

(1) Business Overview and Results of Hitachi Group

Business Results

The Hitachi Group secured revenues of 10,881.1 billion yen, mainly due to the expansion of the Lumada business, solid performance in the power grid and railway systems businesses, higher revenues from Hitachi Astemo, Ltd. as a result of the recovery in production volume by automakers and the impact of foreign exchange, despite the severe business environment owing from semiconductor shortage and soaring materials and energy prices. Adjusted EBITA was 884.6 billion yen and Adjusted EBITA Margin was 8.1%. Net income attributable to Hitachi, Ltd. stockholders was 649.1 billion yen, a new record high for the third consecutive year, mainly due to the gains on business reorganization resulting from the sale of shares of listed group companies.

Regarding funds, core free cash flow* of 416.4 billion yen was secured.

As the Hitachi Group has maintained 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 145 yen (with an interim dividend of 70 yen and a year-end dividend of 75 yen) and repurchased its own shares of approximately 200.0 billion yen.

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

Measures Taken and Aims

In the current fiscal year, as the first year of the “2024 Mid-term Management Plan,” seeking global growth with the three pillars, “Digital,” “Green” and “Innovation,” Hitachi chiefly pursued the following initiatives and move ahead with the shift to growth mode.

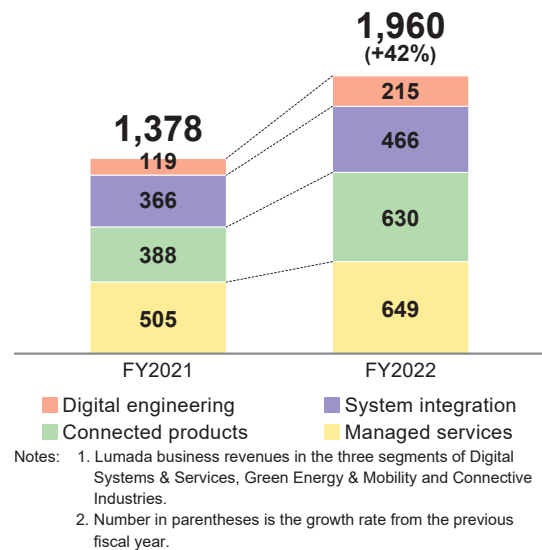
– Global Growth of the Digital Business in Response to Rising DX and GX* Demand

To accelerate digital business in the global market experiencing growing DX demand in the field of social infrastructure, Hitachi established Hitachi Digital LLC in North America. Hitachi Digital has played a central role in advancing a digital strategy spanning the Hitachi Group with Lumada and other solutions, and in response to rising GX demand, Hitachi Energy Ltd, Hitachi Rail Ltd. and other Group entities have secured expanded orders.

In addition, GlobalLogic Inc., which continues to grow, has also set up a site in Japan and is applying its development techniques to Hitachi’s projects in Japan. In anticipation of further growth, GlobalLogic acquired digital engineering companies in Romania and Uruguay in order to establish a presence in Europe and Latin America and to acquire new customers and human resources.

*DX: Digital transformation, GX: Green transformation

Lumada business revenues
(Billions of yen)



– Global Risk Management Supporting Growth

Amid ongoing uncertainty in the business environment, Hitachi has developed a system to centrally monitor global risk information and proactively respond to risks in response to risks that increase with business growth. We strive to ascertain the risks that could impact the Hitachi Group, including soaring prices of goods, geopolitical risks and large-scale disaster risks, and after quickly identifying priority risks, Hitachi tries to respond ahead of the rapidly changing business environment.

– Reorganization of the Automotive Systems Business

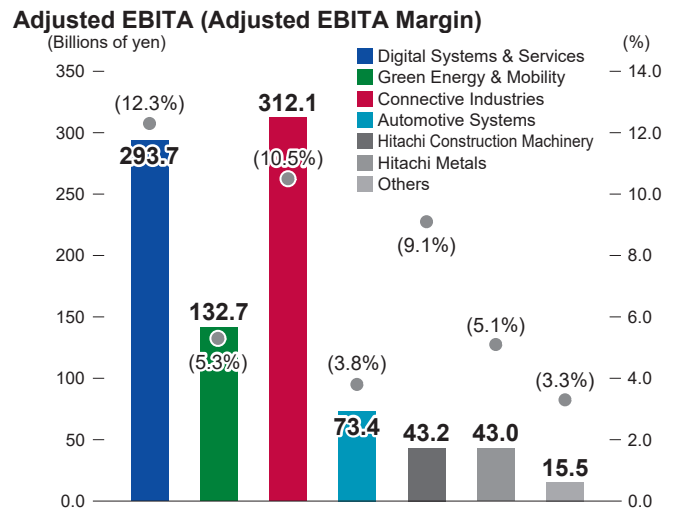
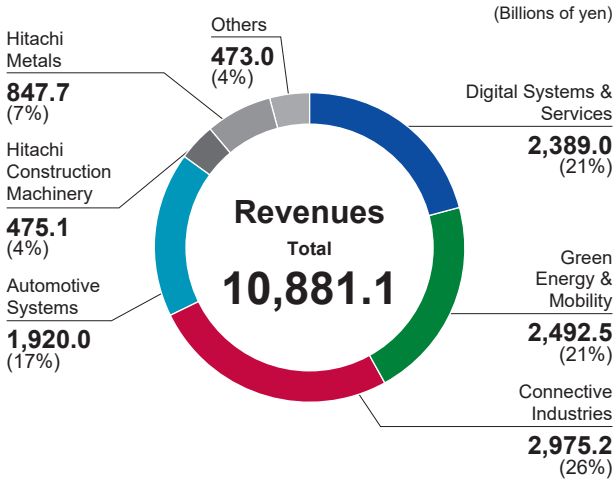
To achieve the sustainable growth and enhanced corporate value of Hitachi Astemo, Ltd. in the automobile and motorcycle industry undergoing a period of dramatic change, Hitachi decided to implement a partial transfer of shares in the company. Through this transaction, Hitachi Astemo will become an equity-method affiliate of Hitachi. Hitachi will continue the collaboration with the growing Hitachi Astemo gaining a new joint partner, particularly in the areas of electrification and autonomous driving, enabling each company to grow together.

Consolidated Financial Results for Fiscal 2022 (Billions of yen)

Revenues	Adjusted EBITA [Adjusted EBITA Margin]	Net income attributable to Hitachi, Ltd. stockholders	ROIC
10,881.1	884.6 [8.1%]	649.1	7.6%
Year over year 106%	Year over year 103% [Year over year -0.2]	Year over year 111%	Year over year -0.1

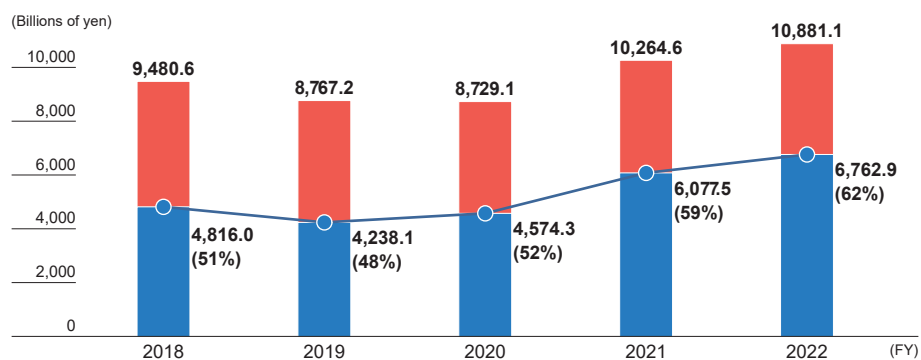
Notes: 1. The consolidated financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards (IFRS)
 2. Adjusted EBITA = Adjusted operating income + Acquisition-related amortization + Share of profits (losses) of investments accounted for using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

[Reference] Financial Results by Segment

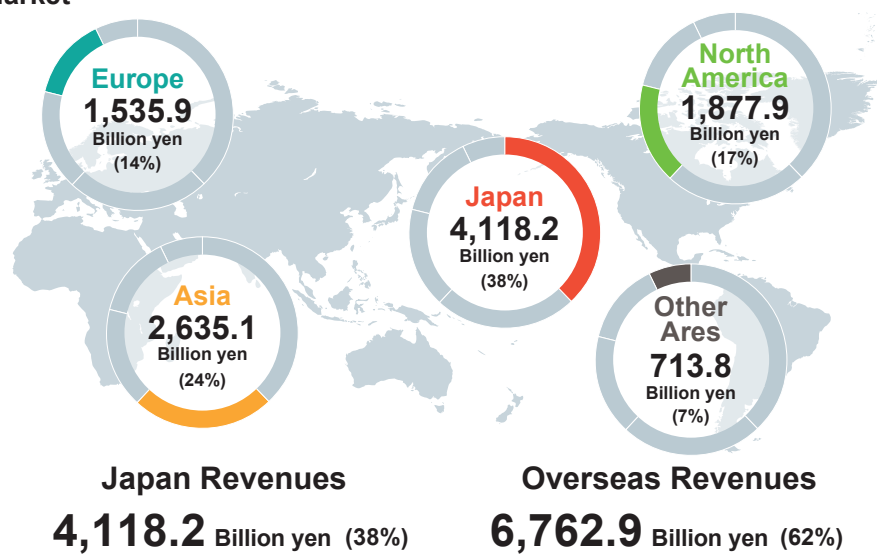


Notes: 1. Revenues by segment include intersegment transactions.
 2. The number in parentheses in "Revenues" is the percentage of each segment's revenues to total revenues.
 3. The number in parentheses in "Adjusted EBITA (Adjusted EBITA Margin)" is Adjusted EBITA Margin.

[Reference]
Overseas Revenues Trends



Revenues by Market



- Notes:
1. In "Overseas Revenues Trends," the blue parts show overseas revenues and the red parts show domestic revenues. The number in parenthesis is the percentage of overseas revenues to total revenues.
 2. The number in parenthesis in "Revenues by Market" is the percentage of revenues in each market to total revenues.

(2) Course of Actions for Hitachi Group

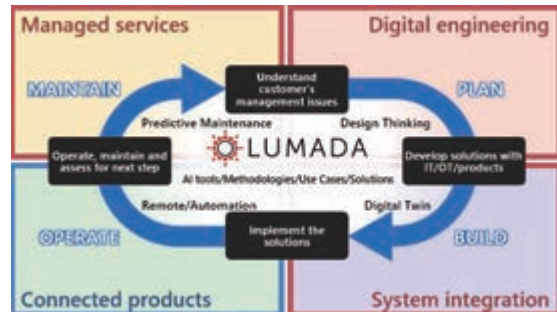
Since its establishment, Hitachi has operated under the Mission “Contribute to society through the development of superior, original technology and products.” In accordance with this Mission, Hitachi has resolved issues facing society through the development of technologies and products that support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

In the 2024 Mid-term Management Plan, Hitachi aims to "support people's quality of life with data and technology that fosters a sustainable society." Establishing “Digital,” “Green” and “Innovation” as the three pillars, Hitachi focuses on the following measures to realize such society through global growth with One Hitachi.



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

Hitachi is strengthening the cycle of value co-creation with customers in Lumada by understanding customers' management issues, then designing and implementing solutions to those issues, and implementing operation and maintenance while tackling solutions to the next issues. Riding the growing demand for DX and GX as a tailwind, Hitachi expands Lumada solutions with every business in the Hitachi Group including energy, transportation and industry.



– Aspiring to be an Innovator in Solving Environmental Issues

Through the Social Innovation Business based on collaborative creation with stakeholders, Hitachi works to both solving environmental issues and improving people's quality of life.

Initiatives aimed at decarbonization in particular have picked up speed, Hitachi aims to achieve carbon neutrality at its business sites by Fiscal 2030, and across the entire value chain by Fiscal 2050 as its long-term environmental targets in “Hitachi Environmental Innovation 2050”. Hitachi is making progress in reducing CO₂ emissions faster than the target and aims to further reducing CO₂ emissions reducing energy consumption and the use of renewable energy. Hitachi also helps customers reduce their CO₂ emissions by providing solutions driven by Hitachi's efficient, environmentally-conscious products.

– Creating Innovation for Growth

Hitachi aims to advance the creation of innovation for global business growth, to expand R&D investments including cutting-edge research, and to also extend corporate venturing investments to collaborate with startup companies. Hitachi will achieve sustainable growth that continues to future generations by exploring the issues faced by society and customers, and devising innovations aimed at solving them.

With this approach, Hitachi seeks business growth while tackling cost restructuring by promoting rationalization that includes site consolidation, thus ensuring its ability to generate cash in a stable fashion even in an uncertain management environment due to soaring resources price and ongoing global inflation. While enhancing the ability to generate cash, Hitachi also makes the investments necessary for growth in a swift but carefully selected manner, providing stable returns to shareholders.

Hitachi's Initiatives for ESG (Environment, Society, Governance)

To realize the sustainable society aimed in the “2024 Mid-term Management Plan,” Hitachi is pursuing various ESG initiatives.



Omika Green Network: Collaboration for Decarbonization Capable of Growth from a Regional Perspective

Hitachi is working to develop the Omika Green Network led by the Omika Works located in Hitachi, Ibaraki prefecture.

Applying the technologies and expertise gained through demonstration activities related to decarbonization conducted at the Omika Works to the local community, suppliers and other stakeholders, Hitachi aims to achieve carbon neutrality, which is a common issue among all stakeholders, and Hitachi's business growth.

<Please check the website for details>

https://www.hitachi.com/products/it/control_sys/ogn/

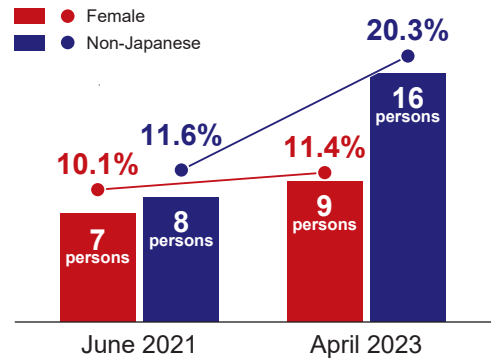


Diversity, Equity and Inclusion (DEI)

As one of its targets to achieve further growth through the use of diverse human capital, Hitachi will increase the percentages of female and non-Japanese executive-level staff (executive and corporate officers) to 30% respectively by Fiscal 2030.

In April 2023, one new female executive officer was appointed, bringing the ratio of female executives to 11.4%. In addition, one new executive officer and two new corporate officers who are non-Japanese were appointed, bringing the ratio of non-Japanese executives to a record high 20.3%.

Going forward, Hitachi is accelerating these initiatives to meet its targets.



Recognized as a Grand Prize Company in the Corporate Governance of the Year® 2022 Awards

To date, Hitachi has made efforts to develop and strengthen its corporate governance system by thoroughly separating management supervision and execution functions through a highly diverse Board of Directors, by establishing a structure enabling swift business execution, and by continued reorganization of business portfolio.

These efforts were recognized with Hitachi being designated as a Grand Prize Company in the Corporate Governance of the Year 2022 awards organized by the Japan Association of Corporate Directors from 1,800 companies listed in the Prime Market in the Tokyo Stock Exchange.



(3) Borrowings and Financing Activity of Hitachi Group

Major Borrowings (As of March 31, 2023)

Name of Company	Creditor	Balance of Borrowings
The Company	Japan Bank for International Cooperation	162.9 billion yen
	Mizuho Bank, Ltd.	30.0 billion yen
	MUFG Bank, Ltd.	20.0 billion yen

Note: In addition to the figures shown above, the Company owes 484.4 billion yen of long-term borrowings by means of syndicated loan agreements.

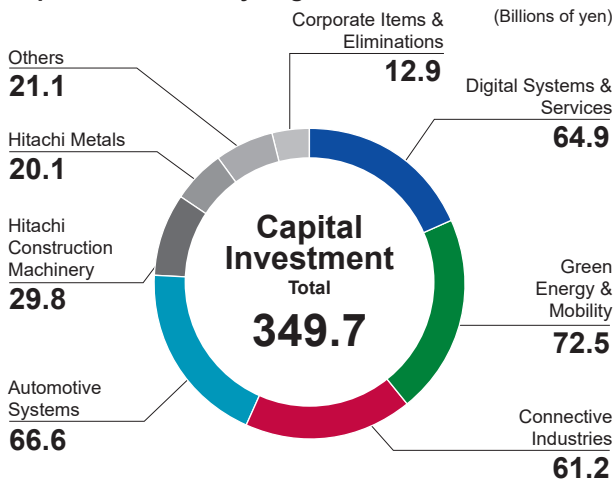
Major Financing Activities

There is no material financing by issuance of stock and corporate bonds, etc. in Fiscal 2022.

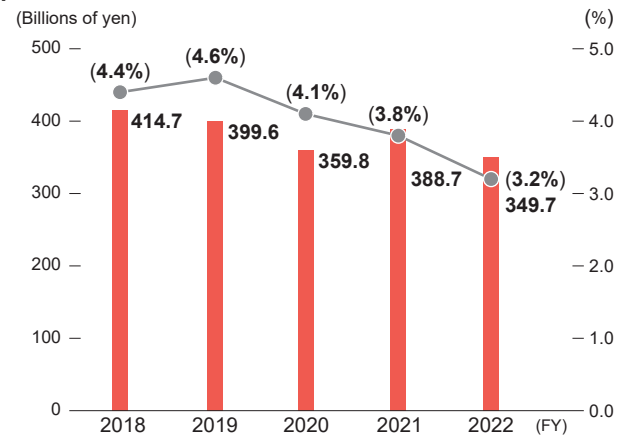
(4) Capital Investment of Hitachi Group

During Fiscal 2022, the Hitachi Group carried out capital investment of 349.7 billion yen for further global business expansion. However, the total investment decreased 38.9 billion yen from the preceding fiscal year, mainly due to strictly-selected capital investment in the Automotive Systems business and the effect of conversion of Hitachi Construction Machinery into an equity-method affiliate and sale of Hitachi Metals.

Capital Investment by Segment



Capital Investment Trend

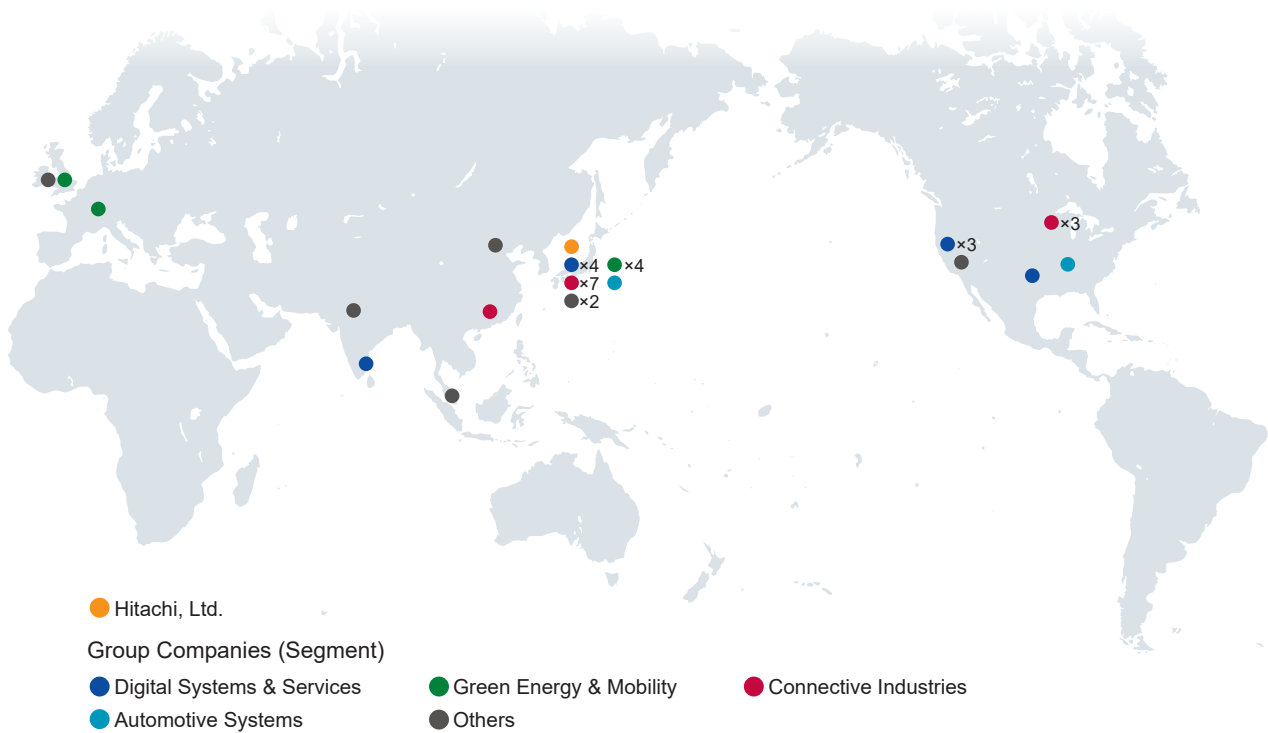


Note: The number in parentheses is the percentage of capital investment to total revenues.

(5) Major Facilities and Major Group Companies of Hitachi Group (As of March 31, 2023)

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

The Company's major facilities and group companies are shown below.



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

The Company

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

Group Companies

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

Segment	Name of Company	Location	Ratio of Voting Rights (%)
■ Automotive Systems	Hitachi Astemo, Ltd.	Hitachinaka, Ibaraki	66.6
	Hitachi Astemo Americas, Inc.	U.S.A.	100.0
■ 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 696.

2. The number of equity-method affiliates is 267. 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 Construction Machinery Co., Ltd.
3. Sullair, LLC changed its name to Hitachi Global Air Power US, LLC on April 12, 2023.
4. Hitachi Construction Machinery Co., Ltd. was converted into an equity-method affiliate from a consolidated subsidiary as a result of the partial share transfer on August 23, 2022.
5. Hitachi Metals, Ltd. (currently Proterial, Ltd.) has ceased to be a group company of the Company as a result of the share transfer on January 5, 2023.
6. Ratio of voting rights includes indirect ownership.

(6) Directors and Executive Officers

1) Directors

Name, Position and Responsibilities, etc. (As of March 31, 2023)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Chairman of the Board Nominating Committee (Chair) Audit Committee Compensation Committee	-
Ravi Venkatesan	Independent Director	-	Chairman, Global Energy Alliance for People and Planet, LLC (USA) Trustee, The Rockefeller Foundation (USA) Venture Partner, Unitus Ventures LLC. (India)
Cynthia Carroll	Independent Director	Nominating Committee	Director, Baker Hughes Company (USA)* Director, Pembina Pipeline Corporation (Canada)* Director, Glencore plc (Switzerland)*
Ikuro Sugawara	Independent Director	Audit Committee	Outside Director, Toyota Motor Corporation Outside Director, FUJIFILM Holdings Corporation
Joe Harlan	Independent Director	Compensation Committee	-
Louise Pentland	Independent Director	-	Director, Experian plc (Ireland/UK)*
Takatoshi Yamamoto	Independent Director	Compensation Committee (Chair)	Outside Director, Murata Manufacturing Co., Ltd.
Hiroaki Yoshihara	Independent Director	Nominating Committee Audit Committee (Chair)	Outside Director, HOYA CORPORATION
Helmuth Ludwig	Independent Director	Audit Committee	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	Executive Chairman	Nominating Committee	-

- Notes: 1. Mr. Hiroaki Yoshihara, Director (Audit Committee (Chair)), has considerable knowledge of finance and accounting based on his long experience at 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 Toyota Motor Corporation, FUJIFILM Holdings Corporation, Murata Manufacturing Co., Ltd. and HOYA CORPORATION. The volume of transactions with each of the companies and corporations is negligible in comparison to the total business volume of the Company and to the total business volume of the corresponding entity (less than 1% of either party's consolidated revenues).

General Intent of Limited Liability Agreement with Directors

The Company has entered into a limited liability agreement 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 Nominating Committee: 8 out of 8 days Audit Committee: 14 out of 15 days Compensation Committee: 8 out of 8 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. He also led discussion as Chairperson at the Board meetings and the Nominating Committee respectively.
Ravi Venkatesan	Board of Directors meetings: 9 out of 9 days	Mr. Venkatesan stated his opinions and made 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: 9 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.
Ikuro Sugawara	Board of Directors meetings: 7 out of 7 days Audit Committee 9 out of 9 days	Mr. Sugawara 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.
Joe Harlan	Board of Directors meetings: 9 out of 9 days Compensation Committee: 8 out of 8 days	Mr. Harlan stated his opinions and made proposals 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.
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 from global viewpoint as well as a perspective of a compliance and risk management viewpoint based on her rich experience and insight as chief legal officer at major global companies.
Takatoshi Yamamoto	Board of Directors meetings: 9 out of 9 days Audit Committee: 6 out of 6 days Compensation Committee: 8 out of 8 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. He also led discussion as Chairperson at the Compensation Committee.
Hiroaki Yoshihara	Board of Directors meetings: 9 out of 9 days Nominating Committee: 10 out of 10 days Audit Committee: 15 out of 15 days	Mr. Yoshihara stated his opinions and made proposals with respect to general management of the Group such as management policies and business strategies mainly from viewpoints of improving business results and risk management based on his rich experience and insight in the area of global corporate management and accounting. He also led discussion as Chairperson at the Audit Committee.
Helmuth Ludwig	Board of Directors meetings: 9 out of 9 days Audit Committee: 15 out of 15 days	Mr. Ludwig stated his opinions and made proposals 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.

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

2) Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2023)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	Executive Officer	General	-
*Keiji Kojima	President	Overall management, 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)	-
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)	Chairman, Hitachi Europe Ltd.
*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, equity & inclusion strategies, corporate communications strategies and safety and health management	-
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales and regional strategies	-
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business	-
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	President and Director, Hitachi High-Tech Corporation
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	-

Name	Position	Responsibilities	Other Principal Positions Held
Tomomi Kato	Vice President and Executive Officer	Finance strategies and corporate pension system	-
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)	-
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	CEO, Hitachi Digital LLC
Lorena Dellagiovanna	Vice President and Executive Officer	Sustainability strategies, environmental strategies and diversity, equity & inclusion strategies	-
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)	Chairman, Hitachi Asia Ltd. Chairman, Hitachi India Pvt. Ltd.
Hideshi Nakatsu	Vice President and Executive Officer	Water & environment business	-
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies	-
Andrew Barr	Vice President and Executive Officer	Railway systems business	Director, Hitachi Rail Ltd.
Tatsuro Hoshino	Vice President and Executive Officer	Marketing & sales strategies (business for digital systems & services)	-
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	President and Director, Hitachi Building Systems, Co., Ltd.
Masashi Murayama	Vice President and Executive Officer	Cost structure reform and information security management	-
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital	-
Takashi Yoda	Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.

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

2. The Executive Officer, 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, 2023 as follows.

Name	Position	Responsibilities
*Toshiaki Higashihara	Executive Officer	General
*Keiji Kojima	President	Overall management
*Masakazu Aoki	Executive Vice President and Executive Officer	Assistant to the President (business for industrial digital, water & environment business, industrial products business, industrial equipment systems business, building systems business, smart life & ecofriendly systems business, measurement and 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)
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)
*Toshiaki Tokunaga	Executive Vice President and Executive Officer	Assistant to the President (cloud services platforms business, digital engineering business, business for financial institutions, business for government, public corporation and social infrastructure systems, defense systems business, social innovation business promotion and digital strategies)
Jun Abe	Senior Vice President and Executive Officer	Cloud services platforms business
Lorena Dellagiovanna	Senior Vice President and Executive Officer	Sustainability strategies, environmental strategies and diversity, equity & inclusion strategies
Katsuya Nagano	Senior Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems and defense systems business
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Human capital strategies, diversity, equity & inclusion strategies, corporate communications strategies and safety and health management
*Masahiko Hasegawa	Senior Vice President and Executive Officer	Marketing & sales and regional strategies
Claudio Facchin	Senior Vice President and Executive Officer	Power grids business
**Giuseppe Marino	Senior Vice President and Executive Officer	Railway systems business
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies
**Atsuhiko Aketa	Vice President and Executive Officer	Regional strategies (China)
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
**Yasunori Inada	Vice President and Executive Officer	Nuclear energy business
Tatsuro Ueda	Vice President and Executive Officer	Business for financial institutions
Kenji Urase	Vice President and Executive Officer	Energy business
Tomomi Kato	Vice President and Executive Officer	Finance strategies and corporate pension system
Tadashi Kume	Vice President and Executive Officer	Supply chain management (manufacturing strategies and quality assurance), environmental strategies and safety and health management

Name	Position	Responsibilities
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing
Takashi Saito	Vice President and Executive Officer	Marketing & sales strategies (business for connective industries)
Kenichi Tanaka	Vice President and Executive Officer	Human capital strategies
Jun Taniguchi	Vice President and Executive Officer	Digital strategies and digital engineering business
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)
Hideshi Nakatsu	Vice President and Executive Officer	Water & environment business
**Itaru Nishizawa	Vice President and Executive Officer	Research & development
Seiichiro Nukui	Vice President and Executive Officer	Information technology strategies
Andrew Barr	Vice President and Executive Officer	Regional strategies (EMEA)
**Yoshinori Hosoya	Vice President and Executive Officer	Cloud services platforms business
**Chie Mashima	Vice President and Executive Officer	Marketing & sales strategies (business for digital systems & services) and social innovation business promotion
Shinya Mitsudomi	Vice President and Executive Officer	Urban business strategies and building systems business
Masashi Murayama	Vice President and Executive Officer	Cost structure reform and information security management
Kazunobu Morita	Vice President and Executive Officer	Business for industrial digital
Takashi Yoda	Vice President and Executive Officer	Marketing & sales strategies (business for energy)

Notes: 1. The Executive Officers marked with * are the Representative Executive Officers.
2. The Executive Officers marked with** are newly appointed.
3. The Executive Officer, Chie Mashima's name in the family register is Chie Aihara.

3) 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 borne 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 for Determining Individual Compensation of Directors and Executive Officers (the "Compensation Policy") as well as the amount of compensation, etc. of each Director and Executive Officer as follows.

Compensation Policy

[Method of Determination of Policy]

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

[Basic Policy]

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

- Compensation shall be commensurate with 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 reflected by considering the following factors;
(Alignment with the 2024 Mid-Term Management Plan)

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

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

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

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

(Setting indicators to promote sustainable management)

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

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

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

- Competitive compensation levels with a global perspective
Ensure competitive compensation levels to attract and retain key executives in global market, regardless of their residence or origin, who lead global management of global organization.
- Compensation benchmarking with objectivity and transparency
Reference to the benchmarks in the US and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives.
- Transparency and objectivity through enhanced compensation disclosure and shareholder engagement
Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement.

[Compensation Structure]

(i) Matters relating to Directors

Compensation for Directors 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 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 & long-term incentive compensation as variable pay. The basic amount of basic remuneration, short-term incentive compensation, and medium- and long-term incentive compensation is set based on the ratio of 1:1.2:2.0 as the standard, taking into account the composition of executive compensation for major global companies including the U.S. and European companies, in order to improve corporate value through the growth of global businesses. The higher 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		
		President (CEO)	Executive officers in charge of business	Executive officers in charge of corporate affairs
Financial Performance	Corporate	70%	30%	40%
	Division	—	30%	—
Individual goals		10%	20%	40%
Sustainability measurement		20%	20%	20%

- The amount of the financial performance linked component varies according to the evaluation of corporate performance and division performance.
 - Corporate performance is evaluated using consolidated revenues, profit index and cash flow in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors.
 - Division performance is evaluated using consolidated revenues, profit index and cash flow in order 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 goals 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.
- The amount of the sustainability measurement linked component varies according to the degree of achievement of the numerical goals about materiality which is established on the sustainability strategy.

Medium- and Long-term incentive compensation

- The target amount (Medium- and Long-term incentive compensation target ("LTI target")) are decided based on the positions of Executive Officers, and the shares of Restricted Stock ("RS") compensation with incumbency condition and Performance-linked Restricted Stock ("Performance-linked RS") compensation are granted in order to propel management from a long-term perspective and to provide incentives to bring about a sustainable increase in enterprise value by further promoting senior management's shared values with shareholders through the holding of shares during their term of office. The conditions, the grant ratio to LTI target and grant date of RS and Performance-Linked RS compensation are as follows;

Type of stock compensation	Condition		The grant ratio to LTI target	Grant date of Restricted Stock
Restricted Stock Compensation	Incumbency condition		30%	Every Fiscal Year
Performance-linked Restricted Stock Compensation	Stock price condition		70%	After the end of the three fiscal years beginning with the base fiscal year
	Conditions for achievement of Mid-term Management Plan targets	ROIC	10%	After the end of the final fiscal year of the Med-term Management Plan period
		Sustainability targets	10%	

- In RS compensation, the shares of RS equivalent to 30% of the LTI target are granted and the restriction on the shares is lifted depending on the tenure of each executive over the three fiscal years from the beginning of the fiscal year when the RS is granted.
- In Performance-linked RS compensation, the shares of Performance-linked RS Compensation will be granted depending on the degree of achievement of the evaluation KPI during a certain evaluation period, and restriction on transfer will be lifted upon retirement. Performance-linked RS compensation comprises of compensation with stock price condition and with conditions for achievement of Mid-term Management Plan targets.

In stock compensation with stock price condition, Performance Share Units ("PSUs") equivalent to 70% of the LTI target are granted, and the shares of restricted stock equivalent to 0 ~ 200% of the PSUs are granted in accordance with the results of comparing the Total Shareholder Return growth rate of the Company stock with the TOPIX growth rate and with the stock price growth rates of comparable companies in global competition as determined by the Compensation Committee for the three fiscal years beginning at the beginning of the fiscal year to which the PSUs are granted.

In stock compensation with conditions for achievement of Mid-term Management Plan targets, PSUs equivalent to 20% of the LTI target are granted. The shares of restricted stock equivalent to the PSUs are granted when the target of ROIC and sustainability indicators during the period of Mid-term Management Plan covering the fiscal year when the PSUs are granted are achieved.

- If it is deemed to be inappropriate to grant the 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 until then. From Fiscal 2023, the medium- and long-term compensation described above is granted.

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 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.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2022

Category	Total amount of compensation, etc. (Millions of yen)	Total amount of each type (Millions of yen)				Number of persons
		Fixed pay	Variable pay		Others	
			Short-term incentive compensation	Medium- and long-term incentive compensation		
Directors (excluding Independent Directors)	60	60	—	—	—	1
Independent Directors	420	420	—	—	—	11
Executive Officers	4,850	1,726	1,694	1,429	—	33
Total	5,331	2,207	1,694	1,429	—	45

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

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

Performance Indicators Used to Calculate Performance-linked Compensation

Regarding the short-term incentive compensation, "Company performance" was evaluated referring to consolidated revenues, 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 EBITA and Core free cash flows in each division, among other indicators, to measure the level of achievement of targets under the Mid-term Management Plan and the annual budgets for divisions.

Please refer to "Business Overview and Results of Hitachi Group" in this report regarding the business results in Fiscal 2022.

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- to long-term incentive compensation are as follows.

Name	Term	TSR/ 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, 2023	167.2%
Restricted Stocks issued in June 2021	From April 1, 2021 to March 31, 2023 (Note)	149.1%
Restricted Stocks issued in June 2022	From April 1, 2022 to March 31, 2023 (Note)	117.6%

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, 2023.

Reasons Why the Compensation Committee Judged that the Respective Amount of Compensation, etc. of Each Director and Executive Officer in Fiscal 2022 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."