

Business Overview and Results of Hitachi Group

Business Results

In Fiscal 2023, although the global economy showed a gradual recovery, the business environment remained uncertain due to rising geopolitical risks in various regions as well as inflation and currency fluctuations. Under such environment, despite the impact of business restructuring, Hitachi recorded revenues of 9,728.7 billion yen and Adjusted EBITA of 918.1 billion yen, due mainly to the organic business growth resulting from the expansion of the Lumada business and the solid performance of the power grid and railway systems businesses, as well as the impact of foreign exchange. Adjusted EBITA Margin was 9.4%, an increase of 1.3 percentage points from the previous fiscal year. Net income attributable to Hitachi, Ltd. stockholders was 589.8 billion yen.

Regarding funds, core free cash flow* was 571.4 billion yen, a new record high, due to improving cash generation capabilities by enhancement of cash flow management.

As Hitachi has improved its profitability and ability to generate cash it increased the amount of its annual dividend 35 yen to 180 yen (with an interim dividend of 80 yen and a year-end dividend of 100 yen) and repurchased its own shares of approximately 100.0 billion yen.

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

Actions in Fiscal 2023 and Aims

In the current fiscal year as the second year of the “2024 Mid-term Management Plan”, Hitachi chiefly pursued the following initiatives and accelerated the shift to growth mode.

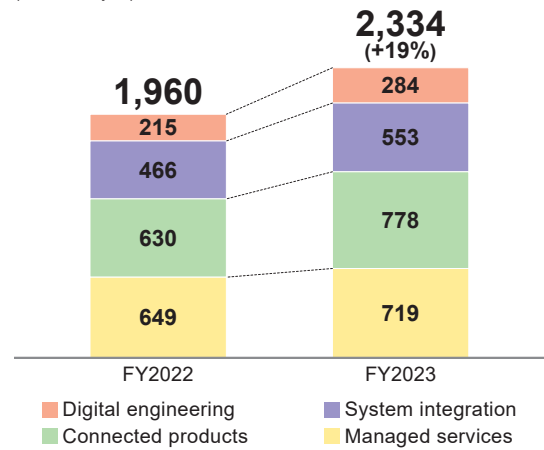
– Further Growth of Social Innovation Business in Response to Rising DX and GX¹ Demand

While the global market continued to experience growing DX and GX demand, Hitachi worked as One Hitachi to strengthen the cycle of value co-creation with customers under Lumada by understanding customers' management issues, then designing and implementing solutions to those issues, and implementing operation and maintenance while tackling solutions to the next issues. As a result, Lumada business revenues reached 2,334 billion yen, an increase of 19% from the previous fiscal year.

Orders received by Hitachi were still solid. In Japan, Hitachi received an order for the next-generation nationwide load dispatching system and contributes to stable electricity supply by sharing the nationwide² power supply and demand adjustment systems. Overseas, Hitachi Energy Ltd secured its largest multi-year framework agreement to support TenneT with six North Sea offshore wind connections in partnership with Petrofac. In the railway systems business, Hitachi Rail Ltd. has received an order from Trenitalia S.p.A in Italy for high-speed railways worth approximately 140.0 billion yen.

¹ DX: Digital transformation, GX: green transformation ² Excluding Okinawa area

Lumada business revenues
(Billions of yen)



Notes: 1. Lumada business revenues in the three segments of Digital Systems & Services, Green Energy Mobility and Connective Industries.
2. Number in parentheses is the growth rate from the previous fiscal year.

– Global Reorganization for Further Strengthening the Lumada Business

To strengthen the collaborative creation cycle with Lumada and accelerate the creation of synergies with the OT (control and operational technology), Hitachi has conducted reorganization globally. Hitachi Digital Services LLC was established by spinning off the digital solutions business from Hitachi Vantara LLC. As an integrator of OT and IT, the new company will work with Hitachi Vantara LLC and GlobalLogic Inc. as well as Hitachi's business in the OT area, including energy, transportation, and industry, to drive the global growth of the Lumada business as One Hitachi. In addition, the Company's IT product business, which has been responsible for business development, R&D, and production of data infrastructure such as storage, was spun off to establish Hitachi Vantara, Ltd. Hitachi has established an integrated manufacturing, sales, and service operation structure with the new company and Hitachi Vantara LLC.

– Accelerating the initiatives for utilizing Generative AI

In order to actively utilize generative AI as a growth engine for the Lumada business, Hitachi is accelerating efforts, including initiatives to establish its organizations and structure, increase use cases, and address risks. For details of AI-related initiatives, please refer to "Acceleration of Social Innovation through AI Transformation" below.

Consolidated Financial Results for Fiscal 2023 (Billions of yen)

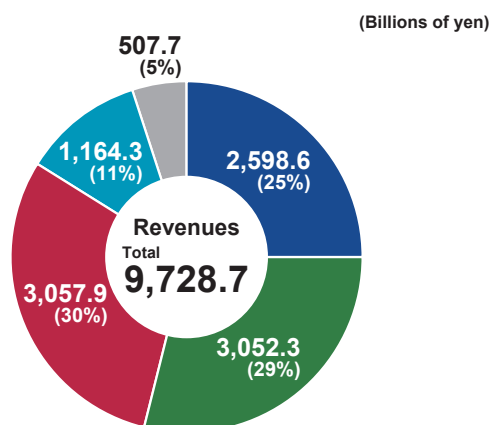
Revenues	Adjusted EBITA	Adjusted EBITA Margin	Net income attributable to Hitachi, Ltd. stockholders	ROIC
9,728.7	918.1	9.4%	589.8	8.7%
Year over year -11% ↘	Year over year +4% ↗	Year over year +1.3 ↗	Year over year -9% ↘	Year over year +1.1 ↗

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

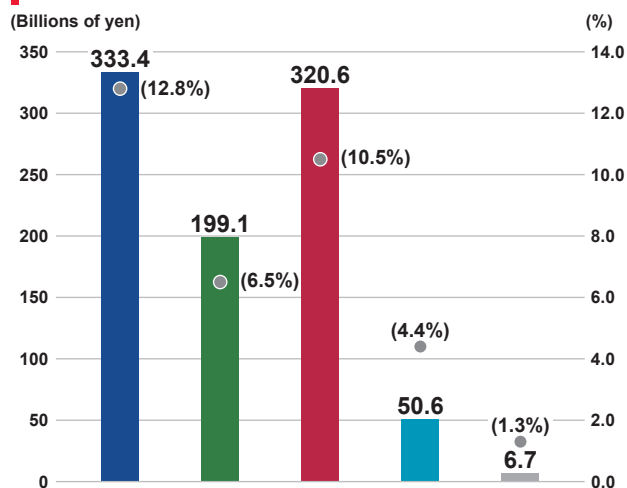
Financial Results by Segment

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

Revenues



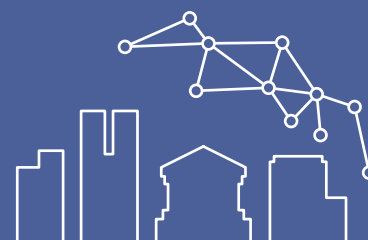
Adjusted EBITA (Adjusted EBITA Margin)



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

Digital Systems & Services

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



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
2,598.6 billion yen	333.4 billion yen	12.8%	8.8%
Year over year +9% ↗	Year over year +14% ↗	Year over year +0.5 points ↗	Year over year +0.5 points ↗

Sales and profits increased mainly due to the impact of the expansion of the Lumada business and foreign exchange. GlobalLogic, which continues to grow at a high rate, increased sales revenue of 23% (15% in U.S. dollars) from the previous fiscal year and recorded Adjusted EBITA Margin of 19.6%.

Action in Fiscal 2023

Leveraging a wealth of digital human resources and advanced technologies, Hitachi worked to provide a variety of solutions to solve social and customer problems. To further expand its global business, GlobalLogic, a growth engine, continues to expand its service development and delivery bases and human resources to maintain high business growth. In order to further accelerate the creation of synergies through combining IT, OT, and Products, which is one of the strengths of the Hitachi Group, Hitachi also reorganized Hitachi Vantara globally. Hitachi is also actively investing in innovative technologies supporting business growth. Hitachi is engaged in a wide range of collaborative activities with customers and partners in Japan and overseas to create innovations using rapidly evolving generative AI.



Creating innovation by leveraging rapidly evolving generative AI

Green Energy & Mobility

To help realize a sustainable decarbonized society, Hitachi is 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.

*High-voltage direct-current transmission



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,052.3 billion yen	199.1 billion yen	6.5%	5.1%
Year over year +24% ↗	Year over year +22% ↗	Year over year -0.1 points ↘	Year over year +1.9 points ↗

Sales and profits increased due to solid growth in the power grid and the railway systems business. Adjusted EBITA Margin was same level as the previous fiscal year, due mainly to the PMI related costs associated with the acquisition of power grids business.

(Note) Since the Fiscal 2023, a portion of the businesses previously included in the Green Energy & Mobility segment has been transferred and included in Others. Figures shown above, including the numbers of the previous fiscal year, are presented on the basis of the new classification.

Actions in Fiscal 2023

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

In the energy field, orders such as HVDC systems for offshore wind power generation increased. Hitachi is also establishing technologies and models for energy management systems that digitally connect multiple locations.

In the railway systems field, Hitachi strengthened its efforts in digital asset management for rolling stock and infrastructure. In Europe and North America, Hitachi is contributing to the conversion to public transportation with a low negative impact on environment through utilizing digital technologies, such as expanding metropolitan railway lines with fully automated operations.

In addition, to improve operational efficiency, Hitachi has begun to take initiatives for using Worksite-Augmenting Metaverse*, which features use of worksite data-collection technology and generative AI.

*Technology to reproduce social infrastructure and construction/manufacturing sites on a virtual space (metaverse).



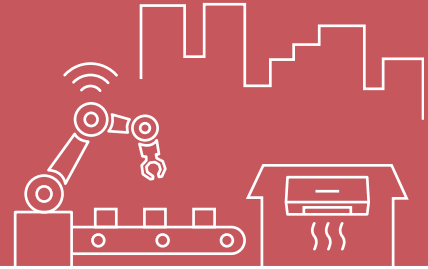
Energy management utilizing digital technology



UK train maintenance utilizing Hitachi's digital asset management

Connective Industries

Hitachi creates new customer value and sustainable society by digitally and seamlessly connecting highly competitive products and providing them as solutions in the fields of Urban (building systems, home appliances and air conditioners), Advanced Technology (measurement and analysis systems, healthcare equipment), and Industry (industry & distribution solutions, water & environment solutions, industrial machinery).



Revenues	Adjusted EBITA	Adjusted EBITA Margin	ROIC
3,057.9 billion yen	320.6 billion yen	10.5%	10.5%
Year over year +3% ↗	Year over year +3% ↗	Year over year ±0.0 points →	Year over year -0.3 points ↘

Sales and profits increased mainly in the building systems business, resulting from expansion of the building services business, and in the industrial products business as well as the impact of foreign exchange.

Actions in Fiscal 2023

Through the collaborative creation cycle with customers in Lumada, Hitachi has expanded total seamless solutions*¹ from the Industry field to the Urban and Healthcare fields, and strengthened its recurring business*².

In addition, to accelerate global growth, Hitachi has expanded total seamless solutions in the Industry field, with the central role played by J.R. Automation Technologies, LLC. and Flexware Innovation, Inc., North American companies Hitachi acquired. Further, Hitachi has focused on deepening collaborative creation by utilizing bases closer to customers in the semiconductor manufacturing equipment business and on strengthening its molecular diagnostics business and particle therapy systems business mainly in North America in the Healthcare field.



Operating in three groups:
Urban, Advanced Technology and Industry

*¹ Solution connecting across the gaps among businesses and companies to solve issues and offer solutions that achieve overall optimization by leveraging the strengths gained by maintaining a combination of products, OT, and IT

*² Ongoing and cyclical services that include after-sales service

Automotive Systems

The Automotive Systems business provides high-efficiency power train systems, advanced chassis, autonomous driving, and advanced driver-assistance systems and integrated electronic control platform, supporting progress in software-defined vehicles (SDV) and also provides systems for motorcycles.

Revenues	1,164.3 billion yen Year over year -39%	Adjusted EBITA	50.6 billion yen Year over year -31%
		Adjusted EBITA Margin	4.4% Year over year +0.6 points

On October 16, 2023, the partial transfer of shares of Hitachi Astemo, Ltd. was completed, and the company became an equity-method affiliate of the Company, resulting in a decrease in both sales and profits.

Others

Other products and services including Property Management are provided in this segment.

Revenues	507.7 billion yen Year over year +2%	Adjusted EBITA	6.7 billion yen Year over year +21.9 billion yen
		Adjusted EBITA Margin	1.3% Year over year +4.4 points

(Note) Since the Fiscal 2023, a portion of the businesses previously included in the Green Energy & Mobility segment has been transferred and included in Others. Figures shown above, including the numbers of the previous fiscal year, are presented on the basis of the new classification.

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

Consolidated Basis

Fiscal Year	(Billions of yen)				
	2019	2020	2021	2022	2023
Revenues	8,767.2	8,729.1	10,264.6	10,881.1	9,728.7
Adjusted Operating Income	661.8	495.1	738.2	748.1	755.8
Adjusted EBITA	-	609.1	855.3	884.6	918.1
Income Before Income Taxes	180.2	844.4	839.3	819.9	825.8
Net Income Attributable to Hitachi, Ltd. Stockholders	87.5	501.6	583.4	649.1	589.8
Total Assets	9,930.0	11,852.8	13,887.5	12,501.4	12,221.2

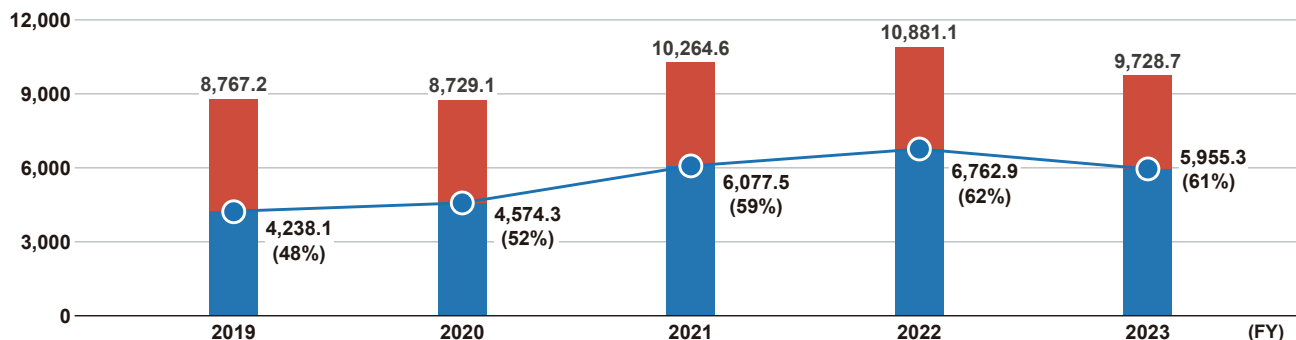
Unconsolidated Basis

Fiscal Year	(Billions of yen)				
	2019	2020	2021	2022	2023
Revenues	1,793.2	1,678.2	1,623.4	1,631.3	1,756.9
Operating Income	108.0	39.0	113.9	88.0	147.7
Ordinary Income	355.4	305.4	365.0	354.7	401.0
Net Income	119.4	705.5	516.1	987.9	581.5
Total Assets	4,004.4	4,982.6	5,815.6	5,940.4	6,095.4

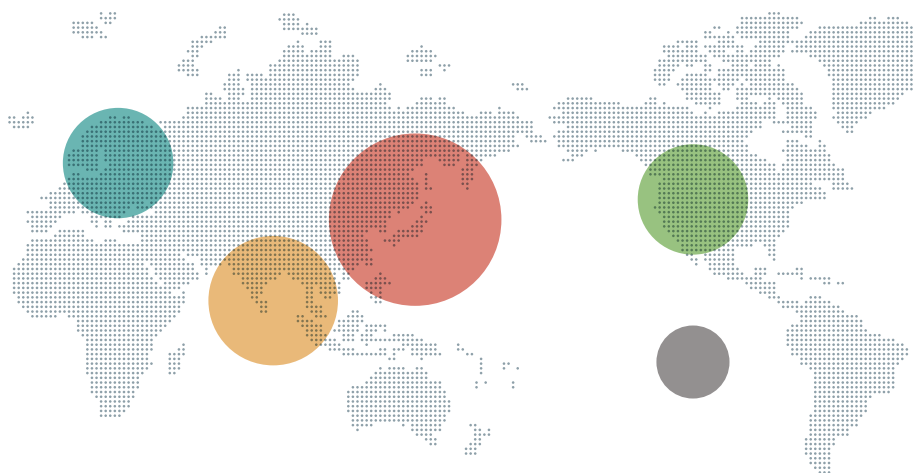
- Notes: 1. From Fiscal 2021, the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. and the figures for Fiscal 2021, 2022 and 2023 have been calculated in accordance with this standard.
2. In Fiscal 2023, the revenues and operating income increased 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 due to a decrease of extraordinary income resulting from the sale of shares.

Overseas Revenues Trends

(Billions of yen)



Revenues by Market



Overseas Revenues

5,955.3 Billion yen (61%)

22%

Asia

2,151.5 Billion yen

16%

North America

1,582.9 Billion yen

16%

Europe

1,550.8 Billion yen

7%

Other Areas

669.9 Billion yen

Japan Revenues

3,773.3 Billion yen

39%

Note: In "Overseas Revenues Trends," the blue parts show overseas revenues and the red parts show domestic revenues. The number in parenthesis is the percentage of overseas revenues to total revenues.

Course of Actions for Hitachi Group

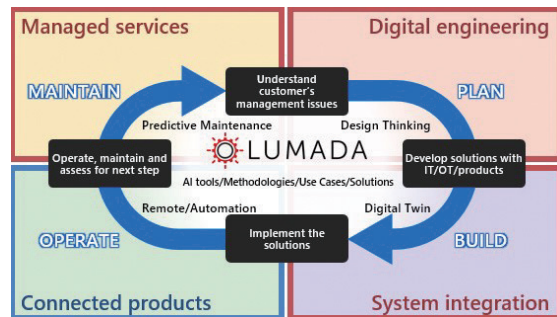
Since its foundation, Hitachi's mission has been to "Contribute to society through the development of superior, original technology and products." The Company has solved the challenges facing society by developing technologies and products that support social infrastructure.

Under the 2024 Mid-term Management Plan, Hitachi also aims to support people's quality of life with data and technology that foster a sustainable society. Establishing Digital, Green and Innovation as the three pillars, Hitachi focuses on the following measures to fulfill its vision for society through global growth under the unifying banner of One Hitachi.



– Strengthening and Expanding the Data-driven Cycle of Value Co-creation with Customers in Lumada

Hitachi is strengthening the cycle of value co-creation with customers in Lumada by understanding customers' management issues, then designing and implementing solutions to those issues, and implementing operation and maintenance while working to create solutions to the next issue. Riding the growing demand for DX and GX as a tailwind, Hitachi works to create and roll out Lumada solutions by working with every business in the Hitachi Group including energy, transportation, and industry and utilizing cutting-edge technologies such as generative AI.



– Promoting Environmental Management and Strengthening Human Capital

Through the Social Innovation Business, Hitachi works to strike a balance between solving environmental issues and improving people's quality of life.

For initiatives aimed at decarbonization, Hitachi has set goals of achieving carbon neutrality at its business sites by Fiscal 2030, and across the entire value chain by Fiscal 2050. Hitachi is making progress in reducing CO₂ emissions at a pace that exceeds its targets. In addition to further promoting reductions, Hitachi is also helping customers reduce their CO₂ emissions by providing solutions with its environmentally friendly products.

In addition, to achieve further growth through the utilization of diverse human resources, Hitachi is working to increase the percentages of female and non-Japanese executive-level staff, to acquire and develop digital human resources, etc., and to improve employee engagement to foster a growth mindset as One Hitachi.

– Creating Innovation for Growth

Hitachi has advanced the creation of innovation for global business growth and works to expand corporate venturing investments to collaborate with startups, in addition to R&D investments including cutting-edge research. Hitachi will achieve sustainable growth that continues to future generations by exploring the issues faced by society and customers, and devising innovations aimed at solving them.

To generate stable cash even in an unstable business environment that is difficult to foresee, Hitachi strives to grow its business through these efforts and also works to improve asset efficiency through ongoing business restructuring. While enhancing the ability to generate cash, Hitachi will also provide stable returns to shareholders, making the investments necessary for growth in a swift but carefully selected manner.

Acceleration of Social Innovation through AI Transformation

Hitachi believes that AI is a driving force for innovation that improves society. Hitachi further accelerates the Social Innovation Business through "AI transformation" that significantly improves business productivity and creates new business opportunities through active utilization of rapidly evolving Generative AI.

What is Generative AI?

Generative AI is artificial intelligence that can interpret a huge amount of data and generate various contents such as images, texts, sounds, and program code. Typical examples include ChatGPT, an AI that can generate text.



Establishment of Organization for Promoting Group-wide AI Transformation

Hitachi has worked with customers on more than 100 projects utilizing AI and data analytics every year, led by the Lumada Data Science Lab, established in 2020. Hitachi is working to utilize AI in a group-wide manner with its great advantage that Hitachi has GlobalLogic Inc. headquartered in Silicon Valley, the U.S., which is the forefront of innovation.

Hitachi quickly responded to the emergence of generative AI and has established an organization for promoting group-wide AI transformation in both providing value to customers and transforming internal business processes.

May 2023: Establishment of Generative AI Center

Hitachi established a new organization called "Generative AI Center" to promote the responsible and effective use of generative AI.

Data scientists and AI researchers who have knowledge of generative AI and specialists in the various fields of in-house operations bring together in the center. It offers consulting and other services to support cutting-edge use cases and value creation of generative AI.

Please check the website for details

<https://www.hitachi.com/New/cnews/month/2023/05/230515.html>



Discussion by data scientists

December 2023: Assignment of Chief AI Transformation Officer

Hitachi created the position of "Chief AI Transformation Officer" in each of the three sectors: Digital Systems & Services, Green Energy & Mobility, and Connective Industries.

As the promoters leading the implementation of the AI transformation, they are responsible for the coordination and penetration of the group-wide strategy within each sector. In addition, they also facilitate the seamless sharing of validation results, technologies, and know-how, accumulating best practices and prompting the creation of synergies with diverse knowledge to accelerate group-wide projects aimed at transforming internal processes through generative AI.

Expansion of the AI Ecosystem through Partnerships: Acceleration of DX through Collaboration with NVIDIA

In March 2024, Hitachi announced it is collaborating on generative AI with U.S. semiconductor giant NVIDIA Corporation.

The two companies accelerate social innovation through DX by combining Hitachi's leadership and digital solutions in operational technology (OT) and NVIDIA's expertise in generative AI.

Hitachi will further expand our AI ecosystem with advanced partners, including this collaboration.

Please check the website for details
<https://www.hitachi.com/New/cnews/month/2024/03/240319.html>

Examples of collaboration with NVIDIA

- Development of solutions to optimize facilities and business processes in the energy and transportation fields through advanced simulation in virtual spaces
- Creation of new AI solutions through integration of Hitachi's Lumada solution library with NVIDIA's platforms
- Provision of AI infrastructure products that integrate NVIDIA's AI technologies and image processing semiconductors with Hitachi Vantara's storage

Use Case (1): Railway Metaverse Evolving Vehicle Design, Maintenance and service

Hitachi developed the Worksite-Augmenting Metaverse technology that enables to reproduce railway vehicles and tracks in a virtual space (metaverse) by using generative AI, thereby permitting optimal design and safe operation of rolling stock and accurate maintenance of tracks.

For example, operation and maintenance information can be added to a 3D model of a railway track reproduced in the metaverse, and its status can be indicated by color or other means. This technology improves safety and efficiency with support for on-site maintenance operations, fully remote maintenance, and assistance in training to learn in what circumstances repairs are needed, among others.



Reproduce a track with the status displayed colors in the metaverse

Please check the website for details
<https://www.hitachi.com/rd/sc/story/mv/index.html>

Use Case (2): Internal Process Reform with Generative AI

Within the Group, Hitachi is promoting the use of generative AI in various operations of more than 250,000 employees and thereby accumulating know-how that will lead to productivity improvement. For example, Hitachi is reforming its internal process with the following initiatives.

- Improving productivity in software development, such as code generation, testing efficiency, and responsibility considerations when applying generative AI
 - Speeding up customer service operations by integrating past inquiries and operational manuals with generative AI
- Hitachi is continuing internal trials and applying them to collaborative creation activities with its customers.

Addressing Risks Involved in Use of AI

While the use of AI as a source of innovation has many advantages, it also entails various risks, including information leakage, copyright and privacy violations, and false information.

Hitachi established Principles guiding the ethical use of AI with a view toward the human-centered development of AI and its societal implementation in 2021, in addition to continuing its existing privacy protection efforts. Hitachi is also promoting the use of generative AI while appropriately managing risks, such as creating guidelines for its use, with the leading role played by the Generative AI Center.

Please check the website for details
<https://www.hitachi.com/New/cnews/month/2021/02/210222.html>

Borrowings and Financing Activities of Hitachi Group

Major Borrowings (As of March 31, 2024)

Name of Company	Creditor	Balance of Borrowings
The Company	Japan Bank for International Cooperation	184.7 billion yen

Note: In addition to the figures shown above, the Company owes long-term borrowings by means of syndicated loan agreements of 438.2 billion yen.

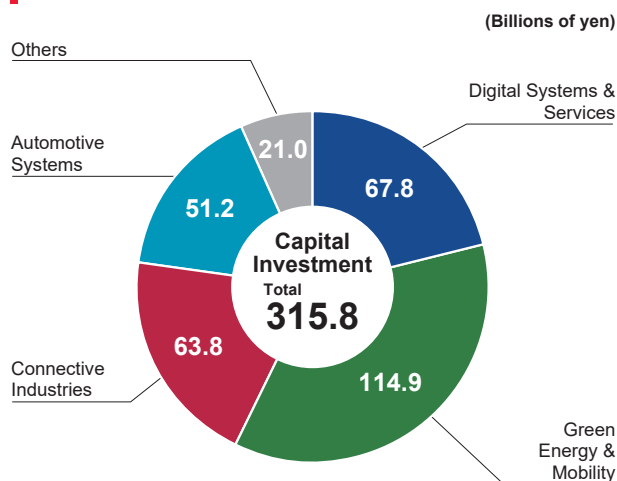
Major Financing Activities

The Company issued unsecured bonds in December 2023, procuring a total of 90.0 billion yen to use to refinance of short-term funding for repaying the 18th Series Unsecured Straight Bonds and expenditures of the construction and refurbishment of “Kyōsō-tō”, energy saving building, in the Central Research Laboratory.

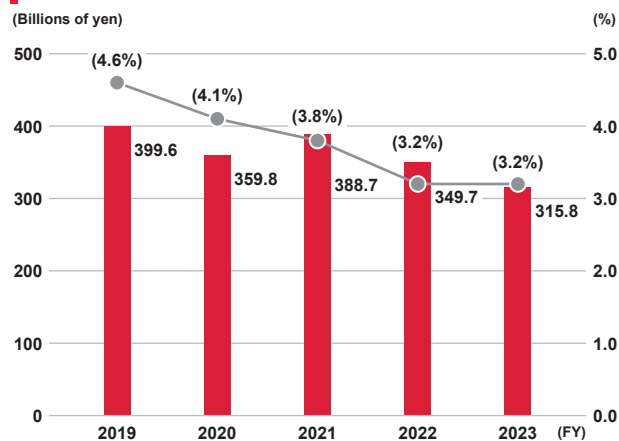
Capital Investment of Hitachi Group

During Fiscal 2023, the Hitachi Group carried out capital investment of 315.8 billion yen for further global business expansion. Despite the total investment decreased from the preceding fiscal year, mainly due to the effect of business reorganization, the percentage of capital investment to total revenues was 3.2%, which was the same level as Fiscal 2022.

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

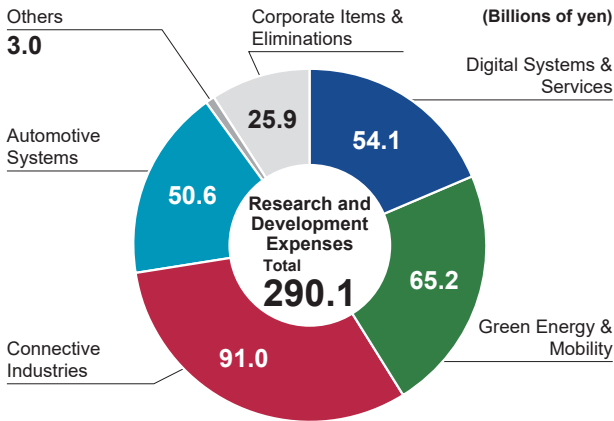
With the R&D mission, “Strengthen initiatives to create innovation with digital and green contributing to global business growth,” Hitachi creates innovation to resolve issues of society and customers. Specifically, through creation of scenarios for customer growth by Lumada co-creation, Hitachi achieves DX and GX driven by the customer experience value. Hitachi has developed Worksite-Augmenting Metaverse using generative AI and distributed control technology for renewable energy. Hitachi is also engaged in research aimed at the realization of the mass production of hydrogen, radiation/cell and gene therapy and large-scale quantum computers, etc., as future disruptive technologies contributing to the resolution of social issues.



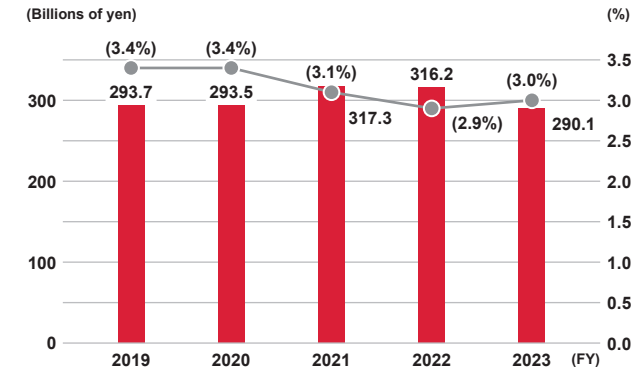
Inside of a railway vehicle reproduced by metaverse

R&D expenses during Fiscal 2023 amounted to 290.1 billion yen. In order to achieve the goals of the 2024 Mid-term Management Plan, Hitachi continues to be devoted to innovating by increasing its investments in advanced research and corporate venture capital investments for co-creation with start-up companies.

R&D Expenses by Segment



R&D Expenses Trends



Note: The number in parentheses is the percentage of R&D expenses to total revenues.

Employees of Hitachi Group

Hitachi formulated "2024 Human Resources Strategy," whose mission is contribution to business through diverse talents, equitable opportunity and inclusive organization. Implementing the human resources strategy aligned with business strategy contributes to further business growth of Hitachi.

Please review a briefing session held in 2022 and Hitachi Sustainability Report for the details of "2024 Human Resources Strategy."

<https://www.hitachi.com/IR-e/library/presentation/webcast/221012.html>

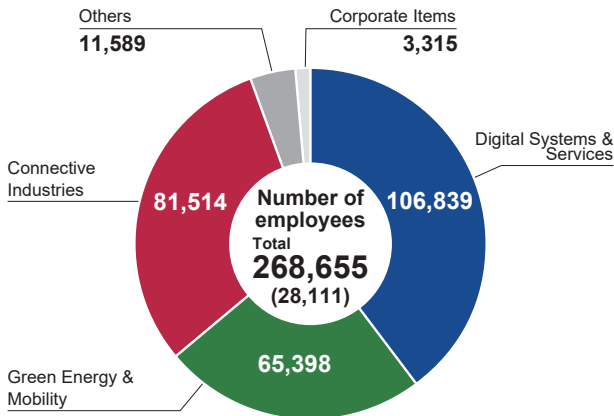
<https://www.hitachi.com/sustainability/download/index.html>



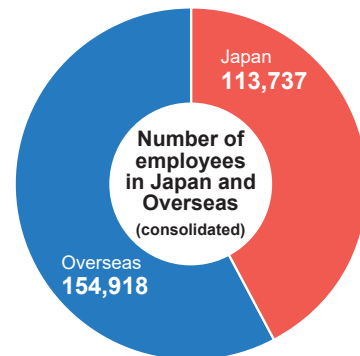
Number of Employees in the Hitachi Group

268,655 (including 28,111 employees on a non-consolidated basis)

Number of Employees by Segments



Number of Employees in Japan and Overseas



- Notes:
1. The number of employees is as of March 31, 2024.
 2. The figure in parentheses is the number of employees on a non-consolidated basis.
 3. There are no employees belonging to the Automotive Systems segment since Hitachi Astemo, Ltd. is no longer a consolidated subsidiary of the Company as a result of a partial transfer of shares of Hitachi Astemo, Ltd.

Major Facilities and Major Group Companies of Hitachi Group (As of March 31, 2024)

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



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

The Company

	Location
Head Office	Tokyo (Chiyoda-ku)
R&D	Tokyo (Kokubunji), Ibaraki (Hitachi), Saitama (Hatoyama), Kanagawa (Totsuka-ku, Yokohama)
Manufacturing, Design and Engineering	Tokyo (Adachi-ku, Shinagawa-ku, Chiyoda-ku, Minato-ku), Ibaraki (Hitachi, Hitachinaka), Kanagawa (Saiwai-ku, Kawasaki; Hadano; Totsuka-ku, Yokohama), Yamaguchi (Kudamatsu)
Sales and Area Operations	Tokyo (Shinagawa-ku, Chiyoda-ku, Minato-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 Information & Telecommunication Engineering, Ltd.	Nishi-ku, Yokohama, Kanagawa	100.0
	Hitachi Channel Solutions, Corp.	Shinagawa-ku, Tokyo	100.0
	Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	100.0
	Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	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 Semiconductor Device, Ltd.	Hitachi, Ibaraki	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 573.

2. The number of equity-method affiliates is 369. The major equity-method affiliates are Hitachi 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 Digital Services LLC was established on November 1, 2023 and succeeded the digital solutions business of Hitachi Vantara LLC.

4. Hitachi Power Semiconductor Device, Ltd. has ceased to be a group company of the Company as a result of the share transfer on May 2, 2024.

5. Hitachi Astemo, Ltd. and Hitachi Astemo Americas, Inc. were converted into equity-method affiliates from consolidated subsidiaries as a result of the partial transfer of shares of Hitachi Astemo, Ltd. on October 16, 2023.

6. Ratio of voting rights includes indirect ownership.

Directors and Executive Officers

Directors

Name, Position and Responsibilities, etc. (As of March 31, 2024)

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)
Cynthia Carroll	Independent Director	Nominating Committee	Director, Baker Hughes Company (USA)* Director, Pembina Pipeline Corporation (Canada)* Director, Glencore plc (Switzerland)*
Ikuro Sugawara	Independent Director	Audit Committee	Outside Director, Toyota Motor Corporation Outside Director, FUJIFILM Holdings Corporation
Joe Harlan	Independent Director	Compensation Committee	-
Louise Pentland	Independent Director	-	Director, Experian plc (Ireland/UK)* Executive Vice President and Chief Counsel, Disney Park, Experiences and Products, The Walt Disney Company (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 positions with * in "Other Principal Positions Held" are positions in each of the foreign corporations that are 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: 10 out of 10 days Audit Committee: 15 out of 15 days Compensation Committee: 7 out of 7 days	Mr. Ihara stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a business management viewpoint based on his rich corporate management experience and insight gained through his involvement in the management of major companies conducting diverse businesses globally. He also led discussions at meetings of the Board of Directors and the Nominating Committee as the chairperson of both bodies.
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.
Cynthia Carroll	Board of Directors meetings: 9 out of 9 days Nominating Committee: 10 out of 10 days	Ms. Carroll 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 human capital management perspective including diversity & inclusion based on her rich experience and insight as the top executive of major global companies.
Ikuro Sugawara	Board of Directors meetings: 7 out of 7 days Audit Committee: 15 out of 15 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.
Joe Harlan	Board of Directors meetings: 9 out of 9 days Compensation Committee: 7 out of 7 days	Mr. Harlan stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from a global business management viewpoint based on his rich corporate management experience and insight gained through his involvement in the management of major companies conducting diverse businesses globally.
Louise Pentland	Board of Directors meetings: 9 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: 7 out of 7 days	Mr. Yamamoto stated his opinions and made proposals regarding the general management of the Group such as management policies and business strategies from investors' viewpoints focusing on issues related to IR, information disclosure and corporate value based on his rich experience and insight in the area of corporate analysis and global corporate management. He also led discussions as the chairperson of the Compensation Committee.
Hiroaki Yoshihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 10 out of 10 days Audit Committee: 15 out of 15 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: 15 out of 15 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, 2024)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	Executive Officer	General	-
*Keiji Kojima	President	Overall management	-
*Masakazu Aoki	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)	-
*Yoshihiko Kawamura	Executive Vice President and Executive Officer	Assistant to the President (finance strategies, corporate pension system, investment strategies, investor relations strategies, cost structure reform, risk management, corporate auditing and corporate export regulation)	-
*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 (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)	-
Jun Abe	Senior Vice President and Executive Officer	Cloud services platforms business	-
Lorena Dellagiovanna	Senior Vice President and Executive Officer	Sustainability strategies, environmental strategies 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	Human capital strategies, diversity, equity & inclusion strategies, corporate communications strategies and safety and health management	-
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales and regional strategies	-
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business	-
Giuseppe Marino	Senior Vice President and Executive Officer	Railway systems business	Director, Hitachi Rail Ltd.
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies	-
Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.

Name	Position	Responsibilities	Other Principal Positions Held
Noriharu Amiya	Vice President and Executive Officer	Railway systems business	-
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analysis systems business	President and Director, Hitachi High-Tech Corporation
Hitoshi Ito	Vice President and Executive Officer	Government & external relations	-
Yasunori Inada	Vice President and Executive Officer	Nuclear energy business	-
Tatsuro Ueda	Vice President and Executive Officer	Business for financial institutions	-
Kenji Urase	Vice President and Executive Officer	Energy business	-
Tomomi Kato	Vice President and Executive Officer	Finance strategies and corporate pension system	-
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance), environmental strategies and safety and health management	-
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing	-
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)	-
Kenichi Tanaka	Vice President and Executive Officer	Human capital strategies	-
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.
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	-
Shinya Mitsudomi	Vice President and Executive Officer	Urban business strategies and building systems business	President and Director, Hitachi Building Systems, Co., Ltd.
Masashi Murayama	Vice President and Executive Officer	Cost structure reform and information security management	-
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital	-
Takashi Yoda	Vice President and Executive Officer	Marketing & sales strategies (business for energy)	-

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

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

New Executive Officers

The Company changed its Executive Officers as of April 1, 2024 as follows.

Name	Position	Responsibilities
*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)
*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 platform 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)
Tatsuro Ueda	Senior Vice President and Executive Officer	Business for financial institutions, Assistant to Executive Vice President (Digital Systems & Services (APAC))
*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)
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))
Hide Nobu 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
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business
Giuseppe Marino	Senior Vice President and Executive Officer	Railway systems business
Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)
Noriharu Amiya	Vice President and Executive Officer	Urban business strategies and building systems business
Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analysis systems business
Yasunori Inada	Vice President and Executive Officer	Nuclear energy business
**Yoshiaki Kagata	Vice President and Executive Officer	Cost structure reform and information security management

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)
Jun Taniguchi	Vice President and Executive Officer	Digital strategies
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)
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)
**Nitesh Banga	Vice President and Executive Officer	Digital engineering business
**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 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 2024 Mid-Term Management Plan)

In the Short-term incentive compensation and Long-term incentive compensation, set performance metrics toward the Mid-term 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 and stock compensation as fixed pay. The basic amount of basic remuneration and stock compensation is set based on the ratio of 3:1 as the standard.

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

Basic remuneration

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

Stock compensation

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

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. The basic amount of basic remuneration, short-term incentive compensation, and medium- and long-term incentive compensation is set based on the ratio of 1:1.2:2.0 as the standard, taking into account the composition of executive compensation for major global companies including the U.S. and European companies, in order to improve corporate value through the growth of global businesses. 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 shown in the following table.

Evaluation items		Proportion of evaluation item		
		President (CEO)	Executive officers in charge of business	Executive officers in charge of corporate affairs
Financial performance	Corporate	70%	30%	40%
	Division	—	30%	—
Individual goals		10%	20%	40%
Sustainability measurement		20%	20%	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 Mid-term 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.

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;

Type of stock compensation	Condition	The grant ratio to LTI target	Grant date of Restricted Stock
Restricted Stock Compensation	Incumbency condition	30%	Every fiscal year
Performance-linked Restricted Stock Compensation	Stock price condition		After the end of the three fiscal years beginning with the base fiscal year
	Conditions for achievement of Mid-term Management Plan targets	ROIC	10%
		Sustainability targets	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 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 Mid-term 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 Mid-term 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 Mid-term 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 Executive Officers that has already been paid shall be returned to the Company.

With regard to persons who are hired externally such as foreign persons, a compensation package could be individually determined based on the level of compensation in a job market which is considered for compensation benchmarking while referring the above policy. The Company grants restricted stock units to non-Japanese Executive Officers as medium- and long-term incentive compensation. One third of vested restricted stock units are delivered in the form of common stocks of the Company and cash each fiscal year over three years from the beginning of the fiscal year containing the day on which restricted stock units are granted.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2023

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)	60	60	—	—	—	2
Independent Directors	418	418	—	—	—	9
Executive Officers	5,743	1,812	2,022	1,908	—	35
Total	6,222	2,291	2,022	1,908	—	46

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

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

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 2023.

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.		From April 1, 2016 to March 29, 2019	125.8%
The Second Stock Acquisition Rights of Hitachi, Ltd.	TSR/TOPIX Growth Rate Ratio	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		From April 1, 2019 to March 31, 2022	146.7%
Restricted Stocks issued in May 2020	TSR/TOPIX Growth Rate Ratio	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, 2024 (Note)	163.6%
Performance-linked Restricted Stock Compensation granted in April 2023	TSR/TOPIX Growth Rate Ratio	From April 1, 2023 to March 31, 2024 (Note)	137.2%
	Global Competitive Comparison	From April 1, 2023 to March 31, 2024 (Note)	100%ile

Note: 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, 2024.

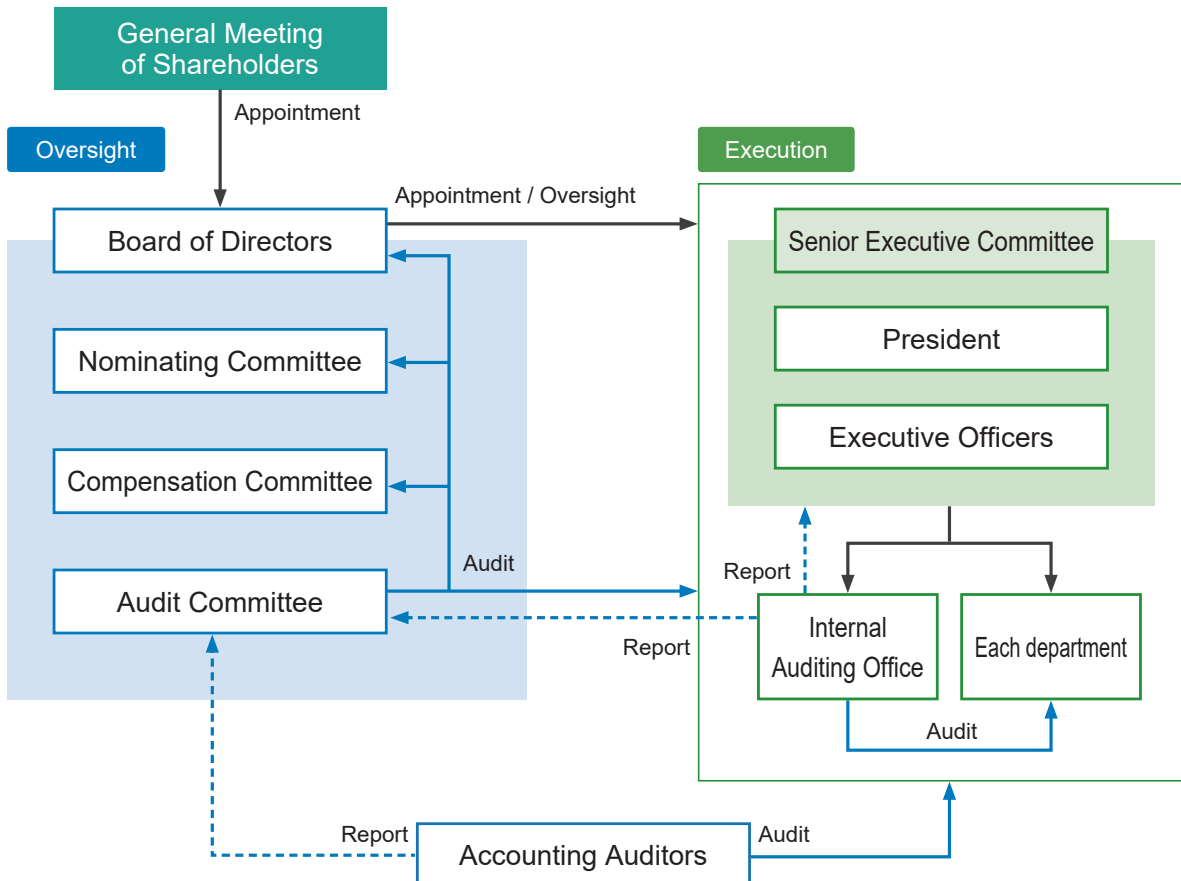
Reasons Why the Compensation Committee Judged that the Respective Amount of Compensation, etc. of Each Director and Executive Officer in Fiscal 2023 was in Line with the Compensation Policy

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 15 employees (as of March 31, 2024) who exclusively serve the Office and are not subject to the orders or instructions of Executive Officers. Eight of the Office's employees are allocated as full-time auditors auditing governance and risk management, etc. in the Digital Systems & Services, Green Energy & Mobility and Connective Industries.

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 2023

(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	1,019	50	1,069
Fees, etc. by the Company	574	49	623

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, 2024)

Authorized 2,000,000,000 shares

Issued 927,167,877 shares

Note: On October 18, 2023, the Company canceled 11,073,400 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)	155,658,700	16.80
Custody Bank of Japan, Ltd. (Trust Account)	57,317,377	6.19
STATE STREET BANK AND TRUST COMPANY 505223	22,663,806	2.45
GOVERNMENT OF NORWAY	21,161,670	2.28
NATS CUMCO	20,721,566	2.24
Nippon Life Insurance Company	20,000,099	2.16
SSBTC CLIENT OMNIBUS ACCOUNT	19,936,868	2.15
STATE STREET BANK WEST CLIENT – TREATY 505234	18,317,987	1.98
Hitachi Employees' Shareholding Association	17,568,674	1.90
JP MORGAN CHASE BANK 385632	15,303,016	1.65

Notes: 1. NATS CUMCO is the nominee name of the depository bank, Citibank, N.A., for the aggregation of the Company's American Depository Receipts (ADRs) holders.

2. Treasury stock (546,173 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	162	62	2,144	1,300	147	198,017	201,834	-
Share ownership (units)	92	2,912,162	147,230	122,176	4,724,150	1,232	1,342,859	9,249,901	2,177,777
Ownership percentage of shares (%)	0.00	31.48	1.59	1.32	51.07	0.01	14.52	100.00	-

Note: Of the 546,173 shares of treasury stock, 5,461 units are included in the "Individuals and others" column, while 73 shares are included in the "Number of shares less than one unit" column.

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

The Company issued 116,500 new shares to 37 Executive Officers of the Company, 38,400 new shares to 38 Corporate Officers (the executive positions just below Executive Officers) of the Company and 3,300 new shares to 5 Executives of Group companies, respectively, through restricted stock compensation plans and restricted stock unit compensation plans as the medium- and long-term incentive compensation on May 31, 2023.

Other Significant Matters concerning the Company's Stock

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

Treasury stock acquired pursuant to the resolution at the Board of Directors Meeting held on April 27, 2023

- Type and number of shares acquired: 11,073,400 shares of common stock

- Total purchase price for the acquisition of shares: 99,999,418,727 yen

- Period of acquisition: May 23, 2023 to October 2, 2023

Information on the Stock Acquisition Rights, etc. (As of March 31, 2024)

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	113,200 shares of common stock	127,200 shares of common stock	131,020 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	11 Executive Officers of the Company 5,660 of stock acquisition rights (Note 3)	12 Executive Officers of the Company 6,360 of stock acquisition rights (Note 3)	18 Executive Officers of the Company 6,551 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:
- If the TSR/TOPIX Growth Rate Ratio is 120% or more
All the stock acquisition rights allotted (the "Allotted Rights") may be exercised.
 - 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.*
- $$\text{*Number of stock acquisition rights exercisable} = \text{Number of Allotted Rights} \times \left\{ \left(\frac{\text{TSR/TOPIX Growth Rate Ratio}}{\text{Rate Ratio}} \times 1.25 \right) - 0.5 \right\}$$
- Any fraction less than one stock acquisition right will be rounded down.
- 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 med- 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 med- 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.