HITACHI
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Hitachi, Ltd.
(Securities Identification Code : 6501)

[Translation]

THE 153 rd Notice of Annual General Meeting of Shareholders

Date and Time	: Wednesday, June 22, 2022 at 10:00 a.m.
Location	: Tokyo Dome City Hall (East side of Tokyo Dome Hotel) 3-61, Koraku 1-chome, Bunkyo-ku, Tokyo
Matters to Be Resolved	: Item 1 Partial Amendment to the Articles of Incorporation (i) Item 2 Partial Amendment to the Articles of Incorporation (ii) Item 3 Election of 12 Directors due to expiration of the term of office of all Directors

Note: This English translation incorporates, from page 52 to page 83, the materials that are provided to the shareholders for their review by posting on the Company's website pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations.

From the standpoint of preventing the spread of COVID-19, safeguarding and securing the shareholders, we request the exercise of voting rights in advance in writing or via the internet as much as possible and refraining from visiting the Annual General Meeting of Shareholders on the day.

Dear Shareholders:

June 1, 2022

6-6, Marunouchi 1-chome Chiyoda-ku, Tokyo
Hitachi, Ltd.
President & CEO and Director Keiji Kojima

Notice of the 153rd Annual General Meeting of Shareholders

The 153rd Annual General Meeting of Shareholders of Hitachi, Ltd. is to be held as follows:

Date and Time	**Wednesday, June 22, 2022 at 10:00 a.m. (Reception Start: 9:00 a.m.)**	
Location	3-61, Koraku 1-chome, Bunkyo-ku, Tokyo **Tokyo Dome City Hall (East side of Tokyo Dome Hotel)**	
Agenda	**Reporting Matter**	Report on the Business Report, Financial Statements, and Consolidated Financial Statements for the 153rd Business Term (from April 1, 2021 to March 31, 2022), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee
	Matters to Be Resolved	Item 1 Partial Amendment to the Articles of Incorporation (i) Item 2 Partial Amendment to the Articles of Incorporation (ii) Item 3 Election of 12 Directors due to expiration of the term of office of all Directors

- The following materials or items are provided to the shareholders for their review by posting on the Company's website pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations:
  (a) "Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control System) and Operation of the Internal Control System", "Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies" and "Information on the stock acquisition rights, etc." in the Business Report, (b) "Consolidated Statements of Changes in Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements, (c) "Unconsolidated Statement of Changes in Net Assets" and "Notes to Unconsolidated Financial Statements" of the Unconsolidated Financial Statements, and (d) Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements.
  The Audit Committee and the accounting auditor have audited the materials to be audited including the above.
  In addition, the Company website also posts Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows as supplementary information.
- This notice is also posted on the Company's website.
- In the event the Business Report, Financial Statements, Consolidated Financial Statements or Reference Documentation for the Annual General Meeting of Shareholders need to be modified in the period from the dispatch of this notice to the preceding day of the Annual General Meeting, 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 General Meeting of Shareholders (the "Meeting")to make it viewable on the internet as detailed below.

To protect the privacy of the shareholders present at the meeting, the webcast will only show the areas of the venue around the chairperson and executives; however, the camera may capture some shareholders in cases where it cannot be avoided. Thank you in advance for your understanding.

1	Time and date of streaming From 10:00 a.m. to the end of the Meeting on Wednesday, June 22, 2022

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

*The live stream may be cancelled due to unavoidable circumstances. Thank you in advance for your understanding.

2	Viewing Information To access the webcast, please have your shareholder number ready, which will be required for shareholder authorization (login) (Please be sure to keep your shareholder number with you when mailing your voting slip). 1. Viewing site: https://www.icue-gmos.com/soukai/hitachi/153/ 2. ID: Hitachi6501 (half-width characters) 3. Password: shareholder number (indicated on your voting slip (voting-right exercising form), or dividend-related documents, etc.) 4. For inquiries about ID and/or password, please contact Shareholder registry administrator: Tokyo Securities Transfer Agent Co., Ltd. TEL: 0120-25-6501 (toll-free)(Japanese Only) (Business hours: From Monday to Friday, between 9:00 a.m. and 5:00 p.m.)

Please limit the viewers of the live streaming to shareholders and do not allow others, such as representatives, to watch the live stream.

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.

Note that any problem with the device used to watch the Meeting, internet connection, or other conditions may prevent you from viewing or cause audio or visual problems.

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.

Accepted period: to Wednesday, June 15, 2022

URL: https://krs.bz/hi6501/m?f=1

Please access the website with your shareholder number, which is required to register your question.

The first item Partial Amendment to the Articles of Incorporation (i)

1. Reasons for proposal

The Company proposes to make following amendments to its Articles of Incorporation, due to the amendment provision of "Act for Partial Amendment of the Companies Act" (Act No.70 of 2019) are to be enforced on September 1, 2022, in preparation for the introduction of the system for providing reference documents for the General Meeting of Shareholders, etc. in electronic format (See the next page for the detailed information.)

(1) The current Article 13 (Website disclosure of reference documents for the General Meeting of Shareholders, etc.) shall be deleted since it will become unnecessary.

(2) The new Article 13 (Electronic provision, etc.) which provides following provisions shall be established:
  i) The Company will provide reference documents for the General Meeting of Shareholders, etc. in electronic format;
  ii) As provided in the applicable laws, the Company may limit the scope of the matters to be stated in the paper-based documents to be delivered to shareholders who request it.

(3) Due to the deletion and establishment as above, supplementary provisions regarding the effective date, etc. shall be established.

2. Details of amendments

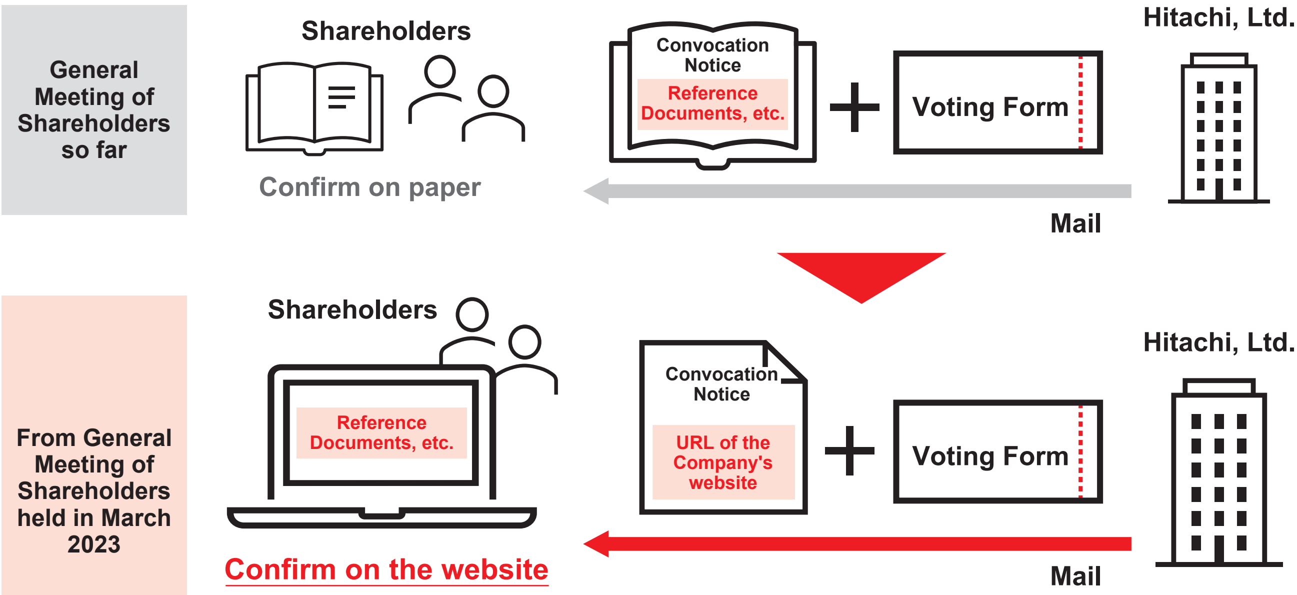
(Underline indicates the amendments.)

Current Articles of Incorporation	Amendments to the Articles of Incorporation
Article 13. (Website disclosure of reference documents for the General Meeting of Shareholders, etc.) As provided in the applicable laws, it is deemed that the Company provided reference documents for the General Meeting of Shareholders, financial statements and consolidated financial statements (including audit report and Accounting Auditor's report for those consolidated financial statements), as well as other information required to be included or presented in the business report of the Company to its shareholders by posting them on its website on the Internet.	(deleted)
(newly established)	Article 13. (Electronic provision, etc.) In convening the General Meetings of Shareholders, the Company shall take measures for electronic provision of information that constitutes the contents of reference documents for the General Meeting of Shareholders, etc. as provided in Article 325-2 of the Companies Act. Among the matters to be provided electronically, the Company may not include all or part of those matters as provided in the Ordinance of the Ministry of Justice in paper-based documents to be delivered to shareholders who requested the delivery of materials in paper-based format by the record date for the purpose of the General Meeting of Shareholders as provided in Article 325-5 of the Companies Act.
(newly established)	Supplementary Provisions Article 3. (Transitional measure regarding electronic provision of reference documents for the General Meeting of Shareholders, etc.) The deletion of Article 13 (Website disclosure of reference documents for the General Meeting of Shareholders, etc.) and the establishment of Article 13 (Electronic provision, etc.) shall come into effect on September 1, 2022, the date of enforcement as provided in the proviso of Article 1 of supplemental provision of the "Act for Partial Amendment of the Companies Act" (Act No.70 of 2019) (hereinafter the "Date of Enforcement"). Notwithstanding the provision of the preceding paragraph, Article 13 (Website disclosure of reference documents for the General Meeting of Shareholders, etc.) shall remain effective regarding any General Meeting of Shareholders held on a date within six months from the Date of Enforcement. This Article shall be deleted on the later date of the two dates: the day when six months passed since the Date of Enforcement or the day when three months passed since the date of General Meeting of Shareholders mentioned in the preceding paragraph.

[Reference] System for Providing General Meeting of Shareholders Materials in Electronic Format

● **From March 2023, shareholders are to confirm the materials for General Meeting of Shareholders (Reference Documentation, Business Report, Audit Reports, Financial Statements and Consolidated Financial Statements (collectively called "Reference Documents, etc.") on the Company's website.**

Image Diagram (As of June 2022)



- Shareholders who want to receive paper-based materials, **such as in case of having difficulty in using the internet,** can request it from September 1, 2022.

Contact Information (Japanese Only)	**Tokyo Securities Transfer Agent Co., Ltd.** **0120-79-9001** Weekdays from 9 a.m. to 5 p.m. Please refer to the following Q&A website. https://www.tosyodai.co.jp/company_law/question/index.html#qa

The second item

Partial Amendment to the Articles of Incorporation (ii)

1. Reasons for proposal

"The Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts" (Act No.70 of 2021) has allowed listed companies to hold a general meeting of shareholders without specifying its venue (so-called "virtual-only shareholders' meeting") under certain conditions, if such is defined in their Articles of Incorporation.

Accordingly, the Company proposes to make following partial amendments to its Articles of Incorporation so that the General Meeting of Shareholders may be held without specifying its venue when the Board of Directors of the Company decides that, in light of the interests of shareholders as well, it is not appropriate to hold the General Meeting of Shareholders with a specified venue in situations including the spread of infectious diseases such as COVID-19 or the occurrence of large-scale disasters such as natural disasters.

This partial amendment to the Articles of Incorporation shall come into effect on the conditions that the Company obtains the confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice on the day the Company obtains the confirmation.

2. Details of amendments

(Underline indicates the amendments.)

Current Articles of Incorporation	Amendments to the Articles of Incorporation
(newly established)	Article. 16 (General Meeting of Shareholders without Specifying its Venue) The Company may hold the General Meeting of Shareholders without specifying its venue when the Board of Directors of the Company decides that it is not appropriate in light of the interests of shareholders as well, to hold a General Meeting of Shareholders with a specified venue, in situations including the spread of infectious diseases or the occurrence of large-scale disasters such as natural disasters.
(newly established)	Supplementary Provisions Article 4 (Transitional measure regarding General Meeting of Shareholders without Specifying its Venue) The establishment of Article 16 (General Meeting of Shareholders without Specifying its Venue) shall come into effect on the conditions that the Company obtains the confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice as provided in Article 66, paragraph 1 of the Act on Strengthening Industrial Competitiveness on the day the Company obtains the confirmation. This Article shall be deleted on the effective date of Article 16 (General Meeting of Shareholders without Specifying its Venue).

In association with the establishment of Article 16, article numbers from 16 will move down one position, respectively.

The third item

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

Due to expiration of the term of office of all Directors at the close of this Meeting, it is proposed that 12 Directors be elected. The Company has proposed the following 12 nominees for Directors (including 9 independent directors*) to reflect global and diverse viewpoints to the management as well as to realize further growth of social innovation business and reinforce the functions of supervision of management.

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

The list of nominees

No	Name		Current Position and Responsibilities at the Company
1	**Katsumi Ihara**	RE OD ID	Independent Director ■ Audit Committee ■ Compensation Committee
2	**Ravi Venkatesan**	RE OD ID	Independent Director
3	**Cynthia Carroll**	RE OD ID	Independent Director ■ Nominating Committee
4	**Ikuro Sugawara**	NEW OD ID	—
5	**Joe Harlan**	RE OD ID	Independent Director ■ Compensation Committee
6	**Louise Pentland**	RE OD ID	Independent Director
7	**Takatoshi Yamamoto**	RE OD ID	Independent Director ■ Audit Committee ■ Compensation Committee
8	**Hiroaki Yoshihara**	RE OD ID	Independent Director ■ Nominating Committee ■ Audit Committee (Chair)
9	**Helmuth Ludwig**	RE OD ID	Independent Director ■ Audit Committee
10	**Keiji Kojima**	RE	Representative Executive Officer, President & CEO and Director ■ Compensation Committee
11	**Hideaki Seki**	RE	Director ■ Audit Committee
12	**Toshiaki Higashihara**	RE	Executive Chairman, Representative Executive Officer and Director ■ Nominating Committee

NEW : Newly selected nominee
RE : Re-selected nominee
OD : Outside Director nominee as provided by the Companies Act of Japan
ID : Independent Director as provided by Japanese stock exchanges where the Company is listed

No 1

Attendance for Fiscal 2021

Board of Directors meetings 9 out of 9 days (100%)
Audit Committee 15 out of 15 days (100%)
Compensation Committee 5 out of 5 days (100%)

Katsumi Ihara

(Date of Birth: Sept. 24, 1950)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Audit Committee Member of Compensation Committee	Four years	1,100

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)

Other Principal Positions Held

Outside Director, Benesse Holdings, Inc.

Reason for selection as Independent Director nominee and his expected roles

Mr. Ihara has rich experience and insight in the area of global corporate management gained through the involvement in management at major companies conducting diversified businesses globally. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company and supervising the execution of duties by Executive Officers and others from an independent perspective.

No 2

Attendance for Fiscal 2021

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

Ravi Venkatesan

(Date of Birth: Jan. 12, 1963)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	One year 11 months	300

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 (currently in office)
7/2020	Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Venture Partner, Unitus Ventures LLC. (India)
Special Representative for Young People & Innovation, UNICEF

Reason for selection as Independent Director nominee and his expected roles

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

No 3

Cynthia Carroll

(Date of Birth: Nov. 13, 1956)

RE OD ID

Attendance for Fiscal 2021

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

Nominating Committee
10 out of 10 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Nominating Committee	Nine years	1,500

Brief Biography

10/1991	General Manager, Foil Products, Alcan Inc. (Canada)
1/1996	Managing Director, Aughinish Alumina Ltd., Alcan Inc.
10/1998	President, Bauxite, Alumina and Specialty Chemicals, Alcan Inc.
1/2002	President & CEO, Primary Metal Group, Alcan Inc.
3/2007	CEO, Anglo American plc. (UK) (Retired in April 2013)
6/2013	Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Director, Baker Hughes Company (USA)*
Director, Pembina Pipeline Corporation (Canada)*
Director, Glencore plc (Switzerland)*

Reason for selection as Independent Director nominee and her expected roles

Ms. Carroll has rich experience and insight as the top executive of major global companies in the mining industry. She was selected as an independent director nominee, since she was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No 4

Ikuro Sugawara

(Date of Birth: Mar. 6, 1957)

NEW OD ID

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

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)

Other Principal Positions Held

Outside Director, Toyota Motor Corporation

Reason for selection as Independent Director nominee and his 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 selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company and supervising the execution of duties by Executive Officers and others from an independent perspective.

No **5**

Joe Harlan

(Date of Birth: May 5, 1959)

RE OD ID

Attendance for Fiscal 2021

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

Compensation Committee 4 out of 4 days (100%)

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Compensation Committee	Four years	1,100

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 selection as Independent Director nominee and his expected roles

Mr. Harlan has rich experience and insight in the area of global corporate management gained through the involvement in management at major companies conducting diversified businesses globally. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No **6**

Louise Pentland

(Date of Birth: Apr. 11, 1972)

RE OD ID

Attendance for Fiscal 2021

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	Seven years	1,100

Brief Biography

8/1997 Admitted as a Solicitor (UK)
7/2001 Senior Legal Counsel, Nokia Networks, Nokia Corporation (Finland)
9/2007 Vice President, Acting Chief Legal Officer and Head of IP Legal, Nokia Corporation (Finland)
7/2008 Senior Vice President and Chief Legal Officer, Nokia Corporation (Finland)
6/2009 Admitted to New York State Bar Association
2/2011 Executive Vice President and Chief Legal Officer, Nokia Corporation (Finland) (Retired in May, 2014)
4/2015 General Counsel, PayPal, eBay Inc. (USA)
6/2015 Director, Hitachi, Ltd. (currently in office)
7/2015 Senior Vice President and Chief Legal Officer, PayPal Holdings, Inc. (USA)
9/2016 Executive Vice President, Chief Business Affairs and Legal Officer, PayPal Holdings, Inc. (USA)
1/2022 Executive Vice President and Senior Advisor, PayPal Holdings, Inc. (USA) (currently in office)

Other Principal Positions Held

Executive Vice President and Senior Advisor, PayPal Holdings, Inc. (USA)

Reason for selection as Independent Director nominee and her expected roles

Ms. Pentland has deep insight into corporate legal matters and corporate governance gained through her rich experience as the chief legal officer of major global companies. She was selected as an independent director nominee, since she was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting her global viewpoint.

No 7

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

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Audit Committee Member of Compensation Committee	Six years	12,600

Attendance for Fiscal 2021

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

Audit Committee
15 out of 15 days (100%)

Compensation Committee
5 out of 5 days (100%)

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 selection as Independent Director nominee and his 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 selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company and supervising the execution of duties by Executive Officers and others from an independent perspective.

No 8

Hiroaki Yoshihara (Date of Birth: Feb. 9, 1957)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Nominating Committee Audit Committee (Chair)	Eight years	2,900

Attendance for Fiscal 2021

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

Nominating Committee
10 out of 10 days (100%)

Audit Committee
15 out of 15 days (100%)

Brief Biography

11/1978 Joined Peat Marwick Mitchell & Co.
7/1996 National Managing Partner, the Pacific Rim Practice, KPMG LLP
10/1997 The Board Member, KPMG LLP
10/2003 Vice Chairman and Global Managing Partner, KPMG International (Retired in April 2007)
6/2014 Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Outside Director, HOYA CORPORATION

Reason for selection as Independent Director nominee and his expected roles

Mr. Yoshihara has rich experience and insight in the area of global corporate management and accounting. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No 9

Attendance for Fiscal 2021

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

Audit Committee
9 out of 9 days (100%)

Helmuth Ludwig

(Date of Birth: Sept. 19, 1962)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Audit Committee	One year 11 months	2,700

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

Chairperson of the Board, Circor International, Inc. (USA)*
Professor of Practice in Strategy and Entrepreneurship, Cox School of Business, Southern Methodist University (USA)
Senior Advisor, Bridgepoint, LLC (USA)

Reason for selection as Independent Director nominee and his expected roles

Mr. Ludwig has rich experience and insight in the area of global corporate management and digital business. He was selected as an independent director nominee, since he was expected to leverage such experience and insight to reinforce the supervisory and decision making functional aspects of the Company's Board of Directors by offering opinions and proposals regarding the general management of the Company from a global viewpoint and supervising the execution of duties by Executive Officers and others from an independent perspective.

No 10

Attendance for Fiscal 2021

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

Compensation Committee
4 out of 4 days (100%)

Keiji Kojima

(Date of Birth: Oct. 9, 1956)

RE

Position and Responsibilities at the Company	Share Ownership
Representative Executive Officer, President & CEO and Director Member of Compensation Committee	67,700

Brief Biography

4/1982	Joined Hitachi, Ltd.
4/2011	General Manager, Hitachi Research Laboratory
4/2012	Vice President and Executive Officer
4/2016	Senior Vice President and Executive Officer
4/2018	Representative Executive Officer, Executive Vice President
6/2021	Representative Executive Officer, President & COO and Director, Hitachi, Ltd.
4/2022	Representative Executive Officer, President & CEO and Director, Hitachi, Ltd. (currently in office)

Reason for selection as Director nominee and his expected roles

Mr. Kojima has rich experience and a proven performance record, having been engaged in R&D and business management in the digital business both at the Company and at Group companies as well as in global promotion of Lumada business. He has been engaged in the management of the Company as President & COO since June 2021 and as President & CEO since April 2022. Mr. Kojima was selected as a director nominee, since he was 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.

No 11

Attendance for Fiscal 2021

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

Audit Committee
15 out of 15 days (100%)

Hideaki Seki (Date of Birth: Mar. 10, 1957)

RE

Position and Responsibilities at the Company	Share Ownership
Director Member of Audit Committee	12,000

Brief Biography

4/1979 Joined Hitachi, Ltd.
4/2011 Board Director, Hitachi Automotive Systems, Ltd.
4/2013 Vice President, Board Director, Hitachi Automotive Systems, Ltd.
4/2014 Executive Vice President, Board Director, Hitachi Automotive Systems, Ltd.
4/2015 President & COO, Representative Director, Hitachi Automotive Systems, Ltd.
4/2016 President & CEO, Representative Director, Hitachi Automotive Systems, Ltd. (Retired in March, 2018)
4/2018 Senior Vice President and Executive Officer, Hitachi, Ltd.
President, Representative Director, Hitachi Building Systems Co., Ltd. (Retired in March, 2020)
4/2020 Associate, Hitachi, Ltd.
7/2020 Director, Hitachi, Ltd. (currently in office)

Reason for selection as Director nominee and his expected roles

Mr. Seki has rich experience and a proven performance record, having been engaged in business management in the fields of Elevator & Escalator Business and Automotive Systems Business, both at the Company and at Group companies, as well as in the promotion of the global development of the businesses. Mr. Seki was selected as a director nominee, since he was expected to reinforce the supervisory functions of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others based on his rich experience and a proven performance record.

No 12

Attendance for Fiscal 2021

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

Nominating Committee
8 out of 8 days (100%)

Compensation Committee
1 out of 1 days (100%)

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

RE

Position and Responsibilities at the Company	Share Ownership
Executive Chairman, Representative Executive Officer and Director Member of Nominating Committee	175,700

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 selection as Director nominee and his 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 social infrastructure business and 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 selected as a director nominee, since he was 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. Messrs. Katsumi Ihara, Ravi Venkatesan, Ikuro Sugawara, Joe Harlan, Takatoshi Yamamoto, Hiroaki Yoshihara and Helmuth Ludwig and Mses. Cynthia Carroll and Louise Pentland 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.
2. The Company maintains a limited liability agreement (hereinafter referred to as “Agreement”) with Messrs. Katsumi Ihara, Ravi Venkatesan, Joe Harlan, Takatoshi Yamamoto, Hiroaki Yoshihara, Helmuth Ludwig and Hideaki Seki and Mses. Cynthia Carroll and Louise Pentland. 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 this Meeting. In the event Mr. Ikuro Sugawara is elected as a director, the Company will newly enter into the same agreement with him.
3. The Company currently has a Directors' and Officers' Liability Insurance Agreement, which is stipulated in Article 430-3 paragraph 1 of Companies Act, nominating each of its director candidates other than Mr. Ikuro Sugawara as an insured person with an insurance company. The content of the Insurance Agreement is stated in page 37. Upon the approval of director election, each director other than Mr. Ikuro Sugawara will continue to be and he will be newly an insured person of the insurance agreement. The Company plans to renew the agreement with the same terms and conditions during the tenure of each director.
4. Mr. Hiroaki Yoshihara served as Non-Executive Director (a similar position to outside director under the Companies Act) at the Company’s overseas subsidiaries from September 2008 to March 2012.
5. In the event this agenda is approved, the members and the chair of the committees are expected to be as follows:
Nominating Committee :Katsumi Ihara (Chair), Cynthia Carroll, Hiroaki Yoshihara, Toshiaki Higashihara
Audit Committee :Hiroaki Yoshihara (Chair), Katsumi Ihara, Ikuro Sugawara, Helmuth Ludwig, Hideaki Seki
Compensation Committee :Takatoshi Yamamoto (Chair), Katsumi Ihara, Joe Harlan, Keiji Kojima
6. The Company has no transactions with Unitus Ventures LLC., where Mr. Ravi Venkatesan is currently serving as Venture Partner, with UNICEF, where Mr. Ravi Venkatesan is currently serving as Special Representative for Young People & Innovation, with PayPal Holdings, Inc., where Ms. Louise Pentland is currently serving as Executive Vice President and Senior Advisor, 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.
7. 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 Sony Financial Holdings Inc. (including its operating companies such as Sony Insurance Co., Ltd.), where Mr. Katsumi Ihara had served as Chairman and Director (retired in June 2017), The Dow Chemical Company (currently Dow Inc., etc.), where Mr. Joe Harlan had served as Vice Chairman and Chief Commercial Officer (retired in August 2017) and Siemens AG, where Mr. Helmuth Ludwig had served as Chief Information Officer (retired in December 2019).
8. Mr. Hiroaki Yoshihara served as Vice Chairman of KPMG International until April 2007. However, the Accounting Auditors of the Company do not belong to the KPMG Group. In addition, there is no contractual relationship between Mr. Yoshihara and the Company in relation to accounting and other professional services or consulting services, etc.
9. The positions with * in “Other Principal Positions Held” of each nominee are similar positions in each of the foreign corporations to outside director under the Companies Act.

(Reference) 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 in this Guideline.

Criteria for Independency of Directors

The Nominating Committee considers 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.

Source: Corporate Governance Guidelines of Hitachi, Ltd. (Article 2 to 5)
https://www.hitachi.com/IR-e/corporate/governance/guidelines.html

(1) Business Overview and Results of Hitachi Group

Business Results

The Hitachi Group secured revenues of 10,264.6 billion yen and adjusted operating income of 738.2 billion yen, mainly due to business portfolio reforms, despite the severe business environment owing from semiconductor shortage, soaring materials prices and the effect of COVID-19. Earnings before interest and taxes (EBIT) was 850.9 billion yen, and net income attributable to Hitachi, Ltd. stockholders was 583.4 billion yen, a new record high for the second consecutive year.

Regarding funds, 729.9 billion yen in operating cash flow was secured, and the cash flow margin from operating activities (ratio of cash flows from operating activities to revenues) was 7.1%.

As the Hitachi Group has established a stable foundation that enables itself to maintain the profitability and ability to generate cash even under the difficult business environment, the Group increased the amount of its annual dividend 20 yen to 125 yen (with an interim dividend of 60 yen and a year-end dividend of 65 yen).

Measures Taken and Aims

In the current fiscal year, as the final year of the "2021 Mid-Term Management Plan," which aims to become a global leader in the Social Innovation Business, Hitachi mainly undertake the following initiatives. Through these, Hitachi has established a foundation for growth under its next mid-term management plan, "2024 Mid-Term Management Plan."

– Business portfolio reform for the acceleration of the digital transformation (DX) of social infrastructure

GlobalLogic Inc., which was acquired in July last year, has started various collaborative creation initiatives using facilities such as the newly opened “Lumada Innovation Hub Tokyo.” Taking advantage of its high-level digital engineering capabilities and rich customer base, GlobalLogic is accelerating the global expansion of the Lumada business. In addition, in the power grid business, Hitachi, centered Hitachi Energy (former Hitachi ABB Power Grids Ltd), has been expanding aggressively its business to realize sustainable energy. Further, in the railway systems business, Hitachi decided to acquire the Grand Transportation Systems business of Thales S.A. to strengthen its railway systems and solutions using digital technologies.

On the other hand, with the decision to partially transfer the shares of Hitachi Construction Machinery, all publicly listed parent-subsidiary relationships in the Hitachi Group will be dissolved.

Through the 2021 Mid-term Management Plan, Hitachi's business portfolio reform has been promoted, and Hitachi has strengthened the foundation for the continued growth of the Social Innovation Business.

– Communicate measures in the environmental field

Hitachi participated in COP26* held in November last year in Glasgow, UK, as a Principal Partner, becoming the first Japanese company to participate in the conference in this capacity. At this conference, Hitachi showcased its climate change initiatives for the world by setting up the Hitachi booth where it introduced initiatives to solve social issues using data, holding an event jointly with the UK government and other activities.

Hitachi will continue to lead the decarbonization of the world and play an innovative role in the domain of climate change.

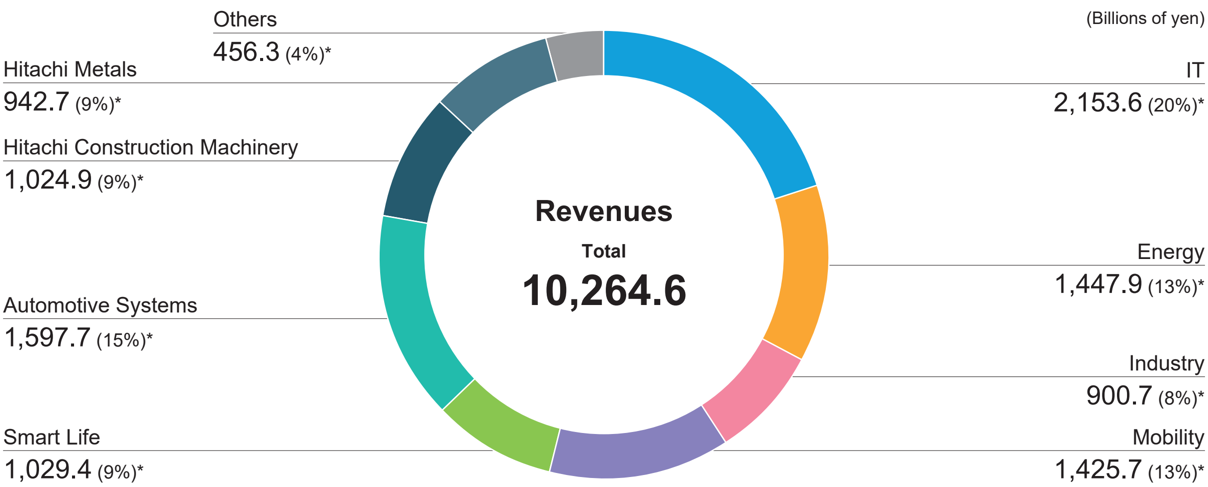
*COP26: The 26th UN Climate Change Conference of the Parties

Hitachi's booth at COP26

Consolidated Financial Results for Fiscal 2021 (Billions of yen)

Revenues	10,264.6	Year over year	118%
Adjusted operating income (Adjusted operating income ratio)	738.2 (7.2%)	Year over year	149%
Earnings before interest and taxes (EBIT)	850.9	Year over year	100%
Net income attributable to Hitachi, Ltd. Stockholders	583.4	Year over year	116%
Return on invested capital (ROIC)	7.7%	Year over year	+1.3

Notes: 1. The consolidated financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards (IFRS).
2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.
3. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.
4. 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



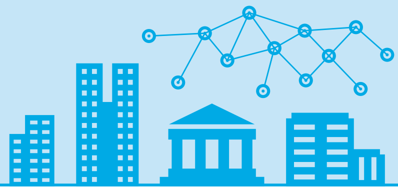
* Percentage to total revenues

Note: Revenues by segment include intersegment transactions.

Results by Segment (Billions of yen)

IT

The IT sector provides advanced digital solutions to create value from data using AI, IoT and other digital technologies through the Lumada Business with the goal of achieving digital transformation (DX).



Revenues	2,153.6 billion yen 105% of the preceding fiscal year	Revenues increased mainly due to an increase in Lumada business and effect of the acquisition of GlobalLogic.
Adjusted operating income	268.1 billion yen 100% of the preceding fiscal year	Adjusted operating income was at the same level as the preceding fiscal year mainly due to acquisition-related amortization and tentative costs, despite an increase in revenues.
EBIT	240.6 billion yen 98% of the preceding fiscal year	Same as above
ROIC	12.6% Decrease of 5.2 points from the preceding fiscal year	

[Measures Taken]

The IT sector responded to an increase in demand for DX caused by the COVID-19 pandemic by providing digital solutions to the challenges faced by customers in the financial and social fields. This sector also contributed to the creation of environmental value through initiatives including efforts to achieve carbon neutrality at the Company's business sites and support customers' introduction of renewable energy. Further, this sector established a foundation for the global development of the Lumada Business by combining the digital engineering of GlobalLogic Inc., which Hitachi acquired, and Hitachi’s strengths such as highly reliable system integration.

Co-creation project with GlobalLogic
at Lumada Innovation Hub Tokyo

Energy

The Energy sector operates power grids, clean energy businesses and other businesses that include digital technologies and provides energy solutions and other services contributing to the creation of a carbon-neutral society by initiating the development of advanced services for the stable supply of energy such as EFaaS*.

*EFaaS: Energy & Facility Management as a Service. Services providing comprehensive support for the efficient operation and management of energy-related facilities.

Revenues	1,447.9 billion yen 131% of the preceding fiscal year	Revenues increased mainly due to effect of the acquisition of ABB's Power Grids business.
Adjusted operating income	18.1 billion yen Improved of 65.8 billion yen from the preceding fiscal year	Adjusted operating income improved mainly due to an increase in revenues, despite acquisition-related amortization.
EBIT	26.6 billion yen Improved by 82.1 billion yen from the preceding fiscal year	EBIT improved mainly due to an increase in adjusted operating income.
ROIC	1.3% Increase of 4.0 points from the preceding fiscal year	

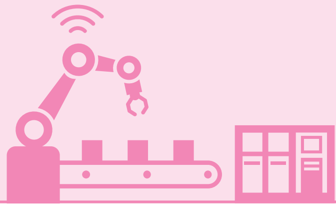
[Measures Taken]

The Energy sector contributed to the stable supply of energy, efficient equipment management, the reduction of CO_2 emissions and the realization of a decarbonized society by providing energy solutions through collaborative creation with its customers and partners through leveraging its strengths in OT x IT x Products. To achieve the SDGs, this sector propelled the Social Innovation Business that is needed in every region, including the development of new solutions through the utilization of digital technologies and increased resilience, by combining the global competitiveness of Hitachi Energy and the technologies and knowledge of Hitachi.

High-Voltage Direct Current (HVDC) AC/DC converter (Hida Converter Station of Chubu Electric Power Grid Co., Inc.)

Industry

The Industry sector provides industrial and distribution solutions to achieve total optimization using robotics SI, etc. and water and environmental solutions to enable water resource circulation and increase the efficiency of facilities with an aim to be the best solution partner for customers in industrial businesses.



Revenues	900.7 billion yen 109% of the preceding fiscal year	Revenues increased mainly due to market recovery.
Adjusted operating income	82.2 billion yen 181% of the preceding fiscal year	Adjusted operating income increased mainly due to an increase in revenues and improvement of profitability as a result of cost reduction, etc.
EBIT	79.4 billion yen 188% of the preceding fiscal year	EBIT increased mainly due to an increase in adjusted operating income.
ROIC	9.8% Increase of 3.7 points from the preceding fiscal year	

[Measures Taken]

The Industry sector developed industrial equipment and OT/IT solution businesses for industrial fields. The sector enhanced and expanded to offer its total seamless solutions* for management, workplaces and supply chains by using Lumada to digitally connect cyberspace and the physical world. This sector has also accelerated its global development, with JR Automation, the U.S. company conducting robotics system integration (SI) business, etc.

Robotics SI business of JR Automation

*Solutions to achieve the comprehensive optimization by connecting the gaps among each operation, and each company

Mobility

The Mobility sector provides safe, secure, comfortable and environmentally friendly building systems and railway systems. It develops smart building solutions to achieve centralized building management using digital technologies and railway operation solutions using MaaS* and other services.

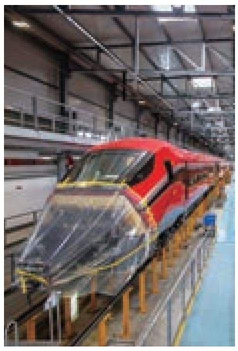
*MaaS: Mobility as a Service. An all-inclusive service including searches, reservations, payment, etc. through the optimal combination of multiple public transportation and mobility services.

Revenues	1,425.7 billion yen 119% of the preceding fiscal year	Revenues increased mainly due to an increase in building systems business as a result of expansion of Chinese business and foreign exchange impact and in railway systems business as a result of project ramp-up and foreign exchange impact.
Adjusted operating income	87.4 billion yen 117% of the preceding fiscal year	Adjusted operating income increased mainly due to an increase in revenues.
EBIT	113.6 billion yen 88% of the preceding fiscal year	EBIT decreased due to a decrease of profit owing from decreased sales volume of Agility Trains East stocks as compared with the preceding fiscal year, despite increased adjusted operating income.
ROIC	8.4% Decrease of 0.5 points from the preceding fiscal year	

[Measures Taken]

In the building systems business, Hitachi provided high-quality products and services with analyses of building equipment operation data and digital solutions that contribute to increasing the added value of buildings. Through these, the sector met the needs of the new normal, such as reduction of the risks posed by infectious diseases, improvement of disaster resilience, and promotion of workstyle reforms in building management operations.

In the railway systems business, Hitachi combined digital technologies and smart mobility technologies to provide products and services that support the transportation system. The sector also decided to acquire the Ground Transportation Systems business of Thales S.A. to leap further forward.



High-speed trains for ILSA, Spain

Totally renewed “Control Center” for building equipment including elevators

Smart Life

The Smart Life sector operates businesses such as Life and Ecosystem (home appliances and air conditioning) and measurement and analysis systems with an aim to achieve an increase in the people's QoL (Quality of Life) and a "smart life." The sector also provides solutions using digital technologies such as AI and IoT in the healthcare, home, semiconductor and other industries.

Revenues	1,029.4 billion yen 82% of the preceding fiscal year	Revenues decreased mainly due to effect of selling diagnostic imaging-related business and overseas home appliances business.
Adjusted operating income	79.2 billion yen 100% of the preceding fiscal year	Adjusted operating income was at the same level as the preceding fiscal year mainly due to a decrease in revenues, despite increased profit in Hitachi High-Tech.
EBIT	137.7 billion yen 68% of the preceding fiscal year	EBIT decreased due to gains from selling diagnostic imaging-related business recorded in the preceding fiscal year, despite recording gains from selling overseas home appliances business.
ROIC	9.2% Increase of 0.5 points from the preceding fiscal year	

Note: Since the fiscal year 2021, the automotive systems business, which is composed of Hitachi Astemo, Ltd. and its group companies, was spun off from the Smart Life sector to the Automotive Systems segment. Figures shown above, including the numbers for the preceding fiscal year, are presented on the basis of the new segmentation.

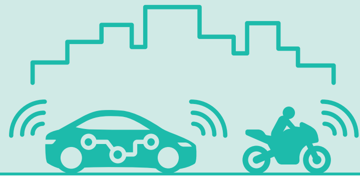
[Measures Taken]

The Smart Life sector increased the competitive edge of its products with the highest market shares using AI and other digital technologies. It also expanded its service business through collaborative creation with its customers. The sector accelerated the expansion of Lumada solutions in growing markets. Those solutions include in-vitro diagnostic systems and radiation therapy systems that help extend people's healthy life spans, semiconductor manufacturing and inspection systems that support digitalization and 5G, and connected home appliances and optimization of air conditioner operations that reduce environmental impact.

Proton Therapy System
(Shonan Kamakura Advanced Medical Center)

Automotive Systems

The Automotive System business provides autonomous driving systems, advanced driver-assistance systems, software, and other products in addition to powertrains and chassis in the automotive and motorcycle equipment industries with the goal of achieving safe, comfortable and environmentally friendly driving.



Revenues	1,597.7 billion yen 162% of the preceding fiscal year	Revenues increased mainly due to the business integration with three affiliated companies of Honda Motor Co., Ltd. and improvement of plant capacity utilization rate.
Adjusted operating income	58.7 billion yen 169% of the preceding fiscal year	Adjusted operating income improved mainly due to an increase in revenues, despite effect of soaring raw material prices, etc.
EBIT	60.8 billion yen Increase of 56.5 billion yen from the preceding fiscal year	EBIT increased mainly due to an increase in adjusted operating income.
ROIC	3.8% Increase of 0.7 points from the preceding fiscal year	

Note: Since the fiscal year 2021, the automotive systems business, which is composed of Hitachi Astemo, Ltd. and its group companies, was spun off from the Smart Life sector to the Automotive Systems segment. Figures shown above, including the numbers for the preceding fiscal year, are presented on the basis of the new segmentation.

[Measures Taken]
Based on a strategic business portfolio, Hitachi worked on strengthening business and technological innovation, and contributed to the realization of a sustainable society and the improvement of QoL (Quality of Life) by providing world-leading, advanced mobility solutions. Those solutions include highly efficient engines and electrification technologies, which reduce exhaust gases, as well as leading-edge driving assistance technologies and chassis technologies.

High-efficiency internal combustion engine products and electrification technologies products

Hitachi Construction Machinery

Hitachi Construction Machinery provides Hydraulic Excavators, Wheel Loaders, Mining Machinery, Maintenance and Services and Construction Solutions and Mine Management Systems, etc.

Revenues	1,024.9 billion yen 126% of the preceding fiscal year	Revenues increased mainly due to effect of market recovery and foreign exchange impact.
Adjusted operating income	91.7 billion yen 290% of the preceding fiscal year	Adjusted operating income increased mainly due to an increase in revenues.
EBIT	112.2 billion yen 405% of the preceding fiscal year	EBIT increased mainly due to an increase in adjusted operating income.

Hitachi Metals

Hitachi Metals provides Specialty Steel Products, Functional Components and Equipment, Magnetic Materials and Power Electronics Materials, Wires, Cables and Related Products, etc.

Revenues	942.7 billion yen 124% of the preceding fiscal year	Revenues increased mainly due to market recovery such as increasing demand for automobiles.
Adjusted operating income	26.8 billion yen Improved of 31.7 billion yen from the preceding fiscal year	Adjusted operating income increased mainly due to an increase in revenues.
EBIT	34.1 billion yen Improved of 83.3 billion yen from the preceding fiscal year	EBIT increased mainly due to an increase in adjusted operating income and impairment loss recorded in the preceding fiscal year.

Others

Main products and services in this segment are Optical Disk Drives and Property Management, etc.

Revenues	456.3 billion yen 102% of the preceding fiscal year	Adjusted operating income	23.4 billion yen 111% of the preceding fiscal year	EBIT	32.5 billion yen 129% of the preceding fiscal year

(2) Five-year Summary of Assets and Results of Operation of Hitachi Group

1) Consolidated Basis

(Billions of yen)

Fiscal Year	2017	2018	2019	2020	2021
Revenues	9,368.6	9,480.6	8,767.2	8,729.1	10,264.6
Adjusted Operating Income	714.6	754.9	661.8	495.1	738.2
EBIT	644.2	513.9	183.6	850.2	850.9
Income Before Income Taxes	638.6	516.5	180.2	844.4	839.3
Net Income Attributable to Hitachi, Ltd. Stockholders	362.9	222.5	87.5	501.6	583.4
Total Assets	10,106.6	9,626.5	9,930.0	11,852.8	13,887.5

2) Unconsolidated Basis

(Billions of yen)

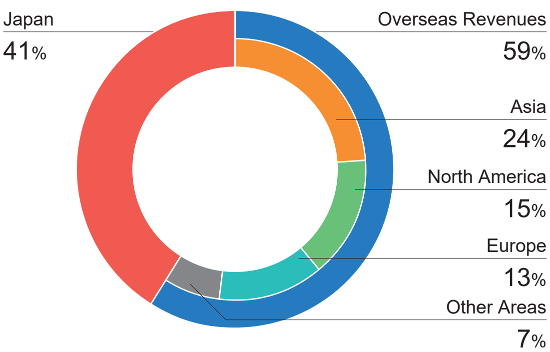
Fiscal Year	2017	2018	2019	2020	2021
Revenues	1,930.2	1,927.2	1,793.2	1,678.2	1,623.4
Operating Income	59.0	93.0	108.0	39.0	113.9
Ordinary Income	131.2	304.0	355.4	305.4	365.0
Net Income	136.1	174.0	119.4	705.5	516.1
Total Assets	4,040.8	3,934.1	4,004.4	4,982.6	5,815.6

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 have been calculated in accordance with this standard.

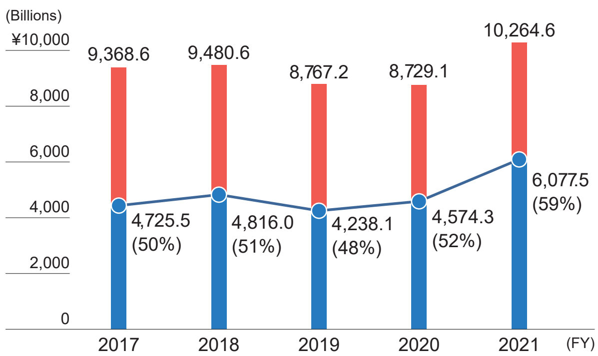
2. In Fiscal 2021, operating income and ordinary income increased from the previous fiscal year due mainly to the effect of solid performance of the IT sector and ordinary income reached a new record high. Net income decreased from the previous fiscal year due to the decrease in extraordinary income such as the gain on stock sales.

Reference (Consolidated Basis)

Revenues by Market (Fiscal 2021)



Overseas Revenues Trends



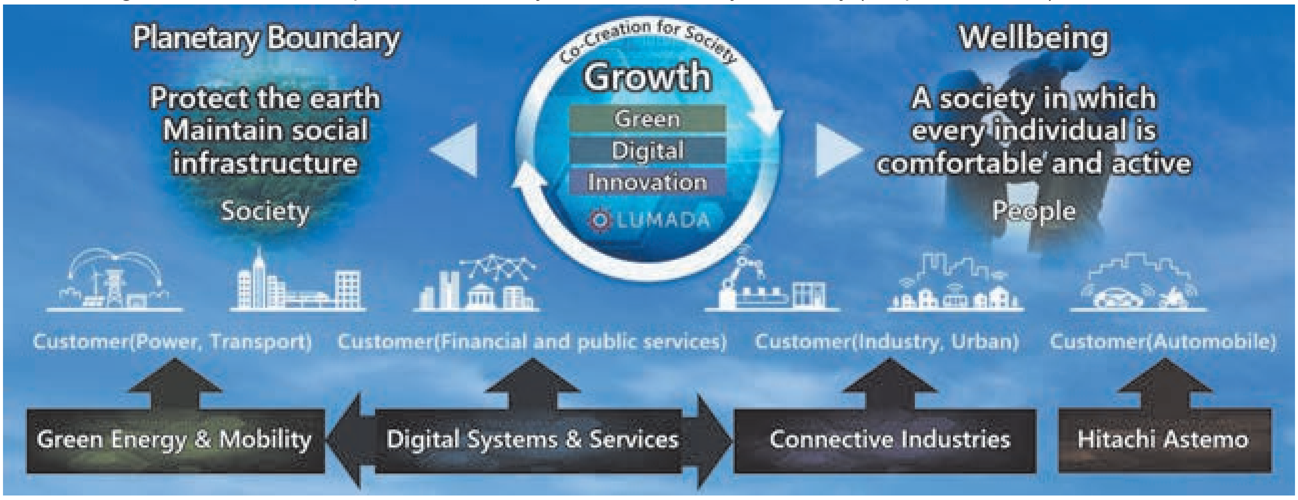
Note: The blue parts show overseas revenues and the red parts show domestic revenues. The number in parenthesis is the percentage of overseas revenues to total revenues.

Memo

(3) Course of Actions to Take Considering Challenges for Hitachi Group

Hitachi has newly formulated its “2024 Mid-term Management Plan,“ a mid-term management plan for the period until Fiscal 2024.

Under this new mid-term management plan, Hitachi aims to help establish a sustainable society, where WellBeing (people’s happiness), a state where every person in society can demonstrate their capabilities in comfort, is maintained as well as the global environment is protected in a way that the Planetary Boundary (the planet's limits) will not be exceeded.



For the realization of this society, Hitachi aims to achieve global growth with “Green,” ”Digital” and “Innovation” as three pillars of growth.

In addition, Hitachi has combined businesses with similar characteristics to increase the efficiency and speed of management and simplified the organization into three sectors: “Green Energy & Mobility,” “Digital Systems & Services” and “Connective Industries.” Hitachi provides customers with solutions based on a business structure composed of these three sectors and the automotive system business (Hitachi Astemo).

At the same time, Hitachi enhances its sustainable management to ensure sustainable growth by collecting information about important business risks and building a global risk management system to proactively respond to risks.

Through these activities, Hitachi will improve our ability to generate cash and achieve greater returns for our shareholders as well as invest in further growth.

- Digital / Green / Innovation Strategy supporting growth

Specific strategies for the three pillars of growth ,"Green," "Digital" and "Innovation," are as follows:

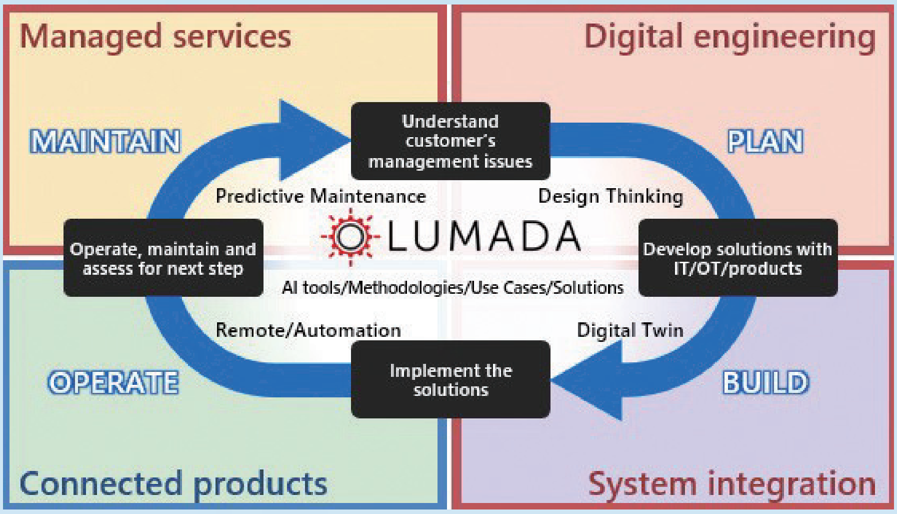
Green

Hitachi will move forward with decarbonization to achieve Hitachi Environmental Innovation 2050, in which it has established the target of achieving carbon neutrality throughout its value chain by 2050. Leveraging the expertise acquired in the process, Hitachi will provide environmental value, such as energy conversion, resource recycling, electrification, energy conservation, and automation, in ways that suit each business domain and region, in its efforts to achieve the growth of its environmental business.

Digital

Based on its understanding of customers' issues, Hitachi will design, implement, operate and maintain solutions through collaborative value creation with customers. Hitachi will build this cycle using data analysis, AI, and other digital technologies.

Hitachi aims to increase the profitability of its Social Innovation Business and globally expand its businesses through the cross-organizational sharing and use of businesses such as Lumada solutions.



Innovation

Hitachi will accelerate innovation by identifying fields where it should engage in R&D activities in anticipation of what the world will be like in 2050, strive to create innovative technologies and products that will help solve social issues, and continuing to accelerate its collaborations with promising startup companies, government and academia.

- **Business structure and strategies for the evolution of the Social Innovation Business**

Green Energy & Mobility

The Green Energy & Mobility sector aims to expand energy services and solutions that contribute to the creation of a carbon-neutral society by combining power grid and digital technologies and operating clean energy businesses. It will also digitally connect traffic networks to accelerate the development of railway systems such as railway operation services using data.

HVDC (high-voltage direct current) converter station

HS2 High Speed Train for UK

Digital Systems & Services

The Digital Systems & Services sector will identify customers' issues and provide Hitachi's reliable IT services and platforms by applying digital technologies that combine advanced digital engineering and highly reliable system integration. Through this, it aims to achieve the DX (Digital Transformation) of customers and social infrastrucures.

Co-creative Session at Lumada Innovation Hub

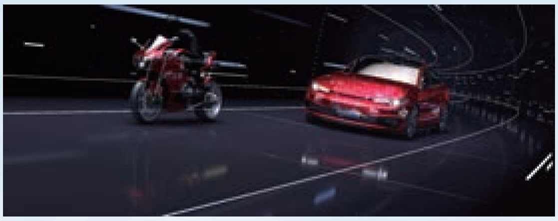
Connective Industries

The Connective Industries sector aims to improve and expand recurring services* and total seamless solutions by applying its advanced digital technologies to highly competitive products in industrial systems, building systems, measurement and analysis equipment, medical instruments, home appliances and other industries based on the theme of "connected" (connecting equipment and facilities).

"Continuous and cyclical services, including after-sales service

Hitachi Astemo

Hitachi Astemo develops next-generation technologies for applications such as the electrification of automobiles and motorcycles and advanced driver-assistance systems and improves its development of software to update automobile functionality through communication using Hitachi's digital technologies.



While the business environment of Hitachi Group is changing rapidly and the future remains uncertain, Hitachi will strive to realize a sustainable society under its new mid-term management plan.

(4) Borrowings and Financing Activity of Hitachi Group

Major Financing Activities

The Company procured funds through borrowings from multiple financial institutions, etc. in order to allocate funds for the acquisition of GlobalLogic Inc., etc.

There is no material financing by issuance of stock and corporate bonds for Fiscal 2021.

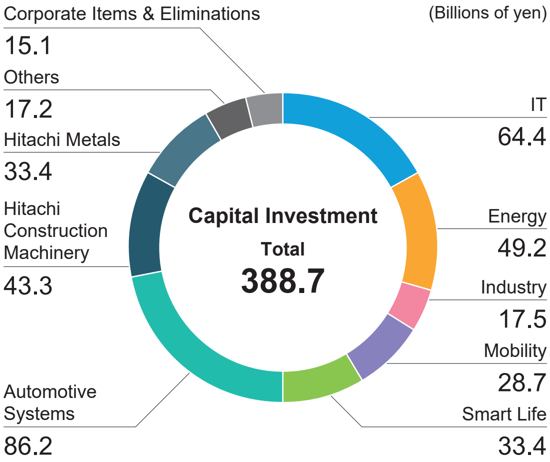
Major Borrowings (As of March 31, 2022)

Name of Company	Creditor	Balance of Borrowings
The Company	Mizuho Bank, Ltd.	230.0 billion yen
	MUFG Bank, Ltd.	220.0 billion yen
	Japan Bank for International Cooperation	149.3 billion yen
	Sumitomo Mitsui Banking Corporation	100.0 billion yen
Hitachi Metals, Ltd.	MUFG Bank, Ltd.	30.5 billion yen

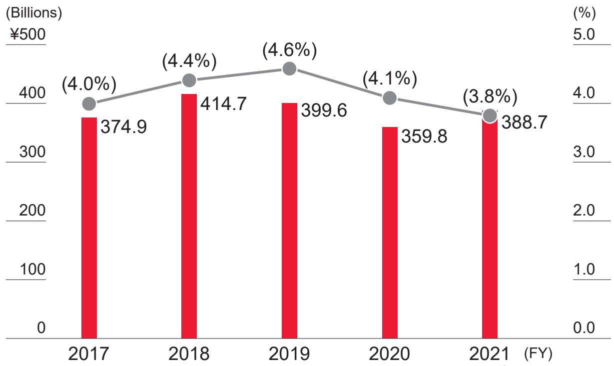
Note: In addition to the figures shown above, the Company owes 463.4 billion yen of long-term borrowings by means of syndicated loan agreements.

(5) Capital Investment of Hitachi Group

During Fiscal 2021, Hitachi Group carried out capital investment of 388.7 billion yen. The total investment increased 28.8 billion yen from the preceding fiscal year mainly due to an increase in Automotive Systems business resulting from the effect of integration of Hitachi Astemo, Ltd., and continuous investment for global business expansion at power grid business and railway business, etc. A breakdown of capital investment by segment is shown below.



Capital Investment Trends

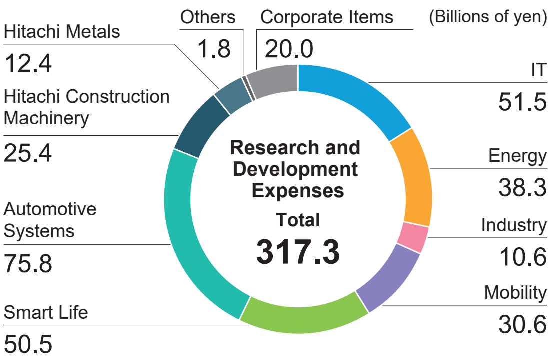


Note: The number in parentheses is the percentage of capital investment to total revenues.

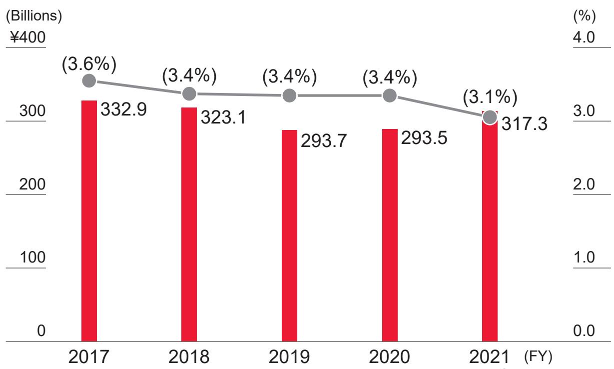
(6) Research and Development of Hitachi Group

Hitachi Group has been striving to create innovation related to digital and green, It conducts R&D to provide high value to society by strengthening its core technology such as artificial intelligence, security, 5G, electrification, robotics and autonomous driving and by working on research on hydrogen fuels, cell and quantum as future disruptive technology.

Expenses on research and development during Fiscal 2021 amounted to 317.3 billion yen. A breakdown by segment is shown below.

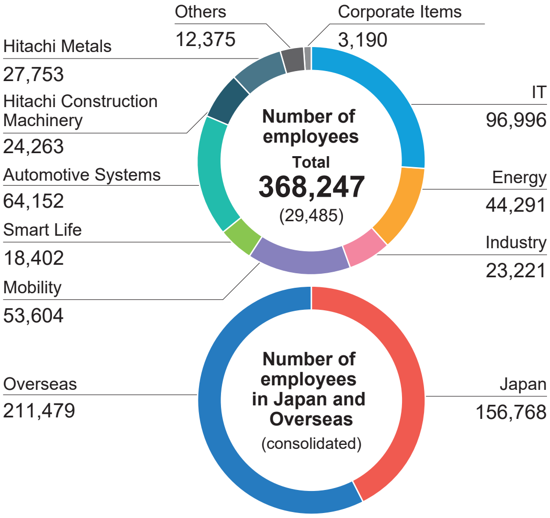


Research and Development Expenses Trends



Note: The number in parentheses is the percentage of research and development expenses to total revenues.

(7) **Employees of Hitachi Group** (As of March 31, 2022)



Figures in parentheses represent the number of employees on a non-consolidated basis.

(8) **Major Facilities of Hitachi Group** (As of March 31, 2022)

Major Facilities of the Company

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

Major Facilities of Consolidated Subsidiaries of the Company

Major consolidated subsidiaries of the Company and their locations are as stated in “(9) Major Hitachi Group Companies.”

(9) Major Hitachi Group Companies (As of March 31, 2022)

Segment	Name of Company	Location	Ratio of Voting Rights (%)
■ IT	Hitachi Information & Telecommunication Engineering, Ltd.	Yokohama, Kanagawa	100.0
	Hitachi-Chanel 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 Global Digital Holdings LLC	U.S.A.	100.0
	Hitachi Payment Services Private Limited	India	100.0
	Hitachi Vantara LLC	U.S.A.	100.0
■ Energy	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	80.1
■ Industry	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.	Hitachi, Ibaraki	100.0
	Hitachi Plant Services Co., Ltd.	Toshima-ku, Tokyo	100.0
	*Hitachi Industrial Holdings Americas, Inc.	U.S.A.	100.0
	*JR Technology Group, LLC	U.S.A.	100.0
	Sullair, LLC	U.S.A.	100.0
■ Mobility	Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo	100.0
	Hitachi Elevator (China) Co., Ltd.	China	70.0
	Hitachi Rail Ltd.	U.K.	100.0
■ Smart Life	Hitachi Global Life Solutions, Inc.	Minato-ku, Tokyo	100.0
	Hitachi High-Tech Corporation	Minato-ku, Tokyo	100.0
■ Automotive Systems	Hitachi Astemo, Ltd.	Hitachinaka, Ibaraki	66.6
	Hitachi Astemo Americas, Inc.	U.S.A.	100.0
■ Hitachi Construction Machinery	Hitachi Construction Machinery Co., Ltd.	Taito-ku, Tokyo	51.5
■ Hitachi Metals	Hitachi Metals, Ltd.	Minato-ku, Tokyo	53.4
■ Others	Hitachi-LG Data Storage, Inc.	Minato-ku, Tokyo	51.0
	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 853.
2. The number of equity-method affiliates is 287. The major equity-method affiliates are Hitachi Kokusai Electric Inc., Arcerik Hitachi Home Appliances B.V., Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd, and Hitachi Transport System, Ltd.
3. The companies marked with * are holding companies; their major operating companies are located in the United States.
4. Hitachi Global Digital Holdings LCC changed its name to Hitachi Digital LLC on April 1, 2022.
5. Ratio of voting rights includes indirect ownership.

(10) Directors and Executive Officers

1) Directors

Name, Position and Responsibilities, etc. (As of March 31, 2022)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Audit Committee Compensation Committee	Outside Director, Benesse Holdings, Inc.
Ravi Venkatesan	Independent Director	-	Venture Partner, Unitus Ventures LLC. (India) Special Representative for Young People & Innovation, UNICEF
Cynthia Carroll	Independent Director	Nominating Committee	Director, Baker Hughes Company (USA)* Director, Pembina Pipeline Corporation (Canada)* Director, Glencore plc (Switzerland)*
Joe Harlan	Independent Director	Compensation Committee	-
George Buckley	Independent Director	-	Chairman, Smiths Group plc (UK)* Chairman of the Board, Stanley Black & Decker, Inc. (USA)*
Louise Pentland	Independent Director	-	Executive Vice President and Senior Advisor, PayPal Holdings, Inc. (USA)
Harufumi Mochizuki	Independent Director	Chairman of the Board Nominating Committee (Chair) Audit Committee Compensation Committee (Chair)	President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd.
Takatoshi Yamamoto	Independent Director	Audit Committee Compensation Committee	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	Chairperson of the Board, Circor International, Inc. (USA)* 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	-
Hideaki Seki	Director	Audit Committee	-
Toshiaki Higashihara	Director	Nominating Committee	-

Notes:
1. Mr. Hiroaki Yoshihara, Director (Audit Committee (Chair)), has considerable knowledge of finance and accounting based on his long experience at KPMG Group with businesses related to accounting, etc.
2. The Company has appointed Director Hideaki Seki 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 coordination with the internal auditing division and others, along with a timely grasp of accurate information through attendance to important internal meetings, etc. and information-sharing with other Committee members.
3. All of 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 similar positions in each of the foreign corporations to outside director under the Companies Act.
5. The Company has transactions, including the sales of products and services and purchase of products and services, with, Benesse Holdings, Inc. (including its operating companies such as Benesse 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 stipulated in Article 427, Paragraph 1 of the Companies Act with each of Directors (excluding Director concurrently serving as an Executive Officer). 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 openly and effectively.

Name	Attendance	Activities and duties performed by Independent Directors regarding their expected role
Katsumi Ihara	Board of Directors meetings: 9 out of 9 days Audit Committee: 15 out of 15 days Compensation Committee: 5 out of 5 days	Mr. Ihara stated his opinions and made proposals with respect to 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 the involvement in management at major companies conducting diversified businesses globally.
Ravi Venkatesan	Board of Directors meetings: 9 out of 9 days	Mr. Venkatesan stated his opinions and proposals with respect to general management of the Group such as management policies and business strategies mainly focusing on digital business 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 with respect to general management of the Group such as management policies and business strategies from a global viewpoint as well as a perspective of human capital management including diversity & inclusion based on her rich experience and insight as the top executive of major global companies.
Joe Harlan	Board of Directors meetings: 9 out of 9 days Compensation Committee: 4 out of 4 days	Mr. Harlan stated his opinions and made proposals with respect to 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 the involvement in management at major companies conducting diversified businesses globally.
George Buckley	Board of Directors meetings: 9 out of 9 days	Mr. Buckley stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies from a global business management viewpoint based on his rich management experience and insight with a major global manufacturer.
Louise Pentland	Board of Directors meetings: 9 out of 9 days	Ms. Pentland stated her opinions and made proposals with respect to general management of the Group such as management policies and business strategies mainly from a compliance and risk management viewpoint based on her rich experience and insight as chief legal officer at major global companies.
Harufumi Mochizuki	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: 5 out of 5 days	Mr. Mochizuki stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies based on his rich experience and insight in such areas as public administration. He also led discussion as Chairperson at the Board meetings, the Compensation Committee and the Nominating Committee respectively.
Takatoshi Yamamoto	Board of Directors meetings: 9 out of 9 days Audit Committee: 15 out of 15 days Compensation Committee: 5 out of 5 days	Mr. Yamamoto stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies from investor's viewpoints focusing on the one regarding IR/information disclosure and corporate value based on his rich experience and insight in the area of corporate analysis and global corporate management.
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 with respect to general management of the Group such as management policies and business strategies mainly from viewpoints of increasing profit margins and utilization of human capital based on his rich experience and insight in the area of global corporate management and accounting. He also led discussion as Chairperson at the Audit Committee.
Helmuth Ludwig	Board of Directors meetings: 9 out of 9 days Audit Committee: 9 out of 9 days	Mr. Ludwig stated his opinions and proposals with respect to general management of the Group such as management policies and business strategies mainly focusing on the digital business from a global viewpoint based on his rich experience and insight in the area of global corporate management and digital business.

2) Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2022)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	Executive Chairman	General	-
*Keiji Kojima	President	Overall management, smart life & ecofriendly systems business, measurement and analytical systems business and healthcare strategy	
*Masakazu Aoki	Executive Vice President and Executive Officer	Assistant to the President (business for industry & distribution sectors, water & environment business and industrial products business)	-
*Ryuichi Kitayama	Executive Vice President and Executive Officer	Assistant to the President (marketing & sales and regional strategies), marketing & sales and regional strategies	-
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (building systems business and railway systems business) and environmental strategy	-
*Toshiaki Tokunaga	Executive Vice President and Executive Officer	Assistant to the President (systems & services business and defense systems business), systems & services business, defense systems business and social innovation business promotion	
*Toshikazu Nishino	Executive Vice President and Executive Officer	Assistant to the President (nuclear energy business and energy business)	-
Atsushi Oda	Senior Vice President and Executive Officer	Nuclear energy business and energy business	-
Jun Abe	Senior Vice President and Executive Officer	Services & platforms business	
*Yoshihiko Kawamura	Senior Vice President and Executive Officer	Finance, corporate pension system and investment strategies	-
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems, and defense systems business	-
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Corporate communications, corporate auditing, corporate export regulation and human capital	-
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business	
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies and strategies for next generation business	Director, Hitachi Metals, Ltd.
Hitoshi Ito	Vice President and Executive Officer	Government & external relations, sustainability strategy	-
Tatsuro Ueda	Vice President and Executive Officer	Business for financial institutions	-
Kenji Urase	Vice President and Executive Officer	Energy business	-
Tadashi Kume	Vice President and Executive Officer	Nuclear energy business	-
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing	-

Name	Position	Responsibilities	Other Principal Positions Held
Norihiro Suzuki	Vice President and Executive Officer	Research & development	-
Yoji Takeuchi	Vice President and Executive Officer	Marketing & sales (business for industry & distribution sectors, water & environment business, building systems business, railway systems business and healthcare business)	-
Lorena Dellagiovanna	Vice President and Executive Officer	Diversity & inclusion strategy, government & external relations and environmental strategy	-
Koujin 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	-
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies	-
Andrew Barr	Vice President and Executive Officer	Railway systems business	Director, Hitachi Rail Ltd
Masahiko Hasegawa	Vice President and Executive Officer	Marketing & sales and regional strategies (Japan)	-
Tatsuro Hoshino	Vice President and Executive Officer	Marketing & sales (business for financial institutions, government, public corporation and social infrastructure systems and defense systems business)	-
Kentaro Masai	Vice President and Executive Officer	Supply chain management (manufacturing strategy and quality assurance))	-
Shinya Mitsudomi	Vice President and Executive Officer	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 industry & distribution sectors	-
Takashi Yoda	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.

Notes: 1. The Executive Officers marked with * are the Representative Executive Officers.
2. The Executive Chairman, Toshiaki Higashihara and the President, Keiji Kojima concurrently hold the position of Director.

New Executive Officers

The Company changed its Executive Officers as of April 1, 2022 as follows.

Name	Position	Responsibilities
*Toshiaki Higashihara	Executive Officer	General
*Keiji Kojima	President	Overall management, railway systems business, nuclear energy business, energy business, power grids business and innovation strategies
*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 analytical 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
*Toshiaki Tokunaga	Executive Vice President and Executive Officer	Assistant to the President (business for financial institutions, business for government, public corporation and social infrastructure systems, defense systems business, services & platforms business, social innovation business promotion and digital strategies)
Jun Abe	Senior Vice President and Executive Officer	Services & platforms business
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems, and defense systems business
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Human capital strategies, diversity & 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
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies
**Noriharu Amiya	Vice President and Executive Officer	Railway systems business
**Takashi Iizumi	Vice President and Executive Officer	Healthcare business and measurement and analytical systems business
Hitoshi Ito	Vice President and Executive Officer	Government & external relations
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; Preparation of financial statements
Tadashi Kume	Vice President and Executive Officer	Nuclear energy business
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)

Name	Position	Responsibilities
Norihiro Suzuki	Vice President and Executive Officer	Research & development
**Kenichi Tanaka	Vice President and Executive Officer	Human capital strategies
**Jun Taniguchi	Vice President and Executive Officer	Digital strategies and services & platforms business
Lorena Dellagiovanna	Vice President and Executive Officer	Sustainability strategies, environmental strategies and diversity & inclusion strategies
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)
Hideshi Nakatsu	Vice President and Executive Officer	Water & environment business
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies
Andrew Barr	Vice President and Executive Officer	Railway systems business
Tatsuro Hoshino	Vice President and Executive Officer	Marketing & sales strategies (business for digital system & service)
Kentaro Masai	Vice President and Executive Officer	Supply chain management (manufacturing strategies and quality assurance) and safety and health management
Shinya Mitsudomi	Vice President and Executive Officer	Urban business strategies and building systems business
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	Regional strategy (China)

Notes: 1. The Executive Officers marked with * are the Representative Executive Officers.
2. The Executive Officers marked with** are newly appointed.

2) Contents of Directors' and Officers' Liability Insurance Agreement

(i) Coverage of Insured Persons

The Company's Directors, Executive Officers and employees who work as officers at the company to which they are assigned, and some 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 damages, litigation costs, etc. incurred by an insured person as a result of a claim for damages due to an act or omission of the insured person as an executive of a company. However, the Company has taken measures to ensure that the appropriateness of the execution of duties by officers is not impaired by excluding compensation for intentional negligence of duties, illegal acquisition of private benefits or benefits, and damages resulting from criminal acts. The entire insurance costs are beard by the Company or its subsidiaries holding the insurance agreement.

4) Compensation for Directors and Executive Officers

Regarding the compensation for Directors and Executive Officers, the Company's Compensation Committee determines the policy on the determination of 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 on the determination of the amount of compensation, etc. of each Director and Executive Officer pursuant to applicable provisions of the Companies Act.

[Basic Policy]

- Compensation shall be such that it enables the company to attract necessary personnel to achieve an improvement in corporate value through global business growth.
- Compensation shall be commensurate with roles and responsibilities of each Director and Executive Officer.
- Compensation for Directors shall be such that it enables them to exercise functions of supervision of management effectively.
- Compensation for Executive Officers shall be such that it enables them to contribute to sustained improvement in corporate value through the execution of business and employs an appropriate balance between short-term performance and medium- and long-term performance.
- The level of compensation shall be determined taking into account compensation levels at other companies as well as economic and market trends.
- The Compensation Committee utilizes external experts to gain expert advice and an objective viewpoint, if necessary, for considering the details and amounts of compensation.

[Compensation Structure]

(i) Matters relating to Directors

Compensation for Directors is basic remuneration as fixed pay. 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 travel from place of residence, etc. A Director concurrently serving as an Executive Officer is not be 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 & 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 1:1:1 as the standard, taking into account the composition of executive compensation for major global companies, in order to improve corporate value through the growth of global businesses. The higher position Executive Officers holds, the higher proportion of variable pay is set to the 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	
		Executive Officers that constitute the Senior Executive Committee (Note)	Other Executive Officers
Performance-linked component	Company performance	80%	30%
	Division performance	—	50%
Individual target-linked component		20%	20%

Note: As of June 1, 2022, "Executive Officers that constitute the Senior Executive Committee" consist of 8 members; President & CEO (Keiji Kojima), three Executive Vice President and Executive Officers (Masakazu Aoki, Yoshihiko Kawamura and Toshiaki Tokunaga), three Senior Vice President and Executive Officers (Hidenobu Nakahata, Masahiko Hasegawa and Mamoru Morita), Vice President and Executive Officer (Kohei Kodama). In case that they are in charge of sectors or business units, the same proportion of evaluation item as for "Other Executive Officers" is used.

- The amount of the performance-linked component varies according to the evaluation of company performance and division performance.
- Company performance is evaluated using consolidated revenues and line items for income or earnings in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors.
- Division performance is evaluated using performance indicators determined as optimal ones to measure the level of achievement of targets under the Mid-term Management Plan and the annual budgets for divisions.
- The amount of the individual target-linked component varies according to the evaluation of the level of achievement of individual target for each Executive Officer determined based on his/her responsibility.

Medium- and Long-term incentive compensation

- The shares of restricted stock are granted in order to propel management from a medium- and long-term perspective and to provide incentives to bring about a sustainable increase in enterprise value by further promoting senior management's shared values with shareholders through the holding of shares during their term of office.
- The restriction on transfer shall be lifted if executive officers resign from all of the positions of the Company's executive officer, director, and corporate officer.
- With regard to one-half of granted shares of restricted stock, the number of shares whose transfer restriction is lifted shall be determined after ex-post evaluation in which the total shareholder return of Hitachi stock ("TSR") is compared to growth rate of TOPIX.
  - Lifting of transfer restrictions shall apply to all granted shares if the TSR/TOPIX Growth Rate Ratio is 120% or more.
  - Lifting of transfer restrictions shall apply to part of granted shares if the TSR/TOPIX Growth Rate Ratio is between 80% or more but less than 120% (*).
  - Transfer restrictions shall not be lifted for any shares if the TSR/TOPIX Growth Rate Ratio is less than 80%.

  * Number of shares whose transfer restrictions are lifted
  = Number of granted shares × {(TSR/TOPIX Growth Ratio × 1.25) − 0.5}

  Shares whose transfer restrictions are not lifted shall be acquired by the Company without consideration.
- If it is deemed to be inappropriate to grant shares of restricted stock due to laws and regulations in the country of residence, etc., 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 previously.

If it is found that an executive officer has been engaged in misconduct during his/her term of office, compensation for Executive Officers that has been already 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 shares of common stock 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.

(iii) Miscellaneous

It was decided at the Compensation Committee meeting held on December 18, 2007 and March 26, 2008 that the compensation structure for Directors and Executive Officers will be re-examined starting with the compensation for fiscal 2008 and the retirement allowance will be abolished. The payment of retirement allowance to Directors and Executive Officers due to the abolition of the retirement allowance system will be in an amount determined by the Compensation Committee at the time of the retirement of a relevant Director or Executive Officer based on his/her position of office, etc.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2021

<table>
<tr><th rowspan="3">Category</th><th rowspan="3">Total amount of compensation, etc.
(Millions of yen)</th><th colspan="4">Total amount of each type
(Millions of yen)</th><th rowspan="3">Number of persons</th></tr>
<tr><th rowspan="2">Fixed pay</th><th colspan="2">Variable pay</th><th rowspan="2">Others</th></tr>
<tr><th>Short-term incentive compensation</th><th>Medium- and long-term incentive compensation</th></tr>
<tr><td>Directors
(excluding Independent Directors)</td><td>60</td><td>60</td><td>—</td><td>—</td><td>—</td><td>1</td></tr>
<tr><td>Independent Directors</td><td>408</td><td>408</td><td>—</td><td>—</td><td>—</td><td>10</td></tr>
<tr><td>Executive Officers</td><td>4,660</td><td>1,537</td><td>1,466</td><td>1,657</td><td>—</td><td>31</td></tr>
<tr><td>Total</td><td>5,129</td><td>2,006</td><td>1,466</td><td>1,657</td><td>—</td><td>42</td></tr>
</table>

Notes: 1. The number of Directors indicated excludes three Directors who serve or served concurrently as Executive Officers.
2. The compensation to Executive Officers includes the basic remuneration of a Executive Officer who retired due to expiration of his term of office on May 12, 2021.
3. 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.
4. Other than the above, there is payment of retirement allowance of 111 million yen to one Executive Officer who retired as of May 12, 2021.

Performance Indicators Used to Calculate Performance-linked Compensation

Regarding the short-term incentive compensation, "Company performance" was evaluated referring to consolidated revenues, adjusted operating income, EBIT, and net income attributable to Hitachi, Ltd. stockholders 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 adjusted operating income and operating 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 divisions.

Please refer to "(1) Business Overview and Results of Hitachi Group" in this report regarding the business results in Fiscal 2021.

The TSR/TOPIX Growth Rate Ratios defined in conditions for exercising stock option as stock-based compensation (stock acquisition rights) and in conditions for lifting transfer restrictions of restricted stock issued as medium- and long-term incentive compensation are as follows.

Name	Term	Total Shareholder return. TOPIX Growth Rate Ratio
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.	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	From April 1, 2020 to March 31, 2022 (Note)	144.2%
Restricted Stocks issued in June 2021	From April 1, 2021 to March 31, 2022 (Note)	128.3%

Note: The ratios are calculated to determine the number of shares whose transfer restricted are lifted for persons who retired from Executive Officers, Directors or Corporate Officers on March 31, 2022.

Reasons Why the Compensation Committee Judged that the Respective Amount of Compensation, etc. of Each Director and Executive Officer in Fiscal 2021 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."

(11) Matters Concerning the Company's Stock (As of March 31, 2022)

1) **Authorized** 2,000,000,000 shares

2) **Issued** 968,234,877 shares

3) **Number of Shares per Unit** 100 shares

4) **10 Largest Shareholders**

Name	Share Ownership	Shareholding Ratio
	Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	181,747,800	18.79
Custody Bank of Japan, Ltd. (Trust Account)	63,047,700	6.52
STATE STREET BANK AND TRUST COMPANY 505223	22,788,025	2.36
Nippon Life Insurance Company	20,000,099	2.07
Hitachi Employees' Shareholding Association	19,551,338	2.02
SSBTC CLIENT OMNIBUS ACCOUNT	18,282,639	1.89
JP MORGAN CHASE BANK 385632	17,799,073	1.84
STATE STREET BANK WEST CLIENT – TREATY 505234	16,509,187	1.71
NATS CUMCO	15,671,900	1.62
STATE STREET BANK AND TRUST COMPANY 505001	14,656,120	1.52

Notes: 1. NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.
2. Treasury stock (998,721 shares) is not included in the calculation of "Shareholding Ratio."

5) **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	205	76	2,426	1,112	157	234,989	238,967	-
Share ownership (units)	92	3,407,137	246,473	129,714	4,291,973	1,413	1,582,410	9,659,212	2,313,677
Ownership percentage of shares (%)	0.00	35.27	2.55	1.34	44.43	0.01	16.38	100.00	-

Note: Of 998,721 shares of treasury stock, 9,987 units are included in the "Individuals and others" column, while 21 shares are included in the "Number of shares less than one unit" column.

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

The Company issued 262,300 of new shares to 31 Executive Officers and 87,300 of new shares to 35 Corporate Officers (the executive positions next to Executive Officers), respectively, as restricted stock compensation plan and restricted stock unit compensation plan, the medium- and long-term incentive compensation mentioned at Page 39 of this report, on June 15, 2021.

(12) Matters Concerning Accounting Auditor

1) Name of accounting auditor

Ernst & Young ShinNihon LLC

2) Fees to accounting auditor in Fiscal 2020

(Millions of yen)

Category	Amount		
	Fees for audit services*	Fees for non-audit services	Total
Fees etc. by the Company and its subsidiaries	1,552	53	1,605
Fees etc. by the Company	566	39	605

Notes: 1. The column marked with * includes fees for audits under the Financial Instruments and Exchange Act.
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.

3) Description of non-audit services

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

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

Of the major Hitachi Group companies (listed in (9) Major Hitachi Group Companies), 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.

5) 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.

(13) Policy on Determination of Distribution of Surplus etc.

The Company views the return of profits to shareholders through enhancing corporate value from 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.

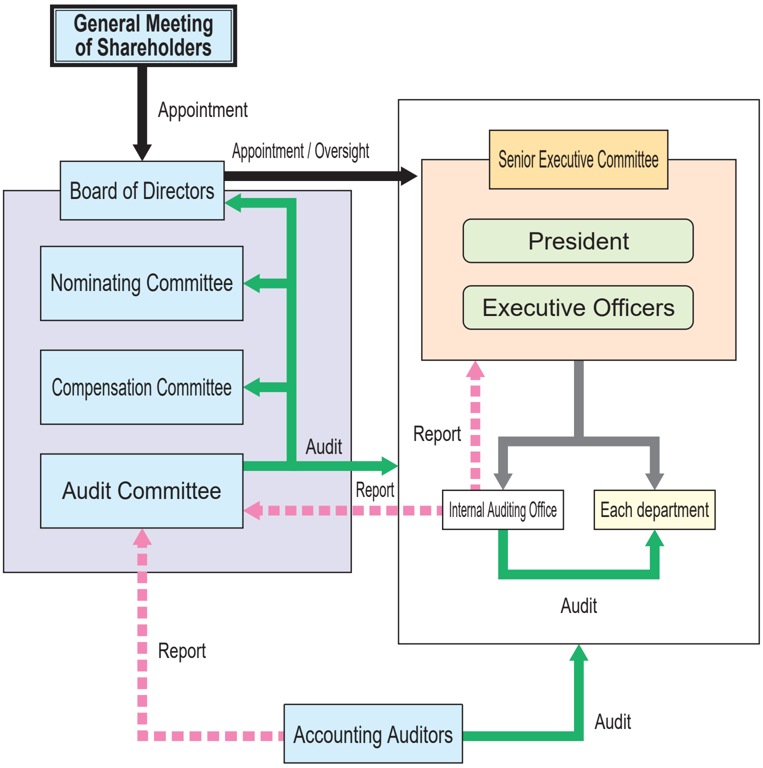
The Company flexibly conducts repurchase of its shares depending on factors such as capital needs and the business environment.

In accordance with mid- to long-term management strategy, the Company utilize 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.

[Reference] Corporate Governance System and Internal Control System

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

The Board of Directors, which is responsible for the oversight of management, determines basic policies for management, etc. and also monitor business executions by executive officers while significantly delegating authorities to executive officers



Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control Systems) and Operation of the Internal Control Systems is posted on Report on the 153rd Business Term contains the Materials Disclosed via the Internet.

Consolidated Statement of Financial Position

	Fiscal 2020 (Reference) (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
	(Millions of yen)	
(Assets)		
Current assets	**5,943,300**	**6,599,431**
Cash and cash equivalents	1,015,886	968,827
Trade receivables and contract assets	2,734,476	2,978,149
Inventories	1,653,395	2,042,432
Investments in securities and other financial assets	328,153	376,315
Other current assets	211,390	233,708
Non-current assets	**5,909,553**	**7,288,071**
Investments accounted for using the equity method	472,105	411,201
Investments in securities and other financial assets	534,324	584,806
Property, plant and equipment	2,408,887	2,478,901
Goodwill	1,161,210	2,153,706
Other intangible assets	964,830	1,257,128
Other non-current assets	368,197	402,329
Total assets	**11,852,853**	**13,887,502**
(Liabilities)		
Current liabilities	**4,596,930**	**5,854,066**
Short-term debt	416,635	1,234,119
Current portion of long-term debt	274,392	336,418
Other financial liabilities	288,973	294,047
Trade payables	1,515,954	1,754,633
Accrued expenses	698,553	738,030
Contract liabilities	933,844	1,069,732
Other current liabilities	468,579	427,087
Non-current liabilities	**2,797,691**	**2,678,159**
Long-term debt	1,706,329	1,556,175
Retirement and severance benefits	433,954	414,839
Other non-current liabilities	657,408	707,145
Total liabilities	**7,394,621**	**8,532,225**
(Equity)		
Hitachi, Ltd. stockholders' equity	**3,525,502**	**4,341,836**
Common stock	460,790	461,731
Capital surplus	84,040	46,119
Retained earnings	2,710,604	3,197,725
Accumulated other comprehensive income	273,561	639,263
Treasury stock, at cost	(3,493)	(3,002)
Non-controlling interests	**932,730**	**1,013,441**
Total equity	**4,458,232**	**5,355,277**
Total liabilities and equity	**11,852,853**	**13,887,502**

Consolidated Statement of Profit or Loss

	Years ended March 31	
	2021 (Reference)	2022
	(Millions of yen)	
Revenues	8,729,196	10,264,602
Cost of sales	(6,533,890)	(7,705,981)
Gross profit	**2,195,306**	**2,558,621**
Selling, general and administrative expenses	(1,700,126)	(1,820,385)
Other income	476,137	128,354
Other expenses	(172,407)	(83,965)
Financial income	13,969	27,938
Financial expenses	(1,456)	(97)
Share of profits (losses) of investments accounted for using the equity method	38,864	40,485
Earnings before interest and taxes (EBIT)	**850,287**	**850,951**
Interest income	16,934	15,492
Interest charges	(22,778)	(27,110)
Income from continuing operations, before income taxes	**844,443**	**839,333**
Income taxes	(325,247)	(168,469)
Income from continuing operations	**519,196**	**670,864**
Income (loss) from discontinued operations	(686)	0
Net income	**518,510**	**670,864**
Net income attributable to:		
Hitachi, Ltd. stockholders	501,613	583,470
Non-controlling interests	16,897	87,394

Unconsolidated Balance Sheet

	Fiscal 2020 (Reference) (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
	(Millions of yen)	
(Assets)		
Current assets	**1,229,016**	**1,139,368**
Cash	149,933	62,225
Notes receivable	3,923	-
Accounts receivable	623,879	-
Trade receivables and contract assets	-	639,422
Finished goods	15,716	12,987
Semi-finished goods	17,886	17,317
Raw materials	20,346	27,520
Work in process	147,165	64,279
Advances paid	34,105	31,752
Short-term loan receivables	113,377	114,002
Others	114,054	181,494
Allowance for doubtful receivables	(11,371)	(11,634)
Fixed assets	**3,753,592**	**4,676,251**
Tangible fixed assets	216,678	202,192
Buildings	112,722	105,265
Structures	6,351	6,018
Machinery	7,957	7,522
Vehicles	154	127
Tools and equipment	42,018	41,966
Land	36,235	23,815
Lease assets	7,426	14,339
Construction in progress	3,812	3,138
Intangible fixed assets	92,901	96,778
Patents	57	49
Software	86,318	90,855
Right of using facilities	293	68
Lease assets	75	75
Others	6,157	5,729
Investments and others	3,444,013	4,377,279
Affiliated companies’ common stock	2,707,316	3,610,468
Other securities of affiliated companies	3,457	9,058
Investments in affiliated companies	33,308	33,267
Investments in securities	206,755	284,485
Long-term loan receivables	392,080	347,176
Deferred tax assets	64,621	40,637
Others	36,700	52,414
Allowance for doubtful receivables	(227)	(228)
Total assets	**4,982,609**	**5,815,620**

	Fiscal 2020 (Reference) (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
	(Millions of yen)	
(Liabilities)		
Current liabilities	**1,579,915**	**2,106,178**
Electronically recorded obligations	15,566	10,292
Trade accounts payable	275,216	276,483
Short-term debt	210,340	682,328
Current installments of debentures	-	90,000
Lease liabilities	1,773	3,723
Other accounts payable	67,770	20,106
Accrued expenses	178,682	173,829
Advances received from customers	199,509	-
Contract liabilities	-	112,025
Deposits received	579,149	688,256
Provision for product warranties	492	460
Provision for loss on construction contracts	47,456	43,708
Others	3,956	4,963
Non-current liabilities	**1,158,951**	**1,065,707**
Debentures	250,000	160,000
Long-term debt	683,408	666,732
Lease liabilities	6,185	13,192
Accrued pension liability	70,389	74,003
Provision for retirement benefits for senior executives	111	-
Provision for loss on business of affiliated companies	129,884	131,785
Deferred tax liabilities for land revaluation	1	-
Asset retirement obligations	11,649	12,118
Others	7,322	7,875
Total liabilities	**2,738,866**	**3,171,886**
(Net assets)		
Stockholders' equity	**2,147,865**	**2,555,037**
Common stock	460,790	461,731
Capital surplus	451,579	452,473
Capital reserve	178,756	179,697
Others	272,823	272,775
Retained Earnings	1,238,988	1,643,835
Others	1,238,988	1,643,835
Reserve for advanced depreciation of fixed assets	1,133	1,026
Retained earnings carried forward	1,237,855	1,642,808
Treasury stock	(3,492)	(3,002)
Valuation and translation adjustments	**93,732**	**87,227**
Unrealized holding gains on securities	90,885	76,502
Deferred profit or loss on hedges	2,843	10,725
Revaluation reserve for land	2	-
Subscription rights to shares	**2,144**	**1,468**
Total net assets	**2,243,742**	**2,643,733**
Total liabilities and net assets	**4,982,609**	**5,815,620**

Unconsolidated Statement of Operations

	Years ended March 31	
	2021 (Reference)	2022
	(Millions of yen)	
Revenues	1,678,223	1,623,424
Cost of sales	1,252,642	1,155,026
Gross profit on sales	**425,580**	**468,398**
Selling, general and administrative expenses	386,495	354,447
Operating income	**39,085**	**113,950**
Other income	303,028	285,085
Interest income and dividends	290,349	275,339
Others	12,679	9,746
Other expenses	36,652	33,987
Interest expenses	5,460	6,034
Others	31,191	27,952
Ordinary income	**305,461**	**365,049**
Extraordinary gain	638,025	146,586
Gain on valuation of securities	-	121,833
Gain on sale of investments in securities	1,096	17,138
Gain on sale of real property	45	7,604
Gain on sale of investments in capital of affiliated companies	179	10
Gain on sale of affiliated companies' common stock	603,305	-
Compensation income	33,398	-
Extraordinary loss	26,540	19,390
Impairment loss on affiliated companies' common stock	12,980	12,554
Loss on impairment of assets	8,688	4,552
Impairment loss on investments in securities	1,372	2,282
Impairment loss on investments in capital of affiliated companies	3,499	-
Income before income taxes	**916,946**	**492,246**
Income taxes		
Current	59,088	(50,629)
Deferred	152,346	26,760
Net Income	**705,511**	**516,115**

Independent Auditor's Report

May 11, 2022

Mr. Keiji Kojima, President & CEO
Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Koji Fujima
Designated Engagement Partner
Certified Public Accountant

Yasuhiro Ozeki
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, the notes to the financial statements, and its supplementary schedules of Hitachi, Ltd. (the Company) applicable to the 153rd fiscal year from April 1, 2021 to March 31, 2022.

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, 2022, 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, related safeguards.

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.

(Note)

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, 2022. 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 153rd business term (from April 1, 2021 to March 31, 2022). 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, Executive Officers, 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, October 28, 2005) 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 13, 2022

Audit Committee, Hitachi, Ltd.
Hiroaki Yoshihara
Hideaki Seki (Standing)
Katsumi Ihara
Harufumi Mochizuki
Takatoshi Yamamoto
Helmuth Ludwig

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

The 153rd Annual General Meeting of Shareholders of Hitachi, Ltd.
Materials Disclosed via the Internet

Hitachi, Ltd.

Contents

Note: The aforementioned materials are provided to the shareholders for their review by posting on the Company's website pursuant to the provisions of the Articles of Incorporation of the Company and the relevant laws and regulations.

1. Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control System) and Operation of the Internal Control System

1) Summary of resolution of Board of Directors on enhancing the internal control system

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

(i) When necessary, the Board of Directors may appoint one or more director(s), who does not serve concurrently as an executive officer, as a director 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 with the duties of each Committee and the Board of Directors.

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

(iii) Executive Officers and employees shall report without delay to the members of the Audit Committee significant matters affecting the Company and its subsidiaries, results of internal audits, and the implementation status of reporting under the internal reporting system. It shall be provided for in the company regulation that reporters using the internal reporting system common to the Hitachi Group shall not receive disadvantageous treatment for reason of having made a report, and the secretariat of the system shall thoroughly administer this provision.

(iv) The Office shall be in charge of payment for the expenses incurred in connection with the execution of the duties of the Audit Committee members and other administrative duties, and shall promptly process the payment for the expense or debt except in the case where the expense or debt of the claim is clearly found to be unnecessary to the execution of the duties of them.

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

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

(i) Such fundamental policies as the emphasis of 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 operations corresponding to its size and other characteristics, basic framework of which is similar to ones employed in the Company. In order to ensure development of such systems in each subsidiary, directors and auditors shall be sent from the Company to its subsidiary, and regular audits shall be conducted for the subsidiary.

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

(iv) Information pertaining to the execution of duties by Executive Officers of the Company 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 with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.

(vi) Efficient performance of duties of the Executive Officers of the Company, and Directors and Executive Officers of the subsidiaries shall be ensured through the following business management systems.

- The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.
- Based on the management policy, medium-term business plans and annual budgets, on which performance management is based, shall be prepared in order to operate business in a planned and efficient manner.
- Internal audits of the Company and its subsidiaries shall be conducted to monitor and identify the status of their business operations and to facilitate improvements.
- The Audit Committee shall receive the audit plans of the accounting auditors in advance, and the prior approval of the Audit Committee shall be required with respect to the fees to be paid to the accounting auditors.
- Documented business processes for matters to be reflected in financial reports shall be executed at the Company and its subsidiaries, and internal and external auditors shall examine said processes in order to ensure the reliability of financial reports.
- A structure for the adequate and efficient conduct of business operations common to the Hitachi Group companies shall be established.

(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, the internal reporting system common to the Hitachi Group shall be established and education on legal and regulatory compliance shall be provided.
- Various policies and rules on compliance with laws shall be established, aiming to ensure that the employees are aware of the internal control systems overall and that the systems are effective.

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

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

2) Summary of status of operation of the internal control system

Audit Committee

- A standing committee member has been appointed to grasp information in a timely and accurate manner through attendance to important internal meetings, such as 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 in such plans, if necessary, and closely coordinate with the accounting auditor and the Internal Auditing Office through exchanging information and opinions on a regular basis.

Board of Directors Office

- In order to assist with the duties of each Committee and the Board of Directors, the Office is staffed with 12 employees (as of March 31, 2022) who exclusively serve the Office and are not subject to orders and instructions of Executive Officers. Six of them are allocated as the full-time auditors auditing the governance and risk management, etc. in each sector of IT, Energy, Industry, Mobility, and Smart Life, and Automotive Systems business.

Senior Executive Committee

- The Senior Executive Committee meets twice a month, in principle, to deliberate on specific important matters concerning the Company or its subsidiaries and the annual business plan.
- The Senior Executive Committee makes efforts to identify potential signal of new risks through such means as progress reports on 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 the medium-term business plan and annual budget, and manages business performance based on these plans.

Establishment of Internal Regulations and Training, etc.

- With respect to risks related to compliance, information security, environment, disasters, quality, and 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 whistleblowing system common to the Hitachi Group.
- The Company has also established and operates a reporting system to directors for suspicion of illegal acts, etc. of Executive Officers of the Company.

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 for the Company and its subsidiaries to the Audit Committee members without delay.

2. Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies

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

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

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

3. Information on the stock acquisition rights, etc.

(Stock Acquisition Rights Held by Senior Managements) (As of March 31, 2022)

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	Common stock 146,820 shares	Common stock 156,940 shares	Common stock 150,160 shares
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	15 Executive Officers of the Company 7,341 of stock acquisition rights (Note 3)	16 Executive Officers of the Company 7,847 of stock acquisition rights (Note 3)	20 Executive Officers of the Company 7,508 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, a Director or a 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. In case the TSR/TOPIX Growth Rate Ratio is 120% or more
All the stock acquisition rights allotted (the "Allotted Rights") may be exercised.

b. In case 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 the TSR/TOPIX Growth Rate Ratio (*).

*Number of stock acquisition rights exercisable = Number of Allotted Rights ×{(TSR/TOPIX Growth Rate Ratio × 1.25) – 0.5}

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

c. In case 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.

4. Consolidated Statement of Changes in Equity (April 1, 2021 to March 31, 2022)

(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	460,790	84,040	2,710,604	273,561	(3,493)	3,525,502	932,730	4,458,232
Changes in equity								
Reclassified into retained earnings			14,861	(14,861)		-		-
Net income			583,470			583,470	87,394	670,864
Other comprehensive income				374,538		374,538	85,498	460,036
Dividends to Hitachi, Ltd. stockholders			(111,210)			(111,210)		(111,210)
Dividends to non-controlling interests						-	(63,647)	(63,647)
Acquisition of treasury stock					(251)	(251)		(251)
Sales of treasury stock		(291)			742	451		451
Issuance of new shares	941	941				1,882		1,882
Changes in non-controlling interests		(38,571)		6,025		(32,546)	(28,534)	(61,080)
Total changes in equity	941	(37,921)	487,121	365,702	491	816,334	80,711	897,045
Balance at end of year	461,731	46,119	3,197,725	639,263	(3,002)	4,341,836	1,013,441	5,355,277

5. 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 853 and the number of equity-method affiliates is 287.

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 incurred cost 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

The Company has adopted IFRS 9 “Financial Instruments”.

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.

FVTOCI financial assets(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 FVTOCI financial assets 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 FVTOCI are recognized in profit or loss, except where they are considered to be a return of the investment.

FVTPL financial assets(financial assets measured at fair value through profit or loss)

Equity instruments not designated as FVTOCI financial assets and debt instruments not classified as financial assets measured at amortized cost are classified as FVTPL financial assets. 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.
(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.
Since the Company and some subsidiaries shifted to a risk-sharing corporate pension plans from a defined benefit pension plan on April, 2019, the same has been promoted to the other susidiaries participating pension plans managed by the Hitachi Pension Fund.
Newly 43 subsidiaries have changed their pension plans for curent employees from defined benefit pension plans to risk-sharing corporate pension plans on April 1, 2022, and now the revision of Hitachi group pension plans managed by Hitachi Pension Fund has been almost completed.
Under the risk-sharing corporate 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 fincance.
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 imposes no additional contribution obligations, at the time of the shift to the revised plan, the difference between the defined benefit obligations related to the portion transferred to the revised plan and the amount of assets transferred to the revised plan corresponding to the the decrease in defined benefit obligations, approximately 44.0 billion yen, will be recognized as a settlement loss for the year ending March 31, 2023.

(Notes on Accounting Estimates)

1. Impairment of Property, Plant and Equipment, Goodwill and Other Intangible Assets (Impairment losses of (35,091) 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 value, 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 caused by soaring material prices and a shortage of semiconductor 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.
As of March 31, 2022, the group of CGUs to which a significant proportion of goodwill was allocated was the power grid business in the Energy segment, and the carrying amount of goodwill allocated to the power grids business was 513,616 million yen. The recoverable amount used in the impairment test of goodwill of the power grid business for the year ended March 31, 2022 was calculated based on value in use. Cash flows were projected over five years, and the primary assumptions used to calculate cash flows were revenue growth rate and gross margin ratio. For the year ended March 31, 2022, there were no impairment losses recognized related to goodwill.
For goodwill allocated to each CGU (or group of CGUs), the Company considers the recoverable amount may be less than the carrying amount if the primary assumptions used in the impairment test of goodwill change significantly.

2. Employee Retirement Benefits (The ending balance of Retirement and severance benefits of 414,839 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.
3. Long-term projects (The ending balance of Provisions for expected losses on construction contracts of 90,758 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.
4. Deferred tax assets (The ending balance of Deferred tax assets of 128,347 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 caused by soaring material prices and a shortage of semiconductor 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, 2022. 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.

(Notes to Consolidated Statement of Financial Position)

1. The components of Trade receivables and contract assets: Accounts receivable of 2,210,590 million yen,
   Contract assets of 623,766 million yen, and Others of 143,793 million yen.
   Trade receivables and contract assets are stated as net of the allowance for doubtful receivables. Others include notes receivable and electronically recorded monetary claims.
2. Accumulated other comprehensive income: Foreign currency translation adjustments of 444,651 million yen, remeasurements of defined benefit plans of 105,675 million yen, net changes in financial assets measured at FVTOCI of 110,109 million yen, and net changes in cash flow hedges of (21,172) million yen.
3. Collateralized assets: Trade receivables and contract assets of 7,205 million yen, inventories of 12,529 million yen, investments in securities and other financial assets of 327 million yen, and property, plant and equipment of 64,673 million yen.
   Secured debts: 60,884 million yen
4. Allowance deducted directly from assets: 80,945 million yen from trade receivables and contract assets, and 5,025 million yen from other receivables.
5. Property, plant and equipment include land of 256,392 million yen and buildings and structures of 723,067 million yen.
   Accumulated depreciation and impairment losses of property, plant and equipment are (4,987,344) million yen.
   Other intangible assets include software of 204,366 million yen.
6. Guarantees: 73,862 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Other income
   Other income of 128,354 million yen mainly consists of net gain or loss on business reorganization and others of 102,135 million yen.
2. Other expenses
   Other expenses of (83,965) million yen mainly consists of impairment losses on property, plant and equipment and goodwill and other intangible assets of (35,091) million yen.
3. Income taxes
   Income taxes of (168,469) million yen includes current tax expense of (158,988) million yen and deferred tax expense of (9,481) 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 968,234,877 shares
   (2) Treasury stocks Common stock 998,721 shares
2. Cash dividends
   Total amount of cash dividends 111,210 million yen
3. Class and number of shares to be issued upon exercise of stock acquisition rights at end of year
   Common stock 499,000 shares

(Notes on Revenue Recognition)

1. Disaggregation of revenue
   The Company derives revenues primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and geographic area.

(Millions of yen)

	Japan	Asia	North America	Europe	Other Areas	Overseas Revenues Subtotal	Total Revenues
IT	1,527,657	180,128	231,011	173,764	41,065	625,968	2,153,625
Energy	319,248	329,151	271,105	339,718	188,745	1,128,719	1,447,967
Industry	647,151	88,335	116,584	17,441	31,250	253,610	900,761
Mobility	352,188	641,150	53,085	319,802	59,525	1,073,562	1,425,750
Smart Life	550,613	247,404	94,455	112,656	24,315	478,830	1,029,443
Automotive Systems	455,282	606,321	316,216	130,012	89,887	1,142,436	1,597,718
Hitachi Construction Machinery	216,922	195,722	196,425	162,798	253,094	808,039	1,024,961
Hitachi Metals	402,155	204,913	274,458	42,268	18,907	540,546	942,701
Others	384,058	53,768	6,749	8,076	3,654	72,247	456,305
Subtotal	4,855,274	2,546,892	1,560,088	1,306,535	710,442	6,123,957	10,979,231
Corporate items and Eliminations	(668,197)	(32,049)	(4,946)	(7,122)	(2,315)	(46,432)	(714,629)
Total	4,187,077	2,514,843	1,555,142	1,299,413	708,127	6,077,525	10,264,602

The IT segment consists of Front Business and Services & Platforms, for which revenue amounted to 1,423,010 million yen and 874,663 million yen for the year ended March 31, 2022 (including intersegment transactions). Front Business is 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, 2022, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term projects was 1,578,613 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.
(IT)
Front Business primarily provides goods and services such as system integration, consulting and cloud services. These long-term projects 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.
Services & Platforms primarily sells control systems, software and IT products. Revenue is recognized when control over the goods is transferred to customers as performance obligations are satisfied at the point in time upon the completion or upon delivery of the goods. Mostly, payment terms stipulate that the consideration is received within one year after the performance obligation is satisfied, and there are no significant transactions in which payment terms include deferred payments, etc.
(Energy, Industry and Mobility)
The Energy segment includes revenue from businesses such as energy solutions, which are operated mainly in Japan, Asia, Europe, and North America. The Industry segment includes revenue from businesses such as industry & distribution solutions, which are operated mainly in Japan. The Mobility segment includes revenue from building systems and railway systems businesses. The building systems business is operated mainly in China and the railway systems business is operated mainly in Europe.
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 industrial equipment, etc. included in the Industry segment, and in the sale of elevators, etc. included in the Mobility 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.
(Other)
In the Smart Life, Automotive Systems, Hitachi Construction Machinery, and Hitachi Metals segments, performance obligations are generally satisfied at a point in time upon completion or upon delivery of the goods, and revenue is recognized when control over goods is transferred to customers. 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.
These segments provide certain services promised in the contracts such as maintenance throughout the duration of the contract, and they recognize revenue over time based on the passage of time. 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, 2022.

(Millions of yen)

	March 31, 2022	April 1, 2021
Trade receivables	2,381,832	2,115,973
Contract assets	665,627	676,524
Contract liabilities	1,150,592	1,016,207

Of the revenue recognized during the fiscal year ended March 31, 2022, the amount included in Contract liabilities at the beginning of the fiscal year was 604,800 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, 2022.

(Millions of yen)

	Intersegment transactions	Balance of unsatisfied performance obligations
IT	58,982	1,141,343
Energy	35,271	2,387,468
Industry	98,942	555,297
Mobility	5,785	4,648,813

Segments of the Company and its subsidiaries that have contracts under which revenue is recognized over a long period of time are primarily the IT segments, Energy segments, Industry segments and Mobility segments. The estimated timing of unsatisfied performance obligations at the fiscal year ended March 31, 2022 is as follows.
Approximately 90% of the balance of unsatisfied performance obligations of the IT segment was expected to be satisfied within three years and approximately 10% after three years but no more than five years.
Approximately 80% of the balance of unsatisfied performance obligations of the Energy segment was expected to be satisfied within three years and approximately 10% after three years but no more than five years.
Approximately 90% of the balance of unsatisfied performance obligations of the Industry segment was expected to be satisfied within three years.
Approximately 50% of the balance of unsatisfied performance obligations of the Mobility segment was expected to be satisfied within three years and approximately 10% after three years but no more than five years.
The remaining segments 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, 2022 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.
   <u>Cash and cash equivalents, Trade receivables, Short-term loans receivable, Other accounts receivable, Short-term debt, Other accounts payable and Trade payables</u>
   The carrying amount approximates the fair value because of the short maturity of these instruments.
   <u>Investments in securities and other financial assets and Other financial liabilities</u>
   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.
   <u>Long-term debt</u>
   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, 2022 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	70,227	71,648
Debt securities	55,057	55,058
Long-term loans receivable	1,650	1,650
<u>Liabilities</u>		
Long-term debt [1]		
Bonds	357,548	357,468
Long-term debt	1,207,825	1,207,727

[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, 2022.

(Millions of yen)

Class of financial instruments	Level 1	Level 2	Level 3	Total
FVTPL financial assets:				
Investments in securities and other financial assets				
Equity securities	1,364	-	17,591	18,955
Debt securities	9,521	4,692	5,686	19,899
Derivatives	-	63,596	-	63,596
FVTOCI financial assets:				
Investments in securities and other financial assets				
Equity securities	282,025	2,144	106,041	390,210
Total financial assets at fair value	292,910	70,432	129,318	492,660
FVTPL financial liabilities:				
Other financial liabilities				
Derivatives	-	47,145	-	47,145
Total financial liabilities at fair value	-	47,145	-	47,145

The following table presents the changes in Level 3 instruments measured on a recurring basis for the year ended March 31, 2022.

(Millions of yen)

Level 3 financial assets	Equity securities	Debt securities	Derivatives	Total
Balance at beginning of year	120,718	6,054	87	126,859
Gain (loss) in profit or loss [1]	3,830	279	(87)	4,022
Loss in OCI [2]	(1,342)	-	-	(1,342)
Purchases	9,010	567	-	9,577
Sales and redemption	(7,721)	(993)	-	(8,714)
Acquisitions and divestitures	(25)	(239)	-	(264)
Transfer from Level 3 [3]	(1,278)	-	-	(1,278)
Other	440	18	-	458
Balance at end of year	123,632	5,686	-	129,318
Unrealized gain (loss) relating to financial assets held at end of year [4]	3,780	294	(87)	3,987

[1] Gain (loss) in profit or loss related to FVTPL financial assets is included in Financial income and Financial expenses in the consolidated statement of profit or loss.
[2] Loss in OCI related to FVTOCI financial assets is included in Net changes in financial assets measured at fair value through OCI in the consolidated statement of comprehensive income.
[3] Transfer from Level 3 is mainly due to an investee becoming listed on the stock market.
[4] Unrealized gain (loss) relating to FVTPL financial assets 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.

(4) Other
The Company and its subsidiaries recognize put options on shares of subsidiaries held by non-controlling interests as financial liabilities at the present value of the exercise price. The Company derecognizes the non-controlling interests and recognizes the difference between the present value and non-controlling interests in capital surplus.
Put options on non-controlling interests of the Company and its subsidiaries are measured at the present value of the exercise price. The carrying amount of the put options above as of March 31, 2022 was 268,851 million yen, included in Other non-current liabilities in the consolidated statement of financial position.

(Note on Per Share Information)

Hitachi, Ltd. stockholders' equity per share	4,488.91 yen
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders per share	603.75 yen
Net income from discontinued operations, attributable to Hitachi, Ltd. stockholders per share	0.00 yen
Net income attributable to Hitachi, Ltd. stockholders per share	603.75 yen

(Notes on Major Subsequent Events)

1. Repurchase of Shares of Common Stock

   The Board of Directors decided to repurchase shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 31 of the Company's 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 and paying dividends continuously as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition and the price of its common stock as well as the progress of the review of the business portfolio.

   (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 50 million shares
   (5.17% of the number of outstanding shares (excluding treasury stocks))

   (iii) Aggregate amount of repurchase
   Up to 200.0 billion yen

   (iv) Period of the repurchase
   From May 2, 2022 to March 31, 2023

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

2. Sale of all shares of Hitachi Transport System, Ltd. (hereinafter "Hitachi Transport System")

   On April 28, 2022, the Company entered into an agreement regarding the following three points, etc. for the common stocks of Hitachi Transport System (hereinafter "Hitachi Transport System Shares"), an equity method affiliate of the Company, with HTSK Co., Ltd. (hereinafter "Offeror"), a wholly owned subsidiary of HTSK Holdings Co., Ltd. (hereinafter "Offeror Parent"), all equity interests in which are currently owned by HTSK Investment L.P., which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P..

   (i) The Offeror will launch a tender offer (hereinafter "Tender Offer") for Hitachi Transport System Shares and the Company will not tender any of its shares of Hitachi Transport System (hereinafter "Shares to Be Sold by the Company") in the Tender Offer.

   (ii) The Company will sell the Shares to Be Sold by the Company in accordance with the share repurchase to be conducted by Hitachi Transport System.

   (iii) The Company obtains 10.0 billion yen worth of the Offeror Parent's shares with voting rights (equivalent to 10% of the total voting rights).

   The consideration is expected to be approximately 222.0 billion yen.

   Assuming the transaction is settled, Hitachi Transport System will be no longer the Company's equity method affiliate. An expected gain on the sale of Hitachi Transport System Shares in the amount of approximately 140.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023.

(Other Notes)

1. Acquisition of GlobalLogic Inc.

   On March 31, 2021, the Company decided to acquire GlobalLogic Inc. (hereinafter "GlobalLogic"), a leading U.S.-headquartered digital engineering service company, in order to strengthen the digital portfolio of "Lumada" and the definitive agreement was signed among Hitachi Global Digital Holdings LLC (hereinafter "HGDH") which is a subsidiary located in the U.S., MergeCo H Global Inc. (hereinafter "SPC") which was established by HGDH for the acquisition and GlobalLogic Worldwide Holdings, Inc. (hereinafter "GlobalLogic Worldwide Holdings") which is the parent company of GlobalLogic.

   On July 13, 2021, HGDH acquired 100% of the outstanding shares of GlobalLogic Worldwide Holdings and GlobalLogic Worldwide Holdings and GlobalLogic have become wholly owned subsidiaries of the Company, as a result of the transaction, including the merger of SPC with and into GlobalLogic Worldwide Holdings, which is the surviving company.

   The fair value of the consideration paid for GlobalLogic was 922,250 million yen. The amounts of the assets acquired, liabilities assumed and goodwill recognized as of the acquisition date were 279,803 million yen, 179,726 million yen and 822,173 million yen, respectively.

   On April 1, 2022, HGDH changed its name to Hitachi Digital LLC.

2. Sale of all shares of Hitachi Metals, Ltd. (hereinafter "Hitachi Metals")

   On April 28, 2021, the Company entered into an agreement regarding the following four points for the common stocks of Hitachi Metals (hereinafter "Hitachi Metals Shares"), a consolidated subsidiary of the Company in the Hitachi Metals segment, with K. K. BCJ-52 (hereinafter "Tender Offeror"), a wholly owned company of G.K. BCJ-51, the outstanding shares of which are indirectly owned by investment funds which Bain Capital Private Equity, LP and its group provide with investment advice.

   (i)Tender Offeror will launch a tender offer (hereinafter "Tender Offer") for Hitachi Metals Shares, when conditions for the commencement of Tender Offer are satisfied, and the Company will not apply for Tender Offer with regard to all of the Hitachi Metals Shares held by the Company (hereinafter "Shares to Be Sold by the Company").

   (ii)In the event Tender Offer is enacted and Tender Offeror is unable to acquire all of the Hitachi Metals Shares (excluding treasury stock held by Hitachi Metals and Shares to Be Sold by the Company) in Tender Offer, Tender Offeror and the Company will request convening of a general meeting of shareholders on the matter of items required for implementation of share consolidation (hereinafter "Share Consolidation") on Hitachi Metals and exercise approval right for the proposal.

   (iii)As promptly as practically possible after Tender Offeror and the Company become holders of all shares of Hitachi Metals (excluding treasury stock held by Hitachi Metals) as a result of Share Consolidation, capital reduction and other measures (hereinafter "Capital Reduction") will be performed for Hitachi Metals in order to secure distributable amount required for acquisition of treasury stock by Hitachi Metals (hereinafter "Share Repurchase").

   (iv)Immediately after Capital Reduction takes effect, Shares to Be Sold by the Company will be transferred to Hitachi Metals as a result of Share Repurchase.

   The consideration is expected to be approximately 382.0 billion yen.

   Assuming the transaction is settled, it is expected that the Company will transfer Shares to Be Sold by the Company. As a result, the Company's ownership ratio of Hitachi Metals Shares will decrease from 53.4% to 0%, and Hitachi Metals will be deconsolidated. An expected gain on the sale of Hitachi Metals Shares in the amount of approximately 106.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023. Furthermore, non-controlling interest in Hitachi Metals will decrease approximately 255.0 billion yen in the consolidated statement of changes in equity for the year ending March 31, 2023.

3. Sale of shares of Hitachi Construction Machinery Co., Ltd. (hereinafter "Hitachi Construction Machinery")

   On January 14, 2022, the Company entered into an agreement regarding the transfer of a part of the shares of Hitachi Construction Machinery, a consolidated subsidiary of the Company in the Hitachi Construction Machinery segment, with HCJI Holdings G.K., a special purpose company which is expected to be jointly invested by HCJ Holdings2 G.K., a special purpose company wholly owned by a fund that Japan Industrial Partners, Inc. manages, operates, and provides information, and Citrus Investment LLC, a special purpose company wholly owned by ITOCHU Corporation.

   The consideration is expected to be approximately 182.4 billion yen. Assuming the transaction is settled, it is expected that the Company's ownership ratio of shares of Hitachi Construction Machinery will decrease from 51.4% to 25.4%, and Hitachi Construction Machinery will turn into an equity-method associate of the Company.

   An expected gain on the sale of Hitachi Construction Machinery shares in the amount of approximately 62.0 billion yen will be recognized in Other income in the consolidated statement of profit or loss for the year ending March 31, 2023. Furthermore, non-controlling interest in Hitachi Construction Machinery will decrease approximately 369.0 billion yen in the consolidated statement of changes in equity for the year ending March 31, 2023.

6. Consolidated Statement of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2021	2022
	(Millions of yen)	
Net income	518,510	670,864
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	69,362	(11,224)
Remeasurements of defined benefit plans	88,736	30,795
Share of OCI of investments accounted for using the equity method	2,151	(403)
Total items not to be reclassified into net income	160,249	19,168
Items that can be reclassified into net income		
Foreign currency translation adjustments	191,821	391,489
Net changes in cash flow hedges	5,346	8,172
Share of OCI of investments accounted for using the equity method	58,755	41,207
Total items that can be reclassified into net income	255,922	440,868
Other comprehensive income (OCI)	416,171	460,036
Comprehensive income	934,681	1,130,900
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	838,237	958,008
Non-controlling interests	96,444	172,892

7. Consolidated Statement of Cash Flows (Supplementary Information)

	Years ended March 31	
	2021	2022
	(Millions of yen)	
Cash flows from operating activities		
Net income	518,510	670,864
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	491,663	540,252
Impairment losses	109,009	35,091
Income taxes	325,247	168,469
Share of (profits) losses of investments accounted for using the equity method	(38,864)	(40,485)
Financial income and expenses	1,337	(2,012)
Net (gain) loss on business reorganization and others	(452,422)	(102,135)
(Gain) loss on sale of property, plant and equipment	(16,976)	(21,066)
Change in trade receivables and contract assets	89,722	(33,292)
Change in inventories	(47,937)	(330,187)
Change in trade payables	(31,811)	156,475
Change in accrued expenses	32,693	9,679
Change in retirement and severance benefits	(29,239)	(29,122)
Other	11,322	(52,596)
Subtotal	962,254	969,935
Interest received	21,648	16,372
Dividends received	20,560	18,824
Interest paid	(22,368)	(26,698)
Income taxes paid	(188,966)	(248,490)
Net cash provided by (used in) operating activities	793,128	729,943
Cash flows from investing activities		
Purchase of property, plant and equipment	(254,750)	(296,968)
Purchase of intangible assets	(118,195)	(142,893)
Proceeds from sale of property, plant and equipment, and intangible assets	83,483	109,836
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(861,035)	(933,200)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	682,408	168,892
Other	9,249	45,467
Net cash provided by (used in) investing activities	(458,840)	(1,048,866)
Free cash flows	334,288	(318,923)
Cash flows from financing activities		
Change in short-term debt, net	199,679	653,244
Proceeds from long-term debt	523,467	44,798
Payments on long-term debt	(230,488)	(305,943)
Proceeds from payments from non-controlling interests	5,190	-
Dividends paid to Hitachi, Ltd. stockholders	(96,611)	(111,149)
Dividends paid to non-controlling interests	(40,687)	(56,338)
Acquisition of common stock for treasury	(159)	(251)
Proceeds from sales of treasury stock	583	451
Purchase of shares of consolidated subsidiaries from non-controlling interests	(545,790)	(22,009)
Other	(22)	(64)
Net cash provided by (used in) financing activities	(184,838)	202,739
Effect of exchange rate changes on cash and cash equivalents	54,105	69,125
Change in cash and cash equivalents	203,555	(47,059)
Cash and cash equivalents at beginning of year	812,331	1,015,886
Cash and cash equivalents at end of year	1,015,886	968,827

8. Unconsolidated Statement of Changes in Net Assets (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Stockholders' equity								
		Capital surplus			Retained earnings				
					Others				
	Common stock	Capital reserve	Others	Total capital surplus	Reserve for advanced depreciation of fixed assets	Retained earnings carried forward	Total retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	460,790	178,756	272,823	451,579	1,133	1,237,855	1,238,988	(3,492)	2,147,865
Cumulative effects of changes in accounting policy						(58)	(58)		(58)
Restated balance	460,790	178,756	272,823	451,579	1,133	1,237,797	1,238,930	(3,492)	2,147,807
Change during year									
Issuance of new shares	941	941		941					1,882
Reversal of reserve for advanced depreciation of fixed assets					(106)	106	-		-
Distribution of surplus						(111,210)	(111,210)		(111,210)
Net income						516,115	516,115		516,115
Acquisition of treasury stock								(252)	(252)
Disposition of treasury stock			(47)	(47)				742	694
(Net) Change in items other than stockholders' equity during year									
Total change during year	941	941	(47)	893	(106)	405,011	404,904	490	407,229
Balance at end of year	461,731	179,697	272,775	452,473	1,026	1,642,808	1,643,835	(3,002)	2,555,037

	Valuation and translation adjustments					
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at beginning of year	90,885	2,843	2	93,732	2,144	2,243,742
Cumulative effects of changes in accounting policy						(58)
Restated balance	90,885	2,843	2	93,732	2,144	2,243,684
Change during year						
Issuance of new shares						1,882
Reversal of reserve for advanced depreciation of fixed assets						-
Distribution of surplus						(111,210)
Net income						516,115
Acquisition of treasury stock						(252)
Disposition of treasury stock						694
(Net) Change in items other than stockholders' equity during year	(14,383)	7,881	(2)	(6,504)	(675)	(7,180)
Total change during year	(14,383)	7,881	(2)	(6,504)	(675)	400,049
Balance at end of year	76,502	10,725	-	87,227	1,468	2,643,733

9. Notes to Unconsolidated Financial Statements

(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 or 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.)
   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.
   Of the financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee, leases commencing on or before March 31, 2008 are accounted for based on accounting methods applied to ordinary lease transactions.
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 product warranties:
      In order to prepare for expenditures related to after-sales product services, estimated in-warranty service costs are accounted for based on past records.
   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:
      Accrued pension liability is provided for employees' retirement and severance benefits. Such liability is determined 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, IT products, 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 incurred cost 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. Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system
   The Company will transition from the consolidated taxation system to the group tax sharing system from the following fiscal year.
   As for items involving the transition from the consolidated taxation system to the group tax sharing system, which has been newly included in the 2020 tax reform, and related items under the single taxation system, which were revised accordingly, the Company recorded deferred tax assets and deferred tax liabilities on the basis of the provisions of the Corporation Tax Act of Japan in effect prior to the 2020 tax reform in accordance with Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No.39, March 31, 2020), which stipulates that the adoption of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28, February 16, 2018) is not mandatory.
   From the beginning of the following fiscal year, the Company plans to adopt " Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No.42, August 12, 2021), which provides for accounting treatment and disclosure of income taxes and tax effect accounting in the case the group tax sharing system is adopted.

(Note on Change in Accounting Policy)

1. Adoption of Accounting Standard for Fair Value Measurement and its implementation guidance
   From fiscal 2021, the Company adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) etc. and in accordance with the transitional treatment set forth in Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial Instruments"(ASBJ Statement No.10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" into the future. There are no impacts on the Unconsolidated financial statements.

2. Adoption of Accounting Standard for Revenue Recognition
   From fiscal 2021, the Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020 (hereinafter “Revenue Recognition Standard”)) etc. Accordingly, revenue is recognized in the amount expected to be received in exchange for goods or services when control of the promised goods or services are transferred to customers. The Company also takes the opportunity of adopting Revenue Recognition Standard to change the name of the following accounts: “Accounts receivable” and “Notes receivable” into “Trade receivables and contract assets” and “Advances received from customers” into “Contract liabilities”.
   With regard to the adoption of the Revenue Recognition Standard, etc., in accordance with the transitional treatment stipulated in the proviso to Paragraph 84 of the Revenue Recognition Standard, the cumulative effect of retrospectively adopting the new accounting policy prior to the beginning of the current fiscal year has been added to or deducted from retained earnings brought forward at the beginning of the current fiscal year, and the new accounting policy has been adopted from the beginning of the current fiscal year. The effect of adopting the new accounting policy is not material.

(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: 3,526,475 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 caused by soaring material prices and a shortage of semiconductor 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. Loss on impairment of Fixed Assets
   (1) Amounts recorded in the financial statements of this fiscal year
   The ending balance of Tangible fixed assets: 202,192 million yen
   The ending balance of Intangible fixed assets (excluding selling, leasing, or otherwise marketing software): 71,698 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: 131,785 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 Accrued pension liability: 74,003 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 ‘2. 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: 43,708 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. 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: 40,637 million yen
   (2) Information that contributes to understanding of accounting estimates
   This note is omitted as the same content is stated in ‘4. 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	8	Collaterals for borrowings by investees
Long-term loan receivables	44	Collaterals for borrowings by affiliated companies and investees
Total	98	

2. Accumulated depreciation of tangible fixed assets

Buildings	171,680	million yen
Structures	24,938	million yen
Machinery	86,450	million yen
Vehicles	898	million yen
Tools and equipment	146,095	million yen
Lease assets	4,850	million yen

3. Guarantees

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

(Millions of yen)

Guarantee	Year-end balance
Hitachi Energy Ltd	327,470
Hitachi Rail STS S.p.A.	209,191
Hitachi America Capital, Ltd.	85,673
Hitachi International Treasury Ltd.	17,746
Hitachi Rail Ltd.	11,376
Hitachi Energy Switzerland Ltd	5,156
Hitachi Energy Canada Inc.	4,087
Kawasaki Railcar Manufacturing Co., Ltd.	1,600
Hitachi Energy d.o.o.	1,184
Others	248
Total	663,733

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	361,246	million yen
Long-term receivables from affiliated companies	358,236	million yen
Short-term payables to affiliated companies	781,184	million yen
Long-term payables to affiliated companies	6,159	million yen

(Notes to Unconsolidated Statement of Operations)

1. Gain on valuation of securities
   Gain on valuation of securities of 121,833 million yen is related to the absorption-type merger between Mitsubishi UFJ Lease & Finance Company Limited (hereinafter "Mitsubishi UFJ Lease") as a surviving company and Hitachi Capital Corporation (hereinafter "Hitachi Capital") as a merged company as of April 1, 2021. The Company received 5.10 shares of Mitsubishi UFJ Lease's common stock for one share of Hitachi Capital's common stock held by the Company and revaluated the shares at the market price as of the same date. Mitsubishi UFJ Lease changed its name to Mitsubishi HC Capital Inc. as of April 1, 2021.

2. Loss on impairment of assets
   (1) Summary of the assets or asset groups for which impairment loss was recognized

Classification	Description	Category	Location
Assets to be held and used	Equipment for video distribution systems	Lease assets, etc.	Osaka, etc.

   (2) Reason to recognize impairment loss
   The Company recognized the impairment loss for assets to be held and used since amounts invested in the above assets are expected to be irrecoverable due to decline in their profitability.

   (3) Amounts of impairment loss

Buildings	203	million yen
Structures	24	million yen
Machinery	782	million yen
Tools and equipment	139	million yen
Lease assets	2,578	million yen
Software	801	million yen
Others	22	million yen
Total	4,552	million yen

   (4) Method of grouping assets
   Although the grouping of assets is principally based on business divisions or places of business, some assets and asset groups are grouped as a separate unit that generates cash flows independently of other asset groups.

   (5) Calculation of recoverable amounts
   For assets to be held and used, calculation is based on the higher of net sales price and value in use, and net sales price is calculated by deducting the estimated cost of disposal from real estate appraisal value.

3. Revenues from affiliated companies and other transactions

Revenues from affiliated companies	355,267	million yen
Purchases from affiliated companies	781,599	million yen
Non-operating transactions with affiliated companies	10,199	million yen

(Note 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	1,055,799	178,413	235,491	998,721

Summary of Reason for Change

The increase during this fiscal year by 178,413 shares is due to the acquisition of 137,600 shares without consideration in accordance with the restricted stock compensation plan, and the purchase of 40,813 shares from less-than-one unit shareholders at their request. The decrease during this fiscal year by 235,491 shares is due to the disposition of 232,480 shares as a result of the exercise of stock acquisition rights, and the sale of 3,011 shares to less-than-one unit shareholders at their request.

(Note 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, 2022, the amount of revenue recognized based on the pattern of the cost accrual arising from long-term project was 435,101 million yen.

(Note on Accounting for Deferred Taxes)

The major causes of deferred tax assets were accrued pension liability and accrued bonuses to employees.

(Note on Leased Fixed Assets)

In addition to the capitalized fixed assets, as significant equipment, the Company utilizes cogeneration facilities under lease arrangements.

(Note 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 America, Ltd.	Direct: 100.0%	Sale of the Group's products*	Underwriting of capital increase	923,599	-	-
Subsidiary	Hitachi Energy Finance Ltd	Indirect: 80.1%	Loans	Loan (Note 1)	(38,394)	Long-term loan receivables	293,736
Subsidiary	Hitachi Global Life Solutions, Inc.	Direct: 100.0%	Manufacturing, sale and maintenance of the Group's products *	Deposit received (Note 2)	31,630	Deposit received	95,146
Subsidiary	Hitachi High-Tech Corporation	Direct: 100.0%	Sale of the Company's products, etc.	Deposit received (Note 2)	12,690	Deposit received	91,186
Subsidiary	Hitachi Systems, Ltd.	Direct: 100.0%	Outsourcing of the Company's software development, outsourcing of maintenance of the Company's telecommunications equipment *	Deposit received (Note 2)	1,333	Deposit received	64,692
Subsidiary	Hitachi Energy Ltd	Direct: 80.1%	*	Guarantee	327,470	-	-
Subsidiary	Hitachi Rail STS S.p.A	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products, etc.*	Guarantee	209,191	-	-
Subsidiary	Hitachi America Capital, Ltd.	Indirect: 100.0%	*	Guarantee	85,673	-	-

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

Notes: 1. The interest rate was determined with due consideration to market interest rates. The transaction amount of the loans indicates the change from the balance at the beginning of the fiscal year.

2. These are loans or deposits made based on the pooling system wherein the funds of affiliated companies are concentrated at the Company to be loaned to affiliated companies who have financing needs. The interest rates on loans and deposits are determined with due consideration to market interest rates. The transaction amount indicates the increase or decrease from the balance at the beginning of the fiscal year, including interest received and paid.

(Note on Per Share Information)

Net assets per share	2,731.77 yen
Net income per share	533.63 yen

(Note on Major Subsequent Events)

1. Repurchase the Company's shares

The Board of Directors decided to repurchase shares of its own common stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 31 of the Company's 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 and paying dividends continuously as an important managerial issue. The Company has decided to repurchase its own shares this time, taking into consideration its financial condition and the price of its common stock as well as the progress of the review of the business portfolio.

(b) Details

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

(ii)Aggregate number of shares to be repurchased
Up to 50 million shares
(5.17% of the number of outstanding shares (excluding treasury stocks))

(iii)Aggregate amount of repurchase
Up to 200.0 billion yen

(iv)Period of the repurchase
From May 2, 2022 to March 31, 2023

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

2. Transfer of shares

On April 28, 2022, the Company entered into an agreement regarding the following three points, etc. for the common stocks of Hitachi Transport System, Ltd. (hereinafter "Hitachi Transport System Shares"), an affiliate of the Company, with HTSK Co., Ltd. (hereinafter the "Offeror"), a wholly owned subsidiary of HTSK Holdings Co., Ltd. (hereinafter the "Offeror Parent"), all equity interests in which are currently owned by HTSK Investment L.P., which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P.

(i)The Offeror will launch a tender offer (hereinafter "Tender Offer") for Hitachi Transport System Shares and the Company will not tender any of its shares of Hitachi Transport System (hereinafter "Shares to Be Sold by the Company") in the Tender Offer.

(ii)The Company will sell the Shares to Be Sold by the Company in accordance with the share repurchase to be conducted by Hitachi Transport System Ltd.

(iii)The Company obtains 10.0 billion yen worth of the Offeror Parent's shares with voting rights (equivalent to 10% of the total voting rights).

The consideration is expected to be approximately 222.0 billion yen. As a result, the Company plans to post an extraordinary gain of approximately 210.0 billion yen in gain on sale of affiliated companies' common stock in the unconsolidated statement of operations for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023).

(Additional Information)

1. Acquisition of shares

On March 31, 2021, the Company decided to acquire GlobalLogic Inc. (hereinafter "GlobalLogic"), a leading U.S.-headquartered digital engineering service company, in order to strengthen the digital portfolio of "Lumada" and the definitive agreement was signed among Hitachi Global Digital Holdings LLC (hereinafter "HGDH") which is a subsidiary located in the U.S., MergeCo H Global Inc. (hereinafter "SPC") which was established by HGDH for the acquisition and GlobalLogic Worldwide Holdings, Inc. (hereinafter "GlobalLogic Worldwide Holdings") which is the parent company of GlobalLogic.

On July 13, 2021, HGDH acquired 100% of the outstanding shares of GlobalLogic Worldwide Holdings and GlobalLogic Worldwide Holdings and GlobalLogic have become wholly owned subsidiaries of the Company, as a result of the transaction, including the merger of SPC with and into GlobalLogic Worldwide Holdings, which is the surviving company.

The consideration paid for GlobalLogic was 922,250 million yen. On April 1, 2022, HGDH changed its name to Hitachi Digital LLC.

2. Transfer of subsidiary's shares

On April 28, 2021, the Company entered into an agreement regarding the following four points for the common stocks of Hitachi Metals, Ltd. (hereinafter "Hitachi Metals Shares"), a consolidated subsidiary of the Company, with K. K. BCJ-52 (hereinafter "Tender Offeror"), a wholly owned company of G.K. BCJ-51, the outstanding shares of which are indirectly owned by investment funds which Bain Capital Private Equity, LP and its group provide with investment advice.

(i)Tender Offeror will launch a tender offer (hereinafter "Tender Offer") for Hitachi Metals Shares, when conditions for the commencement of Tender Offer are satisfied, and the Company will not apply for Tender Offer with regard to all of the Hitachi Metals Shares held by the Company (hereinafter "Shares to Be Sold by the Company").

(ii)In the event Tender Offer is enacted and Tender Offeror is unable to acquire all of the Hitachi Metals Shares (excluding treasury stock held by Hitachi Metals, Ltd. (hereinafter "Hitachi Metals") and Shares to Be Sold by the Company) in Tender Offer, Tender Offeror and the Company will request convening of a general meeting of shareholders on the matter of items required for implementation of share consolidation (hereinafter "Share Consolidation") on Hitachi Metals and exercise approval right for the proposal.

(iii)As promptly as practically possible after Tender Offeror and the Company become holders of all shares of Hitachi Metals (excluding treasury stock held by Hitachi Metals) as a result of Share Consolidation, capital reduction and other measures (hereinafter "Capital Reduction") will be performed for Hitachi Metals in order to secure distributable amount required for acquisition of treasury stock by Hitachi Metals (hereinafter "Share Repurchase").

(iv)Immediately after Capital Reduction takes effect, Shares to Be Sold by the Company will be transferred to Hitachi Metals as a result of Share Repurchase.

The consideration is expected to be approximately 382.0 billion yen. Assuming the transaction is settled, it is expected that the Company will transfer Shares to Be Sold by the Company. As a result, the Company plans to post an extraordinary gain of approximately 328.0 billion yen in gain on sale of affiliated companies' common stock in the unconsolidated statement of operations for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023).

3. Transfer of subsidiary's shares

On January 14, 2022, the Company entered into an agreement regarding the transfer of a part of the shares of Hitachi Construction Machinery, a consolidated subsidiary of the Company, with HCJI Holdings G.K., a special purpose company which is expected to be jointly invested by HCJ Holdings2 G.K., a special purpose company wholly owned by a fund that Japan Industrial Partners, Inc. manages, operates, and provides information, and Citrus Investment LLC, a special purpose company wholly owned by ITOCHU Corporation.

The consideration is expected to be approximately 182.4 billion yen. As a result, the Company plans to post an extraordinary gain of approximately 150.0 billion yen in gain on sale of affiliated companies' common stock in the unconsolidated statement of operations for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023).

10. Transcript of Accounting Auditors' Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 11, 2022

Mr. Keiji Kojima, President & CEO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Koji Fujima
Designated Engagement Partner
Certified Public Accountant

Yasuhiro Ozeki
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 the notes to the consolidated financial statements of Hitachi, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2021 to March 31, 2022.

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, 2022, in accordance with International Financial Reporting Standards (IFRSs) (however, certain disclosures are omitted pursuant to the second sentence of Article 120-1 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 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 120-1 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 120-1 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 120-1 of the Regulations on Corporate Accounting).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

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.

(Note)

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, 2022. Ernst & Young ShinNihon LLC has not audited the English language version of the consolidated financial statements for the above-mentioned year.