Fiscal 2024, the Hitachi Group carried out capital investment of 351.8 billion yen. It increased 36.0 billion yen from the previous fiscal year, mainly due to investments for the business expansion in power grids and semiconductor manufacturing equipment businesses, despite a decrease resulting from conversion of Hitachi Astemo, Ltd. (currently Astemo, Ltd.) into an equity-method affiliate in the previous fiscal year.

### Capital Investment by Segment



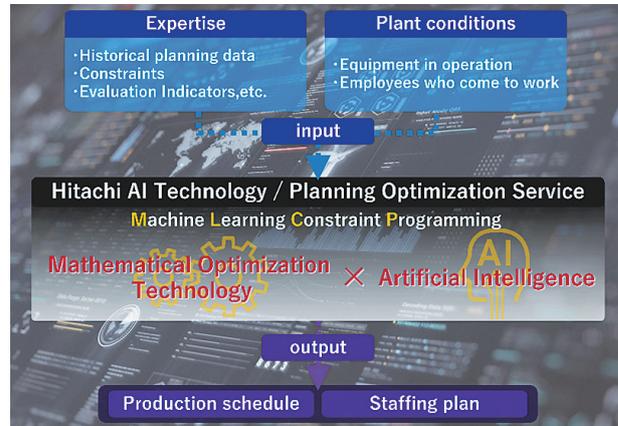
### Capital Investment Trend



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

## Research and Development (R&D) of Hitachi Group

With the R&D mission, "Strengthen initiatives to create innovation with digital and green contributing to global business growth", Hitachi creates innovative technologies to resolve issues of society and customers. Specifically, Hitachi is working on the development of DX and GX driven by the customer experience value visualizing procurement risk and developing technologies that utilize generative AI. For example, Hitachi has developed technology which is capable of inferencing with high precision information about the manufacturing site with generated AI, improving risk management efficiency, thereby contributing to greater corporate supply chain resilience. Hitachi also developed the service providing AI agents specialized for customer operations in order to improve their operational efficiency. In addition, Hitachi has developed technology that enables optimal production planning by digitizing and reflecting the experience and intuition of skilled personnel, which is difficult to verbalize, through "Hitachi AI Technology", a Lumada solution that combines constraint programming with machine learning. This technology was awarded the 71st Okochi Memorial Production Award. Hitachi is also engaged in research aimed at the realization of large-scale quantum computers, hydrogen value chain and design cell development platforms, etc., as future technologies contributing to the resolution of social issues.

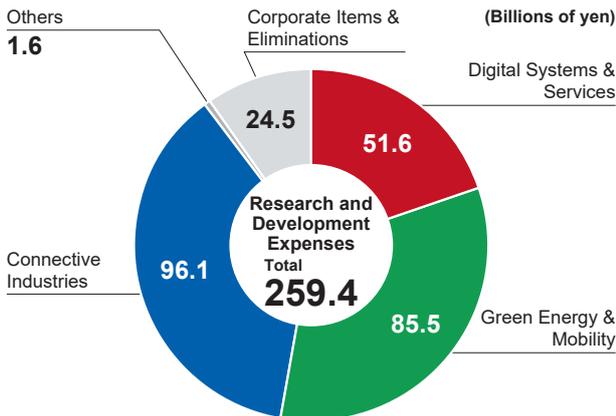


Production planning optimization technology that can reflect expert know-how

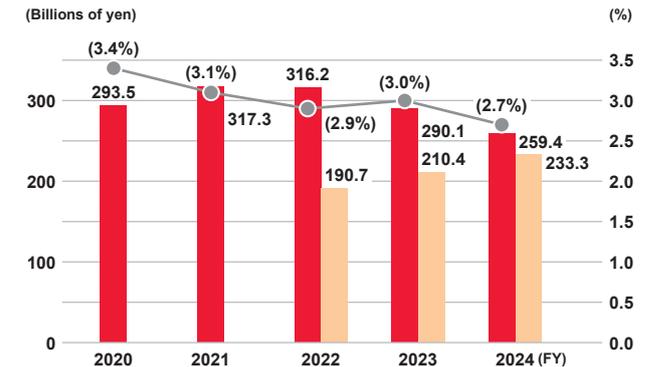
R&D expenses during Fiscal 2024 amounted to 259.4 billion yen, a decrease of 30.7 billion yen from the previous fiscal year, mainly due to conversion of Hitachi Astemo, Ltd. (currently Astemo, Ltd.) into an equity-method affiliate. The total R&D expenses in the three segments of Digital Systems & Services, Green Energy & Mobility and Connective Industries increased 22.8 billion yen from the previous fiscal year.

In addition to the development of advanced technologies through own R&D, Hitachi is also expanding strategic investments in startups with cutting-edge, digital technologies and those in new frontiers through the management of corporate venture capital funds, etc. Hitachi announced the establishment of the fourth fund in February 2025 and it began operating in April 2025. As a result, Hitachi's assets under management of investment in startups, have reached \$1 billion.

### 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 three segments of Digital Systems & Services, Green Energy & Mobility and Connective Industries.  
2. The number in parentheses is the percentage of R&D expenses to total revenues.

## 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.

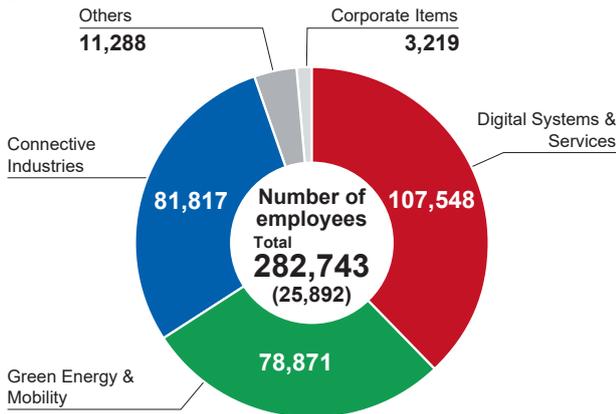
Under the new Management Plan, "Inspire 2027", Hitachi continues to strengthen its human capital by securing excellent talents through setting competitive compensation and nurturing the talents with expertise which is necessary for business growth, including generative AI and with leadership skills.



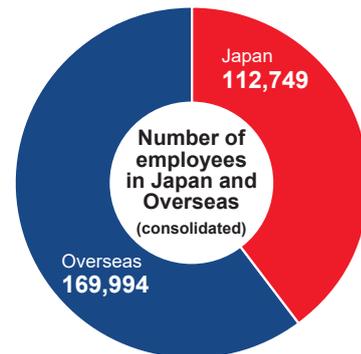
### Number of Employees in the Hitachi Group

282,743 (including 25,892 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, 2025.  
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, 2025)

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

## Group Companies

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

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

Notes: 1. The total number of consolidated subsidiaries is 618.

2. The number of equity-method affiliates is 376. The major equity-method affiliates are Kokusai Electric Inc., Arcerik Hitachi Home Appliances B.V., Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd, Hitachi Astemo, Ltd. and Hitachi Construction Machinery Co., Ltd.

3. Hitachi Vantara, Ltd. is the company which succeeded the IT Products business of the Company through an absorption-type company spilt on April 1, 2024.

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

5. Hitachi Kokusai Electric Inc. changed its name to Kokusai Electric Inc. on December 27, 2024.

6. Hitachi Astemo, Ltd. changed its name to Astemo, Ltd. on April 1, 2025.

7. Ratio of voting rights includes indirect ownership.

## Directors and Executive Officers

### Directors

#### Name, Position and Responsibilities, etc. (As of March 31, 2025)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Chair of the Board of Directors Nominating Committee (Chair) Audit Committee Compensation Committee	-
Ravi Venkatesan	Independent Director	-	Board Chair, Global Energy Alliance for People and Planet, LLC (USA) Trustee, The Rockefeller Foundation (USA) Venture Partner, Unitus Ventures LLC. (India)
Ikuro Sugawara	Independent Director	Audit Committee	Outside Director, Toyota Motor Corporation Outside Director, FUJIFILM Holdings Corporation
Isabelle Deschamps	Independent Director	-	Member of Executive Committee, Chief Legal, Governance & Corporate Affairs Officer, Rio Tinto plc (UK)
Joe Harlan	Independent Director	Compensation Committee	-
Louise Pentland	Independent Director	-	Director, Experian plc (Ireland/UK)* Senior Vice President and General Counsel, Roku, Inc (USA)
Takatoshi Yamamoto	Independent Director	Compensation Committee (Chair)	Outside Director, Murata Manufacturing Co., Ltd.
Hiroaki Yoshihara	Independent Director	Nominating Committee Audit Committee (Chair)	Outside Director, HOYA CORPORATION
Helmuth Ludwig	Independent Director	Audit Committee	Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA) Senior Advisor, Bridgepoint, LLC (USA)
Keiji Kojima	Director	Compensation Committee	-
Mitsuaki Nishiyama	Director	Audit Committee	-
Toshiaki Higashihara	Executive Chairman	Nominating Committee	-

- Notes: 1. Mr. Hiroaki Yoshihara, Director (Audit Committee (Chair)), has considerable knowledge of finance and accounting based on his long experience at the KPMG Group with businesses related to accounting, etc. Mr. Mitsuaki Nishiyama, Director (Audit Committee), has considerable knowledge of finance and accounting based on his long experience as a chief of accounting and finance department of the Company as well as an Executive Officer in charge of accounting and finance department.
2. The Company has appointed Director Mitsuaki Nishiyama as a standing committee member of the Audit Committee. The Company strives to improve the audit and supervisory functions of the Audit Committee by appointing a standing committee member and creating a system where the Audit Committee can discuss and make its decisions based on its coordination with the internal auditing division and others, along with its timely understanding of accurate information through attendance of important internal meetings, etc. and information-sharing with other committee members.
3. All of the Independent Directors of the Company have been reported as independent directors to the Japanese stock exchanges where the Company is listed.
4. The 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 Toyota Motor Corporation, FUJIFILM Holdings Corporation, Murata Manufacturing Co., Ltd. and HOYA CORPORATION. The volume of transactions with each of the companies and corporations is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding entity (less than 1% of either party's consolidated revenues).

#### General Intent of Limited Liability Agreement with Directors

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

## Major Activities of Independent Directors

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

Name	Attendance	Activities and duties of the Independent Directors related to their expected role
Katsumi Ihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 9 out of 9 days Audit Committee: 13 out of 13 days Compensation Committee: 8 out of 8 days	Mr. Ihara stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a business management viewpoint based on his rich corporate management experience and insight gained through his involvement in the management of major companies conducting diverse businesses globally. He also led discussions at meetings of the Board of Directors and the Nominating Committee as the chairperson of both bodies.
Ravi Venkatesan	Board of Directors meetings: 9 out of 9 days	Mr. Venkatesan stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint based on his rich experience and insight in the area of digital business and emerging markets.
Ikuro Sugawara	Board of Directors meetings: 9 out of 9 days Audit Committee: 13 out of 13 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.
Isabelle Deschamps	Board of Directors meetings: 7 out of 7 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 compliance and risk management perspective based on her rich experience and insight as a chief legal officer at major global companies, etc.
Joe Harlan	Board of Directors meetings: 9 out of 9 days Compensation Committee: 8 out of 8 days	Mr. Harlan stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global business management viewpoint based on his rich corporate management experience and insight gained through his involvement in the management of major companies conducting diverse businesses globally.
Louise Pentland	Board of Directors meetings: 8 out of 9 days	Ms. Pentland stated her opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint as well as a compliance and risk management perspective based on her rich experience and insight as a chief legal officer at major global companies.
Takatoshi Yamamoto	Board of Directors meetings: 9 out of 9 days Compensation Committee: 8 out of 8 days	Mr. Yamamoto stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from investors' viewpoints focusing on issues related to IR, information disclosure and corporate value based on his rich experience and insight in the area of corporate analysis and global corporate management. He also led discussions as the chairperson of the Compensation Committee.
Hiroaki Yoshihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 9 out of 9 days Audit Committee: 13 out of 13 days	Mr. Yoshihara stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies mainly from the viewpoints of improving business results and risk management based on his rich experience and insight in the area of global corporate management and accounting. He also led discussions as the chairperson of the Audit Committee.
Helmuth Ludwig	Board of Directors meetings: 9 out of 9 days Audit Committee: 13 out of 13 days	Mr. Ludwig stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global viewpoint based on his rich experience and insight in the area of global corporate management and digital business.

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

## Executive Officers

### Name, Position and Responsibilities, etc. (As of March 31, 2025)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	Executive Officer	General	-
*Keiji Kojima	President	Overall management	-
*Jun Abe	Executive Vice President and Executive Officer	Assistant to the President (business for industrial digital, water & environment business, industrial products business, industrial equipment systems business, building systems business, smart life & ecofriendly systems business, measurement and analysis systems business and healthcare business)	-
*Brice Koch	Executive Vice President and Executive Officer	Assistant to the President (management strategies, regional strategies, investment strategies, risk management, corporate export regulation, cost structure reform and information security management)	Chairman, Hitachi Europe Ltd.
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)	-
*Toshiaki Tokunaga	Executive Vice President and Executive Officer	Assistant to the President (growth strategies, cloud services platforms business, digital engineering business, business for financial institutions, business for government, public corporation and social infrastructure systems, defense systems business, social innovation business promotion and digital strategies)	-
*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)	Chairman, Hitachi America, Ltd.
Andreas Schierenbeck	Senior Vice President and Executive Officer	Power grids business	-
Lorena Dellagiovanna	Senior Vice President and Executive Officer	Sustainability strategies, environmental strategies, human capital strategies, safety and health management and diversity, equity & inclusion strategies	-
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems and defense systems business Assistant to Executive Vice President (Digital Systems & Services (Japan))	-
Hidenobu Nakahata	Senior Vice President and Executive Officer	Legal matters, risk management, corporate auditing, government & external relations and corporate communications strategies	-
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales strategies	-
Giuseppe Marino	Senior Vice President and Executive Officer	Railway systems business	Director, Hitachi Rail Ltd.

Name	Position	Responsibilities	Other Principal Positions Held
Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.
Noriharu Amiya	Vice President and Executive Officer	Urban business strategies and building systems business	President and Director, Hitachi Building Systems Co., Ltd.
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analysis systems business	President and Director, Hitachi High-Tech Corporation
Yasunori Inada	Vice President and Executive Officer	Nuclear energy business	-
Yasuki Imai	Vice President and Executive Officer	Business for financial institutions Assistant to Executive Vice President (Digital Systems & Services (APAC))	-
Yoshiaki Kagata	Vice President and Executive Officer	Cost structure reform and information security management	-
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance) and safety and health management	-
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)	-
Jun Taniguchi	Vice President and Executive Officer	Digital strategies and digital engineering business	CEO, Hitachi Digital LLC
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)	Chairman, Hitachi Asia Ltd. Chairman, Hitachi India Pvt. Ltd.
Hideshi Nakatsu	Vice President and Executive Officer	Water & environment business	-
Itaru Nishizawa	Vice President and Executive Officer	Research & development	-
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies	-
Andrew Barr	Vice President and Executive Officer	Regional strategies (EMEA)	President, Hitachi Europe Ltd.
Hirohide Hirai	Vice President and Executive Officer	Government & external relations	-
Yoshinori Hosoya	Vice President and Executive Officer	Cloud services platforms business	-
Chie Mashima	Vice President and Executive Officer	Marketing & sales strategies (business for digital systems & services) and social innovation business promotion	-
Yuto Matsumura	Vice President and Executive Officer	Legal matters	-
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital	-
Takashi Yoda	Vice President and Executive Officer	Marketing & sales strategies (business for energy) and energy business	-

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

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

#### Executive Officers who resigned in Fiscal 2024

Name	Position	Responsibilities	Other Principal Positions Held	Date of resignation
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business	-	June 30, 2024
Tatsuro Ueda	Senior Vice President and Executive Officer	Business for financial institutions Assistant to Executive Vice President (Digital Systems & Services (APAC))	-	September 30, 2024
Nitesh Banga	Vice President and Executive Officer	Digital engineering business	-	February 2, 2025

## New Executive Officers

The Company changed its Executive Officers as of April 1, 2025 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 President (digital systems & services business and digital strategies) Digital systems & services business
*Brice Koch	Executive Vice President and Executive Officer	Assistant to 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
*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)
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 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
Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)
**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

Name	Position	Responsibilities
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance) and safety and health management
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)
**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
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC/India)
Hideshi Nakatsu	Vice President and Executive Officer	Industrial products & services business
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies
Andrew Barr	Vice President and Executive Officer	Regional strategies (EMEA)
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 Officers marked with\*\* are newly appointed.

## Content of Directors' and Officers' Liability Insurance Agreement

### (i) Insured People Covered

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

### (ii) Outline of the Insurance Agreement

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

## Compensation for Directors and Executive Officers

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

### Compensation Policy

#### [Method of Determination of Policy]

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

#### [Basic Policy]

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

- Compensation shall be commensurate with the roles and responsibilities of each Director and Executive Officer.

- Compensation for Directors shall be such that it enables them to exercise the functions of supervision of management effectively.

- Compensation for Executive Officers shall be reflected by considering the following factors;  
(Alignment with the 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.

- 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.
- The stock compensation described above has been granted from the Directors elected at the 155th Annual General Meeting of Shareholders.

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

**(ii) Matters relating to Executive Officers**

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

\* For President & CEO

Compensation for Executive Officers consists of basic remuneration as fixed pay and short-term incentive compensation and medium- and long-term incentive compensation as variable pay. In case of 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 1:1.5:3 as the standard, taking into account the composition of executive compensation for major global companies including the U.S. and European companies, in order to emphasize improvement of corporate value through the growth of global businesses and emphasize alignment with shareholder value. The higher the position an Executive Officer holds, the higher the proportion of variable pay is set to total annual compensation.

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

**Basic remuneration**

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

**Short-term incentive compensation**

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

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

- The amount of the 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 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;

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

- In RS compensation, the shares of RS equivalent to 30% of the LTI target are granted and the restriction on the shares is lifted depending on the tenure of each executive officer over the three fiscal years from the beginning of the fiscal year when the RS is granted.
- In Performance-linked RS compensation, the shares of Performance-linked RS Compensation will be granted depending on the degree of achievement of the evaluation KPI during a certain evaluation period, and the restriction on transfer will be lifted upon retirement. Performance-linked RS compensation comprises compensation with a stock price condition and compensation with conditions related to the achievement of Management Plan targets.
  - In stock compensation with a stock price condition, Performance Share Units (“PSUs”) equivalent to 70% of the LTI target are granted. The shares of restricted stock equivalent to 0 ~ 200% of the PSUs are granted in accordance with the results of comparing the Total Shareholder Return growth rate of the Company stock with the TOPIX growth rate (“TSR/TOPIX Growth Rate Ratio”) and with the %ile rank of the Total Shareholder Return growth rate of the Company among the global comparable companies determined by the Compensation Committee (“Global Competitive Comparison”). The evaluation period is the three fiscal years beginning at the fiscal year to which the PSUs are granted. For Executive Officers who retire before the end of the evaluation period, ex-post evaluation is conducted by subtracting the number of shares obtained by multiplying the ratio of their tenure to the evaluation period.
  - In stock compensation with conditions related to the achievement of Management Plan targets, PSUs equivalent to 20% of the LTI target are granted. The shares of restricted stock equivalent to the PSUs are granted when the target of ROIC and sustainability indicators during the period of Management Plan covering the fiscal year when the PSUs are granted are achieved.
- If it is deemed inappropriate to grant shares of restricted stock due to laws and regulations in the country of residence, etc., a cash award based on the value of the Company’s share price shall be substituted for restricted stock.
- From Fiscal 2019, shares of restricted stock have been granted in place of the stock options as stock-based compensation the Company has granted until then. From Fiscal 2023, the medium- and long-term compensation described above is granted.

If it is found that an Executive Officer has engaged in misconduct during his/her term of office, compensation for 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. The Company grants restricted stock units to non-Japanese Executive Officers as medium- and long-term incentive compensation. One third of vested restricted stock units are delivered in the form of common stocks of the Company and cash in each fiscal year over three years from the beginning of the fiscal year containing the day on which restricted stock units are granted.

## Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2024

Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)				Number of persons
		Fixed pay	Variable pay		Others	
			Short-term incentive compensation	Medium- and long-term incentive compensation		
Directors (excluding Independent Directors)	76	67	—	8	—	1
Independent Directors	477	399	—	77	—	10
Executive Officers	6,124	1,773	2,043	2,306	—	30
Total	6,677	2,241	2,043	2,393	—	41

Notes: 1. The number of Directors indicated excludes 2 Directors who serve or served concurrently as Executive Officers.

2. Fixed pay and short-term incentive compensation consist of monetary compensation, and medium- and long-term incentive compensation consists of non-monetary compensation and monetary compensation.

### Performance Indicators Used to Calculate Performance-linked Compensation

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

Please refer to "Business Overview and Results of Hitachi Group" in this report regarding the business results in Fiscal 2024.

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

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

Note: 1. These are calculated to determine the number of shares to be lifted from transfer restriction under RS compensation or the number of shares to be issued under Performance-linked RS compensation to be held by individuals who retired from Executive Officers, Directors or Corporate officers of the Company on September 30, 2024.

2. These are calculated to determine the number of shares to be lifted from transfer restriction under RS compensation or the number of shares to be issued under Performance-linked RS compensation to be held by individuals who retired from Executive Officers, Directors or Corporate officers of the Company on March 31, 2025.

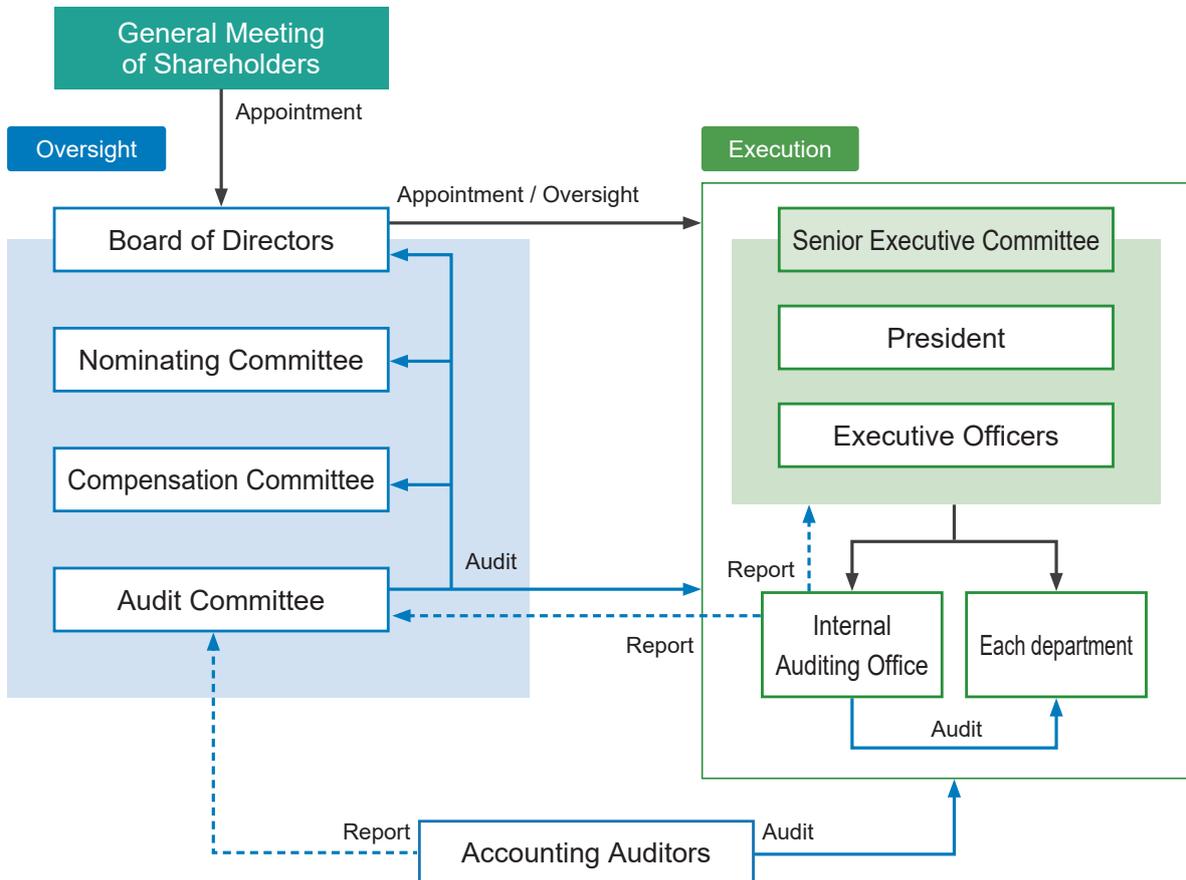
### Reasons Why the Compensation Committee Judged that the Respective Amount of Compensation, etc. of Each Director and Executive Officer in Fiscal 2024 was in Line with the Compensation Policy

The Compensation Committee judged that the respective amount of compensation, etc. of each Director and Executive Officer was in line with the Compensation Policy, because it determined the "Compensation Structure" which is a specific criteria, based on the "Basic Policy," and determined the specific amount of compensation in accordance with the "Compensation Structure."

## Corporate Governance System and Internal Control System

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

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



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

- a. The following measures shall be taken to ensure the effectiveness of the audits by the Audit Committee.
- (i) When necessary, the Board of Directors may appoint one or more directors, who are not concurrently serving as executive officers, to be director(s) responsible for assisting with the duties of the Audit Committee. In addition, the Board of Directors Office (the "Office") shall be established specifically to assist the Board of Directors and each committee with their duties.
  - (ii) To ensure the Office personnel are independent from the Executive Officers and the effect of instructions by the Audit Committee, the Office is staffed with personnel who work only for the Office and are not subject to the orders or instructions of Executive Officers, and the Audit Committee shall be informed in advance of planned transfers of Office personnel.
  - (iii) Executive Officers and employees shall report significant matters affecting the Company and its subsidiaries, the results of internal audits and the implementation status of reporting under the internal reporting system without delay to the members of the Audit Committee. It shall be provided for in the company regulation that reporters using the common internal reporting system of the Hitachi Group shall not be treated disadvantageously due to their submission of a report, and the system's administrative organization shall ensure this provision is thoroughly implemented.
  - (iv) The Office shall be responsible for paying for the expenses incurred in connection with the Audit Committee members' execution of their duties and other administrative duties, and shall promptly process payments for these expenses or debts except in cases where the expense or debt claimed is clearly found to be unnecessary for the execution of the Audit Committee members' duties.
  - (v) Standing Committee member(s) shall be appointed to the Audit Committee, and the activity plans of the Audit Committee shall be prepared in coordination with the audit plans of the Internal Auditing Office.
- b. The following measures shall be taken to ensure the adequacy of the operations within the Company and the Hitachi Group.
- (i) Fundamental policies that emphasize the social responsibilities of business enterprises shall be shared with the subsidiaries of the Company.
  - (ii) Each subsidiary of the Company shall develop systems to ensure the appropriateness of its operations appropriate for its size and other characteristics, the basic framework of which will be similar to the ones employed by the Company. To ensure each subsidiary's development of such systems, directors and auditors shall be sent by the Company to the subsidiaries, and regular audits of the subsidiaries shall be conducted.
  - (iii) A system for reporting matters to Directors shall be established to ensure that the Executive Officers of the Company execute their duties in compliance with laws, regulations and the Articles of Incorporation.
  - (iv) Information pertaining to the Company's Executive Officers' execution of their duties shall be prepared and maintained in accordance with internal rules.
  - (v) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals and carry out other such measures regarding various risks. Efforts shall be made to identify possible new risks through measures such as progress reports on business operations and, should it become necessary, an Executive Officer will be appointed promptly to be responsible for responding to a new risk.
  - (vi) The efficiency of the Company's Executive Officers, and the subsidiaries' Directors and Executive Officers' performance of their duties shall be ensured through the following business management systems.
    - The Senior Executive Committee shall be established to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.
    - Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared to operate business in a planned and efficient manner.

- Internal audits of the Company and its subsidiaries shall be conducted to identify and monitor the status of their business operations and to facilitate improvements.
  - The Audit Committee shall receive the accounting auditors' audit plans in advance, and the prior approval of the Audit Committee shall be required regarding the fees to be paid to the accounting auditors.
  - Documented business processes for matters to be reflected in financial reports shall be executed by the Company and its subsidiaries, and internal and external auditors shall examine these processes to ensure the reliability of financial reports.
  - A structure for the adequate and efficient conduct of the common business operations of the Hitachi Group companies shall be established.
- (vii) Continuous maintenance of a legal and regulatory compliance structure shall be ensured through the following business management systems.
- Internal audits shall be conducted and various committees shall be established for legal and regulatory compliance activities. Furthermore, a Hitachi Group common internal reporting system shall be established and education regarding legal and regulatory compliance shall be provided.
  - Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.
- (viii) A system shall be established in which the subsidiaries submit reports on important issues and the progress of measures regarding operations to the Company through the Company's Senior Executive Committee, medium-term business plans and the budget system.
- (ix) The policy on transactions within the Hitachi Group is to trade fairly based on market prices.

## Summary of status of operation of the internal control system

### Audit Committee

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

### Board of Directors Office

- To assist with the duties of each Committee and the Board of Directors, the Office is staffed with 12 employees (as of March 31, 2025) who exclusively serve the Office and are not subject to the orders or instructions of Executive Officers. Seven of the Office's employees are dedicated to legality and validity audits in the Digital Systems & Services, Green 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.

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 2024

(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	1,035	43	1,078
Fees, etc. by the Company	559	36	595

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

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

### Description of non-audit services

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

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

Of the major subsidiaries of the Company (listed in "Major Facilities and Major Group Companies of Hitachi Group"), overseas subsidiaries have certified public accountants ("CPA") or auditing firms, etc. of the network firms that Ernst & Young ShinNihon LLC belongs audit their financial statements.

### Removal and non-retention policy on accounting auditors

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

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

## Matters Concerning the Company's Stock (As of March 31, 2025)

**Authorized** 10,000,000,000 shares

**Issued** 4,580,341,685 shares

Note: On January 27, 2025, the Company canceled 56,227,700 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)	788,876,600	17.23
Custody Bank of Japan, Ltd. (Trust Account)	270,599,100	5.91
STATE STREET BANK AND TRUST COMPANY 505001	143,436,447	3.13
STATE STREET BANK WEST CLIENT – TREATY 505234	98,697,835	2.16
MOXLEY & CO LLC	95,208,929	2.08
JP MORGAN CHASE BANK 385632	89,489,070	1.95
STATE STREET BANK AND TRUST COMPANY 505223	85,424,943	1.87
Nippon Life Insurance Company	84,499,995	1.85
Hitachi Employees' Shareholding Association	79,042,957	1.73
GOVERNMENT OF NORWAY	77,771,030	1.70

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

2. Treasury stock (2,467,109 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	194	98	3,058	1,434	507	314,611	319,904	-
Share ownership (units)	464	14,075,695	747,698	571,693	23,548,427	7,888	6,816,100	45,767,965	3,545,185
Ownership percentage of shares (%)	0.00	30.75	1.63	1.25	51.45	0.02	14.89	100.00	-

Note: Of the 2,467,109 shares of treasury stock, 24,671 units are included in the "Individuals and others" column, while 9 shares are included in the "Number of shares less than one unit" column.

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

Through restricted stock compensation plans and restricted stock unit compensation plans as the medium- and long-term incentive compensation, the Company issued 101,300 new shares to 42 Executive Officers of the Company, 42,800 new shares to 45 Corporate Officers (the executive positions just below Executive Officers) of the Company and 1,900 new shares to 5 Executives of Group companies, respectively, on June 3, 2024 and delivered 22,100 shares to 1 Executive Officer of the Company on December 3, 2024.

## Other Significant Matters concerning the Company's Stock

### Stock Split

On July 1, 2024, the Company conducted a stock split at a ratio of 5 shares for each 1 share. Consequently, the Company changed its Articles of Incorporation to change the total shares authorized to be issued by the Company to 10 billion shares as stipulated in Article 184, Paragraph 2 of the Companies Act.

### 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 26, 2024

- Type and number of shares acquired: 56,227,700 shares of common stock
- Total purchase price for the acquisition of shares: 199,999,920,700 yen
- Period of acquisition: May 21, 2024 to December 23, 2024

## Information on the Stock Acquisition Rights, etc. (As of March 31, 2025)

### 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	466,000 shares of common stock	461,800 shares of common stock	459,300 shares of common stock
Amount to be paid in upon exercise of stock acquisition rights	¥1 per share	¥1 per share	¥1 per share
Exercise period of stock acquisition rights	From July 15, 2016 to July 14, 2046	From April 27, 2017 to April 26, 2047	From April 27, 2018 to April 26, 2048
Conditions for the exercise of stock acquisition rights	(Note 1, 2)	(Note 1, 2)	(Note 1, 2)
Stock acquisition rights held by senior managements	7 Executive Officers of the Company 4,660 of stock acquisition rights (Note 3)	7 Executive Officers of the Company 4,618 of stock acquisition rights (Note 3)	11 Executive Officers of the Company 4,593 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.\*

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

Any fraction less than one stock acquisition right will be rounded down.

c. If the TSR/TOPIX Growth Rate Ratio is less than 80%

No Allotted Rights may be exercised.

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

## Policy on the Determination of Distribution of Surplus, etc.

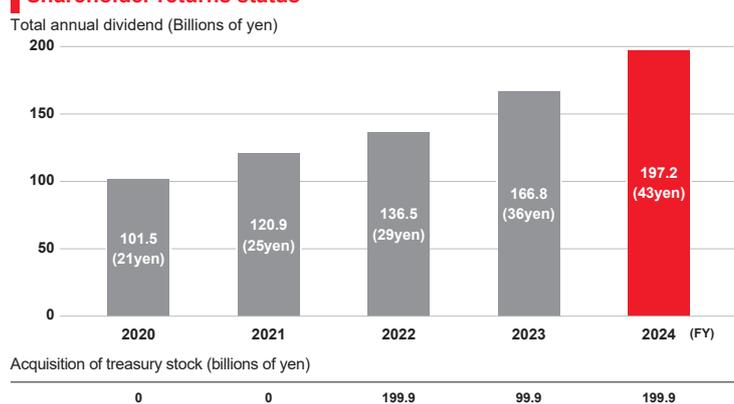
The Company views the return of profits to shareholders through enhancing corporate value from the mid- to long-term perspective, and paying dividends and repurchase of its shares as an important managerial issue.

The policy of the Company regarding dividends is to aim for stable payment of dividends while also securing funds necessary for investment, and the dividends are determined by comprehensively taking into account factors such as financial performance trends, the financial situation, and the dividend payout ratio.

The Company flexibly conducts repurchase shares of its shares depending on factors such as capital needs and the business environment.

In accordance its mid- to long-term management strategy, the Company utilizes undistributed profits in areas such as M&A, research and development, and capital expenditure, in order to secure competitiveness and aim for growth of the business as global enterprise.

### Shareholder returns status



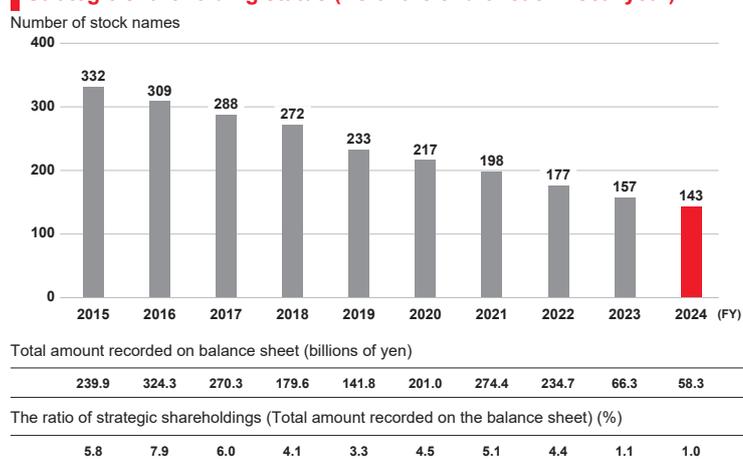
Note: The number in parenthesis is the annual dividends per share. On July 1, 2024, the Company conducted a stock split at a ratio of 5 shares for each 1 share, and the annual dividends per share is adjusted to reflect the stock split.

## 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 divestiture of the share for which the significance or economic rationality of holding is not confirmed.

As of the end of Fiscal 2024, the ratio of strategic shareholdings (total amount recorded on the balance sheet) made up 1.0% of total equity in the consolidated statement of financial position.

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



## Consolidated Statement of Financial Position

	Fiscal 2023 (Reference) (As of March 31, 2024)	Fiscal 2024 (As of March 31, 2025)
	(Millions of yen)	
<b>(Assets)</b>		
<b>Current assets</b>	<b>5,854,597</b>	<b>6,597,843</b>
Cash and cash equivalents	705,367	866,242
Trade receivables and contract assets	2,991,316	3,496,340
Inventories	1,510,647	1,566,282
Investments in securities and other financial assets	331,280	318,421
Other current assets	315,987	350,558
<b>Non-current assets</b>	<b>6,366,687</b>	<b>6,686,970</b>
Investments accounted for using the equity method	816,434	836,231
Investments in securities and other financial assets	320,101	349,567
Property, plant and equipment	1,221,842	1,341,537
Goodwill	2,371,678	2,486,823
Other intangible assets	1,178,750	1,199,996
Other non-current assets	457,882	472,816
<b>Total assets</b>	<b>12,221,284</b>	<b>13,284,813</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>	<b>4,802,600</b>	<b>5,907,845</b>
Short-term debt	37,827	73,146
Current portion of long-term debt	187,486	368,818
Other financial liabilities	266,245	280,227
Trade payables	1,399,699	1,572,764
Accrued expenses	697,471	736,286
Contract liabilities	1,658,435	2,196,193
Other current liabilities	555,437	680,411
<b>Non-current liabilities</b>	<b>1,559,081</b>	<b>1,345,551</b>
Long-term debt	954,709	764,152
Retirement and severance benefits	246,231	247,497
Other non-current liabilities	358,141	333,902
<b>Total liabilities</b>	<b>6,361,681</b>	<b>7,253,396</b>
<b>(Equity)</b>		
<b>Hitachi, Ltd. stockholders' equity</b>	<b>5,703,705</b>	<b>5,847,091</b>
Common stock	463,417	464,384
Capital surplus	-	-
Retained earnings	4,084,729	4,350,503
Accumulated other comprehensive income	1,160,550	1,040,791
Treasury stock, at cost	(4,991)	(8,587)
<b>Non-controlling interests</b>	<b>155,898</b>	<b>184,326</b>
<b>Total equity</b>	<b>5,859,603</b>	<b>6,031,417</b>
<b>Total liabilities and equity</b>	<b>12,221,284</b>	<b>13,284,813</b>

## Consolidated Statement of Profit or Loss

	Years ended March 31	
	2024 (Reference)	2025
	(Millions of yen)	
Revenues	9,728,716	9,783,370
Cost of sales	(7,146,629)	(6,962,527)
<b>Gross profit</b>	<b>2,582,087</b>	<b>2,820,843</b>
Selling, general and administrative expenses	(1,826,271)	(1,849,237)
Other income	116,653	49,665
Other expenses	(97,184)	(143,023)
Financial income	17,388	53,944
Financial expenses	(10,015)	(12,905)
Share of profits (losses) of investments accounted for using the equity method	75,284	58,320
<b>Earnings before interest and taxes (EBIT)</b>	<b>857,942</b>	<b>977,607</b>
Interest income	38,781	32,038
Interest charges	(70,922)	(46,912)
<b>Income before income taxes</b>	<b>825,801</b>	<b>962,733</b>
Income taxes	(199,053)	(305,868)
<b>Net income</b>	<b>626,748</b>	<b>656,865</b>
Net income attributable to:		
Hitachi, Ltd. stockholders	589,896	615,724
Non-controlling interests	36,852	41,141

## Consolidated Statement of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2024	2025
	(Millions of yen)	
Net income	626,748	656,865
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	45,156	(6,577)
Remeasurements of defined benefit plans	13,872	9,001
Share of OCI of investments accounted for using the equity method	1,437	(830)
Total items not to be reclassified into net income	60,465	1,594
Items that can be reclassified into net income		
Foreign currency translation adjustments	354,395	(86,628)
Net changes in cash flow hedges	14,915	(4,771)
Share of OCI of investments accounted for using the equity method	22,025	(3,906)
Total items that can be reclassified into net income	391,335	(95,305)
Other comprehensive income (OCI)	451,800	(93,711)
Comprehensive income	1,078,548	563,154
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	1,013,811	523,435
Non-controlling interests	64,737	39,719

## Consolidated Statement of Changes in Equity (April 1, 2024 to March 31, 2025)

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

## Consolidated Statement of Cash Flows (Supplementary Information)

	Years ended March 31	
	2024	2025
	(Millions of yen)	
Cash flows from operating activities		
Net income	626,748	656,865
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	451,525	431,534
Impairment losses	29,668	92,135
Income taxes	199,053	305,868
Share of (profits) losses of investments accounted for using the equity method	(75,284)	(58,320)
Financial income and expenses	21,824	8,485
Net (gain) loss on business reorganization and others	(97,048)	(29,638)
(Gain) loss on sale of property, plant and equipment	(17,857)	(18,891)
Change in trade receivables and contract assets	40,206	80,043
Change in inventories	(88,320)	(42,775)
Change in trade payables	7,327	66,257
Change in accrued expenses	54,016	46,675
Change in retirement and severance benefits	(5,193)	(39,858)
Other	(34,598)	(35,769)
Subtotal	1,112,067	1,462,611
Interest received	38,655	28,467
Dividends received	29,963	35,854
Interest paid	(69,165)	(50,093)
Income taxes paid	(154,908)	(304,599)
Net cash provided by (used in) operating activities	956,612	1,172,240
Cash flows from investing activities		
Purchase of property, plant and equipment	(232,874)	(246,847)
Purchase of intangible assets	(152,271)	(144,801)
Proceeds from sale of property, plant and equipment, and intangible assets	45,048	46,379
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(70,622)	(292,420)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	265,693	73,395
Other	13,483	(9,356)
Net cash provided by (used in) investing activities	(131,543)	(573,650)
Free cash flows	825,069	598,590
Cash flows from financing activities		
Change in short-term debt, net	(550,170)	31,992
Proceeds from long-term debt	105,130	92,768
Payments on long-term debt	(301,507)	(174,532)
Proceeds from payments from non-controlling interests	487	43,591
Dividends paid to Hitachi, Ltd. stockholders	(144,343)	(189,057)
Dividends paid to non-controlling interests	(32,345)	(28,569)
Acquisition of common stock for treasury	(100,458)	(200,285)
Proceeds from sales of treasury stock	62	8
Purchase of shares of consolidated subsidiaries from non-controlling interests	(1,763)	(38)
Net cash provided by (used in) financing activities	(1,024,907)	(424,122)
Effect of exchange rate changes on cash and cash equivalents	71,922	(13,593)
Change in cash and cash equivalents	(127,916)	160,875
Cash and cash equivalents at beginning of year	833,283	705,367
Cash and cash equivalents at end of year	705,367	866,242

## 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 618 and the number of equity-method affiliates is 376.
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 for finished goods, semi-finished goods and work in process, and generally by the moving average method for raw materials. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

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

##### Property, plant and equipment

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

##### Goodwill and Other intangible assets

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

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

##### Impairment losses

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

7. Accounting methods for retirement and severance benefits

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

(1) Defined Benefit Plans

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

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

(2) Defined Contribution Plans

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

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 140,475 million yen from trade receivables and contract assets, and 2,591 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 (92,135) million yen)

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

The group of CGUs to which a significant proportion of goodwill was allocated were the power grids business in the Green Energy & Mobility segment as of March 31, 2025. 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, 2025.

The carrying amount of goodwill allocated to the power grids business was 615,337 million yen as of March 31, 2025.

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 247,497 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 109,913 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 282,525 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, 2025. 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 2,277,707 million yen, Contract assets of 1,145,151 million yen, and Others of 73,482 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 890,159 million yen, remeasurements of defined benefit plans of 114,167 million yen, net changes in financial assets measured at fair value through other comprehensive income of 39,496 million yen, and net changes in cash flow hedges of (3,031) million yen.
3. Collateralized assets: Cash and cash equivalents of 253 million yen, trade receivables and contract assets of 249 million yen, other current assets of 235 million yen, investments in securities and other financial assets of 290 million yen, and property, plant and equipment of 7,506 million yen.  
Secured debts: 4,359 million yen.
4. Allowance deducted directly from assets: 140,475 million yen from trade receivables and contract assets, and 2,591 million yen from other receivables.
5. Property, plant and equipment include buildings and structures of 452,774 million yen and right-of-use assets of 250,217 million yen.  
Accumulated depreciation and impairment losses of property, plant and equipment are (2,551,636) million yen.  
Other intangible assets include software of 203,196 million yen.
6. Guarantees: 4,396 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Other income  
Other income of 49,665 million yen mainly consists of net gain or loss on business reorganization and others of 29,638 million yen.
2. Other expenses  
Other expenses of (143,023) million yen mainly consists of impairment losses on property, plant and equipment, goodwill and other intangible assets of (92,135) million yen.
3. Income taxes  
Income taxes of (305,868) million yen includes current tax expense of (314,010) million yen and deferred tax expense of 8,142 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	4,580,341,685 shares
(2) Treasury stocks	Common stock	2,467,109 shares
2. Cash dividends  
Total amount of cash dividends 189,207 million yen
3. Class and number of shares to be issued upon exercise of stock acquisition rights at end of year  
Common stock 1,387,100 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, 2025 are as follows.

(Millions of yen)

	Japan						Overseas Revenues Subtotal	Total Revenues
		North America	Europe	Asia	Other Areas			
Digital Systems & Services	1,929,584	378,078	234,813	231,348	58,761	903,000	2,832,584	
Green Energy & Mobility	435,892	863,996	1,445,726	537,788	632,106	3,479,616	3,915,508	
Connective Industries	1,582,505	284,583	220,626	1,037,458	38,022	1,580,689	3,163,194	
Others	414,819	8,625	11,793	60,605	1,675	82,698	497,517	
Subtotal	4,362,800	1,535,282	1,912,958	1,867,199	730,564	6,046,003	10,408,803	
Corporate items & Eliminations	(583,597)	(7,267)	(10,341)	(23,920)	(308)	(41,836)	(625,433)	
Total	3,779,203	1,528,015	1,902,617	1,843,279	730,256	6,004,167	9,783,370	

The Digital Systems & Services segment consists of Front Business, IT Services and Services & Platforms, for which revenue amounted to 1,228,037 million yen, 1,058,645 million yen and 1,069,776 million yen for the year ended March 31, 2025 (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, 2025, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 3,029,280 million yen.

2. Information about satisfaction of performance obligations

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

(Digital Systems & Services)

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

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

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

(Green Energy & Mobility and Connective Industries)

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

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

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

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, 2025.

(Millions of yen)

	April 1, 2024	March 31, 2025
Trade receivables	2,063,056	2,352,963
Contract assets	971,988	1,196,580
Contract liabilities	1,739,770	2,272,034

Of the revenue recognized during the fiscal year ended March 31, 2025, the amount included in Contract liabilities at the beginning of the fiscal year was 1,059,123 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, 2025.

(Millions of yen)

	(Millions of yen)	
	Intersegment transactions	Balance of unsatisfied performance obligations
Digital Systems & Services	78,234	1,544,338
Green Energy & Mobility	52,569	13,490,014
Connective Industries	120,358	1,828,964

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

The estimated timing of unsatisfied performance obligations at the fiscal year ended March 31, 2025 is as follows.

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

Approximately 70% of the balance of unsatisfied performance obligations of the Green Energy & Mobility segment was expected to be satisfied within three years and approximately 20% after three years but no more than five years.

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

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, 2025 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, 2025 is as follows.

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

	(Millions of yen)	
	Carrying amounts	Fair values
<u>Assets</u>		
Investments in securities and other financial assets		
Lease receivables	21,512	21,922
Debt securities	46,892	46,295
Long-term loans receivable	9,515	10,428
<u>Liabilities</u>		
Long-term debt [1]		
Bonds	220,000	211,220
Long-term debt	653,797	650,127

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

(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, 2025.

(Millions of yen)				
Class of financial instruments	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:				
Investments in securities and other financial assets				
Equity securities	373	-	47,118	47,491
Debt securities	9,881	5,941	2,979	18,801
Derivatives	-	124,615	1,856	126,471
Financial assets measured at fair value through other comprehensive income:				
Investments in securities and other financial assets				
Equity securities	47,382	-	103,593	150,975
Total financial assets at fair value	57,636	130,556	155,546	343,738
Financial liabilities measured at fair value through profit or loss:				
Other financial liabilities				
Derivatives	-	79,614	-	79,614
Total financial liabilities at fair value	-	79,614	-	79,614

The following table presents the changes in Level 3 instruments measured on a recurring basis for the year ended March 31, 2025.

(Millions of yen)				
Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of year	141,314	2,901	2,171	146,386
Gain (loss) in profit or loss [1]	1,929	(48)	(293)	1,588
Loss in OCI [2]	(3,385)	-	-	(3,385)
Purchases	10,940	27	-	10,967
Sales and redemption	(1,099)	(205)	-	(1,304)
Acquisitions and divestitures	83	17	-	100
Other	929	287	(22)	1,194
Balance at end of year	150,711	2,979	1,856	155,546
Unrealized gain (loss) relating to financial assets held at end of year [3]	1,929	(33)	(293)	1,603

- [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] 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 1,277.25 yen

Earnings per share attributable to Hitachi, Ltd. stockholders 133.85 yen

Note: On July 1, 2024, the Company completed a share split into 5 shares for every one common share. The figures for earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this split at the beginning of the fiscal year.

(Notes on Major Subsequent Events)

Repurchase of Shares of Common Stock

The Board of Directors held on April 28, 2025 decided to repurchase shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of the Articles of Incorporation, as follows.

(a) Reason for repurchase

The Company views the return of profits to shareholders through enhancing corporate value from mid- and long-term perspective, paying dividends continuously and repurchasing its own shares flexibly as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition, asset sales and others.

(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 140 million shares  
(3.06% of the number of outstanding shares (excluding treasury stocks))
- (iii) Aggregate amount of repurchase  
Up to 300.0 billion yen
- (iv) Period of the repurchase  
From April 30, 2025 to March 31, 2026
- (v) Method of repurchase  
Expected open market purchase through the Tokyo Stock Exchange

## Unconsolidated Balance Sheet

	Fiscal 2023 (Reference) (As of March 31, 2024)	Fiscal 2024 (As of March 31, 2025)
	(Millions of yen)	
<b>(Assets)</b>		
<b>Current assets</b>	<b>1,687,949</b>	<b>1,123,104</b>
Cash	25,403	59,073
Trade receivables and contract assets	667,498	649,780
Finished goods	13,179	8,175
Semi-finished goods	13,518	5,135
Raw materials	30,314	13,897
Work in process	66,762	53,224
Advances paid	32,201	36,837
Short-term loan receivables	572,849	206,308
Others	279,809	104,323
Allowance for doubtful receivables	(13,587)	(13,652)
<b>Fixed assets</b>	<b>4,407,538</b>	<b>5,392,346</b>
Tangible fixed assets	187,066	172,214
Buildings	91,956	85,532
Structures	5,380	5,232
Machinery	7,299	6,689
Vehicles	141	163
Tools and equipment	46,409	36,989
Land	20,894	20,467
Lease assets	12,943	12,217
Construction in progress	2,041	4,921
Intangible fixed assets	97,748	99,410
Patents	31	22
Software	92,730	97,161
Right of using facilities	140	128
Lease assets	78	112
Others	4,767	1,986
Investments and others	4,122,722	5,120,722
Affiliated companies' common stock	3,837,689	4,641,296
Other securities of affiliated companies	26,848	38,134
Investments in affiliated companies	32,253	31,022
Investments in securities	76,666	64,117
Long-term loan receivables	34	194,402
Prepaid pension costs	6,361	7,880
Deferred tax assets	103,253	115,293
Others	40,322	29,314
Allowance for doubtful receivables	(706)	(739)
<b>Total assets</b>	<b>6,095,488</b>	<b>6,515,451</b>

	Fiscal 2023 (Reference) (As of March 31, 2024)	Fiscal 2024 (As of March 31, 2025)
	(Millions of yen)	
<b>(Liabilities)</b>		
<b>Current liabilities</b>	<b>1,450,411</b>	<b>2,107,382</b>
Electronically recorded obligations	12,462	10,150
Trade accounts payable	276,563	253,662
Short-term debt	69,016	361,702
Current portion of long-term debt	107,501	292,572
Lease liabilities	4,437	3,995
Other accounts payable	71,624	72,286
Accrued expenses	181,294	153,959
Contract liabilities	118,774	140,972
Deposits received	574,026	771,797
Provision for product warranties	79	-
Provision for loss on construction contracts	33,318	29,011
Others	1,313	17,272
<b>Non-current liabilities</b>	<b>1,030,880</b>	<b>820,569</b>
Debentures	220,000	220,000
Long-term debt	547,484	340,376
Lease liabilities	9,973	9,172
Accrued pension liability	66,959	60,977
Provision for loss on business of affiliated companies	165,953	170,117
Asset retirement obligations	10,469	10,571
Others	10,041	9,354
<b>Total liabilities</b>	<b>2,481,292</b>	<b>2,927,951</b>
<b>(Net assets)</b>		
<b>Stockholders' equity</b>	<b>3,553,986</b>	<b>3,556,972</b>
Common stock	463,417	464,384
Capital surplus	181,383	182,350
Capital reserve	181,383	182,350
Others	-	-
Retained Earnings	2,914,176	2,918,826
Others	2,914,176	2,918,826
Reserve for advanced depreciation of fixed assets	835	735
Retained earnings carried forward	2,913,340	2,918,090
Treasury stock	(4,991)	(8,587)
<b>Valuation and translation adjustments</b>	<b>59,059</b>	<b>29,717</b>
Unrealized holding gains on securities	28,537	23,692
Deferred profit or loss on hedges	30,521	6,024
<b>Subscription rights to shares</b>	<b>1,149</b>	<b>809</b>
<b>Total net assets</b>	<b>3,614,195</b>	<b>3,587,499</b>
<b>Total liabilities and net assets</b>	<b>6,095,488</b>	<b>6,515,451</b>

## Unconsolidated Statement of Operations

	Years ended March 31	
	2024 (Reference)	2025
	(Millions of yen)	
Revenues	1,756,937	1,774,233
Cost of sales	1,218,045	1,206,065
<b>Gross profit on sales</b>	<b>538,892</b>	<b>568,167</b>
Selling, general and administrative expenses	391,179	356,072
<b>Operating income</b>	<b>147,712</b>	<b>212,094</b>
Other income	324,571	264,688
Interest income and dividends	295,671	252,253
Others	28,899	12,434
Other expenses	71,282	48,172
Interest expenses	21,499	10,768
Others	49,782	37,404
<b>Ordinary income</b>	<b>401,001</b>	<b>428,610</b>
Extraordinary gain	278,191	25,759
Gain on sale of affiliated companies' common stock	110,135	20,215
Gain on sale of investments in securities	153,330	3,442
Gain on sale of real property	14,726	2,101
Extraordinary loss	47,105	7,788
Impairment loss on affiliated companies' common stock	37,229	4,221
Impairment loss on assets	9,001	2,593
Impairment loss on investments in affiliated companies	873	954
Impairment loss on investments in securities	-	19
<b>Income before income taxes</b>	<b>632,088</b>	<b>446,581</b>
Income taxes		
Current	81,541	56,062
Deferred	(31,023)	412
<b>Net Income</b>	<b>581,570</b>	<b>390,107</b>

## Unconsolidated Statement of Changes in Net Assets (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Stockholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total stockholders' equity
		Capital reserve	Others	Total capital surplus	Others		Total retained earnings		
					Reserve for advanced depreciation of fixed assets	Retained earnings carried forward			
Balance at beginning of year	463,417	181,383	-	181,383	835	2,913,340	2,914,176	(4,991)	3,553,986
Change during year									
Issuance of new shares	967	966		966					1,933
Reversal of reserve for advanced depreciation of fixed assets					(100)	100	-		-
Distribution of surplus						(189,207)	(189,207)		(189,207)
Net income						390,107	390,107		390,107
Acquisition of treasury stock								(200,285)	(200,285)
Disposition of treasury stock			(651)	(651)				1,091	439
Cancellation of treasury stock			(195,598)	(195,598)				195,598	-
Transfer to capital surplus from retained earnings			196,249	196,249		(196,249)	(196,249)		-
(Net) Change in items other than stockholders' equity during year									
Total change during year	967	966	-	966	(100)	4,750	4,650	(3,596)	2,986
Balance at end of year	464,384	182,350	-	182,350	735	2,918,090	2,918,826	(8,587)	3,556,972

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Total valuation and translation adjustments		
Balance at beginning of year	28,537	30,521	59,059	1,149	3,614,195
Change during year					
Issuance of new shares					1,933
Reversal of reserve for advanced depreciation of fixed assets					-
Distribution of surplus					(189,207)
Net income					390,107
Acquisition of treasury stock					(200,285)
Disposition of treasury stock					439
Cancellation of treasury stock					-
Transfer to capital surplus from retained earnings					-
(Net) Change in items other than stockholders' equity during year	(4,845)	(24,496)	(29,341)	(340)	(29,682)
Total change during year	(4,845)	(24,496)	(29,341)	(340)	(26,695)
Balance at end of year	23,692	6,024	29,717	809	3,587,499

(Notes on Important Accounting Policy)

1. Inventories  
Finished goods, semi-finished goods and work in process: Stated at cost. Cost is determined by the specific identification method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)  
Raw materials: Stated at cost. Cost is determined by the moving average method. (The figures shown in the Balance Sheet have been calculated in accordance with the write-down approach based on decline in profitability.)
2. Securities  
Affiliated companies' common stock and investments in affiliated companies are stated at cost. Cost is determined by the moving average method.  
Other securities except stock and investments without market value are stated at fair value. The difference between acquisition cost and carrying cost of other securities except stock and investments without market value is recognized in "Unrealized holding gains on securities."  
The cost of other securities except stock and investments without market value is computed based on the moving average method.  
Other stock and investments without market value are stated at cost determined by the moving average method.
3. Derivatives  
Derivatives are stated at fair value.
4. Depreciation of tangible fixed assets (excluding lease assets)  
Straight-line method.
5. Amortization of intangible fixed assets (excluding lease assets)  
Selling, leasing, or otherwise marketing software: Amortized based on expected gross revenues ratably.  
Other intangible fixed assets: Straight-line method.
6. Depreciation of lease assets  
Financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee: Depreciation is calculated by the straight-line method with no residual value, using the lease term as useful life.
7. Allowances and Provisions  
Allowance for doubtful receivables:  
Estimated uncollectible amounts are accounted for based on loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables including doubtful receivables.  
Provision for loss on construction contracts:  
In order to provide for losses relating to construction contracts and made-to-order software, an estimated loss for subsequent fiscal years is accounted for.  
Accrued pension liability:  
In order to provide for employees' retirement and severance benefits, the Company accounted for Accrued pension liability or Prepaid pension costs based on projected benefit obligation and expected plan assets as of the end of this fiscal year.  
The projected benefit obligation is determined by attributing the expected retirement and severance benefits to each year by the benefit formula basis.  
Prior service cost is amortized by the straight-line method over the estimated average remaining service years of employees.  
Unrecognized actuarial gain or loss is amortized by the straight-line method mainly over the estimated average remaining service years of employees from the next fiscal year.  
Provision for loss on business of affiliated companies:  
In order to provide for losses relating to the business of affiliated companies, the amount the Company is expected to bear in excess of the amounts invested in and loaned to for such companies is accounted for.

8. Accounting standard for income and expenses  
 The Company recognizes revenue in accordance with the following five-step approach.
  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Company sells goods and services such as system integration, cloud services, control systems, software, industry & distribution systems, energy solutions, and railway systems. Long-term projects provide goods and services and control over the goods is transferred to customers over a specified period of time. Thus, revenue is recognized over the specified period of time. Further to other goods and services, revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at delivery of the goods.

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

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

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

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

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

9. Hedge accounting  
 Deferral hedge accounting is employed.
10. Accounting for income taxes and related tax effect accounting  
 The Company adopts the group tax sharing system. In addition, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No.42, August 12, 2021), the Company performs the accounting for income taxes, and accounting and disclosure of related tax effect accounting.

(Notes on Accounting Estimates)

1. Valuation of Affiliated companies' common stock and Investments in affiliated companies
  - (1) Amounts recorded in the financial statements of this fiscal year  
 The ending balance of Affiliated companies' common stock and Investments in affiliated companies, without market value: 4,641,432 million yen
  - (2) Information that contributes to understanding of accounting estimates  
 Affiliated companies' common stock without market value is evaluated by considering possibility of recovery based on the performance according to the business plan of those companies if the real value of the stock has declined significantly as compared to the purchase price. A part of affiliated companies' common stock is evaluated based on the real value which includes the excess earning power calculated by enterprise value measurement at the time of the acquisition of the Company concerned. Necessity of impairing the excess earning power is determined by the possibility of achieving the future business plan.  
 Business plans are estimated based on revenue growth rate and gross margin ratio, and other factors. In addition, although a certain amount of negative impact due to the business environment is included in current business plans, these plans may be affected by risks related to market or economic environment, and actual result may differ from the estimates.  
 Significant changes in primary assumptions of the business plan could result in the real value being less than the purchase price.
2. Impairment loss on Fixed Assets
  - (1) Amounts recorded in the financial statements of this fiscal year  
 The ending balance of Tangible fixed assets: 172,214 million yen  
 The ending balance of Intangible fixed assets (excluding selling, leasing, or otherwise marketing software): 86,745 million yen
  - (2) Information that contributes to understanding of accounting estimates  
 This note is omitted as the same content is stated in '6. Property, plant and equipment, Goodwill and Other intangible assets' under 'Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements' in the Notes to Consolidated Financial Statements.

3. Provision for loss on business of affiliated companies
  - (1) Amounts recorded in the financial statements of this fiscal year  
The ending balance of Provision for loss on business of affiliated companies: 170,117 million yen
  - (2) Information that contributes to understanding of accounting estimates  
This note is omitted as the same content is stated in '7. Allowances and Provisions' under 'Notes on Important Accounting Policy' in the Notes to Unconsolidated Financial Statements.
4. Accrued pension liability
  - (1) Amounts recorded in the financial statements of this fiscal year  
The ending balance of Prepaid pension costs: 7,880 million yen  
The ending balance of Accrued pension liability: 60,977 million yen
  - (2) Information that contributes to understanding of accounting estimates  
This note is omitted as the same content is stated in '7. Allowances and Provisions' under 'Notes on Important Accounting Policy' in the Notes to Unconsolidated Financial Statements and '3. Employee Retirement Benefits' under 'Notes on Accounting Estimates' in the Notes to Consolidated Financial Statements.
5. Provision for loss on construction contracts
  - (1) Amounts recorded in the financial statements of this fiscal year  
The ending balance of Provision for loss on construction contracts: 29,011 million yen
  - (2) Information that contributes to understanding of accounting estimates  
This note is omitted as the same content is stated in '7. Allowances and Provisions' under 'Notes on Important Accounting Policy' in the Notes to Unconsolidated Financial Statements and '4. Long-term projects' under 'Notes on Accounting Estimates' in the Notes to Consolidated Financial Statements.
6. Deferred tax assets
  - (1) Amounts recorded in the financial statements of this fiscal year  
The ending balance of Deferred tax assets: 115,293 million yen
  - (2) Information that contributes to understanding of accounting estimates  
This note is omitted as the same content is stated in '5. Deferred tax assets' under 'Notes on Accounting Estimates' in the Notes to Consolidated Financial Statements.

## (Notes to Unconsolidated Balance Sheet)

## 1. Collateralized assets

(Millions of yen)

Type of asset	Year-end book value	Description
Affiliated companies' common stock	46	Collaterals for borrowings by affiliated companies
Investments in securities	6	Collaterals for borrowings by investees
Long-term loan receivables	26	Collaterals for borrowings by affiliated companies
Total	78	

## 2. Accumulated depreciation of tangible fixed assets

Buildings	135,662 million yen
Structures	23,301 million yen
Machinery	75,649 million yen
Vehicles	905 million yen
Tools and equipment	105,728 million yen
Lease assets	9,378 million yen

## 3. Guarantees

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

(Millions of yen)

Guarantee	Year-end balance
Hitachi Energy Ltd	1,128,698
HITACHI RAIL STS S.P.A.	352,322
HITACHI RAIL GTS HOLDING LIMITED	303,213
Hitachi Rail Ltd.	95,267
Hitachi Energy Canada Inc.	5,540
JR Technology Group, LLC	1,643
Kawasaki Railcar Manufacturing Co., Ltd.	1,600
Others	2,154
Total	1,890,439

In addition to the foregoing, the Company has entered into an agreement with each of the following overseas affiliated companies on maintaining their finances in a sound condition, etc., mainly to enhance their credit in order to support their financing activities:

Hitachi America Capital, Ltd., HITACHI INTERNATIONAL (HOLLAND) B.V., Hitachi International Treasury Ltd., Hitachi (China) Finance Co., Ltd. and Hitachi Power Europe GmbH

4. Short-term receivables from affiliated companies	403,387 million yen
Long-term receivables from affiliated companies	203,899 million yen
Short-term payables to affiliated companies	1,301,601 million yen
Long-term payables to affiliated companies	3,586 million yen

(Notes to Unconsolidated Statement of Operations)

Revenues from affiliated companies	316,934 million yen
Purchases from affiliated companies	806,384 million yen
Non-operating transactions with affiliated companies	26,694 million yen

(Notes to Unconsolidated Statement of Changes in Net Assets)

Matters related to Class and Number of Treasury Stock

(Shares)

Class	Number of shares			
	At beginning of year	Increase during year	Decrease during year	At end of year
Common stock	546,173	58,283,311	56,362,375	2,467,109

Summary of Reason for Change

The increase during this fiscal year by 58,283,311 shares is due to the repurchase of 47,450,100 shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of Hitachi's Articles of Incorporation, which was approved at the Board of Directors meeting held on April 26, 2024, the increase of 10,728,252 shares through the share split, the acquisition of 56,800 shares without consideration in accordance with the restricted stock compensation plan, and the purchase of 48,159 shares from less-than-one unit shareholders at their request. The decrease during this fiscal year by 56,362,375 shares is due to the cancellation of 56,227,700 shares of its treasury stock pursuant to Article 178 of the Companies Act of Japan, the disposition of 110,200 shares as a result of the exercise of stock acquisition rights, the disposition of 22,100 shares in accordance with the performance-linked restricted stock plan, and the sale of 2,375 shares to less-than-one unit shareholders at their request.

(Notes on Revenue Recognition)

Information about the basis to understand revenue is omitted as the same content is stated in '8. Accounting standard for income and expenses' under 'Notes on Important Accounting Policy' in the Notes on Unconsolidated Financial Statements and '3. Accounting standard for income and expenses' under 'Notes on Important Matters for Basis of Presentation of Consolidated Financial Statements' in the Notes to Consolidated Financial Statements.

Information about disaggregation of revenue and to understand the amount of revenue in the current and the following fiscal years are omitted as the same content is stated in 'Note on Revenue Recognition' in the Notes to Consolidated Financial Statements. Of the revenue recognized during the fiscal year ended on March 31, 2025, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term project was 485,271 million yen.

(Notes on Accounting for Deferred Taxes)

The major causes of deferred tax assets are impairment loss and others on common stock and investments in capital, and accrued pension liability.

## (Notes on Transactions with Related Parties)

(Millions of yen)

Attribute	Name of company etc.	% of voting rights held	Relationship with the related parties	Description of transaction	Transaction amount	Classification	Year-end balance
Subsidiary	Hitachi Energy Ltd	Direct: 100.0%	*	In-kind contribution (Note 1)	484,345	-	-
				Guarantees	1,128,698	-	-
Subsidiary	Hitachi Rail Ltd.	Direct: 100.0%	Manufacturing, sale engineering and maintenance of the Group's products *	Underwriting of capital increase	226,170	-	-
				Guarantees	95,267	-	-
Subsidiary	Hitachi America Capital, Ltd.	Indirect: 100.0%	Funds transactions	Loan (Note 2) (Note 3)	(17,352)	Short-term loan receivables	174,938
Subsidiary	Hitachi International Treasury Ltd.	Direct: 100.0%	Funds transactions	Loan (Note 2)	149,520	Long-term loan receivables	149,520
				Deposits received (Note 2) (Note 3)	73,809	Deposits received	73,809
Subsidiary	HITACHI INTERNATIONAL (HOLLAND) B.V.	Direct: 100.0%	Funds transactions	Borrowing (Note 2) (Note 3)	283,640	Short-term debt	283,640
Subsidiary	Hitachi (China), Ltd.	Direct: 100.0%	Sale of the Group's products *	Borrowing (Note 2) (Note 3)	2,576	Short-term debt	70,273
Subsidiary	Hitachi High-Tech Corporation	Direct: 100.0%	Sale of the Company's products *	Deposits received (Note 2) (Note 3) (Note 4)	44,418	Deposits received	159,911
Subsidiary	Hitachi Global Life Solutions, Inc.	Direct: 100.0%	Manufacturing, sale and maintenance of the Group's products *	Deposits received (Note 2) (Note 3) (Note 4)	11,188	Deposits received	81,761
Subsidiary	Hitachi Systems, Ltd.	Direct: 100.0%	Outsourcing of the Company's software development, outsourcing of maintenance of the Company's telecommunications equipment *	Deposits received (Note 2) (Note 3) (Note 4)	10,561	Deposits received	72,677
Subsidiary	HITACHI RAIL STS S.P.A.	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products *	Guarantees	352,322	-	-
Subsidiary	HITACHI RAIL GTS HOLDING LIMITED	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products	Guarantees	303,213	-	-

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

- Notes: 1. The shares of Hitachi Energy Ltd were acquired in exchange for the in-kind contribution of the loans to Hitachi Energy Ltd and other assets.
2. The interest rate was determined with due consideration to market interest rates. The transaction amount indicates the change from the balance at the beginning of the fiscal year.
3. These are transactions made based on the pooling system wherein the funds of the Company and affiliated companies to be loaned to affiliated companies who have financing needs through the Company or overseas financial subsidiaries.
4. The transaction amount includes interest received and paid.

## (Notes on Per Share Information)

Net assets per share 783.48yen

Net income per share 84.79yen

Note: On July 1, 2024, the Company completed a share split into 5 shares for every one common share. The figures for net income per share are calculated on the assumption that the Company conducted this split at the beginning of the fiscal year.

(Notes on Major Subsequent Events)

Repurchase of Shares of Common Stock

The Board of Directors held on April 28, 2025 decided to repurchase shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 32 of the Articles of Incorporation, as follows.

(a) Reason for repurchase

The Company views the return of profits to shareholders through enhancing corporate value from mid- and long-term perspective, paying dividends continuously and repurchasing its own shares flexibly as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition, asset sales and others.

(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 140 million shares  
(3.06% of the number of outstanding shares (excluding treasury stocks))
- (iii) Aggregate amount of repurchase  
Up to 300.0 billion yen
- (iv) Period of the repurchase  
From April 30, 2025 to March 31, 2026
- (v) Method of repurchase  
Expected open market purchase through the Tokyo Stock Exchange

**Independent Auditor's Report**

May 9, 2025

Mr. Toshiaki Tokunaga, President & CEO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Koji Fujima  
Designated Engagement Partner  
Certified Public Accountant

Teruyasu Omote  
Designated Engagement Partner  
Certified Public Accountant

Shinya Yoshida  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Hitachi, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2025, in accordance with International Financial Reporting Standards (IFRSs) (however, certain disclosures are omitted pursuant to the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting).

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs (however, certain disclosures are omitted pursuant to the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs (however, certain disclosures are omitted pursuant to the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting), matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs (however, certain disclosures are omitted pursuant to the second sentence of Article 120, paragraph 1 of the Regulations on Corporate Accounting).
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Notes)

This is an English translation of the Japanese language Independent Auditor's Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Company, prepared in Japanese, for the fiscal year ended March 31, 2025. Ernst & Young ShinNihon LLC has not audited the English language version of the consolidated financial statements for the above-mentioned year.

**Independent Auditor's Report**

May 9, 2025

Mr. Toshiaki Tokunaga, President & CEO  
Hitachi, Ltd.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Koji Fujima  
Designated Engagement Partner  
Certified Public Accountant

Teruyasu Omote  
Designated Engagement Partner  
Certified Public Accountant

Shinya Yoshida  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in net assets, and notes to the financial statements, and its supplementary schedules of Hitachi, Ltd. (the Company) applicable to the 156th fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

## Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## (Notes)

This is an English translation of the Japanese language Independent Auditor's Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the unconsolidated financial statements of the Company, prepared in Japanese, for the fiscal year ended March 31, 2025. Ernst & Young ShinNihon LLC has not audited the English language version of the unconsolidated financial statements for the above-mentioned year.

**AUDIT REPORT**

We, the Audit Committee of the Company, audited the performance by Directors and Executive Officers of their duties during the 156th business term (from April 1, 2024 to March 31, 2025). We hereby report as follows on the method and results thereof:

**1. Method of Audit**

- 1) We received periodical reports, obtained required explanations, and clarified opinions regarding the state of implementation and operation of the contents of the resolutions of the Board of Directors concerning the matters as listed in Article 416, Paragraph 1, Item 1 (ro) and (ho) of the Companies Act, and the status of the systems (internal control systems) established thereunder.
- 2) In accordance with the audit policy, assignment of audit duties, etc., as determined by the Audit Committee, and, in collaboration with the relevant departments, we attended important meetings, received reports or heard from the Directors, Executive Officers, etc. on matters concerning the execution of their duties, requested explanations as necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company.
- 3) As regards subsidiaries, we sought to communicate and exchange information with the Directors, Auditors, and others of the subsidiaries, received reports on their business operations, requested explanations as necessary, and conduct interviews and other tasks for their Head Offices and principal business offices by visiting to the offices or using the Internet, etc.
- 4) We examined the contents of the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report giving due consideration to such things as the circumstances of deliberations by the Board of Directors and others.
- 5) Further, we monitored and examined whether the Accounting Auditors maintained their independence and performed their auditing duties adequately, as well as received reports from the Accounting Auditors on the performance status of their duties and requested explanations as necessary.
- 6) We also received a notice from the Accounting Auditors to the effect that "structures for ensuring that duties are appropriately performed" (matters stipulated in each item under Article 131 of the Regulations of Companies' Financial Statements) were being developed pursuant to the "Quality Management Standards for Auditing" (Business Accounting Council) and requested explanations as necessary.

We examined the business report and its supplementary schedules, the unconsolidated financial statements (the unconsolidated balance sheet, the unconsolidated statement of operations, the unconsolidated statement of changes in net assets, and the notes to unconsolidated financial statements) and their supplementary schedules, as well as consolidated financial statements (the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statement of changes in equity, and the notes to consolidated financial statements) for this business term in accordance with the foregoing method.

**2. Results of Audit**

**(1) Results of Audit on Business Report etc.**

We are of the opinion:

- 1) that the business report and its supplementary schedules fairly present the state of the Company in accordance with the laws, regulations and the Articles of Incorporation;
- 2) that, in connection with the performance by Directors and Executive Officers of their duties, no dishonest act or material fact of violation of laws, regulations or the Articles of Incorporation exists;
- 3) that the contents of the resolution by the Board of Directors concerning internal control systems are appropriate. Further, there is nothing to note with respect to the performance by Directors and Executive Officers of their duties and description of the business report related to said internal control systems;
- 4) that the fundamental policy on the conduct of persons influencing decision on the Company's financial and business policies set forth in the business report are appropriate.

**(2) Results of Audit on Unconsolidated Financial Statements and Their Supplementary Schedules**

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

**(3) Results of Audit on Consolidated Financial Statements**

We are of the opinion that the method and results of the audit made by the Company's Accounting Auditors, Ernst & Young ShinNihon LLC are appropriate.

May 9, 2025

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

Note: Messrs. Katsumi Ihara, Ikuro Sugawara, Hiroaki Yoshihara and Helmuth Ludwig are outside Directors pursuant to Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.