

Inspire 2027 Hitachi Group's New Management Plan

Hitachi, Ltd.
President & CEO
Toshiaki Tokunaga

April 28th, 2025

Inspire 2027 will elevate Hitachi to the next stage by evolving its management and achieving sustainable growth

- Hitachi, a globally unique company that combines IT, OT, and products, has the strength to transform social infrastructure by integrating technology and domain knowledge. Additionally, Hitachi has a decentralized structure that allows it to address regional challenges, even as the world becomes increasingly divided.
- Inspire 2027, Hitachi Group's New Management Plan, seeks to further increase corporate value by fully displaying these strengths as well as by increasing cash flow, optimizing capital allocation and continuously transforming the portfolio. Additionally, to demonstrate an unwavering commitment to transforming into a digital centric company, we have newly set ambitious long-term goals, "80% Lumada revenue ratio and 20% Lumada Adj. EBITA margin", as our "target level".
- In an unpredictable business environment, we aim to identify risks and take agile actions while maintaining a steady long-term direction in management to achieve sustainable growth and elevate Hitachi to the next stage. Additionally, we aspire to contribute to the realization of a harmonized society where the environment, wellbeing, and economic growth coexist in harmony.
- Through the execution of Inspire 2027, Hitachi Group's New Management Plan, we will integrate the strengths of our 280,000 colleagues worldwide as True One Hitachi and work towards further increasing corporate value.

April 28th, 2025



1. Reflection on Mid-term Management Plan 2024

Achieved mode change to organic growth, moving towards the next stage aiming for sustainable growth

		MMP2021		MMP2024	[MMP target]
MMP24 KPIs	Revenue growth*1 (3-year CAGR)	5%	↗	14%	[5-7%]
	Adj. EBITA margin*2	9.9%	↗	11.7%	[12%]
	ROIC	7.7%	↗	10.9%	[10%]
	EPS growth (3-year CAGR)	13%	↗	18%	[10-14%]
	Core FCF*3 (3-year cumulative)	0.9 Trillion yen	↗	1.8 Trillion yen	[1.2 Trillion yen]
Other indicators	Growth investments (3-year cumulative)	3.0 Trillion yen	↘	0.8 Trillion yen	
	Asset sales (3-year cumulative)	1.2 Trillion yen	↗	1.4 Trillion yen	
	Local procurement rate*4	79%	↗	82%	

MMP2024 achievements

- Achieved mode change to organic growth and significantly increased corporate value
- Established management focusing on cash flow and ROIC



Key challenges for sustainable growth

- Further improvement of profitability and capital efficiency
- Execution of disciplined growth investments
- Constant business portfolio transformation
- Continuous strengthening of risk management

2. Vision of Inspire 2027, the New Management Plan

2.1 Vision of Inspire 2027

Grow sustainably while contributing to a harmonized society where environment, wellbeing and economic growth are in balance



Balance expansion of energy demand with decarbonization

100 million tons/year^{*1 *2}

Decarbonization / Resource circulation

Balance social infrastructure development/advancement with secure and safe lives

20 billion passenger trips/year^{*1}

Railways services

Balance productivity growth with reduction of worker burden

2 billion people/year^{*1}

AI applications

Balance cancer treatment with work and social participation

1 billion people/year^{*1}

In vitro testing /diagnosis, Treatment

2.2 Structures for Inspire 2027

HITACHI

Expand four main businesses across six global regions, create One Hitachi growth businesses through the Strategic SIB*1

Regions autonomously deliver the value of One Hitachi



Digital Systems & Services

Transform social infrastructure through the integration of digital and OT
108,000 employees

Energy

Provide sustainable energy to all
53,000 employees

Mobility

Offer safe, comfortable, and green mobility
23,000 employees

Connective Industries

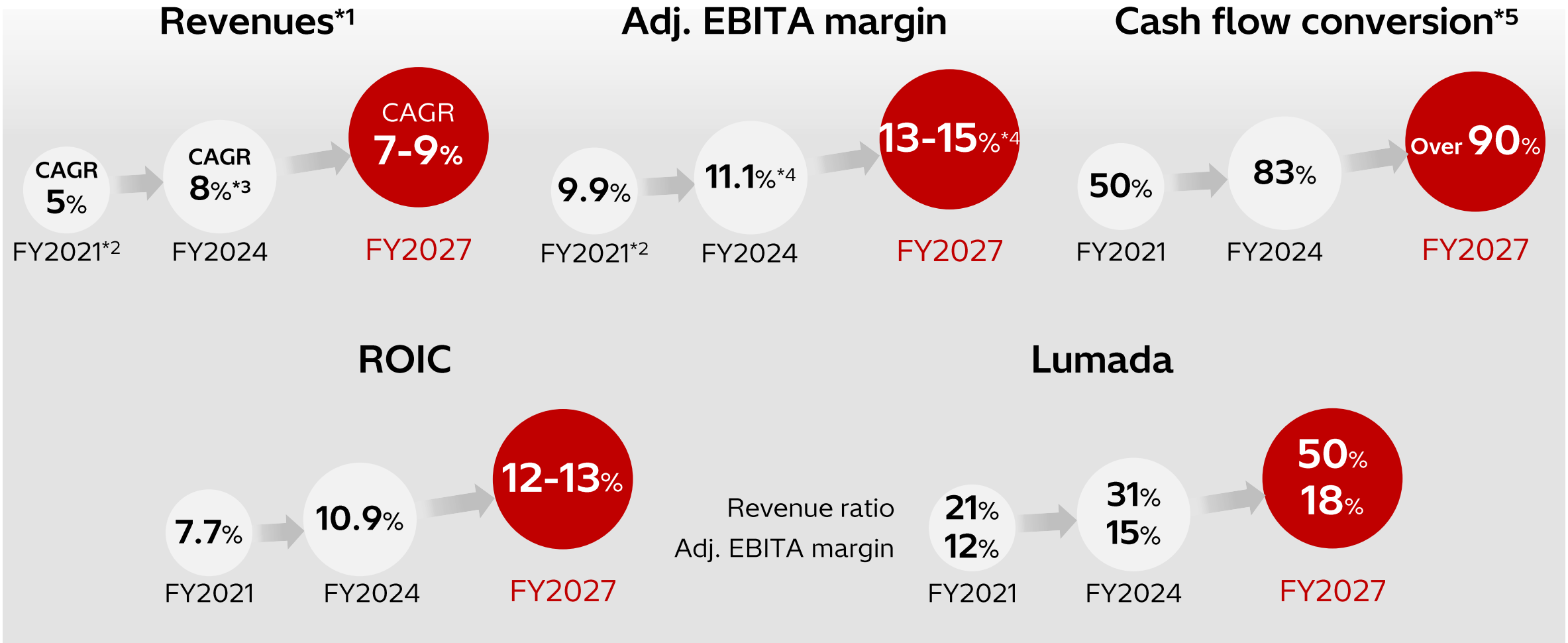
Improve on-site productivity with products and OT*2 knowledge
84,000 employees

Strategic SIB

Consolidate the capabilities as One Hitachi to deliver new social innovations

7 *1 Social Innovation Business *2 Operational Technology
The figures listed for each region represent FY2024 regional revenues
The number of employees does not include the headquarters staff and other 15,000 employees

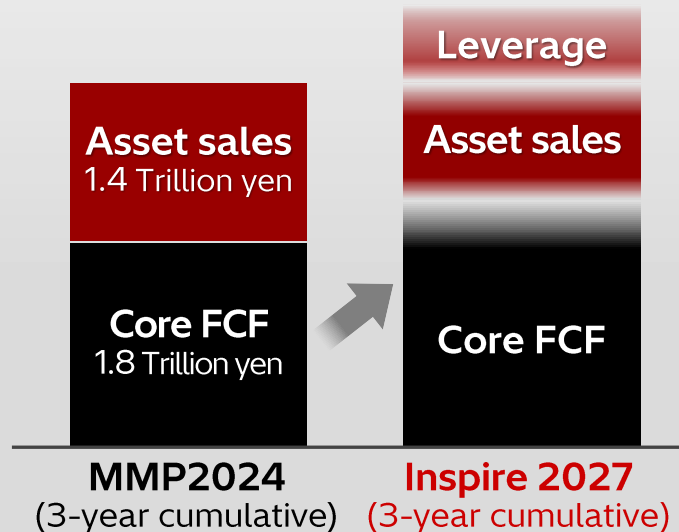
Set targets aimed at sustainable growth to further increase corporate value



Continuously strengthen cash flow generation capability and execute flexible and balanced growth investments and shareholder returns

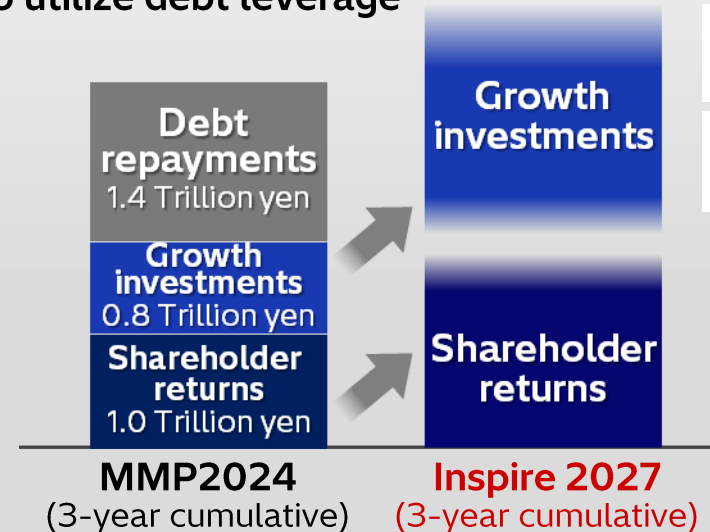
Strengthen CF generation capabilities

- **Top line growth**
Expand One Hitachi
- **Increase margins**
Expand Lumada ratio, AI utilization
- **Increase bottom line**
Optimize tax and interest
- **Increase CF conversion**
Optimize working capital and CAPEX



Growth investments

- **Focus on investments in digital enhancement and service expansion**
 - Strengthen Strategic SIB (data center, healthcare, etc.)
 - Strengthen industrial automation
 - Strengthen digital engineering and service
- **Execute considering strategic alignment, risks, returns, etc.**
 - Emphasize ROIC spread and Adj. EBITA
- **Also utilize debt leverage**



Shareholder returns

- **Stable dividends**
- **Flexible share buybacks**
- **Expand mid-to-long term returns**

Financial discipline

D/E ratio
0.5x
Net Debt/EBITDA ratio
1-2x

3. Inspire 2027 growth strategy

3.1 Evolution to Lumada 3.0

3.1.1 Evolution to Lumada 3.0

HITACHI

Evolve to Lumada 3.0 with AI enhanced by Hitachi's domain knowledge

Lumada 1.0

IoT Platform

Evolve customers' operations
with data driven approaches

Lumada 2.0

Digital engineering

Evolve the entire value chain
of customers by digital

Lumada 3.0

Powered by AI

Evolve social infrastructure
through AI strengthened with
domain knowledge

Digital capabilities

Domain knowledge

Installed base

Hitachi Rail
STS

JR
Automation

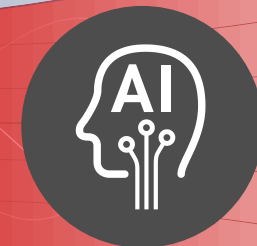
Hitachi Global
Air Power

Hitachi
Energy

GlobalLogic

Hitachi Digital
Services

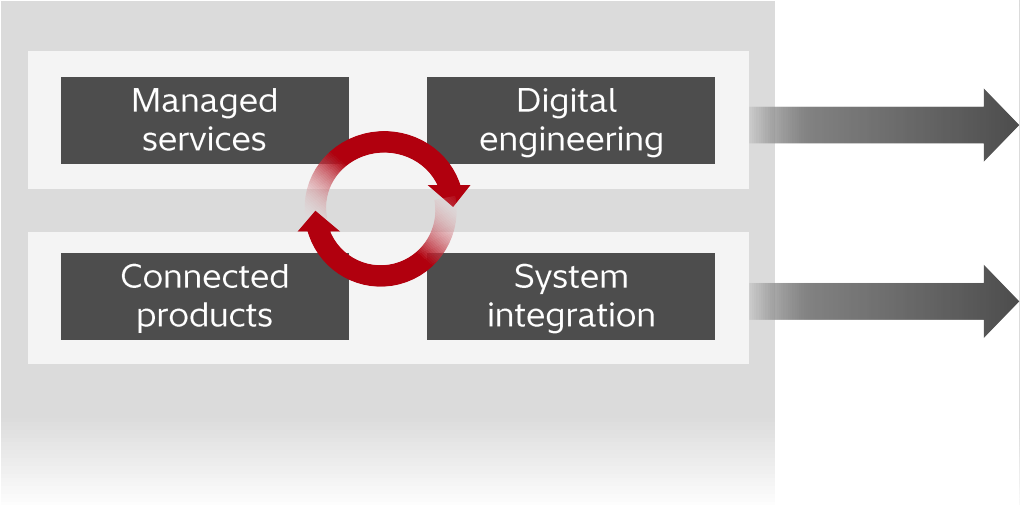
Hitachi Rail
GTS



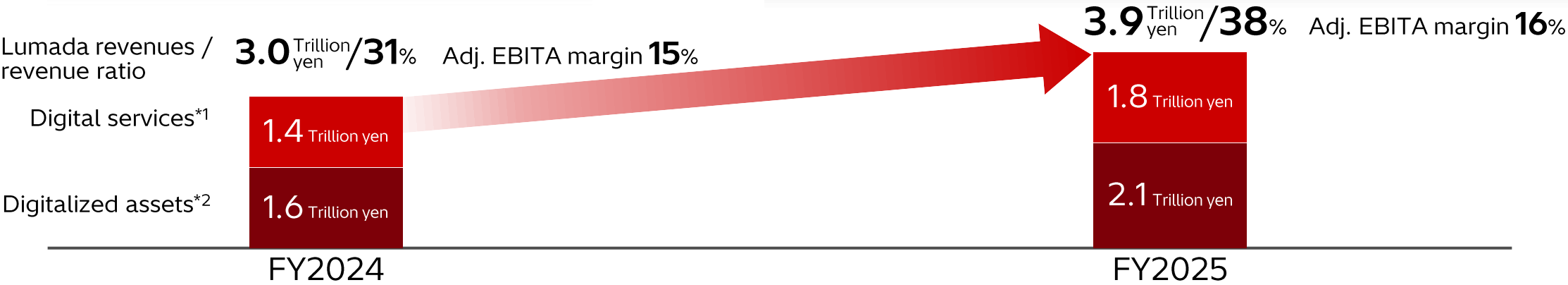
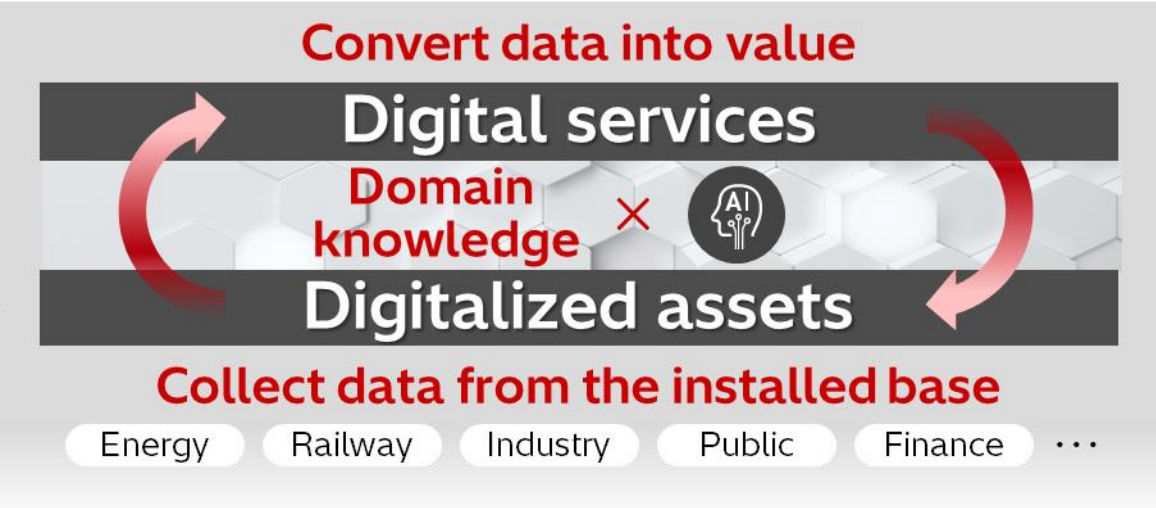
LUMADA

Create value from an expanding installed base with Lumada, enhanced by domain knowledge and AI

Lumada 2.0



Lumada 3.0



Combine AI with domain knowledge in railway operations to improve asset efficiency in vehicle/railway infrastructure

Lumada 3.0

Evaluate status of vehicle/railway infrastructure based on data



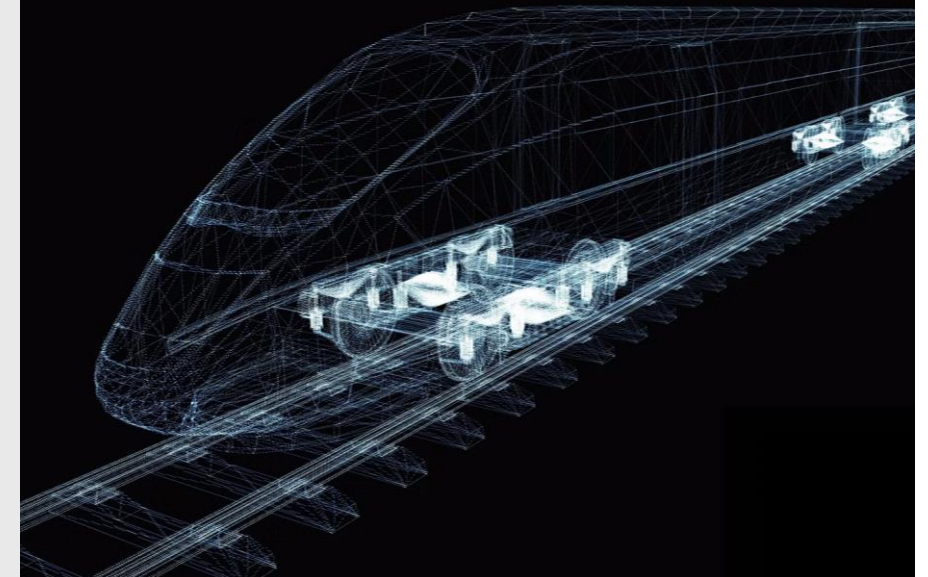
Real-time operational data collection from vehicles system, rail control, and railway operations



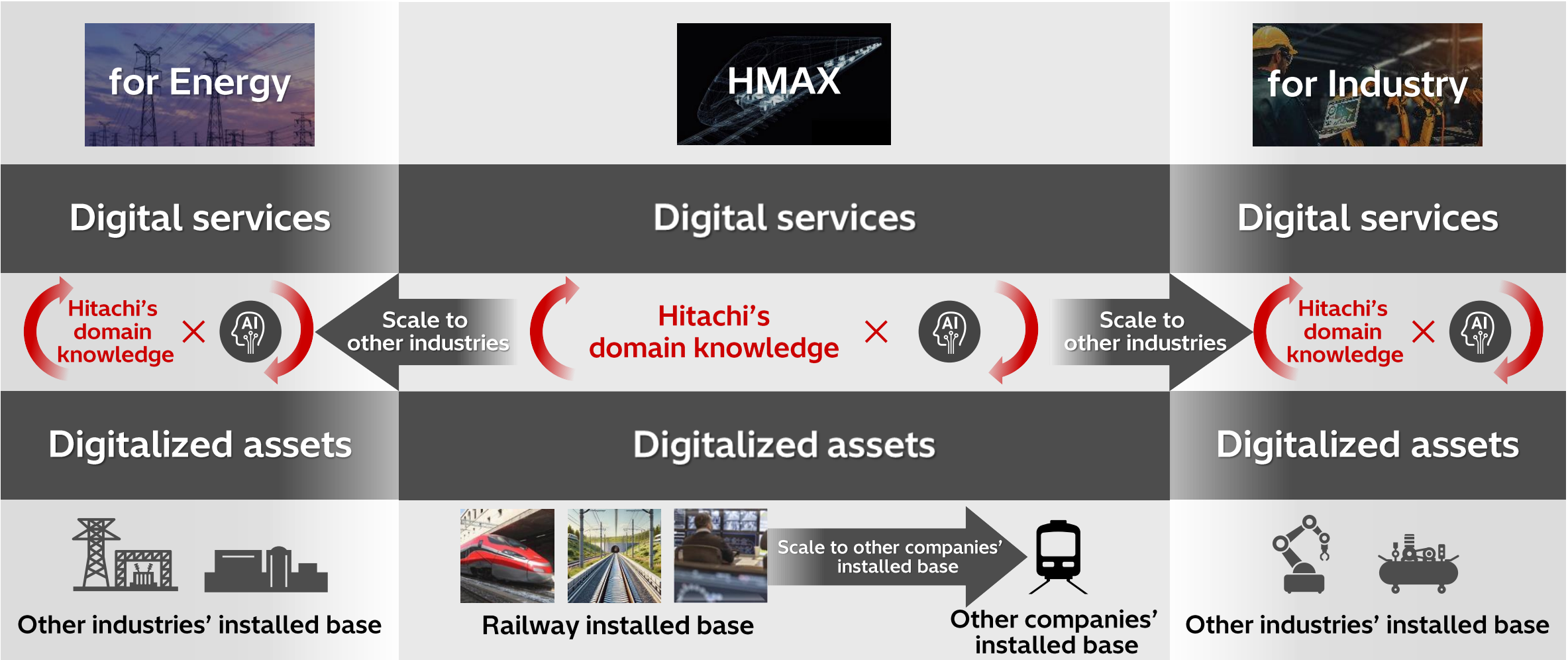
Railway installed base

HMAX

Maintenance costs **15%** reduction
Train delays **20%** reduction



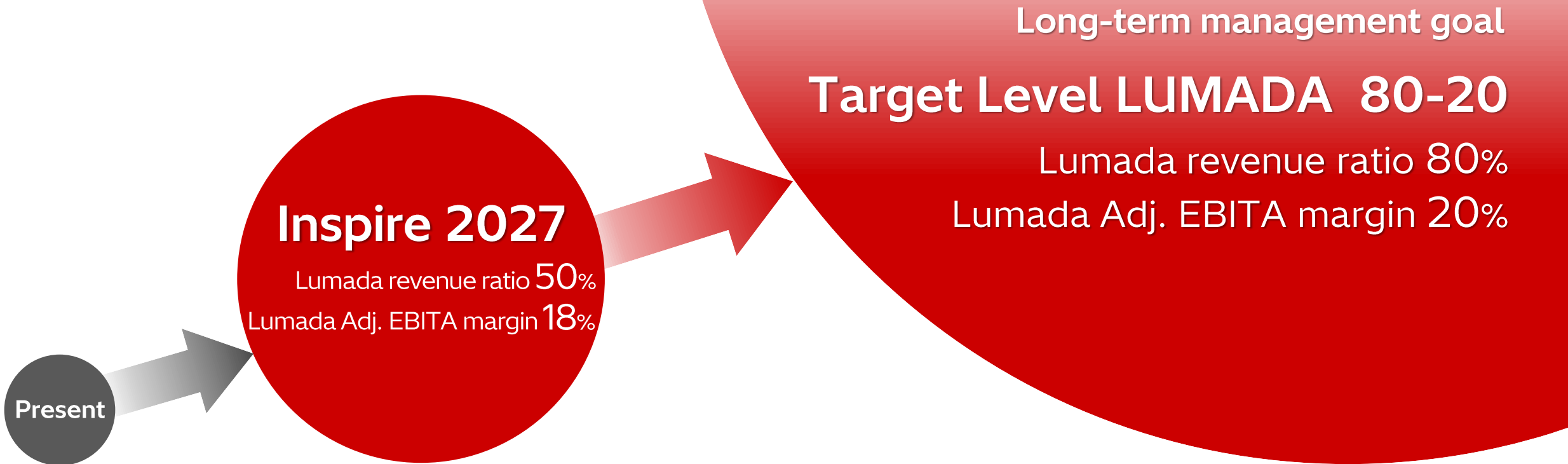
Scale to other companies' installed base and other industries with Lumada 3.0



3.1.5 Set new long-term management goals "Target Level"

HITACHI

Strengthen Lumada business continuously to aim for further profitability improvement



Strengthen Lumada investments and transform business portfolio

- Develop specialized LLM with learned domain knowledge
- Enhance interfaces with other companies' installed base
- M&As to strengthen the service businesses in four main businesses
- Reorganize businesses with no prospects for growth and profitability improvement

3.2 Strengthen four main businesses with Lumada at its core

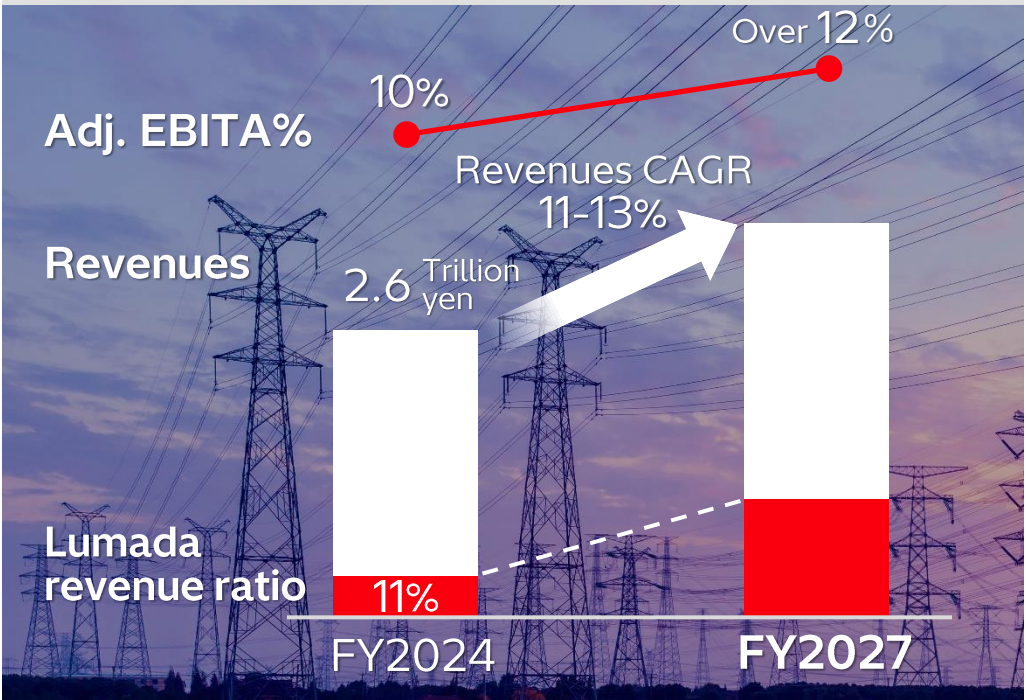
Achieve sustainable growth by capitalizing GX*1 supercycle and enhance profitability by strengthening service businesses

Energy Sector

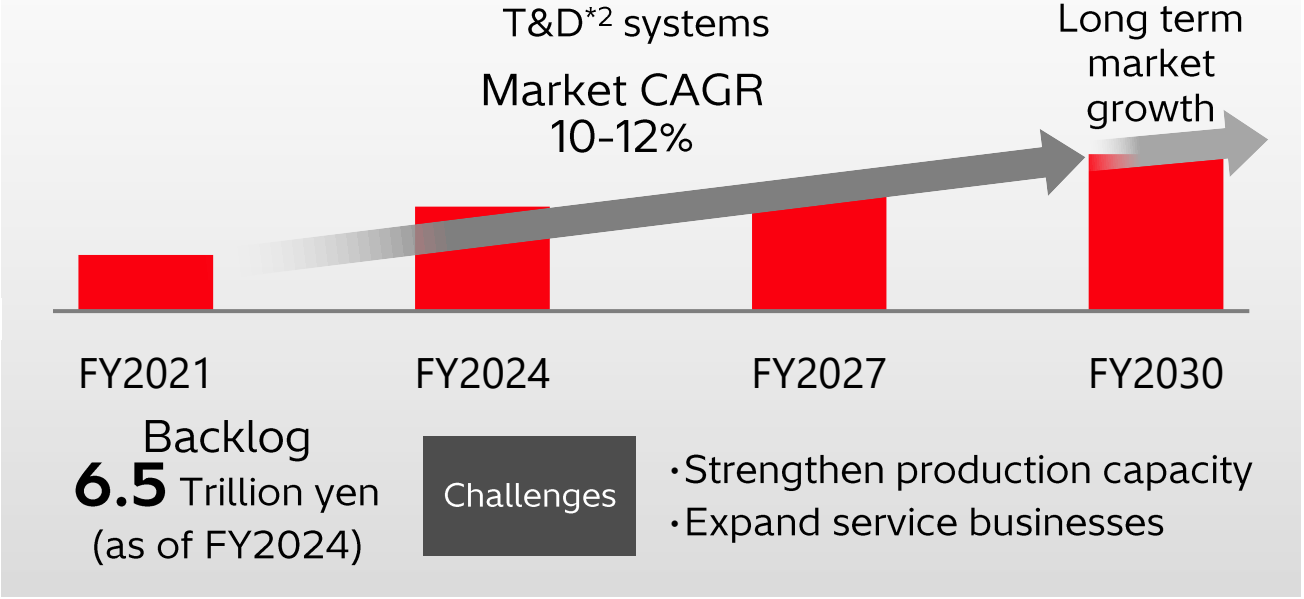


Andreas Schierenbeck

Extensive experience in leading the transformation of service and digital businesses as CEO of ThyssenKrupp Elevator



Accelerate growth in the expanding market



Growth strategy

- Enhance productivity and expand capacity by utilizing digital capabilities and collaborative partnerships
- Innovate O&M services through HMAX for Energy
- Global SMR deployment leveraging the 1st unit in Canada

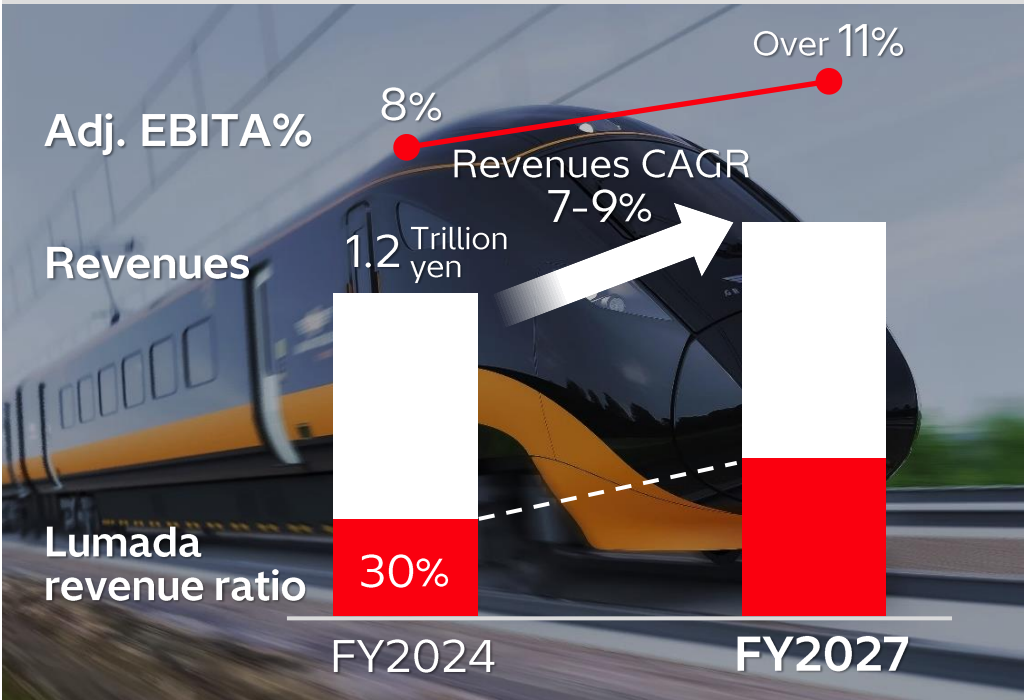
3.2.2 Strengthen four main businesses with Lumada at its core : Mobility

Expand service businesses to the entire vehicle/rail infrastructure through HMAX

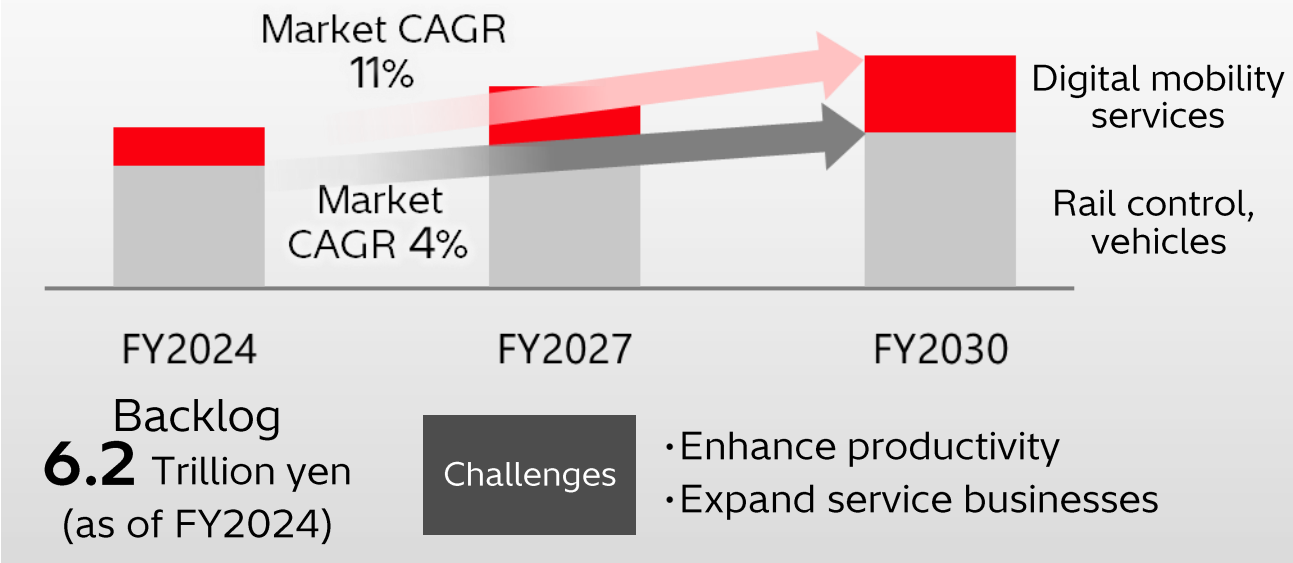
Mobility Sector



Giuseppe Marino
Extensive experience at global companies in railway, energy, automotive and nuclear for more than 30 years



Expansion of digital mobility services



Growth strategy

- Raise the efficiency of production with digital and expand local production
- Deploy service businesses with HMAX globally
- Expand service businesses such as operations optimization by AI to the entire rail infrastructure

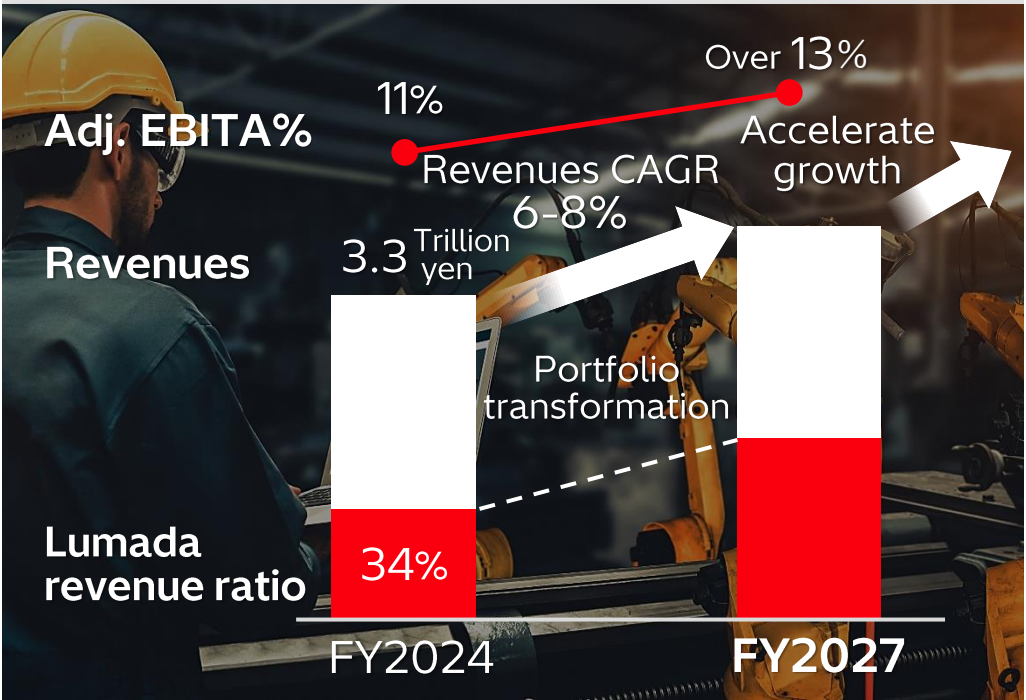
Accelerate business portfolio transformation and grow in the industry automation market

Connective Industries Sector

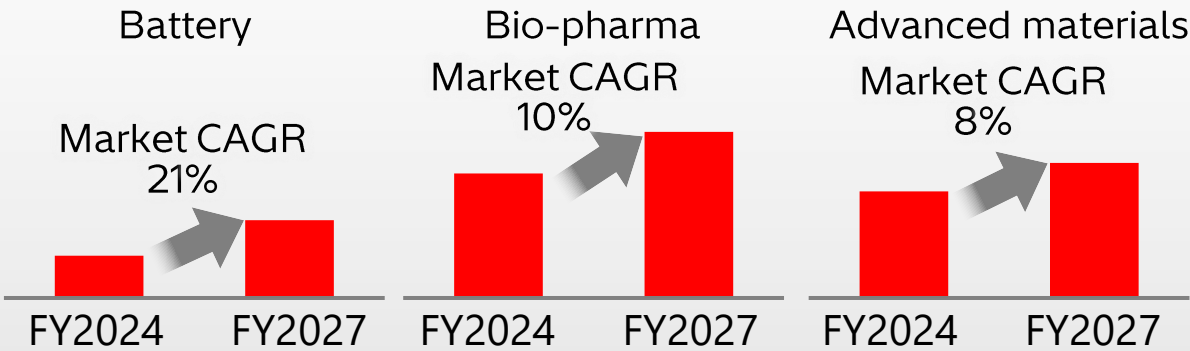


Brice Koch

Extensive experience in the industrial sector as EVP at ABB, also served as CEO of Hitachi Astemo*1 and CSO of Hitachi, Ltd.



Growing industry automation market



Backlog
2.0 Trillion yen
(as of FY2024)

Challenges


- Accelerate business portfolio transformation
- Formulate and execute global growth strategy

Growth strategy

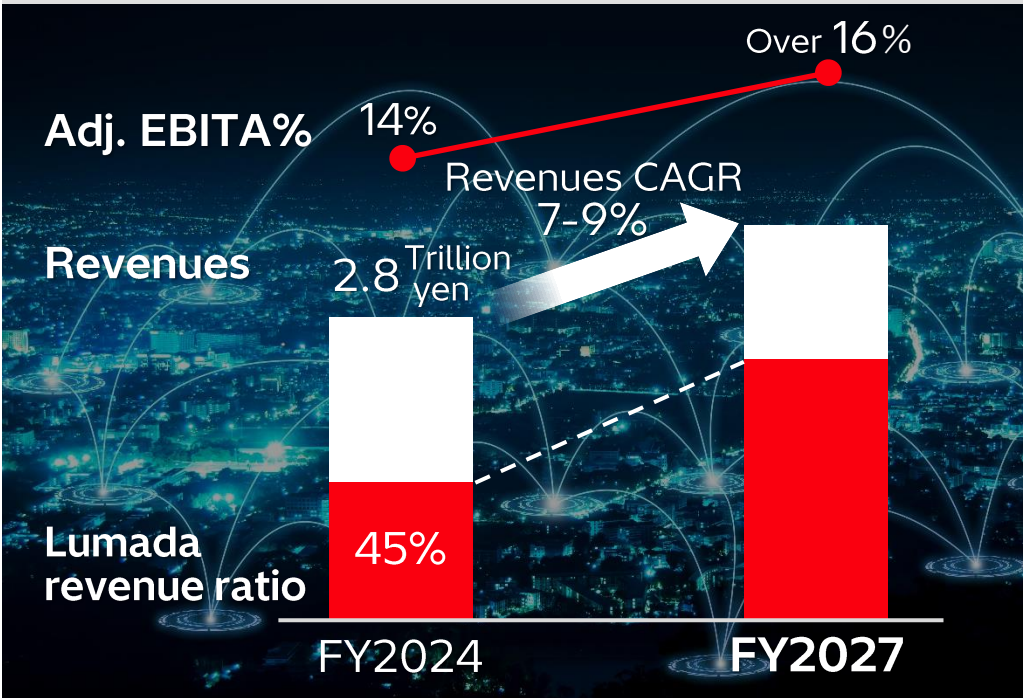
- Strengthen services and solutions in the industry automation areas
- Execute disciplined inorganic investments for global growth
- Innovate O&M services through HMAX for Industry

Sustain growth and profitability improvement by capturing DX market expansion and drive group-wide Lumada businesses

Digital Systems & Services Sector



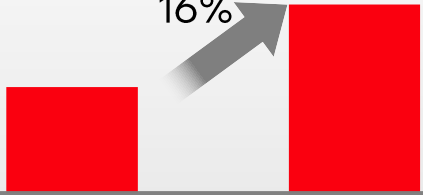
Jun Abe
Well versed in Lumada and extensive experience in leading all businesses in IT, OT, and products



Accelerate growth in the expanding DX market

Global*1


Market CAGR 16%



FY2024 FY2027

Japan

Market CAGR 13%



FY2024 FY2027

Backlog

1.5 Trillion yen (as of FY2024)

Challenges

- Strengthen OT and AI fusion capability
- Continue to review business portfolio

Growth strategy

- Global: Expand DX businesses with GlobalLogic
- Japan: Focus on profitable large-scale mission-critical projects and acquire relevant DX projects
- Supply digital to all Sectors to drive group-wide Lumada businesses

3.3 Capture new business opportunities supporting sustainable growth

Establish new Strategic SIB to create One Hitachi growth businesses

Strategic SIB



Jun Taniguchi

Leads the expansion of Lumada businesses through One Hitachi in Silicon Valley

- Gather resources under the CEO by One Hitachi
- Create businesses in new growth areas
- Create sustainable innovation through R&D
- Utilize ecosystems such as corporate ventures

Business development investments

500 Billion yen (including inorganic investments)

Social changes

- Emergence and rapid proliferation of generative AI
- Acceleration of decarbonization and electrification
- Urban concentration, depopulation, and DX of urban functions
- Growing awareness of healthy life expectancy and sustainable healthcare and nursing care

Strategic business areas

Data Center

Market CAGR **10%**
Data center market

Sustainable data center that balances energy demand with AI usage

eMobility

Market CAGR **25%**
Large-scale transportation electrification

Battery circular economy that supports electrified and electrification society

Smart City

Market CAGR **17%**
Digital infrastructure of cities

Sustainable cities through the implementation of social innovation

Healthcare

Market CAGR **20%**
Digital healthcare

Society that does not fear cancer through treatment advancement and medical cost reduction

Total integration for data centers by One Hitachi, leveraging Hitachi's strength

Market size

90 Trillion yen
(FY2030)
Market CAGR
10%

Enhancement of solutions

	Hitachi's strengths	Partnering, M&A
Application	HMAX	LLM Microsoft Google Cloud Edge AI NVIDIA
Operation service	HARC	Advanced data center operations
Data management	Hitachi iQ	GPU/ AI platform NVIDIA
Cooling	Air conditioning and cooling technology	Enhanced cooling functions
Clean energy	High-voltage transformer SMR	Improve power efficiency within data centers

Strengthen domain knowledge

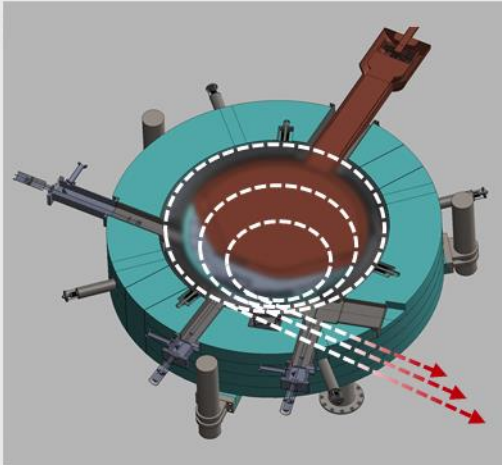
Recruited industry expert
Kaushik Joshi
(Former business leader at Equinix)

Experienced in the data center business
8 years at Dell Technologies and
15 years at Equinix

Create the “Next” that will drive the next growth through sustained innovation by strengthening R&D

Next Curing

High QoL particle beam therapy



World's first energy-variable technology capable of delivering high-dose radiation to cancer

Next Transporting

Electrification of aircraft



Transform fuel efficiency and mobility style with the world's highest motor power density

Next Computing

Silicon quantum computing



Dramatically improve computing performance

Next Sensing

Utilization of big data in space



Infrastructure monitoring from space for predictive diagnostics

R&D investments
(Lumada development+Next-generation technology development) **1.3** Trillion yen (3-year cumulative)

3.4 Strengthen management foundation supporting True One Hitachi

3.4.1 Strengthen risk management

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Continuously strengthen risk management across Hitachi group globally



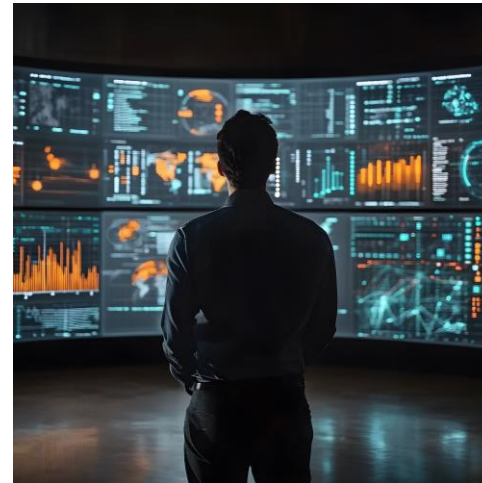
**Promotion of
autonomous
decentralized global
management**



**Strengthen M&A
procedures to maximize
return from growth
investments**

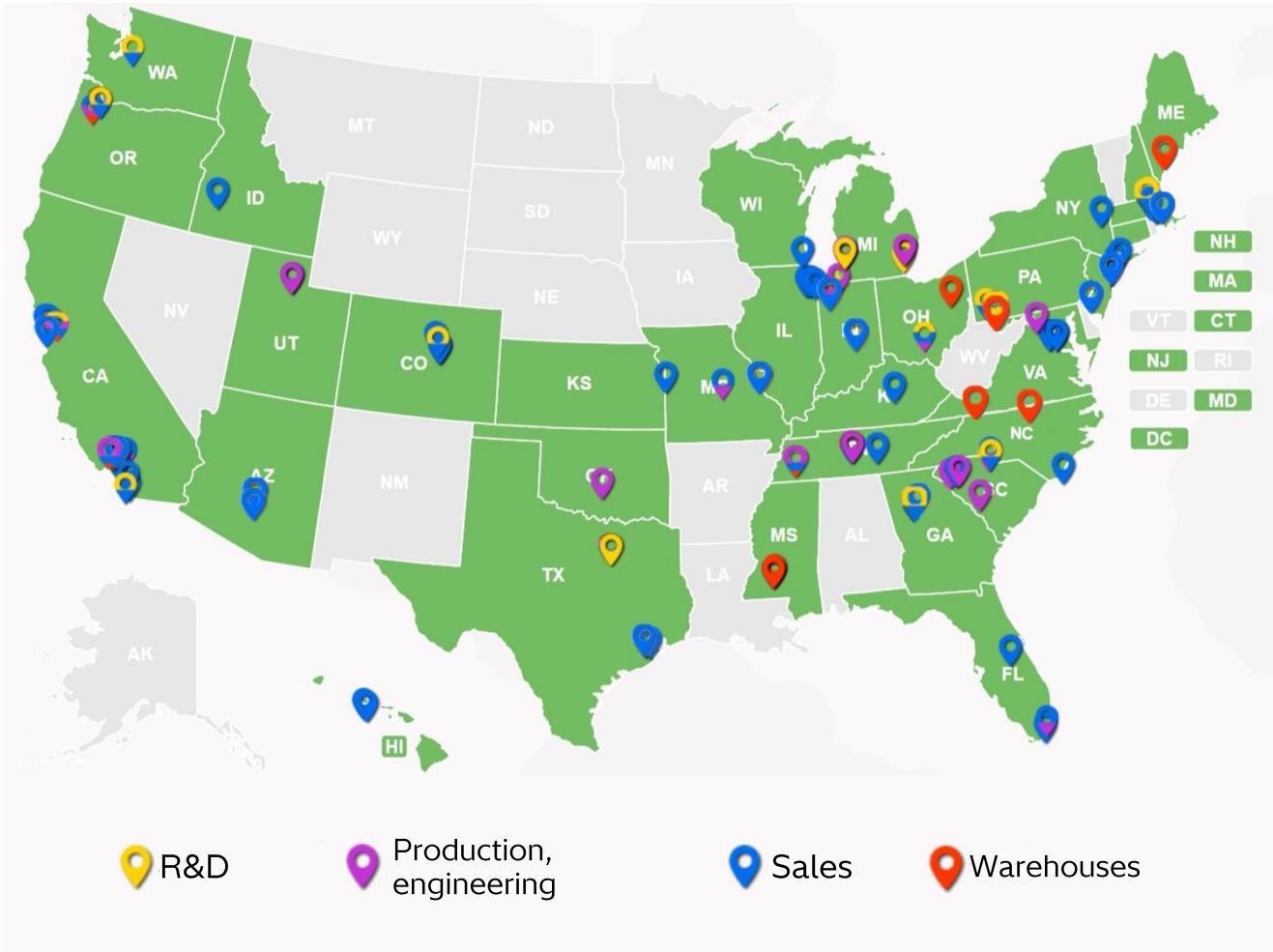


**Achieve threat
alleviation and
opportunity creation**



**Respond to
management risks
utilizing AI**

Achieve sustainable growth through the expansion of “local production for local consumption” and the creation of new opportunities: U.S. as an example



Asset footprint in the US

● Revenues	1.3 Trillion yen
● Number of employees	16,800
● Number of entities	54
● Production, engineering sites	34
● Number of suppliers	approx. 4,000
(As of FY2024)	

Threat alleviation : Risk management

Power grid systems	: Strengthen production in the US, price pass-through
Rail	: Maintain and expand production in the US
Industrial products & services	: Review supply chain, price pass-through

Opportunity creation: Implement growth strategy

Existing business	: Promote One Hitachi customer acquisition
Strategic SIB	: Seize growing data center demand

3.4.3 Strengthen human capital

HITACHI

Strengthen human capital to lead sustainable growth through aggressive investments



Commitment to increasing corporate value by strengthening share-based payment

Restricted Stock Unit grant target*1 Global stock purchasing plan accessibility target*1

1,500 people **150** Thousand people



Evolve Lumada businesses by enhancing AI talents

Generative AI professional talents*2

50 Thousand people



Promote business creation by fostering leaders

Next-generation leaders who realize growth strategies*3

1,000 people

*1 The target number of Restricted Stock Unit to be granted to eligible employees and the target number of eligible participants for the stock purchasing plan (both to be introduced globally, FY2027). For the stock purchasing plan, employees in countries where legal or practical implementation is difficult are excluded *2 LLM/AI engineers and IT engineers with knowledge of Gen AI (scale of training up to FY2027) *3 Number of employees selected for next-generation leader training program (cumulative up to FY2027)

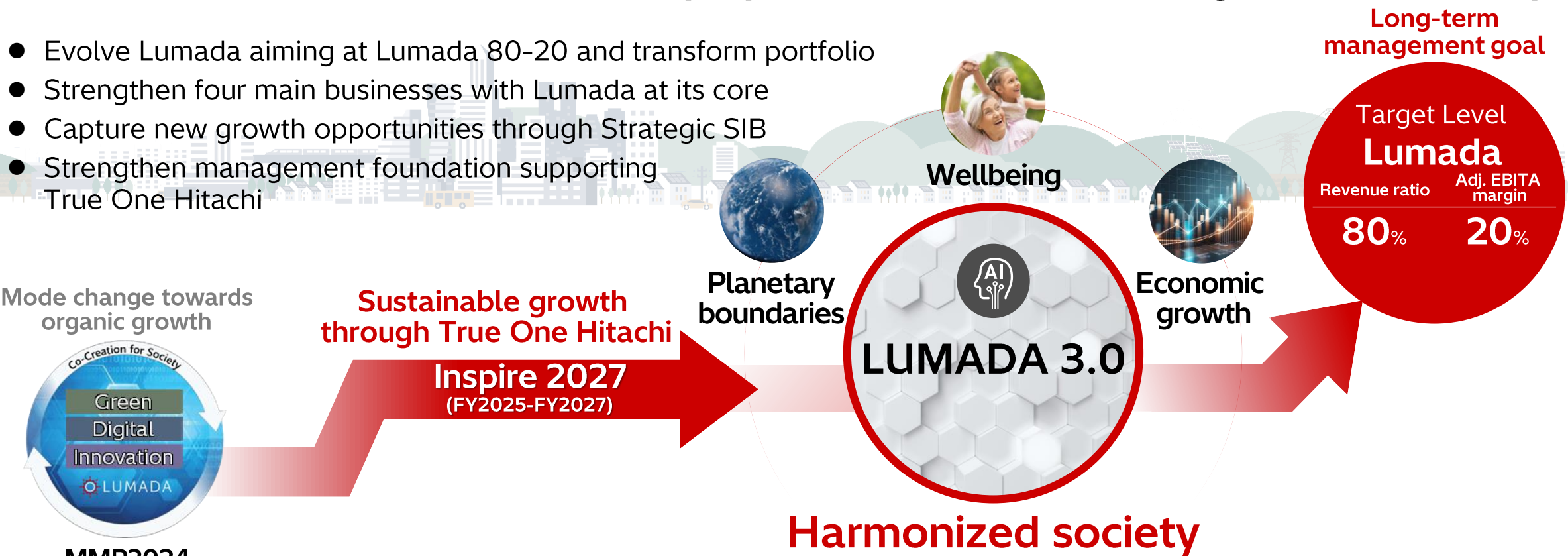
Align sustainability indicators with executive compensation to continuously commit to providing value to society

P lanet	Lead Green Transformation globally to achieve a decarbonized society	Linked to executive compensation
L eadership	Lead transformation with people who can boldly tackle societal issues and pave the way for a brighter future	
E mpowerment	Build a culture that praises learning and encourages challenge and growth	
D iverse perspectives	Drive innovation by maximizing capabilities and performance of diverse talents	
G overnance	Build a resilient foundation with safety and ethics as priority	
E ngagement	Build sustainable value chain along with stakeholders	
S ustainability for all	Accelerate value delivery to society and Hitachi's sustainable growth through PLEDGE	

4. Summary

Contribute to a harmonized society by True One Hitachi and grow sustainably

- Evolve Lumada aiming at Lumada 80-20 and transform portfolio
- Strengthen four main businesses with Lumada at its core
- Capture new growth opportunities through Strategic SIB
- Strengthen management foundation supporting True One Hitachi



Inspire 2027 targets	Revenues	Adj. EBITA margin	CF conversion*2	ROIC	Lumada	
	CAGR*1				Revenue ratio	Adj. EBITA margin
	7-9%	13-15%	Over 90%	12-13%	50%	18%

Hitachi Investor Day 2025

Hitachi Investor Day 2025

Explain True One Hitachi which accelerates value creation with digital at its core

- Day/time : Wednesday, June 11th, 2025, 3:00 P.M.-
- Agenda :

1. CEO Remarks	Toshiaki Tokunaga	President & CEO
2. Strategies for	Jun Abe	Executive Vice President
four main businesses	Brice Koch	Executive Vice President
	Andreas Schierenbeck	Senior Vice President
	Giuseppe Marino	Senior Vice President
3. Human capital strategy	Lorena Dellagiovanna	Senior Vice President, CHRO
4. CFO Session	Tomomi Kato	Senior Vice President, CFO
5. Q&A Session		

HITACHI

In a world of change, we must chart our own course.

Asking 'what's next' is what moves us forward.

It's what helps us solve the world's most formidable challenges.

It's what leads us to infinite possibilities.

Inspire the next

HITACHI

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi’s ability to respond to tightening of regulations to prevent climate change;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.