

Financial Performance and Growth Outlook

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We exceeded our 2024 Mid-term Management Plan

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Revenues CAGR

Target 2021-2024

12-15%

Actual

21%



**We delivered higher growth
across our portfolio**

Adjusted EBITA¹

Target 2024

8-12% (6.1% in 2021)

Actual

11.1%



**We continuously
improved our operations**

ROIC²

MMP Target 2024

15%

Actual

25%



**We accelerated
cash conversion**

In nominal rate.

¹ Adj. EBITA adjusted operating income plus acquisition-related amortization. In FY2024, includes equity in earnings (losses) of affiliates, excl. structural reform expenses

² Hitachi Energy standalone ROIC

Our 2030 Ambition

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Revenues CAGR
2024-2030

13-15%

Adjusted EBITA¹
2030

16-20%

ROIC²
2024-2030

25-30%

Sharpening our Focus on Execution

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Backlog

\$50B in FY2025, the industry's largest, reflecting strong market demand



New business models

Standardization & frame agreements



Operational efficiency

Maximizing factory utilization and productivity with standardization through our Digital Core



Capacity expansion

Expand existing manufacturing sites and build new ones to address market demand



People

Growing workforce by 15,000 people through 2027



Service

Digital as an enabler to address our market-leading installed base



Volume leverage

Optimizing and harmonizing our operations through our Digital Core



Innovation

Cementing our technology leadership with increasing R&D investments

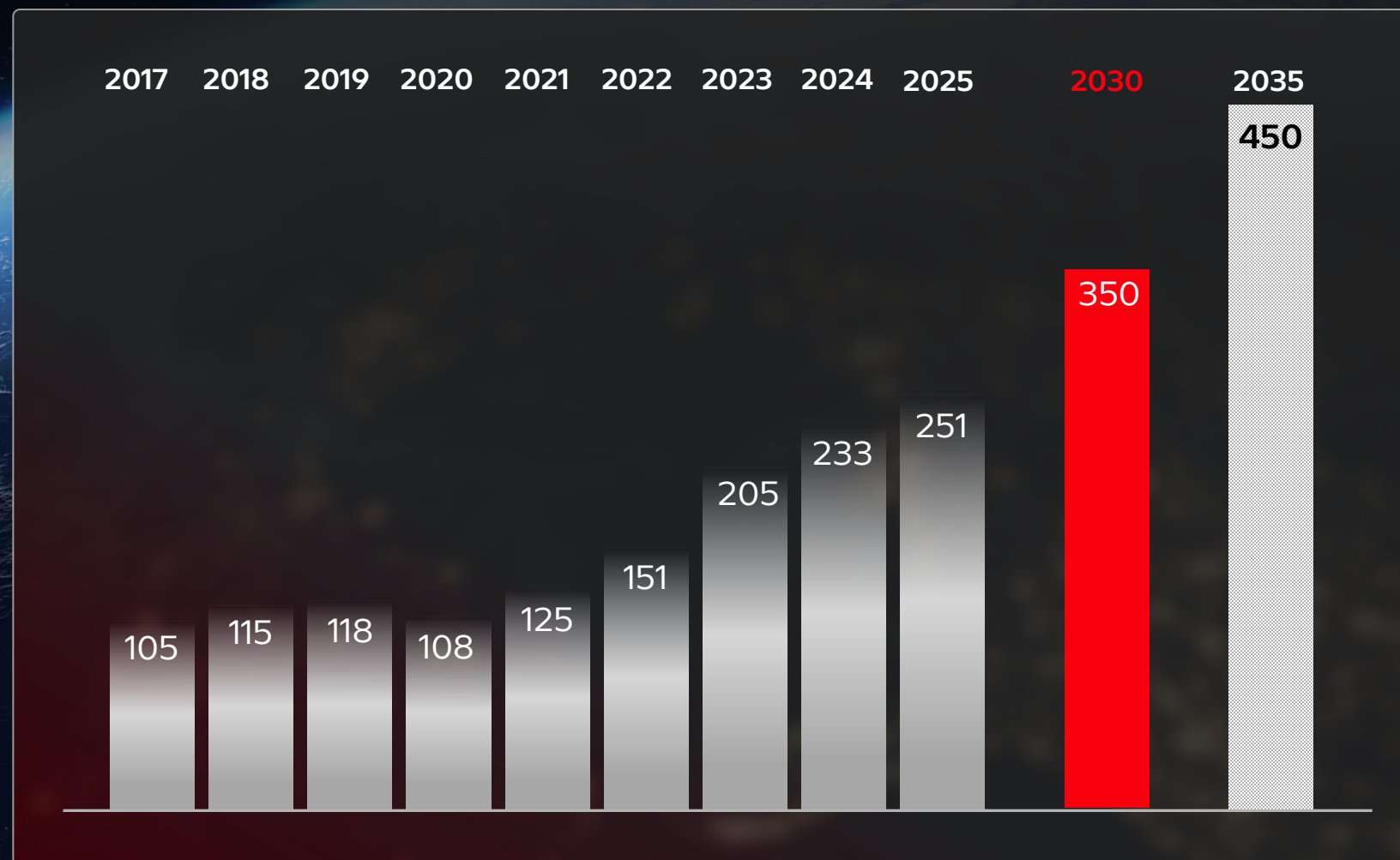


Growth

Productivity

Estimated Market Size for Hitachi Energy

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By 2030

\$350B

CAGR 2024-2030

~7%

CAGR 2030-2035

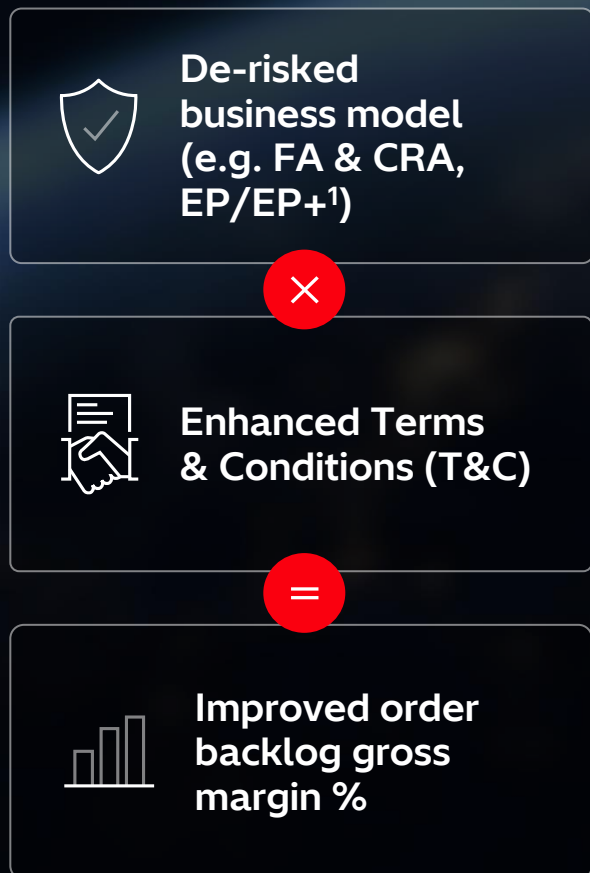
~5%

Targeting high growth segments in the market

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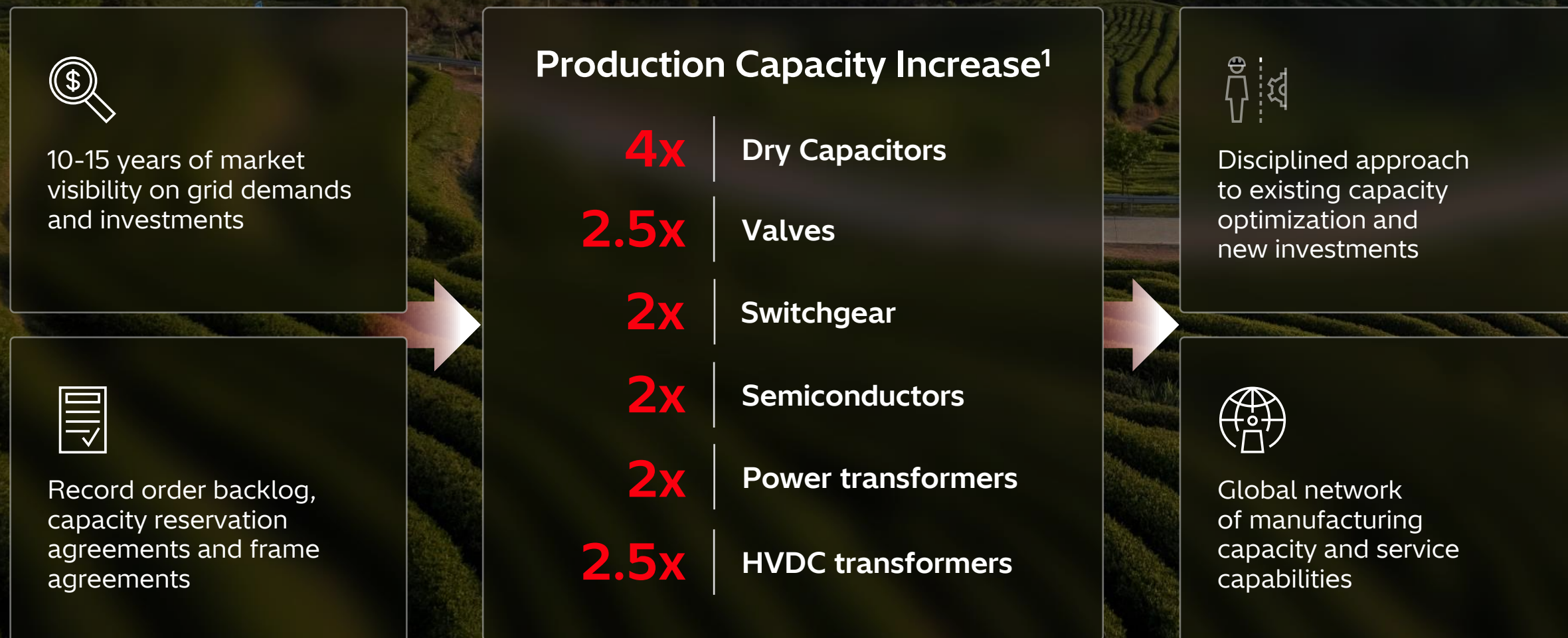


Growing backlog with higher margin & increased visibility



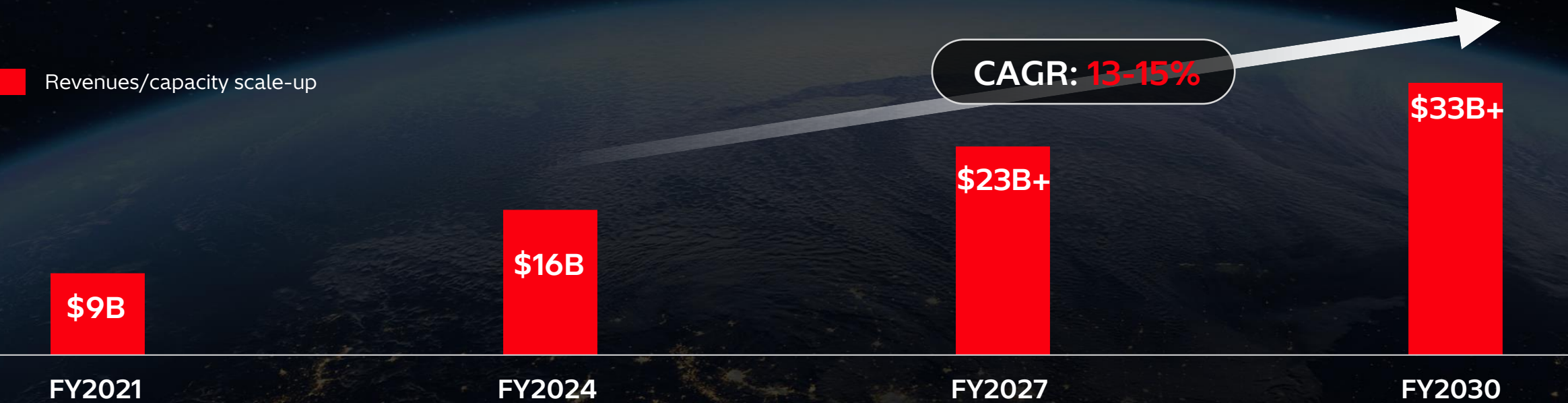
\$9 billion of investments in production capacity, service offering, engineers, partnerships and R&D

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Enablers of Revenue Growth to Maintain #1 Position

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Deployment of our Digital Core
(S4/HANA, Workday, etc.)
Productivity measures
Shift increases in factories
Proactive CAPEX investments

Digitalization
of Operations
~\$2B CAPEX in FY2023-25: optimizing
existing and disciplined investment in new
factories
+15,000 colleagues in 2024-2027

AI embedded throughout
our operations
~\$2B CAPEX in FY2026-28, optimizing
existing and disciplined investment in new
factories

Volume leverage supports expanding margins

01

Productivity through our Digital Core and AI

02

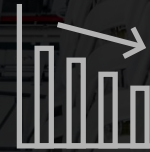
Agility and resilience in our operations

03

One Hitachi synergies

04

Increase investment in innovation

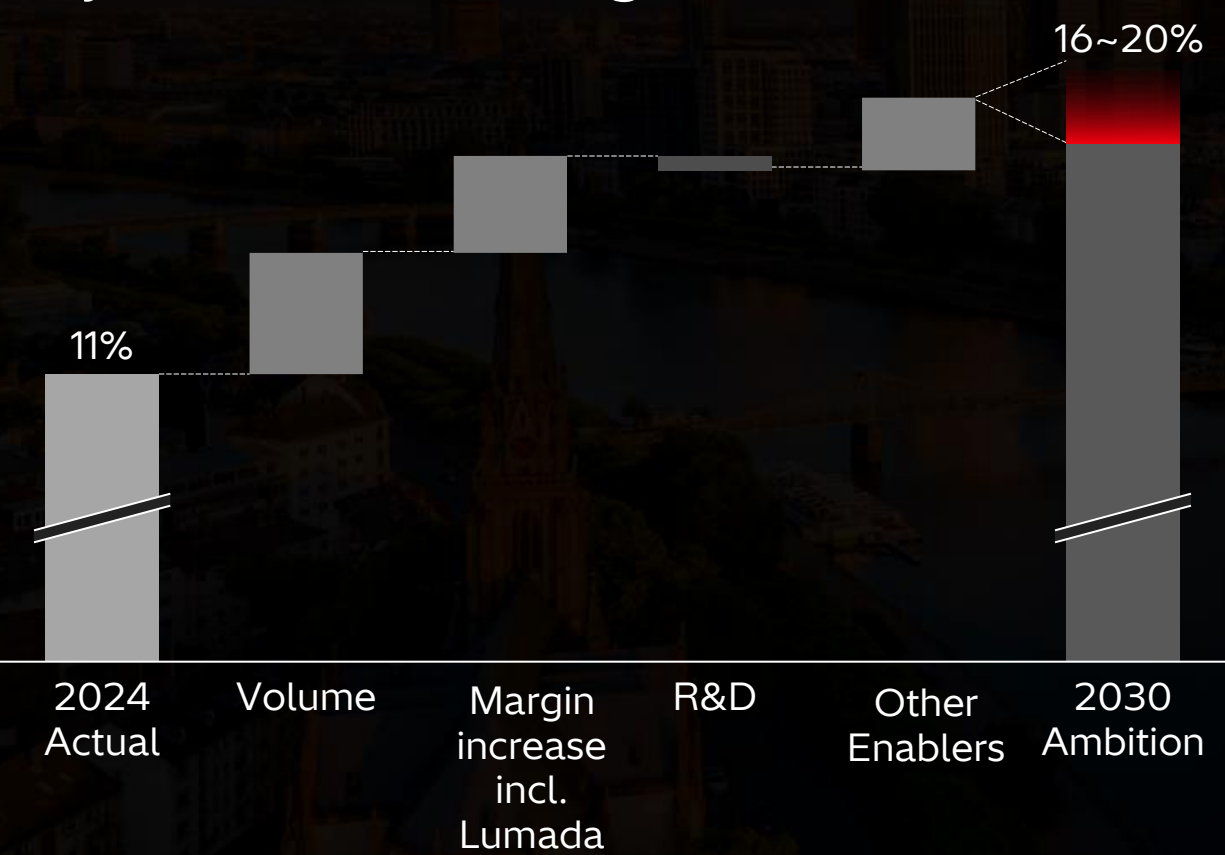


Sales cost %



Admin cost %

Adjusted EBITA¹ Bridge to 2030 Ambition



Key value drivers

Volume

Capacity expansion enables additional volume, driving operational efficiencies and lower SG&A%

Margin increase including Lumada

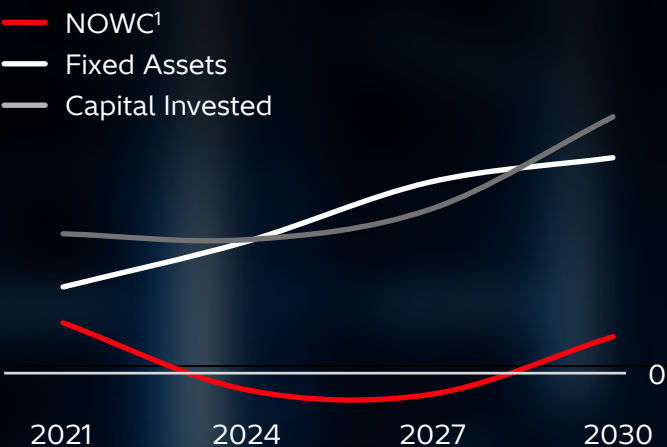
Margin increase from order backlog and expanding share of Service & Digital revenue, delivering margin accretion

Other Enablers

- Inorganic growth
- Operational excellence driving further margin improvements
- Additional capacity expansion, beyond existing plans

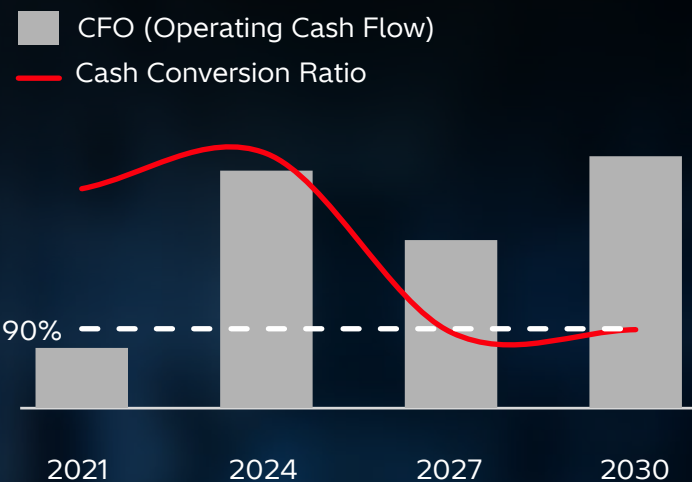
Maintaining a solid ROIC through our growth and investment cycle

Fixed Assets, NOWC¹ & Capital Invested



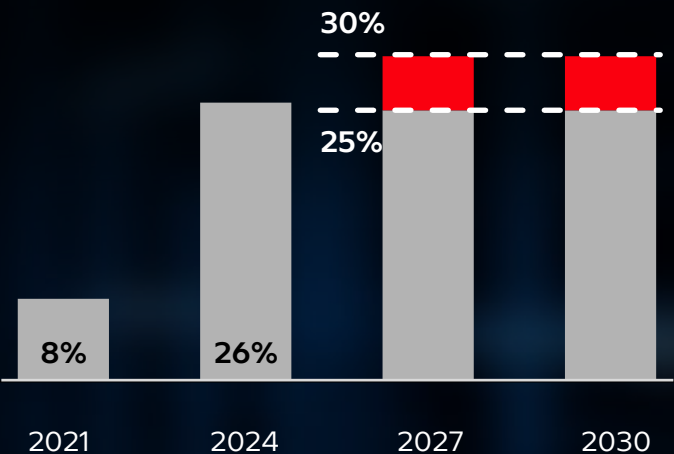
Meeting market demand through capacity optimization and expansion funded by record negative net working capital

Cash Conversion Cycle



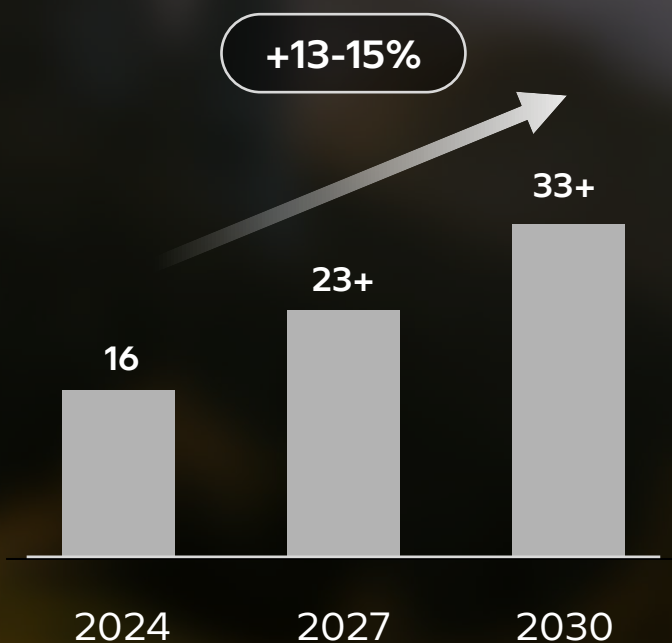
Targeting an average cash conversion ratio of 90% over the supercycle to fund disciplined investments for growth

ROIC %²

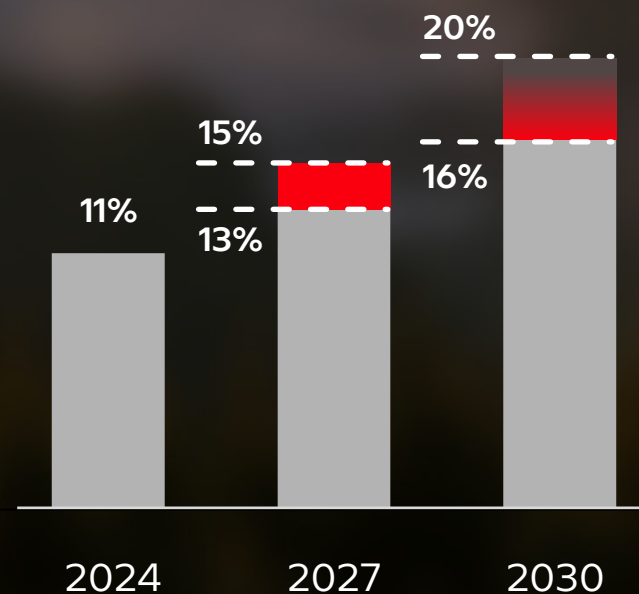


Improving ROIC while making growth-enabling investments

Revenue BUSD



Adjusted EBITA¹ %



ROIC %²

25-30%

In constant currency

¹ Adj. EBITA adjusted operating income plus acquisition-related amortization. In FY2024, includes equity in earnings (losses) of affiliates, excluding structural reform expenses.

² Hitachi Energy standalone ROIC.

Scaling up for the next era of profitable growth and high returns

01

Energy transition driving attractive market growth leading to mid-teens revenue CAGR between 2024-2030

02

Revenue growth, relentless gross margin drive and volume leverage with focus on high growth, margin accretive offerings (Service and Digital) enable a 16-20% Adjusted EBITA¹ margin

03

Disciplined investments in optimization and expansion of capacity combined with higher profit results in ROIC² between 25-30% and average cash flow conversion above 90%

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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.