

CEO Remarks

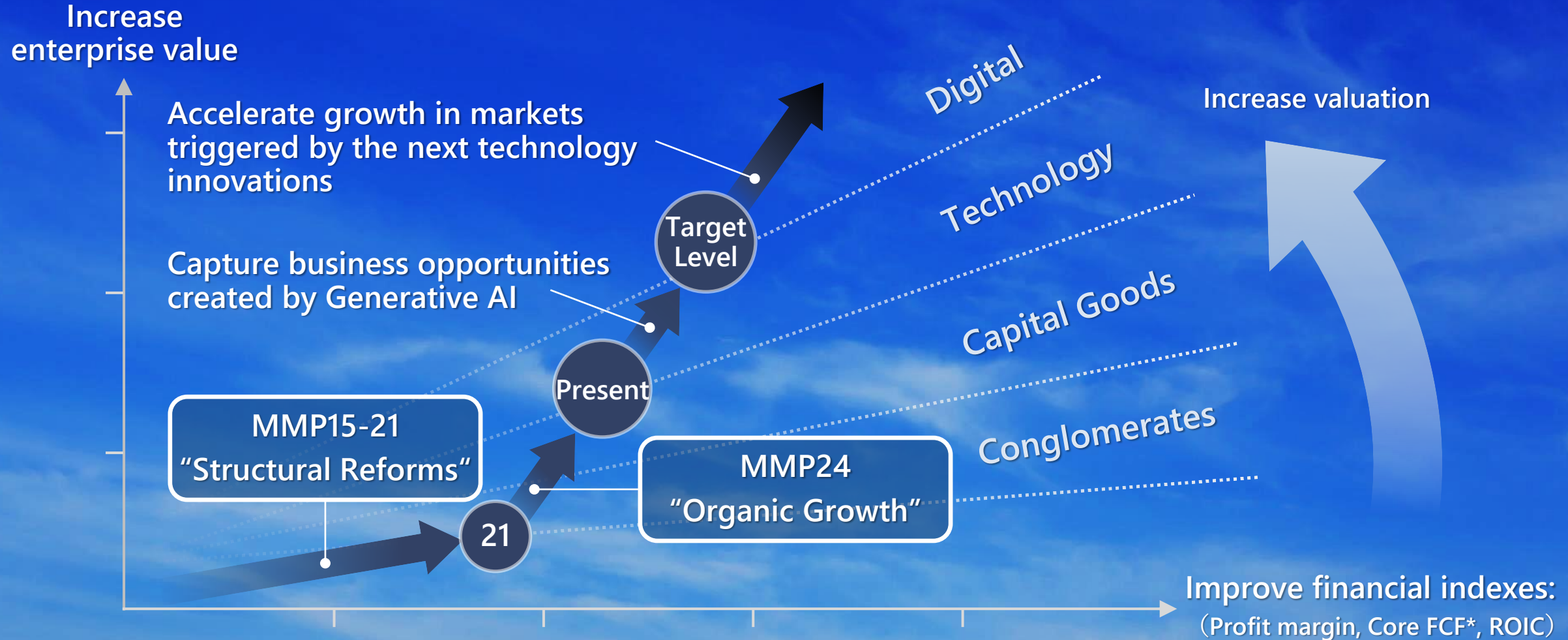
June 11, 2024

Keiji Kojima

President & CEO
Hitachi, Ltd.

1. Transformation Journey for Increasing Enterprise Value

Roadmap of Hitachi's Transformation into a Global Leader in the Social Innovation Business



Establish the Vision

- Become a company that resolves social issues through co-creation with customers
- Launched Lumada to accelerate the digitalization of business

Business portfolio transformation

- Asset replacement over ten years
 - Achieved zero listed subsidiaries in FY22
 - Large-scale M&As; e.g., Hitachi Energy, GlobalLogic

Build governance structures

- Build governance structures suitable for a global company
- Strengthen communication with stakeholders

3. MMP24: Organic Growth

Topline growth

(Global growth through DX/GX)

- Revenues
(3 sectors)

FY21		FY24 forecast
6.7 tr. yen	➔	9 tr. yen

Increase profit margin

(Drive increase by expanding Lumada business)

- Adj. EBITA
- Lumada revenue ratio

9.9%	➔	11.5%
21%	➔	29%

Strengthen cash generation

Strengthen shareholder returns

Cultivate a "growth mindset"

- Core FCF
(3-yr. cumulative)

- Shareholder returns
(3-yr. cumulative)

- Growth-oriented compensation incentives
(e.g., Growth achievement, vs. competitors)

MMP21		MMP24 forecast
0.9 tr. yen	➔	1.5 tr. yen

0.3 tr. yen	➔	1.0 tr. yen
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4. Impact of Generative AI

Issues expected to be resolved

Issues brought to light

Short-term impact

- Improve software productivity
- Improve productivity of office workers

- Rapid growth in data center demand
- Shortage of semiconductors for AI

Medium/long-term impact

- Improve productivity of front-line workers
- Improve efficiency of multi-language communications

- Increasingly serious power shortages
- Diverse risks arising with AI

5. Business Opportunities for Hitachi (1/2)

Responding to short-term impact from generative AI presents major business opportunities

Leverage effects of improved software productivity

Resolve the shortage of engineers in software development

Mission-critical SI
Front BU

Accumulate technologies applying AI
GlobalLogic

Respond to rapid growth in data center demand

As demand for generative AI grows, demand for data centers also increases

Substation facilities
Hitachi Energy

Cooling facilities
Hitachi Global Life Solutions

Hybrid cloud
Hitachi Vantara

Respond to shortage of semiconductors for AI

Growing demand for semiconductors in AI increases the need for manufacturing/testing equipment

Critical Dimension SEM*
Hitachi High-Tech

Building clean environments
Hitachi Plant Services,
Hitachi Global Life Solutions

Demand forecast /
Data integration platforms
GlobalLogic

* Scanning Electron Microscope

Medium/long-term impact from generative AI creates even greater business opportunities

Respond to increasingly serious power shortages

Offer stable power supply in response to demand from increasing IT infrastructures

High Voltage
Direct Current

Hitachi Energy

Small
modular reactors

Nuclear Energy BU

Supply/demand
planning/control

Social Infrastructure
Systems BU

Improve productivity of front-line workers

Use AI in front-line operations that account for 80%* of the global working population

Maintenance
services

Railway Systems BU,
Nuclear Energy BU

Robotics

Industry

Worksite-Augmenting Metaverse

R&D

Respond to diverse risks arising with AI

Respond to risks from promoting use of AI; e.g., safety/reliability

AI consulting services

Generative AI Center

Security services

IT services

Refine ability to respond quickly to social issues
created by major inflection points

Adjust business portfolios with a view
toward the next inflection points



8. Identify Technologies that Create the Next Inflection Points

Improve research
productivity through
generative AI



Accelerate
development of
technologies as the
next inflection point

Quantum
computing

Anti-
aging

Nuclear
fusion

Continually strengthen activities aimed at identifying technologies and their impact

Open innovations

Resolve the next social
issues through global eco-
systems with academia

Corporate venturing

Invest in and collaborate
with startups aiming to be
the next “unicorns”

Back-casting R&D

Create breakthrough
technologies by back-
casting from the future

Continue actions based on strong governance

Disciplined growth investments

Focus on investment returns

- M&A
 - Bolt-on acquisitions that support organic growth
 - Quickly generate Group synergy through strong PMI
 - Ensure appropriate risk management in investments
- Capex
 - Make necessary investments quickly and aggressively
 - Avoid overcapacity and streamline assets (asset-light) through frameworks that share growth investments with customers

Simplified portfolios

Enhance capital efficiency

- Assets sales
 - Consistent with Lumada strategies
 - Minimize strategic shareholdings
- Joint ventures and other business tie-ups
 - When increased scale is required to grow profits
 - Secure IP in technologies required for the next stage of growth

Hitachi Investor Day 2024

Introducing the aspiration of Hitachi that captures
new growth opportunities and accelerates evolution

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|--------------------------|---|-------------------|--------------------------------------|
| 1. CEO Remarks | : | Keiji Kojima | President & CEO |
| 2. CSO Introduction | : | Brice Koch | Executive Vice President, CSO & CRMO |
| 3. Digital strategies | : | Toshiaki Tokunaga | Executive Vice President |
| 4. Green strategies | : | Alistair Dormer | Executive Vice President |
| 5. Connective strategies | : | Jun Abe | Executive Vice President |
| 6. CFO Session | : | Tomomi Kato | Senior Vice President, CFO |
| 7. Q&A Session | | | |



Hitachi Social Innovation is POWERING GOOD



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;
- exacerbation of social and economic impacts of the spread of COVID-19;
- 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.