HITACHI
Inspire the Next

Hitachi, Ltd.
(Securities Identification Code : 6501)

[Translation]

THE 151 st

Notice of Annual General Meeting of Shareholders

Date and Time : Thursday, July 30, 2020 at 10:00 a.m.

Location : Tokyo Dome Hotel
B1 Grand Ballroom TENKU
3-61, Koraku 1-chome, Bunkyo-ku, Tokyo

Matter to Be Resolved : Item
Election of 13 Directors due to expiration of the term of office of all Directors

Note: This English translation incorporates, from page 51 to page 74, 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:

Jul. 8, 2020

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

Hitachi, Ltd.

President & CEO and Director Toshiaki Higashihara

Notice of the 151st Annual General Meeting of Shareholders

First, I offer my heartfelt condolences for those who have lost their lives due to COVID-19, and I would like to express my deepest sympathies for those affected by it, their families and related people. I also appreciate those who are committed to preventing the spread of the infection.

Regarding our response to COVID-19, the Hitachi Group is implementing measures to prevent the spread, giving the highest priority to the safety and health of customers, business partners, cooperating firms and employees who work globally in the Hitachi Group and their families. At the same time, the Hitachi Group makes maximum efforts to maintain its support for customers and the social infrastructure by using its digital technologies. While the emergency situation has given rise to various changes in our business environment, we will contribute to the maintenance, recovery and development of people's lives by considering what Hitachi can do.

The 151st Annual General Meeting of Shareholders of Hitachi, Ltd. is to be held as follows. I sincerely apologize to the shareholders for any concerns and inconveniences owing to the postponement of this Annual General Meeting of Shareholders due to the spread of COVID-19.

We are grateful for your understanding and support.

Date and Time	**Thursday, July 30, 2020 at 10:00 a.m. (Reception Start: 9:00 a.m.)**		
Location	3-61, Koraku 1-chome, Bunkyo-ku, Tokyo **Tokyo Dome Hotel　B1 Grand Ballroom TENKU**		
Agenda	**Reporting Matter**	Report on the Business Report, Financial Statements, and Consolidated Financial Statements for the 151st Business Term (from April 1, 2019 to March 31, 2020), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee	
	Matter to Be Resolved	Item	Election of 13 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

Requests to the Shareholders

- 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.
- Refer to the next page for the advance exercise of voting rights in writing or via the internet.
- The location of the Annual General Meeting of Shareholders has changed from the one in the previous year. In addition, to prevent the spread of infection, the number of available seats will significantly decrease because wide space between seats is required. Therefore, please note that some shareholders may be denied entrance even if they come to the location on the date of the Annual General Meeting of Shareholders.
- We will inform you of the details of the operation of the Annual General Meeting of Shareholders to prevent the spread of infection on the Company's website. In addition, as we may update them depending on the situation of the spread of the infection before the date of the Annual General Meeting of Shareholders, please check the Company's website.

Matters Concerning Exercise of Voting Rights in advance

Exercise your voting rights in writing

Please fill in the voting form and return it by the exercise due date below. In exercising your voting rights in writing, you will be deemed to have approved the agenda item, should no indication be made on the voting form of whether you approve or disapprove the agenda item.

Exercise Due Date	**Arrival of the voting form no later than 5:20 p.m. on Wednesday, July 29, 2020**

Exercise your voting rights via the internet

Please exercise your voting rights by the exercise due date via the internet.

Exercise Due Date	**No later than 5:20 p.m. on Wednesday, July 29, 2020**

- Should you exercise your voting rights via the Internet, your vote via the Internet will be deemed to be the official indication of your intent, even if you mail your voting form.
- In the case that you submit multiple forms via the internet, the last one will be deemed to be the official indication of your intent.

item

Election of 13 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 13 Directors be elected. The Company has proposed the following 13 nominees for Directors (including 10 independent directors*, an increase from 8 independent directors currently in office) to reflect global and diverse viewpoints to the management as well as to reinforce the global development of digital business and 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**	NEW OD ID	
3	**Cynthia Carroll**	RE OD ID	Independent Director ■ Nominating Committee
4	**Joe Harlan**	RE OD ID	Independent Director
5	**George Buckley**	RE OD ID	Independent Director
6	**Louise Pentland**	RE OD ID	Independent Director
7	**Harufumi Mochizuki**	RE OD ID	Independent Director Chairman of the Board ■ Nominating Committee (Chair) ■ Audit Committee ■ Compensation Committee (Chair)
8	**Takatoshi Yamamoto**	RE OD ID	Independent Director ■ Audit Committee ■ Compensation Committee
9	**Hiroaki Yoshihara**	RE OD ID	Independent Director ■ Nominating Committee ■ Audit Committee (Chair)
10	**Helmuth Ludwig**	NEW OD ID	
11	**Hideaki Seki**	NEW	Associate
12	**Hiroaki Nakanishi**	RE	Executive Chairman ■ Nominating Committee
13	**Toshiaki Higashihara**	RE	Representative Executive Officer, President & CEO and Director ■ Compensation Committee

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

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	Two years	600

Attendance for fiscal 2019

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

Audit Committee
15 out of 15 days (100%)

Compensation Committee
4 out of 4days (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

Mr. Ihara was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight in the area of global corporate management.

No 2

Ravi Venkatesan

(Date of Birth: Jan. 12, 1963)

NEW OD ID

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

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)

Other Principal Positions Held

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

Reason for selection as Independent Director nominee

Mr. Venkatesan was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting his global viewpoint to the Company's Board of Directors, based on his rich experience and insight in the area of global corporate management, digital business and emerging markets.

No 3

Cynthia Carroll

(Date of Birth: Nov. 13, 1956)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Member of Nominating Committee	Seven years	1,200

Attendance for fiscal 2019

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

Nominating Committee
8 out of 8 days (100%)

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 Speciality 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, Century Aluminum Company (USA)*
Director, Pembina Pipeline Corporation (Canada)*

Reason for selection as Independent Director nominee

Ms. Carroll was selected as an independent director nominee, since she was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting her global viewpoint to the Company's Board of Directors based on her rich experience and insight as the top executive of major global companies.

No 4

Joe Harlan

(Date of Birth: May 5, 1959)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	Two years	600

Attendance for fiscal 2019

Board of Directors meetings
9 out of 9 days (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

Mr. Harlan was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting his global viewpoint to the Company's Board of Directors based on his rich experience and insight in the area of global corporate management.

No 5

George Buckley

(Date of Birth: Feb. 23, 1947)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	Eight years	6,000

Attendance for fiscal 2019

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

Brief Biography

2/1993 Chief Technology Officer, Motors, Drives and Appliances, Emerson Electric Company (USA)
9/1994 President, US Electrical Motors, Emerson Electric Company (USA)
7/1997 President, Mercury Marine Division and Corporate Vice President, Brunswick Corporation (USA)
4/2000 President and Chief Operating Officer, Brunswick Corporation (USA)
6/2000 Chairman and Chief Executive Officer, Brunswick Corporation (USA)
12/2005 Chairman of the Board, President and Chief Executive Officer, 3M Company (USA)
2/2012 Executive Chairman of the Board, 3M Company (USA) (Retired in May 2012)
6/2012 Chairman, Arle Capital Partners Limited (UK) (Retired in December 2015)
Director, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Chairman, Smiths Group plc (UK)*
Chairman of the Board, Stanley Black & Decker, Inc. (USA)*

Reason for selection as Independent Director nominee

Mr. Buckley was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting his global viewpoint to the Company's Board of Directors based on his rich experience and insight as the top executive of major global companies.

No 6

Louise Pentland

(Date of Birth: Apr. 11, 1972)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director	Five years	900

Attendance for fiscal 2019

Board of Directors meetings 8 out of 9 days (89%)

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) (currently in office)

Other Principal Positions Held

Executive Vice President, Chief Business Affairs and Legal Officer, PayPal Holdings, Inc. (USA)

Reason for selection as Independent Director nominee

Ms. Pentland was selected as an independent director nominee, since she was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting her global viewpoint to the Company's Board of Directors based on deep insight into corporate legal matters and corporate governance gained through her rich experience as the chief legal officer of major global companies.

No 7

Harufumi Mochizuki (Date of Birth: Jul. 26, 1949)

RE OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
Independent Director Chairman of the Board Nominating Committee (Chair) Member of Audit Committee Compensation Committee (Chair)	Eight years	3,600

Attendance for fiscal 2019

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

Nominating Committee
8 out of 8 days (100%)

Audit Committee
15 out of 15 days (100%)

Compensation Committee
4 out of 4 days (100%)

Brief Biography

4/1973 Joined Ministry of International Trade and Industry of Japan
7/2002 Director-General for Commerce and Distribution Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry of Japan ("METI")
7/2003 Director-General, Small and Medium Enterprise Agency, METI
7/2006 Director-General, Agency for Natural Resources and Energy, METI
7/2008 Vice-Minister of Economy, Trade and Industry of Japan
8/2010 Special Advisor to the Cabinet of Japan (Retired in September 2011)
10/2010 Senior Adviser to the Board, Nippon Life Insurance Company (Retired in April 2013)
6/2012 Director, Hitachi, Ltd. (currently in office)
6/2013 President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (currently in office)

Other Principal Positions Held

President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd.
Outside Director, ITOCHU Corporation

Reason for selection as Independent Director nominee

Mr. Mochizuki was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight in the area of public administration, etc.

No 8

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	Four years	9,300

Attendance for fiscal 2019

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

Audit Committee
15 out of 15 days (100%)

Compensation Committee
4 out of 4days (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

Mr. Yamamoto was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on a broad range of insight in business and management gained through his experience in the area of corporate analysis and global corporate management.

No 9

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)	Six years	2,100

Attendance for fiscal 2019

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

Nominating Committee
8 out of 8 days (100%)

Audit Committee
15 out of 15days (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

Mr. Yoshihara was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting his global viewpoint to the Company's Board of Directors based on his rich experience and insight in the area of global corporate management and accounting.

No 10

Helmuth Ludwig

(Date of Birth: Sept. 19, 1962)

NEW OD ID

Position and Responsibilities at the Company	Term of office as Independent Director	Share Ownership
-	-	1,500

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)

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)

Reason for selection as Independent Director nominee

Mr. Ludwig was selected as an independent director nominee, since he was expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective as well as reflecting his global viewpoint to the Company's Board of Directors based on his rich experience and insight in the area of global corporate management and digital business.

No 11

Hideaki Seki

(Date of Birth: Mar. 10, 1957)

NEW

Position and Responsibilities at the Company	Share Ownership
Associate	11,200

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. (currently in office)

Reason for selection as Director nominee

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 2019

Board of Directors meetings
8 out of 9 days (89%)

Nominating Committee
7 out of 8 days (88%)

Hiroaki Nakanishi

(Date of Birth: Mar. 14, 1946)

RE

Position and Responsibilities at the Company	Share Ownership
Executive Chairman and Executive Officer Member of Nominating Committee	117,300

Brief Biography

4/1970 Joined Hitachi, Ltd.
6/2003 Vice President and Executive Officer
4/2004 Senior Vice President and Executive Officer
6/2005 Chairman and Chief Executive Officer, Hitachi Global Storage Technologies, Inc. (Retired as CEO in March 2009)
4/2006 Executive Vice President and Executive Officer, Hitachi, Ltd. (Retired in December 2006)
4/2009 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd.
Chairman of the Board, Hitachi Global Storage Technologies, Inc. (Retired in March 2010)
4/2010 Representative Executive Officer and President, Hitachi, Ltd.
6/2010 Representative Executive Officer, President and Director, Hitachi, Ltd.
4/2014 Representative Executive Officer, Chairman & CEO and Director, Hitachi, Ltd.
4/2016 Representative Executive Officer, Executive Chairman, Hitachi, Ltd.
4/2018 Executive Chairman, Hitachi, Ltd. (currently in office)

Other Principal Positions Held

Chairman, Japan Business Federation

Reason for selection as Director nominee

Mr. Nakanishi has rich experience and a proven performance record, having been engaged in business management in the fields of information & telecommunication systems business, social infrastructure business and hard disk drives business, both at the Company and at overseas 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 since April 2010 as President, and as Chairman and CEO since April 2014. He has been serving as Executive Chairman since April 2016. Mr. Nakanishi was selected as a director nominee, since he was expected to promote information sharing and draw on his rich experience and performance record to reinforce the decision-making function of the Board of Directors as a member of the Board.

No 13

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

RE

Attendance for fiscal 2019

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

Compensation Committee
4 out of 4 days (100%)

Position and Responsibilities at the Company	Share Ownership
Representative Executive Officer, President & CEO and Director Member of Compensation Committee	135,200

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. (currently in office)

Reason for selection as Director nominee

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 & COO since April 2014 and as President & CEO since April 2016. 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, Joe Harlan, George Buckley, Harufumi Mochizuki, 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, Joe Harlan, George Buckley, Harufumi Mochizuki, Takatoshi Yamamoto and Hiroaki Yoshihara 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. Should Messrs. Ravi Venkatesan, Helmuth Ludwig and Hideaki Seki be elected, the Company will newly enter into the same agreement with each of them.
3. ITOCHU Corporation, where Mr. Harufumi Mochizuki serves as an outside director, was found to have committed breaches of Antimonopoly Act for its activities regarding its sales and distribution of uniforms, and the Japan Fair Trade Commission issued cease and desist orders and a surcharge payment order to ITOCHU Corporation in 2018. Mr. Mochizuki has been constantly expressing his opinions for the importance of compliance at the company's Board of Directors, etc. After the aforementioned facts were found, Mr. Mochizuki has proactively expressed suggestions for taking preventive measures and enhancing the compliance management system.
4. SUBARU CORPORATION, where Mr. Takatoshi Yamamoto had served as an outside corporate auditor from June 2012 to June 2016, identified certain incidents of improper conduct regarding final vehicle inspections. The Ministry of Land, Infrastructure, Transport and Tourism made recommendation with respect to preventive measures and issued administrative fines in accordance with the Road Transport Vehicle Act. In March 2019, the Tokyo District Court imposed the fines and the company paid them. Mr. Yamamoto had constantly expressed his opinions for the importance of compliance at the company's Board of Directors, etc. even though he was not aware of the incidents during his terms of office.
5. 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.
6. In the event this agenda is approved, the members and the chair of the committees are expected to be as follows:
   Nominating Committee :Harufumi Mochizuki (Chair), Cynthia Carroll, Hiroaki Yoshihara, Hiroaki Nakanishi
   Audit Committee :Hiroaki Yoshihara (Chair), Katsumi Ihara, Harufumi Mochizuki, Takatoshi Yamamoto, Hideaki Seki
   Compensation Committee :Harufumi Mochizuki (Chair), Katsumi Ihara, Takatoshi Yamamoto, Toshiaki Higashihara
7. The Company has no transactions with PayPal Holdings, Inc., where Ms. Louise Pentland is currently serving as Executive Vice President, Chief Business Affairs and Legal Officer, with Tokyo Small and Medium Business Investment & Consultation Co., Ltd., where Mr. Harufumi Mochizuki is currently serving as President and Representative Director, with Unitus Ventures LLC., where Mr. Venkatesan is currently serving as Venture Partner, with UNICEF, where Mr. Venkatesan is currently serving as Special Representative for Young People & Innovation and with Southern Methodist University, where Mr. Ludwig is currently serving as Professor of Practice.
8. The Company has no transactions whose volume is more than 1% of the Company's consolidated revenues or each company's respective consolidated revenues with 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).
9. 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.
10. 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, the Nominating Committee may nominate a person over 75 as a director candidate in special circumstances.

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 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 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

While the business environment deteriorates due to the spread of COVID-19, the Hitachi Group maintained its profitability (adjusted operating income ratio of 7.5%) close to the level in the previous fiscal year and cash flows from operating activities reached a little more than 560.0 billion yen as a result of strengthening the business foundation by focusing on the Social Innovation Business since the global financial crisis of 2007 to 2008 and promoting business portfolio reforms,.

Annual dividends increased 5 yen per share from the previous fiscal year to 95 yen (interim dividends of 45 yen and year-end dividends of 50 yen) due to progress in the enhancement of our profitability and the ability to generate cash.

Revenues decreased 8% from the previous fiscal year to 8,767.2 billion yen due mainly to lower sales owing to COVID-19 and the impact of the sale of businesses associated with the business portfolio reforms.

Adjusted operating income decreased from the previous fiscal year to 661.8 billion yen due to the impact of COVID-19, in addition to lower income in Hitachi Construction Machinery and Hitachi Metals, etc. while the IT sector, which achieved a record-high profit, supported overall income. Earnings before interest and taxes (EBIT) was 183.6 billion yen due to the posting of a loss for the settlement on projects in South Africa conducted by Mitsubishi Hitachi Power Systems, Ltd. in the energy sector, and net income attributable to Hitachi, Ltd. stockholders was 87.5 billion yen.

Measures Taken and Aims

– Acceleration of the reorganization to become a global leader

In the Industry sector, we acquired JR Automation Technologies, LLC in the United States that builds production lines and logistics systems by utilizing industrial robots. We will strengthen the robot systems integration business in North America, for which high growth can be expected.

In the automotive systems business, we acquired Chassis Brakes International B.V. in the Netherlands and made a decision on management integration among three affiliates of Honda Motor Co., Ltd. and Hitachi Automotive Systems, Ltd. We will strengthen our competitiveness in the industry where competition will be intensified toward next-generation technologies such as autonomous driving and electrification.

We also promoted selection and concentration to build an optimum business portfolio, which Hitachi aims for, including the sale of diagnostic imaging systems-related businesses in the healthcare business, in addition to the reorganization of listed subsidiaries including the conversion of Hitachi High-Tech Corporation with strengths in measurement and analysis technologies into a wholly-owned subsidiary and the sale of Hitachi Chemical Company, Ltd.

– Progress in the Lumada business

In the Lumada business that analyzes issues of customers from their data and provides solutions by using advanced digital technologies of the Hitachi Group, we steadily expanded the areas of provision from the manufacturing industry to financial services, building systems and the entertainment industry. In Fiscal 2019, the Lumada business grew to make up 12%, or 1,037.0 billion yen, of total revenues of the Hitachi Group.

In January 2020, our two subsidiaries in the United States were integrated to a new company, "Hitachi Vantara." The new company will drive the Lumada business by playing a central role in providing sales, consulting and services globally as a one-stop company.

– Strengthening of the business foundation and response to management issues

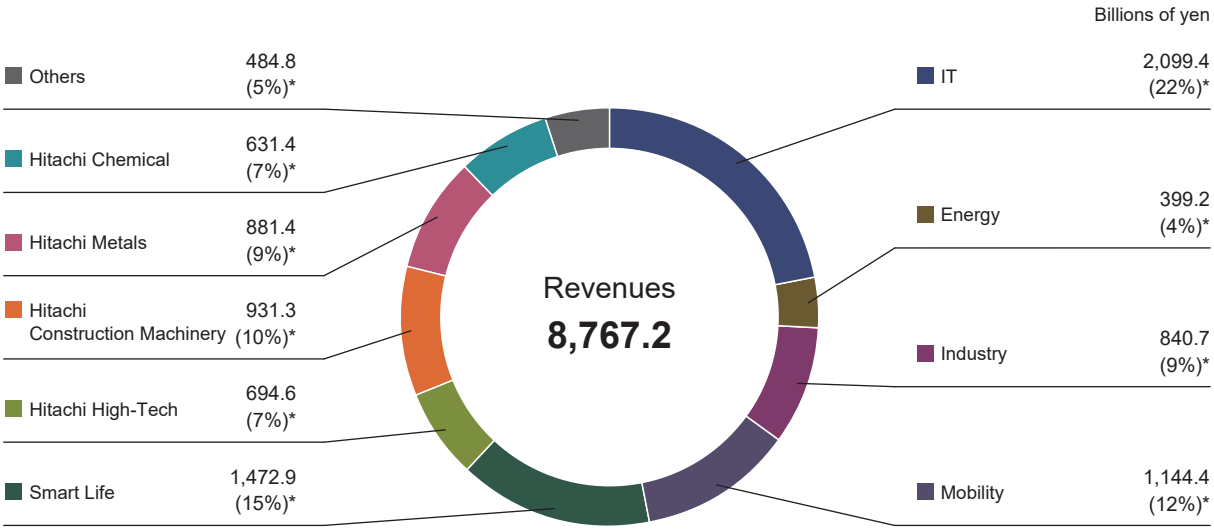
We have been promoting the focus on the Social Innovation Business and the business portfolio reforms for the last 10 years and built a strong business structure that is able to make a profit and generate cash even under the effects of COVID-19.

In Fiscal 2019, we strengthened our ability to generate cash and the earnings structure by promoting the sophistication of our business processes and production systems and cost structural reforms, including the streamlining of sales and indirect operations. In addition, we also reached a settlement with Mitsubishi Heavy Industries, Ltd. regarding the dispute over the South African projects, which had been one of our major management issues.

Consolidated Financial Results for Fiscal 2019 (Billions of yen)

Revenues	8,767.2	Year over year	-8%
Adjusted operating income※1 (Adjusted operating income ratio)	661.8 (7.5%)	Year over year	-12%
Earnings before interest and taxes (EBIT)※2	183.6	Year over year	-64%
Net Income Attributable to Hitachi, Ltd. Stockholders	87.5	Year over year	-61%
Return on Invested Capital (ROIC)※3	9.4%	Year over year	+0.9

※1 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.
※2 "Earnings before interest and taxes (EBIT)" is presented as income from continuing operations, before income taxes less interest income plus interest charges.
※3 ROIC (Return on Invested Capital) = ("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



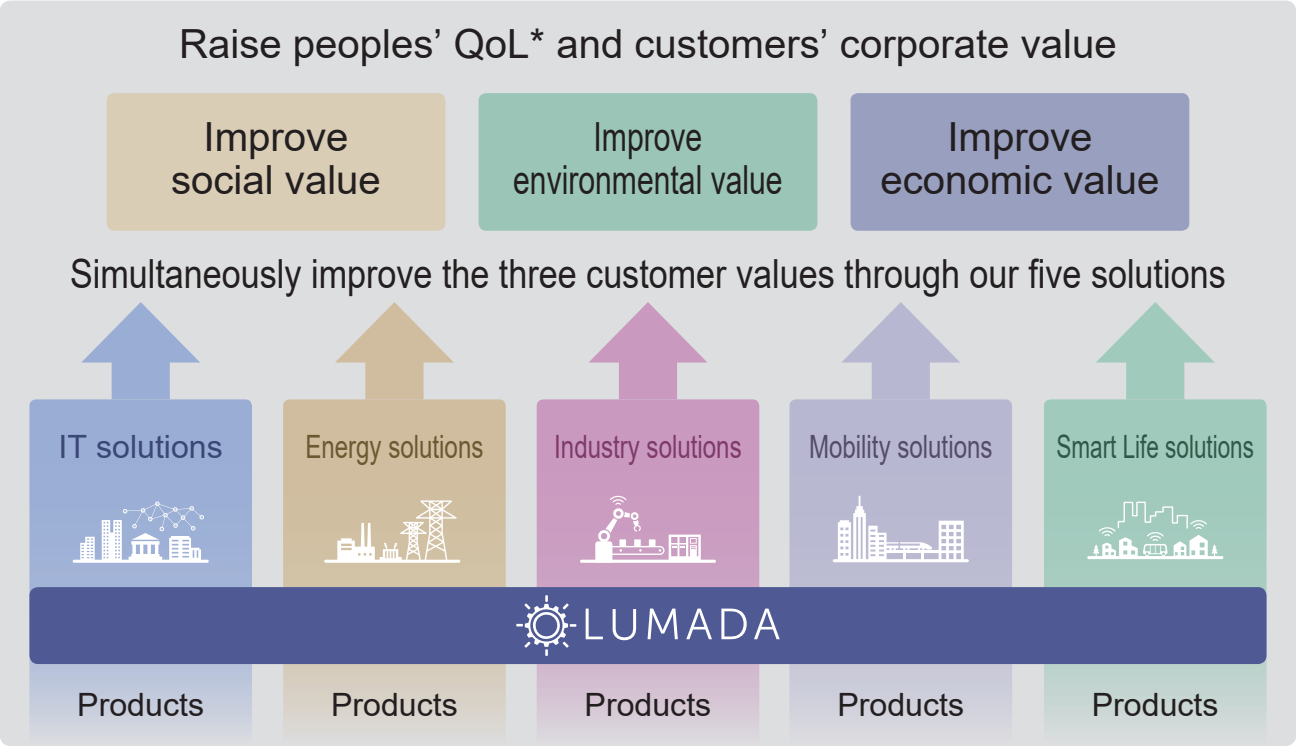
* Percentage to total revenues
Note: Revenues by segment include intersegment transactions.

Reference: Lumada Business

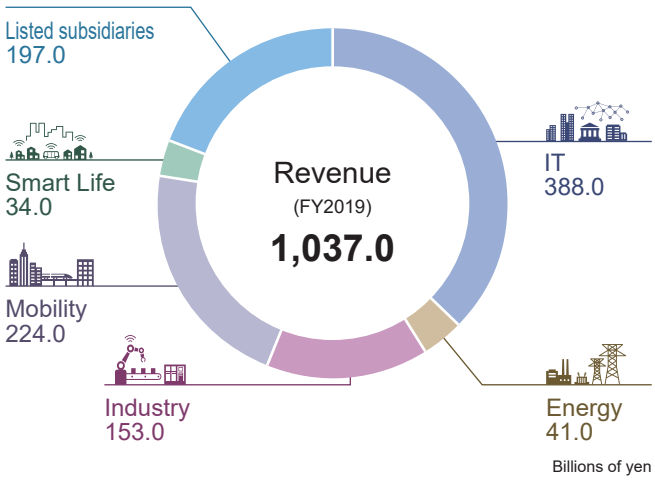
What is Lumada?

"Lumada" is a general term for the solutions, services and technologies that utilize Hitachi's advanced digital technologies to create value from customers' data and drive digital innovation.

The Lumada business provides value by analyzing customer's issues and combining Hitachi's digital technologies to solve customer problems with the least amount of customization as possible. We will expand the Lumada business by leveraging our strengths in OT (operational technology), IT and products, and converting our expertise in various industries and operations into solutions that can be provided to customers.



*QoL:Quality of Life



Lumada Business Cases

IT Solution

Hitachi's technology, hired for data utilization platform that Tokyo Stock Exchange newly started operating, has realized optimization of operation and utilization of information asset. The expansion to the systems to analyze and report trading data from various perspectives, etc. is planned.

Energy Solution

At the solar power plant in Niimi, Okayama, performance degradation of power generation has been prevented through high-precision oversight of deterioration and breakdown of solar panels, and maintenance in accordance with the situation.

Industry solution

Through collaborative creation with frozen food pioneer Nichirei Foods, a system that utilizes Lumada to automatically formulate optimum production and personnel plans was installed at four food plants in Japan.

Mobility Solution

EMIEW, a communication robot that provides reception, information and patrol monitoring services and supports in-building business operations, has been commercialized for use mainly in offices, hospitals, welfare facilities.

Smart Life Solution

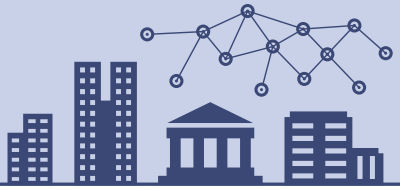
Hitachi has launched a new range of connected products including robotic vacuum cleaners, refrigerators and washing machines that can be controlled and managed from a smartphone.

Results by Segment (Billions of yen)

IT

Main Products and Services (As of March 31, 2020)

Systems Integration, Consulting, Control Systems, Cloud Services, Software, IT Products (Storage, Servers), ATMs



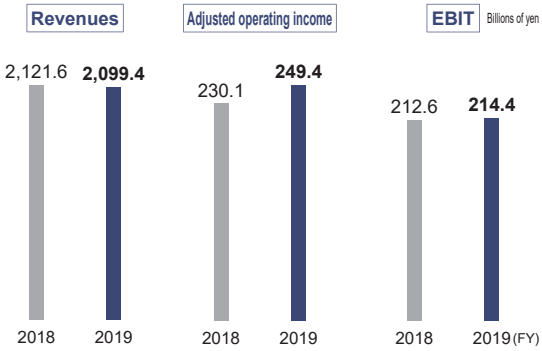
Revenues	2,099.4 billion yen 99% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Decline in storage systems for overseas markets (+) Increase in IT services in Japan (including projects for one-time demand)
Adjusted operating income	249.4 billion yen 108% of the preceding fiscal year	Achieved the record-high profit (11.9% of adjusted operating income ratio) (−) Increase in strategic investments aimed at expanding digital solutions business (+) Improved profitability from cost reductions, etc.
EBIT	214.4 billion yen 101% of the preceding fiscal year	(+) Increase in adjusted operating income (−) Lower profit from the sale of lands of former production base (−) Structural reform expenses

* (+) means main factor of increase while (−) means main factor of decrease.

[The Lumada Business Strategy]

The IT sector drives all areas of Hitachi's business as the core of the Lumada business. During the term of the 2021 Mid-term Management Plan, the IT sector continues to pursue an aggressive investment strategy related to the Lumada business and strives to encourage and expand the utilization of Lumada in other sectors, and increase the number of digital talents to around 30,000 by Fiscal 2021 by cultivating and enhancing digital talents who are essential for accelerating the Lumada business. The IT sector will also work to expand the Lumada business overseas while also making use of M&A activities and strategic partnering.

Data analytics-related solutions



Energy

Main Products and Services (As of March 31, 2020)

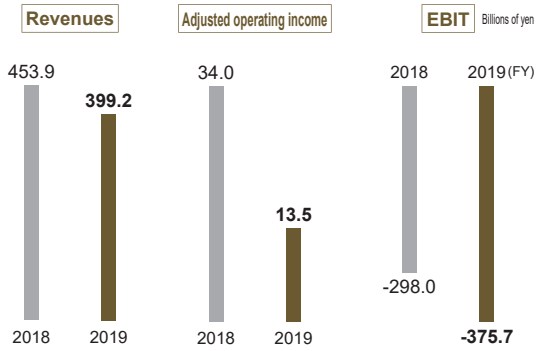
Energy Solutions (Nuclear, Renewable Energy, Thermal, Power Grid)

Revenues	399.2 billion yen 88% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Impact due to transfer of receiving and transforming facilities for industry (−) Decline in projects related to new nuclear regulation in the nuclear energy business
Adjusted operating income	13.5 billion yen 40% of the preceding fiscal year	(−) Decrease in revenues (−) Decline in profitability of some projects in the renewable energy business
EBIT	- 375.7 billion yen - of the preceding fiscal year	(−) Loss for the settlement on South Africa projects (+) Clearance of impairment loss for the suspension of UK nuclear power stations construction project in the preceding fiscal year

[The Lumada Business Strategy]

The Energy sector will contribute to the stable supply of energy and realization of a decarbonized society by developing sophisticated energy management systems such as enhancement of management and optimization of maintenance and inspection at energy-related facilities with Lumada, leveraging expertise and digital technologies which Hitachi has been cultivating. The Energy sector will also strengthen the Lumada-based grid solutions and services business through the integration of the ABB's power grid business, which boasts a track record with the global top technology, while accelerating the expansion of the global business by leveraging its expertise and resources.

Ultra-high voltage gas insulated switching equipment

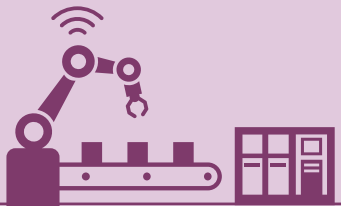


* The thermal power generation systems business is mainly conducted by Mitsubishi Hitachi Power Systems, Ltd., an equity-method affiliate of the Company

Industry

Main Products and Services (As of March 31, 2020)

Industry & Distribution Systems, Water & Environment Systems, Industrial Machinery

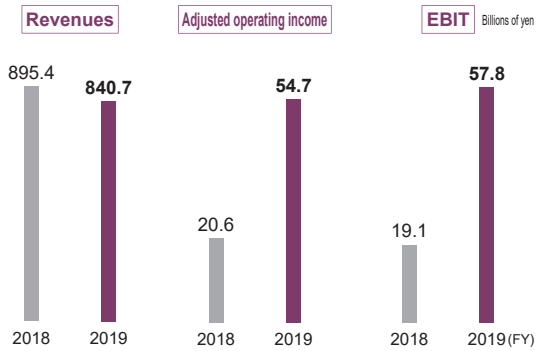


Revenues	840.7 billion yen 94% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Decrease in revenues of the business for industry & distribution, which recorded large-scale projects in the preceding fiscal year (+) Impact due to the acquisition of JR Automation
Adjusted operating income	54.7 billion yen 265% of the preceding fiscal year	(+) Clearance of Posting Cost of risk for large-scale projects of the business for industry & distribution in the preceding fiscal year (+) Steady performance of digital solutions business
EBIT	57.8 billion yen 303% of the preceding fiscal year	(+) Increase in adjusted operating income

[The Lumada Business Strategy]

Lumada will be utilized in products, OT and IT to provide digital solutions that link the value chain from management to field operations, and from procurement to manufacturing, distribution, sales, services and maintenance. In doing so, the Industry sector will strive to become the best solution partner to customers in the field of industry.

Robot system integration business of JR Automation



Mobility

Main Products and Services (As of March 31, 2020)

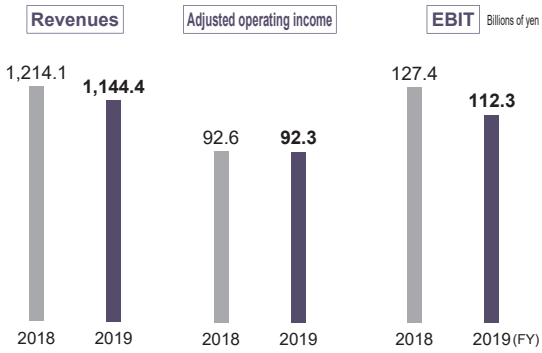
Building Systems (Elevators, Escalators), Railway Systems

Revenues	1,144.4 billion yen 94% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Decrease in revenues of the railway systems business in the UK (+) Impact due to exchange rates
Adjusted operating income	92.3 billion yen 100% of the preceding fiscal year	(−) Decrease in revenues (−) Profitability improvement due to cost reductions, etc. of the building systems business
EBIT	112.3 billion yen 88% of the preceding fiscal year	(−) Decrease in gains from selling a part of Agility Trains West stocks

[The Lumada Business Strategy]

In the building systems business, the Mobility sector will upgrade and exchange solutions utilizing Lumada in addition to offering products such as elevators and services boasting excellent technical capabilities and competitiveness. In the railway systems business, the Mobility sector will enhance added value of maintenance services by analyzing the data collected from railway vehicles, as well as providing safe, secured and comfortable mobility services through contributing to total solutions such as operational management and unmanned autonomous driving.

Class 800 for the Intercity Express Programme (IEP) in the UK



Smart Life

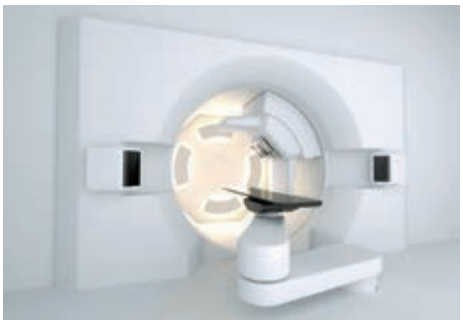
Main Products and Services (As of March 31, 2020)

Medical Electronics, Smart Life & Ecofriendly Systems (Refrigerators, Washing Machines, Room Air Conditioners, Air-Conditioning Equipment), Automotive Systems (Powertrain Systems, Chassis Systems, Advanced Driver Assistance Systems)

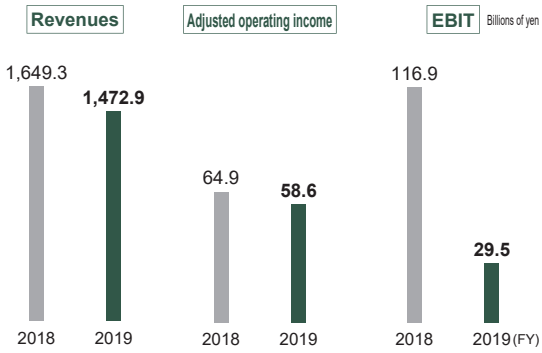
Revenues	1,472.9 billion yen 89% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Impact due to divestitures of the car information systems business, etc. (+) Impact due to the acquisition of Chassis Brakes International
Adjusted operating income	58.6 billion yen 90% of the preceding fiscal year	(−) Decrease in revenues (−) Profitability improvement in home appliances business and healthcare business
EBIT	29.5 billion yen 25% of the preceding fiscal year	(−) Decrease in adjusted operating income (−) Clearance of gains by selling the car information systems business, etc. in the preceding fiscal year

[The Lumada Business Strategy]

The Smart Life sector will contribute to more convenient and enriched lives through connecting automobiles, home appliances, healthcare devices and other equipment that supports people's daily lives to the Internet and utilizing data analysis technology of Lumada for remote operation and management and the automation. The Smart Life sector will also strive to expand the Lumada business mainly in the smart city market in Asia amid growing urbanization.



Particle therapy system



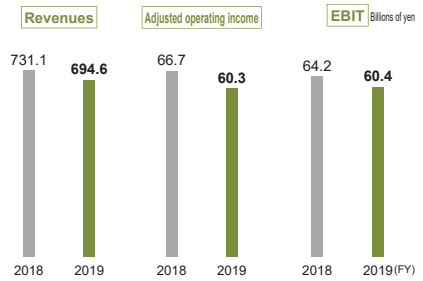
Hitachi High-Tech

Main Products and Services (As of March 31, 2020)

Medical and Life Science Products, Analytical Equipment, Semiconductor Processing Equipment, Manufacturing and Inspection Equipment, Advanced Industrial Products

Revenues	694.6 billion yen 95% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Decrease in demand for industrial products, etc., and decrease in revenues of liquid crystal exposure systems
Adjusted operating income	60.3 billion yen 90% of the preceding fiscal year	(−) Decrease in revenues
EBIT	60.4 billion yen 94% of the preceding fiscal year	(−) Decrease in adjusted operating income

LABOSPECT 008α automatic biochemical analyzer



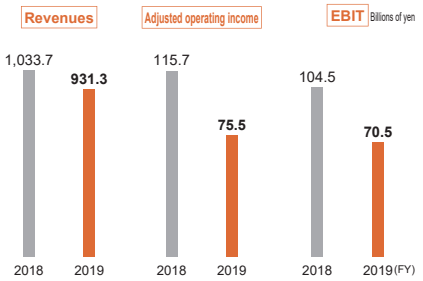
Hitachi Construction Machinery

Main Products and Services (As of March 31, 2020)

Hydraulic Excavators, Wheel Loaders, Mining Machinery, Maintenance and Services, Construction Solutions, Mine Management Systems

Revenues	931.3 billion yen 90% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Impact due to foreign exchange
Adjusted operating income	75.5 billion yen 65% of the preceding fiscal year	(−) Decrease in revenues (−) Impact due to foreign exchange
EBIT	70.5 billion yen 68% of the preceding fiscal year	(−) Decrease in adjusted operating income (−) Structural reform expenses

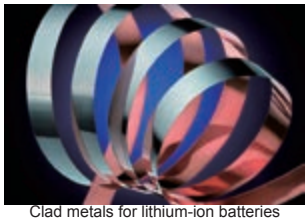
Ultra-large hydraulic excavator and rigid dump truck for mining

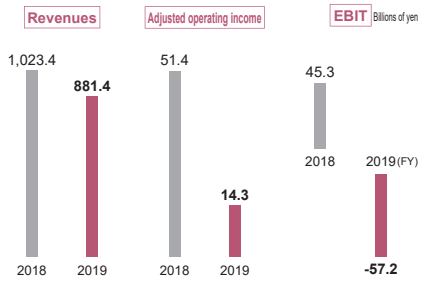


Hitachi Metals

Main Products and Services (As of March 31, 2020): Specialty Steel Products, Functional Components and Equipment, Magnetic Materials and Power Electronics Materials, Wires, Cables and Related Products

Revenues	881.4 billion yen 86% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Decrease in demand for automotive, semiconductor and factory automation
Adjusted operating income	14.3 billion yen 28% of the preceding fiscal year	(−) Decrease in revenues (−) Revaluation loss on inventories
EBIT	- 57.2 billion yen - of the preceding fiscal year	(−) Decrease in adjusted operating income (−) Impairment loss on fixed assets and goodwill in magnetic materials business

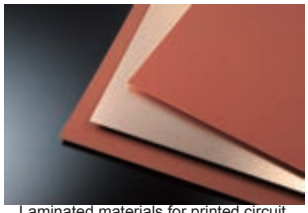

Clad metals for lithium-ion batteries

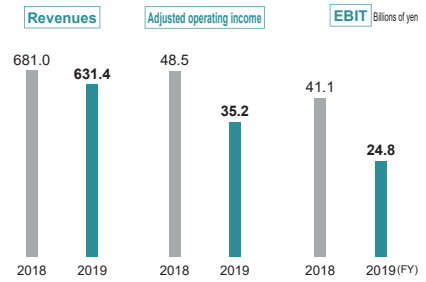


Hitachi Chemical

Main Products and Services (As of March 31, 2020): Functional Materials (Electronics Materials, Printed Wiring Boards Materials, Electronics Components), Advanced Components and Systems (Mobility Components, Energy Storage Devices, Life Science-related Products)

Revenues	631.4 billion yen 93% of the preceding fiscal year	(−) Impact due to COVID-19 (−) Decrease in demand for automotive and semiconductor
Adjusted operating income	35.2 billion yen 73% of the preceding fiscal year	(−) Decrease in revenues
EBIT	24.8 billion yen 60% of the preceding fiscal year	(−) Decrease in adjusted operating income


Laminated materials for printed circuit boards

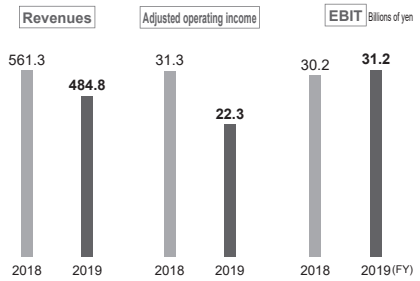


Others

Main Products and Services Optical Disk Drives, Property Management

(As of March 31, 2020)

Revenues	484.8 billion yen 86% of the preceding fiscal year
Adjusted operating income	22.3 billion yen 71% of the preceding fiscal year
EBIT	31.2 billion yen 103% of the preceding fiscal year



Revenues and Operating Results by Segment

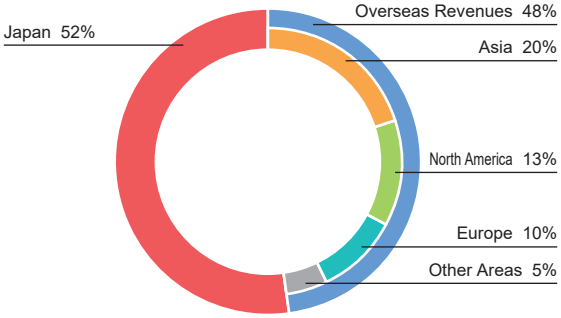
(Billions of yen)

Segment	Revenues			Adjusted Operating Income			EBIT		
	Fiscal 2018(A)	Fiscal 2019(B)	(B)/(A)	Fiscal 2018(A)	Fiscal 2019(B)	(B)/(A)	Fiscal 2018(A)	Fiscal 2019(B)	(B)/(A)
IT	2,121.6	2,099.4	99%	230.1	249.4	108%	212.6	214.4	101%
Energy	453.9	399.2	88	34.0	13.5	40	(298.0)	(375.7)	-
Industry	895.4	840.7	94	20.6	54.7	265	19.1	57.8	303
Mobility	1,214.1	1,144.4	94	92.6	92.3	100	127.4	112.3	88
Smart Life	1,649.3	1,472.9	89	64.9	58.6	90	116.9	29.5	25
Hitachi High-Tech	731.1	694.6	95	66.7	60.3	90	64.2	60.4	94
Hitachi Construction Machinery	1,033.7	931.3	90	115.7	75.5	65	104.5	70.5	68
Hitachi Metals	1,023.4	881.4	86	51.4	14.3	28	45.3	(57.2)	-
Hitachi Chemical	681.0	631.4	93	48.5	35.2	73	41.1	24.8	60
Others	561.3	484.8	86	31.3	22.3	71	30.2	31.2	103
Subtotal	10,365.1	9,580.5	92	756.2	676.4	89	463.5	168.2	36
Corporate Items & Eliminations	(884.5)	(813.2)	-	(1.2)	(14.6)	-	50.3	15.3	-
Total	9,480.6	8,767.2	92	754.9	661.8	88	513.9	183.6	36

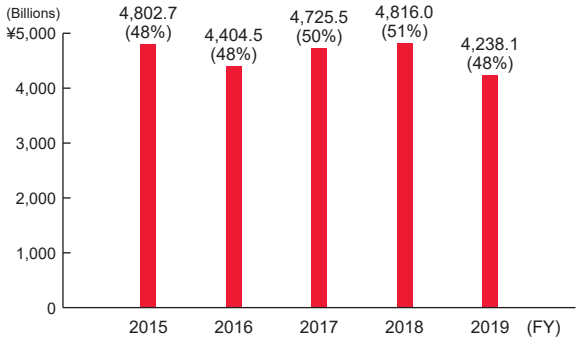
Notes:
1. The consolidated financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards (IFRS).
2. Revenues by segment include intersegment transactions.
3. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.
4. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.
5. From Fiscal 2019, the classification of segments has been changed and the figures for each segment, including ones for the preceding fiscal year reflect the new classification.

Reference

Revenues by Market (Fiscal 2019)



Overseas Revenues Trends



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

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

1) Consolidated Basis

(Billions of yen)

Fiscal Year	2015	2016	2017	2018	2019
Revenues	10,034.3	9,162.2	9,368.6	9,480.6	8,767.2
Adjusted Operating Income	634.8	587.3	714.6	754.9	661.8
EBIT	531.0	475.1	644.2	513.9	183.6
Income Before Income Taxes	517.0	469.0	638.6	516.5	180.2
Net Income Attributable to Hitachi, Ltd. Stockholders	172.1	231.2	362.9	222.5	87.5
Total Assets	12,551.0	9,663.9	10,106.6	9,626.5	9,930.0

2) Unconsolidated Basis

(Billions of yen)

Fiscal Year	2015	2016	2017	2018	2019
Revenues	1,859.6	1,906.5	1,930.2	1,927.2	1,793.2
Operating Income (Loss)	0.3	(9.8)	59.0	93.0	108.0
Ordinary Income (Loss)	(20.9)	71.5	131.2	304.0	355.4
Net Income	64.9	97.7	136.1	174.0	119.4
Total Assets	3,868.6	4,070.2	4,040.8	3,934.1	4,004.4

Note: In Fiscal 2019, operating income and ordinary income increased from the previous fiscal year due mainly to the affect of solid performance of the IT sector. However, net income decreased from the previous fiscal year due to the extraordinary losses such as loss for the settlement on the South Africa projects.

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

Under the 2021 Mid-term Management Plan, we will offer solutions to solve the various issues our society faces through the provision of the social innovation business. We will simultaneously improve three areas of customer value, namely social value (solving social issues), environmental value (reducing the impact on the environment) and economic value (improving business performance), and contribute to the realization of a human-centric society.

The COVID-19 has brought about dramatic changes in society, the economy and other areas on a global scale, and the future of the global economy remains uncertain. Even in these difficult times, we will focus on implementing the following measures in pursuit of progress towards achieving our mid-term management plan.

- Contributing to society through business activities

  We will accelerate value creation in the new society brought about by COVID-19 through the social innovation business utilizing digital technologies.

  We will be among the first to respond to rapid changes in society and new challenges such as demands for remote solutions, non-contact applications and automation, and seek to develop and seize upon business opportunities by achieving the value society demands.

  In particular, we will enhance the provision of solutions in areas where its strengths lie, such as manufacturing industry automation, supply chain optimization, data utilization in the field of government & public corporation, social infrastructure and healthcare, and support for workstyle reforms such as people utilizing IT to remote work. In catering to new needs, we will also seek to fully utilize Lumada, the core of our digital business, and strive to expand our business.

- Striving to become a leader in the creation of environmental value

  To contribute to the creation of a sustainable society, we will newly established the advanced goal of becoming “carbon neutral in in-house production by Fiscal 2030 in an effort to transform itself into a leading company in the creation of environmental value. In addition to internal efforts to reduce carbon dioxide emissions by reviewing product designs, adopting energy-efficient manufacturing equipment and other measures, we will also support customers and procurement partners in their environmental efforts and accelerate initiatives to realize environmental value.

- Continued efforts to strengthen the management base

  By utilizing the human resources, technologies and customer bases in the digital field acquired through investments focused on the IT and Industry sectors, as well as the acquisition and integration of ABB’s power grid business in the Energy sector, we will further promote the reform of our business portfolio.

  We will also promote the streamlining and optimization of business operations at the company-wide level, by utilizing digital technologies such as by reviewing business processes adapted for remote work. At the same time, we will continue to promote investment yield management using return on investment capital (ROIC), inventory asset reduction and reduced working capital, in an effort to boost profitability and the ability to generate cash.

Leveraging the strengths of the Hitachi Group in a wide range of business fields, all in Hitachi Group will make a united effort to overcome this crisis together with all of our stakeholders.

(4) Borrowings and Financing Activity of Hitachi Group

Major Financing Activities

The Company issued unsecured straight bonds in March 2020, procuring a total of 200.0 billion yen to fund investment for growth.

Hitachi Construction Machinery Co., Ltd. issued unsecured straight bonds in March 2020, procuring a total of 30.0 billion yen to fund the repayment of short-term borrowings.

Major Borrowings (As of March 31, 2020)

Name of Company	Creditor	Balance of Borrowings
The Company	Mizuho Bank, Ltd.	30.0 billion yen
	Japan Bank for International Cooperation	20.6 billion yen
	MUFG Bank, Ltd.	20.0 billion yen

Note: In addition to the figures shown above, the Company owes 234.0 billion yen of long-term borrowings by means of syndicated loan agreements.

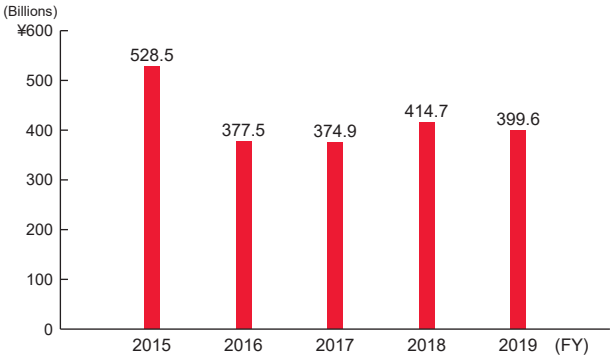
(5) Capital Investment of Hitachi Group

During fiscal 2019, the Hitachi Group carried out capital investment of 399.6 billion yen, a decrease of 15.1 billion yen from the preceding fiscal year, for further global business expansion. However, the total investment decreased from the preceding fiscal year mainly due to the suspension of UK nuclear power stations construction project. A breakdown of capital investment by segment is shown below.

(Billions of yen)

Segment	Amount
IT	63.8
Energy	6.7
Industry	12.8
Mobility	16.7
Smart Life	79.8
Hitachi High-Tech	28.0
Hitachi Construction Machinery	47.1
Hitachi Metals	51.6
Hitachi Chemical	45.3
Others	39.1
Corporate Items & Eliminations	8.2
Total	399.6

Capital Investment Trends



(6) Research and Development of Hitachi Group

Expenses on research and development during fiscal 2019 amounted to 293.7 billion yen.

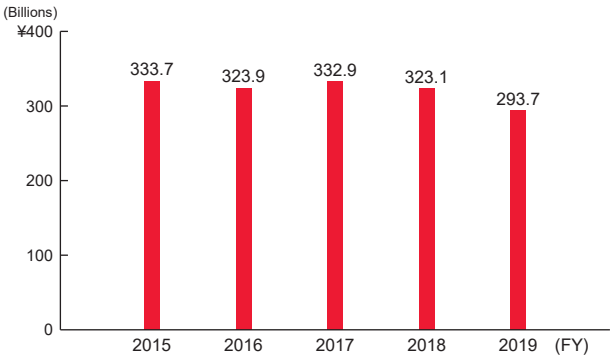
The Hitachi Group has been conducting R&D to contribute to society, environment and economic value by working on reinforcement of the collaboration among industry, academia and government, and that with startups, and on evolution of co-creation with customers and partners as well as focusing on Artificial Intelligence, movie and voice analysis, sensing, electrification, 5G (the fifth-generation mobile communications system), robotics and security.

A breakdown of R&D expenses by segment is shown below.

(Billions of yen)

Segment	Amount
IT	53.2
Energy	7.7
Industry	11.6
Mobility	29.4
Smart Life	61.8
Hitachi High-Tech	32.9
Hitachi Construction Machinery	23.7
Hitachi Metals	15.9
Hitachi Chemical	32.2
Others	3.8
Corporate Items	21.3
Total	293.7

Research and Development Expenses Trends



(7) Employees of Hitachi Group (As of March 31, 2020)

Segment	Number of Employees	Change from the End of the Preceding Year
IT	72,999	-1,304
Energy	8,876	-1,638
Industry	24,215	+3,588
Mobility	46,847	+97
Smart Life	45,371	+3,688
Hitachi High-Tech	10,954	+347
Hitachi Construction Machinery	24,274	+183
Hitachi Metals	29,677	-382
Hitachi Chemical	21,852	+16
Others	12,890	+237
Corporate (Head Office and others)	3,101	+283
Total	301,056	+5,115
(the Company)	(31,442)	(-2,048)

Note: In addition to the figures shown above, the average number of part-time employees during fiscal 2019 at the Hitachi Group was 23,094 (of which, 1,132 worked at the Company).

(8) Major Facilities of Hitachi Group (As of March 31, 2020)

Major Facilities of the Company

	Location
Head Office	Tokyo (Chiyoda-ku)
R&D	Tokyo (Kokubunji), Ibaraki (Hitachi, Hitachinaka), Saitama (Hatoyama), Kanagawa (Yokohama)
Manufacturing, Design and Engineering	Tokyo (Minato-ku, Chiyoda-ku, Toshima-ku, Shinagawa-ku, Taito-ku, Mitaka), Ibaraki (Hitachi, Hitachinaka), Kanagawa (Kawasaki, Yokohama, Hadano, Odawara), Yamaguchi (Kudamatsu)
Sales and Area Operations	Tokyo (Chiyoda-ku, Taito-ku, Shinagawa-ku, Toshima-ku, Minato-ku), Hokkaido Area Operation (Chuo-ku, Sapporo), Tohoku Area Operation (Aoba-ku, Sendai), Kanto Area Operation (Chiyoda-ku, Tokyo), Yokohama Area Operation (Nishi-ku, Yokohama), 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, 2020)

Segment	Name of Company	Location	Ratio of Voting Rights (%)
IT	Hitachi Information & Telecommunication Engineering, Ltd.	Yokohama, Kanagawa	100.0
	Hitachi-Omron Terminal Solutions, Corp.	Shinagawa-ku, Tokyo	55.0
	Hitachi Solutions, Ltd.	Shinagawa-ku, Tokyo	100.0
	Hitachi Systems, Ltd.	Shinagawa-ku, Tokyo	100.0
	Hitachi Computer Products (America), Inc.	U.S.A.	100.0
	*Hitachi Global Digital Holdings Corporation	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 Solutions Co., Ltd.	Hitachi, Ibaraki	100.0
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
	*JR Technology Group, LLC	U.S.A.	100.0
	*Sullair US Purchaser, Inc.	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 Automotive Systems, Ltd.	Hitachinaka, Ibaraki	100.0
	Hitachi Global Life Solutions, Inc.	Minato-ku, Tokyo	100.0
	Hitachi Automotive Systems Americas, Inc.	U.S.A.	100.0
	Hitachi Consumer Products (Thailand), Ltd.	Thailand	80.1
Hitachi High-Tech	Hitachi High-Tech Corporation	Minato-ku, Tokyo	51.8
Construction Machinery	Hitachi Construction Machinery Co., Ltd.	Taito-ku, Tokyo	51.5
Hitachi Metals	Hitachi Metals, Ltd.	Minato-ku, Tokyo	53.5
Hitachi Chemical	Hitachi Chemical Company, Ltd.	Chiyoda-ku, Tokyo	51.4
Others	Hitachi-LG Data Storage, Inc.	Minato-ku, Tokyo	51.0
	Hitachi Life, Ltd.	Hitachi, Ibaraki	100.0
	Hitachi Urban Investment, 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 814.
2. The number of equity-method affiliates is 409. The major equity-method affiliates are Hitachi Kokusai Electric Inc., Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd, Hitachi Capital Corporation 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 Vantara Corporation and Hitachi Consulting Corporation were merged into Hitachi Vantara LLC as of January 1, 2020.
5. Hitachi Industrial Products, Ltd. is the company which succeeded the electric systems business and machine systems business through an absorption-type company split from the Company on April 1, 2019.
6. JR Technology Group, LLC has become a consolidated subsidiary of the Company on December 27, 2019 as Hitachi America, Ltd., a consolidated subsidiary of the Company, acquired all interests of JR Technology Group, LLC from JR Intermediate Holdings, LLC.
7. Sullair US Purchaser, Inc. changed its name to Hitachi Industrial Holdings Americas, Inc. on April 1, 2020.
8. Hitachi Rail Ltd. is the company whose name was changed from Hitachi Rail Europe Ltd. on April 1, 2019.
9. Hitachi Global Life Solutions, Inc. is the company created through the merger of Hitachi Appliances, Inc. and Hitachi Consumer Marketing, Inc., changing their names on April 1, 2019.
10. Hitachi High-Tech Corporation is the company whose name was changed from Hitachi High-Technologies Corporation on February 12, 2020. The company became a wholly-owned subsidiary of the Company in May 2020.
11. Hitachi Chemical Company, Ltd. has ceased to be a consolidated subsidiary of the Company as a result of the share transfer in April 2020.
12. Hitachi Urban Investment, Ltd. merged with Hitachi Life, Ltd. and changed its name to Hitachi Real Estate Partners, Ltd. on April 1, 2020.
13. Ratio of voting rights includes indirect ownership.

(10) Directors and Executive Officers

1) Directors

Name, Position and Responsibilities, etc. (As of March 31, 2020)

Name	Position	Committee Membership	Other Principal Positions Held
Katsumi Ihara	Independent Director	Audit Committee Compensation Committee	Outside Director, Benesse Holdings, Inc.
Cynthia Carroll	Independent Director	Nominating Committee	-
Joe Harlan	Independent Director	-	Director, Flowserve Corporation (USA)**
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, Chief Business Affairs and Legal Officer, 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. Outside Director, ITOCHU Corporation
Takatoshi Yamamoto	Independent Director	Audit Committee Compensation Committee	Outside Audit & Supervisory Board Member, Tokyo Electron Limited Outside Director, Murata Manufacturing Co., Ltd.
Hiroaki Yoshihara	Independent Director	Nominating Committee Audit Committee (Chair)	Outside Director, Murata Manufacturing Co., Ltd. Outside Director, HOYA CORPORATION
Hiroaki Nakanishi	Executive Chairman	Nominating Committee	Chairman, Japan Business Federation
Toyoaki Nakamura	Director	Audit Committee	Director, Hitachi Metals, Ltd.
Toshiaki Higashihara	Director	Compensation 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. Mr. Toyoaki Nakamura, Director (Audit Committee), has considerable knowledge of finance and accounting due to his long experience as the General Manager of accounting and finance of the Company as well as Executive Officer responsible for accounting and finance for many years.
2. The Company has appointed Director Toyoaki Nakamura 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., ITOCHU Corporation, Tokyo Electron Limited, 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 two Directors 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

Name	Attendance	Participation
Katsumi Ihara	Board of Directors meetings: 9 out of 9 days Audit Committee: 15 out of 15 days Compensation Committee: 4 out of 4 days	Mr. Ihara stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings based on his management experience and insight in the area of global corporate management.
Cynthia Carroll	Board of Directors meetings: 9 out of 9 days Nominating Committee: 8 out of 8 days	Ms. Carroll stated her opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on her management experience and insight with a major global business company.
Joe Harlan	Board of Directors meetings: 9 out of 9 days	Mr. Harlan stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on his management experience and insight in the area of global corporate management.
George Buckley	Board of Directors meetings: 9 out of 9 days	Mr. Buckley stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on his management experience and insight with a major global manufacturer.
Louise Pentland	Board of Directors meetings: 8 out of 9 days	Ms. Pentland stated her opinions and asked questions with respect to overall management of the Group as necessary at the Board meetings based on her experience and insight as chief legal officer at a major global business company.
Harufumi Mochizuki	Board of Directors meetings: 9 out of 9 days Nominating Committee: 8 out of 8 days Audit Committee: 15 out of 15 days Compensation Committee: 4 out of 4 days	Mr. Mochizuki stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings based on his rich experience and insight in such areas as public administration.
Takatoshi Yamamoto	Board of Directors meetings: 9 out of 9 days Audit Committee: 15 out of 15 days Compensation Committee: 4 out of 4 days	Mr. Yamamoto stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings 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: 8 out of 8 days Audit Committee: 15 out of 15 days	Mr. Yoshihara stated his opinions and asked questions with respect to overall management of the Group as necessary at the Board and Audit Committee meetings based on his rich experience and insight in the area of global corporate management and accounting.

2) Executive Officers

Name, Position and Responsibilities, etc. (As of March 31, 2020)

Name	Position	Responsibilities	Other Principal Positions Held
*Toshiaki Higashihara	President & CEO	Overall management	-
*Masakazu Aoki	Executive Vice President and Executive Officer	Assistant to the President (business for industry & distribution sectors, water & environment business and industrial products business)	Chairman of the Board, Hitachi Industrial Equipment Systems Co., Ltd.
*Keiji Kojima	Executive Vice President and Executive Officer	Assistant to the President (smart life & ecofriendly systems business, automotive systems business and healthcare business) and smart life & ecofriendly systems business	-
*Keiichi Shiotsuka	Executive Vice President and Executive Officer	Assistant to the President (systems & services business and defense systems business), systems & services business and social innovation business promotion	-
*Hideaki Takahashi	Executive Vice President and Executive Officer	Assistant to the President (cost structure reform and supply chain management), cost structure reform and supply chain management (MONOZUKURI and quality assurance)	Chairman of the Board, Hitachi Construction Machinery Co., Ltd.
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (building systems business and railway systems business)	-
*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	-
Yoshihiko Kawamura	Senior Vice President and Executive Officer	Management strategies, investment strategies and strategies for next generation business	-
Kenichi Kokubo	Senior Vice President and Executive Officer	Regional strategies (China)	Chairman, Hitachi (China), Ltd.
Setsuo Shibahara	Senior Vice President and Executive Officer	Services & platforms business	-
Hideaki Seki	Senior Vice President and Executive Officer	Building systems business	President and Director, Hitachi Building Systems, Co., Ltd.
*Yoshitaka Tsuda	Senior Vice President and Executive Officer	Marketing & sales, regional strategies and social innovation business promotion	Director, Hitachi Capital Corporation
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Corporate communications, legal matters, risk management, corporate auditing and human capital	-
*Mitsuaki Nishiyama	Senior Vice President and Executive Officer	Finance and corporate pension system	-

Name	Position	Responsibilities	Other Principal Positions Held
Keiichi Akino	Vice President and Executive Officer	Marketing & sales (business for financial institutions, government, public corporation and social infrastructure systems and defense systems business)	-
Jun Abe	Vice President and Executive Officer	Business for industry & distribution sectors	-
Hitoshi Ito	Vice President and Executive Officer	Governments & external relations	-
Kenji Urase	Vice President and Executive Officer	Energy business	-
Ryuichi Otsuki	Vice President and Executive Officer	Investment strategies	-
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing	-
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)	-
Hidetoshi Takehara	Vice President and Executive Officer	Nuclear energy business	-
Toshiaki Tokunaga	Vice President and Executive Officer	Services & platforms business	Chairman of the Board and CEO, Hitachi Vantara LLC
Osamu Naito	Vice President and Executive Officer	Governments & external relations, CSR & environmental strategy and executive support	-
Koujin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)	Chairman, Hitachi Asia Ltd.
Katsuya Nagano	Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems	-
Seiichiro Nukui	Vice President and Executive Officer	Business for industry & distribution sectors	-
Yasushi Nomura	Vice President and Executive Officer	Information technology strategies	-
Andrew Barr	Vice President and Executive Officer	Railway systems business	-
Kentaro Masai	Vice President and Executive Officer	Supply chain management (MONOZUKURI and quality assurance)	-
Shinya Mitsudomi	Vice President and Executive Officer	Railway systems business	-
Masashi Murayama	Vice President and Executive Officer	Supply chain management (procurement)	
Mamoru Morita	Vice President and Executive Officer	Management strategies	Director, Hitachi Chemical Company, Ltd.
Tsugio Yamamoto	Vice President and Executive Officer	Business for financial institutions	-
Takashi Yoda	Vice President and Executive Officer	Marketing & sales (nuclear energy business and energy business)	-
Masaya Watanabe	Vice President and Executive Officer	Information security management and cost structure reform	-
Hiroaki Nakanishi	Executive Officer	General	Chairman, Japan Business Federation

Notes: 1. The Executive Officers marked with * are the Representative Executive Officers.
2. The President & CEO, Toshiaki Higashihara and the Executive Officer, Hiroaki Nakanishi concurrently hold the position of Director.

New Executive Officers (As of April 1, 2020)

The Company changed its Executive Officers as of April 1, 2020 as follows.

Name	Position	Responsibilities
*Toshiaki Higashihara	President & CEO	Overall management
*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
*Keiji Kojima	Executive Vice President and Executive Officer	Assistant to the President (smart life & ecofriendly systems business, automotive systems business and healthcare business) and smart life & ecofriendly systems business
*Keiichi Shiotsuka	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
*Alistair Dormer	Executive Vice President and Executive Officer	Assistant to the President (building systems business and railway systems business)
*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
*Yoshihiko Kawamura	Senior Vice President and Executive Officer	Finance, corporate pension system and investment strategies
Toshiaki Tokunaga	Senior Vice President and Executive Officer	Services & platforms business
*Hidenobu Nakahata	Senior Vice President and Executive Officer	Corporate communications, corporate auditing, corporate export regulation and human capital
Mamoru Morita	Senior Vice President and Executive Officer	Management strategies and strategies for next generation business
Keiichi Akino	Vice President and Executive Officer	Marketing & sales (business for financial institutions, government, public corporation and social infrastructure systems and defense systems business)
Jun Abe	Vice President and Executive Officer	Business for industry & distribution sectors
Hitoshi Ito	Vice President and Executive Officer	Government & external relations and CSR & environmental strategies
Kenji Urase	Vice President and Executive Officer	Energy business
Ryuichi Otsuki	Vice President and Executive Officer	Investment strategies
**Tadashi Kume	Vice President and Executive Officer	Nuclear energy business
Kohei Kodama	Vice President and Executive Officer	Legal matters, risk management and corporate auditing
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)

Name	Position	Responsibilities
Kojin Nakakita	Vice President and Executive Officer	Regional strategies (APAC)
Katsuya Nagano	Vice President and Executive Officer	Business for government, public corporation and social infrastructure systems and defense systems business
Seiichiro Nukui	Vice President and Executive Officer	One Hitachi actions promotion
Yasushi Nomura	Vice President and Executive Officer	Information technology strategies
Andrew Barr	Vice President and Executive Officer	Railway systems business
**Masahiko Hasegawa	Vice President and Executive Officer	Marketing & sales and regional strategies (Japan)
Kentaro Masai	Vice President and Executive Officer	Supply chain management (MONOZUKURI and quality assurance)
Shinya Mitsudomi	Vice President and Executive Officer	Building systems business
Masashi Murayama	Vice President and Executive Officer	Cost structure reform and information security management
Tsugio Yamamoto	Vice President and Executive Officer	Business for financial institutions
Takashi Yoda	Vice President and Executive Officer	Regional strategies (China)
Hiroaki Nakanishi	Executive Officer	General

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

3) 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 as well as the amount of compensation, etc. of each Director and Executive Officer.

Policy on the Determination of Compensation of Directors and Executive Officers

[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 Directors and Executive Officers.
- 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 (*)	Other Executive Officers
Performance-linked component	Company performance	80%	30%
	Division performance	-	50%
Individual target-linked component		20%	20%

* In case that an "Executive Officers that constitute the Senior Executive Committee" is in charge of business units or businesses, 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. From Fiscal 2020, the Company has granted 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 meetings 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 that 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.

Total Amount of Compensation to and the Number of Directors and Executive Officers in Fiscal 2018

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)	54	54	—	—	—	1
Independent Directors	310	310	—	—	—	8
Executive Officers	4,592	1,738	1,682	1,166	4	37
Total	4,957	2,103	1,682	1,166	4	46

Notes: 1. The number of Directors indicated excludes two Directors who serve concurrently as Executive Officers.
2. "Others" shows the amount of allowances.

(11) Matters Concerning the Company's Stock (As of March 31, 2020)

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

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

3) **10 Largest Shareholders**

Name	Share Ownership	Shareholding Ratio
	Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	81,189,800	8.40
Japan Trustee Services Bank, Ltd. (Trust Account)	55,286,400	5.72
STATE STREET BANK AND TRUST COMPANY 505001	21,463,830	2.22
JP MORGAN CHASE BANK 385151	20,609,612	2.13
Hitachi Employees' Shareholding Association	20,319,676	2.10
NATS CUMCO	20,185,002	2.09
Nippon Life Insurance Company	20,000,099	2.07
Japan Trustee Services Bank, Ltd. (Trust Account 5)	19,572,500	2.03
STATE STREET BANK AND TRUST COMPANY 505223	19,012,329	1.97
STATE STREET BANK WEST CLIENT - TREATY 505234	15,270,687	1.58

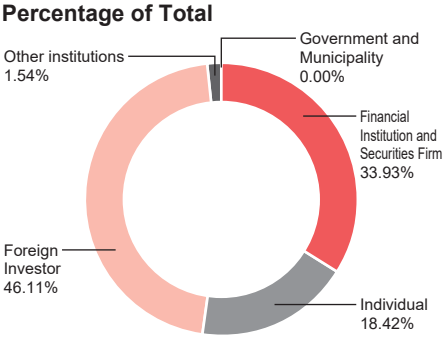
Notes: 1. NATS CMUCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.
2. Treasury stock (1,050,741 shares) is not included in the calculation of "Shareholding Ratio."

4) **Shareholders Composition**

Class of Shareholders	Number of Shareholders	Share Ownership (Shares)
Financial Institution and Securities Firm	317	328,199,579
Individual	304,125	178,131,101
Foreign Investor	1,410	445,992,700
Other institutions	2,782	14,947,785
Government and Municipality	4	9,312
Total	308,638	967,280,477

Note: Treasury stock is included in "Other institutions."

Percentage of Total



5) **Other important matters relating to shares**

The Company issued 604,800 of new shares as restricted stock compensation on May 27, 2020.

(12) Matters Concerning Accounting Auditor

1) Name of accounting auditor

Ernst & Young ShinNihon LLC

2) Fees to accounting auditor in Fiscal 2019

(Millions of yen)

Category	Amount
Total amount of cash and other financial benefits by the Company and its subsidiaries	1,553
Fees etc. by the Company*	515

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

4) Subsidiaries whose financial statements are audited by certified public accountants, etc. other than 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 continuously as an important managerial issue.

The policy of the Company regarding dividends is to aim for stable growth 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.

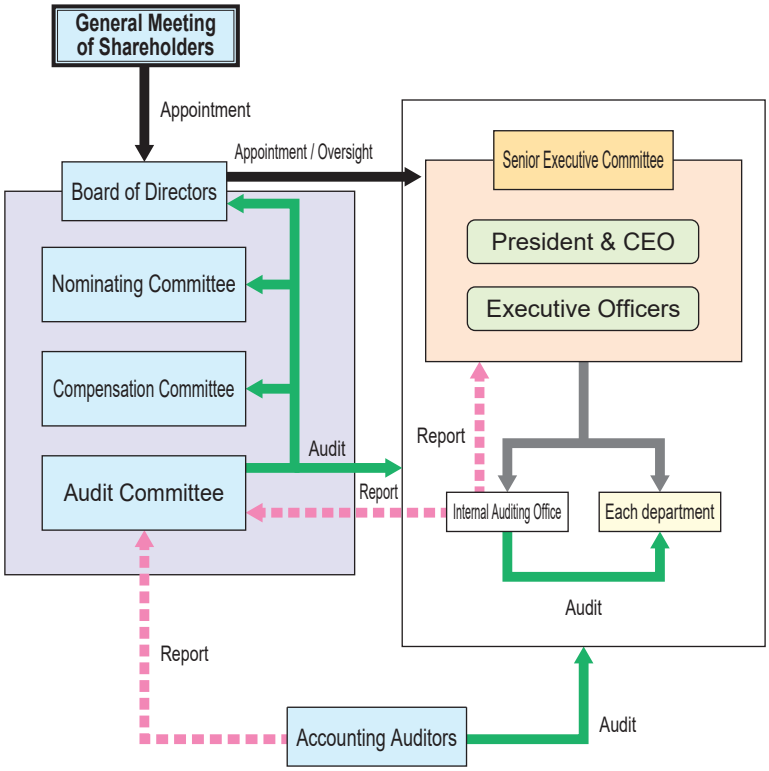
To complement its dividends, the Company flexibly conducts repurchase of its shares depending on factors such as capital needs and the business environment.

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 the Company's website (https://www.hitachi.co.jp/smeet-e/index.html).

Consolidated Statement of Financial Position

	Fiscal 2018 (Reference) (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
	(Millions of yen)	
(Assets)		
Current assets	**5,035,793**	**5,217,589**
Cash and cash equivalents	807,593	812,331
Trade receivables and contract assets	2,399,933	2,260,205
Inventories	1,356,762	1,408,937
Investments in securities and other financial assets	284,267	279,951
Other current assets	187,238	456,165
Non-current assets	**4,590,799**	**4,712,492**
Investments accounted for using the equity method	724,461	480,375
Investments in securities and other financial assets	568,349	440,514
Property, plant and equipment	1,956,685	2,165,311
Goodwill	561,936	635,927
Other intangible assets	398,080	479,794
Other non-current assets	381,288	510,571
Total assets	**9,626,592**	**9,930,081**
(Liabilities)		
Current liabilities	**3,605,560**	**3,733,178**
Short-term debt	111,031	183,303
Current portion of long-term debt	185,250	231,237
Other financial liabilities	257,792	252,403
Trade payables	1,406,012	1,270,668
Accrued expenses	653,676	604,415
Contract liabilities	553,510	615,096
Other current liabilities	438,289	576,056
Non-current liabilities	**1,606,629**	**1,930,164**
Long-term debt	708,490	1,070,502
Retirement and severance benefits	526,688	514,375
Other non-current liabilities	371,451	345,287
Total liabilities	**5,212,189**	**5,663,342**
(Equity)		
Hitachi, Ltd. stockholders' equity	**3,262,603**	**3,159,986**
Common stock	458,790	459,862
Capital surplus	463,786	464,795
Retained earnings	2,287,587	2,296,208
Accumulated other comprehensive income	56,360	(57,070)
Treasury stock, at cost	(3,920)	(3,809)
Non-controlling interests	**1,151,800**	**1,106,753**
Total equity	**4,414,403**	**4,266,739**
Total liabilities and equity	**9,626,592**	**9,930,081**

Consolidated Statement of Profit or Loss

	Years ended March 31	
	2019 (Reference)	2020
	(Millions of yen)	
Revenues	9,480,619	8,767,263
Cost of sales	(6,964,635)	(6,396,895)
Gross profit	**2,515,984**	**2,370,368**
Selling, general and administrative expenses	(1,761,008)	(1,708,485)
Other income	206,371	51,992
Other expenses	(442,659)	(570,635)
Financial income	13,693	5,768
Financial expenses	(3,459)	(9,033)
Share of profits (losses) of investments accounted for using the equity method	(15,016)	43,639
Earnings before interest and taxes (EBIT)	**513,906**	**183,614**
Interest income	23,122	20,638
Interest charges	(20,526)	(23,984)
Income from continuing operations, before income taxes	**516,502**	**180,268**
Income taxes	(186,344)	(51,246)
Income from continuing operations	**330,158**	**129,022**
Loss from discontinued operations	(9,136)	(1,776)
Net income	**321,022**	**127,246**
Net income attributable to:		
Hitachi, Ltd. stockholders	222,546	87,596
Non-controlling interests	98,476	39,650

Unconsolidated Balance Sheet

	Fiscal 2018 (Reference) (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
	(Millions of yen)	
(Assets)		
Current assets	**1,641,066**	**1,573,421**
Cash	167,367	144,370
Notes receivable	5,161	3,819
Accounts receivable	738,627	678,447
Securities	5,000	-
Finished goods	27,239	24,468
Semi-finished goods	19,611	19,779
Raw materials	32,075	31,250
Work in process	131,641	153,684
Advances paid	31,212	31,627
Short-term loan receivables	345,045	316,537
Others	147,164	178,099
Allowance for doubtful receivables	(9,080)	(8,664)
Fixed assets	**2,293,052**	**2,430,987**
Tangible fixed assets	242,644	228,572
Buildings	125,490	115,257
Structures	7,130	6,812
Machinery	12,782	10,358
Vehicles	143	160
Tools and equipment	43,849	44,646
Land	43,506	40,564
Lease assets	4,934	7,154
Construction in progress	4,805	3,618
Intangible fixed assets	94,241	96,070
Patents	45	37
Software	85,089	88,511
Railway and public utility installation	405	306
Lease assets	175	72
Others	8,525	7,143
Investments and others	1,956,166	2,106,344
Affiliated companies' common stock	1,527,027	1,601,494
Other securities of affiliated companies	-	884
Investments in affiliated companies	35,613	34,539
Investments in securities	181,152	144,150
Long-term loan receivables	102,122	56,613
Deferred tax assets	67,854	229,135
Prepaid pension cost	8,163	5,516
Others	34,253	34,017
Allowance for doubtful receivables	(20)	(8)
Total assets	**3,934,118**	**4,004,408**

	Fiscal 2018 (Reference) (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
	(Millions of yen)	
(Liabilities)		
Current liabilities	**1,738,208**	**1,637,039**
Electronically recorded obligations	33,005	24,097
Trade accounts payable	336,988	314,624
Short-term debt	107,493	52,483
Lease liabilities	1,410	1,621
Other accounts payable	159,917	35,659
Accrued expenses	185,948	344,044
Advances received from customers	190,262	182,761
Deposits received	674,200	627,609
Provision for product warranties	1,632	1,389
Provision for loss on construction contracts	39,991	44,906
Others	7,357	7,840
Noncurrent liabilities	**632,454**	**788,310**
Debentures	50,000	250,000
Long-term debt	355,740	318,369
Lease liabilities	4,309	6,386
Accrued pension liability	70,628	68,334
Provision for retirement benefits for senior executives	116	111
Provision for loss on business of affiliated companies	120,407	124,035
Deferred tax liabilities for land revaluation	1,111	1,111
Asset retirement obligations	10,923	9,548
Others	19,217	10,414
Total liabilities	**2,370,662**	**2,425,350**
(Net assets)		
Stockholders' equity	**1,507,105**	**1,536,931**
Common stock	458,790	459,862
Capital surplus	449,751	450,746
Capital reserve	176,757	177,828
Others	272,994	272,917
Retained Earnings	602,483	630,131
Others	602,483	630,131
Reserve for advanced depreciation of fixed assets	1,359	1,246
Retained earnings carried forward	601,123	628,885
Treasury stock	(3,920)	(3,809)
Valuation and translation adjustments	**54,590**	**39,921**
Unrealized holding gains on securities	56,668	29,763
Deferred profit or loss on hedges	(1,944)	10,291
Revaluation reserve for land	(133)	(133)
Subscription rights to shares	**1,760**	**2,204**
Total net assets	**1,563,456**	**1,579,058**
Total liabilities and net assets	**3,934,118**	**4,004,408**

Unconsolidated Statement of Operations

	Years ended March 31	
	2019 (Reference)	2020
	(Millions of yen)	
Revenues	1,927,241	1,793,250
Cost of sales	1,428,626	1,290,371
Gross profit on sales	**498,614**	**502,878**
Selling, general and administrative expenses	405,542	394,830
Operating income	**93,072**	**108,048**
Other income	259,610	277,836
Interest and dividends	229,519	263,773
Others	30,091	14,062
Other deductions	48,613	30,393
Interest	4,227	2,918
Others	44,385	27,475
Ordinary income	**304,069**	**355,490**
Extraordinary gain	220,845	34,857
Gain on sale of real property	33,086	21,561
Gain on sale of affiliated companies' common stock	147,124	8,087
Gain on sale of investments in securities	40,634	5,208
Extraordinary loss	323,195	400,132
Loss due to the settlement of the South African project	-	384,744
Loss on impairment of assets	8,592	8,934
Impairment loss on affiliated companies' common stock	294,066	3,804
Impairment loss on investments in capital of affiliated companies	594	2,236
Impairment loss on investments in securities	224	411
Loss on revision of retirement benefit plan	19,717	-
Income (loss) before income taxes	**201,719**	**(9,783)**
Income taxes		
Current	37,464	29,114
Deferred	(9,807)	(158,308)
Net Income	**174,062**	**119,409**

REPORT OF INDEPENDENT AUDITORS

June 11, 2020

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

Ernst & Young ShinNihon LLC
Tokyo Office, Japan

Takashi Ouchida
Designated Engagement Partner
Certified Public Accountant

Takuya Tanaka
Designated Engagement Partner
Certified Public Accountant

Yoshitomo Matsuura
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 the related supplementary schedules of Hitachi, Ltd. (the "Company") applicable to the 151th fiscal year from April 1,2019 to March 31,2020.

In our opinion, the accompanying financial statements and the related supplementary schedules present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2020, 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 and the Related Supplementary Schedules 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.

Responsibilities of Management and Audit Committee for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules 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 and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the related supplementary schedules, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements and the Related Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the related supplementary schedules 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 and the related supplementary schedules.

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 and the related supplementary schedules, 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.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements and the related supplementary schedules 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 and the related supplementary schedules 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 and the related supplementary schedules, including the disclosures, and whether the financial statements and the related supplementary schedules 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.

Conflicts of Interest

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors 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, 2020. 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 151st business term (from April 1, 2019 to March 31, 2020). 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 visited their Head Offices and principal business offices to conduct interviews and other tasks.
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.

June 17, 2020

Audit Committee, Hitachi, Ltd.
Hiroaki Yoshihara
Toyoaki Nakamura (Standing)
Katsumi Ihara
Harufumi Mochizuki
Takatoshi Yamamoto

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

The 151st Annual General Meeting of Shareholders of Hitachi, Ltd.
Materials Disclosed via the Internet

Hitachi, Ltd.

Contents

1. Structures and Other Things to Ensure Adequacy of Business Operations (Internal Control System) and Operation of the Internal Control System
2. Fundamental Policy on the Conduct of Persons Influencing Decision on the Company's Financial and Business Policies
3. Information on the stock acquisition rights, etc.
4. Consolidated Statements of Changes in Equity
5. Notes to Consolidated Financial Statements
6. Consolidated Statements of Comprehensive Income (Supplementary Information)
7. Consolidated Statements of Cash Flows (Supplementary Information)
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9. Notes to Unconsolidated Financial Statements
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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, which applies to the employees of the company and its subsidiaries, 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, an internal reporting system for employees of the Company and its subsidiaries 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 four employees (as of March 31, 2020) who exclusively serve the Office and are not subject to orders and instructions of Executive Officers.

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 a whistleblowing system, in which employees, etc. of the Company and its subsidiaries may make reports to the internal secretariat for the system or an outside attorney.
- 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.
- The Company allocates the full-time auditors auditing the management in each sector of IT, Energy, Industry, Mobility, and Smart Life.

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, 2020)

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 242,480 shares	Common stock 259,800 shares	Common stock 260,720 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	26 Executive Officers of the Company 12,124 of stock acquisition rights (Note 3)	28 Executive Officers of the Company 12,990 of stock acquisition rights (Note 3)	34 Executive Officers of the Company 13,036 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 (*).

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

      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, 2019 to March 31, 2020)

(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	458,790	463,786	2,287,587	56,360	(3,920)	3,262,603	1,151,800	4,414,403
Cumulative effects of changes in accounting policies			(2,596)			(2,596)	(1,075)	(3,671)
Restated balance	458,790	463,786	2,284,991	56,360	(3,920)	3,260,007	1,150,725	4,410,732
Changes in equity								
Reclassified into retained earnings			15,382	(15,382)		-		-
Net income			87,596			87,596	39,650	127,246
Other comprehensive income				(96,061)		(96,061)	(42,264)	(138,325)
Dividends to Hitachi, Ltd. stockholders			(91,761)			(91,761)		(91,761)
Dividends to non-controlling interests						-	(47,361)	(47,361)
Acquisition of treasury stock					(166)	(166)		(166)
Sales of treasury stock		(138)			277	139		139
Issuance of new shares	1,072	1,072				2,144		2,144
Changes in non-controlling interests		75		(1,987)		(1,912)	6,003	4,091
Total changes in equity	1,072	1,009	11,217	(113,430)	111	(100,021)	(43,972)	(143,993)
Balance at end of year	459,862	464,795	2,296,208	(57,070)	(3,809)	3,159,986	1,106,753	4,266,739

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 814 and the number of equity-method affiliates is 409.

3. Financial assets
   The Company has adopted IFRS 9 "Financial Instruments" (amended in October 2017).
   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.

4. 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.

5. 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.

6. 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.

The risk-sharing corporate pension plan introduced by the Company and its subsidiary in April 2019 is classified as a defined contribution pension plan because the Company effectively has no further obligation to make additional contributions.

7. Impact of COVID-19 on accounting estimates

For the fiscal year ended March 31, 2020, the Company tested fixed assets, such as goodwill, for impairment and assessed the realizability of deferred tax assets, etc., which require management to make estimates of future cash flows or future taxable income, based on the assumption that most of the impact of the slowdown in the global economy caused by the spread of COVID-19 would occur in the first half of the fiscal year ending March 31, 2021, with the decrease in demand to continue in the second half of the fiscal year in part of the business, but would not be material in the longer term, although the situation varies from one segment or region to another since the Company is engaged in a wide range of business activities around the globe. The Company judged that this is the best assumption as of March 31, 2020. However, if the impact lasts longer or is wider than the assumption described above, it could affect significant accounting estimates or judgements regarding impairment of fixed assets, such as goodwill, and assessments of the realizability of deferred tax assets, etc.

(Notes on Changes in Accounting Policies)

Adoption of IFRS16 “Leases” (IFRS 16)

From the beginning of the fiscal year ended March 31, 2020, the Company has adopted IFRS 16 “Leases” (IFRS 16). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases, and lessees are required to account for all leases under a single on-balance sheet model. As a transitional measure upon the adoption of IFRS 16, the Company applies this standard and the method of recognizing the cumulative effect of the initial application as an adjustment to the beginning balance of retained earnings at the date of initial application. The Company’s leases consist mainly of the leasing of real estate, and the impact of adopting IFRS 16 on the consolidated statement of financial position at the beginning of the fiscal year ended March 31, 2020 includes an increase in assets of 218,161 million yen associated with the recognition of right-of-use assets, an increase in liabilities of 221,832 million yen associated with the recognition of lease liabilities, and a decrease in equity of 3,671 million yen associated with the recognition of an adjustment to the beginning balance of retained earnings, etc. at the date of initial application. The impact on the consolidated statement of profit or loss was not material.

The Company elects to use the practical expedient under which it is not required to perform a review for the existence of a lease in a contract judged under IAS 17 “Lease” (hereinafter “IAS 17”) and IFRIC 4 “Determining whether an Arrangement contains a Lease” in prior periods at the commencement date of IFRS 16. In addition, when IFRS 16 is applied to a lease that is classified as an operating lease under IAS 17, the following practical expedients are mainly elected to use.

- A lessee accounts for the leases for which the lease term ends within 12 months of the date of initial application, in the same way as short-term leases.
- A lessee uses hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position at the beginning of the fiscal year ended March 31, 2020 is 1.46%.

The difference between the future minimum lease payments of 135,963 million yen under non-cancelable operating leases in accordance with IAS 17 and the lease liabilities of 273,812 million yen recognized in the consolidated statement of financial position at the beginning of the fiscal year ended March 31, 2020 is 137,849 million yen. The main factors for the reconciliation from the future minimum lease payments based on non-cancelable operating leases as of March 31, 2019 to lease liabilities recognized in the consolidated statement of financial position at the beginning of the fiscal year ended March 31, 2020 include decreases of 32,940 million yen due to the application of the practical expedient related to short-term leases, 17,980 million yen due to the separation of non-lease components of the contract and 9,456 million yen due to the measurement of the discounted present value of lease liabilities, and increases of 149,026 million yen due to the impact of periods covered by extension options and termination options included in the lease term and 49,199 million yen due to the inclusion of lease liabilities classified as finance leases under IAS 17.

(Notes on Changes in Presentation)

Consolidated Statement of Financial Position

Due to materiality of an account balance as a result of business reorganization and others, “Goodwill” which was included in “Intangible assets” as of March 31, 2019, has been reclassified and separately presented as of March 31, 2020, and “Intangible assets” has been renamed to “Other intangible assets.”

(Notes to Consolidated Statement of Financial Position)

1. The components of Trade receivables and contract assets: Accounts receivable of 1,684,225 million yen, Contract assets of 429,117 million yen, and Others of 146,863 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 (30,686) million yen, remeasurements of defined benefit plans of 1,958 million yen, net changes in financial assets measured at FVTOCI of 66,373 million yen, and net changes in cash flow hedges of (94,715) million yen.
3. Collateralized assets: Trade receivables and contract assets of 9,958 million yen, inventories of 16,671 million yen, investments in securities and other financial assets of 340 million yen, and property, plant and equipment of 51,236 million yen.
   Secured debts: 55,065 million yen
4. Allowance deducted directly from assets: 39,651 million yen from trade receivables and contract assets, and 4,384 million yen from other receivables.
5. Property, plant and equipment include land of 274,106 million yen and buildings and structures of 675,552 million yen.
   Accumulated depreciation and impairment losses of property, plant and equipment is (4,398,937) million yen.
   Other intangible assets include software of 132,779 million yen.
6. Guarantees: 63,108 million yen

(Notes to Consolidated Statement of Profit or Loss)

1. Other income
   Other income of 51,992 million yen mainly consists net gain or loss on sales and disposals of fixed assets of 29,920 million yen.
2. Other expenses
   Other expenses of (570,635) million yen includes loss due to the settlement of the South African project of (375,967) million yen.
3. Income taxes
   Income taxes of (51,246) million yen includes current tax expense of (175,072) million yen and deferred tax expense of 123,826 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 967,280,477 shares
   (2) Treasury stocks Common stock 1,050,741 shares
2. Cash dividends
   Total amount of cash dividends 91,761 million yen
3. Class and number of shares to be issued upon exercise of stock acquisition rights at end of year
   Common stock 890,960 shares

(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
   Information on the fair value of financial instruments as of March 31, 2020 is as follows. Financial instruments measured at fair value in the consolidated statements of financial position and financial instruments, whose carrying amounts and book value are approximately equal, are not included in the following table.

(Millions of yen)

	Carrying amounts	Fair Values
Assets		
Investments in securities and other financial assets		
Lease receivables	83,553	84,834
Debt securities	73,048	73,051
Long-term loans receivable	26,642	28,576
Liabilities		
Long-term debt [1]		
Bonds	385,293	386,082
Long-term debt	637,648	640,929

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

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

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

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

Investments in securities and other financial assets and Other financial liabilities

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

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

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

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

Long-term debt

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

(Note on Per Share Information)

Hitachi, Ltd. stockholders' equity per share	3,270.43yen
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders per share	92.55 yen
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders per share	(1.84) yen
Net income attributable to Hitachi, Ltd. stockholders per share	90.71 yen

(Notes on Major Subsequent Events)

1. Sale of all shares of Hitachi Chemical Company, Ltd. (hereinafter “Hitachi Chemical”)
   On December 18, 2019, the Company signed a tender offer agreement with Showa Denko K.K. (hereinafter “Showa Denko”) and HC Holdings K.K. (hereinafter “HC Holdings”), a wholly-owned subsidiary of Showa Denko, under which the Company agrees to tender all shares of common stock in Hitachi Chemical held by the Company, in response to a tender offer to be carried out by HC Holdings for the shares of common stock of Hitachi Chemical, a consolidated subsidiary of the Company in the Hitachi Chemical segment. HC Holdings commenced the tender offer on March 24, 2020, and the tender offer was completed on April 20, 2020. The consideration to be received by the Company was 495,145 million yen.
   As a result, the Company’s ownership ratio of shares of Hitachi Chemical decreased from 51.4% to 0%, and Hitachi Chemical was deconsolidated. An expected gain on the sale of shares of Hitachi Chemical in the amount of 279 billion yen will be recognized in Other income in the consolidated statement of profit or loss. Furthermore, non-controlling interest in Hitachi Chemical will decrease approximately 220 billion yen in the consolidated statement of changes in equity as a result of its deconsolidation.

2. Additional acquisition of shares of Hitachi High-Tech Corporation (hereinafter “Hitachi High-Tech”)
   On January 31, 2020, the Company decided to conduct a tender offer to acquire all issued shares of Hitachi High-Tech, a consolidated subsidiary of the Company in the Hitachi High-Tech segment, to establish the measurement and analysis platform to strengthen Lumada. The Company commenced the tender offer on February 17, 2020, and the tender offer was completed on April 6, 2020.
   Furthermore, the Company conducted a series of procedures to make Hitachi High-Tech a wholly-owned subsidiary of the Company. As a result, the Company’s ownership ratio of shares of Hitachi High-Tech increased to 100% on May 20, 2020. The total consideration paid will be 531,118 million yen, and the Company will recognize a decrease in the total of capital surplus and non-controlling interest by the same amount as the consideration.

(Other Notes)

1. Settlement regarding the South African project
   At the meeting of the Board of Directors held on December 18, 2019, the Company approved a settlement with Mitsubishi Heavy Industries, Ltd. (hereinafter “MHI”) regarding the transfer price adjustment, etc. for the South African project previously in the process of arbitration based on economic rationality and business strategy, etc., and reached a settlement agreement with MHI on the same day. As a result of the conclusion of this settlement, it was agreed that all common shares of Mitsubishi Hitachi Power Systems, Ltd. (hereinafter “MHPS”) held by the Company would be transferred to MHI, and the Company would pay 130,000 million yen to MHI comprising a settlement payment of 200,000 million yen offset by a consideration of 70,000 million yen in loans receivable to Mitsubishi Hitachi Power Systems Africa Proprietary Limited (hereinafter “MHPS Africa”) to be transferred to MHI. Accordingly, the Company recorded other accounts payable of 200,000 million yen related to the settlement payment to MHI and other provision of 273,272 million yen related to the transfer of shares of MHPS. The Company also reversed the provision of 105,041 million yen related to the transfer price adjustment, etc. of the South African project, which had been recorded prior to the conclusion of this agreement. As a result of the above, the Energy segment recorded a loss of 375,967 million yen due to the settlement, which is included in Other expenses in the consolidated statement of profit or loss for the year ended March 31, 2020. Other provision related to this agreement is included in Other current liabilities in the consolidated statement of financial position as of March 31, 2020, and the change in the provisions, including the reversal of the provision related to the transfer price adjustment, etc. of the South African project, which had been recorded prior to the conclusion of this agreement, is included in Other under cash flows from operating activities in the consolidated statement of cash flows for the year ended March 31, 2020. The shares of MHPS will be delivered to MHI as soon as the procedures required for the transfer are completed. Regarding the assets to be transferred to MHI under this agreement, the shares of MHPS previously included in Investments accounted for using the equity method and the loans receivable to MHPS Africa previously included in Investments in securities and other financial assets classified as non-current assets in the consolidated statement of financial position, the total of which was 333,614 million yen, were reclassified to Other current assets in the consolidated statement of financial position since they met the criteria as held-for-sale assets in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations.” Furthermore, on March 30, 2020, the Company transferred to MHI, the loans receivable to MHPS Africa, and paid 130,000 million yen to MHI comprising the settlement payment offset by the consideration in loans receivable. As of March 31, 2020, the corresponding amount of assets meeting the criteria as held-for-sale assets included in Other current assets is 263,614 million yen.

2. Acquisition of ABB’s power grids business
   On December 17, 2018, the Company decided to acquire the power grids business from ABB Ltd (hereinafter “ABB”) and signed an agreement with ABB in order to strengthen and expand energy solutions business globally. The Company plans to acquire an 80.1% stake in the company operating the power grids business that will be divested by ABB in the first half of 2020 and make it a consolidated subsidiary of the Company. The consideration is expected to be approximately 6.4 billion U.S. dollars (approximately 696.5 billion yen). Furthermore, the Company is expected to repay certain loans owed by the company operating the power grids business to be divested by ABB, in addition to the acquisition cost. The effects of this transaction on the Company’s consolidated financial statements are currently being evaluated.

3. Reorganization of automotive systems business

On October 30, 2019, the Company and Hitachi Automotive Systems, Ltd. (hereinafter “HiAMS”), a consolidated subsidiary of the Company in the Smart Life segment, signed an agreement with Honda Motor Co., Ltd. (hereinafter “Honda”), and Keihin Corporation, Showa Corporation, and Nissin Kogyo Co., Ltd. (together, hereinafter “the Associates of Honda”), to integrate management of HiAMS and the Associates of Honda, in order to strengthen development and distribution of global and competitive solutions in the CASE area.
HiAMS and the Associates of Honda plan to conduct an absorption-type merger in which HiAMS will be the surviving company (hereinafter “the Integrated Company”) and each of the Associates of Honda will be the disappearing companies after they become wholly-owned subsidiaries of Honda through tender offers to be conducted by Honda for the common shares of the Associates of Honda. The consideration will be the common shares of the Integrated Company. After the merger, the Company’s ownership ratio of shares of the Integrated Company will become 66.6% and the Integrated Company will become a consolidated subsidiary of the Company. The effects of this transaction on the Company’s consolidated financial statements are currently being evaluated.

4. Sale of Diagnostic Imaging-related Business

On December 18, 2019, the Company signed an agreement with FUJIFILM Corporation (hereinafter “Fujifilm”) regarding the transfer of the Diagnostic Imaging-related Business included in the Company, the Company’s subsidiaries and associates in the Smart Life segment to Fujifilm.
The Company plans to transfer all shares of common stock of a new company established by the Company to Fujifilm after the Diagnostic Imaging-related Business is succeeded to the new company from the Company through an absorption-type company split. The consideration is expected to be approximately 179 billion yen. Assuming the transaction is settled, it is expected that the Company’s ownership ratio of shares of the new company will decrease from 100% to 0%, and the new company will be deconsolidated. An expected gain on the sale of shares of the new company in the amount of approximately 111 billion yen will be recognized in Other income in the consolidated statement of profit or loss.

6. Consolidated Statement of Comprehensive Income (Supplementary Information)

	Years ended March 31	
	2019	2020
	(Millions of yen)	
Net income	321,022	127,246
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(45,356)	(17,207)
Remeasurements of defined benefit plans	(11,881)	(8,396)
Share of OCI of investments accounted for using the equity method	(1,964)	(963)
Total items not to be reclassified into net income	(59,201)	(26,566)
Items that can be reclassified into net income		
Foreign currency translation adjustments	(4,175)	(111,323)
Net changes in cash flow hedges	(6,274)	13,173
Share of OCI of investments accounted for using the equity method	12,009	(13,609)
Total items that can be reclassified into net income	1,560	(111,759)
Other comprehensive income (OCI)	(57,641)	(138,325)
Comprehensive income	263,381	(11,079)
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	171,140	(8,465)
Non-controlling interests	92,241	(2,614)

7. Consolidated Statement of Cash Flows (Supplementary Information)

	Years ended March 31	
	2019	2020
	(Millions of yen)	
Cash flows from operating activities		
Net income	321,022	127,246
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	368,044	433,158
Impairment losses	344,997	136,993
Income taxes	183,699	51,244
Share of (profits) losses of investments accounted for using the equity method	15,016	(43,639)
Financial income and expenses	(6,387)	870
Net (gain) loss on business reorganization and others	(184,630)	(19,650)
(Gain) loss on sale of property, plant and equipment	(18,966)	(30,370)
Change in trade receivables and contract assets	1,793	185,935
Change in inventories	(149,500)	(143,072)
Change in trade payables	(16,107)	(115,086)
Change in accrued expenses	(14,769)	(47,575)
Change in retirement and severance benefits	(38,461)	(22,483)
Other	(29,982)	224,378
Subtotal	775,769	737,949
Interest received	22,343	23,607
Dividends received	22,710	13,362
Interest paid	(22,530)	(24,885)
Income taxes paid	(188,267)	(189,113)
Net cash provided by (used in) operating activities	610,025	560,920
Cash flows from investing activities		
Purchase of property, plant and equipment	(382,351)	(322,894)
Purchase of intangible assets	(89,898)	(98,382)
Proceeds from sale of property, plant and equipment, and intangible assets	61,623	82,539
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(72,422)	(237,172)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	306,971	57,624
Other	13,205	(7,541)
Net cash provided by (used in) investing activities	(162,872)	(525,826)
Free cash flows	447,153	35,094
Cash flows from financing activities		
Change in short-term debt, net	3,706	80,849
Proceeds from long-term debt	87,636	334,919
Payments on long-term debt	(133,581)	(279,446)
Proceeds from payments from non-controlling interests	5,149	5,004
Dividends paid to Hitachi, Ltd. stockholders	(77,194)	(91,699)
Dividends paid to non-controlling interests	(43,375)	(43,926)
Acquisition of common stock for treasury	(231)	(166)
Proceeds from sales of treasury stock	211	139
Purchase of shares of consolidated subsidiaries from non-controlling interests	(162,692)	(2,345)
Other	(55)	(492)
Net cash provided by (used in) financing activities	(320,426)	2,837
Effect of exchange rate changes on cash and cash equivalents	(17,098)	(33,193)
Change in cash and cash equivalents	109,629	4,738
Cash and cash equivalents at beginning of year	697,964	807,593
Cash and cash equivalents at end of year	807,593	812,331

8. Unconsolidated Statement of Changes in Net Assets (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Stockholders' equity								
		Capital surplus			Retained earnings			Stockholders' equity	
					Others				
	Common stock	Capital reserve	Others	Total capital surplus	Reserve for advanced depreciation of fixed assets	Retained earnings (losses) carried forward	Total retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	458,790	176,757	272,994	449,751	1,359	601,123	602,483	(3,920)	1,507,105
Change during year									
Issuance of new shares	1,072	1,072		1,072					2,144
Reversal of reserve for advanced depreciation of fixed assets					(113)	113	-		-
Distribution of surplus						(91,761)	(91,761)		(91,761)
Net income						119,409	119,409		119,409
Acquisition of treasury stock								(166)	(166)
Disposition of treasury stock			(76)	(76)				277	201
(Net) Change in items other than stockholders' equity during year									
Total change during year	1,072	1,072	(76)	995	(113)	27,762	27,648	110	29,826
Balance at end of year	459,862	177,828	272,917	450,746	1,246	628,885	630,131	(3,809)	1,536,931

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Unrealized holding gains on securities	Deferred profit or loss on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of year	56,668	(1,944)	(133)	54,590	1,760	1,563,456
Change during year						
Issuance of new shares						2,144
Reversal of reserve for advanced depreciation of fixed assets						-
Distribution of surplus						(91,761)
Net income						119,409
Acquisition of treasury stock						(166)
Disposition of treasury stock						201
(Net) Change in items other than stockholders' equity during year	(26,904)	12,236	-	(14,668)	444	(14,224)
Total change during year	(26,904)	12,236	-	(14,668)	444	15,601
Balance at end of year	29,763	10,291	(133)	39,921	2,204	1,579,058

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 which had readily determinable fair values are stated at fair value. The difference between acquisition cost and carrying cost of other securities is recognized in "Unrealized holding gains on securities." The cost of other securities sold is computed based on the moving average method.
   Other securities which did not have readily determinable fair values 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. Depreciation of intangible fixed assets (excluding lease assets)
   Selling, leasing, or otherwise marketing software: Depreciated 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 retirement benefits for senior executives:
   In order to provide for the payment of retirement benefits to senior executives, corporate officers, and the like, the Company accounted for the amount of payment required as of the end of this fiscal year according to the stipulations in the Company's internal rules.
   Decisions were made at the Compensation Committee meetings held on December 18, 2007 and March 26, 2008 to abolish the retirement allowance system and to pay the retirement allowance for the applicable period to senior executives, corporate officers, and the like at the time of their retirement, subject to resolutions of the Compensation Committee following decisions on their retirement.
   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
   Accounting standard for income on construction contracts and made-to-order software:
   Income is accounted for on the percentage of completion basis for progress made by the end of the relevant fiscal year, if said progress is deemed certain to yield results (as a general rule, the estimated percentage of progress is obtained by the cost-to-cost method). Income is accounted for on the completion basis in all other cases.
9. Consumption tax
   Consumption tax is accounted for based on the tax segregated method, under which consumption tax is excluded from presentation of revenues, cost of sales and expenses.
10. Hedge accounting
    Deferral hedge accounting is employed.
11. Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system
    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 application of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) is not mandatory.
12. Impact of COVID-19 on accounting estimates
    For the fiscal year ended March 31, 2020, the Company tested fixed assets for impairment, assessed recoverability of deferred tax assets and evaluated affiliated companies’ common stock, etc., which require management to make estimates of future cash flows or future taxable income, based on the assumption that most of the impact of the slowdown in the global economy caused by the spread of COVID-19 would occur in the first half of the fiscal year ending March 31, 2021, and with the decrease in demand to continue in the second half of the fiscal year in part of the business, but would not be material in the long term, although the situation varies from one segment or region to another since the Company is engaged in a wide range of business activities around the globe. The Company judged that this is the best assumption as of March 31, 2020. However, if the impact lasts longer or is wider than the assumption described above, it could affect significant accounting estimates or judgements regarding impairment of fixed assets, assessments of recoverability of deferred tax assets, and evaluations of affiliated companies’ common stock, etc.

(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	57	Collaterals for borrowings by affiliated companies and investees
Total	111	

2. Accumulated depreciation of tangible fixed assets

Buildings	185,732	million yen
Structures	24,931	million yen
Machinery	97,746	million yen
Vehicles	875	million yen
Tools and equipment	166,651	million yen
Lease assets	4,252	million yen

3. Land revaluation
   Effective on April 1, 2016, the Company succeeded "Revaluation reserve for land" of Hitachi Medical Corporation in conjunction with the absorption-type company split. As of March 31, 1998, in accordance with the "Act on Revaluation of Land" (Act No.34, promulgated on March 31, 1998), land owned by Hitachi Medical Corporation for business use was revalued. The unrealized gains on the revaluation were included in net assets as "Revaluation reserve for land", net of deferred taxes. The deferred taxes on the unrealized gains were included in liabilities as "Deferred tax liabilities for land revaluation".
   (1) Method of revaluation
   The fair value of land was determined based on the assessed value of fixed assets stipulated in Article 2-3 of the Ordinance Implementing the Act on Revaluation of Land (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). Reasonable adjustments are made to the assessed value of fixed assets.
   (2) Date of revaluation March 31, 2002
   (3) Difference between the fair value of land subject to the revaluation and the book value as of March 31, 2020 (334) million yen

4 Guarantees

The Company guarantees borrowings from financial institutions, etc. as follows.

(Millions of yen)

Guarantee	Year-end balance
Hitachi Rail S.p.A.	133,134
Hitachi Rail STS S.p.A.	65,597
Hitachi International Treasury Ltd.	15,780
Kawasaki Heavy Industries, Ltd.	1,600
Other	1,373
Total	217,486

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

5. Short-term receivables from affiliated companies 662,094 million yen
Long-term receivables from affiliated companies 69,728 million yen
Short-term payables to affiliated companies 891,778 million yen
Long-term payables to affiliated companies 5,105 million yen

(Notes to Unconsolidated Statement of Operations)

1. Loss due to the settlement of the South African project

At the meeting of the Board of Directors held on December 18, 2019, the Company approved a settlement with Mitsubishi Heavy Industries, Ltd. (hereinafter “MHI”) regarding the transfer price adjustment, etc. for the South African project previously in the process of arbitration based on economic rationality and business strategy, etc., and reached a settlement agreement with MHI on the same day. As a result of the conclusion of this settlement, it was agreed that all common shares of Mitsubishi Hitachi Power Systems, Ltd. (hereinafter “MHPS”) held by the Company would be transferred to MHI, and the Company would pay 130,000 million yen to MHI comprising a settlement payment of 200,000 million yen offset by a consideration of 70,000 million yen in loans receivable to Mitsubishi Hitachi Power Systems Africa Proprietary Limited (hereinafter “MHPS Africa”) to be transferred to MHI. Accordingly, the Company recorded an extraordinary loss of 384,744 million yen related to the expected loss due to the transfer the shares of MHPS and the settlement payment to MHI, etc. On March 30, 2020, the Company transferred to MHI, the loans receivable to MHPS Africa, and paid 130,000 million yen to MHI comprising the settlement payment offset by the consideration in loans receivable. The shares of MHPS will be delivered to MHI as soon as the procedures required for the transfer are completed.

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

Classification	Description	Category	Location
Assets to be held and used	Software relating to service business for financial institutions	Software	-
	Manufacturing facility of transformation station equipment	Machinery, etc.	Hitachi, Ibaraki
	Manufacturing facility of wind turbine equipment	Machinery, etc.	Hitachi, Ibaraki
	Seawater desalination plant	Machinery	eThekwini Metropolitan Municipality, Republic of South Africa
	Cogeneration facility	Machinery, etc.	Ibaraki and Gunma, 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 676 million yen
Machinery 4,330 million yen
Land 252 million yen
Software 2,409 million yen
Others 1,266 million yen
Total 8,934 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. Sales to affiliated companies 501,449 million yen
Purchases from affiliated companies 852,846 million yen
Non-operating transactions with affiliated companies 42,377 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	1,086,667	41,098	77,024	1,050,741

(Summary of Reason for Change)
The increase during this fiscal year by 41,098 shares is due to the purchase of shares from less-than-one unit shareholders at their request. The decrease during this fiscal year by 77,024 shares is due to the disposition of 74,240 shares as a result of the exercise of stock acquisition rights, and the sale of 2,784 shares to less-than-one unit shareholders at their request.

(Note on Accounting for Deferred Taxes)
The major causes of deferred tax assets were loss due to the settlement of the South African project and provision for loss on construction contracts.

(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 Company's products*	Underwriting of capital increase	154,935	-	-
Subsidiary	Hitachi America Capital, Ltd.	Indirect: 100.0%	*	Loan (Note 1)	(17,359)	Short-term loan receivables	119,713
Subsidiary	Hitachi Rail Ltd.	Direct: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products *	Loan (Note 1)	(33,175)	Short-term loan receivables	78,305
Subsidiary	Hitachi Automotive Systems, Ltd.	Direct: 100.0%	Manufacturing of the Company's products*	Loan (Note 2)	13,435	Short-term loan receivables	13,435
				Loan (Note 2)	60,500	Long-term loan receivables	60,500
Subsidiary	Hitachi High-Tech Corporation	Direct: 51.8%	Sale of the Company's products, etc.	Deposit received (Note 2)	36,242	Deposit received	195,179
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)	14,883	Deposit received	58,073
Subsidiary	Hitachi Building Systems Co., Ltd.	Direct: 100.0%	Manufacturing and sale of products developed by the Company *	Deposit received (Note 2)	(40,435)	Deposit received	56,733
Subsidiary	Hitachi Solutions, Ltd.	Direct: 100.0%	Outsourcing of the Company's information systems and software development *	Deposit received (Note 2)	9,932	Deposit received	47,479
Subsidiary	Hitachi Rail S.p.A.	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products, etc.	Guarantee	133,134	-	-

(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 Rail STS S.p.A.	Indirect: 100.0%	Manufacturing, sale, engineering and maintenance of the Group's products, etc.	Guarantee	65,597	-	-
Affiliate	Mitsubishi Hitachi Power Systems Africa (Pty) Ltd.	Indirect: 35.0%	Loans	Loan (Note 1)	(7,718)	Short-term loan receivables	-
				Loan (Note 1)	(70,000)	Long-term loan receivables	-

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

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 1,631.97 yen
Net income per share 123.59 yen

(Note on Major Subsequent Events)

Transfer of subsidiary's shares

On December 18, 2019, the Company signed a tender offer agreement with Showa Denko K.K. (hereinafter "Showa Denko") and HC Holdings K.K. (hereinafter "HC Holdings"), a wholly-owned subsidiary of Showa Denko, under which the Company agrees to tender all shares of common stock in Hitachi Chemical Company, Ltd. (hereinafter "Hitachi Chemical") held by the Company, in response to a tender offer to be carried out by HC Holdings for the shares of common stock of Hitachi Chemical, a consolidated subsidiary of the Company. HC Holdings commenced the tender offer on March 24, 2020, and the tender offer was completed on April 20, 2020. As a result, the Company plans to post an extraordinary gain of approximately 478 billion yen in gain on sale of affiliated companies' common stock in the unconsolidated statement of operations for the fiscal year ending March 31, 2021(from April 1, 2020 to March 31, 2021).

Acquisition of shares

On January 31, 2020, the Company decided to conduct a tender offer to acquire all issued shares of Hitachi High-Tech Corporation (hereinafter "Hitachi High-Tech"), a consolidated subsidiary of the Company, to establish the measurement and analysis platform to strengthen Lumada. The Company commenced the tender offer on February 17, 2020, and the tender offer was completed on April 6, 2020. Furthermore, the Company conducted a series of procedures to make Hitachi High-Tech a wholly-owned subsidiary of the Company. As a result, the Company's ownership ratio of shares of Hitachi High-Tech increased to 100% on May 20, 2020. The total consideration paid will be 531,118 million yen.

(Additional Information)

Acquisition of shares

On December 17, 2018, the Company decided to acquire the power grids business from ABB Ltd (hereinafter "ABB") and signed an agreement with ABB in order to strengthen and expand energy solutions business globally. The Company plans to acquire an 80.1% stake in the company operating the power grids business that will be divested by ABB in the first half of 2020. The consideration is expected to be approximately 6.4 billion U.S. dollars (approximately 696.5 billion yen).

Company spilt and transfer of shares

On December 18, 2019, the Company signed an agreement with FUJIFILM Corporation (hereinafter "Fujifilm") regarding the transfer of the Diagnostic Imaging-related Business included in the Company, the Company's subsidiaries and associates to Fujifilm. The Company plans to transfer all shares of common stock of a new company established by the Company to Fujifilm after the Diagnostic Imaging-related Business is succeeded to the new company from the Company through an absorption-type company split. In accordance with the share transfer, the Company plans to post an extraordinary gain of approximately 107 billion yen in gain on sale of affiliated companies' common stock in the unconsolidated statement of operations for the fiscal year ending March 31, 2021(from April 1, 2020 to March 31, 2021).

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

REPORT OF INDEPENDENT AUDITORS

June 11, 2020

Mr. Toshiaki Higashihara, President & CEO

Hitachi, Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office, Japan

Takashi Ouchida
Designated Engagement Partner
Certified Public Accountant

Takuya Tanaka
Designated Engagement Partner
Certified Public Accountant

Yoshitomo Matsuura
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. (the "Company") applicable to the fiscal year from April 1, 2019 to March 31, 2020.

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, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020, in accordance with International Financial Reporting Standards with certain disclosure items omitted pursuant to the second sentence of Article 120, Paragraph 1 of the Regulation 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 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.

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 International Financial Reporting Standards with certain disclosure items omitted pursuant to the second sentence of Article 120, Paragraph 1 of the Regulation 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 International Financial Reporting Standards with certain disclosure items omitted pursuant to the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, matters related to going concern.

Audit Committee are 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.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 International Financial Reporting Standards with certain disclosure items omitted pursuant to the second sentence of Article 120, Paragraph 1 of the Regulation 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 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.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors 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, 2020. Ernst & Young ShinNihon LLC has not audited the English language version of the consolidated financial statements for the above-mentioned year.